

Emperia Holding



CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOURTH QUARTER OF 2016

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

Warsaw, February 2017

Emperia Group means:



- *credibility and prioritising shareholder interests*



- *customer-centric culture*

- *growth and openness*

- *working together*



- *effectiveness*



- *reliability and engagement*

Credibility and prioritising shareholder interests

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



Customer-centric culture

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

Growth and openness



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

Working together



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

Reliability and engagement



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

Effectiveness



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

Welcome!

Contents

1.	Selected financial data	6
2.	Condensed consolidated statement of financial position.....	7
3.	Condensed consolidated statement of profit and loss and condensed consolidated statement of comprehensive income.....	8
4.	Condensed consolidated statement of changes in equity.....	10
5.	Condensed consolidated statement of cash flows	11
6.	Additional information	13
6.1	Description of Group structure	13
6.2	Description of key accounting principles	16
7.	Notes to the financial statements	20
7.1	Summary of Emperia Group's achievements or set-backs	20
7.2	Revenue and profit by operating segment	28
7.3	Effects of changes in group structure	30
7.4	Management's position regarding previously published forecasts for the year	30
7.5	Shareholders with at least 5% of votes at the general meeting, at report publication date.....	30
7.6	Changes in shareholding by Management Board and Supervisory Board members.....	31
7.7	Information regarding on-going proceedings	31
7.8	Significant related-party transactions.....	32
7.9	Credit facilities, loans, sureties and guarantees	32
7.10	Other information essential for assessing the HR, asset or financial situation, financial result and change thereto, as well as information essential for assessing the Issuer's ability to satisfy its liabilities	32
7.11	Extraordinary factors and events having an impact on annual financial performance	32
7.12	Factors having potential impact on results over at least the next quarter.....	33
7.13	Changes in composition of the Issuer's Management Board and Supervisory Board	33
7.14	Other significant information and events	34
8.	Issuer's condensed separate financial statements	50
8.1	Selected separate financial data	50
8.2	Condensed separate statement of financial position	51
8.3	Condensed separate statement of profit and loss and condensed separate statement of comprehensive income.....	52
8.4	Condensed separate statement of changes in equity.....	54
8.5	Condensed separate statement of cash flows	55
8.6	Accounting principles adopted in preparing Emperia Holding S.A.'s condensed financial statements....	56

1. Selected financial data

No.	SELECTED FINANCIAL DATA (current year)	PLN		EUR	
		For the period from 1 Jan 2016 to 31 Dec 2016	For the period from 1 Jan 2015 to 31 Dec 2015	For the period from 1 Jan 2016 to 31 Dec 2016	For the period from 1 Jan 2015 to 31 Dec 2015
I.	Net revenue from sale of products, goods and materials	2 466 945	2 094 640	565 489	500 643
II.	Operating profit (loss)	62 611	54 093	14 352	12 929
III.	Profit (loss) before tax	62 492	53 511	14 325	12 790
IV.	Profit (loss) for the period	51 829	48 356	11 881	11 558
V.	Net cash flows from operating activities	91 115	84 730	20 886	20 251
VI.	Net cash flows from investing activities	(28 101)	(33 815)	(6 441)	(8 082)
VII.	Net cash flows from financing activities	(20 347)	(61 555)	(4 664)	(14 712)
VIII.	Total net cash flows	42 668	(10 640)	9 781	(2 543)
IX.	Total assets	1 062 515	1 017 258	240 171	238 709
X.	Liabilities and liability provisions	435 392	422 354	98 416	99 109
XI.	Non-current liabilities	20 009	24 112	4 523	5 658
XII.	Current liabilities	415 383	398 242	93 893	93 451
XIII.	Equity	627 123	594 904	141 755	139 600
XIV.	Share capital	12 342	13 235	2 790	3 106
XV.	Number of shares	12 342 027	13 235 495	12 342 027	13 235 495
XVI.	Weighted average number of shares	12 086 113	12 506 772	12 086 113	12 506 772
XVII.	Profit (loss) per ordinary share* (in PLN/EUR)	4.29	3.87	0.98	0.92
XVIII.	Diluted profit (loss) per ordinary share** (in PLN/EUR)	4.29	3.87	0.98	0.92
XIX.	Book value per share* (in PLN/EUR)	51.89	47.57	11.73	11.16
XX.	Diluted book value per share** (in PLN/EUR)	51.89	47.56	11.73	11.16
XXI.	Declared or paid out dividend per share (in PLN/EUR)	-	1.33	-	0.32

