WIKANA S.A.

Financial statements for the year ended 31 December 2013

Contents

Statement of comprehensive income

For the period 1 January 2013 - 31 December 2013

in PLN 000s	**Note**	**1 Jan 2013 31 Dec 2013**	**1 Jan 2012 31 Dec 2012**
Continuing operations			
			restated data
Revenue from sales	*6*	25 296	24 598
Cost of sales	*8*	(22 421)	(22 260)
Gross profit on sales		**2 875**	**2 338**
Selling costs	*8*	(710)	(3 040)
Administrative expenses	*8*	(3 712)	(3 643)
Other operating revenue	*9*	812	2 964
Other operating expenses	*8*	(6 896)	(8 856)
Gain on investments	*10*	4 786	6 741
Operating loss		**(2 845)**	**(3 496)**
Share of the profit of jointly controlled entities and associates		-	-
Finance costs	*11*	(9 118)	(36 523)
Loss before tax		**(11 963)**	**(40 019)**
Income tax	*12*	(85)	2 715
Net loss on continuing operations		**(12 048)**	**(37 304)**
Discontinued operations			
Net profit (loss) on discontinued operations		**-**	**-**
Net loss		**(12 048)**	**(37 304)**
Other comprehensive income (net)		**-**	**-**
Total comprehensive income		**(12 048)**	**(37 304)**
Loss per share on continuing operations			
Basic (PLN)	*25*	-0,07	-0,22
Diluted (PLN)	*25*	-0,07	-0,22

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

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*	318	640
Intangible assets	*14*	431	41
Investment properties	*15*	9 278	11 481
Loans issued	*16*	7 834	5 282
Other non-current investments	*16*	10 191	16 893
Other non-current assets	*18*	2 162	-
Deferred income tax assets	*20*	-	85
Non-current assets held for sale	*19*	1 246	1 365
Total non-current assets		**31 460**	**35 787**
Current assets			
Inventory	*21*	54 755	52 121
Trade and other receivables	*22*	33 359	24 417
Income tax receivables		-	-
Current financial assets	17	13 262	10 328
Cash and cash equivalents	*23*	349	541
Total current assets		**101 725**	**87 407**
Total assets		**133 185**	**123 194**

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

Balance sheet (continued)

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		61 225	57 952
Retained earnings (losses)		(52 625)	(37 304)
Equity		**42 133**	**54 181**
Total equity		**42 133**	**54 181**
Liabilities			
Borrowings	*26*	-	-
Provisions	*30*	3	6
Bond liabilities	*27*	28 142	-
Other non-current liabilities	*31*	788	34
Total non-current liabilities		**28 933**	**40**
Borrowings	*26*	22 294	15 032
Bond liabilities	*27*	1 118	27 620
Trade and other payables	*31*	16 262	5 819
Provisions	*30*	4 147	247
Deferred revenue	*29*	18 298	20 255
Total current liabilities		**62 119**	**68 973**
Total liabilities		**91 052**	**69 013**
Total equity and liabilities		**133 185**	**123 194**

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

Statement of cash flows

For the period 1 January 2013 - 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 loss for the period	**(12 048)**	**(37 304)**
Adjustments		
Depreciation	192	301
Interest income and shares of profit (dividends)	(119)	28 984
Change in fair value of investment properties	(183)	(6 035)
Profit on sale of investment properties	612	-
Finance costs	3 783	3 768
Gain on disposal of property, plant and equipment	115	(4)
Adjustment of parking space value	-	5 204
Income tax	85	
Change in inventories	(2 673)	7 934
Change in trade and other receivables	(6 663)	2 485
Change in provisions and related assets	3 897	(1 550)
Change in current and other liabilities excluding borrowings and leasing	19 455	(8 915)
Change in deferred revenue	(1 957)	14 409
Bond issue costs	174	-
Net cash from operating activities	**4 670**	**9 277**
Cash flows from investing activities		
Interest received	356	-
Dividends received	-	1 147
Proceeds from sale of intangible assets and property, plant and equipment	17	137
Gain on disposal of investment properties	2 040	-
Repayment of issued loans	28	-
Purchase of intangible assets and property, plant and equipment	(528)	(15)
Purchase of financial assets	(585)	(5 275)
Cash contributions	-	166
Loans issued	(15 998)	(20 061)
Repayment of issued loans	3 884	16 783
Net cash from investing activities	**(10 786)**	**(7 118)**

Statement of cash flows (continued)

For the period 1 January 2013 - 31 December 2013

in PLN 000s

Cash flows from financing activities	**1 Jan 2013 31 Dec 2013**	**1 Jan 2012 31 Dec 2012**
Net proceeds from bond issues	(438)	
Other finance inflows	-	101
Borrowings incurred	16 551	19 338
Outflows on repayment of borrowings	(7 954)	(17 833)
Repayment of finance lease liabilities	(53)	(55)
Interest paid	(2 182)	(4 842)
Other finance outflows	-	(86)
Net cash from financing activities	**5 924**	**(3 377)**
Total net cash flows	**(192)**	**(1 218)**
Cash and cash equivalents as at the beginning of period	541	1 759
Cash and cash equivalents as at the end of period	**349**	**541**
Restricted cash and cash equivalents at the end of period	**-**	**-**

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

Statement of changes in equity

For the period 1 January - 31 December 2013

in PLN 000s	**Note**	**Share capital**	**Own shares**	**Supplementary capital**	**Retained earnings (losses)** *restated*	**Total equity**
Equity as at 1 January 2012	*24*	**33 611**	**(509)**	**51 370**	**7 013**	**91 485**
Profit distribution		-	-	7 013	(7 013)	-
Redemption of own shares		(78)	509	(431)	-	-
Total revenue and costs recognised		-	-	-	(37 304)	(37 304)
Equity as at 31 December 2012		**33 533**	**-**	**57 952**	**(37 304)**	**54 181**
Equity as at 1 January 2013	*24*	**33 533**	**-**	**57 952**	**(37 304)**	**54 181**
Profit distribution		-	-	3 273	(3 273)	**-**
Total revenue and costs recognised		-	-	-	(12 048)	**(12 048)**
Equity as at 31 December 2013		**33 533**	**-**	**61 225**	**(52 625)**	**42 133**

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

Notes to the financial statements

1. Data about the Company

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

The Company 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 Company changed its name to Masters S.A. On 20 January 2003, the Company 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 Company changed its name to Wikana S.A. The District Court in Lublin, 11th Commercial Division, registered the merger on 13 March 2009. The Company 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.

The Company's economic activities are as follows:

- Property development,
- Renting of real estate
- Accounting and bookkeeping activities

The financial statements for the year ended 31 December 2013 contains comparative data for the year ended 31 December 2012.

2. Basis for preparing the financial statements

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

The financial statements have been prepared on the assumption that the Company 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 Company's management board assessed the risks and threats concerning the Company's ability to continue as a going concern, including the ability to repay its current liabilities. Details of this analysis are presented in note 32 (point "Liquidity risk").

Introduction to opening-balance adjustments

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 valuation of shares in Multiserwis S.A. (formerly Multiserwis Sp. z o.o.)

The Company's management board analysed the valuation of 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 as at 31 December 2012 was based on an incorrectly performed impairment test on 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 financial asset 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 value of shares in Multiserwis recognised in the financial statements as at 31 December 2012 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) Adjustment of comparative data (opening balance) relating to Wikana FIZ's investment certificates

During 2013, the management board carried out detailed analysis of how investment certificates in the closed-end fund Wikana FIZ are recognised. As a result of the analysis, it was found that the certificates were incorrectly recognised in previous years as financial assets at fair value through profit or loss, and the gains or losses on this component of financial assets as revenue or costs. The Company holds all of the investment certificates issued by Wikana FIZ, which is a shareholder of the following companies: Wikana Nieruchomości Sp. z o.o. Krosno SKA, Wikana Nieruchomości Sp. z o.o. Legnica SKA, Zielone Tarasy S.A., Wikana Nieruchomości Sp. z o.o. Komerc SKA, Wikana Nieruchomości Sp. z o.o. 02 SKA, Wikana Nieruchomości Sp. z o.o. 03 Miasteczko SKA, Wikana Nieruchomości Sp. z o.o. 04 Osiedle SKA, Wikana Bioenergia Sp. z o.o. 01 SKA, Wikana Nieruchomości Sp. z o.o. 05 Marina SKA., all of which are treated in Wikana S.A.'s consolidated financial statements as subsidiaries. As a result, the certificates should be treated as shares in subsidiaries.

In accordance with the adopted accounting principles, investments in subsidiaries, joint ventures and associates - and this is what Wikana FIZ certificates should be recognised as - are carried in separate financial statements at cost.

Given the fact that the resulting 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.

As a result of the adjustments, subject to change were certain items in the balance sheet as at 31 December 2012, statement of comprehensive income, statemet of changes in equity and statement of cash flows as at 31 December 2012.

In addition, comparative data in notes 15, 16, 19, 20, 21, 24, 25, 32 and 39 to these financial statements was adjusted.

Opening balance adjustment

Balance sheet

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

	assets	liabilities
Non-current assets held for sale	6 608	-
Available-for-sale financial assets*	18 773	-
Other financial assets*	33 456	
Investment properties	11 567	-
Inventory	55 695	-
Retained earnings (losses)	-	3 273
Deferred income tax provision**	-	5 335
Total	**126 099**	**3 273**

* Item reclassified to 'Other non-current investments.' Details are presented in note 2e.
** Item was netted with deferred income tax assets. Details are presented in note 2e.

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

	assets	liabilities
Non-current assets held for sale	(5 204)	-
Retained earnings (losses)	-	(5 204)
Total	**(5 204)**	**(5 204)**

Adjustment b) valuation of shares in Multiserwis S.A.

	assets	liabilities
Available-for-sale financial assets*	(16 061)	
Retained earnings (losses)	-	(16 061)
Total	**(16 061)**	**(16 061)**

* Item reclassified to 'Other non-current investments.' Details are presented in note 2d.

Adjustment c) derecognition of capitalised interest

	assets	liabilities
Investment properties	(86)	-
Inventory	(3 574)	-
Retained earnings (losses)	-	(3 660)
Total	**(3 660)**	**(3 660)**

Adjustment d) measurement of investment certificates

	assets	liabilities
Other financial assets*	(19 275)	-
Retained earnings	-	(15 613)
Deferred income tax provision**	-	(3 662)
Total	**(19 275)**	**(19 275)**

* Item reclassified to 'Other non-current investments.' Details are presented in note 2e.
** Item was netted with deferred income tax assets. Details are presented in note 2e.

Comparative data after adjustments (adjusted items)

	assets	liabilities
Non-current assets held for sale	1 404	-
Available-for-sale financial assets*	2 712	-

Other financial assets*	14 181	
Investment properties	11 481	-
Inventory	52 121	-
Retained earnings	-	(21 652)
Deferred income tax provision**		1 673
Total	**81 899**	**(21 652)**

* Item reclassified to 'Other non-current investments.' Details are presented in note 2d.
** Item was netted with deferred income tax assets. Details are presented in note 2d.

Statement of comprehensive income

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

Other operating expenses	(3 652)
Gain on investments*	-
Finance costs	(3 174)
Income tax*	(947)
Total	**(7 773)**

* 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) valuation of shares in Multiserwis S.A.

