



## **Abbreviated Consolidated Financial Statements**

**for a 6 month-period  
ended on 30 June 2012**

Prepared in accordance with International  
Financial Reporting Standards



## A. INTRODUCTION TO THE CONSOLIDATED FINANCIAL STATEMENT

### 1. GENERAL INFORMATION ABOUT THE PARENT COMPANY

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

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

As at 30/06/2012 the lifetime of the Company was unlimited. The accounting year of the Company is a calendar year i.e. the period from 1 January to 31 December.

### 2. ADOPTED PRINCIPLES (POLICY) OF ACCOUNTING

#### Basic information about the Group comprising the holding entity and the subsidiaries of the holding entity covered in the consolidated financial statement

The Group's structure and the holding entity's share in the share capital of subjects belonging to the Group as at 30 June 2012 are presented in the table below:

Company	Country of registration	Parent company's share in share capital	Parent company's share in voting rights	Method of consolidation
<b>Subsidiaries:</b>				
Lokum Sp. z oo	Poland	100.00%	100.00%	full consolidation
Towarzystwo Budownictwa Społecznego „Marki” Sp. z o.o.	Poland	100.00%	100.00%	full consolidation
Deweloper Sp. z o.o.	Poland	99.00%	99.00%	full consolidation
J.W. Construction S.A.(indirectly through J.W. Construction Sp. z o.o.)	Poland	100.00%	100.00%	full consolidation
J.W. Construction Sp. z o.o.	Poland	99.99%	99.99%	full consolidation
JWCH Budownictwo Drogowe Sp. z o.o.	Poland	100.00%	100.00%	full consolidation
JW Projekt Sp. z o.o.	Poland	100.00%	100.00%	full consolidation
Porta Transport Sp. z o.o. in liquidation	Poland	100.00%	100.00%	full consolidation
JW Group Sp. z o.o.	Poland	100.00%	100.00%	full consolidation
JW Group Sp. z o.o. 1 SKA	Poland	100.00%	100.00%	full consolidation
JW Group Sp. z o.o. 2 SKA	Poland	100.00%	100.00%	full consolidation
JW. Marka Sp. z o.o.	Poland	100.00%	100.00%	full consolidation
Architects Polska Sp. z o.o	Poland	100.00%	100.00%	full consolidation
Ośrodek Wypoczynkowy "Ogoniok" Sp. z o.o. (currently Yakor House Sp. z o.o.)	Russia	70.00%	70.00%	full consolidation

The core business of the Group's companies is:

- Lokum Sp. z oo - Development and sale of own properties for its own account
- JW Group Sp. z o.o. 1 SKA - Development and sale of own properties for its own account

- JW Group Sp. z o.o. 2 SKA - Development and sale of own properties for its own account
- JW Group Sp. z o.o. - Development and sale of own real estate
- Architects Polska Sp. z o.o - designing services,
- JW. Marka Sp. z o.o. - marketing activities,
- Towarzystwo Budownictwa Społecznego „Marki” Sp. z o.o. - sale and administration of social building estates,
- Ośrodek Wypoczynkowy "Ogoniok" Sp. z o.o. (currently Yakor House Sp. z o.o.) - Development and sale of properties for its own account
- Deweloper Sp. z o.o. - building and assembly production,
- Porta Transport Sp. z o.o. - transport services,
- J.W. Construction S.A. - building production,
- JW Projekt Sp. z o.o. - designing services,
- J.W. Construction Sp. z o.o. - prefabricated units production for the building industry,
- JWCH Budownictwo Drogowe Sp. z o.o. - road construction

All Group companies operate in the territory of Poland, except for Yakor House Sp. z o.o, concentrate on building and developer production in the territory of Russia. The lifetime of the Group companies is unlimited.

#### **Preparation of the consolidated financial statements**

The consolidated financial statements for the years 2011-2012 were prepared based on separate financial statements of the companies of the Capital Group of J.W. Construction Holding S.A. and compiled in such a manner as if the Group was one company. The consolidated financial statements cover the financial statements of the parent company -J.W. Construction Holding S.A. and financial statements controlled by the holding entity of the subsidiaries.

In the years 2011-2012 the parent company excluded the following subsidiaries from the obligatory consolidation:

#### *In 2011:*

- Business Financial Construction Sp. z o.o.-100%
- Polonia SSA - 100%
- J.W. Construction Bułgaria Sp. z o.o.-100%
- Sami Tito Architects Polska Sp. z oo - 100%

#### *In 2012:*

- Business Financial Construction Sp. z o.o.-100%
- Polonia SSA - 100%
- J.W. Construction Bułgaria Sp. z o.o.-100%

The legal basis for the applied exclusion of companies from the consolidated financial statements were the conceptual framework of the International Financial Reporting Standards relating to restrictions on the usefulness and reliability of the information. Under these assumptions the benefits received by the acquired information must exceed the costs of providing them. It was found that the cost of obtaining information on non-consolidated subsidiaries, and their inclusion in the cost of consolidation outweigh the benefits achieved in this respect. Furthermore, when making the exclusion of subordinated companies from consolidation, the driven fact was that they were not essential for a true and fair presentation of the financial position and results of the Capital Group.

#### **Going concern basis and comparability of financial statements**

The Capital Group of J.W. Construction Holding S.A assumes a going concern assumption and comparability of financial statements. As at the balance sheet date the Capital Group of J.W. Construction Holding S.A. did not find out any threats to the going concern assumption. The consolidated financial reporting is prepared in accordance with the historical cost convention. The consolidated financial information was not measured with any other method, which guarantees that the financial statements presented in the consolidated financial statements are comparable.

#### **Significant estimations and assumptions.**

Estimations and judgements are subject to periodic verification of the Capital Group companies. When making estimations J.W. Construction Holding S.A. makes the following assumptions referring to the future.

- Estimation of impairment allowance. Impairment allowance is established taking account of expected risk connected with receivables and created collateral having impact on effective debt collection. Although the assumptions are made using the best knowledge, real results may be different than expected.

- Estimations connected with establishing deferred tax assets in accordance with IAS 12. Due to the highly volatile economy it may happen that real earnings and tax income are different than planned.

- Estimation of potential costs of fiscal and court proceedings pending against the parent company. When preparing the financial statements the opportunities and risks connected with pending proceedings are reviewed on a case by case basis, and provisions for potential losses are created accordingly. However, it is also possible that a court or a fiscal authority makes a judgement or issues a decision other than expected by the company and the created provisions may prove insufficient.

- The company gains revenues from services supplied by the Issuer under contracts for a specified time. Services supplied by the Issuer are long-term ones and their term of performance is over six months.

### **The results of applying new standards of accounting and changes to the accounting policy**

The principles (policy) of accounting that were used for preparation of this abbreviated consolidated financial statements for the Q2 2012 are consistent with those used for preparation of the annual financial statements for 2011, with the exception of changes described below.

The same principles were used for the current and comparable period.

### **Changes resulting from changes to IFRS**

The following new or revised standards or interpretations issued by the International Accounting Standards Board or IFRS Interpretations Committee are applied from 01 January 2012:

- Amendments to IFRS 1 Severe hyperinflation and removal of fixed dates
- Amendments to IAS 12 Deferred tax: *Recovery of Underlying Assets as a basis for its determination.*
- Amendments to IFRS 7 Disclosures—Transfers of Financial Assets

Their adaptation did not affect the results of the Group's activity and financial situation, but resulted only in changes of applied accounting policy or eventually in expanding of the scope of required disclosures or terminology used.

The main consequences of the application of new regulations:

- Amendments to IFRS 1 Severe hyperinflation and removal of fixed dates

The amendments to IFRS 1 were published on 20 December 2010 and are applicable to annual periods beginning on 01 July 2011 or thereafter. The changes relate to the constant reference to the date "1 January 2004" as the date of application of IFRS for the first time and change it to "the date of adoption of IFRS for the first time" in order to eliminate the need for conversion transactions that occurred before the date of transition to IFRS by the entity. In addition, some guidelines for re-use of IFRS in the periods that follow periods of significant hyperinflation, preventing full compliance with IFRS, are added to the standard.

The Group will apply amended IFRS 1 after the date of entry into force set by the European Commission.

The amended IFRS 1 had no impact on the financial statements of the Group.

- Amendments to IAS 12 Deferred tax: *Recovery of Underlying Assets as a basis for its determination.*

The amendment to IAS 12 was published on 20 December 2010 and is applicable to annual periods beginning on or after 01 January 2012. The change clarifies, among others, a valuation method of assets and provisions for deferred tax in the case of investment properties valued in accordance with the fair value model which is specified in IAS 40 Investment Property. Entry into force of the revised standard will also withdraw SIC 21 Income Taxes – Recovery of Revalued Non-Depreciable Assets

The Group will apply amended IAS 12 after the date of entry into force set by the European Commission.

The amended IAS 12 had no impact on the financial statements of the Group.

- Amendments to IFRS 7 Disclosures—Transfers of Financial Assets

The amendments to IFRS 7 were published on 07 October 2010 and are applicable to annual periods beginning on 01 July 2011 or thereafter. The aim of the changes in the standard is to enable users of financial statements to understand the transactions of financial assets better (eg, securitization), including understanding the potential effects of risks that are in the unit that provided assets. The changes also require additional disclosure in the case of a transfer of assets of significant value near the end of the reporting period.

The amended IFRS 7 had no impact on the financial statements of the Group.

### **Changes made by the Group itself**

The Group did not made a correction of presentation of comparable data for the H2 of 2012.

### **Not effective standards (New standards and interpretations)**

In this financial statement, the Group did not decide of an earlier use of published standards or interpretations before their effective date.

The following standards and interpretations were issued by the IFRS Interpretations Committee and IFRIC and not yet entered into force on the balance sheet date:

- IFRS 9 Financial Instruments

The new standard was published on 12 November 2009 and is the first step of IASB to replace IAS 39 Financial Instruments: Recognition and Measurement. Following the publication, a new standard was subject to further works and was partially modified. The new standard will enter into force from 01 January 2015.

The Group will apply the new standard from January 1, 2015

At the date of preparation of these financial statements, it is not possible to reliably estimate the impact of applying new standard.

- IFRS 10 Financial Instruments

The new standard was published on 12 May 2011 and it is supposed to replace the SIC 12 Consolidation - Special Purpose Entities, and part of the provisions of IAS 27 Consolidated and Separate Financial Statements. The standard defines the meaning of control as a factor determining whether an entity should be included within the consolidated financial statements and provides guidance which help to determine whether an entity maintains control or not.

The Group will apply the new standard from January 1, 2013

At the date of preparation of these financial statements, it is not possible to reliably estimate the impact of applying new standard.

- IFRS 11 Joint Arrangements

The new standard was published on 12 May 2011 and it is supposed to replace the SIC 13 Jointly Controlled Entities - Non-Monetary Contributions by Venturers and IAS 31 Interests in Joint Ventures. The standard emphasizes the rights and obligations arising from the common agreement, regardless of its legal form and eliminates the inconsistencies in reporting by defining the method to account for interests in jointly controlled entities.

The Group will apply the new standard from January 1, 2013

At the date of preparation of these financial statements, it is not possible to reliably estimate the impact of applying new standard.

- IFRS 12 Disclosure of Interests in Other Entities

The new standard was published on 12 May 2011 and includes requirements for disclosure of information on the relationship between entities.

The Group will apply the new standard from January 1, 2013

At the date of preparation of these financial statements, it is not possible to reliably estimate the impact of applying new standard.

- IFRS 13 Fair Value Measurement

The new standard was published on 12 May 2011 and the assumption is to facilitate the use of fair value by reducing the complexity of the solutions and to increase consistency in applying the principles of fair value measurements. The standard clearly defines the objective of such a valuation, and clarifies the definition of fair value.

The Group will apply the new standard from January 1, 2013

At the date of preparation of these financial statements, it is not possible to reliably estimate the impact of applying new standard.

- IAS 27 Consolidated and Separate Financial Statements

The new standard was published on May 12, 2011, and it mainly results from the transfer of certain provisions of the existing IAS 27 to the new IFRS 10 and IFRS 11. The standard contains requirements for the presentation and disclosures in the separate financial statements of the investments in associates, subsidiaries or joint ventures. The standard will replace the previous IAS 27 Consolidated and Separate Financial Statements

The Group will apply the new standard from January 1, 2013

At the date of preparation of these financial statements, it is not possible to reliably estimate the impact of applying new standard.

- IAS 28 — Investments in Associates and Joint Ventures

The new standard was published on May 12, 2011, and addresses the accounting for investments in associates. It also specifies requirements for the application of equity method in associates and joint ventures. The standard will replace the previous IAS 28 Investments in Associates

The Group will apply the new standard from January 1, 2013

At the date of preparation of these financial statements, it is not possible to reliably estimate the impact of applying new standard.

- Amendments to IAS 19 Employee Benefits

Amendments to IAS 19 were published on 16 June 2011 and they apply to annual periods beginning on 1 January 2013 or thereafter. The amendments eliminate potential delay in recognising profits and losses known as the "corridor method". Moreover, they improve presentation of changes in the balance sheet following from employee benefit schemes and of mandatory estimates presented in the statement of other comprehensive income as well as broaden the scope of required disclosures related thereto.

The Group will apply the amended IAS 12 from January 1, 2013.

As of the date of preparing these Financial Statements, it is not possible to assess reasonably the impact of applying the amended standard.

- Amendments to IAS 1 Presentation of Statement of Other Comprehensive Income

Amendments to IAS 1 were published on 16 June 2011 and they apply to annual periods beginning on 01 July 2012 or thereafter. The amendments concern grouping of items of the statement of other comprehensive income that may be transferred to the profit and loss statement. Moreover, the amendments confirm the possibility to

present items of the statement of other comprehensive income and items of the profit and loss statement as one statement or two separate statements.

The Group will apply the amended IAS 12 from January 1, 2013.

As of the date of preparing these Financial Statements, it is not possible to assess reasonably the impact of applying the amended standard.

- Amendments to IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities

The amendments to IFRS 7 were published on 16 December 2011 and are applicable to annual periods beginning on 01 January 2013 or thereafter. Without changing the general principles regarding the offsetting of financial assets and liabilities, the amendment extended the scope of disclosures relating to the offset amounts. It also introduced the requirement of broader (more transparent) disclosures with respect to the management of credit risk using received or transferred collaterals (pledges).

The Group will apply the amended IFRS From January 1, 2013.

As of the date of preparing these Financial Statements, it is not possible to assess reasonably the impact of applying the amended standard.

- Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

Amendments to IAS 32 were published on 16 December 2011 and they apply to annual periods beginning on 1 January 2014 or thereafter. These amendments were introduced in response to existing incoherence regarding the application of offsetting criteria in IAS 32.

The Group will apply the amended IAS 12 from January 1, 2013.

As of the date of preparing these Financial Statements, it is not possible to assess reasonably the impact of applying the amended standard.

- Interpretation IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine

Interpretation IFRIC 20 was issued on 19 October 2011 and it applies to annual periods beginning on 1 January 2013 or thereafter. The interpretation provides guidelines regarding the recognition of costs relating to the removal of surface layers of ground in order to access mined resources in surface mines.

The Group will apply the new interpretation as of 1 January 2013.

The amended interpretation should not have any impact on the Group's Financial Statements.

- Amendments in IFRS 1

The amendments to IFRS 1 were published on 13 March 2012 and are applicable to annual periods beginning on 01 January 2013 or thereafter. The aim of amendments is to enable the release of entities applying IFRS for the first time from full retrospective application of all IFRS in case, where such individuals benefit from government loans with interest below market rates.

The Group will apply the amended IFRS 1 from January 1, 2013.

The amended IFRS 1 will have no impact on the financial statements of the Group.

- The amendments to different standards resulting from the annual review of the International Financial Reporting Standards (Annual Improvements 2009-2011)

On 17 May 2012, subsequent amendments to the seven standards arising from the draft of proposed amendments to International Financial Reporting Standards, published in June 2011. They are applicable to annual periods beginning on or after 01 January 2013 (depending on a standard).

The Group has applied revised standards in the scope of the amendments, which were made, since 1 January 2011, unless their different date of entry into force is provided.

Application of the revised standards will have no significant impact on the financial statements of the Group.

- Guidelines on the transitional rules (Amendments to IFRS 10, IFRS 11 and IFRS 12)

Guidelines were published on 28 June 2012 and contain additional information regarding the application of IFRS 10, IFRS 11 and IFRS 12, including the presentation of comparative data for the first application of the above mentioned standards.

The Group will apply the amendments from January 1, 2013

At the date of preparation of these financial statements, it is not possible to reliably estimate the impact of applying new changes.

The IFRS, as approved by the EU, do not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), except for the following standards, interpretations and amendments thereto which had not been approved by the EU as at the date of approving these Financial Statements.

- IFRS 9 Financial Instruments published on 12 November 2009 (as amended),
- Amendments to IFRS 1 Severe hyperinflation and removal of fixed dates published on 20 December 2010.
- Amendments to IAS 12 Deferred tax: Recovery of Underlying Assets, published on 20 December 2010.
- IFRS 10 Consolidated Financial Statements published on 12 May 2011,
- IFRS 11 Joint Arrangements published on 12 May 2011,
- IFRS 12 Disclosure of Interest in Other Entities published on 12 May 2011,
- IFRS 13 Fair Value Measurement published on 12 May 2011,
- IAS 27 Separate Financial Statements published on 12 May 2011,
- IAS 28 Investments in Associates and Joint Ventures published on 12 May 2011,

- Amendments to IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities, published on 16 December 2011,
- Amendments to IAS 32 Disclosures - Offsetting Financial Assets and Financial Liabilities, published on 16 December 2011,
- Interpretation IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine, published on 19 October 2011.
- The amendment to IFRS 1 published on 13 March 2012.
- The amendments to different standards resulting from the annual review of the International Financial Reporting Standards (Annual Improvements 2009-2011) published on 17 May 2012;
- Guidelines on the transitional rules (Amendments to IFRS 10, IFRS 11 and IFRS 12) were published on 28 June 2012.

The following new or amended standards and interpretations issued by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee are effective from 1 January 2012, but have not yet been adopted for use by the EU, therefore, have not been applied by the Group in these financial statements:

- Amendments to IFRS 1 Severe hyperinflation and removal of fixed dates published on 20 December 2010.
- Amendments to IAS 12 Deferred tax: Recovery of Underlying Assets, published on 20 December 2010.

### **Policy of accounting**

#### ***Intangible assets***

Intangible assets are priced at cost and include proprietary rights such as: concessions, patents, licenses, trademarks, copyrights, know-how and computer software. Intangible assets are identifiable non-monetary assets. Intangible assets are recognisable if:

- they are identifiable,
- the company controls such assets, due to which it is entitled to future economic benefits that are attributable to them and is able to restrict third party access to such benefits,
- they generate future economic benefits in the form of revenues from sales or cost savings for the company,
- the acquisition price or manufacturing cost of a given asset can be measured reliably

Intangible assets are amortised with the straight-line method for the period of their expected useful life.

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

#### ***Tangible assets***

Tangible assets cover resources controlled by the company (owned by the same) as a result of past events, from which future economic benefits are expected to flow to the company and which are kept by the same for use in production or supply of goods and services, for rendering them for use to other entities under lease agreements or for the purpose of administration, and which are expected to be used for over one year. The company recognises tangible assets as assets when they are usable, complete and their cost (acquisition price or manufacturing cost) may be measured reliably.

Tangible assets are measured at acquisition price or manufacturing cost. Tangible assets are depreciated with the straight-line method for the period of their useful life as follows:

- Buildings and structures: the depreciation rates from 2% - 4,5%
- Machinery and equipment: 6% - 30%
- Means of transport: 12.5% - 20%

Subsequent expenditures on tangible assets are included in their carrying value if it is probable that the business entity will gain future economic benefits exceeding the ones obtainable under the initially estimated earnings from assets held before such expenditures. Current costs of maintenance and repairs are expensed in the period in which they were incurred.

