



LPP S.A. Capital Group

Interim condensed financial statement for Q3 2013

Gdańsk
November 2013

1. Selected Consolidated Financial Data of LPP S.A. Capital Group

in PLN '000

Selected Consolidated Financial Data	Q3 2013	Q3 2012	Q3 2013	Q3 2012
	01.01.2013- 30.09.2013	01.01.2012- 30.09.2012	01.01.2013- 30.09.2013	01.01.2012- 30.09.2012
	in PLN '000		in EUR '000	
Net revenues from sales of products, goods and materials	2 849 302	2 261 646	674 694	539 155
Operating profit (loss)	354 184	269 334	83 868	64 207
Gross profit (loss)	303 026	246 907	71 754	58 860
Net profit (loss)	250 871	206 435	59 404	49 212
Net cash flows from operations	191 762	188 429	45 408	44 920
Net cash flows from investments	-336 982	-166 782	-79 795	-39 759
Net cash flows from financial operations	123 808	-53 812	29 317	-12 828
Total net cash flows	-21 412	-32 165	-5 070	-7 668

in PLN '000

Selected Consolidated Financial Data	Q3 2013	Q3 2012	Q3 2013	Q3 2012
	01.01.2013- 30.09.2013	01.01.2012- 30.09.2012	01.01.2013- 30.09.2013	01.01.2012- 30.09.2012
	in PLN '000		in EUR '000	
Total assets	2 361 608	1 777 978	560 114	432 198
Long-term liabilities	187 910	147 781	44 568	35 923
Short-term liabilities	863 208	566 349	204 731	137 671
Equity capital	1 310 490	1 063 848	310 815	258 605
Share capital	3 662	3 662	869	890
Weighted average number of ordinary shares	1 809 725	1 771 063	1 809 725	1 771 063
Profit (loss) per ordinary share (in PLN / EUR)	138.6	116.6	36.0	29.0
Book value per share (in PLN / EUR)	724.1	600.7	184.0	147.1
Declared or paid dividend per share (in PLN / EUR)	85.10	77.36	20.15	18.44

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

in PLN '000

Balance Sheet	As at the end of		
	Q3 2013	Q3 2012	the previous year
	30.09.2013	30.09.2012	31.12.2012
ASSETS			
Fixed assets (long-term)	1 123 559	830 204	909 856
1. Tangible fixed assets	785 359	527 607	598 502
2. Intangible assets	18 712	11 903	17 599
3. Goodwill	183 609	183 609	183 609
4. Trademark	77 508	77 508	77 508
5. Shares in subsidiaries	136	186	186
6. Investments in other entities	10 432	0	0
7. Investments in real property	648	665	661
8. Receivables and loans	8 879	5 782	8 680
9. Deferred tax assets	37 724	22 310	22 813
10. Accruals and prepayments	552	634	298
Current assets (short-term)	1 238 049	947 774	1 022 366
1. Inventories	845 201	658 204	656 070
2. Trade receivables	149 418	135 577	130 360
3. Income tax receivables	2 127	406	5 266
4. Other receivables	79 512	59 191	60 036
5. Loans	10 278	118	129
6. Accruals and prepayments	13 532	9 477	11 112
7. Cash and cash equivalents	137 981	84 801	159 393
TOTAL assets	2 361 608	1 777 978	1 932 222

in PLN '000

Balance Sheet	As at the end of		
	Q3 2013	Q3 2012	the previous year
	30.09.2013	30.09.2012	31.12.2012
LIABILITIES			
Equity capital	1 310 490	1 063 848	1 211 048
1. Share capital	3 662	3 662	3 662
2. Treasury shares	-48 778	-48 764	-48 767
3. Share premium	235 069	235 069	235 069
4. Other capital	856 929	656 294	656 950
5. Foreign exchange differences on translation	-5 417	-2 905	-3 391
6. Retained earnings	265 633	217 839	364 987
- profit (loss) from previous years	16 138	12 558	12 558
- net profit (loss) for the current period	249 495	205 281	352 429
7. Minority interests	3 392	2 653	2 538
Long-term liabilities			
1. Bank loans and borrowings	178 989	143 112	125 114
2. Other financial liabilities	129	99	71
3. Provisions for employee benefits	2 501	1 263	1 277
4. Deferred income tax provision	5 418	3 208	4 441
5. Other long-term liabilities	873	99	77
Short-term liabilities			
1. Trade payables and other liabilities	520 331	374 365	477 805
2. Income tax liabilities	15 864	10 101	19 079
3. Bank loans and borrowings	295 844	164 621	61 048
4. Other financial liabilities	30	30	42
5. Provisions	19 033	11 522	19 868
6. Special funds	287	340	224
7. Prepayments	11 819	5 370	12 128
TOTAL liabilities	2 361 608	1 777 978	1 932 222

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

in PLN '000

Comprehensive Income Statement	YTD	Q3 2013	YTD	Q3 2012
	01.01.2013- 30.09.2013	01.07.2013- 30.09.2013	01.01.2012- 30.09.2012	01.07.2012- 30.09.2012
Continued operations				
Revenues from sales	2 849 302	1 107 493	2 261 646	843 592
Costs of sales	1 207 311	471 137	1 012 996	377 406
Gross profit (loss) on sales	1 641 991	636 356	1 248 650	466 186
Other operating revenues	24 117	10 916	18 259	6 326
Costs of sales	1 146 856	420 221	880 123	318 843
Overheads	117 119	38 726	93 366	32 096
Other operating expenses	47 949	20 929	24 086	8 308
Operating profit (loss)	354 184	167 396	269 334	113 265
Financial revenues	1 616	599	1 778	1 109
Financial expenses	52 774	34 468	24 205	2 612
Gross profit (loss)	303 026	133 527	246 907	111 762
Tax burden	52 155	22 540	40 472	17 148
Net profit (loss)	250 871	110 987	206 435	94 614
Net profit (loss) attributable to:				
parent company shareholders	249 495	110 462	205 281	94 158
non-controlling entities	1 376	525	1 154	456
Other comprehensive income				
Foreign exchange differences on translation	-2 026	-2 224	1 632	-970
Total comprehensive income	248 845	108 763	208 067	93 644
Number of shares	1 809 725		1 771 063	
Profit (loss) per ordinary share	138.62		116.56	

