



Abbreviated Consolidated Financial Statements

**for a 6 month-period
ended on 30 June 2014**

Prepared in accordance with International
Financial Reporting Standards



A. INTRODUCTION TO THE CONSOLIDATED FINANCIAL STATEMENT

1. GENERAL INFORMATION ABOUT THE PARENT COMPANY

J.W. Construction Holding S.A. ("JWCH"), a joint-stock company domiciled in Ząbki at ul. Radzyńska 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 June 2014 the lifetime of the Company was unlimited. The accounting year of the Company is a calendar year i.e. the period from 1 January to 31 December.

2. ADOPTED PRINCIPLES (POLICY) OF ACCOUNTING

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

The Group's structure and the holding entity's share in the share capital of subjects belonging to the Group as at 30 June 2014 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
Subsidiaries:				
Lokum Sp. z oo	Poland	100.00%	100.00%	full consolidation
Towarzystwo Budownictwa Społecznego „Marki” Sp. z o.o.	Poland	100.00%	100.00%	full consolidation
J.W. Construction Sp. z o.o.	Poland	99.99%	99.99%	full consolidation
Porta Transport Sp. z o.o. in liquidation	Poland	100.00%	100.00%	full consolidation
JW Group Sp. z o.o.	Poland	100.00%	100.00%	full consolidation
JW Group Sp. z o.o. 1 SKA	Poland	100.00%	100.00%	full consolidation
JW Group Sp. z o.o. 2 SKA	Poland	100.00%	100.00%	full consolidation
JW. Marka Sp. z o.o.	Poland	100.00%	100.00%	full consolidation
Yakor House Sp. z o.o.	Russia	70.00%	70.00%	full consolidation
Seahouse Sp. z o.o.	Poland	100.00%	100.00%	full consolidation
J.W. 6 Sp. z o.o.	Poland	100.00%	100.00%	full consolidation
Nowe Tysiąclecie Sp. z o.o.	Poland	100.00%	100.00%	full consolidation
Business Financial Construction Sp. z o.o.	Poland	100.00%	100.00%	full consolidation
Dana Invest Sp. z o.o.	Poland	100.00%	100.00%	full consolidation
Bałycka Invest Spółka z o.o.	Poland	100.00%	100.00%	full consolidation
Berensona Invest Spółka z o.o.	Poland	100.00%	100.00%	full consolidation
Bliska Wola 1 Spółka z o.o.	Poland	100.00%	100.00%	full

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Company	Country of registration	Parent company's share in share capital	Parent company's share in voting rights	Method of consolidation
				consolidation
Bliska Wola 2 Spółka z o.o.	Poland	100.00%	100.00%	full consolidation
Bliska Wola 3 Spółka z o.o.	Poland	100.00%	100.00%	full consolidation
Bliska Wola 4 Spółka z o.o.	Poland	100.00%	100.00%	full consolidation
Bliska Wola 5 Spółka z o.o.	Poland	100.00%	100.00%	full consolidation
Zdziarska Invest Spółka z o.o.	Poland	100.00%	100.00%	full consolidation
Łódź Invest Sp z o.o.	Poland	100.00%	100.00%	full consolidation

- Lokum Sp. z o.o. - Development and sale of own properties for its own account
- JW Group Sp. z o.o. 1 SKA - Development and sale of own properties for its own account
- JW Group Sp. z o.o. 2 SKA - Development and sale of own properties for its own account
- JW Group Sp. z o.o. - Development and sale of own properties for its own account
- JW. Marka Sp. z o.o. - marketing activities,
- Towarzystwo Budownictwa Społecznego „Marki” Sp. z o.o. - sale and administration of social building estates,
- Ośrodek Wypoczynkowy "Ogoniok" Sp. z o.o. (currently Yakor House Sp. z o.o.) - Development and sale of properties for its own account
- Porta Transport Sp. z o.o. - transport services,
- J.W. Construction Sp. z o.o. - prefabricated units production for the building industry
- Seahouse Sp. z o.o. - Development and sale of own properties for its own account
- J.W. 6 Sp. z o.o. - Development and sale of properties for its own account
- Nowe Tysiąclecie Sp. z o.o. - Development and sale of properties for its own account
- Business Financial Construction Sp. z o.o. – sales I marketing,
- Dana Invest Sp. z o.o. - Development and sale of own real estate
- Bałtycka Invest Spółka z o.o. - Development and sale of own real estate
- Berensona Invest Spółka z o.o. - Development and sale of own real estate
- Bliska Wola 1 Spółka z o.o. - Development and sale of own real estate
- Bliska Wola 2 Spółka z o.o. - Development and sale of own real estate
- Bliska Wola 3 Spółka z o.o. - Development and sale of own real estate
- Bliska Wola 4 Spółka z o.o. - Development and sale of own real estate
- Bliska Wola 5 Spółka z o.o. - Development and sale of own real estate
- Zdziarska Invest Spółka z o.o. - Development and sale of own real estate
- Łódź Invest Sp z o.o. - Development and sale of own real estate

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

Preparation of the consolidated financial statements

The consolidated financial statements for the years 2013-2014 were prepared based on separate financial statements of the companies of the Capital Group of J.W. Construction Holding S.A. and compiled in such a manner as if the Group was one company. The consolidated financial statements cover the financial statements of the parent company -J.W. Construction Holding S.A. and financial statements controlled by the holding entity of the subsidiaries.

In the years 2013-2014 the parent company excluded the following subsidiaries from the obligatory consolidation:

In 2013:

- J.W. Construction Bułgaria Sp. z o.o.-100%

In 2014:

- J.W. Construction Bułgaria Sp. z o.o.-100%

The legal basis for the applied exclusion of companies from the consolidated financial statements were the conceptual framework of the International Financial Reporting Standards relating to restrictions on the usefulness and reliability of the information. Under these assumptions the benefits received by the acquired information must

exceed the costs of providing them. It was found that the cost of obtaining information on non-consolidated subsidiaries, and their inclusion in the cost of consolidation outweigh the benefits achieved in this respect. Furthermore, when making the exclusion of subordinated companies from consolidation, the driven fact was that they were not essential for a true and fair presentation of the financial position and results of the Capital Group.

Going concern basis and comparability of financial statements

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

Significant estimations and assumptions

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

- Estimation of impairment allowance. Impairment allowance is established taking account of expected risk connected with receivables and created collateral having impact on effective debt collection. Although the assumptions are made using the best knowledge, real results may be different than expected.
- Estimations connected with establishing deferred tax assets in accordance with IAS 12. Due to the highly volatile economy it may happen that real earnings and tax income are different than planned.
- Estimation of potential costs of fiscal and court proceedings pending against the parent company. When preparing the financial statements the opportunities and risks connected with pending proceedings are reviewed on a case by case basis, and provisions for potential losses are created accordingly. However, it is also possible that a court or a fiscal authority makes a judgement or issues a decision other than expected by the company and the created provisions may prove insufficient.
- The company gains revenues from services supplied by the Issuer under contracts for a specified time. Services supplied by the Issuer are long-term ones and their term of performance is over six months.

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

The principles (policy) of accounting that were used for preparation of this abbreviated consolidated financial statements for the H1 2014 are consistent with those used for preparation of the annual financial statements for 2013, with the exception of changes described below.

The same principles were used for the current and comparable period. A detailed description of the accounting standards and principles adopted by the Group of J.W. Construction Holding S.A was presented in the annual consolidated financial statements for 2013, published on 19 March 2014.

▪ 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 2014:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 Consolidated and Separate Financial Statements
- IAS 28 — Investments in Associates and Joint Ventures
- Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities
- *Guidelines on the transitional rules (Amendments to IFRS 10, IFRS 11 and IFRS 12)*
- Investment entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
- Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting

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

The main consequences of the application of new regulations:

- IFRS 10 Consolidated Financial Statements

The new standard was published on 12 May 2011 and it is supposed to replace the SIC 12 Consolidation – Special Purpose Entities and some of the provisions of IAS 27 Consolidated and Separate Financial Statements. The standard defines the concept of control as a factor in determining whether an entity should be included in the consolidated financial statements and provides guidance to help determine whether an entity has control or not. Application of the revised standards does not have any significant impact on the financial statements of the Group.

- IFRS 11 Joint Arrangements

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

Application of the revised standards does not have any significant impact on the financial statements of the Group.

- IFRS 12 Disclosure of Interests in Other Entities

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

Application of the revised standards does not have any significant impact on the financial statements of the Group.

- IAS 27 Consolidated and Separate Financial Statements

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

Application of the revised standards does not have any significant impact on the financial statements of the Group.

- IAS 28 — Investments in Associates and Joint Ventures

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

Application of the revised standards does not have any impact on the financial statements of the Group.

- Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

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

Application of the revised standards does not have any significant impact on the financial statements of the Group.

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

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

Application of the revised standards does not have any impact on the financial statements of the Group.

- Investment entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

Guidelines were published on 31 October 2012 and contain another principles regarding the application of IFRS 10, IFRS 12 concerning entities, which meet the definition of investment funds.

Application of the revised standards does not have any impact on the financial statements of the Group.

- Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments were published on 29 May 2013 and are applicable to annual periods beginning on 01 January 2014 or thereafter. The changes result in a modification of the scope of disclosure in relation to the impairment of non-financial assets, as they require disclosure of the recoverable amount of assets (cash-generating unit) only in periods in which an impairment of assets or reversal in relation to the asset (or unit) was disclosed. In addition, the revised standard shows that broader and more precise scope of disclosure in the case of determining the recoverable amount as fair value diminished by the sale costs will be required, and in the case of a determination of fair value diminished by sale costs with the use of a technique for determining the present value (discounted cash flows) it will be required to provide information about the applied discount rate (in the case of recognition of impairment or its reversal).

The amendments also adjust the scope of disclosures relating to the recoverable amount, regardless of whether it has been determined as the use value and fair value diminished by the sale costs.

Application of the revised standards does not have any impact on the financial statements of the Group.

- Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The amendments were published on 27 June 2013 and are applicable to annual periods beginning on 01 January 2014 or thereafter. The amendments allow the continuation of the use of hedge accounting (under certain conditions), when the derivative hedging instrument is renewed as a result of legal regulations, and in a result of the change there is a change of clearing institution. The amendments to IAS 39 are the result of legal changes in many countries, which resulted in the compulsory settlement of existing OTC derivatives and their renewal through an agreement with the central clearing institution.

Application of the revised standards does not have any impact on the financial statements of the Group.

▪ **Changes made by the Group itself**

The Group did not make a correction of presentation of comparable data for the H1 of 2014.

Not effective standards (New standards and interpretations)

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

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

- IFRS 9 Financial Instruments

The revised standard was published on 24 July 2014 and is applicable to annual periods Extinguishing Financial Liabilities with Equity Instruments- applicable to annual periods beginning on 01 January 2018 or after. The purpose of the standard is to organize the classification of financial assets and the introduction of the uniform principles of approach to the assessment of impairment for all financial instruments. The standard also introduces a new model of hedge accounting in order to standardize the recognition in the financial statements information about risk management.

The Group applies the amended standards in the scope off performed changes from 01 January 2018.

At the date of preparation of these financial statements, it is not possible to reliably estimate the impact of applying new standard. The Group initiated a study of the effects of implementing the new standard.

- MSSF 14 *Regulatory Deferral Accounts*

The revised standard was published on 30 January 2014 and is applicable to annual periods Extinguishing Financial Liabilities with Equity Instruments- applicable to annual periods beginning on 01 January 2016 or after. The new standard is temporary due to the ongoing works of the IASB on the regulation of transactions accounting in terms of price regulation. Standard. The standard introduces principles for recognizing assets and liabilities arising from the connection with transactions of regulated prices when the entity decides to shift to IFRS. The Group will apply the new standard from January 1, 2016.

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

- IFRS 15 Revenue from contracts with customers

The new revised standard was published on 28 May 2014 and is applicable to annual periods Extinguishing Financial Liabilities with Equity Instruments- applicable to annual periods beginning on 01 January 2017 or after with possible early adoption. The standard establishes a common framework for the recognition of revenue and includes rules, which will replace most of the specific guidance on revenue recognition existing IFRS, in particular, IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

At the date of preparation of these financial statements, it is not possible to reliably estimate the impact of applying new standard. The Group initiated a study of the effects of implementing the new standard.

- The amendments to different standards resulting from the annual review of the International Financial Reporting Standards (Annual Improvements 2010-2012)

On 12 December 2013, subsequent amendments to the seven standards arising from the draft of proposed amendments to International Financial Reporting Standards, published in May 2012. They are applicable to annual periods beginning on or after 01 July 2014.

The Group has applied revised standards in the scope of the amendments, which were made, since 01 January 2015, unless their different date of entry into force is provided.

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

- The amendments to different standards resulting from the annual review of the International Financial Reporting Standards (Annual Improvements 2011-2013)

On 12 December 2013, subsequent amendments to four standards arising from the draft of proposed amendments to International Financial Reporting Standards, published in June 2012. They are applicable to annual periods beginning on or after 01 July 2014.

The Group has applied revised standards in the scope of the amendments, which were made, since 01 January 2015, unless their different date of entry into force is provided.

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

- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

The amendment was published on 21 November 2013 and is applicable to annual periods beginning on or after 01 July 2014. The amendments clarify and, in some cases, simplify the accounting policies for employee contributions (or other third parties) contributed to defined benefit plans.

The Group will apply the amended standard in the scope off performed changes from 1 January 2015.

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

- IFRIC Interpretation 21: Levies

The new interpretation was issued on 20 May 2013 and is applicable to annual periods beginning on or after 01 January 2014. The interpretation provides the guidance regarding in what periods the obligation to pay certain levies shall be recognized.

The Group will apply the new interpretation from the date stated in the regulation of the European Commission adopting this regulation to be executed in the European Union, ie. from 01.01.2015.

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

- Amendments to IFRS 11 Acquisition of an interest in a joint operation

The amendments to IFRS 11 were published on 06 May 2014 and are applicable to annual periods beginning on 01 January 2016 or thereafter. The aim of the change is to present detailed guidelines explaining the accounting

acquisition of shares in joint activities. Changes need to apply the principles identical to those used in a business combination.

Application of the new standard will have no impact on the financial statements of the Group.

- *Amendments to IAS 16 and IAS 38 Explanations in terms of the accepted methods of accounting for depreciation and amortization*

Amendments to IFRS 16 Property, plant and equipment and IAS 38 Intangible Assets were published on 12 May 2014 and are applicable to annual periods beginning on 01 January 2016 or thereafter. The change provides additional clarification in relation to authorized for use depreciation methods. The aim of the changes is an indication that the method of calculating amortization of tangible assets and intangible assets based on revenues is not appropriate, however, in the case of intangible assets, this method can be used in certain circumstances.

Application of the new standard will have no impact on the financial statements of the Group.

- *Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants*

The amendments to IFRS 16 and 41 were published on 30 June 2014 and are applicable to annual periods beginning on 01 January 2016 or thereafter. This change indicates that the manufacturing plants should be recognized in the same way as tangible assets in the scope of IAS 16. Accordingly, the bearer plants shall be recognized through the prism of IAS 16, instead of the IAS 41. Agricultural products produced by the bearer plants continue to be under the scope of IAS 41.

Application of the new standard will have no impact on the financial statements of the Group.

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

- IFRS 9 Joint Arrangements published on 24 July 2014,
- MSSF 14 *Regulatory Deferral Accounts* issued on 30 January 2014,
- IFRS 15 Revenue from Contracts with Customers published on 28 May 2014,
- The amendments to different standards resulting from the annual review of the International Financial Reporting Standards (Annual Improvements 2010-2012) published on 12 December 2013;
- The amendments to different standards resulting from the annual review of the International Financial Reporting Standards (Annual Improvements 2011-2013) published on 12 December 2012;
- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions issued on 21 November 2013.
- Amendments to IFRS 11 Acquisition of an interest in a joint operation published on 06.05.2014.
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation published on 12 May 2014,
- Amendments to IAS 16 and IAS 41 Agriculture: *Bearer Plants* published on 30 June 2014.

B. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

ASSETS	Note	30-06-2014	31-12-2013
NON-CURRENT ASSETS		841,260,065.26	885,361,987.57
Intangible assets	1	14,349,485.87	14,885,329.57
Tangible assets	3	396,427,413.12	412,419,885.53
Investment real estate	4	400,180,477.67	427,787,324.54
Other financial assets	5	753,609.08	717,621.46
Deferred income tax assets	15	28,692,223.93	28,088,329.53
Trade and other receivables	6	856,855.59	1,463,496.93
CURRENT ASSETS		562,865,876.92	522,145,025.35
Inventories	7	33,737,085.99	32,041,469.79
Construction contracts	7	378,856,005.17	363,364,089.35
Trade and other receivables	8	68,001,948.14	63,410,122.10
Other financial assets	9	37,426,250.42	35,980,677.19
Cash and cash equivalents	10	31,101,913.13	15,818,508.58
Accruals	11	13,742,674.07	11,530,158.33
Total Assets		1,404,125,942.18	1,407,507,012.92
EQUITY AND LIABILITIES			
EQUITY		519,132,613.54	513,374,216.23
Share capital	12	10,814,656.00	10,814,656.00
Revaluation capital		7,490,208.19	7,490,208.19
Other capital	13	509,500,299.52	496,930,783.02
Retained earnings		-14,623,108.08	-13,305,438.50
Net profit / loss		5,950,557.90	11,444,007.52
LIABILITIES		884,993,328.64	894,132,796.69
Non-current liabilities		556,197,596.80	589,186,336.69
Borrowings	14	186,901,601.29	189,181,456.93
Deferred income tax liabilities	15	26,378,400.22	22,792,392.42
Retirement benefit obligations	16	161,777.01	161,777.01
Provision for other liabilities and charges	17	55,292,166.83	55,248,994.91
Other liabilities	18	287,463,651.45	321,801,715.42
Current liabilities		328,795,731.83	304,946,460.00
Trade and other payables	19	67,060,786.33	85,997,568.21
Construction contracts	7	66,582,794.57	25,115,826.84
Borrowings	14	135,193,235.02	143,269,544.92
Provision for other liabilities and charges	17	15,109,701.84	16,818,245.53
Other liabilities	19	44,849,214.07	33,745,274.50
Total Equity and Liabilities		1,404,125,942.18	1,407,507,012.92

Consolidated income statement

	Note	for the period 01-01-2014 to 30-06-2014	for the period 01-01-2013 to 30-06-2013
Net revenues from sales of products, goods and materials, of which:	24	116,941,818.30	181,323,881.79
Net revenues from sales of products		116,593,243.11	180,178,587.70
Net revenues from sales of goods and materials		348,575.19	1,145,294.09
Costs of products, goods and materials sold, of which:		88,645,204.21	142,657,476.07
Manufacturing cost of products sold	25	88,288,356.20	140,760,630.24
Value of goods and materials sold	25	356,848.01	1,896,845.83
Gross profit (loss) on sales		28,296,614.09	38,666,405.72
Selling expenses	25	8,284,457.18	8,927,958.21
Overhead expenses	25	8,516,238.58	10,596,361.72
Revaluation of investment properties		11,275,424.43	3,451,614.70
Profit (loss) on sales		22,771,342.76	22,593,700.48
Other operating income	26	2,316,459.04	5,892,122.08
Other operating expenses	27	1,847,178.94	4,177,600.13
Operating profit (loss)		23,240,622.86	24,308,222.43
Financial income	28	1,768,580.74	3,823,442.40
Financial expenses	29	15,904,332.24	21,877,276.89
Profit (loss) on ordinary activities		9,104,871.36	6,254,387.94
Gross profit (loss)		9,104,871.36	6,254,387.94
Income tax	22	3,154,313.41	1,108,284.38
Net profit (loss)		5,950,557.95	5,146,103.56

Other comprehensive income:		-192,160.59	73,940.75
Exchange differences on foreign operations conversion		-153,711.59	48,745.10
Profit/loss from acquisitions		0.00	0.00
Profit from revaluation of tangible fixed assets		0.00	0.00
Other comprehensive income:		-38,449.00	25,195.65
Total revenue		5,758,397.36	5,220,044.31

Consolidated cash flow statements

Operating cash flow - two-step method	01-01-2014 to 30-06-2014	01-01-2013 to 30-06-2013
Net profit (loss)	5,950,557.90	5,146,103.56
Item adjustments:	8,783,133.62	26,223,132.81
Depreciation and amortisation	2,623,696.66	7,007,386.03
(Profits) losses on exchange differences related to investment and financial activities	-113,009.26	-2,012,994.57
(Profits) loss from investment activities	-87,702.33	1,380,506.61
(Profits) loss from investment activities - shares	0.00	0.00
Interest and dividends	18,721,343.14	22,732,326.05
Changes in provisions and accruals	-895,774.10	1,005,639.88
Other adjustments	-11,465,420.49	-3,889,731.20
- write-off investment properties	-11,275,424.40	-3,451,614.70
- other adjustments	-189,996.09	-438,116.50
Changes in working capital	48,239,144.12	20,674,743.39
Change in inventories	-1,695,616.20	1,167,639.69
Change in construction contracts	74,253,601.16	33,047,501.62
Changes in receivables	-3,985,184.70	22,856,912.43
Changes in current liabilities, except for borrowings	-20,333,656.14	-36,397,310.35
Net operating cash flows	62,972,835.64	52,043,979.76
Investment activity cash flows		
Disposal of tangible and intangible assets and other non-current assets	154,130.73	15,398,519.89
Purchase of tangible and intangible assets and other non-current assets	-8,188,111.65	-10,077,408.96
Purchase of equity instruments and debt instruments	0.00	0.00
Disposal of equity instruments and debt instruments	0.00	0.00
Loans granted	-82,514.51	0.00
Loans repaid	0.00	0.00
Other purchase of financial assets	-1,000,000.00	-650,000.00
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	0.00	0.00
Net investment cash flow	-9,116,495.43	4,671,110.93
Financing cash flow		
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	54,282,102.76	42,608,391.78
Borrowings repaid	-64,979,054.81	-56,559,474.78
Debt securities issued	0.00	0.00
Debt securities redeemed	-10,570,000.00	0.00
Payments under financial lease agreements	-1,436,814.88	-2,527,282.79
Dividends and other shared profits	0.00	0.00
Interest paid	-15,869,168.74	-22,144,862.92
Other financial proceeds (including notes)	0.00	0.00
Other financial expenditures (including notes)	0.00	-24,300,000.00
Net financing cash flow	-38,572,935.67	-62,923,228.71
NET DECREASE/(INCREASE) IN CASH	15,283,404.54	-6,208,138.02
Cash and cash equivalents at the beginning of the year	15,818,508.58	16,729,078.51
- foreign exchange gains/(losses) on cash	0.00	0.00
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	31,101,913.13	10,520,940.48

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Consolidated statement of changes in equity

	Share Capital	Own shares (negative figure)	Revaluation capital	Supplementa ry capital	other capital reserves	The share exchange differences on consolidatio n	Retained earnings	Net earnings	Equity
As at 31 December 2013	10,814,656.00	0.00	7,490,208.19	488,506,357.8 2	7,947,307.60	477,117.60	13,305,438.50	11,444,007.52	513,374,216.2 3
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
As at 01 January 2014	10,814,656.00	0.00	7,490,208.19	488,506,357.8 2	7,947,307.60	477,117.60	13,305,438.50	11,444,007.52	513,374,216.2 3
Additional equity contributions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Purchase of own shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Share redemption	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividends paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains/(losses) on revaluation of available-for-sale assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on cash flow hedges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exchange gains / (losses) on translation of financial statements of foreign operations	0.00	0.00	0.00	0.00	0.00	-153,711.59	0.00	0.00	-153,711.59
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	-8,212.00	0.00	-8,212.00
Inclusion of the Company to the consolidation	0.00	0.00	0.00	0.00	0.00	0.00	-30,237.00	0.00	-30,237.00
Total profit / (loss) recognised directly in equity	10,814,656.00	0.00	7,490,208.19	488,506,357.8 2	7,947,307.60	323,406.01	13,343,887.50	11,444,007.52	513,182,055.6 4
Net profit (loss) for the accounting year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,950,557.90	5,950,557.90

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Total profit / (loss) recognised in equity and net earnings	10,814,656.00	0.00	7,490,208.19	488,506,357.82	7,947,307.60	323,406.01	13,343,887.50	17,394,565.43	519,132,613.54
Increase / decrease from profit distribution	0.00	0.00	0.00	12,723,228.10	0.00	0.00	-1,279,220.58	11,444,007.52	0.00
As at 30 June 2014	10,814,656.00	0.00	7,490,208.19	501,229,585.92	7,947,307.60	323,406.01	14,623,108.08	5,950,557.90	519,132,613.54

	Share Capital	Own shares (negative figure)	Revaluation capital	Supplementary capital	other capital reserves	The share exchange differences on consolidation	Retained earnings	Net earnings	Equity
As at 31 December 2012	10,814,656.00	0.00	7,490,208.19	500,115,552.27	7,947,307.60	-277,290.55	32,387,426.13	9,553,048.22	503,256,055.60
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
As at 01 January 2013	10,814,656.00	0.00	7,490,208.19	500,115,552.27	7,947,307.60	-277,290.55	32,387,426.13	9,553,048.22	503,256,055.60
Additional equity contributions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Purchase of own shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Share redemption	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividends paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains/(losses) on revaluation of available-for-sale assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on cash flow hedges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exchange gains / (losses) on translation of financial statements of foreign operations	0.00	0.00	0.00	0.00	0.00	754,408.15	0.00	0.00	754,408.15
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	-34.00	0.00	0.00	34.00	0.00	0.00

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Inclusion of the Company to the consolidation	0.00	0.00	0.00	0.00	0.00	0.00	-2,080,255.05	0.00	-2,080,255.05
Total profit / (loss) recognised directly in equity	10,814,656.00	0.00	7,490,208.19	500,115,518.27	7,947,307.60	477,117.60	34,467,647.18	9,553,048.22	501,930,208.70
Net profit (loss) for the accounting year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11,444,007.52	11,444,007.52
Total profit / (loss) recognised in equity and net earnings	10,814,656.00	0.00	7,490,208.19	500,115,518.27	7,947,307.60	477,117.60	34,467,647.18	20,997,055.74	513,374,216.22
Increase / decrease from profit distribution	0.00	0.00	0.00	-11,609,160.45	0.00	0.00	21,162,208.67	-9,553,048.22	0.00
As at 31 December 2013	10,814,656.00	0.00	7,490,208.19	488,506,357.81	7,947,307.60	477,117.60	13,305,438.50	11,444,007.52	513,374,216.23

C. SUPPLEMENTARY INFORMATION

SIGNIFICANT PREVIOUS-YEAR EVENTS DISCLOSED IN THE FINANCIAL STATEMENTS

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

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

The interim Financial Statements of the Group for the period from 01 January 2014 to 30 June 2014 disclose all events that occurred until the day of these statements i.e. 27 August 2014 and had effect on the financial statements for the period of six months ended on 30 June 2014.

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

In the current financial period, ie during the first half of 2014, the Group did not make any changes in accounting principles.

FUNCTIONAL AND PRESENTATION CURRENCY

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Intangible assets

Intangible assets	30-06-2014	31-12-2013
a) research and development expenses	0.00	0.00
b) goodwill on consolidation	12,389,648.22	12,389,648.22
c) other intangible assets	1,959,837.65	2,495,681.35
d) advances on intangible assets	0.00	0.00
Total intangible assets	14,349,485.87	14,885,329.57

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

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

After initial recognition, intangible assets are valued at acquisition price or production cost diminished by accumulated amortization and impairment. Intangible assets are amortised with the straight-line method for the period of their expected useful life. Amortization period and method are reviewed at the end of each financial year.

As at 30 June 2014 and 31 December 2013 there were no circumstances requiring the Group to make impairment allowance on intangible assets.

The Group did not conduct in 2013-2014 any development works and no costs were incurred on them. The Companies did not have any advances on intangible assets.

The Management Board of the Parent Company, after reviewing the rates of depreciation applicable to the Group, decided with effect from 1 January 2013 to update the balance sheet depreciation rates applicable within the Group.

Note 2. Goodwill of subsidiaries

Do not occur

Note 3. Tangible assets

Tangible assets	30-06-2014	31-12-2013
a) fixed assets, including:	378,864,196.35	394,823,772.35
- land (including right of perpetual usufruct)	38,798,918.30	38,713,219.24
- buildings and structures	311,122,908.94	325,218,776.45
- plant and machinery	17,899,761.76	18,904,467.95
- motor vehicles	767,055.38	997,837.47
- other property, plant and equipment	10,275,551.97	10,989,471.24
b) constructions in progress	17,563,216.77	17,596,113.18
c) advances on constructions in progress	0.00	0.00
Total tangible assets	396,427,413.12	412,419,885.53

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

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

The Management Board of the Parent Company, after reviewing the rates of depreciation applicable to the Group, decided with effect from 1 January 2013 to update the balance sheet depreciation rates applicable within the Group.

Note 4. Investment real estate

Other long-term investments	30-06-2014	31-12-2013
a) investment properties	400,180,477.67	427,787,324.54
b) other	0.00	0.00
Total other long-term investments	400,180,477.67	427,787,324.54

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

CHANGE IN INVESTMENT PROPERTIES	Fair value	Acc. to historical cost	Value of investment properties in total
a) opening balance	284,812,503.51	142,974,821.03	427,787,324.54
expenditure incurred	197,288,533.79	129,413,082.28	326,701,616.07
Financial expenses	14,637,819.68	13,561,738.75	28,199,558.43
revaluation value	72,886,150.04	0.00	72,886,150.04
b) increase (due to)	15,821,081.16	4,764,759.38	20,585,840.54
expenditure incurred	1,544,214.14	2,251,480.99	3,795,695.13
Financial expenses	1,366,527.54	2,513,278.39	3,879,805.93
revaluation value	12,910,339.51	0.00	12,910,339.51
Change in construction contracts	0.00	0.00	0.00
c) decrease (due to)	5,035,047.46	43,157,639.98	48,192,687.44
incurred expenses - sale, corrections	0.00	0.00	0.00
Financial expenses	0.00	0.00	0.00
revaluation value	1,634,915.11	0.00	1,634,915.11
Change in construction contracts	3,400,132.35	43,157,639.98	46,557,772.33
d) closing balance	295,598,537.21	104,581,940.43	400,180,477.67
expenditures	195,432,615.58	88,506,923.29	283,939,538.87
Financial expenses	16,004,347.22	16,075,017.14	32,079,364.36
revaluation value	84,161,574.44	0.00	84,161,574.44

J.W. J.W. Construction Holding S.A for the purpose of the investment property evaluation orders the preparation of appraisal report with determining the market value to independent Property Valuers, having the appropriate permissions. In order to determine the valuation, the property valuer use the principles in accordance with General National Principles of Valuation adopted by the Polish Federation of Valuers' Associations where the market value is the most probable price obtainable on the market at the measurement date.

In order to determine the market value, the property valuer determines the optimal or the most probable way of the property use by properly selected method of valuation. The property valuer especially takes into account the purpose of the valuation, the type and location of the property, destiny in the local plan, the level of equipment in the technical infrastructure and the available data on prices, income and similar real estate characteristics.

In the hierarchy of the fair value estimation of the investment properties are classified to Level 3, where:

1 - Quoted prices, which are not adjusted, in an active market for identical assets and liabilities that the entity can access at the measurement date.

2 - Inputs, other than quoted prices, that are observable, either directly or indirectly.

3 - Unobservable inputs.

The hierarchy is determined on the basis of the lowest level of inputs.

The following methods to determine the market value of the property in presented reports by the property valuers from accounting records of J.W. Construction Holding S.A were used:

- income-based valuation method
- comparison in pairs method
- residual method

Note 5. Other financial assets

LONG-TERM FINANCIAL ASSETS	30-06-2014	31-12-2013
a) shares	219,354.98	228,999.60
b) loans granted	534,254.10	488,621.86
c) other long-term investments	0.00	0.00
Total long-term financial assets	753,609.08	717,621.46

LONG-TERM FINANCIAL ASSETS	30-06-2014	31-12-2013
a) in subsidiaries	544,059.08	503,426.84
- shares	9,804.98	14,804.98
- debt securities	0.00	0.00
- other securities	0.00	0.00
- loans granted	534,254.10	488,621.86
- other long-term financial assets	0.00	0.00
b) in other parties	209,550.00	214,194.62
- shares	209,550.00	214,194.62
- debt securities	0.00	0.00
- other securities	0.00	0.00
- loans granted	0.00	0.00
- other long-term financial assets	0.00	0.00
c) other long-term investments	0.00	0.00
Total long-term financial assets	753,609.08	717,621.46

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	Name of a unit (and its legal form)	Domicile	Business	Relation	Method of consolidation	Date of assuming control	Value of shares/interests at acquisition price	Revaluation adjustments (total)	Write-offs up to book value of in-kind contribution	Carrying value of shares	% of total number of votes in the general meeting
1	TBS Marki Sp. z o.o.	Warsaw	social building	subsidiary	full consolidation	14/11/2003	13,360,000.00	0.00	0.00	13,360,000.00	100.00%
2	Business Financial Construction Sp. z o.o.	Warsaw	services	subsidiary	full consolidation	16/06/2003	4,347,000.00	0.00	0.00	4,347,000.00	99.99%
3	Lokum Sp. z o.o.	Warsaw	developer activity	subsidiary	full consolidation	13/09/2005	3,778,500.00	0.00	0.00	3,778,500.00	100.00%
4	J.W. Construction Bulgaria Sp. z o.o.	Warna (Bulgaria)	developer activity	subsidiary	not consolidated	08/10/2007	9,854.98	0.00	0.00	9,854.98	100.00%
5	Yakor House Sp. z o.o.	Sochi, Russia	developer activity	subsidiary	full consolidation	07/12/2007	9,810,000.00	0.00	0.00	9,810,000.00	70.00%
6	J.W. Construction Sp. z o.o.	Ząbki	prefabricated unit production for the building industry	subsidiary	full consolidation	19/02/2008	57,452,006.00	0.00	30,430,356.00	27,021,650.00	99.99%
7	JW. Marka Sp. z o.o.	Ząbki	leasing of intellectual property	subsidiary	full consolidation	23/08/2011	155,841,000.00	0.00	155,779,575.58	61,424.42	100.00%
8	J.W. Group Sp. z o.o.	Ząbki	management of other entities	subsidiary	full consolidation	23/02/2012	50,000.00	0.00	0.00	50,000.00	100.00%
9	J.W. Group Sp. z o.o. 1 SKA	Ząbki	developer activity	subsidiary	full consolidation	26/03/2012	62,074,000.00	0.00	0.00	62,074,000.00	100.00%
10	J.W. Group Sp. z o.o. 2 SKA	Ząbki	developer activity	subsidiary	full consolidation	26/03/2012	50,000.00	0.00	0.00	50,000.00	100.00%
11	Seahouse Sp. z o.o.	Ząbki	developer activity	subsidiary	full consolidation	18/10/2012	10,950,000.00	0.00	0.00	10,950,000.00	100.00%
12	J.W. 6 Sp. z o.o.	Ząbki	developer activity	subsidiary	full consolidation	16/11/2012	50,000.00	0.00	0.00	50,000.00	100.00%
13	Nowe Tysiąclecie Sp. z o.o.	Ząbki	developer activity	subsidiary	full consolidation	11/06/2013	3,275,000.00	0	0	3,275,000.00	100.00%
14	Dana Invest Sp. z o.o.	Ząbki	developer activity	subsidiary	full consolidation	22/11/2013	5,765,000.00	0.00	0.00	5,765,000.00	100.00%
15	Bałtycka Invest Spółka z	Ząbki	developer	subsidiary	full	23/01/20	5,000.00	0.00	0.00	5,000.00	100.00%

