



LC CORP CAPITAL GROUP

**CONSOLIDATED QUARTERLY REPORT
FOR THE PERIOD OF NINE MONTHS, ENDED
SEPTEMBER 30TH 2010**

Wrocław, November 10th 2010

CONSOLIDATED QUARTERLY REPORT

1. Selected financial data

Data concerning mid-year condensed consolidated financial statements of the LC Corp Group

	in PLN '000		in EUR '000	
	Sep 30 2010	Dec 31 2009	Sep 30 2010	Dec 31 2009
I. Non-current assets	431,735	438,591	108,286	106,760
II. Current assets	812,416	863,194	203,766	210,115
III. Total assets	1 244,151	1 301,785	312,052	316,875
IV. Equity	955,584	920,873	239,675	224,155
V. Equity attributable to shareholders of the parent	928,304	894,413	232,833	217,714
VI. Equity attributable to minority interest	27,280	26,460	6,842	6,441
VII. Non-current liabilities	224,556	238,640	56,322	58,089
VIII. Current liabilities	64,011	142,272	16,055	34,631
IX. Book value of equity attributable to shareholders of parent, per share (in PLN/EUR)	2.07	2.00	0.52	0.49

	3 quarters 2010	3 quarters 2009	3 quarters 2010	3 quarters 2009
	cumulative period from Jan 1 2010 to Sep 30 2010	cumulative period from Jan 1 2009 to Sep 30 2009	cumulative period from Jan 1 2010 to Sep 30 2010	cumulative period from Jan 1 2009 to Sep 30 2009
X. Sales revenue	130,524	35,328	32,609	8,030
XI. Pre-tax profit on sales	55,888	26,528	13,963	6,030
XII. Pre-tax profit (loss)	46,152	12,697	11,530	2,886
XIII. Net profit (loss)	34,711	8,642	8,672	1,964
XIV. Net profit (loss) attributable to shareholders of the parent	33,891	7,648	8,467	1,738
XV. Net profit (loss) attributable to minority interest	820	994	205	226
XVI. Basic profit (loss) per share (in PLN/EUR) attributable to equity holders of the parent	0.08	0.02	0.02	0.00

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

	in PLN '000		in EUR '000	
	Sep 30 2010	Dec 31 2009	Sep 30 2010	Dec 31 2009
XVII. Total assets	824,941	799,818	206,908	194,688
XVIII. Equity	763,911	740,492	191,600	180,247

	3 quarters 2010	3 quarters 2009	3 quarters 2010	3 quarters 2009
	cumulative period from Jan 1 2010 to Sep 30 2010	cumulative period from Jan 1 2009 to Sep 30 2009	cumulative period from Jan 1 2010 to Sep 30 2010	cumulative period from Jan 1 2009 to Sep 30 2009
XIX. Net profit (loss)	23,419	4,694	5,851	1,067

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

- a) Financial data concerning selected items of assets and liabilities were calculated using the mid-exchange EUR/PLN rate quoted for the given currency by the National Bank of Poland binding on a given balance-sheet date. As at September 30th 2010, it stood at 3,9870 PLN/EUR, and 4,1082 as at the balance-sheet date of December 31st 2009.
- b) Data concerning selected items of the statement of comprehensive income for the three quarters of 2010 and the three quarters of 2009 were calculated using the rate which is arithmetic mean of mid-exchange EUR/PLN rates quoted for the given currency by the National Bank of Poland binding on the last day of each business month. i.e.: 4,0027 PLN/EUR and 4,3993 PLN/EUR.

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

<i>(in PLN '000)</i>	as at Sep 30 2010 end of quarter	as at Dec 31 2009 end of previous year
Assets		
A. Non-current assets	431,735	438,591
1. Intangible assets	573	754
2. Property, plant and equipment	849	1,119
2.1. Tangible assets	849	1,111
2.2. Tangible assets under construction	0	8
3. Non-current receivables	0	0
4. Investment property	428,742	435,182
5. Non-current prepayments and accrued income	269	270
6. Deferred tax assets	1,302	1,266
B. Current assets	812,416	863,194
1. Inventories	673,163	689,624
2. Trade and other receivables	7,056	6,375
3. Income tax receivable	0	387
4. Current financial assets	0	117,599
5. Cash and cash equivalents	130,916	48,965
6. Current prepayments and accrued income	1,281	244
C. Non-current assets classified as held for sale	0	0
Total assets	1 244,151	1,301,785
Equity and liabilities		
A. Equity	955,584	920,873
1. Share capital	447,558	447,558
2. Balance of called-up share capital not paid	0	0
3. Reserve funds	373,558	428,914
4. Other reserve funds	48,191	48,451
5. Other capital	3,108	3,108
6. Retained profit	55,889	(33,618)
7. Minority interest	27,280	26,460
B. Non-current liabilities	224,556	238,640
1. Non-current financial liabilities	202,416	218,053
2. Non-current trade and other payables	39	1,234
3. Provisions	22	22
4. Deferred tax liability	22,079	19,331
C. Current liabilities	64,011	142,272
1. Current financial liabilities	12,190	81,734
2. Trade and other payables	16,568	11,310
3. Income tax payable	623	1,210
4. Provisions	153	627
5. Accrued expenses and revenue	34,477	47,391
Total equity and liabilities	1,244,151	1,301,785

