

LPP S.A. Group
Interim condensed financial statements for Q4 FY 2009
The statements have been created in PLN '000

LPP S.A. Group

Interim condensed financial statements for Q4 FY 2009

Gdańsk
February 2010

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

(in PLN '000)

Selected consolidated financial data	Q4 FY09	Q4 FY08	Q4 FY09	Q4 FY08
	01/01/2009	01/01/2008	01/01/2009	01/01/2008
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
	in PLN '000		in EUR '000	
Net revenues from sales of products, goods and materials	2,002,455	1,622,999	461,331	459,500
Operating profit (loss)	182,033	214,774	41,937	60,806
Gross profit (loss)	139,993	213,225	32,252	60,368
Net profit (loss)	106,188	167,507	24,464	47,424
Net cash flow from operations	322,749	195,433	74,356	55,331
Net cash flow from investing activity	-74,578	-577,244	-17,181	-163,428
Net cash flow from financing activity	-140,510	418,210	-32,371	118,403
Total net cash flow	107,661	36,399	24,803	10,305

Selected consolidated financial data	Q4 FY 2009	Q4 FY 2008	Q4 FY	Q4 FY
	01/01/2009-	01/01/2008-	2009	2008
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
	in PLN '000		in EUR '000	
Total assets	1,362,867	1,426,208	331,743	341,820
Long-term payables	346,881	322,316	84,436	77,250
Short-term payables	328,712	538,657	80,014	129,100
Equity	687,274	565,235	167,293	135,470
Share capital	3,501	3,492	852	837
Weighted average number of ordinary shares	1,726,514	1,691,857	1,726,514	1,691,857
Earnings (loss) per ordinary share (EPS) (in PLN/EUR)	61.6	99.0	16.0	24.7
Book value per share – BVPS (in PLN/EUR)	398.1	334.1	101.1	81.8

2. Consolidated statement of financial position of LPP S.A. Capital Group

(in PLN '000)

Statement of financial position	as at the end of:	
	Q4 FY 2009 31/12/2009	Q4 FY08 31/12/2008
ASSETS		
Non-current assets (long-term)	740,404	766,704
1. Tangible fixed assets	442,029	469,077
2. Intangible assets	12,827	91,472
3. Goodwill	183,609	183,609
4. Trademark	77,508	0
5. Shares in subsidiaries	719	719
6. Other financial assets		0
7. Receivables and borrowings	1,027	1,773
8. Assets arising from deferred tax	22,504	19,857
9. Accruals and deferred income	181	197
Current assets (short-term)	622,463	659,504
1. Inventories	323,548	462,644
2. Receivables	93,100	100,895
3. Borrowings	541	446
4. Accruals and deferred income	7,782	5,688
5. Cash and cash equivalents	197,492	89,831
TOTAL assets	1,362,867	1,426,208

LIABILITIES

Equity	687,274	565,235
1. Share capital	3,501	3,492
2. Treasury shares	-48,749	-48,746
3. Share premium	108,123	108,123
4. Other capital	512,189	328,261
5. Foreign exchange differences – units conversion	324	-3,069
6. Retained earnings	111,886	176,860
- profit (loss) carried forward from previous years	5,698	9,353
- current period net profit (loss)	106,188	167,507
7. Minority interest	0	314
Long-term payables	346,881	322,316
1. Borrowings (bank credits and loans)	226,731	306,097
2. Issue of debt securities	115,514	
3. Other financial payables	201	359
4. Provisions for employee benefits	1,025	874
5. Deferred tax provision	3,375	14,844
6. Other long-term payables	35	142
Short-term payables	328,712	538,657
1. Trade and other payables	227,239	248,192
2. Borrowings (bank credits and loans)	77,011	246,966
3. Issue of debt securities	5,465	0
4. Other financial payables	404	432
5. Payables related to current income tax	12,476	30,848
6. Provisions	2,801	8,297
7. Special funds	464	57
8. Accruals and deferred income	2,852	3,865
TOTAL liabilities	1,362,867	1,426,208
Book value	687,274	565,235
Weighted average number of ordinary shares	1,726,514	1,691,857
Book value per share – BVPS (in PLN)	398.1	334.09

