



LPP S.A. Capital Group

Interim condensed financial statements for the fourth quarter of 2012 -
corrected

Gdańsk
April 2013

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

in PL '000

Selected Consolidated Financial Data	Q4 2012	Q4 2011	Q4 2012	Q4 2011
	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011
	in PLN '000		in EUR '000	
Net revenues from sales of products, goods and materials	3 223 755	2 492 510	772 416	602 041
Operating profit (loss)	454 417	343 106	108 879	82 874
Gross profit (loss)	424 136	331 023	101 624	79 955
Net profit (loss)	353 977	269 146	84 813	65 010
Net cash flows from operations	481 306	254 039	115 322	61 361
Net cash flows from investments	-260 736	-39 608	-62 473	-9 567
Net cash flows from financial operations	-178 143	-193 936	-42 683	-46 843
Total net cash flows	42 427	20 495	10 166	4 950

in PLN '000

Selected Consolidated Financial Data	Q4 2012	Q4 2011	Q4 2012	Q4 2011
	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011
	in PLN '000		in EUR '000	
Total assets	1 932 222	1 613 868	472 634	365 393
Long-term liabilities	130 980	89 356	32 039	20 231
Short-term liabilities	590 194	615 318	144 365	139 313
Equity capital	1 211 048	909 194	296 230	205 849
Share capital	3 662	3 555	896	805
Weighted average number of ordinary shares	1 780 848	1 746 800	1 780 848	1 746 800
Profit (loss) per ordinary share (in PLN / EUR)	198,8	154,1	51,7	38,4
Book value per share (in PLN / EUR)	680,0	520,5	172,8	127,5
Declared or paid dividend per share (in PLN / EUR)	77,36	76,86	18,54	18,56

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

in PLN '000

Balance Sheet	As at the end of	
	Q4 2012	Q4 2011
	31.12.2012	31.12.2011
ASSETS		
Fixed assets (long-term)	909 856	744 937
1. Tangible fixed assets	598 502	447 725
2. Intangible assets	17 599	11 515
3. Goodwill	183 609	183 609
4. Trademark	77 508	77 508
5. Shares in subsidiaries	186	186
6. Investments in associates		19
7. Investments in real property	661	678
8. Receivables and loans	8 680	4 549
9. Deferred tax assets	22 813	18 669
10. Prepayments	298	479
Current assets (short-term)	1 022 366	868 931
1. Inventories	656 070	594 606
2. Trade receivables	130 360	114 313
3. Income tax receivables	5 266	1 936
4. Other receivables	60 036	31 402
5. Loans	129	167
6. Accruals and prepayments	11 112	9 541
7. Cash and cash equivalents	159 393	116 966
TOTAL assets	1 932 222	1 613 868

in PLN '000

Balance Sheet	As at the end of	
	Q4 2012	Q4 2011
	31.12.2012	31.12.2011
LIABILITIES		
Equity capital	1 211 048	909 194
1. Share capital	3 662	3 555
2. Treasury shares	-48 767	-48 759
3. Share premium	235 069	149 829
4. Other capital	656 950	562 429
5. Foreign exchange differences on translation	-3 391	-4 537
6. Retained earnings	364 987	243 977
- profit (loss) from previous years	12 558	-24 748
- net profit (loss) for the current period	352 429	268 725
7. Minority interests	2 538	2 700
Long-term liabilities	130 980	89 356
1. Bank loans and borrowings	125 114	86 446
2. Other financial liabilities	71	31
3. Provisions for employee benefits	1 277	1 135
4. Deferred income tax provision	4 441	1 685
5. Other long-term liabilities	77	59
Short-term liabilities	590 194	615 318
1. Trade payables and other liabilities	477 805	377 512
2. Income tax liabilities	19 079	12 179
3. Bank loans and borrowings	61 048	117 749
4. Issue of debt securities		86 243
5. Other financial liabilities	42	54
6. Provisions	19 868	14 665
7. Special funds	224	296
8. Accruals	12 128	6 620
TOTAL liabilities	1 932 222	1 613 868

