



LC CORP CAPITAL GROUP

**CONSOLIDATED QUARTERLY REPORT
FOR THE PERIOD OF THREE MONTHS, ENDED
MARCH 31ST 2011**

Wrocław, May 16th 2011

CONSOLIDATED QUARTERLY REPORT

1. Selected financial data

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

	PLN'000		EUR'000	
	Mar 31, 2011	Dec 31, 2010	Mar 31, 2011	Dec 31, 2010
I. Non-current assets	476,655	473,147	118,810	119,473
II. Current assets	795,876	805,795	198,379	203,468
III. Total assets	1,272,531	1,278,942	317,189	322,941
IV. Equity	984,841	971,421	245,480	245,290
V. Equity attributable to shareholders of the parent	957,227	943,970	238,597	238,358
VI. Minority interest	27,614	27,451	6,883	6,932
VII. Non-current liabilities	230,038	229,703	57,339	58,001
VIII. Current liabilities	57,652	77,818	14,370	19,650
IX. Book value of equity attributable to shareholders of the parent, per share (PLN/EUR)	2.14	2.11	0.53	0.53

	Q1 2011	Q1 2010	Q1 2011	Q1 2010
	cumulative from Jan 1, 2011 to Mar 31, 2011	cumulative from Jan 1, 2010 to Mar 31, 2010	cumulative from Jan 1, 2011 to Mar 31, 2011	cumulative from Jan 1, 2010 to Mar 31, 2010
X. Sales revenue	53,122	54,458	13,367	13,728
XI. Pre-tax profit on sales	19,739	22,640	4,967	5,707
XII. Pre-tax profit (loss)	16,707	18,962	4,204	4,780
XIII. Net profit (loss)	13,420	14,644	3,377	3,692
XIV. Net profit (loss) attributable to shareholders of the parent	13,257	14,328	3,336	3,612
XV. Net profit (loss) attributable to minority interest	163	316	41	80
XVI. Basic profit (loss) per share (in PLN/EUR) attributable to equity holders of the parent	0.03	0.03	0.01	0.01

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

	PLN'000		EUR'000	
	Mar 31, 2011	Dec 31, 2010	Mar 31, 2011	Dec 31, 2010
XVII. Total assets	858,466	841,663	213,980	212,525
XVIII. Equity	782,431	769,096	19,028	194,201

	Q1 2011	Q1 2010	Q1 2011	Q1 2010
	cumulative from Jan 1, 2011 to Mar 31, 2011	cumulative from Jan 1, 2010 to Mar 31, 2010	cumulative from Jan 1, 2011 to Mar 31, 2011	cumulative from Jan 1, 2010 to Mar 31, 2010
XIX. Net profit (loss)	13,335	9,574	3,355	2,413

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

- a) Financial data concerning selected items of assets and equity and liabilities were calculated using the mid-exchange EUR/PLN rate quoted for the given currency by the National Bank of Poland and binding on a given balance-sheet date. As at March 31st 2011, it stood at 4.0119 PLN/EUR, and at 3.9603 PLN/EUR as at the balance-sheet date of December 31st 2010.
- b) Data concerning selected items of the statement of comprehensive income for the first quarter of 2011 and the first quarter of 2010 were calculated using the rate which is an arithmetic mean of mid-exchange EUR/PLN rates quoted for the given currency by the National Bank of Poland and binding on the last day of each month in the accounting period, i.e. 3.9742 PLN/EUR and 3.9669 PLN/EUR, respectively.

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

<i>(PLN'000)</i>	as at Mar 31, 2011 end of quarter	as at Dec 31, 2010 end of previous year
Assets		
A. Non-current assets	476,655	473,147
1. Intangible assets	468	523
2. Property, plant and equipment	1,150	763
2.1. Tangible assets	1,146	763
2.2. Tangible assets under construction	4	0
3. Non-current receivables	2,006	1,982
4. Investment property	471,078	468,393
5. Non-current prepayments and accrued income	235	230
6. Deferred tax assets	1,718	1,256
B. Current assets	795,876	805,795
1. Inventories	652,352	669,440
2. Trade and other receivables	7,739	6,947
3. Income tax receivable	139	411
4. Current financial assets	47	47
5. Cash and cash equivalents	131,961	128,723
6. Current prepayments and accrued income	3,638	227
C. Non-current assets classified as held for sale	0	0
Total assets	1,272,531	1,278,942
Equity and liabilities		
A. Equity	984,841	971,421
I. Equity attributable to shareholders of the parent	957,227	943,970
1. Share capital	447,558	447,558
2. Balance of called-up share capital not paid	0	0
3. Reserve funds	373,558	373,558
4. Other reserve funds	39,771	39,771
5. Other capital	3,108	3,108
6. Retained profit /(loss carried forward)	93,232	79,975
II. Minority interest	27,614	27,451
B. Non-current liabilities	230,038	229,703
1. Non-current financial liabilities	197,255	197,896
2. Non-current trade and other payables	40	40
3. Provisions	22	22
4. Deferred tax liability	32,721	31,745
C. Current liabilities	57,652	77,818
1. Current financial liabilities	12,643	12,308
2. Current trade and other payables	17,037	15,056
3. Income tax payable	1,047	0
4. Provisions	75	153
5. Accrued expenses and revenue	26,850	50,301
Total equity and liabilities	1,272,531	1,278,942

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	as at Mar 31, 2011	as at Dec 31, 2010
	end of quarter	end of previous year
Book value of equity (PLN'000)	98,841	971,421
Book value of equity attributable to shareholders of the parent (PLN'000)	957,227	943,970
Number of registered shares	447,558,311	447,558,311
Book value of equity attributable to shareholders of the parent, per share (PLN)	2,14	2,11

