

# Emperia Holding



## **INTERIM CONDENSED CONSOLIDATED FINANCIAL REPORT**

**SEMI-ANNUAL REPORT 2009**

**PREPARED ACCORDING TO INTERNATIONAL  
FINANCIAL  
REPORTING STANDARDS**

*(ALL AMOUNTS IN THOUSANDS PLN)*

LUBLIN, AUGUST 2009

### **TRANSLATORS' EXPLANATORY NOTE**

The following document is a free translation of the 2008 Consolidated Annual Report of Emperia Holding S.A.  
In the event of any discrepancy in interpreting the terminology, the Polish version is binding.

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## 1. Selected Financial Highlights

| Lp.    | SELECTED FINANCIAL HIGHLIGHTS<br>(current year)         | PLN                                       |   | EUR                                       |   |
|--------|---|---|---|---|---|
|        |   | For period<br>01.01.2008<br>to 30.06.2009 | For period<br>01.01.2007<br>to 30.06.2008 | For period<br>01.01.2008<br>to 30.06.2009 | For period<br>01.01.2008<br>to<br>30.06.2008* |
| I.     | Net revenues from sale of products, goods and materials | 2 684 376                                 | 2 585 144                                 | 594 099                                   | 743 370                                       |
| II.    | Profit (loss) on operating activity                     | 57 343                                    | 54 254                                    | 12 691                                    | 15 601  |
| III.   | Profit (loss) before tax                                | 44 105                                    | 48 521                                    | 9 761                                     | 13 952  |
| IV.    | Profit (loss) for period                                | 31 608                                    | 35 618                                    | 6 995                                     | 10 242  |
| V.     | Net cash flows from operating activity                  | 39 366                                    | (4 320)                                   | 8 712                                     | (1 242)                                       |
| VI.    | Net cash flows from investing activity                  | (79 128)                                  | (42 151)                                  | (17 512)                                  | (12 121)                                      |
| VII.   | Net cash flows from financing activity                  | 30 500                                    | 38 490                                    | 6 750                                     | 11 068  |
| VIII.  | Total net cash flows                                    | (9 262)                                   | (7 981)                                   | (2 050)                                   | (2 295)                                       |
| IX.    | Total assets  | 1 862 395                                 | 1 725 268                                 | 416 680                                   | 413 495                                       |
| X.     | Liabilities and provisions against liabilities          | 1 094 757                                 | 980 185                                   | 244 934                                   | 234 921                                       |
| XI.    | Long-term liabilities                                   | 182 858                                   | 306 221                                   | 40 911                                    | 73 392  |
| XII.   | Short-term liabilities                                  | 911 899                                   | 673 964                                   | 204 023                                   | 161 529                                       |
| XIII.  | Equity  | 767 638                                   | 745 083                                   | 171 747                                   | 178 574                                       |
| XIV.   | Share capital   | 15 115                                    | 15 115                                    | 3 382                                     | 3 623   |
| XV.    | Number of shares  | 15 115 161                                | 15 115 161                                | 15 115 161                                | 15 115 161                                    |
| XVI.   | Weighted average number of shares                       | 15 115 161                                | 15 013 137                                | 15 115 161                                | 15 013 137                                    |
| XVII.  | Profit (loss) per ordinary share (PLN/EUR)*             | 3,65                                      | 4,97                                      | 0,81                                      | 1,43  |
| XVIII. | Diluted profit (loss) per ordinary share (PLN/EUR)*     | 3,65                                      | 4,97                                      | 0,81                                      | 1,43  |
| XIX.   | Book value per share (PLN/EUR)**                        | 50,79                                     | 49,29                                     | 11,36                                     | 11,81   |
| XX.    | Diluted book value per share (PLN/EUR)**                | 50,79                                     | 49,29                                     | 11,36                                     | 11,81   |
| XXI.   | Declared or distributed dividend per share (PLN/EUR)**  | 0,59                                      | 0,88                                      | 0,13                                      | 0,21  |

\* comparative data on the balance sheet refer to 31 December 2008

\*\* the declared amount is calculated based on the weighted average number of the Issuer's shares

\*\*\* the declared amount is calculated based on the number of the Issuer's shares as at the date of report

\*The weighted average number of shares:

- in first half of 2009: January-June 15 115 161;
- in 2008: January-May 14 992 732, June 15 115 161

**The selected financial highlights are converted into EUR as follows:**

- 1 The profit and loss and cash flow statement items are converted at an exchange rate being the arithmetic average of average exchange rates published by the National Bank of Poland, effective on the last day of each month, which was 4,5184 PLN/EURO in first half of 2009 and 3,4776 PLN/EURO in first half of 2008.
- 2 The balance sheet items and book value/diluted book value are converted at the average exchange rate published by the National Bank of Poland, effective on the balance sheet date, which was: at 30 June 2009 4,4696 PLN/EURO, 31 December 2008 4,1724 PLN/EURO

## 2. Management Board Statement

Management Board of Emperia Holding S.A. confirms that, to the best knowledge, half-year consolidated financial statements together with comparative figures, have been prepared according to all applicable accounting standards and give a true and fair view of the state of affairs of the Capital Group and its financial result for the period, and report of activities of the issuer shows true view of the state of affairs of the Capital Group, including evaluation of risks and dangers.

Management Board of Emperia Holding S.A. confirms that the Company's auditor has been elected according to applicable rules and that the company auditing Emperia's accounts and certified auditors engaged in the audit of Emperia met objectives to present an objective and independent report in accordance with Polish law regulations and professional standards.

Lublin, August 2009

### Signatures of members of Management Board:

|            |                    |   |                    |
|------------|--------------------|---|--------------------|
| 2009-08-31 | Artur Kawa         | President of the management board                                     | .....<br>signature |
| 2009-08-31 | Jarosław Wawerski  | Vice- President of the management board                               | .....<br>signature |
| 2009-08-31 | Dariusz Kalinowski | Member of the management board – Financial Director                   | .....<br>signature |
| 2009-08-31 | Marek Wesołowski   | Member of the management board – Retail Business Director             | .....<br>signature |
| 2009-08-31 | Grzegorz Wawerski  | Member of the management board – Retail Business Development Director | .....<br>signature |

### Person responsible for accountancy:

|            |                     |                   |                    |
|------------|---------------------|-------------------|--------------------|
| 2009-08-31 | Elżbieta Świniarska | Economic Director | .....<br>signature |
|------------|---------------------|-------------------|--------------------|

**3. Report of the independent auditor's of review of interim condensed consolidated financial statements for first half of 2009.**

**The Emperia Holding Group  
ul. Mełgiewska 7-9  
20-952 Lublin**

**Review Report  
on the interim condensed consolidated financial statements  
for the period from 1 January 2009 to 30 June 2009**

**Independent Auditor's Review Report  
on the interim condensed consolidated financial statements  
for the period from 1 January to 30 June 2009**

**for the Shareholders and Supervisory Board of Emperia Holding S.A.**

We have reviewed the accompanying interim condensed consolidated financial statements of the **Emperia Holding** Group ("the Group"), where the holding company is **Emperia Holding S.A.** ("the Holding Company") with its registered office in Lublin, ul. Mełgiewska 7-9, consisting of:

- the interim consolidated statement of financial position prepared as at 30 June 2009, showing total assets and liabilities of **1 862 395 thousand zł**;
- the interim consolidated income statement for the period from 1 January 2009 to 30 June 2009, showing a net profit of **31 608 thousand zł**;
- the interim consolidated statement of comprehensive income for the period from 1 January 2009 to 30 June 2009, showing a comprehensive income of **32 122 thousand zł**;
- the interim statement of changes in consolidated shareholders' equity for the period from 1 January 2009 to 30 June 2009, showing an increase in shareholders' equity of **22 555 thousand zł**;
- the interim consolidated cash flow statement for the period from 1 January 2009 to 30 June 2009, showing a net cash decrease of **9 262 thousand zł**,
- notes to the interim financial statements.

The Management Board of the Holding Company is responsible for the truth and fairness of the accompanying interim condensed consolidated financial statements prepared in accordance with International Financial Reporting Standards, applicable to interim reporting, which have been approved by the European Union (IAS 34). Our responsibility was to issue a report based on our review of these financial statements.

We conducted the review in accordance with the legal regulations binding in Poland and the professional auditing standards promulgated by the Polish National Chamber of Certified Auditors ("the Standards"). The Standards require us to plan and perform the review in a manner enabling us to obtain reasonable assurance that the consolidated financial statements are free of material misstatements.

We performed the review primarily by analyzing the data in the consolidated financial statements, examining the consolidation documentation and using information provided by the management and employees in charge of the Holding Company's finances and accounting.

The scope and methodology of a review of interim condensed consolidated financial statements differs significantly from that of an audit based on which an opinion is issued on the truth and fairness of annual consolidated financial statements. Accordingly, we cannot express an audit opinion on the accompanying financial statements.

Our review did not disclose the need for the introduction of any material changes to the accompanying interim condensed consolidated financial statements in order for them to present truly and fairly the financial position of the **Emperia Holding** Group as at 30 June 2009 and its financial result for the period from 1 January 2009 to 30 June 2009 in accordance with the European Union approved International Financial Reporting Standards, applicable to interim reporting.

Warsaw, 31 August 2009

**BDO Numerica International Auditors & Consultants Sp. z o.o.**  
ul. Postępu 12  
02-676 Warszawa  
**Registration No. 3355**

Auditor in charge

**Agnieszka Janik**  
Polish Certified Auditor  
3.1.1 Reg. No. 11700

On behalf of BDO Numerica  
International Auditors & Consultants Sp. z o.o.

**Dr. Anna Bernaziuk**  
Polish Certified Auditor  
Reg. No. 173  
Member of the Board of BDO Numerica  
International Auditors & Consultants Sp. z o.o.

#### 4. Consolidated Statement of Financial Position

|  | 30 June 2009     | 31 December 2008 | 30 June 2008     |
|--|------------------|------------------|------------------|
| <b>Fixed Assets</b>  | <b>915 514</b>   | <b>851 288</b>   | <b>730 516</b>   |
| Tangible fixed assets  | 612 530          | 579 644          | 465 747          |
| Investment real property   | 17 553           | 17 711           | 15 966           |
| Intangible assets  | 7 023            | 6 367            | 4 683            |
| Goodwill   | 193 822          | 189 827          | 196 131          |
| Shares in equity method  | 4 306            | 3 997            |                  |
| Financial assets   | 20 819           | 8 664            | 11 755           |
| Long-term loans  | 16 678           | 1 667            | 1 667            |
| Long-term receivables and other deferred income                  | 26 389           | 22 326           | 17 211           |
| Deferred income tax assets                                       | 16 394           | 21 085           | 17 356           |
| <b>Current Assets</b>  | <b>946 881</b>   | <b>873 980</b>   | <b>882 051</b>   |
| Stock  | 476 031          | 415 801          | 404 292          |
| Receivables  | 407 747          | 396 840          | 379 231          |
| Income tax withholding   | 9 300            | 3 920            | 2 107            |
| Short-term securities  |                  |                  | 3                |
| Prepaid expenses   | 12 840           | 7 196            | 10 156           |
| Cash   | 40 758           | 50 023           | 84 329           |
| Other financial assets   | 205              | 200              | 201              |
| Assets earmarked for sale  |                  |                  | 1 732            |
| <b>Total Assets</b>  | <b>1 862 395</b> | <b>1 725 268</b> | <b>1 612 567</b> |
| <b>Equity</b>  | <b>767 638</b>   | <b>745 083</b>   | <b>724 279</b>   |
| Share capital  | 15 115           | 15 115           | 15 115           |
| Unregistered share capital                                       |                  |                  |                  |
| Share premium capital  | 549 559          | 549 559          | 549 559          |
| Supplementary capital  | 97 953           | 90 862           | 90 862           |
| Supplementary capital from the evaluation of managerial options  | 596              | 596              |                  |
| Reserve capital  | 59 150           | 59 873           | 59 873           |
| Revaluation capital  |                  | (1 681)          |                  |
| Treasury shares  |                  |                  |                  |
| Retained profit  | 45 174           | 30 367           | 7 302            |
| <b>Total equity allocated to shareholders of dominant entity</b> | <b>767 547</b>   | <b>744 691</b>   | <b>722 711</b>   |
| Equity of minority shareholders                                  | 91               | 392              | 1 568            |
| <b>Long-term liabilities</b>                                     | <b>182 858</b>   | <b>306 221</b>   | <b>187 298</b>   |
| Credit facilities, loans and debt securities                     | 161 898          | 285 263          | 170 255          |
| Long-term liabilities  | 5 088            | 5 498            | 1 860            |
| Provisions   | 2 529            | 2 362            | 3 164            |
| Provision against deferred income tax                            | 13 343           | 13 098           | 12 019           |
| <b>Short-term liabilities</b>                                    | <b>911 899</b>   | <b>673 964</b>   | <b>700 990</b>   |
| Credit facilities, loans and debt securities                     | 192 532          | 29 315           | 67 105           |
| Short-term liabilities   | 694 328          | 615 740          | 610 241          |
| Income tax liabilities   | 4 594            | 6 715            | 4 368            |
| Provisions   | 19 085           | 21 030           | 18 273           |
| Deferred income  | 1 360            | 1 164            | 1 003            |
| <b>Total liabilities</b>   | <b>1 862 395</b> | <b>1 725 268</b> | <b>1 612 567</b> |



|                                   |            |            |
|-----------------------------------|------------|------------|
| <b>Book value</b>                 | 767 638    | 745 083    |
| <b>Number of shares</b>           | 15 115 161 | 15 115 161 |
| <b>Book value per share (PLN)</b> | 50,79      | 49,29      |

## 5. Consolidated Profit and Loss Account and Consolidated Statement of Comprehensive Income

| <b>Rachunek zysków i strat</b>                                    | <b>Nota</b> | <b>6 months ended 30<br/>June 2009</b> | <b>6 months ended 30<br/>June 2008</b> |
|---|-------------|--|--|
| <b>Sales revenues</b>   |             | <b>2 684 376</b>                       | <b>2 585 144</b>                       |
| - including related entities                                      |             | 5 311                                  | 332                                    |
| Sales of products and services                                    | 9.1.1       | 65 076                                 | 44 556                                 |
| Sales of goods and materials                                      | 9.1.2       | 2 619 300                              | 2 540 588                              |
| <b>Cost of goods sold</b>   |             | <b>(2 256 981)</b>                     | <b>(2 194 133)</b>                     |
| - including related entities                                      |             | (4 527)                                | (266)                                  |
| Cost of manufactured products sold                                |             | (42 673)                               | (29 003)                               |
| Cost of goods and materials sold                                  |             | (2 214 308)                            | (2 165 130)                            |
| <b>Profit on sales</b>  |             | <b>427 395</b>                         | <b>391 011</b>                         |
| Other operating income  | 9.1.3       | 24 892                                 | 10 945                                 |
| Selling expense   | 9.1.4       | (343 104)                              | (298 265)                              |
| General administrative expense                                    | 9.1.4       | (46 961)                               | (43 051)                               |
| Other operating expense   | 9.1.5       | (4 879)                                | (6 386)                                |
| <b>Profit on operations</b>                                       |             | <b>57 343</b>                          | <b>54 254</b>                          |
| Financial income  | 9.1.6       | 1 172                                  | 1 374                                  |
| Financial expense   | 9.1.7       | (14 410)                               | (7 107)                                |
| <b>Profit before tax</b>  |             | <b>44 105</b>                          | <b>48 521</b>                          |
| Income tax  |             | (12 806)                               | (12 903)                               |
| Current tax   | 9.1.8       | (7 483)                                | (12 130)                               |
| Deferred tax  |             | (5 323)                                | (773)                                  |
| Share in financial result entities valued using the equity method |             | 309                                    |  |
| <b>Profit for period</b>  |             | <b>31 608</b>                          | <b>35 618</b>                          |
| Including: profit for shareholders of dominant entity             |             | <b>31 596</b>                          | <b>35 595</b>                          |
| profit for minority shareholders                                  |             | <b>12</b>                              | <b>23</b>                              |
| profit for minority shareholders                                  |             | 237                                    |  |

Emperia Holding SA has revised the presentation of bonuses handed over to recipients, of bonuses received from suppliers and inventory surpluses and losses. Detailed information about changes of presentation 2008 and their influence on the profit and loss account and profit and loss account explanatory notes were introduced into the note. 11 of this report

|  |            |            |
|--|------------|------------|
| <b>Profit (loss) for period (annualised)</b>             | 55 196     | 74 645     |
| <b>Weighted average of ordinary shares *</b>             | 15 115 161 | 15 013 137 |
| <b>Profit (loss) per ordinary share (PLN) annualised</b> | 3,65       | 4,97       |

\*The weighted average number of shares:

- in 2009: January-June 15 115 161;
- in 2008: January-May 14 992 732, June 15 115 161

| Statement of total income                               | 6 months      | 6 months      |
|---|---------------|---------------|
|   | ended         | ended         |
|   | 30 June 2009  | 30 June 2008  |
| <b>Profit for period</b>                                | 31 608        | 35 618        |
| <b>Other total income:</b>                              |               |               |
| Security of Cash flow                                   | 635           |               |
| Income tax on the other comprehensive income components | (121)         |               |
| <b>Other total net income</b>                           | 514           |               |
| <b>Total income for period</b>                          | <b>32 122</b> | <b>35 618</b> |
| Total income for shareholders of parent company         | 32 110        | 35 595        |
| Total income for minority shareholders                  | 12            | 23            |

## 6. Consolidated Report of Changes in Equity

|   | Share capital | Share premium capital | Supplementary capital | Supplementary capital from the evaluation of managerial options | Reserve capital | Revaluation capital | Retained profit | Minority capital | Total equity   |
|---|---------------|-----------------------|-----------------------|---|-----------------|---------------------|-----------------|------------------|----------------|
| <b>1 January 2009</b>   | <b>15 115</b> | <b>549 559</b>        | <b>90 862</b>         | <b>596</b>  | <b>59 873</b>   | <b>(1 681)</b>      | <b>30 367</b>   | <b>392</b>       | <b>745 083</b> |
| Correction of error for 2008  |               |                       |                       |   |                 |                     | (389)           |                  | (389)          |
| <b>1 January 2009 adjusted</b>  | <b>15 115</b> | <b>549 559</b>        | <b>90 862</b>         | <b>596</b>  | <b>59 873</b>   | <b>(1 681)</b>      | <b>29 978</b>   | <b>392</b>       | <b>744 694</b> |
| Profit for 6 months until 30 June 2009  |               |                       |                       |   |                 | 514                 | 31 596          | 12               | <b>32 122</b>  |
| Settlement of acquisition shares in Społem Tychy  |               |                       |                       |   |                 |                     |                 | (313)            | (313)          |
| Settlement of sales and redemption of shares of Arsenal Sp. z o.o.                          |               |                       |                       |   |                 | 1 167               | (1 167)         |                  |                |
| Valuation of management option  |               |                       |                       |   |                 |                     |                 |                  |                |
| Distribution of 2008 profit – allocation to capital funds                                   |               |                       | 7 091                 |   | 6 773           |                     | (13 864)        |                  |                |
| Distribution of 2008 profit - Centrum Sanok (allocation to capital of Stokrotka Sp. z o.o.) |               |                       |                       |   |                 |                     | 53              |                  | <b>53</b>      |
| Dividend for shareholders as part of 2008 profit distribution                               |               |                       |                       |   | (7 496)         |                     | (1 422)         |                  | <b>(8 918)</b> |
| <b>30 June 2009</b>   | <b>15 115</b> | <b>549 559</b>        | <b>97 953</b>         | <b>596</b>  | <b>59 150</b>   |                     | <b>45 174</b>   | <b>91</b>        | <b>767 638</b> |
| <b>1 January 2008</b>   | <b>14 993</b> | <b>536 227</b>        | <b>22 353</b>         |   | <b>46 837</b>   |                     | <b>66 888</b>   | <b>2 024</b>     | <b>689 322</b> |
| Change in accounting standards and policies   |               |                       |                       |   |                 |                     |                 |                  |                |
| <b>1 January 2008 adjusted</b>  | <b>14 993</b> | <b>536 227</b>        | <b>22 353</b>         |   | <b>46 837</b>   |                     | <b>66 888</b>   | <b>2 024</b>     | <b>689 322</b> |
| Profit for 6 months until 30 June 2008  |               |                       |                       |   |                 |                     | 35 595          | 23               | <b>35 618</b>  |
| Result on merger between Detal Koncept and Polka (previously unconsolidated)                |               |                       |                       |   | (249)           |                     |                 |                  | (249)          |
| Effect of other mergers   |               |                       |                       |   |                 |                     | (86)            | (479)            | (565)          |
| Increase of capital following by new share issue  | 122           | 13 332                |                       |   |                 |                     |                 |                  | <b>13 454</b>  |
| Distribution of 2007 profit – allocation to capital funds                                   |               |                       | 68 509                |   | 13 285          |                     | (81 794)        |                  |                |
| Dividend for shareholders as part of 2007 profit distribution                               |               |                       |                       |   |                 |                     | (13 301)        |                  | (13 301)       |
| <b>30 June 2008</b>   | <b>15 115</b> | <b>549 559</b>        | <b>90 862</b>         |   | <b>59 873</b>   |                     | <b>7 302</b>    | <b>1 568</b>     | <b>724 279</b> |

|   | Share capital | Share premium capital | Supplementary capital | Supplementary capital from the evaluation of managerial options | Reserve capital | Revaluation capital | Retained profit | Minority capital | Total equity   |
|---|---------------|-----------------------|-----------------------|---|-----------------|---------------------|-----------------|------------------|----------------|
| <b>1 January 2008</b>   | <b>14 993</b> | <b>536 227</b>        | <b>22 353</b>         |   | <b>46 837</b>   |                     | <b>66 888</b>   | <b>2 024</b>     | <b>689 322</b> |
| Correction of error for 2007  |               |                       |                       |   |                 |                     | (321)           |                  | (321)          |
| - including taking hold of the cost on account of the monetary bonus given in 2007 in Lewiatan Podlasie |               |                       |                       |   |                 |                     | (157)           |                  | (157)          |
| - including turning the evaluation away to fair value of inventory of goods in company Centrum          |               |                       |                       |   |                 |                     | (164)           |                  | (164)          |
| <b>1 January 2008 adjusted</b>  | <b>14 993</b> | <b>536 227</b>        | <b>22 353</b>         |   | <b>46 837</b>   |                     | <b>66 567</b>   | <b>2 024</b>     | <b>689 001</b> |
| Profit for 12 months until 31 December 2008   |               |                       |                       |   |                 | (1 681)             | 58 969          | 237              | 57 525         |
| Result on merger between Detal Koncept and Polka (previously unconsolidated)                            |               |                       |                       |   | (249)           |                     |                 |                  | (249)          |
| Effect of Spółem Tychy interest acquisition   |               |                       |                       |   |                 |                     |                 | (1 869)          | (1 869)        |
| Effect of other mergers   |               |                       |                       |   |                 |                     | (74)            |                  | (74)           |
| Increase of capital following by new share issue  | 122           | 13 345                |                       |   |                 |                     |                 |                  | 13 467         |
| Share issue costs   |               | (13)                  |                       |   |                 |                     |                 |                  | (13)           |
| Valuation of management option  |               |                       |                       | 596   |                 |                     |                 |                  | 596            |
| Distribution of 2007 profit – allocation to capital funds   |               |                       | 68 509                |   | 13 285          |                     | (81 794)        |                  |                |
| Dividend for shareholders as part of 2007 profit distribution   |               |                       |                       |   |                 |                     | (13 301)        |                  | (13 301)       |
| <b>31 December 2008</b>   | <b>15 115</b> | <b>549 559</b>        | <b>90 862</b>         | <b>596</b>  | <b>59 873</b>   | <b>(1 681)</b>      | <b>30 367</b>   | <b>392</b>       | <b>745 083</b> |