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	as at Sep 30 2010 end of quarter	as at Dec 31 2009 end of previous year
Book value of equity (in PLN '000)	955,584	920,873
Book value of equity attributable to shareholders of parent (in PLN '000)	928,304	894,413
Number of registered shares	447,558,311	447,558,311
Book value of equity attributable to shareholders of parent, per share (PLN)	2.07	2.00

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

(in PLN '000)	Q3 2010 period from Jul 1 2010 to Sep 30 2010	3 quarters 2010 cumulative period from Jan 1 2010 to Sep 30 2010	Q3 2009 period from Jul 1 2009 to Sep 30 2009	3 quarters 2009 cumulative period from Jan 1 2009 to Sep 30 2009
Operating activity				
Sales revenue	33,716	130,524	11,031	35,328
Revenue on sales of services	10,656	32,267	11,040	35,284
Revenue on sales of goods and products	23,060	98,257	(9)	44
Cost of sales	(18,373)	(74,636)	(2,702)	(8,800)
Pre-tax profit on sales	15,343	55,888	8,329	26,528
Gain (loss) on disposal of non-current non-financial assets	6	7	0	(27)
Revaluation of investment property	(9,368)	(7,836)	(14,561)	2,790
Selling and distribution costs	(416)	(1,323)	(629)	(1,846)
General administrative expenses	(2,102)	(6,640)	(1,826)	(5,899)
Other operating income	64	404	2,423	7,909
Other operating expenses	(329)	(563)	(892)	(1,819)
Operating profit	3,198	39,937	(7,156)	27,636
Financial income	9,642	9,729	14,505	2,022
Financial expenses	(1,214)	(3,514)	(3,719)	(16,961)
Pre-tax profit	11,626	46,152	3,630	12,697
Corporate income tax (tax expense)	(3,104)	(11,441)	(1,215)	(4,055)
Net profit on business activities	8,522	34,711	2,415	8,642
Discontinued operations				
Profit (loss) on discontinued operations for the business year	0	0	0	0
Net profit	8,522	34,711	2,415	8,642
Other comprehensive income				
Other components of comprehensive income	0	0	0	0
Income tax relating to other components of comprehensive income	0	0	0	0
Other comprehensive income for the year, net of tax	0	0	0	0
Total comprehensive income for the year	8,522	34,711	2,415	8,642

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Net profit attributable to:				
equity holders of the parent	8,285	33,891	2,092	7,648
minority interest	237	820	323	994
	8,522	34,711	2,415	8,642
Total comprehensive income attributable to:				
equity holders of the parent	8,285	33,891	2,092	7,648
minority interest	237	820	323	994
	8,522	34,711	2,415	8,642

in PLN '000	3 quarters 2010	3 quarters 2009
	cumulative period from Jan 1 2010 to Sep 30 2010	cumulative period from Jan 1 2009 to Sep 30 2009
Net profit (loss) attributable to equity holders of the parent	33,891	7,648
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	0.08	0.02
Net profit (loss) per share (in PLN) attributable to equity holders of the parent - diluted	0.08	0.02

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

	Capital allocated to the equity holders of the parent undertaking						Minority interest	Total equity	
	<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</i>			<i>Total</i>
As at Jan 1 2010	447,558	0	428,914	48,451	3,108	(33,618)	894,413	26,460	920,873
<i>Net profit for the period of 9 months ended September 30th 2010</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>33,891</i>	<i>33,891</i>	<i>820</i>	<i>34,711</i>
<i>Other comprehensive income for the period of 9 months ended September 30th 2010</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 9 months ended September 30th 2010	0	0	0	0	0	33,891	33,891	820	34,711
Coverage of losses for 2009	0	0	(60,157)	0	0	60,157	0	0	0
Transfer of the profit for 2009 to reserve funds	0	0	4,801	0	0	(4,801)	0	0	0
Transfer of the profit for 2009 to capital reserve	0	0	0	19,450	0	(19,450)	0	0	0
Appropriation of retained earnings in other capital reserves to distribution	0	0	0	(19,710)	0	19,710	0	0	0
As at Sep 30 2010	447,558	0	373,558	48,191	3,108	55,889	928,304	27,280	955,584

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<i>(in PLN '000)</i>	Capital allocated to the equity holders of the parent undertaking							Minority interest	Total equity
	<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</i>	<i>Total</i>		
As at Jan 1 2009	447,558	0	418,648	39,771	3,108	30,462	939,547	25,140	964,687
<i>Net profit for the period of 9 months ended September 30th 2009</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>7,648</i>	<i>7,648</i>	<i>994</i>	<i>8,642</i>
<i>Other comprehensive income for the period of 9 months ended September 30th 2009</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 9 months ended September 30th 2009	0	0	0	0	0	7,648	7,648	994	8,642
Coverage of loss for 2008	0	0	(10,645)	0	0	10,645	0	0	0
Transfer of the profit for 2008 to reserve funds	0	0	20,911	0	0	(20,911)	0	0	0
Transfer of the profit for 2008 to capital reserve	0	0	0	25,680	0	(25,680)	0	0	0
As at Sep 30 2009	447,558	0	428,914	65,451	3,108	2,164	947,195	26,134	973,329

