EXPANDED CONSOLIDATED PERIODIC REPORT OF WIKANA S.A.

FOR THE THIRD QUARTER OF 2012

SUPPLEMENTARY INFORMATION

WIKANA S.A.
Lublin
14 November 2012

Table of contents

1 Introduction

This expanded consolidated report for the 3rd quarter of 2012 was prepared pursuant to § 83.1-10 of the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information provided by issuers of securities […] and contains the financial data of WIKANA S.A. (the Company, the Issuer) and subsidiaries. The separate and consolidated financial statements were prepared in compliance with the International Accounting Standards and International Financial Reporting Standards (IAS/IFRS).
Unless specified otherwise, the financial data are given in thousands PLN.

2 Selected financial data

2.1 Selected items of the separate financial statement for the 3rd quarter of 2012

SELECTED FINANCIAL DATA		in PLN thousand		in EUR thousand	
		3 quarter(s) acc. period from 2012-01-01 to 2012-09-30	3 quarter(s) acc. period from 2011-01-01 to 2011-09-30	3 quarter(s) acc. period from 2012-01-01 to 2012-09-30	3 quarter(s) acc. period from 2011-01-01 to 2011-09-30
the data relate to the condensed separate financial statement of WIKANA S.A.					
I	**Net income from sales of products, goods and services**	**12 750**	**5 881**	**3 039**	**1 455**
II	Operating profit (loss)	-4 582	-1 332	**-1 092**	**-330**
III	Gross profit (loss)	-1 310	3 753	**-312**	**929**
IV	**Net profit (loss)**	**-2 117**	**2 818**	**-505**	**697**
V	Net cash flows from operating activities	12 080	-12 877	**2 880**	**-3 186**
VI	Net cash flows from investing activities	-11 226	-7 872	**-2 676**	**-1 948**
VII	Net cash flows from financial activities	-1 979	14 633	**-472**	**3 621**
VIII	**Total net cash flows**	**-1 125**	**-6 116**	**-268**	**-1 513**
	Balance sheet data	**from 2012-01-01 to 2012-09-30**	**from 2011-01-01 to 2011-12-31**	**from 2012-01-01 to 2012-09-30**	**from 2011-01-01 to 2011-12-31**
IX	**Total assets**	**172 537**	**165 983**	**41 941**	**37 580**
X	Liabilities and reserves for liabilities	75 549	66 877	**18 365**	**15 142**
XI	Long-term liabilities	4 082	31 333	**992**	**7 094**
XII	Short-term liabilities	71 467	35 544	**17 373**	**8 047**
XIII	**Equity**	**96 988**	**99 106**	**23 576**	**22 438**
XIV	Initial capital	33 533	33 611	**8 151**	**7 610**
XV	Number of shares (in units)	167 665 596	168 055 869	**167 665 596**	**168 055 869**
XVI	Net profit (loss) per common share (in PLN/EUR)	-0.01	0.00	**0**	**0**
XVII	Book value per share (in PLN/EUR)	0.58	0.59	**0**	**0**

XX	Declared or paid dividend per share (in PLN/EUR)			0	0

Table. Selected financial data of Wikana S.A. for Q3 2012

2.2 *Selected items of the consolidated financial statement for the 3rd quarter of 2012*

SELECTED FINANCIAL DATA		in PLN thousand		in EUR thousand	
		3 quarter(s) acc. period from 2012-01-01 to 2012-09-30	3 quarter(s) acc. period from 2011-01-01 to 2011-09-30	3 quarter(s) acc. period from 2012-01-01 to 2012-09-30	3 quarter(s) acc. period from 2011-01-01 to 2011-09-30
the data relate to the condensed consolidated financial statement of WIKANA Capital Group					
I	**Net income from sales of products, goods and services**	**47 841**	**33 096**	**11 405**	**8 189**
II	Operating profit (loss)	307	-4 081	**73**	**-1 010**
III	Gross profit (loss)	-4 227	-5 711	**-1 008**	**-1 413**
IV	**Net profit (loss) attributable to the shareholders of the dominant entity**	**-4 174**	**-5 958**	**-995**	**-1 474**
V	Net income (loss) attributable to minority shareholders	0	61	**0**	**15**
VI	Net cash flows from operating activities	8 590	-15 013	**2 048**	**-3 715**
VII	Net cash flows from investing activities	-16 908	-7 682	**-4 031**	**-1 901**
VIII	Net cash flows from financial activities	5 712	17 402	**1 362**	**4 306**
IX	**Total net cash flows**	**-2 606**	**-5 293**	**-621**	**-1 310**
	Balance sheet data	**from 2012-01-01 to 2012-09-30**	**from 2011-01-01 to 2011-12-31**	**from 2012-01-01 to 2012-09-30**	**from 2011-01-01 to 2011-12-31**
X	**Total assets**	**348 676**	**286 124**	**84 758**	**64 781**
XI	Liabilities and reserves for liabilities	232 967	164 958	**56 631**	**37 348**
XII	Long-term liabilities	77 690	76 007	**18 885**	**17 209**
XIII	Short-term liabilities	155 277	88 951	**37 745**	**20 139**
XIV	**Equity attributable to the shareholders of the dominant entity**	**115 709**	**121 166**	**28 127**	**27 433**
XV	Equity attributable to minority shareholders	0	0	**0**	**0**
XVI	Initial capital	33 533	33 611	**8 151**	**7 610**
XVII	Number of shares (in units)	167 665 596	168 055 869	**167 665 596**	**168 055 869**
XVIII	Net profit (loss) per common share (in PLN/EUR)	-0.02	0.01	**0**	**0**
XIX	Book value per share (in PLN/EUR)	0.69	0.72	**0**	**0**
XX	Declared or paid dividend per share (in PLN/EUR)			**0**	**0**

Table. Selected financial data of Wikana Capital Group for Q3 2012

2.3 Euro exchange rates used in calculations

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

Data for the 3rd quarter of 2012:

- items of assets and liabilities in the balance sheet according to the exchange rate 1EUR = 4.1138 PLN (as of 30 September 2012)
- items of the profit and loss account and the cash flow account according to the exchange rate 1EUR = 4.1948 PLN (the average exchange rate on the last day of each month from 1 January 2012 to 30 September 2012).

Comparative data:

- items of assets and liabilities in the balance sheet according to the exchange rate on 31 December 2011, i.e. 1 EUR= 4.4168 PLN);
- items of the profit and loss account and the cash flow account according to the exchange rate 1 EUR = 4,0413 PLN (the average exchange rate on the last day of each month from 1 January 2011 to 30 September 2011).

3 Additional information concerning the quarterly consolidated financial statement

3.1 Compliance of the financial statements with IAS/ IFRS

3.1.1 Compliance of the adopted standards

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

3.1.2 Declaration of unconditional compliance with IFRS

The condensed interim financial statements (separate and consolidated, respectively) for the period of the 3rd quarter ended on 30 September 2012 were prepared in compliance with the International Accounting Standard ("IAS") 34 "Interim Financial Reporting" and in compliance with the relevant accounting standards applicable to interim financial reporting adopted by the European Union that were published and binding during the preparation of the interim consolidated financial statement. The Group and the Company adopted coherent accounting policy for the preparation of the financial data for the 9 months' period ended on 30 September 2012 and for the comparable period, in compliance with the principles applied for the preparation of financial statement for the year that ended on 31 December 2011 and published in the annual reports for 2011.

