

**J. W. Construction Holding S.A.**

**CONSOLIDATED FINANCIAL REPORT  
FOR THE PERIOD BETWEEN 1<sup>ST</sup> JANUARY 2007 AND 30<sup>TH</sup> JUNE 2007**

**PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL  
REPORTING STANDARDS**

ZĄBKI  
September 2007

## THE INTRODUCTION INTO FINANCIAL REPORT

### 1. Basic information about the Holding Company in Capital Group J.W. Construction S.A.

J.W. Construction Holding S.A. acting as the holding company in J.W. Construction Holding Capital Group (Company) having the head office in ZĄBKI, 326 RADZYMIŃSKA Street and registered in KRS (National Court Register) as J.W. Construction Holding S.A. under KRS 0000028142. TOWARZYSTWO BUDOWLANO – MIESZKANIOWE BATORY Sp. z o. o. has been initially registered on 7<sup>th</sup> of March 1994 under the File No RHB 39782 and transformed into a joint stock company registered in District Court in Warsaw under the File No RHB 63464 on 15<sup>th</sup> of January 2001 was the legal predecessor of the Company.

The basic scope of the activity of the Company in accordance with Polish Activity Classification (PKD) encompasses the development of real estates and their sales on their own account as well as performance of construction, designing and auxiliary activities, turnover in the scope of real estates, sales of aggregates and hotel services.

### 2. Basic information about the Capital Group encompassing the Holding Company and its subsidiaries encompassed by the consolidated financial report

Structure of the Group and share of the Holding Company in share capital of the entities being the members of the Group as at 30<sup>th</sup> June 2007 are presented in the Table included below

Entity	Country of registration	Share of Holding Company in share capital	Share of Holding Company in vote rights	Consolidation method
<b>Subsidiaries:</b>				
Lokum Sp. z o.o.	Poland	99,99%	99,99%	fully consolidated
Interlokum Sp. z o.o.	Poland	99,00%	99,00%	fully consolidated
Project 55 Sp. z o.o.	Poland	99,99%	99,99%	fully consolidated
Towarzystwo Budownictwa Społecznego „Marki” Sp. z o.o.	Poland	99,99%	99,99%	fully consolidated
Przedsiębiorstwo Turystyczne „Czarny Potok”	Poland	100,00%	100,00%	fully consolidated
Deweloper Sp. z o.o.	Poland	99,00%	99,00%	fully consolidated
J.W. Construction International Sp. z o.o.	Russia	100,00%	100,00%	fully consolidated

The basic scope of activity for individual companies in the Capital Group encompasses the following:

- Lokum Sp. z o.o. - development of real estates and their sales on the own account,
- Interlokum Sp. z o.o. - development of real estates and their sales on the own account,
- Project 55 Sp. z o.o. - development of real estates and their sales on the own account,
- Towarzystwo Budownictwa Społecznego „Marki” Sp. z o.o. – sales of social housing estates and their administration,
- Przedsiębiorstwo Turystyczne „Czarny Potok” S.A. – gastronomy and hotel services associated with organization of services in the scope of tourism and rest
- J.W. Construction International Sp. z o.o. - activity as the contractor in the scope of general construction works, associated with the erection of buildings, general building and civil engineering, execution of building production
- Deweloper Sp.z o.o. – execution of building and assembling production

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All Companies included in the Group run their activity in the territory of Poland excluding subsidiary J.W. Construction International Sp. z o.o. running its activity in the scope of building production and developer operations concentrated in the territory of Russia. The operation period of the Companies included in the Group is unlimited..

**Preparation of consolidated reports**

The consolidated financial reports for 2006-2007 have been prepared on the basis of the financial reports furnished by the entities being the members of the Capital Group J.W. Construction Holding S.A. and associated together in manner presenting the Group as an entity. The consolidated financial reports encompass the financial reports of the Holding Company of J.W. Construction Holding S.A. and the financial reports of the following subsidiaries controlled by the Holding Company:

- a) TBS „Marki” Sp. z o.o., Interlokum Sp. z o.o., Lokum Sp. z o.o., Project 55 Sp. z o.o., J.W. Construction International Sp. z o.o., Przedsiębiorstwo Turystyczne „Czarny Potok” S.A. and Deweloper Sp. z o.o. - in 2006.
- b) TBS „Marki” Sp. z o.o., Interlokum Sp. z o.o., Lokum Sp. z o.o., Project 55 Sp. z o.o., J.W. Construction International Sp. z o.o., Przedsiębiorstwo Turystyczne „Czarny Potok” S.A. and Deweloper Sp. z o.o. - in 2007.

The following subsidiaries have been excluded from the mandatory consolidation by the Holding Company in 2006 – 2007 (with corresponding share of Holding Company in votes at General Meeting):

*In 2006:*

- Business Financial Construction Sp. z o.o.- 100%
- Dremet Sp. z o.o.- 100%
- J.W. Construction AZS Politechniki Warszawskiej S.A. - 100%
- KSP Polonia Warszawa SSA - 100%
- Construction Invest Sp. z o.o. - 100%
- J.W. Agro Sp. z o.o. - 100%
- Hotel 500 Sp. z o.o. - 100%
- Abimel Trading Sp. z o.o. - 100%.

*In 2007:*

- Business Financial Construction Sp. z o.o.- 100%
- Dremet Sp. z o.o.- 100%
- J.W. Construction AZS Politechniki Warszawskiej S.A. - 100%
- KSP Polonia Warszawa SSA - 100%
- Construction Invest Sp. z o.o. - 100%

The concept assumptions of the International Financial Reporting Standards in the scope of limitations associated with the information usability and credibility have been used as the legal basis for the applied exclusion of the companies from the consolidated financial report. In accordance with the assumption mentioned above, the benefits achieved by means of acquired information should be higher than the costs of furnishing thereof. It has been found that the cost require to acquire the information about the subsidiaries excluded from the consolidation as well as cost required to recognize them in the consolidation would be higher than potential benefits resulting therefrom. Furthermore the fact that such information is not essential for reliable and clear presentation of the property and financial standing as well as financial result of the Capital Group was also considered at the exclusion of subsidiaries from mandatory consolidation.

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**3. Basic information about consolidation**

The consolidated financial reports have been prepared on the basis of the financial reports furnished by the entities being the members of the Capital Group in manner presenting the property and financial standing of the Group as an entity. The Holding Company and the subsidiaries have been fully consolidated. The exclusions occurred in the course of consolidation in the scope of mutual receivables and liabilities, revenues and the costs associated with the operations between the entities encompassed by consolidation as well as in the scope of profits and losses included in the assets to be consolidated. Furthermore the value of shares owed by the Holding Company in subsidiaries capital and expressed in form of purchase price was subject to exclusion jointly with that part of subsidiaries net assets valued at fair value, which corresponds to the share of Holding Company in subsidiaries capital.

The data resulting from financial reports and constituting the consolidation basis have been determined and converted using the accounting principles established by the manager of the Holding Company in order to achieve significant unification of the accounting principles applied by the entities encompassed by the consolidated financial report.

**4. The description of accounting (policy) principles established by the Group, including the valuation methods for the assets and liabilities, determination of revenues, costs and financial result**

The financial report has been prepared in accordance with the principles included in International Financial Reporting Standards approved by European Union.

***Intangible fixed assets***

The scope of intangible fixed assets encompasses the property rights i.e. concessions, patents, licenses, trademarks, copyrights, know – how and IT software. The components of intangible fixed assets are an identifiable non – monetary component of the assets. The components of intangible fixed assets are identified if:

- a) their identification is possible
- b) they are subject to control in result of which the entity is entitled to achieve future economical benefits resulting from the means under consideration and the access to such benefits is limited or third parties
- c) they will result in future economical benefits in form of revenue on sales or costs savings in the company
- d) it is possible to determine purchase price for the component under consideration or its production cost in reliable manner.

The intangible fixed assets are subject to linear depreciation in the period corresponding to estimated period of their useful life.

The intangible fixed assets with undetermined service life (goodwill) are not subject to depreciation, but are subject to the value impairment annual tests

***Tangible fixed assets***

The tangible fixed assets encompass the resources controlled by the entity (constituting its property), created in the result of past events, from which anticipated economic benefits will be achieved by the entity and which are maintained by an economic entity to use them in manufacturing process or in course of trade goods deliveries and rendered services, to hand them over to other entities under contract on rent or in administrative purposes and which are accompanied by the expectation that their service life will be longer than 1 year.

The components of tangible fixed assets are recognized by the company as assets components if they are suitable for use, complete and if it is possible to determine their costs (purchase price or manufacturing cost) in reliable manner.

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The tangible fixed assets are valued at their purchase prices or manufacturing costs. The tangible fixed assets are subject to linear depreciation in the period of economical usability of their individual components, viz.:

Buildings and structures    depreciation rates from 2% - 4,5%

Machines and facilities: 6% - 30%

Transport means: 12,5% - 20%

Any future outlays relating to the components of tangible fixed assets increase the carrying value of the assets component in case of probability that the economic benefits achieved by the entity in future will be higher than the benefits achievable in the framework of level of the results on activity estimated previously and achieved from already possessed assets. The costs of routine operation and repairs charge the period costs.

The fixed assets with low initial unit value i.e. lower than 3 500,00 PLN are subject to depreciation once on the date of their purchase. In case fixed assets with permanent loss of their economic value, unscheduled depreciation charges take place and charge the operating costs.

The Company performed the verification of the value of fixed assets being in its possession. The values of fixed assets recognized in the report do not deviate from their assumed cost.

***Impairment of tangible fixed assets, fixed assets and intangible fixed assets***

In case of circumstances indicating the possibility of impairment of tangible fixed assets, fixed assets and intangible fixed assets, the impairment test is performed and determined values of impairment losses reduce the carrying value of the associated asset and are charged in the Income Statement.

The impairment losses for the assets revaluated previously are entered to correct the revaluation reserve to the value of the amounts recognized in the capital and are charged in the Income Statement under the purchase price. The value of impairment losses is determined as the surplus of the carrying value of those components over their restored value. The restored value is the higher value from among the following: net sales price or usable value. The amounts of entered impairment losses are reversed if the reasons justifying their creation will disappear. The results of the reversed impairment losses are charged in the Income Statement excluding the amounts which previously reduced the revaluation reserve and correct that reserve to the amount of its reductions.

***Investment real estates***

The investment real estate encompasses the real estate (land, building or its part or the both of mentioned elements) which is considered by its owner as the source of profits from rents or maintained in the possession owing to its increasing value. Such real estate is not used in course of production, trade goods deliveries, rendered services or administrative activities and its disposal is not intended in framework of ordinary activity of the entity. As the investment real estate are classified particularly: lands maintained owing to their value increase in long term perspective; land the future use of which is still undefined. Initially the investment real estate is valued at purchase price or manufacturing cost with consideration of transaction costs.

As at the balance sheet date, the investment real estate is valued at purchase price model i.e. at purchase price or manufacturing cost reduced by depreciation charges and their impairment losses.

***Leasing***

The leasing is defined as the contract in the virtue of which the right of use for an assets component within specified period is transferred by the Leaser to Leaseholder for the payment or series of payments. The leasing contracts are classified by the company as financial leasing and operational leasing. In case of financial leasing contracts, principally the whole risk and benefits resulting from the possession of the assets being the subject of the contract are transferred to the company. The financial leasing is initially recognized on the day of leasing commencement, understood as the date since which the company has the right to use the leasing object.

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As at the day of leasing commencement, financial leasing is recognized in the company balance sheet as the assets component and liability:

- a) in amount equal to market value of the leasing object,
- b) in amount of current (discounted) value of leasing fees, whichever is lower

The leasing fees under leasing contracts are divided into the financial costs (presented in the results account for the period under consideration) and the capital repayment instalments, reducing the liability associated with the leasing of the component. The financial costs are recognized directly in the Profits and Losses Account. The leasing objects recognized in the balance sheet are subject to depreciation and amortization on the principles equivalent to those applicable to similar acquired depreciable assets. Unless the purchase of title to ownership of the leasing object is intended by the company, the period of depreciation is equal to the period of leasing.

If the financial leasing criteria are not met, the leasing is classified as operational leasing. The leasing fees under the operational leasing are recognized by the company as the costs in the Profits and Losses Account in an uniform manner throughout the leasing duration period.

***Inventories***

The inventories consisting of materials, work in progress, finished products, trade goods and payments on account are understood as the assets which are:

- a) materials or raw materials to be consumed in manufacturing process or rendered services
- b) work in progress to be sold in course of ordinary economic activity
- c) to be sold in course of ordinary economic activity.

**The finished products** are the components of completed projects (housing estates, multi-family estates) i.e. apartments, premises, cellars, garages, parking places. This item encompasses other finished products used in course of the manufacturing process of the company. The finished products are valued at the lower from among the following values: purchase price (manufacturing cost – including the direct costs and justified part of indirect costs as well as external financing costs incurred up to the date of manufacturing completion) or at realizable net price.

When the purchase price or manufacturing cost is higher than anticipated selling price, the corresponding write down entry is made in order to correct selling costs correspondingly,

**The work in progress** encompasses the incurred outlays associated with the erection of housing estates and the costs associated with auxiliary production. The auxiliary production is valued at the manufacturing costs. The production associated with the erection of housing estates is valued on the basis of „Contracts on Construction Service” and the principles described in the item 1.1. “Long Term Contracts on Developer Services”

***External financing costs***

The external financing costs encompass the interest, differences of exchange rates and other financial costs incurred by the entity in connection with the borrowings of monetary means, the Company activates the external financing costs which can be directly associated with the purchase (of lands and construction services), construction or production of an assets component, as the part of purchase price of that component or its manufacturing. Those costs are activated up to the completion date of the construction, manufacturing. Remaining external financing costs are recognized as the costs of period in course of which they have been incurred irrespective of method of use of the credit or loan.

***Short term and long term receivables***

The receivables are recognized in the financial report in amount of required payment reduced by revaluation allowances. The value of receivables is revaluated considering the probability of their payment in form of revaluating allowance. The allowances used for revaluation of the receivables are classified as the remaining operating costs or as financial costs – according to the kind of receivables to be revaluated. The amortized or overdue receivables or bad debts reduce their revaluating allowances which have been made previously. The amortized receivables, overdue or bad debts are classified as other operating costs or as financial costs correspondingly if none or incomplete revaluating allowances have been made previously.

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**Guaranty deposits.**

The guaranty deposits constituting the part of receivables retained by the services recipients on the basis of contractual provisions as the security within warranty and defects liability period are recognized in the assets of the Company. The guaranty deposits constituting the collateral of the claims of the Company towards the subcontractors are recognized in the liabilities as payables. The guaranty deposits are valued as at the balance sheet date at the purchase price adjusted by means of effective discount rate.

**Cash and cash equivalents**

The cash in bank and in hand as well as short term deposits maintained up to the date of their maturity are recognized according to their nominal value.

**Active deferred charges**

The outlays are activated in the scope of active deferred charges in case of probability that incurred costs refer to more than one reporting period with consideration of conservatism and materiality concept. The most important criterion enabling the active deferred charges in periods is the meeting of the requirement of costs classification as the entity assets i.e. the resources with the value determined in credible manner, created in result of past events which will result in economic advantages for the entity in future.

**Provisions for obligations**

The provisions are defined as the obligations the value of which or the date of repayment is unknown. The provisions are created in the Company when the following conditions are jointly fulfilled:

- a) in case of the obligation (legal or customary) charging the Company and resulting from past events,
- b) it is certain or highly probable that its meeting of a/m obligation will result in necessity of outflow of cash representing the economic benefits,
- c) reliable estimation of the amount of such liability is possible

The provisions for obligations in J.W. Construction Holding S.A. encompass the following:

- provision for warranty repairs which is recognized at the value equal to the amounts from past periods relating to warranty repairs costs,
- provision for vacation not used - established in form of the list of not used vacation days not used by the individual employees as at actual date and corresponding daily gross wage, increased by the social increased premium paid by the employer
- provisions for retirement allowances
- deferred income tax liability.

**Long term contracts on developer services**

The realization of developer contracts is the basic scope of the Issuer's activity. The special feature of the of developer contracts is the construction of the apartments which are usually financed by the Ordering Party in course of the whole project in form of advance payments determined in the contract and the right of ownership to the apartment is transferred to its purchaser after the completion of investment process. The duration of realization process of such contracts is longer than 12 months. The advance payments made by the purchasers under signed contracts are recognized in the framework of accrued income. The costs according to their types, incurred in the period under consideration are recognized as inventories in form of work in progress. The Issuer Group recognizes the revenues and costs associated with developer contracts in accordance with progress percentage method. The compliance with assumed income and costs budget is the basis for settlement. The progress level of individual projects is determined for each accounting period on the basis of analysis of the percentage progress of the realization in the scope of construction costs budget and sales budget. The realization in the scope of construction costs is determined on the basis of the value of completed works in relation to planned costs. The progress in the scope of revenues on sales is determined by comparison of the value of revenue resulting from signed preliminary contracts on sales with anticipated total revenues on the basis of the budget of revenue on sales. Unless the progress of uncompleted service or anticipated total cost

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of its completion can be determined in reliable manner, the revenue is determined at the value of costs incurred in reporting period under consideration (zero method). The "zero method" is applied in the first phase of the project being implemented by the Issuer Group assuming the conservatism concept, until the following level is achieved:

- a) revenue – progress level above 50% (the value of revenue resulting from signed contracts / the value of planned revenue)
- b) costs - progress level above 40% (the value of the works determined on the basis of works quantity survey / budget value.

