Emperia Holding

CONSOLIDATED FINANCIAL STATEMENTS

FOR 2014

PREPARED IN ACCORDANCE WITH IFRS AS ENDORSED BY THE EU

(DATA IN PLN 000s)

LUBLIN, 24 APRIL 2015

Emperia Group means:

- being credible and prioritising shareholder interests

- customer-centric culture

- growth and openness

- working together

- effectiveness

- reliability and engagement

Being credible and prioritising shareholder interests

- Emperia, ***winner of multiple awards*** and leading ***Polish retailer***, has been an active player on Poland's retail market for the past 25 years
- Our ***aim*** is to ***create value*** for shareholders
- Emperia is ***financially stable*** and has been listed on the ***Warsaw Stock Exchange*** for 14 years
- ***Credibility*** in the eyes of our shareholders is our ***top priority***
- Emperia operates ***transparently and openly***, while emphasising ***corporate governance*** and ***ethics in business***

Customer-centric culture

- ***Our top priority*** in everyday work is building positive and lasting ***relations with clients***
- We are fully aware of the fact that ***customer satisfaction*** ultimately has decisive meaning for our success

Growth and openness

- We value people who want to ***develop*** while sharing ***knowledge*** across the organisation
- We appreciate the ***achievements*** of our external environment, and the ***experience*** of others is always an opportunity for us to learn something new
- In our work, we use ***modern technologies*** because we know that with them we can grow in the long-term
- We communicate openly

Working together

- We know that only ***together*** can we ***achieve*** our ***goals***
- We prioritise ***work atmosphere***, team relations and ***high standards*** in managing people
- We build long-term commercial ***partnerships***, guided by the principles of ***reliability and integrity***
- In relations with our business partners, we place emphasis on ***transparency*** and observance of ***business ethics*** principles

Reliability and engagement

- We are ***honest*** with our employees, business partners and clients
- We are ***socially engaged***. We run an employee-based Foundation and get involved in employee volunteer activities
- ***Loyalty and engagement*** are the prerequisites of each and every member of our team

Effectiveness

- Progress towards our targets is the most important indicator of our ***effectiveness***
- We value ***courage in acting*** and decision-making. We accept the risk of wrong decisions but not failure to act
- We aim for ***high effectiveness*** at low cost
- We like simple structures and solutions, believing that they can help us in ***acting quickly and effectively***
- A high-calibre management team

Welcome!

Contents

1. CEO Letter

Dear Shareholders,

For Emperia Group, the past year was a period of numerous challenges. Facing a tough, competitive market and deflation, we focused consistently on our development prerogatives, targeting growth in the value of Emperia Holding and the other companies in our Group.

Our property companies, led by Elpro Development S.A., expanded their competences in managing our own property portfolio and executing development projects. In line with a modified strategy for the segment, we searched for expansion opportunities by procuring mid-sized commercial properties, by either buying or building, intended for use in retail, including for our own supermarkets. The property sale transactions we carried out last year on attractive terms convince us that the adopted strategy is value-accretive for the Group.

Our IT company, Infinite, is consistently strengthening its market position, while searching for new products, services and markets. Thanks to diversification, the company is present in an increasing number of promising areas. The past year was a period in which the company won numerous awards for business achievements.

We continue to put effort into work on changes within the retail segment. Stokrotka, today undoubtedly a modern, highly-recognisable supermarket chain, requires continuous improvement so as to meet our customers' needs even more fully, all the while delivering appropriate performance for our shareholders.

New brand, store model and visual identity system, designed in 2013, were exceptionally well received by clients at our stores opened in the new formula. We expect to have the process to rebrand existing stores completed by the end of this year. This does not mean that we will stop working on this formula, however. We are convinced that only through the continuous improvement of information policy, assortment and customer service quality can our network remain attractive for our demanding clients. Strong deflation in food and beverage prices means that we are also facing new challenges in pricing policy. In this area, we are hugely supported by our in-house logistics system, which enables us to effectively counteract strong competitive pressures on the market by improving pricing attractiveness and quality of our assortment, whilst delivered higher sales margins.

Following the completion at the beginning of the year of a merger between two smaller retail companies from the Group with Stokrotka, we began developing a new format for our stores with area of 200-400 sqm. The sales area at these locations is smaller than that of a traditional supermarket in a chain, which means that we can more comprehensively meet our clients' needs. The new formula, Stokrotka Market, responds to the needs of the client in terms of having a convenient store in direct neighbourhood with an attractive assortment for daily shopping. First store openings at locations acquired throughout the year confirm that the decision was a right one. Given the much larger availability of this type of facility on the market, both new and existing, Stokrotka Market stores should in the upcoming periods significantly contribute alongside the newly-acquired supermarket locations to growing the chain's sales potential.

We are already seeing the first results of our active search for organic growth opportunities in both of the formats within our chain as well as intensified work of our team responsible for new location procurement. The process to acquire new locations is time-consuming, and the development team's results in the form of new store openings can be seen only after several to nearly twenty months. There are clear indications that the next year will bring about significantly higher growth.

Following the end of concept work and testing, the project to launch Stokrotka franchise stores is now at the implementation stage. First store openings indicate that growth in this area should be more dynamic in our smaller store format – Stokrotka Market. Our franchise offering enables future franchisees to start their own business under the renowned, modern *Stokrotka* brand. It also provides an efficient and advanced logistics system, continuous assistance from a team of experts, comprehensive marketing and operational support, as well as access to an approved list of vendors offering favourable trade terms.

As recommended by the Management Board, in June we distributed almost the entire profit from last year, PLN 12.1 million, as dividend. In, thanks to a cash surplus, we continued our buy-back programme, which totalled PLN 57.9 million at year-end. The Company's Management Board continues to be firmly convinced that the current share price does not fully reflect the Group's value.

I hope that you find the 2014 financial statements to be an enjoyable read.

Dariusz Kalinowski

CEO, Emperia Holding S.A.

(amounts in PLN 000s, unless otherwise stated)

2. Selected financial data

No.	SELECTED FINANCIAL DATA	PLN		EUR	
		For the period from 1 Jan 2014 to 31 Dec 2014	For the period from 1 Jan 2013 to 31 Dec 2013	For the period from 1 Jan 2014 to 31 Dec 2014	For the period from 1 Jan 2013 to 31 Dec 2013
I.	Net revenue from sale of products, goods and materials	1 978 010	1 967 480	472 158	467 224
II.	Operating profit (loss)	39 289	11 420	9 378	2 712
III.	Profit (loss) before tax	40 564	16 231	9 683	3 854
IV.	Profit (loss) for the period	30 501	11 056	7 281	2 626
V.	Net cash flows from operating activities	64 855	61 253	15 481	14 546
VI.	Net cash flows from investing activities	(77 030)	(24 920)	(18 387)	(5 918)
VII.	Net cash flows from financing activities	(68 543)	(56 474)	(16 361)	(13 411)
VIII.	Total net cash flows	(80 718)	(20 140)	(19 268)	(4 783)
IX.	Total assets	952 228	1 062 522	223 407	256 202
X.	Liabilities and liability provisions	345 229	418 560	80 996	100 926
XI.	Non-current liabilities	26 220	38 245	6 152	9 222
XII.	Current liabilities	319 009	380 315	74 844	91 704
XIII.	Equity	606 999	643 962	142 411	155 276
XIV.	Share capital	15 180	15 115	3 561	3 645
XV.	Number of shares	15 179 589	15 115 161	15 179 589	15 115 161
XVI.	Weighted average number of shares	13 440 114	14 235 425	13 440 114	14 235 425
XVII.	Profit (loss) per ordinary share* (in PLN/EUR)	2.27	0.78	0.54	0.19
XVIII.	Diluted profit (loss) per ordinary share** (in PLN/EUR)	2.27	0.77	0.54	0.18
XIX.	Book value per share* (in PLN/EUR)	45.12	45.23	10.59	10.91
XX.	Diluted book value per share** (in PLN/EUR)	45.08	44.91	10.58	10.83
XXI.	Paid out dividend per share (in PLN/EUR)	0.90	0.93	0.22	0.21

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

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

Weighted average diluted number of ordinary shares:
- for 2014: 13 465 487
- for 2013: 14 338 927

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

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

(amounts in PLN 000s, unless otherwise stated)

3. Statement by the Management Board

The Management Board of Emperia Holding S.A. declares that to the best of its knowledge these consolidated annual financial statements and comparative data were drawn up in accordance with International Financial Reporting Standards and interpretations, published in the form of Commission Regulations, and that they correctly, reliably and clearly reflect the Group's financial and asset position together with its financial performance, and that the semi-annual report on Group operations contains a true depiction of the development, achievements and situation of 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 consolidated financial statements, was selected in accordance with the provisions of law and that the 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 regulations and professional standards.

Lublin, April 2015

Signatures of all Management Board members

2015-04-24	Dariusz Kalinowski	President of the Management Board	.... Signature
2015-04-24	Cezary Baran	Vice-President of the Management Board, Finance Director	.... Signature

Signatures of persons responsible for book-keeping

2015-04-24	Elżbieta Świniarska	Economic Director	.... Signature

4. Opinion on the audited annual consolidated financial statements

The opinion on the audited annual consolidated financial statements is contained in the file "Opinia i raport z badania Grupy Kapitałowej Emperia Holding 31.12.2014.pdf"

5. Report on audit of the annual consolidated financial statements

The report on audit of the annual consolidated financial statements is contained in the file "Opinia i raport z badania Grupy Kapitałowej Emperia Holding 31.12.2014.pdf"

(amounts in PLN 000s, unless otherwise stated)

6. Consolidated statement of financial position

	Note	31 Dec 2014	31 Dec 2013	1 Jan 2013
Non-current assets		**579 119**	**586 548**	**588 652**
Property, plant and equipment	10.3.1and 10.3.2	495 910	497 890	499 621
Investment properties	10.3.3	-	-	
Intangible assets	10.3.4 and 10.3.5	3 487	5 766	6 570
Goodwill	10.3.6	52 044	52 044	49 186
Interests in equity-accounted entities	10.3.7a	-	-	-
Financial assets	10.3.7and 10.3.7b	92	92	194
Non-current loans	10.3.8	-	-	-
Non-current receivables	10.3.9	5 206	4 833	4 065
Deferred income tax assets	10.3.10	18 272	20 053	21 148
Other non-current prepayments	10.3.11	4 108	5 870	7 868
Non-current assets classified as held-for-sale	10.3.18	-	-	-
Current assets		**373 109**	**475 974**	**389 750**
Inventories	10.3.12	165 104	168 660	103 767
Receivables	10.3.13	45 254	103 844	63 341
Income tax receivables		1 218	993	2 583
Short-term securities	10.3.14	30 764	-	-
Prepayments	10.3.15	4 041	4 292	4 746
Cash and cash equivalents	10.3.16	114 435	195 153	215 293
Other financial assets	10.3.17	-	-	-
Current assets classified as held-for-sale	10.3.18	12 293	3 032	20
Total assets		**952 228**	**1 062 522**	**978 402**
Equity		**606 999**	**643 962**	**687 925**
Share capital	10.3.19	15 180	15 115	15 115
Share premium		551 988	549 559	549 559
Supplementary capital		100 084	100 084	100 084
Management options provision		5 206	5 010	5 031
Reserve capital		110 593	110 525	110 303
Buy-back provision		-	-	-
Own shares		(164 553)	(106 616)	(65 020)
Retained earnings	10.3.20	(11 499)	(29 715)	(27 147)
Total equity attributable to owners of the parent		**606 999**	**643 962**	**687 925**
Non-controlling interests		-	-	-
Total non-current liabilities		**26 220**	**38 245**	**42 401**
Credit facilities, loans and debt instruments	10.3.21	2 647	3 455	-
Non-current liabilities	10.3.22	1 050	970	1 120
Provisions	10.3.23	19 842	31 591	39 289
Deferred income tax provision	10.3.24	2 681	2 229	1 992
Total current liabilities		**319 009**	**380 315**	**248 076**
Credit facilities, loans and debt instruments	10.3.25	903	804	-
Current liabilities	10.3.26	293 901	351 763	229 772
Income tax liabilities		3 152	2 119	1 872
Provisions	10.3.23	15 551	19 050	14 409
Deferred revenue	10.3.27	5 502	6 579	2 023
Liabilities assigned to assets classified as held-for-sale		-	-	-
Total equity and liabilities		**952 228**	**1 062 522**	**978 402**

Off-balance sheet items are described in note 10.3.41

(amounts in PLN 000s, unless otherwise stated)

	31 Dec 2014	31 Dec 2013	1 Jan 2013
Book value	606 999	643 962	687 925
Number of shares	15 179 589	15 115 161	15 115 161
Diluted number of shares	13 465 487	14 338 927	14 578 832
Book value per share (in PLN)*	45.12	45.23	47.43
Diluted book value per share (in PLN)**	45.08	44.91	47.19

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

Lublin, April 2015

Signatures of all Management Board members

2015-04-24 Dariusz Kalinowski President of the Management Board

....
Signature

2015-04-24 Cezary Baran Vice-President of the Management Board, Finance Director

....
Signature

Signatures of persons responsible for book-keeping

2015-04-24 Elżbieta Świniarska Economic Director

....
Signature

(amounts in PLN 000s, unless otherwise stated)

7. Consolidated statement of profit and loss and consolidated statement of comprehensive income

Statement of profit and loss	Note	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Revenue from sales		**1 978 010**	**1 967 480**
- from subsidiaries		*7*	*11*
Revenue from sale of products and services	10.3.28	121 995	116 148
Revenue from sale of goods and materials	10.3.29	1 856 015	1 851 332
Cost of sales		**(1 415 711)**	**(1 476 382)**
- to subsidiaries		*(4)*	*(9)*
Cost of manufacture of products sold		(23 294)	(24 707)
Value of goods and materials sold		(1 392 417)	(1 451 675)
Profit on sales		**562 299**	**491 098**
Other operating revenue	10.3.30	9 611	11 300
Selling costs	10.3.31	(450 195)	(407 856)
Administrative expenses	10.3.31	(71 925)	(71 986)
Other operating expenses	10.3.32	(10 501)	(11 136)
Operating profit		**39 289**	**11 420**
Finance income	10.3.33	2 716	5 376
Finance costs	10.3.34	(1 441)	(565)
Profit before tax		**40 564**	**16 231**
Income tax		(10 063)	(5 175)
Current	10.3.35	(7 805)	(3 842)
Deferred	10.3.36	(2 258)	(1 333)
Share of the profit of equity-accounted investees			-
Profit for the period		**30 501**	**11 056**
Profit for the period attributable to owners of the parent		30 501	11 056
Profit for the period attributable to non-controlling interests		-	-
Profit (loss) for the period		30 501	11 056
Weighted average number of ordinary shares		13 440 114	14 235 425
Weighted average diluted number of ordinary shares*		13 465 487	14 338 927
Profit (loss) per ordinary share (in PLN/EUR)		2.27	0.78
Diluted profit (loss) per ordinary share (in PLN)		2.27	0.77

* Weighted average diluted number of ordinary shares:
- for 2014 (January-December): 13 465 487, taking into consideration the dilutive effect of options granted under the 2010 and 2011 tranches of the 2nd Management Options Programme 2010-2012.
- for 2013 (January-December): 14 338 927, taking into consideration the dilutive effect of options granted under the 2010 and 2011 tranches of the 2nd Management Options Programme 2010-2012.

(amounts in PLN 000s, unless otherwise stated)

Statement of comprehensive income	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Profit for the period	30 501	11 056
Other comprehensive income:	(107)	-
- Revaluation of employee benefit liabilities	(132)	-
- Income tax on components of other comprehensive income	25	-
Comprehensive income for the period	**30 394**	**11 056**
Comprehensive income attributable to shareholders of the parent	30 394	11 056
Comprehensive income attributable to non-controlling interests	-	-

Lublin, April 2015

Signatures of all Management Board members

2015-04-24 Dariusz Kalinowski President of the Management Board

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Signature

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Signature

Signatures of persons responsible for book-keeping

2015-04-24 Elżbieta Świniarska Economic Director

....
Signature

(amounts in PLN 000s, unless otherwise stated)

8. Consolidated statement of changes in equity

	Share capital	Share premium	Supplementary capital	Management options provision	Reserve capital	Own shares	Retained earnings	Total equity
1 Jan 2014	**15 115**	**549 559**	**100 084**	**5 010**	**110 525**	**(106 616)**	**(26 973)**	**646 704**
Correction of 2013 error	-	-	-	-	-	-	(2 742)	(2 742)
1 Jan 2014, adjusted	**15 115**	**549 559**	**100 084**	**5 010**	**110 525**	**(106 616)**	**(29 715)**	**643 962**
Comprehensive income for the 12 months ended 31 Dec 2014	-	-	-	-	-	-	30 501	30 501
Prior-period results of companies entered into consolidation	-	-	-	-	-	-	-	-
2013 profit distribution - transfer to equity	-	-	-	-	68	-	(68)	-
Equity-settled employee considerations	-	-	-	-	-	-	(107)	(107)
Bond issuance - incentive scheme	-	-	-	2 691	-	-	-	2 691
Share issuance - incentive scheme	65	2 429	-	(2 494)	-	-	-	-
Purchase of own shares	-	-	-	-	-	(57 937)	-	(57 937)
Redemption of own shares	-	-	-	-	-	-	-	-
Dividend from 2013 profit	-	-	-	-	-	-	(12 109)	(12 109)
31 Dec 2014	**15 180**	**551 988**	**100 084**	**5 206**	**110 593**	**(164 553)**	**(11 499)**	**606 999**

	Share capital	Share premium	Supplementary capital	Management options provision	Reserve capital	Own shares	Retained earnings	Total equity
1 Jan 2013	**15 115**	**549 559**	**100 084**	**5 031**	**110 303**	**(65 020)**	**(27 147)**	**687 925**
Correction of fundamental errors 2012	-	-	-	-	-	-	-	-
1 Jan 2013, adjusted	**15 115**	**549 559**	**100 084**	**5 031**	**110 303**	**(65 020)**	**(27 147)**	**687 925**
Comprehensive income for the 12 months ended 31 Dec 2013	**-**	**-**	**-**	**-**	**-**	-	11 056	11 056
Prior-period results of companies entered into consolidation	-	-	-	-	-	-	(51)	(51)
2012 profit distribution - transfer to equity	-	-	-	-	222	-	(222)	-
Measurement of 2nd management options programme	-	-	-	(21)	-	-	21	-
Release of buy-back provision	-	-	-	-	-	-	-	-
Purchase of own shares	-	-	-	-	-	(41 596)	-	(41 596)
Redemption of own shares	-	-	-	-	-	-	-	-
Transfer of buy-back provision	-	-	-	-	-	-	-	-
Dividend from 2012 profit	-	-	-	-	-	-	(13 372)	(13 372)
31 Dec 2013	**15 115**	**549 559**	**100 084**	**5 010**	**110 525**	**(106 616)**	**(29 715)**	**643 962**

(amounts in PLN 000s, unless otherwise stated)

Lublin, April 2015

Signatures of all Management Board members

2015-04-24	Dariusz Kalinowski	President of the Management Board	.... Signature
2015-04-24	Cezary Baran	Vice-President of the Management Board, Finance Director	.... Signature

Signatures of persons responsible for book-keeping

2015-04-24	Elżbieta Świniarska	Economic Director	.... Signature

(amounts in PLN 000s, unless otherwise stated)

9. Consolidated statement of cash flows

	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Profit (loss) for the period	**30 501**	**11 056**
Adjusted by:	**34 354**	**50 197**
Share of the net profit (loss) of equity-accounted entities	-	-
Depreciation / amortisation	44 020	41 831
(Profit) loss on exchange differences	130	(182)
Interest and shares of profit (dividends)	380	172
Income tax	10 063	5 175
Profit (loss) on investing activities	(3 407)	(7 694)
Change in provisions	(17 804)	(3 060)
Change in inventories	12 245	(64 494)
Change in receivables	55 925	(40 835)
Change in prepayments	968	7 019
Change in current liabilities	(67 162)	114 260
Other adjustments	5 693	11
Income tax paid	(6 697)	(2 006)
Net cash from operating activities	**64 855**	**61 253**
Inflows	**22 042**	**18 705**
Disposal of property, plant and equipment and intangible assets	16 986	18 662
Disposal of financial assets	5 056	-
Sale of subsidiaries	-	-
Dividends received	-	-
Interest received	-	-
Repayment of loans issued	-	-
Cash of entities acquired, at acquisition date	-	43
Proceeds from use of investment properties	-	-
Other inflows	-	-
Outflows	**(99 072)**	**(43 625)**
Purchase of property, plant and equipment and intangible assets	(63 976)	(41 339)
Purchase of investment properties	-	-
Purchase of subsidiaries and associates	-	(2 279)
Purchase of financial assets	(35 096)	-
Borrowings granted	-	-
Cash of subsidiaries at disposal date	-	-
Expenditures on maintenance of investment properties	-	-
Other outflows	-	(7)
Net cash from investing activities	**(77 030)**	**(24 920)**
Inflows	**2 692**	-
Proceeds from credit facilities and loans		-
Issue of short-term debt instruments	1	-
Proceeds from equity issuance	2 691	-
Other inflows	-	-
Outflows	**(71 235)**	**(56 474)**
Repayment of borrowings	-	(906)

(amounts in PLN 000s, unless otherwise stated)

Buy-back of short-term debt instruments		(1)	-
Payment of finance lease liabilities		(838)	(428)
Interest and fees paid		(383)	(172)
Dividends paid		(12 109)	(13 372)
Purchase of own shares		(57 904)	(41 596)
Other outflows		-	-
Net cash from financing activities		**(68 543)**	**(56 474)**

Change in cash and cash equivalents	**Note**	**(80 718)**	**(20 140)**
Exchange differences			-
Cash and cash equivalents at the beginning of period	10.3.38	**195 153**	**215 293**
Cash and cash equivalents at the end of period	10.3.38	**114 435**	**195 153**

Lublin, April 2015

Signatures of all Management Board members

2015-04-24 Dariusz Kalinowski President of the Management Board

....
Signature

2015-04-24 Cezary Baran Vice-President of the Management Board, Finance Director

....
Signature

Signatures of persons responsible for book-keeping

2015-04-24 Elżbieta Świniarska Economic Director

....
Signature

10. Additional information

10.1 Description of Group structure

Name, registered office and economic activities of the parent entity

The parent uses the trading name Emperia Holding S.A. (previous name Eldorado S.A.), which was registered under KRS no. 0000034566 by the District Court in Lublin, 11th Commercial Division of the National Court Register.

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

Since 1 April 2007, the principal object of Emperia Holding S.A. is activities of holding companies (PKD 70.10.Z). The company is a VAT payer, with NIP no. 712-10-07-105.

The Parent's shares have been listed on the Warsaw Stock Exchange since 2001.

The financial year for Group companies is the calendar year. Group companies have been established for an indefinite period of time.

The consolidated financial statements have been prepared for the period from 1 January 2014 to 31 December 2014, and the comparative financial data covers the period from 1 January 2013 to 31 December 2013. The consolidated financial statements do not contain combined data, and the companies do not have integral organisational entities that draft financial statements on their own.

The consolidated financial statements have been drawn up on the assumption that the business will continue as a going concern and that there are no circumstances such as would pose a threat to the continuing operations of Group companies in the future.

Information on consolidation

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

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

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

(amounts in PLN 000s, unless otherwise stated)

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

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

(amounts in PLN 000s, unless otherwise stated)

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

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

(amounts in PLN 000s, unless otherwise stated)

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

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

(1) indirectly by IPOPEMA 55 FIZAN

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

	Entity name	Registered office	Share capital	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

10.2 Description of key accounting principles

10.2.1 Basis for preparing consolidated financial statements

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

10.2.2 Statement of compliance

The consolidated financial statements of Emperia Holding S.A. were prepared in accordance with International Financial Reporting Standards (IFRS) and the related interpretations concerning interim financial reporting published in the form of Commission Regulations and endorsed by the European Union.

The consolidated financial statements reliably present the Group's financial situation, financial performance and cash flows.

The consolidated financial statements were prepared in accordance with the Ordinance of the Minister of Finance dated 19 October 2005 on current and periodic information disclosed by issuers of securities.

