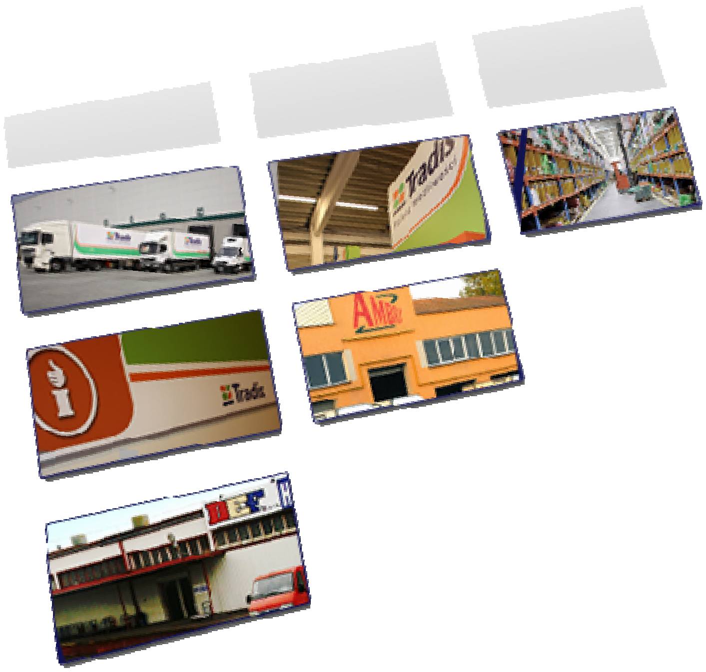

FINANCIAL STATEMENT

ANNUAL REPORT 2009

PREPARED ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

(ALL AMOUNTS IN THOUSANDS PLN)

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.

LUBLIN, 25 MARCH 2010

Table of Contents

Chairman's Letter

Dear Shareholders,

In 2009, the global financial crisis combined with economic recession and intensifying competition did not create good conditions for rapid development of Emperia Trading Group. Despite the adverse market conditions however, the Emperia Group succeeded in strengthening its leadership among Polish trading companies engaging in wholesale distribution and retail marketing of FMCG. The sales revenues of the Emperia Group increased by 5.1 percent to PLN 5.5 billion, with a concurrent improvement in EBITDA and net profit. EBITDA increased by 18.5 percent to PLN 176.5 million and net profit by 17.2 percent to PLN 69.4 million. Investment outlays were in excess of PLN 165.3 million.

In 2009, Emperia focused its efforts mainly on the continued Group restructuring process, development of the retail business as well as mergers and acquisitions.

On 1 July 2009, Emperia completed the most significant stage of the wholesale business reorganisation process, that is the merger of seven subsidiaries operating all over Poland into a single company, Tradis. In addition, the network of traditional and cash&carry warehouses was streamlined, and a new organisational structure for the wholesale business head office put in place. Following these changes, the operations of Tradis fall into seven geographical regions based on modern wholesale centers supported by self-service cash&carry locations.

Three distribution centers and three warehouses were launched last year. At the end of 2009, the Emperia Group's wholesale network boasted 70 locations.

Arsenal with its seat in Białystok, whose operations were inconsistent with the strategic objectives formulated by Emperia, was sold. While in accounting terms the transaction produced a negative figure of PLN -4.2 million, it was the right decision to divest the subsidiary.

As regards the retail business, Emperia Trading Group continued rapid development of retail chains combined with rationalisation of their structure and format. In 2009, the number of retail outlets managed by Emperia Trading Group's retail chains went up by 1,500 locations. During the past year, Emperia Trading Group added 224 new Groszek outlets, 188 Euro Sklep outlets and 621 Lewiatan supermarkets to its chain membership. The Stokrotka chain expanded by 31 locations, and Delima launched sixth deli supermarket.

Partnerski Serwis Detaliczny, a company established to liaise with Retail Cooperatives, signed further contracts with Cooperatives. At the end of last year, PSD partnered with 372 stores operated by 42 Społem Retail Cooperatives.

In order to provide retail chains with state-of-the-art IT outlet management systems Rego central system was launched, the certification process for the first retail outlet management system, eXpedient, was completed, and certification of further systems got underway.

The first half of 2009 also saw conclusion of a property development project and sale of the completed shopping mall in Łomża, with a black figure of PLN 13.4 million.

Emperia Trading Group also continued its development strategy based on the active consolidation of the retail market. In the past year Emperia was joined by further companies: Alfa of Lublin, Ambra of Czechowice-Dziedzice, Przedsiębiorstwo Handlowe Centrum Społem Sanok Lewiatan Północ and Lewiatan Opole.

On 9 September 2009, Emperia Holding S.A. distributed another time dividend among its shareholders, representing some 15 percent of the profit generated in 2008, that is PLN 8,917,944.99 (PLN 0.59 per share). The Management

Board can see nothing to hinder the company from maintaining its dividend policy and earmarking some 15 percent of the consolidated net profit generated by the Group in 2009 to be distributed as dividend.

The plans for 2010 assume fuller utilisation of the effects of the Group's restructuring, continued organic growth and further consolidation of the FMCG market. We are assuming sale revenues to be up by 8.6 percent to PLN 6 billion and intend to maintain a high level of investment outlays and to improve net profit.

Ahead is yet another tough year. However, I am convinced that the effects of the consistently pursued restructuring of the Emperia Group combined with cost discipline and continued interest in mergers and acquisitions will help us improve financial performance and ensure further strengthening of Emperia's position in the market.

Thanks are due to the employees, customers and business partners for yet another year of their joint effort and contribution to the building and development of our business. I would like to thank the shareholders for their support and confidence in Emperia's Management Board. I believe that the management team motivated to work hard and the growth strategy adopted and consistently pursued will improve further the value of Emperia Trading Group for its shareholders.

Artur Kawa
Chairman of Management Board

(in PLN 000s, unless indicated otherwise)

1. Selected Financial Highlights

	SELECTED FINANCIAL HIGHLIGHTS (current year)	PLN		EURO	
		For period 01.01.2009 to 31.12.2009	For period 01.01.2008 to 31.12.2008	For period 01.01.2009 to 31.12.2009	For period 01.01.2008 to 31.12.2008
I.	Net revenues from sale of products, goods and materials	51 084	51 415	11 769	14 556
II.	Profit (loss) on operating activity	3 101	3 798	714	1 075
III.	Profit (loss) before tax	45 348	3 192	10 448	904
IV.	Profit (loss) for period	43 971	1 422	10 130	402
V.	Net cash flows from operating activity	9 244	11 183	2 130	3 166
VI.	Net cash flows from investing activity	(4 390)	(40 726)	(1 011)	(11 530)
VII.	Net cash flows from financing activity	(5 475)	144	(1 262)	41
VIII.	Total net cash flows	(621)	(29 399)	(143)	(8 323)
IX.	Total assets	632 397	598 036	153 935	143 331
X.	Liabilities and provisions against liabilities	11 310	12 216	2 753	2 927
XI.	Long-term liabilities	1 404	818	342	196
XII.	Short-term liabilities	9 906	11 398	2 411	2 732
XIII.	Equity	621 087	585 820	151 182	140 404
XIV.	Initial capital	15 115	15 115	3 679	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	15 064 149	15 115 161	15 064 149
XVII.	Profit (loss) per ordinary share annualized (PLN\EURO)	2,91	0,09	0,71	0,03
XVIII.	Diluted profit (loss) per ordinary share annualized (PLN\EURO)	2,91	0,09	0,71	0,03
XIX.	Book value per share (PLN/EUR)	41,09	38,76	10,0	9,29
XX.	Diluted book value per share (PLN/EUR)	41,09	38,76	10,0	9,29
XXI.	Declared or distributed dividend per share (PLN/EUR)**	**	0,88	**	0,21

*The weighted average number of shares:
- in 2009: in January-December 15 115 161;
- in 2008: in January-May 14 992 732, June-December 15 115 161;

** The height of the proposed dividend for 2009 is 15% of consolidated profit for 2009 reached by the Capital Group.

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 4,3406 PLN/EUR in 2009, and 3,5321 PLN/EUR in 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 4,1082 PLN/EUR on 31 December 2009 and 4.1724 PLN/EUR on 31 December 2008.

(in PLN 000s, unless indicated otherwise)

2. Management Board Statement

The Management Board of Emperia Holding S.A. represents that, to the best of its knowledge, the annual consolidated financial statements and comparable data have been prepared in compliance with the accounting policies and that they provide a true, reliable and clear reflection of the assets and financial standing of the issuer's group of companies and its financial performance, and that the report on the operations of the issuer's group of companies contains a true picture of the development and achievements as well as of the standing of the issuer's group of companies, including a description of fundamental threats and risks.

The Management Board of Emperia Holding S.A. further represents that the entity licensed to audit financial statements (auditor), auditing the consolidated annual financial statements, has been appointed in compliance with the law and that the entity and the auditors performing the audit of such financial statements have met the conditions necessary to express an impartial and independent opinion on the audited consolidated annual financial statements, in compliance with the regulations in force and professional standards.

Annual report of Emperia Holding SA should be read in conjunction with consolidated annual report of Emperia Holding Capital Group.

Signatures of members of Management Board:

2010-03-25	Artur Kawa	Chairman of Management Board	.... signature
2010-03-25	Jarosław Wawerski	Vice-Chairman of Management Board	.... signature
2010-03-25	Dariusz Kalinowski	Member of Management Board – Financial Director	.... signature
2010-03-25	Marek Wesołowski	Member of Management Board – Retail Business Director	.... signature
2010-03-25	Grzegorz Wawerski	Member of Management Board – Retail Business Development Director	.... signature

Signature of person responsible for maintaining the accounts:

2010-03-25	Elżbieta Świniarska	Economic Director	.... signature

(in PLN 000s, unless indicated otherwise)

3. Statement of Financial Position

	31 December 2009	31 December 2008
Fixed Assets	**572 363**	**519 594**
Tangible fixed assets	45 825	41 446
Investment real property	3 166	3 166
Intangible assets	6 418	4 565
Goodwill	-	-
Financial assets	516 581	469 421
Long-term loans	-	-
Long-term receivables and other deferred income	63	68
Deferred income tax assets	310	928
Current Assets	**60 034**	**78 442**
Inventory	49	22
Receivables	6 495	6 628
Income tax withholding	1 695	-
Short-term securities	31 745	66 110
Prepaid expenses	476	287
Cash	2 574	3 195
Other financial assets	17 000	2 200
Total Assets	**632 397**	**598 036**
Equity		
Share capital	15 115	15 115
Share premium capital	549 559	549 559
Supplementary capital	1 526	1 526
Supplementary capital from the evaluation of managerial options	482	268
Reserve capital	12 376	19 871
Revaluation capital	-	-
Treasury shares	-	-
Retained profit	42 029	(519)
Total equity allocated to shareholders of dominant entity	**621 087**	**585 820**
Long-term liabilities	**1 404**	**818**
Credit facilities, loans and debt securities	21	53
Long-term liabilities	-	-
Provisions	88	42
Provision against deferred income tax	1 295	723
Short-term liabilities	**9 906**	**11 398**
Credit facilities, loans and debt securities	4 023	29
Short-term liabilities	4 825	9 354
Income tax liabilities	-	33
Provisions	953	1 929
Deferred income	105	53
Total liabilities	**632 397**	**598 036**

(in PLN 000s, unless indicated otherwise)

Book value	**621 087**	**585 820**
Number of shares	15 115 161	15 115 161
Book value per share (PLN)	41,09	38,76

Signatures of members of Management Board:

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2010-03-25	Grzegorz Wawerski	Member of Management Board – Retail Business Development Director	.... signature

Signature of person responsible for maintaining the accounts:

2010-03-25	Elżbieta Świniarska	Economic Director	.... signature
2010-03-25	Edyta Onufryjuk-Lacek	Chief Accountant	.... signature

(in PLN 000s, unless indicated otherwise)

4. Summary Profit and Loss Account and Statement of comprehensive income.

	12 months ended 31 December 2009	12 months ended 31 December 2008
Sales revenues	**51 084**	**51 415**
- including related entities	*48 559*	*45 620*
Sales of products and services	*50 504*	*47 794*
Sales of goods and materials	*580*	*3 620*
Cost of goods sold	**(40 050)**	**(33 879)**
- including related entities	*(38 458)*	*(32 984)*
Cost of manufactured products and services sold	*(39 620)*	*(30 705)*
Cost of goods and materials sold	*(430)*	*(3 174)*
Profit on sales	**11 034**	**17 535**
Other operating income	*116*	*555*
Selling expense	*(4)*	*(6)*
General administrative expense	*(7 898)*	*(14 122)*
Other operating expense	*(147)*	*(164)*
Profit on operations	**3 101**	**3 798**
Financial income	*42 843*	*6 066*
Financial expense	*(596)*	*(6 672)*
Profit before tax	**45 348**	**3 192**
Income tax	*(1 377)*	*(1 770)*
Current tax	*(187)*	*(1 332)*
Deferred tax	*(1 190)*	*(438)*
Profit for period	**43 971**	**1 422**

Profit (loss) for period (annualized)	43 971	1 422
Weighted average number of ordinary shares *	15 115 161	15 064 149
Profit (loss) per ordinary share (PLN) (annualized)	2,91	0,09

* The weighted average number of shares:
– in 2009: in January- December 15 115 161;
– in 2008: in January-May 14 992 732, June-December 15 115 161

Statement of total income	12 months ended 31 December 2009	12 months ended 31 December 2008
Profit for period	**43 971**	**1 422**
Other total income:	-	-
Security of Cash Flow	-	-
Income tax on the other comprehensive income	-	-
Other total net income	-	-
Total income for period	**43 971**	**1 422**
Total income for shareholders of parent company	**43 971**	**1 422**
Total income for minority shareholders	-	-

(in PLN 000s, unless indicated otherwise)

Signatures of all Members of the Management Board

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Signature of person responsible for maintaining the accounts:

2010-03-25	Elżbieta Świniarska	Economic Director	.... Signature
2010-03-25	Edyta Onufryjuk-Lacek	Chief Accountant	.... Signature

(in PLN 000s, unless indicated otherwise)

5. Summary 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	Total equity
1 January 2009	**15 115**	**549 559**	**1 526**	**268**	**19 871**	**-**	**(519)**	**585 820**
Change in accounting standards and policies	-	-	-	-	-	-	-	-
1 January 2009 adjusted	**15 115**	**549 559**	**1 526**	**268**	**19 871**	**-**	**(519)**	**585 820**
Profit for 12 months until 31 December 2009	-	-	-	-	-	-	43 971	**43 971**
Valuation of management option	-	-	-	214	-	-	-	**214**
Dividend for shareholders as part of 2008 profit distribution	-	-	-	-	(7 496)	-	(1 422)	**(8 918)**
31 December 2009	**15 115**	**549 559**	**1 526**	**482**	**12 376**	**-**	**42 029**	**621 087**

	Share capital	Share premium capital	Supplementary capital	Supplementary capital from the evaluation of managerial options	Reserve capital	Revaluation Capital	Retained profit	Total equity
1 January 2008	**14 993**	**536 227**	**1 526**	**-**	**18 542**	-	**12 689**	**583 977**
Change in accounting standards and policies	-	-	-	-	-	-	-	-
1 January 2008 adjusted	**14 993**	**536 227**	**1 526**	**-**	**18 542**	-	**12 689**	**583 977**
Profit for 12 months until 31 December 2008	-	-	-	-	-	-	1 422	**1 422**
Increase of capital following new share issue	122	13 332	-	-	-	-	-	**13 454**
Valuation of management option	-	-	-	268	-	-	-	**268**
Distribution of 2007 profit – allocation to capital funds	-	-	-	-	1 329	-	(1 329)	**-**
Dividend for shareholders as part of 2007 profit distribution	-	-	-	-	-	-	(13 301)	**(13 301)**
31 December 2008	**15 115**	**549 559**	**1 526**	**268**	**19 871**	**-**	**(519)**	**585 820**

(in PLN 000s, unless indicated otherwise)

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Signature of person responsible for maintaining the accounts:

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2010-03-25	Edyta Onufryjuk-Lacek	Chief Accountant	.... Signature

(in PLN 000s, unless indicated otherwise)

6. Statement of Cash Flows

	12 months ended 31 December 2009	12 months ended 31 December 2008
Profit (loss) for period	**43 971**	**1 422**
Adjustments for:	**(34 727)**	**9 761**
Share in net (profits) losses of entities consolidated using equity method	-	-
Depreciation	8 254	5 110
(Gain) loss on exchange rate differences	-	-
Interest and share in profit (dividends)	-(41 635)	(79)
Income tax	1 377	1 770
Profit (loss) on investing activity	34	1 482
Change in provisions	(929)	(1 707)
Change in stock	(26)	(16)
Change in receivables	1 049	3 695
Change in accruals	(135)	160
Change in short-term liabilities	(1 014)	496
Other adjustments	213	268
Income tax paid	(1 915)	(1 418)
Net cash flows from operating activity	**9 244**	**11 183**
Income	**610 432**	**756 600**
Sale of fixed and intangible asset	1 625	4 048
Sale of financial assets	565 996	752 500
Disposal of subsidiaries	-	-
Dividends received	38 748	-
Interest received	853	52
Repayment of loans granted	3 210	-
Other income	-	-
Expenditures	**(614 822)**	**(797 326)**
Purchase of fixed and intangible assets	(19 289)	(15 424)
Investments in real property	-	(3 166)
Purchase of subsidiaries and associated entities	(33 453)	(42 374)
Purchase of financial assets	(529 094)	(729 102)
Loans granted	(32 986)	(2 200)
Other expenditures	-	(5 060)
Net cash flows from investing activity	**(4 390)**	**(40 726)**
Income	**42 475**	**13 454**
Income from credit facilities and loans contracted	-	-
Issue of short-term debt securities	-	-
Share issue	42 475	13 454
Other income	-	-
Expenditures	**(47 950)**	**(13 310)**
Repayment of credit facilities and loans	-	-
Redemption of short-term debt securities	(39 000)	-
Payment of liabilities under financial leases	(26)	(7)
Interest and charges paid	(6)	(2)
Dividends paid	(8 918)	(13 301)
Other	-	-
Net cash flows from financial activity	**(5 475)**	**144**

(in PLN 000s, unless indicated otherwise)

Change in cash	**(621)**	**(29 399)**
Exchange differences	**-**	-
Cash at beginning of period	**3 195**	**32 594**
Cash at end of period	**2 574**	**3 195**

Signatures of all Members of the Management Board:

2010-03-25	Artur Kawa	Chairman of Management Board	.... Signature
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Signature of person responsible for maintaining the accounts:

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2010-03-25	Edyta Onufryjuk-Lacek	Chief Accountant	.... Signature

7. Notes to Consolidated Financial Statements

7.1 Group Background

Name, seat and objects of business of the dominant entity

The Company 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 Company is in Lublin, ul. 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 (PKD2007 – 7010Z, previously acc. PKD2004 – 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 of Company have been listed on the Stock Exchange in Warsaw since 2001.
The financial year of the Company coincides with the calendar year. The term of the Company is indefinite.

The financial statements have been prepared for the period from 1 January 2009 to 31 December 2009, with comparable data for the period from 1 January 2008 to 31 December 2008. The financial statements contain no combined data, the subsidiaries do not operate any internal units that prepare independent financial statements.

The 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 Company 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.

As at 31 December 2009, Emperia Holding S.A. and fourteen 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., DEF Sp. z o.o., Ambra Sp. z o.o., PSD S.A.*, Lewiatan Podlasie Sp. z o.o., Maro Markety Sp. z o.o., Społem Tychy Sp. z o.o., Euro Sklep S.A., Emperia Info Sp. z o.o., Projekt Elpro 1 Sp. z o.o.

In 2009 the composition of the Emperia Holding Group (compared to the 2008) changed. As a result of mergers in Group, composition of Group has changed about Centrum Sp. z o.o. with seat in Bartoszyce, which was acquired by Stokrotka Sp. z o.o. with seat in Lublinie, and of Arsenal Sp. z o.o. due to sale of its shares by Emperia Holding S.A. The Group composition has grown of Ambra Sp. z o.o. due to purchase of its shares by Tradis Sp. z o.o.
As a result of completion of integration process of distribution companies BOS S.A, Sygel-Jool S.A. and DLS S.A. were acquired by Tradis Sp. z o.o. with it seat in Lublinie. Additionally Projekt Elpro 1 took over Projekt Elpro 2 Sp. z o.o. (previous name Alpaga-Xema Sp. z o.o.) and Projekt Elpro 3 Sp. z o.o. (previous name Express Podlaski Sp. z o.o.).

All these events are described in section 7.2.9

*At 31.12.2009 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.

(in PLN 000s, unless indicated otherwise)

The data presented in this Report as at 31 December 2009 includes stand-alone results of the following subsidiaries subject to consolidation in financial statements

	Subsidiary name	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.		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	DEF Sp. z o.o. (2)		15-399 Białystok, Handlowa 6	Food wholesaling	48125, District Court in Białystok, XII Commercial Division of NCR	Subsidiary	Full	2007-01-02	100,00%	100,00%
7	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%
8	Społem Tychy Sp. z o.o. (3)		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%

(in PLN 000s, unless indicated otherwise)

9	Maro-Markety Sp. z o.o.		61-615 Poznań, Skwierzyńska 20	Food product retailing	102596, District Court in Poznan, XX Commercial Division of NCR	Subsidiary	Full	2007-09-12	100,00%	100,00%
10	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%
11	Emperia Info Sp. z o.o.		20-952 Lublin, 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%
12	Ambra Sp. z o.o.(2)		43-502 Czechowice-Dziedzice, 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%
13	Partnerski Serwis Detaliczny S.A. (PSD S.A.)		02-739 Warszawa, Grażyny 15	Partner chain management	280288, District Court for the Capital City Warsaw in Warsaw XIII Commercial Division of NCR	Subsidiary	Equity method	2007-12-20	100,00%	100,00%
14	„Projekt Elpro 1" Sp. z o.o. (previous name „Sydo" Sp. z o.o.)		42-202 Częstochowa, ul. Bór 66 F	Property development	71049, District Court in Wrocław, VI Commercial Division of NCR	Subsidiary	Full	2007-11-29	100,00%	100,00%

(1) directly by Emperia (98.482 shares, 95,93%) and indirectly by Tradis Sp. z o.o. (1.254 shares, 1,22%) and "Lewiatan Podlasie" Sp. z o.o. (2.927 shares, 2,85%)
(2) indirectly by "Tradis" Sp. z o.o.
(3) directly by Emperia Holding S.A. (140.282 shares, 81,91%) indirectly by Tradis Sp. z o.o. (29.645 shares, 17,31%)

(in PLN 000s, unless indicated otherwise)

List of subsidiaries at the balance sheet date 31 December 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. in liquidation (1)	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.(3)	10-680 Olsztyn, Lubelska 33		100,00%	100,00%
Lewiatan Kujawy Sp. z o.o. (2)	87-800 Włocławek, Komunalna 6		50,00%	50,00%
Lewiatan Śląsk Sp. z o.o.(2a)	41-200 Sosnowiec, Chemiczna 12		100,00%	100,00%
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		38,20%	38,20%
Piccolo Sp. z o.o. (4)	43-100 Tychy, Grota Roweckiego 60		50,00%	50,00%
Lewiatan Wielkopolska Sp. z o.o. (5)	60-479 Poznań, Strzeszyńska 23		68,57%	68,57%
Lewiatan Opole Sp. z o.o. (5a)	45-325 Opole, Światowida 2		89,21%	89,21%
Lewiatan Zachód Sp. z o.o.	73-100 Stargard Szczeciński, Przemysłowa 5		100,00%	100,00%
ZKiP Lewiatan 94 Holding S.A. (6)	87-800 Włocławek, Zielony Rynek 5		*56,81	*63,25
Lewiatan Północ Sp. z o.o.	80-298 Gdańsk, Bysewska 30		100,00%	100,00%

* indirectly weighted share

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

(2) indirectly by Tradis Sp. z o.o.

