SELECTED EXPLANATORY INFORMATION AND ADDITIONAL INFORMATION FOR THE CONDENSED MIDYEAR CONSOLIDATED FINANCE STATEMENT OF THE WIKANA CAPITAL GROUP AND CONDENSED MIDYEAR CONSOLIDATED FINANCE STATEMENT OF THE WIKANA S. A. FOR THE 1ST HALF OF 2012

WIKANA S. A.
Lublin
31st August 2012

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1 Compliance of the finance statements with IFRS

1.1 Compliance with adopted standards

Pursuant to the resolution No. 26 adopted by the General Meeting of Shareholders on 30th March 2007, finance statements (separate and consolidated) of Wikana S. A. (formerly Masters S. A.) are prepared in compliance with the International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB) and with the interpretations published by the Standing Interpretation Committee at the IASB.

1.2 Adopted policy of accounting and calculation methods

The policy adopted for accounting and calculation methods is described in chapter 2. *Explanatory information for finance statements.* Changes that occurred during the period covered by this finance statement are described in section 1. 3 *Changes of and supplements to the accounting policy published in the last consolidated annual report.*

1.3 Changes of and supplements to the accounting policy published in the last consolidated annual report

The only change in the accounting policy concerns the qualification of personnel costs of the sales departments as sales costs and not as the costs of general management, as it used to be classified in the previous periods. The change does not concern employees, whose scope of duties covers marketing, as their remuneration – according to the principle adopted in previous years – are still classified as Costs of sale.

It should be pointed out that some arithmetic data contained in this midyear report are rounded off, which includes financial and operating data. For this reason, the sum total of amounts in a given column or row in some of the tables presented in the report may differ slightly from the total value provided for a given column or row.

1.4 Declaration of unconditional compliance with IFRS

This condensed interim consolidated finance statement for the 1st half of the year (ending on 30th June 2012) was prepared in compliance with the International Accounting Standard ("IAS") 34 "Interim Financial Reporting" and in compliance with the relevant accounting standards applicable to interim financial reporting adopted by the European Union that were published and binding during the preparation of the condensed interim finance statement. The Group adopted coherent accounting policy for the preparation of the financial data for the 6 months' period ending on 30th June 2012 and for the comparable period, in compliance with the principles applied to prepare the consolidated finance statement for the year that ended on 31st December 2011 and published in the consolidated annual report.

1.5 New Standards and Interpretations, approved and binding in 2012

The following new standards and interpretations or their changes are waiting to be approved by the European Union or shall be binding after 31st December 2011:

- Phase one of standard IFRS 9 Financial Instruments: Classification and measurement – applicable to one year periods beginning on 1st January 2015 or later - has not been approved by the UE until the date, when this finance statement was approved. In the following phases, the International Accounting Standards Board shall deal with accounting of securities and value impairment. The application of phase one of IFRS 9 shall influence the classification and measurement of financial assets of the Company. The Company assesses that this change may have substantial impact on the finance statement. Changes to IFRS 7 Financial instruments: Disclosures: compensation of financial assets and financial liabilities – applicable to one year periods beginning on 1st January 2013 or later. The Company assesses that this change may have substantial impact on the finance statement.
- Changes to IAS 12 Income Taxes: Accounting for taxes on assets – applicable to one year periods beginning on 1st January 2012 or later.
- The Company assesses that this change may have substantial impact on the finance statement. IFRS 10 Consolidated Financial Statements – applicable to one year periods beginning on 1st January 2013 or later. The Company assesses that this change shall have negligible impact on the finance statement. IFRS 11 Joint Arrangements – applicable for one year periods beginning on 1st January 2013 or later - has not been approved by the UE until the date, when this finance statement was approved. The Company assesses that this change shall have negligible impact on the finance statement.
- IFRS 12 Disclosure of Interests in Other Entities – applicable to one year periods beginning on 1st January 2013 or later. The Company assesses that this change shall have negligible impact on the finance statement. IFRS 13 Fair Value Measurement – applicable to one year periods beginning on 1st January 2013 or later. The Company assesses that this change shall have negligible impact on the finance statement. Changes to IAS 19 Employee benefits – applicable to one year periods beginning on 1st January 2013 or later. The Company assesses that this change shall have negligible impact on the finance statement. Changes to IAS 1 Presentation of Financial Statements: Presentation of the remaining total revenues – applicable to one year periods beginning on 1st July 2012 or later. The Company assesses that this change shall have negligible impact on the finance statement. IFRIC 20 tripping Costs in the Production Phase of a Surface Mine – applicable to one year periods beginning on 1st January 2013 or later.
- The Company assesses that this change shall have negligible impact on the finance statement. Changes to IAS 27 Consolidated and Separate Financial Statements – applicable since 1st January 2013 or later. The Company assesses that this change shall have negligible impact on the finance statement.
- Changes to IAS 28 Investments in Associates – applicable since 1st January 2013 or later. The Company assesses that this change shall have negligible impact on the finance statement.
- Changes to IAS 32 "Financial instruments: presentation: Compensation of financial assets and financial liabilities – applicable for one year periods beginning on 1st January 2014 or later - has not been approved by the UE until the date, when this finance statement was approved.

The Company assesses that this change may have substantial impact on the finance statement.

The Managing Board does not expect the implementation of the above standards and interpretations to have a significant impact on the accounting policy adopted by the Company.

1.6 New Standards and Interpretations, approved yet not binding in 2012

The following new standards and interpretations or their changes are waiting to be approved by the European Union or shall be binding after 31st March 2012:

- IFRS 9 Financial instruments: The new standard was published on 12th November 2009 and this is the first step of IASB aimed at replacing IAS 39 Financial Instruments. Classification and measurement. After the publication, the new standard was subjected to further development and it was partly changed. The new standard shall take effect as of 1st January 2015.
- IFRS 10 Consolidated Financial Statements. The new standard was published on 12th May 2011 and is meant to replace interpretation SIC 12 Consolidation – Special purpose entities and a part of the provisions of IAS 27 Consolidated and Separate Financial Statements. The standard defines the concept of control as a factor that determines, whether an entity should be covered by a consolidated finance statement, and it contains guidelines that aid in determining, whether the entity has got control or not.
- IFRS 11 Joint Arrangements. The new standard was published on 12th May 2011 and is meant to replace interpretation SIC 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers and IAS 31 Financial Reporting of Interests in Joint Ventures. The standard stresses the rights and obligations resulting from a joint agreement, irrespective of its legal form, and eliminates the inconsistency in financial reporting by identifying the method of accounting for interests in jointly-controlled entities.
- IFRS 12 Disclosure of Interests in Other Entities. The new standard was published on 12th May 2011 and provides requirements concerning disclosure of information concerning interrelations between entities.
- IFRS 13 Fair Value Measurement. The new standard was published on 12th May 2011 and it is assumed to facilitate the implementation of fair value measurement by reducing the complexity of solutions and increasing the coherence of the application of the principles of fair value measurement. The standard explicitly defines the goal of such measurement and specifies the definition of fair value.
- IAS 27 Separate Financial Statements The new standard was published on 12th May 2011 and it results primarily from the transfer of some provisions of the hitherto IAS 27 to new IFRS 10 and IFRS 11. The standard contains requirements concerning the presentation and disclosure of investments in associates, subsidiaries and joint ventures in a separate finance statement. The standard shall substitute IAS 27 Consolidated and Separate Financial Statements.
- IAS 28 Investments in Associates and Joint Ventures. The new standard was published on 12th May 2011 and it concerns accounting for investments in associates. Moreover, it establishes the requirements concerning implementation of the equity method to shares in

associates and joint ventures. The standard shall substitute the hitherto IAS 28 Investments in Associates.

