Emperia Holding

CONDENSED INTERIN CONSOLIDATED FINANCIAL REPORT

SEMI-ANNUAL REPORT 2011

DRAWN UP ACCORDING TO
TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY THE EUROPEAN UNION
***(*ALL AMOUNTS IN THOUSANDS PLN**

LUBLIN, AUGUST 2011

TRANSLATORS' EXPLANATORY NOTE
The following document is a free translation of the 2011 Consolidated Semi-Annual Report of Emperia Holding S.A.
In the event of any discrepancy in interpreting the terminology, the Polish version is binding.

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Chairman's Letter

Lublin, 31 August 2011

Dear Shareholders

It is our pleasure to present our Group's Financial Statements for the first half of 2011. Again, we have been able to generate a satisfactory level of profit. We hope that the data included in the Financial Statements will not only expand your knowledge of the Emperia Group but will also provide you with insight into its operations.

Since on 9 August 2011 Eurocash S.A. failed to meet its obligations under the Investment Agreement, the Investment Agreement concluded with that company was rescinded with full approval of our Supervisory Board. We acted under the procedure and on the terms agreed by both parties under the agreement. Eurocash failed to close the deal by the agreed deadline, i.e. 15 July 2011, and did not pay for the interest in Tradis in the further period prescribed, as a result of which the legal title to the shares was not transferred. By the same token, the sale of the Tradis Group to Eurocash did not take effect, and the Investment Agreement is no longer binding. Further, we called upon Eurocash to pay lump-sum damages of PLN 200 million.

Taking that decision we had in mind your—our Shareholders'—interests as well as the interests of our business partners, and of the entire Group.

The unconcluded transaction will not become a stumbling block to the further rapid development of the Tradis Wholesale Group. Our objective is to become the leader of the Polish FMCG distribution, which we intend to achieve by means of organic growth and mergers and acquisitions. We are in talks with several companies that have expressed interest in joining strengths with our Group.

For some time now, we have been recording strong interest among investors in our retail business. Having regard to your—our Shareholders'—interests, we have commenced the auction process, in an attempt to ensure the maximum shareholder value. The process is aimed at attracting an investor to continue the development of Emperia's retail business. In our view, the value of the retail companies (excluding real property) is at the level of PLN 900 million, and if the transfer process is completed we expect to generate a price that is no less than that amount. The project has attracted both industry and financial investors. While several dozen companies have expressed their interest in the transaction, at least a dozen will be shortlisted.

As Chairman of Management Board and at the same time a shareholder of Emperia Holding S.A., I am convinced that the decisions that have been taken and the efforts currently under way will contribute to continued growth in the Emperia Group's shareholder value.

Artur Kawa

Chairman of the Management Board of Emperia Holding

1. Selected Financial Highlights

	SELECTED FINANCIAL HIGHLIGHTS (current year)	PLN		EURO	
		For period 01.01.2011 to 30.06.2011	For period 01.01.2010 to 30.06.2010	For period 01.01.2011 to 30.06.2011	For period 01.01.2010 to 30.06.2010
I.	Net revenues from sale of products, goods and materials	2 583 175	2 372 943	651 100	592 614
II.	Profit (loss) on operating activity	44 891	41 050	11 315	10 252
III.	Profit (loss) before tax	37 176	35 872	9 370	8 959
IV.	Profit on continuing operations	28 778	30 109	7 254	7 519
V.	Profit on discontinued operations	(496)	2 326	(125)	581
VI.	Profit (loss) for period	28 282	32 435	7 129	8 100
VII.	Net cash flows from operating activity	(33 060)	37 810	(8 333)	9 443
VIII.	Net cash flows from investing activity	(44 739)	(52 149)	(11 277)	(13 024)
IX.	Net cash flows from financing activity	87 045	35 131	21 940	8 774
X.	Total net cash flows	9 246	20 792	2 330	5 193
XI.	Total assets	2 030 803	1 916 069	509 407	483 819
XII.	Liabilities and provisions against liabilities	1 168 346	1 037 140	293 068	261 884
XIII.	Long-term liabilities	97 238	59 483	24 391	15 020
XIV.	Short-term liabilities	1 071 108	977 657	268 677	246 864
XV.	Equity	862 457	878 929	216 339	221 935
XVI.	Initial capital	15 115	15 115	3 791	3 817
XVII.	Number of shares	15 115 161	15 115 161	15 115 161	15 115 161
XVIII.	Weighted average number of shares	14 937 316	15 115 161	14 937 316	15 115 161
XIX.	Profit (loss) per ordinary share annualized* (PLN\EURO)	6,24	4,64	1,57	1,16
XX.	Diluted profit (loss) per ordinary share annualized* (PLN\EURO)	6,24	4,64	1,57	1,16
XXI.	Book value per share** (PLN\EURO)	57,06	54,65	14,31	13,80
XXII.	Diluted book value per share** (PLN\EURO)	57,06	54,65	14,31	13,80
XXIII.	Declared or distributed dividend per share **(PLN\EURO)	2,63	0,92	0,66	0,23

Comparative data on the Statement of Financial Position refer to 31 December 2010
* the declared amount is calculated based on the weighted average number of the Issuer's shares
** the declared amount is calculated based on the number of the Issuer's shares as at the date of report

The weighted average number of shares:
– first half of 2011: January-June 14 937 316
– first half of 2010: January-June 15 115 161

The selected financial highlights are converted into EUR as follows:

1 The profit and loss and cash flow statement items are converted at an exchange rate being the arithmetic average exchange rates published by the National Bank of Poland, effective on the last day of each month, which was 3,9674 PLN/EURO in first half of 2011, and 4,0042 PLN/EURO in first half of 2010.
2 The balance sheet items and book value/diluted book value are converted at the average exchange rate published by the National Bank of Poland, effective on the balance sheet date, which was: at 30.06.2011 3,9866 EURO, and at 31.12.2010 3,9603 PLN/EURO.

2. Management Board's Representations

The Management Board of Emperia Holding S.A. represents that, to the best of its knowledge, the semi-annual consolidated financial statements and comparable data have been prepared in compliance with the accounting policies and that they provide a true, reliable and clear reflection of the assets and financial standing of the issuer's group of companies and its financial performance, and that the semi-annual report on the operations of the issuer's group of companies contains a true picture of the development and achievements as well as of the standing of the issuer's group of companies, including a description of fundamental threats and risks.

The Management Board of Emperia Holding S.A. further represents that the entity licensed to audit financial statements (auditor), reviewing the semi-annual consolidated financial statements, has been appointed in compliance with the law and that the entity and the auditors performing the review of such financial statements have met the conditions necessary to express an impartial and independent opinion on the audited consolidated semi-annual financial statements, in compliance with the regulations in force and professional standards.

Lublin, August 2011

Signatures of members of Management Board:

2011-08-31	Artur Kawa	Chairman of Management Board	..... signature
2011-08-31	Jarosław Wawerski	Vice-Chairman of Management Board	..... signature
2011-08-31	Dariusz Kalinowski	Vice-Chairman of Management Board - Financial Director	..... signature
2011-08-31	Marek Wesołowski	Vice-Chairman of Management Board – Retail Business Director	..... signature
2011-08-31	Grzegorz Wawerski	Vice-Chairman of Management Board – Retail Business Development Director	..... signature

Signature of person responsible for maintaining the accounts

2011-08-31	Elżbieta Świniarska	Economic Director	..... signature

3. Report of the independent auditor's of review of interim condensed consolidated financial statements for first half of 2011.

Report of review of interim consolidated financial statements for period from 1 January 2011 to 30 June 2011 is in attached file "Auditor's Report on review of half-year consolidated financial statement of Emperia Holding SA.pdf"

4. Consolidated Statement of Financial Position

	30 June 2011	31 December 2010	30 June 2010
Fixed Assets	**925 767**	**962 544**	**962 775**
Tangible fixed assets	505 152	484 021	676 863
Investment real property	4 844	3 166	16 116
Intangible assets	6 398	8 557	8 198
Goodwill	197 714	17 845	203 975
Shares in equity method	6 637	-	4 615
Financial assets	12 308	585	11 683
Long-term loans	-	-	-
Long-term receivables and other deferred income	2 891	18 828	23 844
Deferred income tax assets	9 218	6 684	17 481
Fixed assets held for sale	180 605	422 858	-
Current Assets	**1 105 036**	**953 525**	**1 015 738**
Stock	356 476	97 477	491 669
Receivables	464 530	63 393	444 196
Income tax withholding	158	924	2 322
Short-term securities	-	-	-
Prepaid expenses	7 761	5 393	14 115
Cash	45 152	30 331	60 845
Other financial assets	-	5 650	2 591
Assets earmarked for sale	230 959	750 357	-
Total Assets	**2 030 803**	**1 916 069**	**1 978 513**
Equity	**862 457**	**878 929**	**826 024**
Share capital	15 115	15 115	15 115
Share premium capital	50 559	549 559	549 559
Supplementary capital	98 844	97 844	98 394
Supplementary capital from the evaluation of managerial options	4 394	4 394	2 715
Reserve capital	69 929	47 823	47 273
Reserve capital for purchase of own shares	539 000	40 000	40 000
Own shares	(19 677)	(14 290)	-
Profit attributable to continuing operations	104 673	65 891	72 861
Profit attributable to discontinued operations	(380)	72 480	-
Total equity allocated to shareholders of dominant entity	**862 457**	**878 817**	**825 917**
Non-controlling interest	-	113	107
Long-term liabilities	**97 238**	**59 483**	**152 244**
Credit facilities, loans and debt securities	80 027	54 226	127 931
Long-term liabilities	844	1 673	5 442
Provisions	577	2 547	2 950
Provision against deferred income tax	15 790	1 037	15 921
Short-term liabilities	**1 071 108**	**977 657**	**1 000 245**
Credit facilities, loans and debt securities	211 019	12 957	277 939
Short-term liabilities	647 100	135 690	697 172
Income tax liabilities	3 455	2 671	3 121
Provisions	13 082	5 830	19 363
Deferred income	2 793	2 645	2 650
Liabilities attributable to group of assets held for sale	193 659	817 864	-
Total liabilities	**2 030 803**	**1 916 069**	**1 978 513**

Book value	862 457	826 024
Number of shares	15 115 161	15 115 161
Diluted number of shares	15 115 161	15 115 161
Book value per share (PLN)	57,06	54,65

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

Consolidated Statement of Financial Position as at 30.06.2011 for assets and liabilities of the Group earmarked for sale comprises Retail companies which are subject of the Sales Process - described in paragraphs 9.16 i).

Lublin, August 2011

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2011-08-31	Grzegorz Wawerski	Vice-Chairman of Management Board – Retail Business Development Director	..... signature

Signature of person responsible for maintaining the accounts

2011-08-31	Elżbieta Świniarska	Economic Director	..... signature

5. Consolidated Profit and Loss Account and Statement of Total Income.

Profit and Loss Account	6 months ended 30 June 2011	6 months ended 30 June 2010
Sales revenues	**2 583 175**	**2 372 943**
- including related entities	*401 860*	*377 691*
Sales of products and services	71 974	63 992
Sales of goods and materials	2 511 201	2 308 951
Cost of goods sold	**(2 288 649)**	**(2 096 308)**
- including related entities	*(367 513)*	*(347 724)*
Cost of manufactured products sold	(54 012)	(50 288)
Cost of goods and materials sold	(2 234 637)	(2 046 020)
Profit on sales	**294 526**	**276 635**
Other operating income	8 329	4 608
Selling expense	(221 586)	(212 035)
General administrative expense	(29 651)	(25 192)
Other operating expense	(6 727)	(2 966)
Profit on operations	**44 891**	**41 050**
Financial income	2 337	3 697
Financial expense	(10 052)	(8 875)
Profit before tax	**37 176**	**35 872**
Income tax	**(9 130)**	**(6 396)**
Current tax	(8 100)	(5 973)
Deferred tax	(1 030)	(423)
Share in financial result entities valued using the equity method	732	633
Net profit from continuing operations	**28 778**	**30 109**
Profit for period for shareholders of dominant entity	28 778	30 109
Profit for period for Non-controlling interest	-	-
Net profit on discontinued operations	(496)	2 326
Profit for the period	**28 282**	**32 435**

Profit (loss) for period (annualised)	94 332	70 193
Weighted average of ordinary shares *	14 937 316	15 115 161
Diluted weighted average number of ordinary shares *	14 937 316	15 115 161
Profit (loss) per ordinary share (PLN) annualised	6,24	4,64

* The weighted average number of shares:
– for first half of 2011: January-June 14 937 316
– for first half of 2010: January-June 15 115 161

Statement of total income	6 months ended 30 June 2011	6 months ended 30 June 2010
Profit on continuing operations	**28 778**	**30 109**
Profit on discontinued operations	**(496)**	**2 326**
Profit for period	**28 282**	**32 435**
Other total net income	**-**	**-**
Total income for period	**28 282**	**32 435**
Total income for shareholders of parent company	28 278	32 429
Total income for Non-controlling interest	4	6

Lublin, August 2011

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2011-08-31	Grzegorz Wawerski	Vice-Chairman of Management Board – Retail Business Development Director	..... signature

Signature of person responsible for maintaining the accounts

2011-08-31	Elżbieta Świniarska	Economic Director	..... signature

6. Statement of changes in consolidated equity

	Share capital	Share premium capital	Supplementary capital	Supplementary capital from the evaluation of managerial options	Reserve capital	Reserve Capital for purchase of own shares	Own shares	Retained profit	Non-controlling interest	Total equity
1 January 2011	**15 115**	**549 559**	**97 844**	**4 394**	**47 823**	**40 000**	**(14 290)**	**138 371**	**113**	**878 929**
Correction of error for 2010										
1 January 2011 adjusted	**15 115**	**549 559**	**97 844**	**4 394**	**47 823**	**40 000**	**(14 290)**	**138 371**	**113**	**878 929**
Profit on continuing operations								28 778		**28 778**
Profit on discontinued operations								(500)	4	**(496)**
Profit for 6 months until 30 June 2011								**28 278**	**4**	**28 282**
Results for previous years of Companies included to consolidation								(116)		**(116)**
Settlement of sales and redemption of shares of Arsenal Sp. z o.o.										
Valuation of II managerial options										
Distribution of 2010 profit – allocation to capital funds			1 000		22 106			(23 106)		
Establishment reserve capital for purchase of own shares		(499 000)				499 000				
Purchase of own shares							(5 387)			**(5 387)**
Dividend for shareholders as part of 2010 profit distribution								(39 243)		**(39 243)**
Dividend for non-controlling shareholders								(8)		**(8)**
30 June 2011	**15 115**	**50 559**	**98 844**	**4 394**	**69 929**	**539 000**	**(19 677)**	**104 176**	**116**	**862 457**

	Share capital	Share premium capital	Supplementary capital	Supplementary capital from the evaluation of managerial options	Reserve capital	Reserve Capital for purchase of own shares	Retained profit	Non-controlling interest	Total equity
1 January 2010	**15 115**	**549 559**	**98 394**	**1 035**	**59 150**		**82 482**	**101**	**805 836**
Correction of error for 2009									
1 January 2010 adjusted	**15 115**	**549 559**	**98 394**	**1 035**	**59 150**		**82 482**	**101**	**805 836**
Profit on continuing operations							30 109		**30 109**
Profit on discontinued operations							2 320	6	**2 326**
Profit for 6 months until 30 June 2010							**32 429**	**6**	**32 435**
Valuation of II managerial option				1 680					**1 680**
Distribution of 2009 profit – allocation to capital funds					28 123		(28 123)		
Establishment reserve capital for purchase of own shares					(40 000)	40 000			
Dividend for shareholders as part of 2009 profit distribution							(13 906)		**(13 906)**
Dividend for non-controlling shareholders							(21)		**(21)**
30 June 2010	**15 115**	**549 559**	**98 394**	**2 715**	**47 273**	**40 000**	**72 861**	**107**	**826 024**

	Share capital	Share premium capital	Supplementary capital	Supplementary capital from the evaluation of managerial options	Reserve capital	Reserve Capital for purchase of own shares	Own shares	Retained profit	Non-controlling interest	Total equity
1 January 2010	**15 115**	**549 559**	**98 394**	**1 035**	**59 150**			**82 482**	**102**	**805 837**
Correction of error for 2009			(550)		550			(535)		**(535)**
1 January 2010 adjusted	**15 115**	**549 559**	**97 844**	**1 035**	**59 700**			**81 947**	**102**	**805 302**
Profit on continuing operations								25 994	11	**26 005**
Profit on discontinued operations								72 480		**72 480**
Profit for 12 months until 31 December 2010								**98 474**	**11**	**98 485**
Valuation of II managerial option				3 359						**3 359**
Distribution of 2009 profit – allocation to capital funds					28 123			(28 123)		
Establishment reserve capital for purchase of own shares					(40 000)	40 000				
Purchase of own shares							(14 29)			**(14 290)**
Dividend for shareholders as part of 2009 profit distribution								(13 906)		**(13 906)**
Dividend for non-controlling shareholders								(21)		**(21)**
31 December 2010	**15 115**	**549 559**	**97 844**	**4 394**	**47 823**	**40 000**	**(14 29)**	**138 371**	**113**	**878 929**

Lublin, August 2011

Signatures of members of Management Board:

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2011-08-31	Grzegorz Wawerski	Vice-Chairman of Management Board – Retail Business Development Director	..... signature