Fixed small assets with a value below PLN 3,500,00 are amortized once on the date of purchase. In case of fixed assets, which permanently lost their economic usefulness, unplanned depreciation charge included in other operating costs is made.

The Company verified the value of their assets. Fixed assets that are disclosed in the financial statements do not differ from their assumed cost.

#### ***Impairment of tangible assets and intangible assets***

Whenever there are indications that tangible assets and intangible assets may be impaired, the said assets are tested for impairment. The established amounts of impairment losses reduce the carrying value of an asset subject to impairment and are disclosed in the income statement.

Impairment losses on assets that were earlier remeasured adjust the revaluation reserve up to the amounts disclosed in equity, and below the acquisition price they are disclosed in the income statement. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of the asset's net realizable value and the value in use.

Impairment losses are reversed when the circumstances due to which they were made cease to exist. Impairment loss reversals are disclosed in the income statement except for the ones which earlier reduced the revaluation reserve. They then adjust the said reserve up to the value of earlier reductions.

### ***Investment real estate***

Investment real estate is real estate (land, building or a part of the same, or both) treated by the owner as a source of revenues from rents or held for growth in value. Such real estate is not used in production, supply of goods and services or administration activities, neither is it held for sale in an ordinary course of business. Investment real estate is in particular land kept for its long-term growth in value or land whose future use is presently undetermined. Investment real estate is initially measured at acquisition price or manufacturing cost including transaction expenses.

### ***Lease***

A lease is an agreement whereby a lessor conveys to a lessee, in return for a specific payment or a series of payments, the right to use an asset for a specified time. The company classifies leases as operating leases or financial leases. A lease is classified as a financial lease when substantially all risks and rewards of ownership of the leased asset are transferred to company. A financial lease is initially disclosed on the lease commencement date understood as the day from which the company is entitled to use the leased asset.

As at the lease commencement date the financial lease is disclosed in the balance sheet of the company as an asset and a liability at the lower of:

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

Lease payments are divided into financial expenses (presented in the income statement for a given period) and principal payments, reducing the liability under the lease. Financial expenses are disclosed directly in the income statement. Leased assets disclosed in the balance sheet are amortised and depreciated under the same principles as other purchased assets of a similar kind. The period of amortisation or depreciation is equal to the period of lease unless after the end of the lease the company intends to buy the ownership right to the leased asset.

Any lease that does not satisfy the criteria of a financial lease is classified as an operating lease. Payments made under an operating lease are expensed in the income statement on a straight-line basis over the period of lease.

### ***Inventories***

Inventories comprising materials, work in progress, finished products, goods and trade advances are understood as assets which are:

- materials or raw materials designated for use during production or supply of services,
- produced for the purpose of sale in an ordinary course of business,
- held for sale in an ordinary course of business.

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

Should the acquisition price or manufacturing cost be higher than the expected net realisable value, the company discloses an impairment loss adjusting costs of goods sold.

**Work in progress** covers expenditures made on building housing estates and costs connected with auxiliary production. Auxiliary production is measured at manufacturing cost. Production connected with building of housing estates is valued in accordance with IAS 11 "Construction Contracts" and the principles referred to under section "Long-term developer contracts".

### ***Borrowing Costs***

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



### **Current and non-current receivables**

Receivables are disclosed in the financial statements at the amount due less impairment allowance. Receivables are remeasured taking account of the probability of their payment, by way of making impairment allowance. Impairment allowance is included in other operating expenses or financial expenses, respectively, depending on the type of receivables covered by such allowance. Remitted, prescribed or uncollectible debts reduce the impairment allowance earlier recognised for the same. Remitted, prescribed or uncollectible debts for which no or only some impairment allowance was recognized are charged to other operating expenses or financial expenses, respectively.

### **Guarantee deposits**

Guarantee deposits being parts of receivables, retained by customers under contractual provisions as security for the guarantee and warranty period, are disclosed in assets of the Company.

Guarantee deposits securing claims of the Company against sub-contractors are disclosed as payables in liabilities. Deposits are measured as at the balance sheet date at acquisition price adjusted with an effective discount rate.

### **Cash and cash equivalents**

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

### **Prepaid expenses**

The Company defers expenditures of prepaid expenses when it is probable that incurred costs refer to more than one reporting period, and in accordance with the principles of significance and prudence in accounting. The most important criterion for deferment of expenses is satisfaction of the definition of assets i.e. resources whose value can be measured reliably, recognised as a result of past events and from which future economic benefits are expected to flow to the company.

### **Provisions for liabilities**

Provisions are liabilities of uncertain amount or timing. The Group companies recognise provisions when all the following conditions are fulfilled:

- the company has a present (legal or constructive) obligation as a result of past events;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the amount of such obligation.

Provisions for liabilities in J.W. Construction Holding S.A. comprise:

- a provision for guarantee repairs disclosed at amounts of guarantee repair costs incurred in previous periods,
- a provision for unused annual leaves of employees, recognised based on records on unused days of annual leaves of particular employees at a given date and their daily gross salaries plus social insurance premiums paid by the Employer,
- provision for retirement benefits,
- deferred income tax liabilities.

### **Long-term developer contracts**

The core business of the Issuer Group is the realization of development contracts. The core business of the Group is performance of developer contracts. The characteristic feature of developer contracts is the construction of apartments that are generally financed by the principal over the whole project, by way of contractually agreed advances, and then - after the investment process has been completed - the ownership right is transferred to the apartment buyer. Such contracts are performed for over twelve months. Advances paid by buyers under concluded agreements are recorded as deferred income. Costs by nature incurred in a given period are disclosed as production in progress under inventories. From 1 January 2009, the Group recognizes revenues and expenses regarding the developer contracts in accordance with the IFRIC 15 interpretation : " Agreements for the construction of real estate", published in July 2008. This interpretation concerns the moment of recognition of revenue from sales of property.

From 2009, the Group recognizes revenues from developer contracts – sale of immovable property to the purchaser upon the transfer of control and significant risk of ownership. Transfer of control and significant risk of ownership take place the latest on the date of concluding the contract in a form of a notarial deed.

The Group using the interpretation of IFRIC 15 recognizes revenue from the sale of the property after meeting the following conditions:

- Obtaining a permit for the use;
- Payment of 100% of value of the premises, garage, etc....,
- Receiving property transfer protocol.

### **Long-term developer contracts**

As a provider of construction services, the Group of Issuer applies the regulations under IAS 11 "Construction Contracts" for accounting and recognition of construction services:

**a) Zero-profit method**

The zero-profit method is applied when it is not possible to measure the stage of completion of an unfinished construction service reliably. In accordance with the said method revenues from an unfinished construction service are established at a month end at costs incurred in the said month, not higher than costs probable to be covered by the principal in future. When invoiced revenues exceed incurred costs, a relevant part of revenues is derecognised to deferred income.

**b) Percentage-of-completion method**

The percentage-of-completion method is applied when it is possible to measure the stage of completion of an unfinished construction service reliably. Revenues from an unfinished construction contract are disclosed pro rata to costs incurred at a given moment of its performance. Revenues, expenses and profits are disclosed proportionally to the stage of work completion.

To measure the stage of completion of a construction contract the Group applies a method that will allow it to reliably establish the stage of completion of works as at a given date. Depending on the nature of a contract such method may comprise:

- establishing costs of the contract incurred due to work performed to date proportionally to estimated total costs of such contract,
- measurement of works performed,
- comparing physically completed parts of work with contractual works.

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

***Borrowings***

Borrowings are recognised at acquisition price equal to fair value of received cash less costs of acquisition.

Borrowings are subsequently measured at acquisition price adjusted with an effective interest rate. All effects of the adjusted acquisition price and effects of derecognition of a liability from the balance sheet or recognition of its impairment are disclosed in the profit and loss account.

***Deferred income tax***

Deferred income tax assets and liabilities are estimated based on temporary differences between the value of assets and liabilities disclosed in books and their tax value and a tax loss deductible in future from the tax base.

Income tax liabilities are recognised for temporary positive differences at the amount of income tax payable in future.

Deferred income tax assets are recognised at the amount of expected future deduction from income tax due to temporary negative differences and a deductible tax loss, in accordance with the principle of prudence in accounting. The carrying value of deferred income tax assets is verified as at each balance sheet date unless it is probable that taxable income sufficient to realise the whole or a part of a deferred income tax asset will be generated. Deferred income tax assets and deferred income tax liabilities are measured at tax rates applicable for the period when the asset is realised and the liability is discharged, based on tax rates applicable as at the balance sheet date.

***Held-for-sale assets and discontinued operations***

Available-for-sale assets and discontinued operations are assets or groups of assets classified as such, disclosed in the financial statements at the lower of their carrying value or fair value less selling expenses.

Assets can be classified to that group when active operations are performed to locate a buyer, it is highly probable that assets will be sold within one year of their classification and they are available for immediate sale.

***Liabilities***

Liabilities are obligations of the Company, arising from future events, the value of which can be measured reliably and which will cause the use of present or future assets of the company.

Based on their characteristics, liabilities can be divided into:

- current liabilities,
- non-current liabilities,
- financial liabilities,
- contingent liabilities.

Current liabilities are all trade payables and all or those of other liabilities that fall due within one year of the balance sheet date. Non-current liabilities are those liabilities, other than trade payables, which fall due after one year of the balance sheet date.

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

Contingent liabilities are obligations dependent on occurrence of certain events. Contingent liabilities are disclosed in additional information and notes.

Liabilities are measured as at the balance sheet date in the amount due.

**Accrued expenses**

Accrued expenses are recognised at the amount of probable obligations falling to the reporting period.

**Revenues**

The Group of Issuers recognise revenues at the amount of probable economic benefits flowing due to a transaction, which can be measured reliably. Revenues are recognised on an accrual basis, regardless of the date of payment receipt.

Revenues from sales of developer services - apartments - are disclosed in the manner provided under the section "Long- term developer contracts".

Revenues from sales of construction services are recognised in the period of service supply, on the basis of the stage of completion of a concrete transaction, established based on the relation of actually performed works to all services to supply.

**Other income, expenses, gains and losses**

Other operating income and expenses are income and expenses not connected directly with operating activities.

Financial income and expenses comprise, among other things, interest connected with loans and credits granted and used, default interest received and paid, foreign exchange gains and losses, commissions paid and received, gains and losses on sale of securities, provisions dissolved and created in the burden of financial expenses.

Extraordinary profits and losses present financial results of events that come into existence outside the main business of the company.

**Taxes**

Corporate income tax expense is calculated based on taxable earnings (tax base) for a given accounting year. Tax profit (loss) differs from net book profit (loss) due to exclusion of next-year taxable income and tax deductible costs, as well as permanently non-taxable income and expenses. Tax expense is calculated at a tax rate applicable in a given trading year.

**B. CONSOLIDATED FINANCIAL STATEMENTS**

**Consolidated balance sheet**

<b>ASSETS</b>	<b>Note</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
<b>NON-CURRENT ASSETS</b>		<b>875,346,604.55.</b>	<b>687,358,395.85.</b>
Intangible assets	1.2.	16,431,498.93.	17,062,653.63.
Tangible assets	3.	446,445,289.75.	428,753,773.80.
Investment real estate	4.	342,173,460.55.	166,894,332.33.
Other financial assets	5.	40,704,252.69.	41,365,995.97.
Deferred income tax assets	15.	12,666,112.97.	17,508,194.59.
Trade and other receivables	6.	16,925,989.66.	15,773,445.52.
<b>CURRENT ASSETS</b>		<b>627,864,261.70.</b>	<b>693,447,304.23.</b>
Inventories	7.	38,308,247.19.	38,374,466.75.
Construction contracts	7.	492,398,722.56.	522,970,383.44.
Trade and other receivables	8.	51,843,478.40.	64,823,508.08.
Other financial assets	9.	818,932.05.	548,507.06.
Cash and cash equivalents	10.	23,978,123.56.	42,995,638.89.
Accruals	11.	20,516,757.94.	23,734,800.01.
<b>Total Assets</b>		<b>1,503,210,866.26.</b>	<b>1,380,805,700.09.</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>		<b>502,213,498.63.</b>	<b>493,447,404.34.</b>
Share capital	12.	10,814,656.00.	10,814,656.00.
Revaluation capital		7,490,208.19.	7,490,208.19.
Other capital	13.	510,379,479.41.	483,321,807.77.

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Retained earnings		-35,050,660.20.	-39,435,078.65.
Net profit / loss		8,579,815.23.	31,255,811.03.
<b>LIABILITIES</b>		<b>1,000,997,367.62.</b>	<b>887,358,295.75.</b>
<b>Non-current liabilities,</b>		<b>601,202,850.77.</b>	<b>457,348,053.96.</b>
Borrowings	14.	256,447,230.69.	205,546,898.02.
Deferred income tax liabilities	15.	7,400,959.36.	11,005,674.67.
Retirement benefit obligations	16.	633,000.00.	633,000.00.
Provision for other liabilities and charges	17.	56,369,058.70.	56,648,040.32.
Other liabilities	18.	280,352,602.02.	183,514,440.95.
<b>Current liabilities</b>		<b>399,794,516.85.</b>	<b>430,010,241.79.</b>
Trade and other payables	19.	86,540,867.81.	113,822,288.39.
Construction contracts	7.	86,571,937.93.	69,575,044.14.
Borrowings	14.	117,687,545.01.	85,064,985.88.
Provision for other liabilities and charges	17.	14,260,897.15.	18,634,022.30.
Other liabilities	19.	94,733,268.95.	142,913,901.08.
<b>Total Equity and Liabilities</b>		<b>1,503,210,866.26.</b>	<b>1,380,805,700.09.</b>

**Consolidated income statement**

	Note	for the period 01 -01 -2012 to 30-06-2012	for the period 01 -01 -2011 to 30-06-2011
<b>Net revenues from sales of products, goods and materials, including:</b>	<b>24.</b>	<b>155,437,902.92.</b>	<b>218,719,698.35.</b>
Net revenues from sales of products		153,719,274.81.	216,103,139.31.
Net revenues from sales of goods and materials		1,718,628.11.	2,616,559.04.
<b>Cost of products, goods and materials sold, of which:</b>	<b>25.</b>	<b>111,792,413.56.</b>	<b>153,429,934.80.</b>
Manufacturing cost of products sold		110,983,992.76.	151,105,176.41.
Value of goods and materials sold		808,420.80.	2,324,758.39.
<b>Gross profit (loss) on sales</b>		<b>43,645,489.36.</b>	<b>65,289,763.55.</b>
<b>Selling expenses</b>	25.	10,257,124.35.	12,648,519.03.
<b>Overhead expenses</b>	25.	14,882,086.56.	17,308,151.20.
<b>Revaluation of investment properties</b>		10,605,809.25.	12,202,148.33.
<b>Profit (loss) on sales</b>		<b>29,112,087.70.</b>	<b>47,535,241.65.</b>
Other operating income	26.	17,706,312.31.	4,326,761.07.
Other operating expenses	27.	6,659,263.94.	4,653,597.04.
<b>Operating profit (loss)</b>		<b>40,159,136.07.</b>	<b>47,208,405.68.</b>
Financial income	28.	4,590,477.60.	3,642,889.26.
Financial expenses	29.	34,101,126.80.	20,070,480.80.
<b>Profit (loss) on ordinary activities</b>		<b>10,648,486.87.</b>	<b>30,780,814.14.</b>
<b>Gross profit (loss)</b>		<b>10,648,486.87.</b>	<b>30,780,814.14.</b>
Income tax	22.	2,068,671.63.	6,076,187.03.
<b>Net profit (loss)</b>		<b>8,579,815.23.</b>	<b>24,704,627.11.</b>

<b>Other comprehensive income:</b>		<b>0.00.</b>	<b>0.00.</b>
Exchange differences on foreign operations conversion		0.00.	0.00.
Profit/loss from acquisitions		0.00.	0.00.
Profit from revaluation of tangible fixed assets		0.00.	0.00.
Other comprehensive income:		0.00.	0.00.
<b>Total revenue</b>		<b>8,579,815.23.</b>	<b>24,704,627.11.</b>

**Consolidated cash flow statements**

<b>Operating cash flow - two-step method</b>	<b>01 -01 -2012 to 30-06-2012</b>	<b>01 -01 -2011 to 30-06-2011</b>
<b>Net profit (loss)</b>	<b>8,579,815.23.</b>	<b>24,704,627.11.</b>
<b>Total adjustments, of which:</b>	<b>18,958,727.92.</b>	<b>8,376,706.48.</b>
Depreciation and amortisation	5,418,192.20.	6,118,324.82.
(Profits) losses on exchange differences related to investment and financial activities	1,256,349.64.	-234,532.87.
(Profits) loss from investment activities	3,280,210.51.	548,335.25.
Interest and dividends	16,708,829.30.	17,451,582.37.
Changes in provisions and accruals	2,920,441.45.	-16,078,297.59.
Other adjustments	-10,625,295.18.	571,294.50.
- write-off investment properties	-10,605,809.25.	0.00.
- other adjustments	-19,485.93.	571,294.50.
<b>Changes in working capital</b>	<b>-14,181,371.93.</b>	<b>1,869,416.50.</b>
Change in inventories	66,219.56.	-6,764,693.79.
Change in construction contracts	56,739,514.10.	-2,170,618.74.
Changes in receivables	-44,263,258.83.	-8,996,748.89.
Changes in current liabilities, except for borrowings	-26,723,846.75.	19,801,477.92.
<b>Net operating cash flows</b>	<b>13,357,171.23.</b>	<b>34,950,750.09.</b>
<b>Investment activity cash flows</b>	<b>0.00.</b>	<b>0.00.</b>
Disposal of intangible assets, tangible fixed assets and other assets	1,731,327.51.	1,275,186.46.
Acquisition of intangible assets, tangible fixed assets and other assets	-195,663,306.83.	-27,901,139.17.
Expenses associated with the asset to be sold	0.00.	0.00.
Purchase of equity instruments and debt instruments	0.00.	0.00.
Disposal of equity instruments and debt instruments	0.00.	0.00.
Loans granted	-265,701.00.	-301,267.50.
Loans repaid	0.00.	0.00.
Other purchase of financial assets	-200,000.00.	0.00.
Other disposal of financial assets	0.00.	0.00.
Dividends received	0.00.	0.00.
Interest received	0.00.	11,070.00.
Disposal of subsidiaries	0.00.	0.00.
Acquisition of subsidiaries	0.00.	0.00.
<b>Net investment cash flow</b>	<b>-194,397,680.32.</b>	<b>-26,916,150.21.</b>
<b>Financing cash flow</b>	<b>0.00.</b>	<b>0.00.</b>
Net proceeds from issue of shares, other equity instruments and additional capital contributions	0.00.	0.00.
Purchase of own shares or repayment of shares	0.00.	0.00.
Borrowings	395,484,184.61.	185,299,275.99.
Borrowings repaid	-311,953,078.43.	-197,829,514.25.
Debt securities issued	95,000,000.00.	0.00.
Debt securities redeemed	0.00.	0.00.
Payments under financial lease agreements	-2,699,122.30.	-2,612,793.40.
Dividends and other shared profits	0.00.	0.00.
Interest paid	-18,308,990.11.	-16,360,220.81.
Other financial proceeds (including notes)	4,500,000.00.	9,070,000.00.
Other financial expenditures (including notes)	0.00.	-9,053,182.38.
<b>Net financing cash flow</b>	<b>162,022,993.77.</b>	<b>-31,486,434.85.</b>
<b>NET DECREASE/(INCREASE) IN CASH</b>	<b>-19,017,515.32.</b>	<b>-23,451,834.97.</b>
Cash and cash equivalents at the beginning of the year	42,995,638.89.	68,073,570.55.
- foreign exchange gains/(losses) on cash	0.00.	0.00.
<b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>23,978,123.56.</b>	<b>44,621,735.58.</b>

