CONSOLIDATED FINANCIAL STATEMENTS

FOR 2015

**PREPARED IN ACCORDANCE WITH IFRS
AS ENDORSED BY THE EU**

(DATA IN PLN 000s)

WARSAW, 25 APRIL 2016

Emperia Group stands for:

- credibility and prioritising shareholder interests

- customer-centric culture

- growth and openness

- working together

- effectiveness

- reliability and engagement

Credibility 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 involvement

- We are ***honest*** with our employees, business partners and clients
- We are ***socially involved***. We run an employee-based Foundation and get involved in employee volunteer activities
- ***Loyalty and involvement*** 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,

In the past year, Emperia Group continued on its strategic path. In each operating segments, we undertook a number of initiatives aiming to develop stable foundations for generating strong financial results and building the value of Group companies.

Our property companies expanded their competences in managing our property portfolio and executing development projects. Our strategy designed to acquire attractive locations for the asset portfolio under management resulted in several new facilities. We expect that our presence in the segment of mid-sized commercial properties intended for varied retail activities will also benefit us in the future. The value generated by our assets was further confirmed by the attractive valuations we received from potential investors in property sale transactions.

Within the IT segment, our company Infinite is focusing on developing new products and solutions, and therefore is investing in expanding its research and development capabilities. The company is carefully analysing the market to identify acquisition targets, preferably small and medium businesses with complementary product portfolios. As a result, we are adding new products to the portfolio and have begun offering the company's services in new domestic and foreign markets.

The past year was also successful for our retail company - Stokrotka. On a challenging and highly competitive market and battling persistent deflation, we managed to stay in line with our growth objectives, building stronger potential in the retail segment. Our intention is for Stokrotka to reinforce its position as a modern and highly recognisable multi-format retail chain.

To achieve our objectives in the retail segment, operational scale growth is essential. The company is currently developing two formats, supermarket and market, both through its own stores and on a franchise basis. We reached record levels of chain development across all business lines, managing to open 80 stores, which brought the total at the end of the year to 327 sites. There is every indication that the activities we undertook in recent times, aiming to intensify the growth rate of store locations, should allow us to achieve similar results in the upcoming years.

A positive reception of our franchise offering is certainly supportive for our chain's growth. Last year, we opened 27 new franchise stores, mainly in the market format. Our partners confirm that Stokrotka's offering, encompassing marketing support, assortment and pricing as well as operational and procurement assistance, is one of the best propositions on the market.

In the face of market challenges, we are constantly improving forms of communications with clients, assortment and pricing policies and service quality for our store visitors. Our modern, tailored logistics network continues to provide significant support for us. Our in-house logistics enable us to effective counteract strong competitive pressures on the market by improving price attractiveness and the quality of our assortment. The comprehensive activities that we have undertaken are adding to our competitive advantage over other entities in our market segment and serve as a foundation for building up both sales and margins.

As CEO, I am certain that our actions across all of the Group's segments will reinforce our market position in the long term and contribute to a substantially higher market value.

I hope that you will enjoy reading our financial statements for 2015.

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 2015 to 31 Dec 2015	For the period from 1 Jan 2014 to 31 Dec 2014	For the period from 1 Jan 2015 to 31 Dec 2015	For the period from 1 Jan 2014 to 31 Dec 2014
I.	Net revenue from sale of products, goods and materials	2 094 640	1 978 010	500 643	472 620
II.	Operating profit (loss)	54 093	39 289	12 929	9 388
III.	Profit (loss) before tax	53 511	40 564	12 790	9 692
IV.	Profit (loss) for the period	48 356	30 501	11 558	7 288
V.	Net cash flows from operating activities	84 730	64 855	20 251	15 496
VI.	Net cash flows from investing activities	(33 815)	(77 030)	(8 082)	(18 405)
VII.	Net cash flows from financing activities	(61 555)	(68 543)	(14 712)	(16 377)
VIII.	Total net cash flows	(10 640)	(80 718)	(2 543)	(19 287)
IX.	Total assets	1 017 258	952 228	238 709	223 407
X.	Liabilities and liability provisions	422 354	345 229	99 109	80 996
XI.	Non-current liabilities	24 112	26 220	5 658	6 152
XII.	Current liabilities	398 242	319 009	93 451	74 844
XIII.	Equity	594 904	606 999	139 600	142 411
XIV.	Share capital	13 235	15 180	3 106	3 561
XV.	Number of shares	13 235 495	15 179 589	13 235 495	15 179 589
XVI.	Weighted average number of shares	12 506 772	13 440 114	12 506 772	13 440 114
XVII.	Profit (loss) per ordinary share* (in PLN/EUR)	3.87	2.27	0.92	0.54
XVIII.	Diluted profit (loss) per ordinary share** (in PLN/EUR)	3.87	2.27	0.92	0.54
XIX.	Book value per share* (in PLN/EUR)	47.57	45.12	11.16	10.59
XX.	Diluted book value per share** (in PLN/EUR)	47.56	45.08	11.16	10.58
XXI.	Paid out dividend per share (in PLN/EUR)	1.33	0.90	0.32	0.22

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

Weighted average number of shares:
- for 2015: 12 506 772
- for 2014: 13 440 114

Weighted average diluted number of ordinary shares:
- for 2015: 12 508 001
- for 2014: 13 465 487

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

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

(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 are drawn up in accordance with International Financial Reporting Standards and interpretations, published in the form of Commission Regulations, and that they correctly, reliably and clearly reflect the 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.

Warsaw, April 2016

Signatures of all Management Board members:

2016-04-25	Dariusz Kalinowski	President of the Management Board	.... Signature
2016-04-25	Cezary Baran	Vice-President of the Management Board, Finance Director	.... Signature

Signatures of persons responsible for book-keeping

2016-04-25	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 31.12.2015.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 31.12.2015.pdf"

(amounts in PLN 000s, unless otherwise stated)

6. Consolidated statement of financial position

	Note	31 Dec 2015	31 Dec 2014
Non-current assets		**624 116**	**579 119**
Property, plant and equipment	10.3.1and 10.3.2	522 956	495 910
Investment properties	10.3.3	-	-
Intangible assets	10.3.4 and 10.3.5	4 635	3 487
Goodwill	10.3.6	52 044	52 044
Interests in equity-accounted entities	10.3.7a	-	-
Financial assets	10.3.7 and 10.3.7b	37	92
Non-current loans	10.3.8	1 615	-
Non-current receivables	10.3.9	6 313	5 206
Deferred income tax assets	10.3.10	22 009	18 272
Other non-current prepayments	10.3.11	14 507	4 108
Non-current assets classified as held-for-sale	10.3.18	-	-
Current assets		**393 142**	**373 109**
Inventories	10.3.12	199 035	165 104
Receivables	10.3.13	71 248	45 254
Income tax receivables		1 332	1 218
Short-term securities	10.3.14	11 138	30 764
Prepayments	10.3.15	4 730	4 041
Cash and cash equivalents	10.3.16	103 795	114 435
Other financial assets	10.3.17	1 864	-
Current assets classified as held-for-sale	10.3.18	-	12 293
Total assets		**1 017 258**	**952 228**
Equity		**594 904**	**606 999**
Share capital	10.3.19	13 235	15 180
Share premium		471 424	551 988
Supplementary capital		97 558	100 084
Management options provision		2 588	5 206
Reserve capital		47 661	110 593
Buy-back provision		-	-
Own shares		(57 487)	(164 553)
Retained earnings	10.3.20	19 925	(11 499)
Total equity attributable to owners of the parent		**594 904**	**606 999**
Non-controlling interests		-	-
Total non-current liabilities		**24 112**	**26 220**
Credit facilities, loans and debt instruments	10.3.21	1 658	2 647
Non-current liabilities	10.3.22	3 357	1 050
Provisions	10.3.23	14 600	19 842
Deferred income tax provision	10.3.24	4 497	2 681
Total current liabilities		**398 242**	**319 009**
Credit facilities, loans and debt instruments	10.3.25	988	903
Current liabilities	10.3.26	369 419	293 901
Income tax liabilities		426	3 152
Provisions	10.3.23	18 626	15 551
Deferred revenue	10.3.27	8 783	5 502
Liabilities assigned to assets classified as held-for-sale		-	-
Total equity and liabilities		**1 017 258**	**952 228**

Off-balance sheet items are described in note 10.3.41

(amounts in PLN 000s, unless otherwise stated)

	31 Dec 2015	31 Dec 2014
Book value	594 904	606 999
Number of shares	13 235 495	15 179 589
Weighted average number of shares	12 506 772	13 440 114
Diluted number of shares	12 508 001	13 465 487
Book value per share (in PLN)*	47.57	45.16
Diluted book value per share (in PLN)**	47.56	45.08

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

Warsaw, April 2016

Signatures of all Management Board members:

2016-04-25 Dariusz Kalinowski President of the Management Board

....
Signature

2016-04-25 Cezary Baran Vice-President of the Management Board, Finance Director

....
Signature

Signatures of persons responsible for book-keeping

2016-04-25 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 2015	12 months ended 31 Dec 2014
Revenue from sales		**2 094 640**	**1 978 010**
- from subsidiaries		-	*7*
Revenue from sale of products and services	10.3.28	*127 930*	121 995
Revenue from sale of goods and materials	10.3.29	*1 966 710*	1 856 015
Cost of sales		**(1 499 683)**	**(1 415 711)**
- to subsidiaries		-	*(4)*
Cost of manufacture of products sold		(24 619)	(23 294)
Value of goods and materials sold		(1 475 064)	(1 392 417)
Profit on sales		**594 957**	**562 299**
Other operating revenue	10.3.30	16 106	9 611
Selling costs	10.3.31	(477 523)	(450 195)
Administrative expenses	10.3.31	(69 879)	(71 925)
Other operating expenses	10.3.32	(9 568)	(10 501)
Operating profit		**54 093**	**39 289**
Finance income	10.3.33	1 521	2 716
Finance costs	10.3.34	(2 103)	(1 441)
Profit before tax		**53 511**	**40 564**
Income tax		(5 155)	(10 063)
Current	10.3.35	(7 071)	(7 805)
Deferred	10.3.36	1 916	(2 258)
Share of the profit of equity-accounted entities		-	-
Profit for the period		**48 356**	**30 501**
Profit for the period attributable to owners of the parent		48 356	30 501
Profit for the period attributable to non-controlling interests		-	-
Profit (loss) for the period		48 356	30 501
Weighted average number of ordinary shares		12 506 772	13 440 114
Weighted average diluted number of ordinary shares*		12 508 001	13 465 487
Profit (loss) per ordinary share (in PLN/EUR)		3.87	2.27
Diluted profit (loss) per ordinary share (in PLN)		3.87	2.27

* Weighted average diluted number of ordinary shares:

- for 2015 (January-December): 12 508 001, taking into consideration the dilutive effect of options granted under the 2010 and 2011 tranches of the 2nd Management Options Programme 2010-2012.
- 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.

(amounts in PLN 000s, unless otherwise stated)

Statement of comprehensive income	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Profit for the period	48 356	30 501
Other comprehensive income:	(23)	(107)
- Revaluation of employee benefit liabilities	(28)	(132)
- Income tax on components of other comprehensive income	5	25
Comprehensive income for the period	**48 333**	**30 394**
Comprehensive income attributable to shareholders of the parent	48 333	30 394
Comprehensive income attributable to non-controlling interests	-	-

Warsaw, April 2016

Signatures of all Management Board members:

2016-04-25 Dariusz Kalinowski President of the Management Board

....
Signature

2016-04-25 Cezary Baran Vice-President of the Management Board, Finance Director

....
Signature

Signatures of persons responsible for book-keeping

2016-04-25 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 2015	**15 180**	**551 988**	**100 084**	**5 206**	**110 593**	**(164 553)**	**(11 499)**	**606 999**
Correction of 2014 error	-	-	-	-	-	-	-	-
1 Jan 2015, adjusted	**15 180**	**551 988**	**100 084**	**5 206**	**110 593**	**(164 553)**	**(11 499)**	**606 999**
Comprehensive income for the 12 months ended 31 Dec 2015	-	-	-	-	-	-	48 333	48 333
2014 profit distribution - transfer to equity	-	-	-	-	337	-	(337)	-
Prior-period results of companies entered into consolidation	-	-	-	-	-	-	(44)	(44)
Bond issuance - incentive scheme	-	-	-	-	-	-	-	-
Share issuance - incentive scheme	87	3 708	-	(2 618)	-	-	-	1 177
Purchase of own shares	-	-	-	-	-	(45 033)	-	(45 033)
Redemption of own shares	(2 032)	(84 272)	(2 526)	-	(63 269)	152 099	-	-
Dividend from 2014 profit	-	-	-	-	-	-	(16 528)	(16 528)
31 Dec 2015	**13 235**	**471 424**	**97 558**	**2 588**	**47 661**	**(57 487)**	**19 925**	**594 904**

	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	-	-	-	-	-	-	**30 394**	**30 394**
2013 profit distribution - transfer to equity	-	-	-	-	68	-	(68)	-
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**

(amounts in PLN 000s, unless otherwise stated)

Warsaw, April 2016

Signatures of all Management Board members:

2016-04-25	Dariusz Kalinowski	President of the Management Board	.... Signature
2016-04-25	Cezary Baran	Vice-President of the Management Board, Finance Director	.... Signature

Signatures of persons responsible for book-keeping

2016-04-25	Elżbieta Świniarska	Economic Director	.... Signature

(amounts in PLN 000s, unless otherwise stated)

9. Consolidated statement of cash flows

Operating activities	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Profit (loss) for the period	**48 355**	**30 501**
Adjusted by:	**36 375**	**34 354**
Share of the net profit (loss) of equity-accounted entities	-	-
Depreciation / amortisation	44 503	44 020
(Profit) loss on exchange differences	(31)	130
Interest and shares of profit (dividends)	(105)	380
Income tax	5 155	10 063
Profit (loss) on investing activities	(9 534)	(3 407)
Change in provisions	(2 196)	(17 804)
Change in inventories	(33 931)	12 245
Change in receivables	(24 954)	55 925
Change in prepayments	(7 807)	968
Change in current liabilities	75 181	(67 162)
Other adjustments	4	5 693
Income tax paid	(9 910)	(6 697)
Net cash from operating activities	**84 730**	**64 855**

Investing activities	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Inflows	**42 136**	**22 042**
Disposal of property, plant and equipment and intangible assets	15 144	16 986
Disposal of financial assets	26 968	5 056
Sale of subsidiaries	-	-
Dividends received	-	-
Interest received	19	-
Repayment of loans issued	5	-
Cash of entities acquired, at acquisition date	-	-
Proceeds from use of investment properties	-	-
Other inflows	-	-
Outflows	**(75 951)**	**(99 072)**
Purchase of property, plant and equipment and intangible assets	(65 511)	(63 976)
Purchase of investment properties	-	-
Purchase of subsidiaries and associates	-	-
Purchase of financial assets	(7 000)	(35 096)
Borrowings granted	(3 440)	-
Cash of subsidiaries at disposal date	-	-
Expenditures on maintenance of investment properties	-	-
Other outflows	-	-
Net cash from investing activities	**(33 815)**	**(77 030)**

(amounts in PLN 000s, unless otherwise stated)

Financing activities	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Inflows	**1 178**	**2 692**
Proceeds from credit facilities and loans	-	-
Issue of short-term debt instruments	-	1
Proceeds from equity issuance	1 178	2 691
Other inflows	-	-
Outflows	**(62 733)**	**(71 235)**
Repayment of borrowings	-	-
Buy-back of short-term debt instruments		(1)
Payment of finance lease liabilities	(917)	(838)
Interest and fees paid	(255)	(383)
Dividends paid	(16 528)	(12 109)
Purchase of own shares	(45 033)	(57 904)
Other outflows	-	-
Net cash from financing activities	**(61 555)**	**(68 543)**

Change in cash and cash equivalents		12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Change in cash and cash equivalents	Note	(10 640)	(80 718)
Exchange differences			
Cash and cash equivalents at the beginning of period	10.3.38	**114 435**	**195 153**
Cash and cash equivalents at the end of period	10.3.38	**103 795**	**114 435**

Warsaw, April 2016

Signatures of all Management Board members:

2016-04-25 Dariusz Kalinowski President of the Management Board

....
Signature

2016-04-25 Cezary Baran Vice-President of the Management Board, Finance Director

....
Signature

Signatures of persons responsible for book-keeping

2016-04-25 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 Company, which uses the trading name Emperia Holding S.A., 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 Warsaw, ul. Puławska 2, building B (the registered office address was changed on 15 April 2016).