3.1.3 New Standards and Interpretations, EU approved and binding in 2012

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

- Phase 1 of the standard IFRS 9 Financial Instruments: Classification and measurement – applicable to annual periods beginning on or after 1 January 2015 - has not been approved by the EU until the date when this financial statement was approved. In the subsequent phases the International Accounting Standards Board shall deal with the accounting of securities and value impairment. The application of phase 1 of IFRS 9 shall influence the classification and measurement of financial assets of the Company. The Company assesses that this amendment may have substantial impact on the financial statement.
- Amendments to IFRS 7 Financial instruments: Disclosures: compensation of financial assets and financial liabilities – applicable to annual periods beginning on or after 1 January 2013. The Company assesses that this amendment may have substantial impact on the financial statement.
- Amendments to IAS 12 Income Taxes: Accounting for taxes on assets – applicable to annual periods beginning on or after 1 January 2012. The Company assesses that this amendment may have substantial impact on the financial statement.
- IFRS 10 Consolidated Financial Statements – applicable to annual periods beginning on or after 1 January 2013. The Company assesses that this amendment shall have negligible impact on the financial statement.
- IFRS 11 Joint Arrangements – applicable to annual periods beginning on or after 1 January 2013 – has not been approved by the EU until the date when this financial statement was approved. The Company assesses that this amendment shall have negligible impact on the financial statement.
- IFRS 12 Disclosure of Interests in Other Entities – applicable to annual periods beginning on or after 1 January 2013. The Company assesses that this amendment shall have negligible impact on the financial statement.
- IFRS 13 Fair Value Measurement – applicable to annual periods beginning on or after 1 January 2013. The Company assesses that this amendment shall have negligible impact on the financial statement.
- Amendments to IAS 19 Employee benefits - applicable to annual periods beginning on or after 1 January 2013. The Company assesses that this amendment shall have negligible impact on the financial statement
- Amendments to IAS 1 Presentation of Financial Statements: Presentation of the remaining total revenues - applicable to annual periods beginning on or after 1 July 2012. The Company assesses that this amendment shall have negligible impact on the financial statement
- IFRIC 20 Tripping Costs in the Production Phase of a Surface Mine – applicable to annual periods beginning on or after 1 January 2013. The Company assesses that this amendment shall have negligible impact on the financial statement.
- Amendments to MSR 27 IAS 27 Consolidated and Separate Financial Statements – applicable to annual periods beginning on or after 1 January 2013. The Company assesses that this amendment shall have negligible impact on the financial statement.

- Amendments to IAS 28 Investments in Associates – applicable to annual periods beginning on or after 1 January 2013. The Company assesses that this amendment shall have negligible impact on the financial statement
- Amendments to IAS 32 "Financial instruments: presentation: Compensation of financial assets and financial liabilities - applicable to annual periods beginning on or after 1 January 2014 - has not been approved by the EU until the date when this financial statement was approved. The Company assesses that this amendment shall have negligible impact on the financial statement.

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

3.1.4 New Standards and Interpretations, published but not binding

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

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

statement. The standard shall substitute the current IAS 27 Consolidated and Separate Financial Statements

– IAS 28 Investments in Associates and Joint Ventures. The new standard was published on 12 May 2011 and it concerns accounting for investments in associates. Moreover, it establishes the requirements concerning implementation of the equity method to shares in associates and joint ventures. The standard shall substitute the hitherto IAS 28 Investments in Associates.

3.2 Policies adopted for the preparation of interim financial statements

3.2.1 General policies adopted for the preparation of interim financial statements

The same accounting principles were observed in the interim financial statements as in the last annual statements. The only change concerns the classification of personnel-related part of the sales units' maintenance costs (the change was described in point 3.3)

3.2.2 Detailed information on the policies adopted for the preparation of interim financial statements

Financial year

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

Applied currencies

Polish zloty (PLN) is the functional and reporting currency of the statements. Financial statements are presented in thousands of PLN, unless pointed out otherwise in a detailed description.

Method of preparing a consolidated financial statement

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

The financial statement is prepared and documentation is kept in the registered offices of the Company at the address: 20-703 Lublin, ul. Cisowa 11.

The consolidated financial statement covers the statements of the dominant company and the subsidiary companies controlled by the dominant company. The concept of control is understood to refer to the possibility of managing the operating and financial policy of an entity by the dominant entity, with the aim of acquiring economic benefits

Superior accountancy principles

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

Consolidation principles

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

Where appropriate, the financial statements of subsidiaries or associates are adjusted in order to unify the accounting policy implemented by a given entity with the principles implemented by the other entities in the Group.

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

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

In case of disposal of a subsidiary, associate or joint subsidiary, the goodwill corresponding to the disposed-of share is deducted in the profit and loss account

Accounting estimates and assumptions

Preparation of financial statements in compliance with IFRS requires making estimates and adopting assumptions that influence the quantities reported in the financial statement. The adopted assumptions and estimates are based on the best knowledge of the Management Board of the dominant entity concerning current activities and events. Actual results, however, may differ from the expected ones. These estimates concern primarily the assumed periods of depreciation of tangible fixed assets, amounts of revaluation write-offs and reserves. The estimate values may be verified in the case of a change in the circumstances constituting the basis for the estimates, as a result of acquisition of new information or broader experience

Segments reporting

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

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

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

3.2.2.1.1 – Tangible fixed assets

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

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

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

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

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

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

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

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

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

3.2.2.1.2 Fixed assets intended for sale

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

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

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

3.2.2.1.3 Investment property

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

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

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

The following are classified among others as investment property:

a) the land that is kept in consideration of a long-term increase of its value, and not in order to be sold after a short period within the regular business activity of an entity,
b) the land the future use of which remains undetermined at the moment,
c) the building owned by an entity (or purchased by the entity on the basis of a financial lease agreement) and subjected by the entity to operating lease on the basis of one or several agreements,
d) the building that is currently unused and that is intended to be subjected to operating lease on the basis of one or several agreements,
e) real estate in the process of construction or adaptation that is to be used in the future as investment property.

The value of investment real estate is measured initially according to the acquisition price/manufacturing cost, while considering the transaction costs. Following the initial value measurement, this type of property is priced as of the balance sheet date according to their fair value. Profits and losses resulting from a change of the fair value of investment property are reported in the profit and loss account within the period, when the change took place.

Assets are shifted to the category of investment property, when the owner changes its use or stops using it as an asset component, or starts using it on the basis of a lease agreement.

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

Investment property under construction is presented as investment property. The value of the property during the process of construction is measured according to the fair value from the moment, when the value can be established in reliable way.

3.2.2.1.4 Intangible assets

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

Intangible assets – except for the goodwill - are depreciated by the linear method. Amortization write-offs from intangible assets are done on the basis of an annual amortization plan which considers factors that influence the period of economic usability. Intangible assets with negligible initial value, i.e. lower than or equal to PLN 3,500.00 are depreciated only once.

The expected period of economic usability of intangible assets owned by the Capital Group varies from 2 to 25 years. The periods of use are revised on an annual basis.

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

3.2.2.1.5 Financial assets

The Company qualifies as a financial instrument each agreement that at the same time results in the emergence of a component of financial assets of one party and a financial liability or capital instrument of the other party, on condition that economic effects unequivocally result from a contract concluded between two or several parties.

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

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

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

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

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

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

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

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

– receivables overdue by more than 360 days after the date of maturity – up to the receivable amount that is not covered with guarantees or other security of receivables.

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

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

3.2.2.1.6 Deferred income tax assets

Deferred income tax assets are the amounts assumed to be written off from the income tax in future periods due to:

– deductible temporary differences

– carrying unaccounted tax losses forward to the next period and

– carrying not used tax credits forward to the next period.

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

3.2.2.1.7 Inventories

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

Materials and goods are priced at least at the balance sheet date according to the purchase price minus write-offs due to value impairment. Revaluation write-offs are created on the basis of an individual analysis. During a financial year, materials and goods are recorded according to the purchase price. The value of outgoing goods is established according to the "first in, first out" method or through detailed identification of actual purchase prices (costs) (this applies in particular to land).

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

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

Costs for particular investment that constitute production in progress are started to be recorded, once the Management Board or another authorized organ of the company has decided to commence a construction development investment in a given land plot. Expenditure incurred before the adoption of the abovementioned decision is qualified as indirect costs and recorded among costs of the current period as general management costs. Production in progress is transferred to finished products when the occupancy permit is obtained for a given investment, not later however than at the moment of concluding the first notarial deed. The value of production in progress is measured on the basis of rules described in the section entitled "Principles of recording long-term contracts".

3.2.2.1.8 Prepayments and accruals

Short-term prepayments are recorded in the balance according to the level of incurred costs corresponding to future reporting periods. Long-term prepayments and accruals' entries are created especially due to deferred income tax.

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

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

Short-term prepayments / accruals with negligible initial value that is lower than or equal to 3 500.00 PLN are classified to current costs and they are accounted for as a cost in the period, when it is incurred.

The entry of prepayments / accruals also contains amounts of accrued income calculations performed in order to add the receivables from the accounting period

3.2.2.1.9 Cash

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

3.2.2.1.10 Liabilities

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

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

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

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

3.2.2.1.11 Financial liabilities

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

3.2.2.1.12 Trade and other liabilities

This item covers liabilities related to the purchase of materials, goods, works and services for the purpose of operating activities. Moreover, the item accounts among others for such liabilities as liabilities towards employees in respect of remuneration or of other titles, liabilities from deliveries of non-financial fixed assets or liabilities in respect of valuation of currency futures.

