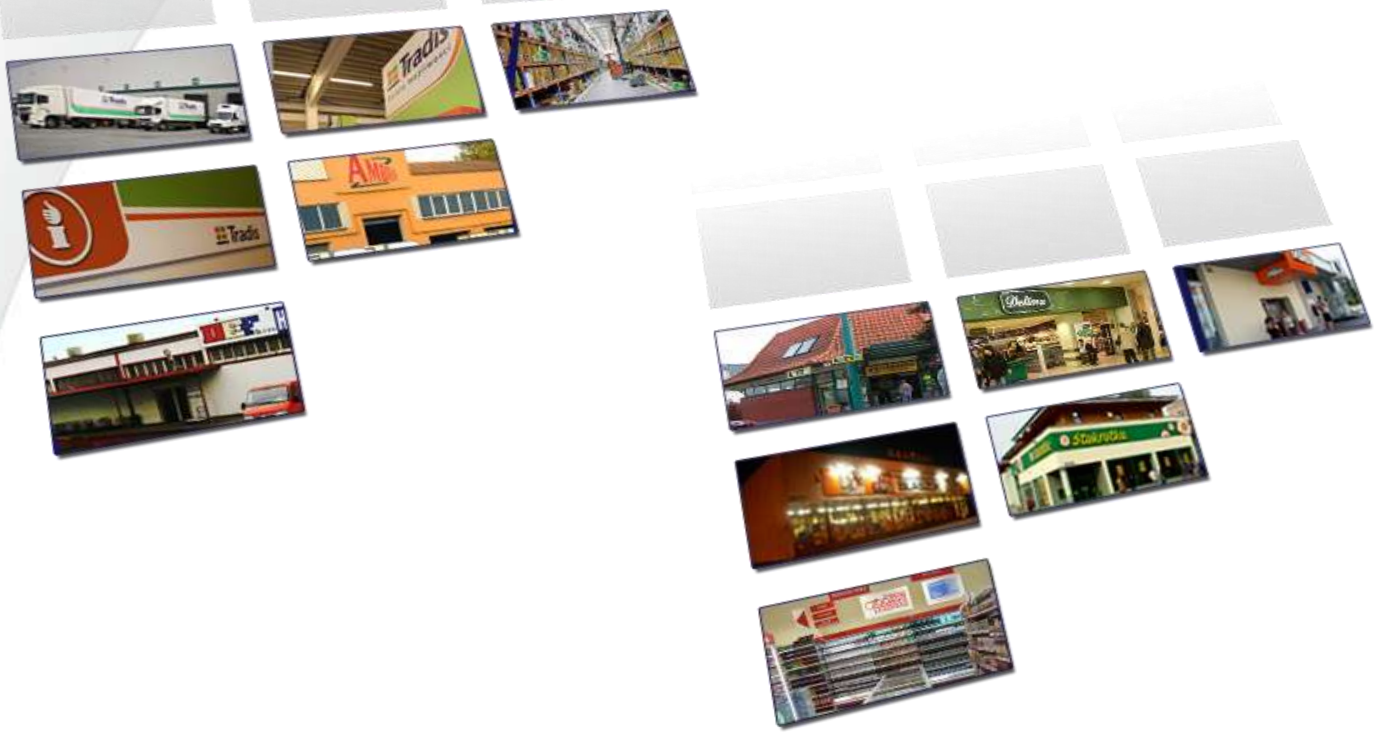

CONSOLIDATED FINANCIAL STATEMENTS

3rd QUARTER 2011

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

(ALL AMOUNTS IN THOUSANDS PLN)

LUBLIN, NOVEMBER 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.

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Lublin, 14 November 2011

Dear shareholders of Emperia Holding S.A.,

It is pleasure to prezent our Group's Financial Statements for three quarters of 2011. Again, we have been able to generate a very good results. I hope that the data included in the Financial Statements will not only expand your knowledge of the Emperia Group but will also provide you with insight into its operations.

In connection with the non-execution by Eurocash SA Investment Agreement of acquisition assets of the Group Distribution Tradis Emperia proceeded to implement approved last year strategy, focusing on the development of the distribution division. Tradis want to be leadership position of Polish FMCG distributors, which we intend to achieve by building a strong group, bringing together the company's distribution franchise formats and developing partnerships with Społem cooperatives. The company will be a leading supplier to independent retail shops and petrol stations in Poland.

Through organic growth and mergers and acquisitions Tradis wants to strengthen its position in all regions of the country. The first step in this direction was the signing in September of this year Letter of Intent for the acquisition of wholesale assets of the company's Nadwiślanka S.A. located in Toruń.Presently we waiting for consent of Office of Competition and Consumer Protection to the concentration.

In June 2011,we started the auction process designed to obtaining a investor for retail segment of Emperia Group. We received a binding offers of acquasition from entities authorized to due diligence of our Retail Companies. On the basis of the received proposals and conducted interviews with all the investors, together with a team of advisors,we choose a few investors admitted to the final stage of the process, ie, negotiate and agree on final terms of the transaction, including the content of a conditional contract of sale the Retail Companies.

Based on the received binding offers and conversations we reiterating opinion about the value of operation (excluding real estate) of Retail Companies. In the case of sale of Retail Companies expect to receive a price not less than 900 million PLN.

We are convinced that the closure of sales transactions the Retail Companies will take place in the first quarter of 2012.

It is time of dynamic development of Emperia. As Chairman of the Management Board, while shareholder of the Company, I am convinced that the implementation of the strategy adopted by us and focus only on the distribution business will allow us to fully exploit the potential of the Group Emperia.

Artur Kawa

Chairman of the Management Board of Emperia Holding S.A.

(in PLN 000s, unless indicated otherwise)

1. Selected financial highlights

No	SELECTED FINANCIAL HIGHLIGHTS (current year)	PLN For period 01 Jan 2011 to 30 Sep 2011	PLN For period 01 Jan 2010 to 30 Sep 2010	EURO For period 01 Jan 2011 to 30 Sep 2011	EURO For period 01 Jan 2010 to 30 Sep 2010
I.	Net revenues from sale of products, goods and materials	3 982 149	3 690 265	985 363	921 944
II.	Profit (loss) on operating activity	88 620	76 033	21 929	18 995
III.	Profit (loss) before tax	76 495	66 893	18 928	16 712
IV.	Profit from continuing operations	60 934	54 992	15 078	13 739
V.	Profit on discontinued operations	7 232	4 334	1 790	1 083
VI.	Profit (loss) for period	68 166	59 326	16 867	14 821
VII.	Net cash flows from operating activity	26 987	213 150	6 678	53 252
VIII.	Net cash flows from investing activity	(52 095)	(78 887)	(12 891)	(19 708)
IX.	Net cash flows from financing activity	39 017	(117 670)	9 655	(29 398)
X.	Total net cash flows	13 909	16 593	3 442	4 145
XI.	Total assets	2 024 085	1 916 069	458 851	483 819
XII.	Liabilities and provisions against liabilities	1 137 450	1 037 140	257 855	261 884
XIII.	Long-term liabilities	83 384	59 483	18 903	15 020
XIV.	Short-term liabilities	1 054 066	977 657	238 952	246 864
XV.	Equity	886 635	878 930	200 996	221 935
XVI.	Initial capital	15 115	15 115	3 427	3 817
XVII.	Number of shares	15 115 161	15 115 161	15 115 161	15 115 161
XVIII.	Weighted average number of shares	14 910 938	15 115 114	14 910 938	15 115 114
XIX.	Profit (loss) on continuing operations per ordinary share annualized* (PLN\EURO)	6,09	4,61	1,51	1,15
XX.	Profit (loss) on discontinued operations per ordinary share annualized* (PLN\EURO)	1,11	0,45	0,27	0,11
XXI.	Diluted profit (loss) per ordinary share annualized on continued operations* (PLN\EURO)	6,08	4,61	1,50	1,15
XXII.	Diluted profit (loss) per ordinary share annualized on discontinued operations* (PLN\EURO)	1,11	0,45	0,27	0,11
XXIII.	Book value per share* (PLN\EURO)	59,46	58,15	13,48	14,68
XXIV.	Diluted book value per share* (PLN\EURO)	59,41	58,15	13,47	14,68
XXV.	Declared or distributed dividend per share **(PLN\EURO)	2,63	0,92	0,61	0,23

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:
– three quarters of 2011: January-September 14 910 938;
– three quarters of 2010: January-September 15 115 114.

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 exchange rates published by the National Bank of Poland, effective on the last day of each month, which was 4,0413 PLN/EURO for three quarters of 2010 and 4,0027 PLN/EURO for three quarters of 2011,
2. The balance sheet items and book value/diluted book value are converted at the average exchange rate published by the National Bank of Poland, effective on the balance sheet date, which was: at 30.09.2011 roku 4,4112 PLN/EURO and at 31.12.2010 3,9603 PLN/EURO,
3. Distributed dividend per share are converted at exchange rate published by the National Bank of Poland at day of dividend payment, wchich was at 9.09.2011 4,3139 PLN/EURO and at 9.09.2010 3,9421 PLN/EURO.

(in PLN 000s, unless indicated otherwise)

2. Consolidated Statement of Financial Position

	30 Sep 2011	30 Jun 2011	31 Dec 2010	30 Sep 2010
Fixed Assets	**977 406**	**925 767**	**962 544**	**972 078**
Tangible fixed assets	534 362	505 152	484 021	685 709
Investment real property	4 827	4 844	3 166	16 041
Intangible assets	5 987	6 398	8 557	8 450
Goodwill	167 634	197 714	17 845	203 975
Shares in equity method	6 961	6 637	-	4 917
Financial assets	13 005	12 308	585	11 755
Long-term loans	-	-	-	-
Long-term receivables and other deferred income	2 373	2 891	18 828	22 270
Deferred tax assets	16 796	9 218	6 684	18 961
Fixed assets held for sale	225 461	180 605	422 858	-
Current Assets	**1 046 679**	**1 105 036**	**953 525**	**884 956**
Stock	338 108	356 476	97 477	382 784
Receivables	471 006	464 530	63 393	430 687
Income tax receivables	78	158	924	1 422
Prepaid expenses	4 372	7 761	5 393	9 786
Cash	43 511	45 152	30 331	56 646
Other financial assets	-	-	5 650	3 631
Assets earmarked for sale	189 604	230 959	750 357	-
Total Assets	**2 024 085**	**2 030 803**	**1 916 069**	**1 857 034**
Equity	**886 635**	**862 457**	**878 929**	**853 069**
Share capital	15 115	15 115	15 115	15 115
Share premium capital	50 559	50 559	549 559	549 559
Supplementary capital	98 829	98 844	97 844	98 394
Supplementary capital from the evaluation of managerial options	4 394	4 394	4 394	3 554
Reserve capital	105 883	69 929	47 823	47 273
Reserve capital for purchase of own shares	503 286	539 000	40 000	40 000
Own shares	(35 714)	(19 677)	(14 290)	(686)
Profit attributable to continuing operations	136 563	104 673	65 891	99 750
Profit attributable to discontinued operations	7 720	(380)	72 480	-
Total equity allocated to shareholders of dominant entity	**886 635**	**862 457**	**878 817**	**852 959**
Non-controlling interest	-	-	113	110
Long-term liabilities	**83 384**	**97 238**	**59 483**	**147 254**
Credit facilities, loans and debt securities	69 183	80 027	54 226	121 906
Long-term liabilities	1 227	844	1 673	6 014
Provisions	578	577	2 547	2 955
Deferred tax liabilities	12 396	15 790	1 037	16 379
Short-term liabilities	**1 054 066**	**1 071 108**	**977 657**	**856 711**
Credit facilities, loans and debt securities	234 446	211 019	12 957	151 519
Short-term liabilities	615 850	647 100	135 690	663 631
Current tax liabilities	10 986	3 455	2 671	8 669
Provisions	13 001	13 082	5 830	29 830
Deferred income	3 164	2 793	2 645	3 062
Liabilities attributable to group of assets held for sale	176 619	193 659	817 864	-
Total liabilities	**2 024 085**	**2 030 803**	**1 916 069**	**1 857 034**

(in PLN 000s, unless indicated otherwise)

	30 Sep 2011	30 Jun 2011	31 Dec 2010	30 Sep 2010
Book value	886 635	862 457	878 929	853 069
Number of shares	15 115 161	15 115 161	15 115 161	15 115 161
Diluted number of shares	14 923 741	15 115 161	15 115 161	15 115 161
Book value per share (PLN)	59,46	57,06	58,15	56,44
Diluted book value per share (PLN)	59,41	57,06	58,15	56,44

Consolidated Statement of Financial Position as at 31.12.2010 for assets and liabilities of the Group earmarked for sale comprises companies which were subject of a sale under the Investment Agreement concluded between Emperia Holding S.A and Eurocash S.A. (described in paragraph 6.2.5)

Consolidated Statement of Financial Position as at 30.09.2011 for assets and liabilities of the Group earmarked for sale apply to Retail Companies which are subject of the Sales Process (described in paragraph 6.2.5)

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

	3 months ended 30 Sep 2011	9 months ended 30 Sep 2011	3 months ended 30 Sep 2010	9 months ended 30 Sep 2010
Sales revenues	**1 398 974**	**3 982 149**	**1 317 322**	**3 690 265**
Cost of goods sold	**(1 227 712)**	**(3 516 361)**	**(1 152 053)**	**(3 248 361)**
Profit on sales	**171 262**	**465 788**	**165 269**	**441 904**
Other operating income	2 088	10 417	1 886	6 494
Selling expense	(114 480)	(336 066)	(114 866)	(326 901)
General administrative expense	(13 180)	(42 831)	(16 239)	(41 431)
Other operating expense	(1 961)	(8 688)	(1 067)	(4 033)
Profit on operations	**43 729**	**88 620**	**34 983**	**76 033**
Financial income	1 190	3 527	1 243	4 940
Financial expense	(5 600)	(15 652)	(5 205)	(14 080)
Profit before tax	**39 319**	**76 495**	**31 021**	**66 893**
Income tax	(7 487)	(16 617)	(6 439)	(12 835)
Current tax	(12 202)	(20 302)	(7 525)	(13 498)
Deferred tax	4 715	3 685	1 086	663
Share in financial result entities valued using the equity method	324	1 056	301	934
Net profit from continuing operations	**32 156**	**60 934**	**24 883**	**54 992**
Profit for period for shareholders of dominant entity	32 156	60 934	24 883	54 992
Profit for period for non-controlling interest	**-**	-	-	-
Net profit on discontinued operations	7 728	7 232	2 008	4 334
Profit for the period	**39 884**	**68 166**	**26 891**	**59 326**

Net profit on discontinued operations is presented in profit and loss statement as net profit of Retail Comapnies such as: Stokrotka Sp. z o.o., Społem Tychy S.A. and Maro-Markety Sp. z o.o. accordance with the resolution of the Management Board of Emperia Holding S.A. of 20 June 2011 at the start of the sale process of retail segment.

