



LC CORP CAPITAL GROUP

**CONSOLIDATED QUARTERLY REPORT
FOR THE PERIOD OF THREE MONTHS, ENDED
31 March 2012**

Wrocław, 15 May 2012

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1. Selected financial data

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

	PLN'000		EUR'000	
	31 March 2012	31 Dec 2011	31 March 2012	31 Dec 2011
I. Non-current assets	665,509	637,357	159,917	144,303
II. Current assets	827,480	830,014	198,837	187,922
III. Total assets	1,492,989	1,467,371	358,754	332,225
IV. Equity	1,040,410	1,033,430	250,002	233,977
V. Equity attributable to shareholders of the parent	1,012,130	1,005,288	243,207	227,605
VI. Minority interest	28,280	28,142	6,795	6,372
VII. Non-current liabilities	359,226	352,819	86,319	79,881
VIII. Current liabilities	93,353	81,122	22,433	18,367
IX. Book value of equity attributable to shareholders of the parent, per share (PLN/EUR)	2.26	2.25	0.54	0.51
	1 quarter 2012 cumulative	1 quarter 2011 cumulative	1 quarter 2012 cumulative	1 quarter 2011 cumulative
	from 1 Jan 2012 to 31 March 2012	from 1 Jan 2011 to 31 Mar 2011	from 1 Jan 2012 to 31 March 2012	from 1 Jan 2011 to 31 March 2011
X. Sales revenue	25,652	53,122	6,144	13,367
XI. Pre-tax profit on sales	11,726	19,739	2,809	4,967
XII. Net profit (loss)	6,980	13,420	1,672	3,377
XIII. Net profit (loss) attributable to shareholders of the parent	6,842	13,257	1,639	3,336
XIV. Net profit (loss) attributable to minority interest	138	163	33	41
XV. Basic profit (loss) per share (in PLN/EUR) attributable to equity holders of the parent	0.02	0.03	0.00	0.01

Data concerning quarterly condensed non-consolidated financial statements of LC Corp SA.

	PLN'000		EUR'000	
	31 March 2012	31 Dec 2011	31 March 2012	31 Dec 2011
XVI. Total assets	1,009,377	965,459	242,545	218,588
XVII. Equity	789,465	784,761	189,702	177,676
	1 quarter 2012 cumulative	1 quarter 2011 cumulative	1 quarter 2012 cumulative	1 quarter 2011 cumulative
	from 1 Jan 2012 to 31 March 2012	from 1 Jan 2011 to 31 Mar 2011	from 1 Jan 2012 to 31 March 2012	from 1 Jan 2011 to 31 March 2011
XVIII. Net profit (loss)	4,704	3,223	1,127	811

Selected 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 mid-exchange EUR/PLN rate quoted for the given currency by the National Bank of Poland and binding on a given

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balance-sheet date. As at 31 March 2012 it stood at 4.1616 EUR/PLN, at the balance-sheet date of 31 December 2011 it was 4.4168 EUR/PLN.

- b) Data concerning selected items of the statement of comprehensive income for the first quarter of 2012 and the Q1 2011 were calculated using the rate which is an arithmetic mean of mid-exchange EUR/PLN rates quoted for the given currency by the National Bank of Poland and binding on the last day of each month in the accounting period, i.e. ,4.1750 EUR/PLN and 3.9742 EUR/PLN, respectively

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2. Consolidated statement of financial position of the LC Corp Group

<i>(PLN'000)</i>	as at 31 March 2012 end of quarter	as at 31 Dec 2011 end of previous year
Assets		
A. Non-current assets	665,509	637 357
1. Intangible assets	286	342
2. Property, plant and equipment	1,038	1,053
2.1. Tangible assets	1,032	1,019
2.2. Tangible assets under construction	6	34
3. Non-current receivables	32,081	2,208
4. Investment property	616,492	625,669
5. Non-current prepayments and accrued income	182	194
6. Deferred tax assets	15,430	7,891
B. Current assets	827,480	830,014
1. Inventories	675,544	647,617
2. Trade and other receivables	18,114	19,880
3. Income tax receivable	1,611	1,865
4. Current financial assets	47	47
5. Cash and cash equivalents	128,165	160,216
6. Current prepayments and accrued income	3,999	389
C. Non-current assets classified as held for sale	0	0
Total assets	1,492,989	1,467,371
Equity and liabilities		
A. Equity	1,040,410	1,033,430
I. Equity attributable to shareholders of the parent	1,012,130	1,005,288
1. Share capital	447,558	447,558
2. Balance of called-up share capital not paid	0	0
3. Reserve funds	428,992	428,992
4. Other reserve funds	69,771	69,771
5. Other capital	3,108	3,108
6. Retained profit /(loss carried forward)	62,701	55,859
II. Minority interest	28,280	28,142
B. Non-current liabilities	359,226	352,819
1. Non-current financial liabilities	320,143	305,762
2. Non-current trade and other payables	0	0
3. Provisions	22	22
4. Deferred tax liability	39,061	47,035
C. Current liabilities	93,353	81,122
1. Current financial liabilities	20,017	17,984
2. Current trade and other payables	37,632	31,912
3. Income tax payable	177	87
4. Provisions	381	381
5. Accrued expenses and revenue	35,146	30,758
Total equity and liabilities	1,492,989	1,467,371

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	as at 31 March 2012	as at 31 Dec 2011
	end of quarter	end of previous year
Book value of equity (PLN'000)	1,040,410	1,033,430
Book value of equity attributable to shareholders of the parent (PLN'000)	1,012,130	1,005,288
Number of registered shares	447,558,311	447,558,311
Book value of equity attributable to shareholders of the parent, per share (PLN)	2.26	2.25

3. Consolidated statement of comprehensive income of the LC Corp Group

<i>PLN'000</i>	1 quarter 2012 period from 1 Jan 2012 to 31 March 2012	1 quarter 2011 period from 1 Jan 2011 to 31 Mar 2011
Operating activity		
Sales revenue	25,652	53,122
Revenue from sales of services	11,425	10,592
Revenue from sales of goods and products	14,227	42,530
Cost of sales	(13,926)	(33,383)
Pre-tax profit on sales	11,726	19,739
Gain (loss) on disposal of non-current non-financial assets	0	(7)
Revaluation of investment property	(27,860)	2,685
Valuation allowance for inventory	0	0
Selling and distribution costs	(1,248)	(632)
General administrative expenses	(2,573)	(2,539)
Other operating income	587	401
Other operating expenses	(106)	(42)
Operating profit (loss)	(19,474)	19,605
Financial income	14,151	1,025
Financial expenses	(1,959)	(3,923)
Pre-tax profit	(7,282)	16,707
Corporate income tax (tax expense)	14,262	(3,287)
Net profit on business activities	6,980	13,420
Discontinued operations		
Profit (loss) on discontinued operations	0	0
Net profit	6,980	13,420

