



J.W.CONSTRUCTION HOLDING S.A.

PRESS RELEASE

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J.W. Construction Forecasts Net Profit Exceeding PLN 146 Million

For this year, the Management Board of J.W. Construction announces sales revenue exceeding PLN 813 million and net profit of PLN 146.5 million. The achievement of this forecast will mean the continuance of the Company's winning streak in the recent years of its operation. In comparison to 2006, sales revenue will grow by 12%, and operating profit and net profit by 11%.

“The amount of profit projected for 2007 reflects several factors. The demand for apartments, especially on our main market in Warsaw has not weakened and remains beyond the supply capacities. In addition, much more mortgage loans were sold in 2007 than in the preceding years. Also, the prices of building materials tend to stabilize and all that altogether allows us counting on high margins and steady market development”, said Jerzy Zdrzałka, President of J.W. Construction Holding S.A.

The optimistic forecasts are linked to positive trends continuing in the market and the investments commenced and pursued by the Company as their margin has been included in the financial performance projections for this year.

The value of apartments sold in the second quarter went up to PLN 351.1 million, i.e. by 49% when compared to the corresponding period of the preceding year. The Company has increased its land bank and established cooperation with foreign contractors. The Company also launched marketing operations in the UK market (the opening of a sale office in London).

An important aspect of the analysis of financial results for the second quarter, is the so-called “zero” method used by J.W. Construction, a more prudent method of investment revenue recognition. It means that a given investment is not posted until a 40% advancement of construction has been achieved. Another condition is reaching at least 50% sales of investments. Since a number of investments, such as e.g. Lazurowa Housing Estate and Górczewska Park, Leśne Housing Estate in TriCity or Victoria Park Housing Estate (Kołomna in Russia) have not reached the 40% degree of completion, the margin on those investments was reported as “zero” in the balance sheet (revenue is recognized in the amount of costs incurred). As a result, sales revenue for the second quarter exceeded PLN 121 million and gross margin on sales was almost PLN 41 million.

“Only after reaching both thresholds, we may post the investment and add it to our profits. It means that many buildings in which all apartments have already been sold will be reflected in profits in the following quarters, after reaching the required degree of completion”, explains Jerzy Zdrzałka.