

LPP S.A. Capital Group
Interim condensed financial statement for Q4 FY 2008
Amounts in PLN thousands

LPP S.A. Group
Interim condensed financial statement for Q4 FY2008

Gdansk
February 2009

1. Selected consolidated financial data of LPP S.A. Capital Group

in PLN '000

Selected consolidated financial data	4 quarters 2008	4 quarters 2007	4 quarters 2008	4 quarters 2007
	01/01/2008- 31/12/2008	01/01/2007- 31/12/2007	01/01/2008- 31/12/2008	01/01/2007- 31/12/2007
	in PLN '000		in EUR '000	
Net revenues from sales of products, goods and materials	1 622 392	1 274 332	459 328	337 411
Operating profit (loss)	218 198	175 275	61 776	46 408
Gross profit (loss)	216 895	165 832	61 407	43 908
Net profit (loss)	172 359	134 749	48 798	35 678
Net cash flow from operations	193 842	172 971	54 880	45 798
Net cash flow from investments	-633 655	-96 591	-179 399	-25 575
Net cash flow from financial activity	476 326	-53 497	134 856	-14 165
Total net cash flow	36 513	22 883	10 337	6 059

Selected consolidated financial data	4 quarters 2008	4 quarters 2007	4 quarters 2008	4 quarters 2007
	01/01/2008- 31/12/2008	01/01/2007- 31/12/2007	01/01/2008- 31/12/2008	01/01/2007- 31/12/2007
	in PLN '000		in EUR '000	
Total assets	1 478 075	697 155	354 251	194 627
Long-term payables	322 202	33 358	77 222	9 313
Short-term payables	524 893	256 287	125 801	71 549
Equity	627 287	405 662	150 342	113 250
Share capital	3 492	3 407	837	951
Number of shares	1 691 857	1 703 500	1 691 857	1 703 500
Earnings (loss) per ordinary share (EPS) (in PLN/EUR)	101,90	79,10	26,5	19,7
Book value per share – BVPS (in PLN/EUR)	370,80	238,10	88,90	66,50

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

	PLN '000	
	As of the end of:	
Balance Sheet	Q4. 2008	Q4. 2007
	31/12/2008	31/12/2007
Assets		
Long-term assets	830 409	288 043
1. Tangible fixed assets	473 061	258 334
2. Intangible assets	14 033	12 186
3. Trade mark	78 067	
4. Goodwill	240 051	
5. Investments	1 430	910
6. Receivables	2 087	3 589
7. Deferred income tax assets	21 483	13 020
8. Prepaid expenses	197	4
Current assets (short-term)	647 666	409 112
1. Inventories	461 980	289 527
	90 125	60 809
2. Trade and other receivables		
3. Prepaid expenses	5 075	3 235
4. Investments	541	2 109
5. Cash and cash equivalents	89 945	53 432
Total Assets	1 478 075	697 155

LIABILITIES & EQUITY

Equity	627 287	405 662
1. Share capital	3 492	3 407
2. Treasury shares	-48 746	
3. Reserve capital	493 332	274 748
4. Other reserves	104	104
5. Re-valuation capital	-143	
6. Minority Interest	316	
7. Retained profit/accumulated loss carried fwd from previous years	9 348	-7 067
8. Net profit/loss of the reporting period	172 359	134 749
9. Foreign exchange differences on subsidiaries	-2 775	-279
Long-term payables	322 202	33 358
1. Borrowings (bank credits and loans)	306 097	27 865
2. Provisions	874	563
3. Deferred income tax provision	14 732	4 930
4. Other long-term payables	499	0
Short-term payables	524 893	256 287
1. Trade and other payables	240 947	166 692
2. Borrowings (bank credits and loans)	246 820	57 017
3. Income tax liability	31 380	23 443
4. Provisions	5 689	8 992
5. Special funds	57	143
Accruals and deferred income	3 693	1 848
TOTAL LIABILITIES & EQUITY	1 478 075	697 155
Book value	627 287	405 662
Number of shares	1 691 857	1 703 500
Book value per share – BVPS (in PLN)	370,8	238,13

3. Consolidated Profit and Loss Account of LPP S.A. Capital Group

	PLN '000			
	FY 2008	Q4. 2008	FY 2007	Q4. 2007
	Current year		Previous year	
Profit and Loss Account	01/01/2008- 31/12/2008	01/10/2008- 31/12/2008	01/01/2007- 31/12/2007	01/10/2007- 31/12/2007
Revenue from sales	1 622 392	526 686	1 274 332	386 818
Selling costs	657 029	195 408	521 362	136 543
Gross profit/loss on sales	965 363	331 278	752 970	250 275
Other operating revenues	8 586	2 140	5 492	1 567
Costs of sales	638 425	196 888	497 610	150 576
General & administration expenses	90 333	26 735	69 867	25 194
Other operating expenses	26 993	14 523	15 710	5 436
Operating profit/loss	218 198	95 272	175 275	70 636
Financial revenues	18 475	16 638	1 532	144
Financial expenses	19 778	9 897	10 975	6 316
Gross profit/loss	216 895	102 013	165 832	64 464
Income Tax	44 536	23 234	31 083	12 502
Net profit/loss	172 359	78 779	134 749	51 962
Net profit of dominant company	172 316			
Minority Interests	43			
Weighted average number of ordinary shares	1 691 857	1 691 857	1 703 500	1 703 500
Earnings (loss) per ordinary share (EPS) (in PLN)	101,9	46,6	79,1	30,5

Earnings per share (EPS) calculated as net profit for the reporting period divided by the weighted average number of shares for this period.