Signature of person responsible for maintaining the accounts

2011-08-31	Elżbieta Świniarska	Economic Director	..... signature

7. Consolidated Report of Cash Flows

	6 months ended 30 June 2011	6 months ended 30 June 2010
Profit on continuing operations	**28 778**	**30 109**
Profit on discontinued operations	**(496)**	**2 326**
Profit (loss) for period	**28 282**	**32 435**
Adjustments for:	**(61 342)**	**5 375**
Share in net (profits) losses of entities consolidated using equity method	(732)	(633)
Depreciation	34 672	33 739
(Gain) loss on exchange rate differences	-	-
Interest and share in profit (dividends)	9 095	8 141
Income tax	9 020	7 667
Profit (loss) on investing activity	(1 209)	(516)
Change in provisions	7 783	3 151
Change in stock	(24 384)	(36 355)
Change in receivables	2 268	(73 694)
Change in accruals	(5 637)	(4 492)
Change in liabilities	(78 369)	63 153
Other adjustments	96	1 874
Income tax paid	(13 945)	3 340
Net cash flows from operating activity	**(33 060)**	**37 810**
Income	**6 796**	**5 865**
Sale of fixed and intangible asset	4 568	2 604
Sale of financial assets	-	-
Disposal of subsidiaries	-	-
Received dividends	-	1 000
Interest received	840	578
Repayment of loans granted	90	553
Cash from acquired companies at date of acquisition	333	161
Income from use of investment property	965	-
Other income	-	969
Expenditures	**(51 535)**	**(58 014)**
Purchase of fixed and intangible assets	(51 133)	(53 128)
Investments in real property	-	-
Purchase of subsidiaries and associated entities	(50)	(2 663)
Purchase of financial assets	(121)	-
Loans granted	-	(2 000)
Cash in subsidiaries at date of disposal	-	-
Expenditures related to maintenance of investment property	(223)	-
Other expenditures	(8)	(223)
Net cash flows from investing activity	**(44 739)**	**(52 149)**
Income	**190 093**	**113 565**
Income from credit facilities and loans contracted	177 530	101 058
Issue of short-term debt securities	12 546	12 497
Issue of shares	-	-
Other income	17	10
Expenditures	**(103 048)**	**(78 434)**
Repayment of credit facilities and loans	(71 663)	(51 736)

Redemption of short-term debt securities	(12 600)	(16 200)
Payment of liabilities under financial leases	(2 531)	(824)
Interest and charges paid	(10 867)	(9 674)
Purchase of own shares	(5 387)	-
Other	-	-
Net cash flows from financial activity	**87 045**	**35 131**
Change in cash	**9 246**	**20 792**
Exchange differences	-	-
Cash at beginning of period	**49 269**	**40 053**
Cash at end of period	**58 515**	**60 845**

Lublin, August 2011

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Signature of person responsible for maintaining the accounts

2011-08-31	Elżbieta Świniarska	Economic Director	..... signature

8. Outline of Key Accounting Policies

8.1 Conformity Statement and Basis for Preparation of Consolidated Financial Statements

Condensed interim consolidated financial statement of Emperia Holding Capital Group has been prepared in accordance with International Accounting Standard („IAS" 34 – Interim Financial Reporting) and in accordance with relevant accounting standards applicable to interim financial reporting adopted by the European Union, published and in force at the time of preparation of interim consolidated financial statement.
The attached consolidated financial statements present in a reliable manner the financial standing of the Group, its financial performance and cash flows.
Was prepared in accordance with the Regulation of the Minister of Finance of 19 February 2005 on current and periodical disclosures by issuers of securities.

These consolidated statements have been prepared on a historical-cost basis, with the exception of financial assets, which are reported at fair value.
The Management Board of Emperia Holding S.A. approves these consolidated financial statements on the date of signing them.

8.2 Functional Currency

The consolidated financial statements are expressed in the currency of the economic environment in which the Group operates, referred to as the functional currency.
PLN is the functional currency and the currency of presentation for all the items of the consolidated financial statements. All the figures in the financial statements and in the explanatory notes are reported in PLN 000s (unless indicated otherwise).

The reporting in PLN 000s is due to rounding, and consequently total figures presented in these financial statements may not add up exactly to the sum to their individual components.

8.3 Discontinued operations

Presented in previous reporting periods discontinued operations consisted of a distribution companies and franchising (in total shares in 17 companies), held for sale under the Investment Agreement signed on 20 December 2010 between of Emperia Holding and Eurocash in this Financial Statement is already presented as the continuing operations. The basis for such a presentation is made on 9 August statement of the P1 Sp. z o.o. (subsidiary, which took over rights and obligations which are vested or chargeable to Emperia under Investment Agreement) on withdrawal of the Investment Agreement, acting in accordance with the principles set out in the Investment Agreement.

In this Financial Statement as a discontinued operations is presented Retail activities, consisting of shares in companies: Stokrotka Sp. z o.o., Maro-Markety Sp. z o.o. and Społem Tychy S.A. which are held for sale.
The basis for such a presentation is the resolution of the Management Board of Company adopted on 20 June 2011 to start a process aiming to sell companies operating in the retail segment. Immediately after adopting of the resolution Emperia Holding has taken appropriate actions to complete the transaction.

8.4 Application of standards and interpretations applicable from 1 January 2011

New standards, their changes and interpretations which became effective as from 1 January 2011:

a) Amendments to IFRS 2010

On 6 May 2010 the International Accounting Standards Board issued an amendment to IFRS 2010 containing amendments to six IFRS and interpretation. The amendments were issued as part of the annual period of revisions aimed at making the necessary but not urgent amendments to IFRSs.

b) Amendments to IAS 32 Financial Instruments: Presentation: Classification of Rights Issues

On 8 October 2009, the International Accounting Standards Board (IASB) issued an amendment to IAS 32 Financial Instruments: Presentation, entitled Classification of Rights Issues. The revision clarifies how to recognise certain rights issues when the financial instruments being issued are denominated in a different currency than the issuer's functional currency.

c) Amendment to IAS 24 Related Party Disclosures

On 4 November 2009, the International Accounting Standards Board published updated IAS 24 Related Party Disclosures. The purpose of the changes introduced under the revised IAS 24 is to simplify the definition of a related party and at the same time to remedy certain internal inconsistencies, and to release state-controlled entities from certain disclosure requirements with regard to transactions with related entities.

d) Amendments to IFRS 1 First-time Adoption of IFRS

On 28 January 2010, the International Accounting Standards Board published Limited Exemption of First-time Adopters of IFRSs from Providing Additional Disclosures Introduced under IFRS 7, containing an amendment to IFRS 1. Since the first-time adopters of IFRSs had so far been unable to avail themselves of the exemption from disclosure of comparative data on fair valuation and liquidity risk provided for under IFRS 7 for comparative periods ending before 31 December 2009, the amendments to IFRS 1 seek to provide such optional exemption also to those entities.

e) Amendments to IFRIC 14 – IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

On 15 November 2009, the IFRS Interpretations Committee published Prepayments of a Minimum Funding Requirement, containing amendments to the Interpretation of IFRIC 14. The purpose of the amendments was to remove the unintended effects of IFRIC 14 when an entity, which is subject to the minimum funding requirements, makes an early payment of contributions to cover those requirements and under specific circumstances would be required to recognise them as cost. If the minimum funding requirements apply to a scheme of specific benefits, then pursuant to amendments to IFRIC 14 such early payment, similarly to any other early payment, must be treated as an asset.

f) IFRIC 19 Extinguishing Financial Liabilities with Equity Elements and Amendments to IFRS 1 following amendments to IFRIC 19

On 26 November 2009, the IFRS Interpretations Committee published Interpretation IFRIC 19 Extinguishing Financial Liabilities with Equity Elements. The purpose of IFRIC 19 is to provide guidance with regard to the

debtor's recognition of equity instruments issued by it following renegotiations of the conditions of a financial liability in order to extinguish that liability in full or in part.

It is the Group's view that the adoption of the above revised standards and new interpretations will not have any material effect on the consolidated financial statements for first half of 2011.

8.5 Standards and interpretations not valid, not authorized for use by European Union:

a) Amendments to IAS 12 Deferred Tax – Recovery of Underlying Assets

On 10 September 2010, IASB published a draft standard, Deferred Tax – Recovery of Underlying Assets. The draft proposes exemption from IAS 12, which requires an entity to measure the deferred tax asset or liability relating to a specific asset, assuming that the carrying value of the asset will be fully recovered on sale, unless there are clear grounds to conclude that the economic benefits generated by the asset will be consumed during its useful life. The amendments would apply to annual periods beginning on or after 1 January 2012. The standard has not as yet been adopted by the European Union.

b) Amendments to IFRS 1 Removal of Fixed Dates for IFRS First-time Adopters

On 26 August 2010, IASB published a draft standard, Proposed Amendments to IFRS 1: Removal of Fixed Dates for IFRS First-time Adopters announcing exemption from certain cumbersome obligations imposed on entities transitioning to IFRS. The proposal is to replace the fixed transition date referenced in the standard, 1 January 2004, with the wording *with the date of transition to IFRSs*. As a result, entities switching to IFRS will not be required to convert the derecognition transactions made prior to the first-time IFRS adoption date. The amendments would apply to annual periods beginning on or after 1 July 2011. The standard has not as yet been adopted by the European Union.

c) Amendments to IFRS 1 Severe Hyperinflation

On 30 September 2010, IASB published a draft standard, Severe Hyperinflation. The draft concerns entities preparing their financial statements in accordance with IFRSs after a period of severe hyperinflation; entities which switch to IFRSs on or after the date the functional currency returns to normal would be able to decide whether to measure assets and liabilities at fair value on the date of transition to IFRS and apply that fair value as the assumed cost of those assets and liabilities on the date of opening in the financial statements prepared in accordance with IFRSs. The amendments would apply to annual periods commencing on 1 July 2011 or after that date. The standard has not as yet been adopted by the European Union

d) Amendments to IFRS 7 Financial Instruments: Disclosures

On 7 October 2010, IASB published a document, Disclosures – Transfers of Financial Assets, providing stricter requirements for disclosures regarding transfer transactions of financial assets. The amendments are aimed at improving transparency of risk disclosures regarding transactions where despite the transfer of the financial asset the transferring party retains certain exposure to the asset (referred to as *continuity of involvement*). The amendments also require disclosure in the case of uneven distribution of financial asset transfers throughout the reporting period. The amendments would apply to annual periods beginning on or after 1 July 2011. The standard has not as yet been adopted by the European Union.

e) IFRS 9 Financial Instruments

On 28 October 2010, IASB published revised IFRS 9. The revised standard retains the financial asset classification and measurement requirements as published in November 2009 but has been extended to include guidelines on the classification and measurement of financial liabilities. This is the first step of the project of replacement of IAS 39. The standard would apply to annual periods beginning on or after 1 January 2013. The standard has not as yet been adopted by the European Union.

f) IFRS 10 "Consolidated Financial Statements"

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

g) IFRS 11 „Joint Arrangements"

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

h) IFRS 12 „Disclosure of Interests in Other Entities

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

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

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

j) IFRS 13 „Fair Value Measurement"

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

The Group is in the process of reviewing the consequences and impact of the above standards and interpretations on the future financial statements, however, it is judgement, the application of those standards and interpretations will have no material impact upon the financial statements in the initial period of their application.

8.6 Basic principles of accounting

Accounting principles adopted in preparation of interim condensed consolidated financial statements are consistent with principles described in consolidated financial statements of Emperia Holding Capital Group drawn up with IFRS for the year ended on 31 December 2010.

8.7 Business Segment Reporting

IFRS 8 Operating Segments published by the International Accounting Standards Board on 30 November 2006, replaces IAS 14 Reporting of business segments and is apply to annual periods commencing on 1 January 2009 and after that date.
In process of standard implementing analyzed model of management of Capital Group, reporting system functioning in Capital Group and economic characteristics of its units. The analysis has not demonstrated the need of changes in current operating segments division , which is used for internal and external reporting.

The following operating segments are distinguished within the Group:

1 **The wholesale business (Wholesale Segment)** pursued by the following subsidiaries: Tradis Sp. z o.o., DEF Sp. z o.o., Ambra Sp. z o.o., involving wholesale distribution of goods and provision of related goods-distribution services;

2 **The retail business (Retail Segment)** comprised of the entire operations of the following subsidiaries: Stokrotka Sp. z o.o., Detal Koncept Sp. z o.o., Lewiatan Podlasie Sp. z o.o., Maro Markety Sp. z o.o., Społem Tychy Sp. z o.o., Euro Sklep S.A.

3 **Other** include the holding operations of the Issuer's Company and the operation of other subsidiaries: Elpro Sp. z o.o., Projekt Elpro 1 Sp. z o.o., Ekon Sp. z o.o., P1 Sp. z o.o. – providing property development and facility management services, Infinite Sp. z o.o., Emperia Info Sp. z o.o. – providing IT services, PSD S.A. – Franchise chain management, Lewiatan Śląsk Sp. z o.o. – retail franchising, EMP Investment Limited – investment activity in real estate, IPOPEMA 55 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych – activities of trusts, funds and similar financial institutions. Given material consolidation exclusions and their general marginality (the segment fails to meet any of the quantitative thresholds provided for under IFRS 8), these are reported jointly as a single item

The Group applies uniform accounting policies for all its segments. Inter-segment business transactions are effected on an arm's length basis. These transactions are subject to exclusion in the consolidated financial statements.

The tables below present cumulative information regarding the Group's business segments in first half of 2011:

	Wholesale	Retail	Other	Exclusions	Total
Segment total revenues	2 466 965	985 867	66 183	468 758	3 050 257
Segment revenues (from external clients/customers)	2 061 554	970 973	17 730		3 050 257
Segment revenues (from other segments)	405 411	14 894	48 453	468 758	0
Segment total costs	(2 438 467)	(975 698)	(56 897)	(468 743)	(3 002 319)
Result on other operations	6 612	(3 840)	(4 393)	519	(2 140)
Result on financial operations	(3 032)	(1 291)	113 475	118 380	(9 228)
Result (gross)	32 078	5 038	118 368	118 914	36 570
Taxation	(6 031)	(1 115)	(1 878)	(4)	(9 020)
Share in financial result entities valued using the equity method			732		732
Segment result (net)	**26 047**	**3 923**	**117 222**	**118 910**	**28 282**

	Wholesale	Retail	Other	Exclusions	Total
Segment assets/ liabilities	1 206 125	508 562	1 621 207	1 305 092	2 030 803
Goodwill	156 073	47 281	621		203 975

	Wholesale	Retail	Other	Exclusions	Total
Investment outlays	(1 660)	(11 594)	(38 641)	(763)	(51 133)
Depreciation	(9 900)	(16 331)	(8 679)	(238)	(34 672)

Revenues from sales from external customers by geographical area

Sales revenues are obtained on Polish territory (location of final recipients).

Main customers

The total number of customers of Emperia Holding Capital Group is fragmented. None of the customers of the Group does not have a dominant position, does not exceed 10% of sales.

The tables below present cumulative information regarding the Group's business segments in first half of 2010:

	Wholesale	Retail	Other	Exclusions	Total
Segment total revenues	2 266 214	950 957	55 976	440 985	2 832 162
Segment revenues (from external clients/customers)	1 880 578	940 678	10 906		2 832 162
Segment revenues (from other segments)	385 636	10 279	45 070	440 985	
Segment total costs	(2 239 005)	(938 012)	(49 126)	(441 430)	(2 784 713)
Result on other operations	2 039	(2 508)	96	32	(405)
Result on financial operations	(90)	(2 349)	58 435	63 571	(7 575)
Result (gross)	29 158	8 088	65 381	63 158	39 469
Taxation	(4 921)	(1 374)	(1 253)	119	(7 667)

Share in financial result entities valued using the equity method			633		633
Segment result (net)	**24 237**	**6 714**	**64 761**	**63 277**	**32 435**

	Wholesale	Retail	Other	Exclusions	Total
Segment assets/ liabilities	1 239 224	474 259	945 904	680 874	1 978 513
Goodwill	156 073	47 281	621		203 975

	Wholesale	Retail	Other	Exclusions	Total
Investment outlays	(8 491)	(29 722)	(15 475)	(560)	(53 128)
Depreciation	(10 793)	(15 128)	(8 386)	(568)	(33 739)

8.8 Merger, acquisition and sale of shares of subsidiaries and other, increase of capital in the business units.

Acquisition of shares in subsidiaries and other

a) Acquisition of assets of significant value by subsidiary EMP Investment Limited

Management Board of Emperia Holding S.A. make public information that on 18 March 2011 was signed agreement concerning acquisition by the company EMP Investment Limited, with seat in Nicosia (Cyprus), from Emperia Holding S.A. with seat in Lublin, shares in Elpro Sp. z o. o. with seat in Lublin. Emperia Holding S.A. holds 100 percent of the share capital, carrying 100 percent of votes at the General Meeting of EMP Investment Limited and Elpro Sp. z o.o..
Subject of agreement is to transfer ownership on EMP Investment Limited 80 626 shares of nominal value of PLN 40 313 000, representing 100 percent of the share capital, carrying 100 percent of votes at the General Meeting. Parties of agreement have defined value of shares Elpro Sp. z o. o. on amount PLN 200 000 000. The acquisition will take place in return for taking by Emperia Holding S.A. 1 000 shares of increased capital in the EMP Investment Limited, of nominal value PLN 1 each.
Transfer of these assets is part of implementation of new management structure of real estate and investments in real estate of the Emperia Capital Group. In new structure Elpro will continue current activities as a developer and manager of real estate of Emperia Capital Group. Investment in shares of Elpro is a short-term equity investment.

b) Acquisition of shares in Społem Tychy Sp. z o.o. with seat in Tychy within the Emperia Capital Group

On 22 March 2011 Emperia Holding S.A. acquired from subsidiary Tradis Sp. z o.o. 29.645 shares in subsidiary Społem Tychy Sp. z o.o. with seat in Tychy.
The transaction is a part of process of organizing of structure of the Group.
After transaction Emperia Holding S.A. directly holds shares representing 99,22 percent of the share capital and carrying 99,22 percent of votes at the general meeting of Społem Tychy Sp. z o.o.

c) Acquisition of shares in Drogerie Koliber Sp. z o.o. with seat in Tuchola by subsidiary Tradis Sp. z o.o. with seat In Lublin.