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	Name of a unit (and its legal form)	Domicile	Business	Relation	Method of consolidation	Date of assuming control	Value of shares/interests at acquisition price	Revaluation adjustments (total)	Write-offs up to book value of in-kind contribution	Carrying value of shares	% of total number of votes in the general meeting
	o.o.		activity		consolidation	14					
16	Berensona Invest Spółka z o.o.	Ząbki	developer activity	subsidiary	full consolidation	28/01/2014	5,000.00	0.00	0.00	5,000.00	100.00%
17	Bliska Wola 1 Spółka z o.o.	Ząbki	developer activity	subsidiary	full consolidation	22/01/2014	5,000.00	0.00	0.00	5,000.00	100.00%
18	Bliska Wola 2 Spółka z o.o.	Ząbki	developer activity	subsidiary	full consolidation	29/01/2014	5,000.00	0.00	0.00	5,000.00	100.00%
19	Bliska Wola 3 Spółka z o.o.	Ząbki	developer activity	subsidiary	full consolidation	23/01/2014	5,000.00	0.00	0.00	5,000.00	100.00%
20	Bliska Wola 4 Spółka z o.o.	Ząbki	developer activity	subsidiary	full consolidation	24/01/2014	5,000.00	0.00	0.00	5,000.00	100.00%
21	Bliska Wola 5 Spółka z o.o.	Ząbki	developer activity	subsidiary	full consolidation	29/01/2014	5,000.00	0.00	0.00	5,000.00	100.00%
22	Zdziarska Invest Spółka z o.o.	Ząbki	developer activity	subsidiary	full consolidation	22/01/2014	5,000.00	0.00	0.00	5,000.00	100.00%
23	Łódź Invest Sp z o.o.	Ząbki	developer activity	subsidiary	full consolidation	22/01/2014	3,700,000.00	0.00	0.00	3,700,000.00	100.00%
24	Porta Transport Sp. z o.o. in liquidation	Szczecin	transport	subsidiary	full consolidation	12/11/2007	19,309,914.41	0.00	0.00	19,309,914.41	100.00%

Indirect ties											
25	TBS Nowy Dom Sp. z o.o.	Ząbki	social building	associate	not consolidated	30/09/2006	1,000.00	0.00	0.00	1,000.00	2.00%
26	Karczma Regionalna Sp.z o.o.	Krynica Górská	hotel activity	subsidiary	not consolidated	16/12/2004	208,550.00	0.00	0.00	208,550.00	8.06%

Note 6. Non-current receivables

NON-CURRENT RECEIVABLES	30-06-2014	31-12-2013
a) guarantee receivables	856,855.59	1,463,496.93
b) deposit receivables(leasing)	0.00	0.00
b) other receivables	0.00	0.00
Total receivables	856,855.59	1,463,496.93

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

INVENTORIES	30-06-2014	31-12-2013
a) materials	3,661,791.30	3,099,513.54
b) semi-finished products and work in progress	1,271,788.03	96,992.59
c) finished products	503,515.55	561,794.42
d) goods	28,299,941.52	28,283,119.65
e) trade advances	49.59	49.59
Total inventories	33,737,085.99	32,041,469.79

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

CONSTRUCTION CONTRACTS	30-06-2014	31-12-2013
CONSTRUCTION CONTRACTS (current assets)		
a) semi-finished products and work in progress	272,070,402.16	197,500,841.18
b) finished products	104,234,514.80	162,972,438.90
c) advances for supplies	2,432,515.41	2,832,422.72
d) short-term prepayments	118,572.80	58,386.55
Total construction contracts	378,856,005.17	363,364,089.35
CONSTRUCTION CONTRACTS (current liabilities)		
a) accruals	66,582,794.57	25,115,826.84
Total construction contracts	66,582,794.57	25,115,826.84

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 2014, the Company established securities in the form of mortgages presented in inventories and construction contracts with the value of PLN 445,100,000 and presented in fixed assets with the value of PLN 338,800,000. 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 2014, the loan liabilities amounted to PLN 284,200,000. (excluding credits of TBS Marki Sp. z o.o., liabilities amount to PLN 182,4 mil).

The Companies of the Group, in connection with the business activities, issue the bonds that are secured with the mortgage on the property. As at 30 June 2014, the Companies of the Group established securities in the form of mortgages presented in inventories and construction contracts with the value of PLN 355 mil. and in the form of mortgages on foreign properties in the amount of PLN 10 mil. The value of the mortgage is established on the amount of the bond issued (or higher), therefore, this amount exceeds the value of the property shown in assets of the Group's Companies. As at 30 June 2014, the liabilities from bonds issued amounted to PLN 292.2 mil.

Accruals	30-06-2014	31-12-2013
-advances on premises	62,386,905.16	25,114,896.84
-works provision	3,393,111.07	0.00
-other	802,778.34	930.00
The total value of accruals	66,582,794.57	25,115,826.84

Note 8. Trade and other receivables

CURRENT RECEIVABLES	30-06-2014	31-12-2013
a) trade receivables - related parties	134,962.98	0.00
b) trade receivables - other parties	34,647,742.89	31,616,290.67
c) taxes, subsidies, customs duties, social and health insurance and other payments	9,799,506.21	10,041,835.43
d) other	23,419,736.07	21,751,996.01
Total receivables	68,001,948.14	63,410,122.10

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.

Note 9. Other short-term financial assets

SHORT-TERM INVESTMENTS	30-06-2014	31-12-2013
a) shares	0.00	0.00
b) loans granted	36,090,630.58	35,668,280.76
c) other investments	1,335,619.84	312,396.43
Total value of short-term investments	37,426,250.42	35,980,677.19

SHORT-TERM INVESTMENTS	30-06-2014	31-12-2013
a) in subsidiaries	35,155,924.28	35,104,952.53
- shares	0.00	0.00
- debt securities	0.00	0.00
- other securities	0.00	0.00
- loans granted	35,155,924.28	35,104,952.53
- other short-term financial assets	0.00	0.00
b) in other parties	2,270,326.14	875,724.66
- shares	0.00	0.00
- debt securities	0.00	0.00
- other securities	1,335,619.84	312,396.43
- loans granted	934,706.30	563,328.23
- other short-term financial assets	0.00	0.00
c) other short-term investments	0.00	0.00
Total value of short-term investments	37,426,250.42	35,980,677.19

Note 10. Cash and cash equivalents

CASH AND CASH EQUIVALENTS	30-06-2014	31-12-2013
a) cash on hand and with bank	30,626,916.37	12,908,360.76
b) other cash	388,437.37	2,907,702.37
c) other cash equivalents	86,559.39	2,445.45
Total cash	31,101,913.13	15,818,508.58

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

	30-06-2014	31-12-2013
Cash and cash equivalents in trust accounts	20,305,964.52	2,525,706.61
JW. Construction Holding SA.	184,484.61	157,450.00
Seahouse Sp. z o.o.	2,515,209.08	747,347.66
JW. Group 1 Sp. KA	13,885,881.55	1,620,908.95
Bliska Wola 1 Spółka z o.o.	2,335,204.83	0.00
Nowe Tysiąclecie Sp. z o.o.	1,385,184.45	0.00

As at 30 June 2014, the Company's escrow accounts hold cash and cash equivalents in the amount of PLN 20,305,964.52. In connection with the above, access to funds is dependent on the release of funds from escrow accounts.

Note 11. Short-term prepayments

ACCRUALS	30-06-2014	31-12-2013
a) short-term prepayments	13,742,674.07	11,530,158.33
The total value of accruals	13,742,674.07	11,530,158.33

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. Equity and other capital

Class / issue	Share type	Type of preference shares dividend	Types of restrictions on rights to shares	Number of shares	Par value of class/issue	Coverage of capital	Registration Date	Right to 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*	
Total number of shares				54,073,280				
Total share capital					10,814,656			
Par value of one share = PLN 0.20								

* The merger of series A and B shares into one series A/B shares in connection with the cancellation of 625 000 purchased within the redemption and cancellation program conducted by the Company.

As at 30 June 2014 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	16.181.566	29.93 %	16.181.566	29.93 %
EHT S.A domiciled in Luxembourg	18.568.300	34.34 %	18.568.300	34.34 %
Other	19.323.414	35.74 %	19.323.414	35.74 %

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	16.181.566	29.93 %	16.181.566	29.93 %
EHT S.A domiciled in Luxembourg	18.568.300	34.34 %	18.568.300	34.34 %
Other	19.323.414	35.74%	19.323.414	35.74%

Note 13. Other capital

OTHER CAPITAL	30-06-2014	31-12-2013
a) supplementary capital	501,229,585.92	488,506,357.82
b) other reserve capital	7,947,307.60	7,947,307.60
c) translation reserve	323,406.01	477,117.60
Total other capital	509,500,299.52	496,930,783.02

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

Note 14. Borrowings

BORROWINGS	30-06-2014	31-12-2013
a) credits	284,228,349.32	328,425,301.37
<i>of which: long-term</i>	182,806,383.88	188,124,740.28
<i>Short-term</i>	101,421,965.44	140,300,561.09
b) loans	37,866,486.99	4,025,700.48
<i>of which: long-term</i>	4,095,217.41	1,056,716.65
<i>Short-term</i>	33,771,269.58	2,968,983.83
Total borrowings	322,094,836.31	332,451,001.85
Borrowings - long-term	186,901,601.29	189,181,456.93
Borrowings - short-term	135,193,235.02	143,269,544.92

In the first half of 2014 and from the balance sheet date of these financial statements none of the concluded credit agreements was terminated by the bank.

LOANS PER MATURITY	30-06-2014	31-12-2013
Up to 1 year	101,421,965.44	140,300,561.09
Over 1 year up to 2 years	39,160,867.73	52,612,919.95
Over 2 year up to 5 years	56,044,343.54	42,170,343.57
Over 5 years	87,601,172.61	93,341,476.76
Total loans, including:	284,228,349.32	328,425,301.37
- long-term	182,806,383.88	188,124,740.28
- short-term	101,421,965.44	140,300,561.09

CASH LOANS PER MATURITY	30-06-2014	31-12-2013
Up to 1 year	33,771,269.58	2,968,983.83
Over 1 year up to 2 years	4,095,217.41	1,056,716.65
Over 2 year up to 5 years	0.00	0.00
Over 5 years	0.00	0.00
Total loans, of which:	37,866,486.99	4,025,700.48
- long-term	4,095,217.41	1,056,716.65
- short-term	33,771,269.58	2,968,983.83

including TBS Marki Sp. z o.o.

BORROWINGS	30-06-2014	31-12-2013
a) credits	101,784,769.89	102,746,434.07
<i>of which: long-term</i>	97,028,788.71	97,990,452.89
<i>Short-term</i>	4,755,981.18	4,755,981.18
b) loans	0.00	0.00
<i>of which: long-term</i>	0.00	0.00
<i>Short-term</i>	0.00	0.00
Total borrowings	101,784,769.89	102,746,434.07
Borrowings - long-term	97,028,788.71	97,990,452.89
Borrowings - short-term	4,755,981.18	4,755,981.18

LOANS PER MATURITY	30-06-2014	31-12-2013
Up to 1 year	4,755,981.18	4,755,981.18
Over 1 year up to 2 years	4,755,981.18	4,755,981.18
Over 2 year up to 5 years	14,267,943.54	14,267,943.57
Over 5 years	78,004,863.99	78,966,528.14
Total loans, including:	101,784,769.89	102,746,434.07
- long-term	97,028,788.71	97,990,452.89
- short-term	4,755,981.18	4,755,981.18

The Company of TBS Marki Sp. z o.o took the loans from the National Housing Fund on an entirely separate, in comparison to standard commercial loans, 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) . These are long-term loans with repayment dates falling on the years 2033-2044. The loans are repaid from rental fees from the tenants of TBS apartments.

Note 15. Deferred income tax assets and liabilities

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

	30-06-2014		
	Deferred income tax assets	Deferred tax liabilities	Net value
DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITIES	28,692,223.93	26,378,400.22	2,313,823.71

Note 16. Retirement benefit obligations

CHANGE IN RETIREMENT BENEFIT OBLIGATIONS	30-06-2014	31-12-2013
Opening balance	161,777.01	455,276.52
Increases	0.00	0.00
Decreases	0.00	293,499.51
Closing balance	161,777.01	161,777.01

Note 17. Provision for other liabilities and charges

PROVISIONS FOR OTHER LIABILITIES AND CHARGES	30-06-2014	31-12-2013
a) short-term, of which:	15,109,701.84	16,818,245.53
- accrued expenses, including:	13,087,428.63	13,676,660.90
- <i>interests charged</i>	1,714,260.57	2,223,423.34
- <i>rent deposits</i>	477,649.38	477,649.38
- <i>other</i>	10,895,518.68	10,975,588.18
- other provisions, including:	2,022,273.21	3,141,584.63
- <i>provisions for future liabilities</i>	0.00	0.00
- <i>provisions for guarantee repairs</i>	2,022,273.21	2,022,273.21
- <i>other provisions</i>	0.00	1,119,311.42
a) long-term, of which:	55,292,166.83	55,248,994.91
- accrued expenses, including:	55,292,166.83	55,248,994.91
- <i>participation in costs of construction -TBS Marki</i>	49,087,303.81	49,094,677.69
- <i>deferred income- loan remittance-TBS Marki</i>	6,204,863.02	6,154,317.22
- <i>deferred surplus of revenues from sales over the carrying value/sale and lease back</i>	0.00	0.00
Total provisions for other liabilities and charges	70,401,868.67	72,067,240.44

Note 18. Other non-current liabilities

OTHER NON-CURRENT LIABILITIES	30-06-2014	31-12-2013
a) lease obligations	81,615.89	117,280.26
b) deposit liabilities	4,114,525.61	5,584,401.99
c) other non-current liabilities	4,793,932.51	17,738,930.39
d) note liabilities	6,656,577.44	6,461,102.78
e) bonds	271,817,000.00	291,900,000.00
Total other liabilities	287,463,651.45	321,801,715.42

On 24 April 2013, the Company converted liabilities from promissory note issued to the bearer bonds in a number of 9,120 units with a par value of PLN 10,000 each and a total value of PLN 91,200,000. Maturity date was set on 26 January 2016

Note 19. Trade and other payables

TRADE AND OTHER PAYABLES	30-06-2014	31-12-2013
a) trade payables - other parties	50,640,061.86	48,934,213.75
b) trade payables - related parties	0.00	0.00
c) taxes, customs duties, insurance and other payments	6,425,423.71	6,699,846.39
d) salaries	1,641,271.03	1,753,059.13
e) trade advances received	0.00	0.00
f) other	8,354,029.74	28,610,448.94
Total trade and other payables	67,060,786.33	85,997,568.21

OTHER LIABILITIES	30-06-2014	31-12-2013
a) debt securities issue- liabilities	20,437,514.68	7,949,363.10
b) note liabilities	124,799.85	121,804.98
c) lease liabilities	24,286,899.54	25,674,106.42
d) other financial liabilities	0.00	0.00
Total other liabilities	44,849,214.07	33,745,274.50

Note 20. Risk Management

Risk management is described under the Management Commentary from activity.