(2a) indirectly by Tradis Sp. z o.o. (34 shares, 34%), directly by Emperia Holding S.A. (66 shares, 66%)

(3) indirectly by Tradis Sp. z o.o. (59,11% shares) and directly by Emperia Holding S.A. (40,89% shares)

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

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

(5a) indirectly by Maro-Markety Sp. z o.o. (901 shares, 89,21%)

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

(in PLN 000s, unless indicated otherwise)

List of entities other than subsidiaries entities in which associated entities hold less than 20% of shares as at 31 December 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)	15-950 Białystok, Gen. Wł. Andersa 38	14 805	0,30%	0,36%
Spółdzielnia Mieszkaniowa Lokatorsko-Własnościowa w Lidzbarku Warmińskim (1)	Lidzbark Warmiński	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, Kamińskiego 19	21 520	4,37%	4,37%
SPOŁEM" Domy Handlowe Sp. z o.o. (4)	43-100 Tychy, Damrota 72	6	16,66%	16,66%
Lewiatan Podkarpacie Spółka z o.o. (5)	39-200 Dębica, Drogowców 8.	170	0,59%	0,59%
Elektroniczna Sieć Handlowa Merkury Spółka z o.o. (5)	01-728 Warszawa, Powązkowska 46/50	3 298	11,20%	11,20%

(1) indirectly by Tradis Sp. z o.o.
(2) indirectly by Projekt Elpro 1 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.

7.2 Outline of Key Accounting Policies

7.2.1 Basis for Preparation of Consolidated Financial Statements

These financial 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.

7.2.2 Conformity Statement

The financial statements of Emperia Holding S.A. have been prepared in compliance with the International Financial Reporting Standards („IFRS") adopted by the European Union. The attached financial statements present in a reliable manner the financial standing of the Group, its financial performance and cash flows.

7.2.3 Segment Reporting

From 2009 IFRS 8 *Operating Segments* replaced IAS 14 Reporting Financial Information by Segment. In new standard for identifying and measuring results of operating segments which are subject to reporting and disclosure adopted an approach based on perspective of Management Board.
Operating segment is a component of the operator:

- who runs the business associated with obtaining revenue and incurring expenses (including revenues and expenses related to transactions with other segments of the same operator)
- whose results is regularly reviewed by persons responsibility for making operational decisions concerning allocation of resources to segment and assess of results achieved by him,
- about which can be obtained the separate financial information.

A geographical segment is a component of an enterprise that provides products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.
The Company operates exclusively in Poland, the regions of which—given their proximity—demonstrate similar economic conditions and the scope of risks, and thus must be seen as largely uniform.
The Group's operations fall into three business segments:

1 **Wholesaling** (Wholesale Segment)* comprised of the following subsidiaries: DEF Sp. z o.o., Tradis Sp. z o.o. (company took over BOS S.A., DLS S.A., Sygel-Jool S.A.), Ambra Sp. z o.o. - consisting in wholesale distribution of goods and related services .**Retailing** (Retail Segment) comprised 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., Społem Tychy Sp. z o.o., Euro Sklep S.A., consisting in retail sale and related services;

2 **Other** include the holding operations of the Issuer's Company and the operation of other subsidiaries: Elpro Sp. z o.o., Projekt Elpro 1 Sp. z o.o. (resulting from merger of „Projekt Elpro 1" Sp. z o.o., „Projekt Elpro 2" Sp. z o.o. Sp. z o.o. and „Projekt Elpro 3" Sp. z o.o.) – providing property development and facility management services; Infinite Sp. z o.o., Emperia Info Sp. z o.o. – providing IT services; and PSD S.A. – a partner network management company.

As regards geographical segments, given the above considerations, the Group does not distinguish any other segments except for the entire Poland.
Inter-segment business transactions are effected on an arm's length basis. These transactions are subject to exclusion in the consolidated financial statements.

7.2.4 Functional Currency

PLN is the functional currency and the currency of presentation for all the items of the 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.

7.2.5 Changes in Accounting Policies Applied

The newly introduced IFRS standards and interpretations for reporting periods from 1 January 2009 had no material application to the operations of the Emperia Holding Group. The Company did not change its accounting policies in 2009.

7.2.6 Future Expected Changes in Accounting Policies

New standards, their changes and interpretations which became effective as from 2009:

a) IFRS 8 Operating Segments

IFRS 8 standard was published by the International Accounting Standards Board on 30 November 2006 and is effective for annual periods beginning on or after 1 January 2009. IFRS 8 replaces IAS 14 Reporting Financial Information by Segment. The standard sets forth new requirements for disclosing business segment information, information on products and services, on geographical areas in which business operations are conducted, and on the key customers. IFRS 8 call for the “management approach” to reporting financial performance of business segments.

b) IAS 23 Borrowing Costs

On 29 March 2007, the International Accounting Standards Board issued the revised IAS 23. The standard prescribes accounting treatment for borrowing costs relating to assets which take a substantial period of time to get ready for their intended use or sale. Under the revised IAS 23, under such circumstances the borrowing costs incurred should be capitalised (prior to the amendment they were directly recognised in profit and loss account). The standard is effective for annual periods beginning on or after 1 January 2009.

c) IFRIC 13 Customer Loyalty Programmes

The IFRIC 13 interpretation, issued on 27 June 2007 by the International Financial Reporting Standards Interpretations Committee, is effective for periods beginning on or after 1 July 2008. The interpretation explains how to account for customer loyalty programmes provided by companies, indicates how to correctly measure their liability arising from the obligation to supply awards to customers as part of their customer loyalty programmes

d) Amendments to IAS 1 Presentation of Financial Statements

The revised IAS 1 was issued on 6 September 2007 and is effective for annual periods beginning on or after 1 January 2009. The amendments relate to terminological changes and changes to the presentation of financial statements, statement of comprehensive income

e) Amendments to IFRS 2 Share-based Payment – vesting conditions and cancellations

The revised IFRS 2 was issued on 17 January 2008 and is effective for annual periods beginning on or after 1 January 2009. The amendments to IFRS 2 clarify the definition of vesting conditions and the accounting treatment of cancellations by the parties of a share-based payment agreement.

f) Amendments to IAS 32 Financial Instruments Presentation and IAS 1 Presentation of Financial Statements

The revised IAS 1 was issued on 14 February 2008 and is effective for annual periods beginning on or after 1 January 2009. The changes relate to the classification of financial instruments with an option to sell and the obligations arising only upon liquidation

g) Amendments to IFRS 2008

On 22 May 2008, the International Accounting Standards Board issued amendments revising 20 effective standards. Cost of the changes are effective for annual periods beginning on or after 1 January 2009. This is the first standard issued by IASB as part of the annual revision process, the purpose of which is to make secondary less urgent revisions.

h) Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements

The revisions to the standards were issued on 22 May 2008 and are effective for annual periods beginning on or after 1 January 2009. The amendments relate to the measurement of costs of investments in subsidiaries, jointly controlled entities and associates on the first adoption of IFRS and eliminate concerns relating to the requirement of retrospective determination of costs and the application of the cost-based method under IAS 27, which under certain circumstances would require excessive effort on the part of entities adopting IFRS for the first time as well as producing unnecessary costs.

i) IFRIC 14 and IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The IFRIC 14 interpretation was issued by the International Financial Reporting Standards Interpretations Committee on 5 July 2007. The interpretation prescribes guidelines for recognition of benefit assets, minimum funding requirements and their interactions. The interpretation is effective for annual periods beginning on 1 January 2009.

It is the Group's view that the adoption of the above revised standards and new interpretations will not have any material effect on the financial statements for 2009.

<u>New standards and interpretations which are not yet effective and have not been applied:</u>

a) IFRIC 12 Service Concession Agreements

The interpretation was issued on 3 July 2008 and is effective for annual periods beginning on or after 29 March 2009. The interpretation lays down the eligibility criteria for service concession agreements concluded between the public and the private sector and the principles for recognition of infrastructure assets.

b) Amendments to IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements

The revised IFRS 3 and IAS 27 were issued on 10 January 2008 and are effective for acquisitions and mergers of entities occurring as of 1 July 2009. They relate to changes in recognition of acquisitions, step acquisitions and business combinations, recognition of costs relating to the acquisition transaction and principles of recognition in the event of loss in control.

c) Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Criteria for Recognising an Item as Hedged

The revised IAS 39 was issued on 31 July 2008 and is effective for annual periods beginning on and after 1 July 2009. 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.

d) IFRIC 15 Agreements for the Construction of Real Estate

The interpretation was issued on 3 July 2008 and is effective for annual periods beginning on and after 1 September July 2009. The interpretation relates to accounting for revenues and costs of real estate construction carried out directly by the entity or by subcontractors. The agreements covered by the scope of IFRIC 15 are referred to as "agreements for the construction of real estate" and may also provide for the supply of other goods and services. The interpretation specifies whether or not the relevant agreement for the construction of real estate is covered by the scope of IAS 11 or IAS 16, and when revenues from real estate construction need to be recognised.

e) IFRIC 16 Hedges of a Net Investment in a Foreign Operation

The interpretation was issued on 3 July 2008 and is effective for annual periods beginning on and after 1 June 2009. The interpretation applies to those entities which hedge exchange risk inherent in net investments in foreign operations and apply hedge accounting in accordance with IAS 39.

f) IFRIC 17 Distributions of Non-cash Assets to Owners

The interpretation was issued on 27 November 2008 and is effective for annual periods beginning on and after 1 July 2009. The interpretation contains guidelines with respect to accounting for distributions of non-cash assets to shareholders: when such dividend payable needs to be recognised, how it should be measured, how to treat the differences between the balance sheet value of the assets distributed and the balance sheet value of dividend payable when accounting for it.

g) IFRIC 18 Transfers of Assets from Customers

The interpretation was issued on 29 January 2009 and is effective for annual periods beginning on and after 1 July 2009. The interpretation will apply mainly to the sector of utilities. The interpretation provides guidelines for recognition of assets received from customers to be used to connect such customer to the grid or to provide the customer with services using the asset so contributed.

h) Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

The amendments to IFRS 5 are effective for annual periods beginning on and after 1 July 2009. The changes relate to the classification of assets and liabilities of a subsidiary following a sale resulting in the loss in control over the subsidiary and the presentation of discontinued operations once the decision to effect a sale resulting in the loss in control over the subsidiary is made.

i) Updated IAS 27 Consolidated and Separate Financial Statements

The updated IAS 27 was published on 10 January 2008 and is effective for annual periods beginning on and after 1 July 2009. The updated standard requires recognition of changes in the size of shares of a subsidiary as equity transactions, and it also changes the recognition of losses incurred by a subsidiary, in excess of the value of investment, as well as recognition of lost control over a subsidiary.

j) Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards

The revised IFRS 1 is effective for annual periods beginning on and after 1 July 2009. The purpose of the amendments is to improve the structure of the standard, simplify it and facilitate reception of the standard through reorganisation and relegation of the majority of exceptions to appendices.

k) Amendments to IFRS 2 Share-based Payment

The revised IFRS 2 is effective for annual periods beginning on and after 1 January 2010. The amendments incorporated into the standard relate to share-based payment transactions within the group settled in cash. The amendments specify how to recognise group share-based payments settled in cash in the financial statements of such entities.

l) Amendments to IAS 39 Financial Instruments: Recognition and Measurement, Reclassification of Financial Instruments: effective date and transition and Amendments to IFRS 7 Financial Instruments: Disclosures

The revised IAS 39 is effective for annual periods beginning on and after 1 July 2009. The amendments enable reclassification of certain financial assets other than derivatives recognised in accordance with IAS 39.

m) Amendments to IAS 39 Financial Instruments: Recognition and Measurement, Embedded Derivatives and Amendments to IFRIC 9

The revised MSR 39 is effective for annual periods beginning on and after 1 July 2009. The amendment provides that an option of earlier repayment embedded in the host debt derivative should not be recognised separately as an embedded derivative if the penalties for repayment are designed in such a way as to reward the borrower for lost interest on the remaining part of the host contract.

n) Amendments to IFRS 2009

The International Accounting Standards Board issued 15 amendments to 12 effective standards. Most of the changes are effective for annual periods beginning on and after 1 January 2009. This is another standard issued by IASB as part of the annual revision process, the purpose of which is to make secondary less urgent revisions.

o) Amendments to IAS 32 Financial Instruments: Presentation: Classification of Rights Issues

The revised IAS 32 is effective for annual periods beginning on and after 1 February 2010. The amendment provides for recognition of rights issues.

p) Amendments to IFRS 7 Financial Instruments: Disclosures

The amendments to IFRS 7 introduced improvements in the quality of financial instrument disclosures. They were published on 5 March 2009 and are effective for reporting periods beginning on or after 1 January 2009. The amendments to IFRS 7 introduce a three-tiered hierarchy of fair value disclosures and call for disclosure of additional information by entities on the relative reliability of fair value measurements. The changes additionally clarify and expand the existing liquidity risk disclosure requirements.

q) IFRS 9 Financial Instruments

IFRS 9 addresses the issues of classification and valuation of financial assets. The standard is effective for annual periods beginning on and after 1 January 2013. The standard has not as yet been adopted by the European Union.

r) Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards

The proposed amendment to IFRS 1 introduces a limited exemption from the obligation to disclose comparable data under IFRS 7 for first-time adopters of IFRS. The amendment is effective for annual periods beginning on and after 1 July 2010. The standard has not as yet been adopted by the European Union.

s) IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 explains the accounting policies applicable when, following renegotiations by the entity of the terms of its debt, the liability is extinguished by the debtor issuing equity instruments for the creditor (the so-called “debt-to-equity swap”). The interpretation is effective for annual periods beginning on and after 1 July 2010. The interpretation has not as yet been adopted by the European Union.

t) Amendments to IFRIC 14 – IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The amendment removes the unintended effects of IFRIC 14 relating to voluntary pension contributions when minimum financing requirements exist. The amendment is effective for annual periods beginning on and after 1 January 2011. The amendment has not as yet been adopted by the European Union.

u) Amendment to IAS 24 - Disclosure information of related entities

The amendment to IAS 24 is effective for annual periods beginning on and after 1 January 2011. The amendment removed the requirement for state-related entities to make detailed disclosures on all transactions with the state and other state-related entities. It also clarified and simplified the definition of a related party. The amendment has not as yet been adopted by the European Union.

The Group is reviewing the consequences and impact of the application of the above standards and interpretations upon the future financial statements, however in its opinion the application of these standards and interpretations will have no material impact upon the financial statements in the period of their initial application.

7.2.7 Accounting Estimates

The preparation of the financial statements requires the Management Board to apply certain accounting estimates and make assumptions as to future events which can affect the value of assets and liabilities reported in the current and future financial statements. These estimates and assumptions are subject to on-going monitoring, are based on the Management Board's best of knowledge, historical experience and expectations as to future events which appear likely in the relevant situation. Still, they may include a certain margin of error and the actual performance may differ from the forecasts The key estimates may relate to the following balance sheet items: fixed assets and intangible assets (to the extent of useful economic life and the impairment of assets), provisions against employee benefits (bonuses, pensions, accrued leave payments), provisions against customer loyalty programmes, stock revaluation allowances, deferred tax assets and liabilities.

7.2.8 Correction of Errors

Errors may relate to the recognition, valuation, presentation or disclosure of information relating to specific items of the financial statements.
Any errors identified at the stage of preparation of the financial statements are corrected by the company in the relevant financial statements. Any errors identified in the successive periods are corrected by adjusting comparable data presented in the financial statements for the period in which the error is identified. The Company corrects errors of previous periods using the retrospective approach and by retrospective transformation of data, if practically feasible.

7.2.9 Merger, acquisition and sale of shares of subsidiaries and other, increase of capital in the business units

<u>Acquisition of shares in subsidiaries and other</u>

a) Acquisition of shares and capital increase in Lewiatan Śląsk Sp. z o.o. with its seat in Sosnowiec and acquisition of shares in Lewiatan Dolny Śląsk Sp. z o.o. with its seat in Zgorzelc

On 7 January 2009, Emperia Holding acquired an interest comprising 10 shares in a limited liability company, Lewiatan Śląsk Sp. z o.o. with its seat in Sosnowiec, on 9 January 2009 Emperia Holding acquired a further interest of 7 shares in this company, on 13 January and 15 July 2009 acquired after one share, which—alongside the previously held shares by Tradis Sp. z o.o. carrying a right to 100 percent of votes at the general meeting of shareholders and representing 100 percent of the share capital of Lewiatan Śląsk Sp. z o.o.
On 28 July 2009 in Lewiatan Śląsk Sp. z o.o. was increase of share capital by amount of PLN 32 000 to value PLN 100 000. newly created 32 shares with a nominal value PLN 1 000 were acquired by Emperia Holding S.A. in exchange for a contribution of value PLN 941 900 as 196 shares with a total nominal value PLN 98 000 in Lewiatan Dolny Śląsk Sp. z o.o. with its seat in Zgorzelc.
On 29 May 2009 Emperia Holding S.A. acquired 2 shares in Lewiatan Dolny Śląsk Sp. z o.o. with its seat in Zgorzelc, 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 Lewiatan Dolny Śląsk Sp. z o.o..
The above transactions were carried out in connection with the planned merger of companies Lewiatan Śląsk Sp. z o.o. and Lewiatan Dolny Śląsk Sp. z o.o. Information about merger is in note n). Following the above transactions, Emperia holds—either directly or indirectly through its subsidiaries, 100% percent of the share capital of Lewiatan Śląsk Sp. z o.o. share capital carrying a right to 100 percent of votes at the general meeting of shareholders

b) Subscription for and Acquisition of Shares in Newly-Established Company Lewiatan Północ Sp. z o.o. in Gdansk and increase of share capital

On 9 January Emperia subscribed for and acquired an interest in a newly-established Polish limited liability company in orgenisation, 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).
On 26 February 2009 Emperia Holding S.A. as a result of increase of share capital of Lewiatan Północ Sp. z o.o. acquired another 500 shares nominal value 500 PLN each, total nominal value PLN 250 000. The acquired shares are covered with a cash contribution in amount of PLN 6 000, and PLN 244 000 compensated with the claim for Emperia Holding S.A. from Lewiatan Północ Sp. z o.o.
The capital increase was registered 10 March 2009.
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 organisation and management of an FMCG franchise of retail outlets.
The new company organize activities of more than 150 franchise outlets with a total sales area of. 15 000 sq meters. Creation of Lewiatan Północ Sp. z o.o. implements the development strategy of Emperia Capital Group based on active consolidation of the retail and distribution market in Poland.

c) Purchase of further shares in Zwiazek Kupców i Producentów Lewiatan 94 Holding S.A. with its seat in Włocławek.

On 27 January 2009, Emperia Holding acquired 93,202 shares in the initial capital of a joint-stock company, ZkiP Lewiatan 94 Holding S.A. with its seat in Włocławek .
Emperia Holding S.A. holds directly and indirectly through subsidiaries 56,81% shares in the capital of ZkiP Lewiatan 94 Holding S.A. and 63,25 percent of the votes at the general meeting of shareholders.

d) Purchase of further shares in Społem Tychy Sp. z o.o. with its seat in Tychy.

On 2 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.

e) Increased Share Capital of Subsidiary Detal Koncept Sp. z o.o.

On 12 January 2009 the District Court in Lublin recorded the increased of share capital of its subsidiary limited liability company, Detal Koncept Sp. z o.o. ("Company") by PLN 10,000,000 and on 6 November 2009 the increased of share capital by PLN 100,000.
Following the registration of the increase, the share capital of the Company is comprised of 28,806 shares of PLN 500 each, totaling PLN 14,403,000.
Emperia Holding SA holds 100 percent of the share capital of Detal Koncept Sp. z o.o., carrying 100 percent of votes at the general meeting of shareholders.

f) Increased Share Capital of Stokrotka Sp. z o.o. Subsidiary

On 20 January 2009 the District Court in Lublin recorded the increase of the share capital in its subsidiary limited liability company, Stokrotka Sp. z o.o. ("Company"), by PLN 20,000,000. and on 14 May 2009 increased by amount of PLN 10,000,000. The share capital of the Company is comprised of 102 653 shares of PLN 500 each, totalling PLN 51 326 500.
Emperia Holding S.A. holds, either directly or through its subsidiaries, 100 percent of shares in the share capital of Stokrotka Sp. z o.o., carrying 100 percent of votes at the general meeting of shareholders.

g) Increase of share capital of Tradis Sp. z o.o. subsidiary

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 Czestochowa of the nominal value of PLN 100 each and market value of PLN 16 360 000.

On 5 May 2009 the District Court in Lublin recorded increase of the share capital of Tradis 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 79 816 000.Upon completion of the transaction, Tradis became the owner of 100 percent of shares of DLS S.A. and Sygel-Jool S.A.

On 14 May 2009 Emperia acquired 68,894 newly issued shares of the nominal value of PLN 500 each - value of shares PLN 34,447,000. - in exchange for an in-kind contribution of 33,005 shares in subsidiary BOS S.A. (BOS) with its seat in Białystok of the nominal value of PLN 100 each and the market value of PLN 269,806,000.
On 18 June 2009, the District Court in Lublin registered the increase of the initial capital of subsidiary Tradis Sp. z o.o. Following the increase, the initial capital of Tradis comprises 228,526 shares, PLN 500 PLN each, of the aggregate value of PLN 114,263,000. As a result of the transactions, Tradis became the owner of 100 percent of the share capital of BOS.
Both transactions were part of merger of the wholesale companies. Information on registration can be found in the connection with point m)
Emperia Holding S.A. holds, either directly or through its subsidiaries, 100 percent of shares in the share capital of Tradis Sp. z o.o., carrying 100 percent of votes at the general meeting of shareholders.

Acquisition of shares and Internal Mergers within Emperia Holding Group

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 capital of Stokrotka Sp. z o.o. in exchange for an in-kind contribution comprising an interest in Centrum Sp. z o.o., on 2 January 2009 the merger was effected between both companies, that is Stokrotka Sp. z o.o. with its seat in Lublin and Centrum Sp. z o.o. with its seat in Bartoszyce.
The mergers consisted on acquisition by Stokrotka Sp. z o.o all assets of Centrum Sp. z o.o.

b) Purchase of Shares in Przedsiebiorstwo Handlowe „Centrum - Społem" Sp. z o.o. in Sanok and merger with subsidiary Stokrotka Sp. z o.o. in Lublin.

On 5 January 2009 subsidiary Stokrotka Sp. z o.o. acquired 100 percent of shares in Przedsiebiorstwo Handlowe „Centrum - Społem" Sp. z o.o. having its registered office in Sanok 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 5.600.000. Przedsiebiorstwo Handlowe „Centrum - Społem" Sp. z o.o. is a food and manufactured product retailer.

