

CURRENT REPORT No. 26/08

Date of Report:

12 June 2008

Re:

Report of Supervisory Board of Emperia Holding S.A. for 2007 Prepared in Accordance with Good Practices of Public Companies Listed on Warsaw Stock Exchange

Legal Basis:

Rule III.1.2) of Good Practices of Public Companies Listed on Warsaw Stock Exchange, in effect as of 1 January 2008

Update:

Pursuant to Rule III.1.2) of the Good Practices of Companies Listed on Warsaw Stock Exchange which are in effect as of 1 January 2008, to be applied by companies listed on the Warsaw Stock Exchange, the Supervisory Board submits to the Ordinary General Meeting of Emperia Holding S.A.:

“Report on Operations of Supervisory Board of Emperia Holding S.A. in 2007

The Supervisory Board of Emperia Holding S.A. operates under the Polish Commercial Companies Code, Articles of Association, and Supervisory Board Bylaws.

The composition of the Supervisory Board at the beginning of 2007 was as follows:

1. Mr Ireneusz Zięba
2. Mr Wojciech Kossuth
3. Mr Tomasz Krysztofiak
4. Mr Władysław Wawerski
5. Mr Piotr Kawa

On 10 January 2007, the General Meeting of Shareholders dismissed Mr Wojciech Kossuth from the Supervisory Board and appointed two new members: Mr Zenon Andrzej Mierzejewski and Mr Wincenty Mura.

On 5 April 2007, Mr Władysław Wawerski resigned as a member of the from the Supervisory Board.

On 1 June 2007, Mr Piotr Długosz was appointed as a new member of the Supervisory Board.

At the end of the financial period the composition of the Supervisory Board was as follows:

1. Mr Ireneusz Zięba, Chairman
2. Mr Zenon Andrzej Mierzejewski, Vice-Chairman
3. Mr Tomasz Krysztofiak, Member of the Supervisory Board
4. Mr Wincenty Mura, Member of the Supervisory Board
5. Mr Piotr Kawa, Member of the Supervisory Board
6. Mr Piotr Długosz, Member of the Supervisory Board.

Three members of the Supervisory Board are nominees of the key shareholders holding a power to exercise over 5 percent of the voting rights at the General Meeting. The Supervisory Board includes one independent member. The composition of the Supervisory Board ensures varied views on the operations of the Management Board and on the Company's business.

Throughout 2007, the Supervisory Board of Emperia Holding S.A. held 10 meetings on 10 and 26 January, 15 February, 22 March, 15 June, 16 July, 18 September, 22 October, 7 November and 19 December. In 2007 the Supervisory Board adopted 54 resolutions, including 11 resolutions adopted by circulating them among the members. All meetings were attended by a sufficient number of members to enable adopting valid resolutions.

The responsibilities of the Auditing Commission and the Pay Commission were exercised by the Supervisory Board on a collective basis.

During the period covered by this Report the Supervisory Board exercised on-going supervision over the Company in all areas of its business, opined on the day-to-day and proposed actions, examined the economic and financial standing of Emperia Holding, as well as reviewing the financial performance of the Company and group subsidiaries, with a special focus on the quarterly, semi-annual and annual financial statements.

In accordance with the Good Practices of Public Companies 2005 adopted by the Company, the Supervisory Board issued recommendations with respect to draft resolutions of the General Meeting of Shareholders held on 22 March 2007, 16 July 2007 and 3 January 2008 and prepared an assessment of the Company's standing in 2006 and the Report on the Operations of the Supervisory Board of Emperia Holding S.A. in 2006.

A detailed scope of activities and resolutions adopted by the Supervisory Board in 2007 is recorded in the Minutes of Supervisory Board Meetings available in the registered office of the Company in Lublin, POLAND, at ul. Metalurgiczna 7-9.

2. Report on Audit of Company's Financial Statements for 2007 Financial Year, Management Board Report and Profit Distribution.

Pursuant to the provisions of Article 382 § 3 of the Commercial Companies Code and in conjunction with Article 53(1) of the Act on Accounting of 29 September 1994 (Dz. U. 121, item 591, as subsequently amended), the Company's Supervisory Board audited the financial statements of the Company for the 2007 financial year ending on 31 December 2007, comprising the balance sheet, profit and loss account, statement of changes in equity and notes as well as cash flow statement. In addition, the Supervisory Board audited the Management Board report on the operations of the Company in 2007, including a motion of the Management Board regarding 2007 profit distribution, as well as reviewing the opinion and report on the audit of the financial statements for 2007 by a certified auditor, BDO

Numerica S.A. having its registered office in Warsaw, ul. Postępu 12, with respect to the integrity and reliability of the 2007 financial statements.

