



LC CORP
CAPITAL GROUP
CONSOLIDATED QUARTERLY REPORT
FOR THE PERIOD OF TWELVE MONTHS
ENDED DECEMBER 31ST 2008

Wrocław, February 27th 2008

CONSOLIDATED QUARTERLY REPORT

1. Selected financial data

SELECTED FINANCIAL DATA	in PLN '000		in EUR '000	
	Dec 31st 2008	Dec 31st 2007	Dec 31st 2008	Dec 31st 2007
	4 quarters 2008 cumulative period from Jan 1st 2008 to Dec 31st 2008	4 quarters 2007 cumulative period from Jan 1st 2007 to Dec 31st 2007	4 quarters 2008 cumulative period from Jan 1st 2008 to Dec 31st 2008	4 quarters 2007 cumulative period from Jan 1st 2007 to Dec 31st 2007
Data concerning condensed consolidated financial statements				
Non-current assets	657,216	562,496	157,515	144,700
Current assets	1,011,207	974,483	242,356	276,612
Total assets	1,668,423	1,536,979	399,871	421,311
Equity	964,687	897,570	231,207	248,248
Non-current liabilities	394,154	350,102	94,467	81,063
Current liabilities	309,582	289,307	74,198	92,001
Sales revenue	136,498	34,390	38,645	9,106
Pre-tax profit (loss)	53,853	133,691	15,247	35,398
Net profit (loss)	41,744	106,502	11,818	28,199
Profit (loss) per share (in PLN/EUR)	0.09	0.27	0.03	0.07
Book value per share (PLN)	2.16	2.01	0.52	0.56

SELECTED FINANCIAL DATA	in PLN '000		in EUR '000	
	Dec 31st 2008	Dec 31st 2007	Dec 31st 2008	Dec 31st 2007
	4 quarters 2008 cumulative period from Jan 1st 2008 to Dec 31st 2008	4 quarters 2007 cumulative period from Jan 1st 2007 to Dec 31st 2007	4 quarters 2008 cumulative period from Jan 1st 2008 to Dec 31st 2008	4 quarters 2007 cumulative period from Jan 1st 2007 to Dec 31st 2007
Data concerning condensed non-consolidated financial statements				
Total assets	967,050	894,224	231,773	249,644
Equity and liabilities	768,839	758,471	184,268	211,745
Net profit (loss)	9,426	1,829	2,669	484

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2. Consolidated balance sheet of LC Capital Group in PLN '000

	as at Dec 31st 2008 end of quarter	as at Dec 31st 2007 end of previous year
Assets		
A. Non-current assets	657,216	562,496
1. Intangible assets	1,016	447
2. Property, plant and equipment	127,650	68,122
2.1. Tangible assets	6,043	1,584
2.2. Tangible assets under construction	121,607	66,538
3. Non-current receivables	0	0
4. Non-current investments	525,806	489,373
5. Non-current prepayments and accrued income	1,354	1,811
6. Deferred tax assets	1,390	2,743
B. Current assets	1,011,207	974,483
1. Inventories	879,155	674,665
2. Trade and other receivables	58,835	77,925
3. Income tax receivable	806	164
4. Cash and cash equivalents	71,640	220,708
5. Current prepayments and accrued income	771	1,021
C. Non-current assets classified as held for sale	0	0
Total assets	1,668,423	1,536,979
Equity and liabilities		
A. Equity	964,687	897,570
1. Share capital	447,558	446,558
2. Balance of called-up share capital not paid	0	0
3. Reserve funds	418,648	302,659
4. Other reserve funds	39,771	39,771
5. Other capital	3,108	3,108
6. Retained profit / losses not covered	30,462	105,474
7. Minority interest	25,140	0
B. Non-current liabilities	394,154	350,102
1. Non-current financial liabilities	349,953	304,884
2. Non-current trade and other payables	2,977	7,923
3. Provisions	23	26
4. Deferred tax liability	41,201	37,269
C. Current liabilities	309,582	289,307
1. Current financial liabilities	227,517	171,137
2. Current trade and other payables	39,218	29,721
3. Income tax payable	561	0
4. Provisions	804	4,861
5. Accrued expenses and revenue	41,482	83,588
Total equity and liabilities	1,668,423	1,536,979

as at

as at

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	Dec 31st 2008 end of quarter	Dec 31st 2007 end of previous year
Book value	964,687	897,570
Number of registered shares	447,558,311	446,558,311
Book value per share (PLN)	2.16	2.01

3. Consolidated profit and loss account of LC Corp Capital Group in PLN '000

	4th quarter 2008 period from Oct 1st 2008 to Dec 31st 2008	4 quarters 2008 period from Jan 1st 2008 to Dec 31st 2008	4th quarter 2007 period from Oct 1st 2007 to Dec 31st 2007	4 quarters 2007 period from Jan 1st 2007 to Dec 31st 2007
Operating activity				
Sales revenue	12,385	136,498	10,401	34,390
Revenue on sales of services	11,435	43,324	10,401	34,390
Revenue from sales of goods and products	950	93,174	0	0
Cost of sales	(3,370)	(74,796)	(3,662)	(14,652)
Pre-tax profit on sales	9,015	61,702	6,739	19,738
Gain (loss) on disposal of non-current non-financial assets	1	3	(1)	(37)
Revaluation of non-current non-financial assets	36,364	36,364	(5,834)	124,741
Selling and distribution costs	(1,139)	(5,816)	0	0
General administrative expenses	(3,587)	(14,952)	(2,366)	(17,626)
Other operating income	90,139	92,102	1,900	11,684
Other operating expenses	(69,166)	(69,466)	(4,245)	(17,099)
Operating profit (loss)	61,627	99,937	(3,807)	121,401
Financial income	1,352	4,881	15,281	23,519
Financial expenses	(50,090)	(50,965)	(7,235)	(11,229)
Pre-tax profit (loss)	12,889	53,853	4,239	133,691
Corporate income tax	(3,857)	(12,109)	778	(27,189)
Net profit on business activities	9,032	41,744	5,017	106,502
Discontinued operations				
Profit (loss) on discontinued operations for the business year	0	0	0	0
Net profit (loss)	9,032	41,744	5,017	106,502
of which:				
Shareholders of Parent Undertaking	8,323	41,035	5,017	106,502
Minority Shareholders	709	709	0	0
	9,032	41,744	5,017	106,502

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	4 quarters 2008 period from Jan 1st 2008 to Dec 31st 2008	4 quarters 2007 period from Jan 1st 2007 to Dec 31st 2007
Net profit (loss)	41,744	106,502
Average weighted number of ordinary shares	447,391,644	391,913,729
Net profit (loss) per share (PLN)	0.09	0.27

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4. Changes in consolidated equity of LC Corp Capital Group in PLN '000