3. Consolidated statement of comprehensive income of LPP S.A. Capital Group

in PLN '000

	Q4 FY		year to date previous year	Q4 FY 2008
	year to date current year	2009		
Statement of comprehensive income	01/01/2009- 31/12/2009	01/10/2009- 31/12/2009	01/01/2008- 31/12/2008	01/10/2008- 31/12/2008
Continued operations				
Revenues from sales	2,002,455	543,555	1,622,999	527,293
Cost of sales	945,248	188,588	657,969	196,348
Gross profit/loss on sales	1,057,207	354,967	965,030	330,945
Other operating revenues	28,900	7,323	8,647	2,201
Selling expenses	772,318	201,057	637,437	195,900
Overhead costs	89,807	21,374	93,248	29,650
Other operating expenses	41,949	16,047	28,218	15,748
Operating profit(loss)	182,033	123,812	214,774	91,848
Financial revenues	2,931	400	18,376	16,539
Financial expenses	44,971	19,348	19,925	10,044
Gross profit/loss	139,993	104,864	213,225	98,343
Taxation	33,718	21,354	45,718	24,416
Net profit/loss from continued operations	106,275	83,510	167,507	73,927
Discontinued operations				
Net profit/loss from discontinued operations	-87	-19		
Net profit/loss	106,188	83,491	167,507	73,927
Other comprehensive income				
Foreign exchange differences – units conversion	324	2,020	-3,069	-1,517
Total comprehensive income	106,599	85,530	164,438	72,410
Weighted average number of ordinary shares	1,726,514	1,726,514	1,691,857	1,691,857
Earnings (loss) per ordinary share (EPS) (in PLN)	61.6	48.4	99.0	43.7

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

(in PLN '000)

Statement of changes in equity	Share capital	Treasury shares	Share premium reserve	Other capital	Foreign exchange differences – units conversion	profit (loss) carried forward from previous years	Current period profit/loss	Minority interest	Equity TOTAL
As at 1 January 2008	3,407	0	71,202	203,650	-279	127,682	0	0	405,662
- corrections of errors from previous years						-22			-22
As at 01 January 2008 (corrected)	3,407	0	71,202	203,650	-279	127,660	0	0	405,640
Buy-back of treasury shares		-48,746							-48,746
Share capital increase	85								85
Capital transactions with owners	85	-48,746	0	0	0	0	0	0	-48,661
Profit distribution for FY 2007				118,401		-118,401			0
Payment of share-based remuneration				6,354					6,354
Share premium			36,921						36,921
Goodwill revaluation				-144					-144
Measurement of minority interest as at the accounting reference date								314	314
Other						94			94
Net profit for 4 quarters of FY 2008							167,507		167,507
Foreign exchange differences after conversion of units					-2,790				-2,790
Total comprehensive income	0	0	36,921	124,611	-2,790	-118,307	167,507	314	208,256
As at 31 December 2008	3,492	-48,746	108,123	328,261	-3,069	9,353	167,507	314	565,235

Consolidated statement of changes in equity of LPP S.A. Capital Group, continued

(in PLN '000)

Statement of changes in equity	Share capital	Treasury shares	Share premium reserve	Other capital	Foreign exchange differences – units conversion	profit (loss) carried forward from previous years	Current period profit/loss	Minority interest	Equity TOTAL
As at 1 January 2009	3,492	-48,746	108,123	328,261	-3,069	176,860	0	314	565,235
- corrections of errors from previous years						-213			-213
As at 1 January 2009 (corrected)	3,492	-48,746	108,123	328,261	-3,069	176,647	0	314	565,022
Costs of buy-back of treasury shares		-3							-3
Share capital increase	9								9
Capital transactions with owners	9	-3	0	0	0	0	0	0	6
Profit distribution for FY 2008				170,949		-170,949			0
Payment of share-based remuneration				1,955					1,955
Capital transactions with minorities				-1,266					-1,266
Measurement of minority interest as at the accounting reference date								-314	-314
Principal of shares				12,290					12,290
Net profit for 4 quarters of FY 2009							106,188		106,188
Foreign exchange differences after conversion of units					3,393				3,393
Total comprehensive income	0	0	0	183,928	3,393	-170,949	106,188	-314	122,246
As at 30 September 2009	3,501	-48,749	108,123	512,189	324	5,698	106,188	0	687,274

