

CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD OF 6 MONTHS

ended on June 30, 2018

prepared in accordance with the International Financial Reporting Standards



Ząbki, September 19, 2018

Table of contents

A. INTRODUCTION TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	3
1. GENERAL INFORMATION ABOUT THE CAPITAL GROUP	3
2. RULES FOR PREPARING THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS..	6
B. INTERIM CONDENSED CONSOLIDATED STATEMENT ON THE FINANCIAL SITUATION	12
C. INTERIM CONDENSED CONSOLIDATED STATEMENT ON THE RESULT AND OTHER TOTAL EARNINGS	13
D. INTERIM CONDENSED CONSOLIDATED STATEMENT ON THE CASHFLOW	14
E. INTERIM CONDENSED STATEMENT ON CHANGES IN EQUITY	15
F. EXPLANATORY NOTES	18
G. INTERIM CONDENSED FINANCIAL STATEMENTS AS AT 30 JUNE 2018	46
1. GENERAL INFORMATION	46
2. RULES FOR PREPARING THE INTERIM CONDENSED FINANCIAL STATEMENTS	46
H. EXPLANATORY NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS OF THE ISSUER AS AT 30 JUNE 2018	54

A. INTRODUCTION TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION ABOUT THE CAPITAL GROUP

1.1 Name, registered office, registration authorities, dominant entity's core business activity

J.W. Construction Holding S.A., hereinafter referred to as Company, is a joint-stock company with its registered office in Ząbki, Poland at 326 Radzymińska street, 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 (Poland Klasyfikacja Działalności) 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 Deferred tax.

1.2 Lifetime

As of June 30, 2018, the lifetime of the Company is unlimited. The business year of the Company is a calendar year, i.e. the period between January 1 and December 31.

1.3 Management Board

Management Board Members:

As at 30 June 2018 Management Board comprises of:

Wojciech Rajchert – Board Member
Magdalena Starzyńska – Board Member
Małgorzata Ostrowska – Board Member
Piotr Suprynowicz – Board Member

No changes in the Management Board took place in the first half of 2018.

Supervisory Board Members:

As at 30 June 2018 Supervisory Board comprises of:

Józef Wojciechowski – President of the Supervisory Board
Irmina Łopuszyńska – Supervisory Board Member
Małgorzata Szawarc - Sroka – Supervisory Board Member
Jacek Radziwiliski – Supervisory Board Member
Barbara Czyż – Supervisory Board Member
Marek Maruszyński – Supervisory Board Member
Ryszard Matkowski – Supervisory Board Member

In the first half of 2018 the following changes to the Supervisory Board took place:

On 16 January 2018, Barbara Czyż submitted her resignation from the Supervisory Board
On 16 January 2018, Ryszard Matkowski was appointed to the Supervisory Board
On 16 January 2018, Barbara Czyż was appointed to the Supervisory Board

1.4 Approval of the financial statements for publication

These interim condensed consolidated financial statements have been approved for publication and signed by the Management Board on 19 September 2018.

1.5 Going concern basis and comparability of financial statements

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

financial data was not measured using a different method, which ensures comparability of financial data contained in the presented consolidated financial statements.

1.6 Period covered by the report

The presented interim condensed consolidated financial statements cover the period from 1 January 2018 to 30 June 2018, and comparable financial data and explanatory notes cover the period from 1 January 2017 to 30 June 2017 and as at 31 December 2017 in the case of the report on the financial situation and changes in equity.

1.7 Basic information about the Group consisting of the parent and the subsidiaries of the parent company included in the consolidated financial statements

The structure of the Group and the participation of the dominant entity in the share capital of the entities being part of the Group and consolidated as of June 30, 2018 is presented in the below table:

Company	Country of registration	Parent company's share in share capital	Parent company's share in voting rights	Consolidation method
Subsidiaries:				
Towarzystwo Budownictwa Społecznego „Marki” Sp. z o.o.	Poland	100,00%	100,00%	full consolidation
J.W. Construction Sp. z o.o.	Poland	100,00%	100,00%	full consolidation
Porta Transport Sp. z o.o. in liquidation	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
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
Varsovia Apartamenty Sp. z o.o. (Bałtycka Invest Sp. z o.o.)	Poland	100,00%	100,00%	full consolidation
Berensona Invest Sp. z o.o.	Poland	100,00%	100,00%	full consolidation
Bliska Wola 4 Sp z o.o. 1SK	Poland	48,00%	48,00%	full consolidation
Bliska Wola 4 Sp z o.o. 2SK	Poland	48,00%	48,00%	full consolidation
Wola Invest Sp. z o.o. (formerly Bliska Wola 3 Sp z o.o.)	Poland	100,00%	100,00%	full consolidation
Bliska Wola 4 Sp z o.o.	Poland	100,00%	100,00%	full consolidation
Zdziarska Invest Sp z o.o.	Poland	100,00%	100,00%	full consolidation
Łódź Invest Sp z o.o.	Poland	100,00%	100,00%	full consolidation
Lewandów Invest Sp. z o.o.	Poland	100,00%	100,00%	full consolidation
Hanza Invest S.A.	Poland	100,00%	100,00%	full consolidation

The core business of the Group's companies is:

- JW. Marka Sp. z o.o. – marketing activity,
- 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 own properties on its own account,
- Porta Transport Sp. z o.o. – transport services,
- J.W. Construction Sp. z o.o. – construction activity, prefabricated units production for the building industry,
- Seahouse Sp. z o.o. – development and sale of own properties on its own account,
- Nowe Tysiąclecie Sp. z o.o. - development and sale of own properties on its own account,
- Business Financial Construction Sp. z o.o. – sales and marketing,
- Dana Invest Sp. z o.o. – development and sale of own properties on its own account,
- Varsovia Apartamenty Sp. z o.o. – hotels and accommodations,
- Berensona Invest Sp. z o.o. – development and sale of own properties on its own account,
- Bliska Wola 4 Sp. z o.o. 1SK– development and sale of own properties on its own account,
- Bliska Wola 4 Sp. z o.o. 2SK – development and sale of own properties on its own account,
- Wola Invest Sp. z o.o. – development and sale of own properties on its own account,
- Bliska Wola 4 Sp. z o.o. – development and sale of own properties on its own account,
- Zdziarska Invest Sp. z o.o. – development and sale of own properties on its own account,
- Łódź Invest Sp. z o.o. – development and sale of own properties on its own account,
- Lewandów Invest Sp. z o.o. – development and sale of own properties on its own account,
- Hanza Invest S.A. - development and sale of own properties on its own account.

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

Consolidated financial statements

The consolidated financial statements for the years 2017-2018 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.

The dominant entity, in the years 2017-2018, excluded from an obligation to consolidate the following subsidiaries:

In 2018:

- J.W. Construction Bułgaria Sp. z o.o.-100%
- JW. Ergo Energy -50%
- TBS Nowy Dom Sp. z o.o. – 100%
- Wielopole 19/21 Sp. z o.o. – 100%

In 2017:

- J.W. Construction Bułgaria Sp. z o.o.-100%
- JW. Ergo Energy -100%
- TBS Nowy Dom 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.

2. RULES FOR PREPARING THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis for preparing the financial statements

These condensed interim consolidated financial statements for the first half of 2018 and comparative periods have been prepared in accordance with IAS 34 Interim Financial Reporting and other IAS / IFRS applicable.

These interim condensed consolidated financial statements have been prepared in accordance with the historical cost concept, with the exception of:

- investment property estimated at fair value,
- cash equivalents at nominal value,
- financial instruments at fair value, with the exception of shares and stocks in subsidiaries estimated at cost, including write-downs,
- financial liabilities, including credits and loans estimated at amortized cost using the effective interest rate.

The report was prepared on an accrual basis, except for the cash flow statement.

The condensed interim consolidated financial statements do not include all information and explanations required in the annual report, therefore they shall be read together with the financial statements for the financial year ended on 31 December 2017.

2.2 Compliance statement

These interim condensed consolidated financial statements for the period from January 1, 2018 to June 30, 2018 have been prepared in accordance with the applicable IAS / IFRS approved by the European Union (approval by the European Union means the announcement of standards or interpretations in the form of regulations of the European Commission). To the extent not covered by the above standards, these consolidated annual financial statements have been prepared in accordance with the requirements of the Act of 29 September 1994 on accounting (Journal of Laws of Republic of Poland 2018, item 395, as amended) and executive provisions issued based on it. In these interim condensed consolidated financial statements, the general term IFRS is used both in reference to International Financial Reporting Standards and International Accounting Standards.

The accounting principles were applied while maintaining the principle of continuity in all presented periods.

2.3 Significant estimations and assumptions

Estimations and certain ideas are subject to periodic verification of the Company. 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 provides a verdict or issues a decision other than expected by the company and the created provisions may prove insufficient.
- The entity receives revenue from the services performed by the Issuer based on the task contracts for a fixed period of time. The services performed by the Issuer are long-term services. The period of their performance exceeds 6 months.

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

The principles (policy) of accounting that were used for preparation of this consolidated financial statement for H1 of 2018 are consistent with those used for preparation of the financial statement for the financial year of 2017, with the exception of changes described below.

The same principles were applied for the current period and the period being compared. A detailed description of the accounting policies adopted by J.W. Construction Holding SA Capital Group was presented in the annual consolidated financial statements for the financial year of 2017, published on 14 March 2018.

2.5 Applying new standards, changes to standards and interpretations

- **New standards, interpretations and amendments to published standards that have been approved and published by the European Union and entered into force on or after 1 January 2018**

IFRS 9 „Financial Instruments”

As of 1 January 2018 IFRS 9 replaced the standard of IAS 39 "Financial Instruments - Recognition and Measurement". The main changes in accounting resulting from the new standard include, among others:

- new rules for classifying financial assets into categories for the needs of valuation,
- a new model for recognizing impairment losses - a model of expected credit losses,
- new rules for recognizing changes in the fair value of investments in equity financial instruments,
- eliminating the need to separate embedded derivatives from financial assets.

As part of the implementation of IFRS 9, the Group analyzed the impact of the application of the standard on the consolidated financial statements. The Group did not implement IFRS 9 earlier and applied the requirements of IFRS 9 retrospectively for periods beginning on January 1, 2018. In accordance with the option allowed by the standard, the Group resigned from the retrospective transformation of comparative data. The implementation of IFRS 9 influenced the change in accounting policy regarding the recognition, classification and valuation of financial assets, the valuation of financial liabilities and the determination of impairment losses on financial assets.

The standard introduces the following categories of classification and valuation:

- valuation at amortized cost,
- valuation at fair value through other comprehensive income,
- valuation at fair value through financial result.

The classification is made at the moment of initial recognition of financial assets and depends on the model of financial assets management accepted by the Group and the economic characteristics of the recognized items.

In addition, IFRS 9 introduces a new model for recognizing impairment losses. The new solution provides for revaluation write-offs not only for items for which impairment has been identified but also for potential (expected) credit losses.

The Group analyzed significant positions of financial instruments, as a result of which trade receivables, other receivables (including loans granted), bank deposits and cash were classified to the category of valuation at amortized cost.

When calculating the impairment allowance according to the model of expected credit losses for trade receivables, works and services as well as other receivables, the Group applied a simplified impairment allowance calculation taking into account expected credit losses for the entire lifetime of the position.

The write-down on receivables resulting from the implementation of IFRS 9 was estimated based on the analysis of individual clients' creditworthiness and the likelihood of failure to meet their obligations.

The estimated value of the write-off for receivables using the above method did not have a significant impact on the valuation of receivables and the amount of the adjustment as at 1 January 2018.

As a result of the analysis, it was also determined that the potential write-off for cash on bank accounts would be insignificant taking into account the credit risk assessment of banks in which the Group's companies hold cash. The company did not identify changes in the classification and valuation of financial liabilities when switching to IFRS 9 due to the fact that the existing solutions were mostly transferred from IAS 39 to the new standard.

IFRS 15 „Revenue from contracts with customers”

IFRS 15 has been approved for use in European Union Member States and applies to financial statements drawn up for periods beginning on or after January 1, 2018. The provisions of IFRS 15 apply to contracts with customers, except for leasing agreements covered by IAS 17, Leases, financial instruments and other contractual rights or obligations covered by IFRS 9 Financial Instruments, IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint arrangements", IAS 27 "Separate Financial Statements", IAS 28 "Investments in Associates and Joint Ventures", insurance contracts covered by IFRS 4 "Insurance Contracts".

IFRS 15 assumes that revenue recognition should reflect the transfer of promised goods or services to a customer in an amount that corresponds to the consideration that the entity expects in exchange for the goods or services in question. In accordance with IFRS 15, the transfer of goods or services is based on the concept of transferring control over them to a customer, which may occur at a specified time (delivery of goods, product, termination of service) or over time (for example during providing the service or during the creation of an ordered product).

The Group has analyzed the principles of recognizing revenues from significant contracts in terms of qualifying the accounting recognition of revenues for the purposes of IFRS 15.

Revenues in the Group are generated mainly from the execution of developer contracts. The amount of revenues is determined in relation to each identified separate commitment to provide the service based on the transaction price using the unit sales price including discounts and rebates.

Recognising revenues depends on the identification of a service performed in time or a benefit realized at a specific moment.

Revenues from sales related to services performed over time are recognized in the financial result gradually during the performance of service, provided that it is probable that remuneration will be received in exchange for services provided to the client and if one of the following conditions is fulfilled:

- the client simultaneously receives and derives economic benefits from the services as the Group is providing it, or
- as a result of fulfillment of the service by the Group, an asset is created or improved, and the control over this component as it arises or improves, is exercised by the client, or
- as a result of the fulfillment of the obligation by the Group's entity, an asset is created that does not have an alternative application for the Group's unit and at the same time the entity has the right to be paid for the service performed so far.

Sales revenues related to services performed at a specific moment are recognized in financial results at the moment of performance of the service, provided that it is probable that they remuneration for it will be received.

IFRS 15 has been applied since 1 January 2018. Based on the analysis of the impact of the implementation of IFRS 15 (including the analysis of key contracts concluded with customers, broken down into individual business segments, in terms of specific areas of revenue recognition), no contracts were identified for which the implementation of IFRS 15 could have significant impact on the financial statements by changing the principles of revenue recognition.

Other standards

- Amendments to IFRS 2 „Share-based payment,, - Amendments introduce recognition requirements:
 - (a) the effects of vesting conditions and conditions other than vesting conditions for the valuation of share-based payments in cash,
 - (b) share-based payments that have the function of net settlement with tax liabilities,
 - (c) modifying payment terms on the basis of shares, which change the classification of transactions from those settled in cash to those accounted for in equity instruments.
- Amendments to IFRS 4 "Insurance Contracts" - Amendments were introduced to solve problems resulting from the implementation of the new IFRS 9 "Financial Instruments" before introducing a new standard replacing IFRS 4.).
- Amendments to IAS 40 "Investment real estate" - Investment property transfers specify that an entity transfers individual properties to or from investment properties only when there is evidence of a change in

the way they are used. The change of use occurs when a particular property meets or ceases to meet the definition of investment property. Changing the intention of the management as to the manner in which the property is used does not in itself constitute a reason to change the way it is used. The changes also specify that the examples in paragraph 57 do not constitute a closed catalog of examples (before being changed, this list is a closed catalog of examples).

- IFRIC 22 "Foreign Currency Transactions and Advance Consideration" Interpretation. The interpretation specifies that in order to set the exchange rate, the transaction date is the date when the prepayment was first recognized as a non-monetary asset or deferred income liability. If there are multiple payments or imposts, the date of the transaction is determined for each payment or receipts.
- Amendments to IFRS (cycle 2014-2016) - Changes were made as part of the procedure of introducing annual amendments to IFRS. The changes concern IFRS 1, IFRS 12 and IAS 28 and are mainly focused on solving incompatibilities and clarifying vocabulary.

In the Company's opinion, the above-mentioned standards, interpretations and amendments to standards did not have a significant impact on the financial statements in the period of their first application.

▪ **Changes implemented by the Group**

The Group did not make a presentation adjustment of comparable data for the first half of 2018 and / or as at 31 December 2017.

- **New standards, interpretations and amendments to published standards, which were issued by the International Accounting Standards Board (IASB), have been approved by the European Union, but have not yet entered into force**

When approving these financial statements, the Company did not apply the following standards, amendments to standards and interpretations, which were published by the IASB and approved for use in the EU, but which have not yet entered into force:

- Amendments to IFRS 9 "Financial Instruments" Characteristics of the prepayment option with negative offset - modify the existing rights requirements for early termination of the contract to allow the valuation at amortized cost (or, depending on the business model, at fair value through other comprehensive income), in the case of negative compensation payments. The amendments provide that the sign (plus or minus) of the prepayment amount is not material - ie, depending on the interest rate applicable at the time the contract is terminated, a payment may be made to the party resulting in early repayment. The calculation of this compensation must be the same in both the penalty for early repayment as well as in the case of profit due to early repayment. Date of application - an annual period commencing on January 2019 or after that date.
- IFRS 16 "Leases" - In accordance with IFRS 16, the lessee recognizes the right to use an asset and liability under leasing. The right to use an asset is treated similarly to other non-financial assets and depreciated accordingly. Lease liabilities are initially measured at the present value of lease payments payable during the leasing period, discounted by the rate included in the lease, if it is not difficult to determine it, or by the marginal interest rate. IFRS 16 defines the lease period as a total, irrevocable period during which the lessee has the right to use the asset. The leasing period also includes optional periods when the entity is confident of the option of renewing (or failing to complete) the lease.
Regarding the classification of leasing with the lessors, it is carried out in the same way as in accordance with IAS 17 - i.e. as operating or financial leasing. With a lessor, leasing is classified as a financial lease if it transfers substantially all the risks and rewards incidental to ownership of the related assets. Otherwise, the lease is classified as an operating lease. In a financial lease, the lessor recognizes financial income over the lease term, based on a fixed periodic rate of return on the net investment. The lessor recognizes payments of operating leases in revenues on a straight-line basis or in another systematic manner, if it better reflects the pattern of obtaining benefits from the use of related assets.
Date of application - an annual period commencing on 1 January 2019 or after that date. Earlier application is permitted for entities that use IFRS 15 Revenue from contracts with customers from or before the date of first application of this standard.

According to the Company's estimates, the amendment to IFRS 9 will not have a significant impact on the financial statements in the period of its first application.

The company did not use the option of early application of IFRS 16 and will apply the standard from 1 January 2019. As part of the implementation of the new standard, the Company commenced the assessment of contracts in order to identify whether the contract meets the definition of leasing and estimation of the leasing period. The

new requirements eliminate the concept of operating lease, and thus off-balance sheet recognition of assets used on this basis. All assets used and related obligations to pay rent will have to be included in the balance sheet. This will change the basis for calculating commonly used financial ratios. The company plans to take advantage of the exemption from applying the standard requirements for short-term leasing and low-value asset leasing. With regard to the Company, as a lessor - the principles for recognizing lease agreements and their settlement will remain largely unchanged.

