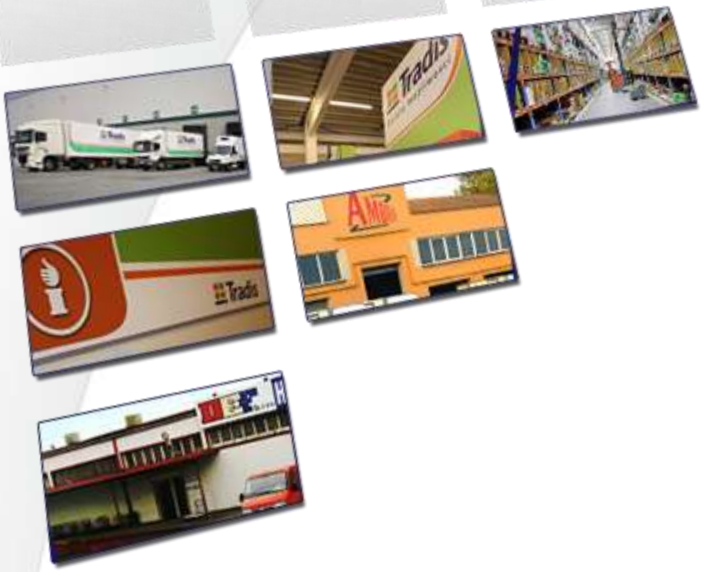

CONSOLIDATED FINANCIAL STATEMENTS

4rd QUARTER 2010

DRAWN UP ACCORDING TO
TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY THE EUROPEAN UNION

(ALL AMOUNTS IN THOUSANDS PLN)

TRANSLATORS' EXPLANATORY NOTE
The following document is a free translation of the Q4 Consolidated Report of Emperia Holding S.A.
In the event of any discrepancy in interpreting the terminology, the Polish version is binding.

LUBLIN, MARCH 2011

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1. Chairman's Letter

Lublin, 1 March 2011

Dear Shareholders of Emperia Holding S.A.

On 21 December 2010 Emperia Holding concluded with Eurocash S.A. a conditional investment agreement regarding sale to Eurocash S.A. shares companies operating in the Tradis Distribution Group. This decision was dictated by conviction, that such a solution is most beneficial for our shareholders.

In September 2010 the Management Board of Emperia presented long-term strategy of development of the Capital Group. It assumed separation of the Tradis Distribution Group and introduction shares of newly created entity to public trading on Stock Exchange in Warsaw.

This decision resulted from belief that, at this level of development of the Group higher value for shareholders may create two independent entities, each of which will focus on its primary business, ie current Emperia Group on retail business and Tradis Distribution Group on distribution business.

Due to proposal made by Eurocash S.A. to incorporate Tradis Distribution Group's to its structure, The Management Board and Supervisory Board carefully analyzed the presented offer and in December 2010 recognized that most advantageous, from perspective of shareholders, customers and employees, form of implementation of its strategy is to accept the offer Eurocash SA and conclusion of relevant investment agreement.

As a part of the transaction following companies will be incorporated to Eurocash S.A.: Tradis Sp. z o.o., DEF sp. z o.o., Ambra Sp. z o.o., Detal Koncept Sp. z o.o., Euro Sklep SA, Partnerski Serwis Detaliczny SA, Drogerie Koliber sp. z o.o., Lewiatan Holding SA and remaining companies PSH Lewiatan, in which shares holds Emperia. Until closing of the transaction control over Tradis Distribution Group has Emperia Holding and the parties intention is to implement the investment agreement by the end of June 2011.

Now before Emperia is time of intensive development of supermarket segment. We are convinced, that competence possessed by us in retail area and encouraging prospects for development of supermarket format will allow us not only maintain current pace of development but significantly increase them in subsequent years. Simultaneously we believe, that consequent refinement of supermarket model will allow us to improve level of satisfaction of our customers while simultaneously building value for our Shareholders.

Artur Kawa

Chairman of the Management Board
of Emperia Holding

(in PLN 000s, unless indicated otherwise)

2. Selected Financial Highlights

SELECTED FINANCIAL HIGHLIGHTS (current year)		PLN		EURO	
		For period 1 Jan. 2010 to 31 Dec. 2010	For period 1 Jan. 2009 to 31 Dec. 2009	For period 1 Jan. 2010 to 31 Dec. 2010	For period 1 Jan. 2009 to 31 Dec. 2009
I.	Net revenues from sale of products, goods and materials	5 916 570	5 525 656	1 477 517	1 273 017
II.	Profit (loss) on operating activity	135 063	113 183	33 729	26 075
III.	Profit (loss) before tax	118 757	92 239	29 657	21 250
IV.	Profit (loss) for period	95 452	69 366	23 837	15 981
V.	Net cash flows from operating activity	276 966	101 346	69 165	23 348
VI.	Net cash flows from investing activity	(102 434)	(127 774)	(25 580)	(29 437)
VII.	Net cash flows from financing activity	(165 208)	16 460	(41 257)	3 792
VIII.	Total net cash flows	9 324	(9 968)	2 328	(2 296)
IX.	Total assets	1 914 819	1 830 168	483 504	445 491
X.	Liabilities and provisions against liabilities	1 038 388	1 024 331	262 199	249 338
XI.	Long-term liabilities	83 512	160 730	21 087	39 124
XII.	Short-term liabilities	954 876	863 601	241 112	210 214
XIII.	Equity	876 431	805 837	221 304	196 153
XIV.	Initial capital	15 115	15 115	3 817	3 679
XV.	Number of shares	15 115 161	15 115 161	15 115 161	15 115 161
XVI.	Weighted average number of shares	15 115 161	15 115 161	15 115 161	15 115 161
XVII.	Profit (loss) per ordinary share annualized (PLN\EURO)	6,31	4,59	1,58	1,06
XVIII.	Diluted profit (loss) per ordinary share annualized (PLN\EURO)	6,31	4,59	1,58	1,06
XIX.	Book value per share (PLN\EURO)	57,98	53,31	14,64	12,98
XX.	Diluted book value per share (PLN\EURO)	57,98	53,31	14,64	12,98
XXI.	Declared or distributed dividend per share **(PLN\EURO)	0,92	0,59	0,23	0,14

* Amount of distributed dividend per share is calculated by the number of shares at the report date, i.e.: 15 115 161 shares.

The weighted average number of shares:
– for I-IV quarters 2010: January - December 15 115 161;
– for I-IV quarters 2009: January - December 15 115 161;

The selected financial highlights are converted into EUR as follows:

1 The profit and loss and cash flow statement items are converted at an exchange rate being the arithmetic average of average exchange rates published by the National Bank of Poland, effective on the last day of each month, which was 4,0044 PLN/EUR in 2010, and 4,3406 PLN/EUR in 2009;

2 The balance sheet items and book value/diluted book value are converted at the average exchange rate published by the National Bank of Poland, effective on the balance sheet date, which was 3,9603 PLN/EUR on 31 December 2010 and 4,1082 PLN/EUR on 31 December 2009.

(in PLN 000s, unless indicated otherwise)

3. Summary Consolidated Statement of Financial Position

	31 December 2010	30 September 2010	31 December 2009	30 September 2009
Fixed Assets	**962 553**	**972 078**	**944 641**	**913 543**
Tangible fixed assets	694 570	685 709	658 407	628 989
Investment real property	13 495	16 041	16 992	17 451
Intangible assets	8 566	8 450	7 796	6 955
Goodwill	203 975	203 975	203 354	202 672
Shares in associated companies - valuated by equity method	5 139	4 917	3 982	3 804
Financial assets	681	11 755	11 178	13 082
Long-term loans			1 114	
Long-term receivables and other deferred income	20 892	22 270	26 068	24 890
Deferred income tax assets	15 235	18 961	15 750	15 700
Current Assets	**952 266**	**884 956**	**885 527**	**877 908**
Stock	437 859	382 784	455 272	435 355
Receivables	438 288	430 687	366 702	379 395
Receivables under income tax	1 482	1 422	15 504	12 855
Prepaid expenses	7 808	9 786	7 996	8 446
Cash	49 377	56 646	40 053	40 600
Other financial assets	5 650	3 631		240
Assets earmarked for sale	11 802			1 017
Total Assets	**1 914 819**	**1 857 034**	**1 830 168**	**1 791 451**
Equity	**876 431**	**853 069**	**805 837**	**788 235**
Share capital	15 115	15 115	15 115	15 115
Share premium capital	549 559	549 559	549 559	549 559
Supplementary capital	97 559	98 394	98 394	97 953
Supplementary capital from the evaluation of managerial options	4 394	3 554	1 035	596
Reserve capital	47 273	47 273	59 150	59 150
Reserve capital for purchase of own shares	40 000	40 000		
Own shares	(14 290)	(686)		
Retained profit	136 708	99 750	82 482	65 766
Total equity allocated to shareholders of dominant entity	**876 318**	**852 959**	**805 735**	**788 139**
non-controlling interest	113	110	102	96
Long-term liabilities	**83 512**	**147 254**	**160 730**	**196 195**
Credit facilities, loans and debt securities	61 734	121 906	137 106	172 826
Long-term liabilities	2 765	6 014	5 959	6 496
Provisions	2 996	2 955	2 843	2 576
Provision against deferred income tax	16 017	16 379	14 822	14 297
Short-term liabilities	**954 876**	**856 711**	**863 601**	**807 021**
Credit facilities, loans and debt securities	182 689	151 519	223 620	172 165
Short-term liabilities	742 774	663 631	616 928	610 602
Income tax liabilities	10 275	8 669	4 200	5 232
Provisions	16 219	29 830	16 250	17 691
Deferred income	2 919	3 062	2 603	1 331
Total liabilities	**1 914 819**	**1 857 034**	**1 830 168**	**1 791 451**

(in PLN 000s, unless indicated otherwise)

	31 December 2010	30 September 2010	31 December 2009	30 September 2009
Book value	876 431	853 069	805 837	788 235
Number of shares	15 115 161	15 115 161	15 115 161	15 115 161
Diluted number of shares	15 115 161	15 115 161	15 115 161	15 115 161
Book value per share (PLN)	57,98	56,44	53,31	52,15

4. Summary Consolidated Profit and Loss Account and Statement of comprehensive income.

	3 months ended 30 December 2010	12 months ended 30 December 2010	3 months ended 30 December 2009	12 months ended 30 December 2009
Sales revenues	**1 531 716**	**5 916 570**	**1 425 803**	**5 525 656**
Cost of goods sold	**(1 281 435)**	**(4 955 629)**	**(1 189 544)**	**(4 638 213)**
Profit on sales	**250 281**	**960 941**	**236 259**	**887 443**
Other operating income	8 533	16 964	1 846	29 912
Selling expense	(179 917)	(740 045)	(186 088)	(700 216)
General administrative expense	(24 589)	(89 388)	(18 555)	(89 333)
Other operating expense	(5 012)	(13 409)	(6 696)	(14 623)
Profit on operations	**49 296**	**135 063**	**26 766**	**113 183**
Financial income	724	3 221	825	2 650
Financial expense	(4 526)	(19 527)	(4 898)	(23 594)
Profit before tax	**45 494**	**118 757**	**22 693**	**92 239**
Income tax	(9 592)	(24 463)	(5 710)	(22 858)
Current tax	(6 229)	(22 754)	(4 706)	(15 092)
Deferred tax	(3 364)	(1 710)	(1 004)	(7 766)
Share in financial result entities valued using the equity method	224	1 158	178	(15)
Profit for period	**36 126**	**95 452**	**17 161**	**69 366**
Profit for period for shareholders of dominant entity	36 123	95 441	17 155	69 343
Profit for period for non-controlling interests	3	11	6	23
EBITDA	**66 690**	**203 534**	**42 981**	**176 532**

Profit (loss) for period (annualised)	95 452	69 366
Weighted average of ordinary shares *	15 115 161	15 115 161
Diluted weighted average number of ordinary shares *	15 115 161	15 115 161
Profit (loss) per ordinary share (PLN) annualised	6,31	4,59

* The weighted average number of shares:
– in 2010: in January-December 15 115 161;
– in 2009: in January-December 15 115 161;

(in PLN 000s, unless indicated otherwise)

Statement of total income	3 months ended 30 December 2010	12 months ended 30 December 2010	3 months ended 30 December 2009	12 months ended 30 December 2009
Profit for period	**36 126**	**95 452**	**17 161**	**69 366**
Other total income:				
Hedge of Cash flow				635
Income tax on the other total income components				(121)
Other total net income				**514**
Total income for period	**36 126**	**95 452**	**17 161**	**69 880**
Total income for shareholders of parent company	36 123	95 441	17155	69 862
Total income for non-controlling interests	3	11	6	23

In connection with conclusion on 21 December 2010, the Investment Agreement between Emperia Holding S.A. and Eurocash S.A., described in detail in Note 8.14.15 point j), under which Emperia disposes shares to Eurocash held by Emperia , directly or indirectly, of companies operating in the wholesale distribution of food, as well as companies organizing the franchise chains, below we present information on revenues, costs and financial results realized in 2010 on Business Held for Sale. Data of business held for sale have been aggregated in form of segment, without the internal transactions within the Group.

Summary Consolidated Profit and Loss Account of Activities Earmarked for Sale	12 months ended 30 December 2010
Sales revenues	**4 921 635**
Cost of goods sold	**(4 314 037)**
Selling expense and General administrative expense	(515 812)
Profit on operations	3 999
Result on financial activities	(18 374)
Profit before tax	**77 411**
Income tax	(16 534)
Current tax	(15 887)
Deferred tax	(647)
Share in financial result entities valued using the equity method	1 158
Profit for period	**62 035**
Profit for period for shareholders of dominant entity	62 035
Profit for period for non-controlling interests	0
EBITDA	**120 183**

(in PLN 000s, unless indicated otherwise)

5. Summary Report of Changes in Equity

	Share capital	Share premium capital	Supplementary capital	Supplementary capital from the evaluation of managerial options	Reserve capital	Reserve Capital for purchase of own shares	Own shares	Retained profit	Non-controlling interest	Total equity
1 October 2010	**15 115**	**549 559**	**98 394**	**3 554**	**47 273**	**40 000**	**(686)**	**99 750**	**110**	**853 069**
Correction of error for 2009										
1 October 2010 adjusted	**15 115**	**549 559**	**98 394**	**3 554**	**47 273**	**40 000**	**(686)**	**99 750**	**110**	**853 069**
Profit for 3 months until 31 December 2010								36 123	3	**36 126**
Revaluation of land in Tradis in previous years			(835)					835		
Valuation of managerial options				840						**840**
Purchase of own shares							(13 604)			**(13 604)**
31 December 2010	**15 115**	**549 559**	**97 559**	**4 394**	**47 273**	**40 000**	**(14 290)**	**136 708**	**113**	**876 431**

	Share capital	Share premium capital	Supplementary capital	Supplementary capital from the evaluation of managerial options	Reserve capital	Reserve Capital for purchase of own shares	Own shares	Retained profit	Non-controlling interest	Total equity
1 January 2010	**15 115**	**549 559**	**98 394**	**1 035**	**59 150**			**82 482**	**102**	**805 837**
Change in accounting standards and policies										
1 January 2010 adjusted	**15 115**	**549 559**	**98 394**	**1 035**	**59 150**			**82 482**	**102**	**805 837**
Profit for 12 months until 31 December 2010								95 441	11	**95 452**
Revaluation of land in Tradis in previous years			(835)					835		
Valuation of II managerial options				3 359						**3 359**
Distribution of 2009 profit – allocation to capital funds					28 123			(28 123)		
Establishment reserve capital for acquisition of own shares					(40 000)	40 000				
Purchase of own shares							(14 290)			**(14 209)**
Dividend for shareholders as part of 2009 profit distribution								(13 906)		**(13 906)**
Dividend for shareholders of non-controlling								(21)		**(21)**
31 December 2010	**15 115**	**549 559**	**97 559**	**4 394**	**47 273**	**40 000**	**(14 290)**	**136 708**	**113**	**876 431**

(in PLN 000s, unless indicated otherwise)

	Share capital	Share premium capital	Supplementary capital	Supplementary capital from the evaluation of managerial options	Reserve capital	Revaluation capital	Retained profit	Non-controlling interest	Total equity
1 October 2009	**15 115**	**549 559**	**97 953**	**596**	**59 150**		**65 766**	**96**	**788 235**
Correction of error for 2008							2		**2**
1 October 2009 adjusted	**15 115**	**549 559**	**97 953**	**596**	**59 150**		**65 768**	**96**	**788 237**
Profit for 3 months until 31 December 2009							17 155	6	**17 161**
Valuation of managerial options				439					**439**
Distribution of 2008 profit – allocation to capital funds			441				(441)		**0**
Dividend for shareholders as part of 2008 profit distribution									
31 December 2009	**15 115**	**549 559**	**98 394**	**1 035**	**59 150**		**82 482**	**102**	**805 837**

	Share capital	Share premium capital	Supplementary capital	Supplementary capital from the evaluation of managerial options	Reserve capital	Revaluation capital	Retained profit	Non-controlling interest	Total equity
1 January 2009	**15 115**	**549 559**	**90 862**	**596**	**59 873**	**(1 681)**	**30 367**	**392**	**745 083**
Change in accounting standards and policies							(387)		**(387)**
1 January 2009 adjusted	**15 115**	**549 559**	**90 862**	**596**	**59 873**	**(1 681)**	**29 980**	**392**	**744 696**
Profit for 12 months until 31 December 2009						514	69 342	23	**69 879**
Settlement of acquisition shares in Spolem Tychy								(313)	**(313)**
Settlement of sales and redemption of shares of Arsenal Sp. z o.o.						1 167	(1 167)		
Distribution of 2008 profit - Centrum Sanok (transfer to capital in Stokrotka Sp. z o.o.)							54		**54**
Valuation of managerial options				439					**439**
Distribution of 2008 profit – allocation to capital funds			7 532		6 773		(14 305)		
Dividend for shareholders as part of 2008 profit distribution					(7 496)		(1 422)		**(8 918)**
31 December 2009	**15 115**	**549 559**	**98 394**	**1 035**	**59 150**		**82 482**	**102**	**805 837**

(in PLN 000s, unless indicated otherwise)

6. Summary Consolidated Report of Cash Flows

	3 months ended 30 December 2010	12 months ended 30 December 2010	3 months ended 30 December 2009	12 months ended 30 December 2009
Profit (loss) for period	**36 126**	**95 452**	**17 161**	**69 366**
Adjustments for:	**27 690**	**181 514**	**16 082**	**31 980**
Share in net (profits) losses of entities consolidated using equity method	(224)	(1 158)	(178)	15
Depreciation	17 394	68 471	16 215	63 349
(Gain) loss on exchange rate differences			(1)	1
Interest and share in profit (dividends)	4 220	17 727	(1 591)	9 511
Income tax	9 592	24 463	5 709	22 858
Profit (loss) on investing activity	235	(769)	7 867	(5 449)
Change in provisions	(13 570)	53	(1 224)	(4 304)
Change in stock	(55 075)	17 456	(19 787)	(33 767)
Change in receivables	(5 670)	(65 674)	28 033	1 235
Change in accruals	2 966	4 224	743	(3 066)
Change in liabilities	75 894	120 778	(11 316)	10 254
Other adjustments	(3 390)	(931)	1 300	688
Income tax paid	(4 682)	(3 126)	(9 688)	(29 345)
Net cash flows from operating activity	**63 816**	**276 966**	**33 243**	**101 346**
Income	**11 761**	**19 975**	**5 067**	**81 923**
Sale of fixed and intangible asset	4 563	8 812	3 189	41 478
Sale of financial assets		57		195
Disposal of subsidiaries				18 034
Received dividends		1 000		
Interest received	287	1 010	529	1 761
Repayment of loans granted	3 000	3 553	553	15 553
Cash from acquired companies at date of acquisition		161		2 230
Income from use of investment property	3 911	5 382	796	2 143
Other income				529
Expenditures	**(35 308)**	**(122 409)**	**(39 929)**	**(209 697)**
Purchase of fixed and intangible assets	(29 298)	(110 303)	(39 624)	(165 287)
Investments in real property	(23)	(23)		(481)
Purchase of subsidiaries and associated entities	(721)	(3 486)	(33)	(27 460)
Purchase of financial assets	(3)	(5)		
Loans granted	(5 090)	(8 090)		(15 000)
Cash in subsidiaries at date of sale				(455)
Expenditures related to maintenance of investment property	(173)	(502)	(184)	(578)
Other expenditures			(88)	(436)
Net cash flows from investing activity	**(23 547)**	**(102 434)**	**(34 862)**	**(127 774)**
Income	**6 540**	**136 237**	**17 003**	**201 101**
Income from credit facilities and loans contracted	242	112 350	9 650	144 001
Issue of short-term debt securities	6 273	23 845	7 326	57 008
Other income	25	42	27	92
Expenditures	**(54 078)**	**(301 445)**	**(15 929)**	**(184 641)**
Repayment of credit facilities and loans	(28 946)	(224 448)	(2 634)	(100 210)
Redemption of short-term debt securities	(6 300)	(27 000)	(7 300)	(53 500)
Payment of liabilities under financial leases	(349)	(1 606)	(795)	(3 046)
Interest and charges paid	(4 388)	(19 685)	(4 710)	(17 986)

(in PLN 000s, unless indicated otherwise)

Dividends paid		(13 925)		(8 918)
Purchase of own shares	(13 604)	(14 290)		
Other	(491)	(491)	(490)	(981)
Net cash flows from financial activity	**(47 538)**	**(165 208)**	**1 074**	**16 460**
Change in cash	**(7 269)**	**9 324**	**(545)**	**(9 968)**
Exchange differences			(2)	(2)
Cash at beginning of period	**56 646**	**40 053**	**40 600**	**50 023**
Cash at end of period	**49 377**	**49 377**	**40 053**	**40 053**

In connection with conclusion on 21 December 2010, the Investment Agreement between Emperia Holding S.A. and Eurocash S.A., described in detail in Note 8.14.15 point j), under which Emperia disposes shares to Eurocash held by Emperia , directly or indirectly, of companies operating in the wholesale distribution of food, as well as companies organizing the franchise chains, below we present information on various types of cash flows realized in 2010 on Business Held for Sale. Data of business held for sale have been aggregated in form of segment, without the internal transactions within the Group.

Summary Consolidated Report of Cash Flows of Activities Earmarked for Sale	12 months ended 30 December 2010
Profit (loss) for period	**62 035**
Adjustments for:	91 030
Net cash flows from operating activity	153 065
Net cash flows from investing activity	25 946
Net cash flows from financial activity	(175 199)
Change in cash	**3 812**
Exchange differences	0
Cash at beginning of period	**15 081**
Cash at end of period	**18 893**

7. Inform Notes to Consolidated Financial Statements

7.1 Description of the Capital Group organization

Name, seat and objects of business of the dominant entity

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

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

Since 1 April 2007, the main object of business of Emperia Holding S.A. has been the provision of company holding services (PKD 7415Z). Previously, the Company engaged in non-specialised wholesaling of food, beverages, and tobacco products (PKD 5139Z). The Company is a taxpayer of tax on goods and services (VAT), NIP Tax No. 712-10-07-105.

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

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

The term of the Group's subsidiaries is indefinite, with the exception of those listed in 8.14.15(hh), which are subject to the Investment Agreement concluded by and between Emperia Holding S.A. and Eurocash S.A., classified and presented in these financial statements as discontinued activities and assets and liabilities for sale.

The consolidated financial statements have been prepared for the period from 1 January 2010 to 31 December 2010, with comparable data for the period from 1 January 2009 to 31 December 2009. The consolidated financial statements contain no combined data, the subsidiaries do not operate any internal units that prepare independent financial statements.

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

Consolidation details

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

On 31 December 2010 , Emperia Holding S.A. and fifteen subsidiaries, operating as limited liability companies (Sp. z o.o.) or joint-stock companies (S.A.), are subject to consolidation

Stokrotka Sp. z o.o., Infinite Sp. z o.o., Detal Koncept Sp. z o.o., Elpro Sp. z o.o., Tradis Sp. z o.o., DEF Sp. z o.o., Ambra Sp. z o.o., Lewiatan Podlasie Sp. z o.o., Lewiatan Śląsk Sp. z o.o., Maro Markety Sp. z o.o., Społem Tychy Sp. z o.o., Euro Sklep S.A., Emperia Info Sp. z o.o., Projekt Elpro 1 Sp. z o.o. and PSD S.A.*.

During four quarters of 2010 the composition of the Emperia Holding Group (compared to the end of 2009) changed. The composition of the consolidated companies was increased by Lewiatan Śląsk Sp. z o.o. (the company previously excluded from consolidation).

* At 31.12.2010 due to the limited access to financial data, Emperia Holding S.A. valued shares of Partnerski Serwis Detaliczny S.A subsidiary using the equity method.

