Wikana Group

Consolidated financial statements
for the year ended 31 December 2013

Contents:

Consolidated statement of comprehensive income

For the period 1 January - 31 December 2013

in PLN 000s	**Note**	**1 Jan 2013 31 Dec 2013**	**1 Jan 2012 31 Dec 2012** ***restated data***
Continuing operations			
Revenue from sales	*6*	78 915	94 006
Cost of sales	*8*	(65 755)	(74 922)
Gross profit on sales		**13 160**	**19 084**
Selling costs	*8*	(5 148)	(9 596)
Administrative expenses	*8*	(6 931)	(7 634)
Other operating revenue	*7*	4 756	4 716
Other operating expenses	*9*	(13 939)	(14 681)
Gain on investments	*10*	110	6 484
Operating loss		**(7 992)**	**(1 627)**
Share of the profit of jointly controlled entities and associates		-	-
Finance costs	*11*	(11 267)	(21 317)
Profit before tax		**(19 259)**	**(22 944)**
Income tax	*12*	19	(444)
Net loss on continuing operations for the year		**(19 240)**	**(23 388)**
including attributable to:			
Owners of the parent		(19 240)	(23 388)
Non-controlling interests		-	-
Net loss for the period		**(19 240)**	**(23 388)**
Discontinued operations			
Net profit (loss) on discontinued operations		-	-
Net loss		**(19 240)**	**(23 388)**
Other comprehensive income (net)		**-**	**-**
Total comprehensive income		**(19 240)**	**(23 388)**
Loss per share			
Basic (PLN)	*25*	**-0,11**	**0,44**
Diluted (PLN)	*25*	**-0,11**	**0,44**

Robert Pydzik — Member of the Management Board

Sławomir Horbaczewski — President of the Management Board

Agnieszka Maliszewska — Member of the Management Board

Bożena Wincentowicz — Person responsible for book-keeping

Warsaw, 26 May 2014

Consolidated balance sheet

As at 31 December 2013

in PLN 000s	**Note**	**31 Dec 2013**	**31 Dec 2012** ***restated data***
Assets			
Non-current assets			
Property, plant and equipment	*13*	23 816	25 337
Intangible assets	*14*	947	70
Investment properties	*15*	93 486	119 748
Loans issued	*16*	5 590	-
Other non-current assets	*18*	3 171	1 899
Deferred income tax assets	*20*	-	-
Available-for-sale non-current assets	*19*	1 246	1 365
Total non-current assets		**128 256**	**148 419**
Current assets			
Inventory	*21*	118 663	132 528
Income tax receivables		29	-
Trade and other receivables	*22*	20 973	9 771
Current investments	*17*	840	654
Cash and cash equivalents	*23*	4 299	1 665
Total current assets		**144 804**	**144 618**
Total assets		**273 060**	**293 037**

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Bożena Wincentowicz — Person responsible for book-keeping

Warsaw, 26 May 2014

Consolidated balance sheet

As at 31 December 2013

in PLN 000s	**Note**	**31 Dec 2013**	**31 Dec 2012** ***restated data***
Equity and liabilities			
Equity			
Share capital	*24*	33 533	33 533
Own shares		-	-
Supplementary capital		80 503	77 230
Reserve capital		-	-
Retained earnings		(53 188)	(30 675)
Equity attributable to owners of the parent		**60 848**	**80 088**
Non-controlling interests		**(17)**	**-**
Total equity		**60 831**	**80 088**
Liabilities			
Borrowings	*26*	29 685	33 505
Bond liabilities	*27*	28 142	-
Finance lease liabilities	*28*	25 087	24 199
Provisions	*30*	69	5
Deferred income tax provision	*20*	-	1 431
Other liabilities	*31*	16 292	15 583
Total non-current liabilities		**99 275**	**74 723**
Borrowings	*26*	29 925	26 445
Bond liabilities	*27*	1 118	27 620
Finance lease liabilities	*28*	546	1 105
Income tax liabilities		-	330
Trade and other payables	*31*	36 163	46 677
Provisions	*30*	4 513	1 259
Deferred revenue	*29*	40 689	34 790
Total current liabilities		**112 954**	**138 226**
Total liabilities		**212 229**	**212 949**
Total equity and liabilities		**273 060**	**293 037**

Robert Pydzik	Sławomir Horbaczewski
Member of the Management Board	President of the Management Board
Agnieszka Maliszewska	Bożena Wincentowicz
Member of the Management Board	Person responsible for book-keeping

Warsaw, 26 May 2014

Consolidated statement of cash flows

For the period 1 January - 31 December 2013

in PLN 000s	**1 Jan 2013 31 Dec 2013**	**1 Jan 2012 31 Dec 2012** ***restated data***
Cash flows from operating activities		
Net profit for the period	**(19 240)**	**(23 388)**
Adjustments		
Profit (loss) attributable to non-controlling interests	(17)	-
Depreciation	3 095	2 851
Interest income	(463)	(463)
Change in fair value of investment properties	(3 081)	1 402
Finance costs	7 423	6 322
Profit (loss) on sale of non-current assets	227	-
Profit (loss) on investing activities	-	881
Profit (loss) on exchange differences	-	(692)
Profit on sale of investment properties	612	-
Change in inventory	13 865	(58)
Change in trade and other receivables	(11 202)	25 482
Change in provisions and related assets	3 318	(383)
Change in current liabilities, excluding borrowings	(4 505)	18 643
Change in deferred revenue	5 899	5 899
Adjustment of parking space value	-	5 204
Adjustment of goodwill	-	10 512
Bond issue costs	174	-
Income taxes paid	-	391
Other adjustments	237	(32 595)
Net cash from operating activities	**(3 658)**	**20 008**

Consolidated statement of cash flows - continued

For the period 1 January - 31 December 2013

in PLN 000s	**1 Jan 2013 31 Dec 2013**	**1 Jan 2012 31 Dec 2012 *restated data***
Cash flows from investing activities		
Interest received	-	
Proceeds from sale of intangible assets and property, plant and equipment	17	872
Proceeds from sale of investment properties	2 040	
Purchase of investment properties	-	(7 196)
Purchase of intangible assets and property, plant and equipment	(528)	(14 304)
Loans repaid	20	-
Loans issued	(38)	-
Purchase of other financial assets	-	(229)
Other capital expenditures	-	(563)
Net cash from investing activities	**1 511**	**(21 420)**
Cash flows from financing activities		
Net proceeds from bond issues	(438)	-
Incurrence of borrowings	8 371	40 367
Repayment of borrowings	(940)	(29 007)
Redemption of bonds	-	-
Payment of finance lease liabilities	(1 092)	(6 246)
Interest paid	(1 120)	(7 633)
Other finance inflows	-	7
Other finance outflows	-	(54)
Net cash from financing activities	**4 781**	**(2 566)**
Total net cash flows	**2 634**	**(3 978)**
Cash and cash equivalents at the beginning of period	1 665	5 643
Effect of changes in exchange differences on cash and cash equivalents		
Cash and cash equivalents at the end of period	**4 299**	**1 665**
Restricted cash and cash equivalents at the end of period	**2 375**	**-**

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Bożena Wincentowicz — Person responsible for book-keeping

Warsaw, 26 May 2014

Consolidated statement of changes in equity

For the period 1 January - 31 December 2013

in PLN 000s	**Share capital**	**Own shares**	**Supplementary capital**	**Reserve capital**	**Retained earnings**	**Equity attributable to owners of the parent**	**Equity attributable to non-controlling interests**	**Total equity**
Equity as at 1 January 2012	**33 611**	**(509)**	**57 783**	**-**	**16 492**	**107 377**	**-**	**107 377**
Total revenue and costs recognised	-	-	-	-	(23 388)	(23 388)	-	(23 388)
Purchase of own shares	(78)	509	(431)	-	-	-	-	-
Profit distribution	-	-	15 611	-	(19 512)	(3 901)	-	(3 901)
Correction of fundamental errors			4 267		(4 267)	-	-	-
Equity as at 31 December 2012	**33 533**	**-**	**77 230**	**-**	**(30 675)**	**80 088**	**-**	**80 088**
Equity as at 1 January 2013	**33 533**	**-**	**77 230**	**-**	**(30 675)**	**80 088**	**-**	**80 088**
Total revenue and costs recognised	-	-	-	-	(19 240)	(19 240)	-	(19 240)
Disposal of subsidiary	-	-	-	-	-	-	(17)	(17)
Profit distribution	-	-	3 273	-	(3 273)	-	-	-
Equity as at 31 December 2013	**33 533**	**-**	**80 503**	**-**	**(53 188)**	**60 848**	**(17)**	**60 831**

Robert Pydzik — Member of the Management Board

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Warsaw, 26 May 2014

Notes to the consolidated financial statements

1. Data about the Parent

Wikana S.A. (the "Company," the "Parent") is a public limited company registered in Poland. The Company's registered office is located in Lublin (22-703), ul. Cisowa 11.

The Parent was founded in January 1994 under the name ZPO ELPO S.A. and was entered into the register maintained by the District Court in Legnica, 5th Commercial Division, under number RHB 1085. In August 1999, the Parent changed its name to Masters S.A. On 20 January 2003, the Parent was registered at the District Court in Lublin, 11th Commercial Division of the National Court Register, under KRS number 0000144421. Pursuant to a resolution of Masters S.A.'s Extraordinary General Meeting on 12 January 2009, a merger was arranged between Masters S.A., registered at the District Court in Lublin, 11th Commercial Division, under KRS number 0000144421, and Wikana S.A., registered at the District Court in Lublin, 11th Commercial Division, under KRS number 0000296052. Pursuant to a resolution of Masters S.A.'s Extraordinary General Meeting on 12 January 2009 on the merger of Masters S.A. and Wikana S.A., the Parent changed its name to Wikana S.A. The District Court in Lublin, 11th Commercial Division, registered the merger on 13 March 2009. The Parent has been established for an indefinite time and operates pursuant to the articles of association of 13 January 1995, as amended. Currently, the Company's registration files are stored at the District Court for Lublin-Wschód in Lublin, based in Świdnik, 6th Commercial Division of the National Court Register.

According to the respective articles of association / founding agreements, the Parent's and subsidiaries' economic activities are as follows:

- Property development,
- Management of real estate on a fee or contract basis
- Renting of real estate
- Production of energy from renewable sources
- Retail sale of footwear and leather goods
- Accounting and bookkeeping activities

The consolidated financial statements for the financial year ended 31 December 2013 cover the financial statements of the Parent and its subsidiaries (together the "Group").
The uppermost parent company is Wikana S.A.

2. Basis for preparing the consolidated financial statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union (hereinafter the "EU IFRS"), with application of the same principles for the current and comparative reporting periods.

The consolidated financial statements have been prepared in accordance with IAS 1.

The consolidated financial statements have been prepared on the assumption that the Group will continue operating as a going concern for at least 12 months from the end of the reporting period. During the reporting period and until the date on which these financial statements were prepared, there were no indications of a threat to continuing operations.

The Parent's management board assessed the risks and threats concerning the Group's ability to continue as a going concern, including the ability to repay its current liabilities. Details of this analysis are presented in note 33 (point "Liquidity risk").

a) Adjustment of comparative data (opening balance) relating to the number of parking spaces at the Tęczowe Osiedle investment

During 2013, the management board carried out detailed analysis of the accounting for parking spaces at the Parent's on-going investment in Rzeszów, Tęczowe Osiedle. As a result of the analysis, it was decided that during the sales period for apartments and parking spaces at this investment, which began in 2009 and still continues, expenditures allocated to parking spaces were incorrectly accounted for, leading to an overstated valuation of these assets on the balance sheet.

The Company accounted for expenditures related to the Tęczowe Osiedle investment in a proportion calculated using a ratio of sold area to total area of the investment, taking into consideration the parking lot area. As a result of such accounting, the value of the parking spaces presented in the Company's assets exceeded their sales price.

As a result of the above, the value of the 97 unsold parking spaces presented in the financial statements as at 31 December 2012 was substantially overstated, above their net realisable value.

Given the fact that this difference was of substantial, the management board decided to consider the above divergence from the adopted accounting principles as a fundamental error and to appropriately adjust the opening balance.

b) Adjustment of comparative data (opening balance) concerning goodwill recognised as a result of purchasing shares in Multiserwis S.A. (formerly Multiserwis Sp. z o.o.)

The Company's management board analysed the valuation of goodwill recognised as a result of purchasing shares in Multiserwis S.A. (formerly Multiserwis Sp. z o.o.). As a result of this analysis, carried out on 31 December 2012 and 31 December 2013, the management board concluded that the valuation of these assets in the consolidated financial statements as at 31 December 2012 was based on an incorrectly performed impairment test on goodwill arising from acquisition of shares in Multiserwis Sp. z o.o. (the previous legal form of Multiserwis S.A.). A subsequent impairment test as at 31 December 2012 indicated permanent impairment.

In accordance with the adopted accounting principles, the Company recognises goodwill impairment when there are objective indications that events taking place after initial recognition of the asset have had a negative impact on the related estimated future cash flows. In the case of shares not listed on a market, classified as available-for-sale, a substantial or long-term loss in fair value of securities below their cost is considered to be objective proof of impairment.

The goodwill recognised in the consolidated financial statements as at 31 December 2012 as a result of the Multiserwis acquisition was substantially overstated and exceeded the recoverable amount. Given the fact that this difference was substantial, the management board decided to consider the above divergence from the adopted accounting principles as a fundamental error and to appropriately adjust the opening balance.

c) Adjustment of comparative data (opening balance) concerning accrued interest, recognised and capitalised, on the value of purchased land

During 2013, the management board carried out analysis of the accounting for interest capitalised on the value of land and investment properties. As a result of the analysis, it turned out that the interest accrued in previous years on financial liabilities - which were not incurred specifically to finance the asset - was incorrectly recognised and added to the value of purchased land.

In accordance with the adopted accounting principles, the Company capitalises borrowing costs that are directly attributable to an acquisition, construction or production of a qualifying asset as part of the purchase price or cost of manufacture of such asset. The Parent recognises other borrowing costs as expenses in the period in which they were incurred. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are those borrowing costs that could have been avoided if expenditures on a qualifying asset were not incurred.

The amount of capitalised interest on the value of land and investment properties in the financial statements as at 31 December 2012 was overstated.

Given the fact that this difference was substantial, the management board decided to consider the above divergence from the adopted accounting principles as a fundamental error and to appropriately adjust the opening balance.

d) Other errors and unexplained consolidation adjustments identified in the consolidated financial statements for the previous financial year

The Company's management board carried out detailed analysis of the consolidation adjustments that served as the basis for Wikana S.A.'s financial statements for the year ended 31 December 2012. As a result of the analysis, errors and unexplained consolidation adjustments were identified. Given the fact that this difference was substantial, the management board decided to consider the above divergence from the adopted accounting principles as a fundamental error and to appropriately adjust the opening balance.

Opening balance adjustments

Balance sheet

Approved financial statements as at 31 December 2012 (adjusted items)

	assets	liabilities
Property, plant and equipment	104 424	-
Intangible assets	78	-
Investment properties	47 159	-
Goodwill	10 512	-
Other financial assets*	510	-
Available-for-sale non-current assets	-	-
Inventory	141 240	-
Other current receivables*	3 552	-
Other non-current liabilities*	-	38 318
Other current liabilities*	-	9 447
Retained earnings	-	1 988
Supplementary capital		72 963
Total	**307 475**	**122 716**

* Changes were made to the presentation of this item. Details are presented in note 2e.

Adjustment a) measurement of parking spaces at the Tęczowe Osiedle investment

	assets	liabilities
Property, plant and equipment	(6 608)	-
Available-for-sale non-current assets	1 404	-
Retained earnings	-	(5 204)
Total	**(5 204)**	**(5 204)**

Adjustment b) measurement of goodwill

	assets	liabilities
Goodwill	(10 512)	
Retained earnings	-	(10 512)
Total	**(10 512)**	**(10 512)**

Adjustment c) derecognition of capitalised interest

	assets	liabilities
Investment properties	(86)	-
Property, plant and equipment	(39)	-
Inventory	(3 574)	
Retained earnings	-	(3 699)
Total	**(3 699)**	**(3 699)**

	assets	liabilities

Adjustment d) other errors and consolidation adjustments

Property, plant and equipment	(72 479)	-
Intangible assets	(8)	-
Investment properties	72 675	-
Other financial assets*	(510)	-
Inventory	(5 138)	-
Other current receivables*	(2 250)	-
Other non-current liabilities*	-	1 464
Other current liabilities*	-	(193)
Retained earnings		(13 248)
Supplementary capital		4 267
Total	**(7 710)**	**(7 710)**

* Changes were made to the presentation of this item. Details are presented in note 2e.

Comparative data after adjustments (adjusted items)

	assets	liabilities
Property, plant and equipment	25 337	-
Intangible assets	70	-
Investment properties	119 748	-
Goodwill	-	-
Other financial assets*	-	-
Available-for-sale non-current assets	1 365	-
Inventory	132 528	-
Other current receivables*	1 302	-
Other non-current liabilities*	-	39 782
Other current liabilities*	-	9 254
Retained earnings	-	(30 675)
Supplementary capital	-	77 230
Total	**280 350**	**95 591**

* Changes were made to the presentation of this item. Details are presented in note 2e.

Continuing operations

Approved financial statements as at 31 December 2012 (adjusted items)

Cost of products, goods and services sold	(70 540)
Administrative expenses	(7 623)
Other operating revenue	10 626
Other operating expenses	(5 399)
Finance income	660
Gain on investments	-
Finance costs	(6 682)
Total	**(78 958)**

* Changes were made to the presentation of this item. Details are presented in note 2e.

Adjustment a) measurement of parking spaces at the Tęczowe Osiedle investment

Other operating expenses	(5 204)
Total	**(5 204)**

Adjustment b) measurement of goodwill

Finance costs	(10 512)
Total	**(10 512)**

Adjustment c) derecognition of capitalised interest

Gain on investments	(86)
Finance costs	(3 613)
Total	**(3 699)**

Adjustment d) other errors and consolidation adjustments

Cost of products, goods and services sold	(4 382)
Administrative expenses	(11)
Other operating revenue	(5 910)
Other operating expenses	(1 828)
Finance income	(660)
Gain on investments	6 570
Finance costs	(510)
Total	**(6 731)**

Comparative data after adjustments (adjusted items)

Cost of products, goods and services sold	(74 922)
Administrative expenses	(7 634)
Other operating revenue	4 716
Other operating expenses	(12 431)
Finance income	-
Gain on investments	6 484
Finance costs	(21 317)
Total	**(105 104)**

Equity as at 1 January 2012

Approved financial statements as at 31 December 2012 (adjusted items)

Retained earnings	1 988
Supplementary capital	72 963
Total revenue and costs recognised	5 008
Total	**5 008**

Adjustment a) measurement of parking spaces at the Tęczowe Osiedle investment

Total revenue and costs recognised	(5 204)
Total	**(5 204)**

Adjustment b) measurement of goodwill

Total revenue and costs recognised	(10 512)
Total	**(10 512)**

Adjustment c) derecognition of capitalised interest

Total revenue and costs recognised	(3 699)
Total	**(3 699)**

Adjustment d) other errors and consolidation adjustments

Retained earnings	
Supplementary capital	4 267
Total revenue and costs recognised	(30 675)

Total	**(30 675)**

Comparative data after adjustments (adjusted items)

Retained earnings	1 988
Supplementary capital	77 230
Total revenue and costs recognised	(45 082)
Total	**(45 082)**

Consolidated statement of cash flows

Approved financial statements as at 31 December 2012 (adjusted items)

Gross profit*	5 453
Depreciation	2 851
Profit (loss) on exchange differences	(692)
Net interest and dividends*	5 820
Income tax on profit before tax*	(383)
Income tax paid	391
Profit / loss on investing activities	363
Increase / decrease in receivables*	22 015
Increase / decrease in inventory	(7 258)
Increase / decrease in liabilities	23 271
Increase / decrease in accruals	1 217
Increase / decrease in provisions	(383)
Available-for-sale non-current assets	-
Change in measurement of investment properties	-
Other adjustments*	(32 657)
Total	**20 008**

* Changes were made to the presentation of this item. Details are presented in note 2e.

Adjustment

Adjustment a) measurement of parking spaces at the Tęczowe Osiedle investment

Gross profit*	(5 204)
Available-for-sale non-current assets	5 204
Total	**-**

* Changes were made to the presentation of this item. Details are presented in note 2e.

Adjustment b) measurement of goodwill

Gross profit*	(10 512)
Adjustment of goodwill	10 512
Total	**-**

* Changes were made to the presentation of this item. Details are presented in note 2e.

Adjustment c) derecognition of capitalised interest

Gross profit*	(3 699)
Net interest and dividends*	39
Increase / decrease in inventory	3 574
Change in measurement of investment properties	86
Total	**-**

* Changes were made to the presentation of this item. Details are presented in note 2e.

Adjustment d) other errors and consolidation adjustments

Gross profit*	(8 981)
Income tax on profit before tax*	-
Profit / loss on investing activities	518
Increase / decrease in receivables*	3 467
Increase / decrease in accruals	(1 217)
Increase / decrease in inventory	3 626
Increase / decrease in liabilities	1 271
Change in measurement of investment properties*	1 316
Other adjustments	-
Total	**-**

* Changes were made to the presentation of this item. Details are presented in note 2e.

