



## **LC CORP S.A.**

**MID-YEAR CONDENSED FINANCIAL STATEMENTS  
FOR THE PERIOD OF SIX MONTHS ENDED JUNE 30<sup>TH</sup> 2010  
WITH AN INDEPENDENT AUDITOR'S REPORT ON THE REVIEW**

# LC Corp SA

Mid-year condensed financial statements for the period of 6 months ended June 30<sup>th</sup> 2010  
(PLN '000)

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Mid-year condensed statement of financial position .....	3
Mid-year condensed statement of comprehensive income .....	4
Mid-year condensed statement of cash flows .....	5
Mid-year condensed statement of changes in equity .....	7
Notes to financial statements .....	8
1. General information .....	8
2. Approval of the mid-year condensed consolidated financial statements.....	8
3. Declaration of compliance and basis for the preparation.....	8
4. Changes in accounting rules.....	9
5. New standards and interpretations, which were published but have not become effective yet.....	10
6. Significant accounting principles .....	10
7. Change of estimates.....	10
8. Seasonal or cyclical character of the activity .....	11
9. Operating segments .....	11
10. Financial income .....	11
11. Corporate income tax .....	11
12. Property, plant and equipment.....	12
13. Loans and non-current receivables .....	12
14. Non-current investments .....	12
14.1. Shares .....	12
15. Current financial assets .....	13
16. Cash and cash equivalents .....	13
17. Share capital and reserve funds .....	13
17.1. Share capital .....	13
17.2. Reserve funds .....	15
17.3. Other capital .....	15
18. Financial liabilities .....	15
19. Collaterals.....	15
20. Changes in contingent liabilities and contingent assets .....	15
21. Transactions with related undertakings.....	16
21.1. Remuneration to senior management of the Company .....	18
21.2. Remuneration to members of the Management Board and Supervisory Board .....	18
22. Capital management.....	18
23. Events subsequent to the end of the reporting period .....	18

**MID-YEAR CONDENSED STATEMENT OF FINANCIAL POSITION**  
as at June 30<sup>th</sup> 2010

(PLN'000)

	Note	June 30 <sup>th</sup> 2010 (unaudited)	December 31 <sup>st</sup> 2009
<b>Assets</b>			
<b>A. Non-current assets</b>		<b>748,277</b>	<b>662,326</b>
1. Intangible assets		585	651
2. Property, plant and equipment	12	534	585
2.1. Tangible assets		534	577
2.2. Tangible assets under construction		0	8
3. Loan and non-current receivables	13	439,758	354,989
4. Non-current investments	14	297,724	297,724
5. Non-current prepayments and accrued income		0	0
6. Deferred tax assets		9,676	8,377
<b>B. Current assets</b>		<b>65,809</b>	<b>137,492</b>
1. Inventories		0	0
2. Trade and other receivables		833	937
3. Income tax receivable		0	0
4. Current financial assets	15	49,636	132,272
5. Cash and cash equivalents	16	15,149	4,196
6. Current prepayments and accrued income		191	87
<b>C. Non-current assets classified as held for sale</b>		<b>0</b>	<b>0</b>
<b>Total assets</b>		<b>814,086</b>	<b>799,818</b>
<b>Equity and liabilities</b>			
<b>A. Equity</b>		<b>753,603</b>	<b>740,492</b>
1. Share capital	17.1	447,558	447,558
2. Balance of called-up share capital not paid		0	0
3. Reserve funds	17.2	289,826	298,102
4. Other reserve funds		0	0
5. Other capital	17.3	3,108	3,108
6. Retained profit / Uncovered losses		13,111	(8,276)
<b>B. Non-current liabilities</b>		<b>27,993</b>	<b>27,355</b>
1. Non-current financial liabilities	18	27,974	27,336
2. Provisions		19	19
3. Deferred tax liability		0	0
<b>C. Current liabilities</b>		<b>32,490</b>	<b>31,971</b>
1. Current financial liabilities	18	26,220	25,217
2. Trade and other payables		5,275	5,271
3. Income tax payable		735	1,210
4. Provisions		0	0
5. Accrued expenses and revenue		260	273
<b>Total equity and liabilities</b>		<b>814,086</b>	<b>799,818</b>

Notes to the mid-year condensed financial statements enclosed on pages 8 to 20 are their integral part

# LC Corp SA

Mid-year condensed financial statements for the period of 6 months ended June 30<sup>th</sup> 2010  
(PLN '000)

## MID-YEAR CONDENSED STATEMENT OF COMPREHENSIVE INCOME for the period of 6 months ended June 30<sup>th</sup> 2010 (PLN'000)

