

LPP

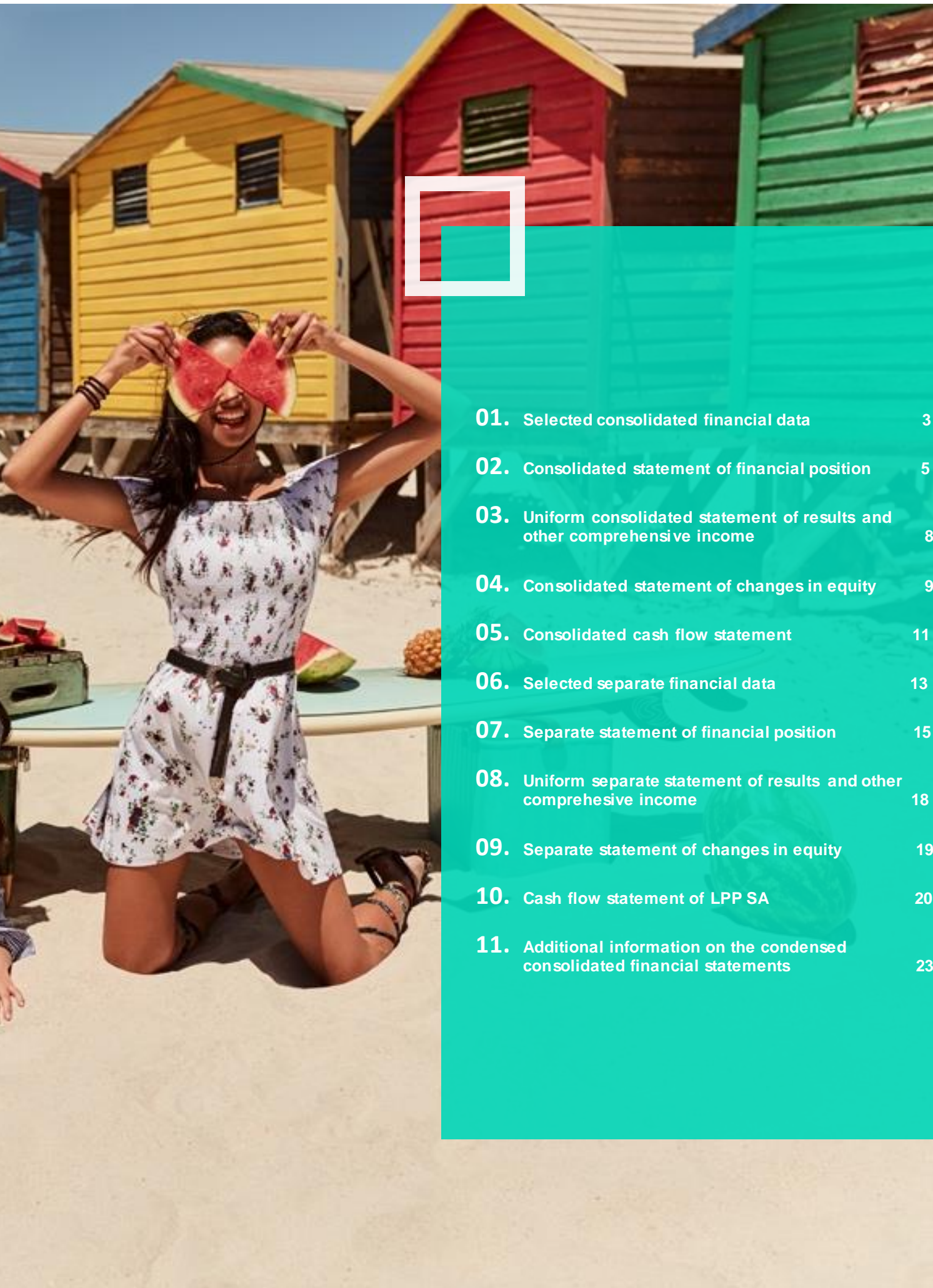


LPP SA CG

INTERIM FINANCIAL STATEMENTS FOR
Q1 2018

RESERVED CROPP  house MOHITO sinsay





01.	Selected consolidated financial data	3
02.	Consolidated statement of financial position	5
03.	Uniform consolidated statement of results and other comprehensive income	8
04.	Consolidated statement of changes in equity	9
05.	Consolidated cash flow statement	11
06.	Selected separate financial data	13
07.	Separate statement of financial position	15
08.	Uniform separate statement of results and other comprehensive income	18
09.	Separate statement of changes in equity	19
10.	Cash flow statement of LPP SA	20
11.	Additional information on the condensed consolidated financial statements	23

01

Selected financial data

For the period of 3 months ended 31 March 2018

Selected consolidated financial data	in PLN thousand		in EUR thousand	
	Cumulatively			
	2018	2017	2018	2017
	01.01-31.03	01.01-31.03	01.01-31.03	01.01-31.03
Revenues	1 580 352	1 362 315	378 219	317 623
Operating profit (loss)	-117 732	-108 965	-28 176	-25 405
Pre-tax profit (loss)	-103 187	-111 497	-24 695	-25 995
Net profit (loss)	-104 769	-117 028	-25 074	-27 285
Net cash flows from operating activities	50 958	-93 439	12 196	-21 785
Net cash flows from investing activities	-146 015	-106 291	-34 945	-24 782
Net cash flows from financing activities	19 810	114 609	4 741	26 721
Total net cash flows	-75 247	-85 121	-18 009	-19 846

Selected consolidated financial data	in PLN thousand		in EUR thousand	
	2018	2017	2018	2017
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
	31 March 2018 PLN	31 March 2017 PLN	31 March 2018 EUR	31 March 2017 EUR
Total assets	4 207 663	4 323 811	999 801	1 036 661
Long-term liabilities	317 929	320 010	75 544	76 724
Short-term liabilities	1 549 332	1 560 370	368 144	374 109
Equity	2 340 402	2 443 431	556 113	585 828
Share capital	3 705	3 705	880	888
Weighted average number of ordinary shares	1 833 445	1 820 313	1 833 445	1 820 313
Profit (loss) per ordinary share	-57.14	-64.29	-13.68	-14.99
Book value per share	1 276.51	1 107.74	303.32	262.51
Declared or paid dividend per share	-	35.74	-	8.47

02

Consolidated statement of financial position

As at 31 March 2018

Statement of financial position (in PLN thousand)	As at		
	31 March 2018	31 December 2017	31 March 2017
ASSETS			
Non-current assets	2 043 844	2 036 998	1 874 578
1. Fixed assets	1 480 127	1 473 797	1 337 992
2. Intangible assets	67 546	64 071	47 046
3. Goodwill	209 598	209 598	209 598
4. Trademark	77 508	77 508	77 508
5. Investments in subsidiaries	101	101	86
6. Receivables and loans	6 945	4 836	5 412
7. Deferred tax assets	152 226	151 335	136 110
8. Prepayments	49 793	55 752	60 826
Current assets	2 163 819	2 286 813	1 855 917
1. Inventory	1 402 901	1 472 537	1 251 438
2. Trade receivables	175 179	199 648	154 781
3. Receivables from income tax	16 051	6 394	60 757
4. Receivables and loans	1 546	1 755	1 656
5. Other financial assets	22 162	0	0
6. Other non-financial assets	54 222	47 569	71 582
7. Prepayments	50 897	44 120	35 323
8. Cash and cash equivalents	440 861	514 790	280 380
TOTAL assets	4 207 663	4 323 811	3 730 495

Statement of financial position
(in PLN thousand)

	As at:		
	31 March 2018	31 December 2017	31 March 2017
EQUITY AND LIABILITIES			
Equity	2 340 417	2 443 446	2 016 439
1. Share capital	3 705	3 705	3 679
2. Treasury shares	-43 334	-43 334	-43 321
3. Share premium	277 631	277 631	251 393
4. Other reserves	1 823 978	1 823 453	1 608 500
5. Currency translation on foreign operations	-206 427	-208 167	-116 162
6. Retained earnings	484 864	590 158	312 350
- profit (loss) from previous years	589 633	149 307	429 378
- net profit (loss) for the current period	-104 769	440 851	-117 028
Non-controlling interest capital	-15	-15	0
Long-term liabilities	317 929	320 010	304 978
1. Bank loans and borrowings	128 529	141 824	181 768
2. Employee liabilities	751	751	2 574
3. Deferred tax liabilities	26	31	0
4. Accruals	188 542	177 323	120 591
5. Other long-term liabilities	81	81	45
Short-term liabilities	1 549 332	1 560 370	1 409 078
1. Trade and other liabilities	1 296 303	1 322 628	881 919
2. Income tax liabilities	47 151	53 462	4 728
3. Bank loans and borrowings	91 208	56 496	446 207
4. Employee liabilities	29 276	43 572	22 022
5. Provisions	8 780	9 944	7 638
6. Accruals	76 614	74 268	46 564
TOTAL equity and liabilities	4 207 663	4 323 811	3 730 495