The Supervisory Board moves that the Ordinary General Meeting of Shareholders of Emperia Holding S.A. approve the Management Board report on the operations of the Company in 2007 and the Company's financial statements for the financial year commencing on 1 January 2007 and ending on 31 December 2007, comprising a balance sheet as of 31 December 2007 reporting total assets and liabilities of **PLN 596,386,339.32** (in words: five hundred and ninety-six million three hundred and eighty-six thousand three hundred and thirty-nine and 32/200 zloty); a profit and loss account for the period from 1 January 2007 to 31 December 2007 reporting a net profit of **PLN 14,630,368.95** (in words: fourteen million six hundred and thirty thousand three hundred and sixty-eight and 95/100 zloty); a statement of changes in equity reporting an increase in equity by **PLN 256,543,825.19** (in words: two hundred and fifty-six million five hundred and forty-three thousand eight hundred and twenty-five and 19/100 zloty); a cash flow statement for the period from 1 January 2007 to 31 December 2007 reporting an increase in net cash during the 2007 financial year by **PLN 29,776,570.32** (in words: twenty-nine million seven hundred and seventy-six thousand five hundred and seventy and 32/200 zloty).

The Supervisory Board has approved the motion of the Management Board regarding distribution of net profit generated by the Company in 2007: PLN 13,301,341.68 to be distributed as dividend, and the remainder, that is PLN 1.329 027,27 to be transferred to the reserve capital. The Supervisory Board has approved the motion of the Management Board to set the record date for 1 September 2008 and the date of payment for 17 September 2008.

Further, the Supervisory Board moves that the Ordinary General Meeting of Shareholders of Emperia Holding S.A. acknowledge satisfactory performance of duties by members of the Company's corporate bodies in the financial year 2007, comprising: Mr Artur Kawa, Chairman of the Management Board; Mr Jarosław Wawerski, Vice-Chairman of the Management Board; Mr Dariusz Kalinowski, Member of the Management Board; Mr Jacek Dudzik, Member of the Management Board; Ms Renata Bronisz-Czyż, Member of the Management Board; Mr Jarosław Rudnicki, Member of the Management Board; Mr Lesław Syguła, Member of the Management Board; and Mr Piotr Laskowski, Member of the Management Board; Mr Marek Wesołowski, Member of the Management Board; Mr Grzegorz Wawerski, Member of the Management Board.

3. Report on Audit of Consolidated Financial Statements for 2007 Financial Year of Emperia Holding Group of Companies

Pursuant to Article 14(2)(a) of the Articles of Association of Emperia Holding S.A., the Supervisory Board of Emperia Holding S.A., in its capacity as the supervisory body for the parent company of the Emperia Holding group, in accordance with Article 63c(4) of the Act on Accounting of 29 September 1994 (Dz. U. No. 121, item 591 of 1994, as subsequently amended), audited the consolidated financial statements for 2007 of the Emperia Holding group of companies, comprising the notes, consolidated balance sheet, consolidated profit and loss account, statement of changes in consolidated equity, and consolidated cash flow statement. Further, the Supervisory Board reviewed the opinion and report on the audit of the consolidated financial statements for 2007 by a certified auditor, BDO Numerica S.A. having its registered office in Warsaw, ul. Postępu 12, with respect to the integrity and reliability of the 2007 consolidated financial statements.

The Supervisory Board moves that the Ordinary General Meeting of Shareholders of Emperia Holding S.A. approve the consolidated financial statements of the Emperia Holding group for

the financial year commencing on 1 January 2007 and ending on 31 December 2007, comprising a consolidated balance sheet as of 31 December 2007 reporting total assets and equity and liabilities of **PLN 1,487,202,000** (in words: one billion four hundred and eighty-seven million two hundred and two thousand zloty); a consolidated profit and loss account for the period from 1 January 2007 to 31 December 2007 reporting a net profit of **PLN 88,417,000** (in words: eighty eight million four hundred and seventeen thousand zloty); a statement of changes in consolidated equity for the period from 1 January 2007 to 31 December 2007 reporting an increase in equity by **PLN 332,196,000** (in words: three hundred and thirty-two million one hundred and ninety-six thousand zloty); and a consolidated cash flow statement reporting an increase in net cash in the period from 1 January 2007 to 31 December 2007 by **PLN 79,754,000** (in words: seventy-nine million seven hundred and fifty-four thousand zloty).”

Ireneusz Zięba, Chairman of Supervisory Board, Emperia Holding S.A.