



Management's Board report on the activity of the Capital Group

**for the period between January 1, 2015
and June 30, 2015**



Ząbki, August 26, 2015

1. Introduction

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

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

The Company was formed from transformation of Towarzystwo Budowlano - Mieszkaniowe Batory Sp. z o.o. domiciled in Ząbki, established (Company's agreement conclusion) on 10 February 1994 and registered by the Court on 7 March 1994. The transformation of a limited liability company into a joint stock company, executed under a notarial deed of 28 December 2000, was registered by the District Court for the Capital City of Warsaw, 16th Business and Registry Division on 15 January 2001.

Share capital of the Company amounts to PLN 17.771.888,60 and is divided into PLN 88.859.443 bearer ordinary shares with a par value PLN 0.20 each. The share capital is divided into 54.073.280 A-series and B-series shares, and 34.786.163 C-series shares.

2. Composition of the Issuer's Capital Group

The Issuer's Capital Group composition with the information from units subject to consolidation is found in the Condensed Consolidated Financial Statement.

3. Principles for the preparation of the interim consolidated financial statement

Principles for the preparation of a consolidated statement have been entered into the Financial Report in "Adopted accounting principles (policy)".

4. Selected financial data including basic items of the condensed financial report for the period of the last 6 months

Below, selected financial data from both the consolidated and individual financial report (also converted to euros).

Items on the consolidated balance sheet	June 30, 2015		December 31, 2014		June 30, 2014	
	PLN	EUR	PLN	EUR	PLN	EUR
Total Assets	1 510 398	360 099	1 450 246	340 250	1 404 126	337 457
Fixed assets	904 080	215 545	904 779	212 275	841 260	202 182
Current assets	606 318	144 554	545 467	127 975	562 866	135 275
Total equity and liabilities	1 510 398	360 099	1 450 246	340 250	1 404 126	337 457
Equity	631 624	150 587	627 158	147 141	519 133	124 765
Long-term liabilities	355 039	84 646	522 900	122 680	556 198	133 672
Short-term liabilities	523 736	124 866	300 188	70 429	328 796	79 020

Items on the consolidated profit and loss account	from January 1, 2015 to June 30, 2015		from January 1, 2014 to June 30, 2014	
	PLN	EUR	PLN	EUR
Net revenues from sales of products, goods and materials	127 516	30 845	116 942	27 987
Costs of products, goods and materials sold	98 243	23 764	88 645	21 215
Gross profit (loss) on sales	29 273	7 081	28 297	6 772
Sales costs	8 221	1 989	8 284	1 983
Overheads	8 951	2 165	8 516	2 038

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Profit (loss) on sales	15 727	3 804	22 771	5 450
Operating profit (loss)	14 301	3 459	23 241	5 562
Gross profit (loss)	5 952	1 440	9 105	2 179
Income tax	849	205	3 154	755
Net profit (loss)	5 103	1 234	5 951	1 424

Items on the Issuer's balance sheet	June 30, 2015		December 31, 2014		June 30, 2014	
	PLN	EUR	PLN	EUR	PLN	EUR
Total Assets	1 227 492	292 650	1 282 977	301 006	1 284 892	308 801
Fixed assets	872 825	208 093	871 787	204 534	783 563	188 316
Current assets	354 667	84 557	411 191	96 472	501 329	120 486
Total equity and liabilities	1 227 492	292 650	1 282 977	301 006	1 284 892	308 801
Equity	665 852	158 748	659 655	154 765	541 600	130 164
Long-term liabilities	211 142	50 339	377 326	88 526	428 695	103 029
Short-term liabilities	350 498	83 563	245 996	57 714	314 597	75 608

Items on profit and loss account	from January 1, 2015 to June 30, 2015		from January 1, 2014 to June 30, 2014	
	PLN	EUR	PLN	EUR
Net revenues from sales of products, goods and materials	131 852	31 894	115 625	27 672
Costs of products, goods and materials sold	103 441	25 021	95 848	22 939
Gross profit (loss) on sales	28 411	6 872	19 777	4 733
Sales expenses	8 504	2 057	8 280	1 981
Overheads	6 773	1 638	6 329	1 515
Profit (loss) on sales	16 759	4 054	16 444	3 935
Operating profit (loss)	14 935	3 613	21 816	5 221
Gross profit (loss)	7 413	1 793	12 948	3 099
Income tax	1 216	294	2 702	647
Net profit (loss)	6 197	1 499	10 247	2 452