1 728

STORES

20

COUNTRIES

03

Uniform consolidated statement of results and other comprehensive income

For the period of 3 months ended 31 March 2018

Statement of results and other comprehensive income in PLN thousand)	2018	2017
	01.01-31.03	01.01-31.03
Continuing operations		
Revenue	1 580 352	1 362 315
Cost of goods sold	867 519	741 705
Gross profit (loss) on sales	712 833	620 610
Other operating income	6 154	7 837
Selling costs	701 993	660 125
General costs	118 462	59 095
Other operating costs	16 264	18 192
Operating profit (loss)	-117 732	-108 965
Financial income	17 087	1 668
Financial costs	2 542	4 200
Pre-tax profit (loss)	-103 187	-111 497
Income tax	1 582	5 531
Net profit (loss) on continuing operations	-104 769	-117 028
Net profit attributable to:		
Shareholders of the parent company	-104 769	-117 028
Non-controlling interests	0	0
Other total comprehensive income		
Items transferred to the financial result		
Currency translation on foreign operations	1 740	-1 234
Total comprehensive income	-103 029	-118 262
Attributable to:		
Shareholders of the parent company	-103 029	-118 262
Non-controlling interests	0	0

04

Consolidated statement of changes in equity

For the period of 3 months ended 31 March 2018

Statement of changes in equity (in PLN thousand)	Share capital	Treasury shares	Share premium	Other reserves	Currency translation on foreign operations	Profit (loss) from previous years	Profit (loss) for the current period	Equity attributable to the parent company	Minority interests	TOTAL equity
Balance as at 1 January 2018	3 705	-43 334	277 631	1 823 453	-208 167	590 158	0	2 443 446	-15	2 443 431
Distribution of profit for 2017	0	0	0	525	0	-525	0	0	0	0
Transactions with owners	0	0	0	525	0	-525	0	0	0	0
Net loss for Q1 2018	0	0	0	0	0	0	-104 769	-104 769	0	-104 769
Currency translation on foreign operations	0	0	0	0	1 740	0	0	1 740	0	1 740
Balance as at 31 March 2018	3 705	-43 334	277 631	1 823 978	-206 427	589 633	-104 769	2 340 417	-15	2 340 402
Balance as at 1 January 2017	3 679	-43 318	251 393	1 608 298	-114 928	429 607	0	2 134 731	0	2 134 731
Treasury share purchases	0	-3	0	0	0	0	0	-3	0	-3
Distribution of profit for 2016	0	0	0	202	0	-202	0	0	0	0
Consolidation of a subsidiary	0	0	0	0	0	-27	0	-27	0	-27
Transactions with owners	0	-3	0	202	0	-229	0	-30	0	-27
Net loss for Q1 2017	0	0	0	0	0	0	-117 028	-117 028	0	-117 028

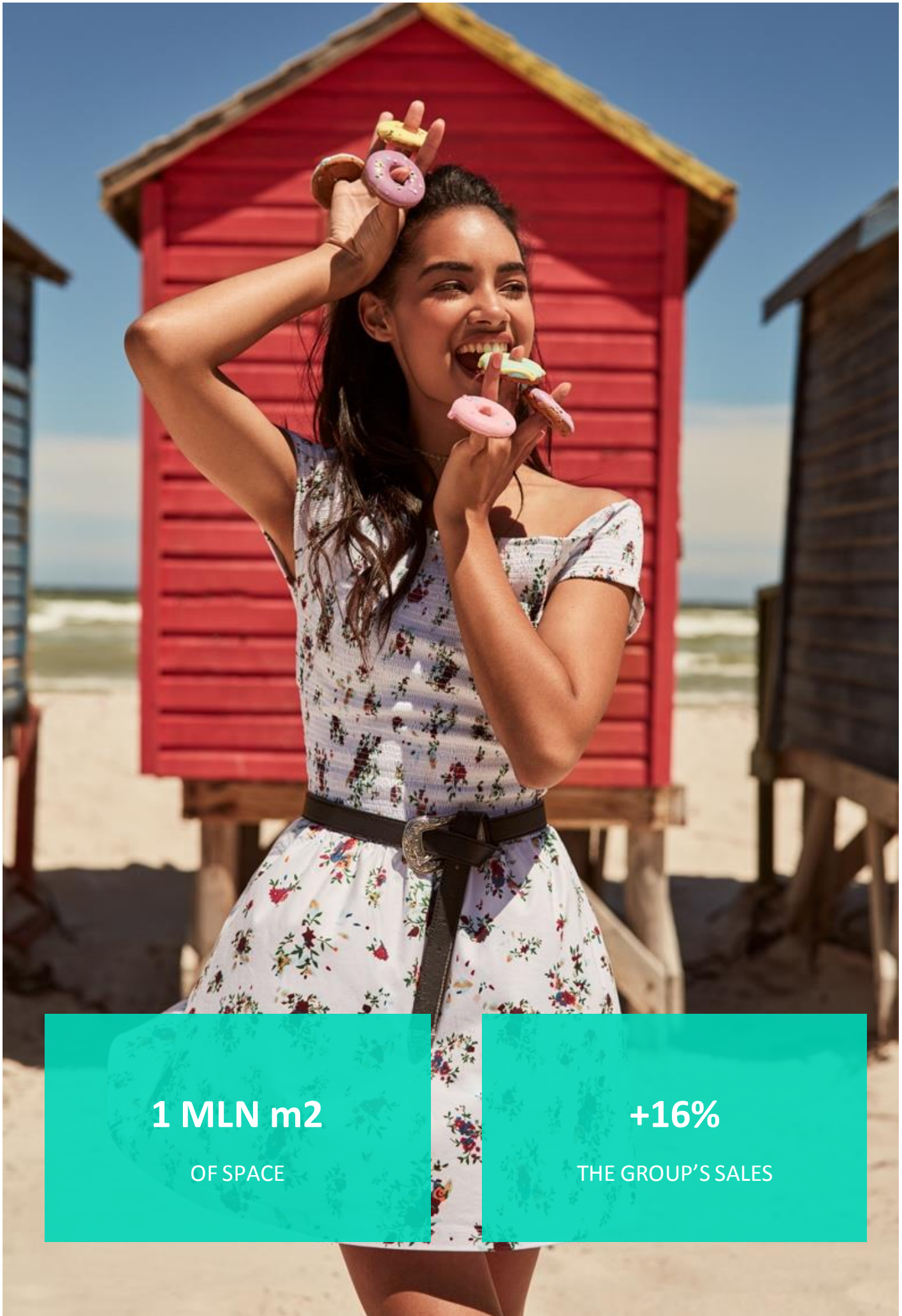
Statement of changes in equity (in PLN thousand)	Share capital	Treasury shares	Share premium	Other reserves	Currency translation on foreign operations	Profit (loss) from previous years	Profit (loss) for the current period	Equity attributable to the parent company	Minority interests	TOTAL equity
Currency translation on foreign operations	0	0	0	0	-1 234	0	0	-1 234	0	-1 234
Balance as at 31 March 2017	3 679	-43 321	251 393	1 608 500	-116 162	429 378	-117 028	2 016 439	0	2 016 439

Consolidated cash flow statement

For the period of 3 months ended 31 March 2018

Cash flow statement (in PLN thousand)	01.01-31.03.2018	01.01-31.03.2017
I. Pre-tax profit (loss)	-103 187	-111 497
II. Total adjustments	154 145	18 058
1. Amortisation and depreciation	84 449	73 785
2. Foreign exchange gains (losses)	-8 125	83
3. Interest and dividends	1 244	3 407
4. Profit (loss) on investing activities	-4 730	-3 378
5. Income tax paid	-14 687	-20 502
6. Change in provisions and employee benefits	-13 643	-8 364
7. Change in inventories	69 393	-89 927
8. Change in receivables and non-financial assets	44 314	9 335
9. Change in short-term liabilities, excluding bank loans and borrowings	-1 333	54 389
10. Change in prepayments and accruals	-8 585	5 391
11. Other adjustments	5 848	-6 161
III. Net cash flows from operating activities	50 958	-93 439
I. Inflows	129 672	5 867
1. Disposal of intangible and fixed assets	24 250	5 817
2. From financial assets, including:	422	26
a) in associates	0	0
- dividends	0	0
b) in other entities	422	26
- repayment of loans	15	26
- interest	3	0
- other inflows from financing activities	404	0
3. Other investing inflows (investment funds)	105 000	24
II. Outflows	275 687	112 158
1. Purchase of intangible and fixed assets	148 647	112 158
2. For financial assets, including:	40	0
a) in associates	0	0
- acquisition of shares	0	0
- loans granted	0	0
b) in other entities	40	0
- loans granted	40	0
3. Other investing outflows (investment funds)	127 000	0
III. Net cash flows from investing activities	-146 015	-106 291
I. Inflows	35 741	138 958
1. Proceeds from issuance of shares	0	0
2. Bank loans and borrowings	35 741	138 958
3. Other inflows from financing activities	0	0