## 7. Consolidated Report of Cash Flows

|  | 6 months ended<br>30 June 2009 | 6 months ended<br>30 June 2008 |
|--|--------------------------------|--------------------------------|
| <b>Profit (loss) for period</b>  | <b>31 608</b>                  | <b>35 618</b>                  |
| Adjustments for:   | <b>7 758</b>                   | <b>(39 938)</b>                |
| Share in net (profits) losses of entities consolidated using equity method | (309)                          |                                |
| Depreciation   | 30 705                         | 24 821                         |
| (Gain) loss on exchange rate differences                                   |                                | 97                             |
| Interest and share in profit (dividends)                                   | 7 350                          | 6 510                          |
| Income tax   | 12 806                         | 12 903                         |
| Profit (loss) on investing activity  | (13 120)                       | (3 923)                        |
| Change in provisions   | (2 027)                        | (1 280)                        |
| Change in stock  | (55 656)                       | (40 894)                       |
| Change in receivables  | (20 640)                       | (3 834)                        |
| Change in accruals   | (8 802)                        | (7 767)                        |
| Change in short-term liabilities   | 71 712                         | (11 331)                       |
| Other adjustments  | (273)                          | (2 539)                        |
| Income tax paid  | (13 988)                       | (12 701)                       |
| <b>Net cash flows from operating activity</b>                              | <b>39 366</b>                  | <b>(4 320)</b>                 |
| <b>Income</b>  | <b>37 310</b>                  | <b>32 016</b>                  |
| Sale of fixed and intangible asset   | 34 250                         | 8 569                          |
| Sale of financial assets   | 195                            | 45                             |
| Sales of subsidiaries  | 95                             |                                |
| Interest received  | 342                            | 99                             |
| Repayment of loans   |                                |                                |
| Cash from acquired companies   | 1 012                          | 23 239                         |
| Other income   | 1 416                          | 64                             |
| <b>Expenditures</b>  | <b>(116 438)</b>               | <b>(74 167)</b>                |
| Purchase of fixed and intangible assets                                    | (87 406)                       | (60 656)                       |
| Investments in real property   | (481)                          | (3 182)                        |
| Purchase of subsidiaries and associated entities                           | (12 395)                       | (9 428)                        |
| Purchase of financial assets   |                                | ( 298)                         |
| Loans granted  | (15 000)                       | ( 200)                         |
| Cash in subsidiaries at date of sale                                       | (455)                          |                                |
| Other expenditures   | (701)                          | ( 403)                         |
| <b>Net cash flows from investing activity</b>                              | <b>(79 128)</b>                | <b>(42 151)</b>                |
| <b>Income</b>  | <b>150 587</b>                 | <b>69 822</b>                  |
| Income from credit facilities and loans contracted                         | 117 543                        | 55 957                         |
| Issue of short-term debt securities  | 32 991                         |                                |
| Share issue  |                                | 13 463                         |
| Other income   | 53                             | 402                            |
| <b>Expenditures</b>  | <b>(120 087)</b>               | <b>(31 332)</b>                |
| Repayment of credit facilities and loans                                   | (89 949)                       | (23 216)                       |
| Redemption of short-term debt securities                                   | (20 000)                       |                                |
| Payment of liabilities under financial leases                              | (659)                          | ( 545)                         |
| Interest and charges paid  | (8 988)                        | (7 571)                        |
| Other expenditures   | (491)                          |                                |

|   |                |                |
|---|----------------|----------------|
| <b>Net cash flows from financial activity</b> | <b>30 500</b>  | <b>38 490</b>  |
| <b>Change in cash</b>                         | <b>(9 262)</b> | <b>(7 981)</b> |
| <i>Exchange differences</i>                   | (3)            | ( 97)          |
| <b>Cash at beginning of period</b>            | <b>50 023</b>  | <b>92 407</b>  |
| <b>Cash at end of period</b>                  | <b>40 758</b>  | <b>84 329</b>  |

## 8. Outline of Key Accounting Policies

### 8.1 Conformity Statement and Basis for Preparation of Consolidated Financial Statements

Condensed interim consolidated financial statement of Emperia Holding Capital Group has been prepared in accordance with International Accounting Standard ( "IAS") 34 - Interim Financial Reporting ( "IAS 34") and in accordance with relevant accounting standards applicable to interim financial reporting adopted by the European Union, published and in force at the time of preparation of interim consolidated financial statement.

These consolidated statements have been prepared on a historical-cost basis, with the exception of financial assets, which are reported at fair value.

The Management Board of Emperia Holding S.A. approves these consolidated financial statements on the date of signing them.

The attached consolidated financial statements present in a reliable manner the financial standing of the Group, its financial performance and cash flows.

### 8.2 Functional Currency

PLN is the functional currency and the currency of presentation for all the items of the consolidated financial statements. All the figures in the financial statements and in the explanatory notes are reported in PLN 000s (unless indicated otherwise).

The reporting in PLN 000s is due to rounding, and consequently total figures presented in these financial statements may not add up exactly to the sum to their individual components.

### 8.3 Application of standards and interpretations applicable from 1 January 2009

The following standards, amendments to existing standards and interpretations take effect in Capital Group from 1 January 2009:

#### a) IFRS 8 "Operating Segments"

IFRS 8 standard was issued by the International Accounting Standards Board on 30 November 2006 and applies to annual periods commencing on 1 January 2009 or after that date. IFRS 8 replaces IAS 14 "Segment Reporting". The standard sets forth new requirements with regard to segment information disclosures, as well as information disclosures on products and services, geographical area in which operations are conducted, and key customers. IFRS 8 calls for the "management approach" to the reporting of financial results for business segments.

#### b) IAS 23 "Borrowing Costs"

On 29 March 2007, the International Accounting Standards Board published the amended IAS 23. It refers to the accounting treatment for borrowing costs relating to assets that take a substantial period of time to get ready for sale. In the light of the amended IAS 23 under such circumstances the costs incurred are subject to capitalisation (before the amendment they were reported directly in the profit and loss account). It applies to annual periods commencing on 1 January 2009 or after that date.

**c) Amendments to IAS 1 „Presentation of financial statements”**

The amendments to IAS 1 were issued on 6 September 2007 and will apply to annual periods commencing on 1 January 2009 and after that date. The amendments relate to changes of the terminology and changes to the presentation of financial statements – total income statement.

**d) Amendments to IFRS 2 „ Payment in form of share-based, vesting conditions and cancellation “**

The amendments to IFRS 2 were issued on 17 January 2008 and will apply to annual periods commencing on 1 January 2009 and after that date. The amendments to IFRS 2 add details to the definition of conditions for vesting rights and provide the settlement method in the event the share-based payment agreement is cancelled by the parties.

**e) Amendments to IAS 32 „ Financial instruments: Presentation” and IAS 1 „Presentation of financial statements”**

The amendments to IAS 1 were issued on 14 February 2008 and will apply to annual periods commencing on 1 January 2009 and after that date. The modifications relate to classification of financial instruments z with a put option and the obligations arising only at the time of liquidation.

**f) Corrections of IFRS 2008**

In May 2008, the International Accounting Standards Board published corrections amending 20 effective standards. The majority of the amendments will apply to annual periods commencing on 1 January 2009 and after that date.. amendments include changes in presentation, allocating and including changes in terminology and editing.

**g) Amendments to IFRS 1 „ First application of IFRS” and IAS 27 „Consolidated and Stand Alone financial statements”**

The amendments to the standards were issued on 22 May 2008 and will apply to annual periods commencing on 1 January 2009 and after that date. The amendments relate to the valuation of investment costs in subsidiaries, jointly-controlled entities and associated entities using IFRS for the first time and eliminate concerns relating to the requirement to retrospectively establish costs and apply the cost-based method under IAS 27, which under certain circumstances required excessive effort on the part of entities applying IFRS for the first time as well as producing unnecessary costs.

**h) IFRIC 14 – IAS 19 “The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”**

IFRIC 14 interpretation was issued by the International Financial Reporting Interpretations Committee on 9 July 2007. The interpretation specifies guidelines for identification of assets of specific employee benefit programmes, requirements of minimum funding, and their interaction. The interpretation applies to annual periods commencing on 1 January 2008 or after that date.

In the Group’s opinion adopting the above new standards and interpretations, with exception of IAS 1 and IFRS 8, will not affect materially on the Interim Condensed Consolidated Financial Statements for the first half of 2009.

Impact of changes in Financial Statement is as follows:

Revised IAS 1 Presentation of Financial Statements

Changes mainly concerned of names and basic elements of financial statement ie.

- till 31December 2008 „Balance Sheet” from 1 January 2009 „ Statement of financial position”

- till 31December 2008 „Profit and Loss Account” from 1 January 2009 „Profit and Loss Account” and „ Statement of comprehensive income”.

- till 31December 2008 „ Statement of Changes in Equity Capital” from 1 January 2009 „Report of Changes in Equity”.

- till 31December 2008. „Cash flow Statement” from 1 January 2009 „Report of cash flows”.



## **8.4 Published standards and interpretations, which have not entered into force to date of publication of these Financial Statements**

### **a) Amendments to IAS 39 „Financial Instruments: „Recognition and Measurement” – „Criteria for recognition as a hedged item”**

The amendments to IAS 39 will apply to annual periods commencing on 1 July 2009 and after that date. The amendments relate to the criteria for recognising an item as a hedged item. Two issues that relate to hedge accounting were clarified: recognition of inflation as a risk subject to hedging and hedge in the form of an option. The standard has not as yet been adopted by the European Union.

### **b) Amendments to IAS 39 „Financial Instruments: „Recognition and Measurement, „Reclassification of financial instruments: „Effective date and transitional provisions” and Amendments to IFRS 7 „Financial Instruments: Disclosures ”**

The amendments to IAS 39 will apply to annual periods commencing on 1 July 2009 and after that date. Changes allow the reclassification of certain financial assets of non-derivative in accordance with IAS 39. The standard has not as yet been adopted by the European Union.

### **c) Amendments to IAS 39 „Financial Instruments: „Recognition and Measurement,, „Embedded derivatives' and amendments to IFRIC 9**

The amendments to IAS 39 will apply to annual periods commencing on 1 July 2009 and after that date, change specifies that embedded in a debt base instrument option of early repayment should not be recognized separately as an embedded derivative if the penalty payments are so designed, to compensate lender for lost interest for the remaining part of base contract. The standard has not as yet been adopted by the European Union.

### **d) IFRIC 17 "The division of non-monetary assets between the owners "**

Interpretation was issued on 27 November apply to annual periods commencing on 1 July 2009 and after that date. Interpretation sets out guidelines to accounting division of non-monetary assets between shareholders : when should be recognized as a payable dividend, how to measure it, how to treat the differences between the carrying value of shared assets, and the carrying amount of payable dividends in its settlement. This interpretation has not as yet been adopted by the European Union

### **e) IFRIC 18 "The transfer of assets from the customer"**

Interpretation was issued on 29 January 2009 will apply to annual periods commencing on 1 July 2009 and after that date. Interpretation will apply mainly to the utilities sector. Interpretation sets out guidelines to include the assets received from the customer, that will be used to connect client to network or to provide customer service with use of transferred assets. This interpretation has not as yet been adopted by the European Union

### **f) Amendments to IFRS 5 „Non-current assets held for sale and Discontinued Operations”**

The amendments to IFRS 5 will apply to annual periods commencing on 1 July 2009 and after that date. Changes relate to classification of assets and liabilities of the subsidiary as a result of the sale, of which is linked to loss of control over subsidiary and presentation of discontinued operations in case of decision of sale , implying a loss of control over the enterprise.

### **g) Amendments to IFRS 1 „Applying IFRS for the first time”**

Amendments to IFRS 1 will apply to annual periods commencing on 1 January 2009 and after that date. Revision does not introduce any substantive changes. The purpose of amendment is to improve structure of standard, simplify and facilitate receipt of the standard through the reorganization of its contents and transfer most of the exceptions and exemptions to the annexes. The standard has not as yet been adopted by the European Union.

### **h) Amendments to IFRS 2 „Own-share payment”**

The amendments to IFRS 2 will apply to annual periods commencing on 1 January 2009 and after that date. Changes made to the standard, are relate to transactions in form of shares within the Group, settled in cash . Changes determinant the accounting treatment of group-based payment transactions in the form of share settled in cash , In the reports of these units. The standard has not as yet been adopted by the European Union.

**i) Revised IFRS 3 "Business Combinations"**

Revised IFRS 3 has been published by the International Accounting Standards Board on 10 January 2008 and replaces existing IFRS 3. The introduction of standard is associated with completion of second phase of convergence process, designed to approximate of international and American solution in a business combination, prepared by the IASB and the U.S. Financial Accounting Standards Council. Standard provides detailed information on conduct and settlement of accounts of a business combination by purchase method. Standard will apply to annual periods commencing on 1 July 2009 and after that date and will apply in the case of business combinations occurring after that date.

**j) Revised IAS 27, "Consolidated and Separate Financial Statements"**

Revised IAS 27 has been published on 10 January 2008 will apply to annual periods commencing on 1 July 2009 and after that date. The revised standard requires recognition of changes in shares of subsidiary as a capital transaction, also changes the way of recognition losses incurred by the subsidiary, exceeding the value of investments as well as the recognition of loss of control of subsidiary. Changes should be applied prospectively, so they will affect on future purchases and transactions with minority shareholders.

**k) Amendments to IFRS 2009**

International Accounting Standards Board issued 15 amendments to 12 existing standards. Most of the changes will be apply for annual periods commencing on 1 January 2010 and after that date

**l) IFRS for small and medium-sized enterprises**

On 9 July 2009 the International Financial Reporting Standards published standard dedicated to small and medium-sized enterprises. This standard contains the principles and issues, which are important for small business, simplifying the requirements and reducing the number of disclosures contained in full version of standards. Its requirements are tailored to the needs and capabilities of small and medium-sized enterprises. This standard does not apply to the Group financial statements

**m) Revised IFRS 1 "First time application of IFRS"**

On 23 July 2009, the International Accounting Standards Board has published „The additional exemption for applying IFRS for the first time” as amendments to IFRS 1 "First time application of IFRS". The amendment does not substantially alter, its aim is to establish additional exemptions at transition to IFRS at the: a) retrospective application of IFRS for oil and gas resources and b) reassessment of existing leases in accordance with IFRIC 4, where application of national rules leads to the same results. The amendments to IFRS 1 will apply to annual periods commencing on 1 January 2010 and after that date and will have no impact on the financial statements of the Group.

**n)** From among standards and interpretations only updated standards: IFRS 3 "Business Combinations" and Revised IAS 27 "Consolidated and Separate Financial Statements" have been approved for use by European Union.

Group analyze consequences and impact of the above-mentioned and interpretation for future financial statements, however, estimates that the application of these standards and interpretations will have no significant impact on financial statements during the period of their initial application

## **8.5 Basic principles of accounting**

With exception of changes described in section 11 accounting principles adopted in preparation of interim condensed consolidated financial statements are consistent with principles described in consolidated financial statements of Emperia Holding Capital Group drawn up with IFRS for the year ended on 31 December 2008.

## 8.6 Segment Reporting

IFRS 8 Operating Segments published by the International Accounting Standards Board on 30 November 2006, replaces IAS 14 Reporting of business segments and is apply to annual periods commencing on 1 January 2009 and after that date.

In process of standard implementing analyzed model of management of Capital Group, reporting system functioning in Capital Group and economic characteristics of its units. The analysis has not demonstrated the need of changes in current operating segments division , which is used for internal and external reporting.

The following business segments are distinguished within the Group:

- 1 **The wholesale business** (Wholesale Segment) pursued by the following subsidiaries: BOS S.A., DLS S.A., Sygel-Jool S.A., DEF Sp. z o.o., Ambra Sp. z o.o., Tradis Sp. z o.o., involving wholesale distribution of goods and provision of related goods-distribution services;
- 2 **The retail business** (Retail Segment) comprised of the entire operations of the following subsidiaries: Stokrotka Sp. z o.o., Detal Koncept Sp. z o.o., Lewiatan Podlasie Sp. z o.o., Maro Markety Sp. z o.o., Spółem Tychy Sp. z o.o., Euro Sklep S.A. involving retail distribution and provision of related retail-distribution services;
- 3 **Other Segments** includes the entire holding operation of the Issuer's Company and the operations of the other subsidiaries: Elpro Sp. z o.o., Express Podlaski Sp. z o.o., Sydo Sp. z o.o. and Projekt Elpro 2 Sp. z o.o. (previously Alpaga-Xema Sp. z o.o.) – render development services and property management services, Infinite Sp. z o.o., Emperia Info Sp. z o.o. – IT services and PSD S.A., which render services of specialized trade mediation. Given the material consolidation exclusions and the overall limited significance (segment does not meet any of the verge thresholds provided for under IFRS 8) these are reported as a single item.

From I quarter of 2009 due to change of object of activity: Express Podlaski Sp. z o.o., Sydo Sp. z o.o. and Projekt Elpro 2 Sp. z o.o. (former name Alpaga-Xema Sp. z o.o.) have been allocated to operating segment - Other . Since 2009 companies render services related to real property management.

The Group applies unified accounting policies for all the segments. Business transactions between segments are on free-market conditions; any such transactions are subject to exclusion in the consolidated financial statements.

### Information of regarding the Group's business segments in first half of 2009

|   | Wholesale   | Retail    | Other    | Consolidation exemptions | Total       |
|---|-------------|-----------|----------|--------------------------|-------------|
| Sale  | 2 220 873   | 831 464   | 51 779   | 419 740                  | 2 684 376   |
| Segment revenues (from external clients/customers)                | 1 853 494   | 822 628   | 8 254    |                          | 2 684 376   |
| Segment revenues (from other segments)                            | 367 379     | 8 836     | 43 525   | 419 740                  |             |
| Segment total costs   | (2 195 546) | (829 998) | (42 746) | (421 244)                | (2 647 046) |
| Result on other operations  | 4 167       | 873       | 16 735   | 1 762                    | 20 013      |
| Result on financial operations                                    | 11 532      | (3 355)   | 38 421   | 59 836                   | (13 238)    |
| Profit before tax   | 41 026      | (1 016)   | 64 189   | 60 094                   | 44 105      |
| Income tax  | (6 393)     | (1 497)   | (4 880)  | 36                       | (12 806)    |
| Share in financial result entities valued using the equity method |             |           | 309      |                          | 309         |
| Profit of the period  | 34 633      | (2 513)   | 59 618   | 60 130                   | 31 608      |

|                             | Wholesale | Retail  | Other   | Consolidation Exclusions | Total     |
|-----------------------------|-----------|---------|---------|--------------------------|-----------|
| Segment assets/ liabilities | 1 612 168 | 441 901 | 861 135 | 1 052 809                | 1 862 395 |

|                    | Wholesale | Retail   | Other    | Consolidation Exclusions | Total    |
|--------------------|-----------|----------|----------|--------------------------|----------|
| Investment outlays | (38 445)  | (35 893) | (39 069) | (26 001)                 | (87 406) |
| Depreciation       | (11 265)  | (13 831) | (5 975)  | (366)                    | (30 705) |

### Sales revenues of Capital Group from external customers in division for geographical areas

Sales revenues are derived in Poland (location of final recipients).

### Main clients

Total number of customers of Emperia Holding Capital Group is scattered. None of clients of Group does not have dominant position, does not exceed 10% of sales.

