

Emperia Holding



CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD QUARTER OF 2016

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

WARSAW, NOVEMBER 2016

Emperia Group means:



- *credibility and prioritising shareholder interests*



- *customer-centric culture*

- *growth and openness*

- *working together*



- *effectiveness*



- *reliability and engagement*

Credibility and prioritising shareholder interests

- Emperia, **winner of multiple awards and leading Polish retailer**, has been an active player on Poland's retail market for the past 25 years
- Our **aim** is to **create value** for shareholders
- Emperia is **financially stable** and has been listed on the **Warsaw Stock Exchange** for 15 years
- **Credibility** in the eyes of our shareholders is our **top priority**
- Emperia operates **transparently and openly**, while emphasising **corporate governance** and **ethics in business**.

Customer-centric culture



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

Growth and



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

Working together



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

Reliability and involvement



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

Effectiveness



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

Welcome!

Contents

1.	Selected financial data	6
2.	Condensed consolidated statement of financial position.....	7
3.	Condensed consolidated statement of profit and loss and condensed consolidated statement of comprehensive income.....	8
4.	Condensed consolidated statement of changes in equity.....	10
5.	Condensed consolidated statement of cash flows	12
6.	Additional information	14
6.1	Description of Group structure	14
6.2	Description of key accounting principles	17
7.	Notes to the financial statements	20
7.1	Summary of Emperia Group's achievements or set-backs	20
7.2	Revenue and profit by operating segment	28
7.3	Effects of changes in group structure	30
7.4	Management's position regarding previously published forecasts for the year	30
7.5	Shareholders with at least 5% of votes at the general meeting, at report publication date.....	30
7.6	Changes in shareholding by Management Board and Supervisory Board members.....	31
7.7	Information regarding on-going judicial proceedings.....	31
7.8	Significant related-party transactions.....	32
7.9	Credit facilities, loans, sureties and guarantees	32
7.10	Other information essential for assessing the HR, asset or financial situation, financial result and change thereto, as well as information essential for assessing the Issuer's ability to satisfy its liabilities	32
7.11	Extraordinary factors and events having an impact on annual financial performance	33
7.12	Factors having potential impact on results over at least the next quarter.....	33
7.13	Changes in composition of the Issuer's Management Board and Supervisory Board	34
7.14	Other significant information and events	35
8.	Issuer's condensed separate financial statements	49
8.1	Selected separate financial data	49
8.2	Condensed separate statement of financial position	50
8.3	Condensed separate statement of profit and loss and condensed separate statement of comprehensive income.....	51
8.4	Condensed separate statement of changes in equity.....	53
8.5	Condensed separate statement of cash flows	55
8.6	Accounting principles adopted in preparing Emperia Holding S.A.'s condensed financial statements....	56

1. Selected financial data

No.	SELECTED FINANCIAL DATA (current year)	PLN		EUR	
		For the period from 1 Jan 2016 to 30 Sep 2016	For the period from 1 Jan 2015 to 30 Sep 2015	For the period from 1 Jan 2016 to 30 Sep 2016	For the period from 1 Jan 2015 to 30 Sep 2015
I.	Net revenue from sale of products, goods and materials	1 818 475	1 501 932	416 241	361 172
II.	Operating profit (loss)	42 141	42 566	9 646	10 236
III.	Profit (loss) before tax	42 121	42 146	9 641	10 135
IV.	Profit (loss) for the period	34 790	37 257	7 963	8 959
V.	Net cash flows from operating activities	11 680	24 143	2 674	5 806
VI.	Net cash flows from investing activities	(16 276)	(8 572)	(3 726)	(2 061)
VII.	Net cash flows from financing activities	(459)	(54 746)	(105)	(13 165)
VIII.	Total net cash flows	(5 055)	(39 175)	(1 157)	(9 420)
IX.	Total assets	1 004 998	1 017 258	233 070	238 709
X.	Liabilities and liability provisions	389 791	422 354	90 397	99 109
XI.	Non-current liabilities	21 115	24 112	4 897	5 658
XII.	Current liabilities	368 676	398 242	85 500	93 451
XIII.	Equity	615 207	594 904	142 673	139 600
XIV.	Share capital	12 340	13 235	2 862	3 106
XV.	Number of shares	12 340 049	13 235 495	12 340 049	13 235 495
XVI.	Weighted average number of shares	12 109 799	12 571 219	12 109 799	12 571 219
XVII.	Profit (loss) per ordinary share, annualised* (in PLN/EUR)	3.79	4.00	0.87	0.96
XVIII.	Diluted profit (loss) per ordinary share, annualised** (in PLN/EUR)	3.79	4.00	0.87	0.96
XIX.	Book value per share* (in PLN/EUR)	50.80	47.57	11.78	11.16
XX.	Diluted book value per share** (in PLN/EUR)	50.80	47.56	11.78	11.16
XXI.	Declared or paid out dividend per share (in PLN/EUR)	-	1.33	-	0.32

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

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

Weighted average number of shares:

- for Q1-Q3 2016 (January-September): 12 109 799

- for Q1-Q3 2015 (January-September): 12 571 219

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

- 1 Items in the statement of profit and loss and statement of cash flows are translated according to the exchange rate established as the average of exchange rates published by the National Bank of Poland on the last day of each month, which for Q1-Q3 2016 was EURPLN 4.3688 and for Q1-Q3 2015: EURPLN 4.1585.
- 2 Balance sheet items and book value / diluted book value are translated using the average exchange rate published by the National Bank of Poland as at the end of the reporting period, as follows: as at 30 September 2016: EURPLN 4.3120; as at 31 December 2015: EURPLN 4.2615.
- 3 Dividend paid out is translated using the average rate published by the National Bank of Poland on the dividend payment date, which as at 19 June 2015 was EURPLN 4.1715.

2. Condensed consolidated statement of financial position

	30 Sep 2016	30 Jun 2016	31 Dec 2015	30 Sep 2015
Non-current assets	619 308	631 641	624 116	604 794
Property, plant and equipment	519 483	528 736	522 956	509 131
Investment properties	-	-	-	-
Intangible assets	4 334	4 541	4 635	2 929
Goodwill	52 044	52 044	52 044	52 044
Interests in equity-accounted entities	-	-	-	-
Financial assets	37	37	37	37
Non-current loans	25	154	1 615	420
Non-current receivables	4 886	5 383	6 313	6 130
Deferred income tax assets	19 587	21 477	22 009	20 072
Other non-current prepayments	18 912	19 269	14 507	14 031
Non-current assets classified as held-for-sale	-	-	-	-
Current assets	385 690	379 456	393 142	327 001
Inventories	212 531	218 571	199 035	175 504
Receivables	63 734	64 946	71 248	56 764
Income tax receivables	358	208	1 332	-
Short-term securities	-	-	11 138	11 004
Prepayments	7 946	10 265	4 730	8 059
Cash and cash equivalents	98 739	83 359	103 795	75 260
Other financial assets	2 382	2 107	1 864	410
Current assets classified as held-for-sale	-	-	-	-
Total assets	1 004 998	1 011 097	1 017 258	931 795
Equity	615 207	600 774	594 904	590 332
Share capital	12 340	12 340	13 235	13 235
Share premium	419 884	419 884	471 424	471 424
Supplementary capital	97 558	97 558	97 558	97 558
Management options provision	2 381	2 381	2 588	2 472
Reserve capital	72 766	72 766	47 661	47 661
Buy-back provision	-	-	-	-
Own shares	(18 996)	(17 006)	(57 487)	(50 866)
Retained earnings	29 274	12 851	19 925	8 848
Total equity attributable to owners of the parent	615 207	600 774	594 904	590 332
Non-controlling interests	-	-	-	-
Total non-current liabilities	21 115	22 032	24 112	23 860
Credit facilities, loans and debt instruments	1 054	1 174	1 658	1 942
Non-current liabilities	4 170	4 117	3 357	3 084
Provisions	11 006	11 976	14 600	15 814
Deferred income tax provision	4 885	4 765	4 497	3 020
Total current liabilities	368 676	388 291	398 242	317 603
Credit facilities, loans and debt instruments	16 055	11 073	988	980
Current liabilities	323 349	344 985	369 419	290 710
Income tax liabilities	705	697	426	511
Provisions	19 536	20 151	18 626	17 950
Deferred revenue	9 031	11 385	8 783	7 452
Liabilities assigned to assets classified as held-for-sale	-	-	-	-
Total equity and liabilities	1 004 998	1 011 097	1 017 258	931 795

	30 Sep 2016	30 Jun 2016	31 Dec 2015	30 Sep 2015
Book value	615 207	600 774	594 904	590 332
Number of shares	12 340 049	12 340 049	13 235 495	13 235 495
Weighted average number of shares	12 109 799	12 138 215	12 506 772	12 571 219
Diluted number of shares	12 111 058	12 139 331	12 508 001	12 575 404
Book value per share (in PLN)*	50.80	49.49	47.57	46.96
Diluted book value per share (in PLN)**	50.80	49.49	47.56	46.94

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

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

3. Condensed consolidated statement of profit and loss and condensed consolidated statement of comprehensive income

	Three months ended 30 Sep 2016	Nine months ended 30 Sep 2016	Three months ended 30 Sep 2015	Nine months ended 30 Sep 2015
Revenue from sales	605 764	1 818 475	519 501	1 501 932
Cost of sales	(437 333)	(1 320 498)	(373 465)	(1 071 101)
Profit on sales	168 431	497 977	146 036	430 831
Other operating revenue	11 879	16 422	1 775	13 473
Selling costs	(137 689)	(406 393)	(120 869)	(346 391)
Administrative expenses	(20 246)	(59 355)	(16 604)	(49 721)
Other operating expenses	(2 557)	(6 510)	(1 060)	(5 626)
Operating profit	19 818	42 141	9 278	42 566
Finance income	165	698	555	1 100
Finance costs	(295)	(718)	(89)	(1 520)
Profit before tax	19 688	42 121	9 744	42 146
Income tax	(3 265)	(7 331)	(1 559)	(4 889)
- current	(1 196)	(4 521)	(1 618)	(5 354)
- deferred	(2 069)	(2 810)	59	465
Share of the profit of equity-accounted entities	-	-	-	-
Profit for the period	16 423	34 790	8 185	37 257
Profit for the period attributable to owners of the parent	16 423	34 790	8 185	37 257
Profit for the period attributable to non-controlling interests	-	-	-	-

Annualised profit	Nine months ended 30 Sep 2016	Nine months ended 30 Sep 2015
Profit (loss) for the period (annualised), including:	45 889	50 284
Weighted average number of ordinary shares	12 109 799	12 571 219
Weighted average diluted number of ordinary shares	12 111 058	12 575 404
Profit (loss) per ordinary share, annualised (in PLN)*	3.79	4.00
Diluted profit (loss) per ordinary share, annualised (in PLN)**	3.79	4.00

* Weighted average diluted number of ordinary shares:

– for Q1-Q3 2016 (January-September): 12 111 058, taking into consideration the dilutive effect of options granted under the 2010 and 2011 tranches of the 2nd Management Options Programme 2010-2012.

