

**REPORT OF THE MANAGING BOARD ON
THE OPERATIONS OF THE WIKANA
CAPITAL GROUP
DURING THE 1ST HALF OF 2012**

Lublin,
31st August 2012

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Introduction

The separate finance statement of the Company and the consolidated finance statement of the Capital Group for the 1st half of 2012, as well as the report of the Managing Board on the operations of the Capital Group in the 1st half of 2012 - all the documents were prepared as of 30th June 2012.

The finance statements of the Company and the Capital Group for the 1st half of 2012, both separate and consolidated, respectively, were prepared in compliance with the International Accounting Standards and the International Financial Reporting Standards (IAS/IFRS) approved by the European Union.

Finance statements of the Company and the Capital Group, both separate and consolidated, respectively, were prepared on assumption that the Company and the Capital Group shall continue their operations in foreseeable future. As of the date of signing the finance statement, the Managing Board of the Company does not identify any facts or circumstances that would point out to threats to the continuation of its operation within 12 months after the balance sheet date due to intended or compulsory discontinuation or to substantial confinement of the hitherto realized operations.

The financial data presented in this finance statement are expressed in thousand PLN, unless indicated otherwise.

1 Basic information about the WIKANA Capital Group

1.1 The structure of the WIKANA Capital Group

1.1.1 Entities subject to consolidation

The WIKANA Capital Group (Group, Capital Group) consists of a controlling entity – a company under the style of Wikana S.A. with the registered offices in Lublin (Company, Issuer) – and its subsidiaries.

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. ul.Cisowa11, 20-703 Lublin	Direct subsidiary	100
3.	Wikana Bioenergia Sp. z o.o. ul.Cisowa11, 20-703 Lublin	Direct subsidiary	100
4.	Wikana Project Sp. z o.o. ul.Cisowa11,20-703 Lublin	Direct subsidiary	100
5.	Wikana Nieruchomości Sp. z o.o. ul.Cisowa11, 20-703 Lublin	Direct subsidiary	100
6.	Multiserwis Sp. z o. o. ul. Grochowska 278/303, 03-841 Warszawa	Direct subsidiary	100
7.	Wikana Nieruchomości Sp. z o.o. Krosno Spółka komandytowo-akcyjna	Indirect subsidiary	100*

ul.Cisowa11, 20-703 Lublin

8.	Wikana Nieruchomości Sp. z o.o. Legnica Spółka komandytowo-akcyjna ul.Cisowa11, 20-703 Lublin	Indirect subsidiary	100*
9.	Wikana Nieruchomości Sp. z o.o. Zielone Tarasy Spółka komandytowo-akcyjna ul.Cisowa11, 20-703 Lublin	Indirect subsidiary	100*
10.	Wikana Nieruchomości Sp. z o.o. Komerc Spółka komandytowo-akcyjna ul.Cisowa11, 20-703 Lublin	Indirect subsidiary	100*
11.	Wikana Nieruchomości Sp. z o.o. 02 Spółka komandytowo-akcyjna ul.Cisowa11, 20-703 Lublin	Indirect subsidiary	100*
12.	Wikana Nieruchomości Sp. z o.o. 03 Miasteczko Spółka komandytowo-akcyjna ul.Cisowa11, 20-703 Lublin	Indirect subsidiary	100*
13.	Wikana Nieruchomości Sp. z o.o. 04 Osiedle Spółka komandytowo-akcyjna ul.Cisowa11, 20-703 Lublin	Indirect subsidiary	100*
14.	Wikana Bioenergia Sp. z o.o. 01 Spółka komandytowo-akcyjna ul.Cisowa11,20-703 Lublin	Indirect subsidiary	100**
15.	Wikana Nieruchomości Sp. z o.o. 05 Marina Spółka komandytowo-akcyjna ul. Cisowa 11, 20-703 Lublin	Indirect subsidiary	100*
16.	Wikana Nieruchomości Sp. z o.o. Alfa Spółka komandytowo-akcyjna ul. Cisowa 11, 20-703 Lublin	Indirect subsidiary	100*
17.	Wikana Nieruchomości Sp. z o.o. Beta Spółka komandytowo-akcyjna ul. Cisowa 11, 20-703 Lublin	Indirect subsidiary	100*
18.	Wikana Nieruchomości Sp. z o.o. Delta Spółka komandytowo-akcyjna ul. Cisowa 11, 20-703 Lublin	Indirect subsidiary	100*
19.	Towarzystwo Budownictwa Społecznego "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.

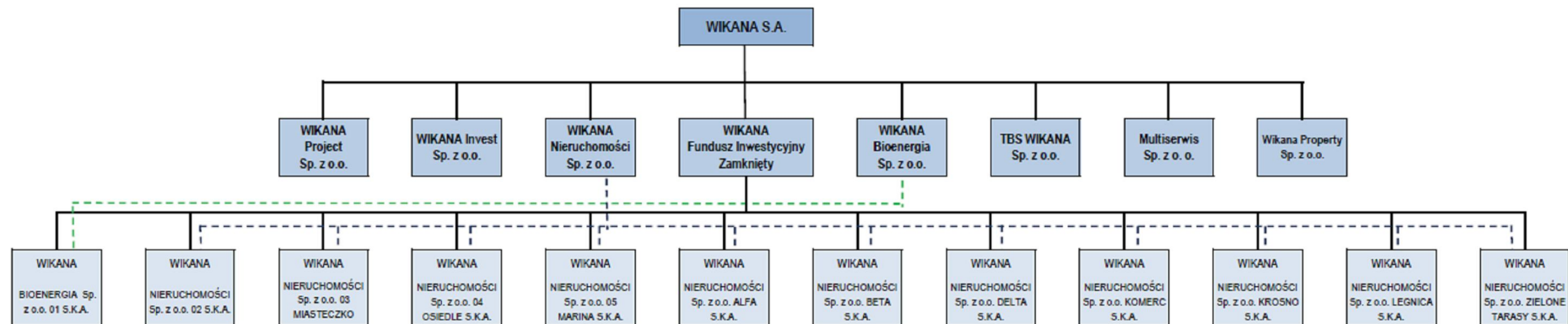
** indirect share of Wikana S.A. through the joined ownership of WIKANA FIZ and Wikana Bioenergia Sp. z o. o.

Source: WIKANA Capital Group

At the end of the accounting period, Wikana S.A. was a controlling entity – as defined in IAS 27 – that controls seven limited liability companies, as it directly controlled 100% of the total number of votes in the decision making bodies of these companies.

Wikana S.A. is also a controlling entity – as defined in IAS 34 – that controls seven limited joint-stock companies, as it owns 100% of investment certificates of Wikana Zamknięty Fundusz Inwestycyjny [Closed-End Investment Fund] (hereinafter: Wikana FIZ), which owns in turn 98% of the number of shares of these companies.

Diagram. The structure of the WIKANA Capital Group



Source: WIKANA Capital Group.

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

1.1.2 Basic information on the Controlling Entity

The Company is the controlling entity within the WIKANA Capital Group. It was established in January 1994. Originally, it operated in Legnica under the style of ZPO ELPO S.A., and then, since August 1999, under the style of MASTERS S.A. Production of and trading with clothing was the first domain of its operation. These activities were discontinued in the 4th quarter of 2006. Since February 2007, the registered offices of the company were moved to Zamość and the enterprise dealt primarily with the management of the Capital Group that was being established.

Since January 2009, i.e. the moment of merger with a construction development company under the style of Wikana S.A., the company has its registered offices in Lublin and it carries out construction development operations. Since March 2009, it operates under a changed style of "Wikana S.A.".

Currently, "Development of building projects" (code 41.10Z according to PKD 2007 [Polish Classification of Activity]) is the basic domain of operations of the enterprise.

The company does not own separate plants or branches in other locations. Activities outside Lublin are carried out by Sales Offices. As of 31st August 2012, the following Sales Offices were in operation (outside the city of Lublin):

- 1) in Zamość,
- 2) in Janów Lubelski
- 3) in Bilgoraj,
- 4) in Rzeszów,
- 5) in Krosno,
- 6) in Puławy,
- 7) in Legnica.

At present, preparations to launch a Sales Office in Jarosław are under way.

1.1.3 Make-up of the Managing Board and the Supervisory Board of the Controlling Entity

1.1.3.1 Management Board

As of 30th June 2012, the Managing Board consisted of two persons: Mr Sylwester Bogacki – President of the Managing Board, and Mr Pan Tomasz Grodzki – Vice-President of the Managing Board for Financial Issues. The make-up of the Managing Board had not changed by the date of publication of this report.

1.1.3.2 Supervisory Board

As of 30th June 2012, the Supervisory Board consisted of the following persons:

- 1) Krzysztof Misiak – Chairman of the Supervisory Board
- 2) Adam Buchajski – Member of the Supervisory Board
- 3) Agnieszka Buchajska – Member of the Supervisory Board
- 4) Tomasz Filipiak – Member of the Supervisory Board
- 5) Piotr Zawiślak – Member of the Supervisory Board

The make-up of the Supervisory Board had not changed by the date of publication of this report.

1.1.4 Basic information on subsidiaries

1.1.4.1 Wikana Bioenergia Sp. z o.o. [limited partnership]

The company has been operating since September 2009. It has its registered offices in Lublin and it operates (mainly in the Lubelskie Province) in the domain of the use of renewable energy sources. The company deals with the construction of methane bio-power plants. According to the PKD classification, "Electric power generation" is the domain of operations of Wikana Bioenergia Sp. z o.o. Simultaneously, Wikana Bioenergia Sp. z o.o. is the general partner of the Wikana Bioenergia Sp. z o.o. 01 Spółka komandytowo-akcyjna [limited joint-stock company], as it controls 2% of the total number of votes in this company.