5. Description of the Group's activity and the most important events in H1 of 2015.

In the period covered by the report, the following significant events occurred:

Corporate issues

General Meeting of Shareholders

On February 26, 2015, an Extraordinary General Meeting of Shareholders took place at which the following decisions were made:

Mr. Andrzej Podsiadło was dismissed from the Supervisory Board of the Company;

Mr. Jarosław Król was dismissed from the Supervisory Board of the Company;

Ms. Małgorzata Szwarz-Sroka was appointed to the Supervisory Board of the Company.

On February 26, 2015, the Company received a notification of the fact of exercising a personal right of a Shareholder having more than 50% of Company shares to:

- dismiss Mr. Marek Samarcew to the Supervisory Board of the Company;
- appoint Ms. Irmina Łopuszyńska to the Supervisory Board of the Company;
- appoint Mr. Laura Michnowicz to the Supervisory Board of the Company.

On May 25, 2015, the General Meeting of Shareholders took place during which the financial report and the report on the Issuer's activity as well as its Capital group for the year 2014 was admitted and approved, a decision on

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how losses for the year 2014 were covered was made, a grant of approval was given to the management board members of the Company for the fulfillment of their duties in 2014, and a decision on the merger and consolidation of the Issuer with its subsidiaries on the conditions agreed upon in the merger and consolidation plan on March 16, 2015.

Establishing a merger plan

On March 16, 2015, a merger and consolidation plan was agreed upon between J.W. Construction Holding S.A. as an entity that takes over its subsidiaries, namely J.W. Group Sp. z o.o. with its registered office in Ząbki, J.W. Group Spółka z ograniczoną odpowiedzialnością J.W.1 SKA with its registered office in Ząbki, J.W. Group Spółka z ograniczoną odpowiedzialnością J.W.2 SKA with its registered office in Ząbki, Lokum Sp. z o.o. with its registered office in Warsaw and J.W. 6 Sp. z o.o. with its registered office in Ząbki. The merger and consolidation took place without increasing the share capital of the Company as a result of the Company having 100% shares in the companies being taken over. The aim of the merger and consolidation was simplification of the Company's capital group.

Credit agreements

On February 10, 2015, the Company entered into a investment credit agreement with Getin Noble Bank S.A. on co-financing of the costs of realization of a residential investment "Bernadowo Park" in Gdynia, Poland to the amount of PLN 39.900.000. The payment date was fixed at December 20, 2017.

On April 29, 2015, Nowe Tysiąclecie Sp. z o.o., a subsidiary of the Issuer, entered into an investment credit agreement with Getin Noble Bank S.A. on co-financing of the costs of realization of a residential investment "Nowe Tysiąclecie Budynek B1" [building B1] in Katowice, Poland to the amount of PLN 24.000.000 zł. The payment date was fixed at December 20, 2017.

Signing annexes to credit agreements

On March 17, 2015, the Company signed an annex to a credit facility in the current account agreement entered into with Bank Millennium S.A. Based on the annex, the credit payment date was fixed an September 23, 2015. Due to partial repayment of the credit, the credit limit was lowered BY PLN 4. 670.000, i.e. to the sum of PLN 16.830.000.

On April 23 and May 20, 2015, the Company signed annexes to a revolving credit agreement granted by the Bank Polskiej Spółdzielczości S.A. to the amount of PLN 8.500.000 earmarked for financing of the current activity. Based on the annexes, a credit payment date was extended and a credit payment schedule was established. The final payment date of the credit falls on December 31, 2015.

On April 27, 2015, the Company signed an annex to a credit facility in the current account agreement granted by PKO BP S.A. to the amount of PLN 10.000.000. Based on the Annex, a credit use date and repayment date were extended. The final credit payment date falls on April 27, 2016.

