

LPP SA Group

Interim condensed financial statements for the fourth quarter of 2010

The statements have been prepared in PLN thousand

## **LPP SA Group**

Interim condensed financial statements for the fourth quarter of 2010

Gdansk,  
February  
2011

## 1. Selected Consolidated Financial Data of LPP SA Capital Group

Selected Consolidated Financial Data	Q4 2010	Q4 2009	Q4 2010	Q4 2009
	01/01/2010-	01/01/2009-	01/01/2010-	01/01/2009-
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	in PLN thousand		in EUR thousand	
Net revenues from sales of products, goods and materials	2,079,962	2,003,095	519,419	461,479
Operating profit (loss)	202,117	181,278	50,474	41,763
Gross profit (loss)	183,968	139,251	45,941	32,081
Net profit (loss)	140,192	104,634	35,009	24,106
Net cash flows from operating activities	197,710	318,041	49,373	73,271
Net cash flows from investing activities	-130,728	-71,120	-32,646	-16,385
Net cash flows from financing activities	-167,902	-139,270	-41,929	-32,085
Total net cash flows	-100,920	107,651	-25,202	24,801

  

Selected Consolidated Financial Data	Q4 2010	Q4 2009	Q4 2010	Q4 2009
	01/01/2010	01/01/2009	01/01/2010	01/01/2009
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	in PLN thousand		in EUR thousand	
Total assets	1,432,017	1,361,603	361,593	331,435
Long-term liabilities	275,283	347,725	69,511	84,642
Current liabilities	418,554	328,289	105,687	79,911
Equity capital	738,180	685,589	186,395	166,883
Share capital	3,501	3,501	884	852
Weighted average number of ordinary shares	1,728,879	1,726,514	1,728,879	1,726,514
Profit (loss) per ordinary share (in PLN / EUR)	81.1	60.6	21.1	15.1
Book value per share (in PLN / EUR)	427.0	397.1	108.5	97.2
Declared or paid dividend per share (in PLN / EUR)	50.00		12.63	

## 2. Consolidated Balance Sheet of LPP SA Capital Group

	in PLN thousand	
	as at the end of:	
Balance sheet	Q4 2010 31/12/2010	Q4 2009 31/12/2009
<b>ASSETS</b>		
Fixed assets (long term)	712,866	739,993
1. Tangible fixed assets	422,577	442,117
2. Intangible assets	11,039	12,763
3. Goodwill	183,609	183,609
4. Trademark	77,508	77,508
5. Shares in subsidiaries	231	719
6. Other securities		0
7. Receivables and loans	1,042	1,057
8. Deferred tax assets	16,683	22,045
9. Accruals and prepayments	177	175
Current assets (short term)	719,151	621,610
1. Inventory	426,156	322,756
2. Receivables	119,484	93,426
3. Income tax receivables	523	
4. Loans	237	541
5. Other securities	16,430	
6. Other financial assets	53,064	
7. Accruals and prepayments	6,695	7,405
8. Cash & cash equivalents	96,562	197,482
<b>TOTAL assets</b>	<b>1,432,017</b>	<b>1,361,603</b>

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**LIABILITIES**

Equity capital	738,180	685,589
1. Share capital	3,501	3,501
2. Own shares	-48,753	-48,749
3. Share premium	108,123	108,123
4. Other capital	547,559	512,189
5. Foreign exchange differences on translation	-632	509
6. Retained earnings	128,382	110,016
- profit (loss) from previous years	-11,810	5,382
- net profit (loss) for the current period	140,192	104,634
Long-term liabilities	275,283	347,725
1. Bank loans and borrowings	156,097	227,270
2. Issue of debt securities	115,514	115,514
3. Other financial liabilities	88	215
4. Provisions for employee benefits	1,025	1,031
5. Deferred income tax provision	2,512	3,695
6. Other long-term liabilities	47	
Current liabilities	418,554	328,289
1. Trade payables and other liabilities	314,471	225,329
liabilities		
2. Income tax liabilities	831	14,314
3. Bank loans and borrowings	86,637	76,472
4. Issue of debt securities	9,916	5,465
5. Other financial liabilities	96	367
6. Provisions	2,991	2,863
7. Special funds	346	463
8. Accruals and prepayments	3,266	3,016
<b>TOTAL liabilities</b>	<b>1,432,017</b>	<b>1,361,603</b>

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**3. Uniform consolidated comprehensive income statement of LPP SA Capital Group including discontinued operations at LPP SA concerning Henderson and Esotiq brands**

Comprehensive Income Statement	cumulative	Q4 2010	cumulative	Q4 2009
	Current year		Previous year	
	01/01/20103 1/12/2010	01/10/201031/ 12/2010	01/01/200931 /12/2009	01/10/20093 1/12/2009
<b>Continued operations</b>				
Sales revenues	2,079,962	630,444	2,003,095	544,195
Cost of sales	946,685	259,499	945,223	188,563
<b>Gross profit/loss on sales</b>	<b>1,133,277</b>	<b>370,945</b>	<b>1,057,872</b>	<b>355,632</b>
Other operating revenues	24,825	5,787	28,184	6,607
Selling costs	834,752	228,244	772,647	201,386
Overheads	90,750	23,087	89,896	21,463
Other operating expenses	30,483	8,319	42,235	16,333
<b>Operating profit/loss</b>	<b>202,117</b>	<b>117,082</b>	<b>181,278</b>	<b>123,057</b>
Financial revenue	10,712	5,069	2,976	445
Financial expenses	28,861	7,699	45,003	19,380
<b>Gross profit/loss</b>	<b>183,968</b>	<b>114,452</b>	<b>139,251</b>	<b>104,122</b>
Tax burden	43,776	24,035	34,530	22,166
<b>Net profit/loss from continuing operations</b>	<b>140,192</b>	<b>90,417</b>	<b>104,721</b>	<b>81,956</b>
<b>Discontinued operations</b>				
Net profit/loss from discontinued operations			-87	-19
<b>Net profit/loss</b>	<b>140,192</b>	<b>90,417</b>	<b>104,634</b>	<b>81,937</b>
<b>Other comprehensive income</b>				
Foreign exchange differences on translation	-1,141	707	3,578	2,205
<b>Total comprehensive income</b>	<b>139,051</b>	<b>91,124</b>	<b>108,212</b>	<b>84,142</b>

