CONSOLIDATED FINANCIAL STATEMENTS

4th QUARTER 2011

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

(ALL AMOUNTS IN THOUSANDS PLN)

LUBLIN, FEBRUARY 2012

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

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Lublin, 29 February 2012

Dear shareholders of Emperia Holding S.A.,

We present you the Financial Statements of our Capital Group for fourth quarter of 2011. It was a special period of activity full of events with a strategic impact on the further operations.

On 21 December 2011 Emperia Holding and Emperia's subsidiary – P1 sp. z o.o. signed with Eurocash settlement and changes to the Investment Agreement dated 21 December 2010 concluded between Eurocash and Emperia. In accordance with the above-mentioned documents on 21 December 2011 ("Transaction Closing Date") P1 disposed to Eurocash the shares of Distribution Companies, which operating in wholesale distribution of food products and organizing the network of franchised retail, for the price of 1,095,575,888 PLN. Payment for the Shares and obtain the title to the Shares by Eurocash took place on the Transaction Closing Date (Current Report No. 95/2011 dated 21 December 2011).

The conditions that we have achieved in the agreement, are attractive to shareholders. The Management Board of Emperia took action aiming as soon as possible in order to provide shareholders of the funds obtained from the sale.

In the fourth quarter we continued the process of seeking an investor for the retail segment. The settlement ended a several months legal conflict between Emperia Holding S.A. and Eurocash S.A. At the same legal risk has been eliminated for potential investors interested in the retail segment. It also opened up new opportunities in the ongoing process. By the decision of the Management Board, with the approval of the Supervisory Board, committed to the process of subsequent investors. The Management Board and the Supervisory Board shall take into account other possibilities than the sale of 100% of shares of retail companies for cash. In connection with the extension of the group of potential investors and the creation of new scenarios of the transaction, the closing date may be extended (i.e., more than previously estimated the first quarter of 2012).

Transactions executed in 2011 prevents the presentation of comparable to 2010 data – and therefore in the report for the fourth quarter did not present information broken down into divisions.

The year 2011 was a year full of challenges. We believe that the action taken by the company allowed us to maximize value for our shareholders.

Artur Kawa

Chairman of the Management Board of Emperia Holding S.A.

(in PLN 000s, unless indicated otherwise)

1. Selected financial highlights

No	SELECTED FINANCIAL HIGHLIGHTS (current year)	PLN For period 01 Jan 2011 to 31 Dec 2011	PLN For period 01 Jan 2010 to 31 Dec 2010	EURO For period 01 Jan 2011 to 31 Dec 2011	EURO For period 01 Jan 2010 to 31 Dec 2010
I.	Net revenues from sale of products, goods and materials	115 136	94 199	27 810	23 524
II.	Profit (loss) on operating activity	10 342	15 708	2 498	3 923
III.	Profit (loss) before tax	620 695	15 530	149 923	3 878
IV.	Profit from continuing operations	621 173	12 341	150 038	3 082
V.	Profit on discontinued operations	81 199	86 144	19 613	21 512
VI.	Profit (loss) for period	702 372	98 485	169 651	24 594
VII.	Net cash flows from operating activity	116 989	275 891	28 258	68 897
VIII.	Net cash flows from investing activity	980 075	(101 398)	236 727	(25 322)
IX.	Net cash flows from financing activity	(68 014)	(165 275)	(16 428)	(41 273)
X.	Total net cash flows	1 029 050	9 218	248 557	2 302
XI.	Total assets	1 902 795	1 916 069	430 809	483 819
XII.	Liabilities and provisions against liabilities	400 277	1 037 140	90 626	261 884
XIII.	Long-term liabilities	1 035	59 483	234	15 020
XIV.	Short-term liabilities	399 242	977 657	90 392	246 864
XV.	Equity	1 502 518	878 929	340 182	221 935
XVI.	Initial capital	15 115	15 115	3 422	3 817
XVII.	Number of shares	15 115 161	15 115 161	15 115 161	15 115 161
XVIII.	Weighted average number of shares	14 850 905	15 094 939	14 850 905	15 094 939
XIX.	Profit (loss) on continuing operations per ordinary share annualized* (PLN\EURO)	41,83	0,82	10,10	0,20
XX.	Profit (loss) on discontinued operations per ordinary share annualized* (PLN\EURO)	5,47	5,71	1,32	1,43
XXI.	Diluted profit (loss) per ordinary share annualized on continued operations* (PLN\EURO)	41,79	0,82	10,09	0,20
XXII.	Diluted profit (loss) per ordinary share annualized on discontinued operations* (PLN\EURO)	5,46	5,71	1,32	1,43
XXIII.	Book value per share* (PLN\EURO)	99,40	59,46	24,01	14,85
XXIV.	Diluted book value per share* (PLN\EURO)	101,09	59,41	24,42	14,84
XXV.	Declared or distributed dividend per share** (PLN\EURO)	2,63	0,92	0,61	0,23

* Value is calculated based on weighted average number of shares of the Issuer
** Dividend amount paid is calculated based on the number of shares of the Issuer on the date of this report

The weighted average number of shares:
– For I-IV quarters of 2011: for January-December 14 850 905;
– For I-IV quarters of 2010: for January-December 15 094 939.

The selected financial highlights are converted into EUR as follows:

1. The profit and loss and cash flow statement items are converted at an exchange rate being the arithmetic average exchange rates published by the National Bank of Poland, effective on the last day of each month, which for 2011 was 4.1401 PLN/EURO, and for 2010 was 4.0044 PLN/EURO,
2. The balance sheet items and book value/diluted book value are converted at the average exchange rate published by the National Bank of Poland, effective on the balance sheet date, which was: at 31.12.2011 4.4168 PLN/EURO, and at 31.12.2010 3.9603 PLN/EURO.
3. Distributed dividend per share are converted at exchange rate published by the National Bank of Poland at day of dividend payment, which was at 9.09.2011 4.3139 PLN/EURO, and at 9.09.2010 3.9421 PLN/EURO.

(in PLN 000s, unless indicated otherwise)

2. Consolidated Statement of Financial Position

	31 Dec 2011	30 Sep 2011	31 Dec 2010	30 Sep 2010
Fixed Assets	**613 592**	**977 406**	**962 544**	**972 078**
Tangible fixed assets	362 586	534 362	484 021	685 709
Investment real property	3 166	4 827	3 166	16 041
Intangible assets	4 489	5 987	8 557	8 450
Goodwill	12 844	167 634	17 845	203 975
Shares in equity method	-	6 961	-	4 917
Financial assets	87	13 005	585	11 755
Long-term loans	-	-	-	-
Long-term receivables and other deferred income	294	2 373	18 828	22 270
Deferred tax assets	9 665	16 796	6 684	18 961
Fixed assets held for sale	220 461	225 461	422 858	-
Current Assets	**1 289 203**	**1 046 679**	**953 525**	**884 956**
Stock	3 992	338 108	97 477	382 784
Receivables	29 362	471 006	63 393	430 687
Income tax receivables	-	78	924	1 422
Prepaid expenses	2 980	4 372	5 393	9 786
Cash	1 051 425	43 511	30 331	56 646
Other financial assets	-	-	5 650	3 631
Assets earmarked for sale	201 444	189 604	750 357	-
Total Assets	**1 902 795**	**2 024 085**	**1 916 069**	**1 857 034**
Equity capital	**1 502 518**	**886 635**	**878 929**	**853 069**
Share capital	15 115	15 115	15 115	15 115
Share premium capital	50 559	50 559	549 559	549 559
Supplementary capital	98 951	98 829	97 844	98 394
Supplementary capital from the evaluation of managerial options	9 199	4 394	4 394	3 554
Reserve capital	110 169	105 883	47 823	47 273
Reserve capital for purchase of own shares	499 000	503 286	40 000	40 000
Own shares	(53 774)	(35 714)	(14 290)	(686)
Profit attributable to continuing operations	692 098	136 563	65 891	99 750
Profit attributable to discontinued operations	81 201	7 720	72 480	-
Total equity allocated to shareholders of dominant entity	**1 502 518**	**886 635**	**878 817**	**852 959**
Non-controlling interest	-	-	113	110
Long-term liabilities	**1 035**	**83 384**	**59 483**	**147 254**
Credit facilities, loans and debt securities	-	69 183	54 226	121 906
Long-term liabilities	600	1 227	1 673	6 014
Provisions	121	578	2 547	2 955
Deferred tax liabilities	314	12 396	1 037	16 379
Short-term liabilities	**399 242**	**1 054 066**	**977 657**	**856 711**
Credit facilities, loans and debt securities	81 768	234 446	12 957	151 519
Short-term liabilities	26 707	615 850	135 690	663 631
Current tax liabilities	3 231	10 986	2 671	8 669
Provisions	2 244	13 001	5 830	29 830
Deferred income	1 492	3 164	2 645	3 062
Liabilities attributable to group of assets held for sale	283 800	176 619	817 864	-
Total liabilities	**1 902 795**	**2 024 085**	**1 916 069**	**1 857 034**

(in PLN 000s, unless indicated otherwise)

	31 Dec 2011	30 Sep 2011	31 Dec 2010	30 Sep 2010
Book value	1 502 518	886 635	878 929	853 069
Number of shares	15 115 161	15 115 161	15 115 161	15 115 161
Diluted number of shares	14 863 708	14 923 741	15 094 939	15 115 161
Book value per share (PLN)	99,40	59,46	58,15	56,44
Diluted book value per share (PLN)	101,09	59,41	58,15	56,44

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

Consolidated statement of financial position as at 31.12.2011 does not contain any of the companies Distribution. On 21 December 2011 Emperia Holding SA, together with its subsidiary P1 Sp. z oo signed with Eurocash SA the settlement and changes to the Investment Agreement entered into on 21 December 2010 pursuant to which the P1 sold to Eurocash shares in companies operating distribution including wholesale distribution of food products, as well as a retail franchise network.

Consolidated Statement of Financial Position as at 30.09.2011 for assets and liabilities of the Group earmarked for sale apply to Retail Companies which are subject of the Sales Process (described in point **Błąd! Nie można odnaleźć źródła odwołania.**).

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

	3 months ended 31 Dec 2011	12 months ended 31 Dec 2011	3 months ended 31 Dec 2010	12 months ended 31 Dec 2010
Sales revenues	**33 503**	**115 136**	**26 381**	**94 199**
Cost of goods sold	**(22 443)**	**(82 910)**	**(18 499)**	**(71 070)**
Profit on sales	**11 060**	**32 226**	**7 882**	**23 129**
Other operating income	7	428	2 430	3 056
Distribution costs	(186)	(454)	111	141
General administrative expense	(5 423)	(14 025)	(4 240)	(10 141)
Other operating expense	(1 772)	(7 833)	(123)	(477)
Profit on operations	**3 686**	**10 342**	**6 060**	**15 708**
Financial income	2 611	4 644	1 383	4 260
Financial expense	(1 730)	(5 836)	(1 173)	(4 438)
Gain on sale of shares	611 545	611 545	-	-
Profit before tax	**616 112**	**620 695**	**6 270**	**15 530**
Income tax	2 283	478	(1 323)	(3 189)
- current tax	(2 490)	(6 087)	(1 353)	(2 346)
- deferred tax	4 773	6 565	30	(843)
Share in financial result entities valued using the equity method	-	-	-	-
Net profit from continuing operations	**618 395**	**621 173**	**4 947**	**12 341**
Profit for period for shareholders of dominant entity	618 395	621 173	4 947	12 341
Profit for period for non-controlling interest				
Profit for period from discontinued operations	**(8 174)**	**(941)**	**9 333**	**13 668**

(in PLN 000s, unless indicated otherwise)

(held for sale) - Retail				
Profit for period from discontinued operations - Distribution	**23 985**	**82 140**	**24 879**	**72 476**
Profit for the period	**634 206**	**702 372**	**39 159**	**98 485**

The item "Gain on sale of shares" in the profit and loss account is presented net profit achieved on the sale of companies Distribution: Detal Koncept Sp. z o.o., Tradis Sp. z o.o., DEF Sp. z o.o., Ambra Sp. z o.o., Lewiatan Podlasie Sp. z o.o., Lewiatan Śląsk Sp. z o.o., Euro Sklep S.A., PSD S.A., pursuant to the Settlement and the amendments to the Investment Agreement entered into between Emperia Holding S.A., together with its subsidiary P1 Sp. z o.o. and Eurocash S.A. was on 21 December 2011, sold to Eurocash S.A. for cash.

Analytically to "Gain on sale of shares" were as follows:

The selling price (cash)	1 095 576
Net assets of disposed subsidiaries	323 414
Goodwill allocated to disposed subsidiaries	155 089
Costs directly attributable to the transaction	5 528
The result on the transaction	611 545

As the "profit for period from discontinued operations (held for sale) – Retail" in the profit and loss account is presented net profit on activity of the retail companies: Stokrotka Sp. z o.o., Społem Tychy S.A., i Maro-Markety Sp. z o.o., in accordance with the resolution of the Management Board of Emperia Holding S.A. dated 20 June 2011 regarding the start of a process aimed at sale of the retail companies.

As the "profit for period from discontinued operations – Distribution" in the profit and loss account is presented net profit on activity of the Distribution companies: Detal Koncept Sp. z o.o., Tradis Sp. z o.o., DEF Sp. z o.o., Ambra Sp. z o.o., Lewiatan Podlasie Sp. z o.o., Lewiatan Śląsk Sp. z o.o., Euro Sklep S.A., PSD S.A., pursuant to the Settlement and the amendments to the Investment Agreement entered into between Emperia Holding S.A., together with its subsidiary P1 Sp. z o.o. and Eurocash S.A. was on 21 December 2011, sold to Eurocash S.A. Presented results covers the period from 1 January to 31 December 2011.Loss of control was on 22 December , but given that a lot of revenue recorded in the December relates to prior periods (bonuses) and the fact that in the period after losing control is the festive season, the error in this regard is irrelevant.