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

(PLN'000)	Q1 2011 period from Jan 1, 2011 to Mar 31, 2011	Q1 2010 period from Jan 1, 2010 to Mar 31, 2010
Operating activity		
Sales revenue	53,122	54,458
Revenue from sales of services	10,592	10,897
Revenue from sales of goods and products	42,530	43,561
Cost of sales	(33,383)	(31,818)
Pre-tax profit on sales	19,739	22,640
Gain (loss) on disposal of non-current non-financial assets	(7)	0
Revaluation of investment property	2,685	(14,106)
Valuation allowance for inventory	0	0
Selling and distribution costs	(632)	(502)
General administrative expenses	(2,539)	(2,280)
Other operating income	401	30
Other operating expenses	(42)	(196)
Operating profit (loss)	19,605	5,586
Financial income	1,025	14,692
Financial expenses	(3,923)	(1,316)
Pre-tax profit	16,707	18,962
Corporate income tax (tax expense)	(3,287)	(4,318)
Net profit on business activities	13,420	14,644
Discontinued operations		
Profit (loss) on discontinued operations	0	0
Net profit	13,420	14,644
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 of tax	0	0
Total comprehensive income	13,420	14,644
Net profit attributable to:		
equity holders of the parent	13,257	14,328

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minority interest	163	316
	13,420	14,644
Total comprehensive income attributable to:		
equity holders of the parent	13,257	14,328
minority interest	163	316
	13,420	14,644

<i>(PLN'000)</i>	Q1 2011	Q1 2010
	period	period
	from Jan 1, 2011	from Jan 1, 2010
	to Mar 31, 2011	to Mar 31, 2010
Net profit (loss) attributable to equity holders of the parent (PLN'000)	13,257	14,328
Average weighted number of ordinary shares	447,558,311	447,558,311
Net profit (loss) per share (in PLN) attributable to equity holders of the parent - basic	0.03	0.03
Net profit (loss) per share (in PLN) attributable to equity holders of the parent - diluted	0.03	0.03

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

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

(PLN'000)	Capital allocated to the equity holders of the parent undertaking						Total	Minority interest	Total equity
	Share capital	Balance of called-up share capital not paid	Reserve funds	Other reserve funds	Other capital	Retained profit/ Loss carried forward			
As at January 1, 2010	447,558	0	428,914	48,451	3,108	(33,618)	894,413	26,460	920,873
<i>Net profit for the period of 3 months ended March 31, 2010</i>	0	0	0	0	0	14,328	14,328	316	14,644
<i>Other comprehensive income for the period of 3 months ended March 31, 2010</i>	0	0	0	0	0	0	0	0	0
Total comprehensive income for the period of 3 months ended March 31, 2010	0	0	0	0	0	14,328	14,328	316	14,644
As at March 31, 2010	447,558	0	428,914	48,451	3,108	(19,290)	908,741	26,776	935,517

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

(PLN'000)	Q1 2011 from Jan 1, 2011 to Mar 31, 2011	Q1 2010 from Jan 1, 2010 to Mar 31, 2010
A. Cash flows from operating activities		
I. Pre-tax loss	16,707	18,962
II. Total adjustments	(8,595)	(6,990)
1. Depreciation and amortisation	161	193
2. Foreign exchange gains (losses)	2,825	(13,939)
3. Interest and distributions from profit (dividends)	1,241	1,239
4. Profit (loss) on investing activities	7	0
5. Change in provisions	(78)	0
6. Change in inventories	17,088	22,432
7. Change in receivables	(816)	880
8. Change in current liabilities (net of loans and borrowings)	1,981	14
9. Change in accruals and deferrals	(26,867)	(27,512)
10. Corporate income tax	(1,455)	(4,424)
11. Other adjustments	(2,682)	14,127
III. Net cash provided by (used in) operating activities (I±II)	8,112	11,972
B. Cash flows from investing activities		
I. Cash provided by investing activities	24	118,000
1. Sale of intangible assets and property, plant and equipment	24	0
2. Sale of investment property	0	0
3. Cash provided by financial assets	0	118,000
4. Other cash provided by investing activities	0	0
II. Cash used in investing activities	(525)	(555)
1. Acquisition of intangible assets and property, plant and equipment	(525)	(81)
2. Cash used on investment property	0	(474)
3. Cash used on financial assets	0	0
4. Other cash used in investing activities	0	0
III. Net cash provided by (used in) investing activities (I-II)	(501)	117,445
C. Cash flows from financing activities		
I. Cash provided by financing activities	0	0
1. Net proceeds from issue of shares and additional contributions to equity	0	0
2. Increase in loans and borrowings	0	0
3. Issue of debt securities	0	0
4. Other cash provided by financing activities	0	0
II. Cash used in financing activities	(4,373)	(74,186)
1. Repayment of loans and borrowings	(3,157)	(72,363)
2. Redemption of debt securities	0	0
3. Interest paid	(1,216)	(1,823)
4. Other cash used in financing activities	0	0
III. Net cash provided by (used in) financing activities (I-II)	(4,373)	(74,186)
D. Total net cash flow (A.III±B.III±C.III)	3,238	55,231
E. Balance-sheet change in cash, including:	3,238	55,480
– change in cash on account of foreign exchange differences	0	(249)
F. Cash at beginning of period	128,723	48,965
G. Cash at end of period (F±D)	131,961	104,196
– restricted cash	20	1,979

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

6.1. General information

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

The LC Corp Group's consolidated financial statements and financial statements of LC Corp SA cover the period of 3 months ended March 31st 2011 and the data as at March 31st 2011. They also contain comparable data for the period of 3 months ended March 31st 2010 and as at December 31st 2010. A detailed description of items of the financial statements is included in section 6.4.

