



LPP S.A. Capital Group

Interim condensed financial statement for Q3 2012

Gdańsk
November 2012

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

in PLN '000

Selected Consolidated Financial Data	Q3 2012	Q3 2011	Q3 2012	Q3 2011
	01.07.2012- 30.09.2012	01.07.2011- 30.09.2011	01.07.2012- 30.09.2012	01.07.2011- 30.09.2011
	in PLN '000		in EUR '000	
Net revenues from sales of products, goods and materials	2,261,646	1,703,234	539,155	421,457
Operating profit (loss)	269,334	175,709	64,207	43,478
Gross profit (loss)	246,907	174,380	58,860	43,149
Net profit (loss)	206,435	139,433	49,212	34,502
Net cash flows from operations	188,429	20,721	44,920	5,127
Net cash flows from investments	-166,782	4,049	-39,759	1,002
Net cash flows from financial operations	-53,812	-72,500	-12,828	-17,940
Total net cash flows	-32,165	-47,730	-7,668	-11,811

in PLN '000

Selected Consolidated Financial Data	Q3 2012	Q3 2011	Q3 2012	Q3 2011
	01.07.2012- 30.09.2012	01.07.2011- 30.09.2011	01.07.2012- 30.09.2012	01.07.2011- 30.09.2011
	in PLN '000		in EUR '000	
Total assets	1,777,978	1,481,839	432,198	335,927
Long-term liabilities	147,781	203,850	35,923	46,212
Short-term liabilities	566,349	503,306	137,671	114,097
Equity capital	1,063,848	774,683	258,605	175,617
Share capital	3,662	3,555	890	806
Weighted average number of ordinary shares	1,771,063	1,743,540	1,771,063	1,743,540
Profit (loss) per ordinary share (in PLN / EUR)	116.6	80.0	30.3	19.9
Book value per share (in PLN / EUR)	600.7	444.3	152.6	108.8
Declared or paid dividend per share (in PLN / EUR)	77.36	76.86	18.44	19.02

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

in PLN '000

Balance Sheet	As at the end of		
	Q3 2012	Q3 2011	previous year
	30.09.2012	30.09.2011	31.12.2011
ASSETS			
Fixed assets (long-term)	830,204	719,776	744,937
1. Tangible fixed assets	527,607	428,316	447,725
2. Intangible assets	11,903	10,982	11,515
3. Goodwill	183,609	183,609	183,609
4. Trademark	77,508	77,508	77,508
5. Shares in subsidiaries	186	187	186
6. Investments in associates	0	19	19
7. Investments in real property	665	682	678
8. Receivables and loans	5,782	1,082	4,549
9. Deferred tax assets	22,310	17,099	18,669
10. Prepayments	634	292	479
Current assets (short-term)	947,774	762,063	868,931
1. Inventories	658,204	553,613	594,606
2. Trade receivables	135,577	100,660	114,313
3. Income tax receivables	406	3,277	1,936
4. Other receivables	59,191	38,223	31,402
5. Loans	118	184	167
6. Other securities	0	0	0
7. Other financial assets	0	9,418	0
8. Prepayments	9,477	7,948	9,541
9. Cash and cash equivalents	84,801	48,740	116,966
TOTAL assets	1,777,978	1,481,839	1,613,868

in PLN '000

Balance Sheet	As at the end of		
	Q3 2012	Q3 2011	previous year
	30.09.2012	30.09.2011	31.12.2011
LIABILITIES			
Equity capital	1,063,848	774,683	909,194
1. Share capital	3,662	3,555	3,555
2. Treasury shares	-48,764	-48,757	-48,759
3. Share premium	235,069	149,829	149,829
4. Other capital	656,294	561,433	562,429
5. Foreign exchange differences on translation	-2,905	-8,607	-4,537
6. Retained earnings	217,839	114,685	243,977
- profit (loss) from previous years	12,558	-24,748	,-24,748
- net profit (loss) for the current period	205,281	139,433	268,725
7. Minority interests	2,653	2,545	2,700
Long-term liabilities			
1. Bank loans and borrowings	143,112	118,159	86,446
2. Issue of debt securities	0	82,693	0
3. Other financial liabilities	99	48	31
4. Provisions for employee benefits	1,263	1,132	1,135
5. Deferred tax provision	3,208	1,798	1,685
6. Other long-term liabilities	99	20	59
Short-term liabilities			
1. Trade payables and other liabilities	374,365	285,140	377,512
2. Income tax liabilities	10,101	2,114	12,179
3. Bank loans and borrowings	164,621	204,451	117,749
4. Issue of debt securities	0	1,362	86,243
5. Other financial liabilities	30	51	54
6. Provisions	11,522	7,092	14,665
7. Special funds	340	391	296
8. Accruals	5,370	2,705	6,620
TOTAL liabilities	1,777,978	1,481,839	1,613,868

