



LC CORP GROUP

CONSOLIDATED QUARTERLY REPORT

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF THREE MONTHS, ENDED 31 MARCH 2015**

drawn up in accordance with the International Accounting Standards, and

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

(unaudited financial data)

Wrocław, 15 May 2015

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1. SELECTED FINANCIAL DATA

Data concerning interim condensed consolidated financial statements of LC Corp

	PLN'000		EUR '000	
	31 Mar 2015	31 Dec 2014	31 Mar 2015	31 Dec 2014
I. Non-current assets	1 562 137	1 594 368	382 034	374 063
II. Current assets	1 129 429	1 046 384	276 212	245 497
III. Total assets	2 691 566	2 640 752	658 246	619 560
IV. Equity	1 276 060	1 255 153	312 071	294 478
V. Equity attributable to shareholders of the parent	1 276 060	1 255 153	312 071	294 478
VI. Minority interest	-	-	-	-
VII. Non-current liabilities	1 051 372	1 043 684	257 123	244 864
VIII. Current liabilities	364 134	341 915	89 052	80 218
IX. Book value of equity attributable to shareholders of the parent, per share (PLN/EUR)	2.85	2.80	0.70	0.66

	Q1 2015	Q1 2014	Q1 2015	Q1 2014
	cumulative from 1 Jan 2015 to 31 Mar 2015	cumulative from 1 Jan 2014 to 31 Mar 2014	cumulative from 1 Jan 2015 to 31 Mar 2015	cumulative from 1 Jan 2014 to 31 Mar 2014
X. Sales revenue	117 858	64 087	28 407	15 297
XI. Pre-tax profit on sales	41 873	28 131	10 093	6 715
XII. Net profit	20 945	16 738	5 048	3 995
XIII. Net profit attributable to shareholders of the parent	20 945	16 738	5 048	3 995
XIV. Net profit attributable to minority interest	-	-	-	-
XV. Basic profit per share (in PLN/EUR) attributable to equity holders of the parent	0.05	0.04	0.01	0.01

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

	PLN'000		EUR '000	
	31 Mar 2015	31 Dec 2014	31 Mar 2015	31 Dec 2014
XVI. Total assets	1 421 103	1 344 558	347 543	315 454
XVII. Equity	851 591	845 119	208 264	198,278

	Q1 2015	Q1 2014	Q1 2015	Q1 2014
	cumulative from 1 Jan 2015 to 31 Mar 2015	cumulative from 1 Jan 2014 to 31 Mar 2014	cumulative from 1 Jan 2015 to 31 Mar 2015	cumulative from 1 Jan 2014 to 31 Mar 2014
XVIII. Net profit/(loss)	6 472	592	1 560	141

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

- a) financial data concerning selected items of assets and liabilities were calculated using the average EUR/PLN exchange rate quoted by the National Bank of Poland and effective as at the balance-sheet date. As at 31 March 2015 it stood at EUR/PLN 4.0890, and at the balance-sheet date of 31 December 2014 at EUR/PLN 4.2623;
- b) financial data concerning selected items of the statement of comprehensive income for the first quarter of 2015 and the first quarter of 2014 were calculated using the EUR/PLN rate which is an arithmetic mean of average exchange rates quoted by the National Bank of Poland and effective on the last day of each month in the accounting period, i.e. EUR/PLN 4.1489 and EUR/PLN 4.1894, respectively.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(PLN'000)	31 Mar 2015 end of quarter (unaudited)	31 Dec 2014 end of previous year (audited)
Assets		
A. Non-current assets	1 562 137	1 594 368
1. Intangible assets	271	291
2. Property, plant and equipment	4 648	4 721
2.1. Tangible assets	4 618	4 715
2.2. Tangible assets under construction	30	6
3. Non-current receivables	6 883	6 948
4. Investment property	1 528 119	1 565 160
5. Non-current prepayments and accrued income	209	69
6. Deferred tax assets	22 007	17 179
B. Current assets	1 129 429	1 046 384
1. Inventories	758 870	729 555
2. Trade and other receivables	29 814	23 400
3. Income tax receivable	301	113
4. Current financial assets	32 494	5 332
5. Cash and cash equivalents	297 704	286 435
6. Current prepayments and accrued income	10 246	1 549
C. Non-current assets classified as held for sale	0	0
Total assets	2 691 566	2 640 752
Equity and liabilities		
A. Equity	1 276 060	1 255 153
I. Equity attributable to shareholders of the parent	1 276 060	1 255 153
1. Share capital	447 558	447 558
2. Other capital	807 557	731 275
3. Net profit / (loss)	20 945	76 320
II. Minority interest	0	0
B. Non-current liabilities	1 051 372	1 043 684
1. Non-current liabilities on account of loans and bonds	822 521	815 616
2. Non-current liabilities on account of the acquisition of a subsidiary	144 166	142 897
3. Non-current trade and other payables	0	0
4. Provisions	22	22
5. Deferred tax liability	84 663	85 149
C. Current liabilities	364 134	341 915
1. Current liabilities on account of loans and bonds	138 833	106 896
2. Current liabilities on account of the acquisition of a subsidiary	39 342	38 996
3. Current trade and other payables	63 121	67 941
4. Income tax payable	253	151
5. Provisions	311	311
6. Accrued expenses and revenue	122 274	127 620
Total equity and liabilities	2 691 566	2 640 752

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	31 Mar 2015 end of quarter (unaudited)	31 Dec 2014 end of previous year (audited)
Book value of equity (PLN'000)	1 276 060	1 255 153
Book value of equity attributable to shareholders of the parent (PLN'000)	1 276 060	1 255 153
Number of registered shares (in pcs)	447 558 311	447 558 311
Book value of equity attributable to shareholders of the parent, per share (in PLN)	2.85	2.80

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(PLN'000)	Q1 2015 period from 1 Jan 2015 to 31 Mar 2015 (unaudited)	Q1 2014 period from 1 Jan 2014 to 31 Mar 2014 (unaudited)
Operating activity		
Sales revenue	117 858	64 087
Revenue from sales of services	31 593	26 764
Revenue from sales of goods and products	86 265	37 323
Cost of sales	(75 985)	(35 956)
Pre-tax profit on sales	41 873	28 131
Gain (loss) on disposal of non-current non-financial assets	0	1
Revaluation of non-financial non-current assets	(40 157)	5 474
Write-downs of inventory	0	0
Selling and distribution cost	(2 672)	(1 722)
General administrative expenses	(3 133)	(3 143)
Other operating income	379	501
Other operating expenses	(253)	(154)
Operating profit/(loss)	(3 963)	29 088
Financial income	29 010	980
Financial expenses	(8 554)	(10 569)
Pre-tax profit/(loss)	16 493	19 499
Corporate income tax (tax burden)	4 452	(2 761)
Net profit/(loss) on business activities	20 945	16 738
Discontinued operations		
Profit (loss) on discontinued operations	0	0
Net profit/(loss)	20 945	16 738

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Other comprehensive income*Items subject to reclassification to profit/(loss) in subsequent reporting periods:*

Financial assets available for sale	0	0
Cash flow hedges	(27)	(1 295)
Income tax relating to other components of comprehensive income	(11)	246
Other comprehensive income (net)	(38)	(1 049)

Total comprehensive income	20 907	15 689
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Net profit/(loss) attributable to:

Equity holders of the parent	20 945	16 738
Minority interest	0	0
	20 945	16 738

Total comprehensive income attributable to:

Equity holders of the parent	20 907	15 689
Minority interest	0	0
	20 907	15 689

(PLN'000)	Q1 2015 period from 1 Jan 2015 to 31 Mar 2015 (unaudited)	Q1 2014 period from 1 Jan 2014 to 31 Mar 2014 (unaudited)
Net profit attributable to shareholders of the parent (PLN'000)	20 945	16 738
Average weighted number of ordinary shares (in pcs)	447 558 311	447 558 311
Net profit per share (in PLN) attributable to equity holders of the parent - basic	0.05	0.04
Net profit per share (in PLN) attributable to equity holders of the parent - diluted	0.05	0.04

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Other capital		Net profit / (loss)	Total capital attributable to shareholders of the parent	Minority interest	Total equity
		Reserve funds, other reserve funds and retained earnings	Other funds				
As at 1 January 2015	447 558	733 851	(2 576)	76 320	1 255 153	0	1 255 153
Net profit for the period of 3 months ended 31 March 2015	0	0	0	20 945	20 945	0	20 945
Other comprehensive income for the period of 3 months ended 31 March 2015	0	0	(38)	0	(38)	0	(38)
Total comprehensive income for the period of 3 months ended 31 March 2015	0	0	(38)	20 945	20 907	0	20 907
Transfer of profit for the previous period to undistributed profit	0	76 320	0	(76 320)	0	0	0
As at 31 March 2015 (unaudited)	447 558	810 171	(2 614)	20 945	1 276 060	0	1 276 060

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	Share capital	Other capital		Net profit / (loss)	Total capital attributable to shareholders of the parent	Minority interest	Total equity
		Reserve funds, other reserve funds and retained earnings	Other funds				
As at 1 January 2014	447 558	660 249	3 367	73 602	1 184 776	0	1 184 776
Net profit for 2014	0	0	0	76 320	76 320	0	76 320
Other comprehensive income for 2014	0	0	(5 943)	0	(5 943)	0	(5 943)
Total comprehensive income for 2014	0	0	(5 943)	76 320	70 377	0	70 377
Transfer of profit for the previous period to undistributed profit	0	73 602	0	(73 602)	0	0	0
As at 31 December 2014 (audited)	447 558	733 851	(2 576)	76 320	1 255 153	0	1 255 153

	Share capital	Other capital		Net profit / (loss)	Total capital attributable to shareholders of the parent	Minority interest	Total equity
		Reserve funds, other reserve funds and retained earnings	Other funds				
As at 1 January 2014	447 558	660 249	3 367	73 602	1 184 776	0	1 184 776
Net profit for the period of 3 months ended 31 March 2014	0	0	0	16 738	16 738	0	16 738
Other comprehensive income for the period of 3 months ended 31 March 2014	0	0	(1 049)	0	(1 049)	0	(1 049)
Total comprehensive income for the period of 3 months ended 31 March 2014	0	0	(1 049)	16 738	15 689	0	15 689
Transfer of profit for the previous period to undistributed profit	0	73 602	0	(73 602)	0	0	0
As at 31 March 2014 (unaudited)	447 558	733 851	2 318	16 738	1 200 465	0	1 200 465

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CONSOLIDATED STATEMENT OF CASH FLOWS

