



## LC CORP S.A.

MID-YEAR CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD OF SIX MONTHS  
ENDED JUNE 30<sup>TH</sup> 2007  
WITH AN INDEPENDENT AUDITOR'S REPORT ON THE REVIEW

# LC Corp S.A.

Mid-year condensed financial statement for the period of 6 months ended June 30<sup>th</sup> 2007  
(in PLN '000)

---

Mid-year condensed balance sheet .....	4
Mid-year condensed profit and loss account.....	5
Mid-year condensed cash flow statement.....	6
Mid-year condensed statement of changes in equity.....	8
Additional information and explanatory notes .....	9
1. General information .....	9
2. Approval of the financial statements.....	9
3. Basis for the preparation of the condensed financial statements and accounting principles.....	9
3.1. Basis for the preparation of the condensed financial statements .....	9
3.2. Declaration of compliance.....	10
3.3. Significant accounting principles .....	10
3.4. New standards and interpretations, which were published but have not become effective yet .....	11
4. Information on segments of activity .....	11
5. Income tax .....	12
6. Dividends paid and declared.....	13
7. Property, plant and equipment.....	13
8. Non-current receivables .....	13
9. Non-current investments .....	14
10. Accrued expenses .....	15
11. Cash and cash equivalents .....	16
12. Share capital and reserve funds .....	16
12.1. Share capital .....	16
12.2. Reserve funds .....	17
12.3. Other capital .....	17
13. Interest-bearing bank loans and borrowings.....	17
14. Provisions .....	18
14.1. Retirement benefits and other benefits .....	18
15. Contingent liabilities.....	18
16. Information on transactions with related undertakings.....	19
17. Disclosures resulting from the introduction of amended IAS 1 and new IFRS 7 .....	20
17.1. Trade receivables and other receivables .....	20
17.2. Interest rate risk .....	20
17.3. Currency risk .....	20
17.4. Capital management .....	21
18. Events subsequent to the balance-sheet date .....	21

**MID-YEAR CONDENSED BALANCE SHEET**  
as at June 30<sup>th</sup> 2007 (in PLN '000)

	Note	June 30 <sup>th</sup> 2007 (unaudited)	December 31 <sup>st</sup> 2006
<b>Assets</b>			
<b>A. Non-current assets</b>		<b>410,999</b>	<b>252,091</b>
1. Intangible assets		66	0
2. Property, plant and equipment	7	24,655	24,990
2.1. Tangible assets		24,031	24,823
2.2. Tangible assets under construction		624	167
3. Non-current receivables	8	30,791	0
4. Non-current investments	9	355,086	226,832
5. Non-current prepayments and accrued income	10	0	0
6. Deferred tax assets	5	401	269
<b>B. Current assets</b>		<b>379,475</b>	<b>39,384</b>
1. Inventories		0	0
2. Trade and other receivables		10,071	977
3. Income tax receivable		142	68
4. Cash and cash equivalents	11	369,107	38,154
5. Current prepayments and accrued income	10	155	185
<b>C. Non-current assets classified as held for sale</b>		<b>0</b>	<b>0</b>
<b>Total assets</b>		<b>790,474</b>	<b>291,475</b>
<b>Equity and liabilities</b>			
<b>A. Equity</b>		<b>751,745</b>	<b>256,451</b>
1. Share capital	12.1	389,559	149,125
2. Balance of called-up share capital not paid		0	0
3. Reserve funds	12.2	4,580	6,645
4. Other reserve funds		0	0
5. Other capital	12.3	359,246	102,000
6. Retained profit / Uncovered losses		( 1,640)	( 1,319)
<b>B. Non-current liabilities</b>		<b>24</b>	<b>24</b>
1. Non-current financial liabilities	13	0	0
2. Provisions	14	24	24
3. Deferred tax liability	5	0	0
<b>C. Current liabilities</b>		<b>38,705</b>	<b>35,000</b>
1. Current financial liabilities	13	26,898	26,546
2. Trade and other payables		10,982	7,829
3. Income tax payable		0	0
4. Provisions	14	2	2
5. Accrued expenses and revenue		823	623
<b>Total equity and liabilities</b>		<b>790,474</b>	<b>291,475</b>

# LC Corp S.A.

Mid-year condensed financial statement for the period of 6 months ended June 30<sup>th</sup> 2007  
(in PLN '000)