2 Explanatory information for finance statements

2.1 *Financial year*

The financial year of Wikana S.A. is the period of 12 successive months, from 1st January to 31st December. The financial year consists of accounting periods. An accounting period is assumed to cover three months.

The financial year of WIKANA Capital Group is the period of 12 successive months, from 1st January to 31st December. The financial year consists of accounting periods. An accounting period is assumed to cover three months.

2.2 *Reporting currency*

Polish zloty (PLN) is the reporting currency of Wikana S.A. Finance statements are presented in thousands of PLN, unless pointed out otherwise in a detailed description.

2.3 *Method of preparing a consolidated finance statement*

The profit and loss statement is prepared in the multi-step format. The cash flow statement is prepared by the indirect method.

The finance statement is prepared and documentation is kept in the registered offices of the Company at the address: 20-703 Lublin, ul. Cisowa 11. The consolidated finance statement covers the statements of the controlling company and the subsidiary companies controlled by the controlling company. The concept of control is understood to refer to the possibility of managing the operating and financial policy of an entity by the controlling entity, with the aim of acquiring economic benefits.

2.4 *Superior accountancy principles*

The entity implements superior principles of measurement, based on the historical acquisition price, acquisition price or production price, except for the measurement of financial assets and investment real estate that are measured according to their fair value in compliance with IFRS principles The book value of reported secured assets and liabilities is adjusted with the changes of the fair value that may be ascribed to risk, which the assets and liabilities are secured against.

2.5 Consolidation principles and companies subject to consolidation

The financial results of subsidiaries that were acquired or disposed of during the year are reported in the consolidated finance statement from/to the moment of their effective acquisition or disposal.

In the relevant cases, the finance statements of subsidiaries or associates are adjusted in order to unify the accounting policy implemented by a given entity with the principles implemented by the remaining entities in the Group.

Any financial operations between entities included in the capital group are excluded from the finance statement. Moreover, any profits and losses concerning business operation in progress as of the date of preparing the consolidated finance statement are also eliminated. The part of the equity of the Wikana Group corresponding to the minority capital is reported as a separate entry in the equity section.

The value of the company reported as a component of assets as of the acquisition date constitutes the surplus of the acquisition price over the fair value of acquired assets, liabilities and conditional commitments of a subsidiary, associate or co-controlled undertakings. This value is subjected to annual value impairment testing. The value impairment identified by performed tests is reported immediately in the profit and loss account and it is not subject to adjustment later on.

In the case of disposal of a subsidiary, associate or co-controlled undertaking, the company value corresponding to the disposed-of share is deducted in the profit and loss account.

All finance statements of subsidiaries are subject to consolidation. All companies are consolidated by the full method.

Table. List of entities comprised by the WIKANA Capital Group. Status as of 31st August 2012

No.	Name and address of the registered offices of an entity	Entity status within the WIKANA Capital Group	Percentage share of Wikana S.A. in votes and initial capital
1.	**Wikana S. A.** ul. Cisowa11, 20-703 Lublin	Controlling entity	-
2.	**Wikana Invest Sp. z o. o. [Limited partnership]** ul. Cisowa11, 20-703 Lublin	Direct subsidiary	100
3.	**Wikana Bioenergia Sp. z o. o. [Limited partnership]** ul. Cisowa11, 20-703 Lublin	Direct subsidiary	100
4.	**Wikana Project Sp. z o. o. [Limited partnership]** ul. Cisowa11,20-703 Lublin	Direct subsidiary	100
5.	**Wikana Nieruchomości Sp. z o. o. [Limited partnership]** ul. Cisowa11, 20-703 Lublin	Direct subsidiary	100
6.	**Multiserwis Sp. z o. o. [Limited partnership]** ul. Grochowska 278/303, 03-841 Warszawa	Direct subsidiary	100
7.	**Wikana Nieruchomości Sp. z o. o. Krosno Spółka komandytowo-akcyjna [Mixed limited partnership and joint-stock company]** ul. Cisowa11, 20-703 Lublin	Indirect subsidiary	100*
8.	**Wikana Nieruchomości Sp. z o. o. Legnica Spółka komandytowo-akcyjna [Mixed limited partnership and joint-stock company]** ul. Cisowa11, 20-703 Lublin	Indirect subsidiary	100*
9.	**Wikana Nieruchomości Sp. z o. o. Zielone Tarasy Spółka komandytowo-akcyjna [Mixed limited partnership and joint-stock company]** ul. Cisowa11, 20-703 Lublin	Indirect subsidiary	100*
10.	**Wikana Nieruchomości Sp. z o. o. Komerc Spółka komandytowo-akcyjna [Mixed limited partnership and joint-stock company]** ul. Cisowa11, 20-703 Lublin	Indirect subsidiary	100*