### Information of regarding the Group's business segments in first half of 2008

|  | Wholesale   | Retail    | Other    | Consolidation Exclusions | Total       |
|--|-------------|-----------|----------|--------------------------|-------------|
| Segment total revenues                             | 2 197 314   | 702 802   | 53 798   | 368 770                  | 2 585 144   |
| Segment revenues (from external clients/customers) | 1 867 260   | 694 739   | 23 145   |                          | 2 585 144   |
| Segment revenues (from other segments)             | 330 054     | 8 063     | 30 653   | 368 770                  |             |
| Segment total costs                                | (2 156 877) | (695 212) | (49 843) | (366 483)                | (2 535 449) |
| Result on other operations                         | 6 076       | 3 135     | 1 458    | 6 110                    | 4 559       |
| Result on financial operations                     | (5 025)     | (2 074)   | (4 520)  | (5 886)                  | (5 733)     |
| Profit before tax                                  | 41 488      | 8 651     | 893      | 2 511                    | 48 521      |
| Income tax   | (9 785)     | (1 904)   | (1 107)  | 107                      | (12 903)    |
| Profit of the period                               | 31 703      | 6 747     | (214)    | 2 618                    | 35 618      |

|                             | Wholesale | Retail  | Other   | Consolidation Exclusions | Total     |
|-----------------------------|-----------|---------|---------|--------------------------|-----------|
| Segment assets/ liabilities | 1 145 596 | 337 174 | 741 584 | 611 787                  | 1 612 567 |

|                    | Wholesale | Retail   | Other    | Consolidation Exclusions | Total    |
|--------------------|-----------|----------|----------|--------------------------|----------|
| Investment outlays | (20 503)  | (22 499) | (28 671) | (11 017)                 | (60 656) |

## 8.7 Mergers, purchase and sale of shares of subsidiaries and other increases of capital in the enterprises

### 8.7.1 Acquisition of shares in subsidiaries and other

#### a) Purchase of Shares in Ambra Sp. z o.o. in Czechowice-Dziedzice.

|   |  |
|---|--|
| <b>Entity name and registered address</b>   | <b>Ambra Sp. z o.o.</b><br>43-502 Czechowice-Dziedzice, ul. Hutnicza 7 |
| <b>Main objects of business</b>             | wholesale trade in household chemistry articles and cosmetics          |
| <b>Date of acquiring control</b>            | 11 March 2009  |
| <b>Number and percentage of held shares</b> | 16 000 shares, 100,00% percent of shares                               |
| <b>Cost of purchasing</b>                   | PLN 8 114 000  |

#### Settlement of a business combination

Elements of the purchasing price :

|  |              |
|--|--------------|
| Cash   | 8 000        |
| Tax on civil law transactions                  | 80           |
| Due diligence                                  | 33           |
| remaining costs connected with the transaction | 1            |
| <b>Total cost of purchasing</b>                | <b>8 114</b> |

#### Purchased net assets

|  | Fair value<br>11.03.2009 | Book<br>value<br>11.03.2009<br>(IAS) | Corrections   | Book<br>value<br>11.03.2009<br>(PAS) |
|--|--------------------------|--------------------------------------|---------------|--------------------------------------|
| <b>Fixed assets</b>                                | <b>8 525</b>             | <b>8 525</b>                         | <b>-4 041</b> | <b>12 566</b>                        |
| Tangible fixed assets                              | 7 484                    | 7 484                                |               | 7 484                                |
| Intangible assets                                  | 28                       | 28                                   | -4 943        | 4 971                                |
| Deferred income tax assets                         | 1 013                    | 1 013                                | 902           | 111                                  |
| <b>Current Assets</b>                              | <b>23 530</b>            | <b>23 530</b>                        | <b>-12</b>    | <b>23 542</b>                        |
| Stock  | 8 132                    | 8 132                                |               | 8 132                                |
| Receivables  | 14 921                   | 14 921                               |               | 14 921                               |
| Income tax withholding                             | 13                       | 13                                   |               | 13                                   |
| Prepaid expenses                                   | 62                       | 62                                   |               | 62                                   |
| Cash   | 402                      | 402                                  | -12           | 414                                  |
| <b>Long-term liabilities</b>                       | <b>3 141</b>             | <b>3 141</b>                         | <b>-230</b>   | <b>3 371</b>                         |
| Credit facilities, loans and debt securities       | 2 056                    | 2 056                                |               | 2 056                                |
| Long-term liabilities                              | 820                      | 820                                  |               | 820                                  |
| Provisions   | 62                       | 62                                   |               | 62                                   |
| Provision against deferred income tax              | 203                      | 203                                  | -230          | 433                                  |
| <b>Short-term liabilities</b>                      | <b>22 891</b>            | <b>22 891</b>                        | <b>-12</b>    | <b>22 903</b>                        |
| Credit facilities, loans and debt securities       | 7 764                    | 7 764                                |               | 7 764                                |
| Short-term liabilities                             | 15 001                   | 15 001                               | -12           | 15 013                               |
| Income tax liabilities                             | 126                      | 126                                  |               | 126                                  |
| <b>Net assets</b>                                  | <b>6 023</b>             | <b>6 023</b>                         | <b>-3 811</b> | <b>9 834</b>                         |
| <b>Net assets allocated to acquired share 100%</b> | <b>6 023</b>             |                                      |               |                                      |
| <b>Cost of purchasing</b>                          | <b>8 114</b>             |                                      |               |                                      |
| <b>Goodwill at the date of acquiring control</b>   | <b>2 091</b>             |                                      |               |                                      |

### Goodwill

Goodwill on acquisition date as a result of preliminary settlement is PLN 2 091 000. Goodwill includes intellectual capital, agreements with customers and related with them customer relationships, however due to the lack of opportunities to reliable estimate of their fair value, Company departed from their identification as a separate intangible asset in the settlement of merger. In accordance with IFRS 3 point 61, acquirer recognizes correction of estimates value resulting from completion of initial settlement within 12 months from date of acquisition.

#### **b) Purchase of shares in Przedsiębiorstwo Handlowe „Centrum - Społem” Sp. z o.o. in Sanok.**

On 5 January 2009 Stokrotka Sp. z o.o. (Stokrotka) acquired 100 percent of shares in a Polish limited liability company, Przedsiębiorstwo Handlowe „Centrum - Społem” Sp. z o.o. (“Company”) having its registered office in Sanok. Stokrotka acquired from a Polish joint-stock company, FRAC S.A. having its registered office in Rzeszów (“FRAC”), being a shareholder of the Company, 5,013 shares of the nominal value of PLN 100 each, representing 55.13 percent of the share capital, carrying a right to 55.13 percent of votes at the general meeting of shareholders, and from a retail cooperative, Powszechna Spółdzielnia Spożywców having its registered office in Sanok (“PSS”), being a shareholder of the Company, 4,080 shares of the nominal value of PLN 100 each, representing 44.87 percent of the share capital, carrying a right to 44.87 percent of votes at the general meeting of shareholders. In aggregate, the Company acquired from the above entities 9,093 shares of the nominal value of PLN 100 each, representing 100 percent of the share capital, carrying a right to 100 percent of votes at the general meeting of shareholders.

Following the above acquisition, Emperia holds—either directly or indirectly through its subsidiaries—100 percent of the Company’s share capital, carrying a right to 100 percent of votes at the general meeting of shareholders.

The interest has been acquired for the total amount of PLN 5.6 million. Przedsiębiorstwo Handlowe „Centrum-Społem” Sp. z o.o. is a food and manufactured retailer. In 2008, the revenues of the Company are estimated at over PLN 12 million.

On April 1, the acquired company was merged with Stokrotka Sp. z o.o.

#### **c) Subsequent acquisition of shares in Lewiatan Śląsk Sp. z o.o. in Sosnowiec.**

On 7 January 2009 Emperia Holding acquired 10 shares in a Polish limited liability company Lewiatan Śląsk Sp. z o.o. having its registered office in Sosnowiec, which—alongside the previously held shares by subsidiary Sygel-Jool S.A. carrying a right to 86,76 percent of votes at the general meeting of shareholders and representing 86,76 percent of the share capital Lewiatan Śląsk Sp. z o.o.

On 9 January 2009 Emperia Holding acquired subsequent 7 shares in a Polish limited liability company Lewiatan Śląsk Sp. z o.o. having its registered office in Sosnowiec, which—alongside the previously held shares by subsidiary Sygel-Jool S.A. carrying a right to 97,06 percent of votes at the general meeting of shareholders and representing 97,06 percent of the share capital Lewiatan Śląsk Sp. z o.o.

On 13 February 2009 Emperia Holding acquired 1 share in a Polish limited liability company Lewiatan Śląsk Sp. z o.o. having its registered office in Sosnowiec, which—alongside the previously held shares by subsidiary Sygel-Jool S.A. carrying a right to 98,53% percent of votes at the general meeting of shareholders and representing 98,53 percent of the share capital Lewiatan Śląsk Sp. z o.o.

#### **d) Subscription for and acquisition of shares in newly-established Company Lewiatan Północ Sp. z o.o. in Gdansk.**

On 9 January 2009, Emperia embraced the new issue of shares in a newly-established Polish limited liability company in organization, Lewiatan Północ Sp. z o.o. (“Company”). Emperia Holding S.A. acquired 600 shares of the nominal value of PLN 500 each, of the total nominal value of PLN 300,000 (three hundred thousand zloty). The subscription was covered by a cash contribution of PLN 300,000 (three hundred thousand zloty). The shares

subscribed for and acquired represent 100 percent of the share capital of Lewiatan Północ Sp. z o.o. and carry a right to 100 votes (100%) at the Company's general meeting.

The Company's business comprises the organization and management of an FMCG franchise of retail outlets.

New company organize activities of over 150 franchise outlets with a total sales area of 15 ths sq<sup>2</sup>. Set up of Lewiatan Północ Sp. z o.o. is implementation of development strategies of Emperia Group, based on active consolidation of the retail and wholesale in Poland.

**e) Subsequent acquisition of shares in Związek Kupców i Producentów Lewiatan 94 Holding S.A. in Włocławek.**

On 27 January 2009 Emperia Holding acquired 93 202 shares in ZKiP Lewiatan 94 Holding S.A. in Włocławek, which—alongside the previously held shares carrying a right to 39,33 of voting power at the general meeting of shareholders and representing 25,92 percent of the share capital ZKiP Lewiatan 94 Holding S.A. Emperia Holding S.A. directly and indirectly by subsidiaries hold 56,81 22 percent of the share capital ZKiP Lewiatan 94 Holding S.A. carrying a right to 63,25 percent of voting power at the general meeting of shareholders.

**f) Subsequent acquisition of shares Polish limited liability company Społem Tychy Sp. z o.o. In Tychy.**

On February 2009 Emperia Holding S.A. acquired 4 676 shares in a Społem Tychy Sp. z o.o. having its registered seat in Tychy, which—alongside the previously held shares carrying a right to 99,22 percent of voting power at the general meeting of shareholders and representing 99,22 percent of the share capital Społem Tychy Sp. z o.o.

**g) Purchase of shares in Polish limited liability company Ambra Sp. z o.o. in Czechowice-Dziedzice**

On 11 March 2009 Emperia's subsidiary limited liability company, Tradis Sp. z o.o. ("Tradis"), acquired 100 percent of shares in a Polish limited liability company, Ambra Sp. z o.o. ("Company") having its registered seat in Czechowice-Dziedzice.

Tradis acquired from individuals-shareholders of the Company 16,000 shares of the nominal value PLN 500 each, representing 100 percent of the share capital and carrying 100 percent of voting power at the general meeting of shareholders.

The maximum aggregate price for the interest is PLN 8,000,000, with payment of PLN 500,000 being conditional upon the 2008 financial results of the Company, which are being audited.

On the balance sheet date, decision about paying an additional amount of PLN 500,000 has not been taken.

Ambra is the leader of the wholesale distribution of household chemistry products and cosmetics in the Slask, Opolszczyzna and Małopolska Regions of Poland. In 2008, the Company generated PLN 118,000,000 in sales revenues.

The acquisition of the interest in Ambra is financed with the purchaser's (Tradis) internal cash flows.

**h) Purchase of shares in Polish limited liability company Przedsiębiorstwo Handlowe Alfa Sp. z o.o. in Lublin**

On 10 April 2009 Emperia's subsidiary limited liability company, Stokrotka Sp. z o.o. has acquired 100 percent of shares in a Polish limited liability company, Przedsiębiorstwo Handlowe Alfa Sp. z o.o. ("Company") having its registered seat in Lublin.

Przedsiębiorstwo Handlowe Alfa Sp. z o.o. is a food product and manufactured product retailer. The Company operates 3 supermarkets in Lublin. In 2009, the revenues of the Company are projected to reach some PLN 36 million.

**i) Purchase of shares in "Lewiatan Dolny Śląsk" Sp. z o.o.**

On 29 May 2009 Emperia Holding S.A. acquired from indywidual 2 shares in a Polish limited liability company Lewiatan Dolny Śląsk Sp. z o.o. having its registered seat in Zgorzelec, which—alongside the previously held shares carrying a right to 100 percent of votes at the general meeting of shareholders and representing 100 percent of the share capital of Lewiatan Dolny Śląsk Sp. z o.o.

**j) Purchase of shares in "Lewiatan Opole" Sp. z o.o.**

On 4 June 2009 Maro Markety Sp. z o.o. acquired 380 shares in a Polish limited liability company Lewiatan Opole Sp. z o.o. having its registered seat in Opole, which—alongside the previously held shares carrying a right to 89,21 percent of votes at the general meeting of shareholders and representing 89,21 percent of the share capital of Lewiatan Opole Sp. z o.o.

**8.7.2. Internal Mergers within Emperia Holding Group and increase of share capitals in subsidiary**

**a) Merger of Stokrotka Sp. z o.o. and Centrum Sp. z o.o. with its seat in Bartoszyce.**

Following the acquisition by Emperia Holding S.A. of the newly issued shares in the increased initial capital of Stokrotka Sp. z o.o. in return for an in-kind contribution comprising an interest in Centrum Sp. z o.o., on 2 January 2009 a merger of both the companies, that is Stokrotka Sp. z o.o. with its seat in Lublin and Centrum Sp. z o.o. with its seat in Bartoszyce, was effected. On the same date Centrum outlets started operating as part of Stokrotka.

**b) Increase of share capital of Detal Koncept Sp. z o.o.**

On 20 January 2009, the Management Board of Emperia Holding S.A. received a decision of 12 January 2009 regarding the registration by the Regional Court in Lublin of the increased initial capital of a limited liability subsidiary, Detal Koncept Sp. z o.o. ("Company"). The capital was upped by PLN 10,000,000. Following the registration, the share capital of the Company comprises 28,606 shares of PLN 500 each, of the total value of PLN 14,303,000.

Emperia Holding SA holds 100 percent of shares in the initial capital of Detal Koncept Sp. z o.o. carrying 100 percent of votes at the general meeting of shareholders.

**c) Increase of initial capital in Stokrotka Sp. z o.o.**

On 27 January 2009, the Management Board of Emperia Holding S.A. received a decision of 20 January 2009 regarding the registration by the Regional Court in Lublin of the increased initial capital of a limited liability subsidiary, Stokrotka Sp. z o.o. ("Company"). The capital was upped by PLN 20,000,000. Following the registration, the initial capital of the Company comprises 82,653 shares of PLN 500 each, of the total value of PLN 41,326,500.

Emperia Holding S.A., either directly or through its subsidiaries, holds 100 percent of shares in the initial capital of Stokrotka Sp. z o.o. carrying 100 percent of votes at the general meeting of shareholders.

**d) Increase of share capital in Lewiatan Północ Sp. z o.o.**

On 26 February 2009 there was an increase of the share capital in its subsidiary Lewiatan Północ Sp. z o.o. by PLN 250 000. Emperia Holding S.A. acquired 500 shares of the nominal value of PLN 500 each. Emperia Holding S.A. holds 1 100 shares, representing 100 percent of Lewiatan Północ Sp. z o.o share capital. and carrying 100 percent of votes at the general meeting of shareholders. Increase of share capital was registered by the District Court Gdańsk-Północ on 10 March 2009.



**e) Increase of share capital of Tradis Sp. z o.o. subsidiary.**

Management Board of Emperia Holding SA is inform that on 23 April 2009 a subsidiary company BOS SA with its seat in Białystok acquired 19 432 newly issued shares of the nominal value of PLN 500 each in the increased share capital of Tradis Sp. z o.o., in exchange for an in-kind contribution:

- 6 085 000 shares of DLS S.A. with its seat in Płock of the nominal value of PLN 1 each and market value of PLN 47 991 000.
- 17 205 000 shares of Sygel-Jool S.A. with its seat in Częstochowa of the nominal value of PLN 100 each and market value of PLN 16 360 000.

On 13 May 2009 The Management Board of Emperia Holding S.A. received a decision of the District Court in Lublin of 5 May 2009 on the registration of increase of the share capital of Tradis ("Company") by PLN 9 716 000. Following the registration of the increase, the share capital of the Company comprises 159 632 shares of PLN 500 each, of the aggregate value of PLN 79 816 tys. PLN.

Upon completion of the transaction, Tradis became the owner of 100 percent of shares of DLS S.A. and Sygel-Jool S.A. The transaction is part of the process associated with the merger of the distribution companies described in paragraphs 9.2.20 a)

**f) Increase of share capital in Stokrotka Sp. z o.o.**

On 14 May 2009 there was increased of initial capital of a limited liability subsidiary Stokrotka Sp. z o.o. in amount of PLN 10 000 000. Following the registration, the initial capital of the Company comprises 102 653 shares of PLN 500 each, of the total value of PLN 51 326 500.

Emperia Holding S.A. acquired by cash contribution 20.000 shares of nominal value of PLN 500 each.

Emperia Holding S.A., either directly or through its subsidiaries, holds 100 percent of shares in the initial capital of Stokrotka Sp. z o.o. carrying 100 percent of votes at the general meeting of shareholders

**g) Acquisition by Emperia Holding S.A. newly established shares of Tradis Sp. z o.o. in exchange for a contribution in the form of shares in the subsidiary BOS SA**

On 14 May 2009 as a result of resolutions passed by the Extraordinary General Meeting of the subsidiary Tradis Sp. z o.o. - parent company Emperia acquired 68.894 newly established shares of nominal value of PLN 500 PLN each and emission value of PLN 3 916,25 each in the increased share capital of Tradis Sp. z o.o., for exchange bringing contribution in the form of 33.005 shares of subsidiary BOS S.A. (BOS) having its registered seat in Białymstok, of nominal value of PLN 100 each and market value of PLN 269 806 000. Following the operation Tradis became the owner of 100% of the share capital of BOS.

On 18 June 2009 District Court in Lublin registered increase of the share capital in Tradis Sp. z o.o. (Company) by PLN 34 447 000. Following the registration of the increase, the share capital of the Company comprises 228 526 shares of PLN 500 each, of the aggregate value of PLN 114 263 000.

Investment involving with acquisition shares of BOS by Tradis is the next step in process of integration of wholesale trade under the Emperia Capital Group. Integration process of distribution companies has been described in detail in note 9.2.20a.

**8.7.3.Sale of shares in subsidiaries and other**

**a) Sale of shares in subsidiary company Lewiatan Pomorze Sp. z o.o.**

On 27 January 2009 BOS SA subsidiary. sold to two individuals all their shares in the company Lewiatan Pomorze Sp. z o.o., ie 9.69% of the share capital, which carrying 9.69% of the votes at a general meeting of shareholders.

**b) Sale of shares in subsidiary company Arsenal" Sp. z o.o.**

|                                      |   |
|--------------------------------------|---|
| Name and address                     | <b>Arsenal Sp. z o.o., 15-399 Białystok, ul. Handlowa 5</b> |
| Main objects of business             | Food product wholesaling                                    |
| Date of acquiring control            | 1 January 2007  |
| Date of loss control                 | 30 June 2009  |
| Number and percentage of held shares | 16 000 shares 100,00% shares                                |
| Remuneration for sale                | PLN 17 863 000  |

On 26 June 2009 BOS SA joint-stock subsidiary sold 100% share in share capital of Arsenal Sp. z o.o. with its seat in Białystok. BOS SA joint-stock subsidiary sold to individuals (new shareholders) 100 percent shares of Company, representing 100percent of the share capital and 100 percent of the votes at the general meeting of shareholders. As a result of this transaction Arsenal Sp. z oo have been excluded from composition of Emperia Holding Capital Group.