(in PLN 000s, unless indicated otherwise)

The data presented in this Report as at 31 December 2010 includes stand-alone results of the following subsidiaries subject to consolidation in financial statements.

	Subsidiary name	Logo	Registered address	Main objects of business	Court of registration	Relation to parent	Consolidation method	Date of acquiring control / Date of material impact	Interest held	Voting power at general meeting
1	„Stokrotka" Sp. z o.o. (1)		20-952 Lublin, Mełgiewska 7-9	Food product retailing	16977, District Court in Lublin, XI Commercial Division of National Court Register ("NCR")	Subsidiary	Full	1999-01-27	100,00%	100,00%
2	„Infinite" Sp. z o.o.		20-150 Lublin, Ceramiczna 8	IT services	16222, District Court in Lublin, XI Commercial Division of NCR	Subsidiary	Full	1997-03-11	100,00%	100,00%
3	"Detal Koncept" Sp. z o.o.		20-952 Lublin, Mełgiewska 7-9	Retail franchising	40575, District Court in Lublin, XI Commercial Division of the NCR	Subsidiary	Full	1995-04-25	100,00%	100,00%
4	„Elpro" Sp. z o.o.		20-952 Lublin, Mełgiewska 7-9	Developer activity	946, District Court in Lublin, XI Commercial Division of the NCR	Subsidiary	Full	2001-02-15	100,00%	100,00%
5	„Tradis" Sp. z o.o.(2)		20-952 Lublin, Mełgiewska 7-9	Food product wholesaling	272382, District Court in Lublin, XI Commercial Division of NCR	Subsidiary	Full	2007-01-23	100,00%	100,00%
6	"DEF" Sp. z o.o. (3)		15-399 Białystok, Handlowa 6	Food product wholesaling	48125, District Court in Białystok, XII Commercial Division of NCR	Subsidiary	Full	2007-01-02	100,00%	100,00%
7	"Lewiatan Podlasie" Sp. z o.o. (3)		15-865 Białystok, Sokólska 9	Food product retailing	33766, District Court in Białystok, XII Commercial Division of NCR	Subsidiary	Full	2007-01-02	100,00%	100,00%
8	„Społem Tychy" Sp. z o.o. (4)		43-100 Tychy, Damrota 72	Food product retailing	164604, District Court in Katowice, VIII Commercial Division of NCR	Subsidiary	Full	2007-07-06	99,22%	99,22%

(in PLN 000s, unless indicated otherwise)

	Subsidiary name	Logo	Registered address	Main objects of business	Court of registration	Relation to parent	Consolidation method	Date of acquiring control / Date of material impact	Interest held	Voting power at general meeting
9	„Maro-Markety" Sp. z o.o.		61-615 Poznań, Skwierzyńska 20	Food product retailing	102596, District Court in Poznań, XX Commercial Division of NCR	Subsidiary	Full	2007-09-12	100,00%	100,00%
10	"Euro Sklep" S.A.		43-309 Bielsko-Biała Bystrzańska 94a	Retail franchising	12291, District Court in Bielsko Biała, VIII Commercial Division of NCR	Subsidiary	Full	2007-10-24	100,00%	100,00%
11	„Emperia Info" Sp. z o.o.		20-952 Lublin Mełgiewska 7-9	IT services	314260, District Court in Lublin, XI Commercial Division of NCR	Subsidiary	Full	2008-09-12	100,00%	100,00%
12	„Ambra" Sp. z o.o.(3)		43-502 Czechowice-Dziedzice Hutnicza 7	wholesaling of household chemistry articles and cosmetics	254307, District Court in Katowice, VIII Commercial Division of NCR	Subsidiary	Full	2009-03-11	100,00%	100,00%
13	„Partnerski Serwis Detaliczny" S.A. (PSD S.A.)		02-548 Warszawa, ul. Grażyny 15	Franchise chain management	280288, District Court for the Capital City of Warsaw in Warsaw , XIII Commercial Division of NCR	Subsidiary	Equity method	2008-01-01	100,00%	100,00%
14	„Projekt Elpro 1" Sp. z o.o. (5)		20-952 Lublin, Mełgiewska 7-9	Property development	71049, District Court in Częstochowa, XVII Commercial Division of NCR	Subsidiary	Full	2007-11-29	100,00%	100,00%
15	"Lewiatan Śląsk" Sp. z o.o. (3)		41-219 Sosnowiec, Lenartowicza 39	Retail franchising	109502, S District Court in Toruń, VII Commercial Division of NCR	Subsidiary	Full	2008-06-17	100,00%	100,00%

(1) directly by Emperia Holding (98.472 shares, 95,93%) and indirectly by Stokrotka (4.181 shares, 4,07%)
(2) directly by Emperia Holding (211.475 shares, 91,58%) and indirectly by Tradis (19.432 shares, 8,42%)
(3) indirectly by Tradis Sp. z o.o.
(4) directly by Emperia Holding S.A. (140.292 shares, 81,91%) and indirectly by Tradis Sp. z o.o. (29.645 shares 17,31%)
(5) directly by Emperia Holding (98 shares, 60%) and indirectly by Projekt Elpro 1 (64 shares ,40%)

(in PLN 000s, unless indicated otherwise)

List of subsidiaries at the balance sheet date 31 December 2010 excluded from consolidation in financial statements with indication of legal grounds

Entity name	Registered address	Legal grounds for exclusion	Emperia Group interest in share capital (% at balance sheet date)	Emperia Group voting power (% at balance sheet date)
"Lider" Sp. z o.o. in liquidation (1)	70-660 Szczecin, Gdańska 3C	The financial data of these entities is immaterial to the extent of the obligation to present a reliable and clear picture of the Group's assets, financial standing and financial result	100,00%	100,00%
"Lewiatan Orbita" Sp. z o.o.(2)	10-680 Olsztyn, Lubelska 33		100,00%	100,00%
"Lewiatan Kujawy" Sp. z o.o. (2)	87-800 Włocławek, Komunalna 6		100,00%	100,00%
„Lewiatan Częstochowa" Sp. z o.o. in liquidation (2)	42-200 Częstochowa, Wręczycka 22/26		37,50%	37,50%
„Lewiatan Mazowsze" Sp. z o.o. (2)	00-718 Warszawa, Czerniakowska 71 lokal 99		38,20%	38,20%
„Lewiatan Wielkopolska" Sp. z o.o. (3)	60-665 Poznań, ul. Osiedle Winiary 54		70,00%	70,00%
„Lewiatan Opole" Sp. z o.o. (4)	45-325 Opole, ul. Światowida 2		89,21%	89,21%
„Lewiatan Zachód" Sp. z o.o.	73-100 Stargard Szczeciński, ul. Przemysłowa 5		100,00%	100,00%
"ZKiP Lewiatan 94 Holding" S.A. (5)	87-800 Włocławek, Kilińskiego 10		*63,47%	*68,51%
„Lewiatan Północ" Sp. z o.o.	Gdańsk, ul. Bysewska 30		100,00%	100,00%
"Ezon" Sp. z o.o.	20-952 Lublin, ul. Mełgiewska 7-9		100,00%	100,00%
"EKOM" Sp. z o.o.	20-952 Lublin, ul. Mełgiewska 7-9		100,00%	100,00%
"P1" Sp. z o.o.	20-952 Lublin, ul. Mełgiewska 7-9		100,00%	100,00%
EMP Investment Limited	Themistokli Dervi 3 JULIA HOUSE P.C. 1066; Nikozja Cypr		100,00%	100,00%
"Tradis" S.A.	20-952 Lublin, ul. Mełgiewska 7-9		100,00%	100,00%
"Lewiatan Brda" Sp. z o.o. (6)	89-500 Tuchola, ul. Świecka 21		100,00%	100,00%
„Drogerie Koliber" Sp. z o.o.	44-100 Gliwice, ul. Kozielska 25		100,00%	100,00%
"SPOŁEM" Domy Handlowe Sp. z o.o. (7)	43-100 Tychy, ul. Damrota 72		100,00%	100,00%

* indirectly weighted share

(1) indirectly by Stokrotka Sp. z o.o.
(2) indirectly by Tradis Sp. z o.o.
(3) directly by Emperia Holding (7 shares 10,0%), indirectly by Maro-Markety Sp. z o.o.(42 shares, 60,00%)
(4) indirectly by Maro-Markety Sp. z o.o. (901 shares, 89,21%)
(5) directly by Emperia Holding S.A. and indirectly by Lewiatan: Kujawy, Podlasie, Śląsk, Orbita, Opole, Wielkopolska, Zachód
(6) indirectly by Lewiatan Kujawy
(7) indirectly by Społem Tychy Sp. z o.o.

(in PLN 000s, unless indicated otherwise)

List of entities other than subsidiaries entities in which associated entities hold less than 20% of shares as at 31 Ddecember 2010

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

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

7.2 Outline of Key Accounting Policies

7.2.1 Basis for Preparation of Consolidated Financial Statements

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

7.2.2 Conformity Statement

The consolidated financial statements of Emperia Holding S.A. have been prepared in compliance with the International Financial Reporting Standards („IFRS") and associated interpretations published in the form of regulations of the European Commission, which were adopted by the European Union.
The attached consolidated financial statements present in a reliable manner the financial standing of the Group, its financial performance and cash flows.
Was prepared in accordance with the Regulation of the Minister of Finance of 19 February 2005 on current and periodical disclosures by issuers of securities.

7.2.3 Operating Segment Reporting

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

The following operating segments are distinguished within the Group:

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

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

3. **Other** include the holding operations of the Issuer's Company and the operation of other subsidiaries: Elpro Sp. z o.o., Projekt Elpro 1 Sp. z o.o. – providing property development and facility management services; Infinite Sp. z o.o., Emperia Info Sp. z o.o. – providing IT services; PSD S.A. – a partner network management company and Lewiatan Śląsk Sp. z o.o. – (retail franchising). Given material consolidation exclusions and their general marginality (the segment fails to meet any of the quantitative thresholds provided for under IFRS 8), these are reported jointly as a single item.

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

7.2.4 Functional Currency

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

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

7.2.5 Changes in Accounting Policies Applied

The Group introduces new IFRS standards and interpretations applicable to the relevant reporting period. Each time, the consolidated financial statements detail what amendments applied to the companies' operations and what effect they had on the consolidated financial statements and comparative data.

7.2.6 Application of standards and interpretations applicable from 1 January 2010

New standards, their changes and interpretations which became effective as from 1 January 2010:

a) Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items

Amendments to IAS 39 were issued on 31 July 2008. The amendments relate to the eligibility of hedged items. Clarification on two issues in relation to hedge accounting was provided: identifying inflation as a hedged risk and hedging with options.

b) Amendments to IAS 39 Financial Instruments: Recognition and Measurement, Reclassification of Financial Assets – Effective Date and Transition and Amendments to IFRS 7 Financial Instruments: Disclosures

The amendments were published on 27 November 2008 and apply to reporting periods beginning on or after 1 July 2009. The amendments permit reclassification of certain non-derivative financial assets recognised under IAS 39.

c) Amendments to IAS 39 Financial Instruments: Recognition and Measurement, Embedded Derivatives and Amendments to IFRIC 9

The amendments to IAS 39 apply to annual periods beginning on or after 1 July 2009. The amendment states that an option of earlier repayment embedded in a host debt instrument should not be recognised separately from the host contract as an embedded derivative, if the penalties for repayment are so designed that the lender is awarded for the lost interest on the remaining part of the host contract.

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

The purpose of the revisions is to improve the structure of the standard, simplify it and make it easier to read by restructuring its content and relegating the majority of exceptions and exemptions to appendices.

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

The amendments were published on 23 July 2009. Under the amendments to IFRS 1, oil and gas companies adopting IFRS may apply the balance sheet figures determined under the previous accounting policies with respect to oil and gas assets. The amendments to IFRS 1 also pertain to a reassessment to determine if a contract comprises leasing.

f) Amendments to IFRS 2 Share-based Payment

The amendments were published on 18 June 2009. The revisions detail recognition of share-based payment transactions in which an entity receives a cash payment for goods or services and the liability is contracted by another entity being a member of the group of companies (share-based payment settled in cash within the group).

g) Amendments to IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements

The amendments to IFRS 3 and IAS 27 were issued on 10 January 2008 and apply to acquisitions and combinations of businesses occurring on or after 1 July 2009. The revised IFRS 3 provides the principles and requirements regarding the manner in which, as part of business combination, the acquiring entity recognises and measures in its financial statements the various items relating to the accounting treatment of the acquisition. It also specifies which information relating to such a transaction requires to be disclosed. The amendments to IAS 27 determine under what circumstances an entity is required to prepare consolidated financial statements, how parent entities are required to recognise changes in their equity interest in subsidiaries, and how to allocate losses of a subsidiary to the controlling and non-controlling interests.

h) Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

The amendments to IFRS 5 apply to annual periods beginning on or after 1 July 2009. The revisions relate to the classification of assets and liabilities of a subsidiary following a sale that results in the loss of control over the subsidiary, and presentation of discontinued operations in the case of a decision to go ahead with the sale resulting in the loss of control over the entity.

i) Improvements to IFRS 2009

The improvements were published in April 2009 as part of the annual revision aimed at improvement and refinement of the international accounting standards. The majority of the improvements clarifies the existing IFRSs or amends them, or comprises revisions following from the previous amendments to IFRS. The amendments to IFRS 8, IAS 17, IAS 36, and IAS 39 include amendments to the existing requirements or comprise additional clarifications with regard to the application of those requirements

j) IFRIC 12 Service Concession Arrangements

The interpretation was issued on 3 July 2008. The interpretation addresses recognition of service concession agreements concluded between the public sector and the private sector, and the principles for presentation of infrastructure assets.

k) IFRIC 15 Agreements for the Construction of Real Estate

The interpretation was issued on 3 July 2008. The interpretation clarifies when revenues from construction of real estate should be recognised and whether an agreement for the construction of real estate is within the scope of IRS 11 Construction Contracts or IAS 18 Revenue.

l) IFRIC 16 Hedges of a Net Investment in a Foreign Operation

The interpretation was issued on 3 July 2008. The interpretation applies to entities which hedge against foreign exchange risk arising from a net investment in foreign operations and apply hedge accounting under IAS 39.

m) IFRIC 17 Distributions of Non-cash Assets to Owners

The interpretation was issued on 27 November 2008. It includes clarifications and guidelines on recognition by an entity of non-cash assets distributed to its owners.

n) IFRIC 18 Transfers of Assets from Customers

The interpretation was issued on 29 January 2009. It includes clarifications and guidelines on recognition of tangible fixed assets received by an entity from customers, and on recognition of cash received from customers to be used to acquire or construct an item of property, plant, and equipment.

It is the Group's view that the adoption of the above revised standards and new interpretations will not have any material effect on the consolidated financial statements for 2010.

<u>New standards and interpretations not valid and unused earlier by the Group, but approved for use by European Union:</u>

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

On 8 October 2009, the International Accounting Standards Board (IASB) issued an amendment to IAS 32 Financial Instruments: Presentation, entitled Classification of Rights Issues. The revision clarifies how to recognise certain rights issues when the financial instruments being issued are denominated in a different currency than the issuer's functional currency. The amendments apply to annual periods beginning on or after 1 February 2010.

b) Amendment to IAS 24 Related Party Disclosures

On 4 November 2009, the International Accounting Standards Board published updated IAS 24 Related Party Disclosures. The purpose of the changes introduced under the revised IAS 24 is to simplify the definition of a related party and at the same time to remedy certain internal inconsistencies, and to release state-controlled entities from certain disclosure requirements with regard to transactions with related entities. The amendment to IAS 24 applies to annual periods beginning on or after 1 January 2011.

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

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

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

On 15 November 2009, the IFRS Interpretations Committee published Prepayments of a Minimum Funding Requirement, containing amendments to the Interpretation of IFRIC 14. The purpose of the amendments was to remove the unintended effects of IFRIC 14 when an entity, which is subject to the minimum funding requirements, makes an early payment of contributions to cover those requirements and under specific circumstances would be required to recognise them as cost. If the minimum funding requirements apply to a scheme of specific benefits, then pursuant to amendments to IFRIC 14 such early payment, similarly to any other early payment, must be treated as an asset. The amendments apply to annual periods beginning on or after 1 January 2011.

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

On 26 November 2009, the IFRS Interpretations Committee published Interpretation IFRIC 19 Extinguishing Financial Liabilities with Equity Elements. The purpose of IFRIC 19 is to provide guidance with regard to the debtor's recognition of equity instruments issued by it following renegotiations of the conditions of a financial liability in order to extinguish that liability in full or in part. The interpretation applies to annual periods beginning on or after 1 July 2010.

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

<u>Standards and interpretations not valid, not authorized for use by European Union:</u>

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

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

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

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

c) Amendments to IFRS 1 Severe Hyperinflation and Removal of Fixed Dates for IFRS First-time Adopters

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

d) Amendments to IFRS 7 Financial Instruments: Disclosures

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

e) IFRS 9 Financial Instruments

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

f) Amendments to IFRSs 2010

On 6 May 2010, IASB published Amendments to IFRSs 2010 comprising amendments to seven MSSF. The amendments were issued as part of the annual period of revisions aimed at making the necessary but not urgent amendments to IFRSs. The amendments would apply to annual periods beginning on or after 1 July 2010 or 1 January 2011, depending on the standard, with an optional earlier application. The standard has not as yet been adopted by the European Union.

g) IFRSs for SMEs

On 9 July 2009, the International Accounting Standards Board (IASB) published IFRSs for small and medium-sized enterprises (IFRSs for SMEs, a stand-alone standard comprising accounting principles corresponding to the full set of IFRSs but simplified and realigned with the needs of SMEs applying it). The standard enables SMEs to use an alternative solution instead of the application of the full set of IFRSs. The effective date of the standard is set by the legislators in the countries which adopt it. The standard has not as yet been adopted by the European Union. The standard does not apply to the Group's consolidated financial statements.

7.2.7 Accounting Estimates

The preparation of the financial statements requires the Management Board to apply certain accounting estimates and make assumptions as to future events which can affect the value of assets and liabilities reported in the current and future financial statements. These estimates and assumptions are subject to on-going monitoring, are based on the Management Board's best of knowledge, historical experience and expectations as to future events which appear likely in the relevant situation. Still, they may include a certain margin of error and the actual performance may differ from the forecasts.

The key estimates may relate to the following balance sheet items: fixed assets and intangible assets (to the extent of useful economic life and the impairment of assets), provisions against employee benefits (bonuses, pensions, accrued leave payments), provisions against customer loyalty programmes, stock revaluation allowances, deferred tax assets and liabilities.

7.2.8 Correction of Errors

Errors may relate to the recognition, valuation, presentation or disclosure of information relating to specific items of the financial statements.
Any errors identified at the stage of preparation of the financial statements are corrected by the company in the relevant financial statements. Any errors identified in the successive periods are corrected by adjusting comparable data presented in the financial statements for the period in which the error is identified. The Group corrects errors of previous periods using the retrospective approach and by retrospective transformation of data, if practically feasible.

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

Acquisition of shares in subsidiaries and other

a) Purchase of shares in Lewiatan Brda Sp. z o. o. in Tuchola.

Subsidiary Lewiatan Kujawy Sp. z o.o. purchased 100 percent of share in Lewiatan Brda Sp. z o.o. ("Company") having its registered office in Tuchola. After the transaction Emperia indirectly through subsidiaries holds shares representing 100 percent of the share capital and carrying 100 percent of votes at the general meeting of shareholders. Lewiatan Brda Sp. z o.o. is the franchisor of a FMCG retail franchise currently comprised of 124 outlets located in the province: kujawsko-pomorskie, pomorskie and Wielkopolska. In 2009, the estimated turnover of these franchise stores amounted to 220 million PLN

b) Purchase of shares in Drogerie Koliber Sp. z o. o. in Gliwice.

Emperia Holding S.A. (Emperia) acquired 100% shares in Drogerie Koliber Sp. z o. o. (Company) having its registered office in Gliwice. Emperia purchased from the Company's individual shareholders 185 shares representing 100 percent of the share capital, carrying 100 percent of votes at the General Meeting of the Company's Shareholders. Drogerie Koliber Sp. z o.o. is the franchisor of a chemistry products and cosmetics retail franchise currently comprised of 64 outlets located in the province: śląskie, opolskie i małopolskie and aggregate floor area of the above locations is some 3,200 sq. m. In 2010 an estimated turnover of these franchise stores will reach 42 million PLN. Subsidiary of Emperia Capital Group Ambra Sp. z o. o. established in Czechowice-Dziedzice is the main supplier to the company's franchise stores.

c) Acquisition of shares in a newly created company Tradis S.A.

On 1 October 2010 representatives of Emperia Holding S.A. as founder formed a joint stock company under the name Tradis S.A. with seat in Lublin. Share capital amounts PLN 100 000 and is divided into 100 000 A-series shares with a nominal value of PLN 1 each. Emperia Holding acquired 100 000 shares in a newly created company which were paid cash contribution of PLN 100 000.

d) Purchase of shares in"Społem" Domy Handlowe Sp. z o.o.

Tychy Społem purchased package of 5 shares in Społem Domy Handlowe Sp. z o.o. which together with shares already held represents 100% of share capital and carries 100 percent of votes at the general meeting of shareholders.

e) Purchase of shares in EMP Investment Limited

On 30 November 2010 Emperia Holding S.A. purchased 1 share in EMP Investment Limited on Cyprus at nominal price of PLN 1 and the share premium PLN 199 999. Emperia Holding S.A. holds 39,484 shares in EMP Investment Limited, carrying a right to 100 percent of voting power at the general meeting of shareholders and representing 100 percent of the share capital.

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

a) Capital transactions made in connection with implementation of the Investment Agreement with Eurocash S.A.

On 29 December 2010 Lewiatan Podlasie Sp. z o.o. transferred to Stokrotka Sp. z o.o. 2 927 shares in the share capital of Stokrotka Sp. z o.o. of the nominal value of PLN 500 each and of the aggregate nominal value of PLN 1 463 500 in order to redeem them. Lewiatan Podlasie Sp. z. o.o. agreed to transfer the shares without consideration (voluntary redemption).

On 29 December 2010, Tradis Sp. z o.o. transferred to Stokrotka Sp. z o.o. 1 254 shares in the share capital of Stokrotka Sp. z o.o. of the nominal value of PLN 500 each and of the aggregate nominal value of PLN 627 000 in order to redeem them. Tradis Sp. z. o.o. agreed to transfer the shares without consideration (voluntary redemption). Upon completion of the above transaction, Emperia Holding S.A. became the sole owner of shares in Stokrotka Sp. z o.o.

On 29 December 2010, Tradis Sp. z o.o. transferred to Projekt Elpro1 Sp. z o.o. 64 shares in the share capital of Projekt Elpro1 Sp. z o.o. of the nominal value of PLN 500 each and of the aggregate nominal value of PLN 32,000, in order to redeem them. Tradis Sp. z. o.o. agreed to transfer the shares without consideration (voluntary redemption). Upon completion of the above transaction, Emperia Holding S.A. became the sole owner of shares in Projekt Elpro 1 Sp. z o.o.

Further, on 29 December 2010, the share capital of Tradis Sp. z o.o. was increased by PLN 1,190,500 to PLN 115,453,500 by issuance of 2,381 shares of the nominal value of PLN 500 each and of the aggregate value of PLN 1,190,500. All the new shares were subscribed by Emperia Holding S.A. and acquired in exchange for an in-kind contribution of PLN 7,421,719.06 comprising:

- 66 shares in Lewiatan Śląsk Sp. z o.o. value of PLN 2 215 138,10
- 430 shares in Lewiatan Kujawy Sp. z o.o. value of PLN 2 541 095,20
- 119 shares in Lewiatan Orbita Sp. z o.o. value of PLN 745 151,28
- 349 902 registered shares in Lewiatan Holding S.A. value of PLN 1 773 382,68
- 7 shares in Lewiatan Wielkopolska Sp. z o.o. value of PLN 146 951,80.

The above transactions were concluded to consolidate the capital structure in the light of execution of the Investment Agreement between Emperia Holding S.A. and Eurocash S.A. and to prepare interests covered by the Agreement for transfer

Sale of shares in subsidiaries and other

No such event occurred in the Group in fourth quarter of 2010.

Mergers, acquisitions of shares, increases of share capital in businesses after the balance sheet date

The mergers and initial capital increases in businesses effected after the balance sheet date are outlined in note 7.14.16

7.2.10 Tangible fixed assets

The Group recognises as individual fixed assets things capable of use, meeting the requirements set forth for fixed assets in IAS 16, if the purchase price (cost of construction) is at least PLN 1,000 (assets of low value cumulatively are insignificant item for the Company), with the exception of:

- computer hardware,
- pallet trucks;
- shop trolleys;
- high-storage racks,
- lockers,

which, given the specific nature of the Company's operations, taken together constitute a material asset, and thus are recognised as fixed assets by the Group, regardless of the purchase price (cost of construction).