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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	Reserve capital	Other reserves	Re-valuation capital	Minority Interest	Retained profit/accumulated loss carried forward from previous years	Net profit/loss of the reporting period	Foreign exchange differences (conversion of related parties)	TOTAL equity
As of January 1st, 2007	3 407		232 266	83			37 220	0	310	273 286
- corrections of errors from previous years							-1 784			-1 784
As of January 1st, 2007 (corrected)	3 407		232 266	83			35 436	0	310	271 502
Foreign exchange differences after conversion of related parties									-589	-589
Distribution of retained earnings from previous years			42 482	21			-42 503			0
Net profit for 3 quarters FY07								134 749		134 749
As of December 31st, 2007	3 407		274 748	104	0	0	-7 067	134 749	-279	405 662
As of January 1st, 2008	3 407		274 748	104	0	0	127 682	0	-279	405 662
- corrections of errors from previous years							-22			-22
As of January 1st, 2008 (corrected)	3 407	0	274 748	104	0	0	127 660	0	-279	405 640
Foreign exchange differences after conversion of related parties									-2 496	-2 496
Buy-back of treasury shares		-48 746								-48 746
Increase in share capital	85									85
Shares value above par			93 920							93 920
Distribution of retained earnings from previous years			118 312				-118 312			0
Share-based payments			6 352							6 352
Goodwill revaluation					-143					-143
Minority interest						316				316
Net profit for 3 quarters FY08								172 359		172 359
As of December 31st, 2008	3 492	-48 746	493 332	104	-143	316	9 348	172 359	-2 775	627 287

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

in PLN '000

Cash Flow Statement	FY 2008	Q4. 2008	FY 2007	Q4. 2007
	Current year		Previous year	
	01/01/2008- 31/12/2008	01/10/2008- 31/12/2008	01/01/2007- 31/12/2007	01/10/2007- 31/12/2007
A. Cash flow from operations – indirect method				
I. Gross profit (loss)	216 895	102 013	165 832	64 464
II. Total adjustments	-23 053	43 473	7 139	15 962
1. Depreciation and amortisation	66 807	22 015	49 746	13 243
2. Foreign exchange (gains) losses	-2 778	-3 449	2 427	3 490
3. Interest and profit sharing (dividends)	12 009	5 675	3 235	1 018
4. (Profit) loss from investments	6 318	5 867	1 086	417
5. Income tax paid	-38 504	-6 916	-12 299	-3 425
6. Change in provisions	-459	946	7 925	6 946
7. Change in inventories	-113 619	-51 501	-62 554	-28 621
8. Change in receivables	-15 155	16 261	-15 387	823
9. Change in short-term payables, excluding credits and loans	67 686	56 560	35 566	22 658
10. Change in prepaid expenses, accruals and deferred income	-756	482	-118	1 088
11. Other adjustments	-4 602	-2 467	-2 488	-1 675
III. Net cash flow from operations	193 842	145 486	172 971	80 426
B. Cash flow from investments				
I. Inflows	6 564	3 403	2 513	290
1. Sale of intangible assets and tangible fixed assets	3 136	1 546	1 127	69
2. From financial assets, of which:	3 428	1 857	1 386	221
a) in related parties	1 239	0	922	0
- dividends and profit sharing	1 239	0	922	0
b) in other entities	2 189	1 857	464	221
- sale of financial assets				
- repayment of short-term loans granted	2 033	1 725	354	125
- interest	156	132	110	96
3. Other inflows from investments				

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II. Outflows	640 219	51 512	99 104	51 073
1. Acquisition of intangible assets and tangible fixed assets	251 172	51 477	98 343	50 942
2. On financial assets, of which:	852	35	761	131
a) in related parties	0	0	0	0
- acquisition of shares		0		
b) in other entities	852	35	761	131
- short-term loans granted	59	31	596	97
- long-term loans granted	793	4	165	34
3. Other outflows on investments	388 195			
III. Net cash flow from investments	-633 655	-48 109	-96 591	-50 783
C. Cash flow from financial activities				
I. Inflows	687 737	485 574	0	0
1. Credits and loans	593 732	391 574		
2. Net inflows – issue of shares	94 005	94 000		
II. Outflows	211 411	153 261	53 497	17 601
1. Buy-back of treasury shares	48 746	1		
2. Repayment of credits and loans	144 229	143 275	47 640	16 113
3. Payments related to finance lease agreements	103	92	37	8
4. Interest	18 333	9 893	5 820	1 480
5. Other financial outflows				
III. Net cash flow from financial activity	476 326	332 313	-53 497	-17 601
D. Total net cash flow	36 513	429 690	22 883	12 042
E. Total cash flow balance, of which:	36 513	25 511	22 883	12 042
- change in cash – foreign exchange differences	3 504	4 619	-2 044	-1 376
F. Opening cash balance	53 432	49 404	30 549	41 390
G. Closing cash balance, of which:	89 945	74 915	53 432	53 432
- restricted cash	62	62	157	157

6. Selected financial data – separate statement of LPP S.A.

	in PLN 000			
	FY 2008	FY 2007	FY 2008	FY 2007
Selected consolidated financial data	01/01/2008-	01/01/2007-	01/01/2008-	01/01/2007-
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
	in PLN '000		in EUR '000	
Net revenues from sales of products, goods and materials	1 362 597	1 102 925	385 775	292 026
Operating profit (loss)	198 566	168 150	56 218	44 522
Gross profit (loss)	213 660	149 257	60 491	39 519
Net profit (loss)	171 693	118 312	48 609	31 326
Net cash flow from operations	107 865	130 110	30 538	34 450
Net cash flow from investments	-582 160	-70 399	-164 820	-18 640
Net cash flow from financial activity	480 932	-52 845	136 160	-13 992
Total net cash flow	6 637	6 866	1 879	1 818

	FY 2008	FY 2007	FY 2008	FY 2007
Selected consolidated financial data	01/01/2008-	01/01/2008-	01/01/2007-	01/01/2007-
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
	in PLN '000		in EUR '000	
Total assets	1 366 036	656 118	327 398	183 171
Long-term payables	317 379	32 818	76 066	9 162
Short-term payables	426 785	225 512	102 288	62 957
Equity	619 249	396 354	148 416	110 652
Share capital	3 492	3 407	837	951
Number of shares	1 691 857	1 703 500	1 691 857	1 703 500
Earnings (loss) per ordinary share (EPS) (in PLN/EUR)	101,5	69,5	28,7	18,4
Book value per share – BVPS (in PLN/EURO)	366,0	232,7	87,7	65,0