Credit payment

On February 2, 2015, the Company fully paid a revolving credit to the amount of PLN 21.000.000 earmarked for co-financing of the realization of "Oaza Piątkowo" residential investment at Jaroczyńskiego street in Poznan, Poland granted by Bank Millennium.

On April 15, 2015, the Company fully paid a revolving credit to the amount of PLN 30.000.000 earmarked for co-financing of the current activity granted by Bank Polskiej Spółdzielczości S.A.

On May 27, 2015, the Company fully paid an investment credit earmarked for financing activities related to the protection of natural environment, i.e. refinancing of the financial outlays due to the realization of water and sewage network and a water treatment facility in Ożarów Mazowiecki to the amount of PLN 13.874.000.

On May 28, 2015, the Company fully paid a non-renewable working capital agreement to the amount of PLN 13.000.000 earmarked for performing current business activity granted by the bank BOŚ S.A.

On May 28, 2015, the Company fully paid an investment credit granted by the bank BOŚ S.A to the company Seahouse sp. z o.o. to the amount of PLN 12.467.423 on financing the construction of Rezydencja Redłowo community in Gdynia, Poland.

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Building permit

On January 29, 2015, the Company received a building permit for the construction of 9 residential buildings and semi-detached buildings located in Gdynia at Soczaczewska/Plocka street. The permit is final and binding.

On May 21, 2015, the Company received a building permit for the construction of a multi-family building with an underground garage in Warsaw at Marcina z Wrocimowic/Sprawna streets, i.e. "Willa One" community. The permit is final and binding.

On May 25, 2015, the Company received a building permit for the construction of a community of multi-family buildings "Zielona Dolina II" with business premises, a kindergarten, garages located in Warsaw in the region of Zdziarska and Ostródzka streets. The permit is final and binding.

On June 17, 2015, J.W. Group Sp. z o.o. 1 S.K.A., a Company's subsidiary, received a building permit for the construction of the residential and business complex "Bliska Wola etap C" [phase C] that comprises the "Cm" multifamily building with business premises and an underground part, the "Ck" building being an aparthotel with business services and technical infrastructure in the region of Ordon, Kasprzaka, Al. Prymasa Tysiąclecia streets in Warsaw. The permit is final and binding.

Certificate of occupancy

On March 18 and March 25, 2015, the Company received a certificate of occupancy for 2 single-family homes in the Villa Campina community in Ożarów Mazowiecki. The certificates are final and binding.

On May 2, 2015, J.W. Group Sp. z o.o. 1 S.K.A., a subsidiary of the Company, received a certificate of occupancy for a multifamily community Bliska Wola Phase A at Ordon/Kasprzaka street in Warsaw. The certificate is final and binding.

Payment of interest

On January 25, 2015, the Company paid interest from the bonds issued based on the Decision of the Company Management Board of April 26, 2012 in the number of 9.500 units with the nominal value of PLN 10.000 each and the total value of PLN 95.000.000 marked with the code PLJWC0000043 in the State Depository of Securities.

On January 25, 2015, the Company paid interest from the bonds issued based on the Decision of the Company Management Board of December 12, 2012 in the number of 1.057 with the nominal value of PLN 90.000 and the total value of PLN 95.130.000 marked with the code ISIN PLJWC0000050 in the State Depository of Securities.

On April 25, 2015, the Company paid interest from the bonds issued based on the Decision of the Company Management Board of April 26, 2012 in the number of 9.500 with the nominal value of PLN 10.000 and the total value of PLN 95.000.000 marked with the code ISIN PLJWC0000043 in the State Depository of Securities.

On April 25, 2015, the Company paid interest from the bonds issued based on the Decision of the Company Management Board of December 12, 2012 in the number of 1.057 with the nominal value of PLN 90.000 and the total value of PLN 95.130.000 marked with the code ISIN PLJWC0000050 in the State Depository of Securities.