On 31 March 2011 Tradis Sp. z o.o. acquired 184 new shares with nominal value of PLN 500 per share, in subsidiary Drogerie Koliber Sp. z o.o. The shares were paid in cash. After transaction Emperia Holding S.A. directly and

indirectly holds 100 percent of the share capital and carrying 100 percent of votes at the general meeting of Drogerii Koliber Sp. z o.o.
The capital increase was registered on 20 June 2011 by the District Court Katowice-Wschód in Katowice, VIII Commercial Department.

d) Acquisition of shares in Lewiatan Opole Sp. z o.o. and Lewiatan Wielkopolska Sp. z o.o. by Tradis Sp. z o.o.

On 15 February 2011 Tradis Sp. z o.o. acquired from the individual 1 share with nominal value of PLN 2.000 in Lewiatan Wielkopolska Sp. z o.o.. After transaction Tradis holds 8 shares in Lewiatan Wielkopolska Sp. z o.o., representing 11,4 percent of the share capital and carrying 11,4 percent of votes at the general meeting of shareholders.

On 30 March 2011 Tradis Sp. z o.o acquired 901 in Lewiatan Opole Sp. z o.o. o of nominal value of PLN 500,00 each, belonging to Maro Markety Sp. z o.o.. Acquired shares representing 89,21 percent of the share capital and carrying 89,21 percent of votes at the general meeting of shareholders of Lewiatan Opole Sp. z o.o.. Shares were acquired for amount of PLN 1 372 223.

On 30 March 2011 Tradis Sp. z o.o. acquired 42 Lewiatan Wielkopolska Sp. z o .o.o of nominal value of PLN 2000,00 each, belonging to Maro Markety Sp. z o.o.. Acquired shares with already held shares representing 71,4 percent of the share capital and carrying 71,4 percent of votes at the general meeting of shareholders of Lewiatan Wielkopolska Sp. z o.o.. Shares were acquired for amount of PLN 690 480.

e) Acquisition of investment certificates issued by IPOPEMA 55 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych by subsidiary EMP Investment Limited.

Management Board of Emperia Holding S.A.("Issuer"), make public information that on 6 April 2011 subsidiary EMP Investment Limited, with seat in Nicosia (Cyprus) acquired investment certificates issued by IPOPEMA 55 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych (Fund).
EMP Investment Limited acquired 188 513 acquired investment certificates Series B of Fund of total value PLN 189 365 078,76. Acquired certificates were paid in cash in amount of PLN 872,60 and non-cash contribution in form of 80 626 shares of nominal value of PLN 40 313 000, representing 100 percent of the share capital, carrying 100 percent of votes at the General Meeting. Value of contributed shares was set at PLN 189 364 206,16.
Transfer of these assets is part of implementation of new management structure of real estate and investments in real estate of Emperia Capital Group. In new structure Elpro will continue current activities as a developer and manager of real estate of Emperia Capital Group. Investment of EMP Investment Limited in certificates of the Fund is a long-term equity investment.

f) Acquisition of shares in Elpro Sp. z o.o.

On 13 April 2011 EKON Sp. z o.o acquired 1 share in Elpro Sp. z o.o. belonging to IPOPEMA 55 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych. Share was acquired for amount of PLN 2 355,85.

g) Acquisition of shares in subsidiary EMP Investment with seat in Nicosia (Cyprus)

On 13 April 2011 Emperia Holding S.A. acquired another 5 shares in EMP Investment with seat in Nicosia (Cyprus) of nominal value of PLN 1 each. Emperia Holding S.A acquired shares for cash. Totally Company has 40 489 representing 100 percent of the share capital and carrying 100 percent of votes at the general meeting of shareholders.

h) Formation of P2 EKON Sp. z o.o. S.K.A with seat inLublin by subsidiary EKON Sp. z o.o. with seat in Lublin and IPOPEMA 55 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych with seat in Warszawa.

On 12 May 2011 subsidiary EKON Sp. z o.o. with seat In Lublin and IPOPEMA 55 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych with seat in Warszawa formed a limited joint-stock partnership P2 EKON Sp. z o.o. S.K.A. with seat in Lublin. The newly established Company will be operate on property market. EKON Sp. z o.o. will be the general partner.

i) Making a contribution in kind by Emperia Holding S.A. and subsidiary Stokrotka Sp. o.o. in exchange for shares in the subsidiary Projekt Elpro 1 Sp. o.o..

Management Board of Emperia Holding S.A. (Issuer) informs that on 28 June 2011 Issuer and subsidiary Stokrotka z o. o. contribute in kind in form of real estate with equipment in exchange for 138 330 newly created shares in subsidiary Projekt Elpro 1 Sp. z o.o. of nominal value of PLN 500 each.
Issuer makes contributions in kind in form of real estate located in Lublin on Metalurgiczna street and Grygowa street of total value of PLN 34 200 000 in exchange for 49 000 shares in a subsidiary Projekt Elpro 1 Sp. z o.o..
Stokrotka Sp. z o.o. makes contributions in kind in form of real estate with equipment:
- in Lublin on Bazylianówka street,
- in Chełm on Zachodnia street,
- in Lublin on Władysław Kunicki street,
- in Grójec on Józef Piłsudski street,
- in Łomża on Aleja Legionów,
- in Sandomierz on Adam Mickiewicz street,
- in Knurow on S. Staszic street,
- in Tarnow on Nowodąbrowska street,
- in Sanok on R. Traugutt street,
- in Bolesławiec on Bolesław Chrobry street,
- in Barczew on Wojsko Polskie street,
- in Braniewo on Marynarska street,
- in Ornecie on Sportowa street,
- in Tarnow on Powstańców Warszawy street,
- in Tarnow on Klikowska street,
- in Węgorzewo on Armia Krajowa street,

of total value of PLN 59 600 000 in exchange for 89 330 shares in Projekt Elpro 1 Sp. z o.o. Surplus of shares issue value over nominal value of shares in the amount of PLN 24 650 000 will be allocated to Supplementary Capital.
Transfer of these assets is part of implementation of new management structure of real estate and investments in real estate of Emperia Capital Group. In new structure Projekt Elpro 1 Sp. z o.o. will continue current activities as a developer and manager of real estate of Emperia Capital Group. Investment in shares of Projekt Elpro 1 Sp. z o.o. is a long-term equity investment. Issuer is sole shareholder of subsidiaries Stokrotka Sp z o.o. and Projekt Elpro 1 Sp z o.o.

Internal Mergers within Emperia Holding Capital Group and increase of share capitals in subsidiary

a) Merger of Lewiatan Kujawy Sp. z o.o. with Lewiatan Brda Sp. z o.o.

On 02 February 2011 the District Court in Torun, VII Division of the National Court Register registered merger of Lewiatan Kujawy Sp. z o.o. with Lewiatan Brda Sp. z o.o. The merger consists of the acquisition by Lewiatan Kujawy Sp. z o.o. all assets of Lewiatan Brda Sp. z o.o.

Disposal of subsidiaries

No such event occurred in the Group in first half of 2011

9. Other material information and events.

9.1 Consistency of accounting principles and measurement methods applied in interim report and the last annual financial statements.

These Financial Statements was prepared according to accounting principles of Group uniformly applied from 01 January 2005, described in detail in the Annual Consolidated Financial Statements for 2010.

9.2 Seasonality and cyclicality of production.

The Group's business is not subject to any major seasonal or cyclical trends.

9.3 Type and amounts of items affecting assets, liabilities, equity, net financial result or cash flows which are unique in term of type, size or effect.

The Group experienced no such events.

9.4 Type and amounts of changes in estimated amounts reported in the previous interim periods of the current year or changes in the estimated amounts reported in the previous financial years, if they materially affect the current interim period.

Provisions against employee benefits	Changes in I half of 2011	Changes in 2010
Long-term		
As at the beginning of the period	2 996	2 843
Increases/reductions during the period	47	*148*
Increases/reductions during the period resulting from acquisitions	-	*5*
As at the end of the period	**3 042**	**2 996**
- including assigned to the group for disposal	*2 465*	449
Short-term		
As at the beginning of the period	10 060	12 634
Increases/reductions during the period	782	*(2 625)*
Increases/reductions during the period resulting from acquisitions	-	*51*
As at the end of the period	**10 842**	**10 060**
- including assigned to the group for disposal	***4 313***	***5 072***

Other provisions	Changes in I half of 2011	Changes in 2010
Long-term		
As at the beginning of the period	0	0
Increases/reductions during the period	*0*	*0*
Increases/reductions during the period resulting from acquisitions	*0*	*0*
As at the end of the period	**0**	**0**
- including assigned to the group for disposal		
Short-term		
As at the beginning of the period	2 329	3 616
Increases/reductions during the period	6 960	*(1 300)*
Increases/reductions during the period resulting from acquisitions		*13*
As at the end of the period	**9 289**	**2 329**
- including assigned to the group for disposal	***2 736***	***1 487***

9.5 Issue, redemption and repayment of debt and equity securities

Bonds Issued

a) Emperia Holding S.A.

Emperia Holding S.A. has an agreement with BRE Bank S.A. providing for short-term and medium-term bonds issue programme of the aggregate of up to PLN 50,000,000.

Bonds issue and redemption (expressed in nominal amounts) of Emperia Holding S.A. in first half of 2011 and 2010 were as follows:

I half of 2011 :

In I half of 2011 Emperia Holding S.A.. did not issue any bonds

Year 2010

Bonds issue and redemption in 2010	Total	External issue
As at the beginning of the period	**4 000**	**4 000**
Bonds issue	*4 100*	*4 100*
Bonds redemption	*(8 100)*	*(8 100)*
As at the end of the period	**0**	**0**

b) Elpro Sp. z o.o.

A subsidiary limited liability company Elpro Sp. z o.o. concluded an agreement with BRE Bank S.A. and PEKAO S.A. providing for short-term and medium-term bonds issue programme of the aggregate of up to PLN 80,000,000. Bonds issue and redemption (expressed in nominal amounts) of Elpro Sp. z o.o. in first half of 2011 and 2010 were as follows:

I half of 2011

Bonds issue and redemption in first half of 2011	Total	External issue	Emperia Holding S.A.	Infinite Sp. z.o.o	Detal Koncept Sp. z o.o.	Tradis Sp. z o.o.	Maro Markety Sp. z o.o.	Projekt Elpro 1 Sp. z o.o	Euro Sklep S.A.
As at the beginning of the period	**80 000**	**2 100**	**59 800**	**0**	**7 000**	**0**	**0**	**7 600**	**3 500**
Bonds issue	***480 000***	*12 600*	*219 000*	*39 800*	*42 000*	*12 000*	*5 100*	*115 000*	*34 500*
Bonds redemption	***(480 000)***	*(12 600)*	*(219 400)*	*(33 300)*	*(42 000)*	*(12 000)*	*(5 100)*	*(122 600)*	*(33 000)*
As at the end of the period	**80 000**	**2 100**	**59 400**	**6 500**	**7 000**	**0**	**0**	**0**	**5 000**

Year 2010

Bonds issue and redemption in 2010	Total	External issue	Emperia Holding S.A.	Projekt Elpro 1 Sp. z o.o.	Euro Sklep S.A.	Społem Tychy Sp. z o.o.	Tradis Sp. z o.o.	DEF Sp. z o.o.	Detal Koncept Sp. z o.o.	Infinite Sp. z.o.o	Maro Markety Sp. z o.o.
As at the beginning of the period	**56 700**	**1 100**	**12 900**	**7 600**	**3 000**	**2 000**	**21 600**	**8 500**	**0**	**0**	**0**
Bonds issue	*892 500*	*20 000*	*523 400*	*91 700*	*46 500*	*10 200*	*143 000*	*17 000*	*39 700*	*300*	*700*
Bonds redemption	*(869 200)*	*(19 000)*	*(476 500)*	*(91 700)*	*(46 000)*	*(12 200)*	*(164 600)*	*(25 500)*	*(32 700)*	*(300)*	*(700)*
As at the end of the period	**80 000**	**2 100**	**59 800**	**7 600**	**3 500**	**0**	**0**	**0**	**7 000**	**0**	**0**

c) Stokrotka Sp. z o.o.

A subsidiary limited liability company, Stokrotka Sp. z o.o., concluded an agreement with BRE Bank S.A. providing for short-term and medium-term bonds issue programme of the aggregate value of up to PLN 50,000,000.
Bonds issue and redemption (expressed in nominal amounts) of Stokrotka Sp. z o.o. in first half of 2011 and 2010 were as follows:

First half of 2011

Bonds issue and redemption in first half of 2011	Total	External issue	Emperia Holding S.A.	Projekt Elpro 1 Sp. z o.o.	Maro Markety Sp. z o.o.	Infinite Sp. z o.o.
As at the beginning of the period	**35 000**	**0**	**12 200**	**14 900**	**1 700**	**6 200**
Bonds issue	***94 800***	*0*	87 300	*0*	*7 500*	*0*
Bonds redemption	***(114 800)***	*0*	(85 000)	*(14 900)*	*(8 700)*	*(6 200)*
As at the end of the period	**15 000**	**0**	**14 500**	**0**	**500**	**0**

Year 2010

Bonds issue and redemption in 2010	Total	External issue	Emperia Holding S.A.	Infinite Sp. z o.o.	Tradis Sp. z o.o.	Maro Markety Sp. z o.o.	Projekt Elpro 1 Sp. z o.o.
As at the beginning of the period	**50 000**	**0**	**19 000**	**5 500**	**8 600**	**4 500**	**12 400**
Bonds issue	*557 000*	*0*	*284 300*	*71 500*	*8 200*	*27 600*	*165 400*
Bonds redemption	*(572 000)*	*0*	*(291 100)*	*(70 800)*	*(16 800)*	*(30 400)*	*(162 900)*
As at the end of the period	**35 000**	**0**	**12 200**	**6 200**	**0**	**1 700**	**14 900**

Total liabilities from debt securities at 30.06.2011

Issuer	Series	Nominal value (In thousand PLN)	Date of repurchase	As at 30.06.2011
Stokrotka Sp. z o.o.	0071*	14 500	2011-07-08	
Stokrotka Sp. z o.o.	0071*	500	2011-07-08	
Elpro Sp. z o.o.	0110*	20 900	2011-07-08	
Elpro Sp. z o.o.	0110*	7 000	2011-07-08	
Elpro Sp. z o.o.	0105*	20 000	2011-07-08	
Elpro Sp. z o.o.	0106*	5 000	2011-07-08	
Elpro Sp. z o.o.	0106*	18 500	2011-07-08	
Elpro Sp. z o.o.	0106*	6 500	2011-07-08	
Elpro Sp. z o.o.	0110	2 100	2011-07-08	2 098
Total bonds issued by the Group				**2 098**
Other				
Total liabilities under debt securities				
including: short-term				2 098
including: long-term				

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

Total liabilities from debt securities at 31.12.2010

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

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

9.6 Dividends paid and proposed to pay

Paid dividends

In the first half of 2011 the Company did not pay dividends to shareholders.

Dominant Company Emperia Holding S.A. as a result of distribution of profit for 2010 in subsidiaries received dividends from following companies:

- *Tradis Sp. z o.o. amount of PLN 48 500 000
- *Infinie Sp. z o.o. amount of PLN 500 000
- *Maro Markety Sp. z o.o. amount of PLN 3 100 000

- *Projekt Elpro 1 Sp. z o.o. amount of PLN 21 000 000
- *Społem Tychy Sp. z o.o. amount of PLN 992 000
- *Euro Sklep Sp. z o.o. amount of PLN 3 000 000
- Lewiatan Zachód Sp. z o.o. amount of PLN 500 000

The total amount of dividends received by Emperia Holding SA as a part of profit distribution in subsidiaries for the year 2010 is PLN 77 592 000.

*Dividends have been paid within the Group, thus they are excluded in this report.

Distribution of Profit for 2010:

On 29 June 2011 Ordinary General Meeting of Emperia Holding S.A. distributed as dividend amount of PLN 39.243.355,64 (thirty-nine million two hundred forty-three thousand three hundred fifty-five 64/100 zloty), representing PLN 2,63 (two and 63/100 zloty) per share. If Company until date of dividend payment defined in § 3 of this resolution, will acquire own shares, profit per those shares will be earmarked to reserve capital decreasing thus amount of the 2010 net profit allocated to dividend payment. All shareholders holding shares as at 25 August 2011 (record date) are entitled to dividend. The date of dividend payment is set for 9 September 2011.

9.7 Revenues and performance by business segment

Revenue and performance by business segments were described in note 8.7

9.8 Changes in off-balance sheet liabilities

The Group's off-balance sheet liabilities comprise security interests pledged by the Group to secure credit facilities and loans contracted by it and financial guarantees.
In addition, the majority of the Group's supplier grants to the Company extended terms of payment (trade credit) which is secured by the Companies by issuing blank bills of exchange.

First half of 2011:

Changes in off-balance sheet liabilities in first half 2011	Under bank credit facilities	Under bank guarantees	Under financial guarantees
Mortgages			
As at the beginning of the period	96 324		
Increases during the period	49 292		
Reductions during the period	0		
Increases/reductions during the period resulting from acquisitions	0		
As at the end of the period	**145 617**		
Transfer of title as security/pledge/assignment of current assets			
As at the beginning of the period	402 601	12 451	
Increases during the period	20 814	1 103	
Reductions during the period	(47 586)	(4 221)	
Increases/reductions during the period resulting from acquisitions	0	0	
As at the end of the period	**375 828**	**9 332**	
Transfer of title as security/pledge/assignment of fixed assets			
As at the beginning of the period	1 432		
Increases during the period	0		

Reductions during the period	0		
Increases/reductions during the period resulting from acquisitions	0		
As at the end of the period	**1 432**		
Guarantees			
As at the beginning of the period	107 145	7 134	4 974
Increases during the period	75 644	1 351	0
Reductions during the period	(7 684)	(904)	(2 230)
Increases/reductions during the period resulting from acquisitions	0	0	0
As at the end of the period	**175 106**	**7 582**	**2 744**

Emperia Holding S.A. extended corporate financial guarantees of PLN 175 106 000 to its subsidiaries with respect to bank credit facilities contracted by them. The guarantees are only temporary in nature and have been extended until regular security for those credit facilities is established.

