



## **LC CORP GROUP**

# **CONSOLIDATED QUARTERLY REPORT**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF NINE MONTHS, ENDED 30 SEPTEMBER 2014**

**drawn up in accordance with the International Accounting Standards, and**

**CONTAINING THE QUARTERLY FINANCIAL INFORMATION OF LC CORP S.A.**

**(unaudited financial data)**

**Wrocław, 14 November 2014**

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1. SELECTED FINANCIAL DATA

Data concerning interim condensed consolidated financial statements of the LC Corp Group

	PLN'000		EUR'000	
	30 Sep 2014	31 Dec 2013	30 Sep 2014	31 Dec 2013
I. Non-current assets	1,513,327	1,459,758	362,430	351,986
II. Current assets	1,107,716	954,190	265,289	230,081
III. Total assets	2,621,043	2,413,948	627,719	582,067
IV. Equity	1,223,330	1,184,776	292,978	285,681
V. Equity attributable to shareholders of the parent	1,223,330	1,184,776	292,978	285,681
VI. Minority interest	0	0	0	0
VII. Non-current liabilities	1,050,991	924,076	251,704	222,819
VIII. Current liabilities	346,722	305,096	83,037	73,567
IX. Book value of equity attributable to shareholders of the parent, per share (PLN/EUR)	2.73	2.65	0.65	0.64

  

	Q3 2014	Q3 2013	Q3 2014	Q3 2013
	cumulative from 1 Jan 2014 to 30 Sep 2014	cumulative from 1 Jan 2013 to 30 Sep 2013	cumulative from 1 Jan 2014 to 30 Sep 2014	cumulative from 1 Jan 2013 to 30 Sep 2013
X. Sales revenue	196,105	129,230	46,912	30,601
XI. Pre-tax profit on sales	84,746	40,775	20,273	9,655
XII. Net profit (loss)	42,260	60,199	10,109	14,255
XIII. Net profit (loss) attributable to shareholders of the parent	42,260	60,199	10,109	14,255
XIV. Net profit (loss) attributable to minority interest	0	0	0	0
XV. Basic profit (loss) per share (in PLN/EUR) attributable to equity holders of the parent	0.09	0.13	0.02	0.03

Data concerning interim condensed non-consolidated financial statements of LC Corp S.A.

	PLN'000		EUR'000	
	30 Sep 2014	31 Dec 2013	30 Sep 2014	31 Dec 2013
XVI. Total assets	1,356,401	1,359,899	324,848	327,908
XVII. Equity	859,327	837,911	205,802	202,043

  

	Q3 2014	Q3 2013	Q3 2014	Q3 2013
	cumulative from 1 Jan 2014 to 30 Sep 2014	cumulative from 1 Jan 2013 to 30 Sep 2013	cumulative from 1 Jan 2014 to 30 Sep 2014	cumulative from 1 Jan 2013 to 30 Sep 2013
XVIII. Net profit (loss)	21,416	18,352	5,123	4,346

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Selected financial data were converted to EUR in line with the following principles:

- a) financial data concerning selected items of assets and equity and liabilities were calculated using the average EUR/PLN exchange rate quoted by the National Bank of Poland and effective as at the balance-sheet date. As at 30 September 2014 it stood at EUR/PLN 4.1755, and at the balance-sheet date of 31 December 2013 at EUR/PLN 4.1472.
- b) data concerning selected items of the statement of comprehensive income for the three quarters of 2014 and the three quarters of 2013 were calculated using the EUR/PLN rate which is an arithmetic mean of average exchange rates quoted by the National Bank of Poland and effective on the last day of each month in the accounting period, i.e. EUR/PLN 4.1803 and EUR/PLN 4.2231, respectively.

## CONSOLIDATED QUARTERLY REPORT

## 2. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE LC CORP GROUP

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 Sep 2014 end of quarter (unaudited)	31 Dec 2013 end of previous year (audited)
(PLN'000)		
<b>Assets</b>		
<b>A. Non-current assets</b>	<b>1,513,327</b>	<b>1,459,758</b>
1. Intangible assets	309	372
2. Property, plant and equipment	4,703	4,716
2.1. Tangible assets	4,612	4,523
2.2. Tangible assets under construction	91	193
3. Non-current receivables	2,088	2,073
4. Investment property	1,484,475	1,434,661
5. Non-current prepayments and accrued income	53	88
6. Deferred tax assets	21,699	17,848
<b>B. Current assets</b>	<b>1,107,716</b>	<b>954,190</b>
1. Inventories	823,900	721,592
2. Trade and other receivables	43,431	39,165
3. Income tax receivable	29	446
4. Current financial assets	21,211	1,636
5. Cash and cash equivalents	214,408	190,319
6. Current prepayments and accrued income	4,737	1,032
<b>C. Non-current assets classified as held for sale</b>	<b>0</b>	<b>0</b>
<b>Total assets</b>	<b>2,621,043</b>	<b>2,413,948</b>
<b>Equity and liabilities</b>		
<b>A. Equity</b>	<b>1,223,330</b>	<b>1,184,776</b>
<b>I. Equity attributable to shareholders of the parent</b>	<b>1,223,330</b>	<b>1,184,776</b>
1. Share capital	447,558	447,558
2. Other capital	733,512	663,616
3. Net profit/(loss)	42,260	73,602
<b>II. Minority interest</b>	<b>0</b>	<b>0</b>
<b>B. Non-current liabilities</b>	<b>1,050,991</b>	<b>924,076</b>
1. Non-current liabilities on account of loans and bonds	796,409	681,114
2. Non-current liabilities on account of the acquisition of a subsidiary	180,291	175,572
3. Non-current trade and other payables	0	0
4. Provisions	22	22
5. Deferred tax liability	74,269	67,368
<b>C. Current liabilities</b>	<b>346,722</b>	<b>305,096</b>
1. Current liabilities on account of loans and bonds	118,424	119,548
2. Current liabilities on account of the acquisition of a subsidiary	0	41,264
3. Current trade and other payables	65,795	77,667
4. Income tax payable	103	47
5. Provisions	12,551	12,617
6. Accrued expenses and revenue	149,849	53,953
<b>Total equity and liabilities</b>	<b>2,621,043</b>	<b>2,413,948</b>

## CONSOLIDATED QUARTERLY REPORT

	30 Sept 2014 end of quarter (unaudited)	31 Dec 2013 end of previous year (audited)
Book value of equity (PLN'000)	1,223,330	1,184,776
Book value of equity attributable to shareholders of the parent (PLN'000)	1,223,330	1,184,776
Number of registered shares	447,558,311	447,558,311
Book value of equity attributable to shareholders of the parent, per share (PLN)	2.73	2.65

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(PLN'000)	Q3 2014 period from 1 July 2014 to 30 Sept 2014 (unaudited)	3 quarters 2014 cumulative from 1 Jan 2014 to 30 Sept 2014 (unaudited)	Q3 2013 period From 1 July 2013 to 30 Sept 2013 (unaudited)	3 quarters 2013 cumulative from 1 Jan 2013 to 30 Sept 2013 (unaudited)
<b>Operating activity</b>				
<b>Sales revenue</b>	<b>60,637</b>	<b>196,105</b>	<b>32,452</b>	<b>129,230</b>
Revenue from sales of services	29,621	85,829	10,608	30,935
Revenue from sales of goods for resale and products	31,016	110,276	21,844	98,295
<b>Cost of sales</b>	<b>(35,223)</b>	<b>(111,359)</b>	<b>(19,615)</b>	<b>(88,455)</b>
<b>Pre-tax profit on sales</b>	<b>25,414</b>	<b>84,746</b>	<b>12,837</b>	<b>40,775</b>
Gain (loss) on disposal of non-current non-financial assets	7	8	0	(7)
Revaluation of non-financial non-current assets	2,697	2,753	13,227	63,713
Valuation allowance for inventory	0	0	(10,000)	(12,336)
Selling and distribution costs	(2,025)	(5,622)	(1,518)	(3,763)
General administrative expenses	(3,276)	(10,817)	(4,411)	(10,242)
Other operating income	1,000	1,742	280	1,037
Other operating expenses	(1,233)	(1,545)	(389)	(1,091)
<b>Operating profit (loss)</b>	<b>22,584</b>	<b>71,265</b>	<b>10,026</b>	<b>78,086</b>
Financial income	1,092	3,143	10,559	4,992
Financial expenses	(9,078)	(25,080)	(1,130)	(12,443)
<b>Pre-tax profit (loss)</b>	<b>14 598</b>	<b>49,328</b>	<b>19,455</b>	<b>70,635</b>
Corporate income tax (tax expense)	(2,999)	(7,068)	(3,713)	(10,436)
<b>Net profit on business activities</b>	<b>11,599</b>	<b>42,260</b>	<b>15,742</b>	<b>60,199</b>
<b>Discontinued operations</b>				
Profit (loss) on discontinued operations	0	0	0	0
<b>Net profit/(loss)</b>	<b>11,599</b>	<b>42,260</b>	<b>15,742</b>	<b>60,199</b>

## Other comprehensive income

Items subject to reclassification to profit/(loss) in subsequent reporting periods :

Financial assets available for sale	0	31	0	0
Cash flow hedges	(1,809)	(4,419)	(330)	(330)

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Corporate income tax on account of other items of comprehensive income	192	682	63	63
<b>Other comprehensive income, net of tax</b>	<b>(1,617)</b>	<b>(3,706)</b>	<b>(267)</b>	<b>(267)</b>
<b>Total comprehensive income</b>	<b>9,982</b>	<b>38,554</b>	<b>15,475</b>	<b>59,932</b>

Net profit attributable to:

equity holders of the parent	11,599	42,260	15,742	60,199
minority interest	0	0	0	0
	<b>11,599</b>	<b>42,260</b>	<b>15,742</b>	<b>60,199</b>

Total comprehensive income attributable to:

equity holders of the parent	9,982	38,554	15,475	59,932
minority interest	0	0	0	0
<b>Net profit/(loss) attributable to:</b>	<b>9,982</b>	<b>38,554</b>	<b>15,475</b>	<b>59,932</b>

<b>(PLN'000)</b>	<b>3 quarters 2014 cumulative from 1 Jan 2014 to 30 Sept 2014 (unaudited)</b>	<b>3 quarters 2013 cumulative from 1 Jan 2013 to 30 Sept 2013 (unaudited)</b>
Net profit (loss) attributable to equity holders of the parent (PLN'000)	42,260	60,199
Average weighted number of ordinary shares	447,558,311	447,558,311
Net profit (loss) per share (in PLN) attributable to equity holders of the parent - basic	0.09	0.13
Net profit (loss) per share (in PLN) attributable to equity holders of the parent - diluted	0.09	0.13



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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Other capital	Net profit / (loss)	Total capital attributed to shareholders of the parent	Minority interest	Total equity
		Reserve funds, other reserve funds and retained earnings	Other funds			
As at 1 January 2014	447,558	660,249	3,367	73,602	1,184,776	0
Net profit for the period of 9 months ended 30 September 2014	0	0	0	42,260	42,260	0
Other comprehensive income for the period of 9 months ended 30 September 2014	0	0	(3,706)	0	(3,706)	0
Total comprehensive income for the period of 9 months ended 30 September 2014	0	0	(3,706)	42,260	38,554	0
Transfer of profit for the previous period to undistributed profit	0	73,602	0	(73,602)	0	0
As at 30 September 2014 (unaudited)	447,558	733,851	(339)	42,260	1,223,330	0

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	Share capital	Other capital		Net profit / (loss)	Total capital attributed to shareholders of the parent	Minority interest	Total equity
		Reserve funds, other reserve funds and retained earnings	Other funds				
<b>As at 1 January 2013</b>	<b>447,558</b>	<b>559,140</b>	<b>3,108</b>	<b>69,278</b>	<b>1,079,084</b>	<b>0</b>	<b>1,079,084</b>
Net profit for 2013	0	0	0	73,602	73,602	0	73,602
Other comprehensive income for 2013	0	0	259	0	259	0	259
<b>Total comprehensive income for 2013</b>	<b>0</b>	<b>0</b>	<b>259</b>	<b>73,602</b>	<b>73,861</b>	<b>0</b>	<b>73,861</b>
Transfer of profit for the previous period to undistributed profit	0	69,278	0	(69,278)	0	0	0
Settlement of the acquisition of a subsidiary undertaking	0	31,831	0	0	31,831	0	31,831
<b>As at 31 December 2013 (audited)</b>	<b>447,558</b>	<b>660,249</b>	<b>3,367</b>	<b>73,602</b>	<b>1,184,776</b>	<b>0</b>	<b>1,184,776</b>

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	Share capital	Other capital		Net profit / (loss)	Total capital attributed to shareholders of the parent	Minority interest	Total equity
		Reserve funds, other reserve funds and retained earnings	Other funds				
<b>As at 1 January 2013</b>	<b>447,558</b>	<b>559,140</b>	<b>3,108</b>	<b>69,278</b>	<b>1,079,084</b>	<b>0</b>	<b>1,079,084</b>
Net profit for the period of 9 months ended 30 September 2013	0	0	0	60,199	60,199	0	60,199
Other comprehensive income for the period of 9 months ended 30 September 2013	0	0	(267)	0	(267)	0	(267)
<b>Total comprehensive income for the period of 9 months ended 30 September 2013</b>	<b>0</b>	<b>0</b>	<b>(267)</b>	<b>60,199</b>	<b>59,932</b>	<b>0</b>	<b>59,932</b>
Transfer of profit for the previous period to undistributed profit	0	69,278	0	(69,278)	0	0	0
<b>As at 30 September 2013 (unaudited)</b>	<b>447,558</b>	<b>628,418</b>	<b>2,841</b>	<b>60,199</b>	<b>1,139,016</b>	<b>0</b>	<b>1,139,016</b>