3.2.2.1.13 Tax liabilities

This item includes public-law liabilities for a given accounting period. Moreover, the item includes among others such liabilities as corporate income tax liabilities, liabilities from allowances for State Fund for Rehabilitation of Disabled Persons (PFRON), the tax on civil law transactions or personal income tax

3.2.2.1.14 Income tax

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

Since 2007, the Group has not been establishing an employee benefit fund as the act on the employee benefit fund provides such opportunity.

3.2.2.1.15 Reserves

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

- the economic entity has to fulfil a current obligation (legal or customary) resulting from past events,
- it is probable that the fulfilment of the obligation will result in the need to expend assets that contain economic benefits and
- it is possible to assess reliably the amount involved in this obligation.

Within reserves for employee benefits, an entity establishes reserves for the costs of bonuses and cash equivalents of leaves not used by employees and for retirement and disability packages. Reserves for the costs of bonuses are created on the basis of a resolution of the Management Board. Other reserves are created on the basis of a resolution of the Management Board or a decision of the chief accountant/or deputy chief accountant. The companies of the Group may refrain from establishing the reserve for employee benefits if the amount of these reserves has not significant impact on the consolidated financial statement.

3.2.2.1.16 Principles for recording long-term contracts

The value of the production in progress is measured in compliance with the interpretation (IFRIC-15) published on 2 July 2008 by the International Financial Reporting Interpretations Committee (IFRIC) and concerning the moment of recognizing revenues from the sale of property units. According to this interpretation, revenues from sale and costs of sale are recognized only at the moment when a property is handed over to the buyer (the moment of concluding a notarial deed of sale). The revenues include the net value indicated in the notarial deed, divided into revenues from the sale of finished products and goods (land). The proportion is established by means of the coefficient of the share of the costs of purchase/production of a particular type of a finished product/piece of goods to the total incurred costs of a given investment. Starting from 1 January 2009, this principle applies to all financial statements.

3.2.2.1.17 External financing of construction contracts

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

The other costs of external financing are reported as costs during the period in which they are incurred.

3.2.2.1.18 Costs of sale

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

The costs of advertising and marketing incurred in a reporting period are treated as indirect costs (not included in the manufacturing cost) and they are reported as costs of sale at the moment when they are incurred, as there is not direct cause-and-effect relation between the

Company's expenditure on a particular form of advertising and the revenue by the Company. These costs are assigned to particular investments in a statistic manner for controlling purposes.

3.2.2.1.19 Methods of fixing the financial result

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

The net financial result consists of:

- the result of the Company's operating activities, including other costs and other operating revenues,
- the result of financial operations,
- the result of extraordinary operations,
- obligatory encumbrances of the financial result due to the corporate income tax and potential income tax equivalent payments resulting from separate regulations.

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

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

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

3.2.2.1.20 Rounding of amounts

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

3.3 Changes and supplements to accounting principles adopted in the last consolidated annual report

The only change concerns the classification of personnel-related part of the sales department among the costs of sales, while in the preceding periods these costs were classified among the general management costs. The change does no concern the employees tasked among the others with the area of marketing – their remuneration is still classified as the part of the costs of sale in accordance with the policy adopted in the preceding years.

It is worth noting however that certain arithmetic data, including financial and operating data contained in this annual report are rounded off. For this reason, the sum total of amounts in a given column or row in some of the tables presented in the report may differ slightly from the total value of a given column or row

3.4 Changes of conditional commitments and contingent assets

Changes in the status of conditional commitments that occurred in the period from 1 January 2012 to 30 September 2012 relate to the following loans and lease agreements

1) the loan of 9 March 2012 received by Wikana Bioenergia Sp. z o. o. :

   a. the property located in Rejowiec Fabryczny and owned by the borrower was mortgaged up to the amount of PLN 300 thousand,
   b. a blank promissory note guaranteed by the Wikana S. A.; the guarantee is free of charge.

The agreement expired in July and then on 24 July 2012 the next agreement identical in respect of the amount and securities was signed.

2) the loan of 13 March 2012 received by Wikana S.A.:

   a. the property belonging to Wikana Nieruchomości Sp. z o.o. Legnica S.K.A. was mortgaged up to the amount of PLN 4,000 thousand; the consent was issued for a fee,
   b. assignment of contractual rights from the insurance contract, where Wikana Nieruchomości Sp. z o. o. Legnica S. K. A. is the insured party; the consent was issued free of charge,
   c. assumption of liabilities of Wikana Nieruchomości Sp. z o. o. Legnica S. K. A.;
   d. unrevoked power of attorney to the accounts of Wikana S. A. and Wikana Nieruchomości Sp. z o. o. Legnica S. K. A.;
   e. a blank promissory note of the borrower,
   f. unrevoked power of attorney to the bank to sell apartments that constitute the security of the loan, in case of failure to repay the loan.

3) the loan of 26 April 2012 received by Wikana Nieruchomości Sp. z o.o. Alfa SKA:

   a. cash deposit for the bank, amounting to EUR 30,550.00,
   b. a real estate owned by the borrower was mortgaged up to the amount of EUR 1,575,000.00,
   c. assignment of rights from insurance policy of the mortgaged real estate unit,
   d. court-enforced registered pledge on the shares in the Wikana Nieruchomości Sp. z o.o.
   e. a blank promissory note,
   f. assignment of rights from the bank guarantee issued to secure payments in respect of contracts of rental.

4) the loan of 26 April 2012 received by Wikana Nieruchomości Sp. z o.o. Alfa SKA:

a. power of attorney to the bank account of the borrower,
b. a blank promissory note,
c. a real estate owned by the borrower was mortgaged up to the amount of EUR 2,130,000.00,
d. assignment of rights from insurance policy of the mortgaged real estate unit,
e. court-enforced registered pledge on the receivables on the account, where VAT returns are to be deposited.

5) the loan of 11 May 2012 received by Wikana S.A.:

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

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

a. a blank promissory note, guaranteed by Wikana S.A.,
b. real estate units owned by Wikana Nieruchomości Sp. z o. o. 04 Osiedle S. K. A. were mortgaged up to the amount of PLN 1,300,000.00

7) assumption of liabilities agreement of 27 June 2012, pursuant to which the real estate units owned by Wikana Nieruchomości Sp. z o. o. 03 Miasteczko S. K. A. were mortgaged up to the amount of PLN 499,000.00.

8) bank guarantee of 28 June 2012, granted for the benefit of Bankowy Leasing Sp. z o. o. in connection with the lease contract of Wikana Nieruchomości Sp. z o. o. Komerc S. K. A.:

a. real estate units owned by Wikana Project Sp. z o. o. and Wikana Nieruchomości Sp. z o. o. were mortgaged up to the amount of EUR 521,135.00; the consent was issued for a fee,
b. commitment guarantee granted by Wikana S.A.

9) the annex of 13 August 2012 to the loan agreement of Wikana Bioenergia Sp. z o.o. under which the value of mortgage was reduced to the amount of PLN 4,854 thousand,

10) the investment loan agreement of 5 September 2012 received by Wikana Invest Sp. z o.o.:

a. mortgage up to the 150% of value,
b. a blank promissory note guaranteed by Wikana S.A.,
c. transfer of rights from the insurance agreement for the real estate unit after the completion of the investment,
d. provision for deduction of claims from all accounts of the borrower,
e. transfer of claims from the rental agreements performed under the project,
f. registered pledge on the interests of the borrower

11) the working capital loan agreement of 5 September 2012 received by Wikana Invest Sp. z o.o.:

a. the real estate unit owned by the borrower was mortgaged up to 150% of the value of the loan,
b. a blank promissory note guaranteed by Wikana S.A.,
c. transfer of rights from the insurance agreement for the real estate unit after the completion of the investment,
d. provision for deduction of claims from all accounts of the borrower,

e. transfer of claims from the rental agreements performed under the project,
f. registered pledge on the interests of the borrower

12) the loan agreement of 13 September 2012 received by Wikana Bioenergia Sp. z o.o.:

a. the real estate unit owned by the natural person was mortgaged up to the amount of PLN 11,130 thousand; the consent was issued for a fee,
b. the real estate unit owned by the borrower was mortgaged up to the amount of PLN 11,130 thousand,
c. transfer of rights from the insurance agreement for the mortgaged real estate unit,
d. power of attorney to the current account of the borrower maintained by the lender,
e. a blank promissory note guaranteed by Wikana S.A.