(PLN'000)	Q1 2015 period from 1 Jan 2015 to 31 Mar 2015 (unaudited)	Q1 2014 period from 1 Jan 2014 to 31 Mar 2014 (unaudited)
A. Cash flows from operating activities		
I. Pre-tax profit/(loss)	16 493	19 499
II. Total adjustments	(54 912)	7 619
1. Depreciation and amortisation	178	161
2. Foreign exchange gains (losses)	(25 512)	1 634
3. Interest and distributions from profit (dividends)	6 653	7 101
4. Profit (loss) on investing activities	0	(1)
5. Change in provisions	0	(47)
6. Change in inventories	(29 315)	(9 702)
7. Change in receivables	(6 349)	6 763
8. Change in current liabilities, excluding loans and borrowings	1 558	(8 154)
9. Change in accruals and deferrals	(14 183)	13 497
10. Corporate income tax	(957)	(1 081)
11. Other adjustments	13 015	(2 552)
III. Net cash provided by operating activities (I±II)	(38 419)	27 118
B. Cash flows from investing activities		
I. Cash	0	1
1. Sale of intangible assets and property, plant and equipment	0	1
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. Expenses	(7 965)	(21 141)
1. Acquisition of intangible assets and property, plant and equipment	(81)	(94)
2. Cash used on investment property	(7 884)	(21 047)
3. Cash used on financial assets	0	0
4. Other cash used in investing activities	0	0
III. Net cash provided by investing activities (I-II)	(7 965)	(21 140)
C. Cash flows from financing activities		
I. Cash	71 880	26 582
1. Net proceeds from issue of shares and additional contributions to equity	0	0
2. Loans and borrowings	7 340	26 582
3. Issue of debt securities	64 540	0
4. Other cash provided by financing activities	0	0
II. Expenses	(14 227)	(9 574)
1. Repayment of loans and borrowings	(8 352)	(5 806)
2. Redemption of debt securities	0	0
3. Interest	(5 875)	(3 768)
4. Other financial expenses	0	0
III. Net cash provided by financing activities (I-II)	57 653	17 008
D. Total net cash flow, total (A.III±B.III±C.III)	11 269	22 986
E. Balance-sheet change in cash, including:	11 269	22 986
– change in the position of cash on account of foreign exchange differences	0	0
F. Cash at beginning of period	286 435	190 319
G. Cash at end of period (F±D)	297 704	213 303
– restricted cash	20	12 020

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OTHER INFORMATION AND NOTES

2.1. General information about the LC Corp Group

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

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

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

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

The interim condensed consolidated financial statements of the LC Corp Group cover the period of three months, ended 31 March 2015. The detailed description of the component parts of the consolidated financial statements is included in item 2.3.

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

As at 31 March 2015 and as at 31 December 2014, the LC Corp Group comprised the following subsidiaries of LC Corp S.A.:

Company name	Registered office	Effective share of LC Corp S.A.	
		31 Mar 2015 (unaudited)	31 Dec 2014 (audited)
Arkady Wrocławskie S.A.	Wrocław	100%	100%
Sky Tower S.A.	Wrocław	100%	100%
Warszawa Przyokopowa Sp. z o.o.	Wrocław	100% (directly and indirectly)	100% (directly and indirectly)
Kraków Zielony Złocień Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest I Sp. z o.o.	Wrocław	100% (directly and indirectly)	100% (directly and indirectly)
LC Corp Invest II Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest III Sp. z o.o.	Wrocław	100%	100%
LC Corp Invest VII Sp. z o.o.	Wrocław	100%	100%

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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 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.	Wroclaw	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 9 Sp. k.	Wroclaw	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 10 Sp. k.	Wroclaw	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 11 Sp. k.	Wroclaw	100% (indirectly)	100% (indirectly)
LC Corp Invest XV Sp. z o.o. Projekt 14 Sp.k.	Wroclaw	100% (directly and indirectly)	100% (directly and indirectly)
LC Corp Invest XV Sp. z o.o Finance S.K.A.	Wroclaw	100% (directly and indirectly)	100% (directly and indirectly)
LC Corp Invest XV Sp. z o.o Investments S.K.A.	Wroclaw	100% (directly and indirectly)	100% (directly and indirectly)
LC Corp Invest XVI Sp. z o.o.	Wroclaw	100%	100%
LC Corp Invest XVII Sp. z o.o.	Wroclaw	100%	100%
LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k.	Wroclaw	100% (directly and indirectly)	100% (directly and indirectly)
LC Corp Invest XVII Sp. z o.o. Projekt 21 Sp.k.	Wroclaw	100% (indirectly)	-
LC Corp Invest XVIII Sp. z o.o.	Wroclaw	100%	100%
LC Corp Invest XVIII Sp. z o.o. Real Estate S.K.A	Wroclaw	100% (directly and indirectly)	100% (directly and indirectly)

- (1) On 23 February 2015, a limited partnership LC Corp Invest XVII Sp. z o. o. Projekt 21 Sp. k. was registered, established pursuant to the articles of association of the company concluded between the subsidiaries of LC Corp S.A., i.e.: LC Corp Invest XVII Sp. z o.o. and LC Corp Invest XI Sp. z o.o. The above-mentioned company has been established for the purpose of executing a development investment in which LC Corp Invest XI Sp. z o. o. is the limited partner.

As at 31 March 2015 and as at 31 December 2014, the share in the total vote held by the Parent Undertaking in its subsidiaries was equal to the share of the Parent Undertaking in the capitals of these entities.

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

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

- consolidated statement of financial position as at 31 March 2015 and comparable financial data as at 31 December 2014;
- consolidated statement of comprehensive income for the first quarter of 2015, i.e. for the period of three months, cumulative from 1 January 2015 to 31 March 2015 as well as comparable data for a corresponding period of the previous year, i.e. for the period from 1 January 2014 to 31 March 2014;
- consolidated statement of cash flows for the first quarter of 2015, i.e. for the period of three months, cumulative from 1 January 2015 to 31 March 2015 as well as comparable data for a corresponding period of the previous year, i.e. for the period from 1 January 2014 to 31 March 2014;
- statement of changes in equity as at 31 March 2015 and comparable financial data as at 31 March 2014 and as at 31 December 2014;
- notes to consolidated financial statements.

Notes to financial statements and other information defined by Para. § 87 of the Regulation of the Minister of Finance dated 19 February 2009 on current and periodic information published by the issuers of securities and the conditions for recognising as equivalent the information required by the law of a non-member state, representing an element of this Consolidated Quarterly Report for Q1 2015, are included in item 4.

The enclosed condensed consolidated financial statements of the LC Corp Group were prepared in accordance with the International Financial Reporting Standards ("IFRS"), in particular with IAS 34 (concerning the preparation of interim financial statements) and IFRS adopted by the EU. IFRS comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC"), applicable to interim financial reporting.

As at the date of the approval of these financial statements for publication, taking into account the ongoing process of introducing IFRS in the EU and the business activity conducted by the Group, in the scope of the accounting principles adopted by the Group there were no differences between IFRS already in effect and those approved by the EU. IFRS approved by the EU include the standards and interpretations accepted by IASB and IFRIC.

The interim condensed consolidated statements of the LC Corp Group do not contain all information and disclosures required in the annual consolidated financial statements of the Group and they must be read together with the annual consolidated financial statements of the Group for the year ended 31 December 2014.

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

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

These interim condensed financial statements the LC Corp Group were approved by the Management Board for publication on 15 May 2015.

The information on the accounting policies adopted by the LC Corp Group was presented in the annual consolidated financial statements of the LC Corp Group for the year ended 31 December 2014, published on 23 March 2015.

Standards and interpretations adopted for the first time in 2015

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The accounting principles (policy) applied for the preparation of the interim condensed consolidated financial statements are consistent with those adopted for the drawing up of the Group's annual consolidated financial statements for the year ended 31 December 2014, except for the application of the following new or amended standards and interpretations, applicable to annual periods starting on or after 1 January 2015:

- Interpretation of IFRIC 21 "Levies" - approved by the EU on 13 June 2014 (applicable to annual periods beginning on or after 17 June 2014);
- Amendments to different standards "Amendments to IFRS (cycle 2011-2013)" - amendments made under the procedure of making annual amendments to IFRS (IFRS 1, IFRS 3, IFRS 13, and IAS 40) aimed mainly at eliminating any inconsistencies and clarification of wording - approved by the EU on 18 December 2014 (applicable to annual periods beginning on or after 1 January 2015)

The above amendments did not have any impact on the Group's financial situation or the results of its activity.

The following standards and interpretations have been issued by the IASB or the IFRIC but are not yet in force:

- *Amendments to different standards "Amendments to IFRS (cycle 2010-2012)"* – amendments made under the procedure of making annual amendments to IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IFRS 38) aimed mainly at eliminating any inconsistencies and clarification of wording – approved by the EU on 17 December 2014 (applicable to annual periods beginning on or after 1 February 2015),
- *Amendments to IFRS 19 "Employee benefits"* – Specific benefits programmes: Employee contributions - approved by the EU on 17 December 2014 (applicable to annual periods beginning on or after 1 February 2015).

In the Group's opinion, the application of the amended standards will not have a significant impact on the financial statements.

Standards and interpretations which are not yet approved by the European Union:

- *IFRS 9 "Financial Instruments"* (applicable to annual periods beginning on or after 1 January 2018),
- *IFRS 14 "Regulatory Deferral Accounts"* (applicable to annual periods beginning on or after 1 January 2016),
- *IFRS 15 "Revenue from Contracts with Customers"* (applicable to annual periods beginning on or after 1 January 2017),
- *Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"* – Sales or contributions of assets between an investor and its associate/joint venture (applicable to annual periods beginning on or after 1 January 2016),
- *Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures"* – Investment Entities: Applying the Consolidation Exception (applicable to annual periods beginning on or after 1 January 2016),
- *Amendments to IFRS 11 "Joint Arrangements"* – Accounting for the acquisition of an interest in a joint operation (applicable to annual periods beginning on or after 1 January 2016),
- *Amendments to IAS 1 "Presentation of Financial Statements"* – Disclosure Initiative (applicable to annual periods beginning on or after 1 January 2016),
- *Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets"* – Clarification of acceptable methods of depreciation and amortisation (applicable to annual periods beginning on or after 1 January 2016),
- *Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture"* – Agriculture: Bearer plants (applicable to annual periods beginning on or after 1 January 2016),

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- *Amendments to IAS 27 "Separate Financial Statements"* – Equity method in separate financial statements (applicable to annual periods beginning on or after 1 January 2016),
- *Amendments to different standards "Amendments to IFRS (cycle 2012-2014)"* – amendment made under the procedure of introducing annual amendments to IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) aimed mainly at eliminating any inconsistencies and clarification of wording (applicable to annual periods beginning on or after 1 January 2016).

In the period covered by the financial statements the Group did not decide to apply the above interpretation which was published but is not yet effective.

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

The activity of the LC Corp Group is not seasonal by nature. It is related to the investment cycles of the implemented property development projects, which is particularly noticeable in the recognition of the proceeds from the sale of residential and retail premises. In accordance with IAS 18, such proceeds can only be recognized when practically all risks and benefits related to given premises have been transferred to the client and the revenue can be reasonably measured. In consequence, the sales results in a given period depend on the value of the premises transferred to the clients in accordance with the above definition.

2.5. Information on material estimates and professional judgement

The Management Board of the Parent Undertaking used their best knowledge of the applied standards and interpretations, and also the methods and principles of the valuation of particular items of the enclosed condensed consolidated financial statements. Preparing the financial statements in accordance with IFRS required the Company Management 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 2015 were not subject to examination by an auditor.

Professional judgement

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

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

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

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

- obtaining the occupancy permit for the buildings;
- payment of 100% of the value of the premises, based on the developer agreement or preliminary agreement;
- acceptance of the premises by the client, evidenced by the delivery and acceptance protocol;
- signing of the developer agreement or notarial deed transferring the title.

