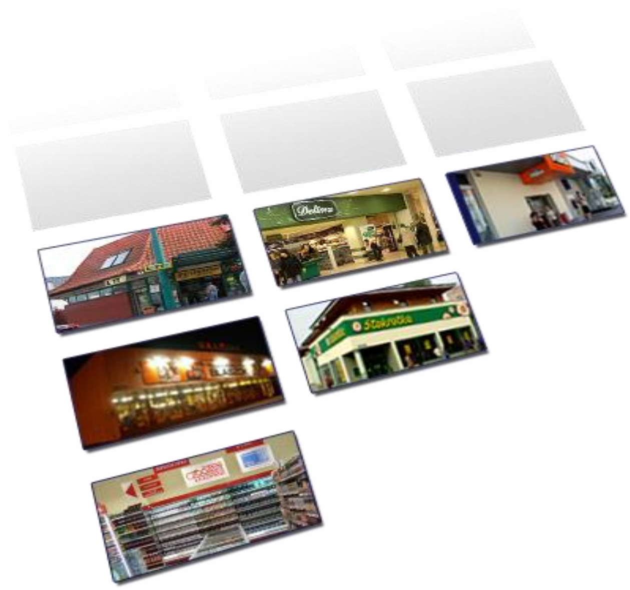

CONDENSED CONSOLIDATED SEMI-ANNUAL FINANCIAL STATEMENTS

FOR THE FIRST HALF OF 2014

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

LUBLIN, 25 AUGUST 2014

TRANSLATORS' EXPLANATORY NOTE
The following document is a free translation of Financial Statements of Emperia Holding S.A. In the event of any discrepancy in interpreting the terminology, the Polish version is binding.

Contents

(amounts in PLN 000s, unless otherwise stated)

1. Selected financial data

Item	SELECTED FINANCIAL DATA (current year)	PLN For the period from 1 Jan 2014 to 30 Jun 2014	PLN For the period from 1 Jan 2013 to 30 Jun 2013	EUR For the period from 1 Jan 2014 to 30 Jun 2014	EUR For the period from 1 Jan 2013 to 30 Jun 2013
I.	Net revenue from sale of products, goods and materials	981 803	982 758	234 971	233 213
II.	Operating profit (loss)	21 593	23 942	5 168	5 682
III.	Profit (loss) before tax	22 155	27 081	5 302	6 426
IV.	Profit (loss) for the period	17 355	24 595	4 154	5 836
V.	Net cash flows from operating activities	(10 578)	29 783	(2 532)	7 068
VI.	Net cash flows from investing activities	(20 463)	(10 189)	(4 897)	(2 418)
VII.	Net cash flows from financing activities	(39 338)	(27 457)	(9 415)	(6 516)
VIII.	Total net cash flows	(70 379)	(7 863)	(16 844)	(1 866)
IX.	Total assets	960 778	1 063 964	230 906	256 550
X.	Liabilities and liability provisions	336 946	417 260	80 979	100 612
XI.	Non-current liabilities	30 450	38 245	7 318	9 222
XII.	Current liabilities	306 496	379 015	73 661	91 391
XIII.	Equity	623 832	646 704	149 927	155 938
XIV.	Share capital	15 115	15 115	3 633	3 645
XV.	Number of shares	15 115 161	15 115 161	15 115 161	15 115 161
XVI.	Weighted average number of shares	13 659 000	14 469 466	13 659 000	14 469 466
XVII.	Profit (loss) per ordinary share, annualised* (in PLN/EUR)	0.48	0.61	0.11	0.14
XVIII.	Diluted profit (loss) per ordinary share, annualised* (in PLN/EUR)	0.48	0.61	0.11	0.14
XIX.	Book value per share* (in PLN/EUR)	45.67	45.43	10.98	10.95
XX.	Diluted book value per share* (in PLN/EUR)	45.36	45.10	10.90	10.87
XXI.	Paid out dividend per share (in PLN/EUR)	0.90	0.93	0.22	0.21

comparative data in the statement of financial position as at 31 December 2013
* calculated using the weighted average number of the Issuer's shares
** calculated using the weighted average diluted number of the Issuer's shares

Weighted average number of shares:
– for H1 2014 (January-June): 13 659 000
– for H1 2013 (January-June): 14 469 466

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

1. Items in the statement of profit and loss and statement of cash flows were translated according to the exchange rate established as the average of exchange rates published by the National Bank of Poland on the last day of each month, which for H1 2014 was EURPLN 4.1784 and for H1 2013: EURPLN 4.2140.
2. Balance sheet items and book value / diluted book value were translated using the average exchange rate published by the National Bank of Poland as at the end of the reporting period, as follows: as at 30 June 2014: EURPLN 4.1609; 31 December 2013: EURPLN 4.1472.
3. Dividend paid out was translated using the average rate published by the National Bank of Poland on the dividend payment date, which as at 30 June 2014 was EURPLN 4.1609, and as at 26 June 2013: EURPLN 4.3348.

(amounts in PLN 000s, unless otherwise stated)

2. Statement by the Management Board

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

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

Lublin, August 2014

Signatures of all Management Board members:

2014-08-25	Dariusz Kalinowski	President of the Management Board	.... Signature
2014-08-25	Cezary Baran	Vice-President of the Management Board, Finance Director	.... Signature

Signatures of the persons responsible for book-keeping

2014-08-25	Elżbieta Świniarska	Economic Director	.... Signature

3. Report of an independent statutory auditor on review of the H1 2014 condensed consolidated semi-annual financial statements

The report of an independent statutory auditor on review of the condensed consolidated semi-annual financial statements for the period from 1 January 2014 to 30 June 2014 can be found in the attached file "Report on review of consolidated semi-annual financial statement of Capital Group Emperia Holding for the first half of 2014.pdf"

(amounts in PLN 000s, unless otherwise stated)

4. Consolidated statement of financial position

	30 Jun 2014	31 Dec 2013	30 Jun 2013
Non-current assets	**583 230**	**586 548**	**583 932**
Property, plant and equipment	496 868	497 890	495 257
Investment properties	-	-	-
Intangible assets	3 988	5 766	6 282
Goodwill	52 044	52 044	49 186
Financial assets	92	92	92
Non-current loans	-	-	-
Non-current receivables	4 822	4 833	4 722
Deferred income tax assets	20 525	20 053	21 546
Other non-current prepayments	4 891	5 870	6 847
Non-current assets classified as held for sale	-	-	-
Current assets	**377 548**	**477 416**	**407 926**
Inventory	179 560	168 660	141 206
Receivables	63 868	105 286	50 903
Income tax receivables	1 087	993	224
Short-term securities	-	-	-
Prepayments	8 259	4 292	8 098
Cash and cash equivalents	124 774	195 153	207 475
Other financial assets	-	-	-
Assets classified as held for sale	-	3 032	20
Total assets	**960 778**	**1 063 964**	**991 858**
Equity	**623 832**	**646 704**	**684 997**
Share capital	15 115	15 115	15 115
Share premium	549 559	549 559	549 559
Supplementary capital	100 084	100 084	100 084
Management options provision	5 010	5 010	5 031
Reserve capital	110 593	110 525	110 525
Buy-back provision	-	-	-
Own shares	(133 292)	(106 616)	(79 119)
Retained earnings	(23 237)	(26 973)	(16 198)
Total equity attributable to owners of the parent	**623 832**	**646 704**	**684 997**
Non-controlling interests	-	-	-
Non-current liabilities	**30 450**	**38 245**	**38 676**
Credit facilities, loans and debt instruments	3 154	3 455	-
Non-current liabilities	1 139	970	1 099
Provisions	23 365	31 591	35 498
Deferred income tax provision	2 792	2 229	2 079
Current liabilities	**306 496**	**379 015**	**268 185**
Credit facilities, loans and debt instruments	877	804	-
Current liabilities	276 910	350 462	247 372
Income tax liabilities	1 926	2 119	1 474
Provisions	20 201	19 050	16 718
Deferred revenue	6 582	6 580	2 621
Liabilities allocated to assets classified as held for sale	-	-	-
Total equity and liabilities	**960 778**	**1 063 964**	**991 858**

(amounts in PLN 000s, unless otherwise stated)

	30 Jun 2014	31 Dec 2013	30 Jun 2013
Book value	623 832	646 704	684 997
Number of shares	15 115 161	15 115 161	15 115 161
Diluted number of shares	13 752 601	14 338 927	14 560 319
Book value per share (in PLN)*	45.67	45.43	47.34
Diluted book value per share (in PLN)**	45.36	45.10	47.05

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

Lublin, August 2014

Signatures of all Management Board members:

2014-08-25	Dariusz Kalinowski	President of the Management Board	.... Signature
2014-08-25	Cezary Baran	Vice-President of the Management Board, Finance Director	.... Signature

Signatures of the persons responsible for book-keeping

2014-08-25	Elżbieta Świniarska	Economic Director	.... Signature

(amounts in PLN 000s, unless otherwise stated)