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

<i>(in PLN '000)</i>	3 quarters 2010 from Jan 1 2010 to Sep 30 2010	3 quarters 2009 from Jan 1 2009 to Sep 30 2009
A. Cash flows from operating activities		
I. Pre-tax loss	46,152	12,697
II. Total adjustments	1,649	18,777
1. Depreciation and amortisation	562	1,180
2. Foreign exchange gains (losses)	(6,814)	3,821
3. Interest and distributions from profit (dividends)	3,514	25,455
4. Profit (loss) on investing activities	(7)	23
5. Change in provisions	(474)	(643)
6. Change in inventories	16,461	(84,797)
7. Change in receivables	(681)	48,288
8. Change in current liabilities (net of loans and borrowings)	4,063	(11,495)
9. Change in accruals and deferrals	(13,950)	41,468
10. Corporate income tax	(8,929)	(1,720)
11. Other adjustments	7,904	(2,803)
III. Net cash provided by (used in) operating activities (I±II)	47,801	31,474
B. Cash flows from investing activities	118,030	88
I. Cash flows from investing activities	30	88
1. Sale of intangible assets and property, plant and equipment	0	0
2. Sale of investment property	118,000	0
3. Cash provided by financial assets	0	0
II. Cash used in investing activities	(1,597)	(10,170)
1. Acquisition of intangible assets and property, plant and equipment	(201)	(46)
2. Investment property and intangible assets	(1,396)	(10,124)
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)	116,433	(10,082)
C. Cash flows from financing activities		
I. Cash provided by financing activities	0	138,206
1. Net proceeds from issue of shares and additional contributions to equity	0	0
2. Increase in loans and borrowings	0	110,000
3. Issue of debt securities	0	28,206
4. Other cash provided by financing activities	0	0
II. Cash used in financing activities	(82,607)	(132,081)
1. Repayment of loans and borrowings	(78,560)	(62,262)
2. Redemption of debt securities	0	(58,001)
3. Interest paid	(4,047)	(11,281)
4. Other cash used in financing activities	0	(537)
III. Net cash provided by (used in) financing activities (I-I)	(82,607)	6,125
D. Total net cash flow (A.III±B.III±C.III)	81,627	27,517
E. Balance-sheet change in cash, including:	81,951	27,488
– foreign exchange change in cash	324	(29)
F. Cash at beginning of period	48,965	71,640
G. Cash at end of period (F±D)	130,592	99,128
- restricted cash	2,014	2,133

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

6.1. General information

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

The Group's consolidated financial statements and the financial statements of LC Corp S.A. cover the period of 9 months ended September 30th 2010 and as at September 30th 2010. They also contain data comparable for the period of 9 months ended September 30th 2009 and as at December 31st 2009. A detailed description of items of the financial statements is included in section 6.4.

LC Corp S.A. ("the Parent Undertaking", "the Company", "the Issuer") was established by virtue of the Notarial Deed dated March 3rd 2006. The Parent Undertaking's registered office is situated in Wrocław, Poland, in 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-Krzyki in Wrocław, 4th Commercial Section of the National Court Register, under KRS No. 0000253077.

The Company was assigned statistical identification number REGON 020246398.

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

- PKD 64.20.Z Activities of Financial Holding Companies

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

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

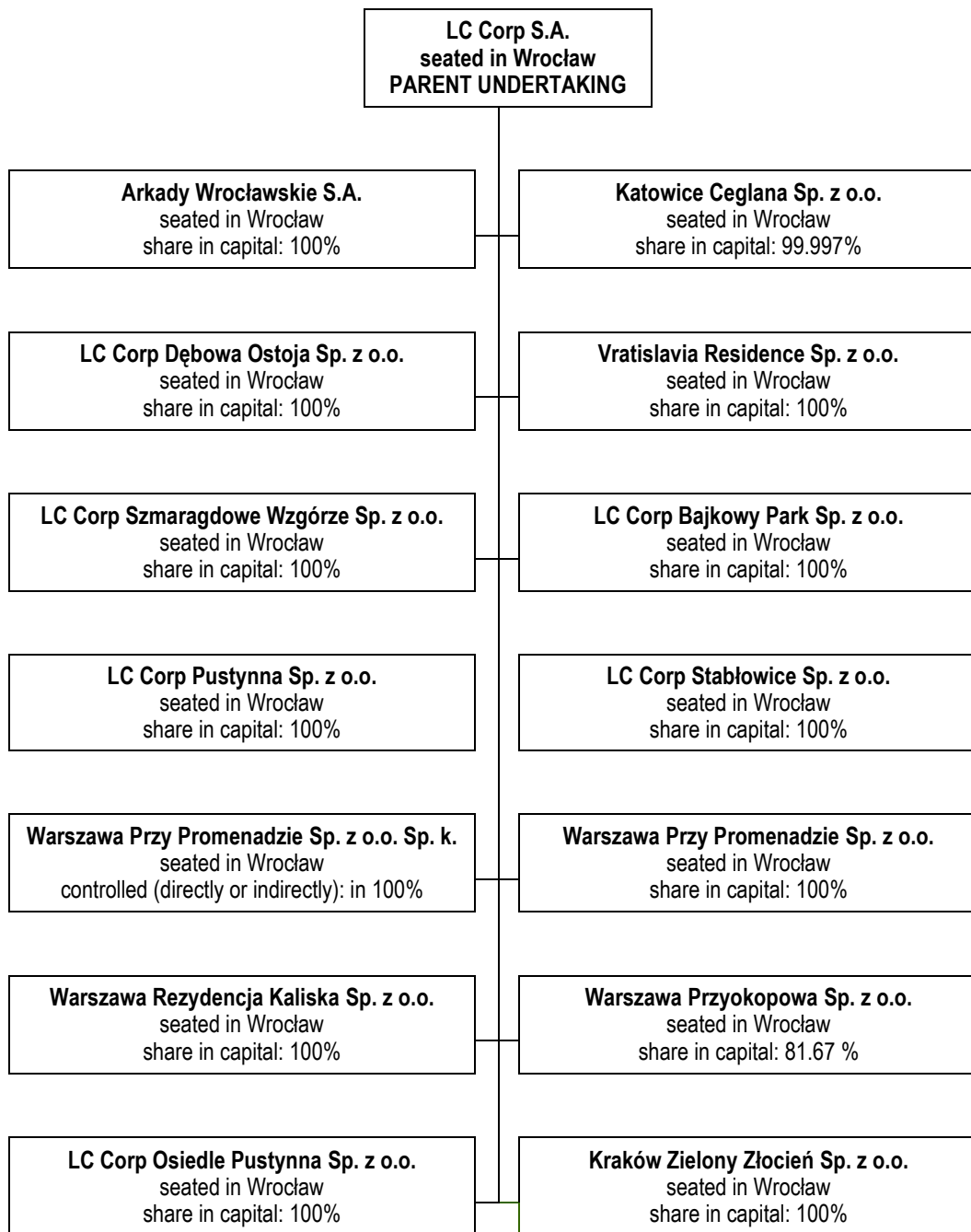
6.2. Description of the organisation of the LC Corp Capital Group, indicating undertakings subject to consolidation