5. Consolidated statement of cash flows of LPP S.A. Capital Group

(in PLN '000)

	year to date	Q4 FY 2009	year to date	Q4 FY 2008
Statement of cash flows	01/01/2009- 31/12/2009	01/10/2009- 31/12/2009	01/01/2008- 31/12/2008	01/10/2008- 31/12/2008
A. Operating cash flows - indirect method				
I Gross profit (loss)	139,906	104,845	213,225	98,343
II. Total adjustments	182,843	75,262	-17,792	48,734
1. Depreciation and amortization	96,049	23,487	66,360	21,568
2. Foreign exchange (gains) losses	-1,796	1,326	539	-132
3. Interest and profit sharing (dividends)	24,120	7,952	11,819	5,485
4. (Profit) loss from investing activity	2,274	4,897	8,478	8,027
5. Income tax paid	-65,153	-11,181	-39,149	-7,561
6. Change in provisions	-2,758	-89	2,108	3,513
7. Change in inventories	128,003	35,658	-121,908	-59,790
8. Change in receivables	20,329	4,236	-14,865	16,551
9. Change in short-term payables, excluding credits and loans	-16,033	7,804	69,449	58,323
10. Change in prepaid expenses, accruals and deferred income	-3,386	602	238	1,476
11. Other adjustments	1,194	570	-861	1,274
III. Net cash flow from operations	322,749	180,107	195,433	147,077
B. Investment cash flows				
I. Inflows	23,887	9,433	7,383	4,222
1. Sale of intangible assets and tangible fixed assets	22,215	9,297	3,955	2,365
2. From financial assets, of which:	1,672	136	3,428	1,857
a) in related parties	1,074	0	1,239	0
- dividends and profit sharing	1,074	0	1,239	0
b) in other parties	598	136	2,189	1,857
- sale of financial assets				
- repayment of short-term loans granted	510	119	2,033	1,725
- interest	88	17	156	132
3. Other inflows from investing activity				

II. Outflows	98,465	28,361	584,627	384,115
1. Acquisition of intangible assets and tangible fixed assets	96,885	28,361	252,869	53,174
2. On financial assets, of which:		0	852	35
a) in related parties	0	0	0	0
- acquisition of shares				
- short-term loans granted				
- long-term loans granted				
b) in other parties	0	0	852	35
- short-term loans granted		0	59	31
- long-term loans granted		0	793	4
3. Other outflows on investing activity	1,580	0	330,906	330,906
III. Net cash flow from investing activity	-74,578	-18,928	-577,244	-379,893
C. Cash flows from investing activities				
I. Inflows	164,167	0	634,549	432,386
1. Inflows – issue of shares	8	0	37,005	37,000
2. Credits and loans	36,355	0	597,544	395,386
3. Other financial inflows	127,804	0		0
II. Outflows	304,677	47,274	216,339	159,143
1. Buy-back of treasury shares	3	1	48,746	1
2. Repayment of credits and loans	280,767	43,261	148,901	148,901
3. Payments related to finance lease agreements	502	94	542	531
4. Interest	23,405	3,918	18,150	9,710
5. Other financial outflows				
III. Net cash flow from financing activity	-140,510	-47,274	418,210	273,243
D. Total net cash flow	107,661	113,905	36,399	40,427
E. Change in cash, of which:	107,661	113,905	36,399	40,427
- change in cash – foreign exchange differences	-2,132	-780	3,540	4,655
F. Cash at the beginning of the reference period	89,831	83,587	53,432	49,404
G. Cash at the end of the reference period, of which:	197,492	197,492	89,831	89,831
- restricted cash	495	495	68	68

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

Selected financial data	in PLN '000			
	Q4 FY 2009		Q4 FY 2008	
	01/01/2009- 31/12/2009	01/01/2008- 31/12/2008	01/01/2009- 31/12/2009	01/01/2008- 31/12/2008
	in PLN '000		in EUR '000	
Net revenues from sales of products, goods and materials	1,610,143	1,362,813	370,949	385,836
Operating profit (loss)	195,724	190,550	45,091	53,948
Gross profit (loss)	153,105	205,645	35,273	58,222
Net profit (loss)	123,418	164,658	28,433	46,618
Net cash flow from operations	329,585	107,865	75,931	30,538
Net cash flow from investing activity	-39,959	-525,160	-9,206	-148,682
Net cash flow from financing activity	-159,284	423,932	-36,696	120,023
Total net cash flow	130,342	6,637	30,029	1,879

Selected financial data	Q4 FY 2009		Q4 FY 2008	
	01/01/2009- 31/12/2009	01/01/2008- 31/12/2008	01/01/2009- 31/12/2009	01/01/2008- 31/12/2008
	in PLN '000		in EUR '000	
Total assets	1,343,446	1,301,594	327,016	311,953
Long-term payables	346,541	317,381	84,353	76,067
Short-term payables	302,780	429,000	73,701	102,819
Equity	694,125	555,213	168,961	133,068
Share capital	3,500	3,492	852	837
Weighted average number of ordinary shares	1,726,514	1,691,857	1,726,514	1,691,857
Earnings (loss) per ordinary share (EPS) (in PLN/EUR)	71.5	97.3	16.5	27.6
Book value per share – BVPS (in PLN/EUR)	402.0	328.2	97.9	78.7

