



LC CORP S.A.

**MID-YEAR CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD OF SIX MONTHS ENDED 30 JUNE 2011
WITH AN INDEPENDENT AUDITOR'S REPORT ON THE REVIEW**

LC Corp S.A.

Mid-year condensed financial statements for the period of 6 months ended 30 June 2011
(PLN '000)

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MID-YEAR CONDENSED STATEMENT OF FINANCIAL POSITION
as at 30 June 2011
(PLN '000)

	Note	30 June 2011 (unaudited)	31 December 2010
Assets			
A. Non-current assets		719,041	705,777
1. Intangible assets		414	492
2. Property, plant and equipment	10	630	383
2.1. Tangible assets		623	383
2.2. Tangible assets under construction		7	0
3. Loan and non-current receivables	11	420,967	401,097
4. Non-current investments	12	297,030	300,032
5. Non-current prepayments and accrued income		0	0
6. Deferred tax assets		0	3,773
B. Current assets		247,159	135,886
1. Inventories	13	28,667	214
2. Trade and other receivables	14	6,900	515
3. Income tax receivable		514	98
4. Current financial assets	15	95,787	103,490
5. Cash and cash equivalents	16	115,079	31,490
6. Current prepayments and accrued income		212	79
C. Non-current assets classified as held for sale		0	0
Total assets		966,200	841,663
Equity and liabilities			
A. Equity		787,671	769,096
1. Share capital	17.1	447,558	447,558
2. Balance of called-up share capital not paid		0	0
3. Reserve funds	17.2	318,430	289,826
4. Other reserve funds		0	0
5. Other capital	17.3	3,108	3,108
6. Retained profit / Uncovered losses		18,575	28,604
B. Non-current liabilities		160,631	58,702
1. Non-current financial liabilities	18	159,575	58,683
2. Provisions		19	19
3. Deferred tax liability		1,037	0
C. Current liabilities		17,898	13,865
1. Current financial liabilities	18	12,016	7,064
2. Trade and other payables		5,576	5,323
3. Income tax payable		0	0
4. Provisions		0	78
5. Accrued expenses and revenue		306	1,400
Total equity and liabilities		966,200	841,663

Notes to the mid-year condensed financial statements enclosed on pages 7 to 21 are their integral part

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MID-YEAR CONDENSED STATEMENT OF COMPREHENSIVE INCOME for the period of 6 months ended 30 June 2011 (PLN '000)

	Note	Period of 6 months ended 30 June 2011 (unaudited)	Period of 6 months ended 30 June 2010 (unaudited)
Revenue			
Revenue on sales of services		1,346	1,511
Revenue on interest and discounts		17,897	11,589
Revenue on dividends		11,687	8,423
Other operating income		119	6
Total operating income		31,049	21,529
Expenses			
Operating expenses		(4,440)	(3,681)
Costs of interest and discounts		(2,938)	(1,643)
Other financial expenses		(52)	0
Other operating expenses		(24)	(8)
Total operating expenses		(7,454)	(5,332)
Pre-tax profit (loss)		23,595	16,197
Corporate income tax (tax expense)	9	(5,020)	(3,086)
Net profit on continued operations		18,575	13,111
Discontinued operations			
Profit (loss) on discontinued operations for the business year		0	0
Net profit (loss)		18,575	13,111
Other comprehensive income			
Other components of comprehensive income		0	0
Income tax relating to other components of comprehensive income		0	0
Other comprehensive income for the year, net value		0	0
Total comprehensive income for the year		18,575	13,111

Notes to the mid-year condensed financial statements enclosed on pages 7 to 21 are their integral part

MID-YEAR CONDENSED STATEMENT OF CASH FLOWS
for the period of 6 months ended 30 June 2011 (PLN '000)

	Note	Period of 6 months ended 30 June 2011 (unaudited)	Period of 6 months ended 30 June 2010 (unaudited)
A. Cash flows from operating activities			
I. Pre-tax profit (loss) on continued operations		23,595	16,197
II. Total adjustments		(39,106)	(5,244)
1. Change in tangible assets and intangible assets		(169)	117
2. Change in provisions		(78)	0
3. Change in inventories		(28,453)	0
4. Change in receivables		(6,385)	104
5. Change in current liabilities (net of loans and borrowings)		253	4
6. Change in accruals and deferrals		(1,227)	(116)
7. Change in financial liabilities		6,415	1,641
8. Change in financial assets resulting from loans and notes		(9,150)	(2,133)
9. Change in financial assets resulting from shares		(15)	0
10. Income tax		(626)	(4,861)
11. Other adjustments		329	0
III. Net cash provided by (used in) operating activities (±II)		(15,511)	10,953
B. Cash flows from financing activities			
I. Cash provided by financing activities		99,100	0
1. Net proceeds from issue of shares and additional contributions to equity		0	0
2. Issue of debt securities		99,100	0
II. Cash used in financing activities		0	0
1. Acquisition of own (treasury) shares		0	0
2. Redemption of debt securities		0	0
III. Net cash provided by (used in) financing activities (I–II)		99,100	0
C. Total net cash flow (A.III±B.III)		83,589	10,953
D. Balance-sheet change in cash, including:		83,589	10,953
– foreign exchange change in cash			
E. Cash at beginning of period		31,490	4,196
F. Cash at end of period (F±D)	16	115,079	15,149
- restricted cash		20	20

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MID-YEAR CONDENSED STATEMENT OF CHANGES IN EQUITY for the period ended 30 June 2011