Under terms of the transaction:

1. BOS SA received total remuneration in amount of PLN 17 863 000
2. BOS S.A. granted a loan for Arsenal Sp. z o.o. in amount of PLN 19 000 000 (at 30 June 2009 receivable of BOS S.A. under the granted loan is PLN 15 000 000)
3. BOS S.A. passed a resolution to increase the share capital of Arsenal Sp. z o.o. by amount of PLN 5 460 000; newly established shares was acquired by new shareholders; who contributed their money (PLN 3 000 000) and contribution in kind (PLN 2 460 000)

**Elements of sales price:**

|   |               |
|---|---------------|
| Cash received from individuals for disposal of 621 shares   | 95            |
| Remuneration for BOS SA from Arsenal Sp. z oo. for disposal of 71.755 shares to redemption  | 10 962        |
| Dividend for BOS SA from Arsenal Sp. z o.o. from profit for 2008 and previous years (prior to acquisition of control by Emperia Holding SA) | 6 806         |
| <b>Total</b>  | <b>17 863</b> |

**Net assets in the subsidiary at time of sale**

|   | Net assets at<br>30.06.2009<br>before payment of<br>dividends and purchase<br>of own shares for<br>amortization | Net assets at<br>30.06.2009<br>after payment of<br>dividends and<br>purchase of own<br>shares for<br>amortization | Net assets at<br>30.06.2009<br>after increase of<br>capital by new<br>shareholders |
|---|---|---|--|
| <b>Fixed assets</b>                               | <b>661</b>  | <b>661</b>  | <b>3 121</b>   |
| Tangible fixed assets                             | 352   | 352   | 352  |
| Financial assets - annual to capital increase     | 0   |   | 2 460  |
| Deferred income tax assets                        | 309   | 309   | 309  |
| <b>Current Assets</b>                             | <b>53 440</b>   | <b>35 672</b>   | <b>38 672</b>  |
| Stock   | 3 927   | 3 927   | 3 927  |
| Short-term receivables, including:                | 49 022  | 31 254  | 31 254   |
| - cash provided by sale of shares for redemption  | 10 962  | 0   | 0  |
| - cash transferred to pay dividend at day of sale | 6 806   | 0   | 0  |
| Prepaid expenses                                  | 36  | 36  | 36   |
| Cash  | 455   | 455   | 455  |
| Cash from increase of capital                     |   | 0   | 3 000  |

|   |                 |                |                |
|---|-----------------|----------------|----------------|
| <b>Long-term liabilities</b>  | <b>17 159</b>   | <b>17 159</b>  | <b>17 159</b>  |
| Credit facilities, loans, debt securities and other financial liabilities | 17 063          | 17 063         | 17 063         |
| - including loan from BOS SA  | 15 000          | 15 000         | 15 000         |
| Provisions  | 7               | 7              | 7              |
| Provision against deferred income tax                                     | 89              | 89             | 89             |
| <b>Short-term liabilities</b>   | <b>18 014</b>   | <b>18 014</b>  | <b>18 014</b>  |
| Credit facilities, loans and debt securities                              | 1 367           | 1 367          | 1 367          |
| Short-term liabilities  | 16 484          | 16 484         | 16 484         |
| Income tax liabilities  | 112             | 112            | 112            |
| Provisions  | 51              | 51             | 51             |
| <b>Net Assets</b>   | <b>(18 928)</b> | <b>(1 160)</b> | <b>(6 620)</b> |

|  |                |
|--|----------------|
| Price of selling   | 17 863         |
| Net Assets   | (18 928)       |
| Goodwill attributable to sold subsidiary *                                 | (3 124)        |
| <b>Result on transaction included in consolidated financial statements</b> | <b>(4 189)</b> |

\* Sold entity entered along with other units in the composition of a cash-generating unit. Therefore, goodwill of disposed subsidiary was established on the basis of the relative value of disposed activities, in proportion to the retained part of cash-generating unit.

**8.7.4. Merger, acquisition and sale of shares, increases capital in business units after the balance sheet date.**

The mergers and initial capital increases in businesses effected after the balance sheet date are outlined in Note 9.2.20.

## 9. Additional Explanatory Notes and Other Important Information and Events.

### 9.1 Additional explanatory notes

#### 9.1.1 NET SALES OF PRODUCTS

| NET SALES OF PRODUCTS (by type of products) | 6 months ended 30<br>June 2009 | 6 months ended 30<br>June 2008 |
|---|--------------------------------|--------------------------------|
| Sales of services                           | 65 076                         | 44 556                         |
| - including to related entities             | 663                            | 18                             |
| <b>Total net sales of products</b>          | <b>65 076</b>                  | <b>44 556</b>                  |
| - including to related entities             | 663                            | 18                             |

| NET SALES OF PRODUCTS (by geographic area) | 6 months ended 30<br>June 2009 | 6 months ended 30<br>June 2009 |
|--|--------------------------------|--------------------------------|
| Domestic                                   | 64 720                         | 43 893                         |
| - including to related entities            | 663                            | 18                             |
| Export                                     | 356                            | 663                            |
| - including to related entities            |                                |                                |
| <b>Total net sales of products</b>         | <b>65 076</b>                  | <b>44 556</b>                  |
| - including to related entities            | 663                            | 18                             |

#### 9.1.2 NET SALES OF MERCHANDISES AND MATERIALS

| NET SALES OF MERCHANDISES AND MATERIALS (by type of activity) | 6 months ended 30<br>June 2009 | 6 months ended 30<br>June 2008 |
|---|--------------------------------|--------------------------------|
| Sales of merchandises and materials                           | 2 619 300                      | 2 540 588                      |
| - including to related entities                               | 4 648                          | 314                            |
| <b>Sales of merchandises and materials</b>                    | <b>2 619 300</b>               | <b>2 540 588</b>               |
| - including to related entities                               | 4 648                          | 314                            |

| NET SALES OF MERCHANDISES AND MATERIALS (by geographic area) | 6 months ended 30<br>June 2009 | 6 months ended 30<br>June 2008 |
|--|--------------------------------|--------------------------------|
| Domestic   | 2 560 194                      | 2 482 585                      |
| - including to related entities                              | 4 648                          | 314                            |
| Export   | 59 106                         | 58 003                         |
| - including to related entities                              |                                |                                |
| <b>Total net sales of merchandise and materials</b>          | <b>2 619 300</b>               | <b>2 540 588</b>               |
| - including to related entities                              | 4 648                          | 314                            |

### 9.1.3 NON OPERATING INCOME

| NON OPERATING INCOME                                   | 6 months ended 30<br>June 2009 | 6 months ended 30<br>June 2008 |
|--|--------------------------------|--------------------------------|
| Profit from the disposal of non-financial fixed assets | 17 347                         | 3 923                          |
| Revaluation of non-financial assets                    | 1 815                          | 654                            |
| Other non operating income                             | 5 730                          | 6 368                          |
| <b>Total non operating income</b>                      | <b>24 892</b>                  | <b>10 945</b>                  |

#### Revaluation of non-financial assets

|  |              |            |
|--|--------------|------------|
| Creating of write-offs – fixed assets            |              |            |
| Reversal of write-offs – fixed assets            | 6            | 160        |
| Creating of write-offs - receivables             | (1 580)      | (1 362)    |
| Reversal of write-offs - receivables             | 3 389        | 1 856      |
| <b>Total revaluation of non-financial assets</b> | <b>1 815</b> | <b>654</b> |

#### OTHER NON OPERATING INCOME

|  | 6 months ended 30<br>June 2009 | 6 months ended 30<br>June 2008 |
|--|--------------------------------|--------------------------------|
| Received penalties                           | 40                             | 1 318                          |
| Compensation of vehicle damages              | 726                            | 634                            |
| Compensation of fixed assets damages         | 233                            | 237                            |
| Overdue trade payables                       | 1 481                          | 3                              |
| Property rental income                       | 887                            | 63                             |
| Court proceedings costs                      | 149                            | 148                            |
| Reversal of write-offs receivable, stock     |                                | 707                            |
| Costs of re-invoice                          | 3                              | 266                            |
| Employees salaries refund                    | 17                             | 7                              |
| Donations in kind                            | 378                            | 698                            |
| Deposits written off                         | 162                            |                                |
| Other operating income in acquired companies | 16                             |                                |
| Other  | 1 638                          | 2 287                          |
| <b>Total other non operating income</b>      | <b>5 730</b>                   | <b>6 368</b>                   |

### 9.1.4 COST BY KIND

| COST BY KIND                                | 6 months ended 30<br>June 2009 | 6 months ended 30<br>June 2008 |
|---|--------------------------------|--------------------------------|
| depreciation and amortization               | (30 705)                       | (24 821)                       |
| materials and energy                        | (56 875)                       | (41 700)                       |
| external services                           | (116 071)                      | (106 516)                      |
| payroll                                     | (177 617)                      | (152 432)                      |
| social security and other employee benefits | (37 751)                       | (32 771)                       |

|  |                  |                  |
|--|------------------|------------------|
| taxes and charges                        | (9 445)          | (7 907)          |
| other costs                              | (5 936)          | (6 187)          |
| <b>Total cost by kind of expenditure</b> | <b>(434 400)</b> | <b>(372 334)</b> |
| Sales costs                              | (343 104)        | (298 265)        |
| Overhead costs                           | (46 961)         | (43 051)         |
| Cost of products sold                    | (42 673)         | (29 003)         |
| Cost of manufactured computer software   | (1 662)          | (2 015)          |

| <b>Payroll</b>                | <b>6 months ended 30<br/>June 2009</b> | <b>6 months ended 30<br/>June 2008</b> |
|-------------------------------|--|--|
| salary                        | (177 617)                              | (152 432)                              |
| social security               | (30 663)                               | (25 539)                               |
| company's social benefit fund | (4 006)                                | (3 689)                                |
| personnel training            | (463)                                  | (1 138)                                |
| other                         | (2 619)                                | (2 405)                                |
| <b>Total payroll</b>          | <b>(215 368)</b>                       | <b>(185 203)</b>                       |

| <b>Salaries of entity authorized to audit financial statements</b> | <b>First half of 2009</b> | <b>First half of 2008</b> |
|--|---------------------------|---------------------------|
| Audit and review of financial statements                           | (308)                     | (353)                     |
| Due diligence  |                           | (11)                      |
| Tax consultancy  | (15)                      | (25)                      |
| Services related to issue of shares                                |                           |                           |
| Expertise and other services                                       |                           | (17)                      |
| <b>Total</b>   | <b>(323)</b>              | <b>(406)</b>              |

### 9.1.5 NON OPERATING EXPENSES

| <b>NON OPERATING EXPENSES</b>                    | <b>6 months ended 30<br/>June 2009</b> | <b>6 months ended 30<br/>June 2008</b> |
|--|--|--|
| Loss from the sale of non-financial fixed assets |  |  |
| Revaluation of non-financial assets              | (1 635)                                | (2 026)                                |
| Other non operating expenses                     | (3 244)                                | (4 360)                                |
| <b>Total non operating expenses</b>              | <b>(4 879)</b>                         | <b>(6 386)</b>                         |

| <b>Revaluation of non-financial assets</b>       | <b>6 months ended 30<br/>June 2009</b> | <b>6 months ended 30<br/>June 2008</b> |
|--|--|--|
| Creating of write-offs – fixed assets            | (143)                                  | (464)                                  |
| Reversal of write-offs – fixed assets            | 38                                     | 357                                    |
| Creating of write-offs - receivable              | (2 695)                                | (2 648)                                |
| Reversal of write-offs - receivable              | 1 166                                  | 729                                    |
| <b>Total revaluation of non-financial assets</b> | <b>(1 635)</b>                         | <b>(2 026)</b>                         |

| <b>Other non operating expenses</b>       | <b>6 months ended 30<br/>June 2009</b> | <b>6 months ended 30<br/>June 2008</b> |
|---|--|--|
| Donations                                 | (312)                                  | (340)                                  |
| Compensation of vehicle damages           | (555)                                  | (482)                                  |
| Compensation of fixed assets damages      | (238)                                  | (175)                                  |
| Fixed assets damages                      | (6)                                    |  |
| Provisions                                | (19)                                   | (927)                                  |
| Cost of real estates                      | (508)                                  | (363)                                  |
| Court proceedings costs                   | (97)                                   | (158)                                  |
| Transfer rights from rental               | (1 154)                                | (345)                                  |
| Sale of assets components                 | (7)                                    |  |
| Receivables deducted                      | (82)                                   | (407)                                  |
| Other operating costs                     |  | (162)                                  |
| Other                                     | (266)                                  | (1 000)                                |
| <b>Total other non operating expenses</b> | <b>(3 244)</b>                         | <b>(4 360)</b>                         |

#### 9.1.6 FINANCIAL INCOME

| <b>FINANCIAL INCOME</b>       | <b>6 months ended 30<br/>June 2009</b> | <b>6 months ended 30<br/>June 2008</b> |
|-------------------------------|--|--|
| Interest                      | 908                                    | 1 247                                  |
| Other                         | 264                                    | 127                                    |
| <b>Total financial income</b> | <b>1 172</b>                           | <b>1 374</b>                           |

| <b>Interest</b>                     | <b>6 months ended 30<br/>June 2009</b> | <b>6 months ended 30<br/>June 2008</b> |
|-------------------------------------|--|--|
| Loans granted                       | 137                                    | 7                                      |
| <i>- including related entities</i> | 46                                     |  |
| Interest on deposits                | 211                                    |  |
| Interest on overdue receivables     | 560                                    | 311                                    |
| <i>- including related entities</i> | 1                                      |  |
| Other interest                      |  | 929                                    |
| <b>Total interest</b>               | <b>908</b>                             | <b>1 247</b>                           |

| <b>Other financial income</b>       | <b>6 months ended 30<br/>June 2009</b> | <b>6 months ended 30<br/>June 2008</b> |
|-------------------------------------|--|--|
| Positive exchange rate differences  | 55                                     | 1                                      |
| Valuation of financial instruments  | 200                                    |  |
| Other                               | 9                                      | 126                                    |
| <b>Total other financial income</b> | <b>264</b>                             | <b>127</b>                             |

### 9.1.7 FINANCIAL EXPENSES

| FINANCIAL EXPENSES                  | 6 months ended 30<br>June 2009 | 6 months ended 30<br>June 2008 |
|-------------------------------------|--------------------------------|--------------------------------|
| Interest                            | (8 984)                        | (6 539)                        |
| Loss on the disposal of investments | (4 139)                        |                                |
| Other financial expenses            | (1 287)                        | (568)                          |
| <b>Total financial expenses</b>     | <b>(14 410)</b>                | <b>(7 107)</b>                 |

| Interest                     | 6 months ended 30<br>June 2009 | 6 months ended 30<br>June 2008 |
|------------------------------|--------------------------------|--------------------------------|
| Bank loan interest           | (8 332)                        | (6 194)                        |
| Leasing interest             | (261)                          | (310)                          |
| Loans interest               | (46)                           |                                |
| - including related entities | (46)                           |                                |
| Interest on overdue payables | (40)                           |                                |
| - including related entities | (1)                            |                                |
| Bonds interest               | (287)                          | (6)                            |
| Treasury interests           | (18)                           | (29)                           |
| Other interest               |                                |                                |
| - including related entities |                                |                                |
| <b>Total interest</b>        | <b>(8 984)</b>                 | <b>(6 539)</b>                 |

| Other financial expenses                               | 6 months ended 30<br>June 2009 | 6 months ended 30<br>June 2008 |
|--|--------------------------------|--------------------------------|
| Financial expenses of bank warranty                    | (54)                           | (33)                           |
| Exchange rate differences                              | (1 138)                        | (472)                          |
| Write offs – long term liabilities                     |                                | (12)                           |
| Write offs – financial instruments                     | (1)                            |                                |
| Balance sheet valuation of liabilities and receivables | (42)                           |                                |
| Other  | (52)                           | (51)                           |
| <b>Total other financial expenses</b>                  | <b>(1 287)</b>                 | <b>(568)</b>                   |

### 9.1.8 CORPORATE INCOME TAX

| CORPORATE INCOME TAX  | 6 months ended 30<br>June 2009 | 6 months ended 30<br>June 2008 |
|---|--------------------------------|--------------------------------|
| <b>Gross profit in entities gained tax profit</b>                 | <b>69 955</b>                  | <b>49 607</b>                  |
| <i>Gross loss in entities gained tax loss</i>                     | <i>34 757</i>                  | <i>(1 086)</i>                 |
| <i>Consolidation exemptions at the level of profit before tax</i> | <i>(60 094)</i>                |                                |
|   | <b>(44 926)</b>                | <b>(3 572)</b>                 |
| <b>Non taxable revenues</b>                                       |                                |                                |
| <u>financial incomes</u>  | (40 704)                       | (40)                           |
| <u>non operating incomes</u>                                      | (4 222)                        | (3 532)                        |



|  |                 |                 |
|--|-----------------|-----------------|
| <b>Other taxable income</b>                              | <b>545</b>      | <b>2 043</b>    |
| <b>Non taxable costs and losses</b>                      | <b>45 396</b>   | <b>68 488</b>   |
| <u>operating costs</u>                                   | 19 247          | 59 966          |
| <u>financial expenses</u>                                | 22 419          | 4 541           |
| <u>other non operating expenses</u>                      | 3 730           | 3 981           |
| <b>Additional taxable costs</b>                          | <b>(31 631)</b> | <b>(50 013)</b> |
| <b>Taxable revenue</b>                                   | <b>39 339</b>   | <b>66 553</b>   |
| <i>Other discount form income</i>                        | (252)           | (316)           |
| <i>Settlement of previous year loss</i>                  | (128)           | (1 127)         |
| <b>Base of tax calculation</b>                           | <b>38 959</b>   | <b>65 110</b>   |
| <b>Tax amount 19%</b>                                    | <b>(7 402)</b>  | <b>12 371</b>   |
| <i>Additional increase, b exemptions, tax deductions</i> | (80)            | (12)            |
| <b>Income tax current for the period</b>                 | <b>(7 483)</b>  | <b>(12 383)</b> |
| Income tax current                                       | (7 483)         | (12 130)        |
| Tax amount *   | 29,0%           | 26,6%           |

\* Tax amount - is calculated by dividing the income tax (current and deferred) and profit before tax.

## 9.2 Other material information.

### 9.2.1 Uniformity of accounting principles and calculation methods used in drawing up semi-annual report and recent annual financial report.

Description of basic accounting policies used by Group from 01 January 2005 contains note . 8.10 of consolidated financial statements.

### 9.2.2 Seasonality and periodicity of production.

As part of activities carried out by Group there are no significant situation of seasonal nature or having cyclical nature.

### 9.2.3 Type and amount of items affecting on assets, liabilities, equity, net income or cash flow, which are unusual because of their nature, amount or incidence.

Information contains note. 10.9.2

### 9.2.4 Type and amount of changes in estimates amounts, which have been reported in prior interim periods of the year or changes in estimates amounts reported in prior financial years if they have a significant impact on the current interim period.

| Provisions for employees' benefits  | <u>Changes</u><br><u>in first half of 2009</u> |
|---|--|
| <b>Long-term</b>  |  |
| As at the beginning of the period   | 2 362  |
| <i>Additions / Disposals in period</i>                                    | 112  |
| <i>Increases/reductions during the period resulting from acquisitions</i> | 55   |
| As at the end of the period   | <b>2 529</b>                                   |
| <b>Short-term</b>   |  |
| As at the beginning of the period   | 18 205   |
| <i>Additions / Disposals in period</i>                                    | (2 153)  |
| <i>Increases/reductions during the period resulting from acquisitions</i> | (192)  |
| As at the end of the period   | <b>15 860</b>                                  |
| Other provisions  | <u>Changes</u><br><u>in first half of 2009</u> |
| <b>Long-term</b>  |  |
| As at the beginning of the period   | 0  |
| <i>Additions / Disposals in period</i>                                    | 0  |
| <i>Increases/reductions during the period resulting from acquisitions</i> | 0  |
| As at the end of the period   | <b>0</b>                                       |
| <b>Short-term</b>   |  |
| As at the beginning of the period   | 2 825  |
| <i>Additions / Disposals in period</i>                                    | 423  |
| <i>Additions / Disposals in period as a result of merger</i>              | (23)   |
| As at the end of the period   | <b>3 225</b>                                   |

| Provisions for employees' benefits     | <u>Changes</u><br><u>in 2008</u> |
|--|----------------------------------|
| <b>Long-term</b>                       |                                  |
| As at the beginning of the period      | 1 179                            |
| <i>Additions / Disposals in period</i> | 1 183                            |
| As at the end of the period            | <b>2 362</b>                     |
| <b>Short-term</b>                      |                                  |
| As at the beginning of the period      | 14 792                           |
| <i>Additions / Disposals in period</i> | 3 413                            |
| As at the end of the period            | <b>18 205</b>                    |
| Other provisions                       | <u>Changes</u><br><u>in 2008</u> |
| <b>Long-term</b>                       |                                  |
| As at the beginning of the period      | 1 871                            |
| <i>Additions / Disposals in period</i> | (1 871)                          |
| As at the end of the period            | <b>0</b>                         |
| <b>Short-term</b>                      |                                  |
| As at the beginning of the period      | 4 252                            |
| <i>Additions / Disposals in period</i> | (1 427)                          |

|                             |       |
|-----------------------------|-------|
| As at the end of the period | 2 825 |
|-----------------------------|-------|

### 9.2.5 Issue, redemption and repayments of debt and equity securities

#### Bonds Issued

##### a) Emperia Holding S.A.

In 2005, Emperia Holding S.A. concluded an agreement with BRE Bank S.A. providing for a five-year short-term and medium-term bonds issue programme of the aggregate of up to PLN 50,000,000.