Cash flow statement (in PLN thousand)	01.01-31.03.2018	01.01-31.03.2017
II. Outflows	15 931	24 349
1. Cost of maintenance of treasury shares	0	3
2. Dividends and other payments to owners	0	0
3. Repayment of bank loans and borrowings	14 388	20 693
4. Liabilities resulting from financial lease	0	0
5. Interest	1 543	3 653
6. Other outflows from financing activities	0	0
III. Net cash flows from financing activity	19 810	114 609
D. Total net cash flows	-75 247	-85 121
E. Balance sheet change in cash, including:	-73 929	-85 373
- change in cash due to foreign currency translation	1 318	-252
F. Opening balance of cash	515 405	366 026
G. Closing balance of cash	440 158	280 905



1 MLN m2

OF SPACE

+16%

THE GROUP'S SALES

06

Selected separate financial data

For the period of 3 months ended 31 March 2018

Selected separate financial data	in PLN thousand		in EUR thousand	
	Cumulatively			
	2018	2017	2018	2017
	01.01-31.03	01.01-31.03	01.01-31.03	01.01-31.03
Revenues	1 342 685	1 113 719	321 340	259 663
Operating profit (loss)	-48 218	-84 880	-11 540	-19 790
Pre-tax profit (loss)	-8 333	-67 469	-1 994	-15 730
Net profit (loss)	-14 902	-68 325	-3 566	-15 930
Net cash flows from operating activities	74 379	-140 504	17 801	-32 758
Net cash flows from investing activities	-85 785	-28 817	-20 531	-6 719
Net cash flows from financing activities	19 798	114 601	4 738	26 719
Total net cash flows	8 392	-54 720	2 008	-12 758

Selected consolidated financial data	in PLN thousand		in EUR thousand	
	2018	2017	2018	2017
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	31.03.2018 PLN	31.03.2017 PLN	31.03.2018 EUR	31.03.2017 EUR
Total assets	4 238 817	4 216 703	1 007 204	1 010 982
Long-term liabilities	261 233	265 242	62 073	63 593
Short-term liabilities	1 445 084	1 404 059	343 373	336 632
Equity	2 532 500	2 547 402	601 758	610 756
Share capital	3 705	3 705	880	888
Weighted average number of ordinary shares	1 833 445	1 820 313	1 833 445	1 820 313
Profit (loss) per ordinary share	-8.13	-37.53	-1.95	-8.75
Book value per share	1 381.28	1 394.66	328.21	334.38
Declared or paid dividend per share	-	35.74	-	8.47

07

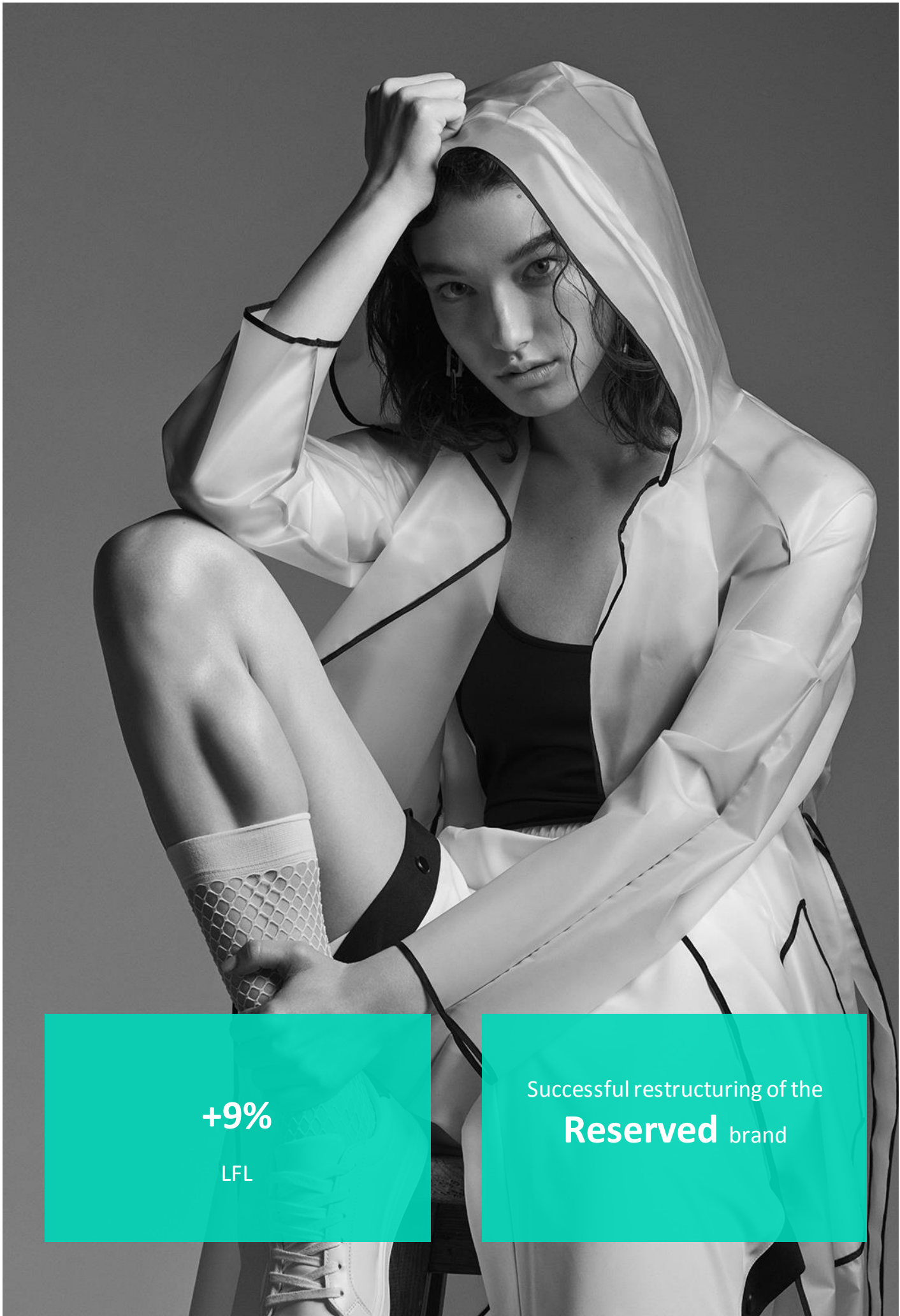
Separate statement of financial position

As at 31 March 2018

Statement of financial position (in PLN thousand)	As at:		
	31 March 2018	31 December 2017	31 March 2017
ASSETS			
Non-current assets	2 488 969	2 508 755	2 144 022
1. Fixed assets	895 074	918 958	848 838
2. Intangible assets	64 608	61 028	44 128
3. Goodwill	179 618	179 618	179 618
4. Investments in subsidiaries	1 276 031	1 271 189	979 991
5. Receivables and loans	1 949	1 536	1 645
6. Deferred tax assets	71 485	76 355	89 029
7. Prepayments	204	71	773
Current assets	1 749 848	1 707 948	1 453 478
1. Inventory	1 023 766	1 102 972	915 597
2. Trade receivables	408 529	313 210	313 147
3. Income tax receivables	9 584	6 075	80 785
4. Receivables and loans	1 533	1 732	1 656
5. Other financial assets	22 162	0	0
6. Other non-financial assets	17 517	22 273	21 651
7. Prepayments	16 334	20 974	18 842
8. Cash and cash equivalents	250 423	240 712	101 800
TOTAL assets	4 238 817	4 216 703	3 597 500

Statement of financial position
(in PLN thousand)