(PLN '000)

	<i>Issued share capital</i>	<i>Balance of called-up share capital not paid</i>	<i>Reserve funds</i>	<i>Other reserve funds</i>	<i>Other capital</i>	<i>Retained profit / Uncovered losses</i>	<i>Total</i>
As at 1 January 2011	447,558	0	289,826	0	3,108	28,604	769,096
<i>Net profit for the period of 6 months ended 30 June 2011</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>18,575</i>	<i>18,575</i>
<i>Other comprehensive income for the period of 6 months ended 30 June 2011</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total comprehensive income for the period of 6 months ended 30 June 2011	0	0	0	0	0	18,575	18,575
Allocation of the profit for 2010 to reserve funds	0	0	28,604	0	0	(28,604)	0
As at 30 June 2011 (unaudited)	447,558	0	318,430	0	3,108	18,575	787,671

	<i>Issued share capital</i>	<i>Balance of called-up share capital not paid</i>	<i>Reserve funds</i>	<i>Other reserve funds</i>	<i>Other capital</i>	<i>Retained profit / Uncovered losses</i>	<i>Total</i>
As at 1 January 2010	447,558	0	298,102	0	3,108	(8,276)	740,492
<i>Net profit for the period of 6 months ended 30 June 2010</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>13,111</i>	<i>13,111</i>
<i>Other comprehensive income for the period of 6 months ended 30 June 2010</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total comprehensive income for the period of 6 months ended 30 June 2010	0	0	0	0	0	13,111	13,111
Coverage of loss for 2009 from reserve funds	0	0	(8,276)	0	0	8,276	0
As at 30 June 2010 (unaudited)	447,558	0	289,826	0	3,108	13,111	753,603

Notes to the mid-year condensed financial statements enclosed on pages 7 to 21 are their integral part

NOTES TO FINANCIAL STATEMENTS

1. General information

LC Corp S.A. ("the Issuer", "the Company",) was established by virtue of the Notarial Deed dated 3 March 2006. The Company's registered office is situated in Wrocław, Poland, at ul. Powstańców Śląskich 2-4. The Company has been entered into the Business Register of the National Court Register maintained by the District Court for Wrocław-Fabryczna in Wrocław, VI Commercial Section of the National Court Register, under KRS No. 0000253077.

As at 30 June 2011 the shares of LC Corp S.A. are in public trading.

The Company has been assigned statistical identification number REGON 020246398.

The Company has been established for an indefinite period and its primary activity comprises:

- PKD 64.20.Z Activities of financial holding companies

LC Corp B.V., controlled by Mr Leszek Czarnecki, is the Parent Undertaking of LC Corp S.A.

2. Approval of the mid-year condensed consolidated financial statements

These mid-year condensed financial statements of the Company for the period of 6 months ended 30 June 2011 were approved for publication by the Management Board on 25 August 2011.

The Company prepared also the mid-year consolidated financial statements for the period of 6 months ended 30 June 2011, which were approved for publication by the Management Board on 25 August 2011.

3. Declaration of compliance and basis for the preparation

The enclosed mid-year condensed financial statements of LC Corp S.A. were prepared in accordance with International Financial Reporting Standards ("IFRS") and in particular with International Accounting Standard No. 34 and IFRSs approved by the EU.

As at the day of approval of these statements for publication, taking into account the process of introducing IFRS standards, currently in progress in the EU, and the Group's activity, there are no differences between IFRS standards which have come into force and IFRS standards adopted by the EU within the accounting principles used by the Group.

IFRS comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

These mid-year condensed financial statements cover the period of 6 months ended 30 June 2011 and contain comparable data for the period of 6 months ended 30 June 2010 and as at 31 December 2010.

The mid-year condensed financial statements do not contain all information and disclosures required in the annual financial statements and they must be read together with the Company's financial statements for the year ended 31 December 2010.

The mid-year condensed financial statements are presented in thousand zloty ('PLN '000'), and all values in tables and descriptions, if not indicated otherwise, are given in PLN '000

The mid-year condensed financial statements were prepared on the assumption of a continuation of the business activity by the Company in the foreseeable future. As at the day of approval of these financial statements, there are no circumstances identified implying any threats for continuation of the Company's activity.

4. Significant accounting principles (policies)

The accounting principles (policies) adopted for preparation of the mid-year condensed financial statements are coherent with the principles described in the consolidated financial statements of the LC Corp Group for the year ended 31 December 2010, except for new or changed IFRS and IFRIC interpretations effective for the annual periods beginning on 1 January 2011:

- 1) Amendments to IAS 24 *Related Party Disclosures* (amended in November 2009) – applicable to annual periods beginning on 1 January 2011 or later. The amendments aim at the simplification and clarification of the definition of a related party. The amendments removed the disclosure requirement for related party transactions as regards the government that controls, jointly controls or significantly influences a reporting entity or as regards another entity which is a related party as the same government controls, jointly controls or significantly influences the reporting entity and the other entity. The application of these amendments did not affect the financial situation and the results of the Company's activities or the scope of information presented in the Company's financial statements.
- 2) Amendments to IFRIC 14 IAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction: Prepayments of a Minimum Funding Requirements* – applicable to annual periods beginning on 1 January 2011 or later. The amendment removes the unintentional effects of IFRIC 14 regarding the voluntary prepaid contributions when there is a minimum funding requirement. The application of these amendments did not affect the financial situation or the results of the Company's activities.
- 3) IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* – applicable to annual periods beginning on 1 July 2010 or later. IFRIC 19 clarifies the accounting principles applied when, as a result of the renegotiation of the terms of an entity's financial liability, the entity issues equity instruments to a creditor to extinguish the financial liability. The application of this interpretation did not affect the financial situation or the results of the Company's activities.
- 4) Amendments to IAS 32 *Financial Instruments: Presentation: Classification of Rights Issues*. The amendment clarifies how to treat specific rights when issued financial instruments are denominated in the currency other than the issuer's functional currency. The application of these amendments did not affect the financial situation or the results of the Company's activities.
- 5) Amendments resulting from the IFRS review (published in May 2010) – a part of the amendments is applicable to annual periods beginning on 1 July 2010 and part to annual periods beginning on 1 January 2011. The application of these amendments did not affect the financial situation or the results of the Company's activities.
- 6) Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards: Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters* – applicable to annual periods beginning on 1 July 2010 or later. The application of these amendments did not affect the financial situation or the results of the Company's activities.

Due to presentation changes introduced into LC Corp S.A.'s financial statements for the year ended 31 December 2010, in these financial statements the Company transformed the comparable data for H1 2011 i.e. the period of 6 months cumulatively from 1 January 2010 to 30 June 2011 in the statement of comprehensive income and the statement of cash flows.

The table below shows the changes made to the presentation of comparable data in the statement of comprehensive income for the period of 6 months ended on 30 June 2010 in relation to the previously prepared and published condensed financial statements of the Company for the period of 6 months ended 30 June 2010.

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(PLN '000)

Present name	Previous name	Period of 6 months ended 30 June 2010 (unaudited) after change of presentation	Period of 6 months ended 30 June 2010 (unaudited) according to published financial statements
Revenue			
Revenue on interest and discounts		11,589	
Revenue on dividends		8,423	
	Financial income		20,012
		20,012	20,012
Expenses			
Operating expenses		3,681	
	Cost of sales		2,798
	General administrative expenses		883
Costs of interest and discounts		1,643	
Other financial expenses		0	
	Financial expenses		1,643
		5,324	5,324

The table below shows the changes made to the presentation of comparable data in the statement of cash flows for the period of 6 months ended on 30 June 2011 in relation to the previously prepared and published condensed financial statements of the Company for the period of 6 months ended 30 June 2010.

Present name	Previous name	Period of 6 months ended 30 June 2010 (unaudited) after change of presentation	Period of 6 months ended 30 June 2010 (unaudited) according to published financial statements
Cash flows from operating activities			
	Cash flows from operating activities		
	Depreciation and amortization		284
	Interest and distributions from profit (dividends)		(18,113)
Change in tangible assets and intangible assets		117	
Change in financial liabilities		1,641	
Change in financial assets resulting from loans and notes		(2,133)	
Cash flows from investing activities			
	Sale of intangible assets and property, plant and equipment		
	Acquisition of intangible assets and property, plant and equipment		(167)
Cash flows from financing activities			
	Cash provided by financial assets		
	Cash flows from investing activities		89,149

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Cash used in financing activities	(79,950)
Other cash provided by financing activities	8,423
	(375)

	(375)
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5. New standards and interpretations, which were published but have not become effective yet

The following standards and interpretations were published by IASB or IFRIC, but have not become effective yet:

- 1) Phase 1 of IFRS 9 *Financial Instruments: Classification and Measurement* – applicable to annual periods beginning on or after 1 January 2013 – not endorsed by the EU until the date of authorization of these financial statements. In the next phases, IASB will deal with hedge accounting and impairment methodology. The application of Phase 1 of IFRS 9 will have an impact on the classification and measurement of the Company's / Group's financial assets. The Company / Group assessed this impact in correspondence with the other phases of the project once they have been issued, in order to provide a consistent view,
- 2) Amendment to IFRS 7 *Financial Instruments Disclosures: Transfer of Financial Assets* – applicable to annual periods beginning on or after 1 July 2011 – not endorsed by the EU until the date of authorization of these financial statements,
- 3) Amendments to IAS 12 *Income Taxes: Deferred Tax: Recovery of Underlying Assets* – applicable to annual periods beginning on or after 1 January 2012 – not endorsed by the EU until the date of authorization of these financial statements,
- 4) Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* – applicable to annual periods beginning on or after 1 July 2011 – not endorsed by the EU until the date of authorization of these financial statementsE,
- 5) IFRS 10 *Consolidated Financial Statements* – applicable to annual periods beginning on or after 1 January 2013 – not endorsed by the EU as at the date of authorization of these financial statements,
- 6) IFRS 11 *Joint Arrangements* – applicable to annual periods beginning on or after 1 January 2013 – not endorsed by the EU as at the date of authorization of these financial statements,
- 7) IFRS 12 *Disclosure of Interests in Other Entities* – applicable to annual periods beginning on or after 1 January 2013 – not endorsed by the EU as at the date of authorization of these financial statements,
- 8) IFRS 13 *Fair Value Measurement* – applicable to annual periods beginning on or after 1 January 2013 – not endorsed by the EU as at the date of authorization of these financial statements.
- 9) Amendments to IAS 19 *Employee Benefits* – applicable to annual periods beginning on or after 1 January 2013 – not endorsed by the EU as at the date of authorization of these financial statements,
- 10) Amendments to IAS 1 *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income* – applicable to annual periods beginning on or after 1 July 2012 – not endorsed by the EU as at the date of authorization of these financial statements.