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

in PLN '000

Statement of Changes in Equity	Share capital	Treasury shares	Share premium	Other capital	Profit (loss) from previous years	Profit (loss) for the current period	Foreign exchange differences from translation	Minority interests	Equity capital TOTAL
As at 1 January 2012	3 555	-48 759	149 829	562 429	243 977	0	-4 537	2 700	909 194
- adjustments due to errors in previous years									0
As at 1 January 2012 after adjustments	3 555	-48 759	149 829	562 429	243 977	0	-4 537	2 700	909 194
Costs of treasury shares purchase		-5							-5
Conversion of convertible bonds to shares	107		85 240						85 347
Distribution of profit for 2011				91 419	-231 419				-140 000
Share-based payment				2 446					2 446
Minority shareholding as at the balance sheet date								-47	-47
Transactions with owners	107	-5	85 240	93 865	-231 419	0	0	-47	-52 259
Net profit for Q3 2012						205 281			205 281
Calculation of foreign exchange differences on translation							1 632		1 632
As at 30 September 2012	3 662	-48 764	235 069	656 294	12 558	205 281	-2 905	2 653	1 063 848

in PLN '000

Statement of Changes in Equity	Share capital	Treasury shares	Share premium	Other capital	Foreign exchange differences from translation	Profit (loss) from previous years	Profit (loss) for the current period	Minority interests	Equity capital TOTAL
As at 1 January 2013	3 662	-48 767	235 069	656 950	364 987	0	-3 391	2 538	1 211 048
- adjustments due to errors in previous years									0
As at 1 January 2013 after adjustments	3 662	-48 767	235 069	656 950	364 987	0	-3 391	2 538	1 211 048
Costs of treasury shares purchase		-11							-11
Conversion of bonds to shares									0
Distribution of profit for 2012				194 841	-348 849				-154 008
Share-based payment				5 138					5 138
Payment of dividends to minority shareholders								-522	-522
Transactions with owners	0	-11	0	199 979	-348 849	0	0	-522	-149 403
Net profit for Q3 2013						249 495		1 376	250 871
Calculation of foreign exchange differences on translation							-2 026		-2 026
As at 30 September 2013	3 662	-48 778	235 069	856 929	16 138	249 495	-5 417	3 392	1 310 490

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

in PLN '000

Cash Flow Statement	YTD	Q3 2013	YTD	Q3 2012
	01.01.2013- 30.09.2013	01.07.2013- 30.09.2013	01.01.2012- 30.09.2012	01.07.2012- 30.09.2012
A. Cash flows from operations - indirect method				
I. Gross profit (loss)	303 026	133 527	246 907	111 762
II. Total adjustments	-111 264	-6 675	-58 478	-102 857
1. Depreciation	106 755	37 705	79 268	28 092
2. (Profit) loss on foreign exchange differences	7 322	3 092	3 682	1 399
3. Interest and participation in profits (dividends)	4 484	992	12 787	2 343
4. (Profit) loss from investments	-1 756	692	-3 826	-553
5. Paid income taxes	-69 173	-15 396	-41 341	-10 501
6. Change in provisions	625	5 086	-2 880	-2 445
7. Change in inventories	-202 314	-36 634	-70 556	-54 143
8. Change in receivables	-24 309	15 288	-82 574	-70 397
9. Change in short-term liabilities, excluding loans and borrowings	69 088	-25 578	47 992	3 133
10. Change in accruals and prepayments	-2 766	-474	-569	1 236
11. Other adjustments	780	8 552	-461	-1 021
III. Net cash flows from operations	191 762	126 852	188 429	8 905
B. Cash flows from investments				
I. Revenues	33 200	7 404	22 764	8 074
1. Disposal of intangible and tangible fixed assets	28 365	6 774	19 156	4 665
2. From financial assets, including:	4 835	630	3 608	3 409
a) in affiliated entities	278	190	193	193
- liquidation of companies	88	0	0	0
- dividends	190	190	193	193
b) in other entities	4 557	440	3 415	3 216
- disposal of financial assets – foreign bonds	3 796	0	3 000	3 000
- repayment of loans	107	23	319	145
- interest	654	417	96	71
3. Other investment inflows - sale of investment funds				