Investment property under construction

As at 31 March 2015, the investment property Silesia Star - Stage 2 in Katowice, taking into consideration the stage of works and the lack of possibility to reliably estimate the fair value, investment expenditures for the construction of an office complex, it is evaluated according to the historical cost.

Uncertainty of estimates

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

Fair value of investment property

At the end of each quarter of an accounting year, the Group measures independently 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.

Fair value of financial instruments in the form of forward contracts

The fair value of financial instruments in the form of forward contracts, measured at fair value through profit or loss, is determined on the last day of each quarter in a given accounting year and at the end of each accounting year on the basis of the valuation made by an institution which professionally measures such financial transactions (among others by the Bank) or on the basis of a financial model built to make a valuation and accepted by the Statutory Auditor.

The fair value of financial instruments of the IRS type

The fair value of financial instruments of the IRS type, covered by the cash flow hedge accounting, measured at fair value through equity, is determined on the last day of each quarter in a given accounting year and at the end of each accounting year on the basis of the valuation made by an institution which professionally measures such financial transactions (among others by the Bank) or on the basis of a financial model built to make a valuation and accepted by the Statutory Auditor.

Write-downs of inventories

At the end of each reporting period, the Management Board verifies if there is any evidence pointing to the loss of value of its property development projects under completion, on the basis of sales reports, market research and other available evidence. Should the risk of the loss of value occur, the value of such projects is estimated employing the DCF method, which is used to establish the write-down of inventories. The DCF method is based on discounted cash flows generated within the approved investment schedules and proceeds from the sale of premises, allowing for 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 external and own capital (WACC).

The level of inventory write-down is the figure estimated as at 31 March 2015 and it may be subject to change depending on the fluctuations of the market prices of land, sales prices of flats, construction costs, project completion schedules and discount rate calculations in the future. The actual results may vary from these estimates, which were calculated on the grounds of the data available as at the reporting date. It is also related to the uncertainty regarding the proper estimation of the market conditions in the following years. Consequently, the level of write-downs may change in the following accounting periods.

The table below presents the significant estimates as at 31 March 2015 and as at 31 December 2014.

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	31 Mar 2015 (unaudited)	31 Dec 2014 (audited)
Deferred tax assets	22 007	17 179
Fair value of investment property	1 494 055	1 532 039
Fair value of financial instruments in the form of forward contracts	314	(167)
The fair value of financial instruments of the IRS type	(8 662)	(8 633)
Deferred tax liability	(84 663)	(85 149)
Write-down of inventory	(118 087)	(118 833)

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

(PLN'000)	31 March 2015 (unaudited)	31 December 2014 (audited)
Work in progress	825 608	742 758
Finished products	51 349	105 630
Write-downs of inventory	(118 087)	(118 833)
Total inventory	758 870	729 555

Changes in the write-down of inventory:

(PLN'000)	Period ended 31 March 2015 (unaudited)	Year ended 31 December 2014 (audited)
Beginning of period	118 833	81 071
Increase	0	43 061
Utilization	(746)	(5 299)
Transfers to investment property item	0	0
Decrease	0	0
End of period	118 087	118 833

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

During the period of three months ended 31 March 2015 there were no significant changes in the impairment losses in respect of financial assets, property, plant and equipment, intangible values and other assets, except for the provisions for trade receivables, presented in the table below:

(PLN'000)	Period ended 31 March 2015 (unaudited)	Year ended 31 December 2014 (audited)
Beginning of period	3 153	2 113
Increase	206	1 901
Utilization	(21)	(434)
Decrease	(6)	(427)
End of period	3 332	3 153

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

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

	<i>One-off retirement, disability and death benefits</i>	<i>Contentious and court issues</i>	<i>Removal of construction defects and faults</i>	<i>Total</i>
As at 1 January 2015	22	211	100	333
Created	0	0	0	0
Utilized	0	0	0	0
Reversed	0	0	0	0
As at 31 March 2015 (unaudited)	22	211	100	333
Current provisions as at 31 March 2015	0	211	100	311
Non-current provisions as at 31 March 2015	22	0	0	22

As at 1 January 2014	22	12 317	300	12 639
Created during the accounting year	0	45	0	45
Utilized	0	(111)	0	(111)
Reversed	0	(12 040)	(200)	(12 240)
As at 31 December 2014 (audited)	22	211	100	333
Current provisions as at 31 December 2014	0	211	100	311
Non-current provisions as at 31 December 2014	22	0	0	22

2.9. Information about deferred tax liabilities and deferred tax assets

Deferred income tax arises from the following items:

(PLN'000)	Statement of financial position	Deferred income tax burden for the period ended
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	31 March 2015 (unaudited)	31 December 2014 (audited)	31 March 2015 (unaudited)	31 December 2014 (audited)
Deferred tax liability				
Accrued interest and discounts on borrowings, bonds, notes and deposits	(17 822)	(15 503)	(2 319)	(1 080)
Valuation of investment property	(55 093)	(62 723)	7 630	(13 198)
Difference in the value of tangible assets (tax depreciation and book depreciation)	(29 680)	(27 806)	(1 874)	(9 130)
Other	(275)	(74)	(201)	316
Gross deferred tax liability	(102 870)	(106 106)		
Deferred tax assets				
Provisions and prepayments and accrued income	297	350	(53)	(444)
Accrued interest and discounts on borrowings, bonds and notes	11 999	10 177	1 822	746
Foreign exchange differences	1 062	6 321	(5 259)	2 853
Difference in the value of other assets (tax value and book value)	11 163	2 232	8 931	(3 708)
Losses potentially deductible from the future taxable income	14 288	17 630	(3 342)	4 137
Other	1 405	1 426	(21)	1 058
Gross deferred tax assets	40 214	38 136		
Deferred tax burden			5 314	(18 450)
Net deferred tax asset	22 007	17 179		
Net deferred tax liability	(84 663)	(85 149)		

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

As at 31 March 2015, the Group conducted the recoverability analysis of the created and potential deferred tax asset and did not create a deferred tax asset on account of, among others, tax losses incurred in the companies of PLN 3,903,000 (the corresponding amount as at 31 December 2014 totalled PLN 3,889,000), which can be utilized within a maximum period of five years as of the end of the reporting period in which they arose. In addition, the Group did not create a deferred tax asset of PLN 14,600,000 based on the temporary differences between the book value and the tax value of respective items of assets and equity and liabilities (the corresponding amount as at 31 December 2014 totalled PLN 23,054,000).

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

During the period of three months ended 31 March 2015, the Company purchased property, plant and equipment having the value of PLN 81,000.

In the period of three months ended on 31 March 2015, the Group did not enter into any sale transactions regarding property, plant and equipment items.

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

As at 31 March 2015 there were no significant liabilities on account of the purchase of property, plant or equipment.

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2.12. Information about significant settlements on account of litigation

In the period of three months ended on 31 March 2015, the Group recorded no significant settlements on account of litigation.

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

During the period of three months ended 31 March 2015, there were no corrections of errors of the previous periods.

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

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

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

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

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

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

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

None occurred.

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

None occurred.

2.19. Financial liabilities

2.19.1 Interest-bearing bank loans and bonds

Non-current	Repayment date	31 March 2015 (unaudited)	31 December 2014 (audited)
Bank loan in EUR (its non-current part) (a)	31 Dec 2017	141 827	152 111
Bank loan in EUR (its non-current part) (b)	15 June 2022	209 398	220 651
Bank loan in EUR (its non-current part) (c)	20 Dec 2022	215 314	226 543
Bank loan in EUR (its non-current part) (d)	31 Dec 2025	39 349	35 038
Bank loan in PLN (its non-current part) (d)	31 May 2016	826	886
Bank loan in PLN (its non-current part) (e)	-	-	29 936
Bank loan in PLN (its non-current part) (f)	31 Dec 2018	49 655	49 586

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Bank loan in PLN (its non-current part) (g)	15 Jan 2019	1 011	-
Bond scheme (i)	30 Oct 2018	49 559	49 531
Bond scheme (j)	6 June 2019	49 583	49 558
Bond scheme (k)	20 Mar 2020	64 543	-
		821 065	813 840

Current	Repayment date	31 March 2015 (unaudited)	31 December 2014 (audited)
Bank loan in EUR (its current part) (a)	31 Mar 2016	16 063	16 513
Bank loan in EUR (its current part) (b)	31 Mar 2016	8 988	9 275
Bank loan in EUR (its current part) (c)	31 Mar 2016	7 898	8 173
Bank loan in EUR (its current part) (d)	31 Mar 2016	379	-
Bank loan in PLN (its current part) (e)	31 Jan 2016	29 950	-
Bond scheme (h)	25 May 2015	66 271	65 285
Bond scheme (i)	30 Apr 2015	1 120	446
Bond scheme (j)	6 June 2015	863	179
Bond scheme (k)	20 Sept 2015	95	-
		131 627	99 871

- (a) Loan in Arkady Wrocławskie company taken out in EUR on 28 February 2008 with the consortium of banks: ING Bank Śląski S.A. and BZ WBK S.A.
- (b) On 15 July 2011, Warszawa Przyokopowa Sp. z o.o. concluded with Raiffeisen Bank Polska S.A. the agreement on an investment loan for the maximum of EUR 49,000,000 and a revolving loan for VAT purposes for the maximum of PLN 6,600,000 in order to finance, partially, the construction of Wola Center, an office complex in Warsaw. On 26 June 2014 the company concluded and annex to the Loan agreement pursuant to which the maximum amount was increased to EUR 55,000,000. As at 31 March 2015 the revolving loan in PLN was already paid.
- (c) Loan in Sky Tower S.A. taken out in EUR pursuant to the agreement of 29 December 2012 concluded with the consortium of banks Getin Noble Bank S.A. and Alior Bank S.A.
- (d) Loans in LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k. concluded pursuant to an agreement of 14 May 2014 with PKO BP S.A. Loans taken out in EUR up to the amount equivalent in EUR of PLN 62,000,000. in order to finance, partially, the construction of an office and service complex with a car park under the name Silesia Star in Katowice at ul. Różdzieńskiego 10, and a revolving VAT loan for the maximum of PLN 3,000,000.
- (e) Loan in LC Corp S.A. taken out in PLN with Getin Noble Bank S.A. pursuant to the agreement concluded on 19 December 2011, initiated in 2012 in LC Corp S.A.
- (f) Loan in LC Corp S.A. taken out in PLN with Getin Noble Bank S.A. pursuant to the agreement concluded on 29 April 2014, initiated on 30 April 2014 in LC Corp S.A.
- (g) Loan in LC Corp Invest XII Sp. z o.o. taken out in PLN with mBank Hipoteczny S.A. pursuant to an agreement concluded on 15 January 2015, initiated partially in Q1 2015.