	Note	Period of 6 months ended June 30 <sup>th</sup> 2010 (unaudited)	Period of 6 months ended June 30 <sup>th</sup> 2009 (unaudited)
<b>Operating activity</b>			
<b>Sales revenue</b>		<b>1 511</b>	<b>1 265</b>
Revenue from sales of services		1,511	1,265
Revenue from sales of goods and products		0	0
<b>Cost of sales</b>		<b>( 2,798)</b>	<b>( 2,494)</b>
<b>Pre-tax profit on sales</b>		<b>( 1,287)</b>	<b>( 1,229)</b>
Gain (loss) on disposal of non-current non-financial assets		0	( 27)
Revaluation of non-current non-financial assets		0	0
Selling and distribution costs		0	0
General administrative expenses		( 883)	( 833)
Other operating income		6	105
Other operating expenses		( 8)	( 29)
<b>Operating profit (loss)</b>		<b>( 2,172)</b>	<b>( 2,013)</b>
Financial income	10	20,012	12,836
Financial expenses		( 1,643)	( 7,046)
<b>Pre-tax profit (loss)</b>		<b>16,197</b>	<b>3,777</b>
Corporate income tax (tax expense)	11	( 3,086)	( 642)
<b>Net profit on business activities</b>		<b>13,111</b>	<b>3,135</b>
<b>Discontinued operations</b>			
Profit (loss) on discontinued operations		0	0
<b>Net profit (loss)</b>		<b>13,111</b>	<b>3,135</b>
<b>Other comprehensive income</b>			
Other components of comprehensive income		0	0
Income tax relating to other components of comprehensive income		0	0
<b>Other comprehensive income for the year, net</b>		<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>		<b>13,111</b>	<b>3,135</b>

## MID-YEAR CONDENSED STATEMENT OF CASH FLOWS for the period of 6 months ended June 30<sup>th</sup> 2010 (PLN'000)

# LC Corp SA

Mid-year condensed financial statements for the period of 6 months ended June 30<sup>th</sup> 2010  
(PLN '000)

	Period of 6 months ended June 30 <sup>th</sup> 2010 (unaudited)	Period of 6 months ended June 30 <sup>th</sup> 2009 (unaudited)
<b>Note</b>		
<b>A. Cash flows from operating activities</b>		
<b>I. Pre-tax profit</b>	<b>16,197</b>	<b>3,777</b>
<b>II. Total adjustments</b>	<b>( 22,699)</b>	<b>( 6,696)</b>
1. Depreciation and amortization	284	363
2. Foreign exchange gains (losses)	0	0
3. Interest and distributions from profit (dividends)	( 18,113)	( 5,180)
4. Profit (loss) on investing activities	0	27
5. Change in provisions	0	0
6. Change in inventories	0	0
7. Change in receivables	104	372
8. Change in current liabilities (net of loans and borrowings)	4	( 954)
9. Change in accruals and deferrals	( 117)	( 517)
10. Corporate income tax	( 4,861)	( 1,115)
11. Other adjustments	0	308
<b>III. Net cash provided by (used in) operating activities (I±II)</b>	<b>( 6,502)</b>	<b>( 2,919)</b>
<b>B. Cash flows from investing activities</b>		
<b>I. Cash provided by investing activities</b>	<b>97,572</b>	<b>68,062</b>
1. Sale of intangible assets and property, plant and equipment	0	59
2. Sale of investment property	0	0
3. Cash provided by financial assets	89,149	68,003
4. Other cash provided by investing activities	8,423	0
<b>II. Cash used in investing activities</b>	<b>( 80,117)</b>	<b>( 43,801)</b>
1. Acquisition of intangible assets and property, plant and equipment	( 167)	( 1)
2. Investment property	0	0
3. Cash used on financial assets	( 79,950)	( 43,800)
4. Other cash used in investing activities	0	0
<b>III. Net cash provided by (used in) investing activities (I–II)</b>	<b>17,455</b>	<b>24,261</b>
<b>C. Cash flows from financing activities</b>		
<b>I. Cash provided by financing activities</b>	<b>0</b>	<b>48,998</b>
1. Net proceeds from issue of shares and additional contributions to equity	0	0
2. Increase in loans and borrowings	0	48,998
3. Issue of debt securities	0	0
4. Other cash provided by financing activities	0	0
<b>II. Cash used in financing activities</b>	<b>0</b>	<b>( 68,366)</b>
1. Repayment of loans and borrowings	0	0
2. Redemption of debt securities	0	0
3. Interest paid	0	( 68,366)
4. Other cash used in financing activities	0	0
<b>III. Net cash provided by (used in) financing activities (I–II)</b>	<b>0</b>	<b>( 19,368)</b>
<b>D. Total net cash flow (A.III±B.III±C.III)</b>	<b>10,953</b>	<b>1,974</b>
<b>E. Balance-sheet change in cash, including:</b>	<b>10,953</b>	<b>1,974</b>
– change in cash resulting from foreign exchange	0	0

Notes to the mid-year condensed financial statements enclosed on pages 8 to 20 are their integral part

# LC Corp SA

Mid-year condensed financial statements for the period of 6 months ended June 30<sup>th</sup> 2010  
(PLN '000)

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<b>F. Cash at beginning of period</b>		<b>4,196</b>	<b>14,044</b>
<b>G. Cash at end of period (F±D)</b>	15	<b>15,149</b>	<b>16,018</b>
- restricted cash		20	20

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## LC Corp SA

Mid-year condensed financial statements for the period of 6 months ended June 30<sup>th</sup> 2010  
(PLN '000)