7. Statement of financial position of LPP S.A.

(in PLN '000)

Statement of financial position	as at the end of:	
	Q4 FY 2009 31/12/2009	Q4 FY 2008 31/09/2008
ASSETS		
Non-current assets (long-term)	646,624	677,073
1. Tangible fixed assets	327,318	283,116
2. Intangible assets	89,833	13,198
3. Goodwill	102,110	0
4. Trademark	77,508	0
5. Investments in subsidiaries	23,962	363,859
6. Receivables	275	384
7. Assets arising from deferred tax	25,436	16,319
8. Accruals and deferred income	182	197
Current assets (short-term)	696,822	624,521
1. Inventories	266,988	321,903
2. Receivables	255,965	257,160
3. Borrowings	7,748	11,777
4. Accruals and deferred income	4,129	2,031
5. Cash and cash equivalents	161,992	31,650
TOTAL assets	1,343,446	1,301,594

LIABILITIES		
Equity	694,125	555,213
1. Share capital	3,500	3,492
2. Treasury shares	-48,749	-48,746
3. Share premium	108,123	108,123
4. Other capital	511,531	327,686
5. Retained earnings	119,720	164,658
- profit (loss) carried forward from previous years	-3,698	0
- current period net profit (loss)	123,418	164,658
Long-term payables	346,541	317,381
1. Borrowings (bank credits and loans)	226,731	304,300
2. Issue of debt securities	115,514	0
3. Other financial payables	66	0
4. Provisions for employee benefits	1,025	845
5. Deferred income tax provision	3,205	12,236
Short-term payables	302,780	429,000
1. Trade and other payables	208,806	171,057
2. Payables related to current income tax	12,369	
2. Borrowings (bank credits and loans)	71,644	227,001
3. Issue of debt securities	5,465	
4. Other financial payables	251	24,824
5. Provisions	1,362	3,437
6. Special funds	464	57
7. Accruals and deferred income	2,419	2,624
TOTAL liabilities	1,343,446	1,301,594
Book value	694,125	555,213
Weighted average number of ordinary shares	1,726,514	1,691,857
Book value per share – BVPS (in PLN)	402.0	328.2

8. Statement of comprehensive income of LPP S.A.

	in PLN '000			
	year to date	Q4 FY 2009	year to date	Q4 FY 2008
Statement of comprehensive income	current year		previous year	
	01/01/2009- 31/12/2009	01/10/2009 31/12/2009	01/01/2008- 31/12/2008	01/10/2008- 31/12/2008
Revenues from sales	1,610,143	455,475	1,362,813	379,782
Cost of sales	845,839	178,600	643,967	161,907
Gross profit/loss on sales	764,304	276,875	718,846	217,875
Other operating revenues	54,061	13,768	7,654	1,652
Selling expenses	482,524	147,057	424,685	112,179
Overhead costs	66,977	16,157	63,366	18,714
Other operating expenses	73,140	13,386	47,899	28,655
Operating profit/loss)	195,724	114,043	190,550	59,979
Financial revenues	13,294	1,734	64,255	57,142
Financial expenses	55,913	15,462	49,160	26,064
Gross profit/loss	153,105	100,315	205,645	91,057
Taxation	29,687	19,440	40,987	18,039
Net profit/loss	125,418	80,875	164,658	73,018
Total comprehensive income	123,418	80,875	164,658	73,018
Weighted average number of ordinary shares	1,726,514	1,726,514	1,691,857	1,691,857
Earnings (loss) per ordinary share (EPS) (in PLN)	71.5	46.8	97.3	43.2

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.

(in PLN '000)

Statement of changes in equity	Share capital	Treasury shares	Share premium reserve	Other capital	profit (loss) carried forward from previous years	Current period net profit/loss	TOTAL share capital
As at 1 January 2008	3,407		71,202	203,433	118,312		396,354
- corrections of errors from previous years							0
As at 01 January 2008 (corrected)	3,407	0	71,202	203,433	118,312	0	396,354
Buy-back of treasury shares		-48,746					-48,746
Share capital increase	85						85
Capital transactions with owners	85	-48,746	0	0	0	0	-48,661
Net profit distribution for FY 2007				118,312	-118,312		0
Payment of share-based remuneration	0		0	5,941		0	5,941
Share premium			36,921				36,921
Net profit for Q3 FY 2008						164,658	164,658
As at 31 December 2008	3,492	-48,746	108,123	327,686	0	164,658	555,213

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The statements have been created in PLN '000

Statement of changes in equity of LPP S.A.