Comparative data after adjustments (adjusted items)

Gross profit*	(22 943)
Depreciation	2 851
Profit (loss) on exchange differences	(692)
Net interest and dividends*	5 859
Income tax on profit before tax*	(383)
Income tax paid	391
Profit / loss on investing activities	881
Increase / decrease in receivables*	25 482
Increase / decrease in inventory	(58)
Increase / decrease in liabilities	24 542
Increase / decrease in provisions	(383)
Increase / decrease in accruals	-
Available-for-sale non-current assets	5 204
Change in measurement of investment properties*	1 402
Adjustment of goodwill	10 512
Other adjustments*	(32 657)
Total	**20 008**

* Changes were made to the presentation of this item. Details are presented in note 2e.

e) Adjustment of comparative data presentation

During 2013, the management board carried out detailed analysis of items presented in the financial statements as regards comparability of the data contained in the Parent's financial statements with the financial statements of other entities. As a result of the analysis, the following presentation changes were made in the financial statements:

- The items presented in the approved financial statements as at 31 December 2012 as 'non-current receivables,' valued at PLN 1 587 000, and 'other assets,' valued at PLN 312 000, were moved to the item 'other non-current assets';
- The items presented in the approved financial statements as at 31 December 2012 as 'trade receivables,' amounting to PLN 4 305 000, 'other receivables from government authorities,' amounting to PLN 2 875 000, 'other current receivables,' valued at PLN 1 302 000, and 'prepayments,' amounting to PLN 1 289 000, were together moved to the item 'trade and other receivables';

The item presented in the approved financial statements as at 31 December 2012 as 'deferred income tax asset,' valued at PLN 2 045 000, was netted with the item 'deferred income tax provision';

- The item presented in the approved financial statements as at 31 December 2012 as 'current financial assets,' amounting to PLN 654 000, was moved to the item 'current investments';
- The items presented in the approved financial statements as at 31 December 2012 as 'supplementary and reserve capital,' amounting to PLN 43 714 000, and 'share premium reserve,' valued at PLN 33 516 000, were together moved to the item 'supplementary capital';
- The item presented in the approved financial statements as at 31 December 2012 as 'other non-current liabilities,' valued at PLN 39 782 000, was moved to the items 'other liabilities' and '(non-current) finance lease liabilities';

- The item presented in the approved financial statements as at 31 December 2012 as 'other financial liabilities' was moved to the items 'bond liabilities' and '(current) finance lease liabilities';
- The item presented in the approved financial statements as at 31 December 2012 as 'credits and loans,' amounting to PLN 26 445 000, was moved to the item ‘credit and loan liabilities’;
- The items presented in the approved financial statements as at 31 December 2012 as 'trade payables,' amounting to PLN 35 252 000, 'liabilities towards public authorities,' valued at PLN 2 171 000, and 'other current liabilities,' amounting to PLN 9 254 000, were together moved to the item 'trade and other payables';
- The items presented in the approved financial statements as at 31 December 2012 as 'gross profit,' amounting to PLN 22 942 000 (after opening balance adjustments), 'income tax before taxation,' valued at PLN 383 000, and 'other adjustments,' amounting to PLN 62 000 (partial) were moved to the item 'net loss';
- The item presented in the approved financial statements as at 31 December 2012 as 'net interest and dividends,' valued at PLN 5 859 000 (after opening balance adjustments) was moved to the items 'interest income' and 'finance costs';
- The item presented in the approved financial statements as at 31 December 2012 as 'change in current and other liabilities, excluding credits,' valued at PLN 24 542 000, was moved to the items 'change in current and other liabilities, excluding credits' and 'change in deferred revenue.'

As a result of these adjustments, the following balance sheet items as at 31 December 2012 and cash flow statements items as at 31 December 2012 changed.

Opening balance presentation adjustments

Balance sheet

Approved financial statements as at 31 December 2012 (adjusted items)

	assets	**liabilities**
Non-current receivables	1 587	-
Deferred income tax assets	2 045	-
Other assets	312	-
Trade receivables	4 305	-
Other receivables from public authorities	2 875	-
Other current receivables*	1 302	-
Prepayments	1 289	-
Current financial assets	654	-
Supplementary and reserve capital*	-	(43 714)
Share premium reserve	-	(33 516)
Deferred income tax provision	-	(3 476)
Other non-current liabilities*	-	(39 782)
Other financial liabilities	-	(28 725)
Trade payables	-	(35 252)
Other liabilities towards public authorities	-	(2 171)
Other current liabilities*	-	(9 254)
Other non-current assets	-	-
Trade and other receivables*	-	-
Current investments	-	-
Bond liabilities	-	-
Non-current finance lease liabilities	-	-
Other liabilities	-	-
Trade and other payables	-	-
Supplementary capital*	-	-
Non-current finance lease liabilities	-	-
Total	**14 369**	**(195 890)**

* - Changes were made to the opening balance in this item. Details are presented in notes 2a-2d.

Presentation adjustment	**assets**	**liabilities**
Non-current receivables	(1 587)	-

Deferred income tax assets	(2 045)	-
Other assets	(312)	-
Trade receivables	(4 305)	-
Other receivables from public authorities	(2 875)	-
Other current receivables*	(1 302)	-
Prepayments	(1 289)	-
Current financial assets	(654)	-
Supplementary and reserve capital*	-	43 714
Share premium reserve	-	33 516
Deferred income tax provision	-	(2 045)
Other non-current liabilities*	-	39 782
Other financial liabilities	-	28 725
Trade payables	-	35 252
Other liabilities towards public authorities	-	2 171
Other current liabilities*	-	9 254
Provisions and other accruals		
Other non-current assets	1 899	
Trade and other receivables*	9 771	
Current investments	654	
Bond liabilities	-	(27 620)
Non-current finance lease liabilities	-	(24 199)
Other liabilities	-	(15 583)
Trade and other payables	-	(46 677)
Supplementary capital*	-	(77 230)
Finance lease liabilities	-	(1 105)
Total	**(2 045)**	**(2 045)**

* - Changes were made to the opening balance in this item. Details are presented in notes 2a-2d.

Comparative data after adjustments (adjusted items)	**assets**	**liabilities**
Non-current receivables	-	-
Deferred income tax assets	-	-
Other assets	-	-
Trade receivables	-	-
Other receivables from public authorities	-	-
Other current receivables*	-	-
Prepayments	-	-
Current financial assets	-	-
Supplementary and reserve capital*	-	-
Share premium reserve	-	-
Deferred income tax provision	-	(5 521)
Other non-current liabilities*	-	-
Other financial liabilities	-	-
Trade payables	-	-
Other liabilities towards public authorities	-	-
Other current liabilities*	-	-
Other non-current assets	1 899	-
Trade and other receivables*	9 771	-
Current investments	654	-
Bond liabilities	-	(27 620)
Non-current finance lease liabilities	-	(24 199)
Other liabilities	-	(15 583)
Trade and other payables	-	(46 677)
Supplementary capital*	-	(77 230)
Finance lease liabilities	-	(1 105)
Total	**12 324**	**(197 935)**

* - Changes were made to the opening balance in this item. Details are presented in notes 2a-2d.

Consolidated statement of cash flows

Approved financial statements as at 31 December 2012 (adjusted items)	
Gross profit*	(22 943)
Net interest and dividends*	5 859
Income tax on profit before tax*	(383)
Other adjustments*	(32 657)
Net profit for the period	-
Interest income	-
Finance costs	-
Change in current liabilities, excluding borrowings	24 542
Change in deferred revenue	-
Total	**(25 582)**

* - Changes were made to the opening balance in this item. Details are presented in notes 2a-2d.

Presentation adjustment	
Gross profit*	22 943
Net interest and dividends*	(5 859)
Income tax on profit before tax*	383
Other adjustments*	62
Net profit for the period	(23 388)
Interest income	(463)
Finance costs	6 322
Change in current liabilities, excluding borrowings	(5 899)
Change in deferred revenue	5 899
Total	**-**

* - Changes were made to the opening balance in this item. Details are presented in notes 2a-2d.

Comparative data after adjustments (adjusted items)	
Gross profit*	-
Net interest and dividends*	-
Income tax on profit before tax*	-
Other adjustments*	(32 595)
Net profit for the period	(23 388)
Interest income	(463)
Finance costs	6 322
Change in current liabilities, excluding borrowings	18 643
Change in deferred revenue	5 899
Total	**(25 582)**

* - Changes were made to the opening balance in this item. Details are presented in notes 2a-2d.

Standards and interpretations endorsed by the EU or pending endorsement

Standards and interpretations applied for the first time in 2013

The accounting principles (policies) used in preparing these financial statements are consistent with those used to prepare the Parent's financial statements for the year ended 31 December 2012, except for application of the following amendments to standards and new interpretations issued by the IASB and endorsed by the EU, effective for annual periods beginning on or after 1 January 2013:

- IFRS 13 Fair Value Measurement, endorsed by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013).
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters, endorsed by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013).
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards - Government Loans, endorsed by the EU on 4 March 2013 (effective for annual periods beginning on or after 1 January 2013).
- Amendments to IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities, endorsed by the EU on 13 December 2012 (effective for annual periods beginning on or after 1 January 2013).
- Amendments to IAS 1 Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income, endorsed by the EU on 5 June 2012 (effective for annual periods beginning on or after 1 July 2012).
- Amendments to IAS 12 Income Taxes - Deferred Tax: Recovery of Underlying Assets, endorsed by the EU on 11 December 2012 (applies to annual periods beginning on or after 1 January 2013).
- Amendments to IAS 19 Employee Benefits - amendments to the accounting for post-employment benefits, endorsed by the EU on 5 June 2012 (effective for annual periods beginning on or after 1 January 2013).
- Amendments to various standards 'Annual Improvements cycle 2009-2011' - a collection of amendments to IFRSs (IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34) focused primarily on resolving inconsistencies and clarifying terminology, endorsed by the EU on 27 March 2013 (effective for annual periods beginning on or after 1 January 2013).
- Interpretation IFRIC 20 — Stripping Costs in the Production Phase of a Surface Mine, endorsed by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013).

Application of the above amendments to standards did not have a significant impact on the entity's existing accounting policy.

Standards and interpretations issued and endorsed by the EU but not yet effective

- IFRS 10 Consolidated Financial Statements, endorsed by the EU on 11 December 2012 (applies to annual periods beginning on or after 1 January 2014).
- IFRS 11 Joint Arrangements, endorsed by the EU on 11 December 2012 (applies to annual periods beginning on or after 1 January 2014).
- IFRS 12 Disclosure of Interests in Other Entities, endorsed by the EU on 11 December 2012 (applies to annual periods beginning on or after 1 January 2014).

- IAS 27 (as amended in 2011) Separate Financial Statements, endorsed by the EU on 11 December 2012 (applies to annual periods beginning on or after 1 January 2014).

- IAS 28 (as amended in 2011) Investments in Associates and Joint Ventures, endorsed by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014).

- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities - clarifications on transition guidance, endorsed by the EU on 4 April 2013 (effective for annual periods beginning on or after 1 January 2014).

- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements - Investment Entities, endorsed by the EU on 20 November 2013 (effective for annual periods beginning on or after 1 January 2014).

- Amendments to IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities, endorsed by the EU on 13 December 2012 (effective for annual periods beginning on or after 1 January 2014).

- Amendments to IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets, endorsed by the EU on 19 December 2013 (effective for annual periods beginning on or after 1 January 2014).

- Amendments to IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting, endorsed by the EU on 19 December 2013 (effective for annual periods beginning on or after 1 January 2014).

The entity did not decide on early adoption of any of the standards, interpretations or amendments that have been issued but were not yet in effect.

Standards and interpretations issued by the IASB but not yet endorsed by the EU

IFRSs, as endorsed by the EU, do not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), except for the following standards, amendments and interpretations, which at the date the financial statements were published were not yet endorsed by the EU (the effective dates refer to the full version of the standards):

- IFRS 9 Financial Instruments and subsequent amendments (effective date not yet established)

- IFRS 14 Regulatory Deferral Accounts (effective for annual periods beginning on or after 1 January 2016)

- Amendments to IAS 19 Employee Benefits - Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014)

- Amendments to various standards 'Annual Improvements cycle 2010-2012' - a collection of amendments to IFRSs (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38) focused primarily on resolving inconsistencies and clarifying terminology (effective for annual periods beginning on or after 1 July 2014).

- Amendments to various standards 'Annual Improvements cycle 2011-2013' - a collection of amendments to IFRSs (IFRS 1, IFRS 3, IFRS 13, IAS 40) focused primarily on resolving inconsistencies and clarifying terminology (effective for annual periods beginning on or after 1 July 2014).

- Interpretation IFRIC 21 Public Levies (effective for annual periods beginning on or after 1 January 2014).

According to the entity's estimates, the above standards, interpretations and amendments would not have a significant impact on the financial statements if they were applied by the entity at the balance sheet date.

Also not yet endorsed by the EU is hedge accounting for portfolios of financial assets and liabilities.

According to the entity's estimates, application of hedge accounting for portfolios of financial assets and liabilities in accordance with IAS 39 Financial Instruments: Recognition and Measurement would not have a significant impact on the financial statements, if applied at the balance sheet date.

2. Basis for preparing the consolidated financial statements (continued)

a) Basis for measurement

The consolidated financial statements were prepared using the historic cost concept, except for goodwill and investment properties, which are measured at fair value.

Methods for fair value measurements are presented in note 4.

b) Functional and presentation currency

Data in these financial statements is presented in PLN, rounded to the nearest thousand. PLN is the Parent's functional currency.

c) Judgements and estimates

Preparing financial statements in accordance with EU IFRS requires the management board to make judgements, estimates and assumptions that have an impact on the adopted principles and the presented values of assets, equity and liabilities, revenues and costs. The estimates and related assumptions are based on historic experience and other factors that are considered to be rational under given circumstances, and their results serve as basis for judgements regarding the balance sheet value of assets and liabilities that is not available from other sources. Actual values may differ from estimates.

The estimates and related assumptions are subject to on-going verification. Amendment of accounting estimates is recognised in the period in which it is made or in the current and future periods - if such amendment concerns both the current and future periods.

Presented in the following notes are particularly important areas of uncertainty concerning estimates and judgements made with application of accounting principles, which have had a material impact on the values presented in the financial statements:

- Note 15 - Property, plant and equipment
- Note 17 - Investment properties
- Note 19 - Deferred tax
- Note 20 - Inventory
- Note 21 - Current investments and current trade and other receivables
- Note 30 - Provisions
- Note 35 - Investment and contractual obligations

3. Description of key accounting principles

The accounting principles presented below are applied in relation to all of the periods presented in the Group's financial statements.

a) Consolidation principles

In preparing consolidated financial statements, the Group applies full consolidation.

(i) Subsidiaries

Subsidiaries are entities controlled by the Parent. Control is deemed to exist when the Parent is capable of directly or indirectly managing the financial and operational policy of a given entity in order to obtain benefit from its operations. When assessing the degree of control, taken into consideration is the impact of existing and potential voting rights, which can be exercised or converted as at the balance sheet date.

The financial statements of subsidiaries are included in the consolidated financial statements, starting from the date on which control is acquired and until such control ceases.

(ii) Consolidation adjustments

The balances of internal accounts between Group entities, transactions within the Group, as well as all resulting unrealised profits or losses and revenues and costs are eliminated from the consolidated financial statements.

b) Foreign currencies

(i) Foreign-currency transactions

Transactions expressed in foreign currencies are recognised on the transaction date in PLN, using the bid or sell exchange rate for the transaction date from the bank that the entity uses. Monetary items in assets and equity and liabilities expressed in foreign currencies are translated on the balance sheet date according to the average exchange rate published by the National Bank of Poland for a given currency, effective on that date. Exchange differences resulting from settlement of foreign-exchange currencies and measurement of foreign-currency monetary assets and equity and liabilities are recognised in the consolidated statement of comprehensive income. Foreign-currency non-monetary items in assets and equity and liabilities measured at historic cost are translated using the average exchange rate published by the National Bank of Poland on the transaction date.

c) Financial instruments

(i) Financial assets

Investments are recognised on the acquisition date and derecognised from the financial statements on the disposal date - if delivery within a deadline specified by the relevant market is contractually required - and they are initially measured at fair value less transactions costs, except for assets that are classified as financial assets initially recognised at fair value through profit or loss. Financial assets are classified as: financial assets at fair value through profit or loss, investments held to maturity, available-for-sale financial assets or loans and receivables. Classification depends on the features and objective of the financial asset and is specified at initial recognition.

Financial assets at fair value through profit or loss

This group includes financial assets held for trading and financial assets carried at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired principally for the purpose of selling them in the near future or they are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking or they are derivatives other than effective hedging instruments.

Financial assets other than those held for trading may be classified as carried at fair value through profit or loss at initial recognition if:
- it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis; or

- the asset is part of a contract containing one or more embedded derivatives, and IAS 39 Financial instruments: Recognition and Measurement allows for the entire contract (asset or liability) to be classified as measured at fair value through profit or loss.

Financial assets at fair value through profit or loss are recognised at fair value, and profit or loss is recognised in the statement of comprehensive income. The net profit or loss recognised in the statement of comprehensive income includes dividends or interest generated on that asset.

Investments held to maturity

Investments and other financial assets, excluding derivatives, with fixed or negotiable payment terms and fixed maturities that the Group wants to and can hold until maturity are classified as investments held to maturity. They are recognised at amortised cost using effective interest rates, less impairment, and income is recognised using the effective income approach.

Available-for-sale financial assets

Shares and redeemable bonds not quoted on an active market that the Group holds and those that are traded on an active market are classified as available-for-sale assets and recognised at fair value. Gains and losses on changes in fair value are recognised directly in equity, in the revaluation reserve, except for impairment, interest charged using the effective interest rate and negative and positive exchange differences concerning cash flows, which are recognised directly in the statement of comprehensive income. On a sale of an investment or recognition of impairment, cumulative gain or loss previously recognised in the revaluation reserve is recognised in the statement of comprehensive income for the period. Dividends on available-for-sale equity instruments are recognised in comprehensive income when the Group's right to receive payment is established. The fair value of available-for-sale monetary assets denominated in foreign currencies is established after translating such currencies at the spot exchange rates on the balance sheet date. Changes in fair value allocated to exchange differences resulting from changes in a given asset's amortised historic cost are recognised in comprehensive income, while other changes are recognised in equity.

Loans and receivables

Trade receivables, loans and other receivables with fixed or determinable payments that are not quoted on an active market are classified as loans and receivables. They are measured at amortised cost, using the effective interest rate method and taking into consideration impairment. Interest income is recognised using the effective interest rate method, except for current receivables, where recognising interest is immaterial.

Impairment of financial assets

Financial assets, except for those measured at fair value through profit or loss, are tested for impairment at each balance sheet date. Financial assets are considered to have been impaired when there are objective indications that events taking place after initial recognition of a given asset have had a negative impact on the related estimated future cash flows. In the case of shares that are not quoted on an active market, classified as available-for-sale, a substantial or long-term loss in fair value of securities below their cost is considered to be objective proof of impairment.

Receivables are revaluated at the balance sheet date, taking into consideration the likelihood of their repayment, by creating impairment losses with respect to: receivables from debtors that are subject to liquidation or bankruptcy - up to the amount of the receivable that is not covered by guarantee or other security and which was submitted to the liquidator or the court receiver in bankruptcy proceedings; receivables from debtors whose requests for bankruptcy were dismissed if their property is insufficient to cover the cost of bankruptcy proceedings; receivables that are disputed by the debtor and that are overdue and, according to an assessment of the debtor's property and financial situation, repayment of the contractual amount is unlikely; receivables that are overdue by more than 360 days from the payment deadline - up to the amount of the receivable that is not covered by guarantee or other security. Impairment of receivables is recognised in other operating expenses or finance costs, respectively - depending on the type of receivable that it concerns.

In the case of financial assets carried at amortised cost, the amount of impairment constitutes the difference between the asset's balance sheet value and the present value of estimated discounted future cash flows, calculated using the asset's effective interest rate. The carrying amount of a financial asset is decreased by impairment, directly for all assets of this type, except for trade receivables, the carrying amount of which is reduced using an account to adjust their initial value. If trade receivables are deemed irrecoverable, they are written-off in an impairment account. If previously written-off amounts are later recovered, they are reversed in the impairment account. Changes in the carrying amount of the impairment account are recognised in the statement of comprehensive income, in other operating revenue or other operating expenses. Except for available-for-sale financial instruments, if the amount of impairment decreases in the subsequent reporting period, and the decrease may be rationally assigned to an event taking place after recognition of impairment, the previous amount of impairment is reversed in comprehensive income, provided that the investment's carrying amount on the reversal date does not exceed the amortised cost that would arise if impairment had not been recognised. Impairment of equity instruments held for trading that was initially recognised through profit or loss is not subject to reversal through profit or loss. Any increases in fair value after impairment are recognised directly in equity.

Reclassification of financial assets

Available-for-sale financial assets may be reclassified to:

- Loans and receivables, if on the date of reclassification these assets would meet the definition of loans and receivables and the entity intends to and is capable of holding the asset in the future or to maturity.

Non-derivative financial assets at fair value through profit and loss and assets at fair value using the option of measurement at fair value may be reclassified according to the following principles:
- Reclassified to available-for-sale assets if (a) the instrument is no longer available for sale or redemption in the near future, (b) on the date of reclassification, this asset would meet the definition of loans and receivables and (c) the entity intends to and is capable of holding the asset in the future or to maturity,
- If an instrument does not meet the definition of loans and receivables, reclassification to available-for-sale assets or assets held to maturity is possibly only in rare circumstances, understood as a documented incidental situation that was not likely to arise in the future or on a regular basis.