Change of bond redemption date

The Issuer received a permission of the Bondholders holding a bond JWX0116 to change the conditions of bond issuance in that their redemption date was extended. A new redemption date of the bonds JWX0116 was fixed at January 26, 2018. The bonds JWX0116 were issued on April 24, 2013.

Partial bond redemption

On April 25, 2015, the Company carried out a partial redemption of the nominal value of bonds issued based on the Decision of the Management Board of the Company as of December 12, 2012 in the amount of 1.057 units with the nominal value of PLN 90.000 and the total value of PLN 95.130.000M marked in the system of the State Depository of Securities with the code ISIN PLJWC0000050. The redemption encompassed 10% of the initial value of bond issuance (PLN 100.000) and was based on the conditions provided for in the conditions for bond issuance. Currently, the value of each of 1.057 bonds amounted to PLN 80,000 and their total value was PLN 84.560.000.

Increasing share capital in subsidiaries

On March 19, 2015, the Extraordinary General Meeting of Shareholders of the Dana Invest Sp. z o.o. in Ząbki made a decision entered into the minutes taken by Ewa Rokos, a notary public in Warsaw, in the repertory A 2513/2015 regarding the increase of share capital from PLN 7.985.000 to PLN 8.415.000, i.e. the sum of PLN 430.000 by way of creation of 8.600 new shares with value of PLN 50 each. All shares have been acquired by the Issuer as a current partner.

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On May 8, 2015, the Extraordinary Meeting of Shareholders of Nowe Tysiąclecie Sp. z o.o. with its registered office in Ząbki made a decision entered into the minutes taken by Ewa Rokos, a notary public in Warsaw, in the repertory A 4384/2015 regarding an increase of share capital from the sum of PLN 8.385.000 to the sum of PLN 15.240.000, i.e. the sum of PLN 6.855.000 by way of creation of 137.100 new shares with the value of PLN 50 each. All shares have been acquired by the Issuer as a current partner.

Investments being realized

In H1 of 2015, the following investments were realized:

No.	Residential investments	Number of units
1	Bliska Wola – Phase B1, Warsaw– Bliska Wola 1 Sp. z o.o.	673
2	Bliska Wola – Phase B2, Warsaw– Bliska Wola 2 Sp. z o.o.	291
3	Bernadowo Park, Gdynia – J.W. Construction Holding S.A.	196
4	Bliska Wola – Phase A, Warsaw – J.W. Group Sp. z o.o. 1 SKA (merged and consolidated with the dominant entity)	156
5	Nowe Tysiąclecie Phase A1, Katowice – Nowe Tysiąclecie Sp. z o.o.	149
6	Nowe Tysiąclecie Phase B1, Katowice – Nowe Tysiąclecie Sp. z o.o.	122
7	Centrum III – Lodz, Tymienieckiego street – Łódź Invest Sp. z o.o.	96
8	Villa Campina – single-family homes	7

No.	Hotel investment	Total area
1	Stara Dana – Szczecin – revitalization of the existing property	5 077

In H1 of 2015, the Group carried out 7 residential investments for 1.683 units in total with an area of 81,437 sq. m. and single-family homes. Works were carried out in the investment throughout Poland, including such locations as Bliska Wola – Phase A, B1 and B2 in Warsaw, the Nowe Tysiąclecie community, phases A1 and B1 in Katowice, the Centrum III community in Lodz, the Bernadowo Park community in Gdynia, and single-family homes near Ożarów Mazowiecki in the Villa Campina investment.

As far as the above-mentioned investments are concerned, in H1 of 2015, the construction and sales of apartments at the Bernadowo Park investment in Gdynia were started as well as at the Nowe Tysiąclecie, phase B1, a residential project in Katowice.

In parallel with residential investments under construction, the Group carried out works at the Stara Dana in Szczecin, a hotel investment, with a total area of 5.077 sq. m.

Planned investments

In the perspective of the nearest years, the Group aims to start 20 new real estate development projects and introduce 4.743 units with a useable, residential, aparthotel and commercial area totaling 275 thousand sq. m. In H2 of 2015, the Group started the construction and sales of apartments at the One community at Marcina z Wrocimowic street in Warsaw and Zielona Dolina II community, phase 1 in Warsaw's Białołęka. Additionally in H2 of 2015, the Group plans to launch new phases of an investment at Kasprzaka street, namely Bliska Wola, phase C (a residential and aparthotel project) that already has a valid building permit.