3.5 Events of importance occurring after the end of the reporting period that were not reflected in the interim consolidated financial statement

3.5.1 Bank loans

Within the period since the end of Q3 2012 until the date of publication of this quarterly report the Company and its subsidiaries did not enter into any significant loan agreement.

3.5.2 Significant agreements

On 18 of October 2012 the contract on the execution of construction works within the framework of implementation of the 2nd stage of investment "Zielone Tarasy" in Rzeszów (the Investment) concluded on 28 of February 2012 (the Contract) with Baudziedzic Sp. z o.o. Sp. k. (Contractor) was terminated by agreement of the parties. The reason for the termination of the Contract was the change of the investment performance system from general contracting to management contracting system based on contracts concluded with smaller contractors for the execution of specific works connected with the performance of the Investment. The change of the Investment performance system is connected with the optimisation of the Investment costs by the Issuer. The Issuer does not anticipate any financial consequences of the termination of the Contract except for the settlement of payments for works performed until the termination of the Contract, as the Parties have no claims against each other resulting from the execution and termination thereof. In the Issuer's opinion the only consequence of the termination of the Contract shall be the modification of the completion date of the Investment performance resulting from the need to select new contractors; nevertheless the Investment should be completed in the first half of 2013. The Company informed about the termination of the aforementioned Contract in its current report No 36/2012 of 18 October 2012.

On 30 October 2012 the subsidiary, Wikana Invest Sp. z o.o. signed with Henpol Sp. z o.o. a contract on the execution of construction works (the Contract) under the implementation of the commercial investment project Wikana Business Park by Wikana Invest. The subject of the Contract is the complex execution of the construction works consisting in the construction of a high storage warehouse together with indoor and outdoor installations and retaining walls. The aforementioned works are the part of the realisation of the warehouse building element of the technological and logistic centre complex under the name Wikana Business Park. According to the provisions of the Contract the 15 November 2012 was agreed as the deadline for the commencement of works and 30 June 2013 as the deadline for the completion of works, whereas the condition of the execution of the construction will be the provision by the Employer of a payment guarantee covering the value of the subject of Contract. At the same time if the guarantee is not provided within 60 days the Contracts will be terminated without any financial claims. The Company informed about the conclusion of the agreement in its current report No. 37/2012 of 30 October 2012.

3.5.3 Other events

On 25 October 2012 Wikana Bioenergia Sp. z o.o. and the Ministry of Economy entered into a subsidy agreement amounting to PLN 7,877 thousand, with the aim of financing the construction of a biogas power plant in Siedliszczki.

Moreover, Wikana Bioenergia Sp. z o.o. was listed in the ranking of projects recommended for co-financing under the Operational Programme Innovative Economy, 2007-2013, Measure 1.4., published in October 2012. The accepted application has the title „Development of innovative fertiliser produced with the use of post-digestate" and the value of PLN 6,281 thousand. The subsidy agreement was signed in November

3.6 Type and value of items that are not typical due to their type, volume or frequency

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

The only amounts in the separate financial statement that were atypical as to their value and frequency and appeared in the 1st quarter of 2012 are the amounts relating to the transaction of selling the land plot located by ul. Jana Pawła II together with 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 together with 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 PLN 6,344 thousand. Moreover, in the 2nd quarter of 2012, the amount relating 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 PLN 1,600 thousand.

Moreover, as of 30t June 2012, Wikana S.A. performed inventory revaluation write-offs (the Misjonarska Apartment Suites and the Panorama Housing Estate) amounting to the total of PLN 1,381 thousand.

Another atypical amount as to its value and frequency is the amount relating to the requalification of an inventory 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 PLN 7,207 thousand

No amounts atypical as for their volume, type or frequency occurred within the 3rd quarter of 2012.

3.7 Estimate values

In its preceding statement the Company did not present estimate values. Until the end of Q3 2012 no events occurred that would involve the need to present estimate values.

3.8 Issuance, redemption and repayment of debt securities

No issuance or redemption of securities issued by the Company occurred within the 3rd quarter of 2012.

In July 2012 the 2nd tranche of interest on S01 series shares issued by the Company in 2011 was paid.

3.9 Information on dividend

No payments of dividends were made, or decisions on payments of dividends were adopted in WIKANA Capital Group within the 3rd quarter of 2012.

4 Basic information about the WIKANA Capital Group

4.1 The structure of the WIKANA Capital Group

The WIKANA Capital Group (Group, Capital Group) consists of a dominant entity – a company operating under the business name of Wikana S.A. with its registered office in Lublin (Company, Issuer) – and its subsidiaries.

Table. List of WIKANA Capital Group entities. Data as of 14 November 2012.

No.	Name of the entity and address of its registered office	Status of the entity within the WIKANA Capital Group	Percentage share of Wikana S.A. in voting rights and initial capital
1.	**Wikana S.A.** ul.Cisowa 11, 20-703 Lublin	Dominant entity	-
2.	**Wikana Invest Sp. z o.o.** ul.Cisowa 11, 20-703 Lublin	Direct subsidiary	100
3.	**Wikana Bioenergia Sp. z o.o.** ul. Cisowa 11, 20-703 Lublin	Direct subsidiary	100
4.	**Wikana Project Sp. z o.o.** ul. Cisowa 11, 20-703 Lublin	Direct subsidiary	100
5.	**Wikana Nieruchomości Sp. z o.o.** ul. Cisowa 11, 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** ul. Cisowa 11, 20-703 Lublin	Indirect subsidiary	100*

8.	**Wikana Nieruchomości Sp. z o.o. Legnica Spółka komandytowo-akcyjna** ul. Cisowa 11, 20-703 Lublin	Indirect subsidiary	100*
9.	**Wikana Nieruchomości Sp. z o.o. Zielone Tarasy Spółka komandytowo-akcyjna** ul. Cisowa 11, 20-703 Lublin	Indirect subsidiary	100*
10.	**Wikana Nieruchomości Sp. z o.o. Komerc Spółka komandytowo-akcyjna** ul. Cisowa 11, 20-703 Lublin	Indirect subsidiary	100*
11.	**Wikana Nieruchomości Sp. z o.o. 02 Spółka komandytowo-akcyjna** ul. Cisowa 11, 20-703 Lublin	Indirect subsidiary	100*
12.	**Wikana Nieruchomości Sp. z o.o. 03 Miasteczko Spółka komandytowo-akcyjna** ul. Cisowa 11, 20-703 Lublin	Indirect subsidiary	100*
13.	**Wikana Nieruchomości Sp. z o.o. 04 Osiedle Spółka komandytowo-akcyjna** ul. Cisowa 11, 20-703 Lublin	Indirect subsidiary	100*
14.	**Wikana Bioenergia Sp. z o.o. 01 Spółka komandytowo-akcyjna** ul. Cisowa 11, 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. Cisowa 11, 20-703 Lublin	Direct subsidiary	100
20.	**Wikana Property Sp. z o.o.** ul. Cisowa 11, 20-703 Lublin	Direct subsidiary	100

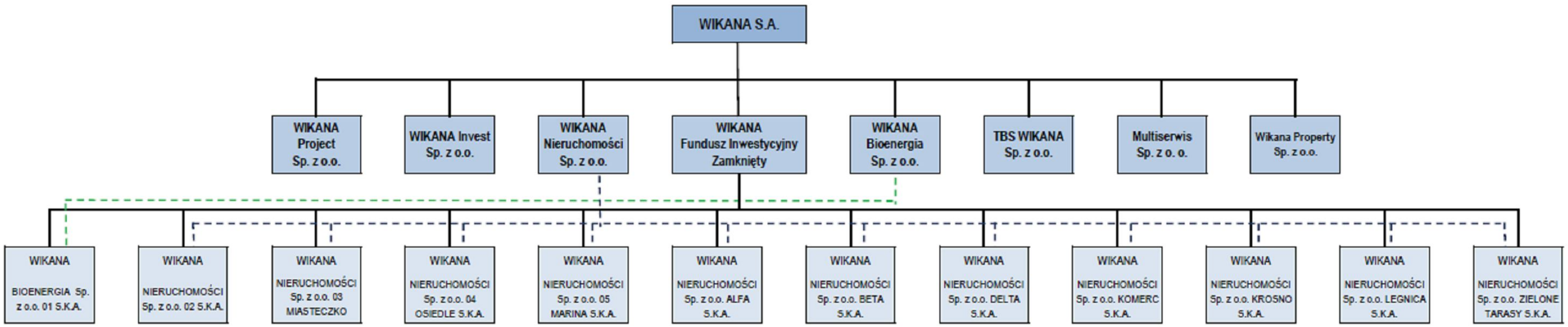
* indirect share of Wikana S.A. through the joined ownership of WIKANA FIZ and Wikana Nieruchomości Sp. z o. o.
** indirect share of Wikana S.A. through the joined ownership of WIKANA FIZ and Wikana Bioenergia Sp. z o. o.