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**Consolidated statement of changes in equity**

	Share Capital	Own shares (negative figure)	Revaluation capital	Supplementary capital	other rcapital reserves	Hedge valuation reserve and currency translation reserve	Retained earnings	Net earnings	Equity
<b>As at 31 December 2011</b>	<b>10,814,656.00.</b>	<b>0.00.</b>	<b>7,490,208.19.</b>	<b>475,898,366.19.</b>	<b>7,947,307.60.</b>	<b>-523,866.03.</b>	<b>-39,435,078.64.</b>	<b>31,255,811.03.</b>	<b>493,447,404.34.</b>
Basic error corrections	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Corrections from changes in a presentation	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
<b>As at 01 January 2012</b>	<b>10,814,656.00.</b>	<b>0.00.</b>	<b>7,490,208.19.</b>	<b>475,898,366.19.</b>	<b>7,947,307.60.</b>	<b>-523,866.03.</b>	<b>-39,435,078.64.</b>	<b>31,255,811.03.</b>	<b>493,447,404.34.</b>
Additional equity contributions	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Purchase of own shares	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Share redemption	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Dividends paid	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Gains/(losses) on revaluation of available-for-sale assets	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Gains / (losses) on cash flow hedges	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Exchange gains / (losses) on translation of financial statements of foreign operations	0.00.	0.00.	0.00.	0.00.	0.00.	167,899.06.	0.00.	0.00.	167,899.06.
Gains / (losses) on business acquisitions(unitary jwch)	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Changes in accounting policies/presentation	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Consolidation adjustments	0.00.	0.00.	0.00.	18,380.00.	0.00.	0.00.	0.00.	0.00.	18,380.00.
Inclusion of the Company to the consolidation	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
<b>Total profit / (loss) recognised directly in equity</b>	<b>10,814,656.00.</b>	<b>0.00.</b>	<b>7,490,208.19.</b>	<b>475,916,746.19.</b>	<b>7,947,307.60.</b>	<b>-355,966.97.</b>	<b>-39,435,078.64.</b>	<b>31,255,811.03.</b>	<b>493,633,683.40.</b>
Net profit (loss) for the accounting year	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	8,579,815.23.	8,579,815.23.
Total profit / (loss) recognised in equity and net earnings	10,814,656.00.	0.00.	7,490,208.19.	475,916,746.19.	7,947,307.60.	-355,966.97.	-39,435,078.64.	39,835,626.27.	502,213,498.64.
Increase / decrease from profit distribution	0.00.	0.00.	0.00.	26,871,392.58.	0.00.	0.00.	4,384,418.45.	-31,255,811.03.	0.00.
<b>As at 30 June 2012</b>	<b>10,814,656.00.</b>	<b>0.00.</b>	<b>7,490,208.19.</b>	<b>502,788,138.78.</b>	<b>7,947,307.60.</b>	<b>-355,966.97.</b>	<b>-35,050,660.19.</b>	<b>8,579,815.23.</b>	<b>502,213,498.64.</b>

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	Share Capital	Own shares (negative figure)	Revaluation capital	Supplementary capital	Other capital	Hedge valuation reserve and currency translation reserve	Retained earnings	Net earnings	Equity
<b>As at 31 December 2010</b>	<b>10,814,656.00.</b>	<b>0.00.</b>	<b>7,471,818.19.</b>	<b>403,156,384.89.</b>	<b>7,320,492.68.</b>	<b>-96,517.97.</b>	<b>-58,133,798.21.</b>	<b>92,011,720.77.</b>	<b>462,544,756.35.</b>
Basic error corrections	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Corrections from changes in a presentation	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
<b>As at 01 January 2011</b>	<b>10,814,656.00.</b>	<b>0.00.</b>	<b>7,471,818.19.</b>	<b>403,156,384.89.</b>	<b>7,320,492.68.</b>	<b>-96,517.97.</b>	<b>-58,133,798.21.</b>	<b>92,011,720.77.</b>	<b>462,544,756.35.</b>
Issue of shares	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Purchase of own shares	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Dividends paid	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Gains / (losses) on revaluation of fixed assets and investment properties	0.00.	0.00.	18,390.00.	0.00.	0.00.	0.00.	0.00.	0.00.	18,390.00.
Gains / (losses) on cash flow hedges	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Exchange gains / (losses) on translation of financial statements of foreign operations	0.00.	0.00.	0.00.	0.00.	0.00.	-427,348.06.	0.00.	0.00.	-427,348.06.
Gains / (losses) on business acquisitions(unitary jwch)	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Profit/loss from the inclusion/exclusion of companies to consolidate	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Changes in accounting policies/presentation	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	55,795.02.	0.00.	55,795.02.
Consolidation adjustments	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
<b>Total profit / (loss) recognised directly in equity</b>	<b>0.00.</b>	<b>0.00.</b>	<b>18,390.00.</b>	<b>0.00.</b>	<b>0.00.</b>	<b>-427,348.06.</b>	<b>55,795.02.</b>	<b>0.00.</b>	<b>-353,163.04.</b>
Net profit (loss) for the accounting year	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	31,255,811.03.	31,255,811.03.
<b>Total profit / (loss) recognised in equity and net earnings</b>	<b>0.00.</b>	<b>0.00.</b>	<b>18,390.00.</b>	<b>0.00.</b>	<b>0.00.</b>	<b>-427,348.06.</b>	<b>55,795.02.</b>	<b>31,255,811.03.</b>	<b>30,902,647.99.</b>
Increase / decrease from profit distribution	0.00.	0.00.	0.00.	72,741,981.31.	626,814.92.	0.00.	18,642,924.55.	-92,011,720.77.	0.00.
<b>As at 31 December 2011</b>	<b>10,814,656.00.</b>	<b>0.00.</b>	<b>7,490,208.19.</b>	<b>475,898,366.19.</b>	<b>7,947,307.60.</b>	<b>-523,866.03.</b>	<b>-39,435,078.64.</b>	<b>31,255,811.03.</b>	<b>493,447,404.34</b>



## C. SUPPLEMENTARY INFORMATION

### SIGNIFICANT PREVIOUS-YEAR EVENTS DISCLOSED IN THE FINANCIAL STATEMENTS

These financial statements of the Group do not disclose any significant events of previous years other than mentioned above (relating to the change of the principles of accounting regarding recognising revenues).

### SIGNIFICANT AFTER-BALANCE SHEET DATE EVENTS NOT DISCLOSED IN THESE FINANCIAL STATEMENTS

The interim Financial Statements of the Group for the period from 01 January 2012 to 30 June 2012 disclose all events that occurred until the day of these statements i.e. 30 August 2011 and had effect on the financial statements for the period of six months ended on 30 June 2012.

### CHANGES IN THE PRINCIPLES (POLICY) OF ACCOUNTING DURING THE ACCOUNTING YEAR

In the current financial period, ie during the first half of 2012, the Group did not make any changes in accounting principles.

### FUNCTIONAL AND PRESENTATION CURRENCY

Items presented in the financial statements of particular companies of the Group are measured with the currency of the basic economic environment where the company has a fixed establishment (functional currency). The functional and presentation currency of the parent company is Polish zloty (PLN). The reporting currency of the financial statements of the Group is Polish zloty (PLN). The functional currency of some companies of the Group is other currency than Polish zloty. Financial statements of those companies, prepared in their functional currencies, are included in these consolidated financial statements upon translation into PLN in accordance with IAS 21.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### Note 1. Intangible assets

The key position of other intangible assets is an integrated SAP system.

Intangible assets	30 -06 -2012	31 -12 -2011
a) research and development expenses	0.00.	0.00.
b) goodwill	12,389,648.22.	12,389,648.22.
c) other intangible assets	4,041,850.71.	4,673,005.41.
d) advances on intangible assets	0.00.	0.00.
<b>Total intangible assets</b>	<b>16,431,498.93.</b>	<b>17,062,653.63.</b>

Intangible assets are initially disclosed at acquisition price or manufacturing cost.

Upon initial recognition intangible assets are measured at acquisition price or manufacturing cost less amortisation and impairment losses. Intangible assets are amortised with the straight line method for the period of their expected useful life. The period and method of amortisation are verified at the end of each accounting year.

As at 30 June 2012 and 31 December 2011 there were no circumstances requiring the Group to make impairment allowance on intangible assets.

The Group did not conduct in 2012-2011 any development works and no costs were incurred on them. The Companies did not have any advances on intangible assets.

#### Note 2. Goodwill of subsidiaries

Do not occur

**Note 3. Tangible assets**

<b>Tangible assets</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
a) property, plant and equipment, of which:	266,515,245.68.	274,546,001.47.
- land (including right of perpetual usufruct)	40,400,794.17.	42,798,869.71.
- buildings and structures	215,448,759.25.	218,122,569.60.
- plant and machinery	7,104,443.28.	8,523,020.03.
- motor vehicles	3,031,670.52.	3,522,543.87.
- other property, plant and equipment	529,578.45.	1,578,998.26.
b) constructions in progress	179,930,044.07.	154,207,772.34.
c) advances on constructions in progress	0.00.	0.00.
<b>Total tangible assets</b>	<b>446,445,289.75.</b>	<b>428,753,773.80.</b>

Tangible assets are initially disclosed at acquisition price or manufacturing cost. Upon initial recognition tangible assets are measured at acquisition price or manufacturing cost less amortisation and impairment losses. Tangible assets are amortised with the straight line method for the period of their expected economic useful life.

The assets that are under construction are valued at the amount of the total cost of remaining in direct relation to their acquisition or construction, less accumulated permanent loss of value. The assets under construction are not depreciated until they are completed and commissioned.

**Note 4. Investment real estate**

<b>Other long-term investments</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
a) investment properties	342,173,460.55.	166,894,332.33.
b) other	0.00.	0.00.
<b>Total other long-term investments</b>	<b>342,173,460.55.</b>	<b>166,894,332.33.</b>

The investment real estate item includes land whose future use is currently undefined and commercial properties which are under construction.

**Note 5. Other financial assets**

<b>LONG-TERM FINANCIAL ASSETS</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
a) shares	4,600,629.60.	4,600,379.60.
b) loans granted	35,303,493.27.	36,170,819.87.
c) other long-term investments	800,129.82.	594,796.50.
<b>Total long-term financial assets</b>	<b>40,704,252.69.</b>	<b>41,365,995.97.</b>

<b>LONG-TERM FINANCIAL ASSETS</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
a) in subsidiaries	39,227,662.90.	40,152,190.01.
- shares	4,356,804.98.	4,356,554.98.
- debt securities	0.00.	0.00.
- other securities	34,870,857.92.	0.00.
- loans granted	0.00.	35,795,635.03.
- other long-term financial assets	0.00.	0.00.
b) in other parties	1,476,589.79.	1,213,805.96.
- shares	243,824.62.	243,824.62.
- debt securities	800,129.82.	0.00.
- other securities	432,635.35.	594,796.50.
- loans granted	0.00.	375,184.84.
- other long-term financial assets		0.00.
c) other long-term investments	0.00.	0.00.
<b>Total long-term financial assets</b>	<b>40,704,252.69.</b>	<b>41,365,995.97.</b>

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	Name of a unit (and its legal form)	Domicile	Business	Relation	Method of consolidation	Date of assuming control	Value of shares/interests at acquisition price	Revaluation adjustment s (total)	Write-offs up to book value of in-kind contribution	Carrying value of shares	% of total number of votes in the general meeting
1.	TBS Marki Sp.z o.o.	Warsaw	social building	subsidiary	full consolidation	14/11/2003	13,360,000.00.	0.00.	0.00.	13,360,000.00.	100.00%
2.	Business Financial Construction Sp. z o.o.	Warsaw	services	subsidiary	not consolidated	16/06/2003	4,346,500.00.	0.00.	0.00.	4,346,500.00.	99.99%
3.	Lokum Sp. z oo	Warsaw	developer activity	subsidiary	full consolidation	13/09/2005	3,778,500.00.	0.00.	0.00.	3,778,500.00.	100.00%
4.	Deweloper Sp. z o.o.	Siemianowice Slaskie	construction	subsidiary	full consolidation	08/09/2004	49,500.00.	0.00.	0.00.	49,500.00.	99.00%
5.	JW Projekt Sp. z o.o.	Ząbki	architecture and designing	subsidiary	full consolidation	14/11/2003	1,155,600.00.	0.00.	0.00.	1,155,600.00.	100.00%
6.	Królewski Port Żerań Sp. z o.o.	Warsaw	developer activity	associate	not consolidated	08/09/2000	500,000.00.	500,000.00.	0.00.	0.00.	4.92%
7.	Polonia SSA	Warsaw	sports	subsidiary	not consolidated	30/03/2006	15,440.00.	15,440.00.	0.00.	0.00.	100.00%
8.	J.W. Construction Bulgaria Sp. z o.o.	Warna (Bulgaria)	developer activity	subsidiary	not consolidated	08/10/2007	9,854.98.	0.00.	0.00.	9,854.98.	100.00%
9.	Porta Transport Sp. z o.o. in liquidation	Szczecin	transport	subsidiary	full consolidation	12/11/2007	19,118,737.41.	0.00.	0.00.	19,118,737.41.	100.00%
10.	Yakor House Sp. z o.o.	Sochi, Russia	developer activity	subsidiary	full consolidation	07/12/2007	9,810,000.00.	0.00.	0.00.	9,810,000.00.	70.00%
11.	J.W. Construction Sp. z o.o.	Ząbki	prefabricated unit production for the building industry	subsidiary	full consolidation	19/02/2008	57,451,956.00.	0.00.	30,430,356.00.	27,021,600.00.	99.99%
12.	JWCH Budownictwo Drogowe Sp. z o.o.	Ząbki	road construction	subsidiary	full consolidation	07/02/2008	2,060,000.00.	0.00.	0.00.	2,060,000.00.	100.00%
13.	Architects Polska Sp. z o.o	Ząbki	design activity	subsidiary	full consolidation	03/06/2011	5,000.00.	0.00.	0.00.	5,000.00.	100.00%
14.	JW. Marka Sp. z o.o.	Ząbki	leasing of intellectual property	subsidiary	full consolidation	23/08/2011	155,841,000.00.	0.00.	155,779,575.58.	61,424.42.	100.00%
15.	J.W. Group Sp. z o.o.	Ząbki	management of other entities	subsidiary	full consolidation	23/02/2012	50,000.00.	0.00.	0.00.	50,000.00.	100.00%
16.	J.W. Group Sp. z o.o. 2 SKA	Ząbki	developer activity	subsidiary	full consolidation	26/03/2012	50,000.00.	0.00.	0.00.	50,000.00.	100.00%
17.	J.W. Group Sp. z o.o. 1 SKA	Ząbki	developer activity	subsidiary	full consolidation	26/03/2012	50,000.00.	0.00.	0.00.	50,000.00.	100.00%

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Indirect ties											
18	SASPOL INFRASTRUKTURE Sp. z o.o.(former Trinity Self Comapnies Sp. z o.o.)	Warsaw	participation in public tenders as a leader of the consortium	associate	not consolidated	06/10/2009	4,644.62.	0.00.	0.00.	4,644.62.	25.00%
19	TBS Nowy Dom Sp. z o.o.	Ząbki	social building	associate	not consolidated	30/09/2006	1,000.00.	0.00.	0.00.	1,000.00.	2.00%
20	Business Financial Construction Sp. z o.o.	Warsaw	services	subsidiary	not consolidated	16/06/2003	500.00.	0.00.	0.00.	500.00.	0.01%
21	Deweloper Sp. z o.o.	Siemianowice Slaskie	construction	subsidiary	full consolidation	18/10/2006	500.00.	0.00.	0.00.	500.00.	1.00%
22	Karczma Regionalna Sp.z o.o.	Krynica Górská	hotel activity	subsidiary	not consolidated	16/12/2004	208,550.00.	0.00.	0.00.	208,550.00.	8.06%
23	J.W. Construction S.A.	Ząbki	construction	subsidiary	full consolidation	26/09/2007	41,957,006.00.	0.00.	0.00.	41,957,006.00.	100.00%
24	J.W. Construction Sp. z o.o.	Ząbki	prefabricated unit production for the building industry	subsidiary	full consolidation	19/02/2008	50.00.	0.00.	0.00.	50.00.	0.01%
25	Fabryka Maszyn i Urządzeń FAMAŁ S.A.	Kluczbork	production	associate	not consolidated	12/11/2007	29,630.00.	0.00.	0.00.	29,630.00.	0.04%

**Note 6. Non-current receivables**

<b>NON-CURRENT RECEIVABLES</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
a) guarantee receivables	810,075.54.	0.00.
b) deposit receivables( leasing)	15,916,915.90.	15,773,445.52.
b) other receivables	198,998.22.	0.00.
<b>Total receivables</b>	<b>16,925,989.66.</b>	<b>15,773,445.52.</b>

Non-current receivables include a security deposit for the lease of hotels (securing receivables of the financing party under the sale and lease back agreement) and a guarantee deposit paid by the Company in accordance with the schedule appended to the lease agreement for real estate located in Zabki (office building).

**Note 7. Inventories and construction contracts**

<b>INVENTORIES</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
a) materials	2,161,087.09.	3,265,429.82.
b) semi-finished products and work in progress	2,574,808.71.	599,276.55.
c) finished products	470,139.45.	2,126,186.22.
d) goods	32,965,850.53.	32,380,574.16.
e) trade advances	136,361.41.	3,000.00.
<b>Total inventories</b>	<b>38,308,247.19.</b>	<b>38,374,466.75.</b>

The costs associated with impairment allowances are recognized in statement of comprehensive income of operating activities.

<b>CONSTRUCTION CONTRACTS</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
<b>CONSTRUCTION CONTRACTS (current assets)</b>		
a) semi-finished products and work in progress	344,961,353.17.	390,764,358.35.
b) finished products	142,272,472.01.	112,139,256.80.
c) advances for supplies	4,301,975.94.	19,246,515.49.
d) short-term prepayments	862,921.44.	820,252.80.
<b>Total construction contracts</b>	<b>492,398,722.56.</b>	<b>522,970,383.44.</b>
<b>CONSTRUCTION CONTRACTS (current liabilities)</b>		
a) accruals	86,571,937.93.	69,575,044.14.
<b>Total construction contracts</b>	<b>86,571,937.93.</b>	<b>69,575,044.14.</b>

The Companies of the Group, in connection with the business activities, incur the loans that are secured with the mortgage on the property. As at 30 June 2012, the Company established securities in the form of mortgages presented in inventories and construction contracts with the value of PLN 461,200,000 and presented in fixed assets with the value of PLN 289,700,000. The value of the mortgage is established on the amount of the credit granted (or higher), therefore, this amount exceeds the value of the property shown in assets of the Group's Companies. As at 30 June 2012, the loan liabilities amounted to PLN 370,900,000 (excluding credits of TBS Marki Sp. z o.o., liabilities amount to PLN 266,000,000).