On the other hand, also given the specific nature of the Company's operations, the following items— despite meeting the value requirement—are not recognised as fixed assets by the Group:

- store furniture,
- strip curtains,

and in this particular case the value threshold has been increased to PLN 3 500 (Assets of low value cumulatively are insignificant item for the Company).
Fixed assets are reported at purchase price or cost of construction less depreciation to date and allowances for impairment, if any.
Assets under construction and leasehold improvements as well as the right of perpetual usufruct of land are also

recognised by the Group as fixed assets.

The initial value of fixed assets comprises the purchase price plus all costs directly related to the purchase and costs necessary to adapt the asset for its intended business use. The initial value of the adapted fixed assets includes also the respective portion of external financing costs.

The upgrade costs are recognised as part of the balance sheet value of fixed assets if it is likely that the upgrade will improve economic benefits for the Group and the upgrade costs can be reliably measured. All other fixed asset repair and maintenance expenditures are recorded as costs in the profit and loss account in the reporting period in which they are incurred.

Land is not depreciated. The other fixed assets are depreciated over their useful economic life on a straight-line basis, from the month following the month in which the asset is brought into use. The Group has adopted the following economic useful life periods for the various categories of fixed assets

Right of perpetual usufruct of land:	in accordance with period of granted rights, or period of expected use
Buildings and structures	10 to 40 years
Machinery and equipment	5 to 10 years
Computer hardware	1.5 to 5 years
Vehicles	5 to 7 years
Other	5 to 10 years

The Group reviews periodically, not later than at the end of the financial year, the adopted economic useful life periods for fixed assets, final value and depreciation methods, and the effects of changes in these estimates, if any, are reflected in the following and subsequent financial years (prospectively).

Given the specific nature of the Group's operations, the Group is often required to undertake leasehold improvements. This applies to warehousing and retail facilities held by the Group under lease. As regards those assets, the Group sets the economic useful life for its expenditures which does not always corresponds with the term of the lease agreement in effect at a given time.

As at the balance sheet date, the Group also reviews fixed assets for impairment and the need to make revaluation allowances on these grounds. This happens once the Group obtains sufficient assurance that the relevant asset will not generate the expected economic benefits in the future or will generate them at a level that is significantly lower than expected.

The impairment loss is recognised at the amount by which the carrying value of the relevant asset exceeds its recoverable value. The recoverable value is the higher of: the fair value less costs necessary to incur to sell it and the value in use.

The write-downs are charged to other costs corresponding to the function of intangible assets in the period in which the impairment is identified, no later than at the end of the financial year.
If the Group obtains sufficient assurance that the cause for asset revaluation have ceased, it reverses the revaluation allowance previously effected in part or in full by adjustment of operating costs (depreciation).

At the time of disposal of fixed assets, the initial value and the depreciation to date are derecognised, and the disposal result is recorded as other operating income or expense, as the case may be, in the profit and loss account. The fixed asset disposal result is reported as profit or loss, as appropriate.

While a relevant asset may be a single fixed asset, some of its component parts may have varying useful lives. Providing certain requirements for recognising a fixed asset are met, the aggregate cost of such an asset may be divided into its component parts, and each of them recognised separately. Such recognition approach calls for the application of depreciation rates corresponding to the useful life of each component, taking into account their economic useful life.

The application of the above solution will result in the costs of replacement of a component increasing its value. In other cases, the costs relating to the day-to-day use of fixed assets including replacement of component parts are recognised in the profit and loss account at the time they are incurred.

7.2.11 Cost of External Financing

The costs of external financing are capitalised as part of the cost of manufacturing or development of fixed assets, investment real property, intangible assets. The costs of external financing include also interest at the effective interest rate, financial obligations under financial leasing agreements, and exchange rate differences relating to external financing up to the amount corresponding to the interest cost adjustment.

The revenues from investments generated by short-term investment of borrowed funds earmarked for purchasing or manufacturing of the adapted asset reduce the value of costs of external financing subject to capitalisation.

An adapted asset is an asset that requires a significant period of time to prepare it for intended use. The Group deems a period of 12 months to be a significant period of time to prepare an asset for intended use.

The commissions on long-term financing extended to the Company are accounted for in time at adjusted cost (depreciated cost) on an effective rate of interest basis, using the principle of materiality.

7.2.12 Fixed assets for sale

The Group classifies fixed assets for sale (or a category of fixed assets for sale) as disposable if it decides that their carrying value will be recovered by disposal rather than continued use as part of business operations. The condition is deemed fulfilled when the disposal transaction is highly likely to take place, and the asset (category of assets) is available for immediate disposal as it is at the given moment. Classifying fixed assets as disposable rests on the assumption that the management board of the company intends to complete the disposal within a period of one year from the date of fixed asset reclassification.

The Group carries a fixed asset (or a category of fixed assets for sale) classified as disposable at the lower of the balance sheet value and fair value less cost of sale.

If the fair value is below the carrying value, the difference is recognised as a revaluation write-down and charged to profit and loss account. The reversal, if any, of the write-down is also made through the profit and loss account up to the amount of the write-down.

7.2.13 Intangible assets

Intangible assets are carried at purchase price adjusted for depreciation to date and impairment allowances, if any.

The Group has adopted the following useful life periods for the various categories of intangible assets:

Trademarks and licences	5 years
Software and copyrights	2 to 5 years
Proprietary interests	5 years

Depreciation of intangible assets in profit and loss account is recognized in cost appropriate to functions of these assets (overhead costs, selling costs, other operating costs).

The Group holds no intangible assets with an indefinite useful life. As at the end of the reporting period, there may be intangible assets which are not yet commissioned (under construction). Any intangible assets that are not yet operational are not subject to depreciation but are measured for impairment.
Goodwill is not amortized. It is tested annually for impairment.
Intangible assets acquired as part of mergers are identified separately from goodwill providing they meet the definition of intangible assets and their fair value can be reliably measured. After the initial recognition at fair value, in subsequent period such intangible assets are treated in the same way as assets acquired under separate transactions.

Computer software purchased is activated up to the cost of purchase and the cost of preparation and implementation for its intended use. Any costs relating to the development and maintenance of software are charged against costs on the date of being incurred.

The Group reviews periodically, not later than at the end of the financial year, the adopted economic life periods, final value, and depreciation methods of intangible assets, and the effects of changes in these estimates, if any, are reflected in the following and subsequent financial years (prospectively).

As at the balance sheet date, the Group also reviews intangible assets for impairment and the need to make revaluation allowances on these grounds. This happens once the Group obtains sufficient assurance that the relevant asset will not generate the expected economic benefits in the future or will generate them at a level that is significantly lower than expected.

The impairment loss is recognised at the amount by which the carrying value of the relevant asset exceeds its recoverable value. The recoverable value is the higher of: the fair value less costs necessary to incur to sell it and the value in use.

The allowances are charged against other operating expense in the period in which impairment is identified, not later than at the end of the financial year.
If the Group obtains sufficient assurance that the cause for asset revaluation have ceased, it reverses the revaluation allowance previously effected in part or in full by recognizing other operating income.

7.2.14 Investments and other financial assets

Investments in real property

Investment real properties are those real properties which are treated by the Company as a source of income from rent and/or which the Company retains with a view to their expected appreciation in value. The investments in real property are initially recognised at price of purchase or cost of construction.
The carrying value includes costs of transaction. The purchase price of real property investments acquired by way of merger of businesses corresponds to their fair value as at the date of merger. On the balance sheet date, investment real properties are reported at the purchase price or cost of construction less accumulated depreciation and impairment allowances.

Real property investments (except for land) are depreciated on a straight-line basis over the expected useful life of the relevant fixed asset.

A real property investment is removed from the balance sheet when sold or withdrawn from use if no benefits are expected to be generated in the future on its sale.

Investments and other financial assets falling within IAS 39 standard

Investments in other financial assets falling with the scope of the IAS 39 standard are classified as follows:

a) financial assets recognised at fair value through profit or loss;
b) loans and receivables;
c) investments held to maturity;
d) financial assets available for sale.

Financial assets are initially recognised at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable.
The classification of financial assets is made at their initial recognition, and where it is permissible and appropriate, the classification is reviewed at the end of each financial year.

a) <u>Financial assets recognised at fair value through profit or loss</u>

Financial assets recognised at fair value through profit or loss include marketable assets and the financial assets which upon initial recognition were classified as measured at fair value through profit or loss.

Financial assets are classified as marketable if they are bought for resale in a short period of time. Derivatives are also classified as marketable, unless they are recognised as effective hedging instruments or financial guarantee agreements. Profit or loss on marketable investments is reported in the profit and loss account.

At the time of initial recognition financial assets may be classified as measured at fair value through profit or loss if the following criteria are met:

- such classification eliminates or significantly reduces incoherence of treatment when both the measurement and principles of recognising losses or profits are subject to other regulations; or
- assets are part of a category of financial assets which are managed and measured at fair value in accordance with a documented risk management strategy; or
- financial assets include embedded derivatives which require separate recognition.

b) Loans and receivables

Loans and receivables are non-derivative financial assets, capable of being held to maturity, which are not traded on an active market. After initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Loans and receivables are treated as current assets unless their maturity period exceeds 12 months of the balance sheet date. Loans and receivables whose maturity exceeds 12 months of the balance sheet date are treated as fixed assets.

c) Investments held to maturity

The non-derivative financial assets, with fixed or determinable maturity, that the Company definitely intends and is able to hold to maturity are classified as investments held to maturity.
The investments that the Company intends to hold over an indefinite time are not part of this category. Other long-term investments, such as bonds, which the Company intends to maintain to maturity are recognised at amortised cost. Amortised cost is the amount at which a financial asset is measured when initially recognised, less principal repayments, and plus or minus the accumulated amortisation using the effective interest rate of all differences between the initial value and the value at maturity. The amortised cost includes all commissions and interest paid and received by the parties to the agreement as an inherent part of the interest rate, transaction costs and all premiums or discounts. Gains or losses on investments measured at amortised cost are recognised in the profit and loss account at derecognition of the investment from the balance sheet or upon impairment, and also as a result of amortisation.
The same principles of as those used for measuring fixed assets apply to long-term investments in real property. To the extent of transactions involving long-term tangible investments, relating to the determination of the financial result such as: sales, disposal, maintenance costs, the effects of those transactions are recognised respectively as other income and operating expense.

d) Financial assets available for sale

The financial assets available for sale are non-derivative instruments which are classified as available for sale or which are not:

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

Marketable financial assets are measured at fair value as at the balance sheet date using a variety of measuring methods. The methods rely on latest transactions concluded on an arm’s-length basis, purchase offers received, current market prices for similar instruments, discounted cash flows. If their fair value cannot be established and they have a fixed maturity date, they are measured at depreciated cost; if the assets have no fixed maturity date, they are measured at cost.

Impairment of financial assets

An assessment is made on each balance sheet date, as to whether there is objective evidence of impairment of a financial asset or a category of financial assets.

If such evidence exists with respect to financial assets available for sale, the aggregate losses to date recognised in equity—established as the difference between the purchase price and the current fair value, less any impairment recognised earlier in the profit and loss account—are derecognised from equity and recognised in the profit and loss account. Any impairment recorded in the profit and loss account with respect to equity instruments is not subject to reversal in correspondence to the profit and loss account. The reversal of impairment losses on financial debt securities is recognised in the profit and loss account if, in the following periods, after the impairment is recognised the fair value of such financial instruments increases as a result of events occurring after impairment recognition.
If there is evidence as to the likely impairment of loans and receivables, the impairment loss is determined as the

difference between the balance sheet value of assets and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (that is an effective interest rate calculated at the initial recognition for assets based on the fixed interest rate and the effective interest rate established at the time of last revaluation of assets based on variable interest rate). Impairment losses are recorded in the profit and loss account. The reversal of impairment losses is recognised if, in the following periods, the impairment is reduced and the reduction can be attributed to events that occur after recognition. Upon reversal of impairment loss, the carrying amount of financial assets may not exceed the amortised cost which would be established if the impairment loss had not been recognised previously. The reversal of impairment is recognised in the profit and loss account.
If there is indication of impairment of unlisted equity instruments which are recognised at cost of purchase (as a reliable measurement of the fair value is not possible), the impairment loss is determined as the difference between the carrying value of the asset and the present value of estimated future cash flows discounted at similar financial assets' present market rate of return

Derivatives

On the balance sheet date derivatives are measured at fair value. Derivatives whose fair value is above zero constitute financial assets and are recognised as financial assets, and derivatives whose fair value is negative constitute financial liabilities and are recognised as financial liabilities.

The estimated fair value corresponds with the amount which can be obtained or which must be paid to close up the positions opened as at the balance sheet date. The measurement is based on market quotations.

Recognising the effects of changes in fair value or gains and losses at the exercise of derivatives depends on their purpose. Derivatives are divided into hedging instruments and commercial instruments. The hedging instruments fall into instruments hedging fair value and instruments hedging future cash flows.

Recognising commercial derivatives

Gains and losses resulting from changes in the fair value of a commercial derivative upon measurement as at the balance sheet date or at exercise are recognised as financial income/gain in the profit and loss account in the period in which they arise

7.2.15 Investments in subsidiaries and associates

Subsidiary Entities

Subsidiary entities are entities that are directly or indirectly controlled by the company. Control is the ability to direct the financial and operational policy of the subsidiary to derive economic benefits. Usually control means that the company holds a majority interest in the subsidiary.

Associated Entities

Associated entities are entities which the company has the ability to materially impact but which are not controlled by it. Usually this means that the company holds a significant but not a majority interest in the associated company (20%-50%).

In the financial statements investments in subsidiaries and associated companies, unless classified as held for sale, are carried at cost less impairment write-downs.

The carried value of investments is subject to tests for impairment. The identified impairment is deducted in the profit and loss account as financial costs. The release of impairment provisions is recorded in the profit and loss account as financial income if there is a change in estimates based on which the company determines return on investment.

Dividends representing revenues from investments are recorded in the profit and loss account as financial income at the time the rights to receive the same become vested.

The transactions of combination of entities under common control are recognised at book values.

7.2.16 Lease financing

A lease financing agreement, under which substantially all the risks inherent in and benefits deriving from ownership are vested in the Company, is classified as a financial lease. The leased object is recognised in assets on the date of commencement of the lease at the lower of the following amounts: fair value of the leased object or the current value of the minimum lease payments.

Each lease payment is divided into the amount reducing the liability and the amount of financial costs in a way that ensures maintaining a fixed rate with respect to the outstanding portion of the liability. The interest portion of the lease payment is reported as financing expense in the profit and loss account throughout the lease term. Depreciated assets acquired under lease financing are depreciated throughout the shorter of the useful life of the assets, taking into account the residual value, and the lease term.

A lease financing agreement, under which the lessor (financing party) retains a significant part of the risk inherent in and benefits deriving from ownership, represents an operating lease. In the event of land lease financing, unless the legal title to the land passes onto the lessee prior to the expiry of the lease term, such lease is classified as an operating lease.

Lease payments effected under an operating lease (less any promotions offered by the lessor (financing party), are charged against costs on a straight-line basis throughout the lease term.

7.2.17 Stock

Stock comprises:

- materials
- goods

The value of stock-ins is measured at price. No transport costs are added to the price by the Group as they are negligible. The value of stock-outs is measured using the weighted mean method.

At the end of the reporting period stock is reported at price, no higher, however, than the net selling price. The realisable net selling price is the projected selling price that can be obtained in the normal course of business less finishing costs and projected costs that must be incurred to make the sale happen.

The Group revaluates stock based on the stock ratio and the assessment of its marketability within the shelf life or economic use. New revaluation allowances and reversals of earlier allowances are recognised as operating (sale) expense in the profit and loss account.

Price rounding on stock purchases is recognised directly in the profit and loss account, including cost of goods sold.

Stock losses and the negative balance of stocktaking shortages which are found not to have occurred due to a fault are recorded as operating expense.

7.2.18 Accounts receivable and other receivables

Receivables are recognised at payable amount less revaluation write-downs. Any uncollectible receivables are charged to other costs on the date on which they are found to be uncollectible.

Receivables revaluation allowances are established once there is objective evidence that the Group will not be able to recover all amounts receivable arising under the initial terms of the receivables.

The Group establishes receivables revaluation allowances for specific buyers. The Group may also make collective revaluation allowances with respect to numerous but small receivables. The detailed terms of establishing receivables revaluation allowances are set fort under the *Terms of Establishing Receivables Revaluation Allowances*.

The revaluation allowance is recognised as other costs. The reversal of a previously established allowance is recognised as other income and derecognised as a revaluation allowance. Revaluation allowances are recorded in the profit and loss account as per account balance, as appropriate, as other expenses or other income.

As required under the prudence principle, default interest on delayed receivables is recognised at the time the funds are credited to the Group.

All prepayments, among others, on future deliveries of goods and services, assets under construction, shares, intangible assets, etc. are recognised as other receivables.

7.2.19 Prepayments and accrued income

The Group reports prepayments if the expenditures incurred relate to periods following the period in which they are incurred. The Group accounts for prepayments and accrued income on a short-term and long-term basis (to be concluded in a period of more than 12 months of the end of the reporting period). In the financial statements prepayments and accrued income are presented as separate lines of the balance sheet.

Accrued income constitutes moneys received on account of future performances. In the financial statements, deferred income is presented as a separate line of liabilities.

7.2.20 Cash and cash equivalents

Cash includes: cash on hand, cash at bank and all cash deposits and short-term securities with maturity of up to three months.
As at the balance sheet date, cash is reported at its nominal value, and cash at bank at payable amount

7.2.21 Equity capital funds

The equity capital funds of dominant entity Emperia Holding S.A. comprise:
- initial (share) capital
- supplementary capital
- reserve capital
- own shares
- retained earnings

The initial capital is reported at the amount set forth in the Articles of Association and registered at the National Court Register.

The supplementary capital of Emperia Holding SA is divided into categories:
- share premium capital – surplus generated as part of a share issue less costs of such share issue;
- supplementary capital – annual profit allocations of no less than 8 percent of net profit generated in the relevant financial year, until the supplementary capital reaches one third of the initial capital;
- supplementary capital – established in connection with the management option plan

The reserve capital of Emperia Holding SA is divided into categories:
- reserve capital –earmarked to cover specific losses or expenditures, based on annual profit allocations;
- revaluation reserve capital – represents net difference arising as part of assets revaluation.
- the reserve capital fund for repurchase of own shares – established on the basis of authority granted under a resolution of the General Meeting and in accordance with the provision of the Company's Own Share Repurchase Programme.

Own shares repurchased by the company are carried at price of purchase plus costs directly relating to such purchase. The purchase and redemption of own shares is reported as a change in equity. In the financial statements own shares are reported in a separate line as reduction of equity (negative figure).

Retained profits include the following categories:

- undistributed profit or loss of previous years (accumulated profit/loss of previous years),
- financial result of the current year.

7.2.22 Net earnings per share

Net earnings per share for each reporting period are calculated by dividing net profit generated in the relevant period by the weighted mean number of shares in such reporting period.

7.2.23 Bank credit facilities

Bank credit facilities are carried at the fair value of proceeds received less costs directly related to generating such proceeds. In the subsequent periods bank credit facilities are carried at the amortised purchase price, based on the effective interest rate.

Credit facilities that under the terms of the relevant agreement mature in a period of more than 12 month after the balance sheet date are treated by the Group as long-term-credit facilities (including all working capital loans, overdrafts and credit lines).

7.2.24 Provisions

The Group establishes provisions when there is a current, legal or customarily expected obligation, arising from past events, that a likely liability to pay will arise. It must be more likely that funds will be required to be expensed to meet that obligation than the opposite, and it must be possible to reliably measure its amount.

The costs of a provision, depending on its category, are reported as operating costs or other operating costs.

If it is likely that part or all of the economic benefits required to settle the provision will be recovered from a third party, such amount is recognised as an asset, providing that the likelihood of recovery is sufficiently high and it can be reliably measured.

If the time value of money is significant, the provision is measured by discounting projected future cash flows to the current value based on a gross discount rate reflecting the actual market evaluations of the time value of money and the potential risk relating to the relevant liability. If discounting is used as a measuring method, the increase of the provision due to passage of time is recognised as financial expense.

The value of provisions established is reviewed on the balance sheet date to adjust the estimates based on the state of knowledge prevailing at that time.

In consolidated financial statements are presented long term and short term provisions.

7.2.25 Liabilities

Liabilities reflect the current obligations of the company arising from past transactions, the fulfilment of which will result in an outflow of funds containing certain economic benefits from the company.

Long-term liabilities comprise liabilities with a maturity date falling later than 12 months after the end of the reporting period.

Long-term liabilities include in particular: liabilities under contracted credit facilities, loans, financial leasing.

As at the end of the reporting period long-term liabilities are measured at the depreciated cost, at the effective interest rate.

Short-term liabilities comprise liabilities with a maturity date falling earlier than 12 months after the end of the reporting period. Short-term liabilities include in particular: accounts payable, contracted credit facilities, loans, financial leasing, wages and salaries, taxes, duties, insurance, and other benefits.

Accounts payable are carried at nominal value. Interest, if any, is recognised upon receipt of notes from suppliers.

7.2.26 Employee Benefits

7.2.26.1 Employee Benefits

Over time, the Company's employees acquire certain rights to benefits which are paid after the rights become vested. The Company's pay systems provide all employees with a right to an old-age pension bonus, managers and the management board members to bonuses for meeting corporate and individual objectives , which payment takes place after balance sheet date..

The Group provisions against employee benefits, including old-age retirement benefits, holiday entitlements, employee bonuses. The Group makes an estimate of those provisions at the end of the reporting period.

The projection of old-age retirement benefits is prepared at the company's request by a third-party actuary.

The provisions against employee benefits are charged to operating costs (sales, management), with the exception of interest expense which is recognised as financial expense. The provisions against employee benefits are reported in the financial statements as long-term and short-term, as the case may be.

7.2.26.2 Own Share-Based Payments

Incentive schemes are in place at the Group under which option rights to the company's shares are vested in management board members and key managers. The benefits are accounted for in accordance with IFRS 2. The cost of share-based transactions with employees is measured by reference to the fair value as at the date on which the rights are vested. The fair value of the programme is charged to costs in the profit and loss account and to equity (reserve capital fund from valuation of management options) throughout the period in which the rights are vested.

A projection of the fair value of the share options vested in employees is prepared by a third-party expert using modern financial engineering and numerical methods. The valuation takes into account: the initial price for the model (share price on the option vesting date), instrument exercise price, expected variability of the instrument, risk-free interest rate, expected dividend.

7.2.27 Corporate tax

Corporate tax includes: current corporate tax to be paid and deferred tax.

a) Current tax

The current corporate tax is established on the basis of the tax result (taxation base) of the relevant financial year.

Tax profit (loss) differs from the balance sheet profit (loss) due to exclusion of taxable revenues and costs treated as revenue costs in the following years as well as those revenues and costs which will never be taxable. The current tax payable is calculated at tax rates effective in the relevant financial year.

b) Deferred tax

The deferred tax liability is carried at full amount using the liability method on account of temporary differences between the tax value of assets and liabilities and their balance sheet value reported in the financial statements.

The deferred corporate tax is determined at tax rates legally or actually applicable as at the balance sheet date, which will be applicable when realised. The basic temporary differences relate to the different measuring of assets and liabilities settled in time for tax and balance sheet purposes.

Deferred tax assets are recognised if it is likely that in the future taxable income will be generated, thus enabling consumption of the temporary differences. In the balance sheet, the deferred tax liabilities or assets are carried respectively as long-term liabilities or assets.

7.2.28 Sales revenues

Sales revenues are recognised at fair value of payment received or payable less output tax on goods and services (VAT) and any discounts and rebates granted.
Sales revenues include revenues generated in the course of the company's business.
Other operating revenues include revenues indirectly linked with the company's business.
Financial income includes income relating to financing the company's business, proceeds from sale of financial assets, dividends, and interest income from financial instruments.

Time of recognition of revenues

a) wholesale – recognised at the time of delivery of goods to the client (client may also decide to individually select and collect the goods), after the client accepts the goods, and there is sufficient assurance that the related receivable is recoverable. The retrospective discounts granted by suppliers of goods are recognised when received and recorded as a reduction of the cost of goods sold in the profit and loss account. The bonuses and discounts granted by suppliers based on the volume of trade with the supplier are recognised in stock.
b) retail – recognised when goods are sold to the customer. Retails sales are mainly paid for in cash or by credit/debit card. Credit/debit card transaction charges are recorded as selling expense.