Other comprehensive income

Other components of comprehensive income	0	0
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Income tax relating to other components of comprehensive income	0	0
Other comprehensive income, net of tax	0	0
Total comprehensive income	6,980	13,420
Net profit attributable to:		
equity holders of the parent	6,842	13,257
minority interest	138	163
	6,980	13,420
Total comprehensive income attributable to:		
equity holders of the parent	6,842	13,257
minority interest	138	163
	6,980	13,420

<i>PLN'000</i>	1 quarter 2012	1 quarter 2011
	period	period
	from 1 Jan 2012	from 1 Jan 2011
	to 31 March 2012	to 31 Mar 2011
Net profit (loss) attributable to equity holders of the parent (PLN'000)	6,842	13,257
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	0.02	0.03
Net profit (loss) per share (in PLN) attributable to equity holders of the parent - diluted	0.02	0.03

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4. Consolidated statement of changes in equity of the LC Corp Group

(PLN'000)	Capital allocated to the equity holders of the parent undertaking						Total	Minority interest	Total equity
	Share capital	Balance of called-up share capital not paid	Reserve funds	Other reserve funds	Other capital	Retained profit/ Loss carried forward			
As at 1 January 2012	447,558	0	428,992	69,771	3,108	55,859	1,005,288	28,142	1,033,430
<i>Net profit for the period of 3 months ended 31 March 2012</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>6,842</i>	<i>6,842</i>	<i>138</i>	<i>6,980</i>
<i>Other comprehensive income for the period of 3 months ended 31 March 2012</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total comprehensive income for the period of 3 months ended 31 March 2012	0	0	0	0	0	6,842	6,842	138	6,980
As at 31 March 2012	447,558	0	428,992	69,771	3,108	62,701	1,012,130	28,280	1,040,410

	Capital allocated to the equity holders of the parent undertaking						Total	Minority interest	Total equity
	Share capital	Balance of called-up share capital not paid	Reserve funds	Other reserve funds	Other capital	Retained profit/ Loss carried forward			
As at 1 January 2011	447,558	0	373,558	39,771	3,108	79,975	943,970	27,451	971,421
<i>Net profit for the period of 3 months ended 31 March 2011</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>13,257</i>	<i>13,257</i>	<i>163</i>	<i>13,420</i>
<i>Other comprehensive income for the period of 3 months ended 31 March 2011</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total comprehensive income for the period of 3 months ended 31 March 2011	0	0	0	0	0	13,257	13,257	163	13,420
As at 31 March 2011	447,558	0	373,558	39,771	3,108	93,232	957,227	27,614	984,841

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5. Consolidated statement of cash flows of the LC Corp Group

(PLN'000)	1 quarter 2012 from 1 Jan 2012 to 31 Mar 2012	1 quarter 2011 from 1 Jan 2011 to 31 Mar 2011
A. Cash flows from operating activities		
I. Pre-tax loss	(7,282)	16,707
II. Total adjustments	(39,103)	(8,595)
1. Depreciation and amortisation	150	161
2. Foreign exchange gains (losses)	(12,793)	2,825
3. Interest and distributions from profit (dividends)	3 854	1,241
4. Profit (loss) on investing activities	0	7
5. Change in provisions	0	(78)
6. Change in inventories	(27,927)	17,088
7. Change in receivables	(28,107)	(816)
8. Change in current liabilities (net of loans and borrowings)	(1,822)	1,981
9. Change in accruals and deferrals	790	(26,867)
10. Corporate income tax	(907)	(1,455)
11. Other adjustments	27,659	(2,682)
III. Net cash provided by (used in) operating activities (I±II)	(46,385)	8,112
B. Cash flows from investing activities		
I. Cash provided by investing activities	0	24
1. Sale of intangible assets and property, plant and equipment	0	24
2. Sale of investment property	0	0
3. Cash provided by financial assets	0	0
4. Other cash provided by investing activities	0	0
II. Cash used in investing activities	(11,230)	(525)
1. Acquisition of intangible assets and property, plant and equipment	(79)	(525)
2. Cash used on investment property	(11,151)	0
3. Cash used on financial assets	0	0
4. Other cash used in investing activities	0	0
III. Net cash provided by (used in) investing activities (I-II)	(11,230)	(501)
C. Cash flows from financing activities		
I. Cash provided by financing activities	30,454	0
1. Net proceeds from issue of shares and additional contributions to equity	0	0
2. Increase in loans and borrowings	30,454	0
3. Issue of debt securities	0	0
4. Other cash provided by financing activities	0	0
II. Cash used in financing activities	(4,890)	(4,373)
1. Repayment of loans and borrowings	(3,456)	(3,157)
2. Redemption of debt securities	0	0
3. Interest paid	(1,434)	(1,216)
4. Other cash used in financing activities	0	0
III. Net cash provided by (used in) financing activities (I-II)	25,564	(4,373)
D. Total net cash flow (A.III±B.III±C.III)	(32,051)	3,238
E. Balance-sheet change in cash, including:	(32,051)	3,238
– change in cash on account of foreign exchange differences	0	0
F. Cash at beginning of period	160,216	128,723
G. Cash at end of period (F±D)	128,165	131,961
– restricted cash	20	20

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

6.1. General information

The LC Corp Group (the "Group") consists of LC Corp S.A. and its subsidiary companies

The LC Corp Group's consolidated financial statements and financial statements of LC Corp S.A. cover the period of 3 months ended 31 March 2012 and the data as at 31 March 2012. They also contain comparable data for the period of 3 months ended 31 March 2011 and as at 31 December 2011. A detailed description of items of the financial statements is included in section 6.4.

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 is entered into the register of entrepreneurs of the National Court Register maintained by the District Court for Wrocław-Fabryczna in Wrocław, 6th Commercial Section of the National Court Register, under KRS No. 0000253077.

The Parent Undertaking was assigned statistical identification number REGON 020246398.