If the limit levels specified above are exceeded, the revenues and costs are recognized in the following manner for the project under consideration:

- a) revenue = planned revenue value \* (revenue index \* costs index)
- b) costs = planned costs value \* (revenue index \* costs index)

The revenues determined in manner described above result in the reduction of accrued income (Balance Sheet) and increased revenue on sales of finished products (Income Statement). If the value of determined revenue is higher than the value of advance payments recognized in the accruals for the project under consideration, the item "not invoiced receivables" is created to increase the accrued incomes and the short term prepayments in assets items simultaneously. The costs determined in manner described above result in the reduction of work in progress (Income Statement). If the value of the determined costs is higher than the costs recorded on the work in progress, the item "not invoiced completed works" is created to increase the work in progress and the deferred income in liabilities simultaneously. The method of developer contract settlement described above is applied in the Issuer's Group until the project is completed.

At the time of building handover for commercial operation, the value of individual elements is transferred to the finished products, where they are recognized until the preliminary contract is signed (if not all elements have been sold prior to construction completion).

***Intended revisions of International Accounting Standards***

At the end of 2006 the interpretation draft discussing the accounting principles in case of construction and sales of residential buildings in the framework of developer activity has been published by the Interpretation Committee for International Financial Reporting. The essential differences relating to application of MRS11 and MSR 18 standards for developer activity have been indicated in that document. The revisions are associated with the time of recognition of the revenues on sales of residential objects under preliminary contracts and indicate the need of modification of actually valid standards and their official interpretations.

On the basis of preliminarily published conclusions, the prohibition of the application of MRS11 (so called percentage method) is proposed by the draft authors in case of construction and sales of residential buildings in the framework of developer activity and its substitution by MSR 18 (completed contract method).

If the final version will be established by the Interpretation Committee for International Financial Reporting, the Group will be obliged to change accounting principles. That fact may result in changed recognition of the revenues on realized developer contracts in individual reporting periods.

***Long term contracts on construction services***

The regulations resulting from MSR11 "Contracts on construction services" are used by the Issuer Group being the provided of construction services for settlements and recognition of construction services.

a) Zero method

The „zero method" is used when it is impossible to determine the progress level of an uncompleted construction service in reliable manner. The revenues on an uncompleted construction service are determined according to this method as at the end of the month at the value of the costs incurred in that period, but not higher than the costs the coverage of which is probable by the Ordering Party in future. When the invoiced revenues are higher than the value of the costs incurred, corresponding part of the revenues is written off to the deferred incomes.

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b) Percentage method

The percentage method is used when it is impossible to determine the progress level of an uncompleted construction service in a reliable manner. The revenues on an uncompleted construction contract are recognized correspondingly to the costs incurred as at determined time of its realization. The revenues, costs and profits are recognized proportionally to the works completion progress.

To determine the progress level of the construction contract realization, the Group uses the method enabling the determination of works progress level in reliable manner at scheduled date. The methods may encompass the following, depending on the contract character

- determination of the proportion of contract costs incurred in connection with the works completed up to the moment under consideration in relation to estimated total contract costs
- measurements of completed works,
- physical comparison of executed parts of works with the works resulting from the contract.

Determining the progress level of construction service, on the basis of contract costs incurred up to the moment under consideration, only the expenses resulting from the contract and reflecting the progress of works are considered in the scope of the costs of those works.

**Bank credits and loans**

The bank credits and loans are recognized at purchase price corresponding to fair value of obtained monetary means reduced by the costs associated with their obtainment.

The bank credits and loans in next periods are valued at adjusted purchase price, using effective interest rate. All consequences relating to the adjusted purchase price and consequences of the liability elimination from the balance sheet or ascertainment of its diminution in value are recognized in the Income Statement.

**Deferred income tax**

The deferred tax liability and assets are created with consideration of temporary differences occurring between assets and liabilities recognized in books and their tax value and tax loss to be deducted from taxation base in future.

The deferred tax liability is created in the relation to positive temporary differences in the income tax amount, to be paid in future.

The assets component associated with deferred tax is determined in anticipated amount to be deducted from the income tax in future, in connection with negative temporary differences and tax loss deductible when assuming the conservatism concept. The carrying value of assets component associated with deferred tax is verified as at every balance sheet day and is correspondingly reduced to the extent corresponding to the lack of probability of achievement of the income for taxation sufficient to realise a/m assets component associated with deferred tax partially or wholly. The assets associated with deferred tax and deferred tax liability are valued using the tax rates which are anticipated as the valid tax rates in the period of realisation of assets component or when the deferred tax liability will be cancelled, assuming the tax rates valid as at balance sheet day.

**Fixed assets to be disposed and discontinued activity**

The fixed assets to be disposed and discontinued activity are classified in this category of assets or their groups and recognized in the financial report at the amount lower than their carrying value or at fair value reduced by selling costs.

The classification of the assets in this group is conditioned by active searching of the purchaser and high probability of their disposal within one year after the classification as well as accessibility of those assets to immediate sales.

**Liabilities**

The liabilities of the Company are defined as the obligations resulting from future events to provide the performances (with the value determined in credible manner) which will result in the use of the assets already possessed by the entity or to be possessed in future.

In respected of their features, the liabilities can be subdivided as follows:

- short term liabilities,

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- long term liabilities,
- financial liabilities
- conditional liabilities

The short term liabilities encompass the complete set of trade payables and the part of remaining payables falling due within 12 months after the balance sheet date. The long term liabilities encompass the part of liabilities other than payables, which are falling due in the period longer than 12 months after the balance sheet date.

The financial liabilities are defined as the obligation of the company to handover the financial assets or for exchange of a financial instrument with another entity on unfavourable conditions.

The conditional liabilities are defined as the obligations to provide the performances, the creation of which is conditioned by the occurrence of relevant events. These obligations are disclosed in additional information and explanations.

The liabilities are valued at the amount of due payment as at balance sheet date.

**Accrued expenses**

The accrued expenses are valued at the level of probable future liabilities associated with the present reporting period.

**Revenues**

The revenues are recognized by the Group at the level characterized by the probability of the creation of economic benefits associated with the transaction and when the reliable valuation of the revenue is possible. The revenues are recognized in accordance with accrual concept irrespective of the date of payment entry.

The revenues on developer services – apartments are recognized in manner described in item „Long term contracts on developer services”

The revenues on sales of construction services are recognized in the period in which the services have been rendered on the basis of progress level for the specific transaction; determined on the basis of factually completed works in relation to the whole scope of works to be completed.

**Remaining revenues, costs, profits and losses**

The remaining operating revenues, costs, profits and losses encompass the revenues and costs not associated directly with the operating activity.

The financial revenues and costs encompass among others the interest associated with granted and used credits and loans, received and repaid statutory default interest, exchange rates differences, commissions paid and received, profits and losses associated with the sale of securities, cancelled and created provisions charging financial costs.

Extraordinary profits and losses reflect the financial results of the events occurring in an unrepeatable manner out of principal activity of the company.

**Taxes**

The liability in form of income tax from legal persons is calculated on the basis of the tax result (tax base) for individual business year. The tax profit (loss) differs from the book value of net profit (loss) in connection with the exclusion of taxable incomes and of the professional expenses associated with the revenues in next years as well as the items of costs and revenues which will be never subject to taxation.

The tax charges are calculated on the basis of tax rates valid in the business year under consideration.

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**CONSOLIDATED BALANCE SHEET**

<b>ASSETS</b>	<b>Note</b>	<b>30-06-2007</b>	<b>31-12-2006</b>
<b>FIXED ASSETS</b>		<b>329 925 044,80</b>	<b>329 174 125,39</b>
Intangible fixed assets	1	11 980 827,21	12 522 507,31
Goodwill for subordinated entities	2	16 801 419,29	16 801 419,29
Tangible fixed assets	3	274 894 189,94	271 957 093,53
Investment real estates		0,00	0,00
Other financial assets	4	4 980 744,50	5 033 744,50
Deferred tax assets	15	8 932 933,60	11 267 297,35
Trade receivables and other receivables	5	12 039 005,94	11 592 063,41
Prepaid items	11	295 924,33	0,00
<b>CURRENT ASSETS</b>		<b>1 033 145 763,60</b>	<b>552 909 438,94</b>
Inventories	7	27 726 259,02	55 112 331,62
Construction contracts	6	593 045 810,97	403 563 559,20
Trade receivables and other receivables	8	63 104 793,01	40 181 969,62
Other financial assets	9	66 782 789,19	6 683 595,25
Cash and cash equivalents	10	262 732 495,08	37 380 444,49
Prepayments	11	19 753 616,33	9 987 538,77
<b>ASSETS CLASSIFIED AS REALIZABLE ASSETS TO BE DISPOSED</b>			<b>25 461 578,17</b>
<b>Total assets</b>		<b>1 363 070 808,41</b>	<b>907 545 142,50</b>
<b>LIABILITIES</b>			
<b>EQUITY CAPITAL (FUND)</b>		<b>426 349 132,22</b>	<b>193 449 998,31</b>
Share capital (fund)	12	10 939 656,00	10 250 000,00
Revaluation reserve		0,00	0,00
Own shares and stocks		0,00	0,00
Other capitals (funds)	13	383 357 092,01	77 404 293,16
Non shared financial result		6 420 807,13	-26 221 694,93
Net profit (loss)		25 631 577,08	132 017 400,08
Minority capital		0,00	0,00
Negative goodwill for subordinated entities		0,00	0,00
<b>LIABILITIES</b>		<b>936 721 676,19</b>	<b>695 970 765,15</b>
Long terms liabilities		<b>351 498 392,75</b>	<b>350 433 884,70</b>
Credits and loans	14	221 899 390,98	220 845 904,84
Financial derivatives		0,00	0,00
Deferred tax liability	15	32 824 860,01	33 659 800,12
Provisions for pensions and similar obligations	16	443 561,75	443 561,75
Provisions for remaining liabilities and charges	16	14 398 271,86	14 248 875,55
Other liabilities	17	81 932 308,15	81 235 742,44
Short terms liabilities		<b>585 223 283,44</b>	<b>345 536 880,45</b>
Trade payables and remaining payables	18	296 635 887,06	115 861 305,66
Construction contracts	6	174 347 377,89	105 538 118,54
Short term tax liabilities		1 005 301,26	5 694 930,77
Credits and loans	14	101 166 609,69	107 982 788,49
Financial derivatives	16	0,00	0,00
Provisions for remaining liabilities and charges		12 068 107,53	10 459 736,99
<b>LIABILITIES ASSOCIATED WITH THE ASSETS CLASSIFIED AS REALIZABLE ASSETS TO BE DISPOSED</b>		<b>0,00</b>	<b>18 124 379,04</b>
<b>Total liabilities</b>		<b>1 363 070 808,41</b>	<b>907 545 142,50</b>

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**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

	period 01-01-2007 to 30-06-2007	period 01-01-2006 to 30-06-2006
Net revenue from sales of products, trade goods and materials, including the revenue from	<b>227 465 886,10</b>	<b>383 587 235,60</b>
Net revenue from sales of products	223 603 068,01	377 059 141,31
Net revenue from sales of trade goods and materials	3 862 818,09	6 528 094,29
Costs of products, trade goods and materials sold, including items sold	<b>165 643 862,31</b>	<b>275 174 870,59</b>
Costs of products sold	161843 316,19	267 532 613,50
Costs of trade goods and materials sold	3 800 546,12	7 642 257,09
Gross profit (loss) on sale	<b>61 822 023,79</b>	<b>108 412 365,01</b>
Selling costs	11368 351,24	12 196 440,85
Administrative costs	11511364,49	9 401 937,34
profit (loss) on sale	<b>38 942 308,06</b>	<b>86 813 986,82</b>
Other operating revenue	<b>3 976 781,13</b>	<b>1 834 010,87</b>
Profit on disposal of non – financial fixed assets	807 252,67	525 841,19
Subsidies	0,00	0,00
Other operating revenue	3 169 528,46	1 308 169,68
Other operating costs	<b>2 239 061,75</b>	<b>5 903 320,47</b>
Loss on disposal of non – financial fixed assets	45 933,37	520 835,34
Revaluation of on non – financial fixed assets	0,00	1 607 808,22
Other operating costs	2 193 128,38	3 774 676,91
Operating profit (loss)	<b>40 680 027,45</b>	<b>82 744 677,21</b>
Financial income	<b>2 459 709,38</b>	<b>1 571 557,18</b>
Dividends and share in profits, including	0,00	0,00
Interest	1 958 882,66	704 321,91
Profit on disposal of investment	0,00	0,00
Revaluation of investment	0,00	0,00
Other	500 826,72	867 235,27
Financial costs	<b>11 033 891,80</b>	<b>7 278 685,28</b>
Interest including	10 945 735,57	6 740 173,80
Loss on disposal of investment	0,00	0,00
Revaluation of investment	0,00	0,00
Other	88 156,23	538 511,48
Profit / loss on economic activity	<b>32 105 845,03</b>	<b>77 037 549,11</b>
Result on the assets to be disposed	<b>0,00</b>	<b>0,00</b>
Profit on the assets to be disposed	0,00	0,00
Loss on the assets to be disposed	0,00	0,00
Result on extraordinary items	<b>0,00</b>	<b>0,00</b>
Extraordinary gains		0,00
Extraordinary losses		0,00
Gross profit (loss)	<b>32 105 845,03</b>	<b>77 037 549,11</b>
Income tax	4 970 905,92	4 915 395,00
Deferred tax	1530 239,13	9 674 200,24
Remaining obligatory profit reductions (loss)	-26 877,10	0,00
Net profit (loss)	<b>25 631 577,08</b>	<b>62 447 953,86</b>

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<b>CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE</b>	<b>30-06-2007</b>	<b>30-06-2006</b>
<b>Profits</b>		
(A) Profit of the Group resulting from consolidated financial reports	25 631 577,08	62 447 953,86
<b>Number of shares</b>		
(B) Number of ordinary shares and number of preferred shares with voting rights in course of General Meeting of Shareholders – in order to calculate of earnings per share (EPS)	10 261 368****	9 269 231***
(C) Number of ordinary shares and number of preferred shares with voting rights in course of General Meeting of Shareholders – in order to calculate of diluted earnings per share (DEPS)	10 261 368****	9 269 231***
<b>Basic earnings per share (BEPS) = (A)/(B)</b>	<b>2,50</b>	<b>6,74</b>
<b>Diluted earnings per share (BEPS) = (A)/(B)</b>	<b>2,50</b>	<b>6,74</b>

\* In order to calculate the value of basic earnings per share (BEPS), the average weighed number of shares occurring in the period under consideration has been assumed as the shares number in accordance with MSR 33 "Earnings per Share". It has been determined as the number of shares at the beginning of the period under consideration corrected by the number of the shares retired or issued within that period weighed by means of the index reflecting the period of occurrence of those shares (number of days of their occurrence related to the total number of days during the period under consideration – since the date of increasing of share capital). Thus:

average number of shares \*\* =  $6\,000\,000 + (4\,250\,000 \cdot 306/365)$  = 9 563 013 shares

average number of shares \*\*\* =  $6\,000\,000 + (4\,250\,000 \cdot 2/182)$  = 9 269 231 shares

average number of shares \*\*\*\* =  $6\,000\,000 + (4\,250\,000 \cdot 140/182)$  = 10 261 368 shares

No factors resulting in the shares number dilution occurred during the period under analysis.

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**CONSOLIDATED CASH FLOW STATEMENT**

<b>Cash flows from operating activity - indirect method</b>	<b>01-01-2007 do 30-06-2007</b>	<b>01-01-2006 do 31-12-2006</b>
<b>Net profit (loss)</b>	<b>25 631 577,08</b>	<b>132 017 400,08</b>
<b>Correcting entries</b>	<b>42 959 495,47</b>	<b>46 995 539,10</b>
Depreciation	5 266 734,27	10 733 218,02
Diminution in value of the fixed assets and other intangible assets	0,00	2 019 617,50
Net financial costs (incomes) excluding exchange rate differences and derivatives valuation	0,00	15 717 666,53
(Profit) loss on derivatives valuation according to fair value	0,00	0,00
Profits (losses) on exchange rate differences referring to investment and financial activity	0,00	0,00
Profit (loss) on investment activity	0,00	-9 169 063,20
Profit (loss) on investment activity – shares	0,00	0,00
Interest and dividends	-28 160 728,83	0,00
(Profit) loss on investment real estates valuation according to fair value	0,00	0,00
Income tax	4 859 666,12	35 253 309,18
Change in provisions as well as in accruals and deferrals	51 933 340,86	-2 728 321,03
Other correcting entries	9 060 483,05	-4 830 887,90
- goodwill adjustment	0,00	-365 908,80
- fixed assents purchased in merger	0,00	19 036,77
- fixed assets – company included in consolidation	0,00	-360 646,59
- change in the assets to be disposed	7 337 199,13	-7 337 199,13
- reduction in shares – included in consolidation		3 828 500,00
- change in equity capital resulting from	1 723 283,92	0,00
- <i>change in accounting principles</i>	0,00	0,00
- <i>profit (loss) on companies takeover</i>	1 723 283,92	0,00
- profit (loss) on companies included in / excluded from consolidation	0,00	0,00
- <i>consolidation adjustments</i>	0,00	0,00
- revaluation of fixed assets	0,00	0,00
- change in the assets – transfer notes	0,00	-614 670,15
- remaining correcting entries including deferred tax, referred to equity capital	0,00	
<b>Change in current assets</b>	<b>-157 264 148,09</b>	<b>-206 083 623,96</b>
Change in inventories	27 386 072,60	-29 107 450,40
Change in construction contracts	-189 482 251,77	-152 361 158,51
Change in receivables	-23 369 765,92	-9 774 393,21
Change in short term liabilities, excluding the loans and credits	28 201 797,00	-14 840 621,84
<b>Cash flows in operating activity</b>	<b>-3 854 364,87</b>	<b>-18 331 636,99</b>
Income tax paid	-3 854 364,87	-18 331 636,99
Interest paid		0,00
<b>Net cash flows from operations</b>	<b>-92 527 440,41</b>	<b>-45 402 321,77</b>
Disposal of intangible fixed assets, tangible fixed assets and other fixed assets	782 623,52	10 253 790,91
Purchase of intangible fixed assets, tangible fixed assets and other fixed assets	-1 302 870,25	-5 373 328,98
Expenses associated with the assets to be disposed	0,00	-477 194,50
Purchase of capital instruments and debt instruments	0,00	0,00
Disposal of capital instruments and debt instruments	0,00	0,00
Granted loans	0,00	-8 728 949,79
Loans repayment	0,00	3 731 719,69
Other purchases of financial assets	-60 000 000,00	-2 742 197,77
Other disposals of financial assets	0,00	0,00
Dividends obtained	0,00	0,00
Interest obtained	0,00	0,00