3. Uniform consolidated comprehensive income statement of LPP S.A. Capital Group

in PLN '000

Comprehensive Income Statement	YTD	Q4 2012	YTD	Q3 2011
	01.01.2012- 31.12.2012	01.10.2012- 31.12.2012	01.01.2011- 31.12.2011	01.10.2011- 31.12.2011
Continued operations				
Revenues from sales	3 223 755	962 109	2 492 510	789 276
Costs of sales	1 396 690	383 694	1 068 774	313 992
Gross profit (loss) on sales	1 827 065	578 415	1 423 736	475 284
Other operating revenues	27 683	9 424	20 590	7 974
Costs of sales	1 228 471	348 348	967 910	285 415
Overheads	132 285	38 919	102 347	24 803
Other operating expenses	39 575	15 489	30 963	5 643
Operating profit (loss)	454 417	185 083	343 106	167 397
Financial revenues	2 214	436	13 541	264
Financial expenses	32 495	8 290	25 624	11 018
Gross profit (loss)	424 136	177 229	331 023	156 643
Taxes	70 159	29 687	61 877	26 930
Net profit (loss)	353 977	147 542	269 146	129 713
Net profit (loss) attributable to:				
holding company shareholders	352 429	147 148	268 725	129 296
non-controlling entities	1 548	395	421	417
Other comprehensive income				
Foreign exchange differences on translation	1 146	-486	-3 887	4 070
Total comprehensive income	355 123	147 056	265 259	133 783

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		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		733 895
Conversion of convertible bonds to shares	54		41 706						41 760
Costs of treasury shares purchase		-5							-5
Minority shareholding as at the balance sheet date								2 700	2 700
Distribution of profit for the year 2010				13 873	-148 864				-134 991
Share-based payment				997					997
Transactions with owners	54	-5	41 706	14 870	-148 864	0	0	2 700	-89 539
Net income for IV quarters of 2011						268 725			268 725
Calculation of foreign exchange differences from translation							-3 887		-3 887
As at 31 December 2011	3 555	-48 759	149 829	562 429	-24 748	268 725	-4 537	2 700	909 194

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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
Conversion of bonds to shares	107		85 240						85 347
Costs of treasury shares purchase		-8							-8
Net profit for the minority shareholders for the year 2012								1 548	1 548
Payment of dividends to minority shareholders								-1 710	-1 710
Distribution of profit for 2011				91 419	-231 419				-140 000
Share-based payment				3 102					3 102
Transactions with owners	107	-8	85 240	94 521	-231 419	0	0	-162	-51 721
Net profit for Q4 2012						352 429			352 429
Calculation of foreign exchange differences on translation							1 146		1 146
As at 31 December 2012	3 662	-48 767	235 069	656 950	12 558	352 429	-3 391	2 538	1 211 048