	As at:		
	31 March 2018	31 December 2017	31 March 2017
EQUITY AND LIABILITIES			
Equity and liabilities	2 532 500	2 547 402	2 024 517
1. Share capital	3 705	3 705	3 678
2. Treasury shares	-43 334	-43 334	-43 321
3. Share premium	277 631	277 631	251 393
4. Other reserves	1 815 973	1 815 973	1 601 021
5. Retained earnings	478 525	493 427	211 746
- profit (loss) from previous years	493 427	0	280 071
- net profit (loss) for the current period	-14 902	493 427	-68 325
Long-term liabilities	261 233	265 242	279 270
1. Bank loans and borrowings	128 529	141 824	181 768
2. Employee liabilities	733	733	2 481
3. Accruals	131 890	122 604	94 976
4. Other long-term liabilities	81	81	45
Short-term liabilities	1 445 084	1 404 059	1 293 713
1. Trade and other liabilities	1 238 545	1 215 568	793 392
2. Employee liabilities	10 654	28 456	10 674
3. Income tax liabilities	45 905	45 335	0
4. Bank loans and borrowings	91 208	56 496	446 207
5. Provisions	5 442	5 254	4 956
6. Accruals	53 330	52 950	38 484
TOTAL equity and liabilities	4 238 817	4 216 703	3 597 500



+9%

LFL

Successful restructuring of the
Reserved brand

08

Uniform separate statement of results and other comprehensive income

For the period of 3 months ended 31 March 2018

Statement of results and other comprehensive income (in PLN thousand)	2018	2017
	01.01-31.03	01.01-31.03
Revenue	1 342 685	1 113 719
Cost of goods sold	855 797	735 639
Gross profit (loss) on sales	486 888	378 080
Other operating income	2 563	4 373
Selling costs	387 920	369 396
General costs	140 880	86 846
Other operating costs	8 869	11 091
Operating profit (loss)	-48 218	-84 880
Financial income	42 370	46 691
Financial costs	2 485	29 280
Pre-tax profit (loss)	-8 333	-67 469
Income tax	6 569	856
Net profit (loss)	-14 902	-68 325
Total comprehensive income	-14 902	-68 325

Separate statement of changes in equity

For the period of 3 months ended 31 March 2018

Statement of changes in equity (in PLN thousand)	Share capital	Treasury shares	Share premium	Other reserves	Profit (loss) from previous years	Profit (loss) for the current period	TOTAL equity
Balance as at 1 January 2018	3 705	-43 334	277 631	1 815 973	493 427	0	2 547 402
Net loss for Q1 2018	0	0	0	0	0	-14 902	-14 902
Balance as at 31 March 2018	3 705	-43 334	277 631	1 815 973	493 427	-14 902	2 532 500
Balance as at 1 January 2017	3 678	-43 317	251 393	1 601 021	280 071	0	2 092 846
Treasury share purchases	0	-4	0	0	0	0	-4
Transactions with owners	0	-4	0	0	0	0	-4
Net loss for Q1 2017	0	0	0	0	0	-68 325	-68 325
Balance as at 31 March 2017	3 678	-43 321	243 393	1 601 021	280 071	-68 325	2 024 517

10

Cash flow statement of LPP SA

For the period of 3 months ended 31 March 2018

Cash flow statement (in PLN thousand)	01.01-31.03.2018	01.01-31.03.2017
I. Pre-tax profit (loss)	-8 333	-67 469
II. Total adjustments	82 712	-73 035
1. Amortisation and depreciation	44 869	39 293
2. Foreign exchange gains (losses)	-8 133	71
3. Interest and dividends	-21 270	-43 091
4. Profit (loss) on investing activities	-4 948	14 805
5. Income tax paid	-4 637	-14 584
6. Change in provisions	-17 802	-6 289
7. Change in inventories	79 377	-83 011
8. Change in receivables	-57 759	-15 415
9. Change in short-term liabilities, excluding bank loans and borrowings	72 198	37 232
10. Change in prepayments and accruals	817	-2 046
11. Other adjustments	0	0
III. Net cash flows from operating activities	74 379	-140 504
I. Inflows	152 141	52 124
1. Disposal of intangible and fixed assets	24 208	5 600
2. From financial assets, including:	22 933	46 524
a) in associates	22 514	46 498
- interest and dividends	22 514	46 498
- other	0	0
b) in other entities	419	26
- repayment of loans	15	26
- other inflows from financial assets	404	0
3. Other investing inflows (investment funds)	105 000	0
II. Outflows	237 926	80 941
1. Purchase of intangible and fixed assets	106 044	62 446
2. For financial assets, including:	4 882	18 495
a) in associates	4 842	18 495
- purchase of shares	4 842	18 495
- loans granted	0	0
b) in other entities	40	0

- loans granted	40	0
3. Other investing outflows (investment funds)	127 000	0
III. Net cash flows from investing activities	-85 785	-28 817
I. Inflows	35 730	138 950
1. Bank loans and borrowings	35 730	138 950
2. Proceeds from issuance of shares	0	0
3. Other inflows from financing activities	0	0
II. Outflows	15 932	24 349
1. Cost of maintenance of treasury shares	0	3
2. Repayment of bank loans and borrowings	14 388	20 693
3. Interest	1 544	3 653
4. Other outflows from financing activities	0	0
III. Net cash flows from financing activity	19 798	114 601
D. Total net cash flows	8 392	-54 720
E. Balance sheet change in cash, including:	9 710	-54 971
- change in cash due to foreign currency translation	1 318	-251
F. Opening balance of cash	241 327	157 716
G. Closing balance of cash:	249 719	102 996



**E-stores in 11
countries**

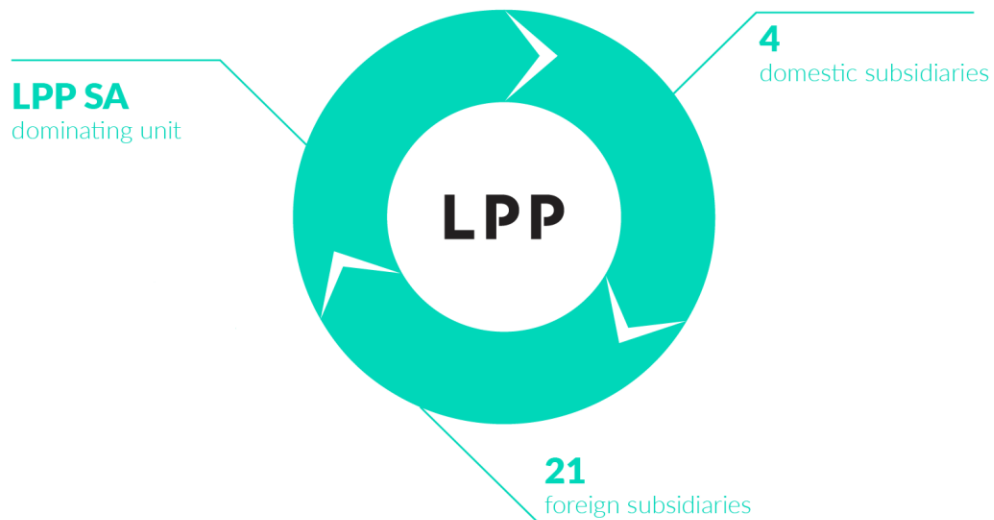
+139%

E-COMMERCE

Additional information on the condensed consolidated financial statements

1. Overview of the LPP SA Capital Group

The LPP SA Capital Group (“CG”, “Group”) is composed of the following entities:



LPP SA has no parent company.

The list of companies comprised in the CG is given below:

Company name	Registered office	Date of gaining control
LPP Retail Sp. z o.o.	Gdańsk, Poland	26 September 2001
DP&SL Sp. z o.o.	Gdańsk, Poland	26 September 2001
IL&DL Sp. z o.o.	Gdańsk, Poland	26 September 2001
AMUR Sp. z o.o.	Gdańsk, Poland	09 May 2003
LPP Estonia OU	Tallinn, Estonia	29 April 2002
LPP Czech Republic SRO	Prague, the Czech Republic	16 September 2002
LPP Hungary KFT	Budapest, Hungary	18 October 2002
LPP Latvia LTD	Riga, Latvia	30 September 2002
LPP Lithuania UAB	Vilnius, Lithuania	27 January 2003
LPP Ukraine AT	Peremyshliany, Ukraine	23 July 2003
RE Trading OOO	Moscow, Russia	12 February 2004
LPP Romania Fashion SRL	Bucharest, Romania	12 August 2007
LPP Bulgaria EOOD	Sofia, Bulgaria	14 August 2008
LPP Slovakia SRO	Baňska Bystrzyca, Slovakia	30 October 2008
LPP Fashion Bulgaria EOOD	Sofia, Bulgaria	26 August 2011
Gothals LTD	Nicosia, Cyprus	22 July 2011
LPP Croatia DOO	Zagreb, Croatia	22 January 2014
LPP Deutschland GmbH	Hamburg, Germany	03 March 2014
IPMS Management Services FZE	Ras Al Khaimah, UAE	15 July 2015
LPP Reserved UK LTD	Altrincham, UK	15 October 2015
LLC Re Development	Moscow, Russia	22 April 2016
LLC Re Street	Moscow, Russia	02 September 2016
LPP Reserved doo Beograd	Belgrad, Serbia	26 October 2016
P&L Marketing & Advertising Agency SAL	Beirut, Lebanon	15 February 2017
LPP Kazakhstan LLC	Almaty, Kazakhstan	19 March 2018

Due to its almost 100% stake in subsidiaries' capital and in the total number of votes, LPP SA exercises direct control over its subsidiaries.