The transaction was carried out to integrate the two companies, while Stoktorka Sp. z.o.o. was the acquiring company. The acquisition was registered on 1 April 2009 by the District Court in Lublin and consisted of a takeover by Stokrotka Sp. z.o.o. all the assets of the company "Center - Społem" Sp. z.o.o.

c) Acquisition of shares in Ambra Sp. z o.o. with its seat in Czechowice-Dziedzice.

On 11 March 2009 Emperia's subsidiary limited liability company, Tradis Sp. z o.o., acquired 100 percent of shares in a Polish limited liability company, Ambra Sp. z o.o. having its registered seat in Czechowice-Dziedzice carrying 100 percent of votes at the general meeting of shareholders.
The total acquisition value of shares is PLN 8,000,000. with payment of PLN 500,000. occurred on 18 June and was conditional upon the 2008 financial results of the Company, which are audited.
Ambra is the leader of the wholesale distribution of household chemistry products and cosmetics in the Śląsk, Opolszczyzna and Małopolska Regions of Poland. In 2008, the Company generated PLN 118,000,000. in sales revenues.

d) Purchase of shares in Polish limited liability company Przedsiebiorstwo 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, Przedsiebiorstwo Handlowe Alfa Sp. z o.o. ("Company") having its registered seat in Lublin for the price of 9,421,700.
Przedsiebiorstwo Handlowe Alfa Sp. z o.o. is a food product and manufactured product retailer. The Company operates 3 supermarkets in Lublin.
The transaction was a part of the process associated with the merger of both companies, which was recorded by the District Court in Lublin on 1 July 2009 and consisted of a takeover by Stokrotka Sp. z.o.o. all the assets of the company Alfa Sp. z.o.o.

e) Purchase of shares in "Lewiatan Opole" Sp. z o.o. with seat in Opole.

On 4 June 2009, Maro Markety Sp. z o.o.. with seat in Poznan 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.

f) The merger of subsidiaries Tradis Sp. z o.o. with seat in Lublin, BOS S.A. with seat in Białymstok, DLS S.A. with seat in Płock and Sygel-Jool S.A. z with seat in Częstochowie

On 1 July 2009 District Court in Lublin registered merger of Tradis Sp. z o.o. (acquiring company), BOS S.A., DLS S.A. i Sygel-Jool S.A. After merger company will operate under name Tradis Sp. z o.o. Merger transaction has been carried out by pooling of shares, did not result in changes in assets and liabilities of Group.
The mergers consisted on acquisition by Tradis Sp. z.o.o. all assets of companies being acquired.

g) Merger of subsidiaries Lewiatan Śląsk Sp. z o.o. and Lewiatan Dolny Śląsk Sp. z o.o.

On 1 October 2009 District Court Katowice-Wschód in Katowice registered merger of Lewiatan Śląsk Sp. z o.o. and Lewiatan Dolny Śląski Sp. z o.o.. The merger consists of the acquisition by Lewiatan Śląsk Sp. z o.o. z with its seat in Sosnowiec all assets of Lewiatan Dolny Śląsk Sp. z o.o. with its seat in Zgorzelc.
The mergers consisted on acquisition by Lewiatan Śląsk Sp. z o.o. all assets of Lewiatan Dolny Śląsk Sp. z o.o.

h) Mergers of Projekt Elpro 1 Sp. z o.o., Projekt Elpro 2 Sp. z o.o. and Projekt Elpro 3 Sp. z o.o.

On 11 December 2009 was merger „Projekt Elpro 1" Sp. z o.o. (previous name „Sydo" Sp. z o.o.), „Projekt Elpro 2" Sp. z o.o. (previous name „Alpaga–Xema" Sp. z o.o.) and „Projekt Elpro 3" Sp. z o.o. (previous name „Express Podlaski" Sp. z o.o.). Acquiring company is „Projekt Elpro 1" Sp. z o.o., which is general successor of companies being acquired.

The mergers consisted on acquisition by Projekt Elpro 1 Sp. z o.o. all assets of companies being acquired

Sale of shares in subsidiaries and other

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

On 27 January 2009 subsidiary BOS SA with seat in Bartoszyce ,sold to two individuals all of the owned shares in the Lewiatan Pomorze Sp. z o.o. with seat in Gdynia, representing 9.69 percent of the shares in the capital, carrying 9.69 percent of votes at the general meeting of shareholders.

b) Sale of an interest in subsidiary Arsenal Sp. z o.o. with seat in Białystok.

On 26 June 2009, subsidiary BOS S.A with seat in Białymstok 100 percent of shares in the share capital of Arsenal Sp. z o.o. with its seat in Białystok. Disposals made to individuals. The object of activity of Arsenal Sp. z o.o. is export and import of food products and domestic sales raw materials to FMCG producers. Arsenal Sp. z o.o. until disposal was consolidated within Emperia Capital Group. Revenues for 2008 amounted PLN 178 500 000

c) Sale of shares in Pro-Media Art Sp. z o.o. with seat in Włocławek.

On 4 August Lewiatan Kujawy Sp. z o.o. subsidiary sold 100 percent shares in share capital of Pro Media Art. Sp. z o.o. with its seat in Włocławek. Lewiatan Kujawy Sp. z o.o. sold for a legal person 130 shares representing 100 percent of the share capital and 100 percent of votes at the meeting of shareholders for amount PLN 130 000.

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 48.

7.2.10 Tangible fixed assets

The Company recognises as individual fixed assets things capable of use, meeting the requirements set forth for fixed assets in IAS 16, if the purchase price (cost of construction) is at least PLN 1,000, with the exception of computer hardware, which, given the specific nature of the Company's operations, taken together constitute a material asset, and thus are recognised as fixed assets by the Company, regardless of the purchase price (cost of construction).

On the other hand, also given the specific nature of the Company's operations, the following items— despite meeting the value requirement—are not recognised as fixed assets by the Group:
- store furniture,
- strip curtains,

for them value threshold has been increased to PLN 3,500.

Fixed assets are reported at purchase price or cost of construction less depreciation to date and allowances for impairment, if any.

Fixed assets under construction and lease improvements are also recognised by the Group as fixed assets and law of perpetual using of ground.

The initial value of fixed assets comprises the purchase price plus all purchase-related costs and costs necessary to bring the asset to working condition for its intended use. The initial value includes also the respective portion of external financing costs.

The upgrade costs are recognised as part of the balance sheet value of fixed assets if it is likely that the upgrade will improve economic benefits for the Company and the upgrade costs can be reliably measured. All other fixed asset repair and maintenance expenditures are recorded as costs in the profit and loss account in the reporting period in which they are incurred.

Land is not depreciated. The other fixed assets are depreciated over their useful economic life on a straight-line basis, from the month following the month in which the asset is brought into use. The Group has adopted the following economic useful life periods for the various categories of fixed assets:

Buildings and structures	10 to 40 years
Machinery and equipment	5 to 10 years
Computer hardware	1.5 to 5 years
Vehicles	5 to 7 years
Other	5 to 10 years

The Company reviews periodically, not later than at the end of the financial year, the adopted economic useful life periods for fixed assets, final value and depreciation methods, and the effects of changes in these estimates, if any, are reflected in the following and subsequent financial years (prospectively).

Given the specific nature of the Company's operations, the Company is often required to undertake leasehold improvements. This applies to warehousing and retail facilities held by the Company under lease. As regards those assets, the Company sets the economic useful life for its expenditures which does not always corresponds with the term of the lease agreement in effect at a given time. If the lease term is shorter than the expected depreciation period, assets impairment allowances are charged and recognised as other operating expense in the profit and loss account. In the event the term of the lease is extended, the relevant part of the allowance made is reversed.

As at the balance sheet date, the Company also reviews fixed assets for impairment and the need to make revaluation allowances on these grounds. This happens once the Company obtains sufficient assurance that the relevant asset will not generate the expected economic benefits in the future or will generate them at a level that is significantly lower than expected.
The allowances are charged against other operating expense in the period in which impairment is identified, not later than at the end of the financial year.
If the Company obtains sufficient assurance that the cause for asset revaluation have ceased, it reverses the revaluation allowance previously effected in part or in full by recognising other operating income.

If the Company obtains sufficient assurance that the cause for asset revaluation have ceased, it reverses the revaluation allowance previously effected in part or in full by recognising other operating income.
At the time of disposal of fixed assets, the initial value and the depreciation to date are derecognised, and the disposal result is recorded as other operating income or expense, as the case may be, in the profit and loss account. The fixed asset disposal result is reported as profit or loss, as appropriate.
The costs of day-to-day operation of fixed assets, including replacement of parts, are recognised in the profit and loss account when incurred.

7.2.11 Costs of external financing

Commissions on long-term financing contracted by the Company are accounted for over time at the adjusted purchase price (amortised cost) using the effective interest rate method.

The costs of external financing contracted to purchase or construct a fixed asset incurred until the fixed asset is brought into use are capitalised as a component of the purchase or construction of the asset.

When external financing is specifically targeted and it is possible to identify a specific expenditure with specific costs of financing the asset, financing costs increase the value of expenditures for the purchase, construction or production of the relevant tangible fixed asset or intangible asset.

In the other cases, external financing costs are recognised in the profit and loss account. For the Company external financing over one year is long-term financing.

7.2.12 Fixed assets for sale

The Group classifies fixed assets for sale (or a category of fixed assets for sale) as disposable if it decides that their carrying value will be recovered by disposal rather than continued use as part of business operations. The condition is deemed fulfilled when the disposal transaction is highly likely to take place, and the asset (category of assets) is available for immediate disposal as it is at the given moment. Classifying fixed assets as disposable rests on the assumption that the management board of the company intends to complete the disposal within a period of one year from the date of fixed asset reclassification.

The Group carries a fixed asset (or a category of fixed assets for sale) classified as disposable at the lower of the balance sheet value and fair value less cost of sale

7.2.13 Intangible assets

Intangible assets are carried at purchase price adjusted for depreciation to date and impairment allowances, if any.

The Group has adopted the following useful life periods for the various categories of intangible assets:

Trademarks and licenses	5 years
Software and copyrights	2 to 5 years
Proprietary interests	5 years

Depreciation of intangible assets is recorded in the profit and loss account as operating expense (administrative expense and selling expense).

The Group holds no intangible assets with an indefinite useful life.
Goodwill is not subject to depreciation. It is annually tested for impairment.

Intangible assets acquired as part of mergers are identified separately from goodwill providing they meet the definition of intangible assets and their fair value can be reliably measured. After the initial recognition at fair value, in subsequent period such intangible assets are treated in the same way as assets acquired under separate transactions.

Computer software purchased is activated up to the cost of purchase and the cost of preparation and implementation for its intended use. Any costs relating to the development and maintenance of software are charged against costs on the date of being incurred.

The Company reviews periodically, not later than at the end of the financial year, the adopted economic life periods, final value, and depreciation methods of intangible assets, and the effects of changes in these estimates, if any, are reflected in the following and subsequent financial years (prospectively).

As at the balance sheet date, the Company also reviews intangible assets for impairment and the need to make revaluation allowances on these grounds. This happens once the Company obtains sufficient assurance that the relevant asset will not generate the expected economic benefits in the future or will generate them at a level that is significantly lower than expected.

The allowances are charged against other operating expense in the period in which impairment is identified, not later than at the end of the financial year.

If the Company obtains sufficient assurance that the cause for asset revaluation have ceased, it reverses the revaluation allowance previously effected in part or in full by recognising other operating income.

7.2.14 Investments and other financial assets

Investments in real property

Investment real properties are those real properties which are treated by the Company as a source of income from rent and/or which the Company retains with a view to their expected appreciation in value. The investments in real property are initially recognised at price of purchase or cost of construction.

The carrying value includes costs of transaction. The purchase price of real property investments acquired by way of merger of businesses corresponds to their fair value as at the date of merger. On the balance sheet date, investment real properties are reported at the purchase price or cost of construction less accumulated depreciation and impairment allowances.

Real property investments (except for land) are depreciated on a straight-line basis over the expected useful life of the relevant fixed asset.

A real property investment is removed from the balance sheet when sold or withdrawn from use if no benefits are expected to be generated in the future on its sale.

Investments and other financial assets falling within IAS 39 standard

Investments in other financial assets falling with the scope of the IAS 39 standard are classified as follows:

a) financial assets recognised at fair value through profit or loss;
b) loans and receivables;
c) investments held to maturity;
d) financial assets available for sale.

Financial assets are initially recognised at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable.

The classification of financial assets is made at their initial recognition, and where it is permissible and appropriate, the classification is reviewed at the end of each financial year.

a) <u>Financial assets recognised at fair value through profit or loss</u>

Financial assets recognised at fair value through profit or loss includes marketable assets and the financial assets which upon initial recognition were classified as measured at fair value through profit or loss.

Financial assets are classified as marketable if they are bought for resale in a short period of time. Derivatives are also classified as marketable, unless they are recognised as effective hedging instruments or financial guarantee agreements. Profit or loss on marketable investments is reported in the profit and loss account.

At the time of initial recognition financial assets may be classified as measured at fair value through profit or loss if the following criteria are met:

- such classification eliminates or significantly reduces incoherence of treatment when both the measurement and principles of recognising losses or profits are subject to other regulations; or

● assets are part of a category of financial assets which are managed and measured at fair value in accordance with a documented risk management strategy; or
● financial assets include embedded derivatives which require separate recognition.

b) Loans and receivables

Loans and receivables are non-derivative financial assets, capable of being held to maturity, which are not traded on an active market. After initial recognition, loans and receivables are measured at amortised cost using the effective interest method.

c) Investments held to maturity

The non-derivative financial assets, with fixed or determinable maturity, that the Company definitely intends and is able to hold to maturity are classified as investments held to maturity.

The investments that the Company intends to hold over an indefinite time are not part of this category. Other long-term investments, such as bonds, which the Company intends to maintain to maturity are recognised at amortised cost. Amortised cost is the amount at which a financial asset is measured when initially recognised, less principal repayments, and plus or minus the accumulated amortisation using the effective interest rate of all differences between the initial value and the value at maturity. The amortised cost includes all commissions and interest paid and received by the parties to the agreement as an inherent part of the interest rate, transaction costs and all premiums or discounts. Gains or losses on investments measured at amortised cost are recognised in the profit and loss account at derecognition of the investment from the balance sheet or upon impairment, and also as a result of amortisation.

The same principles of as those used for measuring fixed assets apply to long-term investments in real property. To the extent of transactions involving long-term tangible investments, relating to the determination of the financial result such as: sales, disposal, maintenance costs, the effects of those transactions are recognised respectively as other income and operating expense.

d) Financial assets available for sale

The financial assets available for sale are non-derivative instruments which are classified as available for sale or which are not:
● loans and receivables;
● investments held to maturity; or
● financial assets recognised at fair value through profit or loss.

Financial assets available for sale are measured at fair value as at the balance sheet date.

Impairment of financial assets

An assessment is made on each balance sheet date, as to whether there is objective evidence of impairment of a financial asset or a category of financial assets.

If such evidence exists with respect to financial assets available for sale, the aggregate losses to date recognised in equity—established as the difference between the purchase price and the current fair value, less any impairment recognised earlier in the profit and loss account—are derecognised from equity and recognised in the profit and loss account. Any impairment recorded in the profit and loss account with respect to equity instruments is not subject to reversal in correspondence to the profit and loss account. The reversal of impairment losses on financial debt securities is recognised in the profit and loss account if, in the following periods, after the impairment is recognised the fair value of such financial instruments increases as a result of events occurring after impairment recognition.

If there is evidence as to the likely impairment of loans and receivables, the impairment loss is determined as the difference between the balance sheet value of assets and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (that is an effective interest rate calculated at the initial recognition for assets based on the fixed interest rate and the effective interest rate established at the time of last revaluation of assets based on variable interest rate). Impairment losses are recorded in the profit and loss account. The reversal of impairment losses is recognised if, in the following periods, the impairment is reduced and the reduction can be attributed to events that occur after recognition. Upon reversal of impairment loss, the carrying amount of financial assets may not exceed the amortised cost which would be established if the impairment loss had not been recognised previously. The reversal of impairment is recognised in the profit and loss account.

If there is indication of impairment of unlisted equity instruments which are recognised at cost of purchase (as a reliable measurement of the fair value is not possible), the impairment loss is determined as the difference between the carrying value of the asset and the present value of estimated future cash flows discounted at similar financial assets' present market rate of return.

Derivatives

On the balance sheet date derivatives are measured at fair value. Derivatives whose fair value is above zero constitute financial assets and are recognised as financial assets, and derivatives whose fair value is negative constitute financial liabilities and are recognised as financial liabilities.

The estimated fair value corresponds with the amount which can be obtained or which must be paid to close up the positions opened as at the balance sheet date. The measurement is based on market quotations.

Recognising the effects of changes in fair value or gains and losses at the exercise of derivatives depends on their purpose. Derivatives are divided into hedging instruments and commercial instruments. The hedging instruments fall into instruments hedging fair value and instruments hedging future cash flows.

Recognising commercial derivatives

Gains and losses resulting from changes in the fair value of a commercial derivative upon measurement as at the balance sheet date or at exercise are recognised as financial income/gain in the profit and loss account in the period in which they arise.

Recognising protecting derivatives

Protecting, for purposes of the bookkeeping, consists in compensating between himself for get scores as a result of changes of fair value or changes of flows of financial means resulting from the protecting instrument and the protected position.
With this consolidated financial report in the period grasped the Company practiced protecting changes of flows of financial means by the bookkeeping concerning protections and protecting fair value
Profit and loss resulting from the change of fair value of the instrument protecting financial flows presents in the separate position of own capital- revaluation capital, in such a part, in which the given instrument constitutes the effective protection bound with it. The ineffective part is being taken back as financial costs or financial incomes for the profit and loss account.

Profit and loss resulting from changes of fair value of the instrument protecting in the effective part they are taking the profit and loss account away in the position appropriately for taking hold of changes of fair value of protected position.
The ineffective part is being taken back as financial costs or financial incomes for the profit and loss account.

7.2.15 Lease financing

A lease financing agreement, under which substantially all the risks inherent in and benefits deriving from ownership are vested in the Company, is classified as a financial lease. The leased object is recognised in assets on the date of commencement of the lease at the lower of the following amounts: fair value of the leased object or the current value of the minimum lease payments.

Each lease payment is divided into the amount reducing the liability and the amount of financial costs in a way that ensures maintaining a fixed rate with respect to the outstanding portion of the liability. The interest portion of the lease payment is reported as financing expense in the profit and loss account throughout the lease term. Depreciated assets acquired under lease financing are depreciated throughout the shorter of the useful life of the assets, taking into account the residual value, and the lease term.

A lease financing agreement, under which the lessor (financing party) retains a significant part of the risk inherent in and benefits deriving from ownership, represents an operating lease. In the event of land lease financing, unless the legal title to the land passes onto the lessee prior to the expiry of the lease term, such lease is classified as an operating lease.

Lease payments effected under an operating lease, less any promotions offered by the lessor (financing party), are charged against costs on a straight-line basis throughout the lease term.

7.2.16 Stock

Stock is carried at the purchase price or cost of construction, not higher however than the net selling price. The net selling price corresponds to the estimated selling price of stock plus the costs of effecting stock sale or of identifying the purchaser (that is the selling expense, marketing costs, etc.). As the majority of the Company's suppliers of goods quote prices on an ex customer warehouse basis, the Company does not include transport costs in the purchase price. Due to the fact that most suppliers of goods, from whom purchases goods, apply prices "loco" customer magazine.

The cost is calculated using the average weighted method in the case of the wholesale business and FIFO in the case of the retail business.

The Company revaluates stock based on the stock ratio and the assessment of its marketability within the shelf life or economic use. New revaluation allowances and reversals of earlier allowances are recognised as operating (sale) expense in the profit and loss account.

Price rounding on stock purchases is recognised directly in the profit and loss account, including cost of goods sold.

Stock losses and the negative balance of stocktaking shortages which are found not to have occurred due to a fault are recorded as operating expense.

7.2.17 Accounts receivable and other receivables

Subsequent to the initial recognition, accounts receivable and other financial receivables are measured at amortised cost based on the effective interest rate, taking into account impairment allowances, with accounts receivable with a maturity within 365 days from the date the receivable arises are not subject to discounting.

Receivables revaluation allowances are established once there is objective evidence that the Company will not be able to recover all amounts receivable arising under the initial terms of the receivables.

The Company makes receivables revaluation allowances for specific buyers. The Company may also make collective revaluation allowances with respect to numerous but small receivables. The detailed terms of measuring receivables revaluation allowances are set forth under the Terms of effecting receivables revaluation allowances. A revaluation allowance is recorded as other expense. The reversal of an earlier allowance is recognised as other income and derecognised as a revaluation allowance. Revaluation allowances are

As required under the prudence principle, default interest on delayed receivables is recognised at the time the funds are credited to the Comapny.

Receivables that are not financial assets are initially recognised at face value and measured as at the balance sheet date at the amount of required payment.

All prepayments, among others, on future deliveries of goods and services, assets under construction, shares, intangible assets, etc. are recognised as other receivables.

7.2.18 Prepayments and accrued income

The Group reports prepayments if the expenditures incurred relate to periods following the period in which they are incurred.

Accrued income constitutes moneys received on account of future performances. Accrued income also includes accrued but not yet received income on account of performances recognised as income on a cash-accounting basis.

7.2.19 Cash and cash equivalents

Cash is recognised as at the balance sheet date at nominal value.

Cash includes: cash on hand, cash at bank and all cash deposits and short-term securities with maturity of up to three months.
The balance of cash and cash equivalents reported in the cash flow statement comprises the above cash and cash equivalents

7.2.20 Equity capital funds

The equity capital funds of dominant entity Emperia Holding S.A. comprise:
– ιinitial (share) capital
– supplementary capital
– reserve capita
– retained profit

The supplementary capital of Emperia Holding SA is divided into three categories:
– share premium capital – surplus generated as part of a share issue less costs of such share issue;
– supplementary capital – annual profit allocations of no less than 8 percent of net profit generated in the relevant financial year, until the supplementary capital reaches one third of the initial capital;
– supplementary capital – established in connection with the management option plan

The reserve capital of Emperia Holding SA is divided into two categories:
– reserve capital –earmarked to cover specific losses or expenditures, based on annual profit allocations;
– revaluation reserve capital – represents net difference arising as part of assets revaluation.

Retained profit include following categories:
– undistributed profits and uncovered losses from previous years
– financial result of current financial period

7.2.21 Bank credit facilities

Bank credit facilities are carried at the fair value of proceeds received less costs directly related to generating such proceeds. In the subsequent periods bank credit facilities are carried at the amortised purchase price, based on the effective interest rate.

Credit facilities that under the terms of the relevant agreement mature in a period of more than 12 month after the balance sheet date are treated by the Group as long-term-credit facilities (including all working capital loans, overdrafts and credit lines).

7.2.22 Provisions

The Group establishes provisions when there is a current, legal or customarily expected obligation, arising from past events, that a likely liability to pay will arise. It must be more likely that funds will be required to be expensed to meet that obligation than the opposite, and it must be possible to reliably measure its amount.

The costs of a provision are recognised as other operating expense.

If it is likely that part or all of the economic benefits required to settle the provision will be recovered from a third party, such amount is recognised as an asset, providing that the likelihood of recovery is sufficiently high and it can be reliably measured.

If the time value of money is significant, the provision is measured by discounting projected future cash flows to the current value based on a gross discount rate reflecting the actual market evaluations of the time value of money and the potential risk relating to the relevant liability. If discounting is used as a measuring method, the increase of the provision due to passage of time is recognised as financial expense.

