

LPP S.A. Group
Interim condensed financial statements for Q1 FY 2009
In PLN '000

LPP S.A. Group

Interim condensed financial statements for Q1 FY 2009

Gdańsk

May 2009

1. Selected consolidated financial data of LPP S.A. Capital Group

	in PLN '000			
	Q1 2009	Q1 2008	Q1 2009	Q1 2008
Selected consolidated financial data	01/01/2009- 31/03/2009	01/01/2008- 31/03/2008	01/01/2009- 31/03/2009	01/01/2008- 31/03/2008
	in PLN '000		in EUR '000	
Net revenues from sales of products, goods and materials	463 100	339 656	100 687	95 479
Operating profit (loss)	-2 747	25 339	-597	7 123
Gross profit (loss)	-3 911	22 403	-850	6 298
Net profit (loss)	-7 779	18 080	-1 691	5 082
Net cash flow from operations	-94 411	-8 293	-20 527	-2 331
Net cash flow from investments	-17 289	-63 363	-3 759	-17 812
Net cash flow from financing activity	69 053	58 748	15013	16 514
Total net cash flow	-42 647	-12 908	-9 272	-3 628

	Q1 2009	Q1 2008	Q1 2009	Q1 2008
Selected consolidated financial data	01/01/2009- 31/03/2009	01/01/2008- 31/03/2008	01/01/2009- 31/03/2009	01/01/2008- 31/03/2008
	in PLN '000		in EUR '000	
Total assets	1 418 856	736 799	301 801	208 974
Long-term payables	327 247	67 669	69 608	19 193
Short-term payables	536 286	245 478	114 072	69 623
Equity	553 288	422 242	117 688	119 758
Share capital	3 492	3 407	743	966
Weighted average number of ordinary shares	1 724 669	1 703 500	1 724 669	1 703 500
Earnings (loss) per ordinary share (EPS) (in PLN/EURO)	-4.5	10.6	-1.2	2.6
Book value per share – BVPS (in PLN/EURO)	320.8	166.1	81.5	40.7

2. Consolidated Balance Sheet of LPP S.A. Capital Group

in PLN '000

	as at the end		
	of:		
Balance Sheet	Q1 2009	Q1 2008	previous year
	31/03/2009	31/03/2008	31/12/2008
ASSETS			
Non-current assets (long-term)	782 777	338 134	770 448
1. Tangible fixed assets (Property, Plant & Equipment)	480 454	305 646	472 712
2. Intangible assets	13 137	11 681	14 073
3. Goodwill	183 609	0	183 609
4. Trademark	77 508	0	77 508
5. Investments	1 364	997	1 431
6. Receivables	1 125	3 663	1 061
7. Deferred income tax assets	25 374	16 076	19 857
8. Prepaid expenses	206	71	197
 Current assets (short-term)	 636 079	 398 665	 655 760
1. Inventories	493 532	280 140	470 320
2. Trade and other receivables	89 420	72 347	89 475
3. Prepaid expenses	5 567	3 543	5 688
4. Investments	376	2 111	446
5. Cash and cash equivalents	47 184	40 524	89 831
TOTAL assets	1 418 856	736 799	1 426 208

LIABILITIES

Equity	553 288	422 242	565 235
1. Share capital	3 492	3 407	3 492
2. Treasury shares	-48 746	-1 275	-48 746
3. Reserve capital	436 334	274 748	436 334
4. Other reserves	193	104	193
5. Revaluation reserve	-1 409	0	-143
6. Minority interests	0	0	314
7. Retained profit/accumulated loss carried forward from previous years	176 750	127 682	9 353
8. Net profit/loss of the reporting period	-7 779	18 080	167 507
9. Foreign exchange differences (conversion of related parties)	-5 547	-504	-3 069
Long-term payables	327 247	67 669	322 316
1. Borrowings (bank credits and loans)	306 313	62 200	306 097
2. Other financial payables	451	0	359
3. Provisions	881	671	874
4. Deferred income tax provision	19 549	4 798	14 844
5. Other long-term payables	53	0	142
Short-term payables	536 286	245 478	534 792
1. Trade and other payables	202 001	146 775	248 192
2. Borrowings (bank credits and loans)	325 742	83 297	246 966
3. Other financial payables	343	0	432
4. Income tax	2 850	5 326	30 848
5. Provisions	5212	9 591	8 297
6. Special funds	138	489	57
Accruals and deferred income	2 035	1 410	3 865
TOTAL liabilities	1 418 856	736 799	1 426 208
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Book value	553 288	422 242	565 235
Weighted average number of ordinary shares	1 724 669	1 703 500	1 691 857
Book value per share – BVPS (in PLN)	320.8	166.1	334.09

3. Consolidated Statement of Comprehensive Income of LPP S.A. Capital Group

	in PLN '000	
	Q1 2009	Q1 2008
Statement of Comprehensive Income	01/01/2009- 31/03/2009	01/01/2008- 31/03/2008
Revenues from sales	463 100	339 656
Cost of sales	244 467	153 643
Gross profit/loss on sales	218 633	186 013
Other operating revenues	6 513	1 524
Selling expenses	194 169	133 539
General administrative expenses	24 300	24 099
Other operating expenses	9 424	4 560
Operating profit (loss)	-2 747	25 339
Financial revenues	4 489	252
Financial expenses	5 653	3 188
Gross profit/loss	-3 911	22 403
Taxation	3 868	4 323
Net profit/ loss	-7 779	18 080
Other comprehensive income		
Foreign exchange differences (conversion of related parties)	-2 478	-225
Total comprehensive income	-10 257	17 855
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Weighted average number of ordinary shares	1 724 669	1 703 500
Earnings (loss) per ordinary share (EPS) (in PLN)	-4,5	10,6

Earnings per share (EPS) for each period is calculated by dividing net profit for the reporting period by the weighted average number of shares in this period.