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

Statement of profit and loss	3 months ended 30 Jun 2014	6 months ended 30 Jun 2014	3 months ended 30 Jun 2013	6 months ended 30 Jun 2013
Revenue from sales	**502 360**	**981 803**	**489 711**	**982 758**
- from subsidiaries	*1*	3	*3*	*6*
Revenue from sale of products and services	35 657	64 328	33 173	61 812
Revenue from sale of goods and materials	466 703	917 475	456 538	920 946
Cost of sales	**(357 048)**	**(699 438)**	**(371 266)**	**(742 545)**
- to subsidiaries	*(1)*	(3)	*(2)*	*(5)*
Cost of manufacture of products sold	(5 780)	(11 730)	(6 071)	(13 042)
Value of goods and materials sold	(351 268)	(687 708)	(365 195)	(729 503)
Profit on sales	**145 312**	**282 365**	**118 445**	**240 213**
Other operating revenue	63	2 898	1 409	6 126
Selling costs	(107 969)	(222 217)	(91 114)	(185 987)
Administrative expenses	(18 602)	(36 640)	(17 216)	(33 575)
Other operating expenses	(2 779)	(4 813)	(1 128)	(2 835)
Operating profit	**16 025**	**21 593**	**10 396**	**23 942**
Finance income	614	1 454	1 560	3 326
Finance costs	(426)	(892)	(121)	(187)
Profit before tax	**16 213**	**22 155**	**11 835**	**27 081**
Income tax	**(2 087)**	**(4 800)**	**(947)**	**(2 486)**
Current	(1 430)	(4 045)	(137)	(2 798)
Deferred	(657)	(755)	(810)	312
Share of the profit of equity-accounted investees	-	-	-	-
Profit for the period	**14 126**	**17 355**	**10 888**	**24 595**
Profit for the period attributable to owners of the parent	14 126	17 355	10 888	24 595
Profit for the period attributable to non-controlling interests	-	-	-	-

Profit (loss) for the period (annualised)	**6 559**	**8 814**
Weighted average number of ordinary shares	13 659 000	14 469 466
Weighted average diluted number of ordinary shares**	13 752 601	14 560 319
Profit (loss) per ordinary share, annualised (in PLN)*	0.48	0.61
Diluted profit (loss) per ordinary share, annualised (in PLN)	0.48	0.61

* Calculated using the weighted average number of shares.
** Weighted average diluted number of ordinary shares:
– for H1 2014 (January-June): 13 752 601, taking into consideration the dilutive effect of options granted under the 2010 and 2011 tranches of the 2nd Management Options Programme 2010-2012.
– for H1 2013 (January-June): 14 560 319, taking into consideration the dilutive effect of options granted under the 2010 and 2011 tranches of the 2nd Management Options Programme 2010-2012.

(amounts in PLN 000s, unless otherwise stated)

Statement of comprehensive income	6 months ended 30 Jun 2014	6 months ended 30 Jun 2013
Profit for the period	17 355	24 595
Other comprehensive income	-	-
Comprehensive income for the period	**17 355**	**24 595**
Comprehensive income attributable to owners of the parent	17 355	24 595
Comprehensive income attributable to non-controlling interests	-	-

Lublin, August 2014

Signatures of all Management Board members:

2014-08-25	Dariusz Kalinowski	President of the Management Board	.... Signature
2014-08-25	Cezary Baran	Vice-President of the Management Board, Finance Director	.... Signature

Signatures of the persons responsible for book-keeping

2014-08-25	Elżbieta Świniarska	Economic Director	.... Signature

(amounts in PLN 000s, unless otherwise stated)

6. Consolidated statement of changes in equity

	Share capital	Share premium	Supplementary capital	Management options provision	Reserve capital	Own shares	Retained earnings	Total equity
1 January 2014	**15 115**	**549 559**	**100 084**	**5 010**	**110 525**	**(106 616)**	**(26 973)**	**646 704**
Correction of fundamental errors 2013	-	-	-	-	-	-	(1 442)	(1 442)
1 January 2014, adjusted	**15 115**	**549 559**	**100 084**	**5 010**	**110 525**	**(106 616)**	**(28 415)**	**645 262**
Comprehensive income for the six months ended 30 June 2014	**-**	**-**	**-**	**-**	**-**	-	17 355	17 355
Prior-period results of companies entered into consolidation	-	-	-	-	-	-	-	**-**
2013 profit distribution - transfer to equity	-	-	-	-	68	-	(68)	**-**
Release of buy-back provision	-	-	-	-	-	-	-	**-**
Purchase of own shares	-	-	-	-	-	(26 676)	-	**(26 676)**
Redemption of own shares	-	-	-	-	-	-	-	**-**
Transfer of buy-back provision	-	-	-	-	-	-	-	**-**
Dividend from 2013 profit	-	-	-	-	-	-	(12 109)	**(12 109)**
30 June 2014	**15 115**	**549 559**	**100 084**	**5 010**	**110 593**	**(133 292)**	**(23 237)**	**623 832**

	Share capital	Share premium	Supplementary capital	Management options provision	Reserve capital	Own shares	Retained earnings	Total equity
1 January 2013	**15 115**	**549 559**	**100 084**	**5 031**	**110 303**	**(65 020)**	**(27 147)**	**687 925**
Correction of fundamental errors 2012	-	-	-	-	-	-	-	**-**
1 January 2013, adjusted	**15 115**	**549 559**	**100 084**	**5 031**	**110 303**	**(65 020)**	**(27 147)**	**687 925**
Comprehensive income for the six months ended 30 June 2013	**-**	**-**	**-**	**-**	**-**	-	**24 595**	**24 595**
Prior-period results of companies entered into consolidation	-	-	-	-	-	-	(53)	**(53)**
2012 profit distribution - transfer to equity	-	-	-	-	222	-	(222)	**-**
Release of buy-back provision	-	-	-	-	-	-	-	**-**
Purchase of own shares	-	-	-	-	-	(14 099)	-	**(14 099)**
Redemption of own shares	-	-	-	-	-	-	-	**-**
Transfer of buy-back provision	-	-	-	-	-	-	-	**-**
Dividend from 2012 profit	-	-	-	-	-	-	(13 372)	**(13 372)**
30 June 2013	**15 115**	**549 559**	**100 084**	**5 031**	**110 525**	**(79 119)**	**(16 198)**	**684 997**

(amounts in PLN 000s, unless otherwise stated)

	Share capital	Share premium	Supplementary capital	Management options provision	Reserve capital	Own shares	Retained earnings	Total equity
1 January 2013	**15 115**	**549 559**	**100 084**	**5 031**	**110 303**	**(65 020)**	**(27 147)**	**687 925**
Correction of fundamental errors 2012	-	-	-	-	-	-	-	-
1 January 2013, adjusted	**15 115**	**549 559**	**100 084**	**5 031**	**110 303**	**(65 020)**	**(27 147)**	**687 925**
Comprehensive income for the 12 months ended 31 December 2013	**-**	**-**	**-**	**-**	**-**	-	13 799	13 799
Prior-period results of companies entered into consolidation	-	-	-	-	-	-	(53)	(53)
2012 profit distribution - transfer to equity	-	-	-	-	222	-	(222)	-
Measurement of 2nd management options programme	-	-	-	(21)	-	-	21	-
Release of buy-back provision	-	-	-	-	-	-	-	-
Purchase of own shares	-	-	-	-	-	(41 596)	-	(41 596)
Redemption of own shares	-	-	-	-	-	-	-	-
Transfer of buy-back provision	-	-	-	-	-	-	-	-
Dividend from 2012 profit	-	-	-	-	-	-	(13 372)	(13 372)
31 December 2013	**15 115**	**549 559**	**100 084**	**5 010**	**110 525**	**(106 616)**	**(26 973)**	**646 704**

(amounts in PLN 000s, unless otherwise stated)

Lublin, August 2014

Signatures of all Management Board members:

2014-08-25	Dariusz Kalinowski	President of the Management Board	…………………… Signature
2014-08-25	Cezary Baran	Vice-President of the Management Board, Finance Director	…………………… Signature

Signatures of the persons responsible for book-keeping

2014-08-25	Elżbieta Świniarska	Economic Director	…………………… Signature

(amounts in PLN 000s, unless otherwise stated)

7. Consolidated statement of cash flows

	6 months ended 30 Jun 2014	6 months ended 30 Jun 2013
Profit (loss) for the period	**17 355**	**24 595**
Adjusted by:	**(27 933)**	**5 188**
Share of the (profit) loss of equity-accounted entities	-	-
Depreciation / amortisation	23 402	20 195
(Profit) loss on exchange differences	182	(45)
Interest and shares of profit (dividends)	155	-
Income tax	4 800	2 486
Profit (loss) on investing activities	965	(3 080)
Change in provisions	(9 490)	(1 484)
Change in inventory	(2 211)	(37 439)
Change in receivables	37 800	11 530
Change in prepayments	(2 908)	(1 730)
Change in liabilities	(81 769)	15 591
Other adjustments	5 726	1
Income tax paid	(4 585)	(837)
Net cash from operating activities	**(10 578)**	**29 783**
Inflows	**6 429**	**5 047**
Disposal of property, plant and equipment and intangible assets	6 429	5 007
Disposal of financial assets	-	-
Disposal of subsidiaries	-	-
Dividends received	-	-
Interest received	-	-
Repayment of loans issued	-	-
Cash of entities acquired, at acquisition date	-	40
Proceeds from use of investment properties	-	-
Other inflows	-	-
Outflows	**(26 892)**	**(15 236)**
Purchase of property, plant and equipment and intangible assets	(26 892)	(15 233)
Purchase of investment properties	-	-
Purchase of subsidiaries and associates	-	-
Purchase of financial assets	-	-
Borrowings granted	-	-
Cash of subsidiaries at disposal date	-	-
Expenditures on maintenance of investment properties	-	-
Other outflows	-	(3)
Net cash from investing activities	**(20 463)**	**(10 189)**
Inflows	**1**	**-**
Proceeds from credit facilities and loans	-	-
Issue of short-term debt instruments	1	-
Proceeds from equity issuance	-	-
Other inflows	-	-
Outflows	**(39 339)**	**(27 457)**
Repayment of borrowings	-	-
Buy-back of short-term debt instruments	-	-
Payment of finance lease liabilities	(410)	-
Interest and fees paid	(155)	-

(amounts in PLN 000s, unless otherwise stated)

Dividends paid	(12 098)	(13 358)
Purchase of own shares	(26 676)	(14 099)
Other outflows	-	-
Net cash from financing activities	**(39 338)**	**(27 457)**
Change in cash and cash equivalents	**(70 379)**	**(7 863)**
Exchange differences		45
Cash and cash equivalents at the beginning of period	**195 153**	**215 293**
Cash and cash equivalents at the end of period	**124 774**	**207 475**

Lublin, August 2014

Signatures of all Management Board members:

2014-08-25 Dariusz Kalinowski President of the Management Board .... Signature

2014-08-25 Cezary Baran Vice-President of the Management Board, Finance Director .... Signature

Signatures of the persons responsible for book-keeping

2014-08-25 Elżbieta Świniarska Economic Director .... Signature

8. Description of key accounting principles

8.1 Statement on compliance and basis for preparing the financial statements

These consolidated financial statements of Emperia Holding S.A. were prepared in accordance with International Accounting Standards (IAS 34 - Interim Financial Reporting) and the related interpretations concerning interim financial reporting published in the form of Commission Regulations and endorsed by the European Union.
The consolidated financial statements reliably present the Group's financial situation, financial performance and cash flows.
The consolidated financial statements were prepared in accordance with the Ordinance of the Minister of Finance dated 19 October 2005 on current and periodic information disclosed by issuers of securities.