## MID-YEAR CONDENSED PROFIT AND LOSS ACCOUNT for the period of 6 months ended June 30<sup>th</sup> 2007 (in PLN '000)

	Note	Period of 6 months ended Jun 30 2007 (unaudited)	Period from Mar 3 to Jun 30 2006 (*) (unaudited)
<b>Operating activity</b>			
Sales revenue		6,949	588
Revenue on sales of services		6,949	588
<hr/>			
Cost of sales		( 6,190)	( 461)
Pre-tax profit on sales		759	127
Gain (loss) on disposal of non-current non-financial assets		0	0
Revaluation of non-current non-financial assets		0	0
Selling and distribution costs		0	0
General administrative expenses		( 2,412)	( 157)
Other operating income		222	0
Other operating expenses		( 182)	( 0)
<b>Operating profit (loss)</b>		<b>( 1,613)</b>	<b>( 30)</b>
<hr/>			
Financial income		936	0
Financial expenses		( 1,024)	0
<b>Pre-tax profit (loss)</b>		<b>( 1,701)</b>	<b>( 30)</b>
<hr/>			
Corporate income tax	5	61	0
<b>Net profit on business activities</b>		<b>( 1,640)</b>	<b>( 30)</b>
<hr/>			
<b>Discontinued operations</b>			
Profit (loss) on discontinued operations for the business year		0	0
<hr/>			
<b>Net profit (loss)</b>		<b>( 1,640)</b>	<b>( 30)</b>

Notes on pages 9-24 are integral part of these mid-year financial statements

# LC Corp S.A.

Mid-year condensed financial statement for the period of 6 months ended June 30<sup>th</sup> 2007  
(in PLN '000)

## MID-YEAR CONDENSED CASH-FLOW STATEMENT for the period ended June 30<sup>th</sup> 2007 (in PLN '000)

	Note	Period of 6 months ended Jun 30 2007 (unaudited)	Period from Mar 3 to Jun 30 2006 (*) (unaudited)
<b>A. Cash flows from operating activities</b>			
I. Pre-tax loss		( 1,701)	( 30)
II. Total adjustments		( 3,824)	( 281)
1. Depreciation and amortization		1,234	60
2. Foreign exchange gains (losses)		( 100)	0
3. Interest and distributions from profit (dividends)		975	0
4. Profit (loss) on investing activities		( 26)	0
5. Change in provisions		0	0
6. Change in inventories		0	0
7. Change in receivables		( 1,659)	( 457)
8. Change in current liabilities (net of loans and borrowings)		3,152	124
9. Change in accruals and deferrals		( 7,205)	( 8)
10. Corporate income tax		( 145)	0
11. Other adjustments		( 50)	0
<b>III. Net cash provided by (used in) operating activities (I±II)</b>		<b>( 5,525)</b>	<b>( 311)</b>
<b>B. Cash flows from investing activities</b>			
I. Cash provided by investing activities		281	0
Sale of intangible assets and property, plant and equipment			
1. equipment		0	0
2. Sale of investment property		0	0
3. Cash provided by financial assets		281	0
4. Other cash provided by investing activities		0	0
II. Cash used in investing activities		( 160,115)	( 132)
Acquisition of intangible assets and property, plant and equipment			
1. equipment		( 965)	( 132)
2. Investment property		0	0
3. Cash used on financial assets		( 159,150)	0
4. Other cash used in investing activities		0	0
<b>III. Net cash provided by (used in) investing activities (I-II)</b>		<b>(159,834)</b>	<b>( 132)</b>
<b>C. Cash flows from financing activities</b>			
I. Cash provided by financing activities		508,934	0
Net proceeds from issue of shares and additional contributions to equity			
1. contributions to equity		508,934	0
2. Increase in loans and borrowings		0	0
3. Issue of debt securities		0	0
4. Other cash provided by financing activities		0	0
II. Cash used in financing activities		(12,622)	0

Notes on pages 9-24 are integral part of these mid-year financial statements

# LC Corp S.A.

Mid-year condensed financial statement for the period of 6 months ended June 30<sup>th</sup> 2007  
(in PLN '000)

1. Repayment of loans and borrowings	(600)	0
2. Redemption of debt securities	0	0
3. Interest paid	(22)	0
4. Cost of capital increase	(12,000)	0
5. Other cash used in financing activities	0	0
<b>III. Net cash provided by (used in) financing activities (I-II)</b>	<b>496,312</b>	<b>0</b>
D. Total net cash flow (A.III±B.III±C.III)	330,953	( 443)
E. Balance-sheet change in cash, including:	330,953	( 443)
F. Cash at beginning of period	38,154	500
G. Cash at end of period (F±D)	369,107	57
- restricted cash (*)	364,285	0

