SEPARATE FINANCIAL STATEMENTS

FOR 2014

PREPARED IN ACCORDANCE WITH IFRS
AS ENDORSED BY THE EU
(DATA IN PLN 000s)

LUBLIN, 20 MARCH 2015

Contents

(amounts in PLN 000s, unless otherwise stated)

1. Selected financial data

No.	SELECTED FINANCIAL DATA (current year)	PLN		EUR	
		For the period from 1 Jan 2014 to 31 Dec 2014	For the period from 1 Jan 2013 to 31 Dec 2013	For the period from 1 Jan 2014 to 31 Dec 2014	For the period from 1 Jan 2013 to 31 Dec 2013
I.	Net revenue from sale of products, goods and materials	13 931	6 396	3 325	1 519
II.	Operating profit (loss)	4 506	(3 622)	1 076	(860)
III.	Profit before tax	19 376	13 825	4 625	3 283
IV.	Profit for the period	16 865	12 177	4 026	2 892
V.	Net cash flows from operating activities	111 061	(9 417)	26 511	(2 236)
VI.	Net cash flows from investing activities	(52 704)	39 045	(12 581)	9 272
VII.	Net cash flows from financing activities	(102 606)	(13 372)	(24 492)	(3 175)
VIII.	Total net cash flows	(44 248)	16 255	(10 562)	3 860
IX.	Total assets	595 384	584 016	139 686	140 822
X.	Liabilities and liability provisions	100 423	3 314	23 561	799
XI.	Non-current liabilities	786	656	184	158
XII.	Current liabilities	99 637	2 658	23 376	641
XIII.	Equity	494 961	580 702	116 125	140 023
XIV.	Share capital	15 180	15 115	3 561	3 645
XV.	Number of shares	15 179 589	15 115 161	15 179 589	15 115 161
XVI.	Weighted average number of shares	13 440 114	14 235 425	13 440 114	14 235 425
XVII.	Earnings per ordinary share* (in PLN/EUR)	1.25	0.86	0.30	0.20
XVIII.	Diluted earnings per ordinary share, annualised** (in PLN/EUR)	1.25	0.85	0.30	0.20
XIX.	Book value per share* (in PLN/EUR)	36.83	40.79	8.64	9.84
XX.	Diluted book value per share** (in PLN/EUR)	36.76	40.50	8.62	9.77
XXI.	Paid out dividend per share (in PLN/EUR)	0.90	0.93	0.22	0.21

* calculated using the weighted average number of the Issuer's shares
** calculated using the weighted average diluted number of the Issuer's shares

Weighted average number of shares:
- for 2014 (January-December): 13 440 114
- for 2013 (January-December): 14 235 425

Selected financial data have been translated into EUR in the following manner:

1. Items in the statement of profit and loss and statement of cash flows have been translated according to the exchange rate established as the average of exchange rates published by the National Bank of Poland on the last day of each month, which for 2014 was EURPLN 4.1893 and for 2013: EURPLN 4.2110.
2. Balance sheet items and book value / diluted book value have been translated using the average exchange rate published by the National Bank of Poland as at the end of the reporting period, as follows: as at 31 December 2014: EURPLN 4.2623; as at 31 December 2013: EURPLN 4.1472.
3. Declared dividend has been translated using the average exchange rate published by the National Bank of Poland as at the date of drawing up the financial statements, i.e. as at 30 June 2014 - EURPLN 4.1609, while on the dividend payment date, i.e. 26 June 2013: EURPLN 4.3348.

2. Statement by the Management Board

The Management Board of Emperia Holding S.A. declares that to the best of its knowledge the separate annual financial statements and comparative data were drawn up in accordance with International Financial Reporting Standards and interpretations, published in the form of Commission Regulations, and that they correctly, reliably and clearly reflect the Group's financial and asset position together with its financial performance, and that the report on Company operations contains a true depiction of the development, achievements and situation of the Company and the Group, including a description of key threats and risks.

The Management Board of Emperia Holding S.A. further declares that the entity authorised to audit financial statements, which audited the Company's separate annual financial statements, was selected in accordance with the provisions of law and that this entity and the statutory auditors conducting the audit fulfilled the conditions for issue of an impartial and independent report on audit of the separate annual financial statements in accordance with binding regulations and professional standards.

Signatures of all Management Board members:

2015-03-20	Dariusz Kalinowski	President of the Management Board	.... Signature
2015-03-20	Cezary Baran	Vice-President of the Management Board	.... Signature

Signatures of persons responsible for book-keeping

2015-03-20	Elżbieta Świniarska	Economic Director	.... Signature

(amounts in PLN 000s, unless otherwise stated)

3. Separate statement of financial position

	Note	31 Dec 2014	31 Dec 2013
Total non-current assets		**372 467**	**321 401**
Property, plant and equipment	Note 1, 2	34 580	51 167
Investment properties	Note 3	-	-
Intangible assets	Notes 4, 5	1 588	3 582
Financial assets	Note 6	336 204	266 493
Non-current receivables	Note 7	-	56
Deferred income tax assets	Note 8	94	99
Other non-current prepayments	Note 9	1	4
Total current assets		**222 917**	**262 615**
Inventories	Note 10	-	-
Current receivables	Note 11	1 232	11 337
Income tax receivables		-	-
Short-term securities	Note 12	163 997	152 131
Current prepayments	Note 13	88	84
Cash and cash equivalents	Note 14	45 307	89 555
Other financial assets	Note 15	-	6 496
Current assets classified as held-for-sale	Note 16	12 293	3 012
Total assets		**595 384**	**584 016**
Total equity		**494 961**	**580 702**
Share capital	Note 17	15 180	15 115
Share premium		551 988	549 559
Supplementary capital		2 526	2 526
Management options provision		3 341	3 145
Reserve capital		63 268	63 200
Buy-back provision		-	-
Own shares		(158 208)	(65 020)
Retained earnings	Note 18	16 865	12 177
Total non-current liabilities		**786**	**656**
Credit facilities, loans, debt instruments and other non-current financial liabilities	Note 19	-	-
Non-current liabilities	Note 20	90	15
Provisions	Note 21	26	21
Deferred income tax provision	Note 22	670	620
Total current liabilities		**99 637**	**2 658**
Credit facilities, loans, debt instruments and other current financial liabilities	Note 23	0	-
Current liabilities	Note 24	97 308	1 534
Income tax liabilities		1 399	199
Provisions	Note 21	848	909
Deferred revenue	Note 25	82	16
Total equity and liabilities		**595 384**	**584 016**

(amounts in PLN 000s, unless otherwise stated)

Book value	494 961	580 702
Number of shares	15 179 589	15 115 161
Diluted number of shares	13 465 487	14 338 927
Book value per share (in PLN)*	36.83	40.79
Diluted book value per share (in PLN)**	36.76	40.50

* calculated using the weighted average number of the Issuer's shares
** calculated using the weighted average diluted number of the Issuer's shares

Signatures of all Management Board members

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....
Signature

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Signature

2015-03-20 Tomasz Koszczan Head of Accounting ....
Signature

(amounts in PLN 000s, unless otherwise stated)

4. Separate statement of profit and loss and statement of comprehensive income

	Note	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Revenue from sales		**13 931**	**6 396**
- from subsidiaries		*9 499*	*4 122*
Revenue from sale of products and services	Note 26	13 906	6 362
Revenue from sale of goods and materials	Note 27	25	34
Cost of sales		**(7 193)**	**(6 415)**
- to subsidiaries		*(6 006)*	*(3 961)*
Cost of manufacture of products and services sold	Note 29	(7 193)	(6 398)
Value of goods and materials sold		-	(17)
Profit on sales		**6 738**	**(19)**
Other operating revenue	Note 28	3 066	972
Selling costs	Note 29	-	-
Administrative expenses	Note 29	(4 045)	(3 802)
Other operating expenses	Note 30	(1 253)	(773)
Operating profit		**4 506**	**(3 622)**
Finance income	Note 31	15 326	17 450
Finance costs	Note 32	(456)	(3)
Profit before tax		**19 376**	**13 825**
Income tax		(2 511)	(1 648)
- current	Note 33	(2 455)	(1 798)
- deferred	Note 34	(56)	150
Profit for the period		**16 865**	**12 177**

Profit for the period	**16 865**	**12 177**
Weighted average number of shares	13 440 114	14 235 425
Weighted average diluted number of ordinary shares	13 465 487	14 338 927
Earnings per share	1.25	0.86
Diluted earnings per share	1.25	0.85

STATEMENT OF COMPREHENSIVE INCOME	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Profit for the period	**16 865**	**12 177**
Other comprehensive income		
Revaluation of employee benefit liabilities	(1)	-
Income tax on components of other comprehensive income	-	-
Net other comprehensive income	(1)	**-**
Comprehensive income for the period	**16 864**	**12 177**

(amounts in PLN 000s, unless otherwise stated)

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2015-03-20	Tomasz Koszczan	Head of Accounting	.... Signature

(amounts in PLN 000s, unless otherwise stated)

5. Separate statement of changes in equity

STATEMENT OF CHANGES IN EQUITY	Share capital	Share premium	Supplementary capital	Management options provision	Reserve capital	Retained earnings	Own shares	Total equity
As at the beginning of period: 1 Jan 2014	**15 115**	**549 559**	**2 526**	**3 145**	**63 200**	**12 177**	**(65 020)**	**580 702**
Change in accounting standards and policies	-	-	-	-	-	-	-	-
As at the beginning of period, adjusted	**15 115**	**549 559**	**2 526**	**3 145**	**63 200**	**12 177**	**(65 020)**	**580 702**
Profit for the period	-	-	-	-		16 865	-	16 865
Prior-year profit distribution - transfer to equity	-	-	-	-	68	(68)	-	-
Share issuance - incentive scheme	65	2 429	-	-	-		-	2 494
Actuarial gains (losses)						(1)		(1)
Dividend from prior-year profit	-	-	-	-	-	(12 109)	-	(12 109)
Purchase of own shares	-	-	-	-	-		(93 188)	(93 188)
Management options provision	-	-	-	196	-		-	196
Release of buy-back provision	-	-	-	-	-		-	-
As at the end of period: 31 Dec 2014	**15 180**	**551 988**	**2 526**	**3 341**	**63 268**	**16 865**	**(158 208)**	**494 961**

STATEMENT OF CHANGES IN EQUITY	Share capital	Share premium	Supplementary capital	Management options provision	Reserve capital	Retained earnings	Own shares	Total equity
As at the beginning of period: 1 Jan 2013	**15 115**	**549 559**	**2 526**	**3 145**	**62 979**	**13 593**	**(65 020)**	**581 897**
Change in accounting standards and policies	-	-	-	-	-	-	-	-
As at the beginning of period, adjusted	**15 115**	**549 559**	**2 526**	**3 145**	**62 979**	**13 593**	**(65 020)**	**581 897**
Profit for the period	-	-	-	-	-	12 177	-	**12 177**
Prior-year profit distribution - transfer to equity	-	-	-	-	221	(221)	-	-
Dividend from prior-year profit	-	-	-	-	-	(13 372)	-	**(13 372)**
Purchase of own shares	-	-	-	-	-	-	-	-
Management options provision	-	-	-	-	-	-	-	-
Release of buy-back provision	-	-	-	-	-	-	-	-
As at the end of period: 31 Dec 2013	**15 115**	**549 559**	**2 526**	**3 145**	**63 200**	**12 177**	**(65 020)**	**580 702**

(amounts in PLN 000s, unless otherwise stated)

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2015-03-20	Tomasz Koszczan	Head of Accounting	.... Signature

(amounts in PLN 000s, unless otherwise stated)

6. Separate statement of cash flows

	Note	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Profit (loss) for the period		**16 865**	**12 177**
Adjusted by:		**94 196**	**(21 594)**
Depreciation / amortisation		2 352	1 706
Interest and shares of profit (dividends)		(13 221)	(14 599)
Income tax		2 511	1 648
Profit (loss) on investing activities		(871)	(694)
Change in provisions	Note 38	(57)	445
Change in inventories	Note 38	-	20
Change in receivables	Note 38	9 411	(8 189)
Change in prepayments	Note 38	63	664
Change in liabilities	Note 38	95 263	(271)
Other adjustments	Note 38	-	-
Income tax paid		(1 255)	(2 324)
Net cash from operating activities		**111 061**	**(9 417)**
Inflows		**1 736 186**	**2 395 857**
Disposal of property, plant and equipment and intangible assets		13 423	2 042
Disposal of financial assets		1 707 462	2 353 328
Disposal of interests in subsidiaries		-	-
Dividends received		7 566	5 774
Interest received		39	696
Repayment of loans issued		7 696	34 017
Other inflows		-	-
Outflows		**(1 788 890)**	**(2 356 812)**
Purchase of property, plant and equipment and intangible assets		(4 566)	(40 405)
Purchase of subsidiaries and associates		(70 133)	(471)
Purchase of financial assets		(1 712 991)	(2 303 923)
Borrowings granted		(1 200)	(12 013)
Expenditures on maintenance of investment properties		-	-
Other outflows		-	-
Net cash from investing activities		**(52 704)**	**39 045**
Inflows		2 692	**-**
Proceeds from credit facilities and loans		-	-
Issue of short-term debt instruments		1	-
Proceeds from equity issuance		2 691	-
Other inflows		-	-
Outflows		**(105 298)**	**(13 372)**
Repayment of borrowings		-	-
Buy-back of short-term debt instruments		(1)	-
Payment of finance lease liabilities		-	-
Interest and fees paid		-	-
Dividends paid		(12 109)	(13 372)
Purchase of own shares		(93 188)	-
Other outflows		-	-
Net cash from financing activities		**(102 606)**	**(13 372)**

(amounts in PLN 000s, unless otherwise stated)

Change in cash and cash equivalents		**(44 248)**	**16 255**
Exchange differences		-	-
Cash and cash equivalents at the beginning of period	Note 39	**89 555**	**73 300**
Cash and cash equivalents at the end of period	Note 39	**45 307**	**89 555**

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7. Additional information

7.1 Information about the Company

Company name, registered office and main economic activities

The Company, which uses the trading name Emperia Holding S.A., was registered under KRS no. 0000034566 by the District Court in Lublin, 6th Commercial Division of the National Court Register.

The Company's registered office is located in Lublin, ul. Projektowa 1.

Since 1 April 2007, the principal economic activity of Emperia Holding S.A. is activities of holding companies (PKD 7415Z). The company is a VAT payer, with NIP no. 712-10-07-105.

The financial statements were prepared for the period from 1 January 2014 to 31 December 2014, and the comparative financial data covers the period from 1 January 2013 to 31 December 2013.

The financial statements were drawn up on the assumption that the business will continue as a going concern and that there are no circumstances that would indicate a threat to the continuing operations of Company in the future.

Information on consolidation

Emperia Holding S.A. is the Group's parent and prepares the Group's consolidated financial statements.

As at 31 December 2014, consolidation included Emperia Holding S.A. and 10 subsidiaries: Stokrotka Sp. z o.o., Infinite Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A., P3 EKON Sp. z o.o. S.K.A., EMP Investment Limited, Ekon Sp. z o.o., IPOPEMA 55 FIZAN, Elpro Development S.A. (formerly P1 Sp. z o.o.), Eldorado Sp. z o.o., P5 EKON Sp. z o.o. S.K.A.

During 2014, Emperia Group's structure was subject to changes (compared with the 2013 year-end). On 31 January 2014, the following subsidiaries were merged: Stokrotka Sp. z o.o. with Maro Markety Sp. z o.o. and Społem Tychy S.A. In addition, on 31 March 2014, Stokrotka Sp. z o.o. acquired "PILAWA" Sp. z o.o.

(amounts in PLN 000s, unless otherwise stated)

Emperia Holding S.A. subsidiaries subject to consolidation within the Group, included in the consolidated financial statements as at 31 December 2014

No.	Entity name	Registered office	Main economic activity	Registration authority	Type of control	Means of consolidation	Acquisition date / date from which significant control is exerted	% of share capital held	Share of the total number of votes at general meeting
1	Stokrotka Sp. z o.o. (1)	20-209 Lublin, ul. Projektowa 1	Retail sale of food, beverages and tobacco	16977, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	1999-01-27	100.00%	100.00%
2	Infinite Sp. z o.o.	20-209 Lublin, ul. Projektowa 1	IT operations	16222, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	1997-03-11	100.00%	100.00%
3	ELPRO EKON Sp. z o.o. S.K.A. (2)	20-209 Lublin, ul. Projektowa 1	Property development	392753, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	2001-02-15	100.00%	100.00%
4	P3 EKON Sp. z o.o. S.K.A. (3)	20-209 Lublin, ul. Projektowa 1	Property management	407301, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	2007-11-29	100.00%	100.00%
5	Elpro Development S.A. (formerly P1 Sp. z o.o.)	20-209 Lublin, ul. Projektowa 1	Renting and operating of own or leased real estate	509157, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	2010-09-06	100.00%	100.00%

(amounts in PLN 000s, unless otherwise stated)

6	EKON Sp. z o.o.	20-209 Lublin, ul. Projektowa 1	Property management	367597, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	2010-09-06	100.00%	100.00%
7	EMP Investment Ltd.(6)	Themistokli Dervi 3, JULIA HOUSE, P.C. 1066; Nicosia, Cyprus	Investments in property	HE 272278, Ministry of Commerce, Industry and Tourism, Company Registration Department Nicosia, Cyprus	Subsidiary	Full	2010-09-03	100.00%	100.00%
8	Ipopema 55 FIZAN (4)	00-850 Warsaw, Waliców 11	Trusts, funds and similar financial instruments	RFI 591, Investment Fund Register maintained by the District Court in Warsaw	Subsidiary	Full	2010-12-09	100.00%	100.00%
9	Eldorado Sp. z o.o.	20-209 Lublin, ul. Projektowa 1	Activities of head offices; management consultancy activities	400637, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	03-10-2011	100.00%	100.00%
10	P5 EKON Sp. z o.o. S.K.A. (formerly P5 Sp. z o.o.) (5)	20-209 Lublin, ul. Projektowa 1	Renting and operating of own or leased real estate	425738, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	24-11-2011	100.00%	100.00%

(1) directly by Emperia Holding S.A. (125 475 shares; 96.78%), indirectly by Stokrotka Sp. z o.o. (4 181 shares; 3.22%)
(2) indirectly by IPOPEMA 55 FIZAN (80 825 shares), EKON Sp. z o.o. (contribution)
(3) indirectly by IPOPEMA 55 FIZAN (138 427 shares), EKON Sp. z o.o. (contribution)
(4) indirectly by EMP Investment Limited
(5) indirectly by: IPOPEMA 55 FIZAN (56 047 shares), EKON Sp. z o.o. (contribution)
(6) directly through Elpro Development S.A.

Subsidiaries excluded from the consolidated financial statements as at 31 December 2014, together with the legal basis for exclusion

	Entity name	Registered office	Legal basis for exclusion	Emperia's share in capital (% as at the end of the reporting period)	Emperia's share of voting rights (% as at the end of the reporting period)
1.	P2 EKON Sp. z o.o. S.K.A. (1)	20-209 Lublin, ul. Projektowa 1	The financial data of these entities is insignificant from the viewpoint of the requirement to present the Group's asset position, financial situation and performance in a reliable and transparent manner.	100.00%	100.00%

(1) indirectly by IPOPEMA 55 FIZAN

Entities other than subsidiaries, associates and jointly controlled entities, with indication of name and registered office, in which related parties hold more than 20% of shares as at 31 December 2014

	Entity name	Registered office	Share capital (in PLN 000s)	Emperia's share in capital (% as at the end of the reporting period)	Emperia's share of voting rights (% as at the end of the reporting period)
1	"Podlaskie Centrum Rolno-Towarowe" S.A. (1)	Białystok ul. Gen. Wł. Andersa 40	11 115	0.30%	0.60%

(1) indirectly by P3 EKON Sp. z o.o. S.K.A

7.2 Description of key accounting principles

7.2.1 Basis for preparing the financial statements

The financial statements have been prepared under the historical cost concept, except for financial assets measured at fair value.
Emperia Holding S.A.'s Management Board approved these financial statements on the date on which they were signed.

7.2.2 Statement of compliance

The financial statements of Emperia Holding S.A. were prepared in accordance with International Financial Reporting Standards (IFRS) and the related interpretations concerning interim financial reporting published in the form of Commission Regulations and endorsed by the European Union.
The financial statements reliably present the Company's financial situation, financial performance and cash flows.
The financial statements were prepared in accordance with the Ordinance of the Minister of Finance dated 19 October 2005 on current and periodic information disclosed by issuers of securities.

7.2.3 Segment reporting

Segment reporting identifies Emperia’s operating segments, which:
- engage in business activities from which it may earn revenues and incur expenses,
- whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and
- for which discrete financial information is available.

The chief decision maker to make decisions about resources to be allocated and assess segment performance is the Management Board of Emperia Holding. As a result of analysing the means of exercising supervision over the Company's business, its organisational structure, internal reporting system and current management model, and taking into consideration the aggregations criteria and quantitative thresholds set out in IFRS 8, the Company's operating activities have been grouped into three operating segments, defined as follows:

1 **Retail sales** (retail segment) concerns retail agency agreements, including statistically assigned and accounted costs relating to this revenue,

2 **Property** (property segment) covers revenue and costs connected with managing the Company's operating properties,

3 **Central Management** (central management segment), covers the management functions, holding services and advisory within the Group.

7.2.4 Functional currency

Items in the financial statements are measured in the currency of the economic environment in which the Company operates, which is the Company's functional currency.
The functional and presentation currency of all items in the financial statements is PLN. Data in the financial statements and all explanatory data is presented in PLN 000s (unless stated otherwise).

7.2.5 Changes in adopted accounting principles

The Company implements new IFRS standards and interpretations such as are applicable in the respective reporting periods. The Company specifies what changes were applicable to its business and what effects these had on the financial statements and comparative data.

7.2.6 Application of International Financial Reporting Standards

The following standards, amendments and interpretations are applicable to the Company from since 1 January 2014:

a) IAS 32 Financial Instruments: Presentation

The amendment to IAS 32 concerns the offsetting of financial assets and financial liabilities. It was issued on 16 December 2011 in order to explain offsetting requirements. The amendments apply to annual periods beginning on or after 1 January 2014. Earlier application is permitted.

b) Investment entities - amendments to IFRS 10, IFRS 12 and IAS 27

On 31 October 2012, amendments were issued for IFRS 10, IFRS 12 and IAS 27 which allow to not consolidate in accordance with IFRS 10 and require investment entities to carry subsidiaries at fair value through profit or loss (in accordance with IFRS 9) instead of consolidating them. In addition, the amendments provide requirements concerning disclosures for investment entities. The amendments apply to annual periods beginning on or after 1 January 2014. Earlier application is permitted.

c) Amendments to IAS 39 'Novation of Derivatives and Continuation of Hedge Accounting'

On 27 June 2013, the IASB issued 'Novation of Derivatives and Continuation of Hedge Accounting' (Amendments to IAS 39 'Financial Instruments: Recognition and Measurement'). Under the amendments there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met.
A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to benefit from the amended guidance, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations. The amendments apply to annual periods beginning on or after 1 January 2014. Early application is permitted.

d) Amendments to IAS 36 concerning disclosures of recoverable amounts of non-financial assets

The IASB, as a consequential amendment to IFRS 13 Fair Value Measurement, modified some of the disclosure requirements in IAS 36 Impairment of Assets regarding measurement of the recoverable amount of impaired assets. The overall effect of the amendment is a reduction in the events where recoverable value of an asset or a cash-generating unit requires disclosure, clarification of disclosure requirements and introduction of formal requirements for the disclosure of discount rates applied to recognise impairment or reverse an impairment loss (based on fair value less costs of disposal) measured based on current value. The amendments apply to annual periods beginning on or after 1 January 2014. Early application is permitted if IFRS 13 is applied.

e) IFRIC 21 Levies

On 20 May 2013, the IASB issued interpretation IFRIC 21 Levies, which provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. IFRIC 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. The Interpretation clarifies that 'economic compulsion' and the going concern principle do not create or imply that an obligating event has occurred.
IFRIC 21 provides guidance on progressive recognition of a liability to pay levies if the obligating event occurs over a period of time and if an obligation is triggered on reaching a minimum threshold. IFRIC 21 applies to annual periods beginning on or after 1 January 2014. The interpretation does not supersede IFRIC 6 Liabilities arising from Participating in a Specific Market — Waste Electrical and Electronic Equipment, which remains in force and is consistent with IFRIC 21.