The value of provisions established is reviewed on the balance sheet date to adjust the estimates based on the state of knowledge prevailing at that time.

7.2.23 Short-term liabilities, including accounts payable

Short-term liabilities include liabilities whose maturity falls within 12 months of the balance sheet date (with accounts payable being classified in the balance sheet as short-term liabilities regardless of their respective maturity date).

Short-term liabilities include in particular accounts payable, credit facilities and loans contracted, payroll, taxes, duties, insurance and other payments.

Accounts payable are carried in the balance sheet at face value. The book value of payables corresponds approximately to their amortised cost based on the effective interest rate. Short-term liabilities with a maturity within 365 days are not subject to discounting.

Liabilities that are not classified as financial liabilities are carried at the amount of required payment.

7.2.24 Employee benefits

Over time, the Company's employees acquire certain rights to benefits which are paid after the rights become vested. The Company's pay systems provide all employees with a right to an old-age pension bonus, managers and the management board members to an annual and three-year bonuses for meeting corporate and individual objectives.

In the light of the above, the Company established provisions against these benefits. These include pension bonuses, annual leaves accrued, annual and longer bonuses. The Company estimates related provisions. The provisions against old-age pension bonuses and accrued leaves are estimated in each reporting period, provisions against bonuses are estimated at the end of financial year. A third-party actuary estimates old-age pension bonuses at the Company's request.
The provisions against employee benefits are recognised as operating expense.

Share-based payments

The own share-based scheme, the three-year Management Option Plan, enables the Group's employees to acquire shares in the dominant company. The Plan is targeted at the company's and subsidiary companies' management board as well as the key managers of the company and its subsidiaries. The aim of the Plan is to incentivise key management to achieve the Group's strategic objectives and tie them with the Group over the long-term.

The Company recognised the Plant at fair value on the launch date, in accordance with the requirements of IFRS 2 and IFRIC 11. The valuation was prepared by a third-party expert based on the Monte-Carlo valuation model. The valuation took into account: model input price (share price on the day of granting the instrument), of PLN 40,50 per share, price of instrument execution of PLN 142, expected volatility of level of 35%, likelihood of early implementation at 0% per annum for Members of Board of Company and 3% per annum for other persons entitled, expectation of dividend of PLN 0,90 per share (taking into increase of dividend by 10% in next years) and risk-free rate estimated as a rate of return obtained from currently available on date of grant of zero-coupon securities issued by the Polish Government, denominated in PLN. The fair value of the Plan is amortised throughout the term of the Plan, starting from 30 October 2008 until the end of 2010. In the Financial Statements the fair value of the Plan is recorded in the profit and loss.

7.2.25 Corporate tax

Corporate tax includes: current corporate tax to be paid and deferrer tax.

a) Current tax

The current corporate tax is established on the basis of the tax result (taxation base) of the relevant financial year.

Tax profit (loss) differs from the balance sheet profit (loss) due to exclusion of taxable revenues and costs treated as revenue costs in the following years as well as those revenues and costs which will never be taxable. The current tax payable is calculated at tax rates effective in the relevant financial year.

b) Deferred tax

The deferred tax liability is carried at full amount using the liability method on account of temporary differences between the tax value of assets and liabilities and their balance sheet value reported in the financial statements.

The deferred corporate tax is determined at tax rates legally or actually applicable as at the balance sheet date, which will be applicable when realised. The basic temporary differences relate to the different measuring of assets and liabilities settled in time for tax and balance sheet purposes.

Deferred tax assets are recognised if it is likely that in the future taxable income will be generated, thus enabling consumption of the temporary differences. In the balance sheet, the deferred tax liabilities or assets are carried respectively as long-term liabilities or assets.

7.2.26 Sales revenues

Revenues from sale of goods

a) **Wholesale** – recognised at the time of delivery of goods to the client (client may also decide to individually select and collect the goods), after the client accepts the goods, and there is sufficient assurance that the related receivable is recoverable. The retrospective discounts granted by suppliers of goods are recognised when received and recorded as a reduction of the cost of goods sold in the profit and loss account. The bonuses and discounts granted by suppliers based on the volume of trade with the supplier are recognised in stock.

b) **Retail** – recognised when goods are sold to the customer. Retails sales are mainly paid for in cash or by credit/debit card. Credit/debit card transaction charges are recorded as selling expense.

Revenues from sale of services

Revenues from sale of services are recognised once the service commissioned are provided. If the relevant agreement with the buyer so stipulates, revenues with respect to partial provision of the services can also be recognised, as agreed in an individual agreement.

Revenues from interest

Interest revenues are recognised on an accrual basis if there is sufficient assurance that the related receivable is recoverable. In the trading business, given its specificity, interest has a different role and hence for the most part it is recognised as revenues on a cash basis.

Dividends

Revenues from dividends are recognised when the right to obtain the payment becomes vested in the Group. Dividend payments to shareholders are recognised as a liability in the period in which they are approved by the General Meeting of Shareholders and recorded in other liabilities.

7.2.27 Costs

Cost of goods and materials sold – includes direct costs of goods and materials sold, which are commensurate with revenues generated on their sale.

Cost of services – includes expenditures directly related to the provision of services.

Selling expense – includes expenditures relating to goods marketing and distribution.

General administrative expense – includes costs relating to the operation of the company as a whole, in addition to those which are treated as other operating expense or financial expense.

Other operating expense – includes costs directly relating to the Group's operations.

Financial expense – includes costs relating to the financing of the Group's business and those of impairment of its financial assets.

7.2.28 Transactions in foreign currencies and exchange differences

All business transactions denominated in foreign currencies are converted into the Group's functional currency (PLN) at the average exchange rate effective on the date of the transaction.

On each balance sheet date:

- cash assets denominated in a foreign currency are converted at the closing rate;
- non-cash assets carried at historical cost in a foreign currency are converted at the exchange rate effective on the date of the transaction, and
- non-cash assets carried at fair value in a foreign currency are converted at the exchange rate of the date of measuring the fair value.

Foreign exchange gains and losses on the settlement of transactions denominated in foreign currencies and balance sheet recognition of cash assets and liabilities denominated in foreign currencies are recorded in the profit and loss account respectively as financial income or expense. The exchange differences are recognised as per account balance.

(in PLN 000s, unless indicated otherwise)

Additional explanatory notes

Note1

TANGIBLE FIXED ASSETS	31 December 2009	31 December 2008
Freehold land	190	195
- right for perpetual usufruct	190	*195*
Buildings and constructions	25 372	26 319
Machines and technical equipment	17 957	11 469
Vehicles	1 037	2 624
Other tangible fixed assets	26	34
Tangible fixed assets in progress	1 243	805
Total net tangible fixed assets	**45 825**	**41 446**

TANGIBLE FIXED ASSETS IN PROGRESS	31 December 2009	31 December 2008
Freehold land	-	-
- right for perpetual usufruct	-	-
Buildings and constructions	959	229
Equipment and machines	284	576
Vehicles	-	-
Tangible fixed assets in progress	-	-
Total net tangible fixed assets	**1 243**	**805**

TANGIBLE FIXED ASSETS BASED ON RENTAL, LEASING	31 December 2009	31 December 2008
Freehold land	-	-
- right for perpetual usufruct	-	-
Buildings and constructions	40 012	12 811
Equipment and machines	35	66
Vehicles	-	-
Tangible fixed assets in progress	-	-
Total tangible fixed assets based on rental, leasing	**40 047**	**12 877**
The value of perpetual usufruct of land on the basis of valuation for property tax	**2 979**	**2 979**

The company owns real estate built on perpetually usufruct site.
The company owns real estate built on perpetually usufruct site.
Real estate was recognized as an investment property, because in 2007, was made lease agreement with a subsidiary Tradis Sp. z o.o., which is currently the main user of that property, and is consolidated by Emperia Holding SA by the full method. In view of the fact that the consolidated financial statements the value of that property would be rereclassified from investment property to tangible assets, the Company will presents them in a separate item tangible fixed assets..

Perpetual usufruct of land value as at 31 December 2009 amounted to PLN 2 979 and was estimated on the basis of theannual fees established by the municipality in relation to property owned by the Treasury.

On 17 December 2009, the Company signed a preliminary agreement in the form of a notarial deed for the purchase of the perpetual usufruct right to land located in Lublin, at ul. Mełgiewska 7-9 with the right of ownership of the buildings and structures located on the land. The total area of the land is 2,567.6 hectares, and of the buildings some 15,000 sq. m. Emperia Holding S.A is the lessee of a major part of the real property. The agreement was awarded under tender held by the official receiver of the bankruptcy estate of Daewoo Motor Polska Sp. z o.o. with its seat in

Lublin. The parties agreed to conclude the final sale agreement by 14 December 2012.

Apart from the above, as at 31 December 2009, there were no other commitments to purchase fixed assets.

Company during its business, rents and leases office space and equipment of an office used for their own purposes, but also halls for commercial purposes, the costs are re-invoice the subsidiary Tradis Sp. z.o.o. engaged in these halls of activity in the form of regional distribution centers and shopping.

Costs incurred for the rental in 2009 amounted to:

- Buildings and constructions: PLN 4 113 000
- Office equipment: PLN 106 000

Costs incurred for the rental in 2008 amounted to:

- Buildings and constructions: PLN 4 601 000
- Office equipment: PLN 104 000

Company utilizes only one mean of transport under financial lease. The value of this asset at 31 December 2009 amounted PLN 53 000
Information about total amount of future minimum lease payments and their present value is in note 40.

The Company has no tangible fixed assets with limited ownership and use.

The Company did not form the depreciation value of fixed assets.

Depreciation of tangible fixed assets in 2008 was referenced in the overhead cost.

The Company has no credit, loans or other obligations that are secured by fixed assets in kind.

The Company set up mortgage on their property ul. Metalurgiczna 30 in Lublin. For information about hedge are in note 39. The Company has made cession of rights from policyholders of this property for Bank PKO BP S.A. under credit granted to a subsidiary Tradis Sp. z.o.o.

In 2008, the Company received a refund of PFRON of PLN 51 004 for the purchase of computer sets, together with software and other equipment in connection with the creation of jobs for the disabled. The refund has been recorded as deferred income and is successively which those in other operating income by the planned economic useful life of these assets.
Information about amount of refunds cleared out from this title is in note 26, and remainder to be settled – in note 23.

(in PLN 000s, unless indicated otherwise)

Note 2 – 2009

TANGIBLE FIXED ASSETS – MOVEMENTS	- land including perpetual usufruct	- buildings	machines and technical equipment	- vehicles	- other fixed assets	- tangible fixed assets in progress	Total fixed tangible assets
a) opening balance of fixed assets, gross value	**244**	**30 648**	**17 659**	**3 516**	**66**	**804**	**52 937**
b) additions:	**-**	**-**	**12 255**	**363**	**-**	**776**	**13 394**
- purchases	-	-	*11 917*	363	-	*776*	**13 056**
- transfers from tangible fixed assets in progress	-	-	*338*	-	-	-	**338**
- leasing	-	-	-	-	-	-	**-**
- other	-	-	-	-	-	-	**-**
c) disposals	**-**	**(4)**	**(348)**	**(1 816)**	**-**	**(337)**	**(2 506)**
- sale	-	-	*(139)*	*(1 810)*	-	-	**(1 950)**
- liquidation	-	-	*(209)*	-	-	-	**(209)**
- transfer to tangible fixed assets	-	-	-	-	-	*(337)*	**(337)**
- other	-	*(4)*	-	*(6)*	-	-	**(10)**
d) gross value at the end of the period	**244**	**30 644**	**29 566**	**2 063**	**66**	**1 243**	**63 825**
e) opening balance of cumulative depreciation	**49**	**4 329**	**6 190**	**892**	**31**	**-**	**11 491**
f) depreciation additions	**5**	**944**	**5 663**	**486**	**8**	**-**	**7 106**
planned	*5*	*944*	*5 663*	486	*8*	-	**7 106**
g) depreciation disposals:	**-**	**(1)**	**(244)**	**(352)**	**-**	**-**	**(597)**
- sales	-	-	*(39)*	*(352)*	-	-	**(391)**
- liquidation	-	-	*(205)*	-	-	-	**(205)**
- other	-	*(1)*	-	-	-	-	**(1)**
h) closing balance of cumulative depreciation	**54**	**5 272**	**11 609**	**1 026**	**39**	**-**	**18 000**
i) opening balances of value adjustments	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- additions	-	-	-	-	-	-	**-**
- disposals	-	-	-	-	-	-	**-**
j) closing balances of value adjustments	**-**	**-**	**-**	**-**	**-**	**-**	**-**
k) closing balance of fixed assets, net value	**190**	**25 372**	**17 957**	**1 037**	**26**	**1 243**	**45 825**

(in PLN 000s, unless indicated otherwise)

Note 2 – 2008

TANGIBLE FIXED ASSETS – MOVEMENTS	- land including perpetual usufruct	- buildings	- machines and technical equipment	- vehicles	- other fixed assets	- tangible fixed assets in progress	Total fixed tangible assets
a) opening balance of fixed assets, gross value	**244**	**23 267**	**9 039**	**5 133**	**41**	**6 824**	**44 547**
b) additions:	**-**	**7 381**	**8 939**	**2 154**	**25**	**1 428**	**19 927**
- purchases	-	-	*8 872*	*2 066*	*25*	*1 428*	***12 391***
- transfers from tangible fixed assets in progress	-	*7 381*	*67*	-	-	-	***7 448***
- leasing	-	-	-	*88*	-	-	***88***
- other	-	-	-		-	-	**-**
c) disposals	**-**	**-**	**(319)**	**(3 771)**	**-**	**(7 447)**	**(11 537)**
- sale	-	-	*(319)*	*(3 771)*	-	-	**(4 090)**
- liquidation	-	-	-	-	-	-	**-**
- transfer to tangible fixed assets	-	-	-	-	-	*(7 447)*	**(7 447)**
- other	-	-	-	-	-	-	**-**
d) gross value at the end of the period	**244**	**30 648**	**17 659**	**3 516**	**66**	**805**	**52 937**
e) opening balance of cumulative depreciation	**44**	**3 451**	**4 005**	**1 098**	**28**	**-**	**8 626**
f) depreciation additions	**5**	**878**	**2 287**	**810**	**4**	**-**	**3 983**
planned	*5*	*878*	*2 287*	*810*	*4*	-	***3 983***
g) depreciation disposals:	**-**	**-**	**(102)**	**(1 016)**	**-**	**-**	**(1 118)**
- sales	-	-	*(102)*	*(1 016)*	**-**	**-**	***(1 118)***
- liquidation	-	-	-	-	-	-	**-**
- other	-	-	-	-	-	-	**-**
h) closing balance of cumulative depreciation	**49**	**4 329**	**6 190**	**892**	**32**	**-**	**11 491**
i) opening balances of value adjustments	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- additions	-	-	-	-	-	-	**-**
- disposals	-	-	-	-	-	-	**-**
j)) closing balances of value adjustments	**-**	**-**	**-**	**-**	**-**	**-**	**-**
k) closing balance of fixed assets, net value	**195**	**26 319**	**11 469**	**2 624**	**34**	**805**	**41 446**

(in PLN 000s, unless indicated otherwise)

Note 3

INVESTMENTS ON REAL ESTATE	31 December 2009	31 December 2008
Gross value at the beginning of the period	**3 166**	**-**
Additions	-	3 166
- purchase	-	*3 166*
- other	-	-
Disposals	-	-
- alienation	-	-
- other	-	-
Gross value at end of the period	**3 166**	**3 166**
Value of property, limited for sale	-	-
Opening balance of depreciation	**-**	**-**
Additions	-	-
planned	-	-
other (transfer from tangible assets)	-	-
Disposals	-	-
Closing balance of depreciation	**-**	**-**
Net value at the end of the period	**-**	**-**
Rental income	-	-
Direct operating cost from real estate committed to rent	-	-
Direct operating cost from real estate no committed to rent	2	1

Investment on Real Estate include a group of commercial real estate rented to third parties.

The fair value at 31 December 2009 has not been determined.

There are no restrictions on disposal of investment properties or transfer of revenues and profits from the sale.

Note 4

Intangible fixe assets	31 December 2009	31 December 2008
Research and development expenditure	-	-
Concessions, patents, licenses and similar assets	3 170	1 291
Other intangible fixed assets	-	-
Intangible fixed assets don't engage to use	3 248	3 274
Intangible fixed assets total	**6 418**	**4 565**

Company has not made revaluation allowances for intangible assets.
Company has no intangible assets used under lease agreements
Company has no intangible assets with limited right of use.
Company has no bank credits, which are hedge by intangibles assets.

Company has no intangible assets with indefinite period of use.
Depreciation of intangible assets in 2009 were attributed to general administrative expense
At 31.12.2009 there are no contractual liabilities made in connection with acquisition of intangible assets.
Intangible assets not transferred to the use of 31.12.2009 on represent the cost of the work on solutions, including BI, after have a modern tool for decision-making and management.

(in PLN 000s, unless indicated otherwise)

Note 5 – 2009

INTANGIBLE FIXED ASSETS - MOVEMENTS	cost of completed development	concessions, patents, licenses and similar assets:	other intangible fixed assets	intangible fixed assets didn't passed to use	Total intangible fixed assets
a) gross value at the beginning of the period	**-**	**4 640**	**7**	**3 274**	**7 921**
b) additions:	**-**	**3 028**	**-**	**2 351**	**5 379**
- purchases	-	*652*	-	*2 351*	***3 003***
- transfers from investments	-	*2 376*	-	-	***2 376***
- leasing	-	-	-	-	**-**
- other	-	-	-	-	**-**
c) disposals	**-**	**(16)**	**-**	**(2 377)**	**(2 393)**
- sale	-	*(16)*	-	-	***(16)***
- transfer of intangible fixed assets	-	-	-	*(2 377)*	***(2 377)***
- other	-	-	-	-	**-**
d) gross value at the end of the period	**-**	**7 652**	**7**	**3 248**	**10 907**
e) opening balance of cumulative depreciation	**-**	**3 349**	**7**	**-**	**3 356**
f) depreciation additions	**-**	**1 147**	**-**	**-**	**1 147**
- planned	-	*1 147*	-	-	***1 147***
g) depreciation disposals	**-**	**(14)**	**-**	**-**	**(14)**
- sales	-	*(14)*	-	-	***(14)***
- other	-	-	-	-	**-**
h) closing balance of cumulative depreciation	**-**	**4 482**	**7**	**-**	**4 489**
i) opening balances of value adjustments	**-**	**-**	**-**	**-**	**-**
- additions	-	-	-	-	**-**
- disposals	-	-	-	-	**-**
j) closing balances of value adjustments	**-**	**-**	**-**	**-**	**-**
k) closing balance of intangible fixed assets, net value	**-**	**3 170**	**-**	**3 248**	**6 418**

(in PLN 000s, unless indicated otherwise)

Note 5 – 2008

INTANGIBLE FIXED ASSETS - MOVEMENTS	cost of completed development	concessions, patents, licenses and similar assets:	other intangible fixed assets	intangible fixed assets didn't passed to use	Total intangible fixed assets
a) gross value at the beginning of the period	**-**	**3 880**	**7**	**1 044**	**4 931**
b) additions:	**-**	**937**	**-**	**2 750**	**3 687**
- purchases	-	*834*	-	*2 750*	***3 584***
- transfers from investments	-	*103*	-	-	***103***
- leasing	-	-	-	-	**-**
- other	-	-	-	-	**-**
c) disposals	**-**	**(177)**	**-**	**(520)**	**(697)**
- sale	-	*(177)*	-	*(417)*	***(594)***
- transfer of intangible fixed assets	-	-	-	*(103)*	***(103)***
- other	-	-	-	-	**-**
d) gross value at the end of the period	**-**	**4 640**	**7**	**3 274**	**7 921**
e) opening balance of cumulative depreciation	**-**	**2 239**	**7**	**-**	**2 246**
f) depreciation additions	**-**	**1 126**	**-**	**-**	**1 126**
- planned	-	*1 126*	-	-	***1 126***
g) depreciation disposals	**-**	**(16)**	**-**	**-**	**(16)**
- sales	-	*(16)*	-	-	***(16)***
- other	-	-	-	-	**-**
h) closing balance of cumulative depreciation	**-**	**3 349**	**7**	**-**	**3 356**
i) opening balances of value adjustments	**-**	**-**	**-**	**-**	**-**
- additions	-	-	-	-	**-**
- disposals	-	-	-	-	**-**
j) closing balances of value adjustments	**-**	**-**	**-**	**-**	**-**
k) closing balance of intangible fixed assets, net value	**-**	**1 291**	**-**	**3 273**	**4 565**

(in PLN 000s, unless indicated otherwise)

Note 6

Goodwill	31 December 2009	31 December 2008
Opening balance	**1 644**	**1 644**
Additional goodwill as a result of company takeover	-	-
Reduction by implementation of deferred tax assets	-	-
Written-off after sale of a subsidiary	-	-
Way out from books as a result of related entities liquidation	-	-
Reclassified to assets held for disposal	-	-
Closing balance	**1 644**	**1 644**
Cumulative Revaluation allowances for impairment loss as at beginning of period	**1 644**	**1 644**
Revaluation allowances for impairment loss	-	-
Write-off after sales of subsidiaries	-	-
Reclassified to assets held for disposal	-	-
Other changes	-	-
Cumulative revaluation allowances for impairment loss as at end of the period	**1 644**	**1 644**
Book value at the beginning of the period	**-**	**-**
Book value at the end of the period	**-**	**-**

Note 7

FINANCIAL ASSETS	31 December 2009	31 December 2008
Other shares	493 579	177 084
- including related entities	493 579	*177 084*
Shares	23 002	292 337
- including related entities	23 002	*292 337*
Other securities	-	-
- including related entities	-	-
Loans granted	-	-
- including related entities	-	-
Other financial assets	-	-
- including related entities	-	-
Total financial assets	**516 581**	**469 421**

Long-term financial assets in related entities - 2009	Other shares	Shares	Other securities	Loans granted	Other financial assets	Total long-term financial assets in related entities
a) opening balance of long-term financial assets in related entities,	**177 083**	**292 337**	**-**	**-**	**-**	**469 421**
b) additions:	**321 946**	**471**	**-**	**-**	**-**	**322 417**
- purchases	*321 946*	*471*	-	-	-	322 417
- grant a loan	-	-	-	-	-	**-**
- free receive	-	-	-	-	-	**-**
- actualization of value	-	-	-	-	-	**-**
- other	-	-	-	-	-	**-**

c) disposals	**(5 450)**	**(269 806)**	**-**	**-**	**-**	**(275 257)**
- sale	-	-	-	-	-	**-**
- repayment of the loan	-	-	-	-	-	**-**
- liquidation	-	-	-	-	-	**-**
- actualization of value	-	-	-	-	-	**-**
- other	(5 450)	(269 806)	-	-	-	(275 257)
d) closing balance of long-term	**493 579**	**23 002**	**-**	**-**	**-**	**516 581**

Long-term financial assets in related entities - 2008	Other shares	Shares	Other securities	Loans granted	Other financial assets	Total long-term financial assets in related entities
a) opening balance of long-term financial assets in related entities,	**141 626**	**286 985**	**-**	**-**	**-**	**428 611**
b) additions:	**59 923**	**5 353**	**-**	**-**	**-**	**65 276**
- purchases	*59 923*	*5 353*	-	-	-	**65 276**
- free receive	-	-	-	-	-	**-**
- actualization of value	-	-	-	-	-	**-**
- other	-	-	-	-	-	**-**
c) disposals	**(24 466)**	**-**	**-**	**-**	**-**	**(24 466)**
- sale	*(3 001)*	-	-	-	-	**(3 001)**
- liquidation	-	-	-	-	-	**-**
- actualization of value	-	-	-	-	-	**-**
- other	*(21 465)*	-	-	-	-	**(21 465)**
d) closing balance of long-term financial assets in related entities,	**177 084**	**292 337**	**-**	**-**	**-**	**469 421**

Presented above, changes in financial assets, recognized as a reduction, are result of the contribution of shares in form of contribution to other subsidiaries and simultaneous increase in share capital in those companies. Such actions were taken for subsequent merger of subsidiaries, which was dictated by the need to organize and simplify structure of Capital Group to increase the efficiency of its operations. Detailed description of transactions relating to the capital increase in subsidiaries, lodging contribution in form of shares and subsequent merger of subsidiaries are in note 7.2.9.