The Parent Undertaking and the Group's subsidiaries 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 rental and sale of residential and commercial property.

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

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

As at 31 March 2012 and as at 31 December 2011 LC Corp Capital Group comprises the following subsidiaries of LC Corp S.A.:

Company name	Registered office	31 March 2012 Share in capital	31 December 2011 Share in capital
Arkady Wrocławskie S.A.	Wrocław	100%	100%
Warszawa Przyokopowa Sp. z o.o.	Wrocław	81.67 %	81.67 %
Kraków Zielony Złocię Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest I Sp. z o.o.	Wrocław	100% (indirectly and directly)	100% (indirectly and directly)
LC Corp Invest II Sp. z o.o.	Wrocław	100%	100%

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LC Corp Invest III Sp. z o.o.	Wroclaw	100%	100%
LC Corp Invest VII Sp. z o.o.	Wroclaw	100%	100%
LC Corp Invest VIII Sp. z o.o.	Wroclaw	100%	100%
LC Corp Invest IX Sp. z o.o.	Wroclaw	100%	100%
LC Corp Invest X Sp. z o.o.	Wroclaw	100%	100%
LC Corp Invest XI Sp. z o.o.	Wroclaw	100%	100%
LC Corp Invest XII Sp. z o.o.	Wroclaw	100%	100%
LC Corp Invest XIV Sp. z o.o.	Wroclaw	100%	100%
LC Corp Invest XV Sp. z o.o.	Wroclaw	100%	100%
LC Corp Invest XV Sp. z o.o. Projekt 1 Sp. k.	Wroclaw	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 2 Sp. k.	Wroclaw	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 3 Sp. k.	Wroclaw	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 4 Sp. k.	Wroclaw	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 5 Sp. k.	Wroclaw	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 6 Sp. k.	Wroclaw	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 7 Sp. k.	Wroclaw	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 8 Sp. k. (a)	Wroclaw	100% (indirectly)	-
LC Corp Invest XV Sp. z o.o. Projekt 20 Sp. k. (b)	Wroclaw	100% (indirectly)	-
LC Corp Invest XVI Sp. z o.o.	Wroclaw	100%	100%

As at 31 March 2012 and 31 December 2011, the share in the total number of votes held by the Parent Undertaking in its subsidiaries equals the share of the Parent Undertaking in the capitals of these entities.

- 1) On 23 December 2011, (registration in the National Court Register on 17 January 2012), LC Corp S.A.'s subsidiary undertakings, LC Corp Invest XV Sp. z o.o. and LC Corp Invest X Sp. z o. o., entered into an agreement of a limited partnership, LC Corp Invest XV Sp. z o.o. Projekt 8 Sp. k. The company was formed to carry out a property development project and LC Corp Invest X Sp. z o. o. is its limited partner.
- (a) On 23 December 2011, (registration in the National Court Register on 27 January 2012), LC Corp S.A.'s subsidiary undertakings, LC Corp Invest XV Sp. z o.o. and Kraków Zielony Złocień Sp. z o. o., entered into an agreement of a limited partnership, LC Corp Invest XV Sp. z o.o. Projekt 20 Sp. k. The company was formed to carry out a property development project and Kraków Zielony Złocień Sp. z o. o. is its limited partner.

Section 6.3 contains changes taking place in the Group's ownership structure in Q1 2012.

In Q1 2012 the LC Corp Group companies concluded the following loan agreements:

- 2) LC Corp S.A. entered into the following cash loan agreements with LC Corp Invest I Sp. z o.o. (the Borrower):
 - a) on 16 January 2012, a loan agreement for PLN 4,000,000, concluded at arm's length for an indefinite period,
 - b) on 29 February 2012, a loan agreement for PLN 24,042,000, concluded at arm's length for an indefinite period,
 - c) on 1 March 2012, a loan agreement for PLN 10,000,000, concluded at arm's length for an indefinite period.

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- 3) LC Corp Invest I Sp. z o. o. entered into the following cash loan agreements with the LC Corp Group's undertakings:
- on 16 January 2012, it concluded with LC Corp Invest XV Sp. z o.o. Projekt 5 Sp. k. a loan agreement, at arm's length, for PLN 4,000,000, for an indefinite period.
 - on 19 January 2012, it concluded with Kraków Zielony Złocień Sp. z o.o. a loan agreement, at arm's length, for PLN 1,000,000, for an indefinite period.
 - on 9 February 2012, it concluded with Kraków Zielony Złocień Sp. z o.o. a loan agreement, at arm's length, for PLN 10,000,000, for an indefinite period.
 - on 29 February 2012, it concluded with LC Corp Invest III Sp. z o.o. a loan agreement, at arm's length, for PLN 24,042,000, for an indefinite period.
 - on 1 March 2012, it concluded with LC Corp Invest XV Sp. z o.o. Projekt 5 Sp. k. a loan agreement, at arm's length, for PLN 10,000,000, for an indefinite period.
 - on 14 March 2012, it concluded with LC Corp Invest XV Sp. z o.o. Projekt 4 Sp. k. a loan agreement, at arm's length, for PLN 100,000, for an indefinite period.

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

The structure of the LC Corp Group as at 31 March 2012 is shown in section 6.2. In Q1 2012, ended 31 March 2012, the following changes occurred in the Group's composition:

- On 23 December 2011, (registration in the National Court Register on 17 January 2012), LC Corp S.A.'s subsidiary undertakings, LC Corp Invest XV Sp. z o.o. and LC Corp Invest X Sp. z o. o., entered into an agreement forming a limited partnership - LC Corp Invest XV Sp. z o.o. Projekt 8 Sp. k.
- On 23 December 2011, (registration in the National Court Register on 27 January 2012), LC Corp S.A.'s subsidiary undertakings, LC Corp Invest XV Sp. z o.o. and Kraków Zielony Złocień Sp. z o. o., entered into an agreement forming a limited partnership - LC Corp Invest XV Sp. z o.o. Projekt 20 Sp. k.
- On 3 February 2012, pursuant to the resolution adopted by the General Meeting of LC Corp Invest III Sp. z o.o. its share capital was increased to the level of PLN 6,700,000, by issuing 7,000 new shares which were taken up by LC Corp S.A. in return for cash contributions. The registration of the above change with KRS took place on 14 February 2012.