II. Expenses	370 182	134 165	189 546	56 262
1. Acquisition of intangible and tangible fixed assets	347 980	132 066	186 433	53 258
2. For financial assets, including:	22 202	2 099	3 113	3 004
a) in affiliated entities	0	0	0	0
- acquisition of shares	0	0	0	0
- loans granted	0	0	0	0
b) in other entities	22 202	2 099	3 113	3 004
- loans granted	7 974	2 099	113	4
- purchase of financial assets – foreign bonds	3 796	0	3 000	3 000
- acquisition of financial assets	10 432	0		
3. Other capital expenses	0	0	0	0
III. Net cash flows from investments	-336 982	-126 761	-166 782	-48 188
C. Cash flows from financial operations				
I. Revenues	313 769	185 082	114 848	126 916
1. Proceeds from the issue of shares				
2. Loans and borrowings	313 769	185 082	114 848	126 916
3. Other financial income		0		0
II. Expenses	189 961	181 247	168 660	146 412
1. Cost of treasury shares maintenance	11	5	5	2
2. Dividends to holders	154 393	154 393	141 201	141 201
3. Repayment of loans and borrowings	26 720	21 909	13 820	0
4. Payment of finance lease liabilities	166	51	78	15
5. Interest	8 671	4 889	13 556	5 194
6. Other financial expenses				
III. Net cash flows from financial operations	123 808	3 835	-53 812	-19 496
D. Total net cash flows	-21 412	3 926	-32 165	-58 779
E. Net change in cash, including:	-21 412	3 926	-32 165	-58 779
- change in cash from foreign exchange differences	-2 089	-3 209	-1 813	-887
F. Opening cash balance	159 393	134 055	116 966	143 580
G. Cash at the end of the period, including:	137 981	137 981	84 801	84 801
- restricted cash	8 464	8 466	343	343

6. Selected Financial Data - Individual Financial Data of LPP S.A.

in PLN '000

Selected financial data	Q3 2013	Q3 2012	Q3 2013	Q3 2012
	01.01.2013- 30.09.2013	01.01.2012- 30.09.2012	01.01.2013- 30.09.2013	01.01.2012- 30.09.2012
	in PLN '000		in EUR '000	
Net revenues from sales of products, goods and materials	2 435 863	1 981 971	576 795	472 483
Operating profit (loss)	290 207	253 748	68 719	60 491
Gross profit (loss)	248 963	279 332	58 953	66 590
Net profit (loss)	202 132	237 401	47 863	56 594
Net cash flows from operations	-39 180	18 236	-9 278	4 347
Net cash flows from investments	-135 271	-4 627	-32 031	-1 103
Net cash flows from financial operations	124 605	-52 503	29 506	-12 516
Total net cash flows	-49 846	-38 894	-11 803	-9 272

in PLN '000

Selected financial data	Q3 2013	Q3 2012	Q3 2013	Q3 2012
	01.01.2013- 30.09.2013	01.01.2012- 30.09.2012	01.01.2013- 30.09.2013	01.01.2012- 30.09.2012
	in PLN '000		in EUR '000	
Total assets	2 267 047	1 762 841	537 686	428 519
Long-term liabilities	183 262	145 912	43 465	35 469
Short-term liabilities	835 564	534 043	198 175	129 817
Equity capital	1 248 221	1 082 886	296 047	263 233
Share capital	3 662	3 662	869	890
Weighted average number of ordinary shares	1 809 725	1 771 063	1 809 725	1 771 063
Profit (loss) per ordinary share (in PLN / EUR)	111.7	134.0	26.4	32.0
Book value per share (in PLN / EUR)	689.7	611.4	163.6	148.6
Declared or paid dividend per share (in PLN / EUR)	85.10	77.36	20.15	18.44

7. Balance sheet of LPP S.A.

in PLN '000

Balance Sheet	As at the end of		
	Q3 2013	Q3 2012	the previous year
	30.09.2013	30.09.2012	31.12.2012
ASSETS			
Fixed assets (long-term)	841 804	723 620	775 097
1. Tangible fixed assets	497 890	350 018	390 106
2. Intangible assets	15 372	8 860	14 478
3. Goodwill	179 618	179 618	179 618
4. Trademark	77 508	77 508	77 508
5. Shares in subsidiaries	6 366	25 543	36 231
6. Investments in real property	648	665	661
7. Receivables and loans	25 950	19 201	45 550
8. Other financial assets	0	34 382	0
9. Deferred tax assets	37 900	27 380	30 647
10. Accruals and prepayments	552	445	298
Current assets (short-term)	1 425 243	1 039 221	1 093 535
1. Inventories	599 481	476 993	491 516
2. Trade receivables	748 845	506 402	475 043
4. Other receivables	17 189	14 660	15 322
4. Loans	985	4 918	4 838
5. Accruals and prepayments	9 100	5 997	7 328
6. Cash and cash equivalents	49 643	30 251	99 488
TOTAL assets	2 267 047	1 762 841	1 868 632

in PLN '000

Balance Sheet	As at the end of		
	Q3 2013	Q3 2012	the previous year
	30.09.2013	30.09.2012	31.12.2012
LIABILITIES			
Equity capital	1 248 221	1 082 886	1 194 971
1. Share capital	3 662	3 662	3 662
2. Treasury shares	-48 778	-48 764	-48 767
3. Share premium	235 069	235 069	235 069
4. Other capital	856 136	655 518	656 174
5. Retained earnings	202 132	237 401	348 833
- profit (loss) from previous years	0	0	0
- net profit (loss) for the current period	202 132	237 401	348 833
Long-term liabilities			
1. Bank loans and borrowings	178 989	143 107	125 114
2. Other financial liabilities	38	0	0
2. Provisions for employee benefits	1 202	1 222	1 235
3. Deferred income tax provision	3 033	1 583	2 596
Short-term liabilities			
1. Trade payables and other liabilities	504 905	350 339	444 550
2. Income tax liabilities	14 631	9 063	18 067
3. Bank loans and borrowings	295 493	162 671	60 517
4. Provisions	12 960	7 409	13 124
5. Special funds	287	340	224
6. Accruals and prepayments	7 288	4 221	8 234
TOTAL liabilities	2 267 047	1 762 841	1 868 632