11.	**Wikana Nieruchomości Sp. z o. o. 02 Spółka komandytowo-akcyjna [Mixed limited partnership and joint-stock company]** ul. Cisowa11, 20-703 Lublin	Indirect subsidiary	100*
12.	**Wikana Nieruchomości Sp. z o. o. 03 Miasteczko Spółka komandytowo-akcyjna [Mixed limited partnership and joint-stock company]** ul. Cisowa11, 20-703 Lublin	Indirect subsidiary	100*
13.	**Wikana Nieruchomości Sp. z o. o. 04 Osiedle Spółka komandytowo-akcyjna [Mixed limited partnership and joint-stock company]** ul. Cisowa11, 20-703 Lublin	Indirect subsidiary	100*
14.	**Wikana Bioenergia Sp. z o. o. 01 Spółka komandytowo-akcyjna [Mixed limited partnership and joint-stock company]** ul. Cisowa11,20-703 Lublin	Indirect subsidiary	100**
15.	**Wikana Nieruchomości Sp. z o. o. 05 Marina Spółka komandytowo-akcyjna [Mixed limited partnership and joint-stock company]** ul. Cisowa 11, 20-703 Lublin	Indirect subsidiary	100*
16.	**Wikana Nieruchomości Sp. z o. o. Alfa Spółka komandytowo-akcyjna [Mixed limited partnership and joint-stock company]** ul. Cisowa 11, 20-703 Lublin	Indirect subsidiary	100*
17.	**Wikana Nieruchomości Sp. z o. o. Beta Spółka komandytowo-akcyjna [Mixed limited partnership and joint-stock company]** ul. Cisowa 11, 20-703 Lublin	Indirect subsidiary	100*
18.	**Wikana Nieruchomości Sp. z o. o. Delta Spółka komandytowo-akcyjna [Mixed limited partnership and joint-stock company]** ul. Cisowa 11, 20-703 Lublin	Indirect subsidiary	100*
19.	**Towarzystwo Budownictwa Społecznego [Housing Association] „Wikana" Sp. z o. o.** ul. Cisowa11, 20-703 Lublin	Direct subsidiary	100
20.	**Wikana Property Sp. z o. o.** ul. Cisowa 11, 20-703 Lublin	Direct subsidiary	100

* indirect share of Wikana S.A. through the joined ownership of WIKANA FIZ and Wikana Nieruchomości Sp. z o. o. * indirect share of Wikana S.A. through the joined ownership of WIKANA FIZ and Wikana Bioenergia Sp. z o. o.

Source: WIKANA Capital Group

2.6 Accounting estimates and assumptions

For finance statement to be prepared in compliance with IFRS, it is required to make estimates and adopt assumptions that influence the quantities reported in the finance statement. The adopted assumptions and estimates are based on the best knowledge of the Managing Board of the controlling entity concerning current activities and events. Actual results, however, may differ from the expected ones. These estimates concern primarily the assumed periods of depreciation of fixed material assets, amounts of revaluation write-offs and reserves. The estimate values may be verified in the case of a change in the circumstances constituting the basis for the estimates, as a result of acquisition of new information or broader experience.

2.7 Segments reporting

Information concerning segments of activities is presented in two forms. The first basic segment concerns the division of activities into branches: housing development activities, commercial development activities, renewable energy sources and footwear retail trade. The second form presents the realized business activities broken down into geographic market segments. The financial result of a given segment covers revenues and costs directly ascribed to a given segment and revenues and costs indirectly ascribed to it. The remaining general costs, not ascribed to any segment, cover the costs of general management, the costs of research works and depreciation of intangible and legal assets, etc.

The assets and liabilities of a given segment contain property components and liabilities ascribed directly to a given segment as well as property components and liabilities ascribed to it by the indirect method. The reported assets were decreased by revaluation write-offs.

2.8 Methods of measuring assets and liabilities and of establishing the financial result

2.8.1 Tangible fixed assets

Fixed assets are measured according to their acquisition prices or production costs, or the re-assessed value (after revaluation of fixed assets) decreased by amortization allowances or depreciation charges, as well as allowances in virtue of permanent value impairment. The initial value of fixed assets covers their acquisition price plus all the costs directly related to the purchase and adaptation of a property component to the usable state.

As of the date of adopting IFRS, i.e. 1st January 2006, the controlling company measured the tangible fixed assets according to their fair value and considered them as costs established for that date.

Fixed assets are reported according to their net book value in the finance statement prepared as of the balance sheet date.

Fixed assets are depreciated by the linear method. Depreciation of fixed assets, including components, is carried out according to the rates reflecting their expected service life. The estimated duration of service life is revised annually.

Fixed assets with negligible initial value, i.e. lower than or equal to 3 500.00 PLN are depreciated only once. Amortization write-offs are performed from the first day of the month following the month, when fixed assets were received for use.

The following are the values of the service life of particular components of fixed assets:

Buildings and structures	from 1 year to 80 years
Machines and devices	from 1 year to 25 years
Means of transport	from 1 year to 10 years
Other fixed assets	from 1 year to 10 years

Write-offs in virtue of permanent value impairment of fixed assets are classified among other operating costs.

Fixed assets under construction are priced according to the total costs directly related to their purchase or manufacture, minus write-offs in virtue of permanent value impairment.

2.8.2 Fixed assets designed for sale

A component of fixed assets is qualified as designed for sale if its balance sheet value is recovered primarily through a sales transaction, and not through its further use.

Such situation takes place, when a component of assets is available for immediate sale in its current state, while considering only the normal and customary conditions for selling this type of assets, and its sale is highly probable.

Fixed assets classified as designed for sale are priced according to the lower of the two following values: the initial balance sheet value or the fair value minus the sales-related costs.

2.8.3 Investment real estate

According to IAS 40, the category of investment real estate covers land, a building or a part of a building or both of these elements that are treated by the owner as the source of revenues from rent and/or that are kept because their value is expected to grow, or that bring both type of profits, while such real estate is not:

a) used during production, delivery of goods, provision of services or performance of administrative activities,

b) designed for sale within the regular business activity of an entity.

The following are classified among others as investment real estate:

a) the land that is kept in consideration of a long-term increase of its value, and not in order to be sold after a short period within the regular business activity of an entity,

b) the land the future use of which remains undetermined at the moment,

c) the building owned by an entity (or purchased by the entity on the basis of a financial leasing agreement) and subjected by the entity to operating lease on the basis of one or several agreements,

d) the building that is currently unused and that is designed to be subjected to operating lease on the basis of one or several agreements,

e) real estate in the process of construction or adaptation that is to be used in the future as investment real estate. The value of investment real estate is measured initially according to the acquisition price/cost of production, while considering the transaction costs. After the initial value measurement, this type of real estate is priced as of the balance sheet date according to their fair value. Profits and losses resulting from a change of the fair value of investment real estate are reported in the profit and loss account within the period, when the change took place.

Assets are shifted to the category of investment real estate, when the owner changes the manner of their use or stops using an asset component, or starts using it on the basis of a lease agreement.

In the case of acquisition of an investment real estate that requires additional investment outlays, its initial value is measured as the acquisition price, while the value of adaptation outlays is activated in the initial price until the adaptation works are completed. The measurement of the value of such real estate is made as of the balance sheet date according to the fair value and it is reported in the profit and loss account.

Investment real estate under construction are presented as investment real estate. The value of the real estate during the process of construction is measured according to the fair value from the moment, when the value can be reliably established.

2.8.4 Intangible assets

Intangible assets are measured initially according to the acquisition or cost of production. After the initial measurement, the value of intangible assets is measured according to the acquisition prices or costs of production minus the amortization and write-offs in virtue of permanent value impairment. Intangible assets are reported according to their net book value in the finance statement prepared as of the balance sheet date.