The Company did not decide to choose the option of early application of any standard, interpretation, or amendment to an existing standard which has been published but has not yet become effective.

6. Change of estimates

The Company's Management Board used their best knowledge of applied standards and interpretations, and also the methods and principles of valuation of particular items of the enclosed financial statements. Preparing the financial statements in accordance with IFRS required from the Management Board to make some estimates and assumptions which are reflected in these statements. The actual results may vary from such estimates.

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The basic assumptions concerning the future have been discussed below as well as other key reasons for doubts occurring as at the end of the reporting period and entailing a significant risk of considerable adjustment of the balance-sheet value of assets and equity and liabilities in the following accounting year.

Valuation allowances for shares in subsidiaries and loans advanced to these companies

As at the end of each reporting period the Management Board assesses whether there is any objective evidence that the shares in subsidiary undertakings and loans granted to these undertakings are impaired. If any such evidence exists, the Management Board makes an impairment allowance regarding these assets to the recoverable value. The recoverable value corresponds to the higher of fair value less selling costs of the asset or its value in use, respectively.

The value in use was evaluated by means of the DCF method, which is based on discounted cash flows generated by the subsidiaries within approved investment schedules and revenues from sales of flats, allowing for the sale price of 1 square metre of usable floor space, in accordance with the current market situation and current prices. The discount rate takes account of the weighted average cost of capital (WACC).

The recoverable value of shares and loans, and the value of the valuation allowances for shares and loans were estimated as at June 30th 2011 and may be subject to change depending on the fluctuation of the market prices of land, sale prices of flats, construction costs, project completion schedules and discount rate calculations.

The actual results may vary from these estimates which were calculated on the grounds of data available as at the reporting date. In particular, the above elements may have an impact on business decisions and the balance-sheet value of items of inventory connected with subsidiary undertakings LC Corp Invest XII Sp. z o.o. and Katowice Ceglana Sp. z o.o. It is also related to the uncertainty regarding the proper estimation of the market conditions in the following years. Consequently, valuation allowances may change in next financial periods.

The table below shows the change of estimates as at 30 June 2011 and as at 31 December 2010.

	30 June 2011 (unaudited)	31 December 2010
Deferred tax asset	0	3,773
Valuation allowances for shares and loans	86,742	86,742

7. Seasonal or cyclical character of the activity

The Company's activity is not seasonal by nature, therefore its results are not subject to fluctuations over the year.

8. Operating segments

The Company's sole business comprises holding activity, which consists in rendering holding management services to its subsidiaries. Therefore, the Company does not have any operating segments.

9. Corporate income tax

In the period of 6 months ended 30 June 2011 and 30 June 2010 the main items of tax expense included the following:

Period ended 30 June 2011	Period ended 30 June 2010
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	(unaudited)	(unaudited)
Statement of comprehensive income		
Current income tax		
Current income tax expense	210	4,386
Previous years adjustments to the current income tax	0	0
Deferred income tax		
Related to the occurrence and reversal of temporary differences	4,810	(1,300)
Tax expense disclosed in the statement of comprehensive income	5,020	3,086

10. Property, plant and equipment

In the period of 6 months ended 30 June 2011, the Company acquired property, plant and equipment to the value of PLN 427,000 (in the period of 6 months ended 30 June 2010: PLN 131,000).

In the period of 6 months ended 30 June 2011 and in the period of 6 months ended 30 June 2010, the Company did not effect any significant transactions of disposing of property, plant and equipment items.

As at 30 June 2011, the Company does not have any significant contractual obligations whose subject matter is acquisition of property, plant and equipment and intangible assets.

11. Loans and non-current receivables

	30 June 2011 (unaudited)	31 December 2010
Non-current loans (including accrued interest)	441,368	421,498
Valuation allowance on loans	(20,401)	(20,401)
Total	420,967	401,097

In H1 2011 the Company advanced loans to its subsidiaries, designed for financing their projects, and also acquired investment notes issued by subsidiary undertakings designed for financing their projects (see Note 12, 15).

12. Non-current investments

Shares

As at 30 June 2011 and 31 December 2010, the Company held the following shares in companies:

Company	Seat	30 June 2011 (unaudited)		31 December 2010	
		Balance-sheet value in PLN '000	% in share capital	Balance-sheet value in PLN '000	% in share capital
Arkady Wrocławskie S.A	Wrocław	128,652	100%	128,652	100%
Katowice Ceglana Sp. z o.o	Wrocław	35,973	100%	35,973	100%
Vratislavia Residence Sp. z o.o.	Wrocław	88,000	100%	88,000	100%
LC Corp Dębowa Ostoja Sp. z o.o.	Wrocław	1,000	100%	1,000	100%
LC Corp Invest XII Sp. z o.o.	Wrocław	23,000	100%	23,000	100%

