



The Management Commentary on the Capital Group

**for the period from 01 January 2012
to 30 June 2012.**



Ząbki, 30 August 2012

1. Introduction.

J.W. Construction Holding S.A., a joint-stock company domiciled in Ząbki (the "Company"), registered with the Register of Companies of the National Court Register under number 0000028142, whose registration files are kept by the District Court for the Capital City of Warsaw, 14th Business Division of the National Court Register, is the parent company of the Capital Group of J.W. Construction Holding S.A. (the "Capital Group").

The Company was entered into the Register of Companies of the National Court Register on 16 July 2001, when a change in the name of the Company was registered – from the then-current "Towarzystwo Budowlano - Mieszkaniowe Batory S.A." to the present "J.W. Construction Holding S.A."

The Company was formed from transformation of Towarzystwo Budowlano - Mieszkaniowe Batory Sp. z o.o. domiciled in Ząbki, established on 10 February 1994. The transformation of a limited liability company into a joint stock company, executed under a notarial deed of 28 December 2000, was registered by the District Court for the Capital City of Warsaw, 16th Business and Registry Division on 15 January 2001.

Share capital of the Company amounts to PLN 10,814,656 and is divided into 54,073,280 A-and-B-class ordinary bearer with a par value of PLN 0.20 each.

2. The description of the structure of Capital Group with an indication of entities subject to consolidation.

As at 30 June 2012 the Issuer's Capital Group was composed of:

J.W. Construction S.A. (full consolidation)

The Company of J.W. Construction S.A., domiciled in Ząbki entered in the register of entrepreneurs of the National Court Register under KRS number 0000290315. Share capital of J.W. Construction S.A. amounts to PLN 11,526,618 and is divided into 11,526,618 shares with a par value of PLN 1 each. J.W. Construction S.A. took over the construction activity of the Company. The Company of J.W. Construction Sp. z o.o a subsidiary of the Company holds 100% of share capital of J.W. Construction S.A.

J.W. Construction Sp. z o.o. (formerly JWCH Produkcja Budowlana Sp. z o.o.) (full consolidation)

The Company of J.W. Construction Sp. z o.o with its seat in Ząbki entered in the register of entrepreneurs of the National Court Register under KRS number 0000300959. The Company holds 99.99% of its shares. Share capital of the Company amounts to PLN 27.021.650 and is divided into 540,433 shares with a par value of PLN 50 each. The business activity of J.W. Construction Sp. z o.o is production of building prefabricated units.

JW Projekt Sp. z o.o. (full consolidation)

JW Projekt Sp. z o.o., a limited liability company domiciled in Warsaw entered in the register of entrepreneurs of the National Court Register entered in the register of entrepreneurs of the National Court Register 195210 on 20 February 2004 . The Company holds 100 % of its shares. Share capital of JW Projekt Sp. z o.o. amounts to PLN 1.155.600 and is divided into 5,778 shares with a par value of PLN 200 each. The business of JW Projekt Sp. z o.o. is architecture and designing.

TBS Marki Sp. z o.o. (full consolidation)

The Company TBS Marki Sp. z o.o., a limited liability company domiciled in Warsaw entered in the register of entrepreneurs of the National Court Register entered in the register of entrepreneurs of the National Court Register 65232 on 28 November 2001. The Company holds 100% of its shares. Share capital of TBS Marki Sp. z o.o. amounts to PLN 13,360,000 and is divided into 26,720 shares with a par value of PLN 500 each. TBS Marki Sp. z o.o. was established as a social building society, within the meaning of the Act on Some Forms of Supporting Housing Building Projects. TBS Marki Sp. z o.o. is an investor responsible for implementation of four projects i.e. "Lisi Jar", "Marki V", "Warszawa Białoleka" and "Sochaczew, ul. Piłsudskiego".

Lokum Sp. z oo (full consolidation)

Lokum Sp. z o.o., a limited liability company domiciled in Warsaw entered in the register of entrepreneurs of the National Court Register entered in the register of entrepreneurs of the National Court Register 170570 on 20 August 2003. The Company holds 100% of its shares. Share capital of Lokum Sp. z o.o. amounts to PLN 3,778,500 and is divided into 7,557 shares with a par value of PLN 500 each. Lokum Sp. z o.o. is a special purpose vehicle. An investment project – "Willa Konstancin" in Konstancin-Jeziorna was implemented under its structures.

Deweloper Sp. z o.o. (full consolidation)

Deweloper Sp. z o.o., a limited liability company domiciled in Siemianowice Śląskie entered in the register of entrepreneurs of the National Court Register entered in the register of entrepreneurs of the National Court

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Register 170493 on 22 August 2003. The Company holds 99 % of its shares. Share capital of Deweloper Sp. z o.o. amounts to PLN 50,000 and is divided into 100 shares with a par value of PLN 500 each. The business of Deweloper Sp. z o.o. is road construction. In the structure of the Capital Group it was assigned the role of the general contractor of a housing estate in Katowice.

Porta Transport Sp. z o.o. in liquidation (full consolidation)

Porta Transport Sp. z o.o., a limited liability company domiciled in Szczecin entered in the register of entrepreneurs of the National Court Register entered in the register of entrepreneurs of the National Court Register KRS 0000177420. Share capital of Porta Transport Sp. z o.o. is divided into 258,308 shares with a par value of PLN 100 each. The business of the company was transport services provided to Porta Szczecińska Nowa Sp. z o.o. in the territory of the Szczecin shipyard and forwarding services in the country and abroad., currently in liquidation. The Company holds 100% of its share capital.