Note 21. Earnings per share

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	1 January 2014 - 31 June 2014	1 January 2013 - 31 June 2013
Profits		
(A) Profits of the Group disclosed in the consolidated financial statements	5,950,557.95	5,146,103.56
Number of shares		
(B) Number of ordinary shares and preferred shares (as to the right to vote in the General Meeting of the Company) for the purpose of calculating earnings per share *	54,073,280.00	54,073,280.00
(C) Number of ordinary shares and preferred shares (as to the right to vote in the General Meeting of the Company) for the purpose of calculating diluted earnings per share	54,073,280.00	54,073,280.00
Basic earnings per share = (A)/(B)	0.11	0.10
Diluted earnings per share = (A)/(B)	0.11	0.10

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

Note 22. Income tax

INCOME TAX	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
a) Current income tax	172,200.00	99,303.00
b) deferred income tax	2,982,113.41	1,008,981.38
Total Income tax	3,154,313.41	1,108,284.38

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 2013, the segment was comprised of the following entities: JW. Construction Holding SA., Lokum Sp. z o.o. The primary kind of goods and services within the framework of each branch segment:

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

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from 01-01-2014 to 30-06-2014	Developer activity	Hotel activity	Social building	Construction	Transport, other	Eliminations	Total
Net revenues from sales of products, goods and materials, of which:	83,241,963.85	16,214,264.01	6,950,659.41	16,455,090.20	1,956,163.64	-7,876,322.81	116,941,818.30
Net revenues from sales of products	83,018,728.04	16,214,264.01	6,950,659.41	16,321,146.40	1,954,254.91	-7,865,809.66	116,593,243.11
Net revenues from sales of goods and materials	223,235.81	0.00	0.00	133,943.80	1,908.73	-10,513.15	348,575.19
Costs of products, goods and materials sold, of which:	66,956,470.06	13,882,241.04	3,983,535.96	12,109,942.21	771,172.82	-9,058,157.88	88,645,204.21
Manufacturing cost of products sold	66,722,315.49	13,882,241.04	3,983,535.96	11,978,638.35	769,270.09	-9,047,644.73	88,288,356.20
Value of goods and materials sold	234,154.57	0.00	0.00	131,303.86	1,902.73	-10,513.15	356,848.01
Gross profit (loss) on sales	16,285,493.79	2,332,022.97	2,967,123.45	4,345,147.99	1,184,990.82	1,181,835.07	28,296,614.09
Selling expenses	7,458,083.00	1,154,765.23	0.00	39,800.08	-368,191.13	0.00	8,284,457.18
Overhead expenses	6,173,282.89	522,117.19	450,205.57	683,094.31	824,410.00	-136,871.38	8,516,238.58
Revaluation of investment properties	10,551,901.80	0.00	0.00	0.00	0.00	723,522.63	11,275,424.43
Profit (loss) on sales	13,206,029.70	655,140.55	2,516,917.88	3,622,253.60	728,771.95	2,042,229.08	22,771,342.76
Other operating income	1,672,090.02	417,503.82	25,587.71	202,881.03	-1,603.54	0.00	2,316,459.04
Other operating expenses	-3,398,219.99	122,463.54	35,904.90	5,086,412.66	617.83	0.00	1,847,178.94
Operating profit (loss)	18,276,339.71	950,180.83	2,506,600.69	-1,261,278.03	726,550.58	2,042,229.08	23,240,622.86
Financial income	6,119,747.54	257,053.26	599,946.76	564,478.90	433,702.47	-6,206,348.19	1,768,580.74
Financial expenses	14,187,297.88	1,696,555.60	1,388,111.04	330,807.63	7,908.28	-1,706,348.19	15,904,332.24
Profit (loss) on ordinary activities	10,208,789.37	-489,321.51	1,718,436.41	-1,027,606.76	1,152,344.77	-2,457,770.92	9,104,871.36
Gross profit (loss)	10,208,789.37	-489,321.51	1,718,436.41	-1,027,606.76	1,152,344.77	-2,457,770.92	9,104,871.36
Net profit (loss)	7,405,915.17	-634,639.00	1,713,365.41	-851,564.81	999,800.77	-2,682,319.59	5,950,557.95

from 01-01-2013	Developer	Hotel activity	Social building	Construction	Transport,	Eliminations	Total
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JW. Construction Holding SA.
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to 30-06-2013	activity				other		
Net revenues from sales of products, goods and materials, of which:	138,561,812.32	11,188,520.35	6,924,597.03	38,410,945.41	1,464,471.47	-15,226,464.79	181,323,881.79
Net revenues from sales of products	137,754,981.19	11,188,520.35	6,922,597.03	38,045,317.61	0.00	-15,197,299.95	178,714,116.23
Net revenues from sales of goods and materials	806,831.13	0.00	2,000.00	365,627.80	1,464,471.47	-29,164.84	2,609,765.56
Costs of products, goods and materials sold, of which:	99,343,915.91	15,306,089.06	4,101,151.31	38,355,202.69	678,685.33	-15,127,568.23	142,657,476.07
Manufacturing cost of products sold	97,698,398.42	15,306,089.06	4,080,422.34	38,095,438.48	678,685.33	-15,098,403.39	140,760,630.24
Value of goods and materials sold	1,645,517.49	0.00	20,728.97	259,764.21	0.00	-29,164.84	1,896,845.83
Gross profit (loss) on sales	39,217,896.41	-4,117,568.71	2,823,445.72	55,742.72	785,786.14	-98,896.56	38,666,405.72
Selling expenses	8,233,610.38	830,171.79	0.00	13,850.19	0.00	-149,674.15	8,927,958.21
Overhead expenses	7,862,273.38	426,667.09	438,037.71	1,186,304.13	796,392.08	-113,312.67	10,596,361.72
Revaluation of investment properties	3,451,614.70	0.00	0.00	0.00	0.00	0.00	3,451,614.70
Profit (loss) on sales	26,573,627.34	-5,374,407.59	2,385,408.01	-1,144,411.60	-10,605.94	164,090.26	22,593,700.48
Other operating income	2,694,676.40	269,299.91	124,232.76	2,398,227.14	41.40	405,644.47	5,892,122.08
Other operating expenses	1,138,273.23	2,426,740.10	341,958.88	716,350.56	-445,723.44	0.80	4,177,600.13
Operating profit (loss)	28,130,030.51	-7,531,847.78	2,167,681.89	537,464.98	435,158.90	569,733.93	24,308,222.43
Financial income	2,618,663.05	317,953.10	694,085.57	721,293.32	431,285.39	-959,838.03	3,823,442.40
Financial expenses	18,765,911.35	2,392,600.27	2,148,801.40	353,867.19	650.00	-1,784,553.32	21,877,276.89
Profit (loss) on ordinary activities	11,982,782.21	-9,606,494.95	712,966.06	904,891.11	865,794.29	1,394,449.22	6,254,387.94
Gross profit (loss)	11,982,782.21	-9,606,494.95	712,966.06	904,891.11	865,794.29	1,394,449.22	6,254,387.94
Net profit (loss)	9,839,219.00	-8,531,416.86	706,874.06	1,043,958.27	691,377.29	1,396,091.80	5,146,103.56

NOTES TO THE CONSOLIDATED INCOME STATEMENTS

Note 24. Operating income

OPERATING INCOME	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
Revenues from sales of products	78,886,328.55	133,258,499.02
Revenues from sales of services	37,706,914.56	46,920,088.68
Revenues from sales of goods	348,575.19	1,145,294.09
Total income	116,941,818.30	181,323,881.79

	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
Revenues from sales, of which:	116,941,818.30	181,323,881.79
- from sales of products - units, plots, buildings	76,731,340.81	132,266,329.02
- sales of products - other	2,154,987.74	992,170.00
- sales of services	37,706,914.56	46,920,088.68
- sales of goods	348,575.19	1,145,294.09

	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
Revenues from sales of products and services per business segment	116,593,243.11	180,178,587.70
- developer activity	84,899,665.70	139,669,240.68
- hotel activities	16,214,264.01	11,188,520.35
- social building	6,950,659.41	6,922,597.03
- transport services	0.00	0.00
- construction	8,528,653.99	22,398,229.64

	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
Revenues from sales of products - premises, plots, buildings per geographic segments	76,731,340.81	132,266,329.02
- Warsaw and vicinity	53,604,194.09	121,358,809.43
- Gdynia	-17,769.09	430,514.86
- Łódź	4,268,912.67	10,477,004.73
- Poznań	18,876,003.14	0.00
- Sopot	0.00	0.00

Note 25. Operating expenses

OPERATING EXPENSES	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
Costs on sale of products	65,738,876.05	96,759,446.21
Costs on sale of services	22,549,480.15	44,001,184.03
Costs on sale of goods	356,848.01	1,896,845.83
Total costs of products, services and goods sold	88,645,204.21	142,657,476.07

Selling and overhead expenses	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
Selling expenses	8,284,457.18	8,927,958.21
Overhead expenses	8,516,238.58	10,596,361.72
Total selling and overhead expenses	16,800,695.76	19,524,319.93

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Costs by type	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
Depreciation and amortisation	2,623,696.66	7,007,386.03
Cost of materials and energy	10,865,804.71	9,213,802.32
Services made by other contractions	32,442,252.00	56,220,878.81
Taxes and duties	5,320,520.33	4,782,507.37
Wages and Salaries	14,122,698.38	14,302,868.49
Services for the benefit of employees	2,495,676.92	2,545,908.98
Other costs	4,883,587.96	5,743,760.00
Total costs according to types	72,754,236.96	99,817,112.00

Note 26. Other operating income

OPERATING INCOME	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
a) profit from disposal of non-financial fixed assets	85,889.73	0.00
b) other operating income	2,230,569.31	5,892,122.08
Total operating income	2,316,459.04	5,892,122.08

OPERATING INCOME	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
a) profit from disposal of non-financial fixed assets	85,889.73	0.00
b) handling charges	68,334.08	0.00
c) provisions	1,041,040.57	491,060.05
d) assets disclosure	0.00	0.00
d) other (including compensation and penalties)	1,121,194.66	5,401,062.03
Total operating expenses	2,316,459.04	5,892,122.08

Note 27. Other operating expenses

OPERATING EXPENSES	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
a) loss on disposal of non-financial fixed assets	120,331.36	1,380,506.61
b) revaluation of non-financial assets	0.00	0.00
c) other operating expenses	1,726,847.58	2,797,093.52
Total operating expenses	1,847,178.94	4,177,600.13

OPERATING EXPENSES	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
a) loss on disposal of non-financial fixed assets	120,331.36	1,380,506.61
b) revaluation of non-financial assets	0.00	0.00
c) provisions	1,989.06	383,932.29
d) compensation, penalties and damages	494,808.94	519,403.21
e) compensation fee	16,141.47	15,530.66
f) other	1,213,908.11	1,878,227.36
Total operating expenses	1,847,178.94	4,177,600.13

Note 28. Financial income

FINANCIAL INCOME	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
a) dividends	0.00	0.00
b) interest	975,298.61	1,042,883.91
c) profit on disposal of investments	0.00	824,768.88
d) other	793,282.13	1,955,789.61
Total financial income	1,768,580.74	3,823,442.40

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Financial income	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
a) dividends	0.00	0.00
b) interests from customers	296,794.45	316,059.42
c) loan interests	326,275.29	307,665.46
d) deposit interests	527.44	41,097.21
e) bill interests	23,223.41	34,808.03
f) other interests	328,478.02	343,253.79
g) profit on disposal of investments	0.00	0.00
h) foreign exchange differences	0.00	1,955,789.61
i) other	793,282.13	824,768.88
Total	1,768,580.74	3,823,442.40

Note 29. Financial expenses

FINANCIAL EXPENSES	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
a) interest	15,204,624.66	21,745,823.65
b) loss on disposal of investments	0.00	0.00
c) other	699,707.58	131,453.24
Total financial expenses	15,904,332.24	21,877,276.89

FINANCIAL EXPENSES	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
a) interest, commission, credits	6,769,905.98	9,770,956.07
b) interests - leases	858,770.88	1,154,634.35
c) interest-loans	67,115.89	56,183.50
d) interest-bills	198,469.53	2,444,032.14
e) interest-bond issue	6,708,405.92	5,818,945.99
f) other interests	601,956.46	2,501,071.60
g) loss on disposal of investments	0.00	0.00
h) other	699,707.58	131,453.24
Total financial expenses	15,904,332.24	21,877,276.89

Note 30. Transactions with related parties

The Company within its business activity enters into transactions with related companies especially in the scope of the management of sales, administrative services, rental property, execution of works, the provision of guarantees, financing. Below, there are transactions with subsidiaries and other affiliated companies, the value of which in 2014 was significant from the point of view of the presented data. Materiality threshold was adopted for commercial transactions over PLN 100 thousand with the remaining 10% of equity. All transactions concluded in 2014 by the Company or a subsidiary with the related parties were concluded on market terms.

COMPANY NAME	Receivables from related parties	
	30-06-2014	31-12-2013
J.W. Construction Bulgaria	35,682,596.48	35,178,398.37
Yakor House Sp. z o.o.	16,711,523.71	16,105,685.73
J.W. Marka Sp. z o.o.	0.00	8,632,665.26
J.W. Group Sp. z o.o. 1 SKA	116,735,332.47	120,629,925.09
Lokum Sp. z o.o.	11,953.35	262,973.24
Business Financial Construction Sp. z o.o.	200,000.00	4,809,914.41
Seahouse Sp. z o.o.	660,988.28	622,036.95
J.W. Construction Sp. z o.o.	14,685,048.98	4,545,588.92
Nowe Tysiąclecie Sp. z o.o.	5,306,161.90	169,922.04
Dana Invest Sp. z o.o. z o.o	594,158.67	765.06
Łódź Invest Sp z o.o.	1,709,097.90	371.46
Bliska Wola 1 Spółka z o.o. z o.o	2,098,736.20	427.55

	Liabilities to related parties

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COMPANY NAME	30-06-2014	31-12-2013
TBS Marki Sp. z o.o.	29,593,957.56	29,021,553.65
J.W. Marka Sp. z o.o.	325,323.04	10,676,028.81
Business Financial Construction Sp. z o.o.	2,896,952.68	3,031,684.35
J.W. Construction Sp. z o.o.	37,894,177.07	47,226,991.28
Porta Transport Sp. z o.o. in liquidation	13,162,385.95	12,728,684.71

J.W. Construction Holding S.A. as the buyer of products or services (transactions for more than 100 thousand).

COUNTERPARTY OF TRANSACTION	A TRANSACTION/AGREEMENT SUBJECT	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 31-12-2013
Related parties subject to consolidation			
J.W. Marka Sp. z o.o.	marketing services	234,901.00	735,180.00
J.W. Marka Sp. z o.o.	license fee for trademark	0.00	8,233,149.80
Business Financial Construction Sp. z o.o.	marketing services	736,401.41	2,107,758.62
J.W. Construction Sp. z o.o.	building-arrangements works Lewandów I	0.00	374,947.40
J.W. Construction Sp. z o.o.	building-arrangements works Lewandów II	0.00	184,628.21
J.W. Construction Sp. z o.o.	building-arrangements works Kręczki Kaputy	0.00	160,530.00
J.W. Construction Sp. z o.o.	building-arrangements works Światowida	0.00	134,571.92
J.W. Construction Sp. z o.o.	building-arrangements works Zdziarska I	0.00	673,370.07
J.W. Construction Sp. z o.o.	building-arrangements works houses Ożarów	250,629.47	675,132.05
J.W. Construction Sp. z o.o.	building works Poznań	403,000.00	23,136,948.07
J.W. Construction Sp. z o.o.	building works Szczecin Hanza Tower	0.00	458,257.13
J.W. Construction Sp. z o.o.	building works Światowida	0.00	601,817.43
J.W. Construction Sp. z o.o.	building works Zdziarska	0.00	571,149.27

J.W. Construction Holding S.A. as a seller of services (transactions for more than 100 thousand).

COUNTERPARTY OF TRANSACTION	A TRANSACTION/AGREEMENT SUBJECT	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 31-12-2013
Related parties subject to consolidation			
TBS Marki Sp. z o.o.	property management	79,572.18	132,620.30
J.W. Group Sp. z o.o 1 SKA	property management	49,886.16	102,679.32
J.W. Group Sp. z o.o 1 SKA	administrative service	258,684.00	518,025.00
J.W. Group Sp. z o.o 1 SKA	sale service	312,792.00	208,528.00
Seahouse Sp. z o.o.	administrative service	209,220.00	419,097.00
Seahouse Sp. z o.o.	other services (works connected with preparation for the sale of investments)	0.00	324,000.00
Seahouse Sp. z o.o.	sale service	131,496.00	109,129.00
J.W. Construction Sp. z o.o.	reinvoices - other	164,932.37	466,771.94
J.W. Construction Sp. z o.o.	rent of a property	317,070.42	581,857.37
J.W. Construction Sp. z o.o.	administrative service	0.00	772,385.00
J.W. Construction Sp. z o.o.	guarantee repair services	711,731.75	394,320.86
Nowe Tysiąclecie Sp. z o.o	construction and assembly services	4,239,085.25	0.00
Nowe Tysiąclecie Sp. z o.o	designing services	0.00	329,445.00
Nowe Tysiąclecie Sp. z o.o	administrative service	183,122.00	98,547.00
Nowe Tysiąclecie Sp. z o.o	sale service	118,920.00	36,923.00
Dana Invest Sp. z o.o.	designing services	1,000,000.00	0.00

COUNTERPARTY OF TRANSACTION	A TRANSACTION/AGREEMENT SUBJECT	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 31-12-2013
Dana Invest Sp. z o.o.	administrative service	116,232.00	320.00
Porta Transport Sp. z o.o. in liquidation	rent of a property	72,000.00	144,000.00
Bliska Wola 1 Spółka z o.o.	administrative service	1,624,200.00	0.00
Łódź Invest Sp z o.o.	sale of the project documentation	895,428.00	0.00
Łódź Invest Sp z o.o.	real estate development and sale	3,500,000.00	0.00

Within the Capital Group, the Company of J. W. Construction Sp. z o.o and J.W. Construction Holding S.A act as a general contractor in relation to associated companies directly and indirectly.

Transactions connected with equity investments, financial assets are described in the relevant events to the balance sheet date and after the date of the balance sheet. Other transactions with related parties do not exceed the thresholds of significance.

All transactions with related parties entered into by any company of the Capital Group are arm's length transactions.

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

The remuneration for H1 2014 is presented below. The tables contain aggregate data of members of authorities of all companies of the Parent Company per remuneration for offices held in Group Companies, employment in Group Companies and other forms of remuneration.