The consolidated financial statements were prepared under the historical cost convention, except for financial assets measured at fair value.

Emperia Holding S.A.'s Management Board approved the consolidated financial statements on the date on which they were signed.

8.2 Functional currency

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

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

8.3 Discontinued operations

The Group did not recognise any discontinued operations in the consolidated financial statements.

8.4 Application of standards and interpretations effective from 1 January 2014

The Group has been applying the following standards, amendments and interpretations since 1 January 2014:

a) IAS 32 Financial Instruments: Presentation

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

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

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

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

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

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

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

e) IFRIC 21 Levies

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

The Group estimates that adoption of the above amended standards and new interpretations did not have a significant impact on the financial statements for H1 2014.

Earlier application of standards and applications:

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

Standards and interpretations not yet endorsed by the European Union:

a) IFRS 9 Financial Instruments

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

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

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

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

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

d) IFRS 15 Revenue from Contracts with Customers

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

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

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

f) Amendment to IAS 19 Employee Benefits

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

g) Amendments to IFRS 2010-2012

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

h) Amendments to IFRS 2011-2013

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

i) New standard IFRS 14 Regulatory Deferral Accounts

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

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

(amounts in PLN 000s, unless otherwise stated)

8.5 Key accounting principles

The accounting principles adopted in preparing the condensed consolidated semi-annual financial statements are consistent with the principles described in Emperia Group's consolidated annual financial statements, drafted in accordance with IFRS, for the year ended 31 December 2013.

8.6 Segment reporting

IFRS 8 Operating Segments, issued by the IASB on 30 November 2006, superseded IAS 14 Segment Reporting and applies to annual periods beginning on or after 1 January 2009.

In 2014, the Group operated through the following segments:

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

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

3. **Central management** (central management segment), covering the management functions, holding services and advisory within the Group. The segment comprises the following companies: Emperia Holding S.A., Eldorado Sp. z o.o. (formerly P4 Sp. z o.o.)

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

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

Segment information for H1 2014:

	Retail	Property	Central management	IT	Consolidation exclusions	Total
Segment revenue	959 257	34 964	1 278	18 226	31 923	**981 803**
External revenue	957 657	12 751	12	11 383	-	**981 803**
Inter-segment revenue	59	23 755	1 266	6 843	31 923	**-**
Total segment costs	(952 105)	(20 950)	(2 956)	(13 584)	(31 299)	**(958 295)**
Profit on sales	7 153	14 014	(1 677)	4 642	624	**23 508**
Result on other operating activities	(2 585)	466	415	(11)	200	**(1 915)**
Result on financing activities	(2 733)	(603)	11 087	215	7 404	**562**
Gross result	1 835	13 877	9 824	4 846	8 228	**22 155**
Tax	(1 648)	(2 095)	(613)	(938)	(495)	**(4 800)**
Share of the profit of equity-accounted entities	-	-	-	-	-	**-**
Net segment profit	**187**	**11 782**	**9 211**	**3 908**	**7 733**	**17 355**

(amounts in PLN 000s, unless otherwise stated)

	Retail	Property	Central management	IT	Consolidation exclusions	Total
Segment assets / liabilities	445 420	1 400 491	537 075	18 767	1 440 975	960 778
Goodwill	39 200	12 844	-	-	-	52 044

	Retail	Property	Central management	IT	Consolidation exclusions	Total
Capital expenditures	(22 250)	(2 869)	(1 372)	(679)	(278)	(26 892)
Depreciation / amortisation	(15 450)	(6 095)	(568)	(595)	694	(23 402)

Group external revenue by geographic area

The Group generates its revenue from sales within Poland (location of end customers).

Key customers

Emperia Group's customer base is fragmented. None of the Group's customers have a dominant position or accounts for more than 10% share of revenue.

Segment information for H1 2013:

	Retail	Property	Central management	IT	Consolidation exclusions	Total
Segment revenue	960 846	33 331	3 858	15 444	30 720	**982 758**
External revenue	960 033	11 465	1 706	9 554	-	**982 758**
Inter-segment revenue	813	21 866	2 152	5 890	30 720	**-**
Total segment costs	(957 494)	(19 242)	(6 170)	(11 375)	(32 174)	**(962 107)**
Profit on sales	3 351	14 089	(2 312)	4 069	(1 454)	**20 651**
Result on other operating activities	857	2 440	613	(14)	605	**3 291**
Result on financing activities	(2 071)	(2 869)	13 603	251	5 775	**3 139**
Gross result	2 137	13 660	11 904	4 306	4 926	**27 081**
Tax	(550)	-	(940)	(838)	158	**(2 486)**
Share of the profit of equity-accounted entities	-	-	-	-	-	**-**
Net segment profit	**1 587**	**13 660**	**10 964**	**3 468**	**5 084**	**24 595**

	Retail	Property	Central management	IT	Consolidation exclusions	Total
Segment assets / liabilities	448 378	725 112	658 100	16 638	856 370	**991 858**
Goodwill	36 342	12 844	-	-	-	**49 186**

	Retail	Property	Central management	IT	Consolidation exclusions	Total
Capital expenditures	(11 086)	(2 133)	(1 076)	(1 609)	(671)	**(15 233)**
Depreciation / amortisation	(14 061)	(5 454)	(858)	(858)	(1 036)	**(20 195)**

8.7 Mergers, acquisitions and disposals of subsidiaries and other entities; capital increases

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Mergers, acquisitions and disposals of subsidiaries and other entities; capital increases - after the end of the reporting period

There were no mergers, acquisitions or share disposals or capital increases after the end of the reporting period.

(amounts in PLN 000s, unless otherwise stated)

9. Other significant information and events

9.1 Uniformity of accounting principles and calculation methods used in preparing interim financial statements and the previous annual financial statements

These financial statements were prepared in accordance with the Group's accounting principles, applied consistently since 1 January 2005, as described in detail in the 2013 consolidated annual financial statements.

9.2 Production seasonality and cyclicality

The Group's business is not subject to any significant seasonality or cyclicality.

9.3 Type and amount of non-typical items having an impact on assets, liabilities, equity, net financial result or cash flows, such as are non-typical due to their type, value or impact

In H1 2014, the Group sold two properties as follows:

Proceeds	PLN 3 644 000
Costs to sell	PLN 3 001 000
Result	PLN 643 000

At the end of H1 2014, certain provisions for onerous contracts recognised in Q3 2012 were verified in connection with the closure of one Delima store. As a result, a PLN 6 371 000 provision was released, and PLN 1 211 000 in deferred tax was recorded. The overall impact of these operations on H1 2014 results was PLN 5 160 000.

9.4 Type and amount of changes in estimated amounts which were published in previous interim periods of the present year or changes in estimated amounts published in previous financial years, if those had a substantial impact on the present interim period

Employee benefit provisions	Change in H1 2014	Change in 2013
Non-current		
As at the beginning of period	**1 159**	**1 481**
Increases / decreases during the period	-	(322)
Increases / decreases during the period as a result of acquisitions / disposals	-	-
As at the end of period	**1 159**	**1 159**
Current		
As at the beginning of period	**7 200**	**5 111**
Increases / decreases during the period	1 770	2 089
Increases / decreases during the period as a result of acquisitions / disposals	-	-
As at the end of period	**8 970**	**7 200**

(amounts in PLN 000s, unless otherwise stated)

Other provisions	Change in H1 2014	Change in 2013
Non-current		
As at the beginning of period	**30 432**	**37 808**
Increases / decreases during the period	(8 226)	(7 376)
Increases / decreases during the period as a result of acquisitions / disposals	-	-
As at the end of period	**22 206**	**30 432**
Current		
As at the beginning of period	**11 849**	**9 298**
Increases / decreases during the period	(618)	2 551
Increases / decreases during the period as a result of acquisitions / disposals	-	-
As at the end of period	**11 231**	**11 849**

9.5 Issue, redemption and repayment of debt and equity securities

Issued bonds

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

Subsidiary ELPRO EKON Sp. z o.o. S.K.A. has an agreement with BRE Bank S.A. concerning a short- and medium-term bond programme with an aggregate value of up to PLN 150 000 000. Issue and buy-back of bonds (presented at par values) by ELPRO EKON Sp. z o.o. S.K.A. during H1 2014 and in 2013:

H1 2014

Issue and buy-back of bonds in H1 2014	Total	External issuance	Emperia Holding S.A.	Infinite Sp. z o.o.	P3 EKON Sp. z o.o. S.K.A	P5 EKON Sp. z o.o. S.K.A
As at the beginning of period	**20 000**	**-**	**3 500**	**11 000**	**-**	**5 500**
Issue of bonds	193 000	-	193 000	-	-	-
Buy-back of bonds	(176 000)	-	(159 500)	(11 000)	-	(5 500)
As at the end of period	**37 000**	**-**	**37 000**	**-**	**-**	**-**

2013

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

b) Stokrotka Sp. z o.o.