10.2.3 Segment reporting

Segment reporting identifies operating segments, which are a component of the Group:

- that engages in business activities from which it may earn revenues and incur expenses,
- whose operating results are reviewed regularly by the Group'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, Emperia Group's operating activities have been grouped into three operating segments, defined as follows:

1. **Retail** (retail segment), covering all operations of the following subsidiary: Stokrotka Sp. z o.o., alongside revenue transferred from the central management segment (from Emperia Holding S.A.) concerning retail agency agreements, including statistically assigned and accounted costs relating to this revenue,

2. **Property** (property segment), covering Emperia Group's property assets, including the following companies: Elpro Ekon Sp. z o.o. S.K.A., P3 EKON Sp. z o.o. S.K.A., Ekon Sp. z o.o., P5 EKON Sp. z o.o. S.K.A., EMP Investment Limited, IPOPEMA 55 FIZAN, Elpro Development S.A. (formerly P1 Sp. z o.o.) and the property segment, which has been carved out of Emperia Holding S.A.

3. **Central Management** (central management segment), covering the management functions, holding services and advisory within the Group. The segment comprises the following companies: Emperia Holding S.A., Eldorado Sp. z o.o.

4. **IT** (IT segment), covering the operations of Infinite Sp. z o.o. - an IT services provider.

The Group applies uniform accounting principles for all segments. Inter-segment transactions are done on market terms. These transactions are subject to exclusion from consolidated financial statements, and in information about segment results (note 11.24) they are presented in the column "exclusions."

10.2.4 Functional currency

Items in the consolidated financial statements are measured in the currency of the economic environment in which the Group operates, which is the Group's functional currency.

The functional and presentation currency of all items in the consolidated financial statements is PLN. Data in the consolidated financial statements and all explanatory data is presented in PLN 000s (unless stated otherwise).

Drafting consolidated financial statements in PLN 000s necessitates rounding up, which may result in a situation where the sum totals presented may not exactly equal the sum totals for individual analytical items.

10.2.5 Changes in adopted accounting principles

The Group implements new IFRS standards and interpretations such as are applicable in the respective reporting periods. The Group specifies what changes were adopted in all consolidated financial statements, together with the effects they had on the consolidated financial statements and comparative data.

10.2.6 Application of standards and interpretations effective from 1 January 2014

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

a) IAS 32 Financial Instruments: Presentation

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

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

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

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

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

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

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

e) IFRIC 21 Levies

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

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

Earlier application of standards and applications:

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

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

a) Amendment to IAS 19 Employee Benefits

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

b) Amendments to IFRS 2010-2012

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

c) Amendments to IFRS 2011-2013

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

Standards and interpretations not yet endorsed by the European Union:

a) IFRS 9 Financial Instruments

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

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

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

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

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

d) IFRS 15 Revenue from Contracts with Customers

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

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

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

f) New standard IFRS 14 Regulatory Deferral Accounts

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

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

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

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

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

i) Amendments to IFRS 2012-2014

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

j) Amendments to IAS 1 - Disclosure Initiative

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

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

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

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

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

10.2.7 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.

10.2.8 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 Group corrects prior-period errors using the retrospective approach and retrospective restatement of data, as long as this is practicable.

10.2.9 Mergers, share purchases or disposals, capital increases

a) Sale of shares in subsidiary Lider Sp. z o.o. w likwidacji

On 15 January 2014, subsidiary Stokrotka Sp. z o.o. sold 100 shares with nominal value of PLN 500 each, constituting 100% of the share capital of Lider Sp. z o.o. w likwidacji.

b) Sale of shares in subsidiary Społem Domy Handlowe Sp. z o.o.

On 23 January 2014, subsidiary Społem Tychy S.A. sold six shares with nominal value of PLN 1 000 each, constituting 100% of the share capital of Społem Domy Handlowe Sp. z o.o.

c) Merger of subsidiaries: Stokrotka Sp. z o.o., Maro Markety Sp. z o.o. and Społem Tychy S.A.

On 31 January 2013, the District Court in Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register, registered a merger of subsidiaries: Stokrotka Sp. z o.o., Maro Markety Sp. z o.o. and Społem Tychy S.A. The merger was done through a transfer of all assets of Maro Markety Sp. z o.o. and Społem Tychy S.A. (the acquired companies) to Stokrotka Sp. z o.o. (the acquiring company).

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

On 12 February 2014, the Management Board of Emperia Holding S.A. announced that it had entered into an agreement concerning purchase of shares in EMP Investment Limited from subsidiary Stokrotka Sp. z o.o. Emperia Holding S.A. is the sole shareholder of Stokrotka Sp. z o.o. Prior to the transaction, Emperia Holding S.A. held a 80.27% stake in EMP Investment Limited's share capital and voting rights.
The subject of the above agreement is transfer of 23 211 shares in EMP Investment Limited, constituting 19.73% of share capital and voting rights, to Emperia Holding S.A. The shares were purchased for PLN 69 780 394.44 in cash.
Following the transaction, Emperia Holding S.A. directly held 100% of EMP Investment Limited's share capital and voting rights. The transaction was executed in connection with the Issuer's planned split-up.

e) Merger of subsidiaries Stokrotka Sp. z o.o. and PILAWA Sp. z o.o.

On 31 March 2014, the District Court in Lublin-Wschód, based in Świdnik, 6th Commercial Division of the National Court Register, registered the merger of subsidiaries Stokrotka Sp. z o.o. and Pilawa Sp. z o.o. The merger was completed by transferring all of the assets of Pilawa Sp. z o.o. (the acquired company) to Stokrotka Sp. z o.o. (the acquiring company).

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

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

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

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

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

On 4 June 2013, the Extraordinary General Meeting of Elpro Development S.A. (formerly P1 Sp. z o.o.) adopted a resolution on increase of the Company's share capital from PLN 1 050 000 to PLN 386 962 034, i.e. by PLN 385 912 034, through the issue of 385 912 034 new registered shares series B, with nominal value of PLN 1 each. All of the newly-issued shares in the increased share capital were acquired by Emperia Holding S.A. and paid for with an in-kind contribution in the form of 117 665 shares in the share capital of EMP Investment Limited, constituting 100% of its share capital and entitling to 100% of votes, with a value of PLN 385 912 034. The transaction was executed in connection with the Issuer's planned split-up.
The share capital increase was registered in court on 7 October 2014.

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

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

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

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

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

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

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

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

On 16 January 2015, the Management Board of Emperia Holding S.A. announced the introduction to stock-market trading of 43 976 ordinary bearer shares series P, with nominal value of PLN 1 each. Introducing the series P shares to trading is a part of Emperia Holding S.A.'s Management Options Programme. The Company announced via current reports the terms and deadlines for registering the series P shares by the KDPW, as well as the admission and introduction of the series P shares to stock-market trading.
From 16 January 2015, the Issuer'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 of the Issuer's outstanding shares 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., based in Lublin ("Stokrotka"), passed a resolution pursuant to which Stokrotka's share capital was increased to PLN 72 737 500 through the issue of 20 000 new shares with nominal value of PLN 500 each. All of the 20 000 newly-issued shares will be acquired by the Issuer, who will pay for them with a cash consideration of PLN 90 000 000 by 30 April 2015. Excess of the cash consideration over the nominal value of the shares, i.e. PLN 80 000 000, will be transferred to supplementary capital. Emperia Holding S.A. directly holds 100% of shares and votes at the General Meeting of Stokrotka.

10.2.10 Property, plant and equipment

The Group 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 Group 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 Group 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. A portion of external financing costs is included in the initial value.

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 Group, and the upgrade costs may 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 Group 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 Group 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 Group frequently incurs expenditures on investments in third-party facilities. This applies to leased warehousing and retail facilities. For these assets, the Group specifies periods of useful economic life of expenditures which 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 Group also tests property, plant and equipment for impairment and the necessity to recognise impairment losses. This happens when the Group 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 Group gains sufficient certainty that the reason for recognising an impairment loss has ceased to exist, the previously recognised impairment loss is reversed, either in full or partially, through a correction in operating expenses (depreciation costs).
Upon the sale of a property, plant and equipment, its initial value and accumulated depreciation are taken off the books, and the result of the disposal is recognised through profit or loss under other operating revenue or other operating expenses. The result on the sale of property, plant and equipment is recognised, after offsetting, through profit or loss.
Regardless of whether a given asset constitutes a single item of property, plant and equipment, its elements may have different periods of useful economic life. If certain criteria are met as regards the recognition of property, plant and equipment, all of the costs of such an item may be divided into its elements, recognising each one separately (components). Such recognition necessitates, however, the application of depreciation rates appropriate to the useful period of a given component, taking into consideration its period of useful economic life. Due to the solution above, the replacement costs of a component will increase its value.
In other cases, expenses connected with the use of property, plant and equipment, together with the replacement of components, are recognised in the statement of profit and loss upon incurrence.

10.2.11 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 Group 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.

10.2.12 Non-current assets held for sale

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

10.2.13 Intangible assets

Intangible assets are recognised at purchase price adjusted by amortisation and impairment losses.
The Group 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 Group 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 Group 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.

10.2.14 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.
Properties belonging to property-segment companies are used for operating purposes of the Group's subsidiaries. Because of this, the Group recognises properties as non-current assets.

Investments and other financial assets covered by IAS 39

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

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

On initial recognition, a financial asset is measured at fair value, increased, in the case of a component of assets not classified as measured at fair value through profit or loss, by transaction costs, which can be directly attributed.

Classification of financial assets occurs at initial recognition and - where permissible and appropriate - is subsequently verified at the end of each financial year.

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

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

On initial recognition, financial assets may be classified in the category 'at fair value through profit or loss' if the following criteria are met:

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

b) Loans and receivables

Loans and receivables are financial assets, other than derivatives, that have defined maturities and are not traded on an active market. After initial measurement, loans and receivables are measured at amortised cost using the effective interest rate approach.
Loans and receivables are classified as current assets if they mature in less than 12 months from the end of the reporting period, or as non-current assets if they mature in more than 12 months away from the end of the reporting period.

c) Investments held to maturity

Financial assets other than derivatives whose payments are or can be defined and which have defined maturities, and towards which the Company has a clear intent and is able to hold them to maturity are classified as investments held to maturity.
Investments which the Company intends to hold for an indefinite period of time are classified in this category. Other non-current investments that the Company intends to hold to maturity, such as bonds, are measured at amortised cost.
Amortised cost is the amount at which a financial asset or financial liability is measured at initial recognition, less principal repayments and plus or minus any unamortised original premium or discount, as calculated using the effective interest rate method. Amortised cost covers all commissions and interest paid and received by the parties to a contract such as are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. The profit or loss on investments carried at amortised cost is recognised in the statement of profit and loss when the investment is removed from the balance sheet (derecognition) or upon identifying impairment or if depreciation is completed.
The same principles apply to non-current investments in property as to non-current assets. As regards non-current investments in property, plant and equipment, the effects of the activities connected with determining financial results, such as: sale, liquidation, maintenance costs should be recognised as operating revenue or operating expenses.

d) Available-for-sale financial assets

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

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

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

Fair value measurement

The Company measures financial assets, such as available-for-sale instruments, at fair value on each balance sheet date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement assumes a transaction taking place in the principal market for the asset or liability, or in the absence of a principal market, the most advantageous market for the asset or liability.

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

Fair value hierarchy

The Company categorises the inputs used in valuation techniques into three levels, based on assessment of their availability:
- Level 1 inputs are quoted prices (non-adjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date,
- Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly,
- Level 3 inputs are unobservable inputs for the asset or liability.

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

Impairment of financial assets

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

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

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

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

Derivative instruments

Derivatives are measured at fair value as at the end of the reporting period. Derivatives with fair value above zero constitute financial assets and are recognised as such, and derivatives with negative fair value constitute financial liabilities and are recognised as financial liabilities.

Estimated fair value corresponds with the recoverable amount or amount which must be paid in order to close an outstanding position as at the end of the reporting period. Measurement is based on market prices.

Recognition of the effects of changes in fair value or profit and losses on realising derivatives depends on their purpose. Derivatives are classified as either hedging instruments or trading instruments. There are two types of hedging instruments: fair value hedges and cash flow hedges.

10.2.15 Investments in subsidiaries and associates

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

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

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

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

10.2.16 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.

10.2.17 Inventories

The Group's inventories are as follows:

- materials
- goods

Inventory items are measured at purchase prices. Because they are insignificant, the Group 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 Group recognises impairment losses on inventory 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.

10.2.18 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 Group will not be able to receive all due amounts as per the original terms of the receivable.
The Group recognises impairment losses on receivables for specific counterparties. The Group may create 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.

10.2.19 Prepayments and deferred revenue

The Group 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 Group 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.

10.2.20 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.

10.2.21 Equity

The Company's equity comprises:

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

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

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

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

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

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

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

- unallocated profit or outstanding losses brought forward (accumulated profit / losses from prior years),
- correction of prior-year errors,
- actuarial gains (losses),
- current-period result.

10.2.22 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.

10.2.23 Credit facilities

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

10.2.24 Provisions

The Group 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.

10.2.25 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.

10.2.26 Employee benefits

10.2.26.1 Employee benefits

The Company's employees acquire rights to benefits which will be paid out once they obtain certain entitlements.

Employee benefits are divided into the following categories:

- post-employment benefits:
  - one-off retirement allowances,
  - one-off disability allowances,

- other employee benefits:
  - untaken holidays,
  - outstanding overtime,
  - bonuses and awards payable after the reporting period,
  - redundancy costs.

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

Post-employment benefits
In accordance with occupational remuneration schemes, all of the Company's employees are entitled to retirement/disability allowances on the terms specified in art. 92 of the Polish Labour Code, equal to one month's basic salary. Retirement/disability allowances are paid on a one-off basis when the employee retires (claims disability).
The Company recognises provisions corresponding to the present value of these liabilities as of the end of the reporting period. The value of liabilities associated with these benefits is estimated at the end of the reporting period by an independent actuarial advisory firm using the forecast unit benefit method.

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

- 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 a settlement period) 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.

10.2.26.2 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.

10.2.27 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.

10.2.28 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.

10.2.29 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 – cover costs indirectly related to Group operations.

Finance costs – cover costs connected with financing Group operations as well as costs related to impairment of financial assets

10.2.30 Foreign-currency transactions and exchange differences

Transactions expresses in foreign currencies are recognised in the Group'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

(amounts in PLN 000s, unless otherwise stated)

- 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.

10.3 Notes to the financial statements

10.3.1 Property, plant and equipment

	31 Dec 2014	31 Dec 2013
Land, including:	102 148	103 722
Perpetual usufruct rights	*19 145*	*23 442*
Buildings and structures	296 109	306 804
- including: investments in third-party tangible assets	*27 427*	*39 149*
Technical equipment and machinery	55 539	52 875
Means of transport	6 881	4 759
Other PP&E	25 615	23 721
PP&E under construction	9 618	6 009
Net property, plant and equipment	**495 910**	**497 890**

Property, plant and equipment under construction	31 Dec 2014	31 Dec 2013
Land, including:	45	52
Perpetual usufruct rights	-	-
Buildings and structures	8 315	5 215
Technical equipment and machinery	565	398
Means of transport	2	186
Other PP&E under construction	691	158
Total property, plant and equipment under construction	**9 618**	**6 009**

(amounts in PLN 000s, unless otherwise stated)

10.3.2 Change in property, plant and equipment - 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	**106 285**	**410 287**	**116 244**	**7 177**	**77 078**	**6 009**	**723 080**
b) increases (due to)	**4 019**	**22 487**	**16 382**	**4 212**	**10 896**	**42 429**	**100 426**
purchase	-	274	9 655	3 980	5 455	42 328	61 692
obtained through acquisition	-	-	-	-	-	-	-
transfer from production-in-progress	4 019	22 213	6 727	232	5 440	-	38 632
donations	-	-	-	-	-	-	-
leasing	-	-	-	-	-	-	-
other	-	-	-	-	-	101	101
c) decreases (due to)	**(5 521)**	**(17 985)**	**(3 090)**	**(1 837)**	**(2 771)**	**(38 820)**	**(70 024)**
sale	(1 445)	(4 508)	(473)	(1 743)	(79)	(8)	(8 256)
liquidation (scrapping)	-	(4 117)	(1 990)	(94)	(2 692)	-	(8 893)
division of tangible assets	-	-	-	-	-	-	-
transfer of operations	-	-	-	-	-	-	-
decrease as a result of a disposal	-	-	-	-	-	-	-
transfer to non-current assets	-	-	-	-	-	(38 606)	(38 606)
available-for-sale assets		(9 360)		-	-		(9 360)
other	(4 076)	-	(627)	-	-	(206)	(4 909)
d) gross value of property, plant and equipment, as at the end of period	**104 783**	**414 789**	**129 536**	**9 552**	**85 203**	**9 618**	**753 482**
e) amortisation as at the beginning of period	**2 563**	**94 135**	**63 300**	**2 418**	**53 347**	**-**	**215 763**
f) increase in depreciation	**145**	**18 222**	**13 291**	**1 862**	**8 720**	**-**	**42 241**
depreciation	145	18 222	13 291	1 862	8 720	-	42 241
increase as a result of acquisition	-		-	-	-	-	-
g) decrease of depreciation	**(73)**	**(2 491)**	**(2 595)**	**(1 609)**	**(2 478)**	**-**	**(9 247)**
sale	(9)	(503)	(334)	(1 590)	(59)	-	(2 495)
liquidation (scrapping)	-	(1 753)	(1 920)	(20)	(2 419)	-	(6 112)
division of tangible assets	-	-	-	-	-	-	-
decrease as a result of a disposal	-	-	-	-	-	-	-
transfer of operations	-	-	-	-	-	-	-
available-for-sale assets	-	(234)			-		(234)
other	(64)	-	(341)	-	-	-	(406)

(amounts in PLN 000s, unless otherwise stated)

h) depreciation as at the end of period	**2 635**	**109 865**	**73 997**	**2 671**	**59 589**	**-**	**248 757**
i) impairment losses as at the beginning of period	**-**	**9 349**	**69**	**-**	**9**	**-**	**9 427**
increase	-	2 240	-	-	-	-	2 240
increase as a result of acquisition	-	-	-	-	-	-	-
decrease as a result of a disposal	-	-	-	-	-	-	-
decrease	-	(2 774)	(69)	-	(9)	-	(2 852)
j) impairment losses as at the end of period	**-**	**8 815**	**-**	**-**	**-**	**-**	8 815
k) net value of property, plant and equipment, as at the end of period	**102 148**	**296 109**	**55 539**	**6 881**	**25 615**	**9 618**	**495 910**

2013

Change in property, plant and equipment	land (including right to perpetual usufruct of land)	buildings, premises, civil engineering structures	technical equipment and machinery	means of transport	other PP&E	other production in progress	total property, plant and equipment
a) gross value of property, plant and equipment, as at the beginning of period	**112 982**	**394 225**	**100 292**	**6 203**	**68 726**	**7 716**	**690 144**
b) increases (due to)	**232**	**24 121**	**19 183**	**2 904**	**9 948**	**240 765**	**297 153**
purchase	-	*146*	*6 510*	*2 684*	*2 835*	*240 765*	*252 940*
obtained through acquisition	-	*2 888*	*1 057*	*93*	*403*	-	*4 442*
transfer from production-in-progress	*142*	*21 087*	*6 747*	*127*	*6 710*	-	*34 813*
donations	-	-	-	-	-	-	-
leasing	-	-	*4 868*	-	-	-	*4 868*
other	*90*	-	-	-	-	-	*90*
c) decreases (due to)	**(6 928)**	**(8 059)**	**(3 231)**	**(1 930)**	**(1 596)**	**(242 472)**	**(264 217)**
sale	*(6 707)*	*(3 799)*	*(621)*	*(1 926)*	*(387)*	*(2)*	*(13 443)*
liquidation (scrapping)	-	*(261)*	*(2 334)*	*(3)*	*(1 186)*	-	*(3 783)*
division of tangible assets	-	-	-	-	-	-	-
transfer of operations	-	-	-	-	-	-	-
decrease as a result of a disposal	-	-	-	-	-	-	-
transfer to non-current assets	-	-	-	-	-	*(241 419)*	*(241 419)*
other	*(221)*	*(3 999)*	*(276)*	*(1)*	*(23)*	*(1 051)*	*(5 572)*
d) gross value of property, plant and equipment, as at the end of period	**106 285**	**410 287**	**116 244**	**7 177**	**77 078**	**6 009**	**723 080**
e) depreciation as at the beginning of period	**2 243**	**77 536**	**53 204**	**2 370**	**46 203**	**-**	**181 556**
f) increase in depreciation	**379**	**18 129**	**12 758**	**1 463**	**8 609**	**-**	**41 338**
depreciation	*379*	*16 880*	*12 274*	*1 370*	*8 488*	-	*39 390*
increase as a result of acquisition	-	*1 250*	*484*	*93*	*121*	-	*1 948*

(amounts in PLN 000s, unless otherwise stated)

g) decrease of depreciation	**(59)**	**(1 530)**	**(2 661)**	**(1 416)**	**(1 464)**	**-**	**(7 131)**
sale	*(54)*	*(1 054)*	*(375)*	*(1 413)*	*(386)*	-	*(3 283)*
liquidation (scrapping)	-	*(86)*	*(2 159)*	*(3)*	*(1 069)*	-	*(3 317)*
division of tangible assets	-	-	-	-	-	-	-
decrease as a result of a disposal	-	-	-	-	-	-	-
transfer of operations	-	-	-	-	-	-	-
other	(5)	(390)	(127)	-	(10)	-	531
h) depreciation as at the end of period	**2 563**	**94 135**	**63 300**	**2 418**	**53 347**	**-**	**215 763**
i) impairment losses as at the beginning of period	**-**	*8 966*	-	-			*8 966*
Increase	-	*399*	*69*	-	*9*	-	*477*
increase as a result of acquisition	-	-	-	-	-	-	-
decrease as a result of a disposal	-	-	-	-	-	-	-
Decrease	-	*(16)*	-	-	-	-	*(16)*
j) impairment losses as at the end of period	-	*9 349*	*69*	-	*9*	-	*9 427*
k) net value of property, plant and equipment, as at the end of period	**103 722**	**306 804**	**52 875**	**4 759**	**23 721**	**6 009**	**497 890**

As at 31 December 2014, the value of land under perpetual usufruct was PLN 15 954 000 and PLN 10 682 000 as at 31 December 2013. This was estimated using the annual fees established by municipalities in relation to the properties owned by the state treasury.

Group companies do not own any property, plant and equipment items that would have limited ownership or usage rights.
Depreciation of property, plant and equipment in 2014 and 2013 was recognised in administrative expenses, cost of sales and cost of manufacturing of the products and services sold.
As at 31 December 2014 and 31 December 2013, there were no contractual liabilities incurred in connection with the purchase of property, plant and equipment.
As at 31 December 2014 and 31 December 2013, there were no liabilities towards central or local government authorities for acquisition of ownership rights to buildings and structures.

(amounts in PLN 000s, unless otherwise stated)

10.3.3 Investment properties

The Group's properties, held by the property segment, are used for operating purposes in other segments. Given the above, they are presented in these financial statements as tangible assets (in accordance with the Group's accounting policy).

10.3.4 Intangible assets

Intangible assets	31 Dec 2014	31 Dec 2013
Costs of completed R&D work	-	-
Acquired concessions, patents, licences and similar	2 603	4 921
Other intangible assets	782	721
Intangible assets in progress	102	124
Total intangible assets	**3 487**	**5 766**

The Group did not recognise impairment losses on intangible assets.
The Group does not have any intangible assets used under lease agreements.
The Group does not have any intangible assets with restricted usage rights.
The Group does not have any bank credit that would be secured by intangible assets.
Depreciation of intangible assets in 2014 and 2013 was recognised in administrative expenses, cost of sales and cost of manufacturing of the products and services sold.
As at 31 December 2014 and 31 December 2013, there were no contractual liabilities incurred in connection with the purchase of intangible assets.