Remuneration of the Management Board	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
For offices held in the Group	420,790.47	430,210.95
For employment in the Group	28,524.00	22,527.23
Other remuneration in the Group	0.00	0.00
Total remuneration	449,314.47	452,738.18

Remuneration of the Supervisory Board	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
For offices held in the Group	194,000.00	186,000.00
For employment in the Group	0.00	0.00
Other remuneration in the Group	0.00	0.00
Total remuneration	194,000.00	186,000.00

JW Construction Holding S.A.	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
Management Board		
Łopuszyńska Irmina	126,000.00	126,000.00
Ostrowska Małgorzata	81,276.00	25,665.71
Rajchert Wojciech	120,000.00	120,000.00
Starzyńska Magdalena	93,514.47	90,450.00
Supervisory Board		
Król Jarosław	12,000.00	12,000.00
Murawski Jacek	20,000.00	0.00
Oleksy Józef	75,000.00	81,000.00
Podsiadło Andrzej	12,000.00	12,000.00
Samarcew Marek	75,000.00	81,000.00
Wojciechowski Józef	0.00	0.00

Other Companies of the Capital Group	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
Management Board		
Łopuszyńska Irmina	0.00	0.00
Ostrowska Małgorzata	20,724.00	20,724.00
Rajchert Wojciech	0.00	0.00
Starzyńska Magdalena	7,800.00	1,803.23
Supervisory Board		
Król Jarosław	0.00	0.00
Oleksy Józef	0.00	0.00
Podsiadło Andrzej	0.00	0.00
Samarcew Marek	0.00	0.00
Wojciechowski Józef	0.00	0.00

Average headcount per occupational groups (Capital Group)

Occupational Group	30-06-2014	30-06-2013
Management Board	8	8
Managers	26	31
Administration	204	236
Other employees	177	141
Total	415	416

Contracts	30-06-2014	30-06-2013
Employment contract	415	416
Commission contracts	279	199
Contracts for a specific task	7	5
Total	701	620

Note 32. Significant events during the accounting year

Corporate Affairs

The Extraordinary General Meeting

On 9 April 2014, the Extraordinary General Meeting of Shareholders of the Issuer adopted a resolution on increase of the share capital through a public offering of a new issue of series C shares and rights to shares of Series C. The share capital increase will be from PLN 0.60 to PLN 8,110,992.00 by issuing new ordinary bearer shares of series C in a number not less than 3 and not more than 40,554,960 units. The issue will take place through closed subscription in a public offering within the meaning of the Act of 29 July 2005 on Act on Public Offering, on Conditions for the Introduction of Financial Instruments to the Organized Trading System and on Public Companies (ie of 28 June 2013, Journal of Laws of 2013, item 1382). The existing shareholders of the Company will be entitled to subscription right, while for each one share of the Company held at the end of the day of the subscription right, the Shareholder will be entitled to 1 (one) subscription right. Taking into account the number of issued shares of Series C each 4 (four) subscription rights will entitle to subscribe for three (3) shares of series C. Fractions of shares will not be allocated. In case the number of shares of series C, for any given shareholder under the subscription rights, is not an integer, it will be rounded down to the nearest integer. Shareholders, who are entitled to subscription right, may within its execution time, make an additional subscription for the shares of Series C in the number which is not bigger than the number of the issue, in case when subscription right is not executed by other shareholders. Shares which are subject to an additional entry, referred to above, the Management Board will allocate in proportion to the applications. Shares which are not under the above procedure (Article 436 § 2 and 3 of the Commercial Companies Code). The Management Board will allocate shares at their discretion, but at a price not lower than the issue price (Article 436 § 4 of the Commercial Companies Code).

Subscription right day of series C shares was set at 4 June 2014.

Series C shares will participate in the dividend on the profits that will be dedicated to the distribution for the year 2013 ie from 1 January 2013. In case of setting the dividend day for the year 2013 before the date of registration of the share capital increase through the issue of shares of series C by a competent registration court, series C shares will participate in the dividend on the profits that will be intended for distribution for the year 2014, ie from January 1, 2014.

The General Meeting of J.W.

On 15 May 2014 the Annual General Meeting was held, which approved unitary financial statements, consolidated financial statements for 2013, 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. The Annual General Meeting adopted the following resolution on:

- the number of members of the Supervisory Board for the next term of office.

- the appointment of the Supervisory Board:

Mr. Jacek Murawski

Mr. Andrzej Podsiadło;

Mr. Jarosław Król

On the same day, the Company received a statement of the entitled shareholder to appoint the Supervisory Board:

Mr. Józef Wojciechowski

Mr. Józef Oleksy;

Mr. Marek Samarczew

Supervisory Board

As at 30 June 2014, Due to above events, the Supervisory Board was composed of:

Mr. Józef Wojciechowski - Chairman of Supervisory Board

Mr. Jacek Murawski – Vice Chairman of the Supervisory Board

Mr. Józef Oleksy – Member of the Supervisory Board

Mr. Marek Samarczew - Member of Supervisory Board

Mr. Andrzej Podsiadło – Member of Supervisory Board

Mr. Jarosław Król – Member of Supervisory Board

Management Board

On 30 May 2014., due to the termination of the current term of office with effect from 1 June 2014 and the establishment of the number of members of the Management Board in number of 4 persons, the Supervisory Board appointed the following persons as members of the Management Board of the joint third term of office:

Mr. Wojciech Rajchert - the Member of the Management Board

Ms. Magdalena Starzyńska - Member of the Management Board

On the same day, the Company received a statement of the entitled shareholder to appoint the Management Board of the joint third term of office of the following persons:

Ms. Irmina Łopuszyńska - Member of Management Board

Ms. Małgorzata Ostrowska - Member of Management Board

As at 30 June 2014, due to above events, the Management Board was composed of:

Ms. Irmina Łopuszyńska - Member of Management Board

Ms. Magdalena Starzyńska - Member of Management Board

Ms. Małgorzata Ostrowska - Member of Management Board

Mr. Wojciech Rajchert - the Member of the Management Board

Submission of prospectus

On 30 April 2014, the Company submitted the Application for approval of a prospectus in connection with the public offering and the application for admission of securities to trading on a regulated market in the Financial Supervisory Commission.

The determination of the issue price of shares of series C

The Supervisory Board of the Company, acting pursuant to the authority enclosed in § 3. 1 point a) Resolution No. 3 of the Extraordinary General Meeting of the Company of 9 April 2014 regarding the increase of the share capital of the Company in a public offering of a new issue of C shares with subscription rights for existing shareholders and the amendment of the statutes of the Company, adopted, on May 30, 2014, the resolution on the issue price of the series C shares issued pursuant to the above in the amount of PLN 3.15 (three zlotys, 15/100) per share of Series C.

Registration of related companies

On 22 January 2014 the District Court for the Capital City Of Warsaw, XIV Economic Department of National Court Register registered the company of Łódź Invest Spółka z o.o with its seat in Ząbki in the Register of Entrepreneurs under the number KRS 0000495145. The share capital of that company at the time of registration amounted to PLN 5.000 and was divided into 100 shares at PLN 50 each. All shares were acquired by the Issuer. Through this company, the Issuer intends to pursue the investment in Łódź, Osiedle Centrum III.

On 22 January 2014 the District Court for the Capital City Of Warsaw, XIV Economic Department of National Court Register registered the company of Zdziarska Invest Spółka z o.o with its seat in Ząbki in the Register of Entrepreneurs under the number KRS 0000495351. Share capital of the Company amounts to PLN 5.000 and is divided into 100 shares with a par value of PLN 50 each. All shares were acquired by the Issuer. Through this company, the Issuer intends to pursue the investment in Warsaw, at Zdziarska Street.

On 23 January 2014 the District Court for the Capital City Of Warsaw, XIV Economic Department of National Court Register registered the company of Bałtycka Invest Spółka z o.o with its seat in Ząbki in the Register of Entrepreneurs under the number KRS 0000495612. Share capital of the Company amounts to PLN 5.000 and is divided into 100 shares with a par value of PLN 50 each. All shares were acquired by the Issuer. Through this company, the Issuer intends to pursue the investment in Katowice, at Bałtycka Street.

On 28 January 2014 the District Court for the Capital City Of Warsaw, XIV Economic Department of National Court Register registered the company of Berensona Invest Spółka z o.o with its seat in Ząbki in the Register of Entrepreneurs under the number KRS 0000496087. Share capital of the Company amounts to PLN 5.000 and is divided into 100 shares with a par value of PLN 50 each. All shares were acquired by the Issuer. Through this company, the Issuer intends to pursue the investment in Warsaw, at Berensona Street.

On 22 January 2014 the District Court for the Capital City Of Warsaw, XIV Economic Department of National Court Register registered the company of Bliska Wola 1 Spółka z o.o with its seat in Ząbki in the Register of Entrepreneurs under the number KRS 0000495392. Share capital of the Company amounts to PLN 5.000 and is divided into 100 shares with a par value of PLN 50 each. All shares were acquired by the Issuer. Through this company, the Issuer intends to pursue the B1 stage of the investment in Warsaw, at Kasprzaka Street.

On 29 January 2014 the District Court for the Capital City Of Warsaw, XIV Economic Department of National Court Register registered the company of Bliska Wola 2 Spółka z o.o with its seat in Ząbki in the Register of Entrepreneurs under the number KRS 0000495680. Share capital of the Company amounts to PLN 5.000 and is divided into 100 shares with a par value of PLN 50 each. All shares were acquired by the Issuer. Through this company, the Issuer intends to pursue the B2 stage of the investment in Warsaw, at Kasprzaka Street.

On 23 January 2014 the District Court for the Capital City Of Warsaw, XIV Economic Department of National Court Register registered the company of Bliska Wola 3 Spółka z o.o with its seat in Ząbki in the Register of Entrepreneurs under the number KRS 0000495616. Share capital of the Company amounts to PLN 5.000 and is divided into 100 shares with a par value of PLN 50 each. All shares were acquired by the Issuer. Through this company, the Issuer intends to pursue one of the stages of the investment in Warsaw, at Kasprzaka Street.

On 24 January 2014 the District Court for the Capital City Of Warsaw, XIV Economic Department of National Court Register registered the company of Bliska Wola 4 Spółka z o.o with its seat in Ząbki in the Register of Entrepreneurs under the number KRS 0000495669. Share capital of the Company amounts to PLN 5.000 and is divided into 100 shares with a par value of PLN 50 each. All shares were acquired by the Issuer. Through this company, the Issuer intends to pursue one of the stages of the investment in Warsaw, at Kasprzaka Street.

On 29 January 2014 the District Court for the Capital City Of Warsaw, XIV Economic Department of National Court Register registered the company of Bliska Wola 5 Spółka z o.o with its seat in Ząbki in the Register of Entrepreneurs under the number KRS 0000495118. Share capital of the Company amounts to PLN 5.000 and is divided into 100 shares with a par value of PLN 50 each. All shares were acquired by the Issuer. Through this company, the Issuer intends to pursue one of the stages of the investment in Warsaw, at Kasprzaka Street.

Increase of share capital in subsidiaries

On 21 March 2014, the Extraordinary General Meeting of the company of Łódź Invest Spółka z o.o with its seat in Ząbki adopted the resolution recorded by Mrs. Anna Sota in the notary deed Rep. A 3317/2014 on increase of the share capital from the amount of PLN 5.000 to the amount of PLN 3,700,000, ie by the amount of PLN 3,695,000 by creating 73,900 new shares with par value of PLN 50 each. All shares were acquired by the current Issuer. On April 10, 2014 the Court registered the share capital increase.

On 26 June 2014, the Extraordinary General Meeting of the company of Łódź Invest Spółka z o.o with its seat in Ząbki adopted the resolution recorded by Mrs. Ewa Rokos in the notary deed Rep. A 1339/2014 on increase of the share capital from the amount of PLN 5.765 to the amount of PLN 6.265.000, ie by the amount of PLN 500.000 by creating 10,000 new shares with par value of PLN 50 each. All shares were acquired by the current Issuer.

The conclusion of a significant agreement on increase of the share capital of the subsidiary

On 3 June, 2014, the company entered into an agreement with a subsidiary company under the name of J.W Group limited liability company 1 limited joint-stock partnership with its seat in Ząbki ("JWG"). The agreement concerns the Company's acquisition of 732 shares of a new Series B issued by the JWG on the basis of a

resolution of the General Meeting of 6 December 2013. The acquisition was performed in a way of a private placement. The nominal value of each acquired share is PLN 41,000 zł and the issue price is PLN 82,000 zł, the aggregate par value of the shares amounts to PLN 30,012,000 and the value of the issue is PLN 60,024,000. The Company is the sole shareholder in the JWG.

The court's registration of the capital increase in subsidiaries

On 18 June 2014, the District Court for the Capital City Of Warsaw, XIV Economic Department of National Court Register registered the share capital increase in the subsidiary under the name of J.W. Group limited liability company 1 limited joint-stock partnership with its seat in Ząbki. The increase was in with the amount of PLN 30,012,000, from PLN 2,050,000 zł to the amount of PLN 32,062,000 through the issue of ordinary 732 shares of Series B, all newly created shares were acquired by the Issuer. The basis for the increase was the resolution of 6 December 2013 recorded by Ewa Rokos in Warsaw in the Rep. A 3317/2014. On 18 May 2014, the District Court for the Capital City Of Warsaw, XIV Economic Department of National Court Register registered the share capital increase in the subsidiary of Dana Invest Spółka z o.o with its seat in Ząbki. The increase was from PLN 5,000 to PLN 5.765.000 ie by PLN 5.765.000 through the creation of new 115,200 shares, all newly created shares were acquired by the Issuer. The basis for the increase was the resolution of 23 December 2013 recorded by Anna Sota in Warsaw in the Rep. A 16.886/2013

Land sale

On 21 March 2014, the agreement to Rep. A 3310/2014 was concluded, the subject of the agreement was the sale, to the benefit of the subsidiary under the name of Łódź Invest Spółka z o.o with its seat in Ząbki, of the plot of land marked with No. 104/5 from the precinct S-9, located in Łódź, in Tymienieckiego 16 A Street with the area of 0.7014 hectares for which the District Court for Łódź-Śródmieście, XVI Land and Mortgage Registry keeps a Land and Mortgage Register No. LD1M/00111879/7. Additionally, the project documentation, which was the basis for issuing a building permit for the construction of multi-family residential buildings was sold along with the property. The agreement was a continuation of the activities of the Issuer in order to pursue new investments in separate SPVs.

On 03 April 2014, the agreement to Rep. A 3821/2014 was concluded, the subject of the agreement was the sale, to the benefit of the subsidiary under the name of Dana Spółka z o.o with its seat in Ząbki, of the plot of land marked with No. 22/4 from the precinct 1026, located in Szczecin, in Aleja Wyzwolenia 50 Street with the area of 0.1022 hectares for which the District Court for Szczecin-Prawobrzeże i Zachód in Szczecin, X Land and Mortgage Registry keeps a Land and Mortgage Register No. SZ1S/00082677/6. Additionally, the project documentation, which was the basis for issuing a reconstruction and adaptation permit of an existing commercial building for a hotel and conference center and a spa.

On May 16, 2014, the conditional sales contract was concluded between J.W. Group limited liability company 1 limited joint-stock partnership ("Seller") and Blisk Wola 1 limited liability company ("Purchaser"), Rep A 212/2014 as amended by notarial deed of 30 May 2014, Rep. A 591/2014. Under the agreement, the Seller sold the right of perpetual usufruct of plots of land located in Warsaw in Kasprzaka Street 29/31 with the area of 17.827m², marked with numbers: 3/13 and 3/12 for the price of PLN 26,190,740.55 gross, provided that the City of Warsaw does not exercise its right of first refusal. The Seller committed itself in the contract transferring ownership of all decisions to sell agreements and arrangements relating to the above real estate and project documentation, as well as to transfer to the Purchaser all rights of the decision No 119/WOL/2014 issued on behalf of the Mayor of the capital city of Warsaw of 03 April 2014.

On May 16, 2014, the conditional sales contract was concluded between J.W. Group limited liability company 1 limited joint-stock partnership ("Seller") and Bliska Wola 2 limited liability company ("Purchaser"), Rep A 207/2014. Under the agreement, the Seller sold the right of perpetual usufruct of plots of land located in Warsaw in Kasprzaka Street 29/31 with the area of 7.120m², marked with numbers: 3/17 and 3/18 for the price of PLN 13,912,233.57 gross, provided that the City of Warsaw does not exercise its right of first refusal. The Seller committed itself in the contract transferring ownership of all decisions to sell agreements and arrangements relating to the above real estate and project documentation, as well as to transfer to the Purchaser all rights of the decision No 151/WOL/2014 issued on behalf of the Mayor of the capital city of Warsaw of 05 May 2014.

Credit Agreements

On 29 January 2014, the Company entered into the investment credit agreement with BOS Bank SA for the financing of activities related to environmental protection - refinancing costs connected with the implementation of water- sewerage systems and wastewater treatment plants in Ożarów Mazowiecki in the amount of PLN 13.874 million zł. The repayment date was set on 31 December 2017.

Concluding annexes to loan agreements

On 19 February 2014, the Company signed the Annex to the overdraft facility agreement with Millenium Bank S.A . By virtue of the Annex, the repayment term of the credit was set on 21 August 2014.

On 12 May 2014, the Company concluded an Annexes to the working capital credit granted by Bank Polskiej Spółdzielczości S.A in the amount of PLN 10 million, dedicated to finance a current activity. By virtue of the Annexes, the credit use period and repayment date was postponed. The final repayment date is set on 24 April 2015.

On 24 April 2014, the Company concluded an overdraft facility agreement with Plus Bank (formerly Invest Bank S.A) in the amount of PLN 15 million. By virtue of the Annex, the credit use period and repayment date was postponed. The final repayment date is set on 25 April 2016.

On 24 April 2014, the Company concluded an Annex to the overdraft credit with PKO BP S.A in the amount of PLN 10 million. By virtue of the Annex, the credit use period and repayment date was postponed. The final repayment date is set on 27 April 2015.

Credit Repayment

On February 27, 2014, the Company repaid the investment credit in the amount of PLN 20 million dedicated to refinance the cost of production of 292 residential units in Villa Campina in Ożarów Mazowiecki which was granted by Getin Noble Bank S.A.