Finance costs	(16 061)
Total	**(16 061)**

Adjustment c) derecognition of capitalised interest

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

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

Adjustment d) measurement of investment certificates

Gain on investments*	(5 600)
Finance costs	(13 675)
Income tax*	3 662
Total	**(15 613)**

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

Comparative data after adjustments (adjusted items)

Other operating expenses	(8 856)
Gain on investments*	(5 686)
Finance costs	(36 523)
Income tax*	2 715
Total	**(48 350)**

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

Statement of changes in equity

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

Total revenue and costs recognised	3 273
Total	**3 273**

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

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

Adjustment b) valuation of shares in Multiserwis S.A.

Total revenue and costs recognised	(16 061)
Total	**(16 061)**

Adjustment c) derecognition of capitalised interest

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

Adjustment d) measurement of investment certificates

Total revenue and costs recognised	(15 613)
Total	**(15 613)**

Comparative data after adjustments (adjusted items)

Total revenue and costs recognised	(37 304)
Total	**(37 304)**

Statement of cash flows

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

Gross profit*	4 220
Net interest and dividends*	2 766
Increase (decrease) in inventory*	4 360
Income tax on profit before taxation*	(947)
Increase (decrease) in provisions*	2 112
Other adjustments*	(11 510)
Total	**1 001**

* 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

Gross profit*	(5 204)

Adjustment of parking space value	5 204
Total	-

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

Adjustment b) valuation of shares in Multiserwis S.A.

Gross profit*	(16 061)
Interest income and shares of profit (dividends)	16 061
Total	**(16 061)**

* 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)
Increase (decrease) in inventory*	3 574
Change in fair value of investment properties	86
Net interest and dividends*	39
Total	-

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

Adjustment d) measurement of investment certificates

Gross profit*	(19 275)
Net interest and dividends*	13 675
Increase (decrease) in provisions*	(3 662)
Income tax on profit before taxation	3 662
Other adjustments*	5 600
Total	**19 275**

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

Comparative data after adjustments (adjusted items)

Gross profit*	(40 019)
Net interest and dividends*	32 541
Increase (decrease) in inventory*	7 934
Income tax on profit before taxation*	2 715
Increase (decrease) in provisions*	(1 550)
Other adjustments*	(5 910)
Adjustment of parking space value	5 204
Change in fair value of investment properties	86
Total	**1 001**

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 item presented in the approved financial statements as at 31 December 2012 as 'Non-current financial assets (loans issued),' amounting to PLN 5 282 000, was moved to the item 'Loans issued';
- The items presented in the approved financial statements as at 31 December 2012 as 'Available-for-sale financial assets,' amounting to PLN 18 773 000, and 'Other financial assets,' amounting to PLN 33 456 000, were moved together to the item 'Other non-current investments';

- The items presented in the approved financial statements as at 31 December 2012 as 'Trade receivables,' amounting to PLN 20 017 000, 'Other receivables from government authorities,' amounting to PLN 209 000, 'Other curent receivables,' valued at PLN 3 913 000, and 'Prepayments,' amounting to PLN 278 000, were together moved to the item 'Trade and other receivables';
- The item presented in the approved financial statements as at 31 December 2012 as 'Current financial assets (loans issued),' amounting to PLN 10 328 000, was moved to the item 'Current financial assets';
- The items presented in the approved financial statements as at 31 December 2012 as 'Supplementary capital and reserve capital,' amounting to PLN 24 436 000, and 'Share premium,' amounting to PLN 33 516 000, were together moved to the item 'Supplementary capital';
- The items presented in the approved financial statements as at 31 December 2012 as 'Trade payables,' amounting to PLN 2 470 000, 'Liabilities towards public authorities,' valued at PLN 1 114 000, and 'Other current liabilities,' amounting to PLN 2 168 000, were together moved to the item 'Trade and other payables';
- The item presented in the approved financial statements as at 31 December 2012 as 'Other financial liabilities,' amounting to PLN 27 687 000, was presented across the following items: 'Bond liabilities,' amounting to PLN 27 620 000, and 'Trade and other payables,' amounting to PLN 67 000 - as regards finance lease liabilities;
- Deferred income tax liabilities were netted, as a result of which the item 'Deferred income tax provision,' amounting to PLN 1 673 000 in the approved financial statements as at 31 December 2012, decreased the value of 'Deferred income tax assets';
- The item presented in the approved financial statements as at 31 December 2012 as 'Finance income,' amounting to PLN 6 517 000, was presented in the item 'Gains on investments';
- Gains on investment properties presented in the approved financial statements as at 31 December 2012 as 'Other operating revenue,' amounting to PLN 5 910 000, were presented in the item 'Other gains';
- Income tax presented in the approved financial statements as at 31 December 2012 as 'Deductions from gross profit,' amounting to PLN 947 000, was moved to the item 'Income tax';
- The item presented in the approved financial statements as at 31 December 2012, in the statement of cash flows, as 'Gross profit,' amounting to PLN -40 019 000, and 'Income tax,' amounting to PLN 2 715 000, were moved to the item 'Net loss for the period';
- The item presented in the approved financial statements as at 31 December 2012, in the statement of cash flows, as 'Net interest and dividends,' amounting to PLN 32 541 000, was presented in the following items: 'Interest income and shares of profit,' amounting to PLN 28 984 000, 'Finance costs,' amounting to PLN 3 768 000, and 'Change in fair value of investment properties,' amounting to PLN -211 000;
- The item presented in the approved financial statements as at 31 December 2012, in the statement of cash flows, as '(Profit) loss on investing activities,' amounting to PLN 4 000, was presented in the item 'Gain on disposal of property, plant and equipment';
- The item presented in the approved financial statements as at 31 December 2012, in the statement of cash flows, as '(Increase) decrease of receivables,' of PLN 3 505 000, and 'Increase (decrease) of prepayments and accruals,' of PLN -1 020 000, were moved to the item 'Change in trade and other receivables';
- The item presented in the approved financial statements as at 31 December 2012, in the statement of cash flows, as '(Increase) decrease of inventory,' of PLN 7 934 000, was moved to 'Change in inventory';
- The item presented in the approved financial statements as at 31 December 2012, in the statement of cash flows, as 'Increase (decrease) of liabilities,' of PLN 5 494 000, was presented in the following items: 'Change in current and other liabilities, excluding borrowings and leasing,' of PLN -8 915 000, and 'Change in deferred revenue,' of PLN 14 409 000;
- The item presented in the approved financial statements as at 31 December 2012, in the statement of cash flows, as '(Increase) decrease of provisions,' of PLN -1 550 000, was moved to 'Change in provisions and related assets';
- The item presented in the approved financial statements as at 31 December 2012, in the statement of cash flows, as 'Other adjustments,' amounting to PLN -5 910 000, was presented in the item 'Change in fair value of investment properties';
- The item presented in the approved financial statements as at 31 December 2012, in the statement of cash flows, as 'Other proceeds from investments,' amounting to PLN 166 000, was presented in the item ‘Monetary contributions';
- The item presented in the approved financial statements as at 31 December 2012, in the statement of cash flows, as 'Purchase of investment properties,' of PLN -45 000, and 'Purchase of other financial assets,' of PLN -5 230 000, were moved to the item 'Purchase of financial assets';

- The item presented in the approved financial statements as at 31 December 2012, in the statement of cash flows, as 'Other outflows on investments,' amounting to PLN -20 061 000, was presented in the item 'Loans issued';
- The item presented in the approved financial statements as at 31 December 2012, in the statement of cash flows, as 'Proceeds from borrowings,' of PLN 19 338 000, was moved to the item 'Borrowings incurred.'

As a result of the adjustments, the following items in the balance sheet items as at 31 December 2012, statement of comprehensive income and statement of cash flow 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 financial assets (loans issued)	5 282	-
Available-for-sale financial assets*	2 712	-
Other financial assets**	14 181	-
Deferred income tax assets	1 758	-
Trade receivables	20 017	-
Other receivables from public authorities	209	-
Other current receivables	3 913	-
Prepayments	278	-
Current financial assets (loans issued)	10 328	-
Supplementary and reserve capital	-	24 436
Share premium	-	33 516
Deferred income tax provision**	-	5 335
Trade payables	-	2 470
Liabilities towards public authorities	-	1 114
Other financial liabilities	-	27 687
Other current liabilities	-	2 168
Total	**58 678**	**96 726**

* 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 2d.

Presentation adjustment	**assets**	**liabilities**
Non-current financial assets (loans issued)	(5 282)	-
Loans issued	5 282	
Available-for-sale financial assets*	(2 712)	-
Other financial assets**	(14 181)	-
Other non-current investments	16 893	
Deferred income tax assets	5 335	-
Trade receivables	(20 017)	-
Other receivables from public authorities	(209)	-
Other current receivables	(3 913)	-
Prepayments	(278)	-
Trade and other receivables	24 417	
Current financial assets (loans issued)	(10 328)	-
Current financial assets	10 328	
Supplementary and reserve capital	-	(24 436)
Share premium	-	(33 516)
Supplementary capital		57 952
Deferred income tax provision**	-	(5 335)
Trade payables	-	(2 470)
Liabilities towards public authorities	-	(1 114)
Other current liabilities	-	(2 168)
Trade and other payables		5 819

Other financial liabilities	-	(27 687)
Bond liabilities		27 620
Total	**5 335**	**(5 335)**

* 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 2d.

Comparative data after adjustments (adjusted items)	**assets**	**liabilities**
Non-current financial assets (loans issued)	-	-
Loans issued	5 282	-
Available-for-sale financial assets*	-	-
Other financial assets**	-	-
Other non-current investments	16 893	-
Deferred income tax assets	7 093	-
Trade receivables	-	-
Other receivables from public authorities	-	-
Other current receivables	-	-
Prepayments	-	-
Trade and other receivables	24 417	-
Current financial assets (loans issued)	-	-
Current financial assets	10 328	-
Supplementary and reserve capital	-	-
Share premium	-	-
Supplementary capital	-	57 952
Deferred income tax provision**	-	-
Trade payables	-	-
Liabilities towards public authorities	-	-
Other current liabilities	-	-
Trade and other payables	-	5 819
Other financial liabilities	-	-
Bond liabilities	-	27 620
Total	**64 013**	**91 391**

* 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 2d.

Statement of comprehensive income

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

Other operating revenue	8 874
Gain on investments*	(5 686)
Finance income	6 517
Deductions from gross profit**	947
Total	**10 652**

* 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.

Presentation adjustment

Other operating revenue	(5 910)
Gain on investments*	12 427
Finance income	(6 517)
Deductions from gross profit**	(947)
Income tax	947
Total	**-**

* 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.

Comparative data after adjustments (adjusted items)

Other operating revenue	2 964
Gain on investments*	6 741
Finance income	-
Deductions from gross profit**	-
Income tax	947
Total	**10 652**

* 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.