Subsidiary Stokrotka Sp. z o.o. has an agreement with BRE Bank S.A. concerning a short- and medium-term bond programme with an aggregate value of up to PLN 150 000 000. Issue and buy-back of bonds (presented at par values) by Stokrotka Sp. z o.o. during H1 2014 and in 2013:

(amounts in PLN 000s, unless otherwise stated)

H1 2014

Issue and buy-back of bonds in H1 2014	Total	External issuance	Emperia Holding S.A.	P3 EKON Sp. z o.o. S.K.A
As at the beginning of period	**128 000**	**-**	**128 000**	**-**
Issue of bonds	*555 000*	-	*555 000*	-
Buy-back of bonds	*(569 000)*	-	*(569 000)*	-
As at the end of period	**114 000**	**-**	**114 000**	**-**

2013

Issue and buy-back of bonds in 2013	Total	External issuance	Emperia Holding S.A.	P3 EKON Sp. z o.o. S.K.A
As at the beginning of period	**92 000**	**-**	**92 000**	**-**
Issue of bonds	*1 219 000*	-	*1 218 000*	*1 000*
Buy-back of bonds	*(1 183 000)*	-	*(1 182 000)*	*(1 000)*
As at the end of period	**128 000**	**-**	**128 000**	**0**

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

Subsidiary Elpro Development S.A. (formerly P1 Sp. z o.o.) has signed an agreement with BRE Bank S.A. concerning a short- and medium-term bond programme with an aggregate value of up to PLN 200 000 000. Issue and buy-back of bonds (presented at par values) by Elpro Development S.A. (formerly P1 Sp. z o.o.) during H1 2014 and in 2013:

H1 2014

Issue and buy-back of bonds in H1 2014	Total	External issuance	Emperia Holding S.A.	P5 EKON Sp. z o.o. S.K.A	P3 EKON Sp. z o.o. S.K.A	Infinite Sp. z o.o.
As at the beginning of period	**172 000**	**-**	**21 000**	**49 000**	**102 000**	**-**
Issue of bonds	*796 000*	-	-	*277 000*	*469 000*	*50 000*
Buy-back of bonds	*(812 000)*	-	*(21 000)*	*(270 000)*	*(477 000)*	*(44 000)*
As at the end of period	**156 000**	**-**	**-**	**56 000**	**94 000**	**6 000**

2013

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

In addition, on 12 June 2014, the Management Board of Emperia Holding S.A. adopted a resolution on issue by the Company of 114 564 series A bonds. Proposals to purchase them were sent to Millennium DM S.A. Detailed information regarding this topic is presented in point 9.17 f).

Debt liabilities as at 30 June 2014

Issuer	Series	Par value (in PLN 000s)	Maturity date	As at 30 June 2014
Stokrotka Sp. z o.o.	0123*	114 000	2014-07-04	
Elpro Ekon Sp. z o.o. S.K.A.	0149*	37 000	2014-07-04	
Elpro Development S.A. (formerly P1 Sp. z o.o.)	0012*	6 000	2014-07-04	
Elpro Development S.A. (formerly P1 Sp. z o.o.)	0012*	56 000	2014-07-04	
Elpro Development S.A. (formerly P1 Sp. z o.o.)	0012*	94 000	2014-07-04	
All bond issuance by the Group				**-**
Other				-
Total debt instrument liabilities				**-**
Current				-
Non-current				-

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

Debt security liabilities as at 31 December 2013

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

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

9.6 Paid out and proposed dividends

Dividends paid:

On 5 June 2014, Emperia Holding S.A.'s General Meeting adopted a resolution on distribution of the net profit generated by Emperia Holding in 2013. PLN 12 172 131.90 was earmarked for payment of dividend, corresponding to PLN 0.90 per share.
Entitled to dividend were shareholders who held shares on 13 June 2014 (ex-dividend date). The dividend payment date was 30 June 2014.

(amounts in PLN 000s, unless otherwise stated)

Dividends received:

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

9.7 Revenue and profit by operating segment

Revenue and profit by operating segment are presented in point 8.6.

9.8 Changes in off-balance sheet liabilities

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

Changes in off-balance sheet liabilities during H1 2014	Credit facilities	Bank guarantees	Security interests
Mortgages			
As at the beginning of period	-	-	-
Increases during the period	-	-	-
Decreases during the period	-	-	-
Increases / decreases during the period as a result of acquisitions / disposals	-	-	-
As at the end of period	-	-	-
Transfer of ownership / pledge / assignment of current assets			
As at the beginning of period	-	19 939	-
Increases during the period	-	-	-
Decreases during the period	-	(4 939)	-
Increases / decreases during the period as a result of acquisitions / disposals	-	-	-
As at the end of period	-	**15 000**	-
Transfer of ownership / pledge / assignment of non-current assets			
As at the beginning of period	-	-	-
Increases during the period	-	-	-
Decreases during the period	-	-	-
Increases / decreases during the period as a result of acquisitions / disposals	-	-	-
As at the end of period	-	-	-
Guarantees			
As at the beginning of period	-	43 000	17 096
Increases during the period	-	-	8 500
Decreases during the period	-	-	(1 000)
Increases / decreases during the period as a result of acquisitions / disposals	-	-	-
As at the end of period	-	**43 000**	**24 596**

(amounts in PLN 000s, unless otherwise stated)

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

9.9 Impairment of property, plant and equipment, intangible assets, inventory and other assets, and reversal thereof

The means for recognising and reversing impairment losses on property, plant and equipment, inventory and receivables did not change in relation to those applied in the annual consolidated financial statements.

H1 2014:

Impairment and reversal of impairment losses	Change in H1 2014
Impairment of property, plant and equipment	
As at the beginning of period	9 427
Recognition	826
Reversal	(2 031)
Changes as a result of acquisitions / disposals	-
As at the end of period	**8 222**
Impairment of receivables	
As at the beginning of period	**9 944**
Recognition	2 743
Reversal	(508)
Changes as a result of acquisitions / disposals	-
*Derecognised from statement of profit and loss**	(509)

(amounts in PLN 000s, unless otherwise stated)

As at the end of period	**11 670**
Impairment of financial assets	
As at the beginning of period	**-**
Recognition	-
Reversal	-
Changes as a result of acquisitions / disposals	-
As at the end of period	**-**
Impairment of inventory	
As at the beginning of period	10 031
Recognition	6 374
Reversal	(1 490)
Changes as a result of acquisitions / disposals	-
As at the end of period	**14 915**
including: Impairment losses on inventory control	
As at the beginning of period	515
Recognition	4 105
Reversal	(1 490)
Changes as a result of acquisitions / disposals	-
As at the end of period	3 130
including: Impairment losses on bonuses	
As at the beginning of period	9 516
Recognition	2 269
Reversal	-
Changes as a result of acquisitions / disposals	-
As at the end of period	11 785

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

2013:

Impairment and reversal of impairment losses	**Change in 2013**
Impairment of property, plant and equipment	
As at the beginning of period	**8 966**
Recognition	477
Reversal	(16)
Changes as a result of acquisitions / disposals	-
As at the end of period	**9 427**
Impairment of receivables	
As at the beginning of period	**10 121**
Recognition	3 066
Reversal	(2 241)
Changes as a result of acquisitions / disposals	-
*Derecognised from statement of profit and loss**	(1 002)
As at the end of period	**9 944**
Impairment of financial assets	
As at the beginning of period	-
Recognition	-
Reversal	-
Changes as a result of acquisitions / disposals	-

As at the end of period	**-**
Impairment of inventory	
As at the beginning of period	**5 504**
Recognition	16 612
Reversal	(12 085)
Changes as a result of acquisitions / disposals	-
As at the end of period	**10 031**

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

9.10 Reversal of cost restructuring provisions

Did not occur during H1 2014.

9.11 Deferred income tax

Deferred income tax assets	**Change in H1 2014**	**Change in FY 2013**
As at the beginning of period	**20 053**	**21 148**
Increase	1 371	3 078
Decrease	(899)	(4 173)
Change as a result of acquisition	-	-
As at the end of period	**20 525**	**20 053**

Deferred income tax provision	**Change in H1 2014**	**Change in FY 2013**
As at the beginning of period	**2 229**	**1 992**
Recognition	720	3 508
Reversal	(157)	(3 271)
Change as a result of acquisition	-	-
As at the end of period	**2 792**	**2 229**

9.12 Financial and operating leasing

a) Finance lease liabilities

Finance lease liabilities	**30 Jun 2014**	
	Minimum payments	**Present value of minimum payments**
Within 1 year	*1 203*	*876*
Within 1 to 5 years	*3 610*	*3 154*
Within more than 5 years	-	-
Total	**4 814**	**4 030**

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

(amounts in PLN 000s, unless otherwise stated)

b) Operating leasing

Did not occur during H1 2014 or in the comparative period.

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

H1 2014

Asset	Term of agreement	As at 30 Jun 2014	As at 30 Jun 2015	From 1 to 5 years	Over 5 years
		Minimum annual payment			
Property	specified	40 560	116 536	464 612	580 222
	unspecified	721	2 823	11 294	14 117
Technical equipment and machinery	specified	8	12	-	-
	unspecified	45	90	361	490
Means of transport	specified	1 089	6 059	24 735	30 918
	unspecified	-	-	-	-
Other property, plant and equipment	specified	-	-	-	-
	unspecified	-	-	-	-

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

2013

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

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

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

Liabilities in connection with purchase of property, plant and equipment were not recorded in H1 2014.