The consolidated financial statements of the Capital Group for the period from 1 January to 31 March 2018 comprise the financial statements of LPP SA and those of its subsidiaries, except for the following domestic subsidiaries:

- DP&SL Sp. z o.o.
- IL&DL Sp. z o.o.
- AMUR Sp. z o.o.

The above-mentioned subsidiaries of LPP SA have not been consolidated due to irrelevance of data. This is compliant with the Accounting Policy adopted by the Group.

Under the Policy, a subsidiary or associate is not consolidated if the amounts reported in the financial statements of that entity are insignificant compared to data provided for in 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 1% of the balance sheet total and revenues of the parent company are considered insignificant.

The fact that the financial statements of these companies are not consolidated has no adverse effect on the true and fair view of the Capital Group's property and financial standing and its financial result.

LPP SA is involved in the design and distribution of clothing in Poland and the countries of Central, Western and Eastern Europe, in the Balkans and the Middle East. Foreign companies being part of the Group, which have been consolidated, are mainly involved in the distribution of goods under the Reserved, Cropp, House, Mohito and Sinsay brands outside Poland. One domestic subsidiary, LPP Retail Sp. z o.o., is engaged in the handling of domestic stores, while other domestic subsidiaries conduct operations involving the lease of premises in which stores of Reserved, Cropp, House and Mohito brands are operated.

Clothing is the basic commodity sold by the Capital Group companies. Footwear, bags and clothing accessories are sold as products supplementing the basic offer of the Capital Group companies.

Designs of clothing are prepared in the LPP design offices located in Gdańsk (in the registered office of the Parent Company), Cracow and Warsaw, and then transferred to the purchasing department which orders the production of specific models, cooperating in this respect with manufacturing plants in Poland and abroad (in, among others, China and Bangladesh). Production in China is distributed through the Company's trading office in Shanghai, while the Company's trading office in Dhaka is responsible for coordinating and supervising production in Bangladesh. A major task of the office in Bangladesh is the regular auditing of manufacturing plants in terms of adequate working conditions and respect for human rights.

The Capital Group also generates minor revenues from the sale of services. These are, in total, revenues of the Parent Company, covering mainly services relating to know-how on the operation of brand stores by domestic contracting parties.

An additional object of business in the Group is the management of the Reserved, Cropp, House, Mohito and Sinsay trademarks, including their protection, activities aimed at increasing their value, the granting of licences for use etc. The companies Gothals Limited in Cyprus and IPMS in UAE were established for that purpose. The company P&L Marketing & Advertising SAL with its registered office in Lebanon is in charge of supervision of franchise stores in the Middle East and marketing activity in the said region.

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

The report of the CG for Q1 2018 incorporates the condensed consolidated financial statements and selected explanatory data as well as condensed financial statements of the Parent Company, in accordance with IAS 34 "Interim Financial Reporting".

The accounting policy applied to prepare these statements is, in all material respects, compliant with the policy adopted for preparing the consolidated annual financial statements of the LPP SA Capital Group for the financial year 2017, in accordance with International Financial Reporting Standards, with due consideration of changes implemented under IFRS 9 and 15.

The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2017.

In 2018, the Group made several changes in presenting data in the financial statements.

■ Change in presentation of transactions involving the sale of investments in third-party premises

By December 2017, transactions involving the sale of investments in third-party premises were presented in the statement of financial position as a difference between the value of such investments made and their sales value. This difference was presented in prepayments/accruals and settled in the period of an agreement's validity by way of adjusting rent costs.

Since January 2018, this transaction has been presented in the statement of financial position separately. The value of investments made in third-party premises is presented in fixed assets and depreciated in the agreed depreciation period, while their sales value is presented in prepayments/accruals and settled in the period of an agreement's validity by way of adjusting rent costs.

In the statement of financial position, data for 2017 were transformed, with values given in the table below. Following transformation, the value of fixed assets and prepayments/accruals was increased with the same value.

■ Change in presentation of deferred tax assets and deferred tax liabilities

Since January 2018, deferred tax assets and deferred tax liabilities are presented on balance in a single item as a difference. Each Group company is given individual treatment. Therefore, the consolidated statements may present both deferred tax assets and deferred tax liabilities. In the previous period, deferred tax assets and deferred tax liabilities were shown separately.

In the statement of financial position, data for 2017 were transformed, with values given in the table below.

Due to the changes made in presentation, the following adjustments in financial data were made as at 31 December 2017:

Changes in 2017	Value in PLN thousand	Data approved	Data transformed
Sale of investments	126 227	Accruals – liabilities	Fixed assets
Sale of investments	1 939	Prepayments – assets	Accruals – liabilities
Deferred tax liabilities	7 296	Deferred tax liabilities	Deferred tax assets

Changes were made also as at 31 March 2017:

Changes in 2017	Value in PLN thousand	Data approved	Data transformed
Sale of investments	65 945	Accruals - liabilities	Fixed assets
Sale of investments	1 357	Prepayments – assets	Accruals – liabilities
Deferred tax liabilities	4 033	Deferred tax liabilities	Deferred tax assets

3. Achievements of the LPP SA Capital Group in the reporting period

Key achievements of the CG in Q1 2018

1. Number of stores and commercial space

At the end of Q1 2018, the LPP SA CG had 1 728 stores in 20 countries, of a total area of 1 000.9 thousand m².

In Q1 2018, the largest nominal increase in space compared to Q1 2017 was recorded by the Reserved brand (50.3 thousand m²), while the growth dynamics was the largest in the Sinsay brand (23.0% y/y) – owing, among others, to its consistent development a broad.

As at 31 March 2018	Number of stores	Change y/y	Q1 2018	Q1 2017	Change y/y
			Area in thousand m ²	Area in thousand m ²	
Reserved	458	+3	56.0	510.7	9.9%
Cropp	377	+1	127.7	120.1	6.3%
House	332	+11	110.9	102.9	7.7%
Mohito	291	+6	103.4	97.8	5.7%
Sinsay	236	+38	85.8	69.8	23.0%
Outlets	34	-2	12.1	12.6	-4.1%
Total LPP CG	1 728	+57	1 000.9	913.9	9.5%

2. Sales broken down by brand

In Q1 2018, Reserved stores generated sales of PLN 728 million, while Cropp stores - PLN 210 million. Sales generated in Q1 totalled PLN 170 million in House stores, PLN 162 million in Mohito stores and PLN 142 million in Sinsay stores.

The highest nominal sales growth in Q1 2018 was generated by Reserved and Cropp brands while the fastest growing brand in the portfolio was Sinsay.

	in PLN mln		
	Sales in Q1 2018	Sales in Q1 2017	Change y/y
Reserved	728	614	18.4%
Cropp	210	189	11.5%
House	170	159	7.1%
Mohito	162	184	-11.6%
Sinsay	142	112	26.7%
E-commerce	131	55	138.5%
Other	38	50	-25.3%

3. Sales in LFL stores

Sales revenues in LFL stores (in local currencies) were positive every month of Q1, increasing by 9.2% in the entire Q1 2018. In Q1 2018, all brands had positive LFL, except for Mohito.

In Q1 2018, LFL was positive in the majority of countries (with the highest in Hungary, Romania, Ukraine and the Czech Republic).

4. Online sales

In Q1 2018, the Company gained revenues of approx. PLN 130.9 million from online sales, which constituted 8.3% of the Capital Group's sales and 9.6% of sales in Poland. Approx. 64% of online sales were generated domestically.

Q1 2013	Q1 2014	Q1 2015	Q1 2016	Q1 2017	Q1 2018
PLN 1.7 mln	PLN 12.4 mln	PLN 18.0 mln	PLN 27.4 mln	PLN 54.9 mln	PLN 130.9 mln

5. Revenues from sales in the LPP SA CG companies

Revenues from sales of products, goods and materials, disclosed in the consolidated financial statements, were generated by the Group companies as follows (except for intra-Group sales).