Source: WIKANA Capital Group

At the end of the reporting period, Wikana S.A. was a dominant entity – as defined in IAS 27 – for 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 dominant entity – as defined in IAS 34 – for twelve partnerships limited by shares, as it owns 100% of investment certificates of Wikana Zamknięty Fundusz Inwestycyjny [Closed-End Investment Fund] (hereinafter: Wikana FIZ), which in turn owns 98% of the number of shares of these companies.

Diagram. **Structure of Wikana Capital Group**



Source: WIKANA Capital Group

.

4.2 Entities being subject to consolidation

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

4.3 Basic information on the Dominant Entity

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

Since January 2009, i.e. the moment of merger with a construction development company under the business name of Wikana S.A., the company has had its registered office in Lublin and it has been carrying out construction development operations. Since March 2009, it has been operating under the business name changed to "Wikana S.A.".

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

The company does not own separate plants or branches in other locations. Activities outside Lublin are carried out via Sales Offices. In the 3rd quarter of 2012 the Company set in operation the Sales Office in Jarosław (Podkarpackie Voivodeship)

As of 14 November 2012, the following Sales Offices were in operation (outside the city of Lublin):

1) in Zamość,
2) in Janów Lubelski
3) in Biłgoraj,
4) in Rzeszów,
5) in Krosno,
6) in Puławy,
7) in Legnica.
8) in Jarosław.

4.4 Basic information on subsidiaries

Wikana Bioenergia Sp. z o.o.

The company has been operating since September 2009. It has its registered office in Lublin and it operates (mainly in the Lubelskie Voivodeship)) in the field of the use of renewable energy sources. The company deals with the construction of methane biopower plants.

According to the PKD classification, "Electric power generation" is the field of activity of Wikana Bioenergia Sp. z o.o. Simultaneously, Wikana Bioenergia Sp. z o.o. is the general partner of Wikana Bioenergia Sp. z o.o. 01 Spółka komandytowo-akcyjna [partnership limited by shares], 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 (municipality of Piaski, Lubelskie Voivodeship). At present, preparations to construct a biogas plant in Kraśnik are underway.

The company is awaiting the building permit. The investment shall be financed among others from subsidies. The co-financing shall cover the auxiliary installation for the production of fertiliser from biogas waste.

Wikana Invest Sp. z o.o.

The enterprise was established in November 2007. Its registered office is located in Lublin. At first, the Company operated under the business name 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 m^2. The investment area is located within the Lublin sub-zone of the Special Economic Zone EURO-PARK Mielec. The design assumes the implementation of the state-of-the-art ecological technologies (for instance: the use solar energy, the greywater system, a charging stations for hybrid or electric automobiles, a heating system based on fan coil units, etc.). The centre is being 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).

Wikana Project Sp. z o.o.

The company was established in January 2009 under the business name Słoneczny Stok Sp. z o. o. The registered office of the entity is located in Lublin. It carries out business activities in the area of residential construction development in the Lubelskie Voivodeship. "Buying and selling of own real estate" is the basic field of its activity (PKD 2007 code 68.10Z).

On 10 March 2011, the change of the business name to Wikana Project Sp. z o.o. [limited liability company] was registered. At present, the company operates in the area of provision of investment substitution services for other entities of the Capital Group. Ultimately this shall be the primary profile of the entity's operations. Until recently the company carried out also construction development activities - (Osiedle Olimpijskie in Puławy); however in October 2012 the commenced investment was sold to the affiliated entity - Wikana Nieruchomości Sp. z o.o. 04 Osiedle SKA.

Wikana Property Sp. z o.o.

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

The company has not started its operations yet. The entity shall operate in construction development segment.

Wikana Nieruchomości Sp. z o.o.

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

On 29 July 2010, the business name of the company was changed to Wikana Nieruchomości Sp. z o.o. "Buying and selling of own real estate" is the basic field of activity 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

The company was registered in September 2010. Its registered office is located in Lublin. It performs operations relating to the generation of and trading with energy from renewable energy sources in the Lubelskie Voivodeship. "Trade in electricity" is the basic field of activity 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.

Currently the company is getting ready for the commencement of investment in Krośniewice (Łódzkie Voivodeship).

Wikana Nieruchomości Sp. z o.o. 02 Spółka komandytowo-akcyjna

The company was established pursuant to the Articles of partnership of 14 October 2010. The registered office of the company is 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 Voivodeship and Podkarpackie Voivodeship. At present, it has 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 Panoramiczna Street and Widokowa Street. Within the first three stages of the investment, over 100 apartments were completed. The first stage was realized by Wikana S.A., while the second and third stages were completed by the daughter company.

At present, residential housing investment in Jarosław is being realised. Within this investment 42 apartments with a floorage of 34 – 56 m^2 will be built. The underground storey of the building will house a multispace garage.

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 apartments.

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

Wikana Nieruchomości Sp. z o.o. 03 Miasteczko Spółka komandytowo-akcyjna

The company was established pursuant to the Articles of partnership of 14 October 2010. The registered office of the company is 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 Voivodeship. At present, it realizes a multi-stage project under the name of Miasteczko Wikana (Building B5) and the investment under the name UNIcity.

Wikana Nieruchomości Sp. z o.o. 04 Osiedle Spółka komandytowo-akcyjna

The company was established pursuant to the Articles of partnership of 14 October 2010. The registered office of the company is 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 Voivodeship. At present, the second stage of the investment under the name of Osiedle Narutowicza in Biłgoraj and the fifth stage of Świerkowa Aleja in Zamość are underway. The construction development sale covers both investments.

The fifth stage of the Świerkowa Aleja project covers two buildings, H and J, i.e. 57 apartments with the total floorage of nearly 2.8 thousand m^2. The second stage of the Osiedle Narutowicza project in Biłgoraj covers a four-storey building with 28 apartments with the floorage from 30 to 80 m^2, garage boxes and storage rooms.

Moreover, in October the company purchased the commenced investment in Puławy under the name of Osiedle Olimpijskie. This is the residential and retail building located in the centre of Puławy between Wróblewskiego and Prusa streets. The building consist of 5 overground and 1 underground storey with 69 apartments, 8 retail premises and 68 parking spaces. The name of the investment refers to its location close to the facilities of the City Spots and Recreation Centre. In November 2012 the Company obtained the valid occupancy permit for this investment. The stage of transferring the ownership of the completed apartments will start soon.

Wikana Nieruchomości Sp. z o.o. 05 Marina Spółka komandytowo-akcyjna

The company was established pursuant to the Articles of partnership of 25 July 2011. The registered office of the company is 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 Voivodeship. It is a special-purpose company established to realize the multi-stage project under the name of Osiedle Marina in Lublin. This investment involves the 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 Osiedle Marina shall proceed in four stages. At present, Stage I is being realized. It involves the construction of five residential and non-residential buildings, covering the total of 240 apartments 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 (logotherms) or sidewalk geo-grates. The building shall comprise 75 apartments with the total floorage of over 4 thousand square meters.

Wikana Nieruchomości Sp. z o.o. Alfa Spółka komandytowo-akcyjna

The company was established pursuant to the Articles of partnership of 7 March 2012. The registered office of the company is 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 and Leszno, consisting in renting non-residential real estate.

Wikana Nieruchomości Sp. z o.o. Beta Spółka komandytowo-akcyjna

The company was established pursuant to the Articles of partnership of 7 March 2012. The registered office of the company is 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 hasn’t started its operating activity yet.

Wikana Nieruchomości Sp. z o.o. Delta Spółka komandytowo-akcyjna

The company was established pursuant to the Articles of partnership of 7 March 2012. The registered office of the company is 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 hasn’t started its operating activity yet.