4. Consolidated Statement of Changes in Equity of LPP S.A. Capital Group

Statement of Changes in Equity	in PLN '000									
	Share capital	Treasury shares	Reserve capital	Other reserves	Revaluation reserve	Minority interests	Retained profit/accumulated loss carried forward from previous years	Net profit/loss of the reporting period	Foreign exchange differences (conversion of related parties)	TOTAL equity
As at 1 January 2008	3 407	0	274 748	104			127 682	0	-279	405 662
- corrections of errors from previous years										0
As at 1 January 2008 (corrected)	3 407	0	274 748	104			127 682	0	-279	405 662
Buy-back of treasury shares		- 1 275								-1 275
Capital transactions with owners	0	- 1 275	0	0	0	0	0	0	0	404 387
Net profit for Q1 FY08								18 080		18 080
Foreign exchange differences after conversion of related parties									-225	-225
Total comprehensive income								18 080	-225	17 855
As at 31 March 2008	3 407	- 1 275	274 748	104	0	0	127 682	36 160	-504	440 097
As at 1 January 2009	3 492	- 48 746	436 334	193	-143	314	176 860	0	-3 069	565 235
- corrections of errors from previous years							-110			-110
As at 1 January 2009 (corrected)	3 492	- 48 746	436 334	193	-143	314	176 750	0	-3 069	565 125
Revaluation of goodwill					-1 266					-1 266
Measurement of minority interest as at the accounting reference date						-314				-314
Net loss for Q1 FY09								-7 779		-7 779
Foreign exchange differences after conversion of related parties									-2 478	-2 478
Total comprehensive income								-7 779	-2 478	-10 257
As at 31 March 2009	3 492	- 48 746	436 334	193	-1 409	0	176 750	-7 779	-5 547	553 288

LPP S.A. Group
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5. Consolidated Statement of Cash Flows of LPP S.A. Capital Group

	in PLN '000	
	Q1 2009	Q1 2008
Statement of Cash Flows	01/01/2009- 31/03/2009	01/10/2008- 31/12/2008
A. Cash flow from operations – indirect method		
1. Gross profit (loss)	-3 911	22 403
II. Total adjustments	-90 500	-30 696
1. Depreciation and amortisation	24 073	14 045
2. Foreign exchange (gains) losses	-1 766	1 024
3. Interest and profit sharing (dividends)	3 209	1 023
4. (Profit) loss from investments	120	162
5. Income tax paid	-32 085	-24 616
6. Change in provisions	-2 446	725
7. Change in inventories	-17 502	7 870
8. Change in receivables	660	-34 836
9. Change in short-term payables, excluding credits and loans	-70 618	6 907
10. Change in prepaid expenses, accruals and deferred income	-1 522	-823
11. Other adjustments	7 377	-2 177
III. Net cash flow from operations	-94 411	-8 293
B. Cash flow from investments		
I. Inflows	1 132	1 344
1. Sale of intangible assets and tangible fixed assets	1 022	1 232
2. From financial assets, of which:	110	112
a) in related parties	0	0
- dividends and profit sharing	0	0
b) in other entities	110	112
- sale of financial assets		
- repayment of short-term loans granted	99	103
- interest	11	9
3. Other inflows from investments		

II. Outflows	18 421	64 707
1. Acquisition of intangible assets and tangible fixed assets	16 841	64 553
2. On financial assets, of which:	0	154
a) in related parties	0	0
- short-term loans granted		
- long-term loans granted		
b) in other entities	0	154
- short-term loans granted	0	126
- long-term loans granted	0	28
3. Other outflows on investments	1 580	
III. Net cash flow from investments	-17 289	-63 363
C. Cash flow from financing activity		
I. Inflows	77 331	61 449
1. Credits and loans	77 331	61 449
2. Other financial inflows		
II. Outflows	8 278	2 701
1. Buy-back of treasury shares		1 275
2. Repayment of credits and loans		
3. Payments related to finance lease agreements		7
4. Interest	7 691	1 419
5. Other financial outflows	587	
III. Net cash flow from financing activity	69 053	58 748
D. Total net cash flow	-42 647	-12 908
E. Total cash flow balance, of which:	-42 647	-12 908
- change in cash – foreign exchange differences	-104	-630
F. Opening cash balance	89 831	53 432
G. Closing cash balance, of which:	47 184	40 524
- restricted cash	55	42

6. Selected financial data – separate statement of LPP S.A.

	Q1 2009	Q1 2008	Q1 2009	Q1 2008
Selected financial data	01/01/2009- 31/03/2009	01/01/2008- 31/03/2008	01/01/2009 31/03/2009	01/01/2008 31/03/2008
	in PLN '000		in EUR '000	
Net revenues from sales of products, goods and materials	362 721	313 962	78 863	88 256
Operating profit (loss)	-9 662	35 843	-2 101	10 076
Gross profit (loss)	18 084	24 164	3 932	6 793
Net profit (loss)	15 085	19 352	3 280	5 440
Net cash flow from operations	-60 159	-20 316	-13 080	-5 711
Net cash flow from investments	-9 244	-50 449	-2 010	-14 181
Net cash flow from financing activity	47 122	57 493	10 245	16 162
Total net cash flow	-22 281	-13 272	-4 844	-3 731