3. Uniform consolidated comprehensive income statement of LPP SA Capital Group

in PLN '000

Comprehensive Income Statement	YTD	Q3 2012	YTD	Q3 2011
	01.01.2012- 30.09.2012	01.07.2012- 30.09.2012	01.01.2011- 30.09.2011	01.07.2011- 30.09.2011
Continued operations				
Revenues from sales	2,261,646	843,592	1,703,234	622,232
Costs of sales	1,012,996	377,406	754,782	273,708
Gross profit (loss) on sales	1,248,650	466,186	948,452	348,524
Other operating revenues	18,259	6,326	12,616	3,479
Costs of sales	880 123	318,843	682,495	238,980
Overheads	93,366	32,096	77,544	26,219
Other operating expenses	24,086	8,308	25,320	9,651
Operating profit (loss)	269,334	113,265	175,709	77,153
Financial revenues	1,778	1,109	17,534	3,909
Financial expenses	24,205	2,612	18,863	5,785
Gross profit (loss)	246,907	111,762	174,380	75,277
Taxes	40,472	17,148	34,947	14,155
Net profit (loss)	206,435	94,614	139,433	61,122
Net profit (loss) attributable to:				
holding company shareholders	205,281	94,158	139,433	61,122
non-controlling entities	1,153	455	0	0
Other comprehensive income				
Foreign exchange differences on translation	1,632	-970	-7,957	-5,510
Total comprehensive income	208,067	93,644	131,476	55,612
Number of shares	1,771,063		1,743,540	
Profit (loss) per ordinary share	116,56		79,97	

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

in PLN '000

Statement of Changes in Equity	Share capital	Treasury shares	Share premium	Other capital	Profit (loss) from previous years	Profit (loss) for the current period	Foreign exchange differences from translation	Minority interests	Equity capital TOTAL
As at 1 January 2011	3,501	-48,754	108,123	547,559	126,767	0	-650	0	736,546
- adjustments due to errors in previous years					-2,651				-2,651
As at 1 January 2011 after adjustments	3,501	-48,754	108,123	547,559	124,116	0	-650	0	733,895
Costs of treasury shares purchase		-3							-3
Conversion of convertible bonds to shares	54		41,706						41,760
Distribution of profit for the year 2010				13,874	-148,864				-134,990
Minority shareholding as at the balance sheet date								2,545	2,545
Transactions with owners	54	-3	41,706	13,874	-148,864	0	0	2,545	-90,688
Net profit for Q13 2011						139,433			139,433
Calculation of foreign exchange differences on translation							-7,957		-7 957
As at 30 September 2011	3,555	-48,757	149,829	561,433	-24,748	139,433	-8,607	2,545	774,683

in PLN '000

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

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

in PLN '000

Cash Flow Statement	YTD	Q3 2012	YTD	Q3 2011
	01.01.2012- 30.09.2012	01.07.2012- 30.09.2012	01.01.2011- 30.09.2011	01.07.2011- 30.09.2011
A. Cash flows from operations - indirect method				
I. Gross profit (loss)	246,907	111,762	174,380	75,277
II. Total adjustments	-58,478	-102,857	-153,659	-126,266
1. Depreciation	79,268	28,092	70,313	22,870
2. (Profit) loss on foreign exchange differences	3,682	1,399	-1,754	-159
3. Interest and participation in profits (dividends)	12,787	2,343	17,178	8,429
4. (Profit) loss from investments	-3,826	-553	-2,465	-1,919
5. Paid income taxes	-41,341	-10,501	-36,840	-16,784
6. Change in provisions	-2,880	-2,445	6,345	-1,562
7. Change in inventories	-70,556	-54,143	-119,534	-40,971
8. Change in receivables	-82,574	-70,397	-23,409	-15,224
9. Change in short-term liabilities, excluding loans and borrowings	47,992	3,133	-60,028	-80,665
10. Change in accruals and prepayments	-569	1,236	-3,299	-1,399
11. Other adjustments	-461	-1,021	-166	1,118
III. Net cash flows from operations	188,429	8,905	20,721	-50,989
B. Cash flows from investments				
I. Revenues	22,764	8,074	76,679	50,648
1. Disposal of intangible and tangible fixed assets	19,156	4,665	13,635	4,969
2. From financial assets, including:	3,608	3,409	17,408	43
a) in affiliated entities	193	193	643	0
- liquidation of companies	0	0	643	0
- dividends	193	193		
b) in other entities	3,415	3,216	16,765	43
- disposal of financial assets – foreign bonds	3,000	3,000	16,000	0
- repayment of loans	319	145	137	32
- interest	96	71	628	11
3. Other investment inflows - sale of investment funds			45,636	45,636