Revenues from sale of services

Revenues from sale of services are recognised once the service commissioned are provided. If the relevant agreement with the buyer so stipulates, revenues with respect to partial provision of the services can also be recognised, as agreed in an individual agreement

Revenues from interest

Interest revenues are recognised on an accrual basis if there is sufficient assurance that the related receivable is recoverable. In the trading business, given its specificity, interest has a different role and hence for the most part it is recognised as revenues on a cash basis.

Dividends

Revenues from dividends are recognised when the right to obtain the payment becomes vested in the Group. Dividend payments to shareholders are recognised as a liability in the period in which they are approved by the General Meeting of Shareholders and recorded in other liabilities.

7.2.29 Costs

Costs represent likely reductions of economic benefits in the reporting period, i.e. reduction of assets or increase of liabilities and reserves, which reduce equity otherwise than as a result of withdrawal of funds by owners.

The Group reports costs in the profit and loss account in the reporting period in connection with the revenues generated in the same period (matching principle).

Cost of goods and materials sold – includes direct costs of goods and materials sold, which are commensurate with revenues generated on their sale

Cost of services – includes expenditures directly related to the provision of services.

Selling expense – includes expenditures relating to goods marketing and distribution.

General administrative expense – includes costs relating to the operation of the company as a whole, in addition to those which are treated as other operating expense or financial expense.

Other operating expense – includes costs directly relating to the Group's operations.

Financial expense – includes costs relating to the financing of the Group's business and those of impairment of its financial assets.

7.2.30 Transakcje w Transactions in foreign currencies and exchange differences

All business transactions denominated in foreign currencies are converted into the Group's functional currency (PLN) at the average exchange rate effective on the date of the transaction.

On each balance sheet date:

- cash assets denominated in a foreign currency are converted at the closing rate;
- non-cash assets carried at historical cost in a foreign currency are converted at the exchange rate effective on the date of the transaction, and
- non-cash assets carried at fair value in a foreign currency are converted at the exchange rate of the date of measuring the fair value.

Foreign exchange gains and losses on the settlement of transactions denominated in foreign currencies and balance sheet recognition of cash assets and liabilities denominated in foreign currencies are recorded in the profit and loss account respectively as financial income or expense. The exchange differences are recognised as per account balance.

(in PLN 000s, unless indicated otherwise)

8. Additional Notes

8.1 Brief description of the significant accomplishments or failures of Emperia Capital Group.

The results achieved in the fourth quarter, according to Management Board are considered as satisfactory. These results are consequence of carrying by many months processes of optimization of costs, which primarily concerned costs of headquarters and costs of logistics in the distribution.

Achieving satisfactory results in large extent is associated with increasing economies of scale in distribution. After first phase of expansion, when newly launched distribution centers brought high losses, Tradis in most center exceeded breakeven, which changed losses from prior periods into profits. Profitability of the so-called. new distribution centers is still below expectations, but shows positive trends, which allows expect to continue to improve efficiency.

Fourth quarter was a period, in which weather conditions hindered implementation of active sales in the distribution, and price pressures exerted by competitors and the need to ensure good purchase price for our customers did not allow to increase margin. In terms of price pressures, the situation was similar in distribution and retail. Both business lines in order to remain competitive could not significantly increase the trade margins. Despite the difficult market situation, the Group achieved growth of sales revenue, against the previous year, of 7,1 percent. However, it was held with a very low increasing of profitability on sales, which in whole 2010 year amounted 16,24 percent compared to 16.06 percent in the previous year. Profitability of sales achieved in the fourth quarter of 2010 amounted 16,3 percent and was lower than achieved in the fourth quarter of previous year by almost 0,3 p.p.

Ended quarter and year show, that strategy chosen by the Management Board aiming to build a competitive advantage based on high efficiency of actions, instead of maximizing trade margin has brought positive results. All Capital Group companies carry out projects, whose aim is to further improve of our operating efficiency, and thus the cost-effectiveness. It allows to assume, that the next quarter will be characterized by retaining these positive trends.

Financial Highlights

	Q1-Q4 2010	Q1-Q4 2009	%
Sales revenues	5 916 570	5 525 656	7,1%
EBITDA	203 534	176 532	15,3%
Profit on operations	135 063	113 183	19,3%
Profit before tax	118 757	92 239	28,7%
Profit for period	95 452	69 366	37,6%
Total assets	1 914 819	1 830 168	4,6%
Liabilities and provisions against liabilities	1 038 388	1 024 331	1,4%
Short-term liabilities	954 876	863 601	10,6%
Net assets	876 431	805 837	8,8%
Share capital	15 115 161	15 115 161	0,0%
Annualised profit per share for period	6,31	4,59	37,5%

Group's activity and payment capacity.

		Q1-Q4 2010	Q1-Q4 2009
Return on invested capital	(profit for the period under review/equity at the end of the period) in %	10,89%	8,61%
Return on assets	(profit for the period under review/total assets at the end of the period) in %	4,98%	3,79%
Return on sales	(profit for the period under review/sales revenues in the period) in %	16,24%	16,06%
Return on EBIDTA	*(EBITDA/* sales revenues in the period) in %	3,44%	3,19%

(in PLN 000s, unless indicated otherwise)

		Q1-Q4 2010	Q1-Q4 2009
Return on operations	(profit on operations for the period under review/sales revenues in the period) in %	2,28%	2,05%
Gross return	(profit before tax for the period under review/sales revenues in the period) in %	2,01%	1,67%
Net return	(profit for the period under review/sales revenues in the period) in %	1,61%	1,26%

Significant improvement in all efficiency indicators shows that carried for many months operations bring expected results. Sales growth and trade margins and cost discipline allowed to achieve more than 37 percent of growth of result compared to previous year

Cycles of rotation of main components of working capital	Q1-Q4 2010	Q1-Q4 2009
Rotation cycle of inventory in days *(inventory /value of goods and materials sold * number of days in period)*	33	37
Rotation cycle of receivables in days *(receivables / revenues from sales * number of days in period)*	27	24
Rotation cycle of liabilities in days *([Total short-term liabilities - short-term credits] / value of goods and materials sold * number of days in period)*	57	51
Turnover (productivity) of total assets *(revenues from sales / total assets)*	3,09	3,02
Turnover (productivity) of fixed assets *(revenues from sales / fixed assets)*	6,15	5,85

(Data were calculated assuming that the number of days in a period equal is 365)
Reduction of rotation cycle of cash significantly influenced on the cash flows and reducing the debt of the Group at the end of 2010.

Distribution activities:
After creating a distribution company Tradis in 2009, distribution segment systematically working on optimization of operational processes and operating costs. Implemented summary and deferred invoice for customers (chains of outlets) who purchase goods in various branches of the company Tradis, gradually is implemented electronic invoice in settlements with customers, automatic ordering system that guarantees optimal level of inventory stock and maximum level of realization of orders, logistics services calculator, allows precise estimate of cost of delivery to delivery point (customer).

Retail activities
At the end of fourth quarter 2010 roku Stokrotka Sp. z o.o. retail outlets reached 178 and 8 Delima supermarkets.
At the end of fourth quarter franchise chain outlets of Detal Koncept Sp. z o.o. consisted of 1.102 stores under the brand Groszek. Additionally Detal Koncept operated 78 Milea stores. Lewiatan Podlasie managed 198 outlets. Społem Tychy at balance sheet date managed 24 outlets, Euro Sklep 638 outlets. Drogerie Koliber consisted of 64 outlets. Franchise chain Lewiatan Śląsk managed 299 outlets, Lewiatan Zachód 309 outlets, Lewiatan Orbita 109 outlets, Lewiatan Wielkopolska 188 outlets, Lewiatan Północ 169 outlets, Lewiatan Opole 185 outlets, Lewiatan Kujawy 239 outlets, Lewiatan Mazowsze 23 outlets, Lewiatan Brda 121 outlets. Partnerski Serwis Detaliczny at the balance sheet date cooperate with 489 shops of Spolem.

8.2 Revenues and performance by business segment

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

(in PLN 000s, unless indicated otherwise)

The following operating segments are distinguished within the Group:

1 **The wholesale business** (Wholesale Segment)* pursued by the following subsidiaries: Tradis Sp. z o.o., DEF Sp. z o.o., Ambra Sp. z o.o., involving wholesale distribution of goods and provision of related goods-distribution services;
2 **Retailing** (Retail Segment) comprised of the following subsidiaries: Stokrotka Sp. z o.o., Detal Koncept Sp. z o.o., Lewiatan Podlasie Sp. z o.o., Maro Markety Sp. z o.o., Społem Tychy Sp. z o.o., Euro Sklep S.A., consisting in retail sale and related services;
3 **Other** include the holding operations of the Issuer's Company and the operation of other subsidiaries: Elpro Sp. z o.o., Projekt Elpro 1 Sp. z o.o. – providing property development and facility management services; Infinite Sp. z o.o., Emperia Info Sp. z o.o. – providing IT services; PSD S.A. – a partner network management company and Lewiatan Śląsk Sp. z o.o. – (retail franchising). Given material consolidation exclusions and their general marginality (the segment fails to meet any of the quantitative thresholds provided for under IFRS 8), these are reported jointly as a single item.

The Group applies uniform accounting policies for all the segments. Business transactions between segments are on an arm's length basis; any such transactions are subject to exclusion in the consolidated financial statements.

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

	Wholesale	Retail	Other	Exclusions	Total
Segment total revenues	4 757 787	1 951 288	118 325	910 830	5 916 570
Segment revenues (from external clients/customers)	3 959 191	1 930 711	26 668		5 916 570
Segment revenues (from other segments)	798 596	20 577	91 657	910 830	
Segment total costs	(4 679 501)	(1 913 363)	(104 036)	(911 837)	(5 785 063)
Result on other operations	4 256	(3 132)	2 600	169	3 555
Result on financial operations	(14 270)	(1 921)	58 768	58 882	(16 305)
Result (gross)	68 272	32 872	75 657	58 044	118 757
Taxation	(14 364)	(6 437)	(3 381)	281	(24 463)
Share in financial result entities valued using the equity method			1 158		1 158
Segment result (net)	53 908	26 435	73 434	58 325	95 452

	Wholesale	Retail	Other	Exclusions	Total
Segment assets/ liabilities	1 164 369	498 629	964 290	712 469	1 914 819
Goodwill	156 073	47 281	621		203 975

	Wholesale	Retail	Other	Exclusions	Total
Investment outlays	(13 232)	(46 077)	(51 918)	(924)	(110 303)
Depreciation	(21 254)	(31 273)	(17 228)	(1 284)	(68 471)

The tables below present cumulative information regarding the Group's business segments in four quarters of 2009:

	Wholesale	Retail	Other	Exclusions	Total
Segment total revenues	4 513 148	1 763 985	100 620	852 098	5 525 655
Segment revenues (from external clients/customers)	3 768 305	1 741 513	15 837		5 525 655
Segment revenues (from other segments)	744 843	22 472	84 783	852 098	
Segment total costs	(4 445 906)	(1 749 203)	(85 331)	(852 677)	(5 427 763)
Result on other operations	416	1 405	16 038	2 569	15 290
Result on financial operations	7 658	(6 735)	38 727	60 594	(20 944)
Result (gross)	75 316	9 452	70 054	62 584	92 238
Taxation	(13 244)	(3 635)	(6 121)	(143)	(22 857)
Share in financial result entities valued using the equity method			(15)		(15)
Segment result (net)	**62 072**	**5 817**	**63 918**	**62 441**	**69 366**

(in PLN 000s, unless indicated otherwise)

	Wholesale	Retail	Other	Exclusions	Total
Segment assets/ liabilities	1 158 671	476 948	873 817	(679 268)	1 830 168
Goodwill	156 073	47 281			203 354

	Wholesale	Retail	Other	Exclusions	Total
Investment outlays	(61 576)	(62 954)	(68 050)	(27 293)	(165 287)
Depreciation	(22 145)	(28 243)	(13 713)	(752)	(63 349)

8.3 Indication of the effects of changes in structure of Entity.

All changes in structure of the Capital Group are described in detail in note 7.1 and 7.2.9.

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

Emperia Management Holding SA maintains forecast of financial results for 2010, published in Current Report No. 20/2011 dated 1 March 2011.

Should the Management Board of Emperia Holding SA become aware of reasonable grounds for a discrepancy of 10% or more compared to one of the projected figures, it will disclose it immediately to the public in a current report.

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

Shareholders	Shares held as at the date of filing the report	Percentage of share capital	Change %	Shares held as at 31.12.2009	Percentage of share capital as at 31.12.2009	Number of votes at GMS as at the date of filing the report	% of number of votes at GMS as at the date of filing the report
Aviva OFE Aviva BZ WBK*	1 418 401	9,38%	(6,54%)	1 517 654	10,04%	1 418 401	9,38%
Jarosław Wawerski	1 097 537	7,26%	0,64%	1 090 537	7,21%	1 097 537	7,26%
Artur Emanuel Kawa	1 004 835	6,65%	0,47%	1 000 086	6,62%	1 004 835	6,65%
PZU Asset Management**	962 094	6,37%	27,43%	755 015	4,99%	962 094	6,37%

* information about state of held shares has been obtained from Current Report No. 16/2011 dated 7 February 2011.
**information about state of held shares has been obtained by occasion of Extraordinary General Meeting of 13 October 2010.

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

Members of Management Board	Shares held as at 31.12.2010	Percentage of Share Capital	Change %	Shares held as at 31.12.2009	Percentage of initial capital as at 31.12.2009
Jarosław Wawerski	1 090 537	7,21%	0,00%	1 090 537	7,21%
Artur Emanuel Kawa	1 000 086	6,62%	0,00%	1 000 086	6,62%
Grzegorz Wawerski	353 738	2,34%	0,00%	353 738	2,34%
Dariusz Kalinowski	15 000	0,10%	0,00%	15 000	0,10%
Marek Wesołowski	12 520	0,08%	0,00%	12 520	0,08%

(in PLN 000s, unless indicated otherwise)

Members of Supervisory Board	Shares held as at 31.12.2010	Percentage of Share Capital	Change %	Shares held as at 31.12.2009	Percentage of initial capital as at 31.12.2009
Piotr Laskowski	386 125	2,55%	0,00%	386 125	2,55%
Artur Laskowski	347 730	2,30%	0,40%	346 330	2,29%

8.7 Information on pending litigation.

In fourth quarter of 2010 the Group's subsidiaries were not a party to proceedings before courts or other bodies relating to liabilities or receivables of the aggregate value of at least 10% of equity.

8.8 Material transactions of the Issuer with associated entities.

In fourth quarter of 2010, Emperia Holding S.A. did not enter into any material transactions with associated entities, otherwise than in the ordinary course of business on an arm's length basis.

The intra-Group mergers effected in fourth quarter of 2010 are described in Section.7.2.9.
As part of the Group's cash flow management, were issued short-term bonds, described in detail in Note 8.14.5.

8.9 Credit facilities, loans and guarantees.

In fourth quarter of 2010, parent company Emperia Holding SA did not grant new loan guarantees to its subsidiaries exceeding 10% of equity of the Issuer. Information about granted guarantees contains note 8.14.7.

8.10 Other information relevant to assessment of staffing, property, financial, financial results and their changes and information that are relevant to assessing possibility of fulfillment of commitments by the issuer.

In Group at balance sheet date there is no risks associated with currency options.

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

No such event occurred in the Group in fourth quarter of 2010.

8.12 Description of factors materially affecting the Group's results at least in the next quarter.

External:

a) The macroeconomic situation in the country, measured by indicators: GDP growth, unemployment, net income of households, inflation,
b) Changes on FMCG market,
c) Price increases of consumed by the Group goods and services in particular fuel and media,
d) Stabilization and even decline in some segments of the real estate process,
e) Policy of financial institutions on lending to businesses and consumers (interest rates, credit margin, hedge)
f) The situation on labor market and wage costs.

Interior:

a) Optimization of business processes as a part of rebuilding structures of Capital Group, , thereby increasing efficiency of activities and better quality of management of segments,
b) Development of new formats of franchise chain belonging to the Group
c) Development own retail chain
d) Internal policy on cost control
e) Timely and budgetary implementation of the planned investments
f) Implementation of the Investment Agreement between Emperia Holding S.A. and Eurocash S.A

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

In fourth quarter of 2010 has been no changes of Management Board of Emperia Holding S.A.

The composition of the Management Board at 31 December 2010 is as follows:

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

In fourth quarter of 2010 has been no changes of Supervisory Board of Emperia Holding S.A..

The composition of the Supervisory Board at 31 December 2010 is as follows:

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

8.14 Other material information and events.

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

A description of the Group's basic accounting policies applied from 1 January 2005 is presented in Note 6.2 of these consolidated financial statements.

8.14.2 Seasonality and cyclicality of production.

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

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

The Group experienced no such events.

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

(in PLN 000s, unless indicated otherwise)

Provisions against employee benefits	Changes in Q1-Q4 2010	Changes in 2009
Long-term		
As at the beginning of the period	2 843	2 362
Increases/reductions during the period	*148*	*363*
Increases/reductions during the period resulting from acquisitions	*5*	*118*
As at the end of the period	**2 996**	**2 843**
Short-term		
As at the beginning of the period	12 634	18 205
Increases/reductions during the period	*(2 718)*	*(5 516)*
Increases/reductions during the period resulting from acquisitions	*51*	*(55)*
As at the end of the period	**9 967**	**12 634**
Long-term		
As at the beginning of the period	0	0
Increases/reductions during the period	*0*	*0*
Increases/reductions during the period resulting from acquisitions	*0*	*0*
As at the end of the period	**0**	**0**
Short-term		
As at the beginning of the period	3 616	2 825
Increases/reductions during the period	*2 623*	*816*
Increases/reductions during the period resulting from acquisitions	*13*	*(25)*
As at the end of the period	**6 252**	**3 616**

8.14.5 Issue, redemption and repayment of debt and equity securities

Bonds issued

a) Emperia Holding S.A.

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

Bonds issue and redemption (expressed in nominal amounts) of Emperia Sp. z o.o. in Q4 2010 and 2009 and cumulatively throughout 2010 and 2009 were as follows:

2010:

Bonds issue and redemption in Q4 2010	Total	External issue
As at the beginning of the period	**0**	**0**
Bonds issue	***100***	***100***
Bonds redemption	***(100)***	***(100)***
As at the end of the period	**0**	**0**

Bonds issue and redemption in Q1-Q4 2010	Total	External issue
As at the beginning of the period	**4000**	**4000**
Bonds issue	***4 100***	***4 100***
Bonds redemption	***(8 100)***	***(8 100)***
As at the end of the period	**0**	**0**

2009:

Bonds issue and redemption in Q4 2009	Total	External issue	Elpro Sp. z o.o.
As at the beginning of the period	**4 000**	**4 000**	**0**
Bonds issue	**4 000**	**4 000**	*0*

(in PLN 000s, unless indicated otherwise)

Bonds redemption	**(4 000)**	**(4 000)**	*0*
As at the end of the period	**4 000**	**4 000**	**0**

Bonds issue and redemption in 2009	Total	External issue	Elpro Sp. z o.o.
As at the beginning of the period	**0**	**0**	**0**
Bonds issue	***43 700***	*43 000*	*700*
Bonds redemption	***(39 700)***	*(39 000)*	*(700)*
As at the end of the period	**4 000**	**4 000**	**0**

b) Elpro Sp. z o.o.

A subsidiary limited liability company Elpro Sp. z o.o. concluded an agreement with BRE Bank S.A. and PEKAO S.A. providing for short-term and medium-term bonds issue programme of the aggregate of up to PLN 80,000,000.

Bonds issue and redemption (expressed in nominal amounts) of Elpro Sp. z o.o. in Q4 2010 and 2009 and cumulatively throughout 2010 and 2009 were as follows:

2010:

Bonds issue and redemption in Q4 2010	Total	External issue	Emperia Holding S.A.	Projekt Elpro 1 Sp. z o.o.	Euro Sklep S.A.	Spolem Tychy Sp. z o.o.	Tradis Sp. z o.o.	DEF Sp. z o.o.	Detal Koncept Sp. z o.o.	Infinite Sp. z.o.o	Maro Markety Sp. z o.o.
As at the beginning of the period	**77 000**	**2 100**	**58 600**	**7 600**	**3 500**	**0**	**0**	**0**	**5 200**	**0**	**0**
Bonds issue	***270 200***	*6 300*	*183 000*	*23 300*	*14 500*	*0*	*21 600*	*0*	*20 500*	*300*	*700*
Bonds redemption	***(267 200)***	*(6 300)*	*(181 800)*	*(23 300)*	*(14 500)*	*0*	*(21 600)*	*0*	*(18 700)*	*(300)*	*(700)*
As at the end of the period	**80 000**	**2 100**	**59 800**	**7 600**	**3 500**	**0**	**0**	**0**	**7 000**	**0**	**0**

Bonds issue and redemption in Q1-Q4 2010	Total	External issue	Emperia Holding S.A.	Projekt Elpro 1 Sp. z o.o.	Euro Sklep S.A.	Spolem Tychy Sp. z o.o.	Tradis Sp. z o.o.	DEF Sp. z o.o.	Detal Koncept Sp. z o.o.	Infinite Sp. z.o.o	Maro Markety Sp. z o.o.
As at the beginning of the period	**56 700**	**1 100**	**12 900**	**7 600**	**3 000**	**2 000**	**21 600**	**8 500**	**0**	**0**	**0**
Bonds issue	***892 500***	*20 000*	*523 400*	*91 700*	*46 500*	*10 200*	*143 000*	*17 000*	*39 700*	*300*	*700*
Bonds redemption	*(869 200)*	*(19 000)*	*(476 500)*	*(91 700)*	*(46 000)*	*(12 200)*	*(164 600)*	*(25 500)*	*(32 700)*	*(300)*	*(700)*
As at the end of the period	**80 000**	**2 100**	**59 800**	**7600**	**3 500**	**0**	**0**	**0**	**7 000**	**0**	**0**

2009:

Bonds issue and redemption in Q4 2009	Total	External issue	Emperia Holding S.A.	Projekt Elpro 1 Sp. z o.o.*	Euro Sklep S.A.	Spolem Tychy Sp. z o.o.	PSD S.A.	Tradis Sp. z o.o.**	DEF Sp. z o.o.
As at the beginning of the period	**35 100**	**0**	**12 500**	**7 500**	**0**	**0**	**1 100**	**9 000**	**5 000**
Bonds issue	***148 000***	*0*	*38 800*	*22 800*	*8 500*	*4 000*	*3 300*	*48 600*	*22 000*
Bonds redemption	***(126 400)***	*0*	*(38 400)*	*(22 700)*	*(5 500)*	*(2 000)*	*(3 300)*	*(36 000)*	*(18 500)*
As at the end of the period	**56 700**	**0**	**12 900**	**7 600**	**3 000**	**2 000**	**1 100**	**21 600**	**8 500**

* concerns the issue of bonds to Projekt Elpro 3 Sp. z o.o. and Projekt Elpro 1 Sp. z o.o. (in Q4 2009 companies merged)
** concerns the issue of bonds to BOS S.A. – as a result of completion of merger of largest distribution companies – BOS S.A. merged with Tradis Sp. z.o.o.

Bonds issue and redemption in 2009	Total	External issue	Emperia Holding S.A.	Projekt Elpro 1 Sp. z o.o.*	Euro Sklep S.A.	Spolem Tychy Sp. z o.o.	PSD S.A.	Tradis Sp. z o.o.**	DEF Sp. z o.o.
As at the beginning of the period	**42 500**	**0**	**18 500**	**7 000**	**0**	**0**	**1 000**	**4 000**	**12 000**
Bonds issue	***558 000***	*0*	*168 400*	*94 400*	*8 500*	*4 000*	*14 600*	*178 100*	*90 000*

(in PLN 000s, unless indicated otherwise)

Bonds redemption	***(543 800)***	*0*	*(174 000)*	*(93 800)*	*(5 500)*	*(2 000)*	*(14 500)*	*(160 500)*	*(93 500)*
As at the end of the period	**56 700**	**0**	**12 900**	**7 600**	**3 000**	**2 000**	**1 100**	**21 600**	**8 500**

* concerns the issue of bonds to Projekt Elpro 3 Sp. z o.o. and Projekt Elpro 1 Sp. z o.o. (in Q4 2009 companies merged)
** concerns the issue of bonds to BOS S.A. – as a result of completion of merger of largest distribution companies – BOS S.A. merged with Tradis Sp. z.o.o.

c) Stokrotka Sp. z o.o.

A subsidiary limited liability company, Stokrotka Sp. z o.o., concluded an agreement with BRE Bank S.A. providing for short-term and medium-term bonds issue programme of the aggregate value of up to PLN 50,000,000.