	<i>Capital allocated to the shareholders of the parent undertaking</i>						<i>Minority interest</i>	<i>Total equity</i>	
	<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</i>			<i>Total</i>
As at January 1st 2008	446,558	0	302,659	39,771	3,108	105,474	897,570	0	897,570
Registration of series I shares	1,000	0	0	0	0	0	1,000	0	1,000
Cost of share issues	0	0	(58)	0	0	0	(58)	0	(58)
Allocation of the profit for 2007 to reserve funds	0	0	116,047	0	0	(116,047)	0	0	0
Disposal of net assets in a subsidiary	0	0	0	0	0	0	0	24,431	24,431
Result for 2008	0	0	0	0	0	41,035	41,035	709	41,744
As at December 31st 2008	447,558	0	418,648	39,771	3,108	30,462	939,547	25,140	964,687

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	<i>Capital allocated to the shareholders of the parent undertaking</i>						<i>Minority interest</i>	<i>Total equity</i>	
	<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</i>			<i>Total</i>
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	58,433	0	0	0	0	0	58,433	0	58,433
Issue of series J shares	57,000	0	313,500	0	0	0	370,500	0	370,500
Cost of share issues	0	0	(11,850)	0	0	0	(11,850)	0	(11,850)
Coverage of losses for 2006 and from previous years acc. to PSR (Polish Accounting Standards)	0	0	(8,689)	0	0	8,689	0	0	0
Capital from valuation of management options	0	0	0	0	3,108	0	3,108	0	3,108
Result for 2007	0	0	0	0	0	106,502	106,502	0	106,502
As at December 31st 2007	446,558	0	302,659	39,771	3,108	105,474	897,570	0	897,570

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5. Consolidated cash-flow statement of LC Corp Capital Group in PLN '000

	Year ended Dec 31st 2008	Year ended Dec 31st 2007
A. Cash flows from operating activities		
I. Pre-tax loss	53,853	133,691
II. Total adjustments	(287,414)	(587,240)
1. Depreciation and amortisation	1,689	2,351
2. Foreign exchange gains (losses)	34,525	(14,565)
3. Interest and distributions from profit (dividends)	34,610	14,271
4. Profit (loss) on investing activities	(89,414)	37
5. Change in provisions	(4,060)	4,861
6. Change in inventories	(204,490)	(522,101)
7. Change in receivables	19,090	(67,190)
8. Change in current liabilities (net of loans and borrowings)	5,116	13,213
9. Change in accruals and deferrals	(41,399)	75,442
10. Corporate income tax	(6,905)	(49)
11. Other adjustments	(36,176)	(93,510)
III. Net cash provided by (used in) operating activities (I±II)	(233,561)	(453,549)
B. Cash flows from investing activities		
I. Cash flows from investing activities	113,883	32,256
1. Sale of intangible assets and property, plant and equipment	33	32,256
2. Sale of investment property	0	0
3. Cash provided by financial assets	0	0
4. Other cash provided by investing activities	113,850	0
II. Cash used in investing activities	(62,624)	(172,757)
1. Acquisition of intangible assets and property, plant and equipment	(62,612)	(114,255)
2. Investment property	(12)	0
3. Cash used on financial assets	0	(58,502)
4. Other cash used in investing activities	0	0
III. Net cash provided by (used in) investing activities (I-II)	51,259	(140,501)
C. Cash flows from financing activities		
I. Cash provided by financing activities	496,381	1,041,602
Net proceeds from issue of shares and additional		
1. contributions to equity	1,000	508,933
2. Increase in loans and borrowings	358,393	335,049
3. Issue of debt securities	136,963	197,620
4. Other cash provided by financing activities	25	0
II. Cash used in financing activities	(463,610)	(284,225)
1. Repayment of loans and borrowings	(292,135)	(148,646)
2. Redemption of debt securities	(148,685)	(111,171)
3. Interest paid	(22,732)	(12,558)
4. Other cash used in financing activities	(58)	(11,850)
III. Net cash provided by (used in) financing activities (I-I)	32,771	757,377
D. Total net cash flow (A.III±B.III±C.III)	(149,531)	163,327
E. Balance-sheet change in cash, including:	(149,531)	163,327
– foreign exchange change in cash	(463)	(45)

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F. Cash at beginning of period	220,708	57,426
G. Cash at end of period (F±D)	71,640	220,708
- restricted cash	2,113	20

6. Other information for the consolidated financial statements of LC Corp Capital Group

6.1. Basic information

LC Corp Capital Group (the "Group") consists of LC Corp SA and its subsidiary companies.

The Group's consolidated financial statements cover the year ended December 31st 2008 and contain data comparable for the period of 12 months ended December 31st 2007 and as at December 31st 2007.

LC Corp SA ("the Parent Undertaking", "the Company", "the Issuer") was established by virtue of the Notarial Deed dated March 3rd 2006. The Parent Undertaking's registered office is situated in Wrocław, Poland, at 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-Fabryczna 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 of time. The Parent Undertaking's primary activity is:

- PKD 64.20.Z Activities of Financial Holding Companies

The subsidiaries' primary activity is renting and selling residential and commercial property.

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

6.2. Description of the organisation of LC Corp Capital Group, indicating undertakings subject to consolidation

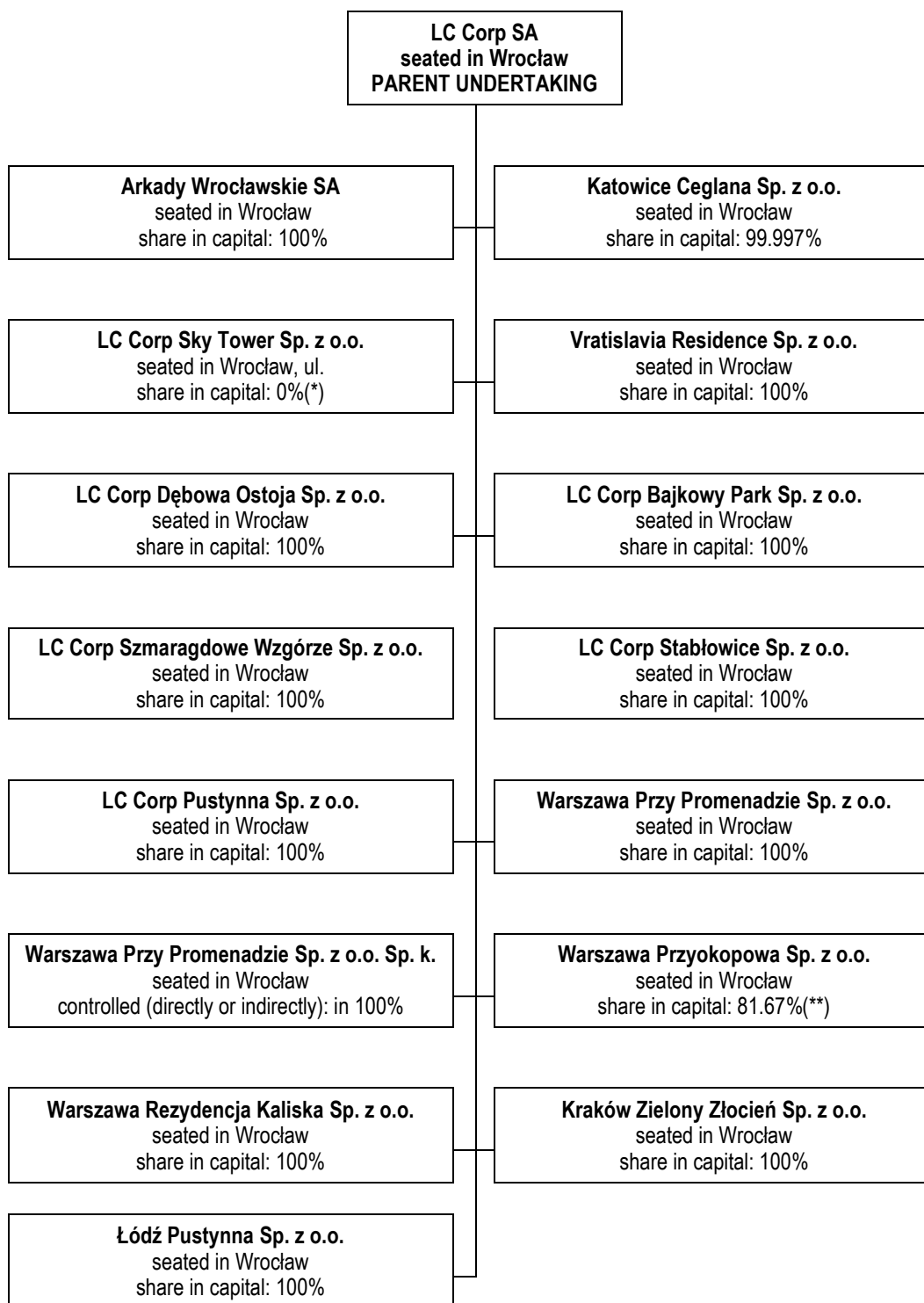
As at December 31st 2008 LC Corp Capital Group comprises the following subsidiaries of LC Corp SA:

- Arkady Wrocławskie SA - seated in Wrocław, ul. Powstańców Śl. 2-4,,
- LC Corp Sky Tower Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4
- Katowice Ceglana Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- Bratislavia Residence Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4
- LC Corp Dębowa Ostoja Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- LC Corp Bajkowy Park Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- LC Corp Szmaragdowe Wzgórze Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- LC Corp Stabłowice Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- LC Corp Pustynna Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- Warszawa Przy Promenadzie Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- Warszawa Przy Promenadzie Sp. z o.o. Sp. k. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- Warszawa Przyokopowa Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- Warszawa Rezydencja Kaliska Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- Kraków Zielony Złocień Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- Łódź Pustynna Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,

The subsidiary companies are fully consolidated, and associated companies are valued with the equity method.

- (*) On November 2nd 2008, the Issuer sold shares of LC Corp Sky Tower Sp. z o.o. to LC Corp B.V. (See: Section 6.3.3), however pursuant to IAS 39 the conditions for the transfer of benefits, risks and control from LC Corp SA to LC Corp B.V. were not met. As a result, the Parent Undertaking continues to disclose the shares of LC Corp Sky Tower Sp. z o.o. in the separate (non-consolidated) financial statements, and net assets of that company in the consolidated financial statements of the LC Corp Group. The cash obtained from the share disposal is disclosed as financial liability valued at amortized cost.

Graphic structure of LC Corp Capital Group as at December 31st 2008



* see items 6.2, 6.3.3 and 6.11.3

** see item 6.3.1

6.3. Effects of changes in the structure of the business undertaking, including mergers, acquisitions or sale of subsidiary undertakings of the Capital Group, long-term investments, division, restructuring, and discontinued operations

1. On October 9th 2008, registration of a new amount of share capital of the company Warszawa Przyokopowa Sp. z o.o. was made following an increase in the share capital which took place on July 8th 2008. Currently, the share capital of Przyokopowa Sp. z o.o. amounts to PLN 3,000,000. As a result of the above, LC Corp. SA holds 81.67% of the share capital. The remaining 18.33% is held by the Issuer's Parent Undertaking, i.e. LC Corp B.V.
2. On October 30th 2008, LC Corp SA, issued 23 unsecured zero coupon registered bonds of D series, par value PLN 1,170,400 each, with the total par value of PLN 26,919,200. The redemption date is October 30th 2010, wherein earlier redemption of the bonds is admissible. In the case of an earlier redemption of the bonds, the redemption price will be calculated in proportion to the actual duration of the issue. The bonds were acquired by the company Warszawa Przyokopowa Sp. z o.o. The transaction was concluded at arm's length.
3. On November 2nd 2008 the Issuer, under a share disposal agreement, sold 118,998 (one hundred eighteen thousand nine hundred ninety eight) shares of LC Corp Sky Tower Sp. z o.o. with its seat in Wrocław (being a subsidiary of the Issuer until the disposal date), of PLN 1,000 per share, with a total par value of PLN 118,998,000.00 (one hundred eighteen million nine hundred ninety eight thousand), to LC Corp B.V. of Amsterdam, for a total price of PLN 118,998,000.00 (one hundred eighteen million nine hundred ninety eight thousand). Under the agreement and until February 15th 2010, the Issuer will be entitled to unilaterally repurchase all the shares at a price of PLN 118,998,000 (one hundred eighteen million nine hundred ninety eight thousand), increased by arm's length interest. In addition, LC Corp B.V. undertook to provide LC Corp Sky Tower Sp. z o.o. with the means up to PLN 170,000,000 (one hundred seventy million), which the Company needs to pay all its liabilities towards the Issuer and its subsidiary - Warszawa Przyokopowa Sp. z o.o.
4. In Q4 2008, LC Corp SA granted to Kraków Zielony Złocień Sp. z o.o. subordinated loans for an indefinite time, at arm's length, for the purposes of current business activities, at the following dates and amounts:
 - on November 3rd 2008 – PLN 700,000;
 - on November 7th 2008 – PLN 400,000;
 - on November 28th 2008 – PLN 600,000;
 - on December 19th 2008 – PLN 1,600,000.
5. On October 31st 2008, LC Corp Sky Tower Sp. z o.o. issued 1 investment note with a par value of PLN 55,000,000. On November 18th 2008, the note's par value was changed to PLN 44,916,911.13. Redemption value of the investment note was established at arm's length. The note's redemption date is October 31st 2010, with an optional payment available at an earlier date. In case of an early payment, its redemption value will be established in proportion to the actual duration of the issue. The investment note was acquired by Mr Leszek Czarnecki. The transaction was concluded at arm's length.
6. On October 31st 2008, LC Corp Sky Tower Sp. z o.o. repaid in full the loan advanced by Getin Bank SA on September 24th 2008.
7. On November 11th 2008, LC Corp SA granted a subordinated loan to LC Corp Dębowa Ostoja Sp. z o.o. in the amount of PLN 2,350,000 for an indefinite time, at arm's length, for the purposes of current business activities.
8. On November 17th 2008, LC Corp Sky Tower Sp. z o.o. issued 1 investment note with a par value of PLN 25,000,000. Redemption value of the investment note was established at arm's length. The note's redemption date is February 17th 2009, with an optional payment available at an earlier or later date. In case of an earlier or later payment, its redemption value will be established in proportion to the actual duration of the issue. The investment note was acquired by Fiolet-Powszechny Dom Kredytowy SA The transaction was concluded at arm's length.
9. On December 2nd 2008, Warszawa Rezydencja Kaliska Sp. z o.o. issued 9 investment notes with a par value of PLN 1,000,000 each. Redemption value of the investment notes was established at arm's length. The notes' redemption

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date is December 2nd 2010, with an optional payment available at an earlier date. In case of an early payment, redemption value will be established in proportion to the actual duration of the issue. The investment notes were acquired by LC Corp SA. The transaction was concluded at arm's length.