Year 2010:

Changes in off-balance sheet liabilities in 2010	**Under bank credit facilities**	**Under bank guarantees**	**Under financial guarantees**
Mortgages			
As at the beginning of the period	205 314		
Increases during the period	*32 642*		
Reductions during the period	*(141 632)*		
Increases/reductions during the period resulting from acquisitions	*0*		
As at the end of the period	**96 324**		
Transfer of title as security/pledge/assignment of current assets			
As at the beginning of the period	297 856	15 285	
Increases during the period	*352 779*	*14 214*	
Reductions during the period	*(248 034)*	*(17 048)*	
Increases/reductions during the period resulting from acquisitions	*0*	*0*	
As at the end of the period	**402 601**	**12 451**	
Transfer of title as security/pledge/assignment of fixed assets			
As at the beginning of the period	1 432		
Increases during the period	*0*		
Reductions during the period	*0*		
Increases/reductions during the period resulting from acquisitions	*0*		
As at the end of the period	**1 432**		
Guarantees			
As at the beginning of the period	142 179	5 772	5 554
Increases during the period	*181 295*	*9 357*	*0*
Reductions during the period	*(216 329)*	*(7 995)*	*(580)*
Increases/reductions during the period resulting from acquisitions	*0*	*0*	*0*
As at the end of the period	**107 145**	**7 134**	**4 974**

Emperia Holding S.A. extended corporate financial guarantees of PLN 107 145 000 to its subsidiaries with respect to bank credit facilities contracted by them. The guarantees are only temporary in nature and have been extended until regular security for those credit facilities is established.

9.9 Revaluation allowances on account of impairment of fixed assets, intangible assets or other securities, and reversal of those allowances.

Principles of creating and reversal of write–offs of tangible fixed assets Revaluation of inventory and Revaluation of receivable under the Group has not changed in relation to rules adopted in the consolidated annual report.

First half of 2011:

Revaluation allowances on account of impairment of fixed assets and reversal of those allowances.	**Changes in first half 2011**
Revaluation allowances on account of impairment of fixed assets	
As at the beginning of the period	**994**
Creating of write-offs	110
Reversal of write–offs	(55)
Changes of write-offs resulting from acquisitions	-
As at the end of the period	**1 049**
- including assigned to the group for disposal	*669*
Revaluation allowances for receivables	
As at the beginning of the period	**28 531**
Creating of write-offs	9 394
Reversal of write–offs	(6 967)
Changes of write-offs resulting from acquisitions	-
Not written off profit and loss	(1 637)
As at the end of the period	**29 321**
- including assigned to the group for disposal	*2 232*
Revaluation allowances for financial assets	
As at the beginning of the period	**67**
Creating of write-offs	-
Reversal of write–offs	-
Changes of write-offs resulting from acquisitions	-
As at the end of the period	**67**
- including assigned to the group for disposal	*55*
Revaluation allowances for inventory	
As at the beginning of the period	**18 397**
Creating of write-offs	13 284
Reversal of write–offs	(8 094)
Changes of write-offs resulting from acquisitions	-
As at the end of the period	**23 587**
- including assigned to the group for disposal	*9 644*
including: revaluation allowances on account of stocktaking	
As at the beginning of the period	626
Creating of write-offs	10 033
Reversal of write–offs	(4 966)
Changes of write-offs resulting from acquisitions	-
As at the end of the period	5 693
including: revaluation allowances on account of bonuses	
As at the beginning of the period	17 771
Creating of write-offs	3 251
Reversal of write–offs	(3 127)
Changes of write-offs resulting from acquisitions	-
As at the end of the period	17 894

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

2010:

Revaluation allowances on account of impairment of fixed assets and reversal of those allowances.	Changes in 2010
Revaluation allowances on account of impairment of fixed assets	
As at the beginning of the period	***1 024***
Creating of write-offs	*464*
Reversal of write–offs	*(494)*
Changes of write-offs resulting from acquisitions	-
As at the end of the period	***994***
- including assigned to the group for disposal	***391***
Revaluation allowances for receivables	
As at the beginning of the period	**30 798**
Creating of write-offs	*10 093*
Reversal of write–offs	*(9 273)*
Changes of write-offs resulting from acquisitions	*25*
Not written off profit and loss	*(3 112)*
As at the end of the period	**28 531**
- including assigned to the group for disposal	*23 231*
Revaluation allowances for financial assets	
As at the beginning of the period	62
Creating of write-offs	*5*
Reversal of write–offs	-
Changes of write-offs resulting from acquisitions	-
As at the end of the period	**67**
- including assigned to the group for disposal	***12***
Revaluation allowances for inventory	
As at the beginning of the period	*18 223*
Creating of write-offs	*23 729*
Reversal of write–offs	*(23 555)*
Changes of write-offs resulting from acquisitions	-
As at the end of the period	**18 397**
- including assigned to the group for disposal	*13 891*

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

9.10 Release of provisions against restructuring costs.

The Group experienced no such events in first half of 2011.

9.11 Deferred corporate tax.

Deferred corporate tax	Changes in first half of 2011	Changes in 2010
Deferred corporate tax assets		
As at the beginning of the period	**15 412**	**15 751**
Increase of assets	3 714	6 803
Reduction of assets	(2 500)	(7 142)
Increases/reductions during the period resulting from acquisitions	-	-
As at the end of the period	**16 626**	**15 412**
- including assigned to the group for disposal	***7 408***	*8 528*

Deferred corporate tax	Changes in first half of 2011	Changes in 2010
Provision against deferred corporate tax		
As at the beginning of the period	**16 216**	**14 822**
Increase of assets	1 244	4 996
Reduction of assets	(1 154)	(3 602)
Increases/reductions during the period resulting from acquisitions	-	-
As at the end of the period	**16 306**	**16 216**
- including assigned to the group for disposal	*516*	*15 179*

9.12 Financial and operating leases

Year 2011:

Liabilities under financial leases	30 June 2011	
	Minimum payments	Current value of minimum payments
Up to 1 year	785	523
From 1 to 5 years	13	12
Over 5 years	-	-
Total	**798**	**535**

Operating leases

Description of assets	Term of agreement	As at 30.06.2011	As at 30.06.2012	From 1 - 5 years	Over 5 years
		Minimum annual payments			
Real properties	definite				
	indefinite				
Machinery and equipment	definite				
	indefinite				
Vehicles	definite	34	8		
	indefinite				
Other fixed assets	definite				
	indefinite				

Agreements containing a lease according to IFRIC 4

Description of assets	Term of agreement	As at 30.06.2011	As at 30.06.2012	From 1 - 5 years	Over 5 years
		Minimum annual payments			
Real properties	definite	46 100	94 820	363 364	370 822
	indefinite	4 800	9 765	39 441	48 883
Machinery and equipment	definite	41	46	15	
	indefinite	50	100	399	499
Vehicles	definite	8 582	17 640	38 334	682
	indefinite				
Other fixed assets	definite	22	13		
	indefinite	19	36	145	181

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

Year 2010:

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

Operating leases

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

Agreements containing a lease according to IFRIC 4

Description of assets	Term of agreement	As at 31.12.2010	As at 31.12.2011	From 1 - 5 years	Over 5 years
		Minimum annual payments			
Real properties	definite	84 719	96 204	372 291	446 169
	indefinite	10 122	10 694	42 790	53 199
Machinery and equipment	definite	73	22	14	
	indefinite	38	38	152	189
Vehicles	definite	16 059	17 045	44 528	175
	indefinite	5	5	20	31
Other fixed assets	definite	55	22		
	indefinite	4	6	22	28

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

9.13 Commitments to purchase tangible fixed assets.

No such event occurred in the Group in first half of 2011.

9.14 Correction of errors of previous periods.

In first half of 2011 there were no corrections of errors committed in previous periods.

9.15 Failure to repay or breach of a loan agreement and failure to take remedial actions.

No such event occurred in the Group in first half of 2011.

9.16 Additional presentation of the basic elements of financial statements.

a) Consolidated Statement of Financial Position and Consolidated Profit and Loss Account of Emperia Holding S.A. without separation of discontinued operations.

	30 June 2011	31 December 2010	30 June 2010
Fixed Assets	**925 767**	**962 544**	**962 775**
Tangible fixed assets	655 704	693 623	676 863
Investment real property	4 844	13 495	16 116
Intangible assets	7 640	8 609	8 198
Goodwill	203 975	203 975	203 975
Shares in equity method	6 637	5 904	4 615
Financial assets	12 313	679	11 683
Long-term loans	-		-
Long-term receivables and other deferred income	18 028	20 847	23 844
Deferred income tax assets	16 626	15 412	17 481
Current Assets	**1 105 036**	**953 525**	**1 015 738**
Stock	461 647	437 264	491 669
Receivables	507 579	440 875	444 196
Receivables under income tax	466	1 514	2 322
Short-term securities	-	-	-
Prepaid expenses	15 248	7 150	14 115
Cash	58 515	49 269	60 845
Other financial assets	5 822	5 650	2 591
Current assets held for sale	55 759	11 803	-
Total Assets	**2 030 803**	**1 916 069**	**1 978 513**
Equity	**862 457**	**878 929**	**826 024**
Share capital	15 115	15 115	15 115
Share premium capital	50 559	549 559	549 559
Supplementary capital	98 844	97 844	98 394
Supplementary capital from the evaluation of managerial options	4 394	4 394	2 715
Reserve capital	69 929	47 823	47 273
Reserve capital for purchase of own shares	539 000	40 000	40 000

Own shares	(19 677)	(14 290)	-
Retained profits	104 176	138 371	72 861
Total equity allocated to shareholders of dominant entity	**862 340**	**878 816**	**825 917**
Non-controlling interest	116	113	107
Long-term liabilities	**101 271**	**83 580**	**152 244**
Credit facilities, loans and debt securities	80 027	61 734	127 931
Long-term liabilities	1 895	2 634	5 442
Provisions	3 043	2 996	2 950
Provision against deferred income tax	16 306	16 216	15 921
Short-term liabilities	**1 067 075**	**953 560**	**1 000 245**
Credit facilities, loans and debt securities	267 530	182 689	277 939
Short-term liabilities	770 472	744 282	697 172
Income tax liabilities	5 430	10 284	3 121
Provisions	20 131	12 389	19 363
Deferred income	3 512	3 916	2 650
Total liabilities	**2 030 803**	**1 916 069**	**1 978 513**

Profit and Loss Account	**6 months ended 30 June 2011**	**6 months ended 30 June 2010**
Sales revenues	**3 050 257**	**2 832 162**
- including related entities	*5 559*	*4 415*
Sales of products and services	82 937	79 185
Sales of goods and materials	2 967 320	2 752 977
Cost of goods sold	**(2 572 692)**	**(2 375 948)**
- including related entities	*(4 945)*	*(3 988)*
Cost of manufactured products sold	(54 298)	(50 380)
Cost of goods and materials sold	(2 518 394)	(2 325 568)
Profit on sales	**477 565**	**456 214**
Other operating income	8 859	6 004
Selling expense	(382 499)	(368 470)
General administrative expense	(47 125)	(40 295)
Other operating expense	(11 001)	(6 409)
Profit on operations	**45 799**	**47 044**
Financial income	1 867	1 865
Financial expense	(11 096)	(9 440)
Profit before tax	**36 570**	**39 469**
Income tax	**(9 020)**	**(7 667)**
Current tax	(10 242)	(8 298)
Deferred tax	1 222	631
Share in financial result entities valued using the equity method	732	633
Profit for the period	**28 282**	**32 435**
Profit for period for shareholders of dominant entity	**28 278**	**32 429**
Profit for period for Non-controlling interest	4	**6**

b) Consolidated Statement of Financial Position and Consolidated Profit and Loss Account of Emperia Holding S.A. with separation of distribution activities and retail activities as a discontinued operations.

	30 June 2011	31 December 2010	30 June 2010
Fixed Assets	**913 747**	**962 544**	**962 775**
Tangible fixed assets	363 702	484 021	676 863
Investment real property	3 166	3 166	16 116
Intangible assets	6 569	8 557	8 198
Goodwill	11 584	17 845	203 975
Shares in equity method	6 637	-	4 615
Financial assets	294	585	11 683
Long-term loans	268	-	-
Long-term receivables and other deferred income	(646)	18 828	23 844
Deferred income tax assets	16	6 684	17 481
Fixed assets held for sale	522 157	422 858	-
Current Assets	**1 117 056**	**953 525**	**1 015 738**
Stock	1 721	97 477	491 669
Receivables	37 668	63 393	444 196
Receivables under income tax		924	2 322
Short-term securities		-	-
Prepaid expenses	1 037	5 393	14 115
Cash	16 315	30 331	60 845
Other financial assets		5 650	2 591
Current assets held for sale	1 060 315	750 357	-
Total Assets	**2 030 803**	**1 916 069**	**1 978 513**
Equity	**862 456**	**878 929**	**826 024**
Share capital	15 115	15 115	15 115
Share premium capital	50 559	549 559	549 559
Supplementary capital	98 844	97 844	98 394
Supplementary capital from the evaluation of managerial options	4 394	4 394	2 715
Reserve capital	69 929	47 823	47 273
Reserve capital for purchase of own shares	539 000	40 000	40 000
Own shares	(19 677)	(14 290)	-
Profit attributable to continuing operations	4 588	65 891	72 861
Profit attributable to discontinued operations	99 704	72 480	-
Total equity allocated to shareholders of dominant entity	**862 456**	**878 817**	**825 917**
non-controlling interest		113	107
Long-term liabilities	**65 456**	**59 483**	**152 244**
Credit facilities, loans and debt securities	65 304	54 226	127 931
Long-term liabilities	547	1 673	5 442
Provisions	109	2 547	2 950
Provision against deferred income tax	(504)	1 037	15 921
Short-term liabilities	**1 102 891**	**977 657**	**1 000 245**
Credit facilities, loans and debt securities	11 030	12 957	277 939
Short-term liabilities	64 612	135 690	697 172
Income tax liabilities	720	2 671	3 121
Provisions	1 674	5 830	19 363
Deferred income	1 561	2 645	2 650
Liabilities attributable to group of assets held for sale	1 023 294	817 864	-
Total liabilities	**2 030 803**	**1 916 069**	**1 978 513**

Profit and Loss Account	6 months ended 30 June 2011	6 months ended 30 June 2010
Sales revenues	**54 598**	**45 775**
- including related entities	*39 403*	*36 942*
Sales of products and services	49 017	45 120
Sales of goods and materials	5 581	655
Cost of goods sold	**(41 626)**	**(35 378)**
- including related entities	*(28 308)*	*(27 623)*
Cost of manufactured products sold	(36 235)	(34 950)
Cost of goods and materials sold	(5 391)	(428)
Profit on sales	**12 972**	**10 397**
Other operating income	284	455
Selling expense	(167)	2
General administrative expense	(4 170)	(3 804)
Other operating expense	(4 835)	(249)
Profit on operations	**4 084**	**6 801**
Financial income	1 235	1 993
Financial expense	(2 415)	(2 459)
Profit before tax	**2 904**	**6 335**
Income tax	**(1 730)**	**(1 207)**
Current tax	(1 723)	(664)
Deferred tax	(7)	(543)
Share in financial result entities valued using the equity method		
Net profit from continuing operations	**1 174**	**5 128**
Profit for period for shareholders of dominant entity	1 174	5 128
Profit for period for Non-controlling interest		
Net profit on discontinuing operations	27 108	27 307
Profit for the period	**28 282**	**32 435**

9.17 Other material information

a) Implementation of the share buy back Programme.

As a result of the authorization granted by Resolution No. 21 Ordinary General Meeting of Emperia Holding SA (Company) dated 23 June 2010 and Resolution No 39/2010 of the Supervisory Board of Emperia Holding SA dated 16 September 2010 and in accordance with the provisions of the share buy back Programme Emperia Holding SA adopted by resolution of the Management Board of Company of 21 September 2010 the Management Board of Emperia Holding SA inform, that Company acquired under the share buy back Programme in a block trade following share packages in order for their further sale or redemption:

Date of transaction	Number of acquired shares	Nominal value of share	Unit price per share	Number of votes at the General Meeting Emperia Holding S.A.	% of the share capital
11 January 2011	11 412	PLN 1,00	PLN 104,90	11 412	0,076 %
18 January2011	10 662	PLN 1,00	PLN 98,10	10 662	0,071 %
24 January 2011	11 651	PLN 1,00	PLN 101,70	11 651	0,077 %
10 February 2011	5 385	PLN 1,00	PLN 102,20	5 385	0,036 %
31 March 2011	1 170	PLN 1,00	PLN 105,90	1 170	0,008%
16 June 2011	12 005	PLN 1,00	PLN 105,90	12 005	0,079%

Since the implementation of the share buy back Programme, the Company acquired 193 733 shares provide 193 733 votes at the General Meeting of Shareholders Emperia Holding S.A. and constitutes 1,282% of the share capital.

The Company's shares were purchased from a brokerage house, to which on 21 September 2010 the Company signed a agreement on share buy back of Emperia Holding S.A.