The Company estimates that adopting the above amended standards and new interpretations does not have a significant impact on the consolidated financial statements for 2014.

Earlier application of standards and applications:

In preparing these consolidated financial statements, the Company decided against the earlier application of any standards.

Standards that have been published but are not yet in force:

a) Amendment to IAS 19 Employee Benefits

On 21 November 2013, the IASB published amendments applicable to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. On 9 January 2015, the above amendments were published in the IASB's Journal of Accountancy.

b) Amendments to IFRS 2010-2012

On 12 December 2013, the IASB published annual improvements to IFRS 2010-2012, containing eight amendments to seven standards. The main changes were as follows: clarifies the definition of 'vesting condition' from attachment A to IFRS 2, clarifies the legal aspects of accounting for contingent consideration in a business combination, amends paragraph 22 of IFRS 8 by introducing a disclosure requirement regarding factors used to identify reporting segments in a business combination, amends paragraph 28(c) of IFRS 8 by clarifying that reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly to the unit's decision makers, clarifies the IASB's justifications regarding the removal of paragraph B5.4.12 of IFRS 9 and paragraph OS79 of IAS 39, disclosure requirements concerning the revaluation model from IAS 16 and IAS 38, clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. On 9 January 2015, the above amendments were published in the IASB's Journal of Accountancy.

c) Amendments to IFRS 2011-2013

On 12 December 2013, the IASB published annual improvements to IFRS 2011-2013, containing four amendments. The main changes were as follows: clarifies the meaning of "each IFRS effective at the end of the reporting period in which IFRS were first applied" paragraph 7 of IFRS 1; clarifies that paragraph 2(a) of IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement as defined in IFRS 11 and that the exception concerns only the financial statements of joint ventures and joint operations; clarifies that the scope of the portfolio exception defined in paragraph 48 of IFRS 13 includes all contracts accounted for within the scope of IAS 39, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32; clarifies that determining whether a specific transaction meets the definition of both business combination as defined in IFRS 3 and investment property requires the use of judgement and that the judgement must be based on guidelines in IFRS 3. On 19 December 2014, the above amendments were published in the IASB's Journal of Accountancy.

Standards and interpretations not yet endorsed by the European Union:

a) IFRS 9 Financial Instruments

On 24 July 2014, the IASB issued the full version of the new standard IFRS 9 Financial Instruments. This standard is a comprehensive set of accounting principles relating to financial instruments and it is expected to be effective from 1 January 2018. IFRS 9 will supersede the existing IAS 39 and contains guidelines regarding, among others, qualification and measurement of financial assets, calculation and recognition of impairment of financial assets, hedge accounting, recognition of the effects of changes in the fair value of financial liabilities resulting from changes in own credit risk. The majority of the above concepts had already been issued in the past. The final version of IFRS 9 includes amended (compared with those issued in 2009 and 2010) principles for classification of financial instruments, defines a new category - 'measured at fair value through other comprehensive income,' and establishes principles for calculating and recognising impairment based on the expected loss model.

b) Amendments to IFRS 11 Acquisition of an interest in a joint operation

On 6 May 2014, the IASB issued amendments to IFRS 11 Acquisition of an interest in a joint operation. The introduced changes require an acquisition of an interest in a joint operation be subject to the same principles as in the case of business combinations. Such recognition is also to be applicable to acquisitions of additional interests in a joint operation, while retaining joint control. Additional interests acquired will be measured at fair value, and those held previously will not be re-measured. These amendments will be prospectively effective for reporting periods beginning on or after 1 January 2016.

c) Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation

On 12 May 2014, the IASB amended IAS 16 Property, plant and equipment and IAS 38 Intangible assets in order to clarify that a revenue-based method is not considered to be an appropriate manifestation of consumption. The revenue generated from activities that use a given asset usually reflect factors other than the consumed economic benefits from that asset. Revenue is not by default an appropriate manifestation of consumption of the economic benefits deriving from intangible assets. These amendments will be prospectively effective for reporting periods beginning on or after 1 January 2016.

d) IFRS 15 Revenue from Contracts with Customers

On 28 May 2014, the IASB issued a new standard concerning recognition of revenue - IFRS 15 Revenue from Contracts with Customers. The above standard specifies principles for recognition of all types of revenue resulting from contracts with customers (clients). The standard does not apply only to contracts that are covered by IAS/IFRS concerning leasing, insurance contracts and financial instruments. Pursuant to IFRS 15, an entity should recognise revenue in such manner as to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. As regards identifying a contract, IFRS 15 introduces the requirement that the entity assesses whether receiving payment from a customer is likely. IFRS 15 will be effective for reporting periods beginning on or after 1 January 2017.

e) Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

On 30 June 2014, the IASB published amendments that change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16 because their operation is similar to that of manufacturing. The amendments include them in the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41. These amendments will be prospectively effective for reporting periods beginning on or after 1 January 2016.

f) New standard IFRS 14 Regulatory Deferral Accounts

On 30 January 2014, the IASB issued a new standard the objective of which is to increase the comparability of financial statements of rate-regulated entities. This standard provides a framework for recognising items constituting revenue or costs qualified for recognition as a result of the rate-regulating laws in effect and which do not qualify as assets or liabilities under the requirements of other IFRSs. IFRS 14 will apply from 2016. Early application is permitted.

g) Amendments to IAS 27 - Equity Method in Separate Financial Statements

On 12 August 2014, the IASB published amendments allowing entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendments to IAS 27 will be effective from 1 January 2016, with early application permitted.

h) Amendments to IFRS 10 and IAS 28: Sales or contributions of assets between an investor and its associate/joint venture

On 11 September 2014, the IASB published amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures. The amendments introduce the requirement that the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognised in full. Partial recognition of the gain or loss resulting will be applicable if the transaction concerns assets that do not constitute a business, even if such assets were held by a subsidiary. Amendments to IFRS 10 and IAS 28 will be effective from 1 January 2016, with early application permitted.

i) Amendments to IFRS 2012-2014

On 25 September 2014, the IASB published annual improvements to IFRS 2012-2014, containing amendments to four standards. In IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, specific guidance was added regarding cases in which an entity reclassifies an asset to/from held for sale to held for distribution. The amendment to IFRS 7 Financial Instruments: Disclosures concerns withdrawal of offsetting disclosure requirements in preparing condensed interim financial statements. It also adds additional guidance to clarify whether a servicing contract is considered as continuing involvement in a transferred asset for the purpose of determining the disclosures required. IAS 19 Employee Benefits introduces an amendment concerning change in discount rates for currencies where there is no developed market for high-quality corporate bonds. IAS 34 Interim Financial Reporting clarifies the meaning of 'elsewhere in the interim report' in relation to the rules and location for disclosing information about material events and transactions.

j) Amendments to IAS 1 - Disclosure Initiative

On 18 December 2014, the IASB published amendments to IAS 1, emphasising the concept of materiality, in connection with which separate disclosures need not be presented even when a standard requires a specific disclosure. Notes in financial statements need not be presented in a specific order - entities can apply any order. Entities should disaggregate items in the statement of financial position and statement of profit or loss and other comprehensive income as relevant, and aggregate items in the statement of financial position if such items specified in IAS 1 are not separately material. When presenting sub-totals in the statement of financial position and statement of profit or loss and other comprehensive income, detailed criteria and requirements regarding reconciliation and presentation shall be added. In addition, it shall be clarified that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss, as per IAS 1. Amendments to IAS 28 will be effective from 1 January 2016, with early application permitted.

k) Amendments to IFRS 10, IFRS 12 and IAS 28 - Investment entities: Applying the Consolidation Exception

On 18 December 2014, the IASB published amendments focusing on three areas. The first one deals with consolidation of intermediate investment entities. Pursuant to the introduced amendments, intermediate investment entities shall not be subject to consolidation and, furthermore, the IASB clarified the term "services that relate to the parent's investment activities." Another area of changes concerns an exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity. The last element of changes concerns the possibility of selecting the accounting policy of equity-accounted investment entities. Amendments to IFRS 10, IFRS 12 and IAS 28 will be effective from 1 January 2016, with early application permitted.

The Company decided against the early application of new standards and interpretations that will enter into force after the balance sheet date.

The Company considers use of the above standards not to have a significant impact on the financial statements in the period following their application.

7.2.7 Accounting estimates

Preparation of financial statements requires that the management use certain accounting estimates and assumptions concerning future events which may have an impact on the value of assets, liabilities, revenues and costs presented in current and future financial statements. Estimates and associated assumptions are subject to systematic verification, based on the management's best knowledge, historical experiences and expectations regarding future events such as are presently justified and rational. In certain significant issues, the management uses independent experts' opinions. However, these may contain a margin of error, and the actual results may differ from estimates.
The main estimates may concern the following balance sheet items: tangible and intangible assets (as regards economic useful life and impairment), employee benefit provisions (bonuses, retirement pay, untaken holidays), customer loyalty programme provisions, impairment of inventory and deferred income tax assets and provisions.

7.2.8 Correction of errors

Errors may relate to the recognition, measurement and presentation of items in financial statements, or to information disclosures.
Errors identified during the preparation of financial statements are adjusted in the statements being prepared. Errors identified in subsequent reporting periods are adjusted by amending the comparative data presented in the financial statements for the period in which they were identified. The Company corrects prior-period errors using the retrospective approach and retrospective restatement of data, as long as this is practicable.

7.2.9 Mergers, share purchases or disposals, capital increases

a) Acquisition of substantial assets by Emperia Holding S.A.

On 12 February 2014, the Management Board of Emperia Holding S.A. announced that it had entered into an agreement concerning purchase of shares in EMP Investment Limited from subsidiary Stokrotka Sp. z o.o. Emperia Holding S.A. is the sole shareholder of Stokrotka Sp. z o.o. Prior to the transaction, Emperia Holding S.A. held a 80.27% stake in EMP Investment Limited's share capital and voting rights.
The subject of the above agreement is transfer of 23 211 shares in EMP Investment Limited, constituting 19.73% of share capital and voting rights, to Emperia Holding S.A. The shares were purchased for PLN 69 780 394.44 in cash.

Following the transaction, Emperia Holding S.A. directly held 100% of EMP Investment Limited's share capital and voting rights. The transaction was executed in connection with the Issuer's planned split-up.

b) Share capital increase at subsidiary EKON Sp. z o.o.

On 8 May 2014, the Extraordinary General Meeting of Ekon Sp. z o.o. adopted a resolution on increase of the company's share capital from PLN 250 000 to PLN 300 000, i.e. by PLN 50 000, through the issue of 500 new shares with nominal value of PLN 100 each. All of the newly-issued shares were purchased by Emperia Holding S.A. for PLN 50 000 in cash.

c) Share capital increase at subsidiary Eldorado Sp. z o.o.

On 8 May 2014, the Extraordinary General Meeting of Eldorado Sp. z o.o. adopted a resolution on increase of the company's share capital from PLN 170 000 to PLN 220 000, i.e. by PLN 50 000, through the issue of 500 new shares with nominal value of PLN 100 each. All of the newly-issued shares were purchased by Emperia Holding S.A. for PLN 50 000 in cash.

d) Share capital increase at Elpro Development S.A. (formerly P1 Sp. z o.o.)

On 4 June 2013, the Extraordinary General Meeting of Elpro Development S.A. (formerly P1 Sp. z o.o.) adopted a resolution on increase of the Company's share capital from PLN 1 050 000 to PLN 386 962 034, i.e. by PLN 385 912 034, through the issue of 385 912 034 new registered shares series B, with nominal value of PLN 1 each. All of the newly-issued shares in the increased share capital were acquired by Emperia Holding S.A. and paid for with an in-kind contribution in the form of 117 665 shares in the share capital of EMP Investment Limited, constituting 100% of its share capital and entitling to 100% of votes, with a value of PLN 385 912 034. The transaction was executed in connection with the Issuer's planned split-up.

e) Introduction of Emperia Holding S.A.'s shares to trading and change in share capital structure

On 9 September 2014, Emperia Holding S.A. introduced to stock-market trading 64 428 ordinary bearer shares series P, with a nominal value of PLN 1 each. Introducing the series P shares to trading is a part of Emperia Holding S.A.'s Management Options Programme. The Management Board of Emperia Holding S.A. announced via current reports the terms and deadlines for registering the series P shares by the KDPW, as well as the admission and introduction of the series P shares to stock-market trading.
From 9 September 2014, Emperia Holding S.A.'s share capital amounts to PLN 15 179 589 and is divided into 15 179 589 ordinary bearer shares, with nominal value of PLN 1 each. The total number of voting rights carried by all issued shares of Emperia Holding S.A. is 15 179 589.
The change in Emperia Holding S.A.'s share capital was registered in court on 29 October 2014.

f) Share capital increase at subsidiary Eldorado Sp. z o.o.

On 21 November 2014, the District Court for Lublin-Wschód in Lublin, based in Świdnik, 6th Commercial Division of the National Court Register, registered an increase of the Company's share capital from PLN 220 000 to PLN 270 000, i.e. by PLN 50 000, through the issue of 500 new shares with nominal value of PLN 100 each. All of the newly-issued shares were purchased by Emperia Holding S.A. for PLN 50 000 in cash.

g) Share capital increase at subsidiary EKON Sp. z o.o.

On 24 November 2014, the District Court for Lublin-Wschód in Lublin, based in Świdnik, 6th Commercial Division of the National Court Register, registered an increase of the Company's share capital from PLN 300 000 to PLN 400 000, i.e. by PLN 100 000, through the issue of 1 000 new shares with nominal value of PLN 100 each. All of the newly-issued shares were purchased by Emperia Holding S.A. for PLN 100 000 in cash.

Mergers, share purchases or disposals, capital increases - after the end of the reporting period

a) Introduction of Emperia Holding S.A.'s shares to trading and change in share capital structure

On 16 January 2015, the Management Board of Emperia Holding S.A. announced the introduction to stock-market trading of 43 976 ordinary bearer shares series P, with nominal value of PLN 1 each. Introducing the series P shares to trading was part of Emperia Holding S.A.'s Management Options Programme. The Company announced via current reports the terms and deadlines for registering the series P shares by the KDPW, as well as admission and introduction of the series P shares to stock-market trading. From 16 January 2015, Emperia Holding S.A.'s share capital amounts to PLN 15 223 565 and is divided into 15 223 565 ordinary bearer shares, with nominal value of PLN 1 each. The total number of voting rights carried by all issued shares of Emperia Holding S.A. is 15 223 565. Date the Court registered the above share capital increase: 10 March 2015

b) Share capital increase at subsidiary Stokrotka Sp. z o.o.

On 10 April 2015, an Extraordinary General Meeting of subsidiary Stokrotka Sp. z o.o., based in Lublin ("Stokrotka"), passed a resolution pursuant to which Stokrotka's share capital was increased to PLN 72 737 500 through the issue of 20 000 new shares with nominal value of PLN 500 each. All of the 20 000 newly-issued shares will be acquired by the Issuer, who will pay for them with a cash consideration of PLN 90 000 000 by 30 April 2015. Excess of the cash consideration over the nominal value of the shares, i.e. PLN 80 000 000, will be transferred to supplementary capital. Emperia Holding S.A. directly holds 100% of shares and votes at the General Meeting of Stokrotka.

7.2.10 Property, plant and equipment

The Company recognises individual usable items that fulfil IAS 16 criteria as property, plant and equipment if their acquisition price (cost of manufacture) is at least PLN 1 000 (low-value assets in aggregate are not a significant item), with exceptions, particularly as follows:

- computer equipment,
- pallet trucks,
- store carts,
- high bay pallet racks,
- lockers,

which, given the specific nature of the Company's operations and their high volume, constitute a significant asset group, the Company recognises as property, plant and equipment regardless of the purchase price (cost of manufacture).
Again due to the nature of the Company's operations, the following are not classified as property, plant and equipment, even though they meet the value criteria:

- office furniture,
- PVC curtains,

the value criterion for these items has been set at PLN 3 500 (low-value assets in aggregate are not a significant item from the Company's viewpoint).
Property, plant and equipment are recognised at purchase price or cost of manufacture less depreciation and impairment.
The Company also classifies property, plant and equipment in progress, investments in third-party property, plant and equipment and land usufruct rights as property, plant and equipment.
The initial value of property, plant and equipment includes the purchase price less any costs directly related to the purchase and adaptation of a given asset for commercial use. The initial value includes a portion of borrowing costs.
The cost of upgrades is included in the carrying amount of property, plant and equipment if it is probable that the economic benefits will flow to the Company, and the upgrade costs can be reliably measured. All other expenses relating to repairs and maintenance of property, plant and equipment are recognised through profit or loss for the reporting periods in which they were incurred.
Land is not subject to depreciation. Other property, plant and equipment are depreciated throughout their useful

economic life. Straight-line depreciation is used, starting from the month following the month in which the asset was entered into use. The Company has adopted the following periods of useful economic life for the particular groups of property, plant and equipment:

Rights to perpetual usufruct of land:	according to the term of right or estimated period of use
Buildings and structures:	10 to 40 years
Technical equipment and machinery:	5 to 10 years
Computer equipment:	1.5 to 5 years
Means of transport:	5 to 7 years
Other:	5 to 10 years

The Company verifies periodically, but at least at the end of each financial year, the adopted periods of useful economic life for property, plant and equipment, the residual values and depreciation approach, and the resulting changes in these estimates are applied in subsequent financial years (prospectively).
Due to the specific nature of its operations, the Company frequently incurs expenditures on investments in third-party facilities. This applies to leased warehousing and retail facilities. For these assets, the Company specifies periods of useful economic life of expenditures that are not always corresponding with the leasing agreement in place at the time. In the case of investments in third-party facilities, if the lease term is shorter than the planned period for balance sheet depreciation, and the lease is not expected to be extended, depreciation is based on the period of useful economic life. In the event that a lease contract is extended, however, the non-depreciated net value is allocated to the remaining useful economic life.
At the end of each reporting period, the Company also tests property, plant and equipment for impairment and the necessity to recognise impairment losses. This happens when the Company gains sufficient certainty that a given asset will not yield the expected economic benefits in the future or that those will be significantly lower.
Impairment losses are recognised in the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and the usable value.
Impairment losses are recognised as costs appropriate to the functions performed by the given asset in the period in which impairment was identified, however no later than at the end of the financial year.
If the Company gains sufficient certainty that the reason for recognising an impairment loss has ceased to exist, the previously recognised impairment loss is reversed, either in full or partially, through a correction in operating expenses (depreciation costs).
Upon the sale of a property, plant and equipment, its initial value and accumulated depreciation are taken off the books, and the result of the disposal is recognised through profit or loss under other operating revenue or other operating expenses. The result on the sale of property, plant and equipment is recognised, after offsetting, through profit or loss.
Regardless of whether a given asset constitutes a single item of property, plant and equipment, its elements may have different periods of useful economic life. If certain criteria are met as regards the recognition of property, plant and equipment, all of the costs of such an item may be divided into its elements, recognising each one separately (components). Such recognition necessitates, however, the application of depreciation rates appropriate to the useful period of a given component, taking into consideration its period of useful economic life. Due to the solution above, the replacement costs of a component will increase its value.
In other cases, expenses connected with the use of property, plant and equipment, together with the replacement of components, are recognised in the statement of profit and loss upon incurrence.

7.2.11 Borrowing costs

Borrowing costs are capitalised as part of the cost of manufacture of property, plant and equipment, investment properties and intangible assets. Borrowing costs comprise interest calculated using effective interest rates, finance lease liabilities and exchange differences arising in connection with external financing up to an amount corresponding to the correction of interest costs.
Proceeds from investments resulting from short-term investing of external borrowed funds intended for the purchase or manufacture of an asset being adapted decrease the value of external financing costs which are subject to capitalisation.

An asset being adapted is an asset which requires a substantial amount of time in order to bring it to working condition for its intended use. The substantial amount of time in order to bring an asset to working condition for its intended use is understood by the Company to be 12 months.
Commissions on long-term financing raised by the Company are settled over time at adjusted purchase price (amortised cost) using effective interest rates and with application of the materiality principle.

7.2.12 Non-current assets held for sale

The Company classifies non-current assets as held for sale (or disposal groups) if their carrying amount will be recovered through sale rather than through further use. This condition is met when there is a high likelihood that a sale transaction will take place and the asset (disposal groups) in its current form is available for immediate use. Classification of non-current assets as held for sale assumes the management's intent to complete the sale transaction within one year from the reclassification date.
Non-current assets held for sale (or disposal groups) are measured at the lower of carrying amount and fair value less costs to sell.
If the fair value is lower than the carrying amount, the difference is recognised as an impairment loss in the profit and loss statement. The reversal of an impairment loss is also done through the profit and loss statement, up to the amount of the impairment loss.

7.2.13 Intangible assets

Intangible assets are recognised at purchase price adjusted by amortisation and impairment losses.
The Company has adopted the following periods of useful economic life for the particular groups of intangible assets:

Trademarks and licences	5 years
Computer software and author's rights	2 to 5 years
Property rights	5 years

Amortisation of intangible assets through profit or loss is recognised in the costs appropriate to the function performed by such assets (administrative expenses, distribution costs, other operating expenses).

Intangible assets not yet handed over for use (in progress) may be recognised at the end of the reporting period. Intangible assets that have not yet been handed over for use are not subject to amortisation, but are tested for impairment.
Intangible assets with undefined useful periods (concerns especially trademarks) and goodwill may be recorded as intangible assets. Goodwill and intangible assets with undefined useful periods are not subject to amortisation. However, they are tested for impairment annually.
Intangible assets acquired through a merger are recognised separately from goodwill, provided that they meet the definition of intangible assets and their value can be reliably established. After initial recognition at fair value, in subsequent reporting periods these intangible assets are treated in the same manner as intangible assets acquired in other transactions.
Goodwill arising on the acquisition of an economic entity is the difference between the cost of the acquisition and the fair values of the acquired assets, liabilities and identifiable contingent liabilities. After initial recognition, goodwill is carried at purchase price less impairment. Goodwill is tested annually or more often to see if there is no indication that it is impaired. In order to perform an impairment test on goodwill, goodwill is allocated to the cash generating unit in which it arose.
Purchased computer software is capitalised up to the amount of costs incurred to purchase, prepare and implement it. Costs connected with development and maintenance of computer software are recognised as costs on the date when they were incurred.
The Company verifies periodically, but at least at the end of each financial year, the adopted periods of useful economic life for intangible assets, the residual values and amortisation approach, and the resulting changes in these estimates are applied in subsequent years (prospectively).
At the end of each reporting period, the Company also tests intangible assets for impairment and the necessity to recognise impairment losses. This happens when the Company gains sufficient certainty that a given asset will not yield the expected economic benefits in the future or that those will be significantly lower. Impairment losses are

recognised in the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and the usable value.
Impairment losses are recognised as costs appropriate to the functions performed by the given intangible asset in the period in which impairment was identified, however no later than at the end of the financial year. If the Company gains sufficient certainty that the reason for recognising the impairment loss has ceased to exist, the previously recognised impairment loss is reversed, either in full or partially, through recognition of revenue.

