



**LC CORP**  
**CAPITAL GROUP**  
CONSOLIDATED QUARTERLY REPORT  
AND FOR THE PERIOD OF SIX MONTHS, ENDED  
JUNE 30<sup>TH</sup> 2008

Wrocław, August 12<sup>th</sup> 2008

## CONSOLIDATED QUARTERLY REPORT

## 1. Selected financial data

SELECTED FINANCIAL DATA	PLN'000		EUR'000	
	Jun 30 <sup>th</sup> 2008	Jun 30 <sup>th</sup> 2007	Jun 30 <sup>th</sup> 2008	Jun 30 <sup>th</sup> 2007
	H1 2008 cumulative period from Jan 1 <sup>st</sup> 2008 to Jun 30 <sup>th</sup> 2008	H1 2007 cumulative period from Jan 1 <sup>st</sup> 2007 to Jun 30 <sup>th</sup> 2007	H1 2008 cumulative period from Jan 1 <sup>st</sup> 2008 to Jun 30 <sup>th</sup> 2008	H1 2007 cumulative period from Jan 1 <sup>st</sup> 2007 to Jun 30 <sup>th</sup> 2007
<b>Data concerning condensed consolidated financial statements</b>				
Non-current assets	591,546	374,097	176,360	99,341
Current assets	974,663	947,498	290,580	251,606
Total assets	1,566,209	1,321,595	466,940	350,947
Equity	930,390	787,038	277,381	208,996
Non-current liabilities	290,458	266,949	86,595	70,888
Current liabilities	345,361	267,608	102,964	71,063
Sales revenue	106,355	11,458	30,583	2,977
Pre-tax profit (loss)	39,697	(301)	11,415	(78)
Net profit (loss)	31,877	(772)	9,166	(201)
Profit (loss) per share (in PLN/EUR)	0.07	(0.00)	0.02	(0.00)
Book value per share (PLN)	2.08	2.02	0.60	0.52

SELECTED FINANCIAL DATA	PLN'000		EUR'000	
	Jun 30 <sup>th</sup> 2008	Jun 30 <sup>th</sup> 2007	Jun 30 <sup>th</sup> 2008	Jun 30 <sup>th</sup> 2007
	H1 2008 cumulative period from Jan 1 <sup>st</sup> 2008 to Jun 30 <sup>th</sup> 2008	H1 2007 cumulative period from Jan 1 <sup>st</sup> 2007 to Jun 30 <sup>th</sup> 2007	H1 2008 cumulative period from Jan 1 <sup>st</sup> 2008 to Jun 30 <sup>th</sup> 2008	H1 2007 cumulative period from Jan 1 <sup>st</sup> 2007 to Jun 30 <sup>th</sup> 2007
<b>Data concerning condensed non-consolidated financial statements</b>				
Total assets	947,182	790,473	282,387	209,908
Equity	761,731	751,745	227,098	199,624
Net profit (loss)	2,318	(1,640)	667	(426)

## CONSOLIDATED QUARTERLY REPORT

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

	as at Jun 30 <sup>th</sup> 2008 end of quarter	as at Mar 31 <sup>st</sup> 2008 end of quarter	as at Dec 31 <sup>st</sup> 2007 end of previous year	as at Jun 30 <sup>th</sup> 2007 end of quarter
<b>Assets</b>				
<b>A. Non-current assets</b>	<b>591,546</b>	<b>573,135</b>	<b>562,496</b>	<b>374,097</b>
1. Intangible assets	1,251	1,185	447	84
2. Goodwill of subordinated undertakings	0	0	0	0
3. Property, plant and equipment	95,392	78,636	68,122	371,985
3.1. Tangible assets	6,416	1,545	1,584	24,531
3.2. Tangible assets under construction	88,976	77,091	66,538	347,454
4. Non-current receivables	0	0	0	0
5. Non-current investments	489,442	489,425	489,373	24
6. Non-current prepayments and accrued income	1,706	1,691	1,811	411
7. Deferred tax assets	3,755	2,198	2,743	1,593
<b>B. Current assets</b>	<b>974,663</b>	<b>991,839</b>	<b>974,483</b>	<b>947,498</b>
1. Inventories	834,291	816,389	674,665	475,743
2. Trade and other receivables	79,211	85,527	77,925	51,698
3. Income tax receivable	429	0	164	141
4. Cash and cash equivalents	58,234	86,144	220,708	419,254
5. Current prepayments and accrued income	2,498	3,779	1,021	662
<b>C. Non-current assets classified as held for sale</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total assets</b>	<b>1,566,209</b>	<b>1,564,974</b>	<b>1,536,979</b>	<b>1,321,595</b>
<b>Equity and liabilities</b>				
<b>A. Equity</b>	<b>930,390</b>	<b>908,581</b>	<b>897,570</b>	<b>787,038</b>
1. Share capital	447,558	447,558	446,558	389,559
2. Balance of called-up share capital not paid	0	0	0	0
3. Reserve funds	418,648	302,601	302,659	262
4. Other reserve funds	39,771	39,771	39,771	39,771
5. Other capital	3,108	3,108	3,108	359,246
6. Retained profit	21,305	115,543	105,474	(1,800)
7. Minority interest	0	0	0	0
<b>B. Non-current liabilities</b>	<b>290,458</b>	<b>357,516</b>	<b>350,102</b>	<b>266,949</b>
1. Non-current financial liabilities	242,039	312,311	304,884	257,596
2. Non-current trade and other payables	7,421	7,436	7,923	0
3. Provisions	26	26	26	24
4. Deferred tax liability	40,972	37,743	37,269	9,329
<b>Current liabilities</b>	<b>345,361</b>	<b>298,877</b>	<b>289,307</b>	<b>267,608</b>
1. Current financial liabilities	285,718	203,511	171,137	174,674
2. Trade and other payables	29,287	29,680	29,721	33,307
3. Income tax payable	328	1,479	0	0
4. Provisions	1,621	3,328	4,861	2
5. Accrued expenses and revenue	28,407	60,879	83,588	59,625
<b>Total equity and liabilities</b>	<b>1,566,209</b>	<b>1,564,974</b>	<b>1,536,979</b>	<b>1,321,595</b>

## CONSOLIDATED QUARTERLY REPORT

	as at Jun 30 <sup>th</sup> 2008 end of quarter	as at Mar 31 <sup>st</sup> 2008 end of quarter	as at Dec 31 <sup>st</sup> 2007 end of previous year	as at Jun 30 <sup>th</sup> 2007 end of quarter
Book value	930,390	908,581	897,570	787,038
Number of registered shares	447,558,311	447,558,311	446,558,311	389,558,311
Book value per share (PLN)	2.08	2.03	2.01	2.02

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

	Q2 2008 period from Apr 1 <sup>st</sup> 2008 to Jun 30 <sup>th</sup> 2008	H1 2008 period from Jan 1 <sup>st</sup> 2008 to Jun 30 <sup>th</sup> 2008	Q2 2007 period from Apr 1 <sup>st</sup> 2007 to Jun 30 <sup>th</sup> 2007	H1 2007 period from Jan 1 <sup>st</sup> 2007 to Jun 30 <sup>th</sup> 2007
<b>Operating activity</b>				
<b>Sales revenue</b>	<b>60,227</b>	<b>106,355</b>	<b>7,633</b>	<b>11,458</b>
Revenue from sale of services	9,465	19,656	7,633	11,458
Revenue from sales of goods and products	50,762	86,699	0	0
<b>Cost of sales</b>	<b>(37,422)</b>	<b>(65,828)</b>	<b>(5,621)</b>	<b>(6,419)</b>
<b>Pre-tax profit on sales</b>	<b>22,805</b>	<b>40,527</b>	<b>2,012</b>	<b>5,039</b>
Gain (loss) on disposal of non-current non-financial assets	2	2	8	8
Revaluation of non-current non-financial assets	0	0	0	0
Selling and distribution costs	(2,479)	(3,874)	0	0
General administrative expenses	(3,975)	(7,516)	(4,220)	(7,834)
Other operating income	1,998	2,180	1,456	1,481
Other operating expenses	(41)	(151)	(1,558)	(1,586)
<b>Operating profit (loss)</b>	<b>18,310</b>	<b>31,168</b>	<b>(2,302)</b>	<b>(2,892)</b>
Financial income	9,805	16,073	4,314	4,730
Financial expenses	(1,149)	(7,544)	(1,060)	(2,139)
<b>Pre-tax profit (loss)</b>	<b>26,966</b>	<b>39,697</b>	<b>952</b>	<b>(301)</b>
Corporate income tax	(5,158)	(7,820)	(461)	(471)
<b>Net profit on business activities</b>	<b>21,808</b>	<b>31,877</b>	<b>491</b>	<b>(772)</b>
<b>Discontinued operations</b>				
Profit (loss) on discontinued operations for the business year	0	0	0	0
<b>Net profit (loss)</b>	<b>21,808</b>	<b>31,877</b>	<b>491</b>	<b>(772)</b>