### MID-YEAR CONDENSED STATEMENT OF CHANGES IN EQUITY for the period ended June 30<sup>th</sup> 2010

(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>
<b>As at January 1<sup>st</sup> 2010</b>	<b>447,558</b>	<b>0</b>	<b>298,102</b>	<b>0</b>	<b>3,108</b>	<b>( 8,276)</b>	<b>740,492</b>
<i>Net profit for the period of 6 months ended June 30<sup>th</sup> 2010</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>13,111</i>	<i>13,111</i>
<i>Other comprehensive income for the period of 6 months ended June 30<sup>th</sup> 2010</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<b>Total comprehensive income for the period of 6 months ended June 30<sup>th</sup> 2010</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,111</b>	<b>13,111</b>
Coverage of loss for 2009 from reserve funds	0	0	( 8,276)	0	0	8,276	0
<b>As at June 30<sup>th</sup> 2010 (unaudited)</b>	<b>447,558</b>	<b>0</b>	<b>289,826</b>	<b>0</b>	<b>3,108</b>	<b>13,111</b>	<b>753,603</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>
<b>As at January 1<sup>st</sup> 2009</b>	<b>447,558</b>	<b>0</b>	<b>308,747</b>	<b>0</b>	<b>3,108</b>	<b>(10,645)</b>	<b>748,768</b>
<i>Net profit for the period of 6 months ended June 30<sup>th</sup> 2009</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>3,135</i>	<i>3,135</i>
<i>Other comprehensive income for the period of 6 months ended June 30<sup>th</sup> 2009</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<b>Total comprehensive income for the period of 6 months ended June 30<sup>th</sup> 2009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,135</b>	<b>3,135</b>
Coverage of loss for 2008 from reserve funds	0	0	(10,645)	0	0	10,645	0
<b>As at June 30<sup>th</sup> 2009 (unaudited)</b>	<b>447,558</b>	<b>0</b>	<b>298,102</b>	<b>0</b>	<b>3,108</b>	<b>3,135</b>	<b>751,903</b>

Notes to the mid-year condensed financial statements enclosed on pages 8 to 20 are their integral part

## NOTES TO FINANCIAL STATEMENTS

### 1. General information

LC Corp SA ("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, at ul. Powstańców Śląskich 2-4. The Company has been entered into the Business Register of the National Court Register maintained by the District Court for Wrocław-Fabryczna in Wrocław, VI Commercial Section of the National Court Register, under KRS No. 0000253077

As at June 30<sup>th</sup> 2010 the shares of LC Corp SA are in public trading.

The Company has been assigned statistical identification number REGON 020246398.

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

- PKD 64.20.Z Activities of financial holding companies

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

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

These mid-year condensed financial statements of the Company for the period of 6 months ended June 30<sup>th</sup> 2010 were approved for publication by the Management Board on August 26<sup>th</sup> 2010.

The Company prepared also the mid-year consolidated financial statements for the period of 6 months ended June 30<sup>th</sup> 2010, which were approved for publication by the Management Board on August 26<sup>th</sup> 2010.

### 3. Declaration of compliance and basis for the preparation

The enclosed mid-year condensed financial statements of LC Corp SA were prepared in accordance with International Financial Reporting Standards ("IFRS") and in particular with International Accounting Standard No. 34, in its form approved by the EU, applying to mid-year financial reporting.

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

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

These mid-year condensed financial statements cover the period of 6 months ended June 30<sup>th</sup> 2010 and contain comparable data for the period of 6 months ended June 30<sup>th</sup> 2009 and as at December 31<sup>st</sup> 2009.

The mid-year condensed financial statements do not contain all information and disclosures required in the annual financial statements and they must be read together with the Company's financial statements for the year ended December 31<sup>st</sup> 2009.

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

The mid-year condensed financial statements were prepared on the assumption of a continuation of the business activity by the Company in the foreseeable future. As at the day of approval of these financial



statements, there are no circumstances identified implying any threats for continuation of the Company's activity.

#### 4. Changes in accounting rules

Below new or changed IFRS and new IFRIC interpretations are presented (approved or being approved by the European Union), effective as at January 1<sup>st</sup> 2010:

- 1) *IFRS 2 Share-based Payment: Group Cash-settled Share-based Payment Transactions* – effective as of January 1<sup>st</sup> 2010. The aim of this change is to clarify the manner of recognising in the books the group cash-settled share-based payment transactions. It replaces IFRIC 8 and IFRIC 11. This change did not affect the Company's financial situation or results of its activity
- 2) *IFRS 3 Business Combinations (amendment) and IAS 27 Consolidated and Separate Financial Statements (amendment)* – effective as of July 1<sup>st</sup> 2009. Amended IFRS 3 introduces significant changes into the manner of recognising business combinations effected after the abovementioned date. The changes concern the valuation of non-controlling interests, recognition of costs directly related to the transaction, initial recognition and subsequent measurement of contingent payment, and settlement of step acquisitions. These changes affect the recognised value of goodwill, the results reported for the period in which the acquisition took place and the results reported in subsequent periods.