## CONSOLIDATED QUARTERLY REPORT

## CONSOLIDATED STATEMENT OF CASH FLOWS

	3 quarters 2014 period from 1 Jan 2014 to 30 Sept 2014 (unaudited)	3 quarters 2013 period from 1 Jan 2013 to 30 Sept 2013 (unaudited)
(PLN'000)		
<b>A. Cash flows from operating activities</b>		
<b>I. Pre-tax loss</b>	<b>49,328</b>	<b>70,635</b>
<b>II. Total adjustments</b>	<b>(39,416)</b>	<b>(117,046)</b>
1. Depreciation and amortisation	483	428
2. Foreign exchange gains (losses)	4,042	6,534
3. Interest and distributions from profit (dividends)	21,407	13,529
4. Profit (loss) on investing activities	0	5
5. Change in provisions	(66)	246
6. Change in inventories	(102,308)	(84,452)
7. Change in receivables	(4,281)	(5,372)
8. Change in current liabilities (net of loans and borrowings)	(17,247)	22,537
9. Change in accruals and deferrals	92,226	(7,769)
10. Corporate income tax	(2,864)	(2,568)
11. Other adjustments	(30,808)	(60,164)
<b>III. Net cash provided by (used in) operating activities (I±II)</b>	<b>9,912</b>	<b>(46,411)</b>
<b>B. Cash flows from investing activities</b>		
<b>I. Cash provided by investing activities</b>	<b>0</b>	<b>9</b>
1. Sale of intangible assets and property, plant and equipment	0	9
2. Sale of investment property	0	0
3. Cash provided by financial assets	0	0
4. Other cash provided by investing activities	0	0
<b>II. Cash used in investing activities</b>	<b>(68,503)</b>	<b>(110,555)</b>
1. Acquisition of intangible assets and property, plant and equipment	(416)	(531)
2. Cash used on investment property	(26,087)	(110,024)
3. Cash used on financial assets	(42,000)	0
4. Other cash used in investing activities	0	0
<b>III. Net cash provided by (used in) investing activities (I-II)</b>	<b>(68,503)</b>	<b>(110,546)</b>
<b>C. Cash flows from financing activities</b>		
<b>I. Cash provided by financing activities</b>	<b>223,505</b>	<b>112,614</b>
1. Net proceeds from issue of shares and additional contributions to equity	0	0
2. Increase in loans and borrowings	174,005	112,614
3. Issue of debt securities	49,500	0
4. Other cash provided by financing activities	0	0
<b>II. Cash used in financing activities</b>	<b>(140,825)</b>	<b>(22,278)</b>
1. Repayment of loans and borrowings	(30,888)	(11,360)
2. Redemption of debt securities	(89,000)	0
3. Interest paid	(20,937)	(10,918)
4. Other cash used in financing activities	0	0
<b>III. Net cash provided by (used in) financing activities (I-II)</b>	<b>82,680</b>	<b>90,336</b>
<b>D. Total net cash flow (A.III±B.III±C.III)</b>	<b>24,089</b>	<b>(66,621)</b>
<b>E. Balance-sheet change in cash, including:</b>	<b>24,089</b>	<b>(66,621)</b>
– change in cash on account of foreign exchange differences	0	0
<b>F. Cash at beginning of period</b>	<b>190,319</b>	<b>153,028</b>
<b>G. Cash at end of period (F±D)</b>	<b>214,408</b>	<b>86,407</b>
– restricted cash	20	20

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## OTHER INFORMATION AND NOTES TO FINANCIAL STATEMENTS

**2.1. General information about the LC Corp Group**

The LC Corp Group (the "Group") consists of LC Corp S.A. and its subsidiary undertakings. The composition of the Group is presented in item 2.2.

LC Corp S.A. (the "Parent Undertaking", the "Company" or the "Issuer") was established by the Notarial Deed dated 3 March 2006. The Company's registered office is situated in Wrocław, Poland, at ul. Powstańców Śląskich 2-4. The Parent Undertaking has been entered into the register of entrepreneurs of the National Court Register (KRS) maintained by the District Court for Wrocław-Fabryczna in Wrocław, 6<sup>th</sup> Commercial Section of the National Court Register, under KRS No. 0000253077.

The Parent Undertaking and the Group's subsidiaries have been established for an indefinite time. The Parent Undertaking's primary activity is:

- PKD 64.20.Z Activities of financial holdings
- PKD 68.20.Z Rental and management of own or leased real estate
- PKD 41.10.Z Completion of construction projects related to putting up buildings
- PKD 68.10.Z Buying and selling of own real estate
- PKD 41.20.Z Construction works related to the completion of residential and non-residential buildings

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

The interim condensed consolidated financial statements of the LC Corp Group cover the period of nine months, ended 30 September 2014. The detailed description of the component parts of the consolidated financial statements is included in item 2.3.

**2.2. Description of the organisation of the LC Corp Group, indicating the undertakings subject to consolidation and the effects of changes in the Group's structure, including those resulting from mergers, acquisitions or sale of the Group's subsidiary undertakings, long-term investments, divisions, restructuring and discontinued operations**

As at 30 September 2014 and as at 31 December 2013, the LC Corp Group comprised the following subsidiaries of LC Corp S.A.:

Company name	Effective share of LC Corp S.A.	
	30 Sept 2014	31 Dec 2013
Arkady Wrocławskie S.A., having its registered office in Wrocław	100%	100%
Sky Tower S.A., having its registered office in Wrocław	100%	100%
Warszawa Przyokopowa Sp. z o.o., having its registered office in Wrocław	100%	100%
Kraków Zielony Złocię Sp. z o.o., having its registered office in Wrocław	100%	100%
LC Corp Invest I Sp. z o.o., having its registered office in Wrocław	100% (directly and indirectly)	100% (directly and indirectly)
LC Corp Invest II Sp. z o.o., having its registered office in Wrocław	100%	100%
LC Corp Invest III Sp. z o.o., having its registered office in Wrocław	100%	100%
LC Corp Invest VII Sp. z o.o., having its registered office in Wrocław	100%	100%
LC Corp Invest VIII Sp. z o.o., having its registered office in Wrocław	100%	100%
LC Corp Invest IX Sp. z o.o., having its registered office in Wrocław	100%	100%
LC Corp Invest X Sp. z o.o., having its registered office in Wrocław	100%	100%

## CONSOLIDATED QUARTERLY REPORT

LC Corp Invest XI Sp. z o.o., having its registered office in Wrocław	100%	100%
LC Corp Invest XII Sp. z o.o., having its registered office in Wrocław	100%	100%
LC Corp Invest XV Sp. z o.o., having its registered office in Wrocław	100%	100%
LC Corp Invest XVI Sp. z o.o., having its registered office in Wrocław	100%	100%
LC Corp Invest XV Sp. z o.o. Projekt 1 Sp. k., having its registered office in Wrocław	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 2 Sp. k., having its registered office in Wrocław	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 3 Sp. k., having its registered office in Wrocław	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 4 Sp. k., having its registered office in Wrocław	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 5 Sp. k., having its registered office in Wrocław	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 6 Sp. k., having its registered office in Wrocław	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 7 Sp. k., having its registered office in Wrocław	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 8 Sp. k., having its registered office in Wrocław	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 9 Sp. k., having its registered office in Wrocław	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 10 Sp. k., having its registered office in Wrocław	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 11 Sp. k., having its registered office in Wrocław	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 14 Sp. k.	100% (directly and indirectly)	100% (directly and indirectly)
LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k., having its registered office in Wrocław	100% (directly and indirectly)	100% (directly and indirectly)
LC Corp Invest XVII Sp. z o.o., having its registered office in Wrocław	100%	100%
LC Corp Invest XV Sp. z o.o. Finance S.K.A.	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Investmets S.K.A.	100% (directly and indirectly)	100% (directly and indirectly)
LC Corp Invest XVIII Sp. z o.o. <sup>(2)</sup>	100%	-
Aberdare Sp. z o.o. XXIV S.K.A. <sup>(3)</sup>	100% (directly and indirectly)	-

- (1) On 29 August 2014, a new company of the Group was registered – LC Corp Invest XV Spółka z ograniczoną odpowiedzialnością Projekt 11 Spółka komandytowa. LC Corp Invest VII Sp. z o.o. and LC Corp Invest VIII Sp. z o.o. are the company's limited partners, while LC Corp Invest XV Sp. z o.o. is its general partner, representing the company and managing its business.
- (2) On 15 September 2014 the change of the business name of Aberdare Sp. z o.o. to LC Corp Invest XVIII sp. z o.o. was registered. LC Corp S.A. holds 100% of the shares in the company's share capital, thus being its sole shareholder. The Issuer acquired 100% of the company's shares on 24 July 2014 (of which it notified in the mid-year report) and by the date of acquisition of its shares the company had not conducted any operating activities.
- (3) On 14 October 2014 the change of the business name and registered seat of Aberdare Sp. z o.o. XXIV S.K.A. was registered. The company's new business name is LC Corp Invest XVIII Spółka z ograniczoną odpowiedzialnością Real Estate S.K.A., with its registered seat in Wrocław. LC Corp S.A. holds 100% of the company's shares, thus being its sole shareholder, while LC Corp Invest XVIII Sp. z o.o., where 100% of the shares in the share capital are held by LC Corp S.A., is the company's general partner, representing it and managing its business. The Issuer acquired 100% of the company's shares on 24 July 2014 (of which it notified in the mid-year report) and by the date of acquisition of its shares the company had not conducted any operating activities.

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As at 30 September 2014 and as at 31 December 2013, the share in the total vote held by the Parent Undertaking in its subsidiaries was equal to the share of the Parent Undertaking in the capitals of these entities.

### 2.3. Rules adopted for preparing the quarterly report (in particular the information on changes in the accounting principles/policy)

These interim condensed consolidated financial statements of the LC Corp Group contain:

- consolidated statement of financial position as at 30 September 2014 and comparable financial data as at 31 December 2013;
- consolidated statement of comprehensive income for three quarters of 2014, i.e. for the period of nine months, cumulative from 1 January 2014 to 30 September 2014 as well as comparable data for a corresponding period of the previous year, i.e. for the period from 1 January 2013 to 30 September 2013;
- consolidated statement of cash flows for three quarters of 2014, i.e. for the period of nine months, cumulative from 1 January 2014 to 30 September 2014 as well as comparable data for a corresponding period of the previous year, i.e. for the period from 1 January 2013 to 30 September 2013;
- consolidated statement of changes in equity as at 30 September 2014 and comparable financial data as at 30 September 2013 and as at 31 December 2013;
- notes to consolidated financial statements

Notes to financial statements and other information defined by Para. 87 of the Regulation of the Minister of Finance dated 19 February 2009 on current and periodic information published by the issuers of securities and the conditions for recognising as equivalent the information required by the law of a non-member state, representing an element of these Consolidated Quarterly Report for Q3 2014, are included in item 4.

The enclosed condensed consolidated financial statements of the LC Corp Group were prepared in accordance with the International Financial Reporting Standards ("IFRS"), in particular with IAS 34 (concerning the preparation of interim financial statements) and IFRS adopted by the EU.

As at the date of approval of these financial statements for publication, taking into account the ongoing process of introducing IFRS in the EU and the business activity conducted by the Group, in the scope of the accounting principles adopted by the Group the International Financial Reporting Standards differed from the International Financial Reporting Standards approved by the EU.

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

IFRS-UE include the standards and interpretations accepted by IASB and IFRIC.

The interim condensed consolidated financial statements of the LC Corp Group do not contain all information and disclosures required in the annual consolidated financial statements of the Group and they must be read together with the annual consolidated financial statements of the Group for the year ended 31 December 2013.

The interim condensed consolidated financial statements are presented in thousand zlotys ("PLN"), and all values included in the tables and descriptions, if not indicated otherwise, are given in PLN'000.

The interim condensed consolidated financial statements of the LC Corp Group were prepared on the going concern assumption, i.e. the continuation of business activity by the Group companies in the foreseeable future. As at the day of the approval of these financial statements, there were no circumstances identified implying any threats to the continuation of the Group companies' activity.

These interim condensed consolidated financial statements of the LC Corp Group were approved by the Management Board for publication on 14 November 2014.

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The information on the accounting policies adopted by the LC Corp Group was presented in the annual consolidated financial statements of the LC Corp Group for the year ended 31 December 2013, published on 21 March 2014.

### Standards and Interpretations adopted for the first time in 2014

The accounting principles (policy) applied for the preparation of the interim condensed consolidated financial statements are consistent with those adopted for the drawing up of the Group's annual consolidated financial statements for the year ended 31 December 2013, except for the application of the following new or amended standards and interpretations, applicable to annual periods starting on or after 1 January 2014:

- *IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements*

IFRS 10 replaces a part of former IAS 27 "Consolidated and Separate Financial Statements" in the scope of consolidated financial statements and introduces a new definition of control. IFRS 10 may cause changes affecting the consolidated group with regard to the possibilities of consolidating entities that up till now were subject to consolidation or, conversely, it does not introduce any changes regarding consolidation procedures and methods for transaction settlements in the consolidated financial statements.

The application of the above changes had no impact on the Group's financial situation and business results.

- *IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures*

IFRS 11 covers the subject of joint arrangements. It introduces two categories of joint arrangements: joint operations and joint ventures and the corresponding valuation methods.

The application of the standard may result in the changed valuation method for joint arrangements (e.g. the arrangements classified earlier as entities subject to joint control and measured using the proportional method may be classified at present as joint ventures, which involves their measurement using the equity method).

IAS 28 was amended and contains the guidelines for the application of the equity method for joint ventures.

The application of the above changes had no impact on the Group's financial situation and business results.

- *IFRS 12 Disclosure of Interests in Other Entities*

IFRS 12 contains a number of disclosures regarding the entity's interests in subsidiary, associated or jointly controlled undertakings. The application of the standard may result in the presentation of more extensive disclosures in the financial statements, including, among others:

- key financial information, including the risk related to the Company's entities,
- disclosure of interests in unconsolidated structured entities and risks related to such entities,
- information about each undertaking in which there are significant non-controlling interests,
- disclosure of significant judgements and assumptions adopted for the purpose of classifying respective entities as subsidiary, jointly controlled or associated undertakings.

The application of the above changes had no impact on the Group's financial situation and business results.

- *Investment Entities – amendments to IFRS 10, IFRS 12 and IAS 27*

These amendments introduce the concept of investment entities that are exempt from the obligation to consolidate subsidiary entities, which, after the implementation of the amendments, measure their subsidiary entities at fair value through profit or loss

The application of the above changes had no impact on the Company's financial situation and business results.