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

in PLN '000

Cash Flow Statement	YTD	Q4 2012	YTD	Q4 2011
	01.01.2012- 31.12.2012	01.10.2012- 31.12.2012	01.01.2011- 31.12.2011	01.10.2011- 31.12.2011
A. Cash flows from operations - indirect method				
I. Gross profit (loss)	424 136	177 229	331 023	156 643
II. Total adjustments	57 170	115 648	-76 984	76 675
1. Depreciation	108 997	29 729	95 439	25 126
2. (Profit) loss on foreign exchange differences	4 169	487	-1 410	344
3. Interest and participation in profits (dividends)	15 809	3 022	23 272	6 094
4. (Profit) loss from investments	-2 156	1 670	-4 926	-2 461
5. Paid income taxes	-56 428	-15 087	-52 713	-15 873
6. Change in provisions	4 800	7 680	12 764	6 419
7. Change in inventories	-71 704	-1 148	-159 189	-39 655
8. Change in receivables	-102 833	-20 259	-17 265	6 144
9. Change in short-term liabilities, excluding loans and borrowings	152 857	104 865	31 496	91 524
10. Change in accruals and prepayments	3 826	4 395	-1 523	1 776
11. Other adjustments	-167	294	-2 929	-2 763
III. Net cash flows from operations	481 306	292 877	254 039	233 318
B. Cash flows from investments				
I. Revenues	30 759	7 995	94 838	18 159
1. Disposal of intangible and tangible fixed assets	26 684	7 528	20 779	7 144
2. From financial assets, including:	4 075	467	18 961	1 553
a) in affiliated entities	246	53	815	172
- disposal of shares/liquidation of companies	53	53	643	
- dividends and profit sharing	193	0	172	172
b) in other entities	3 829	414	18 146	1 381
- disposal of financial assets – foreign bonds	3 000		17 300	1 300
- repayment of loans	489	170	186	49
- interest	340	244	660	32
3. Other investment inflows - sale of investment funds			55 098	9 462

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II. Expenses	291 495	101 949	134 446	61 816
1. Acquisition of intangible and tangible fixed assets	288 382	101 949	129 345	56 799
2. For financial assets, including:	3 113	0	4 680	4 596
a) in affiliated entities	0	0	0	0
- acquisition of shares				
- short-term loans granted				
- long-term loans granted				
b) in other entities	3 113	0	4 680	4 596
- acquisition of financial assets	3 000		1 300	1 300
- loans granted	113		3 380	3 296
3. Other capital expenses			421	421
III. Net cash flows from investments	-260 736	-93 954	-39 608	-43 657
C. Cash flows from financial operations				
I. Revenues	4 260	0	5 718	3 000
1. Proceeds from share issue			3 000	3 000
2. Loans and borrowings	4 260		2 718	
3. Other financial income		0		
II. Expenses	182 403	124 331	199 654	124 435
1. Acquisition of treasury shares	9	5	5	2
2. Dividends to holders	141 711	510	135 256	264
3. Repayment of loans and borrowings	22 648	119 415	45 631	121 148
4. Payment of finance lease liabilities	123	45	128	-14
5. Interest	17 912	4 356	18 634	3 035
6. Other financial expenses				
III. Net cash flows from financial operations	-178 143	-124 331	-193 936	-121 435
D. Total net cash flows	42 427	74 592	20 495	68 226
E. Net change in cash, including:	42 427	74 592	20 495	68 226
- change in cash from foreign exchange differences	-2 339	-526	2 691	687
F. Opening cash balance	116 966	84 801	96 471	48 740
G. Cash at the end of the period, including:	159 393	159 393	116 966	116 966
- restricted cash	224	224	297	297

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

in PLN '000

Selected financial data	Q4 2012	Q4 2011	Q4 2012	Q4 2011
	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011
	in PLN '000		in EUR '000	
Net revenues from sales of products, goods and materials	2 765 275	2 170 410	662 563	524 241
Operating profit (loss)	403 493	279 145	96 677	67 425
Gross profit (loss)	411 944	288 401	98 702	69 660
Net profit (loss)	348 833	234 991	83 581	56 760
Net cash flows from operations	268 680	179 068	64 376	43 252
Net cash flows from investments	-62 044	19 566	-14 866	4 726
Net cash flows from financial operations	-176 293	-196 527	-42 240	-47 469
Total net cash flows	30 343	2 107	7 270	509

in PLN '000

Selected financial data	Q4 2012	Q4 2011	Q4 2012	Q4 2011
	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011
	in PLN '000		in EUR '000	
Total assets	1 868 632	1 576 675	457 079	356 972
Long-term liabilities	128 945	89 200	31 541	20 196
Short-term liabilities	544 716	589 778	133 241	133 531
Equity capital	1 194 971	897 697	292 298	203 246
Share capital	3 662	3 555	896	805
Weighted average number of ordinary shares	1 780 848	1 746 800	1 780 848	1 746 800
Profit (loss) per ordinary share (in PLN / EUR)	195,9	134,5	46,9	32,5
Book value per share (in PLN / EUR)	671,0	513,9	164,1	116,4
Declared or paid dividend per share (in PLN / EUR)	77,36	76,86	18,54	18,56