	Q1 2009	Q1 2008	Q1 2009	Q1 2008
Selected financial data	01/01/2009- 31/03/2009	01/01/2008- 31/03/2008	01/01/2009- 31/03/2009	01/01/2008- 31/03/2008
	in PLN '000		in EUR '000	
Total assets	1 341 677	697 129	285 384	197 722
Long-term payables	322 365	67 169	68 569	19 051
Short-term payables	447 744	214 538	95 238	60 848
Equity	570 298	414 431	121 306	117 542
Share capital	3 492	3 407	743	966
Weighed average number of shares	1 724 669	1 703 500	1 724 669	1 703 500
Earnings (loss) per ordinary share (EPS) (in PLN/EURO)	8.7	11.4	1.9	3.2
Book value per share – BVPS (in PLN/EURO)	330.7	243.3	70.3	69.0

7. Balance Sheet (Statement of Financial Position) of LPP S.A.

Balance Sheet	as at the end of:		
	Q1 2009 31/03/2009	Q1 2008 31/03/2008	previous year 31/12/2008
ASSETS			
Non-current assets (long-term)	686 562	270 161	677 073
1. Tangible fixed assets (Property, Plant & Equipment)	283 944	221 620	283 116
2. Intangible assets	12 338	11 255	13 198
3. Investments	367 389	23 106	363 859
4. Receivables	425	394	384
5. Deferred income tax assets	22 260	13 714	16 319
6. Prepaid expenses	206	72	197
Current assets (short-term)	655 115	426 968	624 521
1. Inventories	338 102	233 200	321 903
2. Trade and other receivables	293 055	175 986	257 160
3. Income tax receivables	1 375		
3. Prepaid expenses	2 864	2 531	2 031
3. Investments	10 351	3 510	11 777
5. Cash and cash equivalents	9 368	11 741	31 650
TOTAL assets	1 341 677	697 129	1 301 594

LIABILITIES

Equity	570 298	414 431	555 213
1. Share capital	3 492	3 407	3 492
2. Treasury shares	-48 746	-1 275	-48 746
3. Reserve capital	435 809	274 635	435 809
4. Retained profit/accumulated loss carried forward from previous years	164 658	118 312	
5. Net profit/loss of the reporting period	15 085	19 352	164 658
Long-term payables	322 365	67 169	317 381
1. Borrowings (bank credits and loans)	304 522	62 200	304 300
2. Provisions	852	671	845
3. Deferred income tax provision	16 991	4 298	12 236
Short-term payables	447 744	214 538	426 376
1. Trade and other payables	163 483	126 419	171 057
2. Borrowings (bank credits and loans)	282 672	73 970	227 001
3. Income tax	0	5 195	24 824
4. Provisions	1 452	8 465	3 437
5. Special funds	137	489	57
Accruals and deferred income	1 270	991	2 624
TOTAL liabilities	1 341	697 129	1 301
	677		594
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Book value	570 298	414 431	555 213
Weighted average number of ordinary shares	1 724	1 703	1 691
	669	500	857
Book value per share – BVPS (in PLN)	330.67	243.28	328.17
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in PLN '000

8. Statement of Comprehensive Income of LPP S.A.

	Q1 2009	Q1 2008
Statement of Comprehensive Income	01/01/2009- 31/03/2009	01/01/2008- 31/03/2008
Revenues from sales	362 721	313 962
Cost of sales	213 758	164 206
Gross profit/loss on sales	148 963	149 756
Other operating revenues	5 891	1 912
Selling expenses	100 532	98 349
General administrative expenses	17 324	13 330
Other operating expenses	46 660	4 146
Operating profit (loss)	-9 662	35 843
Financial revenues	38 701	575
Financial expenses	10 955	12 254
Gross profit/loss	18 084	24 164
Taxation	2 999	4 812
Net profit/ loss	15 085	19 352
Total comprehensive income	15 085	19 352
Weighted average number of ordinary shares	1 724 669	1 703 500
Earnings (loss) per ordinary share (EPS) (in PLN)	8.75	11.36

Earnings per share (EPS) for each period is calculated by dividing net profit for the reporting period by the weighted average number of shares in this period.

9. Statement of Changes in Equity of LPP S.A.

Statement of changes in equity	Share capital	Treasury shares	Reserve capital	Retained profit/accumulated loss carried forward from previous years	Net profit/loss of the reporting period	TOTAL equity
As at 1 January 2008	3 407		274 635	118 312		396 354
- corrections of errors from previous years						0
As at 1 January 2008 (corrected)	3 407	0	274 635	118 312	0	396 354
Buy-back of treasury shares		-1 275				-1 275
Capital transactions with owners	0	-1 275	0	0	0	-1 275
Net profit for Q1 FY08					19 352	19 352
As at 31 March 2008	3 407	-1 275	274 635	118 312	19 352	414 431
As at 1 January 2009	3 492	-48 746	435 809	164 658		555 213
- corrections of errors from previous years						0
As at 1 January 2009 (corrected)	3 492	-48 746	435 809	164 658	0	555 213
Net profit for Q1 FY09					15 085	15 085
As at 31 March 2009	3 492	-48 746	435 809	164 658	15 085	570 298