## CONSOLIDATED QUARTERLY REPORT

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	H1 2008 period from Jan 1 <sup>st</sup> 2008 to June 30 <sup>th</sup> 2008	H1 2007 period from Jan 1 <sup>st</sup> 2007 to June 30 <sup>th</sup> 2007
Net profit (loss)	31,877	( 772)
Average weighted number of ordinary shares	447,224,978	237,863,522
Net profit (loss) per share (in PLN)	0.07	(0.00)

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## CONSOLIDATED QUARTERLY REPORT

## 4. Statement of changes in consolidated equity of LC Corp Capital Group in PLN '000

	<i>Capital allocated to the shareholders of the parent undertaking</i>						<i>Minority interest</i>	<i>Total equity</i>	
	<i>Share capital</i>	<i>Balance of called-up share capital not paid</i>	<i>Reserve funds</i>	<i>Other reserve funds</i>	<i>Other capital</i>	<i>Retained profit /Loss not covered</i>	<i>Total</i>		
<b>As at January 1<sup>st</sup> 2008</b>	<b>446,558</b>	<b>0</b>	<b>302,659</b>	<b>39,771</b>	<b>3,108</b>	<b>105,474</b>	<b>897,570</b>	<b>0</b>	<b>897,570</b>
Registration of series I shares	1,000	0	0	0	0	0	1,000	0	1,000
Cost of series I share issue	0	0	( 58)	0	0	0	( 58)	0	( 58)
Allocation of the profit for 2007 to reserve funds	0	0	116,046	0	0	( 116,046)	0	0	0
Profit in H1 2008	0	0	0	0	0	31,877	31,877	0	31,877
<b>As at June 30<sup>th</sup> 2008</b>	<b>447,558</b>	<b>0</b>	<b>418,648</b>	<b>39,771</b>	<b>3,108</b>	<b>21,305</b>	<b>930,390</b>	<b>0</b>	<b>930,390</b>

## CONSOLIDATED QUARTERLY REPORT

	<b>Capital allocated to the shareholders of the parent undertaking</b>						<i>Minority interest</i>	<b>Total equity</b>	
	<i>Share capital</i>	<i>Balance of called-up share capital not paid</i>	<i>Reserve funds</i>	<i>Other reserve funds</i>	<i>Other capital</i>	<i>Retained profit /Loss not covered</i>			<i>Total</i>
<b>As at January 1<sup>st</sup> 2007</b>	<b>149,125</b>	<b>0</b>	<b>9,698</b>	<b>39,771</b>	<b>102,000</b>	<b>( 9,717)</b>	<b>290,877</b>	<b>0</b>	<b>290,877</b>
Registration of series F shares	102,000	0	0	0	( 102,000)	0	0	0	0
Issue of series G shares	80,000	0	0	0	0	0	80,000	0	80,000
Issue of series H shares	58,433	0	0	0	0	0	58,433	0	58,433
Issue of series J shares	57,000	0	313,500	0	0	0	370,500	0	370,500
Cost of share issues	0	0	( 11,850)	0	0	0	( 11,850)	0	( 11,850)
Coverage of losses for 2006 and from the previous years acc. to PSR (Polish Accounting Standards)	0	0	( 8,689)	0	0	8,689	0	0	0
Capital from valuation of management options	0	0	0	0	3,108	0	3,108	0	3,108
Profit in 2007	0	0	0	0	0	106,502	106,502	0	106,502
<b>As at December 31<sup>st</sup> 2007</b>	<b>446,558</b>	<b>0</b>	<b>302,659</b>	<b>39,771</b>	<b>3,108</b>	<b>105,474</b>	<b>897,570</b>	<b>0</b>	<b>897,570</b>

**Capital allocated to the shareholders of the parent undertaking**

*Minority interest*

**Total equity**

## CONSOLIDATED QUARTERLY REPORT

	<i>Share capital</i>	<i>Balance of called-up share capital not paid</i>	<i>Reserve funds</i>	<i>Other reserve funds</i>	<i>Other capital</i>	<i>Retained profit /Loss not covered</i>	<i>Total</i>		
<b>As at January 1<sup>st</sup> 2007</b>	<b>149,125</b>	<b>0</b>	<b>9,698</b>	<b>39,771</b>	<b>102,000</b>	<b>( 9,717)</b>	<b>290,877</b>	<b>0</b>	<b>290,877</b>
Registration of series F shares	102,000	0	0	0	( 102,000)	0	0	0	0
Issue of series G shares	80,000	0	0	0	0	0	80,000	0	80,000
Issue of series H shares	58,434	0	0	0	0	0	58,434	0	58,434
Cost of share issues	0	0	( 747)	0	0	0	( 747)	0	( 747)
Issue of series J shares (as at June 30 <sup>th</sup> 2007 not registered in KRS /National Court Register/)	0	0	0	0	370,500	0	370,500	0	370,500
Cost of share issues	0	0	0	0	( 11,254)	0	( 11,254)	0	( 11,254)
Coverage of losses for 2006 and from the previous years acc. to PSR (Polish Accounting Standards)	0	0	( 8,689)	0	0	8,689	0	0	0
Profit in H1 2007	0	0	0	0	0	( 772)	( 772)	0	( 772)
<b>As at June 30<sup>th</sup> 2007</b>	<b>389,559</b>	<b>0</b>	<b>262</b>	<b>39,771</b>	<b>359,246</b>	<b>( 1,800)</b>	<b>787,038</b>	<b>0</b>	<b>787,038</b>