- *Offsetting Financial Assets and Financial Liabilities – amendments to IAS 32*

The amendments made to IAS 32 clarify the concept and consequences of the valid legal right to offset a financial asset and a financial liability and describe in detail the criteria for offsetting for gross settlements systems (such as clearing houses).

The application of the above changes had no impact on the Group's financial situation and business results.

- *Recoverable Amount Disclosures for Non-Financial Assets – amendments to IAS 36*



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The amendments eliminated the unintended consequences of IFRS 13 with regard to the disclosures required under IAS 36. Furthermore, the amendments introduce additional disclosures concerning the recoverable value for assets or cash generating units (CGU), for which an impairment was recognized or reversed in a given period, when the value in use corresponds to the fair value less costs to sell.

The application of the above changes had no impact on the Group's financial situation and business results.

- *Novation of Derivatives and Continuation of Hedge Accounting – amendments to IAS 39*

Amendments to IAS 39 regarding the hedge accounting after the novation of derivatives release from the obligation to cease the application of hedge accounting when the novation fulfils the specific criteria, described in IAS 39.

The application of the above changes had no impact on the Group's financial situation and business results or on the scope of information presented in the Group's financial statements.

The following standards, amendments to standards and interpretations were published and approved for application in the EU, but have not become effective yet:

- Interpretation IFRIC 21 Levies (applicable to annual periods beginning on or after 17 June 2014).

During the period covered by these financial statements the Group did not decide to choose the option of early application of the above interpretation, which was published, but has not yet become effective. According to the Group's estimates this interpretation would not have any significant impact on the financial statements, if it was applied by the Group as at the balance sheet date.

## 2.4. Seasonal or cyclical character of the LC Corp Group's activity

The LC Corp group's activity is not seasonal in nature. The activity is connected with the construction cycles of its property development projects, which manifests itself in particular in the recognition of revenue from sales of residential and retail premises at the moment, pursuant to IAS 18, when, in principle, all risks and benefits related to the given premises are transferred to the customer and the proceeds can be reasonably measured. In consequence, the sales results in a given period depend on the value of the premises transferred to customers according to the above definition.

## 2.5. Information on material estimates and professional judgement

The Board of the Parent Undertaking used their best knowledge of the 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 the Company Board to make some assessments and assumptions, which are reflected in these statements. The actual results may vary from these assessments. The presented financial data as at the end of Q3 2014 were not subject to examination by an auditor.

### Professional judgement

In the process of applying the accounting principles (policy) to the issues specified hereinbelow, the professional judgement of the management was, apart from the accounting estimates, of the greatest importance.

#### Determination of the moment when, upon the sale of residential premises, the risk is transferred to the client

The moment of transferring the risk to the client determines when the revenue from sales of residential and retail premises can be recognized.

Upon the sale of residential and retail premises, the risk is transferred to the client when the following conditions are fulfilled:

- (i) obtaining of the occupancy permit for the buildings;
- (ii) payment of 100% of the value of the premises, based on the developer agreement or preliminary agreement;

## CONSOLIDATED QUARTERLY REPORT

- (iii) acceptance of the premises by the client, evidenced by the delivery and acceptance protocol;
- (iv) signing of the developer agreement or notarial deed transferring the title.

Investment property under construction

As at 30 September 2014, taking into account the progress made in the construction of the investment property, Silesia Star – Stage 2, in Katowice, and the impossibility of obtaining a reliable fair value, the value of capital expenditure incurred on the construction of this office complex was measured on the basis of historical cost.

**Uncertainty of 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 reporting period.

Deferred tax asset

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

Fair value of investment properties

At the end of each quarter of an accounting year, the Group independently measures the fair value of its investment properties, based on the agreed model of investment capitalization. At the end of each accounting year, the fair value of investment properties is established or verified by an independent valuer.

Investment property under construction

As at 30 September 2014, the fair value of the investment property under construction, i.e. Silesia Star – Stage 1, was measured on the basis of the agreed investment capitalization model.

Fair value of forward financial instruments

The fair value of forward financial instruments measured at fair value through profit or loss is determined on the last day of each quarter of the financial year and at the end of each financial year, based on the valuation made by an institution dedicated to the professional valuation of such financial transactions (including the Bank) or based on a financial model that allows measurement and is approved by the Statutory Auditor.

Fair value of interest rate swap (IRS) instruments

The fair value of interest rate swap instruments covered by cash flow hedge accounting, with cash flows measured at fair value through equity, is determined on the last day of each quarter of the financial year and at the end of each financial year, based on the valuation made by an institution dedicated to the professional valuation of such financial transactions (including the Bank) or based on a financial model that allows measurement and is approved by the Statutory Auditor.

Valuation allowances for inventories

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At the end of each reporting period the Management Board verifies if there is any evidence pointing to a loss of value of its property development projects under completion, on the basis of sales reports, market research and other available evidence. Should the risk of a loss of value occur, the value of such projects is estimated by means of the DCF method and used to establish valuation allowances for inventories. The DCF method is based on discounted cash flows generated within approved investment schedules and proceeds from sales of flats, taking account of the selling price of one square metre of usable floor space, in accordance with the current market situation. The discount rate takes account of the weighted average cost of external and own capital (WACC).

The amount of inventory valuation allowances was estimated as at 30 September 2014 and may be subject to change, depending on the future fluctuations 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 is also related to the uncertainty regarding the proper estimation of the market conditions in the following years. Consequently, valuation allowances may change in the next financial periods.

The table below shows significant estimates as at 30 September 2014 and 31 December 2013:

(PLN'000)	30 September 2014 (unaudited)	31 December 2013 (audited)
Deferred tax asset	21,699	17,848
Fair value of investment property	1,455,002	1,359,625
Fair value of forward instruments	98	511
Fair value of interest rate swap instruments	5,926	1,507
Deferred tax liability	74,269	67,368
Valuation allowance for inventories	76,594	81,071

## 2.6. Information about the write-down of inventory to the net realizable value and the reversal of the write-down in respect of assets sold

(PLN'000)	30 September 2014 (unaudited)	31 December 2013 (audited)
Work in progress	867,911	726,101
Finished products	32,583	76,562
Write-down of inventory	(76,594)	(81,071)
<b>Total inventory</b>	<b>823,900</b>	<b>721,592</b>

Changes in the write-down of inventory:

(PLN'000)	Period ended 30 September 2014 (unaudited)	Year ended 31 December 2013 (audited)
<b>Beginning of period</b>	<b>81,071</b>	<b>92,917</b>
Increase	0	15,452
Utilization	(4,477)	(5,575)
Transfers to investment property item	0	(21,723)
Decrease	0	0
<b>End of period</b>	<b>76,594</b>	<b>81,071</b>

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**2.7. Information about impairment losses in respect of financial assets, property, plant and equipment, intangible assets or other assets and the reversal of such losses**

In the period of nine months ended 30 September 2014 there were no significant changes in impairment losses in respect of financial assets, property, plant and equipment, intangible assets and other assets, except for the provisions for bad debt (trade receivables), presented in the table below:

(PLN'000)	Period ended 30 September 2014 (unaudited)	Year ended 31 December 2013 (audited)
<b>Beginning of period</b>	<b>2,113</b>	<b>651</b>
Increase related to the acquisition of a subsidiary	0	969
Increase	1,311	550
Utilization	(123)	(57)
Decrease	(359)	0
<b>End of period</b>	<b>2,942</b>	<b>2,113</b>

**2.8. Information about creating, increasing, utilizing and reversing provisions**

The amounts of provisions and the reconciliation presenting the changes in their position during the reporting period are shown in the table below:

	<i>One-off retirement, disability and death benefits</i>	<i>Disputes and litigation</i>	<i>Remediation of construction defects and faults</i>	<i>Total</i>
<b>As at 1 January 2014</b>	<b>22</b>	<b>12,317</b>	<b>300</b>	<b>12,639</b>
Created	0	22	0	22
Utilized	0	(48)	0	(48)
Reversed	0	(40)	0	(40)
<b>As at 30 September 2014 (unaudited)</b>	<b>22</b>	<b>12,251</b>	<b>300</b>	<b>12,573</b>
Current provisions as at 30 September 2014	0	12,251	300	<b>12,551</b>
Non-current provisions as at 30 September 2014	22	0	0	<b>22</b>
<b>As at 1 January 2013</b>	<b>22</b>	<b>97</b>	<b>300</b>	<b>419</b>
Created during the accounting year	0	456	0	456
Increase related to the acquisition of a subsidiary	0	12,000	0	12,000
Utilized	0	(226)	0	(226)
Reversed	0	(10)	0	(10)
<b>As at 31 December 2013 (audited)</b>	<b>22</b>	<b>12,317</b>	<b>300</b>	<b>12,639</b>
Current provisions as at 31 December 2013	0	12,317	300	<b>12,617</b>
Non-current provisions as at 31 December 2013	22	0	0	<b>22</b>

**2.9. Information about deferred tax liabilities and deferred tax assets**

Deferred income tax arises from the following items:

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(PLN'000)	Statement of financial position		Deferred income tax burden for the period ended	
	30 September 2014 (unaudited)	31 December 2013 (audited)	30 September 2014 (unaudited)	31 December 2013 (audited)
<b>Deferred tax liability</b>				
Accrued interest and discounts on borrowings, bonds, promissory notes and deposits	(19,680)	(14,423)	(5,257)	9,817
Valuation of investment property	(50,604)	(49,525)	(1,079)	(8,571)
Difference in the value of tangible assets (tax depreciation and book depreciation)	(25,335)	(18,676)	(6,659)	(6,741)
Other	(61)	(390)	329	(164)
<b>Gross deferred tax liability</b>	<b>(95,680)</b>	<b>(83,014)</b>		
<b>Deferred tax assets</b>				
Provisions and prepayments and accrued income	138	794	(656)	92
Accrued interest and discounts on borrowings, bonds and promissory notes	12,956	9,431	3,525	5,534
Foreign exchange differences	3,883	3,468	415	(625)
Difference in the value of other assets (tax value and book value)	3,884	5,940	(2,056)	(17,073)
Losses potentially deductible from the future taxable income	21,193	13,493	7,700	8,335
Other	1,056	368	688	329
<b>Gross deferred tax assets</b>	<b>43,110</b>	<b>33,494</b>		
<b>Deferred tax burden</b>			<b>(3,050)</b>	<b>(9,067)</b>
<b>Net deferred tax asset</b>	<b>21,699</b>	<b>17,848</b>		
<b>Net deferred tax liability</b>	<b>(74,269)</b>	<b>(67,368)</b>		

Because of the specific nature of its activity, involving the generation of taxable income which is deferred in time, the Group recognizes the incurred tax losses by the time it earns the taxable income, taking account of the tax regulations concerning the possibility of offsetting such losses. The amount of the deferred tax asset on account of tax losses, included in the deferred tax, is presented in the table above.

As at 30 September 2014, the Group conducted the recoverability analysis of the created and potential deferred tax asset and did not create a deferred tax asset on account of, among others, tax losses incurred in the companies of PLN 4,187,000 (the corresponding amount as at 31 December 2013 totalled PLN 8,021,000), which can be utilized within a maximum period of five years as of the end of the reporting period in which they arose. In addition, the Group did not create a deferred tax asset of PLN 14,525,000 based on the temporary differences between the book value and the tax value of respective items of assets and equity and liabilities (the corresponding amount as at 31 December 2013 totalled PLN 14,349,000).

## 2.10. Information about significant purchase and sale transactions regarding property, plant and equipment

In the period of nine months ended 30 September 2014, the value of property, plant and equipment purchased by the Group totalled PLN 416,000.

In the period of nine months ended 30 September 2014, the Group did enter into any significant sale transactions regarding property, plant and equipment items.

## 2.11. Information about significant liabilities on account of the purchase of property, plant and equipment

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As at 30 September 2014, there were no significant liabilities on account of the purchase of property, plant or equipment.

**2.12. Information about significant settlements on account of litigation**

In the period of nine months ended 30 September 2014, the Group recorded no significant settlements on account of litigation.

**2.13. Disclosure of the correction of errors of the previous periods**

In the period of nine months ended 30 September 2014, there were no corrections of errors of the previous periods.

**2.14. Information about changes in the economic situation and conditions for running a business activity which have a considerable impact on the fair value of the Group's financial assets and financial liabilities, regardless of whether such assets and liabilities are recognized at fair value or at adjusted purchase price (depreciated cost)**

Considerable fluctuations of the EUR exchange rate translate into significant changes in the EUR valuation of assets/equity and liabilities (i.e. commercial property and the loans financing it) converted into PLN according to the average exchange rate of NBP effective at the end of each accounting period. The situation on the financial markets also has an impact on the valuation of financial instruments in the form of forward and IRS contracts, disclosed in the statement of comprehensive income.

**2.15. Information about the failure to repay a loan or borrowing or the infringement of material provisions of the loan or borrowing agreement with regard to which no corrective actions were taken by the end of the reporting period**

No such events occurred in any of the Group's undertakings.

**2.16. Information on single or numerous transactions (individually or collectively deemed significant and made on the terms other than at arm's length) concluded by the Issuer or its subsidiary undertaking with related entities**

In the discussed reporting period neither the Issuer nor its subsidiary undertakings concluded with related entities any transactions, which, individually or collectively, could be deemed significant and were effected on the terms other than at arm's length.

**2.17. Information about the change in the way (method) of determining the fair value for the financial instruments measured at fair value**

None occurred.

**2.18. Information about the change in the classification of financial assets, resulting from the change in the purpose or utilization of such assets**

None occurred.