Intangible assets – except for the goodwill - are depreciated by the linear method. Amortization write-offs from intangible assets are done on the basis of an amortization plan that is prepared every year and considers factors that influence the period of economic usability. Intangible assets with negligible initial value, i.e. lower than or equal to 3 500.00 PLN are depreciated only once. The expected period of economic usability of the intermediate owned by the Capital Group falls within the range from 2 to 25 years. The periods of use are revised on an annual basis.

The goodwill of the company classified among intangible assets is subject to annual value impairment testing. The value impairment identified by performed tests is reported immediately in the profit and loss account and it is not subject to adjustment later on.

2.8.5 Financial assets

Each agreement that gives rise simultaneously to a component of financial assets of one party and a financial liability or capital instrument of the other party, the Company qualifies as a financial instrument, on condition that economic effects unequivocally result from a contract concluded between two or several parties.

According to IAS 39, the Company classifies financial instruments in the following groups:

- instruments held for trading – components of financial assets or liabilities that were acquired or generated primarily to generate profit through short-term fluctuations of the price or brokering margin,
- financial instruments held to maturity – financial assets with determined or determinable payment or determined maturity date that the company intends and is able to hold until the maturity date, except for loans granted by entities and for own receivables,
- financial instruments available for sale – these are financial assets that are not granted loans or own receivables, assets held to maturity, or financial assets held for trading,
- loans and liabilities – financial assets that are not derivative instruments and that have determined or determinable payment and that are quoted on the active marked.

As of the balance sheet date, depending on the owned financial instruments, the Company assesses them in the following them:

- according to the amortized cost, considering the effective interest rate: assets held to maturity, granted loans and own receivables and other financial liabilities that have not been qualified for trading;
- in the case of the above titles, the value may also be measured according to the value required to be paid if the discount effect is not significant.
- as the amount required to be paid: receivables and liabilities with close date of maturity/ chargeability,

- according to the fair value: financial assets and liabilities held for trading and financial assets held for sale.

In the case of financial assets available for sale, the Company recons the changes of the fair value of these instruments in the profit and loss account as financial revenue or costs at the moment, when such changes occur.

The value of receivables is measured not less often than on the balance sheet day in the amounts required to be paid, while following the precautionary principle.

The value of receivables is revaluated as of the balance sheet date, while considering the probability of their payment, through a revaluation write-off with reference to:

- receivables from debtors under liquidation or bankruptcy – up to the value of the receivable not covered with guarantees or other security of receivables and reported to the official receiver or the judge-commissioner adjudicating in bankruptcy proceedings,
- receivables from debtors, in the case the petition for declaring them bankrupt is dismissed if the debtor's property is insufficient to cover the costs of bankruptcy proceedings,
- receivables questioned by a debtor and receivables the payment of which is delayed by a debtor, while the payment of the contractual amount is improbable according to the assessment of the debtor's property and financial condition,
- overdue receivables that are delayed by more than 360 days after the date of maturity – up to the receivable amount that is not covered with guarantees or other security of receivables.

Write-offs that revaluate receivables are classified to other operating costs or financial costs, respectively, depending on the type of a receivable that a given revaluation write-off refers to. As of the balance sheet date, the value of receivables is reported as the net value, upon considering the revaluation write-off.

The *long-term receivables* item is introduced to report receivables (and their parts), the maturity date of which falls within a period exceeding 1 year since the balance sheet date and that shall not be realized during the normal operating cycle of the entity, neither are they primarily held for trading. Long-term receivables are assessed according to the amount required to be paid, in compliance with the precautionary principle. The part of a long-term receivable that is to be paid within a year since the balance sheet date should be reported among short-term receivables. In case the impact of money value in time is important, the value of long-term receivables is established by discounting forecasted future cash flows up to the current value, while applying the calculation interest rate that reflects the current market assessments of money value in time. The differences between the nominal and discounted value of receivables is reported as the cost in virtue of interest. The discount adjustment is referred to the same item, where the initial record was made.

2.8.6 Assets in virtue of deferred income tax

Assets in virtue of deferred income tax are the amounts assumed to be written off from the income tax in future period due to:

- deductible temporary differences
- carrying unaccounted tax losses forward to the next period and
- carrying not used tax credits forward to the next period.

These assets appear only when it is probable that there will be such tax yields in the future, with reference to which a given component of assets can be realized.

2.8.6.1 Stock

Stock consists of goods purchased and held for sale, for instance goods purchased by an entity in order to sell them or land plots and other real properties held to be resold. The category of stock also covers finished products that are manufactured or in the process of being manufactured by an economic entity, including materials and raw materials waiting to be used in the production process. Advances for stock increase the relevant receivable item.

Materials and goods are priced not less often than on the balance sheet date according to the purchase price minus write-offs in virtue of value impairment. Revaluation write-offs are created on the basis of an individual analysis. During a financial year, materials and goods are recorded according to the purchase price. The value of outgoing goods is established according to the "first in, first out" method or through detailed identification of actual purchase prices (costs) (this applies in particular to land).

In the segment of development activities, due to the specific character of the activities, land or rights of perpetual usufruct of land purchased for the purpose of development activities are classified as goods.

Finished products cover primarily residential and non-residential premises sold through final agreements. The value of finished products is measured according to the lower of the following two values: the cost of production or the net sale price. The net sale price is the assessed sale price established by the Managing Board on the basis of information from the Sales Department.

Cost for particular investments that constitute production in progress is started to be recorded, once the Managing Board or another authorized organ of the company decides to start a construction development investment in a given land plot. Expenditure incurred before the above-mentioned decision are qualified as indirect costs and recorded among costs of the current period as general management costs. Production in progress is transferred to finished products at the moment, an occupancy permit is acquired for a given investment, yet not later than at the moment of concluding the first notarial deed. The value of production in progress is measured on the basis of rules described in the section entitled “Principles of recording long-term contracts”.

2.9 Accrued income/charges

Deferred short-term accrued charges are recorded in the balance according to the level of incurred costs corresponding to future accounting periods. Long-term accrued income entries are created especially in virtue of deferred income tax.

Accruals are created at the level of probable future liabilities corresponding to the current accounting period.

In connection with temporary differences between the value of assets and liabilities demonstrated in accounting books and their tax value and with the tax loss that can be written off in the future, a reserve is established and assets in virtue of deferred income tax are established.

Short-term accrued charges with negligible initial value that is lower than or equal to 3 500.00 PLN are classified among current costs and they are accounted for as a cost in the period, when it is incurred. The entry of accrued income/charges also contains amounts of accrued income calculations performed to adding the receivables from the accounting period.

2.10 Financial means

Financial means in a bank and at hand and short-term deposits held until their due dates, as well as other financial assets (interest on granted loans if they are chargeable within 3 months since the date of the statement) are measured according to their nominal value.