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

## LC Corp S.A.

Mid-year condensed financial statement for the period of 6 months ended June 30<sup>th</sup> 2007  
(in PLN '000)

### MID-YEAR CHANGES IN EQUITY for the period ended June 30<sup>th</sup> 2007 (in PLN '000)

	<i>Issued share capital</i>	<i>Balance of called-up share capital not paid</i>	<i>Reserve funds</i>	<i>Other reserve funds</i>	<i>Other capital</i>	<i>Retained profit / Uncovered losses</i>	<i>Total</i>
As at January 1 <sup>st</sup> 2007	149,125	0	6,645	0	102,000	( 1,319)	256,451
Registration of series F shares	102,000	0	0	0	( 102,000)	0	0
Issue of series G shares	80,000	0	0	0	0	0	80,000
Issue of series H shares	58,434	0	0	0	0	0	58,434
Costs of share issues	0	0	(746)	0	0	0	( 746)
Issue of series J shares (as at June 30 <sup>th</sup> 2007 not registered in the National Court Register)	0	0	0	0	370,500	0	370,500
Costs of issue of series J shares	0	0	0	0	( 11,254)	0	( 11,254)
Coverage of losses for 2006	0	0	(1,319)	0	0	1,319	0
Result for the 1 <sup>st</sup> half of 2007	0	0	0	0	0	( 1,640)	( 1,640)
<b>As at June 30<sup>th</sup> 2007 (unaudited)</b>	<b>389,559</b>	<b>0</b>	<b>4,580</b>	<b>0</b>	<b>359,246</b>	<b>( 1,640)</b>	<b>751,745</b>

## LC Corp S.A.

Mid-year condensed financial statement for the period of 6 months ended June 30<sup>th</sup> 2007  
(in PLN '000)

	<i>Issued share capital</i>	<i>Balance of called-up share capital not paid</i>	<i>Reserve funds</i>	<i>Other reserve funds</i>	<i>Other capital</i>	<i>Retained profit / Uncovered losses</i>	<i>Total</i>
As at March 3rd 2006	500	0	0	0	0	0	500
Issue of series B shares	113,700	0	7,952	0	0	0	121,652
Issue of series C shares	1,453	0	0	0	0	0	1,453
Issue of series D shares	1,472	0	0	0	0	0	1,472
Issue of series E shares	32,000	0	0	0	0	0	32,000
Issue of series F shares (as at December 31 <sup>st</sup> 2006 not registered in the National Court Register)	0	0	0	0	102,000	0	102,000
Costs of share issues	0	0	( 1,307)	0	0	0	( 1,307)
Coverage of losses for 2006	0	0	0	0	0	( 1,319)	( 1,319)
<b>As at December 31<sup>st</sup> 2006</b>	<b>149,125</b>	<b>0</b>	<b>6,645</b>	<b>0</b>	<b>102,000</b>	<b>( 1,319)</b>	<b>256,451</b>

	<i>Issued share capital</i>	<i>Balance of called-up share capital not paid</i>	<i>Reserve funds</i>	<i>Other reserve funds</i>	<i>Other capital</i>	<i>Retained profit / Uncovered losses</i>	<i>Total</i>
As at March 3rd 2006	500	0	0	0	0	0	500
Net loss for 1 <sup>st</sup> half of 2006	0	0	0	0	0	( 30)	( 30)
<b>As at June 30<sup>th</sup> 2006 (unaudited)</b>	<b>500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>( 30)</b>	<b>470</b>



# LC Corp S.A.

Mid-year condensed financial statements for the period of 6 months ended June 30<sup>th</sup> 2007  
(in PLN '000)

## ADDITIONAL INFORMATION AND EXPLANATORY NOTES

### 1. General information

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

The Company was assigned statistical identification number REGON 020246398.

The Company was established for an indefinite period and its primary activity is:

- PKD 7415Z Management activities of holding companies

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

### 2. Approval of the financial statements

These mid-year condensed financial statements were approved for publication by the Management Board on September 21<sup>st</sup> 2007.

The Company also submits its mid-year consolidated financial statements for the period of 6 months ended June 30<sup>th</sup> 2007, which was approved for publication by the Management Board on September 21<sup>st</sup> 2007.