In October 2011, construction of the first methane biogas plant was completed in Siedliszczki (Piaski commune, Lubelskie Province). At present, preparations to construct a biogas plant Kraśnik are under way.

1.1.4.2 Wikana Invest sp. z o.o. [limited partnership]

The enterprise was established in November 2007. Its registered offices are located in Lublin. At first, the Company operated under the style of "PBE ELBUD" Sp. z o.o. Since May 2009, the company has been functioning within the Wikana Capital Group.

At present, Wikana Invest sp. z o.o. deals with the realization of a commercial construction development undertaking under the name of Wikana Business Park. The project is aimed at the construction of a business centre consisting of two office buildings joined with an enclosed walkway, with the total floorage of 14 thousand m². The investment area is located within the Lublin sub-zone of the Special Economic Zone EURO-PARK Mielec. The design assumes that the state-of-the-art ecological technologies shall be implemented (for instance: solar energy, the greywater system, a charging post for hybrid or electric automobiles, a heating system based on fan coil units, etc.). The centre is created to be used as an accounting and account management centre that may become – by taking advantage of the potential of the young staff of the academic institutions in Lublin – an attractive option for investors of the BPO/SSC sector (Business Process Outsourcing/Shared Service Center).

1.1.4.3 Wikana Project Sp. z o.o. [limited partnership]

The company was established in January 2009 under the style of Słoneczny Stok Sp. z o.o. The registered offices of the entity are located in Lublin. It carries out business activities in the domain of residential construction development in the Lubelskie Province. "Buying and selling of own real estate" is the basic domain of its operations (PKD 2007 code 68.10Z).

On 10th March 2011, the change of the style to Wikana Project Sp. z o.o. [limited partnership] was registered. At present, the company realizes the investment under the name of Osiedle Olimpijskie in Puławy. It is a building with residential and non-residential premises, located in Puławy downtown, between Wróblewskiego Street and Prusa Street. The building shall consist of 5 above-ground storeys and one underground story, containing 69 flats, 8 premises for service providers and 68 parking places. The name of the investment refers to its location in

direct vicinity of the facilities of the Municipal Centre for Sports and Recreation. The investment is planned to be completed in 2012.

Apart from strictly development-related activities, the company also provides other entities of the Capital Group with services in the domain of investment substitution. This is the target profile of business activities of the entity.

1.1.4.4 Wikana Property Sp. z o.o. [limited partnership]

The company was established pursuant to the Articles of partnership of 28th August 2012. The registered offices of the company are located in Lublin. Wikana S.A. is the only shareholder of company.

The company has not started to perform its operations.

1.1.4.5 Wikana Nieruchomości Sp. z o.o. [limited partnership]

The entity was established in January 2007 as MST Deweloper Sp. z o.o. with the registered offices in Lublin.

On 29th July 2010, the style of the company was changed to Wikana Nieruchomości Sp. z o.o.

"Buying and selling of own real estate" is the basic domain of operations of this entity (PKD 2007 code 68.10Z).

Wikana Nieruchomości Sp. z o.o. is the general partner of eleven companies within the WIKANA Capital Group:

- 1) Wikana Nieruchomości Sp. z o.o. 02 S.K.A.,
- 2) Wikana Nieruchomości Sp. z o.o. 03 Miasteczko S.K.A.,
- 3) Wikana Nieruchomości Sp. z o.o. 04 Osiedle S.K.A.,
- 4) Wikana Nieruchomości Sp. z o.o. 05 Marina S.K.A.,
- 5) Wikana Nieruchomości Sp. z o.o. Alfa S.K.A.,
- 6) Wikana Nieruchomości Sp. z o.o. Beta S.K.A.,
- 7) Wikana Nieruchomości Sp. z o.o. Delta S.K.A.,
- 8) Wikana Nieruchomości Sp. z o.o. Komerc S.K.A.,
- 9) Wikana Nieruchomości Sp. z o.o. Krosno S.K.A.,
- 10) Wikana Nieruchomości Sp. z o.o. Legnica S.K.A.,
- 11) Wikana Nieruchomości Sp. z o.o. Zielone Tarasy S.K.A.

At present, the enterprise mainly provides design and investment preparation services.

Wikana Bioenergia Sp. z o.o. 01 Spółka komandytowo-akcyjna [Mixed limited partnership and joint-stock company]

The company was registered in September 2010. Its registered offices are located in Lublin. It performs operations related to the generation of and trading with energy from renewable energy sources in the Lubelskie Province. "Trade of electricity" is the basic domain of operations of this entity (PKD 2007 code 35.14Z). Wikana Bioenergia Sp. z o.o. is the general partner of the company, while Wikana FIZ is the shareholder of the company.

1.1.4.6 Wikana Nieruchomości Sp. z o.o. 02 Spółka komandytowo-akcyjna [Mixed limited partnership and joint-stock company]

The company was established pursuant to the Articles of partnership of 14th October 2010. The registered offices of the company are located in Lublin. Wikana Nieruchomości Sp. z o.o. is the general partner of the company, while Wikana FIZ is the shareholder of the company.

The company carries out construction development activities in the Lubelskie Province and Podkarpackie Province. At present, it commenced the 4th stage of the investment under the name "Osiedle Panorama" that covers a complex of residential multi-flat buildings located in Rzeszów at the Panoramiczna Street and the Widokowa Street. Within the first three stages of the investment, 100 flats were constructed. The first stage was realized by Wikana S.A., while the second and third stage were completed by the daughter company.

At present, preparations to launch a residential housing investment in Jarosław are under way.

Moreover, the Company carries out works related to the realization of a project under the name of Klonowy Park in Janów Lubelski. The housing estate shall comprise three rather small, three-storey residential buildings with garage boxes in the "basement" part, consisting of 21 or 30 flats.

Building A realized within stage one shall contain 21 flats, arranged into 3 staircase modules. Each flat shall be accompanied with a storage room. Moreover, there will be 10 garages.

1.1.4.7 Wikana Nieruchomości Sp. z o.o. 03 Miasteczko Spółka komandytowo-akcyjna [Mixed limited partnership and joint-stock company]

The company was established pursuant to the Articles of partnership of 14th October 2010. The registered offices of the company are located in Lublin. Wikana Nieruchomości Sp. z o.o. is the general partner of the company, while Wikana FIZ is the shareholder of the company.

The company carries out construction development activities in the Lubelskie Province. At present, it realizes a multi-stage project under the name of Miasteczko Wikana. The Miasteczko Wikana is a housing estate consisting of apartment buildings, single-family buildings and multi-flat buildings in Lublin.

1.1.4.8 Wikana Nieruchomości Sp. z o.o. 04 Osiedle Spółka komandytowo-akcyjna [Mixed limited partnership and joint-stock company]

The company was established pursuant to the Articles of partnership of 14th October 2010. The registered offices of the company are located in Lublin. Wikana Nieruchomości Sp. z o.o. is the general partner of the company, while Wikana FIZ is the shareholder of the company.

The company carries out construction development activities in the Lubelskie Province. At present, the second stage of the investment under the name of Osiedle Narutowicza in Bilgoraj and the fifth stage of Świerkowa Aleja in Zamość are under way. The construction development sale covers both investments.

The fifth stage of the Świerkowa Aleja project covers two buildings, H and J, i.e. 57 flats with the total floorage of nearly 2.8 thousand m². The second stage of the Osiedle Narutowicza

project in Bilgoraj covers a four-storey building with 28 flats with the floorage from 30 to 80 square meters, garage boxes and storage rooms.

1.1.4.9 Wikana Nieruchomości Sp. z o.o. 05 Marina Spółka komandytowo-akcyjna [Mixed limited partnership and joint-stock company]

The company was established pursuant to the Articles of partnership of 25th July August 2011. The registered offices of the company are located in Lublin. Wikana Nieruchomości Sp. z o.o. is the general partner of the company, while Wikana FIZ is the shareholder of the company.

The company carries out construction development activities in the Lubelskie Province. It is a special-purpose company established to realize the multi-stage project under the name of Osiedle Marina in Lublin. This investment involves construction of a complex of buildings that is going to fill in the space between the Żeglarska, Nałkowskich and Zemborzycka Streets in Lublin. The construction of the Osiedle Marina shall proceed in four stages. At present, Stage I is being realized. It involves construction of five residential and non-residential buildings, covering the total of 240 flats and 15 premises for service providers. The buildings erected within Stage I shall be put to use sequentially, within the period from 2012 to 2013.

At present, the company also realizes the investment under the name of "Sky House". The project is of multi-stage character. The building erected within the first stage shall be put on sale in 2012. The entire project assumes that environment-friendly technologies and technologies fostering cost-effective use shall be implemented, for instance, a solar installation to power the lightning of common areas, central heat-supply systems or sidewalk geo-grates. The building shall comprise 75 flats with the total floorage of over 4 thousand square meters.

1.1.4.10 Wikana Nieruchomości Sp. z o.o. Alfa Spółka komandytowo-akcyjna [Mixed limited partnership and joint-stock company]

The company was established pursuant to the Articles of partnership of 7th March 2012. The registered offices of the company are located in Lublin. Wikana Nieruchomości Sp. z o.o. is the general partner of the company, while Wikana FIZ is the shareholder of the company.

The company carries out non-residential construction development operations in Inowrocław, consisting in renting non-residential real estate.