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 are prepared for the period from 1 January 2015 to 31 December 2015, and the comparative financial data covers the period from 1 January 2014 to 31 December 2014. The 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 were 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 2015, consolidation included Emperia Holding S.A. and 10 subsidiaries: Stokrotka Sp. z o.o., Infinite Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A., P3 EKON Sp. z o.o. S.K.A., EMP Investment Limited, Ekon Sp. z o.o., IPOPEMA 55 FIZAN, Elpro Development S.A., Eldorado Sp. z o.o., P5 EKON Sp. z o.o. S.K.A.

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

(amounts in PLN 000s, unless otherwise stated)

No.	Entity name	Registered office	Main economic activity	Registration authority	Type of control	Means of consolidation	Acquisition date / date from which significant control is exerted	% of share capital held	Share of the total number of votes at general meeting
1	Stokrotka Sp. z o.o.	20-209 Lublin, ul. Projektowa 1	Retail sale of food, beverages and tobacco	16977, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	1999-01-27	100.00%	100.00%
2	Infinite Sp. z o.o.	20-209 Lublin, ul. Projektowa 1	IT operations	16222, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	1997-03-11	100.00%	100.00%
3	ELPRO EKON Sp. z o.o. S.K.A. (1)	20-209 Lublin, ul. Projektowa 1	Property development	392753, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	2001-02-15	100.00%	100.00%
4	P3 EKON Sp. z o.o. S.K.A. (2)	20-209 Lublin, ul. Projektowa 1	Property management	407301, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	2007-11-29	100.00%	100.00%
5	Elpro Development S.A.	20-209 Lublin, ul. Projektowa 1	Renting and operating of own or leased real estate	509157, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	2010-09-06	100.00%	100.00%
6	EKON Sp. z o.o.	20-209 Lublin, ul. Projektowa 1	Property management	367597, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	2010-09-06	100.00%	100.00%
7	EMP Investment Ltd. (3)	Themistokli Dervi 3, JULIA HOUSE, P.C. 1066; Nicosia, Cyprus	Investments in property	HE 272278, Ministry of Commerce, Industry and Tourism, Company Registration Department	Subsidiary	Full	2010-09-03	100.00%	100.00%

(amounts in PLN 000s, unless otherwise stated)

				Nicosia, Cyprus					
8	Ipopema 55 FIZAN (4)	00-850 Warsaw, Waliców 11	Trusts, funds and similar Financial instruments	RFI 591, Investment Fund Register maintained by the District Court in Warsaw	Subsidiary	Full	2010-12-09	100.00%	100.00%
9	Eldorado Sp. z o.o.	20-209 Lublin, ul. Projektowa 1	Activities of head offices; management consultancy activities	400637, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	03-10-2011	100.00%	100.00%
10	P5 EKON Sp. z o.o. S.K.A. (5)	20-209 Lublin, ul. Projektowa 1	Renting and operating of own or leased real estate	425738, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	24-11-2011	100.00%	100.00%

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

Entities other than subsidiaries, associates and jointly controlled entities, with indication of name and registered office, in which related parties hold more than 20% of shares as at 31 December 2015

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

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

10.2 Description of key accounting principles

10.2.1 Basis for preparing consolidated financial statements

The consolidated financial statements are 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. and the property segment 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 **Błąd! Nie można odnaleźć źródła odwołania.**) 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 2015

The following standards, amendments and interpretations are applicable to the Group from since 1 January 2015:

a) Amendments to IFRS 2011-2013

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

b) Amendment to IAS 19 Employee Benefits

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

c) Amendments to IFRS 2010-2012

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

The Group estimates that adopting the above amended standards and new interpretations do not have a significant impact on the consolidated financial statements for 2015.

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

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

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

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

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

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

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

d) Amendments to IFRS 2012-2014

On 25 September 2014, the IASB published annual improvements to IFRS 2012-2014, containing amendments to four standards. In IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, specific guidance was added regarding cases in which an entity reclassifies an asset to/from held for sale to held for distribution. The amendment to IFRS 7 Financial Instruments: Disclosures concerns withdrawal of offsetting disclosure requirements in preparing condensed interim financial statements. It also adds additional guidance to clarify whether a servicing contract is considered as continuing involvement in a transferred asset for the purpose of determining the disclosures required. IAS 19 Employee Benefits introduces an amendment concerning change in discount rates for currencies where there is no developed market for high-quality corporate bonds. IAS 34 Interim Financial Reporting clarifies the meaning of 'elsewhere in the interim report' in relation to the rules and location for disclosing information about material events and transactions. These amendments will be prospectively effective for reporting periods beginning on or after 1 January 2016.

e) Amendments to IAS 1 - Disclosure Initiative

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

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

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

Earlier application of standards and applications:

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

Standards and interpretations not yet endorsed by the European Union:

a) IFRS 9 Financial Instruments

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

b) New standard IFRS 14 Regulatory Deferral Accounts

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

c) IFRS 15 Revenue from Contracts with Customers

On 28 May 2014, the IASB issued a new standard concerning recognition of revenue - IFRS 15 Revenue from Contracts with Customers. The above standard specifies principles for recognition of all types of revenue resulting from contracts with customers (clients). The standard does not apply only to contracts that are covered by IAS/IFRS concerning leasing, insurance contracts and financial instruments. Pursuant to IFRS 15, an entity should recognise revenue in such manner as to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. As regards identifying a contract, IFRS 15 introduces the requirement that the entity assesses whether receiving payment from a customer is likely. IFRS 15 will be effective for reporting periods beginning on or after 1 January 2018.

d) IFRS 16 Leases

On 13 January 2016, the IASB published a new standard concerning recognition, presentation and scope of disclosure for leases. The standard introduces a uniform model that replaces the existing division of leases into operating and financial. Lessees will be required to recognise assets and liabilities for all lease contracts executed for a period longer than

12 months (except for assets of low value) and depreciate the asset separately, without interest from the liability. As regards lease recognition rules for lessors, IFRS 16 is in line with IAS 17. As a result, the lessor will continue to classify leases as operating and financial. IFRS 16 will be effective for reporting periods beginning on or after 1 January 2019.

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

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

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

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

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

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

h) Amendments to IAS 7 - Disclosures

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

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

On 16 January 2015, 43 976 ordinary bearer shares series P, with nominal value of PLN 1 each, were introduced to stock-market trading. Introducing the series P shares to trading was part of Emperia Holding S.A.'s Management Options Programme. The Company announced via current reports the terms and deadlines for registering the series P shares by the KDPW, as well as admission and introduction of the series P shares to stock-market trading.
From 16 January 2015, 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 decrease at subsidiary Stokrotka Sp. z o.o.

On 10 April 2015, an Extraordinary General Meeting of subsidiary Stokrotka Sp. z o.o. passed a resolution pursuant to which Stokrotka's share capital was decreased from PLN 64 828 000 to PLN 62 737 500 through the cancellation of 4 181 shares with nominal value of PLN 500 each, which were owned by Stokrotka Sp. z o.o. The above share capital increase: was registered in court on 11 March 2015.

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

On 10 April 2015, an Extraordinary General Meeting of subsidiary Stokrotka Sp. z o.o. passed a resolution pursuant to which Stokrotka's share capital was increased to PLN 72 737 500 through the issue of 20 000 new shares with nominal value of PLN 500 each. All of the 20 000 newly-issued shares will be acquired by Emperia Holding S.A., which paid 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, was transferred to supplementary capital. Emperia Holding S.A. directly holds 100% of shares and votes at the General Meeting of Stokrotka. The above share capital increase: was registered in court on 11 March 2015.

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

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

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

e) Share capital increase at subsidiary EMP Investment Limited

On 11 June 2015, a General Meeting of subsidiary EMP Investment Limited passed a resolution pursuant to which the subsidiary's share capital was increased by 1 new share, which was acquired by subsidiary Elpro Development S.A. The share was paid for with a cash consideration of PLN 50 000, of which PLN 49 999 will be transferred to supplementary capital.

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

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

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

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

On 9 September 2015, the Issuer introduced to stock-market trading 25 527 ordinary bearer shares series P, with nominal value of PLN 1 each. Furthermore, on 30 September 2015, the Issuer introduced to stock-market trading 17 950 ordinary bearer shares series P, with nominal value of PLN 1 each.

Introducing the series P shares to trading was part of Emperia Holding S.A.'s Management Options Programme. The Company announced via current reports the terms and deadlines for registering the series P shares by the KDPW, as well as admission and introduction of the series P shares to stock-market trading.
From 30 September 2015, the Issuer's share capital amounts to PLN 13 235 495 and is divided into 13 235 495 ordinary bearer shares, with nominal value of PLN 1 each. The total number of voting rights carried by all of the Issuer's outstanding shares is 13 235 495.

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

On 18 December 2015, the District Court for Lublin-Wschód in Lublin, based in Świdnik, 6th Commercial Division of the National Court Register, registered an increase of the Company's share capital from PLN 270 000 to PLN 320 000, i.e. by PLN 50 000, through the issue of 500 new shares with nominal value of PLN 100 each. All of the newly-issued shares were purchased by Emperia Holding S.A. for PLN 50 000 in cash.

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

On 18 December 2015, the District Court for Lublin-Wschód in Lublin, based in Świdnik, 6th Commercial Division of the National Court Register, registered an increase of the Company's share capital from PLN 407 600 to PLN 457 600, i.e. by PLN 50 000, through the issue of 500 new shares with nominal value of PLN 100 each. All of the newly-issued shares were purchased by Emperia Holding S.A. for PLN 50 000 in cash.

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

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

On 14 January 2016, the Issuer introduced to stock-market trading 4 773 ordinary bearer shares series P, with nominal value of PLN 1 each.

Introducing the series P shares to trading was part of Emperia Holding S.A.'s Management Options Programme. The Company announced via current reports the terms and deadlines for registering the series P shares by the KDPW, as well as admission and introduction of the series P shares to stock-market trading.
From 14 January 2016, the Issuer's share capital amounts to PLN 13 240 268 and is divided into 13 240 268 ordinary bearer shares, with nominal value of PLN 1 each. The total number of voting rights carried by all of the Issuer's outstanding shares is 13 240 268.
The above share capital increase was registered in court on 29 February 2016.

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

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

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

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

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

On 31 March 2016, the District Court for Lublin-Wschód in Lublin, based in Świdnik, 6th Commercial Division of the National Court Register, registered a reduction in the share capital of Emperia Holding S.A. The capital reduction resulted from having cancelled 900 912 own shares bought back, which carried rights to 900 912 votes (6.799%) at the General Meeting and represented 6.799% of Emperia Holding S.A.'s share capital. Following the registration of changes, share capital amounted to PLN 12 340 049 and was divided into 12 340 049 ordinary bearer shares, which entitled to 12 340 049 votes at Emperia Holding S.A.'s General Meeting.

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 borrowing 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 (period of right granted or expected 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: up 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 an item of property, plant and equipment, its initial value and accumulated depreciation are taken off the books, and the result of the disposal is recognised through profit or loss under other operating revenue or other operating expenses. The result on the sale of property, plant and equipment is recognised, after offsetting, through profit or loss.
Regardless of whether a given asset constitutes a single item of property, plant and equipment, its elements may have different periods of useful economic life. If certain criteria are met as regards the recognition of property, plant and equipment, all of the costs of such an item may be divided into its elements, recognising each one separately (components). Such recognition necessitates, however, the application of depreciation rates appropriate to the useful period of a given component, taking into consideration its period of useful economic life. Due to the solution above, the replacement costs of a component will increase its value.
In other cases, expenses connected with the use of property, plant and equipment, together with the replacement of components, are recognised in the statement of profit and loss upon incurrence.

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
- the financial assets have embedded derivatives, which should be recognised separately.

b) Loans and receivables

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

c) Investments held to maturity

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

d) Available-for-sale financial assets

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

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

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

Fair value measurement

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

Fair value hierarchy

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

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

Impairment of financial assets

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

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

If objective proof exists as to the possibility for impairment of loans and receivables and investments held to maturity, the amount of 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. 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 leases that 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 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

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

Employee benefits are divided into the following categories:

– post-employment benefits:

- one-off retirement allowances,
- one-off disability allowances,

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

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

Post-employment benefits

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

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

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

Cost components of post-employment benefits include:

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

Cost components of post-employment benefits include:

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

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

Other employee benefits

Other employee benefits include:

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

Provisions for other employee benefits are also increased by social security contributions and the Workplace Fund and Wage Guarantee Fund in effect on the balance sheet date.

Provisions for other employee benefits are recognised as current benefits and presented under operating costs.

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.

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
- foreign-currency non-monetary items carried at fair value are translated using the exchange rate in effect on the date on which fair value was measured.

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

(amounts in PLN 000s, unless otherwise stated)

10.3 Additional explanatory notes

10.3.1 Property, plant and equipment

	31 Dec 2015	31 Dec 2014
Land, including:	104 534	102 148
Perpetual usufruct rights	*23 316*	*19 145*
Buildings and structures	303 277	296 109
- including: investments in third-party tangible assets	*51 032*	*27 427*
Technical equipment and machinery	65 174	55 539
Means of transport	6 731	6 881
Other PP&E	30 069	25 615
PP&E under construction	13 171	9 618
Net property, plant and equipment	**522 956**	**495 910**

PP&E under construction	31 Dec 2015	31 Dec 2014
Land, including:	5	45
Perpetual usufruct rights	*348*	-
Buildings and structures	10 081	8 315
Technical equipment and machinery	1 772	565
Means of transport	280	2
Other PP&E under construction	1 033	691
Total property, plant and equipment under construction	**13 171**	**9 618**

(amounts in PLN 000s, unless otherwise stated)

10.3.2 Change in property, plant and equipment - 2015

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	**104 783**	**414 789**	**129 536**	**9 552**	**85 203**	**9 618**	**753 482**
b) increases (due to)	**4 716**	**27 729**	**23 709**	**2 356**	**13 371**	**64 525**	**136 405**
purchase	-	132	13 842	2 342	7 338	64 453	88 107
obtained through acquisition	-	-	-	-	-	-	-
transfer from production-in-progress	1 567	22 013	9 811	14	6 033	-	39 438
donations	-	-	-	-	-	-	-
leasing	-	-	-	-	-	-	-
other	3 149	5 584	56	-	-	72	8 861
c) decreases (due to)	**(2 383)**	**(5 442)**	**(3 890)**	**(812)**	**(2 338)**	**(60 971)**	**(75 836)**
sale	(2 383)	(1 894)	(356)	(774)	(310)	(15)	(5 733)
liquidation (scrapping)	-	(3 548)	(3 534)	(38)	(2 027)	-	(9 147)
division of tangible assets	-	-	-	-	-	-	-
decrease as a result of a disposal	-	-	-	-	-	-	-
transfer to non-current assets	-	-	-	-	-	(60 918)	(60 918)
available-for-sale assets	-	-	-	-	-	-	-
other	-	-	-	-	-	(38)	(38)
d) gross value of property, plant and equipment, as at the end of period	**107 116**	**437 076**	**149 355**	**11 096**	**96 236**	**13 171**	**814 050**
e) amortisation as at the beginning of period	**2 635**	**109 865**	**73 997**	**2 671**	**59 589**	**-**	**248 757**
f) increase in amortisation	**139**	**18 341**	**13 769**	**2 312**	**8 741**	**-**	**43 301**
amortisation	139	18 341	13 769	2 312	8 741	-	43 301
increase as a result of acquisition	-	-	-	-	-	-	-
g) decrease of amortisation	**(192)**	**(2 292)**	**(3 584)**	**(618)**	**(2 162)**	**-**	**(8 849)**
sale	(192)	(174)	(166)	(580)	(145)	-	(1 257)
liquidation (scrapping)	-	(786)	(3 419)	(38)	(2 017)	-	(6 260)
division of tangible assets	-	-	-	-	-	-	-
decrease as a result of a disposal	-	-	-	-	-	-	-
transfer of operations	-	-	-	-	-	-	-
available-for-sale assets	-	-	-	-	-		-
other	-	(1 332)	-	-	-	-	(1 332)
h) depreciation as at the end of period	**2 582**	**125 914**	**84 181**	**4 365**	**66 168**	**-**	**283 209**