- **New standards, interpretations and amendments to published standards, which have been published by the International Accounting Standards Board (IASB) and are awaiting approval by the European Union**

IFRS in the form approved by the EU does not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), except for the following standards, amendments to standards and interpretations, which as at 16 April 2018 have not yet been adopted for use in the EU (the following dates of entry into force relate to the standards in the full version):

- IFRS 17 "Insurance Contracts" - the new standard requires the valuation of insurance liabilities in the amount of the current payment value and provides a more uniform approach to the valuation and presentation of all insurance contracts. These requirements are aimed at achieving a consistent recognition of insurance contracts based on specific accounting principles. IFRS 17 replaces IFRS 4 "Insurance Contracts" and related interpretations as of the date of application of the new standard. Date of application - an annual period commencing on 1 January 2021 or after that date.
- Amendments to IAS 19 "Employee benefits" - change, limitation or settlement of the plan require that after the plan change, apply the updated valuation assumptions in order to determine current service costs and net interest for the remaining part of the reporting period. Date of application - an annual period commencing on 1 January 2019 or after that date.
- Amendments to IAS 28 "Investments in Associates and Joint Ventures" - long-term shares in associates and joint ventures have been introduced to clarify that an entity applies IFRS 9 (including impairment regulations) to long-term shares in associates or joint ventures, which are included in the net investment in an associate or joint venture, for which the equity method was not applied. The amendments also remove paragraph 41, as it was considered that this paragraph only repeated the requirements contained in IFRS 9 and caused confusion regarding the settlement of long-term shares. Date of application - an annual period commencing in January 2019 or after that date.
- Interpretation of IFRIC 23 "Uncertainty over income tax treatments" - it may be unclear how the tax law relates to a specific transaction or circumstance or whether the tax authority will accept taxation of the entity. IAS 12, Income Taxes, defines how current and deferred taxes are settled, but does not reflect the effects of uncertainty. IFRIC 23 contains guidelines that complement the requirements of IAS 12, specifying how to reflect the effects of uncertainty when recognizing income tax. Date of application - an annual period commencing on 1 January 2019 or after that date.
- Amendments to IFRS (cycle 2015-2017) - changes made as part of the process of introducing annual amendments to IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) mainly focused on solving incompatibilities and refinement of vocabulary (valid for annual periods beginning with on January 1, 2019 or after that date).

The Group is in the process of analyzing the impact of the above-mentioned standards, interpretations and changes to standards. According to the current estimates of the Company, they will not have a material impact on the financial statements in the period of their first application.

2.6 Data comparability

There were no changes in the presentation of financial data in the comparable periods

2.7 MEASUREMENT CURRENCY AND FINANCIAL REPORTS 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 the IAS 21 principles.

B. INTERIM CONDENSED CONSOLIDATED STATEMENT ON THE FINANCIAL SITUATION

ASSETS	Note	30.06.2018	31.12.2017
FIXED ASSETS		744 350 655,73	745 462 743,34
Intangible assets	1	12 488 455,38	12 489 047,53
Tangible assets	3	412 000 667,64	413 497 228,56
Investment real estate	4	214 003 360,44	279 544 497,36
Other financial assets	5	66 219 169,24	3 753 010,25
Deferred income tax assets	15	36 647 647,88	33 146 685,79
Trade and other receivables	6	2 991 355,15	3 032 273,85
CURRENT ASSETS		1 090 515 910,48	945 424 569,82
Inventories	7	28 725 662,07	30 400 513,03
Construction contracts	7	845 562 210,98	629 595 306,51
Trade and other receivables	8	40 418 699,91	42 139 203,55
Other financial assets	9	1 642 043,03	55 725 214,89
Cash and cash equivalents	10	153 298 054,10	174 271 089,37
Accruals	11	20 869 240,38	13 293 242,47
Total assets		1 834 866 566,21	1 690 887 313,15
EQUITY AND LIABILITIES			

J.W. Construction Holding SA
Interim Condensed Consolidated Financial Statements for the period of 6 months ended on 6 June 2018

EQUITY		656 696 424,46	678 227 625,57
Share capital	12	17 771 888,60	17 771 888,60
Revaluation capital		7 490 208,19	7 490 208,19
Other capital	13	674 166 253,04	643 347 486,83
Retained earnings		-21 296 896,08	-16 318 050,13
Net profit / loss		-21 435 029,28	25 936 092,09
LIABILITIES		1 178 170 141,74	1 012 659 687,57
Non-current liabilities		401 815 877,17	463 811 348,81
Borrowings	14	109 311 173,85	144 689 144,73
Deferred income tax liabilities	15	34 822 906,64	37 474 920,23
Retirement benefit obligations	16	241 204,48	241 204,48
Provision for other liabilities and charges	17	54 500 147,10	54 578 877,99
Other liabilities	18	202 940 445,10	226 827 201,37
Current liabilities		776 354 264,57	548 848 338,76
Trade and other payables	19	62 334 163,06	60 625 467,65
Construction contracts	7	576 869 365,26	377 519 939,66
Borrowings	14	66 346 628,45	60 247 273,99
Provision for other liabilities and charges	17	27 823 101,97	27 735 675,12
Other liabilities	19	42 981 005,83	22 719 982,34
TOTAL EQUITY AND LIABILITIES		1 834 866 566,21	1 690 887 313,15

C. INTERIM CONDENSED CONSOLIDATED STATEMENT ON THE RESULT AND OTHER TOTAL EARNINGS

	Note	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
Net revenues from sales of products, goods and materials, of which:	24	89 750 367,23	135 309 831,30
Net revenues from sales of products		87 542 172,49	134 730 311,84
Net revenues from sales of goods and materials		2 208 194,74	579 519,46
Costs of products, goods and materials sold, of which:	25	85 344 256,49	105 121 011,75
Manufacturing cost of products sold		83 138 444,03	104 545 709,34
Value of goods and materials sold		2 205 812,46	575 302,41
Gross profit (loss) on sales		4 406 110,74	30 188 819,55
Sales costs		10 328 004,59	11 154 618,07
Overheads		11 731 600,18	10 574 557,63
Revaluation of investment properties		-4 052 202,88	-1 646 356,06
Profit (loss) on sales		-21 705 696,91	6 813 287,79
Other operating income	26	918 144,96	801 807,52
Other operating expenses	27	3 879 590,09	6 807 585,01
Operating profit (loss)		-24 667 142,04	807 510,29
Financial Revenues	28	11 087 375,41	1 150 870,12
Financial costs	29	13 989 556,34	8 877 440,51
Profit (loss) on business activity		-27 569 322,97	-6 919 060,10
Gross profit (loss)		-27 569 322,97	-6 919 060,10
Income tax	22	-6 134 293,68	-3 380 912,20
Net profit (loss)		-21 435 029,28	-3 538 147,90

A significant impact on the financial result for the first half of 2018 was a loss from the sale of real estate in Wrocław in the amount of PLN 15 184 356.85. The event is described in note 32 to the financial statements.

Other comprehensive income:		-96 171,83	-640 188,34
Foreign exchange rate operation differences		-96 171,83	-640 188,34
Profit/loss from acquisitions		0,00	0,00
Profit from revaluation of tangible fixed assets		0,00	0,00
Other comprehensive income		0,00	0,00
Total revenue		-21 531 201,11	-4 178 336,24

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE		01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
Profits			
(A) Profits of the Group disclosed in the consolidated financial statements		-21 435 029,28	-3 538 147,90
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 *		88 859 443	88 859 443
(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		88 859 443	88 859 443
Basic earnings per share = (A)/(B)		-0,24	-0,04
Diluted earnings per share = (A)/(B)		-0,24	-0,04

D. INTERIM CONDENSED CONSOLIDATED STATEMENT ON THE CASHFLOW

Operating cash flow - two-step method	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
Net profit (loss)	-21 435 029,28	-3 538 147,90
Item adjustments	2 292 556,74	7 369 530,16
Depreciation and amortization	5 399 973,00	5 381 442,24
(Profits) loss on foreign exchange differences	-1 774 189,56	1 858 235,67
(Profits) loss from investment activities	0,00	1 075 250,00
(Profits) loss from investment activities - shares	0,00	0,00
Interest and dividends	4 028 438,28	6 579 480,76
Changes in provisions and accruals	-9 371 869,04	-8 530 848,04
Other adjustments	4 010 204,06	1 005 969,53
- write-off of investment real estate	4 052 202,88	1 646 356,06
- other adjustments	-41 998,82	-640 386,53
Changes in working capital	121 013 465,88	63 361 921,40
Change in inventories	1 674 850,96	32 749,69
Change in construction contracts	110 238 198,75	45 929 882,84
Change in investment real estate	0,00	0,00
Changes in receivables	2 761 422,33	-5 274 417,43
Changes in current liabilities, except for borrowings	6 338 993,83	22 673 706,30
	0,00	0,00
Operational activity cashflow	101 870 993,34	67 193 303,67
Investment activity cashflows	0,00	0,00
Disposal of tangible and intangible assets and other non-current assets	0,00	561 750,00
Purchase of tangible and intangible assets and other non-current assets	-68 031 229,07	-19 286 992,78
Expenses related to assets intended for sale	0,00	0,00
Purchase of equity and debt instruments	-16 952 023,27	-36 800 000,00
Disposal of equity and debt instruments	14 795 666,97	18 773 609,00
Loans granted	-5 879 818,85	-131 652,97
Interest received	1 062 459,81	26 391,00
Disposal of subsidiaries	0,00	0,00
Acquisitions of subsidiaries	0,00	0,00
Net investment cash flow	-75 004 944,41	-36 856 895,75
Financial activities cashflow	0,00	0,00
Net revenue from issue of shares and other capital instruments and additional payments to capital	0,00	0,00
Purchase of own shares or share redemption	0,00	0,00
Credits and loans granted	7 879 393,62	27 740 826,96
Credits and loans repaid	-36 636 664,95	-42 850 400,74
Debt securities issued	0,00	70 000 000,00
Debt securities redeemed	-7 000 000,00	0,00
Payments under financial lease agreements	-641 420,17	-608 941,96
Dividends and other profit shares	0,00	0,00
Interest paid	-11 440 393,68	-9 803 928,53
Other financial proceeds (including notes)	0,00	0,00
Other financial expenditures (including notes)	0,00	-2 250 000,00
Net financial activities cashflow	-47 839 085,18	42 227 555,73
NET DECREASE / (INCREASE) IN CASH	-20 973 036,25	72 563 963,65
Cash and cash equivalents at the beginning of the year	174 271 089,37	88 312 239,72
- change in cash and cash equivalents due to differences in foreign exchange rate	0,00	0,00
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	153 298 054,10	160 876 203,37

E. INTERIM CONDENSED STATEMENT ON CHANGES IN EQUITY

	Share capital	Own shares (negative figure)	Revaluation capital	Supplementary capital	Other capital	Capital from the valuation of security transactions and foreign exchange differences	Retained earnings	Net earnings	Equity
As at 31 December 2017	17 771 888,60	0,00	7 490 208,19	638 322 939,75	7 947 307,60	-2 922 760,52	-16 318 050,13	25 936 092,09	678 227 625,57
Basic error corrections	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Adjustments due to presentation change	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
As at 1 January 2018	17 771 888,60	0,00	7 490 208,19	638 322 939,75	7 947 307,60	-2 922 760,52	-16 318 050,13	25 936 092,09	678 227 625,57
Share issuance	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
Own share redemption	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Foreign exchange rate differences due to the calculation of financial statements of foreign subsidiaries	0,00	0,00	0,00	0,00	0,00	-96 171,83	0,00	0,00	-96 171,83
Profit/loss from acquisitions	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Changes in accounting policies/presentation	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Consolidation adjustments	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Including a company for consolidation	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total profit / loss recognized directly in equity	17 771 888,60	0,00	7 490 208,19	638 322 939,75	7 947 307,60	-3 018 932,35	-16 318 050,13	25 936 092,09	678 131 453,74
Net profit (loss) for the accounting year	0,00	0,00	0,00	0,00	0,00	0,00	0,00	-21 435 029,28	-21 435 029,28
Total profit / (loss) recognized in equity and the net result	17 771 888,60	0,00	7 490 208,19	638 322 939,75	7 947 307,60	-3 018 932,35	-16 318 050,13	4 501 062,80	656 696 424,46
Increase / decrease from profit distribution	0,00	0,00	0,00	30 914 938,04	0,00	0,00	-4 978 845,95	-25 936 092,09	0,00
As at 30 June 2018	17 771 888,60	0,00	7 490 208,19	669 237 877,78	7 947 307,60	-3 018 932,35	-21 296 896,08	-21 435 029,28	656 696 424,46

J.W. Construction Holding SA
Interim condensed consolidated financial statements
for the period of 6 months ended on 6 June 2018

	Share capital	Own shares (negative figure)	Revaluation capital	Supplementary capital	Other capital	Capital from the valuation of security transactions and foreign exchange differences	Retained earnings	Net earnings	Equity
As at 31 December 2016	17 771 888,60	0,00	7 490 208,19	646 600 115,53	7 947 307,60	-2 021 991,29	-49 573 465,57	24 978 238,97	653 192 302,02
Basic error corrections	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Adjustments due to presentation change	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
As at 1 January 2017	17 771 888,60	0,00	7 490 208,19	646 600 115,53	7 947 307,60	-2 021 991,29	-49 573 465,57	24 978 238,97	653 192 302,02
Share issuance	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
Own share redemption	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Foreign exchange rate differences due to the calculation of financial statements of foreign subsidiaries	0,00	0,00	0,00	0,00	0,00	-900 769,23	0,00	0,00	-900 769,23
Profit/loss from acquisitions	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Changes in accounting policies/presentation	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Consolidation adjustments	0,00	0,00	0,00	0,00	0,00	0,00	0,70	0,00	0,70
Including a company for consolidation	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total profit / loss recognized directly in equity	17 771 888,60	0,00	7 490 208,19	646 600 115,53	7 947 307,60	-2 922 760,52	-49 573 464,87	24 978 238,97	652 291 533,49
Net profit (loss) for the accounting year	0,00	0,00	0,00	0,00	0,00	0,00	0,00	25 936 092,09	25 936 092,09
Total profit / (loss) recognized in equity and the net result	17 771 888,60	0,00	7 490 208,19	646 600 115,53	7 947 307,60	-2 922 760,52	-49 573 464,87	50 914 331,06	678 227 625,58
Increase / decrease from profit distribution	0,00	0,00	0,00	-8 277 175,78	0,00	0,00	33 255 414,75	-24 978 238,97	0,00
As at 31 December 2017	17 771 888,60	0,00	7 490 208,19	638 322 939,75	7 947 307,60	-2 922 760,52	-16 318 050,13	25 936 092,09	678 227 625,58

J.W. Construction Holding SA
Interim condensed consolidated financial statements
for the period of 6 months ended on 6 June 2018

	Share capital	Own shares (negative figure)	Revaluation capital	Supplementary capital	Other capital	Capital from the valuation of security transactions and foreign exchange differences	Retained earnings	Net earnings	Equity
As at 31 December 2016	17 771 888,60	0,00	7 490 208,19	646 600 115,53	7 947 307,60	-2 021 991,29	-49 573 465,57	24 978 238,97	653 192 302,02
Basic error corrections	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Adjustments due to presentation change	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
As at 1 January 2017	17 771 888,60	0,00	7 490 208,19	646 600 115,53	7 947 307,60	-2 021 991,29	-49 573 465,57	24 978 238,97	653 192 302,02
Share issuance	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
Own share redemption	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Dividend paid	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Foreign exchange rate differences due to the calculation of financial statements of foreign subsidiaries	0,00	0,00	0,00	0,00	0,00	-640 188,34	0,00	0,00	-640 188,34
Profit/loss from acquisitions	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Changes in accounting policies/presentation	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Consolidation adjustments	0,00	0,00	0,00	0,00	0,00	0,00	0,69	0,00	0,69
Including a company for consolidation	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total profit / loss recognized directly in equity	17 771 888,60	0,00	7 490 208,19	646 600 115,53	7 947 307,60	-2 662 179,63	-49 573 464,48	24 978 238,97	652 552 113,68
Net profit (loss) for the accounting year	0,00	0,00	0,00	0,00	0,00	0,00	0,00	-3 538 147,90	-3 538 147,90
Total profit / (loss) recognized in equity and the net result	17 771 888,60	0,00	7 490 208,19	646 600 115,53	7 947 307,60	-2 662 179,63	-49 573 464,48	21 440 091,07	649 013 966,48

J.W. Construction Holding SA
Interim condensed consolidated financial statements
for the period of 6 months ended on 6 June 2018

Increase / decrease from profit distribution	0,00	0,00	0,00	-7 948 553,58	0,00	0,00	32 926 792,55	-24 978 238,97	0,00
As at 30 June 2017	17 771 888,60	0,00	7 490 208,19	638 651 561,95	7 947 307,60	-2 662 179,63	-16 646 672,33	-3 538 147,90	649 013 966,48

F. EXPLANATORY NOTES

INFORMATION ABOUT SIGNIFICANT EVENTS REGARDING PREVIOUS YEARS DISCLOSED IN THE FINANCIAL REPORT STATEMENT

In this Financial Statement of the Group, there were no significant events disclosed other than those already described concerning past years.

INFORMATION ABOUT SIGNIFICANT EVENTS REGARDING PREVIOUS YEARS IN THE FINANCIAL STATEMENT FOR THE BUSINESS YEAR

The financial statement of the Group for the first half of 2018 discloses all the events that occurred until the day of preparation of the said statement. i.e. until 19 September 2018 and had effect on the Consolidated Financial Statement of the Group for the period from 1 January 2018 to 31 June 2018.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

Note 1. Intangible assets

INTANGIBLE ASSETS	30.06.2018	31.12.2017
a) research and development expenses	0,00	0,00
b) goodwill from consolidation	12 389 648,22	12 389 648,22
c) other intangible assets	98 807,16	99 399,31
d) advances on intangible assets	0,00	0,00
Total intangible assets	12 488 455,38	12 489 047,53

A key position in other intangible assets is the integrated SAP system.

The initial recognition of intangible assets is based on acquisition price or production cost. After initial recognition, intangible assets are valued at acquisition or production cost less depreciation and impairment losses. Intangible assets are amortized on a straight-line basis over the period corresponding to the estimated period of their economic usefulness. The period and method of depreciation are verified at the end of each financial year.

As at 30 June 2018 and 31 December 2017, there were no circumstances, as a result of which the Company should create write-downs for intangible assets. There was also no loss of goodwill. This value is related to the investment property from which the future cash flow is expected.