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

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

Weighted average number of shares:

- for Q1-Q4 2016 (January-December): 12 086 113

- for Q1-Q4 2015 (January-December): 12 506 772

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

- 1 Items in the statement of profit and loss and statement of cash flows were translated according to the exchange rate established as the average of exchange rates published by the National Bank of Poland on the last day of each month, which for Q1-Q4 2016 was EURPLN 4.3625 and for Q1-Q4 2015: EURPLN 4.1839.
- 2 Balance sheet items and book value / diluted book value are translated using the average exchange rate published by the National Bank of Poland as at the end of the reporting period, as follows: as at 31 December 2016: EURPLN 4.4240; as at 31 December 2015: EURPLN 4.2615.
- 3 Dividend paid out is translated using the average rate published by the National Bank of Poland on the dividend payment date, which as at 19 June 2015 was EURPLN 4.1715.

2. Condensed consolidated statement of financial position

	31 Dec 2016	30 Sep 2016	31 Dec 2015
Non-current assets	609 315	619 308	624 116
Property, plant and equipment	510 614	519 483	522 956
Investment properties	-	-	-
Intangible assets	4 130	4 334	4 635
Goodwill	52 044	52 044	52 044
Interests in equity-accounted entities	-	-	-
Financial assets	37	37	37
Non-current loans	-	25	1 615
Non-current receivables	5 532	4 886	6 313
Deferred income tax assets	18 132	19 587	22 009
Other non-current prepayments	18 826	18 912	14 507
Non-current assets classified as held-for-sale	-	-	-
Current assets	453 200	385 690	393 142
Inventories	217 811	212 531	199 035
Receivables	79 936	63 734	71 248
Income tax receivables	648	358	1 332
Short-term securities	-	-	11 138
Prepayments	6 348	7 946	4 730
Cash and cash equivalents	146 432	98 739	103 795
Other financial assets	2 025	2 382	1 864
Current assets classified as held-for-sale	-	-	-
Total assets	1 062 515	1 004 998	1 017 258
Equity	627 123	615 207	594 904
Share capital	12 342	12 340	13 235
Share premium	419 964	419 884	471 424
Supplementary capital	97 558	97 558	97 558
Management options provision	2 347	2 381	2 588
Reserve capital	72 766	72 766	47 661
Buy-back provision	-	-	-
Own shares	(23 320)	(18 996)	(57 487)
Retained earnings	45 466	29 274	19 925
Total equity attributable to owners of the parent	627 123	615 207	594 904
Non-controlling interests	-	-	-
Total non-current liabilities	20 009	21 115	24 112
Credit facilities, loans and debt instruments	600	1 054	1 658
Non-current liabilities	3 468	4 170	3 357
Provisions	10 474	11 006	14 600
Deferred income tax provision	5 467	4 885	4 497
Total current liabilities	415 383	368 676	398 242
Credit facilities, loans and debt instruments	1 122	16 055	988
Current liabilities	387 095	323 349	369 419
Income tax liabilities	687	705	426
Provisions	19 764	19 536	18 626
Deferred revenue	6 715	9 031	8 783
Liabilities assigned to assets classified as held-for-sale	-	-	-
Total equity and liabilities	1 062 515	1 004 998	1 017 258

	31 Dec 2016	30 Sep 2016	31 Dec 2015
Book value	627 123	615 207	594 904
Number of shares	12 342 027	12 340 049	13 235 495
Weighted average number of shares	12 086 113	12 109 799	12 506 772
Diluted number of shares	12 086 113	12 111 058	12 508 001
Book value per share (in PLN)*	51.89	50.80	47.57
Diluted book value per share (in PLN)**	51.89	50.80	47.56