As at September 30th 2010 LC Corp Capital Group comprises the following subsidiaries of LC Corp SA.:

- Arkady Wrocławskie SA - 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, LC
- LC Corp Bajkowy Park Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4, LC
- LC Corp Szmaragdowe Wzgórze Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- LC Corp Stabłowice Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- LC Corp Pustynna Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- Warszawa Przy Promenadzie Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- Warszawa Przy Promenadzie Sp. z o.o. Sp. k. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- Warszawa Przyokopowa Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- Warszawa Rezydencja Kaliska Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- Kraków Zielony Złocień Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- LC Corp Osiedle 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 Sep 30th 2010



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

In Q3 2010 ended September 30th 2010, there were no changes in the structure of the Group. The structure of the LC Corp Group as at September 30th 2010 is shown in section 6.2.

In Q3 2010, LC Corp S.A. as the sole shareholder granted loans to its subordinated subsidiary undertakings:

- On July 2nd 2010, LC Corp SA granted a loan to LC Corp Pustynna Sp. z o. o. in the amount of PLN 1,500,000 at arm's length for an indefinite time,
- On July 6th 2010, LC Corp SA granted a loan to LC Corp Pustynna Sp. z o. o. in the amount of PLN 500,000 at arm's length for an indefinite time,
- On July 28th 2010, LC Corp SA granted a loan to LC Corp Pustynna Sp. z o. o. in the amount of PLN 3,100,000 at arm's length for an indefinite time,
- On August 6th 2010, LC Corp SA granted a loan to Katowice Ceglana Sp. z o. o. in the amount of PLN 4,000,000 at arm's length for an indefinite time.
- On August 9th 2010, LC Corp SA granted a loan to Kraków Zielony Złocień Sp. z o. o. in the amount of PLN 10,000,000 at arm's length for an indefinite time.
- On August 10th 2010 LC Corp SA granted a loan to Warszawa Rezydencja Kaliska Sp. z o. o. in the amount of PLN 10,000,000 at arm's length for an indefinite time.
- On August 24th 2010, LC Corp SA granted a loan to LC Corp Pustynna Sp. z o. o. in the amount of PLN 200,000 at arm's length for an indefinite time.
- On September 3rd 2010, LC Corp SA granted a loan to LC Corp Pustynna Sp. z o. o. in the amount of PLN 100,000 at arm's length for an indefinite time.

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

The consolidated quarterly report of the LC Corp Capital Group for Q3 2010 contains:

- Mid-year condensed consolidated financial statements of the LC Capital Group:
 - consolidated statement of financial position as at September 30th 2010 and comparable financial data as at December 31st 2009;
 - consolidated statement of comprehensive income for the reporting period of nine months cumulative from January 1st 2010 to September 30th 2010, and for Q3 2010 i.e. the period from July 1st 2010 to September 30th 2010, as well as comparable data for a corresponding period of the previous year i.e. for the period from January 1st 2009 to September 30th 2009, and from July 1st 2009 to September 30th 2009;
 - consolidated statement of cash flows for the reporting period of nine months cumulative from January 1st 2010 to September 30th 2010, as well as comparable data for a corresponding period of the previous year i.e. for the period from January 1st 2009 to September 30th 2009;
 - consolidated statement of changes in equity as at September 30th 2010 and comparable financial data as at September 30th 2009;
- Mid-year condensed financial statement of the LC Corp S.A.:
 - statement of financial position as at September 30th 2010 and comparable financial data as at December 31st 2009;
 - statement of comprehensive income for the reporting period of nine months cumulative from January 1st 2010 to September 30th 2010, and for Q3 2010 i.e. the period from July 1st 2010 to September 30th 2010,

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- as well as comparable data for a corresponding period of the previous year i.e. for the period from January 1st 2009 to September 30th 2009, and from July 1st 2009 to September 30th 2009;
- statement of cash flows for the reporting period of nine months cumulative from January 1st 2010 to September 30th 2010, as well as comparable data for a corresponding period of the previous year i.e. for the period from January 1st 2009 to September 30th 2009;
 - statement of changes in equity as at September 30th 2010 and comparable financial data as at September 30th 2009;
- Supplementary information and other information defined by Art. 87 of the Regulation of the Minister of Finance dated February 19th 2009 on current and periodic reports disclosed by issuers of securities and conditions of recognising as equivalent information required by the regulations of a non-EU country.

