LC CORP
CAPITAL GROUP

MID-YEAR CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF SIX MONTHS ENDED JUNE 30TH 2007

WITH AN INDEPENDENT AUDITOR'S REPORT ON THE REVIEW

MID-YEAR CONSOLIDATED BALANCE SHEET
as at June 30th 2007 (in PLN '000)

	Note	June 30th 2007 (unaudited)	December 31st 2006 (*)
Assets			
A. Non-current assets		**374,097**	**279,510**
1. Intangible assets	16	84	6
2. Goodwill		0	0
3. Property, plant and equipment	15	371,985	277,089
3.1. Tangible assets		24,531	25,161
3.2. Tangible assets under construction		347,454	251,928
4. Non-current receivables		0	0
5. Non-current investments		24	0
6. Non-current prepayments and accrued income	21	411	429
7. Deferred tax assets	12	1,593	1,986
B. Current assets		**947,498**	**221,173**
1. Inventories	19	475,743	152,564
2. Trade and other receivables	20	51,698	10,735
3. Income tax receivable		141	122
4. Cash and cash equivalents	22	419,254	57,426
5. Current prepayments and accrued income	21	662	326
C. Non-current assets classified as held for sale		0	10,108
Total assets		**1,321,595**	**510,791**
Equity and liabilities			
A. Equity		**787,038**	**290,877**
1. Share capital	24.1	389,559	149,125
2. Balance of called-up share capital not paid		0	0
3. Reserve funds	24.2	262	9,698
4. Other reserve funds	24.3	39,771	39,771
5. Other capital	24.4	359,246	102,000
6. Retained profit / Uncovered losses		(1,800)	(9,717)
7. Minority interest		0	0
B. Non-current liabilities		**266,949**	**152,653**
1. Non-current financial liabilities	25	257,596	143,300
2. Provisions	26	24	24
3. Deferred tax liability	12	9,329	9,329
C. Current liabilities		**267,608**	**67,261**
1. Current financial liabilities	25	174,674	36,759
2. Trade and other payables	27.1	33,307	24,431
3. Income tax payable		0	0
4. Provisions	26	2	2
5. Accrued expenses and revenue	28	59,625	6,069
Total equity and liabilities		**1,321,595**	**510,791**

(*) see description in paragraph 9.2

MID-YEAR CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the period of 6 months ended June 30th 2007 (in PLN '000)

	Note	Period of 6 months ended Jun 30 2007 (unaudited)	Period from Mar 3 to Jun 30 2006 (*) (unaudited)
Operating activity			
Sales revenue		**11,458**	**588**
Revenue on sales of services	11.1	11,458	588
Cost of sales	11.2	**(6,419)**	**(461)**
Pre-tax profit on sales		**5,039**	**127**
Gain (loss) on disposal of non-current non-financial assets		8	0
Revaluation of non-current non-financial assets		0	0
Selling and distribution costs		0	0
General administrative expenses	11.2	(7,834)	(157)
Other operating income	11.5	1,481	0
Other operating expenses	11.6	(1,586)	(0)
Operating profit (loss)		**(2,892)**	**(30)**
Financial income	11.7	4,730	0
Financial expenses	11.8	(2,139)	0
Pre-tax profit (loss)		**(301)**	**(30)**
Corporate income tax	12	(471)	0
Net profit on business activities		**(772)**	**(30)**
Discontinued operations			
Profit (loss) on discontinued operations for the business year		0	0
Net profit (loss)		**(772)**	**(30)**

	Note	Period of 6 months ended Jun 30 2007 (unaudited)	Period from Mar 3 to Jun 30 2006 (*) (unaudited)
Net profit (loss)		(772)	(30)
Average weighted number of ordinary shares		237,863,522	166,667
Profit (loss) per share (PLN)	13	(0.00)	(0.18)

(*) see description in paragraph 9.2

MID-YEAR CONSOLIDATED CASH-FLOW STATEMENT
for the period ended June 30th 2007 (in PLN '000)

	Note	Period of 6 months ended Jun 30 2007 (unaudited)	Period from Mar 3 to Jun 30 2006 (*) (unaudited)
A. Cash flows from operating activities			
I. Pre-tax loss		**(301)**	**(30)**
II. Total adjustments		(209,292)	**(281)**
1. Depreciation and amortization		1,434	60
2. Foreign exchange gains (losses)		(3,823)	0
3. Interest and distributions from profit (dividends)		1,835	0
4. Profit (loss) on investing activities		(8)	0
5. Change in provisions		0	0
6. Change in inventories		(323,179)	0
7. Change in receivables		(33,527)	(457)
8. Change in current liabilities (net of loans and borrowings)		8,927	124
9. Change in accruals and deferrals		28,048	(8)
10. Corporate income tax		(151)	0
11. Other adjustments	23.1	111,152	0
III. Net cash provided by (used in) operating activities (I±II)		**(209,593)**	**(311)**
B. Cash flows from investing activities			
I. Cash provided by investing activities		**9,961**	**0**
1. Sale of intangible assets and property, plant and equipment		9,961	0
2. Sale of investment property		0	0
3. Cash provided by financial assets		0	0
4. Other cash provided by investing activities		0	0
II. Cash used in investing activities		**(154,277)**	**(132)**
1. Acquisition of intangible assets and property, plant and equipment		(96,109)	(132)
2. Investment property		0	0
3. Cash used on financial assets	23.2	(58,168)	0
4. Other cash used in investing activities		0	0
III. Net cash provided by (used in) investing activities (I–II)		**(144,316)**	**(132)**
C. Cash flows from financing activities			
I. Cash provided by financing activities		**750,144**	**0**
1. Net proceeds from issue of shares and additional contributions to equity		508,934	0
2. Increase in loans and borrowings		241,210	0
3. Issue of debt securities		0	0
4. Other cash provided by financing activities		0	0
II. Cash used in financing activities		**(34,407)**	**0**
1. Repayment of loans and borrowings		(21,789)	0

(in PLN '000)

2. Redemption of debt securities		0	0
3. Interest paid		(618)	0
4. Cost of capital increase		(12,000)	0
4. Other cash used in financing activities		0	0
III. Net cash provided by (used in) financing activities (I–II)		**715,737**	**0**
D. Total net cash flow (A.III±B.III±C.III)		361,828	(443)
E. Balance-sheet change in cash, including:		361,828	(443)
F. Cash at beginning of period		**57,426**	**500**
G. Cash at end of period (F±D)	22	**419,254**	**57**
- restricted cash (**)		364,285	0

(*) see description in paragraph 9.2
(**) the amount of PLN 364,285,000 consists mainly of the proceeds from series J shares issue, which as at June 30th 2007, are blocked in a separate account until the date of registration of this series of shares in the National Registration Court;

MID-YEAR CHANGES IN CONSOLIDATED EQUITY
for the period ended June 30th 2007 (in PLN '000)

	Capital allocated to the shareholders of the parent undertaking							*Minority interest*	*Total equity*
	Issued share capital	*Balance of called-up share capital not paid*	*Reserve funds*	*Other reserve funds*	*Other capital*	*Retained profit / Uncovered losses*	*Total*		
As at January 1st 2007	**149,125**	**0**	**9,698**	**39,771**	**102,000**	**(9,717)**	**290,877**	**0**	**290,877**
Registration of series F shares	102,000	0	0	0	(102,000)	0	0	0	0
Issue of series G shares	80,000	0	0	0	0	0	80,000	0	80,000
Issue of series H shares	58,434	0	0	0	0	0	58,434	0	58,434
Costs of share issues	0	0	(747)	0	0	0	(747)	0	(747)
Issue of series J shares (as at June 30th 2007 not registered in the National Court Register)	0	0	0	0	370,500	0	370,500	0	370,500
Costs of issue of series J shares	0	0	0	0	(11,254)	0	(11,254)	0	(11,254)
Coverage of losses for 2006 and from previous years acc. to Polish Accounting Standards	0	0	(8,689)	0	0	8,689	0	0	0
Impact of acquisition of subsidiary undertakings	0	0	0	0	0	0	0	0	0
Result for the 1st half of 2007	0	0	0	0	0	(772)	(772)	0	(772)
As at June 30th 2007 (unaudited)	**389,559**	**0**	**262**	**39,771**	**359,246**	**(1,800)**	**787,038**	**0**	**787,038**

(in PLN '000)

	Capital allocated to the shareholders of the parent undertaking							*Minority interest*	*Total equity*
	Issued share capital	*Balance of called-up share capital not paid*	*Reserve funds*	*Other reserve funds*	*Other capital*	*Retained profit / Uncovered losses*	*Total*		
As at January 1st 2006	**113,700**	**(45,000)**	**17,656**	**0**	**0**	**(4,429)**	**81,927**	**0**	**81,927**
Change of the parent undertaking in the group	(113,700)	45,000	0	0	0	0	(68,700)	0	(68,700)
Issue of series A shares	500	0	0	0	0	0	500	0	500
Issue of series B shares	113,700	0	7,952	0	0	0	121,652	0	121,652
Issue of series C shares	1,453	0	0	0	0	0	1,453	0	1,453
Issue of series D shares	1,472	0	0	0	0	0	1,472	0	1,472
Issue of series E shares	32,000	0	0	0	0	0	32,000	0	32,000
Issue of series F shares (as at December 31st 2006 not registered in the National Court Register)	0	0	0	0	102,000	0	102,000	0	102,000
Costs of share issues	0	0	(1,307)	0	0	0	(1,307)	0	(1,307)
Contribution connected with acquiring an asset	0	0	0	39,771	0	0	39,771	0	39,771
Impact of merging of subsidiary undertakings	0	0	(14,377)	0	0	0	(14,377)	0	(14,377)
Coverage of losses for 2005	0	0	(226)	0		226	0		0
Loss in 2006	0	0	0	0	0	(5,514)	(5,514)	0	(5,514)
Percentage of minority shareholders	0	0	0	0	0	0	0	0	0
As at December 31st 2006	**149,125**	**0**	**9,698**	**39,771**	**102,000**	**(9,717)**	**290,877**	**0**	**290,877**

(in PLN '000)

	Capital allocated to the shareholders of the parent undertaking							*Minority interest*	*Total equity*
	Issued share capital	*Balance of called-up share capital not paid*	*Reserve funds*	*Other reserve funds*	*Other capital*	*Retained profit / Uncovered losses*	*Total*		
As at January 1st 2006	**113,700**	**(45,000)**	**17,656**	**0**	**0**	**(4,429)**	**81,927**	**0**	**81,927**
Change of the parent undertaking in the group	(113,700)	45,000	(17,656)	0	0	4,429	(81,927)	0	(81,927)
Issue of series A shares	500	0	0	0	0	0	500	0	500
Net loss for 1st half of 2006	0	0	0	0	0	(30)	(30)	0	(30)
Percentage of minority shareholders	0	0	0	0	0	0	0	0	0
As at June 30th 2006 (*) (unaudited)	**500**	**0**	**0**	**0**	**0**	**(30)**	**470**	**0**	**470**

(*) see description in paragraph 9.2

OTHER INFORMATION AND EXPLANATIONS

1. General information

LC Corp Capital Group (the "Group") consists of LC Corp S.A. and its subsidiary companies (see Note 2). The Group's mid-year consolidated financial statements cover the period of 6 months ended June 30th 2007 and contain comparable data for the period ended June 30th 2006 and as at December 31st 2006.

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

The Company was assigned statistical identification number REGON 020246398.