7. Balance Sheet of LPP S.A

	PLN '000	
	As of the end of::	
Balance Sheet	Q4 2008	Q4 2007
	31/12/2008	31/12/2007
Assets		
Long-term assets	744 878	228 569
1. Tangible fixed assets	283 117	183 413
2. Intangible assets	13 198	11 781
3. Investments	432 227	21 835
4. Receivables	384	341
5. Deferred income tax assets	15 755	11 195
6. Prepaid expenses	197	4
Current assets (short-term)	621 158	427 549
1. Inventories	322 052	252 638
2. Trade and other receivables	265 016	142 549
3. Prepaid expenses	2 031	2 624
4. Investments	409	4 725
5. Cash and cash equivalents	31 650	25 013
Total Assets	1 366 036	656 118

LIABILITIES & EQUITY

Equity	619 249	396 354
1. Share capital	3 492	3 407
2. Treasury shares	-48 745	
3. Reserve capital	492 809	274 635
4. Retained profit/accumulated loss carried fwd from previous years		
5. Net profit/loss of the reporting period	171 693	118 312
Long-term payables	317 379	32 818
1. Borrowings (bank credits and loans)	304 300	27 865
2. Provisions	845	563
3. Deferred income tax provision	12 234	4 390
Short-term payables	426 785	225 512
1. Trade and other payables	171 025	147 125
2. Borrowings (bank credits and loans)	227 001	48 140
3. Income tax liability	25 265	22 258
4. Provisions	3 437	7 846
5. Special funds	57	143
Accruals and deferred income	2 623	1 434
TOTAL LIABILITIES & EQUITY	1 366 036	656 118
Book value	619 249	396 354
Number of shares	1 691 857	1 703 500
Book value per share – BVPS (in PLN)	366,0	232,7

8. Profit and Loss Account of LPP S.A.

	in PLN '000			
	FY 2008	Q4. 2008	FY 2007	Q4. 2007
	Current year		Previous year	
Profit and Loss Account	01/01/2008- 31/12/2008	01/10/2008- 31/12/2008	01/01/2007- 31/12/2007	01/10/2007- 31/12/2007
Revenue from sales	1 362 597	379 566	1 102 925	335 824
Selling costs	643 967	161 906	525 230	141 910
Gross profit/loss on sales	718 630	217 660	577 695	193 914
Other operating revenues	7 672	1 670	13 756	7 756
Costs of sales	424 763	112 257	359 456	112 223
General & administration expenses	62 965	18 313	51 418	19 341
Other operating expenses	40 008	20 765	12 427	3 801
Operating profit/loss	198 566	67 995	168 150	66 305
Financial revenues	64 254	57 141	8 683	2 469
Financial expenses	49 160	26 064	27 576	9 526
Gross profit/loss	213 660	99 072	149 257	59 248
Income Tax	41 967	19 019	30 945	12 083
Net profit/loss	171 693	80 053	118 312	47 165
Weighted average number of ordinary shares	1 691 857	1 691 857	1 703 500	1 703 500
Earnings (loss) per ordinary share (EPS) (in PLN)	101,48	47,32	69,45	27,69

Earnings per share (EPS) calculated as net profit for the reporting period divided by the weighted average number of shares for this period.

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

						in PLN '000
Statement of Changes in Equity	Share capital	Treasury shares	Reserve capital	Retained profit/accumulated loss carried forward from previous years	Net profit/loss of the reporting period	Total Equity
As of 1 January 2007	3 407		232 153	42 482		278 042
- corrections of errors from previous years						0
As of 1 January 2007 (corrected)	3 407		232 153	42 482	0	278 042
Distribution of retained earnings from previous years			42 482	-42 482		
Net profit for 4 quarters FY07					118 312	118 312
As of December 31st, 2007	3 407		274 635	0	118 312	396 354
As of January 1st, 2008	3 407		274 635	118 312		396 354
- corrections of errors from previous years						0
As of January 1st, 2008 (corrected)	3 407		274 635	118 312	0	396 354
Buy-back of treasury shares		-48 745				-48 745
Increase in share capital	5					5
Distribution of retained earnings from previous years			118 312	-118 312		0
Share-based payments			5 942			5 942
Share capital increase	80					80
Shares value above par			93 920			93 920
Net profit for 4 quarters FY08					171 693	171 693
As of December 31st, 2008	3 492	-48 745	492 809	0	171 693	619 249

10. Cash Flow Statement of LPP S.A.

	in PLN '000			
	FY 2008	Q4. 2008	FY 2007	Q4. 2007
Cash Flow Statement	Current year		Previous year	
	01/01/2008- 31/12/2008	01/10/2008- 31/12/2008	01/01/2007- 31/12/2007	01/10/2007- 31/12/2007
A. Cash flow from operations – indirect method				
I. Gross profit (loss)	213 660	99 072	149 257	59 248
II. Total adjustments	-105 795	10 341	-19 147	4 116
1. Depreciation and amortisation	39 718	11 795	31 538	8 462
2. Foreign exchange (gains) losses	-3 494	-4 649	2 513	1 737
3. Interest and profit sharing (dividends)	6 537	539	2 620	833
4. (Profit) loss from investments	27 671	16 821	4 852	-1 241
5. Income tax paid	-35 094	-4 277	-11 892	-3 274
6. Change in provisions	882	2 287	7 632	6 715
7. Change in inventories	-69 464	-33 309	-57 141	-23 613
8. Change in receivables	-119 674	-18 892	-19 584	1 979
9. Change in short-term payables, excluding credits and loans	44 600	37 731	19 854	11 695
10. Change in prepaid expenses, accruals and deferred income	1 589	2 295	461	823
11. Other adjustments	934	0	0	0
III. Net cash flow from operations	107 865	109 413	130 110	63 364
B. Cash flow from investments				
I. Inflows	20 394	13 581	3 676	590
1. Sale of intangible assets and tangible fixed assets	3 094	1 544	1 113	69
2. From financial assets, of which:	17 300	12 037	2 563	521
a) in related parties	15 112	10 176	2 105	304
- repayment of short-term loans	6 357	4 119	0	0
- interest and dividends	8 755	6 057	2 105	304
- repayment of long-term loans granted			0	0
b) in other entities	2 188	1 861	458	217
- interest	155	136	104	92
- repayment of short-term loans granted	2 033	1 725	354	125
3. Other inflows from investments	0	0	0	0