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LC Corp Invest XIV Sp. z o.o.	Wrocław	5,050	100%	5,050	100%
LC Corp Szmaragdowe Wzgórze Sp. z o.o.	Wrocław	13,500	100%	13,500	100%
LC Corp Bajkowy Park Sp. z o.o.	Wrocław	1,000	100%	1,000	100%
LC Corp Osiedle Pustynna Sp. z o.o.	Wrocław	8,000	100%	8,000	100%
Warszawa Przy Promenadzie Sp. z o.o. (a)	Wrocław	0	-	1,700	100%
			100%		100%
			(indirectly and		(indirectly and
LC Corp Invest Sp. z o.o. (b)	Wrocław	10	directly)	10	directly)
Warszawa Przyokopowa Sp. z o.o.	Wrocław	21,366	81.67%	21,366	81.67%
LC Corp Invest III Sp. z o.o. (a)	Wrocław	9,608	100%	7,908	100%
Kraków Zielony Złocień Sp. z o.o.	Wrocław	11,000	100%	11,000	100%
LC Corp Invest XV Sp. z o.o.	Wrocław	5	100.00%	5	100.00%
LC Corp Invest XVI Sp. z o.o. (c)	Wrocław	5	100.00%	0	100.00%
			100.00%		100.00%
			(indirectly and		(indirectly and
LC Corp Invest XV Sp. z o.o. Sp.k. (d)	Wrocław	10	directly)	0	directly)
Valuation allowance for shares		(56,581)		(56,581)	
Total		289,598		289,583	

a) On 1 February 2011 the merger of LC Corp S.A.'s subsidiary undertakings, Warszawa Rezydencja Kaliska Sp. z o.o., as the Merging Company, with Warszawa Przy Promenadzie Sp. z o.o., as the Merged Company, was registered, pursuant to Art. 492.1.1 of the Polish Code of Commercial Partnerships and Companies. As a result of the merger the share capital of the Merging Company (Warszawa Rezydencja Kaliska Sp. z o.o. – currently LC Corp Invest III Sp. z o.o.) was increased. As a result of the merger of those companies, the share capital of the Merging Company was increased by PLN 1,500,000 (one million five hundred thousand), i.e. totalling PLN 6,000,000 (six million), through issuing 15,000 (fifteen thousand) shares of a par value of PLN 100 (one hundred) each. In return for 15,000 (fifteen thousand) shares of a par value of PLN 100 (one hundred) each in the Merged Company, LC Corp received 15,000 (fifteen thousand) shares of a par value of PLN 100 (one hundred) each in the Merging Company. The share capital of LC Corp Invest III Sp. z o.o. currently stands at PLN 6,000,000 (six million) and is divided into 60,000 (sixty thousand) shares of a par value of PLN 100 (one hundred) each. The Issuer currently holds all 60,000 shares, i.e. 100% shares in the share capital.

b) On 29 June 2011 transformation of LC Corp S.A.'s company – LC Corp Invest III Sp. z o. o. Sp. k. (formerly Warszawa Przy Promenadzie Sp. z o.o. Sp. k.) into LC Corp Invest Sp. z o. o. was registered. As a result of the transformation the share capital of the transformed company was established at PLN 10,000 and is divided into 100 shares of PLN 100 par value each. LC Corp S.A. currently holds 99 shares, i.e. 99% shares in the share capital..

c) On 11 March 2011 LC Corp S.A., acting as the sole shareholder, established a special purpose entity, LC Corp Invest XVI Sp. z o.o., intended to carry out a property development project.

d) On 11 March 2011 LC Corp S.A. entered with LC Corp Invest XV Sp. z o.o. into an agreement of a limited partnership, as a special purpose entity established to carry out a property development project in which LC Corp S.A. is a limited partner.

Other non-current investments

As at 30 June 2011 and as at 31 December 2010 the Company had non-current investments in financial instruments:

	30 June 2011 (unaudited)	31 December 2010
Investment notes	7,432	10,449

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Total balance-sheet value	7,432	10,449
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13. Inventories

	30 June 2011 (unaudited)	31 December 2010
Prepayments for purchase of land	0	214
Work in process	28,667	0
Total inventories	28,667	214

As at 30 June 2011 the costs of external financing of PLN 819,000 were capitalized in the inventories.

14. Trade and other receivables

	30 June 2011 (unaudited)	31 December 2010
Trade receivables	283	268
Budget receivables (without income tax)	6,448	80
Other receivables from third parties	169	167
Total receivables (net)	6,900	515
Valuation allowance for receivables	0	0
Gross receivables	6,900	515

15. Current financial assets

	30 June 2011 (unaudited)	31 December 2010
Current loans (including accrued interest)	76,166	95,202
Commercial notes	29,381	18,048
Valuation allowance for loans	(9,760)	(9,760)
Total	95,787	103,490

16. Cash and cash equivalents

	30 June 2011 (unaudited)	31 December 2010
Cash on hand and in bank	19,547	31,490
Short-term deposits	95,532	0
Total	115,079	31,490

Cash in bank bears interest according to floating interest rates. Short-term deposits are made for different periods, from one day to several months, depending on the Company's current demand for cash, and bear interest according to interest rates established for them.

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17. Share capital and reserve funds

17.1. Share capital

Share capital	30 June 2011 (unaudited)	31 December 2010
Series A ordinary shares of par value PLN 1.00 per share	500	500
Series B ordinary shares of par value PLN 1.00 per share	113,700	113,700
Series C ordinary shares of par value PLN 1.00 per share	1,453	1,453
Series D ordinary shares of par value PLN 1.00 per share	1,472	1,472
Series E ordinary shares of par value PLN 1.00 per share	32,000	32,000
Series F ordinary shares of par value PLN 1.00 per share	102,000	102,000
Series G ordinary shares of par value PLN 1.00 per share	80,000	80,000
Series H ordinary shares of par value PLN 1.00 per share	58,433	58,433
Series I ordinary shares of par value PLN 1.00 per share	1,000	1,000
Series J ordinary shares of par value PLN 1.00 per share	57,000	57,000
Total	447,558	447,558

Ordinary shares of LC Corp S.A., issued, registered and fully paid

	Shares	Value (PLN '000)
As at 1 January 2011	447,558,311	447,558
As at 30 June 2011	447,558,311	447,558

Par value of the shares

All issued shares have a par value of PLN 1.00 and were fully paid.