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

The Parent Undertaking was assigned statistical identification number REGON 020246398.

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

- PKD 64.20.Z Activities of Holdings

The subsidiaries' primary activity is rental and sale of residential and commercial property.

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

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

As at March 31st 2011 the LC Corp Group comprised the following subsidiaries of LC Corp SA:

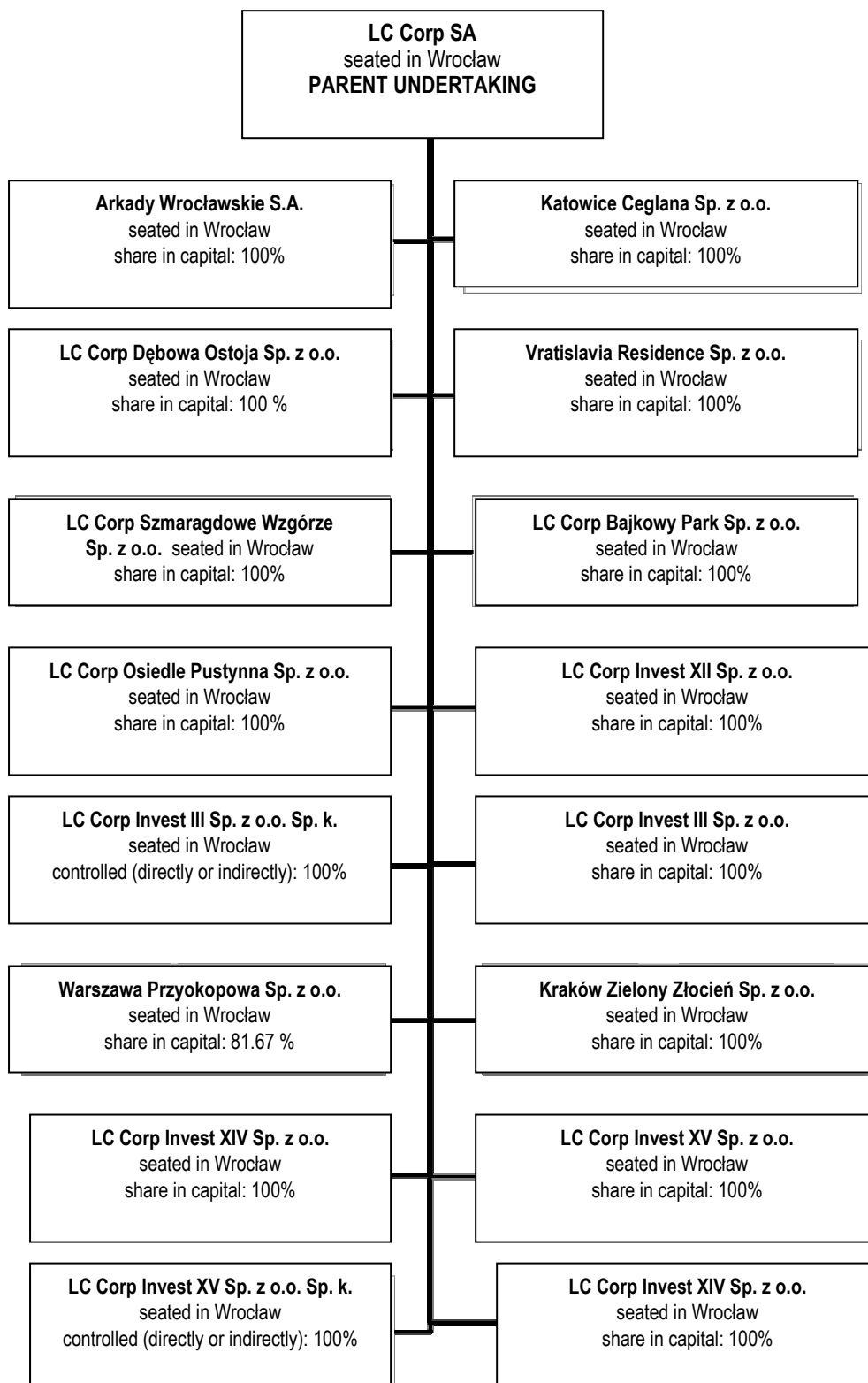
- Arkady Wrocławskie S.A. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- Katowice Ceglana Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- Vratislavia Residence Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- LC Corp Dębowa Ostoja Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- LC Corp Bajkowy Park Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- LC Corp Szmaragdowe Wzgórze Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- Warszawa Przyokopowa Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- Kraków Zielony Złocięć Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- LC Corp Osiedle Pustynna Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- LC Corp Invest III Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- LC Corp Invest III Sp. z o.o. Sp. k. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- LC Corp Invest XII Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,

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- LC Corp Invest XIV Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- LC Corp Invest XV Sp. z o.o. seated in Wrocław, ul. Powstańców Śl. 2-4,
- LC Corp Invest XV Sp. z o.o. Sp. k. - seated in Wrocław, ul. Powstańców Śl. 2-4,
- LC Corp Invest XVI Sp. z o.o. - seated in Wrocław, ul. Powstańców Śl. 2-4,