10. Statement of Cash Flows of LPP S.A.

	in PLN '000	
	Q1 2009	Q1 2008
Statement of Cash Flows	01/01/2009- 31/03/2009	01/10/2008- 31/12/2008
A. Cash flow from operations – indirect method		
I. Gross profit (loss)	18 085	24 164
11. Total adjustments	-78 244	-44 480
1. Depreciation and amortisation	11 860	8 981
2. Foreign exchange (gains) losses	-1 483	1 200
3. Interest and profit sharing (dividends)	3 018	919
4. (Profit) loss from investments	7 021	1 720
5. Income tax paid	-30 171	-24 397
6. Change in provisions	-1 979	727
7. Change in inventories	-16 192	19 438
8. Change in receivables	-36 404	-34 589
9. Change in short-term payables, excluding credits and loans	-11 718	-18 062
10. Change in prepaid expenses, accruals and deferred income	-2 196	-417
11. Other adjustments	0	0
III. Net cash flow from operations	-60 159	-20 316
B. Cash flow from investments		
I. Inflows	1 443	2 358
1. Sale of intangible assets and tangible fixed assets	978	1 231
2. From financial assets, of which:	465	1 127
a) in related parties	361	1 020
- dividends and interest	361	420
- repayment of short-term loans granted	0	600
- repayment of long-term loans granted	0	0
b) in other entities	104	107
- interest	5	4
- repayment of short-term loans granted	99	103
3. Other inflows from investments	0	0

II. Outflows	10 687	52 807
1. Acquisition of intangible assets and tangible fixed assets	7 402	49 346
2. On financial assets, of which:	3 285	3 461
a) in related parties	3 285	3 307
- acquisition of shares	1 579	1 482
- short-term loans granted		0
- long-term loans granted	1 706	1 825
b) in other entities	0	154
- long-term loans granted	0	126
- short-term loans granted	0	28
3. Other outflows on investments		0
III. Net cash flow from investments	-9 244	-50 449
C. Cash flow from financing activity		
I. Inflows	54 458	60 093
1. Credits and loans	54 458	60 093
2. Net inflows – issue of shares	0	0
2. Other financial inflows		0
II. Outflows	7 336	2 600
1. Buy-back of treasury shares	1	1 275
2. Repayment of credits and loans	0	0
3. Interest	7 335	1 325
4. Other financial outflows		0
III. Net cash flow from financing activity	47 122	57 493
D. Total net cash flow	-22 281	-13 272
E. Total cash flow balance, of which:	-22 281	-13 272
- change in cash – foreign exchange differences	432	62
F. Opening cash balance	31 650	25 013
G. Closing cash balance, of which:	9 369	11 741
- restricted cash	55	42

11. Consolidated Balance Sheet (Statement of Financial Position) of LPP S.A. Capital Group (without Artman S.A.)

	as at the end of:		
Balance Sheet	Q1 2009	Q1 2008	previous year
	31/03/2009	31/03/2008	31/12/2007
ASSETS			
Non-current assets (long-term)	800 312	338 134	787 533
1. Tangible fixed assets (Property, Plant & Equipment)	420 498	305 646	414 689
2. Intangible assets	12 737	11 681	13610
3. Investments	341 865	997	340 352
4. Receivables	1 125	3 663	1 061
5. Deferred income tax assets	23 881	16 076	17 624
6. Prepaid expenses	206	71	197
Current assets (short-term)	543 886	398 665	542 009
1. Inventories	419 820	280 140	384 557
2. Trade and other receivables	75 310	72 347	77 894
3. Income tax receivables	1 375		
4. Prepaid expenses	4 530	3 543	4 277
5. Investments	376	2 111	409
6. Cash and cash equivalents	42 475	40 524	74 872
TOTAL assets	1 344 198	736 799	1 329 542

LPP S.A. Group
Interim condensed financial statements for Q1 FY 2009
In PLN '000
LIABILITIES

Equity	550 421	422 242	556 945
1. Share capital	3 492	3 407	3 492
2. Treasury shares	-48 746	-1 275	-48 746
3. Reserve capital	435 922	274 748	435 922
4. Other reserves	193	104	193
5. Retained profit/accumulated loss carried forward from previous years	168 474	127 682	9 259
6. Net profit/loss of the reporting period	-4 485	18 080	159 325
7. Foreign exchange differences (conversion of related parties)	-4 429	-504	-2 500
Long-term payables	322 990	67 669	317 957
1. Borrowings (bank credits and loans)	304 522	62 200	304 300
2. Provisions	852	671	845
3. Deferred income tax provision	17 375	4 798	12 670
4. Other long-term payables	241		142
Short-term payables	469 061	245 478	451 136
1. Trade and other payables	177 265	146 775	188 417
2. Borrowings (bank credits and loans)	288 319	83 297	232 265
3. Income tax	0	5 326	25 096
4. Provisions	3 339	9 591	5 301
5. Special funds	138	489	57
Accruals and deferred income	1 726	1 410	3 504
TOTAL liabilities	1 344 198	736 799	1 329 542

Book value	550 421	422 242	556 945
Weighed average number of shares	1 724 669	1 703	1 691
Book value per share – BVPS (in PLN)	319.1	500 166.1	857 329.19

12. Consolidated Statement of Comprehensive Income of LPP S.A. Capital Group (without Artman S.A.)

	Q1 2009	Q1 2008
Statement of Comprehensive Income	01/01/2009- 31/03/2009	01/01/2008- 31/03/2008
Revenues from sales	390 340	339 656
Cost of sales	207 335	153 643
Gross profit/loss on sales	183 005	186 013
Other operating revenues	6 371	1 524
Selling expenses	157 472	133 539
General administrative expenses	23 482	24 099
Other operating expenses	9 326	4 560
Operating profit (loss)	-904	25 339
Financial revenues	4 304	252
Financial expenses	4 754	3 188
Gross profit/loss	-1 354	22 403
Taxation	3 131	4 323
Net profit/ loss	-4 485	18 080
Weighted average number of ordinary shares	1 724 669	1 703 500
Earnings (loss) per ordinary share (EPS) (in PLN)	-2.6	10.6

Earnings per share (EPS) for each period is calculated by dividing net profit for the reporting period by the weighted average number of shares in this period.