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<b>Net cash flows from investments</b>	<b>-60 520 246,73</b>	<b>-3 336 160,44</b>
Net cash inflow from issued shares (bonds) and other capital instruments and capital increasing payments	244 827 880,00	5 822 500,00
Purchase of own shares (bonds) or repayment of shares	0,00	0,00
Obtained credits and loans	126 436 951,72	467 934 764,52
Repayment of credits and loans	-136 651 459,56	-411 323 447,86
Issuance of debt securities	266 000 000,00	35 000 000,00
Redemption of debt securities	-105 000 000,00	0,00
Repayment of liabilities under financial leasing contracts	-9 368 674,64	-12 748 146,39
Dividends and other shares in profits		0,00
Interest paid	-7 844 959,79	-14 776 245,50
Other financial incomes	0,00	0,00
Other financial expenses	0,00	0,00
<b>Net cash flows from financial activity</b>	<b>378 399 737,73</b>	<b>69 909 424,77</b>
<b>NET CASH REDUCTION (INCREASE)</b>	<b>225 352 050,59</b>	<b>21 170 942,56</b>
Opening balance of cash and cash equivalents	37 380 444,49	16 209 501,92
- change in cash resulting from exchange rate variations		
<b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>262 732 495,08</b>	<b>37 380 444,48</b>

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**SUMMARY OF CHANGES IN CONSOLIDATED EQUITY CAPITAL**

2006	Share capital (fund)	Revaluation reserve	Supplementary capital	Other reserve capital (fund)	Capital from hedging transactions valuation and exchange rate variations from consolidation	Retained profit (loss)	Net result	Equity capital being in possession shareholders in holding company	Minority capitals	Equity capital (fund)
<b>As at 31st December 2005</b>	<b>6 000 000,00</b>	<b>0,00</b>	<b>67 612 939,79</b>	<b>43 534 861,75</b>	<b>(22 102,33)</b>	<b>(8 637 092,29)</b>	<b>11 273 851,03</b>	<b>119 762 457,95</b>	<b>0,00</b>	<b>119 762 457,95</b>
Correcting entries for basic errors	0,00	0,00	6 746 885,30	0,00	0,00	0,00	0,00	6 746 885,30	0,00	6 746 885,30
Adjustments on change over to MSSF (international financial reporting Standards)	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
<b>As at 1st January 2006</b>	<b>6 000 000,00</b>	<b>0,00</b>	<b>74 359 825,10</b>	<b>43 534 861,75</b>	<b>-22 102,33</b>	<b>-8 637 092,29</b>	<b>11 273 851,03</b>	<b>126 509 343,26</b>	<b>0,00</b>	<b>126 509 343,26</b>
Additional paid-in capital	4 250 000,00	0,00	1 572 500,00	0,00	0,00	0,00	0,00	5 822 500,00	0,00	5 822 500,00
Dividend payment	0,00	0,00	0,00	(67 882 974,34)	0,00	0,00	0,00	(67 882 974,34)	0,00	(67 882 974,34)
Profits (losses) on revaluation of disposable assets	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Profits (losses) on cash flows hedging transactions	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Exchange rate differences resulting from the conversion of financial reports submitted by foreign entities	0,00	0,00	0,00	0,00	(109 753,75)	0,00	0,00	(109 753,75)	0,00	(109 753,75)
Profit (loss) on companies takeover	0,00	0,00	737 560,73	0,00	0,00	(3 705 921,83)	0,00	(2 968 361,10)	0,00	(2 968 361,10)
Changes of accounting / presentation principles	0,00	0,00	277 974,34	0,00	22 102,33	(300 076,67)	0,00	0,00	0,00	0,00
Company included in consolidation/ CZARNY POTOK	0,00	0,00	6 903,93	51 197,41	0,00	3 742,83	0,00	61 844,17	0,00	0,00
Total profits / losses recognized in equity capital directly	4 250 000,00	0,00	2 594 939,00	(67 831 776,93)	(87 651,42)	(4 002 255,67)	0,00	(65 076 745,02)	0,00	(65 138 589,19)
Net profit (loss) in business year	0,00	0,00	0,00	0,00	0,00	0,00	132 017 400,08	132 017 400,08	0,00	132 017 400,08
Total profits / losses recognized in equity capital and in net result	4 250 000,00	0,00	2 594 939,00	(67 831 776,93)	(87 651,42)	(4 002 255,67)	132 017 400,08	66 940 655,06	0,00	66 940 655,06
Increases / reductions from profit distribution	0,00	0,00	(2 144 251,43)	27 000 449,43	0,00	(13 582 346,96)	(11273 851,03)	0,00	0,00	0,00
<b>As at 31st December 2006</b>	<b>10 250 000,00</b>	<b>0,00</b>	<b>74 810 512,66</b>	<b>2 703 534,25</b>	<b>(109 753,75)</b>	<b>(26 221 694,93)</b>	<b>132 017 400,08</b>	<b>193 449 998,31</b>	<b>0,00</b>	<b>193 449 998,31</b>

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<b>30<sup>th</sup> June 2007</b>	<b>Share capital (fund)</b>	<b>Revaluation reserve</b>	<b>Supplementary capital</b>	<b>Other reserve capital (fund)</b>	<b>Capital from hedging transactions valuation and exchange rate variations from</b>	<b>Retained profit (loss)</b>	<b>Net result</b>	<b>Equity capital being in possession shareholders in holding company</b>	<b>Minority capitals</b>	<b>Equity capital (fund)</b>
<b>As at 31st December 2006</b>	10 250 000,00	0,00	74 810 512,66	2 703 534,25	-109 753,75	-26 221 694,92	132 017 400,08	193 449 998,31	0,00	193 449 998,31
Correcting entries for basic	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Adjustments on change over to MSSF	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
<b>As at 1st January 2007</b>	<b>10 250 000,00</b>	<b>0,00</b>	<b>74 810 512,66</b>	<b>2 703 534,25</b>	<b>-109 753,75</b>	<b>-26 221 694,92</b>	<b>132 017 400,08</b>	<b>193 449 998,31</b>	<b>0,00</b>	<b>193 449 998,31</b>
Issuance of bonds	689 656,00	0,00	234 099 587,10	0,00	0,00	0,00	0,00	234 789 243,10	0,00	234 789 243,10
Payment of dividend	0,00	0,00	0,00	0,00	0,00	-29 212 500,00	0,00	-29 212 500,00	0,00	-29 212 500,00
Profits (losses) on revaluation of disposable assets	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Profits (losses) on cash flows hedging transactions	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Exchange rate differences resulting from the conversion of financial reports submitted by foreign entities	0,00	0,00	0,00	0,00	0,00	21 550,81	0,00	21 550,81	0,00	21 550,81
Profit (loss) on companies takeover (entity JWCH)	0,00	0,00	1 104 461,77	2 872 720,92	0,00	-2 307 898,77	0,00	1 669 283,92	0,00	1 669 283,92
Profit (loss) on companies included in/ excluded from consolidation	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Consolidation adjustments	0,00	0,00	225 250,34	0,00	-21,00	-225 250,34	0,00	-21,00	0,00	-21,00
Total profits / losses recognized in equity capital directly	689 656,00	0,00	235 429 299,21	2 872 720,92	-21,00	-31 724 098,30	0,00	207 267 556,83	0,00	207 267 556,83
Net profit (loss) in business year	0,00	0,00	0,00	0,00	0,00	0,00	25 631 577,08	25 631 577,08	0,00	25 631 577,08
Total profits / losses recognized in equity capital and in net result	689 656,00	0,00	235 429 299,21	2 872 720,92	-21,00	-31 724 098,30	25 631 577,08	232 899 133,91	0,00	232 899 133,91
Increases / reductions from profit distribution	0,00	0,00	67 650 799,73	0,00	0,00	64 366 600,35	-132 017 400,08	0,00	0,00	0,00
<b>As at 30<sup>th</sup> June 2007</b>	<b>10 939 656,00</b>	<b>0,00</b>	<b>377 890 611,59</b>	<b>5 576 255,17</b>	<b>-109 774,75</b>	<b>6 420 807,13</b>	<b>25 631 577,08</b>	<b>426 349 132,21</b>	<b>0,00</b>	<b>426 349 132,21</b>

## ADDITIONAL INFORMATION AND EXPLANATIONS

### 1. EXPLANATION NOTES FOR BALANCE SHEET

#### Note 1. Intangible fixed assets

<b>INTANGIBLE FIXED ASSETS</b>	<b>30-06-2007</b>	<b>31-12-2006</b>
a) Costs of completed development works	0,00	0,00
b) Goodwill from consolidation	3 047 895,06	3 047 895,06
c) Other intangible fixed assets	8 931 051,95	9 474 493,50
d) Advances for intangible fixed assets	0,00	0,00
<b>Intangible fixed assets, total</b>	<b>11 978 947,01</b>	<b>12 522 388,56</b>

<b>Denomination of the components of fixed assets</b>		<b>Goodwill</b>	<b>Other intangible assets</b>	<b>Total intangible assets</b>
<b>Value</b>	As at the beginning of business year	3 047 895,06	13 704 450,75	16 752 345,81
	Merger			0,00
	Total after merger	3 047 895,06	13 704 450,75	16 752 345,81
	Revenue		64 394,00	64 394,00
	Relocations			0,00
	Disposals		21 699,93	21 699,93
	Included in consolidation			0,00
	As at the end of business year	3 047 895,06	13 747 144,82	16 795 039,88
<b>Depreciation</b>	As at the beginning of business year	0,00	4 229 838,50	4 229 838,50
	Merger			0,00
	Total after merger	0,00	4 229 838,50	4 229 838,50
	Annual depreciation		584 374,17	584 374,17
	Increases			0,00
	Reductions			0,00
	Included in consolidation			0,00
	As at the end of business year	0,00	4 814 212,67	4 814 212,67
<b>Net value as at the beginning of business year</b>		<b>3 047 895,06</b>	<b>9 474 612,25</b>	<b>12 522 507,31</b>
<b>Net value as at the end of business year</b>		<b>3 047 895,06</b>	<b>8 932 932,15</b>	<b>11 980 827,21</b>

The intangible assets are initially recognized in accordance with their purchase prices or manufacturing costs. After their initial recognition, the intangible assets are valued in accordance with their purchase prices or manufacturing costs reduced by the depreciation and impairment losses associated with permanent deterioration. The intangible assets are subject to linear depreciation in the period corresponding to estimated period of their useful life. The period and the method of depreciation are verified as at the end of each business year. Any circumstances making the creation of impairment loss for intangible assets by the Group necessary did not occurred as at 31<sup>st</sup> December 2006 and 30<sup>th</sup> June 2007.

Any development works have been not carried out in the framework of the Group in the period 2006-2007 and any associated costs have been not incurred. Any advances to the intangible assets did not existed in the companies. No securities have been not established on intangible assets.

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<b>INTANGIBLE ASSETS AS PER BALANCE SHEET (PROPERTY STRUCTURE)</b>	<b>30-06-2007</b>	<b>31-12-2006</b>
a) owned	5 398 081,29	5 532 161,40
b) used on the basis of leasing contract	6 582 745,92	6 990 345,91
<b>TOTAL INTANGIBLE ASSETS AS PER BALANCE SHEET</b>	<b>11 980 827,21</b>	<b>12 522 507,31</b>

<b>LEASING</b>	<b>30-06-2007</b>	<b>31-12-2006</b>
Gross intangible assets	9 226 398,66	9 226 398,66
Depreciation	2 643 652,74	2 236 052,75
<b>Carrying value of intangible assets being subject of leasing</b>	<b>6 582 745,92</b>	<b>6 990 345,91</b>
% of intangible assets being subject of leasing related to total intangible assts	54,94%	55,82%
<b>Leasing liabilities</b>	<b>4 323 457,04</b>	<b>2 909 390,37</b>
Depreciation of leasing objects recognized as operating cost	407 599,99	664 509,51
Interest on leasing contract recognized as financial cost	411 391,61	219 970,59

In 2003, in connection with the Group development, the Management made the decision on the change of the software to be implemented in the Group. The implementation of SAP integrated system has been commenced by the holding company in 2003. The implementation took place in form of phases and settlement was carried out in successive years. After the implementation of SAP integrated system in the holding company, remaining companies being the members of the Group and running the activity similar to the activity of the holding company, have been encompassed with the project. The expenses incurred for hardware, licenses, software and system implementation were necessary in the framework of that project. The funds required for financing of a/m project have been partially obtained by the Group from the Company ECS International Polska Sp. z o.o. on the basis of the Leasing Contract No 27/2003 signed on 20<sup>th</sup> October 2003. As at 30<sup>th</sup> June 2007, the total value of leasing objects was equal to 10 845 859,93PLN.

**Note 2. Goodwill for subordinated entities**

<b>GOODWILL FOR SUBORDINATED ENTITIES</b>	<b>30-06-2007</b>	<b>31-12-2006</b>
a) Goodwill – subsidiaries	16 801 419,29	16 801 419,29
b) Goodwill - joint subsidiaries	0,00	0,00
c) Goodwill – associated parties	0,00	0,00
<b>Intangible fixed assets, total</b>	<b>16 801 419,29</b>	<b>16 801 419,29</b>

<b>GOODWILL FOR SUBORDINATED ENTITIES</b>	<b>30.06.2007</b>	<b>31.12.2006</b>
Project 55 Sp. z o.o.	12 390 453,72	12 390 453,72
Przedsiębiorstwo Turystyczne "Czarny Potok" S.A.	4 410 965,57	4 410 965,57
<b>Total goodwill</b>	<b>16 801 419,29</b>	<b>16 801 419,29</b>

**Note 3. Tangible fixed assets**

<b>TANGIBLE FIXED ASSETS</b>	<b>30-06-2007</b>	<b>31-12-2006</b>
a) Fixed assets including	253 411 907,68	253 373 034,92
- Lands (including perpetual usufruct right)	21 696 618,78	21 698 653,68
- Buildings, premises and civil engineering and hydro-engineering objects	212 453 910,53	214 940 740,17
- Technical equipment and machines	11 454 693,24	9 987 812,67
- Transport means	6 723 389,97	5 289 091,30
- Other fixed assets	1 083 295,15	1 456 737,09
b) Fixed assets under construction	21 457 182,26	18 558 958,61
c) Advances for fixed assets under construction	25 100,00	25 100,00
<b>Tangible fixed assets, total</b>	<b>274 894 189,94</b>	<b>271 957 093,53</b>

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The tangible fixed assets are initially recognized in accordance with their purchase prices or manufacturing costs. After their initial recognition, the tangible fixed assets are valued as at the balance sheet day in accordance with their purchase prices or manufacturing costs reduced by the depreciation and accumulated impairment losses associated with permanent deterioration. The tangible fixed assets are subject to linear depreciation in the period corresponding to estimated period of their useful life.

The fixed assets under construction are recognized at total costs being directly associated with their purchase or production, reduced by permanent impairment losses. The fixed assets under construction are not subject to depreciation until the completion of the construction and handing over for use.

Any circumstances making the creation of impairment loss for tangible fixed assets by the Group necessary did not occurred as at 30<sup>th</sup> June 2007. A correcting entry has been created in 2006 in order to reevaluate the hotel modules and to bring their carrying value to net realizable values.

Any fixed assets constructed by the Group at their own expense and capacity did not occurred as at 30<sup>th</sup> June 2007 and 31<sup>st</sup> December 2006.