II. Expenses	189,546	56,262	72,630	32,857
1. Acquisition of intangible and tangible fixed assets	186,433	53,258	72,546	32,854
2. For financial assets, including:	3,113	3,004	84	3
a) in affiliated entities	0	0	0	0
- acquisition of shares	0	0	0	0
- loans granted	0	0	0	0
b) in other entities	3,113	3,004	84	3
- loans granted	113	4	84	3
- purchase of financial assets – foreign bonds	3,000	3,000		
3. Other capital expenses	0	0	0	0
III. Net cash flows from investments	-166,782	-48,188	4,049	17,791
C. Cash flows from financial operations				
I. Revenues	114,848	126,916	116,938	127,193
1. Proceeds from the issue of shares				
2. Loans and borrowings	114,848	126,916	116,938	127,193
3. Other financial income		0		0
II. Expenses	168,660	146,412	189,438	141,287
1. Acquisition of treasury shares	5	2	3	1
2. Dividends to holders	141,201	141,201	134,992	134,992
3. Repayment of loans and borrowings	13,820	0	38,702	0
4. Payment of finance lease liabilities	78	15	142	41
5. Interest	13,556	5,194	15,599	6,253
6. Other financial expenses				
III. Net cash flows from financial operations	-53,812	-19,496	-72,500	-14,094
D. Total net cash flows	-32,165	-58,779	-47,730	-47,292
E. Net change in cash, including:	-32,165	-58,779	-47,730	-47,292
- change in cash from foreign exchange differences	-1,813	-887	2,004	1,685
F. Opening cash balance	116,966	143,580	96,470	96,032
G. Cash at the end of the period, including:	84,801	84,801	48,740	48,740
- restricted cash	343	343	391	391

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

in PLN '000

Selected financial data	Q3 2012	Q3 2011	Q3 2012	Q3 2011
	01.07.2012- 30.09.2012	01.07.2011- 30.09.2011	01.07.2012- 30.09.2012	01.07.2011- 30.09.2011
	in PLN '000		in EUR '000	
Net revenues from sales of products, goods and materials	1,981,971	1,500,282	472,483	371,237
Operating profit (loss)	253,748	153,814	60,491	38,061
Gross profit (loss)	279,332	144,775	66,590	35,824
Net profit (loss)	237,401	115,029	56,594	28,463
Net cash flows from operations	18,236	-3,773	4,347	-934
Net cash flows from investments	-4,627	30,521	-1,103	7,552
Net cash flows from financial operations	-52,503	-72,389	-12,516	-17,912
Total net cash flows	-38,894	-45,641	-9,272	-11,294

in PLN '000

Selected financial data	Q3 2012	Q3 2011	Q3 2012	Q3 2011
	01.07.2012- 31.09.2012	01.07.2011- 31.09.2011	01.07.2012- 31.09.2012	01.07.2011- 31.09.2011
	in PLN '000		in EUR '000	
Total assets	1,762,841	1,465,118	428,519	332,136
Long-term liabilities	145,912	204,098	35,469	46,268
Short-term liabilities	534,043	484,280	129,817	109,784
Equity capital	1,082,886	776,740	263,233	176,084
Share capital	3,662	3,555	890	806
Weighted average number of ordinary shares	1,771,063	1,743,540	1,771,063	1,743,540
Profit (loss) per ordinary share (in PLN / EUR)	134.0	66.0	32.0	16.3
Book value per share (in PLN / EUR)	611.4	445.5	148.6	101.0
Declared or paid dividend per share (in PLN / EUR)	77.36	76.86	18.44	19.02

7. Balance sheet of LPP S.A.

in PLN '000

Balance Sheet	As at the end of		
	Q3 2012	Q3 2011	previous year
	30.09.2012	30.09.2011	31.12.2011
ASSETS			
Fixed assets (long-term)	723,620	648,285	664,704
1. Tangible fixed assets	350,018	323,030	333,418
2. Intangible assets	8,860	8,409	8,832
3. Goodwill	179,618	179,618	179,618
4. Trademark	77,508	77,508	77,508
5. Shares in subsidiaries	25,543	22,703	22,812
6. Investments in associates	0	19	19
7. Investments in real property	665	682	678
8. Receivables and loans	19,201	728	5,194
9. Other financial assets	34,382		
10. Deferred tax assets	27,380	35,296	36,335
11. Prepayments	445	292	290
Current assets (short-term)			
1. Inventories	476,993	437,383	475,080
2. Trade receivables	506,402	330,540	344,260
3. Income tax receivables	0	0	0
4. Other receivables	14,660	10,638	12,281
5. Loans	4,918	2,205	5,096
6. Other securities	0	0	0
7. Other financial assets	0	9,418	0
8. Prepayments	5,997	5,251	6,109
9. Cash and cash equivalents	30,251	21,398	69,145
TOTAL assets	1,762,841	1,465,118	1,576,675

