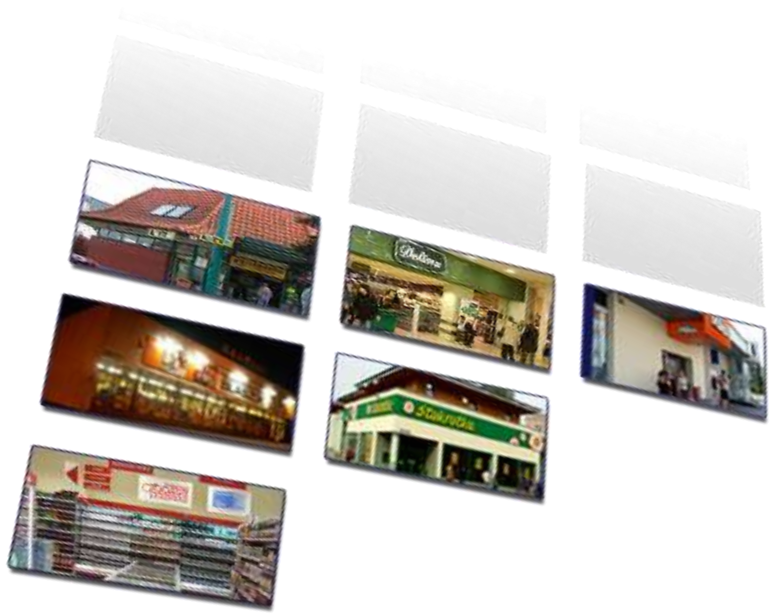

CONSOLIDATED FINANCIAL STATEMENTS

1st QUARTER 2011

DRAWN UP ACCORDING TO
TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY THE EUROPEAN UNION

(ALL AMOUNTS IN THOUSANDS PLN

LUBLIN, MAY 2011

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

Table of Contents

(in PLN 000s, unless indicated otherwise)

1. Selected Financial Highlights

	SELECTED FINANCIAL HIGHLIGHTS (current year)	PLN		EURO	
		For period 01.Jan.2011 to 31.March 2011	For period 01.Jan.2010 to 31.March 2010	For period 01.Jan.2011 to 31.March 2011	For period 01.Jan.2010 to 31.March 2010
I.	Net revenues from sale of products, goods and materials	440 990	430 248	110 963	108 460
II.	Profit (loss) on operating activity	2 188	10 468	551	2 639
III.	Profit (loss) before tax	1 568	9 083	395	2 290
IV.	Profit on continuing operations	301	6 751	76	1 702
V.	Profit on discontinued operations	10 971	5 677	2 761	1 431
VI.	Profit (loss) for period	11 272	12 428	2 836	3 133
VII.	Net cash flows from operating activity	(87 813)	49 618	(22 096)	12 508
VIII.	Net cash flows from investing activity	(25 339)	(22 321)	(6 376)	(5 627)
IX.	Net cash flows from financing activity	113 590	(18 255)	28 582	(4 602)
X.	Total net cash flows	438	9 042	110	2 279
XI.	Total assets	2 039 711	1 916 069	508 415	483 819
XII.	Liabilities and provisions against liabilities	1 153 628	1 037 140	287 552	261 884
XIII.	Long-term liabilities	66 805	59 483	16 652	15 020
XIV.	Short-term liabilities	1 086 823	977 657	270 900	246 864
XV.	Equity	886 083	878 929	220 864	221 935
XVI.	Initial capital	15 115	15 115	3 768	3 817
XVII.	Number of shares	15 115 161	15 115 161	15 115 161	15 115 161
XVIII.	Weighted average number of shares	14 943 243	15 115 161	14 943 243	15 115 161
XIX.	Profit (loss) per ordinary share annualized* (PLN\EURO)	6,44	5,24	1,62	1,32
XX.	Diluted profit (loss) per ordinary share annualized* (PLN\EURO)	6,44	5,24	1,62	1,32
XXI.	Book value per share** (PLN\EURO)	58,62	54,20	14,75	14,03
XXII.	Diluted book value per share** (PLN\EURO)	58,62	54,20	14,75	14,03
XXIII.	Declared or distributed dividend per share **(PLN\EURO)	2,64	0,69	0,66	0,18

Comparative data on the Statement of Financial Position refer to 31 December 2010
* the declared amount is calculated based on the weighted average number of the Issuer's shares
** the declared amount is calculated based on the number of the Issuer's shares as at the date of report

The weighted average number of shares:
– in first quarter 2011: in January-March 14 943 243;
– in first quarter 2010: in January-March 15 115 161;

The selected financial highlights are converted into EUR as follows:

1 The profit and loss and cash flow statement items are converted at an exchange rate being the arithmetic average of average exchange rates published by the National Bank of Poland, effective on the last day of each month, which was 3,9742 PLN/EURO for first quarter of 2011 and 3,9669 PLN/EURO for first quarter of 2010,
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 4,0119 PLN/EURO on 31 March 2011 and 3,9603 PLN/EURO on 31 December 2010.

(in PLN 000s, unless indicated otherwise)

2. Consolidated Statement of Financial Position

	31 March 2011	31 December 2010	31 March 2010
Fixed Assets	**970 762**	**962 544**	**950 100**
Tangible fixed assets	496 742	484 021	665 930
Investment real property	3 166	3 166	16 191
Intangible assets	7 983	8 557	7 963
Goodwill	17 845	17 845	203 975
Shares in equity method			4 297
Financial assets	294	585	9 022
Long-term loans			
Long-term receivables and other deferred income	17 888	18 828	25 144
Deferred income tax assets	8 421	6 684	17 578
Fixed assets held for sale	418 423	422 858	
Current Assets	**1 068 949**	**953 525**	**949 912**
Stock	108 567	97 477	461 787
Receivables	50 362	63 393	411 975
Receivables under income tax	981	924	12 465
Prepaid expenses	6 760	5 393	13 476
Cash	28 130	30 331	49 095
Other financial assets	5 740	5 650	1 114
Current assets held for sale	868 409	750 357	
Total Assets	**2 039 711**	**1 916 069**	**1 900 012**
Equity	**886 083**	**878 929**	**819 264**
Share capital	15 115	15 115	15 115
Share premium capital	549 559	549 559	549 559
Supplementary capital	97 844	97 844	98 394
Supplementary capital from the evaluation of managerial options	4 394	4 394	2 035
Reserve capital	47 823	47 823	59 150
Reserve capital for purchase of own shares	40 000	40 000	
Own shares	(18 402)	(14 290)	
Profit attributable to continuing operations	66 185	65 891	94 906
Profit attributable to discontinued operations	83 451	72 480	
Total equity allocated to shareholders of dominant entity	**885 969**	**878 817**	**819 159**
non-controlling interest	114	113	105
Long-term liabilities	**66 805**	**59 483**	**167 668**
Credit facilities, loans and debt securities	59 428	54 226	143 754
Long-term liabilities	1 627	1 673	5 588
Provisions	2 559	2 547	2 853
Provision against deferred income tax	3 191	1 037	15 473
Short-term liabilities	**1 086 823**	**977 657**	**913 080**
Credit facilities, loans and debt securities	45 318	12 957	205 199
Short-term liabilities	117 635	135 690	685 781
Income tax liabilities	264	2 671	683
Provisions	8 392	5 830	17 973
Deferred income	2 832	2 645	3 444
Liabilities attributable to group of assets held for sale	912 382	817 864	
Total liabilities	**2 039 711**	**1 916 069**	**1 900 012**

(in PLN 000s, unless indicated otherwise)

	31 March 2011	31 December 2010	31 March 2010
Book value	886 083	878 929	819 264
Number of shares	15 115 161	15 115 161	15 115 161
Diluted number of shares	15 115 161	15 115 161	15 115 161
Book value per share (PLN)	58,62	58,15	54,20

3. Summary Consolidated Profit and Loss Account and Statement of comprehensive income.

	3 months ended 31 March 2011	3 months ended 31 March 2010
Sales revenues	440 990	430 248
Cost of goods sold	(336 433)	(328 504)
Profit on sales	**104 557**	**101 744**
Other operating income	463	1 221
Selling expense	(87 840)	(82 098)
General administrative expense	(9 389)	(9 643)
Other operating expense	(5 603)	(756)
Profit on operations	**2 188**	**10 468**
Financial income	834	229
Financial expense	(1 454)	(1 614)
Profit before tax	**1 568**	**9 083**
Income tax	**(1 267)**	**(2 332)**
Current tax	(2 747)	(2 980)
Deferred tax	1 480	648
Share in financial result entities valued using the equity method		
Net profit from continuing operations	**301**	**6 751**
Profit for period for shareholders of dominant entity	299	6 747
Profit for period for Non-controlling interest	2	4

Discontinued operations		
Net profit on discontinuing operations	**10 971**	**5 677**
Profit for the period	**11 272**	**12 428**

(in PLN 000s, unless indicated otherwise)

Profit (loss) for period (annualised)	97 329	79 205
Weighted average of ordinary shares *	14 943 243	15 115 161
Diluted weighted average number of ordinary shares *	14 943 243	15 115 161
Profit (loss) per ordinary share (PLN) annualised	6,44	5,24

* The weighted average number of shares:
– in first quarter 2011: in January-March 14 943 243;
– in first quarter 2010: in January-March 15 115 161.

Statement of total income	3 months ended 31 March 2011	3 months ended 31 March 2010
Profit on continuing operations	**301**	**6 751**
Profit on discontinued operations	**10 971**	**5 677**
Profit for period	**11 272**	**12 428**
Other total income:		
Hedge of Cash flow		
Income tax on the other total income components		
Other total net income		
Total income for period	**11 272**	**12 428**
Total income for shareholders of parent company	11 270	12 424
Total income for minority shareholders	2	4

(in PLN 000s, unless indicated otherwise)

4. Summary Report of Changes in Equity

	Share capital	Share premium capital	Supplementary capital	Supplementary capital from the evaluation of managerial options	Reserve capital	Reserve Capital for purchase of own shares	Own shares	Reserve capital from revaluation	Retained profit	Non-controlling interest	Total equity
1 January 2011	**15 115**	**549 559**	**97 844**	**4 394**	**47 823**	**40 000**	**(14 290)**		**138 371**	**113**	**878 929**
Correction of error for 2010											
1 January 2011 adjusted	**15 115**	**549 559**	**97 844**	**4 394**	**47 823**	**40 000**	**(14 290)**		**138 371**	**113**	**878 929**
Profit on continuing operations									299	2	**301**
Profit on discontinued operations									10 971		**10 971**
Profit for 3 months until 31 March 2011									**11 270**	**2**	**11 272**
Results for previous years of Companies included to consolidation									(5)		**(5)**
Valuation of II managerial options											
Distribution of 2010 profit – allocation to capital funds											
Establishment reserve capital for purchase of own shares											
Purchase of own shares							**(4 112)**				**(4 112)**
Dividend for shareholders as part of 2010 profit distribution											
Dividend for shareholders of non-controlling											
31 March 2011	**15 115**	**549 559**	**97 844**	**4 394**	**47 823**	**40 000**	**(18 402)**		**149 636**	**114**	**886 083**

(in PLN 000s, unless indicated otherwise)

	Share capital	Share premium capital	Supplementary capital	Supplementary capital from the evaluation of managerial options	Reserve capital	Revaluation capital	Retained profit	Minority capital	Total equity
1 January 2010	**15 115**	**549 559**	**98 394**	**1 035**	**59 150**		**82 482**	**101**	**805 836**
Correction of error for 2009									
1 January 2010 adjusted	**15 115**	**549 559**	**98 394**	**1 035**	**59 150**		**82 482**	**101**	**805 836**
Profit for 3 months until 31 March 2010							12 424	4	**12 428**
Valuation of management option				1 000					**1 000**
Distribution of 2009 profit – allocation to capital funds									
Dividend for shareholders as part of 2009 profit distribution									
31 March 2010	**15 115**	**549 559**	**98 394**	**2 035**	**59 150**		**94 906**	**105**	**819 264**

	Share capital	Share premium capital	Supplemetary capital	Supplementary capital from the evaluation of managerial options	Reserve capital	Reserve Capital for purchase of own shares	Own shares	Reserve capital from revaluation	Retained profit	Non-controlling interest	Total equity
1 January 2010	**15 115**	**549 559**	**98 394**	**1 035**	**59 150**				**82 482**	**102**	**805 837**
Correction of error for 2009			(550)		550				(535)		(535)
1 January 2010 adjusted	**15 115**	**549 559**	**97 844**	**1 035**	**59 700**				**81 947**	**102**	**805 302**
Profit on continuing operations									25 994	11	26 005
Profit on discontinued operations									72 480		72 480
Profit for 12 months until 31 December 2010									98 474	11	98 485
Sale of lands revalued in the previous years											
Valuation of II managerial options				3 359							3 359
Distribution of 2009 profit – allocation to capital funds					28 123				(28 123)		
Establishment reserve capital for purchase of own shares					(40 000)	40 000					
Purchase of own shares							(14 290)				(14 290)
Dividend for shareholders as part of 2009 profit distribution									(13 906)		(13 906)
Dividend for shareholders of non-controlling									(21)		(21)
31 December 2010	**15 115**	**549 559**	**97 844**	**4 394**	**47 823**	**40 000**	**(14 290)**		**138 371**	**113**	**878 929**

(in PLN 000s, unless indicated otherwise)

5. Summary Consolidated Report of Cash Flows

	3 months ended 31 March 2011	3 months ended 31 March 2010
Profit on continuing operations	**301**	**6 751**
Profit on discontinued operations	**10 971**	**5 677**
Profit (loss) for period	**11 272**	**12 428**
Adjustments for:	**(99 085)**	**37 190**
Share in net (profits) losses of entities consolidated using equity method	(568)	(316)
Depreciation	17 471	16 697
(Gain) loss on exchange rate differences		
Interest and share in profit (dividends)	4 371	4 184
Income tax	4 644	3 373
Profit (loss) on investing activity	(703)	(225)
Change in provisions	7 182	1 664
Change in stock	(97 998)	(6 588)
Change in receivables	(15 720)	(42 437)
Change in accruals	(4 955)	(3 823)
Change in short-term liabilities	(1 122)	65 956
Other adjustments	(38)	974
Income tax paid	(11 649)	(2 269)
Net cash flows from operating activity	**(87 813)**	**49 618**
Income	**6 609**	**2 573**
Sale of fixed and intangible asset	3 111	1 592
Sale of financial assets		
Disposal of subsidiaries	2 221	
Received dividends		
Interest received	419	329
Repayment of loans granted	90	
Cash from acquired companies at date of acquisition	287	161
Income from use of investment property	481	
Other income		491
Expenditures	**(31 948)**	**(24 894)**
Purchase of fixed and intangible assets	(31 814)	(24 783)
Investments in real property		
Purchase of subsidiaries and associated entities		(1)
Purchase of financial assets		
Loans granted		
Cash in subsidiaries at date of sale		
Expenditures related to maintenance of investment property	(113)	
Other expenditures	(21)	(110)
Net cash flows from investing activity	**(25 339)**	**(22 321)**
Income	**139 620**	**43 918**
Income from credit facilities and loans contracted	132 820	35 897
Issue of short-term debt securities	6 268	8 018
Other income	532	3
Expenditures	**(26 030)**	**(62 173)**
Repayment of credit facilities and loans	(10 152)	(49 582)

(in PLN 000s, unless indicated otherwise)

Redemption of short-term debt securities	(6 300)	(7 700)
Payment of liabilities under financial leases	(382)	(450)
Interest and charges paid	(5 084)	(4 441)
Dividends paid		
Purchase of own shares	(4 112)	
Other		
Net cash flows from financial activity	**113 590**	**(18 255)**
Change in cash	**438**	**9 042**
Exchange differences		
Cash at beginning of period	**49 269**	**40 053**
Cash at end of period	**49 706**	**49 095**

6. Inform Notes to Consolidated Financial Statements

6.1 Description of the Capital Group organization

Name, seat and objects of business of the dominant entity

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

The seat of the dominant entity is in Lublin, 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 (PKD 7415Z). The Company is a taxpayer of tax on goods and services (VAT), NIP Tax No. 712-10-07-105.