Rights of shareholders

No shares of any series are preferred as to the dividend or return on capital. One share corresponds to one vote.

Shareholders with significant interest

Shareholders possessing, directly or indirectly through subsidiary undertakings, at least 5% of the total vote at the Issuer's general meeting, as at 30 June 2011 and as at 31 December 2010:

Shareholder	Number of shares	Number of votes	Share % in share capital	Share % in vote at general meeting
Leszek Czarniecki directly and indirectly* including: LC Corp B.V. seated in Amsterdam	229,126,674	229,126,674	51.19%	51.19%
ING Otwarty Fundusz Emerytalny	32,684,371	32,684,371	7.30%	7.30%
AVIVA Otwarty Fundusz Emerytalny AVIVA BZ WBK	55,000,000	55,000,000	12.29%	12.29%

* Leszek Czarniecki directly holds 14,424,564 shares constituting 3.22% of the share capital and 3.22% share in the vote at the General Meeting, and indirectly through his subsidiary undertakings Leszek Czarniecki holds 214,702,110

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shares constituting 47.97% of the share capital and 47.97% share in the vote at the General Meeting. Leszek Czarniecki's subsidiary undertaking is LC Corp. B.V. seated in Amsterdam holding 214,701,110 shares constituting 47.97% of the share capital and 47.97% share in the vote at the General Meeting and RB Investcom Sp. z o.o. seated in Wrocław holding 1,000 shares constituting 0.0002% of the share capital and 0.0002% share in the vote at the General Meeting.

Shareholders possessing, directly or indirectly through subsidiary undertakings, at least 5% of the total vote at the Issuer's general meeting, as at 31 December 2010:

Shareholder	Number of shares	Number of votes	Share % in share capital	Share % in vote at general meeting
Leszek Czarniecki directly and indirectly* including: LC Corp B.V. seated in Amsterdam	229,126,674	229,126,674	51.19%	51.19%
ING Otwarty Fundusz Emerytalny	32,684,371	32,684,371	7.30%	7.30%
AVIVA Otwarty Fundusz Emerytalny AVIVA BZ WBK	55,000,000	55,000,000	12.29%	12.29%

* Leszek Czarniecki directly holds 14,424,564 shares constituting 3.22% of the share capital and 3.22% share in the vote at the General Meeting, and indirectly through his subsidiary undertakings Leszek Czarniecki holds 214,702,110 shares constituting 47.97% of the share capital and 47.97% share in the vote at the General Meeting. Leszek Czarniecki's subsidiary undertaking is LC Corp. B.V. seated in Amsterdam holding 214,701,110 shares constituting 47.97% of the share capital and 47.97% share in the vote at the General Meeting and RB Investcom Sp. z o.o. seated in Wrocław holding 1,000 shares constituting 0.0002% of the share capital and 0.0002% share in the vote at the General Meeting.

17.2. Reserve funds

As at 30 June 2011 reserve funds consisted of PLN 318,430,000 and were created with the surplus of the issue value over the par value of PLN 321,452,000, less issue costs disclosed as a decrease in the reserve funds in the amount of PLN 13,214,000.

Reserve funds were additionally increased by the amount of profit from previous years or were decreased by the costs of loss for years 2006-2010 in the total amount of PLN 10,192,000.

17.3. Other capital

As at 30 June 2011 other capital of PLN 3,108,000 was created as a result of the valuation of fair value of management options in 2007.

18. Financial liabilities

	<i>Maturity</i>	30 June 2011 (unaudited)	31 December 2010
Non-current			
Loan	unspecified	29,266	28,589
Coupon bonds (*)	15-04-2014	99,429	0
Investment notes	09-12-2013	30,880	30,094
		159,575	58,683
Current			

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Zero-coupon bonds	01-12-2011	30	30
Coupon bonds (*)	15-10-2011	1,763	0
Investment notes	29-06-2012	10,223	7,034
		12,016	7,064

(*) On 15 April 2011 LC Corp S.A. issued 1,000 3-year unsecured coupon bonds of PLN 100,000 par value each. The bonds were issued as bearer, unsecured, dematerialized securities with interest based on market conditions and paid in half-year periods. The bonds will be redeemed at their face value on 15 April 2014. The table shows balance-sheet values as at 30 June 2011.

In the period ended 30 June 2011 the weighted average interest on loans and bonds totalled 7.9%. In 2010 the weighted average interest on loans, bonds and investment notes was 6.5%.

19. Collaterals

As at 30 June 2011 repayment of a loan in a subsidiary of LC Corp S.A. was secured by:

- a pledge on shares of Arkady Wrocławskie S.A. held by LC Corp S.A. – up to the amount of EUR 91,500,000,
- endorsements on blank promissory note with signature only to secure repayment of a loan by LC Corp Dębowa Ostoja Sp. z o. o. – up to the amount of PLN 7,000,000.