**4. Uniform consolidated comprehensive income statement of LPP SA Capital Group  
excluding discontinued operations at LPP SA concerning Henderson and Esotiq  
brands**

Comprehensive Income Statement	cumulative		Q4 2009	
	current year		previous year	
	01/01/2010- 31/12/2010	01/10/2010- 31/12/2010	01/01/2009- 31/12/2009	01/10/2009- 31/12/2009
<b>Continued operations</b>				
Sales revenues	1,997,763	596,146	1,945,367	528,714
Cost of sales	896,896	233,354	913,630	181,126
<b>Gross profit/loss on sales</b>	<b>1,100,867</b>	<b>362,792</b>	<b>1,031,737</b>	<b>347,588</b>
Other operating revenues	25,928	7,302	27,379	6,315
Selling costs	808,009	221,105	749,398	194,895
Overheads	87,801	21,947	87,483	20,905
Other operating expenses	29,672	7,702	39,614	14,386
<b>Operating profit/loss</b>	<b>201,313</b>	<b>119,340</b>	<b>182,621</b>	<b>123,717</b>
Financial revenue	10,550	5,054	2,838	415
Financial expenses	28,704	7,686	44,883	19,357
<b>Gross profit/loss</b>	<b>183,159</b>	<b>116,708</b>	<b>140,576</b>	<b>104,775</b>
Tax burden	43,622	24,463	34,782	22,290
<b>Net profit/loss from continuing operations</b>	<b>139,537</b>	<b>92,245</b>	<b>105,794</b>	<b>82,485</b>
<b>Discontinued operations</b>				
Net profit/loss from discontinued operations	655	-1,828	-1,160	-548
<b>Net profit/loss</b>	<b>140,192</b>	<b>90,417</b>	<b>104,634</b>	<b>81,937</b>
<b>Other comprehensive income</b>				
Foreign exchange differences on translation	-1,141	707	3,578	2,205
<b>Total comprehensive income</b>	<b>139,051</b>	<b>92,952</b>	<b>108,212</b>	<b>84,690</b>

**5. Consolidated Statement of Changes in Equity of LPP SA Capital Group**

Statement of Changes in Equity	Share capital	Own shares	Share premium	Other capital	Foreign exchange differences on translation	Profit (loss) from previous years	Current period profit/loss	Minority interests	Total equity capital
<b>As at 1 January 2009</b>	<b>3,492</b>	<b>-48,746</b>	<b>108,123</b>	<b>328,261</b>	<b>-3,069</b>	<b>176,860</b>	<b>0</b>	<b>314</b>	<b>565,235</b>
- adjustments due to errors in previous years						-529			-529
<b>As at 1 January 2009 after adjustments</b>	<b>3,492</b>	<b>-48,746</b>	<b>108,123</b>	<b>328,261</b>	<b>-3,069</b>	<b>176,331</b>	<b>0</b>	<b>314</b>	<b>564,706</b>
Costs of treasury shares purchase		-3							-3
Capital increase	9								9
Distribution of profit for the year 2008				170,949		-170,949			0
Payment of wages and salaries paid in shares				1,955					1,955
Transactions with minority				-1,266					-1,266
Establishment of a minority shareholding as at the balance sheet date								-314	-314
Principal of bonds				12,290					12,290
Transactions with owners	9	-3	0	183,928	0	-170,949	0	-314	12,671
Net income for IV quarters of 2009							104,634		104,634
Calculation of foreign exchange differences on translation					3,578				3,578
<b>As at 31 December 2009</b>	<b>3,501</b>	<b>-48,749</b>	<b>108,123</b>	<b>512,189</b>	<b>509</b>	<b>5,382</b>	<b>104,634</b>	<b>0</b>	<b>685,589</b>
<b>As at 1 January 2010</b>	<b>3,501</b>	<b>-48,749</b>	<b>108,123</b>	<b>512,189</b>	<b>509</b>	<b>110,016</b>	<b>0</b>	<b>0</b>	<b>685,589</b>
- adjustments due to errors in previous years						-12			-12
<b>As at 1 January 2010 after adjustments</b>	<b>3,501</b>	<b>-48,749</b>	<b>108,123</b>	<b>512,189</b>	<b>509</b>	<b>110,004</b>	<b>0</b>	<b>0</b>	<b>685,577</b>
Costs of treasury shares purchase		-4							-4
Distribution of profit for the year 2009				35,370		-121,814			-86,444
Transactions with owners	0	-4	0	35,370	0	-121,814	0	0	-86,448
Net income for IV quarters of 2010							140,192		140,192
Calculation of foreign exchange differences on translation					-1,141				-1,141
<b>As at 31 December 2010</b>	<b>3,501</b>	<b>-48,753</b>	<b>108,123</b>	<b>547,559</b>	<b>-632</b>	<b>-11,810</b>	<b>140,192</b>	<b>0</b>	<b>738,180</b>



## 6. Consolidated Statement of Cash Flows of LPP SA Capital Group

Statement of Cash Flows	in PLN thousand			
	cumulative 01/01/201031/1 2/2010	Q4 2010 01/10/201031/ 12/2010	cumulative 01/01/2009 31/12/2009	Q4 2009 01/10/200931/1 2/2009
<b>A. Cash flow from operating activities - indirect methodi</b>				
I. Gross profit (loss)	183,968	114,452	139,164	104,103
II. Total adjustments	-72,702	-46,189	178,877	71,596
1. Depreciation	94,443	24,050	96,131	23,569
2. (Profit) loss on foreign exchange differences	-747	554	-2,003	1,119
3. Interest and participation in profits (dividends)	24,231	9,099	23,959	7,791
4. Profit (loss) from investing activities	-8,676	-6,723	1,939	4,562
5. Paid income taxes	-52,567	-12,934	-65,153	-11,181
6. Change in provisions	98	-54	-2,754	-85
7. Change in inventories	-102,476	-3,245	127,163	34,818
8 Change in receivables	-27,192	3,835	18,069	1,976
9. Change in short-term liabilities, with the exception of loans and borrowings	87,810	27,692	-16,948	6,889
10. Change in accruals	1,563	1,939	-2,159	1,829
11. Other adjustments	-2,745	-3,958	633	309
III. Net cash flows from operating activities (I+/-II)	197,710	154,707	318,041	175,699
<b>B. Cash flows from investing activities</b>				
I. Revenues	61,816	42,300	25,257	10,803
1. Disposal of intangible and tangible fixed assets	34,269	16,619	23,585	10,667
2. From financial assets, including:	2,547	681	1,672	136
a) in affiliated entities	1,112	563	1,074	0
- disposal of shares/liquidation of companies	563	563		
- dividends and profit participation	549	0	1,074	0
b) in other entities	1,435	118	598	136
- disposal of financial assets	533	112	510	119
- repayment of short-term loans				
- interest	902	6	88	17
3. Other investment inflows	25,000	25,000		