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Denomination of fixed assets group components		Lands (including perpetual usufruct)	Buildings, premises and civil engineering object	Technical equipment and machines	Transportation means	Other fixed assets	Total fixed assets	Fixed assets under construction	Advance payments for fixed assets under construction	Total tangible assets
<b>Value</b>	As at the beginning of business year	21 781 011,23	233 435 754,94	26 333 771,72	8 078 361,17	9 602 540,59	299 231 439,65	21 042 849,31	25 100,00	320 299 388,96
	Merger	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
	Total after merger	21 781 011,23	233 435 754,94	26 333 771,72	8 078 361,17	9 602 540,59	299 231 439,65	21 042 849,31	25 100,00	320 299 388,96
	Included in consolidation	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
	Revenue	0,00	0,00	2 573 342,73	2 171 128,63	21 002,38	4 765 473,74	4 496 590,04	0,00	9 262 063,78
	Relocations	0,00	0,00	0,00	-180,00	352,97	172,97	0,00	0,00	172,97
	Disposals	0,00	0,00	0,00	121 128,69	0,00	121 128,69	1 598 366,39	0,00	1 719 495,08
	As at the end of business year	21 781 011,23	233 435 754,94	28 907 114,45	10128 181,11	9 623 895,94	303 875 957,67	23 941 072,96	25 100,00	327 842 130,63
<b>Depreciation</b>	As at the beginning of business year	82 357,55	18 495 014,77	16 345 959,05	2 789 269,87	8 145 803,50	45 858 404,74	464 273,20	0,00	46 322 677,94
	Merger	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
	Total after merger	82 357,55	18 495 014,77	16 345 959,05	2 789 269,87	8 145 803,50	45 858 404,74	464 273,20	0,00	46 322 677,94
	Included in consolidation	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
	Annual depreciation	2 034,90	2 486 829,64	1 106 462,16	692 236,11	394 797,29	4 682 360,10	0,00	0,00	4 682 360,10
	Increases	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
	Relocations	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
	Reductions	0,00	0,00	0,00	76 714,84	0,00	76 714,84	0,00	0,00	76 714,84
As at the end of business year	84 392,45	20 981 844,41	17 452 421,21	3 404 791,14	8 540 600,79	50 464 050,00	464 273,20	0,00	50 928 323,20	
	Revaluation as at the beginning of business year	0,00	0,00	0,00	0,00	0,00	0,00	2 019 617,50	0,00	2 019 617,50
	Revaluation as at the end of business year	0,00	0,00	0,00	0,00	0,00	0,00	2 019 617,50	0,00	2 019 617,50
	<b>Net value as at the beginning of business year</b>	<b>21 698 653,68</b>	<b>214 940 740,17</b>	<b>9 987 812,67</b>	<b>5 289 091,30</b>	<b>1 456 737,09</b>	<b>253 373 034,92</b>	<b>18 558 958,61</b>	<b>25 100,00</b>	<b>271 957 093,53</b>
	<b>Net value as at the end of business year</b>	<b>21 696 618,78</b>	<b>212 453 910,53</b>	<b>11 454 693,24</b>	<b>6 723 389,97</b>	<b>1 083 295,15</b>	<b>253 411 907,68</b>	<b>21 457 182,26</b>	<b>25 100,00</b>	<b>274 894 189,94</b>

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<b>TANGIBLE FIXED ASSETS AS PER BALANCE SHEET (PROPERTY STRUCTURE)</b>	<b>30-06-2007</b>	<b>31-12-2006</b>
a) owned	189 800 377,91	193 124 969,35
b) used on the basis of leasing contract	85 093 812,03	78 832 124,18
<b>TOTAL TANGIBLE FIXED ASSETS AS PER BALANCE SHEET</b>	<b>274 894 189,94</b>	<b>271 957 093,53</b>

<b>LEASING</b>	<b>30-06-2007</b>	<b>31-12-2006</b>
Gross tangible assets	99 378 850,92	90 656 183,28
Depreciation	14 285 038,89	11 824 059,10
<b>Carrying value of tangible fixed assets being subject of leasing</b>	<b>82 613 531,71</b>	<b>78 832 124,18</b>
% of tangible fixed assets being subject of leasing related to total fixed assets	30,96%	28,99%
<b>Leasing liabilities</b>	<b>78 065 747,86</b>	<b>80 481 418,29</b>
Depreciation of leasing objects recognized as operating cost	2 764 563,32	4 187 859,33
Interest on leasing contract recognized as financial cost	3 272 480,63	6 373 848,46

In 2003, in connection with the Group development, the Management made the decision on the change of the software to be implemented in the Group. The implementation of SAP integrated system has been commenced by the holding company in 2003. The implementation took place in form of phases and settlement was carried out in successive years. After the implementation of SAP integrated system in the holding company, remaining companies being the members of the Group and running the activity similar to the activity of the holding company, have been encompassed with the project. The expenses incurred for hardware, licenses, software and system implementation were necessary in the framework of that project. The funds required for financing of a/m project have been partially obtained by the Group from the Company ECS International Polska Sp. z o.o. on the basis of the Leasing Contract No 27/2003 signed on 20<sup>th</sup> October 2003. As at 30<sup>th</sup> June 200, the total value of leasing objects was equal to 10 845 859,93PLN.

The Holding Company concluded the Contract with BANKOWY FUNDUSZ LEASINGOWY on Leasing of Real Estate No 0/WA/2004/615/N for the developed real estate (with an office building) situated in ZABKI, 326 RADZYMIŃSKA Street on 29<sup>th</sup> of December 2004. The net value of the subject of leasing amounts 20.000.000,00PLN (including: the price of land 1 328 613,00PLN and infrastructure of 18 671 387,00PLN). The services of leasing companies are also used by the Group when purchasing the construction machinery, trucks and cars required in course of the activity. Among others the services of BEL Leasing Sp. z o.o., Europejski Fundusz Leasingowy, Bankowy Fundusz Leasingowy and ECS International Polska Sp. z o.o. have been used by the Group during the period 2004-2007.

**Sale and lease back**

On 30th November 2004, the Holding Company concluded the Contract on Sale and lease back. The real estate with the buildings situated in Tarnowo Podgórne is the object of the contract. Total net value of the subject of leasing amounts 25 941 833,10PLN, the revenue on sales has been established in the amount of 30 545 000PLN. The real estate encompasses the building lot with erected hotel building including gastronomy facilities as well as internal and external technical infrastructures. In accordance with MSR 17 „Leasing”, the settlement of the surplus of revenue on sales of the subject of leasing over its carrying value is performed by the Company during the whole period of leasing.

On 31st August 2001, the company „Hotele 500” Sp. z o.o. concluded the Contract on Sale and lease back. The real estate situated in Zegrze Południowe is the subject of leasing. At the time of sales transaction, the fair value the of subject of leasing (19 860 048,69PLN) was higher than the revenue on its sale (18 444 200,52PLN). Therefore the loss on sales has been immediately recognized in financial result on corresponding business year by the Company in accordance with MSR 17 „Leasing”.

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**Note 4. Other financial assets**

<b>OTHER FINANCIAL ASSETS</b>	<b>30-06-2007</b>	<b>31-12-2006</b>
a) Shares or bonds	4 980 744,50	5 033 744,50
b) Granted loans	0,00	0,00
c) Other long term investments	0,00	0,00
<b>Value of long term financial assets</b>	<b>4 980 744,50</b>	<b>5 033 744,50</b>

<b>LONG TERM FINANCIAL ASSETS</b>	<b>30-06-2007</b>	<b>31-12-2006</b>
a) in subsidiaries	4 979 744,50	5 031 744,50
- shares or bonds	4 979 744,50	5 031 744,50
- other securities	0,00	0,00
- granted loans	0,00	0,00
- other long term financial assets	0,00	0,00
b) in other entities	1 000,00	2 000,00
- shares or bonds	1 000,00	2 000,00
- other securities	0,00	0,00
- granted loans	0,00	0,00
- other long term financial assets	0,00	0,00
c) other long term investments	0,00	0,00
<b>Total long term financial assets</b>	<b>4 980 744,50</b>	<b>5 033 744,50</b>

<b>CHANGE OF LONG TERM FINANCIAL ASSETS STATUS</b>	<b>30-06-2007</b>	<b>31-12-2006</b>
a) as at the beginning of the period	1 471 168,94	11 569 808,57
- shares	5 033 744,50	8 418 050,00
- granted loans	0,00	1 680 589,63
- other	1 471 168,94	1 471 168,94
b) increases	8 697 450,00	479 000,00
- shares	8 697 450,00	479 000,00
- granted loans	0,00	0,00
- other	0,00	0,00
c) reductions	10 221 618,94	7 015 064,07
- shares	8 750 450,00	3 863 305,50
- granted loans		1 680 589,63
- other	1 471 168,94	1 471 168,94
d) as at the end of the period	4 980 744,50	5 033 744,50
- shares	4 980 744,50	5 033 744,50
- granted loans	0,00	0,00
- other	0,00	0,00

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SHARES OR BONDS IN SUBORDINATED ENTITIES as at 30 <sup>th</sup> June 2007												
Item	A	B	C	D	E	F	G	H	I	J	K	L
	Name (company) of the entity with indication of legal form	Registered office	Sector of enterprise activity	Character of relation (subsidiary, joint subsidiary, associated party with indication of direct and indirect relations)	Applied consolidation method / valuation using property rights method or indication that the entity is not subject to consolidation / valuation	Date of control / joint control takeover./ achievement of significant influence	Value of shares/ bonds according to purchase price	Revaluation adjustment, value (total)	Carrying value of shares/ bonds	Percentage of owned stock capital	Percentage of votes at General Meeting	Indication of control / joint control/ significant influence basis differing from that determined in letter J or K
<b>Direct relations</b>												
1.	TBS Marki Sp.z o.o.	Warszawa	Social housing	Subsidiary	Fully consolidated	14.11.2003	13 359 500,00	0,00	13 359 500,00	99,99%	99,99%	
2	J.W. Construction International Sp. z o.o.	Kołomna (Rosja)	Construction & developer	Subsidiary	Fully consolidated	14.11.2003	1 272,90	1 272,90	0,00	100,00%	100,00%	
3	Przedsiębiorstwo Turystyczne "Czarny Potok" S.A.	Krynica Górská	Hotel services	Subsidiary	Fully consolidated	16.12.2004	7 000 000,00	0	7 000 000,00	100,00%	100,00%	
4.	Business Financial Construction Sp. z o.o.	Warszawa	Services	Subsidiary	Not consolidated	16.06.2003	4 346 500,00	0,00	4 346 500,00	99,99%	99,99%	
5.	Project 55 Sp. z o.o.	Warszawa	developer activity	Subsidiary	Fully consolidated	13.01.2005	19 655 537,59	0	19 655 537,59	99,99%	99,99%	
6.	Interlokum Sp. z o.o.	Warszawa	developer activity	Subsidiary	Fully consolidated	23.11.2004	49 500,00	0	49 500,00	99,00%	99,00%	
7.	Lokum Sp. z o.o.	Warszawa	developer activity	Subsidiary	Fully consolidated	13.09.2005	3 777 500,00	0	3 777 500,00	99,99%	99,99%	
8.	Deweloper Sp. z o.o.	Siemianowice Dłukie	construction activity	Subsidiary	Fully consolidated	08.09.2004	49 500,00	0	49 500,00	99,00%	99,00%	
9.	Dremet Sp. z o.o.	Warszawa	Aggregates mining	Subsidiary	Not consolidated	14.11.2003	2 600,00	2 600,00	0	100,00%	100,00%	
10.	Królewski Port DeraDSp. z o.o.	Warszawa	developer activity	associated	Not consolidated	08.09.2000	500 000,00	500 000,00	0	4,92%	4,92%	
11.	KSP Polonia Warszawa SSA	Warszawa	sports	Subsidiary	Not consolidated	30.03.2006	15 440,00	15 440,00	0	100,00%	100,00%	
12.	TBS Nowy Dom Sp. z o.o.	ZCbki	Social housing	Shares	Not consolidated	30.09.2006	1 000,00	0	1 000,00	2,00%	2,00%	
13.	Construction Invest Sp. z o.o.	ZCbki	Real estates development and selling	Subsidiary	Not consolidated	25.01.2006	50 000,00	0	50 000,00	100,00%	100,00%	
14.	J.W.Construction AZS Politechniki Warszaw. S.A.	Warszawa	sports	Subsidiary	Not consolidated	07.09.2006	375 000,00	0	375 000,00	75,00%	75,00%	

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<b>Indirect relations</b>												
15..	TBS Marki Sp.z o.o.	Warszawa	Social housing services	Subsidiary	Fully consolidated	18.10.2006	500,00	0	500,00	0,01%	0,01%	
16.	Business Financial Construction Sp. z o.o.	Warszawa	services	Subsidiary	Not consolidated	16.06.2003	500,00	0,00	500,00	0,01%	0,01%	
17.	Interlokum Sp. z o.o.	Warszawa	developer activity	Subsidiary	Fully consolidated	18.10.2006	500,00	0	500,00	1,00%	1,00%	
18.	Lokum Sp. z o.o.	Warszawa	developer activity	Subsidiary	Fully consolidated	18.10.2006	1 000,00	0	1 000,00	0,01%	0,01%	
19.	Deweloper Sp. z o.o.	Siemianowice Śląskie	construction activity	Subsidiary	Fully consolidated	18.10.2006	500,00	0	500,00	1,00%	1,00%	
20..	Hotel Kraków Sp.z o.o.	Kraków	Hotel services	Subsidiary	Not consolidated	23.09.2002	120 000,00	0,00	120 000,00	67,75%	67,75%	
21..	Hotel DagaDSp.zo.o.	ŻAGAN	Hotel services	Subsidiary	Not consolidated	23.05.2002	240 000,00	0,00	240 000,00	53,20%	53,20%	
22..	Hotel MalborkSp.zo.o.	Malbork	Hotel services	Subsidiary	Not consolidated	13.05.2005	1 070 100,00	0,00	1 070 100,00	84,26%	84,26%	
23.	Karczma Regionalna Sp.z o.o.	Krynica Górská	Hotel services	Subsidiary	Not consolidated	17.12.1999	208 550,00	0	208 550,00	8,06%	8,06%	

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**Note 5. Long term receivables**

<b>LONG TERM RECEIVABLES</b>	<b>30-06-2007</b>	<b>31-12-2006</b>
a) from related entities	50 503,10	1 313,44
b) from other entities	11 988 502,84	11 590 749,97
<b>Total long term receivables</b>	<b>12 039 005,94</b>	<b>11 592 063,41</b>

The warranty deposit from other entities in amount of 9 545 000 PLN paid by the Holding Company as the security for the receivables of the financing party resulting from the Contract on Sale and lease back referred to in the section entitled "Sale and lease back" was the prevailing item of the long term receivables from other entities in the period 2006-2007. Furthermore the long term receivables encompass the warranty deposit paid by the Holding Company in accordance with the schedule attached as the appendix to the contract on leasing of the real estate situated in Zabki.

**Note 6. Construction contracts**

	<b>30-06-2007</b>	<b>31-12-2006</b>
Planned revenues from current projects	3 494 460 260,43	3 567 795 143,71
Planned costs of current projects	2 376 482 878,92	2 337 028 767,62
Planned margin on completed projects	1 117 977 381,50	1 230 766 376,09
Cumulative revenues recognized in Income Statement	191 469 208,22	665 603 714,28
Cumulative costs recognized in Income Statement	132 945 163,07	454 002 262,76
Cumulative margin recognized in Income Statement	58 524 045,15	211 601 451,52
Deferred margin to be recognized in future periods	1 059 453 336,35	1 019 164 924,57
Planned margin on projects being implemented	32,08%	35,12%
Percentage of deferred margin to be recognized in future periods	94,77%	82,81%
<b>Amount of construction contracts presented in current assets</b>	<b>593 045 810,97</b>	<b>403 563 559,20</b>
<b>Amount of construction contracts presented in short term liabilities</b>	<b>174 347 377,90</b>	<b>105 538 118,54</b>
<b>CONSTRUCTION CONTRACTS (current assets)</b>		
a) Semi – products and work in progress	289 844 979,03	170 308 989,28
b) Finished products	30 540 262,17	28 932 181,16
c) Prepayments	5 596 063,61	5 650 846,21
d) Not – invoiced receivables	267 064 506,16	198 671 542,55
<b>Total value of construction contracts</b>	<b>593 045 810,97</b>	<b>403 563 559,20</b>
<b>CONSTRUCTION CONTRACTS (short term liabilities)</b>		
a) advance payments – apartments sales	149 292 423,20	84 577 546,83
b) not invoiced completed works	22 560 357,05	20 038 982,92
c) other	2 494 597,64	921 588,79
<b>Total value of construction contracts</b>	<b>174 347 377,89</b>	<b>105 538 118,54</b>

The "zero" method is applied by the Group (assuming the conservatism concept) in the first phase of project implementation until the following levels are achieved:

- c) revenues – the progress above 50% (revenues value resulting from the contracts being signed / the value of planned revenues)
- d) costs – the progress above 40% (works value determined on the basis of works quantity survey/ budget value)

When the limit values specified above are exceeded, the revenues and costs for the project under consideration are recognized in the following manner;

- c) revenues – planned value of revenues \* (revenues index \* costs index)
- d) costs – planned value of costs \* (revenues index \* costs index)

The projects implemented in 2007 will achieve advanced phase of construction works in the second half of the year and the result recognition on those projects will be possible.

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The projects implemented in 2007 will achieve advanced phase of construction works in the second half of the year and the result recognition on those projects will be possible.

It has been ascertained that in case of the change of contracts valuation principles (in accordance with MSR 18), the result in 2007 would be increased by the 17,7million PLN owing to assessment on the basis of data prepared in form of an estimation without any reliable verification.

**Carrying value of inventories consisting the security for liabilities repayment**

<b>SECURITIES ESTABLISHED ON INVENTORIES AND CONSTRUCTION CONTRACTS</b>	<b>30-06-2007</b>	<b>31-12-2006</b>
Carrying value of investment real estates consisting the security for credit liabilities repayment	590 549 980,61	644 184 017,61
Amount of security established on investment real estates - credits	565 998 156,26	687 796 687,00
Amount of security established on third party real estates - credits	29 484 000,00	0,00

**Note 7. Inventories**

<b>INVENTORIES</b>	<b>30-06-2007</b>	<b>31-12-2006</b>
a) materials	9 535 044,84	10 171 364,42
b) semi – finished products and work – in – progress	7 469 219,88	25 395 194,29
c) finished products	1 714 480,72	1 058 283,98
d) trade goods	7 391 232,92	7 806 119,41
e) payments on accounts	1 616 280,65	10 681 369,52
<b>Total value of inventories</b>	<b>27 726 259,02</b>	<b>55 112 331,62</b>

<b>INVENTORIES (including write-downs)</b>	<b>30-06-2007</b>	<b>31-12-2006</b>
a) materials	12 570 083,84	15 560 403,42
<i>Including the value of write - down</i>	<i>3 035 039,00</i>	<i>5 389 039,00</i>
b) semi – finished products and work – in – progress	7 722 577,23	25 395 194,29
<i>Including the value of write - down</i>	<i>253 357,35</i>	<i>0,00</i>
c) finished products	1 714 480,72	1 058 283,98
<i>Including the value of write - down</i>	<i>0,00</i>	<i>0,00</i>
d) trade goods	8 399 573,60	8 814 460,09
<i>Including the value of write - down</i>	<i>1 008 340,68</i>	<i>1 008 340,68</i>
e) payments on accounts	1 616 280,65	10 902 950,08
<i>Including the value of write - down</i>	<i>0,00</i>	<i>221 580,56</i>
<b>Total value of inventories</b>	<b>32 022 996,05</b>	<b>61 731 291,86</b>
<b>Total value of write-downs</b>	<b>4 296 737,03</b>	<b>6 618 960,24</b>
<b>Total value of inventories (after write – down)</b>	<b>27 726 259,02</b>	<b>55 112 331,62</b>

The costs associated with the creation of write –downs of inventories have been included in the loss and gain account in remaining operations.