Value of revaluation allowances for financial assets at 31 December 2009 was PLN 263 475,93 and did not change compared to 31 December 2008.

Note 8

Long-term receivables and prepaid expenses	31 December 2009	31 December 2008
Long-term receivables	**58**	**60**
a) deposit on rental fee	58	60
- including related entities	58	*58*
b) other long receivables\	-	-
- including related entities	-	-
Other prepaid expenses	5	8
Long-term receivables and other prepaid expenses	**63**	**68**

(in PLN 000s, unless indicated otherwise)

Securities are not remunerated. Due to the small value deposit on rental fee shall not be discounted.

Other prepaid expenses	31 December 2009	31 December 2008
Subscriptions	3	4
Repairs and maintenance	2	4
Other	-	-
Other prepaid expenses	**5**	**8**

Presented above positions will be settled within 24 months.

Note 9

Deferred tax assets	31 December 2009	31 December 2008
Deferred tax asset at beginning of period	**928**	**1 087**
a) posted to net result	928	1 087
b) posted to equity	-	-
Additions	64	225
a) posted to net result	64	225
b) posted to equity	-	-
Disposals	(682)	(384)
a) posted to net result	(682)	(384)
b) posted to equity	-	**-**
Total deferred tax asset at the end of period,	**310**	**928**
a) posted to net result	310	928
b) posted to equity	-	-

Deferred income tax assets from:	31 December 2009	31 December 2008
Trade debtors	17	21
Salaries to pay	84	533
Provision for pensions	17	8
Provision for holiday equivalents	96	159
Provision for premium salary	70	189
Bonds discount	11	-
Provision for audit	15	18
Deferred income tax assets the at end of period	**310**	**928**

Note 10

Inventory	31 December 2009	31 December 2008
Materials	9	5
Merchandises	40	17
Finished products	-	-
Half-finished products	-	-
Revaluation of inventory	-	-
Total inventory	**49**	**22**

(in PLN 000s, unless indicated otherwise)

Company did not establishment and release revaluation allowances for stock in 2009 nor in previous year.

Inventory are not a security or other credit obligations of the Company.

There are no restrictions on the rights and dispose of their property.

Note 11

Receivables	31 December 2009	31 December 2008
Trade debtors	*8 336*	9 444
including: related entities	*3 877*	*5 040*
Taxation, subsidy and social security debtors	*377*	827
Subject to legal proceedings	*43*	-
Prepayments	*34*	27
Other receivables	*1 586*	477
including: related entities	-	-
Impairment loss for bad debts	*(3 881)*	(4 147)
Total receivables	**6 495**	**6 628**

Change in impairment for current bad debts	31 December 2009	31 December 2008
Opening balance – at the beginning of the period	(4 147)	**(4 718)**
- including related entities	-	-
Additions	(134)	(6)
- including related entities	-	-
Disposals	400	577
- including related entities	-	-
Reversal	145	*260*
- including related entities	-	-
Not written off profit and loss	255	*317*
- including related entities	-	-
Closing balance – at the end of the year	**(3 881)**	**(4 147)**
- including related entities	-	**-**

A detailed description contains note 43.

Trade debtors are not remunerated and are usually 7 - 21 - day deadline for payment.
On 31 December 2009, there were no restrictions on the ownership and disposition made in respect of off-balance.

Ageing of trade debtors	31 December 2009	31 December 2008
Due within 1 month	3 635	4 350
Due between 1 and 3 months	-	-
Due between 3 and 6 moths	-	-
Due between 6 months and 1 year	-	-
Due after 1 year	-	-
Overdue trade debtors	4 701	5 094
Impairment loss for trade debtors	(3 881)	(4 147)
Total net trade debtors	**4 455**	**5 297**

(in PLN 000s, unless indicated otherwise)

Ageing of overdue trade debtors	31 December 2009	31 December 2008
1 month	763	435
between 1 and 3 months	103	433
between 3 and 6 moths	82	78
between 6 months and 1 year	-	6
after 1 year	3 753	4 142
Impairment loss for trade debtors	(3 881)	(4 147)
Total net overdue trade debtors	**820**	**947**

Note 12

Short term financial assets	31 December 2009	31 December 2008
Debt securities	31 745	66 110
- including related entities	31 745	*66 110*
Total short term financial assets	**31 745**	**66 110**

During 2009 as well as in 2008, the Company purchased bonds only from the subsidiaries. The interest rate on bonds is determined on market conditions. Bonds are valued at purchase price adjusted.

Information on interest income received by Company in connection with redemption of bonds by issuers are in note 29.

Purchase of short-term bonds (expressed in nominal terms) is presented below (in thousand PLN):

2009

Bonds issue and redemption In 2009	Tradis Sp. z o.o.	Stokrotka Sp. z o.o.	Elpro Sp. z o.o.	Total
As at the beginning of the period	15 000 *	32 800	18 500	66 300
Bonds issue	94 000	269 200	169 096	532 296
Bonds redemption	(109 000)	(283 000)	(174 696)	(566 696)
As at the end of the period	-	19 000	12 900	31 900
As at the end of the period - discounted	**-**	**18 908**	**12 837**	**31 745**

* take into account balance of bonds purchased from the company DLS SA. due to merger at 1 July 2009 of Tradis Sp. z o.o. and DLS S.A.;

2008

Bonds issue and redemption In 2008	Tradis Sp. z o.o.	Stokrotka Sp. z o.o.	BOS S.A.	Elpro Sp. z o.o.	DLS S.A.	Total
As at the beginning of the period	15 000	30 000	35 000	5 000	-	85 000
Bonds issue	10 000	340 800	177 000	116 000	90 000	733 800
Bonds redemption	(25 000)	(338 000)	(212 000)	(102 500)	(75 000)	(752 500)
As at the end of the period	-	32 800	-	18 500	15 000	66 300
As at the end of the period - discounted	**-**	**32 736**	**-**	**18 425**	**14 949**	**66 110**

(in PLN 000s, unless indicated otherwise)

Note 13

Short term prepaid expenses	**31 December 2009**	**31 December 2008**
Bank services	1	1
Insurance	61	80
Technical assistance	276	144
Stock-exchange quotations	24	24
Repairs and review	3	2
Costs associated with future sales of fixed assets	62	-
Subscriptions, charges and other fees	12	16
Email costs	-	1
Costs to re-invoice	37	19
Total short term prepaid expenses	**476**	**287**

Note 14

Cash and cash equivalents	**31 December 2009**	**31 December 2008**
Cash at cash desk	19	20
Cash at bank	2 555	3 128
Other	-	47
Other financial assets	-	-
Total cash and cash equivalents	**2 574**	**3 195**

Note 15

Other short term financial assets	**31 December 2009**	**31 December 2008**
Investment hedge credit	-	-
Loans	17 000	2 200
- including related entities	-	-
Total other short term financial assets	**17 000**	**2 200**

Value of granted loans at 31 December 2009 consists of loan granted to a subsidiary Stokrotka Sp. z o.o. (PLN 17 000 000) and the value of unearned, not received, interest on loan from a subsidiary Emperia Info Sp. z o.o.

The value of loans to a related company Emperia Info Sp. z.o.o. (2,000,000. PLN), and company outside the Group - Rondo Sp. z o.o. based in Lublin (200,000. PLN). Both loans were repaid in 2009.

During 2009, the Company granted a total loan to a subsidiary Detal Koncept Sp. z o.o. in amount of PLN 15 ,000, 000. On 7 October 2009 Company and Detal Koncept Sp. z o.o. signed agreement on the deduction of mutual claims ie. above mentioned loan with commitment of Emperia Holding SA. under purchase of shares in the increased share capital of Detal Koncept Sp. z o.o. Information about capital increase is note 7.2.9.

The loan rate is based on market rate WIBOR + margin. Both loans are secured by blank bills of exchange with with the promissory note declaration.

(in PLN 000s, unless indicated otherwise)

Note 16

Structure of share capital - at 31.12.2009

Series/issue	Type of shares	Type of preference	Number of shares	Value of series/ issue in nominal value	Origin of capital	Registration date	Right to dividend (from date)
A	Ordinary	None	100 000	100 000	Cash	30.11.1994	30.11.1994
B	Ordinary	None	2 200 000	2 200 000	Cash	26.09.1995	01.01.1995
C	Ordinary	None	2 093 700	2 093 700	Cash	11.02.1999	01.01.1999
D	Ordinary	None	408 400	408 400	Cash	25.06.1999	01.01.1999
E	Ordinary	None	240 200	240 200	Cash	12.12.2001	01.01.2001
F	Ordinary	None	259 500	259 500	Cash	12.12.2001	01.01.2001
G	Ordinary	None	1 333 300	1 333 300	Cash	12.12.2001	01.01.2001
H	Preference shares	None	2 085 323	2 085 323	contribution - BOS S.A. share	02.01.2007	01.01.2006
I	Preference shares	None	4 203 562	4 203 562	contribution - BOS S.A. share	02.01.2007	01.01.2006
J	Preference shares	None	55 747	55 747	contribution - BOS S.A. share	11.05.2007	01.01.2006
K	Preference shares	None	290 468	290 468	contribution - BOS S.A. share	11.05.2007	01.01.2006
L	Ordinary	None	1 500 000	1 500 000	Cash	24.10.2007	01.01.2007
Ł	Preference shares	None	140 388	140 388	contribution - Maro-Markety Sp. z o.o. share	12.02.2008	01.01.2007
M	Preference shares	None	82 144	82 144	contribution – Centrum Sp. z o.o. share	12.02.2008	01.01.2007
N	Preference shares	None	122 429	122 429	Cash	06.06.2008	01.01.2007
Total number of shares			**15 115 161**				
Total equity				**15 115 161**			
One share nominal value = 1 PLN							

(in PLN 000s, unless indicated otherwise)

Structure of share capital - at 31.12.2008

Series/issue	Type of shares	Type of preference	Number of shares	Value of series/ issue in nominal value	Origin of capital	Registration date	Right to dividend (from date)
A	Ordinary	None	100 000	100 000	Cash	30.11.1994	30.11.1994
B	Ordinary	None	2 200 000	2 200 000	Cash	26.09.1995	01.01.1995
C	Ordinary	None	2 093 700	2 093 700	Cash	11.02.1999	01.01.1999
D	Ordinary	None	408 400	408 400	Cash	25.06.1999	01.01.1999
E	Ordinary	None	240 200	240 200	Cash	12.12.2001	01.01.2001
F	Ordinary	None	259 500	259 500	Cash	12.12.2001	01.01.2001
G	Ordinary	None	1 333 300	1 333 300	Cash	12.12.2001	01.01.2001
H	Preference shares	None	2 085 323	2 085 323	contribution - BOS S.A. share	02.01.2007	01.01.2006
I	Preference shares	None	4 203 562	4 203 562	contribution - BOS S.A. share	02.01.2007	01.01.2006
J	Preference shares	None	55 747	55 747	contribution - BOS S.A. share	11.05.2007	01.01.2006
K	Preference shares	None	290 468	290 468	contribution - BOS S.A. share	11.05.2007	01.01.2006
L	Ordinary	None	1 500 000	1 500 000	Cash	24.10.2007	01.01.2007
Ł	Preference shares	None	140 388	140 388	contribution - Maro-Markety Sp. z o.o. share	12.02.2008	01.01.2007
M	Preference shares	None	82 144	82 144	contribution – Centrum Sp. z o.o. share	12.02.2008	01.01.2007
N*	Preference shares	None	122 429	122 429	Cash	06.06.2008	01.01.2007
Total number of shares			**15 115 161**				
Total equity				**15 115 161**			
One share nominal value = 1 PLN							

* shares „N" series were issued within target capital were part of process of shares acquisition in Sydo Sp. z o.o. and Alpaga-Xema Sp. z o.o.

(in PLN 000s, unless indicated otherwise)

Changes in the holding of shares by members of the Supervisory Board

Supervisory Board of the company Members	Shares at 31.12.2009	Percentage of share capital *	Change %	Shares at 31.12.2008	Percentage of share capital at 31.12.2008
Piotr Laskowski	386 125	2,55%	0,00%	386 125	2,55%
Artur Laskowski	346 330	2,29%	(10,35%)	386 330	2,56%

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
AVIVA OFE AVIVA BZ WBK	1 500 000	9,92%	(4,58%)	1 571 948	10,40%	1 500 000	9,92%
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	54 685	0,36%	(93,29%)	814 811	5,39%	54 685	0,36%

* Information about state of held shares of the issuer by the ING OFE has been obtained from site www.ing.pl and as at 31.01.2010 .; information about state of held shares of the issuer by the AVIVA OFE AVIVA BZ WBK has been obtained from current report No 10/2010 and www.aviva.pl;

List of shareholders holding at least 5 percent of votes at the Ordinary General Meeting of Shareholders of Emperia Holding S.A. at 31.12.2009

Shareholders	Shares at 31.12.2009	Percentage of share capital	Change %	Shares at 31.12.2008	Percentage of share capital at 31.12.2008	Votes at the OGMS at 31.12.2009	Percentage of votes at the OGMS at 31.12.2009
Aviva OFE	1 517 654	10,04%	(7,93%)	1 648 393	10,91%	1 517 654	10,04%
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	54 685	0,36%	(93,29%)	814 811	5,39%	54 685	0,36%

Changes in the holding of shares by members of the Board.

Management board of the company Members	Shares at 31.12.2009	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%

(in PLN 000s, unless indicated otherwise)

Changes in Supplementary Capital and Reserve capital	Supplementary capital	Reserve capital
1 January 2009	**551 353**	**19 871**
Additions	214	-
- valuation of management option	214	-
Disposals	-	(7 496)
- Dividend	-	*(7 496)*
31 December 2009	**551 567**	**12 376**
1 January 2008	**537 753**	**18 542**
Additions	13 600	1 329
- distribution of 2007 profit	-	*1 329*
- increase of capital following new share issue	13 332	-
- valuation of management option	268	-
Disposals	**-**	-
31 December 2008	**551 353**	**19 871**

Note 17

Retained earnings	31 December 2009	31 December 2008
Net profit (loss) from the previous year	(1 942)	(1 941)
Net profit (loss) from the current year	43 971	1 422
Deduct from net profit	-	-
Total Retained earnings	**42 029**	**(519)**

Note 18

Long-term bank loans and other	31 December 2009	31 December 2008
Credits	-	-
Bank loans	-	-
Including: related entities	-	-
Debt securities	-	-
Including: related entities	-	-
Financial lease	21	53
Valuation of other financial instruments	-	-
Total long-term bank loans and other	**21**	**53**

In 2009, the Company did not become a party to any new leasing agreements.

The long-term liabilities figure reflects the leasing agreement signed by the Company in 2008. The Company became a party to a leasing agreement under the terms of an agreement for assignment of rights and liabilities concluded with the former lessee with the participation of the lessor (Impuls-Leasing Polska Sp. z o.o. with its seat in Warsaw). The leasing agreement provided for the lease of a passenger car. The Company's fulfilment of liabilities arising under the leasing agreement was secured by a blank promissory note with a promissory note declaration. The terms and conditions of the leasing agreement are standard and do not differ from those generally available in the market.

For details of the total amount of the future minimum lease payments and their current value, see Note 40.

In 2009 and in the previous year the Company did not conclude or terminate and credit facility agreements.
In 2009 and in the previous year the Company did not conclude or terminate and loan agreements.

(in PLN 000s, unless indicated otherwise)

Information on loans and guarantees issued and received - current year

Bank guarantee	Grant / Receipt	Type of entity- external / related	Credit amount by agreement	Currency	At 31.12.2009	The expiration date of agreement
Guarantee	Grant	External	195	PLN	195	2012-08-25
Guarantee	Grant	External	130	PLN	130	2012-08-25
Guarantee	Grant	External	10	PLN	10	2012-08-25
Guarantee	Grant	External	35	PLN	35	2012-08-25
Guarantee	Grant	External	35	PLN	35	2012-08-25
Guarantee	Grant	External	2 130	PLN	2 130	2012-08-25
Guarantee	Grant	External	27 000	PLN	-	2010-03-31
Guarantee	Grant	External	15 000	PLN	-	2010-03-31
Guarantee	Grant	External	100 000	PLN	100 000	2012-08-25
Guarantee	Grant	External	599	PLN	-	2010-09-14
Guarantee	Grant	External	1 095	PLN	-	2010-09-19
Guarantee	Grant	External	135	PLN	135	2012-08-25
Guarantee	Grant	External	18	PLN	18	2012-08-25
Guarantee	Grant	External	18	PLN	18	2012-08-25
Guarantee	Grant	External	18	PLN	18	2012-08-25
Guarantee	Grant	External	20	PLN	20	2012-08-25
Guarantee	Grant	External	12 000	PLN	12 000	2010-03-01
Guarantee	Grant	External	958	PLN	-	2010-11-10
Guarantee	Grant	External	6 000	PLN	-	2010-03-30
Guarantee	Grant	External	152	PLN	152	2010-03-30
Guarantee	Termination	External	100	PLN	-	-
Guarantee	Termination	External	4 700	PLN	-	2018-05-31
Guarantee	Termination	External	7 800	PLN	-	2009-02-28
Guarantee	Termination	External	26	PLN	-	-
Guarantee	Termination	External	7	PLN	-	-
Guarantee	Termination	External	90	PLN	-	2009-02-24
Guarantee	Termination	External	10 000	PLN	-	2010-03-30
Guarantee	Termination	External	5 000	PLN	-	2010-03-30
Guarantee	Termination	External	10 000	PLN	-	2010-03-30
Guarantee	Termination	External	10 000	PLN	-	2010-03-30
Guarantee	Termination	External	146	PLN	-	2009-04-29
x	x	x	**213 417**	x	**114 896**	X

(in PLN 000s, unless indicated otherwise)

Information on loans and guarantees issued and received - previous year

Bank guarantee	Grant / Receipt	Type of entity- external / related	Credit amount by agreement	Currency	At 31.12.2008	The expiration date of agreement
Guarantee	Grant	External	543	PLN	-	2010-03-30
Guarantee	Grant	External	202	PLN	-	2009-04-27
Guarantee	Grant	External	11 000	PLN	-	2010-03-30
Guarantee	Grant	External	368	PLN	-	2009-03-11
Guarantee	Grant	External	60	PLN	-	2008-08-31
Guarantee	Grant	External	599	PLN	-	2009-08-28
Guarantee	Grant	External	859	PLN	-	2009-09-19
Guarantee	Grant	External	20 000	PLN	-	2010-03-30
Guarantee	Grant	External	4 700	PLN	4 700	2018-05-31
Guarantee	Grant	External	3 800	PLN	3 800	2018-05-31
Guarantee	Grant	External	25 000	PLN	25 000	2023-09-30
Guarantee	Grant	External	7 800	PLN	7 800	2009-02-28
Guarantee	Grant	External	146	PLN	146	2009-04-29
Guarantee	Grant	External	26	PLN	26	-
Guarantee	Grant	External	25 000	PLN	-	2010-03-30
Guarantee	Grant	External	15 000	PLN	-	2010-03-30
Guarantee	Grant	External	24 000	PLN	-	2010-03-30
Guarantee	Grant	External	7	PLN	7	-
Guarantee	Grant	External	5 000	PLN	-	2010-03-30
Guarantee	Grant	External	90	PLN	90	2009-02-24
Guarantee	Grant	External	1 000	PLN	-	2010-03-30
Guarantee	Grant	External	3 400	PLN	-	2018-05-31
x	**x**	**x**	**148 600**	**x**	**41 569**	**X**

(in PLN 000s, unless indicated otherwise)

Note19

Provisions	31 December 2009	31 December 2008
Provisions for employees' benefits	**965**	**1 875**
a) provision for pensions	91	42
b) provision for holiday equivalents	504	837
c) provision for premium salary	370	996
Other provisions	**76**	**96**
a) provision for audit	76	96
Total provisions	**1 041**	**1 971**

Provisions	31 December 2009	31 December 2008
Long-term	**88**	**42**
a) provision for pensions	88	42
Short-term	**953**	**1 929**
a) provision for pensions	3	-
b) provision for holiday equivalents	504	837
c) provision for premium salary	370	997
a) provision for audit	76	95
Total provisions	**1 041**	**1 971**

Change of provisions for employees' benefits	31 December 2009	31 December 2008
Provision for pensions opening balance	**42**	**43**
Additions	*49*	-
Disposals	-	*(1)*
Provision for pensions closing balance	**91**	**42**
Provision for holiday equivalents opening balance	**837**	**789**
Additions	-	*48*
Disposals	*(333)*	-
Provision for holiday equivalents closing balance	**504**	**837**
Provision for premium salary opening balance	**997**	**2 751**
Additions	*370*	*997*
Disposals	*(997)*	*(2 751)*
Provision for premium salary closing balance	**370**	**997**
Provisions for employees' benefits opening balance	**1 875**	**3 583**
Additions	*419*	*1 044*
Disposals	*(1 329)*	*(2 752)*
Provisions for employees' benefits closing balance	**965**	**1 875**

In 2008 provisions additions and disposals has been related profit and loss positions - overhead costs.

(in PLN 000s, unless indicated otherwise)

Note 20

Deferred tax income - provisions	31 December 2009	31 December 2008
Deferred tax income - provisions opening balance	**723**	**444**
a) posted to net result	*723*	*444*
b) posted to equity	-	-
Additions	**572**	**279**
a) posted to net result	*572*	*279*
b) posted to equity	-	-
Disposals	**-**	**-**
a) posted to net result	-	-
b) posted to equity	-	-
Deferred tax income - provisions closing balance	**1 295**	**723**
a) posted to net result	*1 295*	*723*
b) posted to equity	-	-

Deferred income tax provisions by kind	31 December 2009	31 December 2008
Bonds' discount	2	55
Finance leases (operating for tax purposes)	3	1
Difference between tax value and book value of fixed assets	1 290	667
Deferred income tax provisions by kind closing balance	**1 295**	**723**

Note 21

Short- term bank loans and others	31 December 2009	31 December 2008
Bank loans	-	-
Loans	-	-
- *including: related entities*	-	-
Debt securities	3 995	-
- *including: related entities*	-	-
Leasing	28	29
Valuation of other financial instruments	-	-
Total short- term bank loans and others	**4 023**	**29**

Obligation under financial leases represents the current part of obligations under the lease described in note 18.

Information about the total amount of future minimum lease payments, and their current value in note 40.