(amounts in PLN 000s, unless otherwise stated)

i) impairment losses as at the beginning of period	**-**	**8 815**	**-**	**-**	**-**	**-**	**8 815**
increase	-	383	-	-	-	-	383
increase as a result of acquisition	-	-	-	-	-	-	-
decrease as a result of a disposal	-	-	-	-	-	-	-
decrease	-	(1 312)	-	-	-	-	(1 312)
j) impairment losses as at the end of period	**-**	**7 886**	**-**	**-**	**-**	**-**	**7 886**
k) net value of property, plant and equipment, as at the end of period	**104 534**	**303 277**	**65 174**	**6 731**	**30 069**	**13 171**	**522 956**

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 amortisation	**145**	**18 222**	**13 291**	**1 862**	**8 720**	**-**	**42 241**
amortisation	145	18 222	13 291	1 862	8 720	-	42 241
increase as a result of acquisition	-		-	-	-	-	-

g) decrease of amortisation	**(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)
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**

As at 31 December 2015, the value of land under perpetual usufruct was PLN 16 213 000, and PLN 15 954 000 as at 31 December 2014. 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 2015 and 2014 was recognised in administrative expenses, cost of sales and cost of manufacturing of the products and services sold.
As at 31 December 2015 and 31 December 2014, there were no contractual liabilities incurred in connection with the purchase of property, plant and equipment.
As at 31 December 2015 and 31 December 2014, 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 2015	31 Dec 2014
Costs of completed R&D work	-	-
Acquired concessions, patents, licences and similar	2 914	2 603
Other intangible assets	579	782
Intangible assets in progress	1 142	102
Total intangible assets	**4 635**	**3 487**

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.
Amortisation of intangible assets in 2015 and 2014 was recognised in administrative expenses, cost of sales and cost of manufacturing of the products and services sold.
As at 31 December 2015 and 31 December 2014, 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 - 2015

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	**14 173**	**2 910**	**101**	**17 184**
b) increases (due to)	1 268	59	1 327	**2 654**
purchase of finished intangible assets	997	38	1 327	2 362
obtained through acquisition	-	-	-	-
transfer from investments	265	21	-	286
leasing	-	-	-	-
other	6		-	6
c) decreases (due to)	(133)	(6)	(286)	(425)
sale	(94)	-	-	(94)
transfer to intangible assets	-	-	(286)	(286)
other	(39)	(6)	-	(45)
d) gross values of intangible assets as at the end of period	**15 308**	**2 963**	**1 142**	**19 413**
e) amortisation as at the beginning of period	**11 570**	**2 128**	-	**13 698**
f) increase in amortisation	916	263	-	1 179
increase as a result of acquisition	-	-	-	-
amortisation	916	263	-	1 179
g) decrease of amortisation	(92)	(6)	-	(98)
sale	(53)	-	-	(53)
other	(39)	(6)	-	(45)
h) depreciation as at the end of period	**12 394**	**2 385**	-	**14 779**
i) impairment losses as at the beginning of period	-	-	-	**-**
increase	-	-	-	**-**
increase as a result of acquisition	-	-	-	**-**
decrease	-	-	-	**-**
j) impairment losses as at the end of period	**-**	**-**	**-**	**-**
k) net value of intangible assets as at the end of period	**2 914**	**578**	**1 142**	**4 634**

(amounts in PLN 000s, unless otherwise stated)

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) depreciation 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)

10.3.6 Goodwill

	31 Dec 2015	31 Dec 2014
Cost as at the beginning of period	52 044	52 044
Additional goodwill arising on business combinations	-	-
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**	**52 044**
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 as level 2 in the fair value hierarchy, in accordance with IFRS 13.

In order to determine any potential impairment of goodwill, recoverable amounts for cash generating units were calculated using the discounted cash flow method. The recoverable amounts were determined on the basis of estimated cash flows resulting from the 2016 budget and a forecast for 2017-2020, assuming no growth after the forecast period. To extrapolate revenue estimates beyond the budget period (2017-2020), a growth rate of 3% was adopted. The management estimated sales growth rate based on actual and graphical data, along with their expectations regarding future market growth.

Cash flows were discounted with an interest rate established based on:
- risk free interest rate 1.0%-3.0%,
- risk premium 7%,
- beta 1.38-2.07%.
- CAPM 12.5%-17.5%,
- WACC 6.6%-12.6%.

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

(amounts in PLN 000s, unless otherwise stated)

As a result of the test, Stokrotka Sp. z o.o.'s recoverable amount was established as PLN 421 836 000, which exceeded book value together with allocated goodwill and in consequence did not meet the criteria for recognising impairment.
In accordance with IFRS, the recoverable amount was analysed in terms of its sensitivity to the key parameters affecting measurement: discount rate and revenue growth rate during the forecast period. Assuming a 1% decrease in revenue growth rate, the recoverable amount decreases to PLN 388 262 000, whereas a 3% decrease in revenue growth rate (0% growth in revenue during the forecast period), the recoverable amount decreases to PLN 324 742 000. A 1% increase in discount rate would cause a decrease of the recoverable amount to PLN 369 737 000. In both cases, 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 139 515 000, 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 138 669 000 (0% growth in revenue during the forecast period).
A 1% increase in discount rate would cause a decrease of the recoverable amount to PLN 138 062 000. In both cases, the recoverable amount remains at a level much higher than book value.

10.3.7 Financial assets

	31 Dec 2015	31 Dec 2014
Equity interests	3	8
- including: subsidiaries	-	8
Other equity interests	34	84
- including: subsidiaries	-	*84*
Other securities	-	-
- including: subsidiaries	-	-
Loans	-	-
- including: subsidiaries	-	-
Other financial assets	-	-
Impairment of equity interests	-	-
including: related parties	-	-
Total financial assets	**37**	**92**

(amounts in PLN 000s, unless otherwise stated)

Note 10.3.7 b - current year

Non-current financial assets at related parties - 2015	Equity interests	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)	**(5)**	**(50)**	**-**	**-**	**-**	**(55)**
- sale	-	-	-	-	-	-
- exclusion from consolidation	-	-	-	-	-	-
- loan repayment	-	-	-	-	-	-
- liquidation	-	-	-	-	-	-
- impairment	(5)	-	-	-	-	(5)
- revaluation of acquired entities	-	-	-	-	-	-
- other	-	(50)	-	-	-	(50)
d) financial assets as at the end of period	**3**	**34**	**-**	**-**	**-**	**37**

Note 10.3.7 b - previous year

Non-current financial assets at related parties - 2014	Equity interests	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)

10.3.8 Non-current loans

	31 Dec 2015	31 Dec 2014
Long-term loans issued	1 615	-
- including: to subsidiaries	-	-
Total long-term loans	**1 615**	**-**

10.3.9 Non-current receivables

	31 Dec 2015	31 Dec 2014
a) collateral connected with leases	6 313	5 067
- including: from subsidiaries	-	-
b) other non-current receivables	-	139
- including: from subsidiaries	-	-
Total non-current receivables	**6 313**	**5 206**

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 2015	31 Dec 2014
Deferred income tax assets at the beginning of period	**18 272**	**20 053**
Increases	6 120	2 822
a) recognised through profit or loss	*6 115*	*2 797*
b) recognised through equity	*5*	*25*
c) increase as a result of acquisitions	-	-
Decreases	(2 383)	(3 696)
a) recognised through profit or loss	(2 383)	(3 696)
b) recognised through equity	-	-
c) decrease as a result of a disposal	-	-
Deferred income tax assets at the end of period	**22 009**	**18 272**

Deferred income tax assets, the basis of which are temporary differences resulting from:	31 Dec 2015	31 Dec 2014
Trade receivables	600	767
Remuneration liabilities	1 450	1 261
One-off retirement/disability allowances	141	121
Untaken holidays and similar	986	716
Pay bonuses and similar	724	298
Deduction of discount on own bonds	2	46
Audit provision	16	16
Impairment of inventory	1 078	-
Discounts recorded in inventory	2 681	2 067
Difference between the balance sheet value and tax value of property, plant and equipment	6 715	6 670
Provision for agreements giving rise to liabilities	3 606	4 695
Uninvoiced costs	255	155

(amounts in PLN 000s, unless otherwise stated)

Provision for goods inventory shortfalls	-	903
Provision for renovation costs	-	152
Payments overdue by more than 30 days	-	129
Tax loss	2 330	-
Other items	1 425	276
Deferred income tax assets at the end of period	**22 009**	**18 272**

10.3.11 Other non-current prepayments

	31 Dec 2015	31 Dec 2014
Marketing services	-	-
Rent	386	541
Manufacturing cost - software	-	-
Permits, concessions	-	-
Purchase of rights to lease commercial premises	14 037	3 481
Other	84	86
Total non-current prepayments	**14 507**	**4 108**

10.3.12 Inventories

	31 Dec 2015	31 Dec 2014
Materials	11 941	7 626
Goods	206 878	173 252
Finished products	-	-
Intermediates and production in progress	-	-
Impairment of inventories	(19 784)	(15 774)
Total inventories	**199 035**	**165 104**

Impairment of inventories	31 Dec 2015	31 Dec 2014
Impairment of inventory as at the beginning of period	(15 774)	(10 031)
Increases (recognition of new impairment losses)	(19 952)	(13 744)
Increase / decrease as a result of acquisitions / disposals	-	-
Decreases (due to decrease in inventory)	15 942	8 001
Impairment of inventory as at the end of period	**(19 784)**	**(15 774)**

Impairment losses on inventory 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.

(amounts in PLN 000s, unless otherwise stated)

Restrictions in ownership rights regarding off-balance sheet collateral established	31 Dec 2015	31 Dec 2014
Collateral, by title:	**15 000**	**15 000**
- credit facilities	-	-
- bank guarantees	*15 000*	*15 000*
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**	**15 000**

10.3.13 Receivables

	31 Dec 2015	31 Dec 2014
For products and services	51 674	33 810
- including: from related parties	-	2
Taxes and other state fees	18 210	9 097
Under judicial enforcement	1 650	3 156
Advances paid for supplies	1 088	1 283
Other receivables	9 367	7 702
including: from related parties	-	-
Impairment of receivables	(10 742)	(9 794)
Total net receivables	**71 248**	**45 254**

Impairment of receivables	31 Dec 2015	31 Dec 2014
Impairment of receivables as at the beginning of period	(9 794)	(9 944)
- including: from related parties	-	-
Increases (recognition of new impairment losses)	(3 376)	(2 630)
- including: from related parties	-	-
- including: increase as a result of acquisitions	-	-
Decreases	2 428	2 780
- including: from related parties	-	-
release	1 358	1 160
- including: from related parties	-	-
- including: decrease as a result of disposals	-	-
Derecognised from statement of profit and loss*	1 070	1 620
- including: from related parties	-	-
Impairment of receivables as at the end of period	**(10 742)**	**(9 794)**
- 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.

(amounts in PLN 000s, unless otherwise stated)

Ageing structure of trade receivables	31 Dec 2015	31 Dec 2014
up to 1 month	32 952	21 114
1 - 3 months	4 323	2 312
3 - 6 months	-	94
6 - 12 months	-	-
over 1 year	-	-
Overdue	14 399	10 291
Impairment of receivables	(5 900)	(4 546)
Total net receivables	**45 774**	**29 265**

Ageing structure of overdue trade receivables	31 Dec 2015	31 Dec 2014
up to 1 month	5 163	3 901
1 - 3 months	654	971
3 - 6 months	566	624
6 - 12 months	2 225	851
over 1 year	5 790	3 944
Impairment of receivables	(5 899)	(4 546)
Total net overdue receivables	**8 499**	**5 745**

10.3.14 Short-term securities

	31 Dec 2015	31 Dec 2014
TFI certificates	11 138	30 764
- including: from related parties	-	-
Debt instruments	-	-
- including: related parties	-	-
Other securities	-	-
- including: related parties	-	-
Total short-term securities	**11 138**	**30 764**

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

(amounts in PLN 000s, unless otherwise stated)

10.3.15 Current prepayments, by title

	31 Dec 2015	31 Dec 2014
Insurance	243	254
Technical assistance	206	217
Fees for perpetual usufruct	2	-
Permits, alcohol concessions	51	44
Rents	154	299
Advertising	51	46
Subscriptions and annual fees	32	6
Electricity	2	1
Technical oversight for machinery	75	48
Costs incurred prior to location opening	109	71
Email	61	1
Costs to be re-invoiced	483	764
Purchase of rights to lease commercial premises	2 546	1 520
Other	715	770
Total current prepayments, by title	**4 730**	**4 041**

10.3.16 Cash and cash equivalents

	31 Dec 2015	31 Dec 2014
Cash on hand	10 558	7 511
Cash at bank accounts	83 201	92 814
Other cash instruments	10 036	14 110
including: - cash expected to be received	5 839	*9 969*
Other cash assets	-	-
Total cash	**103 795**	**114 435**

10.3.17 Other financial assets

	31 Dec 2015	31 Dec 2014
Deposit as collateral for credit	-	-
Loans issued	1 820	-
- including: to related parties	-	-
Measurement of other financial instruments	44	-
- including: to related parties	-	-
Total other financial assets	**1 864**	**-**

(amounts in PLN 000s, unless otherwise stated)

10.3.18 Assets classified as held-for-sale

	31 Dec 2015	31 Dec 2014
Property, plant and equipment	-	12 293
- Land, including:	-	3 166
- Perpetual usufruct rights	-	*3 166*
- Buildings and structures	-	9 127
- Technical equipment and machinery	-	-
- Means of transport	-	-
- Other PP&E	-	-
- PP&E under construction	-	-
Intangible assets	-	-
Other equity interests	-	-
Equity interests	-	-
Other securities	-	-
Other available-for-sale assets	-	-
Total assets classified as held-for-sale	**-**	**12 293**