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**Note 8. Trade receivables and other receivables**

	30-06-2007	31-12-2006
<b>SHORT TERM RECEIVABLES</b>		
a) trade receivables from related parties	4 552 860,11	5 719 444,48
b) trade receivables from other parties	39 479 534,80	20 810 834,67
c) receivables from State Budget	13 863 466,84	11 931 123,69
d) other	5 208 931,26	1 720 566,78
<b>Total receivables</b>	<b>63 104 793,01</b>	<b>40 181 969,62</b>
<b>NET SHORT TERM RECEIVABLES</b>	<b>30-06-2007</b>	<b>31-12-2006</b>
a) trade receivables from related parties	6 442 526,70	5 719 444,48
<i>Including the value of allowance</i>	<i>1 889 666,59</i>	<i>0,00</i>
b) trade receivables from other parties	43 165 334,63	26 514 636,78
<i>Including the value of allowance</i>	<i>3 685 799,83</i>	<i>5 703 802,11</i>
c) receivables from State Budget	13 863 466,84	11 931 123,69
<i>Including the value of allowance</i>	<i>0,00</i>	<i>0,00</i>
d) other	5 208 931,26	1 720 566,78
<i>Including the value of allowance</i>	<i>0,00</i>	<i>0,00</i>
Gross short term receivables, total	68 680 259,43	45 885 771,73
Total allowances	5 575 466,42	5 703 802,11
<b>Net short term receivables, total</b>	<b>63 104 793,01</b>	<b>40 181 969,62</b>

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

	30-06-2007	31-12-2006
<b>SHORT TERM INVESTMENTS</b>		
a) in subsidiaries	5 721 875,13	5 789 968,94
- shares or bonds	0,00	0,00
- other securities	0,00	0,00
- granted loans	5 721 875,13	5 789 968,94
- other short term financial assets	0,00	0,00
b) in remaining entities	61 060 914,06	893 626,31
- shares or bonds	0,00	0,00
- other securities	60 000 000,00	0,00
- granted loans	1 060 914,06	886 488,67
- other short term financial assets	0,00	7 137,64
Total value of short term investments	66 782 789,19	6 683 595,25

**Program of Debt Securities Retirement by the Companies**

- On 27<sup>th</sup> June 2007 the contract on sale of debt securities SCTRSC0717800064 /BON - 355284 issued by BRE Bank Hipoteczny S.A. has been concluded by the Company with BRE Bank S.A. The contract encompasses the sale of 600bonds with nominal value of 100.000PLN each resulting in total nominal value of 60.000.000PLN. The maturity date of debt securities: 25<sup>th</sup> July 2007.
- On 2<sup>nd</sup> July 2007 the contract on sale of debt securities SCTRSC0718300108 / BON - 355651 issued by BRE Leasing Sp. z o.o. has been concluded by the Company with BRE Bank S.A. The contract encompasses the sale of 500bonds with nominal value of 100.000PLN each resulting in total nominal value of 50.000.000PLN. The maturity date of debt securities: 3<sup>rd</sup> September 2007.
- On 2<sup>nd</sup> July 2007 the contract on sale of debt securities SCTRSC0718300106 / BON - 355649 issued by FCE CREDIT POLSKA S.A. has been concluded by the Company with BRE Bank S.A. The contract encompasses the sale of 500bonds with nominal value of 600.000PLN each resulting in total nominal value of 60.000.000PLN. The maturity date of debt securities: 3<sup>rd</sup> October 2007.

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4. On 9th August 2007 the contract on sale of debt securities SCTRSC0722100091/BON-358521 issued by BRE Bank Hipoteczny S.A. has been concluded by the Company with BRE Bank S.A. The contract encompasses the sale of 300bonds with nominal value of 100.000PLN each resulting in total nominal value of 30.000.000PLN. The maturity date of debt securities: 28<sup>th</sup> September 2007.

5. On 9th August 2007 the contract on sale of debt securities SCTRSC0722100090/BON-358520 issued by BRE Bank Hipoteczny S.A. has been concluded by the Company with BRE Bank S.A. The contract encompasses the sale of 300bonds with nominal value of 100.000PLN each resulting in total nominal value of 30.000.000PLN. The maturity date of debt securities: 12<sup>th</sup> September 2007.

6. On 31st August 2007 the contract on sale of debt securities SCTRSC0724300131 / BON - 360166 issued by BRE Leasing sp. z o.o. has been concluded by the Company with BRE Bank S.A. The contract encompasses the sale of 500bonds with nominal value of 100.000PLN each resulting in total nominal value of 50.000.000PLN. The maturity date of debt securities: 14<sup>th</sup> September 2007.

7. On 12<sup>th</sup> September 2007 the contract on sale of debt securities SCTRSC0725500018 /BON - 361099 issued by BRE Bank Hipoteczny S.A. has been concluded by the Company with BRE Bank S.A. The contract encompasses the sale of 500bonds with nominal value of 100.000PLN each resulting in total nominal value of 50.000.000PLN. The maturity date of debt securities: 8<sup>th</sup> November 2007.

As at 21<sup>st</sup> September 2007, the Company invested in the scope of short term debt securities in total amount of 330.000.000PLN with 190.000.000PLN retired up to the present time.

<b>CHANGE IN SHORT TERM INVESTMENTS</b>	<b>30-06-2007</b>	<b>31-12-2006</b>
a) short term investments as at the beginning of the period	6 683 595,25	2 916 018,38
- shares	0,00	0,00
- other securities	0,00	0,00
- granted loans	6 676 457,61	2 872 774,88
- other	7 137,64	43 243,50
b) increases	60 106 331,58	8 728 949,79
- shares	0,00	0,00
- other securities	60 000 000,00	0,00
- granted loans	106 331,58	8 728 949,79
- other	0,00	0,00
c) reductions	7 137,64	4 961 372,92
- shares	0,00	0,00
- other securities	0,00	0,00
- granted loans	0,00	4 925 267,06
- other	7 137,64	36 105,86
d) short term investments as at the end of the period	66 782 789,19	6 683 595,25
- shares	0,00	0,00
- other securities	60 000 000,00	0,00
- granted loans	6 782 789,19	6 676 457,61
- other	0,00	7 137,64

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**Note 10. Cash and cash equivalents**

<b>CASH AND CASH EQUIVALENTS</b>	<b>30-06-2007</b>	<b>31-12-2006</b>
a) cash in bank and in hand	12 462 849,33	19 506 061,04
b) other cash equivalents	250 237 200,72	17 870 104,29
c) other monetary assets	32 445,03	4 279,16
<b>Total cash and cash equivalents</b>	<b>262 732 495,08</b>	<b>37 380 444,49</b>

**Note 11. Prepayments**

<b>Prepayments</b>	<b>30-06-2007</b>	<b>31-12-2006</b>
- property insurances	360 491,60	300 073,93
- interest	833 356,08	903 196,33
- commission costs	5 828 370,97	4 393 956,15
- perpetual usufruct	428 254,59	0,00
- taxes	939 659,41	0,00
- new investments	690 780,94	0,00
- financial costs of bonds	8 582 035,48	0,00
- other	2 386 591,59	4 390 312,36
<b>Total value of prepayments</b>	<b>20 049 540,66</b>	<b>9 987 538,77</b>

The costs incurred and associated with deferred incomes are recognized among others by the Company in the heading Other Prepayments. The main entry encompasses the costs of commissions received by the salesmen for the sales of apartments. Those commissions are assigned to individual apartments/ dwellings sold by the Company and are subject to activation until the apartment / dwelling is handed over to the purchaser. The financial costs of bonds are associated with the contract described in Note 18.

**Note 12. Share capital (fund)**

<b>SHARE CAPITAL (STRUCTURE) as at 30th June 2007</b>								
<b>Seri es / issu e</b>	<b>Type of bonds / shares</b>	<b>Type of bonds / shares / preference</b>	<b>Type of limitation of rights for shares</b>	<b>Number of shares / bonds</b>	<b>Value of series/ issue as per nominal value</b>	<b>Capital repayment method</b>	<b>Registratio n date</b>	<b>Right to dividend (since)</b>
A	bearer shares			51.250	10 250 000	Property of transformed company TBM Batory Sp. z o. o.		
B	bearer shares	-	-	3 448 280	689 656	Cash	27.06.2006	01.01.2008
<b>Total number of shares</b>				54 698 280				
<b>Total capital stock</b>					10 939 656			
<b>Nominal value of one share = 0,20 PLN</b>								

On the basis of the Resolution No 1 of the Management of JW. Construction Holding S.A. adopted on 6th June 2007 (Rep. A 8140/2007), the share capital of the Company J.W. Construction Holding S.A. has been increased in the result of issuance of 3 448 280 ordinary bearer shares with nominal value of 0.20PLN per share.

The surplus obtained from the sales of the shares for the price exceeding their nominal value (agio) has been transferred to the increase of supplementary capital

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The share capital was characterized by the following structure as at 30th June 2007

Shareholder	Number of shares possessed	Percentage of capital stock	Number of votes	Percentage of votes in general number of votes at General Meeting
EHTSA	25 448 300	46,52%	25 448 300,00	46,52%
Mr. Józef Wojciechowski	18 301 700,00	33,46%	18 301 700,00	33,46%
Others	10 948 280,00	20,02%	10 948 280,00	20,02%

**Note 13. Other capitals**

OTHER CAPITALS	30-06-2007	31-12-2006
a) supplementary capital*	377 890 611,59	74 810 512,66
b) other reserve capitals	5 576 255,17	2 703 534,25
c) differences resulting from conversion	-109 774,75	-109 753,75
<b>Total value of other capitals</b>	<b>383 357 092,01</b>	<b>77 404 293,16</b>

\* On the basis of the Resolution No 7 of the General Meeting adopted on 11<sup>th</sup> May 2007 (Rep. A 6428/2007), the distribution of profit in amount of 96 696 095,16 PLN for 2006 has been performed; i.e. the amount of 67 483 595,16 PLN has been transferred to the increase of supplementary capital; in amount of 29 212 500,00 PLN has been handed over for the dividend payment.

**Dividend distribution**

Shareholder	Number of shares		Dividend
EHTSA	25 448 300,00	0,57	14 505 531,00
Mr. Józef Wojciechowski	18 301 700,00	0,57	10 431 969,00
Sezam II	7 500 000,00	0,57	4 275 000,00
	<b>51 250 000,00</b>		<b>29 212 500,00</b>

**Note 14. Credits and loans**

CREDITS AND LOANS	30-06-2007	31-12-2006
a) credits	310 062 523,45	299 095 733,69
including: long term credits	221 899 390,98	220 845 904,84
short term credits	88 163 132,47	78 249 828,85
b) loans	13 003 477,22	29 732 959,64
including: long term loans	0,00	0,00
short term loans	13 003 477,22	29 732 959,64
<b>Total value of credits and loans</b>	<b>323 066 000,67</b>	<b>328 828 693,33</b>
<b>Total value of long term credits and loans</b>	<b>221 899 390,98</b>	<b>220 845 904,84</b>
<b>Total value of short term credits and loans</b>	<b>101 166 609,69</b>	<b>107 982 788,49</b>

CREDITS AS PER THEIR MATURITY DATE	30-06-2007	31-12-2006
Up to 1 year	88 163 132,47	78 249 828,85
Above 1 year up to 2 years	98 384 785,75	113 429 977,09
Above 2 years up to 5 years	114 712 51,46	0,00
Above 5 years	112 043 353,77	107 415 927,75
<b>Total value of credits including:</b>	<b>310 062 523,45</b>	<b>299 095 733,69</b>
- long term credits	221 899 390,98	220 845 904,84
- short term credits	88 163 132,47	78 249 828,85

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<b>LOANS AS PER THEIR MATURITY DATES</b>	<b>30-06-2007</b>	<b>31-12-2006</b>
Up to 1 year	13 003 477,22	29 732 959,64
Above 1 year up to 2 years	0,00	0,00
Above 2 years up to 5 years	0,00	0,00
Above 5 years	0,00	0,00
Total value of loans including:	<b>13 003 477,22</b>	<b>29 732 959,64</b>
- long term loans	0,00	0,00
- short term loans	13 003 477,22	29 732 959,64

The liabilities in form of the loans and credits as at 30th June 2007 have been presented below

<b>LIABILITIES IN FORM OF LOANS AND CREDITS AS AT 30<sup>th</sup> June 2007</b>						
<b>Bank</b>	<b>Registered office</b>	<b>Credit amount as per contract</b>		<b>Amount remaining for repayment (excluding interest)</b>		<b>Repayment date</b>
		<b>Currency</b>	<b>PLN</b>	<b>Currency</b>	<b>PLN</b>	
<b>J.W. Construction Holding S.A.</b>						
Bank Millennium S.A.	Warsaw		11 000 000,00			16.05.2008
Bank Millennium S.A.	Warsaw		12 000 000,00		1 901 846,32	30.09.2008
Bank Millennium S.A.	Warsaw		6 500 000,00		6 263 032,15	30.09.2007
Bank Millennium S.A.	Warsaw		53 300 000,00		9 369 612,04	30.04.2008
Bank Ochrony narodowiska S.A.	Warsaw		8 564 400,00		1 712 880,00	27.09.2007
Bank Ochrony narodowiska S.A.	Warsaw		28 550 000,00		21 412 502,00	23.12.2008
Bank Ochrony narodowiska S.A.	Warsaw		26 000 000,00		4 231 251,46	31.07.2009
Invest Bank S.A.	Warsaw		2 270 000,00		1 452 293,60	30.09.2008
Invest Bank S.A.	Warsaw		6 000 000,00		6 000 000,00	26.07.2007
Invest Bank S.A.	Warsaw		12 500 000,00			31.01.2008
Invest Bank S.A.	Warsaw		7 000 000,00			26.10.2007
Invest Bank S.A.	Warsaw		15 000 000,00		7 206 550,81	18.12.2008
Invest Bank S.A.	Warsaw		9 600 000,00		9 334 000,00	31.03.2010
PKO Bank Polski S.A.	Warszawa		10 000 000,00		10 000 000,00	31.12.2007
PKO Bank Polski S.A.	Warsaw		23 325 047,00		11 213 028,24	01.06.2008
Bank Polskiej Spółdzielczości S.A.	Warsaw		16 000 000,00		5 178 962,58	30.11.2008
Bank Polskiej Spółdzielczości S.A.	Warsaw		18 080 000,00		17 135 236,21	31.03.2016
Fortis Bank Polska S.A.	Warsaw		3 900 000,00		3 900 000,00	08.08.2007
Kredyt Bank S.A.	Warsaw		16 000 000,00		12 027 749,30	30.06.2009
<b>Hotel 500</b>						
Śląski Bank Hipoteczny S.A.	Warsaw		2 600 000,00		1 677 000,00	25.11.2013
Bank Zachodni WBK S.A.	Wrocław		2 800 000,00		1 591 000,00	30.09.2011

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<b>TBS Marki Sp. z o.o.</b>						
Bank Gospodarstwa Krajowego	Warsaw		19 216 000,00		16 328 086,14	2086
Bank Gospodarstwa Krajowego	Warsaw		19 900 000,00		17 017 930,89	2048
Bank Gospodarstwa Krajowego	Warsaw		31000 000,00		31000 000,00	2078
Bank Gospodarstwa Krajowego	Warsaw		12 900 000,00		12 897 235,94	2075
Bank Gospodarstwa Krajowego	Warsaw		21 000 000,00		17 983 769,66	2078
Bank Gospodarstwa Krajowego	Warsaw		5 747 000,00		4 904 402,10	2045
<b>Project 55 Sp. z o.o.</b>						
Bank Millennium S.A.	Warsaw		40 000 000,00		38 611 616,26	30.03.2008
<b>Interlokum Sp. z o.o.</b>						
PKO Bank Polski S.A.	Warsaw		20 600 000,00		19 790 887,17	30.09.2007
<b>Lokum Sp. z o.o.</b>						
Bank Millennium S.A.	Warsaw		16 500 000,00		10 860 384,58	31.01.2008
<b>Deweloper Sp z o.o.</b>						
PKO Bank Polski S.A.	Warsaw		200 000,00		200 000,00	23.10.2007

<b>THE LIABILITIES IN FORM OF THE LOANS as at 30th June 2007</b>				
Name of the company	Registered office / residence	Amount of loan	Amount remaining for repayment (excluding interest)	Repayment date
		according to contract		
		PLN	PLN	
Załubice Development Sp. z o.o.	Warsaw	470 000,00	456 000,00	31.12.2007
EHT S.A.	Luxemburg	7 463 020,18	0	31.12.2007
Mr. Józef Wojciechowski	Załubice Stare	27 682 223,05	11514 234,12	31.12.2007

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

BALANCE SHEET			CHANGE IN PERIOD			
			CHARGED IN PERIOD TO THE LOSS AND GAIN ACCOUNT		CHARGED IN PERIOD TO THE EQUITY CAPITAL	
Deferred income tax provision	30-06-2007	31-12-2006	01-01-2007 to 30-06-2007	01-01-2006 to 31-12-2006	01-01-2007 to 30-06-2007	01-01-2006 to 31-12-2006
Sales of dwellings	16 519 770,41	22 923 401,40	-6 403 630,99	12 354 119,40	0,00	-3 558 604,16
Construction works	13 432 107,42	5 952 858,99	7 479 248,43	2 813 774,11	0,00	0,00
Leasing	1 051 639,18	3 115 416,11	-2 063 776,93	1 510 148,70	0,00	0,00
Loans	0,00	274 064,70	-274 064,70	-73 809,30	0,00	0,00
Other	1 821 343,00	1 394 058,91	427 284,09	880 413,26	0,00	0,00
<b>Total value of deferred income tax provision</b>	<b>32 824 860,01</b>	<b>33 659 800,11</b>	<b>-834 940,10</b>	<b>17 484 646,17</b>	<b>0,00</b>	<b>-3 558 604,16</b>

