SEPARATE FINANCIAL STATEMENTS

FOR 2015

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

LUBLIN, 25 MARCH 2016

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 2015 to 31 Dec 2015	For the period from 1 Jan 2014 to 31 Dec 2014	For the period from 1 Jan 2015 to 31 Dec 2015	For the period from 1 Jan 2014 to 31 Dec 2014
I.	Net revenue from sale of products, goods and materials	15 539	13 931	3 714	3 329
II.	Operating profit	4 910	4 507	1 174	1 077
III.	Profit before tax	27 042	19 377	6 463	4 630
IV.	Profit for the period	25 444	16 865	6 081	4 030
V.	Net cash flows from operating activities	(36 544)	111 061	(8 734)	26 537
VI.	Net cash flows from investing activities	72 806	(52 704)	17 401	(12 593)
VII.	Net cash flows from financing activities	(70 996)	(102 606)	(16 969)	(24 516)
VIII.	Total net cash flows	(34 734)	(44 248)	(8 302)	(10 572)
IX.	Total assets	509 606	595 384	119 584	139 686
X.	Liabilities and liability provisions	60 200	100 423	14 126	23 561
XI.	Non-current liabilities	763	786	179	184
XII.	Current liabilities	59 437	99 637	13 947	23 376
XIII.	Equity	449 406	494 961	105 457	116 125
XIV.	Share capital	13 235	15 180	3 106	3 561
XV.	Number of shares	13 235 495	15 179 589	13 235 495	15 179 589
XVI.	Weighted average number of shares	12 506 772	13 440 114	12 506 772	13 440 114
XVII.	Earnings per ordinary share, annualised* (in PLN)	2.03	1.25	0.49	0.30
XVIII.	Diluted earnings per ordinary share, annualised** (in PLN/EUR)	2.03	1.25	0.49	0.30
XIX.	Book value per share* (in PLN/EUR)	35.93	36.83	8.43	8.64
XX.	Diluted book value per share (in PLN/EUR)**	35.93	36.76	8.43	8.62
XXI.	Declared or paid out dividend per share (in PLN/EUR)	1.33	0.90	0.32	0.22

* 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 2015 (January-December): 12 506 772
- for 2014 (January-December): 13 440 114

Selected financial data are translated into EUR in the following manner:

1. Items in the statement of profit and loss and statement of cash flows are 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 2015 was EURPLN 4.1839 and for 2014: EURPLN 4.1852.
2. Balance sheet items and book value / diluted book value are 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 2015: EURPLN 4.2615; as at 31 December 2014: EURPLN 4.2623.
3. Dividend paid out is translated using the average rate published by the National Bank of Poland on the dividend payment date, which as at 19 June 2015 was EURPLN 4.1715 and as at 30 June 2014 EURPLN 4.1609.

2. Statement by the Management Board

The Management Board of Emperia Holding S.A. declares that, to the best of its knowledge, the annual financial statements and comparative data are 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 Company'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 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:

2016-03-25	Dariusz Kalinowski	President of the Management Board	.... Signature
2016-03-25	Cezary Baran	Vice-President of the Management Board	.... Signature

Signatures of persons responsible for book-keeping

2016-03-25	Elżbieta Świniarska	Economic Director	.... Signature

(amounts in PLN 000s, unless otherwise stated)

3. Statement of financial position

	Note	31 Dec 2015	31 Dec 2014
Total non-current assets		**483 860**	**372 467**
Property, plant and equipment	Note 1, 2	56 178	34 580
Investment properties	Note 3	-	-
Intangible assets	Note 4, 5	1 470	1 588
Financial assets	Note 6	426 109	336 204
Non-current receivables	Note 7	-	-
Deferred income tax assets	Note 8	102	94
Other non-current prepayments	Note 9	1	1
Total current assets		**25 746**	**222 918**
Inventories	Note 10	-	-
Current receivables	Note 11	3 892	1 232
Income tax receivables		58	-
Short-term securities	Note 12	11 138	163 997
Current prepayments	Note 13	87	89
Cash and cash equivalents	Note 14	10 571	45 307
Other financial assets	Note 15	-	-
Current assets classified as held-for-sale	Note 16	-	12 293
Total assets		**509 606**	**595 384**
Total equity		**449 406**	**494 961**
Share capital	Note 17	13 235	15 180
Share premium		465 315	551 988
Supplementary capital		-	2 526
Management options provision		723	3 341
Reserve capital		337	63 268
Buy-back provision		-	-
Own shares		(55 646)	(158 208)
Retained earnings	Note 18	25 442	16 865
Total non-current liabilities		**763**	**786**
Credit facilities, loans, debt instruments and other non-current financial liabilities	Note 19	-	-
Non-current liabilities	Note 20	89	90
Provisions	Note 21	32	26
Deferred income tax provision	Note 22	642	670
Total current liabilities		**59 437**	**99 637**
Credit facilities, loans, debt instruments and other current financial liabilities	Note 23	0	0
Current liabilities	Note 24	57 903	97 308
Income tax liabilities		-	1 399
Provisions	Note 21	325	848
Deferred revenue	Note 25	1 209	82
Total equity and liabilities		**509 606**	**595 384**

(amounts in PLN 000s, unless otherwise stated)

Book value	449 406	494 961
Number of shares	13 235 495	15 179 589
Weighted average number of shares	12 506 772	13 440 114
Diluted number of shares	12 508 001	13 465 487
Book value per share (in PLN)*	35.93	36.83
Diluted book value per share (in PLN)**	35.93	36.76

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

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....
Signature

2016-03-25 Cezary Baran Vice-President of the Management Board

....
Signature

Signatures of persons responsible for book-keeping

2016-03-25 Elżbieta Świniarska Economic Director ....
Signature

2016-03-25 Tomasz Koszczan Head of Accounting ....
Signature

(amounts in PLN 000s, unless otherwise stated)

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

	Note	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Revenue from sales		**15 539**	**13 931**
- from subsidiaries		*10 835*	*9 498*
Revenue from sale of products and services	Note 26	15 505	13 906
Revenue from sale of goods and materials	Note 27	34	25
Cost of sales		**(7 510)**	**(7 193)**
- to subsidiaries		*(6 336)*	*(6 006)*
Cost of manufacture of products and services sold	Note 29	(7 510)	(7 193)
Value of goods and materials sold		-	-
Profit on sales		**8 029**	**6 738**
Other operating revenue	Note 28	436	3 066
Selling costs	Note 29	-	-
Administrative expenses	Note 29	(3 528)	(4 045)
Other operating expenses	Note 30	(27)	(1 253)
Operating profit		**4 910**	**4 507**
Finance income	Note 31	22 523	15 326
Finance costs	Note 32	(391)	(456)
Profit before tax		**27 042**	**19 377**
Income tax		(1 598)	(2 511)
- current	Note 33	(1 634)	(2 455)
- deferred	Note 34	36	(56)
Profit for the period		**25 444**	**16 865**
Profit for the period		**25 444**	**16 865**
Weighted average number of shares		12 506 772	13 440 114
Weighted average diluted number of ordinary shares		12 508 001	13 465 487
Earnings per share (in PLN)		2.03	1.25
Diluted earnings per share (in PLN)		2.03	1.25

STATEMENT OF COMPREHENSIVE INCOME	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Profit for the period	**25 444**	**16 865**
Other comprehensive income		
Revaluation of employee benefit liabilities	(3)	(1)
Income tax on components of other comprehensive income	1	0
Net other comprehensive income	**(2)**	**(1)**
Comprehensive income for the period	**25 442**	**16 864**

(amounts in PLN 000s, unless otherwise stated)

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2016-03-25	Cezary Baran	Vice-President of the Management Board	.... Signature

Signatures of persons responsible for book-keeping

2016-03-25	Elżbieta Świniarska	Economic Director	.... Signature
2016-03-25	Tomasz Koszczan	Head of Accounting	.... Signature

(amounts in PLN 000s, unless otherwise stated)

5. 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 January 2015	**15 180**	**551 988**	**2 526**	**3 341**	**63 268**	**16 865**	**(158 208)**	**494 961**
Change in accounting standards and policies	-	-	-	-	-	-	-	-
As at the beginning of period, adjusted	**15 180**	**551 988**	**2 526**	**3 341**	**63 268**	**16 865**	**(158 208)**	**494 961**
Profit for the period	-	-	-	-	-	25 444	-	25 444
Net other comprehensive income	-	-	-	-	-	(2)	-	(2)
Prior-year profit distribution - transfer to equity	-	-	-	-	337	(337)	-	-
Share issuance - incentive scheme	87	3 708	-	(2 735)	-	-	-	1 061
Actuarial gains (losses)	-	-	-	-	-	-	-	-
Dividend from prior-year profit	-	-	-	-	-	(16 528)	-	(16 528)
Purchase of own shares	-	-	-	-	-	-	(55 646)	(55 646)
Management options provision	-	-	-	116	-	-	-	116
Release of buy-back provision	-	-	-	-	-	-	-	-
Redemption of own shares	(2 032)	(90 381)	(2 526)	-	(63 268)	-	158 208	-
As at the end of period: 31 December 2015	**13 235**	**465 315**	**-**	**723**	**337**	**25 442**	**(55 646)**	**449 406**

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 January 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 December 2014	**15 180**	**551 988**	**2 526**	**3 341**	**63 268**	**16 865**	**(158 208)**	**494 961**

(amounts in PLN 000s, unless otherwise stated)

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2016-03-25	Cezary Baran	Vice-President of the Management Board	.... Signature

Signatures of persons responsible for book-keeping

2016-03-25	Elżbieta Świniarska	Economic Director	.... Signature
2016-03-25	Tomasz Koszczan	Head of Accounting	.... Signature

(amounts in PLN 000s, unless otherwise stated)

6. Statement of cash flows

Operating activities	Note	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Profit (loss) for the period		**25 444**	**16 865**
Adjusted by:		**(61 988)**	**94 196**
Depreciation / amortisation		1 741	2 352
Interest and shares of profit (dividends)		(21 554)	(13 221)
Income tax		1 598	2 511
Profit (loss) on investing activities		(1 346)	(871)
Change in provisions	Note 38	(519)	(57)
Change in inventories	Note 38	-	-
Change in receivables	Note 38	(1 703)	9 411
Change in prepayments	Note 38	1 129	63
Change in liabilities	Note 38	(38 242)	95 263
Other adjustments	Note 38	-	-
Income tax paid		(3 092)	(1 255)
Net cash from operating activities		**(36 544)**	**111 061**

Investing activities	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Inflows	**1 037 510**	**1 736 186**
Disposal of property, plant and equipment and intangible assets	12 664	13 423
Disposal of financial assets	986 772	1 707 462
Disposal of interests in subsidiaries	-	-
Dividends received	19 000	7 566
Interest received	74	39
Repayment of loans issued	19 000	7 696
Other inflows	-	-
Outflows	**(964 704)**	**(1 788 890)**
Purchase of property, plant and equipment and intangible assets	(24 362)	(4 566)
Purchase of subsidiaries and associates	(90 100)	(70 133)
Purchase of financial assets	(831 244)	(1 712 991)
Borrowings granted	(19 000)	(1 200)
Expenditures on maintenance of investment properties	-	-
Other outflows	-	-
Net cash from investing activities	**72 806**	**(52 704)**

(amounts in PLN 000s, unless otherwise stated)

Financing activities		12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Inflows		**1 178**	**2 692**
Proceeds from credit facilities and loans		-	-
Issue of short-term debt instruments		-	1
Proceeds from equity issuance		1 178	2 691
Other inflows		-	-
Outflows		**(72 174)**	**(105 298)**
Repayment of borrowings		-	-
Buy-back of short-term debt instruments		0	(1)
Payment of finance lease liabilities		-	-
Interest and fees paid		-	0
Dividends paid		(16 528)	(12 109)
Purchase of own shares		(55 646)	(93 188)
Other outflows		-	-
Net cash from financing activities		**(70 996)**	**(102 606)**

Change in cash and cash equivalents		12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Change in cash and cash equivalents		**(34 734)**	**(44 248)**
Exchange differences			
Cash and cash equivalents at the beginning of period	Note 37	**45 307**	**89 555**
Cash and cash equivalents at the end of period	Note 37	**10 571**	**45 307**

Signatures of all Management Board members:

2016-03-25 Dariusz Kalinowski President of the Management Board

....
Signature

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....
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2016-03-25 Tomasz Koszczan Head of Accounting ....
Signature

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 are prepared for the period from 1 January 2015 to 31 December 2015, and the comparative financial data covers the period from 1 January 2014 to 31 December 2014.