Bonds issue and redemption (expressed in nominal amounts) of Stokrotka Sp. z o.o. in Q4 2010 and 2009 and cumulatively throughout 2010 and 2009 were as follows:

2010:

Bonds issue and redemption in Q4 2010	Total	External issue	Emperia Holding S.A.	Infinite Sp. z o.o.	Tradis Sp. z o.o.	Maro Markety Sp. z o.o.	Projekt Elpro 1 Sp. z o.o.
As at the beginning of the period	**50 000**	**0**	**29 600**	**5 900**	**0**	**400**	**14 100**
Bonds issue	***131 000***	*0*	*64 600*	*18 300*	*0*	*3 900*	*44 200*
Bonds redemption	***(146 000)***	*0*	*(82 000)*	*(18 000)*	*0*	*(2 600)*	*(43 400)*
As at the end of the period	**35 000**	**0**	**12 200**	**6 200**	**0**	**1 700**	**14 900**

Bonds issue and redemption in Q1-Q4 2010	Total	External issue	Emperia Holding S.A.	Infinite Sp. z o.o.	Tradis Sp. z o.o.	Maro Markety Sp. z o.o.	Projekt Elpro 1 Sp. z o.o.
As at the beginning of the period	**50 000**	**0**	**19 000**	**5 500**	**8 600**	**4 500**	**12 400**
Bonds issue	***557 000***	*0*	*284 300*	*71 500*	*8 200*	*27 600*	*165 400*
Bonds redemption	***(572 000)***	*0*	*(291 100)*	*(70 800)*	*(16 800)*	*(30 400)*	*(162 900)*
As at the end of the period	**35 000**	**0**	**12 200**	**6 200**	**0**	**1 700**	**14 900**

2009:

Bonds issue and redemption in Q4 2009	Total	External issue	Emperia Holding S.A.	Infinite Sp. z o.o.	Tradis Sp. z o.o.	Maro Markety Sp. z o.o.	Projekt Elpro 1 Sp. z o.o.	Euro Sklep S.A.
As at the beginning of the period	**50 000**	**0**	**18 800**	**5 000**	**9 000**	**4 900**	**11 300**	**1 000**
Bonds issue	***149 000***	*0*	*57 000*	*16 000*	*27 000*	*13 900*	*35 100*	*0*
Bonds redemption	***(149 000)***	*0*	*(56 800)*	*(15 500)*	*(27 400)*	*(14 300)*	*(34 000)*	*(1 000)*
As at the end of the period	**50 000**	**0**	**19 000**	**5 500**	**8 600**	**4 500**	**12 400**	**0**

Bonds issue and redemption in 2009	Total	External issue	Emperia Holding S.A.	Infinite Sp. z o.o.	Tradis Sp. z o.o.	Maro Markety Sp. z o.o.	Projekt Elpro 1 Sp. z o.o.	Euro Sklep S.A.
As at the beginning of the period	**50 000**	**0**	**32 800**	**3 500**	**0**	**6 000**	**7 700**	**0**
Bonds issue	***670 800***	*0*	*269 200*	*54 800*	*143 200*	*63 500*	*137 100*	*3 000*
Bonds redemption	***(670 800)***	*0*	*(283 000)*	*(52 800)*	*(134 600)*	*(65 000)*	*(132 400)*	*(3 000)*
As at the end of the period	**50 000**	**0**	**19 000**	**5 500**	**8 600**	**4 500**	**12 400**	**0**

d) Tradis Sp. z o.o.

A subsidiary limited liability company, Tradis Sp. z o.o., had an agreement with BRE Bank S.A. providing for a five-year short-term and medium-term bonds issue programme of the aggregate value of up to PLN 50,000,000.

Bonds issue and redemption (expressed in nominal amounts) of Tradis Sp. z o.o. in Q4 2010 and 2009 and cumulatively throughout 2010 and 2009 were as follows:

(in PLN 000s, unless indicated otherwise)

2010:
In Q1 - Q4 2010 Tradis Sp. z o.o. did not issue any bonds

2009:
In Q4 2009 Tradis Sp. Z o.o. did not issue any bonds.

Bonds issue and redemption in 2009	Total	External issue	Emperia Holding S.A.	Tradis Sp. z o.o.*
As at the beginning of the period	**19 000**	**0**	**15 000**	**4 000**
Bonds issue	***101 000***	*0*	*101 000*	*0*
Bonds redemption	***(120 000)***	*0*	*(116 000)*	*(4 000)*
As at the end of the period	**0**	**0**	**0**	**0**

* concerns the issue of bonds made by DLS S.A. to BOS S.A. – as a result of completion of merger of largest distribution companies – BOS S.A. and DLS merged with Tradis Sp. z.o.o.

The transactions concluded within the Group are subject to consolidation exclusions.

Total liabilities from debt securities at 31.12.2010

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

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

Total liabilities from debt securities at 31.12.2009

Issuer	Series	Nominal value (In thousand PLN)	Date of repurchase	As at 31.12.2009
Emperia Holding S.A.	0047	4 000	2010-01-08	3 995
Stokrotka Sp. z o.o.	0053*	19 000	2010-01-29	
Stokrotka Sp. z o.o.	0053*	5 500	2010-01-29	
Stokrotka Sp. z o.o.	0053*	8 600	2010-01-29	
Stokrotka Sp. z o.o.	0053*	4 500	2010-01-29	
Stokrotka Sp. z o.o.	0053*	12 400	2010-01-29	
Elpro Sp. z o.o.	0066*	10 000	2010-01-29	
Elpro Sp. z o.o.	0066*	3 000	2010-01-29	
Elpro Sp. z o.o.	0066*	19 800	2010-01-29	
Elpro Sp. z o.o.	0065*	2 000	2010-01-29	
Elpro Sp. z o.o.	0065*	1 800	2010-01-29	
Elpro Sp. z o.o.	0090*	7 600	2010-01-29	
Elpro Sp. z o.o.	0090*	8 500	2010-01-29	
Elpro Sp. z o.o.	0090	1 100	2010-01-29	1 095
Elpro Sp. z o.o.	0090*	2 900	2010-01-29	

(in PLN 000s, unless indicated otherwise)

Total bonds issued by the Group	**5 090**
Other	
Total liabilities under debt securities	
including: short-term	5 090
including: long-term	

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

8.14.6 Paid and received dividends

In the fourth quarter of 2010 was no payment of dividend

8.14.7 Changes in off-balance sheet liabilities

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

Q1-Q4 quarters 2010

Changes in off-balance sheet liabilities in Q1-Q4 2010	Under bank credit facilities	Under bank guarantees	Under financial guarantees
Mortgages			
As at the beginning of the period	205 314		
Increases during the period	*32 642*		
Reductions during the period	*(18 632)*		
Increases/reductions during the period resulting from acquisitions	*0*		
As at the end of the period	**219 324**		
Transfer of title as security/pledge/assignment of current assets			
As at the beginning of the period	297 856	15 285	
Increases during the period	*352 779*	*14 214*	
Reductions during the period	*(248 034)*	*(17 048)*	
Increases/reductions during the period resulting from acquisitions	*0*	*0*	
As at the end of the period	**402 601**	**12 451**	
Transfer of title as security/pledge/assignment of fixed assets			
As at the beginning of the period	1 432		
Increases during the period	*0*		
Reductions during the period	*0*		
Increases/reductions during the period resulting from acquisitions	*0*		
As at the end of the period	1 432		
Guarantees			
As at the beginning of the period	142 179	5 772	5 554
Increases during the period	*181 295*	*9 357*	*0*
Reductions during the period	*(216 329)*	*(7 995)*	*(580)*
Increases/reductions during the period resulting from acquisitions	*0*	*0*	*0*
As at the end of the period	**107 145**	**7 134**	**4 974**

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

(in PLN 000s, unless indicated otherwise)

2009:

Changes in off-balance sheet liabilities in 2009	Under bank credit facilities	Under bank guarantees	Under financial guarantees
Mortgages			
As at the beginning of the period	93 356	7 800	
Increases during the period	*123 000*	*0*	
Reductions during the period	*(11 042)*	*(7 800)*	
Increases/reductions during the period resulting from acquisitions	*0*	*0*	
As at the end of the period	**205 314**	**0**	
Transfer of title as security/pledge/assignment of current assets			
As at the beginning of the period	281 786	21 325	
Increases during the period	*89 000*	*5 880*	
Reductions during the period	*(62 130)*	*(11 720)*	
Increases/reductions during the period resulting from acquisitions	*(10 800)*	*(200)*	
As at the end of the period	**297 856**	**15 285**	

Changes in off-balance sheet liabilities in 2009	Under bank credit facilities	Under bank guarantees	Under financial guarantees
Transfer of title as security/pledge/assignment of fixed assets			
As at the beginning of the period	2 232		
Increases during the period	*0*		
Reductions during the period	*(800)*		
Increases/reductions during the period resulting from acquisitions	*0*		
As at the end of the period	**1 432**		
Guarantees			
As at the beginning of the period	68 500	8 036	3 535
Increases during the period	*161 379*	*8 425*	*2 744*
Reductions during the period	*(87 700)*	*(10 689)*	*(725)*
Increases/reductions during the period resulting from acquisitions	*0*	*0*	*0*
As at the end of the period	**142 179**	**5 772**	**5 554**

Emperia Holding S.A. extended corporate financial guarantees of PLN 142 179 000 to its subsidiaries with respect to bank credit facilities contracted by them. The guarantees are only temporary in nature and have been extended until regular security for those credit facilities is established.

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

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

Revaluation allowances on account of impairment of fixed assets and reversal of those allowances.	Changes in Q1-Q4 2010
Revaluation allowances on account of impairment of fixed assets	
As at the beginning of the period	1 758
Creating of write-offs	*464*
Reversal of write–offs	*(655)*
Changes of write-offs resulting from acquisitions	*0*
As at the end of the period	**1 567**
Revaluation allowances for receivables	
As at the beginning of the period	(30 796)
Creating of write-offs	*(10 141)*
Reversal of write–offs	*9 211*
Changes of write-offs resulting from acquisitions	*(25)*
Not written off profit and loss	*3 080**

(in PLN 000s, unless indicated otherwise)

As at the end of the period	**(28 671)**
Revaluation allowances for financial assets	
As at the beginning of the period	62
Creating of write-offs	*5*
Reversal of write–offs	*0*
Changes of write-offs resulting from acquisitions	*0*
As at the end of the period	**67**
Revaluation allowances for inventory	
As at the beginning of the period	17 459
Creating of write-offs	*24 494*
Reversal of write–offs	*(23 709)*
Changes of write-offs resulting from acquisitions	*0*
As at the end of the period	**18 244**

Revaluation allowances on account of impairment of fixed assets and reversal of those allowances	Changes in Q1-Q4 2010
including: revaluation allowances on account of stocktaking	
As at the beginning of the period	783
Creating of write-offs	*18 769*
Reversal of write–offs	*(18 948)*
Changes of write-offs resulting from acquisitions	*0*
As at the end of the period	**605**
including: revaluation allowances on account of bonuses	
As at the beginning of the period	16 676
Creating of write-offs	*5 725*
Reversal of write–offs	*(4 761)*
Changes of write-offs resulting from acquisitions	*0*
As at the end of the period	**17 639**

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

2009:

Revaluation allowances on account of impairment of fixed assets and reversal of those allowances	Changes in 2009
Revaluation allowances on account of impairment of fixed assets	
As at the beginning of the period	1 798
Creating of write-offs	*408*
Reversal of write–offs	*(448)*
Changes of write-offs resulting from acquisitions	*0*
As at the end of the period	**1 758**
Revaluation allowances for receivables	
As at the beginning of the period	(33 081)*
Creating of write-offs	*(16 783)*
Reversal of write–offs	*10 854*
Changes of write-offs resulting from acquisitions	*2 039*
Not written off profit and loss	*6 175***
As at the end of the period	**(30 796)**
Revaluation allowances for financial assets	
As at the beginning of the period	3 540
Creating of write-offs	*3 434*
Reversal of write–offs	*(5 339)*
Changes of write-offs resulting from acquisitions	*(1 573)*
As at the end of the period	**62**
Revaluation allowances for inventory	
As at the beginning of the period	(16 022)
Creating of write-offs	*(21 347)*

(in PLN 000s, unless indicated otherwise)

Reversal of write–offs	*19 815*
Changes of write-offs resulting from acquisitions	*95*
As at the end of the period	**(17 459)**

* difference on the opening balance for 2009 compared to previous reports result from changes in the presentation of interest and legal costs to overdue receivables From third quarter of 2009, the issuer does not include them to revaluation allowances for receivables but they are directly related to value of receivables.
** written off receivables which had previously been tied revaluation and of which irrecoverable had been documented.

8.14.9 Release of provisions against restructuring costs.

No such event occurred in the Group in fourth quarter of 2010.

8.14.10 Deferred corporate tax.

Deferred corporate tax	Changes in Q1-Q4 2010	Changes in 2009
Deferred corporate tax assets		
As at the beginning of the period	15 750	21 085
Increase of assets	*6 510*	*9 691*
Reduction of assets	*(7 025)*	*(15 395)*
Increases/reductions during the period resulting from acquisitions	*0*	*369*
As at the end of the period	**15 325**	**15 750**

Deferred corporate tax	Changes in Q1-Q4 2010	Changes in 2009
Provision against deferred corporate tax		
As at the beginning of the period	14 822	13 098
Increase of assets	*2 642*	*23 779*
Reduction of assets	*(1 447)*	*(23 179)*
Increases/reductions during the period resulting from acquisitions	*0*	*1 124*
As at the end of the period	**16 017**	**14 822**

8.14.11 Financial and operating leases.

2010:

Liabilities under financial leases	31 December 2010	
	Minimum payments	Current value of minimum payments
Up to 1 year	1 752	1 421
From 1 to 5 years	1 842	1 638
Over 5 years	0	0
Total	**3 594**	**3 059**

Operating leases

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

(in PLN 000s, unless indicated otherwise)

Agreements containing a lease according to IFRIC 4

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

2009:

Liabilities under financial leases	31 December 2009	
	Minimum payments	Current value of minimum payments
Up to 1 year	949	751
From 1 to 5 years	2 534	2 340
Over 5 years		
Total	**3 483**	**3 091**

Operating leases

Description of assets	Term of agreement	As at 31.12.2009	As at 31.12.2010	From 1 - 5 years	Over 5 years
			Minimum annual payments		
Real properties	definite				
	indefinite				
Machinery and equipment	definite	1 319	734	585	
	indefinite				
Vehicles	definite				
	indefinite				
Other fixed assets	definite				
	indefinite				

Agreements containing a lease according to IFRIC 4

Description of assets	Term of agreement	As at 31.12.2009	As at 31.12.2010	From 1 - 5 years	Over 5 years
			As at 31.12.2009		
Real properties	definite	66 914	76 424	283 498	288 460
	indefinite	5 331	5 380	19 769	19 465
Machinery and equipment	definite	188	188	753	941
	indefinite	114	29	456	485
Vehicles	definite	4 186	5 193	14 377	108
	indefinite	553	511	2 044	2 555
Other fixed assets	definite	12	1		
	indefinite	2	2	19	24

8.14.12 Commitments to purchase tangible fixed assets.

No such event occurred in the Group.

(in PLN 000s, unless indicated otherwise)

8.14.13 Correction of errors of previous periods.

In fourth quarter of 2010 there were no corrections of errors committed in previous periods

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

No such event occurred in the Group.

8.14.15 Other material information.

a) Implementation of the share buy back Programme.

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

Date of transaction	Number of acquired shares	Nominal value of share	Unit price per share	Number of votes at the General Meeting Emperia Holding S.A.	% of the share capital
4 October 2010	7 555	PLN 1,00	PLN 100,7	7 555	0,050%
6 October 2010	4 417	PLN 1,00	PLN 99,05	4 417	0,029%
11 October 2010	9 246	PLN 1,00	PLN 101,40	9 246	0,061%
13 October 2010	6 660	PLN 1,00	PLN 102,40	6 660	0,044%
19 October 2010	11 523	PLN 1,00	PLN 101,70	11 523	0,076%
22 October 2010	9 064	PLN 1,00	PLN 100,90	9 064	0,060%
27 October 2010	7 039	PLN 1,00	PLN 100,40	7 039	0,047%
2 November 2010	6 850	PLN 1,00	PLN 99,40	6 850	0,045%
5 November 2010	6 381	PLN 1,00	PLN 98,50	6 381	0,042%
10 November 2010	6 352	PLN 1,00	PLN 99,10	6 352	0,042%
17 November 2010	7 511	PLN 1,00	PLN 98,60	7 511	0,050%
23 November 2010	7 849	PLN 1,00	PLN 98,60	7 849	0,052%
30 November 2010	7 280	PLN 1,00	PLN 96,45	7 280	0,048%
7 December 2010	6 606	PLN 1,00	PLN 97,00	6 606	0,044%
10 December2010	7 074	PLN 1,00	PLN 98,30	7 074	0,047%
17 December 2010	7 802	PLN 1,00	PLN 103,80	7 802	0,052%
27 December 2010	8 632	PLN 1,00	PLN 104,90	8 632	0,057%
31 December 2010	7 201	PLN 1,00	PLN 104,40	7 201	0,048%

Since the implementation of the share buy back Programme, the Company acquired 141 448 shares provide 141 448 votes at the General Meeting of Shareholders Emperia Holding SA and constitutes 0,936% of the share capital.

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

b) Purchase shares of Emperia Holding SA by Member of the Supervisory Board

The Management Board of Emperia Holding S.A informs that from 4 October 2010 Member of the Supervisory Board purchased 1 400 shares of the Emperia Holding S.A. at an average price of PLN 99,55 per share, during the regular session organized by the Stock Exchange in Warsaw. Member of the Board in provided notification reserved publication of his personal data.

c) Decision of intention to division of Emperia Holding S.A.

On 11 October 2010 by Resolution No. 1 took decision of intention to division Emperia Holding S.A .("Company"). Management Board of Emperia Holding S.A. with seat in Lublin, whereas that on 11 October 2010 Supervisory Board has agreed to plan of introduction to trading by the end of March 2011 Tradis Distribution Group by:

- separation in the structure of the Company's area responsible for managing of the distribution segment of Emperia Holding Capital Group;
- bring the distribution segment to a separate, created specifically for this purpose Capital Company;
- authorization of New Shares to trading on a regulated market of Stock Exchange in Warsaw,

Decided to start preparing the plan of division of the Company, based on the Company's financial results for the third quarter of 2010, so that the division plan could be presented to the Supervisory Board by the deadline of 31October 2010.

Decisions of the intention of division and separating the distribution segment of Emperia Holding S.A are justified by the interests of customers, employees and shareholders due to the fact that:

- Tradis Distribution Group received full independence and will pursue the objective of: to become market leader in the FMCG distribution in Poland;
- Stokrotka/Delima Supermarkets received full independence and will pursue the objective of: become a leader in the supermarket segment in Poland;
- both of these business divisions will carry out independent to each other activity which will improve transparency and facilitate management and evaluation of activity;
- both of these business divisions will be able to develop faster particularly through mergers and acquisitions;
- Carrying out the division and separation will allow employees to work in to work in fully effectively managed stock Companies, to participate in the managerial options programs in Companies in which will work and create new opportunities for professional development;
- Carrying out the division and separation will allow Emperia Holding SA shareholders who will become shareholders in Tradis Distribution Group to participate in future increases in both stock Companies.

Division of a Company will be under Art. 529 § 1 item 4 of the Code of Commercial Companies, ie; through division by separation of part of the assets of the Company (forming the distribution segment) and bringing that part of assets to a specially established for this purpose Company in exchange for shares in the increased capital of Company specially established for this purpose (division by separation).

Supervisory Board under Articles 14(2)(i) Statute of Emperia Holding S.A. adopted base and significant assumptions of Company division plan and took note of draft of division plan prepared by the Company's Management Board.

Division Plan of Emperia Holding S.A. was agreed on 16 November 2010 its detailed content with attachments is in Current Report No. 71/2010 available on Company website.

Due to conclusion the investment agreement between Emperia Holding S.A. and Eurocash S.A. concluded after the balance sheet date – Emperia Holding S.A. departed from the Division Plan of Issuer – details in note 8.14.16 point b)

d) Changes in functions of Vice- Chairman of Management Board of Emperia Holding SA carried out in subsidiaries.

The Supervisory Board of Emperia Holding S.A. in connection with the receipt of information of the resignation by Mr. Jarosław Wawreski (effect from 31 December 2010) from function of Chairman of the subsidiary Tradis Sp. z o.o. with seat in Lublin and in connection with recommendation of the Management Board of Emperia Holding S.A. - sole member of Tradis Sp. z o.o. - was choosen Mr. Dariusz Kalinowski as Chairman of the Management Board of Tradis Sp. z o.o. (effect from 01 January 2011), The Supervisory Board takes note of resignation and accepts candidacy of Mr.

Dariusz Kalinowski for this position and acting pursuant to article 14 paragraph 2 point m) of the Articles of Association consents to the execution by Mr. Dariusz Kalinowski appropriate agreements with Tradis Sp. z.o.o.

e) The content of Resolutions of EGM Emperia Holding SA of 13 October 2010 and information about objections lodged.

On 13 October 2010 took place the Extraordinary General Meeting of Shareholders of Emperia Holding S.A with the following agenda:

1. Opening the Extraordinary General Meeting.
2. Electing the Chairman of the Extraordinary General Meeting.
3. Confirming that the Extraordinary General Meeting has been properly convened and is capable of adopting valid resolutions.
4. Adopting the agenda
5. Adopting of a resolution agreeing to the acquisition by the Company of its own shares for redemption.
6. Adopting resolutions to amend the Company's Articles of Association on the authorization of the Board to increase the initial capital within the limits of the authorized capital with the exclusion or restriction of subscription rights issued shares.
7. Adopting of a resolution to authorize admission to trading on a regulated market.
8. Any other business.
9. Closing the Extraordinary General Meeting.

The content of Resolutions of EGM Emperia Holding SA of 13 October 2010:

Resolution 1
of Extraordinary General Meeting of Emperia Holding S.A. with its seat in Lublin held on 13 October 2010 to adopt the agenda

"The Extraordinary General Meeting of Shareholders of Emperia Holding S.A. ("Company") hereby resolves as follows:

§1.

It is resolved to approve the agenda for the Extraordinary General Meeting of Shareholders of the Company as announced pursuant to Article 4021 of the Commercial Companies Code.

§2.

This Resolution becomes effective on the date of adoption."

Resolution 2
of Extraordinary General Meeting of Emperia Holding S.A. with its seat in Lublin held on 13 October 2010 to authorise the Management Board for the Company to acquire its own shares to redeem them

"Acting pursuant to Article 362 § 1(5) of the Commercial Companies Code, the Extraordinary General Meeting of Shareholders of Emperia Holding S.A. ("Company") hereby resolves as follows:

§1.

1. The Extraordinary General Meeting of the Company authorises the Management Board for the Company to acquire, within a period of two (2) years of the date of this Resolution, its own shares ("Shares") on terms and conditions set forth in this Resolution.
2. The Shares may be acquired under calls to sell Shares directed to all the shareholders. If the number of Shares subscribed for sale is above the number set forth in the call, a proportional reduction will be applied. The Shares may also be acquired in the regulated market, subject to the terms and conditional laid down in the Commission Regulation (EC) no. 2273/2003 of 22 December 2003 ("Regulation"). The Shares may be also acquired outside the regulated market, however, then the price for such Shares may not exceed the volume weighted average price of the Company's shares listed on the Stock Exchange in Warsaw, established on the basis of closing prices over the last three (3) months prior to the date of the share purchase agreement plus 5 percent; the aggregate nominal value of the Shares acquired under this procedure may not exceed 10 percent of

the share capital and the intended Share acquisition under this procedure will be announced to the public so that all the interested Shareholders are able to sell the Shares on the same terms and conditions. If the number of Shares subscribed for sale is above the number the Company intends to acquire, a proportional reduction will be applied.

3. The Company may acquire Shares of the aggregate nominal value of no more than 25 percent of the Company's share capital (excluding the value of own shares acquired by the Company pursuant to Article 362 § 1(8) of the Commercial Companies Code).
4. The maximum payment for the Shares acquired plus cost of purchase may not exceed PLN 500,000,000.00 (five hundred million zloty).
5. Prior to the commencement of Share acquisition, the Management Board is required to procure the approval of the Supervisory Board in the form of a resolution adopted by the absolute majority of votes, with two Independent Members voting for the resolution to approve Share acquisition.
6. The Share acquisition may commence and continue providing that the Financial Ratio is equal to or higher than 1.4:
   Where:
   Financial Ratio = equity / net financial liabilities;
   equity = equity attributable to the shareholders of the dominant entity and non-controlling shares;
   net financial liabilities = financial liabilities less cash and other cash assets;
   financial liabilities = long-term and short-term credit facilities, loans, security issues, financial lease liabilities and other financial liabilities.

   The Financial Ratio is calculated on the basis of the consolidated financial statements of Emperia Holding S.A.