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

in PLN '000

Comprehensive Income Statement	YTD	Q3 2013	YTD	Q3 2012
	01.01.2013- 30.09.2013	01.07.2013- 30.09.2013	01.01.2012- 30.09.2012	01.07.2012- 30.09.2012
Revenues from sales	2 435 863	945 741	1 981 971	775 622
Costs of sales	1 279 942	504 548	1 062 522	430 815
Gross profit (loss) on sales	1 155 921	441 193	919 449	344 807
Other operating revenues	20 254	10 808	82 939	49 181
Costs of sales	710 816	261 490	593 424	207 504
Overheads	141 396	53 826	122 317	45 211
Other operating expenses	33 756	10 705	32 899	7 601
Operating profit (loss)	290 207	125 980	253 748	133 672
Financial revenues	34 053	1 069	78 699	33 270
Financial expenses	75 297	26 926	53 115	27 663
Gross profit (loss)	248 963	100 123	279 332	139 279
Tax burden	46 831	18 473	41 931	22 381
Net profit (loss)	202 132	81 650	237 401	116 898
Total comprehensive income	202 132	81 650	237 401	116 898
Number of shares	1 809 725		1 771 063	
Profit (loss) per ordinary share	111.69		134.04	

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

in PLN '000

Statement of Changes in Equity	Share capital	Treasury shares	Share premium	Other capital	Profit (loss) from previous years	Profit (loss) for the current period	Equity TOTAL
As at 1 January 2012	3 555	-48 759	149 829	561 771	231 301	0	897 697
- adjustments due to errors in previous years							0
As at 1 January 2012 after adjustments	3 555	-48 759	149 829	561 771	231 301	0	897 697
Conversion of bonds to shares	107		85 240				85 347
Costs of acquisition of treasury shares		-5					-5
Net profit distribution for 2011				91 301	-231 301		-140 000
Share-based payment				2 446			2 446
Transactions with owners	107	-5	85 240	93 747	-231 301	0	-52 212
Net profit for Q3 2012						237 401	237 401
As at 30 September 2012	3 662	-48 764	235 069	655 518	0	237 401	1 082 886

in PLN '000

Statement of Changes in Equity	Share capital	Treasury shares	Share premium	Other capital	Profit (loss) from previous years	Profit (loss) for the current period	Equity TOTAL
As at 1 January 2013	3 662	-48 767	235 069	656 174	348 833	0	1 194 971
- adjustments due to errors in previous years							0
As at 1 January 2013 after adjustments	3 662	-48 767	235 069	656 174	348 833	0	1 194 971
Conversion of bonds to shares							0
Costs of acquisition of treasury shares		-11					-11
Distribution of net profit for 2012				194 825	-348 833		-154 008
Share-based payment				5 137			5 137
Transactions with owners	0	-11	0	199 962	-348 833	0	-148 882
Net profit for Q3 2013						202 132	202 132
As at 30 September 2013	3 662	-48 778	235 069	856 136	0	202 132	1 248 221

10. Cash Flow Statement of LPP S.A.

in PLN '000

Cash Flow Statement	YTD	Q3 2013	YTD	Q3 2012
	01.01.2013- 30.09.2013	01.07.2013- 30.09.2013	01.01.2012- 30.09.2012	01.07.2012- -30.09.2012
A. Cash flows from operations - indirect method				
I. Gross profit (loss)	248 962	100 123	279 332	139 279
II. Total adjustments	-288 142	-71 172	-261 096	-195 551
1. Depreciation	62 168	22 086	48 876	16 128
2. (Profit) loss on foreign exchange differences	2 246	3 102	3 377	2 067
3. Interest and participation in profits (dividends)	-24 286	-16 539	-47 849	-16 863
4. (Profit) loss from investments	47 317	7 235	-3 618	-13 752
5. Paid income taxes	-59 530	-14 368	-36 377	-9 449
6. Change in provisions	-197	3 710	-3 169	-1 953
7. Change in inventories	-107 964	2 996	-1 923	16 340
8. Change in receivables	-266 150	-38 367	-209 232	-156 271
9. Change in short-term liabilities, excluding loans and borrowings	56 090	-43 174	-13 160	-32 857
10. Change in accruals and prepayments	-2 973	-1 194	-468	243
11. Other adjustments	5 137	3 341	2 447	816
III. Net cash flows from operations	-39 180	28 951	18 236	-56 272
B. Cash flows from investments				
I. Revenues	66 663	24 706	88 046	29 851
1. Disposal of intangible and tangible fixed assets	28 137	6 661	18 876	4 664
2. From financial assets, including:	38 526	18 045	69 170	25 187
a) in affiliated entities	34 582	18 012	65 978	22 082
- interest and dividends	29 991	18 012	61 470	19 942
- disposal of shares/liquidation of companies	88	0	0	0
- repayment of loans	4 503	0	4 508	2 140
b) in other entities	3 944	33	3 192	3 105
- interest	41	8	96	73
- disposal of financial assets – foreign bonds	3 796	0	3 000	3 000
- repayment of loans	107	25	96	32
3. Other investment inflows - sale of investment funds	0	0		0