In accordance with amended IAS 27, changes in the holding of the subsidiary's capital (which do not lead to loss of control) should be recognised as transactions with owners. In consequence such transactions will not result in creating goodwill or recognising profit or loss. In addition, the standard changes the way of allocating losses incurred by subsidiaries and recognising the loss of control over such subsidiaries. The changes in IFRS 3 and IAS 27 will have an impact on future transactions of acquiring or disposing of controlling interests in subsidiaries as well as on transactions with shareholders who do not hold controlling interests. These changes did not affect the Company's financial situation or results of its activity.

- 3) *IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items* – effective as of July 1<sup>st</sup> 2009. These changes concern designation of a unilateral risk in the hedged item and designation, in specific cases, of inflation as a hedged risk or a part thereof. This change did not affect the Company's financial situation or results of its activity.
- 4) *IFRIC 17 Distributions of Non-cash Assets to Owners* – effective as of July 1<sup>st</sup> 2009. The interpretation contains the guidelines on recognising in the books the transactions as a result of which non-cash assets are distributed to owners, in the form of provision or dividend distribution. This interpretation did not affect the Company's financial situation or results of its activity.
- 5) *Changes to IFRS* (published in May 2008) – in May 2008 the Board issued the first set of amendments to the standards published by it. The changes effective as of January 1<sup>st</sup> 2010 did not affect the Company's financial situation or results of its activity.
- 6) *Changes to IFRS* (published in April 2009) – in April 2009 the Board issued the second set of amendments to the standards published by it, mainly for the purpose of eliminating any inaccuracies or ambiguities of wording. Various interim provisions are applicable to respective standards. The changes in the following standards did not affect the Company's financial situation or results of its activity:
  - *IFRS 8 Operating Segments*
  - *IAS 7 Statement of cash flows*
  - *IAS 36 Impairment of Assets*
  - *IAS 39 Financial Instruments: Recognition and Measurement*
  - *IFRS 2 Share-based Payment*
  - *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*
  - *IAS 1 Presentation of Financial Statements*

# LC Corp SA

Mid-year condensed financial statements for the period of 6 months ended June 30<sup>th</sup> 2010  
(PLN '000)

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- IAS 17 *Leases*
- IAS 38 *Intangible Assets*
- IFRIC 9 *Reassessment of Embedded Derivatives*
- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*

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

The Company decided not to implement in advance any standards, interpretations or changes that have been published but have not come into effect so far.

## 6. Significant accounting principles

The accounting principles and calculation methods adopted for preparation of the mid-year condensed financial statements are coherent with the principles described in the audited financial statements of LC Corp SA prepared in accordance with IFRS for the year ended December 31<sup>st</sup> 2009, published on March 19<sup>th</sup> 2010.

## 7. Change of estimates

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

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

### Deferred tax asset

The Company recognizes a deferred tax asset based on the assumption that, in the future, some 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.

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

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

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

The recoverable value of shares and loans, and the value of the valuation allowances for shares and loans were estimated as at June 30<sup>th</sup> 2010 and may be subject to change depending on the fluctuation of the market prices of land, sale prices of flats, construction costs, project completion schedules and discount rate calculations.

The actual results may vary from these estimates which were calculated on the grounds of data available as at the reporting date. It applies in particular to the projects whose commencement is planned after 2010. Their completion depends on obtaining the relevant administrative decisions or coming into force of the local

# LC Corp SA

Mid-year condensed financial statements for the period of 6 months ended June 30<sup>th</sup> 2010  
(PLN '000)

land use plans, providing the basis for the parameters adopted in these project models and the formulation of final concepts for these projects, taking account of the local factors. It is also related to the uncertainty regarding the proper estimation of the market conditions in the following years.

The table below shows the change of estimates as at June 30<sup>th</sup> 2010 and as at December 31<sup>st</sup> 2009.

	June 30 <sup>th</sup> 2010 (unaudited)	December 31 <sup>st</sup> 2009
Deferred tax asset	9,676	8,377
Valuation allowances for assets	65,304	65,304

## 8. Seasonal or cyclical character of the activity

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

## 9. Operating segments

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

## 10. Financial income

	Period ended June 30 <sup>th</sup> 2010 (unaudited)	Period ended June 30 <sup>th</sup> 2009 (unaudited)
Bank interest income	257	922
Interest income from interest-bearing loans	10,444	11,157
Income from discounting of bonds and bills of exchange	888	757
Share in subsidiary's profit	8,423	0
	<b>20,012</b>	<b>12,836</b>

## 11. Corporate income tax

In the period of 6 months ended June 30<sup>th</sup> 2010 and as at June 30<sup>th</sup> 2009 the main items of tax expense included the following:

	Period ended June 30 <sup>th</sup> 2010 (unaudited)	Period ended June 30 <sup>th</sup> 2009 (unaudited)
<b>Statement of comprehensive income</b>		
<b>Current income tax</b>		
Current income tax expense	(4,386)	0
Previous years adjustments to the current income tax	0	0
<b>Deferred income tax</b>		
Related to the occurrence and reversal of temporary differences	1,300	(642)
<b>Tax expense disclosed in the statement of comprehensive income</b>	<b>(3,086)</b>	<b>(642)</b>

# LC Corp SA

Mid-year condensed financial statements for the period of 6 months ended June 30<sup>th</sup> 2010  
(PLN '000)

## 12. Property, plant and equipment

In the period of 6 months ended June 30<sup>th</sup> 2010, the Company acquired property, plant and equipment to the value of PLN 131,000 (in the period of 6 months ended June 30<sup>th</sup> 2009: PLN 1,000).