In the years 2017-2018, as part of the Group, there were development works conducted and no costs were incurred as a result of this. The companies did not have advancements for intangible assets.

As at 30 June 2018 there is no impairment of goodwill. This value is bound to a real estate investment, from which future cash flow is expected. The management board analyzed the loss of assets in accordance with IAS 36, e.g. through the comparison of the real estate book value (including goodwill) against market valuation.

Note 2. Goodwill of subsidiaries

N/A.

Note 3. Tangible assets

TANGIBLE ASSETS	30.06.2018	31.12.2017
a) fixed assets including:	396 826 152,74	399 910 708,06
- land (including right of perpetual usufruct)	41 475 107,91	41 475 107,91
- buildings and structures	327 686 076,54	328 504 635,75
- plant and machinery	15 305 450,48	15 947 875,40
- motor vehicles	1 641 335,61	2 400 907,49
- other fixed assets	10 718 182,21	11 582 181,51
b) constructions in progress	15 174 514,90	13 586 520,50
c) advances on constructions in progress	0,00	0,00
Total tangible assets	412 000 667,64	413 497 228,56

The initial presentation of fixed assets takes place in accordance with the acquisition or creation cost thereof. After the initial presentation, fixed assets are valued as of a balance sheet date in accordance with the cost of their acquisition or creation decreased by a write-off and accumulated write-offs due to their loss of value. Fixed assets are linearly amortized in the period corresponding to the estimated period of their economic life.

Fixed assets under construction are valued in accordance with the direct total costs borne by their acquisition or creation decreased by write-offs as a result of their permanent loss of value. Fixed assets under construction are amortized until their construction is finished and taken over for occupancy.

The "other fixed assets" row comprises equipment, office equipment and other tools.

The Management Board of the Company, after reviewing the depreciation rates in the Group, decided on 1 January 2013 to update the balance sheet depreciation rates applicable at the Czarny Potok Branch, in the "Hotels 500" Branch regarding hotels as well as other Group operations in terms of depreciation of the office building and sewage plant in Ozarów.

Note 4. Investment real estate

Other long-term investments	30.06.2018	31.12.2017
a) investment properties	214 003 360,44	279 544 497,36
b) other	0,00	0,00
Total other long-term investments	214 003 360,44	279 544 497,36

The investment properties item comprises of land whose future use is currently undefined and commercial real estate under construction.

CHANGES IN INVESTMENT PROPERTIES	According to fair value	According to historical cost	Total value of investment properties
a) opening balance	211 115 853,59	68 428 643,77	279 544 497,36
expenditure incurred	126 827 749,06	65 525 085,71	192 352 834,77
financial expenses	14 891 508,16	2 903 558,06	17 795 066,22
revaluation value	69 396 596,37	0,00	69 396 596,37
b) increase (due to)	3 666 718,39	60 451 816,43	64 118 534,82
expenditure incurred	3 652 804,59	57 700 854,96	61 353 659,55
financial expenses	0,00	2 750 961,47	2 750 961,47
revaluation value	13 913,80	0,00	13 913,80
reclassification from construction contracts	0,00	0,00	0,00
c) decrease (due to)	129 659 671,74	0,00	129 659 671,74
expenditure incurred - sale, corrections	0,00	0,00	0,00
financial expenses	10 219 797,45	0,00	10 219 797,45
revaluation value	56 860 666,30	0,00	56 860 666,30
reclassification to construction contracts / goods	62 579 207,99	0,00	62 579 207,99
d) closing balance	85 122 900,24	128 880 460,20	214 003 360,44
expenditure	67 901 345,66	123 225 940,67	191 127 286,33
financial expenses	4 671 710,71	5 654 519,53	10 326 230,24
revaluation value	12 549 843,87	0,00	12 549 843,87

Change in the value of investment property results from a change in the purpose of investment and reclassification to construction contracts.

Capital Group of J.W. Construction Holding S.A Capital Group 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 established based on the lowest level of the input data.

The following methods to determine the market value of the property in presented reports by the property valuers from Construction Holding S.A. the following methods for determining the real estate market value were used:

- income-based method
- pair comparison method
- residual method.

Note 5. Other financial assets

LONG-TERM FINANCIAL ASSETS	30.06.2018	31.12.2017
a) shares	425 219,98	221 907,98
b) loans granted	45 795 667,85	112 067,95
c) other long-term investments	19 998 281,41	3 419 034,32
Total long-term financial assets	66 219 169,24	3 753 010,25

LONG-TERM FINANCIAL ASSETS	30.06.2018	31.12.2017
a) in subsidiaries	40 457 338,37	124 425,93
- shares	216 669,98	12 357,98
- security papers	202 345,84	0,00
- other security papers	0,00	0,00
- loans granted	40 038 322,55	112 067,95
- other long-term financial assets	0,00	0,00
b) in other units	25 761 830,87	3 628 584,32
- shares	208 550,00	209 550,00
- security papers	0,00	0,00
- other security papers	19 795 935,57	3 419 034,32
- loans granted	5 757 345,30	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	66 219 169,24	3 753 010,25

The change in long-term financial assets results from reclassification from short-term to long-term assets.

J.W. Construction Holding SA
Interim condensed consolidated financial statements
for the period of 6 months ended on 6 June 2018

	Name of a unit and its legal form	Registered office	Type of business activity	Affiliation type	Consolidation method	Date of assuming control	Value of shares/interest at acquisition price	Revaluation adjustment value	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	not consolidated	16.06.2003	4 347 000,00	0,00	0,00	4 347 000,00	100,00%
3	J.W. Construction Bulgaria Sp. z o.o.	Warna (Bulgaria)	real estate development activity	subsidiary	not consolidated	08.10.2007	9 854,98	0,00	0,00	9 854,98	100,00%
4	Yakor House Sp. z o.o.	Sochi (Russia)	real estate development activity	subsidiary	full consolidation	07.12.2007	9 810 000,00	0,00	0,00	9 810 000,00	70,00%
5	J.W. Construction Sp. z o.o.	Ząbki	prefabricated unit production for the building industry	subsidiary	full consolidation	19.02.2008	70 197 456,00	0,00	36 125 456,00	34 072 000,00	100,00%
6	JW. Marka Sp. z o.o.	Ząbki	lease of intellectual property	subsidiary	full consolidation	23.08.2011	186 661 450,00	0,00	172 044 225,58	14 617 224,42	100,00%
7	Seahouse Sp.zo.o.	Ząbki	real estate development activity	subsidiary	full consolidation	18.10.2012	10 950 000,00	0,00	0,00	10 950 000,00	100,00%
8	Nowe Tysiąclecie Sp.z o.o.	Ząbki	real estate development activity	subsidiary	full consolidation	11.06.2013	15 240 000,00	0	0	15 240 000,00	100,00%
9	Dana Invest Sp z o.o.	Ząbki	real estate development activity	subsidiary	full consolidation	22.11.2013	14 308 350,00	0,00	0,00	14 308 350,00	99,99%
10	Varsovia Apartamenty Sp. z o.o.	Ząbki	real estate development activity	subsidiary	full consolidation	23.01.2014	305 000,00	0,00	0,00	305 000,00	100,00%
11	Berensona Invest Sp. z o.o.	Ząbki	real estate development activity	subsidiary	full consolidation	28.01.2014	5 000,00	0,00	0,00	5 000,00	100,00%
12	Bliska Wola 4 Sp z o.o. 1 SK	Ząbki	real estate development activity	subsidiary	full consolidation	22.01.2014	13 979 850,00	0,00	0,00	13 979 850,00	48,00%
13	Bliska Wola 4 Sp z o.o. 2 SK	Ząbki	real estate development activity	subsidiary	full consolidation	29.01.2014	6 769 550,00	0,00	0,00	6 769 550,00	48,00%
14	Wola Invest Sp z o.o.	Ząbki	real estate development activity	subsidiary	full consolidation	23.01.2014	5 000,00	0,00	0,00	5 000,00	100,00%
15	Bliska Wola 4 Sp z o.o.	Ząbki	real estate development activity	subsidiary	full consolidation	24.01.2014	5 000,00	0,00	0,00	5 000,00	100,00%
16	Zdziarska Invest Sp z o.o.	Ząbki	real estate development activity	subsidiary	full consolidation	22.01.2014	5 000,00	0,00	0,00	5 000,00	100,00%
17	Łódź Invest Sp z o.o.	Ząbki	real estate development activity	subsidiary	full consolidation	22.01.2014	3 800 000,00	0,00	0,00	3 800 000,00	100,00%

J.W. Construction Holding SA
Interim condensed consolidated financial statements
for the period of 6 months ended on 6 June 2018

18	Porta Transport	Szczecin	real estate development activity	subsidiary	full consolidation	24.04.2014	19 309 914,41	0,00	0,00	19 309 914,41	100,00%
19	Lewandów Invest Sp zoo	Ząbki	real estate development activity	subsidiary	full consolidation	24.07.2014	5 000,00	0,00	0,00	5 000,00	100,00%
20	J.W. Ergo Energy	Ząbki	real estate development activity	subsidiary	full consolidation	06.10.2014	2 501,00	0,00	0,00	2 501,00	100,00%
21	Hanza Invest S.A.	Ząbki	real estate development activity	subsidiary	full consolidation	26.10.2016	75 117 223,20	0,00	0,00	75 117 223,20	100,00%
22	TBS Nowy Dom Sp. Z o.o.	Ząbki	real estate development activity	subsidiary	not consolidated	21.11.2017	1 002,00	0,00	0,00	1 002,00	100,00%
23	WIELOPOLE 19/21 Sp. z o.o.	Kraków	real estate development activity	subsidiary	not consolidated	29.03.2018	203 312,00	0,00	0,00	203 312,00	100,00%

Partial affiliation:

1	Bliska Wola 4 Sp z o.o.1 SK	Ząbki	real estate development activity	subsidiary	full consolidation	26.02.2016	30 820 450,00	0,00	0,00	30 820 450,00	51,00%
2	Bliska Wola 4 Sp z o.o.2SK	Ząbki	real estate development activity	subsidiary	full consolidation	26.02.2016	12 745 500,00	0,00	0,00	12 745 500,00	51,00%
3	Bliska Wola 4 Sp z o.o.1SK	Ząbki	real estate development activity	subsidiary	full consolidation	26.02.2016	211,74	0,00	0,00	211,74	1,00%
4	Bliska Wola 4 Sp z o.o.2SK	Ząbki	real estate development activity	subsidiary	full consolidation	26.02.2016	178,00	0,00	0,00	178,00	1,00%
5	Dana Invest Sp. z o.o.	Ząbki	real estate development activity	subsidiary	full consolidation	27.11.2014	50,00	0,00	0,00	50,00	0,01%
6	Karczma Regionalna Sp.z o.o.	Krynica Górská	Deferred tax	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	30.06.2018	31.12.2017
a) guarantee receivables	2 991 355,15	3 032 273,85
b) deposit receivables (lease)	0,00	0,00
c) other receivables	0,00	0,00
Total receivables	2 991 355,15	3 032 273,85

Note 7. Inventories and construction contracts

Companies being part of the Capital Group due to the realization of construction projects prepare budgets that are compared against real costs and the percentage of completion based on periodically conducted inventorying.

INVENTORIES	30.06.2018	31.12.2017
a) materials	2 209 924,12	2 591 802,87
b) semi-finished products and work in progress	0,00	0,00
c) finished products	249 627,77	249 627,77
d) goods	25 375 694,71	27 482 711,03
e) trade advances	890 415,47	76 371,36
Total inventories	28 725 662,07	30 400 513,03

Every month, the Company conducts the inventorying and compares the amount of inventories against budgets and realized sales transactions through detailed analysis of every item.

Construction contracts - assets constitute expenditure in relation to realized projects, the value of ready units that have not been taken over by customers.

CONSTRUCTION CONTRACTS	30.06.2018	31.12.2017
CONSTRUCTION CONTRACTS (current assets)		
a) semi-finished products and work in progress	808 156 226,61	580 192 722,05
b) finished products	16 428 067,33	32 089 840,45
c) trade advances	20 977 916,99	17 114 540,28
d) short-term accruals	0,05	198 203,74
Total construction contracts	845 562 210,98	629 595 306,51

CONSTRUCTION CONTRACTS (current liabilities)		
a) Accruals	576 869 365,26	377 519 939,66
Total construction contracts	576 869 365,26	377 519 939,66

Accruals	30.06.2018	31.12.2017
- advances on premises	573 900 692,62	373 504 903,13
- works reserves	2 037 819,73	2 839 681,53
- other	930 852,91	1 175 355,00
Total accruals	576 869 365,26	377 519 939,66

The Companies of the Group, in connection with the business activities, incur loans that are secured with the mortgage on the property. As at 30 January 2018, the companies of the group established securities in the form of mortgages presented in inventories and construction contracts with the value of PLN 645,7 million. 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 Companies of the Group. As at 30 June 2018, the loan liabilities amounted to PLN 175,3 million (excluding the credits of TBS Marki Sp. z o.o., liabilities amount to PLN 86,1 million).

Note 8. Trade and other receivables

Impairment allowance was made in accordance with the best knowledge and experience of the Company, in a 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 activity.

CURRENT RECEIVABLES	30.06.2018	31.12.2017
a) trade receivables - related parties	9 020,00	7 783,70
b) trade receivables - other parties	20 559 478,42	25 576 919,46
c) taxes, subsidies, customs duties, social health insurance and other payments	17 109 630,36	12 436 070,61
d) other	2 740 571,13	4 118 429,78
Total receivables	40 418 699,91	42 139 203,55

AGE STRUCTURE OF TRADE RECEIVABLES	30.06.2018	31.12.2017
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J.W. Construction Holding SA
Interim condensed consolidated financial statements
for the period of 6 months ended on 6 June 2018

Not overdue	16 082 287,62	21 888 634,58
Overdue up to 3 months	1 630 153,41	1 477 556,34
Overdue between 3 and 6 months	667 573,47	340 101,36
Overdue between 6 months and 1 year	685 085,53	764 762,49
Overdue over 1 year	1 503 398,39	1 113 648,40
Gross delivery and service receivables	20 568 498,42	25 584 703,17
Write-downs updating receivables	0,00	0,00
Net delivery and service receivables	20 568 498,42	25 584 703,17

The company created write-downs that update the values of receivables that were disclosed in operational costs. Writedowns were prepared in accordance with the best knowledge and experience of the Company based on individual analysis of relevant balances.

CHANGE OF THE STATE OF WRITE-DOWNS UPDATING TRADE AND OTHER RECEIVABLES	30.06.2018	31.12.2017
Opening balance	35 053 475,31	34 983 662,71
a) increase	0,00	69 812,60
b) decrease	0,00	0,00
Closing balance	35 053 475,31	35 053 475,31

Write-downs related to the entirety of overdue sums. Costs and revenues related to the creation and annulment of writedowns updating the values of receivables are properly disclosed in other operating income. On the balance days there were no delivery and service receivables or other receivables in foreign currencies.

Note 9. Other short-term financial assets

SHORT-TERM INVESTMENTS	30.06.2018	31.12.2017
a) shares	0,00	0,00
b) loans granted	856 346,40	39 683 837,60
c) other investments	785 696,63	16 041 377,29
Total short-term investments	1 642 043,03	55 725 214,89

SHORT-TERM INVESTMENTS	30.06.2018	31.12.2017
a) in subsidiaries	800 860,87	39 683 837,60
- shares	0,00	0,00
- security papers	0,00	0,00
- other security papers	0,00	0,00
- loans granted	800 861,86	39 683 837,60
- other short-term financial assets	0,00	0,00
b) in other units	841 182,16	16 041 377,29
- shares	0,00	0,00
- security papers	0,00	0,00
- other security papers	785 696,63	16 041 377,29
- loans granted	55 484,54	0,00
- other short-term financial assets	0,00	0,00
c) other short-term investments	0,00	0,00
Total short-term investments	1 642 043,03	55 725 214,89

Change in short-term financial assets stems from reclassification of short-term to long-term financial assets.

Note 10. Cash and cash equivalents

Cash at bank, on hand and short-term investments held to maturity are measured at nominal value.

CASH AND CASH EQUIVALENTS	30.06.2018	31.12.2017
a) cash on hand and with bank	151 383 348,50	173 027 606,33
b) other cash	1 301 553,46	1 015 460,11
c) other cash assets	613 152,14	228 022,93
Total cash and cash equivalents	153 298 054,10	174 271 089,37

Other cash item constitutes deposits with a maturity date under 3 months.

	30.06.2018	31.12.2017
Cash in escrow accounts	99 015 892,63	45 584 183,26
JW. Construction Holding SA	75 130 637,58	37 174 715,67
Hanza Invest SA	23 885 255,05	8 401 700,44

J.W. Construction Holding SA
Interim condensed consolidated financial statements
for the period of 6 months ended on 6 June 2018

Nowe Tysiąclecie Sp. z o.o.	0,00	7 767,15
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Note 11. Short-term accruals

SHORT-TERM ACCRUALS	30.06.2018	31.12.2017
a) short-term accruals	20 869 240,38	13 293 242,47
Total accruals	20 869 240,38	13 293 242,47

Accruals	30.06.2018	31.12.2017
- property insurance	159 792,02	116 644,20
- interest	3 015 933,25	1 418 486,12
- commission expenses	12 183 157,18	10 275 254,20
- property tax, perpetual usufruct, road tax	3 453 493,73	14 811,00
- other	2 056 864,20	1 468 046,95
Total accruals	20 869 240,38	13 293 242,47

In "other" item, the Group presents costs borne that are related to future periods. The main item in accruals are commission costs received by sales staff for selling apartments. Those commissions are tied to concrete units/premises sold by the Group and are subject to activation when a unit is taken over by the customer.

Note 12. Share capital

Share capital

Series/issue	Share type	Type of share preference	Types of restrictions on rights to shares	Number of shares	Value of the series / issue according to nominal value	Coverage of capital	Registration Date	Dividend right (since when)
A i B	bearer		-	54 073 280	10 814 656	Assets of a transformed company - TBM Batory Sp. z o.o. / Cash	01.07.2010*	
C				34 786 163	6 957 232,60	Cash	30.09.2014	
Total number of shares				88 859 443				
Total share capital					17 771 888,60			
Par value of one share = PLN 0,20								

* Registration of A and B-series shares by the court into one series marked A and B due to the cancellation of 625,000 shares acquired by the Company as part of the program to re-purchase its own shares in order to cancel them

As at 30 June, 2018 the shareholding structure was as follows:

Shareholder	Number of shares held	% of share capital	Number of votes	% of total number of votes in the General Meeting
Józef Wojciechowski	32.094.963	36,12 %	32.094.963	36,12 %
EHT S.A.	47.846.225	53,84 %	47.846.225	53,84 %
Others	8.918.255	10,04 %	8.918.255	10,04 %

Józef Wojciechowski controls the Company EHT SA based in Luxembourg.