II. Expenses	192,544	41,431	96,377	26,273
1. Acquisition of intangible and tangible fixed assets	100,836	35,873	94,797	26,273
2. For financial assets, including:	698	548		0
a) in affiliated entities	498	498	0	0
- acquisition of shares	498	498		
- granted short-term loans				
- granted long-term loans				
b) in other entities	200	50	0	0
- granted short-term loans	71	-34		0
- granted long-term loans	129	84		0
3. Other capital expenses	91,010	5,010	1,580	0
III. Net cash flows from investing activities (I-II) `	-130,728	869	-71,120	-15,470
<b>C. Cash flows from financing activities</b>				
I. Revenues	26,506	18,777	164,487	0
1. Proceeds from share issue	11,427	11,427	8	0
2. Loans and borrowings	15,079	7,350	36,675	0
3. Other financial income		0	127,804	0
II. Expenses	194,408	132,492	303,757	46,334
1. Treasury shares purchase	5	2	3	1
2. Dividend payment	86,444	86,444		
3. Repayment of loans and borrowings	86,175	42,597	279,801	42,275
4. Payment of finance lease liabilities	321	70	502	94
5. Interest	21,463	3,379	23,451	3,964
6. Other financial expenses				
III. Net cash flows from financing activities (I-II) `	-167,902	-113,715	-139,270	-46,334
<b>D. Total net cash flows (A.III+/-B.III+/-C.III) `</b>	<b>-100,920</b>	<b>41,861</b>	<b>107,651</b>	<b>113,895</b>
<b>E. Net change in cash, including: `</b>	<b>-100,920</b>	<b>41,861</b>	<b>107,651</b>	<b>113,895</b>
- change in cash from foreign exchange differences	762	-2,819	-2,368	-1,016
<b>F. Opening cash balance</b>	<b>197,482</b>	<b>54,701</b>	<b>89,831</b>	<b>83,587</b>
<b>G. Cash at the end of the period (F+/- D), including:</b>	<b>96,562</b>	<b>96,562</b>	<b>197,482</b>	<b>197,482</b>
- restricted cash	494	494	495	495

## 7. Selected Financial Data - Individual Financial Statement of LPP SA

Selected Financial Data	Q4 2010 Q4 2009		in PLN thousand	
	01/01/2010- 31/12/2010	.....01/01/2009- 31/12/2009	Q4 2010 01/01/2010 31/12/2010	Q4 2009 1/01/2009 31/12/2009
Net revenues from sales of products, goods and materials	1,841,696	1,610,798	459,918	371,100
Operating profit (loss)	176,017	195,213	43,956	44,974
Gross profit (loss)	180,571	152,236	45,093	35,073
Net profit (loss)	150,107	121,814	37,486	28,064
Net cash flows from operating activities	161,978	329,583	40,450	75,930
Net cash flows from investing activities	-94,193	-39,959	-23,522	-9,206
Net cash flows from financing activities	-162,736	-159,282	-40,639	-36,696
Total net cash flows	-94,951	130,342	-23,712	30,029

Selected Financial Data	Q4 2010 Q4 2009		in EUR thousand	
	01/01/2010- 31/12/2010	.....01/01/2009- 31/12/2009	Q4 2010 01/01/2010 31/12/2010	Q4 2009 1/01/2009 31/12/2009
Total assets	1,426,084	1,341,766	360,095	326,607
Long-term liabilities	274,867	346,823	69,406	84,422
Current liabilities	395,037	302,422	99,749	73,614
Equity capital	756,180	692,521	190,940	168,570
Share capital	3,500	3,500	884	852
Weighted average number of ordinary shares	1,728,879	1,726,514	1,728,879	1,726,514
Profit (loss) per ordinary share (in PLN / EUR)	86.8	70.6	21.7	75,930
Book value per share (in PLN / EUR)	437.4	401.1	110.4	16.3
Declared or paid dividend per share (in PLN / EUR)	50.00		12.63	97.6

## 8. Balance sheet of LPP SA

	in PLN thousand	
	as at the end of:	
Balance sheet	Q4 2010	Q4 2009
<b>ASSETS</b>		
Fixed assets (long term)	650,376	646,472
1. Tangible fixed assets	318,339	327,318
2. Intangible assets	10,781	12,312
3. Goodwill	179,618	179,618
4. Trademark	77,508	77,508
5. Shares in subsidiaries	31,113	19,311
6. Receivables and loans	537	5,206
7. Deferred tax assets	32,303	25,024
8. Accruals and prepayments	177	175
Current assets (short term)	775,708	695,294
1. Inventory	361,096	266,998
2. Receivables	268,586	255,025
3. Income tax receivables	1,747	
4. Loans	4,091	7,119
5. Other securities	16,429	0
6. Other financial assets	53,064	0
7. Accruals and prepayments	3,654	4,160
8. Cash & cash equivalents	67,041	161,992
<b>TOTAL assets 1</b>	<b>426,084 1</b>	<b>341,766</b>

<b>LIABILITIES</b>		
Equity capital	756,180	692,521
1. Share capital	3,500	3,500
2. Treasury shares --	48,753	48,749
3. Share premium	108,123	108,123
4. Other capital	546,901	511,531
5. Retained earnings	146,409	118,116
- profit (loss) from previous years --	3,698	3,698
- net profit (loss) for the current period	150,107	121,814
Long-term liabilities	274,867	346,823
1. Bank loans and borrowings	155,711	226,731
2. Issue of debt securities	115,514	115,514
3. Other financial liabilities	0	66
4. Provisions for employee benefits	1,005	1,025
5. Provision for deferred tax	2,637	3,487
Current liabilities	395,037	302,422
1. Trade payables and other liabilities	294,111	206,610
2. Income tax liability	256	14,207
3. Bank loans and borrowings	86,637	71,644
4. Issue of debt securities	9,916	5,465
5. Other financial liabilities	50	252
6. Provisions	1,309	1,362
7. Special funds	347	463
8. Accruals and prepayments	2,411	2,419
<b>TOTAL liabilities 1</b>	<b>426,084</b>	<b>1,341</b>