7. Balance sheet of LPP S.A.

in PLN '000

Balance Sheet	As at the end of	
	Q4 2012	Q4 2011
	31.12.2012	31.12.2011
ASSETS		
Fixed assets (long-term)	775 097	664 704
1. Tangible fixed assets	390 106	333 418
2. Intangible assets	14 478	8 832
3. Goodwill	179 618	179 618
4. Trademark	77 508	77 508
5. Shares in subsidiaries	36 231	22 812
6. Investments in associates	0	19
7. Investments in real property	661	678
8. Receivables and loans	45 550	5 194
9. Deferred tax assets	30 647	36 335
10. Prepayments	298	290
Current assets (short-term)	1 093 535	911 971
1. Inventories	491 516	475 080
2. Trade receivables	475 043	344 260
4. Other receivables	15 322	12 281
4. Loans	4 838	5 096
5. Accruals and prepayments	7 328	6 109
6. Cash and cash equivalents	99 488	69 145
TOTAL assets	1 868 632	1 576 675

in PLN '000

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Balance Sheet	As at the end of	
	Q4 2012	Q4 2011
	31.12.2012	31.12.2011
LIABILITIES		
Equity capital	1 194 971	897 697
1. Share capital	3 662	3 555
2. Treasury shares	-48 767	-48 759
3. Share premium	235 069	149 829
4. Other capital	656 174	561 771
5. Retained earnings	348 833	231 301
- profit (loss) from previous years	0	-3 690
- net profit (loss) for the current period	348 833	234 991
Long-term liabilities		
1. Bank loans and borrowings	128 945	89 200
2. Provisions for employee benefits	125 114	86 418
3. Provision for deferred tax	1 235	1 101
3. Provision for deferred tax	2 596	1 681
Short-term liabilities		
1. Trade payables and other liabilities	544 716	589 778
2. Income tax liabilities	444 550	359 443
3. Bank loans and borrowings	18 067	11 179
4. Issue of debt securities	60 517	117 273
5. Provisions	0	86 244
6. Special funds	13 124	10 698
7. Prepayments	224	296
7. Prepayments	8 234	4 645
TOTAL liabilities	1 868 632	1 576 675

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

in PLN '000

Comprehensive Income Statement	YTD	Q4 2012	YTD	Q4 2011
	01.01.2012- 31.12.2012	01.10.2012- 31.12.2012	01.01.2011- 31.12.2011	01.10.2011- 31.12.2011
Revenues from sales	2 765 275	783 304	2 170 410	670 128
Costs of sales	1 432 240	369 718	1 090 152	311 092
Gross profit (loss) on sales	1 333 035	413 586	1 080 258	359 036
Other operating revenues	97 117	14 178	57 660	21 110
Costs of sales	818 507	225 083	693 313	201 549
Overheads	167 751	45 434	108 747	40 869
Other operating expenses	40 401	7 502	56 713	13 481
Operating profit (loss)	403 493	149 745	279 145	124 247
Financial revenues	108 045	29 346	52 834	24 324
Financial expenses	99 594	46 479	43 578	6 526
Gross profit (loss)	411 944	132 612	288 401	142 045
Taxes	63 111	21 180	53 410	23 469
Net profit (loss)	348 833	111 432	234 991	118 576
Total comprehensive income	348 833	111 432	234 991	118 576
Weighted average number of ordinary shares	1 780 848		1 746 800	
Profit (loss) per ordinary share	195,88		134,53	