The financial statements are 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 2015, 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., Eldorado Sp. z o.o., P5 EKON Sp. z o.o. S.K.A.

During 2015, Emperia Group's structure was subject to changes. Subsidiaries EKON Sp. z o.o. and P2 EKON Sp. z o.o. SKA were merged on 7 July 2015.

(amounts in PLN 000s, unless otherwise stated)

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.	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. (1)	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. (2)	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.	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%
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. (3)	Themistokli Dervi 3, JULIA HOUSE, P.C. 1066; Nicosia, Cyprus	Investments in property	HE 272278, Ministry of Commerce, Industry and Tourism, Company Registration Department	Subsidiary	Full	2010-09-03	100.00%	100.00%

(amounts in PLN 000s, unless otherwise stated)

				Nicosia, Cyprus					
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. (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) indirectly by IPOPEMA 55 FIZAN (80 825 shares), EKON Sp. z o.o. (contribution)
(2) indirectly by IPOPEMA 55 FIZAN (138 427 shares), EKON Sp. z o.o. (contribution)
(3) indirectly through Elpro Development S.A.
(4) indirectly by EMP Investment Limited
(5) indirectly by: IPOPEMA 55 FIZAN (56 047 shares), EKON Sp. z o.o. (contribution)

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 2015

	Entity name	Registered office	Share capital	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 are 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. are 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 are 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 2015:

a) 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.

b) 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.

c) 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.

The Company estimates that adopting the above amended standards and new interpretations does not have a significant impact on its financial statements for 2015.

Earlier application of standards and applications:

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

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

a) 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.

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) 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. These amendments will be prospectively effective for reporting periods beginning on or after 1 January 2016.

e) 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.

f) 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.

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) 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.

c) 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 2018.

d) IFRS 16 Leases

On 13 January 2016, the IASB published a new standard concerning recognition, presentation and scope of disclosure for leases. The standard introduces a uniform model that replaces the existing division of leases into operating and financial. Lessees will be required to recognise assets and liabilities for all lease contracts executed for a period longer than 12 months (except for assets of low value) and depreciate the asset separately, without interest from the liability. As regards lease recognition rules for lessors, IFRS 16 is in line with IAS 17. As a result, the lessor will continue to classify leases as operating and financial. IFRS 16 will be effective for reporting periods beginning on or after 1 January 2019.

e) 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.

f) 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.

g) Amendments to IAS 12 - Recognition of Deferred Tax Assets for Unrealised Losses

On 19 January 2016, the IASB published amendments to IAS 12 aiming to clarify the conditions for recognising deferred income tax assets resulting from unrealised losses on debt instruments classified as available-for-sale. IAS 12 will be effective for reporting periods beginning on or after 1 January 2017.

h) Amendments to IAS 7 - Disclosures

On 29 January 2016, the IASB published amendments to IAS 7 aiming to introduce a requirement to disclose changes in liabilities arising from financing activities connected and not connected with financing cash flows. IAS 7 will be effective for reporting periods beginning on or after 1 January 2017.

The Company decided against the early application of the new standards and interpretations that will enter into force after the end of the reporting period.

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) 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. The above share capital increase: was registered in court on 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. 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.

c) Registration of share capital reduction at Emperia Holding S.A.

On 28 April 2015, the Management Board of Emperia Holding S.A. announced that it had received information on the registration by the District Court for Lublin-Wschód in Lublin, based in Świdnik, 6th Commercial Division of the National Court Register, of a reduction in the share capital of Emperia Holding S.A. The capital reduction resulted from having cancelled 2 031 547 own shares bought back, which carried rights to 2 031 547 votes (13.345%) at the General Meeting and represented 13.345% of Emperia Holding S.A.'s share capital. Following the registration of changes, share capital amounted to PLN 13 192 018 and was divided into 13 192 018 ordinary bearer shares, which entitled to 13 192 018 votes at Emperia Holding S.A.'s General Meeting.

On 17 June 2015, the Management Board of Emperia Holding S.A. received Resolution 383/15 from the Board of Krajowy Depozyt Papierów Wartościowych S.A., dated 17 June 2015, pursuant to which the Board confirmed that 13 192 018 ordinary bearer shares of Emperia Holding S.A. are marked with code PLELDRD00017 from 22 June 2015.

d) Merger of subsidiaries EKON Sp. z o.o. and P2 EKON Sp. z o.o. S.K.A., capital increase at EKON Sp. z o.o.

On 7 June 2015, the District Court in Lublin-Wschód, based in Świdnik, 6th Commercial Division of the National Court Register, registered the merger of subsidiaries EKON Sp. z o.o. and P2 EKON Sp. z o.o. S.K.A. The merger was effected by EKON Sp. z o.o. acquiring all of the assets of EKON Sp. z o.o. S.K.A. In exchange for shares in the acquired companies with total nominal value of PLN 50 000 and book value of PLN 7 637.67, the acquired company's shareholder - Emperia Holding S.A. - received 76 new shares in the acquiring company, with total value of PLN 7 600, together with a cash contribution of PLN 37.67. Given the fact that the general partner who made a contribution to a different capital than share capital of the acquired company is the acquiring company, then following the merger this shareholder will not be issued shares in the increased share capital of the acquiring company.

As a result of a merger on 10 April 2015, an Extraordinary General Meeting of EKON Sp. z o.o. passed a resolution pursuant to which Ekon Sp. z o.o.'s share capital was increased from PLN 400 000 to PLN 407 600 through the issue of 76 new shares with nominal value of PLN 100, which were given to the shareholder of P2 EKON Sp. z o.o. S.K.A., i.e. Emperia Holding S.A., in exchange for shares in the acquired company, P2 EKON Sp. z o.o. S.K.A.

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

On 9 September 2015, the Issuer introduced to stock-market trading 25 527 ordinary bearer shares series P, with nominal value of PLN 1 each. Furthermore, on 30 September 2015, the Issuer introduced to stock-market trading 17 950 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 30 September 2015, the Issuer's share capital amounts to PLN 13 235 495 and is divided into 13 235 495 ordinary bearer shares, with nominal value of PLN 1 each. The total number of voting rights carried by all of the Issuer's outstanding shares is 13 235 495.

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

On 18 December 2015, 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 270 000 to PLN 320 000, 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 EKON Sp. z o.o.

On 18 December 2015, 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 407 600 to PLN 457 600, 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.

(amounts in PLN 000s, unless otherwise stated)

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 14 January 2016, the Issuer introduced to stock-market trading 4 773 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 14 January 2016, the Issuer's share capital amounts to PLN 13 240 268 and is divided into 13 240 268 ordinary bearer shares, with nominal value of PLN 1 each. The total number of voting rights carried by all of the Issuer's outstanding shares is 13 240 268.

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 an item of 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 borrowing 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 cost 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 derecognised from 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
- the 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 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. 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 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 having 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

Company 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:

- 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 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 Group 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 Additional explanatory notes

Note 1

Property, plant and equipment	31 Dec 2015	31 Dec 2014
Land, including:	11 102	3 967
Perpetual usufruct rights	887	906
Buildings and structures	36 359	23 604
- including: investments in third-party tangible assets	-	-
Technical equipment and machinery	171	215
Means of transport	554	570
Other PP&E	7	8
PP&E under construction	7 985	6 216
Net property, plant and equipment	**56 178**	**34 580**

PP&E under construction	31 Dec 2015	31 Dec 2014
Land, including:	-	-
Perpetual usufruct rights	-	-
Buildings and structures	7 985	6 216
Technical equipment and machinery	-	-
Means of transport	-	-
Other PP&E under construction	-	-
Total property, plant and equipment under construction	**7 985**	**6 216**

Property, plant and equipment used pursuant to lease and rental agreements (off-balance sheet), operating leasing	31 Dec 2015	31 Dec 2014
Land, including:	-	3 072
Perpetual usufruct rights	-	*3 072*
Buildings and structures	-	-
Technical equipment and machinery	-	-
Means of transport	-	-
Other PP&E	-	-
Total	**-**	**3 072**
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

(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	**4 003**	**24 785**	**491**	**686**	**28**	**6 216**	**36 209**
b) increases (due to)	**7 153**	**13 748**	**20**	**169**	**-**	**22 669**	**43 759**
- purchase	*-*	*1*	*20*	*169*	*-*	*22 669*	*22 859*
- transfer from production-in-progress	*7 153*	*13 747*	*-*	*-*	*-*	*-*	*20 900*
- leasing	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-
c) decreases (due to)	**-**	**-**	**(21)**	**(60)**	**(3)**	**(20 900)**	**(20 984)**
- sale	-	-	*(11)*	*(60)*	*(3)*	-	*(74)*
- liquidation (scrapping)	-	-	*(10)*	-	-	-	*(10)*
- transfer to property, plant and equipment	-	-	-	-	-	*(20 900)*	*(20 900)*
- available-for-sale assets	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-
d) gross value of property, plant and equipment, as at the end of period	**11 156**	**38 533**	**490**	**795**	**25**	**7 985**	**58 985**
e) amortisation as at the beginning of period	**36**	**1 181**	**276**	**116**	**20**	-	**1 629**
f) increase of depreciation (due to)	**18**	**993**	**62**	**135**	**1**	-	**1 210**
- depreciation charge	18	*993*	*62*	*135*	*1*	-	*1 210*
- other	-	-	-	-	-	-	-
g) decrease of depreciation (due to)	-	-	**(19)**	**(10)**	**(3)**	-	**(32)**
- sale	-	-	(10)	(10)	(3)	-	(23)
- liquidation (scrapping)	-	-	(9)	-	-	-	(9)
- available-for-sale assets	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-
h) depreciation as at the end of period	**54**	**2 174**	**319**	**241**	**18**	-	**2 807**
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	**11 102**	**36 359**	**171**	**554**	**7**	**7 985**	**56 178**

(amounts in PLN 000s, unless otherwise stated)

2014

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 property, plant and equipment	-	-	-	-	-	(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**	**4**	-	**1 365**
- depreciation charge	85	1 131	83	62	4	-	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) depreciation 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)

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

a) Purchase of property at ul. Nałkowskich 244 in Lublin,
b) Purchase of property in Dąbrowica
c) Purchase of property at ul. Kwiatkowskiego 1L in Rzeszów.

A decreasing impact came from the sale of a property at ul. Ametystowa 1 in Lublin.

In the course of its operations, the Company leases and rents office equipment for its own purposes.
Leasing costs in 2014:

- Buildings and facilities PLN 55 507.12
- Office equipment PLN 8 547.77

Leasing costs in 2015:
- Buildings and facilities PLN 58 200.72
- Office equipment PLN 11 573.17

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 2015 as administrative expenses and cost of services sold.

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

As at 31 December 2015, there were no contractual liabilities incurred in connection with the purchase of property, plant and equipment.