II. Outflows	602 554	432 551	74 075	39 804
1. Acquisition of intangible assets and tangible fixed assets	168 732	22 604	70 421	37 808
2. On financial assets, of which:	433 822	409 947	3 654	1 996
a) in related parties	432 970	409 912	2 893	1 865
- acquisition of shares and additional paid-in capital	422 872	407 884	1 034	6
- short-term loans granted				0
- long-term loans granted	10 098	2 028	1 859	1 859
b) in other entities	852	35	761	131
- long-term loans granted	793	4	165	34
- short-term loans granted	59	31	596	97
3. Other outflows on investments				
III. Net cash flow from investments	-582 160	-418 970	-70 399	-39 214
C. Cash flow from financial activities				
I. Inflows	671 375	464 822	16 865	16 865
1. Credits and loans	577 370	370 822	16 865	16 865
2. Net inflows – issue of shares	94 005	94 000	0	0
3. Other financial inflows	0	0	0	0
II. Outflows	190 443	133 339	69 710	31 411
1. Buy-back of treasury shares	48 745	0		
2. Repayment of credits and loans	124 037	124 037	64 468	30 110
3. Interest	17 661	9 302	5 242	1 301
4. Other financial outflows	0	0	0	0
III. Net cash flow from financial activity	480 932	331 483	-52 845	-14 546
D. Total net cash flow	6 637	21 926	6 866	9 604
E. Total cash flow balance, of which:	6 637	21 926	6 866	9 604
- change in cash – foreign exchange differences	782	695	-48	-62
F. Opening cash balance	25 013	9 724	18 147	15 409
G. Closing cash balance, of which:	31 650	31 650	25 013	25 013
- restricted cash	63	63	157	157

11. Consolidated Balance Sheet of LPP S.A. Capital Group (excluding Artman S.A.)
w tys. zł.

Bilans	As of the end of:	
	Q4 2008 31/12/2008	Q4 2007 31/12/2007
ASSETS		
Long-term assets	847 659	288 043
1. Tangible fixed assets	414 597	258 334
2. Intangible assets	13 612	12 186
3. Investments	397 352	910
4. Receivables	2 087	3 589
5. Deferred income tax assets	19 814	13 020
6. Prepaid expenses	197	4
Current assets (short-term)	541 724	409 112
1. Inventories	384 601	289 527
2. Trade and other receivables	77 862	60 809
3. Prepaid expenses	3 937	3 235
4. Investments	409	2 109
5. Cash and cash equivalents	74 915	53 432
Total Assets	1 389 383	697 155

LIABILITIES & EQUITY

Equity	616 213	405 662
1. Share capital	3 492	3 407
2. Treasury shares	-48 746	
3. Reserve capital	492 922	274 748
4. Other reserves	104	104
5. Retained profit/accumulated loss carried fwd from previous years	9 348	-7 067
6. Net profit/loss of the reporting period	161 494	134 749
7. Foreign exchange differences on subsidiaries	-2 401	-279
Long-term payables	318 100	33 358
1. Borrowings (bank credits and loans)	304 300	27 865
2. Provisions	845	563
3. Deferred income tax provision	12 786	4 930
4. Other long-term payables	169	0
Short-term payables	451 574	256 287
1. Trade and other payables	188 502	166 692
2. Borrowings (bank credits and loans)	232 265	57 017
3. Income tax liability	25 538	23 443
4. Provisions	5 212	8 992
5. Special funds	57	143
Accruals and deferred income	3 496	1 848
TOTAL LIABILITIES & EQUITY	1 389 383	697 155
Book value	616 213	405 662
Number of shares	1 691 857	1 703 500
Book value per share – BVPS (in PLN)	364,2	238,13

12. Consolidated Profit and Loss Account of LPP S.A. Capital Group (excl. Artman S.A.)

w tys. zł.

	FY 2008	Q4. 2008	FY 2007	Q4. 2007
	Current year		Previous year	
Profit and Loss Account	01/01/2008- 31/12/2008	01/10/2008- 31/12/2008	01/01/2007- 31/12/2007	01/10/2007- 31/12/2007
Revenue from sales	1 551 920	456 214	1 274 332	386 818
Selling costs	627 195	165 574	521 362	136 543
Gross profit/loss on sales	924 725	290 640	752 970	250 275
Other operating revenues	8 354	1 908	5 492	1 567
Costs of sales	610 413	168 876	497 610	150 576
General & administration expenses	89 172	25 574	69 867	25 194
Other operating expenses	27 908	15 438	15 710	5 436
Operating profit/loss	205 586	82 660	175 275	70 636
Financial revenues	17 598	15 761	1 532	144
Financial expenses	19 456	9 575	10 975	6 316
Gross profit/loss	203 728	88 846	165 832	64 464
Income Tax	42 234	20 932	31 083	12 502
Net profit/loss	161 494	67 914	134 749	51 962
Weighted average number of ordinary shares	1 691 857	1 691 857	1 703 500	1 703 500
Earnings (loss) per ordinary share (EPS) (in PLN)	95,5	40,1	79,1	30,5

Notes to consolidated condensed financial statement for Q4 2008

1. Description of LPP S.A. Capital Group

LPP Capital Group (CG) consists of:

- LPP S.A. – the parent company,
- 20 domestic subsidiaries,
- 15 foreign subsidiaries.

There is no dominant company over LPP S.A.

The complete list of Capital Group companies is presented below.

