

LPP

LPP SA Capital Group

Condensed interim financial statements for the fourth quarter 2014

Gdańsk
February 2015

1. Selected consolidated financial data of the LPP SA Capital Group

in thousand PLN

Selected consolidated financial data	Q4 2014	Q4 2013	Q4 2014	Q4 2013
	01.01.2014-31.12.2014	01.01.2013-31.12.2013	01.01.2014-31.12.2014	01.01.2013-31.12.2013
	in thousand PLN		in thousand EUR	
Net revenues from sales of products, goods and materials	4,769,055	4,116,302	1,138,389	992,550
Profit (loss) on operating activities	609,195	615,627	145,417	148,444
Gross profit (loss)	459,901	523,871	109,780	126,319
Net profit (loss)	482,081	432,859	115,074	104,374
Net cash flows from operating activities	496,777	508,766	118,582	122,677
Net cash flows from investing activities	-480,076	-518,233	-114,596	-124,960
Net cash flows from financing activities	17,230	-571	4,113	-138
Net cash flows, total	33,931	-10,038	8,099	-2,420

in thousand PLN

Selected consolidated financial data	Q4 2014	Q4 2013	Q4 2014	Q4 2013
	01.01.2014-31.12.2014	01.01.2013-31.12.2013	01.01.2014-31.12.2014	01.01.2013-31.12.2013
	in thousand PLN		in thousand EUR	
Total assets	2,931,865	2,491,570	687,860	591,681
Long-term liabilities	211,139	192,331	49,536	45,673
Short-term liabilities	1,082,075	802,749	253,871	190,631
Equity	1,638,651	1,496,490	384,452	355,376
Share capital	3,662	3,662	859	870
Weighted average number of ordinary shares	1,810,594	1,809,725	1,810,594	1,809,725
Profit (loss) per ordinary share (in PLN / EUR)	266.3	239.2	69.2	59.6
Book value per ordinary share (in PLN / EUR)	905.0	826.9	230.0	202.5
Declared or paid dividends per ordinary share (in PLN / EUR)	93.60	85.10	22.34	20.52

2. Consolidated statement of the financial position of the LPP SA Capital Group

in thousand PLN

Consolidated statement of the financial position of the LPP SA Capital Group	Balance at the end:	
	Q4 2014	Q4 2013
	31.12.2014	31.12.2013
ASSETS		
Fixed assets (long-term)	1,515,432	1,231,908
1. Tangible fixed assets	1,037,429	896,806
2. Intangible assets	28,731	20,132
3. Goodwill	209,598	183,609
4. Trade mark	77,508	77,508
5. Investments in subsidiaries	136	136
6. Investments in other entities	2,415	10,366
7. Investments in real estate	0	0
8. Receivables and loans	6,381	12,928
9. Deferred tax assets	143,603	29,929
10. Accruals	9,631	494
Current assets (short-term)	1,416,433	1,259,662
1. Inventory	979,838	805,038
2. Trade receivables	176,348	163,255
3. Receivables from income tax	10,628	17,207
4. Other receivables	46,864	96,720
5. Loans	167	12,485
6. Other financial assets	0	2
7. Accruals	19,303	15,600
8. Cash and cash equivalents	183,285	149,355
TOTAL assets	2,931,865	2,491,570

in thousand PLN

Consolidated statement of the financial position	Balance at the end:	
	Q4 2014	Q4 2013
	31.12.2014	31.12.2013
LIABILITIES		
Equity	1,638,651	1,496,490
1. Share capital	3,662	3,662
2. Own shares	-43,288	-48,784
3. Capital from the sale of shares above their nominal value	235,074	235,069
4. Other capital	1,092,205	860,357
5. Exchange differences from the conversion of units	-184,360	-4,062
6. Retained earnings	532,127	447,070
- profit (loss) from previous years	52,360	16,106
- net profit (loss) for the current period	479,767	430,964
7. Minority interest	3,231	3,178
Long-term liabilities	211,139	192,331
1. Bank credits and loans	204,477	184,285
2. Other financial liabilities	0	58
3. Provisions for employee benefits	2,029	2,718
4. Provision for deferred income tax	4,633	5,201
5. Other long-term liabilities		69
Short-term liabilities	1,082,075	802,749
1. Trade and other liabilities	623,550	547,626
2. Income tax liabilities	37,854	37,524
3. Bank credits and loans	378,330	173,591
4. Other financial liabilities	7	84
5. Provisions	19,254	24,841
6. Special funds	157	159
7. Accruals	22,923	18,924
TOTAL liabilities	2,931,865	2,491,570

3. Uniform consolidated statement of the results and other total revenue of the LPP SA Capital Group

in thousand PLN

Uniform consolidated statement of the results and other total revenue of the LPP SA Capital Group	Cumulative	Q4 2014	Cumulative	Q4 2013
	01.01.2014-31.12.2014	01.10.2014-31.12.2014	01.01.2013-31.12.2013	01.10.2013-31.12.2013
Activities continued				
Sales revenue	4,769,055	1,404,705	4,116,302	1,267,000
Cost of goods sold	1,977,107	576,156	1,707,151	499,840
Gross Profit/(Loss) on sales	2,791,948	828,549	2,409,151	767,160
Other operating revenues	45,975	18,966	33,797	9,680
Selling costs	1,944,790	504,724	1,604,796	457,940
General costs	203,047	70,946	154,409	37,290
Other operating expenses	80,891	23,503	68,116	20,167
Profit (Loss) on operating activities	609,195	248,342	615,627	261,443
Financial revenues	2,936	964	2,348	732
Financial expenses	152,230	75,647	94,104	41,330
Gross Profit (Loss)	459,901	173,659	523,871	220,845
Tax burden	-22,180	-72,189	91,012	38,857
Net Profit (Loss)	482,081	245,848	432,859	181,988
Net profit attributable to:				
shareholders of the parent company	479,767	245,295	430,964	181,469
non-controlling entities	2,314	553	1,895	519
Other comprehensive income				
Exchange differences from the conversion of units	-180,298	-140,813	-671	1,355
Total comprehensive income	301,783	105,035	432,188	183,343
Number of shares	1,810,594		1,809,725	
Profit (loss) per ordinary share	266.26		239.18	