(in PLN 000s, unless indicated otherwise)

Bonds Issued

Company 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.

Information on amount of paid interest at time of redemption of bonds are in note 30.
Purchaser of issued bonds were entities outside the Capital Group.
Bonds issue and redemption (expressed in nominal amounts) of Emperia Holding S.A. in 2009 were as follows:

2009:

Bonds issue and redemption	Total	Elpro Sp. z o.o.	External issue
As at the beginning of the period	-		-
Bonds issue	*43 700*	*700*	*43 000*
Bonds redemption	*(39 700)*	*700*	*(39 000)*
As at the end of the period	**4 000**		**4 000**
As at the end of the period with discount	**3 995**		**3 995**

Total liabilities from debt securities at 31.12.2009

Issuer	Series	Nominal value (In thousand PLN)	Date of repurchase	As at 31.12.2009
Emperia Holding S.A.	0047	4 000	2010-01-08	
Total bonds issued by the Company*				**3 995**
Other				
Total short-term liabilities from debt securities				**3 995**

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

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

Note 22

Short-term liabilities	31 December 2009	31 December 2008
Trade payables	1 397	1 307
including: related entities	1 015	*958*
Taxation, subsidy and social security	1 469	1 804
Salary	1 086	1 748
Prepayments	-	-
including: related entities	-	-
Other liabilities	873	4 495
including: related entities	31	*1 592*
Total short-term liabilities	**4 825**	**9 354**

(in PLN 000s, unless indicated otherwise)

Ageing of trade payables	31 December 2009	31 December 2008
Due within 1 month	951	1 072
Due between 1 and 3 months	90	18
Due between 3 and 6 moths	-	-
Due between 6 months and 1 year	-	-
Due after 1 year	-	-
Overdue trade debtors	356	217
Total trade payables	**1 397**	**1 307**

Ageing of overdue trade payables	31 December 2009	31 December 2008
1 month	349	194
between 1 and 3 months	5	3
between 3 and 6 moths	1	6
between 6 months and 1 year	1	-
after 1 year	-	14
Overdue trade payables	**356**	**217**

Liabilities from deliveries and services accounted for in terms of the contract, which typically range from 7 to 75 days. A detailed description of transactions with subsidiaries is contained in note 43.

Note 23

Deferred income	31 December 2009	31 December 2008
Settlement of vehicles' damages	27	13
Refund of purchase of fixed assets and intangible assets deferred	30	40
VAT to refund	48	-
Total deferred income	**105**	**53**

Value of refund of purchase of fixed assets and intangible assets will be settled to 2013 in proportion to their economic useful life. Information on refunds are in Note No. 1

The value of refundable VAT of PLN 48,000 is a receivable from the state for 2004 and 2005 following a judgement of the European Court of Justice which held that the amendment to law enacted in Poland as of 1 May 2005 depriving businesses of the right to deduct VAT on fuel used by certain company cars was contrary to the EU directive. The receivable was transferred to the Company in January 2010.

Note 24

NET SALES OF PRODUCTS (by type of products)	12 months ended 31 December 2009	12 months ended 31 December 2008
Sales of services	50 504	47 794
*- **including to related entities***	*48 491*	*42 348*
Total net sales of products and services	**50 504**	**47 794**
*- **including to related entities***	*48 491*	*42 348*

(in PLN 000s, unless indicated otherwise)

NET SALES OF PRODUCTS (by geographic area)	12 months ended 31 December 2009	12 months ended 31 December 2008
Domestic	50 504	47 794
- including to related entities	*48 491*	*42 348*
Export	-	-
- including to related entities	-	-
Total net sales of products and services	**50 504**	**47 794**
- including to related entities	*48 491*	*42 348*

Note 25

NET SALES OF MERCHANDISES AND MATERIALS (by type of activity)	12 months ended 31 December 2009	12 months ended 31 December 2008
Sales of merchandises and materials	580	3 620
- including to related entities	*68*	*3 272*
Sales of merchandises and materials	**580**	**3 620**
- including to related entities	*68*	*3 272*

NET SALES OF MERCHANDISE AND MATERIALS (by geographic area)	12 months ended 31 December 2009	12 months ended 31 December 2008
Domestic	580	3 620
- including to related entities	*68*	*3 272*
Export	-	-
- including to related entities	-	-
Total net sales of merchandise and materials	**580**	**3 620**
- including to related entities	*68*	*3 272*

Note 26

OTHER OPERATING INCOME	12 months ended 31 December 2009	12 months ended 31 December 2008
Profit from the disposal of non-financial fixed assets	-	129
Revaluation of non-financial assets	11	254
Other operating income	105	172
Total operating income	**116**	**555**

Revaluation of non-financial assets	12 months ended 31 December 2009	12 months ended 31 December 2008
Creating of write-offs – inventory	-	-
Reversal of write–offs – inventory	-	-
Creating of write-offs – fixed assets	-	-
Reversal of write-offs – fixed assets	-	-
Creating of write-offs - receivable	(134)	(6)

(in PLN 000s, unless indicated otherwise)

Reversal of write-offs - receivable	145	260
Total revaluation of non-financial assets	**11**	**254**

OTHER OPERATING INCOME	12 months ended 31 December 2009	12 months ended 31 December 2008
Income from refund the purchase of fixed assets	10	11
Compensation of vehicle damages	66	121
Overdue trade payables	14	11
returned debts written off	1	-
Court proceedings costs	13	29
Returned payment	1	-
Written off liabilities	-	-
Other	-	-
Total other non operating income	**105**	**172**

Note 27

Cost by kind	12 months ended 31 December 2009	12 months ended 31 December 2008
depreciation and amortization	(8 254)	(5 110)
materials and energy	(1 619)	(3 026)
external services	(17 383)	(13 025)
payroll	(16 280)	(18 893)
social security and other employee benefits	(2 847)	(3 257)
taxes and charge	(909)	(1 018)
other costs	(230)	(504)
Total cost by kind of expenditure	**(47 522)**	**(44 833)**
Sales costs	(4)	(6)
Overhead costs	(7 898)	(14 122)
Cost of services sold	(39 620)	(30 705)

In 2009 depreciation has been related profit and loss positions - overhead costs.

Payroll	12 months ended 31 December 2009	12 months ended 31 December 2008
Salary	(16 280)	(18 893)
- including: cost of management options	*(214)*	*(268)*
Social security	(2 436)	(2 699)
Company's social benefit fund	(260)	(220)
Personnel training	(100)	(268)
Other	(51)	(70)
Total payroll	**(19 127)**	**(22 150)**

(in PLN 000s, unless indicated otherwise)

Salaries of entity authorized to audit financial statements	12 months ended 31 December 2009	12 months ended 31 December 2008
Audit and review of financial statement	147	138
Due diligence	-	22
Tax consultancy	-	*50*
Other services	-	27
Total salaries of entity authorized to audit financial statements	**147**	**237**

On 14 July 2009, the Company signed an agreement with BDO Numerica International Auditors & Consultants Sp. z o.o. with its seat in Warsaw (BDO Sp. z o.o. is the legal successor) for the review of semi-annual and the audit of the annual statements(separate and consolidated) for 2009. The value of the fee was set at PLN 133,000. The difference is due to the contractual additional costs which the Company incurred in connection with the audit of the financial statements for 2008

OPERATING EXPENSES	12 months ended 31 December 2009	12 months ended 31 December 2008
Loss from the sale of non-financial fixed assets	(34)	-
Revaluation of non-financial assets	-	-
Other operating expenses	(113)	(164)
Total non operating expenses	**(147)**	**(164)**

Other operating expenses	12 months ended 31 December 2009	12 months ended 31 December 2008
Donations	(16)	(16)
Compensation of vehicle damages	(80)	(129)
Cost of real estates	(2)	(1)
Court proceedings costs	(12)	(4)
Contributions	(1)	-
Written off receivables	(2)	-
Other	-	(14)
Total other operating expenses	**(113)**	**(164)**

Note 29

FINANCIAL INCOME	12 months ended 31 December 2009	12 months ended 31 December 2008
Dividend	38 748	-
- including related entities	*38 748*	-
Interest	3 711	6 065
- including related entities	*3 542*	*5 127*
Profit on investments disposal	-	-
Other financial income	384	1
- including related entities	*384*	-
Total financial income	**42 843**	**6 066**

(in PLN 000s, unless indicated otherwise)

Interest	**12 months ended 31 December 2009**	**12 months ended 31 December 2008**
Loans granted	878	16
- including related entities	*868*	*6*
Interest on deposits	96	849
Interest on overdue receivables	201	121
- including related entities	*137*	*43*
Interest on bonds	2 536	5 079
- including related entities	*2 536*	*5 079*
Other interest	-	-
- including related entities	-	-
Total interest	**3 711**	**6 065**

Other financial income	**12 months ended 31 December 2009**	**12 months ended 31 December 2008**
Positive exchange rate differences	-	1
Revenues under granted hedge	384	-
Total other financial income	**384**	**1**

Revenues under granted hedge include compensation for Emperia Holding S.A. due from subsidiaries under grant by the Company hedges of extended credits to these firms. Hedge take form of guarantees or collateral mortgage on the property Emperia Holding S.A.

Note 30

FINANCIAL EXPENSES	**12 months ended 31 December 2009**	**12 months ended 31 December 2008**
Interest	(596)	(11)
- including related entities	*(61)*	*(1)*
Loss on the disposal of investments	-	(1 611)
Other financial expenses	-	(5 050)
Total financial expenses	**(596)**	**(6 672)**

Interest	**12 months ended 31 December 2009**	**12 months ended 31 December 2008**
Bank loan interest		(1)
Leasing interest	(6)	(2)
- including related entities	-	-
Interest on overdue payables	(65)	(4)
- including related entities	*(61)*	*(1)*
Bonds interest	(521)	-
- including related entities	-	-
Treasury interests	(4)	(4)
Other interest	-	-

- including related entities	-	-
Total interest	**(596)**	**(11)**

Other financial expenses	12 months ended 31 December 2009	12 months ended 31 December 2008
Payments back to the shares	-	(5 050)
Exchange rate differences	-	-
Total other financial expenses	**-**	**5 050**

Gains or losses by category of instrument	12 months ended 31 December 2009	12 months ended 31 December 2008
Interest income		
Bank deposits	96	849
Bonds	2 536	5 079
Loans granted	878	16
Trade receivables	201	122
Other	-	-
Total interest income	**3 711**	**6 066**
Interest costs		
Short and long-term credits	-	(1)
Finance leases	(6)	(2)
Bonds issued	(521)	-
Loans received	-	-
Trade liabilities	(65)	(3)
Total interest costs	**(592)**	**(6)**

Note 31

CORPORATE INCOME TAX	12 months ended 31 December 2009	12 months ended 31 December 2008
Gross profit in entities gained tax profit	**45 348**	**3 192**
Non taxable revenues	**38 837**	**239**
financial incomes	38 759	172
operating incomes	78	67
Other taxable income	**324**	**770**
Non taxable costs and losses	**9 869**	**14 918**
operating costs	9 646	9 822
financial expenses	67	5 059
other operating expenses	156	37
Additional taxable costs	**15 717**	**11 622**

(in PLN 000s, unless indicated otherwise)

Taxable revenue	**988**	**7 019**
Other discount form income	-	7
Settlement of previous year loss	-	-
Base of tax calculation	**988**	**7 012**
Tax amount 19%	**187**	**1 332**
Additions, omissions, exemptions, deductions and tax reductions	-	-
Income tax current for the period	**187**	**1 332**
Income tax deferred	1 190	438
Tax amount*	3,0%	55,4 %

* ratio - income tax (current and deferred) and profit before tax.

At the height of the effective tax rate for 2009 affect the value of dividends received from subsidiaries, which are excluded from the tax base.

The main reason for increase in effective tax rate for 2009 was made payments to capital subsidiaries. The payments were recorded as financial expenses constitute deductible.

Note 32

DEFERRED CORPORATE INCOME TAX	12 months ended 31 December 2009	12 months ended 31 December 2008
Increase (decrease) from temporary differences from previous years	1 190	438
Decrease (Increase) under change in tax rate.	-	-
Decrease (Increase) under previously not recognized tax losses, tax credit or temporary difference of previous period	-	-
Decrease (Increase) under writing-off from deferred tax assets or inability to use the reserve for deferred tax	-	-
Decrease (Increase) under the simplified income tax advances	-	-
Decrease (Increase) under deferred income tax from consolidation	-	-
Decrease (Increase) as a result of an acquisition	-	-
Total deferred corporate income tax	**1 190**	**438**
including : discontinued operations	-	-

Deferred corporate income tax demonstrated outside the profit and loss account	12 months ended 31 December 2009	12 months ended 31 December 2008
Presented in capital	-	-
Presented in goodwill	-	-
Change of deferred income tax caused by enlargement of composition of the Group	-	-
Deferred corporate income tax demonstrated outside the profit and loss account	**-**	**-**

(in PLN 000s, unless indicated otherwise)

Note 33

Net profit per share	12 months ended 31 December 2009	12 months ended 31 December 2008
Net profit	43 971	1 422
Net profit (loss) annualized	43 971	1 422
Number of shares - weight average	15 115 161	15 064 149
Net profit per share	2,91	0,09
Diluted net profit per share	2,91	0,09

Note 34

Dividend

Paid dividends:
On 9 September 2009, under Resolution No. 5 of General Meeting Emperia Shareholders Holding SA dated on 30 June 2009, The company paid to shareholders a dividend of PLN 8 917 944,99), representing PLN 0,59 per share.

Note 35

Proposed by the Management Board profit sharing	12 months ended 31 December 2009	12 months ended 31 December 2008
Profit for period	43 971*	1 422
- dividend	-	1 422
- supplementary capital	-	-
- reserve capital	-	-
- cover of losses from previous years	-	-

* Management Board of Emperia Holding S.A. suggests that the value of dividend to pay shareholders of the Company was 15% consolidated profit of Capital Group for 2009.

Note 36

The structure of cash in the statement of cash flow	12 months ended 31 December 2009	12 months ended 31 December 2008
Cash in the cash desk		
- opening balance	20	20
- closing balance	19	20
Cash at bank		
- opening balance	3 128	32 550
- closing balance	2 555	3 128
Other cash		
- opening balance	47	23
- closing balance	-	47
Other financial assets		
- opening balance	-	-
- closing balance	-	-

Total cash		
- opening balance	**3 195**	**32 594**
- closing balance	**2 574**	**3 195**

Note 37

Adjustments in Cash Flow	**12 months ended 31 December 2009**	**12 months ended 31 December 2008**
Changes in receivables	1 049	3 695
- Change in receivables balance sheet	*135*	*3 955*
- Change in receivable from sales of fixed and intangible assets	*1 157*	*(260)*
- Receivables compensation	*(244)*	-
Changes in liabilities	(1 014)	496
- Changes in liabilities balance sheet	*(4 529)*	*1 192*
- Change in liabilities from sales of fixed and intangible assets	*1 979*	*(550)*
- Change in liabilities for the purchase of financial assets	*1 536*	*(146)*
Other adjustments	214	268
- Costs of Management Programme	*214*	*268*
Changes in inventory	(26)	(16)
- Changes in inventory balance sheet	*(26)*	*(16)*
Changes in provisions	(929)	(1 707)
- Changes in provisions balance sheet	*(929)*	*(1 707)*
Change in deferred revenues and accruals	(135)	160
- Change in deferred revenues and accruals balance sheet	*(135)*	*160*

Note 38

Classification of Company's activities by: operating, investing, financing in the cash flow statement:

I. Cash flow from operating activities includes:

1) Inflow from sales of merchandise, finished products and services
2) Inflow included in "other operating revenue" excluding revenue from the sale of fixed assets, which are disclosed in cash flow from investing activities.
3) Any expenses regarding costs of basic activity, such as: cost of merchandise sold, cost of finished products sold, selling costs, general overhead costs.
4) Expenses regarding costs included in "other operating expenses" excluding cost of fixed assets sold and cost of unplanned depreciation.

II. Cash flow from investing activities includes:

1) Inflow from sales of:
   - fixed assets
   - shares and other financial fixed assets
   - short-term securities
2) Expenses regarding the purchase of:
   - fixed assets
   - shares and other financial fixed assets
   - short-term securities
3) Inflow from payment of short and long term loans granted by the Company to other entities as well as payment of interest on those loans

(in PLN 000s, unless indicated otherwise)

4) Expenses regarding the granting of long term loans to other entities
5) Inflow of dividends received
6) Interest received on bank deposits

III. Cash flow from financing activities includes:
1) Inflow of short and long term credits and loans received
2) Expenses regarding:
- service of loans and credits received
- payment of loans and credits
- payment of interest on loans and credits received
3) Inflow from own shares issue
4) Expenses regarding costs of own shares issues
5) Expenses regarding payment of dividends and other payments to owners
6) Any inflow regarding "other financial revenue" except for interest on loans granted, interest on bank deposits and profit from sale of securities held for resale, which are disclosed in investing activities.
7) Any expenses regarding "other financial expenses" except for the loss on the sale of securities held for resale, which are disclosed in investing activities

Note 39 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.

2009:

Changes in off-balance sheet liabilities	Under bank credit facilities	Under bank guarantees	Under financial guarantees
Mortgages			
As at the beginning of the period	-	-	-
Increases during the period	-	-	-
Reductions during the period	-	-	-
As at the end of the period	**-**	**-**	**-**
Transfer of title as security/pledge/assignment of current assets			
As at the beginning of the period	-	-	-
Increases during the period	-	-	-
Reductions during the period	-	-	-
As at the end of the period	**-**	**-**	-
Transfer of title as security/pledge/assignment of fixed assets			
As at the beginning of the period	-	-	-
Increases during the period	-	-	-
Reductions during the period	-	-	-
As at the end of the period	**-**	-	-
Guarantees			
As at the beginning of the period	68 500	8 036	314
Increases during the period	*154 379*	*8 452*	*2 744*
Reductions during the period	*(87 700)*	*(10 689)*	*(133)*
As at the end of the period	**135 179**	**5 799**	**2 925**

(in PLN 000s, unless indicated otherwise)

Emperia Holding S.A. granted financial guarantees of PLN 135,179,000 to subsidiaries on account of credit facilities contracted by them. These guarantees are in part temporary and have been granted until the actual security for the credit facilities is established.

The Company has made cession of rights from policyholders of tangible assets to banks for granting loans to subsidiaries..

Was set up a mortgage for Bank PKO BP S.A. under credit granted to a subsidiary Tradis Sp. z o.o. Mortgage set up under a contract of 30 March 2009 made between Company and Tradis Sp. z o.o. Emperia Holding S.A. made available property located at ul. Metalurgiczna 30. Net book value as at 31.12.2009 is PLN 25 900 000.
Detailed information on changes in bank guarantees are in note 18.

2008:

Changes in off-balance sheet liabilities	Under bank credit facilities	Under bank guarantees	Under financial guarantees
Mortgages			
As at the beginning of the period	-	-	-
Increases during the period	-	-	-
Reductions during the period	-	-	-
As at the end of the period	**-**	**-**	-
Transfer of title as security/pledge/assignment of current assets			
As at the beginning of the period	-	-	-
Increases during the period	-	-	-
Reductions during the period	-	-	-
As at the end of the period	**-**	**-**	-
Transfer of title as security/pledge/assignment of fixed assets			
As at the beginning of the period	-	-	-
Increases during the period	-	-	-
Reductions during the period	-	-	-
As at the end of the period	**-**	**-**	-
Guarantees			
As at the beginning of the period	70 000	-	281
Increases during the period	*97 500*	*10 667*	*33*
Reductions during the period	*(99 000)*	*(2 631)*	-
As at the end of the period	**68 500**	**8 036**	**314**

Emperia Holding S.A. granted financial guarantees of PLN 68,500,000 to subsidiaries on account of credit facilities contracted by them. These guarantees are in part temporary and have been granted until the actual security for the credit facilities is established

(in PLN 000s, unless indicated otherwise)

Note. 40 Financial and operating leases.

2009:

Liabilities under financial leases	31 December 2009	
	Minimum payments	Current value of minimum payments
Up to 1 year	31	28
From 1 to 5 years	22	21
Over 5 years	-	-
Total	**53**	**49**

Operating leases

Description of assets	Term of agreement	As at 31.12.2009	As at 31.12.2010	From 1 - 5 years	Over 5 years
		Minimum annual payments			
Real properties	Definite	-	-	-	-
	Indefinite	-	-	-	-
Machinery and equipment	Definite	-	-	-	-
	Indefinite	-	-	-	-
Vehicles	Definite	-	-	-	-
	Indefinite	-	-	-	-
Other fixed assets	Definite	-	-	-	-
	Indefinite	-	-	-	-

Agreements containing a lease according to IFRIC 4

Description of assets	Term of agreement	As at 31.12.2009	As at 31.12.2010	From 1 - 5 years	Over 5 years
		Minimum annual payments			
Real properties	Definite	2 684	6 402	3 729	2 204
	Indefinite	1 560	1 560	6 422	6 242
Machinery and equipment	Definite	-	-	-	-
	Indefinite	85	85	340	340
Vehicles	Definite	-	-	-	-
	Indefinite	-	-	-	-
Other fixed assets	Definite	-	-	-	-
	Indefinite	-	-	-	-

2008:

Liabilities under financial leases	31 December 2008	
	Minimum payments	Current value of minimum payments
Up to 1 year	35	29
From 1 to 5 years	58	53
Over 5 years	-	-
Total	**93**	**82**

(in PLN 000s, unless indicated otherwise)

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	-	-	-	-
	Indefinite	-	-	-	-
Machinery and equipment	Definite	-	-	-	-
	Indefinite	-	-	-	-
Vehicles	Definite	-	-	-	-
	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	616	747	1 027	-
	Indefinite	365	487	1 948	1 948
Machinery and equipment	Definite	-	-	-	-
	Indefinite	22	30	119	119
Vehicles	Definite	-	-	-	-
	Indefinite	-	-	-	-
Other fixed assets	Definite	-	-	-	-
	Indefinite	-	-	-	-

Note 41. Liabilities to national budget or units of territorial government from title of obtaining ownership of buildings and structures

Company does not have any liabilities to national budget or units of territorial government from title of obtaining ownership of buildings and structures.

Note 42 Commitments to purchase of tangible fixed assets

On 17 December 2009, the Company signed a preliminary agreement in the form of a notarial deed for the purchase of the perpetual usufruct right to land located in Lublin, at ul. Mełgiewska 7-9 with the right of ownership of the buildings and structures located on the land. The total area of the land is 2,567.6 hectares, and of the buildings some 15,000 sq. m. Emperia Holding S.A is the lessee of a major part of the real property. The agreement was awarded under tender held by the official receiver of the bankruptcy estate of Daewoo Motor Polska Sp. z o.o. with its seat in Lublin. The parties agreed to conclude the final sale agreement by 14 December 2012.

Apart from the above, as at 31 December 2009, there were no other commitments to purchase fixed assets.

(in PLN 000s, unless indicated otherwise)

Note 43 Transactions of Emperia Holding SA with related entities.

In 2009 Emperia did not make significant transactions with related entities, apart transactions made in normal business activities on market conditions and associated with an increase or subsidies to capital in subsidiaries. Mergers made in 2009 implemented within the Group are described in note 7.2.9 . As a part of Group cash flows management, took place short-term bond issue, described in detail in note 12, not shown in table below.