The Parent Undertaking and the subsidiaries of the Capital Group were established for an indefinite period. The Parent Undertaking's primary activity is:

- PKD 7415Z Management activities of holding companies
- PKD 7020Z Letting of own property
- PKD 7011Z Development and selling of real estate
- PKD 7012Z Buying and selling of own real estate
- PKD 4521A General construction of buildings and civil engineering works

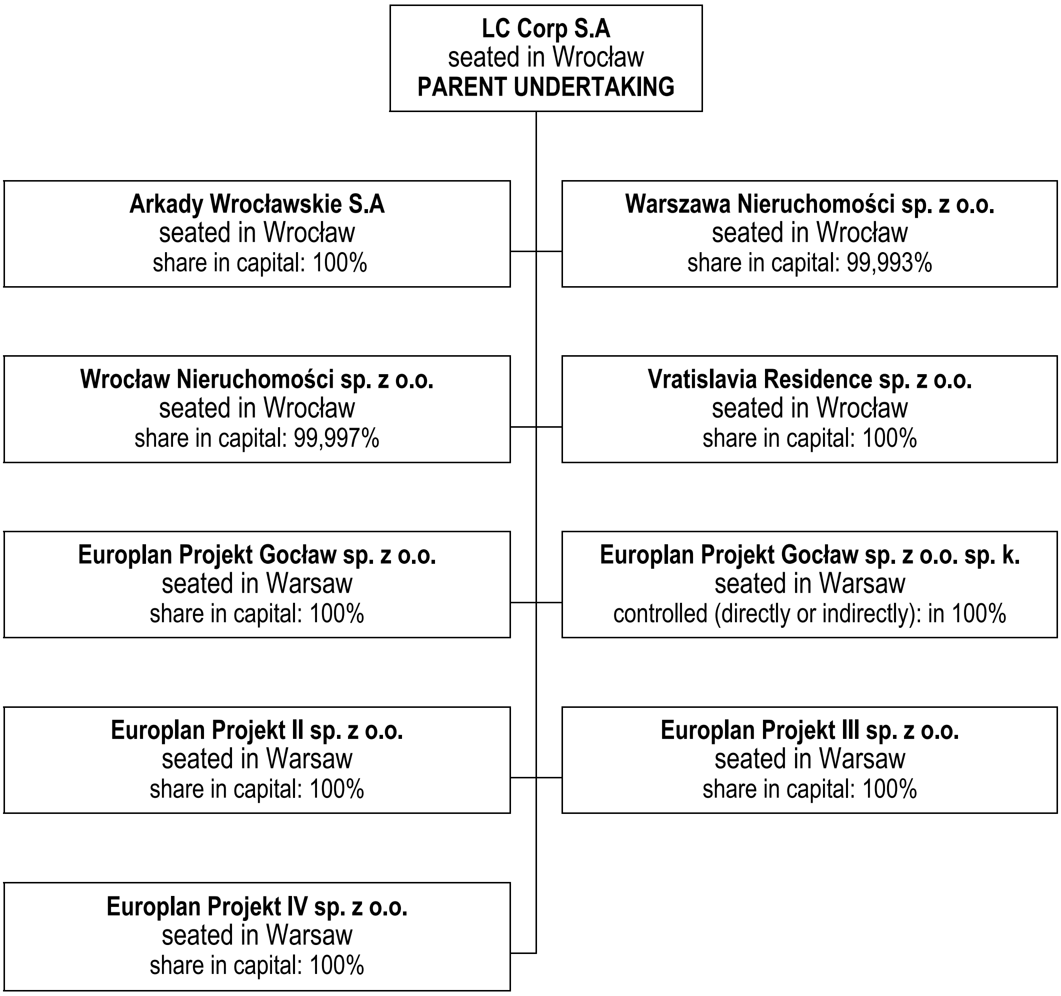
The Parent Undertaking of LC Corp S.A. and the whole group is LC Corp B.V., which is controlled by Leszek Czarnecki.

2. The organization of LC Corp Capital Group

As at June 30th 2007 LC Corp Capital Group comprises the following subsidiaries of LC Corp S.A.:

- Arkady Wrocławskie S.A. – seated in Wrocław, ul. Powstańców Śl. 2-4,
- Wrocław Nieruchomości sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- Warszawa Nieruchomości sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- Vratislavia Residence sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- Europlan Projekt Gocław sp. z o.o. - seated in Warsaw, ul. Ostrobramska 75 C/60,
- Europlan Projekt Gocław sp. z o.o. sp.k. - seated in Warsaw, ul. Ostrobramska 75 C/60,
- Europlan Projekt II sp. z o.o. - seated in Warsaw, ul. Ostrobramska 75 C/60,
- Europlan Projekt III sp. z o.o. - seated in Warsaw, ul. Ostrobramska 75 C/60,
- Europlan Projekt IV sp. z o.o. - seated in Warsaw, ul. Ostrobramska 75 C/60,

Graphic structure of LC Corp Capital Group as at June 30th 2007



Share in capital equals the share in vote.

3. Composition of the Management Board of the Parent Undertaking

As at June 30th 2007, the Management Board of LC Corp comprised:

- President Konrad Dubelski,
- Vice-President Rafał Gulka,
- Vice-President Waldemar Horbacki
- Vice-President Artur Kozieja
- Vice-President Dariusz Karwacki

As at August 6th 2007 Mr. Rafał Gulka resigned from his function of a Member of the Management Board of the Parent Undertaking.

4. Approval of the financial statements

These mid-year consolidated financial statements were approved for publication by the Management Board on September 21st 2007.

5. Significant values based on professional judgement and estimates

In the process of applying accounting rules (policy) in relation to the issues listed below, the biggest significance, apart from accounting estimates, had professional judgement of the management.

Below are discussed the basic assumptions concerning the future and other key sources of uncertainty occurring as at balance-sheet day, with which there is a significant risk of a substantial adjustment of balance-sheet assets and liabilities in the next financial year.

Impairment of value of assets

The Group tested non-current assets against impairment of value. It required an assessment of the value in use of the cash-generating unit which owns these non-current assets. The assessment of the value in use consists in establishing the future cash flows generated by the cash-generating unit and requires establishing the rediscount rate in order to calculate the current value of these cash flows.

Valuation of provisions

Provisions for employee benefits were assessed by means of actuarial methods. The assumptions adopted for this purpose are presented in Note 26.

Deferred tax asset

The Group recognizes a deferred tax asset based on the assumption that, in the future, tax profit is to be obtained enabling its utilization. Worsening of tax results attained could cause that this assumption might become illegitimate in the future.

Fair value of financial instruments

Fair value of financial instruments for which there is no active market is valued by means of proper valuation techniques. While selecting proper methods and assumptions the Group is guided by professional judgement.

Depreciation rates

The rates of depreciation are established on the grounds of the expected economic useful life of items of property, plant and equipment and intangible assets. Each year the Group verifies the adopted periods of economic useful life based on current estimates.

6. Basis for the preparation of the consolidated financial statements

The mid-year consolidated financial statements were made in accordance with the principle of historical cost accounting, except for investment properties which are valued at fair value. The consolidated financial statements are presented in thousands PLN ("PLN"), and all values, unless otherwise specified, are provided in thousands PLN.

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

6.1. Declaration of compliance

The enclosed consolidated financial statements of LC Corp Capital Group and financial statements of LC Corp S.A. were prepared in accordance with International Financial Reporting Standards ("IFRS"), particularly with International Accounting Standard No. 34 and relevant IFRS adopted 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").

The Group's companies keep the books in accordance with the accounting policy (principles) determined by the Act on accounting dated September 29th 1994 ("the Act") and regulations issued on the basis of the Act ("Polish Accounting Standards"). The consolidated financial statements contain consolidation adjustments included in the Group's consolidated documentation.

6.2. Currency of the measurement and currency of the financial statements

The currency of the measurement of the Parent Undertaking and the currency of these mid-year consolidated financial statements is Polish zloty. The Company makes transactions expressed in different currencies, above all in euro, American dollars and Polish zloty, however, predominantly in the domestic currency. If in the future the proportions between transactions expressed in specific currencies changed significantly, the Management Board's assessment of the choice of a functional currency, can also change. Since the Management Board expects that in the future, the Group's income will be dependent mainly on euro, this currency will probably become the currency of measurement in next periods.

7. Changes in accounting rules

Below are presented new or changed IFRS and new IFRIC interpretations, which the Group used in the current year. Their adoption, apart from several additional disclosures, had no bearing on the financial statements.

IAS 1 *Presentation of financial statements – Disclosures concerning capital*

The Group adopted the changed IAS 1 regulations. New disclosures were presented in Note 33 *Capital Management*.

IFRS 7 *Financial instruments: disclosures*

The Group adopted IFRS 7. The most important principles were introduced to Note 30 *Aims and Principles of Financial Risk Management*.

IFRIC 7 *Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies*

The Group adopted interpretation IFRIC 7. Applying this interpretation has no bearing on the Group's financial statements.

IFRIC 8 *Scope of IFRS 2*

The Group adopted interpretation IFRIC 8. The Group reviewed transactions under which the Group had liabilities based on the value of capital instruments as payment for the goods or services received, and stated that there were no transactions which would require a changed disclosure in connection with the application of IFRIC 8 interpretation.

IFRIC 9 Reassessment of Embedded Derivatives

The Group adopted IFRIC 9 interpretation. This interpretation states that the assessment that a given contract contains an embedded derivative is made at the time of entering into the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows. Application of this interpretation had little bearing on the way of recognizing embedded derivatives owned by the Group.

IFRIC 10 Interim Financial Reporting and Impairment

The Group adopted IFRIC 10 interpretation. This interpretation states that an entity shall not reverse an impairment loss recognized in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost. Applying this interpretation had little bearing on these financial statements.

In the reporting period for which the financial statements were prepared, the Management Board of the Parent Undertaking did not introduce any changes in the Group's accounting policy (rules).

8. New standards and interpretations, which were published but have not become effective yet

The following standards and interpretations were issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee, but have not become effective yet:

- IFRS 8 *Operating Segments* – applying to annual periods beginning after January 1st 2009 – as at the day of approval of these financial statements – not approved by the EU,
- IAS 23 *Borrowing Costs (amended in March 2007)* - applying to annual periods beginning after January 1st 2009 – as at the day of approval of these financial statements – not approved by the EU,
- IFRIC Interpretation 11 *Group and Treasury Share Transactions* - applying to annual periods beginning after March 1st 2007,
- IFRIC Interpretation 12 *Service Concession Arrangements* - applying to annual periods beginning after January 1st 2008 – as at the day of approval of these financial statements – not approved by the EU,
- IFRIC Interpretation 13 *Customer Loyalty Programmes* - applying to annual periods beginning after July 1st 2008 – as at the day of approval of these financial statements – not approved by the EU.

Adoption of the above-mentioned amendments to accounting standards and new interpretations in future reporting periods would have little bearing on the Group's accounting policy (rules).

9. Significant accounting principles

9.1. Consolidation rules

The mid-year consolidated financial statements are composed of financial statements of LC Corp S.A. and all subsidiary undertakings controlled by LC Corp S.A. prepared for the period of 6 months ended June 30th 2007. The financial statements of the subsidiary undertakings are prepared for the same reporting period as the financial statements of the Parent Undertaking, by adopting coherent accounting principles based on uniform accounting principles applied to transactions and economic events of similar character.

In order to eliminate any discrepancies in the applied accounting principles, adjustments are introduced.

All significant balances and transactions between the Group's entities, including unrealized gains resulting from transactions within the Group, are eliminated. Unrealized losses are eliminated, unless they prove the occurrence of a loss of value.

The subsidiary undertakings are subject to consolidation in the period from the day of taking control over them by the Group, and stop being consolidated from the day the control stops. Exercising control by the Parent Undertaking takes place when it holds directly or indirectly, through its subsidiary undertakings, more than half the vote in a given entity, unless it can be proved that this shareholding is not tantamount to exercising control. Exercising control also takes place when the Company is able to influence the financial and operating policy of a given entity.

(in PLN '000)

9.2. Comparable data

Due to the fact that as at June 30th 2006 the LC Corp Capital Group did not formally exist yet, the comparable data to the mid-year consolidated profit and loss account, mid-year consolidated cash-flow statement and mid-year consolidated statements of changes in equity for the period of 6 months ended June 30th 2007 constitute, respectively, data for the period from March 3rd (date of establishing the Parent Undertaking) to June 30th 2006 concerning the Parent Undertaking. The LC Corp Capital Group was established in August 2006 as a result of a series of acquisitions between entities controlled by the Parent Undertaking.

9.3. Non-current assets

Non-current assets include:

- land (including the right of perpetual usufruct) which is not investment property or investment property under construction,
- buildings which are not investment property (including cooperative ownership right to premises, ownership right to premises),
- civil engineering facilities,
- plant and equipment,
- means of transport,
- other objects

complete and in proper operating condition on receipt for use, of an expected period of use longer than a year, intended for own needs.

Property, plant and equipment are disclosed according to the acquisition/production cost less depreciation and impairment charges. The initial value of non-current assets includes their acquisition price increased by all costs directly related to their acquisition and restoring to proper operating condition. The cost also includes the cost of replacing components of the machines or devices at the time it is incurred, if the criteria of recognition are fulfilled. Costs incurred after the date of handing over the non-current asset to use, such as costs of maintenance and repair, charge the profit and loss account at the time they are incurred.

At the moment of their acquisition non-current assets are divided into components of significant value, to which a separate period of useful economic life can be assigned. The costs of complete overhauls are also a component.

Depreciation is calculated with the straight-line method for an assessed period of useful economic life of a given asset, lasting:

Type	**Period in years**
Machines and technical devices	5
Office equipment	2
Means of air transport	25
Other means of transport	5
Investments in third-party non-current assets	10 (or time-limit of the contract if shorter)
Computers	3

A given item of property, plant and equipment can be removed from the balance sheet after its disposal or in the case when no economic advantages are expected resulting from the further use of such an item. All profits or losses resulting from removing a given item of non-current items from the balance sheet (calculated as a difference between potential net proceeds from sales and the balance-sheet value of a given item) are disclosed in the profit and loss account in the period during which such a removal was effected.