### 3. Basis for the preparation of the condensed financial statements and accounting principles

#### 3.1. Basis for the preparation of the condensed financial statements

The mid-year condensed financial statements for the period of 6 months ended June 30<sup>th</sup> 2007 together with comparable data for the period from March 3<sup>rd</sup> 2006 to June 30<sup>th</sup> 2006 and as at December 31<sup>st</sup> 2006, were prepared in compliance with the International Accounting Standards 34 – Interim Financial reporting.

The mid-year condensed financial statements does not include all information and disclosures required in the annual financial statements and they are to be reviewed together with the Company's financial statements as at December 31<sup>st</sup> 2006.

The condensed financial statements are presented in thousands PLN ("PLN"), and all values, unless otherwise specified, are provided in thousands PLN.

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

## 3.2. Declaration of compliance

The enclosed condensed financial statements 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 Company'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 Company.

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

## 3.3. Significant accounting principles

The accounting principles applied in the preparation of these mid-year condensed financial statements are in line with the Company's annual financial statements for the year ended December 31st 2006, except for the application of the following changes in the standards and new interpretations binding for the annual periods beginning on or after January 1st 2007.

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

The amended IAS 1 and new IFRS 7 regulations include disclosures concerning both aims and principles governing the management of financial risk and financial instruments. If within the period of 6 months ended June 30th 2007, any events or transactions took place, which are significant for understanding of the mid-year report, they have been included in these financial statements in compliance with guidelines of the standards.

### IFRS 7 Financial instruments: disclosures

The amended IAS 1 and new IFRS 7 regulations include disclosures concerning both aims and principles governing the management of financial risk and financial instruments. If within the period of 6 months ended June 30th 2007, any events or transactions took place, which are significant for understanding of the mid-year report, they have been included in these financial statements in compliance with guidelines of the standards.

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

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

### IFRIC 8 Scope of IFRS 2

The Company adopted interpretation IFRIC 8. As a result some provisions of the accounting principles have been changed. The Company reviewed transactions under which it had liabilities based on the value of capital instruments as payment for the goods or services received, and stated that there were no such transactions.

### IFRIC 9 Reassessment of Embedded Derivatives

The Company 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

# LC Corp S.A.

Mid-year condensed financial statements for the period of 6 months ended June 30<sup>th</sup> 2007  
(in PLN '000)

---

cash flows. Application of this interpretation had little bearing on the way of recognizing embedded derivatives owned by the Company.

## IFRIC 10 Interim Financial Reporting and Impairment

The Company 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.

Application of the above-mentioned changes to the standards did not affect the Company's operating results or its financial standing.

### **3.4. 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).

## **4. Information on segments of activity**

The Company's core business is management activities of holding companies, including the rental of its airplane to related undertakings. The Company's activity is focused mainly on the territory of Poland, hence financial reporting does not distinguish industry segments or geographical segments.

# LC Corp S.A.

Mid-year condensed financial statements for the period of 6 months ended June 30<sup>th</sup> 2007  
(in PLN '000)

## 5. Income tax

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

	Period ended Jun 30 2007 (unaudited)	Period from Mar 3 to Jun 30 2006 (unaudited)
<b>Profit and loss account</b>		
<i>Current income tax</i>		
Current income tax expense	(71)	0
Adjustments of the current income tax from previous years	0	0
<i>Deferred income tax</i>		
Timing differences and their reversal	132	0
Tax expense shown in the profit and loss account	<u>61</u>	<u>0</u>
<b>Statement of changes in equity</b>		
<i>Deferred income tax</i>		
Tax on the settlement of the transaction of shares acquisition	0	0
Tax benefit / (tax expense) reported in equity	<u>0</u>	<u>0</u>

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 Company for the period of 6 months ended June 30<sup>th</sup> 2007 and June 30<sup>th</sup> 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	(1,701)	(30)
Profit /(loss) before tax on discontinued operations	0	0
Gross profit /(loss) before tax	<u>(1,701)</u>	<u>(30)</u>
Tax according to the statutory tax rate binding in Poland: 19% (2005: 19%)	(323)	(6)
Non-tax-deductible costs	262	6
Other	0	0
Tax according to the effective tax rate (4%; 0%)	<u>(61)</u>	<u>0</u>
Income tax (expense) reported in the profit and loss account	(61)	0
Income tax attributed to discontinued operations	0	0
	<u>(61)</u>	<u>0</u>

## Deferred income tax

# LC Corp S.A.

Mid-year condensed financial statements for the period of 6 months ended June 30<sup>th</sup> 2007  
(in PLN '000)

Deferred income tax results from the following items:

	Balance sheet		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)
<i>Deferred tax liability</i>				
Timing income	(19)	(5)	(14)	0
Difference in tax and balance-sheet depreciation	(113)	(38)	(75)	0
Gross deferred tax liability	<u>(132)</u>	<u>(43)</u>		
<i>Deferred tax assets</i>				
Provision for retirement severance payments	5	5	0	0
Unused holiday accrual	45	33	12	0
Payroll accrual	77	57	20	0
Provision for balance-sheet audit	18	29	(11)	0
Interest accrued on issued bonds	361	176	185	0
Interest accrued on loans	0	4	(4)	0
Other timing expenses	27	8	19	0
Gross deferred tax assets	<u>533</u>	<u>312</u>		
Deferred tax expense			<u>132</u>	<u>0</u>
Net deferred tax asset	<u>401</u>	<u>269</u>		

## 6. Dividends paid and declared

The Company did not pay nor declare payments of dividend.

## 7. Property, plant and equipment

Within the period of 6 months ended June 30<sup>th</sup> 2007, the Company purchased property, plant and equipment of PLN 968 thousand (2006: PLN 121 thousand).

Within the period of 6 months ended June 30<sup>th</sup> 2007, the Company sold or liquidated items of property, plant and equipment of PLN 3 thousand (net value) (2006: PLN 0), generating net sales profit of PLN 0 (2006: PLN 0).

## 8. Non-current receivables

As at June 30<sup>th</sup> 2007, the Company had non-current receivables in the form of loans granted to its subsidiaries. As at the report date, they amounted to PLN 30,791 thousand, together with interest calculated as at the report date.

# LC Corp S.A.

Mid-year condensed financial statements for the period of 6 months ended June 30<sup>th</sup> 2007  
(in PLN '000)

## 9. Non-current investments

As at June 30<sup>th</sup> 2007, the Company held the following shares in companies:

Company	Seat	Balance Sheet value in PLN'000	% in share capital
Arkady Wrocławskie S.A	Wrocław	128,652	100%
Wrocław Nieruchomości sp. z o.o.	Wrocław	108,453	99.997%
Warszawa Nieruchomości sp. z o.o.	Wrocław	1,472	99.993%
Vratislavia Residence sp. z o.o.	Wrocław	88,000	100%
Łódź Residence sp. z o.o.	Wrocław	24	48%
Europlan Projekt Goćław sp. z o.o.	Warsaw	300	100%
Europlan Projekt Goćław spółka z ograniczoną odpowiedzialnością sp. k.	Warsaw	10	100% (indirectly and directly)
Europlan Projekt II sp. z o.o.	Warsaw	18,967	100%
Europlan Projekt III sp. z o.o.	Warsaw	4,158	100%
Europlan Projekt IV sp. z o.o.	Warsaw	5,050	100%
		<b>355,086</b>	

As at December 31<sup>st</sup> 2006, the Company held the following shares in companies:

Company	Seat	Balance Sheet value in PLN'000	% in share capital
Arkady Wrocławskie S.A	Wrocław	128,652	100%
Wrocław Nieruchomości sp. z o.o.	Wrocław	96,453	99.997%
Warszawa Nieruchomości sp. z o.o.	Wrocław	1,472	99.993%
JML S.A.	Warsaw	255	51%
		<b>226,832</b>	

### 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 8<sup>th</sup> 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 27<sup>th</sup> 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 1<sup>st</sup> 2007 LC Corp S.A. concluded an agreement with Leszek Czarnecki, changed with an annex on May 31<sup>st</sup> 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.

Mid-year condensed financial statements for the period of 6 months ended June 30<sup>th</sup> 2007  
(in PLN '000)

LC Corp S.A.. On the balance-sheet date LC Corp S.A. held 48% shares of this company. On July 27<sup>th</sup> 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 Goćlaw sp. z o.o. seated in Warsaw in ul. Ostrobramska 75 C/60, registered in the National Court Register on August 8<sup>th</sup> 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 12<sup>th</sup> 2006 is company established to carry out and manage the development project Crown Apartments. LC Corp S.A. holds 100 % in its share capital.

Europlan Projekt III sp. z o.o. seated in Warsaw in ul. Ostrobramska 75 C/60, registered in the National Court Register on December 8<sup>th</sup> 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 8<sup>th</sup> 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 Goćlaw Sp. z o.o. sp. k. seated in Warsaw in ul. Ostrobramska 75 C/60, registered in the National Court Register on October 11<sup>th</sup> 2005 is a company established to carry out and manage the development project Osiedle Przy Promenadzie. Europlan Projekt Goćlaw Sp. z o.o. sp. k. is controlled in 100% (directly or indirectly through Europlan Projekt Goćlaw 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.