(amounts in PLN 000s, unless otherwise stated)

10.3.5 Changes in intangible assets - 2014

Changes in intangible assets	Acquired concessions, patents, licences and similar	Other intangible assets	Intangible assets in progress	Total intangible assets
a) gross values of intangible assets as at the beginning of period	**15 312**	**2 612**	**124**	**18 048**
b) increases (due to)	263	298	281	842
purchase of finished intangible assets	247	11	281	539
obtained through acquisition	-	-	-	-
transfer from investments	16	287	-	303
leasing	-	-	-	-
other	-	-	-	-
c) decreases (due to)	(1 402)	-	(303)	(1 705)
sale	-	-	-	-
transfer to intangible assets	-	-	-	-
other	(1 402)	-	(303)	(1 705)
d) gross values of intangible assets as at the end of period	**14 173**	**2 910**	**101**	**17 185**
e) amortisation as at the beginning of period	**10 381**	**1 891**	-	**12 272**
f) increase in amortisation	1 559	237	-	1 796
increase as a result of acquisition	-	-	-	-
amortisation	1 559	237	-	1 796
g) decrease of amortisation	(371)	-	-	(371)
sale	-	-	-	-
other	(371)	-	-	(371)
h) amortisation as at the end of period	**11 570**	**2 128**	-	**13 697**
i) impairment losses as at the beginning of period	10	-	-	10
increase	-	-	-	-
increase as a result of acquisition	-	-	-	-
decrease	10	-	-	10
j) impairment losses as at the end of period	**-**	**-**	**-**	**-**
k) net value of intangible assets as at the end of period	**2 603**	**782**	**102**	**3 487**

(amounts in PLN 000s, unless otherwise stated)

2013

Changes in intangible assets	Acquired concessions, patents, licences and similar	Other intangible assets	Intangible assets in progress	Total intangible assets
a) gross values of intangible assets as at the beginning of period	**13 318**	**2 281**	**1 009**	**16 608**
b) increases (due to)	2 209	331	851	3 391
purchase of finished intangible assets	*575*	*129*	*851*	*1 555*
obtained through acquisition	*15*	-	-	*15*
transfer from investments	*1 619*	*202*	-	*1 821*
leasing	-	-	-	-
other	-	-	-	-
c) decreases (due to)	*(215)*	-	*(1 736)*	*(1 951)*
sale	-	-	-	-
transfer to intangible assets	-	-	-	-
other	*(215)*	-	*(1 736)*	*(1 951)*
d) gross values of intangible assets as at the end of period	**15 312**	**2 612**	**124**	**18 048**
e) amortisation as at the beginning of period	**8 373**	**1 665**	**-**	**10 038**
f) increase in amortisation	2 223	226	-	2 449
increase as a result of acquisition	9	-	-	9
amortisation	*2 243*	*226*	-	*2 440*
g) decrease of amortisation	*(215)*	-	-	*(215)*
sale	-	-	-	-
other	*(215)*	-	-	*(215)*
h) amortisation as at the end of period	**10 381**	**1 891**	**-**	**12 272**
i) impairment losses as at the beginning of period	-	-	-	-
increase	*10*	-	-	*10*
increase as a result of acquisition	-	-	-	-
decrease	-	-	-	
j) impairment losses as at the end of period	**10**	**-**	**-**	**10**
k) net value of intangible assets as at the end of period	**4 921**	**721**	**124**	**5 766**

(amounts in PLN 000s, unless otherwise stated)

10.3.6 Goodwill

	31 Dec 2014	31 Dec 2013
Cost as at the beginning of period	52 044	49 186
Additional goodwill arising on business combinations	-	2 858
Derecognised after sale of subsidiary	-	-
Arising from acquisition of retail premises	-	-
Cost as at the end of period balance	**52 044**	**52 044**
Accumulated impairment as at the beginning of period	-	-
Impairment	-	-
Derecognised after sale of subsidiary	-	-
Reclassified to assets held for sale	-	-
Other changes	-	-
Accumulated impairment as at the end of period	-	-
Carrying amount as at the beginning of period	**52 044**	**49 186**
Carrying amount as at the end of period	**52 044**	**52 044**

Goodwill comprises the following analytical items:

a) goodwill arising on the acquisition of Maro-Markety by Emperia Holding - PLN 17 335 000,
b) goodwill arising on the acquisition of companies whose legal successor is P3 Ekon Sp. z o.o. S.K.A. by Emperia Holding - PLN 12 844 000,
c) goodwill arising on the acquisition of Społem Tychy S.A. by Emperia Holding - PLN 1 510 000,
d) goodwill arising on the acquisition of retail premises by Stokrotka Sp. z o.o. - PLN 17 496 000,
e) goodwill arising on the acquisition of Pilawa Sp. z o.o. by Stokrotka Sp. z o.o. - PLN 2 858 000.

Impairment testing

Goodwill was assigned to cash generating units:

a) Stokrotka Sp. z o.o. - PLN 39 200 000,
b) P3 Ekon Sp. z o.o. S.K.A. - PLN 12 844 000.

The goodwill recorded in these financial statements was subject to impairment testing. The measurement was categorised in level 2 of the fair value hierarchy, in accordance with IFRS 13.

In order to determine any potential impairment, recoverable amounts were calculated using the discounted cash flow method. Recoverable amounts were determined on the basis of estimated cash flows resulting from the 2015 budget and a forecast for 2016-2019. To extrapolate revenue estimates beyond the budget period, a growth rate of 3% was adopted. The management estimated the sales growth rate based on factual and graphical data, along with their expectations regarding future market growth.
Cash flows were discounted with an interest rate established based on:
- risk free interest rate 2.0%,
- risk premium 7.0%,
- beta 1.34-1.35%.
The impairment test, carried out using the above assumptions, did not identify impairment losses on the goodwill that was recorded in the 2014 financial statements.

As a result of the test, Stokrotka Sp. z o.o.'s recoverable amount was established as PLN 420 563 000, which exceeded book value together with allocated goodwill and in consequence did not meet the criteria for recognising impairment.
In accordance with IFRS, the recoverable amount was analysed in terms of its sensitivity to the key parameters affecting measurement: discount rate and revenue growth rate during the forecast period. Assuming a 1% decrease

(amounts in PLN 000s, unless otherwise stated)

in revenue growth rate, the recoverable amount decreases to PLN 367 708 000, whereas a 3% decrease in revenue growth rate (0% growth in revenue during the forecast period), the recoverable amount decreases to PLN 265 280 000. A 1% increase in discount rate would cause a decrease of the recoverable amount to PLN 316 972 000. Under the assumed variants, the recoverable amount remains at a level much higher than book value.

As a result of the test, the recoverable amount of P3 Ekon Sp. z o.o. S.K.A. was established as PLN 138 082 000, which exceeded book value together with allocated goodwill and in consequence does 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 136 955 000 (0% growth in revenue during the forecast period). A 1% increase in discount rate would cause a decrease of the recoverable amount to PLN 136 361 000. In both cases, the recoverable amount remains at a level much higher than book value.

10.3.7 Financial assets

	31 Dec 2014	31 Dec 2013
Equity	8	8
- including: subsidiaries	8	*8*
Other equity interests	84	84
- including: subsidiaries	*84*	*84*
Other securities	-	-
- including: subsidiaries	-	-
Loans	-	-
- including: subsidiaries	-	-
Other financial assets	-	-
Impairment of equity interests	-	-
including: related parties	-	-
Total financial assets	**92**	**92**

Note 10.3.7 b - current year

Non-current financial assets at related parties - 2014	Equity	Other equity interests	Other securities	Loans	Other financial assets	Total non-current financial assets - related parties
a) financial assets as at the beginning of period	**8**	**84**	**-**	**-**	**-**	**92**
b) increases (due to)	**-**	-	**-**	**-**	**-**	**-**
- purchase	-	-	-	-	-	-
- borrowings granted	-	-	-	-	-	-
- obtained through acquisition	-	-	-	-	-	-
- contribution in kind, free transfer	-	-	-	-	-	-
- impairment	-	-	-	-	-	-
- other	-	-	-	-	-	-
c) decreases (due to)	**-**	**-**	**-**	**-**	**-**	**-**
- sale	-	-	-	-	-	-
- exclusion from consolidation	-	-	-	-	-	-
- loan repayment	-	-	-	-	-	-
- liquidation	-	-	-	-	-	-
- impairment	-	-	-	-	-	-
- revaluation of acquired entities	-	-	-	-	-	-
- other	-	-	-	-	-	-
d) financial assets as at the end of period	**8**	**84**	**-**	**-**	**-**	**92**

(amounts in PLN 000s, unless otherwise stated)

Note 10.3.7 b - previous year

Non-current financial assets at related parties - 2013	Equity	Other equity interests	Other securities	Loans	Other financial assets	Total non-current financial assets - related parties
a) financial assets as at the beginning of period	**8**	**186**	**-**	**-**	**-**	**194**
b) increases (due to)	**-**	-	**-**	**-**	**-**	**-**
- purchase	-	-	-	-	-	-
- borrowings granted	-	-	-	-	-	-
- obtained through acquisition	-	-	-	-	-	-
- contribution in kind, free transfer	-	-	-	-	-	-
- impairment	-	-	-	-	-	-
- other	-	-	-	-	-	-
c) decreases (due to)	**-**	**(102)**	**-**	**-**	**-**	**(102)**
- sale	-	-	-	-	-	-
- exclusion from consolidation	-	-	-	-	-	-
- loan repayment	-	-	-	-	-	-
- liquidation	-	-	-	-	-	-
- impairment	-	-	-	-	-	-
- revaluation of acquired entities	-	-	-	-	-	-
- other	-	(102)	-	-	-	102
d) financial assets as at the end of period	**8**	**84**	**-**	**-**	**-**	**92**

(amounts in PLN 000s, unless otherwise stated)

10.3.8 Non-current loans

During the reporting and comparative period, there were no non-current loans.

10.3.9 Non-current receivables

	31 Dec 2014	31 Dec 2013
a) collateral connected with leases	5 067	4 663
- including: from subsidiaries	-	-
b) other non-current receivables	139	170
- including: from subsidiaries	-	-
Total non-current receivables	**5 206**	**4 833**

Collateral is not interest-bearing. Given the low value (materiality criterion), it is not subject to amortisation.

10.3.10 Deferred income tax assets

	31 Dec 2014	31 Dec 2013
Deferred income tax assets at the beginning of period, including:	**20 053**	**21 148**
Increases	2 822	3 078
a) recognised through profit or loss	2 797	3 078
b) recognised through equity	25	-
c) increase as a result of acquisitions	-	-
Decreases	(3 696)	(4 173)
a) recognised through profit or loss	(3 696)	(4 173)
b) recognised through equity	-	-
c) decrease as a result of a disposal	-	-
Deferred income tax assets at the end of period, including:	**18 272**	**20 053**

Deferred income tax assets, the basis of which are temporary differences resulting from:	31 Dec 2014	31 Dec 2013
Trade receivables	767	246
Remuneration liabilities	1 261	1 150
Retirement pay	121	125
Untaken holidays and similar	716	785
Pay bonuses and similar	298	314
Deduction of discount on own bonds	46	31
Audit provision	16	12
Other costs due to interest charged on tax deductible costs not elsewhere classified	-	2
Impairment of inventory	-	81
Discounts recorded in inventory	2 067	1 827
Difference between the balance sheet value and tax value of property, plant and equipment	6 670	6 899
Provision for agreements giving rise to liabilities	4 695	7 184
Un-invoiced costs	155	340
Provision for goods inventory shortfalls	903	-
Provision for renovation costs	152	-
Payments overdue by more than 30 days	129	-
Provision for anniversary awards	-	165

(amounts in PLN 000s, unless otherwise stated)

Tax loss	-	35
Deferred revenue	-	228
Other items	276	629
Deferred income tax assets at the end of period, including:	**18 272**	**20 053**

10.3.11 Other non-current prepayments

	31 Dec 2014	31 Dec 2013
Marketing services	-	-
Rent	541	695
Manufacturing cost - software	-	-
Permits, concessions	-	3
Purchase of rights to lease commercial premises	3 481	4 905
Other	86	267
Total non-current prepayments	**4 108**	**5 870**

10.3.12 Inventories

	31 Dec 2014	31 Dec 2013
Materials	7 626	9 596
Goods	173 252	169 095
Finished products	-	-
Intermediates and production in progress	-	-
Impairment of inventories	(15 774)	(10 031)
Total inventories	**165 104**	**168 660**

Impairment of inventories	31 Dec 2014	31 Dec 2013
Impairment of inventory as at the beginning of period	(10 031)	(5 504)
Increases (recognition of new impairment losses)	(13 744)	(16 612)
Increase / decrease as a result of acquisitions / disposals	-	-
Decreases (due to decrease in inventory)	8 001	12 085
Impairment of inventory as at the end of period	**(15 774)**	**(10 031)**

Impairment losses on inventories were recognised in connection with commercial sales bonuses and as a result of a release of a provision concerning inventory deficits. All of the recognised impairment losses were recorded in the statement of profit and loss.

Restrictions in ownership rights regarding off-balance sheet collateral established	31 Dec 2014	31 Dec 2013
Collateral, by title:	**15 000**	**19 939**
- credit facilities	-	-
- bank guarantees	*15 000*	*19 939*
Assignments of rights, by title:	**-**	**-**
- credit facilities	-	-
- bank guarantees	-	-
Sale of rights, by title:	**-**	**-**
- credit facilities	-	-
- bank guarantees	-	-

Total restrictions in ownership rights regarding off-balance sheet collateral established	**15 000**	**19 939**

10.3.13 Receivables

	31 Dec 2014	31 Dec 2013
For products and services	33 810	40 477
- including: from related parties	2	1
Taxes and other state fees	9 097	61 784
Under judicial enforcement	3 156	1 609
Advances paid for supplies	1 283	549
Other receivables	7 702	10 812
including: from related parties	-	-
Impairment of receivables	(9 794)	(11 387)
Total net receivables	**45 254**	**103 844**

Emperia Group's trade receivables from unconsolidated subsidiaries amounted to PLN 2 000. A detailed description of these transactions is presented in note 10.3.45. Interest is not charged on trade receivables.

Impairment of receivables	31 Dec 2014	31 Dec 2013
Impairment of receivables as at the beginning of period	(9 944)	(10 121)
- including: from related parties	-	-
Increases (recognition of new impairment losses)	(2 630)	(4 509)
- including: from related parties	-	-
- including: increase as a result of acquisitions	-	-
Decreases	2 780	3 243
- including: from related parties	-	-
release	1 160	2 241
- including: from related parties	-	-
- including: decrease as a result of disposals	-	-
Derecognised from statement of profit and loss*	1 620	1 002*
- including: from related parties	-	-
Impairment of receivables as at the end of period	**(9 794)**	**(11 387)**
- including: from related parties		-

* Receivables are derecognised where an impairment loss had been previously created and their unrecoverable status has been documented.

Restrictions in ownership rights regarding off-balance sheet collateral established do not concern receivables.

Aging structure of trade receivables	31 Dec 2014	31 Dec 2013
up to 1 month	21 114	23 728
1 - 3 months	2 312	1 656
3 - 6 months	94	59
6 - 12 months	-	33
over 1 year	-	562
Overdue	10 291	14 439
Impairment of receivables	(4 546)	(5 159)
Total net receivables	**29 265**	**35 318**

(amounts in PLN 000s, unless otherwise stated)

Aging structure of overdue trade receivables	31 Dec 2014	31 Dec 2013
up to 1 month	3 901	6 642
1 - 3 months	971	1 758
3 - 6 months	624	1 107
6 - 12 months	851	1 372
over 1 year	3 944	3 560
Impairment of receivables	(4 546)	(5 154)
Total net overdue receivables	**5 745**	**9 285**

10.3.14 Short-term securities

	31 Dec 2014	31 Dec 2013
TFI certificates	30 764	-
- including: from related parties	-	-
Debt instruments	-	-
- including: related parties	-	-
Other securities	-	-
- including: related parties	-	-
Total short-term securities	**30 764**	**-**

Stakes in TFIs are measured at fair value in accordance with IFRS 13. The value of TFI shares is publicly disclosed.

10.3.15 Current prepayments, by title

	31 Dec 2014	31 Dec 2013
Insurance	254	565
Technical assistance	217	288
Permits, alcohol concessions	44	45
Rent	299	400
Advertising	46	44
Subscriptions and annual fees	6	64
Electricity	1	-
Technical oversight for machinery	48	19
Costs incurred prior to location opening	71	-
Email	1	-
Costs to be re-invoiced	764	566
Purchase of rights to lease commercial premises	1 520	1 899
Other	770	402
Total current prepayments, by title	**4 041**	**4 292**

(amounts in PLN 000s, unless otherwise stated)

10.3.16 Cash and cash equivalents

	31 Dec 2014	31 Dec 2013
Cash on hand	7 511	7 233
Cash at bank accounts	92 814	176 038
Other cash instruments	14 110	11 849
including: - cash expected to be received	*9 969*	*7 657*
Other cash assets	-	33
Total cash	**114 435**	**195 153**

10.3.17 Other financial assets

There were no other financial assets during the reporting period and at the end of the comparative period.

10.3.18 Assets classified as held-for-sale

	31 Dec 2014	31 Dec 2013
Property, plant and equipment	12 293	3 032
- Land, including:	3 166	217
- Perpetual usufruct rights	*3 166*	*217*
- Buildings and structures	9 127	2 783
- Technical equipment and machinery	-	32
- Means of transport	-	-
- Other PP&E	-	-
- PP&E under construction	-	-
Intangible assets	-	-
Other equity interests	-	-
Equity	-	-
Other securities	-	-
Other available-for-sale assets	-	-
Total assets classified as held-for-sale	**12 293**	**3 032**

Assets classified as held for sale amounted to PLN 3 032 000 at the end of 2013, including a property at ul. Frezerów in Lublin in connection with a preliminary sale agreement executed by Emperia Holding S.A. on 13 August 2013. The sale transaction took place on 23 April 2014.
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)

10.3.19 Share capital structure

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	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	In-kind-contribution of shares in Centrum Sp. z o.o.	12.02.2008	01.01.2007
N	ordinary bearer	None	122 429	122 429	Cash	06.06.2008	01.01.2007
P	ordinary bearer	None	64 428	64 428	Cash	09.09.2014	01.01.2014
Total number of shares			**15 179 589**				
Total share capital				**15 179 589**			
Nominal value per share = PLN 1							

(amounts in PLN 000s, unless otherwise stated)

Share capital structure as at 31 December 2013

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

(amounts in PLN 000s, unless otherwise stated)

Shareholders with at least 5% of voting rights at the general meeting as at 31 December 2014

Shareholders	Shares held, as at 31 Dec 2014	% in share capital	% change	Shares held, as at 30 Dec 2013	% in share capital as at 31 Dec 2013	Votes at 31 Dec 2014	% of votes at general meeting at 30 Dec 2014
ALTUS TFI	1 709 678	12.26%	(12.1%)	1 944 678	12.87%	1 709 678	13.26%
IPOPEMA TFI S.A.	1 433 437	9.44%	-	1 433 437	9.48%	1 433 437	11.11%
ING TFI	1 390 123	9.16%	(71.6%)	810 119	5.36%	1 390 123	10.78%
AXA OFE	891 992	5.88%	-	891 992	5.90%	891 992	6.92%

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

Changes in shareholding by Management Board and Supervisory Board members

Management Board members	Shares at 31 Dec 2014	% in share capital	% change	Shares held, as at 30 Dec 2013	% share in capital as at 31 Dec 2013
Dariusz Kalinowski	19 647	0.130%	-	19 647	0.130%
Cezary Baran	420	0.003%	-	-	-

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

Changes in supplementary and reserve capital	Supplementary capital	Reserve capital
1 Jan 2014	**100 084**	**110 525**
Sale of properties restated in prior years	-	-
Measurement of 2nd management options programme	-	68
2013 profit distribution - transfer to equity	-	-
Redemption of own shares	-	-
Transfer of buy-back provision	-	-
31 Dec 2014	**100 084**	**110 593**
1 Jan 2013	**100 084**	**110 303**
Sale of properties restated in prior years	-	-
Measurement of 2nd management options programme	-	-
2012 profit distribution - transfer to equity	-	222
Redemption of own shares	-	-
Transfer of buy-back provision	-	-
31 Dec 2013	**100 084**	**110 525**

(amounts in PLN 000s, unless otherwise stated)

10.3.20 Retained earnings

	31 Dec 2014	31 Dec 2013
Prior-period profit (loss)	(26 973)	(27 147)
Profit distribution - transfer to equity	(68)	(222)
Profit distribution - dividend	(12 109)	(13 372)
Profit (loss) for the period	30 501	11 056
Correction of prior-period errors	(2 742)	-
Prior-period results of companies entered into consolidation	-	(51)
Measurement of 2nd management options programme	-	21
Equity-settled employee considerations	(107)	-
Total retained earnings	**(11 499)**	**(29 715)**

The error concerns an impairment loss recognised on a receivables relating to co-funding for disabled person wages, amounting to PLN 1 442 000, and a decrease in revenue related to 2013 financing amounting to PLN 1 300 000. The Company will be required to return the amount of financing received in 2015, however the necessity to adjust this was identified in 2013. Both of these amounts were in 2014 directly recognised in retained earnings (loss), and last year's data was restated for comparability.

The impact of this error on specific items of the comparative period in the financial statements is presented below.

Statement of financial position at 31 Dec 2013	Before taking into account the effects of error	Amount of error	After taking into account the effects of error
Assets - Current receivables	105 286	(1 442)	103 844
Equity and liabilities - Retained earnings (loss)	(26 973)	(2 742)	(29 715)
Equity and liabilities - Current liabilities	350 462	1 300	351 763

Statement of profit and loss for the period from 1 Jan 2013 to 31 Dec 2013	Before taking into account the effects of error	Amount of error	After taking into account the effects of error
Other operating revenue	12 600	(1 300)	11 300
Other operating expenses	(9 693)	(1 442)	(11 136)
Profit (loss) for the period	13 799	(2 742)	11 056

Statement of cash flows for the period from 1 Jan 2013 to 31 Dec 2013	Before taking into account the effects of error	Amount of error	After taking into account the effects of error
Profit for the period	13 799	(2 742)	11 056
Change in receivables	(42 278)	1 442	(40 835)
Change in liabilities	112 960	1 300	114 260

(amounts in PLN 000s, unless otherwise stated)

10.3.21 Non-current credit facilities, loans and debt instruments

	31 Dec 2014	31 Dec 2013
Credit facilities	-	-
Loans	-	-
- including: to related parties	-	-
Debt instruments	-	-
- including: to related parties	-	-
Finance leasing	2 647	3 455
Measurement of other financial instruments	-	-
Total credit facilities, loans, debt instruments and other non-current financial liabilities	**2 647**	**3 455**

10.3.22 Non-current liabilities

	31 Dec 2014	31 Dec 2013
Collateral deposits	1 050	970
- including: from subsidiaries	-	-
Other	-	-
Total non-current liabilities	**1 050**	**970**

Emperia Group did not have any liabilities in currencies other than the PLN. Collateral is not interest-bearing. Given the low value (materiality criterion), it is not subject to amortisation.