4. Consolidated statement of changes in the equity of the LPP SA Capital Group

in thousand PLN

Consolidated statement of changes in the equity of the LPP SA Capital Group	Share capital	Own shares	Capital from the sale of shares above their value	Other capital	Profit (loss) from previous years	Profit (loss) for the current period	Exchange differences from the conversion of units	Minority interest	Equity TOTAL
Balance as at 1 January 2013	3,662	-48,767	235,069	656,950	364,987	0	-3,391	2,538	1,211,048
- correction of errors from previous years									0
Balance 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 acquiring own shares		-17							-17
Conversion of bonds into shares									0
Distribution of profit for the year 2012				194,874	-348,881				-154,007
Share-based payment				8,533					8,533
Minority interest on the balance sheet date								1,895	1,895
Payment of dividends to minority shareholders								-1,255	-1,255
Transactions with shareholders	0	-17	0	203,407	-348,881	0	0	640	-144,851
Net profit for the fourth quarter 2013						430,964			430,964
Exchange differences after the conversion of units							-671		-671
Balance as at 31 December 2013	3,662	-48,784	235,069	860,357	16,106	430,964	-4,062	3,178	1,496,490

LPP SA Capital Group
Condensed interim financial statements for the fourth quarter 2014
Statements prepared in thousand PLN

in thousand PLN

Consolidated statement of changes in the equity of the LPP SA Capital Group	Share capital	Own shares	Capital from the sale of shares above their value	Other capital	Profit (loss) from previous years	Profit (loss) for the current period	Exchange differences from the conversion of units	Minority interest	Equity TOTAL
Balance as at 1 January 2014	3,662	-48,784	235,069	860,357	447,070	0	-4,062	3,178	1,496,490
- correction of errors from previous years									0
Balance as at 1 January 2014 after adjustments	3,662	-48,784	235,069	860,357	447,070	0	-4,062	3,178	1,496,490
Costs of acquiring own shares		-22							-22
Conversion of bonds into shares									0
Distribution of profit for the year 2013				225,093	-394,710				-169,617
Acquisition of shares			5						5
Share-based payment		5,518		3,818					9,336
Contribution by minority shareholders				2,937					2,937
Payment of dividends to minority shareholders								-2,261	-2,261
Transactions with shareholders	0	5,496	5	231,848	-394,710	0	0	-2,261	-159,622
Net profit for the fourth quarter 2014						479,767		2,314	482,081
Exchange differences after the conversion of units							-180,298		-180,298
Balance as at 31 December 2014	3,662	-43,288	235,074	1,092,205	52,360	479,767	-184,360	3,231	1,638,651

5. Consolidated cash flow statement of the LPP SA Capital Group

in thousand PLN

Consolidated cash flow statement	Cumulative	Q4 2014	Cumulative	Q4 2013
	01.01.2014- 31.12.2014	01.10.2014- 31.12.2014	01.01.2013- 31.12.2013	01.10.2013- 31.12.2013
A. Cash flows from operating activities - indirect method				
I. Gross profit (loss)	459,901	173,659	523,871	220,845
II. Total adjustments	36,876	121,090	-15,105	96,159
1. Amortisation and depreciation	193,651	51,621	148,188	41,433
2. Exchange gains (losses)	22,840	5,680	10,547	3,225
3. Interest and profit sharing (dividends)	13,654	4,533	10,442	5,958
4. Profit (loss) on investment activities	10,375	17,599	-5,392	-3,636
5. Paid income tax	-91,091	-13,782	-92,452	-23,279
6. Change in provisions	-920	-1,626	7,906	7,281
7. Change in inventory	-290,549	-23,900	-178,225	24,089
8. Change in receivables	56,366	-2,988	-82,050	-57,741
9. Change in short-term liabilities excluding credits and loans	115,829	86,386	164,573	95,485
10. Change in prepayments and accruals	-7,181	4,347	15	2,781
11. Other adjustments	13,902	-6,780	1,343	563
III. Net cash flows from operating activities	496,777	294,749	508,766	317,004
B. Cash flows from investment activities				
I. Inflows	87,758	36,823	48,553	15,353
1. Disposal of intangible and tangible fixed assets	75,884	35,350	43,144	14,779
2. From financial assets, including:	6,838	1,473	5,409	574
a) in related parties	214	10	278	0
- liquidation of companies	0	0	88	0
- dividends	214	10	190	0
b) in other entities	6,624	1,463	5,131	574
- sales of financial assets - foreign bonds	4,003	2,003	3,796	0
- repayment of loans	1,501	-516	146	39
- interest	1,120	-24	1,189	535
3. Other inflows from investment activities	5,036	0	0	0

II. Outflows	567,834	160,551	566,786	196,604
1. Purchase of intangible assets and tangible fixed assets	550,589	160,431	541,878	193,898
2. For financial assets, including:	17,245	120	24,908	2,706
a) in related parties	12,912	0	0	0
- purchase of shares	12,912	0	0	0
- loans granted	0	0	0	0
b) in other entities	4,333	120	24,908	2,706
- loans granted	330	120	10,745	2,771
- purchase of shares		0	10,367	-65
- purchase of foreign bonds	4,003	0	3,796	0
3. Other outflows from investment activities	0	0	0	0
III. Net cash flows from investing activities	-480,076	-123,728	-518,233	-181,251
B. Cash flows from financial activities				
I. Inflows	282,533	36,185	219,547	36,666
1. Inflows from the acquisition of shares	5	0	0	0
2. Credits and loans	282,528	36,185	219,547	36,666
3. Other inflows from financial activities		0	0	0
II. Outflows	265,303	141,068	220,118	161,045
1. Cost of maintaining own shares	22	6	16	5
2. Dividends to shareholders	171,878	452	155,262	869
3. Repayment of credits and loans	78,508	136,117	52,103	156,271
4. Payment of liabilities arising from financial leases	208	10	209	43
5. Interest	14,687	4,483	12,528	3,857
6. Other outflows from financial activities			0	0
III. Net cash flows from financing activities	17,230	-104,883	-571	-124,379
D. Total net cash flows	33,931	66,138	-10,038	11,374
E. Balance sheet change in cash, including:	33,931	66,138	-10,038	11,374
- change in cash due to exchange differences	-13,037	-9,297	-3,704	-1,615
F. Cash opening balance	149,355	117,148	159,393	137,981
G. Closing balance of cash, including:	183,286	183,286	149,355	149,355
- of limited disposability	1,016	1,016	8,440	8,440