– for Q1-Q3 2015 (January-September): 12 575 404, taking into consideration the dilutive effect of options granted under the 2010 and 2011 tranches of the 2nd Management Options Programme 2010-2012.

Statement of comprehensive income	Three months ended 30 Sep 2016	Nine months ended 30 Sep 2016	Three months ended 30 Sep 2015	Nine months ended 30 Sep 2015
Profit for the period	16 423	34 790	8 185	37 257
Other comprehensive income	-	-	-	-
Comprehensive income for the period	16 423	34 790	8 185	37 257
Comprehensive income attributable to shareholders of the parent	16 423	34 790	8 185	37 257
Comprehensive income attributable to non-controlling interests	-	-	-	-

4. Condensed consolidated statement of changes in equity

	Share capital	Share premium	Supplementary capital	Management options provision	Reserve capital	Own shares	Retained earnings	Total equity
1 Jan 2016	13 235	471 424	97 558	2 588	47 661	(57 487)	19 925	594 904
Correction of fundamental errors 2015	-	-	-	-	-	-	-	-
1 Jan 2016, adjusted	13 235	471 424	97 558	2 588	47 661	(57 487)	19 925	594 904
Comprehensive income for the nine months ended 30 Sep 2016	-	-	-	-	-	-	34 790	34 790
2015 profit distribution - transfer to equity	-	-	-	-	25 442	-	(25 442)	-
Bond issuance - incentive scheme	5	203	-	(208)	-	-	-	-
Share issuance - incentive scheme	-	-	-	-	-	-	-	-
Purchase of own shares	-	-	-	-	-	(14 489)	-	(14 489)
Redemption of own shares	(900)	(51 743)	-	-	(337)	52 980	-	-
Transfer of buy-back provision	-	-	-	-	-	-	-	-
Dividend from 2015 profit	-	-	-	-	-	-	-	-
30 Sep 2016	12 340	419 884	97 558	2 381	72 766	(18 996)	29 274	615 207

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

	Share capital	Share premium	Supplement ary capital	Management options provision	Reserve capital	Own shares	Retained earnings	Total equity
1 Jan 2015	15 180	551 988	100 084	5 206	110 593	(164 553)	(11 499)	606 999
Correction of fundamental errors 2014	-	-	-	-	-	-	-	-
1 Jan 2015, adjusted	15 180	551 988	100 084	5 206	110 593	(164 553)	(11 499)	606 999
Comprehensive income for the nine months ended 30 Sep 2015	-	-	-	-	-	-	37 255	37 255
Prior-period results of companies entered into consolidation	-	-	-	-	-	-	(44)	(44)
2014 profit distribution - transfer to equity	-	-	-	-	337	-	(337)	-
Share issuance - incentive scheme	87	3 708	-	(2 734)	-	-	-	1 061
Purchase of own shares	-	-	-	-	-	(38 411)	-	(38 411)
Redemption of own shares	(2 032)	(84 273)	(2 526)	-	(63 268)	152 099	-	-
Dividend from 2014 profit	-	-	-	-	-	-	(16 528)	(16 528)
30 Sep 2015	13 235	471 424	97 558	2 472	47 661	(50 866)	8 848	590 332

5. Condensed consolidated statement of cash flows

Operating activities	Nine months ended 30 Sep 2016	Nine months ended 30 Sep 2015
Profit (loss) for the period	34 790	37 257
Adjusted by:	(23 110)	(13 114)
Share of the net profit (loss) of equity-accounted entities	-	-
Depreciation / amortisation	36 551	33 008
(Profit) loss on exchange differences	82	51
Interest and shares of profit (dividends)	74	(21)
Income tax	7 332	4 889
Profit (loss) on investing activities	(5 685)	(7 871)
Change in provisions	(2 685)	(1 629)
Change in inventories	(13 495)	(10 400)
Change in receivables	2 601	(12 067)
Change in prepayments	(7 325)	(11 989)
Change in liabilities	(37 290)	682
Other adjustments	-	6
Income tax paid	(3 270)	(7 773)
Net cash from operating activities	11 680	24 143

Investing activities	Nine months ended 30 Sep 2016	Nine months ended 30 Sep 2015
Inflows	39 589	41 369
Disposal of property, plant and equipment and intangible assets	18 351	14 397
Disposal of financial assets	19 317	26 967
Disposal of interests in subsidiaries	-	-
Dividends received	-	-
Interest received	93	5
Repayment of loans issued	1 828	-
Cash of entities acquired, at acquisition date	-	-
Proceeds from use of investment properties	-	-
Other inflows	-	-
Outflows	(55 865)	(49 941)
Purchase of property, plant and equipment and intangible assets	(47 071)	(42 111)
Purchase of investment properties	-	-
Purchase of subsidiaries and associates	-	-
Purchase of financial assets	(7 994)	(7 000)
Borrowings granted	(800)	(830)
Cash of subsidiaries at disposal date	-	-
Expenditures on maintenance of investment properties	-	-
Other outflows	-	-
Net cash from investing activities	(16 276)	(8 572)

Financing activities	Nine months ended 30 Sep 2016	Nine months ended 30 Sep 2015
Inflows	20 000	1 061
Proceeds from credit facilities and loans	20 000	-
Issue of short-term debt instruments	-	0
Proceeds from equity issuance	-	1 061
Other inflows	-	-
Outflows	(20 460)	(55 807)
Repayment of borrowings	(5 000)	-
Buy-back of short-term debt instruments	-	0
Payment of finance lease liabilities	(574)	(680)
Interest and fees paid	(398)	(187)
Dividends paid	-	(16 528)
Purchase of own shares	(14 488)	(38 412)
Other outflows	-	-
Net cash from financing activities	(459)	(54 746)
Change in cash and cash equivalents	(5 055)	(39 175)
Exchange differences	-	-
Cash and cash equivalents at the beginning of period	103 795	114 435
Cash and cash equivalents at the end of period	98 739	75 260

6. Additional information

6.1 Description of Group structure

Name, registered office and economic activities of the parent entity

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

The parent's registered office is located in Warsaw, ul. Puławska 2, building B (the registered office address was changed on 15 April 2016).

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

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

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

These consolidated financial statements are prepared for the period from 1 January 2015 to 30 September 2016, and the comparative financial data covers the period from 1 January 2015 to 30 September 2015. The consolidated financial statements do not contain combined data, and the companies do not have integral organisational entities that draft financial statements on their own.

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

Information on consolidation

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

As at 30 September 2016, consolidation includes Emperia Holding S.A. and ten subsidiaries: Stokrotka Sp. z o.o., Infinite Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A., P3 EKON Sp. z o.o. S.K.A., EMP Investment Limited, Ekon Sp. z o.o., IPOPEMA 55 FIZAN, Elpro Development S.A., Eldorado Sp. z o.o., P5 EKON Sp. z o.o. S.K.A.

During Q1-Q3 2016, Emperia Group's structure was not subject to changes (compared with the 2015 year-end).

No.	Entity name	Registered office	Main economic activity	Registration authority	Type of control	Means of consolidation	Acquisition date / date from which significant control is exerted	% of share capital held	Share of the total number of votes at general meeting
1	Stokrotka Sp. z o.o.	20-209 Lublin, ul. Projektowa 1	Retail sale of food, beverages and tobacco	16977, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	1999-01-27	100.00%	100.00%
2	Infinite Sp. z o.o.	20-209 Lublin, ul. Projektowa 1	IT operations	16222, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	1997-03-11	100.00%	100.00%
3	ELPRO EKON Sp. z o.o. S.K.A. (1)	20-209 Lublin, ul. Projektowa 1	Property development	392753, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	2001-02-15	100.00%	100.00%
4	P3 EKON Sp. z o.o. S.K.A. (2)	20-209 Lublin, ul. Projektowa 1	Property management	407301, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	2007-11-29	100.00%	100.00%
5	Elpro Development S.A.	02-566 Warsaw, ul. Puławska 2B	Renting and operating of own or leased real estate	509157, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	2010-09-06	100.00%	100.00%
6	EKON Sp. z o.o.	20-209 Lublin, ul. Projektowa 1	Property management	367597, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	2010-09-06	100.00%	100.00%
7	EMP Investment Ltd. (3)	Themistokli Dervi 3, JULIA HOUSE, P.C. 1066; Nicosia, Cyprus	Investments in property	HE 272278, Ministry of Commerce, Industry and Tourism, Company Registration Department Nicosia, Cyprus	Subsidiary	Full	2010-09-03	100.00%	100.00%

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

(1) indirectly through Elpro Development S.A. (80 825 shares), EKON Sp. z o.o. (contribution)

(2) indirectly through Elpro Development S.A. (138 427 shares), EKON Sp. z o.o. (contribution)

(3) indirectly through Elpro Development S.A.

(4) indirectly by EMP Investment Limited

(5) indirectly through Elpro Development S.A. (56 047 shares), EKON Sp. z o.o. (contribution)

Entities other than subsidiaries, associates and jointly controlled entities, with indication of name and registered office, in which related parties hold more than 20% of shares as at 30 September 2016

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

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

6.2 Description of key accounting principles

6.2.1 Basis for preparing consolidated financial statements

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

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

6.2.2 Statement of compliance

The consolidated financial statements of Emperia Holding S.A. are prepared in accordance with International Accounting Standards (IAS 34 - Interim Financial Reporting) and the related interpretations concerning interim financial reporting published in the form of Commission Regulations and endorsed by the European Union.