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

The financial year of the Group subsidiaries coincides with the calendar year.

The term of the Group's subsidiaries is indefinite, with the exception of Companies which are subject to the Investment Agreement concluded by and between Emperia Holding S.A. and Eurocash S.A., classified and presented in these financial statements as discontinued activities and assets and liabilities for sale.
The consolidated financial statements have been prepared for the period from 1 January 2011 to 31 March 2011, with comparable data for the period from 1 January 2010 to 31 March 2010. The consolidated financial statements contain no combined data, the subsidiaries do not operate any internal units that prepare independent financial statements.

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

Consolidation details:

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

As at 31 March 2011 Emperia Holding S.A. and eighteen 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., Lewiatan Podlasie Sp. z o.o., Lewiatan Śląsk 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. EMP Investment Limited, Ekon Sp. z.o.o. , IPOPEMA 55 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych oraz PSD S.A.*.

In first quarter of 2011 the composition of the Emperia Holding Group (compared to the end of 2010) changed.
The composition of the consolidated companies was increased by EMP Investment Limited, Ekon Sp. z o.o. (companies previously excluded from consolidation) and IPOPEMA 55 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych.

* At 31.03.2011 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 March 2011 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)	Stokrotka	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.	infinite	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.	Detal Koncept	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.(2)	elpro Sp. z o. o.	20-952 Lublin, Mełgiewska 7-9	Developer activity	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.(3)	Tradis	20-952 Lublin, Mełgiewska 7-9	Food product 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. (4)	DEF	15-399 Białystok, Handlowa 6	Food product wholesaling	48125, District Court in Białystok, XII Commercial Division of NCR	Subsidiary	Full	2007-01-02	100,00%	100,00%
7	„Lewiatan Podlasie" Sp. z o.o. (4)	LEWIATAN PODLASIE	15-865 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.	„SPOŁEM" TYCHY Spółka z o.o.	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)

	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
9	„Maro-Markety” Sp. z o.o.		61-615 Poznań, Skwierzyńska 20	Food product retailing	102596, District Court in Poznań, 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	Retail franchising	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	IT 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.(4)		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.)		02-548 Warszawa, ul. Grażyny 15	Franchise chain management	280288, District Court for the Capital City of Warsaw in Warsaw , XIII Commercial Division of NCR	Subsidiary	Equity method	2008-01-01	100,00%	100,00%
14	„Projekt Elpro 1” Sp. z o.o. (5)		20-952 Lublin, Mełgiewska 7-9	Property development	71049, District Court in Częstochowa, XVII Commercial Division of NCR	Subsidiary	Full	2007-11-29	100,00%	100,00%
15	„Lewiatan Śląsk” Sp. z o.o. (4)		41-219 Sosnowiec, Lenartowicza 39	Retail franchising	109502, S District Court in Toruń, VII Commercial Division of NCR	Subsidiary	Full	2008-06-17	100,00%	100,00%
16	„EMP Investment Limited”		Themistoki Dervi 3, JULIA HOUSE, P.C. 1066; Nikozja, Cypr	investment activity in real estate	HE 272278, Ministry of Commerce Industry and Tourism, Department of the Registrar of Companies, Nicosia, Cyprus	Subsidiary	Full	03-09-2010	100,00%	100,00%

(in PLN 000s, unless indicated otherwise)

17	„EKON" Sp. z o.o.		20-952 Lublin, ul. Mełgiewska 7-9	Renting and leasing of cars and vans	367597, District Court in Lublin, XI Commercial Division of NCR	Subsidiary	Full	06-09-2010	100,00%	100,00%
18	IPOPEMA 55 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych (6)		00-850 Warszawa, ul. Waliców 11	Activities of trusts, funds and similar financial institutions	RFi 591, the Warsaw Regional Court, Division VII of the Civil Registry	Subsidiary	Full	09-12-2010	100,00%	100,00%

(1) directly by Emperia Holding (98.472 shares, 95,93%) and indirectly by Stokrotka (4.181 shares, 4,07%)
(2) pośrednio przez IPOPEMA 55 FIZ Aktywów Niepublicznych
(3) directly by Emperia Holding (211.475 shares 91,58%) and indirectly by Tradis (19.432 shares, 8,42%)
(4) indirectly by Tradis Sp. z o.o.
(5) directly by Emperia Holding (98 shares, 60%) and indirectly by Projekt Elpro 1 (64 shares,40%)
(6) directly by EMP Investment Limited

(in PLN 000s, unless indicated otherwise)

List of subsidiaries at the balance sheet date 31 March 2011excluded 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)
1	„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%
2	„Lewiatan Orbita" Sp. z o.o.(2)	10-680 Olsztyn, Lubelska 33		100,00%	100,00%
3	„Lewiatan Kujawy" Sp. z o.o. (2)	87-800 Włocławek, Komunalna 6		100,00%	100,00%
4	„Lewiatan Częstochowa" Sp. z o.o. in liquidation (2)	42-200 Częstochowa, Wręczycka 22/26		37,50%	37,50%
5	„Lewiatan Mazowsze" Sp. z o.o. (2)	00-718 Warszawa, Czerniakowska 71 lokal 99		38,20%	38,20%
6	„Lewiatan Wielkopolska" Sp. z o.o. (2)	60-665 Poznań, ul. Osiedle Winiary 54		71,43%	71,43%
7	„Lewiatan Opole" Sp. z o.o. (2)	45-325 Opole, ul. Światowida 2		89,21%	89,21%
8	„Lewiatan Zachód" Sp. z o.o.	73-100 Stargard Szczeciński, ul. Przemysłowa 5		100,00%	100,00%
9	„ZKiP Lewiatan 94 Holding" S.A. (3)	87-800 Włocławek, Kilińskiego 10		*63,47%	*68,51%
10	„Lewiatan Północ" Sp. z o.o.	Gdańsk, ul. Bysewska 30		100,00%	100,00%
11	„Ezon" Sp. z o.o.	20-952 Lublin, ul. Mełgiewska 7-9		100,00%	100,00%
12	„P1" Sp. z o.o.	20-952 Lublin, ul. Mełgiewska 7-9		100,00%	100,00%
13	„Tradis" S.A.	20-952 Lublin, ul. Mełgiewska 7-9		100,00%	100,00%
14	„Drogerie Koliber" Sp. z o.o.(4)	44-100 Gliwice, ul. Kozielska 25		100,00%	100,00%
15	„SPOŁEM" Domy Handlowe Sp. z o.o. (5)	43-100 Tychy, ul. Damrota 72		100,00%	100,00%

* indirectly weighted share

(1) indirectly by Stokrotka Sp. z o.o.
(2) indirectly by Tradis Sp. z o.o.
(3) directly by Emperia Holding S.A. and indirectly by Lewiatan: Kujawy, Podlasie, Śląsk, Orbita, Opole, Wielkopolska, Zachód
(4) directly by Emperia Holding (185 shares 50,14%), and indirectly by Tradis (184 shares, 49,86%)
(5) indirectly by Społem Tychy Sp. z o.o.

(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 March2011

	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)
1	„Giełda Rolno-Towarowa” S.A. (2)	Białystok ul. Gen. Wł. Andersa 38	14 805	0,30%	0,36%
2	„Spółdzielnia Mieszkaniowa Lokatorsko-Własnościowa w Lidzbarku Warmińskim” (1)	Lidzbark	The acquisition is necessary as the commercial space in which the business is conducted is owned by the cooperative;		
3	„Beskidzkie Towarzystwo Kapitałowe” S.A. (3)	43-300 Bielsko Biała, ul. Kamińskiego 19	21 520	4,37%	4,37%
4	„Lewiatan Podkarpacie” Spółka z o.o. (4)	39-200 Dębica, ul. Drogowców 8.	170	0,59%	0,59%
5	„Elektroniczna Sieć Handlowa Merkury” Spółka z o.o. (4)	01-728 Warszawa, ul. 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 ZKiP Lewiatan 94 Holding S.A.

6.2 Outline of Key Accounting Policies

6.2.1 Basis for Preparation of Consolidated Financial Statements

These consolidated statements have been prepared on a historical-cost basis, with the exception of financial assets, which are reported at fair value.
The Management Board of Emperia Holding S.A. approves these consolidated financial statements on the date of signing them.

6.2.2 Conformity Statement

The consolidated financial statements of Emperia Holding S.A. have been prepared in compliance with the International Financial Reporting Standards („IFRS") and associated interpretations published in the form of regulations of the European Commission, which were adopted by the European Union.
The attached consolidated financial statements present in a reliable manner the financial standing of the Group, its financial performance and cash flows.
Was prepared in accordance with the Regulation of the Minister of Finance of 19 February 2005 on current and periodical disclosures by issuers of securities.

6.2.3 Operating Segment Reporting

IFRS 8 Operating Segments published by the International Accounting Standards Board on 30 November 2006, replaces IAS 14 Reporting of business segments and is apply to annual periods commencing on 1 January 2009 and after that date.
In process of standard implementing analyzed model of management of Capital Group, reporting system functioning in Capital Group and economic characteristics of its units. The analysis has not demonstrated the need of changes in current operating segments division , which is used for internal and external reporting.

The following operating segments are distinguished within the Group:

1. **The wholesale business (Wholesale Segment)***pursued by the following subsidiaries: Tradis Sp. z o.o., DEF Sp. z o.o., Ambra Sp. z o.o., involving wholesale distribution of goods and provision of related goods-distribution services;

2. **The retail business** (Retail Segment) comprised of the entire operations of the following subsidiaries: Stokrotka Sp. z o.o., Detal Koncept Sp. z o.o., Lewiatan Podlasie Sp. z o.o., Maro Markety Sp. z o.o., Społem Tychy Sp. z o.o., Euro Sklep S.A. involving retail distribution and provision of related retail-distribution services

3. **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. – providing property development and facility management services; Infinite Sp. z o.o., Emperia Info Sp. z o.o. – providing IT services; PSD S.A. – a partner network management company and Lewiatan Śląsk Sp. z o.o. – (retail franchising), EMP Investment Limited – investment activity in real estate, EKON Sp. z o.o.- rental and lease of cars and vans, IPOPEMA 55 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych – activities of trusts, funds and similar financial institutions. Given material consolidation exclusions and their general marginality (the segment fails to meet any of the quantitative thresholds provided for under IFRS 8), these are reported jointly as a single item.

The Group applies uniform accounting policies for all its segments. Inter-segment business transactions are effected on an arm's length basis. These transactions are subject to exclusion in the consolidated financial statements.

6.2.4 Functional Currency

The consolidated financial statements are expressed in the currency of the economic environment in which the Group operates, referred to as the functional currency.
PLN is the functional currency and the currency of presentation for all the items of the consolidated financial statements. All the figures in the financial statements and in the explanatory notes are reported in PLN 000s (unless indicated otherwise).

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

6.2.5 Changes In Accounting Policies Applied

The Group introduces new IFRS standards and interpretations applicable to the relevant reporting period. Each time, the consolidated financial statements detail what amendments applied to the companies' operations and what effect they had on the consolidated financial statements and comparative data.

6.2.6 Application of standards and interpretations applicable from 1 January 2011

<u>New standards, their changes and interpretations which became effective as from 1 January 2011:</u>

a) Amendments to IFRS 2010

On 6 May 2010 the International Accounting Standards Board issued an amendment to IFRS 2010 containing amendments to sixteen **IFRS** and interpretation. The amendments were issued as part of the annual period of revisions aimed at making the necessary but not urgent amendments to IFRSs.

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

On 8 October 2009, the International Accounting Standards Board (IASB) issued an amendment to IAS 32 Financial Instruments: Presentation, entitled Classification of Rights Issues. The revision clarifies how to recognise certain rights issues when the financial instruments being issued are denominated in a different currency than the issuer's functional currency

c) Amendment to IAS 24 Related Party Disclosures

On 4 November 2009, the International Accounting Standards Board published updated IAS 24 Related Party Disclosures. The purpose of the changes introduced under the revised IAS 24 is to simplify the definition of a related party and at the same time to remedy certain internal inconsistencies, and to release state-controlled entities from certain disclosure requirements with regard to transactions with related entities.

d) Amendments to IFRS 1 First-time Adoption of IFRS

On 28 January 2010, the International Accounting Standards Board published Limited Exemption of First-time Adopters of IFRSs from Providing Additional Disclosures Introduced under IFRS 7, containing an amendment to IFRS 1. Since the first-time adopters of IFRSs had so far been unable to avail themselves of the exemption from disclosure of comparative data on fair valuation and liquidity risk provided for under IFRS 7 for comparative periods ending before 31 December 2009, the amendments to IFRS 1 seek to provide such optional exemption also to those entities.

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

On 15 November 2009, the IFRS Interpretations Committee published Prepayments of a Minimum Funding Requirement, containing amendments to the Interpretation of IFRIC 14. The purpose of the amendments was to remove the unintended effects of IFRIC 14 when an entity, which is subject to the minimum funding requirements, makes an early payment of contributions to cover those requirements and under specific circumstances would be required to recognise them as cost. If the minimum funding requirements apply to a scheme of specific benefits, then pursuant to amendments to IFRIC 14 such early payment, similarly to any other early payment, must be treated as an asset.

f) IFRIC 19 Extinguishing Financial Liabilities with Equity Elements and Amendments to IFRS 1 following amendments to IFRIC 19

On 26 November 2009, the IFRS Interpretations Committee published Interpretation IFRIC 19 Extinguishing Financial Liabilities with Equity Elements. The purpose of IFRIC 19 is to provide guidance with regard to the debtor's recognition of equity instruments issued by it following renegotiations of the conditions of a financial liability in order to extinguish that liability in full or in part.

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 consolidated financial statements for Q1 2011.

Standards and interpretations not valid, not authorized for use by European Union:

a) Amendments to IAS 12 Deferred Tax – Recovery of Underlying Assets

On 10 September 2010, IASB published a draft standard, Deferred Tax – Recovery of Underlying Assets. The draft proposes exemption from IAS 12, which requires an entity to measure the deferred tax asset or liability relating to a specific asset, assuming that the carrying value of the asset will be fully recovered on sale, unless there are clear grounds to conclude that the economic benefits generated by the asset will be consumed during its useful life. The amendments would apply to annual periods beginning on or after 1 January 2012. The standard has not as yet been adopted by the European Union.

b) Amendments to IFRS 1 Removal of Fixed Dates for IFRS First-time Adopters

On 26 August 2010, IASB published a draft standard, Proposed Amendments to IFRS 1: Removal of Fixed Dates for IFRS First-time Adopters announcing exemption from certain cumbersome obligations imposed on entities transitioning to IFRS. The proposal is to replace the fixed transition date referenced in the standard, 1 January 2004, with the wording *with the date of transition to IFRSs.* As a result, entities switching to IFRS will not be required to convert the derecognition transactions made prior to the first-time IFRS adoption date. The amendments would apply to annual periods beginning on or after 1 July 2011. The standard has not as yet been adopted by the European Union.

c) **Amendments to IFRS 1 Severe Hyperinflation**

On 30 September 2010, IASB published a draft standard, Severe Hyperinflation. The draft concerns entities preparing their financial statements in accordance with IFRSs after a period of severe hyperinflation; entities which switch to IFRSs on or after the date the functional currency returns to normal would be able to decide whether to measure assets and liabilities at fair value on the date of transition to IFRS and apply that fair value as the assumed cost of those assets and liabilities on the date of opening in the financial statements prepared in accordance with IFRSs. The amendments would apply to annual periods commencing on 1 July 2011 or after that date. The standard has not as yet been adopted by the European Union

d) Amendments to IFRS 7 Financial Instruments: Disclosures

On 7 October 2010, IASB published a document, Disclosures – Transfers of Financial Assets, providing stricter requirements for disclosures regarding transfer transactions of financial assets. The amendments are aimed at improving transparency of risk disclosures regarding transactions where despite the transfer of the financial asset the transferring party retains certain exposure to the asset (referred to as *continuity of involvement*). The amendments also require disclosure in the case of uneven distribution of financial asset transfers throughout the reporting period. The amendments would apply to annual periods beginning on or after 1 July 2011. The standard has not as yet been adopted by the European Union.

e) IFRS 9 Financial Instruments

On 28 October 2010, IASB published revised IFRS 9. The revised standard retains the financial asset classification and measurement requirements as published in November 2009 but has been extended to include guidelines on the classification and measurement of financial liabilities. This is the first step of the project of replacement of IAS 39. The standard would apply to annual periods beginning on or after 1 January 2013. The standard has not as yet been adopted by the European Union.

f) IFRSs for SMEs

On 9 July 2009, the International Accounting Standards Board (IASB) published IFRSs for small and medium-sized enterprises (IFRSs for SMEs, a stand-alone standard comprising accounting principles corresponding to the full set of IFRSs but simplified and realigned with the needs of SMEs applying it). The standard enables SMEs to use an alternative solution instead of the application of the full set of IFRSs. The effective date of the standard is set by the legislators in the countries which adopt it. The standard has not as yet been adopted by the European Union. The standard does not apply to the Group's consolidated financial statements.