(in PLN 000s, unless indicated otherwise)

Profit (loss) for period (annualised), in this:	107 325	76 487
Profit (loss) on continuing operations (annualised)	90 742	69 741
Profit (loss) on discontinued operations (annualised)	16 583	6 746
Weighted average of ordinary shares *	14 910 938	15 115 114
Diluted weighted average number of ordinary shares **	14 923 741	15 115 114
Profit (loss) per ordinary share (PLN) annualised	7,20	5,06
Profit (loss) on continuing operations per ordinary share (PLN) annualised	6,09	4,61
Profit (loss) on discontinued operations per ordinary share (PLN) annualised	1,11	0,45
Diluted profit (loss) per ordinary share (PLN) annualised	7,19	5,06
Diluted profit (loss) on continuing operations per ordinary share (PLN) annualised	6,08	4,61
Diluted profit (loss) on discontinued operations per ordinary share (PLN) annualised	1,11	0,45

* The weighted average number of shares:
– for three quarters 2011: January-September 14 910 938;
– for three quarters 2010: January-September 15 115 114

** Diluted weighted average number of ordinary shares:
– for three quarters 2011: January-September 14 923 741, having regard to the dilutive effect of options granted as part of the tranche for 2010 of the Second Management Option Program for 2010-2012.
– for three quarters 2010: January-September 15 115 114

Statement of total income	**3 months ended 30 Sep 2011**	**9 months ended 30 Sep 2011**	**3 months ended 30 Sep 2010**	**9 months ended 30 Sep 2010**
Profit on continuing operations	**32 156**	**60 934**	**24 883**	**54 992**
Profit on discontinued operations	7 728	7 232	2 008	4 334
Profit for period	**39 884**	**68 166**	**26 891**	**59 326**
Other total income:				
Total income for period	**39 884**	**68 166**	**26 891**	**59 326**
Total income for shareholders of parent company	39 886	68 164	26 889	59 318
Total income for minority shareholders	(2)	2	2	8

(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	Retained profit	Non-controlling interest	Total equity
1 July 2011	**15 115**	**50 559**	**98 844**	**4 394**	**69 929**	**539 000**	**(19 677)**	**104 176**	**116**	**862 457**
Correction of error for 2010										
1 July 2011 adjusted	**15 115**	**50 559**	**98 844**	**4 394**	**69 929**	**539 000**	**(19 677)**	**104 176**	**116**	**862 457**
Profit on continuing operations								32 156		32 156
Profit on discontinued operations								7 730	(2)	7 728
Profit for 3 months until 30 September 2011								**39 886**	**(2)**	**39 884**
Results for previous years of Companies included to consolidation								106		106
Distribution of 2010 profit – allocation to capital funds					240			(240)		
Establishment reserve capital for purchase of own shares										
Purchase of own shares							(16 037)			(16 037)
Redemption of own shares			(15)							(15)
Transfer of capital used for the purchase of own shares					35 714	(35 714)				
Dividend for shareholders as part of 2010 profit distribution								240		240
Dividend for shareholders of non-controlling										
30 September 2011	**15 115**	**50 559**	**98 829**	**4 394**	**105 883**	**503 286**	**(35 714)**	**144 168**	**115**	**886 635**

(in PLN 000s, unless indicated otherwise)

	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	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								60 934		60 934
Profit on discontinued operations								7 230	2	7 232
Profit for 9 months until 30 September 2011								**68 164**	**2**	**68 166**
Results for previous years of Companies included to consolidation								(10)		(10)
Distribution of 2010 profit – allocation to capital funds			1 000		22 346			(23 346)		
Establishment reserve capital for purchase of own shares		(499 000)				499 000				
Purchase of own shares							(21 424)			(21 424)
Redemption of own shares			(15)							(15)
Transfer of capital used for the purchase of own shares					35 714	(35 714)				
Dividend for shareholders as part of 2010 profit distribution								(39 003)		(39 003)
Dividend for shareholders of non-controlling								(8)		(8)
30 September 2011	**15 115**	**50 559**	**98 829**	**4 394**	**105 883**	**503 286**	**(35 714)**	**144 168**	**115**	**886 635**

(in PLN 000s, unless indicated otherwise)

	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	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 December2010								**98 474**	**11**	**98 485**
Valuation of II managerial options				3 359						3 359
Distribution of 2009 profit – allocation to capital funds					28 123			(28 123)		
Establishment of 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 30 Sep 2011	9 months ended 30 Sep 2011	3 months ended 30 Sep 2010	9 months ended 30 Sep 2010
Profit from continuing operations	**32 156**	**60 934**	**24 883**	**54 992**
Profit on discontinued operations	**7 728**	**7 232**	**2 008**	**4 334**
Profit (loss) for period	**39 884**	**68 166**	**26 891**	**59 326**
Adjustments for:	**20 164**	**(41 179)**	**148 449**	**153 824**
Share in net (profits) losses of entities consolidated using equity method	(324)	(1 056)	(301)	(934)
Depreciation	17 026	51 698	17 338	51 077
(Gain) loss on exchange rate differences	-	-	-	-
Interest and share in profit (dividends)	5 509	14 603	5 366	13 507
Income tax	7 970	16 990	7 204	14 871
Profit (loss) on investing activity	(1 710)	(2 919)	(488)	(1 004)
Change in provisions	(1 014)	6 769	10 472	13 623
Change in stock	20 816	(3 568)	108 886	72 531
Change in receivables	(15 851)	(83 583)	13 690	(60 004)
Change in accruals	6 378	741	5 750	1 258
Change in short-term liabilities	(13 673)	(22 042)	(18 269)	44 884
Other adjustments	-	96	585	2 459
Income tax paid	(4 962)	(18 907)	(1 784)	1 556
Net cash flows from operating activity	**60 048**	**26 987**	**175 340**	**213 150**
Income	**9 174**	**15 970**	**2 349**	**8 214**
Sale of fixed and intangible asset	7 721	12 289	1 645	4 249
Sale of financial assets	100	100	57	57
Disposal of subsidiaries	-	-	-	-
Received dividends	500	500	-	1 000
Interest received	730	1 569	145	723
Repayment of loans granted	-	90	-	553
Cash from acquired companies at date of acquisition	-	335	-	161
Income from use of investment property	122	1 088	-	-
Other income	-	-	502	1 471
Expenditures	**(16 531)**	**(68 066)**	**(29 087)**	**(87 101)**
Purchase of fixed and intangible assets	(15 734)	(66 867)	(27 877)	(81 005)
Investments in real property	(6)	(6)	-	-
Purchase of subsidiaries and associated entities	-	(50)	(102)	(2 765)
Purchase of financial assets	(691)	(812)	(2)	(2)
Loans granted	-	-	(1 000)	(3 000)
Cash in subsidiaries at date of sale	-	-	-	-
Expenditures related to maintenance of investment property	(90)	(312)	-	-
Other expenditures	(10)	(19)	(106)	(329)
Net cash flows from investing activity	**(7 357)**	**(52 095)**	**(26 738)**	**(78 887)**
Income	**56 679**	**246 773**	**16 132**	**129 697**
Income from credit facilities and loans contracted	48 972	226 502	11 050	112 108
Issue of short-term debt securities	7 164	19 711	5 075	17 572
Other income	543	560	7	17
Expenditures	**(104 708)**	**(207 756)**	**(168 933)**	**(247 367)**
Repayment of credit facilities and loans	(36 291)	(107 954)	(143 766)	(195 502)

(in PLN 000s, unless indicated otherwise)

Redemption of short-term debt securities	(6 900)	(19 500)	(4 500)	(20 700)
Payment of liabilities under financial leases	(274)	(2 804)	(433)	(1 257)
Interest and charges paid	(6 179)	(17 048)	(5 623)	(15 297)
Dividends paid	(39 011)	(39 011)	(13 925)	(13 925)
Purchase of own shares	(16 052)	(21 439)	(686)	(686)
Other	-	-	-	-
Net cash flows from financial activity	**(48 029)**	**39 017**	**(152 801)**	**(117 670)**
Change in cash	**4 663**	**13 909**	**(4 199)**	**16 593**
Exchange differences	-	-	-	-
Cash at beginning of period	**58 515**	**49 269**	**60 845**	**40 053**
Cash at end of period	**63 178**	**63 178**	**56 646**	**56 646**

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 (Polish Classification of Activities 7415Z). The Company is a taxpayer of tax on goods and services (VAT), Tax Identyfication Number: 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 the sale process (described in paragraph 6.2.5) 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 30 September 2011, with comparable data for the period from 1 January 2010 to 30 September 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 September 2011 Emperia Holding S.A. and nineteen subsidiaries, operating as limited liability companies (Sp. z o.o.) or joint-stock companies (S.A.), are subject to consolidation:

Stokrotka Sp. z o.o., Infinite Sp. z o.o., Detal Koncept Sp. z o.o., Elpro Ekon Spółka z ograniczoną odpowiedzialnością S.K.A. 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 and PSD S.A.*.

In three quarters 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 P1 Sp. z o.o., Ekon Sp. z o.o., EMP Investment Ltd. and Ipopema 55 FIZ Aktywów Niepublicznych (companies previously excluded from consolidation).

*At 30.09.2011 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)

List of subsidiaries of Emperia Holding SA be consolidated within the Capital Group and included in the consolidated financial statements for 30 September 2011

No	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. (7)	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 EKON Spółka z ograniczoną odpowiedzialnością S.K.A. (formerly „Elpro" Sp. z o.o.) (2)	EKON elpro Spółka komandytowo-akcyjna	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	15-399 Białystok, Sokólska 9	Food product retailing	33766, District Court in Białystok, XII Commercial Division of NCR	Subsidiary	Full	2007-01-02	100,00%	100,00%

(in PLN 000s, unless indicated otherwise)

8	Społem Tychy S.A.	„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	99,50%	99,50%
9	Maro-Markety Sp. z o.o.	MARO MARKETY	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. (7)	euro SKLEP	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.	Emperia Info	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)	AMBRA	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.) (7)	psd Partnerski Serwis Detaliczny	02-739 Warszawa, Grażyny 15	Franchise chain management	280288, District Court for the Capital City of Warsaw in Warsaw , XIII Commercial Division of NCR	Subsidiary	Equity method	2007-12-20	100,00%	100,00%
14	Projekt Elpro 1 Sp. z o.o. (5)		20-952 Lublin, ul. 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)	LEWIATAN Śląsk sp. z o.o.	41-219 Sosnowiec, Lenartowicza 39	Retail franchising	109502, S District Court in Toruń, VII Commercial Division of NCR	Subsidiary	Full	2007-01-01	100,00%	100,00%
16	P1 Sp. z o.o.		20-952 Lublin, Mełgiewska 7-9	head offices and management consultancy activities	365614, District Court in Lublin, XI Commercial Division of the NCR	Subsidiary	Full	2010-09-06	100,00%	100,00%

(in PLN 000s, unless indicated otherwise)

17	Ekon Sp. z o.o.		20-952 Lublin, Mełgiewska 7-9	Renting and leasing of cars and vans	367597, District Court in Lublin, XI Commercial Division of NCR	Subsidiary	Full	2010-09-06	100,00%	100,00%
18	EMP Investment Ltd.(8)		Themistokli 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	2010-09-03	100,00%	100,00%
19	Ipopema 55 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych (6)		00-850 Warszawa, Waliców 11	Activities of trusts, funds and similar financial institutions	RFi 591, the Warsaw Regional Court, Division VII of the Civil Registry	Subsidiary	Full	2010-12-09	100,00%	100,00%

(1) directly Emperia Holding (98.472 shares, 95,93%) and indirectly by Stokrotka (4.181 shares, 4,07%)
(2) indirectly by IPOPEMA 55 FIZ Aktywów Niepublicznych (80.625 shares), Ekon Sp. z o.o. (1 share)
(3) indirectly P1 Sp. z o.o. (211.475 shares, 91,58%) and by Tradis (19.432 shares, 8,42%)
(4) indirectly by Tradis Sp. z o.o.
(5) indirectly by IPOPEMA 55 FIZ Aktywów niepublicznych (138.427 shares, 99,95%), Projekt Elpro 1 (64, shares 0,05%), EKON Sp. z o.o. (1 share, 0,00%)
(6) indirectly by EMP Investment Limited
(7) indirectly by P1 Sp.z o.o.
(8) directly by Emperia Holding (40.938 shares 98,45%) and indirectly by Stokrotka (645 shares 1,55%)

(in PLN 000s, unless indicated otherwise)

List of subsidiaries at the balance sheet date 31 September 2011excluded from consolidation in financial statements with indication of legal grounds

No	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. w likwidacji (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. w likwidacji (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, os. Winiary 54		81,43%	81,43%
7.	Lewiatan Opole Sp. z o.o. (2)	45-325 Opole, Światowida 2		100,00%	100,00%
8.	Lewiatan Zachód Sp. z o.o. (7)	73-100 Stargard Szczeciński, 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. (7)	80-298 Gdańsk, Bysewska 30		100,00%	100,00%
11.	Ezon Sp. z o.o.	20-952 Lublin, Mełgiewska 7-9		100,00%	100,00%
12.	Tradis S.A.	20-952 Lublin, Mełgiewska 7-9		100,00%	100,00%
13.	Drogerie Koliber Sp. z o.o.(4)	44-100 Gliwice, Kozielska 25		100,00%	100,00%
14.	SPOŁEM Domy Handlowe Sp. z o.o. (5)	43-100 Tychy, ul. Damrota 72		100,00%	100,00%
15	P2 EKON Sp. z o.o. sp. komandytowo-akcjyna (6)	20-952 Lublin, ul. Mełgiewska 7-9		100,00%	100,00%

(1) indirectly by Stokrotka Sp. z o.o.
(2) indirectly by Tradis Sp. z o.o.
(3) indirectly by Traids, Lewiatan: Kujawy, Podlasie, Śląsk, Orbita, Opole, Wielkopolska, Zachód
(4) indirectly by P1 Sp. z o.o. (185 shares; 50,14%) and Tradis (184 shares; 49,86%)
(5) indirectly by Społem Tychy
(6) indirectly by IPOPEMA 55 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych
(7) indirectly by P1 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 September 2011

	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%
6	Małopolska Agencja Handlowa "Społem" Sp. z o.o.(5)	35-005 Rzeszów, ul. Bordowskiego 1	252	3,97%	3,97%
7	Galicyjska Agencja Handlowa "Społem" Sp. z o.o.(5)	30-133 Kraków, ul. Juliusza Lea 213	405	1,73%	1,73%
8	Białostocka Agencja Handlowa "Społem" Sp. z o.o.(5)	15-950 Białystok, ul. Marczukowska 12	125	4,00%	4,00%
9	Północna Agencja Handlowa "Społem" Sp. z o.o.(5)	82-300 Elbląg, ul. Pływacka 25	170	7,06%	7,06%

(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.
(5) indirectly by PSD 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 October 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.

3 **Other** include the holding operations of the Issuer's Company and the operation of other subsidiaries: Elpro Ekon Spółka z ograniczoną odpowiedzialnością S.K.A. (formerly „Elpro" Sp. z o.o.)., Projekt Elpro 1 Sp. z o.o., Ekon Sp. z o.o., P1 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. – Franchise chain management, Lewiatan Śląsk Sp. z o.o. – retail franchising, EMP Investment Limited – investment activity in real estate, 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 thousands of PLN 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 Discontinued operations

Presented in previous reporting periods, discontinued operations including distribution and franchise companies (including shares in 17 companies), held for sale under the Investment Agreement entered 20 December 2010 between Emperia Holding and Eurocash in this report is now presented as the continuing operations. The basis for such a presentation is made on 9 August 2010 statement of of the company P1 Sp. z o. o. (subsidiary, which acquired the rights and obligations conferred and aggravating Emperia Holding under the Investment Agreement) to withdraw from the Investment Agreement, acting in the manner and in accordance with the principles set out in this agreement.

Since the first half of 2011 as discontinued operations is presented retail business, which includes shares of companies: Stokrotka Sp. z o.o., Maro-Markety Sp. z o.o. and Społem Tychy S.A., held for sale.
The basis of this presentation is the resolution of the Management Board adopted on 20 June 2011 on the start of the process intended to selling companies operating in the retail segment.
Immediately after the resolution of the Emperia Holding has taken appropriate action to complete the transaction: notice of initiation of the sales process, approval and release of the document presenting the sold part of the Capital Group - Information Memorandum, a study of the legal and financial status of the retail companies by potential buyers admitted to participate in the sales process, receiving binding bids from interested buyers. In accordance with the approved schedule Emperia assumes the conclusion of a conditional contract of sale retail business (or other agreement having similar effect) to the end of this year, and the closing of the transaction by the end of the first quarter of 2012.

6.2.6 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.

6.2.7 Application of standards and interpretations applicable from 1 January 2011

The following standards, amendments to standards and interpretations apply to the Group since 1 January 2011:

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.

g) Amendments to IFRS 1, "Removal of rigid deadlines for applying IFRS for the first time"

On 26 August 2010 the IASB published an exposure draft Proposed amendments to IFRS 1: Resignation of rigid deadlines for applying IFRS for the first time, announcing a release of certain onerous obligations of transition to IFRS units. Proposed replacement of rigid deadlines specified in the standard as 1 January 2004; wording the date of transition to IFRS. As a result, individuals passing on IFRS will not have to transform the operations of derecognition carried out before the date of adoption of IFRS for the first time. The changes will apply to annual periods beginning on 1 July 2011 or after that date.

h) Amendments to IFRS 1 "Severe hyperinflation"

On 30 September 2010 the IASB published an exposure draft Severe hiperinflation. The project relates to units preparing financial statements in accordance with IFRS, after a period of severe hyperinflation - units that come to IFRS on the normalization of the functional currency or after that date could decide whether the assets and liabilities are measured at fair value at the date of transition to IFRS and used that fair value as the deemed cost of those assets and liabilities at the date of opening of the statement of financial position prepared in accordance with IFRS. The changes will apply to annual periods beginning on 1 July 2011 or after that date.

i) Amendments to IFRS 7 "Financial Instruments – Disclosures"

On 7 October 2010 the IASB issued a document disclosures about transfers of financial assets, the mounting requirements for disclosure of transactions involving the transfer of financial assets. These amendments are intended to increase transparency of information on the risks of transactions in which the financial asset was transferred, but the transferor retains a certain level of involvement in this component (referred to as the continuity of involvement). The amendments also require disclosure in cases where transfers of financial assets are not evenly distributed in the reporting period. The changes will apply to annual periods beginning on 1 July 2011 or after that date. This standard has not yet been adopted by the European Union.