The above reclassifications are at fair value on the date of reclassification. Available-for-sale financial assets may also be subject to reclassification to the category ‘assets held to maturity,’ and vice versa.

Derecognition of financial assets

The Group derecognises financial assets only when the rights to the cash flows generated by such assets have expired or when substantially all risk and rewards connected with the assets have been transferred to another entity. If the Group does not transfer or retain substantially all risk and rewards connected with the asset, and assumed control over it, it recognises the retained share of the asset and the associated liabilities on potential rewards. If, however, the Group retains substantially all risk and rewards, then it continues to recognise the financial asset.

(ii) Financial liabilities and equity instruments issued by the Group

Debt and equity instruments are classified as financial liabilities or equity, depending on contractual arrangements.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised in the amount of proceeds received, less direct issue costs. Financial instruments with a put option may be presented as equity only if all of the following conditions are met:

(a) the owner has the right to a proportionate share of the entity's net assets in the event of its liquidation;
(b) the instrument belongs to the class of instruments most subordinated, and all instruments in this class have identical features;
(c) the instrument does not have any other features that would meet the definition of a financial liability; and
(d) the sum of estimated cash flows generated by this instrument during its repayment period is based mainly on the financial result, change in the net assets recognised or change in the fair value of the entity's recognised and unrecognised net assets (excluding the effects of the instrument). The financial result or change in the identified net assets is measured in accordance with the relevant IFRSs. The entity cannot hold any other instruments that would significantly tighten or establish a fixed rate of return for the holder of the financial instrument with a sell option.

The criteria to classify as equity the instruments that require their holder to transfer a proportionate share of the entity's net assets in the event of liquidation are based on the same principles as presented above, except for points (c) and (d), which do not apply. If a subsidiary issued this type of instrument that is then held by an entity that does not have control over it, and it was not recognised as equity in that company's financial statements, it is recognised in the consolidated financial statements as a liability because it will not be the most subordinated instrument in the Group.

Instruments containing embedded derivatives

Components of instruments issued by the Group are classified separately as financial liabilities and equity, in accordance with contractual arrangements. The fair value of the components constituting the liability as at the issue date is estimated using the dominant market interest rate applicable to similar, non-convertible instruments. This amount is recognised as a liability at amortised cost, using the effective interest rate method, until conversion of such instrument or until its maturity date. The equity component is established by subtracting the amount of liability from the overall fair value of such an instrument. This value is recognised in equity.

Liabilities resulting from financial guarantee agreements

Liabilities resulting from financial guarantee agreements are measured initially at fair value and subsequently at the higher of the two amounts: the contractual liability, established in accordance with IAS 37 — Provisions, Contingent Liabilities and Contingent Assets and the initially recognised amount, less depreciation recognised in accordance with the principles for revenue recognition.

Financial liabilities

Financial liabilities are classified as carried at fair value through profit or loss or as other financial liabilities.

Financial liabilities at fair value through profit or loss

This group includes financial liabilities held for trading and financial liabilities carried at fair value through profit or loss. Financial liabilities are classified as held for trading if:
- they were incurred primarily in order to be redeemed in the short term;
- are part of a specific portfolio of financial instruments that the Group collectively manages in accordance with the current and actual template for generating short-term profits; or
- are derivatives unclassified and not used as hedges.

Financial liabilities other than those held for trading may be classified as carried at fair value through profit or loss at initial recognition if:
- such classification eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis; or
- is part of a contract containing one or more embedded derivatives, and IAS 39 allows classification of the entire contract (component of assets or liabilities) as items measured at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are recognised at fair value, while gain or loss is recognised in comprehensive income, including interest paid on a given financial liability.

Other financial liabilities

Other financial liabilities, including credits and loans, are initially measured at fair value, less transaction costs. Subsequently, they are measured at historic amortised cost, using the effective interest rate method, and interest costs are recognised using the effective income method. The effective interest rate method is used to calculate the liability's amortised cost and allocate interest costs to the relevant period. The effective interest rate is a rate actually discounting future cash payments in the expected period of use of a given liability or, if necessary, in a shorter period.

Derecognition of financial liabilities

The Group derecognises financial liabilities only if the relevant liabilities are exercised, annulled or expired.

(iii) Equity

- Share capital

Share capital is recognised at the nominal value of registered shares, which is specified in the Company's articles of association and its record in the National Court Register.

- Supplementary capital

In accordance with the Polish Commercial Companies Code, the Company is required to create supplementary capital to cover losses, to which it transfer at least 8% of annual profit until such time as supplementary capital amounts to at least one-third of share capital. Transferred to supplementary capital are also any share premiums left over after covering share issue costs.

Use of supplementary capital must be approved by the general meeting, however the part of the supplementary capital that amounts to 1/3 of share capital may only be used to cover losses recorded in the financial statements.

The Company creates supplementary capital from:

- deductions from profit,
- share premiums, less directly related costs,
- excess of the sale price of own shares over their purchase price,

- Reserve capital

Other capital reserves are created in accordance with the articles of association. The general meeting decides on use of reserve capital.

The Company classified as reserve capital, among others, capitals created through a decision of the general meeting to purchase own shares.

The reserve capital also includes capital raised from share issues, less issue costs, until the share capital increase is registered by the Register Court. After registration, the nominal value of the registered shares is recognised as share capital, while the share premium that is leftover after issue costs is recognised in supplementary capital.

- Own shares

Pursuant to general meeting resolutions, the Company carries out purchases of own shares. Own shares are measured at the purchase price and are recognised in equity as a negative value.

- Comprehensive income

Total comprehensive income is a change in equity that took place during the reporting period as a result of transactions other than those executed with owners acting as shareholders. This includes all components of profits and losses and other comprehensive income.

Other comprehensive income includes the revenue and cost items (including reclassification adjustments) that were not recognised as profits or losses in accordance with what is required or allowed by other IFRSs.

d) Property, plant and equipment

(i) Own property, plant and equipment

Property, plant and equipment (PP&E) items are recognised in the accounts at purchase or production cost less accumulated depreciation and impairment losses. The purchase price includes the purchase price of the asset and the costs directly related to the purchase and adaptation of the asset to a state fit for use, including the cost of transport, as well as loading, unloading and storage. Rebates, discounts and other similar reductions and reimbursements reduce the cost of an asset.

On the date of transition to IFRS, i.e. on 1 January 2006, the Group measured property, plant and equipment at fair value, which replaced the estimated costs as at that date.

The cost of producing a component of non-current assets and non-current assets under construction encompasses all costs incurred by the entity during its construction, assembly, adjustment and improvement up to the date of the adoption of such an asset (or up to the balance sheet date, if a component has not yet been put into use). Manufacturing cost includes, where required, a preliminary estimate of the cost of dismantling and disposal of property, plant and equipment and restoring to their original state. Purchased software that is necessary for the proper functioning of its associated device is capitalised as part of the device.

In the event that a component of property, plant and equipment consists of separate and significant parts with different usable periods, these parts are treated as separate assets.

(ii) Reclassification to investment properties

Components of property, plant and equipment produced in order to be used in the future as investment properties are classified as property, plant and equipment and recognised based on the production cost until such time as reliable measurement will be possible. At that point, they are reclassified to investment properties and measured at fair value. All profits and losses arising from fair-value measurement are recognised in the statement of comprehensive income.

(iii) Subsequent expenditures

Subject to capitalisation at a later date are the cost of replaced components of elements of property, plant and equipment that can be reliably estimated, and it is probable that the Group will obtain economic benefits associated with the replaced components of property, plant and equipment. Other capital expenditures are recognised on an on-going basis as costs in the statement of comprehensive income.

(iv) Depreciation

Property, plant and equipment items, or their significant, separate parts, are depreciated on a straight-line basis throughout the usable period, with consideration given to the net sale price of the remaining part of the asset upon liquidation (residual value). Land is not depreciated. The Group applies the following usable periods for the specific categories of property, plant and equipment:

- Buildings - from 10 to 66 years,
- Machinery and equipment - from 3 to 10 years,
- Means of transport - 5 years,
- Furniture and fittings - from 1 to 5 years.

The correctness of the applied periods of use, depreciation methods and residual values of property, plant and equipment (if not negligible) is reviewed annually by the Group.

e) Intangible assets

(i) Intangible assets

Intangible assets acquired by the Group are accounted for on the basis of their purchase price, less amortisation and impairment losses.

(ii) Subsequent expenditures

Subsequent expenditure on components of existing intangible assets is capitalised only if it increases the future economic benefits associated with the component. Other expenditures are recognised in comprehensive income when they are incurred.

(iii) Amortisation

Intangible assets are amortised on a straight-line basis, taking into account their usable periods, unless this is not specified. Goodwill and intangible assets with undefined usable periods are not amortised but are subject to impairment testing at each balance sheet date. Other intangible assets are amortised from the date on which they are available for use. The estimated usable periods are as follows:

- software - from 2 to 10 years.

f) Investment properties

Initial recognition of investment properties is at cost, including transaction costs.

The carrying amount of investment properties includes the replacement cost of a part of an investment property when it is incurred, provided that recognition criteria are met, and does not include on-going maintenance costs for such properties.

After initial recognition, investment properties are carried at fair value. Gains or losses arising from changes in the fair value of investment property must be included in net profit or loss for the period in which they arise. An investment property should be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. All gains and losses resulting from derecognition of an investment property are recognised in profit or loss for the period in which it arises.

Assets may be transferred to investment properties only when there is a change of use, i.e. end of owner-occupation or commencement of an operating lease to another party. If an asset is used by its owner - the Company, then it becomes an investment property, and the Company applies the principles described in the 'Property, plant and equipment' section until the day on which there is a change in use.

For a transfer from inventories to investment property at fair value, any difference between the fair value at the date of transfer and its previous carrying amount should be recognised in comprehensive income.

For a transfer from investment property carried at fair value to owner-occupied property or inventories, the fair value at the change of use is the 'cost' of the property under its new classification in accordance with IAS 16 or IAS 2.

Recognition of a transfer from inventories to investment property is treated the same as a sale of inventories.

When the Company completes construction / development of an investment property that will be carried at fair value, any difference between the fair value at the date of transfer and the previous carrying amount should be recognised in comprehensive income.

g) Property, plant and equipment used under lease agreements

A lease agreement is classified as a finance lease if it transfers to the Group substantially all the risks and rewards incident to ownership of property, plant and equipment. Assets acquired under financial leasing are initially recognised at the lower of fair value of the asset and present value of the minimum lease payments, subsequently less depreciation and impairment.

Lease agreements other than finance lease agreements are treated as operating leases. Except for investment properties, assets used under operating leasing are not recorded on the Group's balance sheet. Investment properties used pursuant to operating leasing are carried on the balance sheet at fair value.

The Group recognises rights to perpetual usufruct of land as operating leasing. In connection with this, all payments made to obtain such perpetual usufruct of land are recognised as rights to perpetual usufruct of land. The value of these rights is recognised in comprehensive income throughout the usable period, except for those properties that are recognised as investment properties.

h) Inventories

Components of inventories are measured at purchase price or cost to manufacture, not higher than the net realisable value. The purchase price includes the purchase price, less direct costs to purchase and adapt the asset for use or introduction to trading. In the case of finished products and production in progress, costs include expenses connected with on-going development projects.

Project costs mainly include:

- land or rights to perpetual usufruct of land, costs concerning construction works performed by sub-contractors in connection with building residential premises,
- capitalised costs, containing finance costs, planning and design costs, overhead and other costs directly related to projects.

Net realisable value is the difference between an estimated sale price in the ordinary course of business and estimated costs of completing and costs to sell.

i) Impairment of assets

(i) Financial assets

Impairment losses on financial assets are recognised when there is objective evidence of events that may adversely affect the value of future cash flows of the asset.

Impairment of financial assets carried at amortised cost is estimated as the difference between carrying amount and the present value of future cash flows discounted using the original effective interest rate.

The carrying amount of individual financial assets of substantial value individually is subjected to assessment at each balance sheet date to determine whether there is any indication of impairment. Other financial assets are tested for impairment collectively, grouped according to the level of credit risk.

Impairment losses are recognised in the statement of comprehensive income.

Impairment losses are reversed if the subsequent increase in the recoverable amount can be objectively assigned to events taking place after recognition of impairment.

(ii) Non-financial assets

The carrying amount of non-financial assets, other than biological assets, investment properties, inventories and deferred income tax assets, is subject to impairment testing at each balance sheet date. In the event of such indications, the Group estimates the recoverable amount of individual assets. The recoverable amount of goodwill and the intangible assets that are not yet fit for use is estimated at each balance sheet date.

Impairment is recognised when the carrying amount of an asset or cash generating unit exceeds its recoverable amount. A cash generating unit is defined as the smallest identifiable group of assets that generates cash independently of other assets or groups of assets. Impairment is recognised in profit or loss. Impairment of a cash generating unit is initially recognised as a decrease in the goodwill assigned to the unit (group of units) and subsequently as a decrease in the carrying amount of the other assets belonging to this unit (group of units) on a proportionate basis.

The recoverable amount of an asset or cash-generating unit is defined as the greater of their net realisable value obtainable from sale and their value in use. In estimating value in use, future cash flows are discounted using the pre-tax interest rate that reflects current market assessments of time value of money and risk factors specific to the asset. In the case of assets that do not independently generate cash flows, value in use is estimated for the smallest identifiable cash-generating unit to which the asset belongs. As regards assets other than goodwill, impairment recognised in previous periods is subject to testing at each balance sheet date to find out whether a decrease of impairment or full reversal is in order.

Impairment losses are reversed if the estimates used to establish the recoverable amount changed. An impairment loss is reversed only to the carrying amount of an asset (less depreciation) that would be reflected in a situation in which impairment were not recognised.

j) Employee benefits

(i) Defined contribution plan

Under existing regulations, the Group is required to collect and pay contributions for employee pensions. These benefits, in accordance with IAS 19, constitute a state program and are of a defined contribution plan. Accordingly, the Group's obligation for each period is estimated on the basis of the amounts to be contributed for the year.

(ii) Short-term employee benefits

Liabilities due to short-term employee benefits are measured without taking discount into consideration and are recognised as costs at the moment that benefits are provided.

k) Provisions

A provision is recognised if a present obligation has arisen as a result of a past event and payment is probable. In the event that time value of money is of significance, provisions are estimated by discounting the expected future cash flows using an interest rate before tax that reflects the current market changes in time value of money and risk connected with a given asset.

(i) Onerous contracts

A provision for onerous contracts is created when the economic benefits from the contract expected by the Group are lower than the unavoidable costs of meeting contractual obligations. The amount of provisions is set based on the lower of: costs connected with terminating an agreement and costs of performing it. Prior to recognising a provision, the Group tests the assets connected with such agreement for impairment.

l) Revenue

(i) Revenue from sale of residential properties and recognition of costs

Revenue from the sale of residential properties is recognised in accordance with IAS 18, i.e. if the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from sales and cost of sales are recognised when a property is transferred to the buyer (execution of a notarial deed concerning the sale). Revenue is the net amount specified in the notarial deed.

The cost to manufacture unsold residential properties is recognised in inventories as production in progress - until a use permit is secured for the investment, and as finished products after securing such permit.

(ii) Sale of goods

Revenue from the sale of goods is recognised in an amount corresponding to the fair value of payments received, less the value of returns, discounts and rebates.

Revenue from the sale of goods is recognised in the statement of comprehensive income if the significant risks and rewards of ownership have been transferred to the buyer. Revenue is not recognised if there is substantial uncertainty whether the economic benefits will flow to the seller, or concerning establishing the costs incurred and the possibility that products are returned, or if the Group is involved on a long-term basis in the management of the sold products.

(iii) Provision of services

Revenue from the provision of services is recognised in the statement of comprehensive income after such services are provided.

(iv) Rent income

Revenue from leasing investment properties is recognised in the statement of comprehensive income on a straight-line basis throughout the term of the agreement.

ł) Lease payments

Payments under the Group's operating lease agreements are recognised in comprehensive income on a straight-line basis throughout the term of the lease. Special promotional offers received are recognised in comprehensive income together with leasing costs.

As regards finance leases, minimum lease payments are allocated to the part constituting financing costs and the part decreasing the liability. The part constituting financing costs is allocated to specific reporting periods throughout the term of the lease using the effective interest rate method. Contingent payments are recognised as an adjustment of the minimum lease payments over the remaining term of the lease when such adjustment is approved.

m) Gains on investments and finance costs

Gains on investments include interest on the Group's invested cash, and dividends. Interest income is recognised in the statement of comprehensive income on an accruals basis, using the effective interest method. Dividend income is recognised in the statement of comprehensive income when the Group acquires the right to receive it.

Finance costs include interest paid on debts. All interest costs are determined based on the effective interest rate.

n) Income tax

Income taxes recognised in the statement of comprehensive income consist of current and deferred tax. Income tax is recognised in the statement of comprehensive income, except for amounts relating to items accounted for directly in equity. In such a case, it is recognised in equity.

Current tax is the tax liability in respect of taxable income for the year, determined using tax rates applicable at the balance sheet date, and tax adjustments relating to prior years. Deferred tax is calculated using the balance sheet liability method, based on temporary differences between the value of assets and liabilities as determined for accounting purposes, and their value as determined for tax purposes.

Provisions are not recognised in respect of the following temporary differences: initial recognition of assets or liabilities, except those that concern a business combination, do not have an impact on the accounting profit or profit before tax; and differences connected with investments in subsidiaries in as far as it is unlikely that they will be realised in the foreseeable future. Goodwill does not give rise to temporary differences, irrespective of tax effects. The amount of deferred tax recognised is based on expectations as to how to realise the carrying amounts of assets and liabilities, using prevailing tax rates or enacted at the balance sheet date.

Deferred income tax assets are recognised to the extent that it is likely that profits will be taxable, which will enable settlement of temporary differences. Deferred income tax assets are reduced to the extent that it is not likely to obtain taxable income sufficient to settle partial or temporary differences. Any such reduction shall be adjusted upward, in so far that the achievement of sufficient taxable income is probable.

o) Earnings per share

The Group presents basic and diluted earnings per ordinary share. Basic earnings per share are calculated by dividing the profit or loss attributable to holders of ordinary shares by the weighted average number of shares for the period. In contrast to the above, diluted earnings per share include in the calculation - aside from the profit attributable to holders of ordinary shares and the weighted average number of ordinary shares - also options granted to employees and convertible bonds.

p) Segment reporting

An operating segment is a separate part of the Group that deals with the supply of defined products or services (operating segment) or supply of products or services in a defined economic environment (geographical segment), which is subject to risks and derives benefits in a manner different from other segments. The Group's basic reporting format uses operating segments.

4. Fair value measurements

Establishing the fair value of financial assets and non-financial assets is required from the viewpoint of the Group's accounting principles and disclosures in the financial statements. The methods for fair value measurements are presented below. In justified cases, additional information on the assumptions adopted to determine fair value is presented in notes regarding specific components of assets and liabilities.

(i) Investment properties

The portfolio of investment properties is systematically measured by an external, independent appraiser with appropriate professional qualifications and current experience in appraisals, as well as the location and category of the property being appraised. Fair values are based on market prices, which are the estimated amounts for which a property could be exchanged between knowledgeable and willing participants in an arm's length transaction after appropriate marketing activities, where both parties are acting in a conscious, careful and not coerced manner.

(ii) Trade and other receivables, loans

The fair value of trade receivables, other receivables and loans is estimated using the present value of discounted future cash flows and the effective interest rate method at the balance sheet date.

(iii) Financial liabilities other than derivatives

For the purposes of recognition, fair value is measured at the balance sheet date based on the present value of future cash flows from return of principal and interest, discounted using the effective interest rate. As regards finance leases, market interest rates are estimated based on interest rates applicable to similar types of leasing agreements.

5. Segment reporting

Segment reporting is presented by operating segment. The Group operates mainly in the Warsaw area. The main reporting pattern is operating segments and results from the Group's management structure and internal reporting.

Prices used in settlements between segments are based on market prices.

Segment results, assets and liabilities include the items that are directly related, as well as those that are used jointly, which can be attributed to specific segments based on rational indications. Items not allocated to segments cover mainly: loans issued and cash, credit and loans incurred, together with the related costs, as well as income tax assets and liabilities.

Capital expenditure within a segment constitutes the entire cost incurred to purchase property, plant and equipment, including goodwill.

Operating segments

The Group reports the following operating segments:

- Property development,
- Property renting,
- Renewables,
- Retail.