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## 2.19. Financial liabilities

## 2.19.1 Interest-bearing bank loans and bonds

Non-current	Repayment date	30 September 2014 (unaudited)	31 December 2013 (audited)
Bank loan in EUR (its non-current part) (a)	31 Dec 2017	153,143	164,071
Bank loan in EUR (its non-current part) (b)	15 June 2022	218,462	143,669
Bank loan in EUR (its non-current part) (c)	20 Dec 2022	223,944	228,313
Bank loan in EUR (its non-current part) (d)	31 Dec 2025	16,967	-
Bank loan in PLN (its non-current part) (d)	31 May 2016	767	-
Bank loan in PLN (its non-current part) (e)	31 Jan 2016	29,921	29,880
Bank loan in PLN (its non-current part) (f)	31 Dec 2018	49,555	-
Bank loan in PLN (its non-current part) (g)	31 Dec 2015	2,559	-
Bond scheme (i)	-	-	64,724
Bond scheme (j)	30 Oct 2018	49,503	49,419
Bond scheme (k)	6 June 2019	49,533	-
		<b>794,394</b>	<b>680,076</b>

Current	Repayment date	30 September 2014 (unaudited)	31 December 2013 (audited)
Bank loan in EUR (its current part) (a)	30 Sept 2015	15,953	15,197
Bank loan in EUR (its current part) (b)	30 Sept 2015	8,998	3,321
Bank loan in PLN (its current part) (b)	30 Dec 2014	4,468	1,807
Bank loan in EUR (its current part) (c)	30 Sept 2015	7,920	7,690
Bank loan in PLN (its current part) (g)	30 Sept 2015	8,539	-
Bond scheme (h)	-	-	90,158
Bond scheme (i)	25 May 2015	66,332	395
Bond scheme (j)	30 Oct 2014	1,297	511
Bond scheme (k)	6 Dec 2014	1,006	-
		<b>114,513</b>	<b>119,079</b>

- (a) Loan in Arkady Wrocławskie S.A. taken out in EUR on 28 February 2008 with the consortium of banks: ING Bank Śląski S.A. and Kredyt Bank S.A. (at present: BZ WBK S.A.)
- (b) On 15 July 2011, Warszawa Przyokopowa Sp. z o.o. concluded with Raiffeisen Bank Polska S.A. the agreement on an investment loan for the maximum of EUR 49,000,000 and a revolving loan for VAT purposes for the maximum of PLN 6,600,000 in order to finance, partially, the construction of Wola Center, an office complex in Warsaw. On 26 June 2014 the company concluded an annexe to the Loan Agreement, pursuant to which the maximum amount of the loan was increased to EUR 55,000,000.
- (c) Loan in Sky Tower S.A. taken out in EUR pursuant to the agreement of 29 December 2012 concluded with the consortium of banks: Getin Noble Bank S.A. and Alior Bank S.A.



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- (d) Loans taken out by LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k. pursuant to the agreement of 14 May 2014 concluded with PKO BP S.A. A loan in EUR, representing the EUR equivalent of up to PLN 62,000,000, is designed for the partial financing of the construction of an office and retail complex, with shopping and service functions, together with car parks, called Silesia Star, located in Katowice, at ul. Roździeńskiego 10, and a revolving VAT loan for up to PLN 3,000,000 PLN.
- (e) Loan in PLN taken out by LC Corp S.A. with Getin Noble Bank S.A., pursuant to the agreement concluded on 19 December 2011, initiated in 2012 in LC Corp S.A.
- (f) Loan in PLN taken out by LC Corp S.A. with Getin Noble Bank S.A., pursuant to the agreement concluded on 29 April 2014, initiated on 30 April 2014 in LC Corp S.A.
- (g) Loan in PLN taken out by LC Corp Invest XV Sp. z o.o. Projekt 1 Sp. k. with PKO BP S.A., pursuant to the agreement of 4 April 2014, initiated on 5 June 2014, intended for the financing of a residential project.
- (h) Coupon bonds – the issue of 15 April 2011, including 1,000 three-year unsecured coupon bonds, having a par value of PLN 100,000 each. On 26 November 2013, LC Corp S.A. bought back 110 of these bonds, having a par value of PLN 100,000 each and a total par value of PLN 11,000,000, for the purpose of redeeming them. The buy-back of the remaining bonds took place on 15 April 2014.
- (i) Coupon bonds – the issue of 1 June 2012, including 650 three-year unsecured coupon bonds, having a par value of PLN 100,000 each.
- (j) Coupon bonds – the issue of 31 October 2013, including 500 five-year unsecured coupon bonds, having a par value of PLN 100,000 each and a total par value of PLN 50,000,000.
- (k) Coupon bonds – the issue of 6 June 2014, including 50,000 five-year unsecured coupon bonds, having a par value of PLN 1,000 each and a total par value of PLN 50,000,000.

The allocation of respective loans and bonds to the operating segments is presented in Note 2.24.

### 2.19.2 Other liabilities on account of financial instruments

As at 30 September 2014 and 31 December 2013, the fair value measurement of transactions hedging the risk of an interest rate increase, of the IRS type, was disclosed in the Liabilities on account of loans and bonds item, in the amounts presented below:

	30 September 2014 (unaudited)	31 December 2013 (audited)
Non-current liabilities	2,015	1,038
Current liabilities	3,911	469
<b>Total</b>	<b>5,926</b>	<b>1,507</b>

The allocation of respective instruments to the operating segments is presented in Note 2.24.

### 2.19.3 Issue and redemption of equity securities

In the period of nine months ended 30 September 2014, the following bond issues and buy-backs took place:

- 1) On 15 April 2014, LC Corp S.A. bought back, according to the schedule, 890 unsecured dematerialised coupon bonds, LCC001150414 series, ISIN code PLLCCRP00033, having a par value of PLN 100,000.00 each and a total par value of PLN 89,000,000, issued on 15 April 2011.
- 2) On 6 June 2014, LC Corp S.A. issued 50,000 five-year unsecured coupon bonds, having a par value of PLN 1,000 each and a total par value of PLN 50,000,000, pursuant to the Bond Issue Scheme Agreement



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concluded with the following banks: Pekao S.A., with its registered seat in Warsaw, and BRE Bank S.A., with its registered seat in Warsaw, with the maturity date falling on 6 June 2019.

**2.19.4 Incurring and repaying bank loans and borrowings****Repayment of the loan taken out by Arkady Wrocławskie with a bank consortium**

During the period of nine months ended 30 September 2014, Arkady Wrocławskie S.A. repaid in accordance with the payment schedule the instalments of the loan in EUR taken out with the consortium of banks: ING Bank Śląski S.A. and Kredyt Bank S.A. (at present: BZ WBK SA) of PLN 11,821,000. As at 30 September 2014, the total debt value translated into the zloty was PLN 169,096,000.

**Taking out and repaying loans by Warszawa Przyokopowa Sp. z o.o.**

On 15 July 2011, Warszawa Przyokopowa Sp. z o.o. concluded with Raiffeisen Bank Polska S.A. the agreement on an investment loan for the maximum of EUR 49,000,000 and a revolving VAT loan for the maximum of PLN 6,600,000, to provide the partial financing for the construction of an office complex with retail and service facilities, located in Warsaw at ul. Przyokopowa 33. On account of the above, in the reporting period ended 30 September 2014, the Company, pursuant to the loan agreement, initiated the EUR loan in the total amount of PLN 81,725,000 and repaid PLN 2,199,000 on account of this loan, and made the net initiation (initiations minus repayments) of the revolving VAT loan in the amount of PLN 2,660,000.

On 26 June 2014, Warszawa Przyokopowa Sp. z o.o. concluded an annexe to the Loan Agreement, pursuant to which the maximum amount of the loan was increased to EUR 55,000,000. On 30 July 2014 the last tranche of this loan was initiated.

**Conclusion of forward and IRS transactions by Warszawa Przyokopowa Sp. z o.o.**

In the period from 1 January 2014 to 30 September 2014, pursuant to the framework agreement of 1 June 2012, the Company entered into forward currency transactions, in the scope of futures and derivatives, in connection with the execution of the loan agreement, for the total of PLN 42,266,000. The total nominal value of the said transactions, in the base amount, was EUR 10,154,000, with the maturity date falling on 14 August 2014.

**Repayment of the loan taken out by Sky Tower S.A. with a bank consortium**

During the period of nine months ended 30 September 2014 Sky Tower S.A. repaid in accordance with the payment schedule the instalments of the loan in EUR taken out with the consortium of banks of PLN 5,742,000. As at 30 September 2014 the total debt value translated into the zloty was PLN 231,864,000.

**Conclusion of forward and IRS transactions by Sky Tower S.A.**

In the period from 1 January 2014 to 30 September 2014 the Company did not enter into any new future or derivative transactions.

**Loan taken out by LC Corp Invest XV Sp. z o.o. Projekt 8 Sp. k.**

On 27 December 2013, LC Corp Invest XV Sp. z o.o. Projekt 8 Sp. k. concluded with PKO BP S.A. (Lender) the agreement on an investment loan for the maximum of PLN 31,173,000 to finance the investment project carried out in ul. Sowińskiego in Warsaw.

The loan was initiated on 21 March 2014. On 23 July 2014, the early repayment of the whole loan was made in the total amount of PLN 11,126,000.

**Loan taken out by LC Corp Invest XV Sp. z o.o. Projekt 1 Sp. k**

On 4 April 2014, LC Corp Invest XV Sp. z o.o. Projekt 1 Sp. k. entered into the agreement with PKO BP S.A. (the Lender) on an investment loan for the maximum of PLN 18,773,987 in order to finance its ongoing construction project,

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i.e. stage II of the project carried out in ul. Graniczna in Wrocław. In the reporting period ended 30 September 2014, the Company initiated the loan, pursuant to the agreement, for the total of PLN 11,138,000.

On 15 October 2014, the early repayment of the loan was made in the total amount of PLN 11,138,000.

**Loan agreements concluded by LC Corp S.A. and Getin Noble Bank S.A.**

On 29 April 2014, LC Corp S.A. concluded the agreement with Getin Noble Bank S.A. (the Lender) on a bank loan of PLN 50,000,000, intended for the financing of the Issuer's activity, including the financing of land acquisition for property development projects and the financing of the initial stages of such projects. The loan was initiated in whole on 30 April 2014.

On 18 June 2014, LC Corp S.A. concluded the agreement with Getin Noble Bank S.A. (the Lender) on a bank loan of PLN 40,000,000 intended for the financing of the Issuer's activity, including the financing of land acquisition for property development projects and the financing of the initial stages of such projects. As at 30 September 2014, the loan was not initiated yet.

**Loan agreements concluded by LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k.**

On 14 May 2014, LC Corp Invest XVII Spółka z ograniczoną odpowiedzialnością Projekt 20 Sp. k., acting as a borrower, concluded the agreement with PKO BP S.A. on a loan of up to the EUR equivalent of PLN 62,000,000, intended for the partial financing of the construction of an office and retail complex, comprising a shopping and service part and car parks, under the name of Silesia Star in Katowice, at ul. Roździeńskiego 10, and a revolving VAT loan for the maximum of PLN 3,000,000.

On account of the above, in the period of nine months ended 30 September 2014, the Company initiated, pursuant to the loan agreement, the loan in EUR for the total of PLN 17,064,000 and made the net initiation (drawings minus repayments) of the revolving VAT loan of PLN 767,000.

**Conclusion of forward and IRS transactions by LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k.**

In the period from 1 January 2014 to 30 September 2014 LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. kom. pursuant to the framework agreement of 30 June 2014, entered into forward currency transactions, in the scope of futures and derivatives, in connection with the execution of the loan agreement, for the total of PLN 48,014,000. The total nominal value of the said transactions, in the base amount, was EUR 11,314,000, with the maturity dates falling in the period from 20 August 2014 to 3 November 2015.

**2.19.5 Collaterals**

As at 30 September 2014 the repayment of loans was secured mainly by:

**Security for the loans granted to finance commercial properties:**

1. Security for the bank loan agreement concluded by Arkady Wrocławskie S.A.:
  - capped mortgage (*loan in EUR*) – up to EUR 86,802,000,
  - pledge on the shares of Arkady Wrocławskie S.A. held by LC Corp S.A. – up to the amount of EUR 91,500,000,
  - pledge by registration on bank accounts – up to the amount of PLN 38,220,000,
  - pledge by registration on bank accounts (*loan in EUR*) – up to the amount of EUR 91,500,000,
  - assignment of rights arising from rental contracts, insurance and guarantees related to agreements with contractors to the extent to which they apply to particular property development projects,
  - deposit of EUR 500,000.
2. Security for the bank loan agreement concluded by Warszawa Przyokopowa Sp. z o.o.:
  - first ranking contractual capped mortgage for up to EUR 75,957,124.43,
  - financial pledges and pledges by registration on accounts receivable from bank accounts with a power of attorney to manage these accounts,

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- pledge by registration on all shares of Warszawa Przyokopowa Sp. z o.o. with a financial pledge,
  - assignment of security for the borrower's rights arising from all agreements concluded by the Borrower,
  - support agreement concluded by the borrower, the bank and LC Corp S.A., pursuant to which LC Corp S.A. will be obliged to ensure the necessary funds up to 10% of the assumed construction costs should they be exceeded,
  - subordination agreement on claims from other creditors of the borrower, being the borrower's partners, making them junior to the claims of the bank resulting from the Agreement.
3. Security for the transactions hedging against foreign exchange risk and interest rate risk (hedging agreements), concluded pursuant to the framework agreement of 1 June 2012, established by Warszawa Przyokopowa Sp. z o.o.:
- contractual mortgage for up to PLN 135,000,000,
  - declaration on submission to enforcement pursuant to Art. 97 of the Banking Law for up to the total of PLN 135,000,000.
4. Security for the agreement on a bank loan taken out by Sky Tower S.A.:
- first ranking contractual mortgage for up to EUR 90,000,000,
  - financial pledges and pledges by registration on accounts receivable from bank accounts with a power of attorney to manage these accounts,
  - declaration on submission to enforcement pursuant to Art. 97 of the Banking Law,
  - pledges by registration on all shares of Sky Tower S.A. and the financial pledge for up to EUR 90,000,000,
  - assignment of security for the borrower's rights arising from all agreements concluded by the Borrower,
  - subordination agreement on claims from other creditors of the borrower, being the borrower's partners, making them junior to the claims of the bank resulting from the Agreement.
5. Security for the transactions hedging against foreign exchange risk and interest rate risk (hedging agreements), concluded pursuant to the framework agreement of 27 December 2012, established by Sky Tower S.A.:
- first ranking contractual mortgage for up to EUR 44,000,000,
  - declaration on submission to enforcement pursuant to Art. 97 of the Banking Law.
6. Security for the agreement on a bank loan taken out by LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp.k.:
- contractual mortgage for up to the total of EUR 36,833,333.33 established on a parcel of land owned by LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k.,
  - support agreement concluded by the borrower, the bank and the Issuer, pursuant to which the Issuer, acting as a guarantor, will be obliged, among others, to provide financial support to the borrower under the circumstances specified in the agreement,
  - four blank promissory notes with promissory note agreements, guaranteed by the Issuer by the time of submitting to the Bank the rental contracts, covering at least 20% of the leasable space in the Silesia Star building, concluded with tenants not related to the Issuer,
  - assignment of amounts receivable under the construction/erection all risks insurance agreement during the period of carrying out the project and, after its completion, assignment of amounts receivable under the fire and other accidents insurance agreement concerning real estate, concluded with the insurance company for the amount not lower than the amount of debt on account of the loan,
  - financial pledges and pledges by registration on accounts receivable from bank accounts with a power of attorney to manage these accounts,
  - declaration on submission to enforcement pursuant to Art. 97 of the Banking Law,
  - pledges by registration on the enterprise of LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp.k.,
  - assignment of security for the borrower's rights arising from all agreements concluded by the Borrower,
  - subordination agreement on claims from other creditors of the borrower, being the borrower's partners, making them junior to the claims of the bank resulting from the Agreement.