Bonds issue and redemption (expressed in nominal amounts) of Emperia Holding S.A. throughout first half of 2009 and 2008 were as follows:

First half of 2009:

| Bonds issue and redemption<br>in first half of 2009 | <u>Total</u>  | External issue |
|---|---------------|----------------|
| As at the beginning of the period                   | 0             | 0              |
| <i>Bonds issue</i>                                  | 26 000        | 26 000         |
| <i>Bonds redemption</i>                             | (13 000)      | (13 000)       |
| <b>As at the end of the period</b>                  | <b>13 000</b> | <b>13 000</b>  |

2008:

Emperia Holding S.A. did not issue bonds throughout 2008

##### b) Elpro Sp. z o.o.

A subsidiary limited liability company, Elpro Sp. z o.o., has concluded an agreement with BRE Bank S.A. providing for a five-year short-term and medium-term bonds issue programme of the aggregate value of up to PLN 50,000,000

Bonds issue and redemption (expressed in nominal amounts) of Elpro Sp. z o.o. throughout first half of 2009 and 2008 were as follows:

First half of 2009:

| Bonds issue and redemption<br>in first half of 2009 | <u>Total</u>  | External<br>issue | Emperia<br>Holding<br>S.A. | Express<br>Sp. z o.o. | BOS S.A. | Tradis<br>Sp. z o.o. | DEF<br>Sp. z o.o. |
|---|---------------|-------------------|----------------------------|-----------------------|----------|----------------------|-------------------|
| As at the beginning of the<br>period                | 42 500        | 1 000             | 18 500                     | 7 000                 | 4 000    | 0                    | 12 000            |
| <i>Bonds issue</i>                                  | 288 300       | 7 000             | 74 300                     | 42 000                | 87 000   | 30 000               | 48 000            |
| <i>Bonds redemption</i>                             | (308 800)     | (7 000)           | (92 800)                   | (42 000)              | (91 000) | (16 000)             | (60 000)          |
| <b>As at the end of the period</b>                  | <b>22 000</b> | <b>1 000</b>      | <b>0</b>                   | <b>7 000</b>          | <b>0</b> | <b>14 000</b>        | <b>0</b>          |

2008:

| Bonds issue and redemption<br>in 2008 | <u>Total</u> | External issue | Emperia<br>Holding S.A. | Infinite<br>Sp. z o.o. | Tradis<br>Sp. z o.o. | DEF<br>Sp. z o.o. |
|---------------------------------------|--------------|----------------|-------------------------|------------------------|----------------------|-------------------|
| As at the beginning of the period     | 24 700       | 0              | 5 000                   | 1 200                  | 0                    | 0                 |

|                                    |               |              |               |          |          |               |
|------------------------------------|---------------|--------------|---------------|----------|----------|---------------|
| <i>Bonds issue</i>                 | 352 000       | 1 000        | 116 000       | 26 100   | 9 000    | 24 000        |
| <i>Bonds redemption</i>            | (334 200)     | 0            | (102 500)     | (27 300) | (9 000)  | (12 000)      |
| <b>As at the end of the period</b> | <b>42 500</b> | <b>1 000</b> | <b>18 500</b> | <b>0</b> | <b>0</b> | <b>12 000</b> |

| Bonds issue and redemption in 2008 - cont. | Express Sp. z o.o. | Rexpol Sp. z o.o. w likwidacji | Maro Markety Sp. z o.o. | Sydo Sp. z o.o. | BOS S.A.     | Centrum Sp. z o.o. |
|--|--------------------|--------------------------------|-------------------------|-----------------|--------------|--------------------|
| As at the beginning of the period          | 0                  | 1 500                          | 0                       | 17 000          | 0            | 0                  |
| <i>Bonds issue</i>                         | 54 800             | 10 500                         | 44 000                  | 44 000          | 20 000       | 2 600              |
| <i>Bonds redemption</i>                    | (47 800)           | (12 000)                       | (44 000)                | (61 000)        | (16 000)     | (2 600)            |
| <b>As at the end of the period</b>         | <b>7 000</b>       | <b>0</b>                       | <b>0</b>                | <b>0</b>        | <b>4 000</b> | <b>0</b>           |

**c) Stokrotka Sp. z o.o.**

A subsidiary limited liability company, Stokrotka Sp. z o.o., has concluded an agreement with BRE Bank S.A. providing for a five-year short-term and medium-term bonds issue programme of the aggregate value of up to PLN 50,000,000.

Bonds issue and redemption (expressed in nominal amounts) of Stokrotka Sp. z o.o. throughout first half of 2009 and 2008 were as follows:

First half of 2009:

| Bonds issue and redemption in first half of 2009 | Total         | External issue | Emperia Holding S.A. | Infinite Sp. z o.o. | Tradis Sp. z o.o. | BOS S.A.      | Maro Markety Sp. z o.o. | Sydo Sp. z o.o. |
|--|---------------|----------------|----------------------|---------------------|-------------------|---------------|-------------------------|-----------------|
| As at the beginning of the period                | 50 000        | 0              | 32 800               | 3 500               | 0                 | 0             | 6 000                   | 7 700           |
| <i>Bonds issue</i>                               | 349 400       | 0              | 141 400              | 24 500              | 20 400            | 60 000        | 34 900                  | 68 200          |
| <i>Bonds redemption</i>                          | (350 400)     | 0              | (174 200)            | (23 500)            | (7 000)           | (45 000)      | (36 000)                | (64 700)        |
| <b>As at the end of the period</b>               | <b>49 000</b> | <b>0</b>       | <b>0</b>             | <b>4 500</b>        | <b>13 400</b>     | <b>15 000</b> | <b>4 900</b>            | <b>11 200</b>   |

2008:

| Bonds issue and redemption in 2008 | Total         | External issue | Emperia Holding S.A. | Infinite Sp. z o.o. | Tradis Sp. z o.o. | Maro Markety Sp. z o.o. | Sydo Sp. z o.o. |
|------------------------------------|---------------|----------------|----------------------|---------------------|-------------------|-------------------------|-----------------|
| As at the beginning of the period  | 30 000        | 0              | 30 000               | 0                   | 0                 | 0                       | 0               |
| <i>Bonds issue</i>                 | 448 000       | 0              | 340 800              | 5 500               | 63 000            | 12 000                  | 26 700          |
| <i>Bonds redemption</i>            | (428 000)     | 0              | (338 000)            | (2 000)             | (63 000)          | (6 000)                 | (19 000)        |
| <b>As at the end of the period</b> | <b>50 000</b> | <b>0</b>       | <b>32 800</b>        | <b>3 500</b>        | <b>0</b>          | <b>6 000</b>            | <b>7 700</b>    |

**d) BOS S.A.**

A subsidiary joint-stock company, BOS S.A., has concluded an agreement with BRE Bank S.A. providing for a five-year short-term and medium-term bonds issue programme of the aggregate value of up to PLN 50,000,000.

Bonds issue and redemption (expressed in nominal amounts) of BOS S.A. throughout first half of 2009 and 2008 were as follows:

First half of 2009:

BOS S.A. did not issue bonds throughout first half of 2009.

2008:

| Bonds issue and redemption in 2008 | Total     | External issue | Emperia Holding S.A. | Maro Markety Sp. z o.o. | Sydo Sp. z o.o. |
|------------------------------------|-----------|----------------|----------------------|-------------------------|-----------------|
| As at the beginning of the period  | 35 000    | 0              | 35 000               | 0                       | 0               |
| <i>Bonds issue</i>                 | 189 000   | 0              | 177 000              | 6 000                   | 6 000           |
| <i>Bonds redemption</i>            | (224 000) | 0              | (212 000)            | (6 000)                 | (6 000)         |
| <b>As at the end of the period</b> | <b>0</b>  | <b>0</b>       | <b>0</b>             | <b>0</b>                | <b>0</b>        |

**e) Tradis Sp. z o.o.**

A subsidiary limited liability company, Tradis Sp. z o.o., has concluded an agreement with BRE Bank S.A. providing for a five-year short-term and medium-term bonds issue programme of the aggregate value of up to PLN 50,000,000.

Bonds issue and redemption (expressed in nominal amounts) of Tradis Sp. z o.o. throughout first half of 2009 and 2008 were as follows:

First half of 2009

Tradis Sp. z o.o. did not issue bonds throughout first half of 2009.

2008:

| Bonds issue and redemption in 2008 | Total    | External issue | Emperia Holding S.A. |
|------------------------------------|----------|----------------|----------------------|
| As at the beginning of the period  | 15 000   | 0              | 15 000               |
| <i>Bonds issue</i>                 | 10 000   | 0              | 10 000               |
| <i>Bonds redemption</i>            | (25 000) | 0              | (25 000)             |
| <b>As at the end of the period</b> | <b>0</b> | <b>0</b>       | <b>0</b>             |

**f) DLS S.A.**

A subsidiary joint-stock company, DLA S.A., has concluded an agreement with BRE Bank S.A. providing for a five-year short-term and medium-term bonds issue programme of the aggregate value of up to PLN 50,000,000.

Bonds issue and redemption (expressed in nominal amounts) of DLA S.A. throughout first half of 2009 and 2008 were as follows:

First half of 2009

| Bonds issue and redemption in first half of 2009 | Total         | External issue | Emperia Holding S.A. | BOS S.A. |
|--|---------------|----------------|----------------------|----------|
| As at the beginning of the period                | 19 000        | 0              | 15 000               | 4 000    |
| <i>Bonds issue</i>                               | 94 000        | 0              | 94 000               | 0        |
| <i>Bonds redemption</i>                          | (73 000)      | 0              | (69 000)             | (4 000)  |
| <b>As at the end of the period</b>               | <b>40 000</b> | <b>0</b>       | <b>40 000</b>        | <b>0</b> |

2008:

| Bonds issue and redemption in 2008 | Total         | External issue | Emperia Holding S.A. | BOS S.A.     |
|------------------------------------|---------------|----------------|----------------------|--------------|
| As at the beginning of the period  | 0             | 0              | 0                    | 0            |
| <i>Bonds issue</i>                 | 98 000        | 0              | 90 000               | 8 000        |
| <i>Bonds redemption</i>            | (79 000)      | 0              | (75 000)             | (4 000)      |
| <b>As at the end of the period</b> | <b>19 000</b> | <b>0</b>       | <b>15 000</b>        | <b>4 000</b> |

The transactions concluded within the Group are subject to consolidation exclusions.

**Total liabilities from debt securities at 30.06.2009**

| <i>Issuer</i>                                 | <i>Series</i> | <i>Nominal value<br/>(In thousand<br/>PLN)</i> | <i>Date of<br/>repurchase</i> | <i>As at 30.06.2009</i> |
|---|---------------|--|-------------------------------|-------------------------|
| Stokrotka Sp. z o.o.                          | 0043**        | 13 400   | 2009-07-10                    |                         |
| Stokrotka Sp. z o.o.                          | 0042**        | 4 500  | 2009-07-22                    |                         |
| Stokrotka Sp. z o.o.                          | 0042**        | 15 000   | 2009-07-22                    |                         |
| Stokrotka Sp. z o.o.                          | 0042**        | 4 900  | 2009-07-22                    |                         |
| Stokrotka Sp. z o.o.                          | 0042**        | 11 200   | 2009-07-22                    |                         |
| Elpro Sp. z o.o.                              | 0081**        | 7 000  | 2009-07-22                    |                         |
| Elpro Sp. z o.o.                              | 0081**        | 6 000  | 2009-07-22                    |                         |
| Elpro Sp. z o.o.                              | 0049**        | 8 000  | 2009-07-22                    |                         |
| Elpro Sp. z o.o.                              | 0081          | 1 000  | 2009-07-22                    | 994                     |
| DLS S.A.                                      | 0020**        | 26 000   | 2009-07-22                    |                         |
| DLS S.A.                                      | 0021**        | 14 000   | 2009-07-10                    |                         |
| Emperia S.A.                                  | 0044          | 13 000   | 2009-07-22                    | 12 850                  |
| <b>Total bonds issued by the Group *</b>      |               |  |                               | <b>13 844</b>           |
| <b>Other</b>                                  |               |  |                               |                         |
| <b>Total liabilities from debt securities</b> |               |  |                               |                         |
| including: short-term                         |               |  |                               | 13 844                  |
| including: long-term                          |               |  |                               |                         |

\* Financial liabilities measured at amortized cost, according with MSR 39

\*\*Bonds subject to exemptions

**Total liabilities from debt securities at 31.12.2008**

| <i>Issuer</i>                            | <i>Series</i> | <i>Nominal value<br/>(w tys. PLN)</i> | <i>Date of<br/>repurchase</i> | <i>As at 31.12.2008</i> |
|--|---------------|---------------------------------------|-------------------------------|-------------------------|
| Stokrotka Sp. z o.o.                     | 0023**        | 27 000                                | 2009-01-09                    |                         |
| Stokrotka Sp. z o.o.                     | 0025**        | 5 800                                 | 2009-01-23                    |                         |
| Stokrotka Sp. z o.o.                     | 0025**        | 3 500                                 | 2009-01-23                    |                         |
| Stokrotka Sp. z o.o.                     | 0025**        | 6 000                                 | 2009-01-23                    |                         |
| Stokrotka Sp. z o.o.                     | 0025**        | 7 700                                 | 2009-01-23                    |                         |
| Elpro Sp. z o.o.                         | 0032**        | 16 500                                | 2009-01-23                    |                         |
| Elpro Sp. z o.o.                         | 0033**        | 2 000                                 | 2009-01-23                    |                         |
| Elpro Sp. z o.o.                         | 0068**        | 6 000                                 | 2009-01-09                    |                         |
| Elpro Sp. z o.o.                         | 0070**        | 6 000                                 | 2009-01-23                    |                         |
| Elpro Sp. z o.o.                         | 0070**        | 7 000                                 | 2009-01-23                    |                         |
| Elpro Sp. z o.o.                         | 0068          | 1 000                                 | 2009-01-09                    | 998                     |
| Elpro Sp. z o.o.                         | 0031**        | 4 000                                 | 2009-01-23                    |                         |
| DLS S.A.                                 | 0014**        | 11 000                                | 2009-01-23                    |                         |
| DLS S.A.                                 | 0013**        | 4 000                                 | 2009-01-09                    |                         |
| DLS S.A.                                 | 0014**        | 4 000                                 | 2009-01-23                    |                         |
| <b>Total bonds issued by the Group *</b> |               |                                       |                               | <b>998</b>              |

Other

**Total liabilities from debt securities**

|                       |     |
|-----------------------|-----|
| including: short-term | 998 |
| including: long-term  |     |

\* Financial liabilities measured at amortized cost, according with MSR 39

\*\* Bonds subject to exemptions

## 9.2.6 Dividend

### Paid dividends :

In first half of 2009 the company did not pay dividends to their shareholders.

Dominant Company Emperia Holding S.A. as a result of distribution of profit for 2008 in subsidiaries received dividends from following companies:

- Tradis Sp. z o.o. amount of PLN 29 251 000 (payment of dividends on 20 July 2009)
- BOS S.A. amount of PLN 9 497 000 (Dominant Company received dividends on 8 May 2009, in accordance with the resolution of profit sharing of GMS BOS S.A.)

Dividends have been paid within the Group, thus they are excluded in this report.

### Proposal of distribution of profit of dominant Company Emperia Holding for 2008:

On 30 June 2009, the General Meeting of Shareholders of Emperia Holding S.A decided to pay dividend in amount of PLN 8.917.944,99 (eight million nine hundred and seventeen thousand nine hundred and forty-four and 99/100 zloty), representing PLN 0.59 (point fifty-nine zloty) per share. On the dividend allocated is net profit generated in 2008 by the dominant Company in value of PLN 1 422 341,63 (one million four hundred and twenty-two thousand three hundred and forty-one and 63/100 zloty) plus PLN 7,495,603.36 (seven million four hundred and ninety-five thousand six hundred and three and 36/100 zloty) of the net profit generated by the Company in previous years.

All shareholders holding shares as at 25 August 2009 (record date) are entitled to dividend. The date of dividend payment was 9 September 2009.

## 9.2.7 Revenues and performance by business segment

Revenue and result for business segments were described in note 8.6

## 9.2.8 Changes in off-balance sheet liabilities

The Group's off-balance sheet liabilities comprise security interests pledged by the Group to secure credit facilities and loans contracted by it and financial guarantees.

In addition, the majority of the Group's supplier grants to the Company extended terms of payment (trade credit) which is secured by the Companies by issuing blank bills of exchange.

First half of 2009

| Changes in off-balance sheet liabilities<br>in first half of 2009 | Under bank<br>credit facilities | Under bank<br>guarantees | Under financial<br>guarantees |
|---|---------------------------------|--------------------------|-------------------------------|
| <b>Mortgages</b>  |                                 |                          |                               |
| As at the beginning of the period                                 | 93 356                          | 7 800                    |                               |
| <i>Increases during the period</i>                                | <i>123 000</i>                  | <i>0</i>                 |                               |
| <i>Reductions during the period</i>                               | <i>(10 642)</i>                 | <i>(7 800)</i>           |                               |
| <i>Increases/reductions during the period resulting from</i>      | <i>0</i>                        | <i>0</i>                 |                               |

|   |                |               |              |
|---|----------------|---------------|--------------|
| <i>acquisitions</i>   |                |               |              |
| <b>As at the end of the period</b>  | <b>205 714</b> | <b>0</b>      |              |
| <b>Transfer of title as security/pledge/assignment of current assets</b>  |                |               |              |
| As at the beginning of the period   | 281 786        | 21 325        |              |
| <i>Increases during the period</i>  | 42 318         | 1 108         |              |
| <i>Reductions during the period</i>                                       | (47 373)       | (3 847)       |              |
| <i>Increases/reductions during the period resulting from acquisitions</i> | 0              | 0             |              |
| <b>As at the end of the period</b>  | <b>276 731</b> | <b>18 586</b> |              |
| <b>Transfer of title as security/pledge/assignment of fixed assets</b>    |                |               |              |
| As at the beginning of the period   | 2 232          |               |              |
| <i>Increases during the period</i>  | 0              |               |              |
| <i>Reductions during the period</i>                                       | (800)          |               |              |
| <i>Increases/reductions during the period resulting from acquisitions</i> | 0              |               |              |
| <b>As at the end of the period</b>  | <b>1 432</b>   |               |              |
| <b>Guarantees</b>   |                |               |              |
| As at the beginning of the period   | 68 500         | 8 036         | 3 535        |
| <i>Increases during the period</i>  | 133 000        | 0             | 0            |
| <i>Reductions during the period</i>                                       | (66 700)       | (7 890)       | (261)        |
| <i>Increases/reductions during the period resulting from acquisitions</i> | 0              | 0             | 0            |
| <b>As at the end of the period</b>  | <b>134 800</b> | <b>146</b>    | <b>3 274</b> |

Dominant Company Emperia Holding SA provided a guarantee of credit to subsidiary Tradis Sp. z o.o. in amount of PLN 100 000 000. Details are in note 9.2.17 a).

2008:

| Changes in off-balance sheet liabilities in 2008                          | Under bank credit facilities | Under bank guarantees | Under financial guarantees |
|---|------------------------------|-----------------------|----------------------------|
| <b>Mortgages</b>  |                              |                       |                            |
| As at the beginning of the period   | 63 034                       | 0                     |                            |
| <i>Increases during the period</i>  | 41 400                       | 7 800                 |                            |
| <i>Reductions during the period</i>                                       | (11 078)                     | 0                     |                            |
| <i>Increases/reductions during the period resulting from acquisitions</i> | 0                            | 0                     |                            |
| <b>As at the end of the period</b>  | <b>93 356</b>                | <b>7 800</b>          |                            |
| <b>Transfer of title as security/pledge/assignment of current assets</b>  |                              |                       |                            |
| As at the beginning of the period   | 221 945                      | 18 225                |                            |
| <i>Increases during the period</i>  | 132 300                      | 12 411                |                            |
| <i>Reductions during the period</i>                                       | (80 459)                     | (9 311)               |                            |
| <i>Increases/reductions during the period resulting from acquisitions</i> | 8 000                        | 0                     |                            |
| <b>As at the end of the period</b>  | <b>281 786</b>               | <b>21 325</b>         |                            |
| <b>Transfer of title as security/pledge/assignment of fixed assets</b>    |                              |                       |                            |
| As at the beginning of the period   | 10 810                       |                       |                            |
| <i>Increases during the period</i>  | 0                            |                       |                            |
| <i>Reductions during the period</i>                                       | (8 578)                      |                       |                            |
| <i>Increases/reductions during the period resulting from acquisitions</i> | 0                            |                       |                            |
| <b>As at the end of the period</b>  | <b>2 232</b>                 |                       |                            |
| <b>Guarantees</b>   |                              |                       |                            |
| As at the beginning of the period   | 70 000                       | 0                     | 3 969                      |



|   |               |              |              |
|---|---------------|--------------|--------------|
| <i>Increases during the period</i>  | 117 500       | 10 667       | 33           |
| <i>Reductions during the period</i>                                       | (119 000)     | (2 631)      | (467)        |
| <i>Increases/reductions during the period resulting from acquisitions</i> | 0             | 0            | 0            |
| <b>As at the end of the period</b>  | <b>68 500</b> | <b>8 036</b> | <b>3 535</b> |

Emperia Holding S.A. extended corporate financial guarantees of PLN 68 500 000 to its subsidiaries with respect to bank credit facilities contracted by them. The guarantees are only temporary in nature and have been extended until regular security for those credit facilities is established.

### 9.2.9 Creating and reversal Revaluation write-offs of tangible fixed assets, intangible assets , stock and other assets.

Principles of creating and reversal of write-offs of tangible fixed assets Revaluation of stock, and Revaluation of receivable under the Group has not changed in relation to rules adopted in the consolidated annual report.