in PLN '000

Balance Sheet	As at the end of		
	Q3 2012	Q3 2011	the previous year
	30.09.2012	30.09.2011	31.12.2011
LIABILITIES			
Equity capital	1,082,886	776,740	897,697
1. Share capital	3,662	3,555	3,555
2. Treasury shares	-48,764	-48,757	-48,759
3. Share premium	235,069	149,829	149,829
4. Other capital	655,518	560,774	561,771
5. Retained earnings	237,401	111,339	231,301
- profit (loss) from previous years	0	-3,690	-3,690
- net profit (loss) for the current period	237,401	115,029	234,991
Long-term liabilities			
1. Bank loans and borrowings	143,107	118,120	86,418
2. Issue of debt securities	0	82,693	0
3. Other financial liabilities	0	250	0
4. Provisions for employee benefits	1,222	1,068	1,101
5. Deferred tax provision	1,583	1,967	1,681
Short-term liabilities			
1. Trade payables and other liabilities	350,339	269,711	359,443
2. Income tax liabilities	9,063	1,710	11,179
3. Bank loans and borrowings	162,671	203,994	117,273
4. Issue of debt securities	0	1,362	86,244
5. Other financial liabilities	0	41	0
6. Provisions	7,409	5,339	10,698
7. Special funds	340	391	296
8. Accruals	4,221	1,732	4,645
TOTAL liabilities	1,762,841	1,465,118	1,576,675

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

in PLN '000

Comprehensive Income Statement	YTD	Q3 2012	YTD	Q3 2011
	01.01.2012- 30.09.2012	01.07.2012- 30.09.2012	01.01.2011- 30.09.2011	01.07.2011- 30.09.2011
Revenues from sales	1,981,971	775,622	1,500,282	564,030
Costs of sales	1,062,522	430,815	779,050	298,708
Gross profit (loss) on sales	919,449	344,807	721,232	265,322
Other operating revenues	82,939	49,181	36,533	5,387
Costs of sales	593,424	207,504	492,795	172,373
Overheads	122,317	45,211	67,930	30,254
Other operating expenses	32,899	7,601	43,226	22,266
Operating profit (loss)	253,748	133,672	153,814	45,816
Financial revenues	78,699	33,270	28,013	20,866
Financial expenses	53,115	27,663	37,052	9,282
Gross profit (loss)	279,332	139,279	144,775	57,400
Taxes	41,931	22,381	29,746	11,242
Net profit (loss)	237,401	116,898	115,029	46,158
Total comprehensive income	237,401	116,898	115,029	46,158
Number of shares	1,771,063		1,743,540	
Profit (loss) per ordinary share	134,04		65,97	

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

in PLN '000

Statement of Changes in Equity	Share capital	Treasury shares	Share premium	Other capital	Profit (loss) from previous years	Profit (loss) for the current period	Equity TOTAL
As at 1 January 2011	3,500	-48,754	108,123	546,901	145,174		754,944
- adjustments due to errors in previous years							0
As at 1 January 2011 after adjustments	3,500	-48,754	108,123	546,901	145,174	0	754,944
Conversion of bonds into shares	55		41,706				41,761
Costs of buy-back of treasury shares		-3					-3
Net profit distribution for 2010				13,873	-148,864		-134,991
Transactions with owners	55	-3	41,706	13,873	-148,864	0	-93,233
Net profit for Q13 2011						115,029	115,029
As at 30 September 2011	3,555	-48,757	149,829	560,774	-3,690	115,029	776,740