Q1 2018

Country	Revenues	Share %
Poland	867 236	54.9%
Czech Republic	79 173	5.0%
Slovakia	46 514	2.9%
Hungary	31 830	2.0%
Lithuania	24 234	1.5%
Latvia	18 756	1.2%
Estonia	24 275	1.5%
Russia	278 962	17.7%
Ukraine	59 401	3.8%
Belarus	3 649	0.2%
Bulgaria	14 632	0.9%
Romania	46 158	2.9%
Croatia	15 162	1.0%
Serbia	2 734	0.2%
Germany	54 351	3.4%
Great Britain	9 079	0.6%
Middle East	4 204	0.3%
Total	1 580 352	100.0%

6. Retail sales by m2

In Q1 2018, average monthly retail sales in the CG by m2 was approx. 6% higher compared to Q1 2017.

Retail sales / m2 / month	in PLN		Change (%)
	Q1 2018	Q1 2017	
Sales/m2	521	492	6.0%

7. Capital expenditures

In Q1 2018, capital expenditures (CAPEX) amounted to PLN 148.6 mln, i.e. 32% more compared to Q1 2017 due to payments for store openings in 4Q17 and higher costs of stores modernisation.

8. Inventory level

The inventory level and its optimisation is an important element of working capital management - important is the observation of inventory per m2 over time. Inventory consists of goods in stores, warehoused goods and merchandise in transit - from the manufacturer to the logistics centre. The Company strives at minimising inventory and, at the same time, at maintaining sufficient product volume to maximise sales. In Q1 2018, the inventory level per m2 was higher compared to Q1 2017 by only 3%, owing to effective clearance sales, successful collections and dynamic e-commerce development.

Inventory per m2	Q1	Q2	Q3	Q4
2014	1 383	1 443	1 527	1 355
2015	1 516	1 507	1 684	1 575
2016	1 621	1 669	1 634	1 275
2017	1 381	1 604	1 759	1 487
2018	1 419			

Other significant events in Q1 2018



January 2018

In January, the Company signed annexes to the debt limit agreement with Bank Handlowy w Warszawie SA (CR 3/2018) and BGŻ BNP Paribas SA (CR 4/2018).



February 2018

In February, in Belarus, the issuer opened three new franchise stores (2 House stores and one Sinsay store). The total store area is 1 800 m².



February 2018

In February, LPP SA launched its fifth e-store in Russia – for the Cropp brand.



March 2018

In March, Reserved launched its campaign starring superstar Cindy Crawford.



May 2018

In May, LPP published its first integrated report presenting the CSR strategy and actions in that area.

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

The space growth, positive sales in LFL stores and dynamic growth in online sale resulted in a 16% increase in sales revenues in Q1 2018 as compared to those gained a year ago.

In Q1 2018, a gross margin amounted to 45.1% compared to 45.6% in Q1 2017. The stability of the gross margin y/y was influenced, on one hand, by favourable foreign currency trends and, on the other hand, by less advantageous weather conditions y/y – cool March shifted consumers' demand for the spring collection to April.

The increase in SG&A amounted to 14% and was lower than the sales growth rate.

The impact of the net financial activity was more advantageous due to lower interest (decreased indebtedness) and higher profits on foreign exchange differences.

Consequently, in Q1 2018, the Capital Group recorded a net loss of PLN 104.8 million (compared to the net loss of PLN 117.0 million in Q1 2017).

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

The seasonal nature of sales is a feature of the entire clothing market both in Poland and abroad. The first quarter of a calendar year covers two months (January and February), during which, traditionally, the clearance sales of the AW collection are organised. Usually, this process results in attaining a lower margin compared to the average yearly gross margin on sales in the entire quarter.

6. Information on revaluation write-offs on inventories to a net realisable value and reversal of write-offs

Detailed information is provided for in Note 35.1.

7. Information on impairment losses on financial assets, fixed and intangible assets or other assets, and on the reversal thereof

Detailed information is provided for in Note 35.1.

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

Detailed information is provided for in Note 35.4.

9. Information on deferred tax liabilities and deferred tax assets

Detailed information is provided for in Note 35.6.

10. Information on material transactions involving the purchase and sale of fixed assets

In the reporting period, there were no such events.



GOALS FOR 2018:

CONTINUING DOUBLE-DIGIT SALE INCREASES IN THE CG

MARGIN OF 54-55%

RETAINING NET CASH

11% INCREASE IN SPACE

11. Information on material obligations arising from the purchase of property, plant and equipment

In the reporting period, there were no such events.

12. Information on material litigation issues

In the reporting period, there were no such events.

13. Specification of adjusted errors from previous periods

In the reporting period, there were no such events.

14. Information on changes in economic and business conditions substantially affecting the fair value of the Company's financial assets and financial liabilities

In the reporting period, there were no such events.

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

In the reporting period, there were no such events.

16. Information on one or more transactions effected by the Issuer or its subsidiary with associates if considered material and effected on terms other than at arm's length basis

In the reporting period, there were no such events.

17. For financial instruments measured at fair value – information on the change of the method of determining such value

Not applicable.

18. Information on changes in the classification of financial assets due to their changed purpose or use

Not applicable.

19. Division into operating segments – revenues and results of individual segments

The LPP SA Capital Group is involved in one type of business activity (one trade segment regarded as the core one). A division into two geographical segments was applied: activity within and outside the European Union. The division into geographical segments was based on the criterion of location of the Group's assets.

Revenue and results attributable to specific segments in Q1 2018 and for the comparable period are presented in Note 35.8.

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

In Q1 2018, the Issuer neither issued nor redeemed or repaid any debt or equity securities.

21. Information on the dividend paid (or declared), in total and per share, broken down by ordinary and other shares

On 24 April 2018, LPP SA decided to submit a motion to the Supervisory Board and the Annual General Meeting of Shareholders for the distribution of the Company's net profit earned in the financial year ended 31 December 2017, recommending that a dividend be paid in the amount of PLN 73 342 480, i.e. PLN 40.00 per share, and that the dividend date be set for 24 August 2018 and the dividend payment date for 14 September 2018.

22. Date of approval of the financial statements for publishing

These financial statements were approved for publishing by the Management Board of the Parent Company on 16 May 2018.

23. Events which occurred after the balance sheet date, not disclosed in the financial statements, which may significantly affect future financial results of the LPP SA Capital Group

There were no such events.

24. Changes in the LPP Capital Group's structure, including as a result of mergers, gaining or loss of control over subsidiaries or long-term investments as well as division, restructuring or discontinuation of operations

On 24 April 2018, the Management Board of LPP SA recommended the sale of an organised part of the enterprise of LPP SA, currently operating under Promostars brand, by contributing it in kind to the company operating under business name Amur spółka z ograniczoną odpowiedzialnością with its registered office in Gdańsk or other special purpose vehicle in which LPP SA will be a sole shareholder. The substance of the in-kind contribution shall be assets and rights constituting part of a functionally separated clothing sales department operated under Promostars brand. On 25 May 2018, the Annual General Meeting of LPP SA will adopt a resolution on the granting of a consent for the sale of the organized part of the enterprise.

25. Changes in contingent liabilities or contingent assets, subsequent to the end of the previous financial year

In Q1 2018, LPP SA and its subsidiaries benefited from bank guarantees to secure the payment of rent for the leased space for retail stores, offices and a warehouse.

As at 31 March 2018, the total value of bank guarantees granted upon request and under responsibility of LPP SA amounted to PLN 265 471 thousand, of which:

PLN 79 013 thousand

guarantees granted to secure agreements concluded by LPP SA

PLN 183 208 thousand	guarantees granted to secure agreements concluded by consolidated associates
PLN 3 250 thousand	guarantees granted to secure lease agreements concluded by LPP SA for warehouse and office space

In Q1 2018, the Company also received guarantees. These guarantees secured payments by a contracting party, and their values as at 31 March 2018 amounted to PLN 23 201 thousand.

In the reporting period, the Parent Company provided guarantees. As at 31 March 2018, their values amounted to PLN 97 489 thousand and decreased compared to 31 December 2017 by PLN 12 458 thousand.

26. Estimates concerning future liabilities under lease agreements concluded

The Group companies are parties to lease agreements under which they use retail premises for operating Reserved, Cropp, House, Mohito and Sinsay brand stores.

Total future payments (minimum and conditional) under lease agreements, estimated as at 31 March 2018, are as follows.

PLN 962 174 thousand	payables maturing within 12 months after the balance sheet date
PLN 2 677 532 thousand	payables maturing in the period from 12 months to 5 years after the balance sheet date
PLN 1 166 131 thousand	payables maturing within more than 5 years after the balance sheet date

27. Position of the Management Board on the feasibility of annual consolidated results forecasts

The Company published no annual result forecasts.