In the period of 6 months ended June 30<sup>th</sup> 2010, the Company did not effect any significant transactions of disposing of property, plant and equipment items (in the period ended June 30<sup>th</sup> 2009: PLN 86,000 with a net loss on sales of PLN 27,000).

## 13. Loans and non-current receivables

	June 30 <sup>th</sup> 2010 (unaudited)	December 31 <sup>st</sup> 2009
Non-current loans (including accrued interest)	461,628	376,859
Valuation allowance on loans	( 21,870)	( 21,870)
<b>Total</b>	<b>439,758</b>	<b>354,989</b>

During the year the Company advanced loans to its subsidiaries, designed for financing their projects.

## 14. Non-current investments

### 14.1. Shares

As at June 30<sup>th</sup> 2010 and December 31<sup>st</sup> 2009, the Company held the following shares in companies:

Company	Seat	June 30 <sup>th</sup> 2010 (unaudited)		December 31 <sup>st</sup> 2009	
		Value disclosed in the statement of financial position	% in share capital	Value disclosed in the statement of financial position	% in share capital
Arkady Wrocławskie S.A	Wrocław	128,652	100%	128,652	100%
Katowice Ceglana sp. z o.o	Wrocław	35,972	99.997%	35,972	99.997%
Vratislavia Residence Sp. z o.o.	Wrocław	88,000	100%	88,000	100%
LC Corp Dębowa Ostoja Sp. z o.o.	Wrocław	1,000	100%	1,000	100%
LC Corp Pustynna Sp. z o.o.	Wrocław	50	100%	50	100%
LC Corp Stabłowice Sp. z o.o.	Wrocław	23,000	100%	23,000	100%
LC Corp Bajkowy Park Sp. z o.o.	Wrocław	1,000	100%	1,000	100%
LC Corp Szmaragdowe Wzgórze Sp. z o.o.	Wrocław	13,500	100%	13,500	100%
LC Corp Osiedle Pustynna Sp. z o.o.	Wrocław	8,000	100%	8,000	100%
Warszawa Przy Promenadzie Sp. z o.o.	Wrocław	1,700	100%	1,700	100%
Warszawa Przy Promenadzie Sp. z o.o. Sp.k.	Wrocław	10	(indirectly and directly)	10	(indirectly and directly)
Warszawa Przyokopowa Sp. z o.o.	Wrocław	21,366	81.67%	21,366	81.67%
Warszawa Rezydencja Kaliska Sp. z o.o.	Wrocław	7,908	100%	7,908	100%
Kraków Zielony Złocień Sp. z o.o.	Wrocław	11,000	100%	11,000	100%
Valuation allowance for shares		(43,434)		(43,434)	

# LC Corp SA

Mid-year condensed financial statements for the period of 6 months ended June 30<sup>th</sup> 2010  
(PLN '000)

<b>Total balance sheet value</b>	<b>297,724</b>	<b>297,724</b>
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## 15. Current financial assets

	<b>June 30<sup>th</sup> 2010 (unaudited)</b>	<b>December 31<sup>st</sup> 2009</b>
Current loans (including accrued interest)	22,039	105,564
Commercial notes	27,597	26,708
<b>Total</b>	<b>49,636</b>	<b>132,272</b>

## 16. Cash and cash equivalents

	<b>June 30<sup>th</sup> 2010 (unaudited)</b>	<b>December 31<sup>st</sup> 2009</b>
Cash on hand and in bank	15,149	4,196
Short-term deposits	0	0
<b>Total</b>	<b>15,149</b>	<b>4,196</b>

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

## 17. Share capital and reserve funds

### 17.1. Share capital

<b>Share capital</b>	<b>June 30<sup>th</sup> 2010 (unaudited)</b>	<b>December 31<sup>st</sup> 2009</b>
Series A ordinary shares of par value PLN 1.00 per share	500	500
Series B ordinary shares of par value PLN 1.00 per share	113,700	113,700
Series C ordinary shares of par value PLN 1.00 per share	1,453	1,453
Series D ordinary shares of par value PLN 1.00 per share	1,472	1,472
Series E ordinary shares of par value PLN 1.00 per share	32,000	32,000
Series F ordinary shares of par value PLN 1.00 per share	102,000	102,000
Series G ordinary shares of par value PLN 1.00 per share	80,000	80,000
Series H ordinary shares of par value PLN 1.00 per share	58,433	58,433
Series I ordinary shares of par value PLN 1.00 per share	1,000	1,000
Series J ordinary shares of par value PLN 1.00 per share	57,000	57,000
<b>Total</b>	<b>447,558</b>	<b>447,558</b>