The Management Board of Emperia Holding S.A.("Company") with seat in Lublin, according to Resolution No. 21 Ordinary General Meeting of Emperia Holding S.A. on 23 June 2010 (taken under Article 362 § 1 point 8 in conjunction with Article 393 point 6 of the Commercial Companies Code) and Resolution No. 39/2010 of the Supervisory Board Emperia Holding S.A. of 16 September 2010, decides to extend for six months ie until 30 September 2011, the duration of share buy back program of Emperia Holding S.A. adopted by Resolution No.1 of Management Board on 21 September 2010.
Pursuant to Resolution No.1 adopted by the Management Board on 31 March 2011 are changed paragraphs 5 and 6 of Chapter III of "Share buy back program of Emperia Holding S.A." adopted by Resolution No.1 of Management Board on 21 September 2010 (detailed content is in Current Report No. 44/2010) The above mentioned paragraphs are replaced by the following:
„5. The Programme will be completed no later than 30 September 2011.
6. The Management Board, guided by the interests of the Company may:
a) Board may end after obtaining the opinion of the Supervisory Board, the buy back shares
Programme before 30 September 2011 or prior to the exhaustion of all resources allocated for the purchase of shares of the Company.
b) refrain from acquiring shares in whole or in part.
In the case of decide to terminate the implementation of the Programme before 30 September 2011, the Management Board will provide such information to the public." The resolution came into force on the date of adoption.

b) Discontinue proposed division of the Emperia Holding S.A.

Management Board of Emperia Holding S.A. ("Company") is inform that the Company has resolved not to go ahead with the proposed division and to discontinue the proposed division of the Company under the Terms of Division by transfer of some of the assets of the Company ("Divided Company") to Tradis S.A. in organisation ("Company Acquiring Assets"), adopted by a resolution of the Company's Management Board on 16 November 2010.
The Company has resolved not to go ahead with and discontinue the proposed division referred to above as a result of the execution of the Equity Investment Agreement between the Company and Eurocash S.A. with its seat at Komorniki on 21 December 2010. Under EIA, the Company agreed not to go ahead with and discontinue the proposed division of the Company under the Terms of Division referred to above following fulfilment of the Condition Precedent provided for under EIA. The said Condition Precedent was fulfilled on 3 January 2011, of which Eurocash S.A. duly notified the Company on the same day.

c) Canceling financial forecasts for the years 2011 – 2012 due to conclusion of Investment Agreement between Emperia Holding S.A. and Eurocash S.A.

Due to such an important event which is to conclude an investment agreement between Emperia Holding S.A. a Eurocash S.A. (current report 1/2011), The Management Board of Emperia Holding S.A. cancel forecasts for the years 2011 – 2012 (current report 41/2010 and 43/2010).
New forecast of financial results will be presented in a Current Report, at the time of final determination of all elements of the transaction under investment agreement concluded between Emperia Holding S.A. and Eurocash S.A.

d) Information on functions of Vice-Chairman of Management Board of Emperia Holding S.A performed in the subsidiaries

The Management Board Emperia of Holding S.A. informed, that from 1 January 2011 Mr. Jaroslaw Wawerski is acting as Chairman of the Management Board of Tradis Sp. z o.o. with seat in Lublin („Company"). Mr. Jaroslaw Wawerski withdrew the resigned from the Chairman of the Management Board of the Company, and Meeting of Shareholders of Company repealed the resolution on appointing Mr. Dariusz Kalinowski to the position of Chairman of the Management Board.. Mr. Jaroslaw Wawerski is responsible for the Company until completion of the merger and transfer its management to the Eurocash Group. Mr. Dariusz Kalinowski is a Member of the Management Board.

e) Acquisition of shares by members of the Management Board and the Supervisory Board of Emperia Holding SA.

From 4 January to14 February 2011 members of the Management Board and The Supervisory Board purchased 24 675 shares of the Emperia Holding S.A., during the regular session organized by the Stock Exchange in Warsaw.
Acquired shares representing 0,163 percent of the share capital and carrying 0,163 percent of votes at the general meeting of shareholders.
Members of the Management Board and the Supervisory Board in provided notifications reserved publication of its personal data.

f) Notification of sale of shares in Emperia Holding S.A. by Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK.

The Management Board of Emperia Holding S.A. informs that on 7 February 2011 received the following notification from Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK.

"According to the obligation arising under Article 69(1) and (4) of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of 29 July 2005 (Journal of Laws No. 184 item 1539), please be advised that following sale of shares in Emperia Holding S.A. ("Company") with its registered seat in Lublin, Poland, cleared on 28 January 2011, Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK (Aviva OFE) reduced state of ownership of shares, to less than 10% of votes at the General Meeting of Shareholders of the Company.
Prior to the above transactions, as at 1 February 2011 Aviva OFE held 1.513.944 shares in the Company, representing 10,02% of the share capital (number of issued shares) of the Company, carrying 1.513.944 votes at the General Meeting of Shareholders, which accounted for 10,02% of the total number of votes.
Upon completion and clearance of the above transactions, as at 2 February 2011 Aviva OFE held 1.418.401 shares in the Company, representing 9,38% of the share capital (number of issued shares) of the Company, carrying 1.418.401 votes at the General Meeting of Shareholders, which accounted for 9,38% of the total number of votes".

g) Execution of annexe to Credit Facility Agreement by Subsidiary

On 28 February 2011 were concluded Annexe to Credit Facility Agreement in form of multipurpose credit line by a subsidiary Tradis Sp. z o.o. in Lublin ("Borrower") and Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna. in Warsaw ("Lender").

Subject of the annexe is decreasing of amount of multipurpose credit line to PLN 110 000 000. Current limit was PLN 138 000 000 – (detail information in Current Report No 13/2010). The credit facility has been granted for the period ended on 27.02.2012
The credit facility is secured by:
1. Registered pledge on Borrower's inventory of commercial goods of total amount not less than amount of granted credit;
2. Transfer of monetary claims from insurance contracts of commercial goods referred to in item 1;
3. Clause deduction of funds from the Borrower's current account held by the Lender.
The facility interest rate is based on WIBOR 1M + Lender's margin. The other terms and conditions are consistent with those customarily applied in the market in agreements of this type.

On 21 March 2011 was signed annex to the credit agreement in overdraft between subsidiary limited liability company Tradis ("Borrower") and Raiffeisen Bank Polska Spółka Akcyjna with seat in Warsaw ("Lender").
The subject of annexe is to extend the lending period and reducing the amount of credit granted to amount of PLN 77 500 000. The current amount of credit granted was PLN 80 000 000 (detailed description in Current Report No.16/2010).
Crediting period has been extended to 04 April 2012.
The facility is secured by:
1. Power of attorney for Borrowers' accounts in Raiifeisen Bank,
2. Silent assignment of the Borrower receivables in the amount of PLN 69 000 000,
3. Letter of comfort issued by Emperia Holding SA.
The facility interest rate is based on WIBOR + Lender's margin. The other terms and conditions are consistent with those customarily applied in the market in agreements of this type.

On 29 March 2011 was signed annex to the credit agreement in overdraft between subsidiary limited liability company Tradis ("Borrower") and Bankiem Polska Kasa Opieki SA with seat in Warsaw ("Lender").
The subject of annexe is change of term credit repayment at 31 March 2012. The current term credit repayment was set at 31 March 2011 (detailed description in Current Report No 14/2010 and 31/2010).
Credit granted is for period from 30 March 2010 until 30 March 2012 in amount of PLN 121 000 000.
Credit is legally secured registered pledge on the trade goods together with transfer of rights from the insurance policy of at least 100% of the loan.
The facility interest rate is based on WIBOR + Lender's margin. The other terms and conditions are consistent with those customarily applied in the market in agreements of this type.

h) Closing of Stokrotka supermarket in Kielce

Following the decision of Voivode of Swietokrzyskie, legitimated on 30 March 2011, on the location of road investment which includes property in Kielce, in which was a supermarket "Stokrotka", the Company was forced to terminate their activity in this location.. Closure of the shop took place on 1 June 2011.
Company incurred significant costs associated with the liquidation of retail outlet: liquidation of investments in third party fixed assets in amount PLN 225 000 and write-off of not-depreciated amount which was paid as a compensation for the acquired location in the amount of PLN 2 150 000; other costs amounted to PLN 136 000. These costs were included in profit and loss account in the second quarter of 2011.

i) Resolution of Management Board of Emperia Holding S.A. to start a process aiming to sell companies operating in the retail segment.

The Management Board of Emperia Holding S.A. make public wording of the Resolution of Management Board adopted on 20 June 2011 to start a process aiming to sell companies operating in the retail segment.

§ 1

Acting pursuant to Article 10 paragraph. 2 of the Articles of Association of Holding S.A. ("Company") Management Board resolves as follows:

1. With a view to high interest expressed both by industry/sector investors and financial investors for purchase shares of subsidiaries of Company operating in the retail segment ("Retail Company") Management Board decided to begin the process in character of auction in order to verify the possibility of selling Retail Companies on attractive economic terms and when it is economically justified based on the terms proposed by the acquirer, sale of Retail Companies through sale of all shares in their capital or by any alternative transaction having a similar economic effect (referred collectively as "Sales Process").
2. Intention of the Management Board is to sales process was carried out in accordance with the following schedule:
i. announcement of initiation of Sales Process - 20 June 2011;
ii. submitting highest offer by entities interested in potential acquisition of Retail Companies ("Potential Purchasers") with the estimated valuation of Retail Companies and the proposed conditionally purchase price - end of August 2011;
iii. audit legal and financial status of Retail Companies by Potential Purchasers admitted to Sales Process -September / October 2011;
iv. make by Potential Purchasers admitted to Sales Process final binding bids of acquisition of Retail Companies giving the offered purchase price - end of October 2011;
v. conclude an conditional agreement of sale Retail Company (or other agreement having similar effect) - end of December 2011;
vi. closing selling transaction of Retail Companies - end of March 2012
3. In the Management Board opinion the value of transaction (without real estate) of Retail Companies stands at about PLN 900 000 000 - in the case of sale of the Retail Companies as a result of Sales Process, Management Board of Company expects to receive price not less than this amount.

§ 2

All transactions entered into by the Company resulting from implementation of Sales Process will be made after obtaining the relevant approvals and permits required by law, including corporate approvals required under the law and Articles of Association.

§ 3

This Resolution becomes effective on the date of adoption.

Activities of companies which are the subject of above resolution is presented in the financial statements as discontinued operations.

j) The deliberations of the Ordinary General Meeting of Shareholders of Emperia Holding S.A.

On 29 June 2011 took place the Ordinary General Meeting of Shareholders of Emperia Holding S.A with the following agenda:

1. Opening the Ordinary General Meeting.
2. Electing the Chairman of the Ordinary General Meeting.
3. Confirming that the Ordinary General Meeting has been properly convened and is capable of adopting valid resolutions.
4. Adopting the agenda.
5. Consideration and approval of the Management Board's report on the operations of the Company and of the financial statements as well as the consolidated financial statements for the previous financial year.
6. Adopting a resolution regarding distribution of the profit generated by the Company or covering the loss incurred by the Company.
7. Acknowledging satisfactory performance of duties by members of the Supervisory Board and Management Board.
8. Adopting resolutions to election two members of the Supervisory Board.
9. Adopting resolutions to amendment the Company's Articles of Association.
10. Adopting resolution to create special-purpose reserve capital to finance the acquire of own shares for redemption.
11. Any other business.
12. Closing the Ordinary General Meeting.

k) Appointment of Entity Authorised to Audit 2011 Financial Statements.

The Management Board of Emperia Holding S.A. ("Company") is pleased to inform that on 29 June 2011, pursuant to Article 14(2)(o) of the Company's Articles of Association, the Supervisory Board appointed a Polish limited liability company, ECA Seredyński i Partnerzy having its registered office in Krakow, Poland, ul. J.Supniewskiego 11, to audit the standalone and consolidated financial statements of Emperia Holding S.A. for 2011 and review the interim semi-annual stand-alone and consolidated financial statements of Emperia Holding S.A. ECA Seredyński i Partnerzy Sp. z o.o. is an entity licensed to audit financial statements no. 3115. The Company relied on the services of the above auditor for auditing its 2010 financial statements.

9.18 Material events after the period of the financial statements

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

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

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

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

In connection with transfer of shares of companies: Tradis, Detal Koncept, Euro Sklep, Partnerski Serwis Detaliczny, Lewiatan Zachód, Lewiatan Północ and Drogerie Koliber (described in detail in Current Report No. 40 of 7 July 2011) P1 Sp. z o.o. takeover of rights and obligations which are vested or chargeable to Emperia under Investment Agreement between Emperia S.A. and Eurocash S.A. (described in detail in Current Report No.1 of 3 January 2011).
In connection with takeover of rights and obligations by P1 Sp. o.o., Emperia accede with P1 Sp. o.o. to obligations under Investment Agreement. Emperia and P1 Sp. o.o. will be jointly and severally liable for the obligations arising from Investment Agreement. This transaction is permitted under the terms of Investment Agreement dated 21 December 2010 concluded between Eurocash S.A. and Emperia Holding S.A.

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

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

c) Implementation of the share buy back Programme.

As a result of the authorization granted by Resolution No. 21 Ordinary General Meeting of Emperia Holding SA (Company) dated 23 June 2010 and Resolution No 39/2010 of the Supervisory Board of Emperia Holding SA dated 16 September 2010 and in accordance with the provisions of the share buy back Programme Emperia Holding SA adopted by resolution of the Management Board of Company of 21 September 2010 the Management Board of Emperia Holding SA inform, that Company acquired under the share buy back Programme in a block trade following share packages in order for their further sale or redemption:

Date of transaction	Number of acquired shares	Nominal value of share	Unit price per share	Number of votes at the General Meeting Emperia Holding S.A.	% of the share capital
12 July 2011	17 246	PLN 1,00	PLN 105,80	17 246	0,114%
03 August 2011	17 257	PLN 1,00	PLN 105,90	17 257	0,114%
17 August 2011	13 451	PLN 1,00	PLN 92,70	13 451	0,089%
19 August 2011	10 218	PLN 1,00	PLN 92,65	10 218	0,068%
23 August 2011	12 344	PLN 1,00	PLN 93,10	12 344	0,082%
25 August 2011	20 798	PLN 1,00	PLN 91,10	20 798	0,138%

Since the implementation of the share buy back Programme, the Company acquired 285 047 shares provide 285 047 votes at the General Meeting of Shareholders Emperia Holding SA and constitutes 1,886% of the share capital.

The Company's shares were purchased from a brokerage house, to which on 21 September 2010 the Company signed a agreement on share buy back of Emperia Holding S.A.

On 18 July 2011 Supervisory Board of Emperia Holding S.A. agrees to begin first process of acquiring its own shares to redeem them under public announcement of its intention to acquire Shares, which total nominal value does not exceed 10% of share capital of the Company, wherein the first amount for the purchase of shares does not exceed PLN 25 000 000. Management Board is authorized to make all factual and legal actions

On 16 August 2011 The Management Board of Emperia Holding SA according to Article 56(1)(1) of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of 29 July 2005 (Journal of Laws of 2009, no. 185, item 1439) and Article 5(3) Commission Regulation (EC) No 2273/2003 implementing Directive 2003/6/EC of the European Parliament and the Council as regards exemptions for buy-back programs and stabilization of financial instruments (Journal of Law EU, L 336/33 of 23 December 2003) inform, that due to extremely low liquidity of shares Emperia Holding S.A., average daily volume of acquiring shares under "Emperia Holding SA share buy back programme"(described in Current Reports No. 44/2010 of 21 September 2010 and No. 27/2011 of 1 April 2011) may exceed the 25 percent limit. Emperia Holding S.A. during implementation of program will not exceed 50 percent of average daily volume.

d) A resolution of the Management Board of Stokrotka Sp. z o. o. on the closure of four delicatessens "Delima"

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

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

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

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

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

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

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

h) Transaction of transfer shares within the Emperia Holding Capital Group.

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

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

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

Lublin, August 2011

Signatures of members of Management Board:

2011-08-31	Artur Kawa	Chairman of Management Board	..... signature
2011-08-31	Jarosław Wawerski	Vice-Chairman of Management Board	..... signature
2011-08-31	Dariusz Kalinowski	Vice-Chairman of Management Board - Financial Director	..... signature
2011-08-31	Marek Wesołowski	Vice-Chairman of Management Board – Retail Business Director	..... signature
2011-08-31	Grzegorz Wawerski	Vice-Chairman of Management Board – Retail Business Development Director	..... signature

Signature of person responsible for maintaining the accounts

2011-08-31	Elżbieta Świniarska	Economic Director	..... signature

10. Semi-annual report of activities of Capital Group of Issuer.

10.1 Description of the Capital Group organization

Name, seat and objects of business of the dominant entity

The parent (dominant) entity operates under the business name of Emperia Holding S.A. (formerly Eldorado S.A.) as a Polish joint stock company entered into the Register of Entrepreneurs maintained by the District Court in Lublin, XI Commercial Division of the National Court Register, entry no. KRS 0000034566.

The seat of the dominant entity is in Lublin, ul. Mełgiewska 7-9.

Since 1 April 2007, the main object of business of Emperia Holding S.A. has been the provision of company holding services (PKD 7415Z). The Company is a taxpayer of tax on goods and services (VAT), NIP Tax No. 712-10-07-105.

The shares of the dominant company have been listed on the Stock Exchange in Warsaw since 2001.

The financial year of the Group subsidiaries coincides with the calendar year.

The term of the Group's subsidiaries is indefinite, with the exception of Companies which are subject to the „Sales Process" (described in detail in paragraphs 9.16(i) classified and presented in these financial statements as discontinued activities and assets and liabilities for sale.

The consolidated financial statements have been prepared for the period from 1 January 2011 to 30 June 2011, with comparable data for the period from 1 January 2010 to 30 June 2010. The consolidated financial statements contain no combined data, the subsidiaries do not operate any internal units that prepare independent financial statements.

The consolidated financial statements have been prepared assuming that the Company will continue its business, and there is nothing to indicate any threat to the continued business of the Group's subsidiaries in the future.

Consolidation details:

Emperia Holding S.A. is the parent (dominant) entity for the Group of Companies, preparing consolidated financial statements for the Group.

