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(Current Report No 028/2008)

Wrocław, April 7th 2008

Information on Non-compliance in 2007 with Some Rules included in "Best Practices in Public Companies 2005"

Legal basis: Art. 56.1.2 of the Act on Public Offering – current and periodic information

The Management Board of LC Corp S.A. ("Issuer"), pursuant to Para. 29.5 of the Rules of the Warsaw Stock Exchange, hereby reports that the following Corporate Governance Rules in 2007 were not applied in the Company in 2007.
This information was prepared pursuant to Resolution No. 1013/2007 of the Management Board of the Warsaw Stock Exchange SA of December 11th 2007.

Part A
INDICATION OF THE CORPORATE GOVERNANCE RULES WHICH WERE NOT APPLIED BY THE ISSUER, SPECIFYING THE CIRCUMSTANCES AND REASONS FOR NON-OBSERVANCE OF RESPECTIVE RULES:

Best Practices for General Meetings:
9. A General Meeting should be attended by the members of both the Supervisory Board and the Management Board. The auditor should also be present at an annual General Meeting and an extraordinary General Meeting, if the company's financial matters are to be discussed. The absence of a supervisory or Management Board member from the General Meeting requires an explanation, which should be given at the meeting.

This rule has not been applied by the Issuer in 2007.
The Company makes efforts to ensure that every General Meeting should be attended by the members of the Supervisory Board and the Management Board, as well as an auditor if the company's financial matters are to be discussed. However the Company cannot guarantee that all members of the Management Board and Supervisory Board will be present, or that should they be absent from the General Meeting, relevant explanation will be provided.

Best practices of the Supervisory Boards:
20. [1]a) At least half the members of the Supervisory Board should be independent members, subject to point (d) below. Independent members of the Supervisory Board should not have relations with the company and its shareholders or employees which could significantly affect the independent member's ability to make impartial decisions;
b) Detailed independence criteria should be laid down in the company's statutes[2]
c) Without the consent of the majority of independent Supervisory Board members, no resolutions should be adopted on the following issues:
- performances of any kind by the company and any entities associated with the company in favour of Management Board members;
- consent to the execution by the company or a subsidiary of a key agreement with an entity associated with the company, a member of the Supervisory Board or Management Board, or with their associated entities; and
- appointment of an auditor to audit the company's financial statements.

d) In companies where one shareholder holds a block of shares carrying over 50% of all voting rights, the Supervisory Board should consist of at least two independent members,

including an independent Chairman of the audit committee, should such a committee be set up.

[1] Rule 20 may be implemented by the company on a date different from that on which the other rules in the set are implemented, though no later than by 30 June 2005.

[2] The Best Practices Committee hereby recommends rules based on European standards, i.e. the independence criteria set out in the Commission's Recommendation on strengthening the role of non-executive or supervisory directors http://eureopa.eu.int/comm/internal_market/company/independence/index_en.htm

This rule has not been applied by the Issuer in 2007.
The Company's authorities take the view that, in accordance with the general principle of the majority rule and protection of the minority, a shareholder who has contributed more capital bears also a greater economic risk. It is, therefore, justified that his interest should be considered in proportion to the capital he has contributed. Thence, he should also be entitled to put up candidates to the Supervisory Board who guarantee the implementation of the strategy adopted for the Company. In the opinion of the Company's Management Board the proper and effective implementation of the Company's strategy is thus ensured as is the sufficient protection of interests of all groups of shareholders and other groups related to our Company's enterprise. With the Company's present shareholding structure Rule 20 forms a too far-reaching restriction of majority shareholders' corporate rights and infringes the principle of primacy of the majority rule in a joint-stock company.

24. Information on a Supervisory Board member's personal, actual and organizational connections with a given shareholder, particularly with the majority shareholder, should be made publicly available. The company should have a procedure in place for obtaining such information from Supervisory Board members and for making it publicly available.

This rule has not been applied by the Issuer in 2007.
The Company does not made publicly available the information on a Supervisory Board member's personal, actual and organizational connections with a given shareholder. Members of the Supervisory Board should be loyal to the Company and pursue only its interest. This is why the Company believes the observance of the rule is unjustified.

28. The Supervisory Board should operate in accordance with its by-laws, which should be publicly available. The by-laws should stipulate that at least two committees should be set up:
- audit, and
- remuneration.

The audit committee should consist of at least two independent members and at least one person possessing the relevant qualifications and experience in accounting and finance. The committee's tasks should be specified in the board by-laws. The committees should present reports on their activities to the Supervisory Board every year. The company should then make these reports available to its shareholders.