## CONSOLIDATED QUARTERLY REPORT

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

	Q2 2008 period from Apr 1 <sup>st</sup> 2008 to Jun 30 <sup>th</sup> 2008	H1 2008 period from Jan 1 <sup>st</sup> 2008 to Jun 30 <sup>th</sup> 2008	Q2 2007 period from Apr 1 <sup>st</sup> 2007 to Jun 30 <sup>th</sup> 2007	H1 2007 period from Jan 1 <sup>st</sup> 2007 to Jun 30 <sup>th</sup> 2007
<b>I. Pre-tax loss</b>	<b>26,966</b>	<b>39,697</b>	<b>952</b>	<b>( 301)</b>
<b>II. Total adjustments</b>	<b>( 55,763)</b>	<b>( 226,957)</b>	<b>( 113,117)</b>	<b>( 209,292)</b>
1. Depreciation and amortisation	440	658	720	1,434
2. Foreign exchange gains (losses)	( 24,619)	( 28,065)	( 3,823)	( 3,823)
3. Interest and distributions from profit (dividends)	18,208	25,090	1,221	1,835
4. Profit (loss) on investing activities	( 2)	6	( 8)	( 8)
5. Change in provisions	( 1,707)	( 3,240)	( 7)	0
6. Change in inventories	( 17,902)	( 159,626)	( 230,859)	( 323,179)
7. Change in receivables	6,316	( 1,286)	( 30,277)	( 33,527)
8. Change in current liabilities (net of loans and borrowings)	( 3,492)	( 4,020)	1,549	8,927
9. Change in accruals and deferrals	( 31,207)	( 56,552)	37,402	28,048
10. Corporate income tax	( 5,066)	( 5,066)	( 137)	( 151)
11. Other adjustments	3,268	5,144	111,102	111,152
<b>III. Net cash provided by (used in) operating activities (I±II)</b>	<b>( 28,797)</b>	<b>( 187,260)</b>	<b>( 112,165)</b>	<b>( 209,593)</b>
<b>I. Cash provided by investing activities</b>	<b>3</b>	<b>15</b>	<b>9,961</b>	<b>9,961</b>
1. Sale of intangible assets and property, plant and equipment	3	15	9,961	9,961
2. Sale of investment property and intangible assets	0	0	0	0
3. Cash provided by financial assets	0	0	0	0
4. Other cash used in investing activities	0	0	0	0
<b>II. Cash used in investing activities</b>	<b>( 14,209)</b>	<b>( 25,757)</b>	<b>( 107,061)</b>	<b>( 154,277)</b>
1. Acquisition of intangible assets and property, plant and equipment	( 14,197)	( 25,745)	( 48,967)	( 96,109)
2. Investment property and intangible assets	( 12)	( 12)	0	0
3. Cash used on financial assets	0	0	( 58,094)	( 58,168)
4. Other cash used in investing activities	0	0	0	0
<b>III. Net cash provided by (used in) investing activities (I-II)</b>	<b>( 14,206)</b>	<b>( 25,742)</b>	<b>( 97,100)</b>	<b>( 144,316)</b>
<b>I. Cash provided by financing activities</b>	<b>171,371</b>	<b>588,041</b>	<b>615,283</b>	<b>750,144</b>
1. Net proceeds from issue of shares and additional contributions to equity	0	1,000	428,934	508,934
2. Increase in loans and borrowings	24,604	243,797	186,349	241,210
3. Issue of debt securities	146,767	343,219	0	0
4. Other cash provided by financing activities	0	25	0	0
<b>II. Cash used in financing activities</b>	<b>( 156,278)</b>	<b>( 537,513)</b>	<b>( 18,284)</b>	<b>( 34,407)</b>
1. Repayments of loans and borrowings	( 2,233)	( 227,076)	( 6,516)	( 21,789)
2. Redemption of debt securities	( 146,157)	( 295,263)	0	0
3. Interest paid	( 7,888)	( 15,116)	( 507)	( 618)
4. Other cash used in financing activities	0	( 58)	( 11,261)	( 12,000)
<b>III. Net cash provided by (used in) financing activities (I-II)</b>	<b>15,093</b>	<b>50,528</b>	<b>596,999</b>	<b>715,737</b>

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<b>D. Total net cash flow (A.III±B.III±C.III)</b>	( 27,910)	( 162,474)	387,734	361,828
<b>E. Balance-sheet change in cash, including:</b>	( 27,910)	( 162,474)	387,734	361,828
- foreign exchange change in cash				
<b>F. Cash at beginning of period</b>	<b>86,144</b>	<b>220,708</b>	<b>31,520</b>	<b>57,426</b>
<b>G. Cash at end of period (F±D)</b>	<b>58,234</b>	<b>58,234</b>	<b>419,254</b>	<b>419,254</b>
- restricted cash	20	20	364,285	364,285

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**CONSOLIDATED QUARTERLY REPORT****6.1. Basic information**

LC Corp Capital Group (the "Group") consists of LC Corp S.A. and its subsidiary undertakings.

The Group's consolidated financial statements cover the period of 6 months ended June 30<sup>th</sup> 2008 and contain comparable data for the period of 6 months ended June 30<sup>th</sup> 2007, and as at December 31<sup>st</sup> 2007 and March 31<sup>st</sup> 2008.

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

The Company was assigned statistical identification number REGON 020246398.

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

- PKD 64.20.Z Activities of Holdings

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

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

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

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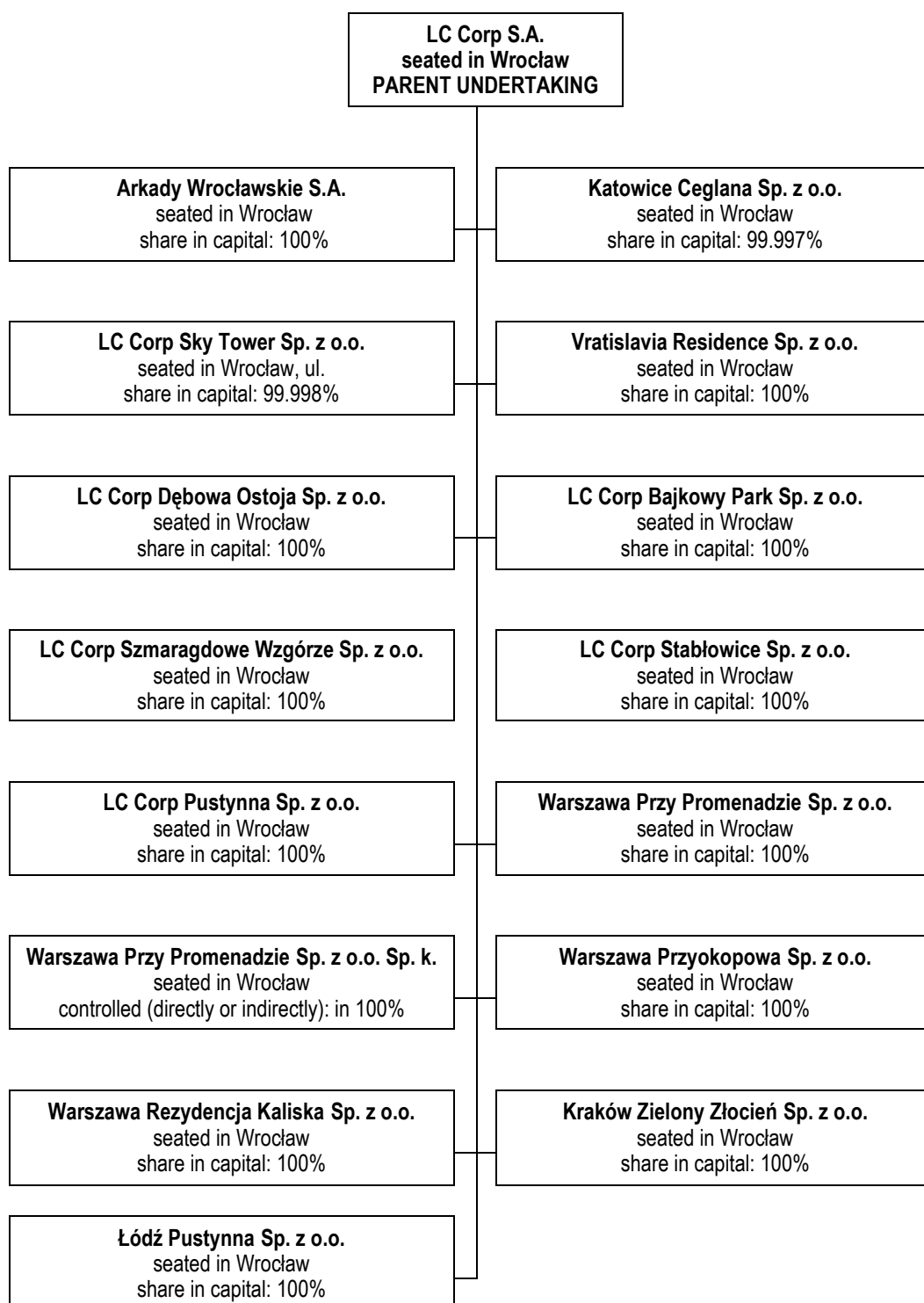
As at June 30<sup>th</sup> 2008 LC Corp Capital Group comprises the following subsidiaries of LC Corp S.A.:

- Arkady Wrocławskie S.A. - seated in Wrocław, ul. Powstańców Śl. 2-4,,
- LC Corp Sky Tower Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4
- Katowice Ceglana Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- Vratislavia Residence Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4
- LC Corp Dębowa Ostoja Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4, (until July 2<sup>nd</sup> 2008 operating under the business name Łódź Residence Sp. z o.o.)
- LC Corp Bajkowy Park Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4, (until July 2<sup>nd</sup> 2008 operating under the business name Gdańsk Residence Sp. z o.o.)
- LC Corp Szmaragdowe Wzgórze Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4, (until May 8<sup>th</sup> 2008 operating under the business name Warszawa Projekt V Sp. z o.o., and until June 25<sup>th</sup> 2008 under the business name Gdańsk Osiedle Łostowice Sp. z o.o.)
- LC Corp Stabłowice Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- LC Corp Pustynna Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- Warszawa Przy Promenadzie Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- Warszawa Przy Promenadzie Sp. z o.o. Sp. k. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- Warszawa Przyokopowa Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- Warszawa Rezydencja Kaliska Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- Kraków Zielony Złocień Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- Łódź Pustynna Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,

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

**Graphic structure of LC Corp Capital Group as at June 30<sup>th</sup> 2008**

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

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In Q2 2008 the Issuer granted subordinated loans to subsidiary undertakings for an indefinite time, for the purposes of their current operation, and in particular for the investing activities performed by these undertakings.

1. On April 1<sup>st</sup> 2008 LC Corp S.A. granted a subordinated loan to LC Corp Sky Tower Sp. z o.o., in the amount of PLN 20,000,000, for an indefinite time, at arm's length, for the purposes of current business activities related to the investment in progress.
2. On April 29<sup>th</sup> 2008 LC Corp S.A. granted a subordinated loan to LC Corp Sky Tower Sp. z o.o., in the amount of PLN 30,000,000, for an indefinite time, at arm's length, for the purposes of current business activities related to the investment in progress.
3. On June 6<sup>th</sup> 2008 LC Corp S.A. granted a subordinated loan to Łódź Residence Sp. z o.o. (at present LC Corp Dębowa Ostoja Sp. z o.o.), in the amount of PLN 500,000, for an indefinite time, at arm's length, for the purposes of current business activities related to the investment in progress.
4. On June 16<sup>th</sup> 2008 LC Corp S.A. granted a subordinated loan Gdańsk Osiedle Łostowice Sp. z o.o. (at present LC Corp Szmaragdowe Wzgórze Sp. z o.o.), in the amount of PLN 1,000,000, for an indefinite time, at arm's length, for the purposes of current business activities related to the investment in progress.
5. On June 26<sup>th</sup> 2008 LC Corp S.A. granted a subordinated loan to Bratislava Residence Sp. z o.o., in the amount of PLN 5,000,000, for an indefinite time, at arm's length, for the purposes of current business activities related to the investment in progress.
6. On June 26<sup>th</sup> 2008 LC Corp S.A. granted a subordinated loan to Warszawa Rezydencja Kaliska Sp. z o.o., in the amount of PLN 5,000,000, for an indefinite time, at arm's length, for the purposes of current business activities related to the investment in progress.

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

The consolidated quarterly report of LC Corp Capital Group for Q2 2008 contains:

- Condensed consolidated financial statements of LC Capital Group for the reporting period of six months, cumulative from January 1<sup>st</sup> 2008 to June 30<sup>th</sup> 2008, and for Q2 2008, i.e. for the period from April 1<sup>st</sup> 2008 to June 30<sup>th</sup> 2008, including: consolidated balance-sheet, consolidated profit and loss account, statement of changes in the consolidated equity, and consolidated cash-flow statement,
- Comparable financial data for the condensed consolidated balance-sheet as at March 31<sup>st</sup> 2008, December 31<sup>st</sup> 2007, and June 30<sup>th</sup> 2007,
- Comparable financial data for the condensed consolidated profit and loss account and for the consolidated cash-flow statement for the period from January 1<sup>st</sup> 2007 to June 30<sup>th</sup> 2007, and for Q2 2007, i.e. from April 1<sup>st</sup> 2007 to June 30<sup>th</sup> 2007,
- Comparable financial data for the statement of changes in the consolidated equity for the previous accounting year, i.e. for 2007, and for H1 2007,
- Condensed financial statements of LC Corp S.A. for the reporting period of six months, cumulative from January 1<sup>st</sup> 2008 to June 30<sup>th</sup> 2008, and for Q2 2008, i.e. for the period from April 1<sup>st</sup> 2008 to June 30<sup>th</sup> 2008, including: balance-sheet, profit and loss account, statement of changes in the equity, and cash-flow statement
- Comparable financial data for the condensed balance-sheet of LC Corp S.A. as at March 31<sup>st</sup> 2008, December 31<sup>st</sup> 2007, and June 30<sup>th</sup> 2007,
- Comparable financial data for the condensed profit and loss account of LC Corp S.A. and for the cash-flow statement for the period from January 1<sup>st</sup> 2007 to June 30<sup>th</sup> 2007, and for Q2 2007, i.e. from April 1<sup>st</sup> 2007 to June 30<sup>th</sup> 2007,

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- Comparable financial data for the statement of changes in the equity of LC Corp S.A. for the previous accounting year, i.e. for 2007, and for H1 2007,
- Supplementary information and other information defined by § 91 of the Regulation of the Minister of Finance dated October 19<sup>th</sup> 2005 on current and periodic reports to be disclosed by issuers of securities.

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

The information on the accounting policy adopted by LC Corp Group was presented in the consolidated financial statement for 2007, published on April 7<sup>th</sup> 2008. Since the last publication of the accounting policies they have not changed.

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

The Board of the Parent Undertaking used their best knowledge of applied standards and interpretations, and also the methods and principles of valuation of particular items of the enclosed condensed consolidated financial statements. Preparing the financial statements in accordance with IFRS required from the Company Board to make some assessments and assumptions which will be reflected in the statements. The actual results may vary from these assessments. The presented financial data as at the end of Q2 2008 were not subject to examination by an auditor

	as at Jun 30 <sup>th</sup> 2008 end of quarter	as at Mar 31 <sup>st</sup> 2008 end of previous quarter	as at Dec 31 <sup>st</sup> 2007 end of previous year	as at Jun 30 <sup>th</sup> 2007 end of quarter
Deferred tax asset	3,755	2,198	2,743	1,593
Deferred tax liability	40,972	37,743	37,269	9,329
Provisions	1,647	3,354	4,887	26
Valuation allowance for assets	321	349	349	77

### 6.6. Main achievements and failures of LC Corp Capital Group

The activities of LC Corp Capital Group in Q2 2008 were aimed at execution of the Group's strategy. In accordance with the plan, the previously started investments were continued and there was intensive work to expand the Bank of Land.

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The continuation, according to the adopted schedules, of construction of the Sky Tower complex, executed by LC Corp Sky Tower sp. z o.o., at ul. Powstańców Śląskich 73-95, ul. Wielka 4-20, ul. Gwiazdzista 62-68 and in ul. Szczęśliwa in Wrocław was an important success. The sale of flats and commercialization of the complex started in January 2008.

In Q2 2008 the Group also intensively searched for new attractive investment locations to ensure execution of an appropriate number of investments over the next 5 or more years, in keeping with the strategic goal to maintain the continuity of investment processes.

Concluding an agreement, on June 5<sup>th</sup> 2008, by Gdańsk Residence Sp. z o.o. (at present LC Corp Bajkowy Park Sp. z o.o.) and Bank DnB Nord Polska S.A., on a bank credit in the amount of PLN 25,480,000.00, intended for refinancing the acquisition of property by this company, was another considerable success. The credit will be repaid as one-off payment by November 30<sup>th</sup> 2009. The agreement was concluded at arm's length.

The timely completion of the subsequent stage of the 'Osiedle Przy Promenadzie' investment by Warszawa Przy Promenadzie Sp. z o.o. Sp. k., and entering into agreements with buyers of new flats can be also considered a big Group's success.