1.1.4.11 Wikana Nieruchomości Sp. z o.o. Beta Spółka komandytowo-akcyjna [Mixed limited partnership and joint-stock company]

The company was established pursuant to the Articles of partnership of 7th March 2012. The registered offices of the company are located in Lublin. Wikana Nieruchomości Sp. z o.o. is the general partner of the company, while Wikana FIZ is the shareholder of the company.

The company has not started to perform its operations.

Wikana Nieruchomości Sp. z o.o. Delta Spółka komandytowo-akcyjna [Mixed limited partnership and joint-stock company]

The company was established pursuant to the Articles of partnership of 7th March 2012. The registered offices of the company are located in Lublin. Wikana Nieruchomości Sp. z o.o. is the general partner of the company, while Wikana FIZ is the shareholder of the company.

The company has not started to perform its operations.

Wikana Nieruchomości Sp. z o.o. Komerc Spółka komandytowo-akcyjna [Mixed limited partnership and joint-stock company]

Wikana Nieruchomości Sp. z o.o. [limited partnership] Komrec S.K.A. was registered in October 2010. Its registered offices are located in Lublin. It performs operations in the domain of non-residential construction development in the Lubelskie Province and Podkarpackie Province. Wikana Nieruchomości Sp. z o.o. is the general partner of the company, while Wikana FIZ is the shareholder of the company.

The company carries out operations consisting in renting non-residential real estate units located in:

- Kraków,
- Leszno,
- Łódź,
- Gorzów Wielkopolski,
- Kalisz,
- Milejów,
- Krasnobród.

1.1.4.12 Wikana Nieruchomości Sp. z o.o. Krosno Spółka komandytowo-akcyjna [Mixed limited partnership and joint-stock company]

The company was registered on 27th May 2010 for the realization of a construction development investment in Krosno (Osiedle Generalskie). The registered offices of the company are located in Lublin.

"Development of building projects" (code 41.10Z according to PKD 2007 [Polish Classification of Activity]) is the basic domain of operations of the enterprise.

Wikana Nieruchomości Sp. z o.o. (formerly MST Developer Sp. z o.o.) is the general partner of the company, while Wikana FIZ is the shareholder of the company. Until 15th July 2010, the company did not carry out any operations.

Until 15th September 2011, the entity operated under the style of "MST Developer Sp. z o.o. Krosno S. K. A." The style of the company was changed at the moment the general partner of the company was changed.

At present, the company realizes the multi-stage investment under the name of Osiedle Generalskie (Krosno). Within the 1st stage of the investment, a four-storey building was erected. It contains 54 residential premises accompanied with cellars. Parking lots for passenger vehicles are designed both in the basement of the building (underground parking places) and outside the building (in specially dedicated areas).

Within the 2nd stage of the investment, a two-storey building for the purposes of trade and service provision shall be erected. It shall contain 8 premises for service providers.

1.1.4.13 Wikana Nieruchomości Sp. z o.o. Legnica Spółka komandytowo-akcyjna [Mixed limited partnership and joint-stock company]

The enterprise was registered on 27th May 2010 as a special-purpose entity for the realization of a construction development undertaking under the name of Quadroom in Legnica. The registered offices of the company are located in Lublin.

Wikana Nieruchomości Sp. z o.o. (formerly MST Deweloper Sp. z o.o.) has the status of the general partner of the company, while Wikana FIZ is the shareholder of the company. "Development of building projects" (code 41.10Z according to PKD 2007 [Polish Classification of Activity]) is the basic domain of operations of the enterprise. The company has been carrying out its operations since 28th May 2010. Until 24th August 2010, the entity operated under the style of "MST Deweloper Sp. z o.o. Legnica S . K . A ." The style of the company was changed at the moment the general partner of the company was changed.

The Quadroom investment is located in the Taminów district of Legnica. A five-storey building comprising 69 flats was erected within this investment. The investment was completed. At present the stage of notarial sale of flats is under way. As of 30th June 2012, 41 flats had been sold pursuant to notarial deeds.

1.1.4.14 Wikana Nieruchomości Sp. z o.o. Zielone Tarasy Spółka komandytowo-akcyjna [Mixed limited partnership and joint-stock company]

The entity was registered on 27th May 2010. The company is aimed at carrying out investment projects in the domain of renewable energy sources. The registered offices of the company are located in Lublin. Wikana Nieruchomości Sp. z o.o. is the general partner of the company, while Wikana FIZ is the shareholder of the company.

"Development of building projects" (code 41.10Z according to PKD 2007 [Polish Classification of Activity]) is the domain of operations of the enterprise. Until 15th July 2010, the company did not carry out any operations. Until 15th September 201, the entity operated under the style of "MST Deweloper Sp. z o.o. Zielone Tarasy S . K . A ." The style of the company was changed at the moment the general partner of the company was changed.

At present, the company is getting prepared to commence an investment involving construction of a biogas plant in Werbkowice (planned power yield: about 1 MW).

1.1.4.15 Multiserwis Sp. z o.o. [limited partnership]

The Multiserwis Sp. z o.o. company with the registered offices in Warsaw has been carrying out retail sale of footwear since 2003. Since January 2007, the company has been functioning within the WIKANA Capital Group (operating under the name of MASTERS Capital Group until March 2009).

"Retail sale of footwear and leather goods in specialised stores" identified with code 47.72Z (according to PKD 2007) is the main domain of operations of the enterprise. The

company carries out retail sale in retail trade points (independent salons and footwear stores) located by important circulation routes of towns or within shopping malls in South-Eastern Poland. The shops managed by the Company are located in the following provinces: Lubelskie, Podkarpackie and Mazowieckie. The footwear shops and salons are managed pursuant to a franchise agreement concluded with NG2 S.A.

1.1.4.16 Towarzystwo Budownictwa Społecznego "Wikana" Sp. z o.o. [Housing Association, limited partnership]

In October 2010, Wikana S.A. purchased the majority share in the company under the name of Towarzystwo Budownictwa Społecznego LPBO Sp. z o.o. (currently: Towarzystwo Budownictwa Społecznego Wikana Sp. z o.o.) with the registered offices in Lublin from the Official Receiver of the bankruptcy estate of LPBO S.A. The company dealt with the provision of services in the domain of real estate management. The Wikana S.A. company is vested with 2918 shares in the company under the style Towarzystwo Budownictwa Społecznego Wikana Spółka z o.o. with the registered offices in Lublin, entered under number KRS 0000040920 into the register of enterprises maintained by the 11th Economic Division of the National Court Register at the District Court in Lublin.

The company carries out its operations primarily in the domain of management of its own real estate resources and real estate units of housing communities.

1.1.4.17 Wikana Fundusz Inwestycyjny Zamknięty [Closed-End Investment Fund]

The fund was established under the name of CC24 Fundusz Inwestycyjny Zamknięty [Closed-End Investment Fund] by Copernicus Capital Towarzystwo Funduszy Inwestycyjnych Spółka Akcyjna [Investment Funds Association, incorporated company] with the registered offices in Warsaw, pursuant to the decision of the Polish Financial Supervision Authority of 15th January 2010, it was registered under ID RfI 559 on 28th July 2010. Pursuant to decision of the Fund Investors Assembly of 25th August 2010, the name of the fund was changed on 27th August 2010 to WIKANA Fundusz Inwestycyjny Zamknięty [Closed-End Investment Fund].

Wikana S.A. owns 100% of the investment certificates of the Wikana Fundusz Inwestycyjny Zamknięty which, in turn, owns 98% of shares of each mixed limited partnership and joint-stock company of the WIKANA Capital Group.

1.2 Changes in the structure of the WIKANA Capital Group and impact of these changes

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

1.3 Organizational and capital relationships

A detailed description of organizational and capital relationships is presented in section 1.1.1 *Entities subject to consolidation.*

2 Description of the financial and property condition of the WIKANA Capital Group

2.1 Selected financial data

SELECTED FINANCIAL DATA		in thousands PLN		in thousands EURO	
		1st half of 2012 from 2012-01-01 to 2012-06-30	1st half of the year of 2011 from 2011-01-01 to 2011-06-30	1st half of 2012 from 2012-01-01 to 2012-06-30	1st half of the year of 2011 from 2011-01-01 to 2011-06-30
the data concern the condensed consolidated finance statement					
I	Net income from sales of products, goods and services	35 847	23 666	8 485	5 965
II	Operating profit (loss)	937	-950	222	-239
III	Gross profit (loss)	-1 878	-2 022	-445	-510
IV	Net profit (loss) falling to the shareholders of the controlling entity	-1 853	-2 273	-439	-573
V	Net profit /loss falling to the minority shareholders		66		17
VI	Net cash flows from operating activities	5 664	-9 302	1 341	-2 345
VII	Net cash flows from investment activities	-13 083	-2 268	-3 097	-572
VIII	Net cash flows from financial activities	5 505	6 002	1 303	1 513

IX	Total net cash flows	-1 914	-5 568	-453	-1 403
X	Total assets	342 515	243 223	80 378	61 010
XI	Liabilities and reserves for liabilities	224 485	139 743	52 680	35 053
XII	Long-term liabilities	86 842	49 994	20 379	12 541
XIII	Short-term liabilities	137 643	89 749	32 301	22 513
XIV	Equity falling to the shareholders of the controlling entity	118 030	101 730	27 698	25 518
XV	Equity falling to the minority shareholders		1 750		439
XVI	Initial capital	33 533	33 611	7 869	8 431
XVII	Number of shares (in units)	167 665 596	1 680 558 693	167 665 596	1 680 558 693
XVIII	Net profit (loss) per common share (in PLN/EUR) falling to the shareholders of the controlling entity	-0,01	0,00	0,00	0,00
XIX	Book value per share (in PLN/EUR)	0,70	0,06	0,17	0,02
XX	Declared or paid dividend per share (in PLN/EUR)				

2.2 Discussion of economic and financial quantities

2.2.1 Balance sheet items

The balance sheet total of the WIKANA Capital Group as of 30th June 2012 amounted to 342,515 thousand PLN, which means an increase of 40.82% compared to the midyear of 2011. The property structure is balanced. 49.68% are fixed assets. Compared to the analogous period of the previous year, the property structure became more rigid, as the fixed assets amounted to 36.49% of the total assets as of 30th June 2011.