The final value, period of usage and method of depreciation of assets are verified and, if necessary – adjusted, from the beginning of the recently ended financial year.

During each overhaul, its cost is disclosed in the balance-sheet value of property, plant and equipment, if the criteria of disclosure are met.

9.4. Non-current assets under construction

Non-current assets under construction concern non-current assets being built or assembled and are disclosed according to the acquisition or production cost. Non-current assets under construction are not subject to depreciation by the time they are built and handed over to use.

Land and right of perpetual usufruct of land allotted for building non-current assets or investment property are disclosed as non-current assets under construction up to the time they are handed over to use.

9.5. Investment property

Investment property is defined as land, building or part of a building, which the company treats as a source of rental income or keeps on account of its increase in value. A condition of disclosure in this item of the balance sheet is:

- probability of obtaining economic profits by virtue of possessing the property,
- possibility of a credible establishment of the acquisition or production cost

The initial disclosure of investment property occurs at the acquisition price allowing for the transaction costs (among others, direct costs associated with finalizing rental agreements). The balance-sheet value of an asset includes the cost of replacing part of an investment property at the time it is incurred provided that the disclosure criteria are met and it does not include the cost of the current maintenance of the property. After the initial disclosure, investment property is disclosed at fair value. Profits or losses resulting from the changes of the fair value of investment property are disclosed in the profit and loss account in the period when they arose.

Investment property is removed from the balance sheet when it is disposed of or in the case of a permanent withdrawal of a given investment property from use, when no future advantages are expected from its disposal. All profits and losses resulting from the removal of an investment property from the balance sheet are disclosed in the profit and loss account in the period when the removal was effected.

Transfer of assets to investment property is made only when there is a change in the way of their use, confirmed by finishing the use of an asset by the owner, conclusion of a contract of operating lease, or completion of the construction/production of the investment property. However, if an asset is used by the owner - the Group, it becomes an investment property. The Group applies principles described in section 'Property, plant and equipment' up to the day of change in the way of using the property. In the case of transferring the assets from inventories to investment properties, the difference between the fair value of the property established at the day of transfer and its previous balance-sheet value is disclosed in the profit and loss account. When the Group completes the construction or production of an investment property, the difference between the fair value of the property established at the day of transfer and its previous balance-sheet value, is disclosed in the profit and loss account.

In the case of a transfer of an investment property to assets used by the owner, or to inventories, the supposed cost of such an asset, which will be accepted to be disclosed in another category, equals the fair value of the property established as at the day of change in its use.

Fair value is established by an independent valuer or based on an agreed model of capitalization of the investment.

9.6. Investment property under construction

Up to the time of completing the construction or production of investment properties, they are disclosed as "non-current assets under construction". In addition, the value of investment properties under construction includes the costs of commission for agents by virtue of effecting contracts of office space rental. These costs are then allowed for in the amount of reassessment of the investment properties they relate to.

9.7. Goodwill

Goodwill arising on an acquisition of a business entity represents the excess of the cost of the acquisition over the fair value of the net identifiable assets acquired. Goodwill is stated at cost less impairment losses, if any. Goodwill is tested annually for impairment. Goodwill is not depreciated.

As at the day of assuming control, the acquired goodwill is allocated to every cash-generating unit which may benefit from synergies resulting from the merger. The Company calculates any impairment of value by estimating recoverable value of the cash-generating unit relevant to a given part of goodwill. If the recoverable value of a cash-generating unit is lower than its balance-sheet value, the Company recognizes impairment losses. If goodwill comprises a part of a cash-generating unit and the Company sells a part of the business of the cash-generating unit, the goodwill connected with the sold business is included in the balance-sheet value of the sold business for the purpose of calculating gains or losses on disposal of the part of business. Goodwill sold in such circumstances is valued using the relative value of the sold business and the value of the retained part of the cash-generating unit.

9.8. Intangible assets

Intangible assets are the acquired assets having useful economic life on the day of receipt for use, such as:

- property rights, proprietary copyrights, licences, concessions, rights to: designs, inventions, patents, trademarks, decorative patterns and utility models,
- costs of development work with positive results,
- goodwill,
- know-how

of an expected useful life longer than one year, used for the needs of the conducted business activity or rented out, leased or given to use on the basis of a similar contract.

Intangible assets acquired in a separate transaction are initially stated at acquisition or production cost. Intangible assets acquired in a business combination are initially recognized at fair value as defined at the business combination date. After initial recognition, intangible assets are measured at acquisition or production cost less amortization and impairment allowances. Expenditures related to intangible assets produced on your own, except for activated expenditures incurred for development work, are not activated and are disclosed in the costs of the period when they were incurred.

The Group determines if the useful life of intangible assets is definite or indefinite. Intangible assets with a definite useful life are amortized over their economic useful life and tested for value impairment each time there are indications of the impairment of their value. The period and method of amortization of intangible assets with a definite useful life are verified at least at the end of each financial year. Changes in the expected useful life or expected method of consuming economic advantages coming from a given asset are disclosed by a change of the period or amortization method, respectively, and treated as changes of assessed values. Depreciation allowance of intangible assets with a definite useful life is charged in the profit and loss account in the category which corresponds to the function of a given intangible asset.

Intangible assets with indefinite useful lives and intangible assets which are not yet in use are tested for impairment once a year in relation to individual assets or at the level of the cash-generating unit. In the case of other intangible assets, it is checked if there are indications of impairment. Periods of use are also annually verified and, if necessary, adjusted effective from the beginning of the financial year.

Summary of the rules applied in relation to intangible assets of the Group is presented below:

	Computer software and other
Period of use	2 years

Applied method	straight-line method
Produced or acquired	acquired
Tested for impairment / verification of recoverable amount	Annual assessment if there are indications of impairment.

Profits or losses resulting from the removal of intangible assets from the balance sheet are valued according to the difference between net proceeds from sale and the balance-sheet value of a given asset and are disclosed in the profit and loss account at the time of their derecognition.

9.9. Impairment of Non-Current Non-Financial Assets

At each balance-sheet date, the Group assesses whether there is any objective evidence that a non-financial non-current asset is impaired. If any such evidence exists, or when it is necessary to carry out an annual test checking the impairment, the Group assesses the recoverable value of a given asset or a cash-generating unit which owns the asset.

The recoverable value of an asset or a cash-generating unit corresponds to the higher of fair value less selling costs of this asset or the cash-generating unit, or its value in use, respectively. The recoverable value is established for each particular asset, unless a given asset does not generate cash by itself, which is mostly independent from the one generated by other assets or groups of assets. Impairment takes place when the balance-sheet value of an asset is lower than its recoverable value and then an allowance is made to the established recoverable value. While assessing the value in use the projected cash flows are discounted to their current value by applying a discount rate before allowing for taxation effects, which reflects the current market assessment of the value of cash in time and risk typical for a given asset. Impairment allowances of assets used in continued operations are disclosed in these categories of costs which correspond to the function of a given asset where impairment was stated.

At each balance-sheet date, the Group assesses whether there is any objective evidence that the impairment allowance which was disclosed in previous periods in relation to a given asset is unnecessary or if it should be diminished. If any such evidence exists, the Group assesses the recoverable value of this asset. The previously disclosed impairment allowance is reversed only when, from the time of the last valuation allowance, there was a change of the estimated values used to establish the recoverable value of a given asset. In this case, the balance-sheet value of the asset is increased to its recoverable value. The increased amount cannot exceed the balance-sheet value of the asset which would be established (after deducting depreciation) if in the previous years the impairment allowance was not disclosed at all in relation to this asset. Reversal of the impairment allowance of an asset is disclosed immediately as income in the profit and loss account. After the reversal of the impairment allowance, in the next periods the depreciation allowance concerning a given asset is adjusted in a way that makes it possible, during the rest of the period of use of this asset, to make systematic allowances of its verified balance-sheet value less the end value.

9.10. Inventories

"Inventories" disclose expenditures incurred, concerning unsold flats intended for sale. Such expenditures include the right of perpetual usufruct of land or land, costs of building relating to works performed by subcontractors in connection with building flats, capitalized costs including the costs of external financing, costs of planning and design, mark-ups of administrative expenses directly connected with building, and other costs relating to building.

Initially, inventories are disclosed according to the production cost. After the initial disclosure, inventories are measured at the lower of acquisition/production cost and net realizable value.

9.11. Trade and other receivables

Trade and other receivables are valued and recognized at amounts initially invoiced, accounting for valuation allowances for uncollectible receivables. Valuation allowances for receivables are estimated when the collection of the full amount of receivables is no longer possible. If the effect of time value of money is significant, the value of receivables is determined by discounting the projected future cash flows to their present value using a pre-tax discount rate reflecting the current market estimates of the time value of money. If the discount method is applied, an increase in receivables over time is recognized as financial income.

9.12. Cash and cash equivalents

Cash and short-term deposits shown in the balance sheet comprise cash on hand and in a bank account, and short-term deposits of initial maturity up to three months.
The cash flows balance of cash and cash equivalents consists of the above-defined monetary assets and their equivalents less bank overdrafts.

Cash in foreign currencies is valued as at the reporting day at the mid-exchange rate quoted by the National Bank of Poland. Foreign exchange differences relating to cash and cash equivalents in foreign currencies and foreign currency operations are included in the profit and loss account.

9.13. Financial assets

Financial assets are classified in the following categories:

- Financial assets held to maturity,
- Financial assets at fair value through profit and loss,
- Loans and receivables,
- Financial assets available for sale.

A held-to-maturity asset is one that has a fixed maturity and fixed or determinable payments and that the entity has the positive intent and ability to hold until maturity. Held-to-maturity assets are measured at amortized cost calculated using the effective interest method. Held-to-maturity financial assets are classified as fixed assets if the maturity exceeds 12 months period from the balance-sheet date.

Financial assets acquired in order to gain on short-term price changes are classified as financial assets valued at fair value through profit and loss. Fair value through profit and loss financial assets are valued at fair value without any transaction costs, taking into account the market value as at the balance-sheet date. Changes in these instruments are recorded in financial revenues and costs. Derivatives are also classified as held for trading except for they are treated as effective hedge instruments or financial guarantee agreements. Financial assets valued at fair value through profit and loss are valued at fair value, taking into account their market value as at balance-sheet date excluding sales transaction costs. Changes in the fair value of these instruments are recognized in the profit and loss account as financial cost or income. Financial assets valued at fair value through profit and loss are presented in current assets. If the contract contains one or more embedded derivatives, the whole contract can be classified to the category of financial assets valued at fair value through profit and loss. It does not apply to the cases when embedded derivative does not have significant impact on cash flows from the contract or separation of embedded derivative is specifically prohibited. Financial assets can be on initial recognition classified to the category of valued at fair value through profit and loss if the following criteria are met: (i) such classification eliminates or significantly reduces lack of integrity in treatment when both valuation and rules of recognition of profit and loss are subject to other regulations, or (ii) asset is part of group of assets which is managed and evaluated based on fair value in accordance with existing strategy of risk management or (iii) financial assets include embedded derivatives which should be recognized separately. As at June 30th 2007 and December 31st 2006, no financial assets were classified to the category of value at fair value through profit and loss.

Originating loans and receivables include non-derivatives financial assets with set or foreseeable payments not listed on any active market. They are included in current assets if the tenor does not exceed 12 months from the balance-sheet date. Originating loans and receivables with tenor exceeding 12 months form the balance-sheet date are presented in fixed assets.

All the remaining financial assets are financial assets available for sale. Financial assets available for sale are valued at fair value without any transaction costs, taking into account the market value as at the balance-sheet date. If there is no active market for such instruments and no reliable available valuation using alternative methods, available for sale financial assets are valued at historical cost less impairment. Positive and negative difference between fair value and historical costs, after deferred tax, relating to available for sale assets (if active market exists or fair value can be reliably measured) is recorded in revaluation capital.

The loss in value of available for sale financial assets is recorded as financial cost in the profit and loss account.

Purchase and sale of financial assets are initially recognized as at the date of the transaction. Initial measurement includes fair value including, if the asset is not valued at fair value through profit and loss, transaction costs which can be assigned to the purchased asset.

Financial asset is derecognized from the balance sheet when the Group loses control over contractual rights comprising this instrument. Typically, this happens when the instrument is sold and all the cash flows related to this instrument will now be attributed to an independent third party.

9.14. Impairment of financial assets

An assessment is made at each balance-sheet date by the Group's companies to determine whether there is objective evidence that a financial asset or group of financial assets may be impaired.