As at 30 June 2011 Emperia Holding S.A. and nineteen subsidiaries, operating as limited liability companies (Sp. z o.o.) or joint-stock companies (S.A.), are subject to consolidation:

Stokrotka Sp. z o.o., Infinite Sp. z o.o., Detal Koncept Sp. z o.o., Elpro Sp. z o.o., Tradis Sp. z o.o., DEF Sp. z o.o., Lewiatan Podlasie Sp. z o.o., Maro Markety Sp. z o.o., Społem Tychy Sp. z o.o., Euro Sklep S.A., Projekt Elpro 1 Sp. z o.o., Emperia Info Sp. z o.o., P1 Sp. z o.o., Ekon Sp. z o.o., Ambra Sp. z o.o., Lewiatan Śląsk Sp. z o.o., EMP Investment Ltd., Ipopema 55 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych oraz PSD S.A.*.

In first half of 2011 the composition of the Emperia Holding Group (compared to the end of 2010) changed.
The composition of the consolidated companies was increased by P1 Sp. z o.o., Ekon Sp. z o.o., EMP Investment Ltd. and Ipopema 55 FIZ Aktywów Niepublicznych. (companies previously excluded from consolidation).

*At 30.06.2011 due to the limited access to financial data, Emperia Holding S.A. valued shares of Partnerski Serwis Detaliczny S.A subsidiary using the equity method.

The data presented in this Report as at 30 June 2011 includes stand-alone results of the following subsidiaries subject to consolidation in financial statements

	Subsidiary name	Logo	Registered address	Main objects of business	Court of registration	Relation to parent	Consolidation method	Date of acquiring control / Date of material impact	Interest held	Voting power at general meeting
1	Stokrotka Sp. z o.o. (1)	Stokrotka	20-952 Lublin, Mełgiewska 7-9	Food product retailing	16977, District Court in Lublin, XI Commercial Division of National Court Register ("NCR")	Subsidiary	Full	1999-01-27	100,00%	100,00%
2	Infinite Sp. z o.o.	infinite	20-150 Lublin, Ceramiczna 8	IT services	16222, District Court in Lublin, XI Commercial Division of NCR	Subsidiary	Full	1997-03-11	100,00%	100,00%
3	Detal Koncept Sp. z o.o.	Detal Koncept	20-952 Lublin, Mełgiewska 7-9	Retail franchising	40575, District Court in Lublin, XI Commercial Division of the NCR	Subsidiary	Full	1995-04-25	100,00%	100,00%
4	Elpro Sp. z o.o.(2)	elpro Sp. z o. o.	20-952 Lublin, Mełgiewska 7-9	Developer activity	946, District Court in Lublin, XI Commercial Division of the NCR	Subsidiary	Full	2001-02-15	100,00%	100,00%
5	Tradis Sp. z o.o.(3)	Tradis	20-952 Lublin, Mełgiewska 7-9	Food product wholesaling	272382, District Court in Lublin, XI Commercial Division of NCR	Subsidiary	Full	2007-01-23	100,00%	100,00%
6	DEF Sp. z o.o. (4)	DEF	15-399 Białystok, Handlowa 6	Food product wholesaling	48125, District Court in Białystok, XII Commercial Division of NCR	Subsidiary	Full	2007-01-02	100,00%	100,00%
7	Lewiatan Podlasie Sp. z o.o. (4)	LEWIATAN PODLASIE	15-399 Białystok, Sokólska 9	Food product retailing	33766, District Court in Białystok, XII Commercial Division of NCR	Subsidiary	Full	2007-01-02	100,00%	100,00%
8	Społem Tychy Sp. z o.o.	„SPOŁEM" TYCHY Spółka z o.o.	43-100 Tychy, Damrota 72	Food product retailing	164604, District Court in Katowice, VIII Commercial Division of NCR	Subsidiary	Full	2007-07-06	99,22%	99,22%

9	Maro-Markety Sp. z o.o.	MARO MARKETY	61-615 Poznań, Skwierzyńska 20	Food product retailing	102596, District Court in Poznań, XX Commercial Division of NCR	Subsidiary	Full	2007-09-12	100,00%	100,00%
10	Euro Sklep S.A.	euro SKLEP	43-309 Bielsko-Biała, Bystrzańska 94a	Retail franchising	12291, District Court in Bielsko Biała, VIII Commercial Division of NCR	Subsidiary	Full	2007-10-24	100,00%	100,00%
11	Emperia Info Sp. z o.o.	Emperia Info	20-952 Lublin, Mełgiewska 7-9	IT services	314260, District Court in Lublin, XI Commercial Division of NCR	Subsidiary	Full	2008-09-12	100,00%	100,00%
12	Ambra Sp. z o.o.(4)	AMBRA	43-502 Czechowice-Dziedzice, Hutnicza 7	wholesaling of household chemistry articles and cosmetics	254307, District Court in Katowice, VIII Commercial Division of NCR	Subsidiary	Full	2009-03-11	100,00%	100,00%
13	Partnerski Serwis Detaliczny S.A. (PSD S.A.)	psd	02-739 Warszawa, Grażyny 15	Franchise chain management	280288, District Court for the Capital City of Warsaw in Warsaw , XIII Commercial Division of NCR	Subsidiary	Equity method	2007-12-20	100,00%	100,00%
14	Projekt Elpro 1 Sp. z o.o. (5)		20-952 Lublin, ul. Mełgiewska 7-9	Property development	71049, District Court in Częstochowa, XVII Commercial Division of NCR	Subsidiary	Full	2007-11-29	100,00%	100,00%
15	Lewiatan Śląsk Sp. z o.o. (4)	LEWIATAN	41-219 Sosnowiec, Lenartowicza 39	Retail franchising	109502, S District Court in Toruń, VII Commercial Division of NCR	Subsidiary	Full	2007-01-01	100,00%	100,00%
16	P1 Sp. z o.o.		20-952 Lublin, Mełgiewska 7-9	Rental and property development	365614, District Court in Lublin, XI Commercial Division of NCR	Subsidiary	Full	2010-09-06	100,00%	100,00%
17	Ekon Sp. z o.o.		20-952 Lublin, Mełgiewska 7-9	Property development	367597, District Court in Lublin, XI Commercial Division of NCR	Subsidiary	Full	2010-09-06	100,00%	100,00%

18	EMP Investment Ltd.		Themistokli Dervi 3, JULIA HOUSE, P.C. 1066; Nikozja, Cypr	investment activity in real estate	HE 272278, Ministry of Commerce Industry and Tourism, Department of the Registrar of Companies, Nicosia, Cyprus	Subsidiary	Full	2010-09-03	100,00%	100,00%
19	Ipopema 55 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych (6)		00-850 Warszawa, Waliców 11	Activities of trusts, funds and similar financial institutions	RFi 591, the Warsaw Regional Court, Division VII of the Civil Registry	Subsidiary	Full	2010-12-09	100,00%	100,00%

(1) directly by Emperia Holding (98.472 shares 95,93%) and indirectly by Stokrotka (4.181 shares, 4,07%)
(2) indirectly by IPOPEMA 55 FIZ Aktywów Niepublicznych (80.625 shares), Ekon Sp. z o.o. (1 share)
(3) directly by Emperia Holding (211.475 shares, 91,58%) and indirectly by Tradis (19.432 shares 8,42%)
(4) indirectly by Tradis Sp. z o.o.
(5) directly by Emperia Holding (49 098 shares35,45%) and indirectly by Stokrotka Sp. z o.o. (89 330 shares, 64,50%) Projekt Elpro 1 (64 shares 0,5%)
(6) indirectly by EMP Investment Limited

List of subsidiaries at the balance sheet date 30 June 2011 excluded from consolidation in financial statements with indication of legal grounds

	Entity name	Registered address	Legal grounds for exclusion	Emperia Group interest in share capital (% at balance sheet date)	Emperia Group voting power (% at balance sheet date)
1.	Lider Sp. z o.o. in liquidation (1)	70-660 Szczecin, Gdańska 3C	The financial data of these entities is immaterial to the extent of the obligation to present a reliable and clear picture of the Group's assets, financial standing and financial result	100,00%	100,00%
2.	Lewiatan Orbita Sp. z o.o. (2)	10-680 Olsztyn, Lubelska 33		100,00%	100,00%
3.	Lewiatan Kujawy Sp. z o.o. (2)	87-800 Włocławek, Komunalna 6		100,00%	100,00%
4.	Lewiatan Częstochowa Sp. z o.o. in liquidation (2)	42-200 Częstochowa, Wręczycka 22/26		37,50%	37,50%
5.	Lewiatan Mazowsze Sp. z o.o. (2)	00-718 Warszawa, Czerniakowska 71 lokal 99		38,20%	38,20%
6.	Lewiatan Wielkopolska Sp. z o.o. (2)	60-665 Poznań, os. Winiary 54		71,43%	71,43%
7.	Lewiatan Opole Sp. z o.o. (2)	45-325 Opole, Światowida 2		89,21%	89,21%
8.	Lewiatan Zachód Sp. z o.o.	73-100 Stargard Szczeciński, Przemysłowa 5		100,00%	100,00%
9.	ZKiP Lewiatan 94 Holding S.A. (3)	87-800 Włocławek, Kilińskiego 10		*63,47%	*68,51%
10.	Lewiatan Północ Sp. z o.o.	80-298 Gdańsk, Bysewska 30		100,00%	100,00%
11.	Ezon Sp. z o.o.	20-952 Lublin, Mełgiewska 7-9		100,00%	100,00%
12.	Tradis S.A.	20-952 Lublin, Mełgiewska 7-9		100,00%	100,00%
13.	Drogerie Koliber Sp. z o.o.(4)	44-100 Gliwice, Kozielska 25		100,00%	100,00%
14.	SPOŁEM Domy Handlowe Sp. z o.o. (5)	43-100 Tychy, ul. Damrota 72		100,00%	100,00%
15	P2 EKON Sp. z o.o. sp. komandytowo-akcjyna (6)	20-952 Lublin, ul. Mełgiewska 7-9		100,00%	100,00%

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

List of entities other than subsidiaries entities in which associated entities hold less than 20% of shares as at 30 June 2011

	Entity name	Registered address	Share capital (PLN)	Emperia Group interest in share capital (% at balance sheet date)	Emperia Group voting power (% at balance sheet date)
1	„Giełda Rolno-Towarowa" S.A. (2)	Białystok ul. Gen. Wł. Andersa 38	14 805	0,30%	0,36%
2	„Spółdzielnia Mieszkaniowa Lokatorsko-Własnościowa w Lidzbarku Warmińskim" (1)	Lidzbark	The acquisition is necessary as the commercial space in which the business is conducted is owned by the cooperative;		
3	„Beskidzkie Towarzystwo Kapitałowe" S.A. (3)	43-300 Bielsko Biała, ul. Kamińskiego 19	21 520	4,37%	4,37%
4	„Lewiatan Podkarpacie" Spółka z o.o. (4)	39-200 Dębica, ul. Drogowców 8.	170	0,59%	0,59%
5	„Elektroniczna Sieć Handlowa Merkury" Spółka z o.o. (4)	01-728 Warszawa, ul. Powązkowska 46/50	3 298	11,20%	11,20%

(1) indirectly by Tradis Sp. z o.o.
(2) indirectly by Projekt Elpro 1 Sp. z o.o.
(3) indirectly by Euro Sklep S.A.
(4) indirectly by ZKiP Lewiatan 94 Holding S.A.

10.2 Indication of the effects of changes in structure of the enterprise.

All changes in structure of the Capital Group are described in detail in note 8.8

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

The Management Board of Emperia Holding SA has not published forecasts of results for 2011.

10.4 Shareholders holding at least 5 percent of the total number of votes at the general meeting as at the date of filing the report.

Shareholders	Shares held as at the date of filing the report	Percentage of share capital	Change %	Shares held as at 31.12.2010	Percentage of share capital as at 31.12.2010	Number of votes at GMS as at the date of filing the report	% of number of votes at GMS as at the date of filing the report
Aviva OFE Aviva BZ WBK*	1 418 401	9,38%	(6,57%)	1 518 210	10,04%	1 418 401	9,38%
Jarosław Wawerski	1 097 537	7,26%	0,64%	1 090 537	7,21%	1 097 537	7,26%
Artur Emanuel Kawa	1 004 835	6,65%	0,47%	1 000 086	6,62%	1 004 835	6,65%
PZU Asset Management	757 653	5,01%	0,00%	757 653	5,01%	757.653	5,01%

* information about state of held shares has been obtained from Current Report No. 16/2011 dated 7 February 2011.

10.5 Changes in the number of shares held by members of the Management Board and Supervisory Board

Members of Management Board	Shares held as at 30.06.2011	Percentage of share capital	Change %	Shares held as at 31.12.2010	Percentage of share capital as at 31.12.2010
Jarosław Wawerski	1 097 537	7,26%	0,64%	1 090 537	7,21%
Artur Emanuel Kawa	1 004 835	6,65%	0,47%	1 000 086	6,62%
Grzegorz Wawerski	358 738	2,37%	1,41%	353 738	2,34%
Dariusz Kalinowski	15 946	0,11%	6,31%	15 000	0,10%
Marek Wesołowski	13 500	0,09%	7,82%	12 520	0,08%

Members of Supervisory Board	Shares held as at 30.06.2011	Percentage of share capital	Change %	Shares held as at 31.12.2010	Percentage of share capital as at 31.12.2010
Piotr Laskowski	386 125	2,55%	0,00%	386 125	2,55%
Artur Laskowski	354 674	2,35%	2,0%	347 730	2,30%

10.6 Information on pending litigation.

In first half of 2011 the Group's subsidiaries were not a party to proceedings before courts or other bodies relating to liabilities or receivables of the aggregate value of at least 10% of equity.

10.7 Material transactions of the Issuer with associated entities.

In first half of 2011, Emperia Holding SA did not enter into any material transactions with associated entities, otherwise than in the ordinary course of business on an arm's length basis.

Mergers made in first half of 2011 within Capital Group, are described in note 8.8
As a part of management of Group's cash flows, took place short-term bond issue, described in detail in note 9.5.

10.8 Credit facilities, loans and guarantees.

In first half of 2011 parent company Emperia Holding SA did not grant new loan guarantees to its subsidiaries exceeding 10% of equity of the Issuer. Information about granted guarantees contains note 9.8

10.9 Other information that in Issuer's opinion are important to assess the staffing, and financial situation of the Company.

10.9.1 Basic financial data and efficiency of economic activity of Capital Group.

Financial Highlights

Description	I half 2011	I half 2010	Change %
Sales revenues	3 050 257	2 832 162	7,7%
EBIDTA	80 471	80 783	-0,4%
Profit on operations	45 799	47 044	-2,6%
Profit before tax	36 570	39 469	-7,3%
Profit for period	28 282	32 435	-12,8%
Total assets	2 030 803	1 978 513	2,6%
Liabilities and provisions against liabilities	1 168 345	1 152 489	1,4%
Short-term liabilities	1 067 075	1 000 245	6,7%
Net assets	862 457	826 024	4,4%
Share capital	15 115 161	15 115 161	0,0%
Annualised profit per share for period	6,24	4,64	34,5%

Group's activity and payment capacity.

Description	I half 2011	I half 2010
Return on equity (profit for the period under review/equity at the end of the period) in %)	3,28%	3,93%
Return on assets ((profit for the period under review/total assets at the end of the period) in %	1,39%	1,64%
Return on sales (profit for the period under review/sales revenues in the period) in %	15,66%	16,11%
Return on EBIDTA (EBITDA/ sales revenues in the period) in %	2,64%	2,85%
Return on operations (profit on operations for the period under review/sales revenues in the period) in %	1,50%	1,66%

Gross return (profit before tax for the period under review/sales revenues in the period) in %	1,20%	1,39%
Net return (profit for the period under review/sales revenues in the period) in %	0,93%	1,15%

Significant impact on the results achieved in the first half of 2011 had:

- one-off event which was closing of the Stokrotka superstore in Kielce as a result of a decision on expropriation for road investment,
- increase in financial expenses,
- costs incurred to implement the new structure of property management and real estate investments of Emperia Capital Group.

In total these factors decreased gross profit by PLN 5 100 000

Although the results: operating, gross and net were lower than achieved in the same period last year on noteworthy fact, that EBITDA in the first half of the current year only slightly deviates from the level in the analogous period last year.

We achieved over 7% increase in revenues compared to the same period last year. This was caused by increase in sales both in own stores as well as in stores cooperating with the Emperia Group.

10.9.2 Description of factors and events, in particular of untypical character, affecting the result achieved in the financial year.

No such event occurred in the Group in first half of 2011.

10.9.3 Investment outlays

Investment outlays	I half 2011	I half 2010
Attributable to continuing operations	40 430	24 251
Attributable to discontinued operations	10 703	28 877
Total	**51 133**	**53 128**

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

In first half of 2011 has been no changes of Management Board of Emperia Holding S.A.

The composition of the Management Board at 30 June 2011 is as follows:

1. Artur Emanuel Kawa – Chairman of Management Board
2. Jarosław Wawerski – Vice-Chairman of Management Board
3. Dariusz Kalinowski – Vice-Chairman of Management Board - Financial Director
4. Marek Grzegorz Wesołowski - Vice-Chairman of Management Board – Retail Business Director
5. Grzegorz Wawerski - Vice-Chairman of Management Board Retail Business Development Director

In first half of 2011 has been no changes of Supervisory Board of Emperia Holding S.A.

The composition of the Supervisory Board of Emperia Holding SA at 30 June 2011 is as follows:

1. Piotr Laskowski – Chairman of the Supervisory Board
2. Tomasz Marek Krysztofiak – Vice-Chairman of the Supervisory Board, independent member
3. Artur Laskowski - Member of the Supervisory Board
4. Ireneusz Zięba – Member of the Supervisory Board
5. Piotr Długosz – Independent Member of the Supervisory Board

On 29 June 2011 Ordinary General Meeting of Shareholders of Emperia Holding SA appointed Mr Piotr Laskowski and Mr Ireneusz Zięba to the new cadence.

10.10 Factors that will affect on results achieved by the Group in next half of year.

External:

a) The macroeconomic situation in Poland, as reflected by the following ratios: increasing GDP, unemployment rate, net income of households, inflation rate;
b) Changes in the business FMCG market,
c) Increasing prices of goods and services consumed by the Group, including without limitation fuel and utilities;
d) The prices of real property leveling off and in some segments even falling;
e) The corporate and consumer lending policy of financial institutions (level of interest rates, credit margin, security);
f) Situation in the labour market and cost of salaries.