6.4. Policies adopted for preparing the quarterly report (particularly information on changes in the accounting rules/policy)

The consolidated quarterly report of LC Corp Capital Group for Q4 2008 contains:

- Condensed consolidated financial statements of LC Capital Group for the reporting period of twelve months, cumulative from January 1st 2008 to December 31st 2008, for Q4 2008 i.e. period from October 1st 2008 to December 31st 2008 including: consolidated balance-sheet, consolidated profit and loss account, statement of changes in the consolidated equity, and consolidated cash-flow statement,
- Comparable financial data for the condensed consolidated balance-sheet as at December 31st 2007,
- Comparable financial data for the condensed consolidated profit and loss account and for the consolidated cash-flow statement for the period from January 1st 2007 to December 31st 2007 and for Q4 2007 i.e. from October 1st 2007 to December 31st 2007,
- Comparable financial data and for the consolidated cash-flow statement for the period from January 1st 2007 to December 31st 2007
- Comparable financial data for the statement of changes in the consolidated equity for the previous accounting year, i.e. for 2007,
- Condensed financial statements of LC Corp SA for the reporting period of twelve months, cumulative from January 1st 2008 to December 31st 2008, for Q4 2008 i.e. period from October 1st 2008 to December 31st 2008, including: balance-sheet, profit and loss account, statement of changes in the equity, and cash-flow statement,
- Comparable financial data for the condensed balance-sheet of LC Corp SA as at December 31st 2007,
- Comparable financial data for the condensed profit and loss account of LC Corp SA for the period from January 1st 2007 to December 31st 2007 and for Q4 2007 i.e. from October 1st 2007 to December 31st 2007,
- Comparable financial data for the cash-flow statement for the period from January 1st 2007 to December 31st 2007
- Comparable financial data for the statement of changes in the equity of LC Corp SA for the previous accounting year, i.e. for 2007,
- Supplementary information and other information defined by Art. 91 of the Regulation of the Minister of Finance dated October 19th 2005 on current and periodic reports to be disclosed by issuers of securities.

The enclosed consolidated financial statements of LC Corp Capital Group and financial statements of LC Corp SA were prepared in accordance with International Financial Reporting Standards ("IFRS") and relevant IFRS adopted by the EU. IFRS comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

The information on the accounting policy adopted by LC Corp Group was presented in the mid-year consolidated financial statement for the period of 6 months ended June 30th 2008, published on September 17th 2008. Since the last publication of the accounting policies they have not changed.

6.5. Information on material approximate values, including adjustments in provisions, provisions and deferred tax assets, and valuation allowances made for assets

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The Board of the Parent Undertaking used their best knowledge of applied standards and interpretations, and also the methods and principles of valuation of particular items of the enclosed condensed consolidated financial statements. Preparing the financial statements in accordance with IFRS required from the Company Board to make some assessments and assumptions which will be reflected in the statements. The actual results may vary from these assessments. The presented financial data as at the end of Q4 2008 were not subject to examination by an auditor.

	as at Dec 31st 2008 end of year	as at Dec 31st 2007 end of previous year
Deferred tax asset	1,390	2,743
Deferred tax liability	41,201	37,269
Provisions	827	4,887
Valuation allowance for assets	68,299	349

6.6. Main achievements and failures of LC Corp Capital Group

In Q4 2008, the financial crisis continued to expand and affect other areas of Polish economy, specifically the property. Responding to that, the Group took steps to minimize the impact of the crisis on its business activities.

Here are the main measures taken by the Group, and successfully implemented in the fourth quarter 2008.

A significant step taken by the Issuer to adapt to the crisis conditions was LC Corp SA's disposal of its shares in LC Corp Sky Tower Sp. z o.o. (the transaction referred to in section 6.3.3.). The decision to conduct this transaction resulted from an excessive market risk of the Sky Tower Project in the light of the slump in sales of apartments, lack of possibilities for further financing of the project and the risk of losing liquidity, as part of the investment was financed with short-term corporate bonds, for which the Issuer did not ensure a guarantee of rollover. Provisions of the share disposal agreement ensured LC Corp SA's retained control of LC Corp Sky Tower Sp. z o.o., influence on its management, control of financing and running the investment project. LC Corp SA can also take advantage of the option to unilaterally repurchase all the shares it sold by February 15th 2010. On top of that, the buyer of the shares i.e. LC Corp B.V. undertook to provide LC Corp Sky Tower Sp. z o.o. with assets of up to PLN 170,000,000, that the latter needs to repay all its liabilities towards LC Corp SA and its subsidiaries.

The transaction mentioned above enabled the Issuer to pay its liabilities and ensured its liquidity. The Group intends to focus its activities on lower-risk projects.

The previously started investments were continued and work was conducted in connection with obtaining building permits and design works, enabling the Issuer to continue, at any time, construction work on investments in progress.

The timely completion of the 'Osiedle Przy Promenadzie II' investment by Warszawa Przy Promenadzie Sp. z o.o. Sp. k., and entering into agreements with buyers of new flats, without significant price reductions, can be also considered a big success of the Group. Despite customers' considerable difficulties in obtaining loans for the purchase of flats, the negative trend in the sales of flats i.e. withdrawal of customers from the sale contracts they signed, was overcome.

In addition, three new projects ("Osiedle Przy Promenadzie Stage III" in Warsaw, run by Warszawa Przy Promenadzie Sp. z o.o., "Calisia Residence" in Warsaw, run by Warszawa Rezydencja Kaliska Sp. z o.o., and "Osiedle Dębowa Ostoja" in Łódź run by LC Corp Dębowa Ostoja Sp. z o.o.) advanced to the stage of final building permits, thus enabling them to start construction at any time. Activation of the construction work depends solely on the market situation (sales and financing).

Another achievement was the building permit obtained on October 28th 2008 by Warszawa Przy Promenadzie Sp. z o.o. for its investment located in Warsaw, Praga Południe in ul. T. Rechniewskiego, 3,716 square metres in area, where Stage III of Osiedle Przy Promenadzie Housing Project is to be carried out. The decision became definitive on November 18th 2008.

In Q4 2008, LC Corp Dębowa Ostoja Sp. z o.o. obtained Building Permit for the construction of successive stages of the housing estate in Łódź ul. Spadkowa. At the same time, another project run by Warszawa Rezydencja Kaliska Sp. z o.o. commenced in Warsaw, in Kaliska and Niemcewicza Streets (at the border of Śródmieście and Ochota Districts), where the land was prepared for building work.

Another step, essential for the financial liquidity of the Group in Q4 2008, was LC Corp SA's redemption of the bonds issued under the Bond Scheme. This was part of the plan leading to full redemption of all bonds issued under the Scheme.