JWCH Budownictwo Drogowe Sp. z o.o. (full consolidation)

JWCH Budownictwo Drogowe Sp. z o.o., a limited liability company domiciled in Ząbki entered in the register of entrepreneurs of the National Court Register entered in the register of entrepreneurs of the National Court Register 0000299665 on 21 February 2008 on 21 February 2008. The Company holds 100 % of its shares. Share capital of JWCH Budownictwo Drogowe Sp. z o.o. amounts to PLN 2,060,000 and is divided into 41,200 shares with a par value of PLN 50 each. JWCH Budownictwo Drogowe Sp. z o.o.

Yakor House Sp. z o.o. - formerly Ośrodek Wypoczynkowy "Ogoniok" (full consolidation)

Yakor House Sp. z o.o., a limited liability company domiciled in Sochi, Russian Republic. The Company holds 70% of its share capital amounting or RBL 10,500,000. Yakor House Sp. z o.o. owns real estate in the territory of Sochi on which it prepares a housing and commercial investment project.

Business Financial Construction Sp. z o.o. - BFC (not subject to consolidation)

Business Financial Construction Sp. z o.o., a limited liability company domiciled in Warsaw entered in the register of entrepreneurs of the National Court Register entered in the register of entrepreneurs of the National Court Register 114675 on 24 May 2002. The Company holds 99.99% of its shares. Share capital of Business Financial Construction Sp. z o.o. amounts to PLN 4,347,000 and is divided into 8,694 shares with a par value of PLN 500 each. The business of Business Financial Construction Sp. z o.o. is to serve sales of apartments built by the Company and other companies of the Group.

Polonia S.S.A (not subject to consolidation)

Polonia S.S.A a sports joint-stock company domiciled in Warsaw entered in the register of entrepreneurs of the National Court Register entered in the register of entrepreneurs of the National Court Register 173656 on 19 September 2003. The Company holds 100% of its shares. Share capital of Polonia S.S.A. amounts to PLN 1,544,000 and is divided into 5,000 A-class registered shares with a par value of PLN 100 each and 10,440 B-class registered shares with a par value of PLN 100 each.

J.W. Construction Bulgaria EOOD (not subject to consolidation)

J.W. Construction Bulgaria EOOD was registered by the Municipal Court for Sofia (Bulgaria) on 8 October 2007 under name J.W. Construction Bulgaria EOOD domiciled in Sofia (a Bulgarian law company – equivalent to a Polish limited liability company). Currently, J.W. Construction Bulgaria EOOD has a seat in Warna, in which the Company holds 500 (five hundred) shares with a par value of BGN 10 (ten) each and the total value of BGN 5,000 (five thousand) in J.W. Construction Bulgaria EOOD. J.W. Construction Bulgaria EOOD has a property in the area of Golden Sands.

Saspol Infrastructure Sp. z o.o. (not subject to consolidation)

SASPOL INFRASTRUCTURE Sp. z o.o., a limited liability company domiciled in Ząbki, entered in the register of entrepreneurs of the National Court Register entered in the register of entrepreneurs of the National Court Register 0000335059 on 21 February 2010. The company holds 25% its share capital. Share capital of SASPOL INFRASTRUCTURE Sp. z o.o amounts to PLN 5,000 and is divided into 100 shares with a per value of PLN 50,00 each. SASPOL INFRASTRUCTURE Sp. z.o.o is a special purpose vehicle made up of foreign partners

through which, the Company, together with these partners, will take part in tenders for the realization of works connected with infrastructure.

Architects Polska Sp. z o.o (full consolidation)

Architects Polska Sp. z o. o. with its seat in Ząbki (formerly Sami Tito Architects Polska Sp. z o.o) entered in the register of entrepreneurs on 19 January 2011 under the KRS number 0000376090, of which the capital amounts to PLN 5,000 and is divided into 100 shares at PLN 50,00 each, the Company holds 100% of shares.

J.W. Marka Spółka z o.o. (previously Interim D Sp. z o.o.) (full consolidation)

J.W. Marka Sp. z o.o. with its seat in Ząbki entered in the register of entrepreneurs of the National Court Register on 20 December 2010 under KRS number 0000373684 with its share capital of PLN 155,838,000 divided into 3,116,760 shares with a nominal value of PLN 50.00 each. The Company holds 100% of shares in J.W. Marka Sp. z o.o. The subject of activity of J.W. Marka Sp. z o.o. is to conduct service activities in the field of advertisement, marketing and lease of trade marks.

J.W. Group Sp. z o.o. (full consolidation)

J.W. Group Spółka. z o.o. with its seat in Ząbki entered in the register of entrepreneurs of the National Court Register on 29 April 2008 under KRS number 0000304684 with its share capital of PLN 50.000 divided into 1.000 shares with a nominal value of PLN 50.00 each. The Company holds 100% of shares in J.W. Group Sp. z o.o. The Company acquired a 100% share capital of J.W. Group Sp. z o.o on 23 February 2012. The business of J.W. Group Sp. z o.o. is the management of other entities.

J.W. Group Spółka with limited liability 1 Spółka k. a. (full consolidation)

J.W. Group Spółka. z o.o. with its seat in Ząbki entered in the register of entrepreneurs of the National Court Register on 26 March 2012 under KRS number 00003415469 with its share capital of PLN 50.000 divided into 50 shares with a nominal value of PLN 1.000 each. The Company holds 100% of shares in J.W. Group Sp. z o.o. 1 Partnership limited by shares through J.W. Group Sp. z o.o. 1 Partnership limited by shares The Company intends to implement an investment of Kasprzaka.