2.11 Liabilities

The value of liabilities is measured in amounts required to be paid. Long-term liabilities (including those in virtue of guarantee securities) with the due date removed by more 12 months are subject to discounting to the current value according to effective interest rates. The differences between the nominal and discounted value of liabilities is reported as the income in virtue of interest. The discount adjustment is referred to the same item, where the initial record was made. In the case of negligible differences, adjustments are not made.

A liability is classified as a short-term liability if it meets one of the following criteria:

- it is expected that it shall be paid during the normal operating cycle of the entity,
- it is primarily held for trading,
- it is payable within twelve months since the balance sheet date,
- the entity does not have an unconditional right to defer the date of chargeability of the liability for the period of at least twelve months since the balance sheet date.

All the remaining liabilities are classified among long-term liabilities.

2.12 Financial liabilities

Financial liabilities are obligations to deliver financial assets or to exchange a financial instrument with another entity on hard terms. In the balance, financial liabilities are reported as long-term and short-term liabilities.

2.13 Liabilities in virtue of deliveries and services and other liabilities

This item cover liabilities related to the purchase of materials, goods, works and services for the purpose of operating activities. Moreover, the item accounts among others for such liabilities as: liabilities towards employees in virtue of salaries or other titles than salaries, liabilities in virtue of deliveries of non0financial fixed assets or liabilities in virtue of the measurement of the value of foreign exchange contracts.

2.14 Liabilities in virtue of taxes

This item accounts for public-law liabilities for a given accounting period. This item accounts among others for such liabilities as liabilities in virtue of income tax levied on legal person, the National Disabled Persons Rehabilitation Fund, the tax on civil law transactions or personal income tax.

2.15 Income Tax

Income tax calculation is based on the profit in a given period and it accounts for deferred tax. Deferred tax is established by the liability method. According to this method, the expected tax effects of temporary differences are established on the basis of passed tax rates and recorded as reserves for deferred tax or assets in virtue of deferred income tax. Temporary differences are defined as differences between the tax measurement of the value of assets and liabilities and the balance measurement of their value. Calculations of deferred tax take also into account tax losses from previous years that – in compliance with tax regulations – can reduce the taxable profit.

Since 2007, the Group has not been establishing an employee benefit fund as the act on the employee benefit fund provides entities with a possibility to not do so.

2.16 Reserves

Reserves are liabilities, the amount or payment term of which is uncertain. Reserves are established, when:

- the economic entity is not burdened with a current obligation (legal or customary) resulting from past events,
- it is probable that when the obligation is fulfilled, there will arise a need to lay out means that contain economic benefits and
- it is possible to assess reliably the amount involved in this obligation.

Within reserves for employees benefits, an entity establishes reserves for the costs of bonuses and cash equivalents of leaves not used by employees and for retirement and dependence-pension severance pays. Reserves for the costs of bonuses are created on the basis of a resolution of the Managing Board. Other reserves are created on the basis of a resolution of the Managing Board or a decision of the chief accountant/his deputy. It is admissible not to create a reserve for employee benefits in the companies of the Capital Group, in case the amount of these reserves has not significant impact on the consolidated finance statement.

2.17 Principles of recording long-term contracts

The value of the production in progress was initially measured in compliance with IAS 11 Construction Contracts by the percentage-of-completion method. This method was implemented for the last time in the finance statement for 2008. On 2nd July 2008, an interpretation (IFRIC-15) concerning the moment of recognizing revenues from sales of real estate units was issued by the International Financial Reporting Interpretations Committee (IFRIC). According to this interpretation, revenues from sale and costs of sale are recognized only at the moment a real estate unit is handed over to the buyer (the moment of concluding a notarial deed of sale). The revenues include the net value indicated in the notarial deed, divided into revenues from the sale of finished products and goods (land). The proportion is established by means of the coefficient of the share of the costs of purchase/production of a particular type of a finished product/piece of goods to the total incurred costs of a given investment. This principle applies to all finance statements beginning from 1st January 2009.

2.18 External financing of contracts for the construction of real estate

The costs of external financing (interest) that may be directly assigned to production in progress (especially the purchase of land and construction services) are activated as a part of the cost of generating the production in progress.

The remaining costs of external financing are reported as costs during the period, when they are incurred.

2.19 Costs of sale

The WIKANA Capital Group adopted the principle that the costs of the personnel of the sales department and the cost of commissions on sold real estate units paid at the moment of concluding agreements and on received payments are accounted for currently in the profit and loss account among the costs of sale.

The costs of advertising and marketing incurred in an accounting period are treated as indirect costs (not included in the cost of manufacturing) and they are reported as costs of sale at the moment, when they are incurred, as there is not direct cause-and-effect relation between the Company's expenditure on a particular form of advertising and the acquisition of a revenue by the Company. These costs are assigned to particular investments in a statistic manner for controlling purposes.

2.20 Method of identifying the financial result

The financial result is calculated on the basis of the profit and loss account, while implementing the accrual basis, the matching principle, the revenue realization principle and the precautionary principle. The financial results is established by the calculation method.

The net financial result consists of:

- the result of the Company's operating activities, including other costs and other operating revenues,
- the result of financial operations,
- the result of extraordinary operations,
- obligatory loads of the financial result in virtue of the income tax levied on legal persons and potential income tax equivalent payments resulting from separate regulations.

Revenues and costs concerning construction development activities are reported in compliance with the principles presented in the section on the principles of recording long-term contracts.

The result of the operating activities is calculated as the difference between the net revenues from sale of products, services, goods and materials, while accounting for subsidies, allowances, discounts and other increases or decreases of revenues, VAT excluded, and other operating revenues, and the value of sold products, services, goods and materials, established according to the cost of their manufacturing or to the purchase (acquisition) prices, respectively, increased with the total general management costs of the Company incurred since the beginning of the financial year, the costs of sale of products, services, goods and materials and other operating costs.

The result of financial operations is calculated as the difference between financial revenues, especially in virtue of dividends, interests acquired from disposal of investments and their revaluation, surplus of positive exchange rate differences over negative financial costs, especially incurred in virtue of interests, losses from disposal of investments and their revaluation, surplus of negative over positive exchange rate differences. The above-presented accounting principles were adopted in the accounting policy modified to transform financial data to comply with IAS and to continue accounting practice in compliance with IAS in the following periods.

2.21 Rounding of amounts

Some arithmetic data contained in this annual report are rounded off, which includes financial and operating data. For this reason, the sum total of amounts in a given column or row in some of the tables presented in the report may differ slightly from the total value provided for a given column or row.