10.3.23 Provisions

	31 Dec 2014	31 Dec 2013
Employee benefit provisions	**6 673**	**8 360**
a) retirement pay	631	660
b) untaken holidays	3 768	4 129
c) annual pay bonuses	1 569	1 758
d) anniversary award liabilities	-	1 813
e) HR restructuring	278	-
f) overtime	295	-
g) actuarial gains / losses	132	-
Other provisions	**28 720**	**42 281**
a) audit of financial statements	93	93
b) awards for customers (loyalty programmes)	-	-
c) packaging	-	-
d) pay bonuses	-	-
e) liabilities	-	175
f) un-invoiced costs	886	1 790
g) agreements giving rise to liabilities	24 713	37 808
h) other	3 028	2 415
Total provisions	**35 393**	**50 641**

(amounts in PLN 000s, unless otherwise stated)

Provisions	31 Dec 2014	31 Dec 2013
Non-current	**19 842**	**31 591**
a) retirement pay	544	626
b) untaken holidays	-	-
c) annual pay bonuses	120	-
d) anniversary award liabilities	-	533
e) agreements giving rise to liabilities	18 977	30 432
f) other non-current provisions	69	-
g) actuarial gains / losses	132	-
Current	**15 551**	**19 050**
a) retirement pay	87	33
b) untaken holidays	3 768	4 129
c) annual pay bonuses	1 449	1 758
d) anniversary award liabilities	-	1 280
e) HR restructuring	278	-
f) other current provisions	268	11 849
g) agreements giving rise to liabilities	5 736	-
h) un-invoiced costs	816	-
i) overtime	296	-
j) penalties	500	-
k) subcontractor claims	1 553	-
l) equipment overhaul costs	800	-
Total provisions	**35 393**	**50 641**

Change in employee benefit provisions	31 Dec 2014	31 Dec 2013
Employee benefit provision - retirement benefits - as at the beginning of period	660	625
Increases	116	67
Increase as a result of acquisitions	-	-
Decreases	(145)	(32)
Decrease as a result of disposals	-	-
Employee benefit provision - retirement benefits - as at the end of period	**631**	**660**
Employee benefit provision - unused vacation time - as at the beginning of period	4 129	2 823
Increases	198	1 468
Increase as a result of acquisitions	-	-
Decreases	(559)	(162)
Decrease as a result of disposals	-	-
Employee benefit provision - unused vacation time - as at the end of period	**3 768**	**4 129**
Employee benefit provision - annual pay bonuses - as at the beginning of period	1 758	1 566
Increases	1 331	2 464
Increase as a result of acquisitions	-	-
Decreases	(1 520)	(2 272)
Decrease as a result of disposals	-	-
Employee benefit provision - annual pay bonuses - as at the end of period	**1 569**	**1 758**
Employee benefit provision - anniversary awards - as at the beginning of period	1 813	1 260
Increases	-	944
Increase as a result of acquisitions	-	-
Decreases	(1 813)	(391)
Decrease as a result of disposals	-	
Employee benefit provision - anniversary awards - as at the end of period	-	**1 813**

(amounts in PLN 000s, unless otherwise stated)

HR restructuring provision as at the beginning of period	-	-
Increases	278	-
Increase as a result of acquisitions	-	-
Decreases	-	-
Decrease as a result of disposals	-	-
HR restructuring provision as at the end of period	**278**	**-**
Employee benefit provision - overtime - as at the beginning of period	-	-
Increases	3 895	-
Increase as a result of acquisitions	-	-
Decreases	(3 600)	-
Decrease as a result of disposals	-	-
Employee benefit provision - overtime - as at the end of period	**295**	**-**
Provisions for actuarial gains/losses at the beginning of period	-	-
Increases	132	-
Increase as a result of acquisitions	-	-
Decreases	-	-
Provisions for actuarial gains/losses at the end of period	***132***	**-**
Employee benefit provisions as at the beginning of period	**8 360**	**6 274**
Increases	5 950	4 943
Increase as a result of acquisitions	-	-
Decreases	(7 637)	(2 857)
Decrease as a result of disposals	-	-
Employee benefit provisions as at the end of period	**6 673**	**8 360**

Employee benefit provision - post-employment benefits - as at the beginning of period

One-off retirement/disability allowances	31 Dec 2014	31 Dec 2013
As at the beginning of period	**660**	**625**
including: long-term	627	606
short-term	33	19
Employment costs	(12)	35
including: current employment costs	*(12)*	*35*
future employment costs	-	-
Net interest on net liabilities	21	-
Actuarial gains (losses)	*132*	-
(Benefits paid out)	*(38)*	-
As at the end of period	**763**	**660**
including: long-term	676	627
short-term	87	33

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.

(amounts in PLN 000s, unless otherwise stated)

The key actuarial assumptions having impact on the level of employment benefit provisions as at 31 December 2014 were as follows:
- discount rate - 3.50% in 2015 and subsequent years,
- expected future wage growth (nominal, including inflation) - 3.0% in 2015 and subsequent years,
- employee turnover - 9% 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).

Impact of changes in indicators on liabilities as at 31 December 2014:

	One-off retirement/disability allowances
Discount rate growth by 0.5%	(29)
Discount rate decrease by 0.5%	31
Wage growth increase by 0.5%	31
Wage growth decrease by 0.5%	(29)
Turnover growth by 0.5%	0
Turnover decrease by 0.5%	0

10.3.24 Deferred income tax provisions

	31 Dec 2014	31 Dec 2013
Deferred income tax provisions at the beginning of period	2 229	**1 992**
Increases	2 496	**3 508**
a) recognised through profit or loss	2 496	3 508
b) recognised through equity	-	-
c) recognised through goodwill	-	-
d) as a result of acquisitions	-	-
Decreases	(2 044)	**(3 271)**
a) recognised through profit or loss	(2 044)	(3 271)
b) recognised through equity	-	-
c) recognised through goodwill	-	-
d) as a result of disposals	-	-
Deferred income tax provisions at the end of period	**2 681**	**2 229**

Deferred income tax provisions, the basis of which are temporary differences resulting from:	31 Dec 2014	31 Dec 2013
Deduction of discount on bonds purchased	223	40
Commission on long-term credit facilities	-	-
Difference between the balance sheet value and tax value of tangible assets	2 446	1 879
Other items	12	310
Deferred income tax provisions at the end of period	**2 681**	**2 229**

(amounts in PLN 000s, unless otherwise stated)

10.3.25 Current credit facilities, loans and debt instruments

	31 Dec 2014	31 Dec 2013
Credit facilities	-	-
Loans	-	-
- including: to related parties	-	-
Debt instruments	-	-
- including: to related parties	-	-
Finance leasing	903	804
Measurement of other financial instruments	-	-
Total current credit facilities, loand and debt instruments	**903**	**804**

Issued bonds

a) ELPRO EKON Sp. z o.o. S.K.A.

Subsidiary ELPRO EKON Sp. z o.o. S.K.A. has an agreement with BRE Bank S.A. concerning a short- and medium-term bond programme with an aggregate value of up to PLN 150 000 000. Issue and buy-back of bonds (presented at par values) by ELPRO EKON Sp. z o.o. S.K.A. during 2014 and 2013:

Issue and buy-back of bonds in 2014	Total	External issuance	Emperia Holding S.A.	Infinite Sp. z o.o.	P3 EKON Sp. z o.o. S.K.A	P5 EKON Sp. z o.o. S.K.A
As at the beginning of period	**20 000**	-	**3 500**	**11 000**	**-**	**5 500**
Issue of bonds	*403 500*	-	*403 500*	-	-	-
Buy-back of bonds	*(390 000)*	-	*(373 500)*	*(11 000)*	-	*(5 500)*
As at the end of period	**33 500**	-	**33 500**	-	-	-

Issue and buy-back of bonds in 2013	Total	External issuance	Emperia Holding S.A.	Infinite Sp. z o.o.	P3 EKON Sp. z o.o. S.K.A	P5 EKON Sp. z o.o. S.K.A
As at the beginning of period	**150 000**	-	**101 500**	**7 000**	**41 500**	-
Issue of bonds	*1 669 500*	-	*1 011 000*	*106 000*	*509 000*	*43 500*
Buy-back of bonds	*(1 799 500)*	-	*(1 109 000)*	*(102 000)*	*(550 500)*	*(38 000)*
As at the end of period	**20 000**	-	**3 500**	**11 000**	-	**5 500**

b) Stokrotka Sp. z o.o.

Subsidiary Stokrotka Sp. z o.o. has an agreement with BRE Bank S.A. concerning a short- and medium-term bond programme with an aggregate value of up to PLN 150 000 000. Issue and buy-back of bonds (presented at par values) by Stokrotka Sp. z o.o. during 2014 and 2013:

Issue and buy-back of bonds in 2014	Total	External issuance	Emperia Holding S.A.	P3 EKON Sp. z o.o. S.K.A	Infinite Sp. z o.o.
As at the beginning of period	**128 000**	-	**128 000**	-	-
Issue of bonds	*1 299 400*	-	*1 279 900*	*6 000*	*13 500*
Buy-back of bonds	*(1 327 400)*	-	*(1 307 900)*	*(6 000)*	*(13 500)*
As at the end of period	**100 000**	-	**100 000**	-	-

Issue and buy-back of bonds in 2013	Total	External issuance	Emperia Holding S.A.	P3 EKON Sp. z o.o. S.K.A
As at the beginning of period	**92 000**	**-**	**92 000**	**-**
Issue of bonds	*1 219 000*	-	*1 218 000*	*1 000*
Buy-back of bonds	*(1 183 000)*	-	*(1 182 000)*	*(1 000)*
As at the end of period	**128 000**	**-**	**128 000**	**-**

c) Elpro Development S.A. (formerly P1 Sp. z o.o.)

Subsidiary Elpro Development S.A. (formerly P1 Sp. z o.o.) has signed an agreement with BRE Bank S.A. concerning a short- and medium-term bond programme with an aggregate value of up to PLN 200 000 000. Issue and buy-back of bonds (presented at par values) by Elpro Development S.A. (formerly P1 Sp. z o.o.) during 2014 and 2013:

Issue and buy-back of bonds in 2014	Total	External issuance	Emperia Holding S.A.	P5 EKON Sp. z o.o. S.K.A	P3 EKON Sp. z o.o. S.K.A	Infinite Sp. z o.o.
As at the beginning of period	**172 000**	**-**	**21 000**	**49 000**	**102 000**	**-**
Issue of bonds	*1 812 500*	-	-	*618 000*	*1 092 500*	*102 000*
Buy-back of bonds	*(1 804 000)*	-	*(21 000)*	*(609 000)*	*(1 083 000)*	*(91 000)*
As at the end of period	**180 500**	**-**	**-**	**58 000**	**111 500**	**11 000**

Issue and buy-back of bonds in 2013	Total	External issuance	Emperia Holding S.A.	P5 EKON Sp. z o.o. S.K.A	P3 EKON Sp. z o.o. S.K.A
As at the beginning of period	**-**	**-**		**-**	**-**
Issue of bonds	*233 900*	-	*82 900*	*49 000*	*102 000*
Buy-back of bonds	*(61 900)*	-	*(61 900)*	-	-
As at the end of period	**172 000**	**--**	**21 000**	**49 000**	**102 00**

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

Debt liabilities as at 31 December 2014

Issuer	Series	Par value (in PLN 000s)	Maturity date	As at 31 Dec 2014
Stokrotka Sp. z o.o.	0132*	100 000	2015-01-23	
Elpro Ekon Sp. z o.o. S.K.A.	0155*	33 500	2015-01-23	
Elpro Development S.A. (formerly P1 Sp. z o.o.)	0023*	11 000	2015-01-23	
Elpro Development S.A. (formerly P1 Sp. z o.o.)	0023*	58 000	2015-01-23	
Elpro Development S.A. (formerly P1 Sp. z o.o.)	0023*	111 500	2015-01-23	
All bond issuance by the Group				**-**
Other				-
Total debt instrument liabilities				
Current				-
Non-current				-

* The bonds were purchased by Group companies that are subject to consolidation and as such are excluded in these financial statements.

Debt liabilities as at 31 December 2013

Issuer	Series	Par value (in PLN 000s)	Maturity date	As at 31 Dec 2013
Stokrotka Sp. z o.o.	0114*	10 000	2014-01-24	
Stokrotka Sp. z o.o.	0115*	118 000	2014-01-24	
Elpro Ekon Sp. z o.o. S.K.A.	0144*	3 500	2014-01-24	
Elpro Ekon Sp. z o.o. S.K.A.	0144*	11 000	2014-01-24	
Elpro Ekon Sp. z o.o. S.K.A.	0144*	5 500	2014-01-24	
P1 Sp. z o.o.	0004*	21 000	2014-01-24	
P1 Sp. z o.o.	0002*	49 000	2014-01-24	
P1 Sp. z o.o.	0004*	51 000	2014-01-24	
P1 Sp. z o.o.	0005*	51 000	2014-01-24	
All bond issuance by the Group				-
Other				-
Total debt instrument liabilities				
Current				-
Non-current				-

* The bonds were purchased by Group companies that are subject to consolidation and as such are excluded in these financial statements.

10.3.26 Current liabilities

	31 Dec 2014	31 Dec 2013
For products and services	249 050	264 373
including: towards related parties	-	-
Taxes and other state fees	20 802	60 507
Remuneration	12 666	12 609
Advances received for deliveries	-	120
Other liabilities	11 383	14 154
including: towards related parties	-	132
Total current liabilities	**293 901**	**351 763**

Emperia Group did not have any liabilities in currencies other than the PLN.

Aging structure of trade payables	31 Dec 2014	31 Dec 2013
up to 1 month	131 116	156 025
1 - 3 months	49 170	51 158
3 - 6 months	856	644
6 - 12 months	1	63
over 1 year	-	51
overdue	67 907	56 432
Total liabilities	**249 050**	**264 373**

(amounts in PLN 000s, unless otherwise stated)

Aging structure of overdue trade payables	31 Dec 2014	31 Dec 2013
up to 1 month	66 309	55 468
1 - 3 months	670	672
3 - 6 months	580	32
6 - 12 months	154	37
over 1 year	194	223
Total overdue liabilities	**67 907**	**56 432**

10.3.27 Deferred revenue, by title

	31 Dec 2014	31 Dec 2013
Refund of transport-related damages	8	27
Refund of property damages	303	375
Contractual penalties	4 614	4 741
Loyalty programmes	-	-
Refund of fire-fighting equipment	45	97
Sale of services settled in time	296	1 126
Interest on collateral	107	103
Settlement of intangible assets received free-of-charge	54	-
Share of insurance brokers' profit	75	-
Other	-	110
Total deferred revenue, by title	**5 502**	**6 579**

10.3.28 Net revenue from sale of products and services

	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Sale of products	-	-
- including: from related parties	-	-
Sale of services	121 995	116 148
- including: from related parties	7	*11*
Total net revenue from sale of products and services	**121 995**	**116 148**
- including: from related parties	7	11

Net revenue from sales of products and services (geographical structure)	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Domestic	119 886	114 698
- including: from related parties	7	*11*
Export	2 108	1 450
- including: from related parties	-	-
Total net revenue from sale of products and services	**121 995**	**116 148**
- including: from related parties	7	11

(amounts in PLN 000s, unless otherwise stated)

10.3.29 Net revenue from sale of goods and materials

Net revenue from sale of goods and materials (product structure - types of activities)	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Sale of goods and materials	1 856 015	1 851 332
- including: from related parties	-	-
Total net revenue from sale of goods and materials	**1 856 015**	**1 851 332**
- including: from related parties	-	-

Total net revenue from sale of goods and materials (geographical structure)	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Domestic	1 856 015	1 851 332
- including: from related parties	-	-
Export	-	-
- including: from related parties	-	-
Total net revenue from sale of goods and materials	**1 856 015**	**1 851 332**
- including: from related parties	-	-

10.3.30 Other operating revenue

	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Gain on disposal of other non-financial non-current assets	4 373	7 617
Impairment of non-financial assets	81	517
Other operating revenue	5 157	3 166
Total other operating revenue	**9 611**	**11 300**

Impairment of financial and non-financial assets	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Recognition of inventory impairment (negative value)	-	-
Reversal of impairment	-	-
Recognition of tangible asset impairment (negative value)	-	-
Reversal of tangible asset impairment	-	-
Recognition of receivables impairment (negative value)	(103)	(1 285)
Reversal of receivables impairment	184	1 802
Total impairment of financial and non-financial assets	**81**	**517**

Other operating revenue	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Contractual penalties received	1 755	171
Compensation from transport insurance	209	280
Compensation from property insurance	82	98
Other compensation	1 039	-
Outdated liabilities	15	42

(amounts in PLN 000s, unless otherwise stated)

Awarded legal costs	968	98
VAT refund	301	-
Release of employee benefit provision	-	-
Re-invoicing	-	12
Refund of staff costs	-	1 217
Asset donations	22	54
Sale of equipment	-	100
Transfer of rights from lease agreements	50	400
Recovery from scrapping	-	73
Cash overage	204	187
Rounding	304	254
Settlement over time of refunds and assets received free-of-charge	95	
Other revenue	113	180
Total other operating revenue	**5 157**	**3 166**

10.3.31 Costs by nature

	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Depreciation / amortisation	(44 020)	(41 831)
Use of materials and energy	(88 517)	(82 829)
External services	(150 123)	(133 471)
Salaries	(201 214)	(189 448)
Employee benefits	(48 211)	(44 975)
Taxes and fees	(10 969)	(10 135)
Other costs	(2 361)	(2 198)
Total costs by nature	**(545 414)**	**(504 888)**
Selling costs	(450 195)	(407 856)
Administrative expenses	(71 925)	(71 986)
Cost of manufacture of products sold	(23 294)	(24 707)
Cost of production of software and goods for internal purposes	-	(339)

Employment costs	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Remuneration, including:	(201 214)	(189 448)
- management options programme	-	-
- HR restructuring provision	-	(319)
Social security, including:	(38 024)	(35 280)
- HR restructuring provision	-	-
Workplace social security fund	(5 898)	(5 781)
Training	(448)	(527)
Other	(3 841)	(3 387)
Total employment costs	**(249 425)**	**(234 423)**

(amounts in PLN 000s, unless otherwise stated)

10.3.32 Other operating expenses

	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Loss on disposal of non-financial non-current assets	(2 139)	(982)
Impairment of non-financial assets	(3 294)	(3 297)
Other operating expenses	(5 068)	(6 857)
Total other operating expenses	**(10 501)**	**(11 136)**

Impairment of financial and non-financial assets	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Recognition of tangible asset impairment (negative value)	(2 138)	(537)
Reversal of tangible asset impairment	393	26
Recognition of receivables impairment (negative value)	(2 527)	(3 225)
Reversal of receivables impairment	978	439
Total impairment of financial and non-financial assets	**(3 294)**	**(3 297)**

Other operating expenses	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Donations	(21)	(32)
Transport-related damages	(181)	(170)
Property damages	(561)	(328)
Other damages	-	(1 725)
Liquidation of non-current assets	-	(1 596)
Provisions	-	(500)
Investment property maintenance costs	-	-
Revaluation of assets to net realisable value at a subsidiary being liquidated	-	(141)
Amortisation of rights to lease premises	-	-
Collateral written-off	(1 808)	-
Legal costs	(472)	(177)
Transfer of rights from lease agreements	-	(1 785)
Compensation for exiting a location	(1 236)	-
Non-deductible VAT	(198)	(72)
Re-invoiced costs	-	(12)
Rounding up of collateral for packaging	(394)	-
Other costs	(197)	(319)
Total other operating expenses	**(5 068)**	**(6 857)**

10.3.33 Finance income

	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Dividends received, including:	-	-
- from related parties	-	-
Interest, including:	1 913	5 164
- from related parties	-	-
Gain on disposal of investments	161	-

(amounts in PLN 000s, unless otherwise stated)

Other finance income	642	212
Total finance income	**2 716**	**5 376**

Interest income on bonds	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Interest on loans	-	-
- including: from related parties	-	-
Interest on bank deposits	1 585	5 014
Interest on overdue receivables	328	145
- including: from related parties	-	-
Interest on bonds	-	-
- including: from related parties	-	-
Other interest	-	5
Total interest on bonds	**1 913**	**5 164**

Other finance income	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Positive exchange differences	-	133
Income on sureties issued	-	-
Share of insurers' profits	-	74
Income on liquidation	-	-
Gain on changes in fair value of financial instruments	634	
Other	8	5
Total other finance income	**642**	**212**

10.3.34 Finance costs

	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Interest, including:	(628)	(255)
- for subsidiaries	-	-
Loss on disposal of investments	-	(4)
Other finance costs	(813)	(306)
Total finance costs	**(1 441)**	**(565)**

Interest costs	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Interest on bank credit	-	(3)
Interest on finance leasing	(325)	(165)
- including: from related parties	-	-
Interest on loans	-	-
- including: from related parties	-	-
Interest on overdue receivables	(55)	(74)
- including: from related parties		-

Interest on issued bonds	-	-
- including: from related parties	-	-
Statutory interest	(229)	(12)
Other interest	(19)	-
- including: from related parties	-	-
Total cost of interest income	**(628)**	**(255)**

Other finance costs	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Cost of bank guarantees	(208)	(216)
Negative exchange differences	(418)	(35)
Impairment of financial assets	(120)	-
Balance sheet measurement of liabilities and receivables	-	-
Liquidation of subsidiary	-	-
Fee for bond issuance	(64)	(55)
Other	(3)	-
Total other finance costs	**(813)**	**(306)**

Profit or loss, by category of instrument	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Interest income	-	-
Bank deposits	1 585	5 014
Bonds	-	-
Loans issued	-	-
Trade receivables	328	145
Other	-	5
Total interest income	**1 913**	**5 164**
Interest costs	-	-
Short- and long-term credit facilities	-	(3)
Finance leasing	(325)	(165)
Issued bonds	-	-
Loans received	-	-
Trade payables	(55)	(74)
Other	(19)	-
Total interest costs	**(399)**	**(242)**

10.3.35 Current income tax

	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Profit (loss) before tax at entities generating tax profits	**80 131**	**39 064**
Loss before tax at entities generating tax losses	(10 358)	(69 072)
Consolidation exclusions at the level of profit before tax	(39 567)	(20 072)
Revenue not subject to taxation, decreasing the tax base, according to tax regulations	**(13 261)**	**(8 632)**
Finance income	(8 284)	(4 939)
Other operating revenue	(4 977)	(3 692)

(amounts in PLN 000s, unless otherwise stated)

Items creating taxable revenue, increasing the tax base	**376**	**842**
Costs and losses not recognised as tax deductible expenses increasing the tax base, according to tax regulations	**56 795**	**63 083**
Operating expenses	48 163	53 296
Finance costs	904	2 225
Other operating expenses	7 728	7 563
Items increasing tax deductible expenses, decreasing the tax base	**(60 770)**	**(48 851)**
Taxable income	**63 271**	**44 968**
Remaining to be deducted from profit	0	(20 766)
Settlement of prior-period losses	(11 352)	(3 981)
Income tax base	51 919	20 222
Income tax at 19% rate	(9 864)	(3 842)
Increases, discontinuations, exemptions, deductions and decreases of tax	2 059	-
Current income tax, calculated for the reporting period	**(7 805)**	**(3 842)**

10.3.36 Deferred income tax recorded in profit or loss

	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Decrease (increase) from recognition and reversal of temporary differences	2 622	114
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	-	-
Decrease (increase) due to simplified advances for income tax	-	-
Decrease (increase) due to deferred income tax from consolidation	(364)	(1 447)
Total deferred income tax recorded in profit or loss	**(2 258)**	**(1 333)**

10.3.37 Earnings per share for the period

	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Profit (loss) for the period	30 501	11 056
Weighted average number of shares*	13 440 114	14 235 425
Weighted average diluted number of ordinary shares	13 465 487	14 338 927
Profit (loss) per share (in PLN)	2.27	0.78
Diluted profit (loss) per share	2.27	0.77

Basic earnings per share are calculated by dividing the net profit for the period attributable to common shareholders by the weighted average number of issued ordinary shares during the year, adjusted by shares held by the Company.

Diluted earnings per share are calculated by dividing the net profit for the period attributable to common shareholders of the Parent (less interest on convertible preference shares) by the weighted average number of issued ordinary shares for the year, adjusted by shares held by the Company and the weighted average number of shares that were issued upon conversion of the potentially dilutive ordinary shares to ordinary shares. In 2014, the Company took into consideration the dilutive effect of the bonds awarded to employees under the 2010 and 2011 tranches of the 2nd Management Options Programme - 2010-2012.

(amounts in PLN 000s, unless otherwise stated)

10.3.38 Cash and cash equivalents structure

	12 months ended 31 Dec 2014	12 months ended 31 Dec 2013
Cash on hand		
- as at the beginning of period	7 233	7 369
- as at the end of period	7 511	7 233
Cash at bank accounts		
- as at the beginning of period	176 038	193 092
- as at the end of period	92 814	176 038
Other cash instruments		
- as at the beginning of period	11 849	14 788
- as at the end of period	14 110	11 849
Other cash assets		
- as at the beginning of period	33	44
- as at the end of period	-	33
Total cash		
- as at the beginning of period	**195 153**	**215 293**
- as at the end of period	**114 435**	**195 153**

10.3.39 Paid out and proposed dividends

Dividends paid:

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

Dividends received:

The parent company, Emperia Holding S.A., received PLN 7 566 000 in dividend from subsidiary Infinite Sp. z o.o. as allocation of 2013 profit.
The dividend was paid within the Group's consolidated companies, thus is subject to exclusion from these financial statements.

10.3.40 Company operations presented by operating activities, investing activities and financing activities in the statement of cash flows

Company operations presented by operating activities, investing activities and financing activities in the statement of cash flows

I. Cash flows from operating activities include:

1) Proceeds from sale of products and services
2) Proceeds recorded in 'other operating revenue,' less proceeds from sale of non-current assets, which are recorded in investing activities
3) Expenditures connected with the ordinary course of business, such as: own cost of products sold, distribution costs and administrative expenses
4) Expenditures connected with 'other operating expenses,' less own cost of sold non-current assets and costs of unplanned depreciation.

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 securities held for trading that are recognised in cash flows from investing activities.

(amounts in PLN 000s, unless otherwise stated)

10.3.41 Off-balance sheet items

Off-balance sheet liabilities concern collateral for credit facilities and bank guarantees provided to the Group as well as security interests.