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 third quarter 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) 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.

c) IFRS 10 "Consolidated Financial Statements"

On 12 May 2011, IASB issued IFRS 10 to replace IAS 27 Consolidated and Separate Financial Statements and the requirements of SIC-12 Consolidation—Special Purpose Entities. The consolidation basis under IFRS 10 is provided exclusively by the ability to exercise control, regardless of the nature of the investee. The definition of control comprises three elements: power over the investee, exposure or right to returns from its involvement with the investee, and the investor's ability to use its power over the investee to affect the amount of the investor's returns. If the facts or circumstances change, the investor is required to reassess its ability to exercise control the investee. Standard enter into force on 1 January 2013 with possibility of earlier application in certain circumstances. The standard has not as yet been adopted by the European Union.

d) IFRS 11 „Joint Arrangements"

On 12 May 2011, IASB issued IFRS 11 to replace IAS 31 Interests in Joint Ventures and the requirements of SIC-13 Jointly Controlled Entities – Non Monetary Contributions By Venturers. IFRS 11 classifies joint arrangements as a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. IFRS 11 requires that interests in joint arrangements be accounted for using the equity method only. Joint arrangements are classified on the basis of the rights and obligations of a party to the arrangement. Standard enter into force on 1 January 2013 with possibility of earlier application in certain circumstances. The standard has not as yet been adopted by the European Union.

e) IFRS 12 "Disclosure of Interests in Other Entities

On 12 May 2011, IASB issued IFRS 12 Disclosure of Interests in Other Entities imposing broader disclosure requirements with regard to interests in subsidiaries, associations, joint arrangements, and unconsolidated structured entities. IFRS 12 sets the information disclosure objectives and the minimum scope of disclosures required to attain them. An entity is required to disclose information that enables users of financial statements to evaluate the nature of its interests and the risks associated with them and the effects of those interests on the financial statements. Standard enter into force on 1 January 2013 with possibility of earlier application. The standard has not as yet been adopted by the European Union.

f) Revised IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures

IAS 27 and IAS 28 were amended following the issue of IFRS 10 and IFRS 11 so that they corresponded with the provisions of the latter. The revisions do not apply to the currently effective provisions governing separate financial statements. Amendments enter into force on 1 January 2013. The standard has not as yet been adopted by the European Union.

g) IFRS 13 „Fair Value Measurement"

IFRS 13 seeks to increase consistency and comparability of fair value measurement in international financial reporting. The new definition of fair value, common to all standards, is as follows: fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard includes a number of clarifications and guidelines enabling measurement consistent with the definition and introduces the obligation to disclose a range of information on measurement and measurement methods, both with respect to financial and non-financial items. Standard enter into force on 1 January 2013. The standard has not as yet been adopted by the European Union.

6.2.8 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.

6.2.9 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.

6.2.10 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) The transaction of transfer shares within the Emperia Holding Capital Group

On 6 July 2011 Emperia Holding S.A. with seat in Lublin received authenticated deed - memorandum of the Extraordinary Meeting of Shareholders of subsidiary P1 Sp. o.o. (P1). As a result of adopted resolutions parent company Emperia acquired 13 200 000 newly created shares of nominal value PLN 100 each and total nominal value of PLN 1 320 000 000. All new shares in share capital in number of 13 200 000 were acquired by Emperia, which covered them entirely by in-kind contribution of value PLN 1 320 000 000 in form of:

1. 211 475 shares in Tradis Sp. o.o. of nominal value PLN 500 each and total nominal value PLN 105 737 500. Emperia holds 100 percent of share capital and votes at the general meeting of Tradis Sp. z.o.o.
2. 28 806 shares in Detal Koncept Sp. o.o. of nominal value PLN 500 each and total nominal value PLN 14 403 000. Emperia holds 100 percent of share capital and votes at the general meeting of Detal Koncept Sp. z.o.o.
3. 13 426 shares in Euro Sklep S.A. of nominal value PLN 410 per share and total nominal value PLN 5 504 660 . Emperia holds 100 percent of share capital and votes at the general meeting of Euro Sklep S.A.
4. 4 000 010 shares in Partnerski Serwis Detaliczny S.A. of nominal value PLN 1 each and total nominal value PLN 4 000 010. Emperia holds 100 percent of share capital and votes at the general meeting of Partnerski Serwis Detaliczny S.A.
5. 855 shares in Lewiatan Zachód Sp. o.o. of nominal value PLN 600 each and total nominal value PLN 513 000. Emperia holds 100 percent of share capital and votes at the general meeting of Lewiatan Zachód Sp. z.o.o.
6. 1 100 shares in Lewiatan Północ Sp. o.o. of nominal value PLN 500 each and total nominal value PLN 550 000. Emperia holds 100 percent of share capital and votes at the general meeting of Lewiatan Północ Sp. z.o.o.
7. 185 shares in Drogerie Koliber Sp. z o.o. of nominal value PLN 500 each and total nominal value PLN 92 500. Emperia holds 51,14% (directly and indirectly holds 100 percent) percent of share capital and votes at the general meeting of Drogerie Koliber Sp. z.o.o.

The total value of the abovementioned assets in the accounts of the issuer amounts PLN 340 190 500,06. Emperia is the only partner in P1. All companies participating in transaction belong to the Emperia Group. Companies whose shares are subject to transactions are engaged in wholesale trade of foodstuffs and franchise activities in retail industry. The current activities of these companies will be continuing.
Investment in shares and interests of companies: P1, Tradis, Detal Koncept, Euro Sklep, Partnerski Serwis Detaliczny, Lewiatan Zachód, Lewiatan Północ and Drogerie Koliber is a short-term equity investment.
This transaction is permitted under the terms of Investment Agreement dated 21 December 2010 concluded between Eurocash S.A. and Emperia Holding S.A.

In connection with the transfer of shares of companies listed above P1 Sp. z o. o. took over the rights and obligations conferred or aggravating Emperia under the Investment Agreement entered into between Emperia and Eurocash SA and also Emperia joined on the side P1 Sp. z o. o. the obligations under the Investment Agreement.

On 9 August 2011 Emperia Holding SA and P1 Sp. z o. o. abandoned the the Investment Agreement dated 21 December 2010 entered into between Emperia Holding S.A. and Eurocash S.A. (described in paragraph 7.14.16 e).

b) Transaction of transfer shares within the Emperia Holding Capital Group

On 12 August 2011 were signed agreements for acquisition by EMP Investment Limited, with seat in Nicosia (Cyprus), from Emperia Holding S.A. with seat in Lublin and Stokrotka Sp. z o.o. with seat in Lublin, shares in Projekt Elpro 1 Sp. z o.o. with seat in Lublin. Emperia Holding S.A. holds directly or indirectly 100 percent of votes at General Meeting of companies: Stokrotka, EMP Investment Limited and Projekt Elpro 1.
Subject of agreement is to transfer of ownership to EMP Investment Limited by:
Stokrotka Sp. z o.o. 89 330 shares with a nominal value of PLN 44 665 000, which represents 64.5 percent of share capital and votes at the General Meeting of Projekt Elpro 1 in exchange for 645 shares of EMP Investment Limited with a value of PLN 1 each and total value of PLN 70 983 000.
Emperia Holding S.A. 49 098 shares with a nominal value of PLN 24 549 000, which represents 35.5 percent of share capital and votes at the General Meeting of Projekt Elpro 1 in exchange for 355 shares of EMP Investment Limited with a value of PLN 1 each and total value of PLN 39 017 000.
The total value of these assets in the accounts is PLN 101 492 140,45. 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 Projekt Elpro 1 Sp. z o.o. will continue current activities as a developer and manager of real estate of Emperia Capital Group. Investment in shares of Projekt Elpro 1 is a short-term equity.

c) Making subscription on investment certificates issued by IPOPEMA 55 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych by subsidiary EMP Investment Limited

On 26 August 2011 subsidiary EMP Investment Limited with seat in Nicosia (Cyprus) signed an agreement of transfer shares of Projekt Elpro 1 Sp. z o.o. to IPOPEMA 55 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych ("Fund") under subscription for investment certificates. EMP Investment Limited made subscription on investment certificates Series C of Fund in exchange for 138 428 shares Projekt Elpro 1 Sp. z o.o. of nominal value of PLN 69 214 000, carrying 100 percent of votes at the General Meeting. Value of contributed shares was set at PLN 115 736 815,75 which corresponds with value of assets in the accounts.
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 Projekt Elpro 1 will continue current activities as a developer and manager of real estate of Emperia Capital Group.
Investment in shares of Projekt Elpro 1 and certificates of the Fund is a long-term equity investment.
Issuer holds directly or indirectly 100% percent of votes at the General Meeting of EMP Investment Limited and Projekt Elpro 1. EMP Investment Limited is the only participant of IPOPEMA 55 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych.

Mergers made within the Capital Group and increase of capital in subsidiaries

In the third quarter of 2011 the event has not occurred in the group.

Sale of shares of subsidiaries and others

In the third quarter of 2011 the event has not 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 7.14.17

6.2.11 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. In case the lease period is shorter than the planned balance amortization period of investment in a foreign object and is not expected to extend the lease, depreciation is calculated according to the expected useful life. In a situation where the lease is extended, however, remained non-amortized net value is spread over the remaining economic useful life.

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.

6.2.12 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.

6.2.13 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.

6.2.14 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.

6.2.15 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 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) <u>Loans and receivables</u>

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.

6.2.16 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 balance 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.

6.2.17 Lease

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.

6.2.18 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.

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

6.2.20 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.

6.2.21 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.

6.2.22 Equity capital funds

On equity capital funds of company 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.

6.2.23 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.

6.2.24 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

6.2.25 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.

6.2.26 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.

6.2.27 Employee Benefits

6.2.27.1 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.

6.2.27.2 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.

6.2.28 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.

6.2.29 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.

6.2.30 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.

6.2.31 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 by the Group in the third quarter of 2011 are consistent with the expectations of the Management Board, and better than in the corresponding period the previous year.

However, analyzing these results should be borne in mind that, since 9 August 2011 the Capital Group was a party of an agreement Investment Agreement concluded with Eurocash SA on 21 December 2010. The validity of the above mentioned agreement exerted significant negative impact on current results of companies belonging to the Tradis Distribution Group Division, departure from the Investment Agreement changed this state of affairs and allowing the companies to resume a series of operations to enhance sales and cost optimization.

In the third quarter the Capital Group achieved revenue growth, compared to the previous year by 6.2%. This growth was achieved on a fixed number of outlets (C&C warehouses and distribution centers). A natural consequence of increase in sales in a fixed number of outlets is improvement of cost-effectiveness, resulting in improvements in ratio of sales cost to sales revenues – in the third quarter of 2011 this indicator amounted to 8.2% (in the same period the previous year it amounted to 8.7%). Significant impact on this ratio, along with an increase in sales volumes, had an improvement in operating efficiency causing reduction in variable costs. The main source of cost reduction was productivity growth in warehouse logistics costs of Tradis.

Improving the efficiency was not only at the level of sales cost, but also at the level of general overheads, and it would be even higher after eliminating impact on this position of the one-off costs associated with: (1) due diligence process of companies comprising the Tradis Distribution Group Division, (2) legal costs related to the implementation and in the consequent withdrawal from the Investment Agreement concluded with Eurocash SA (3) process of selling of Retail Companies. The source of this improvement is primarily by consistently increase in productivity of support services, which as a result of the implementation of more efficient IT and organizational solutions systematically reduce costs of services provided within the Group.

Achieved in the third quarter financial results shows that implemented innovative projects and paying particular attention on costs level bring the expected results while showing simultaneously how big is potential of the Capital Group to further improvement of results in the future.

Financial Highlights

Description	Q3 2011	Q3 2010	%
Sales revenues	4 690 790	4 384 854	7,0%
EBIDTA	150 192	136 845	9,8%
Profit on operations	98 494	85 767	14,8%
Profit before tax	84 100	73 263	14,8%
Profit for period	68 166	59 326	14,9%
Total assets	2 024 085	1 857 034	9,0%
Liabilities and provisions against liabilities	1 137 449	1 003 965	13,3%
Short-term liabilities	1 047 089	856 711	22,2%
Net assets	886 635	853 069	3,9%
Share capital	15 115 161	15 115 161	-
Annualised profit per share for period	7,20	5,06	28,6%

(in PLN 000s, unless indicated otherwise)

Group's activity and payment capacity.

Description	Methodology	Q3 2011	Q3 2010
Return on equity	(profit for the period under review/equity at the end of the period) in %	7,69%	6,95%
Return on assets	(profit for the period under review/total assets at the end of the period) in %	3,37%	3,19%
Return on sales	(profit for the period under review/sales revenues in the period) in %	15,76%	16,21%
Return on EBIDTA	*(EBITDA/* sales revenues in the period) in %	3,20%	3,12%
Return on operations	(profit on operations for the period under review/sales revenues in the period) in %	2,10%	1,96%
Gross return	(profit before tax for the period under review/sales revenues in the period) in %	1,79%	1,67%
Net return	(profit for the period under review/sales revenues in the period) in %	1,45%	1,35%

Compared to last year the Group achieved improvement in most indicators of profitability. Slight deterioration, by 0,45pp, was on the gross margin from sales of goods and services, but it has been compensated by reduction of operating costs therefore profitability on subsequent levels of the income statement has improved.

7.2 Business 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.

3 **Other** include the holding operations of the Issuer's Company and the operation of other subsidiaries: Elpro Ekon Spółka z ograniczoną odpowiedzialnością S.K.A. (formerly „Elpro" Sp. z o.o.), Projekt Elpro 1 Sp. z o.o., Ekon Sp. z o.o., P1 Sp. z o.o. – activities of head offices , management consultancy activities, Infinite Sp. z o.o., Emperia Info Sp. z o.o. – providing IT services, PSD S.A. – franchise chain management, Lewiatan Śląsk Sp. z o.o. – retail franchising, EMP Investment Limited – investment activity in real estate, 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.

(in PLN 000s, unless indicated otherwise)

The tables below present cumulative information regarding the Group's business segments for three quarters of 2011:

Description	Wholesale	Retail	Other	Exclusions	Total
Segment total revenues	3 804 085	1 492 872	98 875	705 042	**4 690 790**
Segment revenues (from external clients/customers)	3 193 282	1 471 100	26 408		**4 690 790**
Segment revenues (from other segments)	610 803	21 772	72 467	705 042	
Segment total costs	(3 740 030)	(1 472 256)	(85 409)	(705 548)	**(4 592 147)**
Result on other operations	6 539	6 873	(2 341)	11 220	**(149)**
Result on financial operations	(6 913)	(1 699)	190 626	196 408	**(14 394)**
Result (gross)	63 681	25 790	201 751	207 122	**84 100**
Taxation	(12 156)	(4 080)	(6 334)	(5 580)	**(16 990)**
Share in financial result entities valued using the equity method			1 056		**1 056**
Segment result (net)	51 525	21 710	196 473	201 542	**68 166**

Description	Wholesale	Retail	Other	Exclusions	Total
Segment assets/ liabilities	1 207 917	522 984	3 180 944	2 887 760	**2 024 085**
Goodwill	162 463	44 783	621		**207 867**

Description	Wholesale	Retail	Other	Exclusions	Total
Investment outlays	(42 485)	(33 622)	(93 873)	(103 059)	**(66 921)**
Depreciation	(14 623)	(24 267)	(13 217)	(409)	**(51 698)**

The tables below present cumulative information regarding the Group's business segments for three quarters of 2010:

Description	Wholesale	Retail	Other	Exclusions	Total
Segment total revenues	3 529 645	1 432 209	84 339	661 339	**4 384 854**
Segment revenues (from external clients/customers)	2 952 087	1 416 358	16 409		**4 384 854**
Segment revenues (from other segments)	577 558	15 851	67 930	661 339	
Segment total costs	(3 475 311)	(1 411 471)	(74 628)	(662 289)	**(4 299 121)**
Result on other operations	2 844	(2 907)	173	76	**34**
Result on financial operations	(4 210)	(3 228)	58 519	63 585	**(12 504)**
Result (gross)	52 968	14 603	68 403	62 711	**73 263**
Taxation	(9 623)	(3 079)	(1 930)	239	**(14 871)**
Share in financial result entities valued using the equity method			934		**934**
Segment result (net)	**43 345**	**11 524**	**67 407**	**62 950**	**59 326**

Description	Wholesale	Retail	Other	Exclusions	Total
Segment assets/ liabilities	1 110 473	464 366	959 306	677 111	**1 857 034**
Goodwill	156 073	47 281	621		**203 975**

Description	Wholesale	Retail	Other	Exclusions	Total
Investment outlays	(11 655)	(39 044)	(30 935)	(629)	**(81 005)**
Depreciation	(16 088)	(23 173)	(12 725)	(909)	**(51 077)**

(in PLN 000s, unless indicated otherwise)

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 6.1and 6.2.10

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

Management Board of Emperia Holding SA sustain financial results made public by current reports No 76/2011 dated 26 October 2011.