2.22 Euro exchange rates used in calculations

The data expressed in EUR were converted to PLN according to exchange rates published by the Chairman of the National Bank of Poland in compliance with the methodology presented below:

The first half of 2012:

- items of assets and liabilities in the balance sheet according to the exchange rate: 1EUR = 4.2613 PLN (as of 30th June 2012) and as of 31st December 2011 (1EUR = 4.4168 PLN);
- items of the profit and loss account and the cash flow account according to the exchange rate: 1EUR = 4.2246 PLN (the average exchange rate on the last day of each month from 1st January 2012 to 30th June 2012).

The first half of 2011:

- items of assets and liabilities in the balance sheet according to the exchange rate: 1EUR = 3.9866 PLN (as of 30th June 2011)
- items of the profit and loss account and the cash flow account according to the exchange rate: 1EUR = 3.9673 PLN (the average exchange rate on the last day of each month from 1st January 2011 to 30th June 2011).

3 Information on significant events and transactions

3.1 Stock value revaluation write-off to the achievable net value and a reversal of such write-off

As of 30th June 2012, Wikana S.A. performed stock revaluation write-offs (the Misjonarska Apartment Suites and the Panorama Housing Estate) amounting to the total of 1,381 thousand PLN. The write-off was performed in connection with the periodic revision of the relation between achievable revenue-realization prices and the cost of production of a piece on stock. In connection with the fact that the purpose of property components was maintained and the revenue-realization prices of these real estate units dropped below the production cost, the Managing Board decided to report the assets components in the finance statement according to their market value that is achievable in case a sale transaction is concluded.

3.2 Reporting the revaluation write-off in virtue of the impairment of the value of financial assets, fixed material assets, intangible assets or other assets and a reversal of such write-off.

During the 1st half of 2012, no revaluation write-offs were made to revaluate the value of financial assets, fixed material assets, intangible assets or other assets and a reversal of such write-off. The only revaluation write-off that was made in the 1st half of 2012 is the write-off that revaluates selected stock items, which is pointed out in section 3.1 of this document.

3.3 Release of all reserves on restructuring costs

No reserves on restructuring costs were released during the 1st half of 2012.

3.4 Acquisition and disposal of fixed material assets

During the 1st half of 2012, transactions of fixed assets acquisition and disposal concerned the conclusion of the lease agreement for the real estate in Milejów, the purchase of a package of commercial real estate units from Reveco Polska Gamma Sp. z o. o. and leasing a part of the real estate units back.

A detailed description of these transactions is presented in the Report of the Managing Board on the activities of the WIKANA Capital Group during the 1st half of 2012.

3.5 Provisions for the purchase of fixed material assets

In connection with the acquisition of real estate in Inowrocław, Wikana Nieruchomości Sp. z o. o. Alfa S. K. A. contracted an investment credit denominated in EUR and a working capital facility for VAT financing denominated in PLN.

3.6 Account settlements in virtue of legal cases

During the 1st half of 2012, there were no significant account settlements in virtue of legal cases.

3.7 Corrections of errors from previous periods

No corrections of errors from previous periods were made during the 1st half of 2012.

3.8 Changes of the conditions of carrying out business activities and of the economic situation that have impact on the fair value of financial assets and financial liabilities of the entity, irrespective of the fact, whether the assets and liabilities are reported according to the fair value, or to the amortized cost

During the 1st half of 2012, there were no changes of the conditions of carrying out business activities or of the economic situation that could have impact on the fair value of financial assets and financial liabilities of the entity.

3.9 Failure to repay a loan or violation of the provisions of a loan contract, with respect to which no remedial actions were taken by the end of the accounting period.

In the 1st half of 2012, no situation occurred, where the Company failed to take remedial action with respect to failure to repay a loan or violation of the provisions of a loan contract.

3.10 Transactions with affiliated entities

None of the transactions realized between entities within the WIKANA Capital Group in 2012 meets (separately or jointly) the condition of significance. All the transactions were concluded on market terms.

3.11 Shifts between particular levels of the hierarchy of fair value that is used for the purpose of measuring the fair value of financial instruments.

During the 1st half of 2012, there were no shifts between particular levels of the hierarchy of fair value that is used for the purpose of measuring the fair value of financial instruments.

3.12 Changes in the classification of financial instruments due to a change of their purpose or the use of these assets

During the 1st half of 2012, there were no changes in the classification of financial instruments due to a change of their purpose or the use of these assets.

3.13 Changes of conditional commitments and contingent assets

Changes in the level of conditional commitments that occurred in the 1st half of 2012 are related to the following agreements:

1) the credit of 9th March 2012 received by Wikana Bioenergia Sp. z o. o. :
   a. the real estate unit located in Rejowiec Fabryczny and owned by the credited party was mortgaged for the amount of 300 thousand PLN,
   b. a blank promissory note guaranteed by the Wikana S. A. company; the guarantee is free of charge. According to the agreement, the credit was repaid as of 27th May 2012.
2) the credit of 13th March 2012 received by Wikana S.A. :
   a. the real estate unit owned by Wikana Nieruchomości Sp. z o. o. Legnica S. K. A. was mortgaged for the amount of 4 000 thousand PLN; the consent was issued for a fee;
   b. assignment of contractual rights from the insurance contract, where Wikana Nieruchomości Sp. z o. o. Legnica S. K. A. is the insured party; the consent was issued free of charge;
   c. assumption of liabilities of Wikana Nieruchomości Sp. z o. o. Legnica S. K. A. ;
   d. unrevoked power of attorney to the accounts of Wikana S. A. and Wikana Nieruchomości Sp. z o. o. Legnica S. K. A. ;
   e. a blank promissory note of the credited party;
   f. unrevoked power of attorney for the bank to sell flats that constitute the security of the credit, in the case of failure to repay the credit.

3) the credit of 26th April 2012 received by Wikana Nieruchomości Sp. z o. o. Alfa SKA: cash deposit to the bank, amounting to 30,550.00 EUR,
   a. a real estate owned by the credited party was mortgaged up to the amount of 1,575,000.00 EUR,
   b. assignment of rights from insurance policy of the mortgaged real estate unit,
   c. court-enforced registered pledge on the shares in the Wikana Nieruchomości Sp. z o. o. limited liability company ,
   d. a blank promissory note,
   e. assignment of rights from the bank guarantee issued to secure payments in virtue of contracts of rental.

4) the credit of 26th April 2012 received by Wikana Nieruchomości Sp. z o. o. Alfa SKA: power of attorney to the bank account of the credited party,
   a. a blank promissory note,
   b. a real estate owned by the credited party was mortgaged up to the amount of 2,130,000.00 EUR,
   c. assignment of rights from insurance policy of the mortgaged real estate unit,
   d. court-enforced registered pledge on the receivables on the account, where VAT returns are to be deposited.