9.14.1 Assets recognized at amortized cost

If there are objective indications that there is a loss incurred as a result of diminution in value of loans and receivables valued at amortized cost, then the amount of revaluation due from impairment is equal to the difference between the carrying value of the financial asset and the present value of the future cash flows (excluding all future losses due from lack of collection of receivables, which have not been incurred yet) discounted with application of primary discount rate (which is interest rate established at initial recognition). The carrying value of the asset is reduced directly or through reserve. The cost is incurred in the profit and loss account. The Group assesses firstly whether there are objective indications of impairment of particular financial assets which individually are significant, and indications of impairment which individually are not significant. If as a result of the analysis there are no objective indications of impairment of an individually assessed financial asset, irrespective of whether it is significant or not, the Group includes this asset of the group of financial asset with similar credit risk and jointly assesses the impairment. Assets which are assessed individually for impairment and for which the impairment was recognized, or it was assessed that the current impairment will not change, are not taken into account in group test for impairment. If in the next period the impairment write-down lowered, and this lowering can be objectively related to the event after the impairment was recognized then the previous impairment is reversed. The later reversal of the impairment is recognized in the profit and loss account in the scope in which, as of the date of the reversal, the carrying value of an asset does not exceed its amortized cost.

9.14.2 Financial assets recognized at cost

If there are objective indications that an impairment exists of an unquoted financial instrument – which is not valued at fair value because its fair value cannot be reliably estimated, or derivative instrument which is embedded and must be settled through delivery of such an unquoted financial instrument – then the amount of impairment is established as the difference between carrying value of the financial asset and the present value of future cash flows discounted with current market discount rate for similar financial instruments.

9.14.3 Financial assets available for sale

If there are objective indications that an impairment exists of an available for sale financial asset, then the difference between purchase price of this asset (less principal repayment and amortization) and its present fair value less any impairment write-downs of this asset previously recognized in the profit and loss account is booked from equity to the profit and loss account. It is not allowed to recognize in the profit and loss account any reversal of the impairment of equity instruments categorized as available for sale. If in the next period the fair value of a debt instrument available for sale increases, and this increase can be objectively assessed with an event after the impairment was recognized in the profit and loss account, then the reversal of impairment is recognized in the profit and loss account.

9.15. Embedded derivatives

Embedded derivatives are separated from the host contracts and accounted for as derivatives if all of the following conditions are met:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- a separate instrument with the same realization terms as the embedded derivative would meet the definition of a derivative;
- the hybrid (combined) instrument is not measured at fair value and changes at fair value are not recognized in the net profit or loss

Embedded derivatives are accounted for in a similar way as other derivatives which are not designated as hedging instruments.

The scope in which, according to IAS 39, economic features and risk characteristic of the embedded derivative in a foreign currency are closely related with economic features and risk characteristic of the host contract, also includes situations when the currency of the host contract is commonly used in contracts to purchase or sell non-financial items in the economic environment in which the transaction takes place.

9.16. Hedging instruments

Derivatives to hedge against interest rate risk and currency risk include in particular FX forwards and interest rate swaps. Derivative financial instruments of this type are measured at fair value.

Fair value of FX forwards is established by reference to the forward rates of contracts with similar maturity prevailing at a given time. Fair value of interest rate swaps is established by reference to the market value of similar instruments.

Hedge accounting distinguishes between hedging instruments as fair value hedges, protecting against the risk of changes of fair value of a recognized asset or liability, or cash flow hedges, protecting against the changes in cash flow attributable to a specific risk connected with a recognized asset, liability or forecast transaction.

In the case of fair value hedges which qualify for hedge accounting, the gain or loss on revaluation of the hedging instrument is recognized immediately in the profit and loss account. Any gains or losses on the hedged item, attributable to the hedged risk, adjust the balance-sheet value of the hedged item and are also recognized immediately in the profit and loss account. If adjustment is made to the balance-sheet value of a hedged interest-bearing financial instrument, the adjustment is charged to the profit and loss account in such a manner that it may be fully depreciated before the instrument's maturity date.

In the case of cash flow hedges which qualify for hedge accounting, the portion of gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in the equity, while the portion which is determined to be an ineffective hedge is recognized directly in the profit and loss account.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognized directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, then the profits or losses which were recognized directly in equity are reclassified into profit or loss in the same period or periods during which the non-financial asset – acquired or non-financial liability assumed – affects profit or loss.

A gain or loss arising from a change in the fair value of derivatives which do not meet the conditions enabling the application of special hedge accounting, are recognized directly in the net financial result for the current period.

The Group ceases to apply the principles of hedge accounting when the hedging instrument expires or is sold, the instrument's use is approaching an end or the instrument is exercised, or when the hedge no longer meets the criteria for hedge accounting. In such a case the total gain or loss on the hedging instrument, initially disclosed in the revaluation capital reserve, continues to be recognized in the revaluation capital reserve until the forecast transaction takes place. If the company no longer expects a forecast transaction to take place, the total net gain or loss recognized in the revaluation capital reserve is posted to the profit and loss account for the current reporting period.

In the years 2005 and 2006 until June 30th 2007, the Group did not apply hedge accounting; however, it considers the application of hedge accounting in the future.

9.17. Financial liabilities

Accounts payable are valued in the amount due.

Other financial liabilities whose settlement in accordance with the contract takes place by way of issuing financial assets other than cash or exchange into financial instruments are valued at fair value.

Other financial liabilities which are not financial instruments valued at fair value through profit and loss are valued at amortized cost using effective interest rate method.

9.18. Interest bearing loans, borrowings and bonds

All loans, borrowings and bonds are initially recognized at cost, being the value of the consideration received net of acquisition costs associated with the borrowing/loan.

After initial recognition, all interest-bearing loans, borrowings and bonds are subsequently measured at amortized cost, using the effective interest rate method, except for financial liabilities designated as hedged items, which are subject to the principles of hedge accounting.

Costs related to loan acquisition, discounts and premiums received at the moment of liability settlement are taken into account when calculating the amortized cost.

Profits and losses are recorded in the profit and loss account at the moment of liability removal and when calculating the payment using effective interest rate method.

9.19. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, such that an outflow of resources embodying economic benefits is certain or highly probable to be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions for losses and liabilities are valued at a justified, reliably assessed value.

Provisions are charged to expenses of the operating activity, other operating expenses or financial expenses, depending on circumstances from which the loss results.

Costs relating to a specified provision are incurred in the profit and loss account net of any reimbursements. In case the time value of money is a material factor, the provision is measured using the present value of future cash flows at the discount rate which reflects current market estimate of time value of money and the risk related to the specified liability. If the discount method is applied, the increase in the provision as time passes will be recognized as borrowing cost.

The provision is decreased by the occurrence of loss or liability for which it was created, and unused provisions (because the risk of losses, for which the provisions were created, ceased or diminished) are released into accounts to which they were charged.

9.20. Retirement benefits

Under the Group's remuneration plans, its employees are entitled to retirement benefits. The retirement benefits are paid once at retirement. The amount of retirement benefits depends on the number of years of service and an employee's average remuneration. The Group creates a provision for future retirement benefits in order to allocate costs to relevant periods. In accordance with IAS 19, retirement benefits are classified as post-employment benefit plans. The present value of those liabilities is estimated on each balance-sheet date by an independent actuary. The accumulated liabilities equal discounted future payments, considering employee rotation, and relate to the period ended on the balance-sheet date.

(in PLN '000)

Demographic data and information on employee rotation are based on historical records. Actuarial gains and losses are recognized in the profit and loss.

9.21. Own shares

Own (treasury) shares are valued according to the acquisition prices.

9.22. Equity and Reserve Funds

Equity and reserve funds are valued according to their par value. The differences between the market value of the obtained payment and the par value of shares is recognized in the reserve funds. The costs of share issue connected with a capital increase decrease the Group's reserve funds.

9.23. Valuation of assets and liabilities expressed in foreign currencies

As at the balance-sheet date:

assets and liabilities denominated in foreign currencies (except for shares in subordinated undertakings valued by equity method) are valued at the mid-exchange rate quoted by the National Bank of Poland at that date.

During the financial year:

1) operations of sale and purchase of foreign currencies and operations of payment of receivables or payables are valued at the buy or sale rate of the bank whose services the undertaking used,
2) other operations are valued at the mid-exchange rate quoted for the given currency by the National Bank of Poland binding on the day preceding the operation, unless a different rate was established in the customs declaration or another document binding on a given undertaking.

The resulting foreign exchange gains and losses are posted in the profit and loss account or, in cases determined by the accounting rules, capitalized under non-current assets. Non-cash items valued at their historic cost in foreign currency are translated at the historic exchange rate effective as at the date of the transaction. Non-cash assets and liabilities measured at fair value in a foreign currency are translated at the exchange rate effective as at the date of the fair value measurement.

	June 30th 2007	December 31st 2006
EURO	3.7658	3.8312
USD	2.7989	2.9105

9.24. Rules of valuation of contingent liabilities

A contingent liability is a probable liability which arises due to past events and whose existence will be confirmed only in the future on the occurrence of uncertain events (over which the undertaking does not have full control). A contingent liability can also be a current liability of the undertaking, which arises due to past events and cannot be valued credibly enough, or it is not probable that effecting this liability will cause outflow of resources with economic advantages. Therefore, such a liability is not presented in the balance sheet, but described in additional information and explanatory notes to the financial statements.

9.25. Recognition of revenues

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognized net of VAT tax, excise duty and rebates. When recognizing revenues the below presented criteria also apply.

9.25.1 Sale of goods and products

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be valued in a reliable way. Revenue on the realization of instruments hedging cash flows adjusts the value of revenue on the sales of goods and products.

9.25.2 Interest

Revenue is recognized as the interest accrues (taking into account the effective yield on the asset which is the discount rate which discounts future cash flows over the estimated use of financial instruments) in relation to the net book value of given financial instrument class.

9.25.3 Dividends

Dividends due are recorded at the moment of establishing dividend rights for the shareholders.

9.25.4 Rental revenues

Revenues on renting investment properties are disclosed with the straight-line method for the period of rent in relation to open contracts.

Revenues on renting means of air transport are disclosed proportionally to the number of hours of using the means of transport by the lessee.

9.25.5 Revenues on the sale of flats

Revenues on the sale of flats are disclosed only when basically all the risks and advantages connected with a given flat are transferred upon the customer and the revenue can be reasonably valued. Risks and advantages are not considered as basically transferred upon the buyer when, for example, the buyer's risks are limited to the loss of paid deposit and the seller cannot demand payment of the whole amount by the buyer. Costs associated with flats which have already been sold, and which will be incurred in periods following the disclosure of sale (including costs of repairing faults and costs of finishing the common spaces), are assessed and disclosed in the profit and loss account in the period when the sale of a given flat took place.

9.26. Income tax

For the needs of financial reporting, deferred tax liability is created with use of the balance-sheet liability method in relation to all timing differences existing as at the balance-sheet date between the tax value of assets and liabilities and their balance-sheet value as disclosed in the financial statements.

Deferred tax liabilities are recognized on all taxable timing differences:

- With exempt when the deferred tax liability arises due to initial recognition of goodwill, or the initial recognition of asset or liability is in a transaction that is not a business combination, and at the time of the transaction affects neither accounting profit nor taxable profit, and
- In case of positive temporary differences resulting from investment in subsidiaries, associates and shares in joint ventures - except where the timing of the reversal of the temporary difference can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized.

- With exempt when the deferred tax asset arises due the initial recognition of asset or liability (in a transaction that is not a combination of business entities, and at the time of the transaction affects neither accounting profit nor taxable profit), and
- In case of negative temporary differences resulting from investment in subsidiaries, associates and shares in joint ventures the deferred tax asset is recognized in the balance sheet in the amount

which is probable that in foreseeable future the above mentioned differences will reverse and taxable profit will be available against which the deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance-sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted at the balance-sheet date.

The income tax relating to the items directly recorded in net assets is recorded in net assets and not in the profit and loss account.

9.27. Borrowing costs

Subject to capitalization are borrowing costs allocated for financing the construction or production of tangible assets or investment properties, comprising interest due up to the moment of handing an asset over to use, loss on foreign exchange differences up to the amount corresponding to the adjustment of the cost of interest to the interest level adequate to the local currency, and gains on foreign exchange differences up to the amount of earlier capitalized losses due to this fact.

9.28. Prepayments

During a reporting period prepayments include, among others:

- costs of rent and lease paid in advance,
- costs of energy paid in advance,
- costs of insurance of property,
- costs of charges for the right of perpetual usufruct,
- property tax,
- allowances for the employee benefit fund,
- interest on loans and borrowings charged in advance,
- other financial expenses charged in advance,
- other costs relating to next reporting periods (subscriptions, advance payments for fair events, costs of provision of utility junctions etc.).

Costs subject to activation in the account prepayments and accrued income are settled proportionally to the passage of time in the next financial periods to which they relate.