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- (h) Coupon bonds – the issue of 1 June 2012 of 650 three-year unsecured coupon bonds, having a par value of PLN 100,000 each under a Bond Issue Agreement with the buyback date set at 25 May 2015 concluded with the banks Pekao S.A. having its registered office in Warsaw and BRE Bank S.A. having its registered office in Warsaw.
- (i) Coupon bonds – the issue of 31 October 2013, including 500 five-year unsecured coupon bonds, having a par value of PLN 100,000 each and a total nominal value of PLN 50,000,000 each under a Bond Issue Agreement with the buyback date set at 30 October 2018 concluded with the banks Pekao S.A. having its registered office in Warsaw and BRE Bank S.A. having its registered office in Warsaw.
- (j) Coupon bonds – the issue of 6 June 2014, including 50,000 five-year unsecured coupon bonds, having a par value of PLN 1,000 each and a total nominal value of PLN 50,000,000 each under a Bond Issue Agreement with the buyback date set at 6 June 2019 concluded with the banks Pekao S.A. having its registered office in Warsaw and BRE Bank S.A. having its registered office in Warsaw.
- (k) Coupon bonds – the issue of 20 March 2015, including 65,000 five-year unsecured coupon bonds, having a par value of PLN 1,000 each and the total value of PLN 65,000,000 each under a Bond Issue Agreement with the buyback date set at 20 March 2020 concluded with the banks Pekao S.A. having its registered office in Warsaw and BRE Bank S.A. having its registered office in Warsaw.

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

2.19.2 Other liabilities on account of financial instruments

As at 31 March 2015 and 31 December 2014, the fair value measurement of transactions hedging the risk of an interest rate increase, of the IRS and forward type, was disclosed in the Liabilities on account of loans and bonds item, in the amounts presented below:

	31 March 2015 (unaudited)	31 December 2014 (audited)
Non-current	1 456	1 776
Current	7 206	7 025
Total	8 662	8 801

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

2.19.3 Issue and redemption of equity securities

During the period of three months ended 31 March 2015 the following issue and redemption of securities were made:

- 1) On 20 March 2015 LC Corp S.A. issued 65,000 five-year unsecured coupon bonds, having a par value of PLN 1,000 and the total nominal value of PLN 65,000,000 under a Bond Issue Agreement with the buyback date set at 20 March 2020 concluded with the banks Pekao S.A. having its registered office in Warsaw and BRE Bank S.A. having its registered office in Warsaw. The funds obtained from the above issue will be intended in their entirety for the redemption of securities issued on 1 June 2012 under the above-mentioned Bond Issue Agreement, whose buyback date falls on 25 May 2015.

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

During the period of three months ended 31 March 2015 Arkady Wrocławskie S.A. repaid in accordance with the payment schedule the instalments of the loan in EUR taken out with the consortium of banks: ING Bank Śląski S.A. and Kredyt Bank S.A. (currently BZ WBK SA) in the amount of PLN 4,043,000. As at 31 March 2015 the total debt value translated into the zloty was PLN 157,890,000.

CONSOLIDATED QUARTERLY REPORT**Repaying loans by Warszawa Przyokopowa Sp. z o.o.**

On 15 July 2011, Warszawa Przyokopowa Sp. z o.o. concluded with Raiffeisen Bank Polska S.A. the agreement on an investment loan for the maximum of EUR 49,000,000 and a revolving VAT loan for the maximum of PLN 6,000,000, to provide the partial financing for the construction of an office complex with retail and service facilities, located in Warsaw at ul. Przyokopowa 33.

On account of the above, in the reporting period ended 31 March 2015, the Company, pursuant to the loan agreement, repaid the loan in the amount of PLN 2,245,000. As at 31 March 2015 the total debt value translated into the zloty was PLN 218,386,000.

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

In the period from 1 January 2015 to 31 March 2015 the Company did not enter into any new forward or derivative transactions.

Repaying loans by Sky Tower S.A. taken from a bank consortium

During the period of three months ended 31 March 2015 Sky Tower S.A. repaid in accordance with the payment schedule the instalments of the loan in EUR taken out with the consortium of banks of PLN 2,004,000. As at 31 March 2015 the total debt value translated into the zloty was PLN 223,212,000.

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

In the period from 1 January 2015 to 31 March 2015 the Company did not enter into any new forward or derivative transactions.

Repaying loans by LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k.

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

On account of the above, in the period of three months ended 31 March 2015, the Company, pursuant to the loan agreement, initiated the EUR loan in the total amount of PLN 6,330,000 and made the net initiation (initiations minus repayments) of the revolving VAT loan in the amount of PLN 60,000.

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

During the period from 1 January 2015 to 31 March 2015 LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. kom. did not enter into any new forward or derivative transactions.

Loan taken out by LC Corp Invest XII Sp. z o.o.

On 15 January 2015 LC Corp Invest XII Sp. z o.o. concluded with mBank Hipoteczny SA the loan agreement for the maximum of PLN 28,530,000. On 5 March 2015 LC Corp Invest XII Sp. z o.o., in performance of the loan agreement, established the securities necessary to initiate this loan, inter alia a declaration on establishing a mortgage on the company's property up to the amount of PLN 57,060,000 has been submitted, financial pledges and pledges by registration on bank accounts, pledges by registration and financial pledges on shares and other standard securities of loan agreements has been established. A blank bill of exchange issued by LC Corp Invest XII Sp. z o.o. and guaranteed by LC Corp S.A. until entry by competent courts of a pledge by registration on shares and a mortgage on the mortgaged property has been submitted.

In the reporting period ended 31 March 2015 the Company initiated the loan, in accordance with the agreement, in the total amount of PLN 1,010,000.

CONSOLIDATED QUARTERLY REPORT**Annex to the loan agreement concluded by LC Corp S.A. and Getin Noble Bank S.A.**

On 19 February 2015 the Issuer concluded with Getin Noble Bank S.A. an annex to the bank loan agreement of 18 June 2014, extending the period of payment of the taken loan in the amount of PLN 40,000,000 by the end of June 2015. As at the publication date the loan has not yet been initiated.

2.19.5 Collaterals

As at 31 March 2015 the repayment of loans was secured mainly by:

Security for loans granted for the purpose of financing commercial property:

1. Security for the bank loan agreement concluded by Arkady Wrocławskie S.A.:
 - capped mortgage (*loan in EUR*) – up to the amount of EUR 86,802,000,
 - pledge on the shares of Arkady Wrocławskie S.A. held by LC Corp S.A. – up to the amount of EUR 91,500,000,
 - pledge by registration on bank accounts – up to the amount of PLN 38,220,000,
 - by registration on bank accounts (*loan in EUR*) – up to the amount of EUR 91,500,000,
 - assignment of the rights arising from rental contracts, insurance and guarantees related to agreements with contractors to the extent to which they apply to particular property development projects,
 - deposit of EUR 500,000.
2. Security for the bank loan agreement concluded by Warszawa Przyokopowa Sp. z o.o.:
 - contractual capped mortgage of the highest priority up to the amount of EUR 75,957,124.43,
 - financial pledges and pledges by registration on accounts receivable from bank accounts with a power of attorney to manage the accounts,
 - pledge by registration on all shares of Warszawa Przyokopowa Sp. z o.o. with a financial pledge,
 - transfer of the rights to the borrower's security, arising from all agreements concluded by the Borrower,
 - support agreement concluded by the borrower, the bank and LC Corp S.A., pursuant to which LC Corp S.A. will be obliged to ensure for the borrower the necessary funds up to 10% of the assumed construction costs, should they be exceeded,
 - subordination agreement on claims from other creditors of the borrower, who are the borrower's partners, making them junior to the claims of the bank resulting from the Agreement.
3. Security for the transactions hedging against foreign exchange risk and interest rate risk (hedging agreements), concluded pursuant to the framework agreement of 1 June 2012, established by Warszawa Przyokopowa Sp. z o.o.:
 - contractual mortgage for up to PLN 135,000,000,
 - declaration on submission to enforcement pursuant to Art. 97 of the Banking Law for up to the total of PLN 135,000,000.
4. Security for the agreement on a bank loan taken out by Sky Tower S.A.:
 - contractual mortgage of the highest priority up to the amount of EUR 90,000,000,
 - financial pledges and pledges by registration on accounts receivable from bank accounts with a power of attorney to manage the accounts,
 - declaration on submission to enforcement pursuant to Art. 97 of the Banking Law.
 - pledge by registration on all shares of Sky Tower S.A. with a financial pledge for up to EUR 90,000,000,
 - transfer of the rights to the borrower's security, arising from all agreements concluded by the Borrower,

CONSOLIDATED QUARTERLY REPORT

- subordination agreement on claims from other creditors of the borrower, who are the borrower's partners, making them junior to the claims of the bank resulting from the Agreement.
5. Security for the transactions hedging against foreign exchange risk and interest rate risk (hedging agreements), concluded pursuant to the framework agreement of 27 December 2012, established by Sky Tower S.A.:
- contractual mortgage of the highest priority up to the amount of EUR 44,000,000,
 - declaration on submission to enforcement pursuant to Art. 97 of the Banking Law.
6. Security for the agreement on a bank loan taken out by LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp.k.:
- contractual mortgage for up to the total of EUR 36,833,333.33 established on the property in the form of land owned by LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k.,
 - support agreement concluded by the borrower, the bank and the Issuer, pursuant to which the Issuer, acting as guarantor, will be obliged among others to provide the borrower with financial support in the situations specified in this agreement,
 - four blank promissory notes with promissory note agreements, guaranteed by the Issuer until the provision to the Bank of rental contracts with lessees not related to the Issuer, holding at least 20% of leasable are in Silesia Star building
 - transfer of a cash receivable under the agreement on the building site insurance against construction and installation risks, when the construction is in progress, and, upon its completion, the transfer of a cash receivable under the agreement on the real property insurance against fire and other accidents, concluded with an insurance company for the sum not lower than the amount due on account of the loan,
 - financial pledges and pledges by registration on accounts receivable from bank accounts with a power of attorney to manage the accounts,
 - declaration on submission to enforcement pursuant to Art. 97 of the Banking Law.
 - pledges by registration on LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp.k.,
 - transfer of rights to the borrower's security, arising from all agreements concluded by the Borrower,
 - subordination agreement on claims from other creditors of the borrower, who are the borrower's partners, making them junior to the claims of the bank resulting from the Agreement.
7. Security for the transactions hedging against foreign exchange risk and interest rate risk (hedging agreements), concluded pursuant to the framework agreement of 30 June 2014, established by LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp.k.:
- next ranking contractual mortgage up to the amount of PLN 61,470,300.00, subordinated to the mortgage established as a security of the investment loan and a revolving loan for VAT on the land property owned by LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. k.,
 - declaration on submission to enforcement pursuant to Art. 97 of the Banking Law.