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 2015

Series / issue	Type of share	Type of preference	Number of shares	Nominal value of series / issue	Method of payment	Registration date	Right to dividend (from date)
A	ordinary bearer	None	100 000	100 000	Cash	30.11.1994	30.11.1994
B	ordinary bearer	None	2 200 000	2 200 000	Cash	26.09.1995	01.01.1995
C	ordinary bearer	None	2 093 700	2 093 700	Cash	11.02.1999	01.01.1999
D	ordinary bearer	None	408 400	408 400	Cash	25.06.1999	01.01.1999
E	ordinary bearer	None	240 200	240 200	Cash	12.12.2001	01.01.2001
F	ordinary bearer	None	259 500	259 500	Cash	12.12.2001	01.01.2001
G	ordinary bearer	None	1 333 300	1 333 300	Cash	12.12.2001	01.01.2001
H	ordinary bearer	None	2 085 323	2 085 323	In-kind-contribution of shares in BOS S.A.	02.01.2007	01.01.2006
I	ordinary bearer	None	2 172 015	2 172 015	In-kind-contribution of shares in BOS S.A.	02.01.2007	01.01.2006
J	ordinary bearer	None	55 747	55 747	In-kind-contribution of shares in BOS S.A.	11.05.2007	01.01.2006
K	ordinary bearer	None	290 468	290 468	In-kind-contribution of shares in BOS S.A.	11.05.2007	01.01.2006
L	ordinary bearer	None	1 500 000	1 500 000	Cash	24.10.2007	01.01.2007
Ł	ordinary bearer	None	140 388	140 388	Cash and in-kind-contribution of shares in Maro-Markety Sp. z o.o.	12.02.2008	01.01.2007
M	ordinary bearer	None	82 144	82 144	Cash and in-kind-contribution of shares in Centrum Sp. z o.o.	12.02.2008	01.01.2007
N	ordinary bearer	None	122 429	122 429	Cash	06.06.2008	01.01.2007
P	ordinary bearer	None	64 428	64 428	Cash	09.09.2014	01.01.2014
P	ordinary bearer	None	43 976	43 976	Cash	16.01.2015	01.01.2014
P	ordinary bearer	None	25 527	25 527	Cash	09.09.2015	01.01.2015
P	ordinary bearer	None	17 950	17 950	Cash	30.09.2015	01.01.2015
Total number of shares			**13 235 495**				
Total share capital				**13 235 495**			
Nominal value per share = PLN 1							

(amounts in PLN 000s, unless otherwise stated)

Share capital structure as at 31 December 2014

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

Shareholders with at least 5% of voting rights at the general meeting as at 31 December 2015

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

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

Information on shares issues and share redemptions in 2015 is presented in point 10.2.9

Changes in shareholding by Management Board and Supervisory Board members

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

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

(amounts in PLN 000s, unless otherwise stated)

Changes in supplementary and reserve capital	Supplementary capital	Reserve capital
1 Jan 2015	**100 084**	**110 593**
Sale of properties restated in prior years	-	-
Measurement of 2nd management options programme	-	-
2014 profit distribution - transfer to equity	-	337
Redemption of own shares	(2 526)	(63 269)
Transfer of buy-back provision	-	-
31 Dec 2015	**97 558**	**47 661**
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**

10.3.20 Retained earnings

	31 Dec 2015	31 Dec 2014
Prior-period profit (loss)	(11 499)	(26 973)
Profit distribution - transfer to equity	(337)	(68)
Profit distribution - dividend	(16 528)	(12 109)
Profit (loss) for the period	48 356	30 501
Correction of prior-period errors	-	(2 742)
Prior-period results of companies entered into consolidation	(44)	-
Measurement of 2nd management options programme		-
Equity-settled employee considerations	(23)	(107)
Total retained earnings	**19 925**	**(11 499)**

10.3.21 Non-current credit facilities, loans and debt instruments

	31 Dec 2015	31 Dec 2014
Credit facilities	-	-
Loans	-	-
- including: to related parties	-	-
Debt instruments	-	-
- including: to related parties	-	-
Finance leasing	1 658	2 647
Measurement of other financial instruments	-	-
Total credit facilities, loans, debt instruments and other non-current financial liabilities	**1 658**	**2 647**

(amounts in PLN 000s, unless otherwise stated)

10.3.22 Non-current liabilities

	31 Dec 2015	31 Dec 2014
Collateral deposits	3 357	1 050
- including: from subsidiaries	-	-
Other	-	-
Total non-current liabilities	**3 357**	**1 050**

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

10.3.23 Provisions

	31 Dec 2015	31 Dec 2014
Employee benefit provisions	**10 407**	**6 673**
a) retirement pay	735	631
b) untaken holidays	5 191	3 768
c) annual pay bonuses	3 812	1 569
d) anniversary award liabilities	-	-
e) HR restructuring	55	278
f) overtime	454	295
g) actuarial gains / losses	160	132
Other provisions	**22 819**	**28 720**
a) audit of financial statements	102	93
b) awards for customers (loyalty programmes)	-	-
c) packaging	-	-
d) pay bonuses	-	-
e) liabilities	1 553	-
f) uninvoiced costs	1 342	886
g) agreements giving rise to liabilities	18 977	24 713
h) other	845	3 028
Total provisions	**33 226**	**35 393**

Provisions	31 Dec 2015	31 Dec 2014
Non-current	**14 600**	**19 842**
a) retirement pay	714	544
b) untaken holidays	-	-
c) annual pay bonuses	120	120
d) anniversary award liabilities	-	-
e) agreements giving rise to liabilities	13 606	18 977
f) other non-current provisions	-	69
g) actuarial gains / losses	160	132
Current	**18 626**	**15 551**
a) retirement pay	21	87
b) untaken holidays	5 191	3 768
c) annual pay bonuses	3 692	1 449
d) anniversary award liabilities	-	-
e) HR restructuring	54	278

(amounts in PLN 000s, unless otherwise stated)

f) other current provisions	3 173	268
g) onerous contracts	5 371	5 736
h) uninvoiced costs	670	816
i) overtime	454	296
j) penalties	-	500
k) subcontractor claims	-	1 553
l) equipment overhaul costs	-	800
Total provisions	**33 226**	**35 393**

Change in employee benefit provisions	31 Dec 2015	31 Dec 2014
Employee benefit provision - retirement benefits - as at the beginning of period	**631**	660
Increases	170	116
Increase as a result of acquisitions	-	-
Decreases	(66)	(145)
Decrease as a result of disposals	-	-
Employee benefit provision - retirement benefits - as at the end of period	**735**	**631**
Employee benefit provision - untaken holidays - as at the beginning of period	**3 768**	**4 129**
Increases	1 423	198
Increase as a result of acquisitions	-	-
Decreases	-	(559)
Decrease as a result of disposals	-	-
Employee benefit provision - untaken holidays - as at the end of period	**5 191**	**3 768**
Employee benefit provision - annual pay bonuses - as at the beginning of period	**1 569**	**1 758**
Increases	2 306	1 331
Increase as a result of acquisitions		-
Decreases	(63)	(1 520)
Decrease as a result of disposals		-
Employee benefit provision - annual pay bonuses - as at the end of period	**3 812**	**1 569**
Employee benefit provision - anniversary awards - as at the beginning of period	-	1 813
Increases	-	-
Increase as a result of acquisitions	-	-
Decreases	-	(1 813)
Decrease as a result of disposals	-	-
Employee benefit provision - anniversary awards - as at the end of period	-	-
HR restructuring provision as at the beginning of period	**278**	-
Increases	55	278
Increase as a result of acquisitions	-	-
Decreases	(278)	-
Decrease as a result of disposals	-	-
HR restructuring provision as at the end of period	**55**	**278**
Employee benefit provision - overtime - as at the beginning of period	**295**	-
Increases	2 586	3 895
Increase as a result of acquisitions	-	-
Decreases	(2 427)	(3 600)
Decrease as a result of disposals	-	-
Employee benefit provision - overtime - as at the end of period	**454**	**295**
Provisions for actuarial gains/losses at the beginning of period	***132***	-
Increases	29	132

(amounts in PLN 000s, unless otherwise stated)

Increase as a result of acquisitions		-
Decreases	(1)	-
Provisions for actuarial gains/losses at the end of period	**160**	**132**
Employee benefit provisions as at the beginning of period	**6 673**	**8 360**
Increases	6 569	5 950
Increase as a result of acquisitions	-	-
Decreases	(2 835)	(7 637)
Decrease as a result of disposals		-
Employee benefit provisions as at the end of period	**10 407**	**6 673**

Employee benefit provision - post-employment benefits

One-off retirement/disability allowances	31 Dec 2015	31 Dec 2014
As at the beginning of period	**763**	**660**
including: long-term	676	627
short-term	87	33
Employment costs	123	(12)
including: current employment costs	123	*(12)*
future employment costs		
Net interest on net liabilities	26	21
Actuarial (gains) losses	28	*132*
(Benefits paid out)	(45)	*(38)*
As at the end of period	**895**	**763**
including: long-term	874	676
short-term	21	87

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

	One-off retirement/disability allowances
Discount rate growth by 0.5%	(36)
Discount rate decrease by 0.5%	39
Wage growth increase by 0.5%	39
Wage growth decrease by 0.5%	(36)
Turnover growth by 0.5%	-
Turnover decrease by 0.5%	-

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

The key actuarial assumptions having impact on the level of employment benefit provisions as at 31 December 2015 were as follows:

(amounts in PLN 000s, unless otherwise stated)

- discount rate - 3.3% in 2016 and subsequent years,
- employee mortality - same as mortality for the entire population in Poland,
- incapacity for work - established based on the probabilities of employee mortality and age,
- expected future wage growth (nominal, including inflation) - 3.0% in 2015 and subsequent years,
- employee turnover - 8% annually (it was also assumed that turnover begins to decrease with age on a linear basis 10 years before retirement age, reaching 0% three years before retirement),
- retirement - individual retirement age for employees.

10.3.24 Deferred income tax provisions

	31 Dec 2015	31 Dec 2014
Deferred income tax provisions at the beginning of period	**2 681**	**2 229**
Increases	2 975	2 496
a) recognised through profit or loss	2 975	2 496
b) recognised through equity	-	-
c) recognised through goodwill	-	-
d) as a result of acquisitions	-	-
Decreases	**(1 159)**	**(2 044)**
a) recognised through profit or loss	(1 159)	(2 044)
b) recognised through equity	-	-
c) recognised through goodwill	-	-
d) as a result of disposals	-	-
Deferred income tax provisions at the end of period	**4 497**	**2 681**

Deferred income tax provisions, the basis of which are temporary differences resulting from:	31 Dec 2015	31 Dec 2014
Deduction of discount on bonds purchased	6	223
Commission on long-term credit facilities	-	-
Difference between the balance sheet value and tax value of tangible assets	3 006	2 446
Other items	1 485	12
Deferred income tax provisions at the end of period	**4 497**	**2 681**

10.3.25 Current credit facilities, loans and debt instruments

	31 Dec 2015	31 Dec 2014
Credit facilities	-	-
Loans	-	-
- including: to related parties	-	-
Debt instruments	-	-
- including: to related parties	-	-
Finance leasing	988	903
Measurement of other financial instruments	-	-
Total current credit facilities, loans and debt instruments	**988**	**903**

(amounts in PLN 000s, unless otherwise stated)

Bonds issued

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 2015 and 2014:

Issue and buy-back of bonds in 2015	Total	External issuance	Emperia Holding S.A.	Infinite Sp. z o.o.	P5 EKON Sp. z o.o. S.K.A	P3 EKON Sp. z o.o. S.K.A
As at the beginning of period	**33 500**	**-**	**33 500**	**-**	**-**	**-**
Issue of bonds	*368 460*	*-*	*301 460*	*-*	*-*	*67 000*
Buy-back of bonds	*(368 460)*	*-*	*(334 960)*	*-*	*-*	*(33 500)*
As at the end of period	**33 500**	**-**	**-**	**-**	**-**	**33 500**

Issue and buy-back of bonds in 2014	Total	External issuance	Emperia Holding S.A.	Infinite Sp. z o.o.	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**	**-**	**-**

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 2015 and 2014:

Issue and buy-back of bonds in 2015	Total	External issuance	Emperia Holding S.A.	P3 EKON Sp. z o.o. S.K.A
As at the beginning of period	**100 000**	**-**	100 000	-
Issue of bonds	584 845	-	524 845	60 000
Buy-back of bonds	(659 845)	-	(624 845)	(35 000)
As at the end of period	**25 000**	**-**	**-**	**25 000**

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
As at the beginning of period	**128 000**	**-**	**128 000**	**-**	**-**
Issue of bonds	*1 299 400*	*-*	*1 279 900*	*13 500*	*6 000*
Buy-back of bonds	*(1 327 400)*	*-*	*(1 307 900)*	*(13 500)*	*(6 000)*
As at the end of period	**100 000**	**-**	**100 000**	**-**	**-**

(amounts in PLN 000s, unless otherwise stated)

c) Elpro Development S.A.

Subsidiary Elpro Development S.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 250 000 000. Issue and buy-back of bonds (presented at par values) by Elpro Development S.A. during 2015 and in 2014:

Issue and buy-back of bonds in 2015	Total	External issuance	Emperia Holding S.A.	Elpro Ekon S.K.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	**180 500**	**-**	**-**	**-**	**58 000**	**111 500**	**11 000**
Issue of bonds	*1 767 067*	-	-	*116 000*	*528 600*	*995 531*	*126 936*
Buy-back of bonds	*(1 808 067)*	-	-	*(88 000)*	*(527 600)*	*(1 061 531)*	*(130 936)*
As at the end of period	**139 500**	**-**	**-**	**28 000**	**59 000**	**45 500**	**7 000**

Issue and buy-back of bonds in 2014	Total	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.	Elpro Ekon Sp. z o.o. S.K.A.
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**	**-**

On 12 June 2014, the Management Board of Emperia Holding S.A. adopted a resolution on issue by the Company of 114 564 series A bonds convertible to series P shares.
On 15 June 2015, the Management Board of Emperia Holding S.A. adopted a resolution on issue by the Company of 44 068 series B bonds convertible to series P shares.

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

Debt security liabilities as at 31 December 2015

Issuer	Series	Par value	Maturity date	As at 31 December 2015
Stokrotka Sp. z o.o.	0145*	25 000	2016-01-29	
Elpro Ekon Sp. z o.o. S.K.A.	0166*	33 500	2016-01-29	
Elpro Development S.A.	0043*	28 000	2016-03-25	
Elpro Development S.A.	0043*	7 000	2016-03-25	
Elpro Development S.A.	0043*	59 000	2016-03-25	
Elpro Development S.A.	0043*	45 500	2016-03-25	
All bond issuance by the Group				**-**
Other				-
Total debt instrument liabilities				
short-term				-
Non-current				-

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

(amounts in PLN 000s, unless otherwise stated)

Debt liabilities as at 31 December 2014

Issuer	Series	Par value	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.	0023*	11 000	2015-01-23	
Elpro Development S.A.	0023*	58 000	2015-01-23	
Elpro Development S.A.	0023*	111 500	2015-01-23	
All bond issuance by the Group				**-**
Other				-
Total debt instrument liabilities				
short-term				-
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 2015	31 Dec 2014
For products and services	323 128	249 050
including: towards related parties	-	-
Taxes and other state fees	17 847	20 802
Remuneration	14 281	12 666
Advances received for deliveries	-	-
Other liabilities	14 163	11 383
including: towards related parties	-	-
Total current liabilities	**369 419**	**293 901**

Ageing structure of trade payables	31 Dec 2015	31 Dec 2014
up to 1 month	184 515	131 116
1 - 3 months	61 306	49 170
3 - 6 months	408	856
6 - 12 months	1	1
over 1 year	-	-
Overdue	76 899	67 907
Total liabilities	**323 128**	**249 050**

Ageing structure of overdue trade payables	31 Dec 2015	31 Dec 2014
up to 1 month	73 589	66 309
1 - 3 months	2 024	670
3 - 6 months	709	580
6 - 12 months	148	154
over 1 year	429	194
Total overdue liabilities	**76 899**	**67 907**

(amounts in PLN 000s, unless otherwise stated)

10.3.27 Deferred revenue, by title

	31 Dec 2015	31 Dec 2014
Refund of transport-related damages	25	8
Refund of property damages	50	303
Contractual penalties	6 040	4 614
Loyalty programmes	1 093	-
Refund of fire-fighting equipment	360	45
Sale of services settled in time	276	296
Interest on collateral	109	107
Settlement of intangible assets received free-of-charge	-	54
Insurance broker's share of profit	-	75
Other	830	-
Total deferred revenue, by title	**8 783**	**5 502**

10.3.28 Net revenue from sale of products and services

	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Sale of products	-	-
- including: from related parties	-	-
Sale of services	127 930	121 995
- including: from related parties	-	7
Total net revenue from sale of products and services	**127 930**	**121 995**
- including: from related parties	-	7