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

The consolidated quarterly report of the LC Corp Group for Q1 2012 contains:

- Quarterly condensed consolidated financial statements of the LC Corp Group:
 - consolidated statement of financial position as at 31 March 2012 and comparable financial data as at 31 December 2011;
 - consolidated statement of comprehensive income for the three quarters, i.e. for the period of 3 months, cumulative from 1 January 2012 to 31 March 2012 as well as comparable data for a corresponding period of the previous year, i.e. for the period from 1 January 2011 to 31 March 2011;
 - consolidated statement of cash flows for the first quarter, i.e. for the period of 3 months, cumulative from 1 January 2012 to 31 March 2012 as well as comparable data for a corresponding period of the previous year, i.e. for the period from 1 January 2011 to 31 March 2011;

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- consolidated statement of changes in equity as at 31 March 2012 and comparable financial data as at 31 March 2011;

- Quarterly condensed financial statements of LC Corp S.A.:
 - statement of financial position as at 31 March 2012 and comparable financial data as at 31 December 2011;
 - statement of comprehensive income for the 3 quarters of 2011, i.e. for the period of 3 months, cumulative from 1 January 2011 to 31 March 2012 as well as comparable data for a corresponding period of the previous year, i.e. for the period from 1 January 2010 to 31 March 2012 2010;
 - statement of cash flows for the first quarter of 2011, i.e. for the period of 3 months, cumulative from 1 January 2011 to 31 March 2012 as well as comparable data for a corresponding period of the previous year, i.e. for the period from 1 January 2010 to 31 March 2012 2010;
 - statement of changes in equity as at 31 March 2012 and comparable financial data as at 31 March 2011;

- Notes to financial statements and other information defined by Art. 87 of the Regulation of the Minister of Finance dated 19 February 2009 on current and periodic reports disclosed by issuers of securities and conditions of recognising as equivalent the information required by the regulations of a non-EU country.

The enclosed condensed consolidated financial statements of the LC Corp Group and 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 financial statements) and 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"), applicable to quarterly financial statements.

The quarterly condensed consolidated financial statements of the LC Corp Group and condensed financial statements of LC Corp S.A. do not contain all information and disclosures required in the annual consolidated financial statements of the Group or the annual financial statements of LC Corp S.A. and they must be read together with the annual consolidated financial statements of the Group or the annual financial statements of LC Corp S.A. for the year ended 31 December 2011.

The enclosed condensed consolidated financial statements of the LC Corp Group and 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 enclosed condensed consolidated financial statements of the LC Corp Group and condensed financial statements of LC Corp S.A. were prepared on the assumption of a continuation of the business activity by the Group companies in the foreseeable future. As at the date of approval of these financial statements, there were no circumstances identified implying any threats to continuation of the Group companies' activity.

The enclosed quarterly condensed consolidated financial statements of the LC Corp Group and condensed financial statements of LC Corp S.A. were approved by the Management Board for publication on 15 May 2012.

The information on the accounting policies adopted by the LC Corp Group and the Issuer was presented in the annual consolidated financial statements of the LC Corp Group and financial statements of LC Corp S.A. for the year ended 31 December 2011, published on 20 March 2012. Since the last publication the accounting principles have not been

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changed, except for the adoption of the following new or amended standards and interpretations applicable to annual periods starting on or after 1 January 2012.

- 1) Amendment to IFRS 7 *“Financial Instruments: Disclosures”* – *“Disclosures of Transfers of Financial Assets”* – applicable to annual periods starting on or after 1 July 2011. The amendment consists in imposing more stringent requirements concerning the disclosures of transfers of financial assets resulting in the de-recognition of assets from the balance sheet, in the case where the entity remains involved in the transferred assets, and the transfers which do not result in the de-recognition of assets from the balance sheet, but cause the origination of the corresponding liability;
- 2) Amendments to IFRS 1 *“First-time Adoption of International Financial Reporting Standards”* – *“Severe Hyperinflation and Removal of Fixed Dates”* – applicable to annual periods starting on or after 1 July 2011. The amendments concern the reference to the fixed date of “1 January 2004” as the date of first-time adoption of IFRS and change it to “the date of first-time adoption of IFRS”, in order to eliminate the necessity to transform the transactions which took place before the date when the entity started the application of IFRS. Furthermore, the guidelines were included in the standard, concerning the restarted application of IFRS in the periods following the periods of hyperinflation making it impossible to achieve the full compliance with IFRS;
- 3) Amendments to IAS 12 *“Income taxes”* – *“Deferred Tax: Recovery of Underlying Assets”* - applicable to annual periods starting on or after 1 January 2012. The amendment describes in detail the method of valuation of deferred tax assets and liabilities in the case of investment property measured according to the fair value model defined in IAS 40 *Investment Property*. When the amended standard comes into force SIC 21 interpretation, *Income Tax – Recovery of Revalued Non-Depreciable Assets*, will be withdrawn.

The above changes did not have any impact on the financial situation or the results achieved by the Group and the undertakings of LC Corp S.A.

In connection with the merger of 17 November 2011 of LC Corp S.A. (Acquiring Company) and LC Corp Invest Sp. z o.o. (Acquired Company – former LC Corp Invest III Sp. z o.o. Sp. k., transformed into a limited liability company /spółka z o.o./ on 29 June 2011) the comparable data were transformed in relation to the previously prepared and published financial statements for the first quarter of 2011 and were presented as if the merger had taken place at the beginning of the previous accounting year.

The table below presents the changes made to the comparable data in the statement of comprehensive income for the period of three months ended on 31 March 2012, in relation to the previously prepared and published financial statements for the first quarter 2011.

	Period ended 31 March 2012 acc. to published report	Adjustments resulting from application of pooling of interest method	Period ended 31 March 2011 acc. to published report
Revenue			
Revenue from sale of services and goods	670	10,876	11,546
Revenue from interest and discounts	7,542	(253)	7,289
Revenue from dividend	11,688	(11,688)	0
Other financial income	0	4	4
Other operating income	113	0	113
Total operating income	20,013	(1,061)	18,952
Expenses			
Operating expenses, value of goods sold	(2,165)	(11,368)	(13,533)
Costs of interest and discounts	(842)	0	(842)

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Other financial expenses	0	0	0
Other operating expenses	(18)	(2)	(20)
Total operating expenses	(3,025)	(11,370)	(14,395)
Pre-tax profit (loss)	16,988	(12,431)	4,557
Corporate income tax (tax expenses)	(3,653)	2,318	(1,334)
Net profit (loss) on continued operations	13,335	(10,113)	3,223
Net profit(loss)	13,335	(10,113)	3,223
Total comprehensive income	13,335	(10,113)	3,223

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

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 Q1 2012 were not subject to examination by an auditor.