## 10. Accrued expenses

	June 30th 2007 (unaudited)	December 31st 2006
Non-current	0	0
Current		
Other (insurance, subscriptions)	155	185
	155	185

# LC Corp S.A.

Mid-year condensed financial statements for the period of 6 months ended June 30<sup>th</sup> 2007  
(in PLN '000)

## 11. Cash and cash equivalents

	June 30th 2007 (unaudited)	December 31st 2006
Cash on hand and in a bank account	364,706	5
Short-term deposits	4,401	38,149
	<u>369,107</u>	<u>38,154</u>

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 Company's current demand for cash and bear interest according to interest rates established for them.

## 12. Share capital and reserve funds

### 12.1. 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	-
	<u>389,559</u>	<u>149,125</u>

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

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



# LC Corp S.A.

Mid-year condensed financial statements for the period of 6 months ended June 30<sup>th</sup> 2007  
(in PLN '000)

## 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%	90.33%
share in vote	47.45%	90.33%
Leszek Czarnecki		
share in capital	3.23%	3.23%
	(50.68%)*	(50.68%)*
share in vote	3.23%	3.23%
	(50.68%)*	(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 Wroclaw, holding 1,000 shares constituting 0.0002% of the share capital and 0.0002% share in the vote at the General Meeting.

## 12.2. Reserve funds

As at June 30<sup>th</sup> 2007 reserve funds of consist of PLN 4,580,000 of a surplus of the issue value over the par value.

## 12.3. 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 30<sup>th</sup> 2007 were not registered in the National Court Register. Registration of this capital took place after the balance-sheet date, on July 20<sup>th</sup> 2007.

## 13. Interest-bearing bank loans and borrowings

Non-current	June 30th 2007 (unaudited)	December 31st 2006	Non-current
	<i>Effective interest rate %</i>	<i>Maturity</i>	

# LC Corp S.A.

Mid-year condensed financial statements for the period of 6 months ended June 30<sup>th</sup> 2007  
(in PLN '000)

			0	0
Current				
Loan	WIBOR + margin	Jul 06 2007	-	622
Zero coupon registered bonds	-	Jul 06 2007	26,898	25,924
			<u>26,898</u>	<u>26,546</u>

In 2006, the average weighted interest of bank loans, borrowings and bonds amounted to 7.7 %.

The average weighted interest of bank loans, borrowings and bonds during the period of 6 months ended June 30<sup>th</sup> 2007 amounted to 7.7 %.

## 14. Provisions

### 14.1. Retirement benefits and other benefits

The Company 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:

Period of 6 months ended June 30<sup>th</sup> 2007 and June 30<sup>th</sup> 2006

	2007 (unaudited)	2006 (unaudited)
As at January 1 <sup>st</sup>	26	0
Provision creation	0	0
Costs of paid benefit	0	0
Release of provisions	0	0
As at June 30 <sup>th</sup>	<u>26</u>	<u>0</u>
	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 30 <sup>th</sup>	<u>26</u>	<u>0</u>
Current	2	0
Non-current	<u>24</u>	<u>0</u>

## 15. Contingent liabilities

# LC Corp S.A.

Mid-year condensed financial statements for the period of 6 months ended June 30<sup>th</sup> 2007  
(in PLN '000)

As at June 30<sup>th</sup> 2007 the Company's contingent liabilities included:

- pledge on the shares of „Arkady Wrocławskie” held by LC Corp SA – up the amount of EUR 120,600 thousand

- registered pledge on bank accounts – up the amount of EUR 120,600 thousand

The above-mentioned pledges constitute collateral for syndicated credit facility obtained by Arkady Wrocławskie S.A. related undertaking.

As at June 30<sup>th</sup> 2007 the Company did not have other significant contingent liabilities, including guaranties, sureties or bills issued.