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		-5					-5
Net profit distribution for the year 2010				13 873	-148 864		-134 991
Share-based payment				997			997
Transactions with owners	55	-5	41 706	14 870	-148 864	0	-92 238
Net profit for the year 2011						234 991	234 991
As at 31 December 2011	3 555	-48 759	149 829	561 771	-3 690	234 991	897 697

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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		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		-8					-8
Net profit distribution for 2011				91 301	-231 301		-140 000
Share-based payment				3 102			3 102
Transactions with owners	107	-8	85 240	94 403	-231 301	0	-51 559
Net profit for the year 2012						348 833	348 833
As at 31 December 2012	3 662	-48 767	235 069	656 174	0	348 833	1 194 971

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10. Cash Flow Statement of LPP S.A.

in PLN '000

Cash Flow Statement	YTD	Q4 2012	YTD	Q4 2011
	01.01.2012- 31.12.2012	01.10.2012- 31.12.2012	01.01.2011- 31.12.2011	01.10.2011- 31.12.2011
A. Cash flows from operations - indirect method				
I. Gross profit (loss)	411 944	132 612	288 401	142 542
II. Total adjustments	-143 264	117 832	-109 333	40 300
1. Depreciation	66 834	17 958	61 638	15 731
2. (Profit) loss on foreign exchange differences	5 219	1 842	1 577	2 745
3. Interest and participation in profits (dividends)	-70 927	-23 078	22 054	5 841
4. (Profit) loss from investments	24 380	27 998	-14 834	-26 012
5. Paid income taxes	-45 826	-9 449	-46 483	-15 431
6. Change in provisions	2 560	5 729	10 483	6 455
7. Change in inventories	-16 495	-14 572	-115 474	-37 637
8. Change in receivables	-175 956	33 276	-87 917	-8 238
9. Change in short-term liabilities, excluding loans and borrowings	61 482	74 642	59 958	94 788
10. Change in accruals and prepayments	2 362	2 830	-335	2 058
11. Other adjustments	3 103	656	0	0
III. Net cash flows from operations	268 680	250 444	179 068	182 842
B. Cash flows from investments				
I. Revenues	123 746	35 700	115 318	40 133
1. Disposal of intangible and tangible fixed assets	26 377	7 501	18 072	6 867
2. From financial assets, including:	97 369	28 199	42 148	23 803
a) in affiliated entities	94 147	28 169	24 002	22 424
- interest and dividends	89 585	27 950	19 512	18 577
- disposal of shares/liquidation of companies	54	54	643	0
- repayment of loans	4 508	165	3 847	3 847
b) in other entities	3 222	30	18 146	1 379
- interest	105	9	660	31
- disposal of financial assets – foreign bonds	3 000		17 300	1 300
- repayment of loans	117	21	186	48
3. Other investment inflows - sale of investment funds			55 098	9 463

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II. Expenses	185 790	93 117	95 752	51 089
1. Acquisition of intangible and tangible fixed assets	134 285	61 740	83 988	39 566
2. For financial assets, including:	51 505	31 377	11 764	11 523
a) in affiliated entities	48 392	31 377	10 340	10 134
- acquisition of shares			9	0
- short-term loans granted			5 241	5 240
- long-term loans granted	48 392	31 377	5 090	4 894
b) in other entities	3 113	0	1 424	1 389
- purchase of financial assets – foreign bonds	3 000		49	1 300
- short-term loans granted	47		75	14
- long-term loans granted	66		1 300	75
3. Other capital expenditure - purchase of investment fund units	0	0	0	0
III. Net cash flows from investments	-62 044	-57 417	19 566	-10 956
C. Cash flows from financial operations				
I. Revenues	4 260	0	2 718	0
1. Loans and borrowings	4 260	0	2 718	0
2. Net proceeds from share issue	0	0	0	0
3. Other financial income	0	0	0	0
II. Expenses	180 553	123 790	199 245	124 138
1. Acquisition of treasury shares	9	3	5	2
2. Dividends to holders	140 000		134 992	0
3. Repayment of loans and borrowings	22 632	119 430	45 601	121 141
4. Interest	17 912	4 357	52	2 995
5. Other financial expenses - financial lease			18 595	0
III. Net cash flows from financial operations	-176 293	-123 790	-196 527	-124 138
D. Total net cash flows	30 343	69 237	2 107	47 748
E. Net change in cash, including:	30 343	69 237	2 107	47 748
- change in cash from foreign exchange differences	157	112	145	-50
F. Opening cash balance	69 145	30 251	67 038	21 397
G. Cash at the end of the period, including:	99 488	99 488	69 145	69 145
- restricted cash	224	224	297	297