Changes in off-balance sheet liabilities during 2014	Credit facilities	Bank guarantees	Security interests
Transfer of ownership / pledge / assignment of current assets			
As at the beginning of period	-	19 939	-
Increases during the period	-	-	-
Decreases during the period	-	(4 939)	-
Increases / decreases during the period as a result of acquisitions / disposals	-	-	-
As at the end of period	**-**	**15 000**	**-**
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)
Increases / decreases during the period as a result of acquisitions / disposals	-	-	-
As at the end of period	**-**	**47 500**	**23 246**

Changes in off-balance sheet liabilities during 2013	Credit facilities	Bank guarantees	Security interests
Transfer of ownership / pledge / assignment of current assets			
As at the beginning of period	-	3 295	-
Increases during the period	-	16 784	-
Decreases during the period	-	(140)	-
Increases / decreases during the period as a result of acquisitions / disposals	-	-	-
As at the end of period	**-**	**19 939**	**-**
Guarantees			
As at the beginning of period	-	157	251
Increases during the period	-	43 000	21 845
Decreases during the period	-	(157)	(5 000)
Increases / decreases during the period as a result of acquisitions / disposals	-	-	-
As at the end of period	**-**	**43 000**	**17 096**

10.3.42 Financial and operating leasing

a) Finance lease liabilities

Finance lease liabilities	31 Dec 2014	
	Minimum payments	Present value of minimum payments
Within 1 year	1 282	903
Within 1 to 5 years	2 930	2 647
Within more than 5 years	-	-
Total	**4 212**	**3 550**

(amounts in PLN 000s, unless otherwise stated)

Finance lease liabilities	31 Dec 2013	
	Minimum payments	Present value of minimum payments
Within 1 year	*1 204*	*804*
Within 1 to 5 years	*4 212*	*3 636*
Within more than 5 years	*-*	*-*
Total	**5 416**	**4 440**

b) Operating leasing

Did not occur during the reporting period or comparative period.

c) Arrangements containing a lease component in accordance with IFRIC 4

2014

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	82 673	118 394	471 797	589 510
	unspecified	2 753	2 854	11 414	14 268
Technical equipment and machinery	specified	16	4	-	-
	unspecified	94	94	377	471
Means of transport	specified	6 824	6 334	25 337	31 672
	unspecified	-	-	-	-
Other property, plant and equipment	specified	-	-	-	-
	unspecified	-	-	-	-

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

2013

Asset	Term of agreement	As at 31 Dec 2013	As at 31 Dec 2014	1 to 5 years	Over 5 years
		Minimum annual payment			
Property	specified	74 588	110 409	437 841	545 220
	unspecified	3 590	3 329	13 316	16 644
Technical equipment and machinery	specified	12	16	4	-
	unspecified	68	74	276	350
Means of transport	specified	3 517	6 353	19 173	2 663
	unspecified	-	-	-	-
Other property, plant and equipment	specified	-	-	-	-
	unspecified	-	-	-	-

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

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

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

(amounts in PLN 000s, unless otherwise stated)

10.3.44 Liabilities incurred in connection with purchase of property, plant and equipment

Liabilities in connection with purchase of property, plant and equipment were not recorded at any of the Group's companies in 2014.

10.3.45 Emperia Holding S.A.'s related-party transactions

In 2014, Emperia Holding S.A. did not execute any significant transactions with related parties other than transactions in the ordinary course of business on market terms and those connected with capital increases or capital contributions at subsidiaries. All intra-group mergers in 2014 are presented in point 10.2.9. Short-term bonds were issued as part of the Group's cash flow management, as described in note 10.3.25 (not recorded in the table below).

Transaction between Group companies and unconsolidated related parties

Trade receivables from unconsolidated related parties	31 Dec 2014	31 Dec 2013
Emperia Holding S.A.'s receivables from unconsolidated related parties	2	1
Other Group companies' receivables from unconsolidated related parties	-	-
Total trade receivables from unconsolidated related parties	**2**	**1**

Other receivables from unconsolidated related parties	31 Dec 2014	31 Dec 2013
Emperia Holding S.A.	-	-
Other companies	-	-
Total other receivables from unconsolidated related parties	**-**	**-**

Trade payables to unconsolidated related parties	31 Dec 2014	31 Dec 2013
Emperia Holding S.A.'s payables to unconsolidated related parties	-	-
Other Group companies' payables to unconsolidated related parties	-	-
Total trade payables to unconsolidated related parties	**-**	**-**

Other payables to unconsolidated related parties	31 Dec 2014	31 Dec 2013
Emperia Holding S.A.	-	-
Other companies	-	-
Total other payables to unconsolidated related parties	**-**	**-**

Revenue from sale of goods and materials to unconsolidated entities	31 Dec 2014	31 Dec 2013
Emperia Holding S.A.	-	-
Other companies	-	-
Total revenue from sale of goods and materials to unconsolidated entities	**-**	**-**

Revenue from sale of products and services to unconsolidated entities	31 Dec 2014	31 Dec 2013
Emperia Holding S.A.	7	11
Other companies	-	-
Total revenue from sale of products and services to unconsolidated entities	**7**	**11**

10.3.46 Average employment

Item	Average employment in 2014 (staff count)		
	Total	White collar workers	Blue collar workers
Emperia Holding S.A.	49	44	5
Stokrotka Sp. z o.o.	7 066	1 484	5 582
Infinite Sp. z o.o.	164	163	1
TOTAL	**7 279**	**1 691**	**5 588**

Other Group companies did not employ any staff in 2014.

Item	Average employment in 2013 (staff count)		
	Total	White collar workers	Blue collar workers
Emperia Holding S.A.	33	33	-
Stokrotka Sp. z o.o.	6 533	1 358	5 175
Infinite Sp. z o.o.	155	154	1
Maro Markety Sp. z o.o.	371	32	339
Społem Tychy Sp. z o.o.	271	66	205
Pilawa Sp. z o.o.	35	3	32
TOTAL	**7 398**	**1 646**	**5 752**

Other Group companies did not employ any staff in 2013.

10.3.47 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 2014 (cash basis):

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

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

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

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

Measurement of costs relating to options due under options programmes (in PLN 000s) - Emperia Holding S.A.

No.	First and last name	2012	2011
1.	Kalinowski Dariusz	-	276.9
2.	Baran Cezary	-	9.1
	TOTAL	**-**	**286.0**

Measurement of costs relating to options due under options programmes (in PLN 000s) - other companies

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

Management Options Programme II 2010-2012

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

Key programme documents:

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

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

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

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

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

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

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

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

Resolution 2 of Emperia Holding S.A.'s extraordinary general meeting of 6 December 2011 concerning changes to Resolution 2 of Emperia Holding S.A.'s extraordinary general meeting of 4 March 2010 on the 2010-2012 Incentive Programme Regulations and on the Incentive Programme aims to: (i) provide a more precise definition of the Financial Target for the purposes of the Incentive Programme - the Financial Target will not include results on transactions consisting of the sale of shares, companies, organised business units and properties to entities outside Emperia Group; (ii) provide a more precise method for determining the share issue price on the options exercise date in the event that the Company pays a dividend advance and/or dividend in the total amount exceeding 40% of the consolidated net profit for the previous year; (iii) specify the procedure for when an entity, acting individually or in concert, exceeds the 33% threshold in the total number of votes in the Company (acquisition of control).
The Company measured the programme at fair value on its inception, in accordance with IFRS 2. The measurements were prepared using modern financial engineering and numerical methods by an independent expert based on the Monte-Carlo valuation model.

The programme's fair value is amortised throughout its duration. The programme's fair value is presented in the statement of profit and loss as management options programme costs, alongside an increase in supplementary

(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 in relation to the Company's shareholders. The issue price for Series P Shares, calculated as at the date of the Bond issue, is PLN 24.82. A change in the issue price may take place each year after the Company's pays out a dividend. The pre-emptive right to subscribe for and acquire Series P shares will be available to Authorised Persons during the period from 1 July 2014 to 30 June 2018.
In 2014, participants of the Management Options Programme redeemed 108 404 series A bonds and subscribed for 108 404 series P shares.
On 9 September 2014, 64 428 series P shares were introduced to trading, and on 16 January 2015 43 976 series P shares of the Issuer were introduced to trading in connection with Management Options Programme II.

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

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

10.3.48 Financial risk management

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

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

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

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

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

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

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

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

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

(amounts in PLN 000s, unless otherwise stated)

Classification of financial instruments as per IAS 39

Financial assets by balance sheet item	**2014** fair value	**2013** book value	Classification of financial instruments as per IAS 39 (book value)						Other (book value)
			Carried at fair value through profit or loss		Carried at fair value with changes in equity		Carried at amortised cost		
			Designated at initial recognition	Held for trading	Available for sale	Hedge accounting	Loans and receivables	Held to maturity	
Financial assets									
Shares	92	92	-	-	92	-	-	-	
Loans	-	-	-	-	-	-	-	-	
Non-current	-	-	-	-	-	-	-	-	
Current	-	-	-	-	-	-	-	-	
Non-current collateral and other receivables	5 206	5 206	-	-	-	-	5 206	-	
Trade receivables	29 265	29 265	-	-	-	-	29 265	-	
Receivables not mentioned above, constituting financial assets	12 141	12 141	-	-	-	-	12 141	-	-
Short-term securities	30 764	30 764	-	-	30 764	-	-	-	-
Debt instruments	-	-	-	-	-	-	-	-	
Cash and cash equivalents	114 435	114 435	-	-	-	-	-	-	114 435

Financial liabilities by balance sheet item	**2014** fair value	**2013** book value	Classification of financial instruments as per IAS 39 (book value)					Other (book value)	
			Carried at fair value through profit or loss		Carried at amortised cost	Carried at fair value with changes in equity			
			Designated at initial recognition	Held for trading		Hedge accounting			
Financial liabilities									
Credit facilities	-	-	-	-	-	-	-	-	-
Non-current	-	-	-	-	-	-	-	-	-
Current	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-
Non-current *Current*	-	-	-	-	-	-	-	-	-
Finance leasing	3 550	3 550	-	-	3 550	-	-	-	-
Non-current	2 647	2 647	-	-	2 647	-	-	-	-
Current	903	903	-	-	903	-	-	-	-
Non-current collateral and other liabilities	1 050	1 050	-	-	1 050	-	-	-	-
Debt instruments	-	-	-	-	-	-	-	-	-
Measurement of other instruments - derivative instruments	-	-	-	-	-	-	-	-	-
Trade payables	249 050	249 050	-	-	249 050	-	-	-	-
Non-financial liabilities other than those above	24 049	24 049	-	-	24 049	-	-	-	-

Classification of financial instruments as per IAS 39

(amounts in PLN 000s, unless otherwise stated)

Financial assets by balance sheet item	**2013** fair value	**2013** book value	**Classification of financial instruments as per IAS 39 (book value)**						Other (book value)
			Carried at fair value through profit or loss		Carried at fair value with changes in equity		Carried at amortised cost		
			Designated at initial recognition	Held for trading	Available for sale	Hedge accounting	Loans and receivables	Held to maturity	
Financial assets									
Shares	92	92	-	-	92	-	-	-	
Loans	-	-	-	-	-	-	-	-	
Non-current	-	-	-	-	-	-	-	-	
Current	-	-	-	-	-	-	-	-	
Non-current collateral and other receivables	4 833	4 833	-	-	-	-	4 833	-	
Trade receivables	35 318	35 318	-	-	-	-	35 318	-	
Receivables not mentioned above, constituting financial assets	12 422	12 422					12 422		
Debt instruments	-	-	-	-	-	-	-	-	
Cash and cash equivalents	195 153	195 153	-	-	-	-	-	-	195 153

Financial liabilities by balance sheet item	**2014** fair value	**2013** book value	**Classification of financial instruments as per IAS 39 (book value)**					Other (book value)	
			Carried at fair value through profit or loss		Carried at amortised cost	Carried at fair value with changes in equity			
			Designated at initial recognition	Held for trading		Hedge accounting			
Financial liabilities									
Credit facilities	-	-	-	-	-	-	-	-	-
Non-current	-	-	-	-	-	-	-	-	-
Current	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-
Non-current *Current*	-	-	-	-	-	-	-	-	-
Finance leasing	4 259	4 259	-	-	4 259	-	-	-	-
Non-current	3 455	3 455	-	-	3 455	-	-	-	-
Current	804	804	-	-	804	-	-	-	-
Non-current collateral and other liabilities	970	970	-	-	970	-	-	-	-
Debt instruments	-	-	-	-	-	-	-	-	-
Measurement of other instruments - derivative instruments	-	-	-	-	-	-	-	-	-
Trade payables	264 373	264 373	-	-	274 353	-	-	-	-
Non-financial liabilities other than those above	26 883	26 883	-	-	26 883	-	-	-	-

(amounts in PLN 000s, unless otherwise stated)

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

- aging structure of trade receivables overdue but not impaired as at the end of the reporting period

Period	Nominal value Receivables	Receivables not overdue, not impaired	Receivables overdue but not impaired up to 1 month	Receivables overdue but not impaired 1 - 3 months	Receivables overdue but not impaired 3 - 6 months	Receivables overdue but not impaired 6 months - 1 year	Receivables overdue but not impaired over 1 year
2014	29 265	23 520	3 901	971	873	-	-
2013	35 318	26 038	6 642	1 758	885	-	-

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

Impairment of receivables due to credit losses

Impairment of receivables due to credit losses	31 Dec 2014	31 Dec 2013
As at the beginning of period	(9 944)	(10 121)
Increases (resulting from acquisitions)	(2 630)	(3 066)
Reversal	1 160	2 241
Derecognised from the statement of profit and loss*	1 620	1 002
As at the end of period	**(9 794)**	**(9 944)**

* Receivables are derecognised where an impairment loss had been previously created and their unrecoverable status has been documented.

Rules concerning recognition and reversal of impairment losses on receivables are presented in note 10.2.18.

(amounts in PLN 000s, unless otherwise stated)

Aging structure of financial liabilities

Item	Total liabilities	Liabilities due in:		
		Up to 1 year	1 - 3 years	Over 3 years
2014				
Credit facilities	-	-	-	-
Loans	-	-	-	-
Finance leasing	3 550	903	2 647	-
Long-term collateral	1 050	517	28	472
Debt instruments	-	-	-	-
Trade payables	249 050	248 856	194	
Financial liabilities other than the above	24 049	24 049		
2013				
Credit facilities	-	-	-	-
Loans	-	-	-	-
Finance leasing	4 259	804	3 455	
Long-term collateral	970	-	356	614
Debt instruments	-	-	-	-
Trade payables	264 373	264 100	273	-
Financial liabilities other than the above	26 883	26 883	-	-

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

Period	Total liabilities	Liabilities not overdue	Overdue liabilities payable within 1 month	Overdue liabilities payables within 1 - 3 months	Overdue liabilities payable within 3-6 months 3 - 6 months	Overdue liabilities payable within 6 months - 1 year	Liabilities Overdue Due in over 1 year
2014	249 050	181 143	66 309	670	580	154	194
2013	264 373	207 941	55 468	672	32	37	223

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

(amounts in PLN 000s, unless otherwise stated)

Sensitivity analysis

Interest rate risk - 1 January 2014 - 31 December 2014

Financial instruments by balance sheet item	Book value of financial instruments	Effect on financial result before tax (1% increase)	Effect on equity (assets available for sale) (1% increase)	Effect on financial result before tax (1% decrease)	Effect on equity (assets available for sale) (1% decrease)
Financial assets					
Shares	92	-		-	
Loans	-	-		-	
Non-current	-	-		-	
Current	-	-		-	
Non-current collateral and other receivables	5 206				
Trade receivables	29 265	3		(3)	
Receivables not mentioned above, constituting financial assets	12 141	-		-	
Short-term securities	30 764	-		-	
Debt instruments	-	-		-	
Cash and cash equivalents	114 435	15		(15)	
cash on hand	7 511	-		-	
cash at bank accounts	92 814	15		(15)	
other cash instruments	14 110	-		-	
other cash assets	-	-		-	
Financial liabilities					
Credit facilities	-	-		-	
Non-current	-	-		-	
Current	-	-		-	
Loans	-	-		-	
Non-current	-	-		-	
Finance leasing	3 550	(3)		3	
Non-current	2 647	-		-	
Current	903	-		-	
Non-current collateral and other liabilities	1 050	-		-	
Debt instruments	-	-		-	
Trade payables	249 050	(1)		1	
Financial liabilities other than the above	24 049	-		-	
Total		**14**		**(14)**	

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

(amounts in PLN 000s, unless otherwise stated)

Interest rate risk - 1 January 2013 - 31 December 2013

Financial instruments by balance sheet items	Book value of financial instruments	Effect on financial result before tax (1% increase)	Effect on equity (assets available for sale) (1% increase)	Effect on financial result before tax (1% decrease)	Effect on equity (assets available for sale) (1% decrease)
Financial assets					
Shares	92	-	-	-	-
Loans	-	-	-	-	-
Non-current	-	-	-	-	-
Current	-	-	-	-	-
Non-current collateral and other receivables	4 833		-		-
Trade receivables	35 318	1	-	(1)	-
Receivables not mentioned above, constituting financial assets	12 422	-	-	-	-
Debt instruments	-	-	-	-	-
Cash and cash equivalents	215 293	50	-	(50)	-
cash on hand	7 233	-	-	-	-
cash at bank accounts	176 038	50	-	(50)	-
other cash instruments	11 849	-	-	-	-
other cash assets	33	-	-	-	-
Financial liabilities					
Credit facilities	-	-	-	-	-
Non-current	-	-	-	-	-
Current	-	-	-	-	-
Loans	-	-	-	-	-
Non-current	-	-	-	-	-
Finance leasing	4 259	(2)	-	2	-
Non-current	3 455	-	-	-	-
Current	804	-	-	-	-
Non-current collateral and other liabilities	970	-	-	-	-
Debt instruments	-	-	-	-	-
Trade payables	264 373	(1)	-	1	-
Financial liabilities other than the above	26 883	-	-	-	-
Total		**48**	**-**	**(48)**	**-**

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

(amounts in PLN 000s, unless otherwise stated)

Profit or loss, by category of instrument

Interest income	1 Jan - 31 Dec 2014	1 Jan - 31 Dec 2013
Bank deposits	1 585	5 014
Debt instruments	-	-
Loans issued	-	-
Trade receivables	328	145
Financial receivables other than mentioned above	-	5
Total	**1 913**	**5 164**

Income on interest that was accrued but unrealised constitutes an immaterial amount.

Interest costs	1 Jan - 31 Dec 2014	1 Jan - 31 Dec 2013
Short- and long-term credit facilities	-	(3)
Loans received	-	-
Finance leasing	(325)	(165)
Debt instruments	-	-
Trade payables	(55)	(74)
Financial liabilities other than the above	(19)	-
Total	**(399)**	**(242)**

The costs of interest that was accrued but unrealised constitute an immaterial amount.

(amounts in PLN 000s, unless otherwise stated)

2. Capital risk management

The Group 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 Group 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 Group 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 Dec 2014	31 Dec 2013
Equity	606 999	643 962
Intangible assets	3 487	5 766
Equity, less intangible assets	603 512	638 196
Balance sheet total	951 472	1 062 522
Equity ratio	**0.63**	**0.60**

	31 Dec 2014	31 Dec 2013
Operating profit	39 289	11 420
Depreciation / amortisation	44 020	41 831
EBITDA	83 309	53 251
Credit facilities, loans and other financing sources	3 550	4 259
Ratios: Credit facilities, loans and other financing sources / EBIDTA	**0.04**	**0.08**

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

10.3.49 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

(amounts in PLN 000s, unless otherwise stated)

795 000 with statutory interest from 6 April 2012 to payment date in damages for non-performance of an agreement executed between Emperia Holding S.A. and Eurocash S.A. and Ernst & Young Audit Sp. z o.o., along with PLN 839 180 for refund of the costs of the proceeding. The remaining part of the dispute was rejected.

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

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

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

Did not occur at the Group.

10.3.51 Discontinued operations

There were no discontinued operations during the reporting period.

10.3.52 Correction of prior-period errors

Did not occur at the Group.

10.3.53 Other significant information

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

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

Transaction date	Number of purchased shares	Nominal value of shares	Price per share	Number of votes at Emperia Holding S.A.'s general meeting	% of share capital
16 January 2014	14 667	PLN 1	70.47	14 667	0.097%
4 February 2014	18 407	PLN 1	71.18	18 407	0.122%
14 February 2014	9 867	PLN 1	71.77	9 867	0.065%

(amounts in PLN 000s, unless otherwise stated)

7 March 2014	12 557	PLN 1	71.10	12 557	0.083%
12 March 2014	12 749	PLN 1	66.11	12 749	0.084%
17 March 2014	20 040	PLN 1	65.41	20 040	0.133%
19 March 2014	14 835	PLN 1	64.22	14 835	0.098%
21 March 2014	15 200	PLN 1	62.28	15 200	0.101%
31 Mar 2014	16 570	PLN 1	64.26	16 570	0.110%
10 April 2014	22 675	PLN 1	66.03	22 675	0.150%
22 April 2014	19 287	PLN 1	67.49	19 287	0.128%
30 April 2014	15 090	PLN 1	67.54	15 090	0.100%
8 May 2014	13 497	PLN 1	68.09	13 497	0.089%
14 May 2014	16 198	PLN 1	65.87	16 198	0.107%
28 May 2014	10 778	PLN 1	63.00	10 778	0.071%
10 June 2014	10 620	PLN 1	61.66	10 620	0.070%
11 June 2014	22 166	PLN 1	62.08	22 166	0.147%
13 June 2014	8 911	PLN 1	61.78	8 911	0.059%
23 June 2014	19 771	PLN 1	60.42	19 771	0.131%
3 July 2014	28 805	PLN 1	59.90	28 805	0.191%

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

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

b) Intra-group bond issuance and redemption

On 24 January 2014, subsidiaries Stokrotka Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A. and Elpro Development (formerly P1 Sp. z o.o.) issued short-term bonds maturing on 28 February 2014, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 359 million.

On 24 February 2014, subsidiary Stokrotka Sp. z o.o. redeemed early short-term bonds issued on 24 January 2014, maturing on 28 February 2014, which were purchased by Emperia Holding S.A. The total par value of the bonds under early redemption was PLN 67 million.

On 28 February 2014, subsidiaries Stokrotka Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A. and Elpro Development (formerly P1 Sp. z o.o.) issued short-term bonds maturing on 4 April 2014, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 257 million.

On 4 April 2014, subsidiaries Stokrotka Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A. and Elpro Development (formerly P1 Sp. z o.o.) issued short-term bonds maturing on 9 May 2014, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 283 million.

On 9 May 2014, subsidiaries Stokrotka Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A. and Elpro Development (formerly P1 Sp. z o.o.) issued short-term bonds maturing on 6 June 2014, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 292 million.

On 6 June 2014, subsidiaries Stokrotka Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A. and Elpro Development (formerly P1 Sp. z o.o.) issued short-term bonds maturing on 4 July 2014, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 307 million.

On 4 July 2014, subsidiaries Stokrotka Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A. and Elpro Development (formerly P1 Sp. z o.o.) issued short-term bonds maturing on 13 August 2014, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 309 million.

On 14 August 2014, subsidiaries Stokrotka Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A. and Elpro Development (formerly P1 Sp. z o.o.) issued short-term bonds maturing on 12 September 2014, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 309 million.

On 12 September 2014, subsidiaries Stokrotka Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A. and Elpro Development (formerly P1 Sp. z o.o.) issued short-term bonds maturing on 10 October 2014, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 319 million.

On 10 October 2014, subsidiaries Stokrotka Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A. and Elpro Development S.A. (formerly P1 Sp. z o.o.) issued short-term bonds maturing on 14 November 2014, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 324 million.

On 14 November 2014, subsidiaries Stokrotka Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A. and Elpro Development S.A. (formerly P1 Sp. z o.o.) issued short-term bonds maturing on 12 December 2014, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 336 million.

On 12 December 2014, subsidiaries Stokrotka Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A. and Elpro Development S.A. (formerly P1 Sp. z o.o.) issued short-term bonds maturing on 23 January 2015, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 340.5 million.

c) Changes in the buy-back programme

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

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

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

e) Transformation of P1 Sp. z o.o. into a public limited company

On 22 April 2014, an Extraordinary General Meeting of P1 Sp. z o.o. adopted a resolution on the basis of which P1 Sp. z o.o. has been transformed into a public limited company - Elpro Development S.A. Elpro Development's share capital amounts to PLN 1 050 000 and is divided into 1 050 000 registered shares series A, with nominal value of PLN 1. The transformation has not yet been registered by the court.