Statement of cash flows

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

Gross profit*	(40 019)
Net interest and dividends*	32 541
Income tax on profit before taxation	2 715
Profit (loss) on investing activities*	(4)
(Increase) decrease in receivables	3 505
Increase (decrease) in inventory*	7 934
Increase (decrease) in liabilities	5 494
Increase (decrease) in provisions*	(1 550)
Increase (decrease) in accruals	(1 020)
Other adjustments*	(5 910)
Other investment inflows	166
Purchase of investment properties	(45)
Purchase of other financial assets	(5 230)
Other investment expenditures	(20 061)
Proceeds from borrowings	19 338
Net loss for the period	-
Interest income and shares of profit (dividends)	-
Change in fair value of investment properties	86
Finance costs	-
Gain on disposal of property, plant and equipment	-
Change in inventories	-
Change in trade and other receivables	-
Change in provisions and related assets	-
Change in current and liabilities, excluding borrowings and leasing	-
Change in deferred revenue	-
Cash contributions	-
Loans issued	-
Borrowings incurred	-
Purchase of financial assets	-
	(2 060)

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

Presentation adjustment

Gross profit*	40 019
Net interest and dividends*	(32 541)
Income tax on profit before taxation	(2 715)
Profit (loss) on investing activities*	4

(Increase) decrease in receivables	(3 505)
Increase (decrease) in inventory*	(7 934)
Increase (decrease) in liabilities	(5 494)
Increase (decrease) in provisions*	1 550
Increase (decrease) in accruals	1 020
Other adjustments*	5 910
Other investment inflows	(166)
Purchase of investment properties	45
Purchase of other financial assets	5 230
Other investment expenditures	20 061
Proceeds from borrowings	(19 338)
Net loss for the period	(37 304)
Interest income and shares of profit (dividends)	28 984
Change in fair value of investment properties	(6 121)
Finance costs	3 768
Gain on disposal of property, plant and equipment	(4)
Change in inventories	7 934
Change in trade and other receivables	2 485
Change in provisions and related assets	(1 550)
Change in current and liabilities, excluding borrowings and leasing	(8 915)
Change in deferred revenue	14 409
Cash contributions	166
Loans issued	(20 061)
Borrowings incurred	19 338
Purchase of financial assets	(5 275)
	-

* 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 taxation	-
Profit (loss) on investing activities*	-
(Increase) decrease in receivables	-
Increase (decrease) in inventory*	-
Increase (decrease) in liabilities	-
Increase (decrease) in provisions*	-
Increase (decrease) in accruals	-
Other adjustments*	-
Other investment inflows	-
Purchase of investment properties	-
Purchase of other financial assets	-
Other investment expenditures	-
Proceeds from borrowings	-
Net loss for the period	(37 304)
Interest income and shares of profit (dividends)	28 984
Change in fair value of investment properties	(6 035)
Finance costs	3 768
Gain on disposal of property, plant and equipment	(4)
Change in inventories	7 934
Change in trade and other receivables	2 485
Change in provisions and related assets	(1 550)
Change in current and liabilities, excluding borrowings and leasing	(8 915)
Change in deferred revenue	14 409

Cash contributions	166
Loans issued	(20 061)
Borrowings incurred	19 338
Purchase of financial assets	(5 275)
	(2 060)

* 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 separate financial statements (continued)

a) Basis for measurement

The separate 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 Company'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 13 - Property, plant and equipment
- Note 15 - Investment properties
- Note 20 - Deferred tax
- Note 21 - Inventory
- Note 22 - Trade receivables
- Note 30 - Provisions
- Note 34 - 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 Company's financial statements.

a) 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 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.

b) 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 Company 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 Company 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 Company 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 Company’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 Company 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 Company 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 Company retains substantially all risk and rewards, then it continues to recognise the financial asset.

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

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 Company 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 Company.

Instruments containing embedded derivatives

Components of instruments issued by the Company 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, after tax, and is not subject to restatement in the future.

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 Company 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 Company 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 Company 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.

c) 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 Company 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 Company 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 Company 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 - from 1 to 5 years,
- Furniture and fittings - from 1 to 5 years.

Property, plant and equipment of immaterial initial value, i.e. worth less than PLN 3 500.00, are depreciation on a one-off basis. 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 Company.

d) Intangible assets

(i) Intangible assets

Intangible assets acquired by the Company 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.

Intangible assets of immaterial initial values, i.e. worth less than PLN 3 500.00, are amortised on a one-off basis.

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.

f) Property, plant and equipment used under lease agreements

A lease agreement is classified as a finance lease if it transfers to the Company 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. Assets used under operating leasing are not recorded on the Company's balance sheet. Investment properties used pursuant to operating leasing are carried on the balance sheet at fair value.

g) 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 (relating to financial liabilities incurred directly in connecting with financing the investment),
- planning and design costs, overhead and other costs directly related to projects.

Given the specific nature of the property segment business, land or rights to perpetual usufruct of land purchased for property development purposes are classified as goods.

For a property investment, which constitutes production in progress, cost recording commences once the management board or other authorised entity at the company takes a decision to launch investment at the given location. Expenditures incurred prior to this date are classified as indirect costs and are recorded as administrative expenses in the current period. Transferring production in progress to finished products takes place after a use permit for the investment has been issued, however no later than upon execution of the first notarial deed.

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.

h) 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 Company 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.

i) Employee benefits

(i) Defined contribution plan

Under existing regulations, the Company 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 Company'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.

j) 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 Company 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 Company tests the assets connected with such agreement for impairment.

k) 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 Company 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.

l) Lease payments

Payments under the Company'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 Company's invested cash, dividends and restatements of fair value of investment properties. 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 Company 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 Company 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 Company 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 Company'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 Company operates mainly in the south-eastern area of Poland. The main reporting pattern is operating segments, which results from the Company's management structure and internal reporting.

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 related costs, as well as the Company's assets (including its headquarters) and related costs, investment properties and related costs and income tax assets and liabilities.

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

The Group reports one operating segments: property development.

5. Segment reporting (continued)

Geographical segments

in PLN 000s	**Domestic market**		**Foreign markets**		**Total**	
	1 Jan 2013 31 Dec 2013	**1 Jan 2012 31 Dec 2012**	**1 Jan 2013 31 Dec 2013**	**1 Jan 2012 31 Dec 2012**	**1 Jan 2013 31 Dec 2013**	**1 Jan 2012 31 Dec 2012**
Revenue from continuing operations	**25 296**	**24 598**	-	-	**25 296**	**24 598**

Non-current assets

Non-current assets other than financial assets, deferred income tax assets, post-employment benefits and rights resulting from insurance agreements, presented as either in the home country or in foreign markets

in PLN 000s	**Domestic market**		**Foreign markets**		**Total**	
	1 Jan 2013 31 Dec 2013	**1 Jan 2012 31 Dec 2012**	**1 Jan 2013 31 Dec 2013**	**1 Jan 2012 31 Dec 2012**	**1 Jan 2013 31 Dec 2013**	**1 Jan 2012 31 Dec 2012**
Non-current assets	**13 435**	**13 527**	-	-	**13 435**	**13 527**

Extent to which the Company is dependent on its key clients

During 2013 and 2012, the Company did not record transactions with any individual external client that would exceed 10% of total revenue.

In 2013, proceeds from the sale of buildings H, I and K at the Zielone Tarasy investment to subsidiary Wikana Property Sp. z o.o. Zielone Tarasy S.K.A. amounted to PLN 7 574 000, which was more than 10% of the Company's revenue.

6. Revenue from sales

in PLN 000s	**31 Dec 2013**	**31 Dec 2012**
Revenue from sale of apartments	13 271	13 291
Revenue from sale of investment to subsidiary	9 093	-
Revenue from sale of land	1 711	9 652
Revenue from other sales	1 221	1 655
	25 296	**24 598**

Revenue from other sales concerns, among others, accounting services provided to related parties.

7. Other revenue

in PLN 000s	**31 Dec 2013**	**31 Dec 2012** ***restated data***
Revenue from re-invoicing	274	1 590
Revenue from sale of electrical equipment	175	-
Grants, subsidies, similar	138	-
Compensation and contractual penalties	40	1 138
Rent and lease income	-	126
Revenue from reversal of receivables impairment	55	-
Result on sale of non-current non-financial assets	15	4
Other operating revenue	115	106
	812	**2 964**

8. Expenses by nature

in PLN 000s	**31 Dec 2013**	**31 Dec 2012** ***restated data***
Depreciation	192	301
Use of materials and energy	409	387
External services	17 797	14 165
Taxes and fees	429	532
Salaries	1 757	1 974
Social security and other benefits	270	508
Other expenses by nature	455	2 950
Expenses by nature	**21 309**	**20 817**
Change in inventory, products and prepayments	2 897	(1 274)
Manufacturing cost of products for internal purposes	-	-
Selling costs	(710)	(3 040)

Administrative expenses	(3 712)	(3 643)
Value of goods sold	2 637	9 400
Cost of sales	**22 421**	**22 260**

9. Other operating expenses

in PLN 000s	**31 Dec 2013**	**31 Dec 2012 *restated data***
Cost of impairment on a garage at the Tęczowe Osiedle investment*	-	(5 204)
Cost of receivables impairment and recognition of provisions	(5 326)	(1 471)
Re-invoiced costs	(273)	(1 590)
Compensation, penalties, fees	(958)	-
Court and enforecement fees	(132)	(293)
Cost of leasing and renting	-	(79)
Hospitality costs and other non-tax-deductible expenses	-	(52)
Cost of participation	(23)	-
Costs relating to discontinued construction	(11)	-
Donations	-	(11)
Other	(173)	(156)
	(6 896)	**(8 856)**

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

10. Gains on investments

in PLN 000s	**31 Dec 2013**	**31 Dec 2012 *restated data***
Interest income on issued loans	1 158	691
Other interest income	-	61
Measurement of investment properties	(481)	5 824
Proceeds from disposal of financial assets	768	-
Dividends received	2 900	-
Other finance income	441	165
	4 786	**6 741**

11. Finance costs

in PLN 000s	**31 Dec 2013**	**31 Dec 2012 *restated data***
Interest cost on credit facilities and bonds*	(3 777)	(4 273)
Other interest costs	(152)	(2 090)
Revaluation of financial assets**	(4 701)	(16 061)
Other	(488)	(424)
Revaluation of investment certificates***	-	(13 675)
	(9 118)	**(36 523)**

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

12. Income tax

in PLN 000s		
Current income tax	**31 Dec 2013**	**31 Dec 2012** ***restated data***
Income tax for the current year	-	-
	-	**-**
Deferred tax		
Recognition / reversal of temporary differences	85	(2 715)
Income tax	**85**	**(2 715)**

Effective tax rate

in PLN 000s	**31 Dec 2013**	**31 Dec 2012** ***restated data***
Net profit for the financial year	(12 048)	(37 304)
Income tax	85	(2 715)
Profit before tax	**(11 963)**	**(40 019)**
Tax, based on the current tax rate	(2 273)	(7 604)
Impairment of deferred tax assets	6 065	-
Dividends	(551)	(218)
Non-recognition of a receivables impairment	-	(17)
Adjustment relating to shares in Multiserwis S.A.	-	3 052
Adjustment relating to the value of parking spaces	-	989
Adjustment relating to interest recognised in accruals		703
Grants	58	**-**
Advances received on sale of land	-	380
Other permanent differences between tax and balance sheet costs and revenue	827	-
	4 126	**(2 715)**