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

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

6.2.3 Segment reporting

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

- that engages in business activities from which it may earn revenues and incur expenses,
- whose operating results are reviewed regularly by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and
- for which discrete financial information is available.

The chief decision maker to make decisions about resources to be allocated and assess segment performance is the Management Board of Emperia Holding. As a result of analysing the means of exercising supervision over the Company's business, its organisational structure, internal reporting system and current management model, and taking into consideration the aggregations criteria and quantitative thresholds set out in IFRS 8, Emperia Group's operating activities have been grouped into three operating segments, defined as follows:

- 1 **Retail** (retail segment), covering all operations of the following subsidiary: Stokrotka Sp. z o.o. and revenue from commercial intermediary contracts, together with statistically settled costs tied to this revenue, transferred from the central management segment (from Emperia Holding S.A.),
- 2 **Property** (property segment), covering Emperia Group's property assets, including the following companies: Elpro Ekon Sp. z o.o. S.K.A., P3 EKON Sp. z o.o. S.K.A., Ekon Sp. z o.o., P5 EKON Sp. z o.o. S.K.A., EMP Investment Limited, IPOPEMA 55 FIZAN; Elpro Development S.A. and the property segment carved out of Emperia Holding S.A.
- 3 **Central Management** (central management segment), covering the management functions, holding services and advisory within the Group. The segment comprises the following companies: Emperia Holding S.A., Eldorado Sp. z o.o.
- 4 **IT** (IT segment), covering the operations of Infinite Sp. z o.o. - an IT services provider.

The Group applies uniform accounting principles for all segments. Inter-segment transactions are done on market terms. These transactions are subject to exclusion from consolidated financial statements, and in information about segment results (note 7.2) they are presented in the column "exclusions."

6.2.4 Functional currency

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

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

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

6.2.5 Discontinued operations

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

6.2.6 Accounting policy applied to these consolidated financial statements

The accounting policy applied in preparing these consolidated financial statements for the first three quarters of 2016 was the same as that used by the Group in preparing the consolidated financial statements for 2015.

A detailed description of the accounting policy is presented in the consolidated financial statements for 2015 (Notes from 10.2.10 to 10.2.30).

6.2.7 Changes in adopted accounting principles

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

6.2.8 Application of standards and interpretations effective from 1 January 2016

The interim consolidated financial statements and interim separate financial statements for the third quarter of 2016 are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) effective as of the reporting date, i.e. 30 September 2016, with application of the same accounting principles to all periods.

The adopted changes do not have a material effect on data presentation and measurement in these interim consolidated financial statements.

In preparing these consolidated financial statements, the Group decided against the earlier application of any standards published but not yet effective.

6.2.9 Accounting estimates

Preparation of financial statements requires that the management use certain accounting estimates and assumptions concerning future events which may have an impact on the value of assets, liabilities, revenues and costs presented in current and future financial statements. Estimates and associated assumptions are subject to systematic verification, based on the management's best knowledge, historical experiences and expectations regarding future events such as are presently justified and rational. In certain significant issues, the management uses independent experts' opinions. However, these may contain a margin of error, and the actual results may differ from estimates.

The main estimates may concern the following balance sheet items: tangible and intangible assets (as regards economic useful life and impairment), employee benefit provisions (bonuses, retirement pay, untaken holidays), customer loyalty programme provisions, impairment of inventory and deferred income tax assets and provisions.

6.2.10 Correction of errors

Errors may relate to the recognition, measurement and presentation of items in financial statements, or to information disclosures. Errors identified during the preparation of financial statements are adjusted in the statements being prepared.

Errors identified in subsequent reporting periods are adjusted by amending the comparative data presented in the financial statements for the period in which they were identified. The Group corrects prior-period errors using the retrospective approach and retrospective restatement of data, as long as this is practicable.

6.2.11 Mergers, share purchases or disposals, capital increases

No such events took place at Emperia Group during Q3 2016.

7. Notes to the financial statements

7.1 Summary of Emperia Group's achievements or set-backs

Changes in key items from the statement of profit and loss

Item	Q3 2016	Q3 2015	%
Revenue from sales	605 764	519 501	16.6%
Profit (loss) on sales	168 431	146 036	15.3%
EBITDA	32 202	20 351	58.2%
Operating profit (loss)	19 818	9 278	113.6%
Profit (loss) before tax	19 688	9 744	102.1%
Profit for the period	16 423	8 185	100.6%

According to the Management Board, results for Q3 2016 are in line with expectations. Third-quarter revenue growth is particularly notable given the strong market competition.

Revenue from sales in Q3 2016 went up by 16.6% from the same period last year, to PLN 605 764 000. Third-quarter revenue was driven primarily by growth in the retail segment.

Net profit in Q3 2016 was PLN 16 423 000, up 100.6% from the previous year.

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

- gross result on property disposals of PLN 8 447 000 was recognised in Q3 2016 (net result: PLN 6 374 000), compared to PLN 215 000 in Q3 2015 (net result: PLN 173 000),
- in Q3 2016, the retail segment incurred one-off costs connected with new store openings of PLN 395 000, versus PLN 2 760 000 in Q3 2015,

Item	Q1-Q3 2016	Q1-Q3 2015	%
Revenue from sales	1 818 475	1 501 932	21.1%
Profit (loss) on sales	497 977	430 831	15.6%
EBITDA	78 692	75 574	4.1%
Operating profit (loss)	42 141	42 566	-1.0%
Profit (loss) before tax	42 121	42 146	-0.1%
Profit for the period	34 790	37 257	-6.6%

Revenue from sales in Q1-Q3 2016 went up by 21.1% from the same period last year, to PLN 1 818 475 000. Revenue in the first three quarters of 2016 was driven primarily by growth in the retail segment.

Net profit in Q1-Q3 2016 was PLN 34 790 000, down 6.6% from the previous year.

One-off events having substantial impact on Q1-Q3 2016 and Q1-Q3 2015 results:

- in the first three quarters of 2016, PLN 8 648 000 in gross profit on property disposals was recognised (net result: PLN 6 536 000), compared to PLN 7 965 000 in Q1-Q3 2015 (net result: PLN 7 924 000),
- in the first three quarters of 2016, the retail segment incurred one-off costs connected with store closures of PLN 757 000, versus PLN 1 429 000 in Q1-Q3 2015,
- in the first three quarters of 2016, the retail segment did not incur costs connected with contractual penalties and compensation, while in Q1-Q3 2015 these costs amounted to PLN 2 198 000,
- in the first three quarters of 2016, the retail segment incurred one-off costs connected with store openings of PLN 2 805 000, versus PLN 4 236 000 in Q1-Q3 2015,

Changes in key balance sheet items

Item	Q3 2016	Q3 2015	%
Total assets	1 004 998	931 795	7.9%
Non-current assets	619 308	604 794	2.4%
Current assets	385 690	327 001	17.9%
Cash and cash equivalents	98 739	75 260	31.2%
Liabilities and liability provisions	389 791	341 463	14.2%
Total current liabilities	368 676	317 603	16.1%
Net assets	615 207	590 332	4.2%
Share capital (in PLN)	12 340	13 235	-6.8%
Current-period earnings per share, annualised* (in PLN)	3,79	4,00	-5.3%

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

Operational performance and ability to meet liabilities

Item	Q1-Q3 2016	Q1-Q3 2015
Return on invested capital <i>(profit for the period / equity at the end of the period) in %</i>	5.66%	6.31%
Return on assets <i>(profit for the period / assets at the end of the period) in %</i>	3.46%	4.00%
Sales margin <i>(profit from sales for the period / revenue from sales for the period) in %</i>	27.38%	28.69%
EBITDA margin <i>(EBITDA / revenue from sales for the period) in %</i>	4.33%	5.03%
Operating margin <i>(operating profit for the period / revenue from sales for the period) in %</i>	2.32%	2.83%
Gross margin <i>(profit before tax for the period / revenue from sales for the period) in %</i>	2.32%	2.81%
Net margin <i>(profit for the period / revenue from sales for the period) in %</i>	1.91%	2.48%

Turnover cycles for key components of working capital

Item	Q1-Q3 2016	Q1-Q3 2015
Inventory turnover days <i>(inventory / value of goods for resale and materials sold*273)</i>	44,7	45,5
Receivables turnover days <i>(current receivables / revenue from sales*273)</i>	9,6	10,3
Payables turnover days <i>([current liabilities - current borrowings] / value of goods for resale and materials sold*273)</i>	74,1	82,1
Asset productivity <i>(revenue from sales / total assets)</i>	1,8	1,6
Non-current asset productivity <i>(revenue from sales / non-current assets)</i>	2,9	2,5

In the first three quarters of 2016, inventory turnover ratio decreased by 0.8 days, receivables turnover by 0.7 days, and payables turnover by 8 days. In effect, cash conversion cycle was shortened by 6.5 days. A substantial growth in revenue from sale in Q1-Q3 2016 translated into growth in productivity ratios: total assets by 0.2, non-current assets by 0.4.



Retail segment

	Q3 2016	Q3 2015	%
Segment revenue	594 386	508 524	16.88%
Profit on sales	164 150	142 750	14.99%
EBITDA	11 480	7 725	48.61%
Operating result	2 022	(522)	-
Gross profit	1 547	(794)	-
Net segment result	1 661	(774)	-

Revenue from sales in Q3 2016 went up by 16.88% from the same period last year, to PLN 594 386 000. Third-quarter revenue was driven by a substantial increase in revenue from existing and newly-opened stores.

The segment's net profit in Q3 2016 reached PLN 1 661 000, versus a loss of PLN 774 000 in the comparative period.

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

- in Q3 2016, the retail segment did not incur costs connected with contractual penalties and compensation, while in Q3 2015 these costs amounted to PLN 13 000,
- in Q3 2016, the retail segment incurred one-off costs connected with new store openings of PLN 395 000, versus PLN 2 760 000 in Q3 2015.