9. Uniform consolidated comprehensive income statement of LPP SA Capital Group including discontinued operations concerning Henderson and Esotiq brands

				in PLN thousand
	cumulative	Q4 2010	cumulative	Q4 2009
Comprehensive Income Statement	current year		previous year	
	01/01/2010-	01/10/2010	01/01/2009	01/10/2009-
	31/12/2010	31/12/2010	31/12/2009	31/12/2009
Sales revenues	1,841,696	531,494	1,610,798	456,129
Cost of sales	946,694	<b>288,382</b>	845,839	178,600
<b>Gross profit/loss on sales</b>	<b>895,002</b>	<b>288,382</b>	<b>764,959</b>	<b>277,529</b>
Other operating revenues	35,180	11,802	54,106	13,813
Selling costs	607,079	167,600	482,306	146,837
Overheads	67,028	17,463	67,024	16,205
Other operating expenses	80,058	21,844	74,522	<b>14,767</b>
<b>Operating profit/loss</b>	<b>176,017</b>	<b>93,277</b>	<b>195,213</b>	<b>113,533</b>
Financial revenue	54,295	27,448	13,473	1,911
Financial expenses	49,741	16,318	56,450	15,998
<b>Gross profit/loss</b>	<b>180,571</b>	<b>104,407</b>	<b>152,236</b>	<b>99,446</b>
Tax burden	30,464	16,934	30,422	19,860
<b>Net profit/loss</b>	<b>150,107</b>	<b>87,473</b>	<b>121,814</b>	<b>79,586</b>
<b>Total comprehensive income</b>	<b>150,107</b>	<b>87,473</b>	<b>121,814</b>	<b>79,586</b>

10. Uniform consolidated comprehensive income statement of LPP SA excluding discontinued operations concerning Henderson and Esotiq brands

				in PLN thousand
	cumulative	Q4 2010	cumulative	Q4 2009
Comprehensive Income Statement	current year		previous year	
	01/01/2010-	01/10/2010	01/01/2009	01/10/2009-
	31/12/2010	31/12/2010	31/12/2009	31/12/2009
<b>Continued operation</b>				
Sales revenues	1,759,497	497,196	1,553,070	440,649
Cost of sales	896,905	216,967	814,246	171,163
<b>Gross profit/loss on sales</b>	<b>862,592</b>	<b>280,229</b>	<b>738,824</b>	<b>277,529</b>
Other operating revenues	36,283	13,317	53,301	13,521
Selling costs	580,336	160,461	459,057	140,347
Overheads	64,079	16,323	64,611	15,646
Other operating expenses	79,247	21,227	71,901	12,821
<b>Operating profit/loss</b>	<b>175,213</b>	<b>95,535</b>	<b>196,556</b>	<b>114,193</b>
Financial revenue	54,133	27,433	13,335	1,882
Financial expenses	49,584	16,305	56,330	15,977
<b>Gross profit/loss</b>	<b>179,762</b>	<b>106,663</b>	<b>153,561</b>	<b>100,098</b>
Tax burden	30,310	17,362	30,674	19,860
<b>Net profit/loss from continuing operations</b>	<b>149,452</b>	<b>89,301</b>	<b>122,887</b>	<b>80,115</b>
<b>Discontinued operations</b>				
Net profit/loss from discontinued operations	655	-1,828	-1,073	-529
<b>Net profit/loss</b>	<b>150,107</b>	<b>87,473</b>	<b>121,814</b>	<b>79,586</b>
<b>Total comprehensive income</b>	<b>150,107</b>	<b>87,473</b>	<b>121,814</b>	<b>79,586</b>

**11. Statement of Changes in Equity of LPP SA**

Statement of Changes in Equity	Share capital	Own shares	Share premium	Other capital	Profit (loss) from previous years	Current period profit/loss	TOTAL equity capital
<b>As at 1 January 2009</b>	<b>3,492</b>	<b>-48,746</b>	<b>108,123</b>	<b>327,686</b>	<b>164,658</b>		<b>555,213</b>
- adjustments due to errors in previous years							0
<b>As at 1 January 2009 after adjustments</b>	<b>3,492</b>	<b>-48,746</b>	<b>108,123</b>	<b>327,686</b>	<b>164,658</b>	<b>0</b>	<b>555,213</b>
Costs of treasury shares purchase		-3					-3
Capital increase	8						8
Distribution of net profit for the year 2008				164,658	-164,658		0
LPP SA share in the profits of Artman SA from previous years				6,290			
Principal of bonds				12,290			
Goodwill revaluation reserve				-1,762			
Payment of wages and salaries paid in shares				2,369			
Loss of Artman SA for the period 01.01-30.06.2009					-3,698		-3,698
Transactions with owners	8	-3	0	183,845	-168,356	0	15,494
Net income for IV quarters of 2009						121,814	121,814
<b>As at 31 December 2009</b>	<b>3,500</b>	<b>-48,749</b>	<b>108,123</b>	<b>511,531</b>	<b>-3,698</b>	<b>121,814</b>	<b>692,521</b>
<b>As at 1 January 2010</b>	<b>3,500</b>	<b>-48,749</b>	<b>108,123</b>	<b>511,531</b>	<b>118,116</b>	<b>0</b>	<b>692,521</b>
- adjustments due to errors in previous years							0
<b>As at 1 January 2010 after adjustments</b>	<b>3,500</b>	<b>-48,749</b>	<b>108,123</b>	<b>511,531</b>	<b>118,116</b>	<b>0</b>	<b>692,521</b>
Costs of treasury shares purchase		-4					-4
Distribution of profit for the year 2009				35,370	-121,814		-86,444
Transactions with owners	0	-4	0	35,370	-121,814	0	-86,448
Net income for IV quarters of 2010						150,107	140,192
<b>As at 31 December 2010</b>	<b>3,500</b>	<b>-48,753</b>	<b>108,123</b>	<b>546,901</b>	<b>-3,698</b>	<b>150,107</b>	<b>738,180</b>