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7. Security for the transactions hedging against foreign exchange risk and interest rate risk (hedging agreements), concluded pursuant to the framework agreement of 30 June 2014, established by LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp.k.:
  - contractual mortgage for up to PLN 61,470,300.00 established as second ranking security and subordinated to the mortgage established on the parcel of land owned by LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k. as security for the investment loan and the revolving VAT loan,
  - declaration on submission to enforcement pursuant to Art. 97 of the Banking Law.

#### Security for the loans granted to finance residential projects or to finance the acquisition of land for such projects and their initial stages:

8. Security for respective bank loan agreements concluded by LC Corp S.A. with Getin Noble Bank S.A. is represented by:
  - a) with regard to the loan agreement of 19 December 2011 for PLN 30,000,000:
    - first ranking contractual mortgage for up to PLN 45,000,000,
    - declaration on submission to enforcement pursuant to Art. 97 of the Banking Law.
  - b) with regard to the loan agreement of 29 April 2014 for PLN 50,000,000:
    - contractual joint mortgage for up to PLN 75,000,000.00 on the real property belonging to the Issuer and on the real property belonging to the Issuer's subsidiary undertakings – LC Corp Invest II Sp. z o.o. and LC Corp Invest XV sp. z o.o. Investments S.K.A.,
    - surety granted by the Issuer's subsidiary undertakings – LC Corp Invest II Sp. z o.o. and LC Corp Invest XV sp. z o.o. Investments S.K.A.
    - declaration on submission to enforcement pursuant to Art. 97 of the Banking Law.
9. Security for the bank loan agreement concluded by LC Corp Invest XV Sp. z o.o. Projekt 1 Sp.k.:
  - contractual mortgage for up to PLN 28,160,981 on the real property in the form of land owned by LC Corp Invest XV Sp. z o.o. Projekt 1 Sp. k.,
  - assignment of amounts receivable under the construction/erection all risks insurance agreement during the period of carrying out the project and, after its completion, assignment of amounts receivable under the fire and other accidents insurance agreement concerning real estate, concluded with the insurance company for the amount not lower than the amount of debt on account of the loan,
  - assignment to the bank of amounts receivable on account of preliminary agreements concluded so far and newly concluded preliminary agreements as well as agreements on the sale of residential premises,
  - the Borrower's blank promissory note with the promissory note agreement, guaranteed by LC Corp Invest I Spółka z o.o.

#### 2.19.6 Liabilities on account of the acquisition of a subsidiary undertaking

In connection with the extension of the payments terms regarding the price of the shares of Sky Tower S.A., acquired on 6 December 2013, the resultant liabilities were disclosed in their discounted value. As at 30 September 2014 the amount of discount totalled PLN 21,709,000. In the period ended 30 September 2014 LC Corp S.A. repaid this liability as planned for the period in the amount of PLN 42,000,000.

Discounted liabilities as at 30 September 2014 and as at 31 December 2013 are presented in the table below:

	30 September 2014 (unaudited)	31 December 2013 (audited)
Non-current liabilities	180,291	175,572
Current liabilities	0	41,264
<b>Total</b>	<b>180,291</b>	<b>216,836</b>

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

The Parent Undertaking, LC Corp S.A., did not make or declare any payment of dividend.

**2.21. Events subsequent to 30 September 2014, not disclosed in these statements, which could have a material bearing on the future financial results of the LC Corp Group**

1. On 17 October 2014, a resolution was adopted to increase the share capital of Warszawa Przyokopowa Sp. z o.o. by PLN 30,001,000 through the creation of new shares that were taken up by LC Corp Invest XVIII Sp. z o.o. (10 shares) and LC Corp Invest XVIII Sp. z o.o. Real Estate S.K.A. (300,000 shares), which thus became the company's new shareholders. Both companies belong to the LC Corp Group and are fully controlled by the Issuer. The increase in the share capital was registered by the Court of Registration of KRS on 24 October 2014.
2. On 24 October 2014, in connection with the annexe to the bank loan agreement concluded on 15 July 2011 between Warszawa Przyokopowa sp. z o.o. and Raiffeisen Bank Polska S.A., resulting from a change in the composition of shareholders of Warszawa Przyokopowa sp. z o.o., additional security was provided for the loan agreement in its form as concluded by the bank with all shareholders of Warszawa Przyokopowa sp. z o.o., i.e. the agreement subordinating all their amounts receivable from the borrower, and LC Corp S.A. concluded with the bank the agreement on registered pledge over all shares of LC Corp Invest XVIII sp. z o.o. as well as a financial pledge.

**2.22. Changes in contingent liabilities or contingent assets after the end of the last accounting year**

As of the end of the last accounting year there were no significant changes with regard to contingent liabilities or contingent assets of the Group companies.

Apart from contingent liabilities representing security for bank loans, described in detail in Note 2.19.5, as at 30 September 2014 the Group companies did not have any significant liabilities other than those presented in the statement of financial position.

**2.23. Other information material for the Group's assessment of its personnel, asset, financial and profit/loss standing and related changes and of the feasibility of fulfilling its obligations**

In the discussed reporting period, there were no events material for the assessment of the Group's personnel, asset, financial or profit/loss standing or related changes or of the feasibility of discharging its obligations.

**2.24. Revenue and profit/loss attributable to respective operating segments**

For management purposes, the Group distinguishes three reporting operating segments:

- rental services segment
- property development activity segment
- holding activity segment

The Group measures the results of operating segments on the basis of sales revenue and gross sales result. The results of other operating activity and financial activity are managed at the Group's level and are not allocated to operating segments.

In the tables below, the data (PLN'000) concerning revenues and profits of the Group's individual segments have been provided for the period of nine months ended 30 September 2014 and 30 September 2013 and those concerning assets and liabilities as at 30 September 2014 and 31 December 2013.

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Period of 9 months ended 30 September 2014 (unaudited)	Rental service activity	Property development activity	Holding activity (other)	Total activity
<b>Total sales revenue</b>	<b>85,763</b>	<b>110,188</b>	<b>154</b>	<b>196,105</b>
<b>Pre-tax profit (loss) on sales</b>	<b>61,467</b>	<b>23,125</b>	<b>154</b>	<b>84,746</b>
Unallocated revenues				7,676
Unallocated expenses				(43,094)
<b>Pre-tax profit (loss)</b>				<b>49,328</b>
Income tax (tax burden)				(7,068)
<b>Profit (loss) after tax</b>				<b>42,260</b>
<b>Period of 9 months ended 30 September 2013 (unaudited)</b>	<b>Rental service activity</b>	<b>Property development activity</b>	<b>Holding activity (other)</b>	<b>Total activity</b>
<b>Total sales revenue</b>	<b>30,551</b>	<b>98,288</b>	<b>391</b>	<b>129,230</b>
<b>Pre-tax profit (loss) on sales</b>	<b>20,817</b>	<b>19,782</b>	<b>176</b>	<b>40,775</b>
Unallocated revenues				69,742
Unallocated expenses				(39,882)
<b>Pre-tax profit (loss)</b>				<b>70,635</b>
Income tax (tax burden)				(10,436)
<b>Profit (loss) after tax</b>				<b>60,199</b>
<b>As at 30 September 2014 (unaudited)</b>	<b>Rental service activity</b>	<b>Property development activity</b>	<b>Holding activity (other)</b>	<b>Total activity</b>
<b>Assets and liabilities</b>				
Total assets	1,592,216	949,214	79,613	2,621,043
Total liabilities	779,287	435,878	182,548	1,397,713
including: Liabilities on account of loans and bonds	656,548	258,285	0	914,833
Liabilities on account of the acquisition of a subsidiary	0	0	180,291	180,291
<b>As at 31 December 2013 (audited)</b>	<b>Rental service activity</b>	<b>Property development activity</b>	<b>Holding activity (other)</b>	<b>Total activity</b>
<b>Assets and liabilities</b>				
Total assets	1,535,958	788,193	89,797	2,413,948
Total liabilities	685,104	322,888	221,180	1,229,172
including: Liabilities on account of loans and bonds	565,575	235,087	0	800,662
Liabilities on account of the acquisition of a subsidiary	0	0	216,836	216,836



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## 3. INTERIM CONDENSED FINANCIAL STATEMENTS OF LC CORP S.A.

## STATEMENT OF FINANCIAL POSITION

	30 September 2014 end of quarter	31 December 2013 end of previous year
(PLN'000)	(unaudited)	(audited)
<b>Assets</b>		
<b>A. Non-current assets</b>	<b>1,135,095</b>	<b>1,182,668</b>
1. Intangible assets	283	323
2. Property, plant and equipment	1,135	1,074
2.1. Tangible assets	1,044	881
2.2. Tangible assets under construction	91	193
3. Non-current loans and receivables	329,581	413,397
4. Non-current investments	803,252	767,311
5. Non-current prepayments and accrued income	0	0
6. Deferred tax assets	844	563
<b>B. Current assets</b>	<b>221,306</b>	<b>177,231</b>
1. Inventories	115,854	99,585
2. Trade and other receivables	4,793	1,252
3. Income tax receivable	0	0
4. Current financial assets	74,116	0
5. Cash and cash equivalents	26,192	76,278
6. Current prepayments and accrued income	351	116
<b>C. Non-current assets classified as held for sale</b>	<b>0</b>	<b>0</b>
<b>Total assets</b>	<b>1,356,401</b>	<b>1,359,899</b>
<b>Equity and liabilities</b>		
<b>A. Equity</b>	<b>859,327</b>	<b>837,911</b>
1. Share capital	447,558	447,558
2. Balance of called-up share capital not paid	0	0
3. Reserve funds	357,285	333,863
4. Other reserve funds	30,000	30,000
5. Other capital	3,068	3,068
6. Retained profit (loss carried forward)	21,416	23,422
<b>B. Non-current liabilities</b>	<b>411,194</b>	<b>365,891</b>
1. Non-current financial liabilities	230,884	190,300
2. Non-current liabilities on account of the acquisition of a subsidiary	180,291	175,572
3. Provisions	19	19
4. Deferred tax liability	0	0
<b>C. Current liabilities</b>	<b>85,880</b>	<b>156,097</b>
1. Current financial liabilities	84,288	110,565
2. Current liabilities on account of the acquisition of a subsidiary	0	41,264
3. Current trade and other payables	904	1,254
4. Income tax payable	0	0
5. Provisions	11	11
6. Accrued expenses and revenue	677	3,003
<b>Total equity and liabilities</b>	<b>1,356,401</b>	<b>1,359,899</b>

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## STATEMENT OF COMPREHENSIVE INCOME

(PLN'000)	Q3 2014 period from 1 July 2014 to 30 Sept 2014 (unaudited)	3 quarters 2014 cumulative from 1 Jan 2014 to 30 Sept 2014 (unaudited)	Q3 2013 period from 1 July 2013 to 30 Sept 2013 (unaudited)	3 quarters 2013 cumulative from 1 Jan 2013 to 30 Sept 2013 (unaudited)
<b>Revenue</b>				
Revenue from sale of services	1,941	5,501	1,575	22,462
Revenue from interest and discounts	4,744	14,468	6,325	21,368
Revenue from dividend	0	29,548	14,781	14,781
Other financial income	0	3,093	0	6,879
Other operating income	52	69	65	93
<b>Total operating income</b>	<b>6,737</b>	<b>52,679</b>	<b>22,746</b>	<b>65,583</b>
<b>Expenses</b>				
Operating expenses	(4,036)	(12,691)	(4,614)	(29,056)
Costs of interest and discounts	(4,493)	(12,673)	(4,151)	(13,243)
Other financial expenses	(1,833)	(6,112)	(119)	(4,452)
Other operating expenses	(62)	(68)	(13)	(244)
<b>Total operating expenses</b>	<b>(10,424)</b>	<b>(31,544)</b>	<b>(8,897)</b>	<b>(46,995)</b>
<b>Pre-tax profit (loss)</b>	<b>(3,687)</b>	<b>21,135</b>	<b>13,849</b>	<b>18,588</b>
Corporate income tax (tax burden)	25	281	145	(236)
<b>Net profit/(loss) on continued operations</b>	<b>(3,662)</b>	<b>21,416</b>	<b>13,994</b>	<b>18,352</b>
<b>Discontinued operations</b>				
Profit (loss) on discontinued operations	0	0	0	0
<b>Net profit/(loss)</b>	<b>(3,662)</b>	<b>21,416</b>	<b>13,994</b>	<b>18,352</b>
<b>Other comprehensive income</b>				
Other components of comprehensive income	0	0	0	0
Income tax relating to other components of comprehensive income	0	0	0	0
<b>Other comprehensive income (net of tax)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>	<b>(3,662)</b>	<b>21,416</b>	<b>13,994</b>	<b>18,352</b>