7. Based on the published separate and consolidated quarterly results, the Supervisory Board may adopt a resolution to suspend the Share acquisition by the Management Board. Notwithstanding the foregoing, as part of their day-to-day monitoring of the Company's economic and financial standing, the Management Board or the Supervisory Board will suspend the Share acquisition each and every time they become aware of anything that indicates such a need. The suspension of the Share acquisition referred to above will not affect any call to sell Shares announced prior to the suspension of the Share acquisition.
8. Following suspension of the Share acquisition referred to in 7 above, the acquisition of the Shares by the Management Board may be resumed with a prior approval of the Supervisory Board. The provisions of 5 above apply as appropriate.
9. The Share acquisition costs must be commensurate with the efforts undertaken and approved by the Supervisory Board.
10. The Company's Management Board is authorised to take any factual and legal actions relating to the Share acquisition, including without limitation the Management Board will decide on the final number, price and timeframe for the acquisition.

§ 2

This Resolution becomes effective on the date of adoption."

Resolution 3
of Extraordinary General Meeting of Emperia Holding S.A. with its seat in Lublin held on 13 October 2010 to amend the Company's Articles of Association

"Acting pursuant to Article 430, Article 444 and Article 445 of the Commercial Companies Code and Article 22.1(k) of the Articles of Association of Emperia Holding S.A. ("Company"), in order to enable the Company's Management Board to raise funds to finance the development of the Company, acquisition of interests in other companies, and reduce the duration of the share issue process, which in effect will help the Emperia Holding Group boost its operating capacity, strengthen its position as a leading FMCG market distributor, and improve its purchasing power and the ability to respond in a flexible manner to market needs, the Extraordinary General Meeting of the Company hereby resolves as follows:

§1.

The Extraordinary General Meeting of the Company amends the Company's Articles of Association as follows:

Article 7b(2) of the Articles of Association is replaced by the following:

"2. The authorized capital shall be capped at PLN 1,511,516 (one million five hundred and eleven thousand five hundred and sixteen zloty), however, if the share capital is increased as part of authorized capital to PLN 755,758.00 (seven hundred and fifty-five thousand seven hundred and fifty-eight zloty), the terms set forth under 3 to 8 below shall apply, and if the share capital is increased further as part of authorized capital to PLN 1,511,516 (one million five hundred and eleven thousand five hundred and sixteen zloty), the terms set forth in 9 to 15 below shall apply."

In Article 7b of the Articles of Association, the following sections 9 to 15 are inserted:

"9. The issue price of the authorized capital shares shall not be lower than the volume weighted average price of the Company's shares listed on the Stock Exchange in Warsaw, based on the closing prices over the three months directly preceding the date on which the Supervisory Board adopts the resolution referred to in Article 14(2)(s). The average price of shares established in the above manner will be rounded downwards or upwards to the full zloty, with the rounding upwards taking place if the average price of shares is short by less than PLN 0.50 from the full zloty.

10. A resolution of the Company's Management Board adopted under the authorization referred to in 1 above replaces a resolution of the General Meeting to increase the share capital and in order to be valid must be made as a notarial deed.

11. The Management Board may exercise the authorization granted to it by effecting one or several consecutive increases of the share capital with the approval of the Supervisory Board. The approval of the Supervisory Board shall be given as a resolution adopted by the absolute majority of votes in an open vote, with all the independent members of the Supervisory Board referred to in Article 12a(1) voting in favour of such resolution.

12. The Management Board may exercise the authorization granted to it to increase the share capital as part of the authorized capital exclusively to acquire interests in other companies or to raise funds for such purpose. The Company's Management Board may issue shares in exchange for both cash and non-cash contributions.

13. In the event the rights issue is excluded or limited under Article 7c hereof and shares are issued in exchange for cash contributions, the Management Board shall be required each time to offer the shares issued, first, to the Company's shareholders holding at least 5 percent of the total number of votes at the General Meeting of the Company, in accordance with the information submitted to the Company pursuant to Article 69(1) of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of 29 July 2005, pro rata to the shares held by them as a proportion of the total number of votes at the Company's General Meeting. The shareholder shall substantiate the number of shares held as at the date of receipt of the Management Board's offer. If the identified shareholders fail to exercise the right referred to above within fourteen (14) days of the share offer, the Management Board may extend its offer to purchase shares to other parties.

14. The Management Board of the Company may not issue preferred shares or grant to the shareholders personal rights referred to in Article 354 of the Commercial Companies Code.

15. This authorization does not include the right to increase the share capital based on the Company's own cash flows."

§2.

The Company's Management Board submitted a written opinion on the resolution to amend the Company's Articles of Association authorizing the Management Board to increase the share capital as part of the authorized capital with an option to exclude or limit rights issue.

§3.

The Management Board is directed to file the amendment to the Articles of Association adopted under this Resolution with the appropriate court of registration.

§4.

This Resolution becomes effective on the date of adoption, with legal effect as of the registration of the amendment to the Articles of Association by the court of registration.

§5.

The Company's Supervisory Board is authorized to adopt the consolidated text of the amended Articles of Association of the Company."

The Opinion of the Management Board on the Resolution:

"It is the opinion of the Management Board of Emperia Holding S.A. that the proposed amendments to the Company's Articles of Association relating to the increase of the share capital within the limits of the authorised capital seek to enable the Management Board of the Company to raise funding to support the development of the Company, acquire interests in other companies, reduce the duration of the share issue process, undertake consolidation transactions which in effect will help the Emperia Holding Group strengthen its position as a leading FMCG market distributor, and improve its purchasing power and the ability to respond in a flexible manner to market needs. At the same time, the Management Board notes that the increase of the share capital as part of the authorized capital under the amended Article 7b of the Articles of Association will empower the Company's Management Board, with the prior approval of the Company's Supervisory Board, to exclude or limit the rights issue as provided for under Article 7c of the Articles of Association, in order to achieve the share capital increase objectives. At the same time, to ensure as much as possible the shareholder participation in financing the efforts relating to the proposed consolidation transactions, the Management Board proposes that the shareholders which can be identified under Article 69(1) of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of 29 July 2005, that is holding at least 5 percent of the total number of votes, should be vested with the right to receive an offer to acquire shares if, under the resolution of the Management Board, share subscription is covered by cash contributions."

Resolution 4
of Extraordinary General Meeting of Emperia Holding S.A. with its seat in Lublin held on 13 October 2010 to authorise admission of shares to trading in the regulated market

"Acting pursuant to Article 393 of the Commercial Companies Code and Article 22.1(p) of the Articles of Association of Emperia Holding S.A. ("Company") the Extraordinary General Meeting of the Company hereby resolves as follows:

§1.

Acting pursuant to the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of 29 July 2005 (Journal of Laws of 2009, No. 185, item 1439), it is hereby resolved to apply for admission of the shares issued under Article 7b of the Company's Articles of Association as part of the increase of the share capital within the limits of the authorized capital to trading in the regulated market of the Stock Exchange in Warsaw and for their dematerialisation.

2. At the same time, the Company's Management Board is authorized and requested to:

a. take all actions and perform all acts in order to have the shares issued under Article 7b of the Company's Articles of Association as part of the increased share capital within the limits of the authorized capital admitted to trading in the regulated market of the Stock Exchange in Warsaw, including without limitation to submit the requisite applications and notifications to the Polish Financial Supervision Authority (Komisja Nadzoru Finansowego), submit applications and conclude relevant agreements with the Polish securities depository company, Krajowy Depozyt Papierów Wartościowych S.A. and the Stock Exchange in Warsaw, Giełda Papierów Wartościowych w Warszawie S.A.;

b. conclude with the Polish securities depository company, Krajowy Depozyt Papierów Wartościowych S.A., a share registration agreement referred to in Article 5 of the Act on Trading in Financial Instruments of 29 July 2005 (Journal of Laws of 2005, No. 183, item 1538, as subsequently amended) in order to dematerialize the shares.

§ 2.

This Resolution becomes effective on the date of adoption and applies also to the amended Article 7b of the Articles of Association, with legal effect as of the registration of the amendment to the Articles of Association by the court of registration."

Information on Objections Lodged

During the Extraordinary General Meeting of Shareholders objections were lodged against Resolution 2, Resolution 3, and Resolution 4, and recorded in the minutes. The objections were lodged by Mr. Paweł Borowski, Mr. Jan Domański's proxy, representing 128 (one hundred and twenty-eight) votes at the General Meeting.

f) Execution of annexe to Credit Facility Agreement by Subsidiary.

On 20 October 2010 amendments to revolving working capital credit facility was signed between subsidiary limited liability company Tradis ("Borrower") and Powszechna Kasa Oszczednosci Bank Polski Spółka Akcyjna in Warsaw ("Lender").

Subject of the annexe is reducing of amount of revolving working capital credit facility to PLN 50 000 000 and changes in credit security. Current limit was PLN 100 000 000.

The credit facility is secured by:
Guarantee under the Civil Law by Emperia Holding S.A. in amount of PLN 50 000 000;
Sponsor's Statement of Emperia Holding SA in relation to Tradis Sp. z o.o.,
Clause deduction of funds from the Borrower's current account held by the Lender.

Released was secured by a joint ceiling mortgage over real properties either owned or in perpetual usufruct of the Borrower or other members of the Emperia Holding Group.
The other terms and conditions are consistent with those customarily applied in the market in agreements of this type.

g) Receipt information about bringing a civil action for invalidation Resolution No. 2 of EGM of 13 October 2010 and decision of the District Court in Lublin of 27 October 2010 ref. IX GC 441/10

The Management Board of Emperia Holding inform of receipt information about bringing a civil action by Mr. Jan Domański for invalidation Resolution No. 2 of EGM of 13 October 2010 to authorize the Management Board to acquire by the Company own shares to redeem them.

"The Management Board of Emperia Holding S.A. with seat in Lublin inform about receipt on 2 November 2010 decision of the District Court in Lublin of 27 October 2010 ref. IX GC 441/10 with the following content: „secure the plaintiff's claim for annulment of resolution No. 2 of an Extraordinary General Meeting of Emperia Holding S.A., which took place on 13 October 2010 on authority of the Management Board of Emperia Holding S.A. to acquisition by Emperia Holding S.A. its own shares to redeem them by prohibiting of exercise of Resolution No. 2 of an Extraordinary General Meeting of Emperia Holding S.A. of 13 October 2010 on the authority of the Management Board of Emperia Holding S.A. to acquisition by Emperia Holding S.A. its own shares to redeem them until the legal end of proceedings."

h) Court's decision on changes in the Articles of Association of Emperia Holding S.A

On 2 November 2010 Management Board of Emperia Holding S.A. received the decision of the District Court in Lublin, XI Economic Department of the National Court Register on changes in the Articles of Association of Emperia Holding S.A

The following content of changes in the statute:

Article 7b(2) of the Articles of Association is replaced by the following:

"2. The authorized capital shall be capped at PLN 1,511,516 (one million five hundred and eleven thousand five hundred and sixteen zloty), however, if the share capital is increased as part of authorized capital to PLN 755,758.00 (seven hundred and fifty-five thousand seven hundred and fifty-eight zloty), the terms set forth under 3 to 8 below shall apply, and if the share capital is increased further as part of authorized capital to PLN 1,511,516 (one million five hundred and eleven thousand five hundred and sixteen zloty), the terms set forth in 9 to 15 below shall apply."

In Article 7b of the Articles of Association, the following sections 9 to 15 are inserted:

"9. The issue price of the authorised capital shares shall not be lower than the volume weighted average price of the Company's shares listed on the Stock Exchange in Warsaw, based on the closing prices over the three months directly preceding the date on which the Supervisory Board adopts the resolution referred to in Article 14(2)(s). The average price of shares established in the above manner will be rounded downwards or upwards to the full zloty, with the rounding upwards taking place if the average price of shares is short by less than PLN 0.50 from the full zloty.

10. A resolution of the Company's Management Board adopted under the authorization referred to in 1 above replaces a resolution of the General Meeting to increase the share capital and in order to be valid must be made as a notarial deed.

11. The Management Board may exercise the authorization granted to it by effecting one or several consecutive increases of the share capital with the approval of the Supervisor Board. The approval of the Supervisory Board shall be given as a resolution adopted by the absolute majority of votes in an open vote, with all the independent members of the Supervisory Board referred to in Article 12a(1) voting in favour of such resolution.

12. The Management Board may exercise the authorization granted to it to increase the share capital as part of the authorized capital exclusively to acquire interests in other companies or to raise funds for such purpose. The Company's Management Board may issue shares in exchange for both cash and non-cash contributions.

13. In the event the rights issue is excluded or limited under Article 7c hereof and shares are issued in exchange for cash contributions, the Management Board shall be required each time to offer the shares issued, first, to the Company's shareholders holding at least 5 percent of the total number of votes at the General Meeting of the Company, in accordance with the information submitted to the Company pursuant to Article 69(1) of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of 29 July 2005, pro rata to the shares held by them as a proportion of the total number of votes at the Company's General Meeting. The shareholder shall substantiate the number of shares held as at the date of receipt of the Management Board's offer. If the identified shareholders fail to exercise the right referred to above within fourteen (14) days of the share offer, the Management Board may extend its offer to purchase shares to other parties.

14. The Management Board of the Company may not issue preferred shares or grant to the shareholders personal rights referred to in Article 354 of the Commercial Companies Code.

15. This authorization does not include the right to increase the share capital based on the Company's own cash flows."

i) Obtaining information about service of the order of the Court of Appeal of 14 December 2010 - Ref. Act I ACz 969/10

Management Board of Emperia Holding SA with seat in Lublin (Company) hereby informs that on 28 December 2010, the Company received order of the Court of Appeal in Lublin dated 14 December 2010 ref. Act I ACz 969/10, about bringing a civil action by Mr. Jan Domański against Emperia Holding S.A. for the annulment of the resolution of Extraordinary General Meeting of Shareholders, which as a result of a complaint Emperia Holding S.A., the Court of Appeal quashed the impugned decision and the plaintiff's request for precautionary measures and passed for reconsideration to District Court.

Due to conclusion the investment agreement between Emperia Holding S.A. and Eurocash S.A. concluded after the balance sheet date – Eurocash S.A. departed from the above legal action against Emperia Holding S.A.

j) Equity Investment Agreement between Emperia Holding S.A. and Eurocash S.A.

The Management Board of Emperia Holding S.A. with its seat in Lublin ("Emperia"), acting pursuant to Article 57(3) in conjunction with Article 56(1)(1) of the Act on Public Offering, is pleased to inform that on 21 December 2010 an Equity Investment Agreement was concluded by and between Eurocash S.A. with its seat at Komorniki ("Eurocash") and Emperia ("EIA" or "Agreement").
The fulfilment of the obligation to disclose the conclusion of the Agreement to the Stock Exchange in Warsaw (Giełda Papierów Wartościowych w Warszawie S.A.) and to the public under the procedure laid down under Article 56(1) of the Act on Public Offering was delayed pursuant to Article 57(1) of the above Act.
Under the terms of EIA, Eurocash and Emperia ("Parties") agreed to enter into a transaction under which Emperia will sell to Eurocash shares, held directly or indirectly by Emperia, in food product wholesaling companies plus a retail franchise chain:

1. Tradis Sp. z o.o. with seat in Lublin
2. Detal Koncept Sp. z o.o. with seat in Lublin
3. Euro Sklep S.A. with seat in Bielsko-Biała
4. Partnerski Serwis Detaliczny S.A. with seat in Warszawa
5. DEF Sp. z o.o. with seat in Białystok
6. Ambra Sp. z o.o. with seat in Czechowice-Dziedzice
7. Lewiatan Podlasie Sp. z o.o. with seat in Białystok
8. Lewiatan Śląsk Sp. z o.o. with seat in Sosnowiec
9. Lewiatan Zachód Sp. z o.o. with seat in Stargard Szczeciński
10. Lewiatan Północ Sp. z o.o. with seat in Gdańsk
11. Drogerie Koliber Sp. z o.o. with seat in Gliwice
12. Lewiatan Kujawy Sp. z o.o. with seat in Włocławek
13. Lewiatan Orbita Sp. z o.o. with seat in Olsztyn
14. Lewiatan Wielkopolska Sp. z o.o. with seat in Poznań

15. Lewiatan Holding S.A. with seat in Włocławek
16. Lewiatan Brda Sp. z o.o. with seat in Tuchola
17. Lewiatan Opole Sp. z o.o. with seat in Opole

(“Wholesalers” and shares in Wholesalers collectively “Shares”). The sale of Shares in Wholesalers will be effected by: (i) contributing a portion of the Shares to cover subscription for the increased share capital of Eurocash in exchange for shares of a new issue of Eurocash acquired by Emperia at the issue price of PLN 22.21 per share (representing up to 14 percent of the share capital of Eurocash) and sale of the remaining Shares by Emperia to Eurocash, or by (ii) sale by Emperia of all the Shares to Eurocash in the specific cases provided for under EIA. The structure of the transaction depends on the occurrence of certain events set forth in EIA.

The Parties made performance of EIA conditional upon fulfilment, no later than on 5 January 2011, a condition precedent (“Condition Precedent”) of the Supervisory Board of Eurocash adopting by the above deadline a resolution authorizing purchase of the Shares on terms and conditions laid down under EIA and excluding the existing shareholders’ rights to acquire Eurocash shares offered to Emperia. The Supervisory Board of Eurocash adopted the above resolution on 3 January 2011.

The value of the Shares in the Wholesalers acquired by Eurocash has been set by reference to the amount of PLN 925,975,000 (“Base Value”) adopted by the Parties. The Base Value, and by the same token the price paid by Eurocash for the Shares, may be subject to certain adjustments depending on the opinion issued by 28 February 2011 by an auditor appointed jointly by the Parties (“Auditor”). The procedure for effecting the adjustments and cases in which the price paid by Eurocash for the Shares may be adjusted are laid down under EIA. If the transaction follows the scenario of a portion of the Shares being contributed to cover subscription for the increased share capital of Eurocash in exchange for shares of a new issue of Eurocash acquired by Emperia and the remaining Shares being sold by Emperia to Eurocash, part of the price for the Shares will be paid in new Eurocash shares. Yet, under specific circumstances laid down under EIA, the full price of the Shares may be paid in cash.
Under EIA, each Party has a contractual right to rescind the Agreement, however, such right must be exercised within a period of 9 months of the date of EIA.

In the events provided for under EIA, Eurocash is entitled to rescind the Agreement subject to payment of compensation for loss of contract of PLN 200,000,000. If Eurocash fails to exercise the right of rescission within the prescribed period of time, the right of rescission becomes vested in Emperia. If Emperia exercises its right to rescind the Agreement, Eurocash must pay to Emperia PLN 200,000,000 as lump-sum damages. The same procedure for the exercise of the right of rescission applies if Eurocash fails to pay, depending on the actual transaction framework, for a portion of the Shares being sold or for all the Shares being sold by Emperia.

The Parties are required to pay liquidated damages in the cases outlined below. If Emperia breaches its obligation not to dispose of the Shares within the period until the Closing Date (i.e. the date on concluding the agreement under which Eurocash acquires the Shares, regardless of the actual type of the transaction), Emperia is required to pay to Eurocash one-off liquidated damages of PLN 200,000,000 for the breach as such, regardless of the actual number of individual breaches, and Eurocash is entitled to seek damages exceeding the amount of the above liquidated damages. Further, Emperia is required to pay liquidated damages if it violates the non-competition provisions of EIA.

EIA contains standard warranties. The warranties relate in particular to the Shares and the respective businesses of the Wholesalers. A breach of warranties provides grounds 3 for liability for damages on terms set forth under the Agreement. The liability of the Parties under EIA is limited under the Agreement.

The Parties intend to cause the Eurocash shares offered to Emperia to participate in dividend distributed among Eurocash shareholders for 2010. If no such dividend is distributed with respect to the new shares, the price of the Shares being sold paid by Eurocash will be increased as appropriate. Further, if the Eurocash group operational and financial objectives, jointly agreed by the Parties and listed in EIA, are achieved in 2011 and 2012, Eurocash has agreed to cause new 1,000,000 shares to be allocated to Emperia in each of the above years.

Emperia has agreed, following fulfilment of the Condition Precedent, to discontinue the proposed division of Emperia under the Terms of Division adopted by a resolution of Emperia’s Management Board on 16 November 2010 (see Current Report of Emperia No. 71/2010), and Eurocash has agreed to discontinue the proposed public offering of K series shares and the offering of L series shares (see Current Reports of Eurocash Nos. 58/2010 and 66/2010). Further, Eurocash has agreed to cause Mr Jan Domański to withdraw his action for declaring Resolution 2 of the Extraordinary General Meeting of Shareholders of Emperia of 13 October 2010 invalid.

(in PLN 000s, unless indicated otherwise)

The net profit generated by the Wholesalers in 2011 until the Closing Date, calculated under the formula provided for in EIA, will be divided in equal parts between Emperia and Eurocash. After the amount of the profit has been established by the Auditor, the portion of the profit distributable to Emperia will be paid as an additional payment supplementing the price of the Shares being sold.

The Parties have agreed to agree and execute by the Closing Date a number of agreements ensuring uninterrupted conduct of business by the Emperia group and the Eurocash group over a specific period of time post Closing Date, including without limitation the Wholesale Agreement, Lease Agreement, Service Agreements and Licence Agreements.

Since the acquisition of Shares by Eurocash requires a permit of the Chairman of the Polish Anti-Monopoly Authority (UOKiK), the Parties have undertaken to make every effort to obtain that permit within a period of 3 months of the date of EIA. Further, Eurocash has undertaken to support the election of one Emperia nominee to the Supervisory Board of Eurocash by its General Meeting.
The Agreement is deemed a material agreement by Emperia as the subject-matter of EIA exceeds 10 percent of the value of the Company's equity capital.

8.14.16 Material events after the period of the financial statements

a) Implementation of the share buy back Programme.

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

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

Since the implementation of the share buy back Programme, the Company acquired 180 558 shares provide 180 558 votes at the General Meeting of Shareholders Emperia Holding SA and constitutes 1,195 % of the share capital.

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

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

Management Board of Emperia Holding S.A. ("Company") is inform that the Company has resolved not to go ahead with the proposed division and to discontinue the proposed division of the Company under the Terms of Division by transfer of some of the assets of the Company ("Divided Company") to Tradis S.A. in organisation ("Company Acquiring Assets"), adopted by a resolution of the Company's Management Board on 16 November 2010.

The Company has resolved not to go ahead with and discontinue the proposed division referred to above as a result of the execution of the Equity Investment Agreement between the Company and Eurocash S.A. with its seat at Komorniki on 21 December 2010. Under EIA, the Company agreed not to go ahead with and discontinue the proposed division of the Company under the Terms of Division referred to above following fulfilment of the Condition Precedent provided for under EIA. The said Condition Precedent was fulfilled on 3 January 2011, of which Eurocash S.A. duly notified the Company on the same day.

c) The appeal of forecasts for the years 2011 - 2012 in connection with the investment agreement between Emperia Holding S.A. a Eurocash S.A.

Due to such an important event which is to conclude an investment agreement between Emperia Holding S.A. a Eurocash S.A. (current report 1/2011), The Management Board of Emperia Holding S.A. cancel forecasts for the years 2011 – 2012 (current report 41/2010 and 43/2010).

d) Changes in functions of Vice- Chairman of Management Board of Emperia Holding SA carried out in subsidiaries.