J.W. Group Spółka with limited liability 2 Spółka k. a. (full consolidation)

J.W. Group Spółka. z o.o. with its seat in Ząbki entered in the register of entrepreneurs of the National Court Register on 26 March 2012 under KRS number 00003415464 with its share capital of PLN 50.000 divided into 50 shares with a nominal value of PLN 1.000 each. The Company holds 100% of shares in J.W. Group Sp. z o.o. 2 Partnership limited by shares through J.W. Group Sp. z o.o. 2 Partnership limited by shares The Company intends to implement selected investments.

3. Principles of preparing the semi-annual consolidated financial statements

The principles of preparing the consolidated financial statements are described in the financial statements under "Accepted principles (policy) of accounting".

4. Selected financial figures presenting the key items of the summary financial statements for the period of six months.

Below there are presented selected financial data from the consolidated and separate financial statements (also translated into EUR).

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Consolidated balance sheet item	30 -06 -2012		31 -12 -2011	
	PLN	EUR	PLN	EUR
Total Assets	1,503,211	352,759	1,380,806	312,626
Non-current assets	875,347	205,418	687,358	155,624
Current assets	627,864	147,341	693,447	157,002
Total Equity and Liabilities	1,503,211	352,759	1,380,806	312,626
Equity	502,213	117,855	493,447	111,721
Non-current liabilities,	601,203	141,084	457,348	103,547
Current liabilities	399,795	93,820	430,010	97,358

Consolidated income statement item	1 January 2012 - 30 June 2012		1 January 2011 - 30 June 2012	
	PLN	EUR	PLN	EUR
Net revenues from sales of products, goods and materials	155,438	37,291	218,720	55,131
Costs of products, goods and materials sold	111,792	26,820	153,430	38,674
Gross profit (loss) on sales	43,645	10,471	65,290	16,457
Selling expenses	10,257	2,461	12,649	3,188
Overhead expenses	14,882	3,570	17,308	4,363
Profit (loss) on sales	29,112	6,984	47,535	11,982
Operating profit (loss)	40,159	9,634	47,208	11,899
Gross profit (loss)	10,648	2,555	30,781	7,759
Income tax	2,069	496	6,076	1,532
Net profit (loss)	8,580	2,058	24,705	6,227

Issuer's balance sheet item	30 -06 -2012		31 -12 -2011	
	PLN	EUR	PLN	EUR
Total Assets	1,406,238	330,002	1,261,108	285,525
Non-current assets	772,409	181,261	575,207	130,232
Current assets	633,829	148,741	685,901	155,294
Total Equity and Liabilities	1,406,238	330,002	1,261,108	285,525
Equity	527,546	123,799	520,732	117,898
Non-current liabilities,	486,305	114,121	341,272	77,267
Current liabilities	392,387	92,082	399,103	90,360

Consolidated income statement item	1 January 2012 - 30 June 2012		1 January 2011 - 30 June 2012	
	PLN	EUR	PLN	EUR
Net revenues from sales of products, goods and materials	125,136	30,021	199,464	50,277
Costs of products, goods and materials sold	87,320	20,949	147,720	37,234
Gross profit (loss) on sales	37,815	9,072	51,744	13,043
Selling expenses	10,413	2,498	12,488	3,148
Overhead expenses	11,488	2,756	12,106	3,052
Profit (loss) on sales	26,520	6,362	39,352	9,919
Operating profit (loss)	37,151	8,913	38,954	9,819
Gross profit (loss)	8,563	2,054	22,669	5,714
Income tax	1,749	420	4,444	1,120
Net profit (loss)	6,814	1,635	18,226	4,594

5. Activity of the Group and major events in the first half of 2012.

The following important events took place over the period of time covered in this report:

Corporate Affairs

The Annual General Meeting

On 26 June 2012 the Annual General Meeting was held, which approved unitary financial statements, consolidated financial statements for 2011, 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.

Supervisory Board

As at 30 June 2012, the Supervisory Board was composed of:

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

During the reporting period as well as after this period, the Company's Supervisory Board did not change.

Management Board of the Company

As at 30 June 2012, the Management Board was composed of:

Mr. Tomasz Panabażys - Vice President of the Management Board
Mr. Wojciech Rajchert - the Member of the Management Board
Mr. Robert Wójcik - the Member of the Management Board
Ms. Irmína Łopuszyńska - Member of Management Board
Ms. Magdalena Starzyńska - Member of the Management Board
Ms. Bożena Malinowska - Member of Management Board

In the reporting period, there were following changes in the Management Board:

On 01 February 2012, Mrs. Magdalena Starzyńska was appointed to Management Board.

At the end of the reporting period, there were following changes in the Management Board:

On 26 July 2012, Ms. Bożena Malinowska was dismissed from Management Board.

Concluding loan agreements

On 20.02.2012, the Company concluded the revolving credit agreement with Millenium Bank S.A in the amount of PLN 21.000.000 for financing the investment at Jaroczyńskiego Street in Poznań. The repayment date was set on 31 March 2015.

On 09.03.2012, the Company concluded an agreement on Nowy Dow investor loan in the amount of PLN 27,558,000 for co-financing the implementation of Lewandów investment buildings 3-6 at Lewandów Street in Warsaw. The repayment date was set on 25 December 2014.

On 16 April 2012, the Company concluded a revolving credit agreement in the amount of PLN 30 milion with Bank Polskiej Spółdzielczości S.A dedicated to finance a current activity. The repayment date was set on 15 April 2015.

On 29 May 2012, the Company concluded a non-revolving credit with Bank Polskiej Spółdzielczości S.A in the amount of PLN 13 million dedicated to finance a current activity. The repayment date was set on 28 May 2015.