No	Subsidiary's name	Registered office	Date of control take over
1.	G&M Sp. z o.o.	Gdansk, Poland	26.09.2001
2.	M&G Sp. z o.o.	Gdansk, Poland	26.09.2001
3.	AKME Sp. z o.o.	Gdansk, Poland	26.09.2001
4.	TORA Sp. z o.o.	Gdansk, Poland	26.09.2001
5.	P&G Sp. z o.o.	Gdansk, Poland	26.09.2001
6.	SL&DP Sp. z o.o.	Gdansk, Poland	26.09.2001
7.	DP&SL Sp. z o.o.	Gdansk, Poland	26.09.2001
8.	IL&DL Sp. z o.o.	Gdansk, Poland	26.09.2001
9.	PL&GM Sp. z o.o.	Gdansk, Poland	26.09.2001
10.	GM&PL Sp. z o.o.	Gdansk, Poland	26.09.2001
11.	AMA Sp. z o.o.	Gdansk, Poland	28.05.2002
12.	LIMA Sp. z o.o.	Gdansk, Poland	22.07.2002
13.	LUMA Sp. z o.o.	Gdansk, Poland	05.11.2002
14.	KAMA Sp. z o.o.	Gdansk, Poland	29.10.2002
15.	KUMA Sp. z o.o.	Gdansk, Poland	05.11.2002
16.	AMUL Sp. z o.o.	Gdansk, Poland	29.10.2002
17.	AMUK Sp. z o.o.	Gdansk, Poland	15.05.2003
18.	AMUR Sp. z o.o.	Gdansk, Poland	09.05.2003
19.	MM&MR Sp. z o.o.	Gdansk, Poland	09.03.2005
20.	LPP Retail Estonia OU	Tallinn, Estonia	29.04.2002
21.	LPP Czech Republic s.r.o.	Prague, Czech Rep.	16.09.2002
22.	LPP Hungary Kft	Budapest, Hungary	18.10.2002
23.	LPP Retail Latvia Ltd	Riga, Latvia	30.09.2002
24.	UAB LPP	Vilnius, Lithuania	27.01.2003
25.	LPP Ukraina	Peremysliany, Ukraine	23.07.2003
26.	RE Trading Zamknięta Spółka Akcyjna	Moscow, Russia	12.02.2004
27.	LPP Fashion Distributor SRL	Bucharest, Romania	12.08.2007
28.	ES STYLE	Moscow, Russia	10.03.2008
29.	FASHION POINT	Moscow, Russia	01.04.2008
30.	LPP Retail Bulgaria Ltd.	Sofia, Bulgaria	14.08.2008
31.	Artman S.A. (GK Artman S.A.)	Kraków, Polska	30.10.2008
32.	Artman Slovakia s.r.o.(GK Artman SA)	Banska Bystrzyca, Słowacja	30.10.2008
33.	Artman Mode s.r.o.(GK Artman SA)	Ostrawa, Czechy	30.10.2008
34.	UAB Artman Ltd (GK Artman SA)	Wilno, Litwa	30.10.2008
35.	UAB House Plius (GK Artman SA)	Kłajpeda, Litwa	30.10.2008

LPP S.A. holds direct control over its subsidiaries, controlling in most cases 100% shares of their share capital and 100% of the total voting rights.

Consolidated financial statement of the Capital Group for the period of January 1st, 2008 till December 31st, 2008 covers individual results of LPP S.A. and the results of its foreign subsidiaries, which are listed below:

- 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.
- ES Style
- Fashion Point
- LPP Retail Bulgaria Ltd.
- Artman SA
- Artman Slovakia srl
- Artman Mode s.r.o.
- UAB Artman Ltd
- UAB House Plius

Financial results of other Polish subsidiaries of LPP S.A. were not consolidated in the condensed financial statements as their financials are immaterial. It stays in accordance with the Accounting Policy introduced by the Group.

Under this policy, a subsidiary's or affiliate's results are not disclosed nor consolidated to the Group results if they are immaterial in comparison to the financials of the parent company.

In particular, the term of immateriality states that the total assets or net revenue from sales or revenue from financial activities of the controlled entity represents less than 10% of the total assets or revenue respectively of the parent company for the reporting period. The total amount of assets and revenue of non-consolidated entities must not exceed this level, but established in relation to the corresponding figures of the consolidated financial statement, based on the assumption that the statement covers financials of all subsidiaries and affiliates with no exceptions (including non-consolidated ones).

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

- in the Capital Group's balance sheet total – 0.32%
- in the Capital Group's revenue from sales and from financial activities – 4.00%

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

LPP S.A. is a fashion and apparel designing and distributing company, with the presence within Poland and Central and Eastern Europe. The consolidated Capital Group companies are involved in the distribution of goods under the Reserved and Cropp brands outside of Poland. Additionally, starting from November 2008 LPP consolidates also financial results of Artman Capital Group. Artman, like LPP designs and distributes clothes under two brands – House and Mohito, within Poland and few countries of Central Europe. Clothes are basically the main product being sold by the CG companies. The basic offer of clothes is supplemented by footwear, bags and accessories.

Clothes designs are prepared by the design office located at the registered office of LPP S.A. in Gdansk (and in Cracov office by Artman, accordingly), and then provided to the purchasing department, which contracts the production of individual products in co-operation with production plants in Poland and abroad. Production in China is managed by the Company's trading office in Shanghai.

The Capital Group also generates small portion of revenue from sale of services (these include only revenues generated by the parent company – mainly know-how services related to the management of brand stores run by Polish contractors and lease of transport vehicles).

19 Polish subsidiaries are involved in the lease of real property where Cropp Town and Reserved stores are located.

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

Report of LPP Capital Group for Q4 FY08 contains condensed consolidated financial statement and selected notes to the financial statement contained in these Notes, as well as condensed individual financial statement of the parent company, as per IAS 34: Interim Financial Statements.

In all its material aspects, the accounting policy adopted in this report is in line with the policy underlying the consolidated annual financial statement of LPP Capital Group for FY07 drawn up as per the International Financial Reporting Standards (IFRS).

Condensed consolidated financial statement should be read together with the consolidated financial statement for the year ended on December 31st, 2007.

