

**Abbreviated Consolidated Financial Statements for a 6 month  
period ended on 30 June 2011**

Prepared in accordance with International  
Financial Reporting Standards



Ząbki, 30 August 2011.

**A. INTRODUCTION TO THE CONSOLIDATED FINANCIAL STATEMENT**

## 1. GENERAL INFORMATION ABOUT THE PARENT COMPANY

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

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

As at 30/06/2011 the lifetime of the Company was unlimited. The accounting year of the Company is a calendar year i.e. the period from 1 January to 31 December.

## 2. ADOPTED PRINCIPLES (POLICY) OF ACCOUNTING

### Basic information about the Group comprising the holding entity and the companies subsidiary on the holding entity covered in the consolidated financial statement

The Group's structure and the holding entity's share in the share capital of subjects belonging to the Group as at 30 June 2011 are presented in the table below:

Company	Country of registration	Parent company's share in share capital	Parent company's share in voting rights	Method of consolidation
<b>Subsidiaries:</b>				
Lokum Sp. z oo	Poland	99.99%	99.99%	full consolidation
Interlokum Sp. z o.o.	Poland	99.00%	99.00%	full consolidation
Project 55 Sp. z o.o.	Poland	99.99%	99.99%	full consolidation
Towarzystwo Budownictwa Społecznego „Marki” Sp. z o.o.	Poland	99.99%	99.99%	full consolidation
Deweloper Sp. z o.o.	Poland	99.00%	99.00%	full consolidation
J.W. Construction International Sp. z o.o	Russia	100.00%	100.00%	full consolidation
J.W. Construction S.A.	Poland	99.99%	99.99%	full consolidation
JWCH Produkcja Budowlana Sp. z o.o.	Poland	99.99%	99.99%	full consolidation
JWCH Budownictwo Drogowe Sp. z o.o.	Poland	99.95%	99.95%	full consolidation
JW Projekt Sp. z o.o.	Poland	99.98%	99.98%	full consolidation
Porta Transport Sp. z o.o. in liquidation	Poland	100.00%	100.00%	full

				consolidation
Construction Invest Sp. z o.o.	Poland	100.00%	100.00%	full consolidation
Ośrodek Wypoczynkowy "Ogoniok" Sp. z o.o. (currently Yakor House Sp. z o.o.)	Russia	70.00%	70.00%	full consolidation
Stadnina Mazowiecka Sp. z o.o.	Poland	100.00%	100.00%	full consolidation

The core business of the Group's companies is:

- Lokum Sp. z oo - Development and sale of own properties for its own account
- Interlokum Sp. z o.o. - Development and sale of own properties for its own account
- Project 55 Sp. z o.o. - Development and sale of own properties for its own account
- Towarzystwo Budownictwa Społecznego „Marki” Sp. z o.o. - sale and administration of social building estates,
- J.W. Construction International Sp. z o.o - general building works connected with erection of buildings, general building and civil engineering, building production,
- Ośrodek Wypoczynkowy "Ogoniok" Sp. z o.o. (currently Yakor House Sp. z o.o.) - Development and sale of properties for its own account
- Deweloper Sp. z o.o. - building and assembly production,
- Construction Invest Sp. z o.o. - Development and sale of properties for its own account
- Porta Transport Sp. z o.o. - transport services,
- J.W. Construction S.A. - building production,
- JW Projekt Sp. z o.o. - designing services,
- JWCH Produkcja Budowlana Sp. z o.o. - prefabricated units production for the building industry,
- JWCH Budownictwo Drogowe Sp. z o.o. - road construction
- Stadnina Mazowiecka Sp. z o.o. - service activities.

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

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

The consolidated financial statements for the years 2010-2011 were prepared based on separate financial statements of the companies of the Capital Group of J.W. Construction Holding S.A. and compiled in such a manner as if the Group was one company. The consolidated financial statements cover the financial statements of the parent company -J.W. Construction Holding S.A. and financial statement of the following subsidiaries of the parent company.

In the years 2010-2011 the parent company excluded the following subsidiaries from the obligatory consolidation:

*In 2010:*

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

*In 2011:*

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

- Sami Tito Architects Polska Sp. z oo - 100%

The legal ground for the aforesaid exclusion from the consolidated financial statements was conceptual assumptions of the International Financial Reporting Standards to the extent of useful and reliable information. In accordance with the aforesaid assumptions, benefits from collected information should exceed the costs of providing the same. It was found out that costs of collecting information about subsidiaries not covered by consolidation and costs of consolidating such information exceeded benefits derived from the same. Moreover, when excluding the subsidiaries from obligatory consolidation the parent company was driven by the fact that they were not significant for fair and accurate presentation of the assets, financial standing and earnings of the Capital Group.

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

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

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

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

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

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

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

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

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

The rules and regulation of the Polish applicable law require the Group to prepare interim abbreviated and consolidated financial statement according to IFRS approved by the European Union ("EU") and regarding the preparation of interim financial statements (IAS 34). Currently, due to the process of accepting IFRS by the European Union and the nature of the business operated by the Capital Group J.W. Construction Holding there are no differences in terms of principles of accounting between those applied by the Group in accordance with IFRS and those of IFRS approved by the European Union.

The interim abbreviated consolidated financial statement was prepared in accordance with IFRS that are applicable to preparation of semi-annual financial statements (IAS 34) and in accordance with all applicable IFRSs that were approved by the European Union. The principles of accounting applied in the present interim abbreviated consolidated financial statement are consistent with those applied to preparation of consolidated financial statement of the Capital Group for the financial year ended on 31 December 2010, with the exception of the usage of the following changes to standards and new applicable interpretations to annual periods beginning on 01 January 2011.

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

The following new or revised standards or interpretations issued by the International Accounting Standards Board or IFRS Interpretations Committee are applied from 01 January 2011:

- Amendments to IAS 24 "Related Party Disclosures"
- Amendments to IAS 32 "Financial Instruments: Presentation "
- Amendments to IFRS 1 First-time adoption of IFRS "
- The amendments to IFRIC 14 IAS 19 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"
- IFRIC Interpretation 19" Extinguishing Financial Liabilities with Equity Instruments"

Their application did not affect the results of operations and financial position of the Group.

There are also the following changes to the International Financial Reporting Standards issued by the International Accounting Standards Board or by the International Accounting Standards Committee but which have not been applicable:

- IFRS 9 "Financial Instruments"
- Amendments to IFRS 1 First-time adoption of IFRS "
- Amendments to IAS 7 "Financial Instruments: Disclosures "
- Amendments to IAS 12 "Income Taxes"

The implemented changes were reviewed by the Group and they have no influence on the financial data presented in this interim abbreviated consolidated financial statement.

The accounting policies applied by the Group are as follows:

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

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

- they are identifiable,

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

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

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

### ***Tangible assets***

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

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

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

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

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

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

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

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

Impairment losses on assets that were earlier remeasured adjust the revaluation reserve up to the amounts disclosed in equity, and below the acquisition price they are disclosed in the income statement. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of the asset's net realizable value and the value in use. Impairment losses are reversed when the circumstances due to which they were made cease to exist. Impairment loss reversals are disclosed in the income statement except for the ones which earlier reduced the revaluation reserve. They then adjust the said reserve up to the value of earlier reductions.

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

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

### ***Lease***

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

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

- the amount equal to the market value of the leased asset,
- the present (discounted) value of lease payments.

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

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

### ***Inventories***

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

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

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

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

**Work in progress** covers expenditures made on building housing estates and costs connected with supporting production. Supporting production is measured at manufacturing cost. Production connected with building of housing estates is valued in accordance with IAS 11

"Construction Contracts" and the principles referred to under section "Long-term developer contracts".

### ***Borrowing Costs***

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

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

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

### ***Guarantee deposits***

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

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

### ***Cash and cash equivalents***

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

### ***Prepaid expenses***

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

### ***Provisions for liabilities***

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



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

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

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

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

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

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

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

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

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

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

#### **a) Zero-profit method**

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

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

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

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

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

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

#### ***Borrowings***

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

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

#### ***Deferred income tax***

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

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

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

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

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

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

### ***Liabilities***

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

Based on their characteristics, liabilities can be divided into:

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

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

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

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

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

### ***Accrued expenses***

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

### ***Revenues***

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

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

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

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

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

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

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

### ***Taxes***

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

## **B. Consolidated Financial Statements**

### **Consolidated balance sheet**

JW. Construction Holding S.A.  
Abbreviated Consolidated Financial Statements  
for a 6 month-period ended on 30 June 2011

<b>ASSETS</b>	<b>Note</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
<b>Non-current assets</b>		<b>593,524,134.41</b>	<b>570,563,905.88</b>
Intangible assets		5,317,904.42	5,951,536.39
Goodwill of subsidiaries		12,389,648.22	12,389,648.22
Tangible assets		392,556,944.33	389,520,877.03
Investment real estate		142,842,366.71	124,271,404.71
Other financial assets		4,956,224.94	4,600,378.60
Deferred income tax assets		20,198,711.76	19,000,801.03
Trade and other receivables		15,262,334.03	14,829,259.90
Accruals		0.00	0.00
<b>CURRENT ASSETS</b>		<b>747,325,162.63</b>	<b>811,615,565.19</b>
Inventories		44,379,987.59	31,935,617.82
Construction contracts		525,836,605.44	594,363,748.02
Trade and other receivables		68,169,001.18	59,610,326.41
Other financial assets		36,853,578.06	36,286,820.86
Cash and cash equivalents		44,621,735.58	68,073,570.55
Accruals		27,464,254.79	21,345,481.53
<b>Total Assets</b>		<b>1,340,849,297.04</b>	<b>1,382,179,471.07</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>		<b>487,584,564.07</b>	<b>462,891,134.22</b>
Share capital		10,814,656.00	10,814,656.00
Revaluation capital		7,471,818.19	7,471,818.19
Own shares		0.00	0.00
Other capital		495,620,332.22	410,726,737.47
Retained earnings		-51,026,869.44	-58,133,798.21
Net profit / loss		24,704,627.11	92,011,720.77
<b>LIABILITIES</b>		<b>853,264,732.96</b>	<b>919,288,336.84</b>
<b>Non-current liabilities,</b>		<b>423,113,891.12</b>	<b>414,416,359.18</b>
Borrowings		170,702,159.38	146,840,247.63
Deferred income tax liabilities		11,294,785.58	17,026,492.94
Retirement benefit obligations		474,000.00	474,000.00
Provision for other liabilities and charges		56,631,074.17	57,683,463.83
Other liabilities		184,011,871.99	192,392,154.78
<b>Current liabilities</b>		<b>430,150,841.84</b>	<b>504,871,977.65</b>
Trade and other payables		101,639,707.37	75,783,736.63
Construction contracts		85,180,335.46	152,148,475.50
Borrowings		72,536,920.75	108,425,137.41
Provision for other liabilities and charges		19,927,593.31	22,551,700.82
Other liabilities		150,866,284.95	145,962,927.30
<b>Total Equity and Liabilities</b>		<b>1,340,849,297.04</b>	<b>1,382,179,471.06</b>

### Consolidated income statement

	1 January 2011 - 31 June 2011	1 January 2011 - 31 June 2011
<b>Net revenues from sales of products, goods and materials, of which:</b>	<b>218,719,698.35</b>	<b>241,154,177.94</b>
Net revenues from sales of products	216,103,139.31	238,328,865.74
Net revenues from sales of goods and materials	2,616,559.04	2,825,312.20
<b>Costs of products, goods and materials sold, of which:</b>	<b>153,429,934.80</b>	<b>172,842,277.30</b>
Manufacturing cost of products sold	151,105,176.41	170,288,125.41
Value of goods and materials sold	2,324,758.39	2,554,151.89
<b>Gross profit (loss) on sales</b>	<b>65,289,763.55</b>	<b>68,311,900.64</b>
<b>Selling expenses</b>	<b>12,648,519.03</b>	<b>11,420,558.22</b>
<b>Overhead expenses</b>	<b>17,308,151.20</b>	<b>12,910,833.59</b>
<b>Revaluation of investment properties</b>	<b>12,202,148.33</b>	<b>0.00</b>
<b>Profit (loss) on sales</b>	<b>47,535,241.65</b>	<b>43,980,508.83</b>
Other operating income	4,326,761.07	9,134,880.41
Other operating expenses	4,653,597.04	4,438,659.82
<b>Operating profit (loss)</b>	<b>47,208,405.68</b>	<b>48,676,729.42</b>
Financial income	3,642,889.26	3,897,299.00
Financial expenses	20,070,480.80	13,225,487.05
<b>Profit (loss) on ordinary activities</b>	<b>30,780,814.14</b>	<b>39,348,541.37</b>
<b>Results on assets held for sale</b>		
<b>Gross profit (loss)</b>	<b>30,780,814.14</b>	<b>39,348,541.37</b>
Income tax	6,076,187.03	7,316,492.49
<b>Net profit (loss)</b>	<b>24,704,627.11</b>	<b>32,032,048.88</b>

<b>Other comprehensive income:</b>	<b>0.00</b>	<b>0.00</b>
Exchange differences on foreign operations conversion	0.00	0.00
Profit/loss from acquisitions	0.00	0.00
Profit from revaluation of tangible fixed assets	0.00	0.00
Other comprehensive income:	0.00	0.00
<b>Total revenue</b>	<b>24,704,627.11</b>	<b>32,032,048.88</b>

### Consolidated cash flow statements

<b>Operating cash flow - two-step method</b>	<b>01 -01 -2011 to 30-06-2011</b>	<b>01 -01 -2010 to 30-06-2010</b>
<b>Net profit (loss)</b>	<b>24,704,627.11</b>	<b>32,032,048.88</b>
<b>Total adjustments, of which:</b>	<b>8,376,706.48</b>	<b>-6,696,953.65</b>
Depreciation and amortisation	6,118,324.82	6,501,128.00
(Profits) losses on exchange differences related to investment and financial activities	-234,532.87	-316,143.15
(Profits) loss from investment activities	548,335.25	-2,312,931.72
Interest and dividends	17,451,582.37	10,321,218.69
Changes in provisions and accruals	-16,078,297.59	-21,177,638.85
Other adjustments	571,294.50	287,413.38
- other adjustments	571,294.50	287,413.38
<b>Changes in working capital</b>	<b>1,869,416.50</b>	<b>29,071,811.80</b>
Change in inventories	-6,764,693.79	4,418,901.32
Change in construction contracts	-2,170,618.74	42,145,129.64
Change in investment properties	0.00	0.00
Changes in receivables	-8,996,748.89	3,430,193.16
Changes in current liabilities, except for borrowings	19,801,477.92	-20,922,412.33
	<b>0.00</b>	<b>0.00</b>
<b>Net operating cash flows</b>	<b>34,950,750.09</b>	<b>54,406,907.03</b>
<b>Investment activity cash flows</b>	<b>0.00</b>	<b>0.00</b>
Disposal of intangible assets, tangible fixed assets and other assets	1,275,186.46	4,327,726.50
Acquisition of intangible assets, tangible fixed assets and other assets	-27,901,139.17	-7,616,033.63
Expenses associated with the asset to be sold	0.00	0.00
Purchase of equity instruments and debt instruments	0.00	0.00
Disposal of equity instruments and debt instruments	0.00	0.00
Loans granted	-301,267.50	0.00
Loans repaid	0.00	0.00
Other purchase of financial assets	0.00	0.00
Other disposal of financial assets	0.00	0.00
Dividends received	0.00	0.00
Interest received	11,070.00	0.00
Disposal of subsidiaries	0.00	0.00
Acquisition of subsidiaries	0.00	0.00
<b>Net investment cash flow</b>	<b>-26,916,150.21</b>	<b>-3,288,307.13</b>
<b>Financing cash flow</b>	<b>0.00</b>	<b>0.00</b>
Net proceeds from issue of shares, other equity instruments and additional capital contributions	0.00	0.00
Purchase of own shares or repayment of shares	0.00	0.00
Borrowings	185,299,275.99	178,655,337.65
	-	-
Borrowings repaid	197,829,514.25	251,467,564.75
Debt securities issued	0.00	130,000,000.00
Debt securities redeemed	0.00	0.00
Payments under financial lease agreements	-2,612,793.40	-4,843,358.27