Conclusion of the annex to the credit agreement

On 16 April 2012, the Company concluded an Annex 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 Annex, the credit use period and repayment date were postponed. The final repayment date is set on 26 April 2013.

On 24 April 2012, the Company concluded an overdraft facility agreement with Invest Bank S.A in the amount of PLN 15 million. By virtue of the Annex, the credit use period and repayment date were postponed. The final repayment date is set on 25 April 2013.

On 25 May 2012, 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 were postponed. The final repayment date is set on 27 April 2013.

Credit Repayment

On 31 March 2012, the subsidiary under the company of J.W. Construction S.A paid an overdraft facility granted by Bank PKO BP S.A in the amount of PLN 7,000,000 dedicated to finance the current activity.

On May 30, 2012, the Company fully repaid the overdraft facility granted by BOŚ Bank S.A in the amount of PLN 13 million which was dedicated to finance the current activity.

Occupancy permits

On 27 April 2012, the Company received the decision on building permit of a group of multi-family houses in Ożarów Mazowiecki. The permit is final.

On 14 May 2012, the Company received the decision on the occupancy permit of two buildings of Czarny Potok - a hotel complex in Krynica Zdrój. The issued decision concerns Buildings A and G. The permit is final.

On 04 June 2012, the Company received the decision on occupancy permit of two guest -house buildings in Sopot, at Parkowa Street. The permit is final.

A building permit

On 26 April 2012, the Company received the decision on building permission of a group of multi-family buildings with a garage and technical infrastructure in Powstania Wielkopolskiego Street and Powstania Śląskiego Street in Gdynia. The permit is final.

On 14 May 2012, the Company received the decision on building permission of a group of multi-family buildings and buildings in a twin building development at Sochaczewska/Płocka Street in Gdynia with a garage and technical infrastructure. The permit is not final.

On 12 June 2012, the Company received the decision on building permission of a group of multi-family residential - service buildings with land development at Tysiaclecia Street in Katowice. The permit is final.

Payment of interest on bonds

On 26 March 2012 and 25 June 2012, the Company paid bond interests, which the Company issued on 25 June 2010 in the total number of 1,300 pieces. Interests were paid in accordance with a rate based on 3M WIBOR plus a margin percentage. Bonds on which interests were paid, are long-term, unsecured, with a nominal value of PLN 100,000 each. Maturity date was set on 25 June 2013

The issue of Bonds

On April 27, 2012, the Company issued a total number of 9,500 long-term unsecured bonds with a nominal value of PLN 10,000 each. The total value of the issue is PLN 95,000,000. Interest bonds was determined on a basis of WIBOR 3M plus margin, thus the maturity date was set on 27 April 2015.

The bonds were used to finance a part of the purchase price of the property located in Kasprzaka 29/31 street with a total area of 81,185.00 m², purchased by the subsidiary operating under the name of J.W. Group limited liability company 1 company limited by shares with its registered office in Ząbki.

Acquisition of land

On 27 April 2012, a subsidiary of the Company - J.W. Group Spółka z o.o based in Ząbki concluded with VIS Investments Spółka z o.o SKA based in Warsaw an agreement to acquire the right of perpetual usufruct of land plots with ownership of the buildings erected on them, located in Warsaw. Parcel of land with a total area of 81,185 m² which is the subject of this Agreement is located in Kasprzaka 29/31 Street. The purchase price was set at PLN 155 million net (ie PLN 157,614,085 gross). Part of the price specified in the contract (the amount of PLN 62,614,085) was paid by the Company, acting as a guarantor of the agreement on 27 April 2012, to the trust account maintained at Raiffeisen Bank Poland S.A. The rest of the Price in the amount of PLN 95 million was paid in such a way, that the Company issued bonds on 27 April 2012 with a total nominal value of PLN 95 million with maturity of 3 years, with interest at an annual WIBOR 3M + margin (interest payable quarterly), which totally were

taken by Spółka VIS Investments Spółka z o.o SKA. Payment of interest will take place quarterly. On 6 August 2012, the parties concluded an annex to the contract of sale, which confirmed, in connection with the entry into the life of the local land use plan covering the property that the determined sale price between the parties is final.

Conclusion of the annex to the relevant agreement

On 29 June 2012, the Company concluded an annex to agreement concluded on 24 October 2011, with the contractor of the Company "Wroński" registered partnership with its seat in Leszno, near Kartuzy, in the amount of PLN 61,600,000 net.

The subject of the annexed contract is the implementation of an estate of residential multi-family buildings with by "Wronski" Sp. j on the property owned by the Company, located in Gdynia, at Leśna, Parkowa and Spacerowa street in a system of general contractor. The annex changed a provision on the expiry date of the Agreement, which currently is set on 31 December 2013. The agreement will expire if there the Company does not obtain the final decision on the building permit for at least one stage of the investment,.

The conclusion of property conditional sale contracts

On June 29, 2012, the Company entered into two preliminary purchase agreements with a total net value of PLN 44,400,719 (i.e PLN 54,612,883.79 gross) with the company of J.W. Consulting Spółka z o.o J.W. 3 SKA (partnership limited by shares) based in Warsaw.