The Management Board of Emperia Holding S.A., in reference to Current Report 52/2010, informs that from 1 January 2011 Mr. Jarosław Wawerski will remain as Chairman of the Management Board of Tradis Sp. z o. o. based in Lublin (the "Company"). Mr Jaroslaw Wawerski withdrew a previously submitted resignation as Chairman of the Management Board of Company and Meeting of Shareholders repealed the resolution setting up Mr. Dariusz Kalinowski for the Member of Management Board of Company. Mr. Jarosław Wawerski is responsible for the Company until the completion of the connection and transfer to the Eurocash Group. Dariusz Kalinowski serves as Member of the Management Board of the Company.

e) Purchase shares of Emperia Holding SA by Member of the Supervisory Board

The Management Board of Emperia Holding S.A informs that from 4 January 2011 to 7 January 2011 Member of the Supervisory Board purchased 6 000 shares of the Emperia Holding S.A. at an average price of PLN 100.30 per share, during the regular session organized by the Stock Exchange in Warsaw. Member of the Board in provided notification reserved publication of his personal data.

f) Purchase shares of Emperia Holding SA by Member of the Management Board

The Management Board of Emperia Holding S.A informs that on 7 January 2011 during the regular session organized by the Stock Exchange in Warsaw Member of the Management Board purchased 946 shares of Emperia Holding SA at an average price of PLN 97,22 per share. Member of the Member of Management Board in conveyed notification reserved publication of his personal data.

g) Purchase shares of Emperia Holding SA by Member of the Management Board

The Management Board of Emperia Holding S.A informs that from 7 January 2011 to 10 January 2011 during the regular session organized by the Stock Exchange in Warsaw Member of the Management Board purchased 7 000 shares of Emperia Holding SA at an average price of PLN 96,99 per share:

7 January 2011 purchase 3 109 at an average price of PLN 96,61 per share
10 January 2011 purchase 3 891 at an average price of PLN 97,30 per share

Member of the Member of Management Board in conveyed notification reserved publication of his personal data.

h) Purchase shares of Emperia Holding SA by Member of the Management Board

The Management Board of Emperia Holding S.A informs that from 10 January 2011 to 14 January 2011 during the regular session organized by the Stock Exchange in Warsaw Member of the Management Board purchased 980 shares of Emperia Holding SA at an average price of PLN 97,99 per share:

10 January 2011 purchase 212 at an average price of PLN 96,75 per share
11 January 2011 purchase 267 at an average price of PLN 97,26 per share
14 January 2011 purchase 501 at an average price of PLN 98,90 per share

Member of the Member of Management Board in conveyed notification reserved publication of his personal data.

i) Purchase shares of Emperia Holding SA by Member of the Management Board

The Management Board of Emperia Holding S.A informs that on 10 January 2011 during the regular session organized by the Stock Exchange in Warsaw Member of the Management Board purchased 250 shares of Emperia Holding SA at an average price of PLN 97,00 per share. Member of the Member of Management Board in conveyed notification reserved publication of his personal data

j) Purchase shares of Emperia Holding SA by Member of the Management Board

The Management Board of Emperia Holding S.A informs that on 13 January 2011 during the regular session organized by the Stock Exchange in Warsaw Member of the Management Board purchased 4 499 shares of Emperia Holding SA at an average price of PLN 99,05 per share. Member of the Member of Management Board in conveyed notification reserved publication of his personal data

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

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

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

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

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

m) Purchase shares of Emperia Holding SA by Member of the Management Board

The Management Board of Emperia Holding S.A informs that on 14 February2011 during the regular session organized by the Stock Exchange in Warsaw Member of the Management Board purchased 5 000 shares of Emperia Holding SA at an average price of PLN 108,00 per share. Member of the Member of Management Board in conveyed notification reserved publication of his personal data

n) Acquisition of shares in Lewiatan Wielkopolska Sp. z o.o.

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

o) Execution of annexe to Credit Facility Agreement by Subsidiary.

The Management Board of Emperia Holding S.A. ("Emperia") is inform that on 28 February 2011 were concluded Annexe to Credit Facility Agreement in form of multipurpose credit line by a subsidiary Tradis sp. z o.o. in Lublin ("Borrower") and Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna. in Warsaw ("Lender").
Subject of the annexe is decreasing of amount of multipurpose credit line to PLN 110 000 000. Current limit was PLN 138 000 000 .

The credit facility has been granted for the period ended on 27.02.2012
The credit facility is secured by:
1. Registered pledge on Borrower's inventory of commercial goods of total amount not less than amount of granted credit;
2. Transfer of monetary claims from insurance contracts of commercial goods referred to in item 1;
3. Clause deduction of funds from the Borrower's current account held by the Lender.

The facility interest rate is based on WIBOR 1M + Lender's margin.
The other terms and conditions are consistent with those customarily applied in the market in agreements of this type.

9. Report of activities of the Management Board of Holding Emperia Group.

9.1 Description of assumptions of the new functioning strategy of Emperia Holding Capital Group S.A.

Conclusion of a conditional investment agreement between the Holding and Eurocash S.A. regarding sale to Eurocash S.A. shares companies operating in the Tradis Distribution Group (described in the Current Report No. 1 / 2011 of 3 January 2011) which resulted in modifications of existing – strategy of the Emperia Group presented in September 2010. One of the conditions for realization of abovementioned investment agreement was to waiver of implementation of division Emperia Holding S.A.– described in the Current Report No 2/2011 of 3 January 2011.
Transaction, under which Emperia Holding will sell shares and , concerns the following companies known as **Distribution Companies:** Tradis Sp. z o.o, Detal Koncept Sp. z o.o., Euro Sklep S.A., Partnerski Serwis Detaliczny S.A., DEF Sp. z o.o., Ambra Sp. z o.o., Lewiatan Podlasie Sp. z o.o., Lewiatan Śląsk Sp. z o.o., Lewiatan Zachód Sp. z o.o., Lewiatan Północ Sp. z o.o., Drogerie Koliber Sp. z o.o., Lewiatan Kujawy Sp. z o.o., Lewiatan Orbita Sp. z o.o., Lewiatan Wielkopolska Sp. z o.o., Lewiatan Holding S.A., Lewiatan Brda Sp. z o.o., Lewiatan Mazowsze Sp. z o.o. and Lewiatan Opole Sp. z o.o.
In financial statement for fourth quarter 2010 business divisions are presented with assignment following companies of Emperia Group to division :

<u>Tradis Distribution Group Division</u>

Group specializes in the distribution activity.

The Division includes the following entities:

a) Companies operate in the wholesale of FMCG through magazines Cash & Carry and Distribution Centers located throughout the Poland.
b) They are:
   - ❖ Tradis Sp. z o.o – operates throughout the country. It has 8 distribution centers and 52 Service warehouses and Cash & Carry
   - ❖ DEF Sp. z o.o. – operates in the north-eastern Poland. It has 4 warehouse.
   - ❖ Ambra Sp. z o.o. - specializes in sale of chemical products. It operates in the southern Poland. It has warehouse located in Czechowice - Dziedzice.

c) Companies operating as a franchise chains:
   - ❖ Detal Koncept Sp. z o.o. (brand: Milea, Groszek)
   - ❖ Euro Sklep S.A. (brand: Euro Sklep)
   - ❖ Lewiatan Podlasie Sp. z o.o. (brand: Lewiatan)
   - ❖ Lewiatan Śląsk Sp. z o.o. (brand: Lewiatan)

and

d) PSD S.A. (Partnerski Serwis Detaliczny S.A.) - specifically to work for the Consumer Cooperative"Społem".
e) Maro-Markety Sp. z o.o. – operates retail outlets under brand Milea.
f) Społem Tychy Sp. z o.o. – operates retail outlets under brand Społem.

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

- ❖ Drogerie Koliber Sp. z o.o.

and

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

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

<u>Stokrotka / Delima Supermarkets Division</u>

Group specializes in retail FMCG.
Division consists of Stokrotka Sp. z o.o. who operates a nationwide chain of supermarkets Stokrotka and Delima supermarkets.
Stokrotka supermarkets are located in housing estates, mini-centers and shopping malls. Delima supermarkets are located in large shopping malls.
At the end of September 2010 operated 178 Stokrotka supermarkets and 8 Delima supermarkets.

<u>Real Estate Division</u>

Group dealing with property management and developer investment mainly for needs of DivisionTradis Distribution Group and Stokrotka and Delima supermarkets.
The Division consists of the following consolidated entities:

- ❖ Elpro Sp. z o.o
- ❖ Projekt Elpro 1 Sp. z o.o.

The Division also includes a newly incorporated company's unconsolidated because of the importance:

- ❖ P1 Sp. z o.o.
- ❖ Ekom Sp. z o.o
- ❖ EMP Investment Ltd

<u>External IT Division</u>

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

<u>Support Division (Back Office)</u>

The Division consists of the following entities:

- ❖ Emperia Holding S.A. – main activities of Emperia Holding S.A. is to set strategy and coordination of activities of companies forming Emperia Group. Moreover, Company provides a wide range of management services to entities comprising the Emperia Group in particular: financial and accounting services, legal, personnel management, controlling.

- ❖ Emperia Info Sp. z o.o. – company provides services to companies forming Emperia Group. Provides support for these entities in the IT software services, service of computer hardware and IT network administration services.

The Support Division includes Ezon Sp. z o.o. which is not consolidated due to importance.
Main activities of Company is to activation of persons with disabilities. Its main purpose is to support companies of the Emperia Group in the underlying and ancillary activities related to the functioning of these entities.

While the above allocation differs from the list of **Wholesale Companies** drawn up for the purpose of the transaction with Eurocash S.A., the above structuring was maintained to ensure comparability of data presented in the financial statements for Q3 2010. The second significant difference relates to real property. The proposed deal provides for sale of the Wholesale Companies together with real property owned by them, which means that EBITDA of the Wholesale Companies is in fact higher than presented for the Tradis Wholesale Group (in this presentation EBITDA is reduced by the value of rent that the Wholesale Companies would be required to pay if they did not own those real properties).

9.2 Assumptions to presented results of each Divisions.

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

On that basis the following correction were made:

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

5. To maintain comparability of data of Divisions in 2009 result of Arsenal are included at the level of presentation correction of Division
6. For each of Division presented also „The net result adjusted for the margin at holding services", which is obtained by changing Net result of Division by margins achieved at services provided by Emperia Holding and Emperia Info. This increases result of Divisions: Tradis Distribution Group, Stokrotka / Delima Supermarkets, Real Estate and External IT and reducing result of Support Division.
7. Correction of margin on holding services also entail need for adjustment of income tax from legal persons in accordance with the principle described above.

(in PLN 000s, unless indicated otherwise)

9.3 Presentation of basic financial and operating results by Business Divisions

Below are basic financial and operating data of the Emperia Holding Capital Group (Emperia Group) for fourth quarter 2010 by Business Divisions:

- Tradis Distribution Group Division
- Stokrotka / Delima Supermarkets Division
- Real Estate Division
- External IT Division
- Support Division

9.3.1 Main financial highlights by Divisions

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

	Divisions							
in mln PLN	**Tradis Dystribution Group**	**Stokrotka / Delima Supermarkets**	**Real Estate**	**External IT**	**Support**	**Presentation Corrections**	**Consolidation Exclusions**	**Total**
Sale revenues	1 331,0	417,4	16,7	1,6	19,0	-4,4	249,5	**1 531,7**
EBIT	25,4	12,4	10,8	0,2	0,6	0,0	0,0	**49,3**
Profitability on EBIT	*1,9%*	*3,0%*	*64,4%*	*13,2%*	*3,2%*			***3,2%***
EBITDA	30,9	18,4	14,4	0,3	3,2	0,0	0,4	**66,7**
Profitability on EBITDA	*2,3%*	*4,4%*	*86,1%*	*17,2%*	*16,7%*			***4,4%***
Gross result	17,6	14,4	5,7	0,2	2,8	0,0	-4,7	**45,5**
Net result	12,6	11,8	4,8	0,2	2,2	0,0	-4,6	**36,1**
Profitability on Net result	*0,9%*	*2,8%*	*29,0%*	*15,3%*	*11,6%*			***2,4%***
Investment outlays	3,4	5,3	19,5	0,0	1,4	0,0	0,3	**29,3**
Net debt	3,6	-48,1	354,1	-7,0	-113,2	0,0	0,0	**189,4**

(in PLN 000s, unless indicated otherwise)

Information on Business Divisions of Emperia Group for fourth quarter of 2009 is as follows

	Divisions							
In mln PLN	**Tradis Dystribution Group**	**Stokrotka / Delima Supermarkets**	**Real Estate**	**External IT**	**Support**	**Presentation Corrections**	**Consolidation Exclusions**	**Total**
Sales revenues	1 253,1	379,1	14,8	1,4	15,0	-4,3	233,4	**1 425,8**
EBIT	17,6	4,6	6,7	0,2	-1,2	0,0	1,1	**26,8**
Profitability on EBIT	*1,4%*	*1,2%*	*45,0%*	*11,4%*	*-7,8%*			***1,9%***
EBITDA	23,6	9,6	9,9	0,2	1,1	0,0	1,4	**43,0**
Profitability on EBITDA	*1,9%*	*2,5%*	*66,8%*	*17,2%*	*7,1%*			***3,0%***
Gross result	18,1	3,0	2,4	0,3	0,4	0,0	1,4	**22,7**
Net result	13,9	2,1	1,9	0,2	0,2	0,0	1,2	**17,2**
Profitability on Net result	*1,1%*	*0,6%*	*12,7%*	*13,3%*	*1,6%*			***1,2%***
Investment outlays	14,3	7,5	15,8	0,1	3,3	0,0	1,3	**39,6**
Net debt	73,0	10,8	319,8	-6,0	-77,0	0,0	0,0	**320,7**

(in PLN 000s, unless indicated otherwise)

Information on Business Divisions of Emperia Group for Q1-Q4 of 2010 is as follows:

	Divisions							
In mln PLN	**Tradis Dystribution Group**	**Stokrotka / Delima Supermarkets**	**Real Estate**	**External IT**	**Support**	**Presentation Corrections**	**Consolidation Exclusions**	**Total**
Sales revenues	5 146,9	1 562,4	64,7	6,1	64,8	-17,6	910,8	**5 916,6**
EBIT	83,5	18,3	33,1	1,4	-2,1	0,0	-0,8	**135,1**
Profitability on EBIT	*1,6%*	*1,2%*	*51,2%*	*22,6%*	*-3,2%*			***2,3%***
EBITDA	106,3	41,2	47,2	1,7	7,7	0,0	0,4	**203,5**
Profitability on EBITDA	*2,1%*	*2,6%*	*72,9%*	*26,9%*	*11,8%*			***3,4%***
Gross result	73,5	19,0	14,3	1,7	63,5	4,7	58,0	**118,8**
Net result	58,8	14,8	12,0	1,4	62,3	4,7	58,3	**95,5**
Profitability on Net result	*1,1%*	*0,9%*	*18,5%*	*22,7%*	*96,1%*			***1,6%***
Investment outlays	17,7	42,2	44,1	0,3	7,0	0,0	0,9	**110,3**
Net debt	3,6	-48,1	354,1	-7,0	113,2	0,0	0,0	**189,4**

(in PLN 000s, unless indicated otherwise)

Information on Business Divisions of Emperia Group for Q1-Q4 of 2009 is as follows:

	Divisions							
In mln PLN	**Tradis Dystribution Group**	**Stokrotka / Delima Supermarkets**	**Real Estate**	**External IT**	**Support**	**Presentation Corrections**	**Consolidation Exclusions**	**Total**
Sales revenues	4 785,0	1 379,0	57,6	5,7	62,7	87,8	852,1	**5 525,7**
EBIT	52,8	10,7	41,9	1,5	2,1	6,2	2,0	**113,2**
Profitability on EBIT	*1,1%*	*0,8%*	*72,6%*	*25,8%*	*3,4%*			***2,0%***
EBITDA	77,1	30,5	54,1	1,8	9,5	6,3	2,7	**176,5**
Profitability on EBITDA	*1,6%*	*2,2%*	*93,9%*	*31,8%*	*15,2%*			***3,2%***
Gross result	49,0	6,7	25,2	1,7	46,1	26,1	62,6	**92,2**
Net result	35,4	4,6	20,4	1,4	44,5	25,4	62,4	**69,4**
Profitability on Net result	*0,7%*	*0,3%*	*35,4%*	*25,0%*	*71,1*			***1,3%***
Investment outlays	70,9	53,6	48,4	0,2	19,4	0,0	27,3	**165,3**
Net debt	73,0	10,8	319,8	-6,0	-77,0	0,0	0,0	**320,7**

(in PLN 000s, unless indicated otherwise)

9.3.1 Key operating data for each Division

9.3.1.1 Tradis Distribution Group Division

Financial Highlights

in mln PLN	**Q4 2010**	**Q4 2009**	**Change % 2010 / 2009**	**Q1-Q4 2010**	**Q1-Q4 2009**	**Change % 2010 / 2009**
Sales revenues	1 331,0	1 253,1	*6,2%*	5 146,9	4 785,0	*7,6%*
EBIT	25,4	17,6		83,5	52,8	
Profitability on EBIT	*1,9%*	*1,4%*		*1,6%*	*1,1%*	
EBITDA	30,9	23,6	*31,2%*	106,3	77,1	*37,9%*
Profitability on EBITDA	*2,3%*	*1,9%*		*2,1%*	*1,6%*	
Gross result	17,6	18,1		73,5	49,0	
Net result	12,6	13,9	*-9,3%*	58,8	35,4	*66,0%*
Profitability on Net result	*0,9%*	*1,1%*		*1,1%*	*0,7%*	
Net result adjusted by margin on holding services	13,2	14,7	*-9,9%*	61,6	39,6	*55,4%*
Profitability on adjusted Net result	*1,0%*	*1,2%*		*1,2%*	*0,8%*	

Selected Ratios

Selected data and ratios	**Q4 2010**	**Q4 2009**	**Change % 2010 / 2009**	**Q1-Q4 2010**	**Q1-Q4 2009**	**Change % 2010 / 2009**
Investment outlays (in mln PLN)	3,4	14,3	*-76,5%*	17,7	70,9	*-75,1%*
Net debt (in mln PLN)	3,6	73,0	*-83,2%*	3,6	73,0	*-83,2%*
Inventory turnover	27,67	31,85		28,44	32,82	
Receivables rotation	34,82	30,14		35,72	31,32	
Liabilities rotation	47,21	43,36		48,52	44,67	
Cash conversion cycle	**15,28**	**18,64**		**15,64**	**19,46**	

In the fourth quarter of 2010 Tradis Distibution Group realized sales revenue of PLN 1 331 000 000, which is an increase of 6,2 percent compared to the same period of 2009. The cumulative sales revenues in 2010 was PLN 5 146 900 000 which is an increase of 7,6 percent compared to analogue period of 2009.
Increase of sales revenues was caused mainly by:

- obtaining contract for sale to Orlen stations by Tradis (contract is valid from June 2010),
- increasing number and purchasing in own shops,
- expanding cooperation with franchise networks.

Net profit for fourth quarter was PLN 12 600 000, which is an decrease of 9,3 percent compared to the same period of 2009. Cumulative net profit for 2010 was PLN 58 800 000 which is an increase of 66,0 percent compared to the same period of 2009. decrease the net profit in the fourth quarter of 2010 was caused by increased of financial expenses in Tradis in December resulting from sale of shares in Stokrotka and Projekt Elpro 1 (without compensation) for redemption. Transaction amounted of PLN 6 600 000.
It should be stressed that impact on net profit of Tradis had:

(in PLN 000s, unless indicated otherwise)

- cost optimization in: Detal Koncept and Tradis,
- achieve economies of scale associated with increase in sales of existing logistics infrastructure

Cash conversion cycle in fourth quarter of 2010 was 15,28 day and was higher by 3,.36 day compared to the same period in 2009. On improvement of this indicator primarily affected improve of inventory turnover by 4,18 and improving rotation of the commitments by 3,85 day.
Most significant impact on changes in rotation ratios had Tradis. In this company in the fourth quarter of 2010 was continued process of optimizing the assortment . Additionally, Tradis reduced the number of locations used for storing merchandise and has increased sales operated by existing warehouses.

Selected operating data

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

Company	Number of locations*			Warehouse space (sq)*		
	2010	2009	Change 2010 / 2009	2010	2009	Change 2010 / 2009
Tradis Sp. z o.o.	60	67	-7	258 293	262 799	-4 506
including Distribution Centers	*7*	*7*	*0*	120 557	120 557	0
DEF Sp. z o.o.	4	4	0	14 548	14 548	0
AMBRA Sp. z o.o.	1	1	0	5 824	5 123	701
Total	**65**	**72**	**-7**	**278 665**	**282 471**	**-3 805**

** values presented as of last day of period*
As a result of integration efforts, were closed units that do not meet expectations for quality and functionality.

Number of stores under franchising chains of Tradis Distribution Group

Operator	Number of stores in chains *		
	2010	2009	Change 2010 / 2009
Groszek	1 102	1 118	-16
Milea**	98	94	4
Euro Sklep S.A.	638	616	22
Lewiatan Podlasie Sp. z o.o.	198	198	0
Lewiatan Śląsk Sp. z o.o.	299	288	11
Lewiatan Zachód Sp. z o.o.	309	264	45
Lewiatan Orbita Sp. z o.o.	109	99	10
Lewiatan Wielkopolska Sp. z o.o.	188	177	11
Lewiatan Północ Sp. z o.o.	169	165	4
Lewiatan Opole Sp. z o.o.	185	183	2
Lewiatan Kujawy Sp. z o.o.	239	255	-16
Lewiatan Mazowsze Sp. z o.o.	24	16	8
Lewiatan Brda	121	82	39
Total	**3 679**	**3 555**	**124**

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

Number of stores cooperating under Partnerski Serwis Detaliczny

(in PLN 000s, unless indicated otherwise)

	2010	2009	Change 2010 / 2009
Number of cooperating Consumer Cooperative*	57	42	**15**
Number of stores*	489	339	**150**

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

Number of stores cooperating under Społem Tychy

	2010	2009	Change 2010 / 2009
Number of stores*	24	25	**-1**

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

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

Group of customers	Sales of goods cumulatively in ths. PLN		Change % 2010 / 2009	% participation of groups of customers	
	2010	2009		2010	2009
Sales to own Retail (Stokrotka /Delima Supermarkets Division)	674 862	588 533	14,67%	14,2%	13,4%
Sales to own Retail :Społem Tychy	28 974	32 078	-9,68%	0,6%	0,7%
Sales to related franchise chains	1 194 454	990 992	20,53%	25,1%	22,6%
Other	2 866 849	2 767 006	3,61%	60,2%	63,2%
Total	**4 765 139**	**4 378 609**	**8,83%**		

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

Distribution Channels	Sales of goods cumulatively in ths PLN		Change % 2010 / 2009	% participation of distribution channels	
	2010	2009		2010	2009
Cash & Carry	668 375	671 619	-0,5%	14,0%	15,3%
Serwis	4 096 764	3 706 991	10,5%	86,0%	84,7%
including :Petrol Stations	123 874	0		2,6%	0,0%
Total	**4 765 139**	**4 378 609**	**8,8%**		

In units closed during year 2009 was carry out B2B sales and Cash & Carry. B2B sales was taken over by the other units and distribution centers, in Cash & Carry sales volume decrease.

In fixed number of Cash & Carry objects, sales for four quarters increased by 2.42% and in the fourth quarter increase by 1.5% year to year

(in PLN 000s, unless indicated otherwise)

9.3.1.2 Stokrotka / Delima Supermarkets Division

Financial Highlights

in mln PLN	Q4 2010	Q4 2009	Change % 2010 / 2009	Q1-Q4 2010	Q1-Q4 2009	Change % 2010 / 2009
Sales revenues	417,4	379,1	*10,1%*	1 562,4	1 379,0	*13,3%*
EBIT	12,4	4,6		18,3	10,7	
Profitability on EBIT	*3,0%*	*1,2%*		*1,2%*	*0,8%*	
EBITDA	18,4	9,6	*90,7%*	41,2	30,5	*35,2%*
Profitability on EBITDA	*4,4%*	*2,5%*		*2,6%*	*2,2%*	
Gross result	14,4	3,0		19,0	6,7	
Net result	11,8	2,1	*454,5%*	14,8	4,6	*221,6%*
Profitability on Net result	*2,8%*	*0,6%*		*0,9%*	*0,3%*	
Net result adjusted by margin on holding services	12,2	2,6	*366,0%*	16,5	6,6	*151,4%*
Profitability on adjusted Net result	*2,9%*	*0,7%*		*1,1%*	*0,5%*	

Selected Ratios

Selected data and ratios	Q4 2010	Q4 2009	Change % 2010 / 2009	Q1-Q4 2010	Q1-Q4 2009	Change % 2010 / 2009
Investment outlays (in mln PLN)	5,3	7,5	-28,9%	42,2	53,6	-21,3%
Net debt (in mln PLN)	-48,1	10,8	-543,9%	-48,1	10,8	-543,9%
Inventory rotation	26,08	26,03		27,94	29,02	
Receivables turnover	9,44	9,06		10,09	9,96	
Liabilities turnover	67,23	55,88		72,03	62,30	
Cash conversion cycle	**-31,71**	**-20,79**		**-34,00**	**-23,31**	

In the fourth quarter of 2010 Stokrotka/Delima Supermarkets Division realized sales revenue of PLN 417 400 000, which is an increase of 10.1 percent compared to the same period of 2009. The cumulative sales revenues in 2010 increased by 13.3% compared to analogue period of 2009 and amounted PLN 1 562 400 000. Increase in revenues results from better sales results of existing stores and new openings.
Net profit of Stokrotka/Delima Supermarkets Division for fourth quarter was PLN 11 800 000 and it was higher of PLN 9 700 000 compared to the same period of 2009, the cumulative net profit for 2010 was PLN 14 800 000 and he was higher of 10 200 000 compared to the same period in 2009.
Investment outlays in the fourth quarter of 2010 were lower of 2 200 000 than in the fourth quarter of 2009, the cumulative investment outlays were lower of PLN 11 400 000 . It results from less number of openings of new supermarkets in the same period of previous year.
Cash conversion cycle in the fourth quarter has improved on 10.92 day, mainly due to increased of rotation of liabilities compared to the corresponding period of previous year.