	Q1-Q3 2016	Q1-Q3 2015	%
Segment revenue	1 783 040	1 465 750	21.65%
Profit on sales	484 710	417 406	16.12%
EBITDA	34 062	30 734	10.83%
Operating result	6 333	6 491	-2.43%
Gross profit	5 070	4 337	16.90%
Net segment result	4 142	3 844	7.75%

Revenue from sales in Q1-Q3 2016 went up by 21.65% from the same period last year, to PLN 1 783 040 000. H1 2016 revenue was driven by a substantial increase in revenue from existing and newly-opened stores. Net profit in Q1-Q3 2016 was PLN 4 142 000, up 7.75% from the previous year.

One-off events having substantial impact on the segment's results in Q1-Q3 2016 and Q1-Q3 2015:

- in the first three quarters of 2016, the retail segment incurred one-off costs connected with store closures of PLN 757 000, versus PLN 1 429 000 in Q1-Q3 2015,
- in the first three quarters of 2016, the retail segment did not incur costs connected with contractual penalties and compensation, while in Q1-Q3 2015 these costs amounted to PLN 2 198 000,
- in the first three quarters of 2016, the retail segment incurred one-off costs connected with store openings of PLN 2 805 000, versus PLN 4 236 000 in Q1-Q3 2015.

Stokrotka stores

	Q1-Q3 2016	Q1-Q3 2015
Number of stores at the beginning of period	327	252
- stores opened	39	51
- stores shut-down	8	4
Number of stores at the end of period, including:	358	299
- own supermarkets	248	234
- own markets	70	48
- franchise stores	40	17
Average total store surface - stores opened (in sqm)	466	499
Capex on own stores opened	21 171	23 395

The Group continues to dynamically expand its retail chain in 2016. As at the end of Q3 2016, the Stokrotka retail chain comprised 358 retail stores, vs. 299 at the end of Q3 2015. In Q3 2016, a total of 11 stores were opened (including 8 franchise locations), and 1 was closed down. In Q3 2015, a total of 35 stores were opened (including 10 franchise locations).

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

	Q1-Q3 2016	Q1-Q3 2015
Revenue from product sales	1 395.3	1 319.5
Store operating costs	311.9	306.3
<i>Operating costs as % of revenue</i>	22.4%	23.2%
EBITDA	84.0	82.6
<i>% EBITDA</i>	6.0%	6.3%

Data - 240 Stokrotka stores operating at the end of 2014

	Q1-Q3 2016	Q1-Q3 2015
central management costs as % of revenue from sales	2.1%	2.3%
marketing costs as % of revenue from sales	1.0%	0.9%

Cash conversion cycle in the retail segment

	Q3 2016	Q3 2015
Inventory turnover days <i>(inventory / value of goods for resale and materials sold*92)</i>	45.3	44.2
Receivables turnover days <i>(trade receivables / revenue from sales*92)</i>	5.8	5.1
Payables turnover days <i>(trade payables / value of goods for resale and materials sold*92)</i>	60.1	63.8
Cash conversion cycle <i>(difference between inventory turnover cycle and receivables collection cycle vs. payables turnover cycle)</i>	-9.0	-14.5

Cash conversion cycle in the retail segment decreased by 5.5 days in Q3 2016, resulting from a decrease in payables turnover by 3.7 days and decrease in receivables turnover by 1.1 days as well as an increase of receivables turnover by 0.7 days.



Property segment

	Q3 2016	Q3 2015	%
Segment revenue	17 515	17 680	-0.93%
EBITDA	19 046	10 708	77.87%
Operating result	16 113	7 768	107.43%
Gross profit	16 428	7 759	111.73%
Net segment result	13 319	6 736	97.73%

Property-segment revenue in the third quarter of 2016 went down by 0.93%, as compared with the same period last year, reaching PLN 17 515 000.

The segment's net profit in Q3 2016 was PLN 13 319 000, up 97.73% from the previous year.

One-off events having material impact on the segment's results in both of the reporting periods included a disposal of two properties in Q3 2016 and one property in Q3 2015. Gross result on property disposals of PLN 8 447 000 was recognised in Q3 2016 (net result: PLN 6 374 000), compared to PLN 215 000 in Q3 2015 (net result: PLN 173 000).

	Q1-Q3 2016	Q1-Q3 2015	%
Segment revenue	52 500	53 597	-2.05%
EBITDA	39 344	39 482	-0.35%
Operating result	30 473	30 561	-0.29%
Gross profit	31 383	29 687	5.71%
Net segment result	25 902	26 572	-2.52%

Property-segment revenue in Q1-Q3 2016 went down by 2.05%, as compared with the same period last year, reaching PLN 52 500 000.

The segment's net profit in Q1-Q3 2016 was PLN 25 902 000, down 2.52% from the previous year.

One-off events having material impact on the segment's results in both of the reporting periods included the disposal of three properties in Q1-Q3 2016 and three properties in Q1-Q3 2015. In the first three quarters of 2016, PLN 8 648 000 in gross profit on property disposals was recognised (net result: PLN 6 536 000), compared to PLN 7 965 000 in Q1-Q3 2015 (net result: PLN 7 924 000).

Key information about properties

	Q1-Q3 2016	Q1-Q3 2015
Number of properties at the end of period	88	92
including: properties in progress	5	8
operating properties	83	84
including: retail properties	78	78
other properties	5	6
average monthly net operating income from leasable facilities*	3 590	3 562
including: retail properties	3 268	3 244
leasable area of retail facilities (sqm)	86 503	86 442
including: related tenants	55 316	54 197
other tenants	31 187	32 245
average lease rate (PLN per sqm)	42.4	41.8
including: related tenants	43.7	43.4
other tenants	40.0	39.1

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

Central management segment

	Q3 2016	Q3 2015	%
Segment revenue	210	199	5.53%
EBITDA	(580)	(710)	-
Operating result	(673)	(798)	-
Gross profit	(594)	(165)	-
Net segment result	(511)	(194)	-

	Q1-Q3 2016	Q1-Q3 2015	%
Segment revenue	743	1 086	-31.58%
EBITDA	(2 115)	(1 197)	-
Operating result	(2 401)	(1 635)	-
Gross profit	4 523	9 533	-52.55%
Net segment result	4 931	9 474	-47.95%

The segment's key profit items in both periods were interest and dividend income. Interest income for the first three quarters of 2016 amounted to PLN 250 000, compared with PLN 2 168 000 in Q1-Q3 2015. Dividend income for the first three quarters of 2016 amounted to PLN 6 674 000, compared with PLN 9 000 000 in Q1-Q3 2015.



infinite
IT Solutions

IT segment

	Q3 2016	Q3 2015	%
Segment revenue	8 933	9 277	-3.71%
EBITDA	2 189	2 628	-16.70%
Operating result	1 869	2 378	-21.40%
Gross profit	1 820	2 492	-26.97%
Net segment result	1 463	2 005	-27.03%

	Q3 2016	Q3 2015	%
Revenue from sale of services	8 045	6 916	16.32%
<i>including: external</i>	5 799	4 859	19.35%
Revenue from sale of goods and materials	888	2 360	-62.37%
<i>including: external</i>	85	574	-85.19%
Total revenue	8 933	9 276	-3.70%
<i>including: external</i>	5 884	5 433	8.30%

IT-segment revenue from sales in Q3 2016 went down by 3.71% from the same period last year, to PLN 8 933 000. Net profit in Q3 2016 was PLN 1 463 000, down 27.03% from the previous year.

In Q3 2016, IT-segment revenue to external customers constituted 65.87% of total revenue from sales, while in Q3 2015 it accounted for 58.57%.

In Q3 2016, segment revenue from sale of services to external customers constituted 72.08% of total service revenue in the IT segment, while in Q3 2015 it accounted for 70.26%.

	Q1-Q3 2016	Q1-Q3 2015	%
Segment revenue	28 793	28 206	2.08%
EBITDA	7 110	7 056	0.77%
Operating result	6 185	6 331	-2.31%
Gross profit	6 303	6 581	-4.22%
Net segment result	5 060	5 293	-4.40%

	Q1-Q3 2016	Q1-Q3 2015	%
Revenue from sale of services	24 638	20 585	19.69%
<i>including: external</i>	17 947	14 369	24.90%
Revenue from sale of goods and materials	4 155	7 621	-45.47%
<i>including: external</i>	833	4 655	-82.11%
Total revenue	28 793	28 206	2.08%
<i>including: external</i>	18 780	19 024	-1.28%

IT-segment revenue from sales in Q1-Q3 2016 went up by 2.08% from the same period last year, to PLN 28 793 000.

The segment's net profit in Q1-Q3 2016 was PLN 3 597 000, down 4.4% from the previous year.

In Q1-Q3 2016, segment revenue to external customers constituted 65.22% of total revenue from sales, while in Q1-Q3 2015 it accounted for 67.45% of total revenue.

In Q1-Q3 2016, segment revenue from sale of services to external customers constituted 72.84% of total revenue from sales, while in Q1-Q3 2015 it accounted for 69.80% of total revenue.

7.2 Revenue and profit by operating segment

In 2016, the Group operated through the following segments:

- 1 **Retail** (retail segment), covering all operations of the following subsidiary: Stokrotka Sp. z o.o. and revenue from commercial intermediary contracts, together with statistically settled costs tied to this revenue, transferred from the central management segment (from Emperia Holding S.A.),
- 2 **Property** (property segment), covering Emperia Group's property assets, including the following companies: Elpro Ekon Sp. z o.o. S.K.A., P3 EKON Sp. z o.o. S.K.A., Ekon Sp. z o.o., P5 EKON Sp. z o.o. S.K.A., EMP Investment Limited, IPOPEMA 55 FIZAN; Elpro Development S.A., and the property segment carved out of Emperia Holding S.A.
- 3 **Central Management** (central management segment), covering the management functions, holding services and advisory within the Group. The segment comprises the following companies: Emperia Holding S.A., Eldorado Sp. z o.o.
- 4 **IT** (IT segment), covering the operations of Infinite Sp. z o.o. - an IT services provider.