9.14 Correction of prior-period errors

In Q2 2014, the Group corrected, through profit from prior years, funding received from PFRON and recognised in 2013, in the amount of PLN 1 442 400.

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

Did not occur during H1 2014.

9.16 Other significant events

a) Strategic decision regarding the split-up of Emperia Holding S.A.

Following approval from the Company's Supervisory Board, on 16 January 2014 the Management Board adopted a resolution concerning commencement of preparatory work on a planned split-up of Emperia Holding S.A.

The split-up will be executed through a carve out, pursuant to art. 529 § 1 point 4 of the Polish Commercial Companies Code, of an organised part of the enterprise constituting operations in property investments, along with the management of properties held by the Company and other Emperia Group entities. The organised part of enterprise will be contributed in-kind to Elpro Development S.A. (formerly P1 Sp. z o.o.), which is 100%-owned by Emperia Holding S.A. Elpro Development S.A. (formerly P1 Sp. z o.o.) will become the owner of all assets and liabilities from the Group's property segment. After the split-up, Emperia Holding S.A. will focus predominantly on growth of its retail operations, while Elpro Development S.A. (formerly P1 Sp. z o.o.) will concentrate on property development.

The management expects Emperia Holding S.A.'s split-up to be accompanied by introducing shares Elpro Development S.A. (formerly P1 Sp. z o.o.), after it transitioned to a public limited company, to regulated trading on the Warsaw Stock Exchange.

As per the management's expectations, the split-up procedure should be completed by the end of Q1 2015. As a result of the split-up, the existing shareholders in Emperia Holding S.A. will become shareholders in Elpro Development S.A. (formerly P1 Sp. z o.o.). The management expects the number of shares in Elpro Development S.A. (formerly P1 Sp. z o.o.) received by shareholders to be the same as the number of shares they hold in Emperia Holding S.A.

The objectives of the proposed split-up are as follows:

- Unbundling the property business line
- Maintaining the shareholding structure immediately after the split-up
- Increasing the growth capacity for the property business through projects for other retailers
- Facilitating comparisons and valuations of the unbundled businesses
- Increasing the capacity to participate in market consolidation processes
- Listing of shares in Elpro Development S.A.

The split-up process is subject to Emperia Holding S.A. shareholders approving the draft changes that will eventually be issued via voting on resolutions at the Company's general meeting tasked with approving the split-up. A further condition is approval by the Polish Financial Supervision Authority of the prospectus of Elpro Development S.A. (formerly P1 Sp. z o.o.) concerning a share issue accompanying the split-up.

The split-up plan, management report and other documents pertaining to the split-up, as required by law, will be disclosed by the Company as soon as they are available.

(amounts in PLN 000s, unless otherwise stated)

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

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

Transaction date	Number of purchased shares	Nominal value of shares	Price per share	Number of votes at Emperia Holding S.A.'s general meeting	% of share capital
16 January 2014	14 667	PLN 1	70.47	14 667	0.097%
4 February 2014	18 407	PLN 1	71.18	18 407	0.122%
14 February 2014	9 867	PLN 1	71.77	9 867	0.065%
7 March 2014	12 557	PLN 1	71.10	12 557	0.083%
12 March 2014	12 749	PLN 1	66.11	12 749	0.084%
17 March 2014	20 040	PLN 1	65.41	20 040	0.133%
19 March 2014	14 835	PLN 1	64.22	14 835	0.098%
21 March 2014	15 200	PLN 1	62.28	15 200	0.101%
31 Mar 2014	16 570	PLN 1	64.26	16 570	0.110%
10 April 2014	22 675	PLN 1	66.03	22 675	0.150%
22 April 2014	19 287	PLN 1	67.49	19 287	0.128%
30 April 2014	15 090	PLN 1	67.54	15 090	0.100%
8 May 2014	13 497	PLN 1	68.09	13 497	0.089%
14 May 2014	16 198	PLN 1	65.87	16 198	0.107%

Elpro Development S.A. (formerly P1 Sp. z o.o.) and the Issuer held a total of 1 606 768 shares in the Issuer, entitling to 1 606 768 (10.630%) votes at the Issuer's general meeting and constituting 10.630% of the Issuer's share capital.

c) Intra-group bond issuance and redemption

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

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

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

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

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

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

d) Changes in the buy-back programme

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

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

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

f) Notification on increase in votes at Emperia Holding S.A.'s general meeting to over 5% by a shareholder

On 27 March 2014, Emperia Holding S.A.'s Management Board announced that, as a result of a block transaction to purchase 15 200 shares during a trading session on the main market managed by the Warsaw Stock Exchange between Millennium DM S.A. and Elpro Development S.A. (formerly P1 Sp. z o.o.) (Emperia Holding S.A.'s subsidiary), on 21 March 2014 Elpro Development S.A. (formerly P1 Sp. z o.o.) exceeded the 5% threshold of votes at Emperia Holding S.A.'s general meeting.

g) Notification on increase in votes at Emperia Holding S.A.'s general meeting to over 10% by a shareholder

On 31 March 2014, Emperia Holding S.A.'s Management Board announced that, as a result of a block transaction to purchase 16 570 shares during a trading session on the main market managed by the Warsaw Stock Exchange between Millennium DM S.A. and Elpro Development S.A. (formerly P1 Sp. z o.o.) (Emperia Holding S.A.'s subsidiary), Emperia Holding S.A. and Elpro Development S.A. (formerly P1 Sp. z o.o.) together exceeded the 10% threshold of votes at Emperia Holding S.A.'s general meeting.

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

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

(amounts in PLN 000s, unless otherwise stated)

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

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

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

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

9.17 Significant events after the end of the reporting period

a) Execution and completion of a share buy-back programme at Emperia Holding S.A. by subsidiary Elpro Development S.A. (formerly P1 Sp. z o.o.)

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

Transaction date	Number of purchased shares	Nominal value of shares	Price per share	Number of votes at Emperia Holding S.A.'s general meeting	% of share capital
3 July 2014	28 805	PLN 1	59.90	28 805	0.191%

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

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

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

On 3 July 2014, Emperia Holding S.A.'s Management Board adopted a resolution on adoption of a buyback programme at Emperia Holding S.A. by P1 Sp. z o.o., based in Lublin, and decided to execute an agreement with subsidiary Elpro Development S.A. (formerly P1 Sp. z o.o.) concerning re-sale of shares to Emperia Holding S.A. Elpro Development S.A. (formerly P1 Sp. z o.o.) launched the buyback programme pursuant to an authorisation issued through resolutions 3 and 4 of the Extraordinary General Meeting of Emperia Holding S.A. of 11 October 2012 concerning the meeting's approval for Emperia Holding S.A. and its subsidiaries to purchase shares in Emperia Holding S.A. and specify the terms of such purchases, and on the execution by Emperia Holding S.A. and subsidiaries of certain agreements, as well as pursuant to resolution 3/04/2014 of Emperia Holding S.A.'s Supervisory Board of 8 April 2014. Up to PLN 35 000 000 may be spent on purchasing shares in the Company. The programme will be completed on 31 December 2014 at the latest.

(amounts in PLN 000s, unless otherwise stated)

c) Intra-group bond issuance and redemption

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

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

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

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

Transaction date	Number of purchased shares	Nominal value of shares	Price per share	Number of votes at Emperia Holding S.A.'s general meeting	% of share capital
23 July 2014	26 050	PLN 1	56,43	26 050	0.172%
1 August 2014	19 267	PLN 1	60,15	19 267	0.127%
13 August 2014	31 005	PLN 1	60,04	31 005	0.205%

Elpro Development S.A. (formerly P1 Sp. z o.o.) and the Issuer held a total of 1 786 034 shares in the Issuer, entitling to 1 786 034 (11.816%) votes at the Issuer's general meeting and constituting 11.816% of the Issuer's share capital.

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

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

f) Performance of the Incentive Programme, 2010 tranche

On 12 August 2014, Emperia Holding S.A.'s Management Board announced that, pursuant to Resolution 2 of the Company's Extraordinary General Meeting on 4 March 2010 (current report 7/2010 of 5 March 2010) on, among others, establishing the principles for the Company's Incentive Programme 2010-2012 (the “Incentive Programme”), on issue of series A, B and C bonds with pre-emptive rights and on a conditional increase of share capital through issue of shares with exclusion of the existing shareholders' pre-emptive rights, which was subsequently amended through Resolution 2 of the Company's Extraordinary General Meeting on 6 December 2011 (current report 91/2011 of 7 December 2011) and Resolution 18 of the Company's Ordinary General Meeting on 15 May 2012 (current report 19/2012 of 16 May 2012), the Company issued 114 564 series A registered bonds with pre-emptive rights to shares (the “Bonds”).

The issue was carried out in the manner referred to in art. 9 point 3 of the Act of 29 June 1995 on Bonds (consolidated text: Polish Journal of Laws of 2014 item 730, as amended). Each of the Bonds issued in accordance with the issue terms constitutes a registered security issued in a series, in accordance with art. 5a of the Act on Bonds.

The issue of Bonds was carried out by sending a proposal to purchase bonds by Millennium DM S.A., based in Warsaw, acting as the "Trustee." The Trustee will purchase the Bonds only on behalf of the Authorised Persons participating in the Incentive Programme.

The bond issue objective is to implement the 2010 tranche of the Incentive Programme for members of the Company's Management Board and other top managers at the Company and its subsidiaries who were entered into the list of Authorised Persons, as approved by the Issuer's Supervisory Board.

The issue consists of 114 564 unsecured, zero-coupon, dematerialised, registered bonds series A. The issue price for one Bond is PLN 0.01 and is equal to its par value. The total par value of the Bonds issued is PLN 1 145.64.

Each of the Bonds entitles the Bondholder to subscribe for one ordinary bearer share series P, with pre-emptive rights in relation to the Company’s shareholders.