Other activities of the fourth quarter, vital for the Issuer and the Group, involved streamlining of structures and reduction in the costs of the Group's operation i.e. reduction in administrative expenses, financial expenses, and keeping the risk of losing liquidity to a minimum. Adoption of the above-mentioned measures by the Issuer led to the adaptation of the Group to the current market situation. Owing to that, the Group's projects are ready for instant activation, most assets are debt-free, and the Issuer's structures are prepared for development.

A negative factor affecting the Group's activity is the current, deepening crisis on the property market, resulting from financial markets crisis and struggling economy.

6.7. Description of factors and events, particularly non-typical, which have a significant impact on the achieved financial results

Factors and events which had a significant impact on the financial results of LC Corp Group in the 4th quarter:

1. settlement of the transaction involving an increase in the share capital of Warszawa Przyokopowa Sp. z o.o. (LC Corp B.V. acquired 5,500 shares in Warszawa Przyokopowa Sp. z o.o., of PLN 100 par value each, and total par value of PLN 550,000, and covered by cash contribution of PLN 113,850,000),
2. disposal of shares in LC Corp Sky Tower Sp. z o.o. (referred to in section 6.3.3.),
3. valuation write-offs made for projects of the Group companies (disclosed in financial statements as inventories).

6.8. Seasonal or cyclical character of the activity of LC Corp Capital Group

In principle, not applicable to LC Corp Capital Group. A periodic aspect can, at most, be noticed with respect to the moment a revenue is recognized, and subsequently with respect to the financing performance of individual investment projects (the moment of signing a notarial deed transferring ownership of the particular property), and the revenue in the form of clients' advance payments, depending on the level of project advancement.

6.9. Information concerning the issue, redemption and repayment of debt and capital securities

Bond issue under the Bond Issue Scheme

In the 4th quarter of 2008, LC Corp performed subsequent bond issues as part of the Bond Issue Scheme. On October 7th 2008, LC Corp SA issued 100 zero coupon bonds with a par value of PLN 100,000 each, with the redemption date on January 7th 2009. On October 8th 2008, LC Corp SA issued 80 zero coupon bonds with a par value of PLN 100,000 each, with the redemption date on January 28th 2009.

In the 4th quarter of 2008, LC Corp also performed redemption of the bonds issued under the Bond Issue Scheme, with a view to complete redemption of all bonds issued under the Scheme.

The redemption was effected at maturity dates, to a total of PLN 111,000,000.

Bond issue by LC Corp SA

On October 30th 2008, LC Corp SA, issued 23 unsecured zero coupon registered bonds of D series, of a par value PLN 1,170,400 each, with the total par value of PLN 26,919,200. The redemption date is October 30th 2010, wherein earlier redemption of the bonds is admissible. In the case of an earlier redemption of the bonds, the redemption price will be calculated in proportion to the actual duration of the issue. The bonds were acquired by the company Warszawa Przyokopowa Sp. z o.o. The transaction was concluded at arm's length.

Issue of investment notes by LC Corp Sky Tower Sp. z o.o.

On October 31st 2008, LC Corp Sky Tower Sp. z o.o. issued 1 investment note with a par value of PLN 55,000,000. On November 18th 2008, the note's par value was changed to PLN 44,916,911.13. The redemption value of the investment note was established at arm's length. The note's redemption date is October 31st 2010, with an optional payment available at an earlier date. In case of an early payment, its redemption value will be established in proportion to the actual duration of the issue. The investment note was acquired by Mr Leszek Czarnecki. The transaction was concluded at arm's length..

On November 17th 2008, LC Corp Sky Tower Sp. z o.o. issued 1 investment note with a par value of PLN 25,000,000. The redemption value of the investment note was established at arm's length. The note's redemption date is February 17th 2009, with an optional payment available at an earlier or later date. In case of an earlier or later payment, its redemption value will be established in proportion to the actual duration of the issue. The investment note was acquired by Fiolet-Powszechny Dom Kredytowy SA The transaction was concluded at arm's length.

Issue of investment notes by Warszawa Rezydencja Kaliska Sp. z o.o.

On December 2nd 2008, Warszawa Rezydencja Kaliska Sp. z o.o. issued 9 investment notes with a par value of PLN 1,000,000 each. The redemption value of the investment notes was established at arm's length. The notes' redemption date is December 2nd 2010, with an optional payment available at an earlier date. In case of an early payment, their redemption value will be established in proportion to the actual duration of the issue. The investment notes were acquired by LC Corp SA The transaction was concluded at arm's length.

6.10. Information concerning paid out (or declared) dividend, in total and per share, in a breakdown by ordinary and preferred shares

The Parent Undertaking LC Corp SA did not pay or declare payment of dividend.

6.11. Events subsequent to December 31st 2008, not disclosed in this statement, which could have a material bearing on the future financial results of LC Corp Capital Group