6. Selected individual financial data of the LPP SA

in thousand PLN

Selected financial data	Q4 2014	Q4 2013	Q4 2014	Q4 2013
	01.01.2014- 31.12.2014	01.01.2013- 31.12.2013	01.01.2014- 31.12.2014	01.01.2013- 31.12.2013
	in thousand PLN		in thousand EUR	
Net revenues from sales of products, goods and materials	4,000,163	3,493,356	954,852	842,341
Profit (loss) on operating activities	476,698	514,507	113,789	124,061
Gross profit (loss)	311,021	476,410	74,242	114,875
Net profit (loss)	283,408	394,575	67,650	95,143
Net cash flows from operating activities	159,359	180,840	38,040	43,605
Net cash flows from investing activities	-195,623	-210,806	-46,696	-50,831
Net cash flows from financing activities	19,454	1,469	4,644	354
Net cash flows, total	-16,810	-28,497	-4,013	-6,871

in thousand PLN

Selected financial data	Q4 2014	Q4 2013	Q4 2014	Q4 2013
	01.01.2014- 31.12.2014	01.01.2013- 31.12.2013	01.01.2014- 31.12.2014	01.01.2013- 31.12.2013
	in thousand PLN		in thousand EUR	
Total assets	2,787,719	2,391,972	654,041	568,029
Long-term liabilities	208,046	188,124	48,811	44,674
Short-term liabilities	1,012,508	759,793	237,550	180,431
Equity	1,567,165	1,444,055	367,681	342,924
Share capital	3,662	3,662	859	870
Weighted average number of ordinary shares	1,810,594	1,809,725	1,810,594	1,809,725
Profit (loss) per ordinary share (in PLN / EUR)	156.5	218.0	37.4	52.6
Book value per ordinary share (in PLN / EUR)	865.6	797.9	203.1	189.5
Declared or paid dividends per ordinary share (in PLN / EUR)	93.60	85.10	22.34	20.52

7. Statement of the financial position of LPP SA

in thousand PLN

Statement of the financial position	Balance at the end:	
	Q4 2014	Q4 2013
	31.12.2014	31.12.2013
ASSETS		
Fixed assets (long-term)	1,522,971	920,435
1. Tangible fixed assets	680,615	566,461
2. Intangible assets	25,348	16,224
3. Goodwill	179,618	179,618
4. Trade mark	0	0
5. Investments in subsidiaries	538,065	96,524
6. Investments in real estate	0	0
7. Receivables and loans	1,660	23,984
8. Deferred tax assets	96,967	37,130
9. Accruals	698	494
Current assets (short-term)	1,264,748	1,471,537
1. Inventory	712,774	570,997
2. Trade receivables	465,909	800,158
3. Receivables from income tax	0	0
4. Other receivables	18,046	17,255
5. Loans	151	432
6. Other financial assets	0	2
7. Accruals	13,687	11,702
8. Cash and cash equivalents	54,181	70,991
TOTAL assets	2,787,719	2,391,972

in thousand PLN

Statement of the financial position	Balance at the end:	
	Q4 2014	Q4 2013
	31.12.2014	31.12.2013
LIABILITIES		
Equity	1,567,165	1,444,055
1. Share capital	3,662	3,662
2. Own shares	-43,288	-48,783
3. Capital from the sale of shares above their nominal value	235,074	235,069
4. Other capital	1,088,309	859,532
5. Retained earnings	283,408	394,575
- profit (loss) from previous years	0	0
- net profit (loss) for the current period	283,408	394,575
Long-term liabilities	208,046	188,124
1. Bank credits and loans	204,476	184,285
2. Other financial liabilities	0	39
3. Provisions for employee benefits	1,504	1,236
4. Provisions for deferred tax	2,066	2,564
Short-term liabilities	1,012,508	759,793
1. Trade and other liabilities	572,309	520,992
2. Income tax liabilities	34,954	34,641
3. Bank credits and loans	377,973	173,245
4. Provisions	11,196	17,687
5. Special funds	34	159
6. Accruals	16,042	13,069
TOTAL liabilities	2,787,719	2,391,972

8. Uniform statement of the total revenue of LPP SA

in thousand PLN

Statement of the results and other total revenue	Cumulative	Q4 2014	Cumulative	Q4 2013
	01.01.2014- 31.12.2014	01.10.2014- 31.12.2014	01.01.2013- 31.12.2013	01.10.2013- 31.12.2013
Sales revenue	4,000,163	1,152,223	3,493,356	1,057,492
Cost of goods sold	2,073,656	581,334	1,783,954	504,011
Gross Profit/(Loss) on sales	1,926,507	570,889	1,709,402	553,481
Other operating revenues	111,815	15,309	46,962	26,708
Selling costs	1,182,259	315,533	996,690	285,874
General costs	272,076	78,208	201,086	59,690
Other operating expenses	107,289	18,415	44,081	10,325
Profit (Loss) on operating activities	476,698	174,042	514,507	224,300
Financial revenues	225,813	35,299	88,662	54,609
Financial expenses	391,490	173,869	126,759	51,462
Gross Profit (Loss)	311,021	35,472	476,410	227,447
Tax burden	27,613	-482	81,835	35,004
Net Profit (Loss)	283,408	35,954	394,575	192,443
Total comprehensive income	283,408	35,954	394,575	192,443
Number of shares	1,810,594		1,809,725	
Profit (loss) per ordinary share	156.53		218.03	