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

Graphic structure of the LC Corp Group as at March 31st 2011



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

The structure of the LC Corp Group as at March 31st 2011 is shown in section 6.2. In Q1 2011, ended March 31st 2011, the following changes occurred in the Group's composition:

- On February 1st 2011 the merger of LC Corp SA's subsidiary undertakings, Warszawa Rezydencja Kaliska Sp. z o.o., as the Merging Company, with Warszawa Przy Promenadzie Sp. z o.o., as the Merged Company, was registered, pursuant to Art. 492.1.1 of the Polish Code of Commercial Partnerships and Companies. As a result of the merger the share capital of the Merging Company (Warszawa Rezydencja Kaliska Sp. z o.o. - currently LC Corp Invest III Sp. z o.o.) was increased. As a result of the merger of those companies, the share capital of the Merging Company was increased by PLN 1,500,000 (one million five hundred thousand), i.e. totalling PLN 6,000,000 (six million), through issuing 15,000 (fifteen thousand) shares of a par value of PLN 100 (one hundred) each. In return for 15,000 (fifteen thousand) shares of a par value of PLN 100 (one hundred) each in the Merged Company, LC Corp received 15,000 (fifteen thousand) shares of a par value of PLN 100 (one hundred) each in the Merging Company. The share capital of LC Corp Invest III Sp. z o.o. currently stands at PLN 6,000,000 (six million) and is divided into 60,000 (sixty thousand) shares of a par value of PLN 100 (one hundred) each. The Issuer currently holds all 60,000 shares, i.e. 100% shares in the share capital.
- On March 11th 2011 (entry to the National Court Register on March 25th 2011) LC Corp SA, acting as the sole shareholder, established a special purpose entity, LC Corp Invest XVI Sp. z o.o., intended to carry out a property development project, with the share capital of PLN 5,000.
- On March 11th 2011 (entry to the National Court Register on March 24th 2011) LC Corp SA entered with LC Corp Invest XV Sp. z o.o. into an agreement of a limited partnership, LC Corp Invest XV Sp. z o.o. Sp. k., as a special purpose entity established to carry out a property development project in which LC Corp SA is a limited partner.

On March 31st 2011 LC Corp SA, acting as the sole shareholder, concluded, at arm's length and for an indefinite time, an agreement on a loan of PLN 5,000,000 with LC Corp Szmaragdowe Wzgórze Sp. z o. o.

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

The consolidated quarterly report of the LC Corp Group for Q1 2011 contains:

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

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

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

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

The quarterly condensed consolidated financial statements of the LC Corp Group and condensed financial statements of LC Corp SA do not contain all information and disclosures required in the annual consolidated financial statements of the Group or the annual financial statements of LC Corp SA and they must be read together with the annual consolidated financial statements of the Group or the annual financial statements of LC Corp SA for the year ended December 31st 2010.

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

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

The enclosed quarterly condensed consolidated financial statements of the LC Corp Group and condensed financial statements of LC Corp SA were approved by the Management Board for publication on May 16th 2011.

The information on the accounting policies adopted by the LC Corp Group and the Issuer was presented in the annual consolidated financial statements of the LC Corp Group and financial statements of LC Corp SA for the year ended December 31st 2010, published on March 21st 2011. Since the last publication the adopted accounting policies have not been changed, except for the application of the following amendments to the standards and new interpretations binding for annual periods starting on or after January 1st 2011:

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- Amendments to IAS 24 “Related Party Disclosures” – Simplification of the requirements concerning disclosures made by the state-controlled entities and a more precise definition of a related party, approved in the EU on July 19th 2010;
- Amendments to IAS 32 “Financial Instruments: Presentation” – Classification of Rights Issues, approved in the EU on December 23rd 2009;
- Amendments to IFRS 1 “First-time Adoption of International Financial Reporting Standards” – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters, approved in the EU on June 30th 2010;
- Amendments to IFRIC 14 “IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction” – Prepayments of a Minimum Funding Requirement, approved in the EU on July 19th 2010;
- Amendments to various standards and interpretations “Amendments to IFRS (2010)” – changes made under the procedure of introducing annual amendments to IFRS, published on May 6th 2010 (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13), aimed mainly at eliminating irregularities and defining the vocabulary, approved in the EU on February 18th 2011;
- Interpretation IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”, approved in the EU on July 23rd 2010.

The amendments did not have a significant impact on the financial situation or performance of the Group or LC Corp SA.

In connection with the changes introduced in the presentation format of the annual non-consolidated financial statements of LC Corp SA for the year 2010, in the statement of comprehensive income and statement of cash flows the Company transformed the comparable data for Q1 2010, i.e. for the period of 3 months, cumulative from January 1st 2010 to March 31st 2010, presented in these statements.

The table below presents the changes made in the presentation format of comparable data, in the statement of comprehensive income for the period of 3 months ended on March 31st 2010, as compared to the Company’s financial statements for Q1 2010, drawn up and published previously.

Present name	Former name	Period ended March 31, 2010 after changing the presentation format	Period ended March 31, 2010 according to the published financial statements
Revenue			
Revenue from interest and discounts		5,317	
Revenue from dividend		8,400	
	Financial income		13,717
		13,717	13,717
Expenses			
Operating expenses		(1,841)	
	Cosy of sales		(1,467)
	General administrative expenses		(374)
Costs of interest and discounts		(814)	
	Financial expenses		(814)
Other operating expenses	Other operating expenses	(6)	(6)
		(2,661)	(2,661)

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The table below presents the changes made in the presentation format of comparable data, in the statement of cash flows for the period of 3 months ended on March 31st 2010, as compared to the Company's financial statements for Q1 2010, drawn up and published previously.