9.29. Accrued expenses

Accrued expenses are created in the amount of probable liabilities due in the current reporting period, particularly resulting from:

1) the value of services provided by contractors, whose amount can be assessed in a reliable way,
2) the obligation to provide future services resulting from the current activity, whose amount can be assessed, although the date of their provision is not known yet, and which can include, among others:
   - costs of remuneration and mark-ups connected with the results of the period, but paid in the next reporting periods,
   - costs of auditing these financial statements and other costs relating to the reporting period.

9.30. Net profit per share

Net profit per share for each period is calculated by dividing the net profit for the period by the weighted average number of shares during that period.

(in PLN '000)

Profit to be divided is established on the grounds of non-consolidated financial statements of individual subsidiaries, prepared in accordance with the Act on Accounting, and the non-consolidated financial statements of the Parent Undertaking prepared in accordance with IFRS.

9.31. Investment in associates

Shares in associates are valued with equity method. Associates are entities which are significantly influenced by the Parent Undertaking and which are neither subsidiaries of the Parent Company nor joint ventures. The financial statements of associates are the basis for valuation of shares owned by the parent company using equity method. The financial year of associates is equal to the financial year of the Parent Undertaking. Associates apply accounting policies prescribed in the Accounting Act. Before calculating the proportionate share of the Parent Undertaking in the financial result of such companies, the financial statements of associates are restated to IFRS applied by the Group.

Proportionate share of the Parent Undertaking in the financial result of such companies is presented separately in the consolidated profit and loss account. Value of such company resulting from purchase of these shares is presented separately in the consolidated balance sheet.

10. Information on segments of activity

Each strategic activity of the Group is conducted in a separate subsidiary undertaking (single purpose company dedicated to real estate), however, most of the Group's activity relates to the same market – real estate market. The Group does not operate in different industry segments, and its activity is focused mainly on the territory of Poland, hence financial reporting does not distinguish industry segments or geographical segments.

At present, most of the Group's income comes from the rental of office space and retail and service centre, hence the Group does not distinguish separate segments, and the financial statements do not include segments of activity. In the future the Group will generate income from other activities (among others, from the sale of flats; currently, payments on account of the purchase of flats are presented in the balance sheet as accrued revenues), and then it will present income divided into individual segments of activity.

11. Revenues and Expenses

11.1. Revenues

	Period ended June 30th 2007 (unaudited)	**Period from Mar 3 to Jun 30 2006** (unaudited)
Revenue on rental of office space and retail and service centre	9,250	0
Revenue on rental of means of air transport	2,183	0
Other	25	588
Total revenues	**11,458**	**588**

(in PLN '000)

11.2. Expenses by type

	Period ended June 30th 2007 (unaudited)	Period from Mar 3 to Jun 30 2006 (unaudited)
Depreciation	1,434	60
Consumption of materials and energy	1,652	11
Contracted services	3,684	145
Taxes and charges	1,310	9
Salaries and wages	3,782	323
Social security and other benefits	638	64
Other costs by type	1,753	6
Total	**14,253**	**618**

	Period ended June 30th 2007 (unaudited)	Period from Mar 3 to Jun 30 2006 (unaudited)
Cost of sales	6,419	461
Selling and distribution costs	0	0
General administrative expenses	7,834	157
Total	**14,253**	**618**

11.3. Depreciation costs and valuation allowance disclosed in the profit and loss account

	Period ended June 30th 2007 (unaudited)	Period from Mar 3 to Jun 30 2006 (unaudited)
Items disclosed in the cost of sales:	**983**	**0**
Depreciation of non-current assets	918	0
Impairment of property, plant and equipment	0	0
Depreciation of intangible assets	65	0
Items disclosed in selling costs	**0**	**0**
Depreciation of non-current assets	0	0
Costs of operating lease	0	0
Items disclosed in general administrative expenses:	**451**	**60**
Depreciation of non-current assets	451	60
Costs of operating lease	0	0

(in PLN '000)

11.4. Costs of employee benefits

	Period ended June 30th 2007 (unaudited)	Period from Mar 3 to Jun 30 2006 (unaudited)
Salaries and wages	3,782	323
Costs of social security	638	64
Costs of retirement benefits	0	0
Other post-employment benefits	0	0
Costs of share-based remuneration scheme	0	0
Total costs of employee benefits, including:	**4,420**	**387**
Items displayed in the cost of sales	604	235
Items displayed in the selling costs	0	0
Items displayed in the general administrative expenses	3,816	152

11.5. Other operating income

	Period ended June 30th 2007 (unaudited)	Period from Mar 3 to Jun 30 2006 (unaudited)
Revenue on cost recharges	1,467	0
Received damages on terminated contracts	12	0
Other	2	0
Total	**1,481**	**0**

11.6. Other operating expenses

	Period ended June 30th 2007 (unaudited)	Period from Mar 3 to Jun 30 2006 (unaudited)
Costs to be recharged	1,011	0
Other	575	0
Total	**1,586**	**0**

11.7. Financial income

	Period ended June 30th 2007 (unaudited)	Period from Mar 3 to Jun 30 2006 (unaudited)
Bank interest received	1,074	0
Positive foreign exchange differences surplus	3,631	0
Other	25	0
Total	**4,730**	**0**

11.8. Financial expenses

	Period ended June 30th 2007 (unaudited)	Period from Mar 3 to Jun 30 2006 (unaudited)
Interest on bonds and loans	1,569	0

(in PLN '000)

Negative foreign exchange differences surplus	0	0
Other	570	0
Total	**2,139**	**0**

12. Income tax

The main elements of tax expense for the period of 6 months ended June 30th 2007 and June 30th 2006 are as follows:

	Period ended Jun 30 2007 (unaudited)	Period from Mar 3 to Jun 30 2006 (unaudited)
Consolidated profit and loss account		
Current income tax		
Current income tax expense	(78)	0
Adjustments of the current income tax from previous years	0	0
Deferred income tax		
Timing differences and their reversal	(393)	0
Tax expense shown in the consolidated profit and loss account	(471)	0
Consolidated statement of changes in equity		
Deferred income tax		
Tax on the settlement of the transaction of shares acquisition	0	0
Tax benefit / (tax expense) reported in equity	0	0

Reconciliation of income tax on the gross financial result before tax according to the statutory tax rate, with income tax counted according to effective tax rate of the Group for the period of 6 months ended June 30th 2007 and June 30th 2006 is as follows:

	Period ended June 30th 2007 (unaudited)	Period from Mar 3 to Jun 30 2006 (unaudited)
Gross profit /(loss) before tax on continued operations	(301)	(30)
Profit /(loss) before tax on discontinued operations	0	0
Gross profit /(loss) before tax	**(301)**	**(30)**
Tax according to the statutory tax rate binding in Poland: 19% (2006: 19%)	(57)	(6)
Non-tax-deductible costs	383	6
Other	145	0
Tax according to the effective tax rate -157%	**471**	**0**
Income tax (expense) reported in the consolidated profit and loss account	(471)	0

(in PLN '000)

Income tax attributed to discontinued operations	0	0
	(471)	**0**

Deferred income tax

Deferred income tax results from the following items:

	Consolidated balance sheet		Consolidated profit and loss account for the period of	
	June 30th 2007 (unaudited)	December 31st 2006	6 months ended June 30th 2007 (unaudited)	from March 3rd to June 30th 2006 (unaudited)
Deferred tax liability				
Timing income	(1)	(110)	109	0
Accrued expenses of effecting contracts	(536)	(183)	(353)	0
Currency translation differences disclosed in the profit and loss account	(1,199)	(492)	(707)	
Expenditures on infrastructure recognized in the tax result	(2,840)	(2,744)	(96)	0
Difference in tax and balance-sheet depreciation	(1,657)	(1,170)	(487)	0
Gross deferred tax liability	**(6,233)**	**(4,699)**		
Deferred tax assets				
Valuation allowance for property, plant and equipment	0	818	(818)	0
Provision for retirement severance payments	5	5	0	0
Unused holiday accrual	56	33	23	0
Payroll accrual	88	57	31	0
Provision for balance-sheet audit	18	28	(10)	0
Interest accrued on issued bonds	494	264	230	0
Interest accrued on loans	0	18	(18)	0
Other timing expenses	30	8	22	0
Losses that can be deducted from future taxable income	7,135	5,454	1,681	0
Gross deferred tax assets	**7,826**	**6,685**		
Deferred tax expense			**(393)**	**0**
Net deferred tax asset	**1,593**	**1,986**		
Provision for the settlement of the transaction of acquisition of shares and group of subsidiaries	**(9,329)**	**(9,329)**	**0**	**0**

(in PLN '000)

13. Profit per share

Basic profit/(loss) per share is calculated by dividing net profit attributable to ordinary shareholders of the Parent Undertaking by average weighted number of issued ordinary shares occurring during a period.

Diluted profit/(loss) per share is calculated by dividing net profit for the period attributable to ordinary shareholders of the Parent Undertaking (after deducting interest on depreciable preferred shares convertible to ordinary shares) by average weighted number of issued ordinary shares occurring during a period (adjusted by the impact of diluting options and diluting depreciable preferred shares convertible to ordinary shares).

Below are presented data on profit and shares, which were used to calculate the basic and diluted profit per share:

	Period ended June 30th 2007 (unaudited)	**Period from Mar 3 to Jun 30 2006** (unaudited)
Net loss on continued operations	(772)	(30)
Loss on discontinued operations	0	0
Net loss	(772)	(30)
Net profit attributable to ordinary shareholders, used to calculate diluted profit per share	(772)	(30)
Average weighted number of issued ordinary shares used to calculate the basic profit per share	237,863,522	166,667

Due to net loss reported by the Group, the impact of dilution resulting from the issue of rights to shares would cause a decrease in loss; hence, diluted profit per share is not presented here.

In the period between the balance-sheet date and the date of these financial statements there were no transactions concerning ordinary shares or potential ordinary shares.

14. Dividends paid and declared

The Parent Undertaking LC Corp S.A. did not pay nor declare payments of dividend.

15. Property, plant and equipment

Period of 6 months ended Jun 30 2007 (unaudited)	*Land and buildings*	*Means of transport*	*Plant and equipment*	*Tangible assets under construction*	*Total*
Net value as at January 2007	0	24,774	387	251,928	277,089
Increase – acquisition	0	0	136	96,054	96,190
Increase – other	0	0	0	0	0
Acquisition of a subsidiary	0	0	70	0	70
Decrease (sale, liquidation, transfer)	0	0	(4)	0	(4)
Decrease (transfer to tangible assets)	0	138	244	(382)	0

(in PLN '000)

Decrease (transfer to intangible assets)	0	0	0	(146)	(146)
Impairment allowance	0	0	0	0	0
Reclassified to tangible assets available for sale	0	0	0	0	0
Depreciation allowance for the period (*)	0	(1,124)	(90)	0	(1,214)
Depreciation allowance for the period capitalized in assets	0	0	0	0	0
Net value as at June 30th 2007,	**0**	**23,788**	**743**	**347,454**	**371,985**
As at January 2007					
Gross value	0	24,858	440	251,928	277,226
Depreciation and impairment allowance	0	(84)	(53)	0	(137)
Net value	**0**	**24,774**	**387**	**251,928**	**277,089**
As at June 30th 2007					
Gross value	0	24,996	962	347,454	373,412
Depreciation and impairment allowance	0	(1,208)	(219)	0	(1,427)
Net value	**0**	**23,788**	**743**	**347,454**	**371,985**

(*) In the period of 6 months ended June 30th 2007, the Group depreciated a means of transport in the amount of PLN 152,000, which as at December 31st 2006 was disclosed as a Non-current asset classified for sale and sold in the first half of 2007.

The value of capitalized borrowing costs in the period of 6 months ended June 30th 2007 amounted to PLN 6,312,000, and in the period from March 3rd to June 30th 2006 borrowing costs were not capitalized.