The enclosed condensed consolidated financial statements of LC Corp Capital Group and condensed financial statements of LC Corp S.A. 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 enclosed condensed consolidated financial statements of LC Corp Capital 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 SA and they must be read together with the consolidated financial statements of the Group or the annual financial statements of LC Corp SA for the year ended December 31st 2009.

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

The enclosed condensed consolidated financial statements of LC Corp Capital Group and condensed financial statements of LC Corp SA were approved by the Management Board for publication on November 10th 2010.

Information on the accounting policies adopted by LC Corp Group was presented in the consolidated financial statements of LC Corp Capital Group and financial statements of LC Corp SA for the year ended December 31st 2009, published on March 19th 2010. Since the last publication of the accounting policies have not been 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 Q3 2010 were not subject to examination by an auditor.

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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, in the future, tax profit is to be obtained enabling its utilization. Worsening of tax results attained could cause that this assumption might become illegitimate in the future.

Fair value of investment properties

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

Valuation allowances for inventories

As at end of each reporting period, the Management Board estimates if there is any evidence pointing to a loss of value of its property development investments under completion. The value in use was evaluated by means of the DCF method, which is based on discounted cash flows generated within approved investment schedules and revenues from sales of flats, allowing for the sale price of 1 square metre of usable floor space, in accordance with the current market situation. The discount rate allows for the weighted average cost of capital (WACC).

The recoverable value of inventories and the value of the valuation allowances for inventories are estimated as at the balance-sheet date and may be subject to change depending on the fluctuation of the sale price of flats, project completion schedules and discount rate calculations. The actual results may vary from these estimates which were calculated on the grounds of data available as at the reporting date. It applies in particular to the projects whose commencement has been planned for dates following 2010. Their completion depends on obtaining the relevant administrative decisions or coming into force of the local land use plans, providing the basis for the parameters adopted in these investment models and the formulation of final concepts for these projects, taking account of the local factors. It is also related to the uncertainty regarding the proper estimation of the market conditions in the following years.

The table below shows the relevant change of estimates as at September 30th 2010 and December 31st 2009.

	As at Sep 30 2010 end of quarter	As at Dec 31 2009 end of previous year
Deferred tax asset	1,302	1,266
Fair value of investment property	428,742	435,182
Deferred tax liability	22,079	19,331
Valuation allowances for assets (inventories and receivables)	62,362	62,562

6.6. Main achievements and failures of LC Corp Capital Group

The Group continues to carry out its scheduled projects, executed by the Group's subsidiary undertakings:

- Warszawa Przy Promenadzie sp. z o.o. carries out phase III of the Osiedle Przy Promenadzie residential complex (90 flats, 6 commercial units). Erbud SA is the General Contractor in this project, continuing construction works at the complex (phases I and II). Planned completion of the project: Q4 2010. Advance sale of flats is underway.
- Warszawa Rezydencja Kaliska Sp. z o.o. continues construction works related to the residential project in ul. Kaliska in Warsaw (94 flats, 7 commercial units). Planned completion of the project: Q1 2011. Advance sale of flats is underway.
- Stage I of the 'Słoneczne Miasteczko' project (120 flats) is carried out by Kraków Zielony Złocień Sp. z o.o. on the plot of 10.22 ha., located in the Bieżanów-Złocień district in Kraków. The company has also the final building permits for over 1,000 apartments. Construction works are carried out in the general contracting system. Planned completion of Stage I: Q4 2011. Advance sale of flats is underway.
- Stage I of a project is carried out by LC Corp Dębowa Ostoja Sp. z o.o. on the property located in ul. Spadkowa, Bałuty, in Łódź. It will be an estate composed of 22 terraced houses. Construction works are carried out in the general contracting system. Planned completion of Stage I: Q3 2011. Advance sale of houses is underway.

Warszawa Przy Promenadzie Sp. z o.o. Sp. komandytowa carries out the final stage of the sale of finished flats available following the completion of phase II of the Osiedle Przy Promenadzie project.

Having obtained a planning permission for its project, issued on April 2nd 2010, Warszawa Przyokopowa Sp. z o.o. continues demolition works on the site.

Another success of the Group is the purchase of new plots of land in Q3 2010, for the projects in Jagodno precinct, Wrocław, by LC Corp Pustynna Sp. z o.o. as a result of successful bidding in tenders announced by the Mayor of Wrocław:

- On July 8th 2010, LC Corp Pustynna Sp. z o.o. purchased an undeveloped plot of land of 0,8070 ha
- On July 30th 2010, LC Corp Pustynna Sp. z o.o. purchased an undeveloped plot of land of 1,0077 ha

In the other projects the preparatory works are in progress and market analyses are performed, which will make it possible to carry out the projects in an optimum way.

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 3rd quarter of 2010 included first of all the economic slowdown and fluctuations on the currency market.

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

The seasonal character is connected with the development investments: it manifests itself in the possibility of conducting construction works depending on the season. In finances, it is visible in profit-taking from investments: revenue is recognized as at the moment of signing a notary act transferring ownership of a property (until that moment, takings in the form of advance payments from customers are recognized as the company's liabilities).