As at 19 September 2018 (deadling for publishing report for the first half of 2018):

Shareholder	Number of shares held	% of share capital	Number of votes	% of total number of votes in the General Meeting
Józef Wojciechowski	32.094.963	36,12 %	32.094.963	36,12 %
EHT S.A.	47.846.225	53,84 %	47.846.225	53,84 %
Others	8.918.255	10,04 %	8.918.255	10,04 %

Józef Wojciechowski controls the Company EHT SA based in Luxembourg.

Note 13. Other capital

OTHER CAPITAL	30.06.2018	31.12.2017
a) supplementary capital	669 237 877,79	638 322 939,75
b) other reserve capital	7 947 307,60	7 947 307,60
c) translation reserve	-3 018 932,35	-2 922 760,52
Total other capital	674 166 253,04	643 347 486,83

Supplementary capital in the capital company comes from the earned profit from previous years and from the surplus of the issuance value over the nominal value of issued shares.

Other reserve capital constitutes reserves earmarked for dividend.

Note 14. Borrowings

BORROWINGS	30.06.2018	31.12.2017
a) credits	175 281 936,44	204 039 207,77
<i>of which: long-term</i>	109 311 173,85	144 689 144,73
<i>short-term</i>	65 970 762,59	59 350 063,04
b) loans	375 865,86	897 210,95
<i>of which: long-term</i>	0,00	0,00
<i>short-term</i>	375 865,86	897 210,95
Total borrowings	175 657 802,30	204 936 418,72
Borrowings - long-term	109 311 173,85	144 689 144,73
Borrowings - short-term	66 346 628,45	60 247 273,99

CREDITS PER MATURITY	30.06.2018	31.12.2017
Up to 1 year	65 970 762,59	59 350 063,04
Over 1 year up to 2 years	13 715 317,64	46 682 411,57
Over 2 years up to 5 years	20 781 615,72	19 388 653,94
Over 5 years	74 814 240,49	78 618 079,22
Total credits, including:	175 281 936,44	204 039 207,77
- long-term	109 311 173,85	144 689 144,73
- short-term	65 970 762,59	59 350 063,04

LOANS PER MATURITY	30.06.2018	31.12.2017
Up to 1 year	375 865,86	897 210,95
Over 1 year up to 2 years	0,00	0,00
Over 2 years up to 5 years	0,00	0,00
Over 5 years	0,00	0,00
Total loans, including	375 865,86	897 210,95
- long-term	0,00	0,00
- short-term	375 865,86	897 210,95

In the first half of 2018 and from the balance sheet date until the day on which the consolidated financial statement was prepared none of the signed credit agreements was terminated by the bank.

Borrowings are repaid in a timely manner and there have been no instances of violations of principal repayments or interest on loans and advances..

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

BORROWINGS	30.06.2018	31.12.2017
a) credits	89 166 812,83	90 903 238,42
<i>of which: long-term</i>	84 908 429,19	85 736 830,84
<i>short-term</i>	4 258 383,64	5 166 407,58
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	89 166 812,83	90 903 238,42
Borrowings - long-term	84 908 429,19	85 736 830,84
Borrowings - short-term	4 258 383,64	5 166 407,58

CREDITS PER MATURITY	30.06.2018	31.12.2017
Up to 1 year	4 258 383,64	5 166 407,58
Over 1 year up to 2 years	4 258 383,64	5 166 407,58
Over 2 years up to 5 years	15 078 852,96	15 085 505,94
Over 5 years	65 571 192,59	65 484 917,32
Total credits, including:	89 166 812,83	90 903 238,42
- long-term	84 908 429,19	85 736 830,84

- short-term	4 258 383,64	5 166 407,58
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Note 15. Reserve and deferred income tax assets

In the presented period no offsetting of deferred tax was made as temporary differences are not subject to compensation.

DEFERRED INCOME TAX ASSETS AND A RESERVE FOR DEFERRED INCOME TAX	30.06.2018		31.12.2017	
	Deferred income tax assets	Deferred tax reserve	Deferred income tax assets	Deferred tax reserve
Total, including:	36 647 647,88	34 822 906,64	33 146 685,79	37 474 920,24
Tangible assets	312 562,71	7 661 356,23	0,00	7 493 510,94
Investment real estate	0,00	2 384 470,23	0,00	13 185 353,31
Other financial assets	0,00	2 900 108,98	0,00	4 362 478,65
Inventories and construction contracts	3 972,48	13 827 945,47	53 936,98	6 986 899,90
Trade and other receivables	8 241 094,93	4 418 949,80	0,00	4 418 949,80
Reserves	3 103 254,42	0,00	6 065 440,62	0,00
Trade and other payables	4 998 850,13	0,00	5 508 020,87	0,00
Other, including tax losses	19 987 913,21	3 630 075,83	21 519 287,32	1 045 727,63
Net value	1 824 741,24		-4 328 234,45	

Note 16. Retirement benefit obligations

CHANGE OF THE STATE OF DEFERRED INCOME TAX	30.06.2018	31.12.2017
Opening balance	241 204,48	241 204,48
Increases	0,00	0,00
Decreases	0,00	0,00
Closing balance	241 204,48	241 204,48

Pension benefits constitute the calculation of retirement gratuities in accordance with the Polish Labour Code and are created in accordance in IAS 19.

Note 17. Provision for other liabilities and charges

PROVISIONS FOR OTHER LIABILITIES AND CHARGES	30.06.2018	31.12.2017
a) short-term, of which:	27 823 101,97	27 735 675,12
- accrued expenses, including:	11 731 388,45	13 057 926,22
- <i>interest charged</i>	1 099 094,50	1 122 006,79
- <i>rent deposit</i>	480 433,64	480 433,64
- <i>hotel advances</i>	1 977 510,59	3 879 548,64
- <i>other</i>	8 174 349,72	7 575 937,15
- other provisions, including:	16 091 713,52	14 677 748,90
- <i>provisions for future liabilities</i>	0,00	0,00
- <i>provisions for guaranteed repairs</i>	1 509 355,90	1 509 355,90
- <i>other provisions</i>	14 582 357,62	13 168 393,00
a) long-term, of which::	54 500 147,10	54 578 877,99
- accrued expenses, including:	54 500 147,10	54 578 877,99
- <i>participation in costs of construction - TBS Marki</i>	48 497 467,28	48 525 652,37
- <i>deferred income- loan remittance-TBS Marki</i>	6 002 679,82	6 053 225,62
Provision for other liabilities and charges in total	82 323 249,07	82 314 553,11

The TBS Marki Sp. z o.o. realized communities in the form of the construction of social buildings with the utilization of the credit loans from the National Apartment Fund. As part of their apartment reservoir it signs participation contracts. When an agreement is signed, a participation payment is made (30% of the construction costs) that is settled after a living unit is left.

Note 18. Other long-term liabilities

OTHER LONG-TERM LIABILITIES	30.06.2018	31.12.2017
a) lease obligations	81 243,33	598 298,02
b) deposit liabilities	26 634 170,44	22 035 243,99
c) other non-current liabilities	5 125 031,33	5 093 659,36
d) note liabilities	0,00	0,00
e) bonds	171 100 000,00	199 100 000,00
Total other long-term liabilities	202 940 445,10	226 827 201,37

All lease obligations are presented in PLN. The fair value of receivables corresponds to the book value and on 30 June 2018 amounts to PLN 1 336 129,84 of which PLN 81 243,33 constitutes a long-term liability.

Prospect leasing payments are payable, including:

	Minimum leasing payments	Interest	Current value of liability
	30.06.2018	30.06.2018	30.06.2018
under 1 year	1 284 635,99	29 749,48	1 254 886,51
between 1 and 5 years	82 679,28	1 435,95	81 243,33
Over 5 years	0,00	0,00	0,00
Total	1 367 315,27	31 185,43	1 336 129,84

	Minimum leasing payments	Interest	Current value of liability
	31.12.2017	31.12.2017	31.12.2017
under 1 year	1 434 668,84	55 416,85	1 379 251,99
between 1 and 5 years	621 704,87	23 406,85	598 298,02
Over 5 years	0,00	0,00	0,00
Total	2 056 373,71	78 823,70	1 977 550,01

Current value of leasing liabilities presented in the report

	30.06.2018	31.12.2017
short-term liabilities	1 254 886,51	1 379 251,99
long-term liabilities	81 243,33	598 298,02
Total	1 336 129,84	1 977 550,01

Note 19. Trade and other payables

TRADE AND OTHER PAYABLES	30.06.2018	31.12.2017
a) trade payables - other entities	42 824 245,03	46 702 569,04
b) trade payables - related entities	0,00	0,00
c) taxes, customs duties, insurance and other payments	5 909 661,12	3 568 122,28
d) salaries	2 239 679,18	2 388 654,25
e) trade advances received	0,00	0,00
f) other	11 360 577,73	7 966 122,08
Total trade and other payables	62 334 163,06	60 625 467,65

OTHER LIABILITIES	30.06.2018	31.12.2017
a) debt securities issue liabilities	41 726 119,33	20 767 451,05
b) note liabilities	0,00	573 279,31
c) lease liabilities	1 254 886,51	1 379 251,99
d) other financial liabilities	0,00	0,00
Total other long-term liabilities	42 981 005,84	22 719 982,35

All lease obligations are presented in PLN. The fair value of receivables corresponds to the book value and on 30 June 2018 amounts to PLN 1 336 129,84 of which PLN 1 254 886,51 constitutes a short-term liability.

Note 20. Financial risk management

A description of risk management is included in the Statement on business activity.

Note 21. Earnings per share

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
Profits		
(A) Profits of the Group disclosed in the consolidated financial statements	-21 435 029,28	-3 538 147,90
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 *	88 859 443	88 859 443

J.W. Construction Holding SA
Interim condensed consolidated financial statements
for the period of 6 months ended on 6 June 2018

(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		88 859 443	88 859 443
Basic earnings per share = (A)/(B)		-0,24	-0,04
Diluted earnings per share = (A)/(B)		-0,24	-0,04

* 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 analyzed period there were no circumstances to dilute the number of shares.

Note 22. Income tax

INCOME TAX	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
a) income tax	18 682,00	74 660,00
b) deferred income tax	- 6 152 975,68	- 3 455 572,20
Total income tax	- 6 134 293,68	- 3 380 912,20

CHANGE IN INCOME TAX	30-06-2018	30-06-2017
Change in deferred tax asset	- 3 500 962,08	933 031,87
Change in deferred tax liability	- 2 652 013,60	- 4 388 604,07
Total change in deferred tax	- 6 152 975,68	- 3 455 572,20
Tax correction on the opening balance sheet	0,00	0,00
Deferred tax in the profit and loss account	- 6 152 975,68	- 3 455 572,20
Deferred tax in total income	0,00	0,00

**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,
- Deferred tax.

Pursuant to IAS 14 „ 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: J.W. 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 Deferred tax connected with the organization of tourism and recreation.

J.W. Construction Holding SA
Interim condensed consolidated financial statements
for the period of 6 months ended on 6 June 2018

01.01.2018-30.06.2018	Real estate development activity	Deferred tax, aparthotels	Social building	Other activity	Total
Net revenues from sales of products, goods and materials, of which:	63 096 638,09	18 290 152,31	6 946 979,26	1 416 597,57	89 750 367,23
Net revenues from sales of products	60 893 639,44	18 288 004,51	6 943 930,97	1 416 597,57	87 542 172,49
Net revenues from sales of goods and materials	2 202 998,65	2 147,80	3 048,29	0,00	2 208 194,74
Costs of products, goods and materials sold, of which:	68 545 107,31	12 469 964,75	4 067 949,66	261 234,77	85 344 256,49
Manufacturing cost of products sold	66 344 490,94	12 467 816,95	4 064 901,37	261 234,77	83 138 444,03
Value of goods and materials sold	2 200 616,37	2 147,80	3 048,29	0,00	2 205 812,46
Gross profit (loss) on sales	-5 448 469,22	5 820 187,56	2 879 029,60	1 155 362,80	4 406 110,74
Sales costs	8 472 545,39	1 855 459,20	0,00	0,00	10 328 004,59
Overheads	8 888 896,26	1 098 603,57	686 865,29	1 057 235,06	11 731 600,18
Revaluation of investment properties	-4 052 202,88	0,00	0,00	0,00	-4 052 202,88
Profit (loss) on sales	-26 862 113,75	2 866 124,79	2 192 164,31	98 127,74	-21 705 696,91
Other operating income	907 108,60	4 257,77	775,30	6 003,29	918 144,96
Other operating expenses	3 797 620,87	142,57	81 824,72	1,93	3 879 590,09
Profit (loss) on operations	-29 752 626,02	2 870 239,99	2 111 114,89	104 129,10	-24 667 142,04
Financial Revenues	10 123 804,26	12 104,84	486 747,28	464 719,03	11 087 375,41
Financial costs	12 444 825,13	370 878,11	1 173 819,48	33,62	13 989 556,34
Profit (loss) on business activity	-32 073 646,89	2 511 466,72	1 424 042,69	568 814,51	-27 569 322,97
Gross profit (loss)	-32 073 646,89	2 511 466,72	1 424 042,69	568 814,51	-27 569 322,97
Income tax	0,00	0,00	0,00	18 682,00	18 682,00
Deferred tax	-6 420 479,30	198 341,62	0,00	69 162,00	-6 152 975,68
Net profit (loss)	-25 653 167,59	2 313 125,10	1 424 042,69	480 970,51	-21 435 029,28

J.W. Construction Holding SA
Interim condensed consolidated financial statements
for the period of 6 months ended on 6 June 2018

01.01.2017-30.06.2017	Real estate development activity	Hotel services	Social building	Other activity	Eliminations	Total
Net revenues from sales of products, goods and materials, of which:	102 241 110,24	22 958 697,92	7 075 693,88	13 502 859,26	-10 468 530,00	135 309 831,30
Net revenues from sales of products	101 918 743,25	22 947 178,38	7 061 822,48	13 270 257,73	-10 467 690,00	134 730 311,84
Net revenues from sales of goods and materials	322 366,99	11 519,54	13 871,40	232 601,53	-840,00	579 519,46
Costs of products, goods and materials sold, of which:	81 564 265,65	18 746 490,28	4 096 423,07	11 595 093,26	-10 881 260,51	105 121 011,75
Manufacturing cost of products sold	81 234 623,11	18 734 998,74	4 082 551,67	11 373 956,33	-10 880 420,51	104 545 709,34
Value of goods and materials sold	329 642,54	11 491,54	13 871,40	221 136,93	-840,00	575 302,41
Gross profit (loss) on sales	20 676 844,59	4 212 207,64	2 979 270,81	1 907 766,00	412 730,51	30 188 819,55
Sales costs	11 963 668,38	2 312 262,26	0,00	168,00	-3 121 480,57	11 154 618,07
Overheads	6 621 863,85	1 486 917,38	549 473,43	2 054 275,61	-137 972,64	10 574 557,63
Revaluation of investment properties	-1 646 356,06	0,00	0,00	0,00	0,00	-1 646 356,06
Profit (loss) on sales	444 956,30	413 028,00	2 429 797,38	-146 677,61	3 672 183,72	6 813 287,78
Other operating income	288 123,01	14 715,26	6 207,29	492 761,96	0,00	801 807,52
Other operating expenses	5 593 827,60	18 588,41	27 627,84	379 925,86	787 615,30	6 807 585,01
Profit (loss) on operations	-4 860 748,29	409 154,85	2 408 376,83	-33 841,51	2 884 568,42	807 510,28
Financial Revenues	1 687 332,57	382,00	487 367,94	8 958 389,48	-9 982 601,87	1 150 870,12
Financial costs	8 638 161,55	709 768,00	811 618,96	297 832,30	-1 579 940,30	8 877 440,51
Profit (loss) on business activity	-11 811 577,27	-300 231,15	2 084 125,81	8 626 715,67	-5 518 093,15	-6 919 060,10
Gross profit (loss)	-11 811 577,27	-300 231,15	2 084 125,81	8 626 715,67	-5 518 093,15	-6 919 060,10
Income tax	53 969,00	0,00	8 200,00	12 491,00	0,00	74 660,00
Deferred tax	-5 898 791,46	582 092,86	0,00	1 861 126,40	0,00	-3 455 572,20
Net profit (loss)	-5 966 754,81	-882 324,01	2 075 925,81	6 753 098,27	-5 518 093,15	-3 538 147,90

EXPLANATORY NOTES TO CONSOLIDATED FINANCIAL STATEMENT REGARDING TOTAL REVENUE

Note 24. Operating income

OPERATING INCOME	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
Revenues from sales of products	39 453 593,68	97 947 347,11
Revenues from sales of services	48 088 578,81	36 782 964,73
Revenues from sales of goods	2 208 194,74	579 519,46
Total Income	89 750 367,23	135 309 831,30

	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
Proceeds from sales, including	89 750 367,23	135 309 831,30
- sales of products - units, plots, buildings	44 679 097,04	97 947 347,11
- sales of goods - other	0,00	0,00
- sales of services	42 863 075,45	36 782 964,73
- sales of goods	2 208 194,74	579 519,46

	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
Revenues from sales of products and services by segment	87 542 172,49	134 730 311,84
-real estate development activity	51 317 874,63	103 322 743,71
-Hotel services	29 080 761,89	22 947 178,38
-social building	6 943 930,97	7 061 822,48
-construction	199 605,00	1 056 867,27

	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
Revenues from sales of products - premises, plots, buildings per geographic segments	44 679 097,04	97 947 347,11
-Warsaw and the surrounding area	35 714 477,06	10 059 932,83
-Gdynia	3 289 699,87	56 893 305,35
- Łódź	6 768,30	243 239,61
- Katowice	442 648,45	30 750 869,32
- plots	5 225 503,36	0,00

	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
Revenue from hotel services by geographical segment	29 080 761,89	22 947 178,38
-Warsaw and the surrounding area	2 776 721,00	2 667 508,36
- Tarnowo	3 416 729,65	2 796 719,19
- Stryków	1 994 877,23	2 051 235,37
- Szczecin	3 186 634,62	2 583 413,23
- Krynica Górska	16 381 687,85	12 848 302,23
- Varsovia Apartaments	1 324 111,54	0,00

Note 25. Operating expenses

OPERATING EXPENSES	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
Costs on sale of products	53 013 439,85	78 377 140,99
Costs on sale of services	30 125 004,18	26 168 568,35
Costs on sale of goods	2 205 812,46	575 302,41
Total costs of products, services and goods sold	85 344 256,49	105 121 011,75