Present name	Former name	Period ended March 31, 2010 after changing the presentation format	Period ended March 31, 2010 according to the published financial statements
Cash flows from operating activities			
	Cash flows from operating activities		
	Depreciation and amortisation		144
	Interest and distributions from profit (dividend)		(12,781)
Change in tangible assets and intangible assets		68	
Change in financial liabilities		813	
Change in financial assets resulting from loans and notes		5,176	
Cash flows from investing activities			
	Sale of intangible assets and property, plant and equipment		0
	Acquisition of intangible assets and property, plant and equipment		(76)
Cash flows from financing activities			
	Cash provided by financial assets		83,960
	Cash used for financial assets		(73,590)
	Other cash provided by financing activities		8,400
		6,057	6,057

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

The Board of the Parent Undertaking used their best knowledge of the applied standards and interpretations, and also the methods and principles of valuation of particular items of the enclosed condensed consolidated financial statements. Preparing the financial statements in accordance with IFRS required the Company Board to make some assessments and assumptions, which are reflected in these statements. The actual results may vary from these assessments. The presented financial data as at the end of Q1 2011 were not subject to examination by an auditor.

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

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Deferred tax asset

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

Fair value of investment property

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

Valuation allowance for inventory

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

The amount of valuation allowance for inventory was estimated as at March 31st 2011 and may be subject to change depending on the fluctuation of the market prices of land, sale prices of flats, constructions costs, project completion schedules and future discount rate calculations. The actual results may vary from these estimates which were calculated on the grounds of data available as at the reporting date. The above elements may have a particular impact on business decisions concerning LC Corp Invest XII Sp. z o.o. and Katowice Ceglana Sp. z o.o. and on the net book value of inventory items of these subsidiaries. It is also related to the uncertainty regarding the proper estimation of the market conditions in the following years. In consequence, the amounts of valuation allowance may change in the following reporting periods.

The table below presents significant estimates as at March 31st 2011 and as at December 31st 2010.

	As at Mar 31, 2011 end of quarter	As at Dec 31, 2010 end of previous year
Deferred tax asset	1,718	1,256
Fair value of investment property	471,078	468,393
Deferred tax liability	32,721	31,745
Valuation allowance for assets (inventories)	81,210	81,210

6.6. Main achievements and failures of the LC Corp Group

In Q1 2011 the Group continued to carry out its scheduled projects, executed by the Group's subsidiary undertakings:

- Stage I of the 'Słoneczne Miasteczko' project (120 flats) is carried out by Kraków Zielony Złocień Sp. z o.o. on the plot of 10.22 ha., located in the Bieżanów-Złocień district in Kraków. The company has also the final building permits for over 1,000 apartments. Planned completion of stage I: Q4 2011.

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- LC Corp Dębowa Ostoja Sp. z o.o. carries out a project on the property located in ul. Spadkowa, Bałuty, in Łódź. Stage I of the construction of a single family housing estate comprises 22 terraced houses. Construction works are carried out in the general contracting system. Planned completion of Stage I: Q3 2011.
- LC Corp Invest XIV Sp. z o.o. carries out a project on the plot of 11,614 m², located in ul. Dróżnicza, Jagodno district in Wrocław. The project consists in construction of the "Maestro" residential estate, with over 170 flats. At present, stage Ia comprising 88 flats is in progress. Stage Ib will be started in the second quarter. Construction works are carried out in the general contracting system. Planned completion of stage Ia: Q1 2012, and stage Ib: Q3 2012.

In Q1 2011 Warszawa Rezydencja Kaliska Sp. z o.o. (at present LC Corp Invest III Sp. z o.o.) completed the residential project located in ul. Kaliska in Warsaw (94 flats, 7 retail premises). The construction was finalised in January 2011.

In the first quarter of 2011 the sale of flats in the Przy Promenadzie project, stages II and III, was practically finished (last five flats in stage II were sold in April).

The sale of flats in the Rezydencja Kaliska, Słoneczne Miasteczko and Maestro projects is continued. In total 62 flats and retail premises were sold (pre-sale agreements) and 94 flats and retail premises were transferred for use (notarial deeds) in the first quarter of 2011.

Warszawa Przyokopowa Sp. z o.o. finished demolition works connected with the preparation of land for construction of an office building in Warsaw.

In Q1 2011 non-built-up property of 1.8578 ha, located in Wrocław, Maślice district, was acquired by way of tender announced by the Mayor of Wrocław.

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

Furthermore, intense inquiries and negotiations are conducted, aimed at acquisition of new property.

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

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

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

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

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

On January 20th 2011, pursuant to the Bills of Exchange Law, LC Corp SA issued at arm's length ten investment notes with a par value of PLN 1,000,000 each, whose maturity date falls on June 29th 2012, which were purchased by a subsidiary undertaking, Arkady Wrocławskie SA.

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On January 20th 2011 LC Corp SA concluded with Warszawa Przy Promenadzie Sp. z o.o. Sp. k. (at present LC Corp Invest III Sp. z o.o. Sp. k.) an annexe to the agreement on issue, purchase and buyback of securities of January 20th 2009. Under the annexe the maturity date of 14 investment notes issued by Warszawa Przy Promenadzie Sp. z o.o. Sp. k. and acquired by LC Corp SA was rescheduled from January 20th 2011 to April 20th 2011, whereby an earlier buyback of investment notes is admissible.