<b>Accruals</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
-advances on premises	79,067,498.22.	66,314,819.81.
-works provision	6,581,920.92.	2,155,550.05.
-other	922,518.79.	1,104,674.28.
<b>The total value of accruals</b>	<b>86,571,937.93.</b>	<b>69,575,044.14.</b>

**Note 8. Trade and other receivables**

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

<b>CURRENT RECEIVABLES</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
a) trade receivables - related parties	132,487.96.	161,695.01.
b) trade receivables - other parties	39,716,550.41.	49,836,665.07.
c) taxes, subsidies, customs duties, social and health insurance and other payments	9,797,295.94.	13,535,049.31.
d) other	2,197,144.10.	1,290,098.69.
<b>Total receivables</b>	<b>51,843,478.40.</b>	<b>64,823,508.08.</b>

**Note 9. Other short-term financial assets**

<b>SHORT-TERM INVESTMENTS</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
a) shares	0.00.	0.00.
b) loans granted	703,439.20.	433,014.21.
c) other investments	115,492.85.	115,492.85.
<b>Total value of short-term investments</b>	<b>818,932.05.</b>	<b>548,507.06.</b>

<b>SHORT-TERM INVESTMENTS</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
a) in subsidiaries	392,816.97.	115,492.85.
- shares	0.00.	0.00.
- debt securities	0.00.	0.00.
- other securities	0.00.	0.00.
- loans granted	277,324.12.	0.00.
- other short-term financial assets	115,492.85.	115,492.85.
b) in other parties	426,115.08.	433,014.21.
- shares	0.00.	0.00.
- debt securities	0.00.	0.00.
- other securities	0.00.	0.00.
- loans granted	426,115.08.	433,014.21.
c) other short-term investments	0.00.	0.00.
<b>Total value of short-term investments</b>	<b>818,932.05.</b>	<b>548,507.06.</b>

**Note 10. Cash and cash equivalents**

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

<b>CASH AND CASH EQUIVALENTS</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
a) cash on hand and with bank	21,170,082.34.	26,905,980.13.
b) other cash	2,420,121.70.	16,083,746.78.
c) other cash equivalents	387,919.52.	5,911.98.
<b>Total cash</b>	<b>23,978,123.56.</b>	<b>42,995,638.89.</b>

**Note 11. Short-term prepayments**

<b>ACCRUALS</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
- short-term prepayments	20,516,757.94.	23,734,800.01.
<b>The total value of accruals</b>	<b>20,516,757.94.</b>	<b>23,734,800.01.</b>

<b>Accruals</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
- property insurance	98,749.92.	90,678.71.
- interest	6,353,350.45.	4,859,505.46.
- commission expenses	8,017,140.03.	9,819,270.74.
- property tax, perpetual usufruct, road tax	809,222.00.	0.00.
- other	5,238,295.54.	8,965,345.10.
<b>The total value of accruals</b>	<b>20,516,757.94.</b>	<b>23,734,800.01.</b>

Other prepaid expenses of the Group record costs incurred in connection with deferred income. The main item are expenses incurred on commissions received by salesmen for sale of apartments. The said commissions are allocated to concrete apartments/premises sold by the Group and are deferred until premises are delivered to the buyer.

## Note 12. Share capital

SHARE CAPITAL (STRUCTURE) as at 30 June 2012								
Class / issue	Share type	Type of preference	Types of restrictions on rights to shares	Number of shares	Par value of class/issue	Coverage of capital	Registration Date	Right to dividend
		shares						(from)
A and B	Bearer		-	54,073,280.	10,814,656.	Assets of a transformed company - TBM Batory Sp. z o.o. / Cash	01/07/2010	
<b>Total number of shares</b>				54,073,280.				
<b>Total share capital</b>					10,814,656.			
Par value of one share = PLN 0.20								

On 18 May 2010, the General Meeting („General”) adopted the Resolution No.26 on the basis of which the District Court of the Capital City of Warsaw XIV Division of the National Court Register registered on 1 July 2010 the decrease in share capital of the Company from PLN 10.939.656 to PLN 10.814.656 that is PLN 125,000 by cancellation of 625.000 shares. The General was recorded in the minutes by a notary form Warsaw Krzysztof Kruszewski under a notarial deed with a number Rep. A 6811/2010.

Redeemed shares were owned by the Company which were acquired on the basis of the Resolution No.26 of the General Meeting of 19 June 2008 as a result of purchasing its own shares for redemption. Redeemed shares were purchased by net profit contained in the supplementary capital, in accordance with the Article 360.2.2 of the Code of Commercial Companies there was no convocation procedure. The average price of redeemed shares amounted to PLN 7,09.

At 30 June 2012 the shareholding structure was as follows:

Company	Number of shares held	% of share capital	Number of votes	% of total number of votes in the General Meeting
Józef Wojciechowski	15.413.713.	28.51 %	15.413.713.	28.51 %
EHT S.A domiciled in Luxembourg	18.568.300.	34.34 %	18.568.300.	34.34 %
Other *	20.091.267.	37.15 %	20.091.267.	37.15 %

of which:

Investment funds managed by PKO TFI S.A	Between 5 and 10% of the shares <sup>x</sup>
Pioneer Pekao TFI S.A	Between 5 and 10% of the shares <sup>xx</sup>

<sup>x</sup> on 9 April 2010, the Company received a notification on exceeding a 5% threshold of the share capital of the Company by the Funds managed by PKO TFI S.A, as at 9 April 2010 it was 3,245,668 shares representing 5.93% of the share capital of the Company entitling to 3,245,668 votes at the General Meeting of the Company and representing 5.93% of the total number of votes. In accordance with applicable law, a shareholder must notify the Company of exceeding the threshold of 5% and 10% of the total number of shares of the Company. To date, the Company has not received any notice from a shareholder, which would include information about reducing the number of shares held less than 5% or increase above 10% of the share capital of the Company.

<sup>xx</sup> on 22 November 2011, the Company received a notification on a decrease below a 10 % threshold of the share capital of the Company by the Pioneer Open\_End Investment Fund managed by Pioneer Pekao TFI S.A, as at that day it was 5,382.182 shares representing 9.95 % of the share capital of the Company entitling to 5,382.182 votes at the General Meeting of the Company representing 9.95% of the total number of votes. In accordance with applicable law, a shareholder must notify the Company of exceeding the threshold of 5% and 10% of the total number of shares of the Company. To date, the Company has not received any notice from a shareholder, which would include information about reducing the number of shares held less than 5% or increase above 10% of the share capital of the Company.

Mr. Józef Wojciechowski controls EHT S.A. domiciled in Luxembourg.

Information about the company's shareholders as at the date of the preparation of this report

Company	Number of shares held	% of share capital	Number of votes	% of total number of votes in the General Meeting
Józef Wojciechowski	15.413.713.	28.51 %	15.413.713.	28.51 %
EHT S.A domiciled in Luxembourg	18.568.300.	34.34 %	18.568.300.	34.34 %
Other *	20.091.267.	37.15 %	20.091.267.	37.15 %

of which:

Investment funds managed by PKO TFI S.A	Between 5 and 10% of the shares <sup>x</sup>
Pioneer Pekao TFI S.A	Between 5 and 10% of the shares <sup>xx</sup>

<sup>x</sup> on 9 April 2010, the Company received a notification on exceeding a 5% threshold of the share capital of the Company by the Funds managed by PKO TFI S.A, as at 9 April 2010 it was 3,245,668 shares representing 5.93% of the share capital of the Company entitling to 3,245,668 votes at the General Meeting of the Company and representing 5.93% of the total number of votes. In accordance with applicable law, a shareholder must notify the Company of exceeding the threshold of 5% and 10% of the total number of shares of the Company. To date, the Company has not

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received any notice from a shareholder, which would include information about reducing the number of shares held less than 5% or increase above 10% of the share capital of the Company.

<sup>xx</sup> on 22 November 2011, the Company received a notification on a decrease below a 10 % threshold of the share capital of the Company by the Pioneer Open\_End Investment Fund managed by Pioneer Pekao TFI S.A, as at that day it was 5.382.182 shares representing 9.95 % of the share capital of the Company entitling to 5.382.182 votes at the General Meeting of the Company representing 9.95% of the total number of votes. In accordance with applicable law, a shareholder must notify the Company of exceeding the threshold of 5% and 10% of the total number of shares of the Company. To date, the Company has not received any notice from a shareholder, which would include information about reducing the number of shares held less than 5% or increase above 10% of the share capital of the Company.  
Mr. Józef Wojciechowski controls EHT S.A. domiciled in Luxemburg.

**Note 13. Other capital**

<b>OTHER CAPITAL</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
a) supplementary capital	502,788,138.78.	475,898,366.20.
b) other reserve capital	7,947,307.60.	7,947,307.60.
c) translation reserve	-355,966.97.	-523,866.03.
<b>Total other capital</b>	<b>510,379,479.41.</b>	<b>483,321,807.77.</b>

The Group's supplementary capital comes from the retained earnings that were obtained in the previous years, and from the surplus value of the issue over the nominal value of issued shares.

**Note 14. Borrowings**

<b>BORROWINGS</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
a) credits	370,962,823.45.	287,515,062.15.
<i>of which: long-term</i>	<i>256,447,230.69.</i>	<i>205,546,898.02.</i>
<i>Short-term</i>	<i>114,515,592.76.</i>	<i>81,968,164.13.</i>
b) loans	3,171,952.25.	3,096,821.75.
<i>of which: long-term</i>	<i>0.00.</i>	<i>0.00.</i>
<i>Short-term</i>	<i>3,171,952.25.</i>	<i>3,096,821.75.</i>
<b>Total borrowings</b>	<b>374,134,775.70.</b>	<b>290,611,883.90.</b>
<b>Borrowings - long-term</b>	<b>256,447,230.69.</b>	<b>205,546,898.02.</b>
<b>Borrowings - short-term</b>	<b>117,687,545.01.</b>	<b>85,064,985.88.</b>

In the first half of 2012 and from the balance sheet date of these financial statements none of the concluded credit agreements was terminated by the bank.

<b>LOANS PER MATURITY</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
Up to 1 year	114,515,592.76.	81,968,164.13.
Over 1 year up to 2 years	56,695,024.42.	39,630,932.30.
Over 2 year up to 5 years	69,889,396.11.	45,054,441.13.
Over 5 years	129,862,810.16.	120,861,524.59.
<b>Total loans, including:</b>	<b>370,962,823.45.</b>	<b>287,515,062.15.</b>
- long-term	115,261,166.17.	166,514,258.87.
- short-term	96,832,075.38.	92,478,011.28.

<b>CASH LOANS PER MATURITY</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
Up to 1 year	3,171,952.25.	3,096,821.75.
Over 1 year up to 2 years	0.00.	0.00.
Over 2 year up to 5 years	0.00.	0.00.
Over 5 years	0.00.	0.00.
<b>Total loans, of which:</b>	<b>3,171,952.25.</b>	<b>3,096,821.75.</b>
- long-term	0.00.	0.00.
- short-term	3,171,952.25.	3,096,821.75.

including TBS Marki Sp. z o.o. - loans taken by the Company of TBS Marki Sp. z o.o – the company from the Group, which took the loan from the National Housing Fund on an entirely separate conditions, regulated by the Ordinance of 26 October 1995 in the Act on Some Forms of Supporting Housing Construction (Journal of Laws 00.98.1070.unitary text)

<b>BORROWINGS</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
a) credits	104,889,669.96.	105,400,897.17.
<i>of which: long-term</i>	<i>100,200,942.96.</i>	<i>100,778,668.44.</i>
<i>Short-term</i>	<i>4,688,727.00.</i>	<i>4,622,228.73.</i>
b) loans	0.00.	0.00.
<i>of which: long-term</i>	<i>0.00.</i>	<i>0.00.</i>
<i>Short-term</i>	<i>0.00.</i>	<i>0.00.</i>



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<b>Total borrowings</b>	<b>104,889,669.96.</b>	<b>105,400,897.17.</b>
<b>Borrowings - long-term</b>	<b>100,200,942.96.</b>	<b>100,778,668.44.</b>
<b>Borrowings - short-term</b>	<b>4,688,727.00.</b>	<b>4,622,228.73.</b>

<b>LOANS PER MATURITY</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
Up to 1 year	4,688,727.00.	4,622,228.73.
Over 1 year up to 2 years	0.00.	0.00.
Over 2 year up to 5 years	0.00.	0.00.
Over 5 years	100,200,942.96.	100,778,668.44.
<b>Total loans, including:</b>	<b>104,889,669.96.</b>	<b>105,400,897.17.</b>
- long-term	100,200,942.96.	100,778,668.44.
- short-term	4,688,727.00.	4,622,228.73.

**Note 15. Deferred income tax assets and liabilities**

In the presented period deferred income tax assets and deferred income tax liabilities were not compensated as temporary differences arising from various items and reversed in various periods are not subject to compensation.

	<b>30 -06 -2012</b>		
	<b>Deferred income tax assets</b>	<b>Deferred tax liabilities</b>	<b>Net value</b>
<b>DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITIES</b>	12,666,112.97.	7,400,959.36.	5,265,153.61.

**Note 16. Retirement benefit obligations**

<b>CHANGE IN RETIREMENT BENEFIT OBLIGATIONS</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
Opening balance	633,000.00.	474,000.00.
Increases	0.00.	159,000.00.
Decreases	0.00.	0.00.
<b>Closing balance</b>	<b>633,000.00.</b>	<b>633,000.00.</b>

**Note 17. Provision for other liabilities and charges**

<b>PROVISIONS FOR OTHER LIABILITIES AND CHANGES</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
<b>a) short-term, of which:</b>	<b>14,260,897.15.</b>	<b>18,634,022.30.</b>
- accrued expenses, including:	10,221,236.15.	10,867,215.30.
- <i>interests charged</i>	2,383,642.74.	2,207,264.45.
- <i>rent deposits</i>	480,433.64.	477,649.38.
- <i>other</i>	7,357,159.77.	8,182,301.47.
- other provisions, including:	4,039,661.00.	7,766,807.00.
- <i>provisions for future liabilities</i>	0.00.	0.00.
- <i>provisions for guarantee repairs</i>	3,407,935.00.	6,407,935.00.
- <i>other provisions</i>	631,726.00.	1,358,872.00.
<b>a) long-term, of which:</b>	<b>56,369,058.70.</b>	<b>56,648,040.32.</b>
- accrued expenses, including:	56,369,058.70.	56,648,040.32.
- <i>participation in costs of construction -TBS Marki</i>	49,499,594.01.	49,115,412.52.
- <i>deferred income- loan remittance-TBS Marki</i>	6,255,708.82.	6,688,713.69.
- <i>deferred surplus of revenues from sales over the carrying value/sale and lease back</i>	613,755.87.	843,914.11.
<b>Total provisions for other liabilities and charges</b>	<b>70,629,955.85</b>	<b>75,282,062.62.</b>

**Note 18. Other non-current liabilities**

<b>OTHER NON-CURRENT LIABILITIES</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
a) lease obligations	39,620,336.28.	42,840,811.55.
b) deposit liabilities	6,381,123.61.	5,855,881.70.
c) other non-current liabilities	4,850,079.63.	4,817,747.70.
d) note liabilities	4,501,062.50.	0.00.
e) bonds	225,000,000.00.	130,000,000.00.
<b>Total other liabilities</b>	<b>280,352,602.02.</b>	<b>183,514,440.95.</b>

On 25 June 2010, the Company issued a total amount of 1,300 of long-term unsecured bonds with their nominal value of PLN 100.000 zł each. The total value of the issuance amounted to PLN 130 million. The maturity date was set on 25 June 2013. Notes bear interest at the rate of WIBOR 3M plus a margin. Cash from the issuance of Bonds is intended to finance the Company's growth strategy, including the land purchase and financing of new residential and commercial projects.

On April 27, 2012, the Company issued 3,000 coupon bearer bonds with a par value of PLN 10,000 each and 6,500 coupon bearer bonds with a par value of PLN 10,000. The total nominal value of the bonds issue of WX0415 series amounted to PLN 30,000,000 and of JWC0415 series amounted to PLN 65,000,000. Maturity date was set on April 24, 2015. The Bonds bear interest at the rate of WIBOR 3M plus margin. The bond issue was addressed to a recipient that is individually marked as VIS Company Investments Sp. z o.o. SKA, (partnership limited by shares) based in Warsaw, in Kasprzaka 29/31 street. The payment of the total issue price was in a form of a deduction of demandable claim of the Company due to payment by the company VIS Investments Sp. z o.o with the total issue price of a demandable claim of VIS Investments Sp. z o.o. SKA (partnership limited by shares) due to payment by the Company of JWCH of a part of sale of perpetual usufruct of land and ownership of buildings erected on it and the equipment attributable to the Company of JWCH pursuant to the sale agreement of perpetual usufruct of developed property located in Kasprzaka 29/31 Street concluded on 27.04.2012 by the Company, VIS Investments Sp. z o.o. SKA and JW Group Sp. z o.o. 1 company limited by shares.

**Note 19. Trade and other payables**

<b>TRADE AND OTHER PAYABLES</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
a) trade payables - other parties	65,975,772.33.	83,475,994.56.
b) trade payables - related parties	1,352,697.38.	1,620,643.77.
c) taxes, customs duties, insurance and other payments	8,872,430.61.	14,113,887.29.
d) salaries	2,079,503.72.	2,436,940.68.
e) other	8,260,463.77.	12,174,822.09.
<b>Total trade and other payables</b>	<b>86,540,867.81.</b>	<b>113,822,288.39.</b>

<b>OTHER LIABILITIES</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
a) debt securities issue- liabilities	5,044,362.00.	3,042,000.00.
b) note liabilities	83,474,614.71.	134,178,961.81.
c) lease liabilities	6,214,292.24.	5,692,939.27.
d) other financial liabilities	0.00.	0.00.
<b>Total other liabilities</b>	<b>94,733,268.95.</b>	<b>142,913,901.08.</b>

**Note 20. Risk Management**

Risk management is described under the Management Commentary.

**Note 21. Earnings per share**

<b>CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE</b>	<b>1 January 2012 to 30-06-2012</b>	<b>1 January 2011 to 30-06-2011</b>
<b>Profits</b>		
(A) Profit disclosed in the consolidated financial statements	8,579,815.23	24,704,627.11
<b>Number of shares</b>		
(B) Number of ordinary shares and preferred shares (as to the right to vote in the General Meeting of the Company) for the purpose of calculating earnings per share *	54,073,280.00.	54,073,280.00.
(C) Number of ordinary shares and preferred shares (as to the right to vote in the General Meeting of the Company) for the purpose of calculating diluted earnings per share	54,073,280.00.	54,073,280.00.
<b>Basic earnings per share = (A)/(B)</b>	<b>0.16.</b>	<b>0.46.</b>
<b>Diluted earnings per share = (A)/(B)</b>	<b>0.16.</b>	<b>0.46.</b>

\* In accordance with IAS 33 "Earnings Per Share" the number of shares assumed for calculation of basic earnings per share was the weighted average number of shares during a given period. The said number was established as the number of shares as at the beginning of the given period adjusted by the number of shares bought back or issued during such period, weighted with an index reflecting the period of such number of shares (number of days of existence of shares to total number of days in a given period - from the day of share capital increase registration). During the analysed period there were no circumstances to dilute the number of shares.

**Note 22. Income tax**

<b>INCOME TAX</b>	<b>from 01-01-2012 to 30-06-2012</b>	<b>from 01-01-2011 to 30-06-2011</b>
a) Current income tax	831,305.32.	13,005,743.15.
b) deferred income tax	1,237,366.31.	-6,929,556.12.
<b>Total Income tax</b>	<b>2,068,671.63.</b>	<b>6,076,187.03.</b>

**Note 23. Segment Reporting**

**Branch Segments**

As assumed, the primary division of activity into segments is the division based on branch segments. The business of the Group is conducted mainly in three following segments:

- developer activity
- social building
- hotel activities

Pursuant to IFR14 'Reporting concerning segments of activity', when drawing up financial data concerning particular segments of activity, according to the principle applied revenue and expenses along with assets and liabilities of a segment are established before the moment of consolidation when the settlement of balance sheet statements and transactions carried out among the Group's economic entities are excluded, with an exception of cases where this type of settling balances among entities were done within one segment. Internal transactions within the segment's framework were eliminated. Financial data concerning the particular segments of activity include individual financial statements of Group's companies without the exclusions of balance sheet statements and transactions made, while the exclusion of revenue, expenses and mutual statements were presented in the 'Elimination' column. Developer activity in which consolidation of individual statements of companies running this kind of business was made, is an exception. In 2012, the segment was comprised of the following entities: JW. Construction Holding SA, Lokum Sp. z o.o.. The primary kind of goods and services within the framework of each branch segment:

- developer activity- the implementation of the building, designing and supporting production and sale of properties,
- social housing construction - sale and administration of social building estates,
- other construction - implementation of construction - assembly production
- transport services,
- hotel activities - catering and hotel services connected with the organization of tourism and recreation.