The basic assumptions concerning the future have been discussed below as well as other key reasons for doubts occurring at the end of the accounting 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 Group recognizes a deferred tax asset based on the assumption that a tax profit enabling its utilization should be obtained in the future. Worsening of tax results attained could cause that this assumption might become groundless in the future.

Fair value of investment property

At the end of each quarter of an accounting year, the Group makes independent valuation of the fair value of its investment property, based on the agreed model of investment capitalisation. At the end of each accounting year, the fair value of investment property is established or verified by an independent valuer.

Valuation allowance for inventory

At end of each reporting period, the Management Board estimates if there is any evidence pointing to a loss of value of its ongoing property development projects. The value concerned is evaluated by means of the DCF method, to establish the valuation allowance for inventory. The DCF method is based on discounted cash flows generated within approved project schedules and revenues from sales of flats, adopting the sale price of 1 square metre of usable floor space, in accordance with the current market situation. The discount rate takes account of the weighted average cost of capital (WACC).

The amount of valuation allowance for inventory was estimated as at 31 March 2012 and may be subject to change depending on the fluctuation of the market prices of land, sale prices of flats, constructions costs, project completion schedules and future discount rate calculations. The actual results may vary from these estimates which were

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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. In consequence, the amounts of valuation allowance may change in the following reporting periods.

The table below presents significant estimates as at 31 March 2012 and as at 31 December 2011.

	as at 31 March 2012 end of quarter	as at 31 Dec 2011 end of previous year
Deferred tax asset	15,430	7,891
Fair value of investment properties	524,021	551,764
Provision for deferred tax	39,061	47,035
Valuation allowances for inventories	88,784	90,301

6.6. Main achievements and failures of the LC Corp Group

In Q1 2012 the Group continued to carry out its scheduled projects, executed by the Group's subsidiary undertakings:

1. On the property located in Warsaw, in ul. Grzybowska and ul. Przyokopowa, Warszawa Przyokopowa Sp. z o.o. is carrying out a commercial project: an office complex and retail facilities. The estimated size of the planned building totals about 31,000 m² of rental space. On 1 September 2011, on the basis of the final building permit, the company started construction works in the general contracting system. It is planned to complete the project at the end of the third quarter of 2013.
2. On the property of 3.4 ha, located in Ząbki near Warsaw, at ul. Powstańców 33, LC Corp Invest XV Sp. z o.o. Projekt 6 Sp. k. is carrying out stage I of the housing estate. The project provides for the construction of about 880 flats and it will be completed in five stages. The property, including the building permit for stage I (100 flats), was acquired on 20 April 2011 by LC Corp S.A., and then transferred under an agreement on sale, concluded on 30 September 2011, to a special purpose company, LC Corp Invest XV Sp. z o.o. Projekt 6 Sp. k. On 8 July 2011, LC Corp S.A. entered into a general contracting agreement concerning stage I of the project, and as a result of an assignment agreement as of 30 September 2011 LC Corp S.A. was replaced by LC Corp Invest XV Sp. z o.o. Projekt 6 Sp. k. as a new owner of the property. The pre-sale of flats started in September 2011.
3. LC Corp Invest XIV Sp. z o.o. is building the "Maestro" housing estate, located on the property of 11,614 m² in ul. Dróżnicza, in the Krzyki-Jagodno district in Wrocław. At present, stages Ia and Ib, including the total of 176 flats, are under construction. The construction works are carried out in the general contracting system. The construction of stage Ia (88 flats) has been completed and the occupancy permit for this building has been obtained. The completion of the construction of stage Ib (88 flats) is planned for the third quarter of 2012. The pre-sale of flats is in progress. In July 2011, the company obtained the final building permit for the subsequent stage of the estate (160 flats). The construction works are carried out in the general contracting system. The pre-sale of flats built in this stage will start in the second quarter of 2012.
4. LC Corp Invest XV Sp. z o.o. Projekt 5 Sp. k. is implementing the project of a residential estate consisting of multi- and single-family houses on the property of about 18,578 m² in ul. Potokowa in Wrocław, acquired by LC Corp S.A. in March 2011 and transferred to LC Corp Invest XV Sp. z o.o. Projekt 5 Sp. k. in January 2012. The Company has obtained the building permit for stage I, under which two multi-family buildings with an underground garage (57 flats) and 14 single-family semi-detached and terraced houses will be built. The construction works are carried out in the general contracting system. The pre-sale of flats built in this stage is in progress.
5. LC Corp Invest XV Sp. z o.o. Projekt 1 Sp. k. is carrying out, in four stages, the residential estate consisting of multi-family buildings, located on the property of 3.4253 ha, in ul. Graniczna, in the Muchobór Wielki section in

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- Wrocław, acquired by LC Corp S.A. in 2011 and transferred to LC Corp Invest XV Sp. z o.o. Projekt 1 Sp. k. in April 2012. Stage I of the project was started in April 2012.
6. On the property of 10.22 ha, located in the Bieżanów-Złocień district in Kraków, Kraków Zielony Złocień Sp. z o.o. is carrying out stage I of the Stoneczne Miasteczko residential estate (120 flats). The Company has the final building permits for the construction of over 1000 flats in this estate. Stage I of the construction was finalised in the fourth quarter of 2011 and in February 2012 the occupancy permit was obtained. The construction of the subsequent stage (164 flats) began in July 2011. The pre-sale of flats built in this stage is in progress as well as the signing of notarial deeds of sale of the flats built during stage I.
 7. On the property of 0.5 ha, located in ul. Okulickiego in Kraków, acquired together with the building permit in June 2011, LC Corp Invest XV Sp. z o.o. Projekt 2 Sp. k. is completing a block consisting of 143 flats. The construction works carried out in the general contracting system started in June 2011. The pre-sale of flats began in September 2011 and the completion of the project is planned for Q1 2013.
 8. On the property of about 10.7 ha, located in the Łostowice district, LC Corp Invest VIII Sp. z o.o. is carrying out in two stages a residential estate: stage I, with the total residential and retail area of 26,900 m², and stage II, with the total residential and retail area of about 20,150 m². In August 2011, the company obtained the final building permit for stage II a of the project, including the construction of multi-family buildings (165 flats) and eight retail premises. Residential complex no. III, the first one to be completed under this stage, will consist of two buildings with 72 flats in total. The construction works and pre-sale were started in the fourth quarter of 2011.
 9. LC Corp Invest IX Sp. z o.o. is completing stage I of the residential estate consisting of single-family houses, located in ul. Spadkowa, in Bałuty, in Łódź. The project provides for the construction of about 150 single-family two-storey houses, terraced, semi-detached and detached, and the so-called city villas (about 4-6 flats within the frame of a single-family house). During stage I, completed in Q3 2011, 22 single-family houses, terraced and semi-detached, were built. The pre-sale of flats completed during this stage is in progress and the subsequent stage of the construction is under preparation.
 10. On the property located in ul. Pustynna in Łódź, LC Corp Invest X Sp. z o.o. is building a residential estate, formed by the houses of a city villa type, offering flats with the area between 57 m² and 138 m², complementary to the current residential offer in Łódź. At present, the first stage of the estate is under construction (38 flats). The construction works are carried out in the general contracting system. It is planned to complete the works in the third quarter of 2012. The designing works concerning the subsequent stages of the project are in progress. The building permit decisions for the construction of stages II and III have been obtained.