On February 28th 2011 LC Corp SA concluded with LC Corp Invest III Sp. z o.o. Sp. k. (formerly Warszawa Przy Promenadzie Sp. z o.o. Sp. k.) an annexe to the agreement on issue, purchase and buyback of securities of August 31st 2009. Under the annexe the maturity date of two investment notes issued by Warszawa Przy Promenadzie Sp. z o.o. Sp. k. and acquired by LC Corp SA was rescheduled from February 28th 2011 to December 31st 2011, whereby an earlier buyback of investment notes is admissible.

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

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

6.11. Events subsequent to March 31st 2011, not disclosed in these statements, which could have a material bearing on the future financial results of the LC Corp Group

On April 8th 2011 (registration in KRS on April 19th 2011) the subsidiaries of LC Corp SA: LC Corp Invest XV Sp. z o.o. and Kraków Zielony Złocień Sp. z o.o. entered into an agreement on limited partnership, LC Corp Invest XV Sp. z o.o. Projekt 2 Sp. k., as a company established to carry out a property development project.

On April 29th 2011 the partners of LC Corp Invest III Sp. z o.o. Sp. k. (formerly under a business name 'Warszawa Przy Promenadzie Sp. z o.o. Sp. k.')

 decided to transform it into a limited liability company. On the same day a relevant application, initiating the process of transformation, was submitted to the court.

On April 14th 2011 LC Corp SA, acting as the sole shareholder, entered into two subordinated loan agreements with its subsidiaries:

- with LC Corp Dębowa Ostoja Sp. z o. o., concluded at arm's length and for an indefinite time, for PLN 7,000,000,
- with LC Corp Invest XIV Sp. z o. o., concluded at arm's length and for an indefinite time, for PLN 10,000,000.

On April 20th 2011 LC Corp SA concluded with LC Corp Invest III Sp. z o.o. Sp. k. (formerly Warszawa Przy Promenadzie Sp. z o.o. Sp. k.) an annexe to the agreement on issue, purchase and buyback of securities of January 20th 2009. Under the Annexe the maturity date of 14 investment notes issued by the company and acquired by LC Corp SA was rescheduled from April 20th 2011 to January 20th 2012, whereby an earlier buyback of investment notes is admissible.

On April 15th 2011 LC Corp SA issued 1,000 three-year unsecured coupon bonds with a par value of PLN 100,000. The bonds were issued in the form of bearer securities, unsecured, dematerialised and bearing arm's length interest payable at six months' intervals. Bond buy-back will take place on April 15th 2014, according to the bonds' face value.

On April 20th 2011 LC Corp SA acquired non-built-up property of 34502 m² situated in Zabki, together with a building permit for the construction of a complex of multi-family buildings with an underground garage as well as technical infrastructure and land development indispensable to carry out stage I of the project. The commencement of construction works is planned for Q3 2011.

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On April 27th 2011 Warszawa Przyokopowa obtained a building permit for the construction of an office and retail building, which makes it possible to start the construction works.

On May 11th 2011, as the Warsaw Commune did not exercise its statutory pre-emption right, LC Corp Invest III Sp. z o.o. Sp. k., acting pursuant to the conditional agreement of March 31st 2011, sold the perpetual usufruct right to the property located in Warsaw, in ul. Mikołajczyka, to LC Corp Invest III Sp. z o.o.

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

On December 23rd 2010 an agreement on a bank loan of PLN 7,000,000 was concluded between LC Corp Dębowa Ostoja Sp. z o.o. and PKO BP SA. The loan is designed for financing a construction project. On January 21st 2011, as the security for the above-mentioned loan agreement, LC Corp SA endorsed a blank promissory note issued by LC Corp Dębowa Ostoja sp. z o.o. LC Corp SA made also a declaration of submission to enforcement from Art. 97 of the Banking Law up to PLN 10,500,000 to secure the above-mentioned loan.

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

The Issuer did not publish any financial forecasts for the year 2011.

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

As at March 31st 2011 the share capital of LC Corp SA amounted to PLN 447,558,311 and was divided into 447,558,311 ordinary bearer shares, with a par value of PLN 1.00 per share, each carrying one vote at the General Meeting. These figures remain unchanged as at May 16th 2011.

Ownership structure of significant blocks of the Issuer's shares as at the date the Q1 2011 report was published, based on the information LC Corp SA received from the shareholders:

Shareholders possessing, directly or indirectly, at least 5% of the total vote at the general meeting of LC Corp SA as at the date of publication of the Q1 2011 report:

Shareholder	Number of shares	Number of votes	Share % in share capital	Share % in vote at general meeting
Leszek Czarnecki directly and indirectly*, including: LC Corp B.V. seated in Amsterdam	229,126,674	229,126,674	51.19%	51.19%
ING Otwarty Fundusz Emerytalny	214,701,110	214,701,110	47.97%	47.97%
AVIVA Otwarty Fundusz Emerytalny AVIVA BZ WBK	32,684,371	32,684,371	7.30%	7.30%
	55,000,000	55,000,000	12.29%	12.29%

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

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

Ownership structure of significant blocks of the Issuer's shares, as at the date the annual consolidated financial statements for the year 2010 were published, based on the information LC Corp SA received from the shareholders:

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

Shareholder	Number of shares	Number of votes	Share % in share capital	Share % in vote at general meeting
Leszek Czarnecki directly and indirectly*, including: LC Corp B.V. seated in Amsterdam	229,126,674	229,126,674	51.19%	51.19%
ING Otwarty Fundusz Emerytalny	214,701,110	214,701,110	47.97%	47.97%
AVIVA Otwarty Fundusz Emerytalny AVIVA BZ WBK	32,684,371	32,684,371	7.30%	7.30%
	55,000,000	55,000,000	12.29%	12.29%

