

**REPORT OF THE SUPERVISORY BOARD  
OF A JOINT STOCK COMPANY LC CORP  
HAVING ITS REGISTERED OFFICE IN WROCLAW  
ON THE SUPERVISION OF THE COMPANY'S ACTIVITIES  
IN THE PERIOD FROM 01.01.2009 TO 31.12.2009**

**I. In the reporting period, the Supervisory Board was composed of:**

As at 31 December 2009, the Supervisory Board was composed of:

- Mr Leszek Czarnecki – Chairperson;
- Mr Andrzej Błażejowski – Vice-Chairperson;
- Mr Remigiusz Baliński – Member of the Supervisory Board,
- Mr Ludwik Czarnecki – Member of the Supervisory Board,
- Mr Artur Wiza – Member of the Supervisory Board.

The composition of the Supervisory Board was not altered in the reporting period.

On 5 January 2009, the Extraordinary General Meeting of Shareholders resolved to appoint Ludwik Czarnecki as the Member of the Supervisory Board.

On 3 March 2009, the joint term of office of members of the Supervisory Board expired, whereas, on the date of the Ordinary General Meeting of Shareholders, i.e. 31 March 2009, the tenures of members of the Supervisory Board expired.

In its resolutions of 31 March 2009, the Extraordinary General Meeting of Shareholders appointed, from 1 April 2009, the following people as the Supervisory Board for a new, joint three-year term of office: Leszek Czarnecki, Ludwik Czarnecki, Remigiusz Baliński, Andrzej Błażejowski and Artur Wiza.

During the meeting on 11 May 2009, the Supervisory Board resolved to appoint Leszek Czarnecki as the Chairperson of the Supervisory Board and to appoint Andrzej Błażejowski as the Vice-Chairperson of the Supervisory Board.

**II. The Supervisory Board regularly supervised the operations of the Company in all areas of its activity.**

The supervision and inspection activities included, in particular:

- analysing and evaluating current financial performance of the Company,
- analysing interim financial statements,
- reviewing interim information from the Management Board concerning current and projected operation of the Company,

- analysing materials submitted by the Management Board
- approving and accepting the Company's liabilities and the financing for the Group's companies
- approving guarantees and warranties for the Group's companies.

**III.** The Supervisory Board of LC Corp S.A., performing its obligations in the financial year 2009, held 6 meetings, during which it adopted 26 resolutions, and adopted 13 circular resolutions pursuant to Art. 19 par. 6 of the Articles of Association. Minutes of the Supervisory Board's meetings and are stored in the Company's registered office along with other documents.

The activities of the Supervisory Board comprised:

- Implementation of changes in the composition of the Management Board of the Company and determination of the principles of remuneration for the appointed members of the Management Board,
- Approving members of the Management Board of the Company as members of the management board of LC Corp Sky Tower Sp. z o.o. and its subsidiaries,
- Expressing opinions on draft resolutions prior to their presentation to the General Meeting,
- Evaluation of the report on activities prepared by the Management Board of the Company and the financial statements pertaining to the financial year 2008,
- Preparing and approving the report concerning the activities of the Supervisory Board for the financial year 2008,
- Evaluation of the Company,
- Approving the Company's budget for the years 2009 and 2010,
- Altering functions in the Supervisory Board,
- Approving changes in the Company's organization chart,
- Determination of the consolidated text of the Articles of Association and acceptance of amendments to the Rules of the Supervisory Board and the Rules of the General Meeting of Shareholders,
- Granting approvals to the Company's Management Board regarding subordinated loans and other forms of financing to be provided by the Company to subsidiaries as well as collaterals and warranties to such subsidiaries
- Selecting the chartered auditor for the Company to audit the separate and consolidated financial statements of the Company pertaining to the year 2009,
- Approving the establishment of proxies by the Management Board of the Company,

- Expressing a positive opinion on the Management Board's proposal to hold an Extraordinary General Meeting of Shareholders which would approve the Company's repurchase of the treasury (own) shares for redemption,
- Approving the Company's waiver of its right to repurchase shares in LC Corp Sky Tower Sp. z o.o. (Buyback Option).

#### **IV. Evaluation of the financial statements for the accounting year 2009**

The Supervisory Board selected the auditor for the Company - Ernst & Young Audit Sp. z o.o. having its registered office in Warsaw at Rondo ONZ 1, 00-124 Warsaw, appointed to audit the separate and consolidated financial statements of the Company for the financial year 2009. When making its decision, the Supervisory Board was guided by the following criteria:

- the renown of "Ernst & Young Audit" Sp. z o. o.,
- good familiarity with financial and accounting issues and experience in the respective service market.

According to Art. 382 § 3 of the Code of Commercial Companies, the Supervisory Board evaluated:

1. the financial statements of the Company for the period 01.01.2009-31.12.2009;
2. the Management Board's report on the Company's activities for the period 01.01.2009-31.12.2009;
3. the application of the Management Board concerning the division of coverage of the loss for the period 01.01.2009-31.12.2009;

in terms of consistency with the accounting books and documents and with the facts.

The presented financial statements for 2009 consist of:

- 1) the statement of financial position prepared as at 31 December 2009, with the total assets and liabilities of PLN 799,818 thousand,
- 2) the statement of comprehensive income pertaining to the financial year from 1 January 2009 to 31 December 2009, with the total net loss of PLN 8,276 thousand,
- 3) the statement of changes in equity pertaining to the financial year from 1 January 2009 to 31 December 2009, with a decrease in equity capital by PLN 8,276 thousand,
- 4) the cash flow statement pertaining to the period from 1 January 2009 to 31 December 2009, with a decrease in net cash balance by PLN 9,848 thousand, and
- 5) Additional information to the financial statements – Accounting principles (policies) and additional explanatory notes.

The Supervisory Board declares that the financial disclosures made in the annual report are reliable, correct and real and they have been prepared and presented in compliance with the requirements of applicable legal provisions.

The Board reviewed the opinion and the report supplementing the auditor's opinion and raised no objections and reservations to the financial statements, thus approving the Management Board's proposal to cover the total net loss for 2009, amounting to PLN 8,276 thousand (exact amount PLN 8,276,109.43), with supplementary capital.

## **V. Recommendations**

The Supervisory Board has given a positive evaluation of the Company's activities in 2009 and the Statements submitted for its approval, and it requests the Ordinary General Meeting of Shareholders to approve:

1. the report of the Management Board on the activities of LC Corp S.A. for the period from 01.01.2009 r. to 31.12.2009
2. the financial statements of LC Corp S.A. for the period 01.01.2009-31.12.2009,
3. the Request of the Management Board of the Company to cover the loss for 2009 with supplementary capital.

Wroclaw, 12 April 2010

Leszek Czarnecki – Chairperson of the Supervisory Board

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Andrzej Błażejowski – Vice-Chairperson of the Supervisory Board

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Ludwik Czarnecki – Member of the Supervisory Board

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Remigiusz Baliński - Member of the Supervisory Board

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Artur Wiza – Member of the Supervisory Board

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