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from 01-01-2012 to 30-06-2012	Developer activity	Hotel activity	social building	construction	transport	eliminations	Total
<b>Net revenues from sales of products, goods and materials, of which:</b>	<b>113,508,898.76.</b>	<b>7,274,440.88.</b>	<b>6,884,660.13.</b>	<b>97,720,022.92.</b>	<b>4,589,251.13.</b>	<b>-74,539,370.90.</b>	<b>155,437,902.92.</b>
Net revenues from sales of products	113,035,133.70.	7,274,440.88.	6,884,660.13.	95,501,267.76.	4,589,251.13.	-73,565,478.79.	153,719,274.81.
Net revenues from sales of goods and materials	473,765.06.	0.00.	0.00.	2,218,755.16.	0.00.	-973,892.11.	1,718,628.11.
<b>Costs of products, goods and materials sold, of which:</b>	<b>72,586,623.77.</b>	<b>7,506,002.89.</b>	<b>3,532,086.98.</b>	<b>96,782,391.04.</b>	<b>3,193,097.54.</b>	<b>-71,807,788.66.</b>	<b>111,792,413.56.</b>
Manufacturing cost of products sold	72,493,498.71.	7,506,002.89.	3,532,086.98.	95,093,203.19.	3,193,097.54.	-70,833,896.55.	110,983,992.76.
Value of goods and materials sold	93,125.06.	0.00.	0.00.	1,689,187.85.	0.00.	-973,892.11.	808,420.80.
<b>Gross profit (loss) on sales</b>	<b>40,922,274.99.</b>	<b>-231,562.01.</b>	<b>3,352,573.15.</b>	<b>937,631.88.</b>	<b>1,396,153.59.</b>	<b>-2,731,582.24.</b>	<b>43,645,489.36.</b>
<b>Selling expenses</b>	<b>10,189,024.46.</b>	<b>0.00.</b>	<b>0.00.</b>	<b>68,099.89.</b>	<b>0.00.</b>	<b>0.00.</b>	<b>10,257,124.35.</b>
<b>Overhead expenses</b>	<b>11,341,801.60.</b>	<b>161,788.78.</b>	<b>491,321.29.</b>	<b>1,820,398.49.</b>	<b>1,204,030.47.</b>	<b>-137,254.07.</b>	<b>14,882,086.56.</b>
<b>Revaluation of investment properties</b>	<b>10,605,809.25.</b>	<b>0.00.</b>	<b>0.00.</b>	<b>0.00.</b>	<b>0.00.</b>	<b>0.00.</b>	<b>10,605,809.25.</b>
<b>Profit (loss) on sales</b>	<b>29,997,258.18.</b>	<b>-393,350.79.</b>	<b>2,861,251.86.</b>	<b>-950,866.50.</b>	<b>192,123.12.</b>	<b>-2,594,328.17.</b>	<b>29,112,087.70.</b>
Other operating income	16,331,772.41.	231,160.92.	34,152.04.	822,493.70.	1,518,004.02.	-2,004,892.39.	16,932,690.70.
Other operating expenses	5,647,916.27.	3,000.67.	75,991.29.	921,633.79.	2,074,434.74.	-2,837,334.43.	5,885,642.33.
<b>Operating profit (loss)</b>	<b>40,681,114.32.</b>	<b>-165,190.54.</b>	<b>2,819,412.61.</b>	<b>-1,050,006.59.</b>	<b>-364,307.60.</b>	<b>-1,761,886.13.</b>	<b>40,159,136.07.</b>
Financial income	4,014,705.16.	364,692.06.	832,775.02.	879,985.02.	340,870.54.	-1,842,550.20.	4,590,477.60.
Financial expenses	29,841,100.48.	748,541.36.	2,151,247.73.	524,338.64.	3,456.56.	832,442.04.	34,101,126.80.
<b>Profit (loss) on ordinary activities</b>	<b>14,854,719.00.</b>	<b>-549,039.84.</b>	<b>1,500,939.90.</b>	<b>-694,360.21.</b>	<b>-26,893.62.</b>	<b>-4,436,878.37.</b>	<b>10,648,486.87.</b>
<b>Gross profit (loss)</b>	<b>14,854,719.00.</b>	<b>-549,039.84.</b>	<b>1,500,939.90.</b>	<b>-694,360.21.</b>	<b>-26,893.62.</b>	<b>-4,436,878.37.</b>	<b>10,648,486.87.</b>
Income tax	2,358,023.97.	43,730.10.	16,178.00.	-94,288.08.	237,950.00.	-492,922.35.	2,068,671.63.
<b>Net profit (loss)</b>	<b>12,496,695.03.</b>	<b>-592,769.94.</b>	<b>1,484,761.90.</b>	<b>-600,072.13.</b>	<b>-264,843.62.</b>	<b>-3,943,956.02.</b>	<b>8,579,815.23.</b>

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from 01-01-2011 to 30-06-2011	Developer activity	Hotel activity	social building	construction	transport	eliminations	Total
<b>Net revenues from sales of products, goods and materials, of which:</b>	<b>192,812,430.75.</b>	<b>7,425,802.56.</b>	<b>6,974,205.51.</b>	<b>58,600,337.75.</b>	<b>3,449,517.56.</b>	<b>-50,542,595.78.</b>	<b>218,719,698.35.</b>
Net revenues from sales of products	190,848,980.72.	7,425,802.56.	6,523,205.51.	57,651,039.55.	3,449,411.64.	-49,795,300.67.	216,103,139.31.
Net revenues from sales of goods and materials	1,963,450.03.	0.00.	451,000.00.	949,298.20.	105.92.	-747,295.11.	2,616,559.04.
<b>Costs of products, goods and materials sold, of which:</b>	<b>130,958,952.89.</b>	<b>7,296,528.64.</b>	<b>3,973,960.67.</b>	<b>58,966,256.04.</b>	<b>2,233,695.97.</b>	<b>-49,999,459.41.</b>	<b>153,429,934.80.</b>
Manufacturing cost of products sold	129,002,852.87.	7,296,528.64.	3,552,955.97.	58,271,413.18.	2,233,590.05.	-49,252,164.30.	151,105,176.41.
Value of goods and materials sold	1,956,100.02.	0.00.	421,004.70.	694,842.86.	105.92.	-747,295.11.	2,324,758.39.
<b>Gross profit (loss) on sales</b>	<b>61,853,477.86.</b>	<b>129,273.92.</b>	<b>3,000,244.84.</b>	<b>-365,918.29.</b>	<b>1,215,821.59.</b>	<b>-543,136.37.</b>	<b>65,289,763.55.</b>
<b>Selling expenses</b>	12,554,551.87.	0.00.	0.00.	93,967.16.	0.00.	0.00.	<b>12,648,519.03.</b>
<b>Overhead expenses</b>	11,824,726.96.	316,835.48.	476,176.04.	3,376,549.48.	1,451,212.59.	-137,349.35.	<b>17,308,151.20.</b>
<b>Revaluation of investment properties</b>	12,202,148.33.	0.00.	0.00.	0.00.	0.00.	0.00.	<b>12,202,148.33.</b>
<b>Profit (loss) on sales</b>	<b>49,676,347.36.</b>	<b>-187,561.56.</b>	<b>2,524,068.80.</b>	<b>-3,836,434.93.</b>	<b>-235,391.00.</b>	<b>-405,787.02.</b>	<b>47,535,241.65.</b>
Other operating income	3,308,723.17.	235,659.08.	21,852.35.	782,607.86.	1,310,117.10.	-1,332,198.49.	4,326,761.07.
Other operating expenses	3,955,281.24.	2,648.49.	30,970.53.	546,319.80.	463,526.45.	-345,149.47.	4,653,597.04.
<b>Operating profit (loss)</b>	<b>49,029,789.29.</b>	<b>45,449.03.</b>	<b>2,514,950.62.</b>	<b>-3,600,146.87.</b>	<b>611,199.65.</b>	<b>-1,392,836.04.</b>	<b>47,208,405.68.</b>
Financial income	1,043,933.98.	320,422.12.	757,477.15.	599,370.85.	300,706.16.	620,979.00.	3,642,889.26.
Financial expenses	16,148,224.85.	746,875.84.	2,226,468.17.	665,611.29.	283,300.65.	0.00.	20,070,480.80.
<b>Profit (loss) on ordinary activities</b>	<b>33,925,498.42.</b>	<b>-381,004.69.</b>	<b>1,045,959.60.</b>	<b>-3,666,387.31.</b>	<b>628,605.16.</b>	<b>-771,857.03.</b>	<b>30,780,814.14.</b>
<b>Gross profit (loss)</b>	<b>33,925,498.42.</b>	<b>-381,004.69.</b>	<b>1,045,959.60.</b>	<b>-3,666,387.31.</b>	<b>628,605.16.</b>	<b>-771,857.03.</b>	<b>30,780,814.14.</b>
Income tax	6,410,024.32.	30,562.53.	34,529.00.	-211,148.79.	21,553.11.	-209,333.13.	6,076,187.03.
<b>Net profit (loss)</b>	<b>27,515,474.10.</b>	<b>-411,567.22.</b>	<b>1,011,430.60.</b>	<b>-3,455,238.51.</b>	<b>607,052.05.</b>	<b>-562,523.91.</b>	<b>24,704,627.11.</b>

## NOTES TO THE CONSOLIDATED INCOME STATEMENTS

### Note 24. Operating income

<b>OPERATING INCOME</b>	<b>from 01-01-2012 to 30-06-2012</b>	<b>from 01-01-2011 to 30-06-2011</b>
Revenues from sales of products	114,851,970.74.	183,177,703.81.
Revenues from sales of services	38,867,304.07.	32,925,435.50.
Revenues from sales of goods	1,718,628.11.	2,616,559.04.
<b>Total income</b>	<b>155,437,902.92.</b>	<b>218,719,698.35.</b>

	<b>from 01-01-2012 to 30-06-2012</b>	<b>from 01-01-2011 to 30-06-2011</b>
<b>Revenues from sales, of which:</b>	<b>155,437,902.92.</b>	<b>218,719,698.35.</b>
- from sales of products - units, plots, buildings	110,219,024.55.	183,177,703.81.
- sales of products - other	4,632,946.19.	1,913,427.07.
- sales of services	38,867,304.07.	31,012,008.43.
- sales of goods	1,718,628.11.	2,616,559.04.

	<b>from 01-01-2012 to 30-06-2012</b>	<b>from 01-01-2011 to 30-06-2011</b>
<b>Revenues from sales of products and services per business segment</b>	<b>153,719,274.81.</b>	<b>216,103,139.31.</b>
- developer activity	117,979,102.98.	195,834,779.42.
- hotel activities	7,274,440.88.	7,425,802.56.
- social building	6,884,660.13.	6,523,205.51.
- transport services,	121,075.50.	94,709.06.
- construction	21,459,995.32.	6,224,642.76.

	<b>from 01-01-2012 to 30-06-2012</b>	<b>from 01-01-2011 to 30-06-2011</b>
<b>Revenues from sales of products - premises, plots, buildings per geographic segments</b>	<b>110,219,024.55.</b>	<b>183,177,703.81.</b>
- Warsaw and vicinity	108,961,564.63.	180,158,443.12.
- Gdynia	939,020.13.	3,228,190.67.
- Łódź	318,439.79.	-212,002.86.
- Katowice	0.00.	3,072.88.

	<b>from 01-01-2012 to 30-06-2012</b>	<b>from 01-01-2011 to 30-06-2011</b>
<b>Revenues from sales of hotel services per geographic segments</b>	<b>7,274,440.88.</b>	<b>7,425,802.56.</b>
- Warsaw and vicinity	2,771,587.87.	2,725,218.52.
- Tarnowo	2,422,724.32.	2,472,342.62.
- Stryków	1,268,212.44.	1,487,150.30.
- Cieszyn	504,111.24.	556,406.44.
- Święta Lipka	307,805.01.	0.00.
- Krynica Górská	0.00.	184,684.68.

### Note 25. Operating expenses

<b>Operating expenses</b>	<b>from 01-01-2012 to 30-06-2012</b>	<b>from 01-01-2011 to 30-06-2011</b>
Costs on sale of products	79,946,555.88.	123,754,674.54.
Costs on sale of services	31,037,436.88.	27,350,501.87.
Costs on sale of goods	808,420.80.	2,324,758.39.
<b>Total costs of products, services and goods sold</b>	<b>111,792,413.56.</b>	<b>153,429,934.80.</b>

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<b>Selling and overhead expenses</b>	<b>from 01-01-2012 to 30-06-2012</b>	<b>from 01-01-2011 to 30-06-2011</b>
Selling expenses	10,257,124.35.	12,648,519.03.
Overhead expenses	14,882,086.56.	17,308,151.20.
<b>Total selling and overhead expenses</b>	<b>25,139,210.91.</b>	<b>29,956,670.23.</b>

<b>Costs by type</b>	<b>from 01-01-2012 to 30-06-2012</b>	<b>from 01-01-2011 to 30-06-2011</b>
Depreciation and amortisation	5,418,192.20.	6,118,324.82.
Cost of materials and energy	163,195,882.20.	22,838,197.27.
Services made by other contractions	109,037,998.03.	54,979,816.89.
Taxes and duties	6,318,817.70.	6,735,602.77.
Wages and Salaries	17,788,822.13.	21,262,908.26.
Services for the benefit of employees	3,317,973.47.	3,754,154.29.
Other costs	6,375,722.36.	10,578,795.14.
<b>Total costs according to types</b>	<b>311,453,408.09.</b>	<b>126,267,799.44.</b>

**Note 26. Other operating income**

<b>OPERATING INCOME</b>	<b>from 01-01-2012 to 30-06-2012</b>	<b>from 01-01-2011 to 30-06-2011</b>
a) profit from disposal of non-financial fixed assets	0.00.	0.00.
b) other operating income	17,706,312.31.	4,326,761.07.
<b>Total operating income</b>	<b>17,706,312.31.</b>	<b>4,326,761.07.</b>

<b>OPERATING INCOME</b>	<b>from 01-01-2012 to 30-06-2012</b>	<b>from 01-01-2011 to 30-06-2011</b>
a) profit from disposal of non-financial fixed assets	0.00.	0.00.
b) handling charges	14,179,556.02.	1,852,177.07.
c) provisions	2,122,666.59.	0.00.
d) other	1,404,089.70.	2,474,584.00.
<b>Total operating expenses</b>	<b>17,706,312.31.</b>	<b>4,326,761.07.</b>

**Note 27. Other operating expenses**

<b>OPERATING EXPENSES</b>	<b>from 01-01-2012 to 30-06-2012</b>	<b>from 01-01-2011 to 30-06-2011</b>
a) loss on disposal of non-financial fixed assets	839,509.78.	575,124.15.
b) revaluation of non-financial assets	2,000,000.00.	1,067,313.16.
c) other operating expenses	3,819,754.16.	3,011,159.73.
<b>Total operating expenses</b>	<b>6,659,263.94.</b>	<b>4,653,597.04.</b>

<b>OPERATING EXPENSES</b>	<b>from 01-01-2012 to 30-06-2012</b>	<b>from 01-01-2011 to 30-06-2011</b>
a) loss on disposal of non-financial fixed assets	839,509.78.	575,124.15.
b) revaluation of non-financial assets	2,000,000.00.	1,067,313.16.
c) provisions	0.00.	418,591.60.
d) compensation, penalties and damages	503,975.01.	822,074.52.
e) compensation fee	28,952.72.	178,617.73.
f) cost of renovation of TBS Marki	0.00.	0.00.
g) other	3,286,826.43.	1,591,875.88.
<b>Total operating expenses</b>	<b>6,659,263.94.</b>	<b>4,653,597.04.</b>

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**Note 28. Financial income**

<b>FINANCIAL INCOME</b>	<b>from 01-01-2012 to 30-06-2012</b>	<b>from 01-01-2011 to 30-06-2011</b>
a) dividends	0.00.	0.00.
b) interest	4,452,139.64.	2,656,203.32.
c) revaluation of investment	0.00.	0.00.
d) other	138,337.96.	986,685.94.
<b>Total financial income</b>	<b>4,590,477.60.</b>	<b>3,642,889.26.</b>

<b>Financial income</b>	<b>from 01-01-2012 to 30-06-2012</b>	<b>from 01-01-2011 to 30-06-2011</b>
a) dividends	0.00.	0.00.
b) interests from customers	408,237.13.	966,292.51.
c) loan interests	416,508.69.	774,103.65.
d) deposit interests	351,812.98.	471,406.59.
e) bill interests	35,403.64.	3,547.26.
f) other interests	3,240,177.20.	440,853.31.
g) foreign exchange differences	0.00.	986,685.94.
h) other	138,337.96.	0.00.
<b>Total</b>	<b>4,590,477.60.</b>	<b>3,642,889.26.</b>

**Note 29. Financial expenses**

<b>FINANCIAL EXPENSES</b>	<b>from 01-01-2012 to 30-06-2012</b>	<b>from 01-01-2011 to 30-06-2011</b>
a) interests	17,417,746.99.	19,002,923.32.
b) loss on disposal of investments	14,430,895.92.	0.00.
c) other	2,252,483.90.	1,067,557.48.
<b>Total financial expenses</b>	<b>34,101,126.80.</b>	<b>20,070,480.80.</b>

<b>FINANCIAL EXPENSES</b>	<b>from 01-01-2012 to 30-06-2012</b>	<b>from 01-01-2011 to 30-06-2011</b>
a) interest, commission, credits	5,509,918.62.	5,263,085.20.
b) interest - leases	1,460,839.35.	1,592,268.54.
c) interest-loans	0.00.	0.00.
d) interest-bills	5,409,599.77.	5,242,055.41.
e) interest-bond issue	4,984,171.17.	6,063,258.73.
f) other interests	400,223.28.	842,255.44.
g) loss on disposal of investments	14,430,895.92.	0.00.
h) other	1,905,478.70.	1,067,557.48.
<b>Total financial expenses</b>	<b>34,101,126.80.</b>	<b>20,070,480.80.</b>



**Note 30. Transactions with related parties**

All transactions with the related parties were concluded on market terms.

BALANCES WITH RELATED PARTIES (from the viewpoint of the parent company) \*

No.	COMPANY NAME	Receivables from related parties		Liabilities to related parties	
		30-06-2012	31-12-2011	30-06-2012	31-12-2011
1.	TBS Marki Sp. z o.o.	6,613.45.	426,736.60.	25,529,076.72.	25,529,076.72.
2.	JW. Construction International Sp. z o.o	0.00.	17,638,377.31.	0.00.	0.00.
3.	Business Financial Construction Sp. z o.o.	141,313.36.	138,570.47.	2,989,630.19.	2,989,630.19.
4.	Lokum Sp. z oo	587,119.22.	91,402.84.	0.00.	0.00.
5.	Deweloper Sp. z o.o.	131,592.68.	126,977.74.	20,000.00.	20,000.00.
6.	JW. Projekt Sp. z o.o.	1,799,815.10.	1,716,318.74.	1,136,771.18.	1,136,771.18.
7.	JW. Construction S.A.	4,868,626.36.	1,865,842.89.	70,900,391.04.	70,900,391.04.
8.	J.W.Bułgaria	35,148,756.54.	35,749,007.08.	0.00.	0.00.
9.	Porta Transport Sp. z o.o. in liquidation	14,760.00.	16,041.00.	10,770,592.03.	10,770,592.03.
10.	Yakor House Sp.z o.o.	15,858,476.73.	12,248,060.52.	0.00.	0.00.
11.	J.W. Construction Sp. z o.o.	14,621,119.15.	13,980,544.23.	66,578.81.	66,578.81.
12.	JWCH Budownictwo Drogowe Sp. z o.o.	3,600,803.57.	3,311,541.09.	0.00.	0.00.
13.	Saspol Infrastruktury Sp. z o.o.	48,223.56.	46,627.95.	0.00.	0.00.
14.	Architects Polska Sp. z o.o	462,236.45.	461,221.67.	3,209.57.	3,209.57.
15.	J.W. Marka Sp. z o.o.	21,627.37.	484,763.87.	1,339,840.68.	1,648,097.67.
16.	J.W. Group Sp. z o.o.	6,060.60.	4,040.00.	0.00.	0.00.
17.	J.W. Group Sp. z o.o. 1 Partnership limited by shares	160,769,389.97.	0.00.	0.00.	0.00.