II. Expenses	201 934	76 349	92 673	28 686
1. Acquisition of intangible and tangible fixed assets	198 085	76 346	72 545	20 661
2. For financial assets, including:	3 849	3	20 128	8 025
a) in affiliated entities	0	0	17 015	5 021
- acquisition of shares	0	0	0	0
- short-term loans granted	0	0	0	0
- long-term loans granted	0	0	17 015	5 021
b) in other entities	3 849	3	3 113	3 004
- purchase of financial assets – foreign bonds	3 796	0	3 000	3 000
- short-term loans granted	3	3	47	4
- long-term loans granted	50	0	66	0
3. Other capital expenditure - purchase of investment fund units	0	0	0	0
III. Net cash flows from investments	-135 271	-51 643	-4 627	1 165
C. Cash flows from financial operations				
I. Revenues	313 417	185 082	114 848	134 966
1. Loans and borrowings	313 417	185 082	114 848	134 966
2. Net proceeds from the issue of shares	0	0	0	0
3. Other financial income	0	0	0	0
II. Expenses	188 812	180 222	167 351	153 250
1. Acquisition of treasury shares	11	5	5	2
2. Dividends to holders	154 008	154 008	140 000	140 000
3. Repayment of loans and borrowings	26 144	21 342	13 790	8 054
4. Interest	8 649	4 867	13 556	5 194
5. Other financial expenses - financial lease	0	0	0	0
III. Net cash flows from financial operations	124 605	4 860	-52 503	-18 284
D. Total net cash flows	-49 846	-17 832	-38 894	-73 391
E. Net change in cash, including:	-49 846	-17 832	-38 894	-73 391
- change in cash from foreign exchange differences	-255	-110	43	46
F. Opening cash balance	99 488	67 474	69 145	103 642
G. Cash at the end of the period, including:	49 642	49 642	30 251	30 251
- restricted cash	287	287	343	343

Notes to the Condensed Consolidated Financial Statement for Q3 2013

1. Characteristics of LPP S.A. Capital Group

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

- LPP S.A. as the parent entity,
- 4 domestic subsidiaries,
- 16 foreign subsidiaries.

There is no parent company in relation to LPP S.A.

The list of companies composing the Capital Group is presented below.

No.	Company name	Registered office	Takeover date
1.	G&M Sp. z o.o.	Gdańsk, Poland	26.09.2001
2.	DP&SL Sp. z o.o.	Gdańsk, Poland	26.09.2001
3.	IL&DL Sp. z o.o.	Gdańsk, Poland	26.09.2001
4.	AMUR Sp. z o.o.	Gdańsk, Poland	09.05.2003
5.	LPP Retail Estonia OU	Tallinn, Estonia	29.04.2002
6.	LPP Czech Republic s.r.o.	Prague, Czech Republic	16.09.2002
7.	LPP Hungary Kft	Budapest, Hungary	18.10.2002
8.	LPP Retail Latvia Ltd	Riga, Latvia	30.09.2002
9.	UAB LPP	Vilnius, Lithuania	27.01.2003
10.	LPP Ukraina	Peremyshliany, Ukraine	23.07.2003
11.	RE Trading Closed Joint Stock Company	Moscow, Russia	12.02.2004
12.	LPP Fashion Distributor SRL	Bucharest, Romania	12.08.2007
13.	Fashion Point	Moscow, Russia	01.04.2008
14.	LPP Retail Bulgaria Ltd.	Sofia, Bulgaria	14.08.2008
15.	Artman Slovakia s.r.o.	Banska Bystrica, Slovakia	30.10.2008
16.	Artman Mode s.r.o.	Ostrava, Czech Republic	30.10.2008
17.	LPP Fashion Bulgaria Ltd.	Sofia, Bulgaria	26.08.2011
18.	Gothals Limited	Nicosia, Cyprus	22.07.2011
19.	Jaradi Limited	Al Tatar, UAE	22.07.2011
20.	IP Services FZE	Ras Al Khaimah, UAE	23.12.2012

LPP S.A. holds direct control in its subsidiaries, i.e. 100% share in their capital and 100% of the total number of votes.

The consolidated financial statement of the Capital Group for the period from 1 January to 30 September 2013 includes individual results of LPP S.A. 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.
- Fashion Point
- LPP Retail Bulgaria Ltd.
- Artman Slovakia srl
- Artman Mode s.r.o.
- LPP Fashion Bulgaria Ltd.
- Gothals Limited
- Jaradi Limited
- IP Services FZE

Other domestic subsidiaries of LPP S.A. were not consolidated due to the immateriality of data. This is consistent with the Accounting Policy adopted by the Group.

Under the Policy, a subsidiary or related party is not consolidated if the amounts reported in its financial statements are insignificant in relation to the financial statements of the parent company. In particular, the balance sheet total, net revenues from sales of goods and services, and financial operations of the entity which, for the financial period, are lower than 10% of balance sheet total and revenues 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.

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

- in the Capital Group's balance sheet total – 0.03%
- in the Capital Group's revenues from sales and financial revenues - 0.32%

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

LPP S.A. is a company involved in the design and distribution of clothing in Poland and the countries of Central and Eastern Europe. Consolidated capital companies are involved in the distribution of goods under the Reserved, Cropp, House, Mohito and Sinsay brands outside Poland. Clothing is basically the only product sold by the Capital Group companies. The basic offer is supplemented by footwear, bags and accessories. Clothing designs are prepared in the design office located in the registered office of LPP S.A. in Gdańsk and 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. Production in China is managed by the Company's trading office in Shanghai. The Capital Group also generates small revenues from sales of services (these include only the revenues generated by the parent company – mainly know-how services related to the management of brand stores by Polish contractors and the lease of transport vehicles).

Additional business activity of LPP Capital Group is the management of the rights to Reserved and Cropp trademarks, including their protection, activities aimed at increasing their value, granting licenses to use etc. Gothals Limited in Cyprus, as well as Jaradi Limited and IP Services in United Arab Emirates were established for this purpose.

Four domestic subsidiaries are engaged in the rental of real properties where the shops of Cropp Town and Reserved are run.

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

Report of the LPP Capital Group for Q3 2013 contains the condensed consolidated financial statements and selected explanatory data included in these Notes as well as condensed financial statements of the parent company, in accordance with IAS 34 "Interim Financial Reporting".