9. Statement of changes in equity of LPP SA

in thousand PLN

Statement of changes in equity	Share capital	Own shares	Capital from the sale of shares above their value	Other capital	Profit (loss) from previous years	Profit (loss) for the current period	Equity TOTAL
Balance as at 1 January 2013	3,662	-48,767	235,069	656,174	348,833		1,194,971
- correction of errors from previous years							0
Balance as at 1 January 2013 after adjustments	3,662	-48,767	235,069	656,174	348,833	0	1,194,971
Costs of acquiring own shares		-16					-16
Distribution of net profit for the year 2012				194,825	-348,833		-154,008
Share-based payment				8,533			8,533
Transactions with shareholders	0	-16	0	203,358	-348,833	0	-145,491
Net profit for the fourth quarter 2013						394,575	394,575
Balance as at 31 December 2013	3,662	-48,783	235,069	859,532	0	394,575	1,444,055

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Statement of changes in equity	Share capital	Own shares	Capital from the sale of shares above their value	Other capital	Profit (loss) from previous years	Profit (loss) for the current period	Equity TOTAL
Balance as at 1 January 2014	3,662	-48,783	235,069	859,532	394,575		1,444,055
- correction of errors from previous years							0
Balance as at 1 January 2014 after adjustments	3,662	-48,783	235,069	859,532	394,575	0	1,444,055
Costs of acquiring own shares		-22					-22
Distribution of net profit for the year 2013				224,959	-394,575		-169,616
Acquisition of shares			5				5
Share-based payment		5,517		3,818			9,335
Transactions with shareholders	0	5,495	5	228,777	-394,575	0	-160,298
Net profit for the fourth quarter 2014						283,408	283,408
Balance as at 31 December 2014	3,662	-43,288	235,074	1,088,309	0	283,408	1,567,165

10. Cash flow statement of LPP SA

in thousand PLN

Cash flow statement	Cumulative	Q4 2014	Cumulative	Q4 2013
	01.01.2014- 31.12.2014	01.10.2014- 31.12.2014	01.01.2013- 31.12.2013	01.10.2013- 31.12.2013
A. Cash flows from operating activities - indirect method				
I. Gross profit (loss)	311,021	35,472	476,410	227,447
II. Total adjustments	-151,662	163,945	-295,570	-7,427
1. Amortisation and depreciation	110,878	29,481	86,759	24,592
2. Exchange gains (losses)	14,865	5,937	4,632	2,386
3. Interest and profit sharing (dividends)	-143,592	-35,073	-62,882	-38,596
4. Profit (loss) on investment activities	285,730	135,545	47,867	550
5. Paid income tax	-86,105	-14,221	-73,898	-14,368
6. Change in provisions	-6,224	1,221	4,563	4,760
7. Change in inventory	-141,742	-12,564	-79,480	28,484
8. Change in receivables	-242,752	12,601	-317,502	-51,351
9. Change in short-term liabilities excluding credits and loans	47,161	32,657	85,572	29,482
10. Change in prepayments and accruals	783	6,314	265	3,238
11. Other adjustments	9,336	2,047	8,534	3,396
III. Net cash flows from operating activities	159,359	199,417	180,840	220,020
B. Cash flows from investment activities				
I. Inflows	232,709	75,952	128,308	61,644
1. Disposal of intangible and tangible fixed assets	66,771	31,227	42,127	13,990
2. From financial assets, including:	165,938	44,725	86,181	47,654
a) in related parties	161,758	42,665	82,213	47,631
- interest and dividends	160,541	41,448	74,625	44,634
- sale of shares / liquidation of companies	0		88	0
- repayment of loans	1,217	1,217	7,500	2,997
b) in other entities	4,180	2,060	3,968	23
- interest	30	8	43	2
- sales of financial assets - foreign bonds	4,003	2,003	3,796	0
- repayment of loans	147	49	129	21
3. Other inflows from investment activities			0	0

II. Outflows	428,332	143,073	339,114	137,179
1. Purchase of intangible assets and tangible fixed assets	328,778	100,542	335,265	137,179
2. For financial assets, including:	99,554	42,531	3,849	0
a) in related parties	95,221	42,411	0	0
- purchase of shares	95,221	42,411	0	0
- loans granted	0	0	0	0
b) in other entities	4,333	120	3,849	0
- loans granted	330	120	53	
- sales of financial assets - foreign bonds	4,003	0	3,796	0
3. Other outflows from investment activities			0	0
III. Net cash flows from investing activities	-195,623	-67,121	-210,806	-75,535
B. Cash flows from financial activities				
I. Inflows	282,436	36,185	219,547	36,666
1. Credits and loans	282,431	36,185	219,547	36,666
2. Net inflows from issuance of shares	5	0	0	0
3. Other inflows from financial activities	0		0	0
II. Outflows	262,982	140,852	218,078	159,802
1. Purchase of own shares	22	5	16	6
2. Dividends to shareholders	169,617	0	154,008	
3. Repayment of credits and loans	78,526	136,232	51,526	155,918
4. Interest	14,817	4,615	12,528	3,878
5. Other outflows from financial activities	0		0	0
III. Net cash flows from financing activities	19,454	-104,667	1,469	-123,136
D. Total net cash flows	-16,810	27,629	-28,497	21,349
E. Balance sheet change in cash, including:	-16,810	27,629	-28,497	21,349
change in cash due to exchange differences	123	-379	-262	-8
F. Cash opening balance	70,991	26,552	99,488	49,642
G. Closing balance of cash, including:	54,181	54,181	70,991	70,991
- of limited disposability	34	34	224	224

Additional information to the condensed consolidated financial statements for the fourth quarter of the year 2014

1. Characteristics of LPP SA Capital Group

The LPP SA Capital Group (Group) includes:

- LPP SA as the parent company,
- 4 national subsidiaries,
- 17 foreign subsidiaries.

There is no parent company of LPP SA

The list of the companies included in the Group are presented below.