BALANCE SHEET			CHANGE IN PERIOD			
			CHARGED IN PERIOD TO THE LOSS AND GAIN ACCOUNT		CHARGED IN PERIOD TO THE EQUITY CAPITAL	
Deferred income tax assets	30-06-2007	31-12-2006	01-01-2007 to 30-06-2007	01-01-2006 to 31-12-2006	01-01-2007 to 30-06-2007	01-01-2006 to 31-12-2006
Construction works	5 201 294,60	3 751 705,06	1 449 589,54	-3 878 332,56	0,00	0,00
Warranty repairs reserve	1 087 061,09	1 087 061,09	0,00	102 342,23	0,00	0,10
Interest	27 216,44	150 641,25	-123 424,81	-219 573,16	0,00	0,00
Allowances / provisions	1 712 817,50	953 872,13	758 945,37	300 264,13	0,00	0,00
Sale and lease back	0,00	0,00	0,00	0,00	0,00	0,00
Other	904 543,97	5 324 017,81	-4 419 473,84	750 229,24	-30 815,49	4 573 788,57
<b>Total value of deferred income tax assets</b>	<b>8 932 933,60</b>	<b>11 267 297,35</b>	<b>2 334 363,74</b>	<b>-2 945 070,12</b>	<b>-30 815,49</b>	<b>4 573 788,67</b>

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**Note 16. Retirement benefits liabilities**

<b>CHANGE IN RETIREMENT BENEFITS LIABILITIES EMERYTALNYCH</b>	<b>30.06.2007</b>	<b>31.12.2006</b>
Value as at the beginning of the period	373 000,00	373 000,00
Increases	0,00	0,00
Reversal	0,00	0,00
<b>Value as at the end of the period</b>	<b>373 000,00</b>	<b>373 000,00</b>

**Note 16. Provisions for other liabilities and charges**

<b>PROVISIONS FOR OTHER LIABILITIES AND CHARGES</b>	<b>30-06-2007</b>	<b>31-12-2006</b>
<b>a) short term part including</b>	<b>12 138 669,28</b>	<b>10 459 736,99</b>
- accruals and deferrals encompassing the following:	10 738 669,28	9 059 736,99
- <i>provisions for warranty repairs</i>	5 721 374,16	5 721 374,16
- <i>other</i>	5 017 295,12	3 338 362,83
- other provisions including	1 400 000,00	1 400 000,00
- <i>provision for future liabilities</i>	1 000 000,00	1 000 000,00
- <i>provision for vacation not used</i>	400 000,00	400 000,00
- <i>provision for balance sheet auditing</i>	0,00	0,00
<b>a) long term part including:</b>	<b>14 771 271,86</b>	<b>14 621 875,55</b>
- accruals and deferrals encompassing the following:	14 771 271,86	14 603 210,31
- <i>provisions for retirement and other benefits</i>	373 000,00	373 000,00
- <i>settlement of surplus of revenues of sales over carrying value / Sale and lease back</i>	3 145 497,38	3 145 497,38
- <i>participations in construction costs - TBS Marki</i>	4 611 240,76	4 611 240,76
- <i>deferred incomes – credits redemption - TBS Marki</i>	6 641 533,72	6 473 472,17
- <i>other</i>	0,00	0,00
- other provisions, including	0,00	18 665,24
<b>Total provisions for other liabilities and charges</b>	<b>26 909 941,14</b>	<b>25 081 612,54</b>

**Note 13. Other long term liabilities**

<b>OTHER LONG TERM LIABILITIES</b>	<b>30-06-2007</b>	<b>31-12-2006</b>
a) other financial liabilities	71 908 162,35	71 862 811,71
b) other long term liabilities	10 024 145,80	9 372 930,73
<b>Other long term liabilities, total</b>	<b>81 932 308,15</b>	<b>81 235 742,44</b>

In 2006-2007, the heading Other Financial Liabilities consisted among others of the liabilities under concluded leasing contracts. Refer to section „Leasing” Note 1 “Intangible Assets” and Note 2 “Tangible Fixed Assets” for detailed description of the leasing subject. The Other Financial Liabilities consisted among others of the liabilities towards subcontractors associated with obtained securities.

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**Note 18. Trade payables and other liabilities**

<b>TRADE PAYABLES AND OTHER LIABILITIES</b>	<b>30-06-2007</b>	<b>31-12-2006</b>
a) trade payables to other entities	49 503 178,97	50 512 743,35
b) trade payables to related entities	484 737,61	2 177 339,46
c) taxes, customs, social security liabilities	4 523 312,81	10 808 964,54
d) salary payables	2 622 484,60	2 601 245,51
e) prepayments	129 122,63	263 940,03
f) other financial liabilities	11 855 706,80	8 632 445,53
g) other	31 517 343,64	5 864 627,25
h) liabilities associated with debt securities issuance*	196 000 000,00	35 000 000,00
<b>Trade payables and other liabilities, total</b>	<b>296 635 887,06</b>	<b>115 861 305,66</b>

\* On 17<sup>th</sup> November 2006 three contracts have been concluded by the Company with BRE Bank S.A. regarding implementation of bonds emission program i.e. dealer contract, agency contract and sales warranty contract. The BRE Bank S.A. have been assigned to act as the emission agent, payment agent, depositary and dealer. Furthermore the bank will act as the warrantor of the issuance of bonds up to total value of 25.000.000 PLN. Maximum program value amounts 250 million PLN. Duration period of the bond emission program amounts three years i.e. up to 17<sup>th</sup> November 2009. The bonds can be issued in form of tranches with the value not lower than 3 million PLN each. The bonds will be not issued in the framework of public offer.

<b>Item</b>	<b>Date of issuance</b>	<b>Date of retirement</b>	<b>Nominal value of bonds as at 31.12.2006 (Opening balance sheet)</b>	<b>Increases up to 30.06.2007</b>	<b>Reductions up to 30.06.2007</b>	<b>Closing balance sheet 30.06.2007</b>
<b>1</b>	29.11.2006	31.01.2007	25 000 000,00		25 000 000,00	
<b>2</b>	20.12.2006	21.03.2007	10 000 000,00		10 000 000,00	
<b>3</b>	04.01.2007	07.02.2007		15 000 000,00	15 000 000,00	
<b>4</b>	15.01.2007	12.10.2007		10 000 000,00		10 000 000,00
<b>5</b>	22.01.2007	22.10.2007		10 500 000,00		10 500 000,00
<b>6</b>	31.01.2007	27.04.2007		25 000 000,00	25 000 000,00	
<b>7</b>	07.02.2007	21.03.2007		15 000 000,00	15 000 000,00	
<b>8</b>	21.03.2007	22.06.2007		15 000 000,00	15 000 000,00	
<b>9</b>	21.03.2007	14.09.2007		10 000 000,00		10 000 000,00
<b>10</b>	11.04.2007	11.04.2008		<b>40 000 000,00</b>		<b>40 000 000,00</b>
<b>11</b>	27.04.2007	27.07.2007		25 000 000,00		25 000 000,00
<b>12</b>	27.04.2007	25.04.2008		10 000 000,00		10 000 000,00
<b>13</b>	18.05.2007	16.05.2008		<b>24 500 000,00</b>		<b>24 500 000,00</b>
<b>14</b>	20.06.2007	19.06.2008		66 000 000,00		66 000 000,00
	<b>Total</b>		<b>35 000 000,00</b>	<b>266 000 000,00</b>	<b>105 000 000,00</b>	<b>196 000 000,00</b>

**Note 19. Key assumptions and estimations sources**

The following estimations areas are included in the consolidated report:

- a) *developer contracts* – detailed budgets prepared for individual construction projects to the best knowledge and experience gained by the Group are the basis for the calculation of revenues on sales and costs of products sold; the budgets are updated in course of implementation of construction projects at least every three months
- b) *write-downs of inventories* – to be established up to their realizable values by means of detailed analysis of sales plans and pricelists
- c) *write-downs of receivables* – to be established up to their realizable values by means of detailed analysis of receivables repayment risk
- d) *provisions*, including
  - provisions for retirement allowances – established in form of discount of the current salary considering employment period
  - provisions for vacation not used - established in form of the list of not used vacation days not used as at actual date and corresponding daily gross wage, increased by the social increased premium paid by the employer
  - provisions for warranty repairs - established in form of the amounts incurred in previous periods as the costs of warranty repairs

**Note 20 . Segment reporting**

**Sector segments**

The subdivision in accordance with the sectors segments has been assumed as the basic subdivision into the activity segments. The Group is engaged in the following activity segments:

- developer activity,
- social housing
- hotel services.

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<b>01-01-2007 to 30-06-2007</b>	Developer activity	Hotel services	Social housing	Housing	Other adjustments
Net revenue from sales of products, trade goods and materials, including	<b>209 005 555,51</b>	<b>8 462 516,14</b>	<b>5 386 598,03</b>	<b>4 611 216,42</b>	<b>146 382,00</b>
Net revenue from sales of products	205 155 138,31	8 451 632,10	5 386 598,03	4 609 699,57	146 382,00
Net revenue from sales of trade goods and materials	3 850 417,20	10 884,04	0,00	1 516,85	0,00
Costs of products, trade goods and materials sold, including	<b>151 663 469,03</b>	<b>7143 553,60</b>	<b>3 318 790,58</b>	<b>3 664132,55</b>	<b>-146 083,45</b>
Costs of products sold	147 871 287,51	7 136 508,61	3 318 790,58	3 662 812,94	-146 083,45
Value of trade goods and materials sold	3 792 181,52	7 044,99	0,00	1 319,61	0,00
Gross profit (loss) on sale	<b>57 342 086,48</b>	<b>1 318 962,54</b>	<b>2 067 807,45</b>	<b>947 083,87</b>	<b>292 465,45</b>
Selling costs	10 922 210,95	446 140,29	0,00	0,00	146 382,00
Administrative costs	10 036 844,13	291 967,03	356 740,20	825 813,13	0,00
Profit (loss) on sale	<b>36 383 031,40</b>	<b>580 855,22</b>	<b>1 711 067,25</b>	<b>121 270,74</b>	<b>146 083,45</b>
Other operating revenue	<b>2 970 588,42</b>	<b>265 041,48</b>	<b>668 887,88</b>	<b>72 263,35</b>	<b>0,00</b>
Other operating costs	<b>1 447 408,43</b>	<b>1 820,33</b>	<b>713 119,11</b>	<b>76 713,88</b>	<b>0,00</b>
Operating profit (loss)	<b>37 906 211,39</b>	<b>844 076,37</b>	<b>1 666 836,02</b>	<b>116 820,21</b>	<b>146 083,45</b>
Financial revenue	<b>1 559 823,82</b>	<b>528 096,84</b>	<b>426 340,83</b>	<b>3 445,93</b>	<b>-57 998,04</b>
Financial costs	<b>7 490 291,82</b>	<b>1 574115,58</b>	<b>2 011 250,52</b>	<b>16 231,92</b>	<b>-57 998,04</b>
Profit (loss) on subordinated entity inclusion in/ exclusion from consolidation	0,00	0,00	0,00	0,00	0,00
Profit / loss on economic activity	<b>31 975 743,39</b>	<b>-201 942,37</b>	<b>81 926,33</b>	<b>104 034,22</b>	<b>146 083,45</b>
Result on extraordinary items	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
Amortisation of goodwill	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
Amortisation of negative goodwill	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
Gross profit (loss)	<b>31 975 743,39</b>	<b>-201 942,37</b>	<b>81 926,33</b>	<b>104 034,22</b>	<b>146 083,45</b>
<b>Income tax</b>	<b>4 923 684,92</b>	<b>0,00</b>	<b>0,00</b>	<b>47 221,00</b>	<b>0,00</b>
<b>Deferred tax</b>	<b>1 660 257,30</b>	<b>-157 774,03</b>	<b>0,00</b>	<b>0,00</b>	<b>27 755,86</b>
<b>Other obligatory decreases of profit (increases of loss)</b>	<b>-26 877,10</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
<b>Net profit (loss)</b>	<b>25 418 678,27</b>	<b>-44168,34</b>	<b>81 926,33</b>	<b>56 813,22</b>	<b>118 327,60</b>

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<b>01-01-2006 do 30-06-2006</b>	Developer activity	Hotel services	Social housing	Housing	Other adjustments
Net revenue from sales of products, trade goods and materials, including	<b>370 549 697,00</b>	<b>8170 134,18</b>	<b>4 867 404,42</b>	<b>0,00</b>	<b>0,00</b>
Net revenue from sales of products	364 034 382,41	8 157 354,48	4 867 404,42	0,00	0,00
Net revenue from sales of trade goods and materials	6 515 314,59	12 779,70	0,00	0,00	0,00
Costs of products, trade goods and materials sold, including	<b>264 952 706,31</b>	<b>7 502 789,39</b>	<b>2 856 766,96</b>	<b>0,00</b>	<b>-137 392,06</b>
Costs of products sold	257 318 536,53	7 494 702,08	2 856 766,96	0,00	-137 392,06
Value of trade goods and materials sold	7 634 169,78	8 087,31	0,00	0,00	0,00
Gross profit (loss) on sale	<b>105 596 990,70</b>	<b>667 344,79</b>	<b>2 010 637,46</b>	<b>0,00</b>	<b>137 392,06</b>
Selling costs	12 196 440,85	0,00	0,00	0,00	0,00
Administrative costs	8 726 603,72	202 717,61	472 616,01	0,00	0,00
Profit (loss) on sale	<b>84 673 946,13</b>	<b>464 627,18</b>	<b>1 538 021,45</b>	<b>0,00</b>	<b>137 392,06</b>
Other operating revenue	<b>1 027 316,24</b>	<b>71 303,17</b>	<b>505 233,11</b>	<b>0,00</b>	<b>230 158,35</b>
Other operating costs	<b>4 865 406,21</b>	<b>1 218,41</b>	<b>1 036 695,85</b>	<b>0,00</b>	<b>0,00</b>
Operating profit (loss)	<b>80 835 856,15</b>	<b>534 711,94</b>	<b>1 006 558,71</b>	<b>0,00</b>	<b>367 550,41</b>
Financial revenue	<b>1 133 893,17</b>	<b>353 340,58</b>	<b>76 669,40</b>	<b>0,00</b>	<b>7 654,03</b>
Financial costs	<b>3 116 964,26</b>	<b>2 208 603,06</b>	<b>1 953 117,96</b>	<b>0,00</b>	<b>0,00</b>
Profit (loss) on subordinated entity inclusion in/ exclusion from consolidation	0,00	0,00	0,00	0,00	0,00
Profit / loss on economic activity	<b>78 852 785,06</b>	<b>-1 320 550,54</b>	<b>-869 889,85</b>	<b>0,00</b>	<b>375 204,43</b>
Result on extraordinary items	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
Amortisation of goodwill	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
Amortisation of negative goodwill	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
Gross profit (loss)	<b>78 852 785,06</b>	<b>-1 320 550,54</b>	<b>-869 889,85</b>	<b>0,00</b>	<b>375 204,43</b>
<b>Income tax</b>	4 905 338,00	10 057,00	0,00	0,00	0,00
<b>Deferred tax</b>	9 669 924,55	2 821,43	0,00	0,00	1 454,26
<b>Other obligatory decreases of profit (increases of loss)</b>	0,00	0,00	0,00	0,00	0,00
<b>Net profit (loss)</b>	<b>64 277 522,51</b>	<b>-1 333 428,97</b>	<b>-869 889,85</b>	<b>0,00</b>	<b>373 750,17</b>

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**EXPLANATION NOTES FOR CONSOLIDATED INCOME STATEMENT**

**Note 21. Operating revenue**

<b>OPERATING REVENUE</b>	since <b>01-01-2007</b> to <b>30-06-2007</b>	since <b>01-01-2006</b> to <b>30-06-2006</b>
Revenue on products sales	199 687 928,50	347 178 440,70
Revenue on services sales	23 915 139,51	29 880 700,62
Revenue on goods sales	3 862 818,09	6 528 094,29
<b>Total revenue</b>	<b>227 465 886,10</b>	<b>383 587 235,61</b>

<b>Revenue on sales of products and services subdivided into segments</b>	since <b>01-01-2007</b> to <b>30-06-2007</b>	since <b>01-01-2006</b> to <b>30-06-2006</b>
- developer activity	205 155 138,31	364 034 382,41
- hotel services	8 451 632,10	8 157 354,48
- social housing	5 386 598,03	4 867 404,42
- housing	4 609 699,57	0,00
<b>Total</b>	<b>223 603 068,01</b>	<b>377 059 141,31</b>

<b>Revenues on products sales – apartments as per geographical segments</b>	since <b>01-01-2007</b> to <b>30-06-2007</b>	since <b>01-01-2006</b> to <b>30-06-2006</b>
	<b>199 687 928,50</b>	<b>347 178 440,70</b>
-Warsaw and its vicinity	165 707 166,66	345 798 632,41
-Gdynia	11 414 300,82	1 379 808,29
-ŁÓDŹ	16 004 701,40	0,00
-Russia	6 561 759,62	0,00
<b>Total</b>	<b>199 687 928,50</b>	<b>347 178 440,70</b>

<b>Revenues on services; subdivided into segments</b>	since <b>01-01-2007</b> to <b>30-06-2007</b>	since <b>01-01-2006</b> to <b>30-06-2006</b>
- hotel services	8 451 632,10	8 157 354,48
- real estates administration	5 386 598,03	6 988 827,83
- housing	5 544 795,04	0,00
- other	4 532 114,34	14 734 518,31
<b>Total</b>	<b>23 915 139,51</b>	<b>29 880 700,62</b>