13. Property, plant and equipment

in PLN 000s	Land	Buildings and structures	Machinery and equipment	Means of transport	Other PP&E	PP&E under construction	Total
Gross value of property, plant and equipment							
Gross value as at 1 January 2012	-	540	62	495	84	-	1 181
Acquisition	-	-	9	-	6	-	15
Transfer from investments	362	6 845	-	-	-	-	7 207
Disposal	(23)	(433)	-	(46)	-	-	(502)
Liquidation	-	-	-	-	-	-	-
Transfer from available-for-sale financial assets	(339)	(6 276)	-	-	-	-	(6 615)
Gross value as at 31 December 2012	-	676	71	449	90	-	1 286
Gross value as at 1 January 2013	-	676	71	449	90	-	1 286
Acquisition	-	-	57	-	-	-	57
Transfer to investment properties	-	(294)	-	-	-	-	(294)
Disposal	-	(4)	(1)	(56)	-	-	(61)
Gross value as at 31 December 2013	**-**	**378**	**127**	**393**	**90**	**-**	**988**

in PLN 000s	Land	Buildings and structures	Machinery and equipment	Means of transport	Other PP&E	PP&E under construction	Total
Depreciation and impairment							
Depreciation and impairment as at 1 January 2012	-	(113)	(41)	(162)	(68)	-	(384)
Depreciation for the period	-	(172)	(14)	(86)	(15)	-	(287)
Disposal	-	7	-	18	-	-	25
Liquidation	-	-	-	-	-	-	-
Depreciation and impairment as at 31 December 2012	-	(278)	(55)	(230)	(83)	-	(646)
Depreciation and impairment as at 1 January 2013	-	(278)	(55)	(230)	(83)	-	(646)
Depreciation for the period	-	(29)	(14)	(65)	(3)	-	(111)
Transfer to investment properties	-	28	-	-	-	-	28
Disposal	-	2	1	56	-	-	59

Depreciation and impairment as at 31 December 2013	**-**	**(277)**	**(68)**	**(239)**	**(86)**	**-**	**(670)**
Net value							
As at 1 January 2012	-	427	21	333	16	-	797
As at 31 December 2012	-	398	16	219	7	-	640
As at 1 January 2013	-	398	16	219	7	-	640
As at 31 December 2013	**-**	**101**	**59**	**154**	**4**	**-**	**318**

Property, plant and equipment used under lease agreements

The Company uses PP&E items under financial leases.

The net carrying amount of the leased assets as at 31 December 2013 was PLN 130 000 (31 December 2012: PLN 179 000). These assets also constitute security for repayment of lease liabilities.

Property, plant and equipment under construction

At the end of the reporting period, the value of PP&E under construction was PLN 0. (31 December 2012: PLN 0).

Collateral

At the end of the reporting period, PLN 0 in properties recognised as property, plant and equipment constituted collateral for bank credit and bonds (31 December 2012: PLN 0) (see note 24).

14. Intangible assets

in PLN 000s

	Acquired concessions, patents, licences and similar
Gross value	
Gross value as at 1 January 2012	80
Acquisition	-
Disposal	-
Gross value as at 31 December 2012	80
Gross value as at 1 January 2013	80
Acquisition	471
Disposal	-
Gross value as at 31 December 2013	**551**
Amortisation and impairment	
Amortisation and impairment as at 1 January 2012, including:	(33)
Amortisation for the period	(6)
Disposal	-
Amortisation and impairment as at 31 December 2012	(39)
Amortisation and impairment as at 1 January 2013, including:	(39)
Amortisation for the period	(81)
Disposal	-
Amortisation and impairment as at 31 December 2013	**(120)**

in PLN 000s	**Software**
Net value	
As at 1 January 2012	47
As at 31 December 2012	

	41
As at 1 January 2013	41
As at 31 December 2013	**431**

Amortisation of intangible assets

Amortisation of intangible assets is recognised in amortisation costs.

15. Investment properties

in PLN 000s	**31 Dec 2013**	**31 Dec 2012** ***restated data***
Net value at the beginning of period	11 481	2 606
Transfer from PP&E	318	-
Transfer from inventory	-	2 965
Disposal of investment properties	(2 652)	-
Change in fair value	131	5 910
Net value at the end of period	**9 278**	**11 481**

in PLN 000s	**31 Dec 2013**	**31 Dec 2012**
Recognised in comprehensive income:		
Rent income on investment properties	11	10
Direct operating expenses (together with the cost of repairs and maintenance) concerning investment properties that yielded rent income during the reporting period	8	8
Direct operating expenses (together with the cost of repairs and maintenance) concerning investment properties that did not yield rent income during the reporting period	-	-

Investment properties include 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 two flats in Lublin, ul. Przyjaźni and ul. Nowy Świat.

In 2013, the Company reclassified apartments located in Lubin, ul. Przyjaźni and ul. Nowy Świat, from PP&E to investment properties, amounting to PLN 266 000.

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

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

At the end of the reporting period, PLN 9 012 000 worth of the Company's investment properties constituted collateral for bank credit (31 December 2012: PLN 11 567 000).

16. Other non-current investments

in PLN 000s	**31 Dec 2013**	**31 Dec 2012 *restated data***
Loans issued	7 834	5 282
Shares in related parties	10 191	16 893
	18 025	**22 175**

Loans issued (principal and interest)

in PLN 000s	**31 Dec 2013**	**31 Dec 2012**
WIKANA Bioenergia Sp. z o.o.	3 854	1 417
Wikana Nieruchomości Sp. z o.o. Komerc S.K.A.	1 666	1 594
JTR INWESTYCJE Sp. z o.o.	1 220	-
Wikana Nieruchomości Sp. z o.o. Alfa S.K.A.	1 020	1 042
Zielone Tarasy S.A.	74	71
SWÓJ DOM Siembida	-	1 158
	7 834	**5 282**

The Company holds shares in the following subsidiaries: Stakes (%) in subsidiaries are presented in note 36.

Value of stakes in subsidiaries

in PLN 000s	**31 Dec 2013**	**31 Dec 2012 *restated data***
MULTISERWIS S.A.*	18 961	16 061
WIKANA NIERUCHOMOŚCI Sp. z o.o.	2 000	2 000
WIKANA INVEST Sp. z o.o.	-	51
WIKANA BIOENERGIA Sp. z o.o.	51	51
Wikana Project Sp. z o.o.	51	51
TBS Wikana Sp. z o.o.	355	355
Wikana Nieruchomości Sp. z o.o. ALFA S.K.A.	51	51
Wikana Property Sp. z o.o. BETA S.K.A.	51	51
Wikana Property Sp. z o.o. DELTA S.K.A.	-	51
Wikana Property Sp. z o.o.	52	52
WIKANA FIZ certificates	1 800	1 800
Contributions to WIKANA NIERUCHOMOŚCI Sp. z o.o.'s capital	2 000	2 000
Contributions to WIKANA INVEST Sp. z o.o.'s capital	-	5 200
Contributions to WIKANA BIOENERGIA Sp. z o.o.'s capital	5 180	5 180
Wikana Property Sp. z o.o. PODPROMIE S.K.A.	50	-
Wikana Property Sp. z o.o. PANORAMA S.K.A.	50	-
Wikana Property Sp. z o.o. Zielone Tarasy S.K.A.	50	-
Wikana Property Sp. z o.o. Krosno S.K.A.	50	-
Wikana Property Sp. z o.o. Omega S.K.A.	52	-
Wikana Property Sp. z o.o. Lamda S.K.A.	52	-
Wikana Property Sp. z o.o. Alfa S.K.A.	51	-
Wikana Property Sp. z o.o. Omikron S.K.A.	16	-
Wikana Property Sp. z o.o. Sigma S.K.A.	51	-
Wikana Property Sp. z o.o. Gamma S.K.A.	16	-
Wikana Property Sp. z o.o. Kappa S.K.A.	16	-
Wikana Property Sp. z o.o. Rosa S.K.A.	16	-

Wikana Property Sp. z o.o. Jota S.K.A.	17	-
Wikana Property Sp. z o.o. Magnolia S.K.A.	16	-
Wikana Property Sp. z o.o. Zeta S.K.A.	16	-
Wikana Property Sp. z o.o. Betula S.K.A.	17	-
Wikana Property Sp. z o.o. ACER S.K.A.	16	-
Wikana Property Sp. z o.o. Corylus S.K.A.	16	-
Wikana Property Sp. z o.o. Larix S.K.A.	16	-
Impairment of shares in Multiserwis S.A.*	(18 961)	(16 061)
Impairment of shares in WIKANA NIERUCHOMOŚCI Sp. z o.o.	(1 984)	-
	10 191	**16 893**

* Opening balance was amended. Details are presented in note 2b.

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

in PLN 000s	**31 Dec 2013**	**31 Dec 2012**
Wikana Property Sp. z o.o. Lamda S.K.A.	5 098	-
Wikana Nieruchomości Sp. z o.o. Komerc S.K.A.	2 674	1 657
Wikana Nieruchomości Sp. z o.o. 05 Marina S.K.A.	1 178	5 494
Wikana Nieruchomości Sp. z o.o. 03 Miasteczko S.K.A.	1 099	280
Wikana Nieruchomości Sp. z o.o. 02 S.K.A.	631	420
Wikana Property Sp. z o.o. PANORAMA S.K.A.	428	-
Wikana Property Sp. z o.o.	413	-
Wikana Nieruchomości Sp. z o.o. Krosno S.K.A.	355	644
Wikana Nieruchomości Sp. z o.o.	236	356
Wikana Property Sp. z o.o. Delta S.K.A.	232	-
Wikana Bioenergia Sp. z o.o. 01 S.K.A.	134	133
Wikana Property Sp. z o.o. Zielone Tarasy S.K.A.	72	-
Zielone Tarasy S.A.	45	12
WIKANA Bioenergia Sp. z o.o.	3	101
Wikana Nieruchomości Sp. z o.o. Legnica S.K.A.	-	537
MULTISERWIS S.A.	-	50
Wikana Project Sp. z o.o.	-	13
Wikana Invest Sp. z o.o.	-	4
SWÓJ DOM Siembida	583	562
Natural person	71	65
Akrab	10	-
	13 262	**10 328**

18. Other non-current assets

in PLN 000s	**31 Dec 2013**	**31 Dec 2012**
Debt from Wikana Nieruchomości Sp. z o.o.	1 658	-
Settlement-over-time of bond issue costs	504	-
	2 162	**-**

In December 2013, Wikana S.A. sold debts concerning long-term loans issued to Wikana Invest Sp. z o.o., amounting to PLN 1 658 000, to Wikana Nieruchomości Sp. z o.o. LEGNICA S.K.A.