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

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

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

	Three months ended 31 Dec 2016	12 months ended 31 Dec 2016	Three months ended 31 Dec 2015	12 months ended 31 Dec 2015
Revenue from sales	648 470	2 466 945	592 708	2 094 640
Cost of sales	(468 639)	(1 789 137)	(428 582)	(1 499 683)
Profit on sales	179 831	677 808	164 126	594 957
Other operating revenue	8 142	24 564	2 633	16 106
Selling costs	(142 404)	(548 797)	(131 132)	(477 523)
Administrative expenses	(22 675)	(82 030)	(20 158)	(69 879)
Other operating expenses	(2 424)	(8 934)	(3 942)	(9 568)
Operating profit	20 470	62 611	11 527	54 093
Finance income	249	947	421	1 521
Finance costs	(348)	(1 066)	(583)	(2 103)
Profit before tax	20 371	62 492	11 365	53 511
Income tax	(3 332)	(10 663)	(266)	(5 155)
- current	(1 195)	(5 716)	(1 717)	(7 071)
- deferred	(2 137)	(4 947)	1 451	1 916
Share of the profit of equity-accounted entities	-	-	-	-
Profit for the period	17 039	51 829	11 099	48 356
Profit for the period attributable to owners of the parent	17 039	51 829	11 099	48 356
Profit for the period attributable to non-controlling interests	-	-	-	-

	12 months ended 31 Dec 2016	12 months ended 31 Dec 2015
Profit (loss) for the period	51 829	48 356
Weighted average number of ordinary shares	12 086 113	12 506 772
Weighted average diluted number of ordinary shares	12 086 113	12 508 001
Profit (loss) per ordinary share (in PLN/EUR)	4.29	3.87
Diluted profit (loss) per ordinary share (in PLN)*	4.29	3.87

* Weighted average diluted number of ordinary shares:

- for Q1-Q4 2016: as at 31 December 2016, the 2010 and 2011 tranche of the 2nd Management Options Programme 2010-2012 was fully settled; see note 7.14.16 b) for additional information

- for Q1-Q4 2015 (January-December): 12 508 001, taking into consideration the dilutive effect of options granted under the 2010 and 2011 tranches of the 2nd Management Options Programme 2010-2012.

Statement of comprehensive income	Three months ended	12 months ended	Three months ended	12 months ended
	31 Dec 2016	31 Dec 2016	31 Dec 2015	31 Dec 2015
Profit for the period	17 039	51 829	11 099	48 356
Other comprehensive income	(846)	(846)	(23)	(23)
Comprehensive income for the period	16 193	50 983	11 076	48 333
Comprehensive income attributable to shareholders of the parent	16 193	50 983	11 076	48 333
Comprehensive income attributable to non-controlling interests	-	-	-	-

4. Condensed consolidated statement of changes in equity

	Share capital	Share premium	Supplementary capital	Management options provision	Reserve capital	Own shares	Retained earnings	Total equity
1 Jan 2016	13 235	471 424	97 558	2 588	47 661	(57 487)	19 925	594 904
Correction of fundamental errors 2015	-	-	-	-	-	-	-	-
1 Jan 2016, adjusted	13 235	471 424	97 558	2 588	47 661	(57 487)	19 925	594 904
Comprehensive income for the 12 months ended 31 Dec 2016	-	-	-	-	-	-	50 983	50 983
2015 profit distribution - transfer to equity	-	-	-	-	25 442	-	(25 442)	-
Share issuance - incentive scheme	7	283	-	(241)	-	-	-	49
Purchase of own shares	-	-	-	-	-	(18 813)	-	(18 813)
Redemption of own shares	(900)	(51 743)	-	-	(337)	52 980	-	-
Transfer of buy-back provision	-	-	-	-	-	-	-	-
Dividend from 2015 profit	-	-	-	-	-	-	-	-
31 Dec 2016	12 342	419 964	97 558	2 347	72 766	(23 320)	45 466	627 123

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

5. Condensed consolidated statement of cash flows

Operating activities	12 months ended 31 Dec 2016	12 months ended 31 Dec 2015
Profit (loss) for the period	51 829	48 355
Adjusted by:	39 286	36 375
Share of the net profit (loss) of equity-accounted entities	-	-
Depreciation / amortisation	48 935	44 503
(Profit) loss on exchange differences	121	(31)
Interest and shares of profit (dividends)	387	(105)
Income tax	10 662	5 155
Profit (loss) on investing activities	(14 256)	(9 534)
Change in provisions	(3 511)	(2 196)
Change in inventories	(18 776)	(33 931)
Change in receivables	3 360	(24 954)
Change in prepayments	(7 976)	(7 807)
Change in liabilities	24 947	75 181
Other adjustments	165	4
Income tax paid	(4 772)	(9 910)
Net cash from operating activities	91 115	84 730