Period from March 3rd to June 30th 2006 (unaudited)	*Land and buildings*	*Means of transport*	*Plant and equipment*	*Tangible assets under construction*	*Total*
Net value as at March 3rd 2006	**0**	**0**	**0**	**0**	**0**
Increase – acquisition	0	76	45	0	121
Increase – other	0	0	0	0	0
Decrease (sale, liquidation, transfer)	0	0	0	0	0
Impairment allowance	0	0	0	0	0
Depreciation allowance for the period	0	(4)	(45)	0	(49)
Net value as at June 30th 2006,	**0**	**72**	**0**	**0**	**72**
As at March 3rd 2006					
Gross value	0	0	0	0	0
Depreciation and impairment allowance	0	0	0	0	0
Net value	0	0	0	0	0
As at June 30th 2006					
Gross value	0	76	45	0	121

(in PLN '000)

Depreciation and impairment allowance	0	(4)	(45)	0	(49)
Net value	**0**	**72**	**0**	**0**	**72**

Year 2006	*Land and buildings*	*Means of transport*	*Plant and equipment*	*Tangible assets under construction*	*Total*
Net value as at January 2006	**9**	**11,225**	**18**	**77,070**	**88,322**
Increase – acquisition	0	24,859	448	178,952	204,259
Increase – other	0	0	0	879	879
Decrease (sale, liquidation, transfer)	(9)	(84)	(7)	(4,898)	(4,998)
Transfer to tangible assets	0	0	0	0	0
Transfer to intangible assets	0	0	0	(17)	(17)
Impairment allowance	0	(509)	0	0	(509)
Reclassified to tangible assets available for sale	0	(10,108)	0	0	(10,108)
Depreciation allowance for the financial year	0	(609)	(72)	0	(681)
Depreciation allowance for the financial year, capitalized in assets	0	0	0	(58)	(58)
Net value as at December 31st 2006 ,	**0**	**24,774**	**387**	**251,928**	**277,089**
As at January 2006					
Gross value	9	16,271	106	77,070	93,456
Depreciation and impairment allowance	0	(5,046)	(88)	0	(5,134)
Net value	**9**	**11,225**	**18**	**77,070**	**88,322**
As at December 31st 2006					
Gross value	0	24,858	440	251,928	277,226
Depreciation and impairment allowance	0	(84)	(53)	0	(137)
Net value	**0**	**24,774**	**387**	**251,928**	**277,089**

As a non-current asset classified for sale as at December 31st 2006 was presented an airplane which the Group intended to sell, and as at the balance-sheet date it was a subject of negotiation with a potential buyer.

16. Intangible assets

Period of 6 months ended June 30th 2007 (unaudited)	**Computer software and other**
Net value as at January 1st 2007	**6**
Increase – acquisition	0
Increase – transfer from assets under construction	146
Decrease – sale, liquidation, transfer	0
Attributed to discontinued operations	0

(in PLN '000)

Acquisition of a subsidiary	0
Impairment allowance	0
Depreciation allowance for the period – into expenses	(68)
Depreciation allowance for the period - capitalized	0
As at June 30th 2007	**84**
As at January 2007	
Gross value	104
Depreciation and impairment allowance	(98)
Net value	**6**
As at June 30th 2007	
Gross value	246
Depreciation and impairment allowance	(162)
Net value	**84**

Period from March 3rd to June 30th 2006 (unaudited)	**Computer software and other**
Net value as at March 3rd 2006	0
Increase	11
Decrease - sale, liquidation, transfer	0
Attributed to discontinued operations	0
Acquisition of a subsidiary	0
Impairment allowance	0
Depreciation allowance for the financial year-into expenses	(11)
Depreciation allowance for the financial year-capitalized	0
As at June 30th 2006	**0**
As at January 2006	
Gross value	0
Depreciation and impairment allowance	0
Net value	**0**
As at June 30th 2006	
Gross value	11
Depreciation and impairment allowance	(11)
Net value	**0**

Year 2006	**Computer software and other**
Net value as at January 1st 2006	**14**
Increase	76
Decrease - sale, liquidation, transfer	(6)

(in PLN '000)

Attributed to discontinued operations	0
Acquisition of a subsidiary	0
Impairment allowance	0
Depreciation allowance for the financial year-into expenses	(69)
Depreciation allowance for the financial year-capitalized	(9)
As at December 31st 2006	**6**
As at January 2006	
Gross value	57
Depreciation and impairment allowance	(43)
Net value	**14**
As at December 31st 2006	
Gross value	47
Depreciation i Impairment allowance	(41)
Net value	**6**

17. Acquisitions of shares and assets

Acquisitions of shares

In February 2007, LC Corp S.A. acquired the shares of other real estate development companies: Vratislavia Residence sp. z o.o. and Łódź Residence sp. z o.o., which will carry out residential development projects:

Vratislavia Residence sp. z o.o. seated in Wrocław in ul. Powstańców Śl. 2-4; registered in the National Court Register on February 8th 2007 is a company established to carry out and manage the development project Vratislavia Residence. LC Corp S.A. holds 100 % in its share capital.

Łódź Residence sp. z o.o. seated in Wrocław in ul. Powstańców Śl. 2-4, registered in the National Court Register on February 27th 2007 is a company established to carry out and manage the development project Łódź Residence. LC Corp S.A. holds 48 % in its share capital. On March 1st 2007 LC Corp S.A. concluded an agreement with Leszek Czarnecki, changed with an annex on May 31st 2007, on the strength of which the Issuer and Leszek Czarnecki, as partners of Łódź Residence sp. z o.o. holding jointly 100% shares, undertook among other things to increase the share capital of Łódź Residence sp. z o.o., at the same time all the new shares are to be held by LC Corp S.A.. On the balance-sheet date LC Corp S.A. held 48% shares of this company. On July 27th 2007 LC Corp S.A. bought from Leszek Czarnecki the other shares for the price of their par value.

Acquisitions of assets

In May 2007 LC Corp S.A. acquired the shares of five real estate development companies i.e.:

Europlan Projekt Gocław sp. z o.o. seated in Warsaw in ul. Ostrobramska 75 C/60, registered in the National Court Register on August 8th 2005 is a company established to carry out and manage the development project Osiedle Przy Promenadzie. LC Corp S.A. holds 100 % in its share capital.

Europlan Projekt II sp. z o.o. seated in Warsaw in ul. Ostrobramska 75 C/60, registered in the National Court Register on May 12th 2006 is company established to carry out and manage the development project Crown Apartments. LC Corp S.A. holds 100 % in its share capital.

(in PLN '000)

Europlan Projekt III sp. z o.o. seated in Warsaw in ul. Ostrobramska 75 C/60, registered in the National Court Register on December 8th 2006 is a company established to carry out and manage the development project Rezydencja Kaliska. LC Corp S.A. holds 100 % in its share capital.

Europlan Projekt IV sp. z o.o. seated in Warsaw in ul. Ostrobramska 75 C/60, registered in the National Court Register on March 8th 2007 is a company established to carry out and manage the development project Osiedle Zielony Złocień. LC Corp S.A. holds 100 % in its share capital.

Europlan Projekt Gocław Sp. z o.o. sp. k. seated in Warsaw in ul. Ostrobramska 75 C/60, registered in the National Court Register on October 11th 2005 is a company established to carry out and manage the development project Osiedle Przy Promenadzie. Europlan Projekt Gocław Sp. z o.o. sp. k. is controlled in 100% (directly or indirectly through Europlan Projekt Gocław sp. z o.o.) by LC Corp S.A..

The above-mentioned companies are only special purpose entities, which do not fulfil the definition of an undertaking according to IFRS 3 and hence, from the point of view of the financial statements, transactions concerning these entities were treated as settlements of transactions concerning an asset, not an undertaking.

18. Investment properties

As at June 30th 2007 the Group owned among its assets a retail and service centre Arkady Wrocławskie, which was disclosed under "Tangible assets under construction in the value of the production cost". As at the balance-sheet date most of the space was in use, on the grounds of a conditional permit. After the facility has been put into full use, the Group intends to reclassify this facility in accordance with IAS 40 to "Investment properties" and value at fair value. As at the day of approval of these financial statements the Group already had a valuation for the facility, made by a professional valuer, on the grounds of which it will revaluate the property to fair value in the third quarter of 2007.

19. Inventories

	June 30th 2007 (unaudited)	December 31st 2006
Materials	0	0
Work in process	475,743	152,564
Finished products	0	0
Total inventories	**475,743**	**152,564**

20. Trade and other receivables

	June 30th 2007 (unaudited)	December 31st 2006
Trade receivables	14,153	432
Budget receivables (without income tax)	29,543	10,265
Costs of IPO to be settled	7,435	0
Other receivables from third parties	567	38
Total receivables (net)	**51,698**	**10,735**
Valuation allowance for receivables	(78)	(60)
Gross receivables	**51,776**	**10,795**

(in PLN '000)

The changes of the valuation allowance for receivables were as follows:

	Period of 6 months ended Jun 30 2007 (unaudited)	Year ended December 31st 2006	Period from Mar 3 to Jun 30 2006 (unaudited)
At the beginning of the period	60	0	0
Increase	18	60	0
Use	0	0	0
Deduction of unused amounts	0	0	0
Adjustment of the discount rate	0	0	0
At the end of the period	**78**	**60**	**0**

Below is presented an analysis of trade receivables, which as at June 30th 2007 and December 31st 2006 were past due, but were not regarded as uncollectible.

			Past due, but collectible			
	Total	Term	< 30 days	30 – 90 days	90 – 180 days	>180 days
June 30th 2007 (unaudited)	14,153	6,431	3,684	3,974	64	0
December 31st 2006	432	384	48	0	0	0

21. Accrued expenses

	June 30th 2007 (unaudited)	December 31st 2006
Non-current		
Rent paid in advance	411	429
	411	**429**
Current		
Rent paid in advance	60	37
Other (insurance, subscriptions)	602	289
	662	**326**

22. Cash and cash equivalents

	June 30th 2007 (unaudited)	December 31st 2006
Cash on hand and in a bank account	400,647	3,233
Short-term deposits	18,607	54,193
	419,254	**57,426**

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

23. Explanations to the cash-flow statement

23.1. Adjustments in the cash-flow statement

	June 30th 2007 (unaudited)	December 31st 2006
Accrued liability for payment for capital in a subsidiary	(50)	0
Adjustment of the result of subsidiaries acquired in H1	(1,352)	0
Adjustments of balance-sheet items connected with the acquisition of subsidiaries	112,554	0
Other adjustments	**111,152**	**0**

23.2. Cash used in financing activities

	June 30th 2007 (unaudited)	December 31st 2006
Acquisition of shares and rights in Europlan Group	27,403	0
Acquisition of loans in Europlan Group	30,691	
Acquisition of shares in Vratislavia Residence Sp. z o.o. and Łódź Residence Sp. z o.o.	74	0
Cash used in financing activities	**58,168**	**0**

24. Share capital and reserve funds

24.1. Share capital

Share capital	June 30th 2007 (unaudited)	December 31st 2006
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	-
Series G ordinary shares of par value PLN 1.00 per share	80,000	-
Series H ordinary shares of par value PLN 1.00 per share	58,434	-
	389,559	**149,125**

Ordinary shares of LC Corp S.A. issued, registered and fully paid	Number	Value in PLN '000
As at January 1st 2007	**149,124,564**	**149,125**
Issued on December 22nd 2006 in exchange for cash *	102,000,000	102,000
Issued on February 6th 2007 in exchange for cash *	80,000,000	80,000
Issued on April 16th 2007 in exchange for cash *	58,433,747	58,434
As at June 30th 2007 (unaudited)	**389,558,311**	**389,559**

(in PLN '000)

* date of resolution adopted by the General Shareholders Meeting on establishing the company or, respectively, on the increase in capital

Par value of the shares

All issued shares have 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 of significant interest

	June 30th 2007 (unaudited)	December 31st 2006
LC Corp B.V.		
share in capital	47.45%	90.3%
share in vote	47.45%	90.33%
Leszek Czarnecki		
share in capital	3.23% (50.68%)*	3.23% (50.68%)*
share in vote	3.23% (50.68%)*	3.23% (50.68%)*

- Mr. Leszek Czarnecki holds directly 14,424,564 shares constituting 3.23% of the share capital and 3.23% share in the vote at the General Meeting, and indirectly through his subsidiary undertakings, Mr. Leszek Czarnecki holds 211,930,000 shares constituting 47.45% of the share capital and 47.45% share in the vote at the General Meeting. Leszek Czarnecki's subsidiary undertaking is LC Corp B.V seated in Amsterdam, holding 211,929,000 shares constituting 47.45% of the share capital and 47.45% 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.

24.2. Reserve funds

As at June 30th 2007 reserve funds of PLN 262,000 consist of PLN 4,580,000 of a surplus of the issue value over the par value in the Parent Undertaking and PLN 4,318,000 resulting from the settlement of acquisition of subsidiaries acquired in 2006.

24.3. Other reserve funds

Other reserve funds of PLN 39,771,000 were created as a result of settling the acquisition of a land property in Wrocław (Poltegor).

24.4. Other capital

Other capital of PLN 359,246,000 is the value of proceeds from the issue of series J shares of LC Corp S.A. and fully covered with a cash contribution, less issue costs, which as at June 30th 2007 were not registered in the National Court Register. Registration of this capital took place after the balance-sheet date, on July 20th 2007.