7.2.14 Investments and other financial assets

Property investments
Investment properties are those properties that the Company considers as lease income sources or maintains them due to their growing value, or both of these benefits at the same time. On initial recognition, investment properties are measured at purchase price or cost of manufacture.
The measurement takes into consideration transaction costs. The purchase price for investments in properties acquired as a result of a merger is equal to their fair value at transaction date. As at the end of the reporting period, investment properties are measured at purchase price or cost of manufacture less accumulated amortisation and impairment losses.
Amortisation charges on investment properties (excluding land) are recognised using the straight-line approach throughout the useful period of a given tangible asset.
Investment properties are taken off the balance sheet upon disposal or - in the event of a full withdrawal from use - if no economic benefits are expected to be received as a result of the sale.
The Company's properties are used for operating purposes of the Group's subsidiaries. Because of this, the Company recognises properties as non-current assets.

Investments and other financial assets covered by IAS 39
Investments and other financial assets covered by IAS 39 are assigned to the following categories:

a) Financial assets carried at fair value through profit or loss:
b) Loans and receivables,
c) Investments held to maturity,
d) Available-for-sale financial assets

On initial recognition, a financial asset is measured at fair value, increased, in the case of a component of assets not classified as measured at fair value through profit or loss, by transaction costs, which can be directly attributed.
Classification of financial assets occurs at initial recognition and - where permissible and appropriate - is subsequently verified at the end of each financial year.

a) Financial assets carried at fair value through profit or loss

Financial assets carried at fair value through profit or loss cover assets held for trading and financial assets which upon initial recognition were reclassified to the category of assets carried at fair value through profit or loss.
Financial assets are classified as held for trading if they may be purchased for further sale in the short-term. Derivatives are also classified as held for trading unless they are effective hedging instruments or financial guarantee contracts. Profit or loss on investments held for trading is recognised in the statement of profit and loss.
On initial recognition, financial assets may be classified in the category 'at fair value through profit or loss' if the following criteria are met:

- such qualification eliminates or significantly lowers inconsistencies in recognition when both the measurement and means of recognition of profit and loss are subject to different regulations; or
- the assets are part of a group of financial assets which are managed and evaluated on the basis of fair value in accordance with a documented risk management strategy; or
- financial assets have embedded derivatives, which should be recognised separately.

b) Loans and receivables

Loans and receivables are financial assets, other than derivatives, that have defined maturities and are not traded on an active market. After initial measurement, loans and receivables are measured at amortised cost using the effective interest rate approach.

Loans and receivables are classified as current assets if they mature in less than 12 months from the end of the reporting period, or as non-current assets if they mature in more than 12 months away from the end of the reporting period.

c) Investments held to maturity

Financial assets other than derivatives whose payments are or can be defined and which have defined maturities, and towards which the Company has a clear intent and is able to hold them to maturity are classified as investments held to maturity.

Investments which the Company intends to hold for an indefinite period of time are classified in this category. Other non-current investments that the Company intends to hold to maturity, such as bonds, are measured at amortised cost.

Amortised cost is the amount at which a financial asset or financial liability is measured at initial recognition, less principal repayments and plus or minus any unamortised original premium or discount, as calculated using the effective interest rate method. Amortised cost covers all commissions and interest paid and received by the parties to a contract such as are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. The profit or loss on investments carried at amortised cost is recognised in the statement of profit and loss when the investment is removed from the balance sheet (derecognition) or upon identifying impairment or if depreciation is completed.

The same principles apply to non-current investments in property as to non-current assets. As regards non-current investments in property, plant and equipment, the effects of the activities connected with determining financial results, such as: sale, liquidation, maintenance costs should be recognised as operating revenue or operating expenses.

d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets other than derivatives such as are designated as available for sale, and those other than:

- loans and receivables,
- investments held to maturity, or
- financial assets carried at fair value through profit or loss.

Available-for-sale financial assets are measured at fair value using various measurement approaches. The profit or loss on available-for-sale investments is recognised in the statement of profit and loss.

Fair value measurement

The Company measures financial assets, such as available-for-sale instruments, at fair value on each balance sheet date.

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. Fair value measurement assumes a transaction taking place in the principal market for the asset or liability, or in the absence of a principal market, the most advantageous market for the asset or liability.

The fair value of an asset or liability is measured on the assumption that, in establishing a price for the asset or liability, market participants act in their best interest.

Fair value hierarchy

The Company categorises the inputs used in valuation techniques into three levels, based on assessment of their availability:

- Level 1 inputs are quoted prices (non-adjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date,
- Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly,
- Level 3 inputs are unobservable inputs for the asset or liability.

If the inputs used to measure the fair value of an asset or liability are categorised into different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the level of the lowest level input that is significant to the entire measurement.

Impairment of financial assets

Each financial asset or group of financial assets is evaluated as to whether there is objective proof of impairment at the end of each reporting period.

If such proof is available in the case of available-for-sale financial assets, accumulated losses recognised in equity - i.e. the difference between the purchase price and the current fair value, less any impairment previously recognised in the statement of profit and loss - are excluded from equity and recognised in the statement of profit and loss. Impairment losses are recognised in the statement of profit and loss, and those concerning equity instruments are not subject to a reversal corresponding with the statement of profit and loss. The reversal of an impairment loss on debt instruments is recognised in the statement of profit and loss if - during reporting periods subsequent to the recognition of an impairment loss - the fair value of these instruments increases as a result of events occurring thereafter.

If objective proof exists as to the possibility for impairment of loans and receivables and investments held to maturity, the amount of the impairment loss is calculated as the difference between the carrying amount and the present value estimated using future cash flows discounted using the effective interest rate for these assets (i.e. the effective interest rate calculated upon initial recognition - for assets based on a fixed interest rate, and the effective interest rate determined at the last revaluation of assets, if those are based on a variable interest rate). Impairment losses are recognised in the statement of profit and loss. An impairment loss is reversed if it decreased in subsequent periods and such a decrease may be due to events taking place after the impairment loss is recognised. Following the reversal of an impairment loss, the carrying amount of a financial asset may not exceed its amortised cost such as would be calculated if the impairment loss was not originally recognised. The reversal of an impairment loss is recognised in the statement of profit and loss.

If there are indications of an impairment loss on equity instruments not quoted on an active market such as are measured at purchase price (due to there being no reliable way of determining fair value), the amount of an impairment loss is calculated as the difference between the asset's carrying amount and the present value estimated using future cash flows discounted using the current market rate of return of similar financial assets. Such impairment losses are irreversible.

Derivative instruments

Derivatives are measured at fair value as at the end of the reporting period. Derivatives with fair value above zero constitute financial assets and are recognised as such, and derivatives with negative fair value constitute financial liabilities and are recognised as financial liabilities.
Estimated fair value corresponds with the recoverable amount or amount which must be paid in order to close an outstanding position as at the end of the reporting period. Measurement is based on market prices.
Recognition of the effects of changes in fair value or profit and losses on realising derivatives depends on their purpose. Derivatives are classified as either hedging instruments or trading instruments. There are two types of hedging instruments: fair value hedges and cash flow hedges.

7.2.15 Investments in subsidiaries and associates

Subsidiaries are entities directly or indirectly controlled by the Company. Control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed when the parent acquires more than half of the shares or voting rights of the entity.

An associate is an entity over which the Company has significant influence but not control. In this case, the Company holds a significant, but not a majority, interest in the entity (20%-50%).
All Emperia Group companies are subsidiaries.
In financial statements, investments in subsidiaries and associates other than those classified as held for sale are recognised at purchase price less impairment.

The carrying amounts of such investments are subject to impairment testing. Any identified impairment is recognised in the statement of profit and loss as finance costs. The reversal of an impairment loss is recognised in the statement of profit and loss as finance income and occurs upon changes in the estimates used to determine the Company's rate of return on investment.

Dividends received from such investments are recognised in the statement of profit and loss as finance income upon establishing the right to dividend.
Mergers of jointly controlled entities are recognised at book value.

7.2.16 Leasing

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incident to ownership. The object of a lease is recognised as an asset from the inception of the lease at the lower of fair value of the leased object and present value of minimum lease payments.
Finance lease payments should be apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. The interest component of a finance lease payment is recognised in the statement of profit and loss as finance cost throughout the lease term. Assets acquired under finance leasing such as are subject to depreciation are depreciated throughout their useful periods, with consideration given to their residual value, or lease term, depending on which is shorter.
A lease is classified as an operating lease if substantially all the risks and rewards incident to ownership remain with the lessor (the financing entity). If the title to land is not expected to be transferred to the lessee before the end of the lease term, the lease is classified as an operating lease.
Lease payments under operating leasing (after accounting for any special promotional offers from the lessor - financing party) are accounted for using the straight-line approach throughout the lease term.

7.2.17 Inventories

The Company classifies the following as inventories:

- materials
- goods

Inventory items are measured at purchase prices. Because they are insignificant, the Company does not include transport costs in purchase prices. The FIFO principle is used in respect to inventory items.
At the end of the reporting period, inventory is recognised at purchase price that may not, however, be higher than its net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.
The Company recognises inventory impairment losses based on the inventory turnover ratio and an assessment of the possibility to sell such inventory before its expiry or during its economic life. The recognition of a new impairment loss and reversal of a previously created impairment loss are recognised as operating expenses (cost of sales) in the statement of profit and loss.
The rounding of prices connected with the purchase of materials is recognised directly in the statement of profit and loss as cost of sales.
Stock losses and a negative balance of inventory deficits regarded as unintentional are recognised directly as operating expenses.

7.2.18 Trade and other receivables

Receivables are carried at amortised cost less impairment. Non-recoverable receivables are recognised as other expenses at the date on which they are classified as non-recoverable.
Impairment of receivables is recognised when there is objective proof that the Company will not be able to receive all due amounts as per the original terms of the receivable.
The Company recognises impairment losses on receivables for specific counterparties. The Company may recognise joint impairment losses for high-volume, low-value receivables. Detailed principles for the impairment of receivables are specified in the Receivables impairment manual.
An impairment loss is recognised in the books under other expenses. The reversal of a previously created impairment loss is recognised as other revenue and releases the impaired amount. Impairment losses in the statement of profit and loss are balanced out and recognised as either other expense or other revenue.

Receivables with a payment term of up to 12 months and receivables concerning collateral are recognised in the amount due, and the discount is omitted due to its insignificance.
In consideration of the prudence principle, interest on late payment of receivables is recognised when the Company receives the funds.
All advance payments such as those concerning future goods and services, production in process, payment for shares, purchase of intangible assets and others are recognised as other receivables.

7.2.19 Prepayments and deferred revenue

The Company recognises prepayments if the expenses concern subsequent periods after the period in which they are incurred.
The most significant prepayment items are as follows: prepaid rent, compensation fees (amounts paid to take over a store site from the previous lessee), insurance and subscriptions.
The Company classified prepayments as either short-term or long-term (those which will be realised in a period longer than 12 months from the end of the reporting period). In the statement of financial position, prepayments are presented as a separate asset item.
Deferred revenue constitutes funds received for future considerations. In the statement of financial position, deferred revenue is recognised in a separate liability item.

7.2.20 Cash and cash equivalents

Cash and cash equivalents comprise: cash on hand, cash in bank accounts and all deposits and short-term securities with maturities of up to three months.
At the end of the reporting period, cash and cash equivalents are recognised at nominal value, whereas bank deposits - at amortised cost.

7.2.21 Equity

The Company's equity comprises:

- share capital
- supplementary capital
- reserve capital
- own shares
- retained earnings

Share capital is recognised in the amount specified in the articles of association and in the National Court Register.

Emperia Holding S.A.'s supplementary capital is divided into the following categories:

- share premium provision - the premiums received from share issues, less issue costs,
- supplementary capital - created from profit generated in successive years in an amount equal to at least 8% of the given financial year's profit until the supplementary capital reaches one third of share capital,
- management options provision - established in connection with management options programmes,

Emperia Holding S.A.'s reserve capital is divided into the following categories:

- reserve capital - intended to cover extraordinary losses or expenditures, created from profit generated in successive years,
- revaluation reserve - comprises the net difference of measured net restated assets,
- buy-back provision - created pursuant to an authorisation granted through a resolution of the General Meeting and in accordance with the Company's buy-back programme.

Own shares purchased by the Company are recognised at purchase price, increased by costs directly connected with their purchase. The purchase and redemption of own shares are presented as a change in equity. In the statement of financial position, own shares are presented as a separate item reducing equity (with a negative sign).
Retained earnings cover the following categories:

- unallocated profit or outstanding losses brought forward (accumulated profit / losses from prior years),

- correction of prior-year errors,
- actuarial gains (losses),
- current-period result.

7.2.22 Net earnings per share

Net earnings per share are calculated for each reporting period through dividing the net profit generated in the period by the weighted average number of shares in that period.

7.2.23 Credit facilities

Credit facilities are recognised at fair value less acquisition costs. In subsequent periods, credit facilities are measured at amortised cost using the effective interest rate method.
Long-term credit facilities are those facilities with maturities longer than 12 months from the end of the reporting period.

7.2.24 Provisions

The Company recognises provisions if there is an expected present, legal or customary obligation of a likely payment to arise, resulting from past events. There must be a higher likelihood that an outflow will be required in order to meet the obligation than that it will not be required, and its amount should be reliably estimated.
Receivables provisions are recognised as operating expenses or other operating expenses.
If there is a likelihood that a part or all of the economic benefits required to settle the provision may be recovered from a third party, the receivable is recognised as an asset, provided that the likelihood is sufficiently high and that it can be reliably estimated.
In the event that the time value of money is substantial, the size of the provision is determined through discounting future cash flows to present value using a gross interest rate reflecting the current market valuations of the time value of money and any risk associated with the given obligation. If discounting is applied, increasing the provision with passage of time is recognised as finance costs.
The amount of provisions created is verified and updated at the end of each reporting period in order to adjust estimates to the company's present level of knowledge.
Provisions in the consolidated financial statements are presented as either current or non-current.

7.2.25 Liabilities

Liabilities are present obligations as a result of past events, the settlement of which is expected to result in an outflow of resources (payment).
Non-current liabilities are liabilities that fall due for payment after more than 12 months from the end of the reporting period.
Non-current liabilities particularly include: credit liabilities, loan liabilities and finance lease liabilities.
At the end of the reporting period, non-current liabilities are measured at amortised cost using the effective interest rate method.
Current liabilities are liabilities that fall due for payment within 12 months from the end of the reporting period.
Current liabilities include in particular: trade payables, credit liabilities, loan liabilities, wages and salaries, taxes, excise duties, insurance and other benefits.
In the case of liabilities that fall due for payment within 12 months, discount is excluded due to its insignificance.
Trade payables are recognised at nominal value. Interest is recognised upon receipt of bills from suppliers.
Non-financial liabilities are measured at the amount due.

7.2.26 Employee benefits

7.2.26.1 Employee benefits

The Company's employees acquire rights to benefits which will be paid out once they obtain certain entitlements.
Employee benefits are divided into the following categories:

- post-employment benefits:
  - one-off retirement allowances,
  - one-off disability allowances,
- other employee benefits:
  - untaken holidays,
  - outstanding overtime,
  - bonuses and awards payable after the reporting period,
  - redundancy costs.

Employee benefit provisions are created in order to allocate costs to relevant periods.

Post-employment benefits

In accordance with occupational remuneration schemes, all of the Company's employees are entitled to retirement/disability allowances on the terms specified in art. 92 of the Polish Labour Code, equal to one month's basic salary. Retirement/disability allowances are paid on a one-off basis when the employee retires (claims disability).

The Company recognises provisions corresponding to the present value of these liabilities as of the end of the reporting period. The value of liabilities associated with these benefits is estimated at the end of the reporting period by an independent actuarial advisory firm using the forecast unit benefit method.

To calculate the value of these provisions, assumptions (estimates) are made with regard to the following: employee mortality, incapacity for work, employee turnover, retirement age, temporary staff, employees in the period of notice with known contract termination date, discount rate and remuneration growth rate.

Cost components of post-employment benefits include the following:

- Current service cost is the growth in the present value of liabilities related to defined benefits arising on work being performed by employees in the present period,
- Past service cost is the growth in the present value of liabilities related to defined benefits for work performed by employees in previous periods, such as arise in the present period as a result of introducing post-employment benefits or other long-term employee benefits, or as a result of a change in these benefits. Past service costs may be either positive (when benefits are introduced or changed to more favourable ones) or negative (when existing benefits are decreased),
- Net interest on net defined benefit liabilities is the change in net defined benefit liabilities during the reporting period due to the passage of time,
- Actuarial gains and losses include:
  - experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and
  - changes in actuarial assumptions

Cost components of these post-employment benefits include:

- current and past service costs - as operating costs,
- net interest on net liabilities resulting from a change in the value of a provision to reflect the passage of time - as finance costs,
- actuarial gains/losses resulting from changes in actuarial assumptions - as other comprehensive income recognised through prior-period profit or loss (together with tax effect).

Provisions for post-employment benefits may be current or non-current liabilities.

Other employee benefits

Other employee benefits include:

- untaken holidays - expected liabilities arising as a result of untaken holidays during the present and previous years, which accrued at the balance sheet date,
- outstanding overtime - unsettled overtime liabilities (settled in settlement periods) at the end of the reporting period,
- bonuses and awards payable after the reporting period - for achievement of corporate and individual goals during the reporting period,

- redundancy costs - the costs of allowances and potentially additional employee benefits during the notice period.

Provisions for other employee benefits are also increased by social security contributions and the Workplace Fund and Wage Guarantee Fund in effect on the balance sheet date.
Provisions for other employee benefits are recognised as current benefits and presented under operating costs.

7.2.26.2 Share-based payments

The Company has the following incentive schemes:
- Management Options Programme I 2008-2009,
- Management Options Programme II 2010-2012 (programme was not used in 2012)

under which members of the Management Board and key managers are entitled to acquire options (bonds) to purchase shares in the company. These benefits are settled in accordance with IFRS 2. The costs of transactions settled with employees using equity instruments are measured at fair value on the date on which such rights become vested. The programme's fair value is recorded as a cost in the statement of profit and loss and as equity (management options provision) throughout the vesting period.
The fair value of the options (bonds) to purchase shares in the Company is estimated by an independent expert using modern financial engineering and numerical methods. The measurement includes: the model input price (share price on the date on which a given instrument is granted), the instrument's exercise price, expected volatility, risk-free interest rate and the expected dividends.

7.2.27 Income tax

Income tax includes: current tax (payable) and deferred tax.

a) Current tax

Current tax liabilities are calculated on the basis of the tax result (tax base) of a given financial year.
Tax profit (loss) differs from balance sheet profit (loss) in connection with the exclusion of taxable income and expenses that are deductible in subsequent years as well as cost and revenue items that will never be taxed. The burden of the current portion of income tax is calculated using tax rates effective for a given financial year.

b) Deferred tax

Deferred income tax liabilities constitute tax which is payable in the future and is recorded in the balance sheet in its full amount, as regards the temporary differences between the tax value of assets and liabilities, and in the financial statements, as regards their carrying amounts.
Deferred income tax assets constitute tax which is to be returned in the future and is calculated using the balance sheet method, as regards the temporary differences between the tax value of assets and liabilities, and in the financial statements, as regards their carrying amounts. Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be realised.
Basic temporary differences concern the differences between the carrying amount and tax base of assets and liabilities settled in time.
Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates/laws that have been enacted or substantively enacted by the end of the reporting period.
Deferred tax is recognised in the statement of profit and loss, and - if related to share-based payments - in equity.
Fundamental temporary differences concern the differences between the carrying amount and tax base of assets and liabilities settled over time.
Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be realised. Deferred income tax assets and liabilities are recognised in the balance sheet as non-current assets and liabilities.

7.2.28 Revenue from sales

Revenue from sales is recognised when it is sufficiently probable that any future economic benefit associated with the item of revenue will flow to the Company, and the amount of revenue can be measured with reliability, and costs connected with the transaction can be measured with reliability. Revenue is recognised at the fair value of consideration received or receivable, less tax on goods and services and any discounts.
Revenue is the gross inflow of economic benefits arising during the Company's ordinary course of business.
Revenue from activities other than the Company's ordinary course of business is recorded in other operating revenue.
Revenue connected with financing the Company's operations is recognised as finance income, together with proceeds from disposal of financial assets, dividends and interest income derived from financial instruments.

Revenue from sale of goods
Revenue from retail sales is recognised when the product is sold to the customer. Retail sales are usually in cash or by payment cards. Card fees are recognised as selling costs.
Retrospective discounts received from suppliers are recognised on an accrual basis, reducing the cost of products sold in the statement of profit and loss. Discounts received from suppliers concerning unsold inventory such as are calculated on the basis of turnover with the particular supplier are settled as inventory (statistical method).

Revenue from sale of services
Revenue from the sale of services is recognised when service is provided and approved by the buyer. If contractually permitted, recognition of revenue on partial delivery of service is possible, as specified in a separate agreement.
Interest income
Interest income is recorded on an accrual basis if there is sufficient certainty that the receivable will be recovered. In retail, due to its specific nature, interest serves a different function, so for the most part it is recognised as revenue on an accrual basis.

Dividends
Dividend income is recognised when the Company gains the right to receive the dividend. Dividend payments to shareholders are recognised as a liability in the period in which they are approved by the general meeting under other liabilities.

7.2.29 Costs

Costs constitute a probable decrease in economic benefits during the reporting period as either a decrease in assets or increase in liabilities and provisions, which reduce equity or increase equity shortfall in a manner other than withdrawal by shareholders.
The Company recognises costs in the statement of profit and loss based on direct or indirect connection between the costs and revenue generated, with the application of the matching principle, and using prepayments and accruals for this purpose.
The Company classifies expenses by nature and by cost centre. The main cost reporting model is classification by function.
Cost of goods and materials - covers the costs directly incurred to obtain goods and materials sold, and corresponds with the revenue generated from the sale of these items.
Cost of services – covers expenses directly connected with provision of services.
Selling costs – cover expenses connection with selling and distributing goods and services.
Administrative expenses – cover costs incurred in connection with general company operations other than those classified as other operating expenses or finance costs.
Other operating expenses – covers costs indirectly related to Company operations.
Finance costs – cover costs connected with financing Company operations as well as costs related to impairment of financial assets

7.2.30 Foreign-currency transactions and exchange differences

Transactions expresses in foreign currencies are recognised in the Company's functional currency (PLN), using the exchange rate in effect on the transaction date.
At the end of each reporting period:

- cash items expressed in foreign currency are translated using the closing rate;
- foreign-currency non-monetary items carried at historic cost are translated using the exchange rate in effect on the transaction date, and
- foreign-currency non-monetary items carried at fair value are translated using the exchange rate in effect on the date on which fair value was measured.

Gains and losses from settlement of foreign-currency transactions and measurement of monetary balance sheet assets and liabilities expressed in foreign currencies are recognised in the statement of profit and loss as finance income or finance costs, respectively. Exchange differences are presented after offsetting.