Note 3

Investment properties	31 Dec 2015	31 Dec 2014
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 2015	31 Dec 2014
Acquired concessions, patents, licences and similar	1 362	1 588
Intangible assets in progress	108	-
Total intangible assets	**1 470**	**1 588**

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 2015 as administrative expenses.

As at 31 December 2015, 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 in progress	Intangible assets not transferred for use	Total Intangible assets
a) gross values of intangible assets as at the beginning of period	**8 121**	**-**	**-**	**8 121**
b) increases (due to)	**229**	**108**	**-**	**337**
- purchase	*229*	*108*	*-*	*337*
- transfer from investment	-	-	-	-
- leasing	-	-	-	-
- other	-	-	-	-
c) decreases (due to)	**-**	**-**	**-**	**-**
- sale	-	-	-	-
- transfer to intangible assets	-	-	-	-
- other	-	-	-	-
d) gross values of intangible assets as at the end of period	**8 350**	**108**	**-**	**8 458**
e) amortisation as at the beginning of period	**6 533**	**-**	**-**	**6 533**
f) increase of depreciation (due to)	**456**	**-**	**-**	**456**
- depreciation charge	*456*	*-*	*-*	*456*
g) decrease of depreciation (due to)	-	-	-	-
- sale	-	-	-	-
- other	-	-	-	-
h) depreciation as at the end of period	-	-	-	-
i) impairment losses as at the beginning of period	-	-	-	-
- increase	-	-	-	-
- decrease	-	-	-	-
j) impairment losses as at the end of period	**6 989**	**-**	**-**	**6 989**
k) net value of intangible assets as at the end of period	**1 362**	**108**	**-**	**1 470**

(amounts in PLN 000s, unless otherwise stated)

Note 5 - 2014

Changes in intangible assets	Acquired concessions, patents, licences and similar	Other 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**	**-**	**-**	**8 121**
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)**	**-**	**-**	**(343)**
- sale	-	-	-	-
- other	*(344)*	-	-	*(343)*
h) depreciation 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 6

Financial assets	**31 Dec 2015**	**31 Dec 2014**
Equity interests	204 437	114 519
- including: related parties	*204 437*	*114 519*
Other equity interests	221 672	221 685
- including: related parties	*221 672*	*221 684*
Impairment	-	-
- including: related parties	-	-
Total net financial assets	**426 109**	**336 204**

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 transactions connected with changes in non-current assets during 2015 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	**114 519**	**221 685**	**336 204**
b) increases (due to)	**90 108**	**5**	**90 113**
- purchase	*90 108*	-	90 108
- contribution in kind (exchange of shares)	-	-	-
- revaluation (fair value)	-	*5*	5
- reclassification from assets held for sale	-	-	-
- change in legal form of the company	-	-	-
c) decreases (due to)	**(189)**	**(18)**	**(207)**
- sale	-	-	-
- contribution in kind (exchange of shares)	-	-	-
- impairment	*(189)*	*(5)*	(194)
- reclassification to assets held for sale	-	-	-
- company liquidation	-	-	-
- change in legal form of the company	-	-	-
- other	-	*(13)*	*(13)*
d) financial assets as at the end of period	**204 437**	**221 672**	**426 109**

Testing interests in subsidiaries for impairment

At the end of 2015, 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 as level 2 in 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 recoverable values were determined on the basis of estimated cash flows resulting from the 2016 budget and a forecast for 2017-2020. To extrapolate revenue estimates beyond the budget period, a growth rate of 3% was adopted. The management estimated sales growth rate based on actual and graphical data, along with their expectations regarding future market growth.

(amounts in PLN 000s, unless otherwise stated)

Cash flows were discounted with an interest rate established based on:
- risk free interest rate 3.0%,
- risk premium 7%,
- beta 2.07%,
- CAPM 17.5%,
- WACC 6.6% - 7.8%.

A test carried out with the above assumptions did not indicate impairment of shares in the subsidiary as of the end of 2015.

As a result of the test, Stokrotka Sp. z o.o.'s recoverable amount was established as PLN 421 836 000, 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 388 262 000, whereas a 3% decrease in revenue growth rate (0% growth in revenue during the forecast period), the recoverable amount decreases to PLN 324 742 000. A 1% increase in discount rate would cause a decrease of the recoverable amount to PLN 369 737 000. 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	**266 493**	-	**266 493**
b) increases (due to)	**250**	**221 685**	**221 935**
- purchase	-	*13*	*13*
- contribution in kind (exchange of shares)	*250*	-	*250*
- 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	-	-	-
- 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**

(amounts in PLN 000s, unless otherwise stated)

Note 7

Non-current receivables	31 Dec 2015	31 Dec 2014
a) collateral connected with leases	-	-
- including: from related parties	-	-
b) other non-current receivables	-	-
- including: from related parties	-	-
Total non-current receivables	**-**	**-**

Note 8

Deferred income tax assets	31 Dec 2015	31 Dec 2014
Deferred income tax assets at the beginning of period, including:	**94**	**99**
a) recognised through profit or loss	*93*	*99*
b) recognised through equity	*1*	*-*
Increases	8	30
a) recognised through profit or loss	*7*	*30*
b) recognised through equity	*1*	*0*
Decreases	-	(35)
a) recognised through profit or loss	*-*	*(35)*
b) recognised through equity	*-*	*-*
Deferred income tax assets at the end of period, including:	**102**	**94**
a) recognised through profit or loss	*101*	*93*
b) recognised through equity	*1*	*1*

There were no unrecognised deferred income tax assets in 2014 and 2015.

Deferred income tax assets, the basis of which are temporary differences resulting from:	31 Dec 2015	31 Dec 2014
Trade receivables	15	7
Remuneration and social security liabilities	19	15
Employee benefit provisions	5	5
Provision for untaken holidays and similar	19	18
Provision for pay bonuses and similar	39	32
Audit provision	4	4
Other	1	13
Deferred income tax assets at the end of period	**102**	**94**

Note 9

Other non-current prepayments	31 Dec 2015	31 Dec 2014
Technical assistance	-	-
Subscriptions and annual fees	1	-
Maintenance package	-	1
Total other non-current prepayments	**1**	**1**

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

(amounts in PLN 000s, unless otherwise stated)

Note 10

Inventories	31 Dec 2015	31 Dec 2014
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 2015.

Note 11

Current receivables	31 Dec 2015	31 Dec 2014
For products and services	3 605	1 937
- including: from related parties	519	*319*
For taxes and other state fees	272	242
Under judicial enforcement	5	5
Advances paid for supplies	5	5
Other receivables	2 357	1 804
- including: from related parties	*1 027*	*70*
Impairment of receivables	(2 352)	(2 761)
Total net receivables	**3 892**	**1 232**

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. As at 31 December 2015, the total value of acquired receivables was PLN 1 322 277.43 and was covered by an impairment loss.

Impairment of receivables	31 Dec 2015	31 Dec 2014
Impairment of receivables as at the beginning of period	**(2 761)**	**(3 828)**
Increases (recognition of new impairment losses)	**(86)**	**(103)**
- for products and services	*(86)*	*(103)*
- including due to assignment of rights	-	-
Decreases	**496**	**1 169**
- for products and services	*90*	*282*
- including due to assignment of rights	*406*	*887*
Reversal	**110**	**184**
- for products and services	*64*	*97*
- including due to assignment of rights	*46*	*87*
Derecognised from the statement of profit and loss	**386**	**985**
- for products and services	*26*	*185*
- including due to assignment of rights	*360*	*800*
Impairment of receivables as at the end of period	**(2 352)**	**(2 761)**
- for products and services	*(1 029)*	*(1 033)*
- including due to assignment of rights	*(1 323)*	*(1 728)*

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.

(amounts in PLN 000s, unless otherwise stated)

Ageing structure of trade receivables	31 Dec 2015	31 Dec 2014
up to 1 month	1 230	782
1 - 3 months	-	-
3 - 6 months	-	-
6 - 12 months	-	-
over 1 year	-	-
Overdue	2 375	1 155
Impairment of receivables	(1 029)	(1 027)
Total net receivables	**2 576**	**910**

Ageing structure of overdue trade receivables	31 Dec 2015	31 Dec 2014
up to 1 month	109	56
1 - 3 months	43	60
3 - 6 months	16	35
6 - 12 months	1 219	9
over 1 year	988	995
Impairment of receivables	(1 029)	(1 027)
Total net overdue receivables	**1 346**	**128**

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 2015 and the preceding year, there were no restrictions in ownership rights regarding off-balance sheet collateral established.

Note 12

Short-term securities	31 Dec 2015	31 Dec 2014
Shares in investment funds (TFI)	11 138	30 764
- including: related parties	-	-
Debt instruments	-	133 233
- including: related parties	-	133 233
Total short-term securities	**11 138**	**163 997**

Similar to the previous year, in 2015 the Company only purchased bonds issued by subsidiaries. Interest on such bonds is set 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 2015	Stokrotka Sp. z o.o.	Elpro Ekon Sp. z o.o. S.K.A.	Elpro Development S.A.	Total
As at the beginning of period	**100 000**	**33 500**	**-**	**133 500**
Issue of bonds	524 845	301 460	-	826 305
Redemption of bonds by the issuer	(624 845)	(334 960)	-	(959 805)
As at the end of period	**0**	**0**	**-**	**0**
As at the end of period, after discount	-	-	-	-

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.	Total
As at the beginning of period	128 000	3 500	21 000	152 500
Issue of bonds	1 279 905	403 500	0	1 683 405
Redemption of bonds by the issuer	(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**	**0,00**	**133 233**

Note 13

Current prepayments	31 Dec 2015	31 Dec 2014
Banking services	-	-
Insurance	4	19
Technical assistance	-	-
Technical supervision	-	5
Costs connected with future sale of tangible assets	-	-
Subscriptions and annual fees	5	2
Maintenance package	-	-
Costs to be re-invoiced	32	63
Other fees	46	0
Total current prepayments, by title	**87**	**89**

Note 14

Cash and cash equivalents	31 Dec 2015	31 Dec 2014
Cash on hand	-	-
Cash at bank accounts	10 571	45 210
Other cash instruments	-	97
Total cash	**10 571**	**45 307**

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

Note 15

Other financial assets	31 Dec 2015	31 Dec 2014
Loans issued	-	-
including: to related parties	-	-
Total other financial assets	**-**	**-**

Loans issued in the reporting period were paid back in full during 2015.

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

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

(amounts in PLN 000s, unless otherwise stated)

Note 16

Assets classified as held for sale	31 Dec 2015	31 Dec 2014
Property	-	12 293
Other equity interests	-	-
Equity interests	-	-
Total assets classified as held for sale	**-**	**12 293**

The Company did not report any assets classified as held for sale at the end of 2015.

Assets classified as held for sale amounted to PLN 12 293 000 at the end of 2014, including a property at ul. Ametystowa in Lublin, owned by Emperia Holding S.A. The sale transaction took place on 17 March 2015.

(amounts in PLN 000s, unless otherwise stated)

Note 17

Share capital structure as at 31 December 2015

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	2 172 015	2 172 015	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
P	ordinary bearer	None	43 976	43 976	Cash	16.01.2015	01.01.2014
P	ordinary bearer	None	25 527	25 527	Cash	09.09.2015	01.01.2015
P	ordinary bearer	None	17 950	17 950	Cash	30.09.2015	01.01.2015
Total number of shares			**13 235 495**				
Total share capital				**13 235 495**			
Nominal value per share = PLN 1							

(amounts in PLN 000s, unless otherwise stated)

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)

Changes in shareholding by Supervisory Board members

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

Shareholders	Shares held, as at 31 December 2015	% in share capital	% change	Shares held, as at 30 Dec 2014	% in share capital as at 31 Dec 2014	GM votes at 31 Dec 2015	% of votes at general meeting at 31 Dec 2015
Ipopema TFI	1 458 583	11.02%	1.75%	1 433 437	9.44%	1 458 583	11.89%
Altus TFI	1 449 528	10.95%	(15.22%)	1 709 678	12.26%	1 449 528	11.82%
AXA OFE	977 481	7.38%	9.58%	891 992	5.88%	977 481	7.97%
Aviva OFE	834 991	6.31%	-	-	-	834 991	6.81%
NN OFE	755 713	5.71%	-	-	-	755 713	6.16%

As at 31 December 2015, Emperia Holding S.A. and subsidiary Elpro Development S.A. held a total of 967 876 shares in Emperia Holding S.A., entitling to 967 876 (7.313%) votes at the Issuer's general meeting and constituting 7.313% of the Issuer's share capital.