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

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

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

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

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

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

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

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

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

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

(amounts in PLN 000s, unless otherwise stated)

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

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

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

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

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

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

m) Performance of the Incentive Programme, 2010 tranche

On 12 August 2014, Emperia Holding S.A.'s Management Board announced that, pursuant to Resolution 2 of the Company's Extraordinary General Meeting on 4 March 2010 (current report 7/2010 of 5 March 2010), concerning, among others, establishing the principles for the Company's Incentive Programme 2010-2012 (the 'Incentive Programme'), on issue of series A, B and C bonds with pre-emptive rights and on a conditional increase of share capital through issue of shares with exclusion of the existing shareholders' pre-emptive rights, which was subsequently amended through Resolution 2 of the Company's Extraordinary General Meeting on 6 December 2011 and Resolution 18 of the Company's Ordinary General Meeting of 15 May 2012. The Company issued 114 564 series A registered bonds with priority rights to shares (the "Bonds").
The issue was carried out in the manner referred to in art. 9 point 3 of the Act of 29 June 1995 on Bonds (consolidated text: Polish Journal of Laws of 2014 item 730, as amended). Each of the Bonds issued in accordance with the issue terms constitutes a registered security issued in a series, in accordance with art. 5a of the Act on Bonds.
The issue of Bonds was carried out by sending a proposal to purchase bonds by Millennium DM S.A., based in Warsaw, acting as the "Trustee." The Trustee will purchase the Bonds only on behalf of the Authorised Persons participating in the Incentive Programme.
The bond issue objective is to implement the 2010 tranche of the Incentive Programme for members of the Company's Management Board and other top managers at the Company and its subsidiaries, who were entered into the list of Authorised Persons, as approved by the Issuer's Supervisory Board.
The issue consists of 114 564 unsecured, zero-coupon, dematerialised, registered bonds series A. The issue price for one Bond is PLN 0.01 and is equal to its par value. The total par value of the Bonds issued is PLN 1 145.64.
Each of the Bonds entitles the Bondholder to subscribe for one ordinary bearer share series P, with pre-emptive rights in relation to the Company’s shareholders.
The issue price of one Share offered under the Incentive Programme shall be the equivalent of the arithmetic average of the Company’s closing share price on the Warsaw Stock Exchange for the 90-day period preceding the day on which Resolution no. 2 of the Company’s Extraordinary General Meeting of 4 March 2010 was adopted, less 5% and less an adjustment calculated in the event that the Company pays out a dividend of more than 40% of the consolidated net profit for the previous financial years. The detailed means of calculating the issue price is presented in Resolution no. 2 of the Company’s Extraordinary General Meeting of 6 December 2011 The issue price of Series P Shares, calculated as at the date of the Bond issue, is PLN 24.82. A change in the issue price may take place each year after the Company’s pays out a dividend.
The pre-emptive right to subscribe for and acquire Series P shares will be available to the Authorised Persons during the period from 1 July 2014 to 30 June 2018.
The Company will buy back the Series A Bonds, in respect to which a Bondholder has exercised the pre-emptive right to subscribe for and acquire Series P shares, no later than 30 days after such Bondholder submits a subscription for the Shares, and in any case no later than by 30 June 2018, through payment of an amount equivalent to the par value.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10.3.54 Significant events after the end of the reporting period

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

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

(amounts in PLN 000s, unless otherwise stated)

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

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

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

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

c) Intra-group bond issuance and redemption

On 23 January 2015, subsidiaries Stokrotka Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A. and Elpro Development S.A. (formerly P1 Sp. z o.o.) issued short-term bonds maturing on 27 February 2015, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 336 million.

On 27 February 2015, subsidiaries Stokrotka Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A. and Elpro Development S.A. (formerly P1 Sp. z o.o.) issued short-term bonds maturing on 27 March 2015, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 331 million.

On 27 February 2015, subsidiaries Stokrotka Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A. and Elpro Development S.A. (formerly P1 Sp. z o.o.) issued short-term bonds maturing on 30 April 2015, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 316.5 million.

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

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

e) Execution of a contingent agreement by a subsidiary

On 2 April 2015, the Management Board of Emperia Holding S.A. announced that Lublin-based subsidiary Stokrotka Sp. z o.o. ("Stokrotka") executed a conditional agreement with FRAC Handel Sp. z o.o. S.K.A., based in Rzeszów ("Frac Handel"), and FRAC Handel Sp. z o.o. Detal S.K.A., based in Rzeszów ("Frac Handel Detal"). The subject of the agreement is acquisition by Stokrotka of 19 locations in southern Poland, belonging to Frac Handel and Frac Handel Detal, together with the assets belonging to these locations as of the acquisition date. The value of the agreement is PLN 20.5 million. The agreement has been executed on conditions precedent, the main being receipt by Stokrotka of UOKiK's approval for concentration.

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

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

Lublin, April 2015

Signatures of all Management Board members

2015-04-24 Dariusz Kalinowski President of the Management Board

....
Signature

2015-04-24 Cezary Baran Vice-President of the Management Board, Finance Director

....
Signature

Signatures of persons responsible for book-keeping

2015-04-24 Elżbieta Świniarska Economic Director

....
Signature

(amounts in PLN 000s, unless otherwise stated)

11.Management report on Group operations

11.1 Financial highlights

Changes in key items from the statement of profit and loss

Item	2014	2013	%
Revenue from sales	1 978 010	1 967 480	0.54%
EBITDA	83 309	53 251	56.45%
Operating profit (loss)	39 289	11 420	244.04%
Profit (loss) before tax	40 564	16 231	149.92%
Profit for the period	30 501	11 056	175.88%

FY 2014 revenue was slightly (0.54%) higher than in 2013. Revenue in 2014 was considerably affected by deflation in food prices on a year-on-year basis (according to GUS for Jan-Dec 2014 food and non-alcoholic beverages: -0.9%) and stiff pricing competition.
For 2014, profit was PLN 30 501 000, compared with PLN 11 056 000 last year. The Group's significantly higher profit generated in 2014 (175.88% growth) resulted from much stronger results in the retail segment.

One-off events having material impact on Group results in both of the reporting periods:

- In 2014, the Group generated PLN 1 275 000 in gross profit on financing activities, compared with PLN 4 811 000 in 2013,
- In 2014, gross result on property sales was PLN 5 002 000, while in the comparative period PLN 8 321 000,
- In 2014, in connection with a 2014 change in income tax regulations regarding partnerships limited by shares, the property segment reported PLN 4 407 000 in corporate income tax, while in 2013 the segment did not pay any income tax,
- Emperia Holding was awarded PLN 1 827 000 in a court dispute with Ernst & Young Sp. z o.o. (including PLN 193 000 in interest),
- In 2014, the retail segment incurred a one-off expense connected with reducing the surface area of one store (Delima) of PLN 1 644 000,
- In 2014, the retail segment released a PLN 6 371 000 provision for onerous contracts (Delima stores) and a PLN 1 211 000 deferred income tax asset,
- In 2014, the retail segment incurred a one-off expense connected with closure of one store (Delima) of PLN 1 381 000,
- In 2014, the retail segment incurred costs connected with the merger of retail companies (Maro-Markety Sp. z o.o., Społem Tychy S.A. and Pilawa Sp. z o.o.) of PLN 2 033 000,
- In 2014, the retail segment incurred PLN 2 945 000 in costs connected with launching the franchise format,
- In 2014, the retail segment released a PLN 800 000 provision for renovation of freezers,
- In 2014, the retail segment incurred costs relating to remodelling, rebranding and implementing new floorplans at stores, which the company estimates at PLN 5 100 000, including PLN 1 600 000 in lost margin,
- In H1 2013, the retail segment recorded PLN 3 128 000 in logistics costs, recognised as selling costs (in-house logistics were launched in July 2013),
- In 2014, the retail segment incurred a one-off expense connected with store closures of PLN 1 758 000,

The key tasks that the Group was working on in 2014 are as follows:

- completing the roll-out of in-house logistics for the retail segment,

(amounts in PLN 000s, unless otherwise stated)

- continuing optimisation of its in-house logistics system,
- restructuring of Stokrotka's central office in connection with having completed projects in this segment and adapting the central office to its present responsibilities,
- developing the Stokrotka retail chain.

Balance sheet dynamics

	31 Dec 2014	% share in the balance sheet	31 Dec 2013	% share in the balance sheet	2014/2013 change
Non-current assets	**579 119**	**60.82%**	**586548**	**55.20%**	**-1.27%**
Property, plant and equipment	495 910	52.08%	497 890	46.86%	-0.40%
Investment properties	-	-	-	-	
Intangible assets	3 487	0.37%	5 766	0.54%	-39.52%
Goodwill	52 044	5.47%	52 044	4.90%	0.00%
Interests in equity-accounted investees	-	-	-	-	-
Financial assets	92	0.01%	92	0.01%	0.00%
Non-current loans	-	-	-	-	-
Non-current receivables	5 206	0.55%	4 833	0.45%	7.72%
Deferred income tax assets	18 272	1.92%	20 053	1.89%	-8.88%
Other non-current prepayments	4 108	0.43%	5 870	0.55%	-30.02%
Non-current assets classified as held-for-sale	-	-	-	-	-
Current assets	**373 109**	**39.18%**	**475 974**	**44.80%**	**-21.61%**
Inventories	165 104	17.34%	1686 60	15.87%	-2.11%
Receivables	45 254	4.75%	103 844	9.77%	-56.42%
Income tax receivables	1 218	0.13%	993	0.09%	22.66%
Short-term securities	30 764	3.23%	-	-	-
Prepayments	4 041	0.42%	4 292	0.40%	-5.85%
Cash and cash equivalents	114 435	12.02%	195 153	18.37%	-41.36%
Other financial assets	-	-	-	-	-
Current assets classified as held-for-sale	12 293	1.29%	3 032	0.29%	305.44%
Total assets	**952 228**	**100.00%**	**1 062 522**	**100.00%**	**-10.38%**
Equity	**606 999**	**63.75%**	**643 962**	**60.61%**	**-5.74%**
Share capital	15 180	1.59%	15 115	1.42%	0.43%
Share premium	551 988	57.97%	549 559	51.72%	0.44%
Supplementary capital	100 084	10.51%	100 084	9.42%	0.00%
Management options provision	5 206	0.55%	5 010	0.47%	3.91%
Reserve capital	110 593	11.61%	110 525	10.40%	0.06%
Own shares	(164 553)	-17.28%	(106 616)	-10.03%	54.34%
Retained earnings	(11 499)	-1.21%	(29 715)	-2.80%	-61.30%
Total equity attributable to owners of the parent	**606 999**	**63.75%**	**643 962**	**60.61%**	**-5.74%**
Non-controlling interests					
Total non-current liabilities	**26 220**	**2.75%**	**38 245**	**3.60%**	**-31.44%**
Credit facilities, loans and debt instruments	2 647	0.28%	3 455	0.33%	-23.39%
Non-current liabilities	1 050	0.11%	970	0.09%	8.25%
Provisions	19 842	2.08%	31 591	2.97%	-37.19%
Deferred income tax provision	2 681	0.28%	2 229	0.21%	20.28%
Total current liabilities	**319 009**	**33.50%**	**380 315**	**35.79%**	**-16.12%**
Credit facilities, loans and debt instruments	9 03	0.09%	804	0.08%	12.31%
Current liabilities	293 901	30.86%	351 763	33.11%	-16.45%

(amounts in PLN 000s, unless otherwise stated)

Income tax liabilities	3 152	0.33%	2 119	0.20%	48.75%
Provisions	15 551	1.63%	19 050	1.79%	-18.37%
Deferred revenue	5 502	0.58%	6 579	0.62%	-16.37%
Liabilities assigned to assets classified as held-for-sale	-	-	-	-	-
Total equity and liabilities	**952 228**	**100.00%**	**1 062 522**	**100.00%**	**-10.38%**

Operational performance and ability to meet liabilities

Item	2014	2013
Return on invested capital *(profit for the period / equity at the end of the period) in %*	5.02%	1.72%
Return on assets *(profit for the period / assets at the end of the period) in %*	3.20%	1.04%
Sales margin *(profit from sales for the period / revenue from sales for the period) in %*	28.43%	24.96%
EBITDA margin *(EBITDA / revenue from sales for the period) in %*	4.21%	2.71%
Operating margin *(operating profit for the period / revenue from sales for the period) in %*	1.99%	0.58%
Gross margin *(profit before tax for the period / revenue from sales for the period) in %*	2.05%	0.82%
Net margin *(profit for the period / revenue from sales for the period) in %*	1.54%	0.56%

Turnover cycles for key components of working capital

Methodology	2014	2013
Inventory turnover days *(inventory / value of goods for resale and materials sold*365)*	43	42
Receivables turnover days *(current receivables / revenue from sales*365)*	8	19
Payables turnover days *([current liabilities - current borrowings] / value of goods for resale and materials sold*365)*	83	95
Asset productivity *(revenue from sales / total assets)*	2.08	1.85
Non-current asset productivity *(revenue from sales / non-current assets)*	3.42	3.35

Receivables turnover and payables turnover were significantly affected by property disposals executed by the Group in December 2013, especially as regards VAT payment on these transactions. This resulted in an increase in receivables turnover by 8 days (VAT to be paid) and an increase in payables turnover by 11 days (VAT to be received).

(amounts in PLN 000s, unless otherwise stated)

Retail segment

	2014	2013	%
Segment revenue	1 934 007	1 923 461	0.55%
Profit on sales	541 349	472 909	14.47%
EBITDA	28 950	557	5097.49%
Operating result	(2 587)	(27 931)	-
Gross profit	(8 115)	(35 373)	-
Net segment result	**(10 900)**	**(35 362)**	**-**

FY 2014 revenue was slightly (0.55%) higher than in 2013. Revenue in 2014 was considerably affected by deflation in food prices on a year-on-year basis (according to GUS for Jan-Dec 2014 food and non-alcoholic beverages: -0.9%) and strong pricing competition.

The segment's results in both of the periods being compared are incompatible. In the second half of 2013, a project was launched to introduce in-house logistics, which initially led to higher costs being incurred, inadequately to the benefits. In-house logistics were fully implemented by the end of H1 2014, and the segment focused on optimising logistics processes. As a result of these activities, the segment's results are continually improving from reporting period to reporting period.

Furthermore, central management segment revenue (at Emperia Holding S.A.) in 2014, concerning retail agency agreements, including statistically assigned and accounted costs relating to this revenue, was assigned to the retail segment (revenue - PLN 2 634 000, costs - PLN 632 000, net result - PLN 1 622 000).

One-off events having substantial impact on the retail segment in both of the reporting periods:

- In 2014, the retail segment incurred a one-off expense connected with reducing the surface area of one store (Delima) of PLN 1 644 000,
- In 2014, the retail segment released a PLN 6 371 000 provision for onerous contracts (Delima stores) and a PLN 1 211 000 deferred income tax asset,
- In 2014, the retail segment incurred a one-off expense connected with closure of one store (Delima) of PLN 1 381 000,
- In 2014, the retail segment incurred costs connected with the merger of retail companies (Maro-Markety Sp. z o.o., Społem Tychy S.A. and Pilawa Sp. z o.o.) of PLN 2 033 000,
- In 2014, the retail segment incurred PLN 2 945 000 in costs connected with launching the franchise format,
- In 2014, the retail segment released a PLN 800 000 provision for renovation of freezers,
- in 2014, the retail segment incurred costs relating to remodelling, rebranding and implementing new floorplans at stores, which the company estimates at PLN 5 100 000, including PLN 1 600 000 in lost margin,
- In H1 2013, the retail segment recorded PLN 3 128 000 in logistics costs, recognised as selling costs (in-house logistics were launched in July 2013),
- In 2014, the retail segment incurred a one-off expense connected with store closures of PLN 1 758 000,

In 2014, Stokrotka Sp. z o.o. continued optimising its in-house logistics system.

(amounts in PLN 000s, unless otherwise stated)

Key information on logistics performance:

	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014
Total Stokrotka store deliveries during the period	352 878	406 919	374 197	388 154	386 554	403 626
Stokrotka store deliveries using in-house logistics during the period	165 010	276 759	296 490	326 974	321 745	332 915
% of Stokrotka store supply going through in-house logistics (supply of Stokrotka stores with products through in-house logistics / overall product supply for Stokrotka stores	**46.76%**	**68.01%**	**79.23%**	**84.24%**	**83.23%**	**82.48%**
Total value of products delivered to the Group's store via in-house logistics	166 710	282 381	300 932	328 409	324 328	337 082
Logistics costs*	15 219	20 384	19 411	20 296	20 550	23 640
Logistics revenue	3	35	119	236	420	1 978
Net logistics costs	15 216	20 349	19 292	20 060	20 130	21 662
including: - cost of warehouse maintenance	1 983	2 363	2 293	2 601	2 545	2 626
- cost of product handling logistics	6 104	8 057	8 128	8 726	8 493	9 818
- cost of transport	6 820	9 544	8 687	8 555	8 886	9 011
- general costs	309	385	184	178	206	208
Logistics cost ratio (logistics costs / value of products delivered by in-house logistics)	**9.13%**	**7.21%**	**6.41%**	**6.11%**	**6.21%**	**6.43%**
Revenue from sales	473 018	470 774	468 347	489 368	473 248	500 409
Cost of sales	356 732	350 568	336 406	349 114	343 674	360 829
Gross sales margin	116 286	120 206	131 941	140 254	129 574	139 580
Gross sales margin (in %) (result on sales / revenue from sales)	24.58%	25.53%	28.17%	28.66%	27.38%	27.89%

*/ without taking into consideration one-off logistics costs incurred in Q4 2014 (PLN 1 800 000).

In 2014, the Company reached the planned level of supplies using the in-house logistics system. The remaining 15-20% constitutes regional products, frozen foods and baked goods - delivered to stores directly by producers and suppliers. The effectiveness of in-house logistics (as measured by the logistics cost ratio) is systematically growing.

Cash conversion cycle in the retail segment

	2014	2013
Inventory turnover days *(inventory / value of goods for resale and materials sold*365)*	43.3	42.2
Receivables turnover days *(trade receivables / revenue from sales*365)*	4.2	5.8
Payables turnover days *(trade payables / value of goods for resale and materials sold*365)*	65.2	66.3
Cash conversion cycle *(difference between inventory turnover cycle and receivables collection cycle vs. payables turnover cycle)*	-17.7	-18.3

(amounts in PLN 000s, unless otherwise stated)

Stokrotka stores

	2014	2013
Number of stores at the beginning of period	**211**	**201**
- stores opened	16	13
- stores shut-down*	11	3
- stores acquired by Stokrotka through the merger of retail companies	36	0
Number of stores at the end of period, including:	**252**	**211**
- own supermarkets	221	210
- own markets	28	0
- franchise stores	3	1
Average total store surface - stores opened (in sqm)	577	871
Capex on own stores opened	12 040	18 658

*/ Six stores acquired by Stokrotka Sp. z o.o. as a result of the merger of retail companies, with sales floor of less than 150 sqm, were shut down in Q1 2014.

As of the end of 2014, the Stokrotka retail chain comprised 252 stores, compared with 211 stores at the end of 2013. 16 new stores were opened in 2014: 13 own stores and 3 franchise store, while 1 franchise and 4 own stores were closed.
In 2015, the Company intends to dynamically expend its retail network and open: 15-20 supermarkets, 30-50 markets and 50-70 franchise stores.

Margins at Stokrotka stores

in PLNm	2014	2013	Q4 2014	Q4 2013	Q1-Q3 2014	Q1-Q3 2013
Revenue from product sales	1 599.4	1 650.1	408.1	424.2	1 191.3	1 225.9
Store operating costs	367.5	365.7	91.8	93.5	275.7	272.2
Operating costs as % of revenue	**22.98%**	**22.16%**	**22.49%**	**22.04%**	**23.14%**	**22.20%**
EBITDA*	82,0	71,1	21,9	18,3	60,1	52,8
% EBITDA	**5.13%**	**4.31%**	**5.37%**	**4.31%**	**5.04%**	**4.31%**

Data based on 194 Stokrotka stores open as of the end of 2012.
* EBITDA inclusive of logistics costs
** Logistics costs adjusted for non-effectiveness in Q3 2013

Store profitability at EBITDA level, inclusive of logistics costs, on a like-for-like basis, is higher than last year. EBITDA for 2014 is PLN 10.9 million and 0.82pp higher than last year. Improved store profitability results from better product procurement terms.

(amounts in PLN 000s, unless otherwise stated)

Central-management and marketing costs at Stokrotka

Period	Central-management costs as % of revenue	Marketing costs as % of revenue
Q4 2014	2.2	1.2
Q3 2014	2.3	1.3
Q2 2014	2.5	1.0
Q1 2014	2.7	1.0
Q4 2013	2.5	1.1
Q3 2013	2.4	1.7
Q2 2013	2.3	1.1
Q1 2013	2.3	0.9

Costs as % of revenue

Central office costs (as % of revenue) were on the rise from the third quarter of 2013 to the first quarter of 2014, i.e. during the rollout of in-house logistics and related new projects. From Q2 2014, they have been is decreasing. Marketing costs (as % of revenue) remained stable, with periodic divergences (Q3 2013 and Q3 2014).

Performance drivers for the retail segment in the upcoming quarters:

- improved productivity of logistics staff,
- allocation of overhead to a larger volume of distributed products,
- increase in transport effectiveness between the central hub and regional warehouses,
- reduction of product and packaging losses and deficits in warehouses and stores,
- optimisation of inventory levels,
- further reduction in central management costs,
- improvement in product procurement terms,
- increase in the share of own-brand sales and margins,
- more competitively priced product offering,
- reduction in marketing costs as % of revenue,
- higher productivity of store personnel.

Property segment

	2014	2013	%
Segment revenue	70 723	65 104	8.63%
EBITDA	43 861	95 955	-54.29%
Operating result	31 701	85 041	-62.72%
Gross profit	37 295	80 548	-53.70%
Net segment result	**32 888**	**80 548**	**-59.17%**

This segment's results are incomparable due to property disposal transactions (a total of 36 properties) executed in December 2013 between the Group and the following Group companies: Elpro Development S.A. and Emperia Holding S.A. As a result of the transactions, the property segment recognised PLN 56 423 000 in other operating revenue for the fourth quarter of 2013. These transactions were eliminated from consolidation. The transactions were carried out in connection with the restructuring of the property segment.

(amounts in PLN 000s, unless otherwise stated)

Segment results after eliminating the transactions:

	2014	2013	%
Segment revenue	70 723	65 104	8.63%
EBITDA	43 861	39 532	10.95%
Operating result	31 701	28 618	10.77%
Gross profit	37 295	24 125	54.59%
Net segment result	**32 888**	**24 125**	**36.32%**

Property-segment revenue grew 8.63% in 2014. The revenue growth was largely due to having carved out the property segment from Emperia Holding S.A. in 2014 (transfer of PLN 9 976 000 in revenue to the property segment).
Segment results in 2014 were up by 36.32% on the previous year. The profit growth was largely due to having carved out the property segment from Emperia Holding S.A. in 2014 (transfer of PLN 6 053 000 in gross profit and PLN 4 929 000 in net profit to the property segment), together with gross result on financial transactions of PLN 6 109 000 (sale of Emperia Holding shares in connection with the on-going buyback programme, described in note no. 10.3.53.letter.d).
In 2014, gross result on property sales was PLN 4 221 000, while in the comparative period PLN 4 709 000,
In 2014, in connection with a 2014 change in income tax regulations regarding partnerships limited by shares, the property segment reported PLN 4 425 000 in corporate income tax. In 2013, the segment did not pay any income tax.

	2014	2013
Number of properties at the end of period	92	93
including: properties in progress	7	8
operating properties	85	85
including: retail properties	79	80
other properties	6	5
average monthly net operating income from leasable facilities*	**3 475**	**3 418**
including: retail properties	**3 348**	**3 271**
leasable area of retail facilities (sqm)	91 734	91 173
including: related tenants	56 282	57 036
other tenants	35 452	34 137
average lease rate (PLN per sqm)	41.9	41.8
including: related tenants	43.4	42.6
other tenants	39.6	40.5

* NOI (net operating income) for a property is defined as the difference between its average monthly operating revenue and average monthly operating costs, less depreciation

(amounts in PLN 000s, unless otherwise stated)

IT segment

	2014	2013	%
Segment revenue	34 940	31 124	12.26%
EBITDA	12 309	11 219	9.72%
Operating result	11 144	9 043	23.23%
Gross profit	11 558	9 477	21.96%
Net segment result	**9 329**	**7 642**	**22.08%**

	2014	%	2013	%
B2B Software	8 202	23.47%	7 281	23.39%
Other IT services	19 213	54.99%	19 423	62.41%
Equipment and infrastructure	7 525	21.54%	4 420	14.20%
Total revenue	**34 940**	**100.00%**	**31 124**	**100.00%**

IT-segment revenue in 2014 was up 12.26% on the comparative period.
In 2014, external revenue constituted 61.25% of total segment revenue, while in 2013 it accounted for 63.01%.
Net segment result for 2014 was up by 22.08% on the previous year. This mainly resulted from a 20.61% improvement in profit on sale of services in 2014.