(amounts in PLN 000s, unless otherwise stated)

7.3 Notes to the financial statements

Note 1

Property, plant and equipment	**31 Dec 2014**	**31 Dec 2013**
Land, including:	3 967	10 068
Perpetual usufruct rights	906	*4 156*
Buildings and structures	23 604	38 086
- including: investments in third-party tangible assets	-	-
Technical equipment and machinery	215	315
Means of transport	570	35
Other PP&E	8	10
PP&E under construction	6 216	2 653
Net property, plant and equipment	**34 580**	**51 167**

Property, plant and equipment under construction	**31 Dec 2014**	**31 Dec 2013**
Land, including:	-	-
Perpetual usufruct rights	-	-
Buildings and structures	6 216	2 653
Technical equipment and machinery	-	-
Means of transport	-	-
Other PP&E under construction	-	-
Total property, plant and equipment under construction	**6 216**	**2 653**

Property, plant and equipment used pursuant to lease and rental agreements (off-balance sheet), operating leasing	**31 Dec 2014**	**31 Dec 2013**
Land, including:	3 072	3 072
Perpetual usufruct rights	*3 072*	*3 072*
Buildings and structures	-	
Technical equipment and machinery	-	16
Means of transport	-	
Other PP&E	-	
Total	**3 072**	**3 088**
The value of the rights to perpetual usufruct of land is based on a valuation for the purposes of establishing the fees for the perpetual use of land.	3 072	3 072

(amounts in PLN 000s, unless otherwise stated)

Note 2 - Current year

Change in property, plant and equipment	Land (including right to perpetual usufruct of land)	Buildings, premises, civil engineering structures	Technical equipment and machinery	Means of transport	Other PP&E	Other production in progress	Total property, plant and equipment
a) gross value of property, plant and equipment, as at the beginning of period	**10 085**	**38 549**	**528**	**245**	**26**	**2 653**	**52 086**
b) increases (due to)	**-**	**809**	**39**	**663**	**2**	**4 404**	**5 917**
- purchase	-		31	663	2	4 404	5 100
- transfer from production-in-progress	-	809	8	-	-	-	817
- leasing	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-
c) decreases (due to)	**(6 082)**	**(14 573)**	**(77)**	**(222)**	**-**	**(841)**	**(21 795)**
- sale	*(2 851)*	*(5 182)*	*(72)*	*(222)*	-	-	*(8 327)*
- liquidation (scrapping)	-	*(31)*	*(5)*	-	-	-	*(36)*
- transfer to non-current assets	-	-	-	-	-	*(841)*	*(841)*
- available-for-sale assets	*(3 231)*	*(9 360)*	-	-	-	-	*(12 591)*
- other	-	-	-	-	-	-	-
d) gross value of property, plant and equipment, as at the end of period	**4 003**	**24 785**	**491**	**686**	**28**	**6 216**	**36 209**
e) amortisation as at the beginning of period	**17**	**463**	**213**	**210**	**16**	**-**	**919**
f) increase of depreciation (due to)	**85**	**1 131**	**83**	**62**	**3**	**-**	**1 365**
- depreciation charge	*85*	*1 131*	*83*	*62*	*3*	-	*1 365*
- other	-	-	-	-	-	-	-
g) decrease of depreciation (due to)	**(66)**	**(413)**	**(20)**	**(156)**	**-**	**-**	**(656)**
- sale	*(1)*	*(173)*	*(15)*	*(156)*	-	-	*(346)*
- liquidation (scrapping)	-	*(6)*	*(5)*	-	-	-	*(11)*
- available-for-sale assets	-	-	-	-	-	-	-
- other	*(65)*	*(234)*		-	-	-	*(299)*
h) amortisation as at the end of period	**36**	**1 181**	**276**	**116**	**20**	**-**	**1 629**
i) impairment losses as at the beginning of period	-	-	-	-	-	-	-
- increase	-	-	-	-	-	-	-
- decrease	-	-	-	-	-	-	-
j) impairment losses as at the end of period	-	-	-	-	-	-	-
k) net value of property, plant and equipment, as at the end of period	**3 967**	**23 604**	**215**	**570**	**8**	**6 216**	**34 580**

(amounts in PLN 000s, unless otherwise stated)

2013

Change in property, plant and equipment	Land (including right to perpetual usufruct of land)	Buildings, premises, civil engineering structures	Technical equipment and machinery	Means of transport	Other PP&E	Other production in progress	Total property, plant and equipment
a) gross value of property, plant and equipment, as at the beginning of period	**1 093**	**12 900**	**542**	**722**	**16**	**11**	**15 284**
b) increases (due to)	**9 234**	**29 015**	**114**	**-**	**10**	**40 975**	**79 348**
- purchase	*-*	*22*	*19*	*-*	*-*	*40 975*	***41 015***
- transfer from production-in-progress	*9 234*	*28 993*	*95*	*-*	*10*	*-*	***38 333***
- leasing	*-*	*-*	*-*	*-*	*-*	*-*	***-***
- other	*-*	*-*	*-*	*-*	*-*	*-*	***-***
c) decreases (due to)	**(242)**	**(3 366)**	**(128)**	**(477)**	**-**	**(38 333)**	**(42 547)**
- sale	*(21)*	*(439)*	*(50)*	*(477)*	*-*	*-*	***(987)***
- liquidation (scrapping)	*-*	*(46)*	*(63)*	*-*	*-*	*-*	***(109)***
- transfer to property, plant and equipment	*-*	*-*	*-*	*-*	*-*	*(38 333)*	***(38 333)***
- available-for-sale assets	*(221)*	*(2 881)*	*(15)*	*-*	*-*	*-*	***(3 118)***
- other	*-*	*-*	*-*	*-*	*-*	*-*	***-***
d) gross value of property, plant and equipment, as at the end of period	**10 085**	**38 549**	**528**	**245**	**26**	**2 653**	**52 086**
e) depreciation as at the beginning of period	**-**	**254**	**254**	**387**	**16**	**-**	**911**
f) increase of depreciation (due to)	**22**	**458**	**67**	**56**	**-**	**-**	**602**
- depreciation charge	*22*	*458*	*67*	*56*	*-*	*-*	***602***
- other	*-*	*-*	*-*	*-*	*-*	*-*	***-***
g) decrease of depreciation (due to)	**(5)**	**(249)**	**(108)**	**(232)**	**-**	**-**	**(594)**
- sale	*-*	*(126)*	*(42)*	*(232)*	*-*	*-*	***(400)***
- liquidation (scrapping)	*-*	*(25)*	*(63)*	*-*	*-*	*-*	***(88)***
- available-for-sale assets	*(5)*	*(98)*	*(3)*	*-*	*-*	*-*	***(106)***
- other	*-*	*-*	*-*	*-*	*-*	*-*	***-***
h) depreciation as at the end of period	**17**	**463**	**213**	**211**	**16**	**-**	**919**
i) impairment losses as at the beginning of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- increase	*-*	*-*	*-*	*-*	*-*	*-*	***-***
- decrease	*-*	*-*	*-*	*-*	*-*	*-*	***-***
j) impairment losses as at the end of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
k) net value of property, plant and equipment, as at the end of period	**10 068**	**38 086**	**315**	**35**	**10**	**2 653**	**51 167**

(amounts in PLN 000s, unless otherwise stated)

The decrease in property, plant and equipment resulted mainly from the three following transactions:

a) Sale of the facility at ul. Frezerów 3 in Lublin
b) Sale of property located at ul. Tarasowa 1 in Lublin
c) Sale of vehicles

The increase in value came on the back of a renovation of a property located at ul. Projektowa 1 in Lublin and the purchase of a vehicle and computer equipment in connection with reorganising property management activities within the group.

In the course of its operations, the Company leases and rents office equipment for its own purposes.

Leasing costs in 2013:	
- Buildings and facilities	PLN 1 078 169.26
- Office equipment	PLN 8 823.87

Leasing costs in 2014:	
- Buildings and facilities	PLN 55 507.13
- Office equipment	PLN 8 547.77

The Company does not own any property, plant and equipment that would have limited ownership or usage rights.

The Company did not recognise any impairment of property, plant and equipment.

Depreciation of property, plant and equipment was recognised in administrative expenses in 2014.

The Company does not have credit, loans or other liabilities that would be secured by property, plant and equipment items.

As at 31 December 2014, there were no contractual liabilities incurred in connection with the purchase of property, plant and equipment.

(amounts in PLN 000s, unless otherwise stated)

Note 3

Investment properties	31 Dec 2014	31 Dec 2013
Gross value as at the beginning of period	**-**	**-**
Increases	-	-
- *acquisition*	-	-
- *other (transfer from tangible assets)*	-	-
Decreases	-	-
- *disposal*	-	-
- *other (reclassification to available-for-sale assets)*	-	-
Gross value as at the end of period	**-**	**-**
Value of properties with restricted disposal rights	-	-
Depreciation as at the beginning of period	**-**	**-**
Increases	-	-
- *depreciation charge*	-	-
- *other (transfer from tangible assets)*	-	-
Decreases	-	-
Depreciation as at the end of period	**-**	**-**
Net value as at the end of period	**-**	**-**
Rent income	-	-
Direct operating expenses concerning leased out investment properties	-	-
Direct operating expenses concerning investment properties not leased out	-	-

Note 4

Intangible assets	31 Dec 2014	31 Dec 2013
Acquired concessions, patents, licences and similar	1 588	3 582
Intangible assets not transferred for use	-	-
Total intangible assets	**1 588**	**3 582**

The Company does not have any intangible assets used under lease agreements.

The Company does not have any intangible assets with restricted usage rights.

The Company does not have any bank credit that would be secured by intangible assets.

The Company does not have intangible assets with indefinite periods of useful life.

Amortisation of intangible assets was recognised in administrative expenses in 2014.

As at 31 December 2014, there were no contractual liabilities incurred in connection with the purchase of intangible assets.

(amounts in PLN 000s, unless otherwise stated)

Note 5 - Current year

Changes in intangible assets	Acquired concessions, patents, licences and similar	Intangible assets	Intangible assets not transferred for use	Total Intangible assets
a) gross values of intangible assets as at the beginning of period	**9 472**	**-**	**-**	**9 472**
b) increases (due to)	*1*	**-**	**-**	*1*
- purchase	*1*	-	-	*1*
- transfer from investment	-	-	-	-
- leasing	-	-	-	-
- other	-	-	-	-
c) decreases (due to)	**(1 352)**	**-**	**-**	**(1 352)**
- sale	-	-	-	-
- transfer to intangible assets	-	-	-	-
- other	*(1 352)*	-	-	*(1 352)*
d) gross values of intangible assets as at the end of period	**8 121**	**-**	**-**	**8 122**
e) amortisation as at the beginning of period	**5 890**	**-**	**-**	**5 890**
f) increase of depreciation (due to)	**987**	**-**	**-**	**987**
- depreciation charge	*987*	-	-	*987*
g) decrease of depreciation (due to)	**(344)**	**-**	**-**	**(344)**
- sale	-	-	-	-
- other	*(344)*	-	-	*(344)*
h) amortisation as at the end of period	**6 533**	**-**	**-**	**6 533**
i) impairment losses as at the beginning of period	-	**-**	**-**	-
- increase	-	-	-	-
- decrease	-	-	-	-
j) impairment losses as at the end of period	-	**-**	**-**	-
k) net value of intangible assets as at the end of period	**1 588**	**-**	**-**	**1 588**

(amounts in PLN 000s, unless otherwise stated)

Note 5 - Previous year

Changes in intangible assets	Acquired concessions, patents, licences and similar	Intangible assets	Intangible assets not transferred for use	Total Intangible assets
a) gross values of intangible assets as at the beginning of period	**9 104**	**-**	**867**	**9 971**
b) increases (due to)	**861**	**-**	**(6)**	**854**
- purchase	*-*	*-*	*(6)*	***(6)***
- transfer from investment	*861*	*-*	*-*	***861***
- leasing	*-*	*-*	*-*	***-***
- other	*-*	*-*	*-*	***-***
c) decreases (due to)	**(493)**	**-**	**(861)**	**(1 354)**
- sale	*(493)*	*-*	*-*	***(493)***
- transfer to intangible assets	*-*	*-*	*(861)*	***(861)***
- removal from use	*-*	*-*	*-*	***-***
d) gross values of intangible assets as at the end of period	**9 472**	**-**	**-**	**9 472**
e) amortisation as at the beginning of period	**5 278**	**-**	**-**	**5 278**
f) increase of depreciation (due to)	**1 104**	**-**	**-**	**1 104**
- depreciation charge	*1 104*	*-*	*-*	*1 104*
g) decrease of depreciation (due to)	**(493)**	**-**	**-**	**(493)**
- sale	*(493)*	*-*	*-*	*(493)*
- other	*-*	*-*	*-*	*-*
h) amortisation as at the end of period	**5 890**	**-**	**-**	**5 890**
i) impairment losses as at the beginning of period	**-**	**-**	**-**	**-**
- increase	*-*	*-*	*-*	**-**
- decrease	*-*	*-*	*-*	*-*
j) impairment losses as at the end of period	**-**	**-**	**-**	**-**
k) net value of intangible assets as at the end of period	**3 582**	**-**	**-**	**3 582**

(amounts in PLN 000s, unless otherwise stated)

Note 6

Financial assets	31 Dec 2014	31 Dec 2013
Equity interests	114 519	417 693
- including: related parties	*114 519*	*417 693*
Other equity interests	221 685	-
- including: related parties	*221 685*	-
Impairment	-	(151 200)
- including: related parties	-	*(151 200)*
Total net financial assets	**336 204**	**266 493**

The changes in financial assets presented below, recognised as increases, cover the purchase of equity interests, share capital increases and conversion of shares in subsidiaries.

The changes in financial assets presented below, which are recognised as decreases, are the effect of recognising impairment of subsidiaries and changes in the legal form of subsidiaries.

A detailed description of the transactions connected with changes in non-current assets during 2014 is presented in note 7.2.9.

As at the end of the reporting period and previous period, the Company did not have any other securities or financial assets and did not issue loans that could constitute non-current financial assets. During the year covered by the financial statements, the Company did not execute any transactions that would involve this type of asset.

(amounts in PLN 000s, unless otherwise stated)

Note 6a - Current year

Non-current financial assets - related parties	Equity interests	Other equity interests	Total non-current financial assets - related parties
a) financial assets as at the beginning of period	**266 493**	-	**266 493**
b) increases (due to)	**250**	**221 685**	**221 935**
- purchase	-	*13*	*13*
- contribution in kind (exchange of shares)	*250*	-	*250*
- revaluation (fair value)	-	-	-
- reclassification from assets held for sale	-	-	-
- change in legal form of the company	-	*221 672*	*221 672*
c) decreases (due to)	**(152 224)**	**-**	**(152 224)**
- sale	-	-	-
- contribution in kind (exchange of shares)	-	-	-
- impairment	*(422)*	-	*(422)*
- reclassification to assets held for sale	-	-	-
- company liquidation	-	-	-
- change in legal form of the company	*(151 802)*	-	*(151 802)*
d) financial assets as at the end of period	**114 519**	**221 685**	**336 204**

Testing interests in subsidiaries for impairment

At the end of 2014, in the light of indications of possible impairment of shares in Stokrotka Sp. z o.o., impairment tests were performed in accordance with IAS 36.
The indication that the company's shares may be impaired was losses generated by the subsidiary, which resulted in the book value of Emperia Holding's investment exceeding the value of the company's net assets.
The measurement was categorised in level 2 of the fair value hierarchy, in accordance with IFRS 13.
In order to determine any potential impairment, the recoverable amount was calculated using the discounted cash flow method. The useful values were determined on the basis of estimated cash flows resulting from the 2015 budget and a forecast for 2016-2019. To extrapolate revenue estimates beyond the budget period, a growth rate of 3% was adopted. The management estimated the sales growth rate based on factual and graphical data, along with their expectations regarding future market growth.
Cash flows were discounted with an interest rate established based on:
- risk free interest rate 2.0%,
- risk premium 7%,

(amounts in PLN 000s, unless otherwise stated)

- beta 1.34%

The impairment test, carried out using the above assumptions, did not identify impairment losses on goodwill recorded in the 2014 financial statements.

As a result of the test, Stokrotka Sp. z o.o.'s recoverable amount was established as PLN 420 563 000, which exceeded book value together with allocated goodwill and in consequence did not meet the criteria for recognising impairment.

In accordance with IFRS, the recoverable amount was analysed in terms of its sensitivity to the key parameters affecting measurement: discount rate and revenue growth rate during the forecast period. Assuming a 1% decrease in revenue growth rate, the recoverable amount decreases to PLN 367 708 000, whereas a 3% decrease in revenue growth rate (0% growth in revenue during the forecast period), the recoverable amount decreases to PLN 265 280 000. A 1% increase in discount rate would cause a decrease of the recoverable amount to PLN 316 972 000. Under the assumed variants, the recoverable amount remains at a level much higher than book value.

As regards the remaining equity interests in subsidiaries, no indications of impairment were identified.

Note 6b - Previous year

Non-current financial assets - related parties	Equity interests	Other equity interests	Total non-current financial assets - related parties
a) financial assets as at the beginning of period	**405 230**	**11 992**	**417 222**
b) increases (due to)	**38 865**	**-**	**38 865**
- purchase	*471*	-	***471***
- contribution in kind (exchange of shares)	*38 394*	-	***38 394***
- revaluation (fair value)	-	-	-
- reclassification from assets held for sale	-	-	-
- change in legal form of the company	-	-	-
c) decreases (due to)	***(177 602)***	***(11 992)***	***(189 594)***
- sale	*(26 402)*	*(11 992)*	**(38 394)**
- contribution in kind (exchange of shares)	-	-	-
- impairment	*(151 200)*	-	***(151 200)***
- reclassification to assets held for sale	-	-	-
- company liquidation	-	-	-
- change in legal form of the company			
d) financial assets as at the end of period	**266 493**	**-**	**266 493**

(amounts in PLN 000s, unless otherwise stated)

Note 7

Non-current receivables	31 Dec 2014	31 Dec 2013
a) collateral connected with leases	-	-
- including: from related parties	-	-
b) other non-current receivables	-	56
- including: from related parties	-	*56*
Total non-current receivables	**-**	**56**

Other non-current receivables comprise licences sold in 2013 to Stokrotka Sp. z o.o. - in the part that is to be repaid in more than 12 months from the reporting date.

Note 8

Deferred income tax assets	31 Dec 2014	31 Dec 2013
Deferred income tax assets at the beginning of period, including:	**99**	**114**
a) recognised through profit or loss	*99*	*114*
b) recognised through equity	-	-
Increases	30	38
a) recognised through profit or loss	*30*	*38*
b) recognised through equity	-	-
Decreases	(35)	(53)
a) recognised through profit or loss	*(35)*	*(53)*
b) recognised through equity	-	-
Deferred income tax assets at the end of period, including:	**94**	**99**
a) recognised through profit or loss	*94*	*99*
b) recognised through equity	*0*	-

There were no unrecognised deferred income tax assets in 2013 and 2014.

Deferred income tax assets, the basis of which are temporary differences resulting from:	31 Dec 2014	31 Dec 2013
Trade receivables	7	6
Remuneration and social security liabilities	15	11
Employee benefit provisions	5	4
Provision for untaken holidays and similar	18	13
Provision for pay bonuses and similar	32	62
Audit provision	4	3
Other	13	-
Deferred income tax assets at the end of period, including:	**94**	**99**

(amounts in PLN 000s, unless otherwise stated)

Note 9

Other non-current prepayments	31 Dec 2014	31 Dec 2013
Technical assistance	-	-
Subscriptions and annual fees	-	-
Milea web domain	-	-
Maintenance package	1	4
Total other non-current prepayments	**1**	**4**

Prepayments include costs that are to be accounted for in the period from 24 to 60 months.

Note 10

Inventories	31 Dec 2014	31 Dec 2013
Materials	-	-
Goods	-	-
Impairment of inventories	-	-
Total inventories	**-**	**-**

The Company did not hold inventory as at the end of the reporting period.

The Company did not recognise or reverse impairment losses on inventory in 2014.

Note 11

Current receivables	31 Dec 2014	31 Dec 2013
For products and services	1 937	2 015
- including: from related parties	*319*	*587*
For taxes and other state fees	242	9 768
Under judicial enforcement	5	-
Advances paid for supplies	5	-
Other receivables	1 804	3 381
- including: from related parties	*70*	*765*
Impairment of receivables	(2 761)	(3 827)
Total net receivables	**1 232**	**11 337**

The main item of *other receivables* constitutes:

a) the value of receivables that the Company received pursuant to receivables assignment agreements executed on 31 January 2011 with entities operating in the distribution segment. The value of the purchased receivables as of 31 December 2014 was PLN 1 959 000 and was covered by an impairment loss.

(amounts in PLN 000s, unless otherwise stated)

Impairment of receivables	31 Dec 2014	31 Dec 2013
Impairment of receivables as at the beginning of period	**(3 827)**	**(4 445)**
Increases (recognition of new impairment losses)	**(103)**	**(22)**
- For products and services	*(103)*	*(22)*
- including due to assignment of rights	-	-
Decreases	**1 169**	**640**
- for products and services	-	*87*
- including due to assignment of rights	-	*553*
Reversal	**184**	**186**
- for products and services	*97*	*75*
- including due to assignment of rights	*87*	*111*
Derecognised from the statement of profit and loss	**985**	**454**
- for products and services	*185*	*12*
- including due to assignment of rights	*800*	*442*
Impairment of receivables as at the end of period	**(2 761)**	**(3 827)**
- for products and services	*(1 033)*	*(1 212)*
- including due to assignment of rights	*(1 728)*	*(2 615)*

The Company did not recognise or reverse impairment losses on receivables from related parties during the year covered by the financial statements and the preceding year.

Aging structure of trade receivables	31 Dec 2014	31 Dec 2013
up to 1 month	782	342
1 - 3 months	-	1
3 - 6 months	-	-
6 - 12 months	-	-
over 1 year	-	-
Overdue	1 155	1 672
Impairment of receivables	(1 027)	(1 212)
Total net receivables	**910**	**803**

Aging structure of overdue trade receivables	31 Dec 2014	31 Dec 2013
up to 1 month	55	384
1 - 3 months	60	64
3 - 6 months	35	1
6 - 12 months	9	3
over 1 year	995	1 220
Impairment of receivables	(1 027)	(1 212)
Total net overdue receivables	**128**	**460**

A detailed description of transactions with subsidiaries is presented in note 45.

Interest is not charged on overdue trade receivables, which typically have 7-21-day payment deadlines.

As at the end of 2014 and the preceding year, there were no restrictions in ownership rights regarding off-balance sheet collateral established.

(amounts in PLN 000s, unless otherwise stated)

Note 12

Short-term securities	31 Dec 2014	31 Dec 2013
Shares in investment funds (TFI)	30 764	-
- including: related parties	-	-
Debt instruments	133 233	152 131
- including: related parties	133 233	152 131
Total short-term securities	**163 997**	**152 131**

Similar to the previous year, in 2014 the Company only purchased bonds issued by subsidiaries. Interest on such bonds is based on market conditions, and the bonds are carried at amortised cost.
Information about interest income connected with redemption of bonds by issuers is presented in note 31.
Stakes in TFIs are measured at fair value in accordance with IFRS 13. The value of TFI shares is publicly disclosed.

Short-term bond purchases (expressed in par values):

Issue and buy-back of bonds in 2014	Stokrotka Sp. z o.o.	Elpro Ekon Sp. z o.o. S.K.A.	Elpro Development S.A. (formerly P1)	Total
As at the beginning of period	128 000	3 500	21 000	152 500
Issue of bonds	1 279 905	403 500	-	1 683 405
Redemption of bonds	1 307 905	373 500	21 000	1 702 405
As at the end of period	**100 000**	**33 500**	**0**	**133 500**
As at the end of period, after discount	**99 800**	**33 433**	**0**	**133 233**

Issue and buy-back of bonds in 2013	Stokrotka Sp. z o.o.	Elpro Ekon Sp. z o.o. S.K.A.	Elpro Development S.A. (formerly P1)	Total
As at the beginning of period	92 000	101 500	-	193 500
Issue of bonds	1 217 981	1 011 471	82 876	2 312 328
Redemption of bonds	1 181 981	1 109 471	61 876	2 353 328
As at the end of period	**128 000**	**3 500**	**21 000**	**152 500**
As at the end of period, after discount	**127 690**	**3 492**	**20 949**	**152 131**

Note 13

Current prepayments	31 Dec 2014	31 Dec 2013
Banking services	-	-
Insurance	19	20
Technical assistance	-	-
Technical supervision	4	2
Costs connected with future sale of tangible assets	-	-
Subscriptions and annual fees	2	58
Maintenance package	-	-
Costs to be re-invoiced	63	2
Other fees	0	2
Total current prepayments, by title	**88**	**84**

(amounts in PLN 000s, unless otherwise stated)

Note 14

Cash and cash equivalents	31 Dec 2014	31 Dec 2013
Cash on hand	-	-
Cash at bank accounts	45 210	89 400
Other cash instruments	97	155
Total cash	**45 307**	**89 555**

Information about interest income on deposits is presented in note 31.