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

Under an annexe dated August 20th 2010 the redemption date – for 3 investment notes issued by Warszawa Przy Promenadzie Sp. z o.o. Sp. k. and acquired by LC Corp SA – was changed from August 21st 2010 to August 22nd 2011 with an optional payment available at an earlier date.

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

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

6.11. Events subsequent to September 30th 2010, not disclosed in this statement, which could have a material bearing on the future financial results of LC Corp Capital Group

On October 21st 2010, LC Corp Pustynna Sp. z o. o. purchased an undeveloped plot of 1,1614 ha located in Wrocław, Jagodno precinct, together with Building Permit for the construction of a complex of multi-family residential buildings with an underground car park, technical infrastructure and land development. Planned commencement of construction works – November 2010.

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

As the subsidiary undertakings - Kraków Zielony Złocień Sp. z o.o. and LC Corp Bajkowy Park Sp. z o.o. - repaid the bank loans, then the securities granted to these loans by LC Corp SA expired:

- the Issuer backed an in blanco promissory note issued by Kraków Zielony Złocień sp. z o.o. (a subsidiary of the Issuer). The note was given as security for repayment of a loan taken out on August 14th 2007 by Kraków Zielony Złocień sp. z o.o.
- LC Corp SA granted a surety to LC Corp Bajkowy Park Sp. z o.o. as security for repayment of a bank loan advanced to LC Corp Bajkowy Park Sp. z o.o. by Bank DnB Nord Polska SA on June 5th 2008.

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

The Issuer did not publish any financial forecasts for the year 2010.

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

As at September 30th 2010, the share capital of LC Corp SA 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 November 10th 2010.

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Ownership structure of significant blocks of the Issuer's shares as at the date the H1 2010 report was published, based on the information LC Corp SA received from the shareholders:

The shareholders possessing, directly or indirectly at least 5% of the total vote at the Issuer's general meeting of LC Corp SA:

Shareholder	Number of shares	Number of votes	Share % in share capital	Share % in vote at general meeting
Leszek Czarnecki directly and indirectly*, including: LC Corp B.V. seated in Amsterdam	229,126,674	229,126,674	51.19%	51.19%
ING Otwarty Fundusz Emerytalny	32,684,371	27,774,961	7.30%	7.30%
AVIVA Otwarty Fundusz Emerytalny AVIVA BZ WBK	55,000,000	55,000,000	12.29%	12.29%

* Leszek Czarnecki directly holds 14,424,564 shares constituting 3.22% of the share capital and 3.22% share in the vote at the General Meeting, and indirectly through his subsidiary undertakings Leszek Czarnecki holds 214,702,110 shares constituting 47.97% of the share capital and 47.97% share in the vote at the General Meeting. Leszek Czarnecki's subsidiary undertaking is LC Corp. B.V. seated in Amsterdam holding 214,701,110 shares constituting 47.97% of the share capital and 47.97% share in the vote at the General Meeting and RB Investcom Sp. z o.o. seated in 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 Q3 2010 report was published, based on the information LC Corp SA received from the shareholders:

The shareholders possessing, directly or indirectly at least 5% of the total vote at the Issuer's general meeting of LC Corp SA as at the date the Q3 2010 quarterly report was published, are:

Shareholder	Number of shares	Number of votes	Share % in share capital	Share % in vote at general meeting
Leszek Czarnecki directly and indirectly*, including: LC Corp B.V. seated in Amsterdam	229,126,674	229,126,674	51.19%	51.19%
ING Otwarty Fundusz Emerytalny	32,684,371	27,774,961	7.30%	7.30%
AVIVA Otwarty Fundusz Emerytalny AVIVA BZ WBK	55,000,000	55,000,000	12.29%	12.29%

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

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6.15. Changes in the Issuer's shares or options held by the management or supervisory staff of the Issuer as at November 10th 2010, within the period from the previous quarterly report (including changes in ownership)

full name	function in the body	ownership of the Issuer's shares as at August 26 th 2010(*)	increase	decrease	ownership of the Issuer's shares as at Nov 10 2010
Supervisory staff					
Leszek Czarnecki	Chairman of the Supervisory Board	14,424,564	-	-	14,424,564
Andrzej Błażejowski	Vice-Chairman of the Supervisory Board	20,000	-	-	20,000
Ludwik Czarnecki	Member of the Supervisory Board	10,000	-	-	10,000
Artur Wiza	Member of the Supervisory Board	14,000	-	-	14,000
Remigiusz Baliński	Member of the Supervisory Board	65,445	-	-	65,445
Management staff					
Dariusz Niedośpiał	President of the Management Board	6,000	-	-	6,000
Waldemar Czarnecki (**)	Member of the Management Board	-	-	-	-
Joanna Jaskólska	Member of the Management Board	6,000	-	-	6,000

(*) pursuant to the information included in H1 2010 report

(**) Mr Waldemar Czarnecki was Member of the Issuer's Management Board until August 31st 2010.

6.16. Court proceedings

As at September 30th 2010 no proceedings before court or public administration authorities were initiated with regard to liabilities or receivables of LC Corp SA and its subsidiaries, whose total value amounted to at least 10% of the equity of LC Corp SA.

6.17. Information on 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 Q3 2010, neither the Issuer nor its subsidiary undertaking concluded 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 Q3 2010, 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

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 quarters the value of agreements transferring the ownership of flats/premises of completed phase II of the Przy Promenadzie project will be a very important factor influencing the Group's operating result. 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.