Central management segment

	2014	2013	%
Segment revenue	1 317	8 613	-84.71%
EBITDA	(1 815)	109	-
Operating result	(2 846)	(1 597)	-
Gross profit	11 425	17 446	-34.51%
Net segment result	**10 418**	**15 798**	**-34.05%**

The decrease in the central management segment's revenue in 2014 resulted from:
- limiting the central management function,
- reclassifying Elpro Development S.A. to the property segment in 2014,
- carving out an organised part of enterprise from Emperia Holding S.A. - the property segment, covering five properties owned by the Company - and its inclusion in the property segment (revenue: PLN 9 973 000, net result: PLN 4 929 000), transferring revenue from onerous contracts (commercial agency contracts revenue), with statistically allocated and accounted costs, to the retail segment (revenue: PLN 2 634 000, net result: PLN 1 622 000).

The most significant item of the segment's revenue in both reporting periods was interest and dividend income: PLN 14 271 000 in 2014 and PLN 19 044 000 in 2013.
In addition, the 2014 result was substantially impacted by the PLN 1 827 000 in amounts awarded in a court dispute with E&Y (details in note 11.7).

11.2 Information on the Issuer's organisational and equity links with other entities, along with the key domestic investments

Information on the Issuer's organisational and equity links with other entities, along with the key domestic investments is presented in note 10.1.

11.3 Description of the Issuer's growth policy

Key objectives of the Group's growth policy:
- sustainable development of the property segment,
- dynamic growth of the retail segment,
- consolidation and expansion of the IT segment,

Strategy for the property segment
- streamlined structure of the property segment,
- investments on own properties,
- acquisition of attractive commercial properties being sold,

Growth strategy for the retail segment
- region-centric organic growth nationwide,
- mergers and acquisitions, mostly small and medium-sized regional chains,
- use of lease and rent agreements for retail premises,
- in-house logistics network, organised based on distribution centres and regional warehouses,
- segmentation of supermarkets by sales area and customer groups,
- assortment policy emphasising the various elements that distinguish supermarkets from discount retailers (maintaining a wide-ranging assortment, expanding the convenience assortment, reinforcing in-house brands, focus on fresh produce, increased emphasis on regional products),

Growth strategy for the IT segment
- search for business partners for mergers and joint ventures,
- development of IT products - software for the retail business,
- development of electronic data exchange services - EDI, in Poland and abroad through partner companies.

11.4 Description of significant off-balance-sheet items

A description of off-balance sheet items is presented in note 10.3.41.

11.5 Description of factors that will have an impact on future results

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) Conditions in the job market 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) Internal cost control policy,
d) Effectiveness improvements in in-house logistics within the retail segment
e) Growth dynamic of the Stokrotka retail chain

11.6 Risks and threats

External:

Macroeconomic situation - the macroeconomic conditions and GDP growth in Poland are particularly important for the Group, especially external factors such as: government's economic policy and decisions made by the National Bank of Poland and the Monetary Policy Council having an impact on money supply, interest rates, currency rates, GDP growth, inflation, budget deficit, foreign debt and the unemployment rate.
Unfavourable changes in the macroeconomic background, particularly lower GDP growth or increase in unemployment, may have a negative impact on the Group's business and financial performance.

Tax system and legislative changes - tax settlements and other areas of business that are subject to regulations may be the object of audit by administrative organs which are authorised to impose steep penalties, sanctions and interest. A lack of well-established legal regulations in Poland results in a lack of transparency and inconsistencies when it comes to interpreting the law. Frequent changes to regulations concerning VAT, corporate income tax, individual income tax and social security result in there being no reference to well-established regulations or no legal precedence. Frequent diverging opinions as regards interpreting tax laws both among tax authorities internally and between tax authorities and companies produce unclear, conflicting positions. These circumstances mean that tax risk in Poland is substantially higher than in countries with a more developed tax system.
Tax settlements may be the subject of an audit for a period of five years, counting from the end of the year in which tax was paid. As a result of future audits, the Group's previous tax settlements may be increased by additional tax liabilities. The Group believes that it does not currently engage in activities carrying a high tax risk.

Competition in retail - the Group's developing medium-format chain is located for the most part in medium and small cities. These areas are the subject of intense pressure from discount chains. Given the increasing saturation in large cities, even large international retailers are stepping up their efforts in smaller towns - i.e. the Group's traditional markets. Current and planned initiatives by the Group's competitors - retail chain operators - may lead to a lower revenue growth at the Group's retail chains as well as to margin pressure, which would have a negative impact on future financial results. In addition, actions by competitors may make it more difficult and/or more expense to procure new attractive locations.

Internal:

Segment consolidation – the Group is optimising and re-designing its operating segments: retail, IT and property. The large scale and promptness of these changes may give rise to operational risk, understood as losses due to their incompatibility or unreliability with regard to their impact on internal processes, employees and systems. This may result in temporary losses and delays in expected synergies.

IT systems and associated technical infrastructure – the application of uniform, modern and efficient IT systems is of key significance in business processes. Equally important is the associated technical infrastructure which provides fast, reliable connectivity and data processing. The Group constantly develops, standardises and upgrades IT solutions by developing its own tools and purchasing new offerings. It is possible that potential interruptions in IT system operations could lead to interruptions in business processes and result in lower quality of service.

Acquisitions – generating a higher rate of corporate growth through M&A is a significant element of the Group's strategy. There is a risk that, in the case of certain entities with which the Group is in talks on consolidation, the Group might need to abandon its investment plans because transactions initially identified as attractive may be associated with too much risk or the transaction price expected by the owners of such entities may not be economically justifiable. Also in the case of completed transactions, it may be possible that future financial performance of the acquired entities and the synergy effects will be lower than expected. As a result, the Group's consolidation activities might not translate into growth in revenue and earnings or the acquisition costs may prove too high in relation to the achieved effects.

Suppliers – operating in FMCG retail, the Group has contracts with numerous suppliers, which provide for discounts and favourable payment terms. Despite the fact that none of the Group's companies is dependent on specific suppliers, there is a risk that terminating contracts or negatively changing their terms, especially if this were to happen with a large number of contracts, may have a negative impact on the Group's financial performance.

11.7 Information regarding on-going judicial proceedings

Information about the judicial proceedings on-going during the financial year is presented in note 10.3.49.

11.8 Information about the main products, goods for resale and services provided by Group companies

Retail operations are the Group's core business. The Group operates through the Stokrotka retail chain, which consists of the following store formats: supermarkets, markets and franchise stores. At the end of 2014, the Group's retail chain comprised 252 locations.
Its retail premises are located throughout Poland - in housing developments, city centres, along pedestrian routes, in mini markets and shopping centres. Supermarkets range from 300 to 2 000 sqm and offer 4 000 - 10 000 assortment items, including a wide offering of fresh products: meats and hams, fruit and vegetables, bread and dairy products, chemical products and household cleaning products, alcoholic beverages and wines. The supermarkets also feature local products from regional suppliers and quickly-expanding in-house brands.

The Group also manages a portfolio of properties and development projects intended for its own retail purposes as well as for rent.
In 2014, property management and investments were organised in a group of general partnerships, a foreign company and an investment fund.

The Group's property portfolio comprises 92 properties located all over Poland and includes retail facilities, land and warehouses. The properties are attractively located, highly visible, with a large catchment area; many have potential to be further developed.
A well-diversified tenant portfolio is based on renowned brands such as: Stokrotka, Biedronka, Rossmann, Pepco, NG2, Drogerie Natura, Media Expert, Textil Market and many others. Stokrotka is the largest tenant. The entire portfolio is 94% leased. The weighted average term of lease is more than nine years, which enables long-term income and potential for active management and value creation.

The Group's operating activities are supposed by the IT company Infinite Sp. z o.o., which provides fully functional and economically justified IT systems for all Emperia Group companies, as well as provides services outside the Group - designs software/hardware solutions for electronic communications and EDI services in Poland and abroad through partner companies.

11.9 Sales markets

The retail segment's customers are natural persons - supermarket customers. Sales are either cash or card transactions.

The main client of property-segment services in the retail chain Stokrotka. Property-segment services provided to the retail segment constituted 67.76% of that segment's total revenue in 2014. Properties that the retail segment is not interested in are leased out to external customers. Also leased externally are parts of retail areas in shopping centres. The revenue generated from each of the large customers does not exceed 10% of the segment's overall revenue.

The IT segment's customers are Group companies and external clients. The main customers for IT services are Group companies, for which the IT segment provides IT services, maintenance and repair as well as data transmission and archiving. Services provided to Group companies constituted 38.75% of the segment's 2013 revenue. Infinite Sp. z o.o.'s largest customer in 2013 was a Group company - Stokrotka Sp. z o.o. - whose share in the segment's overall revenue reached 34.29%. The remaining customers include FMCG production and retail companies, home and garden product providers and others. No single customer accounted for more than 10% of the segment's overall revenue in 2014. In 2014, 6.0% of sales revenue was generated abroad.

11.10 Significant agreements

Lease agreements concerning the properties that the Group uses for retail operations

The main supplier of properties to the retail segment is companies from the property segment. In addition, retail companies lease premises from external entities: developers, cooperatives and natural persons. All lease agreements are long-term, with long notice periods. Rent and fees arising from those agreements were calculated on market terms.
The headquarters of all companies within the Group are located at a property belonging to Emperia Holding S.A.

Commercial agreements with product suppliers

The retail segment's suppliers are some of the largest FMCG distributors in Poland and branches of global companies. The segment also works with numerous local suppliers of fresh products: means and hams, fruits and vegetables. The segment's products are not directly imported. None of the segment's suppliers exceeded 10% of the overall procurement. None of the agreements separately are significant from an operational perspective, however they do constitute a significant item in aggregate.

The Group has framework cooperation agreements with all of its main suppliers and product manufacturers. Commercial agreements with suppliers/customers establish a framework for cooperation in terms of distribution and promotion of the products offered by the respective producer or supplier. The agreements detail the procedures for ordering, deliveries, returns and payments. Furthermore, the agreements specify the rules for issuing and securing trade credit, price discounts and rebates, distribution regions, order volumes, product storage conditions and supplier commercial policies.

Agreements with the Group's banks; credit agreements

As regards banking services and lending, the Group works with the following banks: PKO BP S.A., PEKAO S.A., BRE BANK S.A., BGŻ S.A., UNICREDIT BANK S.A., BZ WBK S.A., PIRAEUS BANK, MBANK S.A., BANK BPH S.A., CITI BANK HANDLOWY S.A., ING BANK ŚLĄSKI S.A., BS LEŻAJSK. These banks provide finance in the form of working capital and investment facilities and maintain the Group's bank accounts and invest cash surpluses.

Insurance contracts

As regards insurance, Group companies maintain a unified policy. All companies apply standardised terms for property, incident, accident (transport), theft and robbery insurance. The Group also holds civil liability insurance. As far as property and civil liability insurance goes, an agreement was executed with TUiR WARTA S.A. (from 31 March 2015), and PZU S.A. (from 1 October 2015) as regards transport insurance.

11.11 Significant related-party transactions

In 2014, Emperia Holding S.A. did not execute any significant transactions with related parties other than transactions in the ordinary course of business on market terms.
All intra-group mergers in 2014 are presented in point 10.2.9.

Short-term bonds were issued as part of the Group's cash flow management, as described in note 10.3.25

Transaction between Group companies and unconsolidated related parties are described in note 10.3.45

11.12 Credit facilities, loans, sureties and guarantees

In 2014, the parent, Emperia, did not issue new credit guarantees for subsidiaries such as would exceed 10% of the Issuer's equity. Information regarding issued sureties is presented in note 10.3.41 Information concerning credit agreements, both executed and terminated, is presented in point 10.3.21

11.13 Issuance of securities

On 12 June 2014, the Management Board of Emperia Holding S.A. adopted a resolution on issue by the Company of 114 564 series A bonds. Proposals to purchase them were sent to Millennium DM S.A. During 2014, Emperia Holding S.A. bought back 108 404 series A bonds.
The bond issues carried out by subsidiaries in 2014 are presented in note 10.3.25.

(amounts in PLN 000s, unless otherwise stated)

11.14 Explanation of variances between the financial results indicated in the annual report and in the previously published forecasts for the year

The Parent did not publish earnings guidance for 2014.

11.15 Assessment, with justification, of financial management, with a particular focus on the ability to meet obligations, and description of any threats as well as the steps that the Issuer has taken or intends to take to counteract them

According to the Issuer, there are no indications that the Group's ability to meet its liabilities is threatened. This assessment results from analysis of financial results, ratios and cash flows.

11.16 Assessment of the potential to achieve investment objectives, including equity investments, with consideration given to the amount of capital held and the capacity to change the financing structure for such operations

The investments that are to be completed in 2015 were budgeted based on the organic growth of continuing operations, assuming a region-centric approach.
Decisions regarding the Group's potential equity investments will be made on a case by case basis, after analysing all aspects of the proposed transaction and its financing.
The Group intends to finance the planned capital expenditures using the cash that it holds and will generate, along with bank credit.
The management believes that the Group has the capacity to finance the planned investments. The management monitors investment progress and budgets on an on-going basis, using an internal management control system.

11.17 Extraordinary factors and events having an impact on annual financial performance

Presented below are one-off net results generated on property disposal transactions:

	2014	2013
Proceeds from disposal of properties	13 460	17 587
Costs of disposal of properties	(11 577)	(12 708)
reversal of consolidation adjustments	3 119	3 442
gross result	5 002	8 321
current tax	(358)	-
deferred tax	(16)	(654)
Net result	**4 628**	**7 667**

Other, less important one-off events and their impact on the results of the reporting and comparative period are described in point 11.17.

11.18 Changes in the main management principles

There were no changes in the main management principles at the Group in 2014.

(amounts in PLN 000s, unless otherwise stated)

11.19 Agreements entered into between the Issuer and management personnel providing for compensation in the event of their resignation or dismissal without valid cause or if their dismissal or redundancy occurs as a result of the Issuer's merger

Agreements executed with Management Board members give them the right to additional compensation in the event of dismissal at the Issuer's initiative in an amount equal to 4-12x base salary.

11.20 Remuneration of the Issuer's management board and supervisory board members

Remuneration is presented in note 10.3.47

11.21 Issuer's shares, and shares in subsidiaries, held by Management Board and Supervisory Board members

Information about the Issuer's shares held by Management Board and Supervisory Board members: 10.3.19. According to the Issuer, none of the Management Board and Supervisory Board members held any shares in related parties.

11.22 Agreements that may result in shareholding changes in the future

The Company's Management Board is authorised by the general meeting to execute an agreement with a subsidiary concerning purchase of shares in the Company by that subsidiary and their further sale to the Company for redemption.

The Company is implementing an incentive programme for management board members at Emperia Holding and its subsidiaries, along with the key managers at the Company and its subsidiaries, which were settled in 2014 and will be settled in the future using equity instruments - shares in the Issuer.

11.23 Information on agreements with entities authorised to audit financial statements and remuneration for such an entity for the financial year

In 2014, the Group executed an agreement concerning audit and review of the 2014 semi-annual and annual consolidated financial statements with ECA Seredyński i Wspólnicy Sp. k., based in Kraków - an entity authorised to audit financial statements, entered onto to the list maintained by the Polish Chamber of Statutory Auditors under no. 3115. The Company retained the above statutory auditor to audit financial statements for 2010-2013.

Fees due to the entity authorised to audit the financial statements	2014	2013
Review and audit of financial statements	135	138
Other assurance services	-	-
Other services	-	-
Total	**135**	**138**

(amounts in PLN 000s, unless otherwise stated)

11.24 Revenue and profit by operating segment

In 2014, the Group operated through the following segments:

1 **Retail** (retail segment), covering all operations of the following subsidiary: Stokrotka Sp. z o.o., alongside revenue transferred from the central management segment (from Emperia Holding S.A.) concerning retail agency agreements, including statistically assigned and accounted costs relating to this revenue,

2 **Property** (property segment), covering Emperia Group's property assets, including the following companies: Elpro Ekon Sp. z o.o. S.K.A., P3 EKON Sp. z o.o. S.K.A., Ekon Sp. z o.o., P5 EKON Sp. z o.o. S.K.A., EMP Investment Limited, IPOPEMA 55 FIZAN, Elpro Development S.A. (formerly P1 Sp. z o.o.) and the property segment, which has been carved out of Emperia Holding S.A.

3 **Central Management** (central management segment), covering the management functions, holding services and advisory within the Group. The segment comprises the following companies: Emperia Holding S.A., Eldorado Sp. z o.o.

4 **IT** (IT segment), covering the operations of Infinite Sp. z o.o. - an IT services provider.

The Group applies uniform accounting principles for all segments. Inter-segment transactions are done on market terms and are subject to exclusion from the consolidated financial statements.

Emperia Group's operating segments in 2014:

	Retail	Property	Central management	IT	Consolidation exclusions	Total
Segment revenue	1 934 007	70 723	1 317	34 940	62 977	1 978 010
External revenue	1 933 786	22 799	26	21 399	-	1 978 010
Inter-segment revenue	221	47 924	1 291	13 541	62 977	-
Total segment costs	(1 932 300)	(41 841)	(4 726)	(23 869)	(64 905)	(1 937 831)
Profit on sales	1 707	28 882	(3 409)	11 071	(1 928)	40 179
Result on other operating activities	(4 294)	2 819	563	73	51	(890)
Result on financing activities	(5 528)	5 594	14 271	414	13 476	1 275
Gross result	(8 115)	37 295	11 425	11 558	11 599	40 564
Tax	(2 785)	(4 407)	(1 007)	(2 229)	(365)	(10 063)
Share of the profit of equity-accounted investees	-	-	-	-	-	-
Net segment result	**(10 900)**	**32 888**	**10 418**	**9 329**	**11 234**	**30 501**

	Retail	Property	Central management	IT	Consolidation exclusions	Total
Segment assets / liabilities	421 649	1 262 174	555 118	22 036	1 308 749	**952 228**
Goodwill	39 200	12 844	-	-	-	**52 044**

	Retail	Property	Central management	IT	Consolidation exclusions	Total
Capital expenditures	(51 525)	(12 026)	-	(1 193)	(768)	**(63 976)**
Depreciation / amortisation	(31 537)	(12 160)	(1 031)	(1 165)	(1 873)	**(44 020)**

(amounts in PLN 000s, unless otherwise stated)

Emperia Group's operating segments in 2013:

	Retail	Property	Central management	IT	Consolidation exclusions	Total
Segment revenue	1 923 461	65 104	8 613	31 124	60 821	**1 967 480**
External revenue	1 921 941	22 080	3 896	19 564	-	**1 967 480**
Inter-segment revenue	1 520	43 024	4 717	11 560	60 820	-
Total segment costs	(1 947 329)	(37 903)	(10 409)	(22 130)	(61 547)	**(1 956 224)**
Profit on sales	(23 869)	27 201	(1 796)	8 994	(726)	**11 256**
Result on other operating activities	(4 062)	57 840	199	49	53 861	**164**
Result on financing activities	(7 442)	(4 493)	19 043	434	2 731	**4 811**
Gross result	(35 373)	80 548	17 446	9 477	55 866	**16 231**
Tax	11	-	(1 648)	(1 836)	1 702	**(5 175)**
Share of the profit of equity-accounted investees	-	-	-	-	-	-
Net segment result	**(35 362)**	**80 548**	**15 798**	**7 642**	**57 569**	**11 056**

	Retail	Property	Central management	IT	Consolidation exclusions	Total
Segment assets / liabilities	518 621	744 282	814 907	22 333	1 037 621	**1 062 522**
Goodwill	39 200	12 844	-	-	-	**52 044**

	Retail	Property	Central management	IT	Consolidation exclusions	Total
Capital expenditures	(30 740)	(6 547)	(209 086)	(2 619)	(207 653)	**(41 339)**
Depreciation / amortisation	(28 488)	(10 914)	(1 706)	(2 176)	(1 452)	**(41 831)**

The property segment's 2013 result was substantially impacted by the disposal of 36 properties to Group companies: with the buyers being P1 Sp. z o.o. and Emperia Holding S.A. As a result of applying market prices for the transactions, the total transaction value was PLN 206 615 000, and the property segment recognised a PLN 56 423 000 result on property disposals in Q4 2013 under other operating revenue. These transactions are eliminated from consolidation. The transactions were carried out in connection with the restructuring of the segment.

11.25 Capital expenditures

In 2014, the Group's capital expenditures totalled PLN 63 976 000, while in 2013 - PLN 41 339 000.
The Group did not incur any environmental protection costs in 2014 or 2013. The Group's investments in 2014 were financed using own funds.

11.26 Other information essential for assessing the HR, asset or financial situation, financial result and change thereto, as well as information essential for assessing the Issuer's ability to satisfy its liabilities

At the end of the reporting period, the Group did not face risk connected with currency options.

11.27 Information on significant agreements, including agreements known to the Issuer executed between shareholders, insurance agreements or cooperation agreements

The Issuer does not have any information regarding any such agreements.

11.28 Changes in composition of the Issuer's management board and supervisory board

Management Board

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

Composition of Emperia Holding S.A.'s Management Board as at 31 December 2014:

Dariusz Kalinowski – President of the Management Board; Graduated from the University of Szczecin, Economics Faculty. MBA from the European University Centre for Management Studies in Switzerland. CEO, managing director, Emperia Holding S.A.

Cezary Baran – Vice-President of the Management Board, Finance Director; Graduate of the Marie Curie-Skłodowska University in Lublin, Economics Faculty. Investment adviser licence no. 241. Vice-president, finance director, Emperia Holding S.A.

Supervisory Board

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

Composition of Emperia Holding S.A.'s Supervisory Board as at 31 December 2014:

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

11.29 Paid out and proposed dividends

Detailed information about paid and proposed dividends from 2014 profit is presented in note 10.3.39

11.30 Charitable work at Emperia Group

Charitable work plays a significant role in our Group's policy, as evidenced by the Emperia Foundation and a number of programmes focused on helping those in need.

The Emperia Foundation was established in 2010. It helps out those employees and their loved ones who are faced with difficulties.

The Foundation helps out employees and their families - children, spouses and parents - as well as former employees who are now retired. The Foundation also contributes to the development of children and youth.

The Foundation co-finances medicine purchases and doctor visits as well as covers the costs of rehabilitation and health travel. The Foundation also supports its beneficiaries in obtaining other forms of assistance.

The Stokrotka Helps competition is focused on voluntary work by our staff. In successive editions of the competition, our employees achieved fantastic results. They have so far completed 18 projects, in which over 100 volunteers from Stokrotka Sp. z o.o. participated.

The initiative consisted of preparing Christmas gifts for a selected family in need. Stokrotka volunteers came together in various groups across Poland and selected families which they wanted to help (based on detailed descriptions of the families' situation and needs). The next stage was preparing packages which were then sent to a warehouse to which a given family was assigned and subsequently sent to the recipients. The Christmas packages, which were received by nearly 12 000 families all around Poland, were worth close to PLN 20 million in total.

Blood drive

In July 2014, the Group's headquarters hosted the third edition of a blood drive organised by our employees. A special bus equipped with mobile blood drawing equipment was brought in for the occasion, and our employees donated blood right in our car park. The July blood drive was a response to the Centre's appeal to replenish drastically low levels of blood stores which are essential to saving lives. Stokrotka employees immediately responded, and nearly 10% of the headquarters' staff gave blood. Of the 30 people that were examined, 15 proceeded to donate blood, therefore we can say that Stokrotka's blood drive substantially helped to increase inventory at the Blood Donation Centre in Lublin.

Share-a-Meal Programme

The Stokrotka supermarket chain was a commercial partner of the Share-a-Meal programme. The programme is aimed at combating malnourishment among children and is based on the cooperation of numerous persons and organisations. So far, 10 million meals have been prepared. Aside from measurable results in the form of meals delivered to children, the programme has a social-education component. This includes: raising social awareness of malnourishment among children and activating local leaders and organisations to act towards resolving this problem. Thanks to the activities and ideas of many people, the programme is one of Poland's most popular, engaging several thousand of participants and volunteers.

Environmental protection is one of the 21st century's largest challenges for humanity. Global problems can be solved only if we all take action.