No.	Name of the company	Registered office	Date of obtaining control
1.	G&M Sp. z o.o.	Gdańsk, Poland	26.09.2001
2.	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 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 Latvia LTD	Riga, Latvia	30.09.2002
9.	LPP Lithuania UAB	Vilnius, Lithuania	27.01.2003
10.	LPP Ukraina AT	Peremyshliany, Ukraine	23.07.2003
11.	RE Trading OOO	Moscow, Russia	12.02.2004
12.	LPP Romania Fashion SRL	Bucharest, Romania	12.08.2007
13.	LPP Bulgaria EOOD	Sofia, Bulgaria	14.08.2008
14.	LPP Slovakia S.R.O.	Banská Bystrica, Slovakia	30.10.2008
15.	LPP Fashion Bulgaria LTD.	Sofia, Bulgaria	26.08.2011
16.	Gothals Limited	Nicosia, Cyprus	22.07.2011
17.	Jaradi Limited	Al Tatar, United Arab Emirates	22.07.2011
18.	IP Services FZE	Ras al-Khaimah, United Arab Emirates	23.12.2012
19.	LPP Croatia D.O.O.	Zagreb, Croatia	31.01.2014
20.	Reserved GMBH	Hamburg, Germany	03.03.2014
21.	Koba AS	Banská Bystrica, Slovakia	01.04.2014

The domination of LPP SA in subsidiaries, in view of its important, mostly at 100% share in the capital of the subsidiary companies and the total number of votes, is immediate.

Consolidated financial statements of the Capital Group, for the period from 01 January to 31 December 2014, includes individual results of LPP S.A. and the results of the subsidiaries listed below:

- LPP Estonia OU
- LPP Czech Republic SRO
- LPP Hungary KFT
- LPP Latvia LTD
- LPP Lithuania UAB

- LPP Ukraina AT
- Re Trading OOO
- LPP Romania Fashion SRL
- LPP Bulgaria LTD
- LPP Slovakia SRO
- LPP Fashion Bulgaria LTD
- Gothals LTD
- Jaradi LTD
- IP Services FZE
- LPP Croatia DOO
- Reserved GMBH
- Koba AS

The remaining national entities dependent on LPP SA are not included in the consolidation due to irrelevance of the data. This is in accordance with accounting policies adopted by the Group.

A subsidiary or associate entity is not included in the consolidation accordingly if the volumes recorded in the financial statements of such entity are negligible in relation to the data of the financial statements of the parent company. In particular, such balance sheet total and net revenue from the sale of goods and services as well as financial operations of the entity which are less than 10% of the balance sheet total and income of the parent company for the financial period are considered to be negligible. The aggregated balance sheet totals and revenue of entities not included in the consolidation also may not exceed this level, but in relation to the relevant volumes of the consolidated financial statements set out on the assumption that all subsidiaries are included in its scope without any exemptions.

Participation in the consolidated volumes of all national subsidiaries which are not included in the consolidation is as follows:

- in the total balance sheet of the Capital Group –0.04%
- in the revenue from the sale and financial income of the Capital Group –0.22%

Not including of these companies in consolidated financial statements did not negatively affect the fair presentation of the asset and financial situation as well as the financial result of the Capital Group.

LPP SA is involved in designing and distribution of clothing in Poland as well as in the countries of Central and Eastern Europe. Companies included in Capital Group and subject to consolidation are entities that distribute commodities outside of Poland under the brand names of RESERVED, Cropp, House, MOHITO and SiNSAY. Clothing is essentially the only commodity which is sold by Capital Group companies. Shoes, bags and clothing accessories are sold as commodities complementing the basic offer of Capital Group companies.

The clothing projects are drawn up in a design office located at the LPP SA registered office in Gdańsk and in a design office in Kraków. Designs are then forwarded to the purchasing department which orders the production of specific models and starts cooperation with companies in Poland and abroad including China. The placement of production in China is done through the commercial office located in Shanghai.

The Capital Group generates a small revenue from the sale of services as well (the entire revenue is from the parent company - it is primarily service related to “know-how” in respect to the operation of the branch shops by national contractors and the lease of transport vehicles).

An additional trading activity of the Capital Group is the managing the rights to trademarks of RESERVED, Cropp, House, MOHITO and SiNSAY including their protection, activities to increase their value, granting of licenses for their use, etc. There are companies delegated for this purpose such as Gothals Limited Company from Cyprus, Jaradi Limited and IP Services from the United Arab Emirates.

Four national subsidiaries conduct property leasing activities, in which Cropp and RESERVED shops operate.

2. Basis for the preparation of condensed consolidated financial statements and information on changes in accounting policies

The Capital Group report for the 4th quarter of 2014 includes condensed consolidated financial statements and selected explanatory data enclosed in this Additional Information as well as condensed financial statements of the parent company in accordance with MSR 34 "Interim Financial Reporting".

The accounting policy applied to draw up this report is compliant in all relevant respects with the policy adopted to prepare the consolidated annual financial statements of the LPP SA Capital Group for the financial year 2013 which is in accordance with International Financial Reporting Standards.

The condensed consolidated financial statements should be read with the consolidated financial statements for the year ended 31 December 2013.

3. The achievements of the LPP SA Capital Group for the period covered in this report

The most important achievements of the Capital Group in the 4th quarter of 2014:

1. In the 4th quarter of 2014 the generated revenues from the sale were PLN 1.405m. They were higher by about 11% compared to the revenues earned in the 4th quarter 2013 (PLN 1.267m).
2. In the 4th quarter the LPP SA Capital Group achieved an operating profit of PLN 248m. In the same period of the previous year the LPP SA Capital Group achieved an operating profit of PLN 261m. The net profit in the 4th quarter of 2014 was approximately PLN 246m (as compared with the net profit of PLN 182m in the 4th quarter of 2013).
3. In the 4th quarter of 2014 the sales achievement by RESERVED shops was PLN 676m and by Cropp shops was PLN 220m. In the 4th quarter of 2014 the sales achievement by House shops was PLN 200m, by MOHITO shops was PLN 146m and by SiNSAY shop was PLN 78m.
4. In the 4th quarter of 2014 the surface of shops was increased by 41k sq. m. At the end of the 4th quarter of 2014 the LPP SA Capital Group had 1,516 shops with a total area of 723k sq m.
5. The revenue from sales in comparable shops decreased in the 4th quarter 2014 by 3.5%, while in the entire year by 2.5% (excluding changes in exchange rates of local currencies in countries where LPP SA Capital Group companies operate).