(in PLN '000)

Statement of changes in equity	Share capital	Treasury shares	Share premium reserve	Other capital	profit (loss) carried forward from previous years	Current period net profit/loss	TOTAL share capital
As at 1 January 2009	3,492	-48,746	108,123	327,686	164,658		555,213
- corrections of errors from previous years							0
As at 1 January 2009 (corrected)	3,492	-48,746	108,123	327,686	164,658	0	555,213
Share capital increase	8						8
Costs of buy-back of treasury shares		-3					-3
Capital transactions with owners	8	-3	0	0	0	0	5
Net profit distribution for FY 2008				164,658	-164,658		0
LPP S.A.'s share in profits of Artman S.A. from previous years				6,290			6,290
Principal of shares				12,290			12,290
Revaluation of goodwill reserve				-1,762			-1,762
Payment of share-based remuneration				2,369			2,369
Artman S.A.'s loss for the period between 01.01. - 30.06.2009					-3,698		-3,698
Net profit for Q4 FY 2009						123,418	123,418
As at 31 December 2009	3,500	-48,749	108,123	511,531	-3,698	123,418	694,125

10. Statement of cash flows of LPP S.A.

(in PLN '000)

Statement of cash flows	year to date	Q4 FY 2009	year to date	Q4 FY 2008
	01/01/2009- 31/12/2009	01/10/2009- 31/12/2009	01/01/2008- 31/12/2008	01/10/2008- 31/12/2008
A. Operating cash flows - indirect method				
I Gross profit (loss)	153,105	100,315	205,645	91,057
II. Total adjustments	176,480	69,038	-97,780	18,356
1. Depreciation and amortization	54,060	15,106	39,718	11,795
2. Foreign exchange (gains) losses	-824	1,293	-3,470	-4,625
3. Interest and profit sharing (dividends)	22,445	7,529	6,537	539
4. (Profit) loss from investing activity	3,196	1,240	27,671	16,821
5. Income tax paid	-56,909	-10,695	-35,094	-4,277
6. Change in provisions	-2,406	-598	882	2,287
7. Change in inventories	100,487	21,715	-69,315	-33,160
8. Change in receivables	47,846	28,712	-111,817	-11,035
9. Change in short-term payables, excluding credits and loans	10,418	3,274	44,585	37,716
10. Change in prepaid expenses, accruals and deferred income	-1,833	1,462	1,589	2,295
11. Other adjustments	0		934	
III. Net cash flow from operations	329,585	169,353	107,865	109,413
B. Investment cash flows				
I. Inflows	26,920	8,583	20,394	13,581
1. Sale of intangible assets and tangible fixed assets	16,794	6,445	3,094	1,544
2. From financial assets, of which:	10,126	2,138	17,300	12,037
a) in related parties	9,585	2,002	15,112	10,176
- interest and dividends	5,455	1,855	8,619	5,921
- repayment of short-term loans granted	4,130	147	6,493	4,255
- repayment of long-term loans granted	0	0	0	
b) in other parties	541	136	2,188	1,861
- interest	31	17	155	136
- repayment of short-term loans granted	510	119	2,033	1,725
3. Other inflows from investing activity				

II. Outflows	66,879	21,987	545,554	375,551
1. Acquisition of intangible assets and tangible fixed assets	61,323	19,716	168,732	22,604
2. On financial assets, of which:	5,556	2,271	376,822	352,947
a) in related parties	5,556	2,271	375,970	352,912
- acquisition of shares	1,579	0	365,872	350,884
- short-term loans granted				
- long-term loans granted	3,977	2,271	10,098	2,028
b) in other parties	0	0	852	35
- short-term loans granted	0	0	793	765
- long-term loans granted	0	0	59	-730
3. Other outflows on investing activity				
III. Net cash flow from investing activity	-39,959	-13,404	-525,160	-361,970
C. Cash flows from investing activities				
I. Inflows	143,173	0	616,636	410,083
1. Credits and loans	15,361	0	579,631	373,083
2. Net inflows – issue of shares	8	0	37,005	37,000
3. Other financial inflows	127,804	0		
II. Outflows	302,457	46,323	192,704	135,600
1. Buy-back of treasury shares	3	1	48,745	0
2. Repayment of credits and loans	279,801	42,342	126,298	126,298
3. Interest	22,493	3,896	17,661	9,302
4. Other financial outflows – finance lease	160	84		
III. Net cash flow from financing activity	-159,284	-46,323	423,932	274,483
D. Total net cash flow	130,342	109,626	6,637	21,926
E. Change in cash, of which:	130,342	109,626	6,637	21,926
- change in cash – foreign exchange differences	-1,121	-344	782	695
F. Cash at the beginning of the reference period	31,650	52,366	25,013	9,724
G. Cash at the end of the reference period, of which:	161,992	161,992	31,650	31,650
- restricted cash	495	495	63	63