<b>Revenues on sales of hotel services as per geographical segments</b>	since <b>01-01-2007</b> to <b>30-06-2007</b>	since <b>01-01-2006</b> to <b>30-06-2006</b>
- Warsaw and its vicinity	2 871 772,61	2 789 383,61
- Tarnowo	1 932 528,87	1 876 950,26
- Stryków	2 378 113,41	2 129 590,58
- Cieszyn	446 183,44	376 535,35
- Święta Lipka	353 832,65	282 340,82
- Krynica Górská	469 201,12	702 553,86
<b>Total</b>	<b>8 451 632,10</b>	<b>8157 354,48</b>

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**Note 22. Operating costs**

<b>OPERATING COSTS</b>	since <b>01-01-2007</b> to <b>30-06-2007</b>	since <b>01-01-2006</b> to <b>30-06-2006</b>
Selling costs for products	143 990 025,93	246 636 846,42
Selling costs for services	17 853 290,26	20 895 767,09
Selling costs for goods	3 800 546,12	7 642 257,09
<b>Selling costs, total</b>	<b>165 643 862,31</b>	<b>275 174 870,59</b>

<b>Selling and administration costs</b>	since <b>01-01-2007</b> to <b>30-06-2007</b>	since <b>01-01-2006</b> to <b>30-06-2006</b>
Selling costs	11 368 351,24	12 196 440,85
Administration costs	11 511 364,49	9 401 937,34
<b>Total selling and administration costs</b>	<b>22 879 715,73</b>	<b>21 598 378,19</b>

<b>Costs by nature</b>	since <b>01-01-2007</b> to <b>30-06-2007</b>	since <b>01-01-2006</b> to <b>30-06-2006</b>
Depreciation	5 266 734,27	5 799 175,89
Cost of material and energy consumed	99 845 349,76	72 207 196,04
External services	95 642 869,43	78 719 558,43
Taxes and fees	5 002 413,90	2 220 706,43
Salaries	25 090 188,82	24 228 150,67
Social security distributions and other staff costs	5 013 763,28	5 207 078,17
Other costs by nature	7 359 492,42	1 224 301,11
<b>Costs by nature, total</b>	<b>243 220 811,88</b>	<b>189 606 166,74</b>
Change in costs	58 497 779,96	-99 524 824,96

**Note 23. Financial income**

<b>FINANCIAL INCOME</b>	since <b>01-01-2007</b> to <b>30-06-2007</b>	since <b>01-01-2006</b> to <b>30-06-2006</b>
a) interest	1 958 882,66	704 321,91
b) revaluation of investments		
c) other	500 826,72	867 235,27
<b>Total value of financial income</b>	<b>2 459 709,38</b>	<b>1 571 557,18</b>

**Note 24. Financial costs**

<b>FINANCIAL COSTS</b>	since <b>01-01-2007</b> to <b>30-06-2007</b>	since <b>01-01-2006</b> to <b>30-06-2006</b>
a) interest	10 945 735,57	6 740 173,80
b) revaluation of investments		
c) other	88 156,23	538 511,48
<b>Total value of financial costs</b>	<b>11 033 891,80</b>	<b>7 278 685,28</b>

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**Note 25. Operating revenue**

<b>OPERATING REVENUE</b>	since <b>01-01-2007</b> to <b>30-06-2007</b>	since <b>01-01-2006</b> to <b>30-06-2006</b>
a) profit on disposal of non – financial fixed assets	807 252,67	525 841,19
b) other operating revenue	3 169 528,46	1 308 169,68
Total value of operating revenue	<b>3 976 781,13</b>	<b>1 834 010,87</b>

**Note 26. Operating costs**

<b>OPERATING COSTS</b>	since <b>01-01-2007</b> to <b>30-06-2007</b>	since <b>01-01-2006</b> to <b>30-06-2006</b>
a) loss on disposal of non – financial fixed assets	45 933,37	520 835,34
b) revaluation of non – financial fixed assets	0,00	1 607 808,22
c) other operating costs	2 193 128,38	3 774 676,91
Total value of operating costs	<b>2 239 061,75</b>	<b>5 903 320,47</b>

**Note 27. Transactions with related parties**

In the period encompassed by the historical financial information, the holding company was the party in the transactions with related parties specified below in accordance with definition included in the Regulation No 1606/2002 and Rule included in MSR 24. The descriptions of the transactions have been presented in form of tables subdividing them into the trade contracts, contracts on loans and the contracts associated with transactions on capitals, concluded by the holding company with related parties.

**J.W. Construction Holding S.A. as the purchaser of the products or services**

<b>ANOTHER PARTY OF THE TRANSACTION</b>	<b>TRANSACTION / CONTRACT OBJECT</b>	<b>01-01-2007 to 30-06-2007</b>	<b>01-01-2006 to 31-12-2006</b>
<b>Related parties included in consolidation</b>			
TBS "MARKI" Sp.z o.o.	other services	0,00	2 011,39
TBS "MARKI" Sp.z o.o.	re-invoiced costs - media	7 130,71	10 829,53
DEVELOPER Sp.z o.o.	construction services	496 127,91	0,00
<b>Directly related parties excluded from consolidation and indirectly related parties</b>			
Zakład Produkcji Metalowej Metalcon Sp.z o.o.	construction services	1 657 680,53	2 540,98
Zakład Produkcji Metalowej Metalcon Sp.z o.o.	building materials	335 748,85	0,00
Zakład Produkcji Metalowej Metalcon Sp.z o.o.	other services	0,00	181,56
Zakład Produkcji Metalowej Metalcon Sp.z o.o.	phones	111,47	0,00
Zakład Produkcji Marmurów Promar Sp. z o.o.	construction services	117 312,45	15 468,45
Zakład Produkcji Marmurów Promar Sp. z o.o.	building materials	2 124,00	0,00
Zakład Produkcji Marmurów Promar Sp. z o.o.	other services	46 272,36	0,00
Zakład Produkcji Marmurów Promar Sp. z o.o.	rent of facilities	924 436,69	0,00
Zakład Produkcji Marmurów Promar Sp. z o.o.	other services	10 066,01	0,00
Zakład Produkcji Marmurów Promar Sp. z o.o.	building materials	873,32	0,00
Zakład Produkcji Szalunków J.W.System sp. z o.o.	rent of facilities	0,00	2 313 149,40
Zakład Produkcji Szalunków J.W.System sp. z o.o.	construction works	0,00	30 677,62
B.F.C.	marketing service	1 966 393,19	5 250 578,80
PROJECT55	re-invoiced costs (central heating)	309 350,59	0,00
J.W. Construction Akademicki Związek Sportowy Politechniki Warszawskiej	advertising	900 000,00	361 811,00
Klub Piłkarski Polonia Warszawa SSA	outdoor advertising	1 500 000,00	530 000,00
Klub Piłkarski Polonia Warszawa SSA	match tickets	0,00	11 682,24
REM S.A	Real estate administration	62 000,00	1 568 368,62

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J.W. Construction Holding S.A. as service provider (Seller)

ANOTHER PARTY OF THE TRANSACTION	TRANSACTION / CONTRACT OBJECT	01-01-2007 to 30-06-2007	01-01-2006 to 31-12-2006
<b>Related parties included in consolidation</b>			
Project 55 Sp. z o.o.	construction works	53 627 413,54	126 656 196,33
Project 55 Sp. z o.o.	office services	135 000,00	270 000,00
Project 55 Sp. z o.o.	implementation of projects	454 500,00	0,00
Project 55 Sp. z o.o.	other services	1 950,66	217 279,67
Project 55 Sp. z o.o.	designing services	0,00	1 599 778,50
Project 55 Sp. z o.o.	marketing services	0,00	2 061 770,00
Project 55 Sp. z o.o.	re - invoices	0,00	52 700,00
Interlokum Sp. z o.o.	construction works	13 820 330,76	25 365 686,02
Interlokum Sp. z o.o.	designing services	268 600,67	785 224,23
Interlokum Sp. z o.o.	Trade and marketing services	0,00	1 296 450,00
Interlokum Sp. z o.o.	office services	71 576,00	214 728,00
Interlokum Sp. z o.o.	other services	2 303,89	55 505,24
Interlokum Sp. z o.o.	implementation of projects	72 085,24	0,00
Interlokum Sp. z o.o.	sales of property	0,00	1 500,00
Interlokum Sp. z o.o.	re - invoices	0,00	3 600,00
TBS Marki Sp. z o.o.	other services	23 118,80	60 311,54
TBS Marki Sp. z o.o.	re - invoices	11 630,24	15 715,99
TBS Marki Sp. z o.o.	sales of goods and materials	0,00	471,20
TBS Marki Sp. z o.o.	sales of property	0,00	500,00
Lokum Sp. z o.o.	construction works	10 670 386,81	12 615 923,70
Lokum Sp. z o.o.	designing services	101 958,65	313 470,33
Lokum Sp. z o.o.	office services	40 800,00	100 800,00
Lokum Sp. z o.o.	other services	2 303,89	4 939,52
Lokum Sp. z o.o.	implementation of projects	54 600,80	0,00
Lokum Sp. z o.o.	Trade and marketing services	0,00	712 500,00
Lokum Sp. z o.o.	sales of property	0,00	1 000,00
Deweloper Sp. z o.o.	sales of motor vehicle	48 360,66	0,00
Deweloper Sp. z o.o.	re - invoices	18 003,96	539 105,23
<b>Directly related parties excluded from consolidation</b>			
Klub Piłkarski Polonia Warszawa SSA	other services	900,00	0,00
Klub Piłkarski Polonia Warszawa SSA	re - invoices	6 675,84	0,00
Business Financial Construction Sp. z o.o.	other services	1 941,96	4 180,88
Business Financial Construction Sp. z o.o.	re - invoices	188 550,55	161,25
Construction Invest Sp.zo.o.	other services	522,52	850,67
<b>indirectly related parties to JWCH</b>			
J.W. System Sp. z o.o.	sales of products	6 395,89	63 296,53
J.W. System Sp. z o.o.	re - invoices	88 075,40	203 776,84
J.W. System Sp. z o.o.	other services	45 578,33	152 936,94
J.W. System Sp. z o.o.	goods	16 200,87	0,00
Zakład Produkcji Metalowej Metalcon Sp. z o.o.	sales of products	76 031,55	1 798 855,07
Zakład Produkcji Metalowej Metalcon Sp. z o.o.	other services	66 385,79	94 945,62

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Zakład Produkcji Metalowej Metalcon Sp. z o.o.	goods	1 620 094,24	0,00
Zakład Produkcji Metalowej Metalcon Sp. z o.o.	re - invoices	72 551,87	174 071,82
Zakład Produkcji Marmurów Promar Sp. z o.o.	sales of products	0,00	341 031,17
Zakład Produkcji Marmurów Promar Sp. z o.o.	other services	10 667,30	26 614,43
Zakład Produkcji Marmurów Promar Sp. z o.o.	re - invoices	11 711,30	48 591,92
Zakład Produkcji Marmurów Promar Sp. z o.o.	sales of goods	54 011,99	0,00
Construction Unlimited Sp. z o.o.	other services	1 463,12	3 135,67
TBS Nowy Dom Sp. z o.o.	other services	522,52	1 112,24
J.W. Agro Sp. z o.o.	sales of property	3 114,75	0,00
J.W. Consulting Sp. z o.o.	other services	1 200,00	0,00
Załubice Development Sp. z o.o.	office services - management	210 766,17	854 230,07
Załubice Development Sp. z o.o.	other services	485,51	1 045,22
Załubice Development Sp. z o.o.	re – invoices	334 820,64	453 117,19

Payments on account made by related parties to the benefit of J.W. Construction Holding S.A.

Company	Type of payment on account	01-01-2007 to 30-06-2007	01-01-2006 to 31-12-2006
<b>Payments on account received</b>			
TBS MARKI	Payment on account of flats sale in Radzymin	329 709,84	0,00
Interlokum Sp. z o.o.	Payment on account of construction works and designing services	0,00	6 259 001,65
Lokum Sp z o.o.	Payment on account of construction works and designing services	0,00	2 413 011,08

Company	Type of payment on account	01-01-2007 to 30-06-2007	01-01-2006 to 31-12-2006
<b>Payments on account handed over</b>			
KSP POLONIA Warszawa	Payments on account of marketing services	903 722,39	0,00

Company	Type of payment on account	01-01-2007 to 30-06-2007	01-01-2006 to 31-12-2006
<b>Payments on account not settled as at the date of balance sheet</b>			
TBS MARKI	Payments on account of flats sale in Radzymin	6 140 275,31	5 810 565,47
Przedsiębiorstwo Turystyczne "Czarny Potok"	Payments on account of construction works and designing services	327 868,85	327 868,85
Interlokum Sp. z o.o.	Payments on account of construction works and designing	6 475 504,72	6 259 001,65
Lokum Sp z o.o.	Payments on account of construction works and designing	2 413 011,08	2 413 011,08
Hotel Malbork Sp z o.o.	Payments on account of construction works	921 688,79	921 688,79
KSP POLONIA Warszawa	Payments on account of marketing services	903 722,39	0,00

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J.W. Construction Holding S.A. as the party paying in share capital or additional contribution to capital and buying the shares

<b>TRANSACTION / CONTRACT OBJECT</b>	<b>01-01-2007 to 30-06-2007</b>	<b>01-01-2006 to 31-12-2006</b>
purchase of REM shares	0,00	33 000,00
establishment of the company Construction Invest	0,00	50 000,00
establishment of the company Hotel 500	0,00	24 500,00
Contribution in kind by JWCH to the Company JW. Agro Sp. z o.o.	8 646 450,00	0,00
sales of shares in J.W.Agro	9 380 000,00	0,00
establishment of the company JW. Agro	0,00	24 500,00
sales of shares in H 500 Sp. z o.o.	24 500,00	0,00
Increase of capital stock – the Company REM SA	0,00	400 000,00
sales of share in Project 55 Sp.z o.o.	0,00	1 305,50
sales of share in Lokum Sp. z o.o.	0,00	500,00
sales of share in TBS Marki Sp. z o.o.	0,00	500,00
sales of share in Deweloper Sp. z o.o.	0,00	500,00
sales of share in Interlokum Sp. z o.o.	0,00	500,00
sales of share in Business Financial Construction	0,00	500,00
sales of shares in Załubice Development Sp. zo.o.	0,00	31 863 333,00
sales of bonds in REM S.A.	0,00	9 100 000,00
purchase of shares in J.W.Construction-Akademicki Związek Sportowy Politechniki Warszawskiej	0,00	78 975,00
payment for shares in J.W.Construction-Akademicki Związek Sportowy Politechniki Warszawskiej	0,00	296 025,00

J.W. Construction Holding S.A. as the payer of dividend (value of liability)

<b>Entity</b>	<b>Object of transaction</b>	<b>01-01-2007 to 30-06-2007</b>	<b>01-01-2006 to 31-12-2006</b>
EHT S.A.	dividend	14 505 531,00	33 707 390,33
Józef Wojciechowski	dividend	10 431 969,00	34 175 584,01
SEZAM II OFI	dividend	4 275 000,00	0,00

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BALANCES WITH RELATED PARTIES IN YEARS 2005-2006 (from the point of view of the holding company)

NAME OF THE COMPANY	Receivables form related parties		Payables towards related parties	
	01-01-2007 to 30-06-2007	01-01-2006 to 31-12-2006	01-01-2007 to 30-06-2007	01-01-2006 to 31-12-2006
Józef Wojciechowski	0,00	0,00	22 709 503,40	0,00
EHT	0,00	870 449,00	13 673 703,09	38 621,13
Sezam II	0,00	0,00	4 275 000,00	0,00
Project 55	59 640 581,27	47 136 106,29	0,00	0,00
Interlokum	11 682 181,23	11 806 707,20	0,00	0,00
Lokum	8 402 287,56	4 394 077,35	0,00	0,00
TBS Marki	82 420,16	79 663,72	2 258 677,92	2 046 788,62
Czarny Potok	0,00	0,00	0,00	1 338,50
Deweloper	452 147,84	574 870,27	335 342,92	0,00
REM	223 260,49	376 159,79	0,00	281 252,72
Zalubice Development	671 634,18	0,00	653 871,02	1 131 214,21
ZPM Promar	1 083 117,52	995 391,85	380 993,58	572 789,99
ZPS J.W.System	654 416,26	823 627,53	3 508 876,00	3 228 648,01
ZPM Metalcon	5 137 879,94	2 953 794,16	2 956 355,26	1 883 762,78
Construction Unlimited	19 890,24	18 105,23	0,00	0,00
J.W.Consulting	1 464,00	0,00	0,00	0,00
J.W.Agro	18 809 622,92	0,00	0,00	0,00
Hotel 500	0,00	1 500,00	24 500,00	24 500,00
Klub Piłkarski Polonia Warszawa SSA	4 970 439,15	3 105 046,86	0,00	0,00
Construction Invest	2 885 313,59	2 848 170,84	0,00	0,00
TBS Nowy Dom	6 786,39		1 000,00	0,00
JW. International	3 494 576,43	1 639 991,42	0,00	0,00
Business Financial Construction	219 183,60	18 808,42	1 762 227,66	2 794 094,21
Dremet	0,00	0,00	219 600,00	278 232,88
J.W.Construction-Akademicki Związek Sportowy Politechniki Warszawskiej S.A.	0,00	0,00	0,00	5 124,00
Królewski Port Żerań	5 396 764,70	5 396 764,70	15 442,39	15 442,39
Hotel Malbork	0,00	11 202,64	0,00	0,00
Hotel nagan	0,00	74 603,82	0,00	108 500,00

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**CONTRACTS ON LOANS**

LOANS GRANTED BY THE COMPANY	Capital	Interest	Capital	Interest
	01-01-2007 to 30-06-2007	01-01-2007 to 30-06-2007	01-01-2006 to 31-12-2006	01-01-2006 to 31-12-2006
Another party of the transaction				
J.W.CONSTRUCTION INTERNATIONAL Sp. z o.o.	3 450 000,00	11 814,93	0,00	293 358,05
DEVELOPER Sp. z o.o.	0,00	11 401,37	0,00	23 257,09
INTERLOKUM Sp. z o.o.	0,00	141 458,36	0,00	285 426,43
LOKUM Sp. z o.o.	0,00	0,00	0,00	44 343,75
KSP POLONIA WARSZAWA	85 500,00	89 610,75	0,00	
KSP POLONIA WARSZAWA	0,00	0,00	560 890,07	
KSP POLONIA WARSZAWA	0,00	0,00	700 000,00	
KSP POLONIA WARSZAWA	0,00	0,00	650 000,00	
KSP POLONIA WARSZAWA	0,00	0,00	650 000,00	
KSP POLONIA WARSZAWA	0,00	0,00	365 150,00	68 702,85
REMS.A.	0,00	0,00	2 767 000,00	60 188,54
REMS.A.	0,00	0,00	46 000,00	948,61
CONSTRUCTION INVEST	0,00	86 505,28	2 754 117,00	41 109,02

LOANS OBTAINED BY THE COMPANY	Capital	Interest	Capital	Interest
	01-01-2007 do 30-06-2007	01-01-2007 do 30-06-2007	01-01-2006 do 31-12-2006	01-01-2006 do 31-12-2006
Another party of the transaction				
ZAŁUBICE DEVELOPMENT	0,00	12 656,81	0,00	24 786,03
TBS "MARKI" Sp. z o.o.	0,00	46 596,67	1 500 000,00	31 540,83
JÓZEF WOJCIECHOWSKI	0,00	653 495,45	27 682 223,05	143 255,50
EHT S.A.	0,00	0,00	7 463 020,18	0,00

**Note 28. Remuneration of the persons being the members of the company bodies**

The values of the remuneration of the persons being the members of the company bodies during the period encompassed by the historical financial information are presented below. A/m remuneration encompasses the amounts which have been already paid and those being due to the benefit of the persons performing the function of the Member of Management or Supervisory Board for the period of its performance.