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Dividends and other shared profits	0.00	0.00
Interest paid	-16,360,220.81	-12,169,342.88
Other financial proceeds (including notes)	9,070,000.00	4,500,000.00
Other financial expenditures (including notes)	-9,053,182.38	0.00
<b>Net financing cash flow</b>	<b>-31,486,434.85</b>	<b>44,675,071.75</b>
<b>NET DECREASE/(INCREASE) IN CASH</b>	<b>-23,451,834.97</b>	<b>95,793,671.65</b>
Cash and cash equivalents at the beginning of the year	68,073,570.55	27,162,017.40
- foreign exchange gains/(losses) on cash	0.00	0.00
<b>CLOSING BALANCE OF CASH AND CASHEQUIVALENTS</b>	<b>44,621,735.58</b>	<b>122,955,689.07</b>



**Consolidated statement of changes in equity**

	Share Capital	Own shares (negative figure)	Revaluation capital	Supplementary capital	Other capital	Hedge valuation reserve and currency translation reserve	Retained earnings	Net earnings	Equity
<b>As at 31 December 2010</b>	<b>10,814,656.00</b>	<b>0.00</b>	<b>7,471,818.19</b>	<b>403,502,762.76</b>	<b>7,320,492.68</b>	<b>-96,517.97</b>	<b>-58,133,798.21</b>	<b>92,011,720.77</b>	<b>462,891,134.22</b>
Basic error corrections	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Corrections from changes in a presentation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>As at 01 January 2011</b>	<b>10,814,656.00</b>	<b>0.00</b>	<b>7,471,818.19</b>	<b>403,502,762.76</b>	<b>7,320,492.68</b>	<b>-96,517.97</b>	<b>-58,133,798.21</b>	<b>92,011,720.77</b>	<b>462,891,134.22</b>
Issue of shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Purchase of own shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividends paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on revaluation of fixed assets and investment properties	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on cash flow hedges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exchange gains / (losses) on translation of financial statements of foreign operations	0.00	0.00	0.00	0.00	0.00	-66,992.28	0.00	0.00	-66,992.28
Gains / (losses) on business acquisitions (unitary jwch)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profit/loss from the inclusion/exclusion of companies to consolidate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Changes in accounting policies/presentation	0.00	0.00	0.00	0.00	0.00	0.00	55,795.02	0.00	55,795.02
Consolidation adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total profit / (loss) recognised directly in equity</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-66,992.28</b>	<b>55,795.02</b>	<b>0.00</b>	<b>-11,197.26</b>

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Net profit (loss) for the accounting year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	24,704,627.11	24,704,627.11
<b>Total profit / (loss) recognised in equity and net earnings</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-66,992.28</b>	<b>55,795.02</b>	<b>24,704,627.11</b>	<b>24,693,429.85</b>
Increase / decrease from profit distribution	0.00	0.00	0.00	84,333,772.11	626,814.92	0.00	7,051,133.74	92,011,720.77	0.00
<b>As at 30 June 2011</b>	<b>10,814,656.00</b>	<b>0.00</b>	<b>7,471,818.19</b>	<b>487,836,534.87</b>	<b>7,947,307.60</b>	<b>-163,510.25</b>	<b>-51,026,869.45</b>	<b>24,704,627.11</b>	<b>487,584,564.07</b>

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	Share Capital	Own shares (negative figure)	Revaluation capital	Supplementary capital	other rcapital reserves	Hedge valuation reserve and currency translation reserve	Retained earnings	Net earnings	Equity
<b>As at 31 December 2009</b>	<b>10,939,656.00</b>	<b>4,429,867.11</b>	<b>7,471,818.19</b>	<b>648,628,900.79</b>	<b>5,731,587.19</b>	<b>-63,389.21</b>	<b>352,468,231.69</b>	<b>100,396,876.34</b>	<b>416,207,350.50</b>
Basic error corrections	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Corrections from changes in a presentation	0.00	0.00	0.00	-44,692,030.96	0.00	0.00	0.00	0.00	-44,692,030.96
<b>As at 01 January 2009</b>	<b>10,939,656.00</b>	<b>4,429,867.11</b>	<b>7,471,818.19</b>	<b>603,936,869.83</b>	<b>5,731,587.19</b>	<b>-63,389.21</b>	<b>352,468,231.69</b>	<b>100,396,876.34</b>	<b>371,515,319.54</b>
Additional equity contributions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Purchase of own shares		0.00							0.00
Share redemption	-125,000.00	4,429,867.11	0.00	-4,304,867.11	0.00	0.00	0.00	0.00	0.00
Dividends paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains/(losses) on revaluation of available-for-sale assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on cash flow hedges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exchange gains / (losses) on translation of financial statements of foreign operations	0.00	0.00	0.00	0.00	0.00	-33,128.76	0.00	0.00	-33,128.76
Gains / (losses) on business acquisitions(unitary jwch)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Changes in accounting policies/presentation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Consolidation adjustments	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Inclusion of the Company to the consolidation	0.00	0.00	0.00	0.00	0.00	0.00	-602,777.34	0.00	-602,777.34
Total profit / (loss) recognised directly in equity	10,814,656.00	0.00	7,471,818.19	599,632,002.72	5,731,587.19	-96,517.97	353,071,009.03	100,396,876.34	370,879,413.44

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Net profit (loss) for the accounting year	0.00	0.00	0.00		0.00	0.00	0.00	92,011,720.77	<b>92,011,720.77</b>
Total profit / (loss) recognised in equity and net earnings	10,814,656.00	0.00	7,471,818.19	599,632,002.72	5,731,587.19	-96,517.97	353,071,009.03	192,408,597.12	<b>462,891,134.21</b>
Increase / decrease from profit distribution	0.00	0.00	0.00	-	196,129,239.96	1,588,905.49	0.00	294,937,210.81	<b>0.00</b>
<b>As at 31 December 2010</b>	<b>10,814,656.00</b>	<b>0.00</b>	<b>7,471,818.19</b>	<b>403,502,762.76</b>	<b>7,320,492.68</b>	<b>-96,517.97</b>	<b>-58,133,798.22</b>	<b>92,011,720.77</b>	<b>462,891,134.21</b>

## **C. D. SUPPLEMENTARY INFORMATION**

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

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

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

The interim Financial Statements of the Group for the period from 1 January 2011 to 30 June 2011 disclose all events that occurred until the day of these statements i.e. 30 August 2011 and had effect on the financial statements for the period of six months ended on 30 June 2011.

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

In the current financial year, it is the first half of 2011, the Group did not make any changes in the principles of accounting. The changes that were made in the previous period are described in part "Amendments to IFRS".

### **FUNCTIONAL AND PRESENTATION CURRENCY**

Items presented in the financial statements of particular companies of the Group are measured with the currency of the basic economic environment where the company has a fixed establishment (functional currency).

The functional and presentation currency of the parent company is Polish zloty (PLN). The reporting currency of the financial statements of the Group is Polish zloty (PLN). The functional currency of some companies of the Group is other currency than Polish zloty. Financial statements of those companies, prepared in their functional currencies, are included in these consolidated financial statements upon translation into PLN in accordance with IAS 21.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **Note 1. Intangible assets**

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

<b>Intangible assets</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
a) research and development	0.00	0.00
b) goodwill on consolidation	0.00	0.00
c) other intangible assets	5,317,904.42	5,951,536.39
d) advances on intangible assets	0.00	0.00
<b>Total intangible assets</b>	<b>5,317,904.42</b>	<b>5,951,536.39</b>

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

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

As at 30 June 2011 and 31 December 2010 there were no circumstances requiring the Group to make impairment allowance on intangible assets.

The Group did not conduct in 2011-2010 any development works and no costs were incurred on them. The Companies did not have any advances on intangible assets.

## Note 2. Goodwill of subsidiaries

The goodwill of subsidiaries was established as the difference of acquisition price of a given company and fair value of acquired net assets, lower than the same.

<b>Goodwill of subsidiaries</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
a) goodwill - subsidiaries	12,389,648.22	12,389,648.22
b) goodwill - fellow subsidiaries	0.00	0.00
c) goodwill - associates	0.00	0.00
<b>Total intangible assets</b>	<b>12,389,648.22</b>	<b>12,389,648.22</b>

This value concerns the acquisition of Project 55 Sp. z o.o.

## Note 3. Tangible assets

<b>Tangible assets</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
a) property, plant and equipment, of which:	280,454,333.99	279,519,024.57
- land (including right of perpetual usufruct)	43,500,103.46	45,234,697.07
- buildings and structures	220,207,051.40	216,074,744.11
- plant and machinery	10,002,403.54	11,196,103.38
- motor vehicles	4,798,506.50	4,775,952.51
- other property, plant and equipment	1,946,269.09	2,237,527.49
b) constructions in progress	112,102,610.34	110,001,852.46
c) advances on constructions in progress	0.00	0.00
<b>Total tangible assets</b>	<b>392,556,944.33</b>	<b>389,520,877.03</b>

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

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

#### Note 4. Investment real estate

<b>Other long-term investments</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
a) investment real estate	142,842,366.71	124,271,404.71
b) other	0.00	0.00
<b>Total other long-term investments</b>	<b>142,842,366.71</b>	<b>124,271,404.71</b>

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

#### Note 5. Other financial assets

<b>LONG-TERM FINANCIAL ASSETS</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
a) shares	4,605,378.60	4,600,378.60
b) loans granted	350,846.34	0.00
c) other long-term investments	0.00	0.00
<b>Total long-term financial assets</b>	<b>4,956,224.94</b>	<b>4,600,378.60</b>

<b>LONG-TERM FINANCIAL ASSETS</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
a) in subsidiaries	4,667,368.00	4,356,553.98
- shares	4,361,553.98	4,356,553.98
- debt securities	0.00	0.00
- other securities	305,814.02	0.00
- loans granted	0.00	0.00
b) in other parties	288,856.94	243,824.62
- shares	243,824.62	243,824.62
- debt securities	0.00	0.00
- other securities	45,032.32	0.00
- loans granted	0.00	0.00
<b>Total long-term financial assets</b>	<b>4,956,224.94</b>	<b>4,600,378.60</b>

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	<b>Name of a unit (and its legal form)</b>	<b>Domicile</b>	<b>Business</b>	<b>Relation</b>	<b>Method of consolidation</b>	<b>Date of assuming control</b>	<b>Value of shares/interests at acquisition price</b>	<b>Revaluation adjustments (total)</b>	<b>Carrying value of shares</b>	<b>% of total number of votes in the general meeting</b>
1.	TBS Marki Sp.z o.o.	Warsaw	social building	subsidiary	full consolidation	14/11/2003	13,359,500.00	0.00	13,359,500.00	99.99%
2.	J.W. Construction International Sp. z o.o	Kolomna (Russia)	Construction and property development activities	subsidiary	full consolidation	14/11/2003	1,272.90	0.00	1,272.90	100.00%
3.	Business Financial Construction Sp. z o.o.	Warsaw	services	subsidiary	not consolidated	16/06/2003	4,346,500.00	0.00	4,346,500.00	99.99%
4.	Project 55 Sp. z o.o.	Warsaw	developer activity	subsidiary	full consolidation	13/01/2005	19,656,037.59	0.00	19,656,037.59	100.00%
5.	Interlokum Sp. z o.o.	Warsaw	developer activity	subsidiary	full consolidation	23/11/2004	50,000.00	0.00	50,000.00	100.00%
6.	Lokum Sp. z oo	Warsaw	developer activity	subsidiary	full consolidation	13/09/2005	3,778,000.00	0.00	3,778,000.00	99.99%
7.	Deweloper Sp. z o.o.	Siemianowice Slaskie	construction	subsidiary	full consolidation	08/09/2004	49,500.00	0.00	49,500.00	99.00%
8.	JW Projekt Sp. z o.o.	Warsaw	architecture and designing	subsidiary	full consolidation	14/11/2003	1,155,400.00	0.00	1,155,400.00	99.98%
9.	Królewski Port Żerań Sp. z o.o.	Warsaw	developer activity	associate	not consolidated	08/09/2000	500,000.00	500,000.00	0.00	4.92%
10.	Polonia SSA	Warsaw	sports	subsidiary	not consolidated	30/03/2006	15,440.00	15,440.00	0.00	100.00%
11.	TBS Nowy Dom Sp. z o.o.	Ząbki,	social building	associate	not consolidated	30/09/2006	1,000.00	0.00	1,000.00	2.00%
12.	Construction Invest Sp. z o.o.	Ząbki,	real estate development and sale	subsidiary	full consolidation	25/01/2006	50,000.00	0.00	50,000.00	100.00%
13.	J.W. Construction S.A.	Ząbki,	construction	subsidiary	full consolidation	26/09/2007	11,526,617.00	0.00	11,526,617.00	99.99%



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14.	J.W. Construction Bułgaria Sp. z o.o.	Sofia	developer activity	subsidiary	not consolidated	08/10/2007	9,854.98	0.00	9,854.98	100.00%
15.	Porta Transport Sp. z o.o. in liquidation	Szczecin	transport	subsidiary	full consolidation	12/11/2007	19,118,737.41	0.00	19,118,737.41	100.00%
16.	Yakor House Sp.z o.o.	Sochi	developer activity	subsidiary	full consolidation	07/12/2007	9,810,000.00	0.00	9,810,000.00	70.00%
17.	JWCH Produkcja Budowlana Sp. z o.o.	Ząbki,	prefabricated unit production for the building industry	subsidiary	full consolidation	19/02/2008	15,494,950.00	0.00	15,494,950.00	99.99%
18.	JWCH Budownictwo Drogowe Sp. z o.o.	Ząbki,	road construction	subsidiary	full consolidation	07/02/2008	2,059,950.00	0.00	2,059,950.00	99.99%
19.	Stadnina Mazowiecka Sp. z o.o.	Warsaw	services	subsidiary	not consolidated	30/06/2010	50,000.00	0.00	50,000.00	100.00%
20.	Sami Tito Sp. z o.o.	Ząbki,	Design activity	subsidiary	not consolidated	03/06/2011	5,000.00	0.00	5,000.00	100.00%