The agreements regarded:

- the Company's commitment to sell, to the benefit of J.W. Consulting Spółka z o.o J.W. 3 SKA, a freehold of the property located in Sopot, in Parkowa 67/69 Street consisting of two guest-house buildings with a total usable area of 2,848.37 m² in the amount of PLN 24,265,946 net (i.e PLN 29,847,113 gross). The commission of the property rights, transfer of rights to use, and deriving benefits as well as the obligation to bear the costs, took place at the effective date of the preliminary agreement. The agreement specified that the payment for the subject property will be up to 30 June 2012, and the conclusion of the final agreement was established on 31 December 2012

- the Company's commitment to sell, to the benefit of J.W. Consulting Spółka z o.o J.W. 3 SKA, a freehold of 38 plots of land dedicated for a single-family development, with a total area of 31,165 m² located in gmina Ożarów Mazowiecki in the amount of PLN 20.134.773 net (i.e PLN 24.765.770,79 gross). The commission of the property rights, transfer of rights to use, and deriving benefits as well as the obligation to bear the costs, took place at the effective date of the preliminary agreement. The agreement specified that the payment for the subject property will be up to 30 June 2012, and the conclusion of the final agreement was established on 31 December 2012

The signing of the merger plan

On May 31, 2012, the Company agreed and signed a plan of merger with its subsidiaries JW Projekt Spółka z o.o based in Ząbki, JWCH Budownictwo Drogowe Spółka z o.o with its seat in Ząbki and Architects Polska Spółka z o.o with its seat in Ząbki. The planned merger will take place in accordance with Art. 491 § 1 item 1) of the Code of Commercial Companies by transferring all assets of the Acquired Companies to J.W. Construction Holding S.A as the acquiring company. The merger, in connection with the Company's ownership of shares representing 100% of the share capital in each of the Acquired Companies, will take place without an increase in the share capital of the Company. The merger should take place before the end of this year.

Implemented investments of

In the first half of 2012, the company realised 8 residential projects together with the total number of 2,089 flats and 12 single-family houses comprising 108,602 square metres of UFS. The scope of works included the following projects: Zielona Dolina (Warsaw), Osiedle Światowida (Warsaw), Osiedle Lewandów - buildings 3 - 6 (Warsaw), Villa Campina r with a settlement of single-family houses (Ożarów Mazowiecki), Osiedle Centrum II (Łódź), Osiedle "Oaza Piątkowo" in Poznań and an external contract - an investment of "Oxygen" at Wronia Street in Warsaw - carried out by the Company of JW. Construction S.A in a scope of a general contractor.

In parallel with ongoing housing investments, the Group carried out construction work on commercial investment - Hanza Tower in Szczecin with a usable area covering nearly 31.8 thousand. m². In addition, in the first half of 2012, the Company carried out three hotel venues: "Stara Dana" in Szczecin, an exclusive guest house in Sopot, and Czarny Potok in Krynica with a total usable area of 28.3 thousand m².

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The following investments were implemented in the first half of 2012.

No.	Housing investments	Number of units
1	"Zielona Dolina I" , Warsaw	596
2	"Villa Campina" -I stage, blocks, Ożarów	376
3	„Oxygen” - Warsaw (external contract - GW JW. Construction S.A.)	287
4	„Osiedle Centrum II", Łódź	255
5	„Osiedle Lewandów build. 3-6", Warsaw	208
6	„Osiedle Światowida", Warsaw	184
7	„Oaza Piątkowo", Poznań	183
8	"Villa Campina" - houses, Ożarów	12

No.	Commercial and hotel investments	Usable Space
1	"Hanza Tower" - Szczecin	31,785
2	„Czarny Potok” – Krynica Zdrój	20,500
3	"Stara Dana" - Szczecin	4,979
4	guesthouse in Sopot	2,852

Investments planned

In addition to currently continued investments, in the near future, the Company intends to expand its range with new projects in the residential segment. Over the next two years, the Company plans to launch residential projects with 6,255 units and with an area of almost 330 thousand. m2:

Housing investments which are to be launched in the next two years	City/ District	Number of units/houses:	UFS
Miasteczko Kasprzaka Kasprzaka Street	Wola, Warsaw	3,000	148,974
Zielona Dolina II, Zdziarska Street	Warsaw / Białołęka	853	37,219
Katowice, at Tysiąclecia Street	Katowice	585	27,657
Spokojna Street	Gdynia	440	33,500
Katowice, at Bałtycka Street	Katowice	263	15,541
Lewandów Berensona Street	Warsaw / Białołęka	259	11,875
Lewandów Antoniewska Street	Warsaw / Mokotów	255	14,515
Lewandów Aluzyjna II	Warsaw / Białołęka	147	6,985
Tymieckiego III	Łódź	106	5,165
Lewandów Odkryta II	Warsaw / Białołęka	82	4,158
Lewandów Sochaczewska Street	Gdynia	55	3,400
Powst. Wielkopolskiego Street	Gdynia	52	3,259
Zielona Dolina III, Zdziarska Street	Warsaw / Białołęka	52	2,256
"Villa Campina" - houses,	Ożarów Mazowiecki	50	7,500
Lewandów Aluzyjna I	Warsaw / Białołęka	40	2,011
Lewandów - houses	Warsaw / Białołęka	16	2,510

In addition, currently there are some preparations for the implementation of next office projects. The works are connected with designing and obtaining appropriate permits and decisions which allow to commence these investments. It is planned that in 2013 and in subsequent periods the implementation of the following commercial investments will begin:

Planned commercial investments	City/ District	Usable Space
Miasteczko Kasprzaka Kasprzaka Street	Wola, Warsaw	72,055
Lewandów Pileckiego Street	Warsaw / Ursynów	10,022

Objectives and development prospects

The analysis of the real estate market and the recognition of the preferences of the Company's customers prove the necessity of the current strategy. Works related to the preparation and implementation of investments include not only those dedicated to the quite well-off customers, but also those venues with much higher standard, dedicated for wealthy clients. The company also invests in the segment of commercial and hotel properties.