Notes to the condensed consolidated financial statements for Q4 FY 2009

1. Description of LPP S.A. Capital Group

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

- LPP S.A., being the parent company,
- 19 domestic subsidiaries and
- 14 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&PL Sp. 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.	AMUK Sp. 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 Closed Public Company	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 Slovakia s.r.o.(GK Artman SA)	Banská Bystrica, Slovakia	30/10/2008
32.	Artman Mode s.r.o. (Artman SA CG)	Ostrava, Czech Republic	30/10/2008
33.	UAB Artman Ltd (Artman SA CG)	Vilnius, Lithuania	30/10/2008

LPP S.A. holds direct control in its subsidiaries due to the company's 100% share in the subsidiaries' capital and 100% of the total vote.

The consolidated financial statements of LPP S.A. Capital Group covering the period between 1 January and 31 December 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 slr.
- ES Style
- Fashion Point
- LPP Retail Bulgaria Ltd.
- Artman Slovakia srl
- Artman Mode s.r.o.
- UAB Artman Ltd

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 total assets – 0.12%
- in the Capital Group's revenues from sales and financial revenues – 1.20%.

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, Cropp and House brands outside of Poland. 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 House and Mohito brands is located 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 Q4 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 Q4 FY 09 included:

(data concerning Q4 FY 2009 take into account the results of Artman SA CG; data concerning Q4 FY 2008 represent the results of LPP SA CG without Artman SA CG)

1. Revenues from sales in Q4 FY09 totalled PLN 544 million, They were up by about 3% compared to revenues generated in Q4 FY08 (PLN 527 m).
2. In Q4, LPP S.A. CG made a profit from operating activity of PLN 124 m. In the corresponding period of FY08, the Group generated operating profit of PLN 92 m. Net profit for Q4 FY09 totalled PLN 84 m (vs. PLN 74 m of net profit in Q4 FY08).
3. Sales in Q4 totalled PLN 300 m in Reserved stores and PLN 99 m in Cropp Town stores. Sales in Q4 in House stores reached PLN 84 m, and PLN 16 m and PLN 9 in Mohito and Esotiq stores, respectively.
4. 72 new outlets were opened in Q4 FY09 of the total retail area of about 26 thousand square meters. (18 Reserved, 18 Cropp Town, 18 Esotiq, 10 House, 8 Mohito), increasing the total retail area to about 288 thousand square meters (841 stores), of which 92 thousand sq. meters (190 stores) abroad.
5. Revenues from sales in comparable outlets were down by 20.5% in Q4 FY09 (without taking account of local currency rate changes in countries where LPP Capital Group companies operate).

4. Untypical factors and events that substantially affected the consolidated financial results

Net profit generated in Q4 FY 2009 was higher by 13% than the net profit generated in q4 FY 2008 (and accounted for almost 80% of the annual profit). Operating profit was higher by 35% accordingly. Basic factors that contributed to generating such results:

- a) strengthening of PLN against USD compared to the rates from the first three quarters of FY 2009, which in combination with no stock surpluses, allowed to generate gross profit margin on large volume of sales (65.3%),
- b) keeping operating costs low.

It must be noted that the net profit improved compared to Q4 FY 2008 despite unfavourable influence of exchange differences, especially those of statistical character on the level of financial expenses (negative exchange rate differences in Q4 amounted to ca. PLN 10.6 m).