20. Changes in contingent liabilities and contingent assets

On 23 December 2010, a bank loan agreement was concluded with PKO BP S.A. by LC Corp Dębowa Ostoja Sp. z o.o. up to the amount of PLN 7,000,000 designed to finance construction works. To secure the loan agreement, on 21 January 2011 LC Corp S.A. backed a blank promissory note issued by LC Corp Dębowa Ostoja Sp. z o.o. to secure the repayment.

21. Litigation

As at 30 June 2011 no proceedings before court or public administration authorities were initiated with regard to liabilities or receivables of LC Corp S.A., whose value would constitute at least 10% of LC Corp S.A.'s share capital.

22. Transactions with related undertakings

The following table shows total amounts of transactions concluded with related undertakings for the period of 6 months ended 30 June 2011 (unaudited):

Related undertaking	Sales	Purchases	Trade and other receivables	Trade and other payables	Loans and non-current receivables and current financial assets	Financial liabilities	Financial income (interest)	Financial expenses (interest, discounts)
Shareholders								
LC Corp B.V	-	-	-	-	-	-	-	-
Leszek Czarniecki	-	-	-	-	-	-	-	-
Subsidiary undertakings								
Arkady Wrocławskie S.A.	401	366	234	-	-	15,223	-	223
Katowice Ceglana Sp. z o.o.	33	-	6	-	104,327	-	3,241	-
Vratislavia Residence Sp. z o.o.	33	-	6	-	5,034	-	154	-

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LC Corp Dębowa Ostoja Sp. z o.o.	122	-	24	-	19,449	-	568	-
LC Corp Bajkowy Park Sp. z o.o.	33	-	6	-	51,455	-	1,556	-
LC Corp Szmaragdowe Wzgórze Sp. z o.o.	33	-	6	-	40,281	-	1,202	-
LC Corp Invest XIV Sp. z o.o.	33	-	6	-	13,156	-	366	-
LC Corp Invest XII Sp. z o.o.	33	-	6	-	71,983	-	2,121	-
LC Corp Osiedle Pustynna Sp. z o.o.	68	-	14	-	15,819	-	353	-
Warszawa Przy Promenadzie Sp. z o.o. (*)	26	-	-	-	-	-	55	31
LC Corp Invest Sp. z o.o. (Warszawa Przy Promenadzie Sp. z o.o. Sp. k.) (*)	147	-	30	-	41,580	-	12,729	-
Warszawa Przykopowa Sp. z o.o.	49	-	9	-	-	60 146	-	1,463
LC Corp Invest III Sp. z o.o.	271	-	59	-	63,966	-	1,809	-
Kraków Zielony Złocień Sp. z o.o.	85	-	17	-	119,865	-	3,710	-
LC Corp Invest XV Sp. z o.o.	6	-	8	-	-	-	-	-
LC Corp Invest XV Sp. z o.o. Sp.k.	3	-	1	-	901	-	1	-
LC Corp Invest XV Sp. z o.o. Projekt 2 Sp.k	45	-	1	-	6,530	-	30	-
LC Corp Invest XVI Sp. z o.o.	4	-	4	-	-	-	-	-
Undertakings related through shareholders								
LC Corp Sky Tower Sp. z o.o.	19	-	4	-	-	-	-	-
RB Computer Sp. z o.o.	-	55	-	-	-	-	-	-
Getin Nobel Bank S.A.	-	125	-	-	-	30	1,130	-
Noble Securities S.A.	-	15	-	3	-	-	-	-
Management Board and Supervisory Board								
Management Board	-	(**) 713	-	-	-	-	-	-
Supervisory Board	-	(**) 48	-	-	-	-	-	-
(*) see Note 12								
(**) remuneration								

The following table shows total amounts of transactions concluded with related undertakings for the year ended 31 December 2010:

Related undertaking	Sales	Purchases	Trade and other receivables	Trade and other payables	Loans and non-current receivables and current financial assets	Financial liabilities	Financial income (interest)	Financial expenses (interest, discounts)
Shareholders								
LC Corp B.V	-	-	-	-	-	-	-	-
Leszek Czarniecki	-	-	-	-	-	-	-	-
Subsidiary undertakings								
Arkady Wrocławskie S.A.	793	709	232	-	-	5,000	-	-
Katowice Ceglana Sp. z o.o.	66	-	6	-	100,586	-	3,734	-
Vratislavia Residence Sp. z o.o.	66	-	6	-	4,879	-	183	-
LC Corp Dębowa Ostoja Sp. z o.o.	237	-	24	-	14,281	-	447	-
LC Corp Bajkowy Park Sp. z o.o.	90	-	6	-	49,899	-	1,790	-
LC Corp Szmaragdowe Wzgórze Sp. z o.o.	90	-	6	-	38,579	-	1,028	-
LC Corp Pustynna Sp. z o.o.	42	-	6	-	11,790	-	204	-
LC Corp Stabłowice Sp. z o.o.	106	-	6	-	69,862	-	2,201	-

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LC Corp Osiedle Pustynna Sp.z o.o.	137	-	13	-	15,466	-	798	-
Warszawa Przy Promenadzie Sp. zo.o. Sp. k	661	30	29	-	40,539	-	49,460	-
Warszawa Przy Promenadzie Sp. z o.o.	149	-	32	-	16,121	7,034	-	34
Warszawa Przyokopowa Sp. z o.o.	76	-	9	-	-	58,683	196	3,079
Warszawa Rezydencja Kaliska Sp. z o.o.	296	-	27	-	67,039	-	2,952	-
Kraków Zielony Złocię Sp. z o.o.	100	-	17	-	116,155	-	4,919	-
LC Corp Invest XV Sp. z o.o.	2	-	1	-	-	-	-	-
Undertakings related through shareholders								
LC Corp Sky Tower Sp. z o.o.	121	-	4	-	-	-	-	-
RB Computer Sp. z o.o.	-	13	-	2	-	-	-	-
Getin Noble Bank S.A.	-	112	-	2	-	30	416	-
Noble Securities S.A.	-	30	-	-	-	-	-	-
Management Board and Supervisory Board								
Management Board	-	(*) 2,118	-	-	-	-	-	-
Supervisory Board	-	(*) 96	-	-	-	-	-	-

(*) remuneration

23. Capital management

The main purpose of capital management is maintaining a good credit rating and safe capital ratios which would support the Company's operating activity and increase value for its shareholders.