Management Board of Emperia Holding SA will monitor the level of forecast realization based on internal business control system. Assess of possibility of achieving forecast results will be indicated in the consolidated quarterly reports of Emperia Capital Group.

Should the Management Board of Emperia Holding SA become aware of reasonable grounds for a discrepancy of 10% or more compared to one of the projected figures, it will disclose it immediately to the public in a current report.

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*	1 208 546	8,00%	(20,40%)	1 518 210	10,04%	1 208 546	8,00%
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 *	980 208	6,48%	29,37%	757 653	5,01%	980 208	6,48%

* information about held shares were given on the basis of their holding by Shareholders as at 25 August 2011. (dividend day)

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 30/09/2011	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 30/09/2011	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	354 674	2,35%	2,0%	347 730	2,30%

7.7 Information on pending litigation

On 12 September 2011, the Company received request from Eurocash S.A. for arbitration addressed to Emperia Holding S.A. and P1 Sp. z o.o. (subsidiary of Emperia Holding S.A., which took over the rights and obligations arising from the Investment Agreement dated 21 December 2011). In this request Eurocash S.A. seeks a declaration by the arbitral tribunal that: the legal relationship arising under the Investment Agreement concluded between Emperia Holding S.A. and Eurocash S.A. still exists; and that the price for the interests being acquired by Eurocash S.A. in the distribution subsidiaries controlled by Emperia Holding S.A. is equal to the Base Value, i.e. PLN 925,975,000 adjusted in accordance with Article 7.9 of the Investment Agreement.
In order to secure claims of Eurocash S.A. vindicate in a arbitration process, The District Court in Lublin handed over Emperia Holding S.A. ("Company") and its subsidiary P1 Sp. z o.o. the decision of 2 September on securing interests and shares of the Companies, that were subject to the Investment Agreement (detailed description in 7.14.16.j)

7.8 Material transactions of the Issuer with associated entities

In third 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 third quarter of 2011 within Capital Group, are described in note 6.2.10. As a part of management of Group's cash flows, took place short-term bond issue, described in detail in note7.14.5.

7.9 Credit facilities, loans and guarantees

In third 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 the 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 third 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 leveling 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.
g) Result and duration of the arbitration proceedings with Eurocash

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,
a) Implementation of the new structure of property management and investments in real estate in the Group,
b) Internal policy on cost control,
c) Timely and budgetary implementation of the planned investments,
d) Implementation of sales process of the retail segment.

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

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

The composition of the Management Board at 30 September 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 third 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 30 September 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 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

(in PLN 000s, unless indicated otherwise)

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 three quarters of 2011	Changes in 2010
Long-term		
As at the beginning of the period	2 996	2 843
Increases/reductions during the period	51	*148*
Increases/reductions during the period resulting from acquisitions	0	*5*
As at the end of the period	**3 047**	**2 996**
- including assigned to the group for disposal	*2 469*	*449*
Short-term		
As at the beginning of the period	10 060	12 634
Increases/reductions during the period	(3 308)	*(2 625)*
Increases/reductions during the period resulting from acquisitions	0	*51*
As at the end of the period	**6 752**	**10 060**
- including assigned to the group for disposal	*2 921*	***5 072***

Other provisions	Changes in three quarters of 2011	Changes in 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	10 031	*(1 300)*
Increases/reductions during the period resulting from acquisitions	0	*13*
As at the end of the period	**12 360**	**2 329**
- including assigned to the group for disposal	***3 190***	***1 487***

7.14.5 Issue, redemption and repayment of debt and equity securities

<u>Bonds Issued</u>

a) Emperia Holding S.A.

In 2005, Emperia Holding S.A. concluded an agreement with BRE Bank S.A. providing for a five-year short-term and medium-term bonds issue programme of the aggregate of up to PLN 50,000,000.
Bonds issue and redemption (expressed in nominal amounts) of Emperia Holding S.A. in third quarter of 2011 and cumulatively throughout three quarters of 2011 and 2010 were as follows:

<u>2011:</u>

Throughout three quarters of 2011 Emperia Holding S.A. did not issue any bonds.

<u>2010:</u>

In Q3 2010 Emperia Holding S.A. did not issue any bonds.

(in PLN 000s, unless indicated otherwise)

Bonds issue and redemption in Q1-Q3 2010	Total	External issue
As at the beginning of the period	**4 000**	**4 000**
Bonds issue	***4 000***	*4 000*
Bonds redemption	***(8 000)***	*(8 000)*
As at the end of the period	**0**	**0**

b) Elpro Sp. z o.o.

A subsidiary limited liability company Elpro Sp. z o.o. has an agreements with BRE Bank S.A. and PEKAO S.A. providing for a five-year 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 third quarter of 2011 and cumulatively throughout three quarters of 2011 and 2010 were as follows:

2011:

Bonds issue and redemption in Q3 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**	**59 400**	**6 500**	**7 000**	**0**	**0**	**0**	***5 000***
Bonds issue	***320 000***	*7 200*	*205 200*	*26 800*	*68 800*	*12 000*	*0*	*0*	*0*
Bonds redemption	***(320 000)***	*(6 900)*	*(216 500)*	*(26 400)*	*(53 200)*	*(12 000)*	*0*	*0*	*(5 000)*
As at the end of the period	**80 000**	**2 400**	**48 100**	**6 900**	**22 600**	**0**	**0**	**0**	**0**

Bonds issue and redemption in Q1-Q3 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	***800 000***	*19 800*	*424 200*	*66 600*	*110 800*	*24 000*	*5 100*	*115 000*	*34 500*
Bonds redemption	***(800 000)***	*(19 500)*	*(435 900)*	*(59 700)*	*(95 200)*	*(24 000)*	*(5 100)*	*(122 600)*	*(38 000)*
As at the end of the period	**80 000**	**2 400**	**48 100**	**6 900**	**22 600**	**0**	**0**	**0**	**0**

2010:

Bonds issue and redemption in Q3 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.	Detal Koncept Sp. z o.o.
As at the beginning of the period	**67 500**	**1 500**	**54 400**	**7 600**	**2 000**	**0**	**0**	**0**	**2 000**
Bonds issue	***238 300***	*5 100*	*186 600*	*22 800*	*9 000*	*0*	*0*	*0*	*14 800*
Bonds redemption	***(228 800)***	*(4 500)*	*(182 400)*	*(22 800)*	*(7 500)*	*0*	*0*	*0*	*(11 600)*
As at the end of the period	**77 000**	**2 100**	**58 600**	**7 600**	**3 500**	**0**	**0**	**0**	**5 200**

Bonds issue and redemption in Q1-Q3 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.	Detal Koncept 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**	**0**
Bonds issue	***622 300***	*13 700*	*340 400*	*68 400*	*32 000*	*10 200*	*121 400*	*17 000*	*19 200*
Bonds redemption	***(602 000)***	*(12 700)*	*(294 700)*	*(68 400)*	*(31 500)*	*(12 200)*	*(143 000)*	*(25 500)*	*(14 000)*
As at the end of the period	**77 000**	**2 100**	**58 600**	**7 600**	**3 500**	**0**	**0**	**0**	**5 200**

(in PLN 000s, unless indicated otherwise)

c) Stokrotka Sp. z o.o.

A subsidiary limited liability company, Stokrotka Sp. z o.o., has an agreement with BRE Bank S.A. providing for a five-year short-term and medium-term bonds issue programme of the aggregate value of up to PLN 50,000,000.
Bonds issue and redemption (expressed in nominal amounts) of Stokrotka Sp. z o.o. in third quarter of 2011 and cumulatively throughout three quarters of 2011 and 2010 were as follows:

2011:

Bonds issue and redemption in Q3 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	**15 000**	**0**	**14 500**	**0**	**500**	**0**
Bonds issue	*91 000*	*0*	*87 600*	*0*	*3 400*	*0*
Bonds redemption	*(78 000)*	*0*	*(75 300)*	*0*	*(2 700)*	*0*
As at the end of the period	**28 000**	**0**	**26 800**	**0**	**1 200**	**0**

Bonds issue and redemption in Q1-Q3 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	*185 800*	*0*	*174 900*	*0*	*10 900*	*0*
Bonds redemption	*(192 800)*	*0*	*(160 300)*	*(14 900)*	*(11 400)*	*(6 200)*
As at the end of the period	**28 000**	**0**	**26 800**	**0**	**1 200**	**0**

2010

Bonds issue and redemption in Q3 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**	**30 600**	**5 600**	**0**	**0**	**13 800**
Bonds issue	***150 000***	*0*	*88 900*	*17 700*	*0*	*1 200*	*42 200*
Bonds redemption	***(150 000)***	*0*	*(89 900)*	*(17 400)*	*0*	*(800)*	*(41 900)*
As at the end of the period	**50 000**	**0**	**29 600**	**5 900**	**0**	**400**	**14 100**

Bonds issue and redemption in Q1-Q3 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	***426 000***	*0*	*219 700*	*53 200*	*8 200*	*23 700*	*121 200*
Bonds redemption	***(426 000)***	*0*	*(209 100)*	*(52 800)*	*(16 800)*	*(27 800)*	*(119 500)*
As at the end of the period	**50 000**	**0**	**29 600**	**5 900**	**0**	**400**	**14 100**

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

Total liabilities from debt securities at 30.09.2011

Issuer	Series	Nominal value (In thousand PLN)	Date of repurchase	As at 30.09.2011
Stokrotka Sp. z o.o.	0075*	26 800	2011-10-28	
Stokrotka Sp. z o.o.	0075*	1 200	2011-10-28	
Elpro Sp. z o.o.	0110*	43 100	2011-10-28	
Elpro Sp. z o.o.	0110*	6 900	2011-10-28	
Elpro Sp. z o.o.	0114*	5 000	2011-10-28	
Elpro Sp. z o.o.	0114*	22 600	2011-10-28	
Elpro Sp. z o.o.	0114	2 400	2011-10-28	2 390
Total bonds issued by the Group				**2 390**
Other				
Total liabilities under debt securities				
including: short-term				2 390
including: long-term				

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

(in PLN 000s, unless indicated otherwise)

Total liabilities from debt securities at 31.12.2010

Issuer	Series	Nominal value (In thousand PLN)	Date of repurchase	As at 31.12.2010
Stokrotka Sp. z o.o.	0065*	12 200	2011-01-21	
Stokrotka Sp. z o.o.	0065*	6 200	2011-01-21	
Stokrotka Sp. z o.o.	0065*	1 700	2011-01-21	
Stokrotka Sp. z o.o.	0065*	14 900	2011-01-21	
Elpro Sp. z o.o.	0104*	7 600	2011-01-21	
Elpro Sp. z o.o.	0104	2 100	2011-01-21	2 093
Elpro Sp. z o.o.	0104*	13 300	2011-01-21	
Elpro Sp. z o.o.	0104*	7 000	2011-01-21	
Elpro Sp. z o.o.	0093*	20 000	2011-01-14	
Elpro Sp. z o.o.	0094*	26 500	2011-01-21	
Elpro Sp. z o.o.	0094*	3 500	2011-01-21	
Total bonds issued by the Group				**2 093**
Other				
Total liabilities under debt securities				
including: short-term				2 093
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

Paid dividends :

On 29 June 2011 Ordinary General Meeting of Emperia Holding S.A. distributed as dividend amount of PLN 39.003.199,82 (thirty-nine million two hundred forty-three thousand three hundred fifty-five 64/100 zloty), representing PLN 2,63 (two and 63/100 zloty) per share.
All shareholders holding shares as at 25 August 2011 (record date) are entitled to dividend. The date of dividend payment is set for 9 September 2011.

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.

Three quarters of 2011

Changes in off-balance sheet liabilities in Q1-Q3 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	49 292	-	-
Reductions during the period	(7 530)	-	-
Increases/reductions during the period resulting from acquisitions	0	-	-
As at the end of the period	**138 087**	-	-
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	20 814	2 368	-
Reductions during the period	(48 551)	(4 702)	-
Increases/reductions during the period resulting from acquisitions	0	0	-
As at the end of the period	**374 864**	**10 117**	-
Transfer of title as security/pledge/assignment of fixed assets			
As at the beginning of the period	**1 432**	-	-
Increases during the period	0	-	-
Reductions during the period	0	-	-
Increases/reductions during the period resulting from acquisitions	0	-	-
As at the end of the period	**1 432**	-	-

(in PLN 000s, unless indicated otherwise)

Guarantees			
As at the beginning of the period	**107 145**	**7 134**	**4 974**
Increases during the period	75 644	1 423	0
Reductions during the period	(7 755)	(3 099)	(2 230)
Increases/reductions during the period resulting from acquisitions	0	0	0
As at the end of the period	**175 034**	**5 458**	**2 744**

Emperia Holding S.A. extended corporate financial guarantees of PLN 175 034 000 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 in 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	*32 642*	-	-
Reductions during the period	*(141 632)*	-	-
Increases/reductions during the period resulting from acquisitions	*0*	-	-
As at the end of the period	**96 324**	-	-
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	*352 779*	*14 214*	-
Reductions during the period	*(248 034)*	*(17 048)*	-
Increases/reductions during the period resulting from acquisitions	*0*	*0*	-
As at the end of the period	**402 601**	**12 451**	-
Transfer of title as security/pledge/assignment of fixed assets			
As at the beginning of the period	1 432	-	-
Increases during the period	*0*	-	-
Reductions during the period	*0*	-	-
Increases/reductions during the period resulting from acquisitions	*0*	-	-
As at the end of the period	**1 432**	-	-
Guarantees			
As at the beginning of the period	142 179	5 772	5 554
Increases during the period	*181 295*	*9 357*	*0*
Reductions during the period	*(216 329)*	*(7 995)*	*(580)*
Increases/reductions during the period resulting from acquisitions	*0*	*0*	*0*
As at the end of the period	**107 145**	**7 134**	**4 974**

Emperia Holding S.A. extended corporate financial guarantees of PLN 107 145 000 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 stock, 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-Q3 2011
Revaluation allowances on account of impairment of fixed assets	
As at the beginning of the period	**994**
Creating of write-offs	110
Reversal of write–offs	(55)
Changes of write-offs resulting from acquisitions	0
As at the end of the period	**1 049**
- including assigned to the group for disposal	699
Revaluation allowances for receivables	
As at the beginning of the period	**28 531**

(in PLN 000s, unless indicated otherwise)

Creating of write-offs	13 417
Reversal of write–offs	(8 315)
Changes of write-offs resulting from acquisitions	0
Not written off profit and loss	(2 422)
As at the end of the period	**31 210**
- including assigned to the group for disposal	2 260
Revaluation allowances for financial assets	
As at the beginning of the period	**67**
Creating of write-offs	*0*
Reversal of write–offs	*0*
Changes of write-offs resulting from acquisitions	*0*
As at the end of the period	**67**
- including assigned to the group for disposal	62
Revaluation allowances for inventory	
As at the beginning of the period	**18 397**
Creating of write-offs	18 956
Reversal of write–offs	(12 571)
Changes of write-offs resulting from acquisitions	0
As at the end of the period	**24 782**
- including assigned to the group for disposal	10 330
including: revaluation allowances on account of stocktaking	
As at the beginning of the period	626
Creating of write-offs	15 245
Reversal of write–offs	(9 518)
Changes of write-offs resulting from acquisitions	0
As at the end of the period	6 353
including: revaluation allowances on account of bonuses	
As at the beginning of the period	17 771
Creating of write-offs	3 711
Reversal of write–offs	(3 053)
Changes of write-offs resulting from acquisitions	0
As at the end of the period	18 429

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

Revaluation allowances on account of impairment of fixed assets and reversal of those allowances.	Changes in 2010
Revaluation allowances on account of impairment of fixed assets	
As at the beginning of the period	***1 024***
Creating of write-offs	*464*
Reversal of write–offs	*(494)*
Changes of write-offs resulting from acquisitions	*0*
As at the end of the period	***994***
- including assigned to the group for disposal	***391***
Revaluation allowances for receivables	
As at the beginning of the period	**30 798**
Creating of write-offs	*10 093*
Reversal of write–offs	*(9 273)*
Changes of write-offs resulting from acquisitions	*25*
Not written off profit and loss	*(3 112)*
As at the end of the period	**28 531**
- including assigned to the group for disposal	*23 231*
Revaluation allowances for financial assets	
As at the beginning of the period	62
Creating of write-offs	*5*

(in PLN 000s, unless indicated otherwise)

Reversal of write–offs	*0*
Changes of write-offs resulting from acquisitions	*0*
As at the end of the period	**67**
- including assigned to the group for disposal	***12***
Revaluation allowances for inventory	
As at the beginning of the period	*18 223*
Creating of write-offs	*23 729*
Reversal of write–offs	*(23 555)*
Changes of write-offs resulting from acquisitions	*0*
As at the end of the period	**18 397**
- including assigned to the group for disposal	*13 891*

* 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 third quarter of 2011.