Note 15

Other financial assets	31 Dec 2014	31 Dec 2013
Loans issued	-	6 496
- including: to related parties	-	*6 496*
Total other financial assets	**-**	**6 496**

Loans recognised as at the end of the previous reporting period were repaid in 2014.

Interest is based on WIBOR 1M + margin. The loans are secured with in blanco promissory notes with declarations.

Information about interest income on loans issued is presented in note 31.

Note 16

Assets classified as held for sale	31 Dec 2014	31 Dec 2013
Property	12 293	3 012
Other equity interests	-	-
Equity interests	-	-
Total assets classified as held for sale	**12 293**	**3 012**

Assets classified as held for sale in 2014 comprised a property at ul. Ametystowa in Lublin, while in 2013 a property at ul. Frezerów in Lublin, in connection with a preliminary agreement executed via a notarial deed: Rep. A 3044/2013 of 13 August 2013 between Emperia Holding S.A. and Inkubator Technologiczny Markiz Sp. z o.o., based in Puławy.

(amounts in PLN 000s, unless otherwise stated)

Note 17

Share capital structure as at 31 December 2014

Series / issue	Type of share	Type of preference	Number of shares	Nominal value of series / issue	Method of payment	Registration date	Right to dividend (from date)
A	ordinary bearer	None	100 000	100 000	Cash	30.11.1994	30.11.1994
B	ordinary bearer	None	2 200 000	2 200 000	Cash	26.09.1995	01.01.1995
C	ordinary bearer	None	2 093 700	2 093 700	Cash	11.02.1999	01.01.1999
D	ordinary bearer	None	408 400	408 400	Cash	25.06.1999	01.01.1999
E	ordinary bearer	None	240 200	240 200	Cash	12.12.2001	01.01.2001
F	ordinary bearer	None	259 500	259 500	Cash	12.12.2001	01.01.2001
G	ordinary bearer	None	1 333 300	1 333 300	Cash	12.12.2001	01.01.2001
H	ordinary bearer	None	2 085 323	2 085 323	In-kind-contribution of shares in BOS S.A.	02.01.2007	01.01.2006
I	ordinary bearer	None	4 203 562	4 203 562	In-kind-contribution of shares in BOS S.A.	02.01.2007	01.01.2006
J	ordinary bearer	None	55 747	55 747	In-kind-contribution of shares in BOS S.A.	11.05.2007	01.01.2006
K	ordinary bearer	None	290 468	290 468	In-kind-contribution of shares in BOS S.A.	11.05.2007	01.01.2006
L	ordinary bearer	None	1 500 000	1 500 000	Cash	24.10.2007	01.01.2007
Ł	ordinary bearer	None	140 388	140 388	Cash and in-kind-contribution of shares in Maro-Markety Sp. z o.o.	12.02.2008	01.01.2007
M	ordinary bearer	None	82 144	82 144	Cash and in-kind-contribution of shares in Centrum Sp. z o.o.	12.02.2008	01.01.2007
N	ordinary bearer	None	122 429	122 429	Cash	06.06.2008	01.01.2007
P	ordinary bearer	None	64 428	64 428	Cash	09.09.2014	01.01.2014
Total number of shares			**15 179 589**				
Total share capital				**15 179 589**			
Nominal value per share = PLN 1							

(amounts in PLN 000s, unless otherwise stated)

Share capital structure as at 31 December 2013

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

(amounts in PLN 000s, unless otherwise stated)

Changes in shareholding by Supervisory Board members

Members of the Supervisory Board do not own shares in Emperia Holding S.A. as of 31 December 2014.

Shareholders with at least 5% of votes at the Company's general meeting, at report publication date

Shareholders	Shares at 31 December 2014	% in share capital	% change	Shares as at 31 December 2013	% in share capital as at 31 December 2013	Voting rights as at 31 December 2014	% of votes at general meeting
ALTUS TFI	1 709 678	12.26%	(12.1%)	1 944 678	12.87%	1 709 678	13.26%
IPOPEMA TFI S.A.	1 433 437	9.44%	-	1 433 437	9.48%	1 433 437	11.11%
ING TFI	1 390 123	9.16%	(71.6%)	810 119	5.36%	1 390 123	10.78%
AXA OFE	891 992	5.88%	-	891 992	5.90%	891 992	6.92%

As of 31 December 2014, Emperia Holding S.A. and subsidiary Elpro Development S.A. (formerly P1 Sp. z o.o.) held a total of 2 281 605 shares in the Issuer, entitling to 2 281 605 (15.031%) votes at the Issuer's general meeting and constituting 15.031% of the Issuer's share capital.

Changes in shareholding by Management Board members

Management Board members	Shares at 31 December 2014	% in share capital	% change	Shares as at 31 December 2013	% in share capital as at 31 December 2013
Dariusz Kalinowski	19 647	0.130%	-	19 647	0,130%
Cezary Baran	420	0.003%	-	-	-

Note 18

Retained earnings	31 Dec 2014	31 Dec 2013
Profit for the period	16 865	12 177
Deductions from profit for financial year	0	-
Total retained earnings	**16 865**	**12 177**

Note 19

Credit facilities, loans, debt instruments and other non-current financial liabilities	31 Dec 2014	31 Dec 2013
Credit facilities	-	-
Loans	-	-
Debt instruments	-	-
Finance leasing	-	-
Total credit facilities, loans, debt instruments and other non-current financial liabilities	**-**	**-**

(amounts in PLN 000s, unless otherwise stated)

Note 20

Non-current liabilities	31 Dec 2014	31 Dec 2013
Collateral (rent)	90	15
Other	-	-
Total	**90**	**15**

Note 21

Provisions	31 Dec 2014	31 Dec 2013
Employee benefit provisions	355	412
a) retirement pay	*25*	*21*
b) untaken holidays	*94*	*70*
c) annual pay bonuses	*169*	*320*
d) redundancy costs	*66*	-
e) actuarial losses	*1*	-
Other provisions	519	518
a) audit of financial statements	*19*	*18*
b) penalty from KNF	*500*	*500*
Total provisions	**874**	**930**

Provisions	31 Dec 2014	31 Dec 2013
Non-current	26	21
a) retirement pay	*25*	*21*
b) actuarial losses	*1*	-
Current	848	909
a) retirement pay	-	-
b) untaken holidays	*94*	*70*
c) annual pay bonuses	*169*	*321*
d) audit of financial statements	*18*	*18*
e) redundancy costs	*66*	
g) penalty from KNF	*500*	*500*
Total provisions	**874**	**930**

Change in employee benefit provisions	31 Dec 2014	31 Dec 2013
Employee benefit provision - retirement pay - as at the beginning of period	**21**	**29**
Increases	*4*	-
Decreases	-	*(8)*
Employee benefit provision - retirement pay - as at the end of period	**25**	**21**
Employee benefit provision - untaken holidays - as at the beginning of period	**70**	**123**
Increases	*24*	-
Decreases	-	*(53)*
Employee benefit provision - untaken holidays - as at the end of period	**94**	**70**

(amounts in PLN 000s, unless otherwise stated)

Employee benefit provision - annual pay bonuses - as at the beginning of period	**321**	**311**
Increases	*139*	*449*
Decreases	*(291)*	*(439)*
Employee benefit provision - annual pay bonuses - as at the end of period	**169**	**321**
Provisions for actuarial gains/losses at the beginning of period		
Increases	*1*	
Decreases		
Provisions for actuarial gains/losses at the beginning of period	***1***	
Employee benefit provision - employment restructuring - as at the beginning of period		
Increases	66	
Decreases		
Employee benefit provision - employment restructuring - as at the end of period	**66**	
Employee benefit provisions as at the beginning of period	**412**	**463**
Increases	*234*	*449*
Decreases	*(291)*	*(500)*
Employee benefit provisions as at the end of period	**355**	**412**

Recognition and reversal of provisions were recorded in administrative expenses in the statement of profit and loss for 2014, except for actuarial losses, which were recognised in retained earnings.
The remaining provisions, in the amount of PLN 500 000, concern KNF's decision DPP/WPAI/476/23/2013/AD of 3 September 2013. As at the date on which these financial statements were prepared, the Company's motion to re-examine the case is under review.

Note 22

Deferred income tax assets	31 Dec 2013	31 Dec 2013
Deferred income tax provisions at the beginning of period, including:	**620**	**784**
a) recognised through profit or loss	620	*784*
Increases	175	**-**
a) recognised through profit or loss	*175*	-
Decreases	(125)	(164)
a) recognised through profit or loss	*(125)*	*(164)*
Deferred income tax provisions at the end of period, including:	**670**	**620**
a) recognised through profit or loss	670	*620*

Deferred income tax provisions, the basis of which are temporary differences resulting from:	31 Dec 2014	31 Dec 2013
Deduction of discount on bonds purchased	161	37
Interest accrued	-	1
Difference between the balance sheet value and tax value of property, plant and equipment	509	582
Deferred income tax provisions at the end of period	**670**	**620**

(amounts in PLN 000s, unless otherwise stated)

Note 23

Credit facilities, loans, debt instruments and other current financial liabilities	31 Dec 2014	31 Dec 2013
Credit facilities	-	-
Loans	-	-
Debt instruments	0	-
Finance leasing	-	-
Measurement of other financial instruments	-	-
Total credit facilities, loans, debt instruments and other current financial liabilities	**0**	**-**

Issued bonds

On 12 June 2014, the Management Board of Emperia Holding S.A. adopted a resolution on issue by the Company of 114 564 series A bonds. Proposals to purchase them were sent to Millennium DM S.A.
During 2014, Emperia Holding S.A. redeemed 108 404 series A bonds.

2013:

In 2013, the Company did not issue or redeem bonds.

Note 24

Current liabilities	31 Dec 2014	31 Dec 2013
For products and services	329	282
- including: towards related parties	*133*	*154*
For taxes and other state fees	2 314	275
Remuneration	173	124
Advances received for deliveries	-	120
- including: towards related parties	-	-
Other liabilities	94 492	733
- including: towards related parties	-	*14*
Total liabilities	**97 308**	**1 534**

Aging structure of trade payables	31 Dec 2014	31 Dec 2013
up to 1 month	312	268
1 - 3 months	1	-
3 - 6 months	-	-
6 - 12 months	-	-
over 1 year	-	-
Overdue	16	13
Total liabilities	**329**	**282**

(amounts in PLN 000s, unless otherwise stated)

Aging structure of overdue trade payables	31 Dec 2014	31 Dec 2013
up to 1 month	9	13
1 - 3 months	-	-
3 - 6 months	-	-
6 - 12 months	7	-
over 1 year	-	-
Total overdue liabilities	**16**	**13**

Trade payables are settled within the contractual deadlines, which range from 7 to 58 days.

At 31 December 2014, the main item of other liabilities was a liabilities connected with the purchase of own shares by Emperia Holding S.A. from Elpro Development S.A. (formerly P1 Sp. z o.o.), amounting to PLN 93 137 000, with payment date of 31 December 2015, as well as liabilities related to tangible asset investments, amounting to PLN 1 296 000.

A detailed description of related-party transactions is presented in note 45.

Note 25

Deferred revenue, by title	31 Dec 2014	31 Dec 2013
Refund of transport-related damages	-	16
Contractual penalties	8	-
Refund of tangible and intangible asset purchases, settled in time	-	-
Advances for supplies of products to be sold in future periods	-	-
Share of insurance brokers' profit	74	-
Total deferred revenue, by title	**82**	**16**

Note 26

Net revenue from sales of products and services (product structure - types of activities)	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Sale of products	-	-
including: to related parties	-	-
Sale of services	13 906	6 362
including: to related parties	*9 473*	*4 088*
Total net revenue from sale of products and services	**13 906**	**6 362**
including: to related parties	*9 473*	*4 088*

Net revenue from sales of products and services (geographical structure)	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Domestic	13 906	6 362
including: to related parties	*9 473*	*4 088*
Export	-	-
including: to related parties	-	-
Total net revenue from sale of products and services	**13 906**	**6 362**
including: to related parties	*9 473*	*4 088*

(amounts in PLN 000s, unless otherwise stated)

Note 27

Net revenue from sale of goods and materials (product structure - types of activities)	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Sale of goods and materials	25	34
including: to related parties	*25*	*34*
Total net revenue from sale of goods and materials	**25**	**34**
including: to related parties	*25*	*34*

Total net revenue from sale of goods and materials (geographical structure)	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Domestic	25	34
including: to related parties	25	*34*
Export	-	-
including: to related parties	-	-
Total net revenue from sale of goods and materials	**25**	**34**
including: to related parties	*25*	*34*

Note 28

Other operating revenue	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Gain on disposal of other non-financial non-current assets	1 273	694
Impairment of assets	81	163
Other operating revenue	1 712	115
Total other operating revenue	**3 066**	**972**

Impairment of non-financial assets		
Recognition of receivables impairment (negative value)	*(103)*	*(23)*
Reversal of receivables impairment	*184*	*186*
Total impairment of financial and non-financial assets	**81**	**163**

Other operating revenue		
Proceeds from refund of tangible-asset purchases	-	-
Contractual penalties received	5	-
Compensation from transport insurance	29	53
Compensation from property and other insurance	-	-
Other damages	795	-
Returned receivables written off	-	-
Awarded legal costs	877	57
Considerations for timely payment of tax	-	
Liabilities written off	-	-
Other revenue	6	5
Total other operating revenue	**1 712**	**115**

(amounts in PLN 000s, unless otherwise stated)

Note 29

Costs by nature	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Depreciation / amortisation	(2 352)	(1 706)
Use of materials and energy	(1 621)	(955)
Third-party services	(2 964)	(4 570)
Salaries	(3 095)	(2 142)
Employee benefits	(461)	(316)
Taxes and fees	(671)	(455)
Other costs	(74)	(56)
Total costs by nature	**(11 238)**	**(10 200)**
Selling costs	-	-
Administrative expenses	(4 045)	(3 802)
Cost of manufacture of products sold	(7 193)	(6 398)

During 2013-2014, depreciation was fully recorded in administrative expenses.

Employment costs		
Salaries	(3 095)	(2 142)
- including: management options programme	-	-
Social security	(431)	(300)
Workplace social security fund	(14)	(7)
Training	(4)	(14)
Other	(12)	5
Total employment costs	**(3 556)**	**(2 458)**

Fees to entity authorised to audit financial statements		
Review and audit of financial statements	44	46
Due diligence	-	-
Tax advisory	-	-
Accounting advisory	-	-
Total remuneration to entities authorised to audit financial statements	**44**	**46**

On 18 June 2014, the Company signed an agreement with ECA Seredyński i Wspólnicy Sp.k., based in Kraków, concerning review of semi-annual financial statements and audit of annual financial statements (separate and consolidated) for 2014. The fee for the above services was PLN 32 800 net.

Note 30

Other operating expenses	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Loss on disposal of non-financial non-current assets	(702)	-
Impairment of assets	-	-
Other operating expenses	(551)	(773)
Total other operating expenses	**(1 253)**	**(773)**

(amounts in PLN 000s, unless otherwise stated)

Impairment of assets		
Recognition of impairment losses on property, plant and equipment (negative value)	-	-
Reversal of PP&E impairment (positive value)	-	-
Recognition of receivables impairment (negative value)	-	-
Reversal of receivables impairment (positive value)	-	-
Total impairment of assets	**-**	**-**

Other operating expenses		
Donations	(5)	(3)
Transport-related damages	(14)	(70)
Property damages	-	-
Investment property maintenance costs	-	-
Legal costs	(332)	(64)
Non-mandatory contributions	-	(1)
KNF provision	-	(500)
VAT	(198)	(72)
Damages and compensation	-	(62)
Value of lost equipment	-	-
Other costs	(2)	(1)
Total other operating expenses	**(551)**	**(773)**

Information on changes in the impairment of receivables is presented in note 11.

Note 31

Finance income	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Dividends received, including:	7 566	5 774
- from related parties	*7 566*	*5 774*
Interest, including:	6 762	11 512
- from related parties	*5 672*	*8 831*
Gain on disposal of investments	161	-
Other finance income	837	164
- from related parties	*197*	*90*
Total finance income	**15 326**	**17 450**

Interest income on bonds		
Interest on loans	39	696
- from related parties	39	*696*
Interest on bank deposits	854	2 644
Interest on overdue receivables	256	44
- from related parties	*20*	*6*
Interest on bonds	5 613	8 128
- from related parties	*5 613*	*8 128*
Other interest	-	-

- from related parties	-	-
Total interest income	**6 762**	**11 512**

Other finance income		
Proceeds from collateral issued	197	90
- from related parties	*197*	*90*
Share of insurers' profits	-	74
Measurement of financial assets	634	-
Proceeds from sale of receivables	6	-
Total other finance income	**837**	**164**

Income from collateral provided covers Emperia Holding S.A.'s fees from subsidiaries for credit collateral issued to these companies. Collateral provided in 2014 comprised sureties and guarantees.

Note 32

Finance costs	**12 months ended 31 Dec 2014**	**12 months ended 31 Dec 2013**
Interest, including:	(2)	(3)
- to related parties	(1)	-
Loss on disposal of investments	-	-
Other finance costs	(454)	-
Total finance costs	**(456)**	**(3)**

Interest costs		
Interest on bank credit	-	-
Interest on finance leasing	-	-
- including: from related parties	-	-
Interest on overdue receivables	(2)	(3)
- including: from related parties	*(1)*	-
Interest on issued bonds	-	-
- including: from related parties	-	-
Statutory interest	-	-
Other interest	-	-
- including: from related parties	-	-
Total interest costs	**(2)**	**(3)**

Other finance costs		
Negative exchange differences	-	-
Impairment of financial assets	(453)	-
Other	(1)	
Total other finance costs	**(454)**	**-**

In the presented reporting periods, there were no situations where the Company was obligated to capitalise interest.

(amounts in PLN 000s, unless otherwise stated)

Profit or loss, by category of instrument		
Interest income	-	-
Bank deposits	854	2 644
Bonds	5 613	8 128
Loans issued	39	696
Trade receivables	256	44
Other	-	-
Total interest income	**6 762**	**11 512**
Interest costs	-	-
Short- and long-term credit facilities	-	-
Finance leasing	-	-
Bonds issued	-	-
Loans received	-	-
Trade payables	(2)	(3)
Other	-	-
Total interest costs	**(2)**	**(3)**

Note 33

Current income tax	**12 months ended 31 Dec 2014**	**12 months ended 31 Dec 2013**
Profit before tax	**19 376**	**13 825**
Revenue not subject to taxation, according to tax regulations (decreasing the tax base)	**8 400**	**6 119**
Finance income	*8 243*	*5 976*
Other operating revenue	*157*	*143*
Items creating taxable revenue, increasing the tax base	**133**	**1 076**
Finance income	*-*	*1 066*
Other operating revenue	*133*	*10*
Costs and losses not recognised as tax deductible expenses (higher tax base)	**4 643**	**2 963**
Operating expenses	*2 940*	*2 358*
Finance costs	*454*	*2*
Other operating expenses	*1 249*	*603*
Items increasing tax deductible expenses (lower tax base)	**2 831**	**2 283**
Taxable income	**12 921**	**9 462**
Remaining to be deducted from profit		-
Settlement of prior-period losses		-
Income tax base	**12 921**	**9 462**
Income tax at 19% rate	2 455	1 798
Increase of tax due to prior-period corrections	-	-
Current income tax, calculated for the reporting period	**2 455**	**1 798**

(amounts in PLN 000s, unless otherwise stated)

Effective tax rate	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Gross result:	19 376	13 825
Tax in profit or loss:	2 511	1 648
Preliminary effective tax rate:	12.0%	11.9%
Explanations		
Differences on deferred tax	(56)	-
Tax effects of non-taxable revenues, according to tax regulations	1 571	1 109
Tax effects of non-deductible costs, according to tax regulations	(344)	(130)
After taking into consideration the explanations	3 682	978
Effective tax rate after explanations	19%	19%
Income tax at the 19% rate	**3 682**	**2 627**
Tax at the effective rate	**3 682**	**2 627**

The effective tax rate was mainly affected by dividends received from subsidiaries.

Note 34

Deferred income tax recorded in profit or loss	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Decrease (increase) from recognition and reversal of temporary differences	(56)	150
Decrease (increase) from change in tax rates	-	-
Decrease (increase) from previously unrecognised tax losses, tax benefits or prior-period temporary differences	-	-
Decrease (increase) from impairment of deferred income tax assets or lack of option to use deferred income tax provisions	-	-
Total deferred income tax recorded in profit or loss	**(56)**	**150**
Deferred income tax recorded outside of profit or loss	**0**	**-**

Note 35

Earnings per share	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Profit for the period	16 865	12 177
Profit for the period, annualised	16 865	12 177
Weighted average number of shares	13 440 114	14 235 425
Net earnings per share, annualised	1.25	0.86
Diluted profit (loss) per share, in PLN	1.25	0.85

(amounts in PLN 000s, unless otherwise stated)

Note 36

Profit allocation proposed by the Management Board	**12 months ended 31 Dec 2014**	**12 months ended 31 Dec 2013**
Profit for the period, including:	16 865*	12 177
dividend	-	*12 109*
supplementary capital	-	-
reserve capital	-	*68*

* As at the date on which these financial statements were prepared, the Management Board did not adopt a resolution on allocation of profit for 2014.

Note 37

Cash and cash equivalents structure	**12 months ended 31 Dec 2014**	**12 months ended 31 Dec 2013**
Cash on hand		
- as at the beginning of period	-	-
- as at the end of period	-	-
Cash at bank accounts		
- as at the beginning of period	*89 400*	*73 300*
- as at the end of period	*45 210*	*89 400*
Other cash instruments		
- as at the beginning of period	*155*	-
- as at the end of period	*96*	*155*
Total cash		
- as at the beginning of period	*89 555*	*73 300*
- as at the end of period	*45 307*	89 555

Note 38

Reconciliation of changes in certain items of the statement of financial position and changes in those items in cash flows	**12 months ended 31 Dec 2014**	**12 months ended 31 Dec 2013**
Change in receivables	**9 411**	**(8 189)**
- balance sheet change in receivables	*10 162*	*(7 512)*
- correction due to receivables on redemption of equity interests in subsidiaries	-	-
- change in receivables related to disposal of property, plant and equipment	*(751)*	*(677)*
Change in liabilities	**95 263**	**(271)**
- change in liabilities	*95 849*	*395*
- change in liabilities connected with purchase of property, plant and equipment	*(586)*	*(666)*
Other adjustments:	**-**	**-**
- cost of management options	-	-

Note 39

Dividends paid

On 5 June 2014, Emperia Holding S.A.'s General Meeting adopted resolution 5 on distribution of the 2013 profit. Pursuant to the resolution, of the net profit generated in 2013, amounting to PLN 12 176 763.56, PLN 12 172 131.90 - or PLN 0.90 per share - was allocated to dividend. In accordance with the resolution, entitled to dividend were shareholders who held shares on 13 June 2014 (ex-dividend date), and the dividend payment date was 30 June 2014.
On 13 June 2014, in connection with a purchase of own shares by subsidiary Elpro Development S.A. (formerly P1 Sp. z o.o.), the number of shares covered by the dividend payment changed. Given the above, net profit allocated to dividend was PLN 12 108 622.50.

Dividends received:

The parent company, Emperia Holding S.A., received PLN 7 566 000 in dividend from subsidiary Infinite Sp. z o.o. as allocation of 2013 profit.

Note 40

I. Cash flows from operating activities include:

1) Net profit, adjusted by:
- changes in inventory, receivables and liabilities connected with operating activities during the period,
- non-monetary items, such as depreciation, provisions, deferred tax, unrealised profit and losses on exchange differences,
- other items giving rise to cash flows from financing activities or investing activities.