5. Segment reporting (continued)

Segments as per IFRS 8

in PLN 000s	**Property development**		**Property renting**		**Renewables**		**Retail**		**Eliminations**		**Consolidated**	
Continuing operations	**31 Dec 2013**	**31 Dec 2012**	**31 Dec 2013**	**31 Dec 2012**	**31 Dec 2013**	**31 Dec 2012**	**31 Dec 2013**	**31 Dec 2012**	**31 Dec 2013**	**31 Dec 2012**	**31 Dec 2013**	**31 Dec 2012**
External revenue	53 688	63 900	9 588	5 878	3 298	3 655	12 341	20 573	-	-	-	-
Inter-segment revenue	38 058	15 444	-	83	100	778	-	3	(33 516)	(16 309)	-	-
Total revenue	**91 746**	**79 344**	**9 588**	**5 961**	**3 398**	**4 433**	**12 341**	**20 576**	**(38 158)**	**(16 309)**	**78 915**	**94 006**
Segment result	5 340	3 792	5 243	8 617	(759)	(47)	3 336	6 721	-	-	**13 160**	**19 084**
Other operating revenue											**4 756**	**4 716**
Unallocated costs											(26 018)	(31 911)
Gain on investments											110	6 484
Operating profit											**(7 992)**	**(1 627)**
Finance costs											(11 267)	(21 317)
Income tax											19	(444)
Net profit (loss) on continuing operations											**(19 240)**	**(23 388)**
Discontinued operations											**-**	**-**
Net profit (loss) on discontinued operations											-	-
Net profit (loss)											**(19 240)**	**(23 388)**
Other comprehensive income											**-**	**-**

Other comprehensive income (net)	-	-
Total comprehensive income	**(19 240)**	**(23 388)**

Segments as per IFRS 8

in PLN 000s	**Property development**		**Property renting**		**Renewables**		**Retail**		**Eliminations**		**Consolidated**	
	31 Dec 2013	**31 Dec 2012**	**31 Dec 2013**	**31 Dec 2012**	**31 Dec 2013**	**31 Dec 2012**	**31 Dec 2013**	**31 Dec 2012**	**31 Dec 2013**	**31 Dec 2012**	**31 Dec 2013**	**31 Dec 2012**
Segment assets	253 654	277 083	91 821	86 380	26 379	26 732	11 421	9 056	(119 816)	(110 754)	263 459	288 497
Unallocated assets											9 601	4 540
Total assets											**273 060**	**293 037**
Segment liabilities	198 756	157 144	87 976	80 811	23 646	21 232	13 449	5 257	(120 953)	(61 627)	202 874	202 816
Unallocated liabilities											9 355	10 134
Total liabilities											**212 229**	**212 949**

6. Revenue from sales

in PLN 000s	**31 Dec 2013**	**31 Dec 2012**
Revenue from sale of apartments	47 790	59 151
Revenue from sale of land	359	5 545
Revenue from sale of unfinished investments	5 330	-
Rent income	6 882	3 458
Revenue from sale of energy	3 102	2 833
Revenue from retail sale of goods (footwear)	11 938	18 816
Revenue from provision of other services	3 514	4 203
	78 915	**94 006**

7. Other revenue

in PLN 000s	**31 Dec 2013**	**31 Dec 2012** ***restated data***
Revenue from compensation and contractual penalties	2 124	1 688
Gain on sale of property, plant and equipment	-	115
Rent and lease income	-	99
Revenue from decreases in impairment of inventories	262	-
Revenue from reversal of impairment of receivables	55	45
Revenue from non-statutory sales (re-invoicing)	422	590
Liabilities written-off	-	6
Grants	905	503
Refund of legal costs	-	23
Inventory surplus	-	4
Other operating revenue	988	1 643
	4 756	**4 716**

8. Operating expenses by nature

in PLN 000s	**31 Dec 2013**	**31 Dec 2012** ***restated data***
Depreciation	3 095	2 851
Use of materials and energy	4 605	18 607
Third-party services	38 870	85 586
Taxes and fees	2 185	2 050
Salaries	5 009	6 643
Social security and other benefits	860	1 378
Other expenses by nature	1 008	3 431
Expenses by nature	**55 632**	**120 546**
Change in inventory, products and prepayments	3 543	(46 097)
Cost of production of goods for internal purposes	13	(973)
Selling costs	(5 148)	(9 596)
Administrative expenses	(6 931)	(7 634)
Value of goods sold	18 646	18 676
Cost of sales	**65 755**	**74 922**

9. Other operating expenses

in PLN 000s	**31 Dec 2013**	**31 Dec 2012** ***restated data***
Cost of receivables impairment and recognition of provisions	(2 733)	(119)
Cost of recognising impairment on inventories and property, plant and equipment	(2 186)	(2 079)
Cost of impairment on a garage at the Tęczowe Osiedle investment*	-	(5 204)
Provisions for legal expenses	(3 067)	-
Court and enforcement fees	(1 832)	(1 010)
Liquidation of inventories and property, plant and equipment	-	(156)
Cost of leasing and renting	-	(79)
Donations	-	(13)
Compensation, penalties, fees	(2 086)	(104)
Cost of non-statutory sales (re-invoicing)	(851)	(499)
Loss on disposal of property, plant and equipment	(227)	(402)
Opening balance adjustments**	-	(4 078)
Other	(957)	(938)
	(13 939)	**(14 681)**

** - Changes were made to the opening balance in this item. Details are presented in note 2a.*
*** - Changes were made to the opening balance in this item. Details are presented in note 2d.*

10. Gains on investments

in PLN 000s	**31 Dec 2013**	**31 Dec 2012** ***restated data***
Interest income on issued loans	463	3
Interest income on bank deposits	85	101
Revaluation of investment properties	(3 081)	5 910
Gain on disposal of shares in subsidiaries	1 845	-
Gain on exchange differences	536	-
Other	262	470
	110	**6 484**

11. Finance costs

in PLN 000s	**31 Dec 2013**	**31 Dec 2012** ***restated data***
Impairment of goodwill*	-	(10 512)
Interest cost on credits and bonds*	(7 423)	(2 882)
Other interest**	(2 290)	(6 975)
Opening balance adjustments***	-	(510)
Cost of exchange differences	(904)	-
Other	(650)	(438)
	(11 267)	**(21 317)**

**	- Changes were made to the opening balance in this item. Details are presented in note 2b.*
***	- Changes were made to the opening balance in this item. Details are presented in note 2c.*
****	- Changes were made to the opening balance in this item. Details are presented in note 2d.*

12. Income tax

Income tax recognised in the statement of comprehensive income

in PLN 000s	31 December 2013	31 December 2012
Current income tax		
Income tax for the present year	-	391
Adjustment of income tax for previous years	-	-
	-	**391**
Deferred tax		
Recognition / reversal of temporary differences	(1 431)	(99)
Disposal of Wikana Invest Sp. z o.o.	1 574	-
Other changes	(162)	152
Income tax on continuing operations	**(19)**	**53**
Income tax on discontinued operations (without tax on gain from disposal)	-	-
Income tax on profit from disposal of discontinued operations	-	-
Share of the tax of associates and jointly controlled entities	-	-
Income tax recognised in the statement of comprehensive income	**(19)**	**444**

Effective tax rate

in PLN 000s	31 December 2013	31 December 2012
Net profit for the financial year	(19 240)	(23 388)
Income tax	(19)	444
Profit before tax	**(19 259)**	**(22 944)**
Tax, based on the applicable tax rate	(3 659)	(4 359)
Impairment of income tax assets	1 445	989
Differences between tax and balance sheet costs and revenue	2 195	3 814
	(19)	**444**

13. Property, plant and equipment

Restated data

in PLN 000s **Gross value of property, plant and equipment**	**Land**	**Buildings and structures**	**Machinery and equipment**	**Means of transport**	**Other PP&E**	**PP&E under construction**	**Advances on PP&E**	**Total**
Gross value as at 1 January 2012	4 487	38 908	609	1 429	874	15 827	61	62 195
Acquisition	12 130	25 235	35	126	188	5 791	606	44 111
Transfer from PP&E under construction	364	12 849	6 087	-	-	(19 228)	(60)	12
Transfer to investment properties	(14 575)	(60 731)	-	-	-	-	-	(75 306)
Transfer from leasing	-	-	-	376	-	-	-	376
Disposal	(23)	(1 821)	(59)	(151)	(238)	-	-	(2 292)
Liquidation	-	(117)	(1)	-	-	-	(5)	(123)
Gross value as at 31 December 2012	2 383	14 323	6 671	1 780	824	2 390	602	28 973
Gross value as at 1 January 2013	2 383	14 323	6 671	1 780	824	2 390	602	28 973
Acquisition	-	554	7	23	1	1 192	15	1 792
Transfer from PP&E under construction	-	500	6	-	9	(515)	-	-
Transfer to investment properties	-	(294)	-	-	-	-	-	(294)
Disposal	-	-	-	(40)	(36)	-	-	(76)
Liquidation	-	(57)	(13)	(47)	-	-	-	(117)
Transfer to inventory							(475)	
Other	-	(57)	-	(48)	-	-	(88)	(193)
Gross value as at 31 December 2013	**2 383**	**14 969**	**6 671**	**1 668**	**798**	**3 067**	**54**	**30 085**

in PLN 000s **Depreciation and impairment**	**Land**	**Buildings and structures**	**Machinery and equipment**	**Means of transport**	**Other PP&E**	**PP&E under construction**	**Advances on PP&E**	**Total**
Depreciation and impairment as at 1 January 2012	-	(2 813)	(259)	(363)	(601)	-	-	(4 036)
Depreciation for the period	(17)	(1 384)	(794)	(347)	(116)	-	-	(2 658)
Transfer to investment properties	-	2 592	-	-	-	-	-	2 592
Disposal	-	313	24	65	2	-	-	404
Liquidation	-	43	1	18	-	-	-	62
Depreciation and impairment as at 31 December 2012	(17)	(1 249)	(1 028)	(627)	(715)	-	-	(3 636)
Depreciation and impairment as at 1 January 2013	(17)	(1 249)	(1 028)	(627)	(715)	-	-	(3 636)
Depreciation for the period	-	(1 736)	(891)	(292)	(59)	-	-	(2 978)
Disposal	-	-	-	9	23	-	-	32
Transfer to investment properties	-	224	-	-	-	-	-	224

Liquidation	-	-	13	76	-	-	-	89
Depreciation and impairment as at 31 December 2013	**(17)**	**(2 761)**	**(1 906)**	**(834)**	**(751)**	**-**	**-**	**(6 269)**
Net value								
As at 1 January 2012	4 487	36 095	350	1 066	273	15 827	61	58 159
As at 31 December 2012	2 366	13 074	5 643	1 153	109	2 390	602	25 337
As at 1 January 2013	2 366	13 074	5 643	1 153	109	2 390	602	24 735
As at 31 December 2013	**2 366**	**12 208**	**4 765**	**834**	**47**	**3 067**	**54**	**23 816**

Property, plant and equipment used under lease agreements

The Group uses PP&E items under financial leasing. The net carrying amount of the leased assets as at 31 December 2013 was PLN 681 000 (31 December 2012: PLN 956 000). These assets also constitute collateral for repayment of lease liabilities.

Collateral

At the end of the reporting period, PLN 14 144 000 in properties recognised as property, plant and equipment constitutes collateral for bank credit and bonds (31 December 2012: PLN 14 844 000) (see note 25).

Property, plant and equipment under construction

Property, plant and equipment under construction concerns all projects connected with renewables that are being implemented by Wikana Bioenergia Sp. z o.o., Zielone Tarasy S.A. and Wikana Bioenergia Sp. z o.o. 01 S.K.A. (PLN 3 532 000).

Impairment of property, plant and equipment

As at 31 December 2013, property, plant and equipment was subject to testing for impairment at the level of cash generating units. According to these analyses, no impairment occurred.

14. Intangible assets

in PLN 000s	**Goodwill of subsidiaries**	**Software**	**Total intangible assets**
Gross value			
Gross value as at 1 January 2012	10 512	217	10 729
Acquisition	-	15	15
Disposal	-	(23)	(23)
Opening balance adjustment	-	(8)	(8)
Gross value as at 31 December 2012	10 512	201	10 713
Gross value as at 1 January 2013	10 512	201	10 713
Acquisition	-	994	994
Transfer	-	-	-
Liquidation	-	-	-
Gross value as at 31 December 2013	10 512	1 195	11 707
Amortisation and impairment			
Amortisation and impairment as at 1 January 2012, including:	-	(61)	(61)
Depreciation for the period	-	(51)	(51)
Disposal	-	(19)	(19)
Impairment of goodwill	(10 512)	-	(10 512)
Amortisation and impairment as at 31 December 2012	(10 512)	(131)	(10 643)
Amortisation and impairment as at 1 January 2013, including:	(10 512)	(131)	(10 643)

Depreciation for the period	-	(117)	(117)
Liquidation	-	-	-
Amortisation and impairment as at 31 December 2013	(10 512)	(248)	(10 760)

in PLN 000s	**Goodwill of subsidiaries**	**Software**	**Total intangible assets**
Net value			
As at 1 January 2012	10 512	156	10 668
As at 31 December 2012	-	70	70
As at 1 January 2013	-	70	70
As at 31 December 2013	**-**	**947**	947

Amortisation of intangible assets

Amortisation of intangible assets is recognised in amortisation costs.

Verification of goodwill impairment at subsidiaries

The goodwill of subsidiaries recognised in the Group's balance sheet concerns goodwill arising on acquisition of shares in Multiserwis S.A. (a company established as a result of transformation from Multiserwis Sp. z o.o.).

Having carried out an analysis as at 31 December 2012, the management board concluded that Multiserwis S.A.'s goodwill has been impaired. An adjustment is presented in note 2b.

In testing for goodwill impairment, the Group analyses all external and internal indications. The most important external indications are considered to be as follows:

- a more substantial loss of the asset's market value than could have been expected as a result of passage of time and ordinary use of the asset,
- the occurrence within the reporting period, or the potential to occur in the near future, of substantial adverse changes for the entity, of a technological, market, economic or legal nature in the environment where the entity operates or on the markets that the asset is intended for,
- an increase in market interest rates or other market rates of return on investment and the likelihood that such increase will have an impact on the discount rate applied to calculate the residual value of a given asset and will substantially decrease its recoverable value.

15. Investment property

in PLN 000s	**31 Dec 2013**	**31 Dec 2012**
		restated data
Net value at the beginning of period	**119 748**	**18 624**
Incurred expenditures	-	16 597
Transfer from PP&E	318	76 930
Transfer to inventory	142	-

Disposal of investment properties	(23 493)	-
Transfer to inventory	-	-
Transfer to PP&E	-	-
Change in fair value	(3 229)	7 597
Net value as at the end of period	**93 486**	**119 748**

in PLN 000s	**31 Dec 2013**	**31 Dec 2012**
Amounts recognised in the statement of comprehensive income		
Rent income on investment properties	9 689	5 874
Direct operating expenses (together with the cost of construction, repairs and maintenance) concerning investment properties that yielded rent income during the reporting period	4 347	2 401
Direct operating expenses (together with the cost of construction, repairs and maintenance) concerning investment properties that did not yield rent income during the period	-	-

Investment properties include:

1) Land located in Lublin, ul. Łukasza Rodakiewicza (plots of land no. 32/6, 33/6, 34/6, 35/6), in the vicinity of the streets Hetmańska and Szaserów (plots of land no. 37/14, 38/6, 37/8) and in Tarnobrzeg, ul. M. Kopernika (plots of land no. 3732/2, 3732/3, 3732/4, 3732/5, 3732/6, 3732/7, 3732/8, 3732/9, 3732/11) and ul. Targowa 11 (plots of land no. 1998/3, 2000, 2002/5),
2) Two apartments located in Lublin, ul. Przyjaźni and ul. Nowy Świat, and an apartment located in Zamość at the Świerkowa Aleja investment, building H,
3) Commercial properties located in Kalisz, ul. W. Polskiego 135 (plots of land 18/2, 20/3, 21/2, 38/6, 38/7, 38/9), Leszno, ul. 17 Stycznia 7 (plots of land 75/8,75/10),
- a commercial property in Lodz, ul. Włókniarzy 236 (plot 13/2), Gorzów Wielkopolski, ul. Piłsudskiego 57 (plot 662/1), Kraków, ul. Wadowickiej 9 (plots 157/5,157/6, 155, 156, 317), Krasnobroda, ul. 3 Maja 49 (plot 371), Milejów, ul. Partyzancka 11A (plot 515/40) and Nowy Sącz, ul. I Brygady 4A,
4) Land properties with residential multi-family buildings (TBS buildings) located in Lublin, ul. Kaskadowa 7, ul. Nowy Świat 34A, ul. Pergolowa 2 and ul. Relaksowa 4, and located in Kraśnik, ul. Piaskowa 30 and ul. Rumiankowa 9.

On 8 October 2013, the Company sold an investment property located in Kraków Podgórze (catastral unit 63).

During the year, the Company reclassified apartments located in Lublin, ul. Przyjaźni and ul. Nowy Świat from PP&E to investment properties, and apartments in Zamość from inventory to investment properties.

The Company made an opening balance adjustment and reclassified commercial properties in Inowrocław, Leszno, Kalisz, Lodz, Gorzów Wielkopolski, Krakow, Krasnobroda and Milejów, as well as land properties with residential multi-family buildings located in Lublin and Kraśnik from PP&E to investment properties. The adjustment is described in detail in note 2.

Measurement of investment properties was carried out using the comparative approach by average price adjustment, paired comparison analysis or investment method, income approach. The valuation is based on cost estimates prepared internally by the Company, which are based on estimates drafted by independent property appraisers (the most recent estimates were prepared as at 31 December 2013).

At the end of the reporting period, PLN 58 948 000 worth of the Group's investment properties constituted collateral for bank credit (31 December 2012: PLN 23 054 000).

16. Loans issued

in PLN 000s	**31 Dec 2013**	**31 Dec 2012**
Loans issued	5 590	-
	5 590	**-**

Loans issued (principal and interest)

in PLN 000s	**31 Dec 2013**	**31 Dec 2012**
JTR INWESTYCJE Sp. z o.o.	5 590	-
SWÓJ DOM Siembida	-	1 158
	5 590	**1 158**

Loans issued by Wikana Group to JTR Inwestycje Sp. z o.o. are secured by a mortgage on land. The loan issued to Swój Dom Siembida is secured by a promissory note.

17. Current financial assets (loans issued - principal and interest)

in PLN 000s	**31 Dec 2013**	**31 Dec 2012**
SWÓJ DOM Siembida	583	562
natural person	71	92
Europrojekt	63	-
KKH Kaszowski	50	-
Lublin Science Foundation	33	-
Wikana Invest Sp. z o.o.	22	-
Akrab	10	-
Polish Ecology Foundation	4	-
Europojekt Budownictwo	4	-
	840	**654**

The loans are secured with promissory notes.

18. Other non-current assets

in PLN 000s	**31 Dec 2013**	**31 Dec 2012**
Deposits	2 399	461
Interest	-	306
Settlement-over-time of bond issue costs	504	-
Other	268	1 132
	3 171	**1 899**

As at 31 December 2013, the Group recognised PLN 2 116 000 in other non-current assets, consisting of deposits provided as security for a finance lease (31 December 2012: PLN 461 000) and a deposit received from Przedsiębiorstwo Dróg i Oczyszczania Sp. z o.o. in Kraśnik.

In connection with the issue of series A and B bonds, the Company incurred costs and accounted for them proportionally to the period of the bond issue. PLN 997 000 in costs was accounted for as follows: in 2013 - PLN 174 000, remaining to be settled - PLN 504 000 as non-current and PLN 319 000 as current.

19. Available-for-sale non-current assets

in PLN 000s	**31 Dec 2013**	**31 Dec 2012 *restated data***
Parking spaces	1 246	1 365
	1 246	**1 365**

Changes in the impairment of available-for-sale property, plant and equipment during 2013 and 2012:

	31 Dec 2013	**31 Dec 2012 *restated data***
As at the beginning of period	5 204	-
Change in impairment	-	5 204
As at the end of period	**5 204**	**5 204**

Through a resolution of June 2012, Wikana S.A.'s management board decided to change the intended purpose of parking spaces built within the Tęczowe Osiedle investment in Rzeszów. These assets were reclassified to property, plant and equipment in order to include them in the property lease offering. On 15 January 2013, Wikana S.A. executed a preliminary agreement concerning sale of the parking spaces. The parties to the agreement decided that the final agreement would be executed no later than 30 September 2013. This agreement was not executed, and the Company continues to seek an opportunity to sell the parking spaces.