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

6.15. Changes in the Issuer's shares or options held by the management or supervisory staff of the Issuer as at May 16th 2011, within the period from the previous quarterly report (including changes in ownership)

Full name	Function in the body	Ownership of the Issuer's shares as at March 21, 2011(*)	Increase	Decrease	Ownership of the Issuer's shares as at May 16, 2011
Supervisory staff					
Leszek Czarnecki	Chairman of the Supervisory Board	14,424,564	-	-	14,424,564
Andrzej Błazejewski	Vice-Chairman of the Supervisory Board	52,900	-	-	52,900
Ludwik Czarnecki	Member of the Supervisory Board	10,000	-	-	10,000
Artur Wiza	Member of the Supervisory Board	14,000	-	-	14,000

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Remigiusz Baliński	Member of the Supervisory Board	65,445	-	-	65,445
Management staff					
Dariusz Niedośpiał	President of the Management Board	6,000	-	-	6,000
Joanna Jaskólska	Vice President of the Management Board	6,000	-	-	6,000
Tomasz Wróbel	Member of the Management Board	-	-	-	-
Mirosław Kujawski	Member of the Management Board	-	-	-	-

(*) pursuant to the information included in the annual report for the year 2010.

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

As at March 31st 2011 no proceedings were initiated before the court or public administration authority with regard to liabilities or receivables of LC Corp SA or its subsidiaries, whose individual or aggregate value would represent at least 10% of the Issuer's equity.

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

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

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

On January 21st 2011 LC Corp SA endorsed a blank promissory note issued by LC Corp Dębowa Ostoja sp. z o.o. LC Corp SA made also a declaration of submission to enforcement from Art. 97 of the Banking Law up to PLN 10,500,000. It was done to secure the bank loan of PLN 7,000,000 intended for financing a construction project, granted by PKO BP SA to LC Corp Dębowa Ostoja Sp. z o.o., the Issuer's subsidiary, on December 23rd 2010.

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

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

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

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

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

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

6.21. Segment revenue and results

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

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

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

In the tables below, data concerning revenues and profits of the individual segments within the Group have been provided for the period of 3 months ended March 31st 2011 and March 31st 2010 as well as assets and liabilities as at March 31st 2011 and March 31st 2010.

(PLN'000)

Period of 3 months ended March 31, 2011	Rental activity	Property development activity	Holding activity	Unallocated items and consolidation adjustments	Total activity
Revenue					
Sales to external customers	10,545	42,567	10	0	53,122
Inter-segmental sales	169	0	660	(829)	0
Total sales revenue	10,714	42,567	670	(829)	53,122
Pre-tax profit (loss) on sales	7,685	11,255	(929)	1,728	19,739
Unallocated revenue					4,112
Unallocated expenses					(7,144)
Pre-tax profit (loss)					16,707
As at March 31, 2011					
Assets and liabilities					
Total assets	506,459	807,361	858,466	(899,755)	1,272,531
Total liabilities	243,587	580,128	76,034	(612,059)	287,690

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(PLN'000)

Period of 3 months ended March 31, 2010	Rental activity	Property development activity	Holding activity	Unallocated items and consolidation adjustments	Total activity
Revenue					
Sales to external customers	10,849	43,585	24	0	54,458
Inter-segmental sales	175	0	731	(906)	0
Total sales revenue	11,024	43,585	755	(906)	54,458
Pre-tax profit (loss) on sales	7,976	14,502	(712)	874	22,640
Unallocated revenue					14,722
Unallocated expenses					(18,400)
Pre-tax profit (loss)					18,962
As at March 31, 2010					
Assets and liabilities					
Total assets	447,478	801,925	809,717	(853,570)	1,205,550
Total liabilities	238,394	534,800	59,651	(562,812)	270,033

7. Statement of financial position of LC Corp SA

(PLN'000)	As at March 31, 2011 end of quarter	As at December 31, 2010 end of previous year
Assets		
A. Non-current assets	701,321	705,777
1. Intangible assets	443	492
2. Property, plant and equipment	677	383
2.1. Tangible assets	673	383
2.2. Tangible assets under construction	4	0
3. Non-current loans and receivables	410,088	401,097
4. Non-current investments	289,598	300,032
5. Non-current prepayments and accrued income	0	0
6. Deferred tax assets	515	3,773
B. Current assets	157,145	135,886
1. Inventories	2,719	214
2. Trade and other receivables	1,112	515
3. Income tax receivable	93	98
4. Current financial assets	99,229	103,490
5. Cash and cash equivalents	53,766	31,490
6. Current prepayments and accrued income	226	79
C. Non-current assets classified as held for sale	0	0

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Total assets	858,466	841 663
Equity and liabilities		
A. Equity	782,431	769,096
1. Share capital	447,558	447,558
2. Balance of called-up share capital not paid	0	0
3. Reserve funds	289,826	289,826
4. Other reserve funds	0	0
5. Other capital	3,108	3,108
6. Retained profit (loss carried forward)	41,939	28,604
B. Non-current liabilities	69,513	58,702
1. Non-current financial liabilities	69,494	58,683
2. Provisions	19	19
3. Deferred tax liability	0	0
C. Current liabilities	6,522	13,865
1. Current financial liabilities	30	7,064
2. Current trade and other payables	5,508	5,323
3. Income tax payable	0	0
4. Provisions	0	78
5. Accrued expenses and revenue	984	1,400
Total equity and liabilities	858,466	841,663