In all its material aspects, the accounting policy underlying this report is in line with the policy underlying the consolidated annual

financial statement of LPP S.A. Capital Group for the financial year 2012, 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 2012.

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

Major accomplishments of LPP S.A. Capital Group in Q3 2013:

1. In Q3 2013, sales revenues amounted to PLN 1 107 million. They increased by approximately 31% in comparison with Q3 2012 (PLN 844 million).
2. In Q3, LPP S.A. Capital Group generated operating profit of PLN 167 million. Last year in this period, LPP S.A. Capital Group generated operating profit of PLN 113 million. Net profit in Q3 2013 was approx. PLN 111 million (compared to net profit of PLN 95 million in Q3 2012).
3. In Q3 2013, Reserved stores generated sales of PLN 544 million, while the sales volume at Cropp Town stores amounted to PLN 193 million. Sales in Q3 generated by House stores amounted to PLN 145 million, in Mohito stores they amounted to PLN 122 million and in stores of a new brand, Sinsay, they amounted to PLN 22 million.
4. In Q3 2013, the floor area of the chain of outlets increased by 19.7 thousand sq. m. At the end of Q3 2013, LPP S.A. Capital Group had 1 213 stores of a total area of 516.6 thousand sq. m.
5. Revenues from comparable stores increased in Q3 2013 by 14%, while from the beginning of 2013 by 7.8% (excluding changes in exchange rates of local currencies in the countries where the companies of LPP S.A. Capital Group operate).

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

During the reporting period, LPP SA Capital Group achieved very good operating results. The increase in sales and operating profit exceeded the pace of sales network development. A very large increase in retail space (up to 31%) did not affect adversely the operating margin. High value of sales achieved in September was due to a good assessment of the autumn collection by customers, as well as favourable weather conditions (relatively low temperatures). Unfortunately, the very high foreign exchange differences (PLN 32 million in Q3), mainly statistical in nature, had a negative impact on net income.

Presented below are the revenues from sales of products, goods and materials generated by individual Capital Group companies and presented in the consolidated financial statements (Group inter-company sales excluded):

in PLN '000

Company name	Country	Revenues in Q3 2013	% share in Q3 2013	YTD Revenues from 01.01.2013 to 30.09.2013	% share in the period from 01.01.2013 to 30.09.2013
LPP S.A. CAPITAL GROUP	Poland	700 029	63.2%	1 834 787	64.4%
LPP Retail Estonia OU	Estonia	18 629	1.7%	45 998	1.6%
LPP Retail Latvia Ltd	Latvia	14 424	1.3%	36 581	1.3%
LPP Retail Czech Republic s.r.o.*	Czech Republic	39 488	3.6%	104 581	3.7%
LPP Hungary Kft.	Hungary	9 135	0.8%	24 613	0.9%
UAB "LPP" - Lithuania	Lithuania	20 375	1.8%	51 745	1.8%
LPP Ukraina AT	Ukraine	47 618	4.3%	116 764	4.1%
ZAO "Re Trading"**	Russia	239 492	21.6%	587 558	20.6%
LPP Fashion Distributor SRL - Romania	Romania	7 179	0.6%	18 710	0.7%
LPP Retail Bulgaria Ltd.	Bulgaria	6 376	0.6%	15 291	0.5%
Artman Slovakia	Slovakia	4 749	0.4%	12 674	0.4%
Total		1 107 493	100.0%	2 849 302	100.0%

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

** total revenues of 2 companies in Russia: ZAO "Re Trading", Fashion Point Russia

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

Seasonality in sales is the characteristic feature of the clothing market both in Poland and abroad. The third quarter of a calendar year includes two months (July and August) when the sale of spring-summer collection is traditionally conducted. As a result, profit margin before tax is lower than the average annual margin in the entire quarter.

6. Information on revaluation write-downs of inventories to net realisable value and reversal of write-downs on this account

Detailed information is included in item 37.1

7. Information on impairment write-downs of financial assets, property, plant and equipment, intangible assets, or other assets, and their reversal

Detailed information is included in item 37.1

8. Information on the creation, increase, use and reversal of provisions

Detailed information is included in item 37.3

9. Information on deferred income tax provisions and assets

Detailed information is contained in item 37.5

10. Information on significant transactions of purchase and sale of property, plant and equipment

There were no such events in the reporting period.

11. Information on significant commitments on account of purchase of property, plant and equipment

There were no such events in the reporting period.

12. Information on significant settlements of litigation

There were no such events in the reporting period.

13. Indication of corrections of errors from previous reporting periods

There were no such events in the reporting period.

14. Information on changes in economic and business conditions, which have a significant impact on the fair value of the company's financial assets and financial liabilities

There were no such events in the reporting period.

15. Information on non-repayment of loans or breach of any material provisions of credit or loan agreements

There were no such events in the reporting period.

16. 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 conditions other than on arm's length basis

There were no such events in the reporting period.

17. For financial instruments measured at fair value - information about changing the method of its determination

Not applicable.

18. Information on changes in the classification of financial assets as a result of changes to these assets or their use

Not applicable.

19. Division into segments of operation - revenues and results for individual segments

The LPP S.A. Capital Group 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 location of the Group's assets.

Revenues and results for particular segments in Q1 2013 and the comparable period are presented in section 37.7.

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

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

21. Dividend paid (or declared), in total and per one share, broken down into ordinary and preference shares

Under the decision of the AGM, a part of the profit generated in 2012 in the amount of PLN 154 007 597.50 was allocated for the dividend, which corresponds to PLN 85.10 per one authorised share.

The amount of PLN 124 222 597.50 was allocated to ordinary shares and PLN 29 785 000 - to preferred shares.