Investing activities	12 months ended 31 Dec 2016	12 months ended 31 Dec 2015
Inflows	37 381	42 136
Disposal of property, plant and equipment and intangible assets	15 801	15 144
Disposal of financial assets	19 317	26 968
Disposal of interests in subsidiaries	-	-
Dividends received	-	-
Interest received	123	19
Repayment of loans issued	2 140	5
Cash of entities acquired, at acquisition date	-	-
Proceeds from use of investment properties	-	-
Other inflows	-	-
Outflows	(65 482)	(75 951)
Purchase of property, plant and equipment and intangible assets	(56 593)	(65 511)
Purchase of investment properties	-	-
Purchase of subsidiaries and associates	-	-
Purchase of financial assets	(7 994)	(7 000)
Borrowings granted	(895)	(3 440)
Cash of subsidiaries at disposal date	-	-
Expenditures on maintenance of investment properties	-	-
Other outflows	-	-
Net cash from investing activities	(28 101)	(33 815)

Financing activities	12 months ended 31 Dec 2016	12 months ended 31 Dec 2015
Inflows	20 049	1 178
Proceeds from credit facilities and loans	20 000	-
Issue of short-term debt instruments	-	-
Proceeds from equity issuance	48	1 178
Other inflows	1	-
Outflows	(40 396)	(62 733)
Repayment of borrowings	(20 000)	-
Buy-back of short-term debt instruments	-	-
Payment of finance lease liabilities	(1 002)	(917)
Interest and fees paid	(582)	(255)
Dividends paid	-	(16 528)
Purchase of own shares	(18 812)	(45 033)
Other outflows	-	-
Net cash from financing activities	(20 347)	(61 555)
Change in cash and cash equivalents	42 668	(10 640)
Exchange differences	-	-
Cash and cash equivalents at the beginning of period	103 764	114 435
Cash and cash equivalents at the end of period	146 432	103 795

6. Additional information

6.1 Description of Group structure

Name, registered office and economic activities of the parent entity

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

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

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

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

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

These consolidated financial statements are prepared for the period from 1 January 2016 to 31 December 2016, and the comparative financial data covers the period from 1 January 2015 to 31 December 2015. The consolidated financial statements do not contain combined data, and the companies do not have integral organisational entities that draft financial statements on their own.

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

Information on consolidation

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

As at 31 December 2016, consolidation included Emperia Holding S.A. and 8 subsidiaries: Stokrotka Sp. z o.o., Infinite Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A., P3 EKON Sp. z o.o. S.K.A., Ekon Sp. z o.o., Elpro Development S.A., Eldorado Sp. z o.o., P5 EKON Sp. z o.o. S.K.A.

During Q4 2016, Emperia Group's structure was subject to changes (compared with the end of Q3 2016). Detailed information on this subject is presented in note

No.	Entity name	Registered office	Main economic activity	Registration authority	Type of control	Means of consolidation	Acquisition date / date from which significant control is exerted	% of share capital held	Share of the total number of votes at general meeting
1	Stokrotka Sp. z o.o.	20-209 Lublin, ul. Projektowa 1	Retail sale of food, beverages and tobacco	16977, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	1999-01-27	100.00%	100.00%
2	Infinite Sp. z o.o.	20-209 Lublin, ul. Projektowa 1	IT operations	16222, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	1997-03-11	100.00%	100.00%
3	ELPRO EKON Sp. z o.o. S.K.A. (1)	20-209 Lublin, ul. Projektowa 1	Property development	392753, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	2001-02-15	100.00%	100.00%
4	P3 EKON Sp. z o.o. S.K.A. (2)	20-209 Lublin, ul. Projektowa 1	Property management	407301, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	2007-11-29	100.00%	100.00%
5	Elpro Development S.A.	02-566 Warsaw, ul. Puławska 2B	Renting and operating of own or leased real estate	509157, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	2010-09-06	100.00%	100.00%
6	EKON Sp. z o.o. (3)	20-209 Lublin, ul. Projektowa 1	Property management	367597, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	2010-09-06	100.00%	100.00%
7	Eldorado Sp. z o.o.	20-209 Lublin, ul. Projektowa 1	Activities of head offices; management consultancy activities	400637, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	03-10-2011	100.00%	100.00%