7.14.10 Deferred corporate tax

Deferred corporate tax	Changes in three quarters of 2011	Changes in 2010
Deferred corporate tax assets		
As at the beginning of the period	**15 412**	**15 751**
Increase of assets	9 845	6 803
Reduction of assets	(3 154)	(7 142)
Increases/reductions during the period resulting from acquisitions	0	*0*
As at the end of the period	**22 103**	**15 412**
- including assigned to the group for disposal	*5 307*	*8 528*

Deferred corporate tax	Changes in three quarters of 2011	Changes in 2010
Provision against deferred corporate tax		
As at the beginning of the period	**16 216**	**14 822**
Increase of assets	5 272	4 996
Reduction of assets	(5 640)	(3 602)
Increases/reductions during the period resulting from acquisitions	0	*0*
As at the end of the period	**15 848**	**16 216**
- including assigned to the group for disposal	*3 452*	*15 179*

7.14.11 Financial and operating leases

2011:

Liabilities under financial leases	30 September 2011	
	Minimum payments	Current value of minimum payments
Up to 1 year	387	265
From 1 to 5 years		
Over 5 years		
Total	**387**	**265**

(in PLN 000s, unless indicated otherwise)

Operating leases

Description of assets	Term of agreement	As at 30.09.2011	As at 30.09.2012	From 1 - 5 years	Over 5 years
			Minimum annual payments		
Real properties	definite				
	indefinite				
Machinery and equipment	definite				
	indefinite				
Vehicles	definite	42			
	indefinite				
Other fixed assets	definite				
	indefinite				

Agreements containing a lease according to IFRIC 4

Description of assets	Term of agreement	As at 30.09.2011	As at 30.09.2012	From 1 - 5 years	Over 5 years
			Minimum annual payments		
Real properties	definite	66 774	88 754	337 146	335 731
	indefinite	7 655	10 337	41 100	50 993
Machinery and equipment	definite	69	42	27	0
	indefinite	78	103	413	517
Vehicles	definite	10 726	16 089	28 985	557
	indefinite	0	0	0	0
Other fixed assets	definite	26	7	0	0
	indefinite	35	49	195	243

For agreements of indefinite duration, for calculating assumed a 10-year period.

2010:

Liabilities under financial leases	31 December 2010	
	Minimum payments	Current value of minimum payments
Up to 1 year	1 752	1 421
From 1 to 5 years	1 842	1 638
Over 5 years		
Total	**3 594**	**3 059**

Operating leases

Description of assets	Term of agreement	As at 31.12.2010	As at 31.12.2011	From 1 - 5 years	Over 5 years
			Minimum annual payments		
Real properties	definite				
	indefinite				
Machinery and equipment	definite				
	indefinite				
Vehicles	definite	36	3		
	indefinite				
Other fixed assets	definite				
	indefinite				

Agreements containing a lease according to IFRIC 4

Description of assets	Term of agreement	As at 31.12.2010	As at 31.12.2011	From 1 - 5 years	Over 5 years
			Minimum annual payments		
Real properties	definite	84 719	96 204	372 291	446 169
	indefinite	10 122	10 694	42 790	53 199
Machinery and equipment	definite	73	22	14	
	indefinite	38	38	152	189

(in PLN 000s, unless indicated otherwise)

Vehicles	definite	16 059	17 045	44 528	175
	indefinite	5	5	20	31
Other fixed assets	definite	55	22		
	indefinite	4	6	22	28

For agreements of indefinite duration, for calculating assumed a 10-year period.

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 third 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.

(in PLN 000s, unless indicated otherwise)

7.14.15 Additional presentation of the basic elements of financial statements.

Consolidated Statement of Financial Position and Consolidated Profit and Loss Account of Emperia Holding S.A. without separation of discontinued operations (earmarked for sale).

	30 September 2011	30 June 2011	31 December 2010	30 Septrmber 2010
Fixed Assets	**977 406**	**981 526**	**974 347**	**972 078**
Tangible fixed assets	698 772	711 463	693 623	685 709
Investment real property	4 827	4 844	13 495	16 041
Intangible assets	7 143	7 640	8 609	8 450
Goodwill	207 867	203 975	203 975	203 975
Shares in equity method	6 961	6 637	5 904	4 917
Financial assets	13 010	12 313	12 482	11 755
Long-term loans	-	-		-
Long-term receivables and other deferred income	16 723	18 028	20 847	22 270
Deferred income tax assets	22 103	16 626	15 412	18 961
Current Assets	**1 046 679**	**1 049 277**	**941 722**	**884 956**
Stock	440 831	461 647	437 264	382 784
Receivables	525 893	507 579	440 875	430 687
Receivables under income tax	623	466	1 514	1 422
Short-term securities	-	-	-	-
Prepaid expenses	10 271	15 248	7 150	9 786
Cash	63 178	58 515	49 269	56 646
Other financial assets	5 883	5 822	5 650	3 631
Current assets held for sale	-	-	-	-
Total Assets	**2 024 085**	**2 030 803**	**1 916 069**	**1 857 034**
Equity	**886 635**	**862 457**	**878 929**	**853 069**
Share capital	15 115	15 115	15 115	15 115
Share premium capital	50 559	50 559	549 559	549 559
Supplementary capital	98 829	98 844	97 844	98 394
Supplementary capital from the evaluation of managerial options	4 394	4 394	4 394	3 554
Reserve capital	105 883	69 929	47 823	47 273
Reserve capital for purchase of own shares	503 286	539 000	40 000	40 000
Own shares	(35 714)	(19 677)	(14 290)	(686)
Retained profits	144 168	104 176	138 371	99 750
Total equity allocated to shareholders of dominant entity	**886 520**	**862 340**	**878 816**	**852 959**
Non-controlling interest	115	116	113	110
Long-term liabilities	**90 361**	**101 271**	**83 580**	**147 254**
Credit facilities, loans and debt securities	69 183	80 027	61 734	121 906
Long-term liabilities	2 283	1 895	2 634	6 014
Provisions	3 047	3 043	2 996	2 955
Provision against deferred income tax	15 848	16 306	16 216	16 379
Short-term liabilities	**1 047 089**	**1 067 075**	**953 560**	**856 711**
Credit facilities, loans and debt securities	291 077	267 530	182 689	151 519
Short-term liabilities	718 542	770 472	744 282	663 631
Income tax liabilities	14 526	5 430	10 284	8 669
Provisions	19 112	20 131	12 389	29 830
Deferred income	3 832	3 512	3 916	3 062
Total liabilities	**2 024 085**	**2 030 803**	**1 916 069**	**1 857 034**

(in PLN 000s, unless indicated otherwise)

	3 months ended 30 September 2011	9 months ended 30 September 2011	3 months ended 30 September 2010	9 months ended 30 September 2010
Sales revenues	**1 640 533**	**4 690 790**	**1 552 692**	**4 384 854**
Cost of goods sold	**(1 378 744)**	**(3 951 436)**	**(1 298 246)**	**(3 674 194)**
Profit on sales	**261 789**	**739 354**	**254 446**	**710 660**
Other operating income	4 509	13 368	2 427	8 431
Selling expense	(189 552)	(572 051)	(191 658)	(560 128)
General administrative expense	(21 535)	(68 660)	(24 504)	(64 799)
Other operating expense	(2 516)	(13 517)	(1 988)	(8 397)
Profit on operations	**52 695**	**98 494**	**38 723**	**85 767**
Financial income	1 025	2 892	632	2 497
Financial expense	(6 190)	(17 286)	(5 561)	(15 001)
Profit before tax	**47 530**	**84 100**	**33 794**	**73 263**
Income tax	(7 970)	(16 990)	(7 204)	(14 871)
Current tax	(13 815)	(24 057)	(8 227)	(16 525)
Deferred tax	5 845	7 067	1 023	1 654
Share in financial result entities valued using the equity method	324	1 056	301	934
Profit for the period	**39 884**	**68 166**	**26 891**	**59 326**
Profit for period for shareholders of dominant entity	39 886	68 164	26 889	59 318
Profit for period for Non-controlling interest	(2)	2	2	8

7.14.16 Other material information

a) Conversion of subsidiary„Społem" Tychy Sp. z o.o. with seat in Tychy into joint-stock company

On 6 July 2011 District Court Katowice-Wschód in Katowice, VIII Commercial Division of NCR registered conversion of a „Społem" Tychy Sp. z o.o. with seat in Tychy into joint-stock company. The company will be operate under the name "Społem Tychy" S.A. Share capital of company amounts to PLN 8 718 100 and is divided into 871 810 000 shares PLN 0,01. Emperia Holding holds 867,435,484 shares, representing 99.5% of share capital and 99.5% of votes at the General Meeting

b) 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, 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
12 July 2011	17 246	PLN 1,00	PLN 105,80	17 246	0,114%
03 August 2011	17 257	PLN 1,00	PLN 105,90	17 257	0,114%
17 August 2011	13 451	PLN 1,00	PLN 92,70	13 451	0,089%
19 August 2011	10 218	PLN 1,00	PLN 92,65	10 218	0,068%
23 August 2011	12 344	PLN 1,00	PLN 93,10	12 344	0,082%
25 August 2011	20 798	PLN 1,00	PLN 91,10	20 798	0,138%

(in PLN 000s, unless indicated otherwise)

5 September 2011	17 013	PLN 1,00	PLN 92,75	17 013	0,113%
13 September 2011	19 750	PLN 1,00	PLN 99,60	19 750	0,131%
20 September 2011	19 414	PLN 1,00	PLN 96,10	19 414	0,128%
30 September 2011	17 399	PLN 1,00	PLN 96,40	17 399	0,115%

Since the implementation of the share buy back Programme, the Company acquired 358 623 shares provide 358 623 (2,373%) votes at the General Meeting of Shareholders Emperia Holding SA and constitutes 2,373% 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.

c) Resolution of the Management Board of Stokrotka Sp. z o. o. on the closure of four delicatessens "Delima"

On 1 August 2011 the Management Board of Company has decided to close four retail outlets, "Delima" delicatessen due to lack of economic justification to continue operations in these locations.
The Management Board decided to take action to close these facilities at the end of 2011. Due to the lack of draw up structures of these operations Stokrotka Sp. z o.o does not yet estimated the costs associated with this process.

d) Conversion of subsidiary Elpro Sp. z o.o. into limited joint-stock partnership

On 1 August 2011 District Court Lublin-Wschód with seat in Świdnik VI Commercial Division of the NCR registered conversion of subsidiary Elpro Sp. z o.o. with seat in Lublin into limited joint-stock partnership. The company will be operate under the name Elpro Ekon Spółka z Ograniczoną Odpowiedzialnością Spółka Komandytowo Akcyjna (formerly Elpro Spółka z Ograniczoną Odpowiedzialnością).

e) Withdrawal by Emperia Holding S.A. and P1 Sp. z o.o. from the Investment Agreement between Eurocash S.A. and Emperia Holding S.A. of 21 December 2010.

On 9 August 2011 Emperia Holding S.A. and P1 Sp. z o.o. withdrew from Investment Agreement dated 21 December 2010 concluded between Emperia Holding S.A. and Eurocash S.A. The reason for withdrawal was the lack of payment Price for Shares of companies listed in point. 9.18 a) the Financial Statements. P1 Sp. z o.o, calling Eurocash to pay liquidated damages in amount of PLN 200,000,000. In the opinion of the Management Board of Emperia failure to execute the transaction under Investment Agreement will not be an obstacle for Tradis Distribution Group to become leader of the Polish FMCG distribution.

f) Changes in the composition of the Management Board of the subsidiary Tradis Sp. z o.o.

The Management Board of Emperia Holding S.A. informs about resignation on 9 August 2011 by Mr. Jarosław Wawreski as Chairman of the Management Board subsidiary Tradis Sp. z o.o. with seat in Lublin („Company") and Mr. Dariusz Kalinowski as a Member of the Management Board of Company.

g) Decision of the Management Board of Emperia Holding S.A. to approval and start process of distribution of the Information Memorandum relating to the sale process of retail segment of the Capital Group.

On 1 September 2011 The Management Board of Emperia Holding S.A.("Company") made public decision to approve the Information Memorandum (hereinafter the Information Memorandum) on sales process of retail segment of Capital Group carried out by the Company. Information Memorandum as a document which presenting part of the Group held for sale from this day will be available to potential investors. Interest in participating in the project declared dozens of entities (both professional andfinancial). The Management Board of Emperii Holding S.A. from this group chose a entities that have been released for the next stage of the process. In connection with considerable interest on sales process and holiday time, under recommendation of an investment advisor and proposals from potential investors, deadline forsubmitting of preliminary bids was set for 26 September 2011. Deadlines of other process steps included in the Schedule are unchanged.

h) Signing of Letter of Intent with Nadwiślanka S.A. with seat in Toruń concerning the acquisition of wholesale operations.

On 7 September 2011 The Management Board of Emperia Holding S.A.("Emperia") informed that subsidiary Traids Sp.z o.o. with seat in Lublin, signing Letter of Intent with Nadwiślanka S.A. (Company) with seat in Toruń, concerning the acquisition of assets related to its wholesale operations. Nadwiślanka S.A. operates in the wholesale sales of FMCG in the Kujawsko-Pomorskie. In 2010 the turnover of the above-mentioned operations totaled more than 71 million zł.
On 6 September 2011 was sent to the Office of Competition and Consumer Protection notification about the intention of concentration. After obtaining the consent of the Office of Competition and Consumer Protection Tradis Sp. z o. o. intends to acquire from Nadwiślanka SA assets related to wholesale.

i) Convening the Extraordinary General Meeting of Shareholders of Emperia Holding S.A.

On 8 September 2011 The Management Board of Emperia Holding S.A. informed about convening the Extraordinary General Meeting of Shareholders of Emperia Holding S.A which will take place on 5 October 2011.
The purpose of planned EGM was to undertake resolutions:
1. Adopting resolution to transfer from Reserve Capital for Special Purpose Capital established by Resolution No.20 of Ordinary General Meeting of 29 June 2011, amount of PLN 1,000,000.00 from profit.
2. Adopting resolution to amend the Reserve Capital which was established by Resolution No 22 of Ordinary General Meeting of 23 June 2010 by increasing it by the amount of PLN 24,130,929.38 derived from profit.
3. Adopting resolution to amend resolution No. 2 of the Extraordinary General Meeting of Shareholders of Emperia Holding S.A. on 4 March 2010, concerning the Management Option Plan and Management Incentive Programme, issue of senior bonds and conditional share capital increase, and to deprive the shareholders preemptive rights.
On 16 September 2011 The Management Board of Emperia Holding S.A. informed about cancellation of the Extraordinary General Meeting convened at 5 October 2011. The reason to cancellation are obstacles in participation in the Extraordinary General Meeting by members of the Company's Management Board arising out from their personal reasons, which prevents the realization of their rights under Article. 406 (6) of the CCC

j) The arbitration proceedings between Emperia Holding S.A. and P1 Sp. z o. o. and Eurocash S.A.