Security for loans granted for the purpose of financing housing investments or financing the purchase of land for housing investments and financing the initial operations of these investments:

8. The bank loan agreement taken out by LC Corp S.A. with Getin Noble Bank S.A. is secured by:
- a) with regard to the loan agreement of 19 December 2011 for the amount of PLN 30,000,000:
- contractual mortgage of the highest priority up to the amount of PLN 45,000,000,
 - declaration on submission to enforcement pursuant to Art. 97 of the Banking Law.
- b) with regard to the loan agreement of 29 April 2014 for the amount of PLN 50,000,000:
- joint contractual mortgage for up to PLN 75,000,000.00 on the property owned by the Issuer and on the property owned by the Issuer's subsidiaries - LC Corp Invest II Sp. z o.o. and LC Corp Invest XV sp. z o.o. Investments S.K.A,

CONSOLIDATED QUARTERLY REPORT

- guarantee granted by the Issuer's subsidiaries - LC Corp Invest II Sp. z o.o. and LC Corp Invest XV sp. z o.o. Investments S.K.A.
 - declaration on submission to enforcement pursuant to Art. 97 of the Banking Law.
9. Security for the property exchange agreement concluded by LC Corp Invest III Sp. z o.o.
- contractual mortgage for up to PLN 3,000,000 on a property in Gdańsk as a security of liquidated damages provided for by the property exchange agreement concluded between LC Corp Invest III Sp. z o.o. and the capital city of Warsaw
10. Security for the agreement on a bank loan taken out by LC Corp Invest XII Sp. z o.o.
- contractual mortgage for up to PLN 57,060,000 on the property of this company,
 - declaration on submission to enforcement pursuant to Art. 97 of the Banking Law.
 - financial pledges and pledges by registration on bank accounts,
 - pledges by registration and financial pledges on shares and other standard securities of loan agreements.
 - a blank bill of exchange issued by LC Corp Invest XII Sp. z o.o. guaranteed by LC Corp S.A. until entry by competent courts of a pledge by registration on shares and a mortgage on the mortgaged property
 - support agreement including the obligation of LC Corp S.A. to cover the overruns of project budget up to the amount representing 3.5% of the value of contract with the general contractor and submission by the Issuer to enforcement on behalf of the Bank pursuant to Art. 777 of the Code of Civil Procedure up to the above-mentioned amount of liability under the support agreement or payment of a guarantee deposit deposited on a registered account in a bank.

2.19.6 Liabilities on account of the acquisition of a subsidiary undertaking

In connection with the extension of the payment terms regarding the price of the shares of Sky Tower S.A., acquired on 6 December 2013, the resultant liabilities were disclosed in their discounted value. As at 31 March 2015 the discount amount was PLN 18,492,000 and as at 31 December 2014 it was PLN 20,107,000.

Discounted liabilities as at 31 March 2015 and as at 31 December 2014 are presented in the table below:

	31 March 2015 (unaudited)	31 December 2014 (audited)
Non-current	144 166	142 897
Current	39 342	38 996
Total	183 508	181 893

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

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

2.21. Events subsequent to 31 March 2015, not disclosed in these statements, which could have a material bearing on the future financial results of LC Corp Group

1. The Extraordinary General Meeting of LC Corp Invest XV sp. z o.o. was held on 1 April 2015, at which a resolution was adopted on increasing the share capital by the amount of PLN 300,000.00, i.e. up to the amount of PLN 305,000.00 through the acquisition of new shares by one shareholder of LC Corp S.A. On 11 May 2015, the change of the amount of the capital was registered by the Registry Court.

CONSOLIDATED QUARTERLY REPORT

2. On 7 April 2015, LC Corp Invest XVII Sp. z o.o. Projekt 21 Sp. k., pursuant to a sale contract, acquired the perpetual usufruct right to the property located in Wrocław at ul. Bogusławskiego/ Piłsudskiego/ Komandorska, of the total area of 5,621 square metres.
3. On 10 April 2015, LC Corp Invest XVII sp. z o.o. Projekt 20 Sp. k. concluded with Budimex S.A., having its registered office in Warsaw, a general contractor agreement for the investment consisting in building the 2nd stage (building B) of an office and service complex "Roździeńskiego" in Katowice at Al. Roździeńskiego with internal infrastructure.
4. On 16 April 2015, LC Corp Invest XV Sp. z o.o. Projekt 7 sp. k., pursuant to a sale contract, acquired the perpetual usufruct right to the property located in Kraków at ul. Grzegórzecka, of the total area of 0.9436 ha.
5. On 29 April 2015, LC Corp Invest I Sp. z o.o. issued, pursuant to the bill of exchange law, 15 investment notes having a par value of PLN 15,000,000 each, on arm's length terms, with the buyback date set at 27 April 2018, which were acquired by the subsidiary LC Corp Invest XV Sp. z o.o. Projekt 14 Sp. k.
6. On 12 May 2015, there was a change of the Articles of Association of LC Corp Invest XVII sp. z o.o. Projekt 20 sp. k., pursuant to which LC Corp S.A., as a limited partner, increased its contribution to the company by PLN 700,000.00.
7. LC Corp Invest I Sp. z o. o. concluded with LC Corp Group companies the following cash loan agreements:
 - a) On 3 April 2015, it concluded with LC Corp Invest XVII Sp. z o.o.. Projekt 21 Sp. k. a loan agreement for the amount of PLN 20,920,000 on arm's length terms for an unlimited time,
 - b) on 10 April 2015, it concluded with LC Corp Invest XV Sp. z o.o. Projekt 2 Sp. k. a loan agreement for the amount of PLN 9,500,000 on arm's length terms for an unlimited time,
 - c) on 10 April 2015, it concluded with LC Corp Invest XV Sp. z o.o. Projekt 2 Sp. k. a loan agreement for the amount of PLN 41,000,000 on arm's length terms for an unlimited time,
 - d) on 14 April 2015, it concluded with LC Corp Invest XV Sp. z o.o. Projekt 7 Sp. k. a loan agreement for the amount of PLN 5,000,000 on arm's length terms for an unlimited time.

2.22. Information on the changes in contingent liabilities or contingent assets after the end of the last accounting year

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

Apart from the contingent liabilities representing the security for the bank loans, described in detail in Note 2.19.5, as at 31 March 2015 the Group companies did not have any significant liabilities other than those presented in the statement of financial position.

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

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

2.24. Revenue and profit-loss attributable to respective operating segments

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

- rental services segment
- property development activity segment
- holding activity segment (other)

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

CONSOLIDATED QUARTERLY REPORT

In the tables below, the data (PLN'000) concerning revenues and profits of the Group's individual segments have been provided for the period of three months ended 31 March 2015 and 31 March 2014 and those concerning assets and liabilities as at 31 March 2015 and 31 December 2014.

Period of 3 months ended 31 March 2015 (unaudited)	Rental service activity	Property development activity	Holding activity (other)	Total activity
Total sales revenue	31 377	86 254	227	117 858
Pre-tax profit/(loss) on sales	21 131	20 515	227	41 873
Unallocated revenues				29 389
Unallocated expenses				(54 769)
Pre-tax profit (loss)				16 493
Corporate income tax (tax burden)				4 452
Profit (loss) after tax				20 945

Period of 3 months ended 31 March 2014 (unaudited)	Rental service activity	Property development activity	Holding activity (other)	Total activity
Total sales revenue	26 717	37 328	42	64 087
Pre-tax profit/(loss) on sales	19 115	8 974	42	28 131
Unallocated revenues				6 956
Unallocated expenses				(15 588)
Pre-tax profit (loss)				19 499
Corporate income tax (tax burden)				(2 761)
Profit (loss) after tax				16 738

As at 31 March 2015 (unaudited)	Rental service activity	Property development activity	Holding activity (other)	Total activity
Assets and liabilities				
Total assets	1 627 751	961 438	102 377	2 691 566
<i>including: Non-current receivables</i>	6 883	0	0	6 883
<i>Current financial assets</i>	515	31 979	0	32 494
<i>Cash and cash equivalents</i>	69 907	128 608	99 189	297 704
Total liabilities	759 071	468 022	188 413	1 415 506
<i>including: Liabilities on account of loans and bonds</i>	648 704	312 650	0	961 354
<i>Liabilities on account of the acquisition of a subsidiary</i>	0	0	183 508	183 508

CONSOLIDATED QUARTERLY REPORT

As at 31 December 2014 (audited)	Rental service activity	Property development activity	Holding activity (other)	Total activity
Assets and liabilities				
Total assets	1 656 615	936 976	47 161	2 640 752
<i>including: Non-current receivables</i>	6 948	0	0	2 131
<i>Current financial assets</i>	201	5 131	0	5 332
<i>Cash and cash equivalents</i>	70 250	174 601	41 584	291 252
Total liabilities	790 611	408 582	186 406	1 385 599
<i>including: Liabilities on account of loans and bonds</i>	677 991	244 521	0	922 512
<i>Liabilities on account of the acquisition of a subsidiary</i>	0	0	181 893	181 893

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

STATEMENT OF FINANCIAL POSITION

(PLN'000)	31 March 2015 end of quarter (unaudited)	31 December 2014 end of previous year (audited)
Assets		
A. Non-current assets	1 144 378	1 148 764
1. Intangible assets	260	272
2. Property, plant and equipment	1 060	1 103
2.1. Tangible assets	1 045	1 097
2.2. Tangible assets under construction	15	6
3. Non-current loans and receivables	340 665	353 122
4. Non-current investments	801 651	793 216
5. Non-current prepayments and accrued income	0	0
6. Deferred tax assets	742	1 051
B. Current assets	276 725	195 794
1. Inventories	109 008	116 150
2. Trade and other receivables	3 695	4 749
3. Income tax receivable	0	0
4. Current financial assets	87 279	68 924
5. Cash and cash equivalents	76 212	5 797
6. Current prepayments and accrued income	531	174
C. Non-current assets classified as held for sale	0	0
Total assets	1 421 103	1 344 558
Equity and liabilities		
A. Equity	851 591	845 119
1. Share capital	447 558	447 558

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2. Balance of called-up share capital not paid	0	0
3. Reserve funds	357 285	357 285
4. Other reserve funds	30 000	30 000
5. Other capital	3 068	3 068
6. Retained profit/(Loss carried forward)	13 680	7 208
B. Non-current liabilities	411 265	374 585
1. Non-current financial liabilities	267 080	231 669
2. Non-current liabilities on account of the acquisition of a subsidiary	144 166	142 897
3. Provisions	19	19
4. Deferred tax liability	0	0
C. Current liabilities	158 247	124 854
1. Current financial liabilities	114 231	81 702
2. Current liabilities on account of the acquisition of a subsidiary	39 342	38 996
3. Current trade and other payables	1 576	1 043
4. Income tax payable	0	0
5. Provisions	11	11
6. Accrued expenses and revenue	3 087	3 102
Total equity and liabilities	1 421 103	1 344 558

STATEMENT OF COMPREHENSIVE INCOME

(PLN'000)	Q1 2015	Q1 2014
	period from 1 Jan 2015 to 31 Mar 2015	period from 1 Jan 2014 to 31 Mar 2014
	(unaudited)	(unaudited)
Revenue		
Revenue from sale of services, products and goods	9 790	1 792
Revenue from interest and discounts	5 956	6 301
Revenue from dividend	0	0
Other financial income	8 435	3 093
Other operating income	180	0
Total operating income	24 361	11 186
Expenses		
Operating expenses, cost of sold products and goods	(11 557)	(3 688)
Costs of interest and discounts	(4 154)	(4 295)
Other financial expenses	(1 868)	(2 142)
Other operating expenses	(1)	0
Total operating expenses	(17 580)	(10 125)
Pre-tax profit/(loss)	6 781	1 061
Corporate income tax (tax burden)	(309)	(469)
Net profit/(loss) on continued operations	6 472	592

CONSOLIDATED QUARTERLY REPORT

Discontinued operations		
Profit (loss) on discontinued operations in an accounting year	0	0
Net profit/(loss)	6 472	592
Other comprehensive income		
Other components of comprehensive income	0	0
Income tax relating to other components of comprehensive income	0	0
Other comprehensive income (net)	0	0
Total comprehensive income	6 472	592