Information on shares issues and share redemptions in 2015 is presented in point 7.2.9

Changes in shareholding by Management Board members

Management Board members	Shares held, as at 31 December 2015	% in share capital	% change	Shares at 31 December 2014	% in share capital as at 31 Dec 2014
Dariusz Kalinowski	26 094	0.197%	32.8%	19 647	0.130%
Cezary Baran	600	0.005%	42.9%	420	0.003%

Supervisory Board members	Shares held, as at 31 December 2015	% in share capital	% change	Shares at 31 December 2014	% in share capital as at 31 Dec 2014
Jarosław Wawerski	19 494	0.147%	-	-	-

Note 18

Retained earnings	31 Dec 2015	31 Dec 2014
Profit for the period	25 444	16 865
Deductions from profit for financial year	(2)	(1)
Total retained earnings	**25 442**	**16 864**

(amounts in PLN 000s, unless otherwise stated)

Note 19

Credit facilities, loans, debt instruments and other non-current financial liabilities	31 Dec 2015	31 Dec 2014
Credit facilities	-	-
Loans	-	-
Debt instruments	-	-
Finance leasing	-	-
Total credit facilities, loans, debt instruments and other non-current financial liabilities	**-**	**-**

Note 20

Non-current liabilities	31 Dec 2015	31 Dec 2014
Collateral (rent)	89	90
Other	-	-
Total	**89**	**90**

Note 21

Provisions	31 Dec 2015	31 Dec 2014
Employee benefit provisions	338	355
a) retirement pay	*29*	*25*
b) untaken holidays	*98*	*94*
c) annual pay bonuses	*207*	*169*
d) redundancy costs	*-*	*66*
e) actuarial losses	*4*	*1*
Other provisions	19	518
a) audit of financial statements	*19*	*18*
b) penalty from KNF	*-*	*500*
Total provisions	**357**	**873**

Provisions	31 Dec 2015	31 Dec 2014
Non-current	33	26
a) retirement pay	*29*	*25*
b) actuarial losses	*4*	*1*
Current	325	848
a) retirement pay	*0*	*0*
b) untaken holidays	*98*	*94*
c) annual pay bonuses	*207*	*169*
d) audit of financial statements	*19*	*18*
e) redundancy costs	*-*	*66*
g) penalty from KNF	*-*	*500*
Total provisions	**357**	**873**

(amounts in PLN 000s, unless otherwise stated)

Change in employee benefit provisions	31 Dec 2015	31 Dec 2014
Employee benefit provision - retirement pay - as at the beginning of period	**25**	**21**
Increases	4	*4*
Decreases	-	-
Employee benefit provision - retirement pay - as at the end of period	**29**	**25**
Employee benefit provision - untaken holidays - as at the beginning of period	**94**	**70**
Increases	*4*	*24*
Decreases	-	-
Employee benefit provision - untaken holidays - as at the end of period	**98**	**94**
Employee benefit provision - annual pay bonuses - as at the beginning of period	**169**	**321**
Increases	*38*	*139*
Decreases	-	*(291)*
Employee benefit provision - annual pay bonuses - as at the end of period	**207**	**169**
Provisions for actuarial gains/losses at the beginning of period	**1**	**-**
Increases	*3*	*1*
Decreases	-	-
Provisions for actuarial gains/losses at the end of period	**4**	**1**
Employee benefit provision - employment restructuring - as at the beginning of period	**66**	**-**
Increases	-	66
Decreases	(66)	
Employee benefit provision - employment restructuring - as at the end of period	**-**	**66**
Employee benefit provisions as at the beginning of period	**355**	**412**
Increases	*49*	*234*
Decreases	*(66)*	*(291)*
Employee benefit provisions as at the end of period	**338**	**355**

Recognition and reversal of provisions were recorded in administrative expenses in the statement of profit and loss for 2015, except for actuarial losses, which were recognised in retained earnings.

The remaining provisions, in the amount of PLN 500 000, concern the KNF's decision DPP/WPAI/476/23/2013/AD of 3 September 2013. The provision was released during the reporting period because of payment.

(amounts in PLN 000s, unless otherwise stated)

Employee benefit provision - post-employment benefits

One-off retirement/disability allowances	31 Dec 2015	31 Dec 2014
As at the beginning of period	**26**	**21**
including: long-term	26	21
short-term		
Employment costs	3	3
including: current employment costs	3	*3*
future employment costs		
Net interest on net liabilities	1	1
Actuarial (gains) losses	3	*1*
(Benefits paid out)		
As at the end of period	**33**	**26**
including: long-term	33	26
short-term		

Sensitivity analysis (impact of changes in indicators used for calculating pension benefits on liabilities as at 31 December 2015)

	One-off retirement/disability allowances
Discount rate growth by 0.5%	(1)
Discount rate decrease by 0.5%	1
Wage growth increase by 0.5%	1
Wage growth decrease by 0.5%	(1)
Turnover growth by 0.5%	-
Turnover decrease by 0.5%	-

The Group's liabilities for future employee benefits, including one-off retirement/disability allowances paid out after employment at the Group ends, are equal to the present value of the liabilities for these benefits.
Provisions for one-off retirement/disability allowances were calculated by an independent actuarial advisory firm using the projected unit credit method, based on information obtained from the Company relating to the amounts of employee benefits and data supplied by the Company, demographic and financial assumptions, as well as actuarial methods for measuring provisions. The projected unit credit method was used to calculate provisions for one-off retirement/disability allowances.

The key actuarial assumptions having impact on the level of employment benefit provisions as at 31 December 2015 were as follows:
- discount rate - 3.3% in 2016 and subsequent years,
- employee mortality - same as mortality for the entire population in Poland,
- incapacity for work - established based on the probabilities of employee mortality and age,
- expected future wage growth (nominal, including inflation) - 3.0% in 2015 and subsequent years,
- employee turnover - 8% annually (it was also assumed that turnover begins to decrease with age on a linear basis 10 years before retirement age, reaching 0% three years before retirement),
- retirement - individual retirement age for employees

(amounts in PLN 000s, unless otherwise stated)

Note 22

Deferred income tax provisions	31 Dec 2015	31 Dec 2014
Deferred income tax provisions at the beginning of period, including:	**670**	**620**
a) recognised through profit or loss	670	620
Increases	-	175
a) recognised through profit or loss	-	*175*
Decreases	(28)	(125)
a) recognised through profit or loss	(28)	*(125)*
Deferred income tax provisions at the end of period, including:	**642**	**670**
a) recognised through profit or loss	642	670

Deferred income tax provisions, the basis of which are temporary differences resulting from:	31 Dec 2015	31 Dec 2014
Deduction of discount on bonds purchased	-	161
Revaluation of financial assets	79	-
Difference between the balance sheet value and tax value of property, plant and equipment	563	509
Deferred income tax provisions at the end of period	**642**	**670**

Note 23

Credit facilities, loans, debt instruments and other current financial liabilities	31 Dec 2015	31 Dec 2014
Credit facilities	-	-
Loans	-	-
Debt instruments	0	0
Finance leasing	-	-
Measurement of other financial instruments	-	-
Total credit facilities, loans, debt instruments and other current financial liabilities	**0**	**0**

Bonds issued

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 convertible to series P shares.

On 15 June 2015, the Management Board of Emperia Holding S.A. adopted a resolution on issue by Emperia Holding S.A. of 44 068 series B bonds convertible to series P shares.

A proposal to purchase bonds was submitted to Millennium Dom Maklerski S.A. In the course of 2014 and 2015, Emperia Holding S.A. bought back 156 654 series A and B bonds, as communicated by the Company via current reports.

(amounts in PLN 000s, unless otherwise stated)

Note 24

Current liabilities	31 Dec 2015	31 Dec 2014
For products and services	1 445	329
- including: towards related parties	*136*	*133*
For taxes and other state fees	486	2 314
Remuneration	168	173
Advances received for deliveries	-	-
- including: towards related parties	-	-
Other liabilities	55 804	94 492
- including: towards related parties	-	-
Total liabilities	**57 903**	**97 308**

Ageing structure of trade payables	31 Dec 2015	31 Dec 2014
up to 1 month	1 431	311
1 - 3 months	-	1
3 - 6 months	-	-
6 - 12 months	-	-
over 1 year	-	-
Overdue	14	17
Total liabilities	**1 445**	**329**

Ageing structure of overdue trade payables	31 Dec 2015	31 Dec 2014
up to 1 month	11	9
1 - 3 months	3	-
3 - 6 months	-	-
6 - 12 months	0	8
over 1 year	-	-
Total overdue liabilities	**14**	**17**

Trade payables are settled within the contractual deadlines, which range from seven to 21 days.

At 31 December 2015, 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. for PLN 55 616 314.33, with payment due on 13 November 2016.
A detailed description of related-party transactions is presented in note 45.

Note 25

Deferred revenue, by title	31 Dec 2015	31 Dec 2014
Payment of compensation	1	-
Contractual penalties	1 208	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	**1 209**	**82**

The key item of deferred revenue in 2015 was a contractual penalty that the Company applied to a counterparty for late contract performance.

(amounts in PLN 000s, unless otherwise stated)

Note 26

Net revenue from sales of products and services (product structure - types of activities)	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Sale of products	-	-
including: to related parties	-	-
Sale of services	15 505	13 906
including: to related parties	*10 803*	*9 473*
Total net revenue from sale of products and services	**15 505**	**13 906**
including: to related parties	*10 803*	*9 473*

Net revenue from sales of products and services (geographical structure)	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Domestic	15 505	13 906
including: to related parties	*10 803*	*9 473*
Export	-	-
including: to related parties	-	-
Total net revenue from sale of products and services	**15 505**	**13 906**
including: to related parties	*10 803*	*9 473*

Note 27

Net revenue from sale of goods and materials (product structure - types of activities)	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Sale of goods and materials	34	25
including: to related parties	*32*	*25*
Total net revenue from sale of goods and materials	**34**	**25**
including: to related parties	*32*	*25*

Total net revenue from sale of goods and materials (geographical structure)	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Domestic	34	25
including: to related parties	32	25
Export	-	-
including: to related parties	-	-
Total net revenue from sale of goods and materials	**34**	**25**
including: to related parties	*32*	*25*

Note 28

Other operating revenue	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Gain on disposal of other non-financial non-current assets	342	1 273
Impairment of assets	24	81
Other operating revenue	70	1 712
Total other operating revenue	**436**	**3 066**

(amounts in PLN 000s, unless otherwise stated)

Impairment of non-financial assets		
Recognition of receivables impairment (negative value)	*(86)*	*(103)*
Reversal of receivables impairment	*110*	*184*
Total impairment of financial and non-financial assets	**24**	**81**

Other operating revenue		
Proceeds from refund of tangible-asset purchases	-	-
Contractual penalties received	-	5
Compensation from transport insurance	14	29
Compensation from property and other insurance	-	-
Other damages	-	795
VAT refund	2	-
Awarded legal costs	8	877
Considerations for timely payment of tax	-	-
Liabilities written off	-	-
Rounding	0	
Other revenue	46	6
Total other operating revenue	**70**	**1 712**

The key item of other operating revenue in 2014 was amounts awarded in court from Ernst & Young: PLN 795 000 in compensation and PLN 839 200 in representation costs, as presented in detail in Note 52.