	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
Sales and overhead expenses		
Sales costs	10 328 004,59	11 154 618,07
Overheads	11 731 600,18	10 574 557,63
Sales and overhead expenses in total	22 059 604,77	21 729 175,70

J.W. Construction Holding SA
Interim condensed consolidated financial statements
for the period of 6 months ended on 6 June 2018

Costs by type	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
Depreciation and amortization	3 972 612,74	5 519 414,88
Cost of materials and energy	65 322 674,30	13 060 610,10
Third party services	120 232 926,20	132 665 530,24
Taxes and fees	4 364 719,59	6 054 896,28
Remunerations	14 308 414,60	19 167 297,83
Social security and other payments	2 684 614,99	3 237 108,78
Other costs of type	4 338 554,36	3 973 329,37
Costs by type in total	215 224 516,78	183 678 187,48

Note 26. Other operating income

OPERATING INCOME	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
a) income from sale of non-financial fixed assets	32 663,60	1 708,42
b) other Operating income	885 481,36	800 099,10
Total operating income	918 144,96	801 807,52

OPERATING INCOME	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
a) income from sale of non-financial fixed assets	32 663,60	1 708,42
b) opłaty manipulacyjne	132 548,86	77 861,10
c) reserves	0,00	0,00
d) other (including contractual penalties, damages)	752 932,50	722 238,00
Total operating costs	918 144,96	801 807,52

Note 27. Other operating expenses

OPERATING EXPENSES	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
a) loss on sale of non-financial fixed assets	0,00	0,00
b) revaluation of non-financial assets	60 673,07	0,00
c) other operating expenses	3 818 917,02	6 807 585,01
Total operating costs	3 879 590,09	6 807 585,01

OPERATING EXPENSES	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
a) loss on sale of non-financial fixed assets	0,00	0,00
b) revaluation of non-financial assets	60 673,07	0,00
c) reserves	1 413 964,62	5 691 714,24
d) compensations, penalties, damages	1 848 620,34	347 723,65
e) compensations for contract termination	0,00	983,00
f) court costs	0,00	0,00
g) other	556 332,06	767 164,12
Total operating costs	3 879 590,09	6 807 585,01

Note 28. Financial Revenues

PRZYCHODY FINANSOWE	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
a) dividends	0,00	0,00
b) interest	9 232 767,31	1 117 236,78
c) profit on disposal of investment	0,00	0,00
d) other	1 854 608,10	33 633,34
Total financial revenues	11 087 375,41	1 150 870,12

J.W. Construction Holding SA
Interim condensed consolidated financial statements
for the period of 6 months ended on 6 June 2018

Financial Revenues	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
a) dividends	0,00	0,00
b) interest from customers	61 992,13	81 634,13
c) loan interest	232 485,19	248 313,23
d) deposit interest	533 713,30	294 313,04
e) notes interest	432 982,93	492 949,05
f) other interest	7 971 593,76	27,33
g) profit on disposal of investment	0,00	0,00
h) foreign exchange rate differences	0,00	0,00
i) other	1 854 608,10	33 633,34
Total	11 087 375,41	1 150 870,12

The ruling of 9 March 2018, in which the Supreme Court overturned the Court of Appeal's judgement of 27 September 2016 at the suit of Capital City of Warsaw against the Company, concerning the perpetual usufruct fee for the plot of land No. 2/6 located in Warsaw at 181 Górczewska St. for the years 2009-2013. The appealed ruling ordered a payment of PLN 14.123.786,25 with interest and court costs on behalf of the Capital City of Warsaw. The case was referred for reconsideration by the Court of Appeal as the second instance. As a result of the return of principal amount and interest by the Capital City of Warsaw, interest in the amount of 7,965,869.81 were recognised as financial income in the first quarter of 2018. Provision for the principal amount of 14,123,786.25 was recognised. However, as a result of the re-examination of the case by the Warsaw Court of Appeal, by ruling of 4 June 2018, the Company's appeal against the judgement of the Court of First Instance was once more dismissed. Thus, the ruling of the District Court of 16 April 2014 ordering the Company a payment of PLN 14,123,786.25 with interest and court costs on behalf of the Capital City of Warsaw, has become final. Having received a written justification, the Company will consider the possibility of lodging a cassation appeal to the Supreme Court. In connection with the above, the amounts paid by the Company to the Capital City of Warsaw resulted in the recognition of PLN 7,965,869.81 in financial costs.

Note 29. Financial expenses

FINANCIAL EXPENSES	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
a) interest	13 934 039,59	6 803 279,27
b) loss on disposal of investment	30 384,75	0,00
c) other	25 132,00	2 074 161,24
Total financial expenses	13 989 556,34	8 877 440,51

FINANCIAL EXPENSES	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
a) interest, commissions, loans	2 072 192,79	2 492 719,46
b) interest-leasing	33 861,97	56 594,33
c) interest- loans	-8 193,89	78 681,26
d) interest-notes	33,33	138 929,75
e) interest- bond issuance	2 652 776,12	3 699 260,25
f) other interest	9 183 369,27	337 094,22
g) loss on disposal of investment	30 384,75	0,00
h) other	25 132,00	2 074 161,24
Total financial expenses	13 989 556,34	8 877 440,51

Note 30. Transactions with related companies

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 2018 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 2018 by the Company or a subsidiary with the related parties were concluded on market terms.

COMPANY	Receivables from related companies	
	30.06.2018	31.12.2017
TBS Marki Sp. z o.o.	130 571,51	127 222,70
J.W. Marka Sp. z o.o.	0,00	365 478,50
Business Financial Construction Sp. z o.o.	522 436,73	392 873,90
J.W. Construction Sp. z o.o.	1 622 629,84	3 599 498,60
Nowe Tysiąclecie Sp. z o.o.	59 889,72	30 088,23

J.W. Construction Holding SA
Interim condensed consolidated financial statements
for the period of 6 months ended on 6 June 2018

Dana Invest Sp. z o.o.	140 611,58	127 429,95
Porta Transport Sp. z o.o. in liquidation	14 760,00	14 760,00
Bliska Wola 4 Sp.z o.o.1 SK	108 336,78	210 414,04
Bliska Wola 4 Sp.z o.o. 2 SK	463 888,41	517 261,58
Wola Invest Sp zo.o.	23 692,26	23 692,26
Bliska Wola 4 Sp. z o.o.	20 834,80	20 834,80
Łódź Invest Sp. z o.o.	0,00	7 675,20
Berensona Invest Sp. z o.o.	26 644,26	26 644,26
Varsovia Apartamenty Sp.z o.o.	822 733,26	208.158,13
Hanza Invest S.A.	1 618 093,18	22 724,53

COMPANY	Liabilities towards related companies	
	30.06.2018	31.12.2017
TBS Marki Sp. z o.o.	30 235 098,76	29 779 250,20
J.W. Marka Sp. z o.o.	1 702 827,56	709 047,00
Business Financial Construction Sp. z o.o.	903 282,16	1 705 811,10
J.W. Construction Sp. z o.o.	1 985 302,53	3 845 230,61
Nowe Tysiąclecie Sp. Z o.o.	0,00	24 888,83
Bliska Wola 4 Sp.z o.o.1 SK	5 196,00	4 212,00
Varsovia Apartamenty Sp. z o.o.	0,00	13 035,47

J.W. Construction Holding S.A. as the party buying goods or services:

THE OTHER PARTY OF TRANSACTION	TRANSACTION/AGREEMENT SUBJECT	01.01.2018 to 30.06.2018
J.W. Marka Sp. z o.o.	marketing services	371 670,00
J.W. Marka Sp. z o.o.	trademark licensing fee	1 554 470,45
Business Financial Construction Sp. z o.o.	marketing services	979 805,76
J.W. Construction Sp. z o.o.	construction works Ożarów Houses	96 900,00
J.W. Construction Sp. z o.o.	construction works Ożarów blocks of flats	322 619,03
J.W. Construction Sp. z o.o.	construction works Katowice	8 032 629,24
J.W. Construction Sp. z o.o.	warranty repairs	49 800,00
J.W. Construction Sp. z o.o.	staffing servicesKasprzaka CK	674 740,00

J.W. Construction Holding S.A. as the party providing (selling) services:

THE OTHER PARTY OF TRANSACTION	TRANSACTION/AGREEMENT SUBJECT	01.01.2018 to 30.06.2018
TBS Marki Sp. z o.o.	administrative services	79 572,18
TBS Marki Sp. z o.o.	real estate rental	29 433,12
TBS Marki Sp. z o.o.	car rental	22 370,64
J.W. Marka Sp. z o.o.	real estate rental	27 017,76
Business Financial Construction Sp. z o.o.	re invoicing (media, other)	14 134,71
Business Financial Construction Sp. z o.o.	car rental	89 662,68
J.W. Construction Sp. z o.o.	re invoicing -electrical energy	128 513,40
J.W. Construction Sp. z o.o.	warranty repairs	801 166,28
J.W. Construction Sp. z o.o.	real estate rental	73 014,00
Nowe Tysiąclecie Sp. Z o.o.	sales services	14 266,35
Porta Transport Sp. z o.o. in liquidation	real estate rental	72 000,00
Hanza Invest S.A.	administrative services	1 027 398,00
Hanza Invest S.A.	sales services	335 042,45
Varsovia Apartamenty Sp. z o.o.	re invoicing (other)	510 725,87

Within the Capital Group, J.W. Construction Holding S.A. acts in the capacity of a general contractor towards entities affiliated directly or indirectly.

Transactions connected with capital investments, financial assets are described in the relevant events up to the balance sheet date and after. Other transactions with affiliated entities do not exceed the significance threshold.

All transactions concluded by the Issuer or its subsidiaries are concluded on market terms

Note 31. Remuneration of the Management Board and Supervisory Board of the Company of the Capital Group

The table below presents the remuneration for the first half of 2018. The tables contain aggregate data of members of the bodies of the parent company with the division on the remuneration received for performance of duties in Group Companies, employment in Group companies, other forms of remuneration.

JW Construction Holding S.A.	01-01-2018 to 30-06-2018
Management Board	
Rajchert Wojciech	33 844,28
Starzyńska Magdalena	93 339,99
Ostrowska Małgorzata	76 700,49
Suprynowicz Piotr	25 540,00

JW Construction Holding S.A.	01-01-2018 to 30-06-2018
Supervisory Board	
Szwarc-Sroka Małgorzata	8 396,40
Łopuszyńska Irmina	8 696,40
Czyż Barbara	45 129,18
Maruszyński Marek	21 629,16
Radziwiłski Jacek	23 979,23
Matkowski Ryszard	18 885,52

JW Construction Holding S.A.	01-01-2018 to 30-06-2018
Supervisory Board, other remuneration	
Szwarc-Sroka Małgorzata	156 530,16
Łopuszyńska Irmina	178 359,84
Czyż Barbara	0,00
Maruszyński Marek	0,00
Radziwiłski Jacek	0,00
Matkowski Ryszard	0,00

Other companies of the Group, other contracts	01-01-2018 to 30-06-2018
Management Board	
Rajchert Wojciech	90 320,00
Starzyńska Magdalena	14 887,93
Ostrowska Małgorzata	47 722,71
Suprynowicz Piotr	89 600,03

Other companies of the Group, other contracts	01-01-2018 to 30-06-2018
Supervisory Board	
Szwarc-Sroka Małgorzata	78 228,00
Łopuszyńska Irmina	80 084,00
Czyż Barbara	23 802,61
Maruszyński Marek	0,00
Radziwiłski Jacek	0,00
Matkowski Ryszard	0,00

Information about employment with the division into professional groups (Capital Group)

Professional Group	30-06-2018
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J.W. Construction Holding SA
Interim condensed consolidated financial statements
for the period of 6 months ended on 6 June 2018

Board	4
Management	24
Administration	252
Other employees	231
Total	511

Note 32. Group's activities and significant events during the first half of 2018

Information on changes in the structure of the dominant entity, including mergers of undertakings, acquisitions of subsidiaries

On 16 January 2018, the Extraordinary General Meeting was held, which adopted resolutions on: increasing the number of members of the Supervisory Board of the Company and appointing Ryszard Matkowski to the Supervisory Board of the Company.

On 16 January 2018, Barbara Czyż submitted her resignation from the Supervisory Board.

On 16 January 2018, Barbara Czyż was appointed to the Supervisory Board based on the personal right of an eligible shareholder.

On 30 January 2018, Jacek Radziwiłski submitted his resignation from membership in the Audit Committee.

On 1 February 2018, Ryszard Matkowski was appointed as the Chairman of the Audit Committee.

On 28 March, the Extraordinary General Meeting adopted a resolution on the merger of the Company with its subsidiaries: Seahouse Sp. z o.o. based in Ząbki, Łódź Invest Sp. z o.o. based in Ząbki, Nowe Tysiąclecie Sp. z o.o. based in Ząbki, Zdziarska Invest Sp. z o.o. based in Ząbki, Lewandów Invest Sp. z o.o. based in Ząbki, Porta Transport Sp. z o.o. in liquidation based in Szczecin, J.W. Ergo Energy Sp. z o.o. based in Ząbki, Towarzystwo Budownictwa Społecznego Nowy Dom Sp. z o.o. based in Ząbki, J.W. Marka Sp. z o.o. based in Ząbki and Business Financial Construction Sp. z o.o. based in Warsaw („acquired companies”). The merger is being carried out within the capital group of the Company, and in all the companies being acquired, the Company holds a 100% interest in the share capital. The merger is being carried out pursuant to art. 492 §1 point 1 of CCC by transferring all assets of the acquired companies to the Company - as the sole shareholder. As at the date of the report, we are awaiting the court to register the merger.

Auditor Change

On 26 April 2018, in connection with the introduced mandatory auditor rotation in the units of public interest and in accordance with provisions of the Act on auditors, audit firms and public supervision, the Issuer, by mutual agreement of the parties, dissolved the contract concluded with BDO Sp. z o.o. on 15 June 2016 in the scope including examination of the report for 2018. On 5 June 2018, the Supervisory Board of the Issuer selected Mazars Audyt Sp. z o.o. registered in Warsaw as the entity responsible for examining the Company's reports for 2018-2019.

Merger Procedure

On 16 February 2018, the plan to merge the Company with its subsidiaries was accepted and signed. The subsidiaries are: Seahouse Sp. z o.o. based in Ząbki, Łódź Invest Sp. z o.o. based in Ząbki, Nowe Tysiąclecie Sp. z o.o. based in Ząbki, Zdziarska Invest Sp. z o.o. based in Ząbki, Lewandów Invest Sp. z o.o. based in Ząbki, Porta Transport Sp. z o.o. in liquidation based in Szczecin, J.W. Ergo Energy Sp. z o.o. based in Ząbki, Towarzystwo Budownictwa Społecznego Nowy Dom Sp. z o.o. based in Ząbki, J.W. Marka Sp. z o.o. based in Ząbki and Business Financial Construction Sp. z o.o. based in Warsaw („acquired companies”).

The merger is being carried out within the capital group of the Company, and in all the companies being acquired, the Company holds a 100% interest in the share capital. The merger is being carried out pursuant to art. 492 §1 point 1 of CCC by transferring all assets of the acquired companies to the Company - as the sole shareholder. The purpose of the merger is to reduce the operating costs of the Capital Group and to concentrate its business operations in the Company. The merger will be carried out pursuant to art. 515 §1 of the Code of Commercial Companies without increasing the share capital of the Company.

General Meetings

On 14 June 2018, the Ordinary General Meeting of Shareholders took place. It adopted resolutions on the approval of financial statements and the Management Board statement on the activities of the Company and its Capital Group. It granted a vote of approval to the members of the Company's governing bodies and allocated the profit for the previous financial year to the Company's supplementary capital.

Credits:

Annex to credit agreement

On 20 April 2018, the Company concluded an Annex to a credit agreement in the current account granted by Plus Bank S.A. Under the Annex, at the Company's request, the credit limit was reduced to PLN 8,000,000 and the deadline for use and repayment date have been postponed. The final repayment date is 25 April 2020.

On 25 April 2018, the Company concluded an Annex to a credit agreement in the current account granted by PKO BP S.A. in the amount of PLN 10,000,000. Under the Annex, the deadline for use and repayment date have been postponed. The final repayment date is 25 April 2019.

On 25 April 2018, J.W. Construction Sp. z o.o., the Issuer's subsidiary, concluded an Annex to a credit agreement in the current account granted by PKO BP S.A. in the amount of PLN 7,000,000. Under the Annex, the deadline for use and repayment date have been postponed. The final repayment date is 25 April 2019.

On 14 June 2018, the Company concluded an Annex to a credit agreement in the current account granted by Bank Millenium SA in the amount of PLN 16,830,000. Under the Annex, the deadline for use and repayment date have been postponed. The final repayment date is 31 May 2019.

Credit repayment

On 5 February 2018, the Company made a full repayment of the loan for the co-financing of the „Bernardowo Park phase II” residential investment in Gdynia in the amount of PLN 33,700,000 incurred in Millenium Bank S.A..

On 28 February 2018, the Company made a full repayment of the revolving credit for co-financing the costs of realization of "Zielona Dolina III" residential investment in Warsaw, in the amount of PLN 5,000,000 incurred in BOŚ Bank SA.

Construction and occupancy permits, other significant transactions:

Building permit

On 10, 12 and 15 January and on 13 February 2018 the Company received building permits for a group of single-family residential buildings in terraced housing, located in Kręczki Kaputy borough near Ożarów Mazowiecki. The permit is final.

On 2 February 2018, the Company received a building permit for a hotel with services and trade, as well as an underground garage, located at Pileckiego St. in Warsaw. The permit is not final.

On 8 May 2018, the Company received a building permit for the construction of a residential and service complex "Bliska Wola phase D" in the area of Ordonia St., Kasprzaka St., Prymasa Tysiąclecia Av. in Warsaw. The permit obtained allows the implementation of two sub-stages of the investment, for a total of nearly 1500 units with a residential and aparthotel-commercial area of nearly 62,000 m². The permit is final.

Occupancy permit

On 19 June 2018, the Company received an occupancy permit for a multi-family residential building with an underground garage at Verdiego St. in Warsaw - Zielona Dolina III. The permit is final.

Land purchase

On 2 February 2018, the Company acquired ownership of an undeveloped plot of land with an area of 2.3544 ha located at Poznańska St. in Skórzewo, in Doplewo borough. The sale price set at PLN 9.800.000 net, plus VAT at the applicable rate, was paid on the day of sale. The real estate is intended for multi-family housing development. The company estimates that it will be possible to build approximately 14,000 m² of usable area.