The assets are financed primarily with external capital. The equity constitutes 34.46% of the total capital. Compared to the previous year, the commitment of fixed assets to finance operations was greater. Long-term liabilities amount to 86,842 thousand PLN as of 30th June 2012, while short-term liabilities amount to 137,643 thousand PLN.

2.2.2 Result from business operations

The total revenues of the Capital Group in the 1st half of 2012 amount to 37,458 thousand PLN, which includes:

- 35,847 thousand PLN of revenues from sale, which amounts to 95.70% of total revenues,
- 1,548 thousand PLN of other operating revenues, which amounts to 4.13% of total revenues,
- 63 thousand PLN of financial revenues, which amounts to 0.17% of total revenues.

The total costs of the Capital Group in the 1st half of 2012 amount to 39,336 thousand PLN, which includes:

- 24,773 thousand PLN of costs of sold products, merchandise and materials, which amounts to 62.98% of total costs,
- 5,678 thousand PLN of costs of sale, which amounts to 14.43% of total costs,
- 3,640 thousand PLN of general management costs, which amounts to 9.25% of total costs,
- 2,367 thousand PLN of other operating costs, which amounts to 6.02% of total costs,
- 2,878 thousand PLN of financial costs, which amounts to 7.32% of total costs.

The gross profit from sale as of 30th June 2012 amounted to 11,074 thousand PLN, i.e. it is higher by 101.96% than the profit in the analogous period of the previous year. At the level of the operating result, the Capital Group acquired the profit of 936 thousand PLN, compared to the loss of -950 thousand PLN in the analogous period of the previous year. At the level of the gross result, the Capital Group experienced a loss of -1,878 thousand PLN, compared to the loss of -2,022 thousand PLN in the analogous period of the previous year. At the level of the net result, the Capital Group experienced a loss of -1,853 thousand PLN, compared to the loss of -2,207 thousand PLN in the analogous period of the previous year.

2.2.3 Cash flows

The value of financial means as of 30th June 2012 is equal to 3,729 thousand PLN. The cash flows involved in the operating activities in the 1st half of 2012 amounted to 5,664 thousand PLN, while those involved in investment activities amounted to -13,083 thousand PLN, while those involved in financial activities amounted to 5,505 thousand PLN.

2.2.4 Substantial off-balance items

The only off-balance item created in the 1st half of 2012 that meets the criterion of substantiality is the guarantee provided by Wikana S.A. for the blank promissory note that secured the real estate lease agreement, concluded between Wikana Nieruchomości Sp. z o.o. Komerc S.K.A. and Bankowy Leasing Sp. z o.o. (current report No. 26/2012 of 27th June 2012).

All off-balance positions were described in detail in section 3.13 "Changes of conditional commitments and contingent assets" of the *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.*

2.2.5 Selected coefficient

Due to the fact that a loss was generated at the level of the net profit, the coefficients based on this item assume negative values. However, all of these coefficients indicated an improvement of the situation, compared to the analogous previous period. The coefficients based on operating profit (EBIT profitability and EBITDA profitability) assumed positive values, which indicates an improvement of the situation.

Table. Basic coefficients.

Specification	1 st quarter of 2011	1 st quarter of 2012
ROE ¹	-2.17%	-1.57%
ROA ²	-0.91%	-0.54%
ROS ³	-9.33%	-5.17%
EBIT ⁴ profitability	-4.02%	2.62%
EBITDA ⁵ profitability	-2.01%	5.88%

Source: WIKANA Capital Group.

2.3 Current and expected financial situation

The current financial situation of entities comprised in the WIKANA Capital Group is satisfactory and the level of possessed financial means is adequate to the scope of realized operations. No factors able to deteriorate this situation are expected to occur.

2.4 Factors and events of atypical character

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.

¹ Relation of net profit to equity that is reduced by minority capital

² Relation of net profit to total assets

³ Relation of net profit to net receivables from sales

⁴ Relation of operating profit to net receivables from sales

⁵ Relation of operating profit increased by the cost of depreciation to net receivables from sales

2.5 External and internal factors that shall influence the acquired results within the perspective of at least the following quarter of the year

In the case of residential construction development, the following factors influence achieved results:

- business climate in the branch of construction development,
- quality and timely realization of construction works,
- the pace, at which administrative decisions are issued,
- changes of legal regulations.

In the case of non-residential construction development, the following factors influence achieved results:

- business climate in the market of non-residential construction development,
- macroeconomic situation,
- accurate selection of locations.

In the case of the segment of renewable energy sources, the following factors influence achieved results:

- continuity of the technological process,
- continuity of substrates supply,
- the pace, at which investment projects are realized.

In the case of footwear retail trade, the following factors influence the results:

- the level of demand for footwear,
- changes of fashion,
- weather conditions,
- accurate selection of new locations,
- quality of functioning of franchise agreements.

2.6 Position taken by the Managing Board toward published prognoses

Neither Wikana S.A., nor any of its subsidiaries published any prognosticated separate or consolidated results for 2012.

Description of the operations of the WIKANA Capital Group

3.1 Basic information on the realized operations

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 Kujawsko-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.

3.2 Main markets

The ,products, merchandise and services offered by the Capital Group are sold on the Polish market. All revenues from economic operations in 2012 were acquired within the territory of Poland.

3.3 Agreements concluded by the companies of the WIKANA Capital Group

3.3.1 Concluded significant agreements

3.3.1.1 Agreements on the performance of construction works

On 5th January 2012, Wikana Nieruchomości Sp. z o.o. Krosno S.K.A. and Krośnieńskie Przedsiębiorstwo Budowlane w Krośnie S.A. (KPB) [Krosno Construction Enterprise] concluded an agreement on the performance of construction works within the framework of the next stage of the Osiedle Generalskie project in Krosno. The agreement covers performance of comprehensive construction works, consisting in constructing a multi-flat housing building No. 2 (stage 3) with internal installations, service lines and land development of the site located in Krosno at the Hellera Street and performing external works. The net value of the agreed works amounts to 8.2 million PLN. In connection with the conclusion of the above-mentioned agreement, the total net value of agreements concluded between companies of the WIKANA Capital Group and KPB within the last 12 months amounted to about 10.7 million PLN. The Company informed about the conclusion of the above-mentioned agreement in the current report No. 1/2012 of 5th January 2012.

On 28th February 2012, Wikana S.A. and Baudziedzic Sp. z o.o. Sp. K. concluded an agreement on the performance of construction works within the framework of the 2nd stage of the investment project under the name of "Zielone Tarasy" in Rzeszów. The agreement covers the performance of construction works consisting in comprehensive realization of a multi-flat residential buildings with indispensable infrastructure, including relocation of colliding land development facilities, i.e. stage 2 of the project (three buildings: I, K, H), according to the

construction and working design, the scope of works, the technical documentation and the substantial and financial schedule specified by Wikana S.A. The agreement in question was concluded in connection with the realization of the investment under the name of "Zielone Tarasy" that covered construction of three residential buildings comprising 54 flats, with the total usable floorage of 3.4 thousand square meters. Building A and B realized within the 1st stage of the project comprise of 28 flats with the floorage from 36 to 86 square meters. The net value of the agreed works amounts to 12.05 million PLN. The Company informed about the conclusion of the above agreement in the current report No. 7/2012 of 28th February 2012.

On 29th March 2012, Wikana Nieruchomości Sp. z o.o. 05 Marina S.K.A. and Henpol Sp. z o.o. concluded an agreement on the construction of a multi-flat residential building B1 with an underground garage and internal installations, located at the Jana Pawła II/Granitowa Streets in Lublin. The agreement covers performance of construction works consisting in the erection of the multi-flat residential building B1 with an underground garage and internal installations (water supply, sewage disposal, central heating, drainage, electric and communications installations), external installations (storm water drainage system with a storage reservoir, electric and area lighting installations) and external infrastructure (internal roads, parking places, the area for garbage containers), located at the Jana Pawła II/Granitowa Streets in Lublin, in compliance with the construction and working design, the schedule of works prepared by Wikana S.A., as well as acquisition of an occupancy permit for the building. The Agreement in question was concluded in connection with the realization of the investment under the name of "Sky House". The net value of the agreed works amounts to 12.55 million PLN. The Company informed about the conclusion of the above agreement in the current report No. 13/2012 of 29th March 2012.

3.3.1.2 **Transaction with Redevco**

On 13th February 2012, Redevco Polska Gamma Sp. z o.o. and the subsidiary of the Issuer of Wikana Nieruchomości sp. z o.o., representing Wikana Nieruchomości Sp. z o.o. Komerc S.K.A. as the general partner, concluded a package of nine preliminary agreements on the sale of developed non-residential real estate units owned by Redevco. The Company informed about the conclusion of the above-mentioned agreements in the current report No. 6/2012 of 13th February 2012. On 5th March 2012 and 30th March 2012, the above-mentioned agreements were amended, as described in the current reports: 12/2012 of 5th March 2012 and 15/2012 of 30th March 2012.