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Indirect ties										
21.	TBS Marki Sp.z o.o.	Warsaw	social building	subsidiary	full consolidation	18/10/2006	500.00	0.00	500.00	0.01%
22.	Business Financial Construction Sp. z o.o.	Warsaw	services	subsidiary	not consolidated	16/06/2003	500.00	0.00	500.00	0.01%
23.	Lokum Sp. z oo	Warsaw	developer activity	subsidiary	full consolidation	18/10/2006	500.00	0.00	500.00	0.01%
24.	Deweloper Sp. z o.o.	Siemianowice Slaskie	construction	subsidiary	full consolidation	18/10/2006	500.00	0.00	500.00	1.00%
25.	JW Projekt Sp. z o.o.	Warsaw	architecture and designing	subsidiary	full consolidation	14/11/2003	200.00	0.00	200.00	0.01%
26.	Trinity Self Companies (currently SASPOL INFRASTRUCURE Sp. z o.o)	Warsaw	participation in public tenders as a leader of the consortium	associate	not consolidated	06/10/2009	4,644.62	0.00	4,644.62	25.00%
27.	Karczma Regionalna Sp.z o.o.	Krynica Górská	hotel activity	subsidiary	not consolidated	16/12/2004	208,550.00	0.00	208,550.00	8.06%
28.	J.W. Construction S.A.	Ząbki,	construction	subsidiary	full consolidation	26/09/2007	1.00	0.00	1.00	0.01%
29.	JWCH Produkcja Budowlana Sp. z o.o.	Ząbki,	prefabricated unit production for the building industry	subsidiary	full consolidation	19/02/2008	50.00	0.00	50.00	0.01%
30.	Fabryka Maszyn i Urządzeń FAMAK S.A.	Kluczbork	production	associate	not consolidated	12/11/2007	29,630.00	0.00	29,630.00	0.04%
31.	JWCH Budownictwo Drogowe Sp. z o.o.	Ząbki,	road construction	subsidiary	full consolidation	07/02/2008	50.00	0.00	50.00	0.01%



## Note 6. Non-current receivables

<b>NON-CURRENT RECEIVABLES</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
a) guarantee receivables	0.00	0.00
b) deposit receivables( leasing)	15,262,334.03	14,829,259.90
b) other receivables	0.00	0.00
<b>Total receivables</b>	<b>15,262,334.03</b>	<b>14,829,259.90</b>

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

## Note 7. Inventories and construction contracts

<b>INVENTORIES</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
a) materials	2,798,921.24	2,809,774.57
b) semi-finished products and work in progress	960,267.05	395,201.74
c) finished products	1,586,849.90	1,229,629.54
d) goods	38,801,821.49	27,300,832.39
e) trade advances	232,127.91	200,179.58
<b>Total inventories</b>	<b>44,379,987.59</b>	<b>31,935,617.82</b>

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

<b>CONSTRUCTION CONTRACTS (current assets)</b>		
a) semi-finished products and work in progress	328,144,417.57	259,168,783.11
b) finished products	177,663,581.04	321,650,022.39
c) advances for supplies	19,273,209.76	12,512,617.65
d) short-term prepayments	755,397.06	1,032,324.86
<b>Total construction contracts</b>	<b>525,836,605.44</b>	<b>594,363,748.02</b>
<b>CONSTRUCTION CONTRACTS (current liabilities)</b>		
a) accruals	85,180,335.46	152,148,475.50
<b>Total construction contracts</b>	<b>85,180,335.46</b>	<b>152,148,475.50</b>

The Companies of the Group, in connection with the business activities, incur the loans that are secured with the mortgage on the property. As at 30 June 2011, the Company established securities in the form of mortgages presented in inventories and construction contracts with the value of PLN 227,800,000 and presented in fixed assets with the value of PLN 289,700,000. The value of the mortgage is established on the amount of the credit granted (or higher), therefore, this amount exceeds the value of the property shown in assets of the Company. As at 30 June 2011, the loan liabilities amounted to PLN 235,700,000.

<b>Accruals</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
-advances on the premises	82,063,640.99	148,952,202.37
-provisions for works	2,194,175.68	2,232,770.73
-other	922,518.79	963,502.40
<b>The total value of accruals</b>	<b>85,180,335.46</b>	<b>152,148,475.50</b>

**Note 8. Trade and other receivables**

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

<b>CURRENT RECEIVABLES</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
a) trade receivables - related parties	365,065.70	375,026.55
b) trade receivables - other parties	47,841,676.66	41,699,306.90
c) taxes, subsidies, customs duties, social and health insurance and other payments	14,067,591.06	12,721,118.07
d) other	5,894,667.76	4,814,874.90
<b>Total receivables</b>	<b>68,169,001.18</b>	<b>59,610,326.41</b>

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

<b>SHORT-TERM INVESTMENTS</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
a) shares	0.00	0.00
b) loans granted	36,733,471.89	36,171,079.13
c) other investments	120,106.17	115,741.73
<b>Total value of short-term investments</b>	<b>36,853,578.06</b>	<b>36,286,820.86</b>

<b>SHORT-TERM INVESTMENTS</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
a) in subsidiaries	35,916,438.63	36,166,439.13
- shares	0.00	0.00
- debt securities	0.00	0.00
- other securities	35,916,438.63	0.00
- loans granted	0.00	36,166,439.13
- other short-term financial assets	0.00	0.00
b) in other parties	937,139.43	120,381.73
- shares	0.00	0.00
- debt securities	0.00	0.00
- other securities	120,106.17	115,741.73
- loans granted	817,033.26	4,640.00
c) other short-term investments		0.00
<b>Total value of short-term investments</b>	<b>36,853,578.06</b>	<b>36,286,820.86</b>

**Note 10. Cash and cash equivalents**

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

<b>CASH AND CASH EQUIVALENTS</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
a) cash on hand and with bank	24,855,418.97	19,921,572.24
b) other cash	17,337,471.81	48,096,101.86
c) other cash equivalents	2,428,844.80	55,896.45
<b>Total cash</b>	<b>44,621,735.58</b>	<b>68,073,570.55</b>

### Note 11. Short-term prepayments

<b>ACCRUALS</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
- short-term prepayments	27,464,254.79	21,345,481.53
<b>The total value of accruals</b>	<b>27,464,254.79</b>	<b>21,345,481.53</b>

<b>Accruals</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
- property insurance	91,319.84	117,514.62
- interest	5,155,510.01	5,353,925.45
- commission expenses	10,395,033.02	9,889,276.55
- property tax, perpetual usufruct, road tax	9,380,318.05	0.00
- social fund	0.00	0.00
- other	2,442,073.87	5,984,764.91
<b>The total value of accruals</b>	<b>27,464,254.79</b>	<b>21,345,481.53</b>

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

### Note 12. Share capital

<b>SHARE CAPITAL (STRUCTURE) as at 30 June 2011</b>								
Class / issue	Share type	Type of preference shares	Types of restrictions on rights to shares	Number of shares	Par value of class/issue	Coverage of capital	Registration Date	Right to dividend
		of shares						(from)
A and B	Bearer		-	54,073,280	10,814,656	Assets of a transformed company - TBM Batory Sp. z o.o. / Cash	01/07/2010	
<b>Total number of shares</b>				54,073,280				
<b>Total share capital</b>					10,814,656			
Par value of one share = PLN 0.20								

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

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

At 30 June 2011 the shareholding structure was as follows:

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

of which:

Investment funds managed by PKO TFI S.A	Between 5 and 10% of the shares <sup>x</sup>
Pioneer Pekao TFI S.A	Between 5 and 12 % of the shares <sup>xx</sup>

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

<sup>x</sup> on 05 May 2011, the Company received a notification on exceeding a 10 % threshold of the share capital of the Company by the Pioneer Open\_End Investment Fund managed by Pioneer Pekao TFI S.A, as at 5 May 2011 it was 5.411.843 shares representing 10.008 % of the share capital of the Company entitling to 5.411.843 votes at the General Meeting of the Company and representing 10.008 % of the total number of votes. In accordance with applicable law, a shareholder have to notify the Company of exceeding the threshold of 10 % of a total number of the Company's shares, and after exceeding this threshold, a shareholder have to notify of the change of more than 2% of the hold shares. To date, the Company has not received any notice from a shareholder, which would include information about reducing the number of shares held less than 10 % or a change by over 2 % of the share capital of the Company. Information about the company's shareholders as at the date of the preparation of this report

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

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

of which:

Investment funds managed by PKO TFI S.A	Between 5 and 10% of the shares <sup>x</sup>
Pioneer Pekao TFI S.A	Between 5 and 12 % of the shares <sup>xx</sup>

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

<sup>x</sup> on 05 May 2011, the Company received a notification on exceeding a 10 % threshold of the share capital of the Company by the Pioneer Open\_End Investment Fund managed by Pioneer Pekao TFI S.A, as at 5 May 2011 it was 5.411.843 shares representing 10.008 % of the share capital of the Company entitling to 5.411.843 votes at the General Meeting of the Company and representing 10.008 % of the total number of votes. In accordance with applicable law, a shareholder have to notify the Company of exceeding the threshold of 10 % of a total number of the Company's shares, and after exceeding this threshold, a shareholder have to notify of the change of more than 2 % of the hold shares. To date, the Company has not received any notice from a shareholder, which would include information about reducing the number of shares held less than 10 % or a change by over 2 % of the share capital of the Company.

### Note 13. Other capital

<b>OTHER CAPITAL</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
a) supplementary capital	487,836,534.87	403,502,762.76
b) other reserve capital	7,947,307.60	7,320,492.68
c) translation reserve	-163,510.25	-96,517.97
<b>Total other capital</b>	<b>495,620,332.22</b>	<b>410,726,737.47</b>

The supplementary capital of the Group's Parent Company is derived from profits made in the previous years and the surplus of the issue value over par value of issued shares.

### Note 14. Borrowings

<b>BORROWINGS</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
a) loans	235,687,437.64	248,221,563.91
<i>of which: long-term</i>	<i>170,702,159.38</i>	<i>146,840,247.63</i>
<i>Short-term</i>	<i>64,985,278.26</i>	<i>101,381,316.28</i>
b) loans	7,551,642.49	7,043,821.13
<i>of which: long-term</i>	<i>-</i>	<i>0.00</i>
<i>Short-term</i>	<i>7,551,642.49</i>	<i>7,043,821.13</i>
<b>Total borrowings</b>	<b>243,239,080.13</b>	<b>255,265,385.04</b>
<b>Borrowings - long-term</b>	<b>170,702,159.38</b>	<b>146,840,247.63</b>
<b>Borrowings - short-term</b>	<b>72,536,920.75</b>	<b>108,425,137.41</b>

In the first half of 2011 and from the balance sheet date of these financial statements none of the concluded credit agreements was terminated by the bank.



<b>LOANS PER MATURITY</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
Up to 1 year	64,985,278.26	101,381,316.28
Over 1 year up to 2 years	35,557,597.73	25,496,829.57
Over 2 year up to 5 years	33,911,129.76	19,631,256.51
Over 5 years	101,233,431.89	101,712,161.55
<b>Total loans, including:</b>	<b>235,687,437.64</b>	<b>248,221,563.91</b>
- long-term	170,702,159.38	146,840,247.63
- short-term	64,985,278.26	101,381,316.28

<b>CASH LOANS PER MATURITY</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
Up to 1 year	7,551,642.49	7,043,821.13
Over 1 year up to 2 years	0.00	0.00
Over 2 year up to 5 years	0.00	0.00
Over 5 years	0.00	0.00
<b>Total loans, of which:</b>	<b>7,551,642.49</b>	<b>7,043,821.13</b>
- long-term	0.00	0.00
- short-term	7,551,642.49	7,043,821.13

Including the loans taken by the Company of TBS Marki Sp. z o.o – the companies form the group, which took the loan from the National Housing Fund on an entirely separate conditions, regulated by the Ordinance of 26 October 1995 in the Act on Some Forms of Supporting Housing Construction (Journal of Laws 00.98.1070.j.t)

<b>BORROWINGS</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
a) loans	105,839,904.77	106,339,563.51
<i>of which: long-term</i>	<i>101,233,431.89</i>	<i>101,775,504.03</i>
<i>Short-term</i>	<i>4,606,472.88</i>	<i>4,564,059.48</i>
b) loans	0.00	0.00
<i>of which: long-term</i>	<i>0.00</i>	<i>0.00</i>
<i>Short-term</i>	<i>0.00</i>	<i>0.00</i>
<b>Total borrowings</b>	<b>105,839,904.77</b>	<b>106,339,563.51</b>
<b>Borrowings - long-term</b>	<b>101,233,431.89</b>	<b>101,775,504.03</b>
<b>Borrowings - short-term</b>	<b>4,606,472.88</b>	<b>4,564,059.48</b>

<b>LOANS PER MATURITY</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
Up to 1 year	4,606,472.88	4,564,059.48
Over 1 year up to 2 years	0.00	0.00
Over 2 year up to 5 years	0.00	0.00
Over 5 years	101,233,431.89	101,775,504.03
<b>Total loans, including:</b>	<b>105,839,904.77</b>	<b>106,339,563.51</b>
- long-term	101,233,431.89	101,775,504.03
- short-term	4,606,472.88	4,564,059.48

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

The below items are the main items of deferred income tax assets and liabilities disclosed in the period covered by historical financial information.