Transactions of Issuer with subsidiaries entities (part 1):

Description	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.	DEF Sp. z o.o.	Arsenal Sp. z o.o.	Lewiatan Podlasie Sp. z o.o.	Maro Markety Sp. z o.o.	Społem Tychy Sp. z o.o.
Trade receivable	1 546	27	404	118	1 598	6	-	2	35	28
Trade commitments	182	4	30	-	4	3	-	-	2	2
Revenues from sales of goods and materials	24	26	4	-	10	-	-	-	2	-
Sales services income	13 226	270	3 999	825	28 317	51	23	9	226	214
Transaction costs	11 168	231	3 042	668	21 531	432	17	8	118	115
Purchase of goods	-	-	-	-	-	-	-	-	-	-
Purchase of services	219	53	37	306	116	28	-	-	10	6
Purchase of property and other assets	5 577	3	58	211	2 734	-	-	-	-	-
Disposal of property and other assets	135	-	62	-	269	-	-	-	-	-
Transfers under finance arrangements (including loans and equity contributions), dividends received	586	-	314	2	38 790	-	-	-	1	-
Transfers under finance arrangements (including loans and equity contributions), dividends paid, made payments to capital	47 028	-	15 000	410	269 809	-	-	-	-	-

(in PLN 000s, unless indicated otherwise)

Transactions of Issuer with subsidiaries entities – (part 2)

Description	Euro Sklep S.A.	Projekt Elpro 1 Sp. z o.o.	Emperia Info Sp. z o.o.	Ambra Sp. z o.o.	Partnerski Serwis Detaliczny S.A. (PSD S.A.)	Lewiatan Zachód Sp. z o.o.	Lewiatan Śląsk Sp. z o.o.	Lewiatan Północ Sp. z o.o.
Trade receivable	40	7	58	-	67	-	-	-
Trade commitments	6	-	810	-	3	-	-	-
Revenues from sales of goods and materials	-	-	1	-	1	-	-	-
Sales services income	292	91	696	-	388	-	1	249
Transaction costs	139	74	518	-	167	-	1	230
Purchase of goods	-	-	412	-	-	-	-	-
Purchase of services	27		7 391	-	-	-	-	-
Purchase of property and other assets	-	13	3 549	-	-	-	-	-
Disposal of property and other assets	-	-	23	-	-	33	-	-
Transfers under finance arrangements (including loans and equity contributions), dividends received	-	-	58	-	4	-	-	-
Transfers under finance arrangements (including loans and equity contributions), dividends paid, made payments to capital	-	4 520	632	-	-	-	-	-

(in PLN 000s, unless indicated otherwise)

Note 44 Information on average employment

As at 31.12.2009

Description	Average employment in 2009 (in persons)		
	Total	White-collar workers	Manual workers
Employment	406	406	-

As at 31.12.2008

Description	Average employment in 2008 (in persons)		
	Total	White-collar workers	Manual workers
Employment	370	370	-

Note 45 Information about salaries of managers and supervisors

Salaries of management board of Emperia Holding S.A., according to principles established by a Supervisory Board consist of the fundamental part and the bonus: annual and three-year-old.
Paid bonuses concern previous reporting periods, to which reserves set up were in previous periods. The amount of the granted bonus is not higher than the 50% of the annual salary and is being paid quarterly in the form of advance payments, accounted after finishing the financial year.

Amount of salaries and awards for persons managing in Emperia holding company plc behind 2009 (in the PLN thousand):

	Name and surname	Basic salary Total	Bonuses	Material benefits and the sickness salary	Total
1.	Kawa Artur	384,0	347,8	2,1	733,9
2.	Wawerski Jarosław	60,0	300,0	-	360,0
3.	Kalinowski Dariusz	304,4	376,6	2,1	683,1
4.	Wawerski Grzegorz	36,0	22,4	-	58,4
5.	Wesołowski Marek	60,0	41,2	-	101,2
	TOTAL	**844,4**	**1 088,0**	**4,2**	**1 936,6**

Salaries and awards for Emperia Management Board Members in authorities of dependent companies in 2009 year (in the PLN thousand):

	Name and surname	Total
1.	Wawerski Grzegorz	712,5
2.	Wesołowski Marek	662,1
3.	Wawerski Jarosław	331,0
4.	Kalinowski Dariusz	70,6
	TOTAL	**1 776,2**

(in PLN 000s, unless indicated otherwise)

Valuation of cost of options on treasury shares, payable in the case of realization of program:

	Name and surname	2009	2008	Total
1.	Kawa Artur	87,0	82,0	169,0
2.	Wawerski Jarosław	22,0	21,0	43,00
3.	Kalinowski Dariusz	87,0	82,0	169,0
4.	Wawerski Grzegorz	15,0	13,0	28,0
5.	Wesołowski Marek	17,0	16,0	33,0
	TOTAL	**228,0**	**214,0**	**442,0**

Terms and conditions for granting and realization options were described in note 52 point g).

Salary of supervisors of Emperia Holding SA for 2009

	Name and surname of Members of Supervisory Board	Salary
1	Długosz Piotr	36,0
2	Kawa Piotr	36,0
3	Krysztofiak Tomasz	36,0
4	Laskowski Piotr	36,0
5	Laskowski Artur	17,9
6	Mierzejewski Zenon	18,1
7	Zięba Ireneusz	36,0
	TOTAL	**216,0**

Note 46 Information about the amount of unpaid advance payments, credit, loans and of the guarantee for managing and supervising persons

Dominating company Emperia Holding SA is declaring that he, has no claim in respect of advances, loans or guarantees from the members of the Management Board and Supervisory Board members, their spouses and relatives with them people.

Note 47 Financial Instruments and risk assessment of these instruments

1. Financial risk management

The operations of the Group are exposed to the following financial risks:

a) credit risk;
b) liquidity risk;
c) market risk:
    - foreign currency risk,
    - interest rate risk,
    - other price risk.

<u>a) credit risk</u> – a risk that one party to a financial instrument by failing to meet its obligations to the Group causes financial losses to the Company. Credit risk arises in the case of receivables, cash and cash equivalents, deposits, bonds acquired, deposits made. The Group's wholesale business is mainly exposed to this type of risk. Much of the sales to retailers are with a deferred date of payment. The wholesale companies have in place many vehicles limiting this risk factor: adequate selection of clients, new client verification system, application of credit limits, regular monitoring of liabilities. The exposure of the retail business to this risk factor is marginal. The retail business targets retail customers and payments are effected wither in cash or by credit card.

The Company deposits cash with reliable financial institutions (selected based on their rating). The bonds are short-term bonds issued by the Group's subsidiaries.

b) liquidity risk – a risk that the Group may encounter difficulties in meeting its liabilities under financial obligations. The Company seeks to maintain liquidity at an adequate and secure level. After the budget is prepared, the Company requests the financial institutions working with it to provide it with the appropriate credit limits. As regards external financing the Company relies on credit facilities and bonds issued by selected subsidiaries of the Group. The bonds, in addition to the function of financing operations, also play a role in optimising liquidity management within the Group. By working with many financial institution that provide hedged financial instruments the Company diversifies its liquidity risk. The financial department monitors on a regular basis the Group's financial standing and collection status.

c) market risk – a risk that the fair value of a financial instrument or the related future cash flows will fluctuate due to fluctuations in market prices. The risk comprises three types of risk: exchange risk, interest rate risk, and other price risk.
exchange risk – a risk that the fair value of a financial instrument or the related future cash flows will fluctuate due to fluctuations in foreign exchange rates. The Company does not face that risk, as it does not rely on currency or currency-denominated debt instruments.

interest rate risk – a risk that the fair value of a financial instrument or the related future cash flows will fluctuate due to changes in market interest rates. The Company hardly ever invests cash surplus in interest-bearing assets, and hence the risk of changing interest rates as part of those transactions is insignificant. The only exception is the acquisition of bonds within the Group. The transactions serve the purpose of liquidity management within the Group and interest rate changes do not affect the outcome (there are bilateral counterbalancing cash flows).
Main risk for the Company relating to changes in interest rates relates to debt instruments. The Company relies on variable-interest debt instruments (credit facilities and bonds) which exposes it to cash flow fluctuations resulting from interest rate changes.

other price risk – a risk that the fair value of a financial instrument or the related future cash flows will fluctuate due to changes in market prices (otherwise than as a result of interest rate risk or exchange risk), regardless of whether the changes are caused by factors typical of the specific financial instruments or their issuer, or by factors affecting all similar financial instruments traded in the The Group does not rely on any financial instruments carrying price risk.

(in PLN 000s, unless indicated otherwise)

Classification of financial instruments - MSR 39

Financial Assets according to balance	2009 fair value	2009 book value	Classification of financial instruments - MSR 39 (book value)						Other (book value)
			at fair value through profit or loss		at fair value through changes in equity		measured at amortized cost		
			designated upon initial recognition	held for trading	available for sale	hedge accounting	loans and receivables	held to maturity	
Financial Assets									
Shares	516 581	516 581	-	-	516 581	-	-	-	-
Loans	17 000	17 000	-	-	-	-	17 000	-	-
Long-term	-	-	-	-	-	-	-	-	-
Short-term	*17 000*	*17 000*	-	-	-	-	*17 000*	-	-
Deposit retained	58	58	-	-	-	-	58	-	-
Trade debtors	4 455	4 455	-	-	-	-	4 455	-	-
Other receivables	1 586	1 586	-	-	-	-	1 586	-	-
Debt securities	31 745	31 745	-	-	-	-	-	31 745	-
Cash	2 574	2 574	-	-	-	-	-	-	2 574

Financial liabilities according to balance	2009 fair value	2009 book value	Classification of financial instruments - MSR 39 (book value)					Other (book value)
			at fair value through profit or loss		measured at amortized cost	measured at fair value with changes in equity		
			designated upon initial recognition	held for trading		hedge accounting		
Financial liabilities								
Bank loans	-	-	-	-	-	-	-	-
Long-term	-	-	-	-	-	-	-	-
Short-term	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Long-term	-	-	-	-	-	-	-	-
Financial leasing	49	49	-	-	49	-	-	-
Long-term	*21*	*21*	-	-	*21*	-	-	-
Short-term	*28*	*28*	-	-	*28*	-	-	-
Deposit retained	-	-	-	-	-	-	-	-
Debt securities	3 995	3 995	-	-	3 995	-	-	-
Trade debtors	1 397	1 397	-	-	1 397	-	-	-
Other long-term liabilities	1 959	1 959	-	-	1 959	-	-	-

(in PLN 000s, unless indicated otherwise)

Classification of financial instruments - MSR 39

Financial Assets according to balance	2008 fair value	2008 book value	Classification of financial instruments - MSR 39 (book value)						Other (book value)
			at fair value through profit or loss		at fair value through changes in equity		measured at amortized cost		
			designated upon initial recognition	held for trading	available for sale	hedge accounting	loans and receivables	held to maturity	
Financial Assets									
Shares	469 421	469 421	-	-	469 421	-	-	-	-
Loans	2 200	2 200	-	-	-	-	2 200	-	-
Long-term	-	-	-	-	-	-	-	-	-
Short-term	*2 200*	*2 200*	-	-	-	-	*2 200*	-	-
Deposit retained	60	60	-	-	-	-	60	-	-
Trade debtors	5 297	5 297	-	-	-	-	5 297	-	-
Other receivables	476	476	-	-	-	-	476	-	-
Debt securities	66 110	66 110	-	-	-	-	-	66 110	-
Cash	3 195	3 195	-	-	-	-	-	-	3 195

Financial liabilities according to balance	2008 fair value	2008 book value	Classification of financial instruments - MSR 39 (book value)				Other (book value)
			at fair value through profit or loss		measured at amortized cost	measured at fair value with changes in equity	
			designated upon initial recognition	held for trading		hedge accounting	
Financial liabilities						-	-
Bank loans	-	-	-	-	-	-	-
Long-term	-	-	-	-	-	-	-
Short-term	-	-	-	-	-	-	-
Loans	-	-	-		-	-	-
Long-term	-	-	-	-	-	-	-
Financial leasing	82	81	-	-	81	-	-
Long-term	*53*	*53*	-	-	*53*	-	-
Short-term	*29*	*29*	-	-	*29*	-	-
Deposit retained	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Trade debtors	1 307	1 307	-	-	1 307	-	-
Other long-term liabilities	6 244	6 244	-	-	6 244	-	-

(in PLN 000s, unless indicated otherwise)

Structure of financial assets (overdue at the reporting date, but have not lost value)

- Structure of trade debtors (overdue at the reporting date, but have not lost value)

Period	Nominal value of receivables	receivables (which have not lost value)	receivable (which have not lost value) up to 1 month	receivables (which have not lost value) over 1 month to 3 months	receivables (which have not lost value) over 3 months to 6 months	receivables (which have not lost value) over 6 months to 1 year	receivables (which have not lost value) over 1 year
2009	4 455	3 636	763	57	-	-	-
2008	5 297	4 350	435	432	78	2	-

Other financial assets are not overdue at the reporting date

Revaluation allowances for receivables under credit losses

Revaluation allowances for receivables under credit losses	31 December 2009	31 December 2008
Opening balance	**(4 147)**	**(4 718)**
Additions (as a result of the acquisition of units)	(134)	(6)
Disposals	145	260
Exploitation	255	317
Closing balance	**(3 881)**	**(4 147)**

Principles of creating and reversal of write–offs revaluation allowances for receivables were described in point. 7.2.17

(in PLN 000s, unless indicated otherwise)

Age structure of financial liabilities

Description	Total liabilities	Liabilities period		
		up to 1 year	1-3 years	over 3 years
2009				
Bank loans	-	-	-	-
Loans	-	-	-	-
Financial leasing	49	28	21	-
Deposit retained	-	-	-	-
Debt securities	-	-	-	-
Trade payables	1 397	1 397	-	-
Other liabilities	1 959	1 959	-	-
2008				
Bank loans	-	-	-	-
Loans	-	-	-	-
Financial leasing	81	29	53	-
Deposit retained	-	-	-	-
Debt securities	-	-	-	-
Trade payables	1 307	1 307	-	-
Other liabilities	6 244	6 244	-	-

Age structure of financial liabilities (overdue at the reporting date)

- Age structure of trade payables (overdue at the reporting date)

Period	Total liabilities	Term liabilities	Overdue liabilities up to 1 month	Overdue liabilities over 1 month to 3 months	Overdue liabilities over 3 months to 6 months	Overdue liabilities over 6 months to 1 year	Overdue liabilities over 1 year
2009	1 397	1 041	349	5	1	1	-
2008	1 307	1 090	194	3	6	-	14

Other financial liabilities are not overdue at the reporting date

(in PLN 000s, unless indicated otherwise)

Sensitivity analysis

Interest rate risk– 01.01.2009 – 31.12.2009

Financial instruments by balance sheet line	Book value of financial instruments	Impact on financial result before tax (Up by 1%)	Impact on equity (assets held for sale) (Up by 1%)	Impact on financial result before tax (Down by 1%)	Impact on equity (assets held for sale) (Down by 1%)
Financial Assets					
Shares	516 581	-	-	-	-
Loans	17 000	9	-	(9)	-
Long-term	-	-	-	-	-
Short-term	*17 000*	*9*	-	*(9)*	-
Long-term deposits made	58	-	-	-	-
Trade debtors	4 455	2	-	(2)	-
Other receivables	1 586	-	-	-	-
Debt securities	31 745	25	-	(25)	-
Cash	2 574	1	-	(1)	-
cask at cash desk	*19*	-	-	-	-
cash at bank	*2 555*	*1*	-	*(1)*	-
other	-	-	-	-	-
other financial assets	-	-	-	-	-
Financial liabilities					
Bank Loans	-	-	-	-	-
Long-term	-	-	-	-	-
Short-term	-	-	-	-	-
Loans	-	-	-	-	-
Long-term	-	-	-	-	-
Financial leasing	49	-	-	-	-
Long-term	*21*	-	-	-	-
Short-term	*28*	-	-	-	-
Long-term deposit retained	-	-	-	-	-
Debt securities	3 995	(5)	-	5	-
Trade payables	1 397	(1)	-	1	-
Other liabilities	1 959	-	-	-	-
Total		31		(31)	

Group does not make a sensitivity analysis for foreign exchange risk and other price risks, because they don't relevant to operations occurring in Company in 2009.

(in PLN 000s, unless indicated otherwise)

Sensitivity analysis

Interest rate risk– 01.01.2008 – 31.12.2008

Financial instruments by balance sheet line	Book value of financial instruments	Impact on financial result before tax (Up by 1%)	Impact on equity (assets held for sale) (Up by 1%)	Impact on financial result before tax (Down by 1%)	Impact on equity (assets held for sale) (Down by 1%)
Financial Assets					
Shares	469 421	-	-	-	-
Loans	2 200	-	-	-	-
Long-term		-	-	-	-
Short-term	*2 200*	-	-	-	-
Long-term deposits made	60	-	-	-	-
Trade debtors	5 297	1	-	(1)	-
Other receivables	476	-	-	-	-
Debt securities	66 110	51	-	(51)	-
Cash	3 195	8	-	(8)	-
cask at cash desk	*20*	-	-	-	-
cash at bank	*3 128*	*8*	-	*(8)*	-
other	*47*	-	-	-	-
other financial assets	-	-	-	-	-
Financial liabilities					
Bank Loans	-	-	-	-	-
Long-term	-	-	-	-	-
Short-term	-	-	-	-	-
Financial leasing	82	-	-	-	-
Long-term	*53*	-	-	-	-
Short-term	*29*	-	-	-	-
Long-term deposit retained	-	-	-	-	-
Debt securities	-	-	-	-	-
Trade payables	1 307	-	-	-	-
Other liabilities	6 244	-	-	-	-
Total		60	-	(60)	

Group does not make a sensitivity analysis for foreign exchange risk and other price risks, because they don't relevant to operations occurring in Company in 2008.

(in PLN 000s, unless indicated otherwise)

Profit or losses by category of instrument

Interest income	01.01.2009 – 31.12.2009	01.01.2008 - 31.12.2008
Cash	96	849
Debt securities	2 536	5 079
Loans granted	878	16
Trade debtors	201	121
Other	-	-
	3 711	**6 065**

Interest costs	01.01.2009 – 31.12.2009	01.01.2008 - 31.12.2008
Bank credits	-	(1)
Loans received	-	-
Financial leasing	(6)	(2)
Debt securities	(521)	-
Trade payables	(65)	(3)
Other	-	-
	(592)	**(6)**

Profit or losses by category of instrument	01.01.2009 – 31.12.2009	01.01.2008 - 31.12.2008
Assets at fair value through profit or loss	-	-
- designated upon initial recognition	-	-
- held for trading	-	-
Assets available for sale (amount transferred form equity)	-	-
Loans and receivables	1 343	709
Investments held to maturity (including profit and losses on interest)	2 536	5 078
Liabilities at fair value through profit or loss	-	-
- designated upon initial recognition	-	-
- held for trading	-	-
Liabilities measured at amortized cost (including profit and losses on interest)	(592)	(6)
	3 287	**5 781**

Losses from impairment	01.01.2009 – 31.12.2009	01.01.2008 - 31.12.2008
Assets available for sale		
Loans and receivables	(135)	(6)
Investments held to maturity	-	-
	(135)	**(6)**

(in PLN 000s, unless indicated otherwise)

2. Risk management for capital

Company manages capital in order to preserve the ability to continue its operations including the implementation of lanned investments, so that it could generate a return for the benefit of shareholders and other stakeholders, and to aintain an optimal capital structure to reduce its cost.

In accordance with market practice Company monitors capital on the basis of the ratio of equity and index credits, loans and other sources of funding / EBITDA.

Equity index is calculated as the ratio of net tangible assets (equity minus intangible assets) to the balance sheet.

Index credits, loans and other sources of funding / EBITDA is calculated as the ratio of credits, loans and other unding sources to EBITDA. Credits, loans and other sources of funding means the total amount of liabilities, loans and leases, while EBITDA is operating profit plus depreciation.

In order to maintain liquidity and credit enabling the mobilization of external financing at a reasonable cost level Group will strive to maintain the equity ratio at a level no lower than 0.5 while the rate of credits, loans and other sources of funding / EBITDA to 2.0.

	31.12.2009	31.12.2008
Equity	621 087	585 820
Minus: Intangible assets	(6 418)	(4 565)
Equity Minus Intangible assets	614 669	581 255
Balance sheet total	632 397	598 036
Equity index	**0,97**	**0,97**

	31.12.2009	31.12.2008
Profit from operations	3 101	3 798
Plus: *Amortization*	8 254	5 110
EBIDTA	11 356	8 908
Credits, loans and other sources of funding	4 044	82
Credits, loans and other sources of funding / EBITDA index	**0,36**	**0,009**

At the Capital Group is not resting any capital requirements in the previous year and 2009 year.

Note 48 Material events after the period of the financial statements.

a) Purchase of additional shares in Społem Tychy Sp. z o.o.

On 8 February 2010 Emperia Holding SA purchased from an individual 10 shares in a share capital of limited liability company Społem Tychy Sp. z o.o. with its seat in Tychy, which—alongside the interest previously held by subsidiary Tradis Sp. z o.o. carries 99,22 percent of votes at the general meeting of shareholders and represents 99,22 percent of the share capital of Społem Tychy Sp. z o.o.

b) Execution of annexe to Credit Facility Agreement by Tradis Sp. z o.o. with seat in Lublin

On 17 March 2010 were concluded Annexe to Credit Facility Agreement in form of multipurpose credit line by a subsidiary Tradis sp. z o.o. in Lublin ("Borrower") and Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna. in Warsaw ("Lender").

Subject of the annexe is increasing of amount of multipurpose credit line to PLN 138,000,000. Current limit was PLN 15,000,000.
The credit facility has been granted for the period ended on 28.02.2011.

The credit facility is secured by:

1. Registered pledge on Borrower's inventory of commercial goods of total amount not less than amount of granted credit;
2. Transfer of monetary claims from insurance contracts of commercial goods referred to in item 1,
3. Sponsor’s Statement of Emperia Holding SA in relation to Tradis Sp. z o.o.,
4. Clause deduction of funds from the Borrower's current account held by the Lender.

The facility interest rate is based on WIBOR 1M + Lender’s margin. The other terms and conditions are consistent with those customarily applied in the market in agreements of this type.

Note 49 Settlements of Litigation

In 2009 Company was not a party to any proceedings pending before any court or another body relating to liabilities or receivables totaling at least 10 percent of equity.

Note 50 Failure to repay or breach of a loan agreement and failure to take remedial actions

No such event occurred in the Group.

Note 51 Abandoned activity

No such event occurred in the Group.

Note 52 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 Oszczednosci 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) Resignation of the Supervisory Board member

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.

c) Appointment of the Supervisory Board member

On 30 June 2009 by Resolution No. 23 of Annual General Meeting of Shareholders Mr. Artur Jarosław Laskowski was appointment as a Member of the Supervisory Board from 1 July 2009.

d) Derivative financial instruments

The company did not apply hedge accounting during the reporting period. At the end of the reporting period the Company did not have a contract with embedded derivative financial instruments meets requirements to separating them from main contract.

e) Appointment of audit committe

On 2 rd December 2009 Supervisory Board of Emperia Holding S.A. in accordance with Article. 86 of the Act on Auditors and their government, operators' certificated for auditing and for public supervision of 7 May 2009 has established among its members, triple person Audit Committee composed as follows:

1. Tomasz Krysztofiak- Chairman of the Committee,
2. Artur Laskowski – Committee Member,
3. Piotr Długosz – Committee Member.