Then, on 3rd April 2012, three of the preliminary sale agreements concluded between the subsidiary of Wikana S.A. and Redevco were dissolved and six of them were changed. Finally, on 27th April 2012, six agreements on the purchase of developed non-residential real estate units with the total land area of 2.2 ha were concluded with Redevco. The real estate units were developed with buildings with the total floorage of 9.88 thousand square meters, owned by Redevco Polska Gamma Sp. z o.o. and located at the following addresses in the following towns: Gorzów Wielkopolski at Piłsudskiego Street, Inowrocław at Górnicza Street, Kaliszu at Wojska Polskiego Street, Kraków at Wadowicka Street, Leszno at 17 Stycznia Street and Łódź at Włókniarzy Street. The total amount paid for the purchase of the above-mentioned real estate units was equal to 7.57 million EUR, equivalent to 31.65 million PLN according to the exchange rate of EURO published by the NBP as of the date of concluding the above-mentioned agreements. The Company informed about conclusion of the package of real estate purchase

agreements with Redevco Polska Gamma Sp. z o.o. in the current report No. 20/2012 of 27th April 2012.

Pursuant to the purchase agreements, the Issuer subsidiaries dependent on Wikana S.A. replaced Redevco Polska Gamma Sp. z o.o. in the tenancy relation resulting from the provisions of tenancy agreements concluded between Redevco Polska Gamma Sp. z o.o. and "Sklepy Komfort" S.A. The tenancy agreements are concluded for a specific period of time and they expire in December 2017. Pursuant to the tenancy agreements, the tenant is obliged to pay a rent to the lessor. The total value of the rent from the moment, when the companies substituted Redevco in the tenancy relation until the end of the agreement period amounts to 4.63 million EUR. The Company informed about conclusion of the package of agreements between the Issuer's subsidiaries and Redevco in the current report No. 20/2012 of 27th April 2012.

3.3.1.3 Lease agreements

On 20th April 2012, Wikana Nieruchomości Sp. z o.o. Komerc S.K.A. and Bankowy Leasing sp. z o.o. concluded an Annex to the Capital Lease Agreement and the Lease Agreement concerning the building complex of the Galeria Handlowa MILA shopping mall located in Milejów Osada and the land plot, where the building complex is located, respectively. The Issuer informed about the conclusion of the above-mentioned agreements in the current report No. 47/2011 of 16th December 2011. The Annex gives consideration to the disposal of the real estate unit in Milejów by Wikana Nieruchomości Sp. z o.o. Komerc S.K.A. to a third party and the acquisition of the real estate by Bankowy Leasing from the third party.

On 26th April 2012, Bankowy Leasing sp. z o.o. and the third party concluded the agreement on the purchase of the perpetual usufruct of the real estate unit consisting of the land plot located in the town of Milejów Osada, including the property right to the building complex of the Galeria Handlowa MILA shopping mall founded on the land plot. Conclusion of the purchase agreement resulted from the performance of the provision of the capital lease agreement and it allows Bankowy Leasing sp. z o.o. to let the leased object be used or used in exchange for profits by Wikana Nieruchomości Sp. z o.o. Komerc S.K.A., in compliance with the provisions of the Capital Lease Agreement. The Company informed about this event in the current report No. 19/2012 of 27th April 2012.

On 11th June 2012, a real estate operating lease agreement was concluded between Wikana Nieruchomości Sp. z o.o. Komerc S.K.A. and Bankowy Leasing sp. z o.o. The value of the agreement amounts to 2.13 million EUR, equivalent to 9.13 million PLN according to the average exchange rate of EURO published by the NBP as of the date of the event. The agreement covers the lease of a real estate located in Kraków with the surface area of about 4.8 thousand square meters, comprising the development in the form of a non-residential building with the area of about 2.2 thousand square meters and other improvements. Pursuant to the provisions of the agreement, Bankowy Leasing undertook to purchase the leased object from Wikana Nieruchomości Sp. z o.o. Komerc S.K.A. for the amount of 1.59 million EUR and then, to let Wikana Nieruchomości Sp. z o.o. Komerc S.K.A. use it or use it in exchange for profits, in exchange for which Wikana Nieruchomości Sp. z o.o. Komerc S.K.A. undertook to pay monthly cash instalments for the benefit of Bankowy Leasing, amounting to the net total remuneration of 2.13 million EUR. According to the provisions of the agreement, it has the character of financial leasing in the part concerning the land plot and of operating leasing in the part concerning

improvements. The agreement was concluded for the period expiring on 25th June 2027. The Company informed about the lease agreement in the current report No. 24/2012 of 11th June 2012.

On 27th June 2012, Wikana Nieruchomości Sp. z o.o. Komerc S.K.A. and Bankowy Leasing sp. z o. o. concluded two packages of agreements, covering real estate operating lease agreements and the corresponding land rental agreements, for the total amount of 4.26 million EUR, equivalent to 18.03 million PLN according to the average exchange rate of EURO published by the NBP as of the date of acquiring the information. Among the above-mentioned agreements, the package of agreements of higher value covers an agreement on the operating lease of a real estate unit improved with a non-residential building with the area of about 2.6 thousand square meters and with other improvements, located on a land plot with the area of about 3.4 thousand square meters in Gorzów Wielkopolski and the land rental agreement for the total value of 2.82 million EUR, equivalent to 11.98 million PLN according to the average exchange rate of EURO published by the NBP, while the value of the lease agreement amounts to 2.79 million EUR, while the value of the rental agreement amounts to 0.03 million EUR. Pursuant to the provisions of the agreement, Bankowy Leasing undertook to purchase the leased object from Wikana Komerc for the amount of 1.89 million EUR and then, to let Wikana Nieruchomości Sp. z o.o. Komerc S.K.A. use it or use it in exchange for profits, in exchange for which Wikana Nieruchomości Sp. z o.o. Komerc S.K.A. undertook to pay monthly cash instalments for the benefit of BL, amounting to the net total remuneration of 2.82 million EUR. The agreement was concluded for the period expiring on 25th June 2027, unless it is dissolved or expires when circumstances provided for therein obtain.

The second of the packages of concluded agreements concerns operating lease of a non-residential real estate unit in Łódź. The Company informed about the above-mentioned agreements in the current report No. 26/2012 of 27th June 2012.

On 29th June 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 Kraków. Conclusion of the sale agreement resulted from the performance of the provision of the operating lease agreement that allows Bankowy Leasing to let the leased object be used or used in exchange for profits by Wikana Nieruchomości Sp. z o.o. Komerc S.K.A., in compliance with the provisions of the lease agreement. Moreover, on 29th June 2012, Wikana Nieruchomości Sp. z o.o. Komerc S.K.A. and Bankowy Leasing concluded an agreement imposing the obligation of real estate sale. Pursuant to the agreement, Bankowy Leasing undertook – upon fulfilment of all the obligations of Wikana Nieruchomości Sp. z o.o. Komerc S.K.A. defined in the lease contract – to jointly transfer the property right to the land and sell the land improvements covered by the leased object for the benefit of Wikana Nieruchomości Sp. z o.o. Komerc S.K.A., while Wikana Nieruchomości Sp. z o.o. Komerc S.K.A. 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 these agreements in the current report No. 29/2012 of 29th June 2012.

3.3.2 Significant transactions with affiliated entities concluded on non-market terms

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.

3.3.3 Granted loans

During the 1st half of 2012, neither Wikana S.A., nor any of the companies of the Capital Group did grant loans for the benefit of one entity, the total or separate value of which would exceed 10% of the equity of Wikana S.A.

3.3.4 Granted and received guarantees and warranties

During the 1st half of 2012, neither Wikana S.A., nor any of the companies of the Capital Group did guarantee or warranty a credit or loan for the benefit of one entity or a subsidiary of such entity, the total or separate value of which plus the total value of existing warranties or guarantees would be equivalent to 10% of the equity of Issuer. During the 1st half of 2012, neither Wikana S.A., nor any of the companies of the Capital Group did receive credit guarantees or warranties, the total or separate value of which would exceed 10% of the equity of Wikana S.A. To the exception of promissory notes issued by Wikana Nieruchomości Sp. z o.o. guaranteed by Wikana S.A. that constitute a pledge to secure the lease of three non-residential real estate units located in Łódź, Kraków and Gorzów Wielkopolski. The value of guarantees is equal to the values identified in the lease agreements: 2,127 thousand EUR in the case of the lease agreement concerning the real estate in Kraków, 1,439 thousand EUR in the case of the lease agreement concerning the real estate in Łódź and 2,819 thousand EUR in the case of the lease agreement concerning the real estate in Gorzów Wielkopolski.

3.4 Significant events in the 1st half of 2012

3.4.1 Events that were significant for the operations of the Controlling Entity

3.4.1.1 General Meetings

An Extraordinary General Meeting of Wikana S.A. was held on 29th February 2012. The General Meeting aimed at:

- adopting a resolution on the redemption of 390 273 own shares that constitute a surplus of own shares acquired by Wikana S.A., in compliance with the granted authorization, upon conclusion of the procedure of compensating for integration shortages with own shares,
- adopting a resolution on the reduction of the initial capital by the amount of 78 054.60 PLN by way of gratuitous redemption of 390 273 own shares of the Company,
- adopting a resolution on changing clause 1 of paragraph 10 of the Company Deed,
- adopting a resolution to authorize the Managing Board to determine the uniform text of the Company Deed,
- adopting a resolution to adopt the principles of the "Good Practices of WSE-Listed Companies" after the corresponding changes introduced in 2011.