On 4 April 2018, in the performance of a conditional sale agreement concluded on 23 March 2018, in connection with the lack of exercising his right of the President's of Pruszków, the Company concluded a contract transferring the right of perpetual usufruct of an undeveloped plot of land No. 215 with an area of 16,902 m² located in Pruszków at Waryński 5/7 St. for the amount of PLN 15,900,000 net plus VAT at the applicable rate. The company plans to build approximately 19,000 m² of residential Number of units.

On 5 June 2018, in the performance of a preliminary agreement for the acquisition of the right of perpetual usufruct of land concluded on 6 February 2018, the Company concluded a purchase agreement for two developed plots with a total area of 0.2287 ha located in Gdańsk at Starowiejska St., for PLN 4,250,000 net, plus VAT at the applicable rate.

On 6 June 2018, in the performance of a preliminary agreement for the acquisition of the right of perpetual usufruct of land concluded on 13 June 2017, the Company concluded a purchase agreement for eight developed plots with a total area of 0.8450 ha and a share of 806/1000 in two plots with a total area of 0.1542 located in Gdańsk at 67 Starowiejska St., for PLN 20,500,000 net, plus VAT at the applicable rate.

On the aforementioned properties at Starowiejska St. the Company plans build approximately 31,000 m² of Number of units.

Preliminary contract for the purchase of land

On 25 April, 2018, the Company entered into a preliminary agreement for the acquisition of the right of perpetual usufruct of undeveloped plots of land No. 5/4, 7/2 and 7/4 with a total area of 1.4471 ha located in Szczecin at Celna St. for a total amount of PLN 14,600,000 net plus VAT at the applicable rate. On signing the preliminary agreement, the Company paid the amount of PLN 1,500,000 net, plus VAT at the applicable rate, as a deposit. The

deadline for concluding a conditional sale agreement was set for November 10, 2018. The company plans to build on the plot approximately 33,700 m² of usable area of apartments and aparthotels.

Real estate sales agreement

On 22 June 2018, the Company sold a real estate in the form of perpetual usufruct of plots No. 12/2, 12/3 and 30 with a total area of 0.3621 ha, located in Wrocław at 20 Powstańców Śląskich for the amount of PLN 1,000,000 increased by VAT at the applicable rate. The sale generated a loss for the Company in the reporting period for the amount of PLN 15,184,357. The Company decided to sell the real estate due to the following circumstances:

1. the real estate was acquired by the Company with encumbrance in the total amount of PLN 30,325,000 on behalf of the bank in order to secure the loan taken out by Develo sp. z o.o., which was validated by an agreement concluded with Develo regarding the joint preparation of the investment on the property and neighboring property from whose important conditions Develo did not fulfil and from which the Company has withdrawn,
2. failure to meet the technical parameters of the property, undertaken in the original purchase agreement, which in the current form prevented the implementation of a profitable investment,
3. in May this year the mortgage creditor proceeded to enforce the receivables from the real estate (requesting the Company to pay almost PLN 26,000,000) announcing the filing of the suit, which would result in real estate bailiffs' auction and due to the amount secured by the mortgage-backed loan, no benefit for the Company of any funds obtained from the sale,
4. the sale was made to the entity that was the only one to offer the possibility to pay any amount for the property, taking into account its encumbrance.
5. by a final court judgment, a payment of PLN 10,980,000 was ordered from a natural person (guarantor of Develo's obligations) in favour of the Company to compensate for the costs incurred as a result of the contract.

Information on the issuing, redemption and repayment of debt and equity securities.

Interest paid

On 24 April 2018 the Company paid interest on series JWX0116 bonds.

On 15 May 2018 the Company paid interest on bonds marked with the PLJWC0000126 code.

On 30 May 2018 the Company paid interest on bonds marked with the ISIN PLJWC0000118 code.

On May 30, 2018, the Company made a partial redemption of the nominal value of JWC0520 series bonds, issued in 70,000 units, with a par value of PLN 1,000 each and a total value of PLN 70,000,000, marked in the KDPW system by the ISIN code PLJWC0000118. The redemption covered 10% of the original bond issue value, ie PLN 7,000,000. The redemption took place on time and on the terms provided for in the terms of the bond issue.

Note 33. Seasonality

Both the Company and subsidiaries do not conduct cyclical and seasonal business.

Note 34. Dividend

No dividend from the Company or its subsidiaries was paid in the first half of 2018.

Note 35. Significant events that took place after the balance sheet date

Real estate purchase agreement.

On 11 September 2018, in the performance of a conditional purchase agreement from 31 August 2018, the Company concluded an agreement transferring ownership of the plots of land No. 555, 556 and 557/1 with a total area of 29.4000 ha located in Zawada in Myślenice borough (Property). The price for the Property was set at PLN 21,000,000 gross. The contract was concluded following the fulfilment of the condition of not exercising the pre-emptive right by the State Treasury represented by State Forests. Pre-emptive right privilege under art. 37a of the Act of 28 September 1991 on forests (Journal of Laws of the Republic of Poland of 2015, item 2100, as amended). Pre-emptive right privilege for the Starost of Myślenice under art. 217 par.13 of the Act of 20 July 2017 on Water Law (Journal of Laws of the Republic of Poland of 2017, item 1566).

Occupancy permit

On 2 July 2018, the Company received occupancy permit for residential buildings implemented as part of a housing estate at Leśna and Parkowa St. in Gdynia - Osiedle Gdynia Bernadowo Park II. The permit is final.

On 18 July 2018, the Company received occupancy permit for the Varsovia aparthotel (Bliska Wola phase C) at Kasprzaka / Ordonia St. in Warsaw, the permit does not cover 11 premises other than aparthotel ones, where finishing works were underway. The permit is final.

On 14 August 2018, the Company received occupancy permit for 4 multi-family residential buildings being developed as part of the Zielona Dolina II phase II housing investment at Verdi St. in Warsaw. The permit is final.

Appointment to the Management Board

On 6 September 2018, Małgorzata Pisarek, the company's chief accountant, was appointed to the Management Board on the basis of a personal right granted to a significant shareholder.

Building permit

On 10 September 2018, the Company received building permit for the construction of a hotel and commercial complex with technical infrastructure, located at Spokojna St. in Gdynia. The permit is not final.

Contract for construction works

On 28 August 2018, the Issuer entered into contract with Fabet-Konstrukcje Sp. z o.o. registered in Kielce (Contractor). The subject matter of the contract is the execution of the following works at the Company's investment site at Kasprzaka St. Phases Dm and Dk:

- trench drainage;
- performing groundworks;
- securing the trench walls – slurry wall;
- comprehensive performance of reinforced concrete works;
- comprehensive performance of masonry works.

The deadline for completion of works has been set for 21 October 2020.

The Contractor's remuneration has been set as a lump-sum based on the scope of works for the amount of PLN 140.262.989,82 plus VAT at the rate applicable on the day of issuing invoice.

Note 36. Selected financial data including basic items of the financial statement in thousands of PLN (and converted to EUR)

In order to convert the balance sheet data on the last day of the period between 1 January and 30 June 20178 the exchange rate of euro was adopted, which was determined by the National Bank of Poland to be PLN 4,3616 per 1 euro.

In order to convert the balance sheet data on the last day of the period between 1 January and 31 December 2017 r., the exchange rate of euro was adopted, which was determined by the National Bank of Poland to be PLN 4,1709 per 1 euro

In order to convert the profit and loss account data for the period between 1 January 2018 and 30 June 2018, the exchange rate of euro was adopted, calculated as the arithmetic average of the rates from the last day of each month in a given period, determined by the National Bank of Poland for this day, i.e PLN 4,2395 per 1 euro.

In order to convert the profit and loss account data for the period between 1 January 2017 and 30 June 2017, the exchange rate of euro was adopted, calculated as the arithmetic average of the rates from the last day of each month in a given period, determined by the National Bank of Poland for this day, i.e PLN 4,2075 per 1 euro.

Balance sheet item	30.06.2018		31.12.2017	
	PLN	EUR	PLN	EUR
Total assets	1 744 757	400 027	1 631 702	391 211
Fixed assets	805 214	184 614	800 807	191 999
Current assets	939 543	215 412	830 895	199 212
TOTAL EQUITY AND LIABILITIES	1 744 757	400 027	1 631 702	391 211
Equity	689 779	158 148	711 230	170 522
Non-current liabilities	283 235	64 938	345 105	82 741
Current liabilities	771 742	176 940	575 366	137 948

Profit and loss account item	01.01.2018 to 30.06.2018		01.01.2017 to 30.06.2017	
	PLN	EUR	PLN	EUR
Net revenues from sales of products, goods and materials	78 440	18 503	92 170	21 906

J.W. Construction Holding SA
Interim condensed consolidated financial statements
for the period of 6 months ended on 6 June 2018

Costs of sold products, goods and materials	76 453	18 034	73 321	17 426
Gross profit (loss) on sales	1 988	469	18 848	4 480
Sales costs	11 402	2 690	12 286	2 920
Overheads	9 092	2 145	8 999	2 139
Profit (loss) on sales	-22 559	-5 321	-4 083	-970
Operating profit (loss)	-25 396	-5 990	-9 858	-2 343
Gross profit (loss)	-27 437	-6 472	-9 171	-2 180
Income tax	-5 986	-1 412	-71	-17
Net profit (loss)	-21 451	-5 060	-9 099	-2 163

Consolidated balance sheet item	30.06.2018		31.12.2017	
	PLN	EUR	PLN	EUR
Total assets	1 834 867	420 687	1 690 887	405 401
Fixed assets	744 351	170 660	745 463	178 729
Current assets	1 090 516	250 027	945 425	226 672
TOTAL EQUITY AND LIABILITIES	1 834 867	420 687	1 690 887	405 401
Equity	656 696	150 563	678 228	162 609
Non-current liabilities	401 816	92 126	463 811	111 202
Current liabilities	776 354	177 998	548 848	131 590

Consolidated profit and loss account item	od 01.01.2018 do 30.06.2018		od 01.01.2017 do 30.06.2017	
	PLN	EUR	PLN	EUR
Net revenues from sales of products, goods and materials	89 750	21 170	135 310	32 159
Costs of sold products, goods and materials	85 344	20 131	105 121	24 984
Gross profit (loss) on sales	4 406	1 039	30 189	7 175
Sales costs	10 328	2 436	11 155	2 651
Overheads	11 732	2 767	10 575	2 513
Profit (loss) on sales	-21 706	-5 120	6 813	1 619
Operating profit (loss)	-24 667	-5 818	808	192
Gross profit (loss)	-27 569	-6 503	-6 919	-1 644
Income tax	-6 134	-1 447	-3 381	-804
Net profit (loss)	-21 435	-5 056	-3 538	-841

Note 37. Off-balance-sheet entries, contingent liabilities

In conducting economic activity, conditional instruments securing transactions are applied. Especially, based on the current loan agreements, banks in case of the company failure to fulfill the Group's obligations resulting from the signed agreements may seek compensation based on the created securities. Securities are created from the sum of granted credit multiplied by a certain factor. The multiplier depending on the type of credit agreement, security type, financing bank and other factors varies between 100% and 200%. Regardless of the number and the sum of created securities the bank may seek compensation from the sum of real debt with due interest. As at 30 June 2018, the amount of debt was equal PLN 175,3 million (including debts of TBS Marki Sp. z o.o. – PLN 89,2 million) and there were no reasons that could indicate that any credit loan could not be paid on time.

In case of J.W. Construction Holding S.A. the standard safeguards applied by banks include real estate mortgages.

Below is the list of mortgage securities

OFF-BALANCE SECURITIES	30-06-2018
The sum for securities on owned real estate*	645 673 086

*including securities on real estate owned by TBS Marki Sp. z o.o. – 22,4 mln zł

For one credit agreement, typically several securities are applied that exceed the credit amount. However, it is impossible to sum up the sums of securities as the value of a possible claim would be strictly related to the security sum, and a entitled entity could choose a type of security. In addition to mortgage security, there are other forms of securities, such as writs of execution, promissory notes, powers of attorney to accounts or liens on accounts. In addition, in case of investment credits, the security instruments are transfers from contracts related to concrete constructions (for instance, general contractorship agreements, insurance agreements, good quality guarantees). Also, if a borrower is a subsidiary of J.W. Construction Holding S.A., banks typically require also a guarantee from the Company, and in some other cases - lien on the shares of a subsidiary.

Below is the value of granted guarantees:

OFF-BALANCE SHEET COLLATERALS - other	30-06-2018
Guarantee of J.W. Construction Holding S.A. to the benefit of Hanza Invest SA for an investment loan incurred at Alior Bank SA	141 789 712
Guarantee of J.W. Construction Holding S.A. to the benefit of Dana Invest Sp. z o.o. for an investment loan incurred at Bank BZ WBK SA	29 694 876
Registered pledge on J.W. Construction Holding S.A. Dana Invest Sp. z o.o.	23 499 582
Guarantees to the benefit of J.W. Construction Sp. z o.o. for the loan and surety at PKO BP	14 500 000
Sureties to the benefit of TBS "Marki" Sp. z o.o.	22 400 000

As at 30 June 2018, there were bank and insurance securities regarding the removal of defects granted by banks and insurance companies that the companies of the Capital Group were the beneficiary of. In addition, blank promissory notes were issued to the benefit of the Capital Group companies as a security for the customer guarantees that the Companies may use at any time to the sum corresponding to the costs corresponding to removal of defects. The total value of sureties as at 30 June 2018 was PLN 27,6m and EUR 37 thousand (J.W. Construction Holding S.A), PLN 6,6 million and EUR 128 thousand (J.W. Construction Sp. z o.o)

Note 38. Significant issues in litigation

As at 30 June 2018, no proceedings involving the Company or any of its subsidiaries, as both the plaintiff and the defendant, were relevant to the business operations conducted by the Company.

The company, however, would like to draw attention to the following ruling in the case brought by the City of Warsaw for payment of annual fees (2009-2013) for perpetual usufruct of the real estate designated in the local zoning plan for the public road, which was reported in the reports for earlier periods:

- a ruling of the Supreme Court of 9 March 2018, in which the Supreme Court overturned the Court of Appeal's decision from 27 September 2016 dismissing the Company's appeal against the judgment of the Court of First Instance ordering the Company to pay annual fees for perpetual usufruct of the above-mentioned real estate and handed the matter over to the Court of Appeal for reconsideration. The appealed ruling ordered the Company to pay PLN 14.123.786,25 with interest and court costs on behalf of the Capital City of Warsaw.
- the ruling of the Court of Appeal in Warsaw of 4 June 2018, taken as the result of reconsidering the case due to above mentioned ruling of the Supreme Court of 9 March 2018, pursuant to which the Company's appeal against the judgement of the Court of First Instance was once more dismissed. Thus, the ruling of the District Court of 16 April 2014 ordering the Company to pay fees for perpetual usufruct for the years 2009-2013 in the amount of PLN 14,123,786.25 in favour of the Capital City of Warsaw has become final. Having received a written justification of the verdict, the Company shall consider the possibility of lodging a cassation appeal to the Supreme Court.

Note 39. Significant risk factors and threats

The risks recognized by the Group include: interest rate risk, credit risk, liquidity risk, risk related to administrative decisions, and risk related to competition on the real estate market.

Interest rate risk

The company obtains financing for the implementation of its projects based on loans with a variable interest rate. The vast majority of these are loans taken for the duration of the construction of a given investment - on average for a period of 2 to 3 years. At the same time, the Company holds bonds bearing interest at a floating market rate. Significant reductions in base rates in the last year will have a positive impact on the level of financial costs.

Credit risk

A significant part of the Company's customers makes purchases with bank loans. Risks associated with offered loans are secured with insurance of particular debts on behalf of clients. In relation to no customer group is there a significant concentration of credit risk. Furthermore, the Company systematically evaluates payments made and the financial situation of its customers.

Liquidity risk

The Company pays special attention to keeping the balance between financing its investment activities and timely payment of its obligations. Maintaining liquidity is dependent on the credit policy of banks in granting mortgages and investment credits as well. Lack of funding from banks especially along with the requirements of developer act developer and escrow accounts. In the case of developers and individuals it can affect: start of new investments, the demand for housing, timeliness of payments and thus cash flows.

Risk related to administrative decisions

The basis for real estate activities are administrative decisions required in connection with present or future projects. The lack of licenses, permits or concessions or failing to obtain them in time may adversely affect the ability to commence, conduct or complete present and new investments by the Company. All of these factors may have an impact on financial flows and overall operations.

Risk related to competition on the real estate market

The housing offer of the majority of developers operating on the same markets is to a large extent similar in terms of the quality of performance and technical parameters of the premises. Thus, elements of competition such as: location, diversity of the offer in terms of the number and structure of apartments, appropriate promotion of the project and perception of the developer among clients are of significant importance. The Warsaw market, where the Group's operations focus, is characterized by significant competition from real estate companies. Competitive processes have intensified as a result of the superiority of the supply of flats over demand from buyers observed in recent years. Competition occurs at every level of the developer's activity, including in particular when acquiring attractive areas for residential development and at the stage of apartment sales (project promotion and development of the developer's image). One should take into account the fact that there is a risk from other developers consisting in obtaining cheaper land, land with better location, or better promotion of the offer among buyers in relation to the Capital Group's offer. All these elements may result in a deterioration in the sale of apartments (a decrease in the number of contracts concluded) by the Capital Group. As a result, in order to achieve the assumed level of sales, it

may cause the Capital Group to introduce additional sales promotions within individual development projects and contribute to lowering cash inflows, the level of sales margin and realized profits.

Note 40. Financial instruments and hedge accounting

In 2018 the Group does not apply hedge accounting and does not have any embedded derivatives.