Wikana Nieruchomości Sp. z o.o. Komerc Spółka komandytowo-akcyjna

Wikana Nieruchomości Sp. z o.o. [limited partnership] Komerc S.K.A. was registered in October 2010. Its registered office is located in Lublin. It performs operations in the area of non-residential construction development in the Lubelskie Voivodeship and Podkarpackie Voivodeship. 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,
- Łódź,
- Gorzów Wielkopolski,
- Kalisz,
- Milejów,
- Krasnobród.

Wikana Nieruchomości Sp. z o.o. Krosno Spółka komandytowo-akcyjna

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

"Development of building projects connected with the erection of buildings" (code 41.10Z according to PKD 2007 [Polish Classification of Activity]) is the basic field of activity of the enterprise.

Wikana Nieruchomości Sp. z o.o. (formerly MST Deweloper Sp. z o.o.) is the general partner of the company, while Wikana FIZ is the shareholder of the company.

Until 15 July 2010, the company did not carry out any operations.

Until 15 September 201, the entity operated under the business name "MST Deweloper Sp. z o.o. Krosno S. K. A." The business name of the company was changed together with the change of the business name of its general partner.

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 special 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 retail premises.

Wikana Nieruchomości Sp. z o.o. Legnica Spółka komandytowo-akcyjna

The company was registered on 27 May 2010 as a special-purpose entity for the realization of a construction development undertaking under the name of Quadroom in Legnica. The registered office of the company is 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 connected with the erection of buildings" (code 41.10Z according to PKD 2007 [Polish Classification of Activity]) is the basic field of activity of the enterprise. The company has been carrying out its operations since 28 May 2010. Until 24 August 2010, the entity operated under the business name "MST Deweloper Sp. z o.o. Legnica S. K.A ." The business name of the company was changed together with the change of the business name of its general partner.

The Quadroom investment is located in the Taminów district of Legnica. A five-storey building comprising 69 apartments was erected within this investment. The investment was completed and at present the stage of notarial sale of apartments is under way. As of the date of the report, 51 apartments had been sold by notarial deeds.

Wikana Nieruchomości Sp. z o.o. Zielone Tarasy Spółka komandytowo-akcyjna

The entity was registered on 27 May 2010. The company is targeted at carrying out investment projects in the area of renewable energy sources. The registered office of the company is 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.

Currently the field of activity of the company is "Trade in electricity" (code 35.14Z according to PKD 2007 [Polish Classification of Activity]). The field of activity was changed by the decision of the General Meeting in 2012. The change was introduced in connection with the planned construction and subsequent operation of a biogas power plant.

Until 15 July 2010, the company did not carry out any operations. Until 15 September 2010, the entity operated under the business name "MST Deweloper Sp. z o.o. Legnica S. K.A ." The business name of the company was changed together with the change of the business name of its general partner.

At present, the company is getting ready to commence an investment involving construction of the biogas plant in Werbkowice (planned power yield: ca 1 MW). The building permit has already been issued. The company is trying to obtain the subsidies and aid from the National Fund for Environment Protection and Water Management (NGOŚiGW) for this construction. The appropriate applications have already been submitted. The commencement and completion of the investment is planned for 2013.

Multiserwis Sp. z o.o.

Multiserwis Sp. z o.o. with its registered office in Warsaw has been carrying out retail sale of footwear since 2003. Since January 2007, the company has been functioning within the structures of 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 dominant area of operations of the enterprise. The company carries out retail sale in retail trade points (independent salons and footwear stores) located by important communication routes of towns or within shopping malls in South-Eastern Poland. The shops managed by the Company are located in the following voivodeships: Lubelskie, Podkarpackie, Podlaskie and Mazowieckie. The footwear shops and salons are managed under the franchise agreement concluded with NG2 S.A.

Towarzystwo Budownictwa Społecznego „Wikana" Sp. z o.o.

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 office in Lublin form the Official Receiver of the bankruptcy estate of LPBO S.A. The company dealt with the provision of services in the area of real estate management.

The Wikana S.A. company is vested with 2918 shares in the company under the business name Towarzystwo Budownictwa Społecznego Wikana Spółka z o.o. with its registered office in Lublin, entered under the 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 area of management of its own real estate resources and real estate units of housing communities.

Wikana Fundusz Inwestycyjny Zamknięty

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 its registered office in Warsaw, pursuant to the decision of the Polish Financial Supervision Authority of 15 January 2010, it was registered under ID Rfi 559 on 28 July 2010. Pursuant to the decision of the Fund Investors Assembly of 25 August 2010, the name of the fund was changed on 27 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 partnership limited by shares of the WIKANA Capital Group.

4.5 Changes in the structure of the WIKANA Capital Group

The only change in the structure of WIKANA Capital Group occurred within the 3rd quarter of 2012 related to the establishment of a new subsidiary - Wikana Property Sp. z o.o. As mentioned above, the company does not carry out operating activities.

5 Information on shares and shareholders

5.1 Initial capital

As of 30 September 2012 the initial capital of WIKANA S.A. amounts to PLN 33,533,119.20 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 in the General Meeting of the Company.

In the 3rd quarter of 2012 as well s until the date of publication of this periodic report no changes occurred in the structure of initial capital of the Company.

5.2 Shareholders' structure

As of 14 November 2012 the Company had two shareholders who directly or indirectly owned more than 5% of Company shares.

The number of shares owned by significant shareholders has not changed – to the Issuer's knowledge – since the submission of the previous quarterly report, i.e. since 15 May 2012. The number of shares owned by significant shareholders has not changed either in the period since the publication of the last periodic report, i.e. since 31 August 2012.

Table. The number of the Company's shares owned by significant shareholders as of 14 November 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%
Other	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 in the General Meeting of the Issuer, which corresponds to 62.49% share in the capital/votes.		

Source: own elaboration.

5.3 Shares held by members of management and supervisory bodies and entitlement to shares among the members of management and supervisory bodies

In the period between the date of publication of the former periodic report, i.e. 31 August 2012, and the date of submission of this periodic report, there were no changes in the number of shares of Wikana S.A. or in the rights to these shares held by the managing and supervising officers an/or among them.

Similarly, in the period between the date of publication of the former quarterly report, i.e. 15 May 2012, and the date of submission of this periodic report, the number of shares held by the managing and supervising officers or the number of entitlements to held such shares has not changed.

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) and together with the subsidiary entity Renale Management Limited, she holds the total of 5 952 844 shares, corresponding to 3.55% of the initial capital of the Company.

Mr Adam Buchajski, a Member of the Supervisory Board, owns the total of 104 781 364 shares corresponding 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 through the subsidiary entity Ipnihome Limited with the registered office in Larnaca, he owns 99 533 218 shares, corresponding to 59.36% of the initial capital of the Issuer.

The members of supervisory body mentioned above are not entitled to the Issuer's shares.

The other members of the supervisory and managing bodies do not hold the shares of the Company, and do not have any rights to them.

Table. Information on the number of shares owned (directly or indirectly) by members of managing and supervisory bodies. Status as of 14 November 2012

Person	Function	Number of shares held as of 14 November 2012	Percentage share in the capital / votes
Sylwester Bogacki	President of the Management Board	0	0,00%
Tomasz Grodzki	Vice-President of the Management Board, Chief Financial Officer	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 Zawiślak	Member of the Supervisory Board	0	0,00%
Tomasz Filipiak	Member of the Supervisory Board	0	0,00%

Source: Wikana S.A.

* Together with a subsidiary entity - Ipnihome Limited with its registered office in Larnaca

** Together with a subsidiary entity - Renale Management Limited

None of the members of managing or supervisory bodies has got shares of subsidiaries of WIKANA S.A.; none of of the members of managing or supervisory bodies has got rights to the shares of the Company.

6 Other information concerning the expanded consolidated statement for Q3 2012

6.1 Other information of significance for the assessment of the financial standing of WIKANA Capital Group

6.1.1 Overview of basic economic and financial items

Statement of financial position

The balance sheet total of the WIKANA Capital Group as of 30 September 2012 amounted to PLN 348,676 thousand which means an increase of 26.28% compared with the corresponding period of the previous year. The property structure of the Group is balanced; fixed assets present 50.38% of total assets. Compared to the corresponding period of the previous year, the assets' structure became more rigid (at the end of the 3rd quarter the fixed assets presented only 34.52% of the total assets).