Profit (loss) for period (annualised), in this:	**702 372**	**98 485**
Profit (loss) on continuing operations (annualised)	**621 173**	**12 341**
Profit (loss) on discontinued operations (annualised)	**81 199**	**86 144**
Weighted average of ordinary shares*	14 850 905	15 094 939
Diluted weighted average number of ordinary shares**	14 863 708	15 094 939
Profit (loss) per ordinary share (PLN) annualised	47,29	6,52
Profit (loss) on continuing operations per ordinary share (PLN) annualised	41,83	0,82
Profit (loss) on discontinued operations per ordinary share (PLN) annualised	5,47	5,71
Diluted profit (loss) per ordinary share (PLN) annualised	47,25	6,52
Diluted profit (loss) on continuing operations per ordinary share (PLN) annualised	41,79	0,82
Diluted profit (loss) on discontinued operations per ordinary share (PLN) annualised	5,46	5,71

* The weighted average number of shares:
– For I-IV quarters of 2011: for January-December 14 850 905
– For I-IV quarters of 2010: for January-December 15 094 939

** Diluted weighted average number of shares:
– For I-IV quarters of 2011: for January-December 14 863 708, having regard to the effect of dilutive options granted as part of a tranche in 2010 of the Management Option Plan II for 2010-2012.
– For I-IV quarters of 2010: for January-December 15 094 939

(in PLN 000s, unless indicated otherwise)

Statement of total income	3 months ended 31 Dec 2011	12 months ended 31 Dec 2011	3 months ended 31 Dec 2010	12 months ended 31 Dec 2010
Profit on continuing operations	**618 395**	**621 173**	**4 947**	**12 341**
Profit on discontinued operations	**15 811**	**81 199**	**34 212**	**86 144**
Profit for period	**634 206**	**702 372**	**39 159**	**98 485**
Other total income				
Total income for period	**634 206**	**702 372**	**39 159**	**98 485**
Total income for shareholders of parent company			39 156	98 474
Total income for minority shareholders			3	11

(in PLN 000s, unless indicated otherwise)

4. Summary Report of Changes in Equity

	Share capital	Share premium capital	Supplementary capital	Supplementary capital from the evaluation of managerial options	Reserve capital	Reserve Capital for purchase of own shares	Own shares	Retained profit	Non-controlling interest	Total equity
1 October 2011	**15 115**	**50 559**	**98 829**	**4 394**	**105 883**	**503 286**	**(35 714)**	**144 168**	**115**	**886 635**
Correction of error for 2010								(1 184)		(1 184)
1 October 2011 adjusted	**15 115**	**50 559**	**98 829**	**4 394**	**105 883**	**503 286**	**(35 714)**	**142 984**	**115**	**885 451**
Profit on continuing operations								616 506		616 506
Profit on discontinued operations								17 700		17 700
Profit for 3 months until 31 December 2011								**634 206**		**634 206**
Results for previous years of Companies included to consolidation										
Sell a property revalued in previous years			142					(3 892)		**(3 750)**
Valuation of the Management Option Plan II				4 805						**4 805**
Distribution of 2010 profit – allocation to capital funds										
Establishment reserve capital for purchase of own shares										
Purchase of own shares							(18 060)			**(18 060)**
Redemption of own shares			(20)						(115)	(135)
Transfer of capital used for the purchase of own shares					4 286	(4 286)				
Dividend for shareholders as part of 2010 profit distribution										
Dividend for shareholders of non-controlling										
31 December 2011	**15 115**	**50 559**	**98 951**	**9 199**	**110 169**	**499 000**	**(53 774)**	**773 299**	**0**	**1 502 518**

(in PLN 000s, unless indicated otherwise)

	Share capital	Share premium capital	Suppleme tary capital	Supplementary capital from the evaluation of managerial options	Reserve capital	Reserve Capital for purchase of own shares	Own shares	Retained profit	Non-controlling interest	Total equity
1 January 2011	**15 115**	**549 559**	**97 844**	**4 394**	**47 823**	**40 000**	**(14 290)**	**138 371**	**113**	**878 929**
Correction of error for 2010								(1 186)		(1 186)
1 January 2011 adjusted	**15 115**	**549 559**	**97 844**	**4 394**	**47 823**	**40 000**	**(14 290)**	**137 185**	**113**	**877 743**
Profit on continuing operations								621 173		621 173
Profit on discontinued operations								81 199		81 199
Profit for 12 months until 31 December 2011								**702 372**		**702 372**
Results for previous years of Companies included to consolidation								(10)		(10)
Sell a property revalued in previous years			142					(3 892)		(3 750)
Valuation of the Management Option Program II				4 805						4 805
Distribution of 2010 profit – allocation to capital funds			1 000		22 346			(23 346)		
Establishment reserve capital for purchase of own shares		(499 000)				499 000				
Purchase of own shares							(39 485)			(39 485)
Redemption of own shares			(34)						(113)	(147)
Transfer of capital used for the purchase of own shares					40 000	(40 000)				
Dividend for shareholders as part of 2010 profit distribution								(39 003)		(39 003)
Dividend for shareholders of non-controlling								(8)		(8)
31 December 2011	**15 115**	**50 559**	**98 951**	**9 199**	**110 169**	**499 000**	**(53 774)**	**773 299**	**0**	**1 502 518**

(in PLN 000s, unless indicated otherwise)

	Share capital	Share premium capital	Supplemetary capital	Supplementary capital from the evaluation of managerial options	Reserve capital	Reserve Capital for purchase of own shares	Own shares	Retained profit	Non-controlling interest	Total equity
1 October 2010	**15 115**	**549 559**	**98 394**	**3 554**	**47 273**	**40 000**	**(686)**	**99 750**	**110**	**853 069**
Correction of error for 2009			(550)		550			(535)		(535)
1 October 2010 adjusted	**15 115**	**549 559**	**97 844**	**3 554**	**47 823**	**40 000**	**(686)**	**99 215**	**110**	**852 534**
Profit on continuing operations								4 947		4 947
Profit on discontinued operations								34 209	3	34 212
Profit for 3 months until 31 December 2010								**39 156**	**3**	**39 159**
Revaluation of a land in Tradis in previous years										
Valuation of the Management Option Program II				840						840
Purchase of own shares							(13 604)			(13 604)
31 December 2010	**15 115**	**549 559**	**97 844**	**4 394**	**47 823**	**40 000**	**(14 290)**	**138 371**	**113**	**878 929**

	Share capital	Share premium capital	Supplemetary capital	Supplementary capital from the evaluation of managerial options	Reserve capital	Reserve Capital for purchase of own shares	Own shares	Retained profit	Non-controlling interest	Total equity
1 January 2010	**15 115**	**549 559**	**98 394**	**1 035**	**59 150**			**82 482**	**102**	**805 837**
Correction of error for 2009			(550)		550			(535)		(535)
1 January 2010 adjusted	**15 115**	**549 559**	**97 844**	**1 035**	**59 700**			**81 947**	**102**	**805 302**
Profit on continuing operations								12 341		12 341
Profit on discontinued operations								86 133	11	86 144
Profit for 12 months until 31 December 2010								**98 474**	**11**	**98 485**
Valuation of the Management Option Program II				3 359						3 359
Distribution of 2009 profit – allocation to capital funds					28 123			(28 123)		
Establishment of reserve capital for purchase of own shares					(40 000)	40 000				
Purchase of own shares							(14 290)			(14 290)
Dividend for shareholders as part of 2009 profit distribution								(13 906)		(13 906)
Dividend for shareholders of non-controlling								(21)		(21)
31 December 2010	**15 115**	**549 559**	**97 844**	**4 394**	**47 823**	**40 000**	**(14 290)**	**138 371**	**113**	**878 929**

(in PLN 000s, unless indicated otherwise)

5. Summary Consolidated Report of Cash Flows

	3 months ended 31 Dec 2011	12 months ended 31 Dec 2011	3 months ended 31 Dec 2010	12 months ended 31 Dec 2010
Profit from continuing operations	**616 506**	**621 173**	**4 947**	**12 341**
Profit on discontinued operations	**17 700**	**81 199**	**34 212**	**86 144**
Profit (loss) for period	**634 206**	**702 372**	**39 159**	**98 485**
Adjustments for:	**(544 204)**	**(585 383)**	**23 582**	**177 406**
Share in net (profits) losses of entities consolidated using equity method	46	(1 010)	(989)	(1 923)
Depreciation	16 842	68 540	17 291	68 368
(Gain) loss on exchange rate differences	-	-	-	-
Interest and share in profit (dividends)	4 771	19 374	4 283	17 790
Income tax	3 095	20 085	9 734	24 605
Profit (loss) on investing activity	(630 523)	(633 442)	(4 008)	(5 012)
Change in provisions	452	7 221	(17 400)	(3 777)
Change in stock	(31 037)	(34 605)	(54 480)	18 051
Change in receivables	52 001	(31 582)	(8 396)	(68 400)
Change in accruals	272	1 013	3 959	5 217
Change in liabilities	41 085	19 043	77 241	122 125
Other adjustments	3 931	4 027	860	3 319
Income tax paid	(5 140)	(24 047)	(4 513)	(2 957)
Net cash flows from operating activity	**90 002**	**116 989**	**62 741**	**275 891**
Income	**1 100 487**	**1 116 457**	**11 760**	**19 974**
Sale of fixed and intangible asset	(2 584)	9 705	4 563	8 812
Sale of financial assets	(100)	-	-	57
Disposal of subsidiaries	1 095 576	1 095 576	-	-
Received dividends	-	500	-	1 000
Interest received	1 030	2 599	286	1 009
Repayment of loans granted	5 760	5 850	3 000	3 553
Cash from acquired companies at date of acquisition	-	335	-	161
Income from use of investment property	804	1 892	3 911	5 382
Other income	-	-	-	-
Expenditures	**(68 316)**	**(136 382)**	**(34 271)**	**(121 372)**
Purchase of fixed and intangible assets	(13 142)	(80 009)	(28 257)	(109 264)
Investments in real property	-	(6)	(23)	(23)
Purchase of subsidiaries and associated entities	810	(52)	(726)	(3 491)
Purchase of financial assets	-	-	-	-
Granting loans	-	-	(5 090)	(8 090)
Cash in subsidiaries at date of sale	(55 657)	(55 657)	-	-
Expenditures related to maintenance of investment property	(326)	(638)	(175)	(504)
Other expenditures	(1)	(20)	-	-
Net cash flows from investing activity	**1 032 170**	**980 075**	**(22 511)**	**(101 398)**
Income	**8 891**	**255 664**	**6 528**	**136 225**
Income from credit facilities and loans contracted	4 037	230 539	242	112 350
Issue of short-term debt securities	4 843	24 554	6 273	23 845
Other income	11	571	13	30
Expenditures	**(115 922)**	**(323 678)**	**(54 133)**	**(301 500)**
Repayment of credit facilities and loans	(84 810)	(192 764)	(28 881)	(224 383)
Redemption of short-term debt securities	(7 200)	(26 700)	(6 300)	(27 000)

(in PLN 000s, unless indicated otherwise)

Payment of liabilities under financial leases	(245)	(3 049)	(415)	(1 672)
Interest and charges paid	(5 100)	(22 148)	(4 442)	(19 739)
Dividends paid	-	(39 012)	-	(13 925)
Purchase of own shares	(18 046)	(39 485)	(13 604)	(14 290)
Other	(520)	(520)	(491)	(491)
Net cash flows from financial activity	**(107 031)**	**(68 014)**	**(47 605)**	**(165 275)**
Change in cash	**1 015 141**	**1 029 050**	**(7 376)**	**9 218**
Exchange differences				
Cash at beginning of period	**63 178**	**49 269**	**56 646**	**40 053**
Cash at end of period	**1 078 319**	**1 078 319**	**49 269**	**49 269**

6. Additional Information

6.1 Description of the Capital Group organization

Name, seat and objects of business of the dominant entity

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

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

Since 1 April 2007, the main object of business of Emperia Holding S.A. has been the provision of company holding services (Polish Classification of Activities 7415Z). The Company is a taxpayer of tax on goods and services (VAT), Tax Identyfication Number: 712-10-07-105.

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

The financial year of the Group subsidiaries coincides with the calendar year.
The term of the Group's subsidiaries is indefinite, with the exception of Retail companies which are the subject of "Sales Process" (as described in point **Błąd! Nie można odnaleźć źródła odwołania.**) are classified and presented in these financial statements as assets held for sale.
The consolidated financial statements have been prepared for the period from 1 January 2011 to 31 December 2011, comparable data for the period from 1 January 2010 to 31 December 2010.The consolidated financial statements do not include aggregate data, the Companies do not have internal organizational units that prepares independent financial statement.

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

Consolidation details

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

As at 31 December 2011 are subject to consolidation Emperia Holding S.A. and thirteen subsidiaries: Stokrotka Sp. z o.o., Infinite Sp. z o.o., Elpro Ekon Spółka z ograniczoną odpowiedzialnością S.K.A.., Maro Markety Sp. z o.o., Społem Tychy Sp. z o.o., Emperia Info Sp. z o.o., Projekt Elpro 1 Sp. z o.o., EMP Investment Limited, Ekon Sp. z.o.o., IPOPEMA 55 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, P1 Sp. z o.o., P4 Sp. z o.o., P5 Sp. z o.o.

Over the four quarters of 2011, the Emperia Capital Group (in relation to the end of 2010) has changed. Composition of consolidated companies was increased by P1 Sp. z o.o., Ekon Sp. z o.o., EMP Investment Ltd., Ipopema 55 FIZ Aktywów Niepublicznych (subsidiaries excluded form consolidation) and P4 Sp. z o.o. and P5 Sp. z o.o. (start-up companies).
At the same time in this period, the composition of the consolidated companies has been reduced by the Distribution companies: Detal Koncept Sp. z o.o., Tradis Sp. z o.o., DEF Sp. z o.o., Ambra Sp. z o.o., Lewiatan Podlasie Sp. z o.o., Lewiatan Śląsk Sp. z o.o., Euro Sklep S.A., PSD S.A., pursuant to the Settlement and the amendments to the Investment Agreement entered into between Emperia Holding SA, together with its subsidiary P1 Sp. z o.o. and Eurocash S.A. was on 21 December 2011, sold to Eurocash S.A.

(in PLN 000s, unless indicated otherwise)

List of subsidiaries of Emperia Holding SA be consolidated within the Capital Group and included in the consolidated financial statements for 31 December 2011

No	Subsidiary name	Logo	Registered address	Main objects of business	Court of registration	Relation to parent	Consolidation method	Date of acquiring control / Date of material impact	Interest held	Voting power at general meeting
1	Stokrotka Sp. z o.o. (1)		20-952 Lublin, Mełgiewska 7-9	Food product retailing	16977, District Court in Lublin, XI Commercial Division of National Court Register ("NCR")	Subsidiary	Full	1999-01-27	100,00%	100,00%
2	Infinite Sp. z o.o.		20-150 Lublin, Ceramiczna 8	IT services	16222, District Court in Lublin, XI Commercial Division of NCR	Subsidiary	Full	1997-03-11	100,00%	100,00%
3	ELPRO EKON Spółka z ograniczoną odpowiedzialnością S.K.A. (formerly „Elpro" Sp. z o.o.) (2)		20-952 Lublin, Mełgiewska 7-9	Developer activity	946, District Court in Lublin, XI Commercial Division of the NCR	Subsidiary	Full	2001-02-15	100,00%	100,00%
4	Społem Tychy S.A.		43-100 Tychy, Damrota 72	Food product retailing	164604, District Court in Katowice, VIII Commercial Division of NCR	Subsidiary	Full	2007-07-06	99,50%	99,50%
5	Maro-Markety Sp. z o.o.		61-615 Poznań, Skwierzyńska 20	Food product retailing	102596, District Court in Poznań, XX Commercial Division of NCR	Subsidiary	Full	2007-09-12	100,00%	100,00%
6	Emperia Info Sp. z o.o.		20-952 Lublin, Mełgiewska 7-9	IT services	314260, District Court in Lublin, XI Commercial Division of NCR	Subsidiary	Full	2008-09-12	100,00%	100,00%
7	Projekt Elpro 1 Sp. z o.o. (3)		20-952 Lublin, ul. Mełgiewska 7-9	Property management	71049, District Court in Częstochowa, XVII Commercial Division of NCR	Subsidiary	Full	2007-11-29	100,00%	100,00%

(in PLN 000s, unless indicated otherwise)

8	P1 Sp. z o.o.		20-952 Lublin, Mełgiewska 7-9	head offices and management consultancy activities	365614, District Court in Lublin, XI Commercial Division of the NCR	Subsidiary	Full	2010-09-06	100,00%	100,00%
9	Ekon Sp. z o.o.		20-952 Lublin, Mełgiewska 7-9	Property management	367597, District Court in Lublin, XI Commercial Division of NCR	Subsidiary	Full	2010-09-06	100,00%	100,00%
10	EMP Investment Ltd.(8)		Themistokli Dervi 3, JULIA HOUSE, P.C. 1066; Nikozja, Cypr	Investment activity in the real estate	HE 272278, Ministry of Commerce Industry and Tourism, Department of the Registrar of Companies, Nicosia, Cyprus	Subsidiary	Full	2010-09-03	100,00%	100,00%
11	Ipopema 55 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych (4)		00-850 Warszawa, Waliców 11	Activities of trusts, funds and similar financial institutions	RFI 591, the Warsaw Regional Court, Division VII of the Civil Registry	Subsidiary	Full	2010-12-09	100,00%	100,00%
12	P4 Sp. z o.o.		20-952 Lublin, ul. Mełgiewska 7-9	head offices and management consultancy activities	400637, District Court of Lublin-East based in Świdnik, VI Commercial Division of NCR	Subsidiary	Full	03-10-2011	100,00%	100,00%
13	P5 Sp. z o.o. (5)		20-952 Lublin, ul. Mełgiewska 7-9	Rental and management of own or leased real estate	KRS 403506, District Court of Lublin-East based in Świdnik, VI Commercial Division of NCR	Subsidiary	Full	24-11-2011	100,00%	100,00%

(1) directly Emperia Holding (98 472 shares, 95.93%) and indirectly by (4 181 shares, 4.07%)
(2) indirectly by IPOPEMA 55 FIZ Aktywów Niepublicznych (80 625 shares), Ekon Sp. z o.o. (1 share)
(3) indirectly by IPOPEMA 55 FIZ Aktywów niepublicznych (138 427 shares, 99.95%), Projekt Elpro 1 (64 shares, 0.05%), EKON Sp. z o.o. (1 share, 0.00%)
(4) indirectly by EMP Investment Limited
(5) indirectly by Stokrotka Sp. z o.o. (990 shares, 99.0%) and Społem Tychy S.A. (10 shares, 1.0%)

(in PLN 000s, unless indicated otherwise)

List of subsidiaries at the balance sheet date 31 December 2011 excluded from consolidation in financial statements with indication of legal grounds

Entity name		Registered address	Legal grounds for exclusion	Emperia Group interest in share capital (% at balance sheet date)	Emperia Group voting power (% at balance sheet date)
1.	Lider Sp. z o.o. w likwidacji (1)	70-660 Szczecin, Gdańska 3C	The financial data of these entities is immaterial to the extent of the obligation to present a reliable and clear picture of the Group's assets, financial standing and financial result	100,00%	100,00%
2.	Ezon Sp. z o.o.	20-952 Lublin, Mełgiewska 7-9		100,00%	100,00%
3.	Tradis S.A.	20-952 Lublin, Mełgiewska 7-9		100,00%	100,00%
4.	SPOŁEM Domy Handlowe Sp. z o.o. (2)	43-100 Tychy, ul. Damrota 72		100,00%	100,00%
5.	P2 EKON Sp. z o.o. sp. komandytowo-akcjyna (3)	20-952 Lublin, ul. Mełgiewska 7-9		100,00%	100,00%

(1) indirectly by Stokrotka Sp. z o.o.
(2) indirectly by Społem Tychy S.A.
(3) indirectly by IPOPEMA 55 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych

List of entities other than subsidiaries entities in which associated entities hold less than 20% of shares as at 31 December 2011

Entity name		Registered address	Share capital (PLN)	Emperia Group interest in share capital (% at balance sheet date)	Emperia Group voting power (% at balance sheet date)
1	„Giełda Rolno-Towarowa" S.A. (1)	Białystok ul. Gen. Wł. Andersa 38	14 805	0,30%	0,36%

(1) indierctly by Projekt Elpro 1 Sp. z o.o.