4. Factors and events, in particular of unusual nature, which have a significant impact on achieving consolidated financial results

In the 4th quarter the LPP SA Capital Group continued to expand the network retail shops of all brands. In the course of the year the total commercial area increased by 134k m², which is about 23%. Additional RESERVED shops were opened in Germany and shops of all brands started to operate in Croatia, which were the first facilities opened in the Balkans.

The long-term development plans were implemented in accordance with the assumptions.

The financial results achieved at the operational level in the 4th quarter and throughout 2014 were slightly lower than the results achieved in the previous year. The deterioration in the Capital Group's operating cost in relation to revenue was the primary reason. Although in the course of the year the average operating costs per commercial area unit was reduced, this activity did not compensate for decreasing sales. One of the important factors causing a relative decline in sales on the Capital Group level was the political situation due to the conflict in Russia and Ukraine. It significantly weakened local currencies which resulted in a visible reduction of the income level achieved in this region after conversion to PLN. In addition to the negative exchange rate differences resulting from the weakness of the Russian ruble and the Ukrainian grivna, there were also those which resulted in the weakening of the Polish zloty against the USD, especially in the second half of the year. The negative impact of exchange rate differences on the 2014 result was PLN 112 m. However, the positive impact on the net result was a negative value of deferred income tax related to the activity described in point 25 of this report. This value increased the annual net profit by approx. PLN 107m. The negative impact of exchange rate differences on the 2014 result was PLN 112 m.

The revenue from the sales of products, commodities and materials presented in consolidated financial statements were achieved by individual Capital Group companies in the following volumes (after exemption of sales within the group):

in thousand PLN

Name of the company	Country	Revenues in Q4 2014	Share % in Q4 2014	Accrued revenues from 01.01.2014 to 31.12.2014	Share % in the period from 01.01.2014 to 31.12.2014
LPP S.A.	Poland	941,685	67.0%	3,080,238	64.6%
LPP Retail Estonia OU	Estonia	18,877	1.3%	66,769	1.4%
LPP Retail Latvia Ltd	Latvia	17,102	1.2%	59,798	1.3%
LPP Czech Republic s.r.o.	Czech Republic	61,237	4.4%	186,310	3.9%
LPP Hungary Kft.	Hungary	13,009	0.9%	41,428	0.9%
UAB "LPP" - Litwa	Lithuania	19,872	1.4%	72,951	1.5%
LPP Ukraina AT	Ukraine	56,634	4.0%	191,810	4.0%
ZAO "Re Trading"	Russia	200,089	14.2%	884,425	18.5%
LPP Fashion Distributor SRL - Rumunia	Romania	9,421	0.7%	26,307	0.6%
GMBH Reserved Niemcy	Germany	13,539	1.0%	15,108	0.3%
LPP Fashion Style Chorwacja	Croatia	5,683	0.4%	5,683	0.1%
LPP Retail Bulgaria Ltd.	Bulgaria	11,612	0.8%	32,497	0.7%
LPP Slovakia SRO *	Slovakia	35,944	2.6%	105,729	2.2%
Total		1,404,705	100.0%	4,769,055	100.0%

* Total revenue of 2 companies in Slovakia: LPP Slovakia SRO and KOBA AS.

5. Explanation concerning seasonal or cyclical activities of the LPP SA Capital Group for the period covered in the report

Sales seasonality is the phenomenon concerning the whole clothing market both in Poland and abroad. The fourth quarter of the calendar year is regarded as the best for companies in the industry. Therefore, in this year as in previous years the LPP SA Capital Group obtained the most profit during the quarter covered by this report.

6. Information on write-downs revaluing supplies to the net value obtainable after the reversal of such write-downs

Detailed information is included in section 36.1

7. Information on write-downs for depreciation of financial assets, tangible fixed assets and fixed assets, intangible assets or other assets, and on reversal of such write-downs

Detailed information is included in section 36.1

8. Information on creation, increasing, use and release of provisions

Detailed information is included in section 36.3

9. Information on deferred income tax provisions and assets

Detailed information is included in section 36.5

10. Information on significant transactions of purchase and sales of fixed assets

In the reporting period there were no such events.

11. Information on significant liabilities due for purchase of tangible fixed assets

In the reporting period there were no such events.

12. Information on significant settlements due to court cases

In the reporting period there were no such events.

13. Corrections of errors from past periods

In the reporting period there were no such events.

14. Information on changes in the economic situation and conditions of conducting business activity, significantly influencing the fair market value of financial assets and financial liabilities of the entity

In the reporting period there were no such events.

15. Information on failure to pay off a credit or loan or a breach of significant provisions of a loan or credit agreement

In the reporting period there were no such events.

16. Concluding by the issuer or their subsidiary one or more transactions with affiliated entities, if individually or jointly they are significant and were concluded on terms and conditions other than market conditions

In the reporting period there were no such events.

17. In the case of financial instruments that are measured at fair value - information on change of methods of its establishment

Not applicable.

18. Information on change of classification of financial assets as a result of changing the purpose or use of those assets

Not applicable.

19. Division into segments of activity - revenue and results for individual segments

The LPP SA Capital Group conducts one type of activity (one business segment, which was considered the primary). A division into two geographical segments was applied: activity within the European Union and outside it. The division into geographical segments are based on location of the Group's assets.

Revenue and result for individual segments for the 3rd quarter of 2014 and the comparable period were set out in section 36.7.