in PLN '000

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

10. Cash Flow Statement of LPP S.A.

in PLN '000

Cash Flow Statement	YTD	Q3 2012	YTD	Q3 2011
	01.01.2012- 30.09.2012	01.07.2012- 30.09.2012	01.01.2011- 30.09.2011	01.07.2011- 30.09.2011
A. Cash flows from operations - indirect method				
I. Gross profit (loss)	279,332	139,279	144,775	57,399
II. Total adjustments	-261,096	-195,551	-148,548	-116,935
1. Depreciation	48,876	16,128	45,907	15,093
2. (Profit) loss on foreign exchange differences	3,377	2,067	-1,019	-877
3. Interest and participation in profits (dividends)	-47,849	-16,863	16,214	7,576
4. (Profit) loss from investments	-3,618	-13,752	11,178	15,104
5. Paid income taxes	-36,377	-9,449	-31,053	-11,573
6. Change in provisions	-3,169	-1,953	4,093	-3,743
7. Change in inventories	-1,923	16,340	-77,724	-7,083
8. Change in receivables	-209,232	-156,271	-78,475	-71,515
9. Change in short-term liabilities, excluding loans and borrowings	-13,160	-32,857	-35,276	-59,045
10. Change in accruals and prepayments	-468	243	-2,393	-872
11. Other adjustments	2,447	816	0	0
III. Net cash flows from operations	18,236	-56,272	-3,773	-59,536
B. Cash flows from investments				
I. Revenues	88,046	29,851	75,183	48,942
1. Disposal of intangible and tangible fixed assets	18,876	4,664	11,206	2,740
2. From financial assets, including:	69,170	25,187	18,341	566
a) in affiliated entities	65,978	22,082	1,576	522
- interest and dividends	61,470	19,942	933	522
- disposal of shares/liquidation of companies	0	0	643	
- repayment of loans	4,508	2,140	0	0
b) in other entities	3,192	3,105	16,765	44
- interest	96	73	628	11
- disposal of financial assets – foreign bonds	3,000	3,000	16,000	0
- repayment of loans	96	32	137	33
3. Other investment inflows - sale of investment funds	0	0	45,636	45,636

II. Expenses	92,673	28,686	44,662	16,462
1. Acquisition of intangible and tangible fixed assets	72,545	20,661	44,423	16,450
2. For financial assets, including:	20,128	8,025	239	12
a) in affiliated entities	17,015	5,021	155	9
- acquisition of shares	0	0	9	9
- short-term loans granted	0	0		0
- long-term loans granted	17,015	5,021	146	0
b) in other entities	3,113	3,004	84	3
- purchase of financial assets – foreign bonds	3,000	3,000		
- short-term loans granted	47	4	35	3
- long-term loans granted	66	0	49	0
3. Other capital expenditure - purchase of investment fund units	0	0	0	0
III. Net cash flows from investments	-4,627	1,165	30,521	32,480
C. Cash flows from financial operations				
I. Revenues	114,848	134,966	116,938	130,082
1. Loans and borrowings	114,848	134,966	116,938	130,082
2. Net proceeds from the issue of shares	0	0	0	0
3. Other financial income	0	0	0	0
II. Expenses	167,351	153,250	189,327	144,130
1. Acquisition of treasury shares	5	2	3	1
2. Dividends to holders	140,000	140,000	134,992	134,992
3. Repayment of loans and borrowings	13,790	8,054	38,681	2,881
4. Interest	13,556	5,194	15,599	6,254
5. Other financial expenses - financial lease	0	0	52	2
III. Net cash flows from financial operations	-52,503	-18,284	-72,389	-14,048
D. Total net cash flows	-38,894	-73,391	-45,641	-41,104
E. Net change in cash, including:	-38,894	-73,391	-45,641	-41,104
- change in cash from foreign exchange differences	43	46	195	107
F. Opening cash balance	69,145	103,642	67,038	62,501
G. Cash at the end of the period, including:	30,251	30,251	21,397	21,397
- restricted cash	343	343	391	391

Notes to the Condensed Consolidated Financial Statement for Q3 2012

1. Characteristics of LPP S.A. Capital Group

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

- LPP S.A. as a holding entity,
- 5 Polish subsidiaries,
- 16 foreign subsidiaries.

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

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

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

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

The consolidated financial statement of the Capital Group for the period from 1 January to 30 September 2012 includes individual results of LPP S.A. and the results of the following subsidiaries:

- LPP Retail Estonia OU
- LPP Czech Republic s.r.o.
- LPP Hungary Kft
- LPP Retail Latvia Ltd
- UAB LPP
- LPP Ukraina AT

- ZAO Re Trading

-
- LPP Fashion Distributor srl.
 - Fashion Point
 - LPP Retail Bulgaria Ltd.
 - Artman Slovakia srl
 - Artman Mode s.r.o.
 - LPP Style Bulgaria Ltd.
 - LPP Fashion Bulgaria Ltd.
 - Gothals Limited
 - Jaradi Limited

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

According to it, a subsidiary or related party is not consolidated if the amounts reported in its financial statements are negligible in relation to the financial statements of the holding company. In particular, the balance sheet total and net revenues from sales of goods and services and financial operations of the entity which for the financial period are less than 10% of total assets and liabilities and the income of the parent company are regarded as insignificant. The total amount of revenues and balance sheet totals of the entities not included in the consolidation may not exceed that level, but in relation to the corresponding amounts of the consolidated financial statements established on the assumption that their scope includes all subsidiaries, without making any exclusions.