Notes to the condensed consolidated financial statements for Q1 FY 2009

1. Description of LPP S.A. Capital Group

LPP S.A. Capital Group (CG) is composed of:

- LPP S.A. – Parent Company,
- 20 Polish subsidiaries and 15 foreign subsidiaries.

There is no parent company of LPP S.A.

The complete list of LPP S.A. Capital Group entities is presented below.

No.	Name of the company	Registered office	Date of obtaining control
1.	G&M Sp. z o.o.	Gdańsk, Poland	26.09.2001
2.	M&G Sp. z o.o.	Gdańsk, Poland	26.09.2001
3.	AKME Sp. z o.o.	Gdańsk, Poland	26.09.2001
4.	TORA Sp. z o.o.	Gdańsk, Poland	26.09.2001
5.	P&G Sp. z o.o.	Gdańsk, Poland	26.09.2001
6.	SL&DP Sp. z o.o.	Gdańsk, Poland	26.09.2001
7.	DP&SL Sp. z o.o.	Gdańsk, Poland	26.09.2001
8.	IL&DL Sp. z o.o.	Gdańsk, Poland	26.09.2001
9.	PL&GM Sp. z o.o.	Gdańsk, Poland	26.09.2001
10.	GM&PLSp. z o.o.	Gdańsk, Poland	26.09.2001
11.	AMA Sp. z o.o.	Gdańsk, Poland	28.05.2002
12.	LIMA Sp. z o.o.	Gdańsk, Poland	22.07.2002
13.	LUMA Sp. z o.o.	Gdańsk, Poland	05.11.2002
14.	KAMA Sp. z o.o.	Gdańsk, Poland	29.10.2002
15.	KUMA Sp. z o.o.	Gdańsk, Poland	05.11.2002
16.	AMUL Sp. z o.o.	Gdańsk, Poland	29.10.2002
17.	AMUKSp. z o.o.	Gdańsk, Poland	15.05.2003
18.	AMUR Sp. z o.o.	Gdańsk, Poland	09.05.2003
19.	MM&MR Sp. z o.o.	Gdańsk, Poland	09.03.2005
20.	LPP Retail Estonia OU	Tallinn, Estonia	29.04.2002
21.	LPP Czech Republic s.r.o.	Prague, Czech Rep.	16.09.2002
22.	LPP Hungary Kft	Budapest, Hungary	18.10.2002
23.	LPP Retail Latvia Ltd	Riga, Latvia	30.09.2002
24.	UAB LPP	Vilnius, Lithuania	27.01.2003
25.	LPP Ukraina	Peremyshlany, Ukraine	23.07.2003
26.	RE Trading Zamknięta Spółka Akcyjna	Moscow, Russia	12.02.2004
27.	LPP Fashion Distributor SRL	Bucharest, Romania	12.08.2007
28.	ES STYLE	Moscow, Russia	10.03.2008
29.	FASHION POINT	Moscow, Russia	01.04.2008
30.	LPP Retail Bulgaria Ltd.	Sofia, Bulgaria	14.08.2008
31.	Artman S.A. (Artman SA CG)	Kraków, Poland	30.10.2008
32.	Artman Slovakia s.r.o. (Artman SA CG)	Banská Bystrica, Slovakia	30.10.2008
33.	Artman Mode s.r.o. (Artman SA CG)	Ostrava, Czech Republic	30.10.2008
34.	UAB Artman Ltd (Artman SA CG)	Vilnius, Lithuania	30.10.2008
35.	UAB House Plius (Artman SA CG)	Klaipėda, Lithuania	30.10.2008

LPP S.A. holds direct control in its subsidiaries, i.e. usually 100% share in their capital and 100% of the total vote. Companies of Artman SA capital group, controlled indirectly by LPP SA, are the only exception to this rule.

The consolidated financial statements of LPP S.A. Capital Group covering the period between 1 January and 31 March 2009 covers individual results of LPP S.A. and results of foreign subsidiaries listed below:

- LPP Retail Estonia OU
- LPP Czech Republic s.r.o.
- LPP Hungary Kft
- LPP Retail Latvia Ltd
- UAB LPP
- LPP Ukraina AT
- ZAO Re Trading
- LPP Fashion Distributor srl.
- ES Style
- Fashoin Point
- LPP Retail Bulgaria Ltd.
- Artman SA
- Artman Slovakia srl
- Artman Mode s.r.o.
- UAB Artman Ltd
- UAB House Plius

Polish subsidiaries of LPP S.A. were not consolidated as their financial data is immaterial. This is in accordance with the Accounting Policy employed by the Group. Under this policy, a subsidiary or associate is not consolidated if results disclosed in the financial statements of this entity are immaterial compared to data disclosed in the financial statements of the parent company. In particular, the balance sheet total, net revenues from sales of goods and services and financial transactions of the entity representing less than 10% of the balance sheet total and revenues of the parent company in the reporting period shall be considered immaterial. The total amount of balance sheet totals and revenues of non-consolidated entities must not exceed this level, but established in relation to the corresponding amounts of the consolidated financial statements, based on the assumption that the statements covers all subsidiaries and associates with no exceptions (without non-consolidation).

The share of all non-consolidated Polish subsidiaries in the consolidated results is as follows:

- in the Capital Group's balance sheet total – 0.33%
- in the Capital Group's revenues from sales and financial revenues – 3.99%.