3. Main achievements of LPP S.A. Capital Group during the reporting period

Key achievements of LPP S.A. Capital Group in Q4 FY08 include:

(financial data for 4th quarter of 2008 includes also results of Artman SA Capital Group, consolidated for November and December 2008. Data for 4th quarter 2007 and the whole 2007 are solely CG of LPP SA, and do not include CG of Artman SA)

1. Revenue from sales amounted PLN 527m in Q4 FY08, an increase of 36% as compared to revenue achieved in comparable period of FY07 (PLN 387m).
Full year revenue were PLN 1.622m increasing by 27% in comparison to the same period of FY07 (PLN 1.274m).
2. Operating profit recorded in Q4 FY08 was PLN 95,3m. In the corresponding period of FY07, the Group generated operating profit of PLN 70,6m. Net profit for Q4 FY08 amounted PLN 78,8m (vs. PLN 52m for Q4 FY07).
3. Sales in Q4 FY08 totalled PLN 325,3m in Reserved stores and PLN 100,8m in CroppTown stores. For the full 2008 year, sales totalled PLN 1.086,8m in Reserved stores and PLN 334,7m in CroppTown stores. Sales in House stores in Q4 2008 amounted PLN 83m, while in Mohito stores – PLN 6.9m (results taken to consolidation for November – December of 2008 were PLN58.6m for House and PLN 5.3m for Mohito respectively).

4. 73 new stores (Reserved – 15, Cropp Town – 20, Esotiq – 16, House – 12, Mohito – 10) were opened in Q4 FY08 (approx. 24,500 square meters), increasing the total retail space to 224,000 sq.m. (612 stores), of which approx. 80,000 sq.m (167 stores) abroad.
5. Revenue from sales in comparable stores was up by 1.0% in Q4 FY08, and 5.5% in the full FY2008 (excluding influence of FX rate fluctuations of local currencies where LPP subsidiaries are present).

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

Taking into consideration that Q4 financials include also portion of Artman SA results for November and December 2008, the straightforward comparison to Q4 2007 might be misleading. It is worth to note that the financial results of LPP Capital Group excluding Artman for Q4 2008 were significantly higher than in Q4 2007 - sales increased by 18%, while cost of sales, expenses and overheads increased by 11%, resulting in net profit increase of 31%. The cost cutting exercise started in second half of 2008 resulted in achieving ratio of 43% expenses to sales, while in previous periods it was 45%.

Revenues from sales of products, goods and materials disclosed in the consolidated statement were generated by individual Capital Group companies in the following amounts (intercompany sales excluded):

Amounts in PLN '000					
Subsidiary	Country	Revenue for Q4 FY08	Percentage structure of revenue for Q4 2008	Revenue for FY 2008	Percentage structure of revenue for FY 2008
LPP S.A.	Poland	328 727	62,41%	1 147 315	70,72%
LPP Retail Estonia OU	Estonia	9 531	1,81%	33 189	2,05%
LPP Retail Latvia Ltd	Latria	8 421	1,60%	29 683	1,83%
LPP Retail Czech Republic s.r.o.	Czech Rep	31 027	5,89%	90 470	5,58%
LPP Hungary Kft.	Hangary	7 141	1,36%	20 150	1,24%
UAB"LPP"	Lithuania	11 376	2,16%	38 768	2,39%
LPP Ukraina AT	Ukraine	7 763	1,47%	26 430	1,63%
ZAO "Re Trading"*	Russia *	45 990	8,73%	155 332	9,57%
LPP Fashion Distributor SRL	Romania	6 238	1,18%	10 583	0,65%
G.K. Artman S.A. **	Poland	70 527	13,39%	70 527	4,35%
Total		526 741	100,00%	1 622 447	100,00%

*subtotal of revenue from three Russian subsidiaries: ZAO "Re Trading", Es Style Russia, Fashion Point Russia

** Artman revenue for November and December 2008

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

Seasonality in sales of clothing is an inherent factor influencing the clothing market as a whole – both in Poland and abroad. Q4 is considered to be the best selling period in the year. It was a rule this reporting quarter as well.

6. Segment reporting – revenues and results per segments

The Capital Group is involved in one type of business only (one core business segment). Two geographical segments have been identified: (1) business in and (2) outside the European Union. The division into geographical segments was based on the criterion of location of the Group's assets.

Revenues and results per segments for 4 quarters of FY08 and for the previous corresponding period are presented in section 23.7.

7. Issue, redemption and repayment of debt and equity securities

In Q4 the Company offered a private placement of 40,000 ordinary shares J series, with the par value of 2.00 PLN each to three persons: Mr Krzysztof Bajolek, Mr Arkadiusz Bajolek, Mr Jan Pilch (report RB66/2008). The issue price of these shares was 2350 PLN per each. The total value of the placement was 94,000,000 PLN.

There was not any share buy back operation held in Q4 2008.

8. Paid or declared dividends, in total and per one share, split into ordinary and other shares

No dividend was paid (or declared) in LPP S.A. Capital Group for the reported period.

9. Date of approval of the financial statement for publication

This financial statement was approved for publication (authorised for issue) by the Management Board of the parent company on February 18th, 2009.

10. Events after the balance sheet date not presented in the financial statement, which may have significant impact on the future financial results of LPP S.A. Capital Group

No significant events after the balance sheet date occurred.

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

On October 30th, 2008 LPP SA took control over Artman SA company, by holding a stake of 99,554% shares and 99,696 voting rights. Share purchase was financed with a bank loan (report RB 50/2008 dated 13.08.2008).

According to IFRS 3 the cost of taking control amounted 395,745,000 PLN, including:

- cash in exchange of shares
- additional expenses related to transaction: legal fees, financial audit and business travel.

As of the day of taking control over Artman SA Capital Group, the balance sheet of this company included assets and liabilities presented below, which book value were used to calculate enterprise value accordingly with the valuation method presented in IFRS 3.

Assets

Amounts in PLN 000.

1. Fixed Assets	54 772
2. Intangibles	397
3. Goodwill	406
4. Deferred income tax assets	1 509
5. Inventory	53 961
6. Receivables	11 507
7. Pre-paid expenses	597
8. Investments	159
9. Cash	7 727
Total Assets	131 035

Liabilities

Amounts in PLN 000.