20. Deferred tax

Deferred income tax assets and liabilities were created in respect of all temporary differences on the asset and liability items presented below:

	Assets		**Provisions**		**Net value**	
in PLN 000s	**31 Dec 2013**	**31 Dec 2012**	**31 Dec 2013**	**31 Dec 2012**	**31 Dec 2013**	**31 Dec 2012**
Property, plant and equipment	-	-	(198)	(88)	(198)	(88)
Investment properties	-	-	(1 143)	(3 010)	(1 143)	(3 010)
Leasing	29	14	-	-	29	14
Impairment of inventory and PP&E	677	259	(1)	-	676	259
Available-for-sale non-current assets	989	989			989	989
Employee benefits	48	43	-	-	48	43
Impairment of receivables	198	76	-	-	198	76
Liabilities, provisions and the related assets	306	8	-	-	306	8
Accruals concerning design services	-	-	(45)	(110)	(45)	(110)
Unpaid remuneration	66	49		-	66	49
Contractual penalties charged	41	-	(156)	(91)	(115)	(91)
Interest due	-	-	(574)	(177)	(574)	(177)
Interest charged	421	222	-	-	421	222
Tax losses subject to deduction in future periods	1 850	1 324	-	-	1 850	1 324
Costs of investment supervision	-	1	-	-	-	1
Other	-	49	(74)	-	(74)	49
Impairment of deferred tax assets	(2 434)	(989)	-	-	(2 434)	(989)
Deferred income tax assets / liabilities	2 191	2 045	(2 191)	(3 476)	-	(1 431)

Compensation	(2 191)	(2 045)	2 191	2 045	-	-
Deferred income tax assets / liabilities of income tax recognised in the balance sheet	**-**	**-**	**-**	**(1 431)**	**-**	**(1 431)**

in PLN 000s	**Assets** **31 Dec 2013**	**31 Dec 2012**	**Provisions** **31 Dec 2013**	**31 Dec 2012**	**Net value** **31 Dec 2013**	**31 Dec 2012**
Property, plant and equipment	-	-	(88)	(75)	(88)	(75)
Investment properties	-	-	(3 010)	(1 892)	(3 010)	(1 892)
Leasing	14	24	-	-	14	24
Non-invoiced rent payments	-	-	-	(13)	-	(13)
Employee benefits	43	27	-	-	43	27
Impairment of receivables	76	12	-	-	76	12
Available-for-sale non-current assets	989	-	-	-	989	-
Liabilities, provisions and the related assets	8	65	-	-	8	65
Accruals concerning design services	-	-	(110)	(14)	(110)	(14)
Unpaid remuneration	49	38	-	-	49	38
Contractual penalties charged	-	-	(91)	(290)	(91)	(290)
Interest due	-	-	(177)	(13)	(177)	(13)
Interest charged	222	274	-	-	222	274
Tax losses subject to deduction in future periods	1 324	184	-	-	1 324	184
Impairment of inventory and PP&E	259	54	-	-	259	54
Costs of investment supervision	1	28	-	-	1	28
Other	49	63	-	(2)	49	61
Impairment of deferred tax assets	(989)	-	-	-	(989)	-
Deferred income tax assets / liabilities	2 045	769	(3 476)	(2 299)	(1 431)	(1 530)
Compensation	(2 045)		2 045		-	-
Deferred income tax assets / liabilities of income tax recognised in the balance sheet	**-**	**769**	**(1 431)**	**(2 299)**	**(1 431)**	**(1 530)**

Change in temporary differences during the period

in PLN 000s	**As at 31 Dec 2012**	**Change in temporary differences recognised in comprehensive income**	**As at 31 Dec 2013**
Property, plant and equipment	(88)	(110)	(198)
Investment properties	(3 010)	1 867	(1 143)
Leasing	14	15	29
Impairment of inventory and PP&E	259	417	676
Available-for-sale non-current assets	989	-	989
Employee benefits	43	5	48
Impairment of receivables	76	122	198
Liabilities, provisions and the related assets	8	298	306
Accruals concerning design services	(110)	65	(45)
Unpaid remuneration	49	17	66
Contractual penalties charged	(91)	(24)	(115)
Interest due	(177)	(397)	(574)
Interest charged	222	199	421
Tax losses subject to deduction in future periods	1 324	526	1 850
Costs of investment supervision	1	(1)	-
Other	49	(123)	(74)
Impairment of deferred tax assets	(989)	(1 445)	(2 434)
	(1 431)	**1 431**	**-**

in PLN 000s	**As at 31 Dec 2011**	**Change in temporary differences recognised in comprehensive income**	**As at 31 Dec 2012**
Property, plant and equipment	(75)	(13)	(88)
Investment properties	(1 892)	(1 118)	(3 010)
Leasing	24	(10)	14
Non-invoiced rent payments	(13)	13	-
Employee benefits	27	16	43
Impairment of receivables	12	64	76
Available-for-sale non-current assets	-	989	989
Liabilities, provisions and the related assets	65	(57)	8
Accruals concerning design services	(14)	(96)	(110)
Unpaid remuneration	38	11	49
Contractual penalties charged	(290)	199	(91)
Interest due	(13)	(164)	(177)
Interest charged	274	(52)	222
Tax losses subject to deduction in future periods	184	1 140	1 324
Impairment of inventory and PP&E	54	205	259
Costs of investment supervision	28	(27)	1

Other	61	(12)	49
Impairment of deferred tax assets	-	(989)	(989)
	(1 530)	**99**	**(1 431)**

21. Inventory

in PLN 000s	**31 Dec 2013**	**31 Dec 2012** ***restated data***
Materials	1 851	2 127
Production in progress*	98 725	96 640
Finished products	15 018	28 018
Goods*	3 069	5 743
	118 663	**132 528**
including:		
borrowing costs		

** Comparative data was restated by transferring development land from goods to production in progress.*

As at 31 December 2013, PLN 1 196 000 in interest and commission on bank credit was capitalised on the Group's inventory (31 December 2012: PLN 1 448 000).

Inventories by category, as at 31 December 2013

	Materials	**Production in progress**	**Finished products**	**Goods**
Osiedle Marina investment, Lublin	-	16 249	902	-
Apartamenty Misjonarska investment, Lublin	-	2 019	263	-
Miasteczko Wikana investment, Lublin	-	5 061	4 568	-
Niecała investment, Lublin	-	3 179	-	-
Sky House investment, Lublin	-	21 726	-	-
Osiedle Cetnarskiego investment, Łańcut	-	-	1 086	-
Tęczowe Osiedle investment, Rzeszów	-	-	1 920	-
Zielone Tarasy investment, Rzeszów	-	14 503	76	-
Podpromie investment, Rzeszów	-	4 321	-	-
Osiedle Panorama investment, Rzeszów	-	1 207	75	-
Klonowy Park investment, Janów Lubelski	-	1 729	3 275	-
Commercial investment in Janów Lubelski	-	232	-	-
Investment in Przemyśl	-	2 493	-	-
Investment in Legnica		5	190	
Koncertowa investment, Zamość	-	5 761	-	-
Świerkowa Aleja investment, Zamość	-	1 057	1 710	-
Al. Kraśnickie Grey Residence investment	-	6 952	-	-
Nowy Świat (Oranżeria) investment	-	1 151	-	-
Osiedle Generalskie investment, Krosno	-	2 645	-	-
Investment in Krynica	-	2 559	-	-
Morelowy Sad investment, Jarosław	-	2 170	-	-
Renewables	1 850	-	953	-
Retail products	-	-	-	3 069
Other	1	3 706	-	-
	1 851	**98 725**	**15 018**	**3 069**

The management board verified the value of land held by the Group as at 31 December 2013 and concluded that there was no impairment due to the following:

1) the value of land recorded in the financial statements is below current market value,
2) the investments on-going on this land will enable to yield additional returns,

The management board verified the value of the Group's production in progress as at 31 December 2013 and concluded that there was no impairment due to the following:

1) the value of land recorded in the financial statements is below current market value,
2) the investments on-going on this land will enable to yield additional returns,

The management board verified the value of finished products as at 31 December 2013 and concluded that there was no impairment due to the fact that investments were partially sold and the cost to manufacture a square metre of residential and commercial premises is lower than the average price per sqm of residential and commercial premises sold.

The Group made an opening balance adjustment and reclassified costs related to capitalised interest, in the amount of PLN 3 574 000, from inventory to operating expenses. Details of the adjustment are presented in note 2c. In 2013, costs of development investments, amounting to PLN 51 092 000, were reclassified from inventory to operating expenses (31 December 2012: PLN 50 386 000).

Impairment of inventory in the footwear retail segment as at 31 December 2013 was: PLN 1 150 000 (as at 31 December 2012: PLN 107 000).

Impairment of inventory in the property development segment as at 31 December 2013 was: PLN 1 972 000 (as at 31 December 2012: PLN 1 381 000).

Detailed information about inventory used as collateral is presented in the description of credit facilities in note 26.

22. Trade and other receivables

in PLN 000s	**31 Dec 2013**	**31 Dec 2012** ***restated data***
Trade receivables	4 308	4 305
Other receivables	4 661	1 302
Tax receivables	4 971	2 875
Prepayments	1 833	1 289
Receivables from JTR Inwestycje	5 200	-
	20 973	**9 771**

On 20 December 2013, an agreement was executed through a notarial deed between Wikana Invest Sp. z o.o. and JTR INWESTYCJE Sp. z o.o., pursuant to which JTR INWESTYCJE Sp. z o.o. assumed the debtor's rights with respect to repayment of capital contributions of PLN 5 200 000 towards Wikana Invest Sp. z o.o., which was sold by Wikana Group in 2013. The PLN 5 200 000 debt is secured by a mortgage up to PLN 5 500 000 on a property located in Lublin. In April 2014, JTR INWESTYCJE Sp. z o.o. repaid a part of the capital contributions, amounting to PLN 2 900 000.

Under 'other receivables,' the Group presents advances paid in order to purchase land intended for development activities.

Receivables denominated in currencies other than the functional currency amounted to PLN 0 as at 31 December 2013 (31 December 2012: PLN 0).

Impairment of trade and other receivables as at 31 December 2013 was: PLN 1 405 000 (as at 31 December 2012: PLN 1 156 000). Detailed information on receivables impairment is presented in note 33.

23. Cash and cash equivalents

in PLN 000s

	31 Dec 2013	31 Dec 2012
Cash on hand and in bank accounts	1 789	1 483
Deposits	125	171
Cheques, commercial paper	10	11
Trustee accounts	2 375	-
Cash and cash equivalents - recognised in the balance sheet and statement of cash flows	**4 299**	**1 665**

Cash in bank accounts was held in accounts payable on demand and in overnight and term deposits.

The Group hold PLN 0 in foreign-currency bank accounts.

The item 'trustee accounts' includes funds received from the Group's clients, constituting advances for sale of products, which are deposited in open trustee accounts until the relevant requirements of the Act on protection of rights of buyers of residential premises or single-family houses are met.

The amount of restricted cash that is available with the bank's consent under a credit agreement was PLN 1 513 000 as at 31 December 2013.

24. Equity

Share capital

	Shares	
	31 Dec 2013	**31 Dec 2012**
Number of shares as at the beginning of period (fully paid-in)	167 665 596	168 055 869
Share redemption	-	390 273
Nominal value per share (in PLN)	0.20	0.20
Number of shares as at the end of period (fully paid-in)	167 665 596	167 665 596
Nominal value per share (in PLN)	0.20	0.20

Share capital structure as at 31 December 2013

Shareholder	**Number of shares held**	**Number of votes at GM**	**Nominal value**	**% in share capital**	**% in votes at GM**
Ipnihome Limited*	99 533 218	99 533 218	19 906 644	59.36%	59.36%
Dekra Holdings Limited	27 798 956	27 798 956	5 559 791	16.58%	16.58%
Other entities	40 333 422	40 333 422	8 066 684	24.06%	24.06%
	167 665 596	**167 665 596**	**33 533 119**	**100.00%**	**100.00%**

** Entity controlled by Adam Buchajski. In addition, Adam Buchajski directly holds 3.13% shares in the Company. The total number of shares held directly and indirectly by Adam Buchajski is 104 781 364, i.e. 62.49%, which entitles to 104 781 364 votes at the Issuer's general meeting and constitutes a 62.49% share of the total number of votes.*

On 27 March 2012, the District Court for Lublin-Wschód in Lublin, based in Świdnik, 6th Commercial Division of the National Court Register, registered a change in Wikana S.A.'s share capital. The share capital was decreased by PLN 78 000, from PLN 33 611 000. After registration of the above change, the Company's share capital amounts to PLN 33 533 000 and is divided into 167 665 596 series G shares with a nominal value of PLN 0.20 each.

Shareholding structure as at 1 January 2012

Series	Type of shares	Type of rights limit on shares	Number of shares	Nominal value of series	Method of payment	Registration date	Ex-dividend date
A	ordinary bearer shares	n/a	1 465 500	30	cash	25-04-1994	01-06-1994
B	ordinary bearer shares	n/a	22 044 000	441	cash	16-06-1996	01-01-1996
C	ordinary bearer shares	n/a	90 000 000	1 800	cash	31-12-1996	01-01-1997
D	ordinary bearer shares	n/a	227 019 000	4 540	cash	10-01-2007	01-01-2006
E	ordinary bearer shares	n/a	170 264 250	3 405	cash	06-02-2008	01-01-2007
F	ordinary bearer shares	n/a	1 169 765 940	23 395	non-monetary contribution in the form of an enterprise	30-01-2009	01-01-2009
		Total number of shares	**1 680 558 690**				
		Total share capital (in PLN 000s)		**33 611**			
		Nominal value per share (in PLN)		**0,02**			

Shareholding structure as at 31 December 2012 and 31 December 2013

Series	Type of shares	Type of rights limit on shares	Number of shares	Nominal value of series	Method of payment	Registration date	Ex-dividend date
G	ordinary bearer shares	n/a	167 665 596	33 533 119,20	reverse split A,B,C,D,E,F	27-03-2012	13-10-2011
		Total number of shares	**167 665 596**				
		Total share capital (in PLN 000s)		**33 533**			
		Nominal value per share (in PLN)		**0,20**			

25. Earnings per share

Basic earnings per share

Basic earnings per share as at 31 December 2013 were based on the net profit for the year attributable to the Company's common shareholders in the following amounts:

	31 Dec 2013	**31 Dec 2012**
basic earnings	(19 240)	(23 388)

and the weighted average number of shares as at the date on which the consolidated financial statements were prepared, as below:

Weighted average number of ordinary shares

	31 Dec 2013	31 Dec 2012
Number of ordinary shares as at the beginning of period	167 665 596	168 055 869
Redemption of shares	-	(390 273)
Number of shares at the end of period (fully paid-in)	**167 665 596**	**167 665 596**

	31 Dec 2013	31 Dec 2012
Weighted average number of ordinary shares during the period	167 665 596	167 758 366
Weighted average (diluted) number of ordinary shares at the end of period	**167 665 596**	**167 665 596**

Basic loss per share	**-0.11**	**-0.14**
Diluted loss per share	**-0.11**	**-0.14**

26. Borrowings

This note presents the Group's liabilities due to bank credits and loans. Information on the foreign exchange risk and interest rate risk that the Group is exposed to is presented in note 30.

Borrowings by type

in PLN 000s	31 Dec 2013	31 Dec 2012
Bank credit	**38 759**	**51 600**
Loans	**20 851**	**8 350**
including:		
Short-term part	29 925	26 445
Long-term part	29 685	33 505

Long-term borrowings with repayment period from the balance sheet date

in PLN 000s	31 Dec 2013	31 Dec 2012
up to 12 months	29 925	26 445
from 1 to 3 years	6 402	5 496
from 3 to 5 years	2 318	5 971
over 5 years	20 965	22 038
Total borrowings	**59 610**	**59 950**

Borrowings (currency structure)

in PLN 000s	31 Dec 2013	31 Dec 2012
in PLN	52 367	53 961
in foreign currencies	7 243	5 989
Total borrowings	**59 610**	**59 950**

Range of interest on credit facilities, by currency:	**31 Dec 2013**	**31 Dec 2012**
for credit facilities in PLN	3.21-9.11%	3.42-10.24%
for credit facilities denominated in EUR	3.49%	3.49%

The Group experienced certain infringements of payment deadlines for principal and interest, as well as other terms of credit agreements, which could result in requests for early repayment of certain liabilities.

The Company infringed on other terms of a credit agreement with BGŻ S.A. The infringement concerned the return on sales ratio, which was supposed to be maintained at a level equal to or higher than 7%, while the ratio in 2013 was -10%. From 2 April 2013, there were delays in repayment of principal. As of 30 November 2013, the entire outstanding principal and interest became due. As at 31 December 2013, credit liabilities amounted to PLN 2 051 000 and are recorded in the financial statements as current. Until the date on which these financial statements were signed, the bank did not terminate the agreement and the Company is servicing the credit on an on-going basis.

There was an infringement on the provisions of a credit agreement with Bank Spółdzielczy w Krasnystawie, concerning an untimely settlement of liabilities, consisting of repayment of principal and interest, towards the bank. From 14 June 2013, there were delays in repayment of the credit facility. As of 14 December 2013, the entire outstanding principal and interest became due. As at 31 December 2013, credit liabilities amounted to PLN 1 565 000 and are recorded in the financial statements as current. The Company's above liabilities are successively decreasing and, according to the Company, will be repaid in 2014.

There was an infringement on the provisions of a credit agreement with BPS S.A., concerning an untimely settlement of liabilities, consisting of repayment of principal and interest, towards the bank. From 1 August 2013, the entire debt became due. As at 31 December 2013, credit liabilities amounted to PLN 797 000 and are recorded in the financial statements as current. The Company's above liabilities are successively decreasing and, according to the Company, will be repaid in 2014.

At Wikana Property Sp. z o.o. Delta S.K.A., there was an infringement of a credit agreement with Raiffeisen Bank Polska S.A. The infringement concerned apartment pre-sales at the Sky House investment in Lublin, which at 31 December 2013 was supposed to be equal to or higher than 70% of the total usable space, and was 61% at the end of 2013. The credit facility is recorded in the financial statements as a current liability. The carrying amount of this liability at the end of the reporting period amounted to PLN 4 043 000, and up to the date on which these financial statements were signed the bank did not terminate the agreement.

At Multiserwis S.A., there was an infringement on other terms of a credit agreement with Bank Pekao S.A. The infringement concerned maintaining inventory at the company at a level of PLN 5 500 000 or higher. As at 31 December 2013, the value of inventory available for retail sales, without considering impairment, was PLN 4 411 000. As at the end of the reporting period, the carrying amount of this liability was PLN 2 482 000, and the credit facility was presented as a current liability. Until the date on which these financial statements were signed, the bank did not terminate the credit agreement.

List of credit facilities, including credit limits

Lender	agreement number date of execution	issued amount in PLN 000s	outstanding amount in PLN 000s	repayment date	collateral
		1 927	797	31.07.2013	contractual mortgage up to PLN 3 277 000 on a property located in Lublin, ul. Niecała 7 and
BPS S.A.	5695458/88/K/Ob./11				Krynica Zdrój, ul. Piłsudskiego 47
	02.08.2011				assignment of insurance policy
annex	25.04.2012				power of attorney to current account
					declaration on submission for enforcement proceedings regarding the amount, as specified in art. 97 of the Banking Act
					in-blanco promissory note
	U/0005208951/000				deposit mortgage up to PLN 2 400 000 on a property near Tarnobrzeg
BGŻ S.A.	7/2011/2807	5 800	2 051	31.12.2015	KW TB1T/00006755/0, KW TB1T/00057191/0, TB1T/00060276/4;
	15.04.2011				deposit mortgage up to PLN 2 400 000 on a property located in Lublin
annex	13.09.2011				KW LU1I/00283558/1
annex	31.10.2011				deposit mortgage up to PLN 2 400 000 on properties located in
annex	18.11.2011				Rzeszów KW RZ1Z/00169261/5, RZ1Z/00149092/3
annex	29.02.2012				in-blanco promissory note with declaration
annex	31.10.2012				power of attorney to accounts at BGŻ
annex	28.11.2012				assignment of rights to insurance policy
revolving facility at	U/0005208951/000	1 600	275	31.12.2015	deposit mortgage up to PLN 2 400 000 on a property near Tarnobrzeg
	5/2010/2807				KW TB1T/00006755/0, KW TB1T/00057191/0, TB1T/00060276/4;
BGŻ S.A.	25.01.2011				deposit mortgage up to PLN 2 400 000 on a property located in Lublin
annex	31.05.2011				KW LU1I/00283558/1
annex	16.01.2012				deposit mortgage up to PLN 2 400 000 on properties located in Rzeszów
annex	15.06.2012				KW RZ1Z/00169261/5, RZ1Z/00149092/3
annex	27.09.2012				in-blanco promissory note with declaration
annex	28.11.2012				power of attorney to accounts at BGŻ
annex	27.02.2013				assignment of rights to insurance policy

Lender	agreement number date of execution	issued amount in PLN 000s	outstanding amount in PLN 000s	repayment date	collateral
Bank Spółdzielczy w Krasnystawie annex annex	217424/76/JG/2012 11.05.2012 17.12.2012 31.01.2013	4 000	1 565	31.07.2014	mortgage up to PLN 5 400 000 on properties KW LU1I/00320797/0, KW LU1I/00325897/6, RZ1Z/00169145/6 declaration on submission to enforcement proceedings in-blanco promissory note power of attorney to bank account
Bank Pocztowy credit facility repaid	1212-13688 13.03.2012 06.05.2013	2 500	-	13.03.2013	mortgage up to PLN 4 000 000 on specific premises in Legnica assignment of rights to insurance policy assumption of debt by Wikana Nieruchomości Sp. z o.o. LEGNICA S.K.A. in-blanco promissory note power of attorney to bank account power of attorney for the bank to sell property
BPS S.A. credit facility repaid annex credit facility repaid	5695458/23/K/ob./11 02.08.2011 30.03.2012 30.09.2013	1 655	-	30.06.2013	contractual mortgage up to PLN 2 813 000 on a property located in Przemyśl KW PR1P/00100169/3 in-blanco promissory note with declaration power of attorney to bank account
Deutsche Bank PBC S.A. annex	KNK/1207991 26.04.2012 26.04.2012	4 515	3 870	30.04.2027	a EUR 31 000 cash deposit; mortgage up to EUR 1 575 000 on a property; assignment of rights to insurance policy; court-ordered registered pledge on the general partner's shares; power of attorney to other bank accounts; in-blanco promissory note; declaration on submission to enforcement proceedings, surety by Wikana SA; assignment of rights to a bank guarantee