Notes to the condensed consolidated financial statements for Q4 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 Fashion Bulgaria Ltd.	Sofia, Bulgaria	26.08.2011
19.	Gothals Limited	Nicosia, Cyprus	22.07.2011
20.	Jaradi Limited	Al Tatar, UAE	22.07.2011
21.	IP Services FZE	Ras Al Khaimah, ZEA	23.12.2012

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

The consolidated financial statements of the Capital Group for the period from 1 January to 31 December 2012 include individual results of LPP S.A. and the results of the following subsidiaries:

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

- ZAO Re Trading

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

Other 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 insignificant in relation to the financial statements of the holding company. In particular, the balance sheet total, net revenues from sales of goods and services, and financial operations of the entity which, for the financial period, are lower than 10% of balance sheet total and revenues of the parent company are regarded as insignificant. The total amount of revenues and balance sheet totals of the entities not included in the consolidation may not exceed that level, but in relation to the corresponding amounts of the consolidated financial statements established on the assumption that their scope includes all subsidiaries, without making any exclusions.

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

- in the Capital Group's balance sheet total – 0.06%
- in the Capital Group's revenues from sales and financial revenues – 0.37%

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 and IP Services 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 statements and information on changes in adopted accounting principles

Report of the LPP Capital Group for Q4 2012 contains the condensed consolidated financial statements and selected explanatory data included in these Notes as well as condensed financial statements of the holding company, in accordance with IAS 34 "Interim Financial Reporting".

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

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

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

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

Major accomplishments of LPP S.A. Capital Group in Q4 2012:

1. In Q4 2012, sales revenues amounted to PLN 962 million. They increased by approximately 22% in comparison with Q4 2011 (PLN 789 million).
2. In Q4, LPP S.A. Capital Group generated operating profit of PLN 185 million. Last year in this period, LPP S.A. CG generated operating profit of PLN 167 million. Net profit in Q4 2012 was about PLN 148 million (compared to net profit of PLN 130 million in Q4 2011).
3. In Q4 2012, Reserved stores generated sales of PLN 505.7 million, while the sales volume at Cropp Town stores amounted to PLN 169.9 million. Sales in Q4 generated by House stores amounted to PLN 138.9 million and in Mohito stores it amounted to PLN 90.5 million.
4. In Q4 2012, the floor area of chain stores increased by 37.9 thousand sq. m. At the end of 2012, LPP S.A. CG had 1077 stores of a total area of 433.9 thousand sq. m.
5. Revenues from sales in comparable stores increased in Q4 2012 by 8.1% (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

Traditionally, the highest monthly volume of sales was generated in December, when the highest monthly sales growth in Q4 was also recorded. The increase in the surface of the retail chains generated in Q4 (mainly in the last month) accounted for over 40% annual growth. Completion of this task confirms the organizational capacity of LPP Capital Group to launch the planned stores with a total area of about 145 thousand m² in 2013.