In case of all real estate development projects planned for the years 2015-2016, the Capital Group is either an owner or holds a perpetual usufruct right to the land. In the majority of projects, design and preparatory works have been carried out. The realization of investments will be funded through Company's own funds, revenue received from Clients in case of open-ended escrow accounts as well as through bank credits. The projects being planned to be realized in the nearest years have been presented in the below table.

The list of planned real estate development projects for the years 2015 -2016 as of June 30, 2015:

No.	Project name	Market segment	Location	Useable area of an apartment / useable area (sq. m.)	Area of aparthotel and commerce (sq. m.)	Total number of units	Start of sales (quarter / year)
1	Zielona Dolina II, phase I	Regular apartments	Warsaw	12 771		321	Q3 2015
2	Zielona Dolina II, phase II	Regular apartments	Warsaw	25 424		543	Q1 2016
3	Berensona	Regular apartments	Warsaw	15 250		290	Q1 2016
4	Willa One community, Warsaw	Regular apartments	Warsaw	958		21	Q3 2015

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5	Lewandów 4 (plot 53/6)	Regular apartments	Warsaw	3 830		108	Q1 2016
6	Bliska Wola III, phase C - apartments	Higher standard apartments	Warsaw	21392		481	Q3 2015
7	Bliska Wola III, phase C - aparthotel	Aparthotel	Warsaw		14 694	416	Q3 2015
8	Bliska Wola IV, phase D	Higher standard apartments	Warsaw	24 200	35 100	527	H1 2016
9	Bliska Wola V, phase E	Higher standard apartments	Warsaw	33 000	17 300	733	H2 2016
10	Zielona Dolina III	Regular apartments	Warsaw	2 248		54	Q4 2015
11	Odkryta II	Regular apartments	Warsaw	4 158		82	Q4 2016
12	Aluzyjna I	Regular apartments	Warsaw	1 850		32	Q4 2016
13	Aluzyjna II	Regular apartments	Warsaw	3 670		68	Q4 2016
14	Lewandów III	Regular apartments	Warsaw	7 875		211	Q1 2016
15	Lewandów I/16	Regular apartments	Warsaw	1 115		27	Q1 2016
16	Antoniewska	Regular apartments	Warsaw	13 763		221	Q4 2016
17	Nowodworska	Townhouse-like buildings	Warsaw	1 903		12	2016
18	Domy Ożarów, Anita and Margarita homes	Single-family homes, including energy-saving homes	Ożarów Mazowiecki	4 983		31	sales started
19	Katowice Nowe Tysiąclecie, phase 3, buildings A2, B2, B3	Regular apartments	Katowice	16 175		329	2016
20	Gdynia, Spokojna / Leśna, phase 2	Regular apartments	Gdynia	13 500		236	2016
	Total			208 065	67 094	4 743	

Goals and perspectives for development

The priority for the Company have been real estate development projects that guarantee quick return on invested funds as opposed to commercial projects. The Company's offer is dedicated to medium-income population, hence investments are planned and carried out in locations that are attractive from the price standpoint. Investments in Warsaw such as Bliska Wola in Warsaw's city center and Zielona Dolina in Warsaw's Białołęka are adjusted to purchasing possibilities of potential buyers. The Company also assists its customers in receiving mortgage credits. The company offers financing programs adjusted to financial possibilities of customers. Due to co-operating with many banks that lasts for many years, the Company has diverse credit offer based on preferential conditions dedicated to the Company's customers.

The Company plans to increase sales in the nearest years and wants to achieve the level of 1,500 - 2,000 units sold yearly. It will be possible due to adding to the offer another 1,600 apartments in 2015, especially due to the Bliska Wola, phase C at Kasprzaka street and Zielona Dolina II in Warsaw's Białołęka investments. A good signal for future sales is also the government buy-down program known as "Mieszkanie dla Młodych" that makes it easier for young people to buy their first apartment from real estate developers.