The Company's activities within housing construction will be continuously developed by launching new investments from the segment of popular flats. Ongoing interest in the Company's offer allows to offer customers new investments in interesting locations. There are some pending preparations to begin a construction of residential investments in Gdynia, at Powstania Wielkopolskiego Street and the investment in Katowice. The company also plans to expand its activity into new markets, especially in the southern part of Poland. The offer which is referred for wealthy clients, is an innovative estate called "Villa Campina" in Ożarów Mazowiecki near Warsaw. **Villa Campina is the first prestigious estate of single-family houses in Poland** based on an American concept **ShowCase House**. Its assumption is to present **12 ready** to move-in houses diverse in terms of architecture and interior design. The company as the first one in Poland, can offer a prestigious estate of single-family houses, which are created by the inhabitants themselves by selection of plots and projects of houses. The Company offers the sale as part of Showcase House concept - from the exposition of 12 types of show houses, the client can select a preferred project and entrust the developer its implementation and all the paperwork associated with it.

In addition, the Company is developing intensively its land bank. The real estate market is constantly monitored for the purchase of new land, including attractive plots in the center of Warsaw. Prolonged and heavy negotiations resulted in the signing of an extremely lucrative contract on a purchase of the land in the vicinity of the center of Warsaw, at Kasprzaka Street with an area of 81,185 m². On the subject plot there will be the largest, in the Company's history, project of "Miasteczko Kasprzaka" divided into a residential and commercial part. The proposed housing development will comprise approximately 3,000 units, thus services part will have an area of over 72,000 m².

Summing up, the Company's strategy aims at diversifying their operations in terms of market segment, the class of implemented investments and their location. The reason for taking such steps is the desire to meet the revenue budget in a stable way. Diversification of residential properties, which currently includes venues from a popular segment of flats such as Słoneczny Park and Premium - Villa Campina. As well as the strengthening the Company's assets, which in the long-term period will build value for shareholders by expanding portfolio of new commercial buildings (Jerozolimska Point in Warsaw, Hanza Tower i Stara Dana in Szczecin and a hotel complex of Czarny Potok in Krynica Zdrój)

Threats to the real estate market, and thus to the nearest environment, the Company sees more and more difficult access to finance the purchase of houses by individual buyers, which could have a significant impact on demand. Since January 2012, in accordance with the requirements of the FSA, banks has implemented so-called SIII recommendation which contain guidelines for the assessment of creditworthiness. Introduced adjustments resulted in a significant decrease in possibility to obtain credit in PLN to purchase a flat by average less than PLN 30 000 - 40 000 compared to the year 2011. Credit availability in a convertible currency quite was dramatically falling down, e.g from PLN 400,000 to PLN 250,000, and the additional requirement of FSA to have 50% of the volume of loans in PLN in relation to loans in convertible currency led to the cease of giving loans in foreign currency by banks. High interest rates on loans in PLN, which is approximately about 6.2% translates into higher installments paid by the borrowers, for example, apartment which is worth PLN 300,000 repaid over a period of 30 years in PLN- monthly principal and interest payments amount to about PLN 1,840, respectively in the EUR currency, the installment is equal to EUR 321 which is about PLN 1,400.

These restrictions on the mortgage credits market reflect negatively on the property market.

It should be also mentioned about the expiry of program called "Family on its own" - a government subsidy to the credit in the amount of 50% of interest in the first eight years of the repayment credit period (flat price cannot exceed the statutory limit, which currently amounts to PLN 5,904, and a usable floor space in the case of marriages is 75 m² and in the case of singles it is 50 sq m). Currently, the aid of the government is used by about 80% of customers taking out a loan for their own flat, these are people who buy their first flat and those who are not older than 30 years and have only one child.

There is no alternative government program in 2013, which may cause the cease of the real estate market. In this situation, it is expected that the sale rate of flats can be lower - which in turn, it may result in deterioration of cash liquidity in the Company. In order to eliminate these negative factors, the Company plans to implement further special programs to purchase a flat and to launch new residential investments at attractive prices and in attractive locations.

Taking into account above assumptions and still deteriorating situation in the mortgage market, the Company offers its clients a flexible solution to purchase flats. Within the financing offer, some programs adjusted to different groups of buyers can be offered.

Both in the past six months, and in previous periods, hotel activity was conducted. A current hotel base is 4 two and three star hotels located in attractive locations in Poland. This segment is being developed by the expansion and modernization of the "Czarny Potok" hotel in Krynica Zdrój to the "Resort & Spa" category, which in September 2012 will begin its operations under the name Czarny Potok Resort & Spa. The hotel offers 231 rooms and suites (in a 4-star standard), nine conference rooms, business club, four restaurants, a music club and a four-storey fitness center & Spa (5*) with a swimming pool. Czarny Potok Resort & Spa will be the largest conference center in the region. The venues will enable to organize all kinds of conferences and events for groups even up to 500 participants. In line with expectations, the hotel venue will achieve operating revenues at the level of about PLN 40 million and it will make a several million profit annually. The hotel in Krynica hire 150 people.

An important element in the development strategy of the Capital Group's activity is its executive arm - J.W. Construction S.A Thanks to the separation of a company with a typical construction character, our opportunities to attract new external contracts significantly increased.

The Group also continues the activities connected with development of Group Companies by implementing strategic objectives such as:

- Increasing a land bank by further attractive plots (including those in the downtown of a capital city),
- Cutting costs among other things by shortening the period of investment implementation while using a new prefabricated unit production technology under a separated company – JW. Construction Sp. z o.o
- carrying on the works connected with preparing new investment projects by drawing up the documents, including project documentation, and applying for building permits, which will allow to smoothly commence further investment projects in the future.