\* In the above statement, the settlement balances are presented with related entities from the perspective of the parent company. These balances include the amounts of the following transactions titles between entities: receivables and liabilities in respect of supplies and services, loans, expenses re-invoicing, paid deposits, advances and other transactions, except for amounts resulting from the valuation of construction contracts that were concluded by the parent company with special purpose vehicle (SPV) (over PLN 200,000).

**Note 31. Remuneration of members of authorities of the Company,.**

The remuneration for 2012 is presented below. The tables contain aggregate data of members of authorities of all companies of the Parent Company per remuneration for offices held in Group Companies, employment in Group Companies and other forms of remuneration.

Remuneration of the Management Board	from 01-01-2012 to 30-06-2012	from 01-01-2011 to 30-06-2011
For offices held in the Group	564,375.00.	477,000.00.
For employment in the Group	322,891.30.	178,042.72.
Other remuneration in the Group	0.00.	0.00.
<b>Total remuneration</b>	<b>887,266.30.</b>	<b>655,042.72.</b>

Remuneration of the Supervisory Board	from 01-01-2012 to 30-06-2012	from 01-01-2011 to 30-06-2011
For offices held in the Group	129,000.00.	132,000.00.
For employment in the Group	0.00.	12,000.00.
Other remuneration in the Group	0.00.	0.00.
<b>Total remuneration</b>	<b>129,000.00.</b>	<b>144,000.00.</b>

JW Construction Holding S.A.	from 01-01-2012 to 30-06-2012
<b>Management Board</b>	
Panabażys Tomasz	32,000.00.
Rajchert Wojciech	154,000.00.
Starzyńska Magdalena	73,375.00.
Wójcik Robert	154,000.00.
Łopuszyńska Irmina	151,000.00.
Malinowska Bożena	0.00.

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<b>Supervisory Board</b>	
Król Jarosław	12,000.00.
Michnicki Marcin	12,000.00.
Oleksy Józef	93,000.00.
Podsiadło Andrzej	12,000.00.
Wojciechowski Józef	0.00.

<b>Other Companies of the Capital Group</b>	<b>from 01-01-2012 to 30-06-2012</b>
<b>Management Board</b>	
Panabażys Tomasz	168,891.30.
Rajchert Wojciech	0.00.
Starzyńska Magdalena	0.00.
Wójcik Robert	0.00.
Łopuszyńska Irmina	24,000.00.
Malinowska Bożena	130,000.00.
<b>Supervisory Board</b>	
Król Jarosław	0.00.
Michnicki Marcin	0.00.
Oleksy Józef	0.00.
Podsiadło Andrzej	0.00.
Wojciechowski Józef	0.00.

**Average headcount per occupational groups**

<b>Occupational Group</b>	<b>30 -06 -2012</b>	<b>30 -06 -2011</b>
Management Board	4.	9.
Managers	36.	47.
Administration	211.	325.
Other employees	135.	317.
<b>Total</b>	<b>386.</b>	<b>698.</b>

<b>Contracts</b>	<b>30 -06 -2012</b>	<b>30 -06 -2011</b>
Employment contract	386.	698.
Commission contract	103.	118.
Contracts for a specific task	2.	26.
<b>Total</b>	<b>491.</b>	<b>842.</b>

**Note 32. Significant events during the accounting year**

**Corporate Affairs**

The Annual General Meeting

On 26 June 2012 the Annual General Meeting was held, which approved unitary financial statements, consolidated financial statements for 2011, reports on activities of the Management Board of the Company and its Capital Group and gave discharge to the members of the Company, appropriated the profit by allocating it entirely for a supplementary capital of the Company.

Management Board of the Company

In the reporting period, there were following changes in the Management Board:

On 01 February 2012, Mrs. Magdalena Starzyńska was appointed to Management Board.

Concluding loan agreements

On 20.02.2012, the Company concluded the revolving credit agreement with Millenium Bank S.A in the amount of PLN 21.000.000 for financing the investment at Jaroczyńskiego Street in Poznań. The repayment date was set on 31 March 2015.

On 09.03.2012, the Company concluded an agreement on Nowy Dow investor loan in the amount of PLN 27,558,000 for co-financing the implementation of Lewandów investment buildings 3-6 at Lewandów Street in Warsaw. The repayment date was set on 25 December 2014.

On 16 April 2012, the Company concluded a revolving credit agreement in the amount of PLN 30 million with Bank Polskiej Spółdzielczości S.A. dedicated to finance a current activity. The repayment date was set on 15 April 2015.

On 29 May 2012, the Company concluded a non-revolving credit with Bank Polskiej Spółdzielczości S.A. in the amount of PLN 13 million dedicated to finance a current activity. The repayment date was set on 28 May 2015.

Conclusion of the annex to the credit agreement

On 16 April 2012, the Company concluded an Annex to the working capital credit granted by Bank Polskiej Spółdzielczości S.A. in the amount of PLN 10 million, dedicated to finance a current activity. By virtue of the Annex, the credit use period and repayment date were postponed. The final repayment date is set on 26 April 2013.

On 24 April 2012, the Company concluded an overdraft facility agreement with Invest Bank S.A. in the amount of PLN 15 million. By virtue of the Annex, the credit use period and repayment date were postponed. The final repayment date is set on 25 April 2013.

On 25 May 2012, the Company concluded an Annex to the overdraft credit with PKO BP S.A. in the amount of PLN 10 million. By virtue of the Annex, the credit use period and repayment date were postponed. The final repayment date is set on 27 April 2013.

Credit Repayment

On 31 March 2012, the subsidiary under the company of J.W. Construction S.A. paid an overdraft facility granted by Bank PKO BP S.A. in the amount of PLN 7,000,000 dedicated to finance the current activity.

On May 30, 2012, the Company fully repaid the overdraft facility granted by BOŚ Bank S.A. in the amount of PLN 13 million which was dedicated to finance the current activity.

Occupancy permits

On 27 April 2012, the Company received the decision on building permit of a group of multi-family houses in Ożarów Mazowiecki. The permit is final.

On 14 May 2012, the Company received the decision on the occupancy permit of two buildings of Czarny Potok - a hotel complex in Krynica Zdrój. The issued decision concerns Buildings A and G. The permit is final.

On 04 June 2012, the Company received the decision on occupancy permit of two guest-house buildings in Sopot, at Parkowa Street. The permit is final.

A building permit

On 26 April 2012, the Company received the decision on building permission of a group of multi-family buildings with a garage and technical infrastructure in Powstania Wielkopolskiego Street and Powstania Śląskiego Street in Gdynia. The permit is final.

On 14 May 2012, the Company received the decision on building permission of a group of multi-family buildings and buildings in a twin building development at Sochaczewska/Płocka Street in Gdynia with a garage and technical infrastructure. The permit is not final.

On 12 June 2012, the Company received the decision on building permission of a group of multi-family residential - service buildings with land development at Tysiąclecia Street in Katowice. The permit is final.

Payment of interest on bonds

On 26 March 2012 and 25 June 2012, the Company paid bond interests, which the Company issued on 25 June 2010 in the total number of 1,300 pieces. Interests were paid in accordance with a rate based on 3M WIBOR plus a margin percentage. Bonds on which interests were paid, are long-term, unsecured, with a nominal value of PLN 100,000 each. Maturity date was set on 25 June 2013

The issue of Bonds

On April 27, 2012, the Company issued a total number of 9,500 long-term unsecured bonds with a nominal value of PLN 10,000 each, which corresponds to the issue price of par value. The total value

of the issue is PLN 95,000,000. Interest bonds was determined on a basis of WIBOR 3M plus margin, thus the maturity date was set on 27 April 2015.

The bonds were used to finance a part of the purchase price of the property located in Kasprzaka 29/31 street with a total area of 81,185.00 m<sup>2</sup>, purchased by the subsidiary operating under the name of J.W. Group limited liability company 1 company limited by shares with its registered office in Ząbki.

#### Acquisition of land

On 27 April 2012, a subsidiary of the Company - J.W. Group Spółka z o.o based in Ząbki concluded with VIS Investments Spółka z o.o SKA based in Warsaw an agreement to acquire the right of perpetual usufruct of land plots with ownership of the buildings erected on them, located in Warsaw. Parcel of land with a total area of 81,185 m<sup>2</sup> which is the subject of this Agreement is located in Kasprzaka 29/31 Street. The purchase price was set at PLN 155 million net (ie PLN 157,614,085 gross). Part of the price specified in the contract (the amount of PLN 62,614,085 ) was paid by the Company, acting as a guarantor of the agreement on 27 April 2012, to the trust account maintained at Raiffeisen Bank Poland S.A. The rest of the Price in the amount of PLN 95 million was paid in such a way, that the Company issued bonds on 27 April 2012 with a total nominal value of PLN 95 million with maturity of 3 years, with interest at an annual WIBOR 3M + margin (interest payable quarterly), which totally were taken by Spółka VIS Investments Spółka z o.o SKA. Payment of interest will take place quarterly. On 6 August 2012, the parties concluded an annex to the contract of sale, which confirmed, in connection with the entry into the life of the local land use plan covering the property that the determined sale price between the parties is final.

#### Conclusion of the annex to the relevant agreement

On 29 June 2012, the Company concluded an annex to agreement concluded on 24 October 2011, with the contractor of the Company "Wroński" registered partnership with its seat in Leszno, near Kartuzy, in the amount of PLN 61,600,000 net .

The subject of the annexed contract is the implementation of an estate of residential multi-family buildings with by "Wronski" Sp. j on the property owned by the Company, located in Gdynia, at Leśna, Parkowa and Spacerowa street in a system of general contractor,. The annex changed a provision on the expiry date of the Agreement, which currently is set on 31 December 2013. The agreement will expire if there the Company does not obtain the final decision on the building permit for at least one stage of the investment,.

#### The conclusion of property conditional sale contracts

On June 29, 2012, the Company entered into two preliminary purchase agreements with a total net value of PLN 44,400,719 (i.e PLN 54,612,883.79 gross) with the company of J.W. Consulting Spółka z o.o J.W. 3 SKA (partnership limited by shares) based in Warsaw.

The agreements regarded:

- the Company's commitment to sell, to the benefit of J.W. Consulting Spółka z o.o J.W. 3 SKA , a freehold of the property located in Sopot, in Parkowa 67/69 Street consisting of two guest-house buildings with a total usable area of 2,848.37 m<sup>2</sup> in the amount of PLN 24,265,946 net (i.e PLN 29,847,113 gross). The commission of the property rights, transfer of rights to use, and deriving benefits as well as the obligation to bear the costs, took place at the effective date of the preliminary agreement. The agreement specified that the payment for the subject property will be up to 30 June 2012, and the conclusion of the final agreement was established on 31 December 2012

- the Company's commitment to sell, to the benefit of J.W. Consulting Spółka z o.o J.W. 3 SKA , a freehold of 38 plots of land dedicated for a single-family development , with a total area of 31,165 m<sup>2</sup> located in gmina Ożarów Mazowiecki in the amount of PLN 20.134.773 net (i.e PLN 24.765.770,79 gross). The commission of the property rights, transfer of rights to use, and deriving benefits as well as the obligation to bear the costs, took place at the effective date of the preliminary agreement. The agreement specified that the payment for the subject property will be up to 30 June 2012, and the conclusion of the final agreement was established on 31 December 2012

#### The signing of the merger plan

On May 31, 2012, the Company agreed and signed a plan of merger with its subsidiaries JW Projekt Spółka z o.o based in Ząbki, JWCH Budownictwo Drogowe Spółka z o.o with its seat in Ząbki and Architects Polska Spółka z o.o with its seat in Ząbki. The planned merger will take place in accordance with Art. 491 § 1 item 1) of the Code of Commercial Companies by transferring all assets of the Acquired Companies to J.W. Construction Holding S.A as the acquiring company. The merger, in connection with the Company's ownership of shares representing 100% of the share capital in each of the Acquired Companies, will take place without an increase in the share capital of the Company. The merger should take place before the end of this year.

### **Note 33. Significant events which occurred after the balance sheet date**

#### Management Board of the Company

On 26 July 2012, Ms. Bożena Malinowska was dismissed from Management Board.

Concluding loan agreements

On 05 July 2012, the Company concluded the overdraft credit with PKO BP S.A in the amount of PLN 7 million. The repayment date was set on 04 July 2013.

On 27 July 2012, the Company concluded the investment loan agreement with Getin Noble Bank S.A in the amount of PLN 20.000.000 for refinancing the investment costs of building 292 residential units in Słoneczny Park investment. The repayment date was set on 20 July 2015.

Concluding annexes to loan agreements

On 3 August 2012, the Company concluded the Annex to the investment loan agreement provided by Getin Noble Bank S.A for co-financing the implementation of the "Osiedle Swiatowida" investment at Swiatowida Street in Warsaw. Pursuant to the Annex, the amount of the given credit was reduced from PLN 19 milion to PLN 11 milion.

On 23 August 2012, the Company entered into the Annex to the revolving working capital loan granted by Invest Bank to co-finance the commercial investment of "Łódź Tymienieckiego II" at Tymienieckiego Street in Łódź. By virtue of the Annex, the repayment term of the credit was postponed and set on 30 September 2013.

Occupancy permits

On 20 August 2012, the Company received the decision on the occupancy permit of Czarny Potok -a hotel complex in Krynica Zdrój.

**Note 34. Selected financial data including the main items of the financial statements (also converted to EURO) in thousands of PLN**

In order to convert the balance for the period from 1 January 2010 – 30 June 2012, the average EUR exchange rate, that was determined by the National Bank of Poland on that day; was PLN 4.2613/ EUR

In order to convert the balance for the period from 1 January 2010 – 30 June 2011, the average EUR exchange rate, that was determined by the National Bank of Poland on that day; was PLN 3.9866/ EUR

In order to convert the income statement for the period from 01/01/2012 – 30 /06/2016, the average EUR exchange rate was assumed, that was calculated as the arithmetic mean of exchange rates on the last day of month of the given period, as determined by the National Bank of Poland on that day; the exchange rate PLN 4.1683 / EURO.

In order to convert the income statement for the period from 01/01/2011 – 30 /06/2016, the average EUR exchange rate was assumed, that was calculated as the arithmetic mean of exchange rates on the last day of month of the given period, as determined by the National Bank of Poland on that day; the exchange rate PLN 3.9673 / EURO.

In order to convert the balance for the period from 1 January 2010 – 31 December 2011, the average EUR exchange rate, that was determined by the National Bank of Poland on that day; was PLN 4.4168/ EUR

Consolidated balance sheet item	30 -06 -2012		31 -12 -2011		30 -06 -2011	
	PLN	EUR	PLN	EUR	PLN	EUR
<b>Total Assets</b>	<b>1,503,211.</b>	<b>352,759.</b>	<b>1,380,806.</b>	<b>312,626.</b>	<b>1,340,849.</b>	<b>336,339.</b>
Non-current assets	875,347.	205,418.	687,358.	155,624.	593,524.	148,880.
Current assets	627,864.	147,341.	693,447.	157,002.	747,325.	187,459.
<b>Total Equity and Liabilities</b>	<b>1,503,211.</b>	<b>352,759.</b>	<b>1,380,806.</b>	<b>312,626.</b>	<b>1,340,849.</b>	<b>336,339.</b>
Equity	502,213.	117,855.	493,447.	111,721.	487,585.	122,306.
Non-current liabilities,	601,203.	141,084.	457,348.	103,547.	423,114.	106,134.
Current liabilities	399,795.	93,820.	430,010.	97,358.	430,151.	107,899.

Consolidated income statement item	1 January 2012 - 30 June 2012		1 January 2012 - 30 June 2012	
	PLN	EUR	PLN	EUR
Net revenues from sales of products, goods and materials	155,438.	37,291.	218,720.	55,131.

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Costs of products, goods and materials sold	111,792.	26,820.	153,430.	38,674.
<b>Gross profit (loss) on sales</b>	<b>43,645.</b>	<b>10,471.</b>	<b>65,290.</b>	<b>16,457.</b>
Selling expenses	10,257.	2,461.	12,649.	3,188.
Overhead expenses	14,882.	3,570.	17,308.	4,363.
Profit (loss) on sales	29,112.	6,984.	47,535.	11,982.
Operating profit (loss)	40,159.	9,634.	47,208.	11,899.
<b>Gross profit (loss)</b>	<b>10,648.</b>	<b>2,555.</b>	<b>30,781.</b>	<b>7,759.</b>
Income tax	2,069.	496.	6,076.	1,532.
<b>Net profit (loss)</b>	<b>8,580.</b>	<b>2,058.</b>	<b>24,705.</b>	<b>6,227.</b>

Issuer's balance sheet item	30-06-2012		31-12-2011		30-06-2011	
	PLN	EUR	PLN	EUR	PLN	EUR
<b>Total Assets</b>	<b>1,406,238.</b>	<b>330,002.</b>	<b>1,261,108.</b>	<b>285,525.</b>	<b>1,189,487.</b>	<b>298,371.</b>
Non-current assets	772,409.	181,261.	575,207.	130,232.	489,759.	122,851.
Current assets	633,829.	148,741.	685,901.	155,294.	699,727.	175,520.
<b>Total Equity and Liabilities</b>	<b>1,406,238.</b>	<b>330,002.</b>	<b>1,261,108.</b>	<b>285,525.</b>	<b>1,189,487.</b>	<b>298,371.</b>
Equity	527,546.	123,799.	520,732.	117,898.	491,021.	123,168.
Non-current liabilities,	486,305.	114,121.	341,272.	77,267.	275,801.	69,182.
Current liabilities	392,387.	92,082.	399,103.	90,360.	422,665.	106,021.

Consolidated income statement item	1 January 2012 - 30 June 2012		1 January 2012 - 30 June 2012	
	PLN	EUR	PLN	EUR
Net revenues from sales of products, goods and materials	125,136.	30,021.	199,464.	50,277.
Costs of products, goods and materials sold	87,320.	20,949.	147,720.	37,234.
<b>Gross profit (loss) on sales</b>	<b>37,815.</b>	<b>9,072.</b>	<b>51,744.</b>	<b>13,043.</b>
Selling expenses	10,413.	2,498.	12,488.	3,148.
Overhead expenses	11,488.	2,756.	12,106.	3,052.
Profit (loss) on sales	26,520.	6,362.	39,352.	9,919.
Operating profit (loss)	37,151.	8,913.	38,954.	9,819.
<b>Gross profit (loss)</b>	<b>8,563.</b>	<b>2,054.</b>	<b>22,669.</b>	<b>5,714.</b>
Income tax	1,749.	420.	4,444.	1,120.
<b>Net profit (loss)</b>	<b>6,814.</b>	<b>1,635.</b>	<b>18,226.</b>	<b>4,594.</b>

**Note 35. Off-accounting**

OFF-BALANCE SHEET LIABILITIES	30-06-2012
Investment real estate pledged as collateral - loans	750,980,936.00.
blank bill	420,033,474.65.
Executory titles	565,700,293.05.
Guarantees to the benefit of TBS "Marki" Sp z o.o.	22,400,000.00.
Guarantees to the benefit of ZPM Metalcon Sp z o.o.	800,000.00.
Guarantees to the benefit of JW. Consulting Sp. z.o.o J.W.2 partnership limited by shares	39,653,100.00.
Guarantees to the benefit of JW. Wronia Sp. z o.o.	75,000,000.00.
Guarantees to the benefit of Capital City of Warsaw	907,800.00.
Guarantees to the benefit of Alliance Silesia II	115,492.85.
Guarantees to the benefit of Deweloper Sp. z o.o.	625,011.72.