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 impairment of assets held for sale 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

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** *restated data*	**31 Dec 2013**	**31 Dec 2012** *restated data*	**31 Dec 2013**	**31 Dec 2012**
Property, plant and equipment	-	-	(31)	(42)	(31)	(42)
Leasing	9	25	-	-	9	25
Investment properties	-	-	(1 143)	(1 275)	(1 143)	(1 275)
Measurement of investment certificates	-	-	-	-	-	-
Non-current assets held for sale	989	989			989	989
Receivables	194	-	-	-	194	-
Shares	3 945	3 052	-	-	3 945	3 052
Interest charged	328	194	-	-	328	194
Employee benefits	48	43	-	-	48	43
Provisions for property projects	-	5	-	-	-	5

Unpaid remuneration	41	14	-	-	41	14
Impairment of inventory and PP&E	442	262	-	-	442	262
Contractual penalties charged	-	-	(156)	(156)	(156)	(156)
Interest due	-	-	(362)	(200)	(362)	(200)
Tax loss	1 761	1 215	-	-	1 761	1 215
Impairment of deferred tax assets	(6 065)	(4 041)	-	-	(6 065)	(4 041)
Deferred income tax assets (liabilities)	1 692	1 758	(1 692)	(1 673)	-	85
Compensation	(1 692)	(1 673)	1 692	1 673	-	-
Deferred income tax assets (liabilities) recognised in the balance sheet	**-**	**85**	**-**	**-**	**-**	**85**

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	(42)	11	(31)
Leasing	25	(16)	9
Investment properties	(1 275)	132	(1 143)
Measurement of investment certificates	-	-	-
Non-current assets held for sale	989	-	989
Receivables	-	194	194
Shares	3 052	893	3 945
Interest charged	194	134	328
Employee benefits	43	5	48
Provisions for property projects	5	(5)	-
Unpaid remuneration	14	27	41
Impairment of inventory and PP&E	262	180	442
Contractual penalties charged	(156)	-	(156)
Interest due	(200)	(162)	(362)
Tax loss	1 215	546	1 761
Impairment of deferred tax assets	(4 041)	(2 024)	(6 065)
	85	**(85)**	**-**

in PLN 000s	**Assets**		**Provisions**		**Net value**	
	31 Dec 2012 *restated data*	**31 Dec 2011**	**31 Dec 2012** *restated data*	**31 Dec 2011**	**31 Dec 2012**	**31 Dec 2011**
Property, plant and equipment	-	-	(42)	-	(42)	-
Leasing	25	-	-	-	25	-
Investment properties	-	-	(1 275)	(156)	(1 275)	(156)
Measurement of investment certificates	-	-	-	(2 600)	-	(2 600)
Non-current assets held for sale	989	-	-	-	989	-
Shares	3 052	-	-	-	3 052	-
Interest charged	194	267	-	-	194	267

Employee benefits	43	27	-	-	43	27
Provisions for property projects	5	64	-	-	5	64
Unpaid remuneration	14	11	-	-	14	11
Impairment of inventory and PP&E	262	-	-	-	262	-
Contractual penalties charged	-	-	(156)	(156)	(156)	(156)
Interest due	-	-	(200)	(85)	(200)	(85)
Merger with Wikana S.A.		-	-	(2)	-	(2)
Tax loss	1 215	-	-	-	1 215	-
Impairment of deferred tax assets	(4 041)	-	-	-	(4 041)	-
Deferred income tax assets (liabilities)	1 758	369	(1 673)	(2 999)	85	(2 630)
Compensation	(1 673)	(369)	1 673	369	-	-
Deferred income tax assets (liabilities) recognised in the balance sheet	**85**	**-**	**-**	**(2 630)**	**85**	**(2 630)**

Change in temporary differences during the period

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	-	(42)	(42)
Leasing	-	25	25
Investment properties	(156)	(1 119)	(1 275)
Measurement of investment certificates	(2 600)	2 600	-
Interest charged	267	(73)	194
Employee benefits	27	16	43
Provisions for property projects	64	(59)	5
Unpaid remuneration	11	3	14
Impairment of inventory and PP&E	-	262	262
Contractual penalties charged	(156)	-	(156)
Interest due	(85)	(115)	(200)
Merger with Wikana S.A.	(2)	2	-
Tax loss	-	1 215	1 215
	(2 630)	**2 715**	**85**

21. Inventory

in PLN 000s	**31 Dec 2013**	**31 Dec 2012** ***restated***
Production in progress	38 551	44 820
Finished products	16 204	7 301
Goods	-	-
	54 755	**52 121**

Inventory by category, as at 31 December 2013

	Production in progress	Finished products	Goods
Osiedle Marina investment, Lublin	796	10 027	-
Apartamenty Misjonarska investment, Lublin	-	263	-
Osiedle Cetnarskiego investment, Łańcut	167	917	-
Tęczowe Osiedle investment, Rzeszów	64	1 856	-
Zielone Tarasy phase I investment, Rzeszów	1	75	-
Osiedle Panorama investment, Rzeszów	1	74	-
Klonowy Park investment, Janów Lubelski	283	2 992	-
On-going investments - production in progress	6 898	-	-
Land for on-going and future investment	30 341	-	-
	38 551	**16 204**	**-**

PLN 93 000 in interest and commission on credit facilities was capitalised to inventories (as at 31 December 2012: PLN 200 000).
During 2013, costs relating to property investments, amounting to PLN 22 421 000, were reclassified from inventories to operating expenses.

The management board verified the value of land held by the Company 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) all investments are under preparations / underway, in accordance with the assumptions;
2) expected proceeds of the projects will exceed the expected costs.

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.

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**
Trade receivables	15 746	20 017
Receivables from public authorities	2 291	209
Other recaivables	9 726	3 913
Receivable from JTR INWESTYCJE Sp. z o.o.	5 200	-
Prepayments	396	278
	33 359	**24 417**

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.

23. Cash and cash equivalents

in PLN 000s	**31 Dec 2013**	**31 Dec 2012**
Cash on hand	-	-
Cash in bank accounts and en route	349	541
Cash and cash equivalents - recognised in the balance sheet and statement of cash flows	**349**	**541**

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

As at 31 December 2013 and 31 December 2012, the Company did not have any restricted cash.

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**			

Change in supplementary capital

	31 Dec 2013	**31 Dec 2012**
As at the beginning of period	57 952	51 370
Increases	3 273	7 013
Decreases	-	(431)
As at the end of period	**61 225**	**57 952**

The increase in supplementary capital recorded in 2013 resulted from distribution of the 2012 profit, while the increase in 2012 was due to the allocation of the 2011 profit, amounting to PLN 7 013 000, and the decrease - due to redemption of PLN 431 000 in own shares.

25. Loss per share

Basic loss per share

Basic loss per share as at 31 December 2013 was 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 loss	(12 048)	(37 304)

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	**-0.07**	**-0.22**
Diluted loss per share	**-0.07**	**-0.22**

26. Borrowings

This note presents the Company's liabilities due to bank credits and loans. Information on the foreign exchange risk and interest rate risk that the Company is exposed to is presented in note 32.

Borrowings by type

in PLN 000s	31 Dec 2013	31 Dec 2012
Bank credit	**4 688**	**11 626**
Loans	**17 606**	**3 406**
including:		
Short-term part	22 294	15 032
Long-term part	-	-

Borrowings with repayment period from the balance sheet date

in PLN 000s	31 Dec 2013	31 Dec 2012
up to 12 months	22 294	15 032
from 1 to 3 years	-	-
from 3 to 5 years	-	-
over 5 years	-	-
Total borrowings	**22 294**	**15 032**

Borrowings (currency structure)

in PLN 000s	31 Dec 2013	31 Dec 2012
in PLN	22 294	15 032
in foreign currencies	-	-
Total borrowings	**22 294**	**15 032**

Range of interest on credit facilities, by currency:	**31 Dec 2013**	**31 Dec 2012**
for credit facilities in PLN	4.6-8.67%	6.34-10.24%
for credit facilities denominated in EUR	-	-

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.

List of credit facilities, including credit limits

Lender	agreement number date of execution	issued amount in PLN 000s	amount outstanding in PLN 000s	repayment date	collateral
BPS S.A. annex	5695458/88/K/Ob./11 02.08.2011 25.04.2012	1 927	797	31.07.2013	contractual mortgage up to PLN 3 277 000 on a property located in Lublin, ul. Niecała 7 and Krynica Zdrój, ul. Piłsudskiego 47 assignment of insurance policy 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
BGŻ S.A. annex annex annex annex annex annex	U/0005208951/0007/2011/2807 15.04.2011 13.09.2011 31.10.2011 18.11.2011 29.02.2012 31.10.2012 28.11.2012	5 800	2 051	31.12.2015	deposit mortgage up to PLN 2 400 000 on a property in Tarnobrzeg KW TB1T/00006755/0, KW TB1T/00057191/0, TB1T/00060276/4; deposit mortgage up to PLN 2 400 000 on a property located in Lublin KW LU1I/00283558/1 deposit mortgage up to PLN 2 400 000 on properties located in Rzeszów KW RZ1Z/00169261/5, RZ1Z/00149092/3 in-blanco promissory note with declaration power of attorney to accounts at BGŻ assignment of rights to insurance policy
revolving facility at BGŻ S.A. annex annex annex annex annex annex	5/2010/2807 25.01.2011 31.05.2011 16.01.2012 15.06.2012 27.09.2012 28.11.2012 27.02.2013	1 600	275	31.12.2015	deposit mortgage up to PLN 2 400 000 on a property in Tarnobrzeg KW TB1T/00006755/0, KW TB1T/00057191/0, TB1T/00060276/4; deposit mortgage up to PLN 2 400 000 on a property located in Lublin KW LU1I/00283558/1 deposit mortgage up to PLN 2 400 000 on properties located in Rzeszów KW RZ1Z/00169261/5, RZ1Z/00149092/3 in-blanco promissory note with declaration power of attorney to accounts at BGŻ assignment of rights to insurance policy

Lender	agreement number	issued amount	outstanding amount	repayment date	collateral
Bank Spółdzielczy w Krasnystawie	217424/76/JG/2012 11.05.2012	4 000	1 565	31.07.2014	mortgage up to PLN 5 400 000 on property 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
annex	17.12.2012				
annex	31.01.2013				
Bank Pocztowy	1212-13688 13.03.2012	2 500	-	13.03.2013	mortgage up to PLN 4 000 000 on specific premises in Legnica assignment of rights to insurance policy
credit facility repaid	06.05.2013				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.	5695458/23/K/ob./11	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
credit facility repaid	02.08.2011				
annex	30.03.2012				
credit facility repaid	30.09.2013				
Total		**17 482**	**4 688**		

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	05.07.2013	300	373	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	6 040	6 105	30.09.2014 in-blanco own promissory note issued by the borrower
	30.10.2012	1 300	972	31.12.2013
Lubelski Chmiel	12.09.2012	1 000	31	31.12.2012 in-blanco promissory note
Investment Sp. z o.o.	12.08.2012	2 400		30.09.2012
Sanwil Holding S.A.	21.11.2013	700	704	30.11.2014 in-blanco promissory note
	04.07.2013	367	365	31.07.2014
natural persons			115	n/a
Total		**21 887**	**13 584**	

List of loans from related parties

Lender	Date of execution	issued amount in PLN 000s	outstanding amount in PLN 000s	repayment date	collateral
Wikana Property Sp. z o.o. Omega S.K.A.	08.11.2013	49	49	28.11.2014	in-blanco promissory note
Wikana Property Sp. z o.o. Lamda S.K.A.	08.11.2013	49	49	28.11.2014	in-blanco promissory note
Wikana Property Sp. z o.o. Sigma S.K.A.	08.11.2013	49	49	28.11.2014	in-blanco promissory note
Wikana Property Sp. z o.o. Larix S.K.A.	08.11.2013	14	14	28.11.2014	in-blanco promissory note
MULTISERWIS S.A.	04.07.2013	1 100	1 161	31.07.2014	in-blanco promissory note
	13.11.2012	350	283	31.12.2013	in-blanco promissory note