(in PLN '000)

25. Interest-bearing bank loans and borrowings

Non-current	Maturity	June 30th 2007 (unaudited)	December 31st 2006
Bank loan in PLN *(non-current portion)*	Feb 28 2009	19,000	0
Bank loan in PLN *(non-current portion)*	Aug 31 2008	9,000	0
Bank loan in EUR *(non-current portion)*	Dec 31 2016	214,896	128,834
Zero coupon registered bonds	Dec 29 2015	14,700	14,466
		257,596	**143,300**

Current			
Loan	Jul 06 2007	-	622
Loan	Jul 06 2007	-	1,971
Bank loan in PLN	Mar 31 2008	2,457	-
Bank loan in PLN	Mar 31 2008	14,194	-
Bank loan in PLN *(current portion)*	Feb 28 2008	4,200	-
Bank loan in PLN *(current portion)*	Dec 31 2007	10,000	-
Bank loan in PLN	Aug 20 2007	100,000	-
Bank loan in PLN	Sep 28 2007	4,747	4,685
Bank loan in EUR *(current portion)*	Dec 31 2016	12,177	3,557
Zero coupon registered bonds	Jul 06 2007	26,899	25,924
		174,674	**36,759**

In 2006, the average weighted interest of bank loans, borrowings and bonds amounted to 4.6 %.

The average weighted interest of bank loans, borrowings and bonds during the period of 6 months ended June 30th 2007 amounted to 6.2 %.

26. Provisions

26.1. Retirement benefits and other benefits

The Group's entities will pay severance payments defined in the labour code to those of its employees who retire. Therefore, based on a valuation made by a professional actuarial company, the Company creates a provision for the current value of the retirement benefit liability, and also disability retirement severance liability or death benefit liability. The amounts of these provisions and the agreement presenting the changes of the status during the financial period are shown in the table below:

(in PLN '000)

Period of 6 months ended June 30th 2007 and June 30th 2006

	2007 (unaudited)	2006 (unaudited)
As at January 1st	26	0
Provision creation	0	0
Costs of paid benefit	0	0
Release of provisions	0	0
As at June 30th	**26**	**0**

	2007 (unaudited)	2006 (unaudited)
Provisions by type		
For retirement severance payments	9	0
For disability retirement severance payments	2	0
For death benefits	15	0
As at June 30th	**26**	**0**
Current	2	0
Non-current	24	0

The main assumptions adopted by the actuary as at the balance-sheet date June 30th 2007 and June 30th 2006 to calculate the amount due are as follows:

	2007 (unaudited)	2006 (unaudited)
Technical discount rate (%)	4%	-
Probability of disability retirement (expressed in per mille)	2.5	-
Mobility	1	-
Expected growth rate of remuneration (%)	5%	-

Year ended December 31st 2006

	2006
As at January 1st	-
Provision creation	26
Costs of paid benefit	-
Release of provisions	-
As at December 31st	**26**

	2006
Provisions by type	
For retirement severance payments	9
For disability retirement severance payments	2
For death benefits	15
As at December 31st	**26**
Current	2
Non-current	24

(in PLN '000)

The main assumptions adopted by the actuary as at the balance-sheet date and assumed in the year ended December 31st 2006 to calculate the amount due are as follows:

	2006
Technical discount rate (%)	4%
Probability of disability retirement (expressed in per mille)	2.5
Mobility	1
Expected growth rate of remuneration (%)	5%

27. Liabilities

27.1. Trade and other payables

	June 30th 2007 (unaudited)	December 31st 2006
Trade payables	20,849	18,253
Budget liabilities (without income tax)	363	177
Liabilities under security deposits	11,895	5,892
Other liabilities	200	109
	33,307	**24,431**

27.2. Liabilities due to lease contracts

Future minimum payments due to lease contracts, to which the Group is the leasing party, are as follows:

	June 30th 2007 (unaudited)	December 31st 2006
In the period of 1 year	968	992
In the period of 1 to 5 years	4,839	4,839
In the period of more than 5 years	20,728	21,212
	26,535	**27,043**

27.3. Contingent liabilities

1. Insurance guarantee commissioned by Europlan Projekt Gocław Sp z o.o. Spółka Komandytowa (limited partnership) issued by TU Europa S.A. No. 11/2007 of July 2nd 2007 on behalf of the beneficiary Polskie Sieci Elektroenergetyczne – CENTRUM Spółka z Ograniczoną Odpowiedzialnością seated in Warsaw in order to secure the payment of remuneration for the execution of building and assembly work comprising wiring up a section of a double circuit overhead line 110 kV supplying Gocław and Grochów stations along Trasa Anińska in the section of the intended transition poles 20N (in the existing span 20-21) and 17N (in the existing span 17-18) and wiring up of an overhead telecommunications fibre-optic cable in this section, under concluded Agreement No. 0031/2007/21/PSE-CENTRUM Sp z o.o. dated March 20th 2007. The Guarantee is secured by LC Corp S.A. surety.
2. On August 6th 2007, Getin Bank S.A acting on commission from Europlan Projekt Gocław Sp. z o.o. issued a bank guarantee up to PLN 10,000,000 in execution of the agreement on the purchase of land comprising 53 plots of 10.6217 ha in total area, located in Gdańsk, Łostowice District to secure

(in PLN '000)

the payment of part of the purchase price. The Guarantee is secured by a cash deposit of LC Corp S.A.

3. Financial responsibility of Arkady Wrocławskie S.A. for claims lodged by Janusz Bryś was considered by the Regional Court for Wrocław-Fabryczna in Wrocław; value of the claim: PLN 24,400. The payment order in the admonitory proceedings was opposed.
4. Financial responsibility of Arkady Wrocławskie S.A. for claims lodged by Janusz Bryś was considered by the Regional Court for Wrocław-Fabryczna in Wrocław; value of the claim: PLN 3,660. The payment order in the admonitory proceedings was opposed.

28. Accrued expenses and revenues

Accrued expenses as at June 30th 2007 and December 31st 2006 were as follows:

	Liability due to payment of damages	Liability due to the costs of effecting rental contracts	Liability due to payment of awards	Liability due to balance-sheet audit	Other	Total
As at January 2007	**3,500**	**1,946**	**298**	**150**	**175**	**6,069**
Created during the financial year	0	70	464	95	1,160	1,789
Used	(3,500)	(1,845)	(298)	(150)	(105)	(5,898)
Released	0	0	0	0	0	0
Foreign exchange differences adjustment	0	0	0	0	0	0
Discount rate adjustment	0	0	0	0	0	0
As at June 30th 2007 (unaudited)	**0**	**171**	**464**	**95**	**1,230**	**1,960**

	Liability due to payment of damages	Liability due to the costs of effecting rental contracts	Liability due to payment of awards	Liability due to balance-sheet audit	Other	Total
As at March 3rd 2006	**0**	**0**	**0**	**0**	**0**	**0**
Created during the financial year	0	0	0	0	0	0
Used	0	0	0	0	0	0
Released	0	0	0	0	0	0
Foreign exchange differences adjustment	0	0	0	0	0	0
Discount rate adjustment	0	0	0	0	0	0
As at June 30th 2006 (unaudited)	**0**	**0**	**0**	**0**	**0**	**0**

	Liability due to payment of damages	Liability due to the costs of effecting rental contracts	Liability due to payment of awards	Liability due to balance-sheet audit	Other	Total
As at January 2006	**0**	**1,157**	**0**	**0**	**4**	**1,161**

(in PLN '000)

Created during the financial year	3,500	789	298	150	175	4,912
Used	0	0	0	0	(4)	(4)
Released	0	0	0	0	0	0
Foreign exchange differences adjustment	0	0	0	0	0	0
Discount rate adjustment	0	0	0	0	0	0
As at December 31st 2006	**3,500**	**1,946**	**298**	**150**	**175**	**6,069**

Accrued revenues as at June 30th 2007 and December 31st 2006 were as follows:

	June 30th 2007 (unaudited)	December 31st 2006	June 30th 2006 (unaudited)
Revenues on advance payments for the sale of flat	57,665	0	0
	57,665	**0**	**0**

29. Tax settlements

Tax settlements and other regulated areas of activity (e.g. customs or currency control) are subject to inspection by competent authorities, entitled to impose high penalties and sanctions. Lack of reference to established legal regulations in Poland leads to ambiguities and inconsistency in the binding regulations. Frequently occurring differences in opinions as to the legal interpretation of tax regulations both within state bodies and enterprises cause uncertainty and conflicts. Consequently, the tax-related risk in Poland is significantly higher than typically observed in countries where tax systems are better developed. Tax settlements are subject to inspection in the period of five years beginning from the end of the year when the tax was paid.

30. Information on related undertakings

The following table shows total amounts of transactions concluded with related undertakings for the period ended June 30th 2007 and December 31st 2006:

Related undertaking		Sales to related undertakings	Purchases from related undertakings	Receivables from related undertakings	Liabilities to related undertakings	Financial income (interest and other)	Financial expenses (interest, discounts)
LC Corp B.V	2007	1,225	0	99	0	0	0
Leszek Czarnecki	2007	902	0	1,101	0	281	0
RB Investcom Sp. z o.o.	2007	5	86	6	25	0	16
RB Computer Sp. z o.o.	2007	0	0	0	0	0	0
RB Export S.A.	2007	56	0	0	0	0	0
Getin Holding S.A.	2007	132	0	98	0	0	0
Getin International sp. z o.o.	2007	17	0	20	0	0	0
Getin Bank S.A.	2007	213	0	113	76,446	821	0
Getin Raty S.A.	2007	23	0	0	0	0	0
Getin Leasing S.A.	2007	136	0	80	0	0	0

(in PLN '000)

Related undertaking		Sales to related undertakings	Purchases from related undertakings	Receivables from related undertakings	Liabilities to related undertakings	Financial income (interest and other)	Financial expenses (interest, discounts)
TU Europa S.A.	2007	51	0	62	0	0	0
TU Europa Życie S.A.	2007	43	0	53	0	0	0
Powszechny Dom Kredytowy	2007	133	0	71	0	0	0
PKD Biznes	2007	2	0	2	0	0	0
Fundacja LC Heart	2007	5	0	6	0	0	0
Z-d Techniki Konstrukcyjnej Waldemar Czarnecki	2007	0	0	0	0	0	0

Related undertaking		Sales to related undertakings	Purchases from related undertakings	Receivables from related undertakings	Liabilities to related undertakings	Financial income (interest and other)	Financial expenses (interest, discounts)
LC Corp B.V	2006	0	0	0	14,466	0	513
Leszek Czarnecki	2006	5,596	129	0	0	0	301
RB Investcom Sp. z o.o.	2006	0	0	0	2,593	0	123
RB Computer Sp. z o.o.	2006	0	124	0	5	0	0
RB Export S.A.	2006	128	0	0	0	0	0
Getin Holding S.A.	2006	425	0	42	0	0	0
Getin Leasing S.A.	2006	113	29	0	0	0	0
Getin Bank S.A.	2006	192	1,487	5	44,569	358	0
Getin Raty S.A.	2006	49	0	1	0	0	0
TU Europa S.A.	2006	0	474	0	25,924	0	1,438
Powszechny Dom Kredytowy	2006	95	0	0	0	0	0
Z-d Techniki Konstrukcyjnej Waldemar Czarnecki	2006	0	2,824	0	0	0	0

30.1. The Parent Undertaking of the whole Group

LC Corp B.V.

In the period of 6 months ended June 30th 2007 the following transactions between the Group and *LC Corp B.V.* took place:

- On February 8th 2007 and on April 19th 2007 LC Corp B.V. paid PLN 80,000,000 for series G shares and PLN 58,433,747 for series H shares in LC Corp S.A.
- On February 23rd LC Corp S.A. sold to LC Corp B.V. the rights to 25,500 shares in the company JML S.A. for the amount of PLN 281,000.
- In the period of 6 months ended June 30th 2007 LC Corp S.A. effected the sale of services of temporary rental of a means of transport for the net amount of PLN 1,144,000 and sale of other services for the net amount of PLN 81,000.

Leszek Czarnecki

Leszek Czarnecki directly owns 3.23% shares of LC Corp S.A. and at the same time holds 100% shares of LC Corp B.V, which holds 47.45% shares of LC Corp S.A.

(in PLN '000)

30.2. Remuneration to senior management of the Group

	Period of 6 months ended Jun 30 2007	Period from Mar 3 to Jun 30 2006
Short-term employee benefits (remuneration and mark-up)	950	0
Jubilee bonuses and retirement severance payments	0	0
Termination benefits	16	0
Share-based payment	0	0
Total remuneration paid to the senior management except the Management Board and Supervisory Board	966	0

Remuneration paid to the members of the Management Board and members of the Supervisory Board of the Parent Undertaking and subsidiary undertakings was as follows:

	Period of 6 months ended Jun 30 2007	Period from Mar 3 to Jun 30 2006
Management Board	1,394	152
Supervisory Board	33	0
Management Board – subsidiaries	137	0
Supervisory Board – subsidiaries	0	0
Total	1,564	152

31. Rules Governing Financial Risk Management

The main financial instruments which the Group uses include bank loans and bonds. The main purpose of these financial instruments is to obtain financial resources for the Group's activity. Temporary cash flow surpluses are deposited in banks as short-term deposits. The Group also has other financial instruments such as trade receivables and trade payables, which occur directly in the course of conducting business activity by the Group.