**Ordinary shares of LC Corp SA, issued, registered and fully paid**

	<b>Shares</b>	<b>Value (PLN'000)</b>
<b>As at January 1<sup>st</sup> 2010</b>	<b>447,558,311</b>	<b>447,558</b>
<b>As at June 30<sup>th</sup> 2010</b>	<b>447,558,311</b>	<b>447,558</b>

**Par value of the shares**

# LC Corp SA

Mid-year condensed financial statements for the period of 6 months ended June 30<sup>th</sup> 2010  
(PLN '000)

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

## Rights of shareholders

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

## Shareholders with significant interest

Shareholders possessing, directly or indirectly through subsidiary undertakings, at least 5% of the total vote at the Issuer's general meeting, according to information obtained by the Issuer, as at June 30<sup>th</sup> 2010:

Shareholder	Number of shares	Number of votes	Share % in share capital	Share % in vote at general meeting
Leszek Czarnecki directly and indirectly*	229,126,674	229,126,674	51.19%	51.19%
including: LC Corp B.V. seated in Amsterdam	214,701,110	214,701,110	47.97%	47.97%
ING Otworthy Fundusz Emerytalny	32,684,371	32,684,371	7.30%	7.30%
AVIVA Otworthy Fundusz Emerytalny AVIVA BZ WBK	55,000,000	55,000,000	12.29%	12.29%

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

Shareholders possessing, directly or indirectly through subsidiary undertakings, at least 5% of the total vote at the Issuer's general meeting, according to information obtained by the Issuer, as at December 31<sup>st</sup> 2009:

Shareholder	Number of shares	Number of votes	Share % in share capital	Share % in vote at general meeting
Leszek Czarnecki directly and indirectly*	229,126,674	229,126,674	51.19%	51.19%
including: LC Corp B.V. seated in Amsterdam	214,701,110	214,701,110	47.97%	47.97%
ING Otworthy Fundusz Emerytalny	27,774,961	27,774,961	6.21%	6.21%
AVIVA Otworthy Fundusz Emerytalny AVIVA BZ WBK **	55,000,000	55,000,000	12.29%	12.29%

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

\*\* formerly under the name Commercial Union Otworthy Fundusz Emerytalny BPH CU WBK

# LC Corp SA

Mid-year condensed financial statements for the period of 6 months ended June 30<sup>th</sup> 2010  
(PLN '000)

## 17.2. Reserve funds

As at June 30<sup>th</sup> 2010 reserve funds consisted of PLN 289,826,000 and were created with the surplus of the issue value over the par value of PLN 321,452,000, less issue costs disclosed as a decrease in the reserve funds in the amount of PLN 13,214,000. In addition, reserve funds were used to cover the loss from 2006, 2008 and 2009 in the total amount of PLN 20,241,000 and they were increased by the profit from 2007 of PLN 1,829,000.

## 17.3. Other capital

As at June 30<sup>th</sup> 2010 other capital of PLN 3,108,000 was created as a result of the valuation of fair value of management options in 2007.

## 18. Financial liabilities

	<i>Maturity</i>	<b>June 30<sup>th</sup> 2010 (unaudited)</b>	<b>December 31<sup>st</sup> 2009</b>
<b>Non-current</b>			
Loan	unspecified	27,944	27,306
Zero-coupon bonds	Dec 1, 2011	30	30
		<b>27,974</b>	<b>27,336</b>
<b>Current</b>			
Zero-coupon bonds	Oct 30, 2010	26,220	25,217
		<b>26,220</b>	<b>25,217</b>

In the period ended June 30<sup>th</sup> 2010 the weighted average interest on loans and bonds totalled 6.5%. In 2009 the weighted average interest on loans and bonds was 6.7%.

## 19. Collaterals

As at June 30<sup>th</sup> 2010 repayment of a loan in a subsidiary of LC Corp SA was secured by a pledge on shares of Arkady Wrocławskie SA held by LC Corp SA – up to the amount of EUR 91,500,000.

## 20. Changes in contingent liabilities and contingent assets

As at June 30<sup>th</sup> 2010, in connection with repayment of loans taken out by the subsidiaries of LC Corp SA, namely Kraków Zielony Złocień Sp. z o.o. and LC Corp Bajkowy Park Sp. z o.o., the guarantees granted by LC Corp SA and pledges on the shares of Kraków Zielony Złocień Sp. z o.o. and LC Corp Bajkowy Park Sp. z o.o. expired.

Apart from the above there were no other changes regarding contingent liabilities and contingent assets.