As in the previous year, the assets are financed primarily from the external capital (66.81% of capitals in total as of 30 September 2012 vs. 64.07% of capitals in total as of 30 September 2011).

Statement of comprehensive income

The total revenues at the end of the 3rd quarter 2012 amounted to PLN 50,249 thousand including:

1) PLN 47,841 thousand – sales income which increased by 44.55% compared with the same period last year.

2) PLN 2,327 thousand – other operating income which decreased by 7.54% compared with the same period last year.

3) PLN 81 thousand – financial income decreased by 16.42% compared with the same period last year.

The total costs at the end of the 3rd quarter 2012 amounted to PLN 54,476 thousand including:

1) PLN 33,998 thousand – costs of products and goods sold which increased by 29.94% compared with the same period last year.

2) PLN 7,647 thousand – costs of sale which increased by 7.17% compared with the same period last year.

3) PLN 5,417 thousand - general management costs which increased by 2.50% compared with the same period last year.

4) PLN 2,799 thousand - other operating costs which increased by 152.46% compared with the same period last year.

5) PLN 4,615 thousand – financial costs which increased by 167.40% compared with the same period last year.

At the operational level the Capital Group achieved profit of PLN 307 thousand against the loss in amount of -4,081 thousand PLN at the end of the 3rd quarter 2011.

As regards the gross result the Capital Group suffered loss in amount of PLN -4,227 thousand against the loss in amount of PLN -5,711 thousand in the same period last year.

As regards the net result the Capital Group suffered loss in amount of PLN -4,174 thousand against the loss in amount of PLN -5,897 thousand in the same period last year.

Statement of cash flow

As of 30 September 2012 cash amounted to PLN 3,037 thousand; this value was by 36,96% less than on 30 September 2011.

Cash flows from operating activities amounted to PLN 8,590 thousand, from investing activities PLN -16,908 thousand, and from financial activities PLN 5,712 thousand.

Statement of changes in equity

As of 30 September 2012 the equities of WIKANA Capital Group amounted to PLN 115,709 thousand. On 30 September 2011 this item amounted to PLN 99,196 thousand, and on 31 December 2011 to PLN 121,166 thousand.

Selected ratios

As of the end of the 3rd quarter 2012 all profitability ratios improved compared to the end of the 3rd quarter 2011. This is the result of better financial result on 30 September 2012 and in particular of the profit at operational level.

Table. Selected ratios for Wikana Capital Group.

Specification	Q3 2011	Q3 2012
ROE[1]	-6,05%	-3,61%
ROA[2]	-2,14%	-1,20%
ROS[3]	-17,82%	-8,73%
EBIT[4] profitability	-12,33%	0,64%
EBITDA[5] profitability	-10,12%	4,71%

Source: Wikana Capital Group.

6.1.2 Information on segments of activity

The entities belonging to the Capital Group operate in the four following segments:

1) residential premises development
2) non-residential premises development
3) renewable energy sources
4) retail trade

The residential premises development activities are carried out in Lubelskie, Podkarpackie, Małopolskie and Dolnośląskie Voivodeships.

This segment covers activities in the area of the construction of residential premises and provision of services for the development sector. The segment comprises the following companies:

1) Wikana S.A.,
2) Wikana Project Sp. z o.o.,
3) Wikana Nieruchomości Sp. z o.o.,
4) Wikana Nieruchomości Sp. z o.o. 02 SKA,

[1] The amount of net income returned as a percentage of equity reduced with minority equity
[2] The amount of net income returned as a percentage of total assets
[3] The amount of net income returned as a percentage of net revenues from sales
[4] The amount of operating profit returned as a percentage of net revenues from sales
[5] The amount of operating profit increased by the cost of depreciation, returned as a percentage of net revenues from sales

5) Wikana Nieruchomości Sp. z o.o. 03 Miasteczko SKA,
6) Wikana Nieruchomości Sp. z o.o. 04 Osiedle SKA,
7) Wikana Nieruchomości Sp. z o.o. 05 Marina SKA,
8) Wikana Nieruchomości Sp. z o.o. Krosno SKA,
9) Wikana Nieruchomości Sp. z o.o. Legnica SKA.

The non-residential premises development activities are carried out in Lubelskie, Małopolskie, Łódzkie, Wielkopolskie, Lubuskie and Kujawsko-Pomorskie Voivodeships. The non-residential segment was separated from the development segment in financial reporting due to its considerable expansion in 2012, which resulted among others from the purchase of six real estate units from Redevco Gamma Polska Sp. z o. o. and from the opening of a new shopping mall in Nowy Sącz. This segment covers activities in the area of the construction and rental of commercial premises and administration of commercial and residential areas. The segment comprises the following companies:

1) Wikana Invest Sp. z o.o.,
2) Wikana Nieruchomości Sp. z o.o. Komerc SKA,
3) TBS Wikana Sp. z o.o.,
4) Wikana Nieruchomości Sp. z o.o. Alfa SKA.

Activities in the RES sector are carried out in the Lubelskie Voivodeship. This segment covers the construction of methane biogas power plants, production of and trade in electricity. The segment comprises the following companies:

1) Wikana Bioenergia Sp. z o.o.,
2) Wikana Bioenergia Sp. z o.o. 01 SKA,
3) Wikana Nieruchomości Sp. z o.o. Zielone Tarasy SKA.

Retail trade activities are carried out in Lubelskie, Podkarpackie and Mazowieckie Voivodeships. The only entity within this segment is Multiserwis Sp. z o.o.

Table. Income segmentation in three quarters of 2012. Data in PLN thousand.

	SPECIFICATION	Residential premises development activities	Non-residential premises development activities	Footwear retail trade	Renewable energy sources	Values not assigned to segments	Consolidation adjustments	Total
1	**Income from sales**	**39 004**	**3 962**	**16 568**	**2 657**	0	**-14 349**	**47 841**
2	Costs of products and services sold	34 210	1 461	11 261	2 541	0	-15 477	33 998
3	Costs of sale	2 836	69	5 470	0	0	-728	7 647
4	Management costs	3 525	949	1 048	264	0	-369	5 417
5	Other operational income	2 992	526	158	7	0	-1 355	2 327
6	Other operational costs	3 910	235	197	12	0	-1 556	2 799
7	**Operational profit**	**-2 486**	**1 772**	**-1 251**	**-154**	**0**	**2 426**	**307**
8	Financial income	868	21	3	52	5 454	-6 317	81
9	Financial costs	743	1 515	352	828	2 182	-1 005	4 615

10	**Profit on economic activities**	**-2 360**	**278**	**-1 600**	**-930**	**3 272**	**-2 886**	**-4 227**
11	Result of extraordinary events	0	0	0	0	0	0	0
12	Gross profit	**-2 360**	**278**	**-1 600**	**-930**	**3 272**	**-2 886**	**-4 227**
13	Encumbrances on gross result	300	-1	-156	-34	807	-969	-53
14	**Net profit / loss**	**-2 660**	**279**	**-1 445**	**-897**	**2 465**	**-1 917**	**-4 174**
15	**Segment assets / liabilities**	**224 541**	**122 239**	**10 736**	**25 443**	**58 700**	**-92 984**	**348 676**

Source: Wikana Capital Group.

Table. Income segmentation in three quarters of 2011. Data in thousands.

	SPECIFICATION	**Residential premises development activities**	**Non-residential premises development activities**	**Footwear retail trade**	**Renewable energy sources**	**Values not assigned to segments**	**Consolidation adjustments**	**Total**
1	**Income from sales**	**13 507**	**2 320**	**18 959**	**1 455**	**0**	**-3 145**	**33 096**
2	Costs of products and services sold	13 971	1 049	11 871	1 356	0	-2 082	26 164
3	Costs of sale	1 556	3	6 352	8	0	-783	7 136
4	Management costs	3 239	817	1 056	437	0	-264	5 285
5	Other operational income	3 202	794	57	3	0	-1 539	2 517
6	Other operational costs	2 265	110	266	4	0	-1 537	1 109
7	**Operational profit**	**-4 322**	**1 135**	**-529**	**-347**	**0**	**-18**	**-4 082**
8	Financial income	72	4	0	40	5 662	-5 681	96
9	Financial costs	492	592	302	1	577	-238	1 726
10	**Profit on economic activities**	**-4 742**	**546**	**-831**	**-308**	**5 085**	**-5 461**	**-5 711**
11	Result of extraordinary events	0	0	0	0	0	0	0
12	Gross profit	**-4 742**	**546**	**-831**	**-308**	**5 085**	**-5 461**	**-5 711**
13	Encumbrances on gross result	87	61	3	0	874	-839	186
14	**Net profit / loss**	**-4 829**	**485**	**-834**	**-308**	**4 211**	**-4 622**	**-5 897**
15	**Segment assets / liabilities**	**200 341**	**46 827**	**19 178**	**21 365**	**43 860**	**-55 455**	**276 116**

Source: Wikana Capital Group.

