

LPP SA Group

Interim condensed financial statements for the fourth quarter of 2010 (corrected)

The statements have been prepared in PLN thousand

LPP SA Group

Interim condensed financial statements for the fourth quarter of 2010

(corrected)

Gdansk,
April
2011

This report contains some numbers changed, compared to previous version, due to corrections made in accordance with actualization of the results of subsidiaries.

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	2 079 358	2 003 095	519 268	461 479
Operating profit (loss)	200 687	181 278	50 117	41 763
Gross profit (loss)	182 489	139 251	45 572	32 081
Net profit (loss)	139 083	104 634	34 733	24 106
Net cash flows from operating activities	197 462	318 041	49 311	73 271
Net cash flows from investing activities	-130 556	-71 120	-32 603	-16 385
Net cash flows from financing activities	-167 917	-139 270	-41 933	-32 085
Total net cash flows	-101 011	107 651	-25 225	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	1 429 020	1 361 603	360 836	331 435
Long-term liabilities	281 231	347 725	71 013	84 642
Current liabilities	411 243	328 289	103 841	79 911
Equity capital	736 546	685 589	185 982	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)	80.4	60.6	20.9	15.1
Book value per share (in PLN / EUR)	426.0	397.1	108.2	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
ASSETS		
Fixed assets (long term)	712 574	739 993
1. Tangible fixed assets	422 456	442 117
2. Intangible assets	11 040	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	1 062	1 057
8. Deferred tax assets	16 491	22 045
9. Accruals and prepayments	177	175
Current assets (short term)	716 446	621 610
1. Inventory	424 437	322 756
2. Receivables	95 742	93 426
3. Income tax receivables	542	
4. Loans	237	541
5. Other securities	16 430	
6. Other financial assets	53 064	
7. Accruals and prepayments	6 562	7 405
8. Cash & cash equivalents	96 470	197 482
TOTAL assets	1 429 020	1 361 603

LIABILITIES

Equity capital	736 546	685 589
1. Share capital	3 501	3 501
2. Own shares	-48 754	-48 749
3. Share premium	108 123	108 123
4. Other capital	547 559	512 189
5. Foreign exchange differences on translation	-650	509
6. Retained earnings	126 767	110 016
- profit (loss) from previous years	-12 316	5 382
- net profit (loss) for the current period	139 083	104 634
Long-term liabilities	281 231	347 725
1. Bank loans and borrowings	156 096	227 270
2. Issue of debt securities	121 524	115 514
3. Other financial liabilities	88	215
4. Provisions for employee benefits	1 025	1 031
5. Deferred income tax provision	2 464	3 695
6. Other long-term liabilities	34	
Current liabilities	411 243	328 289
1. Trade payables and other liabilities	312 700	225 329
liabilities		
2. Income tax liabilities	771	14 314
3. Bank loans and borrowings	86 637	76 472
4. Issue of debt securities	3 906	5 465
5. Other financial liabilities	96	367
6. Provisions	3 122	2 863
7. Special funds	347	463
8. Accruals and prepayments	3 664	3 016
TOTAL liabilities	1 429 020	1 361 603

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
Continued operations				
Sales revenues	2 079 962	629 840	2 003 095	544 195
Cost of sales	946 144	258 958	945 223	188 563
Gross profit/loss on sales	1 133 214	370 882	1 057 872	355 632
Other operating revenues	22 646	3 608	28 184	6 607
Selling costs	835 587	229 079	772 647	201 386
Overheads	91 114	23 451	89 896	21 463
Other operating expenses	28 472	6 308	42 235	16 333
Operating profit/loss	200 687	115 652	181 278	123 057
Financial revenue	10 690	5 047	2 976	445
Financial expenses	28 888	7 726	45 003	19 380
Gross profit/loss	182 489	112 973	139 251	104 122
Tax burden	43 406	23 665	34 530	22 166
Net profit/loss from continuing operations	139 083	89 308	104 721	81 956
Discontinued operations				
Net profit/loss from discontinued operations			-87	-19
Net profit/loss	139 083	89 308	104 634	81 937
Other comprehensive income				
Foreign exchange differences on translation	-1 159	689	3 578	2 205
Total comprehensive income	137 924	89 997	108 212	84 142