The Company manages the capital structure and modifies it as a result of changes in economic conditions. In order to maintain or adjust the capital structure, the Company can change payment of dividend to shareholders, return capital to shareholders or issue new shares. In the period of 6 months ended 30 June 2011 there were no changes in the objectives, rules and processes binding in this area

The Company monitors the condition of capital by means of a leverage ratio, which is calculated as a ratio of debt to equity. The Company's rules determine this ratio as not higher than 5. Net debt includes interest-bearing loans and borrowings, trade payables and other liabilities.

	30 June 2011 (unaudited)	31 December 2010
Interest-bearing bonds, notes and loans	171,591	65,747
Trade payables and other liabilities	5,576	5,323
A. Net debt	177,167	71,070
B. Equity	787,671	769,096
Leverage ratio (A/B)	0.22	0.09

24. Events subsequent to the end of the reporting period

- On 8 July 2011 LC Corp S.A. concluded an agreement for providing construction work as general contractor for the 1st stage of the investment under the name "Inwestycja Ząbki" located in Ząbki near Warsaw, at ul. Powstańców 33.
- On 15 July 2011, a subsidiary company of the Issuer – Warszawa Przyokopowa Sp. z o.o. (the Borrower) entered into a bank loan agreement with Raiffeisen Bank Polska S.A. (the Bank) for an investment credit of up to EUR 49,000,000 and a VAT credit of up to PLN 6,600,000, intended for partial

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financing of an office complex with retail facilities located in Warsaw at ul. Grzybowska 85A (the Investment). Under provisions of the Agreement, LC Corp S.A. as holder of 81.66% of the shares in Warszawa Przyokopowa Sp. z o. o. is required to enter with the Borrower and the Bank into: (i) an agreement under which receivables of the Borrower's other creditors are subordinated to the receivables of the Bank, (ii) a support agreement that guarantees coverage of exceeded costs of the investment, and (iii) an agreement of establishing registered and financial pledges on the Borrower's shares for the benefit of the Bank.

- 3) On 18 July 2011 LC Corp Invest XV Sp. z o.o. Sp. k. issued, on the basis of bills of exchange law, 8 investment notes of par value of PLN 400,000 each, with redemption date on 18 July 2014, which were purchased by LC Corp S.A.
- 4) On 21 July 2011 LC Corp S.A. concluded a preliminary sale agreement under which it undertook to purchase property located in Wrocław at ul. Graniczna, in Muchobór Wielki area.
- 5) On 21 July 2011 LC Corp S.A. concluded with Nordea Bank Polska S.A. an agreement of surety for a loan of PLN 22,185,000, which LC Corp S.A.'s subsidiary company i.e. LC Corp Invest XIV Sp. z o. o. contracted to finance its investment project under the name "Osiedle Maestro".
- 6) On 21 July 2011 LC Corp S.A. concluded with Nordea Bank Polska S.A. an agreement of establishing a registered pledge on shares in LC Corp S.A.'s subsidiary company i.e. LC Corp Invest XIV Sp. z o. o. in order to safeguard a loan of PLN 22,185,000 contracted to finance its investment project under the name "Osiedle Maestro".
- 7) On 26 July 2011 LC Corp S.A. submitted a motion for issuing a decision on a building permit for multi-family buildings A and B with basements, and 14 single-family houses, along with area development, carried out in Wrocław, at ul. Potokowa.
- 8) On 18 August 2011 LC Corp S.A. acquired from its subsidiary undertaking LC Corp Invest III Sp. z o.o. one share in LC Corp Invest Sp. z o.o. (formerly LC Corp Invest III Sp. z o.o. Sp. k.) becoming the sole partner of LC Corp Invest Sp. z o.o.
- 9) On 22 August 2011 LC Corp Invest XV Sp. z o.o. Projekt 3 Sp. k. issued, on the basis of bills of exchange law, 4 investment notes of par value of PLN 400,000 each, with redemption date on 22 September 2014, which were purchased by LC Corp S.A.
- 10) On 24 August 2011 LC Corp Invest XV Sp. z o.o. Projekt 3 Sp. k. issued, on the basis of bills of exchange law, one investment note of par value of PLN 100,000, with redemption date on 22 September 2011, which was purchased by LC Corp S.A.

Apart from the events listed above, there were no other events significant for the Company taking place after 30 June 2011.

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LC Corp S.A.

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Dariusz Niedośpiał, President of the Board

Lidia Kotowska, Chief Accountant

.....
Joanna Jaskólska, Vice-president of the Board

.....
Tomasz Wróbel, Member of the Board

.....
Mirosław Kujawski, Member of the Board

Wrocław, 25 August 2011