6.2 Outline of Key Accounting Policies

6.2.1 Basis for preparation of consolidated financial statements

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

6.2.2 Conformity statement

The consolidated financial statements of Emperia Holding S.A. have been prepared in accordance with International Financial Reporting Standards ("IFRS") and related interpretations published in the form of European Commission regulations, which were approved by the European Union.
These consolidated financial statements present fairly the financial position of the Group's financial performance and cash flows.
Have been prepared in accordance with the Regulation of the Minister of Finance of 19 October 2005 on current and periodic information provided by issuers of securities.

6.2.3 Operating Segment Reporting

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

Group in 2011, distinguished between the following segments:

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

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

3 **Other** include the activities of the holding company and activities other companies: Elpro Ekon Spółka z ograniczoną odpowiedzialnością S.K.A. (formerly „Elpro” Sp. z o.o.), Projekt Elpro 1 Sp. z o.o., Ekon Sp. z o.o., P1 Sp. z o.o. – head offices and management consultancy activities, Infinite Sp. z o.o., Emperia Info Sp. z o.o. – providing IT services, PSD S.A. – the company manages a partnerships network, Lewiatan Śląsk Sp. z o.o. – retail franchising, EMP Investment Limited – investment activity in real estate, IPOPEMA 55 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych – activities of trusts, funds and similar financial institutions, P4 Sp. z o.o. – head offices and management consultancy activities, P5 Sp. z o.o.- engaged in leasing and management of own or leased real estate. Due to the significant eliminations and generally small significance (this segment is below all of the thresholds set out in IFRS 8) above-mentioned companies are presented together under one heading.

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

6.2.4 Functional currency

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

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

6.2.5 Discontinued operations

In these financial statements as discontinued operations Group presents:

- activity in 2010 and 2011 of the Distribution companies : Detal Koncept Sp. z o.o., Tradis Sp. z o.o., DEF Sp. z o.o., Ambra Sp. z o.o., Lewiatan Podlasie Sp. z o.o., Lewiatan Śląsk Sp. z o.o., Euro Sklep S.A., PSD S.A., pursuant to the Settelment and the amendments to the Investment Agreement entered into between Emperia Holding S.A., together with its subsidiary P1 Sp. z o.o. and Eurocash S.A. was on 21 December 2011 sold to Eurocash S.A.,

- activity in 2011 roku of the Retail companies: Stokrotka Sp. z o.o., Maro-Markety Sp. z o.o. and Społem Tychy S.A. held for sale The basis of this presentation is the resolution of the Management Board of the Company adopted on 20 June 2011 on the launching of a process aimed at selling companies operating in the retail segment. Actions taken to achieve a sale of the Retail companies are described in point 7.14.16.a and 7.14.17.b.

6.2.6 Change in accounting policies

The Group introduces new IFRS standards and interpretations applicable to the relevant reporting period. Each time in the consolidated financial statements the Group determines what changes were applicable to the activities of the companies, what effect they caused in the consolidated financial statements and comparative data.

6.2.7 Application of standards and interpretations applicable from 1 January 2011

The following standards, amendments to standards and interpretations apply to the Group since 1 January 2011:

a) Zmiany do różnych standardów i interpretacji „Poprawki do MSSF 2010”

On 10 May 2010, the IASB issued amendments to IFRS in the annual improvement process, aimed at streamlining and clarifying the international accounting standards.Most of the changes will clarify existing IFRSs or amends them, or a change resulting from the previous amendments to IFRS. Three shifts (two to IFRS 1 and one to IAS 34) include changes to the existing requirements or provide additional clarification on the application of this requirements.

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

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

c) Amendment to IAS 24 "Disclosures related entities"

On 4 November 2009, the IASB published the revised IAS 24 Disclosures related entities. The purpose of the changes introduced in the revised IAS 24 is to simplify the definition of a related party and the removal of some internal inconsistencies, and the exemption of entities linked to the government with certain disclosure requirements for related party transactions.

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

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

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

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

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

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

Group estimates that the adoption of these revised standards and new interpretations had no material impact on the financial statements for the fourth quarter of 2011.

Standards issued bot not yet entered into force

a) Amendments to IFRS 1, "Removal of rigid deadlines for applying IFRS for the first time"

On 26 August 2010 the IASB published an exposure draft Proposed amendments to IFRS 1: Resignation of rigid deadlines for applying IFRS for the first time, announcing a release of certain onerous obligations of transition to IFRS units. Proposed replacement of rigid deadlines specified in the standard as 1 January 2004; wording the date of transition to IFRS. As a result, individuals passing on IFRS will not have to transform the operations of derecognition carried out before the date of adoption of IFRS for the first time. The changes will apply to annual periods beginning on 1 July 2011 or after that date.

b) Amendments to IFRS 1 "Severe hyperinflation"

On 30 September 2010 the IASB published an exposure draft Severe hiperinflation. The project relates to units preparing financial statements in accordance with IFRS, after a period of severe hyperinflation - units that come to IFRS on the normalization of the functional currency or after that date could decide whether the assets and liabilities are measured at fair value at the date of transition to IFRS and used that fair value as the deemed cost of those assets and liabilities at the date of opening of the statement of financial position prepared in accordance with IFRS. The changes will apply to annual periods beginning on 1 July 2011 or after that date.

c) Amendments to IFRS 7 "Financial Instruments – Disclosures"

On 7 October 2010 the IASB issued a document disclosures about transfers of financial assets, the mounting requirements for disclosure of transactions involving the transfer of financial assets. These amendments are intended to increase transparency of information on the risks of transactions in which the financial asset was transferred, but the transferor retains a certain level of involvement in this component (referred to as the continuity of involvement). The amendments also require disclosure in cases where transfers of financial assets are not evenly distributed in the reporting period. The changes will apply to annual periods beginning on 1 July 2011 or after that date. This standard has not yet been adopted by the European Union.

Early adoption of standards and interpretations

In preparing these financial statements the Group decided that none of the Standards do not will be pre-applied.

Standards and interpretations endorsed for use by the European Union:

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

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

b) IFRS 10 "Consolidated Financial Statements"

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

c) IFRS 11 "Joint Arrangements"

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

d) IFRS 12 "Disclosure of Interests in Other Entities"

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

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

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

f) IFRS 13 "Fair Value Measurement"

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

g) IAS 19 Employee Benefits

IASB introduced a number of changes to IAS 19, the largest of which relates to defined benefit plans. Liquidated method "corridor", which allowed to defer gains or losses and requires the presentation of the effects of revaluation in other comprehensive income (OCI).The changes will be effective for financial statements for periods beginning on 1 January 2013 or later.

h) IAS 1 Presentation of Items of Other Comprehensive Income

Amendments to IAS 1 was issued on 16 June 2011 and are effective for annual periods beginning on or after 1 July 2012. The amendments concern the classification of items of other comprehensive income that can be transferred to the profit and loss account. The amendments also confirm the possibility of presentation of items of other comprehensive income and profit and loss account as one or two separate statements.

i) IFRIC 20 Settlement of waste disposal costs at the production stage in open-pit mines

On 19 October 2011, the IASB issued IFRIC 20. The interpretation clarifies the accounting when production should lead to the recognition of an asset and its valuation methods, both at the beginning and in subsequent reporting periods.The interpretation is effective for annual periods beginning on or after 1 January 2013 with earlier application permitted.

j) IFRS 9 Financial Instruments (Revised IFRS 9 (2009), IFRS 9 (2010) and IFRS 7)

On 16 December 2011, the IASB has deferred the effective date of IFRS 9, setting a new on January 1, 2015. The amendment introduces an exemption from comparative data transformation which require disclosure (IFRS 7), to enable users of financial statements to understand the impact of the application of IFRS 9. This standard has not yet been adopted by the European Union.

k) Amendments to IFRS 7 Financial Instruments: Disclosures - offsetting financial assets and financial liabilities

On 16 December 2011, the IASB issued jointly with the FASB new disclosure requirements that will improve the comparability of financial statements prepared in accordance with IFRS and U.S. GAAP. The new requirements are effective for annual periods beginning on or after 1 January 2013.

l) IAS 32 Financial Instruments: Presentation

The change in IAS 32 applies to offsetting financial assets and financial liabilities. Was published on 16 December 2011 in order to clarify the requirements for the application of deductions. The amendments are effective for annual periods beginning on or after 1 January 2014 with earlier application permitted.

6.2.8 Accounting Estimates

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

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

6.2.9 Correction of Errors

Errors may relate to the recognition, valuation, presentation or disclosure of information relating to specific items of the financial statements.

Any errors identified at the stage of preparation of the financial statements are corrected by the company in the relevant financial statements. Any errors identified in the successive periods are corrected by adjusting comparable data presented in the financial statements for the period in which the error is identified. The Group corrects errors of previous periods using the retrospective approach and by retrospective transformation of data, if practically feasible.

(in PLN 000s, unless indicated otherwise)

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

a) Acquisition of shares in a newly created companies P4 Sp. z.o.o. and P5 Sp. z o.o.

On 3 October 2011 Emperia Holding S.A. acquired 200 shares with a nominal value of 100 PLN each in a newly created company called P4 Sp. z o.o. with seat in Lublin. The shares were paid a cash contribution in the amount of 20 000 PLN and represent 100% of the share capital and the right to 100% of the votes at the general meeting of shareholders. The company's business activities is head offices and management consultancy activities.

On 24 November 2011 the company P5 Sp. z o.o. was established with its registered seat in Lublin. The share capital is divided into 1 000 shares with a par value of 500 PLN each of which 990 shares with a par value 495 000 PLN took Stokrotka Sp. z o.o. with its registered seat in Lublin, and 10 shares with a nominal value of 5 000 PLN was acquired by Społem Tychy S.A. with its seat in Tychy.The shares have been fully paid for in cash. Activity of the company is leasing and management of own or leased real estate. Establishment of the company is the next step in the implementation of the new structure of property management and real estate investments of the Capital Group Emperia.

b) Sale of shares in Distribution Companies

On 21 December 2011 Emperia Holding S.A. with subsidiary P1 Sp. z o.o. signed with Eurocash S.A. Settlement and changes to the Investment Agreement entered into on 21 December 2010 pursuant to which the P1 sold to Eurocash shares of Distribution Companies engaged in the wholesale distribution of food products, as well as a network of franchised retail for a price of 1 095 575 885 PLN.
Distribution Companies subject to the sale:

Company name	Participation Emperia (indirect) in the share capital of the company	The nominal value of share	Participation Emperia (indirect) of votes at the general meeting of shareholders
Euro Sklep S.A.	100%	410	100%
Detal Koncept sp. z o.o.	100%	500	100%
Lewiatan Zachód sp. z o.o.	100%	600	100%
Lewiatan Północ sp. z o.o.	100%	500	100%
Tradis sp. z o.o.	100%	500	100%
Drogerie Koliber sp. z o.o.	100%	500	100%
Lewiatan Holding S.A.	66,61%	1	71,17%
Partnerski Serwis Detaliczny S.A.	100%	1	100%
Lewiatan Opole sp. z o.o.	100%	500	100%
Lewiatan Wielkopolska sp. z o.o.	81,43%	2.000	81,43%
DEF sp. z o.o.	100%	500	100%
AMBRA sp. z o.o.	100%	500	100%
Lewiatan Podlasie sp. z o.o.	100%	1.000	100%
Lewiatan Śląsk sp. z o.o.	100%	1.000	100%
Lewiatan Kujawy sp. z o.o.	100%	1.000	100%
Lewiatan Orbita sp. z o.o.	100%	500	100%
Gama Serwis sp. z o.o.	100%	650	100%

The total value of these shares in the accounting books of P1 is 1,320,000,000 PLN.

Under the signed agreement the Parties mutually renounced claims in relation to the circumstances of the statement of withdrawal by Emperia and P1 of the Investment Agreement. (For more information on this topic can be found in the Current Report No. 47/2011 of 9 August 2011).
On signing the agreement the Arbitration Court hearing a dispute between Emperia with P1 and Eurocash formed on the

basis of the Investment Agreement, the arbitration proceedings discontinued.
In connection with the transaction will fall protection claim that was granted by the District Court in Lublin decision of 2 September 2011 (for more information on this topic can be found in the Current Report No. 64/2011).

c) Reduction of the share capital in the subsidiary P1 Sp. z o.o.

On 29 December 2011 the Extraordinary Shareholders Meeting of P1 Sp. z o.o. adopted a resolution on reduction of share capital by the amount of 1 320 000 000 PLN that is the amount of 1 320 050 000 PLN to 50 000 PLN by redemption (compulsory redemption) 13 200 000 shares with a nominal value of 100 PLN each, belonging Emperia Holding S.A. By entering into the Settlement Agreement dated 21 December 2011there was a sale of the company's contribution of course, the same has been complied with condition set out in the articles of association to make a compulsory redemption of shares by a shareholder in exchange for this contribution.Emperia Holding S.A. is entitled to salary of 1,090,000,000 PLN from the title of the redemption, which will be paid within 30 days from the date of registration of the capital reduction.The resolution has committed the Management Board of the company to make all legal and other actions required to register the reduction of share capital registered in the registry court.

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

The mergers and initial capital increases in businesses effected after the balance sheet date are outlined in note 7.14.17

6.2.11 Tangible fixed assets

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

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

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

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

- store furniture,
- strip curtains,

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

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

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

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

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

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

Given the specific nature of the Group's operations, the Group is often required to undertake leasehold improvements. This applies to warehousing and retail facilities held by the Group under lease. As regards those assets, the Group sets the economic useful life for its expenditures which does not always corresponds with the term of the lease agreement in effect at a given time. In case the lease period is shorter than the planned balance amortization period of investment in a foreign object and is not expected to extend the lease, depreciation is calculated according to the expected useful life. In a situation where the lease is extended, however, remained non-amortized net value is spread over the remaining economic useful life.

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

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

The write-downs are charged to other costs corresponding to the function of intangible assets in the period in which the impairment is identified, no later than at the end of the financial year.

If the Group obtains sufficient assurance that the cause for asset revaluation have ceased, it reverses the revaluation allowance previously effected in part or in full by adjustment of operating costs (depreciation).

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

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

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

6.2.12 Cost of external financing

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

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

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

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

6.2.13 Fixed assets for sale

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

The Group carries a fixed asset (or a category of fixed assets for sale) classified as disposable at the lower of the balance sheet value and fair value less cost of sale.
If the fair value is below the carrying value, the difference is recognised as a revaluation write-down and charged to profit and loss account. The reversal, if any, of the write-down is also made through the profit and loss account up to the amount of the write-down.