The date on which the list of shareholders entitled to receive dividends for 2012 was determined was 5 September 2013, and the dividend payment date was 25 September 2013.

23. Date of approval of the financial statements for publication

This financial statement was approved for publication by the Management Board of the Parent Company on 8 November 2013.

24. Events which occurred after the balance sheet date, not included in the financial statements, and which may significantly affect future financial results of LPP S.A. Capital Group

There were no such events.

25. Effects of changes in the Capital Group's structure, including mergers, takeover or sale of Capital Group companies, long-term investments, as well as division, restructuring and discontinuation of business operations

None of the above situations occurred in the reporting period.

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

In Q3 2013, LPP S.A. and its subsidiaries benefited from bank guarantees to secure the payment of rent for the rental of space for the company's retail outlets.

As at 30 September 2013, the total value of bank guarantees issued at the request and on behalf of LPP S.A. amounted to PLN 133 803 thousand, including:

- a) value of guarantees issued for contracts concluded by LPP S.A. amounted to PLN 70 930 thousand,
- b) guarantees granted to secure agreements concluded by consolidated affiliates - PLN 60 475 thousand,
- c) value of guarantees issued for contracts concluded by the non-consolidated related parties amounted to PLN 1 796 thousand,
- d) value of guarantees issued for rental agreements concluded by LPP S.A. amounted to PLN 603 thousand.

On 30 September 2013, the value of sureties granted by the parent company amounted to PLN 26 601 thousand and increased in comparison to 31 December 2012 by PLN 1 714 thousand.

27. Estimates concerning future liabilities under lease agreements

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

Total future minimum payments under lease agreements, estimated as at 30 September 2013, are as follows:

- payables with the maturity date of 12 months after the balance sheet date
PLN 498 011 thousand.
- payables with the maturity date from 12 months to 5 years from the balance sheet date PLN 1 535 385 thousand.
- payables with the maturity date of over 5 years from the balance sheet date PLN
801 861 thousand.

28. Position of the Management Board on the feasibility of the forecast of annual consolidated results

The company did not publish any forecasts of annual results.

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

Shareholding structure of the parent company as at the date of submission of the quarterly report for Q3 2013:

Shareholder	Number of held shares (pieces)	Number of votes at the AGM	Share in the total number of votes at the AGM	Share capital held
Marek Piechocki	175 000	875 000	27.1%	9.6%
Jerzy Lubianiec	175 000	875 000	27.1%	9.6%
Monistor Limited (Cyprus)	200 728	200 728	6.2%	11.0%
Grangeford Limited (Cypr)	350 000	350 000	10.8%	19.1%

After the submission of the last quarterly report (report for the first half of 2013), there were no changes in the ownership structure of major blocks of LPP S.A. shares.

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

The structure of the holding of shares of LPP SA for managers and supervisors, as of the date of the report for Q3 2013.

Shareholder	Number of held shares (pieces)	Number of votes at the AGM
President of the Management Board	175 000	875 000
Vice President of the Management Board	164	164
Vice President of the Management Board	17	17
Chairman of the Supervisory Board	175 000	875 000
Member of the Supervisory Board	321	321

In the period from the submission of the previous report (report for Q1 2013), the structure of ownership of LPP S.A. shares was changed due to the sale and purchase shares of the issuer by a member of the Supervisory Board and a member of the Management Board in the reporting period (Current Report No. 30/2013, Current Report 32/2013, respectively).

The structure of the holding of shares of LPP SA for managers and supervisors, as of the date of the report for Q1 2013.

Shareholder	Number of held shares (pieces)	Number of votes at the AGM
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
Chairman of the Supervisory Board	175 000	875 000
Member of the Supervisory Board	381	381

31. Information on legal proceedings

In the Capital Group, only LPP S.A. is a party in legal proceedings, claiming the payment of receivables from its customers. The total amount claimed does not exceed 10% of equity.

32. 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 conditions other than on arm's length basis

There were no such transactions with affiliated entities in the reporting period.

33. Transactions with affiliated entities

33.1. Key personnel

The Group's key management personnel includes members of the Management Board and the Supervisory Board of the parent company.

The amount of short-term employee benefits received by key management in the period from 1 January to 30 September 2013 totalled PLN 3 786 thousand, of which PLN 3 712 thousand was received by members of the Management Board and PLN 74 thousand by members of the Supervisory Board.

33.2 Transactions with affiliated entities

In the reporting period, the issuer did not conclude any transactions concerning the transfer of rights and obligations with affiliated entities.

Transactions between the parent company and its foreign subsidiaries were excluded from the consolidated financial statements and are not presented in the table.

Amounts presented in the table below show only intercompany transactions between LPP S.A. and Polish non-consolidated subsidiaries, and are presented from the point of view of the parent company.

in PLN '000

Related parties	Receivables as at 30.09.2013	Liabilities as at 30.09.2013	Revenues for the period I-IX 2013	Expenses for the period I-IX 2013
Domestic companies	12	0	11	9 128

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

All related-party transactions were concluded at arm's length. Revenues from 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 time-limits adopted for subsidiaries are between 45 and 120 days.

34. Information on guarantees and sureties

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

35. Additional information relevant for the evaluation of staff, property and financial situation, financial result of the LPP S.A. Capital Group and information relevant for the evaluation of the ability to fulfil the commitments of the issuer's Capital Group

On 26 March 2013, specific arrangements entered into force in Cyprus to rescue the financial situation in the country. LPP S.A. is the owner of Gothals Limited, registered in Cyprus, which activity is the management of trademark rights. The company had the equivalent of PLN 21 96 thousand on its accounts with the Bank of Cyprus.