Lender	agreement number date of execution	issued amount in PLN 000s	outstanding amount in PLN 000s	repayment date	collateral
Deutsche Bank PBC S.A.	KNK/1220450 12.10.2012	1 945	1 720	31.10.2022	mortgage up to PLN 810 000 on a property owned by the borrower; assignment of rights to insurance policy for the property on which the mortgage was established; court-ordered registered pledge on shares in Wikana Nieruchomości Sp. z o.o.; in-blanco promissory note guaranteed by Wikana S.A.; assignment of rights to a bank guarantee issued as collateral for lease payments
Deutsche Bank PBC S.A.	KNK/1300999 17.01.2013	1 868	1 652	01.02.2021	mortgage up to EUR 675 000 on a property owned by the borrower; assignment of rights to a property insurance policy, an amount no lower than PLN 5 060 000; court-ordered registered pledge on shares in Wikana Nieruchomości Sp. z o.o.; in-blanco promissory note guaranteed by Wikana S.A.; declaration on submission to enforcement proceedings; irrevocable power of attorney to current account and other accounts maintained by the bank; indefinite surety by Wikana S.A. pursuant to civil law up to EUR 675 000;
Bank PEKAO S.A. annexes	2004/28 14.12.2004 30.09.2005 29.09.2006 06.10.2006 29.11.2006 30.09.2008 29.04.2009 26.04.2010 29.04.2011 30.04.2012 30.04.2013 29.11.2013	2 500	2 482	28.08.2014	Mortgage on properties, promissory note, power of attorney to bank account
BGK S.A.	12001745/233/2000 15.12.2000	1 719	1 697	20.08.2045	deposit mortgage up to PLN 2 579 000 (Nowy Świat - Lublin) assignment of rights to insurance policy for the property being financed assignment of receivables from rent payments, up to a total of PLN 56 000 per year that are sent to any of the bank accounts, insurance agreement for up to PLN 150 000

Lender	agreement number date of execution	issued amount in PLN 000s	outstanding amount in PLN 000s	repayment date	collateral
BGK S.A.	12001745/83/2002 24.07.2002	2 900	2 317	25.01.2037	deposit mortgage up to PLN 5 128 000 (Piaskowa - Kraśnik) assignment of rights to insurance policy for the property being financed assignment of receivables from rent payments, up to a total of PLN 124 000 per year that are sent to any of the bank accounts
BGK S.A.	12001745/152/2002 27.09.2002	4 000	3 963	25.12.2038	deposit mortgage up to PLN 6 600 000 (Willowa I - Lublin) assignment of rights to insurance policy for the property being financed assignment of receivables from rent payments, up to a total of PLN 171 000 per year that are sent to any of the bank accounts
BGK S.A.	12001745/64/2003 27.05.2003	7 300	5 250	25.08.2030	deposit mortgage up to PLN 10 950 000 (Willowa II - Lublin) assignment of rights to insurance policy for the property being financed assignment of receivables from rent payments, up to a total of PLN 335 000 per year that are sent to any of the bank accounts
BGK S.A.	12001745/1058/2006 05.09.2006	2 454	1 792	25.04.2030	deposit mortgage up to PLN 3 681 000 (Rumiankowa - Kraśnik) assignment of rights to insurance policy for the property being financed assignment of receivables from rent payments, up to a total of PLN 120 000 per year that are sent to any of the bank accounts
BGK S.A.	12001745/1059/2006 05.09.2006	4 164	3 076	25.07.2030	deposit mortgage up to PLN 6 246 000 (Kaskadowa - Lublin) assignment of rights to insurance policy for the property being financed assignment of receivables from rent payments, up to a total of PLN 196 000 per year that are sent to any of the bank accounts
Bank Spółdzielczy Biała Podlaska	4/12/Ork/L	200	19	27.09.2013	mortgage up to PLN 300 000 on a property owned by the borrower, located in Rejowiec Fabryczny, in-blanco promissory note

Lender	agreement number date of execution	issued amount in PLN 000s	outstanding amount in PLN 000s	repayment date	collateral
BOŚ S.A.	S/94/07/2012/1144 /K/INW/EKO/EKO	7 420	2 190	15.12.2022	mortgage up to PLN 11 130 000 on a property owned by a natural person; consent was given for a fee, a mortgage of up to PLN 11 130 000 was established on a property owned by the borrower; assignment of rights to the insurance policy for the property that the mortgage was established on; power of attorney to the borrower's current account maintained by the lender; in-blanco promissory note guaranteed by Wikana S.A.
Raiffeisen Bank Polska S.A.	CRD/39028/13 06.03.2013	10 700	4 043	31.03.2014	power of attorney to current account and other accounts of the borrower at the bank, mortgage up to PLN 16 050 000 on the property of Wikana Property Sp. z o.o. Delta S.K.A,
annex	05.04.2013				assignment of rights to all contractor risk insurance policy, with a total insured amount of at least PLN 10 700 000,
annex	13.05.2013				registered pledge on shares that are not listed publically,
annex	05.08.2013				pledge on a set of movables and rights constituting the company's movables,
annex	16.08.2013				3-month security for debt servicing in the form of a cash deposit owned by the borrower and deposited at the bank's account in the amount of PLN 120 000
annex	30.08.2013				
annex	12.11.2013				
Total		**69 167**	**38 759**		

List of loans from unrelated parties

Lender	**Date of execution**	**issued amount in PLN 000s**	**outstanding amount in PLN 000s**	**repayment date**	**collateral**
Adam Buchajski	13.08.2012	4 250	43	30.09.2012	own promissory note issued by the borrower
Agnieszka Buchajska	22.05.2013	70	70	31.05.2014	own promissory note issued by the borrower
Agnieszka Buchajska	05.07.2013	300	313	31.07.2014	in-blanco promissory note
Renale Management Limited	13.09.2013	3 530	2 871	31.12.2014	in-blanco promissory note
Finanso Consumer Finance	07.20.2013	2 000	2 005	28.02.2014	registered pledge on 2918 shares in TBS Wikana Sp. z o.o. contractual mortgage up to PLN 3 000 000 borrower's declaration on submission to enforcement proceedings up to PLN 2 320 000
Ipnihome Limited	13.09.2013 30.10.2012	6 040 1 300	6 105 972	30.09.2014 31.12.2013	in-blanco own promissory note issued by the borrower
Lubelski Chmiel Investment Sp. z o.o.	12.09.2012 12.08.2012	1 000 2 400	31	31.12.2012 30.09.2012	in-blanco promissory note
Lubelski Chmiel Investment Sp. z o.o. annex	10.02.2012 24.02.2012	700	67	30.06.2013	own promissory note issued by the borrower

annex	30.04.2012
annex	16.06.2012
annex	12.09.2012
annex	31.12.2012

Lender	**Date of execution**	**issued amount**	**outstanding amount**	**repayment date**	**collateral**
National Fund for Environmental Protection and Water Management	231/2011/Wn03/O A-MO-KU/P 14.06.2011	11 230	3 637	20.12.2018	promissory note, mortgage on properties, assignment of rights, court-ordered pledge
annex	20.02.2012				
annex	13.08.2012				
annex	28.09.2012				
OIC POLAND	12.04.2011	65	64	12.04.2014	in-blanco promissory note, promissory note guarantee from Wikana S.A.
OIC POLAND	12.04.2011	65	22	12.04.2014	in-blanco promissory note, promissory note guarantee from Wikana S.A.
Pragma S.A.	26.03.2013	414	180	31.12.2013	in-blanco promissory note, promissory note guarantee from Wikana Nieruchomości Sp. z o.o. 04 Osiedle S.K.A.
annex	07.10.2013				
Sanwil Holding S.A.	21.11.2013	700	704	30.11.2014	in-blanco promissory note
	04.07.2013	367	365	31.07.2014	
Sanwil Holding S.A.	30.12.2013	1 000	1 000	31.12.2014	own promissory note issued by the borrower

Sanwil Holding S.A.	03.07.2012	2 000	2 224	31.07.2014	own promissory note issued by the borrower
annex	31.08.2012				
annex	29.03.2013				
annex	31.12.2013				
natural persons			178		n/a
Total		**37 431**	**20 851**		

27. Bond liabilities

in PLN 000s	**31 Dec 2013**	**31 Dec 2012**	**Change in 2013**
Proceeds from issue of convertible bonds	54 392	26 250	28 142
Issue costs	(997)	(129)	(868)
Net proceeds from bond issues	53 395	26 121	27 274
Cost of share and bond issues settled over time	997	129	868
Interest recognised as finance costs and	1 118	1 370	(252)
Bond buyback	(26 250)	-	(26 250)
Total	**29 260**	**27 620**	1 640
Short-term part	1 118	27 620	
Long-term part	28 142	-	
	29 260	**27 620**	

Debt instruments by type

	Par value	Terms of interest	Guarantees / collateral	Maturity date
Series A ordinary bonds	20 530	WIBOR 6M + margin	contractual mortgage up to PLN 46 800 000	18.07.2018
Series B ordinary bonds	7 612	WIBOR 6M + margin	unsecured	18.01.2018
Series S ordinary bonds	26 250	WIBOR 3M + margin	unsecured	18.07.2013 redeemed early

Bond liabilities by maturity

in PLN 000s	**31 Dec 2013**	**31 Dec 2012**
up to 12 months	1 118	27 620
from 1 to 3 years	-	-
from 3 to 5 years	28 142	-
over 5 years	-	-
Bond liabilities	**29 260**	**27 620**

28. Finance lease liabilities

Leasing, with maturity left from the balance sheet date

in PLN 000s	**31 Dec 2013**	**31 Dec 2012**
up to 12 months	546	1 105
from 1 to 3 years	2 276	2 195
from 3 to 5 years	2 226	2 147
over 5 years	20 585	19 857
Finance lease liabilities	**25 633**	**25 304**

29. Deferred revenue

Deferred revenue comprises mainly advances from customers for apartment purchases and interest charged on overdue payments. Advances received from customers are presented by project, as below. In addition, this item includes grants in the amount of PLN 6 063 000 and other items of PLN 440 000.

in PLN 000s	**31 Dec 2013**	**31 Dec 2012**
Osiedle Marina investment	12 774	15 853
Sky House investment	8 500	4 248
Advance on sale of land	4 025	2 000
Zielone Tarasy investment, Rzeszów	3 227	2 060
Miasteczko Wikana investment	1 890	993
Świerkowa Aleja investment	1 497	4 762
Klonowy Park investment, Janów Lubelski	1 437	1 253
Investment in Krynica Górska	411	-
Osiedle Panorama investment	273	-
Unicity investment, Lublin	135	5
Tęczowe Osiedle investment, Rzeszów	17	318
Osiedle Cetnarskiego investment, Łańcut	-	1 433
Osiedle Generalskie investment, Krosno	-	1 296
Osiedle Olimpijskie investment, Puławy	-	390
Apart Hotel investment, Krynica Górska	-	136
Grants	6 063	-
Refundable advances from apartment buyers	393	-
Other	47	43
	40 689	**34 790**

30. Provisions

in PLN 000s	**Legal**	**Liabilities**	**Employee**	**Total**
Value as at 1 January 2013	-	1 036	228	1 264
Increases / recognition	4 049	-	24	4 073
Decreases / use	-	-	-	-
Value as at 31 December 2013	**4 049**	**1 036**	**252**	**5 337**
Long-term part	-	66	3	69
Short-term part	4 049	215	249	4 513

	4 049	**281**	**252**	**4 582**
Value as at 31 December 2012	**-**	**1 036**	**228**	**1 264**
Long-term part	-	-	5	5
Short-term part	-	1 036	223	1 259

The provision for legal liabilities covers the amounts of potential penalties that may be imposed on the Company due to executed agreements and that are more than 50% likely to occur (according to the Group's management), as well as court cases against the Company - if the likelihood of a positive ruling is less than 50% (according to the Group's management).

The provisions were estimated using the Group's best knowledge and on the basis of historic experiences.

The exercise dates for the provisions for penalties, losses and court cases are not possible to estimate, however there is a high likelihood that this will happen within 12 months from the balance sheet date.

Legal

The Group is a party to proceedings before common courts. As at 31 December 2013 the Group estimated the risk of losing the on-going court proceedings based on the status of cases and obtained evidence. Given the fact that disclosing the companies that are parties to the disputes, as well as their subjects and values, would weaken, in the Group's assessment, the Group's negotiating position in the on-going proceedings, the Group decided not to disclose this data.

31. Trade and other payables

in PLN 000s	**31 Dec 2013**	**31 Dec 2012**
Trade payables	21 193	35 252
Liabilities towards public authorities	4 595	3 913
Retained deposits - long-term part	808	-
Retained deposits - short-term part	2 671	1 183
Settlement of credit write-off and participation - long-term part	9 238	9 238
Settlement of credit write-off and participation - short-term part	75	75
Participations provided	6 246	6 345
Liabilities due to purchase of PP&E	-	6 077
Other liabilities and settlement of accruals	7 629	177
Total trade and other payables	**52 455**	**62 260**
Recognised as other non-current liabilities	16 292	15 583
Current trade and other payables	**36 163**	**46 677**

The Group's liabilities due to retained deposits primarily concern deposits from general contractors working on specific projects. Deposits are retained by the Group through an appropriately reduced payment to the general contractor for a three-year period from handover of the investment in order to secure any potential costs that might arise in connection with repairs.

Other liabilities include also the Company's liabilities due to taxes, social security contributions, remuneration and accruals.

Liabilities denominated in currencies other than the functional currency comprise EUR-denominated liabilities on credit agreements and finance leasing, amounting to EUR 5 548 000, which corresponds to PLN 22 709 000 (31 December 2012: PLN 21 979 000). The Company does not have any foreign-currency trade payables.

32. Foreign exchange risk

Foreign exchange risk

The Group is exposed to foreign exchange risk mainly in connection with finance lease agreements. These transactions are mostly in EUR. The Group continuously monitors its currency position.

If foreign-currency receivables and payables as at 31 December 2013 and 31 December 2012 were translated, a 5% change in the foreign currency's value in relation to PLN would have the following impact on profit before tax:

	31 Dec 2013		31 Dec 2012	
	increase 5%	decrease 5%	increase 5%	decrease 5%
EUR-denominated receivables and payables	1 166	(1 166)	1 099	(1 099)
	1 166	**(1 166)**	**1 099**	**(1 099)**

33. Financial instruments

Financial risk management objectives and methodology

The Group manages all of the elements of financial risk described below, which could have a significant impact on future operations, paying particular attention to managing market risk, including interest rate risk, credit risk and liquidity risk. The objective of managing credit risk is limiting the Group's losses that could arise due to its customers' default. This objective is achieved by the on-going monitoring of creditworthiness of the clients that require lending over a certain amount. The objective of financial liquidity management is protecting the Group from default. This is being achieved through systematic projections of debt over a 3-year horizon, and subsequently through arranging appropriate sources of finance. Exposure to credit risk and interest rate risk arises in the ordinary course of the Group's business.

Credit risk

As at the reporting date, there was no substantial concentration of credit risk.

As at 31 December 2013 and 31 December 2012, analysis of overdue trade receivables was as follows:

		31 Dec 2013	
in PLN 000s	**Gross value**	**Impairment**	**Net value**
Overdue	1 991	-	1 991
Overdue by:			
0-180 days	939	-	939
180-360 days	1 498	120	1 378
over 360 days	1 285	1 285	-
	5 713	**1 405**	**4 308**

in PLN 000s	31 Dec 2012 Gross value	 Impairment	 Net value
Overdue	4 228	-	4 228
Overdue by:			
0-180 days	163	86	77
180-360 days	90	90	-
over 360 days	980	980	-
	5 461	**1 156**	**4 305**

Presented below are changes in the impairment of trade and other receivables in 2013 and 2012:

	31 Dec 2013	**31 Dec 2012**
As at the beginning of period	1 156	1 084
Change in impairment	249	72
As at the end of period	**1 405**	**1 156**

Interest rate risk

The Group's floating-rate credit facilities are exposed to cash flow risk as a result of interest rate changes. The Group does not hedge against interest rate risk.
Current receivables and payables are not exposed to interest rate risk.

Financial instruments (continued)

a) Classification of assets into groups of financial instruments

in PLN 000s	**31 Dec 2013**	**31 Dec 2012**
Assets held for trading	-	-
Loans issued and own receivables - other	**14 169**	**37 365**
Loans	840	654
Trade and other receivables	14 169	5 607
Long-term deposits	2 399	461
Derivatives	-	-
Assets held to maturity	-	-
Cash	**4 299**	**1 665**
Cash	4 299	1 665
	18 468	**39 030**

b) Financial liabilities, by title

in PLN 000s	**31 Dec 2013**	**31 Dec 2012**
Financial liabilities at fair value through profit or loss, including:		
financial liabilities held for trading	-	-
derivatives	-	-
Other financial liabilities	**139 175**	**149 309**
credits and loans	59 610	59 950
trade payables	21 193	35 252
bonds	29 260	27 620
deposits	3 479	1 183
leasing	25 633	25 304
hedging instruments with negative value	-	-
	139 175	**149 309**

Analysis of the Group's sensitivity to interest rate changes

A 1pp change in interest rates would result in a change of profit before tax as presented below. The analysis is based on the assumption that other variables, especially exchange rates, remain intact.

	31 Dec 2013		**31 Dec 2012**	
	increase 1%	decrease 1%	increase 1%	decrease 1%
Floating-rate instruments	**819**	**(819)**	**662**	**(662)**

The above table presents the impact on the finance costs recognised in the consolidated statement of comprehensive income. Given the fact that a majority of interest costs is capitalised on inventory, a change in interest rates would cause a change in the value of inventory on the balance sheet date and a change in the cost of products sold in the future.

Foreign exchange risk

Foreign exchange risk is discussed in note 32.

Liquidity risk

The Parent's management board has assessed the Group's expected liquidity situation for the 12 months from the date of the consolidated financial statements.

The main objective of this analysis was specifying the sources for repayment of the Group's current liabilities, resulting from, among others, credit facilities and trade payables (including overdue liabilities).

As at 31 December 2013, the total amount of the Group's liabilities due for repayment in 2014 (i.e. current liabilities), excluding provisions, was PLN 108 441 000. This item mainly consists of credit facilities and trade payables, as well as deferred revenue (the PLN 40 689 000 in deferred revenue roughly corresponds to the amounts paid by clients based on apartment purchase agreements in completed and on-going development projects). Within the total of PLN 112 954 000 in current liabilities, the company will actually have to repay up to PLN 67 752 000, i.e. after subtracting the amount of provisions and deferred revenue, which according to the accounting methodology for development projects (as specified in IAS 18) will be recognised in revenue from the sale of apartments after delivery to clients. Repayment of these liabilities (deferred revenue) towards apartment buyers would be necessary in the event of non-performance of the executed apartment sales agreements, e.g. as a result of discontinuing or major delays in construction, which according to the management board will not occur.

As a result of the analysis, the management board has specified the main repayment sources for current liabilities:

a) Proceeds from new sale agreements concerning apartments, parking spaces, storage spaces and service facilities, which either are or will be introduced to the Group's portfolio in 2014.
b) Proceeds from payments under sales agreements concerning apartments, parking spaces, storage spaces and service facilities in on-going development projects, which were executed prior to 31 December 2013 - and which will be made by clients in accordance with the timetables specified in such agreements.
c) Proceeds from lease of space in the Group's commercial properties.
d) The divestment process, which covers sale of selected assets under a plan adopted by the management board for optimisation of the asset structure by disposing of certain tangible assets of substantial market value (e.g. existing properties or certain non-residential projects).

In addition, the Group's management is analysing a number of solutions aimed at raising additional capital to ensure the Company's liquidity, to be used to repay financial and trade payables. As such, the following activities are currently at an advanced stage: a share issue (via a private offering), bond issue, new credit facilities, both to re-finance the existing liabilities and to finance property development and renewables projects.

The Group sells premises in its investment at a scale that enables the uninterrupted continuing of operations, including repayment of financial liabilities.

According to the Group's management, thanks in part to the restructuring activities commenced at the beginning of 2014 and intensification of apartment sales, there is no threat to the Group's continuing operations over a period of 12 months from the date on which these financial statements were prepared. The management board believes that it will be able to provide the Group with sufficient capital to service its financial and trade payables and to continue operations uninterrupted, including property development projects.

Description of methods and significant assumptions used in measuring the fair value of financial assets and liabilities

The fair value of financial assets and liabilities is close to the balance sheet value as at 31 December 2013 and 31 December 2012.

Fair value is understood to be an amount for which a given asset could be exchanged and a liability settled on market conditions between willing and well-informed parties.

Capital management

The Group defines capital as the balance sheet value of equity. The key ratio used by the Group to monitor equity is equity-to-assets. As at 31 December 2013, this ratio was 22% (31 December 2012: 27%). The Group manages capital in order to guarantee that its entities will be able to continue as a going concern, while simultaneously maximising shareholder returns through optimisation of the debt to equity profile. The Group's overall strategy has not changed since 2008.

The Group's capital structure includes debt, which comprises the credit facilities disclosed in note 26, cash and cash equivalents, and equity attributable to owners of the Parent, including issued shares, reserve capital and retained earnings.

In addition, the Group manages equity in a manner enabling it to maintain a safe equity to debt profile. During the last several years, the Group did not pay a dividend.

34. Operating leasing

Operating lease agreements, where the Group is the lessee

Payments under irrevocable operating lease agreements are as follows:

in PLN 000s	**31 Dec 2013**	**31 Dec 2012**
up to 1 year	89	74
1 to 5 years	445	370
over 5 years	3 002	1 665
	3 536	**2 109**

The Group is a party to lease and rent agreements and pays fees on perpetual usufruct of land, which are qualified as operating leasing. The lease agreements have different validity periods, usually with an option to extend. Lease payments are annually increased by the CPI indicator, published in the official gazette Monitor Polski by the President of the Central Statistical Office (GUS).

The total amount of future payments under operating lease agreements as at 31 December 2013 included fees for perpetual usufruct of land of PLN 89 000 (31 December 2012: PLN 74 000).

During the period ended 31 December 2013, rent payments of PLN 4 347 000 were recognised as operating lease costs (31 December 2012: PLN 2 401 000).