6.2.14 Intangible assets

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

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

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

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

The Group holds no intangible assets with an indefinite useful life. As at the end of the reporting period, there may be intangible assets which are not yet commissioned (under construction). Any intangible assets that are not yet operational are not subject to depreciation but are measured for impairment.
Goodwill is not amortized. It is tested annually for impairment.

Intangible assets acquired as part of mergers are identified separately from goodwill providing they meet the definition of intangible assets and their fair value can be reliably measured. After the initial recognition at fair value, in subsequent period such intangible assets are treated in the same way as assets acquired under separate transactions.

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

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

As at the balance sheet date, the Group also reviews intangible assets for impairment and the need to make revaluation allowances on these grounds. This happens once the Group obtains sufficient assurance that the relevant asset will not generate the expected economic benefits in the future or will generate them at a level that is significantly lower than expected. The impairment loss is recognised at the amount by which the carrying value of the relevant asset exceeds its recoverable value. The recoverable value is the higher of: the fair value less costs necessary to incur to sell it and the value in use.

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

6.2.15 Investments and other financial assets

Investments in real property

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

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

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

Investments and other financial assets falling within IAS 39 standard

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

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

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

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

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

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

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

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

b) Loans and receivables

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

c) Investments held to maturity

The non-derivative financial assets, with fixed or determinable maturity, that the Company definitely intends and is able to hold to maturity are classified as investments held to maturity.

The investments that the Company intends to hold over an indefinite time are not part of this category. Other long-term investments, such as bonds, which the Company intends to maintain to maturity are recognised at amortised cost. Amortised cost is the amount at which a financial asset is measured when initially recognised, less principal repayments, and plus or minus the accumulated amortisation using the effective interest rate of all differences between the initial value and the value at maturity. The amortised cost includes all commissions and interest paid and received by the parties to the agreement as an inherent part of the interest rate, transaction costs and all premiums or discounts. Gains or losses on investments measured at amortised cost are recognised in the profit and loss account at derecognition of the investment from the balance sheet or upon impairment, and also as a result of amortisation.

The same principles of as those used for measuring fixed assets apply to long-term investments in real property. To the extent of transactions involving long-term tangible investments, relating to the determination of the financial result such as: sales, disposal, maintenance costs, the effects of those transactions are recognised respectively as other income and operating expense.

d) Financial assets available for sale

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

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

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

Impairment of financial assets

An assessment is made on each balance sheet date, as to whether there is objective evidence of impairment of a financial asset or a category of financial assets.
If such evidence exists with respect to financial assets available for sale, the aggregate losses to date recognised in equity—established as the difference between the purchase price and the current fair value, less any impairment recognised earlier in the profit and loss account—are derecognised from equity and recognised in the profit and loss account. Any impairment recorded in the profit and loss account with respect to equity instruments is not subject to reversal in correspondence to the profit and loss account. The reversal of impairment losses on financial debt securities is recognised in the profit and loss account if, in the following periods, after the impairment is recognised the fair value of such financial instruments increases as a result of events occurring after impairment recognition.
If there is evidence as to the likely impairment of loans and receivables, the impairment loss is determined as the difference between the balance sheet value of assets and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (that is an effective interest rate calculated at the initial recognition for assets based on the fixed interest rate and the effective interest rate established at the time of last revaluation of assets based on variable interest rate). Impairment losses are recorded in the profit and loss account. The reversal of impairment losses is recognised if, in the following periods, the impairment is reduced and the reduction can be attributed to events that occur after recognition. Upon reversal of impairment loss, the carrying amount of financial

assets may not exceed the amortised cost which would be established if the impairment loss had not been recognised previously. The reversal of impairment is recognised in the profit and loss account.
If there is indication of impairment of unlisted equity instruments which are recognised at cost of purchase (as a reliable measurement of the fair value is not possible), the impairment loss is determined as the difference between the carrying value of the asset and the present value of estimated future cash flows discounted at similar financial assets' present market rate of return.

Derivatives

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

The estimated fair value corresponds with the amount which can be obtained or which must be paid to close up the positions opened as at the balance sheet date. The measurement is based on market quotations.
Recognising the effects of changes in fair value or gains and losses at the exercise of derivatives depends on their purpose. Derivatives are divided into hedging instruments and commercial instruments. The hedging instruments fall into instruments hedging fair value and instruments hedging future cash flows.

Recognising commercial derivatives

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

6.2.16 Investments in subsidiaries and associates

Subsidiary Entities

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

Associated Entities

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

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

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

Dividends representing revenues from investments are recorded in the profit and loss account as financial income at the time the rights to receive the same become vested.
The transactions of combination of entities under common control are recognised at book values.

6.2.17 Lease

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

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

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

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

6.2.18 Stock

Stock comprises:
- materials,
- goods.

The value of stock-ins is measured at purchase price. No transport costs are added to the price by the Group as they are negligible. The value of stock-outs is measured using the weighted mean method.
At the end of the reporting period stock is reported at price, no higher, however, than the net selling price. The realisable net selling price is the projected selling price that can be obtained in the normal course of business less finishing costs and projected costs that must be incurred to make the sale happen.

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

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

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

6.2.19 Trade receivable and other receivables

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

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

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

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

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

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

6.2.20 Prepayments and accrued income

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

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

6.2.21 Cash and cash equivalents

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

6.2.22 Equity capital funds

On equity capital funds of company comprise:
- initial (share) capital,
- supplementary capital,
- reserve capital,
- own shares,
- retained earnings.

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

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

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

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

Retained profits include the following categories:
- undistributed profit or loss of previous years (accumulated profit/loss of previous years),
- financial result of the current year.

6.2.23 Net earnings per share

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

6.2.24 Bank loans

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

Loans that under the terms of the relevant agreement mature in a period of more than 12 month after the balance sheet date are treated by the Group as long-term loans.

6.2.25 Provisions

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

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

If the time value of money is significant, the provision is measured by discounting projected future cash flows to the current value based on a gross discount rate reflecting the actual market evaluations of the time value of money and the potential risk relating to the relevant liability. If discounting is used as a measuring method, the increase of the provision due to passage of time is recognised as financial costs.
The value of provisions established is reviewed on the balance sheet date to adjust the estimates based on the state of knowledge prevailing at that time.
In consolidated financial statements are presented long term and short term provisions.

6.2.26 Liabilities

A liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

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

Long-term liabilities include the following: liabilities from loans, borrowings, finance leases.

At the end of the reporting period, long-term liabilities are measured at amortised cost using the effective interest method.

Short-term liabilities comprise liabilities with a maturity date falling earlier than 12 months after the end of the reporting period. Short-term liabilities include in particular: trade payables and services, loans, borrowings, finance leases, salaries, taxes, duties, insurance and other benefits.

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

6.2.27 Employee benefits

6.2.27.1 Employee benefits

Group employees are entitled to benefits that will be paid after the acquisition of certain rights by the employees. According to company remuneration systems of all employees are entitled to retirement and pension benefits, the managers and the board of the company to the premium for the implementation of corporate and individual objectives during the reporting period, the payment of which takes place after the balance sheet date.

Group recognizes a provision for employee benefits. This applies to retirement and pension benefits, outstanding annual leave bonus. Group estimates provisions of this title at the end of the reporting period.

Estimates of retirement and pension benefits made on behalf of an independent actuary.

Provisions for employee benefits are recognized in operating expenses (sales, management), except for interest expense that is recognized in finance costs. In the consolidated financial statements, the provision for employee benefits presented to as long and short term.

6.2.27.2 Own share based payments

The following incentive schemes are in place at the Group:
- I Management Option Programe 2008-2009,
- II Management Option Programe 2010-2012,

in which board members and key staff executives are granted the right to acquire options to purchase shares of the company. These benefits are accounted for in accordance with IFRS 2. Cost-settled transactions with employees equity is measured by reference to the fair value at grant date. The fair value of the program is recognized as an expense in the income statement and in equity (revaluation reserve capital management options) over the vesting period.

The fair value of granted options to purchase shares of the company is valued by an independent expert using modern methods of financial engineering and numerical methods. The valuation takes into account: the initial price for the model (share price on the date of grant of the instrument), instrument exercise price, expected variability of the instrument, risk-free interest rate, expected dividend.

6.2.28 Corporate tax

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

a) Current tax

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

b) Deferred tax

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

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

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

6.2.29 Sales revenues

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

Time of recognition of revenues

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

Revenues from sales of services

Revenues from the sale of services is recognized when the service confirmed by the buyer. If the contract provides for the contractor so it is also possible revenue recognition for partial completion, individually determined on the basis of the contract.

Interest income

Interest income is recognized on an accrual basis when there is reasonable certainty of collection of the receivable. In the trade, due to its characteristics, interests play a different role, so for the most part it is recognized as income on a cash basis.

Dywidendy

Income from dividends are recognized when the Company becomes entitled to receive the dividend. Dividend payments to shareholders are recognized as a liability in the period in which they are approved by the General Meeting of Shareholders and recorded in other liabilities.

6.2.30 Costs

Costs are probable decrease in economic benefits during the reporting period in the form of reduction in the value of assets or increase the value of liabilities and provisions that result in a decrease in equity other than the withdrawal of funds by the owners.
The Group recognizes an expense in the income statement in the period in connection with those obtained in this period income (principle of proportionality).

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

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

Distribution costs - include expenses incurred in the sale and distribution of goods and services.

Administrative expense - include costs incurred in connection with the operation of the company as a whole, excluding those that have been included in other operating expenses or financial costs.

(in PLN 000s, unless indicated otherwise)

Other operating costs - includes costs directly related to the activities of the Group.

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

6.2.31 Transactions in foreign currencies and exchange differences

Denominated in foreign currencies are recognized in business transactions in the functional currency of the Group - PLN at the exchange rates prevailing at the transaction date.

At each balance sheet date:

- denominated in foreign currency monetary items are translated at the closing rate;
- non-monetary items measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction, and
- Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value.

Gains and losses from the settlement of foreign currency transactions and the valuation of assets and liabilities denominated in foreign currencies are recognized in the profit and loss account, respectively in financial income or expenses. Exchange differences are presented balance.

7. Additional Notes

7.1 A brief description of achievements and failures of Emperia Capital Group.

The results achieved by the Capital Group in the fourth quarter of 2011 was dominated divest shares in distribution companies. On 21 December 2011, P1 Sp. z o.o. sold to Eurocash S.A. shares in Distribution Companies engaged in the distribution of food, as well as organizing the network of franchised retail for the price of 1 095 575 885 PLN, payable in cash. In total, the transaction is subject to 17 subsidiaries. The transaction ended a dispute arbitration Emperia with Eurocash, release security set for this occasion, and eliminate risks that may arise in this regard for investors interested in buying the retail segment.

In the fourth quarter of this year the Capital Group recorded an increase in sales compared to the previous year by 6.3%. There has been a rise in operating costs: distribution and administrative. This was related to the ongoing sale processes of retail and distribution business in this period and the need to incur additional costs indirectly related to these transactions.

In addition, Stokrotka introduced during this period changes in trade policy, which resulted in increased trading volumes, but temporarily decreased in the fourth quarter resulting gross margin. It is not without significance for the results achieved by Stokrotka was a searching for an investor for the company. This significantly hampered trade talks with suppliers and producers of goods sold by Stokrotka, which had a negative impact on the achieved margin. These factors caused that achieved in the fourth quarter results and retail distribution companies are lower than expected.

Financial highlights

Description	Fourth quarters of 2011	Fourth quarters of 2010	%
Sales revenues	6 318 347	5 916 311	6.8%
EBITDA	197 702	205 828	-3.9%
Profit on operations	129 162	137 460	-6.0%
Profit before tax	721 448	121 167	495.4%

(in PLN 000s, unless indicated otherwise)

Profit before tax without "Gain on sale of shares"	109 903	121 167	-9.3%
Profit for period	702 372	98 485	613.2%
Profit for period without "Gain on sale of shares"	90 827	98 485	-7.8%
Total assets	1 902 795	1 916 069	-0.7%
Liabilities and provisions for liabilities	400 277	1 037 140	-61.4%
Total current liabilities	396 202	953 560	-58.5%
Net assets	1 502 518	878 929	70.9%
Share capital (PLN)	15 115 161	15 115 161	-
Annualised profit per share for period (in PLN)	47.29	6.52	725.3%

Group's activity and payment capacity.

Detailed list	Methodology	Fourth quarters of 2011	Fourth quarters of 2010
The rate of return on invested capital	*(Profit for the period / total equity at end of period) in %*	46.75%	11.21%
The rate of return on invested capital without "Gain on sale of shares"	*(Profit for the period without "Gain on sale of shares" / equity at end of period) in %*	6.04%	11.21%
Return on assets	*(Profit for the period / total assets at end of period) in %*	36.91%	5.14%
Return on assets without "Gain on sale of shares"	*(Profit for the period without "Gain on sale of shares"/total assets at end of period) in %*	4.77%	5.14%
Gross margin	*(Return on sales for the period / sales revenues in this period) in %*	15.51%	16.26%
EBITDA profitability	*(EBITDA / sales revenue in this period) in %*	3.13%	3.48%
EBIT profitability	*(Profit from operations for the period / sales revenues in this period) in %*	2.04%	2.32%
Return on profit before tax	*(Profit before tax for the period / sales revenues in this period) in %*	11.42%	2.05%
Return on profit before tax without "Gain on sale of shares"	*(Profit before tax for the period without "Gain on sale of shares" / sales revenues in this period) in %*	1.74%	2.05%
Net profit margin	*(Profit for the period / sales revenues in this period) in %*	11.12%	1.66%
Net profit marging without "Gain on sale of shares"	*(Profit for the period without "Gain on sale of shares" / sales revenues in this period) in %*	1.44%	1.66%

A significant decrease of 5.17 percentage points the rate of return on invested capital due to capital reduction in 2011 related to the purchase of own shares and payment of dividends. Compared to last year the Group achieved a slight deterioration of profitability of their operations. This is due to the failure to achieve planned results for the retail and distribution companies in the fourth quarter of 2011.

7.2 Business Segment Reporting

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

The following operating segments are distinguished within the Group in 2011:

(in PLN 000s, unless indicated otherwise)

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

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

3 **Other** include the holding operations of the Issuer's Company and the operation of other subsidiaries: Elpro Ekon Spółka z ograniczoną odpowiedzialnością S.K.A. (formely „Elpro" Sp. z o.o.), Projekt Elpro 1 Sp. z o.o., Ekon Sp. z o.o., P1 Sp. z o.o. – activities of head offices, management consultancy activities, Infinite Sp. z o.o., Emperia Info Sp. z o.o. – providing IT services, PSD S.A. – partnership chain management, Lewiatan Śląsk Sp. z o.o. – retail franchising, EMP Investment Limited – investment activity in real estate, IPOPEMA 55 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych – activities of trusts, funds and similar financial institutions, P4 Sp. z o.o. – activities of head offices and management consultancy activities, P5 Sp. z o.o.- engaged in the leasing and management of own or leased real estate. Given material consolidation exclusions and their general marginality (the segment fails to meet any of the quantitative thresholds provided for under IFRS 8), these are reported jointly as a single item.

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

Information about the Group's business segments for the fourth quarters cumulative of 2011 is as follows:

Description	Wholesale	Retail	Other	Exclusions	Total
Segment total revenues	5 134 113	2 034 473	143 862	994 101	6 318 347
Segment revenues (from external clients/customers)	4 277 911	2 004 739	35 697		6 318 347
Segment revenues (from other segments)	856 202	29 734	108 165	994 101	
Segment total costs	(5 062 601)	(2 018 929)	(130 648)	(1 003 746)	(6 208 432)
Result on other operations	6 271	6 356	(3 924)	(10 545)	19 248
Result on financial operations	(10 605)	(2 503)	(777)	5 375	(19 260)
Gain on sale of shares			611 545		611 545
Result (gross)	67 178	19 397	620 058	(14 815)	721 448
Taxation	(13 457)	(3 318)	(4 083)	(772)	(20 086)
Share in financial result entities valued using the equity method			1 010		1 010
Segment result (net)	**53 721**	**16 079**	**616 985**	**(15 587)**	**702 372**

In 2011, the segment "Other" appeared a significant one-off operation - the sale of shares of distribution companies, shown in "Gain on sale of shares " in the amount of 611 545 thousand PLN , which presents the net result on the disposal of Distribution companies: Detal Koncept Sp. z o.o., Tradis Sp. z o.o., DEF Sp. z o.o., Ambra Sp. z o.o., Lewiatan Podlasie Sp. z o.o., Lewiatan Śląsk Sp. z o.o., Euro Sklep S.A., PSD S.A., pursuant to the Settlement Agreement and the amendments to the Investment Agreement entered into between Emperia Holding S.A. together with its subsidiary P1 Sp. z o.o. and Eurocash S.A. were sold on 21 December 2011 to Eurocash S.A.