Note 29

Costs by nature	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Depreciation / amortisation	(1 741)	(2 352)
Use of materials and energy	(1 781)	(1 621)
Third-party services	(3 209)	(2 964)
Salaries	(3 002)	(3 095)
Employee benefits	(599)	(461)
Taxes and fees	(630)	(671)
Other costs	(76)	(73)
Total costs by nature	**(11 038)**	**(11 238)**
Selling costs	-	-
Administrative expenses	(3 528)	(4 045)
Cost of manufacture of services sold	(7 510)	(7 193)

During 2014-2015, depreciation was fully recorded in administrative expenses and cost of services sold.

Employment costs		
Salaries	(3 002)	(3 095)
- including: management options programme	-	-
Social security	(500)	(431)
Workplace social security fund	(35)	(14)
Training	(56)	(3)
Other	(8)	(13)
Total employment costs	**(3 601)**	**(3 556)**

(amounts in PLN 000s, unless otherwise stated)

Fees to entity authorised to audit financial statements	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Review and audit of financial statements	(41)	(44)
Due diligence	-	-
Tax advisory	-	-
Accounting advisory	-	-
Total remuneration to entities authorised to audit financial statements	**(41)**	**(44)**

On 3 June 2015, 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 2015. The fee for the above services was PLN 34 500 net.

Note 30

Other operating expenses	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Loss on disposal of non-financial non-current assets	-	(703)
Impairment of assets	-	-
Other operating expenses	(27)	(550)
Total other operating expenses	**(27)**	**(1 253)**

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)	(5)
Transport-related damages	(15)	(14)
Property damages	-	-
Investment property maintenance costs	-	-
Legal costs	(2)	(332)
Non-mandatory contributions	-	-
KNF provision	-	-
VAT	-	(198)
Damages and compensation	-	-
Value of lost equipment	-	-
Other costs	(5)	(1)
Total other operating expenses	**(27)**	**(550)**

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

(amounts in PLN 000s, unless otherwise stated)

Note 31

Finance income	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Dividends received, including:	19 000	7 566
- from related parties	*19 000*	*7 566*
Interest, including:	2 690	6 762
- from related parties	*2 411*	*5 672*
Gain on disposal of investments	533	161
Other finance income	300	837
- from related parties	*186*	*197*
Total finance income	**22 523**	**15 326**

Interest income on bonds		
Interest on loans	74	39
- from related parties	*74*	*39*
Interest on bank deposits	255	854
Interest on overdue receivables	33	256
- from related parties	*9*	*20*
Interest on bonds	2 328	5 613
- from related parties	*2 328*	*5 613*
Other interest	-	-
- from related parties	-	-
Total interest income	**2 690**	**6 762**

Other finance income		
Proceeds from collateral issued	186	197
- from related parties	*186*	197
Share of insurers' profits	114	-
Measurement of financial assets	-	634
Proceeds from sale of receivables	-	6
Total other finance income	**300**	**837**

Income from collateral provided covers Emperia Holding S.A.'s fees from subsidiaries for credit collateral issued to these companies. Collateral provided in 2015 comprised sureties and guarantees.

Note 32

Finance costs	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Interest, including:	(2)	(2)
- to related parties	0	(1)
Loss on disposal of investments	-	-
Other finance costs	(389)	(454)
Total finance costs	**(391)**	**(456)**

(amounts in PLN 000s, unless otherwise stated)

Interest costs		
Interest on bank credit	-	0
Interest on finance leasing	-	-
- including: from related parties	-	-
Interest on overdue receivables	(1)	(1)
- including: from related parties	*0*	*(1)*
Interest on issued bonds	-	-
- including: from related parties	-	-
Statutory interest	(1)	-
Other interest	-	-
- including: from related parties	-	-
Total interest costs	**(2)**	**(2)**

Other finance costs		
Negative exchange differences	(2)	0
Impairment of financial assets	(381)	(453)
Interest cost on employee provisions	(1)	-
Other	(5)	(1)
Total other finance costs	**(389)**	**(454)**

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

Profit or loss, by category of instrument		
Interest income	-	-
Bank deposits	255	854
Bonds	2 328	5 613
Loans issued	74	39
Trade receivables	33	256
Other	-	-
Total interest income	**2 690**	**6 762**
Interest costs	-	-
Short- and long-term credit facilities	-	0
Finance leasing	-	-
Bonds issued	-	-
Loans received	-	-
Trade payables	(1)	(2)
Other	(1)	-
Total interest costs	**(2)**	**(2)**

(amounts in PLN 000s, unless otherwise stated)

Note 33

Current income tax	**12 months ended 31 Dec 2015**	**12 months ended 31 Dec 2014**
Profit before tax	**27 042**	**19 377**
Revenue not subject to taxation, according to tax regulations (decreasing the tax base)	**19 366**	**8 400**
Finance income	*19 278*	*8 243*
Other operating revenue	*88*	*157*
Items creating taxable revenue (increasing the tax base)	**21**	**133**
Finance income	-	-
Other operating revenue	*21*	*133*
Costs and losses not recognised as tax deductible expenses (higher tax base)	**2 995**	**4 643**
Operating expenses	*2 065*	*2 940*
Finance costs	*836*	*454*
Other operating expenses	*94*	*1 249*
Items increasing tax deductible expenses (lower tax base)	**2 325**	**2 831**
Taxable income	**8 367**	**12 921**
Remaining to be deducted from profit	-	-
Settlement of prior-period losses	-	-
Income tax base	**8 367**	**12 921**
Income tax at 19% rate	1 590	2 455
Increases, discontinuations, exemptions, deductions and decreases of tax	44	-
Current income tax, calculated for the reporting period	**1 634**	**2 455**

Effective tax rate	**12 months ended 31 Dec 2015**	**12 months ended 31 Dec 2014**
Gross result:	27 042	19 377
Tax in profit or loss:	1 598	2 511
Preliminary effective tax rate:	6.0%	12.0%
Explanations		
Differences on deferred tax	36	(56)
Tax effects of non-taxable revenues, according to tax regulations	66	1 571
Tax effects of non-deductible costs, according to tax regulations	(127)	(344)
After taking into consideration the explanations	5 146	3 682
Effective tax rate after explanations	19%	19%
Income tax at the 19% rate	**5 138**	**3 682**
Tax at the effective rate	**5 146**	**3 682**

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

(amounts in PLN 000s, unless otherwise stated)

Note 34

Deferred income tax recorded in profit or loss	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Decrease (increase) from recognition and reversal of temporary differences	36	(56)
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	**36**	**(56)**
Deferred income tax recorded outside of profit or loss	**-**	**0**

Note 35

Earnings per share	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Profit for the period	25 444	16 865
Weighted average number of shares	12 506 772	13 440 114
Earnings per share (in PLN)	2.03	1.25
Diluted profit (loss) per share, in PLN	2.03	1.25

Note 36

Profit allocation proposed by the Management Board	12 months ended 31 Dec 2015*	12 months ended 31 Dec 2014
Profit for the period, including:	25 444	16 865
dividend	-	*16 528*
coverage of prior-period losses	-	*1*
supplementary capital	-	-
reserve capital	-	*336*

* as of the date on which these financial statements were prepared, the Company's Management Board had not adopted a resolution on a recommendation on the allocation of the 2015 profit.

(amounts in PLN 000s, unless otherwise stated)

Note 37

Cash and cash equivalents structure	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
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	*45 210*	*89 400*
- as at the end of period	*10 571*	*45 210*
Other cash instruments	-	-
- as at the beginning of period	*97*	*155*
- as at the end of period	*-*	*97*
Total cash		
- as at the beginning of period	45 307	89 555
- as at the end of period	10 571	45 307

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 2015	12 months ended 31 Dec 2014
Change in receivables	**(1 703)**	**9 411**
- balance sheet change in receivables	*(2 660)*	*10 162*
- correction due to receivables on redemption of equity interests in subsidiaries	*-*	*-*
- change in receivables related to disposal of property, plant and equipment	*957*	*(751)*
Change in liabilities	**(38 242)**	**95 263**
- change in liabilities	*(39 406)*	*95 849*
- change in liabilities connected with purchase of property, plant and equipment	*1 164*	*(586)*
Other adjustments:	**-**	**-**
- cost of management options	*-*	*-*

Note 39

Dividends paid

On 27 May 2015, Emperia Holding S.A.'s General Meeting adopted a resolution on distribution of the net profit generated by Emperia Holding in 2014. PLN 16 527 963.20 was earmarked for payment of dividend, corresponding to PLN 1.33 per share.
Entitled to the dividend were shareholders who held shares on 5 June 2014 (ex-dividend date). The dividend payment date was 19 June 2015.

Dividends received:

Subsidiary Infinite Sp. z o.o. paid out a dividend of PLN 9 million to Emperia Holding S.A. Furthermore, subsidiary Elpro Development S.A. paid a dividend of PLN 10 million to Emperia Holding S.A.

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.
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.

(amounts in PLN 000s, unless otherwise stated)

Changes in off-balance sheet liabilities - 2015	Credit facilities	Bank guarantees	Security interests
Guarantees			
As at the beginning of period	**-**	**47 500**	**23 246**
Increases during the period	-	-	*2 250*
Decreases during the period	-	-	*(15 850)*
As at the end of period	**-**	**47 500**	**9 646**

Changes in off-balance sheet liabilities - 2014	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**

Note 42 Financial and operating leasing

2015:

As at 31 December 2015, the Company did not have any operating lease liabilities.

Arrangements containing a lease component in accordance with IFRIC 4

Asset	Term of agreement	As at 31 Dec 2015	As at 31 Dec 2016	1 to 5 years	Over 5 years
			Minimum annual payment		
Property	*specified*	41	41	165	206
	unspecified	-	-	-	-
Technical equipment and machinery	*specified*	-	-	-	-
	unspecified	12	12	47	59
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)

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*	41 142	41 142	164 568	205 710
	unspecified	4 000	-	-	-
Technical equipment and machinery	*specified*	-	-	-	-
	unspecified	15 600	15 600	62 400	78 000
Means of transport	*specified*	-	-	-	-
	unspecified	-	-	-	-
Other property, plant and equipment	*specified*	-	-	-	-
	unspecified	-	-	-	

A 10-year period was 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 2015, 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 12 (not recorded in the table below);

Transactions with consolidated related parties, figures:

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 S.A.	Elpro Ekon Sp. z o.o. S.K.A.	P3 Ekon Sp. z o.o.	P5 Ekon Sp. z o.o.	Stokrotka Sp. z o.o.
Receivables	1 263	219	2	1	27	25	4	5	1 263
Payables	34	124	-	-	55 616	11	-	-	34
Transaction proceeds	11 735	783	8	12	547	1 469	149	118	11 735
Transaction costs	5 867	511	3	5	278	344	91	64	5 867
Purchase of services	-	1 210	-	-	-	271	-	-	-
Sale of services	8 809	586	8	12	513	608	149	118	8 809
Purchase of properties and other assets	-	-	-	-	-	20 880	-	-	-
Disposal of properties and other assets	0	2	-	-	-	-	-	-	0
Financing-related transfers (including loans and equity contributions), dividends - proceeds	-	18 000	-	-	20 000	-	-	-	-
Financing-related transfers (including loans and equity contributions), dividends - expenditures	-	9 000	50	50	10 000	-	-	-	-

(amounts in PLN 000s, unless otherwise stated)

Note 46 Information on employment, by full-time positions

2015:

Item	Total	White collar workers	Blue collar workers
Employment	63	62	1

2014:

Item	Total	White collar workers	Blue collar workers
Employment	64	64	-

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.