Net revenue from sales of products and services (geographical structure)	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Domestic	125 200	119 886
- including: from related parties	-	7
Export	2 730	2 108
- including: from related parties	-	-
Total net revenue from sale of products and services	**127 930**	**121 995**
- including: from related parties	-	7

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 2015	12 months ended 31 Dec 2014
Sale of goods and materials	1 966 710	1 856 015
- including: from related parties	-	-
Total net revenue from sale of goods and materials	**1 966 710**	**1 856 015**
- including: from related parties	-	-

Total net revenue from sale of goods and materials (geographical structure)	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Domestic	1 966 709	1 856 015
- including: from related parties	-	-
Export	1	-
- including: from related parties	-	-
Total net revenue from sale of goods and materials	**1 966 710**	**1 856 015**
- including: from related parties	-	-

10.3.30 Other operating revenue

	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Gain on disposal of other non-financial non-current assets	8 197	4 373
Impairment of non-financial assets	96	81
Other operating revenue	7 813	5 157
Total other operating revenue	**16 106**	**9 611**

Impairment of financial and non-financial assets	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
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)	(611)	(103)
Reversal of receivables impairment	707	184
Total impairment of financial and non-financial assets	**96**	**81**

Other operating revenue	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Contractual penalties received	3 043	1 755
Compensation from transport insurance	292	209
Compensation from property insurance	504	82
Other compensation	78	1 039
Outdated liabilities	12	15
Awarded legal costs	52	968
VAT refund	7	301
Release of employee benefit provision	-	-
Reinvoicing	-	-
Refund of staff costs	2 600	-
Asset donations	416	22
Sale of equipment	-	-

(amounts in PLN 000s, unless otherwise stated)

Transfer of rights from lease agreements	-	50
Recovery from scrapping	-	-
Cash overage	232	204
Rounding	371	304
Settlement over time of refunds and assets received free-of-charge	54	95
Other revenue	152	113
Total other operating revenue	**7 813**	**5 157**

10.3.31 Costs by nature

	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Depreciation / amortisation	(44 503)	(44 020)
Use of materials and energy	(92 054)	(88 517)
Third-party services	(160 869)	(150 123)
Salaries	(211 086)	(201 214)
Employee benefits	(50 279)	(48 211)
Taxes and fees	(11 022)	(10 969)
Other costs	(2 208)	(2 361)
Total costs by nature	**(572 021)**	**(545 414)**
Selling costs	(477 523)	(450 195)
Administrative expenses	(69 879)	(71 925)
Cost of manufacture of products sold	(24 619)	(23 294)
Cost of production of software and goods for internal purposes	-	-

Employment costs	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Remuneration, including:	(211 086)	(201 214)
- management options programme	-	-
- HR restructuring provision	(54)	-
Social security, including:	(40 182)	(38 024)
- HR restructuring provision	-	-
Workplace social security fund	(5 957)	(5 898)
Training	(544)	(448)
Other	(3 596)	(3 841)
Total employment costs	**(261 365)**	**(249 425)**

10.3.32 Other operating expenses

	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Loss on disposal of non-financial non-current assets	(216)	(2 139)
Impairment of non-financial assets	(998)	(3 294)
Other operating expenses	(8 354)	(5 068)
Total other operating expenses	**(9 568)**	**(10 501)**

(amounts in PLN 000s, unless otherwise stated)

Impairment of financial and non-financial assets	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Recognition of tangible asset impairment (negative value)	(383)	(2 138)
Reversal of tangible asset impairment	80	393
Recognition of receivables impairment (negative value)	(1 345)	(2 527)
Reversal of receivables impairment	650	978
Total impairment of financial and non-financial assets	**(998)**	**(3 294)**

Other operating expenses	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Donations	(30)	(21)
Transport-related damages	(296)	(181)
Property damages	(553)	(561)
Other damages	(3 964)	-
Liquidation of non-current assets	-	-
Provisions	-	-
Investment property maintenance costs	-	-
Impairment of current property, plant and equipment	(94)	-
Amortisation of rights to lease premises	-	-
Collateral written-off	(2 089)	(1 808)
Legal costs	(269)	(472)
Transfer of contractual rights	(438)	-
Compensation for exiting a location	-	(1 236)
Non-deductible VAT	-	(198)
Reinvoiced costs	-	-
Rounding up of collateral for packaging	(255)	(394)
Other costs	(366)	(197)
Total other operating expenses	**(8 354)**	**(5 068)**

10.3.33 Finance income

	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Dividends received, including:	-	-
- from related parties	-	-
Interest, including:	770	1 913
- from related parties	-	-
Gain on disposal of investments	533	161
Other finance income	218	642
Total finance income	**1 521**	**2 716**

(amounts in PLN 000s, unless otherwise stated)

Interest income on bonds	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Interest on loans	19	-
- including: from related parties	-	-
Interest on bank deposits	582	1 585
Interest on overdue receivables	169	328
- including: from related parties	-	-
Interest on bonds	-	-
- including: from related parties	-	-
Other interest	-	-
Total interest on bonds	**770**	**1 913**

Other finance income	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Positive exchange differences	61	-
Income on sureties issued	-	-
Share of insurers' profits	113	-
Income on liquidation	-	-
Gain on changes in fair value of financial instruments	44	634
Other	-	8
Total other finance income	218	**642**

10.3.34 Finance costs

	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Interest, including:	(1 497)	(628)
- for subsidiaries	-	-
Loss on disposal of investments	-	-
Other finance costs	(606)	(813)
Total finance costs	**(2 103)**	**(1 441)**

Interest costs	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Interest on bank credit	-	-
Interest on finance leasing	(244)	(325)
- including: from related parties	-	-
Interest on loans	-	-
- including: from related parties	-	-
Interest on overdue receivables	(1 187)	(55)
- including: from related parties	-	
Interest on issued bonds	-	-
- including: from related parties	-	-
Statutory interest	(66)	(229)
Other interest	-	(19)
- including: from related parties	-	-
Total cost of interest income	**(1 497)**	**(628)**

(amounts in PLN 000s, unless otherwise stated)

Other finance costs	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Cost of bank guarantees	(190)	(208)
Negative exchange differences	(100)	(418)
Impairment of financial assets	(191)	(120)
Balance sheet measurement of liabilities and receivables	-	-
Liquidation of subsidiary	-	-
Interest cost on employee provisions	(26)	
Fee for bond issuance	(94)	(64)
Other	(5)	(3)
Total other finance costs	**(606)**	**(813)**

Profit or loss, by category of instrument	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Interest income	-	-
Bank deposits	582	1 585
Bonds	-	-
Loans issued	19	-
Trade receivables	169	328
Other	-	-
Total interest income	**770**	**1 913**
Interest costs		
Short- and long-term credit facilities	-	-
Finance leasing	(244)	(325)
Bonds issued	-	-
Loans received	-	-
Trade payables	(1 187)	(55)
Other	-	(19)
Total interest costs	**(1 431)**	**(399)**

10.3.35 Current income tax

	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Profit (loss) before tax at entities generating tax profits	**45 398**	**80 131**
Loss before tax at entities generating tax losses	(106)	(10 358)
Consolidation exclusions at the level of profit before tax	8 170	(39 567)
Revenue not subject to taxation, decreasing the tax base, according to tax regulations	**(21 654)**	**(13 261)**
Finance income	(19 045)	(8 284)
Other operating revenue	(2 609)	(4 977)
Items creating taxable revenue, increasing the tax base	**2 160**	**376**
Costs and losses not recognised as tax deductible expenses increasing the tax base, according to tax regulations	**65 388**	**56 795**

(amounts in PLN 000s, unless otherwise stated)

Operating expenses	57 221	48 163
Finance costs	1 622	904
Other operating expenses	6 545	7 728
Items increasing tax deductible expenses, decreasing the tax base	**(64 065)**	**(60 770)**
Taxable income	**27 227**	**63 271**
Remaining to be deducted from profit	(1)	0
Settlement of prior-period losses	(11 075)	(11 352)
Income tax base	16 151	51 919
Income tax at 19% rate	(3 100)	(9 864)
Increases, discontinuations, exemptions, deductions and decreases of tax	(3 971)	2 059
Current income tax, calculated for the reporting period	**(7 071)**	**(7 805)**

10.3.36 Deferred income tax recorded in profit or loss

	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Decrease (increase) from recognition and reversal of temporary differences	(459)	2 622
Decrease (increase) from change in tax rates	-	-
Decrease (increase) from previously unrecognised tax losses, tax benefits or prior-period temporary differences	2 330	-
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	45	(364)
Total deferred income tax recorded in profit or loss	**1 916**	**(2 258)**

10.3.37 Earnings per share for the period

	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Profit (loss) for the period	48 356	30 501
Weighted average number of shares	12 506 772	13 440 114
Weighted average diluted number of ordinary shares	12 508 001	13 465 487
Profit (loss) per share (in PLN)	3.87	2.27
Diluted profit (loss) per share	3.87	2.27

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 and 2015, 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 2015	12 months ended 31 Dec 2014
Cash on hand		
- as at the beginning of period	7 511	7 233
- as at the end of period	10 558	7 511
Cash at bank accounts		
- as at the beginning of period	92 814	176 038
- as at the end of period	83 201	92 814
Other cash instruments		
- as at the beginning of period	14 110	11 849
- as at the end of period	10 036	14 110
Other cash assets		
- as at the beginning of period	-	33
- as at the end of period	-	-
Total cash		
- as at the beginning of period	**114 435**	**195 153**
- as at the end of period	**103 795**	**114 435**

10.3.39 Paid out and proposed dividends

Dividends paid:

On 27 May 2015, Emperia Holding S.A.'s General Meeting adopted a resolution on distribution of the net profit generated by Emperia Holding in 2014. PLN 16 527 963.20 was earmarked for payment of dividend, corresponding to PLN 1.33 per share.

Entitled to the dividend were shareholders who held shares on 5 June 2014 (ex-dividend date). The dividend payment date was 19 June 2015.

Dividends received:

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

The general meeting of ELPRO EKON Sp. z o.o. S.K.A. passed a resolution on the payment of a dividend to IPOPEMA 55 FIZAN in the amount of PLN 501 000 and to subsidiary EKON Sp. z o.o. in the amount of PLN 6.

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, which are recognised in 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 2015	Credit facilities	Bank guarantees	Security interests
Transfer of ownership / pledge / assignment of current assets			
As at the beginning of period	-	15 000	-
Increases during the period	-	-	-
Decreases during the period	-	-	-
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	-	47 500	23 246
Increases during the period	-	-	2 250
Decreases during the period	-	-	(15 850)
Increases / decreases during the period as a result of acquisitions / disposals	-	-	-
As at the end of period	**-**	**47 500**	**9 646**

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**

10.3.42 Financial and operating leasing

a) Finance lease liabilities

Finance lease liabilities	31 Dec 2015	
	Minimum payments	Present value of minimum payments
Within 1 year	1 203	1 002
Within 1 to 5 years	1 806	1 683
Within more than 5 years	-	-
Total	**3 009**	**2 685**

(amounts in PLN 000s, unless otherwise stated)

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**

b) Operating leasing

Did not occur during the reporting period or comparative period.

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

2015

Asset	Term of agreement	As at 31 Dec 2015	As at 31 Dec 2016	1 to 5 years	Over 5 years
		Minimum annual payment			
Property	specified	90 715	95 224	380 191	474 920
	unspecified	2 326	2 526	10 104	12 630
Technical equipment and machinery	specified	28	167	-	-
	unspecified	97	101	404	505
Means of transport	specified	7 024	6 970	15 054	-
	unspecified	-	-	-	-
Other property, plant and equipment	specified	-	-	-	-
	unspecified	-	-	-	-

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

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.

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 2015.

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

In 2015, Emperia Holding S.A. did not execute any significant transactions with related parties other than transactions in the ordinary course of business on market terms and those connected with capital increases or capital contributions at subsidiaries.

All intra-group mergers in 2015 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).

10.3.46 Average employment

Item	Average employment in 2015 (staff count)		
	Total	White collar workers	Blue collar workers
Emperia Holding S.A.	63	62	1
Stokrotka Sp. z o.o.	7 367	1 690	5 677
Infinite Sp. z o.o.	174	173	1
TOTAL	**7 604**	**1 925**	**5 679**

Other Group companies did not employ any staff in 2015.

Item	Average employment in 2014 (staff count)		
	Total	White collar workers	Blue collar workers
Emperia Holding S.A.	64	64	-
Stokrotka Sp. z o.o.	7 241	1 522	5 719
Infinite Sp. z o.o.	164	163	1
TOTAL	**7 469**	**1 749**	**5 720**

Other Group companies did not employ any staff in 2014.

(amounts in PLN 000s, unless otherwise stated)

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 2015 (cash basis):

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

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

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

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

Management Options Programme II 2010-2012

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

Key programme documents:

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

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

The bonds will be issued in three tranches. Under each of the tranches, the following quantities of bonds may be purchased by authorised persons: (i) 150 000 bonds with rights to 150 000 shares under the 1st tranche, (ii) 150

000 bonds with rights to 150 000 shares under the 2nd tranche, (iii) 150 000 bonds with rights to 150 000 shares under the 3rd tranche,
The options programme will be implemented on the following dates: (i) 1st tranche - from 1 July 2014 to 30 June 2018, (ii) 2nd tranche - from 1 July 2015 to 30 June 2019, (iii) 3rd tranche - from 1 July 2016 to 30 June 2020.

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

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

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

Financial Target: consolidated diluted net earnings per share of PLN 5.62 in 2010, PLN 6.75 in 2011 and PLN 8.10 in 2012. If the Financial Target is achieved in 100%, then 100% of the options will be granted. If the Financial Target is met only in 80% or less, then no options will be awarded.
Market Target: total return on investment in Emperia shares not lower than WIG.
- authorised persons must be continually employed between the date on which they are entered onto the list of authorised persons and 31 December of 2010, 2011 and 2012, depending on the tranche;

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

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

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

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

(amounts in PLN 000s, unless otherwise stated)

Incentive Programme. Each of the Bonds entitles the Bondholder to subscribe for one ordinary bearer share series P, with pre-emptive rights for the Company's shareholders. The issue price for Series P Shares, calculated as at the date of the Bond issue, was PLN 24.82, and PLN 24.40 from 1 July 2015. A change in the issue price may take place each year after the Company's pays out a dividend. The pre-emptive right to subscribe for and acquire Series P shares is available to Authorised Persons during the period from 1 July 2014 to 30 June 2018.
In 2015, participants of the Management Options Programme redeemed 4 776 series A bonds and subscribed for 4 776 series P shares.
At 31 December 2015, 1 384 bonds were still not redeemed.

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

In 2015, in connection with the Management Options Programme II 2010-2012 - tranche for 2010, the Company issued 44 068 registered bonds series A with priority rights to the Issuer's series P shares. The per-bond issue price was PLN 0.01. The issue of Bonds was carried out by sending a proposal to purchase bonds by Millennium DM S.A., based in Warsaw, acting as trustee. The Trustee sold Bonds only to the Authorised Persons participating in the Incentive Programme. Each of the Bonds entitles the Bondholder to subscribe for one ordinary bearer share series P, with pre-emptive rights for the Company's shareholders. The issue price for Series P Shares, calculated as at the date of the Bond issue, is PLN 24.40. A change in the issue price may take place each year after the Company's pays out a dividend. The pre-emptive right to subscribe for and acquire Series P shares is available to Authorised Persons during the period from 1 July 2014 to 30 June 2018.
In 2015, participants of the Management Options Programme redeemed 43 474 series A bonds and subscribed for 43 474 series P shares.
At 31 December 2015, 594 bonds were still not redeemed.