The company does not present the information on costs and revenues in geographical breakdown as all income is generated within the territory of Poland.

6.1.3 Information on seasonal or cyclical character of operations

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

6.2 Description of the condition of WIKANA Capital Group

6.2.1 Information on the most significant events within WIKANA Capital Group

Significant agreements – construction works contracts

On 16 July 2012, Wikana Nieruchomości Sp. z o. o. 03 Miasteczko S. K. A. – the Issuer's subsidiary - concluded an agreement on the performance of construction works with Przedsiębiorstwo Budownictwa Specjalistycznego i Konserwacji Zabytków Sp. z o. o. "ARCUS" company, amounting to the net value of PLN 15.08 million. 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 Unicka Street and land development by 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 were to commence on 16 July 2012 and to end on 30 September 2013. The Company informed about the conclusion of the above agreement in its current report No. 30/2012 of 16 July 2012.

On 26 September 2012 the Issuer concluded with Baudziedzic Sp. z o.o. Sp. k. (the Contractor) the annex to the contract on the execution of construction works within the framework of implementation of the 2nd stage of investment "Zielone Tarasy" the conclusion of which was notified by the Issuer in the aforementioned Current Report (the Contract). Under the annex, due to the modification of the buildings' workmanship standard the Contractor's remuneration was reduced to PLN 11.15 million. The Company informed about the conclusion of the above annex in its current report No. 35/2012 of 27 September 2012.

Bank loans and borrowings

On 13 August 2012, Wikana Bioenergia Sp. z o. o. (Wikana Bioenergia) and the National Fund for Environmental Protection and Water Management (NFOŚiGW) concluded an annex (Annex) to the agreement on co-financing in the form of a loan for the realization of the investment under the name of "Construction of a biogas power plant in Piaski"(Co-financing Agreement). Pursuant to this Annex, the following loan parameters were changed: - the amount of the loan was reduced from PLN 11,230,000.00 to the amount of PLN 4,062,100.00, - the period, which the loan was granted for was shortened until 30 June 2016, - the value of the mortgage constituting one of the loan securities was reduced to the amount of PLN 4,854,00.00. The remaining substantial conditions of the Co-financing Agreement remained unchanged. The annex was concluded and the amount engaging means from public aid granted by NFOŚIGW was reduced in connection with a change in the plans concerning financing of the investment project realized by Wikana Bioenergia and with the possibility of applying for non-returnable EU funds. The Company informed about the conclusion of the above annex in its current report No. 32/2012 of 14 August 2012.

On 5 September 2012 the subsidiary, Wikana Invest Sp. z o.o. and Bank PKO BP Spółka Akcyjna with its registered seat in Warsaw signed the investment loan agreement. The loan of PLN 53,680 thousand is a special-purpose loan intended to finance up to 75% of net outlays of the investment project involving the construction of the Office Centre consisting of two office buildings with total usable floor area of 14 thousand m^2 and underground area of 4.3 thousand m^2 and Logistics Park – i.e. warehouse building with welfare and office facilities with usable floor area of 14 thousand m^2 in total. This project consists of three stages:
- 1st stage – including the construction of underground garages for both office buildings, and finishing of an office building A with utility systems;
- 2nd stage – including the construction of an office building B and skywalk C with utility systems;
- 3rd stage – including the construction of the Logistics Park (warehouse building, vehicle manoeuvring area and underground car parking),

located in Lublin, Poland at the intersection of Grygowej Street and Pancerniaków Street.

The loan will be released in tranches over the period from 30 October 2012 until 30 September 2013. Loan repayment will be made in monthly instalments starting from 31 October 2013 until 31 December 2024. Interest rates on the loan are variable and WIBOR [Warsaw Interbank Offered Rate] rates are 1M + 2.4 pp. p.a, whereby Bank margin will be increased by 0.15 pp p.a. during the period of the loan, i.e. until 30 September 2013.

The Company informed about the conclusion of the above loan agreement in its current report No. 34/2012

Lease agreements

On 27 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. The conclusion of the sale agreement was a result of the realization of the real estate operating lease contract provisions that allow 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 27 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 including 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 its current report No. 31/2012 of 27 July 2012.

Liquidity Support Programme

Within the framework of participation in the Liquidity Support Programme an English version of investor reports has been available at the Internet site of the Company since 15 July 2012.

Other information on the operations of companies within the WIKANA Capital Group

On 31 July 2012 Wikana S.A. purchased an undeveloped plot of land in Lublin intended for residential investment.

In July 2012 Wikana Nieruchomości Sp. z o.o. 03 Miasteczko SKA started the sale of residential and retail premises within the framework of the investment under the name of UNIcity in Lublin. In the same period the works connected with its realisation were commenced.

On 28 September 2012 Wikana Bioenergia Sp. z o.o. won the tender for the purchase of land in Krośniewice. The company plans to build a methane power plant on this plot.

6.3 Factors and events having impact on the achieved financial results

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

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

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

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

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

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

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

- the level of demand for footwear,
- fashion fluctuations,
- weather conditions,
- proper selection of new locations,
- quality of functioning of franchise agreements

6.4 Factors that may have impact on the financial results of companies belonging to WIKANA Capital Group in the perspective of at least the following quarter of the year

The key factor influencing the financial standing of companies belonging to the Capital Group is the level of market demand for apartments.

Further issues of significance for the Group's condition include the following:

- quality of construction works and their timely realization
- the pace at which the market will adapt to the requirements of the "Developer Act",
- level of demand for footwear,
- the pace of realisation of new investment projects in the area of renewable energy sources,
- quality of cooperation with the tenants from non-residential development segment.

6.5 Position taken towards the published forecasts of financial results

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

6.6 Information on transactions with affiliated entities

No contracts on non-market terms were concluded among the entities belonging to WIKANA Capital Group in the 3rd quarter of 2012.

6.7 Information on guarantees and warranties

In the 3rd quarter of 2012 Wikana S.A. guaranteed the promissory notes issued by Wikana Invest Sp. z o.o. as the security of the investment loan granted by PKO BP SA under the agreement of 5 September 2012.

Except for the guarantee mentioned above, in the 3rd quarter of 2012 neither Wikana S.A., nor any of the companies of the Capital Group did guarantee or warrant a loan or borrowing 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 guaranties would be equivalent to 10% of the equity of Issuer; furthermore, in the 3rd quarter of 2012 neither Wikana S.A., nor any of the companies of the Capital Group did receive loan guarantees or warranties, the total or separate value of which would exceed 10% of the equity of Wikana S.A

6.8 Information on court, administrative and arbitration proceedings

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

6.9 Other information considered by the Issuer as important for the assessment of its condition

The Company's Management Board assumes the position that the establishment of depreciation write-offs and reserves were not necessary in any of the entities belonging to WIKANA Capital Group at the end of the 3rd quarter of 2012.

The Management Board of WIKANA S.A. plans to adopt the decision on the public offering and introduction of two subsidiaries, i.e. Multiserwis Sp. z o.o. and Wikana Nieruchomości Sp. z o.o. Zielone Tarasy S.K.A. into trading on the Alternative Trading System NewConnect. To this aim both entities shall be transformed into joint-stock companies. The companies' introduction into trading on ATS involves gaining some independence by these companies and in consequence gaining independence by two segments of the Capital Group's operations as well as focusing the management activities on companies belonging to development segment. Moreover, in respect of Wikana Nieruchomości Sp. z o.o. Zielone Tarasy SKA it is planned that this company will absorb the other company of the Capital Group from RES segment, causing the significant increase in the value of the absorbing entity.

7 Contact details

The registered office of the Company is located in Lublin, ul. Cisowa 1. The address for correspondence is the same as the address of the registered office.

Lublin, 14 November 2012

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