While being mostly concentrated on real estate development activity, the Company also wants to continue the diversification of its revenue started in previous year through participation in the hotel segment in various locations in Poland thanks to its potential and possibilities of obtaining appropriate financing. In H2 of 2015, the Company plans to start a commercial investment, i.e. an aparthotel as part of the next phase C of the Bliska Wola investment at Kasprzaka street in Warsaw.

Regardless of the situation in the market, the Company diversifies the risk through:

- the initiation of realization of residential investments,
- the addition to the current portfolio an aparthotel that offers apartments for rent,
- the preparation of new investments for launching in the capital city of Warsaw and other regions of Poland,

- the continuation of hotel activity.

An important element in the development strategy of the Capital Group is its construction company, i.e. J.W. Construction Sp. z o.o. In the construction process, the Group wants to continue its practice oriented towards external construction companies selected through negotiations whose works are supervised by J.W. Construction Sp. z o.o. In its strategy, the Group wants to use J.W. Construction Sp. z o.o. building machines as well as construction and prefabricated materials produced internally.

Most important factors that can influence the results of the Company:

- apartments are now being taken over by customers, which will be especially important in case of the Bliska Wola investment, phases B1 and B2,
- the government buy-down program as well as additional payments to families with many children since Q1 of 2015 and increased availability of mortgage credits is a good signal for future sales,
- lower level of interest rates that causes lower credit costs for the Company and customers, which can positively contribute to the apartment sales rate,
- adding to the portfolio aparthotel units in a few new locations,
- starting investments in accordance with the schedule.

6. Events which occurred after the balance sheet date not included in this report that could significantly affect prospect financial results of the Issuer

Registration of merger and consolidation

On July 3, 2015, the District Court for the capital city of Warsaw in Warsaw, XIV Economic Division of the National Court Register made a decision pursuant to which a merger and consolidation took place between the Issuer with its subsidiaries, namely J.W. Group Sp. z o.o. z with its registered office in Ząbki, Poland, J.W. Group Spółka z ograniczoną odpowiedzialnością J.W.1 SKA with its registered office in Ząbki, J.W. Group Spółka z ograniczoną odpowiedzialnością J.W.2 SKA with its registered office in Ząbki, Lokum Sp. z o.o. with its registered office in Warsaw and J.W. 6 Sp. z o.o. with its registered office in Ząbki, Poland. The merger and consolidation took place in accordance with the provisions of the Article of 492 §1 section 1 of the Polish Code of Commercial Companies through the transfer of entire equity of the companies being taken over to the Issuer (merger through acquisition).

Signing annexes to credit agreements

On July 3, 2015, J.W. Construction Sp. z o.o. signed an annex to a credit facility agreement in the current account granted by PKO BP S.A. to the amount of PLN 7.000.000. Pursuant to the annex, a credit use period as well as the payment date was fixed at July 4, 2016.

Payment of interest

On July 24, 2015, the Company paid interest on the bonds issued based on the Decision of the Company Management Board of April 26, 2015 in the amount of 9,500 units with the nominal value of PLN 10,000 each and the total value of PLN 95,000,000 marked with the PLJWC0000043 code in the system of the State Depository of Securities.

On July 24, 2015, the Company paid interest on the bonds issued based on the Decision of the Company Management Board of December 12, 2015 in the amount of 1.057 units with the nominal value of PLN 80,000 each and the total value of PLN 84,560,000 marked with the ISIN PLJWC0000050 code in the system of the State Depository of Securities.

Appointment to the Management Board

On August 3, 2015, the Company received a notification of exercising a personal right of a shareholder having more than 50% of shares in the Company regarding the appointment of Mr. Piotr Suprynowicz to the Management Board of the Company on August 3, 2015.

7. Significant risk factors and threats

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

Interest rate risk

The Company raises funds for implementation of its projects based on floating interest rate loans. Those are mainly loans incurred for the period of the construction of a given investment project – approximately from 2 to 3 years. The Company also has bonds with floating market rate interest. Significant reductions in base rates in the last year will positively influence the level of financial costs.