The fact that financial statements of these companies are not consolidated has no negative impact on the true and fair presentation of the Capital Group's assets, financial standing and financial result.

LPP S.A. is a company involved in the design and distribution of clothing in Poland and in Central and Eastern Europe. The consolidated Capital Group companies are involved in the distribution of goods under the Reserved and Cropp brands outside of Poland. In addition, Artman SA Capital Group has been consolidated since November 2008. Just like LPP SA, Artman SA is involved in the design and distribution of clothing under two proprietary brands: House and Mohito. This clothing is sold in sales networks in Poland and several countries of the CEE region. Clothing is basically the only product sold by the CG companies.

This offer is supplemented by footwear, bags and accessories.

Designs of clothing are prepared in the design office located at the registered office of LPP S.A. in Gdańsk (and the design office of Artman S.A. in Kraków), and then sent to the purchasing department, whose task is to outsource the manufacture of individual products to manufacturing plants in Poland and abroad, including in China. Production in China is managed by the Company's trading office in Shanghai.

The Capital Group also generates small revenues from sales of services (these include only revenues generated by the Parent Company – mainly know-how services related to the management of brand stores by Polish contractors and lease of transport vehicles).

19 Polish subsidiaries are involved in the lease of real property where Cropp Town and Reserved outlets are located.

2. Legal basis of preparation of the condensed consolidated financial statements and information on changes in the adopted accounting principles

The report of LPP S.A. Capital Group for Q1 FY09 contains the condensed consolidated financial statements and selected explanations contained in these Notes, as well as the condensed separate financial statements of the Parent Company, in accordance with IAS 34: Interim Financial Statements.

In all its material aspects, the accounting policy adopted in this report is in line with the policy underlying the consolidated annual financial statements of LPP S.A. Capital Group for FY 2008 drawn up as per the International Financial Reporting Standards (IFRS).

The condensed consolidated financial statements should be read together with the consolidated financial statements for the year ended on 31 December 2008.

3. Achievements of LPP S.A. Capital Group in the reporting period

Key achievements of LPP S.A. Capital Group in Q1 FY09 included:

(data for Q1 FY09 also covers the results recorded by Artman S.A. Capital Group; data for Q1 FY08 covers the results recorded by LPP S.A. CG only, without Artman S.A. CG)

1. Revenues from sales in Q1 FY09 totalled PLN 463 million, up by about 36% compared to revenues generated in Q1 FY08 (PLN 340 m).
2. In Q1 FY09, LPP S.A. CG made a loss from operating activity of PLN 2.75m. In the corresponding period of FY08, the Group generated operating profit of PLN 25.3m. Net loss for Q1 FY09 totalled PLN 7.8m (vs. PLN 18.1m of net profit in Q1 FY08).

3. Sales in Q1 FY09 totalled PLN 274m in Reserved stores and PLN 78m in CroppTown stores. Sales in House stores reached PLN 60.2m, and PLN 5.8m in Mohito stores.
4. 27 new outlets were opened in Q1 FY09 of the total retail area of about 7.1 thousand square meters (8 Reserved, 8 Cropp Town, 3 Esotiq, 4 House, 4 Mohito), increasing the total retail area to about 231 thousand square metres (630 outlets), of which 82 thousand square metres (170 outlets) abroad.
5. Revenues from sales in comparable outlets were down by 4.9% in Q1 FY09 (without taking account of local currency rate changes in countries where LPP Capital Group companies operate).

4. Factors and events, especially of extraordinary nature, with significant impact on the consolidated financial results

The comparison of results generated by LPP SA CG in Q1 FY09 with the previous corresponding period indicates that the Group's efficiency was reduced. The main reasons behind this drop in performance are as follows:

- a) increase in prices of products – resulting from the considerable increase in USD/PLN exchange rate,
- b) increase in costs of retail lease of stores – resulting from the considerable increase in EUR/PLN exchange rate,
- c) the necessary reduction of gross profit margin (in %) – resulting from the reduced market demand.

Revenues from sales of products, goods and materials disclosed in the consolidated financial statements were generated by individual Capital Group companies in the following amounts (intercompany sales excluded):

in PLN '000

Name of the company	country	revenues from sales in Q1 2009	% share of sales by country in Q1 2009
LPP S.A.	Poland	278 102	60.05%
LPP Retail Estonia OU	Estonia	8 585	1.85%
LPP Retail Latvia Ltd	Latvia	6 680	1.44%
LPP Retail Czech Republic s.r.o.	Czech Republic	22 989	4.96%
LPP Hungary Kft.	Hungary	5 041	1.09%
UABTPP"	Lithuania	10 407	2.25%
LPP Ukraina AT	Ukraine	7 929	1.71%
ZAO "Re Trading"*	Russia*	44 069	9.52%
LPP Fashion Distributor SRL	Romania	5 795	1.25%
LPP Retail Bulgaria Ltd.	Bulgaria	397	0.09%
Artman S.A. Capital Group	Poland	73 107	15.79%
TOTAL		463 100	100.00%

5. Explanation of the seasonal or cyclical nature of LPP S.A. Capital Group's operations in the reporting period

Seasonality in sales of clothing is a feature characteristic for the clothing market as a whole – both in Poland and abroad. The first quarter of a calendar year covers two months (January and February) when the autumn and winter collection is sold at discount prices. As a result, profit margin (return on sales) before tax is lower than the average annual margin in the entire quarter.

6. Segment reporting – revenues and results per segments

LPP S.A. Capital Group is running only one type of business (one primary segment). Two geographical segments have been identified: business within and outside the European Union. Division into geographical segments was based on the criterion of location of the Group's assets.