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

Emperia Group's operating segments in Q1-Q3 2016:

	Retail	Property	Central management	IT	Consolidation exclusions	Total
Segment revenue	1 783 040	52 500	743	28 793	46 601	1 818 475
External revenue	1 783 032	16 673	(11)	18 780	-	1 818 475
Inter-segment revenue	8	35 827	754	10 013	46 602	-
Total segment costs	(1 778 213)	(30 395)	(3 291)	(22 604)	(48 257)	(1 786 246)
Profit (loss) on sales	4 827	22 105	(2 548)	6 189	(1 656)	32 229
Result on other operating activities	1 506	8 368	147	(4)	105	9 912
Result on financing activities	(1 263)	910	6 924	118	6 709	(20)
Gross result	5 070	31 383	4 523	6 303	5 158	42 121
Tax	(928)	(5 481)	408	(1 243)	87	(7 331)
Share of the profit of equity-accounted entities	-	-	-	-	-	-
Net segment result	4 142	25 902	4 931	5 060	5 245	34 790

	Retail	Property	Central management	IT	Consolidation exclusions	Total
Segment assets / liabilities	515 840	1 251 079	470 932	18 268	1 251 121	1 004 998
Goodwill	39 200	12 844				52 044

	Retail	Property	Central management	IT	Consolidation exclusions	Total
Capital expenditures	(44 900)	(1 536)	-	(842)	(207)	(47 071)
Depreciation / amortisation	(27 729)	(8 871)	(286)	(925)	(1 261)	(36 551)

Emperia Group's operating segments in Q1-Q3 2015:

	Retail	Property	Central management	IT	Consolidation exclusions	Total
Segment revenue	1 465 750	53 597	1 086	28 206	46 707	1 501 932
External revenue	1 465 691	17 183	34	19 024	-	1 501 932
Inter-segment revenue	59	36 414	1 052	9 182	46 707	-
Total segment costs	(1 459 510)	(30 546)	(3 346)	(21 855)	(48 044)	(1 467 213)
Profit on sales	6 240	23 051	(2 260)	6 351	(1 337)	34 719
Result on other operating activities	251	7 510	625	(20)	519	7 847
Result on financing activities	(2 154)	(874)	11 168	250	8 810	(420)
Gross result	4 337	29 687	9 533	6 581	7 992	42 146
Tax	(493)	(3 115)	(59)	(1 288)	(66)	(4 889)
Share of the profit of equity-accounted entities	-	-	-	-	-	-
Net segment result	3 844	26 572	9 474	5 293	7 926	37 257

	Retail	Property	Central management	IT	Consolidation exclusions	Total
Segment assets / liabilities	451 293	1 296 697	543 931	27 545	1 387 670	931 795
Goodwill	39 200	12 844	-	-	-	52 044

	Retail	Property	Central management	IT	Consolidation exclusions	Total
Capital expenditures	(33 538)	(8 575)	-	(529)	(532)	(42 111)
Depreciation / amortisation	(24 243)	(8 921)	(438)	(725)	(1 319)	(33 008)

7.3 Effects of changes in group structure

All changes in the Group's structure are presented in detail in points 6.1 and 6.2.11

7.4 Management's position regarding previously published forecasts for the year

The Management Board of Emperia Holding S.A. did not publish forecasts for 2016.

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

Shareholders	Shares held, as at 30 September 2016	% in share capital	% change	Shares held, as at the date on which the previous periodic report was published	% in share capital as at the date on which the previous period report was published	Votes at 30 September 2016	% of votes at general meeting
							As at 30 September 2016
Ipopema TFI	1 458 583	11.82%	-	1 458 583	11.82%	1 458 583	12.12%
Altus TFI	1 449 528	11.75%	-	1 449 528	11.75%	1 449 528	12.04%
AXA OFE	977 481	7.92%	-	977 481	7.92%	977 481	8.12%
Aviva OFE	834 991	6.77%	(1.07%)	844 000	6.84%	834 991	6.94%
NN OFE	755 713	6.12%	-	755 713	6.12%	755 713	6.28%
MetLife OFE	632 417	5.12%	-	-	-	632 417	5.25%

At 30 September 2016, Elpro Development S.A. held 301 124 shares of Emperia Holding S.A.

7.6 Changes in shareholding by Management Board and Supervisory Board members

Management Board members	Shares held, as at 30 Sep 2016	% in share capital	% change	Shares held, as at the date on which the previous periodic report was published	% stake, as at the date on which the previous periodic report was published
Dariusz Kalinowski	26 094	0.21%	-	26 094	0.21%
Cezary Baran	600	0.005%	-	600	0.005%

Supervisory Board members	Shares held, as at 30 Sep 2016	% in share capital	% change	Shares held, as at the date on which the previous periodic report was published	% stake, as at the date on which the previous periodic report was published
Jarosław Wawerski	19 494	0.16%	-	19 494	0.16%

7.7 Information regarding on-going judicial proceedings

Legal case regarding breach of agreement

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

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

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

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

On 9 November 2016, the District Court in Warsaw, 20th Commercial Division, rejected the appeal to annul part of the Arbitration Court's ruling. In a verbal justification, the Court stated that, having analysed the Arbitration Court's ruling, it did not find any infringement or violation of the law.

Tax probe by Treasury Control Office

On 1 March 2016, Emperia Holding S.A. received a protocol on the audit of its books, issued under control proceedings led by the Head of the Treasury Control Office in Lublin, concerning accuracy of the declared tax basis and correctness of CIT calculations and payments for 2011.

The protocol included a legal assessment stating that the Company generated additional tax income from the sale of its Distribution Segment in 2011, amounting to PLN 959 308 086.76.

The protocol is a public document that does not decide the case. However, if the protocol is approved via a decision by the Head of the Treasury Control Office in Lublin and subsequently this decision is received by the appeal authority (Head of Tax Chamber), the above may result in the Company having to pay tax arrears of PLN 182 268 537.00, together with interest for delay from 3 April 2012.

On 15 March 2016, the Company submitted to the Head of the Treasury Control Office in Lublin its comments regarding the protocol. The Company's Management Board and its tax advisers do not agree with the protocol's conclusions. The Company will undertake all available legal steps in order to show that these conclusions are groundless.

7.8 Significant related-party transactions

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

Short-term bonds were issued as part of the Group's cash flow management, as described in note 7.14.5.

7.9 Credit facilities, loans, sureties and guarantees

In Q3 2016, the parent, Emperia, did not issue new credit sureties for subsidiaries such as would exceed 10% of the Issuer's equity. Information concerning guarantees may be found in note 7.14.7.

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

No such information was known to Emperia Group at the end of the reporting period.

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

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

	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015
Proceeds from disposal of properties	14 200	460	14 530	14 225
Costs of disposal of properties	(15 185)	(246)	(15 467)	(14 992)
Reversal of consolidation adjustments	9 432	-	9 585	8 732
Gross profit	8 447	214	8 648	7 965
Current tax	-	(41)	(9)	(41)
Deferred tax	(2 073)	-	(2 103)	-
Net result	6 374	173	6 536	7 924

One-off events having material impact on the segment's results in both of the reporting periods included the disposal of two properties in Q3 2016 (three properties in Q1-Q3 2016) and one property in Q3 2015 (three properties in Q1-Q3 2015).

Other one-off items are described in note 7.1.

7.12 Factors having potential impact on results over at least the next quarter

External:

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

Internal:

- Business process optimisation (improved operating performance and higher management quality in all segments),
- Streamlined structure of the property segment,
- Internal cost control policy,
- Effectiveness improvements in in-house logistics within the retail segment
- Growth dynamic of the Stokrotka retail chain

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

Management Board



Dariusz Kalinowski – President of the Management Board

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



Cezary Baran – Vice-President of the Management Board

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

In Q3 2016, the composition of the Management Board of Emperia Holding S.A. did not change.

On 3 June 2016, the Supervisory Board of Emperia Holding S.A. re-appointed existing members of the Issuer's Management Board - Dariusz Kalinowski and Cezary Baran - for a new term.

Supervisory Board

Artur Kawa – Chairman

- Co-founder of Emperia Holding S.A.
- Was President of the Management Board, Emperia Holding S.A. from founding to 2013
- Graduated from the Lublin University of Technology, Electrical Engineering Faculty
- MBA from the University of Minnesota

Michał Kowalczewski – Deputy Chairman of the Supervisory Board

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

Artur Laskowski – Member

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

Jarosław Wawerski – Member

- Co-founder of Emperia Holding S.A.
- Graduated from the Lublin University of Technology, Electrical Engineering Faculty
- Vice-President of Emperia Holding's management board during 1995-2012

Aleksander Widera – Member

- Degree in Finance and Banking from the Warsaw School of Economics, completed post-graduate studies in management at the same university

The composition of Emperia Holding S.A.'s Supervisory Board did not change during Q3 2016.

On 30 June 2016, an Ordinary General Meeting of Emperia Holding S.A. re-appointed Artur Kawa as Chairman of the Supervisory Board and Michał Kowalczewski as Deputy Chairman of the Supervisory Board for a new term.

7.14 Other significant information and events

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

A description of the Group's main accounting principles applied since 1 January 2005 may be found in point 6.2 of these consolidated financial statements.

7.14.2 Production seasonality and cyclicity

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

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

The event is described in point 7.10.

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

Employee benefit provisions	Change in Q1-Q3 2016	Change in 2015
Non-current		
As at the beginning of period	994	796
<i>Increases / decreases during the period</i>	(120)	198
<i>Increases / decreases during the period as a result of acquisitions / disposals</i>	-	-
As at the end of period	874	994
Current		
As at the beginning of period	9 412	5 878
<i>Increases / decreases during the period</i>	(593)	3 534
<i>Increases / decreases during the period as a result of acquisitions / disposals</i>	-	-
As at the end of period	8 819	9 412

Other provisions	Change in Q1-Q3 2016	Change in 2015
Non-current		
As at the beginning of period	13 606	19 046
<i>Increases / decreases during the period</i>	(3 475)	(5 440)
<i>Increases / decreases during the period as a result of acquisitions</i>	-	-
As at the end of period	10 131	13 606
Current		
As at the beginning of period	9 214	9 673
<i>Increases / decreases during the period</i>	1 504	(459)
<i>Increases / decreases during the period as a result of acquisitions / disposals</i>	-	-
As at the end of period	10 718	9 214

7.14.5 Issue, redemption and repayment of debt and equity securities

Bonds issued

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

Subsidiary ELPRO EKON Sp. z o.o. S.K.A. has an agreement with BRE Bank S.A. concerning a short- and medium-term bond programme with an aggregate value of up to PLN 150 000 000. Issue and buy-back of bonds (presented at par values) by ELPRO EKON Sp. z o.o. S.K.A. during Q1-Q3 2016 and in 2015:

Issue and buy-back of bonds in Q1-Q3 2016	Total	External issuance	Emperia Holding S.A.	P5 EKON Sp. z o.o. S.K.A
As at the beginning of period	33 500	-	-	33 500
<i>Issue of bonds</i>	<i>268 000</i>	-	-	<i>268 000</i>
<i>Buy-back of bonds</i>	<i>(268 000)</i>	-	-	<i>(268 000)</i>
As at the end of period	33 500	-	-	33 500

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

b) Stokrotka Sp. z o.o.