Credit Risk

A great part of the Company's clients purchase with bank loans. Risks connected with the offered loans are secured with insurance of particular debts on behalf of Clients. There is no significant credit risk concentration in any group of Clients. Moreover, the Company systematically evaluates payments made by the Clients, as well as their financial standing.

Liquidity risk

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

Administrative risk

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

Competition risk in the real estate development market

Residential offer of the majority of real estate developers operating in the same markets is quite similar as far construction quality and technical parameters of apartments are concerned. Therefore, important competitive factors become such elements as location, a variety of apartment floorplans and their available number, appropriate promotion of a project and a general image of the developer among clients. Competition in the Warsaw market that the Capital Group concentrates mostly on is significant. Competitive process have been intensified over the last couple of years as a growing supply of apartments can be easily seen that surpasses demand. Competition can be seen at every step of the developer's activity, especially in reference to acquisition of land for the construction of apartments and sales thereof (promotion of a project and image-making of the developer). It needs to be taken into account that other developers may acquire land at a much lower price in a better location or it may utilize better promotional activities compared with the offer of the Capital Group. All of those elements can cause apartment sales to go down (less agreements may be entered into) on the part of the Capital Group. As a result, in order to reach the desired level of sold apartments, the Capital Group may be obliged in the future to launch additional promotions in relation to relevant real estate development projects and be forced to lower its cash intakes, sales margin and profit being made.

8. Indication of the results of changes in the structure of the economic unit, including the result of merger and consolidation of economic entities, acquisition or selling the Issuer capital group's units, long-term investments, division thereof, restructurization and ceasing business activity.

As a result of the process started on March 16, 2015 consisting in the determination of a merger and consolidation plan of the Issuer with the below-mentioned subsidiaries:

- 1) Lokum Spółka z o.o. with its registered office in Warsaw;
- 2) J.W. 6 Spółka z o.o. with its registered office in Zabki;
- 3) J.W. Group Spółka z o.o. with its registered office in Zabi;
- 4) J.W. Group Spółka z o.o. 1 SKA with its registered office in Zabki;
- 5) J.W. Group Spółka z o.o. 2 SKA with its registered office in Zabki.

the entire equity was transferred to the Issuer in accordance with the Article 492 §1 section 1 of the Code of Commercial Companies. Formally, this process ended on June 3, 2015 by issuing a merger and consolidation decision by a proper court of law.

The merger and consolidation in addition to decreasing the number of companies that have to be operated also causes long-term investment changes. As a result of the merger, the Issuer received a perpetual usufruct right to plots of land in areas located in Warsaw at Kasprzaka street where next phases of the Bliska Wola investment are carried out. These phases shall reflect in financial unitary and consolidated results of the Company.

9. Stance of the Management Board regarding the possibility of realization of previously published results for a given year in light of the results presented in interim report in relation to the prognosis of results

The Management Board of J.W. Construction Holding S.A. does not publish financial forecasts for either the Company or the Capital Group.

10. Indication of shareholders holding indirectly or directly through subsidiaries at least 5% of the total vote share at the General Meeting of Shareholders of the Issuer as of the day on which the report for H1 was handed over, including the number of shares held by those entities, their percentage share in share capital, number of votes that those shares entitle the holder to and their percentage share in the general number of votes at the General Meeting of Shareholders.

As at August 26, 2015

Shareholder	Number of shares held	% of share capital	Number of votes	% of total number of votes in the General Meeting
Józef Wojciechowski	23.917.739	26,92 %	23.917.739	26,92 %
EHT S.A.	32.494.525	36,57 %	32.494.525	36,57 %
PZU Fundusz Inwestycyjny Otwarty Parasolowy, PZU Specjalistyczny Fundusz Inwestycyjny Otwarty Globalnych Inwestycji, PZU Specjalistyczny Fundusz Inwestycyjny Otwarty Universum managed by Towarzystwo Funduszy Inwestycyjnych PZU S.A.	Between 5 and 10% of the shares ^x			