Wikana Property Sp. z o.o. Beta S.K.A.	31.12.2012	49	52	31.12.2013	in-blanco promissory note
Wikana Property Sp. z o.o. Krosno S.K.A.	10.05.2013	66	69	31.05.2014	in-blanco promissory note
Wikana Property Sp. z o.o. Betula S.K.A.	08.11.2013	14	14	28.11.2014	in-blanco promissory note
Wikana Property Sp. z o.o. Corylus S.K.A.	08.11.2013	14	14	28.11.2014	in-blanco promissory note
Wikana Property Sp. z o.o. ACER S.K.A.	08.11.2013	14	14	28.11.2014	in-blanco promissory note
Wikana Property Sp. z o.o. Gamma S.K.A.	08.11.2013	14	14	28.11.2014	in-blanco promissory note
Wikana Property Sp. z o.o. Alfa S.K.A.	08.11.2013	49	49	28.11.2014	in-blanco promissory note
Wikana Property Sp. z o.o. Kappa S.K.A.	08.11.2013	14	14	28.11.2014	in-blanco promissory note
Wikana Property Sp. z o.o. Jota S.K.A.	08.11.2013	14	14	28.11.2014	in-blanco promissory note

Lender	Date of execution	issued amount in PLN 000s	outstanding amount in PLN 000s	repayment date	collateral
Wikana Property Sp. z o.o. Zeta S.K.A.	08.11.2013	14	14	28.11.2014	in-blanco promissory note
Wikana Property Sp. z o.o. Omikron S.K.A.	08.11.2013	14	14	28.11.2014	in-blanco promissory note
Wikana Property Sp. z o.o. Rosa S.K.A.	08.11.2013	14	14	28.11.2014	in-blanco promissory note
Wikana Property Sp. z o.o. Magnolia S.K.A.	08.11.2013	14	14	28.11.2014	in-blanco promissory note
Wikana Project Sp. z o.o.	30.07.2013	110	98	31.07.2014	in-blanco promissory note
	06.06.2012	310	270	31.05.2014	in-blanco promissory note

Wikana Nieruchomości Sp. z o.o. Legnica S.K.A.	27.11.2013	194	195	28.11.2014	in-blanco promissory note
	05.07.2013	192	196	31.07.2014	in-blanco promissory note
	30.04.2013	193	168	30.04.2014	in-blanco promissory note
TBS Wikana Sp. z o.o.	12.09.2013	7	7	30.09.2014	in-blanco promissory note
Wikana Nieruchomości Sp. z o.o. ALFA S.K.A.	09.08.2013	179	182	31.08.2014	in-blanco promissory note
Wikana Nieruchomości Sp. z o.o. 04 Osiedle S.K.A.	26.07.2013	164	167	31.07.2014	in-blanco promissory note
	20.05.2013	510	530	31.05.2014	in-blanco promissory note
	02.04.2013	87	90	30.04.2014	in-blanco promissory note
	22.01.2013	115	120	31.01.2014	in-blanco promissory note
	28.11.2012	500	82	30.11.2013	in-blanco promissory note
Wikana Nieruchomości Sp. z o.o. Krosno S.K.A.	12.09.2012	225	2	30.09.2013	in-blanco promissory note
Total		**4 702**	**4 022**		

27. Bond liabilities

in PLN 000s	31 Dec 2013	31 Dec 2012	Change in 2013
Proceeds from issue of ordinary 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	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

Nominal amount		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

On 16 July 2013, the following management board resolutions were adopted: on issue of bonds and commencement of the Company's Bond Programme, valued at up to PLN 33 612 000. Bond issues under the Programme were carried out via non-public offerings, addressed to no more than 99 individual recipients. The terms of issue of subsequent bond series were to be established prior to commencement of subscriptions for each series.

At the same time, a decision was made to issue series A and B bonds. The par value of one series A bond is PLN 1 000 and was equal to the issue price. The size of the series A bond issue was PLN 20 530 000. Series A bonds are bearer, dematerialised, interest-bearing secured bonds. The objective of the series A bond issue is to raise capital for partial redemption of 26 250 series S01 unsecured bearer bonds, issued by the Issuer pursuant to management board resolution 2/VI/2011 of 11 July 2011.

The par value per series B bond is PLN 1 000 and is equal to the issue price. The size of the series B bond issue was PLN 7 612 000. Series B bonds are bearer, dematerialised, interest-bearing unsecured bonds. The objective of the series B bond issue is to raise capital for partial redemption of 26 250 series S01 unsecured bearer bonds issued by the Issuer pursuant to management board resolution 2/VI/2011 of 11 July 2011, with a par value of PLN 1 000 each, together with interest and all other amounts due, and subsequently to raise capital for general corporate purposes.

In July 2013, the last tranche of interest on series S01 bonds, which the Company issued in 2011, was repaid, followed by their redemption (repayment of principal) upon maturity.

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	49	67
from 1 to 3 years	-	34
from 3 to 5 years	-	-
over 5 years	-	-
Lease liabilities	**49**	**101**

Lease liabilities concern a lease on an Audi, executed with Kredyt Lease S.A. for a three-year period, from August 2011 to April 2014.

29. Deferred revenue

Deferred revenue comprises mainly advances from customers for apartment purchases and interest charged on overdue payments. Advances received from customers concerned the following projects:

in PLN 000s	**31 Dec 2013**	**31 Dec 2012**
Osiedle Marina investment	12 774	15 853
Klonowy Park investment	1 437	-
Tęczowe Osiedle investment, Rzeszów	17	5
Zielone Tarasy investment, Rzeszów	-	2 060
Osiedle Cetnarskiego investment, Łańcut	-	318
Advance on sale of land	3 500	1 500
Grants	175	-
Refundable advances from apartment buyers	393	451
Other	2	68
	18 298	**20 255**

30. Provisions

in PLN 000s	**Legal**	**Liabilities**	**Employee**	**Total**
Value as at 1 January 2013	-	23	230	253
Increases / recognition	3 000	886	22	3 908
Decreases / use	-	(11)	-	(11)
Value as at 31 December 2013	**3 000**	**898**	**252**	**4 150**
Short-term part	3 000	898	249	4 147
Long-term part	-	-	3	3
	3 000	**898**	**252**	**4 150**
Value as at 31 December 2012	**-**	**23**	**252**	**275**
Short-term part	-	23	224	247
Long-term part	-	-	6	6

-	**23**	**230**	**253**

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 Company's management board).

The provisions were estimated using the Company'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 Company is party to a dispute over a VAT invoice concerning remuneration for agency on a property purchase. The case is on-going. Given the risk of weakening the Company's negotiating position, the Company is not diclosing the name of the other party, the value of the dispute or any potential provision.

The Company is party to a dispute over a VAT invoice for construction works. The case is on-going. Given the risk of weakening the Company's negotiating position, the Company is not diclosing the name of the other party, the value of the dispute or any potential provision.

The Company is party to a dispute over VAT invoices for construction works. The case is on-going. Given the risk of weakening the Company's negotiating position, the Company is not diclosing the name of the other party, the value of the dispute or any potential provision.

The Company is party to a dispute concerning additional remuneration not covered by a construction work agreement. The case is on-going. Given the risk of weakening the Company's negotiating position, the Company is not diclosing the name of the other party, the value of the dispute or any potential provision.

The Company is party to a dispute concerning shared investors' responsibility for construction works. The case is on-going. Given the risk of weakening the Company's negotiating position, the Company is not diclosing the name of the other party, the value of the dispute or any potential provision.

The Company is party to a dispute over a VAT invoice for construction works. The case is on-going. Given the risk of weakening the Company's negotiating position, the Company is not diclosing the name of the other party, the value of the dispute or any potential provision.

The Company is party to a dispute over a VAT invoice for construction works. The case is on-going. Given the risk of weakening the Company's negotiating position, the Company is not diclosing the name of the other party, the value of the dispute or any potential provision.

The Company is party to a dispute over a VAT invoice for construction works. The case is suspended. Given the risk of weakening the Company's negotiating position, the Company is not diclosing the name of the other party, the value of the dispute or any potential provision.

The Company is party to a dispute over a VAT invoice for construction works. The case is on-going. Given the risk of weakening the Company's negotiating position, the Company is not diclosing the name of the other party, the value of the dispute or any potential provision.

The Company is party to a dispute over compensation for undue performance of an obligation. The case is on-going. Given the risk of weakening the Company's negotiating position, the Company is not diclosing the name of the other party, the value of the dispute or any potential provision.

The Company is party to a dispute concerning remuneration for construction works. The case is on-going. Given the risk of weakening the Company's negotiating position, the Company is not diclosing the name of the other party, the value of the dispute or any potential provision.

31. Trade and other payables

in PLN 000s	**31 Dec 2013**	**31 Dec 2012**
Trade payables	15 284	2 470
Retained deposits - long-term part	788	-
Retained deposits - short-term part	-	887
Finance lease liabilities - long-term part	-	34
Finance lease liabilities - short-term part	49	67
Liabilities towards public authorities	638	1 114
Other liabilities	291	1 281
Total trade and other payables	**17 050**	**5 853**
Recognised as other non-current liabilities	788	34
Trade and other payables - short-term	**16 262**	**5 819**

Deposits are retained by the Company 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 or claims that might arise in connection with repairs.

Other liabilities concern the Company's liabilities due to remuneration and other settlements with employees.

32. Financial instruments

Financial risk management objectives and methodology

The Company 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 Company’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 Company 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 Company’s business. The Company does not hedge against foreign exchange risk.

The balance sheet value of non-current investments and trade and other receivables reflects the maximum credit risk.

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 2012	
in PLN 000s		**Gross value**	**Impairment**	**Net value**
Not overdue	**11 114**		-	**11 114**
Overdue by:				
0-180 days	1 462		-	**1 462**
180-360 days	6 960		-	**6 960**
over 360 days		1 203	722	**481**
	20 739		**722**	**20 017**

			31 Dec 2013	
in PLN 000s		**Gross value**	**Impairment**	**Net value**
Not overdue	**4 012**		-	**4 012**
Overdue by:				
0-180 days	593		-	**593**

180-360 days	6 523		-	**6 523**
over 360 days		5 587	969	**4 618**
		16 715	**969**	**15 746**

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	722	632
Change in impairment	247	90
As at the end of period	**969**	**722**

Interest rate risk

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

Analysis of the Company'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	**467**	**(467)**	**237**	**(237)**

The above table presents the impact on the finance costs recognised in the 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

Wikana S.A. is not exposed to foreign exchange risk. All transactions are executed in PLN. Issued loans and received credit facilities are also denominated in PLN. The Company does not have any receivables or liabilities denominated in foreign currencies. The Company does not have cash in foreign currencies.

Liquidity risk

The Company monitors liquidity risk on an on-going basis. This concerns the liquidity situation in both the next several days, as well as several years.

The management board of Wikana S.A. has assessed the Company's liquidity situation for the 12 months from the date of the separate financial statements.

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

As at 31 December 2013, the total amount of Wikana S.A.'s liabilities due to be repaid in 2014 (i.e. current liabilities) and current provisions was PLN 162 119 000. This item mainly consists of credit facilities, coupon payments on issued bonds, trade payables and deferred revenue (the PLN 18 298 000 in deferred revenue corresponds to the amounts paid by clients based on apartment purchase agreements in completed and on-going development projects). Within the total of PLN 62 119 000 in current liabilities, the company will actually have to repay up to PLN 43 821 000, i.e. after subtracting the amount of 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 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 may be definitely excluded.