## 12. Statement of Cash Flows of LPP SA

				in PLN thousand
	cumulative	Q4 2010	cumulative	Q4 2009
Statement of Cash Flows	01/01/2010- 31/12/2010	01/10/2010 31/12/2010	01/01/2009 31/12/2009-	01/10/2009- 31/12/2009
<b>A. Cash flow from operating activities - indirect method</b>				
I. Gross profit (loss)	180,571	104,407	152,237	99,446
II. Total adjustments	-18,593	48,214	177,346	69,905
1. Depreciation	60,329	15,518	54,074	15,120
2. (Profit) loss on foreign exchange differences	-631	-266	-487	1,630
3. Interest and participation in profits (dividends)	22,972	8,879	22,445	7,529
4. Profit (loss) from investing activities	-26,734	-18,140	3,208	1,252
5. Paid income taxes	-51,763	-12,486	-56,909	-10,695
6. Change in provisions	-73	-582	-2,406	-598
7. Change in inventories	-94,100	-16,835	100,476	21,704
8. Change in receivables	-17,334	48,706	47,741	28,607
9. Change in short-term liabilities, with the exception of loans and borrowings	88,244	21,327	11,062	3,919
10. Change in accruals	497	2,093	-1,858	1,437
11. Other adjustments				
III. Net cash flows from operating activities (I+/-II)	161,978	152,621	329,583	169,351
<b>B. Cash flows from investing activities</b>				
I. Revenues	78,196	44,259	26,920	8,583
1. Disposal of intangible and tangible fixed assets	28,253	10,660	16,794	6,445
2. From financial assets, including:	24,943	8,599	10,126	2,138
a) in affiliated entities	23,508	8,482	9,585	2,002
- interest and dividends	1,820	215	5,455	1,855
- disposal of shares/liquidation of companies	589	579	579	0
- repayment of short-term loans	21,099	7,688	4,130	147
b) in other entities	1,435	117	541	136
- interest	902	5	31	17
- repayment of short-term loans	533	112	510	119
3. Other investment inflows	25,000	25,000		0

II. Expenses	172,389	41,122	66,879	21,987
1. Acquisition of intangible and tangible fixed assets	70,957	27,687	61,323	19,716
2. For financial assets, including:	10,422	8,425	5,556	2,271
a) in affiliated entities	10,222	8,375	1,579	2,271
- acquisition of shares	8,375	8,375	1,579	0
- granted short-term loans				2,271
- granted long-term loans	1,847			
b) in other entities	200	50	3,977	0
- granted short-term loans	71	26		0
- granted long-term loans	129	24		0
3. Other capital expenses	91,010	5,010		0
III. Net cash flows from investing activities	-94,193	3,137	-39,959	-13,404
<b>C. Cash flows from financing activities</b>				
I. Revenues	14,993	8,669	143,173	0
1. Loans and borrowings	14,993	8,669	15,361	0
2. Net proceeds from share issue	0	0	8	0
3. Other financial income	0	0	127,804	0
II. Expenses	177,729	120,898	302,455	46,321
1. Treasury shares purchase	5	1	3	1
2. Dividend payment	86,444	86,444		
3. Repayment of loans and borrowings	69,633	30,952	279,800	42,341
4. Interest	21,379	3,450	22,492	3,895
5. Other financial expenses - financial lease	268	51	160	84
III. Net cash flows from financing activities	-162,736	-112,229	-159,282	-46,321
<b>D. Total net cash flows</b>	-94,951	43,529	130,342	109,626
<b>E. Net change in cash, including:</b>	-94,951	43,529	130,342	109,626
- change in cash from foreign exchange differences	220	-222	-1,121	-344
<b>F. opening cash balance</b>	<b>161,992</b>	<b>23,512</b>	<b>31,650</b>	<b>52,366</b>
<b>G. cash at the end of the period, including:</b>	<b>67,041</b>	<b>67,041</b>	<b>161,992</b>	<b>161,992</b>
- restricted cash	494	494	495	495

## for Q4 of the year 2010

### 1. Characteristics of LPP SA Capital Group

The LPP SA Capital Group includes:

- LPP SA as a parent entity,
- 6 national subsidiary companies, and
- 13 foreign subsidiary companies.

There is no parent company in relation to LPP SA

The list of companies composing the LPP SA Capital Group is presented below

No.	Company name	Registered office	Takeover date
1.	G&M Sp. z o.o.	Gdansk, Poland	26.09.2001
2.	TORA Sp. z o.o.	Gdansk, Poland	26.09.2001
3.	DP&SL Sp. z o.o.	Gdansk, Poland	26.09.2001
4.	IL&DL Sp. z o.o.	Gdansk, Poland	26.09.2001
5.	AMA Sp. z o.o. in liquidation	Gdansk, Poland	28.05.2002
6.	AMUR Sp. z o.o.	Gdansk, Poland	09.05.2003
7.	LPP Retail Estonia OU	Tallinn, Estonia	29.04.2002
8.	LPP Czech Republic s.r.o.	Prague, Czech Republic	16.09.2002
9.	LPP Hungary Kft	Budapest, Hungary	18.10.2002
10.	LPP Retail Latvia Ltd	Riga, Latvia	30.09.2002
11.	UAB LPP	Vilnius, Lithuania	27.01.2003
12.	LPP Ukraine	Peremyshliany, Ukraine	23.07.2003
13.	RE Trading Closed Joint Stock Company	Moscow, Russia	12.02.2004
14.	LPP Fashion Distributor SRL	Bucharest, Romania	12.08.2007
15.	ES STYLE	Moscow, Russia	10.03.2008
16.	FASHION POINT	Moscow, Russia	01.04.2008
17.	LPP Retail Bulgaria Ltd.	Sofia, Bulgaria	14.08.2008
18.	Artman Slovakia s.r.o.	Banska Bystrica, Slovakia	30.10.2008
19.	Artman Mode s.r.o.	Ostrava, Czech Republic	30.10.2008

The dominance of LPP SA in the subsidiaries, due to the 100% stake in subsidiaries' capital and in the total number of votes, is immediate.

The consolidated financial statements of LPP SA Capital Group for the period from 1 January to 30 September 2010 includes individual results of LPP SA and the results of the following subsidiaries:

- 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
- FASHION POINT
- LPP Retail Bulgaria Ltd.

- Artman Slovakia srl
- Artman Mode s.r.o.