^x on July 21, 2015, Company received a notification on exceeding a 5% share threshold by the funds managed by the Towarzystwo Funduszy Inwestycyjnych PZU S.A. As of the day of the notification thereof, the number of such shares was 5,139,931, which constituted 5,7843 % of shares in the Company share capital and entitled the Towarzystwo Funduszy Inwestycyjnych S.A. to 5,7843% of the general number of votes. In accordance with the current provisions of law, a shareholder is obliged to inform the Company about exceeding a 5% share threshold, and then about exceeding a 10% threshold regarding the general number of Company shares. As of today, the Company has not received any notification from a shareholder that included information about exceeding a 5% share threshold or decreasing the number thereof under a 10% threshold.

On May 15, 2015, Pioneer Open-ended Investment Fund managed by PPI M S.A. informed the Issuer of the fact of going under a 5% share and vote at the Annual Meeting of Shareholders threshold.

Mr. Józef Wojciechowski controls the EHT S.A. company with its registered office in Luxemburg..

11. The list of persons holding shares of the Issuer or entitlements thereto (options) by persons managing and supervising the Issuer for a given day, separately for each person.

The list of persons holding managerial posts in the Company according to the number of shares held:

As of August 26, 2015

Person	Function	Number of shares held
Józef Wojciechowski	President of the Supervisory Board	23.917.739
Laura Michnowicz	Supervisory Board Member	2.200.000

12. Significant issues in litigation exceeding 10% of Issuer's equity

As at June 30, 2015, the Company a party to the lawsuits brought in its name the value of which is PLN 113m. The lawsuit brought by Company with the largest value that exceeded 10 % of Company equity is the court proceedings started on April 26, 2012 consisting in suing the Capital City of Warsaw ("Defendant") a petition for commitment of the Defendant to submit a declaration of intent for the acquisition from the Company right of perpetual use of the plot no 2/6 with the area of 3,2605 ha for which the District Court for Warsaw- Mokotów, X Division of Land Registry maintains a land and mortgage registry no WA4M/00413015/1 KW ("Property") for a net price of PLN 91,130,975 together with interest from the date of 8 January 2010. The company filed a petition according to the Article 36.1 point. 2) of the Act of 27 March 2003 on spatial planning and development (Journal of Laws 2003.80.717) in connection with the adoption by the Respondent of the area development plan area of Olbrachta Street (approved by the resolution of the City of Warsaw No. LVI/1669/2009, which entered into force

on 3 August 2009) ("Plan"). The property has been earmarked for the N-S Route. In the period when the Company acquired the Property, the zoning plan of the property was not obligatory.. With the adoption of the Plan and as a result of this adoption, there has been a significant restriction on the use of the Property by the Company, therefore the Company has the right to request to redeem to purchase/buy out the Property by the Defendant. The Company applied to the Defendant with a request to take steps to voluntary purchase of the Property by the Respondent but the request was refused.

On March 24, 2015, the court of first instance dismissed the claim of the Company. On March 31, 2015, the Company filed an appeal against the judgment as the Company believes that the clam has valid merits and a favorable judgment should be made in accordance with the Company's claim.

As at June 30, 2015, the value of court actions against the Company does not exceed 10% of the Company share capital.

13. Information on the Issuer or subsidiary thereof entering into one or more transactions with affiliated companies if individually or jointly they are significant and were entered into on other conditions than market conditions

Information on transactions with affiliated companies were included in the financial report in Note 30 "Transactions with affiliated entities".

14. Information on the Issuer or subsidiary thereof granting a surety to a credit or a loan or both to one entity or a subsidiary thereof if the total amount of existing sureties or guarantees is equal to at least 10% of the Issuer's equity.

In the reporting period being described, the Company did not grant any sureties or guarantees whose value amounted to the equivalent of 10% of its equity.

15. Other information that, in the Issuer's opinion, is significant from the perspective of the assessment of its situation in relation to its staff, wealth, finances, financial result and changes thereof, as well as other information that is significant for assessing the possibility of the Issuer's delivering on its obligations.

None of those occurred except for those that have been disclosed herein.