The principle by which the Group abides now and throughout the review period is refraining from the turnover of financial instruments.

The main types of risk following from the Group's financial instruments include the interest rate risk, currency risk and liquidity risk. The Management Board verifies and agrees the rules governing each type of risk – these rules are briefly discussed below.

31.1. Interest rate risk

The interest rate risk relates mainly to non-current financial liabilities, based on a floating interest rate.

This risk is partly compensated by indexation of lease revenues. In the future, the Group will probably use hedging transactions of interest rate swaps – under which the company agrees to exchange, in definite periods, the difference between the amount of interest accrued according to fixed and floating interest rate on the agreed principal amount. Transactions of this type are aimed at hedging the contracted liabilities when threatened by an increase in the interest rates.

In the period of 6 months ended June 30th 2007 and in the period from March 3rd to June 30th 2006, and also in the year ended December 31st 2006 the Group did not have any significant financial liabilities of a floating interest rate whose costs of financing were charged to the profit and loss account. In the indicated periods, the Group capitalized the costs of debt based funding in the initial value of the commenced building investments.

31.2. Currency risk

Currency risk which will arise at the moment of managing a foreign currency loan will be minimized by collecting rent indexed against the currency of the loan financing the investment. Time differences between invoicing and repayment will be minimized by using currency forwards.

The table below shows sensitivity of a gross financial result (due to the change in the fair value of assets and financial liabilities) and the Group's equity (due to the change in the fair value of currency forwards and net hedging of the investment) to rationally possible fluctuations of the euro exchange rates, with the assumption of invariability of other factors.

	Increase/ decrease of the exchange rate in PLN	**Impact on the gross financial result in PLN '000**	**Impact on equity**
	+ 0.02	(942)	(942)
June 30th 2007 – EUR	- 0.02	942	942
	+ 0.02	(560)	(560)
December 31st 2006 – EUR	- 0.02	560	560
	+ 0.02	0	0
June 30th 2006 – EUR	- 0.02	0	0

31.3. Credit risk

The Group concludes transactions with renowned companies of good credit capacity. Moreover, due to current monitoring of receivables, exposure of the Group to the risk of uncollectible receivables is negligible.

Receivables from rental/lease contracts are hedged by bank guarantees or security deposits.

In reference to the Group's other financial assets, such as cash and cash equivalents, the Group's credit risk is minimal, because the Group deposits resources in banks of good, stable financial standing.

There is no significant concentration of credit risk in the Group.

31.4. Liquidity risk

The Group aims to maintain balance between continuity and flexibility of financing, by means of using different sources of financing, such as bank loans and bonds.

32. Financial instruments

32.1. Fair values

The table below shows a comparison of balance-sheet values and fair values of the Group's all financial instruments, which were disclosed in the financial statements according to value different from fair value, divided into different categories of assets and liabilities.

(in PLN '000)

	Balance-sheet value		Fair value	
	June 30th 2007 (unaudited)	December 31st 2006	June 30th 2007 (unaudited)	December 31st 2006
Financial assets				
Cash	419,254	57,426	419,254	57,426
Trade and other receivables	51,698	10,735	51,698	10,735
Financial liabilities				
Trade and other payables	33,307	24,431	33,307	24,431
Interest-bearing bank loans and borrowings:				
Loans, bonds and borrowings at a floating interest rate	390,671	137,076	390,671	137,076
Loans, bonds and borrowings at a fixed interest rate	41,599	42,983	41,599	41,419

32.2. Interest rate risk

The table below shows the balance-sheet value of the Group's financial instruments, at risk of interest rate, divided into different categories of assets and liabilities

Year ended June 30th 2007 (unaudited)

Fixed interest rate [PLN]

	<1 year	*1-2 years*	*2-3 years*	*3-4 years*	*4-5 years*	*>5 years*	*Total*
Zero coupon bonds	26,899	0	0	0	0	0	26,899
Zero coupon bonds	0	0	0	0	0	14,700	14,700
	26,899	**0**	**0**	**0**	**0**	**14,700**	**41,599**

Floating interest rate [PLN]

	<1 year	*1-2 years*	*2-3 years*	*3-4 years*	*4-5 years*	*>5 years*	*Total*
Bank loan in PLN	4,200	6,300	12,700	0	0	0	23,200
Bank loan in PLN	10,000	9,000	0	0	0	0	19,000
Bank loan in PLN	2,457	0	0	0	0	0	2,457
Bank loan in PLN	14,194	0	0	0	0	0	14,194
Bank loan in PLN	100,000	0	0	0	0	0	100,000
Bank loan in PLN	4,747	0	0	0	0	0	4,747
Bank loan in EUR	12,177	13,078	13,501	14,132	14,784	159,401	227,073
	147,775	**28,378**	**26,201**	**14,132**	**14,784**	**159,401**	**390,671**

(in PLN '000)

32.3. Collaterals

As at June 30th 2007 the main collaterals of repayment of loans and borrowings on the Group's assets were:

- ordinary (for a fixed amount) mortgage – overall for all projects – up to EUR 365,272,000
- capped mortgage – overall for all projects – up to EUR 130,742,000
- pledge on shares of „Arkady Wrocławskie" owned by LC Corp SA – up to EUR 120,600,000
- registered pledge on bank accounts – up to EUR 120,600,000

as well as assignments of rights from rental/lease contracts, insurance and guarantees from contracts with contractors within particular real estate development projects.

33. Capital management

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

The Group manages the capital structure and introduces changes resulting from changes in economic conditions. In order to maintain or adjust the capital structure, the Group can change payment of dividend to shareholders, return capital to shareholders or issue new shares. In the financial period ended June 30th 2007 and June 30th 2006 there were no changes in the objectives, rules and processes binding in this area.

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

	June 30th 2007 (unaudited)	**December 31st 2006**
Interest-bearing loans and borrowings (external financing)	432,270	180,059
Trade payables and other liabilities	33,307	24,431
A. Net debt	**465,577**	**204,490**
B. Equity	**787,038**	**290,877**
Leverage ratio (A/B)	**0,6**	**0,7**

34. Structure of employment

Average employment in the Group in the period of 6 months ended June 30th 2007 and in the period from March 3rd to June 30th 2006 was as follows:

	2007 (unaudited)	**2006** (unaudited)
Management Board of the Parent Undertaking	3.8	2.0
Management Boards of the Group's Entities	1.0	-
Administration	44.5	13.3
Sales Department	-	-
Others	-	-
Total	49.3	15.3

35. Events subsequent to the balance-sheet date

1. On July 6th 2006, through a new issue of 25 unsecured zero coupon series B registered bonds of par value PLN 1,091,451.21 per bond, of aggregate par value PLN 27,286,280.25 all series A bonds were retired. The issue price of one bond amounted to PLN 1,077,258.33, and the aggregate issue price totals PLN 26,931,458.25. The aim of the issue was to finance the activity of LC Corp. Liabilities resulting from the new issue and bonds subject to retirement were mutually compensated in accordance with the agreement concluded on July 6th 2007.
2. On July 2nd 2007, LC Corp submitted a motion to the National Court Register to register an increase in the share capital resulting from the issue of series J shares and a conditional increase in the share capital. Following the registration on July 20th 2007 of an increase in the share capital by the Regional Court, on August 3rd 2007 57,000,000 series J ordinary bearer shares of LC Corp were admitted to trading on the stock exchange on the main market, by way of an ordinary procedure. As at the date of the financial statements, the amount of fully paid share capital of LC Corp amounts to PLN 446,558,311.
3. Loan agreement of July 5th 2007 for PLN 100,000.00 concluded by LC Corp as a Lender with Łódź Residence Sp. z o.o. as a Borrower. The loan bears interest on market terms. The loan was granted up to August 27th 2007. The loan was fully paid off on July 31st 2007.
4. On July 9th 2007 Łódź Residence Sp. z o.o. signed an agreement transferring the ownership of a property of an area of 7.3157 ha located in Łódź in Bałuty district, in ul. Spadkowa 5-9
5. On July 27th 2007 LC Corp S.A. as the only partner concluded the agreement of the company Gdańsk Residence Sp. z o.o. seated in Wrocław, with share capital of PLN 50,000.
6. On July 27th 2007 LC Corp S.A. as the only partner concluded the agreement of the company Warszawa Projekt V Sp. z o.o. seated in Wrocław, with share capital of PLN 50,000.
7. On July 27th 2007 LC Corp S.A., together with its subsidiary unit Wrocław Nieruchomości Sp. z o.o. of Wrocław as the Issuers, signed a bond issue agreement and a dealer agreement with Bank BPH S.A. with its seat in Krakow, Al. Pokoju 1, and BRE Bank SA with its seat in Warsaw, ul. Senatorska 18. Under the terms of the agreements, LC Corp S.A together with its subsidiary unit Wrocław Nieruchomości Sp. z o.o. can issue Polish zloty bearer bonds - short-term bonds with maturity of 7 to 364 days, and medium-term bonds with maturity of 365 days to 5 years. Bank BPH S.A will be the Issue Agent and the Agent for Payments and Records within the scope of the Bond Issue Scheme, and BRE Bank S.A. will be the Sub-agent for the Issue and Payments, as well as the Sub-depositary. Concurrently, Bank BPH S.A. and BRE Bank S.A. will be the Dealers. Moreover, in connection with the above-mentioned agreements, LC Corp S.A. as the Underwriter, granted security for all liabilities resulting from the Bonds in case the bond issue is carried out by Wrocław Nieruchomości Sp. z o.o., or another subsidiary unit. The security was granted for the duration of the bond scheme. The bonds will be offered pursuant to Art. 9.3 of the Act on Bonds dated June 29th 1995, and the issue will not constitute public trading in securities as understood by this act. The maximum par value of all issued Bonds will not exceed the amount of PLN 400,000,000. The bond issue scheme is anticipated to continue for an indefinite period, and the Bonds will constitute direct, unconditional, unsubordinated and unsecured obligation of each of the Issuers.
8. On July 27th 2007 LC Corp S.A. concluded with Leszek Czarnecki, the parent entity in relation to the Issuer, an agreement on the sale of shares of Łódź Residence Sp. z o.o executing a call option as a result of which LC Corp S.A. became the only partner of Łódź Residence Sp. z o.o.
9. On July 31st 2007 Europlan Projekt Gocław sp. z o.o. concluded promissory agreements on the purchase of land comprising 53 plots of 10.6217 ha in total area, located in Gdańsk, Łostowice District.
10. On July 31st 2007 Europlan Projekt Gocław sp. z o.o. Sp. komandytowa (limited partnership) concluded an agreement for providing building work as General Contractor.

11. On July 31st 2007 the Issuer granted a loan to Łódź Residence Sp. z o.o. amounting to PLN 3,000,000 on market terms, particularly to pay the purchase price of a property in Łódź in ul. Spadkowa 5-9
12. On July 31st 2007 the meeting of shareholders of Łódź Residence Sp. z o.o. passed a resolution to increase the share capital on the strength of contractual provisions up to PLN 1,000,000 and the new shares will be held by the Issuer.
13. On July 31st 2007 the meeting of shareholders of Europlan Projekt II Sp. z o.o. passed a resolution to increase the share capital up to PLN 2,450,000 and the new shares will be held by the Issuer.
14. On August 6th 2007 Getin Bank S.A acting on commission from Europlan Projekt Gocław Sp. z o.o. issued a bank guarantee up to PLN 10,000,000 in execution of the agreement on the purchase of land comprising 53 plots of 10.6217 ha in total area, located in Gdańsk, Łostowice District to secure the payment of part of the purchase price. The Guarantee is secured by a cash deposit of LC Corp S.A.
15. On August 7th 2007 the meeting of shareholders of Europlan Projekt Gocław Sp. z o.o. passed a resolution to increase the share capital up to PLN 200,000 and the new shares will be held by LC Corp.
16. On August 10th 2007 LC Corp S.A. as the only partner concluded the agreement of the company LC Corp Pustynna Sp. z o.o. seated in Wrocław, with share capital of PLN 50,000.
17. On August 10th 2007 LC Corp S.A. as the only partner concluded the agreement of the company LC Corp Stabłowice Sp. z o.o. seated in Wrocław, with share capital of PLN 50,000.

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President Konrad Dubelski

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Vice-President Waldemar Horbacki

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Vice-President Artur Kozieja

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Vice-President Dariusz Karwacki

Wrocław, September 21st 2007