5) the credit of 11th May 2012 received by Wikana S.A. :
   a. two real estate units were mortgaged up to the amount of 5,400,000.00 PLN, while one of the units is owned by Wikana Nieruchomości Sp. z o. o. 03 Miasteczko S. K. A. ; the consent was issued for a fee;
   b. a blank promissory note,
   c. power of attorney to the current bank account of the credited party.

6) the lease of 11th June 2012, contracted by Wikana Nieruchomości Sp. z o. o. Komerc S. K. A. :

a. a blank promissory note, guaranteed by Wikana S.A. ,

b. real estate units owned by Wikana Nieruchomości Sp. z o. o. 04 Osiedle S. K. A. were mortgaged up to the amount of 1,300,000.00 PLN 7) two leasing contracts of 27th June 2012, contracted by Wikana Nieruchomości Sp. z o. o. Komerc S. K. A. : blank promissory notes, guaranteed by Wikana S.A. ,

8) assumption of liabilities agreement of 27th June 2012, pursuant to which the real estate units owned by Wikana Nieruchomości Sp. z o. o. 03 Miasteczko S. K. A. were mortgaged up to the amount of 499,000.00 PLN. 9) bank guarantee of 28th June 2012, granted by Alior Bank for the benefit of Bankowy Leasing Sp. z o. o. in connection with the lease contract of Wikany Nieruchomości Sp. z o. o. Komerc S. K. A. :

a. real estate units owned by Wikana Project Sp. z o. o. and Wikana Nieruchomości Sp. z o. o. were mortgaged up to the amount of 521,135.00 PLN ; the consent was issued for a fee,

b. an commitment guarantee granted by Wikana S. A.

4 Additional information for finance statements

4.1 Information on segments

Entities comprised in the Capital Group carry out activities in the following four segments:

1) the segment of residential premises development,
2) the segment of non-residential premises development,
3) the segment of renewable energy sources,
4) the segment of retail trade.

The residential premises development activities are carried out in the following provinces: Lubelskie, Podkarpackie, Małopolskie and Dolnośląskie.

The non-residential premises development activities are carried out in the following provinces: Lubelskie, Małopolskie, Łódzkie, Wielkopolskie, Lubuskie and Kujaskow-Pomorskie. The non-residential segment was separated from the development segment in financial reporting due to its considerable development in 2012, which was related among others to the purchase of six real estate units from Redevco Gamma Polska Sp. z o. o. and with the opening of a new shopping mall in Nowy Sącz.

Activities in the RES sector are carried out in the Lubelskie Province.

Retail trade activities are carried out in the Provinces: Lubelskie, Podkarpackie and Mazowieckie.

Table. Detailed data concerning particular segments as of 30. 06. 2011 (in thousands PLN)

			thousands PLN					
SPECIFICATION		Residential premises development activities	Non-residential premises development activities	Footwear retail trade	Renewable energy sources	Values not assigned to segments	Consolidation adjustments	Total
1	Income from sales	9 757	1 565	13 339	1 136	0	-2 131	23 666

2	Costs of sold goods and services	9 799	736	8 351	1 077	0	-1 779	18 184
3	Costs of sale	1 044	3	4 294	8	0	-575	4 775
4	Costs of management	1 954	522	713	272	0	-179	3 283
5	Remaining operating revenues	2 862	682	43	3	0	-1 321	2 269
6	Remaining operating costs	1 844	16	101	4	0	-1 320	645
7	**Operational profit**	**-2 023**	**971**	**-78**	**-222**	**0**	**401**	**-950**
8	Financial revenues	48	2	0	15	5 359	-5 370	55
9	Financial costs	269	376	236	0	373	-126	1 127
10	Profit from economic activities	-2 244	598	-313	-207	4 987	-4 843	-2 022
11	Result of extraordinary events	0	0	0	0	0	0	0
12	**Gross profit**	**-2 244**	**598**	**-313**	**-207**	**4 987**	**-4 843**	**-2 022**
13	Charges on gross result	978	0	3	0	0	-795	185
14	**Net profit**	**-3 221**	**598**	**-316**	**-207**	**4 987**	**-4 048**	**-2 208**
15	Segment assets	165 007	45 202	17 260	17 230	50 165	-51 640	243 223

Table. Detailed data concerning particular segments as of 30. 06. 2012 (in thousands PLN)

SPECIFICATION			**thousands PLN**					
		Residential premises development activities	**Non-residential premises development activities**	**Footwear retail trade**	**Renewable energy sources**	**Values not assigned to segments**	**Consolidation adjustments**	**Total**
1	Income from sales	32 120	1 934	11 813	1 731	0	-11 750	35 847
2	Costs of sold goods and services	28 199	807	7 550	1 359	0	-13 141	24 773
3	Costs of sale	1 907	69	4 211		0	-510	5 678
4	Costs of management	2 388	625	695	192	0	-260	3 640
5	Remaining operating revenues	2 406	330	43	3	0	-1 235	1 548
6	Remaining operating costs	3 415	157	125	8	0	-1 338	2 367
7	**Operational profit**	**-1 383**	**606**	**-725**	**175**	**0**	**-2 264**	**937**
8	Financial revenues	488	4	3	37	5 654	-6 123	63
9	Financial costs	469	976	283	429	1 413	-692	2 878

10	Profit from economic activities	-1 364	-366	-1 006	-216	4 242	-3 168	-1 878
11	Result of extraordinary events	0	0	0	0	0	0	0
12	**Gross profit**	**-1 364**	**-366**	**-1 006**	**-216**	**4 242**	**-3 168**	**-1 878**
13	Charges on gross result	274	-1	-175	-34	951	-1 040	-25
14	**Net profit**	**-1 639**	**-364**	**-831**	**-182**	**3 290**	**-2 128**	**-1 853**
15	Segment assets	217 120	124 350	16 273	24 536	56 402	-96 166	342 515

4.2 Explanations concerning seasonal or cyclical character of the activities of the WIKANA Capital Group during the accounting period

The seasonal character of sales applies primarily to the activities of Multiserwis Sp. z o. o. that deals with footwear retail trade. Demand for footwear depends to a large extend on the weather conditions and the succession of seasons. The first quarter is characterised by reduced demand for footwear. The highest revenues from sales are observed during the period when spring and summer shoes are purchased (the 2nd quarter) and when autumn and winter shoes are purchased (the 4th quarter).

4.3 Type and value of items that have impact on assets, liabilities, the equity, the net profit or cash flows and that are not typical due to their type, value or frequency

There were not amounts in the consolidated finance statement that would be atypical in terms of their type.