The Group Companies are also able to acquire third party contacts on the general building market.

The company regardless of the situation on the market diversifies risk through:

- introducing the sale of office and commercial spaces to the offer
- carrying on the housing investment projects in progress and preparing to launch new ones
- a broad commercial offer – including apartments ready for immediate move-in.

The most significant factors which may affect the Company's financial results include:

- maintaining the appropriate pace and schedules of the transferring already finished premises to the customers, what is also connected with the acquisition of financing sources in order to purchase such premises,
- implementation of the assumed level of sales;
- good attractive residential investment offer, including newly commenced investments;
- obtaining necessary administrative decisions in relation to the currently ongoing and future projects;
- no changes in legislation and taxation – rapid changes could influence in an uncontrolled way on the market demand for products offered by the Company;
- more and more restrictive credit conditions which cause lack of funding,
- phasing out of government programs, including "Family on its own", without proposing any alternative programs in return
- interest rate, in particular for the loans in the Polish currency (PLN);

6. Events which occurred after the date of drawing up the abbreviated quarterly financial statement, which were not included in this statement but which could possibly have remarkable influence on the Issuer's future financial results.

Concluding loan agreements

On 05 July 2012, the Company concluded the overdraft credit with PKO BP S.A in the amount of PLN 7 million. The repayment date was set on 04 July 2013.

On 27 July 2012, the Company concluded the investment loan agreement with Getin Noble Bank S.A in the amount of PLN 20.000.000 for refinancing the investment costs of building 292 residential units in Słoneczny Park investment. The repayment date was set on 20 July 2015.

Concluding annexes to loan agreements

On 3 August 2012, the Company concluded the Annex to the investment loan agreement provided by Getin Noble

Bank S.A for co- financing the implementation of the "Osiedle Swiatowida" investment at Swiatowida Street in Warsaw. Pursuant to the Annex, the amount of the given credit was reduced from PLN 19 milion to PLN 11 milion.

On 23 August 2012, the Company entered into the Annex to the revolving working capital loan granted by Invest Bank to co-finance the commercial investment of "Łódź Tymienieckiego II" at Tymienieckiego Street in Łódź. By virtue of the Annex, the repayment term of the credit was postponed and set on 30 September 2013.

Occupancy permits

On 20 August 2012, the Company received the decision on the occupancy permit of Czarny Potok -a hotel complex in Krynica Zdrój.

7. Description of major threats and risks.

The risks recognised by the Group include interest rate risk, credit risk, liquidity risk, administrative risk, and competition risk.

Interest rate risk

The Company raises funds for implementation of its projects based on floating interest rate loans. Those are mainly loans incurred for the period of the construction of a given investment project – approximately from 2 to 3 years.

Credit Risk

A great part of the Group's clients purchase with bank loans. Risks connected with the offered loans are secured with insurance of particular debts on behalf of clients. There is no significant credit risk concentration in any group of clients. Moreover, the Company systematically evaluates payments made by the clients, as well as their financial standing. However, some tighten credit conditions should be taken into consideration, which largely result from the regulations made by the Recommendation S. As a result, the above conditions may result in reduced demand for flats.

Liquidity risk

The Group pays special attention to keeping the balance between financing its investment activities and timely payment of its liabilities. The liquidity is dependent on the banks' credit policy, both mortgage and investment. The lack of banks' financing may have impact on the demand for apartments and, thus, on cash flows.

Administrative risk

The developer activity is based on administrative decisions required in connection with the present or future projects. The lack of licenses, permits or concession or late obtainment of the same way may have adverse effect on the ability to commence, conduct or complete present and new developer projects by the Group. All those factors may have impact on financial flows and overall operations.

Competition risk

In the last period of time, the competition on the building market has increased. This situation is caused both by the reduction of the volume tradings of the housing industry, and because of the EU funds inflow, that encouraged foreign companies to compete for orders in our country. In the light of such circumstances, it will be much harder to obtain any external orders for assembly works as well as prefabricated building materials. There is also a risk that the increased competition will be reflected in profit margins from external building contracts.

8. Indicating the consequences of changes in an economic entity's structure, including the consequences resulting from entities' joint activity, the take-over or sale of entities of the Issuer's capital group, long-term investments, distribution, restructuring or abandonment of activity.

The Company acquired 100% of shares in the Company under the name of J.W. Group Sp. z o.o, which, as a general partner, will manage the partnerships limited by shares through which the selected investments will be performed.

The company as a shareholder established two partnerships limited by shares, in which the subsidiary of J.W Group Sp. z o.o is the general partner, and through them, the Company intends to perform selected investments.

9. Management Board's position on the ability to realise earlier published projections for the given year in the light of the results presented in the semi-annual report compared to the projected ones.

The Management Board of J.W. Construction Holding S.A did not publish any financial forecasts both for the Company and the Capital Group.

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J.W. Construction Holding S.A for the first half of 2012.

10. Shareholders holding directly or indirectly through subsidiaries, at least 5% of the total number of votes at the general meeting of the Issuer on the date of the report for the first half along with the number of shares held by these entities, their percentage share in the share capital, the number of votes resulting from them and their percentage of the total number of votes at the general meeting.