II. Cash flows from investing activities include:

1) Proceeds from the sale of:
- property, plant and equipment items,
- equity interests and other financial asset items,
- securities held for trading.

2) Expenditures connected with the purchase of:
- property, plant and equipment items,
- equity interests and other financial asset items,
- securities held for trading.

3) Proceeds from repayment of short- and long-term loans issued by the Company to other entities, along with interest
4) Expenditures connected with issue of long-term loans to other entities.
5) Dividend income.
6) Interest on bank deposits.

III. Cash flows from financing activities include:

1) Proceeds from borrowings incurred, both long-term and short-term.
2) Expenditures connected with:
- debt servicing costs,
- repayment of borrowings,
- repayment of interest on borrowings.

3) Proceeds from equity issuance.
4) Expenditures connected with equity issue costs.
5) Expenditures connected with dividend and other payments to owners.
6) Expenditures resulting from "other finance income," except for interest on borrowings, interest on bank deposits and profit on sale of securities held for trading recognised under investing activities.

(amounts in PLN 000s, unless otherwise stated)

7) Expenditures resulting from "other finance costs," except for losses on sale of securities held for trading recognised in cash flows from investing activities.

Note 41 Collateral for liabilities, and contingent liabilities

Off-balance sheet liabilities concern collateral for credit facilities and bank guarantees provided to the Group as well as security interests. In addition, the majority of suppliers provide the Group with deferred payment terms (trade credit), secured by in blanco promissory notes.

Changes in off-balance sheet liabilities - current year	Credit facilities	Bank guarantees	Security interests
Guarantees			
As at the beginning of period	**-**	**43 000**	**17 096**
Increases during the period	-	*4 500*	*13 150*
Decreases during the period	-	-	*(7 000)*
As at the end of period	**-**	**47 500**	**23 246**

Changes in off-balance sheet liabilities - 2013	Credit facilities	Bank guarantees	Security interests
Guarantees			
As at the beginning of period	**-**	**157**	**251**
Increases during the period	-	*43 000*	*21 845*
Decreases during the period	-	*(157)*	*(5 000)*
As at the end of period	**-**	**43 000**	**17 096**

Note 42 Financial and operating leasing

2014:

As at 31 December 2014, the Company did not have any operating leasing liabilities.

Arrangements containing a lease component in accordance with IFRIC 4

Asset	Term of agreement	As at 31 Dec 2014	As at 31 Dec 2015	1 to 5 years	Over 5 years
		Minimum annual payment			
Property	*specified*	41	41	165	206
	unspecified	4	-	-	-
Technical equipment and machinery	*specified*	-	-	-	-
	unspecified	16	16	62	78
Means of transport	*specified*	-	-	-	-
	unspecified	-	-	-	-
Other property, plant and equipment	*specified*	-	-	-	-
	unspecified	-	-	-	

A 10-year period was adopted for agreements with an undefined term.

(amounts in PLN 000s, unless otherwise stated)

2013:

As at 31 December 2013, the Company did not have any operating leasing liabilities.

Asset	Term of agreement	As at 31 Dec 2013	As at 31 Dec 2014	1 to 5 years	Over 5 years
			Minimum annual payment		
Property	*specified*	1 060	-	-	-
	unspecified	2	12	48	60
Technical equipment and machinery	*specified*	-	-	-	-
	unspecified	9	9	36	45
Means of transport	*specified*	-	-	-	-
	unspecified	-	-	-	-
Other property, plant and equipment	*specified*	-	-	-	-
	unspecified	-	-	-	

A 10-year period has been adopted for agreements with an undefined term.

Note 43 Liabilities towards central or local government authorities for acquisition of ownership rights to buildings and structures

The Company does not have liabilities towards central or local government authorities for acquisition of ownership rights to buildings and structures.

Note 44 Liabilities incurred in connection with the purchase of property, plant and equipment

The Company did not record any such events during the reporting period.

(amounts in PLN 000s, unless otherwise stated)

Note 45 Emperia Holding S.A.'s related-party transactions

In 2014, Emperia Holding S.A.'s transactions with related parties were executed on market terms. Other than transactions in the ordinary course of business, related-party transactions included:
- equity transactions covering share capital increases at subsidiaries, exchange of equity interests - transactions of this type executed within the Group in 2014 are described in note 7.2.9 of the financial statements;
- equity transactions covering payment of dividend by subsidiaries - information about the level of dividends received by the Company is presented in note 31;
- short-term bonds were issued as part of the Group's cash flow management, as described in note (not recorded in the table below);

Transactions with consolidated subsidiaries, figures (part 1):

Name of related party, with indication of legal form	Stokrotka Sp. z o.o.	Infinite Sp. z o.o.	Eldorado Sp. z o.o.	EKON Sp. z o.o.	Elpro Development Sp. z o.o.	Elpro Ekon Sp. z o.o. S.K.A.	EMP	P3 Ekon Sp. z o.o.	P5 Ekon Sp. z o.o.
Receivables	308	8	2	1	27	22	-	13	5
Payables	4	124	-	-	93 138	5	-	-	-
Proceeds from transactions	7 498	585	7	7	490	615	-	159	130
Costs of transactions	4 707	416	4	5	276	392	-	116	84
Purchase of services	52	1 234	-	-	-	200	-	-	-
Sale of services	7 477	580	7	7	490	615	-	159	130
Purchase of properties and other assets	414	12	-	-	-	-	-	-	-
Disposal of properties and other assets	182	172	-	-	-	-	-	-	-
Financing-related transfers (including loans and equity contributions), dividends - proceeds		7 566							
Financing-related transfers (including loans and equity contributions), dividends - expenditures			100	150					

(amounts in PLN 000s, unless otherwise stated)

Note 46 Information on employment, by full-time positions

Current year	Total	White collar workers	Blue collar workers
Employment	36.9	31.9	5

2013	Total	White collar workers	Blue collar workers
Employment	23.2	23.2	-

Note 47 Remuneration of management board and supervisory board members

As specified in the relevant regulations established by the Supervisory Board, the remuneration of Emperia Holding S.A.'s Management Board comprises a salary component and a pay bonus component.

No.	First and last name	Total salary	Pay bonus	Material considerations and sick pay	TOTAL
1	Kalinowski Dariusz	102.00	100.00	-	202.00
2	Baran Cezary	120.00	-	-	120.00
	TOTAL	**222.00**	**100.00**	**-**	**322.00**

Remuneration paid to Emperia Holding S.A.'s Management Board members in 2014 for work at subsidiaries (cash basis):

No.	First and last name	TOTAL
1.	Baran Cezary	198.60
2.	Kalinowski Dariusz	406.54
	TOTAL	**605.14**

In addition, all members of Emperia Holding S.A.'s Management Board serve on the board of directors of EMP Investment Ltd;

Measurement of costs relating to options due under options programmes - Emperia Holding S.A.:

No.	First and last name	2012	2011
1.	Kalinowski Dariusz	-	276.9
2.	Baran Cezary	-	9.1
	TOTAL	**-**	**286**

(amounts in PLN 000s, unless otherwise stated)

Measurement of costs relating to options due under options programmes - other companies:

No.	First and last name	2012	2011
1.	Kalinowski Dariusz	-	49.4
2.	Baran Cezary	-	-
	TOTAL	**-**	**49.4**

Management Options Programme II 2010-2012

As group parent, Emperia Holding S.A. is participating in the 2nd Management Options Programme - 2010-2012. On 4 March 2010, Emperia Holding S.A.'s extraordinary general meeting adopted a resolution on implementation of the 2nd Incentive Programme - 2010-2012 and introduced changes to the Programme at a meeting on 6 December 2011.
The programme will be performed over 2010-2012. The Programme is addressed to the management boards of the Company and subsidiaries as well as their key managers. The objective of the Programme was to create a long-term link between Emperia Group and high-quality specialists, to ensure proper growth and improved performance at the Group.

Key programme documents:

1. Resolution 2 of Emperia Holding S.A.'s extraordinary general meeting of 4 March 2010 on the Incentive Programme 2010-2012 Regulations and on the Incentive Programme;
2. Resolution 2 of Emperia Holding S.A.'s extraordinary general meeting of 6 December 2011 concerning changes to Resolution No 2 of Emperia Holding S.A.'s extraordinary general meeting of 4 March 2010 on the Incentive Programme 2010-2012 Regulations and on the Incentive Programme;
3. Emperia Holding S.A.'s Management Options Regulations;
4. List of persons participating in the Programme, approved by Emperia Holding S.A.'s Supervisory Board.

Key programme assumptions:
Size of the programme: a maximum of 450 000 registered bonds with priority rights to ordinary bearer shares series P with a nominal value of PLN 1.00 each.

The bonds will be issued in three tranches. Under each of the tranches, the following quantities of bonds may be purchased by authorised persons: (i) 150 000 bonds with rights to 150 000 shares under the 1st tranche, (ii) 150 000 bonds with rights to 150 000 shares under the 2nd tranche, (iii) 150 000 bonds with rights to 150 000 shares under the 3rd tranche,
The options programme will be implemented on the following dates: (i) 1st tranche - from 1 July 2014 to 30 June 2018, (ii) 2nd tranche - from 1 July 2015 to 30 June 2019, (iii) 3rd tranche - from 1 July 2016 to 30 June 2020.

The par value and issue price of one bond is PLN 0.01. The option's base instrument is the Company's shares listed on the WSE.

The issue price of the shares offered under the programme constitutes the equivalent of the average closing share price on the WSE for the 90 days preceding the date on which Resolution 2, point 2 concerning the 2010-2012 Incentive Programme, is adopted, less 5%.
The options granted under each tranche are divided into two parts:

- Financial Part (constituting 75% of the tranche), granted if the Company's Financial Target is reached,
- Market Part (constituting 25% of the tranche), granted if the Company's Market Target is reached.

Financial Target: consolidated diluted net earnings per share of PLN 5.62 in 2010, PLN 6.75 in 2011 and PLN 8.10 in 2012. If the Financial Target is achieved in 100%, then 100% of the options will be granted. If the Financial Target is met only in 80% or less, then no options will be awarded.

Market Target: total return on investment in Emperia shares not lower than WIG.
- authorised persons must be continually employed between the date on which they are entered onto the list of authorised persons and 31 December of 2010, 2011 and 2012, depending on the tranche;

Resolution 2 of Emperia Holding S.A.'s extraordinary general meeting of 6 December 2011 concerning changes to Resolution 2 of Emperia Holding S.A.'s extraordinary general meeting of 4 March 2010 on the 2010-2012 Incentive Programme Regulations and on the Incentive Programme aims to: (i) provide a more precise definition of the Financial Target for the purposes of the Incentive Programme - the Financial Target will not include results on transactions consisting of the sale of shares, companies, organised business units and properties to entities outside Emperia Group; (ii) provide a more precise method for determining the share issue price on the options exercise date in the event that the Company pays a dividend advance and/or dividend in the total amount exceeding 40% of the consolidated net profit for the previous year; (iii) specify the procedure for when an entity, acting individually or in concert, exceeds the 33% threshold in the total number of votes in the Company (acquisition of control).

The Company measured the programme at fair value on its inception, in accordance with IFRS 2. The measurements were prepared using modern financial engineering and numerical methods by an independent expert based on the Monte-Carlo valuation model.

The programme's fair value is amortised throughout its duration. The programme's fair value is presented in the statement of profit and loss as management options programme costs, alongside an increase in supplementary capital. The programme's fair value recognised in the Company's statement of profit and loss for 2011 was PLN 1 071 531 and for 2010: PLN 1 591 211.
The following were taken into consideration in measuring the 2011 tranche: an input price for the model (share price at the award date) of PLN 113 per share, instrument exercise price of PLN 79.82, expected change of 35%, risk-free interest rate of 5.5% and expected dividend: PLN 3.56 per share in 2012, PLN 4.56 per share in 2013, and assuming 15% dividend growth in subsequent years.
The following were taken into consideration in measuring the 2010 tranche: an input price for the model (share price at the award date) of PLN 75.50 per share, instrument exercise price of PLN 79.82, expected change of 39%, risk-free interest rate of 5.5% and expected dividend: PLN 0.92 per share in 2010, PLN 1.12 per share in 2011, PLN 1.35 per share in 2012 and PLN 1.60 per share in 2013, and assuming 15% dividend growth in subsequent years.

Execution of Management Options Programme II 2010-2012 - tranche for 2010

The issue of Bonds was carried out by sending a proposal to purchase bonds by Millennium DM S.A., based in Warsaw, acting as trustee. The Trustee sold Bonds only to the Authorised Persons participating in the Incentive Programme. Each of the Bonds entitles the Bondholder to subscribe for one ordinary bearer share series P, with pre-emptive rights in relation to the Company's shareholders. The issue price of Series P Shares, calculated as at the date of the Bond issue, is PLN 24.82. A change in the issue price may take place each year after the Company's pays out a dividend. The pre-emptive right to subscribe for and acquire Series P shares will be available to the Authorised Persons during the period from 1 July 2014 to 30 June 2018.
In 2014, participants of the Management Options Programme redeemed 108 404 series A bonds and subscribed for 108 404 series P shares.
On 9 September 2014, 64 428 series P shares were introduced to trading, and on 16 January 2015 43 976 series P shares of the Issuer were introduced to trading in connection with Management Options Programme II.

Remuneration of Emperia Holding S.A. Supervisory Board members in 2014: in PLN 000s:

No.	First and last name	Salary
1	Kawa Artur	46.80
2	Kowalczewski Michał	46.80
3	Laskowski Artur	46.80
4	Malec Andrzej	46.80
5	Wawerski Jarosław	46.80
	TOTAL	234.00

Note 48 Information about outstanding advances, credit facilities, loans and guarantees issued to supervisory board and management board members

Emperia Holding S.A. does not have any receivables due to advances, credit facilities, loans or guarantees issued to the members of the Management Board or Supervisory Board, their spouses and relatives.

Note 49 Financial instruments and assessment of the associated risks

1. Financial risk management

The Group's operations are exposed to the following financial risks:

a) credit risk,
b) liquidity risk,
c) market risk,
   - currency risk,
   - interest rate risk,
   - other pricing risk.

<u>a) credit risk</u> – risk that one of the parties to a financial instrument fails to meet its obligations, causing the Group to incur financial losses. Credit risk concerns receivables, cash and cash equivalents, bank deposits, purchased bonds and collateral provided.
The Group's main operating segment - retail - due to its specific nature is insignificantly exposed to this type of risk. The segment's sales are to retail customers, in cash or via payment cards.
Other segments' revenue is largely generated on deferred payment terms. However, the fragmentation of the customer base makes it so that exposure to singular credit risk is not high. The Group applies internal procedures and mechanisms that limit this element of risk: appropriate selection of customers, new customer verification system, use of credit limits and collateral, on-going receivables monitoring. The Group consistently pursues recovery of overdue receivables and recognises impairment losses on an on-going basis.
The Group places its cash at reliable financial institutions (selected based on ratings). Bonds are short-term bonds issued by Group companies.
Credit risk at the Group is insignificant.

<u>b) liquidity risk</u> – risk that the Group will have difficulties in meeting its liabilities resulting from financial commitments. The Group ensures that liquidity is maintained at an appropriate, safe level. After budget preparations, the Group requests appropriate credit lines at the financial institutions with which it cooperates. As regards external financing, the Group uses loans and bonds issued by selected Group companies. Aside from financing operations, bonds also play a role in the optimisation of liquidity within the Group. Cooperation with numerous financial institutions that provide secured financial instruments diversified liquidity risk. Financial personnel monitor the Group's financial situation and payment capacity on an on-going basis.

In 2014, the Group did not use external financing sources. Liquidity risk at the Group is insignificant.

c) market risk – risk that the fair value of a financial instrument or future cash flows related therewith will be subject to fluctuations due to changes in market prices. This risk covers three types of risk: currency risk, interest rate risk and other pricing risk

currency risk – risk that the fair value of a financial instrument or future cash flows related therewith will be subject to fluctuations due to changes in exchange rates. The Group does not use any FX or foreign currency-denominated debt instruments. An insignificant portion of the Group's receivables is exposed to foreign exchange risk - foreign-currency receivables in the IT segment (constituted 0.11% of the Group's revenue in 2014). The fragmentation of the customer base means that exposure to singular currency risk is very low. Currency risk concerns the Group in an immaterial scope.

interest rate risk – risk that the fair value of a financial instrument or future cash flows related therewith will be subject to fluctuations due to changes in market interest rates. The Group invests excess funds in interest-paying assets, therefore it is exposed to risk connected with changes in interest rates. Interest rate risk arises on issue and purchase of bonds within the Group. These transactions are aimed at liquidity management at the Group, and changes in interest rates do not affect financial results (there are bi-directional, offsetting cash flows).
The Group's main risk connected with interest rate changes has to do with debt instruments. In 2014, the Group did not use external debt instruments with variable interest (credit facilities and bonds), in connection with which it faced no exposure to changes in cash flows as a result of changes in interest rates.

other pricing risk – risk that the fair value of a financial instrument or future cash flows related therewith will be subject to fluctuations due to changes in market prices (other than those resulting from interest rate risk or currency risk), regardless of whether such changes are caused by instrument- or issuer-specific factors or factors affecting all similar financial instruments that are traded on a market. The Group does not use financial instruments that carry pricing risk.
The Group is not exposed to any other pricing risks.

(amounts in PLN 000s, unless otherwise stated)

Classification of financial instruments as per IAS 39

Financial assets by balance sheet item	**2014** fair value	**2014** book value	**Classification of financial instruments as per IAS 39 (book value)**						Other (book value)
			Carried at fair value through profit or loss		Carried at fair value with changes in equity		Carried at amortised cost		
			Designated at initial recognition	Held for trading	Available for sale	Hedge accounting	Loans and receivables	Held to maturity	
Financial assets									
Shares	336 204	336 204	-	-	336 204	-	-	-	-
Short-term loans	-	-	-	-	-	-	-	-	-
Long-term collateral	-	-	-	-	-	-	-	-	-
Trade receivables	910	910	-	-	-	-	-	910	-
Financial asset receivables other than the above	-	-	-	-	-	-	-	-	-
Debt instruments	163 997	163 997	-	-	-	-	-	163 997	-
Cash and cash equivalents	45 307	45 307	-	-	-	-	-	-	45 307
Assets classified as held for sale	12 293	12 293	-	-	12 293	-	-	-	-

Financial liabilities by balance sheet item	**2014** fair value	**2014** book value	**Classification of financial instruments as per IAS 39 (book value)**					Other (book value)	
			Carried at fair value through profit or loss		Carried at amortised cost	Carried at fair value with changes in equity			- - -
			Designated at initial recognition	Held for trading		Hedge accounting			-
Financial liabilities									
Long-term collateral and other liabilities	90	90	-	-	90	-	-	-	-
Trade payables	329	329	-	-	329	-	-	-	-
Financial liabilities other than the above	94 665	94 665	-	-	94 665	-	-	-	-

(amounts in PLN 000s, unless otherwise stated)

Classification of financial instruments as per IAS 39

Financial assets by balance sheet item	**2013** fair value	**2013** book value	**Classification of financial instruments as per IAS 39 (book value)**						Other (book value)
			Carried at fair value through profit or loss		Carried at fair value with changes in equity		Carried at amortised cost		
			Designated at initial recognition	Held for trading	Available for sale	Hedge accounting	Loans and receivables	Held to maturity	
Financial assets									
Shares	266 493	266 493	-	-	266 493	-	-	-	-
Short-term loans	6 496	6 496	-	-	-	-	-	6 496	-
Long-term collateral	-	-	-	-	-	-	-	-	-
Trade receivables	803	803	-	-	-	-	-	803	-
Financial asset receivables other than the above	823	823	-	-	-	-	-	823	-
Debt instruments	152 131	152 131	-	-	-	-	-	152 131	-
Cash and cash equivalents	89 555	89 555	-	-	-	-	-	-	89 555
Assets classified as held for sale	3 012	3 012	-	-	3 012	-	-	-	-

Financial liabilities by balance sheet item	**2013** fair value	**2013** book value	**Classification of financial instruments as per IAS 39 (book value)**					Other (book value)	
			Carried at fair value through profit or loss		Carried at amortised cost	Carried at fair value with changes in equity			-
			Designated at initial recognition	Held for trading		Hedge accounting			-
									-
									-
Financial liabilities									
Non-current collateral and other liabilities	15	15	-	-	15	-	-	-	-
Trade payables	282	282	-	-	282	-	-	-	-
Financial liabilities other than the above	977	977	-	-	977	-	-	-	-

(amounts in PLN 000s, unless otherwise stated)

Aging structure of financial assets that were overdue but not impaired as at the end of the reporting period
- aging structure of trade receivables overdue but not impaired as at the end of the reporting period

Period	Nominal value Receivables	Receivables not overdue, not impaired	Receivables overdue but not impaired up to 1 month	Receivables overdue but not impaired 1 - 3 months	Receivables overdue but not impaired 3 - 6 months	Receivables overdue but not impaired 6 months - 1 year	Receivables overdue but not impaired over 1 year
2014	901	782	55	60	35	9	32
2013	803	343	384	64	1	3	9

The remaining financial assets were not overdue as at the end of the reporting period.

Impairment of receivables due to credit losses

Impairment of receivables due to credit losses	31 Dec 2014	including: trade receivables	31 Dec 2013
As at the beginning of period	**(3 828)**	**(1 212)**	**(4 445)**
Increases (resulting from acquisitions)	(103)	(103)	(23)
Reversal	184	97	186
Derecognised from statement of profit and loss	985	185	454
As at the end of period	**(2 761)**	**(1 033)**	**(3 828)**

Rules concerning recognition and reversal of impairment losses on receivables are presented in note 11.

(amounts in PLN 000s, unless otherwise stated)

Aging structure of financial liabilities

Item	Total liabilities	Liabilities due in:		
		Up to 1 year	1 - 3 years	Over 3 years
2014				
Credit facilities	-	-	-	-
Loans	-	-	-	-
Finance leasing	-	-	-	-
Long-term collateral retained	90	-	-	90
Debt instruments	-	-	-	-
Trade payables	329	329	-	-
Other liabilities	94 665	94 665	-	-
2013				
Credit facilities	-	-	-	-
Loans	-	-	-	-
Finance leasing	-	-	-	-
Long-term collateral	15	-	-	15
Debt instruments	-	-	-	-
Trade payables	282	282	-	-
Other liabilities	977	977	-	-

Aging structure of financial liabilities overdue as at the end of the reporting period
- aging structure of trade payables overdue as at the end of the reporting period

Period	Total liabilities	Liabilities not overdue	Overdue liabilities payable within 1 month	Overdue liabilities payable within 1 - 3 months	Overdue liabilities payable within 3 - 6 months	Overdue liabilities payable within 6 months - 1 year	Overdue liabilities payable within over 1 year
2014	329	312	9	-	-	8	-
2013	282	268	14	-	-	-	-

The remaining financial liabilities were not overdue as at the end of the reporting period.

(amounts in PLN 000s, unless otherwise stated)

Sensitivity analysis

Interest rate risk - 1 January 2014 - 31 December 2014

Financial instruments by balance sheet item	Book value of financial instruments	Effect on financial result before tax (1% increase)	Effect on equity (assets available for sale) (1% increase)	Effect on financial result before tax (1% decrease)	Effect on equity (assets available for sale) (1% decrease)
Financial assets					
Shares	336 204	-	-	-	-
Short-term loans	-	-	-	-	-
Long-term collateral	-	-	-	-	-
Trade receivables	910	3	-	(3)	-
Receivables not mentioned above other than financial assets	-	-	-	-	-
Debt instruments	163 997	56	-	(56)	-
Cash and cash equivalents	45 307	9	-	(9)	-
cash on hand	-	-	-	-	-
cash at bank accounts	45 210	*9*	-	*(9)*	-
other cash instruments	96	-	-	-	-
Assets classified as held for sale	12 293	-	-	-	-
Financial liabilities	-	-	-	-	-
Credit facilities	-	-	-	-	-
Finance leasing	-	-	-	-	-
Non-current	-	-	-	-	-
Current	-	-	-	-	-
Debt instruments	-	-	-	-	-
Long-term collateral	90	-	-	-	-
Trade payables	329	-	-	-	-
Financial liabilities other than the above	94 665	-	-	-	-
Total		**68**		**(68)**	

The Company did not publish sensitivity analyses for currency risk and other pricing risks because these are not applicable to the Company's operations in 2014.