The continuation of investments carried out by the Issuer's single-purpose companies was very important from the Group's point of view.

The Bond Issue Scheme continued, which was important for the strengthening of the security of the financial liquidity of the Group in Q2 2008. The bonds were offered pursuant to Art. 9.3 of the Act on Bonds dated June 29<sup>th</sup> 1995, and the issue did not constitute public trading in securities within the meaning of this act. In the 2<sup>nd</sup> quarter LC Corp S.A. issued 1,500 zero coupon bonds with a par value of PLN 100,000.

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

Factors and events which had a significant impact on the financial results of LC Corp Group in the 2<sup>nd</sup> quarter, by each entity of the Group:

#### The Issuer:

- carrying out of the statutory activity, connected mainly with the management of single-purpose companies making investments (all management, financial and accounting, legal, IT and administrative purposes).
- establishment and securing of the financing of the Group's subsidiary undertakings connected with the executed investments, realised in Q2 2008 by granting subordinated loans for these purposes.
- on June 18<sup>th</sup> 2008 the Registry Court registered in the Register of Pledges a pledge for the benefit of Bank DnB Nord Polska S.A. on all shares (1,000,000 shares with a par value of PLN 1,000 each) in Gdańsk Residence Sp. z o.o. (at present LC Corp Bajkowy Park Sp. z o.o.) owned by LC Corp S.A. The pledge constitutes the security for a bank credit granted to LC Corp Bajkowy Park Sp. z o.o.
- bond issue in accordance with the Bond Issue Scheme, described in item 6.6.

#### Arkady Wrocławskie S.A.:

- carrying out of the statutory activity, i.e. management of the "Arkady Wrocławskie" complex, resulting in rental income.

#### LC Corp Sky Tower Sp. z o.o.

- continuation of the Sky Tower investment process and proceeding with the sale of apartments and commercialization of the shopping mall,



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- incurring the obligation in the form of contracts for loans from the Issuer for the execution of the Sky Tower investment.

Vratislavia Residence Sp. z o.o.

- activities connected with the start of the building investment in Malin, on the land belonging to the company; signing of contracts connected with the execution of the investment, and, in particular, continued design works and preparation of the site,
- incurring the obligation in the form of a contract for a loan from the Issuer for carrying out the investment.

LC Corp Dębowa Ostoja Sp. z o.o. (former Łódź Residence Sp. z o.o.)

- preparations for the building investment on the property in Łódź, in ul. Spadkowa, consisting in the construction of a housing estate; design works related to this investment are well advanced and the application for a building permit was submitted,
- incurring the obligation in the form of a contract for a loan from the Issuer for carrying out the investment.

LC Corp Bajkowy Park Sp. z o.o. (former Gdańsk Residence Sp. z o.o.)

- concluding on June 5<sup>th</sup> 2008 an agreement with Bank DnB Nord Polska S.A. on a bank credit in the amount of PLN 25,480,000.00, intended, among others, for refinancing of the acquisition of property by this company. The credit will be repaid as one-off payment by November 30<sup>th</sup> 2009. The agreement was concluded at arm's length.
- preparations for a building investment on the property located, among others, in ul. Starogardzka in Gdańsk-Mańkowy, consisting in the construction of a housing estate; the advanced design works related to this investment are in progress.

Warszawa Przy Promenadzie Sp. z o.o. Sp. k.

- obtaining income by virtue of transferring the ownership of flats connected with the investment 'Osiedle Przy Promenadzie' Stage I, by signing notarial deeds,
- continuation of the investment consisting in the construction of the housing estate, 'Osiedle Przy Promenadzie' (Stage II) in the Goćław district, Praga-Południe in Warsaw on a plot of the area of 32,000 m<sup>2</sup> located at the crossroads of Rechniewskiego and Anińska streets; continuation of construction works.

Warszawa Przy Promenadzie Sp. z o.o.

- taking steps to start the investment on the property of the area of 3,716 m<sup>2</sup> located in Warsaw, in the Praga-Południe district, in ul. T. Rechniewskiego, where the construction of a housing estate being part of 'Osiedle Przy Promenadzie' is planned.

Warszawa Przyokopowa Sp. z o.o.

- preparations for an investment on the property located in Warsaw in ul. Przyokopowa

Warszawa Rezydencja Kaliska Sp. z o.o.

- preparations for an investment located in Warsaw in Kaliska and Niemcewiczka streets (at the boundary of Śródmieście and Ochota districts) and submission of the application for a building permit,
- incurring the obligation in the form of a contract for a loan from the Issuer for the executed investment.

Kraków Zielony Złocień Sp. z o.o.

- preparations for an investment on the property located in Kraków, where the development project 'Osiedle Zielony Złocień' will be carried out.

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**CONSOLIDATED QUARTERLY REPORT**Katowice Ceglana Sp. z o.o.

- preparations for an investment on the property located in Katowice in ul. Ceglana, of the total area of 103,940 m<sup>2</sup>, which will be the site of a housing and commercial investment; advanced design works are in progress.

LC Corp Szmaragdowe Wzgórze Sp. z o.o. (former Warszawa Projekt V Sp. z o.o.)

- incurring the obligation in the form of a contract for a loan from the Issuer,
- preparations for carrying out an investment on the property located in Gdańsk.

LC Corp Stabłowice Sp. z o.o.

- preparations for carrying out an investment in Katowice in ul. Roździeńskiego; design works are in progress now.

Łódź Pustynna Sp. z o.o.

- preparations for an investment on the property located in Łódź, in ul. Pustynna.

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

Not applicable to LC Corp Capital Group.

**6.9. Information concerning the issue, redemption and repayment of debt and capital securities****Bond issue under the Bond Issue Scheme**

In the 2<sup>nd</sup> quarter of 2008, LC Corp Capital Group performed subsequent bond issues as part of the Bond Issue Scheme described in item 6.6. On April 10<sup>th</sup> 2008 LC Corp S.A. issued 200 zero coupon bonds with a par value of PLN 100,000 each, with the maturity date on August 8<sup>th</sup> 2008. On May 9<sup>th</sup> 2008 LC Corp S.A. issued 200 zero coupon bonds with a par value of PLN 100,000 each, with the maturity date on June 23<sup>rd</sup> 2008, and 500 zero coupon bonds with a par value of PLN 100,000 each, with the maturity date on September 9<sup>th</sup> 2008. On June 4<sup>th</sup> 2008 LC Corp S.A. issued 100 zero coupon bonds with a par value of PLN 100,000 each, with the maturity date on August 8<sup>th</sup> 2008, and 300 zero coupon bonds with a par value of PLN 100,000 each, with the maturity date on October 8<sup>th</sup> 2008. On June 23<sup>rd</sup> 2008 LC Corp S.A. issued 200 zero coupon bonds with a par value of PLN 100,000 each, with the maturity date on November 5<sup>th</sup> 2008.

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

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

**6.11. Events subsequent to June 30<sup>th</sup> 2008, not disclosed in this statement, which could have a material bearing on the future financial results of LC Corp Capital Group**

On July 8<sup>th</sup> 2008 the Issuer, acting as the sole shareholder, adopted a resolution on increasing the share capital of Warszawa Przyokopowa Sp. z o.o., from PLN 2,450,000 to PLN 3,000,000, i.e. by the total amount of PLN 550,000 by issuing 5,500 new shares with a par value of PLN 100 per share. All new shares in the share capital of Warszawa Przyokopowa Sp. z o.o. were acquired by LC Corp B.V. of Amsterdam, which simultaneously joined the company as its new shareholder. LC Corp B.V. acquired 5,500 shares in the share capital of Warszawa Przyokopowa Sp. z o.o., with a par value of PLN 100 each, and the total par value of PLN 550,000 for the price of PLN 113,850,000 covered in full by cash contribution.