## CONSOLIDATED QUARTERLY REPORT

## STATEMENT OF CHANGES IN EQUITY

(PLN'000) (unaudited)	Share capital	Balance of called-up share capital not paid	Reserve funds	Other reserve funds	Other capital	Retained earnings (loss carried forward)	Total
<b>As at 1 January 2014</b>	<b>447,558</b>	<b>0</b>	<b>333,863</b>	<b>30,000</b>	<b>3,068</b>	<b>23,422</b>	<b>837,911</b>
<i>Net profit for the period of 9 months ended 30 September 2014</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>21,416</i>	<i>21,416</i>
<i>Other comprehensive income for the period of 9 months ended 30 September 2014</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 9 months ended 30 September 2014</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21,416</b>	<b>21,416</b>
<i>Transfer of profit for 2013 to reserve funds</i>	<i>0</i>	<i>0</i>	<i>23,422</i>		<i>0</i>	<i>(23,422)</i>	<i>0</i>
<b>As at 30 September 2014</b>	<b>447,558</b>	<b>0</b>	<b>357,285</b>	<b>30,000</b>	<b>3,068</b>	<b>21,416</b>	<b>859,327</b>

(PLN'000) (audited)	Share capital	Balance of called-up share capital not paid	Reserve funds	Other reserve funds	Other capital	Retained earnings (loss carried forward)	Total
<b>As at 1 January 2013</b>	<b>447,558</b>	<b>0</b>	<b>304,135</b>	<b>30,000</b>	<b>3,068</b>	<b>29,728</b>	<b>814,489</b>
<i>Net profit for 2013</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>23,422</i>	<i>23,422</i>
<i>Other comprehensive income for 2013</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 2013</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23,422</b>	<b>23,422</b>
<i>Transfer of profit for 2012 to reserve funds</i>	<i>0</i>	<i>0</i>	<i>29,728</i>	<i>0</i>	<i>0</i>	<i>(29,728)</i>	<i>0</i>
<b>As at 31 December 2013</b>	<b>447,558</b>	<b>0</b>	<b>333,863</b>	<b>30,000</b>	<b>3,068</b>	<b>23,422</b>	<b>837,911</b>

CONSOLIDATED QUARTERLY REPORT

(PLN'000) (unaudited)	Share capital	Balance of called-up share capital not paid	Reserve funds	Other reserve funds	Other capital	Retained earnings (loss carried forward)	Total
<b>As at 1 January 2013</b>	<b>447,558</b>	<b>0</b>	<b>304,135</b>	<b>30,000</b>	<b>3,068</b>	<b>29,728</b>	<b>814,489</b>
<i>Net profit for the period of 9 months ended 30 September 2013</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>18,352</i>	<i>18,352</i>
<i>Other comprehensive income for the period of 9 months ended 30 September 2013</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 9 months ended 30 September 2013</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,352</b>	<b>18,352</b>
<i>Transfer of profit for 2012 to reserve funds</i>	<i>0</i>	<i>0</i>	<i>29,728</i>		<i>0</i>	<i>(29,728)</i>	<i>0</i>
<b>As at 30 September 2013</b>	<b>447,558</b>	<b>0</b>	<b>333,863</b>	<b>69,771</b>	<b>3,108</b>	<b>18,352</b>	<b>832,841</b>

## CONSOLIDATED QUARTERLY REPORT

## STATEMENT OF CASH FLOWS

(PLN'000)	3 quarters 2014 period from 1 Jan 2014 to 30 Sept 2014	3 quarters 2013 period from 1 Jan 2013 to 30 Sept 2013
	(unaudited)	(unaudited)
<b>A. Cash flows from operating activities</b>		
<b>I. Pre-tax profit (loss) on continuing operations</b>	<b>21,135</b>	<b>18,588</b>
<b>II. Total adjustments</b>	<b>(72,377)</b>	<b>(53,967)</b>
1. Change in tangible assets and intangible assets	(22)	(115)
2. Change in provisions	0	157
3. Change in inventories	(16,269)	(61,767)
4. Change in receivables	(3,541)	4,408
5. Change in current liabilities (net of loans and borrowings)	(350)	(4,705)
6. Change in accruals and deferrals	(2,561)	(1,458)
7. Change in financial liabilities	(23,394)	13,670
8. Change in financial assets resulting from loans and notes	9,700	(3,520)
9. Change in financial assets resulting from shares	(35,940)	(700)
10. Corporate income tax	0	63
11. Other adjustments	0	0
<b>III. Net cash provided by (used in) operating activities (I±II)</b>	<b>(51,242)</b>	<b>(35,379)</b>
<b>B. Cash flows from financing activity</b>		
<b>I. Cash provided by financing activities</b>	<b>99,025</b>	<b>0</b>
1. Net proceeds from issue of shares and additional contributions to equity	0	0
2. Issue of debt securities	49,500	0
3. Loans	49,525	0
<b>II. Cash used in financing activities</b>	<b>99,025</b>	<b>(8,390)</b>
1. Acquisition of own (treasury) shares	0	0
2. Buyback of debt securities	(89,000)	0
3. Interest	(8,869)	(8,390)
4. Other financial expenses	0	0
<b>III. Net cash provided by (used in) financing activities (I–II)</b>	<b>1,156</b>	<b>(8,390)</b>
<b>C. Total net cash flow (A.III±B.III)</b>	<b>(50,086)</b>	<b>(43,769)</b>
<b>D. Balance-sheet change in cash, including:</b>	<b>(50,086)</b>	<b>(43,769)</b>
– change in the position of cash on account of foreign exchange differences		
<b>E. Cash at beginning of period</b>	<b>76,278</b>	<b>75,293</b>
<b>F. Cash at end of period (F±D)</b>	<b>26,192</b>	<b>31,524</b>
– restricted cash	20	20

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**OTHER INFORMATION AND NOTES TO FINANCIAL STATEMENTS****3.1. General information about the Issuer**

LC Corp S.A. (the "Issuer" or the "Company") was established by the Notarial Deed dated 3 March 2006. The Company's registered office is situated in Wrocław, Poland, at ul. Powstańców Śląskich 2-4. The Company has been entered into the register of entrepreneurs of the National Court Register maintained by the District Court for Wrocław-Fabryczna in Wrocław, 6<sup>th</sup> Commercial Section of the National Court Register, under KRS No. 0000253077.

As at 30 September 2014 the shares of LC Corp S.A. were in public trading.

The Company has been assigned statistical identification number REGON 020246398.

The Company has been established for an indefinite time. Its primary activity includes:

- PKD 64.20.Z Activities of financial holding companies

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

The interim condensed financial statements of LC Corp S.A. cover the period of nine months ended 30 September 2014. The detailed description of financial statement component parts has been presented in item 3.2.

**3.2. Rules adopted for drawing up the quarterly report (in particular the information on changes in the accounting principles/policy)**

These interim condensed financial statements of LC Corp S.A. comprise:

- statement of financial position as at 30 September 2014 and comparable financial data as at 31 December 2013;
- statement of comprehensive income for three quarters of 2014, i.e. for the period of nine months, cumulative from 1 January 2014 to 30 September 2014 as well as comparable data for a corresponding period of the previous year, i.e. for the period from 1 January 2013 to 30 September 2013;
- statement of cash flows for three quarters of 2014, i.e. for the period of nine months, cumulative from 1 January 2014 to 30 September 2014 as well as comparable data for a corresponding period of the previous year, i.e. for the period from 1 January 2013 to 30 September 2013;
- statement of changes in equity as at 30 September 2014 and comparable financial data as at 30 September 2013 and as at 31 December 2013;
- notes to financial statements.

Notes to financial statements and other information defined by Para. 87 of the Regulation of the Minister of Finance dated 19 February 2009 on current and periodic information published by the issuers of securities and the conditions for recognising as equivalent the information required by the law of a non-member state, representing an element of this Consolidated Quarterly Report for Q3 2014, are included in item 4.

The enclosed condensed financial statements of LC Corp S.A. were prepared in accordance with the International Financial Reporting Standards ("IFRS"), in particular with IAS 34 (concerning the preparation of interim financial statements) and IFRS adopted by the EU.

As at the day of approval of these statements for publication, taking into account the process of introducing IFRS standards, currently in progress in the EU, and the business activity conducted by the Group, in the scope of the accounting principles adopted by the Group the International Financial Reporting Standards differed from the International Financial Reporting Standards approved by the EU.

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

The interim condensed financial statements of LC Corp S.A. do not contain all information and disclosures required in the annual separate financial statements and they must be read together with the annual financial statements of LC Corp S.A. for the year ended 31 December 2013.

The interim condensed financial statements of LC Corp S.A. are presented in thousand zloty ("PLN"), and all values included in the tables and descriptions, if not indicated otherwise, are given in PLN'000.

The interim condensed financial statements of LC Corp S.A. were prepared on the going concern assumption, i.e. the continuation of the Company's business activity in the foreseeable future. As at the day of the approval of these financial statements, there were no circumstances identified implying any threats to the continuation of the Company's activity.

These interim condensed financial statements of LC Corp S.A. were approved by the Management Board for publication on 14 November 2014.

The information on the accounting principles adopted by the Issuer was presented in the annual financial statements of LC Corp S.A. for the year ended 31 December 2013, published on 21 March 2014.

The information about new standards and interpretations is included in item 2.3.

### 3.3. Seasonal or cyclical character of the Issuer's activity

The Company's activity is not seasonal in nature, therefore the presented Company's operating results are not subject to significant fluctuations during a year.

### 3.4. Information about significant estimates

The Management Board of LC Corp S.A. used their best knowledge of the applied standards and interpretations, and also the methods and principles of valuation of particular items of the enclosed condensed financial statements. Preparing the financial statements in accordance with IFRS required the Company Board to make some assessments and assumptions, which are reflected in these statements. The actual results may vary from these assessments. The presented financial data as at the end of Q3 2014 were not subject to examination by an auditor.

### Uncertainty of estimates

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

#### Deferred tax asset

The Company recognizes a deferred tax asset based on the assumption that a tax profit enabling its utilization should be obtained in the future. The worsening of the tax results attained in the future could cause that this assumption might become groundless.

#### Impairment of the shares held in subsidiary undertakings

As at the end of each reporting period the Management Board verifies if there is any evidence pointing to the impairment of the shares in subsidiary undertakings.

## CONSOLIDATED QUARTERLY REPORT

If the review reveals the existence of such impairment, the Management Board writes down these assets to their recoverable value. The recoverable value of an asset can be defined as being the higher one of two values: fair value less costs to sell and value in use.

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

The recoverable value of shares and the level of their write-downs were estimated as at 30 September 2014 and it may be subject to change depending on the fluctuations of the market prices of land, sale prices of flats, construction costs, project completion schedules and discount rate calculations in the future.

The actual results may vary from these estimates which were calculated on the grounds of the data available as at the reporting date. It is also related to the uncertainty regarding the proper estimation of the market conditions in the following years. Consequently, the level of write-downs may change in the following accounting periods.

#### Impairment of borrowings granted to subsidiary undertakings

As at the end of each reporting period the Management Board verifies if there is any evidence pointing to the impairment of the borrowings granted to subsidiary undertakings.

If the objective evidence, pointing to impairment losses on account of the granted borrowings, exists, the Management Board makes write-downs of such assets.

The amount of a write-down on account of impairment losses is equal to the difference between the carrying value of the financial asset and the present value of the estimated future cash flows generated by the subsidiary undertakings within the approved investment schedules and proceeds from the sale of flats, allowing for the sale price of 1 square metre of usable floor space in accordance with the current market situation and prices. The discount rate takes account of the weighted average cost of external and own capital (WACC).

The level of write-downs made with regard to the borrowings was estimated as at 30 September 2014 and it may be subject to change depending on the fluctuations of the market prices of land, sale prices of flats, construction costs, project completion schedules and discount rate calculations in the future. As at 30 September 2014 there were no write-downs of borrowings.

The table below presents the significant estimates as at 30 September 2014 and as at 31 December 2013.

	30 September 2014 (unaudited)	31 December 2013 (audited)
Deferred tax asset	844	563
Write-downs of shares and borrowings	81,803	84,897

#### **3.5. Information about the write-down of inventory to the net realizable value and the reversal of the write-down in respect of assets sold**

During the period of nine months ended 30 September 2014 there were no write-downs of inventory to the net realizable value.

#### **3.6. Information about impairment losses in respect of financial assets, property, plant and equipment, intangible assets or other assets and the reversal of such losses**

During the period of nine months ended 30 September 2014 there were no changes in impairment losses in respect of financial assets, property, plant and equipment, intangible values and other assets.

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In the period of nine months ended 30 September 2014 the Management Board reviewed the write-downs of shares to the net realizable value. As at 30 September 2014 the total value of write-downs of shares was PLN 81,803,000.

The table below presents the changes in write-downs of shares:

	Period ended 30 September 2014 (unaudited)	Year ended 31 December 2013 (audited)
<b>Beginning of period</b>	<b>(84,897)</b>	<b>(51,778)</b>
Increase	0	(50,439)
Utilization	0	0
Decrease	3,094	17,320
<b>End of period</b>	<b>(81,803)</b>	<b>(84,897)</b>

### 3.7. Information about creating, increasing, utilizing and reversing provisions

During the period of nine months ended 30 September 2014 the Company made no changes with regard to provisions.