Operating lease agreements, where the Group is the lessor

The Group has leased out investment properties through operating leasing (see note 15). Payments under irrevocable lease agreements are as follows:

in PLN 000s	**31 Dec 2013**	**31 Dec 2012**
up to 1 year	9 689	9 689
1 to 5 years	38 756	38 756
over 5 years	143 720	147 800
	192 165	**196 245**

As at 31 December 2013, PLN 9 689 000 in lease income on investment properties (operating leasing) was generated (31 December 2012: PLN 5 874 000). Other lease income concerns properties classified in the balance sheet as property, plant and equipment and inventory.

The Group is a party to agreements on lease of investment properties (note 15) that generate income from leasing commercial space in Kalisz, Leszno, Łódź, Gorzów Wielkopolski, Kraków, Krasnobroda, Milejów and Nowy Sącz.

35. Investment and contractual liabilities

These liabilities mainly concern liabilities towards general contractors due to executed agreements.

As at 31 December 2012, the total value of future liabilities on general contractor agreements, which have not yet been invoiced, was PLN 22 051 000 (as at 31 December 2012: PLN 83 901 000).

36. Contingent liabilities

Regulations concerning tax on goods and services, corporate income tax and social security contributions are subject to frequent changes, resulting often in a lack of reference to consistent regulations or legal precedence.

The binding regulations also contain inconsistencies that are caused by differences of opinion as regards legal interpretation of tax laws both between the various government authorities and between government authorities and companies. Tax and other settlements (for example, customs or cross-border) may be the subject of audits by tax authorities, which are authorised to impose substantial penalties, and the amounts of additional liabilities imposed as a result of such audits must be paid with interest. These circumstances cause tax risk in Poland to be higher than in countries with more developed tax systems. Tax settlements may be the subject of an audit for a period of five years. In effect, the amounts recognised in the financial statements may be subject to change at a later time, after establishing the final amounts by tax authorities. The Group's opinion is that there is no need for recognising provisions in this area.

Wikana S.A. was sued by REM II Sp. z o.o. on 21 August 2013 for a VAT invoice concerning constructions works for the Zielone Tarasy investment in Rzeszów. The value of the dispute is PLN 118 000, the case is on-going.

Wikana S.A. was sued by Fabryka Okien Szewpol Plus Sp. z o.o. on 30 August 2013 for a VAT invoice concerning supply of windows for the Osiedle Panorama investment in Rzeszów. The value of the dispute is PLN 14 000, the case is on-going.

On 2 September 2013, Wikana S.A. was sued by VIS-POL Bogdan Skała for a VAT invoice concerning construction works. The value of the dispute is PLN 37 000, the case is on-going.

On 22 November 2013, Wikana S.A. received a lawsuit from Beata Szykulska Biuro Obsługi Nieruchomości i Doradztwa Inwestycyjnego BONDI for a VAT invoice. The value of the dispute is PLN 29 000.

On 22 November 2013, Wikana S.A. was sued by Grupa Wydawnicza Słowo Sp. z o.o. in Nadarzyn for a VAT invoice. The value of the dispute is PLN 8 000. The case is on-going.

On 9 December 2013, Wikana S.A. was sued by PUPH DAR - POL Dariusz Pelczar for a VAT invoice concerning services at an investment in Rzeszów. The value of the dispute is PLN 5 000. The case is on-going.

On 21 November 2013, Wikana S.A. was sued by SPEC - BUD Przedsiębiorstwo Renowacji i Konserwacji Budowli Kimak Piotr for a VAT invoice (agreement on construction works at the Osiedle Narutowicza investment in Biłgoraj). The value of the dispute is PLN 46 000. The case is on-going.

On 22 November 2013, Wikana S.A. was sued by BETA Z. Ciuba, R. Pomianek, K. Bereś for a VAT invoice concerning construction works at the Zielone Tarasy investment in Rzeszów. The value of the dispute is PLN 31 000. The case is on-going.

According to the management board, the risk of an unfavourable outcome of the above disputes is lower than 50%, and therefore no provisions were recognised.

Information on contingent liabilities for which provisions have been recognised is presented in note 30.

37. Related-party transactions

Additional remuneration for the management

Aside from base salaries and social security contributions (contributions for pensions), the Group pays its management remuneration on the basis of agreements for provision of services and remuneration for serving on the management board.

in PLN 000s	**1 Jan 2013 31 Dec 2013**	**1 Jan 2012 31 Dec 2012**
Sylwester Bogacki - President of the Management Board	284	277
Krzysztof Szaliłow - Vice-President of the Management Board from 10 May 2013	194	-
Tomasz Grodzki - Vice-President of the Management Board until 10	26	120

May 2013		
Tomasz Demendecki - Vice-President of the Management Board from 22 October 2013	28	-
	532	**397**

Management's remuneration for serving on the management board or supervisory board of subsidiaries

in PLN 000s	**1 Jan 2013 31 Dec 2013**	**1 Jan 2012 31 Dec 2012**
Sylwester Bogacki - President of the Management Board	46	6
Krzysztof Szaliłow - Vice-President of the Management Board from 10 May 2013	28	-
Tomasz Grodzki - Vice-President of the Management Board until 10 May 2013	83	68
Tomasz Demendecki - Vice-President of the Management Board from 22 October 2013	14	-
	171	**74**

Supervisory board remuneration

in PLN 000s	**1 Jan 2013 31 Dec 2013**	**1 Jan 2012 31 Dec 2012**
Krzysztof Misiak	30	30
Adam Buchajski	30	30
Agnieszka Buchajska	30	30
Piotr Zawiślak	30	30
Tomasz Filipiak	30	30
	150	**150**

Other related-party transactions

Related parties include entities controlled by shareholders and management board members

in PLN 000s	**Transaction value**		**Outstanding balance as at**	
	1 Jan 2013 31 Dec 2013	**1 Jan 2012 31 Dec 2012**	**31 Dec 2013**	**31 Dec 2012**
Sale of products and services				
Agnieszka Buchajska	-	3	-	-
	-	**3**	**-**	**-**

	Transaction value		**Outstanding balance as at**	
	1 Jan 2013 31 Dec 2013	**1 Jan 2012 31 Dec 2012**	**31 Dec 2013**	**31 Dec 2012**
Purchase of products and services				
Agnieszka Buchajska	266	289	292	80
	266	**289**	**292**	**80**

All outstanding balances with related parties are measured on market terms and must be

in PLN 000s	**Outstanding balance as at**	**Transaction value during the period**				**Outstanding balance as at**
	31 Dec 2012	**Issue**	**Repayment**	**Charged**	**Repayment**	**31 Dec 2013**

			principal	interest	interest	
Loans issued (principal and interest)						
Siembida	*562*	*-*	*-*	*20*	*-*	*582*
	562	**-**	**-**	**20**	**-**	**582**

in PLN 000s	**Outstanding balance as at**	**Transaction value during the period**				**Outstanding balance as at**
	31 Dec 2012	**Issue**	**Repayment principal**	**Charged interest**	**Repayment interest**	**31 Dec 2013**
Loans received (principal and interest)						
Agnieszka Buchajska	*60*	*383*	*-*	*-*	*-*	*443*
Adam Buchajski	*43*	*-*	*-*	*-*	*-*	*43*
Sanwil Holding S.A.	*2 074*	*2 057*	*-*	*162*	*-*	*4 293*
Renale Management	*-*	*3 530*	*700*	*41*	*-*	*2 871*
Finanso Consumer	*-*	*2 000*	*-*	*39*	*34*	*2 005*
Ipnihome Limited	*870*	*6 040*	*-*	*167*	*-*	*7 077*
	3 047	**14 010**	**700**	**409**	**34**	**16 732**

	Transaction value during the period:		**Outstanding balance as at**	
	1 Jan 2013 31 Dec 2013	**1 Jan 2012 31 Dec 2012**	**31 Dec 2013**	**31 Dec 2012**
Other liabilities				
Ipnihome Limited	270	-	270	-
Adam Buchajski	-	-	177	177
Krzysztof Misiak	-	-	210	210
Agnieszka Buchajska	-	-	50	50
FIZ WIKANA	-	-	300	300
	270	**-**	**1 007**	**737**

38. Group entities (entities included in the consolidated financial statements)

Parent

	% share	
Wikana S.A.		
Subsidiaries	**31 Dec 2013**	**31 Dec 2012**
Wikana Bioenergia Sp. z o.o.	100%	100%
Wikana Project Sp. z o.o.	100%	100%
Wikana Nieruchomości Sp. z o.o.	100%	100%
Multiserwis S.A.*******	94%	100%
Wikana Nieruchomości Sp. z o.o. Krosno S.K.A.*	100%	100%
Wikana Nieruchomości Sp. z o.o. Legnica S.K.A.*	100%	100%
Zielone Tarasy S.A.**	100%	100%
Wikana Nieruchomości Sp. z o.o. Komerc S.K.A.*	100%	100%

Wikana Nieruchomości Sp. z o.o. 02 S.K.A.*	100%	100%
Wikana Nieruchomości Sp. z o.o. 03 Miasteczko S.K.A.*	100%	100%
Wikana Nieruchomości Sp. z o.o. 04 Osiedle S.K.A.*	100%	100%
Wikana Bioenergia Sp. z o.o. 01 S.K.A.***	100%	100%
Wikana Nieruchomości Sp. z o.o. 05 Marina S.K.A.*	100%	100%
Wikana Nieruchomości Sp. z o.o. Alfa S.K.A.	100%	100%
Wikana Property Sp. z o.o. Beta S.K.A.*****	100%	100%
Wikana Property Sp. z o.o. Delta S.K.A.****	100%	100%
Towarzystwo Budownictwa Społecznego „Wikana" Sp. z o.o.	100%	100%
Wikana Property Sp. z o.o.	100%	100%
Wikana Property Sp. z o.o. Panorama S.K.A.*****	100%	-
Wikana Property Sp. z o.o. Podpromie S.K.A.*****	100%	-
Wikana Property Sp. z o.o. Zielone Tarasy S.K.A.*****	100%	-
Wikana Property Sp. z o.o. Krosno S.K.A.*****	100%	-
Wikana Property Sp. z o.o. ACER S.K.A.*****	100%	-
Wikana Property Sp. z o.o. Alfa S.K.A.*****	100%	-
Wikana Property Sp. z o.o. Betula S.K.A.*****	100%	-
Wikana Property Sp. z o.o. Corylus S.K.A.*****	100%	-
Wikana Property Sp. z o.o. Gamma S.K.A.*****	100%	-
Wikana Property Sp. z o.o. Jota S.K.A.*****	100%	-
Wikana Property Sp. z o.o. Kappa S.K.A.*****	100%	-
Wikana Property Sp. z o.o. Lamda S.K.A.*****	100%	-
Wikana Property Sp. z o.o. Larix S.K.A.*****	100%	-
Wikana Property Sp. z o.o. Zeta S.K.A.*****	100%	-
Wikana Property Sp. z o.o. Sigma S.K.A.*****	100%	-
Wikana Property Sp. z o.o. Rosa S.K.A.*****	100%	-
Wikana Property Sp. z o.o. Magnolia S.K.A.*****	100%	-
Wikana Property Sp. z o.o. Omega S.K.A.*****	100%	-
Wikana Property Sp. z o.o. Omikron S.K.A.*****	100%	-
Wikana Invest Sp. z o.o.******	-	100%

* Indirectly owned by Wikana S.A. through investment certificates issued by WIKANA FIZ, which owns 100% of the subsidiary's shares. The general partner is Wikana Nieruchomości Sp. z o.o., an entity 100% owned by Wikana S.A.
** Indirectly owned by Wikana S.A. through investment certificates issued by WIKANA FIZ, which owns 100% of the subsidiary's shares. The subsidiary was transformed from a partnership limited by shares in 2013.
*** Indirectly owned by Wikana S.A. through investment certificates issued by WIKANA FIZ, which owns 100% of the subsidiary's shares. The general partner is Wikana Bioenergia Sp. z o.o., an entity 100% owned by Wikana S.A.
**** 100% of shares in Wikana Property Sp. z o.o. Delta S.K.A. was sold in 2013 to Wikana Project Sp. z o.o., an entity 100% owned by Wikana S.A.
***** These companies were formed in 2013. The general partner is Wikana Property Sp. z o.o., an entity 100% owned by Wikana S.A.
****** 100% of shares in Wikana Invest Sp. z o.o. was sold in 2013 to Polska Tektura Sp. z o.o., an entity unrelated to Wikana S.A.
******* 6.11% of shares in Multiserwis S.A. was sold in 2013 to entities unrelated to Wikana S.A.

Subsidiaries, as at the date on which these financial statements were prepared

Wikana Bioenergia Sp. z o.o., based in Lublin, entered into the register of companies on 1 October 2009 under KRS number 0000338404. Wikana S.A. holds 100% of shares. As at the date on which these financial statements were prepared, the entity's share capital was PLN 50 000, divided into 500 shares with a nominal value of PLN 100 each.
Wikana Bioenergia Sp. z o.o. operates in the renewables sector (mostly in the Lublin province).

Wikana Project Sp. z o.o., based in Lublin, entered into the register of companies on 20 January 2009 under KRS number 0000321553. Wikana S.A. holds 100% of shares. As at the date on which these financial statements were prepared, the entity's share capital was PLN 50 000, divided into 100 shares with a nominal value of PLN 500 each.
The entity's registered office is in Lublin. Its main economic activity is 'buying and selling of own real estate' (PKD 2007: 68.10Z).
On 10 March 2011, the company's name change, to Wikana Project Sp. z o.o., was registered. Currently, the company provides project management services to other Wikana Group entities.

Wikana Nieruchomości Sp. z o.o., based in Lublin, entered into the register of companies on 29 January 2007 under KRS number 0000273024. Wikana S.A. holds 100% of shares. As at the date on which these financial statements were prepared, the entity's share capital was PLN 2 000 000, divided into 40 000 shares with a nominal value of PLN 50 each.
Its main economic activity is 'buying and selling of own real estate' (PKD 2007: 68.10Z).

Multiserwis S.A., based in Lublin, entered into the register of companies on 21 January 2013 under KRS number 0000445160. As at the date on which these financial statements were prepared, Wikana S.A. held 94% of shares in this entity. As at the date on which these financial statements were prepared, the entity's share capital was PLN 3 000 000, divided into 30 000 000 shares with a nominal value of PLN 0.10 each. The company operates retail locations, i.e. independent showrooms and footwear stores, along important communication routes in cities or in large shopping centres in south-western Poland. The stores operated by the Company are located in the following provinces: Lublin, Sub-Carpathian, Podlasie, Masovia.
The footwear stores and showrooms are operated pursuant to a franchise agreement with NG2 S.A.

Wikana Nieruchomości Sp. z o.o. Krosno S.K.A., based in Lublin, entered into the register of companies on 27 May 2010 under KRS number 0000357395. Wikana S.A. indirectly owns shares in the entity through investment certificates issued by WIKANA FIZ, which owns 100% of the subsidiary's shares. As at the date on which these financial statements were prepared, the entity's share capital was PLN 290 000, divided into 290 000 shares with a nominal value of PLN 1 each.
Until 15 July 2010, the company was not operational.
Currently, the company is executing a multi-phase investment named Osiedle Generalskie in Krosno. Under the already completed phase I of the investment, a four-storey building with 54 apartments and basement storage rooms were build. Parking spaces for passenger cars were designed both in the basement, for underground parking spaces, and outside - in specially designated areas.
Preparations are on-going to commence construction works under phase IV of the investment, i.e. construction of a two-storey commercial and service building with eight service premises.

Wikana Nieruchomości Sp. z o.o. Legnica S.K.A., based in Lublin, entered into the register of companies on 27 May 2005 under KRS number 0000357396. Wikana S.A. indirectly owns shares in the entity through investment certificates issued by WIKANA FIZ, which owns 100% of the subsidiary's shares. As at the date on which these financial statements were prepared, the entity's share capital was PLN 50 000, divided into 50 000 shares with a nominal value of PLN 1 each.
The company's main economic activity is 'development of building projects' (code: 41.10Z according to PKD 2007). The company has been operating since 28 May 2010. Until 24 August 2010, the company operated using the name MST Deweloper Sp. z o.o. Legnica S.K.A. The company's name was changed in connection with a change of its general partner's name.

Zielone Tarasy S.A., based in Lublin, entered into the register of companies on 12 February 2013 under KRS number 0000450833. Wikana S.A. indirectly owns shares in the entity through investment certificates issued by

WIKANA FIZ, which owns 100% of the subsidiary's shares. As at the date on which these financial statements were prepared, the entity's share capital was PLN 100 000, divided into 1 000 000 shares with a nominal value of PLN 0.10 each.
The company's main economic activity currently is 'trade of electricity' (code: 35.14Z according to PKD 2007). The economic activity was changed in 2012, through a decision by the general meeting. The change took place in connection with plans to build and subsequently operate a biogas power plant.
Until 15 July 2010, the company was not operational. Until 15 August 2010, the company operated using the name MST Deweloper Sp. z o.o. Zielone Tarasy S.K.A. The company's name was changed in connection with a change of its general partner's name.
The company is currently preparing to commence an investment consisting of constructing a biogas plant in Werbkowice (planned capacity about 1 MW).
On 12 February 2013, the District Court in Lublin, 6th Commercial Division of the National Court Register, registered transition of the existing entity into a public limited company, pursuant to a general meeting resolution of 7 February 2013.

Wikana Nieruchomości Sp. z o.o. Komerc S.K.A., based in Lublin, entered into the register of companies on 12 October 2010 under KRS number 000036774. Wikana S.A. indirectly owns shares in the entity through investment certificates issued by WIKANA FIZ, which owns 100% of the subsidiary's shares. As at the date on which these financial statements were prepared, the entity's share capital was PLN 150 000, divided into 150 000 shares with a nominal value of PLN 1 each.
The company operates in renting commercial properties, located among others in:
- Kraków,
- Łódź,
- Gorzów Wielkopolski,
- Milejów,
- Kransobroda.

Wikana Nieruchomości Sp. z o.o. 02 S.K.A., based in Lublin, entered into the register of companies on 5 November 2010 under KRS number 0000369866. Wikana S.A. holds 100% of this entity's shares. As at the date on which these financial statements were prepared, the entity's share capital was PLN 50 000, divided into 50 000 shares with a nominal value of PLN 1 each.
The company operates in property development in the Sub-Carpathian and Lublin provinces.

Wikana Nieruchomości Sp. z o.o. 03 Miasteczko S.K.A., based in Lublin, entered into the register of companies on 17 November 2010 under KRS number 0000370554. Wikana S.A. indirectly owns shares in the entity through investment certificates issued by WIKANA FIZ, which owns 100% of the subsidiary's shares. As at the date on which these financial statements were prepared, the entity's share capital was PLN 50 000, divided into 50 000 shares with a nominal value of PLN 1 each.
The company operates in property development in the Lublin province. A multi-phase project named Miasteczko Wikana is currently underway (buildings B5 and B6), and preparations are on-going to commence construction works on building B12. In 2013, the entity completed subsequent investment phases at Miasteczko Wikana, i.e. buildings B5 and B6.

Wikana Nieruchomości Sp. z o.o. 04 Osiedle S.K.A., based in Lublin, entered into the register of companies on 17 November 2010 under KRS number 0000370552. Wikana S.A. indirectly owns shares in the entity through investment certificates issued by WIKANA FIZ, which owns 100% of the subsidiary's shares. As at the date on which these financial statements were prepared, the entity's share capital was PLN 50 000, divided into 50 000 shares with a nominal value of PLN 1 each.
The company operates in property development in the Lublin province. Currently (from the beginning of 2014), a subsequent, sixth phase of the Świerkowa Aleja investment in Zamość is underway.

Wikana Bioenergia Sp. z o.o. 01 S.K.A., based in Lublin, entered into the register of companies on 28 September 2010 under KRS number 0000366718. Wikana S.A. indirectly owns shares in the entity through investment certificates issued by WIKANA FIZ, which owns 100% of the subsidiary's shares. As at the date on which these financial statements were prepared, the entity's share capital was PLN 550 000, divided into 550 000 shares with a nominal value of PLN 1 each.
Currently, the company is preparing to commence an investment in the Łódź province.

Wikana Nieruchomości Sp. z o.o. 05 Marina S.K.A., based in Lublin, entered into the register of companies on 25 August 2011 under KRS number 0000394382. Wikana S.A. indirectly owns shares in the entity through investment certificates issued by WIKANA FIZ, which owns 100% of the subsidiary's shares. As at the date on which these financial statements were prepared, the entity's share capital was PLN 50 000, divided into 50 000 shares with a nominal value of PLN 1 each.
The company operates in property development in the Lublin province. This is a special purpose vehicle established to develop a multi-phase project in Lublin – Osiedle Marina. As part of the investment, a group of buildings will be constructed, which will eventually cover the area between the streets Żeglarska, Nałkowskich and Zemborzycka in Lublin. Construction at Osiedle Marina will be carried out over four phases.

Wikana Nieruchomości Sp. z o.o. Alfa S.K.A., based in Lublin, entered into the register of companies on 4 April 2012 under KRS number 0000416759. Wikana S.A. holds 100% of shares. As at the date on which these financial statements were prepared, the entity's share capital was PLN 50 000, divided into 50 000 shares with a nominal value of PLN 1 each.
The company operates in commercial property development in Kalisz, Inowrocław and Leszno, consisting of renting commercial properties.

Wikana Nieruchomości Sp. z o.o. Beta S.K.A., based in Lublin, entered into the register of companies on 19 February 2013 under KRS number 0000451835. Wikana S.A. holds 100% of this entity's shares. As at the date on which these financial statements were prepared, the entity's share capital was PLN 50 000, divided into 50 000 shares with a nominal value of PLN 1 each.
At the date the financial statements were prepared, the scale of the company's operations was not significant from the viewpoint of Wikana Group.