Description	Wholesale	Retail	Other	Exclusions	Total
Segment assets/ liabilities	1 177 663	538 819	3 589 643	3 403 330	1 902 795
Goodwill		35 721	13 465		49 186

Description	Wholesale	Retail	Other	Exclusions	Total
Investment outlays	(35 063)	(47 823)	(105 306)	(108 183)	(80 009)
Depreciation	(19 234)	(32 607)	(17 281)	(581)	(68 540)

(in PLN 000s, unless indicated otherwise)

Information about the Group's business segments for the fourth quarters cumulative of 2010 is as follows:

Description	Wholesale	Retail	Other	Exclusions	Total
Segment total revenues	4 757 628	1 951 522	117 976	910 815	5 916 311
Segment revenues (from external clients/customers)	3 959 032	1 930 964	26 315		5 916 311
Segment revenues (from other segments)	798 596	20 558	91 661	910 815	
Segment total costs	(4 675 986)	(1 913 671)	(104 565)	(911 822)	(5 782 400)
Result on other operations	4 217	(3 058)	2 558	168	3 549
Result on financial operations	(14 252)	(4 018)	58 736	56 759	(16 293)
Result (gross)	71 607	30 775	74 705	55 920	121 167
Taxation	(15 013)	(6 065)	(3 246)	281	(24 605)
Share in financial result entities valued using the equity method			1 923		1 923
Segment result (net)	**56 594**	**24 710**	**73 382**	**56 201**	**98 485**

Description	Wholesale	Retail	Other	Exclusions	Total
Segment assets/ liabilities	1 165 053	498 717	964 023	711 724	1 916 069
Goodwill	156 073	47 281	621		203 975

Description	Wholesale	Retail	Other	Exclusions	Total
Investment outlays	(185 882)	(175 267)	(1 193 730)	(924)	(1 553 955)
Depreciation	(21 131)	(31 292)	(17 228)	(1 284)	(68 367)

7.3 The effects of changes in the business structure.

Any change in the structure of the Capital Group are described in detail in the section 6.1 and **Błąd! Nie można odnaleźć źródła odwołania.**

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

In connection with the signing of the agreement and amendments to the Investment Agreement entered into between Emperia Holding S.A. and P1 Sp. z o.o. and Eurocash S.A. (described in detail in the current report no 95/2011), the Management Board of Emperia Holding S.A. in current Report No. 96/2011 dated 21 December 2011 canceled the forecast of financial results for the years 2011 to 2012 published earlier in the current report no 76/2011.

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

Shareholders	Shares held as at the date of filing the report	Percentage of share capital	Change %	Shares held as at 31/12/2010	Percentage of share capital as at 31/12/2010	Number of votes at GMS as at the date of filing the report	% of number of votes at GMS as at the date of filing the report
Aviva OFE Aviva BZ WBK*	1 000 000	6.62%	-34.13%	1 518 210	10.04%	1 000 000	6.62%
Jarosław Wawerski	1 097 537	7.26%	0.64%	1 090 537	7.21%	1 097 537	7.26%
Artur Emanuel Kawa	1 004 835	6.65%	0.47%	1 000 086	6.62%	1 004 835	6.65%
PZU Asset Management *	998 665	6.61%	31.81%	757 653	5.01%	998 665	6.61%

* information about the held of shares are given on the basis of their ownership by shareholders on 6 December 2011 (GMS)

(in PLN 000s, unless indicated otherwise)

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

Members of Management Board	Shares held at 31.12.2011	Percentage of share capital	Change%	Shares held at 31.12.2010	Percentage of initial capital as at 31/12/2010
Jarosław Wawerski	1 097 537	7,26%	0,64%	1 090 537	7,21%
Artur Emanuel Kawa	1 004 835	6,65%	0,47%	1 000 086	6,62%
Grzegorz Wawerski	361 000	2,39%	2,05%	353 738	2,34%
Dariusz Kalinowski	15 946	0,11%	6,31%	15 000	0,10%
Marek Wesołowski	13 500	0,09%	7,83%	12 520	0,08%

Members of Supervisory Board	Shares held at 31.12.2011	Percentage of share capital	Change%	Shares held at 31.12.2010	Percentage of initial capital as at 31/12/2010
Piotr Laskowski	386 125	2,55%	0,00%	386 125	2,55%
Artur Laskowski	355 474	2,35%	2,23%	347 730	2,30%

7.7 Information on pending litigation.

In connection with the signing on 21 December 2011 Settlement Agreement and amendments to the Investment Agreement entered into between Emperia Holding S.A. and its subsidiary P1 Sp. z o.o. and Eurocash S.A. Court of Arbitration hearing a dispute between the above mentioned Companies, established on the basis of the Investment Agreement dated 21 December 2010, dismissed the arbitration. Thus was created the collapse of security claims on shares and stocks of companies that were subject to the Investment Agreement, granted by the District Court in Lublin decision of 2 September 2011.

Therefore, at the end of the fourth quarter of 2011, the Group's companies were not party to the proceedings before a court or other authority for claims or liabilities totaling at least 10% of equity.

7.8 Significant transactions of the Issuer with associated entities.

In the fourth quarter of 2011, Emperia Holding S.A. did not enter into any material transactions with related parties, other than transactions entered into in the ordinary course of business on market terms.

Mergers made in third quarter of 2011 within Capital Group, are described in note **Błąd! Nie można odnaleźć źródła odwołania.**. In order to manage cash flows within the Group, there were short-term bond issues, described in detail in note **Błąd! Nie można odnaleźć źródła odwołania.**

7.9 Credit facilities, loans and guarantees

In fourth quarter of 2011 parent company Emperia Holding SA did not grant new loan guarantees to its subsidiaries exceeding 10% of equity of the Issuer. Information about granted guarantees contains note **Błąd! Nie można odnaleźć źródła odwołania.**

7.10 Other information relevant to the assessment of the personnel, assets, financial results and their changes and information that are relevant to assessing possibility of fulfillment of commitments by the issuer

In the Group as at the balance sheet date there is no risk associated with currency options.

7.11 Factors and events, in particular, of an unusual nature, which affect the result achieved in the financial year.

In 2011, the Group experienced a significant one-off transaction - sale of shares of distribution companies, shown separately under "Gain on sale of shares" in the profit and loss account in the amount of 611 545 thousand PLN, which shows the net result achieved at the disposal of Distribution companies: Detal Koncept Sp. z o.o., Tradis Sp. z o.o., DEF Sp. z o.o., Ambra Sp. z o.o., Lewiatan Podlasie Sp. z o.o., Lewiatan Śląsk Sp. z o.o., Euro Sklep S.A., PSD S.A., pursuant to the Settlement Agreement and the amendments to the Investment Agreement entered into between Emperia Holding S.A., together with its subsidiary P1 Sp. z o.o. and Eurocash S.A. was on 21 December 2011, sold to Eurocash S.A.

7.12 Description of the factors that will affect the financial results for at least the next quarter.

External:

a) The macroeconomic situation in the country, as measured by indicators: GDP growth, unemployment, the net value of household income, inflation
b) Changes in the business FMCG market
c) The increase in prices of goods consumed by the Group and services, in particular fuels and utilities
d) Stabilization, and in some segments even fall in real property
e) The corporate and consumer lending policy of financial institutions (level of interest rates, credit margin, security)
f) The situation on the labor market and wage costs

Internal:

a) Optimization of business processes within the structured capital structure of the Group, which will increase efficiency and better management in segments
b) Implementation of the new structure of property management and real estate investments in the Group
c) The internal politics of cost control
d) Timely and budgetary implementation of the planned investments
e) Implementation of sales process of the retail segment

7.13 Changes in the composition of the management and supervisory bodies of the issuer.

In the fourth quarter of 2011, there were no changes in the composition of the Board of Emperia Holding S.A.

The Management Board of Emperia Holding S.A. on 31.12.2011 is as follows:

(in PLN 000s, unless indicated otherwise)

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

In fourth quarter of 2011 has been no changes of Supervisory Board of Emperia Holding S.A.

The composition of the Supervisory Board of Emperia Holding SA at 31.12.2011 is as follows:

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

7.14 Other material information and events.

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

Description of the Group's accounting principles applicable from 01 January 2005 contains a point **Błąd! Nie można odnaleźć źródła odwołania.** consolidated financial statements.

7.14.2 Seasonality and cyclicality of production.

The Group's activities is not significantly influenced by seasonal or cyclical factors.

7.14.3 The type and amount of items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

Event has not occurred in the Group.

7.14.4 The type and amount of changes in estimates of amounts reported in prior interim periods of the current year or changes in estimates of amounts reported in previous financial years, if they have a significant impact on the current interim period.

Provisions for employee benefits	Changes in fourth quarters of 2011	Changes in 2010
Long-term		
As at the beginning of the period	2 996	2 843
Increases/reductions during the period	(498)	*148*
Increases/reductions during the period resulting from acquisitions	(439)	*5*
As at the end of the period	**2 059**	**2 996**
- including assigned to the group for disposal	*1 938*	*449*
Short-term		
As at the beginning of the period	10 060	12 634
Increases/reductions during the period	(412)	*(2 625)*
Increases/reductions during the period resulting from acquisitions	(3 464)	*51*

(in PLN 000s, unless indicated otherwise)

As at the end of the period	**6 184**	**10 060**
- including assigned to the group for disposal	***4 086***	***5 072***

Other provisions	**Changes in fourth quarters of 2011**	**Changes in 2010**
Long-term		
As at the beginning of the period	0	0
Increases/reductions during the period	*0*	*0*
Increases/reductions during the period resulting from acquisitions	*0*	*0*
As at the end of the period	**0**	**0**
Short-term		
As at the beginning of the period	2 329	3 616
Increases/reductions during the period	6 449	*(1 300)*
Increases/reductions during the period resulting from acquisitions	(7 181)	*13*
As at the end of the period	**1 597**	**2 329**
- including assigned to the group for disposal	***1 451***	***1 487***

7.14.5 Issue, redemption and repayment of debt and equity securities

Bond issued

a) Emperia Holding S.A.

In 2005, Emperia Holding S.A. concluded an agreement with BRE Bank S.A. providing for a five-year short-term and medium-term bonds issue programme of the aggregate of up to PLN 50,000,000.
Bonds issue and redemption (expressed in nominal amounts) of Emperia Holding S.A. in fourth quarter of 2011 and cumulatively throughout four quarters of 2011 and 2010 were as follows:

2011:

Throughout four quarters of 2011 Emperia Holding S.A. did not issue any bonds.

2010:

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

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

b) ELPRO EKON Spółka z ograniczoną odpowiedzialnością S.K.A. (dawniej „Elpro” Sp. z o.o.)

(in PLN 000s, unless indicated otherwise)

The subsidiary ELPRO EKON Spółka z ograniczoną odpowiedzialnością S.K.A. has an agreements with BRE Bank S.A. and PEKAO S.A. providing for a five-year short-term and medium-term bonds issue programme of the aggregate of up to PLN 80,000,000.
Bonds issue and redemption (expressed in nominal amounts) of ELPRO EKON Spółka z ograniczoną odpowiedzialnością S.K.A. in fourth quarter and four quarters of 2011 and 2010 were as follows:

2011:

Bonds issue and redemption in Q4 2011	Total	External issue	Emperia Holding S.A.	Infinite Sp. z o.o.	Detal Koncept Sp. z o.o.	Tradis Sp. z o.o.	Maro Markety Sp. z o.o.	Projekt Elpro 1 Sp. z o.o.	Euro Sklep Sp. z o.o.	P1 Sp. z o.o.	Lewiatan Śląsk Sp. z o.o.
As at the beginning of the period	**80 000**	**2 400**	**48 100**	**6 900**	**22 600**	**0**	**0**	**0**	**0**	**0**	**0**
Bonds issue	245 000	4 800	115 800	21 500	46 000	0	0	10 600	10 000	33 700	2 600
Bonds redemption	(245 000)	(7 200)	(128 900)	(21 100)	(68 600)	0	0	(6 600)	(10 000)	0	(2 600)
As at the end of the period	**80 000**	**0**	**35 000**	**7 300**	**0**	**0**	**0**	**4 000**	**0**	**33 700**	**0**

Bonds issue and redemption in Q1-Q4 2011	Total	External issue	Emperia Holding S.A.	Infinite Sp. z o.o.	Detal Koncept Sp. z o.o.	Tradis Sp. z o.o.	Maro Markety Sp. z o.o.	Projekt Elpro 1 Sp. z o.o.	Euro Sklep Sp. z o.o.	P1 Sp. z o.o.	Lewiatan Śląsk Sp. z o.o.
As at the beginning of the period	**80 000**	**2 100**	**59 800**	**0**	**7 000**	**0**	**0**	**7 600**	**3 500**	**0**	**0**
Bonds issue	1 045 000	24 600	540 000	88 100	156 800	24 000	5 100	125 600	44 500	33 700	2 600
Bonds redemption	(1 045 000)	(26 700)	(564 800)	(80 800)	(163 800)	(24 000)	(5 100)	(129 200)	(48 000)	0	(2 600)
As at the end of the period	**80 000**	**0**	**35 000**	**7 300**	**0**	**0**	**0**	**4 000**	**0**	**33 700**	**0**

2010:

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

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

c) Stokrotka Sp. z o.o.

The subsidiary Stokrotka Sp. z o.o. has an agreement with BRE Bank S.A. providing for a five-year short-term and medium-term bonds issue programme of the aggregate value of up to PLN 50,000,000.
Bonds issue and redemption (expressed in nominal amounts) of Stokrotka Sp. z o.o. in fourth quarter of 2011 and cumulatively throughout four quarters of 2011 and 2010 were as follows:

(in PLN 000s, unless indicated otherwise)

2011:

Bonds issue and redemption in Q4 2011	Total	External issue	Emperia Holding S.A.	Projekt Elpro 1 Sp. z o.o	Maro Markety Sp. z o.o.	Infinite Sp. z o.o.	P1 Sp. z o.o.	Tradis Sp. z o.o.
As at the beginning of the period	**28 000**	**0**	**26 800**	**0**	**1 200**	**0**	**0**	**0**
Bonds issue	*137 500*	*0*	*71 400*	*0*	*5 600*	*0*	*40 500*	*20 000*
Bonds redemption	*(116 500)*	*0*	*(91 900)*	*0*	*(4 600)*	*0*	*0*	*(20 000)*
As at the end of the period	**49 000**	**0**	**6 300**	**0**	**2 200**	**0**	**40 500**	**0**

Bonds issue and redemption in Q1-Q4 2011	Total	External issue	Emperia Holding S.A.	Projekt Elpro 1 Sp. z o.o	Maro Markety Sp. z o.o.	Infinite Sp. z o.o.	P1 Sp. z o.o.	Tradis Sp. z o.o.
As at the beginning of the period	**35 000**	**0**	**12 200**	**14 900**	**1 700**	**6 200**	**0**	**0**
Bonds issue	*323 300*	*0*	*246 300*	*0*	*16 500*	*0*	*40 500*	*20 000*
Bonds redemption	*-309 300*	*0*	*(252 200)*	*(14 900)*	*(16 000)*	*(6 200)*	*0*	*(20 000)*
As at the end of the period	**49 000**	**0**	**6 300**	**0**	**2 200**	**0**	**40 500**	**0**

2010:

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

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

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

Total liabilities from debt securities at 31.12.2011

Issuer	Series	Nominal value (in thousand PLN)	Date of repurchase	As at 31.12.2011
Stokrotka Sp. z o.o.	0079*	6 300	2012-01-20	
Stokrotka Sp. z o.o.	0079*	2 200	2012-01-20	
Stokrotka Sp. z o.o.	0079*	20 000	2012-01-20	
Stokrotka Sp. z o.o.	0080*	20 500	2012-01-20	
Elpro Ekon Spółka z ograniczoną odpowiedzialnością S.K.A.	0115*	9 000	2012-01-20	
Elpro Ekon Spółka z ograniczoną odpowiedzialnością S.K.A.	0115*	7 300	2012-01-20	
Elpro Ekon Spółka z ograniczoną odpowiedzialnością S.K.A.	0115*	33 700	2012-01-20	
Elpro Ekon Spółka z ograniczoną odpowiedzialnością S.K.A.	0117*	4 000	2012-01-20	

(in PLN 000s, unless indicated otherwise)

Elpro Ekon Spółka z ograniczoną odpowiedzialnością S.K.A.	0117*	26 000	2012-01-20	
Total bonds issued by the Group				
Other				
Total liabilities under debt securities				
including: short-term				
including: long-term				

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

Total liabilities from debt securities at 31.12.2010

Issuer	Series	Nominal value (in thousand PLN)	Date of repurchase	As at 31.12.2011
Stokrotka Sp. z o.o.	0065*	12 200	2011-01-21	
Stokrotka Sp. z o.o.	0065*	6 200	2011-01-21	
Stokrotka Sp. z o.o.	0065*	1 700	2011-01-21	
Stokrotka Sp. z o.o.	0065*	14 900	2011-01-21	
Elpro Sp. z o.o.	0104*	7 600	2011-01-21	
Elpro Sp. z o.o.	0104	2 100	2011-01-21	2 093
Elpro Sp. z o.o.	0104*	13 300	2011-01-21	
Elpro Sp. z o.o.	0104*	7 000	2011-01-21	
Elpro Sp. z o.o.	0093*	20 000	2011-01-14	
Elpro Sp. z o.o.	0094*	26 500	2011-01-21	
Elpro Sp. z o.o.	0094*	3 500	2011-01-21	
Total bonds issued by the Group				
Other				
Total liabilities under debt securities				
including: short-term				2 093
including: long-term				

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

7.14.6 Paid and received dividends

<u>Dividends paid:</u>

In the fourth quarter of 2011, there was no dividend payment.