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

a) Wikana S.A.'s management board estimates that in 2014 the Company will sign development agreements for approx. 29 flats and 8 service premises.
b) Excess cash generated from transactions with subsidiaries within Wikana Group
c) Excess cash raised from transactions with subsidiaries within Wikana Group. Given the fact that the Company's debt, including mostly liabilities on issue of bonds, is predominantly used to provide finance to subsidiaries (e.g. special purpose vehicles developing property projects), it is natural that they substantially participate in servicing the debt. Wikana S.A. will be raising finance for companies within the group, including loans.

In addition, the Company's management board 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 projects.

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

According to the Company's management board, thanks in part to the restructuring activities commenced at the beginning of 2014 and intensification of apartment sales, there is no threat to the Company'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 Company 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 Company defines capital as the balance sheet value of equity. The key ratio used by the Company to monitor equity is equity-to-assets.

As at 31 December 2013, this ratio was 36.1% (31 December 2012: 44.0%). The Company 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.

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

a) Financial instruments - assets

Classification of assets into groups of financial instruments

in PLN 000s	**31 Dec 2013**	**31 Dec 2012**
Loans issued and own receivables - related parties	**34 059**	**31 826**
Loans	19 212	13 825
Trade receivables	14 847	18 001
Loans issued and own receivables - other entities	**2 783**	**3 801**
Loans	1 884	1 785
Trade receivables	899	2 016
Assets held to maturity	**-**	**-**
Available-for-sale assets	**10 191**	**16 893**

Value of interests in related parties	10 191	16 893
Hedging instruments with positive value	-	-
Cash	**349**	**541**
Cash	349	541
	47 382	**53 061**

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	**67 675**	**46 110**
credit facilities and loans carried at amortised cost	22 294	15 032
trade payables	15 284	2 470
bond liabilities	29 260	27 620
deposits	788	887
finance lease liabilities	49	101
Hedging instruments with negative value	-	-
	67 675	**46 110**

33. Operating leasing

Operating lease agreements, where the Company is the lessee
The Company does not have any operating lease agreements where it is the lessee.

in PLN 000s	**31 Dec 2013**	**31 Dec 2012**
up to 1 year	1	1
1 to 5 years	5	5
over 5 years	5	5
	11	**11**

The Company is a party to lease and rent agreements and pays fees on perpetual usufruct of land, which are qualified as operating leasing.

The total amount of future payments under operating lease agreements as at 31 December 2013 included fees for perpetual usufruct of land of PLN 1 000 (31 December 2012: PLN 1 000).

During the period ended 31 December 2013, rent payments of PLN 8 000 were recognised as operating lease costs (31 December 2012: PLN 8 000).

Operating lease agreements, where the Company is the lessor

The Company has leased out an investment property in Lublin, ul. Przyjaźni and ul. Nowy Świat, 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	11	10
1 to 5 years	55	50
over 5 years	55	50
	121	**110**

34. Investment and contractual liabilities

These liabilities mainly concern future liabilities towards general contractors due to executed agreements and land procurement under executed preliminary agreements.

As at 31 December 2012, the total value of liabilities on general contractor agreements, which have not yet been invoiced, was PLN 0 (as at 31 December 2012: PLN 0). Investment properties are carried out through special purpose vehicles.

35. 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 Company's opinion is that there is no need for recognising provisions in this area.

On 19 December 2013, the Company issued a surety in the form of own promissory note up to PLN 2 500 000 to subsidiary Multiserwis S.A., covering existing and potential liabilities under an overdraft agreement between Multiserwis S.A. and Bank Pekao S.A. dated 14 December 2004.

On 24 July 2012, the Company issued a surety in the form of own promissory note up to PLN 200 000 to subsidiary Wikana Bioenergia Sp. z o.o., covering existing and potential liabilities under a revolving credit facility agreement between Wikana Bioenergia Sp. z o.o. and Bank Spółdzielczy in Biała Podlaska dated 24 July 2012.

On 26 October 2012, the Company provided property as collateral up to PLN 3 150 000 to subsidiary Wikana Bioenergia Sp. z o.o., covering existing and potential liabilities under a revolving facility agreement between Wikana Bioenergia Sp. z o.o. and BGŻ S.A. dated 29 September 2011.

On 13 September 2012, the Company issued a surety in the form of own promissory note up to PLN 7 420 000 to subsidiary Wikana Bioenergia Sp. z o.o., covering existing and potential liabilities under an investment credit facility agreement between Wikana Bioenergia Sp. z o.o. and BOŚ S.A. dated 13 September 2013.

On 7 May 2012, the Company established a registered pledge on shares in Wikana Nieruchomości Sp. z o.o. and issued a surety in the form of own promissory note up to PLN 8 709 000 to subsidiary Wikana Nieruchomości Sp. z o.o. Alfa S.K.A., covering existing and potential liabilities under an agreement to finance a commercial property between Wikana Nieruchomości Sp. z o.o. Alfa S.K.A. and Deutsche Bank PBC S.A. dated 26 April 2012.

On 15 October 2012, the Company established a registered pledge on shares in Wikana Nieruchomości Sp. z o.o. and issued a surety in the form of own promissory note up to PLN 3 894 000 to subsidiary Wikana Nieruchomości Sp. z o.o. Alfa S.K.A., covering existing and potential liabilities under an agreement to finance a commercial property between Wikana Nieruchomości Sp. z o.o. Alfa S.K.A. and Deutsche Bank PBC S.A. dated 12 October 2012.

On 17 January 2013, the Company established a registered pledge on shares in Wikana Nieruchomości Sp. z o.o. and issued a surety in the form of own promissory note up to PLN 3 732 000 to subsidiary Wikana Nieruchomości Sp. z o.o. Alfa S.K.A., covering existing and potential liabilities under an agreement to finance a commercial property between Wikana Nieruchomości Sp. z o.o. Alfa S.K.A. and Deutsche Bank PBC S.A. dated 17 January 2013.

On 27 June 2012, the Company issued a surety in the form of own promissory note up to PLN 3 601 000 to subsidiary Wikana Nieruchomości Sp. z o.o. Komerc S.K.A., covering existing and future liabilities under an operating lease agreement between Wikana Nieruchomości Sp. z o.o. Komerc S.K.A. and Bankowy Leasing Sp. z o.o. dated 27 June 2012.

On 11 June 2012, the Company issued a surety in the form of own promissory note up to PLN 5 287 000 to subsidiary Wikana Nieruchomości Sp. z o.o. Komerc S.K.A., covering existing and future liabilities under an operating lease agreement between Wikana Nieruchomości Sp. z o.o. Komerc S.K.A. and Bankowy Leasing Sp. z o.o. dated 11 June 2012.

On 27 June 2012, the Company issued a surety in the form of own promissory note up to PLN 6 878 000 to subsidiary Wikana Nieruchomości Sp. z o.o. Komerc S.K.A., covering existing and future liabilities under an operating lease agreement between Wikana Nieruchomości Sp. z o.o. Komerc S.K.A. and Bankowy Leasing Sp. z o.o. dated 27 June 2012.

On 16 December 2011, the Company issued a surety in the form of own promissory note up to PLN 4 940 000 to subsidiary Wikana Nieruchomości Sp. z o.o. Komerc S.K.A., covering existing and future liabilities under a finance lease agreement between Wikana Nieruchomości Sp. z o.o. Komerc S.K.A. and BFL Nieruchomości Sp. z o.o. dated 16 December 2011.

On 9 November 2011, the Company issued a surety in the form of own promissory note up to PLN 3 123 000 to subsidiary Wikana Nieruchomości Sp. z o.o. Komerc S.K.A., covering existing and future liabilities under a finance lease agreement between Wikana Nieruchomości Sp. z o.o. Komerc S.K.A. and BFL Nieruchomości Sp. z o.o. dated 9 November 2011.

On 22 March 2013, the Company issued a surety in the form of own promissory note up to PLN 414 000 to subsidiary Wikana Nieruchomości Sp. z o.o. 04 Osiedle S.K.A., covering existing and future liabilities under an operating lease agreement between Wikana Nieruchomości Sp. z o.o. 04 Osiedle S.K.A. and Pragma Faktoring S.A. dated 12 March 2013.

On 16 August 2013, the Company issued a surety in the form of own promissory note up to PLN 9 000 000 to subsidiary Wikana Nieruchomości Sp. z o.o. Delta S.K.A., covering existing and future liabilities under an operating lease agreement between Wikana Nieruchomości Sp. z o.o. Delta S.K.A. and Raiffeisen Bank Polska S.A. dated 6 March 2013.

The Company 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.

The Company 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, the Company 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, the Company 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, the Company 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, the Company 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, the Company 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, the Company 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 28.

36. Related-party transactions

Additional remuneration for the management

Aside from base salaries and social security contributions (contributions for pensions), the Company 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 May 2013	26	120
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

in PLN 000s	**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**
Subsidiaries, including:	**10 796**	**10 456**	**14 847**	**18 001**
TBS WIKANA Sp. z o.o.	*15*	*2*	*39*	*3*
WIKANA NIERUCHOMOŚCI Sp. z o.o.	*63*	*62*	*61*	*46*
WIKANA NIERUCHOMOŚCI Sp. z o.o. KROSNO S.K.A.	*112*	*387*	*711*	*496*
WIKANA NIERUCHOMOŚCI Sp. z o.o. LEGNICA S.K.A.	*49*	*175*	*4*	*125*
ZIELONE TARASY S.A.	*33*	*23*	*66*	*24*
MULTISERWIS S.A.			*-*	*5*
WIKANA PROJECT Sp. z o.o.	*124*	*81*	*222*	*68*
WIKANA NIERUCHOMOŚCI Sp. z o.o. 02 S.K.A.	*28*	*1 125*	*1 324*	*1 585*
WIKANA NIERUCHOMOŚCI Sp. z o.o. 03 MIASTECZKO S.K.A.	*108*	*2 608*	*4 358*	*7 868*
WIKANA NIERUCHOMOŚCI Sp. z o.o. 04 OSIEDLE S.K.A.	*128*	*491*	*52*	*400*
WIKANA BIOENERGIA Sp. z o.o.	*20*	*17*	*11*	*36*
WIKANA BIOENERGIA Sp. z o.o. 01 S.K.A.	*10*	*10*	*19*	*14*
WIKANA NIERUCHOMOŚCI Sp. z o.o. KOMERC S.K.A.	*10*	*10*	*1 215*	*2 030*
WIKANA NIERUCHOMOŚCI Sp. z o.o. 05 MARINA S.K.A.	*31*	*5 418*	*5 116*	*5 219*
WIKANA NIERUCHOMOŚCI Sp. z o.o. ALFA S.K.A.	*28*	*21*	*61*	*26*