6.2.7 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.

6.2.8 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 Group corrects errors of previous periods using the retrospective approach and by retrospective transformation of data, if practically feasible.

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

Acquisition of shares in subsidiaries and other

a) Acquisition of assets of significant value by subsidiary EMP Investment Limited

Management Board of Emperia Holding S.A. make public information that on 18 March 2011 was signed agreement concerning acquisition by the company EMP Investment Limited, with seat in Nicosia (Cyprus), from Emperia Holding S.A. with seat in Lublin, shares in Elpro Sp. z o. o. with seat in Lublin. Emperia Holding S.A. holds 100 percent of the share capital, carrying 100 percent of votes at the General Meeting of EMP Investment Limited and Elpro Sp. z o.o..
Subject of agreement is to transfer ownership on EMP Investment Limited 80 626 shares of nominal value of PLN 40 313 000, representing 100 percent of the share capital, carrying 100 percent of votes at the General Meeting. Parties of agreement have defined value of shares Elpro Sp. z o. o. on amount PLN 200 000 000. The acquisition will take place in return for taking by Emperia Holding S.A. 1 000 shares of increased capital in the EMP Investment Limited, of nominal value PLN 1 each.
Transfer of these assets is part of implementation of new management structure of real estate and investments in real estate of the Emperia Capital Group. In new structure Elpro will continue current activities as a developer and manager of real estate of Emperia Capital Group. Investment in shares of Elpro is a short-term equity investment.

b) Acquisition of shares in Lewiatan Opole Sp. z o.o. and Lewiatan Wielkopolska Sp. z o.o. by Tradis Sp. z o.o.

On 30 March 2011 Tradis Sp. z o.o acquired 901 in Lewiatan Opole Sp. z o.o. o of nominal value of PLN 500,00 each, belonging to Maro Markety Sp. z o.o. . Acquired shares representing 89,21 percent of the share capital and carrying 89,21 percent of votes at the general meeting of shareholders of Lewiatan Opole Sp. z o.o.. Shares were acquired for amount of PLN 1 372 223.

On 15 February 2011 Tradis Sp. z o.o. acquired from the individual 1 share o nominal value of PLN 2.000 in Lewiatan Wielkopolska Sp. z o.o.. After the transaction Tradis holds 8 shares in Lewiatan Wielkopolska Sp. z o.o., representing 11,4 percent of the share capital and carrying 11,4 percent of votes at the general meeting of shareholders.

On 30 March 2011 Tradis Sp. z o.o. acquired 42 Lewiatan Wielkopolska Sp. z o .o.o of nominal value of PLN 2 000,00 each , belonging to Maro Markety Sp. z o.o.. Acquired shares with already held shares representing 71,4 percent of the share capital and carrying 71,4 percent of votes at the general meeting of shareholders of Lewiatan Wielkopolska Sp. z o.o.. Shares were acquired for amount of PLN 690 480.

Internal Mergers within Emperia Holding Capital Group and increase of share capitals in subsidiary

a) Merger of Lewiatan Kujawy Sp. z o.o. with Lewiatan Brda Sp. z o.o.

On 02 February 2011 the District Court in Torun, VII Division of the National Court Register registered merger of Lewiatan Kujawy Sp. z o.o. with Lewiatan Brda Sp. z o.o. The merger consists of the acquisition by Lewiatan Kujawy Sp. z o.o. all assets of Lewiatan Brda Sp. z o.o.

Disposal of subsidiaries

No such event occurred in the Group.

Mergers, acquisitions of shares, increases of share capital in businesses after the balance sheet date

The mergers and initial capital increases in businesses effected after the balance sheet date are outlined in note 7.14.16

6.2.10 Tangible fixed assets

The Group 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 (assets of low value cumulatively are insignificant item for the Company), with the exception of:

- computer hardware,
- pallet trucks;
- shop trolleys;
- high-storage racks,
- lockers,

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 Group, 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,

and in this particular case the value threshold has been increased to PLN 3 500 (Assets of low value cumulatively are insignificant item for the Company).
Fixed assets are reported at purchase price or cost of construction less depreciation to date and allowances for impairment, if any.
Assets under construction and leasehold improvements as well as the right of perpetual usufruct of land are also recognised by the Group as fixed assets.

The initial value of fixed assets comprises the purchase price plus all costs directly related to the purchase and costs necessary to adapt the asset for its intended business use. The initial value of the adapted fixed assets 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 Group 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

Right of perpetual usufruct of land:	in accordance with period of granted rights, or period of expected use
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 Group 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 Group's operations, the Group is often required to undertake leasehold improvements. This applies to warehousing and retail facilities held by the Group under lease. As regards those assets, the Group 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.

As at the balance sheet date, the Group also reviews fixed assets for impairment and the need to make revaluation allowances on these grounds. This happens once the Group 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 impairment loss is recognised at the amount by which the carrying value of the relevant asset exceeds its recoverable value. The recoverable value is the higher of: the fair value less costs necessary to incur to sell it and the value in use.

The write-downs are charged to other costs corresponding to the function of intangible assets in the period in which the impairment is identified, no later than at the end of the financial year.
If the Group obtains sufficient assurance that the cause for asset revaluation have ceased, it reverses the revaluation allowance previously effected in part or in full by adjustment of operating costs (depreciation).

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

While a relevant asset may be a single fixed asset, some of its component parts may have varying useful lives. Providing certain requirements for recognising a fixed asset are met, the aggregate cost of such an asset may be divided into its component parts, and each of them recognised separately. Such recognition approach calls for the application of depreciation rates corresponding to the useful life of each component, taking into account their economic useful life.

The application of the above solution will result in the costs of replacement of a component increasing its value. In other cases, the costs relating to the day-to-day use of fixed assets including replacement of component parts are recognised in the profit and loss account at the time they are incurred.

6.2.11 Cost of External Financing

The costs of external financing are capitalised as part of the cost of manufacturing or development of fixed assets, investment real property, intangible assets. The costs of external financing include also interest at the effective interest rate, financial obligations under financial leasing agreements, and exchange rate differences relating to external financing up to the amount corresponding to the interest cost adjustment.

The revenues from investments generated by short-term investment of borrowed funds earmarked for purchasing or manufacturing of the adapted asset reduce the value of costs of external financing subject to capitalisation.

An adapted asset is an asset that requires a significant period of time to prepare it for intended use. The Group deems a period of 12 months to be a significant period of time to prepare an asset for intended use.

The commissions on long-term financing extended to the Company are accounted for in time at adjusted cost (depreciated cost) on an effective rate of interest basis, using the principle of materiality.

6.2.12 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.If the fair value is below the carrying value, the difference is recognised as a revaluation write-down and charged to profit and loss account. The reversal, if any, of the write-down is also made through the profit and loss account up to the amount of the write-down.

6.2.13 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 licences	5 years
Software and copyrights	2 to 5 years
Proprietary interests	5 years

Depreciation of intangible assets in profit and loss account is recognized in cost appropriate to functions of these assets (overhead costs, selling costs, other operating costs).

The Group holds no intangible assets with an indefinite useful life. As at the end of the reporting period, there may be intangible assets which are not yet commissioned (under construction). Any intangible assets that are not yet operational are not subject to depreciation but are measured for impairment.
Goodwill is not amortized. It is tested annually 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 Group 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 Group also reviews intangible assets for impairment and the need to make revaluation allowances on these grounds. This happens once the Group 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 impairment loss is recognised at the amount by which the carrying value of the relevant asset exceeds its recoverable value. The recoverable value is the higher of: the fair value less costs necessary to incur to sell it and the value in use.

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

6.2.14 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 include 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. Loans and receivables are treated as current assets unless their maturity period exceeds 12 months of the balance sheet date. Loans and receivables whose maturity exceeds 12 months of the balance sheet date are treated as fixed assets.

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.

Marketable financial assets are measured at fair value as at the balance sheet date using a variety of measuring methods. The methods rely on latest transactions concluded on an arm's-length basis, purchase offers received, current market prices for similar instruments, discounted cash flows. If their fair value cannot be established and they have a fixed maturity date, they are measured at depreciated cost; if the assets have no fixed maturity date, they are measured at cost.

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

6.2.15 Investments in subsidiaries and associates

Subsidiary Entities

Subsidiary entities are entities that are directly or indirectly controlled by the company. Control is the ability to direct the financial and operational policy of the subsidiary to derive economic benefits. Usually control means that the company holds a majority interest in the subsidiary.

Associated Entities

Associated entities are entities which the company has the ability to materially impact but which are not controlled by it. Usually this means that the company holds a significant but not a majority interest in the associated company (20%-50%)

In the financial statements investments in subsidiaries and associated companies, unless classified as held for sale, are carried at cost less impairment write-downs.

The carried value of investments is subject to tests for impairment. The identified impairment is deducted in the profit and loss account as financial costs. The release of impairment provisions is recorded in the profit and loss account as financial income if there is a change in estimates based on which the company determines return on investment.

Dividends representing revenues from investments are recorded in the profit and loss account as financial income at the time the rights to receive the same become vested.
The transactions of combination of entities under common control are recognised at book values.

6.2.16 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.

6.2.17 Stock

Stock comprises:

- materials
- goods

The value of stock-ins is measured at price. No transport costs are added to the price by the Group as they are negligible. The value of stock-outs is measured using the weighted mean method.

At the end of the reporting period stock is reported at price, no higher, however, than the net selling price. The realisable net selling price is the projected selling price that can be obtained in the normal course of business less finishing costs and projected costs that must be incurred to make the sale happen.

The Group 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

6.2.18 Accounts receivable and other receivables

Receivables are recognised at payable amount less revaluation write-downs. Any uncollectible receivables are charged to other costs on the date on which they are found to be uncollectible.

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

The Group establishes receivables revaluation allowances for specific buyers. The Group may also make collective revaluation allowances with respect to numerous but small receivables. The detailed terms of establishing receivables revaluation allowances are set fort under the *Terms of Establishing Receivables Revaluation Allowances*.

The revaluation allowance is recognised as other costs. The reversal of a previously established allowance is recognised as other income and derecognised as a revaluation allowance. Revaluation allowances are recorded in the profit and loss account as per account balance, as appropriate, as other expenses or other income.

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

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

6.2.19 Prepayments and accrued income

The Group reports prepayments if the expenditures incurred relate to periods following the period in which they are incurred. The Group accounts for prepayments and accrued income on a short-term and long-term basis (to be concluded in a period of more than 12 months of the end of the reporting period). In the financial statements prepayments and accrued income are presented as separate lines of the balance sheet.

Accrued income constitutes moneys received on account of future performances. In the financial statements, deferred income is presented as a separate line of liabilities

6.2.20 Cash and cash equivalents

Cash includes: cash on hand, cash at bank and all cash deposits and short-term securities with maturity of up to three months.
As at the balance sheet date, cash is reported at its nominal value, and cash at bank at payable amount.

6.2.21 Equity capital funds

The equity capital funds of dominant entity Emperia Holding S.A. comprise:
- initial (share) capital
- supplementary capital
- reserve capital
- own shares
- retained earnings

The initial capital is reported at the amount set forth in the Articles of Association and registered at the National Court Register.

The supplementary capital of Emperia Holding SA is divided into 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 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.
- the reserve capital fund for repurchase of own shares – established on the basis of authority granted under a resolution of the General Meeting and in accordance with the provision of the Company's Own Share Repurchase Programme.

Own shares repurchased by the company are carried at price of purchase plus costs directly relating to such purchase. The purchase and redemption of own shares is reported as a change in equity. In the financial statements own shares are reported in a separate line as reduction of equity (negative figure).

Retained profits include the following categories:
- undistributed profit or loss of previous years (accumulated profit/loss of previous years),
- financial result of the current year.

6.2.22 Net earnings per share

Net earnings per share for each reporting period are calculated by dividing net profit generated in the relevant period by the weighted mean number of shares in such reporting period.

6.2.23 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

6.2.24 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, depending on its category, are reported as operating costs or other operating costs.

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.

In consolidated financial statements are presented long term and short term provisions.

6.2.25 Liabilities

Liabilities reflect the current obligations of the company arising from past transactions, the fulfilment of which will result in an outflow of funds containing certain economic benefits from the company.

Long-term liabilities comprise liabilities with a maturity date falling later than 12 months after the end of the reporting period.

Long-term liabilities include in particular: liabilities under contracted credit facilities, loans, financial leasing.

As at the end of the reporting period long-term liabilities are measured at the depreciated cost, at the effective interest rate.

Short-term liabilities comprise liabilities with a maturity date falling earlier than 12 months after the end of the reporting period. Short-term liabilities include in particular: accounts payable, contracted credit facilities, loans, financial leasing, wages and salaries, taxes, duties, insurance, and other benefits.

Accounts payable are carried at nominal value. Interest, if any, is recognised upon receipt of notes from suppliers.

6.2.26 Employee Benefits

6.2.26.1 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 bonuses for meeting corporate and individual objectives , which payment takes place after balance sheet date

The Group provisions against employee benefits, including old-age retirement benefits, holiday entitlements, employee bonuses. The Group makes an estimate of those provisions at the end of the reporting period.

The projection of old-age retirement benefits is prepared at the company's request by a third-party actuary.

The provisions against employee benefits are charged to operating costs (sales, management), with the exception of interest expense which is recognised as financial expense. The provisions against employee benefits are reported in the financial statements as long-term and short-term, as the case may be.

6.2.26.2 Own Share-Based Payments

The following incentive schemes are in place at the Group:
- I Management Option Programme 2008-2009,
- II Management Option Programme 2010-2012,

under which option rights to the company's shares are vested in management board members and key managers. The benefits are accounted for in accordance with IFRS 2. The cost of share-based transactions with employees is measured by reference to the fair value as at the date on which the rights are vested. The fair value of the programme is charged to costs in the profit and loss account and to equity (reserve capital fund from valuation of management options) throughout the period in which the rights are vested.

A projection of the fair value of the share options vested in employees is prepared by a third-party expert using modern financial engineering and numerical methods. The valuation takes into account: the initial price for the model (share price on the option vesting date), instrument exercise price, expected variability of the instrument, risk-free interest rate, expected dividend.

6.2.27 Corporate tax

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

6.2.28 Sales Revenues

Sales revenues are recognised at fair value of payment received or payable less output tax on goods and services (VAT) and any discounts and rebates granted.
Sales revenues include revenues generated in the course of the company's business.
Other operating revenues include revenues indirectly linked with the company's business.
Financial income includes income relating to financing the company's business, proceeds from sale of financial assets, dividends, and interest income from financial instruments.

Time of recognition of revenues

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.

6.2.29 Costs

Costs represent likely reductions of economic benefits in the reporting period, i.e. reduction of assets or increase of liabilities and reserves, which reduce equity otherwise than as a result of withdrawal of funds by owners.

The Group reports costs in the profit and loss account in the reporting period in connection with the revenues generated in the same period (matching principle).