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

<b>DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITIES</b>	<b>30 -06 -2011</b>		
	<b>Deferred income tax assets</b>	<b>Deferred tax liabilities</b>	<b>Net value</b>
Tangible assets	5,747,875.20	791,000.81	4,956,874.39
Investment real estate	0.00	4,609,628.66	-4,609,628.66
Total intangible assets	0.00	0.00	0.00
Investments in subsidiaries and associates	0.00	0.00	0.00
Other financial assets	97,933.60	0.00	97,933.60
Non-current receivables	0.00	0.00	0.00
Inventories and construction contracts	1,449,595.31	-221,786.67	1,671,381.97
Trade and other receivables	1,008,377.98	0.00	1,008,377.98
Income tax receivables	0.00	0.00	0.00
Accruals	0.00	0.00	0.00
Cash and cash equivalents	0.00	0.00	0.00
Borrowings	5,352,742.62	5,275,092.83	77,649.79
Provisions	796,942.84	0.00	796,942.84
Trade and other receivables	0.00	0.00	0.00
Other financial liabilities	0.00	0.00	0.00
Other	5,745,244.22	840,849.94	4,904,394.28
<b>Deferred income tax assets / liabilities disclosed in the balance sheet</b>	<b>20,198,711.76</b>	<b>11,294,785.58</b>	<b>8,903,926.19</b>

**Note 16. Retirement benefit obligations**

<b>CHANGE IN RETIREMENT BENEFIT OBLIGATIONS</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
Opening balance	474,000.00	373,197.28
Increases	0.00	101,000.00
Decreases	0.00	197.28
<b>Closing balance</b>	<b>474,000.00</b>	<b>474,000.00</b>

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

<b>PROVISIONS FOR OTHER LIABILITIES AND CHARGES</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
<b>a) short-term, of which:</b>	<b>19,927,593.31</b>	<b>22,551,700.82</b>
- accrued expenses, including:	12,272,668.59	14,876,329.82
- <i>interests charged</i>	2,852,240.89	3,883,074.64
- <i>rent deposits</i>	497,159.98	497,159.98
- <i>other</i>	8,923,267.72	10,496,095.20
- other provisions, including:	7,654,924.72	7,675,371.00
- <i>provisions for future liabilities</i>	0.00	0.00
- <i>provisions for guarantee repairs</i>	6,407,935.00	6,407,935.00
- <i>other provisions</i>	1,246,989.72	1,267,436.00

<b>a) long-term, of which:</b>	<b>56,631,074.17</b>	<b>57,683,463.83</b>
- accrued expenses, including:	56,631,074.17	57,683,463.83
- participation in costs of construction -TBS Marki	49,251,047.23	50,073,278.59
- deffered income- loan remittance-TBS Marki	6,305,954.62	6,305,954.62
- deferred surplus of revenues from sales over the carrying value/sale and lease back	1,074,072.32	1,304,230.62
<b>Total provisions for other liabilities and charges</b>	<b>76,558,667.48</b>	<b>80,235,164.65</b>

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

<b>OTHER NON-CURRENT LIABILITIES</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
a) lease obligations	44,288,187.87	47,268,288.91
b) deposit liabilities	9,222,787.95	10,788,230.02
c) other non-current liabilities	500,896.17	4,335,635.85
d)note liabilities	0.00	0.00
e) bonds	130,000,000.00	130,000,000.00
<b>Total other liabilities</b>	<b>184,011,871.99</b>	<b>192,392,154.78</b>

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

#### Note 19. Trade and other payables

<b>TRADE AND OTHER PAYABLES</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
a) trade payables - other parties	53,640,484.43	41,768,119.07
b) trade payables - related parties	1,250,586.72	1,281,887.11
c) taxes, customs duties, insurance and other payments	28,799,701.91	19,733,531.43
d) salaries	2,381,528.47	2,595,816.20
e) trade advances received	0.00	0.00
b) other	15,567,405.84	10,404,382.83
<b>Total trade and other payables</b>	<b>101,639,707.37</b>	<b>75,783,736.63</b>

<b>OTHER LIABILITIES</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
a)issue of debt securities	2,975,323.00	2,639,039.00
b) note liabilities	140,648,753.94	136,257,185.67
c) lease liabilities	7,242,208.01	7,066,702.63
d) other financial liabilities	0.00	0.00
<b>Total other liabilities</b>	<b>150,866,284.95</b>	<b>145,962,927.30</b>

#### Note 20. Risk Management

Risk management is described under the Management Commentary.

### Note 21. Earnings per share

<b>CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE</b>	<b>1 January 2011 to 30-06-2011</b>	<b>1 January 2010 to 30-06-2010</b>
<b>Profits</b>		
(A) Profits of the Group disclosed in the consolidated financial statements	24,704,627.11	32,032,048.88
<b>Number of shares</b>		
(B) Number of ordinary shares and preferred shares (as to the right to vote in the General Meeting of the Company) for the purpose of calculating earnings per share *	54,698,280.00	54,698,280.00
(C) Number of ordinary shares and preferred shares (as to the right to vote in the General Meeting of the Company) for the purpose of calculating diluted earnings per share*	54,698,280.00	54,698,280.00
<b>Basic earnings per share = (A)/(B)</b>	<b>0.45</b>	<b>0.59</b>
<b>Diluted earnings per share = (A)/(B)</b>	<b>0.45</b>	<b>0.59</b>

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

### Note 22. Income tax

<b>INCOME TAX</b>	<b>from 01-01-2011 to 30-06-2011</b>	<b>from 01-01-2010 to 30-06-2010</b>
a) Current income tax	13,005,743.15	12,766,693.77
b) deferred income tax	-6,929,556.12	-5,450,201.28
<b>Total Income tax</b>	<b>6,076,187.03</b>	<b>7,316,492.49</b>

### Note 23. Segment Reporting

#### Branch Segments

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

- developer activity
- social building
- hotel activities

Pursuant to IFR14 ‘Reporting concerning segments of activity’, when drawing up financial data concerning particular segments of activity, according to the principle applied revenue and expenses along with assets and liabilities of a segment are established before the moment of consolidation when the settlement of balance sheet statements and transactions carried out among the Group’s economic entities are excluded, with an exception of cases where this type

of settling balances among entities were done within one segment. Internal transactions within the segment's framework were eliminated.

Financial data concerning the particular segments of activity include individual financial statements of Group's companies without the exclusions of balance sheet statements and transactions made, while the exclusion of revenue, expenses and mutual statements were presented in the 'Elimination' column. Developer activity in which consolidation of individual statements of companies running this kind of business was made, is an exception. In 2008 that segment was composed of J.W. Construction Holding SA, Project 55 Sp. z o.o., Lokum Sp. z o.o., Interlokum Sp. z o.o. and Construction Invest. The basic type of goods and services under each business segment:

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

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

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from 01-01-2010 to 30-06-2010	Developer activity	Hotel activity	social building	construction	transport	eliminations	Total
<b>Net revenues from sales of products, goods and materials, of which:</b>	<b>218,703,884.46</b>	<b>7,395,458.84</b>	<b>6,399,932.09</b>	<b>60,657,288.75</b>	<b>3,076,487.50</b>	<b>-55,078,873.70</b>	<b>241,154,177.94</b>
Net revenues from sales of products	216,421,562.88	7,395,458.84	6,399,932.09	60,001,773.13	3,073,614.26	-54,963,475.46	238,328,865.74
Net revenues from sales of goods and materials	2,282,321.58	0.00	0.00	655,515.62	2,873.24	-115,398.24	2,825,312.20
<b>Costs of products, goods and materials sold, of which:</b>	<b>152,882,248.18</b>	<b>7,131,927.21</b>	<b>3,563,144.18</b>	<b>51,472,084.23</b>	<b>2,376,498.49</b>	<b>-44,583,624.99</b>	<b>172,842,277.30</b>
Manufacturing cost of products sold	150,768,175.85	7,131,927.21	3,563,144.18	50,916,689.17	2,376,415.75	-44,468,226.75	170,288,125.41
Value of goods and materials sold	2,114,072.33	0.00	0.00	555,395.06	82.74	-115,398.24	2,554,151.89
<b>Gross profit (loss) on sales</b>	<b>65,821,636.28</b>	<b>263,531.63</b>	<b>2,836,787.91</b>	<b>9,185,204.52</b>	<b>699,989.01</b>	<b>-10,495,248.71</b>	<b>68,311,900.64</b>
<b>Selling expenses</b>	<b>11,372,793.91</b>	<b>0.00</b>	<b>0.00</b>	<b>47,764.31</b>	<b>0.00</b>	<b>0.00</b>	<b>11,420,558.22</b>
<b>Overhead expenses</b>	<b>6,999,588.40</b>	<b>180,030.33</b>	<b>469,497.78</b>	<b>3,907,879.80</b>	<b>1,490,718.32</b>	<b>-136,881.04</b>	<b>12,910,833.59</b>
<b>Profit (loss) on sales</b>	<b>47,449,253.97</b>	<b>83,501.30</b>	<b>2,367,290.13</b>	<b>5,229,560.41</b>	<b>-790,729.31</b>	<b>-10,358,367.67</b>	<b>43,980,508.83</b>
Other operating income	6,180,388.95	249,846.53	25,043.46	331,572.15	2,899,977.90	-551,948.58	9,134,880.41
Other operating expenses	2,588,779.14	2,937.04	28,453.41	325,547.22	1,130,131.21	362,811.80	4,438,659.82
<b>Operating profit (loss)</b>	<b>51,040,863.78</b>	<b>330,410.79</b>	<b>2,363,880.18</b>	<b>5,235,585.34</b>	<b>979,117.38</b>	<b>-11,273,128.05</b>	<b>48,676,729.42</b>
Financial income	1,889,098.41	305,268.01	704,937.05	279,069.45	166,977.50	551,948.58	3,897,299.00
Financial expenses	7,335,901.08	1,054,868.69	2,241,765.56	906,243.07	270,949.34	1,415,759.31	13,225,487.05
<b>Profit (loss) on ordinary activities</b>	<b>45,594,061.11</b>	<b>-419,189.89</b>	<b>827,051.67</b>	<b>4,608,411.72</b>	<b>875,145.54</b>	<b>-12,136,938.78</b>	<b>39,348,541.37</b>
<b>Gross profit (loss)</b>	<b>45,594,061.11</b>	<b>-419,189.89</b>	<b>827,051.67</b>	<b>4,608,411.72</b>	<b>875,145.54</b>	<b>-12,136,938.78</b>	<b>39,348,541.37</b>
Income tax	10,647,156.00	0.00	18,743.00	1,813,830.77	286,964.00	0.00	12,766,693.77
Deferred tax	-2,173,570.81	271,110.13	0.00	-397,686.45	-44,035.78	-3,106,018.37	-5,450,201.28
<b>Net profit (loss)</b>	<b>37,120,475.92</b>	<b>-690,300.02</b>	<b>808,308.67</b>	<b>3,192,267.40</b>	<b>632,217.32</b>	<b>-9,030,920.41</b>	<b>32,032,048.88</b>

## NOTES TO THE CONSOLIDATED INCOME STATEMENTS

### Note 24. Operating income

<b>OPERATING INCOME</b>	<b>from 01-01-2011 to 30-06-2011</b>	<b>from 01-01-2010 to 30-06-2010</b>
Revenues from sales of products	183,177,703.81	212,400,613.16
Revenues from sales of services	32,925,435.50	25,928,252.58
Revenues from sales of goods	2,616,559.04	2,825,312.20
<b>Total income</b>	<b>218,719,698.35</b>	<b>241,154,177.94</b>

	<b>from 01-01-2011 to 30-06-2011</b>	<b>from 01-01-2010 to 30-06-2010</b>
<b>Revenues from sales, of which:</b>	<b>218,719,698.35</b>	<b>241,154,177.94</b>
- sales of products - premises	183,177,703.81	211,691,399.98
- sales of products - other	1,913,427.07	709,213.18
- sales of services	31,012,008.43	25,928,252.58
- sales of goods	2,616,559.04	2,825,312.20

	<b>from 01-01-2011 to 30-06-2011</b>	<b>from 01-01-2010 to 30-06-2010</b>
<b>Revenues from sales of products and services per business segment</b>	<b>216,103,139.31</b>	<b>238,328,865.74</b>
developer activity	195,834,779.42	217,816,882.50
hotel activities	7,425,802.56	7,395,458.84
social building	6,523,205.51	7,509,790.41
- transport services,	94,709.06	0.00
-construction	6,224,642.76	5,606,733.99

	<b>from 01-01-2011 to 30-06-2011</b>	<b>from 01-01-2010 to 30-06-2010</b>
<b>Revenues from sales of products - premises per geographic segments</b>	<b>183,177,703.81</b>	<b>211,691,399.98</b>
- Warsaw and vicinity	180,158,443.12	189,952,135.41
-Gdynia	3,228,190.67	8,578,267.15
- Łódź	-212,002.86	5,843,702.68
- Katowice	3,072.88	859,706.53
- Russia	0.00	6,457,588.21



	<b>from 01-01-2011 to 30-06-2011</b>	<b>from 01-01-2010 to 30-06-2010</b>
<b>Revenues from sales of hotel services per geographic segments</b>	<b>7,425,802.56</b>	<b>7,395,458.84</b>
- Warsaw and vicinity	2,725,218.52	2,392,017.83
- Tarnowo	2,472,342.62	2,538,797.38
- Stryków	1,487,150.30	1,663,728.05
- Cieszyn	556,406.44	577,316.08
- Święta Lipka	0.00	0.00
- Krynica Górská	184,684.68	223,599.50

#### Note 25. Operating expenses

	<b>from 01-01-2011 to 30-06-2011</b>	<b>from 01-01-2010 to 30-06-2010</b>
<b>Operating expenses</b>		
Costs on sale of products	123,754,674.54	148,929,400.29
Costs on sale of services	27,350,501.87	21,358,725.12
Costs on sale of goods	2,324,758.39	2,554,151.89
<b>Total costs of products, services and goods sold</b>	<b>153,429,934.80</b>	<b>172,842,277.30</b>

	<b>from 01-01-2011 to 30-06-2011</b>	<b>from 01-01-2010 to 30-06-2010</b>
<b>Selling and overhead expenses</b>		
Selling expenses	12,648,519.03	11,420,558.22
Overhead expenses	17,308,151.20	12,910,833.59
<b>Total selling and overhead expenses</b>	<b>29,956,670.23</b>	<b>24,331,391.81</b>

	<b>from 01-01-2011 to 30-06-2011</b>	<b>from 01-01-2010 to 30-06-2010</b>
<b>Costs according to types</b>		
Depreciation and amortisation	6,118,324.82	6,364,246.96
Cost of materials and energy	22,838,197.27	35,569,782.88
Services made by other contractions	54,979,816.89	59,280,750.22
Taxes and duties	6,735,602.77	4,035,351.63
Wages and Salaries	21,262,908.26	22,424,580.89
Services for the benefit of employees	3,754,154.29	4,184,197.51
Other costs	10,578,795.14	8,914,950.11
<b>Total costs according to types</b>	<b>126,267,799.44</b>	<b>140,773,860.20</b>

#### Note 26. Other operating income

	<b>from 01-01-2011 to 30-06-2011</b>	<b>from 01-01-2010 to 30-06-2010</b>
<b>OPERATING INCOME</b>		
a) profit from disposal of non-financial fixed assets	0.00	2,514,735.63
b) other operating income	4,326,761.07	6,620,144.78
<b>Total operating income</b>	<b>4,326,761.07</b>	<b>9,134,880.41</b>

<b>OPERATING INCOME</b>	<b>from 01-01-2011 to 30-06-2011</b>	<b>from 01-01-2010 to 30-06-2010</b>
a) profit from disposal of non-financial fixed assets		2,514,735.63
b) handling charges	1,852,177.07	2,482,840.06
c) provisions	0.00	137,710.00
d) deposits withheld	0.00	0.00
d) other (including compensation for land)	2,474,584.00	3,999,594.72
<b>Total operating expenses</b>	<b>4,326,761.07</b>	<b>9,134,880.41</b>