1. Bank loans	16 873
2. Rother financial liabilities	1 247
3. Provisions	2 788
4. Deffered income tax provision	1 801
5. Liabilities	29 838
6. Accruals	107
Total liabilities	52 654

Goodwill calculated in LPP consolidated statements refers to assets which cannot be identified separately, however possession of these assets is crucial to achieve certain benefits.

The revenue and income value for the period of November and December 2008, achieved by Artman SA Capital Group.

in PLN 000.

1. Sales revenue	70 527
2. Other operating income	232
3. Financial income	877
4. Profit before tax	13 167
5. Net income	10 865

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

In Q4 FY08, LPP S.A. and its subsidiaries utilized bank guarantees to secure payment of rent for the leased retail premises where brand stores are located.

As of December 31st, 2008, the total value of bank guarantees granted at the request of and on the responsibility of LPP S.A. and Artman SA amounted to PLN 112,128k, of which:

- a) guarantees granted to secure agreements concluded by LPP S.A. – PLN 15,412k
- b) guarantees granted to secure agreements concluded by consolidated related parties – PLN 72,726k
- c) guarantees granted to secure agreements concluded by non-consolidated related parties – PLN 23,990k

As of December 31st, 2008, the total amount of all sureties issued by the parent company was PLN 11,392k, an increase of PLN 2,552k as compared to December 31st, 2007.

13. Estimated future liabilities arising from retail lease agreements

Capital Group companies are parties to retail lease agreements on the use of retail premises where Cropp and Reserved brand stores are located.

Total future minimum payments under lease agreements, estimated as of December 31st, 2008, are as follows:

- payables due in 12 months from the balance sheet date	PLN 219 652k
- payables due over 12 months to 5 years from the balance sheet date	PLN 621 800k
- payables due over 5 years from the balance sheet date	PLN 167 370k

14. The Management Board's opinion on the feasibility of annual consolidated results forecast

No forecasts were published by the Company for FY 2008.

15. Shareholders holding at least 5% of voting rights at the General Meeting of Shareholders of LPP S.A. as of the date of submission of the quarterly report, directly or indirectly through subsidiaries, and changes in the structure of ownership of significant stakes of LPP S.A. shares after the date of submission of the previous quarterly report

Shareholding structure of the parent company as of the date of submission of the quarterly report for Q4 FY08:

Shareholder	Number of shares held	Number of voting rights at General Shareholders Meeting	Share in the total voting rights at General Shareholders Meeting	Percentage share of share capital
Marek Piechocki	324 390	1 024 390	32,56%	18,58%
Jerzy Lubianiec	226 338	926 338	29,44%	12,96%
Grangefont Limited	350 000	350 000	11,13%	20,05%

List of changes in the ownership of shares owned by major shareholders, from the date of publication of the latest financial report. These changes result from changes in share capital (see report RB 3.2009 issued on January 16th, 2009).

1)

Marek Piechocki	Number of shares held	Number of voting rights at General Shareholders Meeting	Share in the total voting rights at General Shareholders Meeting	Percentage share of share capital
As of:				
14.11.2008	324 390	1 024 390	32,98%	19,01%
19.02.2009	324 390	1 024 390	32,56%	18,58%

2)

Jerzy Lubianiec	Number of shares held	Number of voting rights at General Shareholders Meeting	Share in the total voting rights at General Shareholders Meeting	Percentage share of share capital
As of:				
14.11.2008	226 338	926 338	29,82%	13,27%
19.02.2009	226 338	926 338	29,44%	12,96%

3)

Grangefont Limited	Number of shares held	Number of voting rights at General Shareholders Meeting	Share in the total voting rights at General Shareholders Meeting	Percentage share of share capital
As of:				
14.11.2008	350 000	350 000	11,27%	20,52%
19.02.2009	350 000	350 000	11,13%	20,05%

16. Structure of ownership of LPP S.A. shares or rights to shares (options) held by members of the Issuer's Management Board and Supervisory Board as of 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 shares held	Number of voting rights at the General Shareholders Meeting
President of the Management Board	324 390	1 024 390
Vice-President of the Management Board	5 954	5 954
Vice-President of the Management Board	2 225	2 225
Vice-President of the Management Board	2 664	2 664
Vice-President of the Management Board	2 341	2 341
Chairman of the Supervisory Board	226 338	926 338

There were no any changes in the ownership of shares owned by Management Board members nor Supervisory Board members, from the date of publication of the latest quarterly financial report.

17. Information on legal proceedings in progress

In the Capital Group, LPP S.A. and Artman SA are parties in legal proceedings, claiming the settlement of receivables from its business partners. The total amount claimed does not exceed 10% of the Companies' equities.

18. Related-party transactions in excess of EURO 500,000 concluded by the Issuer

In Q4 2008, an intercompany loan amounting EUR 2,100,000 was raised from the parent company LPP SA to its Bulgarian subsidiary – LPP Retail Bulgaria EOOD. The loan agreement was concluded on December 2nd, 2008. The loan due date is December 31st, 2011.

19. Related-party transactions

19.1. Key management personnel

The Capital Group's key management personnel include members of the Management Board and the Supervisory Board of LPP S.A.

The amount of short-term employee benefits paid to the key management personnel in the period from January 1st, 2008 till December 31st, 2008 totalled PLN 1,982k, of which PLN 1,936k was paid to members of the Management Board, PLN 34k was paid to the members of the Supervisory Board for the work as Board members, and PLN 12k was paid to a member of the Supervisory Board for services other than work in the Supervisory Board.

19.2. Related party transactions

In the reporting period, the Issuer did not enter into any related-party transactions related to assignment of rights and obligations.

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

Amounts presented in the table below show only intercompany transactions between parent company - LPP S.A. and 19 Polish non-consolidated subsidiaries, and are presented from the point of view of the parent company.

		Amounts in PLN 000s		
Related parties	Receivables as of 31.12.2008	Payables as of 31.12.2008	Revenue for FY 2008	Expenses for FY 2008
1 Polish subsidiaries	41	3 384	99	53 246
Total	41	3 384	99	53 246

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 rules. Revenues from Polish companies are generated from the rental of offices where these companies run their businesses.