Other national subsidiaries of LPP SA were not consolidated due to the immateriality of data. This is consistent with the Accounting Policy adopted by the Group. According to it, a subsidiary or affiliated entity is not consolidated if the amounts reported in its financial statements are negligible in relation to the financial statements of the parent company. In particular, the balance sheet total and net revenues from sales of goods and services and financial operations of the entity which for the financial period are less than 10% of total assets and liabilities and the income of the parent company are regarded as insignificant.. The total amount of revenues and balance sheet totals of the entities not included in the consolidation may not exceed that level, but in relation to the corresponding amounts of the consolidated financial statements established on the assumption that their scope includes all subsidiaries, without making any exclusions.

Participation in the consolidated amounts of all national subsidiaries not included in the consolidation is as follows:

- in the balance sheet total of the Capital Group -0.10%
  - in revenues from sales and financial revenues of the Capital Group - 0.49%
- Failure to consolidate the financial statements of these companies has not affected the fair presentation of the asset position, financial situation and financial result of the CG.

LPP SA is a company that designs and distributes clothing in Poland and the countries of Central and Eastern Europe. Companies composing the CG and subject to consolidation are entities involved in the distribution of goods under the brand of Reserved, Cropp and House outside Poland. Clothing is essentially the only commodity sold by the companies from the CG. As products supplementing the basic offer of the CG companies, footwear, bags and clothing accessories are sold.

Clothing designs are prepared in the design office located in the registered office of LPP SA in Gdansk (and respectively for the brands of House and Mohito in the design office in Cracow) and then transferred to the purchasing department which orders the production of certain models, cooperating in this respect with companies in Poland and abroad, including in China. Placement of the production in China is done via the Company's sales office in Shanghai. The CG also has small income from the sale of services (they are presented in the entirety as the income of the parent company - these are mainly services related to know-how within the scope of the management of showrooms by domestic partners as well as hiring means of transport)

6 national subsidiaries conduct business activity in rental of property where Cropp Town and Reserved outlets are run.

## **2. The basis for the preparation of the condensed consolidated financial statements and information on the changes in the applied accounting policies**

Report of the LPP SA Capital Group for the fourth quarter of 2010 contains the condensed consolidated financial statements and selected explanatory data included in this Note as well as condensed financial statements of the parent company, in accordance with IAS 34 "Interim Financial Reporting".

Accounting policy applied to prepare these statements is in all material respects compliant with the policy adopted for the preparation of the consolidated annual financial statements of the LPP SA Capital Group for the financial year 2009, in accordance with the International Financial Reporting Standards.

The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2009.

### **3. Accomplishments of the LPP SA Capital Group for the period covered by the report**

Major accomplishments of the LPP SA Capital Group in the fourth quarter of 2010:

1. In the fourth quarter of 2010, sales revenues amounted to PLN 630 million (without excluding discontinued operations). It was more by approximately 16% in comparison to the fourth quarter of 2009 (PLN 544 million).
2. Without excluding discontinued operations, in the fourth quarter of 2010 LPP SA Capital Group had the operating profit of PLN 117 million. In the year preceding the reporting period, it had the operating profit of PLN 123 million. Net profit in the fourth quarter of 2010 was PLN 90 million (10% increase compared with net income of PLN 82 million in the fourth quarter of 2009).
3. In the fourth quarter of 2010, in the outlets of Reserved there was achieved the sales of PLN 334 million, while in Cropp Town centres - in the amount of PLN 110 million. Sales in the fourth quarter in House outlets amounted to PLN 91 million and in Mohito stores to PLN 19 million.
4. The area of retail chains increased in the reporting period by 14.7 thousand square meters. At the end of the third quarter, the LPP CG had 921 outlets of a total area of 322.7 thousand square meters.
5. Sales revenues in comparable outlets increased in the fourth quarter of 2010 by 1.7% (excluding the changes in local currency exchange rates in the countries where the companies of the LPP CG operate). This was the first quarterly sales increase in comparable stores since the beginning of 2009.

### **4. Factors and events, particularly of unusual nature, having a significant impact on the achieved consolidated financial results**

Ten per cent increase in net profit in the fourth quarter of 2010 (compared with the fourth quarter of 2009) was made possible by the continuing policy of very tight cost control. The average value of the surface of the operating stores in this quarter increased by 15% compared to the same period of the previous year, while the total selling costs and overheads increased by 13%. The increase in net profit was supported by favourable foreign exchange differences reported in other financial income. Unfortunately, in the fourth quarter of 2010 there was a slight decline in operating profit, which was caused mainly by a reduction in gross margin on sales resulting from less favourable purchase prices of goods sold (worse ratio of PLN / USD). A single event (although with a negligible impact on the result) was the resignation of dealing with underwear of Henderson and Esotiq brands. Transactions involving the sales of goods and assets and to equipment associated with this part of LPP activities to an external entity lowered the result for the period (without these transactions the net profit would have amounted to approximately PLN 92 million).

Revenues from sales of products, goods and materials revealed in the consolidated financial statements have been earned by individual companies of CG in the following amounts (after the exemption of intra-group sales):

data in PLN thousand

Company name	country	Revenues	% Share	Revenues from	% Share
		from sales Q4 2010	in particular countries in the fourth quarter	from sales period 01.01.2010 - 31.12.2010	of the company period 01.01.2010 - 31.12.2010
LPP SA	Poland	479,727	76.09%	1,565,396	
LPP Retail Estonia OU	Estonia	8,450	1.34%	31,119	
LPP Retail Latvia Ltd	Latvia	6,142	0.97%	21,638	
LPP Retail Czech Republic s.r.o.	Czech Republic*	28,485	4.52%	78,358	
LPP Hungary Kft.	Hungary	5,822	0.92%	16,883	
UAB "LPP"	Lithuania	11,226	1.78%	38,046	
LPP Ukraina AT	Ukraine	13,692	2.17%	41,195	
ZAO "Re Trading"	Russia**	62,958	9.99%	191,085	
LPP Fashion Distributor SRL	Romania	6,631	1.05%	21,993	
LPP Retail Bulgaria Ltd.	Bulgaria	3,546	0.56%	8,842	
Artman Slovakia	Slovakia	3,765	0.60%	11,617	
<b>Total</b>		<b>630,444</b>	<b>100.00%</b>	<b>2,079,962</b>	

\* 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 Russia: ZAO "Re Trading, Es Style Russia, Fashion Point Russia

## 5. Explanations on the seasonality or cyclicity of the LPP SA Capital Group operation in the report period

Seasonality in sales is a phenomenon affecting the entire clothing market both in Poland and abroad. The fourth quarter of calendar year is considered best for companies in this industry. So, as in previous years, this year the companies of LPP SA Capital Group gained the biggest profits during the quarter covered by this report.,

## 6. The division into segments of operation - revenues and results for individual segments

The LPP SA Capital Groups conducts one type of business activity (one trade segment regarded as the basic one). A division into two geographical segments was applied: activity with the European Union and outside. The division into geographical segments was based on the criterion of the Group asset location.