Subsidiary Stokrotka Sp. z o.o. has an agreement with BRE Bank S.A. concerning a short- and medium-term bond programme with an aggregate value of up to PLN 150 000 000. Issue and buy-back of bonds (presented at par values) by Stokrotka Sp. z o.o. during Q1-Q3 2016 and in 2015:

Issue and buy-back of bonds in Q1-Q3 2016	Total	External issuance	Emperia Holding S.A.	P3 EKON Sp. z o.o. S.K.A
As at the beginning of period	25 000	-	-	25 000
<i>Issue of bonds</i>	360 000	-	64 000	296 000
<i>Buy-back of bonds</i>	(340 000)	-	(54 000)	(286 000)
As at the end of period	45 000	-	10 000	33 500

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

c) **Elpro Development S.A.**

Subsidiary Elpro Development S.A. has an agreement with BRE Bank S.A. concerning a short- and medium-term bond programme with an aggregate value of up to PLN 200 000 000. Issue and buy-back of bonds (presented at par values) by Elpro Development S.A. in Q1-Q3 2016 and in 2015:

Issue and buy-back of bonds in Q1-Q3 2016	Total	External issuance	Elpro Ekon S.K.A	P5 EKON Sp. z o.o. S.K.A	P3 EKON Sp. z o.o. S.K.A	Infinite Sp. z o.o.
As at the beginning of period	139 500	-	28 000	59 000	45 500	7 000
<i>Issue of bonds</i>	438 500	-	104 000	182 000	140 500	12 000
<i>Buy-back of bonds</i>	(437 000)	-	(100 000)	(180 000)	(138 000)	(19 000)
As at the end of period	141 000	-	32 000	61 000	48 000	-

Issue and buy-back of bonds in 2015	Total	External issuance	Elpro Ekon S.K.A	P5 EKON Sp. z o.o. S.K.A	P3 EKON Sp. z o.o. S.K.A	Infinite Sp. z o.o.
As at the beginning of period	180 500	-	-	58 000	111 500	11 000
<i>Issue of bonds</i>	1 767 067	-	116 000	528 600	995 531	126 936
<i>Buy-back of bonds</i>	(1 808 067)	-	(88 000)	(527 600)	(1 061 531)	(130 936)
As at the end of period	139 500	-	28 000	59 000	45 500	7 000

Debt instrument liabilities as at 30 September 2016

Issuer	Series	Par value	Maturity date	As at 30 September 2016
Stokrotka Sp. z o.o.	0157*	35 000	2016-10-14	
Stokrotka Sp. z o.o.	0157*	10 000	2016-10-14	
Elpro Ekon Sp. z o.o. S.K.A.	0174*	33 500	2016-10-14	
Elpro Development S.A.	0049*	28 000	2016-11-25	
Elpro Development S.A.	0050*	4 000	2016-11-25	
Elpro Development S.A.	0049*	61 000	2016-11-25	
Elpro Development S.A.	0049*	48 000	2016-11-25	
All bond issuance by the Group				-
Other				-
Total debt instrument liabilities				
short-term				-
Non-current				-

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

Debt security liabilities as at 31 December 2015

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

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

7.14.6 Paid and received dividends

Dividends paid:

In 2016, Emperia Holding S.A. did not pay out a dividend as part of allocating its 2015 profit.

Dividends received:

In 2016, Infinite Sp. z o.o. paid a PLN 6.7 million dividend to Emperia Holding S.A.

In 2016, Elpro Development S.A. paid a PLN 8 million dividend to Emperia Holding S.A.

The dividend was paid within the Group's consolidated companies, thus is subject to exclusion from these financial statements.

7.14.7 Changes in off-balance sheet liabilities

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

Q1-Q3 2016	Credit facilities	Bank guarantees	Security interests
Mortgages			
As at the beginning of period	-	-	-
<i>Increases during the period</i>	30 000	-	-
<i>Decreases during the period</i>	-	-	-
<i>Increases / decreases during the period as a result of acquisitions / disposals</i>	-	-	-
As at the end of period	30 000	-	-
Transfer of ownership / pledge / assignment of current assets			
As at the beginning of period	-	15 000	-
<i>Increases during the period</i>	-	-	-
<i>Decreases during the period</i>	-	-	-
<i>Increases / decreases during the period as a result of acquisitions / disposals</i>	-	-	-
As at the end of period	-	15 000	-
Guarantees			
As at the beginning of period	-	47 500	9 646
<i>Increases during the period</i>	-	-	6 850
<i>Decreases during the period</i>	-	-	(6 671)
<i>Increases / decreases during the period as a result of acquisitions / disposals</i>	-	-	-
As at the end of period	-	47 500	9 825

Changes in off-balance sheet liabilities during 2015	Credit facilities	Bank guarantees	Security interests
Transfer of ownership / pledge / assignment of current assets			
As at the beginning of period	-	15 000	-
<i>Increases during the period</i>	-	-	-
<i>Decreases during the period</i>	-	-	-
<i>Increases / decreases during the period as a result of acquisitions / disposals</i>	-	-	-
As at the end of period	-	15 000	-
Guarantees			
As at the beginning of period	-	47 500	23 246
<i>Increases during the period</i>	-	-	2 250
<i>Decreases during the period</i>	-	-	(15 850)
<i>Increases / decreases during the period as a result of acquisitions / disposals</i>	-	-	-
As at the end of period	-	47 500	9 646

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

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

	Change in Q1-Q3 2016	Change in 2015
Impairment of property, plant and equipment		
As at the beginning of period	7 886	8 815
<i>Recognition</i>	167	383
<i>Reversal</i>	(76)	(1 312)
<i>Changes as a result of acquisitions / disposals</i>	-	-
As at the end of period	7 977	7 886
Impairment of receivables		
As at the beginning of period	10 742	9 794
<i>Recognition</i>	1 258	3 376
<i>Reversal</i>	(1 223)	(1 358)
<i>Changes as a result of acquisitions / disposals</i>	-	-
<i>Derecognised from statement of profit and loss*</i>	(1 031)	(1 070)
As at the end of period	9 746	10 742
Impairment of inventories		
As at the beginning of period	19 784	15 774
<i>Recognition</i>	13 571	19 952
<i>Reversal</i>	(10 935)	(15 942)
<i>Changes as a result of acquisitions / disposals</i>	-	-
As at the end of period	22 420	19 784
including: Impairment losses on inventory control		
As at the beginning of period	5 440	4 754
<i>Recognition</i>	13 571	16 627
<i>Reversal</i>	(10 269)	(15 942)
<i>Changes as a result of acquisitions / disposals</i>	-	-
As at the end of period	8 742	5 440
including: Impairment losses on bonuses		
As at the beginning of period	14 110	10 879
<i>Recognition</i>	277	3 231
<i>Reversal</i>	(709)	-
<i>Changes as a result of acquisitions / disposals</i>	-	-
As at the end of period	13 678	14 110
including: Impairment of slow-moving inventories		
As at the beginning of period	235	141
<i>Recognition</i>	-	94
<i>Reversal</i>	(235)	-
<i>Changes as a result of acquisitions / disposals</i>	-	-
As at the end of period	-	235

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

7.14.9 Recognition / reversal of cost restructuring provisions

Did not occur during the reporting period or comparative period.

7.14.10 Deferred income tax

Deferred income tax assets	Change in Q1-Q3 2016	Change in 2015
As at the beginning of period	22 009	18 272
<i>Increase</i>	2 083	6 120
<i>Decrease</i>	(4 505)	(2 383)
<i>Change as a result of acquisition</i>	-	-
As at the end of period	19 587	22 009

Deferred income tax provision	Change in Q1-Q3 2016	Change in 2015
As at the beginning of period	4 497	2 681
<i>Recognition</i>	428	2 975
<i>Reversal</i>	(40)	(1 159)
<i>Change as a result of acquisition</i>	-	-
As at the end of period	4 885	4 497

7.14.11 Financial and operating leasing

a) Finance lease liabilities

Finance lease liabilities	30 Sep 2016	
	Minimum payments	Present value of minimum payments
<i>Within 1 year</i>	1 203	1 056
<i>Within 1 to 5 years</i>	1 103	1 055
<i>Within more than 5 years</i>	-	-
Total	2 307	2 111

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

b) Operating leasing

Did not occur during the reporting period or comparative period.

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

Q3 2016	Term of agreement	As at 30 Sep 2016	As at 30 Sep 2017	1 to 5 years	Over 5 years
		Minimum annual payment			
Property	specified	70 722	102 345	409 204	521 956
	unspecified	2 372	3 190	12 760	15 949
Technical equipment and machinery	specified	162	82	-	-
	unspecified	97	179	717	897
Means of transport	specified	5 886	6 970	9 826	-
	unspecified	-	-	-	-
Other property, plant and equipment	specified	-	-	-	-
	unspecified	-	-	-	-

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

2015

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

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

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

Did not take place in Q3 2016.

7.14.13 Correction of prior-period errors

Did not take place in Q3 2016.

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

Did not take place in Q3 2016.

7.14.15 Charitable work at Emperia Group

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



The Emperia Foundation was established in 2010. It helps out those employees and their loved ones who are faced with difficulties. The Foundation helps out employees and their families - children, spouses and parents - as well as former employees who are now retired. The Foundation also contributes to the development of children and youth. The Foundation co-finances medicine purchases and doctor visits as well as covers the costs of rehabilitation and health travel. The Foundation also supports its beneficiaries in obtaining other forms of assistance.