Management Board of Emperia Holding SA indicates that through the establishment of the Audit Committee launches application of Part No. 7. III, corporate governance, adopted Resolution No. 12/1170/2007 Council of the Stock Exchange in Warsaw on 4 July 2007.
Chairman of the Audit Committee Mr. Thomas Krysztofiak meets the criteria for independence and have competence in accounting and finance.

f) Changes in the composition of the Supervisory Board of Emperia Holding S.A.

On 4 February 2010 the Supervisory Board Members Mr. Piotr Długosz and Mr. Piotr Kawa, resigned from membership in the Supervisory Board with effect from 14 February 2010. On 4 March 2010 Extraordinary General Meeting of Shareholders appointed the Independent Member of the Supervisory Board, Mr. Piotr Dlugosz. As a result with changes in the composition of the Supervisory Board, occurred changes in functions of the Members of the Supervisory Board. At the first meeting in the new composition, the Supervisory Board emerged a Chairman of the Supervisory Board in the person of Mr. Piotr Laskowski and Vice-Chairman of Supervisory Board in the person of Mr. Tomasz Krysztofiak (independent member).

As at the date of the report, composition of the Supervisory Board of Emperia Holding S.A. was as follows:

Mr. Piotr Laskowski, Chairman of the Supervisory Board;
Mr. Tomasz Krysztofiak; Vice-Chairman of Supervisory Board; Independent Member of Supervisory Board
Mr. Artur Laskowski ; Member of Supervisory Board
Mr. Piotr Długosz; Independent Member of Supervisory Board
Mr. Ireneusz Zięba; Member of Supervisory Board

g) Resolution of Extraordinary General Meeting of Shareholders of the Company of 4 March 2010 to Amend Management Option Programme and Adopt Management Incentive Programme 2010-2012

The General Meeting of the Company, while appreciating incentivisation offered by an option to acquire the Company's shares by members of the Company's Management Board and key managers of the Company and its subsidiary or associated companies, but at the same time being aware of the major shift in the macroeconomic situation and the related situation in stock exchanges, including without limitation the Stock Exchange in Warsaw, by adopting Resolution 2 resolves to make certain amendments to the Company's Management Option Programme by shortening the term of the Programme from three (2008-2010) to two years (2008-2009) by way of amending Resolutions 26, 27 and 28 of the Ordinary General Meeting of the Company held on 26 June 2008.

In connection with the Programme, the initial capital of the Company will be conditionally increased by PLN 270,000 by issuing up to 270,000 O series ordinary bearer shares in the Company of the nominal value of PLN 1 (in words: one zloty) each. In connection with the Programme, the Company will also issue 270,000 registered bonds with pre-emptive rights to acquire shares in the Company. The Programme will be divided into two tranches.

The following maximum numbers of bonds will be available to the eligible officers/managers as part of the tranches:

- 120,000 bonds carrying pre-emptive rights to acquire 120,000 shares as part of tranche I;
- 150,000 bonds, carrying pre-emptive rights to acquire 150,000 shares as part of tranche II.

The options will be exercised in the following periods:
- for I tranche bonds: from 1 April 2012 to 31 March 2016;
- for II tranche bonds: from 1 April 2013 to 31 March 2017.

The vesting of options in eligible officers/managers as part of the relevant tranche will be conditional on:
- the eligible officer/manager serving in an official capacity continuously from the time his/her name is placed on the list of eligible officers/managers until 31 December 2008 or 2009, respectively, depending on the tranche; and/or
- the Management Board confirms achievement by the eligible officer/manager of his/her individual objectives assigned to him/her in the individual objective sheet for the year 2008 or 2009, respectively, depending on the tranche.

The value of the management options recognised as costs in 2009 and 2008 totaled PLN 213,700 and PLN 268,300, respectively.

Management Incentive Programme 2010-2012

Under Resolution 2, the Extraordinary General Meeting of Shareholders adopted the three-year Management Incentive Programme 2010-2012. In connection with the Programme, the Company's initial capital will be conditionally increased by PLN 450,000 by issuing 450,000 P series ordinary bearer shares of the nominal value of PLN 1 each and it will issue 450,000 registered bonds carrying pre-emptive rights to acquire shares.

The Programme will be divided into three tranches, as part of which the eligible officers/managers will be able to acquire up to 150,000 bonds carrying pre-emptive rights to acquire 150,000 shares as part of each tranche. The options will be exercised in the following periods:

- for tranche I bonds: from 1 July 2014 to 30 June 2018;

- for tranche II bonds: from 1 July 2015 to 30 June 2019;

- for tranche III bonds: from 1 July 2016 to 30 June 2020.

The Programme will be available to the individuals designated by the Company's Supervisory Board from amongst members of the Company's Management Board and key managers of the Company and its subsidiary or associated companies. The eligible officers/managers will participate in the Programme on condition they conclude and remain in an employment relationship with the Company, a subsidiary or associated company continuously from the time their name is placed on the list of eligible officers/managers until 31 December 2010, 2011 or 2012, respectively, depending on the tranche. The options vested in the eligible officers/managers as part of the relevant tranche will be divided into two parts (financial and market) and will depend on attainment of the Company's specific objectives (financial and market).

h) Resolution of Extraordinary General Meeting of Shareholders of the Company of 4 March 2010 to Amend Company's Articles of Association, Supervisory Board Regulations and General Meeting Regulations

Under Resolutions 2 and 3, the Extraordinary General Meeting of Shareholders amended the Company's Articles of Association. The principal amendments related to:
- the conditional increase of the initial capital by PLN 450,000 by issuing 450,000 P series ordinary bearer shares of the nominal value of PLN 1 each, in connection with the proposed launch of the Management Incentive Programme 2010-2012;
- representation of the Company: representation by two officers was introduced.

The above amendments will produce legal effects as of their registration by the relevant Registry Court.

The nature of the other amendments to the Articles of Association is organisational, editorial, and they realign the provisions of the Articles of Association with the Supervisory Board Regulations and amendments to the General Meeting regulations.

Under Resolution 4, the Extraordinary General Meeting of Shareholders approved amendments to the General Meeting Regulations. The nature of the amendments is organisational and they realign the provisions of the Regulations with the Commercial Companies Code.

Under Resolution 5, the Extraordinary General Meeting of Shareholders approved the Supervisory Board Regulations adopted under resolution 2/2010 of 21 January 2010 of the Supervisory Board.

i) Instability of financial markets in Poland and the world

The economic crisis, which this time over has started with the financial sector, spreads to more and more market sectors. It is particularly visible in luxury-goods sectors and at the moment affects much less consumer goods (daily necessities). A detailed analysis of the results generated in 2008 indicates that the crisis has not as yet materially affected consumer demand among households for food products, the distribution of which, at both wholesale and retail level, is the core business of the Group.

However, one may expect that if the difficult economic conditions continue, then they are bound to affect consumer demand. This may relate to both the actual level of demand and its structure (more expensive goods being replaced by customers with their cheaper substitute equivalents). It is likely that private label goods will partly replace branded products, including in particular the high-end goods. The Groups efforts focus above all on realigning its product offering with the projected changes in the structure of demand.

The current economic situation may affect the Group's future performance also in other areas, that is:

a) The weaker zloty increases the cost of imported goods. A significant proportion of goods making up the Group's product offering are produced domestically and contain relatively low imported raw-material input, and hence they are not very susceptible to exchange rate fluctuations. There are however also entire categories of goods that are almost exclusively imported, such as for example: citrus fruits, coffee, tea, etc. In these cases one should expect increased purchase prices to produce higher prices at the checkout, as a result of which demand for these products will be reduced. The weaker zloty may significantly increase the purchase prices of certain fixed assets such as vehicles, logistic equipment, IT hardware, licenses, etc. While the devalued currency will also effect costs of rental of commercial and warehousing space, in the majority of leases the Group has rents denominated in the domestic currency, thus being insulated from changes in exchange rates.

b) The increase of credit margins expected by the banks. The tighter supply of money allocated by banks to finance business activity will increase the margin that potential borrowers will have to accept to obtain bank credit funding. However, we expect that the increase in margins will be to a certain extent offset by interest rate reductions.
c) More difficult access to external financing (bank loans). It is not only the increasing cost of borrowing that may become a barrier to the development of many businesses but also, and perhaps above all, the more stringent lending requirements and expectations as to security. However, in this case the Management Board of the Group does not see any material threats that may produce slower growth rate due to restricted access to external financing. This is because of the high credibility of the Group as a potential borrower resulting from a number of fundamental factors: (1) relatively safe—from the lenders' viewpoint—business model and nature of the operations, (2) profitability track record, and (3) safe structure of the assets and liabilities.

Given the current market situation, the Group has undertaken and intends to continue measures which it believes will enable it to maintain the equilibrium and further stable growth in the present conditions:

- day-to-day monitoring and management of financial risks such as: liquidity, interest rate, and exchange rate risk;
- continued rationalisation of the Group's organisational structure, merger of wholesale and retail subsidiaries to reduce operating costs and improve the management standard;
- realigning the product offering with the crisis-affected customer needs.

The Company expects that the good side of the current economic crisis may be the reduced personnel costs as a result of weaker salary increase pressures and reduced staff turnover.

(in PLN 000s, unless indicated otherwise)

Signatures of all Members of the Management Board:

2010-03-25	Artur Kawa	Chairman of Management Board	.... Signature
2010-03-25	Jarosław Wawerski	Vice-Chairman of Management Board	.... Signature
2010-03-25	Dariusz Kalinowski	Member of Management Board – Financial Director	.... Signature
2010-03-25	Marek Wesołowski	Member of Management Board – Retail Business Director	.... Signature
2010-03-25	Grzegorz Wawerski	Member of Management Board – Retail Business Development Director	.... Signature

Signature of person responsible for maintaining the accounts:

2010-03-25	Elżbieta Świniarska	Economic Director	.... Signature
2010-03-25	Edyta Onufryjuk-Lacek	Chief Accountant	.... Signature

(in PLN 000s, unless indicated otherwise)

8. Management Board Report on the Operations of the Group in 2009

8.1 Basic financial information

Description	2009	2008	%
Sales revenues	51 083,6	51 414,8	-0,6%
EBIDTA	11 355,5	8 908,7	27,5%
Profit on operations	3 101,1	3 798,3	-18,4%
Profit before tax	45 348,5	3 192,2	1 320,6%
Profit of the period	43 970,6	1 422,3	2 991,4%
Total assets	632 396,8	598 036,1	5,7%
Liabilities and provisions against liabilities	11 309,8	12 215,4	-7,4%
Short-term liabilities	9 906,4	11 397,9	-13,1%
Net assets	621 087,0	585 820,6	6,0%
Weighted average number of shares	15 115 161	15 064 149	0,3%
Annualized profit per share in the period	2,91	0,09	2 981,0%

Group's activity and payment capacity.

Description	2009	2008
Return on invested capital (profit for the period under review/equity at the end of the period) in %	7,08%	0,24%
Return on assets (profit for the period under review/total assets at the end of the period) in %	6,95%	0,24%
Return on sales (profit for the period under review/sales revenues in the period) in %	21,60%	34,11%
Return on EBIDTA in %	22,23%	17,33%
Return on operations (profit on operations for the period under review/sales revenues in the period) in %	6,07%	7,39%
Gross return (profit before tax for the period under review/sales revenues in the period) in %	88,77%	6,21%
Net return (profit for the period under review/sales revenues in the period) in %	86,07%	2,77%

The Company recorded a significant increase of net profit for 2009. The biggest impact on the profit level have dividends for 2008 from the subsidiaries.. Information is in note nr 29 .
This significant increase of profit has affected on level of profitability ratio.

(in PLN 000s, unless indicated otherwise)

8.2 Range of activities Emperia Holding SA

Emperia Holding S.A. provides holding services to members of the Group, including without limitation legal, controlling, accounting, HRM, IT, administrative, cash management, capital investment, computer hardware management, e-mail management, and purchasing policy coordination services. The value of the holding services provided in 2009 totaled PLN 27,700,300 and accounted for 74.6% of the total value of the services. In 2008, holding services represented 56.0% of total. Their increase both in terms of value and proportion in 2009 was due to the extended scope compared to the previous year (e.g. computer hardware management services) but also due to the growth of the Group in size.

The operations of Emperia Holding S.A. span the entire territory of Poland.

8.3 Assessment of financial management based on liquidity, structure, stock turnover and debt ratios

Liquidity ratios	**2009**	**2008**
Current liquidity ratio (current assets/current liabilities)	6,06	6,88
Quick liquidity ratio (liquid current assets/current liabilities)	6,06	6,88
Immediate ratio (short-term investments/current liabilities)	5,18	6,27

The change in liquidity ratios was resulted from liquid assets decrease.
This is closely linked with the processes of mergers, acquisitions of shares, increase capital in subsidiaries (described in detail in note7.2.9).

Turnover of main items of working capital	**2009**	**2008**
Stock turnover in days (stock/costs of goods and materials sold*365)	41	3
Collection period in days (accounts receivable/sales revenues*365)	46	47
Payment period in days ([short-term liabilities – short term credit facilities]/ costs of goods and materials sold*365)	13	14
Total assets turnover (sales revenues /total assets)	0,08	0,09
Fixed assets turnover (sales revenues/fixed assets)	0,09	0,10

Ratios for rotation cycles may have changed due to changes in business profile and separating in October 2008 activities of selling computer hardware and transfer these activities to the subsidiary.
Indicators of claims turnover and liabilities, and other indicators have not substantially changed.

(in PLN 000s, unless indicated otherwise)

Debt ratios	2009	2008
Overall debt ratio (liabilities and provisions against liabilities/total assets)	0,02	0,02
Debt to equity ratio (liabilities and provisions against liabilities/equity)	0,02	0,02
Equity to assets ratio (equity/total assets)	0,98	0,98
Long-term debt ratio (long-term liabilities/total assets)	0,00	0,00

All the Company's debt ratios have not changed.

8.4 Product markets and suppliers

The main customers of the Company are subsidiaries, included in the CG, whose main business is retail and wholesale, and also franchise chain management, property development, software-related services. Emperia Holding SA services within a business holding company for such companies.

8.5 Significant agreements for the Company's operations

As regards banking services and bank borrowing, the Company's bankers include: PKO BP SA, Banku PEKAO S.A, BRE Banku S.A., Kredyt Banku S.A. With BRE Bank S.A. according with the agreement of 25 October 2005 year, supports bonds issue programme.

As regards assets insurance, the Company concluded insurance agreements with Ergo Hestia S.A. providing cover of fixed and current assets against extraordinary losses, accidents (transport), theft and robbery. The company has also liability insurance. Insurance agreements are concluded for a period of 1 year.

8.6 Agreements with Management Board Members to ensure financial compensation.

The agreements with members of the Management Board provide that in case of termination of employment by the Issuer without a significant reason severance pay is twelve times of average salary of the member of Management Board.

8.7 Remuneration, rewards or benefits paid to members of the Management Board and the Supervisory Board in 2009

Information on remuneration**,** benefits or rewards, including those resulting from incentive programs, paid to members of the Management Board and the Supervisory Board in 2009 are in note 45.

8.8 Information about the number and par value of shares Emperia Holding SA held by members of the Management Board and Supervisory Board

Information about the number and par value of shares Emperia Holding SA held by members of the Management Board and Supervisory Board are in note 16.

8.9 Information about known by Company contracts, as a result of which may occur in the future changes in proportion of shares held by existing shareholders.

The Company is not aware of the existence of contracts which would result in future in change in the proportion of shares held by existing shareholders.

8.10 Information about organizational and capital relationships of the Company with other entities and define its main domestic investment.

Information about organizational and capital relationships of the Company with other entities and define its main domestic investment are in note 7.1 and 7.2.9.

8.11 Main events in Emperia Holding SA in 2009:

For the most important events in 2009 in the area of acquisitions, initial capital increases, and mergers, both within Emperia Holding S.A. and the Group's subsidiaries, see section 7.2.9 of the financial statements. The highlights include:

1. An acquisition of shares in a newly-established company, Lewiatan Północ Sp. z o.o. with its seat in Gdańsk.
2. An increase of the initial capital in a subsidiary, Detal Koncept Sp. z o.o.;
3. An increase of the initial capital in a subsidiary, Stokrotka Sp. z o.o.;
4. An acquisition of shares in an increased initial capital of Tradis Sp. z o.o.;
5. A transfer of shares in a subsidiary, Arsenal Sp. z o.o.;
6. Distribution of dividend;

   The dividend of PLN 0.59 per share was distributed on 9 September 2009. The total dividend distributed totaled PLN 8,917,945. For details of dividend distribution, see note 34 to the financial statements.

For details of mergers and initial capital increases effected in business entities after the balance sheet date and other important information, see section 7.2.9 of the financial statements; by far the key highlight among those events is the merger of four wholesale companies: Tradis Sp. z o.o. with its seat in Lublin (acquiring company), BOS S.A. with its seat in Białystok, DLS S.A. with its seat in Płock, and Sygel-Jool S.A. with its seat in Częstochowa. Following the merger, the company operates as Tradis Sp. z o.o. with its seat in Lublin.

8.12 Unusual events affecting the result of the financial year

Events of the above described in note 7.1 „Basic financial data" .

8.13 Investment outlays

In 2010, the Company plans to actively participate in further acquisitions in the FMCG market.
In 2010, the Company is not planning to increase its environment protection expenditures.
The Company intends to finance the planned development in 2009 from its own resources and external sources of funding.

8.14 Company dividend distribution policy

Accordance with established policy, the Board plans to devote part of a systematic profits as dividends for shareholders.

On 30 June 2009 the General Meeting of Shareholders adopted the following Resolution 5 of Ordinary General Meeting of Emperia Holding S.A. regarding distribution of profit for 2008. The net profit generated by the Company in the 2008 in amount PLN 1 422 341,63 and PLN 7 495 603,36 z profits made in previous years earmarked for dividend payment., representing PLN 0,59 per share. To dividend entitled were all shareholders holding shares as at 25 August 2009 (Dividend Date),and the dividend was paid on 9 September 2009 (date of dividend payment).

8.15 Description of factors that will effect on performance of Emperia Holding in the next year.

External:

1. 1. Financial and economic situation in the FMCG sector, mostly suppliers and customers of the Group for the financing and the ability to regulate trade commitments
2. Level of market price of goods and services used by the Group
3. Competitive actions, large supermarket chains and consolidation processes in the Polish retail and distribution market,
4. The country's economic situation and level of wealth of society, shaping the demand for the Group offers products and services,
5. Government policy for the development of the interest rates and taxes.
6. Situation in the labour market – possibility of obtaining creative workers to new projects.
7. Financial and economic situation in the development industry.
8. Increased competition in the market of commercial buildings.

Internal:

1. The synergies achieved through the consolidation of the companies takeover.
2. Active participation in the consolidation of the distribution segment.
3. Creating mechanisms for the impact on customers, associated them with supplier..
4. Further investments in fixed assets and software, and timely implementation of budgetary investment.
5. Reduce operational costs by implementing new organizational solutions and IT, and increasing scale of operations
6. The introduction of the structural and organizational changes designed to create a holding company organization having a large market share.
7. Gaining an attractive location for commercial activity.
8. Extending and complementing the commercial offer.
9. A skilled and experienced managers
10. Advanced logistics solutions.
11. IT system being an element of competitive advantages
12. Stable group of suppliers
13. Large, stable and highly diversified group of customers
14. A large number of leases signed in the retail trade areas in which the Group will begin conducting business

8.16 Development prospects:

Emperia Holding SA was converted to a holding company whose main scope is the management of the companies belonging to the Group, implementation of certain central functions for its subsidiaries, such as financial management, IT service, the management of the selected groups of assets, liabilities, etc., and the acquisition of shares in companies engaged in wholesale distribution and sale of articles in the FMCG sector.

Active participation in the consolidation of the wholesale and retail market targeted at:

a) FMCG wholesalers to fill in the gaps in the current geographical coverage of the Group's wholesale business;
b) Businesses enjoying a strong position in their respective local retail markets operating at least medium-sized outlets;

Continued process of the Group's organic growth by:
a) Rationalisation of the central management functions in the Group;
b) Streamlining the operations, commencement of integration, and further development of the wholesale business;
c) Further development of the retail business (supermarket format);
d) Continued development of the partnership retail chains (self-service format);
e) Continued development of the franchise chains working with the Group.

8.17 Description of risks and threats.

Information about relevant risk and threats factors are in Note No.47 and Note 52 point i)

8.18 Material transactions of Emperia Holding with subsidiaries entities.

In 2009, all transactions Emperia Holding SA with subsidiaries entities were concluded at market conditions. Information on transactions concluded in course of ordinary business activities by Company is in note 43
As a part of Cash Flow management in Group, there were issues short-term bond, described in detail in note 12 and were granted short-term loans, described in note 15.
Transactions related with payment of dividends by subsidiaries are in note 29.
Capital transactions between companies within the Group are described in note 43 and 7.2.9.

8.19 Information on pending litigation.

In 2009 the Emperia Holding was 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.

8.20 Credit facilities, loans and guarantees.

Information on credit, loans and guarantees are in note 15 and 39.
In 2009, the dominant company, Emperia, did not guarantee any credit facilities, loans, and did not grant any guarantees, in aggregate to a single entity or to an associated entity so that the aggregate value of outstanding guarantees totaled at least 10% of the Issuer's equity.

8.21 Changes in the underlying principles of Company management

In 2009 no changes have been made to the underlying principles of Company management.

8.22 Changes in the composition of the Company's Management Board and Supervisory Board.

Changes in composition of the Management Board of Emperia Holding S.A.

In 2009 there were no changes in composition of the Management Board of Emperia Holding SA

The composition of the Management Board of Emperia Holding SA at the date of report:

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

Changes in composition of the Supervisory Board of Emperia Holding S.A.

Changes in composition of Supervisory Board of Emperia Holding SA in 2009 were described in note 52,

The composition of the Supervisory Board of Emperia Holding SA at the date of report:
`

1. Piotr Laskowski – Chairman of the Supervisory Board;
2. Tomasz Krysztofiak – Vice-Chairman of the Supervisory Board, Independent Supervisory Board Member,
3. Artur Laskowski – Member of the Supervisory Board;
4. Piotr Długosz – Independent Supervisory Board Member,
5. Ireneusz Zięba - Member of the Supervisory Board;

8.23 Information on the agreement concluded with the auditor on audit of financial statements.

Information on the agreement concluded with Auditor for auditing financial statement for 2009, and about salary for Auditor from this title are in Note 27.

(in PLN 000s, unless indicated otherwise)

Signatures of members of Management Board:

2010-03-25	Artur Kawa	Chairman of Management Board	.... signature
2010-03-25	Jarosław Wawerski	Vice-Chairman of Management Board	.... signature
2010-03-25	Dariusz Kalinowski	Member of Management Board – Financial Director	.... signature
2010-03-25	Marek Wesołowski	Member of Management Board – Retail Business Director	.... signature
2010-03-25	Grzegorz Wawerski	Member of Management Board – Retail Business Development Director	.... signature

Signature of person responsible for maintaining the accounts:

2010-03-25	Elżbieta Świniarska	Economic Director	.... signature

9. Report and opinion of studying the annual financial report of Emperia

Holding S.A.

Report and opinion of studying the annual financial report is in an enclosed file „Raport_and_Opinion_Emperia_Holding_SA.pdf"