### 3.8. Information about deferred tax liabilities and deferred tax assets

Deferred income tax arises from the following items:

	Statement of financial position		Statement of comprehensive income for the period ended	
	30 Sept 2014 (unaudited)	31 Dec 2013 (audited)	30 Sept 2014 (unaudited)	31 Dec 2013 (audited)
<b>Deferred tax liability</b>				
<b>Accrued interest on borrowings and deposits</b>	<b>(7,263)</b>	<b>(5,309)</b>	<b>(1,954)</b>	<b>13,863</b>
Difference in the value of tangible assets (tax depreciation and book depreciation)	(68)	(62)	(6)	(17)
<b>Gross deferred tax liability</b>	<b>(7,263)</b>	<b>(5,371)</b>		
<b>Deferred tax assets</b>				
Participation in profits of a limited partnership	753	0	753	0
Provisions and prepayments and accrued income	142	595	(453)	47
Accrued interest on borrowings and discounts on bonds	3,380	2,641	739	580
Losses potentially deductible from the future taxable income	3,900	2,698	1,202	1,830
<b>Gross deferred tax assets</b>	<b>8,175</b>	<b>5,934</b>		
<b>Deferred tax burden</b>			<b>281</b>	<b>16,303</b>
<b>Net deferred tax asset</b>	<b>844</b>	<b>563</b>		
<b>Net deferred tax liability</b>	<b>0</b>	<b>0</b>		

### 3.9. Information about significant purchase and sale transactions regarding property, plant and equipment

During the period of nine months ended 30 September 2014 the Company purchased property, plant and equipment having the value of PLN 346,000.

## CONSOLIDATED QUARTERLY REPORT

During the period of nine months ended 30 September 2014 the Company did not enter into any significant sale transactions concerning property, plant or equipment.

**3.10. Information about significant liabilities on account of the purchase of property, plant and equipment**

As at 30 September 2014 there were no significant liabilities on account of the purchase of property, plant or equipment.

**3.11. Information about significant settlements on account of litigation**

In the period of nine months ended 30 September 2014 there were no significant settlements on account of litigation.

**3.12. Disclosure of the correction of errors of the previous periods**

During the period of nine months ended 30 September 2014 there were no corrections of errors of the previous periods.

**3.13. Information about changes in the economic situation and conditions for running a business activity which have a considerable impact on the fair value of the Issuer's financial assets and financial liabilities, regardless of whether such assets and liabilities are recognized at fair value or at adjusted purchase price (depreciated cost)**

The description can be found in item 2.14.

**3.14. Information about the failure to repay a loan or borrowing or the infringement of material provisions of the loan or borrowing agreement with regard to which no corrective actions were taken by the end of the reporting period**

None occurred.

**3.15. Information on single or numerous transactions (individually or collectively deemed significant and made on the terms other than at arm's length) concluded by the Issuer or its subsidiary undertaking with related entities**

In the period of nine months ended 30 September 2014 the Issuer did not conclude any transactions with related entities, which, individually or collectively, could be deemed significant and were effected on the terms other than at arm's length.

**3.16. Information about the change in the way (method) of determining the fair value for the financial instruments measured at fair value**

None occurred.

**3.17. Information about the change in the classification of financial assets, resulting from the change in the purpose or utilization of such assets**

None occurred.



## CONSOLIDATED QUARTERLY REPORT

## 3.18. Financial liabilities

## 3.18.1 Interest bearing loans, borrowings, bonds and investment notes

	Maturity	30 September 2014 (unaudited)	31 December 2013 (audited)
<b>Non-current liabilities</b>			
Bank loan in PLN (a)	31 Jan 2016	29,921	29,880
Bank loan in PLN (b)	31 Dec 2018	49,555	-
Bond scheme (d)	-	-	64,724
Bond scheme (e)	30 Oct 2018	49,503	49,419
Bond scheme (f)	6 June 2019	49,533	-
Investment notes (g)	31 Jan 2017	16,281	-
Investment notes (h)	-	-	11,473
Investment notes (i)	9 Dec 2016	36,091	34,804
		<b>230,884</b>	<b>190,300</b>
<b>Current liabilities</b>			
	Maturity	30 September 2014 (unaudited)	31 December 2013 (audited)
Bond scheme (c)	-	-	90,158
Bond scheme (d)	25 May 2015	66,332	395
Bond scheme (e)	30 Oct 2014	1,297	511
Bond scheme (f)	6 Dec 2014	1,006	-
Investment notes (g)	-	-	15,729
Investment notes (h)	30 June 2015	11,881	-
Borrowings (j)	31 Dec 2014	3,772	3,772
		<b>84,288</b>	<b>110,565</b>

(a) Bank loan in PLN taken out with Getin Noble Bank S.A.

(b) Bank loan in PLN taken out with Getin Noble Bank S.A. pursuant to the agreement concluded on 29 April 2014, initiated on 30 April 2014 in LC Corp S.A.

(c) Coupon bonds – the issue of 15 April 2011 of 1,000 three-year unsecured coupon bonds, having a par value of PLN 100,000 each.

(d) Coupon bonds – the issue of 1 June 2012 of 650 three-year unsecured coupon bonds, having a par value of PLN 100,000 each.

(e) Coupon bonds – the issue of 31 October 2013 of 500 five-year unsecured coupon bonds, having a par value of PLN 100,000 each.

(f) Coupon bonds – the issue of 6 June 2014 of 50,000 five-year unsecured coupon bonds, having a par value of PLN 1,000 each.

(g) Investment notes – the issue of 9 March 2012 of seven investment notes, having a par value of PLN 2,000,000 each, acquired by a subsidiary undertaking, Arkady Wrocławskie S.A.

(h) Investment notes – the issue of 20 January 2011 of ten investment notes, having a par value of PLN 1,000,000 each, acquired by a subsidiary undertaking, Arkady Wrocławskie S.A.

## CONSOLIDATED QUARTERLY REPORT

- (i) Investment notes – the issue of 9 December 2010 of 30 investment notes, having a par value of PLN 1,000,000 each, acquired by a subsidiary undertaking, Warszawa Przyokopowa Sp. z o.o.
- (j) Liability on account I of the agreement concluded on 8 July 2008 on a borrowing granted by a subsidiary undertaking, Warszawa Przyokopowa Sp. z o.o.

**3.18.2 Information about the issue, redemption and repayment of debt and equity securities**

In the period of nine months ended 30 September 2014, LC Corp S.A. carried out the following bond issues and buy-backs:

- 1) On 15 April 2014, LC Corp S.A. bought back, according to the schedule, 890 unsecured dematerialised coupon bonds, LCC001150414 series, ISIN code PLLCCRP00033, having a par value of PLN 100,000.00 each and a total par value of PLN 89,000,000, issued on 15 April 2011.
- 2) On 6 June 2014, LC Corp S.A. issued 50,000 five-year unsecured coupon bonds, having a par value of PLN 1,000 each and a total par value of PLN 50,000,000, pursuant to the Bond Issue Scheme Agreement concluded with the following banks: Pekao S.A., with its registered seat in Warsaw, and BRE Bank S.A., with its registered seat in Warsaw, with the maturity date falling on 6 June 2019.

**3.18.3 Incurring and repaying bank loans and borrowings**

In the period of nine months ended 30 September 2014 LC Corp S.A. took out the following loans:

- 1) On 29 April 2014, LC Corp S.A. concluded the agreement with Getin Noble Bank S.A. (the Lender) on a bank loan of PLN 50,000,000, intended for the financing of the Issuer's activity, including the financing of land acquisition for property development projects and the financing of the initial stages of such projects. The loan was initiated on 30 April 2014. In the reporting period ended 30 September 2014, the Company initiated the loan, pursuant to the agreement, for the total of PLN 50,000,000.
- 2) On 18 June 2014, LC Corp S.A. concluded the agreement with Getin Noble Bank S.A. (the Lender) on a bank loan of PLN 40,000,000 intended for the financing of the Issuer's activity, including the financing of land acquisition for property development projects and the financing of the initial stages of such projects. As at 30 September 2014, the loan was not initiated yet.

**3.18.4 Collaterals**

As at 30 September 2014 the repayment of loans was secured mainly by:

- 1) The agreement on bank loans taken out by LC Corp S.A. with Getin Noble Bank S.A. is secured by:
  - a) with regard to the agreement of 19 December 2011 on the loan of PLN 30,000,000:
    - first ranking contractual mortgage for up to PLN 45,000,000,
    - declaration on submission to enforcement pursuant to Art. 97 of the Banking Law.
  - b) with regard to the agreement of 14 May 2014 on the loan of PLN 50,000,000:
    - contractual joint mortgage for up to PLN 75,000,000.00 on real estate owned by the Issuer and on real estate owned by the Issuer's subsidiary undertakings – LC Corp Invest II Sp. z o.o. and LC Corp Invest XV Sp. z o.o. Investments S.K.A.,
    - surety granted by the Issuer's subsidiary undertakings - LC Corp Invest II Sp. z o.o. i LC Corp Invest XV Sp. z o.o. Investments S.K.A.
    - declaration on submission to enforcement pursuant to Art. 97 of the Banking Law.
- 2) The loans taken out by the subsidiary undertakings of LC Corp S.A. are secured, among others, by:
  - pledge on the shares of Arkady Wrocławskie S.A. held by LC Corp S.A. – for up to EUR 91,500,000,

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- pledges by registration on all shares of Sky Tower S.A. and the financial pledge for up to EUR 90,000,000,
- pledge by registration on all shares of Warszawa Przyokopowa Sp. z o.o. with a financial pledge,
- support agreement concluded by the borrower (Warszawa Przyokopowa Sp. z o.o.), the bank and LC Corp S.A., pursuant to which LC Corp S.A. will be obliged to ensure the necessary funds up to 10% of the assumed construction costs should they be exceeded.
- support agreement concluded by the borrower (LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. kom.), the bank and the Issuer, pursuant to which LC Corp S.A., acting as a guarantor, will be obliged, among others, to provide financial support to the borrower under the circumstances specified in the agreement,
- four blank promissory notes of LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. kom. with promissory note agreements, guaranteed by LC Corp S.A. by the time of submitting to the Bank the rental contracts, covering at least 20% of the leasable space in the Silesia Star building, concluded with tenants not related to the Issuer.

### 3.18.5 Liabilities on account of the acquisition of a subsidiary undertaking

In connection with the extension of the payments terms regarding the price of the shares of Sky Tower S.A., acquired on 6 December 2013, the resultant liabilities were disclosed in their discounted value. As at 30 September 2014 the discount totalled PLN 21,709,000.

During the period ended 30 September 2014 LC Corp S.A. repaid this liability as planned for the period in the amount of PLN 42,000,000.

The table below presents the discounted liabilities as at 30 September 2014 and as at 31 December 2013:

	30 September 2014 (unaudited)	31 December 2013 (audited)
Non-current liabilities	180,291	175,572
Current liabilities	0	41,264
<b>Total</b>	<b>180,291</b>	<b>216,836</b>

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

LC Corp S.A. did not make or declare any payment of dividend.

### 3.20. Events subsequent to 30 September 2014, not disclosed in these statements, which could have a material bearing on the future financial results of the Issuer

Subsequent to 30 September 2014 no such events occurred, except for those described in item 2.21.

### 3.21. Changes in contingent liabilities or contingent assets after the end of the last accounting year

As of the end of the last accounting year, in LC Corp S.A. there were no significant changes with regard to contingent liabilities or contingent assets.

### 3.22. Other information material for the Issuer's assessment of its personnel, asset, financial and profit/loss standing and related changes and of the feasibility of fulfilling its obligations

In the discussed reporting period, in LC Corp S.A. there were no events material for the assessment of its personnel, asset, financial or profit/loss standing or related changes or of the feasibility of discharging obligations by the Company.

## 4. MANAGEMENT BOARD'S COMMENTS ON THE ACTIVITY OF THE ISSUER AND ITS GROUP

## CONSOLIDATED QUARTERLY REPORT

## 4.1. Main achievement and failures of the LC Corp Group

In the third quarter of 2014, the Group was proceeding as planned with the completion of investment projects, carried out by its subsidiary undertakings.

The tables below present the number of pre-sold and transferred premises in the third quarter of 2014 as well as cumulatively for the period from January to September 2014, in relation to the relevant comparable data in the previous year.

The last one of the following tables presents the level of the Group's offer as at 30 September 2014.

*Pre-sale*

City	Q3 2013	Q3 2014	Jan-Sept 2013	Jan-Sept 2014
Warsaw	81	74	126	200
Wrocław	125	130	252	399
Kraków	36	49	71	249
Gdańsk	6	5	26	21
Łódź	6	-1	9	6
<b>total</b>	<b>254</b>	<b>257</b>	<b>484</b>	<b>875</b>

*Increase in a given period*

1%

81%

*Transferred premises*

City	Q3 2013	Q3 2014	Jan-Sept 2013	Jan-Sept 2014
Warsaw	10	64	56	70
Wrocław	42	24	129	225
Kraków	25	6	131	40
Gdańsk	3	15	38	24
Łódź	8	4	17	10
<b>total</b>	<b>88</b>	<b>113</b>	<b>371</b>	<b>369</b>

*Increase in a given period*

28%

-1%

*Offer*

City	30 September 2014
Warsaw	586
Wrocław	475
Kraków	299
Gdańsk	179
Łódź	28
<b>total</b>	<b>1,567</b>

Furthermore, it is planned to include 361 additional premises in the offer in Q4 2014.

The Group's projects, completed, ongoing and under preparation, are described below.