Remuneration of Emperia Holding S.A. Supervisory Board members in 2015:

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

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

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 2015, 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 0.13% of the Group's revenue in 2015). 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 2015, 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	2015 fair value	2015 book value	Classification of financial instruments as per IAS 39 (book value)						Other (book value)
			Carried at fair value through profit or loss		Carried at fair value with changes in equity		Carried at amortised cost		
			Designated at initial recognition	Held for trading	Available for sale	Hedge accounting	Loans and receivables	Held to maturity	
Financial assets									
Shares	37	37	-	-	37	-	-	-	
Loans	1 615	1 615	-	-	-	-	1 615	-	
Non-current	1 615	1 615	-	-	-	-	1 615	-	
short-term	-	-	-	-	-	-	-	-	
Non-current collateral and other receivables	6 313	6 313	-	-	-	-	6 313	-	
Trade receivables	45 774	45 774	-	-	-	-	45 774	-	
Receivables not mentioned above, constituting financial assets	12 105	12 105	-	-	-	-	12 105	-	-
Short-term securities	11 138	11 138	-	-	11 138	-	-	-	-
Debt instruments	-	-	-	-	-	-	-	-	
Cash and cash equivalents	103 795	103 795	-	-	-	-	-	-	103 795

Financial liabilities by balance sheet item	2015 fair value	2015 book value	Classification of financial instruments as per IAS 39 (book value)					Other (book value)	
			Carried at fair value through profit or loss		Carried at amortised cost	Carried at fair value with changes in equity			
			Designated at initial recognition	Held for trading		Hedge accounting			
Financial liabilities									
Credit facilities	-	-	-	-	-	-	-	-	-
Non-current	-	-	-	-	-	-	-	-	-
short-term	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-
Non-current *short-term*	-	-	-	-	-	-	-	-	-
Finance leasing	2 646	2 646	-	-	2 646	-	-	-	-
Long-term	1 658	1 658	-	-	1 658	-	-	-	-
Short-term	988	988	-	-	988	-	-	-	-
Non-current collateral and other liabilities	3 357	3 357	-	-	3 357	-	-	-	-
Debt instruments	-	-	-	-	-	-	-	-	-
Measurement of other instruments - derivatives	-	-	-	-	-	-	-	-	-
Trade payables	323 128	323 128	-	-	323 128	-	-	-	-
Non-financial liabilities other than those above	28 444	28 444	-	-	28 444	-	-	-	-

(amounts in PLN 000s, unless otherwise stated)

Classification of financial instruments as per IAS 39

Financial assets by balance sheet item	2014 fair value	2014 book value	Classification of financial instruments as per IAS 39 (book value)						Other (book value)
			Carried at fair value through profit or loss		Carried at fair value with changes in equity		Carried at amortised cost		
			Designated at initial recognition	Held for trading	Available for sale	Hedge accounting	Loans and receivables	Held to maturity	
Financial assets									
Shares	92	92	-	-	92	-	-	-	
Loans	-	-	-	-	-	-	-	-	
Non-current	-	-	-	-	-	-	-	-	
short-term	-	-	-	-	-	-	-	-	
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	2014 book value	Classification of financial instruments as per IAS 39 (book value)					Other (book value)	
			Carried at fair value through profit or loss		Carried at amortised cost	Carried at fair value with changes in equity			
			Designated at initial recognition	Held for trading		Hedge accounting			
Financial liabilities									
Credit facilities	-	-	-	-	-	-	-	-	-
Non-current	-	-	-	-	-	-	-	-	-
short-term	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-
Non-current *short-term*	-	-	-	-	-	-	-	-	-
Finance leasing	3 550	3 550	-	-	3 550	-	-	-	-
Long-term	2 647	2 647	-	-	2 647	-	-	-	-
Short-term	903	903	-	-	903	-	-	-	-
Non-current collateral and other liabilities	1 050	1 050	-	-	1 050	-	-	-	-
Debt instruments	-	-	-	-	-	-	-	-	-
Measurement of other instruments - derivatives	-	-	-	-	-	-	-	-	-
Trade payables	249 050	249 050	-	-	249 050	-	-	-	-
Non-financial liabilities other than those above	24 049	24 049	-	-	24 049	-	-	-	-

(amounts in PLN 000s, unless otherwise stated)

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

Period	Nominal value Receivables	Receivables not overdue, not	Receivables overdue but not impaired up to 1 month	Receivables overdue but not impaired 1 - 3 months	Receivables overdue but not impaired 3 - 6 months	Receivables overdue but not impaired 6 months - 1 year	Receivables overdue but not impaired over 1 year
2015	45 774	37 275	5 163	654	566	2 116	-
2014	29 265	23 520	3 901	971	624	249	-

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

Impairment of receivables due to credit losses

Impairment of receivables due to credit losses	31 Dec 2015	31 Dec 2014
As at the beginning of period	(9 794)	(9 944)
Increases (resulting from acquisitions)	(3 376)	(2 630)
Reversal	1 358	1 160
Derecognised from the statement of profit and loss*	1 070	1 620
As at the end of period	**(10 742)**	**(9 794)**

* 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)

Ageing structure of financial liabilities

Item	Total liabilities	Liabilities due in:		
		Up to 1 year	1 - 3 years	Over 3 years
2015				
Credit facilities	-	-	-	-
Loans	-	-	-	-
Finance leasing	2 646	988	1 658	-
Non-current collateral and other liabilities	3 357	119	368	2 870
Debt instruments	-	-	-	-
Trade payables	323 128	322 700	429	-
Financial liabilities other than the above	28 444	28 444	-	-
2014				
Credit facilities	-	-	-	-
Loans	-	-	-	-
Finance leasing	3 550	903	2 647	-
Non-current collateral and other liabilities	1 050	517	28	472
Debt instruments	-	-	-	-
Trade payables	249 050	248 856	194	-
Financial liabilities other than the above	24 049	24 049	-	-

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

Period	Total liabilities	Liabilities not overdue	Liabilities Overdue Due in up to 1 month	Liabilities Overdue Due in 1 - 3 months	Liabilities Overdue Due in 3 - 6 months	Liabilities Overdue Due in 6 months - 1 year	Liabilities Overdue Due in over 1 year
2015	323 128	246 230	73 589	2 024	709	148	429
2014	249 050	181 143	66 309	670	580	154	194

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

(amounts in PLN 000s, unless otherwise stated)

Sensitivity analysis

Interest rate risk - 1 January 2015 - 31 December 2015

Financial instruments by balance sheet items	Book value of financial instruments	Effect on financial result before tax (1% increase)	Effect on equity (assets available for sale) (1% increase)	Effect on financial result before tax (1% decrease)	Effect on equity (assets available for sale) (1% decrease)
Financial assets					
Shares	37	-		-	
Loans	1 615	0		0	
Non-current	1 615	0		0	
short-term	-	-		-	
Non-current collateral and other receivables	6 313				
Trade receivables	45 774	2		(2)	
Receivables not mentioned above, constituting financial assets	12 105	-		-	
Short-term securities	11 138	-		-	
Debt instruments	-	-		-	
Cash and cash equivalents	103 795	6		(6)	
cash on hand	10 558	-		-	
cash at bank accounts	83 201	6		(6)	
other cash instruments	10 036	-		-	
other cash assets	-	-		-	
Financial liabilities					
Credit facilities	-	-		-	
Non-current	-	-		-	
short-term	-	-		-	
Loans	-	-		-	
Non-current	-	-		-	
Finance leasing	2 646	(2)		2	
Long-term	1 658	-		-	
Short-term	988	-		-	
Non-current collateral and other liabilities	3 357	-		-	
Debt instruments	-	-		-	
Trade payables	323 128	(12)		12	
Financial liabilities other than the above	28 444	-		-	
Total		**(6)**		**6**	

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 2015.

(amounts in PLN 000s, unless otherwise stated)

Interest rate risk - 1 January 2014 - 31 December 2014

Financial instruments by balance sheet items	Book value of financial instruments	Effect on financial result before tax (1% increase)	Effect on equity (assets available for sale) (1% increase)	Effect on financial result before tax (1% decrease)	Effect on equity (assets available for sale) (1% decrease)
Financial assets					
Shares	92	-		-	
Loans	-	-		-	
Non-current	-	-		-	
short-term	-	-		-	
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	-	-		-	
short-term	-	-		-	
Loans	-	-		-	
Non-current	-	-		-	
Finance leasing	3 550	(3)		3	
Long-term	2 647	-		-	
Short-term	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)

Profit or loss, by category of instrument

Interest income	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014
Bank deposits	582	1 585
Debt instruments	-	-
Loans issued	19	-
Trade receivables	169	328
Financial receivables other than mentioned above	-	-
Total	**770**	**1 913**

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

Interest costs	01.01.2015 – 31.12.2015	1 January - 31 December 2014
Short- and long-term credit facilities	-	-
Loans received	-	-
Finance leasing	(244)	(325)
Debt instruments	(94)	-
Trade payables	(1 187)	(55)
Financial liabilities other than the above	-	(19)
Total	**(1 525)**	**(399)**

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.

	31.12.2015	31.12.2014
Equity	594 904	606 999
Intangible assets	4 635	3 487
Equity, less intangible assets	590 269	603 512
Balance sheet total	1 017 258	952 228
Equity ratio	**0.58**	**0.63**

	31.12.2015	31.12.2014
Operating profit	54 093	39 289
Depreciation / amortisation	44 503	44 020
EBITDA	98 596	83 309
Credit facilities, loans and other financing sources	2 646	3 550
Ratios: Credit facilities, loans and other financing sources / EBITDA	**0.03**	**0.04**

The Issuer was not subject to capital requirements in 2015 or 2014.

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

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

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

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

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

On 29 January 2015, Emperia Holding S.A.'s Management Board announced that it had adopted resolutions regarding amendment of Emperia Holding S.A.'s buyback programme by Elpro Development S.A., based in Lublin. Pursuant to the resolutions, the amount earmarked for own share purchases was increased to PLN 70 million, and the buyback period was extended until 31 December 2015.

On 28 April 2015, 2 031 547 of Emperia Holding's bought back shares were cancelled. Detailed information on this subject is presented in point 10.2.9 d)

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

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

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

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

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

c) 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. 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. 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 March 2015, subsidiaries Stokrotka Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A. and Elpro Development S.A. 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.

On 30 April 2015, subsidiaries Stokrotka Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A. and Elpro Development S.A. issued short-term bonds that were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 249.9 million.

On 29 May 2015, subsidiaries Stokrotka Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A. and Elpro Development S.A. issued short-term bonds maturing on 26 June

2015, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 241.4 million.

On 26 June 2015, subsidiaries Stokrotka Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A. and Elpro Development S.A. issued short-term bonds that were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 243.8 million.

On 7 August, subsidiaries Stokrotka Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A. and Elpro Development S.A. issued short-term bonds that were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 257.5 million.

On 11 September 2015, subsidiaries Stokrotka Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A. and Elpro Development S.A. issued short-term bonds that were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 257.5 million.

On 23 October 2015, subsidiaries Stokrotka Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A. and Elpro Development S.A. issued short-term bonds, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 95.5 million.

On 12 November 2015, subsidiaries Stokrotka Sp. z o.o. and Elpro Ekon Sp. z o.o. S.K.A. issued short-term bonds maturing on 30 December 2015, which were acquired by P3 Ekon Sp. z o.o. S.K.A. The total par value of the issued bonds was PLN 68.5 million.
Moreover, on 12 November 2015 subsidiaries Stokrotka Sp. z o.o. and Elpro Ekon Sp. z o.o. S.K.A. completed early redemption of all of the bonds issued on 23 October 2015 and purchased by Emperia Holding S.A., with total par value of PLN 68.5 million. On that same day, subsidiary Elpro Development S.A. redeemed early some of the bonds issued on 11 September 2015, purchased by P3 Ekon Sp. z o.o. S.K.A. and Infinite Sp. z o.o. - par value of the bought back portion was PLN 78 million.

On 30 December 2015, subsidiaries Stokrotka Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A. and Elpro Development S.A. issued short-term bonds, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 198 million.

d) 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. had 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.

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

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

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

On 30 April 2015, the Management Board of Emperia Holding S.A. announced that it had received notification from ALTUS TFI S.A. ("ALTUS") that, as a result of settlement of a share sale transaction on the regulated market, ALTUS 29 FIZ, managed by ALTUS, decreased its stake in the total number of votes in Emperia Holding S.A. The change in the stake in total votes resulted from settlement on 28 April 2015 of a regulated-market sale of 90 000 shares of the Company.
Following the settlement of the above transaction, ALTUS 29 FIZ, managed by ALTUS TFI S.A., held 1 487 262 shares of the Company, which constituted 11.27% in the Company's total number of votes and share

capital. ALTUS's other funds do not hold any shares in the Company.

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

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

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

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

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

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

j) Negotiations regarding trade cooperation between Polomarket and Stokrotka

On 5 May 2015, the Management Board of Emperia Holding S.A. announced that subsidiary Stokrotka Sp. z o.o. and Polomarket Sp. z o.o. executed on 4 May 2015 a memorandum of understanding with regard to commencing trade cooperation by establishing Polskie Supermarkety Sp. z o.o., which will include a trade division responsible for coordinating product procurement policies of both of the chains, developing a joint own-name brand and organising direct imports of selected products.

On 7 July 2015, the Management Board of Emperia Holding S.A. announced that the Office for Competition and Consumer Protection (UOKiK) had issued approval for subsidiary Stokrotka Sp. z o.o. and Polomarket Sp. z o.o. to establish a joint venture under the name Polskie Supermarkety Sp. z o.o.

On 28 August 2015, the Management Board of Emperia Holding S.A. announced that the management board of subsidiary Stokrotka Sp. z o.o. had made a decision to terminate the memorandum executed on 4 May 2015. In the course of negotiations pertaining to the business model, the parties were not able to work out a mutually satisfactory solution.
Terminating the memorandum will not have an impact on Stokrotka's growth strategy. The company continues to improve its supermarket and market models, focusing on both organic growth and mergers and acquisitions.

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

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

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

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

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

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

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

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

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

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

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

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

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

On 28 August 2015, the Management Board of Emperia Holding S.A. received notification from NN Investment Partners TFI S.A. ("NN") that the stake in Emperia Holding S.A. held by all the funds managed by NN had decreased to less than 5% of votes at the General Meeting of Emperia Holding S.A. The reason for this decrease in the total number of votes at the General Meeting of Emperia Holding S.A. was the sale on 25 August 2015 of the company's share by NN Parasol FIO.

Prior to the change in stake, funds managed by NN held a total of 700 931 shares of Emperia Holding S.A., which constituted 5.31% of the Company's share capital and entitled to 700 931 (5.31%) votes at the General Meeting of Emperia Holding S.A.

Following the change in stake, funds managed by NN held a total of 656 907 shares of Emperia Holding S.A., which constituted 4.98% of the Company's share capital and entitled to 656 907 (4.98%) votes at the General Meeting of Emperia Holding S.A.

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

On 9 September 2015, the Management Board of Emperia Holding S.A. announced that it received notification from a person on Emperia Holding S.A.'s Management Board regarding registration in his securities accounts of a total of 180 shares of Emperia

Holding S.A., series P, purchased under the Management Options Programme. The shares were purchased for PLN 24.40 each.

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

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

On 9 September 2015, the Management Board of Emperia Holding S.A. announced that it received notification from a person on Emperia Holding S.A.'s Supervisory Board regarding registration in his securities accounts of a total of 4 494 shares of Emperia Holding S.A., series P, purchased under the Management Options Programme. The shares were purchased for PLN 24.40 each.

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

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

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

r) Purchase of shares in Emperia Holding S.A. from subsidiary Elpro Development S.A.

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

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

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

t) Transactions by persons having access to confidential information

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

10.3.54 Significant events after the end of the reporting period

a) Buy-back programme at Emperia Holding S.A. carried out by subsidiary Elpro Development S.A

Pursuant to an authorisation under resolutions 3 and 4 of Emperia Holding S.A.'s Extraordinary General Meeting of 11 October 2012, subsidiary Elpro Development S.A. during 2016 purchased, in block transactions, 179 679 shares of Emperia Holding S.A. for cancellation. At the date on which these financial statements were published, Elpro Development S.A. and the Issuer held a total of 247 336 shares in the Issuer, entitling to 247 336 (2.004%) votes at the Issuer's general meeting and constituting 2.004% of the Issuer's share capital.