Remuneration paid to Emperia Holding S.A.'s Management Board members in 2015 (cash basis):

No.	First and last name	Total salary	Pay bonus	Material considerations and sick pay	TOTAL
1	Kalinowski Dariusz	98.03	100.00	-	198.03
2	Baran Cezary	120.00	-	-	120.00
	TOTAL	**218.03**	**100.00**	**-**	**318.03**

Remuneration paid to Emperia Holding S.A.'s Management Board members in 2015 for work at subsidiaries (cash basis):

No.	First and last name	TOTAL
1.	Kalinowski Dariusz	375.2
2.	Baran Cezary	188.3
	TOTAL	**563.5**

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

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 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 nominal value and issue price per 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

(amounts in PLN 000s, unless otherwise stated)

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

In 2014, in connection with the Management Options Programme II 2010-2012 - tranche for 2010, the Company issued 114 564 registered bonds series A with priority rights to the Issuer's series P shares. The per-bond issue price was PLN 0.01. 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 for the Company's shareholders. The issue price for Series P Shares, calculated as at the date of the Bond issue, was PLN 24.82, and PLN 24.40 from 1 July 2015. 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 Authorised Persons during the period from 1 July 2014 to 30 June 2018.
In 2015, participants of the Management Options Programme redeemed 4 776 series A bonds and subscribed for 4 776 series P shares.
At 31 December 2015, 1 384 bonds were still not redeemed.

Execution of Management Options Programme II 2010-2012 - tranche for 2011

In 2015, in connection with the Management Options Programme II 2010-2012 - tranche for 2010, the Company issued 44 068 registered bonds series A with priority rights to the Issuer's series P shares. The per-bond issue price was PLN 0.01. 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 for the Company's shareholders. The issue price for Series P Shares, calculated as at the date of the Bond issue, is PLN 24.40. 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 is available to Authorised Persons during the period from 1 July 2014 to 30 June 2018.
In 2015, participants of the Management Options Programme redeemed 43 474 series A bonds and subscribed for 43 474 series P shares.
At 31 December 2015, 594 bonds were still not redeemed.
Remuneration of Emperia Holding S.A. Supervisory Board members in 2015:

No.	First and last name	Salary
1	Kawa Artur	61.20
2	Kowalczewski Michał	39.60
3	Laskowski Artur	39.60
4	Malec Andrzej	28.10
5	Wawerski Jarosław	39.60
6	Widera Aleksander	11.61
	TOTAL	**219.71**

Andrzej Malec served as a Supervisory Board member until 25 August 2015.
Aleksander Widera serves as a Supervisory Board member since 25 August 2015.

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 Company's business is exposed to the following financial risks:

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

a) credit risk – risk that one of the parties to a financial instrument fails to meet its obligations, causing the Company to incur financial losses. Credit risk concerns receivables, cash and cash equivalents, bank deposits, purchased bonds and collateral provided.
The Company's sales are on deferred-payment basis. However, the fragmentation of the customer base makes it so that exposure to singular credit risk is not high. The Company 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 Company consistently pursues recovery of overdue receivables and recognises impairment losses on an on-going basis.
The Company places its cash at reliable financial institutions (selected based on ratings). Bonds are short-term bonds issued by Group companies. Credit risk at the Company is limited in scope.

b) liquidity risk – risk that the Company will have difficulties in meeting its liabilities resulting from financial commitments. The Company ensures that liquidity is maintained at an appropriate, safe level. After budget preparations, the Company requests appropriate credit lines at the financial institutions with which it cooperates. As regards external financing, the Company 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 monitors the Company's financial situation and payment capacity on an on-going basis.
In 2015, the Company did not use external financing sources. Liquidity risk at the Company is limited in scope.

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 Company does not use any FX or foreign currency-denominated debt instruments. Currency risk concerns the Company 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 Company 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 2015, the Company 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 Company does not use financial instruments that carry pricing risk.
The Company 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	**2015** fair value	**2015** 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	426 109	426 109	-	-	426 109	-	-	-	-
Short-term loans	-	-	-	-	-	-	-	-	-
Long-term collateral	-	-	-	-	-	-	-	-	-
Trade receivables	2 576	2 576	-	-	-	-	-	2 576	-
Financial asset receivables other than the above	-	-	-	-	-	-	-	-	-
Debt instruments	11 138	11 138	-	-	-	-	-	11 138	-
Cash and cash equivalents	10 571	10 571	-	-	-	-	-	-	10 571
Assets classified as held for sale	-	-	-	-	-	-	-	-	-

Financial liabilities by balance sheet item	**2015** fair value	**2015** 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	89	89	-	-	89	-	-	-	-
Trade payables	1 445	1 445	-	-	1 445	-	-	-	-
Financial liabilities other than the above	55 973	55 973	-	-	55 973	-	-	-	-

(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)

Ageing structure of financial assets that were overdue but not impaired as at the end of the reporting period

- ageing 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
2015	2 576	1 230	109	43	16	1 178	-
2014	910	782	56	60	12	-	-

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 2015	- including: trade receivables	31 Dec 2014
As at the beginning of period	**(2 761)**	**(1 033)**	**(3 828)**
Increases (resulting from acquisitions)	(86)	(86)	(103)
Reversal	110	64	184
Derecognised from statement of profit and loss	386	26	985
As at the end of period	**(2 351)**	**(1 029)**	**(2 761)**

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

(amounts in PLN 000s, unless otherwise stated)

Ageing structure of financial liabilities

Item	Total liabilities	Liabilities due in: Up to 1 year	1 - 3 years	Over 3 years
2015				
Credit facilities	-	-	-	-
Loans	-	-	-	-
Finance leasing	-	-	-	-
Long-term collateral retained	89	-	-	89
Debt instruments	-	-	-	-
Trade payables	1 445	1 445		
Other liabilities	55 973	55 973		
2014				
Credit facilities	-	-	-	-
Loans	-	-	-	-
Finance leasing	-	-	-	-
Long-term collateral retained	90	-	-	90
Debt instruments	-	-	-	-
Trade payables	329	329	-	-
Other liabilities	94 665	94 665	-	-

Ageing structure of financial liabilities overdue as at the end of the reporting period
- ageing structure of trade payables overdue as at the end of the reporting period

Period	Total liabilities	Liabilities not overdue	Liabilities Overdue Due in up to 1 month	Liabilities Overdue Due in 1 - 3 months	Liabilities Overdue Due in 3 - 6 months	Liabilities Overdue Due in 6 months - 1 year	Liabilities Overdue Due in over 1 year
2015	1 445	1 431	11	3	-	-	-
2014	329	312	9	-	-	8	-

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 2015 - 31 December 2015

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	426 109	-	-	-	-
Short-term loans	-	-	-	-	-
Long-term collateral	-	-	-	-	-
Trade receivables	2 576	-	-	-	-
Receivables not mentioned above, constituting financial assets	-	-	-	-	-
Debt instruments	11 138	23	-	(23)	-
Cash and cash equivalents	10 571	3	-	(3)	-
cash on hand	-	-	-	-	-
cash at bank accounts	10 571	*3*	-	*(3)*	-
other cash instruments	-	-	-	-	-
Assets classified as held for sale	-	-	-	-	-
Financial liabilities					
Credit facilities	-	-	-	-	-
Finance leasing	-	-	-	-	-
Long-term	-				
Short-term	-				
Debt instruments	-	-	-	-	-
Long-term collateral	89	-	-	-	-
Trade payables	1 445	-	-	-	-
Financial liabilities other than the above	55 973	-	-	-	-
Total		**26**		**(26)**	

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 2015.

(amounts in PLN 000s, unless otherwise stated)

Sensitivity analysis

Interest rate risk - 1 January 2014 - 31 December 2014

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	336 204	-	-	-	-
Short-term loans	-	-	-	-	-
Long-term collateral	-	-	-	-	-
Trade receivables	910	3	-	(3)	-
Receivables not mentioned above, constituting 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	-	-	-	-	-
Long-term	-				
Short-term	-				
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)

Profit or loss, by category of instrument

Interest income	1 January - 31 December 2015	1 January - 31 December 2014
Cash and cash equivalents	255	854
Debt instruments	2 328	5 613
Loans issued	74	39
Trade receivables	33	256
Financial receivables other than mentioned above	-	-
	2 690	**6 762**

Interest costs	1 January - 31 December 2015	1 January - 31 December 2014
Short- and long-term credit facilities	-	(0)
Loans received	-	-
Finance leasing	-	-
Debt instruments	-	-
Trade payables	(1)	(2)
Financial liabilities other than the above	(1)	-
	(2)	**(2)**

(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.

	31.12.2015	31.12.2014
Equity	449 406	494 961
Minus: intangible assets	(1 470)	(1 588)
Equity, less intangible assets	447 936	493 373
Balance sheet total	509 606	595 384
Equity ratio	**0.88**	**0.83**

	31.12.2015	31.12.2014
Operating profit	4 910	4 506 507,27
Plus: depreciation	1 741	2 352 172,96
EBITDA	6 651	6 858 680.23
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 2015 or 2014.

Note 50 Significant events after the end of the reporting period

a) Completion of a buy-back programme at Emperia Holding S.A. by subsidiary Elpro Development S.A.

Pursuant to an authorisation under resolutions 3 and 4 of Emperia Holding S.A.'s Extraordinary General Meeting of 11 October 2012, subsidiary Elpro Development S.A. during 2015 purchased, in block transactions, 717 818 shares of Emperia Holding S.A. for cancellation. At the end of 2015, Elpro Development S.A. and the Issuer held a total of 967 876 shares in the Issuer, entitling to 967 876 (7.313%) votes at the Issuer's general meeting and constituting 7.313% of the Issuer's share capital.

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. Pursuant to the resolutions, the amount earmarked for own share purchases was increased to PLN 70 million, and the buyback period was extended until 31 December 2015.

On 28 April 2015, 2 031 547 of Emperia Holding's bought back shares were cancelled. Detailed information on this subject is presented in point 7.2.9 c)

On 2 November 2015, the Management Board of Emperia Holding S.A. passed a resolution concerning increase of the size of a buyback programme being carried out by Elpro Development S.A. by PLN 20 million to PLN 90 million.

On 13 November 2015, the Management Board of Emperia Holding S.A. announced that it acquired, with shareholder consent, 900 219 shares of Emperia Holding S.A., with nominal value of PLN 1 each, from subsidiary Elpro Development S.A. for cancellation. The purchased shares constitute 6.802% of Emperia Holding S.A.'s share capital and entitle to 900 219 (6.802%) of votes at the general meeting. The average per-share price paid was PLN 61.78.

On 23 December 2015, the Management Board of Emperia Holding S.A. passed a resolution extending the "Buy-back programme at Emperia Holding S.A. by subsidiary Elpro Development S.A." to 31 March 2016.

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. purchased 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. purchased 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. purchased 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.

On 30 April 2014, Emperia Holding S.A. purchased 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 53.5 million.

On 29 May 2014, Emperia Holding S.A. purchased 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 53.5 million.

On 26 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 53.5 million.

On 7 August 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 68.5 million.

On 11 September 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 68.5 million.

On 23 October 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 68.5 million.

d) 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 the 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.

e) Notification from ALTUS TFI S.A. on decrease in votes at Emperia Holding S.A.'s general meeting

On 30 April 2015, the Management Board of Emperia Holding S.A. announced that it had received notification from ALTUS TFI S.A. ("ALTUS") that, as a result of settlement of a share sale transaction on the regulated market, ALTUS 29 FIZ, managed by ALTUS, decreased its stake in the total number of votes in Emperia Holding S.A. The change in the stake in total votes resulted from settlement on 28 April 2015 of a regulated-market sale of 90 000 shares of the Company.
Following the settlement of the above transaction, ALTUS 29 FIZ, managed by ALTUS TFI S.A., held 1 487 262 shares of the Company, which constituted 11.27% in the Company's total number of votes and share capital. ALTUS's other funds do not hold any shares in the Company.

f) Notice from Aviva OFE Aviva BZ WBK on having exceeded 5% of total votes in Emperia Holding S.A.