20. Information on issuance, redemption and paying off of non-equity and capital securities

During the fourth quarter the Issuer did not issue, redeem and repay debt and equity securities.

21. Information on paid-off (or declared) dividends, jointly and per share, divided into ordinary and other shares

In the reporting period there were no such events.

23. Date when the financial statements were authorised for issue

These financial statements have been approved for publication by the Management Board of the parent company on 18 February 2015.

24. Events that 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

Such events did not occur.

25. The consequences of changes in LPP SA Capital Group structure, including the results of mergers of economic entities, takeovers or sale of Group entities, long-term investments, division, restructuring or abandonment of activities

With regard to the liquidation of the company Jaradi based in the UAE, its assets, including trademarks RESERVED, Cropp, House, MOHITO, SiNSAY was transferred to the direct owner, the Gothals company based in Cyprus belonging directly to LPP SA. Disclosure of trade marks in the assets of Gothals caused, in accordance with International Financial Reporting Standards in the consolidated financial statements of the LPP SA Capital Group, deferred income tax with a negative value of PLN 107 million. This value did not affect the amount of payable income tax charged by LPP SA for the year 2014 in Poland (about PLN 88 million). At the consolidated level, the amount of PLN 107 million increased the net result.

26. Changes in contingent liabilities or contingent assets, which occurred after the last financial year

In the fourth quarter of 2014 LPP SA and its subsidiaries have benefited from bank guarantees to secure the payment of rent for leased shops and office space.

On 31 December 2014 the total value of bank guarantees issued on request and responsibility of LPP SA amounted to: PLN 194,622 thousand, of which:

- a) the value of guarantees issued for securing agreements concluded by LPP SA amounted to PLN 68,884 thousand,
- b) the value of guarantees issued for securing agreements concluded by affiliated entities included in the consolidation amounted to PLN 122,867 thousand,
- c) the value of guarantees issued for securing agreements concluded by affiliated entities not included in the consolidation amounted to PLN 1,633 thousand,
- d) the value of guarantees issued for securing office space and warehouse lease agreements concluded by LPP SA amounted to PLN 1,237 thousand,

On 31 December 2014 the amount of guarantees issued by the parent company amounted to PLN 74,192 thousand and increased in relation to the state on 31 December 2013 to PLN 35,014 thousand.

27. Estimates of future liabilities arising from concluding lease agreements

Companies included in the Capital Group are parties to the lease contracts, under which they use space to operate corporate network salons of RESERVED, Cropp, House, MOHITO and SiNSAY.

The total future minimum payments resulting from lease contracts, estimated as of 31 December 2014 are as follows:

- amounts due within a period of 12 months from the balance sheet date	PLN 638,462k
- amounts due within a period from 12 months to 5 years from the balance sheet date	PLN 1,946,055k
- amounts due within a period exceeding 5 years from the balance sheet date	PLN 971,193k

28. The position of the Board of Directors on the implementation of the annual consolidated result forecast

The Company did not publish an annual result forecast.

29. Shareholders holding, directly or indirectly through their subsidiaries, at least 5% of the total number of votes at the Annual General Meeting of LPP SA as at the date of submitting the quarterly report as well as changes to the structure of ownership of substantial share packages in the shares of LPP SA in the period from the submission of the previous quarterly report.

The ownership structure of the share capital of the parent company, as at the date of submitting the report for the fourth quarter of 2014.

Shareholder	Number of shares (in pcs.)	Number of votes at the AGM	Share of total votes at the AGM	Percentage of share capital
Marek Piechocki	175,498	875,498	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%

In the period from the submission of the previous report (report for the third quarter of 2014) there were no changes in the ownership structure major holdings.

30. Summary of LPP SA shares held or the right to the shares by individuals managing and supervising the issuer as of the day of issuing the quarterly report, as well as indication of changes in the ownership, within the period from issuing the previous periodical report, for each person individually.

The structure of LPP SA shares held by individuals managing and supervising, as at the date of submitting the report for the fourth quarter of 2014.

Shareholder	Number of shares (in pcs.)	Number of votes at the AGM
President of the Board	175,498	875,498
Vice-President of the Board	153	153
Vice-President of the Board	457	457
Vice-President of the Board	457	457
Chairman of the Supervisory Board	175,000	875,000

In the period from the submission of the previous report (report for the third quarter of 2014) there were changes in the LPP SA shares held by individuals managing and supervising the issuer. Members of the Management Board and Supervisory Board of Directors sold issuer's shares respectively: 200 shares (current report 05/2015) and 318 shares (current report 32/2014).

31. Information about court proceedings

Within the Capital Group, a plaintiff in cases of payment of amounts due from counterparties is LPP SA. The total amount in dispute does not exceed 10% of the equity.

32. Transactions with related parties

32.1. Key personnel

Key management personnel in the Group includes members of the management board and the supervisory board of the parent company.

Short-term employee benefits of key management personnel, received during the period from 1 January to 31 December 2014 amounted to PLN 5,100 thousand, of which PLN 4,950 thousand was in relation to the Management Board and PLN 150 thousand the remuneration of Supervisory Board members.

32.2. Transactions with related parties

During the reporting period the issuer did not conclude any transactions with related parties concerning the transfer of rights and obligations.

Transactions between the parent company and its foreign subsidiaries were subject to elimination in the consolidated financial statements and were not disclosed in the table.

The figures given below illustrate only mutual transactions between LPP SA and Polish subsidiaries not consolidated, and are presented from the point of view of the parent company.

in thousand PLN

Affiliated entities	Receivables on 31.12.2014	Liabilities on 31.12.2014	Revenue for the period I-XII 2014	Costs for the period I-XII 2014
National companies	1	98	14	10,650

The data presented as LPP SA liabilities are receivables from associated companies, and the costs are revenue in these companies.

All transactions with related parties were concluded on market terms. Revenues from domestic company come from renting office space for the needs of these firms.

The costs associated with national subsidiaries concern the leasing of property, in which Cropp, RESERVED, MOHITO and House shops operate.

Payment terms determined for subsidiaries are in the range from 45 to 120 days.