On 12 September 2011 the Management Board reviewed the notice of arbitration delivered to Emperia Holding S.A. and P1 Sp. z o.o.(subsidiary of Emperia Holding S.A.) In the notice, Eurocash S.A. requests the arbitration court to hold:
(a) that the legal relationship arising under the Investment Agreement concluded between Emperia Holding S.A. and Eurocash S.A. still exists; and
(b) that the price for the interests being acquired by Eurocash S.A. in the distribution subsidiaries controlled by Emperia Holding S.A. is equal to the Base Value, i.e. PLN 925,975,000, adjusted in accordance with Article 7.9 of the Investment Agreement.
In the Company's opinion the claims of Eurocash S.A. are without grounds in the light of Emperia Holding S.A.'s and and P1 sp. z o.o.'s rescission of the Investment Agreement on 9 August 2011.

On 19 September 2011, the District Court in Lublin served to Emperia Holding S.A. ("Company") and its subsidiary P1 Sp. z o.o., the decision of 2 September 2011, on securing claims of Eurocash S.A. asserted in the arbitration process on the definition the legal status resulting from the Investment Agreement signed between Eurocash S.A. and Emperia Holding S.A on 21 December 2010, and to determine price for shares under the Investment Agreement by: (a) prohibit P1 Sp. z o.o. (hereinafter referred to as P1) sale of shares held by P1 in the following companies: (i) Tradis Sp. z o.o. with seat in Lublin, (ii) Detal Koncept Sp. z o.o. with seat in Lublin, (iii) Lewiatan Zachód Sp. z o.o. with seat in Stargard Szczeciński, (iv) Lewiatan Północ Sp. z o.o. with seat in Gdańsk, (v) Drogerie Koliber Sp. z o.o. with seat in Gliwice, (vi) Euro Sklep S.A. with seat in Bielsko-Biała, and (vii) PSD S.A. with seat in Warsaw, these shares and interests are called "Interests", shares outlined above are hereinafter referred as "Shares"); (b) forbid P1 to encumber by any property or obligation rights Shares and Interests, (c) forbid Emperia and P1 to pick up from the notary deposit: (i) document of ordinary shares of Euro Sklep S.A. with seat in Bielsko-Biała; (ii) document of registered ordinary shares of Partnerski Serwis Detaliczny S.A. with seat in Warsaw, deposited in accordance with provisions of the Investment Agreement concluded between Eurocash S.A. and Emperia Holding S.A. on 21 December 2010. Decision on securing claims of Eurocash S.A. does not affect on strategies of functioning of Emperia Holding Capital Group. The dispute between the parties to the Investment Agreement will be settled by arbitration.

(in PLN 000s, unless indicated otherwise)

7.14.17 Material events after the period of the financial statements

a) Selection of potential investors admitted to next stage of selling process of the companies operating in the retail segment ("Retail Companies").

On 4 October 2011 The Management Board of Emperia Holding S.A. informed that, together with an investment adviser KPMG Advisory Limited Liability Company Sp. k. („KPMG"), on the basis of the non-binding bids, accept the list of potential investors admitted to the next stage of the process, ie the legal and financial examination of the Retail Companies. Among accepted investors are financial and industrial investors.. Based on the received non-binding offer, the Management Board of Emperia maintains its opinion about the value of operations (excluding real estate) on Retail Companies. In the case of sales of Retail Companies Emperia expects to receive a price not less than 900 million PLN. The Management Board of Emperia also maintains its belief that the conclusion of a conditional agreement of sale Retail Companies (or any other agreement of similar effect) will be made to the end of December 2011.

b) Transactions of persons which have access to confidential information

The Management Board of Emperia Holding S.A. informed that in days from 5 October 2011 to 13 October 2011 that person closely associated with the Member of Management Board during the regular session organized by the Stock Exchange in Warsaw purchased 5 237 shares of Emperia Holding SA.

c) Implementation and completion 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, 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
12 October 2011	18 976	PLN 1,00	96,75	18 976	0,126%
19 October 2011	18 868	PLN 1,00	98,70	18 868	0,125%
24 October 2011	2 964	PLN 1,00	99,65	2 964	0,020%
24 October2011	2 913	PLN 1,00	103,5	2 913	0,019%

On 24 October was completed the Emperia Holding S.A. share buy back Programme, due to the exhaustion of PLN 40 000 000 allocated for the purchase of shares of the Company by the Ordinary General Meeting of the Shareholders on 23 June 2010. Since the implementation of the share buy back Programme, the Company acquired 402 344 shares provide 402 344 votes at the General Meeting of Shareholders Emperia Holding SA and constitutes 2,662% 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. Share buy back Programme, was made in accordance with the Regulation of the EC Commission No. 2273/2003 of 22 December 2003 which implements Directive No.2003/6/EC of European Parliament and Council regards exemptions for buy-back programs and stabilization of financial instruments.

d) Resolution of the Board Emperia Holding SA on the adoption of the second share buy back program.

The Management Board of Emperia Holding SA on 19 October 2011 passed a resolution adopting the "EmperiaHolding SA second share buy back programme" and the commencement by Emperia Holding SA share buy back program according to the authorization given in Resolution No.2 Ordinary General Meeting of Emperia Holding SA on 13

(in PLN 000s, unless indicated otherwise)

October 2010 and Resolution No. 16/2011 and 31/ 2011of the Supervisory Board Emperia Holding SA of 18 July 2011 and 18 October2011.
The purpose of the programme is the acquisition by the Company of its own shares for redemption of the conditions and procedures laid down in Resolution No.2 Ordinary General Meeting of the Shareholders dated 13 October 2010.
Starting the Second share buy back Programme is scheduled at 20 October 2011, and it will be completed no later than 30 September 2012.
The maximum amount payable for the acquisition shares under the Programme, can not exceed PLN 25,000,000. The Company's shares will be purchased through the Brokerage House, to which the Company signed a agreement on share buy back of Emperia Holding S.A. in a packet transaction.

e) Acquisition of shares Emperia Holding SA by a member of the Board

On 21 October 2011 during the regular session organized by the Stock Exchange in Warsaw the Member of Management Board purchased 1 000 shares of Emperia Holding SA at an average price of PLN 104,80 per share.
Member of the Member of Management Board in conveyed notification reserved publication of his personal data.

f) Implementation of the second share buy back Programme

As a result of the authorization granted by Resolution No. 2 Ordinary General Meeting of Emperia Holding SA (Company) dated 13 October 2010 and Resolution No 16/2011 and 31/2011 of the Supervisory Board of Emperia Holding SA dated 18 July 2011 and 18 October 2011 and in accordance with the provisions of the Second share buy back Programme Emperia Holding SA adopted by resolution of the Management Board of Company of 19 October 2011 Company acquired under the second share buy back Programme in a block trade following share packages in order for their 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
2 November 2011	21 233	PLN 1,00	106,90	21 233	0,140%
10 November 2011	19 424	PLN 1,00	111,50	19 424	0,129%

Since the implementation of the second share buy back Programme, the Company acquired 40 657 shares provide 40 657 votes at the General Meeting of Shareholders Emperia Holding SA and constitutes 0,269% of the share capital.

The Company holds 443 001 shares, provide 443 001 (2,931%) votes at the General Meeting of Shareholders Emperia Holding SA and constitutes 2,931% of the share capital.

The Company's shares were purchased from a brokerage house, to which on 19 October 2011 the Company signed a agreement on share buy back of Emperia Holding S.A. Share buy back Programme, was made in accordance with the Regulation of the EC Commission No. 2273/2003 of 22 December 2003 which implements Directive No.2003/6/EC of European Parliament and Council regards exemptions for buy-back programs and stabilization of financial instruments.

g) Convening the Extraordinary General Meeting of Shareholders of Emperia Holding S.A.

On 10 November 2011 The Management Board of Emperia Holding S.A. informed about convening the Extraordinary General Meeting of Shareholders of Emperia Holding S.A which will take place on 6 December 2011.The purpose of planned EGM was to undertake resolutions:
1. adopting resolution to amend resolution No. 2 of the Extraordinary General Meeting of Shareholders of Emperia Holding S.A. on 4 March 2010, concerning the Management Option Plan and Management Incentive Programme, issue of senior bonds and conditional share capital increase, and to deprive the shareholders preemptive rights,
2. adopting resolution to amend the Articles of Association and to authorizing the Supervisory Board to establish uniform text of the amended Articles of Association.

h) Implementation of the next stage of the sales process of Retail Companies of Capital Group

On 14 November 2011 The Management Board of Emperia Holding SA informed that investors which are allowed to examine the legal and financial of Retail Companies made the binding bid. Among the bidders are both industrial and financial investors. The Management Board of Emperia informs that together with an advisors, based on the received binding bids and talks with all investors, will decide to choose a few subjects admitted to the final stage of the process, ie, negotiate and agree of final terms of the transaction, including the content of a conditional sale agreement of Retail Companies. Based on the received binding offers and talks, Emperia's Management Board maintains its opinion about the value of operations (excluding real estate) on Retail Companies. In the case of sales of Retail Companies Emperia expects to receive a price not less than PLN 900.000.000.
The Management Board of Emperia also maintains its belief, that the closing of the sales process of Retail Companies will take place in the first quarter of 2012.

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 third quarter of 2011 is a continuation of the presentation of the results of the Emperia Holding Capital Group, by business divisions initiated in second quarter of 2011.

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 51 Service warehouses and Cash & Carry.
- DEF Sp. z o.o. – operates in the north-eastern Poland. It has 4 warehouses.
- 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

a) PSD S.A. (Partnerski Serwis Detaliczny S.A.) - specifically to work for the Consumer Cooperative "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.

oraz

- 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 part of Lewiatan franchise chains of which closely cooperate with Tradis Distribution Group, as its customers.

Retail Division

Group specializes in retail FMCG.

The Division consists of the following entities:

a) Stokrotka Sp. z o.o. - nationwide chains of Stokrotka supermarkets and Delima delicatessens. Stokrotka supermarkets are located in housing estates, mini-centers and shopping malls. Delima delicatessens are located in large shopping malls.
At the end of September 2011 - 184 Stokrotka supermarkets and 8 Delima. Delicatessens.

b) Maro-Markety Sp. z o.o. – operates retail outlets under brand Milea.
At the end of September 2011 - 19 outlets.

c) Społem Tychy S.A. – operates retail outlets under brand Społem.
At the end of September 2011 - 23 outlets Społem Tychy

Real Estate Division

The Group dealing with property management and developer investment mainly for needs of: Tradis Distribution Group and Retail.

The Division consists of the following consolidated entities:

a) Elpro Sp. z o.o (Elpro Ekon Sp. z o.o. S.K.A.)
b) Projekt Elpro 1 Sp. z o.o.
c) Ekon Sp. z o.o
d) EMP Investment Ltd
e) FIZ Ipopema 55

The Real Estate Division also includes the P2 Ekon Sp. z o.o. S.K.A., which is not consolidated due to importance.

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:

a) 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.

b) 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.

c) P1 Sp. z o.o – holding company, holds shares of the following companies: Tradis, Detal Koncept, Euro Sklep, Partnerski Serwis Detaliczny, Lewiatan Zachód, Lewiatan Północ and Drogerie Koliber

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

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.
   - Adjustment to the legal person income tax resulting from allocation of costs and revenues in each Divisions is calculated by nominal tax rate
   - Sum of corrections made between the Divisions, gives value of zero at the level of consolidation
5. 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, Retail, Real Estate and External IT and reducing result of Support Division
6. Correction of margin on holding services also entail need for adjustment of income tax from legal persons in accordance with the principle described above.

(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 Q3 2011 by Business Divisions:

- Tradis Distribution Group Division
- Retail Division
- Real Estate Division
- External IT Division
- Support Division

8.3.1 Main financial highlights by Divisions

Information on Business Divisions of Emperia Group for third quarter of 2011 is as follows:

	Divisions							
In mln PLN	Tradis Dystribution Group	Retail	Real Estate	External IT	Support	Presentation Corrections	Consolidation Exclusions	Total
Sales revenues	1 398,2	448,3	18,8	1,7	14,5	-4,8	236,3	**1 640,5**
EBIT	43,3	10,2	10,1	0,5	-1,3	0,0	10,2	**52,7**
Profitability on EBIT	*3,1%*	*2,3%*	*54,0%*	*30,7%*	*-9,3%*			***3,2%***
EBITDA	48,0	17,2	13,8	0,6	0,5	0,0	10,4	**69,7**
Profitability on EBITDA	*3,4%*	*3,8%*	*73,2%*	*33,2%*	*3,8%*			***4,2%***
Gross result	41,3	9,9	5,2	0,6	-9,8	88,4	88,2	**47,5**
Net result	33,6	9,1	4,5	0,5	-9,9	84,8	82,6	**39,9**
Profitability on Net result	*2,4%*	*2,0%*	*23,7%*	*29,8%*	*-68,2%*			***2,4%***
Investment outlays	41,8	21,1	54,4	0,0	0,7	0,0	102,3	**15,8**
Net debt	67,1	-22,2	365,0	-7,4	-111,3	0,0	0,0	**291,2**

(in PLN 000s, unless indicated otherwise)

Information on Business Divisions of Emperia Group for third quarter of 2010 is as follows:

	Divisions							
In mln PLN	**Tradis Dystribution Group**	**Retail**	**Real Estate**	**External IT**	**Support**	**Presentation Corrections**	**Consolidation Exclusions**	**Total**
Sales revenues	1 320,7	424,5	15,9	1,4	15,0	-4,5	220,4	**1 552,7**
EBIT	28,9	2,9	7,3	0,3	-1,1	0,0	-0,5	**38,7**
Profitability on EBIT	*2,2%*	*0,7%*	*46,0%*	*19,5%*	*-7,6%*			***2,5%***
EBITDA	34,0	9,4	10,9	0,3	1,3	0,0	-0,1	**56,1**
Profitability on EBITDA	*2,6%*	*2,2%*	*68,2%*	*23,7%*	*8,9%*			***3,6%***
Gross result	26,9	2,9	2,5	0,4	0,7	0,0	-0,4	**33,8**
Net result	21,7	2,1	2,0	0,3	0,5	0,0	-0,3	**26,9**
Profitability on Net result	*1,6%*	*0,5%*	*12,7%*	*20,2%*	*3,1%*			***1,7%***
Investment outlays	4,0	8,6	13,9	0,2	1,3	0,0	0,1	**27,9**
Net debt	13,1	-16,6	346,5	-6,5	-123,3	0,0	0,0	**213,1**

(in PLN 000s, unless indicated otherwise)

Information on Business Divisions of Emperia Group for three quarters of 2011 is as follows:

	Divisions							
In mln PLN	**Tradis Dystribution Group**	**Retail**	**Real Estate**	**External IT**	**Support**	**Presentation Corrections**	**Consolidation Exclusions**	**Total**
Sales revenues	3 976,2	1 323,0	55,0	5,0	50,2	-13,5	705,0	**4 690,8**
EBIT	78,4	9,5	25,8	1,2	-5,7	0,0	10,7	**98,5**
Profitability on EBIT	*2,0%*	*0,7%*	*47,0%*	*24,5%*	*-11,4%*			***1,4%***
EBITDA	92,7	29,7	36,8	1,4	0,7	0,0	11,1	**150,2**
Profitability on EBITDA	*2,3%*	*2,2%*	*67,0%*	*27,2%*	*1,4%*			***2,5%***
Gross result	74,1	9,3	10,6	1,5	66,2	129,6	207,1	**84,1**
Net result	60,1	8,6	8,5	1,2	65,5	125,9	201,5	**68,2**
Profitability on Net result	*1,5%*	*0,6%*	*15,4%*	*24,6%*	*130,3%*			***0,8%***
Investment outlays	44,3	31,9	91,7	0,1	2,0	0,0	103,1	**66,9**
Net debt	67,1	-22,2	365,0	-7,4	-111,3	0,0	0,0	**291,2**

(in PLN 000s, unless indicated otherwise)

Information on Business Divisions of Emperia Group for three quarters of 2010 is as follows:

	Divisions							
In mln PLN	**Tradis Dystribution Group**	**Retail**	**Real Estate**	**External IT**	**Support**	**Presentation Corrections**	**Consolidation Exclusions**	**Total**
Sales revenues	3 697,1	1 263,9	48,0	4,6	45,8	-13,2	661,3	**4 384,9**
EBIT	56,8	7,3	22,3	1,2	-2,7	0,0	-0,9	**85,8**
Profitability on EBIT	*1,5%*	*0,6%*	*46,4%*	*25,8%*	*-5,8%*			***1,4%***
EBITDA	72,4	25,8	32,7	1,4	4,5	0,0	0,0	**136,8**
Profitability on EBITDA	*2,0%*	*2,0%*	*68,2%*	*30,2%*	*9,8%*			***2,6%***
Gross result	54,4	6,8	8,4	1,4	60,7	4,2	62,7	**73,3**
Net result	45,2	4,7	7,0	1,2	60,1	4,2	63,0	**59,3**
Profitability on Net result	*1,2%*	*0,4%*	*14,6%*	*25,2%*	*131,1%*			***0,9%***
Investment outlays	13,5	37,7	24,6	0,3	5,6	0,0	0,6	**81,0**
Net debt	13,1	-16,6	346,5	-6,5	-123,3	0,0	0,0	**213,1**

(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

in mln PLN	Q3 2011	Q3 2010	Change % 2011/ 2010	Q1-Q3 2011	Q1-Q3 2010	Change % 2011/ 2010
Sales revenues	1 398,2	1 320,7	*5,9%*	3 976,2	3 697,1	*7,5%*
EBIT	43,3	28,9		78,4	56,8	
Profitability on EBIT	*3,1%*	*2,2%*		*2,0%*	*1,5%*	
EBITDA	48,0	34,0	*41,2%*	92,7	72,4	*28,1%*
Profitability on EBITDA	*3,4%*	*2,6%*		*2,3%*	*2,0%*	
Gross result	41,3	26,9		74,1	54,4	
Net result	33,6	21,7	*55,0%*	60,1	45,2	*33,0%*
Profitability on Net result	*2,4%*	*1,6%*		*1,5%*	*1,2%*	
Net result adjusted by margin on holding services	34,2	22,3	*53,2%*	62,1	47,3	*31,3%*
Profitability on adjusted Net result	*2,4%*	*1,7%*		*1,6%*	*1,3%*	

Selected Ratios

Selected data and ratios	Q3 2011	Q3 2010	Change % 2011/ 2010	Q1-Q3 2011	Q1-Q3 2010	Change % 2011/ 2010
Investment outlays (in mln PLN)	41,8	4,0	*936,9%*	44,3	13,5	
Net debt (in mln PLN)	67,1	13,1	*412,7%*	67,1	13,1	
Inventory turnover	25,42	23,32		25,42	23,32	
Receivables rotation	37,36	33,77		37,36	33,77	
Liabilities rotation	43,04	41,43		43,04	41,43	
Cash conversion cycle	**19,74**	**15,66**		**19,74**	**15,66**	

In Q3 2011 Tradis Distribution Group realized sales revenue of PLN 1 398 200 000, which is an increase of 5,9 % compared to the same period in 2010.
Increase of sales revenues was caused mainly by:

- expanding cooperation with franchise chains,
- expanding cooperation with cooperatives,
- increasing number and purchasing by own shops,
- intensification of sales to independent costumers,
- growth of liquor sales.

Net Profit for Q3 2011 amounted to PLN 33 600 000, which is an increase of 55,0% compared to the same period in 2010. Net Profit for three quarters of 2011 amounted to PLN 60,100 000, which is an increase of 33,0% compared to the same period in 2010.
Cumulatively Profitability on EBITD in three quarters of 2011 increased by 0,3% compared to the same period in 2010 and reached a level of 2,3%.

On level of Net profit of the Tradis Distribution Group affect the following factors:

- achieve economies of scale associated with increase in sales of existing logistics infrastructure

(in PLN 000s, unless indicated otherwise)

- implementation of the most cost-effective purchasing targets,
- profit on sale of the real estate in Detal Koncept (sale of real property leased by the Stokrotka from Detal Koncept to Stokrotka). Profit on sale amounted PLN 6 500 000,
- cost optimization in Tradis,
- improving the efficiency of logistics customer service.

Investment outlays in the third quarter of 2011 amounted to PLN 41 800 000, out of which PLN 40 800 000 is a purchase of 5 real estate by Tradis from Stokrotka and Elpro Ekon.
Cash conversion cycle in the third quarter of 2011 amounted to 19.74 day and was lower by 4,08 day compared to the same period of 2010. On deterioration of ratios has effect:

- inventory turnover of 2.09 day
- receivables turnover of 3.59 day

Most significant impact on changes in rotation ratios had Tradis. In the third quarter of 2011 were executed economically justified shopping targets which resulted in increased inventory of goods.
Receivable turnover ratios has been lengthened due to increased purchases by customers with longer nominal payment terms.

Selected 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	60	-1	257 659	257 985	-326
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	5 824	0
Total	**64**	**65**	**-1**	**278 032**	**278 357**	**-326**

** values presented as of last day of period*
Reducing number of Tradis locations is associated with launched in the third quarter of 2011 process of restructuring of logistics chains.

Number of stores under franchising chains of Tradis Distribution Group

Operator	Number of stores in chain *		
	2011	2010	Change 2011 / 2010
Groszek	1 043	1 086	-43
Milea**	94	91	3
Euro Sklep S.A.	616	631	-15
Lewiatan Podlasie Sp. z o.o.	193	192	1
Lewiatan Śląsk Sp. z o.o.	320	304	16
Lewiatan Zachód Sp. z o.o.	213	306	-93
Lewiatan Orbita Sp. z o.o.	106	104	2
Lewiatan Wielkopolska Sp. z o.o.	193	183	10
Lewiatan Północ Sp. z o.o.	182	171	11
Lewiatan Opole Sp. z o.o.	189	187	2
Lewiatan Kujawy Sp. z o.o.	359	371	-12
Lewiatan Mazowsze Sp. z o.o.	24	21	3
Total	**3 532**	**3 647**	**-115**

** 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*	536	479	**57**
Number of stores*	59	54	**5**

** 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.		Change % 2011 / 2010	% participation of groups of customers	
	2011	2010		2011	2010
Sales to own Retail (Retail Division)	539 107	508 683	6,0%	14,2%	14,4%
Sales to related franchise chains	1 048 780	942 127	11,3%	27,5%	26,7%
Other	2 220 215	2 083 898	6,5%	58,3%	59,0%
Total	**3 808 101**	**3 534 708**	**7,7%**		

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	502 524	505 679	-0,6%	13,2%	14,3%
Serwis	3 305 577	3 029 029	9,1%	86,8%	85,7%
including :Petrol Stations	142 722	75 727		3,7%	2,1%
Total	**3 808 101**	**3 534 708**	**7,7%**		

Assuming a fixed number of Cash & Carry objects, sales in first three quarters of 2011 decreased by 0,5% (decrease of LFL) compared to analogue period of 2010.

(in PLN 000s, unless indicated otherwise)

8.3.2.2 Retail Division

Financial Highlights

in mln PLN	Q3 2011	Q3 2010	Change% 2011/ 2010	Q1-Q3 2011	Q1-Q3 2010	Change % 2011/ 2010
Sales revenues	448,3	424,5	*5,6%*	1 323,0	1 263,9	*4,7%*
EBIT	10,2	2,9		9,5	7,3	
Profitability on EBIT	*2,3%*	*0,7%*		*0,7%*	*0,6%*	
EBITDA	17,2	9,4	*83,4%*	29,7	25,8	*15,1%*
Profitability on EBITDA	*3,8%*	*2,2%*		*2,2%*	*2,0%*	
Gross result	9,9	2,9		9,3	6,8	
Net result	9,1	2,1	*325,4%*	8,6	4,7	*83,2%*
Profitability on Net result	*2,0%*	*0,5%*		*0,6%*	*0,4%*	
Net result adjusted by margin on holding services	9,6	2,5	*276,0%*	9,9	5,9	*67,0%*
Profitability on adjusted Net result	*2,1%*	*0,6%*		*0,7%*	*0,5%*	

Selected Ratios

Selected data and ratios	Q3 2011	Q3 2010	Change % 2011/ 2010	Q1-Q3 2011	Q1-Q3 2010	Change % 2011/ 2010
Investment outlays (in mln PLN)	21,1	8,6	146,3%	31,9	37,7	-15,3%
Net debt (in mln PLN)	-22,2	-16,6	33,7%	-22,2	-16,6	33,7%
Inventory rotation	28,45	26,57		29,02	26,79	
Receivables turnover	12,65	7,84		12,83	7,87	
Liabilities turnover	59,23	55,77		60,43	56,23	
Cash conversion cycle	**-18,14**	**-21,37**		**-18,58**	**-21,57**	

The Retail Division realized in Q3 2011 sales revenues of PLN 448 300 000, which is an increase of 5,6% compared to the same period of 2010.
Cumulatively in the three quarters of 2011 sales revenues increased by 4,7% compared to the same period of 2010 and reached PLN 1 323 000 000.
Net result of Retail Division in Q3 amounted PLN 9 100 000 and was higher by 7 000 000 compared to the same period of 2010. Cumulatively Net result amounted PLN 8 600 000 and was higher by PLN 3 900 000 w compared to the same period of 2010. Should be remembered that, in Net result of 2011, is included result on closing outlet in Kielce, which took place in May 2011 (effect on the results of the Company PLN -2 511 000). The reason for the closure was termination of lease due to reasons beyond the Stokrotka - decision on the expropriation of property for road investment.
Investment outlays in Q3 2011 amounted PLN 21 100 000 and were higher by PLN 12 500 000 than in Q3 2010. Cumulatively Investment outlays in the three quarters of 2011 were lower by PLN 5 800 000 compared to the same period of 2010. It was caused by less number of openings of new stores compared to the same period of previous year.
Cash conversion cycle in Q3 2011 has deteriorated of 3,23 day compared to the third quarter of 2010 mainly due to a deterioration in the receivables turnover ratio.

(in PLN 000s, unless indicated otherwise)

Selected operating data

Number of retail stores

Chain	Number of stores *			Sales area(sq)*		
	2011	2010	Change 2011/ 2010	2011	2010	Change 2011/ 2010
Stokrotka Sp. z o.o.	192	182	10	124 303	117 906	6 397
including Delima	8	8	0	11 398	11 398	0
Maro-Markety Sp. z o.o.	19	20	-1	5 405	5 605	-200
Społem Tychy S.A.	23	24	-1	5 303	5 433	-130

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

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

Chain (in ths. PLN)	Q3 2011	Q3 2010	Change % 2011 / 2010
Stokrotka Sp. z o.o.	371 114	365 148	1,6%
including Delima	24 341	23 553	3,3%
Maro-Markety Sp. z o.o.	20 054	19 372	3,5%
Społem Tychy S.A.	15 717	17 480	-10,1%

For a fixed number of stores active at 30.09.2010

Sales in a fixed number of stores has increased in Q3 2011 in Stokrotka by 1,6% compared to the same period last year, whereas in Delima delicatessen was achieved LFL sales growth, which amounted to 3,3%.
Milea outlets achieved in Q3 2011 LFL sales growth of 3.5%, whereas LFL sales of Społem Tychy decrease in Q3 2011 by 10,1%.

(in PLN 000s, unless indicated otherwise)

8.3.2.3 Real Estate Division

Financial Highlights

in mln PLN	Q3 2011	Q3 2010	Change % 2011/ 2010	Q1-Q3 2011	Q1-Q3 2010	Change% 2011/ 2010
Sales revenues	18,8	15,9	*17,9%*	55,0	48,0	*14,6%*
EBIT	10,1	7,3		25,8	22,3	
Profitability on EBIT	*54,0%*	*46,0%*		*47,0%*	*46,4%*	
EBITDA	13,8	10,9	*26,6%*	36,8	32,7	*12,4%*
Profitability on EBITDA	*73,2%*	*68,2%*		*67,0%*	*68,2%*	
Gross result	5,2	2,5		10,6	8,4	
Net result	4,5	2,0	*120,9%*	8,5	7,0	*21,1%*
Profitability on Net result	*23,7%*	*12,7%*		*15,4%*	*14,6%*	
Net result adjusted by margin on holding services	4,5	2,0	*119,8%*	8,6	7,1	*21,2%*
Profitability on adjusted Net result	*23,9%*	*12,8%*		*15,6%*	*14,7%*	

Selected Ratios

Selected data and ratios	Q3 2011	Q3 2010	Change % 2011/ 2010	Q1-Q3 2011	Q1-Q3 2010	Change % 2011/ 2010
Investment outlays (in mln PLN)	54,4	13,9	291,2%	91,7	24,6	273,2%
Net debt (in mln PLN)	365,0	346,5	5,4%	365,0	346,5	5,4%
Fixed Assets	497,8	472,3	5,4%			
ROE	16,9%	6,9%		10,5%	8,1%	

The Real Estate Division realized in Q3 2011 sales revenues of PLN 18 800 000, which is an increase of 17,9% compared to the same period in 2010. Growth of revenues is mainly connected with start up new trading buildings.
Net profit of Real Estate Division in Q3 was PLN 4 500 000 and was higher by PLN 2 500 000 compared to the same period in 2010. Increases of results in the third quarter of 2011 was mainly caused by transactions of real estate sales, on which total profit was PLN 1 900 000.
Investment outlays in Q3 2011 amounted to PLN 54 400 000 and were higher by PLN 40 500 000 than in Q3 2010. The increase in investment outlays cumulatively amounted in the first three quarters of 2011 PLN 67 100 000 compared to analogue period of 2010 and beyond the implementation of new retail facilities, it was associated with the purchase of 4 real estate from Tradis.

(in PLN 000s, unless indicated otherwise)

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	**110**	**102**	**8**	**230 574**	**226 474**	**4 100**
including						
distribution	35	35	0	112 699	112 699	0
retail	63	54	9	80 793	68 893	11 900
other	12	13	-1	37 082	44 882	-7 800
Commercial buildings under construction and land intended for investments	**21**			**24 266**		

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

Revenues from property rent

Own property As at. 30.09.2011	Operational Property		Property under construction
	Q3 2011	Q1-Q3 2011	(As at. 30.09.2011)
Distribution Property			
- area	112 699		3 500
- number	35		1
- revenues (in ths. PLN)	5 101	15 304	504
- from external tenants (actual)	0	0	0
- from own tenants (potential)	5 101	15 304	504
Retail Property			
- area	80 793		20 766
- number	63		18
- revenues (in ths. PLN)	9 777	29 332	7 965
- from external tenants (actual)	2 909	8 727	1 628
- from own tenants (potential)	6 868	20 605	6 337
Other Property			
- area	37 082		
- number	12		2
- revenues (in ths. PLN)	1 095	3 284	0
- from external tenants (actual)	1 095	3 284	
- from own tenants (potential)			

(in PLN 000s, unless indicated otherwise)

At the end of Q3 2011, Real Estate Division had 110 real property operationally active of usable area of more than 230,6 thousand sq and 21 commercial buildings under construction of which scheduled open 19 to the end of Q3 2012. Carrying value of retail facilities under construction at the end of September 2011 was PLN 46 600 000.