In Q1 2012, the sale of flats in the Rezydencja Kaliska project in Warsaw as well as flats of stage I of the Stoneczne Miasteczko residential estate in Kraków was continued. By 31 March 2012, 79 agreements on pre-sale of flats were concluded and 48 flats and retail premises were sold (by transferring the title).

The Group extended its activity also by acquiring real property intended for new projects:

On 3 February 2012 the District Court for Warszawa – Wola, following LC Corp S.A.'s winning the judicial auction for the acquisition of the right of perpetual usufruct to the property situated in Warsaw, at ul. Sowińskiego of the area of 7,857 m², issued a decision on awarding this right to the Company. The decision is final. Residential projects are to be carried out on the property .

Furthermore, intense inquiries and negotiations are conducted, aimed at acquiring property for new projects of the Group.

The Group effectively acquires external financing for its projects – negotiations are underway with banks concerning loan agreements for new projects.

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

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

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

For the LC Corp Group the seasonality is connected with its ongoing property development projects: in the course of business it manifests itself in the possibility of conducting construction works depending on the season, and in the financial reporting it is visible by recognising revenue from sales of flats/premises at the moment of signing a notary act transferring the ownership of such property (until that moment, takings in the form of advance payments from customers are recognised as the company's liabilities).

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

On 20 January 2012, LC Corp S.A. concluded with LC Corp Invest III Sp. z o.o. an annexe to the agreement on issue, purchase and buyback of securities of 2 December 2008. Under the annexe the maturity date of 9 investment notes issued by Warszawa Rezydencja Kaliska Sp. z o.o. (currently LC Corp Invest III Sp. z o.o.) and acquired by LC Corp S.A. was rescheduled from 20 January 2012 to 20 January 2013, whereby an earlier buyback of the notes is admissible.

On 9 March 2012, pursuant to the Bills of Exchange Law, LC Corp S.A. issued at arm's length seven investment notes with a par value of PLN 2,000,000 each, whose maturity date falls on 31 January 2014, which were acquired by a subsidiary undertaking, Arkady Wroclawskie S.A.

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 31 March 2012, not disclosed in these statements, which could have a material bearing on the future financial results of the LC Corp Group

1. LC Corp S.A. entered into the following cash loan agreements with LC Corp Invest I Sp. z o.o. (the Borrower):
 - on 26 April 2012, two loan agreements totalling PLN 17,100,000 and PLN 10,900,000 concluded at arm's length for an indefinite period,
 - on 11 May 2012, a loan agreement for PLN 6,900,000, concluded at arm's length for an indefinite period,
2. LC Corp Invest I Sp. z o. o. entered into the following cash loan agreements with the LC Corp Group's undertakings:
 - on 26 April 2012, it concluded with LC Corp Invest XV Sp. z o.o. Projekt 1 Sp. k. two loan agreements totalling PLN 17,100,000 and PLN 10,900,000 concluded at arm's length for an indefinite period.
 - on 11 May 2012, it concluded with LC Corp Invest XV Sp. z o.o. Projekt 2 Sp. k. a loan agreement for PLN 6,900,000, concluded at arm's length for an indefinite period.

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On 27 April 2012, LC Corp S.A. sold to Invest XV Sp. z o.o. Projekt 1 Sp. k. the ownership right to the property of 3.4253 ha, in ul. Graniczna, in the Muchobór Wielki section in Wrocław, (including Building Permit), on which a residential project is to be carried out.

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

Since the end of the previous financial year the Group companies have had no undisclosed significant contingent liabilities or assets.

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

The Issuer did not publish any financial forecasts for the year 2012.

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

As at 31 March 2012, the share capital of LC Corp S.A. amounted to PLN 447,558,311 and was divided into 447,558,311 ordinary bearer shares, with a par value of PLN 1.00 per share, each carrying one vote at the General Meeting. These figures remain unchanged as at 15 May 2012.

Ownership structure of significant blocks of the Issuer's shares as at the date the Q1 2012 report was published, based on the information LC Corp S.A. received from the shareholders:

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 publication of the Q1 2012 report:

Shareholder	Number of shares	Number of votes	Share % in share capital	Share % in vote at general meeting
Leszek Czarnecki directly and indirectly*, including:	229,126,674	229,126,674	51.19%	51.19%
LC Corp B.V. seated in Amsterdam	214,701,110	214,701,110	47.97%	47.97%
ING Otwarty Fundusz Emerytalny	32,684,371	32,684,371	7.30%	7.30%
AVIVA Otwarty Fundusz Emerytalny AVIVA BZ WBK	36,800,000	36,800,000	8.22%	8.22%
OFE PZU "Złota Jesień"	24,084,546	24,084,546	5.38%	5.38%

- Leszek Czarnecki directly holds 14,424,564 shares constituting 3.22% of the share capital and 3.22% share in the vote at the General Meeting, and indirectly, through his subsidiary undertakings, Leszek Czarnecki holds 214,702,110 shares constituting 47.97% of the share capital and 47.97% share in the vote at the General Meeting. Leszek Czarnecki's subsidiary undertaking is LC Corp. B.V. seated in Amsterdam holding 214,701,110 shares constituting 47.97% of the share capital and 47.97% share

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in the vote at the General Meeting and RB Investcom Sp. z o.o. seated in Wrocław holding 1,000 shares constituting 0.0002% of the share capital and 0.0002% share in the vote at the General Meeting.