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 9 months ended September 30th 2010 and September 30th 2009 as well as assets and liabilities of the individual segments as at September 30th 2010 and September 30th 2009.

CONSOLIDATED QUARTERLY REPORT

(in PLN '000)

Period of 9 months ended September 30th 2010	Activity-rental services	Property development activity	Holding activity	Unallocated items and consolidation adjustments	Total activity
Revenue					
Sales to external customers	32,124	98,328	72	0	130,524
Inter-segmental sales	488	0	2,169	(2,657)	0
Total sales revenue	32,612	98,328	2,241	(2,657)	130,524
Pre-tax profit (loss) on sales	23,876	31,669	(2,046)	2,389	55,888

As at September 30th 2010**Assets and liabilities**

Total assets	459,440	855,895	824,941	(896,125)	1,244,151
Total liabilities	239,904	583,058	61,030	(595,425)	288,567

(in PLN '000)

Period of 9 months ended September 30th 2009	Activity-rental services	Property development activity	Holding activity	Unallocated items and consolidation adjustments	Total activity
Revenue					
Sales to external customers	35,080	152	24	72	35,328
Inter-segmental sales	794	0	1,865	(2,659)	0
Total sales revenue	35,874	152	1,889	(2,587)	35,328
Pre-tax profit (loss) on sales	27,076	99	(1,830)	1,183	26,528

As at September 30th 2009**Assets and liabilities**

Total assets	548,544	845,743	937,232	(584,952)	1,746,567
Total liabilities	278,094	582,305	183,770	(270,931)	773,238

CONSOLIDATED QUARTERLY REPORT

7. Statement of financial position of LC Corp SA

<i>(in PLN '000)</i>	As at Sep 30 2010 end of quarter	As at Dec 31 2009 end of previous year
Assets		
A. Non-current assets	769,007	662,326
1. Intangible assets	533	651
2. Property, plant and equipment	446	585
2.1. Tangible assets	446	577
2.2. Tangible assets under construction	0	8
3. Non-current receivables	461,936	354,989
4. Non-current investments	297,724	297,724
5. Non-current prepayments and accrued income	0	0
6. Deferred tax assets	8,368	8,377
B. Current assets	55,934	137,492
1. Inventories	0	0
2. Trade and other receivables	548	937
3. Income tax receivable	0	0
4. Current financial assets	50,303	132,272
5. Cash and cash equivalents	4,968	4,196
6. Current prepayments and accrued income	115	87
C. Non-current assets classified as held for sale	0	0
Total assets	824,941	799,818
Equity and liabilities		
A. Equity	763,911	740,492
1. Share capital	447,558	447,558
2. Balance of called-up share capital not paid	0	0
3. Reserve funds	289,826	298,102
4. Other reserve funds	0	0
5. Other capital	3,108	3,108
6. Retained profit/loss not covered	23,419	(8,276)
B. Non-current liabilities	28,315	27,355
1. Non-current financial liabilities	28,296	27,336
2. Provisions	19	19
3. Deferred tax liability	0	0
C. Current liabilities	32,715	31,971
1. Current financial liabilities	26,746	25,217
2. Current trade and other payables	5,212	5,271
3. Income tax payable	491	1,210
4. Provisions	78	0
5. Accrued expenses and revenue	188	273
Total equity and liabilities	824,941	799,818

CONSOLIDATED QUARTERLY REPORT

8. Statement of comprehensive income of LC Corp SA

<i>(in PLN '000)</i>	Q3 2010 period from Jul 1 2010 to Sep 30 2010	3 quarters 2010 cumulative period from Jan 1 2010 to Sep 30 2010	Q3 2009 period from Jul 1 2009 to Sep 30 2009	3 quarters 2009 cumulative period from Jan 1 2009 to Sep 30 2009
Operating activity				
Sales revenue	731	2,242	624	1,889
Revenue from sale of services	731	2,242	624	1,889
Cost of sales	(1,490)	(4,288)	(1,225)	(3,719)
Pre-tax profit (loss) on sales	(759)	(2,046)	(601)	(1,830)
Gain (loss) on disposal of non-current non-financial assets	6	6	0	(27)
Revaluation of non-current non-financial assets	0	0	0	0
Selling and distribution costs	0	0	0	0
General administrative expenses	(298)	(1,181)	(272)	(1,105)
Other operating income	17	23	3	108
Other operating expenses	(90)	(98)	(12)	(41)
Operating profit (loss)	(1,124)	(3,296)	(882)	(2,895)
Financial income	14,724	34,736	5,685	18,521
Financial expenses	(848)	(2,491)	(2,972)	(10,018)
Pre-tax profit	12,752	28,949	1,831	5,608
Corporate income tax (tax expense)	(2,444)	(5,530)	(272)	(914)
Net profit on business activities	10,308	23,419	1,559	4,694
Discontinued operations				
Profit (loss) on discontinued operations	0	0	0	0
Net profit	10,308	23,419	1,559	4,694
Other comprehensive income				
Other components of comprehensive income	0	0	0	0
Income tax relating to other components of comprehensive income	0	0	0	0
Other comprehensive income for the year, net of tax	0	0	0	0
Total comprehensive income for the year	10,308	23,419	1,559	4,694