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On July 8<sup>th</sup> 2008 LC Corp S.A. incurred the obligation in the form of a cash loan from Warszawa Przyokopowa Sp. z o.o., in the amount of PLN 25,000,000, for an indefinite time, at arm's length, intended for daily business operation.

On July 16<sup>th</sup> 2008, pursuant to Art. 9.3 of the Act on Bonds and the relevant resolutions, LC Corp Sky Tower Sp. z o.o. issued 30 unsecured zero coupon registered bonds of D series, of a par value PLN 1,169,800 each, with the total par value of PLN 35,094,000. The issue price of one bond is PLN 1,000,000, whereas the total issue price amounts to PLN 30,000,000. The purpose of the issue is to acquire funds for the Sky Tower investment carried out by the company. The buyback date is July 16<sup>th</sup> 2010, wherein earlier buyback of bonds is admissible. Buyback of bonds at the buyback date will be realised at the par value. In the case of earlier buyback of bonds the buyback price will be calculated in proportion to the actual duration of the issue. In the case of delay in paying the buyback price the bondholder will be entitled to statutory interest.

On July 23<sup>rd</sup> 2008 LC Corp S.A. granted a subordinated loan to LC Corp Dębowa Ostoja Sp. z o.o. (former Łódź Residence Sp. z o.o.), in the amount of PLN 500,000, for an indefinite time, at arm's length, for the purposes of daily business operations related to the investment in progress.

On July 25<sup>th</sup> 2008 LC Corp Dębowa Ostoja Sp. z o.o. obtained a building permit for the investment located in Łódź, in ul. Spadkowa.

Apart from the events indicated above, there were no other events subsequent to June 30<sup>th</sup> 2008 which could have a material bearing on the financial results of LC Corp Capital Group.

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

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

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

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

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

As at August 12<sup>th</sup> 2008 the shareholders possessing, directly or indirectly through subsidiary undertakings, at least 5% of the total vote at the Issuer's general meeting are:

Shareholder	Number of shares	Number of votes	Share % in share capital	Share % in vote at general meeting

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Leszek Czarnecki directly and indirectly* including: LC Corp B.V. seated in Amsterdam	229,026,674	229,026,674	51.17%	51.17%
ING Nationale-Nederlanden Polska Otwarty Fundusz Emerytalny	214,601,110	214,601,110	47.95%	47.95%
Commercial Union Powszechnie Towarzystwo Emerytalne BPH CU WBK S.A	27,774,961	27,774,961	6.21%	6.21%
Pioneer Pekao Investment Management within the scope of financial instruments comprised in the portfolios managed by PPIM, as part of the contracted service of portfolio management of broker's financial instruments)** including: the funds of Pioneer Pekao Towarzystwo Funduszy Inwestycyjnych SA managed by PPIM	27,000,000	27,000,000	6.03%	6.03%
	22,629,823	22,629,823	5.06%	5.06%
	22,629,823	22,629,823	5.06%	5.06%

\* Leszek Czarnecki directly holds 14,424,564 shares constituting 3.22% of the share capital and 3.22% share in the vote at the General Meeting, and indirectly through his subsidiary undertakings Leszek Czarnecki holds 214,602,110 shares constituting 47.95% of the share capital and 47.95% share in the vote at the General Meeting. Leszek Czarnecki's subsidiary undertaking is LC Corp. B.V seated in Amsterdam holding 214,601,110 shares constituting 47.95% of the share capital and 47.95% share in the vote at the General Meeting and RB Investcom Sp. z o.o. seated in Wroclaw holding 1,000 shares constituting 0.0002% of the share capital and 0.0002% share in the vote at the General Meeting.

\*\* Pioneer Pekao Investment Management SA ('PPIM'), with a written notification dated April 23<sup>rd</sup> 2008 informed that, acting pursuant to Art. 87.1.3.b of the Act of July 29<sup>th</sup> 2005 on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies (Dz. U. of 2005, No 184 item 1539), as a result of the purchase of shares on April 18<sup>th</sup> 2008, there occurred an increase in the overall holdings to the level of 5.01% of the total number of votes at the General Shareholders Meeting of LC Corp S.A., within the scope of financial instruments comprised in the portfolios managed by PPIM, as part of the contracted service of portfolio management of broker's financial instruments. Before the change PPIM held 22,351,005 shares of LC Corp S.A. constituting 4.99% in the Issuer's share capital. The shares entitled to 22,351,005 votes at the GM, constituting 4.99% of votes at the GM of LC Corp SA. After the change, PPIM held 22,426,007 shares of LC Corp S.A., constituting 5.01% in the Issuer's share capital. The shares entitled to 22,426,007 votes at the GM, which constituted 5.01% of the total number of votes at the GM of LC Corp SA.

Concurrently, in the same notification of April 23<sup>rd</sup> 2008, PPIM, implementing the agreement on providing the service of portfolio management of broker's financial instruments, concluded between Pioneer Pekao Towarzystwo Funduszy Inwestycyjnych S.A. and PPIM, and acting in accordance with Art. 87.1.2.a of the Act of July 29<sup>th</sup> 2005 on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies (Dz. U. of 2005, No 184 item 1539) notified the Issuer on behalf of the following investment funds: Pioneer Akcji Polskich Fundusz Inwestycyjny Otwarty, Pioneer Małych i Średnich Spółek Rynku Polskiego Fundusz Inwestycyjny Otwarty, Pioneer Średnich Spółek Rynku Polskiego Fundusz Inwestycyjny Otwarty, Pioneer Stabilnego Wzrostu Fundusz Inwestycyjny Otwarty, Pioneer Zrównoważony Fundusz Inwestycyjny Otwarty, and Specjalistyczny Fundusz Inwestycyjny Otwarty Telekomunikacji Polskiej that as a result of the purchase of shares on April 22<sup>nd</sup> 2008, there occurred an increase in the holdings of the said funds to the level of 5.06% of the total number of votes at the General Shareholders Meeting of LC Corp S.A. regarding the shares in the portfolios of these funds managed as part of the contracted service provided by PPIM of portfolio management of broker's financial instruments. Before the change, the above-mentioned funds managed by PPIM held 22,329,823 shares of LC Corp S.A., constituting 4.99% of the Issuer's share capital. The shares entitled to 22,329,823 votes at the GM, constituting 4.99% of the total number of votes at the GM of LC Corp SA. After the change, PPIM held 22,629,823 shares of LC Corp S.A., constituting 5.06% of the Issuer's share capital. The shares entitled to 22,629,823 votes at the GM, constituting 5.06% of the total number of votes at the GM of LC Corp SA.

Bearing in mind that the shareholders holding together the above-mentioned number of votes at the GM are all clients of PPIM, and the portfolios of investment funds constitute a subgroup of all portfolios of PPIM clients, and, additionally, taking into account that the dates of transactions concerning sending the information on exceeding 5% of the votes at the GM of both all PPIM clients and funds which are a subgroup of all clients differed by 4 days, it must be accepted that the number of shares and number of votes at the GM concerning all portfolios managed within the

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scope of financial instruments comprised in the portfolios managed by PPIM, as part of the contracted service of portfolio management of broker's financial instruments cannot be smaller than the number of shares and votes at the GM held by the funds of Pioneer Pekao Towarzystwo Funduszy Inwestycyjnych SA managed by PPIM.