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

- in the Capital Group's balance sheet total – 0.04%
- in the Capital Group's revenues from sales and financial revenues – 0.43%

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

LPP S.A. is a company involved in the design and distribution of clothing in Poland and the countries of Central and Eastern Europe. Consolidated capital companies are involved in the distribution of goods under the Reserved and Cropp brands outside Poland. Clothing is basically the only product sold by the CG companies. The basic offer is supplemented by footwear, bags and accessories.

Clothing designs are prepared in the design office located in the registered office of LPP S.A. in Gdańsk and in the design office in Cracow, and then transferred to the purchasing department which orders the production of certain models, cooperating in this respect with companies in Poland and abroad, including in China. Production in China is managed by the Company's trading office in Shanghai. The Capital Group also generates small revenues from sales of services (these include only the revenues generated by the parent company – mainly know-how services related to the management of brand stores by Polish contractors and the lease of transport vehicles).

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

5 Polish subsidiaries are involved in the lease of real estate where Cropp Town and Reserved outlets are located.

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

The Capital Group's Report for Q3 2012 contains the condensed consolidated financial statement and selected explanations contained in these Notes as well as the condensed financial statement of the holding company, as per IAS 34 "Interim Financial Reporting".

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

financial report of LPP S.A. Capital Group for the financial year 2011, in accordance with the International Financial Reporting Standards.

The condensed consolidated financial statement should be read in conjunction with the consolidated financial statement for the year ended 31 December 2011.

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

Major achievements of the Capital Group in Q3 2012:

1. In Q3 2012, sales revenues amounted to PLN 843.6 million. They increased by approximately 36% in comparison with Q3 2011 (PLN 622.2 million).
2. In Q3, LPP S.A. Capital Group generated operating profit of PLN 113.3 million. Last year in this period, LPP S.A. CG generated operating profit of PLN 77.2 million. Net profit in Q3 2012 was approx. PLN 94.6 million (compared to net profit of PLN 61.1 million in Q3 2011).
3. In Q3 2012, Reserved stores generated sales of PLN 426.9 million, while the sales volume at Cropp Town stores amounted to PLN 160.2 million. Sales in Q3 generated by House stores amounted to PLN 113.9 million and in Mohito stores it amounted to PLN 68.6 million.
4. In Q3 2012, the floor area of the network of stores increased by 12 thousand sq. m. At the end of Q1, LPP S.A. CG had 1005 stores of a total area of 393.6 thousand square meters.
5. Revenues from sales in comparable stores increased in Q3 2012 by 15.0% (excluding changes in local currency exchange rates in the countries where LPP S.A. CG operates).

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

The generation of high revenues and profits in Q3 was possible with the significant increase of the surface of the network of stores (by 21%) and increased sales in comparable stores, which occurred in all brands, both in Poland and abroad. One of the important factors influencing the improved results was very good response to the autumn-winter collection from customers, which was reflected in the increase in sales achieved especially in September.

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

in PLN '000

Company name	Country	Revenues in Q3 2012	% share in Q3 2012	YTD Revenues from 01.01.2012 to 30.09.2012	% share in the period from 01.01.2012 to 30.09.2012
LPP S.A. CAPITAL GROUP	Poland	552.2	65.5%	1,554.2	68.7%
LPP Retail Estonia OU	Estonia	15.9	1.9%	40.7	1.8%
LPP Retail Latvia Ltd	Latvia	12.4	1.5%	32.4	1.4%
LPP Retail Czech Republic s.r.o.*	Czech Republic	29.4	3.5%	83.6	3.7%
LPP Hungary Kft.	Hungary	6.3	0.7%	18,8	0.8%
UAB"LPP"	Lithuania	17.1	2.0%	45.0	2.0%
LPP Ukraina AT	Ukraine	24.2	2.9%	59.5	2.6%
ZAO "Re Trading"***	Russia	172.6	20.5%	387.3	17.1%
LPP Fashion Distributor SRL	Romania	6.0	0.7%	18.4	0.8%
LPP Retail Bulgaria Ltd.***	Bulgaria	4.2	0.5%	11.5	0.5%
Artman Slovakia	Slovakia	3.5	0.4%	10.3	0.5%
Total		843.6	100.0%	2,261.6	100.0%

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

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

*** total revenues of 3 companies in Bulgaria: LPP Retail Bulgaria Ltd, Bulgaria FP, Bulgaria ES

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

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

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

Detailed information is included in item 37.1

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

Detailed information is included in item 37.1

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

Detailed information is included in item 37.3

9. Information on deferred income tax provisions and assets

Detailed information is contained in item 37.5

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

There were no such events in the reporting period.

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

There were no such events in the reporting period.

12. Information on significant settlements of litigation

There were no such events in the reporting period.

13. Indication of corrections of errors from previous reporting periods

There were no such events in the reporting period.

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

There were no such events in the reporting period.