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.

6.2.30 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)

7. Additional Notes

7.1 Brief description of the significant accomplishments or failures of Emperia Capital Group

The results achieved in the first quarter of 2011, according to the Management Board shall be considered as satisfactory In first quarter of 2011 Group increased sales revenue compared to the same period previous year by more then 5%. EBITDA and Profit on operations has improved respectively by 3.6% and 2.8%.

Slightly decreased level of gross profit and net compared to the previous year . This is mainly caused by the fact that beneficial effect of Easter in 2011, will be reflected in results of second quarter. In 2010 this effect was noticeable in results of first quarter.

Activities carried out in this quarter on one side were focused on strengthening strategic position of individual the Group's companies, improve cost efficiency and market expansion of the Group's retail. These actions should give noticeable results in subsequent quarters this year in both the sales revenue as well as at all levels of profitability.

In addition, on the results achieved on continuing operations and discontinued operations had impact transaction made in first quarter of 2011, associated with implementation of the Investment Agreement with Eurocash SA., repurchase of receivables of companies :Tradis, Detal Koncept, DEF, Lewiatan Podlasie, Euro Sklep, Ambra, Lewiatan Śląsk and PSD, subject of revaluation write-offs.Rreceivable are subject to impairment write-off by Emperia Holding amounting to PLN 4 813 000 This transaction had a neutral impact on the consolidated results of the Capital Group.

Financial Highlights

Description	Q1 2011	Q1 2010	%
Sales revenues	1 463 485	1 394 305	5,0%
EBIDTA	37 304	35 997	3,6%
Profit on operations	19 833	19 300	2,8%
Profit before tax	15 348	15 485	(0,9%)
Profit for period	11 272	12 428	(9,3%)
Total assets	2 039 711	1 900 012	7,4%
Liabilities and provisions against liabilities	1 153 628	1 080 748	6,7%
Short-term liabilities	1 086 823	913 080	19,0%
Net assets	886 083	819 264	8,2%
Share capital	15 115	15 115	0,0%
Annualised profit per share for period	6,44	5,24	22,9%

Group's activity and payment capacity.

Description	Methodology	Q1 2011	Q1 2010
Return on equity	(profit for the period under review/equity at the end of the period) in %	1,27%	1,52%
Return on assets	(profit for the period under review/total assets at the end of the period) in %	0,55%	0,65%
Return on sales	(profit for the period under review/sales revenues in the period) in %	15,71%	15,87%
Return on EBIDTA	*(EBITDA/* sales revenues in the period) in %	2,55%	2,58%
Return on operations	(profit on operations for the period under review/sales revenues in the period) in %	1,36%	1,38%
Gross return	(profit before tax for the period under review/sales revenues in the period) in %	1,05%	1,11%
Net return	(profit for the period under review/sales revenues in the period) in %	0,77%	0,89%

Slight decrease of all efficiency indicators is caused by impact of Easter in comparison with results of I quarter of 2010.

Distribution activities:

After the creation of one distribution company Tradis, distribution segment systematically working over optimizing operational processes and operating costs.

Retail activities:

At the end of first quarter 2011 number of Stokrotka Sp. z o.o. retail outlets reached 182 and 8 Delima supermarkets.
At the end of first quarter franchise chain outlets of Detal Koncept Sp. z o.o. consisted of 1 099 stores under the brand Groszek. Additionally Detal Koncept operated 75 Milea stores. Lewiatan Podlasie managed 194 outlets. Społem Tychy at balance sheet date managed 24 outlets, Euro Sklep 631 outlets. Drogerie Koliber consisted of 67 outlets. Franchise chain Lewiatan Śląsk managed 303 outlets,, Lewiatan Zachód 225 outlets,, Lewiatan Orbita 111 outlets,, Lewiatan Wielkopolska 191 outlets,, Lewiatan Północ 175 outlets,, Lewiatan Opole 185 outlets,, Lewiatan Kujawy 365 outlets,, Lewiatan Mazowsze 23 outlets, Partnerski Serwis Detaliczny at the balance sheet date cooperate with 540 shops of Społem and 69 cooperatives.

7.2 Revenues and performance by business segment

IFRS 8 Operating Segments published by the International Accounting Standards Board on 30 November 2006, replaces IAS 14 Reporting of business segments and is apply to annual periods commencing on 1 January 2009 and after that date.
In process of standard implementing analyzed model of management of Capital Group, reporting system functioning in Capital Group and economic characteristics of its units. The analysis has not demonstrated the need of changes in current operating segments division , which is used for internal and external reporting.

The following operating segments are distinguished within the Group:

1 **The wholesale business (Wholesale Segment)** pursued by the following subsidiaries: Tradis Sp. z o.o., DEF Sp. z o.o., Ambra Sp. z o.o., involving wholesale distribution of goods and provision of related goods-distribution services;

2 **The retail business (Retail Segment)** comprised of the entire operations of the following subsidiaries: Stokrotka Sp. z o.o., Detal Koncept Sp. z o.o., Lewiatan Podlasie Sp. z o.o., Maro Markety Sp. z o.o., Społem Tychy Sp. z o.o., Euro Sklep S.A. involving retail distribution and provision of related retail-distribution services;

3 **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. – providing property development and facility management services; Infinite Sp. z o.o., Emperia Info Sp. z o.o. – providing IT services; PSD S.A. – a partner network management company and Lewiatan Śląsk Sp. z o.o. – (retail franchising), EMP Investment Limited – investment activity in real estate, EKON Sp. z o.o.- rental and lease of cars and vans, IPOPEMA 55 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych – activities of trusts, funds and similar financial institutions. Given material consolidation exclusions and their general marginality (the segment fails to meet any of the quantitative thresholds provided for under IFRS 8), these are reported jointly as a single item

The Group applies uniform accounting policies for all its segments. Inter-segment business transactions are effected on an arm's length basis. These transactions are subject to exclusion in the consolidated financial statements.

Made in first quarter of 2011 transaction related to implementation of the Investment Agreement with Eurocash S.A of repurchase trade receivables of: Tradis, Detal Koncept, DEF, Lewiatan Podlasie, Euro Sklep, Ambra, Lewiatan Śląsk and PSD , which are subject to impairment write-off by Emperia Holding amounting to PLN 4 813 000 generated:

- in the distribution segment additionally PLN 4 497 000
- in the retail segment additionally PLN 259 000
- in the segment of Other loss of PLN 4 756 000

(in PLN 000s, unless indicated otherwise)

The tables below present cumulative information regarding the Group's business segments in first quarter of 2011:

Description	Wholesale	Retail	Other	Exclusions	Total
Segment total revenues	1 190 543	479 583	29 251	235 892	1 463 485
Segment revenues (from external clients/customers)	986 080	472 113	5 292		1 463 485
Segment revenues (from other segments)	204 463	7 470	23 959	235 892	
Segment total costs	(1 179 856)	(474 794)	(24 630)	(235 166)	(1 444 114)
Result on other operations	5 635	(297)	(4 801)	75	462
Result on financial operations	(3 190)	(419)	(738)	138	(4 485)
Result (gross)	13 132	4 073	(918)	939	15 348
Taxation	(2 933)	(1 085)	(717)	(91)	(4 644)
Share in financial result entities valued using the equity method			568		568
Segment result (net)	**10 199**	**2 988**	**(1 067)**	**848**	**11 272**

Description	Wholesale	Retail	Other	Exclusions	Total
Segment assets/ liabilities	1 280 763	494 685	1 353 421	1 089 158	2 039 711
Goodwill	156 073	47 281	621		203 975

Description	Wholesale	Retail	Other	Exclusions	Total
Investment outlays	(635)	(5 230)	(26 104)	(155)	(31 814)
Depreciation	(4 983)	(8 184)	(4 403)	(99)	(17 471)

The tables below present cumulative information regarding the Group's business segments in first quarter of 2010:

Description	Wholesale	Retail	Other	Exclusions	Total
Segment total revenues	1 119 785	470 023	27 171	222 674	1 394 305
Segment revenues (from external clients/customers)	923 756	465 452	5 097		1 394 305
Segment revenues (from other segments)	196 029	4 571	22 074	222 674	
Segment total costs	(1 111 364)	(461 349)	(23 923)	(222 743)	(1 373 893)
Result on other operations	(1 272)	78	103	21	(1 112)
Result on financial operations	(2 446)	(928)	(445)	(4)	(3 815)
Result (gross)	4 703	7 824	2 906	(52)	15 485
Taxation	(1 089)	(1 445)	(808)	31	(3 373)
Share in financial result entities valued using the equity method			316		316
Segment result (net)	**3 614**	**6 379**	**2 414**	**(21)**	**12 428**

Description	Wholesale	Retail	Other	Exclusions	Total
Segment assets/ liabilities	1 221 271	486 718	878 058	(686 035)	1 900 012
Goodwill	156 073	47 281	621		203 975

Description	Wholesale	Retail	Other	Exclusions	Total
Investment outlays	(3 760)	(14 124)	(7 363)	(464)	(24 783)
Depreciation	(5 444)	(7 358)	(4 137)	(242)	(16 697)

7.3 Indication of the effects of changes in structure of the enterprise.

All changes in structure of the Capital Group are described in detail in note. 6.1 and 6.2.9.

(in PLN 000s, unless indicated otherwise)

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

Due to such an important event which is to conclude an investment agreement between Emperia Holding S.A. a Eurocash S.A. (current report 1/2011), The Management Board of Emperia Holding S.A. cancel forecasts for the years 2011 – 2012 (current report 41/2010 and 43/2010).
New forecast of financial results will be presented in a Current Report, at the time of final determination of all elements of the transaction under investment agreement concluded between Emperia Holding S.A. and Eurocash S.A.

7.5 Shareholders holding at least 5 percent of the total number of votes at the general meeting as at the date of filing the report.

Shareholders	Shares held as at the date of filing the report	Percentage of share capital	Change %	Shares held as at 31/12/2010	Percentage of share capital as at 31/12/2010	Number of votes at GMS as at the date of filing the report	% of number of votes at GMS as at the date of filing the report
Aviva OFE Aviva BZ WBK*	1 418 401	9,38%	(6,57%)	1 518 210	10,04%	1 418 401	9,38%
Jarosław Wawerski	1 097 537	7,26%	0,64%	1 090 537	7,21%	1 097 537	7,26%
Artur Emanuel Kawa	1 004 835	6,65%	0,47%	1 000 086	6,62%	1 004 835	6,65%
PZU Asset Management	757 653	5,01%	0,00%	757 653	5,01%	757 653	5,01%

* information about state of held shares has been obtained from Current Report No. 16/2011 dated 7 February 2011.

7.6 Changes in the number of shares held by members of the Management Board and Supervisory Board

Members of Management Board	Shares held as at 31/03/2011	Percentage of share capital	Change %	Shares held as at 31/12/2010	Percentage of initial capital as at 31/12/2010
Jarosław Wawerski	1 097 537	7,26%	0,64%	1 090 537	7,21%
Artur Emanuel Kawa	1 004 835	6,65%	0,47%	1 000 086	6,62%
Grzegorz Wawerski	358 738	2,37%	1,41%	353 738	2,34%
Dariusz Kalinowski	15 946	0,11%	6,31%	15 000	0,10%
Marek Wesołowski	13 500	0,09%	7,82%	12 520	0,08%

Members of Management Board	Shares held as at 31/03/2011	Percentage of share capital	Change %	Shares held as at 31/12/2010	Percentage of initial capital as at 31/12/2010
Piotr Laskowski	386 125	2,55%	0,00%	386 125	2,55%
Artur Laskowski	353 730	2,34%	1,7%	347 730	2,30%

7.7 Information on pending litigation.

In first quarter of 2011 the Group's subsidiaries were not a party to proceedings before courts or other bodies relating to liabilities or receivables of the aggregate value of at least 10% of equity.

7.8 Material transactions of the Issuer with associated entities

In first quarter of 2011, Emperia Holding SA did not enter into any material transactions with associated entities, otherwise than in the ordinary course of business on an arm's length basis.

Mergers made in first quarter of 2011 within Capital Group, are described in note 6.2.9. As a part of management of Group's cash flows, took place short-term bond issue, described in detail in note 7.14.5.

7.9 Credit facilities, loans and guarantees.

In first quarter of 2011 parent company Emperia Holding SA did not grant new loan guarantees to its subsidiaries exceeding 10% of equity of the Issuer. Information about granted guarantees contains note 7.14.7.

7.10 Other information relevant to assessment of staffing, property, financial, financial results and their changes and information that are relevant to assessing possibility of fulfillment of commitments by the issuer

In Group at the balance sheet date there is no risk associated with foreign currency options.

7.11 Description of factors and events, in particular of untypical character, affecting the result achieved in the financial year.

No such event occurred in the Group in first quarter of 2011.

7.12 Description of factors materially affecting the Group's results at least in the next quarter.

External:

a) The macroeconomic situation in Poland, as reflected by the following ratios: increasing GDP, unemployment rate, net income of households, inflation rate;
b) Changes in the business FMCG market,
c) Increasing prices of goods and services consumed by the Group, including without limitation fuel and utilities;
d) The prices of real property levelling off and in some segments even falling;
e) The corporate and consumer lending policy of financial institutions (level of interest rates, credit margin, security);
f) Situation in the labour market and cost of salaries.

Internal:

a) Optimization of business processes as a part of rebuilding structures of Capital Group, , thereby increasing efficiency of activities and better quality of management of segments,
b) Development of new formats of franchise chain belonging to the Group
c) Development own retail chain
a) Internal policy on cost control
b) Timely and budgetary implementation of the planned investments
c) Implementation of the Investment Agreement between Emperia Holding S.A. and Eurocash S.A

(in PLN 000s, unless indicated otherwise)

7.13 Changes in composition of the Issuer's Management Board and Supervisory Board.

In first quarter of 2011 has been no changes of Management Board of Emperia Holding S.A.

The composition of the Management Board at 31 March 2011 is as follows:

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

In first quarter of 2011 has been no changes of Supervisory Board of Emperia Holding S.A.

The composition of the Supervisory Board of Emperia Holding SA at 31 March 2011 is as follows:

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

7.14 Other material information and events.

7.14.1 Consistency of accounting principles and measurement methods applied in the third quarter interim report and the last annual financial statements.

A description of the Group's basic accounting policies applied from 1 January 2005 is presented in Note 6.2 of these consolidated financial statements.

7.14.2 Seasonality and cyclicality of production.

The Group's business is not subject to any major seasonal or cyclical trends.

7.14.3 Type and amounts of items affecting assets, liabilities, equity, net financial result or cash flows which are unique in term of type, size or effect.

The Group experienced no such events

7.14.4 Type and amounts of changes in estimated amounts reported in the previous interim periods of the current year or changes in the estimated amounts reported in the previous financial years, if they materially affect the current interim period.

Provisions against employee benefits	Changes in Q1 2011	Changes in Q1 2010
Long-term		
As at the beginning of the period	2 996	2 843
Increases/reductions during the period	13	5
Increases/reductions during the period resulting from acquisitions		5
As at the end of the period	**3 009**	**2 853**
- including assigned to the group for disposal	450	

(in PLN 000s, unless indicated otherwise)

Short-term		
As at the beginning of the period	10 060	12 634
Increases/reductions during the period	210	(1 818)
Increases/reductions during the period resulting from acquisitions		51
As at the end of the period	**10 270**	**10 867**
- including assigned to the group for disposal	4 645	

Other provisions	Changes in Q1 2011	Changes in Q1 2010
Long-term		
As at the beginning of the period	0	0
Increases/reductions during the period	*0*	*0*
Increases/reductions during the period resulting from acquisitions	*0*	*0*
As at the end of the period	**0**	**0**
Short-term		
As at the beginning of the period	2 329	3 616
Increases/reductions during the period	6 959	3 477
Increases/reductions during the period resulting from acquisitions	0	13
As at the end of the period	**9 288**	**7 106**
- including assigned to the group for disposal	6 521	

7.14.5 Issue, redemption and repayment of debt and equity securities

Bonds Issued

a) Emperia Holding S.A.