\* the amounts of collateral in the form of blank promissory notes are presented up to the full value of the principal liability;

\*\* the item covers collateral in the form of a freeze on bank accounts, assignment of rights under insurance policies.

On 23 June 2011, the agreement was concluded in which the Company granted the guarantee to Klosters Beteiligungsgesellschaft GmbH, with its seat in Kempen ("Buyer") in respect of the sale agreement for the benefit of the aforesaid entity by Sezam II Closed Investment Fund and J.W. Consulting Sp. z.o.o J.W. 5 - Partnership limited by shares - with its seat in Warsaw (the "Seller") of shares

representing 100% of the share capital of the company operating under the name J.W. Agro Ltd. with its seat in Nowogard ("JWA"). The company ensured that all statements submitted by the sellers in the sale agreement are true and correct and do not mislead in any significant scope that is covered by them, while ensuring fulfilment of obligations of the Sellers which result from the agreement. The buyer, in case of untrue and incomplete data, or if the assurance provided is misleading in a significant way about the condition of JWA or purchased shares, has the right to demand the restoration which would have occurred if the assurance was consistent with the truth, to pay an amount of money required to bring the state to a consistent one with the provision of the agreement, or to demand a reduction in a selling price.

The table above presents all collateral under concluded loan agreements. Since several items of collateral were established under particular loan agreements, the value of collateral was not summed up.

As at 30 June 2012 there were disclosed insurance guarantees to remove failures and defects, granted by banks and insurance institutions to the benefit of the Company. Moreover, there were blank promissory notes issued to the benefit of J.W. Construction Holding S.A. to secure rights of such companies under guarantees granted by counterparties, which the Companies may fill in at any time with the amount corresponding to the costs of failure and defect removal. As at 30 June 2012 the total value of guarantees was PLN 23.6 million (J.W. Construction Holding S.A) and EUR 11,900,000 and EUR 257,500 (J.W. Construction S.A).

### **Note 36. Significant issues in litigation**

The Company is a party to the proceedings, the value of which exceeds 10% of equity. On 26 April 2012, the Company filed against the Capital City of Warsaw ("Respondent") a petition for commitment of the Defendant to submit a declaration of intent for the acquisition from the Company right of perpetual use of the plot no 2/6 with the area of 3,2605 ha for which the District Court for Warsaw- Mokotów, X Division of Land Registry maintains a land and mortgage registry no WA4M/00413015/1 KW ("Property") for a net price of PLN 91,130,975 together with interest from the date of 8 January 2010.

The company filed a petition according to the Article 36.1 point. 2) of the Act of 27 March 2003 on spatial planning and development (Journal of Laws 2003.80.717) in connection with the adoption by the Respondent of the area development plan area of Olbrachta Street (approved by the resolution of the City of Warsaw No. LVI/1669/2009, which entered into force on 3 August 2009) ("Plan").

The property has been earmarked for the N-S Route. In the period when the Company acquired the Property, the zoning plan of the property was not obligatory. With the adoption of the Plan and as a result of this adoption, there has been a significant restriction on the use of the Property by the Company, therefore the Company has the right to request to redeem to purchase/buy out the Property by the Defendant.

The Company applied to the Defendant with a request to take steps to voluntary purchase of the Property by the Respondent but the request was refused.

The Company believes the claim is fully justified and deserves the judgement in accordance with the petition of the Company.

### **Note 37. Financial instruments and hedge accounting**

In 2012 the Company did not apply hedge accounting and did not hold embedded derivatives.

### **Note 38. Changes in the Management and Supervisory Board of the Parent Company in the Capital Group - J.W Construction Holding SA**

#### **Management Board of the Company**

As at 01 January 2012 the Management Board of the Company was composed of:

- Mr. Tomasz Panabażys Vice-Chairman of the Management Board
- Mr. Robert Wojcik Member of the Management Board
- Ms. Imina Łopuszyńska Member of Management Board
- Mr. Wojciech Rajchert Member of the Management Board
- Ms. Bożena Malinowska Member of Management Board

In the reporting period, there were following changes in the Management Board:

On 01 February 2012, Mrs. Magdalena Starzyńska was appointed to Management Board.

As at 30 June 2012 the Management Board of the Company was composed of:

- Mr. Tomasz Panabażys Vice-Chairman of the Management Board
- Mr. Robert Wojcik Member of the Management Board

- Ms. Irimina Łopuszyńska Member of Management Board
- Mr. Wojciech Rajchert Member of the Management Board
- Ms. Bożena Malinowska Member of Management Board
- Ms. Magdalena Starzyńska Member of the Management Board

At the end of the reporting period, there were following changes in the Management Board:  
On 26 July 2012, Ms. Bożena Malinowska was dismissed from Management Board.

### **Supervisory Board**

As at 01 January 2012 the Supervisory Board of the Company was composed of:

- Mr. Józef Kazimierz Wojciechowski the Chairman of the Supervisory Board
- Józef Oleksy the Vice Chairman of the Supervisory Board
- Mr. Marcin Michnicki Vice Chairman of the Supervisory Board
- Mr. Jarosław Król Member of the Supervisory Board
- Mr. Andrzej Podsiadło Member of the Supervisory Board

In the current reporting period, there were no changes in the composition of the Supervisory Board.

As at 30 June 2012 the Supervisory Board of the Company was composed of:

- Mr. Józef Kazimierz Wojciechowski the Chairman of the Supervisory Board
- Józef Oleksy the Vice Chairman of the Supervisory Board
- Mr. Marcin Michnicki the Vice Chairman of the Supervisory Board
- Mr. Andrzej Podsiadło Member of the Supervisory Board
- Mr. Jarosław Król Member of the Supervisory Board

From the balance sheet date until the date of the report, there were no changes in the Supervisory Board of the Company.



**D. ABBREVIATED FINANCIAL STATEMENTS FOR SIX MONTHS OF 2010 OF THE PARENT COMPANY (ISSUER) AS AT 30 June 2012**

**Statement of financial standing**

<b>ASSETS</b>	<b>Note</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
<b>NON-CURRENT ASSETS</b>		<b>772,409,497.14.</b>	<b>575,206,739.42.</b>
Intangible assets	1.	16,405,043.59.	17,007,126.13.
Tangible assets	2.	280,843,553.94.	254,638,379.31.
Investment real estate	3.	180,038,235.33.	162,912,350.94.
Other financial assets	4.	119,370,994.67.	117,937,029.14.
Deferred income tax assets		2,220,669.21.	7,224,382.00.
Trade and other receivables	5.	173,531,000.40.	15,487,471.90.
<b>CURRENT ASSETS</b>		<b>633,828,694.31.</b>	<b>685,900,795.13.</b>
Inventories	6.	34,626,580.63.	32,873,127.51.
Construction contracts	7.	489,885,990.25.	501,515,547.76.
Trade and other receivables	8.	61,243,655.21.	73,665,256.61.
Other financial assets	9.	17,337,026.58.	20,367,080.44.
Cash and cash equivalents	10.	13,226,639.48.	34,198,725.58.
Accruals	11.	17,508,802.16.	23,281,057.23.
<b>Total Assets</b>		<b>1,406,238,191.45.</b>	<b>1,261,107,534.55.</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>		<b>527,545,696.26.</b>	<b>520,731,629.90.</b>
Share capital		10,814,656.00.	10,814,656.00.
Revaluation capital		7,493,208.19.	7,493,208.19.
Other capital		511,008,583.40.	485,636,997.77.
Retained earnings		-8,584,817.69.	-8,584,817.69.
Net profit / loss		6,814,066.36.	25,371,585.63.
<b>LIABILITIES</b>		<b>878,692,495.19.</b>	<b>740,375,904.65.</b>
<b>Non-current liabilities,</b>		<b>486,305,378.93.</b>	<b>341,272,443.52.</b>
Borrowings	12.	156,246,287.73.	104,768,229.58.
Deferred income tax liabilities		11,174,138.71.	14,752,455.65.
Retirement benefit obligations		373,000.00.	373,000.00.
Provision for other liabilities and charges	13.	613,755.87.	843,914.11.
Other liabilities	13.	317,898,196.62.	220,534,844.18.
<b>Current liabilities</b>		<b>392,387,116.26.</b>	<b>399,103,461.13.</b>
Trade and other payables	14.	91,089,781.35.	100,084,747.96.
Construction contracts	7.	85,761,770.35.	68,637,033.73.
Borrowings	12.	112,678,818.01.	76,565,707.54.
Provision for other liabilities and charges	13.	8,907,954.22.	12,028,430.17.
Other liabilities	14.	93,948,792.33.	141,787,541.73.
<b>Total Equity and Liabilities</b>		<b>1,406,238,191.45.</b>	<b>1,261,107,534.55.</b>

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**Profit and loss account**

	Note	for the period 01 -01 -2012 to 30-06-2012	for the period 01 -01 -2011 to 30-06-2011
<b>Net revenues from sales of products, goods and materials, of which:</b>	<b>15.</b>	<b>125,135,557.28.</b>	<b>199,464,398.45.</b>
Net revenues from sales of products		123,276,725.12.	196,877,841.78.
Net revenues from sales of goods and materials		1,858,832.16.	2,586,556.67.
<b>Costs of products, goods and materials sold, of which:</b>	<b>16.</b>	<b>87,320,196.42.</b>	<b>147,720,264.68.</b>
Manufacturing cost of products sold		85,842,004.26.	145,141,058.02.
Value of goods and materials sold		1,478,192.16.	2,579,206.66.
<b>Gross profit (loss) on sales</b>		<b>37,815,360.86.</b>	<b>51,744,133.77.</b>
<b>Selling expenses</b>	16.	10,412,985.49.	12,487,828.46.
<b>Overhead expenses</b>	16.	11,488,214.51.	12,106,293.40.
<b>Revaluation of investment properties</b>		10,605,809.25.	12,202,148.33.
<b>Profit (loss) on sales</b>		<b>26,519,970.11.</b>	<b>39,352,160.24.</b>
Other operating income	17.	17,018,443.50.	3,544,382.25.
Other operating expenses	18.	6,387,832.51.	3,942,872.53.
<b>Operating profit (loss)</b>		<b>37,150,581.10.</b>	<b>38,953,669.96.</b>
Financial income	19.	6,613,135.41.	2,873,680.26.
Financial expenses	20.	35,200,350.30.	19,158,139.07.
<b>Profit (loss) on ordinary activities</b>		<b>8,563,366.21.</b>	<b>22,669,211.15.</b>
<b>Gross profit (loss)</b>		<b>8,563,366.21.</b>	<b>22,669,211.15.</b>
Income tax		1,749,299.85.	4,443,697.32.
<b>Net profit (loss)</b>		<b>6,814,066.36.</b>	<b>18,225,513.83.</b>

<b>CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE</b>		for the period 01 -01 -2012 to 30-06-2012	for the period 01 -01 -2011 to 30-06-2011
<b>Profits</b>			
(A) Profit disclosed in the consolidated financial statements		6,814,066.36.	18,225,513.83.
<b>Number of shares</b>			
(B) Number of ordinary shares and preferred shares (as to the right to vote in the General Meeting of the Company) for the purpose of calculating earnings per share *		54,073,280.00.	54,073,280.00.
(C) Number of ordinary shares and preferred shares (as to the right to vote in the General Meeting of the Company) for the purpose of calculating diluted earnings per share		54,073,280.00.	54,073,280.00.
<b>Basic earnings per share = (A)/(B)</b>		<b>0.13.</b>	<b>0.34.</b>
<b>Diluted earnings per share = (A)/(B)</b>		<b>0.13.</b>	<b>0.34.</b>

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**Cash flow statements**

	<b>for the period 01 -01 -2012 to 30-06-2012</b>	<b>for the period 01 -01 -2011 to 30-06-2011</b>
<b>Operating cash flow - two-step method</b>		
<b>Net profit (loss)</b>	<b>6,814,066.36.</b>	<b>18,225,513.83.</b>
<b>Total adjustments, of which:</b>	<b>34,597,028.75.</b>	<b>-3,427,198.94.</b>
Depreciation and amortisation	3,041,315.89.	3,529,483.41.
(Profits) losses on exchange differences related to investment and financial activities	2,739,831.13.	963,296.03.
(Profits) loss from investment activities	18,486,000.94.	822,040.96.
Interest and dividends	14,024,852.55.	16,088,797.23.
Changes in provisions and accruals	6,964,156.56.	-11,366,071.20.
Change in investment properties	-10,605,809.25.	-13,156,511.48.
Other adjustments:	-53,319.07.	-308,233.89.
- other adjustments	-53,319.07.	-308,233.89.
<b>Changes in working capital</b>	<b>-33,720,412.27.</b>	<b>5,060,739.87.</b>
Change in inventories	-1,753,453.12.	-1,885,837.96.
Change in construction contracts	32,822,910.54.	25,603,740.43.
Changes in receivables	-53,615,447.36.	-6,993,476.17.
Changes in current liabilities, except for borrowings	-11,174,422.33.	-11,663,686.43.
<b>Operating cash flow</b>	<b>7,690,682.84.</b>	<b>19,859,054.76.</b>
<b>Investment activity cash flows</b>		
Disposal of intangible assets, tangible fixed assets and other assets	1,731,327.51.	1,275,186.46.
Acquisition of intangible assets, tangible fixed assets and other assets	-37,510,063.01.	-26,284,551.26.
Expenses associated with the asset to be sold	0.00.	0.00.
Purchase of equity instruments and debt instruments	0.00.	0.00.
Disposal of equity instruments and debt instruments	0.00.	0.00.
Loans granted	-587,011.00.	-486,267.50.
Loans repaid	0.00.	839,250.00.
Other purchase of financial assets	-200,000.00.	0.00.
Other disposal of financial assets	0.00.	0.00.
Dividends received	0.00.	0.00.
Interest received	195,140.00.	0.00.
Disposal of subsidiaries	1,272.90.	0.00.
Acquisition of subsidiaries	-150,250.00.	-5,000.00.
<b>Net investment cash flow</b>	<b>-36,519,583.60.</b>	<b>-24,661,382.30.</b>
<b>Financing cash flow</b>		
Net proceeds from issue of shares, other equity instruments and additional capital contributions	0.00.	0.00.
Purchase of own shares or repayment of shares	0.00.	0.00.
Borrowings	395,044,184.61.	159,699,448.79.
Borrowings repaid	-310,378,327.29.	-175,037,726.70.
Debt securities issued	95,000,000.00.	0.00.
Debt securities redeemed	0.00.	0.00.
Payments under financial lease agreements	-2,075,811.53.	-1,882,188.36.
Dividends and other shared profits	0.00.	0.00.
Interest paid	-17,919,146.63.	-13,019,549.23.
Other financial proceeds (including notes)	5,800,000.00.	13,140,000.00.
Other financial expenditures (including notes)	-157,614,084.50.	-2,148,961.26.
<b>Net financing cash flow</b>	<b>7,856,814.66.</b>	<b>-19,248,976.76.</b>
<b>NET DECREASE/(INCREASE) IN CASH</b>	<b>-20,972,086.10.</b>	<b>-24,051,304.30.</b>
Cash and cash equivalents at the beginning of the year	34,198,725.58.	60,694,071.17.
- foreign exchange gains/(losses) on cash		0.00.
<b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>13,226,639.48.</b>	<b>36,642,766.87.</b>

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**Statement of changes in equity**

	Share Capital	Own shares (negative figure)	Revaluation capital	Supplementary capital	Other capital	Retained earnings	Net earnings	Equity
<b>As at 31 December 2011</b>	<b>10,814,656.00.</b>	<b>0.00.</b>	<b>7,493,208.19.</b>	<b>479,905,410.58.</b>	<b>5,731,587.19.</b>	<b>-8,584,817.69.</b>	<b>25,371,585.63.</b>	<b>520,731,629.90.</b>
Basic error corrections	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
IFRS adjustments	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
<b>As at 01 January 2012</b>	<b>10,814,656.00.</b>	<b>0.00.</b>	<b>7,493,208.19.</b>	<b>479,905,410.58.</b>	<b>5,731,587.19.</b>	<b>-8,584,817.69.</b>	<b>25,371,585.63.</b>	<b>520,731,629.90.</b>
Issue of shares	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Share redemption	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Purchase of own shares	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Dividends paid	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Gains / (losses) on revaluation of fixed assets and investment properties	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Gains/(losses) on revaluation of available-for-sale assets	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Gains / (losses) on cash flow hedges	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Exchange gains / (losses) on translation of financial statements of foreign operations	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Income tax referring to items attributed to equity	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Gains / (losses) on business acquisitions(unitary jwch)	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Profit/loss from the inclusion/exclusion of companies to consolidate	0.00.	0.00.	0.00.	0.00.	0.00.			0.00.
Changes in accounting policies/presentation	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Adjustments	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Transformation to IFRS	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
<b>Total profit / (loss) recognised directly in equity</b>	<b>0.00.</b>	<b>0.00.</b>	<b>0.00.</b>	<b>0.00.</b>	<b>0.00.</b>	<b>0.00.</b>	<b>0.00.</b>	<b>0.00.</b>
Net profit (loss) for the accounting year	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	6,814,066.36.	6,814,066.36.
<b>Total profit / (loss) recognised in equity and net earnings</b>	<b>0.00.</b>	<b>0.00.</b>	<b>0.00.</b>	<b>0.00.</b>	<b>0.00.</b>	<b>0.00.</b>	<b>6,814,066.36.</b>	<b>6,814,066.36.</b>
Increase / decrease from profit distribution	0.00.	0.00.	0.00.	25,371,585.63.	0.00.	0.00.	-25,371,585.63.	0.00.
<b>As at 30 June 2012</b>	<b>10,814,656.00.</b>	<b>0.00.</b>	<b>7,493,208.19.</b>	<b>505,276,996.21.</b>	<b>5,731,587.19.</b>	<b>-8,584,817.69.</b>	<b>6,814,066.36.</b>	<b>527,545,696.26.</b>