**Note 27. Other operating expenses**

<b>OPERATING EXPENSES</b>	<b>from 01-01-2011 to 30-06-2011</b>	<b>from 01-01-2010 to 30-06-2010</b>
a) loss on disposal of non-financial fixed assets	575,124.15	201,803.91
b) revaluation of non-financial assets	1,067,313.16	0.00
c) other operating expenses	3,011,159.73	4,236,855.91
<b>Total operating expenses</b>	<b>4,653,597.04</b>	<b>4,438,659.82</b>

<b>OPERATING EXPENSES</b>	<b>from 01-01-2011 to 30-06-2011</b>	<b>from 01-01-2010 to 30-06-2010</b>
a) loss on disposal of non-financial fixed assets	575,124.15	201,803.91
b) revaluation of non-financial assets	1,067,313.16	0.00
c) provisions	418,591.60	0.00
d) compensation, penalties and damages	822,074.52	230,780.71
e) compensation fee	178,617.73	855,710.24
f) litigation costs	167,808.32	121,305.50
g) the costs of re-invoices for the community of TBS Marki	0.00	0.00
h) the termination of the lease	0.00	0.00
i) other	1,424,067.56	3,029,059.46
<b>Total operating expenses</b>	<b>4,653,597.04</b>	<b>4,438,659.82</b>

**Note 28. Financial income**

<b>FINANCIAL INCOME</b>	<b>from 01-01-2011 to 30-06-2011</b>	<b>from 01-01-2010 to 30-06-2010</b>
a) dividends	0.00	0.00
b) interest	2,656,203.32	2,849,703.75
c) revaluation of investment	0.00	0.00
d) other	986,685.94	1,047,595.25
<b>Total financial income</b>	<b>3,642,889.26</b>	<b>3,897,299.00</b>

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<b>Financial income</b>	<b>from 01-01-2011 to 30-06-2011</b>	<b>from 01-01-2010 to 30-06-2010</b>
a) dividends	0.00	0.00
b) interests from customers	966,292.51	1,138,593.19
c) loan interests	774,103.65	455,363.18
d) deposit interests	471,406.59	39,508.66
e) bill interests	3,547.26	6,088.66
f) other interests	440,853.31	1,210,150.06
g) foreign exchange differences	986,685.94	1,047,595.25
h) revaluation of the investment value	0.00	0.00
<b>Total</b>	<b>3,642,889.26</b>	<b>3,897,299.00</b>

**Note 29. Financial expenses**

<b>FINANCIAL EXPENSES</b>	<b>from 01-01-2011 to 30-06-2011</b>	<b>from 01-01-2010 to 30-06-2010</b>
a) interests	19,002,923.32	13,147,319.52
b) revaluation of investment	0.00	0.00
c) other	1,067,557.48	78,167.53
<b>Total financial expenses</b>	<b>20,070,480.80</b>	<b>13,225,487.05</b>

<b>FINANCIAL EXPENSES</b>	<b>from 01-01-2011 to 30-06-2011</b>	<b>from 01-01-2010 to 30-06-2010</b>
a) interest, commission, credits	5,263,085.20	5,168,266.13
b) interest - leases	1,592,268.54	1,939,676.99
c) interest-loans	0.00	0.00
d) interest-bills	5,242,055.41	4,824,245.79
e) interest-bond issue	6,063,258.73	163,520.65
f) other interests	842,255.44	1,051,609.96
g) foreign exchange differences	13,327.47	0.00
h) other	1,054,230.01	78,167.53
<b>Total financial expenses</b>	<b>20,070,480.80</b>	<b>13,225,487.05</b>

### Note 30. Transactions with related parties

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

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

No.	COMPANY NAME	Receivables from related parties		Liabilities to related parties	
		30 -06 -2011	31 -12 -2010	30 -06 -2011	31 -12 -2010
1.	TBS Marki Sp. z o.o.	53,479.31	10,878.25	24,109,316.04	23,459,075.35
2.	JW. Construction International Sp. z o.o	13,551,533.30	14,859,173.91	0.00	0.00
3.	Business Financial Construction Sp. z o.o.	29,474.67	24,754.13	2,783,045.46	3,076,242.48
4.	Project 55 Sp. z o.o.	1,135.50	0.00	6,046,828.65	5,963,891.71
5.	Interlokum Sp. z o.o.	1,334.58	0.00	6,934,913.28	5,963,748.86
6.	Lokum Sp. z oo	124,765.31	121,514.11	60,735.04	1,452,654.93
7.	Deweloper Sp. z o.o.	115,907.66	112,201.47	20,000.00	20,000.00
8.	JW. Projekt Sp. z o.o.	2,264,226.67	3,345,187.42	1,916,710.61	327,443.69
9.	Construction Invest Sp. z o.o.	4,196,425.86	4,096,571.76	0.00	0.00
10.	JW. Construction S.A.	1,745,577.39	332,194.72	44,951,315.45	69,107,931.33
11.	J.W.Bułgaria	36,222,252.91	35,152,442.71	0.00	0.00
12.	Porta Transport Sp. z o.o. in liquidation	30,801.00	30,561.00	8,847,104.06	5,482,016.64
13.	Yakor House Sp.z o.o.	9,415,661.85	9,794,255.25	0.00	0.00
14.	JWCH Produkcja Budowlana Sp. z o.o.	10,838,294.26	10,304,420.09	61,312.86	18,690.98
15.	JWCH Budownictwo Drogowe Sp. z o.o.	3,017,901.09	2,501,484.39	0.00	0.00

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

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

Below, the remuneration for 2011 is presented. The tables contain aggregate data of members of authorities of all companies of the Parent Company per remuneration for offices held in Group Companies, employment in Group Companies and other forms of remuneration.

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

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

<b>JW Construction Holding S.A.</b>	<b>from 01-01-2011 to 30-06-2011</b>
<b>The Management Board</b>	
Panabażys Tomasz	25,000.00
Wojciech Rajchert	156,000.00
Samarcew Marek	140,000.00
Wójcik Robert	156,000.00

<b>JW Construction Holding S.A.</b>	<b>from 01-01-2011 to 30-06-2011</b>
<b>The Supervisory Board</b>	
Król Jarosław	12,000.00
Michnicki Marcin	12,000.00
Oleksy Józef	84,000.00
Pietraszkiewicz Henryk	12,000.00
Podsiadło Andrzej	12,000.00
Wojciechowski Józef	0.00

#### **Average headcount per occupational groups**

<b>Occupational Group</b>	<b>30 -06 -2011</b>	<b>30 -06 -2010</b>
The Management Board	9	13
Managers	47	38
Administration	325	339
Other employees	317	405
<b>Total</b>	<b>698</b>	<b>795</b>

<b>Contracts</b>	<b>30 -06 -2011</b>	<b>30 -06 -2010</b>
Employment contract	698	795
Commission contract	118	129
Contract for a specific task	26	14
<b>Total</b>	<b>842</b>	<b>938</b>

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

##### *The Annual General Meeting*

On 29 June 2011 the Annual General Meeting was held, which approved unitary financial statements, consolidated financial statements for 2010, reports on activities of the Management Board of the Company and its Capital Group and gave discharge to the members of the Company, appropriated the profit by allocating it entirely for a supplementary capital of the Company. In addition, the resolutions on the change in the number of members of the Supervisory Board from six to five were taken, Mr. Marcin Michnicki was appointed as the Vice Chairman of the Supervisory Board and resolutions on the merger of the Company with its subsidiaries were passed: Project 55 Sp. z o.o with its seat in Warsaw, Interlokum Sp. z o.

with its seat in Warsaw, Stadnina Mazowiecka Sp. z o.o with its seat in Ząbki and Construction Invest Sp. z o.o with its seat in Ząbki.

Concluding loan agreements

On 18 February 2011, the Company concluded the investment loan agreement with Invest Bank S.A in the amount of PLN 33.000.000 for financing the "Osiedle Centrum II" investment at Tymienieckiego Street in Lodz. The repayment date was set on 31 March 2013.

On 28 April 2011, the Company concluded a revolving credit with Bank Polskiej Spółdzielczości S.A in the amount of PLN 10 million. The repayment date was set on 27 April 2012.

On 28 April 2011, the Company concluded an overdraft facility agreement with PKO BP S.A in the amount of PLN 10 million. The repayment date was set on 27 April 2012.

On 05 May 2011, the Company concluded an overdraft facility agreement with Bank Ochrony Środowiska S.A in the amount of PLN 13 million. The repayment date was set on 30 April 2012.

On 30 June 2011, the Company concluded an investment credit agreement in the amount of PLN 19 million with Getin Noble Bank S.A to finance the implementation of the investment at Światowida Street, Warsaw. The repayment term is set on 20 December 2013.

Concluding annexes to loan agreements

On 18 March 2011, the Company concluded an Annex to the working capital credit granted by Bank Polskiej Spółdzielczości S.A in the amount of PLN 30 million, dedicated for the purchase of a property located at Spokojna - Leśna Street, Gdynia. By virtue of the Annex, credit legal collaterals in the form of the mortgage establishment on the property credited were changed.

On 31 March 2011, the Company concluded an Annex to the investment credit granted by Bank PKO BP S.A in the amount of PLN 66,803,028, dedicated for the financing of the implementation of "Czarny Potok" investment in Krynica Zdrój. By virtue of the Annex, the credit use period and repayment date were postponed. The final repayment date is set on 31 July 2019.

On 31 March 2011, and then on 29 June 2011, the subsidiary J.W Construction S.A concluded Annexes to the overdraft credit agreement which was granted by Bank PKO BP S.A in the amount of PLN 7,000,000. By virtue of the Annex, the repayment term of the credit was postponed and set on 31 March 2012.

On 22 April 2011, the Company concluded the Annex to the overdraft facility agreement with Invest Bank S.A. In virtue of the annex, the loan value was raised to PLN 15.000.000 and repayment date was postponed until 25 April 2012.

On 30 June 2011, the Company entered into the Annex to the credit agreement granted by Millennium Bank S.A to finance the commercial investment of "Jeruzolimskie Point" at Al.Jeruzolimskie / Badylarska Street, Warsaw. By virtue of the Annex, the loan value was raised to PLN 23.000.000 and repayment date was postponed until 31 December 2021.

#### Credit Repayment

On 31 March 2011, the Company has made a full repayment of revolving working capital loan granted by the Bank PKO BP SA in the amount of PLN 67 million which was dedicated to finance "Lewandów II" investment at Lewandów Street, Warsaw.

On 29 April 2011, the Company has made a full repayment of a credit granted by the Bank Polskiej Spółdzielczości S.A in the amount of PLN 50 million which was dedicated to finance "Bursztynowe Osiedle" investment at Korkowa Street, Warsaw.

#### Payment of interest on bonds

On 25 March 2011 and 27 June 2011, the Company paid bond interests, which the Company issued on 25 June 2010 in the total number of 1,300 pieces. Interests were paid in accordance with a rate based on 3M WIBOR plus a margin percentage. Bonds on which interests were paid, are long-term, unsecured, with a nominal value of PLN 100,000 each. Maturity date was set on 25 June 2013

#### Granting the guarantee

On 23 June 2011, the agreement was concluded in which the Company granted the guarantee to Klosters Beteiligungsgesellschaft GmbH, with its seat in Kempen ("Buyer") in respect of the sale agreement for the benefit of the aforesaid entity by Sezam II Closed Investment Fund and J.W. 5 - Partnership limited by shares - with its seat in Warsaw (the "Seller") of shares representing 100% of the share capital of the company operating under the name J.W Agro Ltd. with its seat in Nowogard ("JWA"). The company ensured that all statements submitted by the sellers in the sale agreement are true and correct and do not mislead in any significant scope that is covered by them, while ensuring fulfilment of obligations of the Sellers which result from the agreement. The buyer, in case of untrue and incomplete data, or if the assurance provided is misleading in a significant way about the condition of JWA or purchased shares, has the right to demand the restoration which would have occurred if the assurance was consistent with the truth, to pay an amount of money required to bring the state to a consistent one with the provision of the agreement, or to demand a reduction in a selling price. The value of the sale agreement is PLN 57 million. The buyer is entitled to file a claim on the Sellers in case of assurances on public law liabilities within 10 years, and the rest within 2 years from the date of the contract.

#### Acquisition of land

On 29 March 2011, the Company concluded a preliminary agreement on acquisition of the right of perpetual usufruct of land plots with number No. 3 / 1 and 3 / 3 (q WA4M/00162186/5) with a total area of 81,185 m<sup>2</sup> located in Warsaw in Kasprzaka 29/31 Street and the title to buildings and structures located on the property with VIS Investments Limited liability company Limited joint-stock partnership with its seat in Warsaw. The amount of the agreement was set for net PLN 173,980,000 ( PLN 176, 914,183.17 gross). The agreement was concluded under the condition precedent in the form of entry into force (in accordance with Article 29 paragraph.1 of the Act of 27 March 2003 on Spatial Planning and Development) of zoning plan covering an area of a real estate, which in relation to property will stipulate provisions and parameters of the development not worse than indicated in the letter annexed to the contract, but no later than until 31 December 2011. The Company is planning to implement a mixed residential-office-service development on the real estate.

On 7 April 2011 the company won a tender organized by the trustee in bankruptcy of "Buditalia" Sp. z oo in liquidation bankruptcy with its seat in Lodz for the purchase of ownership of a plot with No. 104 / 5 with the area of 7,014 m<sup>2</sup> located in Lodz, at Ks. Bp. Tymienieckiego 16 Street and for which a land and mortgage register with No. LD1M/00111879/7 is kept. The purchase price was set for the amount of PLN 4,247,000 gross. The maximum term for concluding a sales contract was set for 4 months from the date of selection of the winning tender.

#### Conclusion of a significant agreement

On 24 May 2011, a subsidiary of J.W Construction S.A with its seat in Ząbki ( the "Contractor") concluded an agreement with J.W Wronia Spółka z o.o with its seat in Ząbki with the amount of net PLN 80 million. The subject of the agreement is a complex construction, performed by the Contractor, in the system of a general construction of a multi-family building with services, underground garage and necessary technical infrastructure in the scope of networks, connections, heating substations, roads, parking lots, sidewalks, greenery and landscaping elements with a connection to the infrastructure with obtaining an occupancy permit according to submitted project documentation, on a real estate which is in perpetual usufruct of the Investor, located in Warsaw, in Wronia 45 Street constituting a plot of land with register number 10 with an area of 6978 m<sup>2</sup> for which the District Court for Warsaw-Mokotów, X Division of Land Registry maintains land and mortgage register No. WA4M/00138852/8. The term of completion of works by the Contractor was defined in the Agreement and set on 25 March 2013, the date of obtaining the occupancy permit is set for 60 days after completion of works.