This rule has not been applied by the Issuer in 2007.
The Company partially complies with this rule. The Supervisory Board acts in compliance with the regulations which are publicly available. The By-laws of the Supervisory Board do not however define the rules for appointing or functioning of the audit and remuneration committees. The decision on appointing committees would result in the necessity to designate "independent members" to an audit committee, and so this rule can only be applied together with Rule 20, which is not accepted by our Company due to the above-mentioned reasons.

Best Practices for relations with external persons and institutions:

43. The auditor should be selected by the Supervisory Board on the recommendation of the audit committee, or by the General Meeting on the recommendation of the Supervisory Board containing the audit committee recommendation. If an auditor other than the one recommended by the audit committee is chosen by either the board or the General Meeting, detailed reasons should be given. Information on the selection of an auditing entity together with the relevant justification should be disclosed in the annual report.

This rule has not been applied by the Issuer in 2007.

Pursuant to the Statute and the Regulations for the Company's Supervisory Board, the Supervisory Board selects an auditor in the manner ensuring independency while the auditor executes the entrusted assignments. The Company complies with this rule only partially as there is no audit committee within the Supervisory Board. Adoption of this rule would necessitate the adoption of Rule 20 and Rule 28, which our Company will not comply with due to the above-mentioned reasons.

PART B.

DESCRIPTION OF THE GENERAL SHAREHOLDERS MEETING'S OPERATION AND FUNDAMENTAL POWERS, AND THE SHAREHOLDERS' RIGHTS AND THE MANNER OF EXERCISING THEM:

A General Meeting is held in the registered office of the Company, or in Warsaw or in Katowice, on the day specified in the announcement published in Monitor Sądowy i Gospodarczy, in compliance with relevant regulations.

A General Meeting is convened by the Management Board. A General Meeting convened on the shareholders' request should be held on the date given in the request and, if this date cannot be kept under the regulations governing the rules for convening a General Meeting, on the nearest date that would allow the General Meeting to settle the issues on its agenda.

A General Meeting whose agenda includes certain issues at the request of authorized entities or which has been convened on such a request can only be cancelled with the consent of the requesting parties. In all other instances, a General Meeting can be cancelled if its holding is hindered (force majeure) or is obviously groundless. A meeting is called off in the same way as it is convened, limiting negative consequences for the company and its shareholders as far as possible and no later than three weeks before the original meeting date. A change in the date of a General Meeting is made in the same way as a cancellation, even if the proposed agenda does not change.

Shareholders who submitted in the Company registered certificates of deposit, issued by the entity keeping a securities account in accordance with the provisions on public trading in securities, at least one week before the date of the General Shareholders Meeting, have a right to take part in the General Shareholders Meeting.

The list of shareholders eligible to participate in a General Meeting, signed by the Management Board – and including the names and surnames or names of eligible companies, their places of residence (seats), share numbers and types, as well as the number of votes – is available at the office of the Management Board for 3 days preceding the General Meeting.

Before a shareholder's representative can participate in a General Meeting, his right to act on the shareholder's behalf should be duly documented. It should be presumed that a written document confirming the right to represent a shareholder at a General Meeting conforms with the law and does not require any additional confirmations or acknowledgement unless the company's Management Board or the Chairman of the General Meeting has doubts about its authenticity or validity prima facie.

Representatives of mass media may participate in a General Meeting unless the Company's interest is compromised due to their participation General Meeting's agenda. A motion to admit representatives of mass media is submitted for voting by the Chairman promptly after the attendance register is signed.

The Chairman of the Supervisory Board – or another member of the Supervisory Board in his absence – opens a General Meeting. Should these persons be absent, the General Meeting is opened by the President of the Management Board, or a person designated by the Management Board. Then, without unreasonable delay, the Chairman of the General Meeting is selected, hereinafter referred to as the "Chairman".

The Chairman is selected from the persons authorized to participate in a General Meeting. The person opening a General Meeting decides on the sequence of granting the floor on the issue of submitting candidates. The persons whose candidacies are put forward, are entered on the list of candidates for the position of the Chairman, provided they agree to candidate. The list of candidates is made by the person opening a General Meeting. There can be up to 3 candidates.

Each shareholder may cast his vote on only one candidate. The person given the largest number of votes becomes the Chairman of the General Meeting. The Chairman runs the meeting according to the adopted agenda. The Chairman of the General Meeting ensures that the meeting is run efficiently and that the rights and interests of all the shareholders are observed. The Chairman should, in particular, counteract any abuse of rights by meeting participants and should guarantee that the rights of minority shareholders are respected. The Chairman should not, without good reason, resign from his function or delay signing the meeting minutes.