Revenues and results per segments for Q1 FY09 and for the previous corresponding period are presented in section 23.7.

7. Issue, redemption and repayment of debt and equity securities

In Q1 FY 2009, LPP S.A. Capital Group did not issue, redeem, or repay any equity securities.

8. Dividend paid (or declared), in total and per one share, broken down into ordinary (common) shares and other shares

No dividend was paid (or declared) in LPP S.A. Capital Group.

9. Date of approval of the financial statements for publication

These financial statements were approved for publication (authorised for issue) by the Management Board of the Parent Company on 13 May 2009.

10. Events after the balance sheet date not presented in the face of the financial statements, which may have significant impact on the future financial results of LPP S.A. Capital Group

None.

11. Effects of changes in the Capital Group's structure, including business combination (mergers), takeovers or disposals of Capital Group companies, long-term investments, as well as division, restructuring and discontinuation of business operations

In the current reporting period, all the outstanding shares of Artman S.A. were taken over by LPP S.A.. Artman S.A. is now wholly owned by LPP S.A.

12. Changes in contingent liabilities or contingent assets after the end of the previous financial year

In Q1 FY09, LPP S.A. and its subsidiaries used bank guarantees to secure the payment of rent for leased retail premises where brand stores are located.

As at 31 March 2009, the total value of bank guarantees granted at the request and on the responsibility of LPP S.A. and Artman S.A. amounted to PLN 106,091 k, of which:

- a) guarantees granted to secure agreements concluded by LPP S.A. – PLN 22,791k
- b) guarantees granted to secure agreements concluded by consolidated related parties – PLN 72,842k
- c) guarantees granted to secure agreements concluded by non-consolidated related parties – PLN 10,458k

As at 31 March 2009, the total amount of all sureties issued by the Parent Company reached PLN 12,538 k, up by PLN 1,145 k vs. 31 March 2008.

13. Estimated future liabilities arising from retail lease agreements

Capital Group companies are parties to retail lease agreements concerning the use of retail premises where Reserved, Cropp, Esotiq, House, and Mohito brand stores are located.

The total future minimum payments arising from lease agreements, estimated as at 31 December 2008, are as follows:

- payables with the maturity date within 12 months from the balance sheet date PLN 242,817k
- payables with the maturity date from 12 months to 5 years from the balance sheet date PLN 694,932k
- payables with the maturity date over 5 years from the balance sheet date PLN 188,161k

14. The Management Board's opinion on the feasibility of forecasts of annual consolidated results

No forecasts were published by the Company for FY 2009.

15. Shareholders holding at least 5% of votes at the General Meeting of Shareholders of LPP S.A. as at the date of submission of the quarterly report, directly or indirectly through subsidiaries, and changes in the structure of ownership of large blocks of LPP S.A. shares after the date of submission of the previous quarterly report

Shareholding structure of the Parent Company as at the date of submission of the quarterly report for Q1 FY09 was as follows:

Shareholder	Number of shares held	Number of votes at the General Meeting of Shareholders	Share in the total vote at the General Meeting of Shareholders	Interest in share capital
Marek Piechocki	324 390	1 024 390	32.56%	18.58%
Jerzy Lubianiec	226 338	926 338	29.44%	12.96%
Grangefont Limited	350 000	350 000	11.13%	20.05%

There were no changes in the shareholding structure from the date of submission of the previous quarterly report.

16. Structure of ownership of LPP S.A. shares or rights to shares (options) held by members of the Issuer's Management Board and Supervisory Board as at the date of submission of the quarterly report, including changes in the shareholding structure from the date of submission of the previous quarterly report, separately for each member of the Management Board and the Supervisory Board

Shareholder	Number of shares held	Number of votes at the General Meeting of Shareholders
President of the Management Board	324 390	1 024 390
Vice-President of the Board	5 954	5 954
Vice-President of the Board	2 225	2 225
Vice-President of the Board	2 664	2 664
Vice-President of the Board	2 341	2 341
Chairman of the Supervisory Board	226 338	926 338

In the period since the date of submission of the previous quarterly report, there were no changes in the ownership structure of LPP S.A. shares held by members of the Issuer's Board of Directors and the Supervisory Board.

17. Information on legal proceedings in progress

In the Capital Group, LPP S.A. and Artman S.A. are parties in legal proceedings, claiming the settlement of receivables from its business partners. The total amount claimed does not exceed 10% of the Companies' equity.

18. Related-party transaction(s) concluded by the Issuer or its subsidiary – if material (separately or jointly) and concluded not at arm's length

No such transactions were concluded in the reporting period.

19. Related-party transactions

19.1. Key management personnel

The Capital Group's key management personnel include members of the Management Board and Supervisory Board of LPP S.A.

The amount of short-term employee benefits received by the key management personnel in the period from 1 January to 31 March 2009 totalled PLN 506 k, of which PLN 495 k received by members of the Management Board, PLN 8 k by members of the Supervisory Board for their work in the Supervisory Board, and PLN 3k by a Supervisory Board member for services other than work in the Supervisory Board.

19.2. Related party transactions

In the reporting period, the Issuer did not enter into any related-party transactions related to assignment of rights and obligations.

Transactions between the Parent Company and its foreign subsidiaries were eliminated from the consolidated financial statements and are not presented in the table.

Amounts presented in the table below show only intercompany transactions between LPP S.A. and 19 Polish non-consolidated subsidiaries, and are presented from the perspective of the Parent Company.