#### A building permit

On 22 February 2011, the Company received the decision on building permit for an office-service-residential building of "Nowa Dana" with an underground garage at Wyzwolenia / Odzieżowa Street in Szczecin. The designed building will consist of approximately 34,077 m<sup>2</sup> of UFA. The permit is final.

On 04 March 2011, the Company received the decision on building permit for a multif-family residential building at Jaroczyńskiego Street in Poznań. The permit is final.

On 15 April 2011, the Company received the decision on building permit for 3 multi-family buildings at Światowida Street in Warsaw. The permit is final.

On 10 May 2011, the Company received the decision on building permit of a multi-family housing estate - "Zielona Dolina" in the area of Zdziarska and Ostródzka Street in Warsaw. The permit is final.

#### Implemented investments

In the first half of 2011, the Company continued the previously commenced projects: „Osiedle Centrum II" at Tymienieckiego Street in Łódź, "Słoneczny Park I" stage 1, and "Willa Park" - houses in Ożarów.

The company commenced building works and continued the implementation of works associated with the construction of networks and media in "Zielona Dolina I" investment.

After receiving the final decision on building permit, the Company commenced preparatory works in the investment at Światowida Street in Warsaw, where an estate consisting of 184 units will be built.



The company realised 5 residential projects together with the total number of 1 411 flats and 12 single-family houses comprising 70,240 square metres of UFS.

At the same time, construction works were being conducted on commercial investment in Warsaw with the number of 4,157 sqm of PUU at Badyłarska Street and on " Czarny Potok" hotel investment in Krynica Górska with the number of 20,500 sqm of UFA. The Company also commenced works on a commercial investment of "Dana" in Szczecin, which will have 34,077 m<sup>2</sup> of UFA.

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

#### Obtaining a credit decision

On 25 August 2011, the Company received a favourable decision on crediting the implementation of "Zielona Dolina I" investment, substage I and II, by Bank Ochrony Środowiska S.A. Financing will be in two credit facilities in the amount of: substage I - PLN 46 million, substage II - PLN 41 million.

#### Conclusion of a significant agreement

On 22 August 2011, the Company concluded two agreements on the implementation of the investment of a multi-family construction of Zielona Dolina I with J.W. Construction S.A with its seat in Żąbki, a wholly owned subsidiary. The project was divided into two stages: Stage I includes 11 multi-family buildings with 290 residential and service dwellings. The date of completion of works is set on 21.12.2012, the date of obtaining an occupancy permit for 30 days from the date of the final acceptance. The value of fixed remuneration for the contract was agreed for the amount of PLN 43,785,047 net.

Stage II includes 12 multi-family buildings with 306 residential and service dwellings. The date of completion of works is set on 15.12.2012, the date of obtaining an occupancy permit for 30 days from the date of the final acceptance. The value of fixed remuneration for the contract was agreed for the amount of PLN 42.717.745 net.

In other provisions, the agreements are similar and include in its scope comprehensive assembly works in the buildings along with land development, with full accompanying infrastructure in the form of roads, sidewalks, fences, etc.

#### A building permit

On 09 August 2011, the Company received the decision on building permit for 4 multi-family buildings "Lewandów I", at Lewandów Street in Warsaw. The permit is final.

#### The purchase of a property

On 04 August 2011 the company concluded an agreement with the trustee in bankruptcy of "Buditalia" Sp. z o.o on purchase of ownership rights to the plot with number No. 104 / 5 with an area of 7,014 m<sup>2</sup> located in Lodz, at Ks. Bp. Tymienieckiego 16 Street and for which a land and mortgage register with No. LD1M/00111879/7 is kept . The value of the agreement is PLN 4,247,000 gross.

#### Merger of the Companies

On 29 July 2011, the District Court for the City of Warsaw, XIV Commercial Division of the National Court Register registered the merger of the Company with its subsidiaries: Project 55 Sp. z o.o with its seat in Warsaw, Interlokum Sp. z o. with its seat in Warsaw, Stadnina

Mazowiecka Sp. z o.o with its seat in Żąbki and Construction Invest Sp. z o.o with its seat in Żąbki. The acquired companies were subject to consolidation in the consolidated financial statements.

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

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

In order to convert the balance for the period from 1 January 2010 – 31 December 2010, the average EUR exchange rate, that was determined by the National Bank of Poland on that day; was PLN 3.9603/ EUR

In order to convert the income statement for the period from 01/01/2011 – 30 /06/2010, the average EUR exchange rate was assumed, that was calculated as the arithmetic mean of exchange rates on the last day of month of the given period, as determined by the National Bank of Poland on that day; the exchange rate PLN 3.9673 / EURO.

In order to convert the income statement for the period from 01/01/2010 – 30 /06/2010, the average EUR exchange rate was assumed, that was calculated as the arithmetic mean of exchange rates on the last day of month of the given period, as determined by the National Bank of Poland on that day; the exchange rate PLN 4.0042 / EURO.

Consolidated balance sheet item	30 -06 -2011		31 -12 -2010	
	PLN	EUR	PLN	EUR
<b>Total Assets</b>	<b>1,340,849</b>	<b>336,339</b>	<b>1,382,179</b>	<b>349,009</b>
Non-current assets	593,524	148,880	570,564	144,071
Current assets	747,325	187,459	811,616	204,938
<b>Total Equity and Liabilities</b>	<b>1,340,849</b>	<b>336,339</b>	<b>1,382,179</b>	<b>349,009</b>
Equity	487,585	122,306	462,891	116,883
Non-current liabilities,	423,114	106,134	414,416	104,643
Current liabilities	430,151	107,899	504,872	127,483

JW. Construction Holding S.A.  
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for a 6 month-period ended on 30 June 2011

Consolidated income statement item	1 January 2011 - 30 June 2011		1 January 2010 - 30 June 2010	
	PLN	EUR	PLN	EUR
Net revenues from sales of products, goods and materials	218,720	55,131	241,154	60,225
Costs of products, goods and materials sold	153,430	38,674	172,842	43,165
<b>Gross profit (loss) on sales</b>	<b>65,290</b>	<b>16,457</b>	<b>68,312</b>	<b>17,060</b>
Selling expenses	12,649	3,188	11,421	2,852
Overhead expenses	17,308	4,363	12,911	3,224
Profit (loss) on sales	47,535	11,982	43,981	10,984
Operating profit (loss)	47,208	11,899	48,677	12,156
<b>Gross profit (loss)</b>	<b>30,781</b>	<b>7,759</b>	<b>39,349</b>	<b>9,827</b>
Income tax	6,076	1,532	7,316	1,827
<b>Net profit (loss)</b>	<b>24,705</b>	<b>6,227</b>	<b>32,032</b>	<b>8,000</b>

Issuer's balance sheet item	30 -06 -2011		31 -12 -2010	
	PLN	EUR	PLN	EUR
<b>Total Assets</b>	<b>1,189,487</b>	<b>298,371</b>	<b>1,250,870</b>	<b>315,852</b>
Non-current assets	489,759	122,851	459,792	116,100
Current assets	699,727	175,520	791,078	199,752
<b>Total Equity and Liabilities</b>	<b>1,189,487</b>	<b>298,371</b>	<b>1,250,870</b>	<b>315,852</b>
Equity	491,021	123,168	472,795	119,384
Non-current liabilities,	275,801	69,182	261,564	66,047
Current liabilities	422,665	106,021	516,510	130,422

Consolidated income statement item	1 January 2011 - 30 June 2011		1 January 2010 - 30 June 2010	
	PLN	EUR	PLN	EUR
Net revenues from sales of products, goods and materials	199,464	50,277	215,578	53,837
Costs of products, goods and materials sold	147,720	37,234	158,113	39,487
<b>Gross profit (loss) on sales</b>	<b>51,744</b>	<b>13,043</b>	<b>57,464</b>	<b>14,351</b>
Selling expenses	12,488	3,148	11,174	2,791
Overhead expenses	12,106	3,052	7,029	1,755
Profit (loss) on sales	39,352	9,919	39,261	9,805
Operating profit (loss)	38,954	9,819	43,395	10,837
<b>Gross profit (loss)</b>	<b>22,669</b>	<b>5,714</b>	<b>38,293</b>	<b>9,563</b>
Income tax	4,444	1,120	7,626	1,905
<b>Net profit (loss)</b>	<b>18,226</b>	<b>4,594</b>	<b>30,667</b>	<b>7,659</b>

### Note 35. Off-accounting

<b>OFF-BALANCE SHEET LIABILITIES</b>	<b>30 -06 -2010</b>
Investment real estate pledged as collateral - loans	517,543,936.00
blank bill	278,079,013.01
Executory titles	67,336,431.06
assignment of receivables	0
Assignment of the insurance contract	0
Guarantees to the benefit of TBS "Marki" Sp z o.o.	22,400,000.00
Guarantees to the benefit of JWCH Budownictwo Drogowe sp. z o.o.	0
Guarantees to the benefit of JW Construction S.A	0.00
Guarantees to the benefit of ZPM Metalcon Sp z o.o.	800,000.00
Guarantees to the benefit of JWCH Produkcja Budowlana sp. z o.o.	39,653,100.00

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

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

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

As at 30 June 2011 there were disclosed insurance guarantees to remove failures and defects, granted by banks and insurance institutions to the benefit of the Company. Moreover, there were blank promissory notes issued to the benefit of J.W. Construction Holding S.A. to secure rights of such companies under guarantees granted by counterparties, which the Companies may fill in at any time with the amount corresponding to the costs of failure and defect removal. As at 30 June 2011 the total value of guarantees was PLN 19.7 million (J.W. Construction Holding S.A) and EUR 5,000,000 and EUR 22,300 (J.W. Construction S.A).

### Note 36. Significant issues in litigation

The Company is a party to a significant procedure. This is a proceeding filed by the Company against SAWA Residential Fund Ltd. with its seat in Warsaw ("Respondent") for a payment of the amount of PLN 58,876,568.28 of surcharge of the rest of the money for a sale of 100 premises, which the Company committed to build and transfer the ownership to the Respondent, after paying the full payment by the Respondent as it was agreed between the Parties. The Company obtained an order for payment in the writ proceedings, the Court adjudicated for the Company the whole demanded amount of money. The defendant lodged an objection against an order issued by a court regarding a payment in the writ proceedings. The Company has been reaching the implementation of provisions of the agreement in accordance with its terms.

### Note 37. Financial instruments and hedge accounting

In 2011 the Company did not apply hedge accounting and did not hold embedded derivatives.

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

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

As at 01 January 2011 the Management Board of the Company was composed of:

- Mr. Robert Wojcik Vice President of the Management Board
- Mr. Marek Samarcew Member of the Management Board
- Mr. Tomasz Panabażys Member of the Management Board
- Mr. Wojciech Rajchert Member of the Management Board

On 1 June 2011, due to the expiration of the term of office, the Supervisory Board determined the number of members of the Management Board for 4 persons.

On the basis of the resolution of the Supervisory Board, the Management Board was composed of:

Mr. Tomasz Panabażys - Vice President of the Management Board  
Mr. Wojciech Rajchert - the Member of the Management Board

On the same day an entitled shareholder has exercised personal rights to appoint members of the Management Board by delivering a statement on the appointment:

Mr Marek Samarcew - the Member of the Management Board.  
Mr Robert Wójcik - the Member of the Management Board.

As at 31 December 2011 the Management Board of the Company was composed of:

- Mr. Tomasz Panabażys Vice-Chairman of the Management Board
- Mr. Robert Wojcik Member of the Management Board
- Mr. Wojciech Rajchert Member of the Management Board
- Mr. Marek Samarcew Member of the Management Board

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

### **The Supervisory Board**

As at 01 January 2011 the Supervisory Board of the Company was composed of:

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

In the current period , the following changes in the composition of the Supervisory Board occurred:

On 1 June 2011 the Company received a resignation of Mr. Henryk Pietraszkiewicz from his position.

On 29 June 2011, the Annual General Meeting established the number of members of the Supervisory Board for 5 people and entrusted the position of the Vice-Chairman to Mr. Marcin Michnicki.

As at 30 June 2011 the Supervisory Board of the Company was composed of:

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

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

**D. ABBREVIATED FINANCIAL STATEMENTS FOR SIX MONTHS OF 2010  
OF THE PARENT COMPANY (ISSUER) AS AT 30 JUNE 2011**

**Statement of financial standing**

<b>ASSETS</b>	<b>Note</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
<b>Non-current assets</b>		<b>489,759,414.07</b>	<b>459,791,862.46</b>
Intangible assets		5,224,592.11	5,859,636.91
Tangible assets		220,695,027.85	215,177,955.20
Investment real estate		138,860,385.31	115,735,797.61
Other financial assets		101,137,133.47	100,730,514.50
Deferred income tax assets		8,765,558.97	7,802,522.34
Trade and other receivables		15,076,716.36	14,485,435.90
<b>CURRENT ASSETS</b>		<b>699,727,330.82</b>	<b>791,078,042.37</b>
Inventories		15,722,153.44	8,156,639.50
Construction contracts		498,373,302.50	580,943,684.19
Trade and other receivables		67,375,506.86	60,973,311.15
Other financial assets		63,099,482.37	63,775,565.67
Cash and cash equivalents		36,642,766.87	60,694,071.17
Accruals		18,514,118.78	16,534,770.69
<b>Total Assets</b>		<b>1,189,486,744.89</b>	<b>1,250,869,904.83</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>		<b>491,020,885.97</b>	<b>472,795,372.14</b>
Share capital		10,814,656.00	10,814,656.00
Revaluation capital		7,471,818.19	7,471,818.19
Own shares		0.00	0.00
Other capital		454,508,897.95	375,107,851.54
Retained earnings		0.00	0.00
Net profit / loss		18,225,513.83	79,401,046.41
<b>LIABILITIES</b>		<b>698,465,858.92</b>	<b>778,074,532.69</b>
<b>Non-current liabilities,</b>		<b>275,800,914.07</b>	<b>261,564,232.15</b>
Borrowings		69,468,727.49	45,128,086.08
Deferred income tax liabilities		12,154,360.20	19,598,476.05
Retirement benefit obligations		373,000.00	373,000.00
Provision for other liabilities and charges		1,074,072.32	1,304,230.62
Other liabilities		192,730,754.06	195,160,439.40
<b>Current liabilities</b>		<b>422,664,944.85</b>	<b>516,510,300.54</b>
Trade and other payables		125,920,922.00	132,529,634.36
Construction contracts		80,865,514.44	141,187,127.70
Borrowings		55,402,315.86	95,123,744.32
Provision for other liabilities and charges		12,787,880.43	13,537,292.76
Other liabilities		147,688,312.12	134,132,501.40
<b>Total Equity and Liabilities</b>		<b>1,189,486,744.89</b>	<b>1,250,869,904.83</b>