(amounts in PLN 000s, unless otherwise stated)

Sensitivity analysis

Interest rate risk - 1 January 2013 - 31 December 2013

Financial instruments by balance sheet items	Book value of financial instruments	Effect on financial result before tax (1% increase)	Effect on equity (assets available for sale) (1% increase)	Effect on financial result before tax (1% decrease)	Effect on equity (assets available for sale) (1% decrease)
Financial assets					
Shares	266 022	-	-	-	-
Short-term loans	6 496	6	-	(6)	-
Long-term collateral	-	-	-	-	-
Trade receivables	803	-	-	-	-
Receivables not mentioned above other than financial assets	823	-	-	-	-
Debt instruments	152 131	81	-	(81)	-
Cash and cash equivalents	89 555	26	-	(26)	-
cash on hand	*-*	-	-	-	-
cash at bank accounts	*89 400*	*26*	-	*(26)*	-
other cash instruments	*155*	-	-	-	-
Assets classified as held for sale	3 012	-	-	-	-
Financial liabilities					
Credit facilities	-	-	-	-	-
Finance leasing	-	-	-	-	-
Non-current					
Current					
Debt instruments	-	-	-	-	-
Long-term collateral	15	-	-	-	-
Trade payables	282	-	-	-	-
Financial liabilities other than the above	977	-	-	-	-
Total		**115**		**(115)**	

The Company did not publish sensitivity analyses for currency risk and other pricing risks because these are not applicable to the Company's operations in 2013.

(amounts in PLN 000s, unless otherwise stated)

Profit or loss, by category of instrument

Interest income	1 Jan - 31 Dec 2014	1 Jan - 31 Dec 2013
Cash and cash equivalents	854	2 644
Debt instruments	5 613	8 128
Loans issued	39	696
Trade receivables	256	44
Financial receivables other than mentioned above	-	-
	6 762	**11 512**

Interest costs	1 Jan - 31 Dec 2014	1 Jan - 31 Dec 2013
Short- and long-term credit facilities	-	-
Loans received	-	-
Finance leasing	-	-
Debt instruments	-	-
Trade payables	(2)	(3)
Financial liabilities other than the above		-
	(2)	**(3)**

(amounts in PLN 000s, unless otherwise stated)

2. Capital risk management

The Company manages its capital so as to ensure its ability to continue as a going concern, taking into consideration planned investments, in order to generate returns for shareholders and provide benefits to other stakeholders, as well as to maintain the optimal capital structure so as to minimise its cost.

In accordance with market practices, the Company monitors its capital based on the equity ratio and credit facilities, loans and other financing sources to EBITDA.

The equity ratio is calculated as net property, plant and equipment (equity less intangible assets) divided by equity and liabilities.

The 'credit facilities, loans and other financing sources to EBITDA' ratio is calculated as credit facilities, loans and other financing sources divided by EBITDA. 'Credit facilities, loans and other financing sources' means the total value of liabilities due to credit facilities, loans and leasing, while EBITDA is defined as operating profit less depreciation.

In order to maintain financial liquidity and creditworthiness enabling to raise external capital at reasonable cost, the Company aims to maintain the equity ratio at no less than 0.5 and the 'credit facilities, loans and other financing sources to EBITDA' ratio at up to 2.0.

	31.12.2014	31.12.2013
Equity	494 961	580 702
Minus: intangible assets	(1 588)	(3 582)
Equity, less intangible assets	493 373	577 121
Balance sheet total	595 384	584 016
Equity ratio	**0.83**	**0.99**

	31.12.2014	31.12.2013
Operating profit	4 506	(3 622)
Plus: depreciation	2 352	1 706
EBITDA	6 858	(1 915)
Credit facilities, loans and other financing sources	-	-
Ratios: Credit facilities, loans and other financing sources / EBITDA	-	-

The Company was not subject to capital requirements in 2014 or 2013.

Note 50 Significant events after the end of the reporting period

a) Purchase of shares in Emperia Holding S.A. by subsidiary Elpro Development (formerly P1 Sp. z o.o.) under Emperia Holding S.A.'s buy-back programme

Pursuant to an authorisation issued through resolutions 3 and 4 of the Extraordinary General Meeting of Emperia Holding S.A. of 11 October 2012 concerning the meeting's approval for Emperia Holding S.A. and one of its subsidiaries to purchase own shares and specify the terms of such purchases, and on the execution by Emperia Holding S.A. and subsidiaries of certain agreements, as well as pursuant to resolution 3/04/2013 of Emperia Holding S.A.'s Supervisory Board of 12 September 2013, subsidiary Elpro Development (formerly P1 Sp. z o.o.) purchased Emperia Holding's shares, in the following blocks:

(amounts in PLN 000s, unless otherwise stated)

Transaction date	Number of purchased shares	Nominal value of shares	Price per share	Number of votes at Emperia Holding S.A.'s general meeting	% of share capital
16 January 2014	14 667	PLN 1	70.47	14 667	0.097%
4 February 2014	18 407	PLN 1	71.18	18 407	0.122%
14 February 2014	9 867	PLN 1	71.77	9 867	0.065%
7 March 2014	12 557	PLN 1	71.10	12 557	0.083%
12 March 2014	12 749	PLN 1	66.11	12 749	0.084%
17 March 2014	20 040	PLN 1	65.41	20 040	0.133%
19 March 2014	14 835	PLN 1	64.22	14 835	0.098%
21 March 2014	15 200	PLN 1	62.28	15 200	0.101%
31 Mar 2014	16 570	PLN 1	64.26	16 570	0.110%
10 April 2014	22 675	PLN 1	66.03	22 675	0.150%
22 April 2014	19 287	PLN 1	67.49	19 287	0.128%
30 April 2014	15 090	PLN 1	67.54	15 090	0.100%
8 May 2014	13 497	PLN 1	68.09	13 497	0.089%
14 May 2014	16 198	PLN 1	65.87	16 198	0.107%
28 May 2014	10 778	PLN 1	63.00	10 778	0.071%
10 June 2014	10 620	PLN 1	61.66	10 620	0.070%
11 June 2014	22 166	PLN 1	62.08	22 166	0.147%
13 June 2014	8 911	PLN 1	61.78	8 911	0.059%
23 June 2014	19 771	PLN 1	60.42	19 771	0.131%
3 July 2014	28 805	PLN 1	59.90	28 805	0.191%

At the same time, the Company announced the completion of a buyback programme at Emperia Holding S.A. carried out by subsidiary Elpro Development S.A. (formerly P1 Sp. z o.o.) as a result of having used up the entire amount authorised for this purpose by the general meeting and expiry of the deadline for the buyback programme.

Elpro Development S.A. (formerly P1 Sp. z o.o.) and the Issuer held a total of 1 709 712 shares in the Issuer, entitling to 1 709 712 (11.311%) votes at the Issuer's general meeting and constituting 11.311% of the Issuer's share capital.

b) Purchase of bonds issued by subsidiaries

On 24 January 2014, Emperia Holding S.A. purchase short-term bonds issued by Stokrotka Sp. z o.o. and Elpro Ekon Sp. z o.o. S.K.A. Total value of the bonds was PLN 187 million.

On 28 February 2014, Emperia Holding S.A. purchase short-term bonds issued by Stokrotka Sp. z o.o. and Elpro Ekon Sp. z o.o. S.K.A. Total value of the bonds was PLN 119 million.

On 4 April 2014, Emperia Holding S.A. purchase short-term bonds issued by Stokrotka Sp. z o.o. and Elpro Ekon Sp. z o.o. S.K.A. Total value of the bonds was PLN 127 million.

On 9 May 2014, Emperia Holding S.A. purchase short-term bonds issued by Stokrotka Sp. z o.o. and Elpro Ekon Sp. z o.o. S.K.A. Total value of the bonds was PLN 136 million.

On 6 June 2014, Emperia Holding S.A. purchase short-term bonds issued by Stokrotka Sp. z o.o. and Elpro Ekon Sp. z o.o. S.K.A. Total value of the bonds was PLN 151 million.

On 4 July 2014, Emperia Holding S.A. purchase short-term bonds issued by Stokrotka Sp. z o.o. and Elpro Ekon Sp. z o.o. S.K.A. Total value of the bonds was PLN 151 million.

On 14 August 2014, Emperia Holding S.A. purchase short-term bonds issued by Stokrotka Sp. z o.o. and Elpro Ekon Sp. z o.o. S.K.A. Total value of the bonds was PLN 149 million.

On 12 September 2014, Emperia Holding S.A. purchase short-term bonds issued by Stokrotka Sp. z o.o. and Elpro Ekon Sp. z o.o. S.K.A. Total value of the bonds was PLN 153.5 million.

On 10 October 2014, Emperia Holding S.A. purchase short-term bonds issued by Stokrotka Sp. z o.o. and Elpro Ekon Sp. z o.o. S.K.A. Total value of the bonds was PLN 153.5 million.

On 14 November 2014, Emperia Holding S.A. purchase short-term bonds issued by Stokrotka Sp. z o.o. and Elpro Ekon Sp. z o.o. S.K.A. Total value of the bonds was PLN 161.5 million.

On 12 December 2014, Emperia Holding S.A. purchase short-term bonds issued by Stokrotka Sp. z o.o. and Elpro Ekon Sp. z o.o. S.K.A. Total value of the bonds was PLN 160 million.

c) Changes in the buy-back programme

On 4 February 2014, the Management Board of Emperia Holding S.A. announced that due to significantly low liquidity of Emperia Holding S.A. shares, the average daily purchase under Emperia Holding S.A.'s share buy-back programme by P1 Sp. z o.o., based in Lublin, may - from 5 February 2014 - exceed the 25% threshold. The buy-back of Emperia Holding S.A.'s shares will not exceed 50% of the average daily value.

d) Offer to purchase shares in Emperia Holding S.A. by subsidiary Elpro Development (formerly P1 Sp. z o.o.)

On 20 March 2014, the Management Board of Emperia Holding S.A. announced a proposal to purchase shares in Emperia Holding S.A. by subsidiary Elpro Development (formerly P1 Sp. z o.o.). The subject of the purchase proposal was up to 160 000 ordinary bearer shares. The offer price was PLN 60 per share.
Under the purchase proposal, Elpro Development S.A. (formerly P1 Sp. z o.o.) purchased 120 000 shares, constituting 0.794% of Emperia Holding S.A.'s share capital and entitling to 120 000 (0.794%) of votes at the general meeting. The shares bought back are to be redeemed by the Issuer.

On 19 May 2014, the Management Board of Emperia Holding S.A. announced an offer to purchase shares in Emperia Holding S.A. by subsidiary Elpro Development S.A. (formerly P1 Sp. z o.o.). The subject of the offer was up to 93 000 ordinary bearer shares. The offer price was PLN 60 per share.
Under the purchase proposal, Elpro Development S.A. (formerly P1 Sp. z o.o.) purchased 1 893 shares, constituting 0.013% of Emperia Holding S.A.'s share capital and entitling to 1 893 (0.013%) of votes at the general meeting. The shares bought back are to be redeemed by the Issuer.

On 12 December 2014, the Management Board of Emperia Holding S.A. announced an offer to purchase shares in Emperia Holding S.A. by subsidiary Elpro Development S.A. (formerly P1 Sp. z o.o.). The subject of the offer was up to 100 000 ordinary bearer shares. The offer price was PLN 50 per share.
Under the purchase proposal, Elpro Development S.A. (formerly P1 Sp. z o.o.) purchased 100 000 shares, constituting 0.659% of Emperia Holding S.A.'s share capital and entitling to 100 000 (0.659%) of votes at the general meeting. The shares bought back are to be redeemed by the Issuer.

e) Ordinary General Meeting of Emperia Holding S.A.

An Ordinary General Meeting of Emperia Holding S.A. was held on 5 June 2014. The subject of the meeting was review and approval of the management report on the Company's operations, review and approval of Emperia Holding S.A.'s 2013 financial statements, review and approval of the 2013 consolidated financial statements, adoption of resolution on profit distribution, grant of approval to Supervisory Board and Management Board members, adoption of resolutions on Supervisory Board appointments and adoption of resolutions of amendment to the Company's articles of association.

f) Issue of bonds in connection with the Management Options Programme

On 12 June 2014, the Management Board of Emperia Holding S.A. adopted a resolution on issue by the Company of 114 564 series A bonds, and a proposal to purchase them was sent to Millennium DM S.A.
On 16 June 2014, Millennium DM S.A. accepted the proposal to purchase 114 564 series A bonds issued by the Company at par value and issue price of PLN 0.01, i.e. for a total consideration of PLN 1 145.64. Authorised persons may purchase these bonds from the brokerage between 1 July 2014 and 30 June 2018, and exchange them for series P shares in Emperia Holding S.A., with nominal value of PLN 1.00 each.

g) Purchase and redemption of units in Ipopema SFIO sub-funds

On 28 June 2014, the Supervisory Board of Emperia Holding S.A., through a resolution, granted consent for the Company and its subsidiaries to purchase and redeem, on an unlimited number of times, units in two sub-funds belonging to Ipopema SFIO, i.e. Sub-Fund Ipopema Cash and Sub-Fund Ipopema Bonds, with the stipulation that the total amount of funds invested by the Company and subsidiaries, calculated using unit purchase prices, may not exceed PLN 50 million.
The Management Board is required to systematically monitor profitability of the investment mentioned above. Should profitability fall to less than 70% of average WIBID 1M for two subsequent weeks, the Management Board will redeem its units.

h) Management Board resolution on adoption of a buy-back programme at Emperia Holding S.A. by Elpro Development S.A. (formerly P1 Sp. z o.o.)

On 3 July 2014, Emperia Holding S.A.'s Management Board adopted a resolution on adoption of a buyback programme at Emperia Holding S.A. by P1 Sp. z o.o., based in Lublin, and decided to execute an agreement with subsidiary Elpro Development S.A. (formerly P1 Sp. z o.o.) concerning re-sale of shares to Emperia Holding S.A. Commencement by Elpro Development S.A. (formerly P1 Sp. z o.o.) of the buyback programme took place pursuant to an authorisation issued through resolutions 3 and 4 of the Extraordinary General Meeting of Emperia Holding S.A. of 11 October 2012 concerning the meeting's approval for Emperia Holding S.A. and its subsidiaries to purchase own shares and specify the terms of such purchases, and on the execution by Emperia Holding S.A. and subsidiaries of certain agreements, as well as pursuant to resolution 3/04/2014 of Emperia Holding S.A.'s Supervisory Board of 8 April 2014. The funds used to buy shares in the Company may not exceed PLN 35 000 000. The programme will be completed on 31 December 2014 at the latest.

i) Purchase of shares in Emperia Holding S.A. by subsidiary Elpro Development (formerly P1 Sp. z o.o.) under Emperia Holding S.A.'s buy-back programme

Pursuant to an authorisation issued through resolutions 3 and 4 of the Extraordinary General Meeting of Emperia Holding S.A. of 11 October 2012 concerning the meeting's approval for Emperia Holding S.A. and one of its subsidiaries to purchase own shares and specify the terms of such purchases, and on the execution by Emperia Holding S.A. and subsidiaries of certain agreements, as well as pursuant to resolution 3/04/2013 of Emperia Holding S.A.'s Supervisory Board of 8 April 2014, subsidiary Elpro Development (formerly P1 Sp. z o.o.) purchased Emperia Holding's shares, in the following blocks:

(amounts in PLN 000s, unless otherwise stated)

Transaction date	Number of purchased shares	Nominal value of shares	Price per share	Number of votes at Emperia Holding S.A.'s general meeting	% of share capital
23 July 2014	26 050	PLN 1	56.43	26 050	0.172%
1 August 2014	19 267	PLN 1	60.15	19 267	0.127%
13 August 2014	31 005	PLN 1	60.04	31 005	0.205%
27 August 2014	32 226	PLN 1	55.57	32 226	0.213%
10 September 2014	22 443	PLN 1	55.27	22 443	0.148%
24 September 2014	27 078	PLN 1	51.75	27 078	0.178%
3 October 2014	28 490	PLN 1	51.11	28 490	0.188%
8 October 2014	20 592	PLN 1	49.39	20 592	0.136%
10 October 2014	26 292	PLN 1	51.15	26 292	0.173%
15 October 2014	27 385	PLN 1	49.44	27 385	0.180%
17 October 2014	17 700	PLN 1	48.31	17 700	0.117%
22 October 2014	26 308	PLN 1	47.17	26 308	0.173%
24 October 2014	16 999	PLN 1	45.90	16 999	0.112%
31 October 2014	28 753	PLN 1	50.33	28 753	0.189%
7 November 2014	27 095	PLN 1	49.73	27 095	0.178%
18 November 2014	24 949	PLN 1	48.63	24 949	0.164%
28 November 2014	22 620	PLN 1	47.39	22 620	0.149%
10 December 2014	24 255	PLN 1	50.10	24 255	0.160%
23 December 2014	22 386	PLN 1	50.93	22 386	0.147%

Elpro Development S.A. (formerly P1 Sp. z o.o.) Emperia Holding Sp. z o.o. held a total of 2 281 605 shares in the Issuer, entitling to 2 281 605 (15.031%) votes at the Issuer's general meeting and constituting 15.031% of the Issuer's share capital.

j) Amendment of buy-back programme at Emperia Holding S.A. by subsidiary Elpro Development S.A. (formerly P1 Sp. z o.o.)

On 15 July 2014, the Management Board of Emperia Holding S.A. announced that due to significantly low liquidity of Emperia Holding S.A. shares, the average daily purchase under Emperia Holding S.A.'s buy-back programme by P1 Sp. z o.o., based in Lublin, may - from 16 July 2014 - exceed the 25% threshold. The buy-back of Emperia Holding S.A.'s shares will not exceed 50% of the average daily value.

k) Performance of the Incentive Programme, 2010 tranche

On 12 August 2014, Emperia Holding S.A.'s Management Board announced that, pursuant to Resolution 2 of the Company's Extraordinary General Meeting on 4 March 2010 (current report 7/2010 of 5 March 2010), concerning, among others, establishing the principles for the Company's Incentive Programme 2010-2012 (the 'Incentive Programme'), on issue of series A, B and C bonds with pre-emptive rights and on a conditional increase of share capital through issue of shares with exclusion of the existing shareholders' pre-emptive rights, which was subsequently amended through Resolution 2 of the Company's Extraordinary General Meeting on 6 December 2011 and Resolution 18 of the Company's Ordinary General Meeting of 15 May 2012. The Company issued 114 564 series A registered bonds with priority rights to shares (the "Bonds").
The issue was carried out in the manner referred to in art. 9 point 3 of the Act of 29 June 1995 on Bonds (consolidated text: Polish Journal of Laws of 2014 item 730, as amended). Each of the Bonds issued in accordance with the issue terms constitutes a registered security issued in a series, in accordance with art. 5a of the Act on

Bonds.
The issue of Bonds was carried out by sending a proposal to purchase bonds by Millennium DM S.A., based in Warsaw, acting as the "Trustee." The Trustee will purchase the Bonds only on behalf of the Authorised Persons participating in the Incentive Programme.
The bond issue objective is to implement the 2010 tranche of the Incentive Programme for members of the Company's Management Board and other top managers at the Company and its subsidiaries, who were entered into the list of Authorised Persons, as approved by the Issuer's Supervisory Board.
The issue consists of 114 564 unsecured, zero-coupon, dematerialised, registered bonds series A. The issue price for one Bond is PLN 0.01 and is equal to its par value. The total par value of the Bonds issued is PLN 1 145.64.
Each of the Bonds entitles the Bondholder to subscribe for one ordinary bearer share series P, with pre-emptive rights in relation to the Company's shareholders.
The issue price of one Share offered under the Incentive Programme shall be the equivalent of the arithmetic average of the Company's closing share price on the Warsaw Stock Exchange for the 90-day period preceding the day on which Resolution no. 2 of the Company's Extraordinary General Meeting of 4 March 2010 was adopted, less 5% and less an adjustment calculated in the event that the Company pays out a dividend of more than 40% of the consolidated net profit for the previous financial years. The detailed means of calculating the issue price is presented in Resolution no. 2 of the Company's Extraordinary General Meeting of 6 December 2011 The issue price of Series P Shares, calculated as at the date of the Bond issue, is PLN 24.82. A change in the issue price may take place each year after the Company's pays out a dividend.
The pre-emptive right to subscribe for and acquire Series P shares will be available to the Authorised Persons during the period from 1 July 2014 to 30 June 2018.
The Company will buy back the Series A Bonds, in respect to which a Bondholder has exercised the pre-emptive right to subscribe for and acquire Series P shares, no later than 30 days after such Bondholder submits a subscription for the Shares, and in any case no later than by 30 June 2018, through payment of an amount equivalent to the par value.

l) Buyback and redemption of series A bonds under the Incentive Programme

On 18 August 2014, Emperia Holding S.A.'s Management Board announced that it received information from Millennium DM S.A. on the buyback of 64 428 series A Bonds with pre-emptive rights to series P Shares. Buyback and redemption of the Bonds by the Company from the Authorised Persons was part of the Incentive Programme. The average unit price per Bond paid was PLN 0.01 and was equal to par value.

On 8 October 2014, Emperia Holding S.A.'s Management Board announced that it received information from Millennium DM S.A. on the buyback of 2 160 series A Bonds with pre-emptive rights to series P Shares. Buyback and redemption of the Bonds by the Company from the Authorised Persons was part of the Incentive Programme. The average unit price paid for the Bonds was PLN 0.01 and was equal to par value.

On 12 November 2014, Emperia Holding S.A.'s Management Board announced that it received information from Millennium DM S.A. on the buyback of 452 series A Bonds with pre-emptive rights to series P Shares. Buyback and redemption of the Bonds by the Company from the Authorised Persons was part of the Incentive Programme. The average unit price per Bond paid was PLN 0.01 and was equal to par value.

On 9 December 2014, Emperia Holding S.A.'s Management Board received information from Millennium DM S.A. on the buyback of 41 364 series A Bonds with pre-emptive rights to series P Shares. Buyback and redemption of the Bonds by the Company from the Authorised Persons was part of the Incentive Programme. The average unit price per Bond paid was PLN 0.01 and was equal to par value.

m) Introduction of Emperia Holding S.A.'s shares to trading and change in share capital structure

On 9 September 2014, the Management Board of Emperia Holding S.A. announced the introduction to stock-market trading of 64 428 ordinary bearer shares series P, with a nominal value of PLN 1 each. Introducing the series

P shares to trading is a part of Emperia Holding S.A.'s Management Options Programme. The Company announced via current reports the terms and deadlines for registering the series P shares by the KDPW, as well as the admission and introduction of the series P shares to stock-market trading.
From 9 September 2014, the Issuer's share capital amounts to PLN 15 179 589 and is divided into 15 179 589 ordinary bearer shares, with a nominal value of PLN 1 each. The total number of voting rights carried by all of the Issuer's outstanding shares is 15 179 589.

n) Purchase of shares in Emperia Holding S.A. by members of Emperia Holding S.A.'s supervisory board or management board

On 9 September 2014, the Management Board of Emperia Holding S.A. announced that it received notifications from persons on Emperia Holding S.A.'s supervisory board and management board regarding registration, in their securities accounts, of a total of 30 420 shares of Emperia Holding S.A., series P, purchased under the Management Options Programme. The shares were purchased for PLN 24.82 each.

o) Purchase of shares in Emperia Holding S.A. from subsidiary Elpro Development S.A. (formerly P1 Sp. z o.o.)