Internal:

a) Optimization of business processes as a part of rebuilding structures of Capital Group, thereby increasing efficiency of activities and better quality of management of segments,
b) Development of new formats of franchise chain belonging to the Group,
c) Implementation of the new structure of property management and investments in real estate in the Group,
d) Internal policy on cost control,
e) Timely and budgetary implementation of the planned investments,
f) The implementation of sales process of the retail segment.

10.11 Risk Factors

External:

Macroeconomic situation. The macroeconomic situation and the rate of economic growth in Poland are particularly important for the Group, including such external factors and the economic policy of the government, National Bank of Poland and Monetary Policy Council decisions affecting the supply of money, level of interest rates and exchange rates, GDP increase rate, inflation rate, size of the budget deficit and foreign debt and the unemployment rate.

Negative changes in the macroeconomic environment, including without limitation slowdown in income growth and increasing unemployment may adversely affect the Group's operations and business performance.

Tax system and changes in law. Accounting for tax and other regulated areas of business may be subject to inspections by administrative authorities which are entitled to impose high fines, sanctions and interest charges. The inability to rely on established legal regulations in Poland produces a lot of vagueness and incoherence in the applicable laws. Frequent changes in the regulations on tax on goods and services (VAT), corporate tax, personal income tax and social security result in the lack of a frame of reference comprised of established regulations or legal precedent. The fact that opinions on the legal interpretation of tax regulations often differ both among state authorities and between state authorities and companies produces areas of uncertainty and conflict. All these factors mean that tax risk in Poland is significantly higher than that existing in countries with a more developed tax system.
Accounting for tax may be subject to inspection in a period of five years, starting from the end of the year in which tax is paid. Following tax inspections, the Group's tax obligations may be increased by additional tax liabilities. It is the Group's opinion that at the moment the current business does not generate a high tax risk.

Competition in the wholesale segment. The changes in the Polish FMCG retail trade model, the increasing share of modern retail formats (hypermarkets, supermarkets, discount chains) at the expense of the traditional retail outlets, produces the risk of falling volumes in the wholesale segment offering goods mainly to the traditional retailers. For these reasons, further material erosion of the significance traditional retailing plays may result in restricting or levelling off the Group's sales volume in the wholesale business and thus adversely affect future performance of the Group. In the Management Board's opinion however, the above risk is faced above all by small and medium-sized enterprises, with logistic efficiency much inferior to the Emperia Group, higher operating costs due to the smaller scale of operations and weaker purchasing power. In the case of the Issuer this risk is minimised by the extensive scale of

operations, modern and effective warehousing and logistic infrastructure, as well as the concurrent expansion of in-house retail chains.

Competition in the retail segment. The chain of medium-format outlets developed by the Group is mainly located in medium-sized and smaller towns. At the moment, discount chains are intensely developing stores in these towns. Also the large multinational retail chains, given the progressing saturation of bigger cities with large-scale retail stores, have become more active and are seeking expansion opportunities in smaller towns, that is the traditional markets of the Group. Competitive actions targeted at the Company, both already under way and announced to take place by retail chain operators may slow down the current growth of sales reported by the Group's in-house retail chains and put pressure on the margins, which can adversely affect future financial results. In addition, competitors' efforts may make new attractive locations harder to find or more expensive.

Internal:

Segment consolidation. The Group continuously optimises and revamps its structure in the core businesses segments: wholesale and retail. The large scale and pace of these changes may generate operating risks, understood as losses caused by unreliability and misalignment of internal processes, employees and systems with the changes. This may cause temporary losses and delays in achieving the expected synergies.

IT systems and related technical infrastructure. The application of uniform, modern and effective IT systems is of key significance for business processes. Equally important is the technical infrastructure which provides fast and reliable connections and data processing. The Group continuously develops, standardises and upgrades its IT solutions by developing internal solutions and purchasing modern solutions from third-party vendors. Potential failures in the operation of IT systems might interrupt business processes and compromise the level of services provided.

Acquisitions. One of the most important components of the development strategy pursued by the Group is the desire to speed up the growth of the size of operations by mergers and acquisitions. There is a risk that in the case of certain entities with which the Group is in talks about consolidation, it will eventually have to give up its investment plans as acquisitions initially identified as attractive may prove too risky or the transaction price expected by the owners of target companies may be unjustified in business terms. Also in the cases when the transaction is concluded, it may turn out that the future financial performance of some of the target companies or the expected synergies may be lower than projected. Consequently, the acquisitions may not generate the expected sales and profit increases for the Group or the costs of takeovers may prove too high compared to the effects achieved.

Suppliers. As part of its business operations consisting in FMCG wholesaling and retailing the Group has concluded a number of agreements with suppliers providing for discounts and advantageous terms of payment for the goods purchased. Despite the fact that none of the members of the Group depends heavily on any specific suppliers, there is a risk that termination of business agreements or adverse change of their material terms, especially if such cases involved a major number of the agreements concluded, could adversely affect the Group's financial performance.

10.12 Report on the activity of the Business Divisions of Emperia Holding S.A.

10.12.1 Introduction – Outline of Underlying Assumptions for Operational Strategy of Emperia Holding Group.

On 20 June 2011 The Management Board of Emperia Holding S.A. adopted a resolution to start a process aiming to sell companies operating in the retail segment, which was described in Current Report 32/2011 dated 20 June 2011.
This is a response to high interest expressed both by industry/sector investors and financial investors for purchase shares of subsidiaries of Company operating in the retail segment ("Retail Company"). Management Board decided to begin the process in character of auction in order to verify the possibility of selling Retail Companies on attractive economic terms and when it is economically justified based on the terms proposed by the acquirer, sale of Retail Companies through sale of all shares in their capital or by any alternative transaction having a similar economic effect.

That was the basis for the decision to change the key assignment of individual companies to the business divisions and a simultaneous renaming **Stokrotka /Delima Supermarkets Division on Retail Division.**

Therefore, the results of the business divisions are presented with assignment following companies of Emperia Group to divisions:

Tradis Distribution Group Division

Group specializes in the distribution activity.

The Division includes following entities:

a) Companies operate in the wholesale of FMCG through warehouses Cash & Carry and Distribution Centers located throughout the Poland.

They are:

- Tradis Sp. z o.o – operates throughout the country. It has 8 distribution centers and 51 Service warehouses and Cash & Carry
- DEF Sp. z o.o. – operates in the north-eastern Poland. It has 4 warehouse.
- Ambra Sp. z o.o. - specializes in sale of chemical products. It operates in the southern Poland. It has warehouse located in Czechowice – Dziedzice

Companies operating as a franchise chains:

- Detal Koncept Sp. z o.o. (brand: Milea, Groszek)
- Euro Sklep S.A. (brand: Euro Sklep)
- Lewiatan Podlasie Sp. z o.o. (brand: Lewiatan)
- Lewiatan Śląsk Sp. z o.o. (brand: Lewiatan)

and

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

In addition to the above-mentioned consolidated entities to Tradis Distribution Group belong also not consolidated due to importance, companies:

- Drogerie Koliber Sp. z o.o.

and

- Lewiatan Zachód Sp. z o.o.
- Lewiatan Orbita Sp. z o.o.
- Lewiatan Wielkopolska Sp. z o.o.
- Lewiatan Północ Sp. z o.o.
- Lewiatan Opole Sp. z o.o.
- Lewiatan Kujawy Sp. z o.o
- Lewiatan Mazowsze Sp. z o.o.
- Lewiatan Holding as an organizer of own chains and owner of brand Lewiatan.

Companies are operators of Lewiatan franchise chains of which franchisee work closely with Tradis Distribution Group, as its customers.

Retail Division

Group specializes in retail FMCG.

The Division consists of the following consolidated entities:

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

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

c) Społem Tychy S.A. - operates retail outlets under brand Społem.
at the end of June 2011 - 23 outlets Społem Tychy

Real Estate Division

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

The Division consists of the following consolidated entities:

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

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

External IT Division

Division consists of IT company – Infinite Sp. z o.o.
The aim of company activity is providing IT services both for domestic entities and abroad.
The company offers services: electronic data interchange (EDI), B2B Integration, archiving of electronic documents, electronic signature technology, mobile solutions, support real estate management and modern marketing.

Support Division (Back Office)

The Division consists of the following entities:

a) Emperia Holding S.A. – main activities of Emperia Holding S.A. is to set strategy and coordination of activities of companies forming Emperia Group. Moreover, Company provides a wide range of management services to entities comprising the Emperia Group in particular: financial and accounting services, legal, personnel management, controlling.
b) Emperia Info Sp. z o.o. – company provides services to companies forming Emperia Group. Provides support for these entities in the IT software services, service of computer hardware and IT network administration services.
c) P1 Sp. z o.o – holding company, holds shares of the following companies: Tradis, Detal Koncept, Euro Sklep, Partnerski Serwis Detaliczny, Lewiatan Zachód, Lewiatan Północ and Drogerie Koliber

The Support Division includes Ezon Sp. z o.o. which is not consolidated due to importance.

Main activities of Company is to activation of persons with disabilities. Its main purpose is to support companies of the Emperia Group in the underlying and ancillary activities related to the functioning of these entities

10.12.2 Assumptions to presented results of each Divisions.

1. Within each Division are presented results of consolidated entities.
2. Corrections related to the creation of new Divisions have been carried out by two methods: value adjustments resulting from the evidence and value adjustment using statistical and estimates indicators.
3. From results of division were excluded operations related with dividends payment within the Division, other exclusions taken into account on the consolidated financial statements level.
4. All currently existing in the Emperia Group property are presented in Real Estate Division – which makes it necessary to make appropriate corrections in results of other Divisions.

On that basis the following correction were made:

- Transfer of assets related to each properties to the Real Estate Division
- Transfer of income from rental of property to the Real Estate Division
- Transferring cost associated with the properties operation to the Real Estate Division, especially depreciation, taxes and fees and costs of financing.
- Establishing rents at market levels for their own properties of companies outside the Real Estate Division.
- Adjustment to the legal person income tax resulting from allocation of costs and revenues in each Divisions is calculated by nominal tax rate
- Sum of corrections made between the Divisions, gives value of zero at the level of consolidation

5. For each of Division presented also „The net result adjusted for the margin at holding services", which is obtained by changing Net result of Division by margins achieved at services provided by Emperia Holding and Emperia Info. This increases result of Divisions: Tradis Distribution Group, Retail, Real Estate and External IT and reducing result of Support Division
6. Correction of margin on holding services also entail need for adjustment of income tax from legal persons in accordance with the principle described above.

10.12.3 Presentation of basic financial and operating results by Business Divisions

Below are basic financial and operating data of the Emperia Holding Capital Group (Emperia Group) for Q2 2011 by Business Divisions:

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

10.12.4 Main financial highlights by Divisions

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

	Divisions							
In mln PLN	**Tradis Dystribution Group**	**Retail**	**Real Estate**	**External IT**	**Support**	**Presentation Corrections**	**Consolidation Exclusions**	**Total**
Sales revenues	1 335,5	447,8	18,2	1,6	21,0	-4,4	232,9	**1 586,8**
EBIT	19,9	-2,8	7,4	0,2	1,0	0,0	-0,3	**26,0**
Profitability on EBIT	*1,5%*	*-0,6%*	*40,7%*	*12,5%*	*4,6%*			***1,6%***
EBITDA	24,7	3,9	11,1	0,2	3,2	0,0	-0,1	**43,2**
Profitability on EBITDA	*1,8%*	*0,9%*	*61,2%*	*15,1%*	*15,1%*			***2,7%***
Gross result	18,7	-3,1	2,3	0,3	79,9	41,2	118,0	**21,2**
Net result	15,1	-2,4	1,6	0,1	79,5	41,2	118,1	**17,0**
Profitability on Net result	*1,1%*	*-0,5%*	*9,0%*	*7,0%*	*378,6%*			***1,1%***
Investment outlays	1,6	5,8	11,6	0,0	0,9	0,0	0,6	**19,3**
Net debt	41,0	-21,3	379,1	-6,9	-108,7	0,0	0,0	**283,2**

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

	Divisions							
In mln PLN	**Tradis Dystribution Group**	**Retail**	**Real Estate**	**External IT**	**Support**	**Presentation Corrections**	**Consolidation Exclusions**	**Total**
Sales revenues	1 203,9	423,1	15,8	1,6	16,1	-4,3	218,3	**1 437,9**
EBIT	22,2	-2,2	7,4	0,4	-0,4	0,0	-0,4	**27,7**
Profitability on EBIT	*1,8%*	*-0,5%*	*46,8%*	25,9%	-2,7%			***1,9%***
EBITDA	27,4	4,0	10,9	0,5	2,0	0,0	0,0	**44,8**
Profitability on EBITDA	*2,3%*	*0,9%*	*68,8%*	29,8%	12,2%			***3,1%***
Gross result	22,4	-2,8	2,9	0,5	60,0	4,2	63,2	**24,0**
Net result	18,8	-2,5	2,6	0,4	59,8	4,2	63,3	**20,0**
Profitability on Net result	*1,6%*	*-0,6%*	*16,2%*	25,5%	372,1%			***1,4%***
Investment outlays	5,7	14,8	5,7	0,1	2,1	0,0	0,1	**28,3**
Net debt	166,7	-2,8	320,6	-6,1	-136,0	0,0	0,0	**342,4**

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

	Divisions							
In mln PLN	**Tradis Dystribution Group**	**Retail**	**Real Estate**	**External IT**	**Support**	**Presentation Corrections**	**Consolidation Exclusions**	**Total**
Sales revenues	2 578,1	874,6	36,2	3,3	35,7	-8,9	468,8	**3 050,3**
EBIT	35,1	-0,7	15,7	0,7	-4,4	0,0	0,5	**45,8**
Profitability on EBIT	*1,4%*	*-0,1%*	*43,4%*	*21,3%*	*-12,3%*			***1,4%***
EBITDA	44,7	12,6	23,1	0,8	0,2	0,0	0,8	**80,5**
Profitability on EBITDA	*1,7%*	*1,4%*	*63,7%*	*24,1%*	*0,4%*			***2,5%***
Gross result	32,7	-0,6	5,4	0,9	76,0	41,2	118,9	**36,6**
Net result	26,5	-0,5	4,0	0,7	75,4	41,2	118,9	**28,3**
Profitability on Net result	*1,0%*	*-0,1%*	*11,1%*	*21,8%*	*211,0%*			***0,8%***
Investment outlays	2,5	10,8	37,3	0,0	1,2	0,0	0,8	**51,1**
Net debt	41,0	-21,3	379,1	-6,9	-108,7	0,0	0,0	**283,2**

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

	Divisions							
In mln PLN	**Tradis Dystribution Group**	**Retail**	**Real Estate**	**External IT**	**Support**	**Presentation Corrections**	**Consolidation Exclusions**	**Total**
Sales revenues	2 376,4	839,3	32,1	3,2	30,8	-8,7	441,0	**2 832,2**
EBIT	27,9	4,4	14,9	0,9	-1,5	0,0	-0,4	**47,0**
Profitability on EBIT	*1,2%*	*0,5%*	*46,6%*	*28,6%*	*-5,0%*			***1,4%***
EBITDA	38,4	16,5	21,9	1,1	3,2	0,0	0,2	**80,8**
Profitability on EBITDA	*1,6%*	*2,0%*	*68,2%*	*33,1%*	*10,3%*			***2,6%***
Gross result	27,6	3,8	5,9	1,1	60,1	4,2	63,2	**39,5**
Net result	23,5	2,5	5,0	0,9	59,6	4,2	63,3	**32,4**
Profitability on Net result	*1,0%*	*0,3%*	*15,5%*	*27,4%*	*193,5%*			***0,9%***
Investment outlays	9,5	29,1	10,7	0,1	4,3	0,0	0,6	**53,1**
Net debt	166,7	-2,8	320,6	-6,1	-136,0	0,0	0,0	**342,4**

10.12.5 Key operating data for each Division

10.12.5.1 Tradis Distribution Group Division

Financial Highlights

in mln Pln	Q2 2011	Q2 2010	Change % 2011 / 2010	Q1-Q2 2011	Q1-Q2 2010	Change % 2011 / 2010
Sales revenues	1 335,5	1 203,9	*10,9%*	2 578,1	2 376,4	*8,5%*
EBIT	19,9	22,2		35,1	27,9	
Profitability on EBIT	*1,5%*	*1,8%*		*1,4%*	*1,2%*	
EBITDA	24,7	27,4	*-10,0%*	44,7	38,4	*16,5%*
Profitability on EBITDA	*1,8%*	*2,3%*		*1,7%*	*1,6%*	
Gross result	18,7	22,4		32,7	27,6	
Net result	15,1	18,8	*-19,6%*	26,5	23,5	*12,7%*
Profitability on Net result	*1,1%*	*1,6%*		*1,0%*	*1,0%*	
Net result adjusted by margin on holding services	15,8	19,5	*-19,3%*	27,8	24,9	*11,6%*
Profitability on adjusted Net result	*1,2%*	*1,6%*		*1,1%*	*1,0%*	

Selected Ratios

Selected data and ratios	Q2 2011	Q2 2010	Change % 2011 / 2010	Q1-Q2 2011	Q1-Q2 2010	Change % 2011 / 2010
Investment outlays (in mln PLN)	1,6	5,7	*-72,3%*	2,5	9,5	
Net debt (in mln PLN)	41,0	166,7	*-75,4%*	41,0	166,7	
Inventory turnover	27,47	34,35		27,47	34,35	
Receivables rotation	35,47	38,54		35,47	38,54	
Liabilities rotation	42,63	46,41		42,63	46,41	
Cash conversion cycle	**20,32**	**26,48**		**20,32**	**26,48**	

In Q2 2011 Tradis Distribution Group realized sales revenue of PLN 1 335 500 000, which is an increase of 10,9 % compared to the same period of 2010.