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

Bonds issue and redemption (expressed in nominal amounts) of Emperia Holding S.A. in first quarter of 2011 and 2010 were as follows:

2011:
In Q1 2011 Emperia Holding S.A.. did not issue any bonds.

2010:

Bonds issue and redemption Q1 2010	Total	External issue
As at the beginning of the period	**4 000**	**4 000**
Bonds issue	***4 000***	*4 000*
Bonds redemption	***(4 000)***	*(4 000)*
As at the end of the period	**4 000**	**4 000**

b) Elpro Sp. z o.o.

A subsidiary limited liability company Elpro Sp. z o.o. concluded an agreement with BRE Bank S.A. and PEKAO S.A. providing for short-term and medium-term bonds issue programme of the aggregate of up to PLN 80,000,000.
Bonds issue and redemption (expressed in nominal amounts) of Elpro Sp. z o.o. in first quarter of 2011 and 2010 were as follows:

(in PLN 000s, unless indicated otherwise)

2011:

Bonds issue and redemption Q1 2011	Total	External issue	Emperia Holding S.A.	Infinite Sp. z o.o.	Detal Koncept Sp. z o.o.	Tradis Sp. z o.o.	Maro Markety Sp. z o.o.	Projekt Elpro 1 Sp. z o.o.	Euro Sklep Sp. z o.o.
As at the beginning of the period	**80 000**	**2 100**	**59 800**	**0**	**7 000**	**0**	**0**	**7 600**	***3 500***
Bonds issue	***240 000***	*6 300*	*97 200*	*19 900*	*21 000*	*9 000*	*5 100*	*68 000*	*13 500*
Bonds redemption	***(240 000)***	*(6 300)*	*(126 700)*	*(13 000)*	*(21 000)*	*(6 000)*	*(3 400)*	*(53 100)*	*(10 500)*
As at the end of the period	**80 000**	**2 100**	**30 300**	**6 900**	**7 000**	**3 000**	**1 700**	**22 500**	**6 500**

2010:

Bonds issue and redemption Q1 2010	Total	External issue	Emperia Holding S.A.	Projekt Elpro 1 Sp. z o.o.	Euro Sklep S.A.	Społem Tychy Sp. z o.o.	Tradis Sp. z o.o.	DEF Sp. z o.o.
As at the beginning of the period	**56 700**	**1 100**	**12 900**	**7 600**	**3 000**	**2 000**	**21 600**	**8 500**
Bonds issue	***183 400***	*4 100*	*56 400*	*22 800*	*11 500*	*6 000*	*65 600*	*17 000*
Bonds redemption	***(178 400)***	*(3 700)*	*(47 700)*	*(22 800)*	*(10 000)*	*(6 000)*	*(62 700)*	*(25 500)*
As at the end of the period	**61 700**	**1 500**	**21 600**	**7 600**	**4 500**	**2 000**	**24 500**	**0**

c) Stokrotka Sp. z o.o.

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

Bonds issue and redemption (expressed in nominal amounts) of Stokrotka Sp. z o.o. in first quarter of 2011 and 2010 were as follows:

2011:

Bonds issue and redemption Q1 2011	Total	External issue	Emperia Holding S.A.	Projekt Elpro 1 Sp. z o.o	Maro Markety Sp. z o.o.	Infinite Sp. z o.o.
As at the beginning of the period	**35 000**	**0**	**12 200**	**14 900**	**1 700**	**6 200**
Bonds issue	***49 800***	*0*	*49 800*	*0*	*0*	*0*
Bonds redemption	***(69 800)***	*0*	*(47 000)*	*(14 900)*	*(1 700)*	*(6 200)*
As at the end of the period	**15 000**	**0**	**15 000**	**0**	**0**	**0**

2010

Bonds issue and redemption Q1 2010	Total	External issue	Emperia Holding S.A.	Infinite Sp. z o.o.	Tradis Sp. z o.o.	Maro Markety Sp. z o.o.	Projekt Elpro 1 Sp. z o.o.
As at the beginning of the period	**50 000**	**0**	**19 000**	**5 500**	**8 600**	**4 500**	**12 400**
Bonds issue	***138 000***	*0*	*60 500*	*17 300*	*8 200*	*13 500*	*38 500*
Bonds redemption	***(144 000)***	*0*	*(58 900)*	*(16 800)*	*(16 800)*	*(13 500)*	*(38 000)*
As at the end of the period	**44 000**	**0**	**20 600**	**6 000**	**0**	**4 500**	**12 900**

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

(in PLN 000s, unless indicated otherwise)

Total liabilities from debt securities at 31.03.2011

Issuer	Series	Nominal value (In thousand PLN)	Date of repurchase	As at 31.03.2011
Elpro Sp. z o.o.	0107*	7 600	2011-04-29	
Elpro Sp. z o.o.	0107	2 100	2011-04-29	2 092
Elpro Sp. z o.o.	0107*	13 300	2011-04-29	
Elpro Sp. z o.o.	0107*	7 000	2011-04-29	
Elpro Sp. z o.o.	0099*	17 000	2011-04-08	
Elpro Sp. z o.o.	0099*	3 000	2011-04-08	
Elpro Sp. z o.o.	0100*	6 500	2011-04-29	
Elpro Sp. z o.o.	0100*	14 900	2011-04-29	
Elpro Sp. z o.o.	0100*	6 900	2011-04-29	
Elpro Sp. z o.o.	0100*	1 700	2011-04-29	
Stokrotka Sp. z o.o.	0068*	15 000	2011-04-29	
Total bonds issued by the Group *				**2 092**
Other				
Total liabilities under debt securities				
including: short-term				2 092
including: long-term				

* The bonds were purchased by Group's companies which are subject to consolidation, thus are excluded in this report.

Total liabilities from debt securities at 31.03.2010

Issuer	Series	Nominal value (In thousand PLN)	Date of repurchase	As at 31.03.2010
Emperia Holding S.A.	0048	4 000	2010-04-08	3 939
Stokrotka Sp. z o.o.	0056*	12 900	2010-04-29	
Stokrotka Sp. z o.o.	0056*	4 500	2010-04-29	
Stokrotka Sp. z o.o.	0056*	6 000	2010-04-29	
Stokrotka Sp. z o.o.	0056*	20 600	2010-04-29	
Elpro Sp. z o.o.	0071*	2 000	2010-04-29	
Elpro Sp. z o.o.	0071*	13 500	2010-04-29	
Elpro Sp. z o.o.	0071*	20 200	2010-04-29	
Elpro Sp. z o.o.	0071*	4 500	2010-04-29	
Elpro Sp. z o.o.	0093*	7 600	2010-04-30	
Elpro Sp. z o.o.	0093*	11 000	2010-04-30	
Elpro Sp. z o.o.	0093	1 500	2010-04-30	1 491
Elpro Sp. z o.o.	0093*	1 400	2010-04-30	
Total bonds issued by the Group **				**5 430**
Other				
Total liabilities under debt securities				
including: short-term				5 430
including: long-term				

* The bonds were purchased by Group's companies which are subject to consolidation, thus are excluded in this report.

7.14.6 Paid dividends

In the first quarter of 2011 the Company did not pay dividends to shareholders.

7.14.7 Changes in off-balance sheet liabilities

The Group’s off-balance sheet liabilities comprise security interests pledged by the Group to secure credit facilities and loans contracted by it and financial guarantees.
In addition, the majority of the Group’s supplier grants to the Company extended terms of payment (trade credit) which is secured by the Companies by issuing blank bills of exchange.

(in PLN 000s, unless indicated otherwise)

Changes in off-balance sheet liabilities in Q1 2011	Under bank credit facilities	Under bank guarantees	Under financial guarantees
Mortgages			
As at the beginning of the period	96 324		
Increases during the period	14 790		
Reductions during the period			
Increases/reductions during the period resulting from acquisitions			
As at the end of the period	**111 114**		
Transfer of title as security/pledge/assignment of current assets			
As at the beginning of the period	402 601	12 451	
Increases during the period	20 737		
Reductions during the period	(47 000)	(4 116)	
Increases/reductions during the period resulting from acquisitions			
As at the end of the period	**376 339**	**8 335**	
Transfer of title as security/pledge/assignment of fixed assets			
As at the beginning of the period	1 432		
Increases during the period			
Reductions during the period			
Increases/reductions during the period resulting from acquisitions			
As at the end of the period	**1 432**		
Guarantees			
As at the beginning of the period	107 145	7 134	4 974
Increases during the period	55 344	433	
Reductions during the period	(7 345)	(173)	(150)
Increases/reductions during the period resulting from acquisitions			
As at the end of the period	**155 144**	**7 394**	**4 824**

Emperia Holding S.A. extended corporate financial guarantees of PLN 155 144 000 to its subsidiaries with respect to bank credit facilities contracted by them. The guarantees are only temporary in nature and have been extended until regular security for those credit facilities is established.

Changes in off-balance sheet liabilities Q1 2010	Under bank credit facilities	Under bank guarantees	Under financial guarantees
Mortgages			
As at the beginning of the period	205 314		
Increases during the period	*42*		
Reductions during the period			
Increases/reductions during the period resulting from acquisitions			
As at the end of the period	**205 356**		
Transfer of title as security/pledge/assignment of current assets			
As at the beginning of the period	297 856	15 285	
Increases during the period	*274 779*	*6 800*	
Reductions during the period	*(196 156)*	*(6 615)*	
Increases/reductions during the period resulting from acquisitions			
As at the end of the period	**376 479**	**15 470**	
Transfer of title as security/pledge/assignment of fixed assets			
As at the beginning of the period	1 432		
Increases during the period			
Reductions during the period			
Increases/reductions during the period resulting from acquisitions			
As at the end of the period	**1 432**		
Guarantees			
As at the beginning of the period	142 179	5 771	5 554
Increases during the period	*156 779*	*6 690*	
Reductions during the period	*(6 379)*	*(5 619)*	*(141)*

(in PLN 000s, unless indicated otherwise)

Increases/reductions during the period resulting from acquisitions			
As at the end of the period	**292 579**	**6 842**	**5 413**

Emperia Holding S.A. extended corporate financial guarantees of PLN 292 579 000 to its subsidiaries with respect to bank credit facilities contracted by them. The guarantees are only temporary in nature and have been extended until regular security for those credit facilities is established.

7.14.8 Revaluation allowances on account of impairment of fixed assets, intangible assets or other securities, and reversal of those allowances

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

Revaluation allowances on account of impairment of fixed assets and reversal of those allowances.	Changes in Q1 2011	Changes in Q1 2010
Revaluation allowances on account of impairment of fixed assets		
As at the beginning of the period	994	1 757
Creating of write-offs		
Reversal of write–offs		(40)
Changes of write-offs resulting from acquisitions		
As at the end of the period	**994**	**1 717**
- including assigned to the group for disposal	391	
Revaluation allowances for receivables		
As at the beginning of the period	28 531	30 796
Creating of write-offs	6 483	5 284
Reversal of write–offs	(5 689)	(3 519)
Changes of write-offs resulting from acquisitions		25
Not written off profit and loss	(434)	(423)
As at the end of the period	**28 891**	**32 163**
- including assigned to the group for disposal	19 149	
Revaluation allowances for financial assets		
As at the beginning of the period	67	62
Creating of write-offs		
Reversal of write–offs		
Changes of write-offs resulting from acquisitions		
As at the end of the period	**67**	**62**
- including assigned to the group for disposal	12	
Revaluation allowances for inventory		
As at the beginning of the period	18 397	17 459
Creating of write-offs	7 793	6 644
Reversal of write–offs	(1 937)	(2 837)
Changes of write-offs resulting from acquisitions		
As at the end of the period	**24 254**	**21 266**
- including assigned to the group for disposal	15 060	
including: revaluation allowances on account of stocktaking		
As at the beginning of the period	626	783
Creating of write-offs	4 924	5 928
Reversal of write–offs	(697)	(460)
Changes of write-offs resulting from acquisitions		
As at the end of the period	**4 853**	**6 251**
including: revaluation allowances on account of bonuses		
As at the beginning of the period	17 771	16 676
Creating of write-offs	2 870	716

(in PLN 000s, unless indicated otherwise)

Reversal of write–offs	(1 240)	(2 377)
Changes of write-offs resulting from acquisitions		
As at the end of the period	**19 401**	**15 015**

* written off receivables which had previously been tied revaluation and of which irrecoverable had been documented

7.14.9 Release of provisions against restructuring costs.

The Group experienced no such events in first quarter of 2011.

7.14.10 Deferred corporate tax.

Deferred corporate tax	Changes in Q1 2011	Changes in Q1 2010
Deferred corporate tax assets		
As at the beginning of the period	15 412	15 750
Increase of assets	2 812	2 826
Reduction of assets	(1 320)	(998)
Increases/reductions during the period resulting from acquisitions	0	
As at the end of the period	**16 904**	**17 578**
- including assigned to the group for disposal	8 483	

Deferred corporate tax	Changes in Q1 2011	Changes in Q1 2010
Provision against deferred corporate tax		
As at the beginning of the period	16 216	14 822
Increase of assets	2 655	721
Reduction of assets	(40)	(70)
Increases/reductions during the period resulting from acquisitions	0	
As at the end of the period	**18 831**	**15 473**
- including assigned to the group for disposal	15 640	

7.14.11 Financial and operating leases

2011:

Liabilities under financial leases	31 March 2011	
	Minimum payments	Current value of minimum payments
Up to 1 year	3 070	2 600
From 1 to 5 years	90	48
Over 5 years		
Total	**3 160**	**2 648**

Operating leases

Description of assets	Term of agreement	As at 31.03.2011	As at 31.03.2012	From 1 - 5 years	Over 5 years
		Minimum annual payments			
Real properties	definite				
	indefinite				
Machinery and equipment	definite				
	indefinite				
Vehicles	definite	17	51		

(in PLN 000s, unless indicated otherwise)

	indefinite				
Other fixed assets	definite				
	indefinite				

Agreements containing a lease according to IFRIC 4

Description of assets	Term of agreement	As at 31.03.2011	As at 31.03.2012	From 1 - 5 years	Over 5 years
		Minimum annual payments			
Real properties	definite	12 890	98 362	378 392	393 026
	indefinite	2 522	11 649	46 996	49 201
Machinery and equipment	definite	20	28	14	
	indefinite	9	38	150	187
Vehicles	definite	4 252	17 009	44 528	175
	indefinite				
Other fixed assets	definite	11	12		
	indefinite	2	9	38	47

2010:

Liabilities under financial leases	31 March 2010	
	Minimum payments	Current value of minimum payments
Up to 1 year	1 215	852
From 1 to 5 years	2 700	2 419
Over 5 years		
Total	**3 915**	**3 271**

Operating leases

Description of assets	Term of agreement	As at 31.03.2010	As at 31.03.2011	From 1 - 5 years	Over 5 years
		Minimum annual payments			
Real properties	definite				
	indefinite				
Machinery and equipment	definite				
	indefinite				
Vehicles	definite	16	22	6	
	indefinite				
Other fixed assets	definite				
	indefinite				

Agreements containing a lease according to IFRIC 4

Description of assets	Term of agreement	As at 31.03.2010	As at 31.03.2011	From 1 - 5 years	Over 5 years
		Minimum annual payments			
Real properties	definite	64 158	64 988	270 565	274 220
	indefinite	9 249	9 789	41 633	42 819
Machinery and equipment	definite				
	indefinite	185	164	2 963	3 619
Vehicles	definite	12 884		13 278	
	indefinite	1	6		
Other fixed assets	definite	733	21	722	
	indefinite	1	1	18	23

(in PLN 000s, unless indicated otherwise)

7.14.12 Commitments to purchase tangible fixed assets.

No such event occurred in the Group.

7.14.13 Correction of errors of previous periods.

In first quarter of 2011 there were no corrections of errors committed in previous periods

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

No such event occurred in the Group.

7.14.15 Other material information.

a) Implementation of the share buy back Programme.