CONSOLIDATED QUARTERLY REPORT

STATEMENT OF CHANGES IN EQUITY

(PLN'000) (unaudited)	Share capital	Balance of called-up share capital not paid	Reserve funds	Other reserve funds	Other capital	Retained profit/(Loss carried forward)	Total
As at 1 January 2015	447 558	0	357 285	30 000	3 068	7 208	845 119
<i>Net profit for the period of 3 months ended 31 March 2015</i>	0	0	0	0	0	6 472	6 472
<i>Other comprehensive income for the period of 3 months ended 31 March 2015</i>	0	0	0	0	0	0	0
Total comprehensive income for the period of 3 months ended 31 March 2015	0	0	0	0	0	6 472	6 472
As at 31 March 2015	447 558	0	357 285	30 000	3 068	13 680	851 591

(PLN'000) (audited)	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 2014	447 558	0	333 863	30 000	3 068	23 422	837 911
<i>Net profit for 2014</i>	0	0	0	0	0	7 208	7 208
<i>Other comprehensive income for 2014</i>	0	0	0	0	0	0	0
Total comprehensive income for 2014	0	0	0	0	0	7 208	7 208
<i>Transfer of profit for 2013 to reserve funds</i>	0	0	23 422	0	0	(23 422)	0
As at 31 December 2014	447 558	0	357 285	30 000	3 068	7 208	845 119

CONSOLIDATED QUARTERLY REPORT

(PLN'000) (unaudited)	<i>Share capital</i>	<i>Balance of called-up share capital not paid</i>	<i>Reserve funds</i>	<i>Other reserve funds</i>	<i>Other capital</i>	<i>Retained profit/(Loss carried forward)</i>	<i>Total</i>
As at 1 January 2014	447 558	0	333 863	30 000	3 068	23 422	837 911
<i>Net profit for the period of 3 months ended 31 March 2014</i>	0	0	0	0	0	592	592
<i>Other comprehensive income for the period of 3 months ended 31 March 2014</i>	0	0	0	0	0	0	0
Total comprehensive income for the period of 3 months ended 31 March 2014	0	0	0	0	0	592	592
As at 31 March 2014	447 558	0	333 863	30 000	3 068	24 014	838 503

CONSOLIDATED QUARTERLY REPORT

STATEMENT OF CASH FLOWS

(PLN'000)	Q1 2015 period from 1 Jan 2015 to 31 Mar 2015	Q1 2014 period from 1 Jan 2014 to 31 Mar 2014
	(unaudited)	(unaudited)
A. Cash flows from operating activities		
I. Net profit/(loss) on continued operations	6 781	1 061
II. Total adjustments	37	18 272
1. Change in tangible assets and intangible assets	55	10
2. Change in provisions	0	0
3. Change in inventories	7 142	(69)
4. Change in receivables	1 054	156
5. Change in current liabilities (net of loans and borrowings)	533	(418)
6. Change in accruals and deferrals	(372)	(119)
7. Change if financial liabilities	5 958	6 368
8. Change in financial assets resulting from loans and notes	(5 898)	16 038
9. Change in financial assets resulting from shares	(8 435)	(3 694)
10. Corporate income tax	0	0
11. Other adjustments	0	0
III. Net cash provided by operating activities (I±II)	6 818	19 333
B. Cash flows from financing activities		
I. Cash	64 540	0
1. Net proceeds from issue of shares and additional contributions to equity	0	0
2. Issue of debt securities	64 540	0
3. Loans	0	0
II. Expenses	(943)	(361)
1. Acquisition of own (treasury) shares	0	0
2. Redemption of debt securities	0	0
3. Interest	(943)	(361)
4. Other financial expenses	0	0
III. Net cash provided by financing activities (I–II)	63 597	(361)
C. Total net cash flow (A.III±B.III)	70 415	18 972
D. Balance-sheet change in cash, including:	70 415	18 972
– change in the position of cash on account of foreign exchange differences		
E. Cash at beginning of period	5 797	76 278
F. Cash at end of period (F±D)	76 212	95 250
- restricted cash	20	20

CONSOLIDATED QUARTERLY REPORT

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

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

As at 31 March 2015 the shares of LC Corp S.A. were in public trading.

The Company has been assigned statistical identification number REGON 020246398.

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

- PKD 64.20.Z Activities of financial holding companies

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

The interim condensed financial statements of LC Corp S.A. cover the period of three months ended 31 March 2015. The detailed description of component parts of the financial statements has been presented in item 3.2.

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

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

- statement of financial position as at 31 March 2015 and comparable data as at 31 December 2014;
- consolidated statement of comprehensive income for the first quarter of 2015, i.e. for the period of three months, cumulative from 1 January 2015 to 31 March 2015 as well as comparable data for a corresponding period of the previous year, i.e. for the period from 1 January 2014 to 31 March 2014;
- consolidated statement of cash flows for the first quarter of 2015, i.e. for the period of three months, cumulative from 1 January 2015 to 31 March 2015 as well as comparable data for a corresponding period of the previous year, i.e. for the period from 1 January 2014 to 31 March 2014;
- statement of changes in equity as at 31 March 2015 and comparable data as at 31 March 2015 and as at 31 December 2014;
- notes to financial statements.

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

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

As at the date of the approval of these financial statements for publication, taking into account the ongoing process of introducing IFRS in the EU and the business activity conducted by the Group, in the scope of the accounting principles adopted by the Group there were no differences between IFRS already in effect and those approved by the EU.

IFRS comprise standards and interpretations accepted by IASB and IFRIC.

CONSOLIDATED QUARTERLY REPORT

The interim condensed financial statements of LC Corp S.A. do not contain all information and disclosures required in the annual separate financial statements and they must be read together with the annual financial statements of LC Corp S.A. for the year ended 31 December 2014.

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

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

These interim condensed financial statements of LC Corp S.A. were approved by the Management Board for publication on 15 May 2015.

The information on the accounting principles adopted by the Issuer was presented in the annual financial statements of LC Corp S.A. for the year ended 31 December 2014, published on 23 March 2015.

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

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

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

3.4. Information about significant estimates

The Management Board of LC Corp S.A. used their best knowledge of the applied standards and interpretations, and also the methods and principles of valuation of particular items of the enclosed condensed financial statements. Preparing the financial statements in accordance with IFRS required the Company Management 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 2015 were not subject to examination by an auditor.

Uncertainty of estimates

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

Deferred tax asset

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

Write-downs of the shares held in subsidiary undertakings

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

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

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

The recoverable value of shares and the level of their write-downs were estimated as at 31 March 2014 and it may be subject to change depending on the fluctuations of the market prices of land, sale prices of flats, constructions costs, project completion schedules and discount rate calculations in the future.

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

Write-downs of borrowings granted to subsidiary undertakings

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

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

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

The level of write-downs made with regard to the borrowings was estimated as at 31 March 2015 and it may be subject to change depending on the fluctuations of the market prices of land, sale prices of flats, constructions costs, project completion schedules and discount rate calculations in the future.

As at 31 March 2014 there were no write-downs of borrowings.

The table below presents the significant estimates as at 31 March 2015 and as at 31 December 2014.

	31 March 2015 (unaudited)	31 December 2014 (audited)
Deferred tax assets	742	1 051
Write-downs of shares	(83 442)	(91 876)

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

During the period of three months ended 31 March 2015 there were no write-downs of inventory to the net realizable value.

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

During the period of three months ended 31 March 2015 there were no changes in the impairment losses in respect of financial assets, property, plant and equipment, intangible values, receivables and other assets.

During the period of three months ended 31 March 2015 the Management Board made an update of write-downs of shares to their recoverable value. The total value of write-downs of shares as at 31 March 2015 was: PLN 83,442,000.

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The changes of write-downs of shares are presented in the table below.

	Period ended 31 March 2015 (unaudited)	Year ended 31 December 2014 (audited)
Beginning of period	(91 876)	(84 897)
Increase	0	(6 979)
Utilization	0	0
Decrease	8 434	0
End of period	(83 442)	(91 876)

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

During the period of three months ended 31 March 2015 the Company made no changes with regard to provisions.

3.8. Information about deferred tax liabilities and deferred tax assets

Deferred income tax arises from the following items:

	Statement of financial position		Statement of comprehensive income for the period ended	
	31 March 2015 (unaudited)	31 December 2014 (audited)	31 March 2015 (unaudited)	31 December 2014 (audited)
Deferred tax liability				
Accrued interest on borrowings and deposits	(6 177)	(5 057)	(1 120)	252
Difference in the value of tangible assets (tax depreciation and book depreciation)	(75)	(74)	(1)	(12)
Other	(82)	(72)	(10)	(72)
Gross deferred tax liability	(6 334)	(5 203)		
Deferred tax assets				
Participation in profits of a limited partnership	444	470	(127)	470
Provisions and prepayments and accrued income	571	574	(2)	(21)
Accrued interest on borrowings and discounts on bonds	3 620	3 010	610	369
Losses potentially deductible from the future taxable income	2 441	2 200	341	(498)
Gross deferred tax assets	7 076	6 254		
Deferred tax burden			(309)	488
Net deferred tax asset	742	1 051		
Net deferred tax liability	0	0		

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

During the period of three months ended 31 March 2015 the Company purchased property, plant and equipment having the value of PLN 65,000.

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During the period of three months ended 31 March the Company did not enter into any significant sale transactions concerning property, plant or equipment.

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

As at 31 March 2015 there were no significant liabilities on account of the purchase of property, plant or equipment.

3.11. Information about significant settlements on account of litigation

In the period of three months ended on 31 March 2015, the Group recorded no significant settlements on account of litigation.

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

During the period of three months ended 31 March 2015 there were no corrections of errors of the previous periods.

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

The description can be found in item 2.14.

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

None occurred.

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

During the period of three months ended 31 March 2015 the Issuer did not conclude any transactions with related entities, which, individually or collectively, could be deemed significant and were effected on the terms other than at arm's length.

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

None occurred.

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

None occurred.