On 27th June 2012, an Ordinary General Assembly of Wikana S.A. took place and adopted resolutions concerning the following issues, among others:

- approval of the separate finance statement of the company for 2011,
- approval of the consolidated report of the Managing Board on the operations of the Wikana Capital Group in 2011,
- approval of the consolidated finance statement for 2011,
- approval of the report of the Supervisory Board for 2011,
- division of profit achieved in 2011,
- vote of acceptance for the Members of the Management Board of Wikana S.A. for the performance of their duties in 2011,
- vote of acceptance for the Members of the Supervisory Board of Wikana S.A. for the performance of their duties in 2011.

3.4.1.2 Change of the Company Deed

On 1st March 2012, the Supervisory Board of Wikana S.A. adopted a resolution to determine the uniform text of the Company Deed, considering the amendment of §10, clause 1, of the Deed, introduced pursuant to Resolution No. 6/II/2012 of the above-mentioned Extraordinary General Meeting of the Company.

The amendment was registered by the Court on 27th March 2012.

3.4.1.3 Reduction of the number of Company shares

On 11th June 2012, Krajowy Depozyt Papierów Wartościowych S.A. [the National Deposit for Securities, Inc.] adopted the resolution concerning reduction of the number of shares of Wikana S.A. to 167,665,596 shares.

3.4.1.4 Introduction of S02 series bonds into the retail market of the Alternative Trading System

Since 30th March 2012, series S01 bonds of Wikana S.A. can be traded on both platforms of the Alternative Trading System: the wholesale one (since 11th October 2011) and the retail one (since 30th March 2012). The bonds were introduced into the retail market pursuant to the resolution of the Stock Exchange of 27th March 2012. The first day of their listing was established pursuant to the resolution of the Stock Exchange of 28th March 2012.

The liquidity of the bonds is supported by two animators: NWA Dom Maklerski [brokerage house] (announcement of the Stock Exchange of 29th March 2012) and Dom Maklerski PKO BP [brokerage house] (announcement of the Stock Exchange of 11th April 2012). The animation agreement with the NWA Dom Maklerski brokerage house was concluded on 29th March 2012 for the period of one year, and the agreement with Dom Maklerski PKO BP brokerage house was concluded on 2nd April 2012 for an indefinite period.

3.4.1.5 Liquidity Support Program

As of 27th June 2012, Wikana S.A. acceded the Liquidity Support Program and it is one of 127 entities covered by this program. The Stock Exchange published this information in the announcement of 27th June 2012.

The Dom Maklerski BPS brokerage house became the animator of the Company's shares.

An English version of investor reports has been available at the Internet site of the Company since 15th July 2012.

3.4.2 Events that were significant for the operations of the subsidiaries

3.4.2.1 Multiserwis Sp. z o.o. [limited partnership]

During the 1st half of 2012, the company liquidated four shops operating under the style of BOTI. The liquidated shops operated in Przemyśl, Lubartów, Bielsk Podlaski and Biała Podlaska. The liquidation of the shops is the result of a new strategy aimed at focusing the operations on the historically most profitable locations.

3.4.2.2 Wikana Invest sp. z o.o. [limited partnership]

The setting of the foundation stone for the construction of the office and warehousing centre in Lublin (Wikana Business Park) was celebrated on 21st February 2012. The above-referred project is being realized by the subsidiary company Wikana Invest Sp. z o.o. Within the investment, a four-story office building (three storeys above ground and one underground storey) and a warehousing building shall be erected.

3.4.2.3 Wikana Nieruchomości Sp. z o.o. 02 S.K.A. [Mixed limited partnership and joint-stock company]

In the 1st quarter of 2012, Wikana Nieruchomości Sp. z o.o. 02 S.K.A. purchased a real estate unit with the area of 8 thousand square meters in Janów Lubelski from Wikana S.A. The land plot is held for the construction of a housing estate under the name "Klonowy Park". The sale of flats erected within this investment also started in the 1st quarter of 2012. The value of the acquired real estate amounts to 1,029 thousand PLN.

3.4.2.4 Wikana Nieruchomości Sp. z o.o. 03 Miasteczko S.K.A. [Mixed limited partnership and joint-stock company]

On 27th January 2012, Wikana Nieruchomości Sp. z o.o. 03 Miasteczko S.K.A. purchased a land plot located by the Unicka Street in Lublin from Wikana S.A. The land plot with the area of 0.3 ha is held for the construction of residential premises. The value of the acquired land plot amounts to 4,631 thousand PLN.

On 25th June 2012, Wikana Nieruchomości Sp. z o.o. 03 Miasteczko S.K.A. purchased a land plot with the area of about 7.5 thousand square meters located in Lublin, to be used for the

construction of residential premises. The value of the acquired real estate amounts to 1,600 thousand PLN.

3.4.2.5 Wikana Nieruchomości Sp. z o.o. 05 Marina S.K.A. [Mixed limited partnership and joint-stock company]

In the 1st quarter of 2012, Wikana Nieruchomości Sp. z o.o. 05 Marina S.K.A. purchased a real estate unit located in Lublin at the Jana Pawła II Street, including the improvements introduced within the investment under the name of "Sky House", and did so for 4,952 thousand PLN. On 17th March 2012, Wikana Nieruchomości Sp. z o.o. 05 Marina S.K.A. started to sell the flats erected within the "Sky House" investment in Lublin.

3.4.2.6 Wikana Nieruchomości Sp. z o.o. Alfa S.K.A. [Mixed limited partnership and joint-stock company]

By the end of May, Wikana Nieruchomości Sp. z o.o. Alfa S.K.A. took over the real estate unit acquired from Redevco and thus it started to carry out its basic operations. Wikana Nieruchomości Sp. z o.o. Komerc S.K.A. [Mixed limited partnership and joint-stock company]

By the end of April, Wikana Nieruchomości Sp. z o. o. Komerc S. K. A. took over the real estate units acquired from Redevco and introduced them into its inventory. In June, one of the real estate units got leased.

3.5 Significant events after the end of the 1st half of 2012

3.5.1 Events that were significant for the operations of the Controlling Entity

No significant event that would influence the functioning of Wikana S.A. took place between 30th June 2012 and the date of publication of this report.

3.5.2 Events that were significant for the operations of the subsidiaries

3.5.2.1 Multiserwis Sp. z o.o. [limited partnership]

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".

3.5.2.2 Wikana Nieruchomości Sp. z o.o. 03 Miasteczko S.K.A. [Mixed limited partnership and joint-stock company]

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.

3.5.2.3 Wikana Nieruchomości Sp. z o.o. Komerc S.K.A. [Mixed limited partnership and joint-stock company]

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.

3.6 Information on risk and threats

3.6.1 Risk factors related to the operations in the segment of residential development

3.6.1.1 Risk related to the possibility of acquiring new land plots and identification of profitable development projects

Prosperous development of operations depends in particular on the ability to acquire good land plots for construction purposes at competitive prices and on their proper development and then, on the ability to sell residential premises, when applying advantageous margins. Acquisition of land plots for construction purposes may be difficult due to competition on the real estate market, long-lasting process of acquiring indispensable administrative decisions, absence of land development plans and limited availability of land plots with appropriate infrastructure.

3.6.1.2 Risk related to the realization of construction development projects

Realized construction development projects require considerable capital expenditure at the stage of investment preparation and during the construction process. Due to the need of high

level of financing, such undertakings are by nature accompanied with considerable risks. The risks are related in particular to failure to acquire permits indispensable for land plots to be used as planned, delays in the completion of the construction process, costs exceeding assumed budget costs, insolvency of contractors or sub-contractors, employee disputes in the companies of contractors or sub-contractors, shortage of construction materials or equipment, accidents or unforeseen technical difficulties, impossibility of acquiring permits necessary for a building or buildings to be released for use. In case any of these obstacles occur, the realization of a project may get delayed, the costs may grow or revenues may be lost, the means invested in real estate acquisition for a construction development project may get frozen or even it may become impossible to complete an investment project. Each of the above-mentioned events may exert a significant negative impact on the operations, financial standing or results of the Issuer's Capital Group.

3.6.1.3 Risk related to dependence on contractors performing construction works

Majority of construction works within particular construction development projects are entrusted to specialized construction enterprises. In spite of current supervision over the performance of construction works, the company is unable to ensure the contracted works are properly performed by contractors within agreed-upon deadlines. Delays and irregularities in the performance of works may result in delaying the completion of particular construction development project and, as a consequence, they may contribute to an increase of the costs of their realization. Moreover, contractors performing construction works may lose financial liquidity, which may influence the quality and timely performance of ordered works. In extreme cases, loss of financial liquidity may lead to complete discontinuation of works by a contractor performing construction works and to the need of substituting the contractor with another one. As a consequence, any delays and costs related to such substitution of the contractor may exert negative impact on the financial result of a construction development project and thus on the financial result of the Issuer's Capital Group.

3.6.1.4 Risk related to the location of real estate

The value of real estate depends to a great extent on its location and purpose. If advantages of the location or purpose of real estate are assessed inaccurately, it may become difficult to sell it for an expected price. In case it should become necessary to reduce the sale price of a given real estate unit to attract purchasers, the market value of a real estate may drop considerably. If the companies from the Issuer's Capital Group that perform construction development operations fail to acquire the assumed revenues from sale or rental, this may have a negative impact on the financial result of a given construction development project and thus on the financial result of the Issuer's Capital Group.