33. Information on sureties and guarantees granted

During the period covered by the report, the Capital Group issuer did not grant any sureties of loans or credits as well as did not grant guarantees to a single entity or subsidiary, which total value would be the equivalent of at least 10% of the entity, the total value of which would be equivalent to at least 10% of the issuer's equity.

34. Other information which may significantly affect the assessment of human resources, assets and financial position of the LPP SA Capital Group as well as relevant information to assess the feasibility of obligations of the issuer of the Capital Group

The report contains basic information, which are relevant for the assessment of the situation of the Capital Group issuer. The opinion of the management board there are currently no risks in the realisation of commitments of the Capital Group.

35. Factors which in the assessment of LPP SA will affect the results achieved by the Capital Group in at least the next quarter

Basic factors that will have an impact on the results achieved in the near future, include:

- a) The economic situation in Poland and in the countries in which shops of the LPP SA Capital Group operate, particularly in Russia and Ukraine.
- b) The exchange rate of PLN in relation to the USD and EUR, as well as the Russian rouble and the Ukrainian hryvnia.
- c) Development of the sales networks of the brands RESERVED, Cropp, House, MOHITO and SiNSAY, including expansion into new markets. Germany, Croatia and Middle East countries. In 2015 it is planned to increase the size of retail network shops by about 21% which is more than 150 thousand m².
- d) Maintain operating costs at a low level.

36. Explanatory notes to the condensed consolidated financial statements

36.1. Write-downs on the value of assets

The values of certain assets presented in the consolidated financial statements prepared on 31 December 2014, include an adjustment for write-downs. Detailed information on the amounts of write-downs shown on the last day of the period of the reporting period and changes in the period are shown in the following table.

	in thousand PLN		
	Tangible fixed assets	Inventory	Receivables, loans and shares
State as at 01.01.2014	4,960	10,885	6,037
increase	2,142	6,522	32,324
reduction	1,310	1,196	2,536
State as at 31.12.2014	5,792	16,211	35,825

36.2. Receivables

The value of write-downs are composed of:

write-downs of disputed claims and receivables from customers	PLN 13,063 thousand
write-downs of so-called questionable receivables	PLN 1,414 thousand
write-downs of receivables of employees and others	PLN 426 thousand

36.3. Provisions

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

in thousand PLN

	Provision for pensions and similar benefits	Provisions for wages	Provision for unused vacation
State as at 01.01.2014	1,298	18,258	8,003
Creation of provisions	2,029	3,873	11,571
Release of provisions	1,298	14,448	8,003
State as at 31.12.2014	2,029	7,683	11,571

36.4. Income tax

The amount of income taxes, as shown in the consolidated profit and loss account for the period from 01.01.2014 to 12.31.2014 amounts to (24,117) PLN thousand and includes:

- current part PLN 94,686 thousand
- deferred part PLN -118,803 thousand

36.5. Deferred income tax assets and provisions

At the end of the reporting period in the consolidated financial statements is shown both on deferred tax assets and provisions for deferred tax liabilities.

Detailed information on what components constitute these amounts are included in the following tables.

in thousand PLN

Deferred income tax assets	31.12.2014
Depreciation of fixed assets	11,301
Depreciation of trademarks	106,915
Tax loss	9,298
Margin on goods sold outside the Group	10,564
Revaluation of inventories	1,624
Revaluation of receivables	742
Returned goods	920
Employee leave	718
Salaries and surcharges	1,460
Other	62
Total	143,603

Provision for deferred income tax	31.12.2014
Depreciation of fixed assets	4,439
Interest not received on loan granted	7
Compensation not received	133
Other	54
Total	4,633

36.6. Exchange differences

In the consolidated profit and loss account drawn up on 12.31.2014 a dominance of exchange rate losses over gains was revealed for the amount of amount PLN 111,825 thousand which affected the fourth quarter results.

36.7. Operating segments

Revenue and financial results for geographical segments for the period from 01 January 2014 to 31 December 2014 and the comparable period are given in the following tables.

Year 2014

in thousand PLN

	European Union countries	Other countries	Consolidation adjustments	Values not assigned to segments	Sum
External sales	3,688,545	1,080,510			4,769,055
Sales between segments	582,046	4,274	-586,320		-
Other operating revenues	15,898	7,291		22,787	45,976
Total revenues	4,286,489	1,092,075	-586,320	22,787	4,815,031
Total operating costs, including	3,688,347	1,025,949	-590,398	203,047	4,124,945
Cost of sales between segments	482,813		-482,813		-
Other operating expenses	53,481	27,410			80,891
Segment result	746,661	38,716	4,078	-180,260	609,195
Financial revenues				2,936	2,936
Financial expenses				152,230	152,230
Profit (loss) for the current period					459,901
Income tax					-22,180
Net profit					482,081

Year 2013

in thousand PLN

	European Union countries	Other countries	Consolidation adjustments	Values not assigned to segments	Sum
External sales	3,164,592	951,710			4,116,302
Sales between segments	535,340		-535,340		-
Other operating revenues	13,250	6,687		13,860	33,797
Total revenues	3,713,182	958,397	-535,340	13,860	4,150,099
Total operating costs, including	2,939,922	883,006	-510,981	154,409	3,466,356
Cost of sales between segments	414,384		-414,384		-
Other operating expenses	39,415	28,701			68,116
Segment result	733,845	46,690	-24,359	-140,460	615,627
Financial revenues				2,348	2,348
Financial expenses				94,104	94,104
Profit/loss before tax					523,871
Income tax					91,012
Net profit					432,859

37. Information to the separated statement of LPP SA

The estimated value of assets involved in foreign subsidiaries, in the period from January to December 2014 were made in a separate balance sheet: shares, additional equity contributions, loans and accounts receivable, change in write-downs offs included in the financial and operational costs of the separate income statement for the total, reducing assets including deferred tax, in the amount of PLN 235,144 thousand.

This change reflected in the respective positions of the separated statement of LPP SA has no effect on the amounts presented in the consolidated statements.