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3.18. Financial liabilities

3.18.1 Interest bearing loans, borrowings, bonds and investment notes

	Repayment date	31 March 2015 (unaudited)	31 December 2014 (audited)
Non-current			
Bank loan in PLN (a)	-	-	29 936
Bank loan in PLN (b)	31 Dec 2018	49 655	49 586
Bond scheme (d)	30 Oct 2018	49 559	49 531
Bond scheme (e)	6 June 2019	49 583	49 558
Bond scheme (f)	20 Mar 2020	64 543	-
Investment notes (g)	31 Jan 2017	16 766	16 524
Investment notes (i)	9 Dec 2016	36 974	36 534
		267 080	231 669
Current			
	Repayment date	31 March 2015 (unaudited)	31 December 2014 (audited)
Bank loan in PLN (a)	31 Jan 2016	29 950	-
Bond scheme (c)	25 May 2015	66 271	65 285
Bond scheme (d)	30 Apr 2015	1 120	446
Bond scheme (e)	6 June 2015	863	179
Bond scheme (f)	20 Sept 2015	95	-
Investment notes (h)	30 June 2015	12 160	12 020
Borrowings (j)	31 Dec 2015	3 772	3 772
		114 231	81 702

- (a) Bank loan taken out in PLN with Getin Noble Bank S.A. pursuant to an agreement concluded on 19 December 2011, initiated on 30 March 2012.
- (b) Bank loan taken out in PLN with Getin Noble Bank S.A. pursuant to an agreement concluded on 29 April 2014, initiated on 30 April 2014.
- (c) Coupon bonds – the issue of 1 June 2012 of 650 three-year unsecured coupon bonds, having a par value of PLN 100,000 each, under the Bond Issue Agreement, signed with Pekao S.A., having its registered office in Warsaw, and BRE Bank S.A., having its registered office in Warsaw, with the buyback date set at 25 May 2015.
- (d) Coupon bonds – the issue of 31 October 2013 of 500 five-year- unsecured coupon bonds, having a par value of PLN 100,000 each and a total par value of PLN 50,000,000, under the Bond Issue Agreement, signed with Pekao S.A., having its registered office in Warsaw, and BRE Bank S.A., having its registered office in Warsaw, with the buyback date set at 30 October 2018
- (e) Coupon bonds – the issue of 6 June 2014 of 50,000 five-year- unsecured coupon bonds, having a par value of PLN 1,000 each, with the buyback date set at 6 June 2019.
- (f) Coupon bonds – the issue of 20 March 2015 of 65,000 five-year unsecured coupon bonds, having a par value of PLN 1,000 each and a total par value of PLN 65,000,000, under the Bond Issue Agreement, signed with Pekao S.A., having its registered office in Warsaw, and BRE Bank S.A., having its registered office in Warsaw, with the buyback date set at 20 March 2020.

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- (g) Investment notes – the issue of 9 March 2012 of seven investment notes having a par value of PLN 2,000,000 each, taken up by the subsidiary Arkady Wrocławskie S.A. On 31 January 2014, the buyback date of the notes was rescheduled from 31 January 2014 to 31 January 2017 by way of an annexe.
- (h) Investment notes - the issue of 20 January 2011 of ten investment notes having a par value of PLN 1,000,000 each, taken up by the subsidiary Arkady Wrocławskie S.A. On 29 May 2013, the buyback date of the notes was rescheduled from 28 June 2013 to 30 June 2015 by way of an annexe.
- (i) Investment notes – the issue of 9 December 2010 of thirty investment notes having a par value of PLN 1,000,000 each, taken up by the subsidiary Warszawa Przyokopowa Sp. z o.o. On 9 December 2013, the buyback date of the notes was rescheduled from 9 December 2013 to 9 December 2016 by way of an annexe.
- (j) Liability on account of the agreement concluded on 8 July 2008 on a borrowing granted by a subsidiary undertaking, Warszawa Przyokopowa Sp. z o.o.

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

In the period of three months ended 31 March 2015 LC Corp S.A. made the following issues and redemptions:

- 1) On 20 March 2015 LC Corp S.A. issued 65,000 five-year unsecured coupon bonds, having a par value of PLN 1,000 and the total nominal value of PLN 65,000,000 under a Bond Issue Agreement with the buyback date set at 20 March 2020 concluded with the banks Pekao S.A. having its registered office in Warsaw and BRE Bank S.A. having its registered office in Warsaw. The funds obtained from the above issue will be intended in their entirety for the redemption of securities issued on 1 June 2012 under the above-mentioned Bond Issue Agreement, whose buyback date falls on 25 May 2015.

3.18.3 Incurring and repaying bank loans and borrowings

In the period of three months ending 31 March 2015 LC Corp S.A. took the following loans:

- 1) On 19 February 2015 the Issuer concluded with Getin Noble Bank S.A. an annexe to the bank loan agreement of 18 June 2014, extending the period of payment of the taken loan in the amount of PLN 40,000,000 by the end of June 2015. As at the publication date the loan has not yet been initiated.

3.18.4 Collaterals

As at 31 March 2015 the repayment of loans was secured mainly by:

- 1) The bank loan agreement taken out by LC Corp S.A. with Getin Noble Bank S.A. is secured by:
 - a) with regard to the loan agreement of 19 December 2011 for the amount of PLN 30,000,000:
 - contractual mortgage of the highest priority up to the amount of PLN 45,000,000,
 - declaration on submission to enforcement pursuant to Art. 97 of the Banking Law.
 - b) with regard to the loan agreement of 14 May 2014 for the amount of PLN 50,000,000:
 - joint contractual mortgage for up to PLN 75,000,000.00 on the property owned by the Issuer and on the property owned by the Issuer's subsidiaries - LC Corp Invest II Sp. z o.o. and LC Corp Invest XV Sp. z o.o. Investments S.K.A.,
 - guarantee granted by the Issuer's subsidiaries - LC Corp Invest II Sp. z o.o. and LC Corp Invest XV sp. z o.o. Investments S.K.A.
 - declaration on submission to enforcement pursuant to Art. 97 of the Banking Law.
- 2) The repayment of loans taken by the subsidiary undertakings of LC Corp S.A. is secured, among others, by:

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- pledge on the shares of Arkady Wrocławskie S.A. held by LC Corp S.A. – up to the amount of EUR 91,500,000,
 - pledges by registration on all shares of Sky Tower S.A. with a financial pledge for up to EUR 90,000,000,
 - pledge by registration on all shares of Warszawa Przyokopowa Sp. z o.o. with a financial pledge,
 - support agreement concluded by the borrower (Warszawa Przyokopowa Sp. z o.o.), the bank and LC Corp S.A., pursuant to which LC Corp S.A. will be obliged to ensure for the borrower the necessary funds up to 10% of the assumed construction costs, should they be exceeded,
 - support agreement concluded by the borrower (LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. kom.), the bank and the Issuer, pursuant to which LC Corp S.A., acting as guarantor, will be obliged among others to provide the borrower with financial support in the situations specified in this agreement,
 - four promissory notes of LC Corp Invest XVII Sp. z o.o. Projekt 20 Sp. kom. with promissory note agreements, guaranteed by LC Corp S.A. until the provision to the Bank of rental contracts with lessees not related to the Issuer, holding at least 20% of leasable are in Silesia Star building
 - pledges by registration and financial pledges on shares in LC Corp Invest XII Sp. z o.o.
 - a blank bill of exchange issued by LC Corp Invest XII Sp. z o.o. guaranteed by LC Corp S.A. until entry by competent courts of a pledge by registration on shares and a mortgage on the mortgaged property
 - support agreement concluded by the borrower (LC Corp Invest XIII Sp. z o.o.), the bank and LC Corp S.A., including the obligation of LC Corp S.A. to cover the overruns of project budget up to the amount representing 3.5% of the value of contract with the general contractor and submission by the Issuer to enforcement on behalf of the Bank pursuant to Art. 777 of the Code of Civil Procedure up to the above-mentioned amount of liability under the support agreement or payment of a guarantee deposit deposited on a registered account in a bank
- 3) Security for the property exchange agreement concluded by LC Corp Invest III Sp. z o.o.
- contractual mortgage for up to PLN 3,000,000 on a property in Gdańsk as a security of liquidated damages provided for by the property exchange agreement concluded between LC Corp Invest III Sp. z o.o. and the capital city of Warsaw.

3.18.5 Liabilities on account of the acquisition of a subsidiary undertaking

In connection with the extension of the payment terms regarding the price of the shares of Sky Tower S.A., acquired on 6 December 2013, the resultant liabilities were disclosed in their discounted value. As at 31 March 2015 the discount amount was PLN 18,492,000 and as at 31 December 2014 it was PLN 20,107,000.

Discounted liabilities as at 31 March 2015 and as at 31 December 2014 are presented in the table below:

	31 March 2015 (unaudited)	31 December 2014 (audited)
Non-current	144 166	142 897
Current	39 342	38 996
Total	183 508	181 893

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

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

3.20. Events subsequent to 31 March 2015, not disclosed in these statements, which could have a material bearing on the future financial results of the Issuer

Subsequent to 31 March 2015 no such events occurred, except for those described in item 2.21.

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3.21. Information on the changes in contingent liabilities or contingent assets after the end of the last accounting year

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

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

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

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

4.1. Main achievements and failures of the LC Corp Group

In the first quarter of 2015, the Group was proceeding as planned with the completion of investment projects, carried out by its subsidiary undertakings.

The tables below present the number of premises pre-sold and transferred in Q1 2015 as compared to corresponding data from the previous year.

The last of the below tables presents the offering scale of the Group as at 31 March 2015.

Pre-sales

city	Q1'2014	Q1'2015
Warsaw	52	189
Wrocław	172	154
Kraków	114	72
Gdańsk	9	63
Łódź	6	2
total	353	480

36%

Transferred premises

city	Q1'2014	March 2014
Warsaw	5	70
Wrocław	91	260
Kraków	14	2
Gdańsk	4	3
Łódź	2	2
total	116	337

191%

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Offer

city	31.03.15	To be entered in 2015
Warsaw	516	546
Wrocław	340	506
Kraków	133	691
Gdańsk	89	212
Łódź	24	
total	1 102	1 955

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

4.1.1 Completed development projects

Commercial projects

Name of the project	City	District	Segment	Construction completion date	Area (sq m)
Wola Center	Warsaw	Wola	Office and service	Q3 2013	33 203
Arkady Wrocławskie	Wrocław	Krzyki	Office retail and service	Q2 2007	39 198
Sky Tower	Wrocław	Krzyki	Office retail and service	Q1 2013	51 368
Katowice (Building A)	Katowice	Bogucice Zawodzie	Office and service	Q4 2014	13 754

Housing projects

Name of the project	City	District	Segment	Construction completion date	Number of apartments and commercial premises	Area (sq m)
Osiedle Przy Promenadzie (stage 1, 2 and 3)	Warsaw	Praga-Południe	Apartments, services	Q4 2010	730	48 160
Rezydencja Kaliska	Warsaw	Śródmieście-Ochota	Apartments, services	Q1 2011	101	7 441
Osiedle Powstańców 33 (stage 1 and 2)	Ząbki near Warsaw		Apartments, services	Q4 2012 Q3 2014	114 229	6 919 13 141
Osiedle Na Woli (stage 1)	Warsaw	Wola	Apartments, services	Q4 2014	192	10 008
Osiedle Maestro (stage 1 and 2)	Wrocław	Krzyki-Jagodno	Apartments	Q3 2012 Q3 2013	176 160	9 352 8 829
Osiedle Potokowa (stage 1, 2c and 3)	Wrocław	Maślice	Apartments and houses	Q2 2013 Q3 2013 Q2 2014	72 42 73	2 819 4 486 3 622
Osiedle Graniczna (stage 1 and 2)	Wrocław	Fabryczna	Apartments	Q3 2013 Q3 2014	173 179	9 200 8 716
Osiedle Nowalia	Wrocław	Klecina	Terraced houses	Q1 2014	44	4 634

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Brzeska 5	Wrocław	Krzyki	Apartments, services	Q4 2014	167	7 889
Stabłowicka 77 (stage 1 and 2)	Wrocław	Fabryczna	Apartments	Q3 2014 Q1 2015	73 60	4 259 3 159
Słoneczne Miasteczko (stage 1, 2 and 3)	Kraków	Bieżanów-Prokocim	Apartments	Q4 2011 Q4 2012 Q3 2014	120 164 42	6 624 8 959 2 163
Okulickiego 59	Kraków	Mistrzejowice	Apartments, services	Q4 2012	146	6 701
Grzegorzewska 77 (stage 1)	Kraków	Śródmieście	Apartments, services	Q1 2015	164	8 027
Osiedle Przy Srebrnej (stage 2a, 2b, and 2c)	Gdańsk	Łostowice	Apartments, services	Q4 2012 Q4 2013 Q3 2014	72 6 22	3 795 565 1 168
Osiedle Dębowa Ostoja (stage 1)	Łódź	Bałuty	Terraced houses	Q3 2011	22	4 548
Osiedle Pustynna 43 (stage 1)	Łódź	Górna	Apartments	Q4 2012	38	2 884