On 5 May 2015, the Management Board of Emperia Holding S.A. announced that it had received notification from Aviva OFE Aviva BZ WBK ("Aviva OFE") that, as a result of a transactions to sell shares in Emperia Holding S.A. ("Company") executed on 24 April 2015 and in connection with a reduction in the Company's share capital being registered by court, Aviva OFE Aviva BZ WBK ("Aviva OFE") had increased its share in the Company's voting rights to more than 5%.
After executing and settling the above-mentioned transactions, as of 28 April 2015 Aviva OFE held 834 991 shares in the Company, constituting 6.33% of share capital (issued shares) and entitling to 834 991 votes at the General Meeting, which represented 6.33% of total votes.

g) Notification from IPOPEMA 72 FIZ AN on having exceeded 10% of total votes in Emperia Holding S.A.

On 5 May 2015, the Management Board of Emperia Holding S.A. announced that it had received notification from IPOPEMA TFI S.A. that, in connection with the registration of a reduction in Emperia Holding S.A.'s share capital, the stake held by IPOPEMA 72 FIZ AN ("Fund") and the stakes of investment funds being managed by IPOPEMA TFI S.A. together exceeded 10% of the Company's total votes.
Following the above event and having bought shares in the Company on the regulated market, investment funds managed by IPOPEMA TFI S.A. together held 1 458 583 shares in the Company, which represents 11.06% of the Company's share capital and carries 1 458 583 votes, i.e. 11.06% of total votes at the Company's general meeting.

h) Notice from ING OFE on having exceeded 5% of total votes in Emperia Holding S.A.

On 5 May 2015, the Management Board of Emperia Holding S.A. announced that it had received notification from ING OFE that, in connection with a reduction in Emperia Holding S.A.'s share capital being registered by court, the Fund's stake exceeded 5% of votes at the Company's general meeting. On 5 May 2015, the Fund held 755 713 shares in the Company, which constituted 5.73% of the Company's share capital. These shares carried the right to 755 713 votes at the Company's general meeting, or 5.73% of total votes.

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

An Ordinary General Meeting of Emperia Holding S.A. was held on 27 May 2015. The subject of the meeting was evaluation and approval of the management report on the Company's operations as well as its financial statements, including consolidated financial statements, for the previous financial year; adoption of a resolution concerning profit distribution or loss coverage, approval of Supervisory Board and Management Board members, adoption of resolutions on appointment of Supervisory Board members, adoption of a resolution on Supervisory Board member remuneration, adoption of resolutions on amendment of resolutions regarding consent to purchase Emperia Holding S.A.'s shares by Subsidiaries for cancellation, consent for executing agreements to purchase shares from Subsidiaries and consent for a bond issue, as well as adoption of a resolution on amendment of the Company's articles of association.

j) Entity authorised to audit financial statements for 2015

On 27 May 2015, the Management Board of Emperia Holding S.A. announced that the Supervisory Board, acting pursuant to art. 14 sec. 2 letter "o" of the Company's articles of association, adopted a resolution on selection of ECA Seredyński i Wspólnicy Sp. z o.o. sp. k., based in Kraków, ul. Moniuszki 50, as auditor for Emperia Holding S.A.'s 2015 separate and consolidated financial statements and to review Emperia Holding S.A.'s interim separate and consolidated financial statements.
ECA Seredyński i Wspólnicy Sp. z o.o. sp. k. is entered onto the list of entities authorised to audit financial statements, under number 3115. The Company retained the above statutory auditor to audit financial statements for 2010-2014.

k) KDPW resolution on change in number of Emperia Holding S.A.'s registered shares

On 17 June 2015, the Management Board of Emperia Holding S.A. announced that it had received Resolution 383/15 from the Board of Krajowy Depozyt Papierów Wartościowych S.A., dated 17 June 2015, pursuant to which the Board confirmed that 13 192 018 ordinary bearer shares of Emperia Holding S.A. are marked with code PLELDRD00017 from 22 June 2015.

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

On 9 June 2015, Emperia Holding S.A.'s Management Board announced that it had received information from Millennium DM S.A. on the buyback of 540 series A Bonds with pre-emptive rights to series P Shares.

On 14 July 2015, Emperia Holding S.A.'s Management Board announced that it had received information from Millennium DM S.A. on the buyback of 420 series A Bonds and 9 199 series B Bonds with pre-emptive rights to series P Shares.

On 10 August 2015, Emperia Holding S.A.'s Management Board announced that it had received information from Millennium DM S.A. on the buyback of 15 368 series B Bonds with pre-emptive rights to series P Shares.

On 8 September 2015, Emperia Holding S.A.'s Management Board announced that it had received information from Millennium DM S.A. on the buyback of 1 428 series A Bonds and 16 522 series B Bonds with pre-emptive rights to series P Shares.

On 9 November 2015, Emperia Holding S.A.'s Management Board announced that it had received information from Millennium DM S.A. on the buyback of 135 series B Bonds with pre-emptive rights to series P Shares.

On 8 December 2015, Emperia Holding S.A.'s Management Board announced that it had received information from Millennium DM S.A. on the buyback of 4 638 series A and series B Bonds with pre-emptive rights to series P Shares.

The Company bought back and cancelled the above Bonds from Authorised Persons under the Incentive Programme.

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

An Extraordinary General Meeting of Emperia Holding S.A. was held on 25 August 2015, the subject of which was adoption of resolutions concerning appointment of a new member of the Supervisory Board and resolutions concerning amendment of the Company's articles of association.

n) Notice from NN Investment Partners TFI S.A. of decrease in share of total votes at Emperia Holding S.A.'s General Meeting

On 28 August 2015, the Management Board of Emperia Holding S.A. received notification from NN Investment Partners TFI S.A. ("NN") that the stake in Emperia Holding S.A. held by all the funds managed by NN had decreased to less than 5% of votes at the General Meeting of Emperia Holding S.A. The reason for this decrease in the total number of votes at the General Meeting of Emperia Holding S.A. was the sale on 25 August 2015 of the company's share by NN Parasol FIO.
Prior to the change in stake, funds managed by NN held a total of 700 931 shares of Emperia Holding S.A., which constituted 5.31% of the Company's share capital and entitled to 700 931 (5.31%) votes at the General Meeting of Emperia Holding S.A.
Following the change in stake, funds managed by NN held a total of 656 907 shares of Emperia Holding S.A., which constituted 4.98% of the Company's share capital and entitled to 656 907 (4.98%) votes at the General Meeting of Emperia Holding S.A.

o) Purchase of shares in Emperia Holding S.A. by members of Emperia Holding S.A.'s Management Board

On 9 September 2015, the Management Board of Emperia Holding S.A. announced that it received notification from a person on Emperia Holding S.A.'s Management Board regarding registration in his securities accounts of a total of 180 shares of Emperia Holding S.A., series P, purchased under the Management Options Programme. The shares were purchased for PLN 24.40 each.

On 30 September 2015, the Management Board of Emperia Holding S.A. announced that it received notification from a person on Emperia Holding S.A.'s Management Board regarding registration in his securities accounts of a total of 6 447 shares of Emperia Holding S.A., series P, purchased under the Management Options Programme. The shares were purchased for PLN 24.40 each.

p) Purchase of shares in Emperia Holding S.A. by members of Emperia Holding S.A.'s Supervisory Board

On 9 September 2015, 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 4 494 shares of Emperia Holding S.A., series P, purchased under the Management Options Programme. The shares were purchased for PLN 24.40 each.

On 30 September 2015, 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 6 447 shares of Emperia Holding S.A., series P, purchased under the Management Options Programme. The shares were purchased for PLN 24.40 each.

q) Payment for the shares was made by Emperia Holding S.A. to Elpro Development S.A.

On 12 November 2015, Emperia Holding S.A.'s Management Board announced that the company had made a PLN 93 137 647.64 payment to subsidiary Elpro Development S.A. for own shares purchased by the Issuer on 30 October 2014.

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

An Extraordinary General Meeting of Emperia Holding S.A. was held on 10 December 2015, the subject of which was adoption of resolutions concerning cancellation of 900 219 shares purchased by Emperia Holding S.A. and reduction in the company's share capital by PLN 900 219, together with adoption of a resolution regarding authorisation for the Supervisory Board to establish a consolidated text of the company's articles of association and adoption of a resolution on use of supplementary capital to settle the costs of purchasing own shares for cancellation.

s) Transactions by persons having access to confidential information

On 1 December 2015, a member of the Supervisory Board provided information that a person closely connected to him on 30 November 2015 transferred 6 447 shares in Emperia Holding S.A. as a donation. Furthermore, on the same day, the member of the Supervisory Board transferred as a donation 6 447 shares in Emperia Holding S.A. to a person closely connected. The above donations were carried out pursuant to a civil law agreement executed outside the regulated market.

t) Transactions by persons having access to confidential information

On 1 December 2015, a member of the Supervisory Board provided information that a person closely connected to him on 30 November 2015 transferred 6 447 shares in Emperia Holding S.A. as a donation. Furthermore, on the same day, the member of the Supervisory Board transferred as a donation 6 447 shares in Emperia Holding S.A. to a person closely connected. The above donations were carried out pursuant to a civil law agreement executed outside the regulated market.

Note 51 Significant events after the end of the reporting period

a) Completion of a buy-back programme at Emperia Holding S.A. by subsidiary Elpro Development S.A.

Pursuant to an authorisation under resolutions 3 and 4 of Emperia Holding S.A.'s Extraordinary General Meeting of 11 October 2012, subsidiary Elpro Development S.A. during 2016 purchased, in block transactions, 161 660 shares of Emperia Holding S.A. for cancellation. At the date on which these financial statements were published, Elpro Development S.A. and the Issuer held a total of 1 129 536 shares in the Issuer, entitling to 1 129 536 (8.531%) votes at the Issuer's general meeting and constituting 8.531% of the Issuer's share capital.

b) Share capital increase at Eldorado Sp. z o.o.

On 25 February 2016, the Supervisory Board of Emperia Holding S.A. passed a resolution on increase of the Company's share capital from PLN 320 000 to PLN 342 000, i.e. by PLN 22 000, through the issue of 220 new shares with nominal value of PLN 100 each. All of the newly-issued shares were purchased by Emperia Holding S.A. for PLN 198 000 in cash. Excess of the cash consideration over the nominal value of the shares was transferred to supplementary capital.

c) Share capital increase at EKON Sp. z o.o.

On 25 February 2016, the Supervisory Board of Emperia Holding S.A. passed a resolution on increase of the Company's share capital from PLN 457 600 to PLN 492 000, i.e. by PLN 34 400, through the issue of 344 new shares with nominal value of PLN 100 each. All of the newly-issued shares were purchased by Emperia Holding S.A. for PLN 306 400 in cash. Excess of the cash consideration over the nominal value of the shares was transferred to supplementary capital.

d) Tax probe by Treasury Control Office

On 1 March 2016, Emperia Holding S.A. received a protocol on the audit of its books, issued under control proceedings led by the Head of the Treasury Control Office in Lublin, concerning accuracy of the declared tax basis and correctness of CIT calculations and payments for 2011.
The protocol included a legal assessment stating that the Company generated additional tax income from the sale of its Distribution Segment in 2011, amounting to PLN 959 308 086.76.
The protocol is a public document that does not decide the case. However, if the protocol is approved via a decision by the Head of the Treasury Control Office in Lublin and subsequently this decision is received by the appeal authority (Head of Tax Chamber), the above may result in the Company having to pay tax arrears of PLN 182 268 537.00, together with interest for delay from 3 April 2012 (current report 20/2016).
On 15 March 2016, the Company submitted to the Head of the Treasury Control Office in Lublin its comments regarding the protocol. The Company's Management Board and its tax advisers do not agree with the protocol's conclusions. The Company will undertake all available legal steps in order to show that these conclusions are groundless.

e) Purchase of bonds issued by subsidiaries

On 4 March 2016, Emperia Holding S.A. purchased short-term bonds issued by Stokrotka Sp. z o.o. The value of the bonds was PLN 9 million.