Financial instruments by type	Valuation at amortized cost	Valuation at fair value through other comprehensive income	Valuation at fair value through financial result	Total as at 30 June 2018
Short-term financial assets	195 358 797,04	0	0	195 358 797,04
Trade and other receivables	40 418 699,91	0	0	40 418 699,91
Other financial assets	1 642 043,03	0	0	1 642 043,03
Cash and cash equivalents	153 298 054,10	0	0	153 298 054,10
		0	0	
Long-term financial assets	69 210 524,39	0	0	69 210 524,39
Other financial assets	66 219 169,24	0	0	66 219 169,24
Trade and other receivables	2 991 355,15	0	0	2 991 355,15
Short-term financial liabilities	171 661 797,34	0	0	171 661 797,34
Trade and other liabilities	62 334 163,06	0	0	62 334 163,06
Borrowings	66 346 628,45	0	0	66 346 628,45
Other liabilities	42 981 005,83	0	0	42 981 005,83
Long-term financial liabilities	312 251 618,95	0	0	312 251 618,95
Borrowings	109 311 173,85	0	0	109 311 173,85
Other liabilities	202 940 445,10	0	0	202 940 445,10

Financial instruments by type	Valuation at amortized cost	Valuation at fair value through other comprehensive income	Valuation at fair value through financial result	Total as at 31 December 2017
Short-term financial assets	272 135 507,81	0	0	272 135 507,81
Trade and other receivables	42 139 203,55	0	0	42 139 203,55
Other financial assets	55 725 214,89	0	0	55 725 214,89
Cash and cash equivalents	174 271 089,37	0	0	174 271 089,37
		0	0	
Long-term financial assets	6 785 284,10	0	0	6 785 284,10
Other financial assets	3 753 010,25	0	0	3 753 010,25
Trade and other receivables	3 032 273,85	0	0	3 032 273,85
Short-term financial liabilities	143 592 723,98	0	0	143 592 723,98
Trade and other liabilities	60 625 467,65	0	0	60 625 467,65
Borrowings	60 247 273,99	0	0	60 247 273,99
Other liabilities	22 719 982,34	0	0	22 719 982,34
Long-term financial liabilities	371 516 346,10	0	0	371 516 346,10
Borrowings	144 689 144,73	0	0	144 689 144,73
Other liabilities	226 827 201,37		0	226 827 201,37

Financial Instruments	30.06.2018	31.12.2017	30.06.2017
Financial assets fair and balance sheet value	264 569 321,43	278 920 791,91	276 793 428,05
Short-term financial assets	195 358 797,04	272 135 507,81	272 083 784,59

J.W. Construction Holding SA
Interim condensed consolidated financial statements
for the period of 6 months ended on 6 June 2018

Trade and other receivables	40 418 699,91	42 139 203,55	53 759 244,74
Other financial assets	1 642 043,03	55 725 214,89	57 448 336,48
Cash and cash equivalents	153 298 054,10	174 271 089,37	160 876 203,37
Long-term financial assets	69 210 524,39	6 785 284,10	4 709 644,46
Other financial assets	66 219 169,24	3 753 010,25	1 678 324,71
Trade and other receivables	2 991 355,15	3 032 273,85	3 031 319,75
Financial liabilities fair and balance sheet value	483 913 416,29	515 109 070,08	472 584 769,22
Short-term financial liabilities	171 661 797,34	143 592 723,98	174 664 477,17
Trade and other liabilities	62 334 163,06	60 625 467,65	66 315 679,21
Borrowings	66 346 628,45	60 247 273,99	26 102 000,57
Other liabilities	42 981 005,83	22 719 982,34	82 246 797,39
Long-term financial liabilities	312 251 618,95	371 516 346,10	297 920 292,05
Borrowings	109 311 173,85	144 689 144,73	151 163 860,17
Other liabilities	202 940 445,10	226 827 201,37	146 756 432,88

The Capital Group carried out an analysis as a result of which it was determined that the value of financial instruments shown in the statement of financial position does not significantly differ from their fair value due to the fact that the majority of these instruments bear interest based on the variable rate.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms that are traded on active, liquid markets is determined by reference to stock prices;
- the fair value of other financial assets and financial liabilities (with the exception of derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis, using prices from observable current market transactions and dealer quotes for similar instruments;

In the period from January 1, 2018 to June 30, 2018, there was no transfer between the levels in the fair value hierarchy used in the fair value measurement, and there was no change in the classification of financial assets due to a change in the purpose or use of these assets.

G. INTERIM CONDENSED FINANCIAL STATEMENTS AS AT 30 JUNE 2018

1. GENERAL INFORMATION

1.1 Name, registered office, registering authorities, core business activity

J.W. Construction Holding S.A. hereinafter referred to as ("JWCH") with its business seat in Ząbki at 326 Radzymińska street, REGON number 010621332 was initially registered as Towarzystwo Budowlano-Mieszaniowe Batory sp. z o.o. on March 7, 1994 under the 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. 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 (Poland Klasyfikacja Działalności) 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.

1.2 Lifetime

As at 30 June 2018, the lifetime of the Company is unlimited. The business year of the Company is a calendar year, i.e. the period between January 1 and December 31.

1.3 Financial statement approval for publication

These interim condensed financial statements have been approved for publication and signed by the Management Board on 19 September 2018.

1.4 Going concern basis and comparability of financial statements

J.W. Construction Holding S.A. Capital Group assumes that it will operate as a going concern and that financial statements are comparable. As at the balance sheet date the company of J.W. Construction Holding S.A. did not find out any threats to the going concern assumption.

1.5 Period covered by the report

The presented interim condensed consolidated financial statements cover the period from 1 January 2018 to 30 June 2018, and comparable financial data and explanatory notes cover the period from 1 January 2017 to 30 June 2017 and as at 31 December 2017 in the case of the report on the financial situation and changes in equity.

2. RULES FOR PREPARING THE INTERIM CONDENSED FINANCIAL STATEMENTS

2.1 Basis for preparing the financial statements

These condensed interim consolidated financial statements for the first half of 2018 and comparative periods have been prepared in accordance with IAS 34 Interim Financial Reporting and other IAS / IFRS applicable.

These interim condensed consolidated financial statements have been prepared in accordance with the historical cost concept, with the exception of:

- investment property estimated at fair value,
- cash equivalents at nominal value,
- financial instruments at fair value, with the exception of shares and stocks in subsidiaries estimated at cost, including write-downs,
- financial liabilities, including credits and loans estimated at amortized cost using the effective interest rate.

The report was prepared on an accrual basis, except for the cash flow statement.

The condensed interim consolidated financial statements do not include all information and explanations required in the annual report, therefore they shall be read together with the financial statements for the financial year ended on 31 December 2017.

2.2 Compliance statement

These interim condensed consolidated financial statements for the period from January 1, 2018 to June 30, 2018 have been prepared in accordance with the applicable IAS / IFRS approved by the European Union (approval by the European Union means the announcement of standards or interpretations in the form of regulations of the European Commission). To the extent not covered by the above standards, these consolidated annual financial statements have been prepared in accordance with the requirements of the Act of 29 September 1994 on accounting (Journal of Laws of Republic of Poland 2018, item 395, as amended) and executive provisions issued based on it. In these interim condensed consolidated financial statements, the general term IFRS is used both in reference to International Financial Reporting Standards and International Accounting Standards.

The accounting principles were applied while maintaining the principle of continuity in all presented periods.

2.3 Significant estimations and assumptions

Estimations and certain ideas are subject to periodic verification of the Company. 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 provides a verdict or issues a decision other than expected by the company and the created provisions may prove insufficient.

- The entity receives revenue from the services performed by the Issuer based on the task contracts for a fixed period of time. The services performed by the Issuer are long-term services. The period of their performance exceeds 6 months.

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

The principles (policy) of accounting that were used for preparation of this consolidated financial statement for H1 of 2018 are consistent with those used for preparation of the financial statement for the financial year of 2017, with the exception of changes described below.

The same principles were applied for the current period and the period being compared. A detailed description of the accounting policies adopted by J.W. Construction Holding SA Capital Group was presented in the annual consolidated financial statements for the financial year of 2017, published on 14 March 2018.

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

Applicable standards, which came into force on 1 January 2018, standards issued and approved by the European Union that came into force and standards that are awaiting approval by the European Union are described on pages 7-11.

J.W. Construction Holding SA
Interim condensed consolidated financial statements
for the period of 6 months ended on 6 June 2018

Interim condensed statement on the financial situation

ASSETS	Note	30.06.2018	31.12.2017
FIXED ASSETS		805 213 825,51	800 807 045,30
Intangible assets	1	12 435 577,05	12 439 850,18
Tangible assets	2	240 507 482,88	241 173 240,65
Investment real estate	3	215 498 360,44	281 039 497,36
Other financial assets	4	310 728 062,76	243 334 149,93
Deferred income tax assets		23 855 683,63	20 599 035,70
Trade and other receivables	5	2 188 658,75	2 221 271,48
CURRENT ASSETS		939 543 098,10	830 894 631,06
Inventories	6	27 612 471,53	29 512 779,26
Construction contracts	7	732 580 727,85	533 665 050,83
Trade and other receivables	8	37 062 237,00	40 382 788,04
Other financial assets	9	2 886 668,32	60 394 634,28
Cash and cash equivalents	10	120 855 864,80	154 593 605,44
Accruals	11	18 545 128,60	12 345 773,21
Total assets		1 744 756 923,61	1 631 701 676,36
EQUITY AND LIABILITIES			
EQUITY		689 779 057,47	711 230 400,37
Share capital		17 771 888,60	17 771 888,60
Revaluation capital		7 493 208,19	7 493 208,19
Other capital		685 965 303,58	659 020 541,44
Retained earnings		0,00	0,00
Net profit / loss		-21 451 342,90	26 944 762,14
EQUITY AND LIABILITIES		1 054 977 866,14	920 471 275,99
Non-current liabilities		283 235 419,48	345 104 791,04
Borrowings	12	11 691 439,76	45 819 151,99
Deferred income tax liabilities		32 134 238,27	34 863 727,02
Retirement benefit obligations		200 416,45	200 416,45
Provision for other liabilities and charges		0,00	0,00
Other liabilities	13	239 209 325,00	264 221 495,58
Current liabilities		771 742 446,66	575 366 484,95
Trade and other payables	14	114 116 055,52	118 345 204,20
Construction contracts	7	533 628 544,08	356 575 590,20
Borrowings	12	57 781 922,43	54 246 609,41
Provision for other liabilities and charges	13	23 234 918,79	23 479 098,79
Other liabilities	14	42 981 005,84	22 719 982,35
TOTAL EQUITY AND LIABILITIES		1 744 756 923,61	1 631 701 676,36

Interim condensed report on the result and other comprehensive income

	Note	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
Net revenues from sales of products, goods and materials, of which:	15	78 440 450,03	92 169 627,09
Net revenues from sales of products		76 259 574,77	91 035 698,07
Net revenues from sales of goods and materials		2 180 875,26	1 133 929,02
Costs of products, goods and materials sold, of which:	16	76 452 630,32	73 321 360,04
Manufacturing cost of products sold		74 273 049,31	72 180 183,47
Value of goods and materials sold		2 179 581,01	1 141 176,57
Gross profit (loss) on sales		1 987 819,71	18 848 267,05
Sales costs		11 402 295,06	12 285 962,07
Overheads		9 091 825,04	8 998 911,22
Revaluation of investment properties		-4 052 202,88	-1 646 356,06
Profit (loss) on sales		-22 558 503,27	-4 082 962,30
Other operating income	17	667 195,25	266 923,49
Other operating expenses	18	3 504 637,48	6 041 645,76
Operating profit (loss)		-25 395 945,50	-9 857 684,57
Financial Revenues	19	12 698 643,61	12 407 037,32
Financial costs	20	14 740 177,69	11 719 885,51
Profit (loss) on business activity		-27 437 479,58	-9 170 532,76
Gross profit (loss)		-27 437 479,58	-9 170 532,76
Income tax		-5 986 136,68	-71 447,32
Net profit (loss)		-21 451 342,90	-9 099 085,44

Other comprehensive income:		0,00	0,00
Foreign exchange rate operation differences		0	0
Profit/loss from acquisitions		0	0
Profit from revaluation of tangible fixed assets		0	0
Other comprehensive income		0	0
Total revenue		-21 451 342,90	-9 099 085,44

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE		01-01-2018 to 31-06-2018	01-01-2017 to 30-06-2017
Profits			
Profit from financial statements		-21 451 342,90	-9 099 085,44
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 *		88 859 443	88 859 443
(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		88 859 443	88 859 443
Basic earnings per share = (A)/(B)		-0,24	-0,10
Diluted earnings per share = (A)/(B)		-0,24	-0,10

Interim condensed cash flow statement

Operating cash flow - two-step method	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
Net profit (loss)	-21 451 342,90	-9 099 085,44
Item adjustments	1 077 491,02	147 620,70
Depreciation and amortization	3 972 612,74	3 954 483,25
(Profits) loss on foreign exchange differences	-2 113 142,00	4 147 659,44
(Profits) loss from investment activities	0,00	1 075 250,00
Interest and dividends	4 814 143,25	-4 721 003,56
Changes in provisions and accruals	-9 648 325,85	-5 955 125,40
Changes in investment real estate	4 052 202,88	1 646 356,06
Other item adjustment	0,00	0,91
- company value adjustment	0,00	0,00
- impairment of investment property	0,00	
- other adjustments	0,00	0,91
Changes in working capital	107 860 208,17	62 936 097,25
Change in inventories	1 900 307,73	-130 227,00
Change in construction contracts	106 590 401,61	45 451 152,17
Changes in receivables	3 353 163,77	3 097 384,71
Changes in current liabilities, except for borrowings	-3 983 664,94	14 517 787,37
Operating activity cash flow	87 486 356,29	53 984 632,51
Investment activity cashflows		
Disposal of tangible and intangible assets and other non-current assets	0,00	561 750,00
Purchase of tangible and intangible assets and other non-current assets	-67 407 202,86	-19 162 693,73
Disposal of equity and debt instruments	69 275,97	0,00
Loans granted	-6 102 798,69	-841 490,22
Loans paid	54 168,03	0,00
Financial assets purchased	-945 000,00	-700 000,00
Financial assets sold	0,00	0,00
Dividends received	0,00	3 582 792,25
Interest received	22 413,29	0,00
Subsidiary acquisition	-203 312,00	-300 000,00
Net investment cash flow	-74 512 456,26	-16 859 641,70
Financial activities cashflow		
Credits and loans granted	3 084 851,76	26 502 008,96
Credits and loans repaid	-33 155 905,88	-34 477 147,71
Debt securities issued	0,00	70 000 000,00
Debt securities redeemed	-7 000 000,00	0,00
Payments under financial lease agreements	-641 420,17	-608 941,96
Dividends and other profit shares	0,00	0,00
Interest paid	-10 652 659,18	-7 894 599,55
Other financial proceeds (including notes)	7 543 492,80	28 626 391,00
Other financial expenditures (including notes)	-5 890 000,00	-37 670 000,00
Net financial activities cashflow	-46 711 640,67	44 477 710,74
NET DECREASE / (INCREASE) IN CASH	-33 737 740,64	81 602 701,55
Cash and cash equivalents at the beginning of the year	154 593 605,44	69 622 774,77
- change in cash and cash equivalents due to differences in foreign exchange rate		
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	120 855 864,80	151 225 476,32

J.W. Construction Holding SA
Interim condensed consolidated financial statements
for the period of 6 months ended on 6 June 2018

Interim condensed statement on changes in equity

	Share capital	Own shares (negative figure)	Revaluation capital	Supplementary capital	Other capital	Retained earnings	Net earnings	Equity
As at 31 December 2017	17 771 888,60	0,00	7 493 208,19	653 288 954,25	5 731 587,19	0,00	26 944 762,14	711 230 400,37
Basic error corrections	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Adjustments for conversion to IFRS	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
As at 1 January 2018	17 771 888,60	0,00	7 493 208,19	653 288 954,25	5 731 587,19	0,00	26 944 762,14	711 230 400,37
Share issuance	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Own 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
Dividend paid	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Profits / (losses) from the revaluation of fixed assets and investment properties	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Profits / (losses) from the revaluation of assets for sale	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Profits / (losses) from cash flow hedges	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Foreign exchange rate differences due to the calculation of financial statements of foreign subsidiaries	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Income tax regarding items referred directly to equity	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Profit/loss from acquisitions (unitary jwch)	0,00	0,00		0,00	0,00	0,00	0,00	0,00
Profit / loss on the inclusion / exclusion of companies for consolidation	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Changes in accounting policies/presentation	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Adjustments	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Conversions into IFRS	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total profit / loss recognized 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	-21 451 342,90	-21 451 342,90
Total profit / (loss) recognized in equity and the net result	0,00	0,00	0,00	0,00	0,00	0,00	-21 451 342,90	-21 451 342,90
Increase / decrease from profit distribution	0,00	0,00	0,00	26 944 762,14	0,00	-0,00	-26 944 762,14	0,00
As at 30 June 2018	17 771 888,60	0,00	7 493 208,19	680 233 716,39	5 731 587,19	-0,00	-21 451 342,90	689 779 057,47

J.W. Construction Holding SA
Interim condensed consolidated financial statements
for the period of 6 months ended on 6 June 2018

	Share capital	Own shares (negative figure)	Revaluation capital	Supplementary capital	Other capital	Retained earnings	Net earnings	Equity
As at 31 December 2016	17 771 888,60	0,00	7 493 208,19	649 377 530,08	5 731 587,19	-5 679 509,98	9 590 934,16	684 285 638,24
Basic error corrections	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Adjustments for conversion to IFRS	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
As at 1 January 2017	17 771 888,60	0,00	7 493 208,19	649 377 530,08	5 731 587,19	-5 679 509,98	9 590 934,16	684 285 638,24
Share issuance	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Own 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
Dividend paid	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Profits / (losses) from the revaluation of fixed assets and investment properties	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Profits / (losses) from the revaluation of assets for sale	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Profits / (losses) from cash flow hedges	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Foreign exchange rate differences due to the calculation of financial statements of foreign subsidiaries	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Income tax regarding items referred directly to equity	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Profit/loss from acquisitions (unitary jwch)	0,00	0,00		0,00	0,00	0,00	0,00	0,00
Profit / loss on the inclusion / exclusion of companies for consolidation	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Changes in accounting policies/presentation	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Adjustments	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Conversions into IFRS	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total profit / loss recognized 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	26 944 762,14	26 944 762,14
Total profit / (loss) recognized in equity and the net result	0,00	0,00	0,00	0,00	0,00	0,00	26 944 762,14	26 944 762,14
Increase / decrease from profit distribution	0,00	0,00	0,00	3 911 424,18	0,00	5 679 509,98	-9 590 934,16	0,00
As at 31 December 2017	17 771 888,60	0,00	7 493 208,19	653 288 954,26	5 731 587,19	0,00	26 944 762,14	711 230 400,38

	Share capital	Own shares (negative figure)	Revaluation capital	Supplementar y capital	Other capital	Retained earnings	Net earnings	Equity
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J.W. Construction Holding SA
Interim condensed consolidated financial statements
for the period of 6 months ended on 6 June 2018

As at 31 December 2016	17 771 888,60	0,00	7 493 208,19	649 377 530,08	5 731 587,19	-5 679 509,98	9 590 934,16	684 285 638,24
Basic error corrections	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Adjustments for conversion to IFRS	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
As at 1 January 2017	17 771 888,60	0,00	7 493 208,19	649 377 530,08	5 731 587,19	-5 679 509,98	9 590 934,16	684 285 638,24
Share issuance	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Own 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
Dividend paid	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Profits / (losses) from the revaluation of fixed assets and investment properties	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Profits / (losses) from the revaluation of assets for sale	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Profits / (losses) from cash flow hedges	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Foreign exchange rate differences due to the calculation of financial statements of foreign subsidiaries	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Income tax regarding items referred directly to equity	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Profit/loss from acquisitions (unitary jwch)	0,00	0,00		0,00	0,00	0,00	0,00	0,00
Profit / loss on the inclusion / exclusion of companies for consolidation	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Changes in accounting policies/presentation	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Adjustments	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Conversions into IFRS	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total profit / loss recognized 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	-9 099 085,44	-9 099 085,44
Total profit / (loss) recognized in equity and the net result	0,00	0,00	0,00	0,00	0,00	0,00	-9 099 085,44	-9 099 085,44
Increase / decrease from profit distribution	0,00	0,00	0,00	3 911 424,17	0,00	5 679 509,98	-9 590 934,16	0,00
As at 30 June 2017	17 771 888,60	0,00	7 493 208,19	653 288 954,25	5 731 587,19	0,00	-9 099 085,44	675 186 552,79

H. EXPLANATORY NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS OF THE ISSUER AS AT 30 JUNE 2018

1. FIXED ASSETS

Note 1. Intangible assets

INTANGIBLE ASSETS	30.06.2018	31.12.2017
a) research and development expenses	0,00	0,00
b) goodwill	12 389 648,22	12 389 648,22
c) other intangible assets	45 928,83	50 201,96
d) advances on intangible assets	0,00	0,00
Total intangible assets	12 435 577,05	12 439 850,18

Note 2. Tangible assets

TANGIBLE ASSETS	30.06.2018	31.12.2017
a) fixed assets including:	234 208 653,23	235 944 240,28
- land (including right of perpetual usufruct)	16 000 958,39	16 000 958,39
- buildings and structures	199 381 603,96	199 330 732,72
- plant and machinery	10 809 339,86	11 276 461,02
- motor vehicles	1 641 335,61	2 395 132,49
- other fixed assets	6 375 415,41	6 940 955,66
b) constructions in progress	6 298 829,65	5 229 000,37
c) advances on constructions in progress	0,00	0,00
Total tangible assets	240 507 482,88	241 173 240,65

Note 3. Investment real estate

Other long-term investments	30.06.2018	31.12.2017
a) investment properties	215 498 360,44	281 039 497,36
b) other	0,00	0,00
Total other long-term investments	215 498 360,44	281 039 497,36

Change in the value of investment property results from a change in the purpose of investment and reclassification to construction contracts.