### 6.15. Changes in the Issuer's shares or options held by the management or supervisory staff of the Issuer as at August 12<sup>th</sup> 2008, after the last quarterly report

**Supervisory staff holding the Issuer's shares – as at the date of submitting the quarterly report for Q2 2008:**

full name	function in the body	ownership of the Issuer's shares as at May 8 <sup>th</sup> 2008	increase	decrease	ownership of the Issuer's shares as at Aug 12 <sup>th</sup> 2008
Leszek Czarnecki	Chairman of the Supervisory Board	14,424,564	-	-	14,424,564
Remigiusz Baliński	Vice-Chairman of the Supervisory Board	65,445	-	-	65,445
Dariusz Niedosiał	Member of the Supervisory Board	6,000	-	-	6,000
Artur Wiza	Member of the Supervisory Board	14,000	-	-	14,000
Andrzej Błażejowski	Member of the Supervisory Board	-	-	-	-

**Management staff holding the Issuer's shares – as at the date of submitting the quarterly report for Q2 2008:**

full name	function in the body	ownership of the Issuer's shares as at May 8 <sup>th</sup> 2008	increase	decrease	ownership of the Issuer's shares as at Aug 12 <sup>th</sup> 2008
Konrad Dubelski	President of the Management Board	660,000	-	-	660,000
Dariusz Karwacki	Vice-President of the Management Board	120,000	-	-	120,000
Waldemar Horbacki	Vice-President of the Management Board	15,000	-	-	15,000

### 6.16. Court proceedings

In the period between January 1<sup>st</sup> 2008 and August 12<sup>th</sup> 2008, no proceedings before court or public administration authorities were initiated with regard to liabilities or receivables of LC Corp S.A. and its subsidiaries, whose total value amounted to at least 10% of the equity of LC Corp S.A.

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

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

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 CONSOLIDATED QUARTERLY REPORT
 

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

In Q2 2008, except for the guarantee described in item 6.12.3 herein, the Issuer or its subsidiary undertaking did not grant any loan sureties or guarantees for the value of at least 10% of the Issuer's equity.

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

The LC Corp Capital Group's performance in the next periods will be affected by such factors as regular income from rental agreements in Arkady Wrocławskie, income from the sale of flats and apartments connected with the investments carried out by the Issuer's subsidiary companies, and the general situation in the Polish and international financial and real property markets

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

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

### 6.21. Segment revenue and results

Each strategic business activity of LC Corp Capital Group is conducted in a separate subsidiary company (single-purpose company dedicated to given real estate), however, a significant majority of the Group's activity concerns the same market - real estate market.

The revenue generated by the Group in H1 2008 comes mainly from rental of office and commercial space in the amount of PLN 19,379,000 and income from the sale of flats in the amount of PLN 86,600,000.

The Group's activity focuses on the area of Poland, hence, geographical segments are not distinguished for the reporting purposes.

## 7. Balance sheet of LC Corp S.A. in PLN '000

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as at Jun 30 <sup>th</sup> 2008	as at Mar 31 <sup>st</sup> 2008	as at Dec 31 <sup>st</sup> 2007	as at Jun 30 <sup>th</sup> 2007
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	end of quarter	end of previous quarter	end of previous year	end of quarter
<b>Assets</b>				
<b>A. Non-current assets</b>	<b>733,993</b>	<b>876,580</b>	<b>686,071</b>	<b>410,999</b>
1. Intangible assets	1,039	1,092	426	66
2. Property, plant and equipment	1,390	1,424	2,026	24,655
2.1. Tangible assets	1,336	1,342	1,352	24,031
2.2. Tangible assets under construction	54	82	674	624
3. Non-current receivables	271,952	414,452	253,852	30,791
4. Non-current investments	459,612	459,612	428,211	355,086
5. Non-current prepayments and accrued income	0	0	0	0
6. Deferred tax assets	0	0	1,556	401
<b>B. Current assets</b>	<b>213,189</b>	<b>69,842</b>	<b>208,153</b>	<b>379,475</b>
1. Prepayments for the purchase of land	0	0	9,018	0
2. Trade and other receivables	1,230	9,002	5,675	10,071
3. Income tax receivable	0	0	146	142
4. Current financial assets	188,799	0	0	0
5. Cash and cash equivalents	22,924	60,562	193,163	369,107
6. Current prepayments and accrued income	236	278	151	155
<b>C. Non-current assets classified as held for sale</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total assets</b>	<b>947,182</b>	<b>946,422</b>	<b>894,224</b>	<b>790,474</b>
<b>Equity and liabilities</b>				
<b>A. Equity</b>	<b>761,731</b>	<b>761,437</b>	<b>758,471</b>	<b>751,745</b>
1. Share capital	447,558	447,558	446,558	389,559
2. Balance of called-up share capital not paid	0	0	0	0
3. Reserve funds	308,747	306,918	306,976	4,580
4. Other reserve funds	0	0	0	0
5. Other capital	3,108	3,108	3,108	359,246
6. Retained profit/loss not covered	2,318	3,853	1,829	( 1,640)
<b>B. Non-current liabilities</b>	<b>1,044</b>	<b>196</b>	<b>22</b>	<b>24</b>
1. Non-current financial liabilities	0	0	0	0
2. Provisions	22	22	22	24
3. Deferred tax liability	1,022	174	0	0
<b>Current liabilities</b>	<b>184,407</b>	<b>184,789</b>	<b>135,731</b>	<b>38,705</b>
1. Current financial liabilities	177,966	178,180	129,245	26,898
2. Current trade and other payables	5,517	5,614	6,129	10,982
3. Income tax payable	327	713	0	0
4. Provisions	2	2	2	2
5. Accrued expenses and revenues	595	280	355	823
<b>Total equity and liabilities</b>	<b>947,182</b>	<b>946,422</b>	<b>894,224</b>	<b>790,474</b>

## 8. Profit and loss account of LC Corp S.A. in PLN '000



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	Q2 2008 period from Apr 1 <sup>st</sup> 2008 to Jun 30 <sup>th</sup> 2008	H1 2008 period from Jan 1 <sup>st</sup> 2008 to Jun 30 <sup>th</sup> 2008	Q2 2007 period from Apr 1 <sup>st</sup> 2007 to Jun 30 <sup>th</sup> 2007	H1 2007 period from Jan 1 <sup>st</sup> 2007 to Jun 30 <sup>th</sup> 2007
<b>Operating activity</b>				
<b>Sales revenue</b>	<b>2,427</b>	<b>4,770</b>	<b>3,401</b>	<b>6,949</b>
Revenue from sale of services	2,427	4,770	3,401	6,949
<b>Cost of sales</b>	<b>( 1,798)</b>	<b>( 3,378)</b>	<b>( 3,883)</b>	<b>( 6,190)</b>
<b>Pre-tax profit on sales</b>	<b>629</b>	<b>1,392</b>	<b>( 482)</b>	<b>759</b>
Gain (loss) on disposal of non-current non-financial assets	2	2	0	0
Revaluation of non-current non-financial assets	0	0	0	0
Selling and distribution costs	0	0	0	0
General administrative expenses	( 1,642)	( 2,551)	( 1,392)	( 2,412)
Other operating income	37	42	199	222
Other operating expenses	( 38)	( 48)	( 156)	( 182)
<b>Operating profit (loss)</b>	<b>( 1,012)</b>	<b>( 1,163)</b>	<b>( 1,831)</b>	<b>( 1,613)</b>
Financial income	8,442	15,780	634	936
Financial expenses	( 3,096)	( 5,670)	( 537)	( 1,024)
<b>Pre-tax profit (loss)</b>	<b>4,334</b>	<b>8,947</b>	<b>( 1,734)</b>	<b>( 1,701)</b>
Corporate income tax	( 4,040)	( 6,629)	127	61
<b>Net profit on business activities</b>	<b>294</b>	<b>2,318</b>	<b>( 1,607)</b>	<b>( 1,640)</b>
<b>Discontinued operations</b>				
Profit (loss) on discontinued operations for the business year	0	0	0	0
<b>Net profit (loss)</b>	<b>294</b>	<b>2,318</b>	<b>( 1,607)</b>	<b>( 1,640)</b>



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## 9. Changes in equity of LC Corp S.A. in PLN '000