(in PLN 000s, unless indicated otherwise)

Selected operating data

Number of retail stores

Company	Number of stores *			Sales area(sq)*		
	2010	2009	Change 2010 / 2009	2010	2009	Change 2010 / 2009
Stokrotka Sp. z o.o.	186	166	20	120 922	104 855	16 067
including Delima	8	6	2	11 398	8 297	3 101

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

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

	Q4 2010	Q4 2009	Change % 2010 / 2009
Stokrotka Sp. z o.o.	363 486	358 212	1,5%
including Delima	*23 937*	*21 790*	9,9%

For a fixed number of stores - 164- active at 31 12 2009

Sales, year to year, in a fixed number of stores increased in the Q4 of 2010 by 1.5% and in Delima this increase amounted to 9.9%

(in PLN 000s, unless indicated otherwise)

9.3.1.3 Real Estate Division

Financial Highlights

in mln PLN	Q4 2010	Q4 2009	Change % 2010 / 2009	Q1-Q4 2010	Q1-Q4 2009	Change % 2010 / 2009
Sales revenues	16,7	14,8	12,8%	64,7	57,6	12,2%
EBIT	10,8	6,7	61,5%	33,1	41,9	-20,9%
Profitability on EBIT	*64,4%*	*45,0%*		*51,2%*	*72,6%*	
EBITDA	14,4	9,9	45,3%	47,2	54,1	-12,8%
Profitability on EBITDA	*86,1%*	*66,8%*		*72,9%*	*93,9%*	
Gross result	5,7	2,4	142,9%	14,3	25,2	-43,3%
Net result	4,8	1,9	156,9%	12,0	20,4	-41,4%
Profitability on Net result	*29,0%*	*12,7%*		*18,5%*	*35,4%*	
Net result adjusted by margin on holding services	4,9	1,9	155,1%	12,1	20,5	-41,2%
Profitability on adjusted Net result	*29,2%*	*12,9%*		*18,6%*	*35,6%*	

Selected Ratios

Selected data and ratios	Q4 2010	Q4 2009	Change % 2010 / 2009	Q1-Q4 2010	Q1-Q4 2009	Change % 2010 / 2009
Investment outlays (in mln PLN)	19,5	15,8	23,7%	44,1	48,4	91,0%
Net debt (in mln PLN)	354,1	319,8	10,7%	354,1	319,8	110,7%
Fixed Assets	481,4	439,1	9,6%			
ROE	9,9%	6,7%		8,3%	6,2%	2,1%

* *ROE corrected by sale of real estate in Lomża in 06/2009 and in Łodz in 12/2010*

Property Division realized in the fourth quarter of 2010 sales revenues of PLN 16 700 000, which is an increase of 12,8% compared to analogue period of 2009. The cumulative sales revenues in 2010 increased by 12.2% compared to analogue period of previous year. Growth of revenues is mainly connected with start up new trading buildings in current year.

Net profit of Real Estate Division in the fourth quarter of 2010 was PLN 4 800 000, and was higher by PLN 2 900 000 compared to the same period of 2009, cumulative net profit in 2010 was PLN 12 000 000 and was lower by 8 400 000 compared to the same period of previous year. Presented profit for 2009 included result of selling of real estate in Łomża PLN 13 400 000, while the profit for the year 2010 includes result of selling of real estate in Lodz in amount of PLN 2 200 000

Investment outlays in the fourth quarter of 2010 were higher by PLN 3 700 000 than in the fourth quarter of 2009, which was caused by higher number of openings of new facilities.

Investment outlays in the fourth quarter of 2010 were higher by PLN 3 700 000 than in the fourth quarter of 2009, which was caused by higher number of openings of new facilities.

(in PLN 000s, unless indicated otherwise)

Selected operating data

Number of retail facilities

Type of properties	Number of properties *			Sales area (sq)*		
	2010	2009	Change 2010 / 2009	2010	2009	Change 2010 / 2009
Property operationally active	**110**	**102**	**8**	**238 250**	**225 318**	**12 932**
including :						
distribution	45	45	0	133 077	133 077	0
retail	50	42	8	69 085	56 153	12 932
other	15	15	0	36 088	36 088	0
Commercial buildings under construction and land intended for investments	**24**			**27 374**		

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

Revenues from property rent

Own property (as at 31.12.2010)	Operational Property Q4 2010	Operational Property Q1-Q4 2010	Property under construction (as at 31.12.2010)
Distribution Property			
- area	133 077		3 500
- number	45		1
- revenues (in ths. PLN)	6 011	18 039	168
- from external tenants (actual)	0	0	0
- from own tenants (potential)	6 011	18 039	168
Retail Property			
- area	69 085		23 874
- number	50		21
- revenues (in ths. PLN)	8 002	20 864	3 162
- from external tenants (actual)	2 611	6 577	628
- from own tenants (potential)	5 391	14 287	2 534
Other Property			
- area	36 088		2 000
- number	15		2
- revenues (in ths. PLN)	1 570	4 711	0
- from external tenants (actual)	1 570	4 711	0
- from own tenants (potential)	0	0	0

(in PLN 000s, unless indicated otherwise)

At the end of the fourth quarter of 2010, Real Estate Division had 110 operationally active real estates, of usable area of more than 238 thousand. sq and 24 commercial buildings under construction of which scheduled open is 22 in year-end 2011. Carrying value of retail facilities under construction at the end of December 2010 was PLN 37 100 000.

9.3.1.4 External IT Division

Financial Highlights

in mln PLN	Q4 2010	Q4 2009	Change % 2010 / 2009	Q1-Q4 2010	Q1-Q4 2009	Change % 2010 / 2009
Sales revenues	1,6	1,4	7,7%	6,1	5,7	8,4%
EBIT	0,2	0,2	24,7%	1,4	1,5	-4,9%
Profitability on EBIT	13,2%	11,4%		22,6%	25,8%	
EBITDA	0,3	0,2	7,6%	1,7	1,8	-8,1%
Profitability on EBITDA	17,2%	17,2%		26,9%	31,8%	
Gross result	0,2	0,3	-13,3%	1,7	1,7	0,6%
Net result	0,2	0,2	23,8%	1,4	1,4	-1,7%
Profitability on Net result	15,3%	13,3%		22,7%	25,0%	
Net result adjusted by margin on holding services	0,2	0,2	23,1%	1,4	1,5	-1,5%
Profitability on adjusted Net result	16,0%	14,0%		23,4%	25,8%	

Selected Ratios

Selected data and ratios	Q4 2010	Q4 2009	Change % 2010 / 2009	Q1-Q4 2010	Q1-Q4 2009	Change% 2010 / 2009
Investment outlays (in mln PLN)	0,0	0,1	-110,0%	0,3	0,2	51,5%
Net debt (in mln PLN)	-7,0	-6,0	16,8%	-7,0	-6,0	16,8%
Receivables turnover	54,94	59,08		55,18	59,71	

In the fourth quarter of 2010 company Infinite realized sales revenue of PLN 1 600 000, which is an increase of 7,7 percent compared to the same period of 2009. It was caused mainly by increase of domestic sales, which offset the decline in value of sales in foreign markets. The cumulative sales revenues in 2010 increased by 8,4% compared to the same period of previous year.
In the fourth quarter of 2010 receivables turnover ratio has significantly improved compared to the same period of 2009 - about 4.14 day.

(in PLN 000s, unless indicated otherwise)

Selected operating data

Sales revenues – geographical structure

in ths. PLN	Value of revenues cumulatively			% share	
	2010	2009	Change % 2010 / 2009	2010	2009
Sales revenues	**6 140,1**	**5 665,6**	**8,4%**		
Domestic	5 396,8	4 866,2	10,9%	87,9%	85,9%
Foregin	743,3	799,4	-7,0%	12,1%	14,1%

9.3.1.5 Support Division

Financial Highlights

in mln PLN	Q4 2010	Q4 2009	Change % 2010 / 2009	Q1-Q4 2010	Q1-Q4 2009	Change % 2010 / 2009
Sales revenues	19,0	15,0	26,6%	64,8	62,7	3,5%
EBIT	0,6	-1,2	-151,6%	-2,1	2,1	-196,5%
Profitability on EBIT	*3,2%*	*-7,8%*		*-3,2%*	*3,4%*	
EBITDA	3,2	1,1	196,0%	7,7	9,5	-19,1%
Profitability on EBITDA	*16,7%*	*7,1%*		*11,8%*	*15,2%*	
Gross result	2,8	0,4	633,2%	63,5	46,1	37,9%
Net result	2,2	0,2	821,1%	62,3	44,5	39,9%
Profitability on Net result	*11,6%*	*1,6%*		*96,1%*	*71,1%*	
Net result adjusted by margin on holding services	1,1	-1,1	-198,1%	57,7	38,2	51,0%
Profitability on adjusted Net result	*5,7%*	*-7,4%*		*89,0%*	*61,0%*	

Support Division generates revenues by providing services to related entities within the Group Emperia.
Net result of Support Division result includes received dividend amounting PLN 59 300 000 in 2010 and PLN 38 700 000 in 2009.

Selected Ratios

Selected data and ratios	Q4 2010	Q4 2009	Change % 2010 / 2009	Q1-Q4 2010	Q1-Q4 2009	Change % 2010 / 2009
Investment outlays (in mln PLN))	1,4	3,3	-56,5%	7,0	19,4	-64,0%
Net debt (in mln PLN)	-113,2	-77,0	47,0%	-113,2	-77,0	47,0%
Receivables turnover	48,17	38,31		56,03	36,42	

Definitions of terms used in the report:

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

(in PLN 000s, unless indicated otherwise)

10. Issuer's Summary Stand-Alone Financial Statements

10.1 Stand-Alone Selected Financial Highlights

SELECTED FINANCIAL HIGHLIGHTS (current year)		PLN		EURO	
		For period 1 Jan. 2010 to 31 Dec. 2010	For period 1 Jan. 2009 to 31 Dec. 2009	For period 1 Jan. 2010 to 31 Dec. 2010	For period 1 Jan. 2009 to 31 Dec. 2009
I.	Net revenues from sale of products, goods and materials	55 689	51 084	13 907	11 769
II.	Profit (loss) on operating activity	(4)	3 101	(1)	714
III.	Profit (loss) before tax	63 975	45 348	15 976	10 448
IV.	Profit (loss) for period	62 701	43 971	15 658	10 130
V.	Net cash flows from operating activity	10 690	9 244	2 670	2 130
VI.	Net cash flows from investing activity	23 105	(4 390)	5 770	(1 011)
VII.	Net cash flows from financing activity	(32 540)	(5 475)	(8 126)	(1 262)
VIII.	Total net cash flows	1 256	(621)	314	(143)
IX.	Total assets	667 309	632 397	168 500	153 935
X.	Liabilities and provisions against liabilities	10 126	11 310	2 557	2 753
XI.	Long-term liabilities	2 202	1 404	556	342
XII.	Short-term liabilities	7 924	9 906	2 001	2 411
XIII.	Equity	657 183	621 087	165 943	151 182
XIV.	Initial capital	15 115	15 115	3 817	3 679
XV.	Number of shares	15 115 161	15 115 161	15115 161	15 115 161
XVI.	Weighted average number of shares	15 115 161	15 115 161	15115 161	15 115 161
XVII.	Profit (loss) per ordinary share (annualized) (PLN/EUR)	4,15	2,91	1,04	0,67
XVIII.	Diluted profit (loss) per ordinary share annualized (PLN/EUR)	4,15	2,91	1,04	0,67
XIX.	Book value per share (PLN/EUR)	43,47	41,09	10,98	10,0
XX.	Diluted book value per share (PLN/EUR)	43,47	41,09	10,98	10,0
XXI.	Declared or distributed dividend per share (PLN/EUR)*	0,92	0,59	0,23	0,14

* Amount of distributed dividend per share is calculated by the number of shares at the report date, i.e.: 15 115 161 shares.

The weighted average number of shares:
– in 2010: January- December 15 115 161;
– in 2009: January- December 15 115 161;

The selected financial highlights are converted into EUR as follows:

1 The profit and loss and cash flow statement items are converted at an exchange rate being the arithmetic average of average exchange rates published by the National Bank of Poland, effective on the last day of each month, which was 4,0044 PLN/EUR in 2010, and 4,3406 PLN/EUR in 2009;

2 The balance sheet items and book value/diluted book value are converted at the average exchange rate published by the National Bank of Poland, effective on the balance sheet date, which was 3,9603 PLN/EUR on 31 December 2010 and 4,1082 PLN/EUR on 31 December 2009.

(in PLN 000s, unless indicated otherwise)

10.2 Stand-Alone Summary Statement of Financial Position.

	31 December 2010	30 September 2010	31 December 2009	30 September 2009
Fixed Assets	**231 687**	**572 596**	**572 363**	**558 262**
Tangible fixed assets	41 607	42 937	45 825	47 683
Investment real property	3 166	3 166	3 166	3 166
Intangible assets	6 734	6 848	6 418	5 532
Financial assets	179 858	519 327	516 581	501 570
Long-term receivables and other deferred income	24	59	63	65
Deferred income tax assets	298	259	310	246
Current Assets	**435 622**	**103 081**	**60 034**	**72 872**
Stock	60	72	49	31
Receivables	10 991	6 520	6 495	5 134
Receivables under income tax	805	888	1 695	1 371
Short-term securities	71 797	87 850	31 745	31 149
Prepaid expenses	859	694	476	408
Cash	3 830	7 057	2 574	2 579
Other financial assets	7 090		17 000	32 200
Assets earmarked for sale	340 190			
Total Assets	**667 309**	**675 677**	**632 397**	**631 134**
Equity	**657 183**	**668 134**	**621 087**	**620 534**
Share capital	15 115	15 115	15 115	15 115
Share premium capital	549 559	549 559	549 559	549 559
Supplementary capital	1 526	1 526	1 526	1 526
Supplementary capital from the evaluation of managerial options	2 073	1 675	482	268
Reserve capital	499	499	12 376	12 376
Reserve Capital for purchase of own shares	40 000	40 000		
Own shares	(14 290)	(686)		
Retained earnings	62 701	60 446	42 029	41 690
Total equity allocated to shareholders of dominant entity	**657 183**	**668 134**	**621 087**	**620 534**
Non-controlling interests				
Long-term liabilities Total	**2 202**	**2 118**	**1 404**	**1 280**
Credit facilities, loans and debt securities	89	141	21	28
Provisions	84	112	88	42
Provision against deferred income tax	2 029	1 865	1 295	1 210
Short-term liabilities	**7 924**	**5 425**	**9 906**	**9 320**
Credit facilities, loans and debt securities	200	188	4 023	4 021
Short-term liabilities	6 642	4 375	4 825	4 353
Income tax liabilities				157
Provisions	1 056	839	953	728
Deferred income	26	23	105	61
Total liabilities	**667 309**	**675 677**	**632 397**	**631 134**

(in PLN 000s, unless indicated otherwise)

	31 December 2010	30 September 2010	31 December 2009	30 September 2009
Book value	**657 183**	**668 134**	**621 087**	**620 534**
Number of shares	15 115 161	15 115 161	15 115 161	15 115 161
Diluted number of shares	15 115 161	15 115 161	15 115 161	15 115 161
Book value per share (PLN)	43,47	44,20	41,09	41,05

10.3 Stand-Alone Summary Profit and Loss Account and Stand-Alone Summary Statement of Comprehensive Income

	3 months ended 30 December 2010	12 months ended 30 December 2010	3 months ended 30 December 2009	12 months ended 30 December 2009
Sales revenues	**16 468**	**55 689**	**12 703**	**51 084**
Cost of goods sold	**(10 985)**	**(43 627)**	**(10 674)**	**(40 050)**
Profit on sales	**5 483**	**12 062**	**2 029**	**11 034**
Other operating income	116	483	(110)	*116*
Selling expense	(1)	(4)	(1)	*(4)*
General administrative expense	(4 510)	(12 374)	(2 481)	*(7 898)*
Other operating expense	(13)	(171)	(72)	*(147)*
Profit on operations	**1 075**	**(4)**	**(635)**	**3 101**
Financial income	1 865	64 143	1 218	*42 843*
Financial expense	(33)	(164)	(77)	*(596)*
Profit before tax	**2 907**	**63 975**	**506**	**45 348**
Income tax	(652)	(1 274)	(166)	*(1 377)*
- Current	(528)	(528)	(145)	*(187)*
- Deferred	(124)	(746)	(21)	*(1 190)*
Profit for period	**2 255**	**62 701**	**340**	**43 971**
Profit for shareholders of dominant entity	2 255	62 701	340	43 971
Profit for period for non-controlling interests				

Profit (loss) for period (annualised)	62 701	43 971
Weighted average of ordinary shares *	15 115 161	15 115 161
Diluted weighted average number of ordinary shares *	15 115 161	15 115 161
Profit (loss) per ordinary share (PLN) annualised	4,15	2,91

* The weighted average number of shares:
– in 2010: January - December 15 115 161;
– in 2009: January - December 15 115 161.

Statement of total income	3 months ended 30 December 2010	12 months ended 30 December 2010	3 months ended 30 December 2009	12 months ended 30 December 2009
Profit for period	**2 255**	**62 701**	**340**	**43 971**
Other total income:				
Total income for period	**2 255**	**62 701**	**340**	**43 971**

(in PLN 000s, unless indicated otherwise)

10.4 Summary Report of Changes in Equity

	Share capital	Share premium capital	Supplementary capital	Supplementary capital from the evaluation of managerial options	Reserve capital	Reserve Capital for purchase of own shares	Own shares	Retained profit	Total equity
1 October 2010	**15 115**	**549 559**	**1 526**	**1 675**	**499**	**40 000**	**(686)**	**60 446**	**668 134**
Change in accounting standards and policies									
1 October 2010 adjusted	**15 115**	**549 559**	**1 526**	**1 675**	**499**	**40 000**	**(686)**	**60 446**	**668 134**
Profit for 3 months until 31 December 2010								2 255	**2 255**
Valuation of managerial option				398					**398**
Distribution of previous year profit – allocation to capital funds					40 000				**40 000**
Establishment reserve capital for acquisition of own shares									**0**
Purchase of own shares							(13 604)		**(13 604)**
Changes in equity resulting from mergers					(40 000)				**(40 000)**
Dividend for shareholders as part of 2009 profit distribution									**0**
31 December 2010	**15 115**	**549 559**	**1 526**	**2 073**	**499**	**40 000**	**(14 290)**	**62 701**	**657 183**

	Share capital	Share premium capital	Supplementary capital	Supplementary capital from the evaluation of managerial options	Reserve capital	Reserve Capital for purchase of own shares	Own shares	Retained profit	Total equity
1 January 2010	**15 115**	**549 559**	**1 526**	**482**	**12 376**			**42 029**	**621 087**
Change in accounting standards and policies									
1 January 2010 adjusted	**15 115**	**549 559**	**1 526**	**482**	**12 376**			**42 029**	**621 087**
Profit for 12 months until 31 December 2010								62 701	**62 701**
Valuation of managerial option				1 591					**1 591**
Distribution of previous year profit – allocation to capital funds					28 123			(28 123)	**0**
Establishment reserve capital for acquisition of own shares						40 000			**40 000**
Purchase of own shares							(14 290)		**(14 290)**
Changes in equity resulting from mergers					(40 000)				**(40 000)**
Dividend for shareholders as part of 2009 profit distribution								(13 906)	**(13 906)**
31 December 2010	**15 115**	**549 559**	**1 526**	**2 073**	**499**	**40 000**	**(14 290)**	**62 701**	**657 183**

(in PLN 000s, unless indicated otherwise)

	Share capital	Share premium capital	Supplementary capital	Supplementary capital from the evaluation of managerial options	Reserve capital	Retained profit	Total equity
1 October 2009	**15 115**	**549 559**	**1 526**	**268**	**12 376**	**41 690**	**620 534**
Correction of error for 2008							
1 October 2009 adjusted	**15 115**	**549 559**	**1 526**	**268**	**12 376**	**41 690**	**620 534**
Profit for 3 months until 31 December 2009						340	**340**
Valuation of managerial option				214			**214**
Effect of other mergers							
Increase of capital following new share issue							
Distribution of previous year profit – allocation to capital funds							
Dividend for shareholders as part of 2008 profit distribution							
31 December 2009	**15 115**	**549 559**	**1 526**	**482**	**12376**	**42 029**	**621 087**

	Share capital	Share premium capital	Supplementary capital	Supplementary capital from the evaluation of managerial options	Reserve capital	Retained profit	Total equity
1 January 2009	**15 115**	**549 559**	**1 526**	**268**	**19 871**	**(519)**	**585 820**
Change in accounting standards and policies							
1 January 2009 adjusted	**15 115**	**549 559**	**1 526**	**268**	**19 871**	**(519)**	**585 820**
Profit for 12 months until 31 December 2009						43 971	**43 971**
Valuation of managerial option				214			**214**
Dividend for shareholders as part of 2008 profit distribution					(7 496)	(1 422)	**(8 918)**
31 December 2009	**15 115**	**549 559**	**1 526**	**482**	**12 376**	**42 029**	**621 087**

(in PLN 000s, unless indicated otherwise)

10.5 Stand-Alone Summary Consolidated Report of Cash Flows

	3 months ended 30 December 2010	12 months ended 30 December 2010	3 months ended 30 December 2009	12 months ended 30 December 2009
Profit (loss) for period	**2 255**	**62 701**	**340**	**43 971**
Adjustments for:	**96**	**(52 011)**	**1 640**	**(34 727)**
Depreciation	2 747	10 501	2 471	8 254
Interest and share in profit (dividends)	(1 095)	(62 980)	(664)	(41 635)
Income tax	652	1 274	166	1 377
Profit (loss) on investing activity	(28)	(40)	144	34
Change in provisions	190	99	271	(929)
Change in stock	11	(12)	(17)	(26)
Change in receivables	(6 139)	(4 677)	(261)	1 049
Change in accruals	(161)	(457)	(25)	(135)
Change in liabilities	2 270	2 327	(31)	(1 014)
Other adjustments	399	1 592		213
Income tax paid	1 250	362	(627)	(1 915)
Net cash flows from operating activity	**2 351**	**10 690**	**1 980**	**9 244**
Income	**263 964**	**845 595**	**97 169**	**610 432**
Sale of fixed and intangible asset	140	526	1 023	1 625
Sale of financial assets	263 800	767 600	95 200	565 996
Dividends received		59 313		38 748
Interest received	24	256	246	853
Repayment of loans granted		17 900	700	3 210
Other income				
Expenditures	**(255 868)**	**(822 490)**	**(99 085)**	**(614 822)**
Purchase of fixed and intangible assets	(1 411)	(6 947)	(3 260)	(19 289)
Purchase of subsidiaries and associated entities	(721)	(3 467)	(12)	(33 453)
Purchase of financial assets	(246 646)	(804 086)	(95 312)	(529 094)
Loans granted	(7 090)	(7 990)	(501)	(32 986)
Other expenditures				
Net cash flows from investing activity	**8 096**	**23 105**	**(1 916)**	**(4 390)**
Income		**3 939**	**3 938**	**42 475**
Income from credit facilities and loans contracted				
Issue of short-term debt securities		3 939	3 938	42 475
Other income				
Expenditures	**(13 675)**	**(36 479)**	**(4 007)**	**(47 950)**
Repayment of credit facilities and loans				
Redemption of short-term debt securities		(8 000)	(4 000)	(39 000)
Payment of liabilities under financial leases	(40)	(194)	(6)	(26)
Interest and charges paid	(31)	(89)	(1)	(6)
Dividends paid		(13 906)		(8 918)
Purchase of treasury shares	(13 604)	(14 290)		
Other				
Net cash flows from financial activity	**(13 675)**	**(32 540)**	**(69)**	**(5 475)**
Change in cash	**3 227**	**1 256**	**(5)**	**(621)**
Exchange differences				
Cash at beginning of period	**7 057**	**2 574**	**2 579**	**3 195**

(in PLN 000s, unless indicated otherwise)

Cash at end of period	**3 830**	**3 830**	**2 574**	**2 574**

Lublin, March 2011

Signatures of members of Management Board:

2011-03-01	Artur Kawa	Chairman of Management Board	.... signature
2011-03-01	Jarosław Wawerski	Vice-Chairman of Management Board Wholesale Business Director	.... signature
2011-03-01	Dariusz Kalinowski	Vice-Chairman of Management Board - Financial Director	.... signature
2011-03-01	Marek Wesołowski	Vice-Chairman of Management Board – Retail Business Director	.... signature
2011-03-01	Grzegorz Wawerski	Vice-Chairman of Management Board – Retail Business Development Director	.... signature

Person responsible for accountancy:

2011-03-01	Elżbieta Świniarska	Economic Director	.... signature