3.6.1.5 Risk related to administrative decisions

The Issuer cannot ensure that the companies of the Issuer's Capital Group that carry out construction development operations shall acquire particular permits, approvals or permissions required in connection with currently realized or new construction development projects in time, or at all, or that the existing or future permits, approvals or permissions shall not be withdrawn. Failure to acquire such permits, approvals or permission or their withdrawal may have negative impact on the ability to realize or complete the current or future construction development

projects. There is also the risk that the acquisition of indispensable permits, approvals and permissions may be hindered in connection with actions of social and ecological organizations that may attempt to block the realization of construction development projects. This may exert a significant negative impact on the operations, financial standing or results of the Issuer's Capital Group.

3.6.1.6 Risk related to the observed slowdown in the domain of construction development

In connection with the slowdown in the domain of construction development, resulting from reduced demand from clients, tightened procedures related to mortgage acquisition and increased supply of newly-constructed residential premises, there exists the risk that it shall be impossible to sell currently realized investments for the assumed prices, which shall influence the margin acquired from these investments.

3.6.1.7 Risk related to competition

Competition in the construction development sector – the domain of operations of the Issuer and its subsidiaries – may lead among others to a surplus of the supply of residential real estate caused by an excessive number of available facilities or to an increase of land prices. Such competition may exert a significant negative impact on the operations and financial standing of the Issuer's Capital Group.

3.6.1.8 Risk related to the macroeconomic situation of the country

The macroeconomic situation of Poland exerts strong influence on the profitability of construction development operations, as the demand for flats is a derivative of the propensity to purchase durable goods that depends, in turn, on the current phase of the economic cycle, the dynamics of the GDP and the permanent income. The reported demand for flats is also influenced by the monetary policy and the fiscal policy (components of the macroeconomic policy).

3.6.1.9 Risk related to changes of interest rates

Companies from the Issuer's Capital Group finance their operations by means of short-term and long-term variable interest credits and loans. Thus, they are exposed to the interest rate risk. High exposure to this risk and inaccurate assessment of this risk in the past may have negative impact on the financial result of the Issuer's Capital Group. As the external capital burdened with interest constitutes at present only a small part of liabilities and potential fluctuations of interest rates are small, the companies of the Issuer's Capital Group do not implement any protective measures in this domain.

3.6.1.10 Risk of variable legal environment

Changes of legal regulations or diverging interpretations thereof may constitute the source of risk for the operations of the Issuer's Capital Group. Potential changes, especially of regulations concerning production activities, environment protection, labour law and social security, business law (including company law and the law regulating the principles of functioning of the capital market) may develop in a direction that involves negative effects for the operations

of business entities. The Polish law is still in the transitory period of adaptations related to the accession of Poland to the European Union.

Many acts have already been changed and the process of implementing European directives aimed at changing administrative and court procedures and regulations concerning business operations is still under way. The coming into force of new regulations concerning economic circulation (e.g. the *Act on protection of the rights of buyers of residential premises and single-family houses*) may involve construal problems, inconsistent judicial decisions, unfavourable interpretations adopted by public administration authorities, etc.

3.6.1.11 Risk of unstable tax policy

The Polish taxation system is characterised by frequent changes of its regulations. Additionally, many of them have not been formulated in a sufficiently precise manner and there are no unequivocal interpretations of the regulations. Interpretations of tax regulations change frequently. Both the practice of tax authorities and the judicial practice of courts still lack coherence in the domain of taxation. The accession of Poland to the European Union additionally increased the above-mentioned risk and constitutes an additional factor contributing to the lack of stability of the Polish tax regulations.

One of the aspects of insufficient precision of tax regulations concerns the absence of regulations providing for formal procedures of the final verification of accrued tax liabilities for a given period. Tax return declarations and the actual amount of payments made in virtue of taxes may be verified by tax authorities for the period of five years back, counted from the end of the year, when the deadline for tax payment expired. If tax authorities assume an interpretation of tax regulations that diverges from the interpretation assumed by the Issuer, such divergence may exert a substantial negative impact on the operations of the company, its financial standing, results and development prospects.

3.6.2 Risk factors related to the operations in the segment of non-residential development

3.6.2.1 Risk related to the business climate in the market of non-residential real estate

The scope of operations of the companies of the segment of non-residential construction development depends to a considerable extent on the business climate in the segment of non-residential real estate. Depending on the reported demand, one can modify the rent rates and the conditions of tenancy agreements. Moreover, it is not without significance that there appeared certain trends in the location of back offices and processing centres, as such entities are important targets of non-residential premises.

3.6.2.2 Risk related to the macroeconomic situation

The macroeconomic situation exerts strong impact on the willingness of enterprises to establish new points of sale and develop back offices. In the case of dynamic growth rate, this willingness is higher than during economic slowdown.

The level of GDP growth and the situation on the labour market influences, in turn, the preferences concerning the location of processing centres and back offices. In case there are big differences between average salaries in different regions, there is a strong trend to move the above-indicated operations to regions characterized by lower average salaries. This interdependence becomes more important especially during recession.

3.6.2.3 Accurate selection of locations

The value of real estate depends to a great extent on its location and purpose (retail trade premises / office premises). If advantages of the location or purpose of real estate are assessed inaccurately, it may become difficult to rent it for an expected rate. In case it should become necessary to reduce the rent rate for a given real estate unit to attract purchasers, the market value of a real estate may drop considerably. If the companies from the Issuer's Capital Group that perform construction development operations fail to acquire the assumed revenues from rental, this may have a negative impact on the financial result of a given construction development project and thus on the financial result of the Issuer's Capital Group.

3.6.3 Risk factors related to the operations in the segment of footwear retail trade

3.6.3.1 Risk related to fashion trends

The operations of Multiserwis Sp. z o.o. depends to a large extent on the accurate selection of footwear collection and accurate identification of clients' preferences. Fashion changes on the footwear market are seasonal. There is a risk that the current collection of the franchiser (NG2 S.A. company) shall not correspond to buyers' preferences due to a momentary change of fashion. This may result in reduced sales and revenues.

3.6.3.2 Risk related to seasonal character of sales

Footwear sales depend on seasonal demand. One can differentiate two sales seasons: spring-and-summer season and autumn-and-winter season. Each of the seasons requires a different collection to be prepared. The sales reach their peak values twice during a year, at the beginning of each season. Atypical weather conditions in a given year may result in reduced sales of footwear from a given collection, which can, in turn, lead to a drop of revenues and to the need to store unsold footwear until the next season.

3.6.3.3 Risk of inapt shop locations

The strategy of development of Multiserwis Sp. z o.o. assumes the network of points of sale shall be developed. Opening new salons involves the risk that a given location shall result to be inapt, which may result in failure of a given salon to reach the expected revenues. Consequently, this shall also be reflected in reduced expected margins and profitability of sales.

3.6.3.4 Risk related to the termination of the franchise agreement

Multiserwis Sp. z o.o. cooperates with the NG2 S.A. company on the basis of a franchise agreement. The NG2 Group realizes the strategy of extending the share of sales realized in its own shops in the total sales. It is more profitable for NG2 to sell in its own shops. The strategy is realized primarily through the development of the network of company shops. One cannot exclude the possibility that NG2 decides to sell its products exclusively through its own shops and to terminate the franchise agreement with Multiserwis Sp. z o.o.

3.6.3.5 Risk related to competition

The footwear distribution sector is characterised by low barriers to entry. Therefore, this sector is characterised by a high level of competition. Due to the size of the sector and the affluence of potential clients growing together with economic development, the Polish footwear market may become more and more attractive for companies that has not been present there until now or that perform their operations at a limited scale. The competitive pressure may grow due to mergers of smaller footwear manufacturers and distributors operating on the market. Barriers that restrain the appearance of competitors are constituted by the fact that the future operations in the capacity of a franchisee of NG2 S.A. concern the sector, where it is indispensable to have a recognizable brand to succeed on the market. Moreover, another barrier to the entry of a new trader into the sector is posed by the need to possess a network of company salons in shopping malls in big cities. Another risk factor is related to the inflow of cheap footwear from Asiatic countries, where the cost of labour is lower. The strength of potential competition of Asiatic products is reduced by the common opinion that they are of poor quality, unless signed with a known brand.

3.6.3.6 Risk related to the macroeconomic situation of Poland

The aspects of the macroeconomic situation of the country that are important for Multiserwis Sp. z o.o. focus primarily on the income at the disposal of the population and the inclination towards current consumption.

3.6.4 Risks related to the operations in the segment of renewable energy sources

3.6.4.1 Risk related to the technological process of biogas production

In order to effectively carry out operations in the domain of electric energy generation in renewable energy sources, it is necessary to reach considerable stability of the effectiveness of biogas production, measured in the volume of production. The risk of disturbances in this process may result from biochemical factors and from lack of experience in the domain of construction of facilities of this type in the Polish climatic conditions. The Company plans to reduce the second type of risk by engaging a specialized Western company with experience in technological supervision over methane-fired power plants into the construction process. The described category of risk should become less significant, as the Company acquires operational experience.

3.6.4.2 Risk related to the location of the power plant

The success of undertakings consisting in the construction of biogas power plants generating heat and electric energy depends to a large extent on the location of such investments. The selection of an inapt location for investments of this type may result in difficulties in ensuring the delivery of appropriate amount of raw materials and in problems with energy reception (especially the heat energy that is susceptible to considerable losses, when long-distance transfer is necessary). Both of these factors may exert negative influence on the generated margin due to increased costs (in case it should be necessary to deliver raw materials from removed locations) or due to reduced revenues (if it is impossible to find recipients for the entire amount of energy available for sale).