8. Statement of comprehensive income of LC Corp SA

<i>(PLN'000)</i>	Q1 2011 period from Jan 1, 2011 to Mar 31, 2011	Q1 2010 period from Jan 1, 2010 to Mar 31, 2010
Revenue		
Revenue from sale of services	670	755
Revenue from interest and discounts	7,542	5,317
Revenue from dividend	11,688	8,400
Other operating income	113	5
Total operating income	20,013	14,477
Expenses		
Operating expenses	(2,165)	(1,841)
Costs of interest and discounts	(842)	(814)
Other financial expenses	0	0
Other operating expenses	(18)	(6)
Total operating expenses	(3,025)	(2,661)
Pre-tax profit (loss)	16,988	11,816
Corporate income tax (tax expenses)	(3,653)	(2,242)

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Net profit (loss) on continued operations	13,335	9,574
Discontinued operations		
Profit (loss) on discontinued operations	0	0
Net profit	13,335	9,574
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 of tax)	0	0
Total comprehensive income	13,335	9,574

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9. Statement of changes in equity of LC Corp SA

(PLN'000)	Share capital	Balance of called-up share capital not paid	Reserve funds	Other reserve funds	Other capital	Retained profit (loss carried forward)	Total
As at January 1, 2011	447,558	0	298,826	0	3,108	28,604	769,096
<i>Net profit for the period of 3 months ended March 31, 2011</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>13,335</i>	<i>13,335</i>
<i>Other comprehensive income for the period of 3 months ended March 31, 2011</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total comprehensive income for the period of 3 months ended March 31, 2011	0	0	0	0	0	13,335	13,335
As at March 31, 2011	447,558	0	289,826	0	3,108	41,939	782,431

(PLN'000)	Share capital	Balance of called-up share capital not paid	Reserve funds	Other reserve funds	Other capital	Retained profit (loss carried forward)	Total
As at January 1, 2010	447,558	0	298,102	0	3,108	(8,276)	740,492
<i>Net profit for the period of 3 months ended March 31, 2010</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>9,574</i>	<i>9,574</i>
<i>Other comprehensive income for the period of 3 months ended March 31, 2010</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total comprehensive income for the period of 3 months ended March 31, 2010	0	0	0	0	0	9,574	9,574
As at March 31, 2010	447,558	0	298,102	0	3,108	1,298	750,066

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10. Statement of cash flows of LC Corp SA

<i>(PLN'000)</i>	Q1 2011 from Jan 1, 2011 to Mar 31, 2011	Q1 2010 from Jan 1, 2010 to Mar 31, 2010
A. Cash flows from operating activities		
I. Pre-tax profit (loss) on continuing operations	16,988	11,816
II. Total adjustments	5,288	2,950
1. Change in tangible assets and intangible assets	(245)	68
2. Change in provisions	(78)	0
3. Change in inventories	(2,505)	0
4. Change in receivables	(597)	32
5. Change in current liabilities (net of loans and borrowings)	185	202
6. Change in accruals and deferrals	(563)	(152)
7. Change in financial liabilities	3,777	813
8. Change in financial assets resulting from loans and notes	5,719	5,176
9. Change in financial assets resulting from shares	(15)	0
10. Corporate income tax	(390)	(3,189)
III. Net cash provided by (used in) operating activities (I±II)	22,276	14,766
B. Cash flows from investing activities		
I. Cash provided by investing activities	0	0
1. Net proceeds from issue of shares and additional contributions to equity	0	0
II. Cash used in investing activities	0	0
1. Acquisition of own (treasury) shares	0	0
III. Net cash provided by (used in) investing activities (I-II)	0	0
C. Total net cash flow (A.III±B.III)	22,276	14,766
D. Balance-sheet change in cash, including:	22,276	14,766
– foreign exchange change in cash		
E. Cash at beginning of period	31,490	4,196
F. Cash at end of period (F±D)	53,766	18,962
- restricted cash	20	20

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

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

The Board of the Parent Undertaking used their best knowledge of the applied standards and interpretations, and also the methods and principles of valuation of particular items of the enclosed condensed financial statements. Preparing the financial statements in accordance with IFRS required the Company Board to make some assessments and assumptions which are reflected in these statements. The actual results may vary from these assessments. The presented financial data as at the end of Q1 2011 were not subject to examination by an auditor.

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

Deferred tax asset

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

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

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

The value in use was evaluated by means of the DCF method, which is based on discounted cash flows generated by subsidiaries within approved project schedules and revenues from sales of flats, adopting the sale price of 1 square metre of usable floor space, in accordance with the current market situation and prices. The discount rate takes account of the weighted average cost of capital (WACC).

The recoverable value of shares and loans as well as the amount of valuation allowances for shares and loans are estimated as at March 31st 2011 and may be subject to change depending on the fluctuation of the market prices of land, sale prices of flats, constructions costs, project completion schedules and future discount rate calculations.

The actual results may vary from these estimates which were calculated on the grounds of data available as at the reporting date. The above elements may have a particular impact on business decisions concerning LC Corp Invest XII Sp. z o.o. and Katowice Ceglana Sp. z o.o. and on the net book value of inventory items of these subsidiaries. It is also related to the uncertainty regarding the proper estimation of the market conditions in the following years. In consequence, the amounts of valuation allowance may change in the following reporting periods.

The table below shows significant estimates as at March 31st 2011 and December 31st 2010.

<i>(PLN'000)</i>	As at Mar 31, 2011 end of quarter	As at Dec 31, 2010 end of previous year
Deferred tax asset	515	3,773
Valuation allowances for assets (shares and loans)	86,743	86,743