- Increase of sales revenues was caused mainly by:
- obtaining contract for sale to Orlen stations by Tradis (contract is valid from June 2010),
- increasing number and purchasing by own shops,
- expanding cooperation with franchise networks,
- expanding cooperation with cooperatives,
- intensification of sales to independent stations,
- growth of liquor sales.

Cumulatively Net Profit in the first half of 2011 amounted to PLN 26 500 000, which is an increase of 12.7% compared to the same period in 2010.

Cumulatively Profitability on EBITD in the first half of 2011 increased by 0.1% compared to the same period in 2010.
It should be stressed that impact on net profit of Tradis Distibution Group had:

- achieve economies of scale associated with increase in sales of existing logistics infrastructure
- cost optimization in Tradis,
- improving the efficiency of logistics customer service.

Cash conversion cycle in second quarter of 2011 was 20,32 day and was better by 6,16 days compared to the same period of 2010. The improvement of this ratio is mainly due to improving inventory turnover of 6.89 day.
Most significant impact on changes in rotation ratios had Tradis.
In the Company in 2011 was continued process of optimization of assortment. At the same time was achieved growth in sales of goods, while maintaining unchanged value of inventories.

Selected operating data

Number of distribution locations (under Division's Companies which actively leading wholesale operations)

Company	Number of locations*			Warehouse space (sq)*		
	2011	2010	Change 2011 / 2010	2011	2010	Change 2011 / 2010
Tradis Sp. z o.o.	59	59	0	256 465	256 465	0
including Distribution Centers	*8*	*8*	*0*	120 558	120 558	*0*
DEF Sp. z o.o.	4	4	0	14 548	14 548	0
AMBRA Sp. z o.o.	1	1	0	5 824	5 824	0
Razem	**64**	**64**	**0**	**276 837**	**276 837**	**0**

** values presented as of last day of period*

Number of stores under franchising chains of Tradis Distribution Group

Operator	Number of stores *		
	2011	2010	Change 2011 / 2010
Groszek	1 046	1 127	-81
Milea**	95	92	3
Euro Sklep S.A.	636	637	-1
Lewiatan Podlasie Sp. z o.o.	189	196	-7
Lewiatan Śląsk Sp. z o.o.	312	293	19
Lewiatan Zachód Sp. z o.o.	243	299	-56
Lewiatan Orbita Sp. z o.o.	107	106	1
Lewiatan Wielkopolska Sp. z o.o.	194	183	11
Lewiatan Północ Sp. z o.o.	179	168	11
Lewiatan Opole Sp. z o.o.	185	183	2
Lewiatan Kujawy Sp. z o.o.	354	382	-28
Lewiatan Mazowsze Sp. z o.o.	24	20	4
Total	**3 564**	**3 686**	**-122**

** presented number as at the last day of the period*
*** including its own stores of Detal Koncept and Maro-Markety*

Number of stores cooperating under Partnerski Serwis Detaliczny

	2011	2010	Change 2011 / 2010
Number of cooperating Consumer Cooperative*	554	444	**110**
Number of stores *	62	53	**9**

** presented number as at the last day of the period*

Structure of sales of goods cumulatively in respect of companies which actively leading wholesale operations divided by Group of Customers

Group of customers	Sales of goods cumulatively in ths PLN		Change % 2011 / 2010	% participation of groups of customers	
	2011	2010		2011	2010
Sales to own Retail (Stokrotka /Delima Supermarkets Division)	345 843	325 004	6,4%	13,8%	14,1%
Sales to own Retail :Społem Tychy	12 812	15 630	-18,0%	0,5%	0,7%
Sales to related franchise chains	681 068	605 307	12,5%	27,1%	26,3%
Other	1 472 780	1 358 462	8,4%	58,6%	59,0%
Total	**2 512 503**	**2 304 404**	**9,0%**		

Structure of sales of goods cumulatively in respect of companies which actively leading wholesale operations divided by Distribution Channels:

Distribution Channels	Sales of goods cumulatively in ths PLN		Change % 2011 / 2010	% participation of distribution channels	
	2011	2010		2011	2010
Cash & Carry	318 859	320 145	-0,4%	12,7%	13,9%
Serwis	2 193 643	1 984 258	10,6%	87,3%	86,1%
including :Petrol Stations	91 831	20 028		3,7%	0,9%
Total	**2 512 503**	**2 304 404**	**9,0%**		

Assuming a fixed number of Cash & Carry objects, sales in first half of 2011 decreased by 0,3 %, compared to the same period in 2010.

10.12.5.2 Retail Division

Financial Highlights

In mln PLN	Q2 2011	Q2 2010	Change % 2011 / 2010	Q1-Q2 2011	Q1-Q2 2010	Change % 2011 / 2010
Sales revenues	447,8	423,1	*5,8%*	874,6	839,3	*4,2%*
EBIT	-2,8	-2,2		-0,7	4,4	
Profitability on EBIT	*-0,6%*	*-0,5%*		*-0,1%*	*0,5%*	
EBITDA	3,9	4,0	*-4,0%*	12,6	16,5	*-23,7%*
Profitability on EBITDA	*0,9%*	*0,9%*		*1,4%*	*2,0%*	
Gross result	-3,1	-2,8		-0,6	3,8	
Net result	-2,4	-2,5	*-4,4%*	-0,5	2,5	*-121,6%*
Profitability on Net result	*-0,5%*	*-0,6%*		*-0,1%*	*0,3%*	
Net result adjusted by margin on holding services	-1,9	-2,1	*-5,4%*	0,3	3,4	*-90,3%*
Profitability on adjusted Net result	*-0,4%*	*-0,5%*		*0,0%*	*0,4%*	

Selected Ratios

Selected data and ratios	Q2 2011	Q2 2010	Change % 2011 / 2010	Q1-Q2 2011	Q1-Q2 2010	Change % 2011 / 2010
Investment outlays (in mln PLN)	5,8	14,8	-60,5%	10,8	29,1	-62,8%
Net debt (in mln PLN)	-21,3	-2,8	662,0%	-21,3	-2,8	662,0%
Stock rotation	29,25	27,59		30,19	28,10	
Receivables turnover	13,07	9,02		13,38	9,10	
Liabilities rotation	61,89	58,61		63,88	59,69	
Cash conversion cycle	**-19,58**	**-21,99**		**-20,31**	**-22,49**	

In Q2 2011 Retail Division realized sales revenues of PLN 447 800 000, which is an increase of 5,8% compared to the same period of 2010.
Cumulatively in the first half of 2011 sales revenues increased by 4,2% compared to the same period of 2010 and reached PLN 874 600 000.
Net result of Retail Division in Q2 amounted PLN -2 400 000 and was higher by PLN 100 000 compared to the same period of 2010. The main reason of negative net result in Q2 2011 was the necessity to close shop in Kielce due to the expiry of lease agreement for reasons beyond Stokrotka – decision on the expropriation of property for road investment (effect on the Company's net result - PLN 2 510 000).
Investment outlays in Q2 2011 were lower by PLN 9 000 000 compared to the same period of 2010. It was caused by less number of openings of new stores compared to the same period of previous year.
Cash conversion cycle in second quarter 2011 has deteriorated of 2,41 day compared to the second quarter of 2010 mainly due to a deterioration in the receivables turnover ratio.

Selected operating data

Number of retail stores

Chain	Number of stores*			Sales area(sq)*		
	2011	2010	Change 2011/ 2010	2011	2010	Change 2011/ 2010
Stokrotka Sp. z o.o.	192	179	13	124 303	115 503	8 800
including Delima	8	8	0	11 398	11 398	0
Maro-Markety Sp. z o.o.	19	20	-1	5 405	5 605	-200
Społem Tychy S.A.	23	24	-1	5 303	5 433	-130

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

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

Chain (in ths PLN)	Q2 2011	Q2 2010	Change % 2011 / 2010
Stokrotka Sp. z o.o.	368 613	362 958	1,6%
including Delima	25 240	23 226	8,7%
Maro-Markety Sp. z o.o.	20 271	19 084	6,2%
Społem Tychy S.A.	17 421	18 085	-3,7%

For a fixed number of stores active at 30 06 2010

Sales in a fixed number of stores has increased in the second quarter of 2011 in Stokrotka by 1.6% compared to the same period last year, whereas in Delima delicatessen was achieved LFL sales growth, which amounted to 8.7%.

Milea shops achieved in the second quarter of 2011 LFL sales growth of 6.2%, whereas LFL sales of Społem Tychy declined in the second quarter of 2011 by 3.7%.

10.12.5.3 Real Estate Division

Financial Highlights

In mln PLN	Q2 2011	Q2 2010	Change % 2011 / 2010	Q1-Q2 2011	Q1-Q2 2010	Change % 2011 / 2010
Sales revenues	18,2	15,8	*14,9%*	36,2	32,1	*12,9%*
EBIT	7,4	7,4		15,7	14,9	
Profitability on EBIT	*40,7%*	*46,8%*		*43,4%*	*46,6%*	
EBITDA	11,1	10,9	*2,1%*	23,1	21,9	*5,4%*
Profitability on EBITDA	*61,2%*	*68,8%*		*63,7%*	*68,2%*	
Gross result	2,3	2,9		5,4	5,9	
Net result	1,6	2,6	*-36,7%*	4,0	5,0	*-19,3%*
Profitability on Net result	*9,0%*	*16,2%*		*11,1%*	*15,5%*	
Net result adjusted by margin on holding services	1,7	2,6	*-36,1%*	4,1	5,0	*-18,8%*
Profitability on adjusted Net result	*9,1%*	*16,4%*		*11,3%*	*15,7%*	

Selected Ratios

Selected data and ratios	Q2 2011	Q2 2010	Change % 2011 / 2010	Q1-Q2 2011	Q1-Q2 2010	Change % 2011 / 2010
Investment outlays (in mln PLN)	11,6	5,7	102,2%	37,3	10,7	249,8%
Net debt (in mln PLN)	379,1	320,6	18,2%	379,1	320,6	18,2%
Fixed Assets	509,0	448,1	13,6%			
ROE	6,5%	8,9%		8,0%	8,6%	

The Real Estate Division realized in Q2 2011 sales revenues of PLN 18 200 000, which is an increase of 14,9 compared to analogue period of 2010. Growth of revenues is mainly connected with start up new trading buildings.
Net profit of Real Estate Division in Q2 was PLN 1 600 000 and was lower by 1 000 000 compared to analogue period of 2010.
Lower result of Real Estate Division is mainly due to costs incurred by the Projekt Elpro 1 in amount of PLN 390 000 associated with an increase in capital and costs of EMP Investment in amount of PLN 780 000.
Investment outlays in Q2 2011 were higher by PLN 5 900 000 compared to analogue period of 2010. Growth of investment outlays cumulatively in the first half of 2011 was PLN 26 600 000 and was caused by larger number of openings of new commercial facilities.

Selected operating data

Number of retail facilities

Type of properties	Number of properties *			Sales area (sq)*		
	2011	2010	Change 2011/ 2010	2011	2010	Change 2011/ 2010
Property operationally active	**112**	**101**	**11**	**241 414**	**225 150**	**16 264**
in this:						
distribution	36	36	0	125 682	125 682	0
retail	63	52	11	80 793	64 529	16 264
other	13	13	0	34 939	34 939	0
Commercial buildings under construction and land intended for investments	**18**			**21 471**		

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

Revenues from property rent

Own property (as at 30.06.2011)	Operational Property		Property under construction
	Q2 2011	Q1-Q2 2011	as at 30.06.2011
Distribution Property			
- area	125 682		3 500
- number	36		1
- revenues (in ths. PLN)	5 580	16 739	336
- from external tenants (actual)	0	0	0
- from own tenants (potential)	5 580	16 739	336
Retail Property			
- area	80 793		21 471
- number	63		18
- revenues (in ths. PLN)	8 982	26 947	5 754
- from external tenants (actual)	2 731	8 192	1 272
- from own tenants (potential)	6 252	18 755	4 482
Other Property			
- area	34 939		
- number	13		2
- revenues (in ths. PLN)	1 389	4 166	0
- from external tenants (actual)	1 389	4 166	
- from own tenants (potential)	0	0	

At the end of Q2 2011, Real Estate Division had 112 real property operationally active of usable area of more than 241,4 thousand sq and 21 commercial buildings under construction of which scheduled open 19 to the end of Q2 2012. Carrying value of retail facilities under construction at the end of June 2011 was PLN 42 300 000.

10.12.5.4 External IT Division

Financial Highlights

In mln PLN	Q2 2011	Q2 2010	Change % 2011/ 2010	Q1-Q2 2011	Q1-Q2 2010	Change % 2011/ 2010
Sales revenues	1,6	1,6	-1,3%	3,3	3,2	1,8%
EBIT	0,2	0,4	-52,3%	0,7	0,9	-24,3%
Profitability on *EBIT*	12,5%	25,9%		21,3%	28,6%	
EBITDA	0,2	0,5	-49,9%	0,8	1,1	-26,0%
Profitability on *EBITDA*	15,1%	29,8%		24,1%	33,1%	
Gross result	0,3	0,5	-42,6%	0,9	1,1	-19,2%
Net result	0,1	0,4	-72,9%	0,7	0,9	-19,0%
Profitability on Net result	7,0%	25,5%		21,8%	27,4%	
Net result adjusted by margin on holding services	0,1	0,4	-70,7%	0,7	0,9	-18,1%
Profitability on adjusted Net result	7,8%	26,2%		22,6%	28,1%	

Selected Ratios

Selected data and ratios	Q2 2011	Q2 2010	Change % 2011/ 2010	Q1-Q2 2011	Q1-Q2 2010	Change % 2011/ 2010
Investment outlays (in mln PLN)	0,0	0,1	-62,1%	0,0	0,1	-76,6%
Net debt (in mln PLN)	-6,9	-6,1	13,2%	-6,9	-6,1	13,2%
Receivables turnover	74,47	64,54		71,94	64,30	

In Q2 2011 Infinite realized sales revenue of PLN 1 600 000, which is an decrease of 1,3 percent compared to the same period of 2010. Indicators of profitability in 2011 deteriorated compared to the same period last year.

Selected operating data

Sales revenues – geographical structure

In ths PLN	Value of revenues cumulatively			% share	
	2011	2010	Change % 2011 / 2010	2011	2010
Sales revenues	**3 250,1**	**3 192,3**	**1,8%**		
Domestic	2 725,9	2 708,1	0,7%	83,9%	84,8%
Foregin	524,1	484,3	8,2%	16,1%	15,2%

10.12.5.5 Support Division

Financial Highlights

In mln PLN	Q2 2011	Q2 2010	Change % 2011/ 2010	Q1-Q2 2011	Q1-Q2 2010	Change % 2011/ 2010
Sales revenues	21,0	16,1	30,5%	35,7	30,8	15,9%
EBIT	1,0	-0,4	-321,7%	-4,4	-1,5	186,5%
Profitability on EBIT	*4,6%*	*-2,7%*		*-12,3%*	*-5,0%*	
EBITDA	3,2	2,0	60,6%	0,2	3,2	-95,1%
Profitability on EBITDA	*15,1%*	*12,2%*		*0,4%*	*10,3%*	
Gross result	79,9	60,0	33,2%	76,0	60,0	26,6%
Net result	79,5	59,8	32,8%	75,4	59,6	26,4%
Profitability on Net result	*378,6%*	*372,1%*		*211,0%*	*193,5%*	
Net result adjusted by margin on holding services	78,3	58,6	33,6%	73,1	57,3	27,6%
Profitability on adjusted Net result	*373,1%*	*364,5%*		*204,6%*	*185,8%*	

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

Selected Ratios

Selected data and ratios	Q2 2011	Q2 2010	Change % 2011/ 2010	Q1-Q2 2011	Q1-Q2 2010	Change % 2011/ 2010
Investment outlays (in mln PLN)	0,9	2,1	-58,1%	1,2	4,3	-71,7%
Net debt (in mln PLN)	-108,7	-136,0	-20,1%	-108,7	-136,0	-20,1%
Receivables turnover	35,50	35,68		41,51	37,04	

Definitions of terms used in the report:

Cash & Carry Channel - form of self-service wholesale consisting of self-made purchases of goods by customers.
Service Channel – other sales which does not belong to Cash & Carry channel.
Return on EBIT – EBIT ratio (profit on operations) to sales revenues.
Return on EBITDA – EBITDA ratio (result on operating plus depreciation) to sales revenues.
***Net* return -** net profit /sales revenues.
Rotation of Inventory – ratio of the inventory at the end of the period to cost of sales in the period multiplied by number of days in the period.
Receivables turnover – ratio of trade receivables (supplies of goods and services*)* at the end of the analyzed period to the value of revenues from sales in analyzed period multiplied by number of days in the period.
***Liabilities* turnover** – ratio of trade payables *(*supplies of goods and services*)* the end of the analyzed period to cost of sales in the analyzed period multiplied by number of days in the period
Cash conversion cycle – difference between the sum of turnover of receivables and inventory and rotation of trade liabilities
Net debt – difference between financial liabilities and cash, short-term securities and other short-term financial assets at the end of period
ROE – Return on Equity – ratio of net profit to equity

Lublin, August 2011

Signatures of members of Management Board:

2011-08-31	Artur Kawa	Chairman of Management Board	..... signature
2011-08-31	Jarosław Wawerski	Vice-Chairman of Management Board	..... signature
2011-08-31	Dariusz Kalinowski	Vice-Chairman of Management Board - Financial Director	..... signature
2011-08-31	Marek Wesołowski	Vice-Chairman of Management Board – Retail Business Director	..... signature
2011-08-31	Grzegorz Wawerski	Vice-Chairman of Management Board – Retail Business Development Director	..... signature

Signature of person responsible for maintaining the accounts

2011-08-31	Elżbieta Świniarska	Economic Director	..... signature