## 4.1.1 Completed property development projects

## Commercial projects

Project name	City	District	Segment	Completion date	Area (m <sup>2</sup> )
Wola Center	Warsaw	Wola	Office and services	Q3 2013	32,861
Arkady Wrocławskie	Wrocław	Krzyki	Office, retail and services	Q2 2007	39,625
Sky Tower	Wrocław	Krzyki	Office, retail and services	Q1 2013	49,010

## CONSOLIDATED QUARTERLY REPORT

## Residential projects

Project name	City	District	Segment	Completion date	Number of flats and commercial premises	Area (m <sup>2</sup> )
Osiedle Przy Promenadzie (stages I, II and III)	Warsaw	Praga-Południe	Flats, services	Q4 2010	730	48,160
Rezydencja Kaliska	Warsaw	Śródmieście-Ochota	Flats, services	Q1 2011	101	7,441
Osiedle Powstańców 33 (stages I and II)	Ząbki near Warsaw		Flats, services	Q4 2012 Q3 2014	114 229	6,918 13,141
Osiedle Na Woli (stage I)	Warsaw	Wola	Flats, services	Q3 2014	192	10,008
Osiedle Maestro (stages I and II)	Wrocław	Krzyki-Jagodno	Flats	Q3 2012 Q3 2013	176 160	9,352 8,829
Osiedle Potokowa (stages I, IIc and III)	Wrocław	Maślice	Flats and houses	Q2 2013 Q3 2013 Q2 2014	72 42 73	2,819 4,486 3,621
Osiedle Graniczna (stages I and II)	Wrocław	Fabryczna	Flats	Q3 2013 Q3 2014	173 179	9,200 8,716
Stabłowicka 77 (stage I)	Wrocław	Fabryczna	Flats	Q3 2014	73	4,207
Osiedle Nowalia	Wrocław	Klecina	Terraced houses	Q1 2014	44	4,634
Słoneczne Miasteczko (stages I and II)	Kraków	Bieżanów-Prokocim	Flats	Q4 2011 Q4 2012	120 164	6,624 8,959
Okulickiego 59	Kraków	Mistrzejowice	Flats, services	Q4 2012	146	6,701
Osiedle Przy Srebrnej (stages IIa, IIb and IIc)	Gdańsk	Łostowice	Flats, services	Q4 2012 Q4 2013 Q3 2014	72 6 22	3,795 565 1,169
Osiedle Dębowa Ostoja (stage I)	Łódź	Bałuty	Terraced houses	Q3 2011	22	4,548
Osiedle Pustynna 43 (stage I)	Łódź	Górna	Flats	Q4 2012	38	2,884

## 4.1.2 Ongoing property development projects

## Commercial projects

Project name	City	District	Segment	Completion date	Area (m <sup>2</sup> )
Silesia Star (Building A)	Katowice	Bogucice Zawodzie	Office and services	Q4 2014	13,997

## Residential projects

Project name	City	District	Segment	Completion date	Number of flats and commercial premises	Area (m <sup>2</sup> )
Osiedle Na Woli (stage II)	Warsaw	Wola	Flats	Q3 2015	112	5,638
Mała Praga (stage I)	Warsaw	Praga Południe	Flats, services	Q1 2016	140	7,355
Osiedle Poborzańska	Warsaw	Targówek	Flats, services	Q2 2016	91	4,180
Osiedle Powstańców 33 (stage III)	Ząbki near Warsaw		Flats	Q4 2016	230	13,511
Osiedle Graniczna (stage III)	Wrocław	Fabryczna	Flats	Q3 2015	187	9,671

## CONSOLIDATED QUARTERLY REPORT

Osiedle Dolina Piastów	Wrocław	Fabryczna	Flats	Q3 2016	176	9,254
Brzeska 5	Wrocław	Krzyki	Flats, services	Q4 2014	167	7,889
Stabłowicka 77 (stage II)	Wrocław	Fabryczna	Flats	Q2 2015	60	3,157
Słoneczne Miasteczko (stages III and IV)	Kraków	Bieżanów-Prokocim	Flats	Q4 2014	42	2,163
				Q3 2015	120	6,457
Grzegórzecka 77 (stages I, II and III)	Kraków	Śródmieście	Flats, services	Q2 2015	164	8,031
				Q4 2015	150	7,060
				Q1 2016	85	4,579
Osiedle Przy Srebrnej (stages II d and IIe)	Gdańsk	Łostowice	Flats	Q3 2015	46	2,103
				Q4 2015	32	1,674
Osiedle przy Alejach (stage I)	Gdańsk	Zaspa	Flats	Q4 2015	110	5,480

## 4.1.3 Property development projects under preparation

## Commercial projects

Project name	City	District	Segment	Planned commencement date	Planned completion date	Area (m <sup>2</sup> )
Silesia Star (Building B)	Katowice	Bogucice Zawodzie	Office and services	Q1 2015	Q3 2016	13,271
Osiedle Wałowa	Gdańsk	Śródmieście	Office and services	Q3 2015	Q2 2017	10,000

## Residential projects

Project name	City	District	Segment	Planned commencement date	Planned completion date	Number of flats and commercial premises	Area (m <sup>2</sup> )
Osiedle Przy Promenadzie (stage IV)	Warsaw	Praga Płd.	Flats, services, nursery school (separate building)	Q4 2014	Q2 2016	202	9,776
Ostrobramska (stage I)	Warsaw	Praga Płd	Flats, services	Q2 2015	Q1 2017	170	9,082
Ostrobramska (remaining stages)	Warsaw	Praga Płd	Flats				18,164
Cybernetyki (stage I)	Warsaw	Mokotów	Flats	Q3 2015	Q3 2017	159	8,557
Cybernetyki (remaining stages)	Warsaw	Mokotów	Flats, services				19,699
Mała Praga (stage II)	Warsaw	Praga Południe	Flats			217	10,895
Mała Praga (remaining stages)	Warsaw	Praga Południe	Flats				20,486
Osiedle Powstańców 33 (remaining stages)	Ząbki near Warsaw		Flats				17,001
Osiedle Graniczna (stage IV)	Wrocław	Muchobór Wielki	Flats	Q4 2014	Q2 2016	125	6,443
Osiedle Graniczna (remaining stages)	Wrocław	Muchobór Wielki	Flats				18,000
Tęczowa	Wrocław	Stare Miasto	Flats, services	Q1 2015	Q4 2016	213	10,080

## CONSOLIDATED QUARTERLY REPORT

Osiedle Maestro (stage III)	Wrocław	Jagodno	Flats	Q2 2015	Q4 2016	125	7,256
Słoneczne Miasteczko (stage V)	Kraków	Bieżanów-Prokocim	Flats			108	5,919
Grzegórzecka 79	Kraków	Śródmieście	Flats				36,898
Wrocławska (stage I)	Kraków	Krowodrza	Flats	Q1 2015	Q3 2016	188	8,385
Wrocławska (remaining stages)	Kraków	Krowodrza	Flats				76,944
Centralna (stage I)	Kraków	Nowa Huta	Flats	Q2 2015	Q1 2017	151	7,028
Centralna (remaining stages)	Kraków	Nowa Huta	Flats				31,471
Osiedle Przy Alejach (stage II)	Gdańsk	Zaspa	Flats	Q2 2015	Q3 2016	97	4,903
Osiedle Wałowa (stage I)	Gdańsk	Śródmieście	Flats	Q3 2015	Q1 2017	115	6,228
Osiedle Wałowa (remaining stages)	Gdańsk	Śródmieście	Flats				18,683

In Q3 2014, intensive preparatory works were also undertaken to enable the Group's companies to start subsequent projects and to find attractive locations for new investments, in both commercial and residential property segments.

The Group is also trying to obtain external financing for its projects. Negotiations with the banks concerning the loan agreements for respective projects are in progress.

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

There occurred no special or uncommon events that could affect the produced financial results.

#### 4.3. Opinion of the Management Board regarding the feasibility of meeting the earlier published financial forecasts for the year, in view of the results presented in this quarterly report

The Issuer did not publish any financial forecasts for the year 2014.

#### 4.4. Ownership structure of significant blocks of the Issuer's shares

As at 30 September 2014 the share capital of LC Corp S.A. amounted to PLN 447,558,311 and was divided into 447,558,311 ordinary bearer shares carrying one vote at the General Meeting, with a par value of PLN 1.00 each. This was also valid as at 14 November 2014.

**The ownership structure of significant blocks of the Issuer's shares as at the date of submitting the financial statements for Q3 2014, according to the information obtained by the Issuer:**

**Shareholders possessing, directly or indirectly, at least 5% of the total vote at the General Meeting of LC Corp S.A. as at the date of submitting the financial statements for Q3 2014:**



## CONSOLIDATED QUARTERLY REPORT

Shareholder	Number of shares	Number of votes	Participation (%) in share capital	Share (%) in total vote at general meeting
Leszek Czarnecki directly and indirectly <sup>(1)</sup> including: LC Corp B.V. seated in Amsterdam	229,359,795	229,359,795	51.24%	51.24%
AVIVA Otwarty Fundusz Emerytalny AVIVA BZ WBK	214,701,110	214,701,110	47.97%	47.97%
ING Otwarty Fundusz Emerytalny	30,200,000	30,200,000	6.75%	6.75%
OFE PZU "Złota Jesień"	35,000,000	35,000,000	7.82 %	7.82 %
	44,669,000	44,669,000	9.98 %	9.98 %

- (1) Mr Leszek Czarnecki directly holds 14,657,685 shares representing 3.27% of the share capital and 3.27% of the total vote at the General Meeting, and indirectly through his subsidiary undertakings Mr Leszek Czarnecki holds 214,702,110 shares representing 47.97% of the share capital and 47.97% of the total vote at the General Meeting. Mr Leszek Czarnecki's subsidiary undertakings include LC Corp B.V., seated in Amsterdam and holding 214,701,110 shares representing 47.97% of the share capital and 47.97% of the total vote at the General Meeting, and RB Investcom Sp. z o.o., seated in Wrocław and holding 1,000 shares representing 0.0002% of the share capital and 0.0002% of the total vote at the General Meeting.

#### Shareholders possessing, directly or indirectly, at least 5% of the total vote at the General Meeting of LC Corp S.A. as at 31 December 2013:

Shareholder	Number of shares	Number of votes	Participation (%) in share capital	Share (%) in total vote at general meeting
Leszek Czarnecki directly and indirectly <sup>(1)</sup> including: LC Corp B.V. seated in Amsterdam	229,126,674	229,126,674	51.19%	51.19%
AVIVA Otwarty Fundusz Emerytalny AVIVA BZ WBK <sup>(2)</sup>	214,701,110	214,701,110	47.97%	47.97%
ING Otwarty Fundusz Emerytalny <sup>(3)</sup>	30,200,000	30,200,000	6.75%	6.75%
OFE PZU "Złota Jesień" <sup>(3)</sup>	30,322,627	30,322,627	6.78 %	6.78 %
	44,669,000	44,669,000	9.98 %	9.98 %

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

- 2) Number of shares held by the shareholder at the Extraordinary General Shareholders Meeting of LC Corp S.A. on 29 August 2013

- 3) Number of shares held by the shareholder at the Extraordinary General Shareholders Meeting of LC Corp S.A. on 6 December 2013

#### 4.5. Changes in the Issuer's shares or options held by the management and supervisory staff of the Issuer as at 14 November 2014, within the period following the submission of the previous quarterly report (including changes in ownership)



## CONSOLIDATED QUARTERLY REPORT

Full name	Function in the body	Holding of the Issuer's shares as at 28 Aug 2014(*)	Increase	Decrease	Holding of the Issuer's shares as at 14 Nov 2014
<b>Supervisory staff</b>					
Leszek Czarnecki	Chairman of the Supervisory Board	14,657,685	-	-	14,657,685
Andrzej Błażejowski	Vice-Chairman of the Supervisory Board	151,142	-	-	151,142
Remigiusz Baliński	Member of the Supervisory Board	32,722	-	-	32,722
Zbigniew Dorenda	Member of the Supervisory Board	-	-	-	-
Jakub Malski	Member of the Supervisory Board	9,830	-	-	9,830
<b>Management staff</b>					
Dariusz Niedośiał	President of the Management Board	158,791	-	-	158,791
Joanna Jaskólska	Vice President of the Management Board	6,000	-	-	6,000
Tomasz Wróbel	Member of the Management Board	-	-	-	-
Mirosław Kujawski	Member of the Management Board	-	-	-	-
Małgorzata Danek	Member of the Management Board	15,000	-	-	15,000

(\*) pursuant to the information included in the mid-year report for 2014.

#### 4.6. Information about proceedings before courts, relevant arbitration authority or public administration authority

As at 30 September 2014 no proceedings were initiated before the court or public administration authority, with regard to liabilities or receivables of LC Corp S.A. or its subsidiaries, whose individual or aggregate value would represent at least 10% of the Issuer's equity.

#### 4.7. Information on significant, single or multiple, non-arm's length related party transactions of the Issuer or its subsidiary undertaking

In the discussed reporting period, the Issuer and its subsidiaries did not conclude any transactions with related undertakings that individually or jointly could be classified as significant and concluded under non-arm's length terms.

#### 4.8. Information about the loan or borrowing surety or guarantee granted by the Issuer or its subsidiary undertaking

In Q3 2014, the Issuer did not grant any sureties for loans or borrowings.

#### 4.9. Other information material for the assessment of the Group's personnel, asset, financial and profit/loss standing and relevant changes and of the feasibility of fulfilling its obligations

In the discussed reporting period, there were no events material for the assessment of the Group's personnel, asset, financial or profit/loss standing or related changes or of the feasibility of discharging its obligations.

**4.10. Factors which in the Issuer's opinion may affect its performance at least in the following quarter**

The macroeconomic situation will be of major importance for the financial performance of the LC Corp Group, which includes in particular the availability of mortgage loans for potential clients. These factors determine to a great extent the demand for new flats and their structure and prices.

In compliance with the definition of IAS 18, the LC Corp Group recognizes revenue on account of sales of residential and commercial premises when, in principle, all risks and benefits related to given premises have been transferred to the client and revenue can be measured in a reasonable manner. In consequence, the sales result in the following quarter will depend on the value of premises transferred to clients in this period, in accordance with the above definition.

The operating results produced by the Group will be influenced also by the level of revenue earned from the rental of commercial space in Arkady Wrocławskie, Sky Tower and the Wola Center, which depends on the euro exchange rate. The euro exchange rate will have an impact also on the valuation of loans denominated in foreign currencies and investment properties, i.e. Arkady Wrocławskie, Sky Tower, the Wola Center and Silesia Star.

The financial performance in the following quarters will be also influenced by the final valuation of Silesia Star (planned completion of the project: Q4 2014).

In the opinion of the Management Board, the Group's results will be affected in a long-term perspective also, among others, by:

- the implementation of the strategy of acquiring land for residential projects and carrying out investment projects on such land, in order to broaden the Group's offer in the way corresponding to the market demand,
- the implementation of the strategy of increasing the share of commercial property in the portfolio of the LC Corp Group.

.....  
Dariusz Niedośpiół  
President of the Management Board

.....  
Joanna Jaskólska  
Vice President of the Management Board

.....  
Mirosław Kujawski  
Member of the Management Board

.....  
Tomasz Wróbel  
Member of the Management Board

.....  
Małgorzata Danek  
Member of the Management Board

Wrocław, 14 November 2014