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

There were no such events in the reporting period.

16. Information on the conclusion by the issuer or its subsidiary of one or more transactions with affiliated entities, if individually or collectively they are significant and have been concluded under conditions other than on arm's length basis

There were no such events in the reporting period.

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

Not applicable.

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

Not applicable.

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

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

Revenues and results for particular segments in Q1-Q3 2012 and the comparable period are presented in section 23.7.

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

Following the submission of declarations and conversion instructions from 9 holders of convertible bonds, on 23 July 2012, 51,459 series A convertible bonds were converted to 51,459 series K shares.

According to the decision of the District Court of Gdańsk-Północ in Gdańsk of 27 August 2012, the Company's share capital was increased from the amount of PLN 3,559,328 to PLN 3,662,246.

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

Under the decision of the AGM, part of the profit generated in 2011 and undistributed net profit for 2010 in the total amount of PLN 140,000,326 was earmarked for dividend, which corresponds to PLN 77.36 per one authorised share.

The amount of PLN 112,924,326 was allocated to ordinary shares and PLN 27,076,000 - to preferred shares. The date on which the list of shareholders entitled to receive dividends for 2012 was determined was 5 September 2012, and the dividend payment date was 25 September 2011.

23. Date of approval of the financial statement for publication

This financial statement was approved for publication by the Management Board of the Parent Company on 8 November 2012.

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

There were no such events.

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

None of the above situations occurred in the reporting period.

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

In Q3 2012, LPP S.A. and its subsidiaries used bank guarantees to secure the payment of rent for the rental of space for the company's retail outlets.

As at 30 September 2012, the total value of bank guarantees issued at the request and on behalf of LPP S.A. amounted to PLN 133,780 thousand, including:

- a) guarantees granted to secure agreements concluded by LPP SA - PLN 69,565 thousand,
- b) guarantees granted to secure agreements concluded by consolidated affiliates - PLN 61,197 thousand,
- c) guarantees granted to secure agreements concluded by non-consolidated affiliates amounting to PLN 2,881 thousand,
- d) guarantees granted to secure office space lease agreements concluded by LPP SA - PLN 136 thousand.

On 30 September 2012, the value of sureties granted by the parent company amounted to PLN 15,976 thousand and increased in comparison to 31 December 2011 by PLN 9,501 thousand.

27. Estimates concerning future liabilities under lease agreements

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

Total future minimum payments under lease agreements, estimated as at 30 September 2012, are as follows:

- payables with the maturity date of 12 months after the balance sheet date
PLN 341,255 thousand.
- payables with the maturity date from 12 months to 5 years from the balance sheet date PLN 958,343 thousand.
- payables with the maturity date of over 5 years from the balance sheet date PLN
370,602 thousand.

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

The company did not publish any forecasts of annual results.

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

Shareholding structure of the holding company as at the date of submission of the quarterly report for Q3 2012:

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

In the period from the submission of the previous report (report for H1 2012) as a result of the conversion of bonds to shares, the percentage of votes at the AGM and the percentage share in the share capital held by major shareholders have changed.

The table below shows the share capital structure prior to the conversion of convertible bonds to shares:

Shareholder	Number of held shares (pieces)	Number of votes at the AGM	Share in the total number of votes at the AGM	Share capital held
Marek Piechocki	175,000	875,000	27.5%	9.8%
Jerzy Lubianiec	175,000	875,000	27.5%	9.8%
Monistor Limited (Cyprus)	200,728	200,728	6.3%	11.3%
Grangeford Limited (Cypr)	350,000	350 000	11.0%	19.7%

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

Shareholder	Number of held shares (pieces)	Number of votes at the AGM
President of the Management Board	175,000	875,000
Vice President of the Management Board	2,664	2,664
Vice President of the Management Board	17	17
Chairman of the Supervisory Board	175,000	875,000
Member of the Supervisory Board	402	402

In the period from the submission of the previous report (report for H1 2012), the structure of ownership of LPP S.A. shares was changed due to the purchase of 2 shares of the issuer by a member of the Supervisory Board in the reporting period (Current Report No. 31/2012).

31. Information on legal proceedings

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

32. Information on the conclusion by the issuer or its subsidiary of one or more transactions with affiliated entities, if individually or collectively they are significant and have been concluded under conditions other than on arm's length basis

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

33. Related party transactions

33.1. Key personnel

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

The amount of short-term employee benefits received by key management in the period from 1 January to 30 September 2012 totalled PLN 4,276 thousand, of which PLN 4,207 thousand was received by members of the Management Board and PLN 69 thousand by members of the Supervisory Board.