7.14.7 Changes in off-balance sheet liabilities

Off-balance sheet liabilities relate to loans granted to the Group security and bank guarantees and sureties granted. In addition, most providers of goods gives the Group deferred payments (trade credit), is secured by the Company by issuing promissory notes, "in blanco".

<u>Four quarters 2011:</u>

Changes in off-balance sheet liabilities I-IV quarters of 2011	Under bank loans	Under bank guarantees	Under financial guarantees
Mortgages			
As at the beginning of the period	96 324	-	-
Increases during the period	56 492	-	-
Reductions during the period	(7 530)	-	-
Increases/reductions during the period resulting from acquisitions	0	-	-
As at the end of the period	**145 287**	**-**	**-**
Transfer of title as security/lien/assignment of current assets			
As at the beginning of the period	402 601	12 451	-

(in PLN 000s, unless indicated otherwise)

Increases during the period	20 814	3 603	-
Reductions during the period	(49 167)	(4 969)	-
Increases/reductions during the period resulting from acquisitions	(364 879)	(8 454)	-
As at the end of the period	**9 369**	**2 631**	**-**
Transfer of title as security/pledge/assignment of fixed assets			
As at the beginning of the period	1 432	-	-
Increases during the period	0	-	-
Reductions during the period	0	-	-
Increases/reductions during the period resulting from acquisitions	(1 432)	-	-
As at the end of the period	0	-	-
Guarantees			
As at the beginning of the period	107 145	7 134	4 974
Increases during the period	80 444	3 141	0
Reductions during the period	(59 014)	(3 099)	(2 230)
Increases/reductions during the period resulting from acquisitions	0	0	0
As at the end of the period	**128 576**	**7 177**	**2 744**

Emperia Holding S.A. issued in the amount of 128 576 thousand PLN financial guarantees to subsidiaries from loans by bank loans. Guarantees are partly temporary, and are given to the establishment of effective security for the loans.

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

Emperia Holding S.A. issued in the amount of 107 145 thousand PLN financial guarantees to subsidiaries from loans by bank loans. Guarantees are partly temporary, and are given to the establishment of effective security for the loan.

(in PLN 000s, unless indicated otherwise)

7.14.8 Write-downs for impairment of fixed assets, intangible assets, inventories and other assets, and the reversal of this title.

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

Write-downs for impairment of assets, and the reversal of this title.	Changes in Q1-Q4 2011
Write-downs for impairment of fixed assets	
As at the beginning of the period	**994**
Creating of write-offs	287
Reversal of write–offs	(100)
Changes of write-offs resulting from acquisitions	(312)
As at the end of the period	**867**
- including assigned to the group for disposal	867
Write-downs of receivables	
As at the beginning of the period	**28 531**
Creating of write-offs	14 833
Reversal of write–offs	(11 059)
Changes of write-offs resulting from acquisitions	(21 183)
*Not written off profit and loss **	(1 227)
As at the end of the period	**9 895**
- including assigned to the group for disposal	2 397
Write-downs of financial assets	
As at the beginning of the period	**67**
Creating of write-offs	-
Reversal of write–offs	-
Changes of write-offs resulting from acquisitions	(12)
As at the end of the period	**55**
- including assigned to the group for disposal	55
Write-downs of inventories	
As at the beginning of the period	**18 397**
Creating of write-offs	23 883
Reversal of write–offs	(20 439)
Changes of write-offs resulting from acquisitions	(14 334)
As at the end of the period	**7 507**
- including assigned to the group for disposal	7 507
including: Impairments due to inventory	
As at the beginning of the period	**626**
Creating of write-offs	18 632
Reversal of write–offs	(17 449)
Changes of write-offs resulting from acquisitions	(1 515)
As at the end of the period	**294**
including: Impairments due to bonuses	
Balance at beginning of period	**17 771**
Creating of write-offs	5 251
Release of write-off	(2 991)
Changing the write-off as a result of acquisitions / divestitures	(12 819)
Balance at end of period	**7 213**

* Written charges on which he has already tied impairment and whose non-documented.

(in PLN 000s, unless indicated otherwise)

Write-downs for impairment of assets and the reversal of this title.	Changes in 2010
Write-downs for impairment of fixed assets	
As at the beginning of the period	***1 024***
Creating of write-offs	*464*
Reversal of write–offs	*(494)*
Changes of write-offs resulting from acquisitions	*0*
As at the end of the period	***994***
- including assigned to the group for disposal	***391***
Write-downs of receivables	
As at the beginning of the period	**30 798**
Creating of write-offs	*10 093*
Reversal of write–offs	*(9 273)*
Changes of write-offs resulting from acquisitions	*25*
*Not written off profit and loss **	*(3 112)*
As at the end of the period	**28 531**
- including assigned to the group for disposal	*23 231*
Write-downs of financial assets	
As at the beginning of the period	62
Creating of write-offs	*5*
Reversal of write–offs	*0*
Changes of write-offs resulting from acquisitions	*0*
As at the end of the period	**67**
- including assigned to the group for disposal	***12***
Write-downs of inventories	
As at the beginning of the period	*18 223*
Creating of write-offs	*23 729*
Reversal of write–offs	*(23 555)*
Changes of write-offs resulting from acquisitions	*0*
As at the end of the period	**18 397**
- including assigned to the group for disposal	*13 891*

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

7.14.9 Release/ Create of provisions for restructuring costs

In the fourth quarter of 2011, the event has not occurred in the Group.

7.14.10 Deferred income tax

Deferred income tax	Changes in four quarters of 2011	Changes in 2010
Deferred income tax assets		
As at the beginning of the period	**15 412**	**15 751**
Increase of assets	8 195	6 803
Reduction of assets	(5 309)	(7 142)
Increases/reductions during the period resulting from acquisitions	(7 438)	*0*
As at the end of the period	**10 860**	**15 412**
- including assigned to the group for disposal	*1 195*	*8 528*

(in PLN 000s, unless indicated otherwise)

Deferred income tax	Changes in four quarters of 2011	Changes in 2010
Provision for deferred income tax		
As at the beginning of the period	**16 216**	**14 822**
Increase of assets	8 046	4 996
Reduction of assets	(10 951)	(3 602)
Increases/reductions during the period resulting from acquisitions	(12 858)	*0*
As at the end of the period	**453**	**16 216**
- including assigned to the group for disposal	*139*	*15 179*

7.14.11 Financial and operating leases

2011:

Liabilities under financial leases	31 December 2011	
	Minimum payments	Current value of minimum payments
Up to 1 year	-	-
From 1 to 5 years	-	-
Over 5 years	-	-
Total	-	-

Operating leases

Term assets	Term of agreement	As at 31.12.2011	As at 31.12.2012	from 1 - 5 years	over 5 years
		Minimum annual payments			
Real properties	definite	-	-	-	-
	indefinite	-	-	-	-
Machinery and equipment	definite	-	-	-	-
	indefinite	-	-	-	-
Vehicles	definite	-	-	-	-
	indefinite	-	-	-	-
Other fixed assets	definite	-	-	-	-
	indefinite	-	-	-	-

Agreements containing a lease according to IFRIC 4

Term assets	Term of agreement	As at 31.12.2011	As at 31.12.2012	from 1 - 5 years	over 5 years
		Minimum annual payments			
Real properties	definite	78 705	79 931	311 781	379 379
	indefinite	5 209	5 214	20 855	26 069
Machinery and equipment	definite	85	35	85	103
	indefinite	-	-	-	-
Vehicles	definite	-	-	-	-
	indefinite	-	-	-	-
Other fixed assets	definite	-	-	-	-
	indefinite	-	-	-	-

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

2010:

Liabilities under financial leases	31 December 2010

	Minimum payments	Current value of minimum payments
Up to 1 year	1 752	1 421
From 1 to 5 years	1 842	1 638
Over 5 years	-	-
Total	**3 594**	**3 059**

Operating leases

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

Agreements containing a lease according to IFRIC 4

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

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

7.14.12 Commitments for the purchase of property, plant and equipment.

Event has not occurred in the Group.

7.14.13 Corrections of prior period errors.

In the fourth quarter of 2011, there were no corrections of prior period errors.

7.14.14 Default or breach of a loan agreement and failure to take corrective action.

Event has not occurred in the Group.

(in PLN 000s, unless indicated otherwise)

7.14.15 Additional presentation of the basic elements of financial statements.

Consolidated statement of financial position and profit or loss of the Capital Group Emperia Holding S.A. without separation of discontinued operations in 2011 (disposed and held for sale).

	31 December 2011	30 September 2011	31 December 2010	30 September 2010
Fixed Assets	**613 592**	**977 406**	**974 347**	**972 078**
Tangible fixed assets	530 250	698 772	693 623	685 709
Investment real property	3 166	4 827	13 495	16 041
Intangible assets	5 549	7 143	8 609	8 450
Goodwill	49 186	207 867	203 975	203 975
Shares in equity method	-	6 961	5 904	4 917
Financial assets	460	13 010	12 482	11 755
Long-term receivables and other deferred income	14 121	16 723	20 847	22 270
Deferred tax assets	10 860	22 103	15 412	18 961
Current Assets	**1 289 203**	**1 046 679**	**941 722**	**884 956**
Stock	119 298	440 831	437 264	382 784
Receivables	83 922	525 893	440 875	430 687
Income tax receivables	853	623	1 514	1 422
Short-term securities	-	-	-	-
Prepaid expenses	6 811	10 271	7 150	9 786
Cash	1 078 319	63 178	49 269	56 646
Other financial assets	-	5 883	5 650	3 631
Total Assets	**1 902 795**	**2 024 085**	**1 916 069**	**1 857 034**
Equity capital	**1 502 518**	**886 635**	**878 929**	**853 069**
Share capital	15 115	15 115	15 115	15 115
Share premium capital	50 559	50 559	549 559	549 559
Supplementary capital	98 951	98 829	97 844	98 394
Supplementary capital from the evaluation of managerial options	9 199	4 394	4 394	3 554
Reserve capital	110 169	105 883	47 823	47 273
Reserve capital for purchase of own shares	499 000	503 286	40 000	40 000
Own shares	(53 774)	(35 714)	(14 290)	(686)
Retained profits	773 299	144 168	138 371	99 750
Total equity allocated to shareholders of dominant entity	**1 502 518**	**886 520**	**878 816**	**852 959**
Non-controlling interest		115	113	110
Long-term liabilities	**4 075**	**90 361**	**83 580**	**147 254**
Credit facilities, loans and debt securities	-	69 183	61 734	121 906
Long-term liabilities	1 563	2 283	2 634	6 014
Provisions	2 059	3 047	2 996	2 955
Deferred tax liabilities	453	15 848	16 216	16 379
Short-term liabilities	**396 202**	**1 047 089**	**953 560**	**856 711**
Credit facilities, loans and debt securities	129 895	291 077	182 689	151 519
Short-term liabilities	251 803	718 542	744 282	663 631
Current tax liabilities	4 192	14 526	10 284	8 669
Provisions	7 781	19 112	12 389	29 830

(in PLN 000s, unless indicated otherwise)

Deferred income	2 531	3 832	3 916	3 062
Total liabilities	**1 902 795**	**2 024 085**	**1 916 069**	**1 857 034**

	3 months ended 31 Dec 2011	12 months ended 31 Dec 2011	3 months ended 31 Dec 2010	12 months ended 31 Dec 2010
Sales revenues	**1 627 557**	**6 318 347**	**1 531 457**	**5 916 311**
Cost of goods sold	**(1 386 901)**	**(5 338 337)**	**(1 280 326)**	**(4 954 520)**
Profit on sales	**240 656**	**980 010**	**251 131**	**961 791**
Other operating income	24 085	37 453	8 556	16 987
Distribution costs	(175 820)	(747 871)	(177 752)	(737 880)
General administrative expense	(53 565)	(122 225)	(25 201)	(90 000)
Other operating expense	(4 688)	(18 205)	(5 041)	(13 438)
Profit on operations	**30 668**	**129 162**	**51 693**	**137 460**
Financial income	1 237	4 129	725	3 222
Financial expense	(6 102)	(23 388)	(4 514)	(19 515)
Gain on sale of shares	611 545	611 545	-	-
Profit before tax	**637 348**	**721 448**	**47 904**	**121 167**
Income tax	**(3 096)**	**(20 086)**	**(9 734)**	**(24 605)**
- current tax	(1 450)	(25 507)	(6 222)	(22 747)
- deferred tax	(1 646)	5 421	(3 512)	(1 858)
Share in financial result entities valued using the equity method	(46)	1 010	989	1 923
Profit for the period	**634 206**	**702 372**	**39 159**	**98 485**
Profit for period for shareholders of dominant entity	634 206	702 372	39 156	98 474
Profit for period for non-controlling interest			3	11
EBITDA	47 510	197 702	68 984	205 828

The item "Gain on sale of shares" in the profit and loss account is presented net profit in the amount of 611 545 thousand PLN achieved on the sale of the distribution companies, which under the Settlement Agreement and the amendments to the Investment Agreement entered into between Emperia Holding SA, together with its subsidiary P1 Sp. z o.o. and Eurocash S.A. was on 21 December 2011, sold to Eurocash S.A.