Revenues and results for particular segments of the fourth quarter of 2010 and the comparable period are presented in Section 23.7.

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

During the fourth quarter, the Issuer did not perform any issue, redemption or repayment of debt and equity securities.

## 8. Information on the paid (or declared) dividend, total and per share, with the division into ordinary shares and other shares.

Under the decision of the AGM, a part of the profit generated in 2009 in the amount of PLN 86,443,950 was allocated for the dividend, which corresponds to PLN 50 per one authorised share

Ordinary shares were allocated the amount of PLN 68,943,950 and the preferred shares - PLN 17,500,000.

The date which determined the list of shareholders entitled to receive dividends for 2009 was 15th

in PLN thousand

Item	01.01.201031.12.2010	01.01.200931.12.2009
Revenues from discontinued operations	61,598	58,671
Costs of discontinued operations	59,284	60,083
Net profit/loss from discontinued operations	2,314	- 1,412
Tax burden	440	-252
Net profit/loss from discontinued operations	1,874	-1,160
Gross profit/loss on sale of assets	-1,505	
Tax burden	-286	
Net profit/loss on sale of assets	-1,219	
Total net profit/loss from discontinued operations	655	-1,160

September 2010, and the date of payment of dividend was 4th October 2010.

### **9. Date of the financial statements approval for publication**

These financial statements were approved for publication by the Management Board of the Parent Company on 22 February 2011.

### **10. Events which occurred after the balance sheet date, not included in the financial statements, and which may significantly affect future financial results of the LPP SA Capital Group**

There were no such events.

### **11. The effects of changes in the structure of the LPP SA Capital Group, including a business combination, acquisition or sale of the capital group entities, long-term investments, division, restructuring and discontinued operations**

In December 2010 LPP SA proceeded to implement the findings of the investment agreement concluded between LPP SA and Esotiq & Henderson SA (third-party, independent of the LPP SA). The investment agreement concerned the isolation and transfer outside the structure of LPP SA of commercial activities related to two brands: Henderson and Esotiq..

In December LPP SA sold to Esotiq&Henderson SA commercial goods, tangible fixed assets and other assets associated with conducting commercial activities under these two brands..

The table below presents the disclosures required by IFRS 5 related to discontinued activity for the current period and comparative period in the profit and loss account

In view of high cost of obtaining the detailed information necessary for preparing the reliable report on the cash flow of discontinued operations, including annual, quarterly and comparative periods, and due to the insignificance of information for potential users, the Company, using the exemption as described in section 44 of conceptual guidelines on drawing up and presenting financial statements according to IFRS, has not presented the data on the cash flow of discontinued operations..

During the fourth quarter, there were also changes in the structure of the LPP SA Capital Group, primarily as a result of the liquidation of 12 national companies.. Liquidation of companies took place on 31 December 2010..

During this period, there also took place the sale of a large part of the shares of one of the domestic subsidiaries resulting in a change in the status of the entity from a subsidiary to an associate.

## **12. Changes in contingent liabilities or contingent assets that have occurred since the end of last year.**

in IV quarter of 2010, LPP SA and its subsidiaries did not benefit from bank guarantees to secure the payment of rent for the rental of space for company's retail stores.

As at 30 December 2010 the total value of bank guarantees issued to the order of and on the responsibility of LPP SA amounted to PLN 96 957 thousand, including:

- a) the value of guarantees issued to secure the agreements concluded by LPP SA amounted to PLN 57 117 thousand
- b) the value of guarantees issued to secure the agreements concluded by affiliated entities included in the consolidation amounted to PLN 37 123 thousand
- c) the value of guarantees issued to secure the agreements concluded by affiliated entities not included in the consolidation amounted to PLN 2 457 thousand
- d) the value of guarantees issued to secure the agreements for office space lease concluded by LPP SA amounted to PLN 260 thousand

On 31 December 2010 the value of sureties granted by the parent company amounted to PLN 13 729 thousand and increased in comparison with 31 December 2009 by PLN 1.442 thousand.

## **13. Estimates concerning future liabilities under the concluded rental agreements.**

Companies composing the Group are parties to the lease agreements under which they use the areas for running the showrooms network of Reserved, Cropp, House and Mohito.

Total future minimum payments under lease agreements, estimated as at 31 December 2010:

- amounts due within 12 months from the balance sheet date	PLN
278,128 thousand	
- amounts due within the period of 12 months to 5 years from the balance sheet	PLN 692,686
thousand	
- amounts due within the period of over 5 years from the balance sheet date	PLN
229,009 thousand	

## **14. The position of the Management Board on the implementation of the annual consolidated results forecast.**

The company has not published any forecasts of annual results.

## **15. Shareholders owing directly or indirectly through subsidiaries at least 5% of the total number of votes at the General Meeting of the LPP SA at the date of submitting the quarterly report and the indication of changes in the ownership structure of the qualified holding of LPP SA in the period from the submission of the previous quarterly report.**

The ownership structure of the parent company's share capital as at the submission date of the fourth quarter of 2010:

Shareholder	Number of held shares (pieces)	Number of votes at the Annual General Meeting of Shareholders	Share in the number of votes at the Annual General Meeting of Shareholders	Participation in share capital
Marek Piechocki	175,000	875,000	27.68%	9.93%
Jerzy Lubianiec	175,000	875,000	27.68%	9.93%
Monistor Limited (Cyprus)	200,728	200,728	6.35%	11.39%
Grangefont Limited, with its registered office in London, (United Kingdom)	350,000	350,000	11.07%	19.87%
Aviva OFE	157,962	157,962	5.00%	8.97%

In the period since the previous report was submitted (for the third quarter of 2010), there have been changes in the structure of the total vote number at the AGM and in the percentage structure of share capital, while no change in the number of shares and votes held at the AGM..

Those changes were due to the share capital increase resulting from the conversion of 11,288 bonds into series K shares.