WIKANA PROPERTY Sp. z o.o.	*46*	*-*	*146*	*-*
WIKANA PROPERTY Sp. z o.o. BETA S.K.A.	*27*	*-*	*33*	*-*
WIKANA PROPERTY Sp. z o.o. DELTA S.K.A.	*33*	*-*	*41*	*-*
WIKANA PROPERTY Sp. z o.o. PODPROMIE S.K.A.	*1*	*-*	*1*	*-*
WIKANA PROPERTY Sp. z o.o. ZIELONE TARASY S.A.	*9 095*	*-*	*15*	*-*
WIKANA PROPERTY Sp. z o.o. LAMDA S.K.A.	*5*	*-*	*367*	*-*
WIKANA PROPERTY Sp. z o.o. PANORAMA S.K.A.	*801*	*-*	*985*	*-*
WIKANA INVEST Sp. z o.o.	*29*	*26*	*-*	*56*
	10 796	**10 456**	**14 847**	**18 001**

in PLN 000s	**Transaction value during the period**		**Outstanding balance as at**	
Purchase of products and services	**1 Jan 2013 31 Dec 2013**	**1 Jan 2012 31 Dec 2012**	**31 Dec 2013**	**31 Dec 2012**
Subsidiaries, including:	**13 158**	**1 271**	**12 809**	**745**
Multiserwis S.A.	*2*	*3*	*2*	*2*
TBS WIKANA Sp. z o.o.	*5*	*5*	*22*	*46*
WIKANA BIOENERGIA Sp. z o.o. 01 S.K.A.	*5*		*2*	
WIKANA NIERUCHOMOŚCI Sp. z o.o.	*31*	*765*	*5*	*494*
WIKANA PROJECT Sp. z o.o.	*210*	*442*	*10*	*78*
WIKANA NIERUCHOMOŚCI Sp. z o.o. 02 S.K.A.	*3 568*		*3 507*	
WIKANA NIERUCHOMOŚCI Sp. z o.o. 03 MIASTECZKO S.K.A.	*27*	*20*		*27*
WIKANA NIERUCHOMOŚCI Sp. z o.o. KOMERC S.K.A.	*8*	*6*	*2*	*8*
WIKANA NIERUCHOMOŚCI Sp. z o.o. LEGNICA S.K.A.	*3*	*3*	*94*	*75*
WIKANA NIERUCHOMOŚCI Sp. z o.o. 04 OSIEDLE S.K.A.	*6*	*2*	*3*	*3*
WIKANA NIERUCHOMOŚCI Sp. z o.o. 05 MARINA S.K.A.	*8 798*	*5*	*9 161*	*6*
WIKANA NIERUCHOMOŚCI Sp. z o.o. KROSNO S.K.A.	*26*	*5*	*1*	*6*
WIKANA PROPERTY Sp. z o.o.	*39*	*-*	*-*	*-*
WIKANA PROPERTY Sp. z o.o. Zielone Tarasy S.K.A.	*430*	*-*	*-*	*-*
WIKANA INVEST Sp. z o.o.	*-*	*15*	*-*	*-*
	13 158	**1 271**	**12 809**	**745**

in PLN 000s	**Transaction value during the period:**		**Outstanding balance as at**	
Dividends received	**1 Jan 2013 31 Dec 2013**	**1 Jan 2012 31 Dec 2012**	**31 Dec 2013**	**31 Dec 2012**
Multiserwis S.A.	*2 900*	*-*	*-*	*-*
	2 900	**-**	**-**	**-**

	Outstanding Balance as at	**Transaction value during the period**				**Outstanding Balance as at**
in PLN 000s	**31 Dec 2012**	**Incurred**	**Repayment of principal**	**Charged interest**	**Repayment of interest**	**31 Dec 2013**
Loans received (principal and interest)						
Wikana Project Sp. z o.o.	*1 137*	*110*	*926*	*45*	*-*	*366*
Wikana Nieruchomości Sp. z o.o. LEGNICA S.K.A.	*-*	*579*	*31*	*10*	*-*	*558*
TBS Wikana Sp. z o.o.	*-*	*7*	*-*	*-*	*-*	*7*
Wikana Nieruchomości Sp. z o.o. ALFA S.K.A.	*-*	*179*	*-*	*3*	*-*	*182*

Wikana Nieruchomości Sp. z o.o. 04 Osiedle S.K.A.	*650*	*876*	*598*	*62*	*-*	*990*
Wikana Nieruchomości Sp. z o.o. KROSNO S.K.A.	*2*	*-*	*-*	*-*	*-*	*2*
Wikana Nieruchomości Sp. z o.o. 02 S.K.A.	*2*	*-*	*-*	*-*	*2*	
Wikana Nieruchomości Sp. z o.o. 03 Miasteczko S.K.A.	*-*	*93*	*93*	*-*	*-*	
MULTISERWIS S.A.	*353*	*1 100*	*84*	*75*	*-*	*1 444*
Wikana Property Sp. z o.o. BETA S.K.A.	*49*	*-*	*-*	*3*	*-*	*52*
Wikana Property Sp. z o.o. DELTA S.K.A.	*49*	*-*	*49*	*2*	*-*	*2*
Wikana Property Sp. z o.o. KROSNO S.K.A.	*-*	*67*	*-*	*2*	*-*	*69*
Wikana Property Sp. z o.o. BETULA S.K.A.	*-*	*14*	*-*	*-*	*-*	*14*
Wikana Property Sp. z o.o. CORYLUS S.K.A.	*-*	*14*	*-*	*-*	*-*	*14*
Wikana Property Sp. z o.o. ACER S.K.A.	*-*	*14*	*-*	*-*	*-*	*14*
Wikana Property Sp. z o.o. GAMMA S.K.A.	*-*	*14*	*-*	*-*	*-*	*14*
Wikana Property Sp. z o.o. ALFA S.K.A.	*-*	*49*	*-*	*-*	*-*	*49*
Wikana Property Sp. z o.o. KAPPA S.K.A.	*-*	*14*	*-*	*-*	*-*	*14*
Wikana Property Sp. z o.o. JOTA S.K.A.	*-*	*14*	*-*	*-*	*-*	*14*
Wikana Property Sp. z o.o. ZETA S.K.A.	*-*	*14*	*-*	*-*	*-*	*14*
Wikana Property Sp. z o.o. OMIKRON S.K.A.	*-*	*14*	*-*	*-*	*-*	*14*
Wikana Property Sp. z o.o. ROSA S.K.A.	*-*	*14*	*-*	*-*	*-*	*14*
Wikana Property Sp. z o.o. MAGNOLIA S.K.A.	*-*	*14*	*-*	*-*	*-*	*14*
Wikana Property Sp. z o.o. LARIX S.K.A.	*-*	*14*	*-*	*-*	*-*	*14*
Wikana Property Sp. z o.o. SIGMA S.K.A.	*-*	*49*	*-*	*-*	*-*	*49*
Wikana Property Sp. z o.o. LAMDA S.K.A.	*-*	*49*	*-*	*-*	*-*	*49*
Wikana Property Sp. z o.o. OMEGA S.K.A.	*-*	*49*	*-*	*-*	*-*	*49*
Wikana Property Sp. z o.o.	*45*	*65*	*110*	*1*	*1*	*-*
	2 287	**3 426**	**1 891**	**203**	**3**	**4 022**

	Outstanding Balance as at	Transaction value during the period				Outstanding Balance as at
in PLN 000s	**31 Dec 2012**	**Incurred**	**Repayment of principal**	**Charged interest**	**Repayment of interest**	**31 Dec 2013**
Loans issued (principal and interest)						
Wikana Bioenergia Sp. z o.o.	*1 518*	*2 246*	*-*	*113*	*20*	*3 857*
Wikana Nieruchomości Sp. z o.o. ALFA S.K.A.	*1 042*		*50*	*28*	*-*	*1 020*
Wikana Bioenergia Sp. z o.o. 01 S.K.A.	*133*	*51*	*57*	*7*	*-*	*134*
MULTISERWIS S.A.	*50*	*-*	*50*	*2*	*2*	*-*
Wikana Property Sp. z o.o.	*-*	*693*	*290*	*10*	*-*	*413*
*Wikana Invest Sp. z o.o.**	*4*	*-*	*4*	*-*		*-*
Wikana Nieruchomości Sp. z o.o. KROSNO S.K.A.	*644*	*12*	*324*	*23*	*-*	*355*
Wikana Property Sp. z o.o. PANORAMA S.K.A.	*-*	*425*	*-*	*3*	*-*	*428*
Wikana Nieruchomości Sp. z o.o. KOMERC S.K.A.	*3 251*	*2 333*	*1 379*	*135*	*-*	*4 340*
Wikana Nieruchomości Sp. z o.o. LEGNICA S.K.A.	*537*	*-*	*229*	*1*	*309*	*-*
Wikana Nieruchomości Sp. z o.o.	*356*	*-*	*113*	*17*	*24*	*236*
Wikana Project Sp. z o.o.	*13*	*-*	*13*	*-*	*-*	*-*
Wikana Property Sp. z o.o. DELTA S.K.A.	*-*	*229*	*-*	*3*	*-*	*232*
Wikana Property Sp. z o.o. Zielone Tarasy S.K.A.	*-*	*5 846*	*5 846*	*72*	*-*	*72*
Zielone Tarasy S.A.	*83*	*142*	*111*	*5*		*119*
Wikana Nieruchomości Sp. z o.o. 02 S.K.A.	*420*	*188*	*-*	*25*	*2*	*631*
Wikana Nieruchomości Sp. z o.o. 03 Miasteczko S.K.A.	*280*	*1 791*	*992*	*20*	*-*	*1 099*
Wikana Nieruchomości Sp. z o.o. 05 Marina S.K.A.	*5 494*	*6 152*	*10 985*	*517*	*-*	*1 178*
Wikana Property Sp. z o.o. LAMDA S.K.A.	*-*	*5 077*	*-*	*21*	*-*	*5 098*
	13 825	**25 185**	**20 443**	**1 002**	**357**	**19 212**

37. 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.

38. Subsidiaries

Wikana Group entities	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.*******	93.89%	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.

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	**133 185**	**32 114**	**123 194**	**30 134**
Non-current assets	31 460	7 586	35 787	8 754
Current assets	101 725	24 529	87 407	21 380
Total equity and liabilities	**133 185**	**32 114**	**123 194**	**30 134**
Equity	42 133	10 159	54 181	13 253
Non-current liabilities	28 933	6 977	40	10
Current liabilities	62 119	14 979	68 973	16 871

Selected items from the consolidated statement of comprehensive income

Item in the Issuer's 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	25 296	6007.1242	24 598	5 894
Cost of sales	(22 421)	(5 324)	(22 260)	(5 334)
Gross profit on sales	**2 875**	**683**	**2 338**	**560**
Selling costs	(710)	-169	(3 040)	(728)
Administrative expenses	(3 712)	(882)	(3 643)	(873)
Other operating revenue	812	193	2 964	710

Other operating expenses	(6 896)	-1 638	(8 856)	(2 122)
Gain on investments	4 786	1 137	6 741	1 615
Operating profit	**-2 845**	**7**	**-3 496**	**-277**
Net finance costs	(9 118)	(2 165)	(36 523)	(8 751)
Profit before tax	**-11 963**	**-2 158**	**-40 019**	**-9 028**
Income tax	(85)	(20)	2 715	651
Net profit for the financial year	**-12 048**	**-2 178**	**-37 304**	**-8 378**

40. 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 <u>14%</u> 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 <u>16%</u> 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.
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 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.

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