On 30 March 2016, the Management Board of Emperia Holding S.A. passed a resolution to extend the "Buy-back programme at Emperia Holding carried out by Elpro Development S.A. in Lublin (formerly P1 Sp. z o.o.)" to 30 September 2016 and to increase the amount earmarked for share purchases under the programme to PLN 110 000 000.

On 31 March 2016, 900 291 own shares held by Emperia Holding S.A. were cancelled. Details on this subject are presented in point 10.2.9 d)

b) Intra-group bond issuance

On 4 January 2016, subsidiaries Stokrotka Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A. and Elpro Development S.A. issued short-term bonds, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 198.5 million.

On 29 January 2016, subsidiaries Stokrotka Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A. and Elpro Development S.A. issued short-term bonds, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 68.5 million.

On 4 March 2016, subsidiaries Stokrotka Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A. and Elpro Development S.A. issued short-term bonds, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 78.5 million.
On 25 March 2016, subsidiaries Stokrotka Sp. z o.o. and Elpro Development S.A. issued short-term bonds, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 141.5 million.

On 31 March 2016, subsidiaries Stokrotka Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A. and Elpro Development S.A. issued short-term bonds, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 63.5 million.

c) Tax probe by Treasury Control Office

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

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

An Extraordinary General Meeting of Emperia Holding S.A. was held on 5 April 2016. The subject of the EGM was a resolution on amendment of the Company's articles of association as regards change of the Company's registered office. The parent's registered office is located in Warsaw, ul. Puławska 2, building B (the registered office address was changed on 15 April 2016).

Warsaw, April 2016

Signatures of all Management Board members:

2016-04-25 Dariusz Kalinowski President of the Management Board

....
Signature

2016-04-25 Cezary Baran Vice-President of the Management Board, Finance Director

....
Signature

Signatures of persons responsible for book-keeping

2016-04-25 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	2015	2014	%
Revenue from sales	2 094 640	1 978 010	5.9%
EBITDA	98 596	83 309	18.3%
Operating profit (loss)	54 093	39 289	37.7%
Profit (loss) before tax	53 511	40 564	31.9%
Profit for the period	48 356	30 501	58.5%

All business segments delivered satisfactory results in 2015, in line with management expectations, and achieved their growth plans. The dynamically developing retail segment deserves particular attention, with record 80 new Stokrotka stores opened (53 own stores and 27 franchise).

Revenue in 2015 went up by 5.9% from the same period last year, to PLN 2 094 640 000. Revenue growth in 2015 largely resulted from stronger sales in the retail segment.

Net profit in 2015 was PLN 48 356 000, compared with PLN 30 501 000 in 2014, up 58.5% y/y. The Group's significantly higher net profit generated so far in 2015 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 2015, the Group generated PLN 509 000 in gross loss on financing activities, compared with gross profit of PLN 1 275 000 in 2014,
- In 2015, the property segment generated PLN 8 189 000 in gross result on property disposals, compared to PLN 5 002 000 in 2014,
- In 2015, the retail segment incurred one-off costs connected with store closures of PLN 1 429 000, versus PLN 2 411 000 in 2014,
- In 2015, the retail segment incurred costs connected with contractual penalties and compensation of PLN 3 519 000, compared to PLN 1 232 000 in 2014,
- Costs connected with launching new stores in FY2015 came to PLN 6 032 000 (53 own stores opened), versus PLN 1 798 000 in FY2014 (13 own stores opened),
- 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, Emperia Holding was awarded PLN 1 634 000 in a court dispute with Ernst & Young Sp. z o.o.
- 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 1 033 000,
- In 2014, the retail segment recognised a PLN 800 000 provision for renovation of freezers,
- In 2014, the property segment executed free-of-charge transfer of land and infrastructure worth PLN 1 378 000.

(amounts in PLN 000s, unless otherwise stated)

Balance sheet dynamics

	31 Dec 2015	% share in the balance sheet	31 Dec 2014	% share in the balance sheet	2015/2014 change
Non-current assets	**624 116**	**61.4%**	**579 119**	**60.8%**	**7.8%**
Property, plant and equipment	522 956	51.4%	495 910	52.1%	5.5%
Investment properties	-				
Intangible assets	4 635	0.5%	3 487	0.4%	32.9%
Goodwill	52 044	5.1%	52 044	5.5%	0.0%
Interests in equity-accounted entities	-	-	-	-	-
Financial assets	37	0.0%	92	0.0%	-59.8%
Non-current loans	1 615	0.2%	-	-	-
Non-current receivables	6 313	0.6%	5 206	0.5%	21.3%
Deferred income tax assets	22 009	2.2%	18 272	1.9%	20.5%
Other non-current prepayments	14 507	1.4%	4 108	0.4%	253.1%
Non-current assets classified as held-for-sale	-	-	-	-	-
Current assets	**393 142**	**38.6%**	**373 109**	**39.2%**	**5.4%**
Inventories	199 035	19.6%	165 104	17.3%	20.6%
Receivables	71 248	7.0%	45 254	4.8%	57.4%
Income tax receivables	1 332	0.1%	1 218	0.1%	9.4%
Short-term securities	11 138	1.1%	30 764	3.2%	-63.8%
Prepayments	4 730	0.5%	4 041	0.4%	17.1%
Cash and cash equivalents	103 795	10.2%	114 435	12.0%	-9.3%
Other financial assets	1 864	0.2%	-	-	-
Current assets classified as held-for-sale	-	-	12 293	1.3%	-
Total assets	**1 017 258**	**100%**	**952 228**	**100%**	**6.8%**
Equity	**594 904**	**58.5%**	**606 999**	**63.7%**	**-2.0%**
Share capital	13 235	1.3%	15 180	1.6%	-12.8%
Share premium	471 424	46.3%	551 988	58.0%	-14.6%
Supplementary capital	97 558	9.6%	100 084	10.5%	-2.5%
Management options provision	2 588	0.3%	5 206	0.5%	-50.3%
Reserve capital	47 661	4.7%	110 593	11.6%	-56.9%
Buy-back provision	-	-	-	-	-
Own shares	(57 487)	-5.7%	(164 553)	-17.3%	-65.1%
Retained earnings	19 925	2.0%	(11 499)	-1.2%	-273.3%
Total equity attributable to owners of the parent	**594 904**	**58.5%**	**606 999**	**63.7%**	**-2.0%**
Non-controlling interests	-	-	-	-	-
Total non-current liabilities	**24 112**	**2.4%**	**26 220**	**2.8%**	**-8.0%**
Credit facilities, loans and debt instruments	1 658	0.2%	2 647	0.3%	-37.4%
Non-current liabilities	3 357	0.3%	1 050	0.1%	219.7%
Provisions	14 600	1.4%	19 842	2.1%	-26.4%
Deferred income tax provision	4 497	0.4%	2 681	0.3%	67.7%
Total current liabilities	**398 242**	**39.1%**	**319 009**	**33.5%**	**24.8%**
Credit facilities, loans and debt instruments	988	0.1%	903	0.1%	9.4%
Current liabilities	369 419	36.3%	293 901	30.9%	25.7%
Income tax liabilities	426	0.0%	3 152	0.3%	-86.5%
Provisions	18 626	1.8%	15 551	1.6%	19.8%
Deferred revenue	8 783	0.9%	5 502	0.6%	59.6%
Liabilities assigned to assets classified as held-for-sale	-	-	-	-	-
Total equity and liabilities	**1 017 258**	**100%**	**952 228**	**100%**	**6.8%**

(amounts in PLN 000s, unless otherwise stated)

Operational performance and ability to meet liabilities

Item	2015	2014
Return on invested capital *(profit for the period / equity at the end of the period) in %*	8.13%	5.02%
Return on assets *(profit for the period / assets at the end of the period) in %*	4.75%	3.20%
Sales margin *(profit from sales for the period / revenue from sales for the period) in %*	28.40%	28.43%
EBITDA margin *(EBITDA / revenue from sales for the period) in %*	4.71%	4.21%
Operating margin *(operating profit for the period / revenue from sales for the period) in %*	2.58%	1.99%
Gross margin *(profit before tax for the period / revenue from sales for the period) in %*	2.55%	2.05%
Net margin *(profit for the period / revenue from sales for the period) in %*	2.31%	1.54%

Turnover cycles for key components of working capital

Methodology	2015	2014
Inventory turnover days *(inventory / value of goods for resale and materials sold*365)*	49	43
Receivables turnover days *(current receivables / revenue from sales*365)*	12	8
Payables turnover days *([current liabilities - current borrowings] / value of goods for resale and materials sold*365)*	98	83
Asset productivity *(revenue from sales / total assets)*	2.1	2.1
Non-current asset productivity *(revenue from sales / non-current assets)*	3.4	3.4

In 2015, inventory turnover ratio increased by 6 days, receivables turnover by 4 days, while payables turnover increased by 15 days. Changes in the above turnover ratios resulted in an extension of the cash conversion cycle in 2015 by 5 days, but had no effect on asset turnover.

(amounts in PLN 000s, unless otherwise stated)

Retail segment

	2015	2014	%
Segment revenue	2 047 203	1 934 007	5.85%
Profit on sales	576 687	543 984	6.01%
EBITDA	42 180	28 950	45.70%
Operating result	9 361	(2 587)	-
Gross profit	6 241	(8 115)	-
Net segment result	**7 085**	**(10 900)**	**-**

Retail-segment revenue in 2015 was PLN 2 047 203 000, up 5.85% from 2014. The revenue growth largely resulted from a higher number of retail locations opened in 2015 (80 new stores opened in 2015: 53 own stores and 27 franchise, compared to 16 stores in 2014: 13 own stores and 3 franchise), as well as sales growth at other stores.

During 2015, the retail segment generated PLN 7 085 000 in net profit, compared with PLN 10 900 000 net loss in the comparative period.

One-off events having substantial impact on the retail segment:

- In 2015, the retail segment incurred one-off costs connected with store closures of PLN 1 429 000, versus PLN 2 411 000 in 2014,
- In 2015, the retail segment incurred costs connected with contractual penalties and compensation of PLN 3 519 000, compared to PLN 1 232 000 in 2014,
- Costs connected with launching new stores in FY2015 came to PLN 6 032 000 (53 own stores opened), versus PLN 1 798 000 in FY2014 (13 own stores opened),
- 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, Emperia Holding was awarded PLN 1 634 000 in a court dispute with Ernst & Young Sp. z o.o.
- 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 1 033 000,
- In 2014, the retail segment recognised a PLN 800 000 provision for renovation of freezers,

In 2015, Stokrotka Sp. z o.o. continued optimising its in-house logistics system. Logistics performance has been improving from quarter to quarter.

(amounts in PLN 000s, unless otherwise stated)

Key information on logistics performance:

	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014 */	Q1 2015	Q2 2015	Q3 2015	Q4 2015
Total Stokrotka store deliveries during the period	352 878	406 919	374 197	388 154	386 554	403 626	371 832	381 262	403 303	472 686
Stokrotka store deliveries using in-house logistics during the period	165 010	276 759	296 490	326 974	321 745	332 915	311 708	313 165	333 511	393 082
% 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%**	**83.83%**	**82.14%**	**82.69%**	**83.16%**
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	317 019	320 902	344 949	409 756
Logistics costs* **	15 219	20 384	19 411	20 296	20 550	23 640	21 621	22 527	23 996	25 609
Logistics revenue	3	35	119	236	420	1 978	2 559	3 752	3 924	3 808
Net logistics costs	15 216	20 349	19 292	20 060	20 130	21 662	19 062	18 775	20 072	21 801
including: - cost of warehouse maintenance	1 983	2 363	2 293	2 601	2 545	2 626	2 726	2 657	2 611	2 678
- cost of product handling logistics	6 104	8 057	8 128	8 726	8 493	9 818	8 084	7 778	8 373	9 332
- cost of transport	6 820	9 544	8 687	8 555	8 886	9 011	8 086	8 145	8 921	9 707
- general costs	309	385	184	178	206	208	166	195	167	84
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%**	**6.01%**	**5.85%**	**5.82%**	**5.32%**
Revenue from sales	473 018	470 774	468 347	489 368	473 248	500 409	471 718	484 261	508 081	580 790
Cost of sales	356 732	350 568	336 406	349 114	343 674	360 829	337 017	344 306	367 021	422 173
Gross sales margin	116 286	120 206	131 941	140 254	129 574	139 580	134 701	139 955	141 060	158 617
Gross sales margin (in %) (result on sales / revenue from sales)	24.58%	25.53%	28.17%	28.66%	27.38%	27.89%	28.56%	28.90%	27.76%	27.31%

*/ without taking into consideration one-off logistics costs incurred in Q4 2014.

**/ reallocation of annual inventory costs for 2015 (increase in logistics costs by PLN 1 686 000)

Logistics cost ratio increased by 5.32% in Q4 2015 and was down 1.11% from the fourth quarter of the preceding year.

The Company will continue improving logistics effectiveness in subsequent periods through:
- improved productivity of logistics staff,
- allocation of overhead to a larger volume of distributed products,
- improved transport effectiveness,
- limiting product losses,
- launching a 6 000 sqm distribution centre in Lublin in January 2016,

Gross sales margin from the moment implementation of in-house logistics began significantly improved, reaching 27.31% in Q4 2015.

(amounts in PLN 000s, unless otherwise stated)

Cash conversion cycle in the retail segment

	2015	2014
Inventory turnover days *(inventory / value of goods for resale and materials sold*365)*	49.4	43.3
Receivables turnover days *(trade receivables / revenue from sales*365)*	6.7	4.2
Payables turnover days *(trade payables / value of goods for resale and materials sold*365)*	80.0	65.2
Cash conversion cycle *(difference between inventory turnover cycle and receivables collection cycle vs. payables turnover cycle)*	-23.9	-17.7

Stokrotka retail chain

	2015	2014
Number of stores at the beginning of period	**252**	**211**
- stores opened	80	16
- stores shut-down*/	5	11
- stores acquired by Stokrotka through the merger of retail companies		36
Number of stores at the end of period, including:	**327**	**252**
- own supermarkets	241	221
- own markets	56	28
- franchise stores	30	3
Average total store surface - stores opened (in sqm)	476	577
Capex on own stores opened	36 507	12 040

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

As at the end of 2015, the Stokrotka retail segment comprised 327 retail stores, vs. 252 at the end of 2014. In 2015, Stokrotka opened 80 stores (53 own stores and 27 franchise stores), and closed 5 stores.

The management plans to maintain the Stokrotka chain's rapid expansion and expects to add 100 new stores in 2016: 20 supermarkets, 30 markets and 50 franchise stores.

(amounts in PLN 000s, unless otherwise stated)

Stokrotka store results (on a like-for-like basis)

	2015	2014
Revenue from product sales	1 746.2	1 808.3
Store operating costs	401.1	419.3
Operating costs as % of revenue	*23.0%*	*23.2%*
EBITDA	115.4	91.2
% EBITDA	*6.6%*	*5.0%*

Data - 232 Stokrotka stores operating at the end of 2013

Central-management and marketing costs at Stokrotka

	2015	2014
central management costs as % of revenue from sales	*2.2%*	*2.4%*
marketing costs as % of revenue from sales	*1.0%*	*1.1%*

Central management segment

	2015	2014	%
Segment revenue	1 538	1 317	16.78%
EBITDA	(1 771)	(1 815)	-
Operating result	(2 297)	(2 846)	-
Gross profit	9 531	11 425	-16.58%
Net segment result	9 406	10 418	**-9.71%**

The central management segment does not contribute significant value to the Group's consolidated financial statements. The segment's economic significance is currently low.