The Chairman of the General Meeting ensures that the meeting is run without any unnecessary breaks and delays. Short breaks in the session which do not constitute an adjournment and are ordered by the Chairman in justified cases cannot be aimed at hindering the shareholders in

exercising their rights. Voting on administrative issues may only concern the issues related to the running of the meeting. Resolutions which may have impact on the exercising by the shareholders of their rights cannot be voted on in this way.
Promptly after his selection, the Chairman makes sure that the shareholders have signed the attendance register, and submitted the required powers of attorney or documents authorizing them to represent shareholders in the General Meeting.
After the Chairman has signed the attendance register, and following consultation with the notary taking the minutes, the Chairman declares that the General Meeting is convened in a proper manner and has the capacity to adopt resolutions. The Chairman announces this fact to the participants and presents the agenda of the General Meeting.
A General Meeting should be attended by the members of both the Supervisory Board and the Management Board. The auditor should also be present at an annual General Meeting and an extraordinary General Meeting if the company's financial matters are to be discussed. Supervisory and Management Board members and the company's auditor should, within their powers and to the extent needed to settle issues discussed at the General Meeting, provide meeting participants with explanations and information about the company. The Chairman may decide on selecting a returning and credentials committee as well as Resolutions and Motions committee, or a person in charge of running the voting and counting its results. Each issue included in the agenda is discussed by the Chairman or a person the Chairman designates. After each item included in the agenda is presented, the Chairman opens a discussion by giving the floor in the order of participants' coming forward. The Chairman may give the floor to members of the Management Board and Supervisory Board. Speakers are allowed only to discuss the issues included in the agenda and being discussed at the particular moment. The Chairman may limit the speech time to 5 minutes for each participant of the General Meeting given the floor. A participant may speak in a discussion on each item of the agenda only twice. The second speech may last up to 2 minutes.
The Management Board and the Supervisory Board may reply to the motions filed during the discussion. The response time should not exceed 5 minutes, although in justified cases this time can be prolonged by the Chairman. The Chairman manages the discussion. In case speakers exceed the time granted for speech or digress from the subject of the discussion, the Chairman may forbid the speaker to continue.
A resolution not to consider an issue on the agenda may be adopted only if it is supported by sound reasons. Any motion in this respect should be accompanied by a detailed justification. It is not allowed to skip consideration of an issue, or adopt a resolution on removing from the agenda an issue included in the agenda by shareholders.
A resolution to be voted should be formed in a way that enables each authorized participant, who objects to the outcome of the resolution, to appeal against it.
The Chairman can give the floor beyond the agenda or in connection with a discussion only to those speakers who want to submit a formal motion. Formal motions may only concern the issues included in the agenda and the course of the meeting. In this mode no resolutions – which may influence the exercising of a shareholder's rights – are voted.
A member of the Supervisory Board should have the relevant education, the appropriate professional and practical experience, be of high moral standing and be able to devote the time required to perform his Supervisory Board function properly.
At the motion by a shareholder or shareholders representing minimum 20% of the share capital, the selection of a Supervisory Board should be made by the participants of the nearest General Meeting, by way of voting in separate groups, even if the Articles of Association provide for another manner of appointing the Supervisory Board. The persons – representing at the General Meeting the part of shares which results from dividing the total number of represented shares by the number of Supervisory Board members – may form a separate group in order to select one member of the Supervisory Board. However, they do not participate in selecting the remaining members. The seats in the Supervisory Board unfilled by the respective group of shareholders, are filled in voting attended by all those shareholders, whose votes were not cast during the selection of the Supervisory Board members chosen by way of voting in separate groups. In case no group eligible to elect a member of the Supervisory Board is formed at the General Meeting referred to in section 1, then no elections are held, unless the agenda of the General Meeting anticipated both election by the groups and changes in the composition of the Supervisory Board. The moment at least one member of the Supervisory Board is elected by group voting, the mandates of all current members of the Supervisory Board expire, subject to the exception indicated in internal regulations of the Company.
In principle voting is open. The Chairman decides on secret voting on questions relating to personal issues, those relating to responsibility of members of the Company's management, and all other issues requested by any single shareholder present or represented at the General Meeting.

Resolutions are adopted by an absolute majority vote, unless the Articles of Association or mandatory legal provisions provide for otherwise. A resolution is adopted when the number of affirmative votes is higher than the number of votes against and abstaining votes.
Voting at the General Meeting can be performed using an electronic vote-counting machine. The decision on this issue is made by the Chairman.
The person voting against a Resolution can demand that his or her objection be included in the minutes together with a brief explanation. If demanded by a participant of the General Meeting, his or her written statement is included in the minutes.