As a result of the authorization granted by Resolution No. 21 Ordinary General Meeting of Emperia Holding SA (Company) dated 23 June 2010 and Resolution No 39/2010 of the Supervisory Board of Emperia Holding SA dated 16 September 2010 and in accordance with the provisions of the share buy back Programme Emperia Holding SA adopted by resolution of the Management Board of Company of 21 September 2010 the Management Board of Emperia Holding SA inform, that Company acquired under the share buy back Programme in a block trade following share packages in order for their further sale or redemption:

Date of transaction	Number of acquired shares	Nominal value of share	Unit price per share	Number of votes at the General Meeting Emperia Holding S.A.	% of the share capital
11 January2011	11 412	PLN 1,00	PLN 104,90	11 412	0,076 %
18 January 2011	10 662	PLN 1,00	PLN 98,10	10 662	0,071 %
24 January 2011	11 651	PLN 1,00	PLN 101,70	11 651	0,077 %
10 February 2011	5 385	PLN 1,00	PLN 102,20	5 385	0,036 %
31 March 2011	1 170	PLN 1,00	PLN 105,90	1 170	0,008%

Since the implementation of the share buy back Programme, the Company acquired 181 728 shares provide 181 728 votes at the General Meeting of Shareholders Emperia Holding SA and constitutes 1,202 % of the share capital.

The Company's shares were purchased from a brokerage house, to which on 21 September 2010 the Company signed a agreement on share buy back of Emperia Holding S.A.

b) Discontinue proposed division of the Emperia Holding S.A.

Management Board of Emperia Holding S.A. (“Company”) is inform that the Company has resolved not to go ahead with the proposed division and to discontinue the proposed division of the Company under the Terms of Division by transfer of some of the assets of the Company (“Divided Company”) to Tradis S.A. in organisation (“Company Acquiring Assets”), adopted by a resolution of the Company’s Management Board on 16 November 2010.
The Company has resolved not to go ahead with and discontinue the proposed division referred to above as a result of the execution of the Equity Investment Agreement between the Company and Eurocash S.A. with its seat at Komorniki on 21 December 2010. Under EIA, the Company agreed not to go ahead with and discontinue the proposed division of the Company under the Terms of Division referred to above following fulfilment of the Condition Precedent provided for under EIA. The said Condition Precedent was fulfilled on 3 January 2011, of which Eurocash S.A. duly notified the Company on the same day.

c) Changes in functions of Vice- Chairman of Management Board of Emperia Holding SA carried out in subsidiaries.

The Management Board of Emperia Holding S.A., in reference to Current Report 52/2010, informs that from 1 January 2011 Mr. Jarosław Wawerski will remain as Chairman of the Management Board of Tradis Sp. z o. o. based in Lublin (the "Company"). Mr Jaroslaw Wawerski withdrew a previously submitted resignation as Chairman of the Management Board of Company and Meeting of Shareholders repealed the resolution setting up Mr. Dariusz Kalinowski for the Member of Management Board of Company. Mr. Jarosław Wawerski is responsible for the Company until the completion of the connection and transfer to the Eurocash Group. Dariusz Kalinowski serves as Member of the Management Board of the Company.

d) Acquisition of shares by members of the Management Board and the Supervisory Board of Emperia Holding SA.

From 4 January to14 February 2011 members of the Management Board and The Supervisory Board purchased 24 675 shares of the Emperia Holding S.A., during the regular session organized by the Stock Exchange in Warsaw.
Acquired shares representing 0,163 percent of the share capital and carrying 0,163 percent of votes at the general meeting of shareholders.
Members of the Management Board and the Supervisory Board in provided notifications reserved publication of its personal data.

e) Notification of sale of shares in Emperia Holding S.A. by Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK.

The Management Board of Emperia Holding S.A. informs that on 7 February 2011 received the following notification from Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK.

"According to the obligation arising under Article 69(1) and (4) of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of 29 July 2005 (Journal of Laws No. 184 item 1539), please be advised that following sale of shares in Emperia Holding S.A. ("Company") with its registered seat in Lublin, Poland, cleared on 28 January 2011, Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK (Aviva OFE) reduced state of ownership of shares, to less than 10% of votes at the General Meeting of Shareholders of the Company.
Prior to the above transactions, as at 1 February 2011 Aviva OFE held 1.513.944 shares in the Company, representing 10,02% of the share capital (number of issued shares) of the Company, carrying 1.513.944 votes at the General Meeting of Shareholders, which accounted for 10,02% of the total number of votes.
Upon completion and clearance of the above transactions, as at 2 February 2011 Aviva OFE held 1.418.401 shares in the Company, representing 9,38% of the share capital (number of issued shares) of the Company, carrying 1.418.401 votes at the General Meeting of Shareholders, which accounted for 9,38% of the total number of votes".

f) Execution of annexe to Credit Facility Agreement by Subsidiary

On 28 February 2011 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 decreasing of amount of multipurpose credit line to PLN 110 000 000. Current limit was PLN 138 000 000 – (detail information in Current Report No 13/2010). The credit facility has been granted for the period ended on 27.02.2012
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. 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.

On 21 March 2011 was signed annex to the credit agreement in overdraft between subsidiary limited liability company Tradis ("Borrower") and Raiffeisen Bank Polska Spółka Akcyjna with seat in Warsaw ("Lender").
The subject of annexe is to extend the lending period and reducing the amount of credit granted to amount of PLN 77 500 000. The current amount of credit granted was PLN 80 000 000 (detailed description in Current Report No.16/2010).
Crediting period has been extended to 04 April 2012.
The facility is secured by:
1. Power of attorney for Borrowers' accounts in Raiifeisen Bank,
2. Silent assignment of the Borrower receivables in the amount of PLN 69 000 000,
3. Letter of comfort issued by Emperia Holding SA.
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.

On 29 March 2011 was signed annex to the credit agreement in overdraft between subsidiary limited liability company Tradis ("Borrower") and Bankiem Polska Kasa Opieki SA with seat in Warsaw ("Lender").
The subject of annexe is change of term credit repayment at 31 March 2012. The current term credit repayment was set at 31 March 2011 (detailed description in Current Report No 14/2010 and 31/2010).
Credit granted is for period from 30 March 2010 until 30 March 2012 in amount of PLN 121 000 000.
Credit is legally secured registered pledge on the trade goods together with transfer of rights from the insurance policy of at least 100% of the loan.
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.

7.14.16 Material events after the period of the financial statements

a) Resolution of the Management Board Emperia Holding S.A. on extending the duration of "Share buy back program of Emperia Holding S.A."

The Management Board of Emperia Holding S.A.("Company") with seat in Lublin, according to Resolution No. 21 Ordinary General Meeting of Emperia Holding S.A. on 23 June 2010 (taken under Article 362 § 1 point 8 in conjunction with Article 393 point 6 of the Commercial Companies Code) and Resolution No. 39/2010 of the Supervisory Board Emperia Holding S.A. of 16 September 2010, decides to extend for six months ie until 30
September 2011, the duration of share buy back program of Emperia Holding S.A. adopted by Resolution No.1 of Management Board on 21 September 2010.
Pursuant to Resolution No.1 adopted by the Management Board on 31 March 2011 are changed paragraphs 5 and 6 of Chapter III of "Share buy back program of Emperia Holding S.A." adopted by Resolution No.1 of Management Board on 21 September 2010 (detailed content is in Current Report No. 44/2010) The above mentioned paragraphs are replaced by the following:
„5. The Programme will be completed no later than 30 September 2011.
6. The Management Board, guided by the interests of the Company may:
a) Board may end after obtaining the opinion of the Supervisory Board, the buy back shares
Programme before 30 September 2011 or prior to the exhaustion of all resources allocated for the purchase of shares of the Company.
b) refrain from acquiring shares in whole or in part.
In the case of decide to terminate the implementation of the Programme before 30 September 2011, the Management Board will provide such information to the public." The resolution came into force on the date of adoption.

b) Acquisition of investment certificates issued by IPOPEMA 55 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych by subsidiary EMP Investment Limited.

Management Board of Emperia Holding S.A.("Issuer"), make public information that on 6 April 2011 subsidiary EMP Investment Limited, with seat in Nicosia (Cyprus) acquired investment certificates issued by IPOPEMA 55 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych (Fund). EMP Investment Limited acquired 188 513 acquired investment certificates Series B of Fund of total value PLN 189 365 078,76. Acquired certificates were paid in cash in amount of PLN 872,60 and non-cash contribution in form of 80 626 shares of nominal value of PLN 40 313 000, representing 100 percent of the share capital, carrying 100 percent of votes at the General Meeting. Value of contributed shares was set at PLN 189 364 206,16.

Transfer of these assets is part of implementation of new management structure of real estate and investments in real estate of Emperia Capital Group. In new structure Elpro will continue current activities as a developer and manager of real estate of Emperia Capital Group.
Investment of EMP Investment Limited in certificates of the Fund is a long-term equity investment.
Between Issuer, persons managing or supervising Issuer and Fund, persons managing or supervising Fund, are no relationship.

c) Acquisition of shares in Elpro Sp. o.o.

On 13 April 2011 EKON Sp. z o.o acquired 1 share in Elpro Sp. z o.o. belonging to IPOPEMA 55 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych. Share was acquired for amount of PLN 2 355,85.

d) Acquisition of shares in subsidiary EMP Investment, with seat in Nicosia (Cyprus)

On 13 April 2011 Emperia Holding S.A. acquired another 5 shares in EMP Investment with seat in Nicosia (Cyprus) of nominal value of PLN 1 each. Emperia Holding S.A acquired shares for cash. Totally Company has 40 489 representing 100 percent of the share capital and carrying 100 percent of votes at the general meeting of shareholders.

8. Report of activities of the Management Board of Emperia Holding Group.

8.1 Introduction – Outline of Underlying Assumptions for Operational Strategy of Emperia Holding S.A. Group

Financial Statement for first quarter of 2011 is a continuation of the presentation of the results of the Emperia Holding Capital Group. by business divisions initiated in third quarter of 2010.
Results of Business Divisions are presented with assignment following companies of Emperia Group to division:

<u>Tradis Distribution Group Division</u>

Group specializes in the distribution activity

The Division includes following entities:

a) Companies operate in the wholesale of FMCG through warehouses Cash & Carry and Distribution Centers located throughout the Poland.
   They are:
   - Tradis Sp. z o.o – operates throughout the country. It has 8 distribution centers and 52 Service warehouses and Cash & Carry
   - DEF Sp. z o.o. – operates in the north-eastern Poland. It has 4 warehouse.
     Ambra Sp. z o.o. - specializes in sale of chemical products. It operates in the southern Poland. It has warehouse located in Czechowice – Dziedzice

b) Companies operating as a franchise chains:
   - Detal Koncept Sp. z o.o. (brand: Milea, Groszek)
   - Euro Sklep S.A. (brand: Euro Sklep)
   - Lewiatan Podlasie Sp. z o.o. (brand: Lewiatan)
   - Lewiatan Śląsk Sp. z o.o. (brand: Lewiatan)

   and

c) PSD S.A. (Partnerski Serwis Detaliczny S.A.) - specifically to work for the Consumer Cooperative"Społem".
d) Maro-Markety Sp. z o.o. – operates retail outlets under brand Milea.
e) Społem Tychy Sp. z o.o. – operates retail outlets under brand Społem.

In addition to the above-mentioned consolidated entities to Tradis Distribution Group belong also not consolidated due to importance, companies:

- Drogerie Koliber Sp. z o.o.

and

- Lewiatan Zachód Sp. z o.o.
- Lewiatan Orbita Sp. z o.o.
- Lewiatan Wielkopolska Sp. z o.o.
- Lewiatan Północ Sp. z o.o.
- Lewiatan Opole Sp. z o.o.
- Lewiatan Kujawy Sp. z o.o
- Lewiatan Mazowsze Sp. z o.o.
- Lewiatan Holding as an organizer of own chains and owner of brand Lewiatan.

Companies are operators of Lewiatan franchise chains of which franchisee work closely with Tradis Distribution Group, as its customers.

Stokrotka / Delima Supermarkets Division

Group specializes in retail FMCG.
Division consists of Stokrotka Sp. z o.o. who operates a nationwide chain of supermarkets Stokrotka and Delima supermarkets.
Stokrotka supermarkets are located in housing estates, mini-centers and shopping malls. Delima supermarkets are located in large shopping malls.
At the end of March 2011 operated 178 Stokrotka supermarkets and 8 Delima supermarkets.

Real Estate Division

Group dealing with property management and developer investment mainly for needs of DivisionTradis Distribution Group and Stokrotka and Delima supermarkets.
The Division consists of the following consolidated entities:

- Elpro Sp. z o.o
- Projekt Elpro 1 Sp. z o.o.
- Ekon Sp. z o.o
- EMP Investment Ltd
- FIZ Ipopema 55

External IT Division

Division consists of IT company – Infinite Sp. z o.o.
The aim of company activity is providing IT services both for domestic entities and abroad.

The company offers services: electronic data interchange (EDI), B2B Integration, archiving of electronic documents, electronic signature technology, mobile solutions, support real estate management and modern marketing.

Support Division (Back Office)

The Division consists of the following entities:

- Emperia Holding S.A. – main activities of Emperia Holding S.A. is to set strategy and coordination of activities of companies forming Emperia Group. Moreover, Company provides a wide range of management services to entities comprising the Emperia Group in particular: financial and accounting services, legal, personnel management, controlling.
- Emperia Info Sp. z o.o. – company provides services to companies forming Emperia Group. Provides support for these entities in the IT software services, service of computer hardware and IT network administration services.

The Support Division includes Ezon Sp. z o.o. which is not consolidated due to importance.
Main activities of Company is to activation of persons with disabilities. Its main purpose is to support companies of the Emperia Group in the underlying and ancillary activities related to the functioning of these entities

While the above allocation differs from the list of **Wholesale Companies** drawn up for the purpose of the transaction with Eurocash S.A., the above structuring was maintained to ensure comparability of data presented in the financial statements for Q3 2010. The second significant difference relates to real property. The proposed deal provides for sale of the Wholesale Companies together with real property owned by them, which means that EBITDA of the Wholesale Companies is in fact higher than presented for the Tradis Wholesale Group (in this presentation EBITDA is reduced by the value of rent that the Wholesale Companies would be required to pay if they did not own those real properties).

8.2 Assumptions to presented results of each Divisions.

1. Within each Division are presented results of consolidated entities.
2. Corrections related to the creation of new Divisions have been carried out by two methods: value adjustments resulting from the evidence and value adjustment using statistical and estimates indicators.
3. From results of division were excluded operations related with dividends payment within the Division, other exclusions taken into account on the consolidated financial statements level.
4. All currently existing in the Emperia Group property are presented in Real Estate Division – which makes it necessary to make appropriate corrections in results of other Divisions.