The key item in this segment's results - in both reporting periods - constituted dividend income and other income from cash flows. Dividend income in 2015 amounted to PLN 9 000 000, compared to PLN 7 566 000 in 2014. Cash-related income in 2015 amounted to PLN 2 828 000, compared to PLN 6 512 000 in 2014. In addition, the 2014 result was substantially impacted by the PLN 1 827 000 in amounts awarded in a court dispute with E&Y.

(amounts in PLN 000s, unless otherwise stated)

Property segment

	2015	2014	%
Segment revenue	70 920	70 723	0.28%
EBITDA	49 765	43 861	13.46%
Operating result	37 918	31 701	19.61%
Gross profit	39 784	37 295	6.67%
Net segment result	**35 506**	**32 888**	**7.96%**

The property segment generated PLN 70 920 000 in revenue from sales in 2015, up 0.28% from the preceding year.
The segment's net profit in 2015 came to PLN 35 506 000, up 7.96% from the comparative period.

The segment's results in 2015 were significantly impacted by property disposal transactions. In 2015, the property segment generated PLN 8 189 000 in gross result on property disposals, compared to PLN 5 002 000 in 2014. Furthermore in 2014, the property segment executed free-of-charge transfer of land and infrastructure worth PLN 1 378 000.

	2015	2014
Number of properties at the end of period	91	92
including: properties in progress	5	7
operating properties	86	85
including: retail properties	80	79
other properties	6	6
average monthly net operating income from leasable facilities*	**3 544**	**3 567**
including: retail properties	**3 236**	**3 282**
leasable area of retail facilities (sqm)	87 030	91 497
including: related tenants	54 293	56 026
other tenants	32 736	35 471
average lease rate (PLN per sqm)	41.9	42.0
including: related tenants	43.4	43.2
other tenants	39.4	40.0

* 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

	2015	2014	%
Segment revenue	38 111	34 940	9.08%
EBITDA	8 977	12 309	-27.07%
Operating result	7 996	11 144	-28.25%
Gross profit	8 317	11 558	-28.04%
Net segment result	**6 676**	**9 329**	**-28.44%**

	2015	2014	%
Revenue from sale of services	28 183	27 415	2.80%
including: external	*19 869*	*18 715*	*6.17%*
Revenue from sale of goods and materials	9 928	7 525	31.95%
including: external	*4 955*	*2 684*	*84.61%*
Total revenue	38 111	34 940	9.08%
including: external	*24 824*	*21 399*	*16.01%*

IT-segment revenue was up 9.08% on the comparative period. This resulted from stronger product sales in 2015. In 2015, external revenue constituted 65.13% of total segment revenue, while in 2014 it accounted for 61.24%.

The segment's net profit for FY2015 was PLN 6 680 000, down 28.40% from 2014. The decline in profit in 2015 was the effect of: a higher share of product sales in revenue, which is lower-margin, as well as growth in costs in 2015, resulting from product-development activities.

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:
- further dynamic growth of the retail segment,
- sustainable development of the property segment,
- consolidation and expansion of the IT segment,

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

Growth strategy for the IT segment
- search for business partners for mergers and joint ventures,
- development of IT products - software for the retail industry,
- 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

<u>**External:**</u>

a) Domestic macroeconomic situation, as measured by indicators: GDP growth, unemployment rate, net household income, inflation/deflation
b) Changes in tax laws
c) Changes in the FMCG market
d) Growth in prices of products and services used by the Group, in particular fuel and electricity

e) Policies of financial institutions with regard to the financing of businesses and consumers (interest rates, loan margins, collateral)
f) Job market conditions and costs of employment
g) Conditions in the property market, in particular the development segment

Internal:

a) Business process optimisation (improved operating performance and higher management quality in all segments),
b) Streamlined structure of the property segment,
c) 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/deflation, 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.

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 conducts its retail activities through the Stokrotka chain, which consists of the following store formats: supermarkets, markets and franchise stores. At the end of 2015, Stokrotka comprised 297 own retail 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.
From 2013, Stokrotka's franchise business has been systematically expanding. At the end of 2015, Stokrotka's franchise chain comprised 297 retail locations.
The Stokrotka franchise package is an offering dedicated to franchisees and covers: a nationwide logistics network, fixed schedule for store deliveries, consistent and proven assortment policy, flexibility in developing regional assortment, wide own-brand product offering, marketing support for each store, nationwide and regional marketing activities aimed at building a consistent image for the Stokrotka brand, continuous support from client reps for each franchise location and assistance in on-going store management through proven operational solutions, help in preparing and carrying out the store opening, access to constantly improved standards in store fittings, marketing elements, competitive market analysis, customer service standards, proven and functional IT solutions dedicated to franchise

locations together with service available, training back office for personnel and franchisees.

The Group also manages a portfolio of properties and development projects intended for its own retail purposes as well as for rent.
In 2015, property management and investment activities were organised in a group of general partnerships, a foreign company and an investment fund.
The Group's property portfolio comprises 91 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. The largest tenant is subsidiary Stokrotka. 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.
Infinite's flagship systems and services

- Infinite EDI solutions for electronic document exchange between business partners all over the world, without time-consuming and error-prone paper-based transactions.
- Proprietary EPR (Enterprise Resource Planning) systems offered by Infinite facilitate management of key processes at both small and large businesses in retail and FMCG sectors.
- Infinite SFA is a solution supporting the handling of processes and tasks by mobile employees.
- The Infinite BI system, which belongs to the Business Intelligence software group, transforms data into business information.
- Infinite ECM is a group of solutions intended for management of documents coming in and out of the organisation.
- Infinite RCP allows companies to more effectively plan and record work time in accordance with the existing Labour Code regulations.
- Comprehensive package of IT services for business, covering: service and purchase of computer, network and accounting equipment from renowned manufacturers.

11.9 Sales markets

The retail segment's main customers are natural persons - customers of Stokrotka supermarkets and markets. Moreover, the segment's clients are legal entities operating Stokrotka franchise stores. Retail sales are either cash or card transactions. Within the franchise business, sales are based on trade credit.

The main client of property-segment services in the retail chain Stokrotka. Property-segment services provided to the retail segment constituted 68.0% of that segment's total revenue in 2015. 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 34.9% of the segment's 2015 revenue. Infinite Sp. z o.o.'s largest customer in 2015 was a Group company - Stokrotka Sp. z o.o. - whose share in the segment's overall revenue reached 31.6%. The remaining customers include FMCG production and retail companies, home and garden product providers and others. No single customer accounted for more than 24% of the segment's overall revenue in 2015. In 2015, 7.1% 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.

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: breads, meats and hams, fruits and vegetables. An insignificant portion of the segment's supplies comes from indirect import. 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. In 2015, the Group did not use investment credit.

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. (until 1 December 2015), and Liberty Seguros Compania de Seguros y Reaseguros S.A., branch in Poland (until 1 October 2015) as regards motor insurance.

11.11 Significant related-party transactions

At the date on which these financial statements were prepared, Emperia Holding S.A. did not have any unconsolidated related parties.

All intra-group mergers in 2015 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 2015, 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

The bond issues carried out by subsidiaries in 2015 are presented in note 10.3.25.

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 2015.

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 2016 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.

(amounts in PLN 000s, unless otherwise stated)

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:

	2015	2014
Proceeds from disposal of properties	15 775	13 460
Costs of disposal of properties	(16 318)	(11 577)
reversal of consolidation adjustments	8 732	3 119
gross result	8 189	5 002
current tax	(83)	(358)
deferred tax		(16)
Net result	**8 106**	**4 628**

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 2015.

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 is presented in point 10.3.19. According to the Issuer, none of the Management Board and Supervisory Board members held any shares in related parties.

(amounts in PLN 000s, unless otherwise stated)

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 2015 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 2015, the Group executed an agreement concerning audit and review of the 2015 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 2010-2014.

Fees for the entity authorised to audit financial statements	2015	2014
Review and audit of financial statements	152	135
Other assurance services	-	-
Other services	4	-
Total	**156**	**135**

11.24 Revenue and profit by operating segment

In 2015, 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. and the property segment carved out from 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 they are presented in the column "consolidation exclusions."

(amounts in PLN 000s, unless otherwise stated)

Emperia Group's operating segments in 2015:

	Retail	Property	Central management	IT	Consolidation exclusions	Total
Segment revenue	2 047 203	70 920	1 538	38 111	63 132	2 094 640
External revenue	2 047 049	22 663	104	24 823	(1)	2 094 640
Inter-segment revenue	154	48 257	1 434	13 288	63 133	
Total segment costs	(2 037 265)	(40 470)	(4 499)	(29 637)	(64 786)	(2 047 085)
Profit on sales	9 938	30 450	(2 961)	8 474	(1 654)	47 555
Result on other operating activities	(577)	7 468	664	(478)	539	6 538
Result on financing activities	(3 120)	1 866	11 828	321	11 477	(582)
Gross result	6 241	39 784	9 531	8 317	10 362	53 511
Tax	844	(4 278)	(125)	(1 641)	(45)	(5 155)
Share of the profit of equity-accounted entities	-	-	-	-	-	-
Net segment result	**7 085**	**35 506**	**9 406**	**6 676**	**10 317**	**48 356**

	Retail	Property	Central management	IT	Consolidation exclusions	Total
Segment assets / liabilities	525 406	1 251 261	453 689	19 755	1 232 853	1 017 258
Goodwill	39 200	12 844	-	-	-	52 044

	Retail	Property	Central management	IT	Consolidation exclusions	Total
Capital expenditures	(52 643)	(12 899)	-	(1 408)	(1 439)	(65 511)
Depreciation / amortisation	(32 819)	(11 847)	(526)	(981)	(1 670)	(44 503)

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 entities	-	-	-	-	-	-
Net segment result	**(10 900)**	**32 888**	**10 418**	**9 329**	**11 234**	**30 501**

(amounts in PLN 000s, unless otherwise stated)

	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)**

11.25 Capital expenditures

In 2015, the Group's capital expenditures totalled PLN 65 511 000, while in 2014 - PLN 63 976 000.
The Group did not incur any environmental protection costs in 2015 or 2014.
The Group's investments in 2015 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

Dariusz Kalinowski – President of the Management Board

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

Cezary Baran – Vice-President of the Management Board

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

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

Supervisory Board

Artur Kawa – Chairman of the Supervisory Board

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

Artur Laskowski – Member of the Supervisory Board

- Co-founder of BOS S.A. (acquired by Emperia Holding S.A.), long-term management board member of the Company

Michał Kowalczewski – Independent Member of the Supervisory Board

- PhD in economic sciences; graduate of Warsaw School of Economics (SGH) Finance and Statistics Department

Jarosław Wawerski – Member of the Supervisory Board

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

Aleksander Widera – Member of the Supervisory Board

- Higher education, graduate of the Finance and Banking faculty at the Warsaw School of Economics and post-graduate studies in management at the same university

The composition of Emperia Holding S.A.'s Supervisory Board was subject to the following changes in 2015:

- On 28 July 2015, the Management Board of Emperia Holding S.A. received the resignation of Andrzej Malec as member of the Supervisory Board of Emperia Holding S.A., effective from 25 August 2015.

- On 25 August 2015, an Ordinary General Meeting of Emperia Holding S.A. appointed Aleksander Widera to the Supervisory Board.

11.29 Paid out and proposed dividends

Detailed information about paid and proposed dividends from 2015 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.

This 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

Just like every year since 2011, a blood drive for all our employees is being held at the Group's central office. A special bus equipped with mobile blood drawing equipment is brought in for the occasion, and our employees are eager to donate blood right in our car park. The blood drives are a response to the Centre's appeal to replenish drastically low levels of blood stores which are essential to saving lives.

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

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 at 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.

Donation drive for animal shelter

Our company has decided to become involved in helping animals. In the central office around Christmas we collect food, blankets and towels for an animal shelter in Lublin. We wanted to raise our employees' awareness of the everyday problems faced by animal shelters in Poland. These are over-crowding and lack of sufficient funding to meet the animals' needs, particularly visible in the winter. The campaign met with very strong interest, thanks to which homeless animals from the Lublin area received a lot of gifts.

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 practical on-the-job know how,
- getting to know the Company - its standards and expectations towards future employees,
- internship as an important addition on the CV.

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?
Salary
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.

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.

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.

Facebook profile for students

With a view toward reaching a wide audience online, we have created a source of information and communications - the Facebook profile "Stokrotka- sprawdź nas w praktyce". We show our potential interns and employees the company life, not necessarily just the formal one. We want to encourage them to get interested in our business.

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.

Running team

We support our employees' passions and we help to foster them. At the same time, we want to promote our company. At the initiative of our most top running aficionados, the Stokrotka Team was established. It is supported by our company in terms of marketing and funding. We are proud of our employees.

Stokrotka Passions

Our employees are active not only at work. They partake in diverse, fascinating activities in their free time. We want to support such active behaviours because we believe that a happy employee is also full of passion in his or her professional life. Therefore, we have launched the Stokrotka Passions Programme which co-finances hobbies for our employees

11.31 Declaration on application of corporate governance principles in 2015

1. Indication of the corporate governance principles to which the Issuer was subject in 2015, together with the location where the text concerning such principles is publically available

In 2015, 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 on 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 2015, 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 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. 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 publicly 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 2015.

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.

(amounts in PLN 000s, unless otherwise stated)

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 2015

Shareholder	Number of shares	% in share capital	Number of votes	% of votes at general meeting
Ipopema TFI	1 458 583	11.02	1 458 583	11.89
Altus TFI	1 449 528	10.95	1 449 528	11.82
AXA OFE	977 481	7.38	977 481	7.97
Aviva OFE	834 991	6.31	834 991	6.81
NN OFE	755 713	5.71	755 713	6.16

As at 31 December 2015, Emperia Holding S.A. and subsidiary Elpro Development S.A. held a total of 967 876 own shares, constituting 7.313% of the Company's share capital.

As at 31 December 2015, the Issuer's share capital comprised 13 235 495 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 factual and legal actions as regards purchasing own shares for cancellation on the terms and conditions listed in Resolution 3 of the Extraordinary General Meeting of Emperia Holding S.A., based in Lublin, of 11 October 2012 regarding consent by the Company's General Meeting for purchase of own shares by Emperia Holding S.A. and its subsidiaries, and specification of rules for purchasing own shares, amended through Resolution 4 of the Extraordinary General Meeting of Emperia Holding S.A. of 26 November 2014 and Resolution 16 of the Extraordinary General Meeting of 27 May 2015. To this end, the Management Board is authorised to execute agreements 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;
- redeeming shares;
- 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;

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 2015, the Issuer's Management Board comprised as follows:
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 2015, the Issuer's Supervisory Board comprised as follows:

- from 01.01.2015 to 25.08.2015
Artur Kawa - Chairperson
Michał Kowalczewski - Deputy Chairperson
Artur Laskowski
Jarosław Wawerski
Andrzej Malec

- from 25.08.2015 to 31.12.2015
Artur Kawa - Chairperson
Michał Kowalczewski - Deputy Chairperson
Artur Laskowski
Jarosław Wawerski
Aleksander Widera

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 2015, 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

The Company's Management Board is authorised by the General Meeting, pursuant to Resolution 4 of the Extraordinary General Meeting of Emperia Holding S.A., based in Lublin, of 11 October 2012, amended through Resolution 5 of the Extraordinary General Meeting of Emperia Holding S.A. of 26 November 2014 and Resolution 17 of the Extraordinary General Meeting of 27 May 2015, to execute an agreement with a subsidiary concerning purchase of the Company's own shares by the subsidiary and subsequent sale of such shares to the Company for cancellation.

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.

Warsaw, April 2016

Signatures of all Management Board members:

2016-04-25 Dariusz Kalinowski President of the Management Board

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Signature

2016-04-25 Cezary Baran Vice-President of the Management Board, Finance Director

....
Signature

Signatures of persons responsible for book-keeping

2016-04-25 Elżbieta Świniarska Economic Director

....
Signature