Occupancy permits

On 20 January 2014, the Company notified the Powiat Construction Supervision Inspectorate on the use of two single-family houses in Villa Campina estate in Ożarów Mazowiecki. The submissions were accepted without any reservations by the PCSI on February 5, 2014.

On 30 January 2014, the Company received the occupancy permit for the multi-family real estate "Oaza Piątkowo" at Jaroczyńskiego street in Poznań. The permit is final.

A building permit

On April 3, 2014, the Company J.W. Group Sp. z o.o. 1 SKA received a building permit for residential and commercial development - B1 building with an underground garage located in Warsaw at Ordon Street. The permit is final.

On April 5, 2014, the Company J.W. Group Sp. z o.o. 1 SKA received a building permit for residential and commercial development - B 2 building with an underground garage located in Warsaw at Ordon Street. The permit is final.

The conclusion of a significant agreement by subsidiaries

On 20 May 2014, J.W Construction Sp. z o.o with its seat in Ząbki ("Contractor") concluded the agreement with J.W Group Sp. z o.o 1 limited joint-stock partnership with its seat in Ząbki ("Client"), subsidiaries of the Company, on a comprehensive execution of the erection and construction works of multi-family building from the Contractor's materials along with land development and infrastructure in the scope of: road paving, parking lots, cobblestone sidewalks and fences in accordance with a building permit, detailed design, greenery and landscaping elements in the area of the estate at Kasprzaka Street (Stage B1) in Warsaw, as well as the execution of external works outside the road network, central park and the demolition of existing buildings with obtaining a final certificate of occupancy in accordance with the Building Plan according to the project documentation in accordance with the standards of completion (Contract).

The term of completion of works which are the subject of the Agreement was set on 15 February 2016, the date of obtaining the occupancy permit is set for 60 days after the practical completion inspection. The remuneration for the execution of the Agreement was set in the amount of PLN 103,001,918.00 (in words: one hundred and three million, one thousand, nine hundred and eighteen zlotys net) as a lump-sum fee based on the scope of work.

Conclusion of the annex to the relevant agreement

On June 30, 2014, the Company entered into an annex to the agreement concluded on 24 October 2011 with Wroński unlimited company with its seat in Leszno near Kartuzy in the amount of PLN 61,600,000 net. The subject of the Agreement is to erect the real estate of residential building with garages and parking lots with a necessary infrastructure, from the Contractor's own materials, in a system of a general contractor on the property located in Gdynia, at Leśna, Parkowa and Spacerowa Street. Through the Annex, the Parties changed the termination date of the Agreement in case of failure to obtain the final decision on a building permit of at least one stage of the investment. The termination date was changed from 30 June 2014 to 31 December, 2014. Upon termination of the Agreement, the parties waived any claims arising from the Agreement as well as the general provisions on compensation.

Payment of interest

On 24 January 2014, the Company paid interest on bonds:

- 1) issued pursuant to the Resolution of the Company's Board on 26 April 2012 in a number of 9,500 units

with a par value of PLN 10,000 each and a total value of PLN 95 million identified in the KDPW PLJWC0000043

- 2) issued pursuant to the Resolution of the Company's Board on 12 December 2012 in a number of 9,500 units with a par value of PLN 100,000 each and a total value of PLN 105,700,000 million identified in the KDPW ISIN PLJWC0000050.

On 25 April 2014, the Company paid interest on the bonds issued pursuant to the Resolution of the Company's Board on 26 April 2012 in a number of 9,500 units with a par value of PLN 10,000 each and a total value of PLN 95 million identified in the KDPW PLJWC0000043.

On 28 April 2014, the Company paid interest on the bonds issued pursuant to the Resolution of the Company's Board on 12 December 2012 in a number of 1,057 units with a par value of PLN 100,000 each and a total value of PLN 105,700.000 identified in the KDPW ISIN PLJWC0000050.

Partial redemption of the value of bonds

On 28 April 2014, the Company made a partial redemption of each of the bonds issued pursuant to the Resolution of the Company's Board on 12 December 2012 in a number of 1,057 units with a par value of PLN 100,000 each and a total value of PLN 105,700,000 identified in the KDPW ISIN PLJWC0000050. The redemption comprised 10% of the nominal value of each bond, ie PLN 10,000 with a total value of PLN 105.70.000. The redemption of 10% of each of the bonds resulted from conditions of the issuance of bonds. Currently, the nominal value of each bond out of 1057 bonds amounts to PLN 90,000 and the value of liabilities from issued bonds amounts to PLN 95,130,000.

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

Concluding annexes to loan agreements

On 01 July 2014, the Company concluded an Annex to the overdraft credit with PKO BP S.A in the amount of PLN 7 million. By virtue of the Annex, the credit use period and repayment date was postponed. The new final repayment date is set on 04 July 2015.

On 20 August 2014, the Company signed the Annex to the overdraft facility agreement with Millenium Bank S.A . By virtue of the Annex, the repayment term of the credit was set on 21 February 2015.

Approval of the prospectus

On 14 July 2014, the Financial Supervision Commission approved the prospectus of J.W Construction Holding S.A with its seat in Warsaw ("Company") which was prepared in the form of a one part document in connection with the public offering of series C shares in the territory of Poland and the intention to apply for marketing authorization to trading on the regulated market of series C shares, rights to shares of series C and pre-emptive rights series C ("Prospectus"). The prospectus was released on July 17, 2014.

Determination of the date of the first listing of rights to shares of Series C

On 17 July 2014, the Company received a statement of the Management Board of the Stock Exchange in Warsaw S.A containing information on the listing of subscription rights of series C shares of the Issuer on the Stock Exchange:

Offer course:

According to the prospectus, the Company carried out a public sale of shares of Series C on the following dates:

June 4, 2014 - Day Pre-emptive Rights

July 17, 2014 - Publication of Prospectus

From 18 July 2014 until 31 July 2014. - Acceptance of underlying orders and additional subscription orders within the exercise of subscription rights.

On August 21, 2014, the Management Board adopted the resolution on the allocation of series C shares on which were submitted records. The allocation of shares covered 34,786,163 shares of series C with a total nominal value of PLN 6,957,232.60.

Therefore, it should be noted that the issue of bearer shares series C issued pursuant to the resolution No. 3 of the Extraordinary General Meeting of the Company of 9 April 2014 on the increase of the share capital by an amount not less than PLN 0,60 and not more than PLN 8,110,992.00 through the issuance of not less than 3 and not more than 40,554,960 shares of ordinary series C bearer shares with a nominal value of PLN 0.20 each, with pre-emptive rights, was executed. Within the issue, 34,786,163 shares were subscribed and paid at an issue price of PLN 3.15 per share. The total value of all paid shares amounted to PLN 109,576 thousand , of which shares with the value of PLN 80,661 were paid by offsetting receivables.

Acquisition of own bonds by the Company.

On 25 July 2014, the Company acquired from the company under the name of EHT S.A with its seat in Luxembourg (a shareholder of the Company and a subsidiary of Mr. Józef Wojciechowski) 3970 series bonds JWX0116 with a nominal value of PLN 10,000 each and the total nominal value of PLN 39.7 million, issued on 24 April 2013. (Bonds). The bonds were purchased under a contract of sale, unit purchase price of the bonds amounted to PLN 10,175.56 and covers the value of the issue and the interest for the period from the beginning of the second interest period up to the date of purchase. The bonds were purchased in order to redeem them. The purchase of Bonds took place in connection with the Company's issuance of shares of series C and the realization of one of the issue targets set out in the prospectus.

Payment of interest

On 25 July 2014, the Company paid interest on the bonds issued pursuant to the Resolution of the Company's Board on 26 April 2012 in a number of 9,500 units with a par value of PLN 10,000 each and a total value of PLN 95 million identified in the KDPW PLJWC0000043.

On 25 July 2014, the Company paid interest on the bonds issued pursuant to the Resolution of the Company's Board on 12 December 2012 in a number of 1,057 units with a par value of PLN 90,000 each and a total value of PLN 95,130,000 identified in the KDPW ISIN PLJWC0000050.

On 18 July 2014, the Company paid interest on the bonds issued pursuant to the Resolution of the Company's Board on 24 April 2013 in a number of 9,120 units with a par value of PLN 10,000 each and a total value of PLN 91,200,000.

Contracts on sale of land

On 3 July 2014, the agreement on the transfer of the right of perpetual usufruct between J.W. Group Spółka z o.o 1 SKA ("Seller") and Bliska Wola 1 Spółka z o.o ("Purchaser") was concluded, Rep. A No. 1555/2014. Under the agreement, the Seller in the execution of an obligation arising from a contract of conditional sale of 16 May 2014, Rep.A No. 212/2014, as amended on May 30, 2014 Rep. A No. 591/2014, transferred to the Buyer, the right of perpetual usufruct of plots of land located in the City of Warsaw, in Kasprzaka Street 29/31, with an area of 17,827 m², identified in the records: No. 3/13 and 3/12 precinct No. 6-05-05, within a mortgage register KW No. WA4M / 00440538/1, for the price in the amount of PLN 26,190,740.55 gross. The seller sold the Buyer all decisions, agreements and arrangements relating to the above mentioned property along with the project documentation, and any rights of the decision No. 119 / WOL/ 2014 issued on behalf of the Mayor of Warsaw on 3 April 2014. Moreover, the Seller established, on a plot of land No. 03/06, with an area of 0.4389 hectares, located in Warsaw at Kasprzaka Street, within KW No. WA4M / 00440028/3 in favor of each and every subsequent perpetual lessee of the property situated in Warsaw at Kasprzaka Street 29/31, with an area of 17,827 m², which is a plot of land marked with No. 3/13 and No.12.3 kept by the Land and Mortgage Register No. KW WA4M / 00440538/1, free of charge and an indefinite period easement of the law passage on crossing passing, and the law providing technical infrastructure, and the law of accessing this infrastructure.

On 3 July 2014, the agreement on the transfer of the right of perpetual usufruct between J.W. Group Spółka z o.o 1 SKA ("Seller") and Bliska Wola 2 Spółka z o.o ("Purchaser") was concluded, Rep. A No. 1562/2014. Under the agreement, the Seller in the execution of an obligation arising from a contract of conditional sale of 16 May 2014, Rep. A No. 207/2014, transferred to the Buyer, the right of perpetual usufruct of plots of land located in the City of Warsaw, in Kasprzaka Street 29/31, with an area of 7,120 m², identified in the records: No. 3/17 and 3/18 precinct No. 6-05-05, within a mortgage register KW No. WA4M / 00440539/8, for the price in the amount of PLN 13.912.233,57 gross. The seller sold the Buyer all decisions, agreements and arrangements relating to the above mentioned property along with the project documentation, and any rights of the decision No. 151 / WOL/ 2014 issued on behalf of the Mayor of Warsaw on 05 May 2014. Moreover, the Seller established, on a plot of land No. 03/06, with an area of 0.4389 hectares, located in Warsaw at Kasprzaka Street, within KW No. WA4M / 00440028/3 in favor of each and every subsequent perpetual lessee of the property situated in Warsaw at Kasprzaka Street 29/31, with an area of 7,120 m², which is a plot of land marked with No. 3/13 and No.3/18 kept by the Land and Mortgage Register No. KW WA4M / 00440539/8, free of charge and an indefinite period easement of the law passage on crossing passing, and the law providing technical infrastructure, and the law of accessing this infrastructure.

On 3 July 2014, the agreement on sale of the right of perpetual usufruct between J.W. Group Spółka z o.o 1 SKA ("Seller") and Bliska Wola 1 Spółka z o.o ("Purchaser") was concluded, Rep. A No. 1569/2014. Under the agreement, Seller sold to the Buyer, from the property kept in KW No. WA4M / 00440028/3, the right of perpetual usufruct of a developed property situated in the City of Warsaw, Wola, Mazowieckie region, in Kasprzaka Street 29/31 representing a plot of land No. 3/5 with an area of 4m² and No. 3/6 with an area of 4.389 m² for the price in the amount of PLN 6,448,149.54 gross.

Increase of capital in subsidiaries

On 31 July 2014, the Extraordinary General Meeting of the company of Dana Invest Spółka z o.o with its seat in Ząbki adopted the resolution recorded by Mr Krzysztof Kruszewski in the notary deed Rep. A 1761/2014 on increase of the share capital from the amount of PLN 6,265,000 to the amount of PLN 7.465.000, ie by the amount of PLN 1.200.000 by creating 24,000 new shares with par value of PLN 50 each. All shares were acquired by the current Issuer.

On 07 July 2014, the Extraordinary General Meeting of the company of Łódź Invest Spółka z o.o with its seat in Ząbki adopted the resolution recorded by Mrs. Ewa Rokos in the notary deed Rep. A 1633/2014 on increase of the share capital from the amount of PLN 3,275,000 to the amount of PLN 8.675.000, ie by the amount of PLN 5,400,000 by creating 108,000 new shares with par value of PLN 50 each. All shares were acquired by the current Issuer.

On 04 August 2014, the Extraordinary General Meeting of the company of Bliska Wola 1 Spółka z o.o with its seat in Ząbki adopted the resolution recorded by Mrs. Ewa Rokos in the notary deed Rep. A 2660/2014 on increase of the share capital from the amount of PLN 5.000 to the amount of PLN 14.270.350, ie by the amount of PLN 14.265.350 by creating 285,307 new shares with par value of PLN 50 each. All shares were acquired by the current Issuer.

On 21 August 2014, the Extraordinary General Meeting of the company of Bliska Wola 2 Spółka z o.o with its seat in Ząbki adopted the resolution recorded by Mrs. Ewa Rokos in the notary deed Rep. A 3072/2014 on increase of the share capital from the amount of PLN 5.000 to the amount of PLN 6.805.000, ie by the amount of PLN 6.800.000 by creating 136,100 new shares with par value of PLN 50 each. All shares were acquired by the current Issuer.

Registration of related companies

On 24 July 2014 the District Court for the Capital City Of Warsaw, XIV Economic Department of National Court Register registered the company of Lewandów Invest Spółka z o.o with its seat in Ząbki in the Register of Entrepreneurs under the number KRS 0000517637. Share capital of the Company amounts to PLN 5.000 and is divided into 100 shares with a par value of PLN 50 each. All shares were acquired by the Issuer. Through this company, the Issuer intends to pursue the investment in Warsaw, at Lewandów Street.

On 25 July 2014 the District Court for the Capital City Of Warsaw, XIV Economic Department of National Court Register registered the company of Sochaczewska Invest Spółka z o.o with its seat in Ząbki in the Register of Entrepreneurs under the number KRS 0000517232. Share capital of the Company amounts to PLN 5.000 and is divided into 100 shares with a par value of PLN 50 each. All shares were acquired by the Issuer. Through this company, the Issuer intends to pursue the investment in Gdynia, at Sochaczewska Street.

On 28 July 2014 the District Court for the Capital City Of Warsaw, XIV Economic Department of National Court Register registered the company of MT Invest Spółka z o.o with its seat in Ząbki in the Register of Entrepreneurs under the number KRS 0000517718. Share capital of the Company amounts to PLN 5.000 and is divided into 100 shares with a par value of PLN 50 each. All shares were acquired by the Issuer. Through this company, the Issuer intends to pursue the investment in Warsaw, at Mikołaja Trąby Street.

On 16 July 2014 the District Court for the Capital City Of Warsaw, XIV Economic Department of National Court Register registered the company of Parkowa Invest Spółka z o.o with its seat in Ząbki in the Register of Entrepreneurs under the number KRS 0000517057. Share capital of the Company amounts to PLN 5.000 and is divided into 100 shares with a par value of PLN 50 each. All shares were acquired by the Issuer. Through this company, the Issuer intends to pursue the investment in Gdynia, at Parkowa Street.

On 16 July 2014 the District Court for the Capital City Of Warsaw, XIV Economic Department of National Court Register registered the company of Osada Wiślana Spółka z o.o with its seat in Ząbki in the Register of Entrepreneurs under the number KRS 0000517060. Share capital of the Company amounts to PLN 5.000 and is divided into 100 shares with a par value of PLN 50 each. All shares were acquired by the Issuer. Through this company, the Issuer intends to pursue the investment in Warsaw, in the area of Marcina z Wrocimowic.

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 2014, the average EUR exchange rate, that was determined by the National Bank of Poland on that day; was PLN 4.1609/ EUR

In order to convert the balance for the period from 1 January 2010 – 30 June 2013, the average EUR exchange rate, that was determined by the National Bank of Poland on that day; was PLN 4.3292/ EUR

In order to convert the income statement for the period from 01/01/2014 – 30 /06/2016, the average EUR exchange rate was assumed, that was calculated as the arithmetic mean of exchange rates on the last day of month of the given period, as determined by the National Bank of Poland on that day; the exchange rate PLN 4.1784 / EURO.

In order to convert the income statement for the period from 01/01/2013 – 30 /06/2013, the average EUR exchange rate was assumed, that was calculated as the arithmetic mean of exchange rates on the last day of

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month of the given period, as determined by the National Bank of Poland on that day; the exchange rate PLN 4.2140 / EURO.