On that basis the following correction were made:

- Transfer of assets related to each properties to the Real Estate Division
- Transfer of income from rental of property to the Real Estate Division
- Transferring cost associated with the properties operation to the Real Estate Division, especially depreciation, taxes and fees and costs of financing.
- Establishing rents at market levels for their own properties of companies outside the Real Estate Division.
- Adjustments to the legal person income tax resulting from allocation of costs and revenues in each Divisions is calculated by nominal tax rate.
- Total of corrections made between the Divisions, gives value of zero at the level of consolidation

5. To maintain comparability of data of Divisions in 2009 result of Arsenal are included at the level of presentation correction of Division
6. For each of Division presented also „The net result adjusted for the margin at holding services", which is obtained by changing Net result of Division by margins achieved at services provided by Emperia Holding and Emperia Info. This increases result of Divisions: Tradis Distribution Group, Stokrotka / Delima Supermarkets, Real Estate and External IT and reducing result of Support Division.
7. Correction of margin on holding services also entail need for adjustment of income tax from legal persons in accordance with the principle described abov

(in PLN 000s, unless indicated otherwise)

8.3 Presentation of basic financial and operating results by Business Divisions

Below are basic financial and operating data of the Emperia Holding Capital Group (Emperia Group) for Q1 of 2011 and 2010 by Business Divisions:

- Tradis Distribution Group Division
- Stokrotka / Delima Supermarkets Division
- Real Estate Division
- External IT Division
- Support Division

8.3.1 Main financial highlights by Divisions

Information on Business Divisions of Emperia Group in first quarter of 2011 is as follows

	Divisions							
In mln PLN	**Tradis Dystribution Group**	**Stokrotka / Delima Supermarkets**	**Real Estate**	**External IT**	**Support**	**Presentation Corrections**	**Consolidation Exclusions**	**Total**
Sales revenues	1 280,5	389,0	18,0	1,7	14,7	-4,4	235,9	**1 463,5**
EBIT	15,5	1,7	8,3	0,5	-5,4	0,0	0,8	**19,8**
Profitability on EBIT	1,2%	0,4%	46,0%	29,7%	-36,4%			**1,4%**
EBITDA	20,9	7,8	11,9	0,5	-3,0	0,0	0,9	**37,3**
Profitability on EBITDA	*1,6%*	*2,0%*	*66,3%*	*32,7%*	*-20,4%*			***2,5%***
Gross result	14,5	2,1	3,1	0,6	-3,9	0,0	0,9	**15,3**
Net result	11,7	1,6	2,4	0,6	-4,1	0,0	0,8	**11,3**
Profitability on Net result	*0,9%*	*0,4%*	*13,3%*	*36,1%*	*-27,9%*			***0,8%***
Investment outlays	1,4	4,5	25,7	0,0	0,3	0,0	0,2	**31,8**
Net debt	72,8	-19,7	378,4	-7,2	-113,2	0,0	0,0	**311,0**

(in PLN 000s, unless indicated otherwise)

Information on Business Divisions of Emperia Group in first quarter of 2010 is as follows:

	Divisions							
In mln PLN	**Tradis Dystribution Group**	**Stokrotka / Delima Supermarkets**	**Real Estate**	**External IT**	**Support**	**Presentation Corrections**	**Consolidation Exclusions**	**Total**
Sales revenues	1 213,3	375,5	16,2	1,6	14,7	-4,4	222,7	1 394,3
EBIT	6,1	6,2	7,6	0,5	-1,1	0,0	0,0	19,3
Profitability on EBIT	0,5%	1,6%	46,6%	31,3%	-7,4%			1,4%
EBITDA	12,0	11,4	11,0	0,6	1,2	0,0	0,2	36,0
Profitability on EBITDA	*1,0%*	*3,0%*	*67,8%*	*36,5%*	*8,1%*			***2,6%***
Gross result	5,9	5,9	3,1	0,6	0,0	0,0	-0,1	**15,5**
Net result	5,3	4,5	2,5	0,5	-0,2			**12,4**
Profitability on Net result	*0,4%*	*1,2%*	*15,1%*	*29,3%*	*1,5%*			***0,9%***
Investment outlays	4,1	14,0	4,9	0,1	2,2	0,0	0,5	**24,8**
Net debt	64,3	-3,5	320,7	-6,6	-76,2	0,0	0,0	**298,7**

(in PLN 000s, unless indicated otherwise)

8.3.2 Key operating data for each Division

8.3.2.1 Tradis Distribution Group Division

Financial Highlights

w mln zł	Q1 2011	Q1 2010	Change % 2011 / 2010
Sales revenues	1 280,5	1 213,3	*5,5%*
EBIT	15,5	6,1	
Profitability on EBIT	*1,2%*	*0,5%*	
EBITDA	20,9	12,0	*75,1%*
Profitability on EBITDA	*1,6%*	*1,0%*	
Gross result	14,5	5,9	
Net result	11,7	5,3	*122,3%*
Profitability on Net result	*0,9%*	*0,4%*	
Net result adjusted by margin on holding services	12,4	6,0	*107,7%*
Profitability on adjusted Net result	*1,0%*	*0,5%*	

Selected Ratios

Selected data and ratios	Q1 2011	Q1 2010	Change % 2011 / 2010
Investment outlays (in mln PLN)	1,4	4,1	*-65,0%*
Net debt (in mln PLN)	72,8	64,3	*13,2%*
Inventory turnover	35,02	31,39	
Receivables rotation	37,09	36,55	
Liabilities rotation	49,54	47,59	
Cash conversion cycle	**22,57**	**20,35**	

In Q1 2011 Tradis Distibution Group realized sales revenue of PLN 1 280 500 000 , which is an increase of 5,5 percent compared to the same period of 2010.
Increase of sales revenues was caused mainly by:

- obtaining contract for sale to Orlen stations by Tradis (contract is valid from June 2010),
- increasing number and purchasing in own shops,
- expanding cooperation with franchise networks.
- expanding cooperation with cooperatives.

Net profit for Q1 2011 was PLN 11 700 000, which is an increase of 122,3 percent compared to the same period of 2010.
It should be stressed that impact on net profit of Tradis had:

- achieve economies of scale associated with increase in sales of existing logistics infrastructure
- cost optimization in: Detal Koncept and Tradis,
- improving the efficiency of logistics customer service.

(in PLN 000s, unless indicated otherwise)

Cash conversion cycle in first quarter of 2011 was 22,57 day and was lower by 2,22 compared to the same period of 2010. The deterioration of this ratio is mainly due to inventories, of which rotation decreased by 3.63 day.
Most significant impact on changes in rotation ratios had Tradis In the company in the first quarter of 2011 were implemented increased purchases of goods, inter alia:

- planned by producers increases selling price (buying goods before the increases),
- implementation of the most cost-effective purchasing targets,
- preparation of supply of products for which there is increased demand during the Easter.

In addition, positive impact on the result of Divisions in first quarter of 2011 had transaction made by Emperia Holding under implementation of Investment Agreement with Eurocash S.A., repurchase form distribution companies trade receivables which are subject to impairment write-off. On transactions Tradis Distribution Group Division realized a profit of PLN 4 800 000Selected operating data

Number of distribution locations (under Division's Companies which actively leading wholesale operations)

Company	Number of locations*			Warehouse space (sq)*		
	2011	2010	Change 2011 / 2010	2011	2010	Change 2011 / 2010
Tradis Sp. z o.o.	59	59	0	259 019	257 844	1 175
including Distribution Centers	*8*	*8*	*0*	120 558	120 558	*0*
DEF Sp. z o.o.	4	4	0	14 548	14 548	0
AMBRA Sp. z o.o.	1	1	0	5 824	5 123	701
Total	**64**	**64**	**0**	**279 391**	**277 515**	**1 876**

** values presented as of last day of period*

Increase of storage area is associated with remodeling of several warehouse facilities of Tradis made in first quarter of 2011.

Number of stores under franchising chains of Tradis Distribution Group

Operator	Number of stores *		
	2011	2010	Change 2011 / 2010
Groszek	1 102	1 133	-31
Milea**	96	96	0
Euro Sklep S.A.	631	625	6
Lewiatan Podlasie Sp. z o.o.	194	194	0
Lewiatan Śląsk Sp. z o.o.	303	288	15
Lewiatan Zachód Sp. z o.o.	225	296	-71
Lewiatan Orbita Sp. z o.o.	111	102	9
Lewiatan Wielkopolska Sp. z o.o.	191	179	12
Lewiatan Północ Sp. z o.o.	175	176	-1
Lewiatan Opole Sp. z o.o.	185	177	8
Lewiatan Kujawy Sp. z o.o.	241	246	-5
Lewiatan Mazowsze Sp. z o.o.	22	18	4
Lewiatan Brda	121	125	-4
Total	**3 597**	**3 655**	**-58**

** presented number as at the last day of the period*
*** including its own stores of Detal Koncept and Maro-Markety*

(in PLN 000s, unless indicated otherwise)

Number of stores cooperating under Partnerski Serwis Detaliczny

	2011	2010	Change 2011 / 2010
Number of cooperating Consumer Cooperative*	540	411	**129**
Number of stores *	60	49	**11**

** presented number as at the last day of the period*

Number of stores cooperating under Społem Tychy

	2011	2010	Change 2011 / 2010
Number of stores *	24	24	**0**

** presented number as at the last day of the period*

Structure of sales of goods cumulatively in respect of companies which actively leading wholesale operations divided by Group of Customers

Group of customers	Sales of goods cumulatively in ths PLN		Change % 2011 / 2010	% participation of groups of customers	
	2011	2010		2011	2010
Sales to own Retail (Stokrotka /Delima Supermarkets Division)	174 023	164 359	5,9%	14,5%	14,6%
Sales to own Retail :Społem Tychy	6 489	7 754	-16,3%	0,5%	0,7%
Sales to related franchise chains	322 970	293 437	10,1%	26,9%	26,0%
Other	696 138	661 046	5,3%	58,0%	58,7%
Total	**1 199 621**	**1 126 596**	**6,5%**		

Structure of sales of goods cumulatively in respect of companies which actively leading wholesale operations divided by Distribution Channels

Distribution Channels	Sales of goods cumulatively in ths PLN		Change % 2011 / 2010	% participation of distribution channels	
	2011	2010		2011	2010
Cash & Carry	146 934	152 392	-3,6%	12,2%	13,5%
Serwis	1 052 687	974 204	8,1%	87,8%	86,5%
including :Petrol Stations	34 693	0		2,9%	0,0%
Total	**1 199 621**	**1 126 596**	**6,5%**		

Assuming a fixed number of Cash & Carry objects, sales in first quarter of 2011 decreased by 3,5 % compared to the same period in 2010.. This decrease was largely related to the timing of Easter, which in 2010 were in first quarter, in 2011 in second quarter.

(in PLN 000s, unless indicated otherwise)

8.3.2.2 Stokrotka / Delima Supermarkets Division

Financial Highlights

In mln PLN	Q1 2011	Q1 2010	Change % 2011 / 2010
Sales revenues	389,0	375,5	*3,6%*
EBIT	1,7	6,2	
Profitability on EBIT	*0,4%*	*1,6%*	
EBITDA	7,8	11,4	*-32,0%*
Profitability on EBITDA	*2,0%*	*3,0%*	
Gross result	2,1	5,9	
Net result	1,6	4,5	*-65,1%*
Profitability on Net result	*0,4%*	*1,2%*	
Net result adjusted by margin on holding services	2,0	4,9	*-59,3%*
Profitability on adjusted Net result	*0,5%*	*1,3%*	

Selected Ratios

Selected data and ratios	Q1 2011	Q1 2010	Change % 2011 / 2010
Investment outlays (in mln PLN)	4,5	14,0	-68,0%
Net debt (in mln PLN)	-19,7	-3,5	469,7%
Stock rotation	31,75	29,81	
Receivables turnover	9,72	8,81	
Liabilities rotation	68,29	67,18	
Cash conversion cycle	**-26,82**	**-28,56**	

In Q1 2011 Stokrotka/Delima Supermarkets Division realized sales revenue of PLN 389 000 000, which is an increase of 3,6 percent compared to the same period of 2010.
Because of increase of sales associated with Easter in 2011 falls on second quarter while this increase last year was seen in the first quarter, therefore, revenue growth is mainly due to new openings.
Net profit of Stokrotka/Delima Supermarkets Division in Q1 2011 was PLN 1 600 000 and it was lower of PLN 2 900 000 compared to the same period of 2010. The main reason for the decline in net profit compared to previous year was lower sales in comparable stores in Q1 2011 in relation to sales in Q1 2010 in connection with previously mentioned shift of Easter.
Investment outlays in Q1 2011 were lower of PLN 9 500 000 than in Q1 2010. It was caused by less number of openings of new stores compared to the same period of previous year.

Cash conversion cycle in first quarter 2011 has deteriorated of 1,74 day compared to the first quarter of 2010.

(in PLN 000s, unless indicated otherwise)

Selected operating data

Number of retail stores

Company	Number of stores*			Sales area(sq)*		
	2011	2010	Change 2011/ 2010	2011	2010	Change 2011/ 2010
Stokrotka Sp. z o.o.	190	171	19	123 433	110 079	13 354
including Delima	8	7	1	11 398	9 797	1 601

* values are presented as of the last day of the analyzed period

Change of sales in the first quarter for a fixed number of retail facilities year to year (LFL)

	Q1 2011	Q1 2010	Change % 2011 / 2010
Stokrotka Sp. z o.o.	344 696	355 827	-3,1%
including Delima	*23 667*	*23 156*	2,2%

For a fixed number of stores – 171 - active at 31 03 2010

Sales in a fixed number of stores declined in the first quarter of 2011 by 3.1% compared to the same period last year whereas in Delima LFL sales growth, which was 2.2%. The decrease in sales in supermarkets Stokrotka is associated with a shift of Easter. The increase in sales associated with Easter in 2011 falls on second quarter while this increase in last year was in the first quarter.

8.3.2.3 Real Estate Division

Financial Highlights

In mln PLN	Q1 2011	Q1 2010	Change % 2011 / 2010
Sales revenues	18,0	16,2	*10,9%*
EBIT	8,3	7,6	
Profitability on EBIT	*46,0%*	*46,6%*	
EBITDA	11,9	11,0	*8,5%*
Profitability on EBITDA	*66,3%*	*67,8%*	
Gross result	3,1	3,1	
Net result	2,4	2,5	*-2,4%*
Profitability on Net result	*13,3%*	*15,1%*	
Net result adjusted by margin on holding services	2,4	2,5	*-2,1%*
Profitability on adjusted Net result	*13,5%*	*15,2%*	

(in PLN 000s, unless indicated otherwise)

Selected Ratios

Selected data and ratios	Q1 2011	Q1 2010	Change % 2011 / 2010
Investment outlays (in mln PLN)	25,7	4,9	420,8%
Net debt (in mln PLN)	378,4	321,2	17,8%
Fixed Assets	498,7	439,0	13,6%
ROE	7,9%	8,7%	

Property Division realized in Q1 2011 sales revenues of PLN 18 000 000, which is an increase of 10,9 percent compared to analogue period of 2010. Growth of revenues is mainly connected with start up new trading buildings in current year.
Net profit of Real Estate Division in Q1 2011 was PLN 2 400 000 and was lower by PLN 100 000 compared to analogue period of 2010.
Investment outlays in Q1 2011 were higher by PLN 20 800 000 than in Q1 2010 which was caused by openings of new facilities.

Selected operating data

Number of retail facilities

Type of properties	Number of properties *			Sales area (sq)*		
	2011	2010	Change 2011/ 2010	2011	2010	Change 2011/ 2010
Property operationally active	**111**	**102**	**9**	**240 525**	**225 318**	**15 207**
In this:						
distribution	45	45	0	133 077	133 077	0
retail	53	42	11	72 509	56 153	16 356
other	13	15	-2	34 939	36 088	-1 149
Commercial buildings under construction and land intended for investments	**21**			**23 946**		

** values presented as of the last day of analyzed period*

(in PLN 000s, unless indicated otherwise)

Revenues from property rent

Own property (as at 31.03.2011)	Operational Property Q1 2011	Property under construction (as at 31.12.2010)
Distribution Property		
- area	133 077	3 500
- number	45	1
- revenues (in ths. PLN)	6 011	168
- from external tenants (actual)	0	0
- from own tenants (potential)	6 011	168
Retail Property		
- area	72 509	20 446
- number	53	18
- revenues (in ths. PLN)	8 446	2 709
- from external tenants (actual)	2 704	535
- from own tenants (potential)	5 742	2 174
Other Property		
- area	34 939	
- number	13	2
- revenues (in ths. PLN)	1 389	0
- from external tenants (actual)	1 389	
- from own tenants (potential)		

At the end of Q1 2011, Real Estate Division had 111 real property operationally active of usable area of more than 240,5 thousand. sq and 21 commercial buildings under construction of which scheduled open 19 to the end of Q1 2012. Carrying value of retail facilities under construction at the end of December 2010 was PLN 38 200 000.