**16. Summary of the held number of shares of LPP SA, or rights to them by the persons managing and supervising the issuer, as at the date of this quarterly report submission, along with the indication of changes in ownership during the period from the previous quarterly report submission, separately for each person.**

Shareholder	Number of held shares (pieces)	Number of votes at the Annual General Meeting of Shareholders
President of the Management Board	175,000	875,000
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	175,000	875,000

In the period from the previous report submission there were no changes in the ownership of shares of LPP SA by the persons managing and supervising the issuer:

**17. Information on court proceedings**

Within the Group, the claimant in the cases of payment of trade receivables is LPP SA. The total amount in dispute shall not exceed 10% of the equity of the companies.

**18. Information on the conclusion by the issuer or its subsidiary of one or more transactions with affiliated entities, if individually or collectively they are significant and have been concluded under other than market terms and conditions**

In the reporting period there were no such transactions with affiliated entities.

## 19. Transactions with affiliated companies

### 9.1. Key personnel

Members of the Management Board and Supervisory Board of LPP SA are regarded as key management personnel of the LPP SA Capital Group

The value of short-term employee benefits of the key management personnel received during the period from 1 January to 31 December 2010 amounted to PLN 2,056 thousand, of which PLN 2,008 thousand related to the Management Board and PLN 48 thousand to the remuneration of the Supervisory Board members.

### 19.2. Transactions with affiliated entities

During the reporting period, the issuer has not concluded any transactions concerning the transfer of rights and obligations with affiliated entities.

Transactions between the parent company and its foreign affiliated companies were subject to elimination in the consolidated financial statements and have not been revealed in the table.

The figures stated below show only the mutual transactions between the LPP SA and 19 Polish subsidiaries not included in the consolidation and are presented from the viewpoint of the parent company.

Data in the table are presented in PLN thousand.

no. affiliated companies	receivables 31.12.10	liabilities 31.12.10	revenues for the period of I-XII 2010	expenses for the period of I-XII 2010
1 Domestic companies	2	202	82	10,366
Total	2	202	82	10,366

Data shown as liabilities of LPP SA are receivables in the affiliated companies, while expenses are the revenues in these companies.

All the transactions with affiliated companies were concluded under market conditions. Revenues from the domestic companies are derived from the rental of office space for the purpose of business operation of these companies.

Expenses related to the domestic subsidiaries concern the rental of property where Cropp Town and Reserved outlets are run.

Payment dates set for the subsidiaries are within the range of 45 to 120 days.

## 20. Information on granted guarantees and sureties

In the reporting period, the Capital Group companies of the issuer have not granted credit or loan guarantees, and have not granted guarantees to one entity or its subsidiary, whose total value would be the equivalent of at least 10% of the equity of the issuer.

## 21. Additional information relevant for the evaluation of staff, property and financial situation, financial result of the LPP SA Capital Group and their changes as well as

## **information relevant for the evaluation of the feasibility of commitments implementation by the Capital Group of the issuer.**

The report contains basic information essential for the evaluation of the situation of the issuer's capital group. In the opinion of the Management Board, currently there are no threats to the implementation of the commitments of the CG.

## **22. Identification of factors which, according to LPP SA, will affect the results achieved by its capital group within at least the next quarter**

The basic factors which will affect the results achieved in the nearest future include:

1. economic situation in Poland and in countries where the outlets of the LPP SA Capital Group operate
2. the level of the exchange rate of the Polish zloty in relation to USD and EUR,
3. assessment of the spring-summer collection by customers,
4. development of sales network of Reserved and Cropp Town, House and Mohito brands,
5. maintenance of the operating costs at a low level,

## **23. Notes to the Condensed Consolidated Financial Statements**

### 23.1 Tangible fixed assets

The value of tangible fixed assets presented in the consolidated financial statements as at 31 December 2010 includes an adjustment due to the write-down in the amount of PLN 1,098 thousand. The amount of advances on account of the purchase of tangible fixed assets as at 31 December 2010 amounted to PLN 265 thousand.

### 23.2 Inventory

The value of inventory presented in the consolidated financial statements as at 31 December 2010 includes an adjustment due to the write-down in the amount of PLN 3,748 thousand.

### 23.3 Receivables

The value of receivables presented in the consolidated financial statements as at 31 December 2010 includes an adjustment due to the write-down in the amount of PLN 7,401 thousand.

The value of the write-down is composed of:

the write-down of the claims and contested debts from contractors	PLN 6,087 thousand
the write-down of the so-called doubtful receivables	PLN 996 thousand
the write-down of receivables from employees and other	PLN 318 thousand

### 23.4 Provisions

The amount of the provisions presented in the consolidated financial statements as at 31 December 2010 amounting to PLN 6,528 thousand, consists of the following items:

- provision for gratuities	PLN 1,025 thousand
- provision for holiday compensation	PLN 2,991 thousand
- provision for the deferred income tax in the amount of:	PLN 2,512 thousand

### 23.5 Income tax



Year 2009

in PLN thousand

	EU Member States	Other countries	Consolidation adjustments	Values not attributed to the segments	Total
Sales to external customers	1,729,462	215,905			1,945,367
Selling between segments	99,404		-99,404		-
Other revenues operating	19,665	1,229		6,485	27,379
<i>Total income</i>	<i>1,848,531</i>	<i>217,134</i>	<i>-99,404</i>	<i>6,485</i>	<i>1,972,746</i>
Total operating expenses, including	1,561,727	195,879	-94,578	87,483	1,750,511
Selling costs of goods sold between segments	72,758		-72,758		-
Other operating expenses	35,772	3,842			39,614
<i>Segment results</i>	<i>251,032</i>	<i>17,413</i>	<i>-4,826</i>	<i>-80,998</i>	<i>182,621</i>
Financial revenue					2,838
Financial expenses					44,883
<i>Profit before tax</i>					<i>140,576</i>
Income tax					34,782
<i>Net profit from continuing operations</i>					<i>105,794</i>
Loss from discontinued operations					-1,160
<i>Net profit</i>					<i>104,634</i>

#### 24. Notes to the individual financial statements of LPP SA

As a result of the estimation of the balance sheet value of the assets engaged in the foreign subsidiaries in the period from January to December 2010, a change in the write-downs of the assets item of the individual balance sheet: shares, capital supplement payments, loans and receivables, also included in the financial and operating expenses and revenues of the individual income statement, was introduced in the total amount, which reduces the assets item, including the deferred tax, of PLN 21,052 thousand.

This change, reflected in relevant items of the individual financial statements of LPP SA has no influence on the amounts presented in the consolidated financial statements.