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



Blood drive

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



Share-a-Meal Programme

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



Environmental protection

Environmental protection is one of the 21st century's largest challenges for humanity. Global problems can be solved only if we all take action. Stokrotka employs 7 500 people across 341 stores, 10 warehouses and at its headquarters. We serve thousands of customers every day. Given such a large number of people and locations, we implement the following pro-environment initiatives:

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



Mammobuses

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



Donation drive for animal shelter

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

Miesięczne Praktyki Bezpłatne

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

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

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

Benefits for interns:

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



Internship and Job Fair

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



Facebook profile for students

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



Employee Rewards

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



Sponsorship

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



Running team

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



Stokrotka Passions

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

7.14.16 Other significant events during the reporting period

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

Pursuant to an authorisation under resolutions 3 and 4 of Emperia Holding S.A.'s Extraordinary General Meeting of 11 October 2012, subsidiary Elpro Development S.A. purchased during the period from 1 July 2016 to 30 September 2016, in block transactions, 33 453 shares of Emperia Holding S.A. for cancellation.

At the date on which these financial statements were published, Elpro Development S.A. held a total of 301 124 shares in the Issuer, entitling to 301 124 (2.440%) votes at the Issuer's general meeting and constituting 2.440% of the Issuer's share capital.

b) Execution of agreement for market-making services on WSE

On 26 July 2016, the Management Board of Emperia Holding S.A. executed an agreement with Trigon DM S.A. ("Market Maker") pursuant to which the Market Maker commits to serve as market maker for the Issuer on the Warsaw Stock Exchange in respect of the Issuer's shares and rights to shares listed on the WSE in accordance with binding legal regulations and provisions of the WSE's rules.

c) Intra-group bond issuance

On 12 August 2016, subsidiaries Elpro Ekon Sp. z o.o. S.K.A. and Stokrotka Sp. z o.o. issued short-term bonds, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 78.5 million.

On 26 August 2016, subsidiary Elpro Development S.A. issued short-term bonds, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 137 million.

d) Notice on having exceeded 5% of total votes in Emperia Holding S.A.

On 22 August 2016, the Management Board of Emperia Holding S.A. received notification from MetLife PTE S.A. that a fund under its management, MetLife OFE, had increased its stake in Emperia Holding S.A. voting rights to over 5%. The increase in stake to over 5% took place following a purchase of the Company's shares on 12 August 2016. Directly prior to the change in stake, the fund held 601 073 shares, which constituted 4.87% of the Company's share capital and entitled to 601 073 votes at the Company's General Meeting, i.e. 4.87% of total voting rights.

Currently, the fund holds 632 417 shares, which constitutes 5.12% of the Company's share capital and entitled to 632 417 votes at the Company's General Meeting, i.e. 5.12% of total voting rights.

e) Decision to review strategic options for Emperia Group's further development

On 30 August 2016, the Management Board of Emperia Holding S.A. announced that it had made a decision to review strategic options for Emperia Group's further development. The Group's retail segment is achieving strong organic growth and is organisationally prepared to develop even faster. According to the Management Board, the market currently offers exceptional potential for substantial growth in the retail area through acquisitions.

The review will focus on various strategic options, including in particular: search for an investor for the Issuer or a public share issue, strategic partnership or change in the Group's structure. The review is intended to select the most beneficial means for delivering the Group's long-term growth strategy. The Management Board has not made any decisions yet with regard to selecting any specific strategic option. The Issuer will provide information on progress of the review in accordance with the existing laws.

7.14.17 Significant events after the end of the reporting period

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

Pursuant to an authorisation under resolutions 3 and 4 of Emperia Holding S.A.'s Extraordinary General Meeting of 11 October 2012, subsidiary Elpro Development S.A. purchased after the end of the reporting period, in block transactions, 17 078 shares of Emperia Holding S.A. for cancellation. At the date on which these financial statements were published, Elpro Development S.A. held 318 202 shares of the Issuer, entitling to 318 202 (2.579%) votes at the Issuer's general meeting and constituting 2.579% of the Issuer's share capital.

On 28 October 2016, the Management Board of Emperia Holding S.A. announced that it intends to continue the "Emperia Holding S.A. share buy-back programme by Elpro Development S.A." until 31 December 2016.

b) Notice from ALTUS TFI S.A. on having increased its stake in Emperia Holding S.A.'s voting rights by 2%

On 2 November 2016, the Management Board of Emperia Holding S.A. announced that it had received notification from ALTUS TFI S.A. on having increased its stake in Emperia Holding S.A.'s voting rights by 2% from the last notification published by the Company. The increase of stake in the Company's voting rights resulted from the settlement, on 28 October 2016, of a regulated-market transaction to purchase 28 000 shares of the Company. Following the change in stake, investment funds managed by ALTUS TFI S.A. held 1 644 493 shares of the Company, which constituted 13.33% of the Company's share capital and entitled to 1 644 493 votes, which constituted 13.33% of the Company's total votes.

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

On 12 November 2015, Emperia Holding S.A.'s Management Board announced that it had received information from Millennium DM S.A. on the buyback of 1 384 series B bonds with pre-emptive rights to series P Shares. The buyback and redemption of the Bonds by the Company from the Authorised Persons was part of the Incentive Programme.

Given the above, the Company had completed settlement of the 2010-2012 Incentive Programme.

d) Dismissal of appeal for annulment of a ruling by the Arbitration Court at the Polish Chamber of Commerce in Warsaw in a case brought by Emperia Holding S.A. against Ernst & Young Audit Sp. z o.o.

On 9 November 2016, the District Court in Warsaw, 20th Commercial Division, dismissed an appeal to annul part of the Arbitration Court's ruling. In a verbal justification, the Court announced that, having analysed the Arbitration Court's ruling, it did not find any infringement or violation of the law.

8. Issuer's condensed separate financial statements

8.1 Selected separate financial data

No.	SELECTED FINANCIAL DATA (current year)	PLN		EUR	
		For the period from 1 Jan 2016 to 30 Sep 2016	For the period from 1 Jan 2015 to 30 Sep 2015	For the period from 1 Jan 2016 to 30 Sep 2016	For the period from 1 Jan 2015 to 30 Sep 2015
I.	Net revenue from sale of products, goods and materials	11 834	11 531	2 709	2 773
II.	Operating profit (loss)	3 428	3 797	785	913
III.	Profit (loss) before tax	18 576	25 142	4 252	6 046
IV.	Profit (loss) for the period	17 784	23 959	4 071	5 761
V.	Net cash flows from operating activities	3 589	(301)	822	(72)
VI.	Net cash flows from investing activities	16 019	(14 245)	3 667	(3 426)
VII.	Net cash flows from financing activities	-	(15 467)	-	(3 719)
VIII.	Total net cash flows	19 608	(30 013)	4 488	(7 217)
IX.	Total assets	526 517	509 606	122 105	119 584
X.	Liabilities and liability provisions	59 326	60 200	13 758	14 126
XI.	Total non-current liabilities	778	763	180	179
XII.	Total current liabilities	58 548	59 437	13 578	13 947
XIII.	Equity	467 191	449 406	108 347	105 457
XIV.	Share capital	12 340	13 235	2 862	3 106
XV.	Number of shares	12 340 049	13 235 495	12 340 049	13 235 495
XVI.	Weighted average number of shares	12 109 799	12 571 219	12 109 799	12 571 219
XVII.	Profit (loss) per ordinary share, annualised* (in PLN/EUR)	1.59	2.15	0.36	0.52
XVIII.	Diluted profit (loss) per ordinary share, annualised** (in PLN/EUR)	1.59	2.15	0.36	0.52
XIX.	Book value per share* (in PLN/EUR)	38.58	35.93	8.95	8.43
XX.	Diluted book value per share** (in PLN/EUR)	38.58	35.93	8.95	8.43
XXI.	Declared or paid out dividend per share (in PLN/EUR)	-	1.33	-	0.32

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

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

Weighted average number of shares:

- for Q1-Q3 2016 (January-September): 12 109 799

- for Q1-Q3 2015 (January-September): 12 571 219

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

- Items in the statement of profit and loss and statement of cash flows are translated according to the exchange rate established as the average of exchange rates published by the National Bank of Poland on the last day of each month, which for Q1-Q3 2016 was EURPLN 4.3688 and for Q1-Q3 2015: EURPLN 4.1585.
- Balance sheet items and book value / diluted book value are translated using the average exchange rate published by the National Bank of Poland as at the end of the reporting period, as follows: as at 30 September 2016: EURPLN 4.3120; as at 31 December 2015: EURPLN 4.2615.
- Dividend paid out is translated using the average rate published by the National Bank of Poland on the dividend payment date, which as at 19 June 2015 was EURPLN 4.1715.