The location risk is also related to the transmission grid infrastructure that is indispensable to support investments in renewable energy sources. Absence of this type of infrastructure may considerably increase the costs and prolong the time of investment realization.

3.6.4.3 Risk related to competition

The market of energy generated by renewable energy sources in Poland is a market fully regulated by the law. The regulations in force at the moment create a situation, where there is not typical market competition between suppliers of "green" energy. The regulations guarantee that these producers can sell the energy at an administered price to entities that distribute energy within a given area. In the present market of energy generated in renewable energy sources, however, there exists competition in the domain of acquiring means for co-financing the realization of infrastructural investments, as the financial profitability of the investments drops considerably without such co-financing.

Wikana Bioenergia Sp. z o.o. is applying for co-financing (both from national funds and from EU funds) of several planned undertakings. In case the company's applications fail to succeed, it may happen that the realization of these investments shall be delayed due to the need to acquire additional external financing sources.

3.6.4.4 Risk related to the substrates market

The agricultural biogas plants expected to be erected within the investment plans of Wikana Bioenergia Sp. z o.o. generate energy from biogas acquired from substrates of agricultural origin (mainly corn). In connection with the expected high rate of development of agricultural biogas installations in Poland in near future, one should expect that the overall demand for this type of substrates shall grow. This phenomenon may result in a tendency to increase the prices of plants that are involved in the generation of energy in such installations. Such situation may be faced especially during the first years, witnessing the process of adapting the structure of agricultural cultivation to include plants with a high biogas yield. So, the risk related to the substrates market concerns, strictly speaking, the rise of substrate prices.

3.7 Promotional activities and building of the image of the WIKANA Capital Group

On 4th January 2012, the 20th Grand Finale of the Great Orchestra of Christmas Charity took place in Lublin. Wikana S.A. was the main sponsor of the event.

On 5th February 2012, the startArchitekci*11 exhibition was opened within the "Dom i Wnętrze" [House and Interior] Gala in Lublin. It is an exhibition of final diploma designs defended in 2011 by students of architecture and town planning at the Faculty of Construction Engineering and Architecture of the Lublin University of Technology. The exhibition is supported by Wikana S.A. as the main sponsor.

On 20th February 2012, Wikana S.A. became the titular sponsor of MKS Start Lublin, a first-league men's basketball team. The sponsoring agreement was concluded for 12 months with a will to prolong it.

In June 2012, Wikana S.A. won the 1st position in the ranking of "Kurier Lubelski" in the category "The highest profit company employing over 250 persons". In the list of all companies

in the Lubelskie Province (not broken down into categories related to employment level), Wikana S.A. took the eighth position.

4 Information on shares and shareholders

4.1 Initial capital of the Controlling Entity

As of 1st January 2012, the initial capital of Wikana S.A. amounted to 33 611 173.80 PLN.

On 27th March 2012, the 6th Economic Division of the National Court Register at the District Court for Lublin-Wschód in Lublin with the head offices in Świdnik registered the changes of the value of the initial capital of the Issuer. The amount of the initial capital of the Company was reduced by the amount of 78 054.60 PLN, from the original amount of 33 611 173.80 PLN. Upon registration of the change in question, the initial capital of the Issuer amounts to 33 533 119.20 PLN and it is divided into 167 665 596 shares of series G, with the nominal value of 0.20 PLN each. At present, all the issued shares of the Company entitle to 167,665,596 votes in the general meeting of the Company. The reduction of the initial capital was effectuated in connection with the redemption of 390,273 shares of Wikana S.A., purchased by the Company in order to make up for the integration shortages and the shortages remaining after this process. The redemption of the shares was carried out pursuant to Resolution No. 4/II/2012 Extraordinary General Meeting of WIKANA S.A. of 29th February 2012. The redeemed shares entitled to 390,273 votes in the general meeting of the Company.

On 11th June 2012, Krajowy Depozyt Papierów Wartościowych S.A. [the National Deposit for Securities, Inc.] registered the redemption of the 390,273 shares.

4.2 Structure of the initial capital of the Controlling Entity

All shares of the Company are common bearer shares, created as a result of integration of series A, B, C, D, E, F into series G.

4.3 Information on shareholders of the Controlling Entity

As of 31st August 2012, the Company had two shareholders who directly owned more than 5% of Company shares.

The number of shares owned by significant shareholders have not changed – to the Issuer's knowledge – since the submission of the former quarterly report, i.e. since 15th May 2012.

Table. The structure of ownership of Company shares by significant shareholders, as of 31st August 2012.

Shareholder	Number of shares	Share in the capital / votes
Ipnihome Limited*	99 533 218	59.4%
Dekra Holdings Limited	20 339 287	12.1%
Others	47 793 091	28.5%
* an entity controlled by Mr Adam Buchajski (total number of shares owned directly and indirectly by Mr Adam Buchajski amounts to 104 781 364 shares that entitle to 104 781 364		

votes in the General Meeting of the Issuer, which corresponds to 62.49% share in the capital/votes.

4.4 Schedule of shares owned by management and supervisory officers

During the period between the date of publication of the former periodic report, i.e. 15th May 2012, and the date of submission of this periodic report, there were no changes in the number of shares of Wikana S.A. that were owned by the management and supervisory officers, or which they had rights to.

As of the date of submitting this report, Ms Agnieszka Buchajska, a Member of the Supervisory Board, owned directly 3 826 047 shares of Wikana S.A. (2.28% of the initial capital of the Company), corresponding to 3 826 047 votes in the General Meeting of the Issuer. Together with the subsidiary entity under the style of Renale Management Limited, she owns the total of 5 952 844 shares, corresponding to 3.55% of the initial capital of the Company and, entitling to 5 952 844 votes in the General Meeting of the Issuer.

Mr Adam Buchajski, a Member of the Supervisory Board, owns the total of 104 781 364 shares, entitling to 104 781 364 votes in the General Meeting of the Issuer, which corresponds to 62.49% of the initial capital of the Company. He directly owns 5 248 146 shares corresponding to 3.13% of the initial capital of the Company and entitles to 5 248 146 votes in the General Meeting of the Issuer. Through the subsidiary entity under the style of Ipnihome Limited with the registered offices in Larnaca, he owns 99 533 218 shares, entitling to 99 533 218 votes in the General Meeting of the Issuer, which corresponds to 59.36% of the initial capital of the Issuer.

Mr Robert Gajor (Plenipotentiary) owns 240 shares of the Company, entitling to 240 votes in the General Meeting of the Issuer.

The remaining members of supervisory and managing entities do not own Company shares, neither do they have rights to the shares.

Table. Information on the number of shares owned (directly or indirectly) by members of managing and supervisory organs. Status as of 31st August 2012

Person	Function	Number of shares owned as of 31 st August 2012	Percentage share in the capital / votes
Sylwester Bogacki	President of the Managing Board	0	0.00%
Krzysztof Misiak	Member of the Supervisory Board	0	0.00%
Adam Buchajski*	Member of the Supervisory Board	104 781 364	62.49%
Agnieszka Buchajska**	Member of the Supervisory Board	5 952 844	3.55%
Piotr Zawislak	Member of the Supervisory Board	0	0.00%
Tomasz Filipiak	Member of the Supervisory Board	0	0.00%
Tomasz Grodzki	Vice-President of the Managing Board for	0	0.00%

	Financial Issues		
Robert Gajor	Plenipotentiary	240	<0.01%

Source: Wikana S.A.

* Together with the subsidiary entity under the style of Ipnihome Limited with the registered offices in Larnaca

* Together with the subsidiary entity under the style of Renale Management Limited

None of the management or supervisory officers has got shares of subsidiaries of Wikana S.A.

5 Other information

5.1 Court, administrative and arbitration proceedings

Neither Wikana S.A. nor its subsidiaries are parties to proceedings instituted in a court, an arbitration organ or a public administration organ and concerning liabilities or receivables of Wikana S.A. or its subsidiary, the value of which amounts to at least 10% of the equity of Wikana S.A.

Neither Wikana S.A. nor any of the entities of the Wikana Capital Group are parties to two or more proceedings instituted in a court, an arbitration organ or a public administration organ and concerning liabilities or receivables, the value of which amounts to at least 10% of the equity of Wikana S.A., respectively.

5.2 Other information that the Issuer considers important for the assessment of the Issuer's condition

The Managing Board assumes the position that the reservation (concerning primarily the Osiedle Tęczowe housing estate) included by the chartered auditor in the opinion on the consolidated annual finance statement of the WIKANA Capital Group and to the separate finance statement of Wikana S.A. is unjustified, as the stock characterized by the lowest turnover ratio, due to the change of its purpose, does not lose its value. Thus, there is no reason to create revaluation write-offs. As of 30th June 2012, the parking places in this housing estate were reported as a component of fixed assets, as they were allocated for rent. As of the date of report submission, the first agreements to that effect had already been signed. In the report on the midyear review, the chartered auditor underscores this fact. One should assume, however, that the process of commercialization of such space must proceed in stages.

Moreover, in the midyear report, the chartered auditor quotes a fragment of the report on the midyear review of Wikana FIZ that pointed out the absence of evaluation of the real estate unit as of 30th June 2012. According to IAS 36, entities comprised in a Capital Group do not perform evaluation of components of fixed assets not less frequently than at the end of the accounting year and in the situation, where there are premises to assume an impairment of a component value. As there were no such premises as of 30th June 2012 and the financial year coincides with the calendar year, the companies did not evaluate components of fixed assets.

.....
Sylvester Bogacki
President of the Managing Board

.....
Tomasz Grodzki
Vice-President of the Managing Board for
Financial Issues