**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 2010	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
Continued operations				
Sales revenues	1 997 159	595 542	1 945 367	528 714
Cost of sales	896 355	232 813	913 630	181 126
Gross profit/loss on sales	1 100 804	362 729	1 031 737	347 588
Other operating revenues	23 749	5 123	27 379	6 315
Selling costs	808 844	221 940	749 398	194 895
Overheads	88 125	22 271	87 483	20 905
Other operating expenses	27 661	5 691	39 614	14 386
Operating profit/loss	199 923	117 950	182 621	123 717
Financial revenue	10 528	5 032	2 838	415
Financial expenses	28 731	7 713	44 883	19 357
Gross profit/loss	181 720	115 269	140 576	104 775
Tax burden	43 260	24 101	34 782	22 290
Net profit/loss from continuing operations	138 460	91 168	105 794	82 485
Discontinued operations				
Net profit/loss from discontinued operations	623	-1 860	-1 160	-548
Net profit/loss	139 083	89 308	104 634	81 937
Other comprehensive income				
Foreign exchange differences on translation	-1 159	689	3 578	2 205
Total comprehensive income	137 924	89 997	108 212	84 690

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
As at 1 January 2009	3 492	-48 746	108 123	328 261	-3 069	176 860	0	314	565 235
- adjustments due to errors in previous years						-529			-529
As at 1 January 2009 after adjustments	3 492	-48 746	108 123	328 261	-3 069	176 331	0	314	564 706
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
As at 31 December 2009	3 501	-48 749	108 123	512 189	509	5 382	104 634	0	685 589
As at 1 January 2010	3 501	-48 749	108 123	512 189	509	110 016	0	0	685 589
- adjustments due to errors in previous years						-518			-518
As at 1 January 2010 after adjustments	3 501	-48 749	108 123	512 189	509	109 498	0	0	685 071
Costs of treasury shares purchase		-5							-5
Distribution of profit for the year 2009				35 370		-121 814			-86 444
Transactions with owners	0	-5	0	35 370	0	-121 814	0	0	-86 449
Net income for IV quarters of 2010							139 083		139 083
Calculation of foreign exchange differences on translation					-1 159				-1 159
As at 31 December 2010	3 501	-48 754	108 123	547 559	-650	-12 316	139 083	0	736 546

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
A. Cash flow from operating activities - indirect methodi				
I. Gross profit (loss)	182 489	112 973	139 164	104 103
II. Total adjustments	14 973	41 486	178 877	71 596
1. Depreciation	94 424	24 031	96 131	23 569
2. (Profit) loss on foreign exchange differences	-760	541	-2 003	1 119
3. Interest and participation in profits (dividends)	24 272	9 140	23 959	7 791
4. Profit (loss) from investing activities	-8 589	-6 636	1 939	4 562
5. Paid income taxes	-52 567	-12 934	-65 153	-11 181
6. Change in provisions	246	94	-2 754	-85
7. Change in inventories	-102 995	-3 764	127 163	34 818
8 Change in receivables	-27 951	3 076	18 069	1 976
9. Change in short-term liabilities, with the exception of loans and borrowings	88 361	28 243	-16 948	6 889
10. Change in accruals	2 249	2 625	-2 159	1 829
11. Other adjustments	-1 717	-2 930	633	309
III. Net cash flows from operating activities (I+/-II)	197 462	154 459	318 041	175 699
B. Cash flows from investing activities				
I. Revenues	61 817	42 301	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:	2 548	682	1 672	136
a) in affiliated entities	1 113	564	1 074	0
- disposal of shares/liquidation of companies	564	564		
- 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	192 373	41 260	96 377	26 273
1. Acquisition of intangible and tangible fixed assets	100 665	35 702	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) `	-130 556	1 041	-71 120	-15 470
C. Cash flows from financing activities				
I. Revenues	15 079	7 350	164 487	0
1. Proceeds from share issue			8	0
2. Loans and borrowings	15 079	7 350	36 675	0
3. Other financial income		0	127 804	0
II. Expenses	182 996	121 080	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	74 748	31 170	279 801	42 275
4. Payment of finance lease liabilities	329	78	502	94
5. Interest	21 470	3 386	23 451	3 964
6. Other financial expenses				
III. Net cash flows from financing activities (I-II) `	-167 917	-113 730	-139 270	-46 334
D. Total net cash flows (A.III+/-B.III+/-C.III) `	-101 011	41 770	107 651	113 895
E. Net change in cash, including: `	-101 011	41 770	107 651	113 895
- change in cash from foreign exchange differences	528	-3 053	-2 368	-1 016
F. Opening cash balance	197 482	54 701	89 831	83 587
G. Cash at the end of the period (F+/- D), including:	96 471	96 471	197 482	197 482
- restricted cash	495	495	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- 31/12/201001/01/2009- 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	1 841 665	1 610 798	459 910	371 100
Operating profit (loss)	174 285	195 213	43 523	44 974
Gross profit (loss)	178 920	152 236	44 681	35 073
Net profit (loss)	148 872	121 814	37 177	28 064
Net cash flows from operating activities	161 959	329 583	40 445	75 930
Net cash flows from investing activities	-94 177	-39 959	-23 518	-9 206
Net cash flows from financing activities	-162 736	-159 282	-40 639	-36 696
Total net cash flows	-94 954	130 342	-23 712	30 029