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1. On January 2nd 2009, Kraków Zielony Złocień Sp. z o.o. obtained building permit for Stage II of the investment located in Krakow Bieżanów-Złocień. The building permit decision became definitive on February 6th 2009.
2. On January 5th 2009, LC Corp SA granted a subordinated loan to Warszawa Rezydencja Kaliska Sp. z o.o. in the amount of PLN 1,600,000 for an indefinite time, at arm's length, for the investment of Rezydencja Kaliska.
3. On January 15th 2009, LC Corp B.V. of Amsterdam sold 15,000 shares of LC Corp Sky Tower Sp. z o.o., PLN 1,000 per share, to Mr Leszek Czarnecki. Under the agreement of November 2nd 2008 concerning the disposal of all shares in this company, concluded by and between the Issuer and LC Corp B.V., the Issuer was entitled to an option of unilateral repurchase of the shares. As a result of this transaction and under a relevant agreement signed by the Issuer and the buyer of the shares, the Issuer retained the repurchase option on the terms the parties agreed on earlier.
4. On January 15th 2009, LC Corp Sky Tower Sp. z o.o. took out a loan of PLN 11,002,000 from its shareholder LC Corp B.V. for the period of 2 years and at arm's length, intended for repayment of LC Corp Sky Tower Sp. z o.o. liabilities towards LC Corp S.A and Warszawa Przyokopowa Sp. z o.o.
5. On February 3rd 2009, LC Corp Sky Tower Sp. z o.o. took out a loan of PLN 23,000,000 from its shareholder Mr Leszek Czarnecki for the period of 2 years and at arm's length, intended for repayment of LC Corp Sky Tower Sp. z o.o. liabilities towards LC Corp S.A and Warszawa Przyokopowa Sp. z o.o.
6. On February 13th 2009, LC Corp Sky Tower Sp. z o.o. took out a loan of PLN 17,000,000 from its shareholder LC Corp B.V. for the period of 2 years and at arm's length, intended for repayment of LC Corp Sky Tower Sp. z o.o. liabilities towards LC Corp S.A and Warszawa Przyokopowa Sp. z o.o.
7. On January 21st 2009, LC Corp SA granted a subordinated loan to Kraków Zielony Złocień Sp. z o.o. in the amount of PLN 700,000 for an indefinite time, at arm's length, for the purposes of current business activities.
8. On January 21st 2009, LC Corp SA granted a subordinated loan to Warszawa Rezydencja Kaliska Sp. z o.o. in the amount of PLN 2,050,000 for an indefinite time, at arm's length, for the purposes of current business activities.
9. On January 20th 2009, Warszawa Przy Promenadzie Sp. z o.o. Sp. k. issued 14 investment notes. Par value of 13 notes was established at PLN 1,000,000 each, and 1 note at PLN 500,000. The redemption value of the investment notes was established at arm's length. The notes' redemption date is January 20th 2010, with an optional payment available at an earlier date. In case of an early payment, their redemption value will be established in proportion to the actual duration of the issue. The investment notes were acquired by LC Corp SA The transaction was concluded at arm's length.
10. On February 16th 2009, the redemption date and value was changed with respect to the investment note issued on November 17th 2008 by LC Corp Sky Tower Sp. z o.o., and acquired by Fiolet-Powszechny Dom Kredytowy SA. Redemption date of the note was established to be August 17th 2009, and the note's redemption value was increased proportionally.
11. On February 12th 2009, LC Corp SA performed redemption of the last series of LC Corp bonds issued under the Bond Issue Scheme, and the company currently has no liability of that kind.
12. On February 26th 2009, LC Corp SA performed redemption of all 10 bonds issued on September 9th 2008 – under Art. 9 Section 3 of the Act on Bonds – Series C unsecured, zero-coupon registered bonds with a par value of PLN 1,078,300 each, total value of PLN 10,783,000. The total redemption price was PLN 10,364,684.90.
13. On February 26th 2009, LC Corp SA granted a subordinated loan to Kraków Zielony Złocień Sp. z o.o. in the amount of PLN 1,300,000 for an indefinite time, at arm's length, for the purposes of current business activities.
14. On February 26th 2009, Warszawa Rezydencja Kaliska Sp. z o.o. entered into an agreement with the bank PKO BP SA, relating to a buy-to-let Nowy Dom (New Home) loan to the amount of PLN 34,036,112, intended for partial financing of the housing project "Calisia Residence" within the property located in Warsaw ul. Kaliska. By signing this loan agreement the Company incurred no financial liability. The loan agreement makes the activation of the loan

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conditional upon the sale of specific number of flats in the estate. Repayment of the loan will be made in instalments by March 31st 2011. The agreement was signed at arm's length.

Apart from the events indicated above, there were no other events subsequent to December 31st 2008 which could have a material bearing on the financial results of LC Corp Capital Group.

6.12. Changes in contingent liabilities or contingent assets, after the end of the last financial year

1. On February 1st 2008, insurance guarantee commissioned by Arkady Wrocławskie SA was issued by TU EUROPA SA for the beneficiary Spółdzielnia Usług Motoryzacyjnych SPOLMOT, seated in Wrocław, in order to secure the payment of the lease fee in the period February 1st 2008 – January 31st 2009, specified in the lease agreement concluded on May 13th 2004, together with Annexe No.1 dated December 9th 2005. The value of the guarantee amounted to PLN 267,421.75.
2. On February 1st 2008, insurance guarantee commissioned by Arkady Wrocławskie SA was issued by TU EUROPA SA for the beneficiary Spółdzielnia Usług Motoryzacyjnych SPOLMOT, seated in Wrocław, in order to secure the payment of the lease fee in the period February 1st 2008 – January 31st 2009, specified in the lease agreement and the preliminary sale contract concluded on May 13th 2004. The value of the guarantee amounted to PLN 276,766.05.
3. On June 6th 2008 the Issuer provided Gdańsk Residence Sp. z o.o. (at present LC Corp Bajkowy Park Sp. z o.o.) with guarantee up to the amount of PLN 15,357,500 as the security for repayment of a bank credit in the amount of PLN 25,480,000, granted to this company by Bank DnB Nord Polska SA on June 5th 2008.

6.13. Opinion of the Management Board of LC Corp SA on the feasibility of meeting the earlier published financial forecasts for the year in view of the results presented in this quarterly report

LC Corp SA did not publish any financial forecasts for the year 2008.

6.14. Ownership structure of significant blocks of the Issuer's shares

As at February 27th 2009 the shareholders possessing, directly or indirectly through subsidiary undertakings, at least 5% of the total vote at the Issuer's general meeting are:

Shareholder	Number of shares	Number of votes	Share % in share capital	Share % in vote at general meeting
Leszek Czarnecki directly and indirectly* including: LC Corp B.V. seated in Amsterdam	229,126,674	229,126,674	51.19%	51.19%
ING Nationale-Nederlanden Polska Otwarty Fundusz Emerytalny	214,701,110	214,701,110	47.97%	47.97%
Commercial Union Powszechnie Towarzystwo Emerytalne BPH CU WBK S.A	27,000,000	27,000,000	6.03%	6.03%

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* 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 47.95% 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.

6.15. Changes in the Issuer's shares or options held by the management or supervisory staff of the Issuer as at February 27th 2009, after the last quarterly report

Supervisory staff holding the Issuer's shares – as at the date of submitting the quarterly report for Q4 2008:

full name	function in the body	ownership of the Issuer's shares as at November 5th 2008	increase	decrease	ownership of the Issuer's shares as at February 27th 2009
Leszek Czarnecki	Chairman of the Supervisory Board	14,424,564	-	-	14,424,564
Remigiusz Baliński	Vice-Chairman of the Supervisory Board	65,445	-	-	65,445
Ludwik Czarnecki	Member of the Supervisory Board	10,000	-	-	10,000
Artur Wiza	Member of the Supervisory Board	14,000	-	-	14,000
Andrzej Błażejowski	Member of the Supervisory Board	20,000	-	-	20,000

Management staff holding the Issuer's shares – as at the date of submitting the quarterly report for Q4 2008:

full name	function in the body	ownership of the Issuer's shares as at November 5th 2008	increase	decrease	ownership of the Issuer's shares as at February 27th 2009
Dariusz Niedośpiał	President of the Management Board	6,000	-	-	6,000
Dariusz Karwacki	Vice-President of the Management Board	120,000	-	-	120,000
Waldemar Horbacki	Vice-President of the Management Board	15,000	-	-	15,000
Waldemar Czarnecki	Member of the Management Board	-	-	-	-

6.16. Court proceedings

In the fourth quarter 2008, no proceedings before court or public administration authorities were initiated with regard to liabilities or receivables of LC Corp SA and its subsidiaries, whose total value amounted to at least 10% of the equity of LC Corp SA

6.17. Information on non-typical related party transactions (for more than EUR 500,000) of the Issuer or its subsidiary undertaking

Apart from the transactions described in these statements (bond issue) the Issuer did not conclude any transactions at arm's length with a related entity that would exceed EUR 500,000.

6.18. Information on loan sureties issued by the Issuer or its subsidiary undertaking; guarantees issued for the value of at least 10% of the Issuer's equity

In Q4 2008, the Issuer or its subsidiary undertaking did not grant any loan sureties or guarantees for the value of at least 10% of the Issuer's equity.