CONSOLIDATED QUARTERLY REPORT

9. Statement of changes in equity of LC Corp SA

<i>(in PLN '000)</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</i>	<i>Total</i>
As at Jan 1 2010	447,558	0	298,102	0	3,108	(8,276)	740,492
<i>Net profit for the period of 9 months ended September 30th 2010</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>23,419</i>	<i>23,419</i>
<i>Other comprehensive income for the period of 9 months ended September 30th 2010</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 9 months ended September 30th 2010	0	0	0	0	0	23,419	23,419
<i>Coverage of losses for 2009 from reserve funds</i>	<i>0</i>	<i>0</i>	<i>(8,276)</i>	<i>0</i>	<i>0</i>	<i>8,276</i>	<i>0</i>
As at September 30th 2010	447,558	0	289,826	0	3,108	23,419	763,911

<i>(in PLN '000)</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</i>	<i>Total</i>
As at Jan 1 2009	447,558	0	308,747	0	3,108	(10,645)	748,768
<i>Net profit for the period of 9 months ended September 30th 2009</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>4,694</i>	<i>4,694</i>
<i>Other comprehensive income for the period of 9 months ended September 30th 2009</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 9 months ended September 30th 2009	0	0	0	0	0	4,694	4,694
<i>Coverage of losses for 2008 from reserve funds</i>	<i>0</i>	<i>0</i>	<i>(10,645)</i>	<i>0</i>	<i>0</i>	<i>10,645</i>	<i>0</i>
As at September 30th 2009	447,558	0	298,102	0	3,108	4,694	753,462

CONSOLIDATED QUARTERLY REPORT

10. Statement of cash flows of LC Corp SA

<i>(in PLN '000)</i>	3 quarters 2010 from Jan 1 2010 to Sep 30 2010	3 quarters 2009 from Jan 1 2009 to Sep 30 2009
A. Cash flows from operating activities		
I. Pre-tax profit (loss)	28,949	5,608
II. Total adjustments	(37,467)	(8,508)
1. Depreciation and amortisation	415	524
2. Foreign exchange gains (losses)	0	0
3. Interest and distributions from profit (dividends)	(31,931)	(7,758)
4. Profit (loss) on investing activities	(6)	27
5. Change in provisions	78	0
6. Change in inventories	0	0
7. Change in receivables	388	1,088
8. Change in current liabilities (net of loans and borrowings)	(58)	(984)
9. Change in accruals and deferrals	(112)	(598)
10. Corporate income tax	(6,241)	(1,115)
11. Other adjustments	0	308
III. Net cash provided by (used in) operating activities (I±II)	(8,518)	(2,900)
B. Cash flows from investing activities		
I. Cash provided by investing activities	108,521	68,084
1. Sale of intangible assets and property, plant and equipment	29	81
2. Sale of investment property	0	0
3. Cash provided by financial assets	89,149	68,003
4. Other cash used in investing activities	19,343	0
II. Cash used in investing activities	(99,231)	(51,657)
1. Acquisition of intangible assets and property, plant and equipment	(181)	(7)
2. Investment in property	0	0
3. Cash used on financial assets	(99,050)	(51,650)
4. Other cash used in investing activities	0	0
III. Net cash provided by (used in) investing activities (I-II)	9,290	16,427
C. Cash flows from financing activities		
I. Cash provided by financing activities	0	48,998
1. Net proceeds from issue of shares and additional contributions to equity	0	0
2. Increase in loans and borrowings	0	48,998
3. Issue of debt securities	0	0
4. Other cash provided by financing activities	0	0
II. Cash used in financing activities	0	(68,366)
1. Repayments of loans and borrowings	0	0
2. Redemption of debt securities	0	(68,366)
3. Interest paid	0	0
4. Other cash used in financing activities	0	0
III. Net cash provided by (used in) financing activities (I-II)	0	(19,368)
D. Total net cash flow (A.III±B.III±C.III)	772	(5,841)
E. Balance-sheet change in cash, including:	772	(5,841)
- foreign exchange change in cash	0	0
F. Cash at beginning of period	4,196	14,044
G. Cash at end of period (F±D)	4,968	8,203
- restricted cash	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, 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 Q3 2010 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 Group recognizes a deferred tax asset based on the assumption that, in the future, tax profit is to be obtained enabling its utilization. Worsening of tax results attained could cause that this assumption might become illegitimate in the future.

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

At each balance-sheet date, and specifically at the end of accounting year, 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 within approved investment schedules and revenues from sales of flats, allowing for the sale price of 1 square metre of usable floor space, in accordance with the current market situation. The discount rate allows for the weighted average cost of capital (WACC).

The recoverable value of shares and loans as well as the value of the valuation allowances for shares and loans are estimated as at September 30th 2010 and may be subject to change depending on the fluctuation of the sale price of flats, project completion schedules and discount rate calculations.

The actual results may vary from these estimates which were calculated on the grounds of data available as at the reporting date.

It applies in particular to the projects whose commencement has been planned for dates following 2010. Their completion depends on obtaining the relevant administrative decisions or coming into force of the local land use plans, providing the basis for the parameters adopted in these investment models and the formulation of final concepts for these projects, taking account of the local factors. It is also related to the uncertainty regarding the proper estimation of the market conditions in the following years.

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The table below shows the change of estimates as at September 30th 2010 and December 31st 2009.

<i>(in PLN '000)</i>	As at Sep 30 2010 end of quarter	As at Dec 31 2009 end of previous year
Deferred tax asset	8,368	8,377
Valuation allowances for assets (shares and loans)	65,305	65,305