Selected Financial Data	Q4 2010 Q4 2009		in EUR thousand	
	01/01/2010- 31/12/201001/01/2009- 31/12/2009	Q4 2010 01/01/2010 31/12/2010	Q4 2009 1/01/2009 31/12/2009
Total assets	1 423 996	1 341 766	359 568	326 607
Long-term liabilities	280 876	346 823	70 923	84 422
Current liabilities	388 176	302 422	98 017	73 614
Equity capital	754 944	692 521	190 628	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)	86.1	70.6	21.5	75 930
Book value per share (in PLN / EUR)	436.7	401.1	110.3	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
ASSETS		
Fixed assets (long term)	650 517	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	30 884	19 311
6. Investments in subsidiaries	19	
7. Receivables and loans	537	5 206
8. Deferred tax assets	32 654	25 024
9. Accruals and prepayments	177	175
Current assets (short term)	773 479	695 294
1. Inventory	359 595	266 998
2. Receivables	258 902	255 025
3. Other receivables	10 371	9 365
4. Loans	4 426	7 119
5. Other securities	16 430	0
6. Other financial assets	53 064	0
7. Accruals and prepayments	3 653	4 160
8. Cash & cash equivalents	67 038	161 992
TOTAL assets	1 423 996	1 341 766

LIABILITIES		
Equity capital	754 944	692 521
1. Share capital	3 500	3 500
2. Treasury shares	-48 754	-48 749
3. Share premium	108 123	108 123
4. Other capital	546 901	511 531
5. Retained earnings	145 174	118 116
- profit (loss) from previous years --	3 698	3 698
- net profit (loss) for the current period	148 872	121 814
Long-term liabilities	280 876	346 823
1. Bank loans and borrowings	155 711	226 731
2. Issue of debt securities	121 524	115 514
3. Other financial liabilities	0	66
4. Provisions for employee benefits	1 005	1 025
5. Provision for deferred tax	2 636	3 487
Current liabilities	388 176	302 422
1. Trade payables and other liabilities	293 322	206 610
2. Income tax liability	192	14 207
3. Bank loans and borrowings	86 637	71 644
4. Issue of debt securities	3 906	5 465
5. Other financial liabilities	50	252
6. Provisions	1 310	1 362
7. Special funds	348	463
8. Accruals and prepayments	2 411	2 419
TOTAL liabilities	1 423 996	1 341 766

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	
	01/01/2010-31/12/2010	01/10/201031/12/2010	01/01/200931/12/2009	01/10/2009-31/12/2009
Sales revenues	1 841 665	531 463	1 610 798	456 129
Cost of sales	946 694	243 112	845 839	178 600
Gross profit/loss on sales	894 971	288 351	764 959	277 529
Other operating revenues	35 278	11 900	54 106	13 813
Selling costs	607 199	167 720	482 306	146 837
Overheads	67 035	17 470	67 024	16 205
Other operating expenses	81 730	23 516	74 522	14 767
Operating profit/loss	174 285	91 545	195 213	113 533
Financial revenue	54 627	27 780	13 473	1 911
Financial expenses	49 992	16 569	56 450	15 998
Gross profit/loss	178 920	102 756	152 236	99 446
Tax burden	30 048	16 518	30 422	19 860
Net profit/loss	148 872	86 238	121 814	79 586
Total comprehensive income	148 872	86 238	121 814	79 586