# LC Corp SA

Mid-year condensed financial statements for the period of 6 months ended June 30<sup>th</sup> 2010  
(PLN '000)

## 21. Transactions with related undertakings

The following table shows total amounts of transactions concluded with related undertakings for the period of 6 months ended June 30<sup>th</sup> 2010 (unaudited):

Related undertaking	Sales	Purchases	Trade and other receivables	Trade and other payables	Loans and non-current receivables and current financial assets	Financial liabilities	Financial income (interest)	Financial expenses (interest, discounts)
<b>Shareholders</b>								
LC Corp B.V	-	-	-	-	-	-	-	-
Leszek Czarnecki	-	-	-	-	-	-	-	-
<b>Subsidiary undertakings</b>								
Arkady Wroclawskie S.A.	395	362	232	5 000	-	-	-	-
Katowice Ceglana Sp. z o.o.	33	-	6	-	98,942	-	2,090	-
Vratislavia Residence Sp. z o.o.	33	-	6	-	4,799	-	103	-
LC Corp Dębowa Ostoja Sp. z o.o.	117	-	23	-	7,596	-	162	-
LC Corp Bajkowy Park Sp. z o.o.	51	-	10	-	49,024	-	916	-
LC Corp Szmaragdowe Wzgórze Sp. z o.o.	51	-	10	-	48,079	-	1,027	-
LC Corp Pustynna Sp. z o.o.	15	-	2	-	492	-	3	-
LC Corp Stabłowice Sp. z o.o.	63	-	232	-	69,135	-	1,474	-
LC Corp Osiedle Pustynna Sp.z o.o.	69	-	13	-	18,062	-	394	-
Warszawa Przy Promenadzie Sp. zo.o. Sp. k	423	23	85	-	39,513	-	956	-
Warszawa Przy Promenadzie Sp. z o.o.	33	-	6	-	14,738	-	349	-
Warszawa Przyokopowa Sp. z o.o.	33	-	6	-	-	54,165	196	1,641
Warszawa Rezydencja Kaliska Sp. z o.o.	153	-	31	-	51,890	-	1,303	-
Kraków Zielony Złocień Sp. z o.o.	33	-	6	-	108,993	-	2,357	-
<b>Undertakings related through shareholders</b>								
LC Corp Sky Tower Sp. z o.o.	48	-	10	-	-	-	-	-
RB Computer Sp. z o.o.	-	5	-	-	-	-	-	-
Getin Nobel Bank S.A.	-	14	-	-	-	-	257	-



# LC Corp SA

Mid-year condensed financial statements for the period of 6 months ended June 30<sup>th</sup> 2010  
(PLN '000)

The following table shows total amounts of transactions concluded with related undertakings for the year ended December 31<sup>st</sup> 2009:

Related undertaking	Sales	Purchases	Trade and other receivables	Trade and other payables	Loans and non-current receivables and current financial assets	Financial liabilities	Financial income (interest)	Financial expenses (interest, discounts)
<b>Shareholders</b>								
LC Corp B.V	-	-	-	-	-	-	802	-
Leszek Czarniecki	26	-	-	-	-	-	-	-
<b>Subsidiary undertakings</b>								
Arkady Wroclawskie S.A.	834	683	232	5,000	-	-	-	-
LC Corp Sky Tower Sp. z o.o. (*)	101	-	-	-	-	-	-	-
Katowice Ceglana Sp. z o.o.	66	-	6	-	96,352	-	4,640	-
Vratislavia Residence Sp. z o.o.	66	-	6	-	4,696	-	185	-
LC Corp Dębowa Ostoja Sp. z o.o.	130	-	23	-	6,934	-	297	-
LC Corp Bajkowy Park Sp. z o.o.	113	-	10	-	22,109	-	761	-
LC Corp Szmaragdowe Wzgórze Sp. z o.o.	102	-	10	-	47,051	-	1,646	-
LC Corp Pustynna Sp. z o.o.	30	-	32	-	-	-	-	-
LC Corp Stabłowice Sp. z o.o.	21	-	232	-	67,161	-	2,449	-
LC Corp Osiedle Pustynna Sp.z o.o.	101	-	13	-	17,668	-	693	-
Warszawa Przy Promenadzie Sp. z o.o. Sp.k.	818	37	85	-	38,557	-	2,526	-
Warszawa Przy Promenadzie Sp. z o.o.	69	-	6	-	12,388	-	334	-
Warszawa Przyokopowa Sp. z o.o.	69	-	6	-	4,732	52,524	382	3,400
Warszawa Rezydencja Kaliska Sp. z o.o.	129	-	31	-	46,387	-	2,560	-
Kraków Zielony Złocień Sp. z o.o.	84	-	6	-	61,136	-	1,907	-
<b>Undertakings related through shareholders</b>								
LC Corp Sky Tower Sp. z o.o. (*)	8	-	10	-	83,960	-	-	-
RB Computer Sp. z o.o.	-	16	-	-	-	-	-	-
Getin Holding S.A.	-	1	-	-	-	-	-	-
Getin Bank S.A.	-	25	-	-	-	-	1,097	-
LC Engineering Sp. z o.o.	4	-	-	-	-	-	-	-
Noble Securities S.A.	-	30	-	-	-	-	-	-
Home Broker S.A.	-	25	-	-	-	-	-	-

(\*) Transactions with LC Corp Sky Tower Sp. z o.o. were disclosed in the 'Subsidiaries' item for the period from January 1<sup>st</sup> 2009 to November 30<sup>th</sup> 2009 and in the 'Undertakings related through shareholders' item for the period from December 1<sup>st</sup> 2009 to December 31<sup>st</sup> 2009.