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 Q4 FY 2009	% share of sales by country in Q4 2009	Revenues from sales in the period 01.01-31.12.2009	% share of sales by country in the period 01.01. - 31.12.2009
LPP S.A.	Poland	416,641	76.65%	1,525,075	76.16%
LPP Retail Estonia OU	Estonia	7,630	1.40%	34,171	1.71%
LPP Retail Latvia Ltd	Latvia	6,177	1.14%	26,252	1.31%
LPP Retail Czech Republic s.r.o.	The Czech Republic*	28,554	5.25%	102,139	5.10%
LPP Hungary Kft.	Hungary	5,566	1.02%	20,722	1.03%
UAB "LPP"	Lithuania**	10,001	1.84%	40,796	2.04%
LPP Ukraina AT	Ukraine	7,098	1.31%	28,174	1.41%
ZAO "Re Trading"	Russia***	50,005	9.20%	187,731	9.38%
LPP Fashion Distributor SRL	Romania	7,317	1.35%	22,792	1.14%
LPP Retail Bulgaria Ltd.	Bulgaria	952	0.18%	2,797	0.14%
Artman Slovakia	Slovakia	3,613	0.66%	11,807	0.59%
Total		543,555	100.00%	2,002,455	100.00%

* total revenues of 2 companies in the Czech Republic: LPP Retail Czech Republic s.r.o., Artman Mode SRO

** total revenues of 3 companies in Lithuania: UAB "LPP", Artman Lit, UAB House Plius

*** total revenues of 3 companies in Russia: ZAO "Re Trading, Es Style Russia, Fashion Point Russia

5. Notes concerning the seasonality or cyclical nature of LPP S.A Capital Group operations in the reported period

Seasonality in sales of clothing is a feature characteristic for the clothing market as a whole – both in Poland and abroad. Q4 of the calendar year is considered to be the best for the companies from this sector. Therefore, it is the same as in the previous years that LPP S.A. CG companies generated highest profits in the reported period .

6. Breakdown into segments – revenues and results in the individual segments

LPP S.A. Capital Group is running only one type of business (one primary segment). Two geographical segments have been created: operations in the EU and outside the EU.

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The statements have been created in PLN '000

Division into geographical segments was based on the criterion of location of the Group's assets.

Revenues and results per segments for Q4 FY09 and for the previous corresponding period are presented in section 23.7.

7. Information on the issue, redemption and repayment of debt and equity securities

In Q4 FY 2009 the Issuer did not redeem or repay any debt or equity securities.

8. Information on 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 by the Management Board of the Parent Company on 17 February 2010.

10. Events after balance sheet date not recognised in the financial statements that may have important influence on 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

During Q4 winding-up procedure started in a few subsidiaries, but their liquidation had no influence on the amounts presented in the consolidated financial statements due to the fact that the financial statements of the liquidated companies were not subject to consolidation.

12. Changes in contingent liabilities or assets that took place since the last accounting year.

In Q4 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 December 2009, the total value of bank guarantees granted at the request and on the responsibility of LPP S.A. amounted to PLN 108 061 000, of which:

- a) guarantees granted to secure agreements concluded by LPP S.A. – PLN 52,844 k
- b) guarantees granted to secure agreements concluded by consolidated related parties – PLN 49,972 k
- c) guarantees granted to secure agreements concluded by non-consolidated related parties – PLN 5,245 k

As at 31 December 2009, the total amount of all sureties issued by the Parent Company reached PLN 11,166 k, down by PLN 226 k vs. 31 December 2008.

13. Estimates of future liabilities arising from lease agreements entered into.

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 2009, are as follows:

payables with the maturity date within 12 months from the balance sheet date PLN 236,478 k.

payables with the maturity date from 12 months to 5 years from the balance sheet date PLN 647,525 k

payables with the maturity date over 5 years from the balance sheet date PLN 230,322 k.

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 report for Q4 FY 2009 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	32.52%	18.53%
Jerzy Lubianiec	226,338	926,338	29.40%	12.93%
Grangefont Limited	350,000	350,000	11.11%	20.00%

There have been no changes in the shareholding structure since the date of submission of the previous report (for Q3 FY09).

16. Structure of ownership of LPP S.A. shares or rights to shares (options) held by members of the Issuer's Governing Bodies 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 Management Board	2,664	2,664
Vice-President of the Management Board	17	17
Vice-President of the Management Board	137	137
Chairman of the Supervisory Board	226,338	926,338

Since the submission of the previous report (for H1 FY09) there were changes in the ownership structure of the LPP S.A.'s shares held by members of Management Board and the Supervisory Board, which resulted from resignation by one Member of the Board from the held position (RB 54/2009) and appointment of a new Member of the Board (RB 55/2009).

17. Information on legal proceedings

In the Capital Group, LPP S.A. is a party 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. Information on the Issuer's or its subsidiary's concluding of one or a number of transactions with related parties if they are material individually or jointly and have not been concluded at arm's length

No such transactions were concluded in the reporting period.