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

in PLN '000

Company name	Country	Revenues in Q4 2012	% share in Q4 2012	YTD Revenues from 01.01.2012 to 31.12.2012	% share in the period from 01.01.2012 to 31.12.2012
LPP S.A. CAPITAL GROUP	Poland	658.4	68.4%	2 212.6	68.6%
LPP Retail Estonia OU	Estonia	15.6	1.6%	56.2	1.7%
LPP Retail Latvia Ltd	Latvia	11.3	1.2%	43.7	1.4%
LPP Retail Czech Republic s.r.o.*	Czech Republic	41.3	4.3%	124.9	3.9%
LPP Hungary Kft.	Hungary	9.7	1.0%	28.5	0.9%
UAB"LPP"	Lithuania	17.0	1.8%	62.0	1.9%
LPP Ukraina AT	Ukraine	28.8	3.0%	88.3	2.7%
ZAO "Re Trading"***	Russia	162.1	16.9%	549.4	17.0%
LPP Fashion Distributor SRL	Romania	6.9	0.7%	25.4	0.8%
LPP Retail Bulgaria Ltd.***	Bulgaria	5.2	0.5%	16.8	0.5%
Artman Slovakia	Slovakia	5.8	0.6%	16.1	0.5%
Total		962.1	100.0%	3 223.7	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 Rosja

*** total revenues of 3 companies in Bulgaria: LPP Retail Bulgaria Ltd, Bułgaria FP, Bułgaria 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 fourth quarter of calendar year is considered best for companies in this industry. So, as in previous years, this year the companies of LPP S.A. Capital Group gained the biggest profits during the quarter covered by this report.

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-Q4 2012 and the comparable period are presented in section 23.7.

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

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

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

During fourth quarter there was no such a situation.

23. Date of approval of the financial statements for publication

These financial statements were approved for publication by the Management Board of the Parent Company on 19 April 2013.

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

There were no such events.

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

None of the above situations occurred in the reporting period.

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

In Q4 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 31 December 2012, the total value of bank guarantees granted at the request and on the responsibility of LPP S.A. amounted to PLN 139 776 thousand, including:

- a) guarantees granted to secure agreements concluded by LPP S.A. - PLN 68 938 thousand,
- b) guarantees granted to secure agreements concluded by consolidated affiliates - PLN 67 801 thousand,
- c) guarantees granted to secure agreements concluded by non-consolidated affiliates amounting to PLN 2 901 thousand,
- d) guarantees granted to secure office space lease agreements concluded by LPP S.A. - PLN 136 thousand.

On 30 December 2012, the value of sureties granted by the parent company amounted to PLN 24 887 thousand and increased in comparison to 31 December 2011 by PLN 18 411 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 31 December 2012, are as follows:

- payables with the maturity date of 12 months after the balance sheet date
PLN 387 773 thousand.

- payables with the maturity date from 12 months to 5 years from the balance sheet date PLN 1 144 251 thousand.

- payables with the maturity date of over 5 years from the balance sheet date
474 509 thousand. PLN

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 Q4 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%

After the submission of the last quarterly report (report for Q3 2012), there were no changes in the ownership structure of major blocks of LPP S.A. shares.

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

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	301	301

In the period from the submission of the previous report (report for Q3 2012), the structure of ownership of LPP S.A. shares was changed due to the sale and purchase shares of the issuer by a member of the Supervisory Board in the reporting period (Current Report No. 46/2012, Current Report 3/2013).

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 31 December 2012 totalled PLN 4 402 thousand, of which PLN 4 290 thousand was received by members of the Management Board and PLN 112 thousand by members of the Supervisory Board.

33.2 Transactions with affiliated entities

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

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

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

in PLN '000

Related parties	Receivables as at 31.12.2012	Liabilities as at 31.12.2012	Revenues for the period I-XII 2012	Expenses for the period I-XII 2012
Domestic companies	2	225	19	9 618

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:

- a) economic situation in Poland and in countries where the retail outlets of LPP S.A. Capital Group operate,
- b) the level of the exchange rate of the Polish Zloty in relation to USD and EUR,
- c) assessment of the spring-summer collection by customers,
- d) development of sales network of Reserved, Cropp Town, House and Mohito brands, as well as launching several dozen stores of new brand – Sinsay. In total, in 2013, it is planned to increase the number of retail chains to 240 outlets stores resulting in commercial area of about 580 thousand m².
- e) maintenance of the operating costs at a low level.