## 16. Information on transactions with related undertakings

The following table shows total amounts of transactions concluded with related undertakings for the period ended June 30<sup>th</sup> 2007 and December 31<sup>st</sup> 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)
<b>Shareholders</b>							
LC Corp B.V.	2007	1,225	0	99	0	281	0
Leszek Czarnecki	2007	903	0	1,101	0	0	0
RB Investcom Sp. z o.o.	2007	0	0	0	0	0	4
<b>Subsidiaries and associated undertakings</b>							
Arkady Wrocławskie S.A.	2007	2,100	284	551	2	0	0
Wrocław Nieruchomości Sp. z o.o.	2007	2,711	22	549	0	0	0
Warszawa Nieruchomości Sp. z o.o.	2007	1	0	0	0	0	0
Vratislavia Residence Sp. z o.o.	2007	14	0	0	0	0	0
Łódź Residence Sp. z o.o.	2007	1	0	0	0	0	0
Europlan Projekt Gocław Sp. z o.o.	2007	0	0	284	0	1	0
Europlan Projekt Gocław Sp. z o.o. Sp.k	2007	0	0	3,870	0	12	0
Europlan Projekt II Sp. z o.o.	2007	0	0	4,025	0	13	0
Europlan Projekt III Sp. z o.o.	2007	0	0	13,972	0	46	0
Europlan Projekt IV Sp. z o.o.	2007	0	0	8,641	0	28	0
<b>Related undertakings</b>							
RB Computer Sp. z o.o.	2007	0	86	0	25	0	0
Getin Holding S.A.	2007	40	0	49	0	0	0
Getin Bank S.A.	2007	44	0	54	0	567	0
TU Europa S.A.	2007	0	0	0	0	0	975
		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)
<b>Related undertaking</b>							
<b>Shareholders</b>							

# LC Corp S.A.

Mid-year condensed financial statements for the period of 6 months ended June 30<sup>th</sup> 2007  
(in PLN '000)

LC Corp B.V	2006	0	0	0	0	0	0
Leszek Czarnecki	2006	0	129	0	0	0	0
RB Investcom Sp. z o.o.	2006	0	0	0	622	0	0
<b>Subsidiaries and associated undertakings</b>							
Arkady Wroclawskie S.A.	2006	2,308	904	427	535	0	0
Wroclaw Nieruchomości Sp. z o.o.	2006	1,650	25	535	0	0	0
Warszawa Nieruchomości Sp. z o.o.	2006	0	50	0	0	0	0
<b>Related undertakings</b>							
RB Computer Sp. z o.o.	2006	0	116	0	5	0	0
Getin Holding S.A.	2006	5	0	0	0	0	0
Getin Leasing S.A.	2006	0	13	0	0	0	0
Getin Bank S.A.	2006	0	0	0	0	74	0
TU Europa S.A.	2006	0	0	0	25,924	0	924

## 17. Disclosures resulting from the introduction of amended IAS 1 and new IFRS 7

### 17.1. Trade receivables and other receivables

As at June 30<sup>th</sup> 2007 and June 30<sup>th</sup> 2006 the Company did not create a valuation allowance for trade receivables.

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

	Total	Due	Past due but collectible			
			< 30 days	30 – 90 days	90 – 180 days	>180 days
<b>June 30 2007</b>						
(unaudited)	10,071	9,021	274	776	0	0
<b>December 31 2006</b>	977	977	0	0	0	0

### 17.2. Interest rate risk

As at June 30<sup>th</sup> 2007 the Company had no liabilities with floating interest rate. As at December 31<sup>st</sup> 2006, the Company had one loan of PLN 600 thousand (par value) with floating interest rate. However the Management Board believes that any possible changes in interest rates would have little bearing on the Company's financial standing.

### 17.3. Currency risk

# LC Corp S.A.

Mid-year condensed financial statements for the period of 6 months ended June 30<sup>th</sup> 2007  
(in PLN '000)

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 Company'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
June 30 <sup>th</sup> 2007 – EUR	+ 0,02	9	9
	- 0,02	(9)	(9)
December 31 <sup>st</sup> 2006 – EUR	+ 0,02	0	0
	- 0,02	0	0
June 30 <sup>th</sup> 2006 – EUR	+ 0,02	0	0
	- 0,02	0	0

## 17.4. Capital management

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

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

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

	June 30th 2007 (unaudited)	December 31st 2006
Interest-bearing loans and borrowings (external financing)	26,899	26,546
Trade payables and other liabilities	10,982	7,829
A. Net debt	<u>37,881</u>	<u>34,375</u>
B. Equity	<u>751,745</u>	<u>256,451</u>
Leverage ratio (A/B)	0,1	0,1