Profit and loss account of companies included in continuing operations and retail

	3 months ended 31 Dec 2011	12 months ended 31 Dec 2011	3 months ended 31 Dec 2010	12 months ended 31 Dec 2010
Sales revenues	**502 584**	**1 875 851**	**475 360**	**1 782 059**
Cost of goods sold	**(402 200)**	**(1 459 545)**	**(366 514)**	**(1 374 448)**
Profit on sales	**100 384**	**416 306**	**108 846**	**407 611**
Other operating income	800	4 172	2 761	5 324
Distribution costs	(83 718)	(340 839)	(78 674)	(326 432)
General administrative expense	(24 750)	(59 502)	(13 151)	(42 620)
Other operating expense	(3 043)	(13 932)	(1 151)	(5 869)
Profit on operations	**(10 327)**	**6 205**	**18 631**	**38 014**

(in PLN 000s, unless indicated otherwise)

Financial income	7 666	9 470	918	1 940
Financial expense	(2 438)	(8 586)	(1 449)	(6 223)
Gain on sale of shares	611 545	611 545		
Profit before tax	**606 446**	**618 634**	**18 100**	**33 731**
Income tax	**3 775**	**1 598**	**(3 820)**	**(7 722)**
- current tax	16	(7 336)	(2 593)	(6 613)
- deferred tax	3 759	8 934	(1 227)	(1 109)
Share in financial result entities valued using the equity method	0	0	0	0
Profit for the period	**610 221**	**620 232**	**14 280**	**26 009**
Profit for period for shareholders of dominant entity	610 221	620 232	14 287	25 998
Profit for period for non-controlling interest	0	0	(7)	11
EBITDA	6 798	58 222	30 112	82 158
Investment expenditures	21 134	83 280	25 639	93 420

Profit and loss account of retail companies (for sale)

	3 months ended 31 Dec 2011	12 months ended 31 Dec 2011	3 months ended 31 Dec 2010	12 months ended 31 Dec 2010
Sales revenues	**481 992**	**1 807 386**	**458 852**	**1 725 184**
Cost of goods sold	**(380 224)**	**(1 377 687)**	**(348 244)**	**(1 304 376)**
Profit on sales	**101 768**	**429 699**	**110 608**	**420 808**
Other operating income	792	3 744	331	2 268
Distribution costs	(92 308)	(372 218)	(85 157)	(349 944)
General administrative expense	(17 467)	(53 735)	(12 183)	(45 434)
Other operating expense	(1 271)	(6 100)	(1 028)	(5 392)
Profit on operations	**(8 486)**	**1 390**	**12 571**	**22 306**
Financial income	150	714	294	654
Financial expense	(1 331)	(4 165)	(1 035)	(4 759)
Profit before tax	**(9 667)**	**(2 061)**	**11 830**	**18 201**
Income tax	**1 493**	**1 120**	**(2 497)**	**(4 533)**
- current tax	2 506	(1 249)	(1 240)	(4 267)
- deferred tax	(1 013)	2 369	(1 257)	(266)
Share in financial result entities valued using the equity method	0	0	0	0
Profit for the period	**(8 174)**	**(941)**	**9 333**	**13 668**
Profit for period for shareholders of dominant entity	(8 174)	(941)	9 340	13 657
Profit for period for non-controlling interest			(7)	11
EBITDA	(1 399)	30 478	19 782	49 977

(in PLN 000s, unless indicated otherwise)

Investment expenditures	11 841	26 831	5 873	43 463

Profit and loss statement of distribution companies (sold to Eurocash S.A.)

	3 months ended 31 Dec 2011	12 months ended 31 Dec 2011	3 months ended 31 Dec 2010	12 months ended 31 Dec 2010
Sales revenues	**1 374 490**	**5 300 993**	**1 271 484**	**4 921 769**
Cost of goods sold	**(1 218 207)**	**(4 674 174)**	**(1 116 429)**	**(4 312 277)**
Profit on sales	**156 283**	**626 819**	**155 055**	**609 492**
Other operating income	23 285	33 281	5 795	11 663
Distribution costs	(117 982)	(466 981)	(107 433)	(448 383)
General administrative expense	(24 475)	(71 417)	(16 464)	(65 757)
Other operating expense	(1 645)	(4 273)	(3 890)	(7 569)
Profit on operations	**35 466**	**117 429**	**33 063**	**99 446**
Financial income	(309)	1 918	618	3 719
Financial expense	(4 257)	(16 535)	(3 877)	(15 730)
Profit before tax	**30 900**	**102 812**	**29 804**	**87 435**
Income tax	**(6 869)**	**(21 682)**	**(5 914)**	**(16 882)**
- current tax	(1 465)	(18 170)	(3 629)	(16 133)
- deferred tax	(5 404)	(3 512)	(2 285)	(749)
Share in financial result entities valued using the equity method	(46)	1 010	989	1 923
Profit for the period	**23 985**	**82 140**	**24 879**	**72 476**
Profit for period for shareholders of dominant entity	23 985	82 140	24 879	72 476
Profit for period for non-controlling interest	0	0	0	0

EBITDA	39 925	139 481	38 872	123 669

7.14.16 Other significant events.

a) The implementation of sale process of the retail business of the Capital Group.

On 4 October 2011Management Board of Emperia Holding S.A. announced that, together with an investment adviser KPMG Advisory Spółka z ograniczoną odpowiedzialnością Sp. k ("KPMG"), on the basis of the non-binding bids, to accept a list of potential investors admitted to the next stage of the process, ie the study of the legal and financial Retail Companies. Among the investors are accepted financial and trade investors.

On 14 November 2011Management Board of Emperia Holding S.A. announced that investors are allowed to examine the legal and financial state companies have submitted binding purchase offers for Retail Companies. Among the bidders are both trade and financial investors. Management Board of Emperia Holding, together with a team of advisors, on the basis of the binding offers and discussions with all investors, decide on the selection of several entities admitted to the final stage of the process, ie, negotiate and agree on the final terms of the transaction, including the content of the conditional agreement of sale of the Retail Companies. Based on the received binding offers and conversations, Management Board of Emperia reiterated its opinion on the value of operations (excluding real estate) Retail Companies. In the case of companies Retail sales Emperia expects to receive a price not less than 900 million PLN..

(in PLN 000s, unless indicated otherwise)

b) Acquisition of shares Emperia Holding S.A.

The Management Board of Emperia Holding S.A. announced that in the days after the 5 October 2011 to 13 October 2011 that a person closely related to a member of the Board of the Company has purchase 5 237 shares of Emperia Holding S.A. during the regular session, organized by the Stock Exchange in Warsaw.

On 21 October 2011, the member of the Management Board, purchase 1 000 shares of Emperia Holding S.A. at the average price of 104.80 PLN per share, during the regular session organized by the Stock Exchange in Warsaw. The member of the Management Board of the Company has reserved the publication of their data personal.

On 14 December 2011 the member of the Management Board the Company purchases 1 262 shares of Emperia Holding S.A. at an average price of 113.31 PLN per share, during the regular session organized by the Warsaw Stock Exchange S.A. Member of the Management Board of the Company has reserved the publication of their personal data.

On 30 December 2011the Member of the Supervisory Board of the Company purchases 800 shares of Emperia Holding S.A. at the average price of 111.48 PLN per share, during the regular session organized by the Warsaw Stock Exchange S.A. Member of the Supervisiory Board of the Company has reserved the publication of their data personal.

c) Implementation and completion of the first share buyback program

As a result of the authorization granted by Resolution No. 21 of the Annual General Meeting of Emperia Holding SA (Company) dated 23 June 2010 and Resolution No. 39/2010 of the Supervisory Board Emperia Holding SA dated 16 September 2010 and in accordance with the share buyback program Emperia Holding S.A. adopted by resolution of the Management Board of the Company on 21 September 2010 Company under the share buy-back program in a block trade has acquired the following shareholdings to their further sale or redemption:

Date of transaction	Number of acquired shares	Nominal value of share	Unit price per share	Number of votes at the General Meeting Emperia Holding S.A.	% of the share capital
12 October 2011	18 976	1.00 PLN	96.75	18 976	0.126%
19 October 2011	18 868	1.00 PLN	98.70	18 868	0.125%
24 October 2011	2 964	1.00 PLN	99.65	2 964	0.020%
24 October 2011	2 913	1.00 PLN	103.5	2 913	0.019%

On 24 October the first has been completed share buyback program Emperia Holding S.A., through the use of a total of 40 million PLN for this purpose by the General Meeting of Shareholders on 23 June 2010. As part of the share buyback program, the Company acquired 402 344 shares entitling to 402 344 (2.662%) of the votes at the General Meeting of Shareholders and constituting 2.662% of the share capital.
The shares were purchased from a brokerage house, of which the Company on 21 September 2010 the Company signed an agreement for the purchase of its own shares for the purpose of resale to Emperia Holding S.A. share buyback transactions were carried out in accordance with Commission Regulation (EC) No 2273/2003 of 22 December 2003 implementing Directive 2003/6/EC of the European Parliament and of the Council as regards exemptions for buy-back programs and stabilization of financial instruments.

d) Resolution of the Management Board of Emperia Holding S.A. to adopt "Second share buyback program Emperia Holding S.A.".

(in PLN 000s, unless indicated otherwise)

On 19 October 2011, the Management Board of Emperia Holding adopted a resolution on the adoption of "second share buyback program Emperia Holding SA" and start by Emperia Holding SA share buyback program, pursuant to the authority granted by Resolution No. 2 of the Extraordinary General Meeting of Emperia Holding SA of 13 October 2010 and the resolutions of the Supervisory Board Emperia Holding SA No. 16/2011 of 18 July 2011 and 31/2011 of 18 October 2011.
The aim of the program is the acquisition by the Company of its own shares for redemption, subject to the conditions and procedures specified in Resolution No. 2 of the Extraordinary General Meeting of 13 October 2010.
Starting the second buyback program is scheduled for 20 October 2011, and ends at the latest on 30 September 2012.
The amount of funds allocated for the purchase of shares of the Company established in the amount of not more than 25 000 000 PLN.
The Company's shares will be purchased through a brokerage house, of which the Company has signed an agreement for the purchase of its own shares for the purpose of resale to Emperia Holding S.A. in block transactions.

e) Implementation of the second share buyback program

As a result of the authorization granted by Resolution No. 2 of the Extraordinary General Meeting of Emperia Holding S.A. held on 13 October 2010 and the resolutions of the Supervisory Board of Emperia Holding S.A. No. 16/2011 of 18 July 2011 and 31/2011 of 18 October 2011 and accordance with the provisions of the second share buyback program Emperia Holding SA adopted by resolution of the Board of the Company dated 19 October 2011, the Company acquired in block transactions following shareholdings to their further redemption:

Date of transaction	Number of acquired shares	Nominal value of share	Unit price per share	Number of votes at the General Meeting Emperia Holding S.A.	% of the share capital
2 November 2011	21 233	1.00 PLN	106.90	21 233	0.140%
10 November 2011	19 424	1.00 PLN	111.50	19 424	0.129%
21 November 2011	18 651	1.00 PLN	119.30	18 651	0.123%
30 November 2011	20 693	1.00 PLN	117.80	20 693	0.137%
7 December 2011	17 574	1.00 PLN	116.40	17 574	0.116%
23 December 2011	22 577	1.00 PLN	114.10	22 577	0.149%

Since the commencement of the second share buyback program, the Company acquired 120 152 shares entitling to 120 152 (0.795%) of the votes at the General Meeting of Shareholders and constituting 0.795% of the share capital.
The company has a total of 522 496 shares giving the right to 522 496 (3.457%) of the votes at the General Meeting of Shareholders and constituting 3.457% of the share capital.
The shares were purchased from a brokerage house, of which the Company on 19 October 2011, signed a contract for the purchase of its own shares for the purpose of resale to Emperia Holding S.A. Share buyback transactions were carried out in accordance with Commission Regulation (EC) No 2273/2003 of 22 December 2003 implementing Directive 2003/6/EC of the European Parliament and of the Council as regards exemptions for buy-back programs and stabilization of financial instruments.

f) Extraordinary General Meeting of Shareholders of Emperia Holding S.A.

On 10 November 2011 the Management Board of Emperia Holding S.A. announced the convening of an Extraordinary General Meeting (EGM) of Emperia Holding S.A., on 6 December 2011. EGM was discussed by adopting resolutions:
1. adopting resolution to amend resolution No. 2 of the Extraordinary General Meeting of Shareholders of Emperia Holding S.A. on 4 March 2010, concerning the Management Option Plan and Management Incentive Programme, issue of senior bonds and conditional share capital increase, and to deprive the shareholders preemptive rights,
2. adopting resolution to amend the Articles of Association and to authorizing the Supervisory Board to establish uniform text of the amended Articles of Association.
The EGM on 6 December 2011, adopted the proposed resolution.

(in PLN 000s, unless indicated otherwise)

g) Consent of the Office of Competition and Consumer Protection to take over the company's wholesale operations of Nadwiślanka S.A. by the subsidiary Tradis Sp. z o.o.

On 25 November 2011the Management Board of Emperia Holding S.A. announced the receipt by the subsidiary Tradis Sp. z o.o. approval of the Office of Competition and Consumer Protection for the concentration involving the acquisition by Tradis Sp. z o.o. with its registered seat in Lublin of the property related to the company's wholesale business Nadwiślanka S.A. based in Toruń.

7.14.17 Material events after the period of the financial statements.

a) Implementation of the second share buyback program

As a result of the authorization granted by Resolution No. 2 of the Extraordinary General Meeting of Emperia Holding S.A. held on 13 October 2010 and the resolutions of the Supervisory Board Emperia Holding S.A. No. 16/2011 of 18 July 2011 and 31/2011 of 18 October 2011 and accordance with the provisions of the second share buyback program Emperia Holding S.A. adopted by resolution of the Management Board of the Company dated 19 October 2011, the Company acquired in trades following shareholdings to their further redemption:

Date of transaction	Number of acquired shares	Nominal value of share	Unit price per share	Number of votes at the General Meeting Emperia Holding S.A.	% of the share capital
5 January 2012	17 283	1.00 PLN	117.10	17 283	0.114%
19 January 2012	21 763	1.00 PLN	117.30	21 763	0.144%
2 February 2012	23 427	1.00 PLN	117.00	23 427	0.155%
16 February 2012	16 358	1.00 PLN	113.40	16 358	0.108%
29 February 2012	11 056	1.00 PLN	108.90	11 056	0.073%

Since the commencement of the second share buyback program, the Company acquired 210 039 shares entitling to 210 039 (1.390%) of the votes at the General Meeting of Shareholders and constituting 1.390% of the share capital.
The company has a total of 612 383 shares giving the right to own 612 383 (4.051%) of the votes at the General Meeting of Shareholders and constituting 4.051% of the share capital.
The shares were purchased from a brokerage house, of which the Company on 19 October 2011, signed a contract for the purchase of its own shares for the purpose of resale to Emperia Holding SA share buyback transactions were carried out in accordance with Commission Regulation (EC) No 2273/2003 of 22 December 2003 implementing Directive 2003/6/EC of the European Parliament and of the Council as regards exemptions for buy-back programs and stabilization of financial instruments.

b) The implementation process of the sale of companies in the retail segment ("Retail Company").

On 26 January 2011 the Management Board of Emperia Holding S.A. announced that, in connection with the admission process for retail sale of new investors, it may be extended closing date (more than previously estimated the first quarter of 2012). In addition, the Management Board of Company reported that investors interested in analyzing the offer takes into account the alternatives to the sale of 100% of shares of retail companies for cash. Admission to the process of new investors and to consider alternative scenarios is associated with the conclusion on 21 December 2011 Settlement Eurocash S.A. under which it was made to divest shares in distribution companies. The settlement ended a lasting between Emperia Holding S.A. and Eurocash S.A. legal conflict, thereby reducing the risk for potential investors interested in the retail segment of Emperia Holding S.A.

(in PLN 000s, unless indicated otherwise)

c) Issuance of bonds within the Capital Group of Emperia Holding S.A.

On 24 February 2012 subsidiaries Stokrotka Sp. z o.o. and Elpro Ekon Sp. z o.o. S.K.A. issued short-term bonds, which were acquired by the companies of the Capital Group Emperia Holding S.A. The total nominal value of issued bonds amounted to 189 million PLN.Bond issues have been carried out in the framework of the Capital Group's Emperia Holding S.A. cash management. Interest on the bonds is based on WIBOR + margin.