### Profit and loss account

	Note	<b>for the period 01 -01 -2011 to 30-06-2011</b>	<b>for the period 01 -01 -2010 to 30-06-2010</b>
<b>Net revenues from sales of products, goods and materials, of which:</b>		<b>199,464,398.45</b>	<b>215,577,803.77</b>
Net revenues from sales of products		196,877,841.78	211,222,083.42
Net revenues from sales of goods and materials		2,586,556.67	4,355,720.35
<b>Costs of products, goods and materials sold, of which:</b>		<b>147,720,264.68</b>	<b>158,113,354.67</b>
Manufacturing cost of products sold		145,141,058.02	153,925,883.57
Value of goods and materials sold		2,579,206.66	4,187,471.10
<b>Gross profit (loss) on sales</b>		<b>51,744,133.77</b>	<b>57,464,449.10</b>
<b>Selling expenses</b>		<b>12,487,828.46</b>	<b>11,173,815.05</b>
<b>Overhead expenses</b>		<b>12,106,293.40</b>	<b>7,029,335.74</b>
<b>Revaluation of investment properties</b>		<b>12,202,148.33</b>	<b>0.00</b>
<b>Profit (loss) on sales</b>		<b>39,352,160.24</b>	<b>39,261,298.31</b>
Other operating income		3,544,382.25	6,271,369.22
Other operating expenses		3,942,872.53	2,137,759.73
<b>Operating profit (loss)</b>		<b>38,953,669.96</b>	<b>43,394,907.80</b>
Financial income		2,873,680.26	6,072,386.02
Financial expenses		19,158,139.07	11,174,144.15
<b>Profit (loss) on ordinary activities</b>		<b>22,669,211.15</b>	<b>38,293,149.67</b>
<b>Gross profit (loss)</b>		<b>22,669,211.15</b>	<b>38,293,149.67</b>
Income tax		4,443,697.32	7,626,454.65
<b>Net profit (loss)</b>		<b>18,225,513.83</b>	<b>30,666,695.02</b>

<b>Other comprehensive income:</b>	<b>0.00</b>	<b>0.00</b>
Exchange differences on foreign operations conversion	0.00	0.00
Profit/loss from acquisitions	0.00	0.00
Profit from revaluation of tangible fixed assets	0.00	0.00
Other comprehensive income:	0.00	0.00
<b>Total revenue</b>	<b>18,225,513.83</b>	<b>30,666,695.02</b>



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<b>CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE</b>	for the period 01 -01 -2011 to 30-06-2011	for the period 01 -01 -2010 to 30-06-2010
<b>Profits</b>		
(A) Profit disclosed in the consolidated financial statements	18,225,513.83	30,666,695.02
<b>Number of shares</b>		
(B) Number of ordinary shares and preferred shares (as to the right to vote in the General Meeting of the Company) for the purpose of calculating earnings per share *	54,698,280.00	54,698,280.00
(C) Number of ordinary shares and preferred shares (as to the right to vote in the General Meeting of the Company) for the purpose of calculating diluted earnings per share*	54,698,280.00	54,698,280.00
<b>Basic earnings per share = (A)/(B)</b>	<b>0.33</b>	<b>0.56</b>
<b>Diluted earnings per share = (A)/(B)</b>	<b>0.33</b>	<b>0.56</b>

**Cash flow statements**

<b>Operating cash flow - two-step method</b>	for the period 01 -01 -2011 to 30-06-2011	for the period 01 -01 -2010 to 30-06-2010
<b>Net profit (loss)</b>	<b>18,225,513.83</b>	<b>30,666,695.02</b>
<b>Total adjustments, of which:</b>	<b>-3,427,198.94</b>	<b>-42,119,368.68</b>
Depreciation and amortisation	3,529,483.41	3,471,743.31
(Profits) losses on exchange differences related to investment and financial activities	963,296.03	-3,389,640.08
(Profits) loss from investment activities	822,040.96	198,525.22
Interest and dividends	16,088,797.23	8,246,710.06
Changes in provisions and accruals	-11,366,071.20	-12,168,998.63
Change in investment properties	-13,156,511.48	-38,367,622.95
Other adjustments:	-308,233.89	-110,085.61
- other adjustments	-308,233.89	-110,085.61
<b>Changes in working capital</b>	<b>5,060,739.87</b>	<b>58,911,632.52</b>
Change in inventories	-1,885,837.96	1,074,921.25
Change in construction contracts	25,603,740.43	81,805,163.20
Changes in receivables	-6,993,476.17	-2,550,753.74
Changes in current liabilities, except for borrowings	-11,663,686.43	-21,417,698.19
<b>Operating cash flow</b>	<b>19,859,054.76</b>	<b>47,458,958.86</b>
<b>Investment activity cash flows</b>		
Disposal of intangible assets, tangible fixed assets and other assets	1,275,186.46	279,566.50
Acquisition of intangible assets, tangible fixed assets and other assets	-26,284,551.26	-6,914,920.84
Expenses associated with the asset to be sold	0.00	0.00
Purchase of equity instruments and debt instruments	0.00	0.00
Disposal of equity instruments and debt instruments	0.00	0.00

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Loans granted	-486,267.50	-82,290.00
Loans repaid	839,250.00	0.00
Other purchase of financial assets	0.00	0.00
Other disposal of financial assets	0.00	0.00
Dividends received	0.00	0.00
Interest received	0.00	0.00
Disposal of subsidiaries	0.00	0.00
Acquisition of subsidiaries	-5,000.00	-1,461,000.00
<b>Net investment cash flow</b>	<b>-24,661,382.30</b>	<b>-8,178,644.34</b>
<b>Financing cash flow</b>		
Net proceeds from issue of shares, other equity instruments and additional capital contributions	0.00	0.00
Purchase of own shares or repayment of shares	0.00	0.00
Borrowings	159,699,448.79	176,765,037.52
Borrowings repaid	-175,037,726.70	-250,169,482.29
Debt securities issued	0.00	130,000,000.00
Debt securities redeemed	0.00	0.00
Payments under financial lease agreements	-1,882,188.36	-4,178,662.58
Dividends and other shared profits	0.00	0.00
Interest paid	-13,019,549.23	-9,848,064.88
Other financial proceeds (including notes)	13,140,000.00	25,290,000.00
Other financial expenditures (including notes)	-2,148,961.26	-10,241,346.82
<b>Net financing cash flow</b>	<b>-19,248,976.76</b>	<b>57,617,480.95</b>
<b>NET DECREASE/(INCREASE) IN CASH</b>	<b>-24,051,304.30</b>	<b>96,897,795.47</b>
Cash and cash equivalents at the beginning of the year	60,694,071.17	17,584,685.48
- foreign exchange gains/(losses) on cash		
<b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>36,642,766.87</b>	<b>114,482,480.96</b>

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**Statement of changes in equity**

	Share Capital	Own shares (negative figure)	Revaluation capital	Supplementary capital	Other capital	Retained earnings	Net earnings	Equity
<b>As at 31 December 2010</b>	<b>10,814,656.00</b>	<b>0.00</b>	<b>7,471,818.19</b>	<b>369,376,264.35</b>	<b>5,731,587.19</b>	<b>0.00</b>	<b>79,401,046.41</b>	<b>472,795,372.14</b>
Basic error corrections	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IFRS adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>As at 01 January 2011</b>	<b>10,814,656.00</b>	<b>0.00</b>	<b>7,471,818.19</b>	<b>369,376,264.35</b>	<b>5,731,587.19</b>	<b>0.00</b>	<b>79,401,046.41</b>	<b>472,795,372.14</b>
Issue of shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Share redemption	0.00	0.00		0.00				0.00
Purchase of own shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividends paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on revaluation of fixed assets and investment properties	0.00	0.00		0.00	0.00	0.00	0.00	0.00
Gains/(losses) on revaluation of available-for-sale assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on cash flow hedges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exchange gains / (losses) on translation of financial statements of foreign operations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income tax referring to items attributed to equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on business acquisitions(unitary jwch)	0.00	0.00					0.00	0.00

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Profit/loss from the inclusion/exclusion of companies to consolidate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Changes in accounting policies/presentation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transformation to IFRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b><i>Total profit / (loss) recognised directly in equity</i></b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Net profit (loss) for the accounting year	0.00	0.00	0.00	0.00	0.00	0.00	18,225,513.83	18,225,513.83
<b><i>Total profit / (loss) recognised in equity and net earnings</i></b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>18,225,513.83</b>	<b>18,225,513.83</b>
Increase / decrease from profit distribution	0.00	0.00	0.00	79,401,046.41	0.00		- 79,401,046.41	0.00
<b>As at 30 June 2011</b>	<b>10,814,656.00</b>	<b>0.00</b>	<b>7,471,818.19</b>	<b>448,777,310.76</b>	<b>5,731,587.19</b>	<b>0.00</b>	<b>18,225,513.83</b>	<b>491,020,885.96</b>

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	<b>Share Capital</b>	Own shares (negative figure)	<b>Revaluation capital</b>	<b>Supplementary capital</b>	<b>Other capital</b>	<b>Retained earnings</b>	<b>Net earnings</b>	<b>Equity</b>
<b>As at 31 December 2009</b>	<b>10,939,656.00</b>	- <b>4,429,867.11</b>	<b>7,471,818.19</b>	<b>580,770,474.91</b>	<b>5,731,587.19</b>	- <b>284,231,365.01</b>	<b>77,142,021.56</b>	<b>393,394,325.73</b>
Basic error corrections	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IFRS adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>As at 01 January 2010</b>	<b>10,939,656.00</b>	- <b>4,429,867.11</b>	<b>7,471,818.19</b>	<b>580,770,474.91</b>	<b>5,731,587.19</b>	- <b>284,231,365.01</b>	<b>77,142,021.56</b>	<b>393,394,325.73</b>
Issue of shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Share redemption	-125,000.00	4,429,867.11		-4,304,867.11				
Purchase of own shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividends paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on revaluation of fixed assets and investment properties	0.00	0.00		0.00	0.00	0.00	0.00	0.00
Gains/(losses) on revaluation of available-for-sale assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on cash flow hedges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exchange gains / (losses) on translation of financial statements of foreign operations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income tax referring to items attributed to equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

JW. Construction Holding .A.  
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Gains / (losses) on business acquisitions(unitary jwch)	0.00	0.00					0.00	0.00
Profit/loss from the inclusion/exclusion of companies to consolidate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Changes in accounting policies/presentation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transformation to IFRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total profit / (loss) recognised directly in equity</b>	<b>-125,000.00</b>	<b>4,429,867.11</b>	<b>0.00</b>	<b>-4,304,867.11</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Net profit (loss) for the accounting year	0.00	0.00	0.00	0.00	0.00	0.00	79,401,046.41	79,401,046.41
<b>Total profit / (loss) recognised in equity and net earnings</b>	<b>-125,000.00</b>	<b>4,429,867.11</b>	<b>0.00</b>	<b>-4,304,867.11</b>	<b>0.00</b>	<b>0.00</b>	<b>79,401,046.41</b>	<b>79,401,046.41</b>
Increase / decrease from profit distribution	0.00	0.00	0.00	- 207,089,343.45	0.00	284,231,365.01	- 77,142,021.56	0.00
<b>As at 31 December 2010</b>	<b>10,814,656.00</b>	<b>0.00</b>	<b>7,471,818.19</b>	<b>369,376,264.35</b>	<b>5,731,587.19</b>	<b>0.00</b>	<b>79,401,046.41</b>	<b>472,795,372.14</b>

## E. NOTES TO THE ABBREVIATED BALANCE SHEET OF THE ISSUER FOR SIX MONTHS AS AT 30 JUNE 2011

### 1. Non-current assets

#### Note 1. Intangible assets

<b>Intangible assets</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
a) research and development	0.00	0.00
b) goodwill on consolidation	0.00	0.00
c) other intangible assets	5,224,592.11	5,859,636.91
d) advances on intangible assets	0.00	0.00
<b>Total intangible assets</b>	<b>5,224,592.11</b>	<b>5,859,636.91</b>

#### Note 2. Tangible assets

<b>Tangible assets</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
a) property, plant and equipment, of which:	122,704,604.99	119,258,547.90
- land (including right of perpetual usufruct)	19,549,433.95	21,236,333.02
- buildings and structures	96,954,277.68	91,820,994.03
- plant and machinery	2,750,992.29	2,819,138.81
- motor vehicles	3,276,870.72	3,197,837.58
- other property, plant and equipment	173,030.35	184,244.46
b) constructions in progress	97,990,422.86	95,919,407.30
c) advances on constructions in progress	0.00	0.00
<b>Total tangible assets</b>	<b>220,695,027.85</b>	<b>215,177,955.20</b>

#### Note 3. Investment real estate

<b>Other long-term investments</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
a) investment real estate	138,860,385.31	115,735,797.61
b) other	0.00	0.00
<b>Total other long-term investments</b>	<b>138,860,385.31</b>	<b>115,735,797.61</b>

#### Note 4. Other financial assets

<b>LONG-TERM FINANCIAL ASSETS</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
a) shares	100,735,514.50	100,730,514.50
b) loans granted	401,618.97	0.00
c) other long-term investments	0.00	0.00
<b>Total long-term financial assets</b>	<b>101,137,133.47</b>	<b>100,730,514.50</b>

<b>LONG-TERM FINANCIAL ASSETS</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
a) in subsidiaries	100,877,906.53	100,516,319.88
- shares	100,521,319.88	100,516,319.88
- other securities	0.00	0.00
- loans granted	356,586.65	0.00
- other long-term financial assets	0.00	0.00

b) in other parties	259,226.94	214,194.62
- shares	214,194.62	214,194.62
- other securities	0.00	0.00
- loans granted	45,032.32	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>101,137,133.47</b>	<b>100,730,514.50</b>

Note 5. Trade and other receivables

<b>NON-CURRENT RECEIVABLES</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
a) guarantee receivables	0.00	0.00
b) deposit receivables( leasing)	15,076,716.36	14,485,435.90
b) other receivables	0.00	0.00
<b>Total receivables</b>	<b>15,076,716.36</b>	<b>14,485,435.90</b>

## 2. CURRENT ASSETS

Note 6. Inventories

<b>INVENTORIES</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
a) materials	817,807.54	743,291.77
b) semi-finished products and work in progress	169,932.98	0.00
c) finished products	0.00	0.00
d) goods	14,535,143.23	7,242,336.37
e) trade advances	199,269.69	171,011.36
<b>Total inventories</b>	<b>15,722,153.44</b>	<b>8,156,639.50</b>

Note 7. Construction contracts

<b>CONSTRUCTION CONTRACTS</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
a) semi-finished products and work in progress	294,900,000.61	245,855,355.84
b) finished products	187,163,041.88	325,019,397.89
c) advances for supplies	15,892,256.63	9,439,998.57
d) short-term prepayments	418,003.38	628,931.89
<b>Total construction contracts</b>	<b>498,373,302.50</b>	<b>580,943,684.19</b>