Stokrotka employs 7 500 people across 240 stores, 10 warehouses and its headquarters. We serve thousands of customers every day. Given such a large number of people and locations, we implement the following pro-environment initiatives:

- collecting plastic caps, which also supports charitable organisations
- gathering used batteries and delivering them for safe utilisation
- providing biodegradable bags
- saving light - thanks to energy-efficient light bulbs and through educating our employees
- waste sorting

Mammobuses

Stokrotka has joined a breast cancer prevention campaign. Mammobuses, mobile breast cancer buses that offer specialty screening services, can often be found at our supermarkets across Poland.

Student and graduate opportunities

Miesięczne
Praktyki Bezpłatne

Our Company values our employees' creativity, involvement and pro-active attitude, which is why we make plenty of young, inexperienced hires - often, graduates from a wide array of studies.

Stokrotka's internships for students and graduates are open all-year-round. Each month, we accept about 10 interns. We offer full-time employment for the best of them.

We've been continuously working with universities and student organisations for a number of years now. One of our key offerings for students is the internship - which allows meeting the Company and gaining first, valuable professional experience.

Benefits for interns:

- interesting, valuable professional experience,
- new skills and on-the-job, practical know how,
- getting to know the Company - its standards and expectations towards future employees,
- internship as an important addition on the CV,

In 2013, we hired 15 people who attended unpaid internships.

Letnia Szkoła Menadżera

The Summer School for Managers is a paid summer internship programme at the various departments of our company's headquarters.

What do you gain from attending the Summer School for Managers?

- remuneration
- valuable professional experience
- familiarity with one of the largest FMCG companies
- opportunity to work on business projects under professional supervision
- participation in personalised training

We later hire many of the graduates of these internships.

Feeding Hungry Animals

Our company has decided to become involved in helping animals. At many of our supermarkets, we organise cyclical food collections for dogs and cats from the animal shelters that want to work together with Stokrotka.

The campaign's motto is "Feed a Hungry One." We want to draw our clients' attention to the problems that Polish animal shelters face each day: overcrowding and underfunding. Donating food for homeless dogs and cats during daily shopping at a client's preferred location can be an excellent way of helping. This does not require much of an effort but is important for the animals that do not have the good fortune of living in a loving and caring home.

Open Days

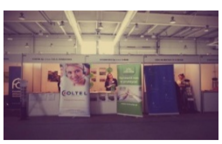
Our company organises Open Days for students at our headquarters in Lublin on a regular basis. Thanks to this initiative, young people can get to know the company and the business areas that are of interest to them. Many of these visitors later apply for unpaid internships, the Summer School for Managers and specific job ads. We are glad that we continue to meet the needs of students.

Employee Rewards

In line with our values, we try to appreciate and recognise our employees. Store and headquarters employees are rewarded for their involvement and client-centric attitudes. Aside from rewarding solid work, we also organise numerous competitions that stimulate creativity and openness. One of such competitions is the Simple Idea - Huge Benefits event, where employees can submit their ideas for innovation during work hours.

Sponsorship

We see strong potential in the company's being socially engaged. We value local initiatives, which often draw large crowds. Supporting local events, campaigns and such also creates a marketing opportunity.



Internship and Job Fair

We participate in internship and job fairs throughout Poland on a regular basis. We believe that people who actively look for work will be interested in what we have to offer. We are certain that because of our involvement in the job market we gain valuable and loyal employees, at the same time polishing our company's image as an employer.

11.31 Declaration on application of corporate governance principles

1. Indication of the corporate governance principles to which the Issuer is subject, together with the location where the text concerning such principles is publically available

In 2014, the Issuer applied only the set of corporate governance standards contained in "Best practices for WSE-listed companies" (the "Best Practices"), as adopted by the Warsaw Stock Exchange's Council. The standards, together with amendments, are available at the WSE's website: http://www.corp-gov.gpw.pl .
The Issuer's statement on application of corporate governance standards is available at its website: www.emperia.pl, in the section Investor Relations / Corporate Governance / Statement.

The Issuer aims to ensure the highest possible transparency, an appropriate quality of investor relations and protection of shareholder rights. The Issuer takes every precaution to ensure that all shareholders have equal access to information about the Company. In light of the above, the Company limits communications with the capital market two weeks before earnings releases.
The Issuer discloses current and periodic reports, which are available at its corporate website.
The Company has been preparing quarterly earnings presentations, which it discusses with market participants during press conferences, therefore facilitating access to information about the Company and meetings with the Company's management.

2. Indication of corporate governance standards that the Issuer decided not to apply, along with justification

In 2014, the Issuer did not apply the following Best Practices rules:

1. Recommendations concerning listed-company best practices - rule 5
2. Recommendations concerning listed-company best practices - rule 9
3. Recommendations concerning listed-company best practices - rule 12
4. Best practices for listed-company management boards - rule 1 point 9a
5. Best practices for listed-company supervisory boards - rule 6
6. Best practices for shareholders - rule 10

The Issuer provides the following explanations for departing from the above rules.

2.1. Recommendations concerning listed-company best practices - rule 5

"The company should have a remuneration policy and regulations for establishing such a policy. The remuneration policy should in particular specify the form, structure and level of remuneration for management board and supervisory board members. In drafting the remuneration policy for management board and supervisory board members, Commission Recommendation 2004/913/EC of 14 December 2004 as Regards the Regime for the Remuneration of Directors of Listed Companies should be applied, complemented with Commission Recommendation of 30 April 2009 (2009/385/EC)."

The remuneration system for the Company's management board members comprises three parts: base salary, annual pay bonus dependent on achievement of specified objectives for the given year and long-term incentive programmes.
The remuneration system for the Company's management board members is established by the Supervisory Board.
The level of remuneration of supervisory board members is established by the Issuer's general meeting.
Management board and supervisory board remuneration and other benefits are presented in the Company's annual financial statements.

2.2 Recommendations concerning listed-company best practices - rule 9

As regards the recommendation concerning balanced participation of women and men at company boards, as mentioned in rule 9, the Company's Management Board would like to note that the decisive factor in filling all of the Company's positions is criteria such as know-how, experience and competences, such as are essential to fulfil the respective functions. The Company's Management Board points out that its members are appointed by the supervisory board. Supervisory board members are appointed by the general meeting from among the submitted candidates.

2.3 Recommendations concerning listed-company best practices - rule 12

“The company should ensure that shareholders may exercise their voting rights during general meetings either in person or through an attorney, away from the general meeting location, using electronic means of communication.”

The Company decided to omit this rule because the current wording of its articles of association does not enable shareholders to participate in general meetings using electronic communications. In accordance with the Polish Commercial Companies Code, introducing the above rule would require the Company's articles of association to be amended.

2.4 Best practices for listed-company management boards - rule 1 point 9a

"The company maintains a corporate website, where it publishes information required by law (...) recording of general meetings, in audio or video form."

Taking the Company's shareholding structure into consideration, as well as the technical and organisational capabilities, legal restrictions and the disproportionate cost of online transmission of general meetings in real time, the Issuer's Management Board decided that transmitting general meetings online is not substantiated, and that neither is its recording and publishing on the Company's website.
According to the Issuer, the regulations concerning public company general meetings and listed company disclosures, amended in 2009, require the Company to publically disclose a sufficiently wide range of information concerning general meetings via current reports and by publishing certain information and documents for the general meeting in the Investor Relations / General Meetings section of the Company's corporate website. The Company's email address for all communications related to general meetings is wza@emperia.pl. The Issuer strives to ensure that its information policy be transparent and effective, enabling comprehensive communications with investors. The IR section of the Issuer's website, www.emperia.pl, built on the basis of a model IR service, serves this purpose.

2.7 Best practices for listed-company supervisory boards - rule 6

"At least two supervisory board members should meet the criterion of independence from the company and its related parties." As regards the supervisory board member independence criteria, Attachment 2 to the Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies should be applied. Irrespective of point b) of the Attachment mentioned above, a person employed by the Company, its subsidiary or associate may not be considered as having met the independence criteria mentioned in the Attachment. In addition, the independence criteria cannot be considered as having been met if there is a link to a shareholder, understood as an actual and substantial link to a shareholder having the right to exercise 5% or more of voting rights at the general meeting."

One independent member, Michał Kowalczewski, was on the Issuer's Supervisory Board in 2014.

(amounts in PLN 000s, unless otherwise stated)

2.8 Best practices for shareholders - rule 10

"The Company should enable shareholders to participate in general meetings using electronic means of communication, i.e.:
1) real-time broadcast from the general meeting,
2) two-way communication in real time, by way of which shareholders can make verbal statements during general meetings without being physically present at the meeting location."

The Company decided to depart from this rule because the current wording of its articles of association does not enable shareholders to participate in general meetings using electronic communications. The provisions of the Issuer's articles of association do not provide for the possibility to participate, speak or exercise voting rights by shareholders at the general meeting using electronic communications. In addition, it is the Issuer's opinion that, considering the insufficient market experience in this area, applying the above rule might pose a real threat, having a substantial impact on the organisation and execution of the general meeting and - as a result - on the exercise by shareholders of their rights. According to the Issuer, the existing rules regarding participating in general meetings are in compliance with the binding provisions of the Polish Commercial Companies Code and that the way general meetings are organised sufficiently protects the rights of all shareholders. The Issuer also decided that, from an economical point of view, the Company's existing shareholding structure does not justify the additional costs of the technical infrastructure necessary to enable participation in general meetings using electronic communications and transmission of general meetings in real time.

3. Description of the Issuer's internal control and risk management systems applied in preparing separate and consolidated financial statements

In accordance with the Ordinance of the Minister of Finance of 19 February 2009 on current and periodic information disclosed by issuers of securities, the Company's management board is responsible for its internal control and risk management systems. The accounting department, which is a part of the Company's financial unit, is responsible for preparing the Company's financial statements and periodic reports. Financial statements are approved by the Management Board. Control and verification of financial statements are conducted by a statutory auditor, who carried out preliminary and final audit of the financial statements of the Company and its consolidated subsidiaries, as well as reviews its semi-annual financial statements. The statutory auditor is appointed by the Supervisory Board.

4. Shareholders directly or indirectly holding substantial stakes in Emperia Holding S.A.

At 31 Dec 2014

Shareholder	Number of shares	% in share capital	Number of votes	% of votes at general meeting
Altus TFI	1 709 678	12.26	1 709 678	13.26
Ipopema TFI	1 433 437	9.44	1 433 437	11.11
ING TFI	1 390 123	9.16	1 390 123	10.78
AXA OFE	891 992	5.88	891 992	6.92

As of 31 December 2014, Emperia Holding S.A. and subsidiary Elpro Development S.A. (formerly P1 Sp. z o.o.) held a total of 2 281 605 own shares, representing 15.031% of the Company's share capital.

As at 31 December 2014, the Issuer's share capital comprised 15 179 589 shares with nominal value of PLN 1 each.

5. Indication of the holders of any securities with special control entitlements and their description

Emperia Holding S.A. does not have securities that would carry special control entitlements or any preference shares.

6. Indication of all limitations relating to exercise of the right to vote, such as a limitation concerning exercise of voting rights by holders of a specified share or number of votes, time limitations concerning exercise of the right to vote - pursuant to which and with the Company's support the entitlements attached to securities are separated from ownership of such securities

Each share in Emperia Holding S.A. entitles to one vote at the general meeting. Art. 6f sec. 8 of the Company's articles of association provides for a limitation of the right to exercise votes (to a vote from only one share) in the event that a shareholder, acting independently or in concert with others, exceeds 33% of the total number of votes and does not notify the Management Board of this fact within seven days and until this is rectified.
The Company's articles of association do not establish any limitations other than those in art. 6f sec. of the articles of association relating to exercise of the right to vote, carried by shares in Emperia Holding S.A., such as a limitation concerning exercise of voting rights by holders of a specified share or number of votes, time limitations concerning exercise of the right to vote - pursuant to which and with the Company's support the entitlements attached to securities are separated from ownership of such securities.

7. Indication of all limitations concerning transfer of ownership to the Issuer's securities

The Company's articles of association do not provide any limitations concerning transfer of ownership to Emperia Holding S.A.'s shares.

8. Description of principles concerning the appointment and dismissal of management board members and their entitlements, in particular the right to take decisions on the issue or buy-back of shares

Under art. 9 points 1 and 2 of the Company's articles of association, the Management Board consists of between two and five members, including the President of the Management Board. Management board member terms last three years. The Supervisory Board appoints, dismisses and suspends Management Board members and specifies the number of Management Board members.

The Management Board manages the Company in accordance with the budget and strategic plan, as prepared and approved in accordance with the Company's articles of association, and represents its interests. The Management Board's competences include all matters related to corporate management such as are not reserved by law or articles of association for the general meeting or the Supervisory Board. The Management Board operates pursuant to the Regulations, adopted by the Management Board and approved by the Supervisory Board. The cooperation of two management board members or one management board member and a commercial proxy is required to make commitments on behalf of the Company.

The Management Board is authorised to undertake all actual and legal activities as regards purchasing own shares for redemption on the terms and in the manner specified in Resolution 3 of the Extraordinary General Meeting of 11 October 2012, including executing an agreement with one or more of the Company's subsidiaries concerning purchase of shares in the Company, subject to pre-approval by the Supervisory Board.

Subject to the Supervisory Board's approval, the Company's Management Board may pay out dividend advances to shareholders in accordance with legal regulations.

9. Procedure for amendment of the Issuer's articles of association

Draft resolutions concerning amendment of the Company's articles of association require prior examination by the Supervisory Board.
Amending Emperia Holding S.A.'s articles of association requires a general meeting resolution and an entry in the company register. The general meeting resolution concerning amendment of the Company's articles of association requires a three-quarter majority to pass. The Company's general meeting may authorise the Supervisory Board to establish a consolidated text of the articles of association.

Pursuant to the provisions of the articles of association, a resolution on substantial amendment of the Company's economic activities does not require a buy-back programme, as specified in art. 416 § 4 of the Polish Commercial Companies Code, provided that it is adopted with a two-third majority, with the attendance of persons representing at least half of the share capital.

10. Modus operandi of the general meeting, along with its main authorisations, and a description of shareholder rights and the means for exercising them, in particular rules resulting from the general meeting regulations, if such regulations have been adopted, provided that this information is not directly regulated by the binding provisions of law

The modus operandi of Emperia Holding S.A.'s general meeting, along with its authorisations, results from legal regulations as well as the Company's articles of association and the general meeting regulations. The Company's articles of association and the general meeting regulations are available at the Company's website.
General meetings are called through an announcement containing the information specified in art. 402^2 of the Polish Commercial Companies Code, published on the Company's website and in the manner specified for publishing current information in accordance with the Act of 29 July 2005 on public offerings and the terms for introducing financial statements to an organised trading system, and on public companies, no later than 26 days before the general meeting date.

In accordance with the Company's articles of association, the general meeting may take place in Lublin or in Warsaw.

The general meeting should be attended by supervisory board members in such number as enables responses to be given to questions posed during the general meeting. A statutory auditor should be present at the ordinary general meeting to provide information and explanations concerning the Company's financial statements.
The general meeting's chairperson decides on the attendance of reporters as well as on the recording or filming of the general meeting.

General meeting resolutions are adopted by a regular majority of the shareholders present at the general meeting, unless the binding regulations state otherwise.

In accordance with the Company's articles of association, the general meeting is authorised to perform the following activities:

- examining and approving the Management Board and Supervisory Board reports, balance sheet and statement of profit and loss for the previous year, as well as granting votes of approval to the members of the Company's Management Board and Supervisory Board;
- adopting resolutions on allocation of profit or coverage of loss;
- approving the Company's mergers, split-ups or transformations;
- dissolving and liquidating the Company;

- consenting to the disposal or lease of the Company's enterprise or an organised part thereof and establishment of limited property rights thereon;
- appointing and dismissing Supervisory Board members (including one independent member of the Supervisory Board);
- establishing the principles for and amount of remuneration for members of the Supervisory Board;
- approving agreements between the Company or one of its subsidiaries and Supervisory Board members;
- creating and releasing special-purpose capitals;
- amending the Company's economic activities;
- amending the Company's articles of association;
- issuing convertible bonds or bonds with priority rights;
- selecting liquidators;
- issuing rulings concerning claims for rectification of damage caused in the formation of the Company or in the course of management or supervision;
- examining matters submitted by the Supervisory Board, Management Board or shareholders;
- undertaking activities aimed at introducing the Company's shares to regulated-market trading;
- establishing the ex-dividend date and dividend payment date;
- creating reserve capitals from profit to cover specific losses or expenditures;
- deciding on payment of dividend in assets, especially securities;
- redeeming shares;

Shareholder rights and the means of their exercise

The rights of the shareholders and the means of exercising them result directly from legal regulations.

A shareholder(s) representing at least half of the share capital or at least half of the voting rights may call an extraordinary general meeting. A shareholder(s) representing at least one-twentieth of the share capital may request that an extraordinary general meeting be called and to introduce specific items on the agenda, with stipulation that such a request should be submitted to the Management Board no later than 21 days before the general meeting date. The request should contain a justification or a draft resolution concerning the proposed agenda item. The request may be submitted by email.

11. Composition, changes and modus operandi of the Issuer's management, supervisory or administrative personnel, or its committees, during the last financial year

Management board

In the period 1 January - 31 December 2014, the Issuer's Management Board comprised the following persons:
Dariusz Kalinowski – president of the management board
Cezary Baran – vice-president of the management board

Management board member terms last three years.

The Management Board operates on the basis of the Polish Commercial Companies Code, the Company's articles of association and in accordance with the management board regulations, adopted by the management board and approved by supervisory board, which are available at the Company's website. The cooperation of two management board members or one management board member and a commercial proxy is required to make commitments on behalf of the Company.

The Management Board operates in a team-based manner. Each member of the Management Board may, without the prior approval of the Management Board, conduct matters that do not exceed his or her scope of competences, subject to the provisions of law, the Company's articles of association and the resolutions and regulations of the Company's authorities. Each member of the Management Board may, without the prior approval of the Management Board, perform immediate actions concerning the Company's business, the omission of which would cause the Company to suffer irreversible losses. The Management Board operations are led by the President of the Management Board, who coordinates the work of the Management Board members. In the case of a multi-person Management Board, the President of the Management Board assigns the competences of each Management Board member.

The Management Board competences include all matters related to the representation of the Company and management of its business, other than those reserved in the Polish Commercial Companies Code or the Company's articles of association to other authorities.
The Management Board manages the Company's day-to-day operations and represents the Company externally, both in and out of court.

Management Board competences in particular include:

- acting on behalf of the Company and representing it in contacts with public authorities, offices, institutions and third parties,
- executing agreements and incurring liabilities, along with managing the Company's assets,
- calling ordinary and extraordinary general meetings, proposing general meeting agendas and preparing draft resolutions,
- organising the work of employees and establishing their remuneration based on the Company's remuneration principles and organisational regulations, along with awarding pay bonuses,
- participating in the Company's Supervisory Board meetings, if requested, and in general meetings,
- preparing draft marketing, financial, economical, etc. plans,
- providing materials requested by the Supervisory Board and other audit authorities,
- examining and implementing audit and post-audit evaluations and recommendations,
- issuing internal regulations (orders, rules) governing the Company's business.

Management Board meetings are minuted. In the case of a multi-person Management Board, the validity of Management Board resolutions requires the presence of at least two Management Board members. Management Board resolutions may be adopted if all Management Board members were properly notified about the Management Board meeting. Management Board resolutions are adopted with an absolute majority in open voting. In the event that the Management Board meeting features only two Management Board members, decisions must be unanimous.

Supervisory Board

In the period 1 January - 31 December 2014, the Issuer's Supervisory Board comprised the following persons:

Artur Kawa - Chairperson
Michał Kowalczewski - Deputy Chairperson
Artur Laskowski
Jarosław Wawerski
Andrzej Malec

Michał Kowalczewski is an independent member.

Supervisory Board members are appointed and dismissed by the general meeting. The Supervisory Board comprises five persons, including at least one independent Supervisory Board member, as referred to in art. 12a sec. 1 of the Company's articles of association. The Supervisory Board members' term is three years.

The Supervisory Board Chairperson and Deputy Chairperson are appointed and dismissed by the Supervisory Board in open voting with a regular majority, as long as at least three Supervisory Board members are present.

The Supervisory Board operates on the basis of the Polish Commercial Companies Code, the Company's articles of association and in accordance with the supervisory board regulations, adopted by the supervisory board and approved by general meeting, which are available at the Company's website.

The Supervisory Board performs continuous supervision over the Company's business. Other than the matters reserved by the Company's articles of association or legal regulations, the Supervisory Board is particularly entitled to:

- auditing the Company's financial statements, management report and management board proposals regarding profit allocation or loss coverage;
- appointing, dismissing and suspending the Company's Management Board members or the entire Management Board;
- delegating Supervisory Board members for temporary roles at the Company's Management Board;
- approving the Management Board regulations;
- determining the remuneration principles of Management Board members;
- approving the issuance of commercial proxies;
- approving the Company's annual economic plans (budget); the budget should include at least the Company's operational plan and a revenue and cost budget for the given financial year (for the entire year and by month), a forecast for the balance sheet and statement of profit and loss, plan for cash flows and plan for capital expenditures (by month);
- approving the Company's long-term strategic economic plans; the long-term strategic plan should cover at least a revenue and cost projection for each of the forecast years, a projection for the balance sheet and statement of cash flows, along with investment plans for each of the forecast years;
- approving all legal or financial activities by the Company or a subsidiary of the Company, including in particular liabilities, as well as issue of own promissory notes, acceptance of endorsed promissory notes, avals or issue of guarantees - or disposals as well as purchase of assets, if the value of such a legal activity, liability or disposal does not exceed PLN 10 000 000, together with approving any equity investments valued at up to PLN 5 000 000, either separately or in many transactions during a six month period. - unless such an activity is included in the Company's annual economic planned, approved by the Supervisory Board, and undertaken during the relevant year;
- approving the formation of new companies and disposal by the Company of equity interests;
- approving the Company's purchases of equity interests in other entities;
- approving disposals by the Company or one of its subsidiaries of properties, rights to perpetual usufruct or shares in properties;
- approving agreements between the Company or one of its subsidiaries and the Company's Management Board members, shareholders having at least 5% of voting rights at the Company's general meeting or with related parties;

- approving the award of rights to shares under management options or similar share-based incentive programmes;
- selecting the statutory auditor to audit the Company's financial statements in accordance with the accounting principles adopted by the Company;
- approving the sale or free-of-charge transfer of author's rights or other intellectual property, particularly rights to software source code, such as exceed the regular competences of the Management Board;
- monitoring system performance for internal control, internal audit and risk management;
- monitoring financial revision activities;
- executing underwriting agreements, as specified in art. 433 § 3 of the Polish Commercial Companies Code;
- approving the Management Board regulations.

Furthermore, the following Management Board functions require Supervisory Board approval in the form of a resolution:

- paying dividend advances to shareholders, on the terms specified by legal regulations;
- approving the commencement of a buy-back programme in order to redeem shares.

Supervisory Board members exercise their rights and fulfil their obligations in a team-based manner. The Supervisory Board may delegate one or more of its members to perform individual oversight functions. Each of the Supervisory Board members has the right to request all information concerning the Company's business and has the right to commission audit of such Company information at their own expense. Each of the Supervisory Board members has the right to review the Company's accounting documentation.

The Supervisory Board adopts resolutions if at least three of its members are present at the meeting, and all members were properly invited. Supervisory Board resolutions are adopted with a regular majority of votes. In the case of an even number of votes for and against the adoption of a resolution, the deciding vote belongs to the Chairperson of the Supervisory Board.

In 2014, the scope of activities reserved for the Audit and Remuneration Committee was performed in a team-based manner.

13. Agreements that may result in shareholding changes in the future

Pursuant to Resolution 4 of the Extraordinary General Meeting of 11 October 2013, the Company's Management Board is authorised by the general meeting to execute an agreement with a subsidiary concerning purchase of shares in the Company by that subsidiary and their further sale to the Company for redemption.

Aside from the incentive programmes for Emperia Holding's management board members and key management at the Company and its subsidiaries and associates, the Management Board is not aware of any agreements that could, in the future, result in a change in the shareholding structure.

(amounts in PLN 000s, unless otherwise stated)

Lublin, April 2015

Signatures of all Management Board members

2015-04-24	Dariusz Kalinowski	President of the Management Board	.... Signature
2015-04-24	Cezary Baran	Vice-President of the Management Board, Finance Director	.... Signature

Signatures of persons responsible for book-keeping

2015-04-24	Elżbieta Świniarska	Economic Director	.... Signature