In order to convert the balance for the period from 1 January 2010 – 31 December 2013, the average EUR exchange rate, that was determined by the National Bank of Poland on that day; was PLN 4.1472/ EUR

Consolidated balance sheet item	30-06-2014		31-12-2013		30-06-2013	
	PLN	EUR	PLN	EUR	PLN	EUR
Total Assets	1,404,126	337,457	1,407,507	339,387	1,447,378	334,329
Non-current assets	841,260	202,182	885,362	213,484	929,855	214,787
Current assets	562,866	135,275	522,145	125,903	517,522	119,542
Total Equity and Liabilities	1,404,126	337,457	1,407,507	339,387	1,447,378	334,329
Equity	519,133	124,765	513,374	123,788	508,476	117,453
Non-current liabilities	556,198	133,672	589,186	142,068	655,007	151,300
Current liabilities	328,796	79,020	304,946	73,531	283,894	65,577

Consolidated income statement item	from 01-01-2014 to 30-06-2014		from 01-01-2013 to 30-06-2014	
	PLN	EUR	PLN	EUR
Net revenues from sales of products, goods and materials	116,942	27,987	181,324	43,029
Costs of products, goods and materials sold	88,645	21,215	142,657	33,854
Gross profit (loss) on sales	28,297	6,772	38,666	9,176
Selling expenses	8,284	1,983	8,928	2,119
Overhead expenses	8,516	2,038	10,596	2,515
Profit (loss) on sales	22,771	5,450	22,594	5,362
Operating profit (loss)	23,241	5,562	24,308	5,769
Gross profit (loss)	9,105	2,179	6,254	1,484
Income tax	3,154	755	1,108	263
Net profit (loss)	5,951	1,424	5,146	1,221

Issuer's balance sheet item	30-06-2014		31-12-2013		30-06-2013	
	PLN	EUR	PLN	EUR	PLN	EUR
Total Assets	1,227,748	295,068	1,288,027	310,578	1,345,128	310,711
Non-current assets	809,823	194,627	801,365	193,230	837,044	193,349
Current assets	417,925	100,441	486,662	117,347	508,084	117,362
Total Equity and Liabilities	1,227,748	295,068	1,288,027	310,578	1,345,128	310,711
Equity	533,439	128,203	533,665	128,681	526,316	121,574
Non-current liabilities	425,963	102,373	459,263	110,741	546,856	126,318
Current liabilities	268,345	64,492	295,099	71,156	271,956	62,819

Consolidated income statement item	from 01-01-2014 to 30-06-2014		from 01-01-2013 to 30-06-2014	
	PLN	EUR	PLN	EUR
Net revenues from sales of products, goods and materials	115,325	27,600	150,479	35,710
Costs of products, goods and materials sold	94,502	22,617	119,158	28,277
Gross profit (loss) on sales	20,822	4,983	31,321	7,433
Selling expenses	8,424	2,016	8,680	2,060
Overhead expenses	6,364	1,523	7,710	1,830
Profit (loss) on sales	4,399	1,053	18,839	4,471
Operating profit (loss)	9,779	2,340	18,192	4,317
Gross profit (loss)	12	3	5,527	1,312
Income tax	237	57	1,000	237
Net profit (loss)	-226	-54	4,528	1,074

Note 35. Off-balance sheet entries

OFF- BALANCE SHEET COLLATERALS - credit agreements, bonds	30-06-2014
Investment real estate pledged as collateral - loans	783,980,565.64
Own investment real estate pledged as collateral - bonds	335,000,000.00
blank bill	327,327,028.00
Executory titles	596,773,543.05
Pledge on shares of JWCH in Seahouse	25,500,000.00
Assignment of the insurance contract	405,647,770.00
Guarantees to the benefit of Bank Zachodni WBK on the investment credit of the Company of Seahouse Sp. z o.o.	25,500,000.00
Registered pledge on shares JWCH Dana Invest	21,042,731.64
The guarantee granted by the JWCH for Nowe Tysiąclecie-credit	31,500,000.00
Registered pledge on shares JWCH w Nowe Tysiąclecie	31,500,000.00

OFF- BALANCE SHEET COLLATERALS - other	30-06-2014
blank bill	43,813,527.24
Guarantees to the benefit of TBS "Marki" Sp z o.o.	22,400,000.00
Guarantees to the benefit of JW. Construction Sp. z o.o.	7,000,000.00
Other	3,222,911.23
Guarantees to the benefit of Capital City of Warsaw	151,300.00

The above table presents all the collaterals arising from loan agreements to secure the payment obligations. Due to the fact that within particular loan agreements several collaterals were established, the summary of collateral values was not made.

As at 30 June 2014 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 31 December 2012 the total value of guarantees was PLN 11.0 million and EUR 1.28 thousand (J.W. Construction Holding S.A) and 5,200,000 and EUR 104,8 thousand (J.W. Construction Sp. z o.o).

Note 36. Significant issues in litigation

As at 30 June 2014, the Company was a party to proceedings filed by the Company in the total amount of PLN 118.121.732,42. The proceeding filed by the Company with the highest value, which exceeds 10% of share capital of the Company was initiated on 26 April 2012, by filing a claim against the Capital City of Warsaw ("Respondent") for injunction to make a declaration of intent to acquisition from the Company right of perpetual use of the plot no 2/6 with the area of 3,2605 ha for which the District Court for Warsaw- Mokotów, X Division of Land Registry maintains a land and mortgage registry no WA4M/00413015/1 KW ("Property") for a net price of PLN 91,130,975 together with interest from the date of 8 January 2010. The company filed a petition according to the Article 36.1 point. 2) of the Act of 27 March 2003 on spatial planning and development (Journal of Laws 2003.80.717) in connection with the adoption by the Respondent of the area development plan area of Olbrachta Street (approved by the resolution of the City of Warsaw No. LVI/1669/2009, which entered into force on 3 August 2009) ("Plan"). The property has been earmarked for the N-S Route. In the period when the Company acquired the Property, the zoning plan of the property was not obligatory. With the adoption of the Plan and as a result of this adoption, there has been a significant restriction on the use of the Property by the Company, therefore the Company has the right to request to redeem to purchase/buy out the Property by the Defendant. The Company applied to the Defendant with a request to take steps to voluntary purchase of the Property by the Respondent but the request was refused. The Company believes the claim is fully justified and deserves the judgement in accordance with the petition of the Company.

As at 30 June 2014, the Company was a party to proceedings brought against it in the total amount of PLN 57,250,807.65. The proceeding brought against the Company with the highest value was initiated by a petition delivered to the Company on December 19, 2012, filed by Oriens Capital Management AG with its seat in Switzerland. The value of the claim amounts to PLN 14,360,615.21. The plaintiff seeks the compensation from the Company for non-performance and improper performance of the contract and reimbursement of expenses incurred on account of execution of the contract and costs incurred in connection with the execution of the order of acquisition of the property. The plaintiff acquired a claim with a way of transfer of debt from the company under the name Develo Spółka z o.o with its seat in Katowice.

Note 37. Financial instruments and hedge accounting

In 2014 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

On May 15, 2014, the Annual General Meeting, which established that the Supervisory Board of the third joint term of office will have 6 persons, took place.

-The Annual General Meeting appointed the following persons to the Supervisory Board:

Mr. Jacek Murawski - Vice Chairman;

Mr. Andrzej Podsiadło;

Mr. Jarosław Król

On the same day, the Company received a statement of the entitled shareholder to appoint the Supervisory Board:

Mr. Józef Wojciechowski - Chairman;

Mr. Józef Oleksy;

Mr. Marek Samarcew

Supervisory Board

As at 30 June 2014, Due to above events, the Supervisory Board was composed of:

Mr. Józef Wojciechowski - Chairman of Supervisory Board

Mr. Jacek Murawski – Vice Chairman of the Supervisory Board

Mr. Józef Oleksy – Member of the Supervisory Board

Mr. Marek Samarcew - Member of Supervisory Board

Mr. Andrzej Podsiadło – Member of Supervisory Board

Mr. Jarosław Król – Member of Supervisory Board

D. ABBREVIATED FINANCIAL STATEMENTS FOR SIX MONTHS OF 2010 OF THE PARENT COMPANY (ISSUER) AS AT 30 June 2014

Statement of financial standing

ASSETS	Note	30-06-2014	31-12-2013
NON-CURRENT ASSETS		809,822,761.25	801,365,154.60
Intangible assets	1	14,349,301.09	14,885,141.29
Tangible assets	2	239,244,446.52	253,786,955.74
Investment real estate	3	245,214,599.41	252,160,270.29
Other financial assets	4	180,247,590.63	150,718,690.80
Deferred income tax assets		15,216,116.40	13,700,997.52
Trade and other receivables	5	115,550,707.20	116,113,098.96
CURRENT ASSETS		417,925,300.94	486,662,118.30
Inventories	6	30,632,414.65	29,394,690.87
Construction contracts	7	268,129,470.26	328,967,792.84
Trade and other receivables	8	67,001,556.86	69,413,576.67
Other financial assets	9	38,636,096.14	36,999,807.98
Cash and cash equivalents	10	2,708,580.38	10,938,036.27
Accruals	11	10,817,182.65	10,948,213.67
Total Assets		1,227,748,062.19	1,288,027,272.90
EQUITY AND LIABILITIES			
EQUITY		533,439,221.45	533,664,752.40
Share capital		10,814,656.00	10,814,656.00
Revaluation capital		7,493,208.19	7,493,208.19
Other capital		515,356,887.39	503,480,469.35
Retained earnings		0.82	0.82
Net profit / loss		-225,530.95	11,876,418.04
LIABILITIES		694,308,840.74	754,362,520.50
Non-current liabilities		425,963,495.91	459,263,300.61
Borrowings	12	89,872,812.58	86,928,795.70
Deferred income tax liabilities		28,114,616.41	26,362,459.03
Retirement benefit obligations		124,244.40	124,244.40
Provision for other liabilities and charges		0.00	0.00
Other liabilities	13	307,851,822.52	345,847,801.48
Current liabilities		268,345,344.83	295,099,219.89
Trade and other payables	14	79,688,218.15	96,971,923.99
Construction contracts	7	18,296,402.01	21,334,795.18
Borrowings	12	115,356,752.80	131,561,985.18
Provision for other liabilities and charges	13	10,279,557.65	11,607,046.02
Other liabilities	14	44,724,414.22	33,623,469.52
Total Equity and Liabilities		1,227,748,062.19	1,288,027,272.90

Profit and loss account

	Note	for the period 01-01-2014 to 30-06-2014	for the period 01-01-2013 to 30-06-2013
Net revenues from sales of products, goods and materials, of which:	15	115,324,540.77	150,478,801.76
Net revenues from sales of products		114,891,009.50	149,423,029.93
Net revenues from sales of goods and materials		433,531.27	1,055,771.83
Costs of products, goods and materials sold, of which:		94,502,079.66	119,158,254.14
Manufacturing cost of products sold	16	94,057,629.63	117,263,795.95
Value of goods and materials sold	16	444,450.03	1,894,458.19
Gross profit (loss) on sales		20,822,461.11	31,320,547.62
Selling expenses	16	8,423,982.86	8,680,230.96
Overhead expenses	16	6,364,387.22	7,710,170.87
Revaluation of investment properties		-1,634,915.08	3,908,574.98
Profit (loss) on sales		4,399,175.95	18,838,720.77
Other operating income	17	6,905,836.47	2,963,976.31
Other operating expenses	18	1,525,892.43	3,610,513.33
Operating profit (loss)		9,779,119.99	18,192,183.75
Financial income	19	9,636,441.80	13,073,186.72
Financial expenses	20	19,404,054.24	25,738,143.10
Profit (loss) on ordinary activities		11,507.55	5,527,227.37
Gross profit (loss)		11,507.55	5,527,227.37
Income tax		237,038.50	999,563.11
Net profit (loss)		-225,530.95	4,527,664.26

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE		1 January 2014 - 31 June 2014	1 January 2013 - 31 June 2013
Profits			
(A) Profit disclosed in the consolidated financial statements		-225,530.95	4,527,664.26
Number of shares			
(B) Number of ordinary shares and preferred shares (as to the right to vote in the General Meeting of the Company) for the purpose of calculating earnings per share *		54,073,280.00	54,073,280.00
(C) Number of ordinary shares and preferred shares (as to the right to vote in the General Meeting of the Company) for the purpose of calculating diluted earnings per share		54,073,280.00	54,073,280.00
Basic earnings per share = (A)/(B)		0.00	0.08
Diluted earnings per share = (A)/(B)		0.00	0.08

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Cash flow statements

Operating cash flow - two-step method	01-01-2014 to 30-06-2014	01-01-2013 to 30-06-2013
Net profit (loss)	-225,530.95	4,527,664.26
Item adjustments:	19,172,790.42	23,562,886.04
Depreciation and amortisation	1,077,469.54	5,186,904.00
(Profits) loss on foreign exchange differences	-273,176.42	-629,850.21
(Profits) loss from investment activities	-578,358.24	1,205,828.89
Interest and dividends	18,236,698.79	19,399,212.47
Changes in provisions and accruals	-959,418.85	2,441,037.80
Change in investment properties	1,634,915.12	-3,908,574.98
Other adjustments:	34,660.48	-131,671.93
- other adjustments	34,660.48	-131,671.93
Changes in working capital	43,155,429.45	24,090,679.03
Change in inventories	-1,237,723.78	319,596.01
Change in construction contracts	59,315,791.53	46,987,569.85
Changes in receivables	2,974,411.57	19,673,317.62
Changes in current liabilities, except for borrowings	-17,897,049.87	-42,889,804.45
Operating cash flow	62,102,688.92	52,181,229.33
Investment activity cash flows		
Disposal of tangible and intangible assets and other non-current assets	7,699,130.73	14,783,777.61
Acquisition of tangible and intangible assets and other non-current assets	-2,188,190.41	-3,672,229.72
Disposal of equity instruments and debt instruments	0.00	0.00
Loans granted	-512,864.51	-1,058,000.00
Loans repaid	0.00	0.00
Other purchase of financial assets	-1,000,000.00	0.00
Other disposal of financial assets	0.00	-650,000.00
Dividends received	0.00	0.00
Interest received	0.00	0.00
Disposal of subsidiaries	4,644.62	114,940.00
Acquisition of subsidiaries	-28,809,914.41	-3,650,000.00
Net investment cash flow	-24,807,193.98	5,868,487.89
Financing cash flow		
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	49,885,519.36	40,360,410.69
Borrowings repaid	-63,487,521.37	-56,337,010.46
Debt securities issued	0.00	0.00
Debt securities redeemed	-10,570,000.00	-24,300,000.00
Payments under financial lease agreements	-1,436,814.88	-2,296,711.92
Dividends and other shared profits	0.00	0.00
Interest paid	-14,121,433.94	-19,318,135.79
Other financial proceeds (including notes)	0.00	2,600,000.00
Other financial expenditures (including notes)	-5,794,700.00	0.00
Net financing cash flow	-45,524,950.83	-59,291,447.48
NET DECREASE/(INCREASE) IN CASH	-8,229,455.89	-1,241,730.26
Cash and cash equivalents at the beginning of the year	10,938,036.27	8,480,981.31
- foreign exchange gains/(losses) on cash		
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	2,708,580.38	7,239,251.05

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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
As at 31 December 2013	10,814,656.00	0.00	7,493,208.19	497,748,882.16	5,731,587.19	0.82	11,876,418.04	533,664,752.40
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
As at 01 January 2014	10,814,656.00	0.00	7,493,208.19	497,748,882.16	5,731,587.19	0.82	11,876,418.04	533,664,752.40
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	0.00
Gains/(losses) on revaluation of available-for- sale assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on cash flow hedges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exchange gains / (losses) on translation of financial statements of foreign operations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income tax referring to items attributed to equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on business acquisitions(unitary jwch)	0.00	0.00		0.00	0.00	0.00	0.00	0.00
Profit/loss from the inclusion/exclusion of companies to consolidate	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
Total profit / (loss) recognised directly in equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net profit (loss) for the accounting year	0.00	0.00	0.00	0.00	0.00	0.00	-225,530.95	-225,530.95
Total profit / (loss) recognised in equity and net earnings	0.00	0.00	0.00	0.00	0.00	0.00	-225,530.95	-225,530.95
Increase / decrease from profit distribution	0.00	0.00	0.00	11,876,418.04	0.00		-	0.00
As at 30 June 2014	10,814,656.00	0.00	7,493,208.19	509,625,300.20	5,731,587.19	0.82	-225,530.95	533,439,221.45

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	Share Capital	Own shares (negative figure)	Revaluation capital	Supplementary capital	Other capital	Retained earnings	Net earnings	Equity
As at 31 December 2012	10,814,656.00	0.00	7,493,208.19	505,286,065.67	5,731,587.19	15,598,247.08	8,061,063.56	521,788,333.53
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
As at 01 January 2013	10,814,656.00	0.00	7,493,208.19	505,286,065.67	5,731,587.19	15,598,247.08	8,061,063.56	521,788,333.53
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
Exchange gains / (losses) on translation of financial statements of foreign operations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income tax referring to items attributed to equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on business acquisitions(unitary jwch)	0.00	0.00		0.00	0.00	0.00	0.00	0.00
Profit/loss from the inclusion/exclusion of companies to consolidate	0.00	0.00	0.00	0.00	0.00	0.83		0.83
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
Total profit / (loss) recognised directly in equity	0.00	0.00	0.00	0.00	0.00	0.83	0.00	0.83
Net profit (loss) for the accounting year	0.00	0.00	0.00	0.00	0.00	0.00	11,876,418.04	11,876,418.04
Total profit / (loss) recognised in equity and net earnings	0.00	0.00	0.00	0.00	0.00	0.83	11,876,418.04	11,876,418.87
Increase / decrease from profit distribution	0.00	0.00	0.00	-7,537,183.51	0.00	15,598,247.07	-8,061,063.56	0.00
As at 31 December 2013	10,814,656.00	0.00	7,493,208.19	497,748,882.16	5,731,587.19	0.82	11,876,418.04	533,664,752.40

E. NOTES TO THE ABBREVIATED BALANCE SHEET OF THE ISSUER FOR SIX MONTHS AS AT 30 June 2014

1. NON-CURRENT ASSETS

Note 1. Intangible assets

Intangible assets	30-06-2014	31-12-2013
a) research and development expenses	0.00	0.00
b) goodwill	12,389,648.22	12,389,648.22
c) other intangible assets	1,959,652.87	2,495,493.07
d) advances on intangible assets	0.00	0.00
Total intangible assets	14,349,301.09	14,885,141.29

The Management Board of the Parent Company, after reviewing the rates of depreciation applicable to the Group, decided with effect from 1 January 2013 to update the balance sheet depreciation rates applicable within the Group.