19. Related party transactions

9.1. 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 December 2009 totalled PLN 1 708 k, of which PLN 1 650 k received by members of the Management Board, PLN 46 k by members of the Supervisory Board for their work in the Supervisory Board, and PLN 12 k 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.

The data in the table are presented in PLN '000

No.	related parties	receivables as at 31/12/2009	payables as at 31/12/2009	revenues for the period January-December 2009	revenues for the period January-December 2009
1	Polish subsidiaries	10	1,006	4,619	28,304
	Total	10	1,006	4,619	28,304

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 sureties and guarantees 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 human resources, assets, financial standing and financial results of LPP S.A. Capital Group and any changes thereof as well as information relevant for the assessment of the 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. evaluation of the spring and summer collection by the customers,
4. development of the Reserved, Cropp Town, House and Mohito networks,
5. actions taken to reduce costs.

23. Notes y to the condensed consolidated financial statements

23.1 Tangible fixed assets

The amount of tangible fixed assets presented in the consolidated financial statements drawn up as at 31 December 2009 includes an adjustment for a revaluation write-down totalling PLN 8,329 k.

The amount of payments on account of the acquisition of tangible fixed assets as at 31 December 2009 was PLN 818 k.

23.2 Inventories

The amount of inventories presented in the consolidated financial statements drawn up as at 31 December 2009 includes a revaluation write-down totalling PLN 4,133 k.

23.3 Receivables

The amount of receivables presented in the consolidated financial statements drawn up as at 31 December 2009 includes an adjustment for a revaluation write-down totalling PLN 11,903 k.

This write-down includes:

revaluation write-down of receivables and claimed receivables due from customers	PLN 3,587 k.
revaluation write-down of the so-called doubtful receivables	PLN 8,192 k.
revaluation write-down of receivables from employees and other	PLN 124 k.

23.4 Provisions

The amount of provisions presented in the consolidated financial statements drawn up as at 31 December 2009 totals PLN 7,201 k and includes:

- | | |
|--|--------------|
| - provision for retirement severance payments: | PLN 1,025 k |
| - provision for holiday leaves not taken: | PLN 2,698 k. |
| - provision for unpaid salaries and bonuses: | PLN 103 k. |
| - provision for deferred income tax: | PLN 3,375 k. |

23.5 Income tax

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The statements have been created in PLN '000

Income tax presented in the consolidated P&L Account (Statement of Comprehensive Income) for the period between 1 January and 30 December 2009 amounts to PLN 33,718 k and includes:

- current tax PLN 47,417 k.
- deferred PLN 13,699 k.

23.6 Exchange rate differences

The consolidated P&L Account (Statement of Comprehensive Income) drawn up as at 31/12/2009 presents an excess of deductible foreign exchange differences over taxable foreign exchange differences of PLN 15,858 k. (in Q4 the balance of foreign exchange differences was negative and amounted to PLN 10,571 k).

23.7 Segments of activity

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

	EU Member States	Other countries	Consolidation adjustments	Amounts not allocated to segments	Total
External sales	1,786,550	215,905			2,002,455
Intersegment sales	99,404		-99,404		-
Other operating revenues	21,177	852		6,871	28,900
Total revenues	1,907,131	216,757	-99,404	6,871	2,031,355
Total operating expenses, of which:	1,616,320	200,480	-99,235	89,808	1,807,373
Costs of intersegment sales	72,758		-72,758		-
Other operating expenses	38,102	3,847			41,949
Segment result	252,709	12,430	-169	-82,937	182,033
Financial revenues				2,931	2,931
Financial expenses				44,971	44,971
Profit before tax					139,993
Income tax					33,718
Net profit from continued operations					106,275
Net loss from discontinued operations	-68				-87
Net profit					106,188

(in PLN '000)

	EU Member States	Other countries	Consolidation adjustments	Amounts not allocated to segments	Total
External sales	1,442,386	180,613			1,622,999
Intersegment sales	87,557		-87,557		-
Other operating revenues	8,153	235		259	8,647
Total revenues	1,538,096	180,848	-87,557	259	1,631,646
Total operating expenses, of which:	1,213,378	168,369	-86,341	93,248	1,388,654
Costs of intersegment sales	65,109		-65,109		-
Other operating expenses	22,452	5,766			28,238
Segment result	302,266	6,713	-1,216	-92,989	214,774
Financial revenues				18,376	18,376
Financial expenses				19,925	19,925
Profit before tax					213,225
Income tax					45,718
Net profit					167,507

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 December 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 recognized 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 23,620 k, considering the amount of deferred tax

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