Data in the table is in PLN '000

No.	related parties	receivables as at 31.03.09	payables as at 31.03.09	revenues for the period January-March 2009	expenses for the period January-March 2009
1.	Polish subsidiaries	708	2 304	3 182	15 971
	Total	708	2 304	3 182	15 971

Data presented as payables of LPP S.A. are receivables in related parties, and costs are equivalent to revenues of related parties.

All related-party transactions were concluded at arm's length. Revenues from Polish companies are generated from the rental of offices where these companies run their businesses.

Expenses related to the Polish subsidiaries are connected with the lease of premises for Cropp Town and Reserved brand stores.

Payment terms adopted for subsidiaries are between 45 and 120 days.

20. Information on guarantees and sureties granted

In the reporting period, the Capital Group companies granted no sureties or guarantees for credits or loans of the total value equalling at least 10% of the Issuer's equity.

21. Additional information relevant for the assessment of the financial standing, assets, human resources, and financial result of LPP S.A. Capital Group, and any changes thereof, as well as information relevant for the assessment of Capital Group's repayment ability

The report presents basic information relevant for the assessment of the Capital Group's financial standing. According to the Management Board, there are currently no threats for the Capital Group's repayment ability.

22. Factors likely to influence results generated by LPP S.A. Capital Group in the next quarter or afterwards (according to LPP S.A.)

Basic factors likely to influence results generated in the nearest future are as follows:

1. economic slowdown in Poland and in countries where the Capital Group companies operate
2. exchange rate of PLN against USD and EUR
3. customer response to the new spring and summer collection,
4. development of the Reserved and Cropp Town, House and Mohito networks,
5. actions taken to reduce costs.

23. Notes to the condensed consolidated financial statements

23.1 Tangible fixed assets (Property, Plant & Equipment)

The amount of tangible fixed assets presented in the consolidated financial statements drawn up as at 31 March 2009 includes an adjustment for a revaluation write-down totalling PLN 6,158 k. The amount of payments on account of the acquisition of tangible fixed assets as at 31 March 2009 was PLN 157 k.

23.2 Inventories

The amount of inventories presented in the consolidated financial statements drawn up as at 31 March 2009 includes a revaluation write-down totalling PLN 5,060 k.

23.3 Receivables

The amount of receivables presented in the consolidated financial statements drawn up as at 31 March 2009 includes an adjustment for a revaluation write-down totalling PLN 11,900 k.

This write-down includes:

revaluation write-down of receivables and claimed receivables due from customers:	PLN 3,682k
revaluation write-down of the so-called doubtful receivables:	PLN 8,047k
revaluation write-down of receivables from employees and other	PLN 171k

23.4 Provisions

The amount of provisions presented in the consolidated financial statements drawn up as at 31 March 2009 totals PLN 25,642 k and includes:

- provision for retirement severance payments:	PLN 881k
- provision for holiday leaves not taken:	PLN 3,471k
- provision for unpaid salaries and bonuses	PLN 1,492k
- provision for liabilities	PLN 249k
- provision for deferred income tax:	PLN 19,549k

23.5 Income tax

Income tax presented in the consolidated P&L Account (Statement of Comprehensive Income) for the period between 1 January and 31 March 2009 amounts to PLN 3,868k and includes:

- current tax	PLN 4,210k
- deferred tax	PLN 342k

23.6 Foreign exchange differences

The consolidated P&L Account (Statement of Comprehensive Income) drawn up as at 31 March 2009 presents an excess of taxable foreign exchange differences over deductible foreign exchange differences of PLN 3,900 k.

23.7 Segment reporting

Revenues and financial results of geographical segments for the period from 1 January 2009 to 31 March 2009, as well as for the previous corresponding period, are presented in the following tables.

FY 2009	in PLN '000				
	EU Member States	Other countries	Consolidation adjustments	Amounts not allocated to segments	Total
External sales	411 102	51 998			463 100
Intersegment sales	34 911		-34 911		-
Other operating revenues	5 992	334		187	6 513
Total revenues	452 005	52 332	-34 911	187	469 613
Total operating expenses, of which:	414 327	56 856	-32 547	24 300	462 936

Costs of intersegment sales	25 756		-25 756		-
Other operating expenses	8 409	1 015			9 424
Segment result	29 269	-5 539	-2 364	-24 113	-2 747
Financial revenues				4 489	4 489
Financial expenses				5 653	5 653
Profit before tax					-3 911
Income tax					3 868
Net profit					- 7 779

in PLN '000

FY 2008					
	EU Member States	Other countries	Consolidation adjustments	Amounts not allocated to segments	Total
External sales	303 170	36 486			339 656
Intersegment sales	23 077		-23 077		-
Other operating revenues	1 274	206		44	1 524
Total revenues	327 521	36 692	-23 077	44	341 180
Total operating expenses, of which:	276 488	32 159	-21 465	24 115	311 297
Costs of intersegment sales	16 955		-16 955		-
Other operating expenses	4 428	116			4 544
Segment result	46 605	4 417	-1 612	-24 071	25 339
Financial revenues				252	252
Financial expenses				3 188	3 188
Profit before tax					22 403
Income tax					4 323
Net profit					18 080

24. Additional information to the separate financial statements of LPP S.A.

Based on the estimation of the carrying amount of assets invested in foreign subsidiaries, in the period from January to March 2009, changes were introduced to write-downs of the following elements of assets of the separate balance sheet: shares, additional paid-in capital, loans, and receivables. These write-downs were also recognised under financial and operating expenses and revenues in the separate P&L Account (Statement of Comprehensive Income). As a result, assets were down by PLN 38,510k, considering the amount of deferred tax.

This change was recognised under relevant items of the separate statements of LPP S.A. and has no influence on amounts presented in the consolidated statements.