Wikana Nieruchomości Sp. z o.o. Delta S.K.A., based in Lublin, entered into the register of companies on 31 January 2013 under KRS number 0000449555. Wikana S.A. holds 100% of this entity's shares. As at the date on which these financial statements were prepared, the entity's share capital was PLN 50 000, divided into 50 000 000 shares with a nominal value of PLN 1 each.
The company is currently developing the investment Sky House. This is a multi-phase project. The entire project uses environmentally-friendly and energy-efficient technologies, e.g. a solar installation for lighting in shared spaces, logotherms and sidewalk grating (Geokrata). The building will feature 75 apartments with total area of 4000 sqm.

Towarzystwo Budownictwa Społecznego "Wikana" Sp. z o.o., based in Lublin, entered into the register of companies on 6 September 2001 under KRS number 0000040920. Wikana S.A. holds 100% of shares. As at the date on which these financial statements were prepared, the entity's share capital was PLN 2 302 850, divided into 2 918 shares with a nominal value of PLN 550 each.
The company mainly operates in management of own properties and those commissioned by housing cooperatives.

Wikana Property Sp. z o.o., based in Lublin, entered into the register of companies on 4 December 2012 under KRS number 0000442834. Wikana S.A. holds 100% of shares. As at the date on which these financial statements were prepared, the entity's share capital was PLN 50 000, divided into 100 shares with a nominal value of PLN 500 each.
The company operates in residential and commercial property sales agency on behalf of Wikana Group companies.

Wikana Property Sp. z o.o. Panorama S.K.A., based in Lublin, entered into the register of companies on 19 March 2013 under KRS number 0000455231. The general partner is Wikana Property Sp. z o.o., an entity wholly owned by Wikana S.A. At the date these financial statements were prepared, the entity's share capital amounted to PLN 50 000 and was divided into 50 000 shares with a nominal value of PLN 1.00 each.
The company is developing a subsequent phase of the Osiedle Panorama IV investment in Rzeszów.

Wikana Property Sp. z o.o. Podpromie S.K.A., based in Lublin, entered into the register of companies on 12 March 2013 under KRS number 0000454000. The company was established in 2013. The general partner is Wikana Property Sp. z o.o., an entity wholly owned by Wikana S.A. At the date these financial statements were

prepared, the entity's share capital amounted to PLN 50 000 and was divided into 50 000 shares with a nominal value of PLN 1.00 each.
At the date the financial statements were prepared, the scale of the company's operations was not significant from the viewpoint of Wikana Group.

Wikana Property Sp. z o.o. Zielone Tarasy S.K.A., based in Lublin, entered into the register of companies on 14 March 2013 under KRS number 0000454594. The company was established in 2013. The general partner is Wikana Property Sp. z o.o., an entity wholly owned by Wikana S.A. At the date these financial statements were prepared, the entity's share capital amounted to PLN 50 000 and was divided into 50 000 shares with a nominal value of PLN 1.00 each.
In 2013, the company purchased from Wikana S.A. an investment being developed in Rzeszów - Zielone Tarasy, phase II - which was eventually sold in November 2013 to Wikana Property Sp. z o.o. Lamda S.K.A.

Wikana Property Sp. z o.o. Krosno S.K.A., based in Lublin, entered into the register of companies on 16 May 2013 under KRS number 0000462695. The company was established in 2013. The general partner is Wikana Property Sp. z o.o., an entity wholly owned by Wikana S.A. At the date these financial statements were prepared, the entity's share capital amounted to PLN 50 000 and was divided into 50 000 shares with a nominal value of PLN 1.00 each.
At the date the financial statements were prepared, the scale of the company's operations was not significant from the viewpoint of Wikana Group.

Wikana Property Sp. z o.o. ACER S.K.A., based in Lublin, entered into the register of companies on 7 November 2013 under KRS number 0000484934. The company was established in 2013. The general partner is Wikana Property Sp. z o.o., an entity wholly owned by Wikana S.A. At the date these financial statements were prepared, the entity's share capital amounted to PLN 50 000 and was divided into 50 000 shares with a nominal value of PLN 1.00 each.
The company commenced operating activities on 6 May 2014, when it signed a general contractor agreement concerning an investment in Piaseczno.

Wikana Property Sp. z o.o. Alfa S.K.A., based in Lublin, entered into the register of companies on 7 November 2013 under KRS number 0000484963. The company was established in 2013. The general partner is Wikana Property Sp. z o.o., an entity wholly owned by Wikana S.A. At the date these financial statements were prepared, the entity's share capital amounted to PLN 50 000 and was divided into 50 000 shares with a nominal value of PLN 1.00 each.
At the end of 2013, the company purchased from Wikana Project Sp. z o.o. documentation and expenditures incurred in connection with the Oranżeria investment in Lublin, and from February 2014 it holds rights to perpetual usufruct of the land on which the investment is being developed.

Wikana Property Sp. z o.o. Betula S.K.A., based in Lublin, entered into the register of companies on 5 November 2013 under KRS number 0000484428. The company was established in 2013. The general partner is Wikana Property Sp. z o.o., an entity wholly owned by Wikana S.A. At the date these financial statements were prepared, the entity's share capital amounted to PLN 50 000 and was divided into 50 000 shares with a nominal value of PLN 1.00 each.
At the date the financial statements were prepared, the scale of the company's operations was not significant from the viewpoint of Wikana Group.

Wikana Property Sp. z o.o. Corylus S.K.A., based in Lublin, entered into the register of companies on 13 November 2013 under KRS number 0000485197. The company was established in 2013. The general partner is Wikana Property Sp. z o.o., an entity wholly owned by Wikana S.A. At the date these financial statements were prepared, the entity's share capital amounted to PLN 50 000 and was divided into 50 000 shares with a nominal value of PLN 1.00 each.
At the date the financial statements were prepared, the scale of the company's operations was not significant from the viewpoint of Wikana Group.

Wikana Property Sp. z o.o. Gamma S.K.A., based in Lublin, entered into the register of companies on 25 November 2013 under KRS number 0000487337. The company was established in 2013. The general partner is Wikana Property Sp. z o.o., an entity wholly owned by Wikana S.A. At the date these financial statements were

prepared, the entity's share capital amounted to PLN 50 000 and was divided into 50 000 shares with a nominal value of PLN 1.00 each.
At the date the financial statements were prepared, the scale of the company's operations was not significant from the viewpoint of Wikana Group.

Wikana Property Sp. z o.o. Jota S.K.A., based in Lublin, entered into the register of companies on 5 November 2013 under KRS number 0000484611. The company was established in 2013. The general partner is Wikana Property Sp. z o.o., an entity wholly owned by Wikana S.A. At the date these financial statements were prepared, the entity's share capital amounted to PLN 50 000 and was divided into 50 000 shares with a nominal value of PLN 1.00 each.
At the date the financial statements were prepared, the company did not operate at a significant scale from the viewpoint of Wikana Group

Wikana Property Sp. z o.o. Kappa S.K.A., based in Lublin, entered into the register of companies on 6 November 2013 under KRS number 0000484935. The company was established in 2013. The general partner is Wikana Property Sp. z o.o., an entity wholly owned by Wikana S.A. At the date these financial statements were prepared, the entity's share capital amounted to PLN 50 000 and was divided into 50 000 shares with a nominal value of PLN 1.00 each.
At the date the financial statements were prepared, the company did not operate at a significant scale from the viewpoint of Wikana Group

Wikana Property Sp. z o.o. Lambda S.K.A., based in Lublin, entered into the register of companies on 31 October 2013 under KRS number 0000484072. The company was established in 2013. The general partner is Wikana Property Sp. z o.o., an entity wholly owned by Wikana S.A. At the date these financial statements were prepared, the entity's share capital amounted to PLN 50 000 and was divided into 50 000 shares with a nominal value of PLN 1.00 each.
Since November 2013, the company has been developing the Zielone Tarasy, phase II, investment in Rzeszów.

Wikana Property Sp. z o.o. Larix S.K.A., based in Lublin, entered into the register of companies on 25 November 2013 under KRS number 0000487336. The company was established in 2013. The general partner is Wikana Property Sp. z o.o., an entity wholly owned by Wikana S.A. At the date these financial statements were prepared, the entity's share capital amounted to PLN 50 000 and was divided into 50 000 shares with a nominal value of PLN 1.00 each.
At the date the financial statements were prepared, the company did not operate at a significant scale from the viewpoint of Wikana Group

Wikana Property Sp. z o.o. Zeta S.K.A., based in Lublin, entered into the register of companies on 7 November 2013 under KRS number 0000484280. The company was established in 2013. The general partner is Wikana Property Sp. z o.o., an entity wholly owned by Wikana S.A. At the date these financial statements were prepared, the entity's share capital amounted to PLN 50 000 and was divided into 50 000 shares with a nominal value of PLN 1.00 each.
At the date the financial statements were prepared, the scale of the company's operations was not significant from the viewpoint of Wikana Group.

Wikana Property Sp. z o.o. Sigma S.K.A., based in Lublin, entered into the register of companies on 19 November 2013 under KRS number 0000485198. The company was established in 2013. The general partner is Wikana Property Sp. z o.o., an entity wholly owned by Wikana S.A. At the date these financial statements were prepared, the entity's share capital amounted to PLN 50 000 and was divided into 50 000 shares with a nominal value of PLN 1.00 each.
At the date the financial statements were prepared, the company did not operate at a significant scale from the viewpoint of Wikana Group

Wikana Property Sp. z o.o. Rosa S.K.A., based in Lublin, entered into the register of companies on 7 November 2013 under KRS number 0000484300. The company was established in 2013. The general partner is Wikana Property Sp. z o.o., an entity wholly owned by Wikana S.A. At the date these financial statements were prepared, the entity's share capital amounted to PLN 50 000 and was divided into 50 000 shares with a nominal value of PLN 1.00 each.

At the date the financial statements were prepared, the scale of the company's operations was not significant from the viewpoint of Wikana Group.

Wikana Property Sp. z o.o. Magnolia S.K.A., based in Lublin, entered into the register of companies on 7 November 2013 under KRS number 0000484931. The company was established in 2013. The general partner is Wikana Property Sp. z o.o., an entity wholly owned by Wikana S.A. At the date these financial statements were prepared, the entity's share capital amounted to PLN 50 000 and was divided into 50 000 shares with a nominal value of PLN 1.00 each.
At the date the financial statements were prepared, the scale of the company's operations was not significant from the viewpoint of Wikana Group.

Wikana Property Sp. z o.o. Omega S.K.A., based in Lublin, entered into the register of companies on 5 November 2013 under KRS number 0000484425. The company was established in 2013. The general partner is Wikana Property Sp. z o.o., an entity wholly owned by Wikana S.A. At the date these financial statements were prepared, the entity's share capital amounted to PLN 50 000 and was divided into 50 000 shares with a nominal value of PLN 1.00 each.
At the beginning of 2014, the company acquired the ownership rights and perpetual usufruct rights to a property on which a subsequent phase of the Miasteczko Wikana investment in Lublin is being developed (building B12), as well as a subsequent phase of the Świerkowa Aleja VI investment in Zamość.

Wikana Property Sp. z o.o. Omikron S.K.A., based in Lublin, entered into the register of companies on 7 November 2013 under KRS number 0000484291. The company was established in 2013. The general partner is Wikana Property Sp. z o.o., an entity wholly owned by Wikana S.A. At the date these financial statements were prepared, the entity's share capital amounted to PLN 50 000 and was divided into 50 000 shares with a nominal value of PLN 1.00 each.
At the beginning of 2014, the company purchased two properties in Lublin, to be used for development purposes.

39. Selected financial data from the financial statements

The selected financial data were translated into EUR in accordance with the following principles:

Selected asset and equity and liability items - using the average exchange rate on 31 December 2013: EURPLN 4.1472 (31 December 2012: EURPLN 4.0882).

Items in the statement of comprehensive income - using the arithmetic mean of average exchange rates established by the National Bank of Poland as at the last day of each month in 2013: EURPLN 4.2110 (2012: EURPLN 4.1736).

Selected asset and equity and liability items

Balance sheet item	**31 Dec 2013**		**31 Dec 2012**	
	PLN	**EUR**	**PLN**	**EUR**
in PLN 000s				
Total assets	**273 060**	**65 842**	**293 037**	**71 679**
Non-current assets	128 256	30 926	148 419	36 304
Current assets	144 804	34 916	144 618	35 374
Total equity and liabilities	**273 060**	**65 842**	**293 037**	**210 829**
Equity	60 831	14 668	80 088	53 177
Non-current liabilities	99 275	23 938	74 723	18 278
Current liabilities	112 954	27 236	138 226	33 811

Selected items from the consolidated statement of comprehensive income

Item in the Issuer's consolidated statement of comprehensive income	**1 Jan 2013 31 Dec 2013**		**1 Jan 2012 31 Dec 2012**	
	PLN	**EUR**	**PLN**	**EUR**
in PLN 000s				
Net revenue from sales and similar	13 160	3 125	19 084	4 573
Selling costs	(21 262)	(5 049)	(27 195)	(6 516)
Gain on investments	110	26	6 484	1 554
	(7 992)	**(1 898)**	**(1 627)**	**(390)**
Net finance costs	(11 267)	(2 676)	(21 317)	(5 108)
Profit before tax	**(19 259)**	**(4 573)**	**(22 944)**	**5 376**
Income tax	19	5	(444)	(106)
Net profit for the financial year	**(19 240)**	**(4 569)**	**(23 388)**	**5 270**

40. Factors that might have an impact on the Group's results over at least the next three months

The most important factors that might have an impact on the Group's results over at least the next three months are as follows:

- availability of external financing for businesses,
- availability of financial products for buyers of products offered by Group companies, and in particular their adaptation to all potential client groups,
- favourable conditions on capital markets and a stable situation on the cash market,
- media-driven sentiment with regard to specific industry sectors, and activities in the macro area undertaken by local and state government authorities,
- changes in legal regulations, including tax, having an unforeseeable impact on demand for products offered by Group companies,

- predictable and on-time performance of agreements executed by Group companies, in line with the established schedules, including agreements on construction works by building companies acting as general contractor for the Group's investments,
- ability of Group companies to reach target sales volumes.

41. Other significant events during the period 1 January - 31 December 2013 and events after 31 December 2013

On 3 January 2013, the supervisory board adopted a resolution introducing amendment to § 19 of the articles of association, in line with a previous resolution by the Company's extraordinary general meeting. The above amendment introduces the option to pay out dividends in non-monetary form. The amendment was registered on 22 January 2013.

On 27 February 2013, the supervisory board adopted Resolution 1/II/2013 on replacement of the entity authorised to audit the Company's separate and consolidated financial statements for 2012, through deciding as follows: terminate the agreement with DORADCA Zespół Doradców Finansowo - Księgowych Sp. z o.o. and appoint a new entity - ECA Seredyński i Wspólnicy Sp. k., based in Kraków, ul. Moniuszki 50;

On 16 July 2013, the management board adopted resolution 3/VII/2013 on issue of series A bonds and resolution 4/VII/2013 on issue of series B bonds, pursuant to which the Company issued the following:
- 20 530 ordinary secured bearer bonds series A, with a par value of PLN 1000 each and issue price equal to PLN 1 000 each,
- 7 612 ordinary unsecured bearer bonds series B, with a par value of PLN 1000 each and issue price equal to PLN 1 000 each,

thus commencing the Company's Bond Programme with a total value of PLN 33 612 000.00.

On 17 July 2013, series A and series B bonds were allocated pursuant to management board resolution 5/VII/2013 on allocation of series A bonds and 6/VII/2013 on allocation of series B bonds.

On 7 August 2013, the Company sold to subsidiary Wikana Nieruchomości Sp. z o.o. Zielone Tarasy S.K.A. the Zielone Tarasy phase II investment, covering development of three residential multi-family buildings (H, I, K) with essential infrastructure at ul. Św. Rocha in Rzeszów.

On 10 September 2013, following the purchase of 1 111 000 shares in WIKANA S.A. in a block transaction on the Warsaw Stock Exchange, Dekra Holdings Limited exceeded the 14% threshold in the total number of votes at the Company's general meeting.

On 23 September 2013, following an in-session transaction on the Warsaw Stock Exchange, settled on 23 September 2013, Dekra Holdings Limited exceeded the 16% threshold in the total number of votes at the Company's general meeting.

On 22 October 2013, the following entities - whose shareholder is Wikana S.A. - were established:
1) Wikana Property Sp. z o.o. Acer S.K.A.
2) Wikana Property Sp. z o.o. Alfa S.K.A.
3) Wikana Property Sp. z o.o. Betula S.K.A.
4) Wikana Property Sp. z o.o. Corylus S.K.A.
5) Wikana Property Sp. z o.o. Gamma S.K.A.
6) Wikana Property Sp. z o.o. Jota S.K.A.
7) Wikana Property Sp. z o.o. Kappa S.K.A.
8) Wikana Property Sp. z o.o. Lamda S.K.A.
9) Wikana Property Sp. z o.o. Larix S.K.A.
10) Wikana Property Sp. z o.o. Magnolia S.K.A.
11) Wikana Property Sp. z o.o. Omega S.K.A.
12) Wikana Property Sp. z o.o. Omikron S.K.A.
13) Wikana Property Sp. z o.o. Rosa S.K.A.
14) Wikana Property Sp. z o.o. Sigma S.K.A.
15) Wikana Property Sp. z o.o. Zeta S.K.A.

On 22 October 2013, the supervisory board adopted resolutions on establishing a three-person management board and on appointment of Tomasz Demendecki as management board member.

On 12 November 2013, 7 612 series B bearer bonds were registered in the securities deposit.

On 6 December 2013, the Company obtained a use permit for a residential multi-family building at the Klonowy Park investment (building A), located in Janów Lubelski, ul. Sowiakowskiego. 13 apartments out of a total of 21 available have been sold so far.

On 17 December 2013, the Company obtained a use permit for two residential multi-family buildings at the Osiedle Marina investment (A1 and A2), with services and underground car parks, located in Lublin, ul. Ks. Ludwika Żeromskiego. All 96 apartments at this investment have been sold.

On 19 December 2013, the Company executed an agreement with Polska Tektura Sp. z o.o. on the sale of shares in Wikana Invest Sp. z o.o. Ownership of the shares passed to the buyer on the agreement execution date.

Period from 1 January 2014 to the date the financial statements were prepared

On 27 January 2014, Tomasz Demendecki resigned as a member of the management board, effective 28 January 2014.

On 28 January 2014, Krzysztof Szaliłow resigned as a member of the management board, effective 28 January 2014.

On 28 January 2014, the supervisory board adopted resolutions on establishing a two-person management board, change of Sylwester Bogacki's position within the Company's management board and appointment of Sławomir Horbaczewski as president of the management board.

On 29 January 2014, Ipnihome Limited's share in the total number of votes at the Company's general meeting changed as a result of a transaction to sell shares in WIKANA S.A. by payment for investment certificates of AGIO RB FIZ, a fund managed by AgioFunds TFI S.A.

On 29 January 2014, through an acquisition of shares in the Company by payment for series 002 investment certificates, AGIO RB FIZ, a fund managed by AgioFunds TFI S.A., based in Warsaw, exceeded the 5% threshold in the total number of votes at WIKANA S.A.'s general meeting.

On 30 January 2014, a change of the Series A Bond Issue Terms occurred as regards security for the receivables of bondholders in the form of a joint contractual mortgage - a decrease in the number of properties that the Company undertook to use in order to establish the mortgage.

On 31 January 2014, the supervisory board adopted a resolution on appointment of Tomasz Dukała as a member of the supervisory board, effective 1 February 2014.

On 31 January 2014, Piotr Zawiślak resigned as a member of the supervisory board, effective 1 February 2014.

On 31 January 2014, the supervisory board adopted a resolution on selection of the entity authorised to audit financial statements: CSWP Audyt Sp. z o.o. Sp. k., having its registered office in Warsaw (00-336), ul. Kopernika 34.

On 7 April 2014, 20 530 series A bearer bonds, issued by the Company, were registered in the securities deposit.

On 24 April 2014, Sylwester Bogacki resigned as vice-president of the management board, effective 30 April 2014.

On 24 April 2014, the supervisory board adopted resolutions on establishing a three-person management board, appointment of Robert Pydzik as management board member, effective 1 May 2014, and appointment of Agnieszka Maliszewska as management board member, effective 1 May 2014.

42. Remuneration of the entity authorised to audit financial statements

On 31 January 2014, acting pursuant to § 30 of the Company's articles of association, Wikana S.A.'s supervisory board selected an entity authorised to audit financial statements. The selected entity authorised to audit financial statements was CSWP Audyt Sp. z o.o. Sp. k., based in Warsaw (00-336), ul. Kopernika 34, entered onto the list of entities authorised to audit financial statements, no. 3767, held by the National Chamber of Statutory Auditors.

The relevant agreement with CSWP Audyt Sp. z o.o. Sp. k. was executed on 3 February 2014. The remuneration for audit of Wikana S.A.'s separate and consolidated financial statements for 2013 was PLN 105 000. Remuneration for other services was PLN 42 000.

Robert Pydzik	Sławomir Horbaczewski
Member of the Management Board	President of the Management Board
Agnieszka Maliszewska	Bożena Wincentowicz
Member of the Management Board	Person responsible for book-keeping

Warsaw, 26 May 2014