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	Share Capital	Own shares (negative figure)	Revaluation capital	Supplementary capital	Other capital	Retained earnings	Net earnings	Equity
<b>As at 31 December 2010</b>	<b>10,814,656.00.</b>	<b>0.00.</b>	<b>7,471,818.19.</b>	<b>398,831,651.02.</b>	<b>5,731,587.19.</b>	<b>-6,912,104.54.</b>	<b>79,401,046.41.</b>	<b>495,338,654.27.</b>
Basic error corrections	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
IFRS adjustments	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
<b>As at 01 January 2011</b>	<b>10,814,656.00.</b>	<b>0.00.</b>	<b>7,471,818.19.</b>	<b>398,831,651.02.</b>	<b>5,731,587.19.</b>	<b>-6,912,104.54.</b>	<b>79,401,046.41.</b>	<b>495,338,654.27.</b>
Issue of shares	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Share redemption	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Purchase of own shares	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Dividends paid	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Gains / (losses) on revaluation of fixed assets and investment properties	0.00.	0.00.	21,390.00.	0.00.	0.00.	0.00.	0.00.	21,390.00.
Gains/(losses) on revaluation of available-for-sale assets	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Gains / (losses) on cash flow hedges	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Exchange gains / (losses) on translation of financial statements of foreign operations	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Income tax referring to items attributed to equity	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Gains / (losses) on business acquisitions(unitary jwch)	0.00.	0.00.	0.00.	1,672,713.15.	0.00.	-1,672,713.15.	0.00.	0.00.
Profit/loss from the inclusion/exclusion of companies to consolidate	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Changes in accounting policies/presentation	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Adjustments	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
Transformation to IFRS	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.
<b>Total profit / (loss) recognised directly in equity</b>	<b>0.00.</b>	<b>0.00.</b>	<b>21,390.00.</b>	<b>1,672,713.15.</b>	<b>0.00.</b>	<b>-1,672,713.15.</b>	<b>0.00.</b>	<b>21,390.00.</b>
Net profit (loss) for the accounting year	0.00.	0.00.	0.00.	0.00.	0.00.	0.00.	25,371,585.63.	25,371,585.63.
<b>Total profit / (loss) recognised in equity and net earnings</b>	<b>0.00.</b>	<b>0.00.</b>	<b>21,390.00.</b>	<b>1,672,713.15.</b>	<b>0.00.</b>	<b>-1,672,713.15.</b>	<b>25,371,585.63.</b>	<b>25,392,975.63.</b>
Increase / decrease from profit distribution	0.00.	0.00.	0.00.	79,401,046.41.	0.00.	0.00.	-79,401,046.41.	0.00.
<b>As at 31 December 2011</b>	<b>10,814,656.00.</b>	<b>0.00.</b>	<b>7,493,208.19.</b>	<b>479,905,410.58.</b>	<b>5,731,587.19.</b>	<b>-8,584,817.69.</b>	<b>25,371,585.63.</b>	<b>520,731,629.90.</b>

**E. NOTES TO THE ABBREVIATED BALANCE SHEET OF THE ISSUER FOR SIX MONTHS AS AT 30 JUNE 2012**

**1. NON-CURRENT ASSETS**

Note 1. Intangible assets

<b>Intangible assets</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
a) research and development expenses	0.00.	0.00.
b) goodwill	12,389,648.22.	12,389,648.22.
c) other intangible assets	4,015,395.37.	4,617,477.91.
d) advances on intangible assets	0.00.	0.00.
<b>Total intangible assets</b>	<b>16,405,043.59.</b>	<b>17,007,126.13.</b>

Note 2. Tangible assets

<b>Tangible assets</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
a) property, plant and equipment, of which:	114,715,154.62.	119,261,975.78.
- land (including right of perpetual usufruct)	16,545,513.74.	18,895,894.74.
- buildings and structures	93,874,772.57.	95,572,949.88.
- plant and machinery	2,006,145.36.	2,268,389.45.
- motor vehicles	2,081,803.15.	2,345,273.57.
- other property, plant and equipment	206,919.80.	179,468.14.
b) constructions in progress	166,128,399.32.	135,376,403.53.
c) advances on constructions in progress	0.00.	0.00.
<b>Total tangible assets</b>	<b>280,843,553.94.</b>	<b>254,638,379.31.</b>

Note 3. Investment real estate

<b>Other long-term investments</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
a) investment properties	180,038,235.33.	162,912,350.94.
b) other	0.00.	0.00.
<b>Total other long-term investments</b>	<b>180,038,235.33.</b>	<b>162,912,350.94.</b>

Note 4. Other financial assets

<b>LONG-TERM FINANCIAL ASSETS</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
a) shares	81,140,911.43.	80,991,934.33.
b) loans granted	36,101,189.62.	36,945,094.81.
c) other long-term investments	2,128,893.62.	0.00.
<b>Total long-term financial assets</b>	<b>119,370,994.67.</b>	<b>117,937,029.14.</b>

<b>LONG-TERM FINANCIAL ASSETS</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
a) in subsidiaries	118,518,831.38.	117,347,649.68.
- shares	80,926,716.81.	80,777,739.71.
- other securities	1,923,560.30.	0.00.
- loans granted	35,668,554.27.	36,569,909.97.
- other long-term financial assets	0.00.	0.00.
b) in other parties	852,163.29.	589,379.46.
- shares	214,194.62.	214,194.62.
- other securities	205,333.32.	0.00.
- loans granted	432,635.35.	375,184.84.
- other long-term financial assets	0.00.	0.00.
<b>Total long-term financial assets</b>	<b>119,370,994.67.</b>	<b>117,937,029.14.</b>

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Note 5. Trade and other receivables

<b>NON-CURRENT RECEIVABLES</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
a) guarantee receivables	0.00.	0.00.
b) deposit receivables( leasing)	15,916,915.90.	15,487,471.90.
b) other receivables	157,614,084.50.	0.00.
<b>Total receivables</b>	<b>173,531,000.40.</b>	<b>15,487,471.90.</b>

**2. CURRENT ASSETS**

Note 6. Inventories

<b>INVENTORIES</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
a) materials	542,789.74.	938,893.99.
b) semi-finished products and work in progress	1,437,309.03.	0.00.
c) finished products	0.00.	0.00.
d) goods	32,519,509.89.	31,934,233.52.
e) trade advances	126,971.97.	0.00.
<b>Total inventories</b>	<b>34,626,580.63.</b>	<b>32,873,127.51.</b>

Note 7. Construction contracts

<b>CONSTRUCTION CONTRACTS</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
a) semi-finished products and work in progress	337,983,719.82.	367,775,907.76.
b) finished products	150,080,415.70.	118,450,896.94.
c) advances for supplies	1,358,893.23.	14,780,048.58.
d) short-term prepayments	462,961.50.	508,694.48.
<b>Total construction contracts</b>	<b>489,885,990.25.</b>	<b>501,515,547.76.</b>

<b>CONSTRUCTION CONTRACTS</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
a) accruals	85,761,770.35.	68,637,033.73.
<b>Total construction contracts</b>	<b>85,761,770.35.</b>	<b>68,637,033.73.</b>

<b>Accruals</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
-advances on premises	78,257,330.64.	65,558,964.89.
-works provision	6,581,920.92.	2,155,550.05.
-other	922,518.79.	922,518.79.
<b>The total value of accruals</b>	<b>85,761,770.35.</b>	<b>68,637,033.73.</b>

Note 8. Trade and other receivables

<b>CURRENT RECEIVABLES</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
a) trade receivables - related parties	24,653,607.10.	30,763,633.61.
b) trade receivables - other parties	28,168,982.93.	31,584,752.59.
c) taxes, subsidies, customs duties, social and health insurance and other payments	5,850,494.13.	9,175,952.07.
d) other	2,570,571.05.	2,140,918.34.
<b>Total receivables</b>	<b>61,243,655.21.</b>	<b>73,665,256.61.</b>

Note 9. Other financial assets

<b>SHORT-TERM INVESTMENTS</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
a) shares	0.00.	0.00.
b) loans granted	17,337,026.58.	18,517,477.18.
c) other securities	0.00.	1,849,603.26.
d) other short-term investments	0.00.	0.00.
<b>Total long-term financial assets</b>	<b>17,337,026.58.</b>	<b>20,367,080.44.</b>

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<b>SHORT-TERM INVESTMENTS</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
a) in subsidiaries	16,910,911.50.	19,934,066.23.
- shares	0.00.	0.00.
- other securities	0.00.	1,849,603.26.
- loans granted	16,910,911.50.	18,084,462.97.
- other short-term financial assets	0.00.	0.00.
b) in other parties	426,115.08.	433,014.21.
- shares	0.00.	0.00.
- other securities	0.00.	0.00.
- loans granted	426,115.08.	433,014.21.
- other short-term financial assets	0.00.	0.00.
<b>Total value of short-term investments</b>	<b>17,337,026.58.</b>	<b>20,367,080.44.</b>

Note 10. Cash and cash equivalents

<b>CASH AND CASH EQUIVALENTS</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
a) cash on hand and with bank	12,496,792.35.	20,451,982.63.
b) other cash	506,927.61.	13,741,192.38.
c) other cash equivalents	222,919.52.	5,550.57.
<b>Total cash</b>	<b>13,226,639.48.</b>	<b>34,198,725.58.</b>

Note 11. Accruals

<b>ACCRUALS</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
- short-term prepayments	17,508,802.16.	23,281,057.23.
<b>The total value of accruals</b>	<b>17,508,802.16.</b>	<b>23,281,057.23.</b>

<b>Accruals</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
- property insurance	98,749.92.	90,678.71.
- interest	6,353,350.45.	4,859,505.46.
- commission expenses	8,017,140.03.	9,819,270.74.
- property tax, perpetual usufruct, road tax	809,222.00.	0.00.
- social fund	0.00.	0.00.
-other	2,230,339.76.	8,511,602.32.
<b>The total value of accruals</b>	<b>17,508,802.16.</b>	<b>23,281,057.23.</b>

### 3. LIABILITIES

Note 12. Borrowings

<b>BORROWINGS</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
a) credits	266,073,153.49.	181,333,937.12.
<i>of which: long-term</i>	<i>156,246,287.73.</i>	<i>104,768,229.58.</i>
<i>Short-term</i>	<i>109,826,865.76.</i>	<i>76,565,707.54.</i>
b) loans	2,851,952.25.	0.00.
<i>of which: long-term</i>	<i>0.00.</i>	<i>0.00.</i>
<i>Short-term</i>	<i>2,851,952.25.</i>	<i>0.00.</i>
<b>Total borrowings</b>	<b>268,925,105.74.</b>	<b>181,333,937.12.</b>
<b>Borrowings - long-term</b>	<b>156,246,287.73.</b>	<b>104,768,229.58.</b>
<b>Borrowings - short-term</b>	<b>112,678,818.01.</b>	<b>76,565,707.54.</b>

<b>LOANS PER MATURITY</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
Up to 1 year	109,826,865.76.	76,565,707.54.
Over 1 year up to 2 years	56,695,024.42.	39,630,932.30.
Over 2 year up to 5 years	69,889,396.11.	45,054,441.13.
Over 5 years	29,661,867.20.	20,082,856.15.
<b>Total loans, including:</b>	<b>266,073,153.49.</b>	<b>181,333,937.12.</b>
- long-term	156,246,287.73.	104,768,229.58.
- short-term	109,826,865.76.	76,565,707.54.
<b>CASH LOANS PER MATURITY</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>



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Up to 1 year	2,851,952.25.	0.00.
Over 1 year up to 2 years	0.00.	0.00.
Over 2 year up to 5 years	0.00.	0.00.
Over 5 years	0.00.	0.00.
<b>Total loans, of which:</b>	<b>2,851,952.25.</b>	<b>0.00.</b>
- long-term	0.00.	0.00.
- short-term	2,851,952.25.	0.00.

Note 13. Other non-current liabilities

<b>PROVISIONS FOR OTHER LIABILITIES AND CHANGES</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
<b>a) short-term, of which:</b>	<b>8,907,954.22.</b>	<b>12,028,430.17.</b>
- accrued expenses, including:	8,276,228.22.	8,163,704.17.
- <i>interests charged</i>	2,204,347.55.	2,207,264.45.
- <i>rent deposits</i>	477,649.38.	477,649.38.
- <i>other</i>	5,594,231.29.	5,478,790.34.
- other provisions, including:	631,726.00.	3,864,726.00.
- <i>provisions for future liabilities</i>	0.00.	0.00.
- <i>provisions for guarantee repairs</i>	0.00.	3,000,000.00.
- <i>other provisions</i>	631,726.00.	864,726.00.
<b>a) long-term, of which:</b>	<b>613,755.87.</b>	<b>843,914.11.</b>
- accrued expenses, including:	613,755.87.	843,914.11.
- <i>deferred surplus of revenues from sales over the carrying value/sale and lease back</i>	613,755.87.	843,914.11.
<b>Total provisions for other liabilities and charges</b>	<b>9,521,710.09.</b>	<b>12,872,344.28.</b>

<b>OTHER NON-CURRENT LIABILITIES</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
a) lease obligations	39,450,946.81.	42,389,994.04.
b) deposit liabilities	4,246,496.75.	3,883,544.01.
c) liabilities from securities	225,000,000.00.	130,000,000.00.
d) other non-current liabilities	13,945.28.	0.00.
e) bill-of-exchange liabilities	25,977,689.18.	21,705,908.36.
f) loans granted- related parties	23,209,118.60.	22,555,397.77.
<b>Total other liabilities</b>	<b>317,898,196.62.</b>	<b>220,534,844.18.</b>

Note 14. Trade and other payables

<b>TRADE AND OTHER PAYABLES</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
a) trade payables - other parties	15,249,521.08.	15,580,673.25.
b) trade payables - related parties	53,718,751.94.	57,068,045.96.
c) taxes, customs duties, insurance and other payments	3,792,617.91.	10,253,806.95.
d) salaries	1,243,801.49.	1,420,259.93.
e) liabilities on bill of exchange - related parties	9,068,334.98.	6,511,981.24.
f) other	8,016,753.95.	9,249,980.63.
<b>Total trade and other payables</b>	<b>91,089,781.35.</b>	<b>100,084,747.96.</b>

<b>OTHER LIABILITIES</b>	<b>30 -06 -2012</b>	<b>31 -12 -2011</b>
a) debt securities issue- liabilities	5,044,362.00.	3,042,000.00.
b) lease liabilities - foreign	83,474,614.71.	134,178,961.81.
c) lease liabilities	5,429,815.62.	4,566,579.92.
d) other financial liabilities	0.00.	0.00.
<b>Total other liabilities</b>	<b>93,948,792.33.</b>	<b>141,787,541.73.</b>

**4. Operating income and expenses**

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Note 15. Operating income

<b>OPERATING INCOME</b>	<b>from 01-01-2012 to 30-06-2012</b>	<b>from 01-01-2011 to 30-06-2011</b>
Revenues from sales of products	109,667,058.64.	182,796,031.46.
Revenues from sales of services	13,609,666.48.	14,081,810.32.
Revenues from sales of goods	1,858,832.16.	2,586,556.67.
<b>Total income</b>	<b>125,135,557.28.</b>	<b>199,464,398.45.</b>

	<b>from 01-01-2012 to 30-06-2012</b>	<b>from 01-01-2011 to 30-06-2011</b>
<b>Revenues from sales, of which:</b>	<b>125,135,557.28.</b>	<b>199,464,398.45.</b>
- from sales of products - units, plots, buildings	109,667,058.64.	182,796,031.46.
- sales of services	13,609,666.48.	14,081,810.32.
- sales of goods	1,858,832.16.	2,586,556.67.

	<b>from 01-01-2012 to 30-06-2012</b>	<b>from 01-01-2011 to 30-06-2011</b>
<b>Revenues from sales of products - premises, plots, buildings per geographic segments</b>	<b>109,667,058.64.</b>	<b>182,796,031.46.</b>
- Warsaw and vicinity	108,409,598.72.	179,776,770.77.
-Gdynia	939,020.13.	3,228,190.67.
- Łódź	318,439.79.	-212,002.86.
- Katowice	0.00.	3,072.88.

	<b>from 01-01-2012 to 30-06-2012</b>	<b>from 01-01-2011 to 30-06-2011</b>
<b>Revenues from sales of hotel services per geographic segments</b>	<b>7,274,440.88.</b>	<b>7,425,802.56.</b>
- Warsaw and vicinity	2,771,587.87.	2,725,218.52.
- Tarnowo	2,422,724.32.	2,472,342.62.
- Stryków	1,268,212.44.	1,487,150.30.
- Cieszyn	504,111.24.	556,406.44.
- Krynica Górská	307,805.01.	184,684.68.

Note 16. Operating expenses

<b>Operating expenses</b>	<b>from 01-01-2012 to 30-06-2012</b>	<b>from 01-01-2011 to 30-06-2011</b>
Costs on sale of products	74,464,106.63.	133,451,214.14.
Costs on sale of services	11,377,897.63.	11,689,843.88.
Costs on sale of goods	1,478,192.16.	2,579,206.66.
<b>Total costs of products, services and goods sold</b>	<b>87,320,196.42.</b>	<b>147,720,264.68.</b>

<b>Selling and overhead expenses</b>	<b>from 01-01-2012 to 30-06-2012</b>	<b>from 01-01-2011 to 30-06-2011</b>
Selling expenses	10,412,985.49.	12,487,828.46.
Overhead expenses	11,488,214.51.	12,106,293.40.
<b>Total selling and overhead expenses</b>	<b>21,901,200.00.</b>	<b>24,594,121.86.</b>

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<b>Costs by type</b>	<b>from 01-01-2012 to 30-06-2012</b>	<b>from 01-01-2011 to 30-06-2011</b>
Depreciation and amortisation	3,041,315.89.	3,529,483.41.
Cost of materials and energy	311,271.49.	13,631,270.34.
Services made by other contractions	81,762,162.17.	52,876,859.60.
Taxes and duties	2,997,941.29.	5,775,405.44.
Wages and Salaries	9,994,317.45.	11,243,821.23.
Services for the benefit of employees	1,959,463.07.	2,125,088.12.
Other costs	5,371,554.12.	9,768,140.87.
<b>Total costs according to types</b>	<b>105,438,025.48.</b>	<b>98,950,069.01.</b>

Note 17. Other operating income

<b>OPERATING INCOME</b>	<b>from 01-01-2012 to 30-06-2012</b>	<b>from 01-01-2011 to 30-06-2011</b>
a) profit from disposal of non-financial fixed assets	0.00.	0.00.
b) other operating income	17,018,443.50.	3,544,382.25.
<b>Total operating income</b>	<b>17,018,443.50.</b>	<b>3,544,382.25.</b>

Note 18. Other operating expenses

<b>OPERATING EXPENSES</b>	<b>from 01-01-2012 to 30-06-2012</b>	<b>from 01-01-2011 to 30-06-2011</b>
a) loss on disposal of non-financial fixed assets	1,613,131.39.	822,040.96.
b) revaluation of non-financial assets	2,000,000.00.	1,067,313.16.
c) other operating expenses	2,774,701.12.	2,053,518.41.
<b>Total operating expenses</b>	<b>6,387,832.51.</b>	<b>3,942,872.53.</b>

Note 19. Other financial income


<b>FINANCIAL INCOME</b>	<b>from 01-01-2012 to 30-06-2012</b>	<b>from 01-01-2011 to 30-06-2011</b>
a) dividends	1,842,550.20.	0.00.
b) interest	4,767,624.40.	2,834,655.51.
c) revaluation of investment	0.00.	0.00.
d) other	2,960.81.	39,024.75.
<b>Total financial income</b>	<b>6,613,135.41.</b>	<b>2,873,680.26.</b>

Note 20. Other financial expenses


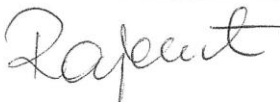
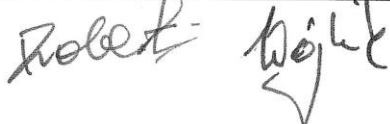

<b>FINANCIAL EXPENSES</b>	<b>from 01-01-2012 to 30-06-2012</b>	<b>from 01-01-2011 to 30-06-2011</b>
a) interests	17,018,343.44.	18,131,367.63.
b) revaluation of investment	0.00.	0.00.
c) loss on disposal of investments	16,871,596.65.	
d) other	1,310,410.21.	1,026,771.44.
<b>Total financial expenses</b>	<b>35,200,350.30.</b>	<b>19,158,139.07.</b>

JW. Construction Holding S.A.  
Abbreviated Consolidated Financial Statements  
for a 6 month-period ended on 30 June 2012

Podpis osoby sporządzającej Sprawozdanie Finansowe

Irmína Łopuszyńska Członek Zarządu Główny Księgowy	Podpis 
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Podpisy Członków Zarządu

Tomasz Panabażys Vice Prezes Zarządu	Podpis 
Wojciech Rajchert Członek Zarządu	Podpis 
Robert Wójcik Członek Zarządu	Podpis 
Magdalena Starzyńska Członek Zarządu	Podpis 

Ząbki, 30 sierpnia 2012r.