Expenses related to the Polish subsidiaries are connected with the lease of premises for Cropp Town and Reserved brand stores.

Payment terms adopted for subsidiaries are between 45 and 120 days.

20. Information on guarantees and sureties granted

In the reporting period, the Capital Group companies granted no sureties or guarantees for credits or loans of the total value exceeding 10% of the Issuer's equity.

21. Additional information relevant for the assessment of the financial standing, assets, human resources, and financial result of LPP S.A. Capital Group, and any changes thereof, as well as information relevant for the assessment of Capital Group's solvency standing.

The report presents basic information relevant for the assessment of the Capital Group's financial standing. According to the Management Board, there are currently no threats for the Capital Group's solvency and ability to repay its liabilities.

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

Basic factors likely to influence results generated in the nearest foreseen future are as follows:

1. Economic slowdown in Poland and in other countries, where Company's stores are located.
2. Fluctuations in foreign exchange rates – mostly PLN against EUR and USD.
3. The reception of spring-summer clothing collection .
4. Further development of retail network of Reserved, Cropp, House and Mohito brand stores.
5. Undertaken efforts to optimize cost base of the Company

23. Notes to the condensed consolidated financial statement

23.1 Tangible fixed assets (Property, Plant & Equipment)

The amount of tangible fixed assets presented in the consolidated financial statement as of December 31st, 2008 includes a revaluation adjustment related to a write-off of PLN 3,367 k.

The amount of pre-payments on account of purchase of tangible fixed assets as of December 31st, 2008 was PLN 3,463k.

Changes in amounts related to tangible fixed assets for the period from January 1st, 2008 till December 31st, 2008 were as follows:

	Amounts in PLN 000
Tangible fixed assets as of January 1st, 2008	258 334
Increase	474 091
Decrease	-221 020
FX differentcies	23 519
Depreciation	-61 863
Tangible fixed assets as of December 31st, 2008	473 061

23.2 Inventories

The amount of inventories presented in the consolidated financial statement as of December 31st, 2008 includes a write-off of PLN 4,349k.

23.3 Receivables

The amount of receivables presented in the consolidated financial statement as of December 31st, 2008 includes an adjustment related to a write-off of PLN 9,442k.

The write-off includes:

- revaluation write-off of claims from business partners PLN 3,682k,
- revaluation write-off of doubtful receivables PLN 5,589k
- revaluation write-off of receivables from employees and other PLN 171k

Changes in receivables write-down in the reporting period were as follows:

- as of December 31 st , 2007	PLN 5,106k
- write-offs made between Jan 1 st , 2008 and Dec 31 st , 2008	PLN 6,229k
- decrease of write-downs from previous years	PLN 1,324k
- reduction of write-downs in the period of Jan-Dec 2008	PLN 569k
- as of December 31 st , 2008	PLN 9,442k

23.4 Provisions

The amount of provisions presented in the consolidated financial statement as of December 31st, 2008, posting PLN 21,295k and includes:

- provision for retirement severance payments:	PLN 874k
- provision for unused holiday:	PLN 3,041k
- provisions for unpaid bonuses	PLN 2,648k
- provision for deferred income tax:	PLN 14,732k.

23.5 Income tax

Income tax presented in the consolidated profit and loss account for the period of January 1st, 2008 till December 31st, 2008 amounting PLN 44,536k, includes:

- current tax	PLN 43,230k
- deferred tax	PLN 1,306k

23.6 Foreign exchange rates differences

The consolidated Profit and Loss Account as of December 31st, 2008 presents an excess of gains over losses on FX differences amounting PLN 15,958k.

23.7 Segment reporting

Revenue and financial results of geographical segments for the period of January 1st, 2008 till December 31st, 2008 as well as for the comparative period, are presented in the following tables.

FY2008	Amounts in PLN 000.				
Item	EU countries	Non-EU countries	Consolidation adjustments	Amounts not allocated to segments	Total
External sales revenue	1 441 776	180 616			1 622 392
Inter-segment sales revenue	87 558		-87 558		-
Other operating revenue	8 098	229		259	8 586
Total revenue	1 537 432	180 845	-87 558	259	1 630 978
Total operating expenses,	1 212 929	168 870	-86 345		1 295 454
of which:					
Cost of inter-segment sales	65 109		-65 109		-
Other operating expenses	26 365	5 705	-5 077	90 333	117 326
Segment result	298 138	6 270	3 864	-90 074	218 198
Financial income				18 475	18 475
Financial expenses				19 778	19 778
Profit before tax					216 895
Tax					44 536
Net profit					172 359

FY2007		Amounts in PLN 000.			
Item	EU countries	Non-EU countries	Consolidation adjustments	Amounts not allocated to segments	Total
External sales revenue	1 147 671	126 661			1 274 332
Inter-segment sales revenue	59 713		-59 713		-
Other operating revenue	5 166	191		135	5 492
Total revenue	1 212 550	126 852	-59 713	135	1 279 824
Total operating expenses,	960 639	116 375	-58 042		1 018 972
of which:					
Cost of inter-segment sales	44 407		-44 407		-
Other operating expenses	14 038	1 670		69 869	85 577
Segment result	237 873	8 807	-1 671	-69 734	175 275
Financial income				1 532	1 532
Financial expenses				10 975	10 975
Profit before tax					165 832
Tax					31 083
Net profit					134 749

24. Additional information to the individual financial statements of LPP S.A.

A revaluation of Company's investment assets in foreign subsidiaries for the period of January - December 2008 was conducted and resulting changes had been applied to the parent company statements in following items of balance sheet: investments in subsidiaries, additional paid-in capital, loans and receivables. It also impacted the parent company's Profit & Loss account and were recognized under financial income and expenses. As a result of the valuation, parent company's assets decreased by PLN 44,530 k.

This change was recognized under relevant items of the individual financial statements of the parent company of LPP S.A. and has no impact on amounts presented in the consolidated statement.