37. Notes to the condensed consolidated financial statements

37.1. Revaluation write-downs of assets

The values of some assets presented in the consolidated financial statements as at 31 December 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	953	3 460	1 146
decrease	1 054	3 694	1 693
As at 31 December 2012	6 561	5 017	6 131

37.2. Receivables

The value of the write-down includes:

revaluation write-down of receivables and claimed receivables from customers thousand.	PLN 4 816
revaluation write-down of the so-called doubtful receivables: thousand	PLN 1 067
revaluation write-down of receivables from employees and other: thousand	PLN 248

37.3. Provisions

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

in PLN '000

	Provision for pensions and similar benefits	Unpaid compensations provision	Provision for liabilities	Provision for holiday leaves not taken
As at 01.01.2012	1 135	9 542	17	5 106

provisions established	1 277	17 103	16	6 186
provisions reversed	1 135	12 979	17	5 106
As at 31 December 2012	1 277	13 666	16	6 186

37.4. Income tax

Income tax presented in the consolidated profit and loss account for the period between 1 January and 31 December 2012 amounts to PLN 70 366 thousand and includes:

- current tax in the amount of PLN 72 140 thousand
- deferred tax of PLN -1 981 thousand

37.5 Deferred income tax asset and provision

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

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

in PLN '000

Deferred income tax asset	31.12.2012
Surplus of balance sheet depreciation value of assets over tax-based depreciation	8 240
Revaluation of trade receivables	421
Profit margin on goods unsold outside the Group	7 952
Revaluation of inventories	520
Tax loss	2 237
Remuneration and surcharges	2 506
Other	937
Total	22 813

Deferred income tax provision	31.12.2012
Accelerated tax depreciation	4 091
Outstanding interest on loans granted	4
Damages not received	155
Accrued interest on bank loans	137
Other	54
Total	4 441

37.6. Foreign exchange differences

The consolidated profit and loss account drawn up as at 31 December 2012 presents an excess of taxable foreign exchange differences over deductible foreign exchange differences of PLN 12 722 thousand.

37.7. Segments of operation

Revenues and financial results concerning geographical segments for the period between 1 January 2012 and 31 December 2012 and for the comparable 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	2 586 055	637 700			3 223 755
Sales between segments	374 242		-374 242		-
Other operating revenues	16 956	886		9 841	27 683
Total revenues	2 977 253	638 586	-374 242	9 841	3 251 438
Total operating expenses, including	2 391 663	586 191	-352 693	132 285	2 757 446
Costs of sales between segments	284 338		-284 338		-
Other operating expenses	28 197	11 378			39 575
Segment results	557 593	41 017	-21 733	-122 444	454 417
Financial revenues				2 214	2 214
Financial expenses				32 495	32 495
Profit / loss before tax					424 136
Income tax					70 159
Net profit					353 977

2011

in PLN '000

	EU Member States	Other countries	Consolidation adjustments	Values not attributed to the segments	Total
External sales	2 133 333	359 177			2 492 510
Intersegmental sales	185 842		-185 842		-
Other operating revenues	12 702	998		6 890	20 590
Total revenues	2 331 877	360 175	-185 842	6 890	2 513 100
Total operating expenses, including	1 903 438	308 984	-175 738	102 347	2 139 031
Costs of intersegmental sales	144 172		-144 172		-
Other operating expenses	28 483	2 490			30 963
Segment results	399 956	48 711	-10 104	-95 457	343 106
Financial revenues				13 541	13 541

Financial expenses				25 624	25 624
Profit / loss before tax					331 023
Income tax					61 877
Net profit					269 146

38. Notes to the individual financial statements 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 December 2012; these write-downs totalled PLN 26 722 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 statements of LPP S.A. and has no influence on the amounts presented in the consolidated statements.