6.19. Factors which may affect the performance of the Issuer in the next quarter

The crucial factor affecting the performance of the LC Corp Group will be the situation on financial markets, and whether the economic crisis deepens or is stopped. The Issuer finds itself in a situation in which banks keep putting curbs on financing developer operations, and considerably limit advancing loans to potential clients wanting to buy flats. The prolonged financial market crisis will be the deciding factor in execution of the Group's property projects.

Considerable reduction in the number of potential clients to which the housing offer of the Group is directed, results from:

- Reduction in loans granted by banks (mortgage),
- Withholding of mortgage loans in foreign currency,
- Growing costs of the loans,
- Stricter conditions for assessment of natural persons' credit rating, and increased threshold of down payment,
- Clients suspending their decision to purchase flats in anticipation of price cuts.

All these factors shape the demand on the housing market, subsequently affect the number of flats sold, and indirectly influence the price, which will have direct impact on the Group companies' financial performance. A negative factor on the market of developer financing market is a rapid increase in loan margins, and stricter conditions for activation of developer loans, as well as the slump in the market of alternative financing (corporate bond schemes).

Financial performance of the Group in the next quarters will also be influenced by the level of revenue generated from rental of commercial space in Arkady Wrocławskie Centre, which is linked with EUR exchange rate as this currency is used in rental agreements.

6.20. Other information material for the assessment of the personnel, economic, or financial standing of the Issuer and the feasibility of fulfilling its obligations

In the relevant reporting period, there were no events material for the assessment of the personnel, economic, or financial standing of the Issuer and the feasibility of discharging its obligations.

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6.21. Segment revenue and results

The main pattern for division of the Group's reporting segments is based on industries.

The Group does not operate in different industry segments, and its activity is focused mainly on the territory of Poland.

In the tables below, data concerning revenues and profits as well as assets and liabilities of the individual business segments within the Group have been provided for the year ended December 31st 2008.

Year ended December 31st 2008 or as at December 31st 2008	Continued operations			Total	Eliminations	Total activity
	Activity- rental services	Property development activity	Holding activity			
Revenue						
Sales to external customers	43,033	93,424	89,460	225,917	0	225,917
Inter-segmental sales	936	978	9,374	11,288	(11,288)	0
Other revenue	38,830	160	60	39,049	0	39,049
Total segmental sales revenue	82,799	94,562	98,894	276,254	(11,288)	264,966
Result						
Segment profit/loss	66,557	(39,112)	87,321	114,766	(14,830)	99,936
Unallocated costs	0	0	0	0	0	0
profit/loss on continued operations before tax and financial expenses	66,557	(39,112)	87,321	114,766	(14,830)	99,936
Net financial income	0	0	0	(23,391)	(22,692)	(46,083)
Pre-tax profit/loss	0	0	0	91,375	(37,522)	53,853
Income tax	0	0	0	(14,104)	1,995	(12,109)
Net profit/loss for the period	0	0	0	77,271	(35,527)	41,744
Assets and liabilities						
Segment assets	677,540	1,024,880	967,050	2,669,470	(1,002,436)	1,667,034
Unallocated assets	0	0	0	796	595	1,391
Total assets	677,540	1,024,880	967,050	2,670,266	(1,001,841)	1,668,425
Segment liabilities	352,669	701,563	195,562	1,249,794	(587,259)	662,535
Unallocated liabilities	0	0	0	33,576	7,625	41,201
Total liabilities	352,669	701,563	195,562	1,283,370	(579,634)	703,736

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	Continued operations			Total	Eliminations	Total activity
	Activity- rental services	Property development activity	Holding activity			
Other segmental information						
Capital expenditure:						
- on property, plant and equipment	908	1,594	298	2,800	0	2,800
- on intangible assets	38	53	364	455	0	455
- on investment properties	58,740	0	0	58,740	0	58,740
Depreciation of property, plant and equipment	196	343	551	1,090	0	1,090
Depreciation of intangible assets	19	32	547	598	0	598
Valuation allowance for property, plant and equipment	0	0	0	0	0	0
Valuation allowance for intangible assets	0	0	0	0	0	0
Valuation allowance for investment property	0	0	0	0	0	0

In the financial year ended December 31st 2007 the Group sold means of air transport and thus stopped providing the services of their rental.

In the year ended December 31st 2007, most of the Group's income comes from the rental of office space and retail and service centre, hence the Group did not distinguish separate segments.

In the tables below, data concerning the individual business segments are comparable data for the year ended December 31st 2007, provided for the report concerning the segments in the year ended December 31st 2008.

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Year ended December 31st 2007 or as at December 31st 2007	Continued operations			Total	Eliminations	Total activity
	Activity- rental services	Property development activity	Holding activity			
Revenue						
Sales to external customers	29,247	132	4,690	34,069		34,069
Inter-segmental sales	422	0	7,893	8,315	(8,315)	0
Other revenue	128,612	66	8,073	136,751		136,751
Total segmental sales revenue	158,281	198	20,656	179,135	(8,315)	170,820
Result						
Segment profit/loss	131,773	(2,556)	(7,721)	121,496	(93)	121,403
Unallocated costs	0	0	0	0	0	0
Profit/loss on continued operations before tax and financial expenses	131,773	(2,556)	(7,721)	121,496	(93)	121,403
Net financial income	0	0	0	14,704	(2,415)	12,289
Pre-tax profit/loss	0	0	0	136,200	(2,508)	133,692
Income tax	0	0	0	(27,494)	304	(27,190)
Net profit/loss for the period	0	0	0	108,706	(2,204)	106,502
Assets and liabilities						
Segment assets	568,820	681,581	892,667	2,143,068	(608,831)	1,534,237
Unallocated assets	0	0	0	2,439	304	2,743
Total assets	568,820	681,581	892,667	2,145,507	(608,527)	1,536,980
Segment liabilities	259,188	469,776	135,752	864,716	(262,576)	602,140
Unallocated liabilities	0	0	0	27,939	9,329	37,268
Total liabilities	259,188	469,776	135,752	892,655	(253,247)	639,408

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	Activity- rental services	Continued operations Property development activity	Holding activity	Total	Eliminations	Total activity
Other segmental information						
Capital expenditure:						
- on property, plant and equipment	2,959	0	645	3,605	0	3,605
- on intangible assets	66	97	976	1,139	0	1,139
- on investment properties	175,787	0	0	175,787	0	175,787
Depreciation of property, plant and equipment	76	21	2,000	2,097	0	2,097
Depreciation of intangible assets	7	1	91	99	0	99
Valuation allowance for property, plant and equipment	0	0	0	0	0	0
Valuation allowance for intangible assets	0	0	0	0	0	0
Valuation allowance for investment property	0	0	0	0	0	0

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7. Balance sheet of LC Corp SA in PLN '000