The only amounts in the separate finance statement that were atypical as to their value and frequency and appeared in the 1st quarter of 2012 are the amounts related to the transaction of selling the land plot located by ul. Jana Pawła II and to the transfer of improvements to the subsidiary company Wikana Nieruchomości Sp. z o. o. 05 Marina S. K. A. performed within the "Sky House" investment and to the transaction of selling the land plot in Janów Lubelski and to the transfer of improvements to the subsidiary company Wikana Nieruchomości Sp. z o. o. 02 S. K. A. performed within the "Klonowy Park" investment. As a result of these two transactions, the revenue of Wikana S.A. increased by 6,344 thousand PLN. Moreover, in the 2nd quarter of 2012, the amount related to selling by Wikana S. A. of the land plot held for the construction of building B5 within the Miasteczko Wikana project to the subsidiary company Wikana Nieruchomości Sp. z o. o. 03 Miasteczko S. K. A. was an atypical amount as to its value and frequency. As a result of this transaction, the revenue increased by 1,600 thousand PLN. Moreover, as of 30th June 2012, Wikana S.A. performed stock revaluation write-offs (the Misjonarska Apartment Suites and the Panorama Housing Estate) amounting to the total of 1,381 thousand PLN. Another atypical amount as to its value and frequency is the amount related to the requalification of a stock component as a component of fixed assets. This applies to parking places at the Tęczowe Osiedle [housing estate] in Rzeszów. The parking places ceased to meet the criterion for classifying them as a component of current assets, due to the decision allocating them for rental. In connection with this requalification, fixed assets increased by 7,207 thousand PLN.

4.4 Type and value of changes of estimate amounts

The estimate amounts did not change during the 1st half of 2012.

4.5 Issuing, redemption and repayments of bonds and capital securities

During the 1st half of 2012, there was no issuing, redemption or repayment of bonds or capital securities.

4.6 Dividends paid out (or declared)

During the 1st half of 2012, there were no payments or declarations of payment of dividends.

4.7 Events occurring after the end of the accounting period that were not reflected in the midyear' finance statement.

On 16th July 2012, Wikana Nieruchomości Sp. z o. o. 03 Miasteczko S. K. A. – a subsidiary company of the Issuer – concluded an agreement on the performance of construction works with the Przedsiębiorstwo Budownictwa Specjalistycznego i Konserwacji Zabytków Sp. z o. o. "ARCUS" company amounting to the net value of 15.08 million PLN. The agreement covers comprehensive performance of construction works, consisting in constructing a multi-flat housing building with service premises on the first floor, an underground garage, infrastructure, an access road from the Unicka Street and land development by the 3 Unicka Street in Lublin. The agreement in question was concluded in connection with the realization of the investment under the name UNIcity, which involves the construction of a building with the total floorage of the premises amounting to 4.95 thousand square meters, comprising 94 housing units and 10 service units. According to the agreement, the works are to commence on 16th July 2012 and to end on 30th September 2013. The Company informed about the conclusion of the above agreement in the current report No. 30/2012 of 16th July 2012.

In July 2012, by handing over shops to another entity, Multiserwis Sp. z o. o. resigned from retail trade activities in the following locations: Łęczna, Zamość, Chełm, Łuków and Stalowa Wola. Thus, seven shops hitherto operating under the style of CCC were liquidated.

At present, the Multiserwis Sp. z o. o. company owns twenty four shops, including eight shops operating under the style of CCC, fourteen shops operating under the style of BOTI and two shops of the "fair" type.

On 27th July 2012, Wikana Nieruchomości Sp. z o. o. Komerc S. K. A. concluded an agreement with Bankowy Leasing Sp. z o. o. on the sale of a real estate unit with a building for commercial and service purposes and other improvements, located in Gorzów Wielkopolski. the real estate unit is the subject of lease referred to in the indicated current report 26/2012. Conclusion of the sale agreement was a result of the realization of the real estate operating lease contract that allows BL to let the Leased Object be used or used in exchange for profits by

Wikana Komerc in compliance with the provisions of the Lease Agreement. Moreover, on 27th July 2012, Wikana Komerc and BL concluded an agreement imposing the obligation of real estate sale. Pursuant to the agreement, BL undertook – upon fulfilment of all the obligations of Wikana Komerc defined in the Lease Contract – to jointly transfer the right of perpetual usufruct of the land and sell the land improvements covered by the Leased Object for the benefit of Wikana Komerc, while Wikana Komerc undertook to purchase the above-mentioned real estate unit, while it is necessary to conclude a separate agreement to transfer the land property rights and to sell the land improvements. The Company informed about the conclusion of the above agreements in the current report No. 31/2012 of 27th July 2012.

On 13th August 2012, Wikana Bioenergia Sp. z o. o. and the National Fund for Environmental Protection and Water Management (NFOŚiGW) concluded an annex to the agreement on co-financing in the form of a loan for the realization of the investment under the name of "Construction of a biogas power plant in Piaski". Pursuant to this annex, the following loan parameters were changed:

- the amount of the loan was reduced from 11,230,000.00 PLN to the amount of 4,062,100.00 PLN,
- the period, which the loan was granted for was shortened until 30th June 2016,
- the value of the mortgage constituting one of the loan securities was reduced to the amount of 4,854,00.00 PLN. The remaining substantial conditions of the Co-financing Agreement remained unchanged. The annex was concluded and the amount engaged means from public aid granted by NFOŚIGW was reduced in connection with a change in the plans concerning financing of the investment project realized by Wikana Bioenergia and with the possibility of applying for nonreturnable EU funds. The Company informed about the conclusion of the above annex in the current report No. 32/2012 of 14th August 2012.

4.8 Influence of changes in the composition of the entity during the accounting period

During the 1st half of 2012, there were no changes in the composition of the entity - especially such changes as merger of entities, taking control over a subsidiary (otherwise than by establishing a new entity) or losing control over a subsidiary – that would influence the functioning of the entity. Moreover, the period in question did not witness such events as losing control or taking control over long-term investments or abandonment of business activities.

The only organizational changes within the Capital Group were related to the establishment of four new companies, namely:

1) Wikana Nieruchomości Sp. z o. o. Alfa S. K. A. ,
2) Wikana Nieruchomości Sp. z o. o. Beta S. K. A. ,
3) Wikana Nieruchomości Sp. z o. o. Delta S. K. A,
4) Wikana Property Sp. z o. o.

Wikana FIZ is the shareholder of Wikana Nieruchomości Sp. z o. o. Alfa S. K. A. , Wikana Nieruchomości Sp. z o. o. Beta S. K. A. and Wikana Nieruchomości Sp. z o. o. Delta S. K. A., while Wikana Nieruchomości Sp. z o. o. is the general partner. Wikana S.A. is the only shareholder of the Wikana Property Sp. z o. o. company. Wikana Nieruchomości Sp. z o. o. Alfa S. K. A. performs non-residential development activities covering rental of retail space in

Inowrocław. The remaining three companies have not started to perform their operating activities yet.

Lublin, 31st August 2012

Sylwester Bogacki	Tomasz Grodzki
President of the Managing Board	Vice-President of the Managing Board