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	
	01/01/2010-31/12/2010	01/10/201031/12/2010	01/01/200931/12/2009	01/10/2009-31/12/2009
Continued operation				
Sales revenues	1 759 466	497 165	1 553 070	440 649
Cost of sales	896 905	216 967	814 246	171 163
Gross profit/loss on sales	862 561	280 198	738 824	277 529
Other operating revenues	36 381	13 415	53 301	13 521
Selling costs	580 456	160 581	459 057	140 347
Overheads	64 046	16 290	64 611	15 646
Other operating expenses	80 919	22 899	71 901	12 821
Operating profit/loss	173 521	93 843	196 556	114 193
Financial revenue	54 465	27 765	13 335	1 882
Financial expenses	49 835	16 556	56 330	15 977
Gross profit/loss	178 151	105 052	153 561	100 098
Tax burden	29 902	16 954	30 674	19 860
Net profit/loss from continuing operations	148 249	88 098	122 887	80 115
Discontinued operations				
Net profit/loss from discontinued operations	623	-1 860	-1 073	-529
Net profit/loss	148 872	86 238	121 814	79 586
Total comprehensive income	148 872	86 238	121 814	79 586

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
As at 1 January 2009	3 492	-48 746	108 123	327 686	164 658		555 213
- adjustments due to errors in previous years							0
As at 1 January 2009 after adjustments	3 492	-48 746	108 123	327 686	164 658	0	555 213
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
As at 31 December 2009	3 500	-48 749	108 123	511 531	-3 698	121 814	692 521
As at 1 January 2010	3 500	-48 749	108 123	511 531	118 116	0	692 521
- adjustments due to errors in previous years							0
As at 1 January 2010 after adjustments	3 500	-48 749	108 123	511 531	118 116	0	692 521
Costs of treasury shares purchase		-5					-5
Distribution of profit for the year 2009				35 370	-121 814		-86 444
Transactions with owners	0	-5	0	35 370	-121 814	0	-86 449
Net income for IV quarters of 2010						148 872	148 872
As at 31 December 2010	3 500	-48 754	108 123	546 901	-3 698	148 872	754 944

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
A. Cash flow from operating activities - indirect method				
I. Gross profit (loss)	178 920	102 756	152 237	99 446
II. Total adjustments	-16 961	49 846	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	-26 909	-18 316	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	-94 155	-16 890	100 476	21 704
8. Change in receivables	-16 225	49 815	47 741	28 607
9. Change in short-term liabilities, with the exception of loans and borrowings	88 996	22 080	11 062	3 919
10. Change in accruals	498	2 094	-1 858	1 437
11. Other adjustments				
III. Net cash flows from operating activities (I+/-II)	161 959	152 602	329 583	169 351
B. Cash flows from investing activities				
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	172 373	41 106	66 879	21 987
1. Acquisition of intangible and tangible fixed assets	70 941	27 671	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	-94 177	3 153	-39 959	-13 404
C. Cash flows from financing activities				
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
D. Total net cash flows	-94 954	43 526	130 342	109 626
E. Net change in cash, including:	-94 954	43 526	130 342	109 626
- change in cash from foreign exchange differences	218	-224	-1 121	-344
F. opening cash balance	161 992	23 512	31 650	52 366
G. cash at the end of the period, including:	67 038	67 038	161 992	161 992
- 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 trade 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 116 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 89 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

Nine 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 91 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	sales 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	
Total		630 444	100.00%	2 079 962	

* 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

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.

Item	in PLN thousand	
	01.01.2010	31.12.2009
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

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 13 768 thousand and increased in comparison with 31 December 2009 by PLN 1 481 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 form 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 2 068 thousand, of which PLN 2 008 thousand related to the Management Board and PLN 60 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	645	202	82	10 366
Total	645	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 786 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 3 939 thousand.

The value of the write-down is composed of:

the write-down of the claims and contested debts from contractors	PLN 2 625 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 6 611 thousand, consists of the following items:

- provision for gratuities	PLN 1 025 thousand
- provision for holiday compensation	PLN 3 122 thousand
- provision for the deferred income tax in the amount of:	PLN 2 464 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 22 245 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.