	<i>Share capital</i>	<i>Balance of called-up share capital not paid</i>	<i>Reserve funds</i>	<i>Other reserve funds</i>	<i>Other capital</i>	<i>Retained profit/loss not covered</i>	<i>Total</i>
<b>As at January 1<sup>st</sup> 2008</b>	<b>446,558</b>	<b>0</b>	<b>306,976</b>	<b>0</b>	<b>3,108</b>	<b>1,829</b>	<b>758,471</b>
Registration of series I shares	1,000	0	0	0	0	0	1,000
Cost of series I share issue	0	0	( 58)	0	0	0	( 58)
Allocation of the profit for 2007 to reserve funds	0	0	1,829	0	0	( 1,829)	0
Profit in H1 2008	0	0	0	0	0	2,318	2,318
<b>As at June 30<sup>th</sup> 2008</b>	<b>447,558</b>	<b>0</b>	<b>308,747</b>	<b>0</b>	<b>3,108</b>	<b>2,318</b>	<b>761,731</b>

	<i>Share capital</i>	<i>Balance of called-up share capital not paid</i>	<i>Reserve funds</i>	<i>Other reserve funds</i>	<i>Other capital</i>	<i>Retained profit/loss not covered</i>	<i>Total</i>
<b>As at January 1<sup>st</sup> 2007</b>	<b>149,125</b>	<b>0</b>	<b>6,645</b>	<b>0</b>	<b>102,000</b>	<b>( 1,319)</b>	<b>256,451</b>
Registration of series F shares	102,000	0	0	0	( 102,000)	0	0
Issue of series G shares	80,000	0	0	0	0	0	80,000
Issue of series H shares	58,433	0	0	0	0	0	58,433
Issue of series J shares	57,000	0	313,500	0	0	0	370,500
Cost of share issues	0	0	( 11,850)	0	0	0	( 11,850)
Coverage of losses for 2006	0	0	( 1,319)	0	0	1,319	0
Capital from valuation of management options	0	0	0	0	3,108	0	3,108
Profit in 2007	0	0	0	0	0	1,829	1,829
<b>As at December 31<sup>st</sup> 2007</b>	<b>446,558</b>	<b>0</b>	<b>306,976</b>	<b>0</b>	<b>3,108</b>	<b>1,829</b>	<b>758,471</b>

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	<i>Share capital</i>	<i>Balance of called-up share capital not paid</i>	<i>Reserve funds</i>	<i>Other reserve funds</i>	<i>Other capital</i>	<i>Retained profit/loss not covered</i>	<i>Total</i>
<b>As at January 1<sup>st</sup> 2007</b>	<b>149,125</b>	<b>0</b>	<b>6,645</b>	<b>0</b>	<b>102,000</b>	<b>( 1,319)</b>	<b>256,451</b>
Registration of series F shares	102,000	0	0	0	( 102,000)	0	0
Issue of series G shares	80,000	0	0	0	0	0	80,000
Issue of series H shares	58,434	0	0	0	0	0	58,434
Cost of share issues	0	0	( 746)	0	0	0	( 746)
Issue of J series shares (as at June 30 <sup>th</sup> 2007 not registered in KRS /National Court Register/)	0	0	0	0	370,500	0	370,500
Cost of J series shares issue	0	0	0	0	( 11,254)	0	( 11,254)
Coverage of losses for 2006	0	0	( 1,319)	0	0	1,319	0
Profit in H1 2007	0	0	0	0	0	(1,640)	(1,640)
<b>As at June 30<sup>th</sup> 2007</b>	<b>389,559</b>	<b>0</b>	<b>4,580</b>	<b>0</b>	<b>359,246</b>	<b>( 1,640)</b>	<b>751,745</b>

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## 10. Cash-flow statement of LC Corp S.A. in PLN'000

	Q2 2008 period from Apr 1 <sup>st</sup> 2008 to Jun 30 <sup>th</sup> 2008	H1 2008 period from Jan 1 <sup>st</sup> 2008 to Jun 30 <sup>th</sup> 2008	Q2 2007 period from Apr 1 <sup>st</sup> 2007 to Jun 30 <sup>th</sup> 2007	H1 2007 period from Jan 1 <sup>st</sup> 2007 to Jun 30 <sup>th</sup> 2007
<b>I. Pre-tax profit (loss)</b>	<b>4,334</b>	<b>8,947</b>	<b>( 1,734)</b>	<b>( 1,701)</b>
<b>II. Total adjustments</b>	<b>( 9,303)</b>	<b>( 784)</b>	<b>4,294</b>	<b>( 3,824)</b>
1. Depreciation and amortisation	295	484	701	1,234
2. Foreign exchange gains (losses)	( 14,258)	( 14,258)	( 100)	( 100)
3. Interest and distributions from profit (dividends)	7,541	5,502	495	975
4. Profit (loss) on investing activities	( 2)	( 2)	0	( 26)
5. Change in provisions	0	0	( 7)	0
6. Change in inventories	0	9,018	0	0
7. Change in receivables	42	2,503	162	( 1,659)
8. Change in current liabilities (net of loans and borrowings)	( 96)	( 612)	2,599	3,152
9. Change in accruals and deferrals	357	155	601	( 7,205)
10. Corporate income tax	( 3,578)	( 3,578)	( 107)	( 145)
11. Other adjustments	396	4	( 50)	( 50)
<b>III. Net cash provided by (used in) operating activities (I±II)</b>	<b>( 4,969)</b>	<b>8,163</b>	<b>2,560</b>	<b>( 5,525)</b>
<b>I. Cash provided by investing activities</b>	<b>20,508</b>	<b>20,906</b>	<b>0</b>	<b>281</b>
1. Sale of intangible assets and property, plant and equipment	3	3	0	0
2. Sale of investment property and intangible assets	0	0	0	0
3. Cash provided by financial assets	20,505	20,903	0	281
4. Other cash used in investing activities	0	0	0	0
<b>II. Cash used in investing activities</b>	<b>( 51,209)</b>	<b>( 243,469)</b>	<b>( 71,621)</b>	<b>( 160,115)</b>
1. Acquisition of intangible assets and property, plant and equipment	( 209)	( 467)	( 495)	( 965)
2. Investment property and intangible assets	0	0	0	0
3. Cash used on financial assets	( 51,000)	( 243,000)	( 71,126)	( 159,150)
4. Other cash used in investing activities	0	( 2)	0	0
<b>III. Net cash provided by (used in) investing activities (I-II)</b>	<b>( 30,701)</b>	<b>( 222,563)</b>	<b>( 71,621)</b>	<b>( 159,834)</b>
<b>I. Cash provided by financing activities</b>	<b>146,767</b>	<b>344,219</b>	<b>428,934</b>	<b>508,934</b>
1. Net proceeds from issue of shares and additional contributions to equity	0	1,000	428,934	508,934
2. Increase in loans and borrowings	0	0	0	0
3. Issue of debt securities	146,767	343,219	0	0
4. Other cash provided by financing activities	0	0	0	0
<b>II. Cash used in financing activities</b>	<b>( 148,735)</b>	<b>( 300,058)</b>	<b>( 11,260)</b>	<b>( 12,622)</b>
1. Repayments of loans and borrowings	0	0	0	( 600)
2. Redemption of debt securities	( 146,156)	( 295,262)	0	0
3. Interest paid	( 2,579)	( 4,738)	1	( 22)
4. Other cash used in financing activities	0	( 58)	( 11,261)	( 12,000)

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III. Net cash provided by (used in) financing activities (I-II)	( 1,968)	44,161	417,674	496,312
D. Total net cash flow (A.III±B.III±C.III)	( 37,638)	( 170,239)	348,613	330,953
E. Balance-sheet change in cash, including: - foreign exchange change in cash	( 37,638)	( 170,239)	348,613	330,953
F. Cash at beginning of period	60,562	193,163	20,494	38,154
G. Cash at end of period (F±D)	22,924	22,924	369,107	369,107
- restricted cash	20	20	364,285	364,285

## 11. Other information for the non-consolidated financial statements

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

	as at 2008-06-30 end of quarter	as at 2008-03-31 end of previous quarter	as at 2007-12-31 end of previous year	as at 2007-06-30 end of quarter
Deferred tax asset	0	0	1,556	401
Deferred tax liability	1,022	174	0	0
Provisions	24	24	24	26
Valuation allowance for assets	0	0	0	0