The issue price of one Share offered under the Incentive Programme shall be the equivalent of the arithmetic average of the Company’s closing share price on the Warsaw Stock Exchange for the 90-day period preceding the day on which Resolution no. 2 of the Company’s Extraordinary General Meeting of 4 March 2010 was adopted, less 5% and less an adjustment calculated in the event that the Company pays out a dividend of more than 40% of the consolidated net profit for the previous financial years. The detailed means of calculating the issue price is presented in Resolution no. 2 of the Company’s Extraordinary General Meeting of 6 December 2011 (current report 91/2011 of 7 December 2011). The issue price of Series P Shares, calculated as at the date of the Bond issue, is PLN 24.82. A change in the issue price may take place each year after the Company’s pays out a dividend.

The pre-emptive right to subscribe for and acquire Series P shares will be available to the Authorised Persons during the period from 1 July 2014 to 30 June 2018.

The Company will buy back the Series A Bonds in respect to which a Bondholder has exercised the pre-emptive right to subscribe for and acquire Series P shares no later than 30 days after such Bondholder submits a subscription for the Shares, and in any case no later than by 30 June 2018, through payment of an amount equivalent to the par value.

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

On 18 August 2014, Emperia Holding S.A.'s Management Board announced that it received information from Millennium DM S.A. (the "Trustee") on the buyback of 64 428 series A Bonds with pre-emptive rights to series P Shares (the "Bonds"). The buyback and redemption of the Bonds from the Authorised Persons by the Company was part of the Incentive Programme (current report 81/2014 of 12 August 2014), adopted pursuant to Resolution 2 of the Company's Extraordinary General Meeting on 4 March 2010 (current report 7/2010 of 5 March 2010), on, among others, establishing the principles for the Company's Incentive Programme 2010-2012 (the 'Incentive Programme'), on issue of series A, B and C bonds with pre-emptive rights and on a conditional increase of share capital through issue of shares with exclusion of the existing shareholders' pre-emptive rights, which was subsequently amended through Resolution 2 of the Company's Extraordinary General Meeting on 6 December 2011 and Resolution 18 of the Company's Ordinary General Meeting of 15 May 2012. The average unit price per Bond paid was PLN 0.01 and was equal to par value.

(amounts in PLN 000s, unless otherwise stated)

Lublin, August 2014

Signatures of all Management Board members:

2014-08-25	Dariusz Kalinowski	President of the Management Board	…………………… Signature
2014-08-25	Cezary Baran	Vice-President of the Management Board, Finance Director	…………………… Signature

Signatures of the persons responsible for book-keeping

2014-08-25	Elżbieta Świniarska	Economic Director	…………………… Signature

10.Semi-annual management report on Group operations

10.1 Description of Group structure

Name, registered office and economic activities of the parent entity

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

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

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

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

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

The consolidated financial statements were prepared for the period from 1 January 2014 to 30 June 2014, and the comparative financial data covers the period from 1 January 2013 to 30 June 2013. The consolidated financial statements do not contain combined data, and the companies do not have integral organisational entities that draft financial statements on their own.

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

Information on consolidation

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

As at 30 June 2014, consolidation includes Emperia Holding S.A. and 10 subsidiaries: Stokrotka Sp. z o.o., Infinite Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A., P3 EKON Sp. z o.o. S.K.A., EMP Investment Limited, Ekon Sp. z o.o., IPOPEMA 55 FIZAN, Elpro Development S.A. (formerly P1 Sp. z o.o.), Eldorado Sp. z o.o. (formerly P4 Sp. z o.o.), P5 EKON Sp. z o.o. S.K.A.

During the first half of 2014, Emperia Group's structure was subject to changes (compared with the 2013 year-end). On 31 January 2014, the following subsidiaries were merged: Stokrotka Sp. z o.o. with Maro Markety Sp. z o.o. and Społem Tychy S.A. In addition, on 31 March 2014, Stokrotka Sp. z o.o. acquired "PILAWA" Sp. z o.o. Details regarding the above events are presented in point 8.7

(amounts in PLN 000s, unless otherwise stated)

No.	Entity name	Registered office	Main economic activity	Registration authority	Type of control	Means of consolidation	Acquisition date /date from which significant influence is exerted	% of share capital held	Share of the total number of votes at general meeting
1	Stokrotka Sp. z o.o. (1)	20-209 Lublin, ul. Projektowa 1	Retail sale of food, beverages and tobacco	16977, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	1999-01-27	100.00%	100.00%
2	Infinite Sp. z o.o.	20-209 Lublin, ul. Projektowa 1	IT operations	16222, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	1997-03-11	100.00%	100.00%
3	ELPRO EKON Sp. z o.o. S.K.A. (2)	20-209 Lublin, ul. Projektowa 1	Property development	392753, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	2001-02-15	100.00%	100.00%
4	P3 EKON Sp. z o.o. S.K.A. (3)	20-209 Lublin, ul. Projektowa 1	Property management	407301, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	2007-11-29	100.00%	100.00%
5	Elpro Development S.A. (formerly P1 Sp. z o.o.)	20-209 Lublin, ul. Projektowa 1	Renting and operating of own or leased real estate	509157, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	2010-09-06	100.00%	100.00%
6	EKON Sp. z o.o.	20-209 Lublin, ul. Projektowa 1	Property management	367597, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	2010-09-06	100.00%	100.00%
7	EMP Investment Ltd.(6)	Themistokli Dervi 3, JULIA HOUSE, P.C. 1066; Nicosia, Cyprus	Investments in property	HE 272278, Ministry of Commerce, Industry and Tourism, Company Registration Department Nicosia, Cyprus	Subsidiary	Full	2010-09-03	100.00%	100.00%

(amounts in PLN 000s, unless otherwise stated)

8	Ipopema 55 FIZAN (4)	00-850 Warsaw, Waliców 11	Trusts, funds and similar financial instruments	RFI 591, Investment Fund Register maintained by the District Court in Warsaw	Subsidiary	Full	2010-12-09	100.00%	100.00%
9	Eldorado Sp. z o.o. (formerly P4 Sp. z o.o.)	20-209 Lublin, ul. Projektowa 1	Activities of head offices; management consultancy activities	400637, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	03-10-2011	100.00%	100.00%
10	P5 EKON Sp. z o.o. S.K.A. (formerly P5 Sp. z o.o.) (5)	20-209 Lublin, ul. Projektowa 1	Renting and operating of own or leased real estate	425738, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	24-11-2011	100.00%	100.00%

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

Subsidiaries excluded from the consolidated financial statements as at 30 June 2014, together with the legal basis for exclusion

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

(1) indirectly by IPOPEMA 55 FIZAN

Entities other than subsidiaries, associates and jointly controlled entities, with indication of name and registered office, in which related parties hold more than 20% of shares as at 30 June 2014

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

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

10.2 Effects of changes in group structure

All changes in the Group's structure are presented in detail in point 8.7.

10.3 Management's position regarding previously published forecasts

The Management Board of Emperia Holding S.A. did not publish forecasts for 2014.

(amounts in PLN 000s, unless otherwise stated)

10.4 Shareholders with at least 5% of votes at the general meeting, at report publication date

Shareholders	Shares held, as at report publication date	% in share capital	% change	Shares held, as at the date on which the previous interim report was published	% in share capital as at the date on which the previous interim report was published	Number of votes at general meeting, as at report publication date	% of votes at general meeting at report publication date
ALTUS TFI	1 709 678	11.31%	(12.08%)	1 944 678	12.87%	1 709 678	12.75%
IPOPEMA TFI S.A.	1 433 437	9.48%	-	1 433 437	9.48%	1 433 437	10.69%
ING TFI	1 390 123	9.20%	71.59%	810 119	5.36%	1 390 123	10.37%
AXA OFE	891 992	5.90%	-	891 992	5.90%	891 992	6.65%

Shareholding information was last obtained during payment of the 2013 dividend (as at 13 June 2014).

10.5 Changes in shareholding by Management Board and Supervisory Board members

Management Board members	Shares as at 30 June 2014	% in share capital	% change	Shares held, as at the date on which the previous interim report was published	% in share capital as at the date on which the previous interim report was published
Dariusz Kalinowski	19 647	0.13%	-	19 647	0.13%

Members of the Supervisory Board do not own shares in Emperia Holding S.A.

10.6 Information regarding on-going judicial proceedings

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

On 2 January 2014, the Company received a decision of the Court of Arbitration at the Polish Chamber of Commerce of 11 December 2013, ruling that Ernst & Young Audit Sp. z o.o. pay the Company the following: PLN 795 000 with statutory interest from 6 April 2012 to payment date in damages for non-performance of an agreement executed between Emperia Holding S.A. and Eurocash S.A. and Ernst & Young Audit Sp. z o.o., along with PLN 839 180 for refund of the costs of the proceeding. The remaining part of the dispute was rejected.

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

(amounts in PLN 000s, unless otherwise stated)

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

10.7 Significant related-party transactions

In H1 2014, Emperia Holding S.A. did not execute any significant transactions with related parties other than transactions in the ordinary course of business on market terms.

All intra-group mergers in H1 2014 are presented in point 8.7.

Short-term bonds were issued as part of the Group's cash flow management, as described in note 9.5.

10.8 Credit facilities, loans, sureties and guarantees

In H1 2014, the parent, Emperia, did not issue new credit guarantees for subsidiaries such as would exceed 10% of the Issuer's equity. A detailed description of the guarantees is presented in point 9.8.