Ownership structure of significant blocks of the Issuer's shares, as at the date the consolidated financial statements for 2011 were published, based on the information LC Corp S.A. received from the shareholders:

Shareholders possessing, directly or indirectly, at least 5% of the total vote at the general meeting of LC Corp S.A.:

Shareholder	Number of shares	Number of votes	Share % in share capital	Share % in vote at general meeting
Leszek Czarnecki directly and indirectly*, including:	229,126,674	229,126,674	51.19%	51.19%
LC Corp B.V. seated in Amsterdam	214,701,110	214,701,110	47.97%	47.97%
ING Otwarty Fundusz Emerytalny	32,684,371	32,684,371	7.30%	7.30%
Leszek Czarnecki directly and indirectly*, including:	36,800,000	36,800,000	8.22%	8.22%
LC Corp B.V. seated in Amsterdam				
OFE PZU "Złota Jesień"	24,084,546	24,084,546	5.38%	5.38%

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

6.15. Changes in the Issuer's shares or options held by the management or supervisory staff of the Issuer as at 15 May 2012, within the period from the previous quarterly report (including changes in ownership)

Full name	Function in the body	Ownership of the Issuer's shares at 20 March 2012(*)	Increase	Decrease	Ownership of the Issuer's shares at 15 May 2012
Supervisory Staff					
Leszek Czarnecki	Chairman of the Supervisory Board	14,424,564	-	-	14,424,564
Andrzej Błazejewski	Vice-Chairman of the Supervisory Board	151,142	-	-	151,142
Ludwik Czarnecki	Member of the Supervisory Board	10,000	-	-	10,000

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Zbigniew Dorenda	Member of the Supervisory Board	14,000	-	-	14,000
Remigiusz Baliński	Member of the Supervisory Board	65,445	-	-	65,445
Management Staff					
Dariusz Niedośpał	President of the Management Board	6,000	-	-	6,000
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	-	-	-	-

(*) Acc. to information disclosed in the 2011 annual report.

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

As at 31 March 2012 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.

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

In this reporting period neither the Issuer nor its subsidiary undertakings concluded with related entities any single or numerous transactions, individually or collectively deemed significant, and made on terms other than at arm's length.

6.18. Information on loan sureties issued by the Issuer or its subsidiary undertaking

In Q1 2012 neither the Issuer nor any of its subsidiary undertakings issued any loan sureties.

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

Financial performance of the Group in the next quarters will be influenced by the level of revenue generated from rental of commercial space in Arkady Wrocławskie Centre, which is linked with the EUR exchange rate. The EUR exchange rate will also exert influence on the valuation of the foreign-denominated loan and the Arkady Wrocławskie investment property. The valuation of the Arkady Wrocławskie property will also depend on the level of capitalisation rates on the real estate market in a given reporting period.

In the following quarter the value of agreements transferring the ownership of flats/premises of the completed Rezydencja Kaliska, Stoneczne Miasteczko and Maestro (Stage 1a) projects will be a very important factor influencing the Group's results. In compliance with IAS 18 the revenue from property development activity is recognised when, in principle, all risks and benefits related to given premises have been transferred to the client and the revenue can be measured in a reasonable manner.

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The LC Corp Group recognises revenue when a notarial deed transferring the ownership of property is signed, so consequently, in the following quarter the profit/loss on sales will depend on the value of the agreements signed during this period.

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

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

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

The Group values 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, data concerning revenues and profits of the individual segments within the Group have been provided for the period of 3 months ended 31 March 2012 and 31 March 2011 as well as assets and liabilities as at 31 March 2012 and 31 December 2011.

Period of 3 months ended 31 March 2012	Rental activity	Property development activity	Holding activity	Total activity
Total sales revenue	11,271	14,345	36	25,652
Pre-tax profit (loss) on sales	8,200	3,490	36	11,726
Unallocated revenue				14,738
Unallocated expenses				(33,746)
Pre-tax profit (loss)				(7,282)
CIT				14,262
Net profit (loss)				6,980

Period of 3 months ended 31 March 2011	Rental activity	Property development activity	Holding activity	Total activity
Total sales revenue	10,545	42,567	10	53,122
Pre-tax profit (loss) on sales	7,534	12,195	10	19,739
Unallocated revenue				4,112

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Unallocated expenses	(7,144)
Pre-tax profit (loss)	16,707
CIT	(3,287)
Net profit (loss)	13,420

At 31 March 2012	Rental activity	Property development activity	Holding activity	Total activity
Assets and liabilities				
Total assets	642,966	720,835	129,188	1,492,989
Total liabilities	262,951	142,349	47,279	452,579

As at 31 December 2011	Rental activity	Property development activity	Holding activity	Total activity
Assets and liabilities				
Total assets	667,284	678,153	121,934	1,467,371
Total liabilities	274,155	144,236	15,550	433,941

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7. Statement of financial position of LC Corp SA

<i>(PLN'000)</i>	as at 31 March 2012 end of quarter	as at 31 Dec 2011 end of previous year
Assets		
A. Non-current assets	849,566	771,350
1. Intangible assets	275	326
2. Property, plant and equipment	707	745
2.1. Tangible assets	701	741
2.2. Tangible assets under construction	6	4
3. Non-current loans and receivables	570,029	491,532
4. Non-current investments	276,684	275,822
5. Non-current prepayments and accrued income	0	0
6. Deferred tax assets	1,871	2,925
B. Current assets	159,811	194,109
1. Inventories	33,800	24,036
2. Trade and other receivables	4,787	5 372
3. Income tax receivable	1,022	1 085
4. Current financial assets	30,750	55 731
5. Cash and cash equivalents	89,194	107 791
6. Current prepayments and accrued income	258	94
C. Non-current assets classified as held for sale	0	0
Total assets	1,009,377	965 459
Equity and liabilities		
A. Equity	789,465	784 761
1. Share capital	447,558	447,558
2. Balance of called-up share capital not paid	0	0
3. Reserve funds	288,430	288,430
4. Other reserve funds	30,000	30,000
5. Other capital	3,068	3,068
6. Retained profit (loss carried forward)	20,409	15,705
B. Non-current liabilities	194,817	150,681
1. Non-current financial liabilities	194,798	150,662
2. Provisions	19	19
3. Deferred tax liability	0	0
C. Current liabilities	25,095	30,017
1. Current financial liabilities	16,693	22,353
2. Current trade and other payables	6,970	5,954
3. Income tax payable	0	0
4. Provisions	0	0
5. Accrued expenses and revenue	1,432	1,710
Total equity and liabilities	1,009,377	965,459