As at 30.08.2012

<i>Shareholder</i>	<i>Number of shares held</i>	<i>% of share capital</i>	<i>Number of votes</i>	<i>% of total number of votes in the General Meeting</i>
Józef Wojciechowski	15.413.713	28.51 %	15.413.713	28.51 %
EHT S.A.	18.568.300	34.34 %	18.568.300	34.34 %
Investment funds managed by PKO TFI S.A	Between 5 and 10% of the shares ^x			
Pioneer Open-End Investment Fund owned by Pioneer Pekao TFI SA	Between 5 and 10% of the shares ^{xx}			

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

^{xx} on 22 November 2011, the Company received a notification on a decrease below a 10 % threshold of the share capital of the Company by the Pioneer Open_End Investment Fund managed by Pioneer Pekao TFI S.A, as at that day it was 5.382.182 shares representing 9.95 % of the share capital of the Company entitling to 5.382.182 votes at the General Meeting of the Company representing 9.95% of the total number of votes. In accordance with applicable law, a shareholder must notify the Company of exceeding the threshold of 5% and 10% of the total number of shares of the Company. To date, the Company has not received any notice from a shareholder, which would include information about reducing the number of shares held less than 5% or increase above 10% of the share capital of the Company.

Mr. Józef Wojciechowski controls EHT S.A. domiciled in Luxemburg.

11. Issuer's shares or rights to shares (options) held by members of the management board and supervisory board of the Issuer as at specific date, separately for each member.

Shares of the Issuer held by members of authorities of the Company:

As at 30.08.2012

<i>Person</i>	<i>Office</i>	<i>Number of shares held</i>
Józef Wojciechowski	Chairman of the Supervisory Board	15.413.713

There were no changes during the reporting period.

12. Law actions of the value over 10% of equity of the Issuer.

The Company is a party to the proceedings, the value of which exceeds 10% of equity. On 26 April 2012, the Company filed against the Capital City of Warsaw ("Respondent") a petition for commitment of the Defendant to submit a declaration of intent for the 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.

13. Information about concluding, by the Issuer or by its subsidiary entity, one or many transactions with the related subjects separately or in total if they are significant and concluded on different than on an arm's length basis.

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All transactions concluded by the Company or its related parties are arm's length transactions.

No.	COMPANY NAME	Receivables from related parties		Liabilities to related parties	
		30 -06 -2012	31 -12 -2011	30 -06 -2012	31 -12 -2011
1.	TBS Marki Sp. z o.o.	6,613.45	426,736.60	25,529,076.72	25,529,076.72
2.	JW. Construction International Sp. z o.o	0.00	17,638,377.31	0.00	0.00
3.	Business Financial Construction Sp. z o.o.	141,313.36	138,570.47	2,989,630.19	2,989,630.19
4.	Lokum Sp. z oo	587,119.22	91,402.84	0.00	0.00
5.	Deweloper Sp. z o.o.	131,592.68	126,977.74	20,000.00	20,000.00
6.	JW. Projekt Sp. z o.o.	1,799,815.10	1,716,318.74	1,136,771.18	1,136,771.18
7.	JW. Construction S.A.	4,868,626.36	1,865,842.89	70,900,391.04	70,900,391.04
8.	J.W.Bulgaria	35,148,756.54	35,749,007.08	0.00	0.00
9.	Porta Transport Sp. z o.o. in liquidation	14,760.00	16,041.00	10,770,592.03	10,770,592.03
10.	Yakor House Sp.z o.o.	15,858,476.73	12,248,060.52	0.00	0.00
11.	J.W.Construction Sp. z o.o.	14,621,119.15	13,980,544.23	66,578.81	66,578.81
12.	JWCH Budownictwo Drogowe Sp. z o.o.	3,600,803.57	3,311,541.09	0.00	0.00
13.	Saspol Infrastruktury Sp. z o.o.	48,223.56	46,627.95	0.00	0.00
14.	Architects Polska Sp. z o.o	462,236.45	461,221.67	3,209.57	3,209.57
15.	J.W. Marka Sp. z o.o.	21,627.37	484,763.87	1,339,840.68	1,648,097.67
16.	J.W. Group Sp. z o.o.	6,060.60	4,040.00	0.00	0.00
17.	.W. Group Sp. z o.o. 1 Partnership limited by shares	160,769,389.97	0.00	0.00	0.00

14. Information about standing by the Issuer or a subsidiary company a credit or loan surety or about granting a guarantee jointly to one subject or its subsidiary entity if the aggregate value of the existing sureties or guarantees constitutes the equivalent of at least 10% of Issuer's equity capital.

Surety

On April 27, 2012, the Company provided a guarantee for the liabilities of J.W. Group Spółka z o.o 1 SKA (partnership limited by shares) based in Żabki to the VIS Investments SKA (partnership limited by shares) with its registered seat in Warsaw. The subject of a guarantee was a payment of the contract sale price of acquiring the right of perpetual usufruct of land plots with ownership of the buildings erected on them, located in Warsaw in Kasprzaka 29/31 Street. The total area of the property that is the subject of the contract is 81,185.00 m2. The value of the guarantee, which is the purchase price of the property at the same time, amounts to PLN 155 million net (PLN 157,614.085 gross). The Company is the sole shareholder of the Buyer and the sole shareholder of the general partner. The guarantee expired to the amount of the sale price upon payment of the price of the property.

15. Other information which in the opinion of the Issuer is significant for evaluation of its personnel, assets, financial standing, profit (loss) and changes in the same, and information significant for assessment of the ability of the Issuer to fulfil its obligations.

None besides the aforesaid ones.

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J.W. Construction Holding S.A for the first half of 2012.

Podpisy Członków Zarządu	
Tomasz Panabażys Vice Prezes Zarządu	Podpis 
Robert Wójcik Członek Zarządu	Podpis 
Irmina Łopuszyńska Członek Zarządu	Podpis 
Wojciech Rajchert Członek Zarządu	Podpis 
Magdalena Starzyńska Członek Zarządu	Podpis 

Ząbki, 30 sierpnia 2012 r.