4.1.2 Development projects under implementation

Commercial projects

Name of the project	City	District	Segment	Construction completion date	Area (sq m)
Silesia Star (Building B)	Katowice	Bogucice Zawodzie	Office and service	Q3 2016	13 180

Housing projects

Name of the project	City	District	Segment	Construction completion date	Number of apartments and commercial premises	Area (sq m)
Osiedle Na Woli (stage 2)	Warsaw	Wola	Apartments	Q3 2015	112	5 638
Mała Praga (stage 1)	Warsaw	Praga Południe	Apartments, services	Q1 2016	140	7 355
Osiedle Poborzańska	Warsaw	Targówek	Apartments, services	Q2 2016	91	4 167
Osiedle Powstańców 33 (stage 3)	Ząbki near Warsaw		Apartments	Q4 2016	230	13 511
Osiedle Przy Promenadzie (stage 4)	Warsaw	Praga Pł	Apartments	Q3 2016	202	9 781
Osiedle Graniczna (stage 3)	Wrocław	Fabryczna	Apartments	Q3 2015	187	9 689
Osiedle Graniczna (stage 4)	Wrocław	Fabryczna	Apartments	Q2 2016	125	6 443
Osiedle Dolina Piastów	Wrocław	Fabryczna	Apartments	Q3 2016	176	9 254
Słoneczne Miasteczko (stage 4)	Kraków	Bieżanów-Prokocim	Apartments	Q3 2015	120	6 457

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Grzegórzecka 77 (stage 2 and 3)	Kraków	Śródmieście	Apartments, services	Q3 2015 Q1 2016	149 85	7 064 4 579
Osiedle Przy Srebrnej (stage 2d and 2e)	Gdańsk	Łostowice	Apartments	Q3 2015 Q2 2016	46 32	2 103 1 872
Osiedle przy Alejach (stage 1)	Gdańsk	Zaspa	Apartments	Q4 2015	110	5 480

4.1.3 Development projects in preparation

Housing projects

Name of the project	City	District	Segment	The estimated construction commencement date	The estimated construction completion date	Number of apartments and commercial premises	Area (sq m)
Ostrobramska (stage 1)	Warsaw	Praga Południe	Apartments	Q2 2015	Q1 2017	170	9 082
Cybernetyki (stage 1)	Warsaw	Mokotów	Apartments	Q2 2015	Q1 2017	159	8 591
Mała Praga (stage 2)	Warsaw	Praga Południe	Apartments	Q4 2015	Q1 2017	217	10 895
Osiedle Graniczna (stage 4)	Wrocław	Muchobór Wielki	Apartments	Q4 2015	Q1 2017	168	8 735
Tęczowa	Wrocław	Stare Miasto	Apartments	Q3 2015	Q4 2016	213	9 994
Osiedle Maestro (stage 3)	Wrocław	Jagodno	Apartments	Q4 2015	Q1 2017	125	7 256
Grzegórzecka 79 (stage 1 – bldg D)	Kraków	Śródmieście	Apartments	Q2 2015	Q4 2016	106	5 144
Grzegórzecka 79 (stage 1 – bldg E)	Kraków	Śródmieście	Apartments	Q4 2015	Q3 2017	136	6 761
Wrocławska (stage 1 – bldg B3)	Kraków	Krowodrza	Apartments	Q2 2015	Q4 2016	187	8 180
Wrocławska (stage 2 – bldg B5)	Kraków	Krowodrza	Apartments	Q3 2015	Q1 2017	112	4 704
Centralna (stage 1 – bldg D)	Kraków	Nowa Huta	Apartments	Q3 2015	Q1 2017	150	7 037
Osiedle Przy Alejach (stage 2)	Gdańsk	Zaspa	Apartments	Q3 2015	Q1 2017	97	5 065
Osiedle Wałowa Stage 1	Gdańsk	Śródmieście	Apartments	Q3 2015	Q1 2017	115	6 228

Furthermore, depending on the rate of sales of the premises in a given project, the initiation of subsequent stages is planned.

In Q1 2015, intensive preparatory works were also undertaken to enable the Group's companies to start subsequent projects and to find attractive locations for new investments, in both commercial and residential property segments.

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

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

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

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

The Issuer did not publish any financial forecasts for the year 2015.

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

As at 31 March 2015 the share capital of LC Corp S.A. amounted to PLN 447,558,311 and was divided into 447,558,311 ordinary bearer shares carrying one vote at the General Meeting, with a par value of PLN 1.00 each. This was also valid as at 15 May 2015.

The ownership structure of significant blocks of shares as at the date of submitting the financial statements for Q1 2015, according to the information obtained by the Issuer:

Shareholders possessing, directly or indirectly, at least 5% of the total vote at the General Meeting of LC Corp S.A. as at the date of submitting the financial statements for Q1 2015:

Shareholder	Number of shares	Number of votes	Participation (%) in share capital	Share (%) in total vote at general meeting
Leszek Czarniecki directly and indirectly ⁽¹⁾ including: LC Corp B.V. seated in Amsterdam	229,359,795	229,359,795	51.24%	51.24%
AVIVA Otwarty Fundusz Emerytalny AVIVA BZ WBK	30,200,000	30,200,000	6.75%	6.75%
ING Otwarty Fundusz Emerytalny	35,000,000	35,000,000	7.82 %	7.82 %
OFE PZU "Złota Jesień"	44,000,000	44,000,000	9.83 %	9.83 %

Mr Leszek Czarniecki directly holds 14,658,685 shares representing 3.27% of the share capital and 3.27% of the total vote at the General Meeting, and indirectly through his subsidiary undertakings Mr Leszek Czarniecki holds 214,701,110 shares representing 47.97% of the share capital and 47.97% of the total vote at the General Meeting. Mr Leszek Czarniecki's subsidiary undertakings include LC Corp B.V., seated in Amsterdam and holding 214,701,110 shares representing 47.97% of the share capital and 47.97% of the total vote at the General Meeting, and RB Investcom Sp. z o.o., seated in Wrocław and holding 1,000 shares representing 0.0002% of the share capital and 0.0002% of the total vote at the General Meeting.

As at 31 December 2014, the shareholders possessing, directly or indirectly, at least 5% of the total vote at the General Meeting of the Issuer:

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

Mr Leszek Czarnecki directly holds 14,658,685 shares representing 3.27% of the share capital and 3.27% of the total vote at the General Meeting, and indirectly through his subsidiary undertakings Mr Leszek Czarnecki holds 214,701,110 shares representing 47.97% of the share capital and 47.97% of the total vote at the General Meeting. Mr Leszek Czarnecki's subsidiary undertakings include LC Corp B.V., seated in Amsterdam and holding 214,701,110 shares representing 47.97% of the share capital and 47.97% of the total vote at the General Meeting, and RB Investcom Sp. z o.o., seated in Wrocław and holding 1,000 shares representing 0.0002% of the share capital and 0.0002% of the total vote at the General Meeting.

4.5. Changes in the Issuer's shares or options held by the management and supervisory staff of the Issuer as at 15 May 2015, within the period following the submission of the previous quarterly report (including changes in ownership)

Full name	Function in the body	Holding of the Issuer's shares as at 23 March 2015 ^(*)	Increase	Decrease	Holding of the Issuer's shares as at 15 May 2015
Supervisory staff					
Leszek Czarnecki	Chairman of the Supervisory Board	14,657,685	-	-	14,657,685
Andrzej Błażejowski	Vice Chairman of the Supervisory Board	151,142	-	-	151,142
Remigiusz Baliński	Member of the Supervisory Board	32,722	-	-	32,722
Zbigniew Dorenda	Member of the Supervisory Board	-	-	-	-
Jakub Malski	Member of the Supervisory Board	9,830	-	-	9,830
Management staff					
Dariusz Niedośpał	President of the Management Board	158,791	-	-	158,791
Joanna Jaskólska	Vice President of the Management Board	6,000	-	-	6,000
Tomasz Wróbel	Member of the Management Board	-	-	-	-
Mirosław Kujawski	Member of the Management Board	-	-	-	-

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Małgorzata Danek	Member of the Management Board	15,000	-	-	15,000
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(*) pursuant to the information included in the annual report for 2014.

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

As at 31 March 2015 no proceedings were initiated before the court or public administration authority, with regard to liabilities or receivables of LC Corp S.A. and its subsidiaries, whose individual or aggregate value would represent at least 10% of the equity of LC Corp S.A.

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

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

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

In Q1 2015, the Issuer granted the following guarantees connected with the loan agreement concluded by LC Corp Invest XII Sp. z o.o. and mBank Hipoteczny S.A.

- surety of LC Corp S.A. for a blank bill of exchange issued by LC Corp Invest XII Sp. z o.o. until the entry by competent courts of a pledge by registration on shares or a mortgage on the mortgaged property
- support agreement concluded by the borrower (LC Corp Invest XIII Sp. z o.o.), the bank and LC Corp S.A., including the obligation of LC Corp S.A. to cover the overruns of project budget up to the amount representing 3.5% of the value of contract with the general contractor and submission by the Issuer to enforcement on behalf of the Bank pursuant to Art. 777 of the Code of Civil Procedure up to the above-mentioned amount of liability under the support agreement or payment of a guarantee deposit deposited on a registered account in a bank

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

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

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

The results achieved by LC Corp Group will be highly influenced by the macroeconomic situation, in particular with regard to availability of mortgage loans for potential clients. These factors are strong determinants of the demand for new apartments and the structure and price thereof.

In compliance with IAS 18, the LC Corp Group recognises the revenue from the sale of residential and commercial premises only when, in principle, all risks and benefits related to given premises have been transferred to the client and revenue can be measured in a reasonable manner. As a consequence, in the next quarter the results on sale will depend on the value of premises transferred to the client in line with the above description.

The operating performance of the Group will be also influenced by the level of revenue generated from the rental of commercial space in Arkady Wrocławskie, Sky Tower, Wola Center and Silesia Star (stage 1), which is linked with the EUR exchange rate. The EUR exchange rate will also affect the valuation of foreign currency loans and investment property Arkady Wrocławskie, Sky Tower, Wola Center and Silesia Star.

In the long term, in the opinion of the Management Board, the following will also influence the Group's performance:

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- implementation of the strategy of acquiring land for residential buildings and carrying out investments on the land, ensuring the appropriate offering scale of the Group, adequate to the demand in the market,
- implementation of the strategy of controlled increase of the share of commercial property in the portfolio of LC Corp Group.

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President of the Management Board Dariusz Niedośpiał

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Vice President of the Management Board Joanna Jaskólska

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Member of the Management Board Mirosław Kujawski

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Member of the Management Board Tomasz Wróbel

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Member of the Management Board Małgorzata Danek

Wrocław, 15 May 2015