(in PLN 000s, unless indicated otherwise)

8.3.2.4 External IT Division

Financial Highlights

In mln PLN	Q1 2011	Q1 2010	Change % 2011/ 2010
Sales revenues	1,7	1,6	5,0%
EBIT	0,5	0,5	-0,4%
Profitability on *EBIT*	29,7%	31,3%	
EBITDA	0,5	0,6	-6,0%
Profitability on *EBITDA*	32,7%	36,5%	
Gross result	0,6	0,6	1,9%
Net result	0,6	0,5	29,0%
Profitability on Net result	36,1%	29,3%	
Net result adjusted by margin on holding services	0,6	0,5	30,2%
Profitability on adjusted Net result	36,9%	29,7%	

Selected Ratios

Selected data and ratios	Q 1 2011	Q 1 2010	Change % 2011/ 2010
Investment outlays (in mln PLN)	0,0	0,1	-91,2%
Net debt (in mln PLN)	-7,2	-6,6	9,0%
Receivables turnover	67,12	54,17	

In Q1 2011 Infinite realized sales revenue of PLN 1 700 000, which is an increase of 5 percent compared to the same period of 2010. It was caused mainly by increase of domestic sales as well as sales in foreign markets.
Indicators of profitability on EBITDA and operating profit deteriorated in 2011 compared to analogue period in previous year. The level of profitability on net result has significantly improved.
In Q1 2011 receivables turnover ratio has significantly increased compared to the same period of 2010.

Selected operating data

Sales revenues – geographical structure

In ths PLN	Value of revenues cumulatively			% share	
	2011	2010	Change % 2011 / 2010	2011	2010
Sales revenues	**1 654,1**	**1 575,8**	**5,0%**		
Domestic	1 348,9	1 287,2	4,8%	81,5%	81,7%
Foregin	305,2	288,6	5,8%	18,5%	18,3%

(in PLN 000s, unless indicated otherwise)

8.3.2.5 Support Division

Financial Highlights

In mln PLN	Q1 2011	Q1 2010	Change % 2011/ 2010
Sales revenues	14,7	14,7	-0,1%
EBIT	-5,4	-1,1	390,1%
Profitability on EBIT	-36,4%	-7,4%	
EBITDA	-3,0	1,2	-350,5%
Profitability on EBITDA	-20,4%	8,1%	
Gross result	-3,9	0,0	-12081,1%
Net result	-4,1	-0,2	1777,6%
Profitability on Net result	-27,9%	-1,5%	
Net result adjusted by margin on holding services	-5,2	-1,4	288,8%
Profitability on adjusted Net result	-35,7%	-9,2%	

Support Division generates revenues by providing services to related entities within the Emperia Group.

Selected Ratios

Selected data and ratios	Q1 2011	Q1 2010	Change % 2011/ 2010
Investment outlays (in mln PLN)	0,3	2,2	-84,9%
Net debt (in mln PLN)	-113,2	-76,2	48,5%
Receivables turnover	44,12	37,64	

A negative result of Support Division is caused by transaction of Emperia Holding under implementation of Investment Agreement with Eurocash S.A., repurchase form distribution companies trade receivables which are subject to impairment write-off. On transactions Emperia Holding generated a loss of PLN 4 800 000.

Definitions of terms used in the report:

Cash & Carry Channel - form of self-service wholesale consisting of self-made purchases of goods by customers.
Service Channel – other sales which does not belong to Cash & Carry channel.
Return on EBIT – EBIT ratio (profit on operations) to sales revenues.
Return on EBITDA – EBITDA ratio (result on operating plus depreciation) to sales revenues.
***Net* return** - net profit /sales revenues.
Rotation of Inventory – ratio of the inventory at the end of the period to cost of sales in the period multiplied by number of days in the period.
Receivables turnover – ratio of trade receivables (supplies of goods and services*)* at the end of the analyzed period to the value of revenues from sales in analyzed period multiplied by number of days in the period.
***Liabilities* turnover** – ratio of trade payables *(*supplies of goods and services*)* the end of the analyzed period to cost of sales in the analyzed period multiplied by number of days in the period
Cash conversion cycle – difference between the sum of turnover of receivables and inventory and rotation of trade liabilities
Net debt – difference between financial liabilities and cash, short-term securities and other short-term financial assets at the end of period
ROE – Return on Equity – ratio of net profit to equity

(in PLN 000s, unless indicated otherwise)

9. Issuer's Summary Stand-Alone Financial Statements

9.1 Stand-Alone Selected Financial Highlights

SELECTED FINANCIAL HIGHLIGHTS (current year)		PLN		EURO	
		For period 01.Jan.2011 to 31.March 2011	For period 01.Jan.2010 to 31.March 2010	For period 01.Jan.2011 to 31.March 2011	For period 01.Jan.2010 to 31.March 2010
I.	Net revenues from sale of products, goods and materials	12 790	12 552	3 218	3 164
II.	Profit (loss) on operating activity	(4 885)	(58)	(1 229)	(15)
III.	Profit (loss) before tax	(3 839)	662	(966)	167
IV.	Profit (loss) for period	(4 034)	421	(1 015)	106
V.	Net cash flows from operating activity	(523)	1 082	(132)	273
VI.	Net cash flows from investing activity	9 447	(1 537)	2 377	(387)
VII.	Net cash flows from financing activity	(4 198)	(128)	(1 056)	(32)
VIII.	Total net cash flows	4 726	(583)	(1 189)	(147)
IX.	Total assets	659 609	666 992	164 413	168 420
X.	Liabilities and provisions against liabilities	10 924	10 160	2 723	2 565
XI.	Long-term liabilities	2 356	2 202	587	556
XII.	Short-term liabilities	8 568	7 958	2 136	2 009
XIII.	Equity	648 685	656 832	161 690	165 854
XIV.	Initial capital	15 115	15 115	3 768	3 817
XV.	Number of shares	15 115 161	15 115 161	15 115 161	15 115 161
XVI.	Weighted average number of shares	14 943 243	15 115 161	14 943 243	15 115 161
`XVII.	Profit (loss) per ordinary share (annualized) ** (PLN/EUR)	3,83	2,85	0,95	0,72
XVIII.	Diluted profit (loss) per ordinary share annualized** (PLN/EUR)	3,83	2,85	0,95	0,72
XIX.	Book value per share **(PLN/EUR)	42,92	41,12	10,70	10,65
XX.	Diluted book value per share **(PLN/EUR)	42,92	41,12	10,70	10,65
XXI.	Declared or distributed dividend per share (PLN/EUR)*	2,64	0,69	0,66	0,18

Comparative data on the Statement of Financial Position refer to 31 December 2010
* the declared amount is calculated based on the weighted average number of the Issuer's shares
** the declared amount is calculated based on the number of the Issuer's shares as at the date of report

The weighted average number of shares:
– in first quarter 2011: in January-March 14 943 243;
– in first quarter 2010: in January-March 15 115 161;

The selected financial highlights are converted into EUR as follows:

3 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 3,9742 PLN/EURO for first quarter of 2011, and 3,9669 PLN/EURO for first quarter of 2010,

4 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 4,0119 PLN/EURO on 31 March 2011, and 3,9603 PLN/EURO on 31 December 2010.

(in PLN 000s, unless indicated otherwise)

9.2 Stand-Alone Summary Statement of Financial Position.

	31 March 2011	31 December 2010	31 March 2010
Fixed Assets	**231 763**	**231 687**	**572 125**
Tangible fixed assets	39 940	41 607	45 392
Investment real property	3 166	3 166	3 166
Intangible assets	6 266	6 734	6 662
Financial assets	182 015	179 858	516 582
Long-term receivables and other deferred income	24	24	62
Deferred income tax assets	352	298	261
Current Assets	**427 846**	**435 305**	**60 746**
Stock	87	64	53
Receivables	7 372	11 081	6 312
Receivables under income tax	871	887	1 917
Short-term securities	45 169	71 797	42 000
Prepaid expenses	600	366	1 473
Cash	8 556	3 830	1 991
Other financial assets	25 000	7 090	7 000
Current assets held for sale	340 190	340 190	
Total Assets	**659 609**	**666 992**	**632 871**
Equity	**648 685**	**656 832**	**621 508**
Share capital	15 115	15 115	15 115
Share premium capital	549 559	549 559	549 559
Supplementary capital	1 526	1 526	1 526
Supplementary capital from the evaluation of managerial options	2 073	2 073	482
Reserve capital	499	499	12 376
Reserve capital for purchase of own shares	40 000	40 000	-
Own shares	(18 402)	(14 289)	-
Retained earnings	58 315	62 349	42 450
Total equity allocated to shareholders of dominant entity	**648 685**	**656 832**	**621 508**
non-controlling interest	-	-	-
Long-term liabilities	**2 356**	**2 202**	**1 696**
Credit facilities, loans and debt securities	39	89	121
Provisions	84	84	88
Provision against deferred income tax	2 233	2 029	1 487
Short-term liabilities	**8 568**	**7 958**	**9 667**
Credit facilities, loans and debt securities	190	199	4 100
Short-term liabilities	7 157	6 677	4 811
Income tax liabilities	-		-
Provisions	1 196	1 056	728
Deferred income	25	26	28
Total liabilities	**659 609**	**666 992**	**632 871**

(in PLN 000s, unless indicated otherwise)

	31 March 2011	31 December 2010	31 March 2010
Book value	648 685	656 832	621 508
Number of shares	15 115 161	15 115 161	15 115 161
Diluted number of shares	15 115 161	15 115 161	15 115 161
Book value per share (PLN)	42,92	43,46	41,12

9.3 Stand-Alone Summary Profit and Loss Account and Stand-Alone Summary Statement of Total Income

	3 months ended 31 March 2011	3 months ended 31 March 2010
Sales revenues	12 790	12 552
Cost of goods sold	(10 815)	(10 869)
Profit on sales	**1 975**	**1 683**
Other operating income	25	158
Selling expense	(1)	(1)
General administrative expense	(2 124)	(1 817)
Other operating expense	(4 760)	(81)
Profit on operations	**(4 885)**	**(58)**
Financial income	1 074	793
Financial expense	(28)	(73)
Profit before tax	**(3 839)**	**662**
Income tax	(195)	(241)
Current tax	(245)	-
Deferred tax	50	(241)
Net profit for period	**(4 034)**	**421**
Profit for period for shareholders of dominant entity		
Profit for period for Non-controlling interest		
Profit (loss) for period (annualised)	57 894	43 012
Weighted average of ordinary shares *	14 943 243	15 115 161
Diluted weighted average number of ordinary shares *	14 943 243	15 115 161
Profit (loss) per ordinary share (PLN) annualised	3,83	2,85

* The weighted average number of shares:
- in first quarter 2011: in January-March 14 943 243;
- in first quarter 2010: in January-March 15 115 161.

Statement of total income	3 months ended 31 March 2011	3 months ended 31 March 2010
Profit for period	(4 034)	421
Other total income:		
Total income for period	**(4 034)**	**421**

(in PLN 000s, unless indicated otherwise)

9.4 Stand-alone Summary Report of Changes in Equity

	Share capital	Share premium capital	Supplemetary capital	Supplementary capital from the evaluation of managerial options	Reserve capital	Reserve Capital for purchase of own shares	Own shares	Retained profit	Total equity
1 January 2011	15 115	549 559	1 526	2 073	499	40 000	(14 289)	62 349	656 832
Change in accounting standards and accounting policies									
1 January 2011 adjusted	15 115	549 559	1 526	2 073	499	40 000	(14 289)	62 349	656 832
Profit for 3 months until 31 March 2011								(4 034)	(4 034)
Valuation of managerial options									
Distribution of 2010 profit – allocation to capital funds									
Establishment reserve capital for purchase of own shares									
Purchase of own shares							(4 113)		**(4 113)**
Changes in equity due to mergers									
Dividend for shareholders as part of 2010 profit distribution									
31 March 2011	**15 115**	**549 559**	**1 526**	**2 073**	**499**	**40 000**	**(18 402)**	**58 315**	**648 685**

(in PLN 000s, unless indicated otherwise)

	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 2010	**15 115**	**549 559**	**1 526**	**482**	**12 376**		**42 029**	**621 087**
Correction of error for 2009								
1 January 2010 adjusted	**15 115**	**549 559**	**1 526**	**482**	**12 376**		**42 029**	**621 087**
Profit for 3 months until 31 March 2010							421	**421**
Valuation of management option								
Distribution of 2009 profit – allocation to capital funds								
Dividend for shareholders as part of 2009 profit distribution								
31 March 2010	**15 115**	**549 559**	**1 526**	**482**	**12 376**		**42 450**	**621 508**

	Share capital	Share premium capital	Supplementary capital	Supplementary capital from the evaluation of managerial options	Reserve capital	Revaluation capital	Reserve Capital for purchase of own shares	Retained profit	Own shares	Total equity
1 January 2010	**15 115**	**549 559**	**1 526**	**482**	**12 376**			**42 029**		**621 087**
Change in accounting standards and accounting policies										
1 January 2010 adjusted	**15 115**	**549 559**	**1 526**	**482**	**12 376**			**42 029**		**621 087**
Profit for period					-			62 349		62 349
Distribution of 20109 profit – allocation to capital funds					(11 877)			(28 123)		(40 000)
Dividend for shareholders as part of 2009profit distribution								(13 906)		(13 906)
Purchase of own shares									(14 289)	(14 289)
Valuation of managerial options				1 591						1 591
Establishment reserve capital for purchase of own shares							40 000			40 000
31 December 2010	**15 115**	**549 559**	**1 526**	**2 073**	**499**		**40 000**	**62 349**	**(14 289)**	**656 832**

(in PLN 000s, unless indicated otherwise)

9.5 Stand-Alone Summary Report of Cash Flow

	3 months ended 31 March 2011	3 months ended 31 March 2010
Profit (loss) for period	**(4 034)**	**421**
Adjustments for:	**3 511**	**661**
Depreciation	2 543	2 485
Interest and share in profit (dividends)	(997)	(680)
Income tax	195	241
Profit (loss) on investing activity	20	24
Change in provisions	139	(225)
Change in stock	(22)	(4)
Change in receivables	3 683	82
Change in accruals	(235)	(1 072)
Change in short-term liabilities	(1 784)	32
Other adjustments	-	-
Income tax paid	(31)	(222)
Net cash flows from operating activity	**(523)**	**1 082**
Income	**174 064**	**117 841**
Sale of fixed and intangible asset	35	143
Sale of financial assets	173 669	106 600
Received dividends	-	-
Interest received	270	198
Repayment of loans granted	90	10 900
Other income	-	-
Expenditures	**(164 617)**	**(119 378)**
Purchase of fixed and intangible assets	(327)	(2 173)
Purchase of subsidiaries and associated entities		(1)
Purchase of financial assets	(146 287)	(116 304)
Loans granted	(18 000)	(900)
Expenditures related to maintenance of investment property	(2)	-
Other expenditures		
Net cash flows from investing activity	**9 447**	**(1 537)**
Income	**-**	**3 939**
Income from credit facilities and loans contracted	-	-
Issue of short-term debt securities	-	3 939
Other income	-	-
Expenditures	**(4 198)**	**(4 067)**
Repayment of credit facilities and loans		-
Redemption of short-term debt securities		(4 000)
Payment of liabilities under financial leases	(58)	(59)
Interest and charges paid	(27)	(8)
Dividends paid	-	-
Purchase of own shares	(4 113)	-
Other	-	-
Net cash flows from financial activity	**(4 198)**	**(128)**
Change in cash	**4 726**	**(583)**
Exchange differences	-	-

Cash at beginning of period	**3 830**	**2 574**
Cash at end of period	**8 556**	**1 991**

Lublin, May 2011

Signatures of members of Management Board:

2011-05-16	Artur Kawa	Chairman of Management Board	.... signature
2011-05-16	Jarosław Wawerski	Vice-Chairman of Management Board Wholesale Business Director	.... signature
2011-05-16	Dariusz Kalinowski	Vice-Chairman of Management Board - Financial Director	.... signature
2011-05-16	Marek Wesołowski	Vice-Chairman of Management Board – Retail Business Director	.... signature
2011-05-16	Grzegorz Wawerski	Vice-Chairman of Management Board – Retail Business Development Director	.... signature

Person responsible for accountancy:

2011-05-16	Elżbieta Świniarska	Economic Director	.... signature