PART C.
COMPOSITION AND RULES OF OPERATION OF THE COMPANY'S MANAGEMENT AND SUPERVISION BODIES AND THEIR COMMITTEES

As at December 31st 2007, and the date of submitting the financial statements for 2007, the composition of the Management Board of LC Corp S.A. was as follows:

- Konrad Dubelski – President of the Management Board
- Waldemar Horbacki – Vice President of the Management Board
- Dariusz Karwacki – Vice President of the Management Board

The Management Board is composed of one to five members. Members of the Management Board, including the President, are appointed and dismissed by the Supervisory Board. The term of office of the Management Board lasts for three years. The same person can be appointed member of the Supervisory Board for another term of office lasting not more than three years each.
The Management Board holds regular meetings at least once a week, with their dates and locations established by the members of the Management Board. Meetings of the Management Board are convened and run by the President of the Management Board or a member of the Management Board authorized by the President. Each member of the Management Board may file a motion with the President of the Management Board, concerning the convening of a meeting to discuss issues which require prompt decisions by the Management Board, or provide information on important issues concerning the Company. In such cases, the President of the Management Board convenes a meeting within the period enabling the participants to make appropriate decisions. The participants should be notified about the Management Board meeting minimum 24 hours before it begins, in any manner allowing the participants to receive the notification and confirm its receipt.
Resolutions of the Management Board can be passed only after all members of the Management Board have been properly notified about the Board's meeting. Resolutions of the Management Board are adopted by an absolute majority vote, and each member of the Management Board can cast only one vote. The vote of the President of the Management Board is deciding in cases of equal number of votes cast on resolutions of the Management Board. Members of the Management Board may adopt a resolution by way of signing the draft resolution by successive members of the Management Board (by circulation). Each member of the Management Board, who voted against a resolution is entitled to file a written dissenting opinion, which may include justification. A dissenting opinion is attached to the minutes of the Management Board meeting. The other members of the Board cannot refuse the inclusion of a dissenting opinion in the adopted resolution.
Meetings of the Management Board and their resolutions are included in the minutes, if the meeting concerns crucial issues of the Company, and the Board finds it relevant. By consent of all members, the Management Board may decide not to take minutes of the meeting, provided that the resolutions adopted at that meeting are included in separate minutes.
Members of the Management Board must not participate in dealing with issues which may involve a conflict between the interest of the Company and the personal interest of a member of the Management Board, their spouses, in-laws, and relatives up to the second degree.
The Management Board submits for approval of the Supervisory Board all motions and draft resolutions to be voted by the General Meeting. The Management Board submits to the General Meeting motions or draft resolutions, together with the opinions issued by the Supervisory Board or the information stating that the Supervisory Board did not issue its opinion.
Members of the Management Board must obtain approval of the Supervisory Board for their involvement in the activities competitive towards the business of the Company.
As at December 31st 2007, and the date of submitting the financial statements for 2007, the composition of the Supervisory Board of LC Corp S.A. was as follows:

- Remigiusz Baliński – Chairman of the Supervisory Board
- Dariusz Niedośpiał – Vice Chairman of the Supervisory Board
- Ludwik Czarnecki – Member of the Supervisory Board

- William Michael Pollard – Member of the Supervisory Board
- Jarosław Dowbaj – Member of the Supervisory Board.

The Supervisory Board comprises 5 to 7 members, appointed by the General Meeting for a 3-year, joint term of office. The resolution on appointing a member of the Supervisory Board may stipulate his or her function within the Board.

A Chairman and Vice Chairman of the Supervisory Board are elected from among the Board's members.

A Supervisory Board member should not resign from his function during his term of office if this would make it impossible for the board to function, particularly if it could hinder the timely adoption of an important resolution. Information on a Supervisory Board member's personal, actual and organizational connections with a given shareholder, particularly with the majority shareholder (including any relevant changes in the status) should be made available to the Management Board so that the latter can make them publicly available. A member of the Supervisory Board shall provide the Management Board with information on the transfer or acquisition of shares in the company or in its dominant company or subsidiary and of transactions with such companies – provided that such information is relevant to his financial standing, or when the obligation to publish the information on the transaction results from the relevant regulations concerning current and periodic information disclosed by issuers of securities – so as to make it possible for the Management Board to present the information publicly and in compliance with above-mentioned law.