28. Shareholders holding directly or indirectly, through subsidiaries, at least 5% of the total number of votes at the Annual General Meeting of LPP SA as at the date of submission of a quarterly report, and changes in the structure of major shareholdings in LPP SA following submission of the previous quarterly report

The shareholdings structure of the Parent Company as at the date of submission of a report for Q1 2018.

Shareholder	Number of shares held	Share in the share capital	Number of votes at the AGM	Share in the total number of votes at the AGM
Marek Piechocki	175 497	9.5%	875 493	27.1%
Jerzy Lubianiec	174 999	9.4%	874 995	27.1%
Forum TFI SA*	195 050	10.5%	195 058	6.0%
Treasury shares	18 978	1.0%	0**	0.0%
Other shareholders	1 287 899	69.5%	1 287 899	39.8%
Total	1 852 423	100.0%	3 233 445	100.0%

*Forum TFI SA manages Forum 64 Closed-End Investment Fund (an entity affiliated with Mr Jerzy Lubianiec, a shareholder of LPP SA) and Forum 65 Closed-End Investment Fund (an entity affiliated with Mr Marek Piechocki, a shareholder of LPP SA).

** 18 978 shares in LPP SA give no right to vote at the General Meeting of Shareholders as these are equity shares of LPP SA

In the period following the submission of the previous quarterly report i.e. the one for Q3 2017, there were no changes in major shareholdings in LPP SA.

29. Structure of shareholdings in LPP SA or rights attached to shares, held by members of the Issuer's Management and Supervisory Boards, as at the date of submission of a quarterly report, including changes in the shareholding structure following submission of the previous quarterly report, broken down by person

The shareholdings in LPP SA, owned by key management and supervisory officers as at the date of submission of the report for Q1 2018.

	Shareholder	Position	Number of shares held	Number of votes at the AGM
MANAGEMENT BOARD	Marek Piechocki	President of the Management Board	175 497	875 493
	Jacek Kujawa	Vice-President of the Management Board	153	153
	Przemysław Lutkiewicz	Vice-President of the Management Board	10	10
	Sławomir Łoboda	Vice-President of the Management Board	102	102
SUPERVISORY BOARD	Jerzy Lubianiec	Chairman of the Supervisory Board	174 999	874 995
	Antoni Tymiński	Member of the Supervisory Board	11	11
	Piotr Piechocki	Member of the Supervisory Board	14	14

Following submission of the previous quarterly report (for Q3 2017) there were no changes in shareholdings in LPP SA, owned by the Issuer's key management and supervision officers.

30. Information on legal proceedings

Neither LPP SA nor its subsidiaries are a party to any proceedings before any court, competent arbitration authority or a public administration body concerning liabilities or debts, the value of which individually or jointly exceeds 10% of the equity of LPP SA.

At the same time, with reference to information provided for in previous interim and current reports on the pending audit procedure involving settlement of CIT for 2012, LPP SA awaits for the case to be resolved anew by the first-instance tax authority, upholding its standpoint that, in the Company's opinion, it correctly calculated CIT for 2012 and recognised, as revenue-earning costs, expenses which could be lawfully recognised as such.

Having analysed the settlements of licence fees for using trademarks, the Issuer created, as at 31 December 2017, a provision for prospective tax risks in previous years, totalling PLN 46 mln.

31. Transactions with associates

31.1. Key management officers

The Group recognizes members of the Management and Supervisory Boards as key management officers of the Parent Company.

The value of short-term benefits of members of the Management Board of the Parent Company, received between 1 January and 31 March 2018, amounted to PLN 2 418 thousand.

Remunerations shown separately for each key management officer were as follows.

Marek Piechocki - President of the Management Board PLN 858 thousand

Przemysław Lutkiewicz - Vice-President of the Management Board PLN 520 thousand

Jacek Kujawa - Vice-President of the Management Board PLN 520 thousand

Sławomir Łoboda - Vice-President of the Management Board PLN 520 thousand

The value of short-term benefits of members of the Supervisory Board of the Parent Company, received between 1 January and 31 March 2018, amounted to PLN 49 thousand.

Remunerations shown separately for each member of the Supervisory Board were as follows.

Wojciech Olejniczak - Member of the SB PLN 7 thousand

Piotr Piechocki - Member of the SB PLN 10.5 thousand

Magdalena Sekuła - Member of the SB PLN 10.5 thousand

Antoni Tymiński - Member of the SB PLN 10.5 thousand

Miłosz Wiśniewski - Member of the SB PLN 10.5 thousand

31.2. Transactions with associates

In the reporting period, the Issuer concluded no transactions with associates, involving the transfer of rights and obligations.

Transactions between the Parent Company and its foreign subsidiaries were eliminated in the consolidated financial statements and have not been shown in the table below.

Values given below reflect only mutual transactions between LPP SA and its Polish non-consolidated subsidiaries and are presented from the Parent Company's perspective.

Associates (in PLN thousand)	31 March 2018		1Q 2018	
	Receivables	Liabilities	Revenues	Expenses
Domestic companies	1	14	3	106

Data presented as liabilities of LPP SA are receivables in associates, while expenses are revenues of given companies.

All transactions with associates were concluded on arm's length basis. Revenue from domestic companies is earned from the lease of office space for the purposes of their operation. Expenses related to domestic subsidiaries involve the lease of real properties where Cropp, Reserved, Mohito and House stores are operated.

32. Information on guarantees

In the reporting period, the Issuer and companies from the Issuer's CG gave no guarantees to secure any credit facilities or loans and did not provide guarantees to a single entity or its subsidiary, of a total value being equivalent to at least 10% of the Issuer's equity.

Detailed information in contingent liabilities is provided for in Note 25 to these financial statements.

33. Other information relevant for assessing the HR, property and financial standing and the financial result of the LPP SA Capital Group, and information relevant for assessing the ability of the Issuer's Capital Group to perform its obligations

The report contains basic information relevant for assessing the standing of the Issuer's Capital Group. In the opinion of the Management Board, at present, the Capital Group's ability to perform its obligations remains unthreatened.

34. Factors likely to affect, in the opinion of LPP SA, the results generated by the Capital Group in the next quarter and thereafter

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

- a) Economic and political situation in Poland and in countries where the stores of the LPP SA Capital Group operate, especially in Russia and Ukraine.
- b) Attractiveness of collections of individual brands and customers' positive response.
- c) PLN/USD and PLN/EUR exchange rates as well as the RUB/UAH exchange rate.
- d) Sunday trading ban (18% of sales in Poland).
- e) Control of SG&A/m², specifically staffing costs.
- f) Development of the sales network of Reserved, Cropp, House, Mohito and Sinsay brands. Further expansion on the Polish market, increasing growth in Europe, in particular South-Eastern Europe, continued development in the CIS region, restoring increases in figures generated in the Middle East. In 2018, it is planned to increase store space by 11% y/y, i.e. by approx. 108.5 thousand m². The CAPEX planned for 2018 amounts to approx. PLN 520 mln (increase by approx. 18% y/y). Planned store-related expenses amount to PLN 350 mln, expenses for head offices – PLN 95 mln, IT and e-commerce - PLN 75 mln. The Group's gross margin in 2018 is planned to reach approx. 54-55%.
- g) To support the development of online sales, the Issuer leased two new logistics centres dedicated to e-commerce: in Stryków (Poland) – operated by Arva for 4 brands: Reserved, House, Mohito and Sinsay, executing domestic and foreign orders (Germany, the Czech Republic, Slovakia, Romania, Hungary, the Baltic countries and Great Britain) and in Moscow (Russia) – handling e-commerce orders throughout Russia. In the future, the Issuer plans to create at least two new centres: in Great Britain and South Europe.
- h) Retaining net cash; aiming at balancing the level of liabilities with the inventory level.