33.2 Transactions with affiliated entities

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

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

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

in PLN '000

Related parties	Receivables as at 30.09.2012	Liabilities as at 30.09.2012	Revenues for the period I-IX 2012	Expenses for the period I-IX 2012
Domestic companies	1	122	15	7,481

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

All related-party transactions were concluded at arm's length. Revenues from the domestic companies are derived from the rental of office space for the purpose of business operation of these companies.

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

Payment time-limits adopted for subsidiaries are between 45 and 120 days.

34. Information on guarantees and sureties

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

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

The report contains basic information relevant for the evaluation of the situation of the issuer's Capital Group. In the opinion of the Management Board, currently there are no threats to the ability to fulfil the commitments of the Capital Group.

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

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

- economic situation in Poland and in countries where the retail outlets of LPP S.A. Capital Group operate,
- the level of the exchange rate of the Polish Zloty in relation to USD and EUR,
- development of the sales network of Reserved, Cropp Town, House and Mohito brands. The plans assume an increase in retail space in Q4 2012 of around 40 thousand m², and the end of 2012 the total area of the network of stores will exceed 430 thousand m². The estimated increase in the total sales area in 2013 is about 30% and, as in 2012, it will be achieved in Poland and abroad in equal parts,
- maintenance of the operating costs at a low level.

37. Notes to the Condensed Consolidated Financial Statement

37.1. Revaluation write-downs of assets

The values of some assets presented in the consolidated financial statement as at 30 September 2012 are adjusted by revaluation write-downs. Detailed information on the amounts of the write-downs reported as at the last day of the reporting period and changes in the period is presented in the table below.

in PLN '000

	Tangible fixed assets	Inventory	Receivables and loans
As at 01.01.2012	6,662	5,251	6,678
increase	152	1,874	863
decrease	632	2,086	1,421
As at 30.09.2012	6,182	5,039	6,120

37.2. Receivables

The value of the write-down includes:

revaluation write-down of receivables and claimed receivables from customers PLN 4,820 thousand.

revaluation write-down of the so-called doubtful receivables: PLN 1,054 thousand.

revaluation write-down of receivables from employees and other: PLN 246 thousand.

37.3. Provisions

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

in PLN '000

	Provision for pensions and similar benefits	Unpaid compensations provision	Provision for liabilities	Provision for holiday leaves not taken
As at 01.01.2012	1,135	9,542	17	5,106
provisions established	1,263	11,172	15	4,254
provisions reversed	1,135	13,461	17	5,106
As at 30.09.2012	1,263	7,253	15	4,254

37.4. Income tax

The amount of income tax presented in the consolidated profit and loss account for the period between 1 January and 30 September 2012 amounts to PLN 40,472 thousand and includes:

- current tax in the amount of PLN 42,909 thousand
- deferred tax of PLN -2,437 thousand

37.5 Deferred income tax asset and provision

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

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

in PLN '000

Deferred income tax asset	30.09.2012
Surplus of balance sheet depreciation value of assets over tax-based depreciation	9,302
Revaluation of trade receivables	444
Profit margin on goods unsold outside the Group	8,518
Revaluation of inventories	535
Tax loss	1,670
Remuneration and surcharges	1,102
Other	739
Total	22,310

Deferred income tax provision	30.09.2012
Accelerated tax depreciation	2,880
Outstanding interest on loans granted	36
Damages not received	228
Other	64
Total	3,208

37.6. Foreign exchange differences

The consolidated profit and loss account drawn up as at 30 September 2012 presents an excess of taxable foreign exchange differences over deductible foreign exchange differences of PLN 9,087 thousand.

37.7. Segments of operation

Revenues and financial results for geographical segments for the period from 1 January 2011 to 30 September 2012 and for the comparative period are presented in the tables below.

2012

in PLN '000

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

2011

in PLN '000

	EU Member States	Other countries	Consolidation adjustments	Values not attributed to the segments	Total
Sales to external customers	1,430,455	272,779			1,703,234
Sales between segments	135,272		-135,272		-
Other operating revenues	10,435	656		1,525	12,616
Total revenues	1,576,162	273,435	-135,272	1,525	1,715,850
Total operating expenses, including	1,326,246	220,831	-109,800	77,544	1,514,821
Costs of sales between segments	106,148		-106,148		-
Other operating expenses	23,699	1,621			25,320
Segment results	226,217	50,983	-25,472	-76,019	175,709
Financial revenues				17,534	17,534
Financial expenses				18,863	18,863
Profit / loss before tax					174,380
Income tax					34,947
Net profit					139,433

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

Following the estimation of the carrying amount of assets invested in foreign subsidiaries, shares, additional paid-in capital, loans, and receivables presented under assets of the individual balance sheet were written down between January and September 2012; these write-downs totalled PLN 41,049 thousand and were also recognised under financial expenses and operating expenses in the individual profit and loss account.

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