10.9 Other information of consequence to the Group's HR situation, asset position and financial performance

10.9.1 Financial highlights and operational performance of the Group

Changes in key items from the statement of profit and loss

Item	Q2 2014	Q2 2013	%
Revenue from sales	502 360	489 711	2.58%
Profit on sales	145 312	118 445	22.68%
EBITDA	27 763	20 458	35.71%
Operating profit	16 025	10 396	54.15%
Profit before tax	16 213	11 835	36.99%
Profit for the period	14 126	10 888	29.74%

Second-quarter revenue went up by 2.58% from the same period last year, mainly thanks to higher revenue in the retail and IT segments.
During the period, the Group generated a 22.68% increase in profit on sales. This mainly resulted from higher sales margins in the retail segment. Gross sales margin in Q2 2014 was 28.93%, compared with 24.19% in the same period last year.
In Q1 2014, the Group generated PLN 14 126 000 in net profit, which is 29.74%% more than the PLN 10 888 000 in Q2 2013. This result was significantly affected by the retail segment's profit of PLN 6 473 000, which allowed to cover the increased expenses connected with implementing in-house logistics.

(amounts in PLN 000s, unless otherwise stated)

One-off events having substantial impact on Q2 2014 results:

- In Q2 2013, the Group generated a PLN 1 439 000 gain on financing activities, compared with PLN 188 000 in the current period,
- In Q2 2014, the Group generated a PLN 637 000 gain on disposal of properties,
- In Q2 2014, the retail segment released a PLN 6 371 000 provision for onerous contracts (Delima stores) and a PLN 1 211 000 deferred income tax asset,
- In Q2 2014, the retail segment incurred a one-off expense connected with closure of one store (Delima) of PLN 381 000,
- In Q2 2014, the retail segment incurred a one-off expense connected with reducing the surface area of one store (Delima) of PLN 780 000,
- In Q2 2014, the retail segment incurred PLN 711 000 in costs connected with launching the franchise format,
- In Q2 2014, in connection with a 2014 change in income tax regulations regarding partnerships limited by shares, the property segment reported PLN 1 183 000 in income tax,
- In Q2 2013, the Group recorded PLN 3 111 000 in logistics costs, recognised as selling costs (in-house logistics were launched in July 2013),

Item	H1 2014	H1 2013	%
Revenue from sales	981 803	982 758	-0.10%
Profit on sales	282 365	240 213	17.55%
EBITDA	44 995	44 137	1.94%
Operating profit	21 593	23 942	-9.81%
Profit before tax	22 155	27 081	-18.19%
Profit for the period	17 355	24 595	-29.44%

The Group maintained total revenue in H1 2014 at a level similar to that of last year (a 0.10% decrease), which is a good result considering the difficult conditions on the retail market.
In H1 2014, the Group posted a 17.55% increase in profit on sales, mainly resulting from higher sales margins in the retail segment. Gross sales margin in H1 2014 was 28.76%, compared with 24.44% in the same period last year.
The overall net profit for H1 2014 was PLN 17 355 000, down 29.44% from the comparative period.

One-off events having substantial impact on H1 2014 results:

- In H1 2013, the Group generated a PLN 3 139 000 gain on financing activities, compared with PLN 562 000 in the current period,
- In H1 2014, the property segment posted a PLN 643 000 gain on disposal of properties, compared with PLN 3 069 000 in H1 2013,
- In H1 2014, the retail segment released a PLN 6 371 000 provision for onerous contracts (Delima stores) and a PLN 1 211 000 deferred income tax asset,
- In H1 2014, the retail segment paid PLN 1 000 000 in compensation for closure of one Delima store and incurred PLN 381 000 in one-off costs connected with this closure,
- In H1 2014, the retail segment incurred a one-off expense connected with reducing the surface area of one store (Delima) of PLN 780 000,
- In H1 2014, the retail segment incurred PLN 1 458 000 in costs connected with launching the franchise format,
- In H1 2014, the retail segment incurred costs connected with merger of retail companies (Maro-Markety Sp. z o.o., Społem Tychy S.A. and Pilawa Sp. z o.o.) of PLN 1 033 000,
- In H1 2014, in connection with a 2014 change in income tax regulations regarding partnerships limited by shares, the property segment reported PLN 2 095 000 in income tax,
- In H1 2014, Emperia Holding was awarded PLN 1 827 000 in a court dispute with Ernst & Young Sp. z o.o. (including PLN 193 in interest),

(amounts in PLN 000s, unless otherwise stated)

- In H1 2013, the retail segment recorded PLN 3 128 000 in logistics costs, recognised as selling costs (in-house logistics were launched in July 2013),

Changes in key balance sheet items

Item	H1 2014	H1 2013	%
Total assets	960 778	991 858	-3.13%
Non-current assets	583 230	583 932	-0.12%
Current assets	377 548	407 926	-7.45%
Cash and cash equivalents	124 774	207 475	-39.86%
Liabilities and liability provisions	336 946	306 861	9.80%
Total current liabilities	306 496	268 185	14.29%
Net assets	623 832	684 997	-8.93%
Share capital (in PLN)	15 115 161	15 115 161	-
Current-period earnings per share, annualised (in PLN)	0.43	0.58	-25.86%

Operational performance and ability to meet liabilities

Item	H1 2014	H1 2013
Return on invested capital *(profit for the period / equity at the end of the period) in %*	2.78%	3.59%
Return on assets *(profit for the period / assets at the end of the period) in %*	1.81%	2.48%
Sales margin *(profit from sales for the period / revenue from sales for the period) in %*	28.76%	24.44%
EBITDA margin *(EBITDA / revenue from sales for the period) in %*	4.58%	4.49%
Operating margin *(operating profit for the period / revenue from sales for the period) in %*	2.20%	2.44%
Gross margin *(profit before tax for the period / revenue from sales for the period) in %*	2.26%	2.76%
Net margin *(profit for the period / revenue from sales for the period) in %*	1.77%	2.50%

Turnover cycles for key components of working capital

Methodology	H1 2014	H1 2013
Inventory turnover days *(inventory / value of goods for resale and materials sold*182)*	47.5	35.2
Receivables turnover days *(current receivables / revenue from sales*182)*	11.8	9.4
Payables turnover days *([current liabilities - current borrowings] / value of goods for resale and materials sold*182)*	80.9	66.9
Asset productivity *(revenue from sales / total assets)*	1.0	1.0

(amounts in PLN 000s, unless otherwise stated)

Non-current asset productivity *(revenue from sales / non-current assets)*	1.7	1.7

In H1 2014, inventory turnover increased by 12.3 days and liability turnover by 14 days, owing to in-house logistics in retail and an increase in product procurement at the end of the second quarter. Receivables turnover increased by 2.4 days. The above changes in turnover ratios did not have an impact on asset dynamics.

Retail segment

	Q2 2014	Q2 2013	%
Segment revenue	490 046	479 398	2.22%
Profit on sales	140 931	114 053	23.57%
EBITDA	17 126	8 778	95.10%
Operating result	8 684	1 922	351.82%
Gross profit	7 385	954	674.11%
Net segment profit	6 473	915	607.43%

	H1 2014	H1 2013	%
Segment revenue	959 258	960 846	-0.17%
Profit on sales	273 737	231 495	18.25%
EBITDA	21 251	18 270	16.32%
Operating result	4 568	4 209	8.53%
Gross profit	1 835	2 138	-14.17%
Net segment profit	**187**	**1 588**	**-88.22%**

Retail-segment revenue in Q2 2014 went up by 2.22% and cumulatively for H1 2014 - slightly down, by 0.17% (resulting from a decrease in Q1 2014 revenue).
In Q2 2014, the retail segment posted results that enabled it to cover the increased costs connected with implementing in-house logistics. The solid net profit in Q2 2014 was a result of a high sales margin achieved in Q2 2014 and H1 2014, which was as follows: 28.80% in Q2 2014, 23.79% in Q2 2013, 28.58% in H1 2014 and 24.09% in H1 2013.

In 2014, revenue from the central management segment (at Emperia Holding S.A.) concerning retail agency agreements, including statistically allocated and accounted costs relating to this revenue, was assigned to the retail segment (revenue - PLN 1 541 000, costs - PLN 308 000, net result - PLN 999 000).

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

- In Q2 2014, the retail segment released a PLN 6 371 000 provision for onerous contracts (Delima stores) and a PLN 1 211 000 deferred income tax asset,
- In Q2 2014, the retail segment incurred a one-off expense connected with closure of one store (Delima) of PLN 381 000, and PLN 1 381 000 in H1 2014,
- In Q2 2014, the retail segment incurred a one-off expense connected with reducing the floor area of one store (Delima) of PLN 780 000,
- In Q2 2014, the retail segment incurred PLN 711 000 in costs connected with launching the franchise format, and PLN 1 458 000 overall in H1 2014,
- In H1 2014, the retail segment incurred costs connected with merger of retail companies (Maro-Markety Sp. z o.o., Społem Tychy S.A. and Pilawa Sp. z o.o.) of PLN 1 033 000,

(amounts in PLN 000s, unless otherwise stated)

- In Q2 2013, the Group recorded PLN 3 111 000 in logistics costs, recognised as selling costs (in-house logistics were launched in July 2013), and overall in H1 2013 - PLN 3 128 000,

In Q2 2014, Stokrotka Sp. z o.o. continued processes to optimise its in-house logistics system. Key information on logistics performance:

	Q3 2013	**Q4 2013**	**Q1 2014**	**Q2 2014**
Total Stokrotka store deliveries during the period	352 878	406 919	374 197	388 154
Stokrotka store deliveries using in-house logistics during the period	165 010	276 759	296 490	326 974
% of Stokrotka store supply going through in-house logistics (supply of Stokrotka stores with products through in-house logistics / overall product supply for Stokrotka stores	46.76%	68.01%	79.23%	84.24%
Total value of products delivered to the Group's store via in-house logistics	166 710	282 381	300 932	328 409
Logistics costs*	15 219	20 384	19 411	20 296
Logistics revenue	3	35	119	236
Net logistics costs	15 216	20 349	19 292	20 060
including: - cost of warehouse maintenance	1 983	2 363	2 293	2 601
- cost of product handling logistics	6 104	8 057	8 128	8 726
- cost of transport	6 820	9 544	8 687	8 555
- general costs*	309	385	184	178
Logistics cost ratio *(logistics costs / value of products delivered by in-house logistics)*	9.13%	7.21%	6.41%	6.11%
Revenue from sales	473 018	470 774	468 347	489 368
Cost of sales	356 732	350 568	336 406	349 114
Gross sales margin	116 286	120 206	131 941	140 254
Gross sales margin (in %) *(result on sales / revenue from sales)*	24.58%	25.53%	28.17%	28.66%

*/ not including supply chain management costs, which are typically not included in logistics costs.