35. Explanatory notes to the condensed consolidated financial statements

35.1. Revaluation write-offs

Values of certain assets, presented in the consolidated financial statements drawn up as at 31 March 2018, were adjusted with revaluation write-offs. Detailed information on revaluation write-offs shown as at the last day of the reporting period and changes in the period are given in the table below.

	in PLN thousand		
	Fixed and intangible assets	Inventory	Receivables, loans and shares
As at 1 January 2018	7 414	53 674	16 665
Write-offs made in the period	1 281	0	91
Reversed write-offs in the period	1 801	2 627	30
As at 31 March 2018	6 894	51 047	16 726

35.2. Receivables

The value of a revaluation write-off on receivables comprises the following:

PLN 15 662 thousand	Revaluation write-off on claims and disputable receivables owed by contracting parties
PLN 516 thousand	Revaluation write-off on the so-called doubtful receivables
PLN 521 thousand	Revaluation write-off on receivables owed by employees and other receivables

35.3. Cash

In order to prepare the cash flow statement, the CG classifies cash in the manner adopted for presenting financial position. A difference in the value of cash shown in the statement of financial position and in the cash flow statement is affected by the following:

	in PLN thousand
	31 March 2018
Cash and cash equivalents in the statement of financial position	440 861
<i>Adjustments:</i>	
Exchange differences from balance sheet valuation of cash in foreign currency	-703
Cash and cash equivalents recognised in CF	440 158

35.4. Employee liabilities

The value of employee liabilities presented in the consolidated financial statements and their changes in the reporting period are presented below.

	in PLN thousand		
	Retirement benefits	Unpaid remunerations	Short-term liabilities for the unused holiday leave
As at 1 January 2018	751	21 172	22 400
Increase	0	1 369	27 907
Decrease	0	21 172	22 400
As at 31 March 2018	751	1 369	27 907

35.5. Provisions

The value of provisions presented in the consolidated financial statements and their changes in the reporting period are listed in the table below.

	in PLN thousand	
	Provision for product returns	Other provisions
As at 1 January 2018	7 818	5 121
- provisions made	7 602	1 178
- provisions reversed	7 818	5 121
As at 31 March 2018	7 602	1 178

35.6. Income tax

The main components of income tax of the LPP SA CG from 1 January 2018 to 31 March 2018 and in a comparative period are given below.

	in PLN thousand	
	01.01-31.03.2018	01.01-31.03.2017
Current income tax	2 426	2 301
Deferred income tax	-844	3 230
Total income tax	1 582	5 531

35.7. Deferred tax assets and liabilities

At the end of the reporting period, the values of deferred tax assets and liabilities were recognised in the consolidated financial statements.

Detailed information on the components of those figures is given in the table below.

Deferred tax assets	31 March 2018	31 December 2017
Difference between balance sheet and tax depreciation of fixed assets	2 095	17 691
Depreciation of trademarks	89 541	90 878
Revaluation of inventories	791	1 934
Revaluation of trade receivables	208	375
Margin on goods unsold outside the Group	14 473	15 620

Margin on the sale of investments	32 176	11 501
Tax loss	13 022	47
Unpaid remuneration and surcharges	1 331	12 986
Provision for product returns	1 134	1 162
Other temporary differences	-2 545	- 859
Total	152 226	151 335

Deferred tax liabilities	31 March 2018	31 December 2017
Difference between balance sheet and tax depreciation of intangible and fixed assets	26	31
Total	26	31

35.8. Foreign exchange differences

In the consolidated statement of results and other comprehensive income, prepared as at 31 March 2018, the value of positive foreign exchange differences exceeds by PLN 16 233 thousand the value of negative foreign exchange differences.

35.9. Operating segments

Revenues and financial results relating to geographical segments for the period from 1 January 2018 to 31 March 2018 and for a comparative period are given in the tables below.

2018	in PLN thousand				
	EU Member States	Other countries	Consolidation adjustments	Values not attributed to segments	Total
External sales	1 053 358	526 994	0	0	1 580 352
Inter-segment sales	257 858	0	-257 858	0	0
Other operating income	3 265	2 889	0	0	6 154
Total revenue	1 314 481	529 883	-257 858	0	1 586 506
Total operating costs, including	1 208 158	608 615	-247 261	118 462	1 687 974
Costs of inter-segment sales	247 261	0	-247 261	0	0
Other operating costs	10 187	6 077	0	0	16 264
Segment result	96 136	-84 809	-10 597	-118 462	-117 732
Financial income				17 087	17 087
Financial costs				2 542	2 542
Profit/loss before taxation					-103 187
Income tax					1 582
Non-controlling interests					0
Net profit/loss attributable to shareholders of the Parent Company					-104 769

in PLN thousand

2017	EU Member States	Other countries	Consolidation adjustments	Values not attributed to segments	Total
External sales	1 038 975	323 340	0	0	1 362 315
Inter-segment sales	173 737	0	-173 737	0	0
Other operating income	5 772	2 065	0	0	7 837
Total revenue	1 218 484	325 405	-173 737	0	1 370 152
Total operating costs, including	1 261 245	311 491	-170 906	59 095	1 460 925
Costs of inter-segment sales	151 089	0	-151 089	0	0
Other operating costs	12 949	5 194	0	49	18 192
Segment result	-55 710	8 720	-2 831	-59 144	-108 965
Financial income				1 668	1 668
Financial costs				4 200	4 200
Profit/loss before taxation					-111 497
Income tax					5 531
Net profit/loss attributable to shareholders of the Parent Company					-117 028

Management Board of LPP SA:

Marek Piechocki

President of the Management Board

Przemysław Lutkiewicz

Vice-President of the Management Board

Jacek Kujawa

Vice-President of the Management Board

Sławomir Łoboda

Vice-President of the Management Board



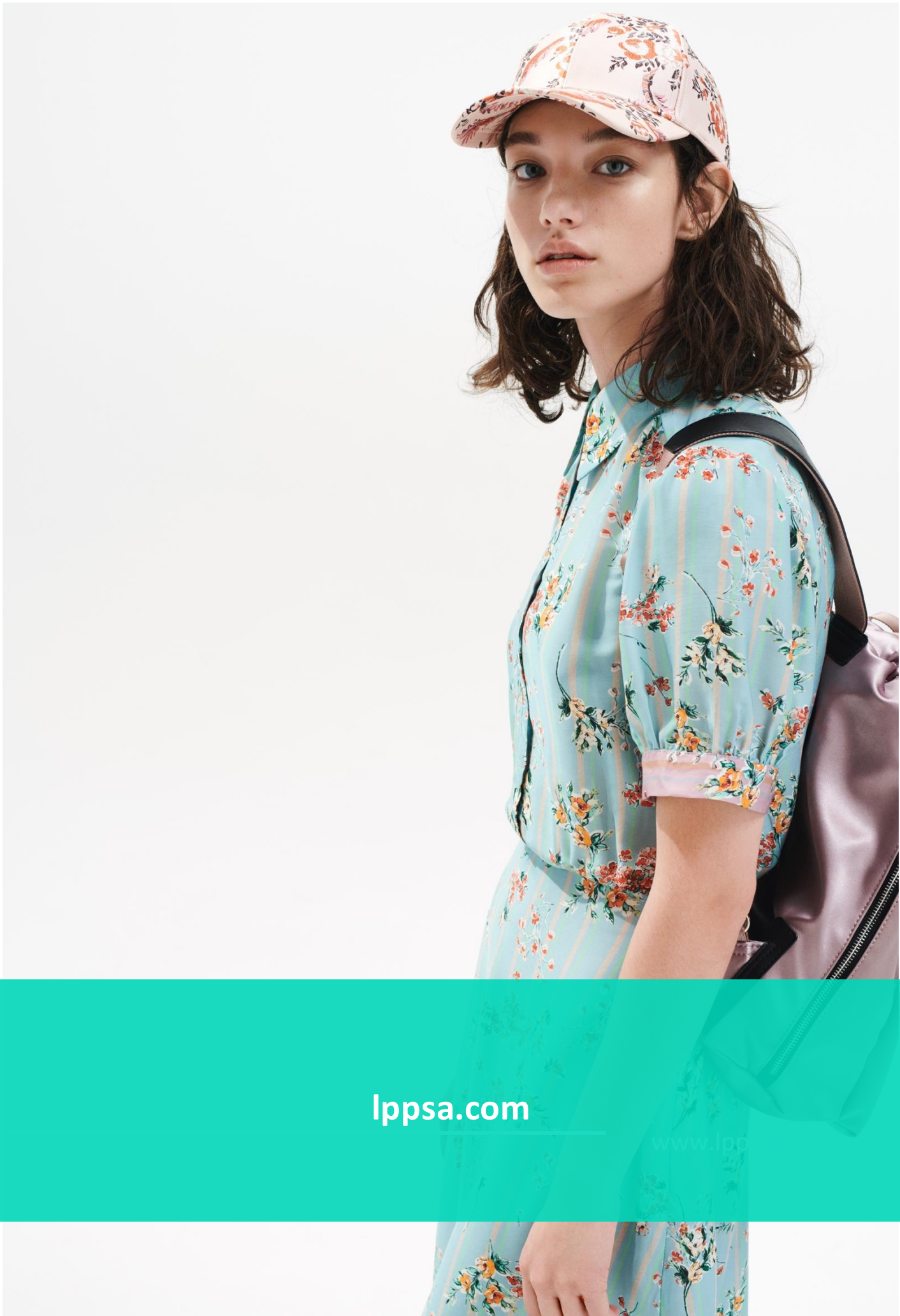
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