	Year ended Dec 31st 2008	Year ended Dec 31st 2007
Assets		
A. Non-current assets	849,647	686,071
1. Intangible assets	856	426
2. Property, plant and equipment	1,146	2,026
2.1. Tangible assets	1,146	1,352
2.2. Tangible assets under construction	0	674
3. Non-current receivables and loans	378,980	253,852
4. Non-current investments	468,665	428,211
5. Non-current prepayments and accrued income	0	0
6. Deferred tax assets	0	1,556
B. Current assets	117,403	208,153
1. Prepayments for the purchase of land	0	9,018
2. Trade and other receivables	1,927	5,675
3. Income tax receivable	0	146
4. Current financial assets	101,347	0
5. Cash and cash equivalents	14,044	193,163
6. Current prepayments and accrued income	85	151
C. Non-current assets classified as held for sale	0	0
Total assets	967,050	894,224
Equity and liabilities		
A. Equity	768,839	758,471
1. Share capital	447,558	446,558
2. Balance of called-up share capital not paid	0	0
3. Reserve funds	308,747	306,976
4. Other reserve funds	0	0
5. Other capital	3,108	3,108
6. Retained profit/loss not covered	9,426	1,829
B. Non-current liabilities	121,779	22
1. Non-current financial liabilities	119,111	0
2. Provisions	19	22
3. Deferred tax liability	2,649	0
C. Current liabilities	76,432	135,731
1. Current financial liabilities	68,927	129,245
2. Current trade and other payables	6,211	6,129
3. Income tax payable	560	0
4. Provisions	0	2
5. Accrued expenses and revenues	734	355
Total equity and liabilities	967,050	894,224

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8. Profit and loss account of LC Corp SA in PLN '000

	4th quarter 2008 period from Oct 1st 2008 to Dec 31st 2008	4 quarters 2008 period from Jan 1st 2008 to Dec 31st 2008	4th quarter 2007 period from Oct 1st 2007 to Dec 31st 2007	4 quarters 2007 period from Jan 1st 2007 to Dec 31st 2007
Operating activity				
Sales revenue	2,095	9,415	600	12,333
Revenue from sale of services	2,095	9,415	600	12,333
Cost of sales	(1,515)	(6,457)	(1,339)	(10,622)
Pre-tax profit on sales	580	2,958	(739)	1,711
Gain (loss) on disposal of non-current non-financial assets	1	3	(3)	4
Revaluation of non-current non-financial assets	0	0	0	0
Selling and distribution costs	0	0	0	0
General administrative expenses	(1,671)	(5,023)	(2,558)	(9,472)
Other operating income	10	57	664	8,069
Other operating expenses	(43)	(93)	(337)	(7,587)
Operating profit (loss)	(1,123)	(2,098)	(2,993)	(7,275)
Financial income	9,146	33,648	5,379	10,911
Financial expenses	(3,809)	(13,272)	(1,210)	(3,095)
Pre-tax profit (loss)	4,214	18,278	1,176	541
Corporate income tax	(869)	(8,852)	1,278	1,288
Net profit on business activities	3,345	9,426	2,454	1,829
Discontinued operations				
Profit (loss) on discontinued operations for the business year	0	0	0	0
Net profit (loss)	3,345	9,426	2,454	1,829

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9. Changes in equity of LC Corp SA in PLN '000

	<i>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/loss not covered</i>	<i>Total</i>
As at January 1st 2008	446,558	0	306,976	0	3,108	1,829	758,471
Registration of series I shares	1,000	0	0	0	0	0	1,000
Cost of share issue	0	0	(58)	0	0	0	(58)
Allocation of the profit for 2007 to reserve funds	0	0	1,829	0	0	(1,829)	0
Profit for 2008	0	0	0	0	0	9,426	9,426
As at December 31st 2008	447,558	0	308,747	0	3,108	9,426	768,839

	<i>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/loss not covered</i>	<i>Total</i>
As at January 1st 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	58,433	0	0	0	0	0	58,433
Issue of series J shares	57,000	0	313,500	0	0	0	370,500
Cost of share issues	0	0	(11,850)	0	0	0	(11,850)
Coverage of losses for 2006	0	0	(1,319)	0	0	1,319	0
Capital from valuation of management options	0	0	0	0	3,108	0	3,108
Profit in 2007	0	0	0	0	0	1,829	1,829
As at December 31st 2007	446,558	0	306,976	0	3,108	1,829	758,471

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10. Cash-flow statement of LC Corp SA in PLN '000

	Year ended Dec 31st 2008	Year ended Dec 31st 2007
A. Cash flows from operating activities		
I. Pre-tax profit (loss)	18,278	541
II. Total adjustments	(10,798)	(8,288)
1. Depreciation and amortisation	1,098	2,091
2. Foreign exchange gains (losses)	(45)	45
3. Interest and distributions from profit (dividends)	(19,286)	270
4. Profit (loss) on investing activities	(4)	(30)
5. Change in provisions	(5)	(2)
6. Change in advance payments for purchase of land	9,018	(9,018)
7. Change in receivables	1,807	(2,757)
8. Change in current liabilities (net of loans and borrowings)	81	(1,700)
9. Change in accruals and deferrals	444	(234)
10. Corporate income tax	(3,941)	(77)
11. Other adjustments	35	3,124
III. Net cash provided by (used in) operating activities (I±II)	7,480	(7,747)
B. Cash flows from investing activities		
I. Cash provided by investing activities	36,815	23,553
1. Sale of intangible assets and property, plant and equipment	14	22,057
2. Sale of investment property	0	0
3. Cash provided by financial assets	36,801	1,496
4. Other cash used in investing activities	0	0
II. Cash used in investing activities	(270,762)	(457,547)
1. Acquisition of intangible assets and property, plant and equipment	(662)	(1,621)
2. Investment property	0	0
3. Cash used on financial assets	(270,100)	(455,926)
4. Other cash used in investing activities	0	0
III. Net cash provided by (used in) investing activities (I-II)	(233,947)	(433,994)
C. Cash flows from financing activities		
I. Cash provided by financing activities	196,046	706,553
Net proceeds from issue of shares and additional contributions to		
1. equity	1,000	508,933
2. Increase in loans and borrowings	95,000	0
3. Issue of debt securities	100,046	197,620
4. Other cash provided by financing activities	0	0
II. Cash used in financing activities	(148,743)	(109,758)
1. Repayments of loans and borrowings	0	0
2. Redemption of debt securities	(148,685)	(97,171)
3. Interest paid	0	(737)
4. Cost of share capital increase	(58)	(11,850)
5. Other cash used in financing activities	0	0
III. Net cash provided by (used in) financing activities (I-II)	47,303	596,795
D. Total net cash flow (A.III±B.III±C.III)	(179,164)	155,054
E. Balance-sheet change in cash, including:	(179,164)	155,054

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- foreign exchange change in cash	45	(45)
F. Cash at beginning of period	193,163	38,154
G. Cash at end of period (F±D)	14,044	193,163
- restricted cash	20	20

11. Other information for the non-consolidated financial statements

11.1. Information on material approximate values, including adjustments in provisions, provisions and deferred tax assets, and valuation allowances made for assets

	as at Dec 31st 2008 end of year	as at Dec 31st 2007 end of previous year
Deferred tax asset	0	1,556
Deferred tax liability	2,649	0
Provisions	19	24
Valuation allowance for assets	0	0