# LC Corp SA

Mid-year condensed financial statements for the period of 6 months ended June 30<sup>th</sup> 2010  
(PLN '000)

## 21.1. Remuneration to senior management of the Company

	Period ended June 30 <sup>th</sup> 2010 (unaudited)	Period ended June 30 <sup>th</sup> 2009 (unaudited)
Short-term employee benefits	751	742
Long service awards and retirement severance pay	0	0
Termination benefits	0	0
Share-based payments	0	0
<b>Total remuneration paid to senior management except for the Management Board and Supervisory Board</b>	<b>751</b>	<b>742</b>

## 21.2. Remuneration to members of the Management Board and Supervisory Board

Remuneration paid to members of the Management Board and members of the Supervisory Board of LC Corp SA was as follows:

	Period ended June 30 <sup>th</sup> 2010 (unaudited)	Period ended June 30 <sup>th</sup> 2009 (unaudited)
Management Board - remuneration	500	709
Management Board - share-based payments	0	0
Supervisory Board - remuneration	48	48
Supervisory Board - share-based payments	0	0
<b>Total</b>	<b>548</b>	<b>757</b>

## 22. Capital management

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

The Company manages the capital structure and modifies it as a result of changes in economic conditions. In order to maintain or adjust the capital structure, the Company can change payment of dividend to shareholders, return capital to shareholders or issue new shares. In the period of 6 months ended June 30<sup>th</sup> 2010 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 30 <sup>th</sup> 2010 (unaudited)	December 31 <sup>st</sup> 2009
Interest-bearing loans and borrowings (external financing)	54,194	52,553
Trade payables and other liabilities	5,275	5,271
<b>A. Net debt</b>	<b>59,469</b>	<b>57,824</b>
<b>B. Equity</b>	<b>753,603</b>	<b>740,492</b>
<b>Leverage ratio (A/B)</b>	<b>0.08</b>	<b>0.08</b>

## 23. Events subsequent to the end of the reporting period

- 1) On July 2<sup>nd</sup> 2010 LC Corp SA granted a subordinated loan of PLN 1,500,000 to LC Corp Pustynna Sp. z o.o., at arm's length and for an indefinite period, designed for acquisition of real estate.

# LC Corp SA

Mid-year condensed financial statements for the period of 6 months ended June 30<sup>th</sup> 2010  
(PLN '000)

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- 2) On July 6<sup>th</sup> 2010 LC Corp SA granted a subordinated loan of PLN 500,000 to LC Corp Pustynna Sp. z o.o., at arm's length and for an indefinite period, designed for acquisition of real estate.
- 3) On July 28<sup>th</sup> 2010 LC Corp SA granted a subordinated loan of PLN 3,100,000 to LC Corp Pustynna Sp. z o.o., at arm's length and for an indefinite period, designed for acquisition of real estate.
- 4) On August 6<sup>th</sup> 2010 LC Corp SA concluded a subordinated loan agreement for PLN 4,000,000 with Katowice Ceglana Sp. z o.o., at arm's length and for an indefinite period, designed for business activities related to the completed project.
- 5) On August 9<sup>th</sup> 2010 LC Corp SA concluded a subordinated loan agreement for PLN 10,000,000 with Kraków Zielony Złocień Sp. z o.o., at arm's length and for an indefinite period, designed for business activity related to the carried out project.
- 6) On August 10<sup>th</sup> 2010 LC Corp SA concluded a subordinated loan agreement for PLN 10,000,000 with Warszawa Rezydencja Kaliska Sp. z o.o., at arm's length and for an indefinite period, designed for business activity related to the carried out project.
- 7) On August 6<sup>th</sup> 2010 the partners of Warszawa Przy Promenadzie Sp. z o.o. Sp. k. adopted a resolution on payment of a part of retained profit for 2009 to the company's limited partner, LC Corp SA, in the amount of PLN 3,000,000. The payment was made from the company's other capital reserve funds on August 16<sup>th</sup> 2010.
- 8) On August 18<sup>th</sup> 2010 Mr Waldemar Czarnecki resigned from the position of Member of the Management Board of LC Corp S.A., effective as of August 31<sup>st</sup> 2010.
- 9) Pursuant to the annexe concluded on August 20<sup>th</sup> 2010 the date of buyback of the commercial notes issued on August 21<sup>st</sup> 2009 by Warszawa Przy Promenadzie Sp. z o.o. Sp. k. and acquired by LC Corp SA was changed. The buyback date was changed from August 21<sup>st</sup> 2010 to August 22<sup>nd</sup> 2011, whereby earlier buyback of the notes is admissible.
- 10) On August 24<sup>th</sup> 2010 LC Corp SA granted a subordinated loan of PLN 200,000 to LC Corp Pustynna Sp. z o.o., at arm's length and for an indefinite period, designed for business activity.

Apart from the events listed above, there were no other events significant for the Company taking place after June 30<sup>th</sup> 2010.

.....  
Dariusz Niedośpiał, President of the Board

.....  
Anna Gremblewska-Nowak, Deputy Chief Accountant

.....  
Waldemar Czarnecki, Member of the Board

.....  
Joanna Jaskólska, Member of the Board

Wrocław, August 26<sup>th</sup> 2010