8.2 Condensed separate statement of financial position

	30 Sep 2016	30 Jun 2016	31 Dec 2015	30 Sep 2015
Total non-current assets	483 835	483 993	483 860	483 596
Property, plant and equipment	55 903	55 977	56 178	56 307
Investment properties	-	-	-	-
Intangible assets	1 226	1 306	1 470	1 191
Financial assets	426 614	426 614	426 109	426 009
Non-current receivables	-	-	-	-
Deferred income tax assets	91	95	102	88
Other non-current prepayments	1	1	1	1
Total current assets	42 682	41 568	25 746	116 255
Inventories	-	-	-	-
Current receivables	2 387	17 467	3 892	2 363
Income tax receivables	-	53	58	-
Short-term securities	9 990	9 967	11 138	79 385
Current prepayments	126	143	87	205
Cash and cash equivalents	30 179	13 938	10 571	15 294
Other financial assets	-	-	-	19 008
Current assets classified as held-for-sale	-	-	-	-
Total assets	526 517	525 561	509 606	599 851
Total equity	467 191	466 212	449 406	503 453
Share capital	12 340	12 340	13 235	13 235
Share premium	411 109	411 109	465 315	465 315
Supplementary capital	-	-	-	-
Management options provision	516	516	723	607
Reserve capital	25 442	25 442	337	337
Buy-back provision	-	-	-	-
Own shares	-	-	(55 646)	-
Retained earnings	17 784	16 805	25 442	23 959
Total non-current liabilities	778	738	763	677
Credit facilities, loans, debt instruments and other non-current financial liabilities	-	-	-	-
Non-current liabilities	102	93	89	60
Provisions	32	32	32	26
Deferred income tax provision	644	613	642	591
Total current liabilities	58 548	58 611	59 437	95 721
Credit facilities, loans, debt instruments and other current financial liabilities	0	0	0	0
Current liabilities	56 932	57 111	57 903	94 150
Income tax liabilities	111	-	-	28
Provisions	293	292	325	261
Deferred revenue	1 212	1 208	1 209	1 282
Total equity and liabilities	526 517	525 561	509 606	599 851

	30 Sep 2016	30 Jun 2016	31 Dec 2015	30 Sep 2015
Book value	467 191	466 212	449 406	503 453
Number of shares	12 340 049	12 340 049	13 235 495	13 235 495
Weighted average number of shares	12 109 799	12 138 215	12 506 772	12 571 219
Diluted number of shares	12 111 058	12 139 331	12 508 001	12 575 404
Book value per share (in PLN)*	38.58	38.41	35.93	40.05
Diluted book value per share (in PLN)**	38.58	38.41	35.93	40.03

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

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

8.3 Condensed separate statement of profit and loss and condensed separate statement of comprehensive income

	Three months ended 30 Sep 2016	Nine months ended 30 Sep 2016	Three months ended 30 Sep 2015	Nine months ended 30 Sep 2015
Revenue from sales	3 866	11 834	3 633	11 531
Cost of sales	(1 768)	(5 336)	(1 669)	(5 584)
Profit on sales	2 098	6 498	1 964	5 947
Other operating revenue	57	190	30	405
Selling costs	-	-	-	-
Administrative expenses	(1 032)	(3 244)	(824)	(2 544)
Other operating expenses	(5)	(16)	(1)	(11)
Operating profit	1 118	3 428	1 169	3 797
Finance income	122	15 149	907	21 847
Finance costs	(1)	(1)	100	(502)
Profit before tax	1 239	18 576	2 176	25 142
Income tax	(260)	(792)	(459)	(1 183)
- current	(225)	(778)	(392)	(1 257)
- deferred	(35)	(14)	(67)	74
Share of the profit of equity-accounted entities	-	-	-	-
Profit for the period	979	17 784	1 717	23 959
Profit for the period attributable to owners of the parent	979	17 784	1 717	23 959
Profit for the period attributable to non-controlling interests	-	-	-	-

	Nine months ended 30 Sep 2016	Nine months ended 30 Sep 2015
Profit (loss) for the period (annualised)	19 269	26 986
Weighted average number of ordinary shares	12 109 799	12 571 219
Weighted average diluted number of ordinary shares*	12 111 058	12 575 404
Profit (loss) per ordinary share, annualised (in PLN)	1.59	2.15
Diluted profit (loss) per ordinary share, annualised* (in PLN)	1.59	2.15

* Weighted average diluted number of ordinary shares:

- for Q1-Q3 2016 (January-September): 12 111 058, taking into consideration the dilutive effect of options granted under the 2010 and 2011 tranches of the 2nd Management Options Programme 2010-2012.
- for Q1-Q3 2015 (January-September): 12 575 404, taking into consideration the dilutive effect of options granted under the 2010 and 2011 tranches of the 2nd Management Options Programme 2010-2012.

Statement of comprehensive income	Three months ended 30 Sep 2016	Nine months ended 30 Sep 2016	Three months ended 30 Sep 2015	Nine months ended 30 Sep 2015
Profit for the period	979	17 784	1 717	23 959
Other comprehensive income	-	-	-	-
Comprehensive income for the period	979	17 784	1 717	23 959
Comprehensive income attributable to shareholders of the parent	979	17 784	1 717	23 959
Comprehensive income attributable to non-controlling interests	-	-	-	-

8.4 Condensed separate statement of changes in equity

	Share capital	Share premium	Supplementary capital	Management options provision	Reserve capital	Own shares	Retained earnings	Total equity
As at the beginning of period: 1 Jan 2016	13 235	465 315	-	723	337	(55 646)	25 442	449 406
Change in accounting standards and policies	-	-	-	-	-	-	-	-
As at the beginning of period: 1 Jan 2016, adjusted	13 235	465 315	-	723	337	(55 646)	25 442	449 406
Comprehensive income for the nine months ended 30 Sep 2016	-	-	-	-	-	-	17 784	17 784
Prior-year profit distribution - transfer to equity	-	-	-	-	25 442	-	(25 442)	-
Share issuance - incentive scheme	5	203	-	(208)	-	-	-	-
Release of buy-back provision	-	-	-	-	-	-	-	-
Purchase of own shares	-	-	-	-	-	-	-	-
Redemption of own shares	(900)	(54 409)	-	-	(337)	55 646	-	-
Dividend from prior-year profit	-	-	-	-	-	-	-	-
30 Sep 2016	12 340	411 109	-	516	25 442	-	17 784	467 191

	Share capital	Share premium	Supplementary capital	Management options provision	Reserve capital	Own shares	Retained earnings	Total equity
1 Jan 2015	15 180	551 988	2 526	3 341	63 268	(158 208)	16 865	494 961
Change in accounting standards and policies	-	-	-	-	-	-	-	-
1 Jan 2015, adjusted	15 180	551 988	2 526	3 341	63 268	(158 208)	16 865	494 961
Comprehensive income for the nine months ended 30 Sep 2015	-	-	-	-	-	-	23 959	23 959
Prior-year profit distribution - transfer to equity	-	-	-	-	337	-	(337)	-
Share issuance - incentive scheme	87	3 708	-	(2 734)	-	-	-	1 061
Release of buy-back provision	-	-	-	-	-	-	-	-
Purchase of own shares	-	-	-	-	-	-	-	-
Dividend from prior-year profit	-	-	-	-	-	-	(16 528)	(16 528)
Decrease as a result of share redemption	(2 032)	(90 381)	(2 526)	-	(63 268)	158 208	-	-
30 Sep 2015	13 235	465 315	-	607	337	-	23 959	503 453

	Share capital	Share premium	Supplementary capital	Management options provision	Reserve capital	Retained earnings	Own shares	Total equity
As at the beginning of period: 1 Jan 2015	15 180	551 988	2 526	3 341	63 268	16 865	(158 208)	494 961
Change in accounting standards and policies	-	-	-	-	-	-	-	-
As at the beginning of period, adjusted	15 180	551 988	2 526	3 341	63 268	16 865	(158 208)	494 961
Profit for the period	-	-	-	-	-	25 444	-	25 444
Other net comprehensive income	-	-	-	-	-	(2)	-	(2)
Prior-year profit distribution - transfer to equity	-	-	-	-	337	(337)	-	-
Share issuance - incentive scheme	87	3 708	-	(2 735)	-	-	-	1 061
Dividend from prior-year profit	-	-	-	-	-	(16 528)	-	(16 528)
Purchase of own shares	-	-	-	-	-	-	(55 646)	(55 646)
Management options provision	-	-	-	116	-	-	-	116
Redemption of own shares	(2 032)	(90 381)	(2 526)	-	(63 268)	-	158 208	-
31 Dec 2015	13 235	465 315	-	723	337	25 442	(55 646)	449 406

8.5 Condensed separate statement of cash flows

Operating activities	Nine months ended 30 Sep 2016	Nine months ended 30 Sep 2015
Profit (loss) for the period	17 784	23 959
Adjusted by:	(14 195)	(24 260)
Depreciation / amortisation	1 250	1 354
Interest and shares of profit (dividends)	(15 025)	(21 127)
Income tax	791	1 183
Profit (loss) on investing activities	(117)	(490)
Change in provisions	(32)	(587)
Change in inventories	-	-
Change in receivables	477	(1 187)
Change in prepayments	(34)	1 084
Change in liabilities	(896)	(1 862)
Income tax paid	(609)	(2 628)
Net cash from operating activities	3 589	(301)

Investing activities	Nine months ended 30 Sep 2016	Nine months ended 30 Sep 2015
Inflows	99 212	881 668
Disposal of property, plant and equipment and intangible assets	1 221	12 815
Disposal of financial assets	83 317	849 853
Dividends received	14 674	19 000
Interest received	-	-
Repayment of loans issued	-	-
Other inflows	-	-
Outflows	(83 193)	(895 913)
Purchase of property, plant and equipment and intangible assets	(871)	(23 979)
Purchase of subsidiaries and associates	(504)	(90 000)
Purchase of financial assets	(81 818)	(762 934)
Borrowings granted	-	(19 000)
Expenditures on maintenance of investment properties	-	-
Other outflows	-	-
Net cash from investing activities	16 019	(14 245)

Financing activities	Nine months ended 30 Sep 2016	Nine months ended 30 Sep 2015
Inflows	-	1 062
Proceeds from credit facilities and loans	-	-
Issue of short-term debt instruments	-	1
Other inflows	-	1 061
Outflows	-	(16 529)
Repayment of borrowings	-	-
Buy-back of short-term debt instruments	-	(1)
Payment of finance lease liabilities	-	-
Interest and fees paid	-	-
Dividends paid	-	(16 528)
Purchase of own shares	-	-
Other outflows	-	-
Net cash from financing activities	-	(15 467)

Change in cash and cash equivalents	19 608	(30 013)
Exchange differences	-	-
Cash and cash equivalents at the beginning of period	10 571	45 307
Cash and cash equivalents at the end of period	30 179	15 294

8.6 Accounting principles adopted in preparing Emperia Holding S.A.'s condensed financial statements

The accounting principles adopted in preparing the above condensed separate financial statements are the same as those used in preparing Emperia Group's consolidated financial statements. Details are presented in point 6.2.

Warsaw, November 2016

Signatures of all Management Board members:

2016-11-14 Dariusz Kalinowski President of the Management Board

.....
Signature

2016-11-14 Cezary Baran Vice-President of the Management Board, Finance Director

.....
Signature

Signatures of persons responsible for book-keeping

2016-11-14 Elżbieta Świniarska Economic Director

.....
Signature