First half of 2009

| Revaluation of assets – creating and reversal of write-offs | Changes<br>in first half of 2009 |
|---|----------------------------------|
| <b>Revaluation of tangible fixed assets</b>                 |                                  |
| As at the beginning of the period                           | 1 798                            |
| Creating of write-offs                                      | 143                              |
| Reversal of write-offs                                      | (106)                            |
| Changes of write-offs resulting from acquisitions           | 0                                |
| <b>As at the end of the period</b>                          | <b>1 835</b>                     |
| <b>Revaluation of receivable</b>                            |                                  |
| As at the beginning of the period                           | 34 413                           |
| Creating of write-offs                                      | 4 301                            |
| Reversal of write-offs                                      | (9 693)                          |
| Changes of write-offs resulting from acquisitions           | (489)                            |
| <b>As at the end of the period</b>                          | <b>28 532</b>                    |
| <b>Revaluation of financial assets</b>                      |                                  |
| As at the beginning of the period                           | 3 540                            |
| Creating of write-offs                                      | 3 434                            |
| Reversal of write-offs                                      | (5 339)                          |
| Changes of write-offs resulting from acquisitions           | (1 573)                          |
| <b>As at the end of the period</b>                          | <b>62</b>                        |
| <b>Revaluation of stock</b>                                 |                                  |
| As at the beginning of the period                           | 16 022                           |
| Creating of write-offs                                      | 12 461                           |
| Reversal of write-offs                                      | (7 550)                          |
| Changes of write-offs resulting from acquisitions           | (71)                             |
| <b>As at the end of the period</b>                          | <b>20 862</b>                    |
| <b>Revaluation of inventory</b>                             |                                  |
| As at the beginning of the period                           | 1 030                            |
| Creating of write-offs                                      | 8 867                            |
| Reversal of write-offs                                      | (5 012)                          |
| Changes of write-offs resulting from acquisitions           | (18)                             |
| <b>As at the end of the period</b>                          | <b>4 867</b>                     |

| <b>Revaluation of bonuses</b>                     |               |
|---|---------------|
| As at the beginning of the period                 | 14 992        |
| Creating of write-offs                            | 3 594         |
| Reversal of write-offs                            | (2 538)       |
| Changes of write-offs resulting from acquisitions | (53)          |
| <b>As at the end of the period</b>                | <b>15 995</b> |

2008:

| <b>Revaluation of assets – creating and reversal of write-offs.</b> | <b>Changes in 2008</b> |
|---|------------------------|
| <b>Revaluation of tangible fixed assets</b>                         |                        |
| As at the beginning of the period                                   | 1 296                  |
| Creating of write-offs  | 1 232                  |
| Reversal of write-offs  | (730)                  |
| <b>As at the end of the period</b>                                  | <b>1 798</b>           |
| <b>Revaluation of receivable</b>                                    |                        |
| As at the beginning of the period                                   | 29 577                 |
| Creating of write-offs  | 14 997                 |
| Reversal of write-offs  | (10 161)               |
| <b>As at the end of the period</b>                                  | <b>34 413</b>          |
| <b>Revaluation of financial assets</b>                              |                        |
| As at the beginning of the period                                   | 5 085                  |
| Creating of write-offs  | 24 201                 |
| Reversal of write-offs  | (25 746)               |
| <b>As at the end of the period</b>                                  | <b>3 540</b>           |
| <b>Revaluation of stock</b>   |                        |
| As at the beginning of the period                                   | 13 040                 |
| Creating of write-offs  | 21 202                 |
| Reversal of write-offs  | (18 220)               |
| <b>As at the end of the period</b>                                  | <b>16 022</b>          |

#### 9.2.10 Changes in fixed assets and intangible assets

| <b>Changes in fixed assets and intangible assets</b>                      | <b>Changes in first half of 2009</b> |
|---|--------------------------------------|
| <b>Fixed assets</b>   |                                      |
| As at the beginning of the period   | 579 644                              |
| <i>Additions / Disposals</i>  | 25 394                               |
| <i>Increases/reductions during the period resulting from acquisitions</i> | 7 492                                |
| <b>As at the end of the period</b>  | <b>612 530</b>                       |
| <b>Intangible assets</b>  |                                      |
| As at the beginning of the period   | 6 367                                |
| <i>Additions / Disposals</i>  | 628                                  |
| <i>Increases/reductions during the period resulting from acquisitions</i> | 28                                   |
| <b>As at the end of the period</b>  | <b>7 023</b>                         |

| Changes in fixed assets and intangible assets | Changes<br>in 2008 |
|---|--------------------|
| <b>Fixed assets</b>                           |                    |
| As at the beginning of the period             | 435 856            |
| <i>Additions / Disposals</i>                  | 143 788            |
| <b>As at the end of the period</b>            | <b>579 644</b>     |
| <b>Intangible assets</b>                      |                    |
| As at the beginning of the period             | 3 576              |
| <i>Additions / Disposals</i>                  | 2 791              |
| <b>As at the end of the period</b>            | <b>6 367</b>       |

#### 9.2.11 Reversal of provisions for restructuring costs

In 2008, the Group has formed a provision for restructuring of employment. In first half of 2009 as a result of use, reserve has been reduced by amount of PLN 1 006 000 - operation had neutral impact on Group's financial result.

#### 9.2.12 Deferred tax

| Deferred tax  | Changes<br>in first half of 2009 |
|---|----------------------------------|
| <b>Deferred tax assets</b>  |                                  |
| As at the beginning of the period   | 21 085                           |
| <i>Zwiększenie aktywa</i>   | 3 681                            |
| <i>Zmniejszenie aktywa</i>  | (9 075)                          |
| <i>Increases/reductions during the period resulting from acquisitions</i> | 703                              |
| <b>As at the end of the period</b>  | <b>16 394</b>                    |
| <b>Provision for deferred tax</b>   |                                  |
| As at the beginning of the period   | 13 098                           |
| Creating of write-offs  | 1 553                            |
| Reversal of write-offs  | (2 893)                          |
| <i>Increases/reductions during the period resulting from acquisitions</i> | 1 585                            |
| <b>As at the end of the period</b>  | <b>13 343</b>                    |

| Deferred tax                       | Changes<br>in 2008 |
|------------------------------------|--------------------|
| <b>Deferred tax assets</b>         |                    |
| As at the beginning of the period  | 16 113             |
| <i>Zwiększenie aktywa</i>          | 19 574             |
| <i>Zmniejszenie aktywa</i>         | (14 602)           |
| <b>As at the end of the period</b> | <b>21 085</b>      |
| <b>Provision for deferred tax</b>  |                    |
| As at the beginning of the period  | 10 462             |
| Creating of write-offs             | 15 583             |
| Reversal of write-offs             | (12 947)           |
| <b>As at the end of the period</b> | <b>13 098</b>      |

### 9.2.13 Financial and operating leases.

2009:

| Liabilities under financial leases | 30 June 2009     |                                   |
|------------------------------------|------------------|-----------------------------------|
|                                    | Minimum payments | Current value of minimum payments |
| Up to 1 year                       | 2 624            | 2 223                             |
| From 1 to 5 years                  | 4 004            | 3 586                             |
| Over 5 years                       | 0                | 0                                 |
| <b>Total</b>                       | <b>6 628</b>     | <b>5 809</b>                      |

#### Operating leases

| Description of assets   | Term of agreement | As at 30.06.2009        | As at 30.06.2010 | From 1 - 5 years | Over 5 years |
|-------------------------|-------------------|-------------------------|------------------|------------------|--------------|
|                         |                   | Minimum annual payments |                  |                  |              |
| Real properties         | definite          | 145                     | 290              | 868              | 27           |
|                         | indefinite        | 69                      | 136              | 545              |              |
| Machinery and equipment | definite          |                         |                  |                  |              |
|                         | indefinite        |                         |                  |                  |              |
| Vehicles                | definite          | 10                      |                  |                  |              |
|                         | indefinite        |                         |                  |                  |              |
| Other fixed assets      | definite          |                         |                  |                  |              |
|                         | indefinite        |                         |                  |                  |              |

#### Agreements containing a lease according to IFRIC 4

| Description of assets   | Term of agreement | As at 30.06.2009        | As at 30.06.2010 | From 1 - 5 years | Over 5 years |
|-------------------------|-------------------|-------------------------|------------------|------------------|--------------|
|                         |                   | Minimum annual payments |                  |                  |              |
| Real properties         | Definite          | 41 881                  | 79 571           | 375 794          | 376 233      |
|                         | indefinite        | 3 778                   | 3 857            | 30 275           | 10 882       |
| Machinery and equipment | Definite          | 258                     | 312              | 2 068            | 2 558        |
|                         | indefinite        |                         |                  |                  |              |
| Vehicles                | Definite          | 4 186                   | 5 193            | 14 377           | 108          |
|                         | indefinite        | 553                     | 511              | 2 044            | 2 555        |
| Other fixed assets      | Definite          | 12                      | 1                |                  |              |
|                         | indefinite        | 2                       | 2                | 19               | 24           |

2008:

| Liabilities under financial leases | 31 December 2008 |                                   |
|------------------------------------|------------------|-----------------------------------|
|                                    | Minimum payments | Current value of minimum payments |
| Up to 1 year                       | 2 189            | 1 936                             |
| From 1 to 5 years                  | 3 632            | 2 879                             |
| Over 5 years                       | 121              | 120                               |
| <b>Total</b>                       | <b>5 942</b>     | <b>4 935</b>                      |

#### Operating leases

| Description of assets   | Term of agreement | As at 31.12.2008        | As at 31.12.2009 | From 1 - 5 years | Over 5 years |
|-------------------------|-------------------|-------------------------|------------------|------------------|--------------|
|                         |                   | Minimum annual payments |                  |                  |              |
| Real properties         | definite          | 619                     | 619              | 619              |              |
|                         | indefinite        | 166                     | 164              |                  |              |
| Machinery and equipment | definite          |                         |                  |                  |              |
|                         | indefinite        |                         |                  |                  |              |
| Vehicles                | definite          | 19                      |                  |                  |              |
|                         | indefinite        |                         |                  |                  |              |
| Other fixed assets      | definite          |                         |                  |                  |              |
|                         | indefinite        |                         |                  |                  |              |

#### Agreements containing a lease according to IFRIC 4

| Description of assets   | Term of agreement | As at 31.12.2008        | As at 31.12.2009 | From 1 - 5 years | Over 5 years |
|-------------------------|-------------------|-------------------------|------------------|------------------|--------------|
|                         |                   | Minimum annual payments |                  |                  |              |
| Real properties         | Definite          | 68 637                  | 74 868           | 285 353          | 305 557      |
|                         | indefinite        | 4 824                   | 3 454            | 12 427           | 14 918       |
| Machinery and equipment | Definite          | 60                      | 53               | 212              | 264          |
|                         | indefinite        |                         |                  |                  |              |
| Vehicles                | Definite          | 10 790                  | 8 384            | 24 857           | 68           |
|                         | indefinite        | 344                     | 192              | 749              | 937          |
| Other fixed assets      | Definite          | 13                      | 13               | 51               | 63           |
|                         | indefinite        |                         |                  |                  |              |

#### 9.2.14 Commitments to purchase tangible fixed assets.

No such event occurred in the Group.

#### 9.2.15 Correction of errors of previous periods.

In first half of 2009, there were no correction of errors of previous periods , except correction of error in a subsidiary of not added to costs in 2008 costs of marketing services in amount of PLN 388 000.

#### 9.2.16 Failure to repay or breach of a loan agreement and failure to take remedial actions.

No such event occurred in the Group.

#### 9.2.17 Other material information.

##### a) Execution of Credit Facility Agreement by Subsidiary.

On 31 March 2009 a Credit Facility Agreement was signed between subsidiary limited liability company Tradis ("Borrower") and Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna in Warsaw ("Lender"). The Lender has provided a working capital revolving credit facility of PLN 100 000 000. The purpose of the facility is to finance day-to-day operational needs and the growth strategy pursued. The credit facility has been granted for the period from 31 March 2009 to 31 December 2011.

The facility is secured by:

1. A guarantee issued by the parent company, Emperia Holding S.A., of up to the facility amount, that is PLN 100,000,000 throughout the term of the facility.
2. A joint ceiling mortgage over real properties either owned or in perpetual usufruct of the Borrower or other members of the Emperia Holding Group.

As consideration for the guarantee issued, Tradis will pay to Emperia Holding S.A. a fee of 0.3% per annum on the guarantee amount throughout the term of the guarantee. The facility interest rate is based on WIBOR + Lender's margin. The other terms and conditions are consistent with those customarily applied in the market in agreements of this type.

**b) Loan to a subsidiary by Emperia Holding S.A.**

On 20 May 2009 Emperia Holding S.A. granted a loan of PLN 8 000 000. to Detal Koncept Sp. z o.o. subsidiary. Loan was granted to 30 June 2010. The loan is secure by own bill of exchange "in blanco" with bill declaration . The interest rate on the loan is variable, based on WIBOR plus Lender's margin.

**c) Changing the name and adress of the Alpaga - Xema Sp. z o.o.**

On 22 may 2009 name and address of Alpaga-Xema Sp. z o.o. was changed. New name of company is „Projekt Elpro 2” Sp. z o.o. and new address is Bór 66F, 42-202 Częstochowa. Main object of business of Company is property development.

**d) Resignation by Member of Issuer's Supervisory Board**

The Management Board of Emperia Holding S.A. hereby informs that on 19 May 2009 Mr Zenon Andrzej Mierzejewski resigned as a member of the issuer's Supervisory Board with effect as of 1 July 2009.

**e) Loan agreement provided by the subsidiary.**

On 22 May 2009 BOS S.A. granted a loan amount of PLN 19 000 000 to Arsenal Sp. z o.o. The loan was disbursed in two tranches:

- repayment of first of them in amount of PLN 10 000 000 will be paid in 20 equal quarterly installments of PLN 500 000 each, not later than to 30 June 2014,
- repayment of second tranche in amount of PLN 9 000 000 will be paid in one installments to 31 May 2012.

The interest rate of loan is variable, based on WIBOR plus Lender's margin (for the first tranche by WIBOR for three-monthly deposit and for second tranche as for one-month deposit ).

Loan is secured by :

- lien and registered pledge on shares of Emperia Holding S.A. and Mispol S.A.
- mortgage deposit to a maximum amount of PLN 19 000 000 on property in Ksawerów and Białymstok.
- mortgage deposit to a maximum amount of PLN 7 000 000 on property in Białymstok.
- mortgage deposit to a maximum amount of PLN 5 000 000 on property in Augustów.
- lien and registered pledge on shares in Borrower's capital.
- registered pledge on Borrower's stocks with a value of not less than PLN 3 000 000.
- assignment of claims from contractors for a total amount not less than PLN 8 000 000.
- by own bill of exchange "in blanco" with bill declaration.

**f) Sale of Real Property by Subsidiary**

As a completion of a property development project Elpro Sp. z o.o. limited liability subsidiary sold a real property

located in Łomża, Poland, ul. Piłsudskiego. The real property was purchased by ARKA BZ WBK FUNDUSZ RYNKU NIERUCHOMOSCI FIZ acting through its SPV company, PK 7 Spółka z ograniczona odpowiedzialnoscia S.K.A. in Warsaw. The real property, being an extension of the Stokrotka Shopping Centre set up several years, comprises land in perpetual usufruct and buildings and structures (retail facilities). The value of the transaction was PLN 27,350,000. As at the day of the transaction, the net book value of the real property was PLN 11,030,600. Gross profit on the transaction amounts to PLN 16,319,400. None of the Emperia Group subsidiaries operates in the real property sold as part of the transaction.

**g) Appointment of Entity Authorised to Audit 2009 Financial Statements**

On 23 July 2009, pursuant to Article 14(2)(o) of the Company's Articles of Association, the Supervisory Board appointed a Polish limited liability company, BDO Numerica Sp. z o.o. having its registered office in Warsaw, Poland, ul. Postępu 12, to audit the stand-alone and consolidated financial statements of Emperia Holding S.A. for 2009 and review the interim semi-annual stand-alone and consolidated financial statements of Emperia Holding S.A. BDO Numerica Sp. z o.o. is an entity licensed to audit financial statements no. 523. The Company relied on the services of the above auditor for auditing its 2006, 2007, and 2008 financial statements.

**h) Loans contract granted under the Capital Group by Tradis Sp. z o.o.**

On 26 May 2009 Tradis Sp. z o.o. granted a loan of PLN 7 000 000 for Ambra Sp. z o.o. The loan was granted till 30 June 2010. Loan is secured by own bill of exchange "in blanco" with bill declaration. The interest rate of loan is variable, based on WIBOR for one-month deposit plus Lender's margin.

On 24 June 2009 Tradis Sp. z o.o. granted a loan of PLN 1 150 0000 for Ambra Sp. z o.o. The loan was granted till 31 August 2009. Loan is secured by own bill of exchange "in blanco" with bill declaration. The interest rate of loan is variable, based on WIBOR for one-month deposit plus Lender's margin.

**9.2.18 Significant events occurring after report period**

**a) Finish of the process of integrating the largest distribution companies under Capital Group.**

Started in first quarter of 2008, the largest in the history of Emperia Holding Capital Group process of merger of distribution companies has ended. On 1 July was legal merger between Tradis Sp. z oo (acquiring company), BOS SA, DLS SA and Sygel-Jool S.A. After merger company will operate under name Tradis Sp. z o.o. In connection with the restructuring of the Group and companies which are under control, merger transaction has been carried out by pooling of shares, did not result in changes in assets and liabilities of Group companies, therefore no impact on consolidated financial statements of Capital Group.

**b) Merger of retail company Stokrotka Sp. z o.o. and Przedsiębiorstwa Handlowe Alfa Sp. z o.o.**

On 1 July in the retail section followed integration of companies Stokrotka Sp. z o.o. and so far not consolidated Alfa Sp. z o.o.. Acquisition of shares of Przedsiębiorstwo Handlowe Alfa Sp. z o.o. described in detail in note 8.9 points. h).

**c) Execution of annexe to Credit Facility Agreement by Subsidiary.**

On 3 July 2009 and 10 August 2009 a annexes to Credit Facility Agreement from 24 May 2007 were signed between subsidiary limited liability company Tradis ("Borrower") and Bank Polska Kasa Opieki Spółka Akcyjna in Warsaw ("Lender"). Subject of the annexe is increasing by PLN 47 000 000 the amount of credit facility in a current account to the height of 74 000 000. The credit facility has been granted for the period ended on 30 March 2010.

The credit facility is basically secured by:

1. Registered pledge on Borrower's inventory of commercial goods for the amount of PLN 42 000 000.
2. Transfer of commercial liabilities from agreements with contracting parties of the Borrower for the amount of PLN 32 000 000.

The facility interest rate is based on WIBOR plus Lender's margin.

The other terms and conditions are consistent with those customarily applied in the market in agreements of this type.

**d) Appointment of member of the Supervisory Board**

On 30 June the Annual General Meeting of Shareholders of Emperia Holding S.A. unanimously appointed Mr Artura Jarosław Laskowski as a Member of the Supervisory Board from 2 July 2009.

**e) Short-term loan to a subsidiary Stokrotka Sp. z o.o.**

On 7 July 2009 Emperia Holding SA has granted short-term loan amounting of PLN 17 000 000 for subsidiary Stokrotka Sp. z o.o.. Contract was entered on market conditions , ie. the facility interest rate is based on WIBOR for monthly deposits plus a margin, interest shall be payable at the end of each month , the loan is secure by own bill of exchange "in blanco" with bill declaration.

**f) Acquisition of shares in Lewiatan Śląsk Sp. z o.o.**

On 15 July 2009 Emperia Holding SA acquired from indywidual 1 shares in a share capital of limited liability company Lewiatan Śląsk Sp. z o.o. with its seat in Sosnowiec, which—alongside the interest previously held by subsidiary Tradis Sp. z o.o. (acquired shares as a result of merger with Sygel-Jool S.A) carries 100 percent of votes at the general meeting of shareholders and represents 100 percent of the share capital of Lewiatan Śląsk Sp. z o.o.

**g) Loan to a subsidiary by Emperia Holding S.A.**

On 20 July 2009 as a annex (to loan agreement dated 20 May 2009) Emperia Holding S.A. granted a loan for a further PLN 7 000 000 for Detal Koncept Sp. z o.o. Contract was entered on market conditions , ie. the facility interest rate is based on WIBOR for monthly deposits plus a margin, interest shall be payable at the end of each month , the loan is secure by own bill of exchange "in blanco" with bill declaration .

**h) Increase of share capital of Lewiatan Śląsk Sp. z o.o.**

On July 28, 2009 was increased initial capital of a limited liability subsidiary Lewiatan Śląsk Sp. z o.o. of PLN 32 000 to amount of PLN 100 000. All newly created 32 shares of nominal value of PLN 1 000 were taken by Emperia Holding S.A. in exchange for a contribution of value of PLN 941 900 in the form of 196 shares with a total nominal value of PLN 98 000 in Lewiatan Dolny Śląsk Sp. z o.o. with its seat in Zgorzelec.

Emperia Holding S.A. holds 66 shares of nominal value of PLN 1 000 in share capital of Lewiatan Śląsk Sp. z o.o., which—alongside the interest previously held by subsidiary Tradis Sp. z o.o. (as a result of merger with Sygel-Jool S.A.) 34 shares of nominal value of PLN 1 000 represents 100 percent of the share capital of Lewiatan Śląsk Sp. z o.o.

The transaction was carried out in connection with the proposed merger of Lewiatan Śląsk Sp. z o.o. with Lewiatan Dolny Śląsk Sp. z o.o.



## 10. Semi-annual report of activities of Capital Group of issuer.

### 10.1 Description of organization of the Capital Group.

#### Name, seat and objects of business of the dominant entity

The parent (dominant) entity operates under the business name of Emperia Holding S.A. (formerly Eldorado S.A.) as a Polish joint stock company entered into the Register of Entrepreneurs maintained by the District Court in Lublin, XI Commercial Division of the National Court Register, entry no. KRS 0000034566.

The seat of the dominant entity is in Lublin, Mełgiewska 7-9.

Since 1 April 2007, the main object of business of Emperia Holding S.A. has been the provision of company holding services (PKD 7415Z). Previously, the Company engaged in non-specialised wholesaling of food, beverages, and tobacco products (PKD 5139Z). The Company is a taxpayer of tax on goods and services (VAT), NIP Tax No. 712-10-07-105.

The shares of the dominant company have been listed on the Stock Exchange in Warsaw since 2001.

The financial year of the Group subsidiaries coincides with the calendar year. The term of the Group subsidiaries is indefinite.

The consolidated financial statements have been prepared for the period from 1 January 2009 to 30 June 2009, with comparable data for the period from 1 January 2008 to 30 June 2008. The consolidated financial statements contain no combined data, the subsidiaries do not operate any internal units that prepare independent financial statements.