On 30 October 2014, the Management Board of Emperia Holding S.A. announced that the Issuer purchased for redemption, with shareholder approval, 1 411 532 ordinary bearer shares of the Issuer, with a nominal value of PLN 1 each, from subsidiary Elpro Development S.A. (formerly P1 Sp. z o.o.). The purchased shares constitute 9.299% of the Issuer's share capital and entitle to 1 411 532 (9.299%) votes at the Issuer's general meeting. The average per-share price paid was PLN 65.98.
Following the transaction, the Issuer held 2 031 547 own shares, entitling to 2 031 547 (13.383%) votes at the Issuer's general meeting and constituting 13.383% of the Issuer's share capital. Following the transaction, Elpro Development S.A. (formerly P1 Sp. z o.o.) did not hold any shares of the Issuer.

p) Preparations for Emperia Holding S.A.'s split-up suspended

Having analysed the conditions prevailing on the FMCG retail market and considering the unsatisfactory stock market valuations of retail companies, the Management Board of Emperia Holding S.A. decided on 30 October 2014 to suspend preparations for the company's split-up, which was communicated by the Issuer on 16 January 2014. Given the above, the deadline for completing the split-up procedure has changed.
The new deadline for the on-going procedure will be dependent on an updated assessment of market conditions and any future decisions by the company to participate in the operational and equity consolidation of the retail market.

q) Extraordinary General Meeting of Emperia Holding S.A.

On 26 November 2014, an Extraordinary General Meeting of Emperia Holding S.A. was held, which adopted a resolution on cancellation of own shares, purchased by the company, and reduction in share capital, alongside adoption of a resolution on consent for purchasing shares of Emperia Holding S.A. by subsidiaries for cancellation, and adoption of a resolution regarding amendment of the Company's articles of association in as far as the expiry date for call options is concerned as well as amendments pertaining to an independent member of the Supervisory Board.

r) Notifications regarding transactions executed by persons with access to confidential information

On 19 December 2014, the Management Board of Emperia Holding S.A. received information that a member of the Company's Supervisory Board donated 15 000 shares in Emperia Holding S.A. The donation was executed pursuant to a civil-law agreement, outside the regulated market.

(amounts in PLN 000s, unless otherwise stated)

On 19 December 2014, the Management Board of Emperia Holding S.A. received information that a person having close ties to a member of the Company's Supervisory Board received 15 000 shares in Emperia Holding S.A. The donation was executed pursuant to a civil-law agreement, outside the regulated market.

On 19 December 2014, the Management Board of Emperia Holding S.A. received information that a person having close ties to a member of the Company's Supervisory Board donated 15 000 shares in Emperia Holding S.A. The donation was executed pursuant to a civil-law agreement, outside the regulated market.

s) Management Board resolution on adoption of a buy-back programme at Emperia Holding S.A.

On 30 December 2014, the Management Board of Emperia Holding S.A. passed a resolution extending the "Buy-back programme at Emperia Holding S.A. by ELPRO DEVELOPMENT S.A., based in Lublin (formerly P1 Sp. z o.o.)" to 31 March 2015.

Note 51 Significant events after the end of the reporting period

a) Purchase of shares in Emperia Holding S.A. by subsidiary Elpro Development (formerly P1 Sp. z o.o.) under Emperia Holding S.A.'s buy-back programme

Pursuant to an authorisation issued through resolutions 3 and 4 of the Extraordinary General Meeting of Emperia Holding S.A. of 11 October 2012 concerning the meeting's approval for Emperia Holding S.A. and one of its subsidiaries to purchase own shares and specify the terms of such purchases, and on the execution by Emperia Holding S.A. and subsidiaries of certain agreements, as well as pursuant to resolution 3/04/2013 of Emperia Holding S.A.'s Supervisory Board of 8 April 2014, subsidiary Elpro Development (formerly P1 Sp. z o.o.) purchased Emperia Holding's shares, in the following blocks:

Transaction date	Number of purchased shares	Nominal value of shares	Price per share (in PLN)	Number of votes at Emperia Holding S.A.'s general meeting	% of share capital
13 January 2015	10 730	PLN 1	49.90	10 730	0.071%
29 January 2015	25 231	PLN 1	50.05	25 231	0.166%
9 February 2015	21 785	PLN 1	54.18	21 785	0.143%
18 February 2015	31 495	PLN 1	53.87	31 495	0.207%
24 February 2015	21 652	PLN 1	54.37	21 652	0.142%
4 March 2015	30 990	PLN 1	54.56	30 990	0.204%
10 March 2015	23 050	PLN 1	58.12	23 050	0.151%
17 March 2015	24 601	PLN 1	61.92	24 601	0.162%
20 March 2015	22 231	PLN 1	63.60	22 231	0.146%
26 March 2015	22 750	PLN 1	63.42	22 750	0.149%
31 March 2015	23 455	PLN 1	63.84	23 455	0.154%
8 April 2014	23 850	PLN 1	63.60	23 850	0.157%
16 April 2014	26 420	PLN 1	62.59	26 420	0.174%
24 April 2014	21 128	PLN 1	60.56	21 128	0.139%

Elpro Development S.A. (formerly P1 Sp. z o.o.) and Emperia Holding Sp. z o.o. held a total of 2 610 973 shares in the Issuer, entitling to 2 610 973 (17.151%) votes at the Issuer's general meeting and constituting 17.151% of the Issuer's share capital.

b) Purchase of shares in Emperia Holding S.A. by a member of Emperia Holding S.A.'s Supervisory Board

On 16 January, the Management Board of Emperia Holding S.A. announced that it received notification from a person on Emperia Holding S.A.'s Supervisory Board regarding registration in his securities accounts of a total of 15 000 shares of Emperia Holding S.A., series P, purchased under the Management Options Programme. The shares were purchased for PLN 24.82 each.

c) Purchase of bonds issued by subsidiaries

On 23 January 2015, Emperia Holding S.A. purchase short-term bonds issued by Stokrotka Sp. z o.o. and Elpro Ekon Sp. z o.o. S.K.A. Total value of the bonds was PLN 153.5 million.

On 27 February 2015, Emperia Holding S.A. purchase short-term bonds issued by Stokrotka Sp. z o.o. and Elpro Ekon Sp. z o.o. S.K.A. Total value of the bonds was PLN 148.5 million.

On 27 March 2015, Emperia Holding S.A. purchase short-term bonds issued by Stokrotka Sp. z o.o. and Elpro Ekon Sp. z o.o. S.K.A. Total value of the bonds was PLN 133.5 million.

d) Resolution by Emperia Holding S.A.'s Management Board regarding amendment of "Emperia Holding S.A.'s buyback programme by Elpro Development S.A., based in Lublin (formerly P1 Sp. z o.o.)"

On 29 January 2015, Emperia Holding S.A.'s Management Board announced that it had adopted resolutions regarding amendment of "Emperia Holding S.A.'s buyback programme by Elpro Development S.A., based in Lublin (formerly P1 Sp. z o.o.). Pursuant to the agreed resolutions, the buyback programme size was increased to PLN 70 million, and the programme extended to 31 December 2015.

e) Decrease in Emperia Holding S.A. voting rights held

On 14 April 2015, the Management Board of Emperia Holding S.A. received notification from ALTUS TFI S.A. that as a result of having settled on 9 April 2015 a transaction to sell 4 764 shares of Emperia Holding S.A., its stake in total votes of Emperia Holding S.A. decreased by more than 2% in comparison with ALTUS TFI S.A.'s notification from 1 July 2013. Following settlement of the above transaction, ALTUS 29 FIZ, managed by ALTUS TFI S.A., held 1 653 629 shares of the Company, which constituted 10.86% in the Company's total number of votes and share capital.

Note 52 Settlements connected with court proceedings

On 9 May 2012, the Management Board of Emperia Holding S.A. filed a suit with the Court of Arbitration at the Polish Chamber of Commerce against Ernst & Young Audit Sp. z o.o., having its registered office in Warsaw, for payment of PLN 431 053 618.65 as compensation for damages suffered by the Company as a result of the non-performance of an agreement between Emperia Holding S.A. and Eurocash S.A. and Ernst & Young Audit Sp. z o.o. The Company suffered damages due to the fact that Ernst & Young Audit Sp. z o.o. did not draft a report which was to constitute the basis for establishing a price for the shares being sold to Eurocash S.A. As a result of this non-performance of obligations by Ernst & Young Audit Sp. z o.o., a dispute arose between the Company and Eurocash S.A. regarding the share price. An arbitrage proceeding was consequently initiated, which ended in an arrangement consisting of the sale of shares for a price lower than that resulting from the investment agreement between the Company and Eurocash S.A.

On 2 January 2013, the Company received a decision of the Court of Arbitration at the Polish Chamber of Commerce of 11 December 2013, ruling that Ernst & Young Audit Sp. z o.o. pay the Company the following: PLN 795 000 with statutory interest from 6 April 2012 to payment date in damages for non-performance of an agreement executed between Emperia Holding S.A. and Eurocash S.A. and Ernst & Young Audit Sp. z o.o., along with PLN 839 180 for refund of the costs of the proceeding. The remaining part of the dispute was rejected.

On 17 February 2014, Ernst & Young Audit Sp. z o.o. paid PLN 795 000 in damages, PLN 109 108.77 in interest and PLN 839 180 in refund of the costs of proceedings, bringing the total to PLN 1 827 288.77. The transaction was recognised in the accounts in Q1 2014.

On 2 April 2014, the Management Board of Emperia Holding S.A. filed an appeal with the District Court in Warsaw, 20th Commercial Division, seeking for the ruling by the Court of Arbitration at the Polish Chamber of Commerce of 11 December 2013 to be overturned. In Emperia's opinion, the Court of Arbitration issued its ruling in violation of the principle legal regulations in Poland, including the principles concerning full compensation and absolute liability for damages. The Issuer believes that the ruling did not take into consideration some of the evidence, violated equal treatment rules and did not meet the requirements concerning composition of an arbitration body. The value of the above appeal is PLN 430 258 619.

Aside from the above case, in 2014 the Company did not participate in any other proceedings before a court or other authority concerning liabilities or receivables with an aggregate value exceeding 10% of its equity.

Note 53 Non-repayment or infringement of credit facility agreements and lack of restructuring activities

Did not occur at the Company.

Note 54 Discontinued operations

Did not occur at the Company.

Lublin, 20 March 2015

Signatures of all Management Board members

2015-03-20 Dariusz Kalinowski President of the Management Board

....
Signature

2015-03-20 Cezary Baran Vice-President of the Management Board

....
Signature

Signatures of persons responsible for book-keeping

2015-03-20	Elżbieta Świniarska	Economic Director	.... Signature
2015-03-20	Tomasz Koszczan	Head of Accounting	.... Signature

(amounts in PLN 000s, unless otherwise stated)

8. Management report on the operations of Emperia Holding S.A. in 2014

8.1 Financial highlights

Item	2014	2013	%
Revenue from sales	13 931	6 396	117.8%
EBITDA	6 859	(1 915)	-
Operating profit	4 507	(3 622)	-
Profit before tax	19 377	13 825	40.2%
Net profit	16 865	12 177	38.5%
Total assets	595 384	584 016	1.9%
Liabilities and liability provisions	100 423	3 314	2 930.3%
Current liabilities	99 637	2 658	3 648.9%
Net assets	494 961	580 702	-14.8%
Weighted average number of shares	13 440	14 235	-5.6%
Net earnings per share, annualised (in PLN)	1.25	0.86	46.7%

Operational performance and ability to meet liabilities

Item	2014	2013
Return on invested capital (net profit for the period / equity at the end of the period) in %	3.41%	2.10%
Return on assets (net profit for the period / assets at the end of the period) in %	2.83%	2.09%
Sales margin (profit from sales for the period / revenue from sales for the period) in %	48.37%	-0.29%
EBITDA margin, in %	49.23%	-29.95%
EBIT operating margin (operating profit for the period / revenue from sales for the period) in %	32.35%	-56.63%
Gross margin (profit for the period / revenue from sales for the period) in %	139.09%	216.16%
Net margin (profit from sales for the period / revenue from sales for the period) in %	121.05%	190.39%

The Company reported a more than 38% increase in net profit in 2014, compared with 2013. The main impact on results came from strong growth in property segment revenue (in December 2013, the Company acquired four locations from subsidiaries). A more than 10-fold increase in profit on other operating activities results from the sale of a property located in Lublin, ul. Tarasowa, and sale of a property at ul. Frazerów in Lublin. Result on financing activities declined by 15% during the analysed period.

(amounts in PLN 000s, unless otherwise stated)

8.2. Scope of Emperia Holding S.A.'s business

Emperia Holding S.A. is a holding company for entities comprising Emperia Group, and in particular provides services such as legal, management accounting, book-keeping, HR, IT, cash flow management, investment and email management. After the restructuring process, motivated by the sale of the distribution business and change in the shared services strategy, Emperia now focuses on provision of services to companies in the property development and IT segments.
Furthermore, the Company provides trade intermediary services (support services for trade partners in the retail segment).
From 2014, the Company also manages properties: own and those belonging to other companies in the property segment.
Emperia Holding S.A. operates in Poland.

8.3 Assessment of financial management in 2014 using liquidity ratios, along with the structure, rotation and level of debt

Liquidity ratios	2014	2013
Current ratio (current assets / current liabilities)	2.24	98.81
Quick ratio (liquid current assets / current liabilities)	2.24	98.81
Cash ratio (short-term investments / current liabilities)	2.10	93.38

High liquidity ratios are due to the Company's cash and short-term securities (bonds). These funds are mainly from the sale of Tradis Sp. z o.o. The decrease in ratios in comparison with 2013 results the settlement of a buy-back programme. At the end of 2014, liabilities connected with the above programme towards a subsidiary (Elpro Development) amounted to more than PLN 93 million.

Turnover cycles for key components of working capital	2014	2013
Inventory turnover days (inventory / value of goods for resale and materials sold*number of days in period)	-	-
Receivables turnover days (current receivables / revenue from sales*number of days in period)	32.27	647.03
Payables turnover days ([current liabilities - current borrowings] / value of goods for resale and materials sold*number of days in period)	-	54 921.63
Asset productivity (revenue from sales / total assets)	0.02	0.01
Non-current asset productivity (revenue from sales / non-current assets)	0.04	0.02

An inventory turnover of zero results from a lack of inventory as at the end of 2014. A decline in the receivables ratio resulted from both higher revenue from sales and decrease in receivables (by nearly 90%). Payables turnover of zero results from a lack of cost of sales (the Company does not sell products). Current liabilities grew considerably because of settlement of a buy-back programme.

(amounts in PLN 000s, unless otherwise stated)

Debt ratios	2014	2013
Debt ratio (liabilities and liability provisions / total assets)	0.17	0.01
Debt to equity (liabilities and liability provisions / equity)	0.20	0.01
Equity-to-assets ratio (equity / total assets)	0.83	0.99
Long-term debt ratio (non-current liabilities / total assets)	-	-

The increase in debt resulted from growth in current liabilities. This change is described earlier.

8.4 Sales markets

Despite a limited scope for holding services provided, the Company's main customers continue to be subsidiaries within Emperia Group.

8.5 Significant agreements

As regards banking services, the Company works with PKO BP S.A., Bank PEKAO S.A. and BRE Bank S.A.

From 1 October 2013, the Company's insurer is TUiR Warta S.A. The Company also has civil liability insurance. Insurance agreements have been executed for an 18-month period.
As regards transport insurance, agreements were executed with Uniqa Towarzystwo Ubezpieczeń S.A. and PZU S.A.

8.6 Key events at Emperia Holding S.A. in 2014

In 2014, the Company undertook activities aimed at consolidating and carving out the property segment, in accordance with the relevant disclosures. During the present period, development of structures for the future property company was finalised. Other events are described in 7.2.9.

8.7 Extraordinary events having an impact on annual performance

In 2014, PLN 1.8 million in damages and court costs was received (Note 52). In April 2014, a property at ul. Frezerów in Lublin was sold (gain on the transaction was PLN 0.6 million gross). In December 2014, a property at ul. Tarasowa in Lublin was sold (gross gain on the transaction was PLN 0.7 million, after consolidation adjustments). Costs were also incurred in connection with the liquidation of the Milea brand (PLN 1 million).

(amounts in PLN 000s, unless otherwise stated)

8.8 Revenue and profit by operating segment

Revenue and profit by operating segment at Emperia Holding S.A. in 2014:

	Retail	Property	Central management	IT
Segment revenue	2 634	9 973	1 324	13 931
External revenue	2 634	1 773	26	4 433
Inter-segment revenue	-	8 201	1 298	9 499
Total segment costs	(632)	(5 940)	(4 666)	(11 238)
Profit on sales	2 002	4 034	(3 342)	2 693
Result on other operating activities	-	1 250	563	1 813
Result on financing activities	-	770	14 101	14 870
Gross result	2 002	6 053	11 321	19 376
Tax	(380)	(1 124)	(1 007)	(2 511)
Share of the profit of equity-accounted entities	-	-	-	-
Net segment result	**1 622**	**4 929**	**10 314**	**16 865**

	Retail	Property	Central management	Total
Segment assets / liabilities	-	40 395	554 990	595 384
Goodwill	-	-	-	-

	Retail	Property	Central management	Total
Capital expenditures	-	(4 566)	-	(4 566)
Depreciation / amortisation	-	(1 321)	(1 031)	(2 352)

In 2013, Emperia Holding S.A. did not report separate segments.

8.9 Capital expenditures

In 2014, PLN 4.4 million was spent on CAPEX, mainly in connection with the on-going renovation of an office and service property in Lublin and its surroundings (car park). Other investment-related events are described in Note 51.

8.10 Dividend policy

According to the Issuer's founding documentation (Articles of Association and Management Board Regulations), a Management Board decision regarding recommendation of a dividend must take a specific legal form - a Management Board resolution. Until the day on which these financial statements were published, the Management Board did not adopt a resolution on dividend recommendation for 2014.

On 5 June 2014, Emperia Holding S.A.'s General Meeting adopted resolution 5 on distribution of the 2013 profit. Pursuant to the resolution, of the net profit generated in 2013, amounting to PLN 12 176 763.56, PLN 12 172 131.90 - or PLN 0.90 per share - was allocated to dividend. In accordance with the resolution, entitled to dividend were shareholders who held shares on 13 June 2014 (ex-dividend date), and the dividend payment date was 30 June 2014.

On 13 June 2014, in connection with a purchase of own shares by subsidiary Elpro Development S.A. (formerly P1 Sp. z o.o.), the number of shares covered by the dividend payment changed. Given the above, net profit allocated to dividend was PLN 12 108 622.50.

8.11 External factors that might have an impact on Emperia Holding S.A.'s results in the coming year

External:

1. Financial and economic situation in the retail industry, primarily concerning the Group's suppliers and customers, as regards financing and meeting liabilities
2. Market prices for goods and services used by the Group
3. Competitive activities and consolidation processes in Polish retail
4. Poland's economic situation and household wealth, having an impact on demand for the Group's products and services
5. Government policy regarding interest rates and taxes
6. Employment situation - ability to hire creative employees for new ventures
7. Financial and economic conditions in the property development sector
8. Higher competition for commercial facilities

Internal:

1. Further investment in property, plant and equipment and software; on-time and on-budget investment delivery
2. Reduction in operating costs through deployment of new organisational and IT solutions and growth in operating scale
3. Introduction of structural and organisational changes intended to create a holding organisation having a substantial market share
4. Procurement of attractive locations for retail operations
5. Expansion and supplementation of assortment
6. Qualified and experienced management
7. Stable supplier base

8.12 Growth perspectives

As a holding company, Emperia Holding S.A.'s business has not been significantly reduced. Currently, this includes managing Group companies, performing certain central functions on behalf of subsidiaries, such as financial management, licence issue, management of selected groups of assets and liabilities and so on, as well as acquisition activity. In 2014, the Company was engaged in property development. This business will eventually be transferred to the property segment.

8.13 Significant related-party transactions

In 2014, Emperia Holding S.A. did not execute any significant transactions with related parties other than transactions in the ordinary course of business on market terms. Short-term bonds were issued as part of the Group's cash flow management, as described in Note 12. Other intra-Group transactions are presented in detail in Note 45.

8.14 Information regarding on-going judicial proceedings

On 2 January 2014, the Company received a ruling by the Court of Arbitration of the Polish Chamber of Commerce dated 11 December 2013. A detailed description of the case is presented in Note 52 (Emperia vs Ernst & Young Audit Sp. z o.o.).
During the reporting period, the Company did not participate in any other proceedings before a court or other authority concerning liabilities or receivables with an aggregate value exceeding 10% of its equity.

8.15 Credit facilities, guarantees, loans and sureties

In 2014, Emperia Holding S.A. did not issue credit facilities, loans or guarantees to a single entity or its subsidiary such as would result in the aggregate value of guarantees or sureties constituting the equivalent of at least 10% of the Issuer's equity.

8.16 Changes in key management principles

In 2014, Emperia Holding S.A. did not introduce any changes to its key management principles.

8.17 Changes in Management Board and Supervisory Board composition

Changes in Emperia Holding S.A.'s Management Board

In 2014, the composition of the Management Board of Emperia Holding S.A. did not change.

At report publication date, the Management Board of Emperia Holding S.A. comprised:

1. Dariusz Kalinowski – President of the Management Board
2. Cezary Baran – Vice-President of the Management Board

Changes in Emperia Holding S.A.'s Supervisory Board

Composition of Emperia Holding S.A.'s Supervisory Board was not subject to changes in 2014.

At report publication date, the Supervisory Board of Emperia Holding S.A. comprised:

1. Artur Kawa – Chairman of the Supervisory Board
2. Michał Kowalczewski – Deputy Chairman, Independent Member of the Supervisory Board
3. Artur Laskowski – Member of the Supervisory Board
4. Jarosław Wawerski – Member of the Supervisory Board
5. Andrzej Malec – Member of the Supervisory Board

8.18 Other significant information

Other significant information is presented in note 50.

8.19 Description of Group structure

The Group's organisational structure, showing the companies subject to consolidation, is presented in point 7.1 of these financial statements.

8.20 Effects of changes in the Company's structure

There were no effects of changes in the Company's structure.

8.21 Management's view as regards meeting guidance published for a given year

The Company did not publish earnings guidance for 2014.

8.22 Shareholder information

Information about shareholders with at least 5% of voting rights at the general meeting is presented in note 17.

8.23 Shareholding by Management Board and Supervisory Board members

Shareholding by Management Board and Supervisory Board members is presented in note 17.

8.24 Related-party transactions

Information on the Company's related-party transactions is presented in note 45.

9. Management Board declarations

The Management Board of Emperia Holding S.A. declares that, to the best of its knowledge, the annual financial statements and comparative data were prepared in accordance with the binding accounting principles and they present the Issuer's financial situation, asset position and financial results in a credible, reliable and transparent manner.

The Management Board of Emperia Holding S.A. declares that the entity authorised to audit financial statements, which audited the Company's annual financial statements, was selected in accordance with the provisions of law and that such entity and the statutory auditors conducting the audit fulfilled the conditions for issue of an impartial and independent report on audit of the annual financial statements in accordance with binding national regulations.

(amounts in PLN 000s, unless otherwise stated)

Lublin, 20 March 2015

Signatures of all Management Board members

2015-03-20	Dariusz Kalinowski	President of the Management Board	.... Signature
2015-03-20	Cezary Baran	Vice-President of the Management Board	.... Signature

Signatures of persons responsible for book-keeping

2015-03-20	Elżbieta Świniarska	Economic Director	.... Signature