8.3.2.4 External IT Division

Financial Highlights

in mln PLN	Q3 2011	Q3 2010	Change % 2011/ 2010	Q1-Q3 2011	Q1-Q3 2010	Change % 2011/ 2010
Sales revenues	1,7	1,4	24,1%	5,0	4,6	8,6%
EBIT	0,5	0,3	95,8%	1,2	1,2	3,2%
Profitability on EBIT	30,7%	19,5%		24,5%	25,8%	
EBITDA	0,6	0,3	74,0%	1,4	1,4	-2,2%
Profitability on EBITDA	33,2%	23,7%		27,2%	30,2%	
Gross result	0,6	0,4	82,8%	1,5	1,4	5,7%
Net result	0,5	0,3	83,1%	1,2	1,2	5,9%
Profitability on Net result	29,8%	20,2%		24,6%	25,2%	
Net result adjusted by margin on holding services	0,5	0,3	80,4%	1,3	1,2	6,1%
Profitability on adjusted Net result	30,5%	21,0%		25,3%	25,9%	

Selected operating data

Selected ratios	Q3 2011	Q3 2010	Change % 2011/ 2010	Q1-Q3 2011	Q1-Q3 2010	Change % 2011/ 2010
Investment outlays (in mln PLN)	0,0	0,2	-71,9%	0,1	0,3	-74,0%
Net debt (in mln PLN)	-7,4	-6,5	13,5%	-7,4	-6,5	13,5%
Receivables turnover	58,97	50,53		61,00	45,72	

In Q3 2011 Infinite realized sales revenues of PLN 1 700 000, which is an increase of 24,1 % compared to the same period in 2010.
Cumulatively sales in the first three quarters of 2011 increase of 8,6% compared to the same period in 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	**4 979,4**	**4 585,6**	**8,6%**		
Domestic	4 206,4	3 982,1	5,6%	84,5%	86,8%
Foregin	773,0	603,5	28,1%	15,5%	13,2%

(in PLN 000s, unless indicated otherwise)

8.3.2.5 Support Division

Financial Highlights

in mln PLN	Q3 2011	Q3 2010	Change % 2011/ 2010	Q1-Q3 2011	Q1-Q3 2010	Change % 2011/ 2010
Sales revenues	14,5	15,0	-3,3%	50,2	45,8	9,6%
EBIT	-1,3	-1,1	18,0%	-5,7	-2,7	114,7%
Profitability on EBIT	*-9,3%*	*-7,6%*		*-11,4%*	*-5,8%*	
EBITDA	0,5	1,3	-59,4%	0,7	4,5	-84,5%
Profitability on EBITDA	*3,8%*	*8,9%*		*1,4%*	*9,8%*	
Gross result	-9,8	0,7	-1587,5%	66,2	60,7	9,1%
Net result	-9,9	0,5	-2242,2%	65,5	60,1	9,0%
Profitability on Net result	*-68,2%*	*3,1%*		*130,3%*	*131,1%*	
Net result adjusted by margin on holding services	-11,0	-0,7	1596,5%	62,0	56,6	9,5%
Profitability on adjusted Net result	*-76,1%*	*-4,3%*		*123,5%*	*123,5%*	

Support Division generates revenues by providing services to related entities within the Emperia Group.
Result of The Support Division includes received dividends in amount of PLN 77 600 000 in 2011 and PLN 59 300 000 in 2010.

Selected Ratios

Selected data and ratios	Q3 2011	Q3 2010	Change % 2011/ 2010	Q1-Q3 2011	Q1-Q3 2010	Change % 2011/ 2010
Investment outlays (in mln PLN)	0,7	1,3	-41,5%	2,0	5,6	-64,8%
Net debt (in mln PLN)	-111,3	-123,3	-9,6%	-111,3	-123,3	-9,6%
Receivables turnover	33,65	30,66		28,96	29,81	

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

No	SELECTED FINANCIAL HIGHLIGHTS (current year)	PLN		EURO	
		For period 01 Jan 2011 to 30 Sep 2011	For period 01 Jan 2010 to 30 Sep 2010	For period 01 Jan 2011 to 30 Sep 2011	For period 01 Jan 2010 to 30 Sep 2010
I.	Net revenues from sale of products, goods and materials	37 194	39 221	9 203	9 799
II.	Profit (loss) on operating activity	(4 902)	(1 079)	(1 213)	(270)
III.	Profit (loss) before tax	66 273	61 068	16 399	15 257
IV.	Profit (loss) for period	65 534	60 446	16 216	15 101
V.	Net cash flows from operating activity	5 232	8 339	1 295	2 083
VI.	Net cash flows from investing activity	60 956	15 008	15 083	3 750
VII.	Net cash flows from financing activity	(60 694)	(18 864)	(15 018)	(4 713)
VIII.	Total net cash flows	5 494	4 483	1 359	1 120
IX.	Total assets	688 992	666 992	156 192	168 420
X.	Liabilities and provisions against liabilities	27 054	10 160	6 133	2 565
XI.	Long-term liabilities	1 411	2 202	320	556
XII.	Short-term liabilities	25 643	7 958	5 813	2 009
XIII.	Equity	661 938	656 832	150 058	165 854
XIV.	Initial capital	15 115	15 115	3 427	3 817
XV.	Number of shares	15 115 161	15 115 161	15 115 161	15 115 161
XVI.	Weighted average number of shares	14 910 938	15 115 114	14 910 938	15 115 114
`XVII.	Profit (loss) per ordinary share annualized* (PLN\EURO)	4,60	4,02	1,14	1,00
XVIII.	Diluted profit (loss) per ordinary share annualized * (PLN\EURO)	4,59	4,02	1,14	1,00
XIX.	Book value per share* (PLN\EURO)	44,39	44,20	10,06	11,09
XX.	Diluted book value per share* (PLN\EURO)	44,35	44,20	10,06	11,09
XXI.	Declared or distributed dividend per share **(PLN\EURO)	2,63	0,92	0,61	0,23

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:
– three quarters of 2011: January-September 14 910 938;
– three quarters of 2010: January-September 15 115 114.

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 exchange rates published by the National Bank of Poland, effective on the last day of each month, which was 4,0413 PLN/EURO for three quarters of 2010 and 4,0027 PLN/EURO for three quarters of 2011,
2 The balance sheet items and book value/diluted book value are converted at the average exchange rate published by the National Bank of Poland, effective on the balance sheet date, which was: at 30.09.2011 roku 4,4112 PLN/EURO and at 31.12.2010 3,9603 PLN/EURO,
3 Distributed dividend per share are converted at exchange rate published by the National Bank of Poland at day of dividend payment, wchich was at 9.09.2011 4,3139 PLN/EURO and at 9.09.2010 3,9421 PLN/EURO.

(in PLN 000s, unless indicated otherwise)

9.2 Stand-Alone Summary Statement of Financial Position

	30 September 2011	30 June 2011	31 December 2010	30 September 2010
Fixed Assets	**466 094**	**482 058**	**231 687**	**572 596**
Tangible fixed assets	8 869	13 848	41 607	42 937
Investment real property	3 166	3 166	3 166	3 166
Intangible assets	5 539	5 984	6 734	6 848
Financial assets	448 297	458 707	179 858	519 327
Long-term receivables and other deferred income	33	35	24	59
Deferred income tax assets	190	318	298	259
Current Assets	**222 898**	**280 391**	**435 305**	**103 081**
Stock	64	51	64	72
Receivables	7 783	69 078	11 081	6 520
Receivables under income tax	-	-	887	888
Short-term securities	74 574	73 818	71 797	87 850
Prepaid expenses	392	601	366	694
Cash	9 324	8 882	3 830	7 057
Other financial assets	23 000	20 200	7 090	-
Current assets held for sale	107 761	107 761	340 190	-
Total Assets	**688 992**	**762 449**	**666 992**	**675 677**
Equity	**661 938**	**687 699**	**656 832**	**668 134**
Share capital	15 115	15 115	15 115	15 115
Share premium capital	50 559	50 559	549 559	549 559
Supplementary capital	2 526	2 526	1 526	1 526
Supplementary capital from the evaluation of managerial options	2 073	2 073	2 073	1 675
Reserve capital	58 559	22 605	499	499
Reserve capital for purchase of own shares	503 286	539 000	40 000	40 000
Own shares	(35 714)	(19 677)	(14 289)	(686)
Retained profits	65 534	75 498	62 349	60 446
Total equity allocated to shareholders of dominant entity	**661 938**	**687 699**	**656 832**	**668 134**
Non-controlling interest	-	-	-	-
Long-term liabilities	**1 411**	**2 126**	**2 202**	**2 118**
Credit facilities, loans and debt securities	-	12	89	141
Provisions	84	84	84	112
Provision against deferred income tax	1 327	2 030	2 029	1 865
Short-term liabilities	**25 643**	**72 624**	**7 958**	**5 425**
Credit facilities, loans and debt securities	85	176	199	188
Short-term liabilities	23 936	70 747	6 677	4 375
Income tax liabilities	1 188	576	-	-
Provisions	419	1 104	1 056	839
Deferred income	15	20	26	23
Total liabilities	**688 992**	**762 449**	**666 992**	**675 677**

(in PLN 000s, unless indicated otherwise)

	30 September 2011	30 June 2011	31 December 2010	30 September 2010
Book value	**661 938**	**687 699**	**656 832**	**668 134**
Number of shares	15 115 161	15 115 161	15 115 161	15 115 161
Diluted number of shares	15 115 161	15 115 161	15 115 161	15 115 161
Book value per share (PLN)	**44,39**	**45,50**	**43,46**	**44,20**

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

	3 months ended 30 September 2011	9 months ended 30 September 2011	3 months ended 30 September 2010	9 months ended 30 September 2010
Sales revenues	**10 296**	**37 194**	**12 605**	**39 221**
Cost of goods sold	**(8 377)**	**(29 920)**	**(10 637)**	**(32 642)**
Profit on sales	**1 919**	**7 274**	**1 968**	**6 579**
Other operating income	284	347	118	367
Selling expense	-	(2)	(1)	(3)
General administrative expense	(3 567)	(7 956)	(2 787)	(7 864)
Other operating expense	10	(4 565)	(19)	(158)
Profit on operations	**(1 354)**	**(4 902)**	**(721)**	**(1 079)**
Financial income	1 944	81 705	1 422	62 278
Financial expense	(10 451)	(10 530)	(29)	(131)
Profit before tax	**(9 861)**	**66 273**	**672**	**61 068**
Income tax	(103)	(739)	(200)	(622)
Current tax	(677)	(1 333)		
Deferred tax	574	594	(200)	(622)
Net profit for period	**(9 964)**	**65 534**	**472**	**60 446**
Profit for period for shareholders of dominant entity	(9 964)	65 534	472	60 446
Profit for period for Non-controlling interest				

Profit (loss) for period (annualised)	**68 557**	**60 786**
Weighted average of ordinary shares *	14 910 938	15 115 161
Diluted weighted average number of ordinary shares *	14 923 741	15 115 161
Profit (loss) per ordinary share (PLN) annualised	**4,60**	**4,02**

* The weighted average number of shares:
– three quarters of 2011: January-September 14 910 938;
– three quarters of 2010: January-September 15 115 161.

Statement of total income	3 months ended 30 September 2011	9 months ended 30 September 2011	3 months ended 30 September 2010	9 months ended 30 September 2010
Profit for period	(9 964)	65 534	472	60 446
Other total income:				
Total income for period	**(9 964)**	**65 534**	**472**	**60 446**

(in PLN 000s, unless indicated otherwise)

9.4 Stand-alone 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	Retained profits	Total equity
1 July 2011	**15 115**	**50 559**	**2 526**	**2 073**	**22 605**	**539 000**	**(19 677)**	**75 498**	**687 699**
Correction of error for 2010									
1 July 2011 adjusted	**15 115**	**50 559**	**2 526**	**2 073**	**22 605**	**539 000**	**(19 677)**	**75 498**	**687 699**
Profit for 3 months until 30 September 2011								(9 964)	**(9 964)**
Increasing reserve capital for purchase of own shares									
Distribution of 2010 profit – allocation to capital funds					240			(240)	
Dividend for shareholders as part of 2010 profit distribution								240	**240**
Transfer of capital used for the purchase of own shares					35 714	(35 714)			
Purchase of own shares							(16 038)		**(16 038)**
30 September 2011	**15 115**	**50 559**	**2 526**	**2 073**	**58 559**	**503 286**	**35 714**	**65 534**	**661 938**

	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	Retained profits	Total equity
1 January 2011	**15 115**	**549 559**	**1 526**	**2 073**	**499**	**40 000**	**(14 290)**	**62 349**	**656 832**
Correction of error for 2010									
1 January 2011 adjusted	**15 115**	**549 559**	**1 526**	**2 073**	**499**	**40 000**	**(14 290)**	**62 349**	**656 832**
Profit for 9 months until 30 September 2011								65 534	**65 534**
Increasing reserve capital for purchase of own shares		(499 000)				499 000			
Distribution of 2010 profit – allocation to capital funds			1 000		22 346			(23 346)	
Dividend for shareholders as part of 2010 profit distribution								(39 003)	**(39 003)**
Transfer of capital used for the purchase of own shares					35 714	(35 714)			
Purchase of own shares							(21 425)		**(21 425)**
30 September 2011	**15 115**	**50 559**	**2 526**	**2 073**	**58 559**	**503 286**	**(35 714)**	**65 534**	**661 938**

(in PLN 000s, unless indicated otherwise)

	Share capital	Share premium capital	Supplementary capital	Supplementary capital from the evaluation of managerial options	Reserve capital	Reserve capital for purchase of own shares	Retained profits	Own shares	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 period					-		62 349		62 349
Distribution of 2009 profit – allocation to capital funds					(11 877)		(28 123)		(40 000)
Dividend for shareholders as part of 2009 profit distribution							(13 906)		(13 906)
Purchase of own shares								(14 289)	(14 289)
Valuation of II managerial options				1 591					1 591
Establishment of 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 30 September 2011	9 months ended 30 September 2011	3 months ended 30 September 2010	9 months ended 30 September 2010
Profit (loss) for period	**(9 964)**	**65 534**	**472**	**60 446**
Adjustments for:	11 856	**(60 302)**	**1 810**	**(52 107)**
Depreciation	1 794	6 714	2 672	7 754
Interest and share in profit (dividends)	(1 537)	(81 019)	(1 239)	(61 885)
Income tax	103	739	200	622
Profit (loss) on investing activity	10 149	10 135	(31)	(12)
Change in provisions	(686)	(638)	41	(91)
Change in stock	(13)	1	(25)	(23)
Change in receivables	8 326	3 296	(90)	1 462
Change in accruals	205	(45)	353	(296)
Change in short-term liabilities	(6 419)	(226)	(135)	57
Other adjustments	-	-	397	1 193
Income tax paid	(66)	741	(333)	(888)
Net cash flows from operating activity	**1 892**	**5 232**	**2 282**	**8 339**
Income	**381 484**	**728 875**	**272 417**	**581 631**
Sale of fixed and intangible asset	4 486	4 735	117	386
Sale of financial assets	291 800	596 169	272 300	503 800
Received dividends	52 992	77 592	-	59 314
Interest received	507	1 089	-	231
Repayment of loans granted	31 700	49 290	-	17 900
Other income	-	-	-	-
Expenditures	**(327 777)**	**(667 919)**	**(275 598)**	**(566 622)**
Purchase of fixed and intangible assets	(746)	(1 961)	(1 245)	(5 536)
Purchase of subsidiaries and associated entities	(1 006)	(4 191)	(102)	(2 746)
Purchase of financial assets	(291 514)	(596 547)	(274 251)	(557 440)
Loans granted	(34 500)	(65 200)	-	(900)
Expenditures related to maintenance of investment property	-	(2)	-	-
Other expenditures	(10)	(18)	-	-
Net cash flows from investing activity	**53 707**	**60 956**	**(3 181)**	**15 009**
Income	-	-	-	**3 939**
Income from credit facilities and loans contracted	-	-	-	-
Issue of short-term debt securities	-	-	-	3 939
Other income	-	-	-	-
Expenditures	**(55 157)**	**(60 694)**	**(14 695)**	**(22 804)**
Repayment of credit facilities and loans	-	-	-	-
Redemption of short-term debt securities	-	-	-	(8 000)
Payment of liabilities under financial leases	(103)	(203)	(73)	(154)
Interest and charges paid	(13)	(63)	(30)	(58)
Dividends paid	(39 003)	(39 003)	(13 906)	(13 906)
Purchase of own shares	(16 038)	(21 425)	(686)	(686)
Other	-	-	-	-
Net cash flows from financial activity	**(55 157)**	**(60 694)**	**(14 695)**	**(18 865)**
Change in cash	**442**	**5 494**	**(15 594)**	**4 483**
Exchange differences	-	-	-	-

Cash at beginning of period	**8 882**	**3 830**	**22 651**	**2 574**
Cash at end of period	**9 324**	**9 324**	**7 057**	**7 057**

Lublin, November 2011

Signatures of members of Management Board:

2011-11-14	Artur Kawa	Chairman of Management Board	.... signature
2011-11-14	Jarosław Wawerski	Vice-Chairman of Management Board Wholesale Business Director	.... signature
2011-11-14	Dariusz Kalinowski	Vice-Chairman of Management Board - Financial Director	.... podpis
2011-11-14	Marek Wesołowski	Vice-Chairman of Management Board – Retail Business Director	.... signature
2011-11-14	Grzegorz Wawerski	Vice-Chairman of Management Board – Retail Business Development Director	.... signature

Person responsible for accountancy:

2011-11-14	Elżbieta Świniarska	Economic Director	.... signature