



# J.W.CONSTRUCTION HOLDING S.A.

**PRESS RELEASE**

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## **J.W. Construction Holding Upholds Its Forecasts After Good Third Quarter**

In the third quarter of 2007, J.W. Construction Holding reported good financial performance reaching PLN 130.1 million in sales revenue, i.e. 16.4% more than in the corresponding period of the preceding year. The Company also reported the increase of net profit by over 83% up to PLN 17.6 million and gross margin of 44.3%, i.e. 10.2 pp more than in the third quarter of 2006.

“The results for the third quarter of this year largely outperformed the last year. However, we are expecting the really high growth in the fourth quarter. Due to the specificity of our business and the accounting methods in use, the crucial investments building the result will be posted not until the end of this year. Hence our assurance that the forecasts are not at risk”, explains Jerzy Zdrzałka, President of J.W. Construction Holding S.A. Management Board.

According to the forecasts published in August, the company hopes for PLN 813.1 million in sales revenue and PLN 146.5 million in net profit. In comparison to 2006, sales revenue are to be higher by 12%, and operating profit and net profit by 11%.

During the last quarter, the company launched the process of spinning its construction and architectural businesses off the group structures. In the future, they will create two subsidiaries which, in addition to their work for the holding, will be able to pursue projects for external parties. JWCH does not exclude acquisition of other construction companies in order to enhance its construction potential.

An important aspect of the analysis of financial results for the third quarter, is the so-called “zero” method used by J.W. Construction to recognize revenue from investments. It means that an investment is not posted until a 40% advancement of construction has been achieved. Another condition is reaching at least 50% sales of investments. Since the Górczewska Park has not reached the 40% completion of construction yet, the margin on that investment was reported as “zero” on the balance sheet (revenue is recognized in the amount of costs incurred).

In August, the company obtained the building permit for one of its major investments in Warsaw “Górczewska Park.” JWCH assumes that this investment will be included in this year's result and, thus, allow the achievement of projections.

The company has already spent PLN 111 million for purchases of new land for investment purposes since the beginning of the year. In the third quarter, its land bank was increased by over 24 ha. The company purchased parcels in Białoleka in Warsaw and in the area nearby Ożarów Mazowiecki where large housing investments are to be pursued.

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J.W. Construction is the largest residential developer in Poland, present mainly in Warsaw but also in Łódź and Gdynia, and abroad. The Company is the leader of the Warsaw residential market where it has been engaged in development activity since 1994. In addition to the pursuit of development projects, the company also handles construction in the capacity of general contractor of the majority of its investments. J.W. Construction owns and operates the Hotels 500 network, consisting of five hotels: in Zegrze, Stryków, Tarnów Podgórny, Cieszyn and Św. Lipka. On 4 June 2007, the Company had its debut on the Warsaw Stock Exchange. In 2006, J.W. Construction earned PLN 132 million net, with revenue of PLN 726 million.