8. Separate condensed financial statements of the Issuer.

8.1 Selected financial highlights

No	SELECTED FINANCIAL HIGHLIGHTS (current year)	PLN		EURO	
		For period 01 Jan 2011 to 31 Dec 2011	For period 01 Jan 2010 to 31 Dec 2010	For period 01 Jan 2011 to 31 Dec 2011	For period 01 Jan 2010 to 31 Dec 2010
I.	Net revenues from sale of products, goods and materials	57 812	55 676	13 964	13 904
II.	Profit (loss) on operating activity	(6 064)	(437)	(1 465)	(109)
III.	Profit (loss) before tax	817 029	63 542	197 345	15 868
IV.	Profit (loss) for period	815 419	62 349	196 956	15 570
V.	Net cash flows from operating activity	5 554	10 692	1 342	2 670
VI.	Net cash flows from investing activity	72 101	23 103	17 415	5 770
VII.	Net cash flows from financing activity	(78 847)	(32 540)	(19 045)	(8 126)
VIII.	Total net cash flows	(1 192)	1 256	(288)	314
IX.	Total assets	1 417 474	666 992	320 928	168 420
X.	Liabilities and provisions against liabilities	21 378	10 160	4 840	2 565
XI.	Long-term liabilities	646	2 202	146	556
XII.	Short-term liabilities	20 732	7 958	4 694	2 009
XIII.	Equity	1 396 096	656 832	316 088	165 854
XIV.	Initial capital	15 115	15 115	3 422	3 817
XV.	Number of shares	15 115 161	15 115 161	15 115 161	15 115 161
XVI.	Weighted average number of shares	14 850 905	15 094 939	14 850 905	15 094 939
`XVII.	Profit (loss) per ordinary share annualized* (PLN\EURO)	54,91	4,13	13,26	1,03
XVIII.	Diluted profit (loss) per ordinary share annualized * (PLN\EURO)	54,86	4,13	13,25	1,03
XIX.	Book value per share* (PLN\EURO)	94,01	43,51	21,28	10,99
XX.	Diluted book value per share* (PLN\EURO)	93,93	43,51	21,27	10,99
XXI.	Declared or distributed dividend per share** (PLN\EURO)	2,63	0,92	0,61	0,23

* Value is calculated based on weighted average number of shares of the Issuer
** Dividend amount paid is calculated based on the number of shares of the Issuer on the date of this report

The weighted average number of shares:
– For I-IV quarters of 2011: for January-December 14 850 905

(in PLN 000s, unless indicated otherwise)

– For I-IV quarters of 2010: for January-December 15 094 939

The selected financial highlights are converted into EUR as follows:

1 The profit and loss and cash flow statement items are converted at an exchange rate being the arithmetic average exchange rates published by the National Bank of Poland, effective on the last day of each month, which for 2011 was 4.1401 PLN/EURO, and for 2010 was 4.0044 PLN/EURO,
2 The balance sheet items and book value/diluted book value are converted at the average exchange rate published by the National Bank of Poland, effective on the balance sheet date, which was: at 31.12.2011 4.4168 PLN/EURO, and at 31.12.2010 3.9603 PLN/EURO.
3 Distributed dividend per share are converted at exchange rate published by the National Bank of Poland at day of dividend payment, which was at 9.09.2011 4.3139 PLN/EURO, and at 9.09.2010 3.9421 PLN/EURO.

8.2 Condensed separete statements of financial position.

	31 Dec 2011	30 Sep 2011	31 Dec 2010	30 Sep 2010
Fixed Assets	**119 176**	**466 094**	**231 687**	**572 596**
Tangible fixed assets	3 432	8 869	41 607	42 937
Investment real property	3 166	3 166	3 166	3 166
Intangible assets	3 949	5 539	6 734	6 848
Financial assets	108 127	448 297	179 858	519 327
Long-term receivables and other deferred income	45	33	24	59
Deferred tax assets	456	190	298	259
Current Assets	**1 298 298**	**222 898**	**435 305**	**103 081**
Stock	46	64	64	72
Receivables	1 116 903	7 783	11 081	6 520
Income tax receivables	-	-	887	888
Short-term securities	41 170	74 574	71 797	87 850
Prepaid expenses	2 201	392	366	694
Cash	2 638	9 324	3 830	7 057
Other financial assets	27 500	23 000	7 090	-
Assets earmarked for sale	107 840	107 761	340 190	-
Total Assets	**1 417 474**	**688 992**	**666 992**	**675 677**
Equity capital	**1 396 096**	**661 938**	**656 832**	**668 134**
Share capital	15 115	15 115	15 115	15 115
Share premium capital	50 559	50 559	549 559	549 559
Supplementary capital	2 526	2 526	1 526	1 526
Supplementary capital from the evaluation of managerial options	4 405	2 073	2 073	1 675
Reserve capital	62 845	58 559	499	499
Reserve capital for purchase of own shares	499 000	503 286	40 000	40 000
Own shares	(53 774)	(35 714)	(14 289)	(686)
Retained profits	815 419	65 534	62 349	60 446
Total equity allocated to shareholders of dominant entity	**1 396 096**	**661 938**	**656 832**	**668 134**
Non-controlling interest	-	-	-	-
Long-term liabilities	**646**	**1 411**	**2 202**	**2 118**
Credit facilities, loans and debt securities	-	-	89	141
Provisions	91	84	84	112
Deferred tax liabilities	555	1 327	2 029	1 865
Short-term liabilities	**20 732**	**25 643**	**7 958**	**5 425**
Credit facilities, loans and debt securities	-	85	199	188
Short-term liabilities	16 124	23 936	6 677	4 375

(in PLN 000s, unless indicated otherwise)

Current tax liabilities	3 033	1 188	-	-
Provisions	1 409	419	1 056	839
Deferred income	166	15	26	23
Total liabilities	**1 417 474**	**688 992**	**666 992**	**675 677**

	31 Dec 2011	30 Sep 2011	31 Dec 2010	30 Sep 2010
Book value	**1 396 096**	**661 938**	**656 832**	**668 134**
Number of shares	15 115 161	15 115 161	15 115 161	15 115 161
Diluted number of shares	14 863 708	14 923 741	15 115 161	15 115 161
Book value per share (PLN)	**92,36**	**44,39**	**43,46**	**44,20**

8.3 Condensed separate income statement and a condensed statements of comprehensive income.

	3 months ended 31 Dec 2011	12 months ended 31 Dec 2011	3 months ended 31 Dec 2010	12 months ended 31 Dec 2010
Sales revenues	**20 618**	**57 812**	**16 455**	**55 676**
Cost of goods sold	**(12 016)**	**(41 936)**	**(10 994)**	**(43 636)**
Profit on sales	**8 602**	**15 876**	**5 461**	**12 040**
Other operating income	124	471	116	483
Distribution costs	-	(2)	(1)	(4)
General administrative expense	(8 894)	(16 850)	(4 920)	(12 784)
Other operating expense	(994)	(5 559)	(14)	(172)
Profit on operations	**(1 162)**	**(6 064)**	**642**	**(437)**
Financial income	2 146	73 434	1 865	64 143
Financial expense	(39)	(151)	(33)	(164)
Gain on sale of shares	749 810	749 810		
Profit before tax	**750 755**	**817 029**	**2 474**	**63 542**
Income tax	(870)	(1 610)	(571)	(1 193)
- current tax	(1 908)	(3 242)	(446)	(446)
- deferred tax	1 038	1 632	(125)	(747)
Net profit for period	**749 885**	**815 419**	**1 903**	**62 349**
Profit for period for shareholders of dominant entity	**749 885**	**815 419**	**1 903**	**62 349**
Profit for period for non-controlling interest				

Profit (loss) for period (annualised)	**815 419**	**62 349**
Weighted average of ordinary shares *	14 850 905	15 094 939
Diluted weighted average number of ordinary shares **	14 863 708	15 094 939
Profit (loss) per ordinary share (PLN) annualised*	54,91	4,13

* The weighted average number of shares:
– For I-IV quarters of 2011: for January-December 14 850 905;
– For I-IV quarters of 2010: for January-December 15 094 939.
** Diluted weighted average number of shares:
– For I-IV quarters of 2011: for January-December 14 863 708, having regard to the effect of dilutive options granted as part of a tranche in 2010 of the Management Option Plan II for 2010-2012.

(in PLN 000s, unless indicated otherwise)

– For I-IV quarters of 2010: for January-December 15 094 939

Statement of total income	3 months ended 31 Dec 2011	12 months ended 31 Dec 2011	3 months ended 31 Dec 2010	12 months ended 31 Dec 2010
Profit for period	**749 885**	**815 419**	**1 903**	**62 349**
Other total income				
Total income for period	**749 885**	**815 419**	**1 903**	**62 349**

In "Profit from redemption of shares" in the profit and loss account is presented net profit achieved in compulsory redemption of shares covered by Emperia Holding S.A . in P1 Sp. z o.o. in exchange for a contribution of shares of Distribution companies.

Analytically to "profit from the redemption of shares" were as follows:

The remuneration for redeemed shares	1 090 000
Value of shares redeemed	340 190
The result on the transaction	749 810

(in PLN 000s, unless indicated otherwise)

8.4 Condensed separate statement of changes in equity

	Share capital	Share premium capital	Supplementary capital	Supplementary capital from the evaluation of managerial options	Reserve capital	Reserve Capital for purchase of own shares	Own shares	Retained profit	Total equity
1 October 2011	**15 115**	**50 559**	**2 526**	**2 073**	**58 559**	**503 286**	**(35 714)**	**65 534**	**661 938**
Correction of error for 2010									
1 October 2011 adjusted	**15 115**	**50 559**	**2 526**	**2 073**	**58 559**	**503 286**	**(35 714)**	**65 534**	**661 938**
Profit for 3 months until 31 December 2011								749 885	**749 885**
Increasing reserve capital for purchase of own shares									
Distribution of 2010 profit – allocation to capital funds									
Transfer of capital used for the purchase of own shares					4 286	(4 286)			
Purchase of own shares							(18 060)		**(18 060)**
Valuation of the Management Option Plan				2 332					**2 332**
31 December 2011	**15 115**	**50 559**	**2 526**	**4 405**	**62 845**	**499 000**	**(53 774)**	**815 419**	**1 396 096**

	Share capital	Share premium capital	Supplementary capital	Supplementary capital from the evaluation of managerial options	Reserve capital	Reserve Capital for purchase of own shares	Own shares	Retained profit	Total equity
1 January 2011	**15 115**	**549 559**	**1 526**	**2 073**	**499**	**40 000**	**(14 290)**	**62 349**	**656 832**
Correction of error for 2010									
1 January 2011 adjusted	**15 115**	**549 559**	**1 526**	**2 073**	**499**	**40 000**	**(14 290)**	**62 349**	**656 832**
Profit for 12 months until 31 December 2011								815 419	**815 419**
Increasing reserve capital for purchase of own shares		(499 000)				499 000			
Distribution of 2010 profit – allocation to capital funds			1 000		22 346			(23 346)	
Transfer of capital used for the purchase of own shares								(39 003)	**(39 003)**
Purchase of own shares					40 000	(40 000)			
Valuation of the Management Option Plan							(39 485)		**(39 485)**
Distribution of 2010 profit – allocation to capital funds				2 332					**2 332**
31 December 2011	**15 115**	**50 559**	**2 526**	**4 405**	**62 845**	**499 000**	**(53 774)**	**815 419**	**1 396 096**

(in PLN 000s, unless indicated otherwise)

	Share capital	Share premium capital	Supplemetary capital	Supplementary capital from the evaluation of managerial options	Reserve capital	Reserve Capital for purchase of own shares	Own shares	Retained profit	Total equity
1 October 2010	**15 115**	**549 559**	**1 526**	**1 675**	**499**	**40 000**	**(686)**	**60 446**	**668 134**
Change in accounting standards and accounting policies									
1 October 2010 adjusted	**15 115**	**549 559**	**1 526**	**1 675**	**499**	**40 000**	**(686)**	**60 446**	**668 134**
Profit for 3 months until 31 December 2010								1 903	1 903
Valuation of the Management Option Plan				398					398
Establishment of reserve capital for purchase of own shares									
Purchase of own shares							(13 604)		(13 604)
Dividend for shareholders as part of 2009 profit distribution									
31 December 2010	**15 115**	**549 559**	**1 526**	**2 073**	**499**	**40 000**	**(14 289)**	**62 349**	**656 832**

	Share capital	Share premium capital	Supplemetary capital	Supplementary capital from the evaluation of managerial options	Reserve capital	Reserve Capital for purchase of own shares	Own shares	Retained profit	Total equity	Share capital
1 January 2010	**15 115**	**549 559**	**1 526**	**482**	**12 376**			**42 029**		**621 087**
Change in accounting standards and accounting policies										
1 January 2010 adjusted	**15 115**	**549 559**	**1 526**	**482**	**12 376**			**42 029**		**621 087**
Profit for period					-			62 349		62 349
Distribution of 2009 profit – allocation to capital funds					(11 877)			(28 123)		(40 000)
Dividend for shareholders as part of 2009 profit distribution								(13 906)		(13 906)
Purchase of own shares									(14 289)	(14 289)
Valuation of the Management Option Plan				1 591						1 591
Establishment of reserve capital for purchase of own shares							40 000			40 000
31 December 2010	**15 115**	**549 559**	**1 526**	**2 073**	**499**		**40 000**	**62 349**	**(14 289)**	**656 832**

(in PLN 000s, unless indicated otherwise)

8.5 Condensed separate statements of cash flows

	3 months ended 31 Dec 2011	12 months ended 31 Dec 2011	3 months ended 31 Dec 2010	12 months ended 31 Dec 2010
Profit (loss) for period	**749 885**	**815 419**	**1 903**	**62 349**
Adjustments for:	**(749 563)**	**(809 865)**	**450**	**(51 657)**
Depreciation	1 366	8 080	2 747	10 501
Interest and share in profit (dividends)	(1 357)	(82 376)	(1 095)	(62 980)
Income tax	870	1 610	571	1 193
Profit (loss) on investing activity	(748 796)	(738 661)	(26)	(38)
Change in provisions	997	359	190	99
Change in stock	18	19	7	(16)
Change in receivables	(13 117)	(9 821)	(6 229)	(4 767)
Change in accruals	(1 670)	(1 715)	332	36
Change in liabilities	9 855	9 629	2 305	2 362
Other adjustments	2 332	2 332	398	1 591
Income tax paid	(62)	679	1 250	362
Net cash flows from operating activity	**322**	**5 554**	**2 353**	**10 692**
Income	**247 770**	**976 645**	**263 964**	**845 595**
Sale of fixed and intangible asset	(884)	3 851	139	525
Sale of financial assets	246 757	842 926	263 800	767 600
Received dividends	-	77 592	-	59 314
Interest received	397	1 486	25	256
Repayment of loans granted	1 500	50 790	-	17 900
Other income	-	-	-	-
Expenditures	**(236 625)**	**(904 544)**	**(255 870)**	**(822 492)**
Purchase of fixed and intangible assets	(341)	(2 302)	(1 411)	(6 947)
Purchase of subsidiaries and associated entities	(17 899)	(22 090)	(721)	(3 467)
Purchase of financial assets	(212 384)	(808 931)	(246 646)	(804 086)
Granting loans	(6 000)	(71 200)	(7 090)	(7 990)
Expenditures related to maintenance of investment property	-	(2)	(2)	(2)
Other expenditures	(1)	(19)		
Net cash flows from investing activity	**11 145**	**72 101**	**8 094**	**23 103**
Income	-	-	**-**	**3 939**
Income from credit facilities and loans contracted	-	-	-	-
Issue of short-term debt securities	-	-	-	3 939
Other income	-	-	-	-
Expenditures	**(18 153)**	**(78 847)**	**(13 675)**	**(36 479)**
Repayment of credit facilities and loans	-	-	-	-
Redemption of short-term debt securities	-	-	-	(8 000)
Payment of liabilities under financial leases	(85)	(288)	(40)	(194)
Interest and charges paid	(8)	(71)	(31)	(89)
Dividends paid	-	(39 003)	-	(13 906)
Purchase of own shares	(18 060)	(39 485)	(13 604)	(14 290)
Other	-	-	-	-
Net cash flows from financial activity	**(18 153)**	**(78 847)**	**(13 675)**	**(32 540)**
Change in cash	**(6 686)**	**(1 192)**	**(3 228)**	**1 256**

(in PLN 000s, unless indicated otherwise)

Exchange differences				
Cash at beginning of period	**9 324**	**3 830**	**7 057**	**2 574**
Cash at end of period	**2 638**	**2 638**	**3 830**	**3 830**

Lublin, February 2012

Signatures of members of The Management Board:

2012-02-29 Artur Kawa Chairman of Management Board

.... signature

2012-02-29 Jarosław Wawerski Vice-Chairman of Management Board Wholesale Business Director

.... signature

2012-02-29 Dariusz Kalinowski Vice-Chairman of Management Board - Financial Director

.... signature

2012-02-29 Marek Wesołowski Vice-Chairman of Management Board – Retail Business Director

.... signature

2012-02-29 Grzegorz Wawerski Vice-Chairman of Management Board – Retail Business Development Director

.... signature

Signatures of person responsible for accountancy:

2012-02-29 Elżbieta Świniarska Economic Director

.... signature