

### **The resolution of the Supervisory Board of LPP S.A.**

on the comprehensive assessment of the Company's standing in FY 08 containing in particular the assessment of the internal control system, the assessment of risk management system and own assessment of Supervisory Board operations.

“In FY08 the Company achieved very good results in terms of revenue and profit.

The Company opened next retail outlets of Reserved, CroppTown and Esotiq brands, thus increasing the retail sales area managed by LPP S.A. (by app. 44 thousand square metres, which was the greatest increase in the sales area of outlets opened by LPP S.A. Capital Group in one year).

LPP S.A. subsidiaries opened next retail outlets of Reserved, CroppTown and Esotiq brands in the countries where they operate, thus increasing considerably the sales area. The subsidiaries also improved significantly the results and the effectiveness of their operations. LPP S.A subsidiaries opened the first outlets in Romania.

The Company successfully completed the construction of a distribution centre; the total cost of its construction and fitting was approximately PLN 120,000,000. The Distribution Centre started to operate in July 2008 and it is expected to send approximately 200,000 items of clothing a day.

The Company continued the process of strengthening the design department and merchandising department, which add the highest value to the products offered by LPP S.A.

The company acquired a controlling interest in Artman S.A. consisting of 99.6% of its shares and then it started the merger of both companies by transferring all assets of Artman S.A. to LPP S.A.. A formal merger of both companies shall take place on 1 July 2009.

Since June 2008 the Company has started to prepare for imminent economic slowdown. As a result of measures taken by the Company, it achieved the following results: it reduced the number of employees, it decreased marketing costs and outlet construction costs, it intensified the process of acquiring the funds from the lessors for fitting out the outlets , it reduced the number of outlets to be built in FY08 and FY09, it decreased the Company's operating costs and especially the outlet operating costs.

The Supervisory Board assesses the Company's general standing in FY08 as very good. The Company achieved the projected revenues and profits- In the opinion of the Supervisory Board there are no signs of any real threat to further operations of the Company, even taking into account its debt (which is quite high) and the economic slowdown.

The Supervisory Board got acquainted with the internal control system and the risk management system used in LPP S.A. described in detail in the Management Board's report on the operations of LPP S.A. Capital Group in FY08 (in section on the implementation of Corporate Governance principles). In Supervisory Board's opinion, the internal control system and the risk management system described in the Management Board's report on the operations of capital group of LPP S.A. in FY08 satisfies certain functional needs.

The Supervisory Board also performed the assessment of its own operations. Based on the said assessment, the Supervisory Board states that it met all of its statutory and code obligations. Additionally, during the Supervisory Board meetings, it regularly analysed the Company's standing and offered support to the Management Board in relation to its ongoing operations. Therefore, the Supervisory Board positively assesses its own operations in FY08.”

**The resolution of the Supervisory Board of LPP S.A.**

on the approval of the Supervisory Board's annual report on operations in FY08.

"The Supervisory Board of LPP S.A. with its registered office in Gdańsk hereby resolves to approve the Supervisory Board's report on operations in FY08 attached as a schedule to this resolution."