On 30 July 2013, the Cypriot government adopted resolution introducing new arrangements - 47.5% of the deposit will be converted into shares of the Bank of Cyprus, while the remainder of the deposit will be converted into 6, 9 and 12 month deposits with a one-time option to extend them for the same period. In accordance with this division, the value of shares in the amount of PLN 10 432 thousand was presented as long-term investments while the remainder converted into deposits with a value of PLN 9 330 thousand in restricted cash. The remaining amount of PLN 2 200 thousand was paid to LPP S.A.

As at the date of the financial statements, we do not have definitive information that would allow to clearly assess the value of shares of the company in the capital of the Bank of Cyprus. Therefore, we are not able to determine whether and in what amount the data presented in the balance sheet should be subject to amortization for their impairment.

The report contains basic information relevant 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 ability to fulfil the commitments of the Capital Group.

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

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

- a) Economic situation in Poland and in countries where the outlets of the LPP S.A. Capital Group operate
- b) Exchange rate of PLN against USD and EUR
- c) Development of the sales network of Reserved, Cropp Town, House and Mohito brands. In total, in 2013, it is planned to increase the number of retail chains by about 37%, about 590 thousand m². According to initial assumptions, in 2014, the retail space will increase by another 25-30%.
- d) Maintenance of the operating costs at a low level.

37. Notes to the condensed consolidated financial statements

37.1. Revaluation write-downs of assets

The values of some assets presented in the consolidated financial statement as at 30 September 2013 are adjusted by revaluation write-downs. Detailed information on the amounts of the write-downs reported as at the last day of the reporting period and changes in the period is presented in the table below.

in PLN '000

	Tangible fixed assets	Inventory	Receivables and loans
As at 01.01.2013	6 561	5 017	6 131
increase	361	6 309	1 303
decrease	435	998	718
As at 30.09.2013	6 487	10 328	6 716

37.2. Receivables

The value of the write-down includes:

revaluation write-down of receivables and claimed receivables from customers PLN 4 592 thousand.
revaluation write-down of the so-called doubtful receivables: PLN 1 877 thousand.
revaluation write-down of receivables from employees and other: PLN 247 thousand.

37.3. Provisions

The value of provisions included in the consolidated financial statements and their changes in the reporting period are as follows:

in PLN '000

	Provision for pensions and similar benefits	Unpaid compensations provision	Provision for liabilities	Provision for holiday leaves not taken
As at 01.01.2013	1 277	13 666	16	6 186
provisions established	1 259	9 450		7 309

provisions reversed	1 277	10 150	16	6 186
As at 31.03.2013	1 259	12 966	0	7 309

37.4. Income tax

Income tax presented in the consolidated profit and loss account for the period between 01.01.2013 and 30.09.2013 amounts to PLN 52 155 thousand and includes:

- current tax in the amount of PLN 66 313 thousand
- deferred tax of PLN -14 158 thousand

37.5. Deferred income tax asset and provision

At the end of the reporting period, the consolidated financial statements presented values for both deferred income tax assets and deferred income tax provisions.

Detailed information of the components of these amounts is included in the tables below.

in PLN '000

Deferred income tax asset	30.09.2013
Surplus of balance sheet depreciation value of assets over tax-based depreciation	13 205
Tax loss	7 207
Profit margin on goods unsold outside the Group	14 544
Revaluation of inventories	542
Remuneration and surcharges	2 059
Other	167
Total	37 724

Deferred income tax provision	30.09.2013
Accelerated tax depreciation	4 945
Outstanding interest on loans granted	8
Damages not received	128
Other	337
Total	5 418

37.6. Foreign exchange differences

The consolidated profit and loss account drawn up as at 30 September 2013 presents an excess of taxable foreign exchange differences over deductible foreign exchange differences of PLN 44 128 thousand.

37.7. Segments of operation

Revenues and financial results for geographical segments for the period from 1 January 2013 to 30 September 2013 and for the comparative period are presented in the tables below.

Year 2013

in PLN '000

	EU Member States	Other countries	Consolidation adjustments	Values not attributed to the segments	Total
External sales	2 144 980	704 322			2 849 302
Sales between segments	408 274		-408 274		-
Other operating revenues	10 634	4 914		8 569	24 117
Total revenues	2 563 888	709 236	-408 274	8 569	2 873 419
Total operating expenses, including	2 055 898	632 871	-334 602	117 119	2 471 286
Costs of sales between segments	311 629		-311 629		-
Other operating expenses	27 170	20 779			47 949
Segment results	480 820	55 586	-73 672	-40 899	354 184
Financial revenues				1 616	1 616
Financial expenses				52 774	52 774
Profit / loss before tax					303 026
Income tax					52 155
Net profit					250 871

2012

in PLN '000

	EU Member States	Other countries	Consolidation adjustments	Values not attributed to the segments	Total
External sales	1,814,857	446 789			2 261 646
Sales between segments	270 329		-270 329		-
Other operating revenues	10 560	411		7 288	18 259
Total revenues	2 095 746	447 200	-270 329	7 288	2 279 905
Total operating expenses, including	1 746 575	400 556	-254 012	93 366	1 986 485
Costs of sales between segments	203 048		-203 048		-
Other operating expenses	17 883	6 203			24 086
Segment results	331 288	40 441	-16 317	-86 078	269 334
Financial revenues				1 778	1 778
Financial expenses				24 205	24 205
Profit / loss before tax					246 907
Income tax					40 472
Net profit					206 435

38. Notes to the individual financial statements of LPP S.A.

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 September 2013, there was made the individual balance sheet representing the

assets items: 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 49 609 thousand.

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