<b>CONSTRUCTION CONTRACTS</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
a) accruals	80,865,514.44	141,187,127.70
<b>Total construction contracts</b>	<b>80,865,514.44</b>	<b>141,187,127.70</b>

<b>Accruals</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
-advances on the premises	77,748,819.97	137,990,854.57
-provisions for works	2,194,175.68	2,232,770.73
-other	922,518.79	963,502.40
<b>The total value of accruals</b>	<b>80,865,514.44</b>	<b>141,187,127.70</b>



Note 8. Trade and other receivables

<b>CURRENT RECEIVABLES</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
a) trade receivables - related parties	24,264,877.30	22,488,677.17
b) trade receivables - other parties	32,079,456.74	28,691,050.13
c) taxes, subsidies, customs duties, social and health insurance and other payments	5,227,687.27	5,035,110.75
d) other	5,803,485.55	4,758,473.10
<b>Total receivables</b>	<b>67,375,506.86</b>	<b>60,973,311.15</b>

Note 9. Other financial assets

<b>SHORT-TERM INVESTMENTS</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
a) shares	0.00	0.00
b) loans granted	62,979,376.20	63,659,823.94
c) other securities	120,106.17	115,741.73
d) other short-term investments	0.00	0.00
<b>Total long-term financial assets</b>	<b>63,099,482.37</b>	<b>63,775,565.67</b>

<b>SHORT-TERM INVESTMENTS</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
a) in subsidiaries	62,162,342.94	63,659,823.94
- shares	0.00	0.00
- other securities	0.00	0.00
- loans granted	62,162,342.94	63,659,823.94
- other short-term financial assets	0.00	0.00
b) in other parties	937,139.43	115,741.73
- shares	0.00	0.00
- other securities	120,106.17	115,741.73
- loans granted	817,033.26	0.00
- other short-term financial assets	0.00	0.00
<b>Total value of short-term investments</b>	<b>63,099,482.37</b>	<b>63,775,565.67</b>

Note 10. Cash and cash equivalents

<b>CASH AND CASH EQUIVALENTS</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
a) cash on hand and with bank	22,197,536.79	15,322,456.28
b) other cash	14,393,104.20	45,315,718.44
c) other cash equivalents	52,125.88	55,896.45
<b>Total cash</b>	<b>36,642,766.87</b>	<b>60,694,071.17</b>

Note 11. Accruals

<b>ACCRUALS</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
- short-term prepayments	18,514,118.78	16,534,770.69
<b>The total value of accruals</b>	<b>18,514,118.78</b>	<b>16,534,770.69</b>

<b>Accruals</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
- property insurance	61,950.78	117,514.62
- interest	5,269,750.37	5,353,925.45
- commission expenses	10,173,208.20	9,752,418.96
- property tax, perpetual usufruct, road tax	1,388,570.61	0.00
- social fund	0.00	0.00
-other	1,620,638.82	1,310,911.66
<b>The total value of accruals</b>	<b>18,514,118.78</b>	<b>16,534,770.69</b>

**3. LIABILITIES**

Note 12. Borrowings

<b>BORROWINGS</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
a) loans	124,871,043.35	140,213,209.27
<i>of which: long-term</i>	<i>69,468,727.49</i>	<i>45,128,086.08</i>
<i>Short-term</i>	<i>55,402,315.86</i>	<i>95,085,123.19</i>
b) loans	0.00	38,621.13
<i>of which: long-term</i>	<i>0.00</i>	<i>0.00</i>
<i>Short-term</i>	<i>0.00</i>	<i>38,621.13</i>
<b>Total borrowings</b>	<b>124,871,043.35</b>	<b>140,251,830.40</b>
<b>Borrowings - long-term</b>	<b>69,468,727.49</b>	<b>45,128,086.08</b>
<b>Borrowings - short-term</b>	<b>55,402,315.86</b>	<b>95,123,744.32</b>

<b>LOANS PER MATURITY</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
Up to 1 year	55,402,315.86	95,085,123.19
Over 1 year up to 2 years	35,557,597.73	25,496,829.57
Over 2 year up to 5 years	33,911,129.76	19,631,256.51
Over 5 years		
<b>Total loans, including:</b>	<b>124,871,043.35</b>	<b>140,213,209.27</b>
- long-term	69,468,727.49	45,128,086.08
- short-term	55,402,315.86	95,085,123.19

Note 13. Other non-current liabilities

<b>PROVISIONS FOR OTHER LIABILITIES AND CHARGES</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
<b>a) short-term, of which:</b>	<b>12,787,880.43</b>	<b>13,537,292.76</b>
- accrued expenses, including:	8,966,444.47	9,810,856.76
<i>- interests charged</i>	<i>2,852,240.89</i>	<i>3,883,074.64</i>
<i>- rent deposits</i>	<i>497,159.98</i>	<i>497,159.98</i>
<i>-other</i>	<i>5,617,043.60</i>	<i>5,430,622.14</i>
- other provisions, including:	3,821,435.96	3,726,436.00

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- provisions for future liabilities	0.00	0.00
- provisions for guarantee repairs	3,000,000.00	3,000,000.00
- other provisions	821,435.96	726,436.00
<b>a) long-term, of which:</b>	<b>1,074,072.32</b>	<b>1,304,230.62</b>
- accrued expenses, including:	1,074,072.32	1,304,230.62
- deferred surplus of revenues from sales over the carrying value/sale and lease back	1,074,072.32	1,304,230.62
<b>Total provisions for other liabilities and charges</b>	<b>13,861,952.75</b>	<b>14,841,523.38</b>

<b>OTHER NON-CURRENT LIABILITIES</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
a) lease obligations	43,381,991.13	45,573,433.11
b) deposit liabilities	4,249,870.28	9,113,295.63
c) liabilities from securities	130,000,000.00	130,000,000.00
d) other non-current liabilities	0.00	0.00
e) bill-of-exchange liabilities	15,098,892.65	10,473,710.66
<b>Total other liabilities</b>	<b>192,730,754.06</b>	<b>195,160,439.40</b>

Note 14. Trade and other payables

<b>TRADE AND OTHER PAYABLES</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
a) trade payables - other parties	18,027,741.75	12,112,679.45
b) trade payables - related parties	29,677,221.06	52,935,082.70
c) taxes, customs duties, insurance and other payments	16,183,400.77	11,587,781.11
d) salaries	1,245,551.06	1,384,487.43
e) trade advances received	0.00	0.00
f) loans granted- related parties	21,920,256.11	21,341,586.12
f) liabilities on bill of exchange - related parties	23,545,578.25	24,242,023.21
b) other	15,321,173.00	8,925,994.34
<b>Total trade and other payables</b>	<b>125,920,922.00</b>	<b>132,529,634.36</b>

<b>OTHER LIABILITIES</b>	<b>30 -06 -2011</b>	<b>31 -12 -2010</b>
a) issue of debt securities	2,975,323.00	2,639,039.00
b) lease liabilities - foreign	138,855,511.47	125,624,844.53
c) lease liabilities	5,857,477.65	5,868,617.87
d) other financial liabilities	0.00	0.00
<b>Total other liabilities</b>	<b>147,688,312.12</b>	<b>134,132,501.40</b>

#### 4. Operating income and expenses

Note 15. Operating income

<b>OPERATING INCOME</b>	<b>from 01-01-2011 to 30-06-2011</b>	<b>from 01-01-2010 to 30-06-2010</b>
Revenues from sales of products	182,796,031.46	195,979,822.01
Revenues from sales of services	14,081,810.32	15,242,261.41
Revenues from sales of goods	2,586,556.67	4,355,720.35
<b>Total income</b>	<b>199,464,398.45</b>	<b>215,577,803.77</b>

	<b>from 01-01-2011 to 30-06-2011</b>	<b>from 01-01-2010 to 30-06-2010</b>
<b>Revenues from sales, of which:</b>	<b>199,464,398.45</b>	<b>215,577,803.77</b>
- sales of products - premises	182,796,031.46	195,979,822.01
- sales of services	14,081,810.32	15,242,261.41
- sales of goods	2,586,556.67	4,355,720.35

	<b>from 01-01-2011 to 30-06-2011</b>	<b>from 01-01-2010 to 30-06-2010</b>
<b>Revenues from sales of products and services per business segment</b>	<b>196,877,841.78</b>	<b>211,222,083.42</b>
developer activity	187,167,034.86	202,378,824.02
hotel activities	7,425,802.56	7,395,458.84
- property management	2,285,004.36	1,447,800.56

	<b>from 01-01-2011 to 30-06-2011</b>	<b>from 01-01-2010 to 30-06-2010</b>
<b>Revenues from sales of products - premises per geographic segments</b>	<b>182,796,031.46</b>	<b>195,979,822.01</b>
- Warsaw and vicinity	179,776,770.77	180,698,145.65
-Gdynia	3,228,190.67	8,578,267.15
- Łódź	-212,002.86	5,843,702.68
- Katowice	3,072.88	859,706.53

	<b>from 01-01-2011 to 30-06-2011</b>	<b>from 01-01-2010 to 30-06-2010</b>
<b>Revenues from sales of hotel services per geographic segments</b>	<b>7,425,802.56</b>	<b>7,395,458.84</b>
- Warsaw and vicinity	2,725,218.52	2,392,017.83
- Tarnowo	2,472,342.62	2,538,797.38
- Stryków	1,487,150.30	1,663,728.05
- Cieszyn	556,406.44	577,316.08
- Krynica Górská	184,684.68	223,599.50

Note 16. Operating expenses

<b>Operating expenses</b>	<b>from 01-01-2011 to 30-06-2011</b>	<b>from 01-01-2010 to 30-06-2010</b>
Costs on sale of products	133,451,214.14	141,327,589.16
Costs on sale of services	11,689,843.88	12,598,294.41
Costs on sale of goods	2,579,206.66	4,187,471.10
<b>Total costs of products, services and goods sold</b>	<b>147,720,264.68</b>	<b>158,113,354.67</b>

<b>Selling and overhead expenses</b>	<b>from 01-01-2011 to 30-06-2011</b>	<b>from 01-01-2010 to 30-06-2010</b>
Selling expenses	12,487,828.46	11,173,815.05
Overhead expenses	12,106,293.40	7,029,335.74
<b>Total selling and overhead expenses</b>	<b>24,594,121.86</b>	<b>18,203,150.79</b>

<b>Costs according to types</b>	<b>from 01-01-2011 to 30-06-2011</b>	<b>from 01-01-2010 to 30-06-2010</b>
Depreciation and amortisation	3,529,483.41	3,512,424.91
Cost of materials and energy	13,631,270.34	20,421,249.14
Services made by other contractions	52,876,859.60	82,182,345.19
Taxes and duties	5,775,405.44	2,814,888.95
Wages and Salaries	11,243,821.23	9,254,657.66
Services for the benefit of employees	2,125,088.12	1,655,675.22
Other costs	9,768,140.87	7,623,667.33
<b>Total costs according to types</b>	<b>98,950,069.01</b>	<b>127,464,908.40</b>

Note 17. Other operating income

<b>OPERATING INCOME</b>	<b>from 01-01-2011 to 30-06-2011</b>	<b>from 01-01-2010 to 30-06-2010</b>
a) profit from disposal of non-financial fixed assets	0.00	3,278.69
b) other operating income	3,544,382.25	6,268,090.53
<b>Total operating income</b>	<b>3,544,382.25</b>	<b>6,271,369.22</b>

<b>OPERATING INCOME</b>	<b>from 01-01-2011 to 30-06-2011</b>	<b>from 01-01-2009 to 30-06-2009</b>
a) profit from disposal of non-financial fixed assets	0.00	3,278.69
b) handling charges	1,852,177.07	2,482,840.06
c) provisions	627.50	137,710.00
g) other (including compensation for land dedicated for roads)	1,691,577.68	3,647,540.47
<b>Total operating expenses</b>	<b>3,544,382.25</b>	<b>6,271,369.22</b>

Note 18. Other operating expenses

<b>OPERATING EXPENSES</b>	<b>from 01-01-2011 to 30-06-2011</b>	<b>from 01-01-2010 to 30-06-2010</b>
a) loss on disposal of non-financial fixed assets	822,040.96	201,803.91
b) revaluation of non-financial assets	1,067,313.16	0.00
c) other operating expenses	2,053,518.41	1,935,955.82
<b>Total operating expenses</b>	<b>3,942,872.53</b>	<b>2,137,759.73</b>

<b>OPERATING EXPENSES</b>	<b>from 01-01-2011 to 30-06-2011</b>	<b>from 01-01-2009 to 30-06-2009</b>
a) loss on disposal of non-financial fixed assets	822,040.96	201,803.91
b) revaluation of non-financial assets	1,067,313.16	0.00
c) provisions	94,042.35	0.00
d) compensation, penalties and damages	816,367.32	230,780.71
e) compensation fee	178,617.73	855,710.24
f) litigation costs	157,762.20	121,305.50
g) other	806,728.81	728,159.37
<b>Total operating expenses</b>	<b>3,942,872.53</b>	<b>2,137,759.73</b>

Note 19. Other financial income

<b>FINANCIAL INCOME</b>	<b>from 01-01-2011 to 30-06-2011</b>	<b>from 01-01-2010 to 30-06-2010</b>
a) dividends	0.00	0.00
b) interest	2,834,655.51	2,604,723.25
c) revaluation of investment	0.00	0.00
d) other	39,024.75	3,467,662.77
<b>Total financial income</b>	<b>2,873,680.26</b>	<b>6,072,386.02</b>

Note 20. Other financial expenses

<b>FINANCIAL EXPENSES</b>	<b>from 01-01-2011 to 30-06-2011</b>	<b>from 01-01-2010 to 30-06-2010</b>
a) interests	18,131,367.63	11,142,073.86
b) revaluation of investment	0.00	0.00
c) other	1,026,771.44	32,070.29
<b>Total financial expenses</b>	<b>19,158,139.07</b>	<b>11,174,144.15</b>

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<b>FINANCIAL EXPENSES</b>	<b>from 01-01-2011 to 30-06-2011</b>	<b>from 01-01-2010 to 30-06-2010</b>
a) interest, commission, credits	2,743,115.45	2,801,396.93
b) interest - leases	1,460,742.53	1,817,408.39
c) interest-loans	578,669.99	561,785.94
d) interest-bills	6,532,272.48	5,340,923.54
e) interest-bond issue	6,063,258.73	163,520.65
f) other interests	753,308.45	336,689.16
g) foreign exchange differences	1,020,898.20	0.00
h) other	5,873.24	152,419.54
<b>Total financial expenses</b>	<b>19,158,139.07</b>	<b>11,174,144.15</b>

Signature of the preparer of the Financial Statements

Irmina Łopuszyńska Chief Accountant	Signature
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Signatures of Board Members

Tomasz Panabażys Vice President	Signature
Wojciech Rajchert Member of the Management Board	Signature
Robert Wójcik Member of the Management Board	Signature
Mark Samarcew Member of the Management Board	Signature

Ząbki, 30 August 2011 r.