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8. Statement of comprehensive income of LC Corp SA

<i>(PLN'000)</i>	1 quarter 2012 period from 1 Jan 2012 to 31 March 2012	1 quarter 2011 period from 1 Jan 2011 to 31 Mar 2011
Revenue		
Revenue from sale of services	1,071	11,546
Revenue from interest and discounts	9,449	7,289
Revenue from dividend	0	0
Other operating income	0	4
Total operating income	48	113
	10,568	18,952
Expenses		
Operating expenses		
Costs of interest and discounts	(2,744)	(13,533)
Other financial expenses	(1,912)	(842)
Other operating expenses	(56)	0
Total operating expenses	(35)	(20)
	(4,747)	(14,395)
Pre-tax profit (loss)	5,821	4,557
Corporate income tax (tax expenses)	(1,117)	(1,334)
Net profit (loss) on continued operations	4,704	3,223
Discontinued operations		
Profit (loss) on discontinued operations	0	0
Net profit	4,704	3,223
Other comprehensive income	4,704	3,223
Other components of comprehensive income		
Income tax relating to other components of comprehensive income	0	0
Other comprehensive income (net)	0	0
	0	0
Total comprehensive income	4,704	3,223
Revenue	4,704	3,223

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9. Statement of changes in equity of LC Corp SA

(PLN'000)	Share capital	Balance of called-up share capital not paid	Reserve funds	Other reserve funds	Other capital	Retained profit (loss carried forward)	Total
As at 1 January 2012	447,558	0	288,430	30,000	3,068	15,705	784,761
<i>Net profit for the period of 3 months ended 31 March 2012</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>4,704</i>	<i>4,704</i>
<i>Other comprehensive income for the period of 3 months ended 31 March 2012</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total comprehensive income for the period of 3 months ended 31 March 2012	0	0	0	0	0	4,704	4,704
As at 31 March 2012	447,558	0	288,430	30,000	3,068	20,409	789,465

(PLN'000)	Share capital	Balance of called-up share capital not paid	Reserve funds	Other reserve funds	Other capital	Retained profit (loss carried forward)	Total
As at 1 January 2011*	447,558	0	289,826	0	3,108	39,311	779,803
<i>Net profit for the period of 3 months ended 31 March 2011</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>3,223</i>	<i>3,223</i>
<i>Other comprehensive income for the period of 3 months ended 31 March 2011</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total comprehensive income for the period of 3 months ended 31 March 2011	0	0	0	0	0	3,223	3,223
Distribution from profit for 2010	0	0	0	0	0	(118)	(118)
As at 31 March 2012 2011	447,558	0	289,826	0	3,108	42,416	782,908

(*) Acc. to Statement of Changes in Equity disclosed in the financial statements of LC Corp S.A. for 2011

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10. Statement of cash flows of LC Corp SA.

<i>(PLN'000)</i>	1 quarter 2012 from 1 Jan 2012	1 quarter 2011 from 1 Jan 2011
A. Cash flows from operating activities		
I. Pre-tax profit (loss) on continuing operations	5,821	4,557
II. Total adjustments	(54,418)	20,102
1. Change in tangible assets and intangible assets	89	(217)
2. Change in provisions	0	(78)
3. Change in inventories	(9,764)	8,678
4. Change in receivables	(29,415)	(456)
5. Change in current liabilities (net of loans and borrowings)	1,016	1,472
6. Change in accruals and deferrals	(442)	1,229
7. Change in financial liabilities	8,687	3,778
8. Change in financial assets resulting from loans and notes	(23,678)	6,218
9. Change in financial assets resulting from shares	(700)	(15)
10. Corporate income tax	0	(389)
11. Other adjustments	(211)	(118)
III. Net cash provided by (used in) operating activities (I±II)	(48,597)	24,659
B. Cash flows from investing activities		
I. Cash provided by investing activities	30,000	0
1. Net proceeds from issue of shares and additional contributions to equity	0	0
2. Issue of debt securities	0	0
II. Cash used in investing activities	30,000	0
1. Acquisition of own (treasury) shares	0	0
III. Net cash provided by (used in) investing activities (I-II)	0	0
C. Total net cash flow (A.III±B.III)	30,000	0
D. Balance-sheet change in cash, including:	(18,597)	24,659
– foreign exchange change in cash	(18,597)	24,659
E. Cash at beginning of period	0	0
F. Cash at end of period (F±D)	107,791	63,703
– restricted cash	89,194	88,362
A. Cash flows from operating activities	20	20

11. Other information for the non-consolidated financial statements of LC Corp SA

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

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 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 Q1 2012 were not subject to examination by an auditor.

The basic assumptions concerning the future have been discussed below as well as other key reasons for doubts occurring at the end of the accounting period and entailing a significant risk of considerable adjustment of the balance-sheet 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. Worsening of tax results attained could cause that this assumption might become groundless in the future.

Valuation allowances for shares in subsidiary undertakings and loans granted to these companies

At the end of each reporting period the Management Board estimates if there is any evidence pointing to a loss of value of shares in subsidiary undertakings and loans granted to these companies. If there is such evidence pointing to a loss of their value, the Management Board makes valuation allowances for these assets to the level of the recoverable value. The recoverable value corresponds to the higher of fair value less selling costs of the asset or its value in use, respectively.

The value in use was evaluated by means of the DCF method, which is based on discounted cash flows generated by subsidiaries within approved project schedules and revenues from sales of flats, adopting 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 capital (WACC).

The recoverable value of shares and loans as well as the amount of valuation allowances for shares and loans are estimated as at 31 March 2012 and may be subject to change depending on the fluctuation of the market prices of land, sale prices of flats, constructions costs, project completion schedules and future 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. In consequence, the amounts of valuation allowance may change in the following reporting periods.

The table below shows significant estimates as at 31 March 2012 and 31 December 2011.

<i>(PLN'000)</i>	At 31 March 2012 end of quarter	At 31 Dec 2011 end of previous year
Deferred tax asset	1,871	2,925
Valuation allowances for assets (shares and loans)	104,813	104,813