## 18. Events subsequent to the balance-sheet date

1. On July 6<sup>th</sup> 2006, LC Corp issued 25 unsecured, zero-coupon Series A registered bonds, having a par value of PLN 1,077,258.33 each, of the total par value of PLN 26,931,458.25. The issue price totals PLN 1,000,000 per bond, and the total issue price amounts to PLN 25,000,000. July 6<sup>th</sup> 2007 is the maturity date, however, earlier buyback of the bonds is admissible. Buyback of the bonds at the maturity date will be carried out at the par value. The terms of bond issue provided for the

## LC Corp S.A.

Mid-year condensed financial statements for the period of 6 months ended June 30<sup>th</sup> 2007  
(in PLN '000)

---

bondholder's obligation to accept, within the period of two years as of July 6<sup>th</sup> 2006, a proposal of acquiring new bonds issued by LC Corp. Pursuant to this solution, on July 6<sup>th</sup> 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. Liabilities resulting from the new issue and bonds subject to retirement were mutually compensated in accordance with the agreement concluded on July 6<sup>th</sup> 2007. Issue of the bonds was acquired by Towarzystwo Ubezpieczeń Europa SA with its business seat in Wrocław – a related undertaking of LC Corp S.A.

2. On July 2<sup>nd</sup> 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 20<sup>th</sup> 2007 of an increase in the share capital by the Regional Court, on August 3<sup>rd</sup> 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 5<sup>th</sup> 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 27<sup>th</sup> 2007. The loan was fully paid off on July 31<sup>st</sup> 2007.
4. On July 27<sup>th</sup> 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.
5. On July 27<sup>th</sup> 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.
6. On July 27<sup>th</sup> 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 29<sup>th</sup> 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. On August 22<sup>nd</sup> 2007, under the Bond Issue Scheme, LC Corp issued 700 zero coupon bonds having a par value of PLN 70,000,000, maturing on September 25<sup>th</sup> 2007. The par value totalled PLN 100,000 per bond.
7. On July 27<sup>th</sup> 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.

## LC Corp S.A.

Mid-year condensed financial statements for the period of 6 months ended June 30<sup>th</sup> 2007  
(in PLN '000)

---

8. On July 31<sup>st</sup> 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.
9. On July 31<sup>st</sup> 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.
10. On July 31<sup>st</sup> 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.
11. On August 6<sup>th</sup> 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.
12. On August 7<sup>th</sup> 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.
13. On August 10<sup>th</sup> 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.
14. On August 10<sup>th</sup> 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.
15. On August 10<sup>h</sup> 2007 the meeting of shareholders of Europlan Projekt IV Sp. z o.o. passed a resolution to increase the share capital up to PLN 6,000,000 and the new shares will be held by LC Corp S.A.
16. Loan agreement dated August 10<sup>th</sup> 2007, for the amount of PLN 9,100,000.00, concluded between LC Corp as a Lender and Europlan Projekt IV Sp. z o.o. as a Borrower. The loan's interest rate is based on market conditions. The loan was granted for an indefinite period, however, the Borrower committed itself to repay to the Lender the whole amount of the loan including interest within the period of one month as of the date of serving written notice of termination of this agreement by the Lender.
17. Loan agreement dated August 21<sup>st</sup> 2007, for the amount of PLN 30,000,000.00, concluded between LC Corp as a Lender and Wrocław Nieruchomości Sp. z o.o. as a Borrower. The loan's interest rate is based on market conditions. The loan was granted for an indefinite period, however, the Borrower committed itself to repay to the Lender the whole amount of the loan including interest within the period of one month as of the date of serving written notice of termination of this agreement by the Lender. The loan amount will be paid in tranches upon the Borrower's written request specifying both the date and amount of the requested payment. On August 21<sup>st</sup> 2007 the amount of PLN 7,000,000, and on August 29<sup>th</sup> 2007 the amount of PLN 7,000,000 were paid on the grounds of the above.
18. Loan agreement dated August 10<sup>th</sup> 2007, for the amount of PLN 37,400,000.00, concluded between LC Corp as a Lender and Gdańsk Residence Sp. z o.o. as a Borrower. The loan's interest rate is based on market conditions. The loan was granted for an indefinite period, however, the Borrower committed itself to repay to the Lender the whole amount of the loan including interest within the

# LC Corp S.A.

Mid-year condensed financial statements for the period of 6 months ended June 30<sup>th</sup> 2007  
(in PLN '000)

---

period of one month as of the date of serving written notice of termination of this agreement by the Lender.

President Konrad Dubelski

.....  
Vice-President Waldemar Horbacki

.....  
Vice-President Artur Kozieja

.....  
Vice-President Dariusz Karwacki

Wrocław, September 21<sup>st</sup> 2007