JW. CONSTRUCTION HOLDING S.A.

Type of contract	30.06.2007.	31.12.2006.
Contract of employment	945	918
Contract of mandate	155	292
Contract to perform a specified work or task	9	22
<b>Total</b>	<b>1109</b>	<b>1232</b>

Professional groups	30.06.2007.	31.12.2006.
Management	8	6
Directors	32	30
Administration	385	366
Other employees	520	516
<b>Total</b>	<b>945</b>	<b>918</b>

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JW. CONSTRUCTION INTERNATIONAL SP. Z O.O.

Type of contract	30.06.2007.	31.12.2006.
Contract of employment	24	22
Contract of mandate	0	0
Contract to perform a specified work or task	0	0
<b>Total</b>	<b>24</b>	<b>22</b>

Professional groups	30.06.2007.	31.12.2006.
Management	0	1
Directors	1	3
Administration	14	11
Other employees	9	7
<b>Total</b>	<b>24</b>	<b>22</b>

TBS Marki Sp. z o.o.

	30.06.2007.	31.12.2006r.
Contract of employment	13	16
Contract of mandate	1	1
Contract to perform a specified work or task	0	0
<b>Total</b>	<b>14</b>	<b>17</b>

Professional groups	30.06.2007.	31.12.2006.
Management	1	1
Directors	1	2
Administration	4	5
Other employees	7	8
<b>Total</b>	<b>13</b>	<b>16</b>

	30.06.2007.	31.12.2006.
Contract of employment	1	1
Contract of mandate	6	17
Contract to perform a specified work or task	0	0
<b>Total</b>	<b>7</b>	<b>18</b>

	30.06.2007r.	31.12.2006r.
Management	0	0
Directors	0	0
Administration	1	1
Other employees	0	0
<b>Total</b>		

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**Interlokum Sp. z o.o.**

	30.06.2007.	31.12.2006.
Contract of employment	1	1
Contract of mandate	2	10
Contract to perform a specified work or task	0	0
<b>Total</b>	<b>3</b>	<b>11</b>

	30.06.2007.	31.12.2006.
Management	0	0
Directors	0	0
Administration	1	1
Other employees	0	0
<b>Total</b>	<b>1</b>	<b>1</b>

**Lokum Sp. z o.o.**

	30.06.2007.	31.12.2006.
Contract of employment	1	1
Contract of mandate	5	5
Contract to perform a specified work or task	0	0
<b>Total</b>	<b>6</b>	<b>6</b>

	30.06.2007.	31.12.2006.
Management	0	0
Directors	0	0
Administration	1	1
Other employees	0	0
<b>Total</b>	<b>1</b>	<b>1</b>

**Przedsiębiorstwo Turystyczne "Czarny Potok"**

	30.06.2007.	31.12.2006.
Contract of employment	15	19
Contract of mandate	0	6
Contract to perform a specified work or task	0	0
<b>Total</b>	<b>15</b>	<b>25</b>

	30.06.2007.	31.12.2006.
Management	0	0
Directors	1	1
Administration	1	1
Other employees	13	17
<b>Total</b>	<b>15</b>	<b>19</b>

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**Deweloper Sp. z o.o.**

	30.06.2007.	31.12.2006.
Contract of employment	29	44
Contract of mandate	1	1
Contract to perform a specified work or task	2	2
<b>Total</b>	<b>32</b>	<b>47</b>

	30.06.2007.	31.12.2006.
Management	1	1
Directors	0	0
Administration	11	12
Other employees	17	31
<b>Total</b>	<b>29</b>	<b>44</b>

Salaries	Current year	Last year
<b>JWCH</b>		
<b>Company Management</b>		
Jerzy Zdrzałka	180 000,00	0,00
Ryszard Matkowski	188 000,00	18 000,00
Barbara Czyż	36 000,00	30 000,00
Grażyna Szafarowska	115 000,00	95 152,52
Bożena Malinowska *	102 000,00	81 959,21
Wojciech Rajchert *	121 000,00	117 376,72
Tomasz Panaba <sup>^</sup> s	106 000,00	90 750,00
Irmina Łopuszyńska *	118 000,00	114 500,00
<b>Supervisory Board</b>		
Józef Wojciechowski	0,00	0,00
Katarzyna Szajnwald	0,00	0,00
Maciej Gnoinski	0,00	0,00
Roman Kobylński	8 900,00	0,00
Jacek Obłąkowski	8 900,00	0,00
Henryk Pietraszkiewicz	8 900,00	0,00
Marek Rocki	8 900,00	0,00
<b>PROJECT 55</b>		
<b>Company Management</b>		
Grażyna Szafarowska	0,00	0,00
<b>INTERLOKUM</b>		
<b>Company Management</b>		
Wojciech Rajchert	0,00	0,00
<b>LOKUM</b>		
<b>Company Management</b>		
Agata Wróbel	0,00	0,00
<b>Deweloper</b>		

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<b>Company Management</b>		
Barbara Blida	0,00	0,00
Czesław Czyn	120 000,00	120 000,00
<b>JW Construction International</b>		
<b>Company Management</b>		
Małgorzata Pawlak	91 807,00	44 661,14
Małgorzata Pawlak	2 602,00	2 532,00
<b>Przedsiębiorstwo Turystyczne "Czarny Potok"</b>		
<b>Company Management</b>		
Andrzej Michalik	0,00	0,00
Maciej Gnoiński	0,00	0,00
<b>Supervisory Board</b>		
Anna Rudnicka	0,00	0,00
Ryszard Matkowski	0,00	0,00
Izabella Zinkowska	0,00	0,00
Piotr Szczurowski	0,00	0,00
<b>TBS "Marki"</b>		
<b>Company Management</b>		
Barbara Czyż	90 000,00	90 000,00
Katarzyna Szajnwald	0,00	60 000,00
<b>Supervisory Board</b>		
Maciej Gnoiński	0,00	0,00
Zdzisław Chamłuk	0,00	0,00
Marek Skrzypczyński	0,00	0,00
Kazimierz Kędziński	0,00	0,00
<b>Salaries, total</b>	<b>1 306 009,00</b>	<b>864 931,59</b>

The summary encompasses the reimbursement for the whole half-year 2006, irrespective of the date of the accession to the office.

**Note 29. Important events after the date of balance**

Any important events did not occur after the date of balance, except of those described in the present Report and in the Report of Management.

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**Note 30. Off Balance Sheet Liabilities**

<b>OFF BALANCE SHEET LIABILITIES</b>	<b>30.06.2007</b>	<b>31.12.2006</b>
Amount of collateral established on own real estates - credits	737 888 156,26	504 076 490,94
Amount of collateral established on other entities real estates - credits	29 484 000,00	63 569 888,90
Blank bills *	418 845 649,96	170 944 010,64
Other**	10 200 000,00	26 680 829,52
Assignment of receivables	4 299 600,00	504 076 490,94
Pledge by registration and transfer of ownership established on modules	25 026 084,63	0,00
Guarantees to benefit of TBS „Marki” Sp z o.o.	22 400 000,00	63 569 888,90
Guarantees to benefit of Project 55 Sp. z o.o.	40 000 000,00	170 944 010,64
Guarantees to benefit of Lokum sp. z o.o.	16 500 000,00	26 680 829,52
Guarantees to benefit of Interlokum sp. z o.o.	20 600 000,00	0,00

\* the amounts secured in for of bank bills of exchange have been presented up to the complete amount of principal liability

\*\* the item encompasses the securities in the form among others of blocking of the cash on bank accounts or in form of assignment the rights from insurance policies.

The Table included above encompasses all types of collaterals resulting form the concluded contracts on credit and constituting the credit repayment security. Owing to the fact that several types of collaterals are used in framework of individual credit contracts, their values have been not summarized.

As at the 30<sup>th</sup> June 2007, the insurance warranties associated with the elimination of defects and faults; granted by the bank and insurance companies to the Issuer as their beneficiary. Furthermore the blank bills have been issued to the benefit of J.W. Construction Holding S.A. to secure the rights of the company under the warranties granted by the partners. JWCH S.A. is entitled to realize the warranties at any time in amount corresponding to the costs of the elimination of defects and faults. The total value of the warranties was equal to 24.192.041,74 PLN and 124.358,50 EURO as at the 30<sup>th</sup> June 2007.

**Note 31. Litigations**

The Company is not engaged as the party in any litigations meeting the criteria described in § 91 subparagraph. 6 Item 7 letter a and b included in the Decree. The description of the court and administrative proceedings recognized by the Issuer as important irrespective of their non-compliance with the criterion determined in the regulations included in the Decree referred to above. Except of the proceedings described below, the Company and the entities being the members of the Issuer Group are not acting as the party or participant in any important court or administrative proceedings which could significantly affect the consolidated financial standing of the Issuer Group or the results of its activity individually or jointly with other proceedings.

***The Company versus Królewski Port Żerań Sp. z o.o. the case for the payment of 6.392.264 PLN***

In the virtue of the contract on investment substitution concluded on 2nd December 2002 between the Company Królewski Port Żerań Sp. z o.o. and the Company, the actions associated with the investment substitution for the part of investment task consisting in the erection of the objects constituting the Phase I of the project entitled “Królewski Port Żerań” on the land situated in Warsaw in Modlińska Street area have been entrusted by the Company Królewski Żerań Sp. z o.o. to the Issuer. In their objection against the court order of payment, the Królewski Żerań Sp. z o.o. among others raised the objection regarding the lack of legal basis for the issuance of one of invoices, limitation of claims by lapse of time, invalidity of the contract on investment substitution caused by improper representation of the Company Królewski Port Żerań Sp. z o.o. The proceeding is continued in the court of first instance.

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***Techma Kraków sp. versus the Company and Municipal Gmina Kraków the case for the payment of 1.440.000PLN.***

In the virtue of the contract concluded on 5<sup>th</sup> July 2007, the Company entrusted the Plaintiff with the execution of designing works. After the concept presentation by the Plaintiff, the Issuer Company from the contract charging the Plaintiff with unprofessional actions which delayed the works associated with the project, including among others nonconformity of the concept with the issued decision on the land use permit and with the guidelines and instructions issued by the Company. The Company has not recognized the claims of the Plaintiff submitted in the statement of claims of 10<sup>th</sup> May 2006. In connection with unsatisfactory execution of the first phase of works by Techma Kraków sp. z o.o., the next phases of works included in the contract have been not entrusted to Plaintiff. Therefore the outlays incurred by Techma Kraków sp. z o.o. are equal only to a fraction of the amount being vindicated by the Plaintiff. The judgement dismissing the claim has been announced on 4<sup>th</sup> January 2007 by the court of first instance. The appeal has been filed by Techma Kraków sp. z o.o. at the court of second instance.

***The proceedings associated with the project in ŁÓDŹ, Tymienieckiego Street.***

In accordance with the contract No 100004429/116/08/04 concluded with NS Inwestycje sp. z o.o. with head office in OŻARÓW MAZOWIECKI on 31<sup>st</sup> August 2004, NS Inwestycje sp. z o.o. have been entrusted with the erection of a housing estate in ŁÓDŹ, Tymienieckiego Street by the Company. Actually the proceedings described below are continued by the subcontractors or the suppliers engaged by NS Inwestycje sp. z o.o. o versus the Company for the payment for the works performed by those subcontractors.

***AWIGA sp. z o.o. versus the Issuer – the value of the subject of dispute amounts 1.035.693 PLN***

The court issued the order of payment against the Company and NS Inwestycje sp. z o.o., jointly committing the Company and NS Inwestycje for payment of the amount being vindicated to the benefit of the Plaintiff. The Company filed the objections against the order of payment. AWIGA sp. z o.o. acquired from NS Inwestycje sp. z o.o. the receivables towards the Company on the basis of contract on assignment. A/m receivables result from the contract on general contracting for the project in ŁÓDŹ, Tymienieckiego Street. In their objections against the payment order, the Company raised the objection of invalidity of the contract on receivables transfer (the contract of transfer does not stipulate the receivables which have been transferred to the Plaintiff under the contract on general contracting nor their value) and lack of an active substantive capacity (AWIGA sp. z o.o. could not acquire the receivables from the transfer, because the latter have not acquired by the company Unicon sp. z o.o.). Actually the proceeding is continued in the court of first instance.

***AWIGA sp. z o.o. versus the Issuer – the value of the subject of proceeding amounts 293.729,13 PLN***

On 24<sup>th</sup> April 2006, the court issued the order of payment jointly committing the Company and NS Inwestycje for payment of the amount being vindicated to the benefit of the Plaintiff. The Company filed the objections against the order of payment. The legal basis of the claim of the Plaintiff is the joint and several liability of the Issuer as the Investor in the scope of the payment to the benefit of the subcontractors performing the works in framework of the project in ŁÓDŹ, Tymienieckiego Street. On 2<sup>nd</sup> January the appeal was filed by the company rising the objection that contract on assignment did not transfer the rights to the Plaintiff to vindicate the receivables payment towards NS – Inwestycje from the Company. Actually the proceeding is continued in the court of second instance.

***Jedynka Poznań Sp. z o.o. versus the Issuer – the value of the subject of dispute amounts 613.776PLN***

Jedynka Poznań Sp. z o.o. vindicate the receivables associated with the works completed by the subcontractors in frameworks of the investments in ŁÓDŹ, Tymienieckiego Street. The legal basis of the claim is the joint and several liability of the Issuer towards the subcontractor employed by the general contractor - NS Inwestycje sp. z o.o. On 1<sup>st</sup> March 2007, the Appeal Court in Poznań announced the judgement altering the previous judgement of the District Court and dismissed the claim in whole. The judgement is legally valid. The Plaintiff filed cassation complaint to Supreme Court.

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***Jedynka Poznań Sp. z o.o. versus the Issuer – the value of the subject of dispute amounts 335.171 PLN***

Jedynka Poznań acquired from NS Inwestycje sp. z o.o. the receivables towards the Company on the basis of contract on general contracting in framework of the project in ŁÓDŹ, Tymienieckiego Street on the basis of the contract on receivables transfer concluded on 4<sup>th</sup> February 2005. On 14<sup>th</sup> March 2007 the Appeal Court altered the previous judgement of the District Court and dismissed the claim in whole. The judgement is legally valid. The Plaintiff filed cassation complaint to Supreme Court.

***„TEZET” versus the Issuer – the value of the subject of dispute amounts 327.270.,08 PLN***

„TEZET” Janusz Zarzycki acquired from NS Inwestycje sp. z o.o. the receivables towards the Company on the basis of contract on general contracting in framework of the project in ŁÓDŹ, Tymienieckiego Street on the basis of the contract on receivables transfer. The District Court in Warsaw issued the order of payment in the proceedings by writ of payment, against which an appeal has been taken. Actually the proceeding is continued in the court of first instance.

***The proceedings in connection with non-compliance with the area development plan for the boarding – house in Sopot***

On 28th August 2003 the President of Sopot Town has been approved the Building Permit Design and issued the permit for the erection of boarding – house. The owners of the adjacent building plot appealed against this decision to the court. They stated among others that the works executed by the Company caused cracks on the façade of their building and that any proper and safe access to their real estate is impossible.

Irrespective of the pending case associated with building permit issued in 2003, the Company requested to issue the building permit for alternative design on 17<sup>th</sup> August 2004. On 8<sup>th</sup> January 2007, the President of Sopot Town issued the building permit in the scope assumed in the design.

The owners of the adjacent building plot filed the complaint against the decision of the President of Sopot Town of 8<sup>th</sup> January 2007.

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Signature of person preparing the Financial Report

Irmina Łopuszyńska Chief Accountant The Member of Management	Signature
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Signatures of Members of Management

Jerzy Zdrzałka The President of Management	Signature
Ryszard Matkowski The President of Holding	Signature
Grażyna Szafarowska The Member of Management	Signature
Barbara Czyż The Member of Management	Signature
Borena Malinowska The Member of Management	Signature
Wojciech Rajchert The Member of Management	Signature
Tomasz Panabażys The Member of Management	Signature

Ząbki, 21 st September 2007