The key logistics performance indicators are systematically improving.
The share of in-house logistics deliveries in Q2 2014 reached 84.24%, meaning that all of the planned store deliveries are now covered by the in-house system. The remaining 15-20% constitutes regional products, frozen foods and baked goods - delivered directly by producers and suppliers.
The logistics cost ratio, which shows logistics performance, is also decreasing, reaching 6.11% in Q2 2014, but is still above the target level.
The Company will continue improving logistics effectiveness in subsequent periods through:
- improved productivity of logistics staff,
- allocation of overhead to a larger volume of distributed products,
- improved transport effectiveness.

The gross sales margin achieved by Stokrotka Sp. z o.o. in the quarterly periods since implementation of the in-house logistics system was commenced has been systematically growing, reaching 28.66% in Q2 2014.

(amounts in PLN 000s, unless otherwise stated)

Cash conversion cycle in the retail segment

	H1 2014	H1 2013
Inventory turnover days *(inventory / value of goods for resale and materials sold*182)*	47.5	35.0
Receivables turnover days *(trade receivables / revenue from sales*182)*	7.0	6.5
Payables turnover days *(trade payables / value of goods for resale and materials sold*182)*	63.2	52.2
Cash conversion cycle *(difference between inventory turnover cycle and receivables collection cycle vs. payables turnover cycle)*	-8.7	-10.7

In H1 2014, inventory turnover increased by 12.5 days and liability turnover by 11 days, resulting from in-house logistics in retail and an increase in product procurement at the end of the second quarter. Receivables turnover increased by 0.5 days. The change in turnover ratios resulted in a decrease in the retail segment's cash conversion cycle in H1 2014 by two days.

Stokrotka supermarkets

	H1 2014	H1 2013
Number of stores at the beginning of period	**211**	**201**
- stores opened	2	3
- stores shut-down*	8	1
- stores acquired by Stokrotka through the merger of retail companies	36	
Number of stores at the end of period, including:	**241**	**203**
- own supermarkets	217	203
- franchise supermarkets	1	0
- own markets	23	0
- franchise markets	0	0
Average total store surface - stores opened (in sqm)	779	911
Capex on stores opened	2 512	2 935

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

As at the end of H1 2014, the retail segment comprised 241 retail stores, vs. 240 at the end of H1 2013. In Q2 2014, two own supermarkets were opened and one supermarket was closed (Delima).

Property segment

	Q2 2014	Q2 2013	%
Segment revenue	16 646	16 774	-0.76%
EBITDA	10 577	9 570	10.52%
Operating result	7 560	6 849	10.38%
Gross profit	7 255	5 590	29.79%
Net segment profit	6 072	5 590	**8.62%**

(amounts in PLN 000s, unless otherwise stated)

	H1 2014	H1 2013	%
Segment revenue	34 964	33 331	4.90%
EBITDA	20 575	21 983	-6.40%
Operating result	14 480	16 529	-12.40%
Gross profit	13 877	13 660	1.59%
Net segment profit	**11 782**	**13 660**	**-13.75%**

In H1 2014, the property segment grew revenue from sales by 4.90%.
The y/y decline in profit in H1 2014 resulted from property disposals. In H1 2014, the result on property disposals was PLN 643 000, while in the comparative period PLN 3 069 000.
Furthermore, a change in tax regulations, concerning taxation of partnerships limited by shares in 2014, resulted in the property segment posting PLN 2 095 000 in corporate income tax in H1 2014.

	H1 2014	H1 2013
Number of properties at the end of period	94	96
including: properties in progress	12	13
operating properties	82	83
including: retail properties	77	78
other properties	5	5
average monthly net operating income from leasable facilities*	**3 444**	**3 396**
including: retail properties	**3 371**	**3 269**
leasable area of retail facilities (sqm)	91 813	90 516
including: related lessees	56 367	56 328
other lessees	35 446	34 188
average lease rate (PLN per sqm)	41.9	41.6
including: related lessees	43.4	42.9
other lessees	39.5	39.6

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

IT segment

	Q2 2014	Q2 2013	%%
Segment revenue	9 891	7 888	25.39%
EBITDA	2 785	2 363	17.86%
Operating result	2 488	1 912	30.13%
Gross profit	2 595	2 022	28.34%
Net segment profit	2 094	1 628	**28.62%**

	H1 2014	H1 2013	%
Segment revenue	18 226	15 444	18.01%
EBITDA	5 226	4 913	6.37%
Operating result	4 631	4 055	14.20%
Gross profit	4 846	4 306	12.54%
Net segment profit	**3 908**	**3 468**	**12.69%**

(amounts in PLN 000s, unless otherwise stated)

	Q2 2014	Q2 2013	%
Revenue from sale of services	6 622	6 311	4.93%
including: external	*4 463*	*4 226*	5.60%
Revenue from sale of goods for resale and materials	3 269	1 577	107.23%
including: external	*2 203*	*333*	560.86%
Total revenue	9 891	7 888	25.38%
including: external	*6 667*	*4 560*	46.20%

	H1 2014	H1 2013	%
Revenue from sale of services	13 139	12 962	1.37%
including: external	*8 959*	*8 995*	-0.40%
Revenue from sale of goods for resale and materials	5 087	2 483	104.90%
including: external	*2 424*	*732*	231.00%
Total revenue	18 226	15 444	18.01%
including: external	*11 383*	*9 727*	17.02%

The segment posted stronger revenue from sales: up 25.38% in Q2 2014 and 18.01% in H1 2014.
Second-quarter segment result was up 28.62% in Q1 2014 and 12.69% in H1 2014.
In H1 2014, external revenue constituted 62.45% of total revenue, and in H1 2013: 62.98%.

Central management segment

	Q2 2014	Q2 2013	%
Segment revenue	768	1 678	-54.23%
EBITDA	-2 679	-280	
Operating result	-2 338	-705	
Gross profit	6 912	8 626	-19.87%
Net segment profit	6 900	8 187	**-15.72%**

	H1 2014	H1 2013	%
Segment revenue	1 278	3 858	-66.87%
EBITDA	-1 927	-841	
Operating result	-1 262	-1 699	
Gross profit	9 824	11 904	-17.47%
Net segment profit	**9 211**	**10 964**	**-15.99%**

The decrease in the central management segment's revenue in Q2 and H1 2014 resulted from carving out an organised part of enterprise from Emperia Holding S.A. - the property segment, covering five properties owned by the Company - and its presentation in the property segment, together with transfer of revenue from onerous contracts with statistically allocated and accounted costs to the retail segment.
The key profit item for the segment in both periods was interest and dividend income. Interest income in H1 2014 was PLN 3 773 000, compared with PLN 6 598 000 in H1 2013. Dividend income in H1 2014 was PLN 7 566 000, compared with PLN 5 774 000 in H1 2013.
In addition, the first-half result was substantially affected by the PLN 1 827 000 award in a court dispute with E&Y (details in note 10.6).

10.9.2 Extraordinary events having an impact on annual performance

See point 9.3.

10.9.3 Changes in the Issuer's management board and supervisory board members

Management Board

In H1 2014, the composition of the Management Board of Emperia Holding S.A. remained unchanged.

Composition of Emperia Holding S.A.'s Management Board as at 30 June 2014:

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

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

Supervisory Board

The composition of Emperia Holding S.A.'s Supervisory Board did not change during H1 2014.

Composition of Emperia Holding S.A.'s Supervisory Board as at 30 June 2014:

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

10.10 Factors having an impact on the results to be achieved over the perspective of at least the next half-year

External:

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

Internal:

a) Business process optimisation - will lead to better operating performance and higher management quality in all segments
b) Implementation of a new strategy in the property segment and property investments
c) Internal cost control policy
d) Continued performance improvements in the retail segment's in-house logistics
e) Development of a franchise network concept under the Stokrotka brand

10.11 Risk factors

External:

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

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

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

Internal:

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

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

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

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

10.12 Charitable work at Emperia Group

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

Emperia Fundacja

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

The Foundation helps out employees and their families - children, spouses and parents - as well as former employees whose contracts expired as a result of retirement. The Foundation also contributes to the development of children and youth.

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

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

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

Blood drive

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

Share-a-Meal Programme

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

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

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

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

Mammobuses

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

Student and graduate opportunities

Miesięczne
Praktyki Bezpłatne

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

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

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

Benefits for interns:

(amounts in PLN 000s, unless otherwise stated)

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

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

Letnia Szkoła Menadżera

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

What do you gain from attending the Summer School for Managers?
- remuneration
- valuable professional experience
- familiarity with one of the largest FMCG companies
- opportunity to work on business projects under professional supervision
- participation in personalised training

We later hire many of the graduates of these internships.

Lublin, August 2014

Signatures of all Management Board members:

2014-08-25	Dariusz Kalinowski	President of the Management Board	.... Signature
2014-08-25	Cezary Baran	Vice-President of the Management Board, Finance Director	.... Signature

Signatures of the persons responsible for book-keeping

2014-08-25	Elżbieta Świniarska	Economic Director	.... Signature