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

On 9 March 2016, the Management Board of Emperia Holding S.A. announced that it had called an Extraordinary General Meeting, which is to take place on 5 April 2016. The meeting will discuss amendments to the Company's articles of association.

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 in 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 dispute being appealed is PLN 430 258 619.

Aside from the above case, in 2015 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, 25 March 2016

Signatures of all Management Board members:

2016-03-25 Dariusz Kalinowski President of the Management Board

....
Signature

2016-03-25 Cezary Baran Vice-President of the Management Board

....
Signature

Signatures of persons responsible for book-keeping

2016-03-25 Elżbieta Świniarska Economic Director ....
Signature

2016-03-25 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 2015

8.1 Financial highlights

Item	2015	2014	%
Revenue from sales	15 539	13 931	11.5%
EBITDA	6 651	6 859	-3.0%
Operating profit	4 910	4 507	8.9%
Profit before tax	27 042	19 377	39.6%
Net profit	25 444	16 865	50.9%
Total assets	509 606	595 384	-14.4%
Liabilities and liability provisions	60 200	100 423	-40.1%
Current liabilities	59 437	99 637	-40.3%
Net assets	449 406	494 961	-9.2%
Weighted average number of shares	12 507	13 440	-6.9%
Earnings per share (in PLN)	2.03	1.25	62.1%

Operational performance and ability to meet liabilities

Item	2015	2014
Return on invested capital (net profit for the period / equity at the end of the period) in %	5.66%	3.41%
Return on assets (net profit for the period / assets at the end of the period) in %	4.99%	2.83%
Sales margin (profit from sales for the period / revenue from sales for the period) in %	51.67%	48.37%
EBITDA margin, in %	42.80%	49.23%
EBIT operating margin (operating profit for the period / revenue from sales for the period) in %	31.59%	32.35%
Gross margin (profit for the period / revenue from sales for the period) in %	174.02%	139.09%
Net margin (profit from sales for the period / revenue from sales for the period) in %	163.74%	121.05%

In 2015, the Company generated PLN 15 539 000 000 in revenue from sales, up 11.5% from the prior year. The revenue growth in 2015 was driven by higher income in the property segment.

The Company's net profit in 2015 came to PLN 25 444 000, up 50.9% from the comparative period. The growth in net profit for 2015 was largely the effect of higher dividend income (note 39).

(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 and change in the shared services strategy, Emperia now focuses on providing services to companies mainly in the property development segment.
Furthermore, the Company provides trade intermediary services (support services for trade partners in the retail segment).
The Company also manages properties: own and those belonging to other companies in the property segment.

Geographical scope of the Company's property development activities in 2015:

- Lublin voivodship: Lublin (Projektowa), Lublin (Kunickiego), Lublin (Ametystowa) – until March 2015, Lublin (Męczenników Majdanka), Lublin (Nałkowskich), Lublin (Dąbrowica),
- Sub-Carpathian voivodship: Rzeszów (Kwiatkowskiego)

Emperia Holding S.A. operates in Poland.

8.3 Assessment of financial management in 2015 using liquidity ratios, along with the structure, rotation and level of debt

Liquidity ratios	2015	2014
Current ratio (current assets / current liabilities)	0.43	2.24
Quick ratio (liquid current assets / current liabilities)	0.43	2.24
Cash ratio (short-term investments / current liabilities)	0.36	2.10

The drop in liquidity ratios in 2015 was connected with the on-going buy-back programme. At the end of 2015, the Company's liabilities related to this amounted to over PLN 55 million.

Turnover cycles for key components of working capital	2015	2014
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)	91.42	32.27
Payables turnover days (current trade payables / cost of products and services sold*number of days in period)	70.23	16.70
Asset productivity (revenue from sales / total assets)	0.03	0.02
Non-current asset productivity (revenue from sales / non-current assets)	0.03	0.04

The Company does not currently have any inventories.
The growth in receivables and payables turnover in 2015 resulted from a transaction (re-invoicing) concerning purchase and sale of intangible assets to subsidiaries, amounting to PLN 1 112 000.

(amounts in PLN 000s, unless otherwise stated)

Debt ratios	2015	2014
Debt ratio (liabilities and liability provisions / total assets)	0.12	0.17
Debt to equity (liabilities and liability provisions / equity)	0.13	0.20
Equity-to-assets ratio (equity / total assets)	0.88	0.83
Long-term debt ratio (non-current liabilities / total assets)	-	-

8.4 Sales markets

Despite a limited scope of holding services provided, the Company's main customers continue to be subsidiaries within Emperia Group (2015: 69.73%, 2014: 68.18% of revenue from sales). In 2015, the Company provided holding services, property rental and property management services to related parties.
For non-related parties, the Company provided commercial intermediation services and property rentals.

8.5 Significant agreements

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

From 1 December 2015, Emperia is insured with TUiR Warta S.A. The Company also holds civil liability insurance. Insurance agreements are executed for a 12-month period. As regards motor insurance, an agreement was entered into with Liberty Seguros Compania de Seguros y Reaseguros S.A., branch in Poland.

Agreements significant to the Company's activities include: property rental agreements, property management agreements, commercial intermediation services agreements.

8.6 Key events at Emperia Holding S.A. in 2015

Significant events are described in Note 50.

8.7 Extraordinary events having impact on annual performance

No extraordinary events having an impact on results took place in 2015.

(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 2015:

	Retail	Property	Central management	Total
Segment revenue	2 352	11 640	1 546	15 539
External revenue	2 352	2 247	104	4 704
Inter-segment revenue	-	9 393	1 442	10 835
Total segment costs	(456)	(6 139)	(4 444)	(11 039)
Profit on sales	1 896	5 502	(2 898)	4 501
Result on other operating activities	-	(256)	664	409
Result on financing activities	-	10 304	11 828	22 132
Gross result	1 896	15 552	9 594	27 042
Tax	(360)	(1 113)	(125)	(1 598)
Share of the profit of equity-accounted entities	-	-	-	-
Net segment result	**1 536**	**14 439**	**9 469**	**25 444**

	Retail	Property	Central management	Total
Segment assets / liabilities	-	56 063	453 543	509 606
Goodwill	-	-	-	-

	Retail	Property	Central management	Total
Capital expenditures	-	(24 362)	-	(24 362)
Depreciation / amortisation	-	(1 215)	(526)	(1 741)

2014

	Retail	Property	Central management	Total
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	9 498
Total segment costs	(632)	(5 940)	(4 666)	(11 238)
Profit on sales	2 002	4 033	(3 342)	2 694
Result on other operating activities	-	1 250	563	1 813
Result on financing activities	-	770	14 101	14 871
Gross result	2 002	6 053	11 321	19 377
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)

8.9 Capital expenditures

Expenditures incurred in 2015 amounted to PLN 23.2 million and concerned mainly property acquisitions (PLN 21 million). Renovation of an office building in Lublin, ul. Projektowa 1, was continued, with PLN 1.8 million spent. Other investment-related events are described in Note 50.

8.9 Dividend policy

As of the date on which these financial statements were prepared, the Company's Management Board had not adopted a resolution on a recommendation on the allocation of the 2015 profit. Information regarding a dividend from the Company's profit for 2014 is presented in Note 39.

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

External:

a) Domestic macroeconomic situation, as measured by indicators: GDP growth, unemployment rate, net household income, inflation/deflation
b) Changes in tax laws
c) Changes in the FMCG market
d) Growth in prices of products and services used by the Group, in particular fuel and electricity
e) Policies of financial institutions with regard to the financing of businesses and consumers (interest rates, loan margins, collateral)
f) Job market conditions and costs of employment
g) Conditions in the property market, in particular the development segment

Internal:

a) Business process optimisation (improved operating performance and higher management quality in all segments),
b) Streamlined structure of the property segment,
c) Procurement of attractive retail locations,
d) Internal cost control policy,
e) Growth dynamic of the retail chain.

8.12 Growth perspectives

Emperia Holding S.A. is a holding company whose main activities include devising the Group's strategy, carrying out acquisitions, managing the Group's subsidiaries, performing certain central functions for subsidiaries, in particular: financial management, IT service, management of selected groups of assets and liabilities. The Company also develops and manages properties: own and those belonging to other Group companies.

In the coming years, Emperia intends to develop all of its operating segments: retail, property and IT.

8.13 Significant related-party transactions

In 2015, 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. Details of the case are described in Note 52.

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 2015, 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

Emperia Holding S.A. did not introduce any changes to its key management principles in 2015.

8.17 Changes in Management Board and Supervisory Board composition

Management Board

Dariusz Kalinowski – President of the Management Board

- 13 years with Emperia Holding S.A.
- Graduated from the Economics Department at the University of Szczecin
- MBA from the European University Centre for Management Studies in Switzerland
- President of the Management Board, Stokrotka Sp. z o.o.

Cezary Baran – Vice-President of the Management Board

- 15 years with Emperia Holding S.A.
- Graduated from the Economics Department at the Maria Curie Skłodowska University in Lublin
- Investment adviser licence no. 241
- Member of the Management Board, Finance Director, Stokrotka Sp. z o.o.

The composition of the Management Board of Emperia Holding S.A. did not change in 2015.

Supervisory Board

Artur Kawa – Chairman of the Supervisory Board
- Co-founder of Emperia Holding S.A.
- Was President of the Management Board, Emperia Holding S.A. from founding to 2013
- Graduated from the Electrics Department at the Technical University in Lublin
- MBA from the University of Minnesota

Artur Laskowski – Member of the Supervisory Board
- Co-founder of BOS S.A. (acquired by Emperia Holding S.A.), long-term management board member of the Company

Michał Kowalczewski – Independent Member of the Supervisory Board
- PhD in economic sciences; graduate of Warsaw School of Economics (SGH) Finance and Statistics Department

Jarosław Wawerski – Member of the Supervisory Board
- Co-founder of Emperia Holding S.A.
- Graduated from the Electrics Department at the Technical University in Lublin
- Vice-President of the Management Board, Emperia Holding S.A. during 1995-2012

Aleksander Widera – Member of the Supervisory Board
- Higher education, graduate of the Finance and Banking faculty at the Warsaw School of Economics and post-graduate studies in management at the same university

Composition of Emperia Holding S.A.'s Supervisory Board was subject to changes in 2015:

- On 28 July 2015, the Management Board of Emperia Holding S.A. received the resignation of Andrzej Malec as member of the Supervisory Board of Emperia Holding S.A., effective from 25 August 2015.
- On 25 August 2015, an Ordinary General Meeting of Emperia Holding S.A. appointed Aleksander Widera to 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 2015.

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.

(amounts in PLN 000s, unless otherwise stated)

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 are 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.

Lublin, 25 March 2016

Signatures of all Management Board members:

2016-03-25	Dariusz Kalinowski	President of the Management Board	.... Signature
2016-03-25	Cezary Baran	Vice-President of the Management Board	.... Signature

Signatures of persons responsible for book-keeping

2016-03-25	Elżbieta Świniarska	Economic Director	.... Signature