Note 4. Other financial assets

LONG-TERM FINANCIAL ASSETS	30.06.2018	31.12.2017
a) shares	236 436 332,01	236 233 020,01
b) loans granted	72 874 889,86	6 370 832,30
c) other long-term investments	1 416 840,89	730 297,62
Total long-term financial assets	310 728 062,76	243 334 149,93

LONG-TERM FINANCIAL ASSETS	30.06.2018	31.12.2017
a) in subsidiaries	306 856 300,29	242 601 400,31
- shares	236 227 782,01	236 023 470,01
- other security papers	414 103,83	207 098,00
- loans granted	70 214 414,45	6 370 832,30
- other long-term financial assets	0,00	0,00
b) in other units	3 871 762,47	732 749,62
- shares	208 550,00	209 550,00
- other security papers	1 002 737,06	523 199,62
- loans granted	2 660 475,41	0,00
- other long-term financial assets	0,00	0,00
Total long-term financial assets	310 728 062,76	243 334 149,93

Note 5. Trade and other receivables

Non-current receivables	30.06.2018	31.12.2017
a) guarantee receivables	0,00	0,00
b) deposit receivables (lease)	0,00	0,00
c) other receivables	2 188 658,75	2 221 271,48
Total receivables	2 188 658,75	2 221 271,48

2. CURRENT ASSETS

Note 6. Inventories

INVENTORIES	30.06.2018	31.12.2017
a) materials	1 529 690,35	1 953 696,87
b) semi-finished products and work in progress	0,00	0,00
c) finished products	0,00	0,00
d) goods	25 375 694,71	27 482 711,03
e) trade advances	707 086,47	76 371,36
Total inventories	27 612 471,53	29 512 779,26

Note 7. Construction contracts

CONSTRUCTION CONTRACTS	30.06.2018	31.12.2017
a) semi-finished products and work in progress	701 908 286,87	488 115 616,49
b) finished products	12 774 312,30	28 891 800,21
c) trade advances	17 898 128,63	16 657 634,08
d) short-term accruals	0,05	0,05
Total construction contracts	732 580 727,85	533 665 050,83

CONSTRUCTION CONTRACTS	30.06.2018	31.12.2017
a) Accruals	533 628 544,08	356 575 590,20
Total construction contracts	533 628 544,08	356 575 590,20

Accruals	30.06.2018	31.12.2017
- advances on premises	530 852 411,44	352 738 038,51
- works reserves	1 879 835,08	2 696 824,13
- other	896 297,56	1 140 727,56
Total accruals	533 628 544,08	356 575 590,20

Note 8. Trade and other receivables

CURRENT RECEIVABLES	30.06.2018	31.12.2017
a) trade receivables - related parties	5 018 997,63	5 764 859,35
b) trade receivables - other parties	15 524 500,08	20 653 614,32
c) taxes, subsidies, customs duties, social and health insurance and other payments	14 527 918,43	10 459 499,74
d) other	1 990 820,86	3 504 814,63
Total receivables	37 062 237,00	40 382 788,04

AGE STRUCTURE OF TRADE RECEIVABLES	30.06.2018	31.12.2017
Not overdue	18 189 944,98	24 454 528,67
Overdue up to 3 months	1 105 277,84	1 031 899,74
Overdue between 3 and 6 months	458 209,37	196 995,72
Overdue between 6 months and 1 year	125 536,88	144 715,64
Overdue over 1 year	664 528,64	590 333,91
Gross delivery and service receivables	20 543 497,71	26 418 473,68
Write-downs updating receivables	0,00	0,00
Net delivery and service receivables	20 543 497,71	26 418 473,68

J.W. Construction Holding SA
Interim condensed consolidated financial statements
for the period of 6 months ended on 6 June 2018

Note 9. Other financial assets

SHORT-TERM INVESTMENT	30.06.2018	31.12.2017
a) shares	0,00	0,00
b) loans granted	2 131 227,53	59 843 976,06
c) other security papers	755 440,79	550 658,22
d) other SHORT-TERM INVESTMENT	0,00	0,00
Total short-term investments	2 886 668,32	60 394 634,28

SHORT-TERM INVESTMENTS	30.06.2018	31.12.2017
a) in subsidiaries	2 075 742,99	59 843 976,06
- shares	0,00	0,00
- other security papers	0,00	0,00
- loans granted	2 075 742,99	59 843 976,06
- other short-term financial assets	0,00	0,00
b) in other units	810 925,33	550 658,22
- shares	0,00	0,00
- other security papers	755 440,79	550 658,22
- loans granted	55 484,54	0,00
- other short-term financial assets	0,00	0,00
Total short-term investments	2 886 668,32	60 394 634,28

Note 10. Cash and cash equivalents

CASH AND CASH EQUIVALENTS	30.06.2018	31.12.2017
a) cash on hand and with bank	120 841 617,00	153 571 373,70
b) other cash	747,80	1 015 460,11
c) other cash assets	13 500,00	6 771,63
Total cash and cash equivalents	120 855 864,80	154 593 605,44

CASH IN ESCROW ACCOUNTS	30.06.2018	31.12.2017
Cash in escrow accounts	75 130 637,58	37 174 715,67
JW. Construction Holding SA	75 130 637,58	37 174 715,67

Note 11. Accruals

SHORT-TERM ACCRUALS	30.06.2018	31.12.2017
a) short-term accruals	18 545 128,60	12 345 773,21
Total accruals	18 545 128,60	12 345 773,21

Accruals	30.06.2018	31.12.2017
- property insurance	87 672,88	104 063,28
- interest	2 971 393,99	1 373 946,86
- commission expenses	11 375 145,12	9 636 039,13
- property tax, perpetual usufruct, road tax	2 664 335,12	0,00
- other	1 446 581,49	1 231 723,94
Total accruals	18 545 128,60	12 345 773,21

3. LIABILITIES

Note 12. Borrowings

BORROWINGS	30.06.2018	31.12.2017
a) credits	69 097 496,33	99 168 550,45
<i>of which: long-term</i>	<i>11 691 439,76</i>	<i>45 819 151,99</i>
<i>short-term</i>	<i>57 406 056,57</i>	<i>53 349 398,46</i>
b) loans	375 865,86	897 210,95
<i>of which: long-term</i>	<i>0,00</i>	<i>0,00</i>
<i>short-term</i>	<i>375 865,86</i>	<i>897 210,95</i>
Total borrowings	69 473 362,19	100 065 761,40
Borrowings - long-term	11 691 439,76	45 819 151,99
Borrowings - short-term	57 781 922,43	54 246 609,41

J.W. Construction Holding SA
Interim condensed consolidated financial statements
for the period of 6 months ended on 6 June 2018

CREDITS PER MATURITY	30.06.2018	31.12.2017
Up to 1 year	57 406 056,57	53 349 398,46
Over 1 year up to 2 years	8 606 880,00	41 516 003,99
Over 2 years up to 5 years	3 084 559,76	4 303 148,00
Over 5 years	0,00	0,00
Total credits, including:	69 097 496,33	99 168 550,45
- long-term	11 691 439,76	45 819 151,99
- short-term	57 406 056,57	53 349 398,46

LOANS PER MATURITY	30.06.2018	31.12.2017
Up to 1 year	375 865,86	897 210,95
Over 1 year up to 2 years	0,00	0,00
Over 2 years up to 5 years	0,00	0,00
Over 5 years	0,00	0,00
Total loans, including	375 865,86	897 210,95
- long-term	0,00	0,00
- short-term	375 865,86	897 210,95

Note 13. Other long-term liabilities

PROVISIONS FOR OTHER LIABILITIES AND CHARGES	30.06.2018	31.12.2017
a) short-term, of which:	23 234 918,79	23 479 098,72
- accrued expenses, including:	8 849 044,34	10 507 188,89
- <i>interest charged</i>	1 099 094,50	1 122 004,60
- <i>rent deposit</i>	480 433,64	480 433,64
- <i>hotel advances</i>	1 950 213,04	3 843 839,48
- <i>other</i>	5 319 303,16	5 060 911,17
- other provisions, including:	14 385 874,45	12 971 909,83
- <i>provisions for future liabilities</i>	0,00	0,00
- <i>provisions for guaranteed repairs</i>	0,00	0,00
- <i>other reserves</i>	14 385 874,45	12 971 909,83
a) long-term, of which:	0,00	0,00
- accrued expenses, including:	0,00	0,00
Provision for other liabilities and charges in total	23 234 918,79	23 479 098,72

OTHER LONG-TERM LIABILITIES	30.06.2018	31.12.2017
a) lease obligations	81 243,33	598 298,02
b) deposit liabilities	40 422 568,55	34 523 416,85
c) securities liabilities	171 100 000,00	199 100 000,00
d) other long-term liabilities	0,00	0,00
e) note liabilities-related	27 605 513,12	29 999 780,71
f) note liabilities-unrelated	0,00	0,00
g) loans granted-related companies	0,00	0,00
Total other long-term liabilities	239 209 325,00	264 221 495,58

Note 14. Trade and other payables

TRADE AND OTHER PAYABLES	30.06.2018	31.12.2017
a) trade payables - other entities	28 998 621,04	34 421 338,35
b) trade payables - related entities	4 224 598,15	6 558 188,88
c) taxes, customs duties, insurance and other payments	4 598 195,87	2 238 049,93
d) salaries	1 783 819,36	1 711 974,00
e) trade advances received	0,00	0,00
f) loans granted-related companies	24 006 923,24	23 660 038,25
g) note liabilities-related companies	39 202 278,33	41 438 988,16
h) other	11 301 619,53	8 316 626,63
Total trade and other payables	114 116 055,52	118 345 204,20

OTHER LIABILITIES	30.06.2018	31.12.2017
a) debt securities issue liabilities	41 726 119,33	20 767 451,05
b) note liabilities-unrelated	0,00	573 279,31

J.W. Construction Holding SA
Interim condensed consolidated financial statements
for the period of 6 months ended on 6 June 2018

c) lease liabilities	1 254 886,51	1 379 251,99
d) other financial liabilities	0,00	0,00
Total other long-term liabilities	42 981 005,84	22 719 982,35

4. OPERATING INCOME AND EXPENSES

Note 15. Operating income

OPERATING INCOME	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
Revenues from sales of products	44 235 472,98	60 687 267,05
Revenues from sales of services	32 024 101,79	30 348 431,02
Revenues from sales of goods	2 180 875,26	1 133 929,02
Total Income	78 440 450,03	92 169 627,09

	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
Proceeds from sales, including	78 440 450,03	92 169 627,09
- sales of products - units, plots, buildings	44 235 472,98	60 687 267,05
- sales of services	32 024 101,79	30 348 431,02
- sales of goods	2 180 875,26	1 133 929,02

	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
Revenues from sales of products and services by segment	76 259 574,77	91 035 698,07
-real estate development activity	48 743 187,11	67 783 937,37
-Hotel services	24 570 015,73	20 363 765,15
-real estate management	2 946 371,93	2 887 995,55

	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
Revenues from sales of products - premises, plots, buildings per geographic segments	44 235 472,98	60 687 267,05
-Warsaw and the surrounding area	35 713 501,45	3 232 211,70
-Gdynia	3 289 699,87	56 893 305,35
- Łódź	6 768,30	0,00
- Szczecin	0,00	561 750,00
- plots	5 225 503,36	0,00

	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
Revenue from hotel services by geographical segment	24 570 015,73	20 363 765,15
-Warsaw and the surrounding area	2 776 721,00	2 667 508,36
- Tarnowo	3 416 729,65	2 796 719,19
- Stryków	1 994 877,23	2 051 235,37
- Krynica Górská	16 381 687,85	12 848 302,23

Note 16. Operating expenses

OPERATING EXPENSES	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
Costs on sale of products	53 469 154,64	48 214 133,44
Costs on sale of services	20 803 894,67	23 966 050,03
Costs on sale of goods	2 179 581,01	1 141 176,57
Total costs of products, services and goods sold	76 452 630,32	73 321 360,04

Sales and overhead expenses	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
Sales costs	11 402 295,06	12 285 962,07
Overheads	9 091 825,04	8 998 911,22
Sales and overhead expenses in total	20 494 120,10	21 284 873,29

J.W. Construction Holding SA
Interim condensed consolidated financial statements
for the period of 6 months ended on 6 June 2018

Costs by type	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
Depreciation and amortization	3 972 612,74	3 954 483,25
Materials and energy costs	44 832 377,62	10 114 753,36
Third party services	130 777 988,10	128 537 516,63
Taxes and fees	4 365 657,15	4 681 545,41
Remunerations	14 308 414,60	14 833 580,97
Social security and other payments	2 684 614,99	2 394 511,86
Other costs of type	5 893 024,81	5 131 929,37
Costs by type in total	206 834 690,01	169 648 320,85

Note 17. Other operating income

OPERATING INCOME	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
a) income from sale of non-financial fixed assets	0,00	245,00
b) other Operating income	667 195,25	266 678,49
Total operating income	667 195,25	266 923,49

OPERATING INCOME	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
a) income from sale of non-financial fixed assets	0,00	245,00
b) transaction handling fees	132 548,86	77 861,10
c) reserves, write-downs	0,00	0,00
d) assets disclosure	0,00	0,00
e) other (including damages)	534 646,39	188 817,39
Total operating costs	667 195,25	266 923,49

Note 18. Other operating expenses

OPERATING EXPENSES	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
a) loss on sale of non-financial fixed assets	0,00	0,00
b) revaluation of non-financial assets	0,00	0,00
c) other operating expenses	3 504 637,48	6 041 645,76
Total operating costs	3 504 637,48	6 041 645,76

OPERATING EXPENSES	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
a) loss on sale of non-financial fixed assets	0,00	0,00
b) revaluation of non-financial assets	0,00	0,00
c) reserves	1 413 964,62	5 491 503,24
d) compensations, penalties, damages	1 843 605,96	347 723,65
e) compensations for contract termination	0,00	983,00
f) court costs	0,00	90 286,16
g) costs of cancelled investments	0,00	0,00
h) other (including perpetual usufruct court case)	247 066,90	111 149,71
Total operating costs	3 504 637,48	6 041 645,76

Note 19. Financial Revenues

FINANCIAL REVENUES	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
a) dividends	0,00	11 491 179,61
b) interest	9 192 834,26	914 163,79
c) investment revaluation	0,00	0,00

J.W. Construction Holding SA
Interim condensed consolidated financial statements
for the period of 6 months ended on 6 June 2018

d) profit on disposal of investment	0,00	0,00
e) other	3 505 809,35	1 693,92
Total financial revenues	12 698 643,61	12 407 037,32


Financial Revenues	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
a) dividends	0,00	11 491 179,61
b) interest from customers	47 845,84	61 227,63
c) loan interest	667 194,87	593 774,97
d) deposit interest,	481 182,39	245 811,52
e) notes interest	30 741,35	13 349,67
f) other interest	7 965 869,81	0,00
g) foreign exchange rate differences	3 109 916,45	0,00
h) investment revaluation	0,00	0,00
i) profit on disposal of investment	0,00	0,00
j) other	395 892,90	1 693,92
Total	12 698 643,61	12 407 037,32

Note 20. Financial expenses




FINANCIAL EXPENSES	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
a) interest	14 709 720,73	7 472 074,55
b) investment revaluation	0,00	0,00
c) loss on disposal of investment	30 384,75	0,00
d) other	72,21	4 247 810,96
Total financial expenses	14 740 177,69	11 719 885,51

FINANCIAL EXPENSES	01-01-2018 to 30-06-2018	01-01-2017 to 30-06-2017
a) interest, commissions, loans	1 099 259,64	1 490 842,92
b) interest-leasing	33 861,97	56 594,33
c) interest- loans	338 691,10	427 436,24
d) interest-notes	1 444 254,56	1 703 166,95
e) interest- bond issuance	2 652 776,12	3 699 260,25
f) other interest	9 140 877,34	94 773,86
g) foreign exchange rate differences	0,00	4 147 810,96
h) loss on disposal of investment	30 384,75	0,00
i) other	72,21	100 000,00
Total financial expenses	14 740 177,69	11 719 885,51

Podpis osoby sporządzającej Sprawozdanie Finansowe

Małgorzata Pisarek Główny Księgowy	Podpis 
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Podpisy Członków Zarządu

Wojciech Rajchert Członek Zarządu	Podpis 
Magdalena Starzyńska Członek Zarządu	Podpis 
Małgorzata Ostrowska Członek Zarządu	Podpis 
Piotr Suprynowicz Członek Zarządu	Podpis 
Małgorzata Pisarek Członek Zarządu	Podpis 

Ząbki, 19 września 2018 r.