Note 2. Tangible assets

Tangible assets	30-06-2014	31-12-2013
a) fixed assets, including:	235,923,253.54	250,628,660.35
- land (including right of perpetual usufruct)	15,799,889.59	15,666,495.99
- buildings and structures	193,936,413.40	207,182,507.51
- plant and machinery	15,493,997.39	16,209,687.10
- motor vehicles	470,386.32	647,293.11
- other property, plant and equipment	10,222,566.84	10,922,676.64
b) constructions in progress	3,321,192.98	3,158,295.39
c) advances on constructions in progress	0.00	0.00
Total tangible assets	239,244,446.52	253,786,955.74

The Management Board of the Parent Company, after reviewing the rates of depreciation applicable to the Group, decided with effect from 1 January 2013 to update the balance sheet depreciation rates applicable within the Group.

Note 3. Investment real estate

Other long-term investments	30-06-2014	31-12-2013
a) investment properties	245,214,599.41	252,160,270.29
b) other	0.00	0.00
Total other long-term investments	245,214,599.41	252,160,270.29

CHANGE IN INVESTMENT PROPERTIES	Fair value	Acc. to historical cost	Value of investment properties in total
a) opening balance	229,403,558.91	22,756,711.38	252,160,270.29
expenditure incurred	149,484,351.92	21,408,694.54	170,893,046.46
Financial expenses	9,411,642.46	1,348,016.84	10,759,659.30
revaluation value	70,507,564.53	0.00	70,507,564.53
b) increase (due to)	1,600,025.76	143,562.53	1,743,588.33
expenditure incurred	1,242,650.68	143,562.53	1,386,213.21
Financial expenses	357,375.12	0.00	357,375.12
revaluation value	0.00	0.00	0.00
c) decrease (due to)	5,035,047.47	3,654,211.74	8,689,259.21
incurred expenses - sale, corrections	3,400,132.35	3,654,211.74	7,054,344.09
Financial expenses	0.00	0.00	0.00
revaluation value	1,634,915.12	0.00	1,634,915.12
d) closing balance	225,968,537.20	19,246,062.17	245,214,599.41
expenditures	147,326,870.25	17,898,045.33	165,224,915.58
Financial expenses	9,769,017.58	1,348,016.84	11,117,034.42
revaluation value	68,872,649.41	0.00	68,872,649.41

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Note 4. Other financial assets

LONG-TERM FINANCIAL ASSETS	30-06-2014	31-12-2013
a) shares	163,861,343.81	135,056,074.02
b) loans granted	16,386,246.82	15,662,616.78
c) other long-term investments	0.00	0.00
Total long-term financial assets	180,247,590.63	150,718,690.80

LONG-TERM FINANCIAL ASSETS	30-06-2014	31-12-2013
a) in subsidiaries	180,038,040.63	150,504,496.18
- shares	163,651,793.81	134,841,879.40
- other securities	0.00	0.00
- loans granted	16,386,246.82	15,662,616.78
- other long-term financial assets	0.00	0.00
b) in other parties	209,550.00	214,194.62
- shares	209,550.00	214,194.62
- other securities	0.00	0.00
- loans granted	0.00	0.00
- other long-term financial assets	0.00	0.00
Total long-term financial assets	180,247,590.63	150,718,690.80

Note 5. Trade and other receivables

NON-CURRENT RECEIVABLES	30-06-2014	31-12-2013
a) guarantee receivables	0.00	0.00
b) deposit receivables(leasing)	0.00	0.00
b) other receivables	115,550,707.20	116,113,098.96
Total receivables	115,550,707.20	116,113,098.96

2. CURRENT ASSETS

Note 6. Inventories

INVENTORIES	30-06-2014	31-12-2013
a) materials	1,292,617.04	1,307,592.20
b) semi-finished products and work in progress	1,240,017.50	4,140.43
c) finished products	0.00	0.00
d) goods	28,099,730.52	28,082,908.65
e) trade advances	49.59	49.59
Total inventories	30,632,414.65	29,394,690.87

Note 7. Construction contracts

CONSTRUCTION CONTRACTS	30-06-2014	31-12-2013
a) semi-finished products and work in progress	159,643,165.13	160,094,360.76
b) finished products	107,510,302.10	167,553,295.15
c) advances for supplies	857,430.23	1,261,750.38
d) short-term prepayments	118,572.80	58,386.55
Total construction contracts	268,129,470.26	328,967,792.84

CONSTRUCTION CONTRACTS	30-06-2014	31-12-2013
a) accruals	18,296,402.01	21,334,795.18
Total construction contracts	18,296,402.01	21,334,795.18

Accruals	30-06-2014	31-12-2013
-advances on premises	15,348,713.93	19,104,176.91
-works provision	2,214,931.33	2,229,688.27
-other	732,756.75	930.00
The total value of accruals	18,296,402.01	21,334,795.18

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Note 8. Trade and other receivables

CURRENT RECEIVABLES	30-06-2014	31-12-2013
a) trade receivables - related parties	20,938,799.48	9,786,115.99
b) trade receivables - other parties	16,114,681.97	19,599,056.96
c) taxes, subsidies, customs duties, social and health insurance and other payments	4,718,927.04	6,851,002.73
d) other	25,229,148.37	33,177,400.99
Total receivables	67,001,556.86	69,413,576.67

Note 9. Other financial assets

SHORT-TERM INVESTMENTS	30-06-2014	31-12-2013
a) shares	0.00	0.00
b) loans granted	37,385,056.61	36,769,140.94
c) other securities	1,251,039.53	230,667.04
d) other short-term investments	0.00	0.00
Total long-term financial assets	38,636,096.14	36,999,807.98

SHORT-TERM INVESTMENTS	30-06-2014	31-12-2013
a) in subsidiaries	36,450,350.31	36,205,812.71
- shares	0.00	0.00
- other securities	0.00	0.00
- loans granted	36,450,350.31	36,205,812.71
- other short-term financial assets	0.00	0.00
b) in other parties	2,185,745.83	793,995.27
- shares	0.00	0.00
- other securities	1,251,039.53	230,667.04
- loans granted	934,706.30	563,328.23
- other short-term financial assets	0.00	0.00
Total value of short-term investments	38,636,096.14	36,999,807.98

Note 10. Cash and cash equivalents

CASH AND CASH EQUIVALENTS	30-06-2014	31-12-2013
a) cash on hand and with bank	2,303,583.62	8,707,193.85
b) other cash	388,437.37	2,228,396.97
c) other cash equivalents	16,559.39	2,445.45
Total cash	2,708,580.38	10,938,036.27

Note 11. Accruals

ACCRUALS	30-06-2014	31-12-2013
a) short-term prepayments	10,817,182.65	10,948,213.67
The total value of accruals	10,817,182.65	10,948,213.67

3. LIABILITIES

Note 12. Borrowings

BORROWINGS	30-06-2014	31-12-2013
a) credits	167,363,078.39	214,465,080.40
<i>of which: long-term</i>	<i>85,777,595.17</i>	<i>85,872,079.05</i>
<i>Short-term</i>	<i>81,585,483.22</i>	<i>128,593,001.35</i>
b) loans	37,866,486.99	4,025,700.48
<i>of which: long-term</i>	<i>4,095,217.41</i>	<i>1,056,716.65</i>
<i>Short-term</i>	<i>33,771,269.58</i>	<i>2,968,983.83</i>
Total borrowings	205,229,565.38	218,490,780.88
Borrowings - long-term	89,872,812.58	86,928,795.70
Borrowings - short-term	115,356,752.80	131,561,985.18

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LOANS PER MATURITY	30-06-2014	31-12-2013
Up to 1 year	81,585,483.22	128,593,001.35
Over 1 year up to 2 years	34,404,886.55	43,594,730.43
Over 2 year up to 5 years	41,776,400.00	27,902,400.00
Over 5 years	9,596,308.62	14,374,948.62
Total loans, including:	167,363,078.39	214,465,080.40
- long-term	85,777,595.17	85,872,079.05
- short-term	81,585,483.22	128,593,001.35

CASH LOANS PER MATURITY	30-06-2014	31-12-2013
Up to 1 year	33,771,269.58	2,968,983.83
Over 1 year up to 2 years	4,095,217.41	1,056,716.65
Over 2 year up to 5 years	0.00	0.00
Over 5 years	0.00	0.00
Total loans, of which:	37,866,486.99	4,025,700.48
- long-term	4,095,217.41	1,056,716.65
- short-term	33,771,269.58	2,968,983.83

Note 13. Other non-current liabilities

PROVISIONS FOR OTHER LIABILITIES AND CHARGES	30-06-2014	31-12-2013
a) short-term, of which:	10,279,557.65	11,607,046.02
- accrued expenses, including:	9,543,589.21	10,761,077.58
- <i>interests charged</i>	1,714,260.57	2,223,423.34
- <i>rent deposits</i>	477,649.38	477,649.38
- <i>other</i>	7,351,679.26	8,060,004.86
- other provisions, including:	735,968.44	845,968.44
- <i>provisions for future liabilities</i>	0.00	0.00
- <i>provisions for guarantee repairs</i>	0.00	0.00
- <i>other provisions</i>	735,968.44	845,968.44
a) long-term, of which:	0.00	0.00
- accrued expenses, including:	0.00	0.00
- <i>deferred surplus of revenues from sales over the carrying value/sale and lease back</i>	0.00	0.00
Total provisions for other liabilities and charges	10,279,557.65	11,607,046.02

OTHER NON-CURRENT LIABILITIES	30-06-2014	31-12-2013
a) lease obligations	81,615.89	117,280.26
b) deposit liabilities	1,916,275.16	2,799,176.93
c) liabilities from securities	271,817,000.00	291,900,000.00
d) other non-current liabilities	0.00	13,018,000.00
e) note liabilities	28,198,454.29	32,350,666.76
f) note liabilities- foreign	5,838,477.18	5,662,677.53
g) loans granted- related parties	0.00	0.00
Total other liabilities	307,851,822.52	345,847,801.48

Note 14. Trade and other payables

TRADE AND OTHER PAYABLES	30-06-2014	31-12-2013
a) trade payables - other parties	24,829,299.42	12,065,294.21
b) trade payables - related parties	12,430,082.97	38,157,562.59
c) taxes, customs duties, insurance and other payments	4,384,179.93	3,762,349.15
d) salaries	1,341,363.54	1,366,032.24
e) trade advances received	0.00	0.00
f) loans granted- related parties	25,247,076.93	24,806,380.27
g) liabilities on bill of exchange - related parties	2,662,453.77	3,372,708.17
h) other	8,793,761.59	13,441,597.36
Total trade and other payables	79,688,218.15	96,971,923.99

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OTHER LIABILITIES	30-06-2014	31-12-2013
a) debt securities issue- liabilities	20,437,514.68	7,949,363.10
b) note liabilities - foreign	0.00	0.00
c) lease liabilities	24,286,899.54	25,674,106.42
d) other financial liabilities	0.00	0.00
Total other liabilities	44,724,414.22	33,623,469.52

4. Operating income and expenses

Note 15. Operating income

OPERATING INCOME	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
Revenues from sales of products	82,700,144.18	132,007,393.76
Revenues from sales of services	32,190,865.32	17,415,636.17
Revenues from sales of goods	433,531.27	1,055,771.83
Total income	115,324,540.77	150,478,801.76

	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
Revenues from sales, of which:	115,324,540.77	150,478,801.76
- from sales of products - units, plots, buildings	82,700,144.18	131,990,588.68
- sales of services	32,190,865.32	17,432,441.25
- sales of goods	433,531.27	1,055,771.83

	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
Revenues from sales of products and services per business segment	114,891,009.50	149,423,029.93
- developer activity	95,895,563.59	134,695,360.44
- hotel activities	16,214,264.01	11,188,520.35
- property management	2,781,181.90	3,539,149.14

	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
Revenues from sales of products - premises, plots, buildings per geographic segments	82,700,144.18	131,990,588.68
- Warsaw and vicinity	53,222,997.46	121,083,069.09
- Gdynia	-17,769.09	430,514.86
- Łódź	4,268,912.67	10,477,004.73
- Łódź, Szczecin - land	6,350,000.00	0.00
- Katowice	0.00	0.00
- Poznań	18,876,003.14	0.00

	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
Revenues from sales of hotel services per geographic segments	16,214,264.01	11,188,520.35
- Warsaw and vicinity	2,333,846.65	2,156,312.13
- Tarnowo	2,662,667.90	2,268,905.39
- Stryków	1,734,048.46	1,515,780.32
- Cieszyn	245,186.59	392,629.32
- Krynica Górská	9,238,514.41	4,854,893.19

Note 16. Operating expenses

OPERATING EXPENSES	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
Costs on sale of products	71,532,786.82	98,152,996.00
Costs on sale of services	22,524,842.81	19,110,799.95
Costs on sale of goods	444,450.03	1,894,458.19
Total costs of products, services and goods sold	94,502,079.66	119,158,254.14

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Selling and overhead expenses	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
Selling expenses	8,423,982.86	8,680,230.96
Overhead expenses	6,364,387.22	7,710,170.87
Total selling and overhead expenses	14,788,370.08	16,390,401.83

Costs by type	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
Depreciation and amortisation	1,077,469.54	5,186,904.00
Cost of materials and energy	6,072,305.21	5,675,666.10
Services made by other contractions	13,258,161.92	23,152,336.03
Taxes and duties	2,915,892.33	3,359,121.17
Wages and Salaries	11,276,481.01	11,841,021.79
Services for the benefit of employees	1,993,319.99	2,084,691.41
Other costs	4,243,942.19	5,212,149.20
Total costs according to types	40,837,572.19	56,511,889.70

Note 17. Other operating income

OPERATING INCOME	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
a) profit from disposal of non-financial fixed assets	87,702.33	0.00
b) other operating income	6,818,134.14	2,963,976.31
Total operating income	6,905,836.47	2,963,976.31

OPERATING INCOME	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
a) profit from disposal of non-financial fixed assets	87,702.33	0.00
b) handling charges	5,025,147.52	0.00
c) provisions	1,041,040.57	491,060.05
d) assets disclosure	0.00	0.00
d) other (including compensation)	751,946.05	2,472,916.26
Total operating expenses	6,905,836.47	2,963,976.31

Note 18. Other operating expenses

OPERATING EXPENSES	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
a) loss on disposal of non-financial fixed assets	0.00	1,205,828.89
b) revaluation of non-financial assets	0.00	0.00
c) other operating expenses	1,525,892.43	2,404,684.44
Total operating expenses	1,525,892.43	3,610,513.33

OPERATING EXPENSES	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
a) loss on disposal of non-financial fixed assets	0.00	1,205,828.89
b) revaluation of non-financial assets	0.00	0.00
c) provisions	1,989.06	383,932.29
d) compensation, penalties and damages	494,808.94	519,403.21
e) compensation fee	16,141.47	15,530.66
f) litigation costs	216,559.10	218,587.64
d) other (including donation)	796,393.86	1,267,230.64
Total operating expenses	1,525,892.43	3,610,513.33

Note 19. Financial income

FINANCIAL INCOME	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
a) dividends	4,500,000.00	2,702,165.00
b) interest	4,599,974.85	7,408,925.21
c) revaluation of investment	0.00	0.00
d) profit on disposal of investments	0.00	0.00
e) other	536,466.95	2,962,096.51

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Total financial income	9,636,441.80	13,073,186.72
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Financial income	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
a) dividends	4,500,000.00	2,702,165.00
b) interests from customers	301,570.33	291,431.56
c) loan interests	607,321.58	629,850.21
d) deposit interests	13,021.80	2,304.57
e) bill interests	20,372.49	82,729.30
f) other interests	3,657,688.65	6,402,609.57
g) foreign exchange differences	536,466.95	2,956,309.07
h) revaluation of the investment value	0.00	0.00
i) profit on disposal of investments	0.00	0.00
j) other	0.00	5,787.44
Total	9,636,441.80	13,073,186.72

Note 20. Financial expenses

FINANCIAL EXPENSES	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
a) interest	19,404,010.09	25,649,098.14
b) revaluation of investment	0.00	0.00
c) loss on disposal of investments	0.00	0.00
d) other	44.15	89,044.96
Total financial expenses	19,404,054.24	25,738,143.10

FINANCIAL EXPENSES	from 01-01-2014 to 30-06-2014	from 01-01-2013 to 30-06-2013
a) interest, commission, credits	6,343,975.98	8,524,529.67
b) interests - leases	858,770.88	1,143,626.29
c) interest-loans	781,483.17	570,745.16
d) interest-bills	1,137,469.04	3,593,793.61
e) interest-bond issue	9,748,500.92	9,362,350.99
f) other interests	533,810.10	2,454,052.42
g) foreign exchange differences	0.00	0.00
h) loss on disposal of investments	0.00	0.00
i) other	44.15	89,044.96
Total financial expenses	19,404,054.24	25,738,143.10

Signature of the preparer of the Financial Statements

Irmína Łopuszyńska Member of Management Board Chief Accountant	Signature
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Signatures of Board Members

Wojciech Rajchert Member of Management Board	Signature
Magdalena Starzyńska Member of Management Board	Signature
Małgorzata Ostrowska Member of Management Board	Signature

Ząbki, 27 August 2014