The consolidated financial statements have been prepared assuming that the Company will continue its business, and there is nothing to indicate any threat to the continued business of the Group's subsidiaries in the future.

#### Consolidation details

Emperia Holding S.A. is the parent (dominant) entity for the Group of Companies, preparing consolidated financial statements for the Group.

On 30 June 2009 Emperia Holding S.A. and nineteen subsidiaries, operating as limited liability companies (Sp. z o.o.) or joint-stock companies (S.A.), are subject to consolidation:








Stokrotka Sp. z o.o., Infinite Sp. z o.o., Detal Koncept Sp. z o.o., Elpro Sp. z o.o., Tradis Sp. z o.o., BOS S.A., Sygel-Jool S.A., Dystrybucja Logistyka Serwis S.A., DEF Sp. z o.o., "Express Podlaski" Sp. z o.o., Lewiatan Podlasie Sp. z o.o., Maro Markety Sp. z o.o., Społem Tychy Sp. z o.o., Euro Sklep S.A., Projekt Elpro 2 Sp. z o.o. (dawna nazwa Alpaga-Xema Sp. z o.o.), Sydo Sp. z o.o., Ambra Sp. z o.o., PSD S.A.\* oraz Emperia Info Sp. z o.o.






In first half of 2009 the composition of the Emperia Holding Group (compared to the end of 2008) changed. Following internal Group mergers the Group no longer includes Centrum Sp. z o.o. with seat in Bartoszyce, acquired by Stokrotka Sp. z o.o. with seat in Lublin. Composition of Group enlarge of Ambra Sp. z o.o. as a result of purchase of its shares by Tradis Sp. z o.o. and diminished of Arsenal Sp. z o.o. as a result of sale thier shares by Emperia Holding S.A.

\* At 30.06.2009 due to the limited access to financial data, Emperia Holding S.A. valued shares of Partnerski Serwis Detaliczny S.A subsidiary using the equity method.

The data presented in this Report as at 30 June 2009 includes stand-alone results of the following subsidiaries subject to consolidation in financial statements

| Lp. | Subsidiary name            | Company logo  | Registered address            | Main objects of business | Court of registration  | Relation to parent | Consolidation method | Date of acquiring control / Date of material impact | Interest held | Voting power at general meeting |
|-----|----------------------------|---|-------------------------------|--------------------------|--|--------------------|----------------------|---|---------------|---------------------------------|
| 1   | „Stokrotka” Sp. z o.o. (1) |    | 20-952 Lublin, Mełgiewska 7-9 | Food product retailing   | 16977, District Court in Lublin, XI Commercial Division of National Court Register (“NCR”) | Subsidiary         | Full                 | 1999-01-27  | 100,00%       | 100,00%                         |
| 2   | „Infinite” Sp. z o.o.      |    | 20-150 Lublin, Ceramiczna 8   | IT services              | 16222, District Court in Lublin, XI Commercial Division of NCR                             | Subsidiary         | Full                 | 1997-03-11  | 100,00%       | 100,00%                         |
| 3   | "Detal Koncept" Sp. z o.o. |    | 20-952 Lublin, Mełgiewska 7-9 | Retail franchising       | 40575, District Court in Lublin, XI Commercial Division of the NCR                         | Subsidiary         | Full                 | 1995-04-25  | 100,00%       | 100,00%                         |
| 4   | „Elpro” Sp. z o.o.         |   | 20-952 Lublin, Mełgiewska 7-9 | Property development     | 946, District Court in Lublin, XI Commercial Division of the NCR                           | Subsidiary         | Full                 | 2001-02-15  | 100,00%       | 100,00%                         |
| 5   | „Tradis” Sp. z o.o. (5)    |  | 20-952 Lublin, Mełgiewska 7-9 | Food wholesaling         | 272382, District Court in Lublin, XI Commercial Division of NCR                            | Subsidiary         | Full                 | 2007-01-23  | 100,00%       | 100,00%                         |
| 6   | „BOS” S.A. (3)             |  | 15-399 Białystok, Handlowa 2A | Food wholesaling         | 20518, District Court in Białystok, XII Commercial Division of NCR                         | Subsidiary         | Full                 | 2007-01-02  | 100,00%       | 100,00%                         |

|    |   |   |                                       |                                       |   |            |      |            |         |         |
|----|---|---|---------------------------------------|---------------------------------------|---|------------|------|------------|---------|---------|
| 7  | „Dystrybucja Logistyka Serwis” S.A. (2) |    | 09-400 Płock, Kostrogaj 24            | Food product wholesaling              | 29105 District Court for the Capital City of Warsaw in Warsaw, XXI Commercial Division of NCR | Subsidiary | Full | 2007-01-02 | 100,00% | 100,00% |
| 8  | "Sygel-Jool" S.A. (3)                   |    | 42-200 Częstochowa, Bór 66 F          | Food product wholesaling              | 169138, District Court in Katowice, Commercial Division of NCR                                | Subsidiary | Full | 2007-01-02 | 100,00% | 100,00% |
| 9  | "DEF" Sp. z o.o. (2)                    |    | 15-399 Białystok, Handlowa 6          | Food product wholesaling              | 48125, District Court in Białystok, XII Commercial Division of NCR                            | Subsidiary | Full | 2007-01-02 | 100,00% | 100,00% |
| 10 | "Express Podlaski" Sp. z o.o. (2)       |    | 15-197 Białystok, Dolistowska 1A      | Property development                  | 126580, District Court in Białystok, XII Commercial Division of NCR                           | Subsidiary | Full | 2007-01-02 | 100,00% | 100,00% |
| 11 | "Lewiatan Podlasie" Sp. z o.o. (2)      |    | 15-399 Białystok, Sokólska 9          | Food product retailing                | 33766, District Court in Białystok, XII Commercial Division of NCR                            | Subsidiary | Full | 2007-01-02 | 100,00% | 100,00% |
| 12 | „Społem Tychy” Sp. z o.o. (4)           |   | 43-100 Tychy, Damrota 72              | Food product retailing                | 164604, District Court in Katowice, VIII Commercial Division of NCR                           | Subsidiary | Full | 2007-07-06 | 99,22%  | 99,22%  |
| 13 | „Maro-Markety” Sp. z o.o.               |  | 61-615 Poznań, Skwierzynska 20        | Food product retailing                | 102596, District Court in Poznań, XX Commercial Division of NCR                               | Subsidiary | Full | 2007-09-12 | 100,00% | 100,00% |
| 14 | "Euro Sklep" S.A.                       |  | 43-309 Bielsko-Biała, Bystrzańska 94a | Franchise chain management, retailing | 12291, District Court in Bielsko Biała, VIII Commercial Division of NCR                       | Subsidiary | Full | 2007-10-24 | 100,00% | 100,00% |

|    |  |   |   |   |   |            |               |            |         |         |
|----|--|---|---|---|---|------------|---------------|------------|---------|---------|
| 15 | „Projekt Elpro 2” Sp. z o.o.<br>(dawna nazwa Alpaga-Xema Sp. z o.o.) |  | 42-202 Częstochowa,<br>Bór 66 F           | Property development                                      | 167993, District Court in Poznań, XXI Commercial Division of NCR                                  | Subsidiary | Full          | 2007-11-20 | 100,00% | 100,00% |
| 16 | "Sydo"<br>Sp. z o.o.   |  | 53-166 Wrocław,<br>Krzywoustego 82-86     | Property development                                      | 71049, District Court in Wrocław, VI Commercial Division of NCR                                   | Subsidiary | Full          | 2007-11-29 | 100,00% | 100,00% |
| 17 | „Partnerski Serwis Detaliczny” S.A. (PSD S.A.)                       |  | 02-739 Warszawa,<br>ul. Grażyny 15        | Franchise chain management, retailing                     | 280288, District Court for the Capital City of Warsaw in Warsaw , XIII Commercial Division of NCR | Subsidiary | Equity method | 2007-12-20 | 100,00% | 100,00% |
| 18 | „Emperia Info” Sp. z o.o.  |  | 20-952 Lublin<br>Mełgiewska 7-9           | Software-related services                                 | 314260, District Court in Lublin, XI Commercial Division of NCR                                   | Subsidiary | Full          | 2008-09-12 | 100,00% | 100,00% |
| 19 | „Ambra” Sp. z o.o.(6)  |  | 43-502 Czechowice-Dziedzice<br>Hutnicza 7 | wholesaling of household chemistry articles and cosmetics | 254307, District Court in Katowice, VIII Commercial Division of NCR                               | Subsidiary | Full          | 2009-03-11 | 100,00% | 100,00% |

- (1) directly by Emperia (98.482 shares, 95,93%) and indirectly by "BOS" S.A.(1.254 shares, 1,22%) and "Lewiatan Podlasie" Sp. z o.o.(2.927 shares, 2,85%)  
 (2) indirectly by "BOS" S.A.  
 (3) indirectly by "Tradis" Sp. z o.o.  
 (4) directly by Emperia Holding S.A. (140.282 shares, 81,91% ) indirectly by "BOS" S.A. (28.645 shares, 16,73% ) and "DLS" S.A. (1.000 shares, 0,58% )  
 (5) ) directly by Emperia (209.094 shares, 91,50%) and ) indirectly by "BOS" S.A.(19.432 shares, 8,50%)  
 (6) ) indirectly by Tradis Sp. z o.o.

List of subsidiaries at the balance sheet date 30 June 2009 excluded from consolidation in financial statements with indication of legal grounds

| Entity name  | Registered address                      | Legal grounds for exclusion   | Emperia Group interest in share capital (% at balance sheet date) | Emperia Group voting power (% at balance sheet date) |
|--|---|---|---|--|
| "Lider" Sp. z o.o. w likwidacji (1) (in liquidation) | 70-660 Szczecin, Gdańska 3C             | The financial data of these entities is immaterial to the extent of the obligation to present a reliable and clear picture of the Group's assets, financial standing and financial result | 100,00%   | 100,00%  |
| "Lewiatan Orbita" Sp. z o.o.(4a)                     | 10-680 Olsztyn, Lubelska 33             |   | 100,00%   | 100,00%  |
| "Lewiatan Kujawy" Sp. z o.o. (4)                     | 87-800 Włocławek, Komunalna 6           |   | 50,00%  | 50,00%   |
| "Lewiatan Śląsk" Sp. z o.o.(2a)                      | 41-200 Sosnowiec, Chemiczna 12          |   | 98,53%  | 98,53%   |
| "Lewiatan Częstochowa" Sp. z o.o. (2)                | 42-200 Częstochowa, Wręczycka 22/26     |   | 37,50%  | 37,50%   |
| "Lewiatan Mazowsze" Sp. z o.o. (2)                   | 05-800 Pruszków, Błońska 12             |   | 34,00%  | 34,00%   |
| "Pro Media Art." Sp. z o.o. (3)                      | 87-800 Włocławek, Komunalna 6           |   | *32,50%   | *32,50%  |
| "Piccolo" Sp. z o.o. (5)                             | 43-100 Tychy, ul. Grota Roweckiego 60   |   | 50,00%  | 50,00%   |
| "Lewiatan Wielkopolska" Sp. z o.o. (6)               | 60-479 Poznań, ul. Strzeszyńska 23      |   | 68,57%  | 68,57%   |
| "Lewiatan Opole" Sp. z o.o. (6a)                     | 45-325 Opole, ul. Światowida 2          |   | 89,21%  | 89,21%   |
| "Lewiatan Dolny Śląsk" Sp. z o.o.                    | 59-900 Zgorzelec, ul. Armii Krajowej 13 |   | 100,00%   | 100,00%  |
| "Lewiatan Zachód" Sp. z o.o.                         | Szczecin, Pomorska 115B                 |   | 100,00%   | 100,00%  |
| "ZKiP Lewiatan 94 Holding" S.A. (7)                  | 87-800 Włocławek, Zielony Rynek 5       |   | *56,81  | *63,25   |
| "Lewiatan Północ" Sp. z o.o.                         | Gdańsk, ul.Bysewska 30                  |   | 100,00%   | 100,00%  |
| Przedsiębiorstwo Handlowe "ALFA" Sp. z o.o. (1)      | 20-950 Lublin, ul Jutrzenki 5           |   | 100,00%   | 100,00%  |

\* indirectly weighted share

(1) indirectly by Stokrotka Sp. z o.o.

(2) indirectly by Sygel-Jool S.A.

(2a) indirectly by Sygel-Jool S.A. (34 shares, 50%) directly by Emperia Holding S.A., (33 shares, 48,53%)

(3) indirectly by Lewiatan Kujawy Sp. z o.o.

(4) indirectly by BOS S.A.

(4a) indirectly by BOS S.A. (59,11% shares) ) and directly by Emperia (40,89% shares)

(5) indirectly by Społem Tychy Sp. z o.o.

(6) directly by Emperia Holding (7 shares, 10,0%) indirectly by Maro-Markety Sp. z o.o. (41 shares, 58,57%)

(6a) indirectly by Maro-Markety Sp. z o.o. (901 shares, 89,21%)

(7) directly by Emperia Holding S.A. and indirectly by Lewiatan: Kujawy, Podlasie, Śląsk, Orbita, Opole, Wielkopolska, Zachód

**List of entities other than subsidiaries entities in which associated entities hold less than 20% of shares as at 30 June 2009**

| Entity name  | Registered address                       | Share capital (PLN)  | Emperia Group interest in share capital (% at balance sheet date) | Emperia Group voting power (% at balance sheet date) |
|--|--|--|---|--|
| "Giełda Rolno-Towarowa" Sp. z o.o. (2)   | Białystok ul. Gen. Wł. Andersa 38        | 14 805   | 0,30%   | 0,36%  |
| "Spółdzielnia Mieszkaniowa Lokatorsko-Własnościowa w Lidzbarku Warmińskim" (1) | Lidzbark                                 | The acquisition is necessary as the commercial space in which the business is conducted is owned by the cooperative; |   |  |
| "Beskidzkie Towarzystwo Kapitałowe" S.A. (3)                                   | 43-300 Bielsko Biała, ul. Kamińskiego 19 | 21 520   | 4,37%   | 4,37%  |
| "SPOŁEM" Domy Handlowe Sp. z o.o. (4)  | 43-100 Tychy, ul. Damrota 72             | 6  | 16,66%  | 16,66%   |
| Lewiatan Podkarpacie Spółka z o.o. (5)   | 39-200 Dębica, ul. Drogowców 8.          | 170  | 0,59%   | 0,59%  |
| Elektroniczna Sieć Handlowa Merkury Spółka z o.o. (5)                          | 01-728 Warszawa, ul. Powązkowska 46/50   | 3 298  | 11,20%  | 11,20%   |

(1) indirectly by BOS S.A.

(2) indirectly by Expres Podlaski Sp. z o.o.

(3) indirectly by Euro Sklep S.A.

(4) indirectly by Społem Tychy Sp. z o.o.

(5) indirectly by ZKiP Lewiatan 94 Holding S.A.

## 10.2 Indicate impact of changes in structure of the enterprise.

Any changes in the structure of the Capital Group are described in detail in point 8.9

## 10.3 Management Board position on the implementation of previously published results for the year.

Management Board of Emperia Holding S.A., following a detailed assessment of the feasibility of published forecasts is of the view that there is no significant and identified on the date of the report forwarded to conditions that threaten implementation of forecast.

## 10.4 List of shareholders holding at least 5 percent of votes at the Ordinary General Meeting of Shareholders of Emperia Holding S.A. at the date of the report.

| Shareholders         | Shares at the date of the report | Percentage of share capital * | Change % | Shares at 31.12.2008. | Percentage of share capital at 31.12.2008.* | Votes at the OGMS at the date of the report | Percentage of votes at the OGMS at the date of the report |
|----------------------|----------------------------------|-------------------------------|----------|-----------------------|---|---|---|
| Commercial Union OFE | 1 648 393                        | 10,91%                        | 0,00%    | 1 648 393             | 10,91%                                      | 1 648 393                                   | 10,91%  |
| Jarosław Wawerski    | 1 090 537                        | 7,21%                         | 0,00%    | 1 090 537             | 7,21%                                       | 1 090 537                                   | 7,21%   |
| Artur Emanuel Kawa   | 1 000 086                        | 6,62%                         | 0,00%    | 1 000 086             | 6,62%                                       | 1 000 086                                   | 6,62%   |
| ING OFE              | 814 811                          | 5,39%                         | 0,00%    | 814 811               | 5,39%                                       | 814 811                                     | 5,39%   |

\* Shares at the date of the report – 15 115 161, Shares at 31.12.2008 – 15 115 161

## 10.5 Changes in the holding of shares by members of the Management Board and Supervisory Board.

| Members of Management Board | Shares at 30.06.2009. | Percentage of share capital * | Change % | Shares at 31.12.2008. | Percentage of share capital at 31.12.2008* |
|-----------------------------|-----------------------|-------------------------------|----------|-----------------------|--|
| Jarosław Wawerski           | 1 090 537             | 7,21%                         | 0,00%    | 1 090 537             | 7,21%                                      |
| Artur Emanuel Kawa          | 1 000 086             | 6,62%                         | 0,00%    | 1 000 086             | 6,62%                                      |
| Grzegorz Wawerski           | 353 738               | 2,34%                         | 0,00%    | 353 738               | 2,34%                                      |
| Dariusz Kalinowski          | 15 000                | 0,10%                         | 0,00%    | 15 000                | 0,10%                                      |
| Marek Wesołowski            | 12 520                | 0,08%                         | 0,00%    | 12 520                | 0,08%                                      |

\* Shares at the date of the report – 15 115 161, Shares at 31.12.2008 – 15 115 161

| Members of Supervisory Board | Shares at 30.06.2009. | Percentage of share capital * | Change % | Akcje na 31.12.2008. | Percentage of share capital at 31.12.2008* |
|------------------------------|-----------------------|-------------------------------|----------|----------------------|--|
| Piotr Laskowski              |                       |                               |          | 386 125              | 2,55%                                      |
| Zenon Mierzejewski           | 137 000               | 0,91%                         | 0,00%    | 137 000              | 0,91%                                      |

\* Shares at the date of the report – 15 115 161, Shares at 31.12.2008 – 15 115 161

## 10.6 Information on pending litigation.

In 2008 the Group's subsidiaries were not a party to proceedings before courts or other bodies relating to liabilities or receivables of the aggregate value of at least 10% of equity.

## 10.7 Material transactions of the Issuer with associated entities.

In 2008, Emperia Holding SA did not enter into any material transactions with associated entities, otherwise than in the ordinary course of business on an arm's length basis.

The intra-Group mergers effected in 2009 are described in Section .8.9.

As part of the Group's cash flow management, short-term bonds were issued, described in detail in point. 9.2.5.

## 10.8 Credit facilities, loans and guarantees.

In first half of 2009, the dominant company, Emperia guarantee credit facilities to a subsidiary in value more than 10% of the Issuer's equity. Detailed description of the guarantee is in point 9.2.17 a)

## 10.9 Other information that in issuer's opinion are important to assess the staffing, and financial situation of the Company.

## 10.10 Basic financial data and efficiency of economic activity of Capital Group.

## 10.11 Financial Highlights

| Description                                    | First half of 2009 | First half of 2008 | %      |
|--|--------------------|--------------------|--------|
| Sales revenues                                 | 2 684 376          | 2 585 144          | 3,8%   |
| EBIDTA   | 88 048             | 79 075             | 11,3%  |
| Profit on operations                           | 57 343             | 54 254             | 5,7%   |
| Profit before tax                              | 44 105             | 48 521             | -9,1%  |
| Profit in the period                           | 31 608             | 35 618             | -11,3% |
| Total assets                                   | 1 862 395          | 1 612 567          | 15,5%  |
| Liabilities and provisions against liabilities | 1 094 757          | 888 288            | 23,2%  |
| Short-term liabilities                         | 911 899            | 700 990            | 30,1%  |
| Net assets                                     | 767 638            | 724 279            | 6,0%   |
| Share capital                                  | 15 115             | 15 115             | 0,0%   |
| Annualised profit per share in the period      | 3,65               | 4,97               | -25,8% |



**Group's activity and payment capacity.**

| Description   | First half of 2009 | First half of 2008 |
|---|--------------------|--------------------|
| Return on invested capital (profit for the period under review/equity at the end of the period) in %      | 4,12%              | 4,92%              |
| Return on assets (profit for the period under review/total assets at the end of the period) in %          | 1,70%              | 2,21%              |
| Return on sales (profit for the period under review/sales revenues in the period) in %                    | 15,92%             | 15,13%             |
| Return on EBIDTA in %   | 3,28%              | 3,06%              |
| Return on operations (profit on operations for the period under review/sales revenues in the period) in % | 2,14%              | 2,10%              |
| Gross return (profit before tax for the period under review/sales revenues in the period) in %            | 1,64%              | 1,88%              |
| Net return (profit for the period under review/sales revenues in the period) in %                         | 1,18%              | 1,38%              |

In first half of 2009 took place follow-up upward trend in selling in slightly slower dynamics than in previous period. Noting that in the first half of the year was continued complicated integration process of distribution causing in , as previous periods, higher operating costs of operation of the Group , loss part of margins, financial results according to Management Board are satisfactory.

Significant impact on Group's financial result in the first half of 2009 had one-offs transactions. On the one hand to improve financial result caused by sale of property by a subsidiary – Profit after tax in amount of PLN 13 400 000 (description in point 10.9.2 a) but in the other hand, the result has been aggravated by the settlement of sale of Arsenal (description in point 10.9.2 b).

According to the Management Board completion in first half of 2009 integration processes of distribution will result in coming period on significant increase of turnover level and achieved results at all levels of margin, from trading margin up to level of net profitability.