Meetings of the Supervisory Board are held in the Company's seat or another location within the territory of Poland, as indicated in the invitation. Meetings of the Supervisory Board – except for the issues directly concerning the Management Board or its members, specifically those concerning dismissal, scope of responsibility and establishment of remuneration – should be open and accessible for members of the Management Board. The Supervisory Board may invite to its meetings employees of the Company or other persons from outside of the Company, provided that their presence is justified by the subject of the issues under discussion. The decision to invite any third party is taken by the person convening the meeting or the chairing the meeting.

The Supervisory Board adopts resolutions if at least a half of its members are present at the meeting and all members have been invited. The invitation is considered effective if sent in writing, by fax to the fax number given by members of the Supervisory Board, or via e-mail. The invitation should contain information on the date and agenda of the meeting. Supervisory Board members should confirm receipt of the invitation by annotating the invitation, in writing, by fax, or via e-mail. Should there be no quorum at a meeting of the Supervisory Board, its Chairman shall set the date of another meeting, to be held within 14 days of the meeting which was not held due to the lack of quorum.

Members of the Supervisory Board can take part in adopting resolutions by casting their votes in writing through the agency of another member of the Supervisory Board. The vote in writing cannot be cast on the issues included on the agenda during a meeting of the Supervisory Board. The Supervisory Board may adopt resolutions in writing or using means of remote (direct) communication. A resolution is binding when all members of the Board have been provided with the contents of the draft resolution. No resolution can be adopted through the agency of another member of the Supervisory Board, or in writing using means of remote (direct) communication, if the resolution concerns appointment, dismissal or suspension of a member of the Supervisory Board.

A Supervisory Board member should inform the other members of the board of any conflict of interest that arises, and should refrain from participating in discussions and from voting on any resolution on the issue, in respect of which the conflict of interest has arisen.

An agenda of a Supervisory Board meeting is established 7 days before the scheduled date of the meeting, and approved by the Chairman. An invitation together with the date and scheduled agenda of the meeting should be delivered to members of the Supervisory Board at least 3 weekdays before the meeting. The invitation should contain information on the issues included in the agenda. Should any extraordinary circumstances occur, which justify shortening of the deadline referred to above, the said deadline can be shortened. The agenda of the Supervisory Board meeting should not be changed or supplemented during the meeting, unless all members of the Supervisory Board are present and consent to the changing or supplementing of the agenda, or if taking specific steps by the Supervisory Board is necessary to protect the Company against a loss, and also in case of a resolution providing assessment whether there occurs a conflict of interest between a member of the Supervisory Board and the Company.

Resolutions of the Supervisory Board are passed by an absolute majority vote. In the case of a deadlock, the Chairman of the Supervisory Board has the casting vote. Voting in meetings of the Board is open. Voting on personal issues is secret. Secret vote is also ordered by the Chairman if requested by at least one member of the Supervisory Board.

A meeting of the Supervisory Board is convened by the Chairman of the Board, and in his absence, by Vice Chairman of the Board. A meeting of the Supervisory Board is convened when necessary, at least once every three months. A meeting of the Supervisory Board can be convened at the request (with proposed agenda) of the Management Board or a member of the Supervisory Board. The Chairman of the Board, and in his absence, Vice Chairman of the Board, convenes the meeting within two weeks of receipt of the request. Should the Chairman of the Board, or Vice Chairman of the Board, fail to convene a meeting, the requesting party may convene a meeting independently by establishing the date, location and proposed agenda.
Resolutions of the Supervisory Board and Supervisory Board meetings are recorded in minutes taken by a minutes secretary from outside of the Board or by a person designated by the Chairman from among the members of the Supervisory Board. The minutes should include agenda, names and surnames of the members of the Supervisory Board present at the meeting, number of votes cast for individual resolutions and dissenting opinions, as well as the modes agreed for adoption of resolutions. The minutes are signed by all members of the Supervisory Board present at the meeting.
The Supervisory Board performs its duties collectively, although it can delegate its members to perform specific supervisory tasks independently. The Supervisory Board is represented by its Chairman, and in his absence, by Vice Chairman of the Board.
The work of the Supervisory Board is controlled by the Chairman and in his absence, by Vice Chairman of the Board. A member of the Supervisory Board, delegated by the Supervisory Board or by the Group to provide permanent supervision, should submit to the Supervisory Board a written detailed report on performance of the assignment.
The Company provides administrative support for the Supervisory Board.
There are no committees in place within the Company.

PART D.

DESCRIPTION OF THE BASIC CHARACTERISTICS OF THE INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS ADOPTED IN THE COMPANY WITH REGARD TO DRAWING UP FINANCIAL STATEMENTS

At the moment the Company has no formal internal and risk management systems implemented in the Company with regard to drawing up financial statements.