**10.11.1 Non-specific Event, affecting on result achieved in the financial year.**

**a) Sale of Real Property by Elpro Sp. z o.o.**

As a completion of a property development project Elpro Sp. z o.o. limited liability subsidiary sold a real property located in Łomża, Poland, ul. Piłsudskiego. The real property was purchased by ARKA BZ WBK FUNDUSZ RYNKU NIERUCHOMOSCI FIZ acting through its SPV company, PK 7 Spółka z ograniczoną odpowiedzialnością S.K.A. in Warsaw. The real property, being an extension of the Stokrotka Shopping Centre set up several years, comprises land in perpetual usufruct and buildings and structures (retail facilities). The value of the transaction was PLN 27,350,000. As at the day of the transaction, the net book value of the real property was PLN 11,030,600. Gross profit on the transaction amounts to PLN 16,319,400. None of the Emperia Group subsidiaries operates in the real property sold as part of the transaction.

| Description                               | Amount (in thous. PLN) |
|---|------------------------|
| Income from sale of real estate           | 27 350,0               |
| Costs associated with sale of real estate | 10 809,5               |
| Profit before tax on transaction          | 16 540,5               |
| Net profit on transaction                 | 13 397,8               |

Effect of transactions on profit and loss account in first half of 2009:

|  | First half of 2009 | first half of 2009<br>without transaction |
|--|--------------------|---|
| Sales revenues   | 2 684 376          | 2 684 376                                 |
| Cost of goods sold   | (2 256 981)        | (2 256 981)                               |
| <b>Profit on sales</b>   | <b>427 395</b>     | <b>427 395</b>                            |
| Other operating income   | 24 892             | 8 351                                     |
| Selling expense  | (343 104)          | (343 104)                                 |
| General administrative expense                                     | (46 961)           | (46 961)                                  |
| Other operating expense  | (4 879)            | (4 879)                                   |
| <b>Profit on operations</b>  | <b>57 343</b>      | <b>40 802</b>                             |
| Financial income   | 7 978              | 7 978                                     |
| Financial expense  | (20 702)           | (20 702)                                  |
| <b>Profit before tax</b>   | <b>44 619</b>      | <b>28 078</b>                             |
| Income tax   | (12 806)           | (9 663)                                   |
| Participation in financial result entities under the equity method | 309                | 309                                       |
| <b>Profit for period</b>   | <b>32 122</b>      | <b>18 724</b>                             |

#### b) The sale of shares in the Arsenal Sp. z o.o. Subsidiary

On 26 June 2009 BOS SA joint-stock subsidiary, with the seat in Białystok, sold 100 percent of shares in Arsenal Sp. z o.o. subsidiary with the seat in Białystok ("Company"). BOS SA joint-stock subsidiary sold to individuals 100 percent shares of Company, representing 100 percent of the share capital and 100 percent of the votes at the general meeting of shareholders.

Arsenal Sp. z o.o. was excluded from warehouse of Emperia Holding Capital Group. Detailed information contains note 8.7.3 b).

#### 10.11.2 Changes in the composition of the Issuer's Management Board and Supervisory Board

In first half of 2009 has been no changes of Management Board of Emperia Holding S.A..

The composition of the Management Board at 30 June 2009 is as follows:

1. Artur Emanuel Kawa – Chairman of Management Board ,
2. Jarosław Wawerski – Vice-Chairman of Management Board ,
3. Dariusz Kalinowski – Member of Management Board, Financial Director,
4. Marek Grzegorz Wesółowski - Member of Management Board, Retail Business Director,
5. Grzegorz Wawerski - Member of Management Board, Retail Business Development Director.

On 19 May 2009 Mr Zenon Andrzej Mierzejewski resigned as a member of the issuer's Supervisory Board with effects of 1 July 2009.

On 30 June Ordinary General Meeting of Emperia Holding S.A. appoints Mr Artur Laskowski as a member of the Company's Supervisory Board as of 2 July 2009.

The composition of the Supervisory Board of Emperia Holding SA at 30 June 2009 is as follows:

1. Ireneusz Zięba – Chairmsn of the Supervisory Board;

2. Zenon Andrzej Mierzejewski – Vice-Chairman of the Supervisory Board;
3. Piotr Kawa - Member of the Supervisory Board;
4. Tomasz Marek Krysztofiak – Member of the Supervisory Board;
5. Piotr Laskowski - Member of the Supervisory Board;
6. Piotr Długosz – Member of the Supervisory Board;

## **10.12 Factors that will affect on results achieved by the Group in next half year.**

### **External:**

Economic depression on world markets in last year resulted in strong slows of growth in Poland. It is true that Polish economy, as one of few in the European Union, not noticed so far reduction of GDP and showed relatively high resistance of effects of global slowdown in economic growth, nevertheless noticed lowest growth GDP since 2002. It is expected that consumer demand, which is in our country, together with the export main sources of economic growth, will continue in decline. Indicates on this decline of purchasing power of public and labor market situation. Decline of consumer demand in a greater extent, concerns on so-called sectors of luxury goods and much less impact it has until now on consumer goods sector so. "Everyday use" of which wholesale and retail is the main business carried out by the Group. Important are also changes in structure of demand (replacement by customers expensive goods by cheaper substitutes), its resulting in an increased in sales structure of goods so. "own brand" at the expense of branded goods, especially those with so-called. "Higher-end price." Activities taken by the Group are primarily focused on adaptation commercial offer to change of demand structure.

The current economic situation will affect in future results of the Group and in other aspects, namely:

- a) Increase of purchase prices of imported consumer goods as a result of fluctuations in exchange rates and hedge actions taken by the importers in form of financial instruments.
- b) Price increases of consumed by the Group goods and services, in particular fuel and media.
- c) Increase of lending margin expected by banks; reducing amount of funds allocated by banks for financing of business activities causes in increases of margin which potential borrowers are forced to accept to get financing in form of loan. This increase is to some extent offset by reductions in interest rates by NBP.
- d) Difficult access to external financing (bank loans), stricter criteria for granting loans and expectations in relation to security. However, in this case, the Management Board of the Group sees no significant risks of slowing down of pace of development because of difficult access to external finance. This is associated with high credit-credibility of the Capital Group, which is a consequence of several factors: (1) relatively safe from standpoint of lenders, business model and specific of activities, (2) levels of achieved profitability (3) safe structure of assets and liabilities.
- e) Situation on labor market - increase of unemployment makes it possible to obtain creative workers, with smaller than previously expected wage, and in relation to its own employees can significantly reduce wage pressure.
- f) Situation of public finances (budget deficit) and associated with this probability pro-fiscal activities.

### **Interior:**

- a) Rebuilding structures of the Capital Group, mergers in distribution and retail segments, which will reduce cost of activity and better quality of management of segments.
- b) Development of new formats of franchise chain belonging to the Group,
- c) Current expansion and adjustment of offers of goods to the changed by crisis needs of customers.
- d) Acquisition in the retail and distribution. Difficult economic situation increases tendency of smaller companies to consolidation with large and reliable trade partner
- e) Timely and budgetary implementation of the planned investments in fixed assets and software

## 10.13 Risk Factors

### External:

Macroeconomic situation - For Group particular importance has macroeconomic situation and pace of economic growth in Poland, especially external factors such as: government's economic policies, decisions taken by the Polish National Bank and the Monetary Policy Council affecting of money supply, interest rates and exchange rates, GDP growth, inflation, the size of the budget deficit and foreign debt and unemployment. Adverse changes in the macroeconomic environment in particular slowdown of revenue growth or an increase in the unemployment rate may adversely affect of activities and economic results achieved by the Capital Group.

**The tax system and changes in law** - tax settlements and other areas of regulated activities may be subject to review of the administrative which are authorized to impose high fines, penalties and interest. No reference to the regulations established in Poland, is causing inconsistency in the current legislation. Frequent changes in regulations on value added tax (VAT), income tax corporation income tax on individuals and social insurance result in lack of reference to established regulations or legal precedents. Frequent differences of opinion of the legal interpretation of tax regulations both within the State authorities, as well as between national authorities and companies are generating uncertainties and conflicts. This situation mean that the tax risk in Poland is significantly higher than in countries with more developed tax systems.

Tax settlements may be subject of inspection for a period of five years from the end of the year in which the tax has been paid.. As a result of carried out of controll, previous tax settlement of Group can be increased by an additional tax liability. In opinion of Group current activities does not generate high tax risk.

**Competition in distribution segment** - changes in the functional model of the retail trade in Poland in the FMCG sector, increase of impact of modern forms of trade (hypermarkets, supermarkets, discount chains) expense of traditional trade, causing a risk of reduction of turnover in wholesale trade segment, whose main customers are mainly business entities carrying activities in formula of traditional retail. For these reasons, further significant reduction of importance of traditional trade may reduce or stabilize the size of the turnover achieved by the Group in the wholesale segment and thus affect negative on future results of the Group. In opinion of the Management Board, this risk relates primarily small and medium-sized wholesale, having less than Emperia Group logistical efficiency, higher operating costs due to the smaller scale of activity and weaker purchasing power. In case of our Company's risk is minimized by sizes of activities., modernity and efficiency of its existing warehouse infrastructure and logistics and parallel running of activities related to the development of own retail chains.

**Competition in retail segment** - expanded by our group retail store chain of medium format in the basic parts is located in cities of medium and small-sized. Currently, in these cities is carried out process of intensive development of chain of discount stores. Also a large international retail chains in connection with the fact that, progressive saturation of large-area objects in areas of large cities, are conducting more active policy and expansion in smaller towns, namely on the traditional markets of our Group. Announced and carried out the competitive activities - in relation to our Company - by commercial chains operators can contribute to a slower than the current growth of turnover in our retail chain and make pressure on the level of realized margins, which can affect adversely for realized in future financial results. In addition, activities carried out by competitors can result in difficult acquisition of new locations or in higher costs of acquiring new, attractive location than in the past.

### Interior:

**Consolidation of the segments** - Group permanently optimizes and rebuilds its structure of the main segments: distribution and retail. Large scale and pace of these changes can generate operational risk, understood as a loss of unsuitability or failure of internal processes, workers and systems to made changes. This can cause of temporary loss and delay to achieve the expected effect of synergies

**Information systems and related with them technical infrastructure** – application of uniform, modern and efficient information systems has crucial meaning in business processes. Also important is technical infrastructure that provides fast, reliable connections and data processing. Group continuously develops, consolidates and modernizes solutions used in this area by developing their own tools and purchase high-tech solutions from market. Possible, potential disruption in operation of information systems could cause of disruption of business processes and reduce the quality of services.

**Acquisitions** - one of the important elements of development strategy implemented by our Group is seek to accelerate the size of our business activity through mergers and acquisitions. There is a risk that for some of the entities with whom we are talking about consolidation will have to give up our investment plans, the pre-takeover transactions identified by us as a compelling brought with them is too risky, or the transaction price, which is expected by the owners of enterprises expected to take over, will be not justified economically. In the case of the final realization of transaction may be that that future financial results of some of the acquired entities and the expected synergies effect will be lower than expected As a result, we as a group ,can not achieve the assumed - as a result of consolidation - growth of turnover and realized profits or acquisition cost will be too high in relation to obtained results.

**Suppliers** – Group conducting business in the wholesale and retail sale of FMCG therefore, concluded several contracts with suppliers which provides discounts and favorable terms of payment for supplied goods,. Despite fact that none of our companies under the Capital Group is not dependent on individual suppliers, there is a risk that termination of trade agreements or significant adverse changes in their conditions, in particular in situations if such cases pertained to significant number of contracts , may adversely affect of financial results of our Capital Group.

## 11. Changing presentation of bonuses and the impact on profit and loss account.

Starting with the report for 2008 in different manner, all companies of Emperia Holding Capital Group presented product losses and bonuses transferred to recipients as well as bonuses received from suppliers.

Correction of presentation for first half of 2008, to preserve the comparability of financial data was made on basis of IAS 18 „Revenues”, which states that the same criteria of recognition (presentation) should be applied to two or more different transactions if they are linked in such a way that the understanding of the impact of trade is not possible without reference to the group of transactions as a whole. Product surpluses and losses and received and paid by the company's bonuses are associated with trade in goods and have direct impact on revenues from sale of goods or cost of goods sold .

Change led to a correct presentation of data and profit and loss account for first half of 2008, compatible with economic and deliberate sense of these transactions.

- previously product losses were presented as selling expense, and now the value of product losses increases the cost of goods sold (in one of the Group's subsidiaries, the adjustment applies to other operating expense and not selling expense, as in 2007 the subsidiary reported product losses as other operating expense);
- previously bonuses provided to the buyers were reported as selling expense, and now they are deducted from sales revenues;
- previously bonuses received from suppliers were reported as sales revenues, now they are deducted from cost of goods sold;

The impact of the presentation of bonuses and stocktaking shortages upon the profit and loss account for first half of 2008 :

|   | Note | 6 months ended<br>30 June 2008 | change of<br>presentation | 6 months ended<br>30 June 2008<br>after correction |
|---|------|--------------------------------|---------------------------|--|
| <b>Sales revenues</b>                                 |      | <b>2 626 483</b>               | <b>(41 339)</b>           | <b>2 585 144</b>                                   |
| Sales of products and services                        | 1    | 80 232                         | (35 676)                  | 44 556   |
| Sales of goods and materials                          | 2    | 2 546 251                      | (5 663)                   | 2 540 588  |
| <b>Cost of goods sold</b>                             |      | <b>(2 222 542)</b>             | <b>28 409</b>             | <b>(2 194 133)</b>                                 |
| <b>Profit on sale</b>                                 |      | <b>403 941</b>                 | <b>(12 930)</b>           | <b>391 011</b>                                     |
| Other operating income                                |      | 10 945                         |                           | 10 945   |
| Selling expense                                       | 3    | (310 202)                      | 11 937                    | (298 265)  |
| General administrative expense                        | 3    | (43 323)                       | 272                       | (43 051)   |
| Other operating expense                               | 4    | (7 107)                        | 721                       | (6 386)  |
| <b>Profit on operations</b>                           |      | <b>54 254</b>                  |                           | <b>54 254</b>                                      |
| Financial income                                      |      | 1 374                          |                           | 1 374  |
| Financial expense                                     |      | (7 107)                        |                           | (7 107)  |
| <b>Profit before tax</b>                              |      | <b>48 521</b>                  |                           | <b>48 521</b>                                      |
| Income tax  |      | (12 903)                       |                           | (12 903)   |
| <b>Profit for period</b>                              |      | <b>35 618</b>                  |                           | <b>35 618</b>                                      |
| Including: profit for shareholders of dominant entity |      | 35 595                         |                           | 35 595   |
| Profit for minority shareholders                      |      | 23                             |                           | 23   |

**Note 1**

| <b>NET SALES OF PRODUCTS (by type of products)</b> | <b>6 months ended 30 June 2008</b> | <b>change of presentation</b> | <b>6 months ended 30 June 2008 after correction</b> |
|--|------------------------------------|-------------------------------|---|
| Sales of services                                  | 80 232                             | (35 676)                      | 44 556  |
| - including to related entities                    | 18                                 |                               | 18  |
| <b>Total net sales of products</b>                 | <b>80 232</b>                      | <b>(35 676)</b>               | <b>44 556</b>                                       |
| - including to related entities                    | 18                                 |                               | 18  |

| <b>NET SALES OF PRODUCTS (by geographic area)</b> | <b>6 months ended 30 June 2008</b> | <b>change of presentation</b> | <b>6 months ended 30 June 2008 after correction</b> |
|---|------------------------------------|-------------------------------|---|
| Domestic  | 79 569                             | (35 676)                      | 43 893  |
| - including to related entities                   | 18                                 |                               | 18  |
| Export  | 663                                |                               | 663   |
| - including to related entities                   |                                    |                               |   |
| <b>Total net sales of products</b>                | <b>80 232</b>                      | <b>(35 676)</b>               | <b>44 556</b>                                       |
| - including to related entities                   | 18                                 |                               | 18  |

**Note 2**

| <b>NET SALES OF MERCHANDISES AND MATERIALS (by type of activity)</b> | <b>6 months ended 30 June 2008</b> | <b>change of presentation</b> | <b>6 months ended 30 June 2008 after correction</b> |
|--|------------------------------------|-------------------------------|---|
| Sales of merchandises and materials                                  | 2 546 251                          | (5 663)                       | 2 540 588   |
| - including to related entities                                      | 314                                |                               | 314   |
| <b>Sales of merchandises and materials</b>                           | <b>2 546 251</b>                   | <b>(5 663)</b>                | <b>2 540 588</b>                                    |
| - including to related entities                                      | 314                                |                               | 314   |

| <b>NET SALES OF MERCHANDISE AND MATERIALS (by geographic area)</b> | <b>6 months ended 30 June 2008</b> | <b>change of presentation</b> | <b>6 months ended 30 June 2008 after correction</b> |
|--|------------------------------------|-------------------------------|---|
| Domestic   | 2 488 248                          | (5 663)                       | 2 482 585   |
| - including to related entities                                    | 314                                |                               | 314   |
| Export   | 58 003                             |                               | 58 003  |
| - including to related entities                                    |                                    |                               |   |
| <b>Total net sales of merchandise and materials</b>                | <b>2 546 251</b>                   | <b>(5 663)</b>                | <b>2 540 588</b>                                    |
| - including to related entities                                    | 314                                |                               | 314   |

**Note 3**

| <b>COST BY KIND</b>                         | <b>6 months ended 30 June 2008</b> | <b>change of presentation</b> | <b>6 months ended 30 June 2008 after correction</b> |
|---|------------------------------------|-------------------------------|---|
| depreciation and amortization               | (24 821)                           |                               | (24 821)  |
| materials and energy                        | (53 909)                           | 12 209                        | (41 700)  |
| external services                           | (106 516)                          |                               | (106 516)   |
| Payroll                                     | (152 432)                          |                               | (152 432)   |
| social security and other employee benefits | (32 771)                           |                               | (32 771)  |
| taxes and charge                            | (7 907)                            |                               | (7 907)   |
| other costs                                 | (6 187)                            |                               | (6 187)   |
| <b>Total cost by kind of expenditure</b>    | <b>(384 543)</b>                   | <b>12 209</b>                 | <b>(372 334)</b>                                    |
| Sales costs                                 | (310 202)                          | 11 937                        | (298 265)   |
| Overhead costs                              | (43 323)                           | 272                           | (43 051)  |
| Cost of products sold                       | (29 003)                           |                               | (29 003)  |
| Cost of manufactured computer software      | (2 015)                            |                               | (2 015)   |

**Note 4**

| <b>NON OPERATING EXPENSES</b>                    | <b>6 months ended 30 June 2008</b> | <b>change of presentation</b> | <b>6 months ended 30 June 2008 after correction</b> |
|--|------------------------------------|-------------------------------|---|
| Loss from the sale of non-financial fixed assets |                                    |                               |   |
| Revaluation of non-financial assets              | (2 026)                            |                               | (2 026)   |
| Other non operating expenses                     | (5 081)                            | 721                           | (4 360)   |
| <b>Total non operating expenses</b>              | <b>(7 107)</b>                     |                               | <b>(6 386)</b>                                      |

| <b>Revaluation of non-financial assets</b>       | <b>6 months ended 30 June 2008</b> | <b>change of presentation</b> | <b>6 months ended 30 June 2008 after correction</b> |
|--|------------------------------------|-------------------------------|---|
| Creating of write-offs – fixed assets            | (464)                              |                               | (464)   |
| Reversal of write-offs – fixed assets            | 357                                |                               | 357   |
| Creating of write-offs – receivable              | (2 648)                            |                               | (2 648)   |
| Reversal of write-offs – receivable              | 729                                |                               | 729   |
| <b>Total revaluation of non-financial assets</b> | <b>(2 026)</b>                     |                               | <b>(2 026)</b>                                      |

| <b>Other non operating expenses</b>  | <b>6 months ended 30 June 2008</b> | <b>change of presentation</b> | <b>6 months ended 30 June 2008 after correction</b> |
|--------------------------------------|------------------------------------|-------------------------------|---|
| Donations                            | (340)                              |                               | (340)   |
| Compensation of vehicle damages      | (482)                              |                               | (482)   |
| Compensation of fixed assets damages | (175)                              |                               | (175)   |
| Provisions                           | (927)                              |                               | (927)   |
| Cost of real estates                 | (363)                              |                               | (363)   |
| Court proceedings costs              | (158)                              |                               | (158)   |



|   |                |     |                |
|---|----------------|-----|----------------|
| Transfer rights from rental               | (345)          |     | (345)          |
| Receivables deducted                      | (407)          |     | (407)          |
| Other operating costs                     | (162)          |     | (162)          |
| Other                                     | (1 721)        | 721 | (1 000)        |
| <b>Total other non operating expenses</b> | <b>(5 081)</b> |     | <b>(4 360)</b> |

Lublin, August 2009

**Signatures of members of Management Board:**

|            |                    |   |                    |
|------------|--------------------|---|--------------------|
| 2009-08-31 | Artur Kawa         | President of the management board                                     | .....<br>signature |
| 2009-08-31 | Jarosław Wawerski  | Vice- President of the management board                               | .....<br>signature |
| 2009-08-31 | Dariusz Kalinowski | Member of the management board – Financial Director                   | .....<br>signature |
| 2009-08-31 | Marek Wesółowski   | Member of the management board – Retail Business Director             | .....<br>signature |
| 2009-08-31 | Grzegorz Wawerski  | Member of the management board – Retail Business Development Director | .....<br>signature |

**Person responsible for accountancy:**

|            |                     |                   |                    |
|------------|---------------------|-------------------|--------------------|
| 2009-08-31 | Elżbieta Świniarska | Economic Director | .....<br>signature |
|------------|---------------------|-------------------|--------------------|