8	P5 EKON Sp. z o.o. S.K.A. (4)	20-209 Lublin, ul. Projektowa 1	Renting and operating of own or leased real estate	425738, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	24-11-2011	100.00%	100.00%
---	----------------------------------	------------------------------------	--	---	------------	------	------------	---------	---------

- (1) indirectly through Elpro Development S.A. (80 825 shares), EKON Sp. z o.o. (contribution)
 (2) indirectly through Elpro Development S.A. (138 427 shares), EKON Sp. z o.o. (contribution)
 (3) indirectly through Elpro Development S.A.
 (4) indirectly through Elpro Development S.A. (56 047 shares), EKON Sp. z o.o. (contribution)

Entities other than subsidiaries, associates and jointly controlled entities, with indication of name and registered office, in which related parties hold more than 20% of shares as at 31 December 2016

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

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

6.2 Description of key accounting principles

6.2.1 Basis for preparing consolidated financial statements

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

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

6.2.2 Statement of compliance

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

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

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

6.2.3 Segment reporting

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

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

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

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

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

6.2.4 Functional currency

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

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

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

6.2.5 Discontinued operations

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

6.2.6 Accounting policy applied to these consolidated financial statements

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

A detailed description of the accounting policy is presented in the consolidated financial statements for 201 (Notes from 10.2.10 to 10.2.30).

6.2.7 Changes in adopted accounting principles

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

6.2.8 Application of standards and interpretations effective from 1 January 2016

The interim consolidated financial statements and interim separate financial statements for the third quarter of 2016 are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) effective as of the reporting date, i.e. 31 December 2016, with application of the same accounting principles to all periods.

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

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

6.2.9 Accounting estimates

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

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

6.2.10 Correction of errors

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

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

6.2.11 Mergers, share purchases or disposals, capital increases

a) Merger of subsidiaries

On 11 November 2016, the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, issued a ruling regarding a cross-border merger of Elpro Development S.A., based in Warsaw (the acquiring company), with EMP Investment Limited, based in Nicosia (the acquired company). The merger was carried out through the transfer of all of the acquired company's assets to the acquiring company. The merger was registered by the National Court Register on 14 November 2016.

b) Sale of IPOPEMA 55 FIZAN investment certificates held by Elpro Development S.A.

On 11 November 2016, IPOPEMA 55 FIZAN, at the request of Elpro Development S.A., bought back 311 721 investment certificates held by Elpro Development S.A. The buyback value per investment certificate, according to a FIZ valuation, was PLN 1 185.35, with the total buyback amount being PLN 369 498 487.35.

Moreover, on 30 November 2016, Elpro Development S.A. sold one investment certificate to SPV Administracja Sp. z o.o. for PLN 1 185.35. The investment certificate being the subject of this sale was also the last IPOPEMA 55 FIZAN investment certificate held by Elpro Development S.A.

c) Introduction of Emperia Holding S.A.'s shares to trading and change in share capital structure

On 21 November 2016, the Issuer introduced to stock-market trading 1 978 ordinary bearer shares series P, with nominal value of PLN 1 each.

Introducing the series P shares to trading was part of Emperia Holding S.A.'s Management Options Programme. The Company announced via current reports the terms and deadlines for registering the series P shares by the KDPW, as well as admission and introduction of the series P shares to stock-market trading.

From 21 November 2016, the Issuer's share capital amounts to PLN 13 324 027 268 and is divided into 13 324 027 268 ordinary bearer shares, with nominal value of PLN 1 each. The total number of voting rights carried by all of the Issuer's outstanding shares is 13 324 027.

d) Sale of subsidiary's shares within Emperia Group

On 25 November 2016, Emperia Holding S.A. sold 4 290 shares in subsidiary Ekon Sp. z o.o. to subsidiary Elpro Development S.A. for PLN 262 537. The purchase price was paid in cash (bank transfer). The shares being the subject of this transaction constitute a 100% stake in this subsidiary and entitle to 100% of votes at its general meeting. The transaction is related to a planned merger of property companies in 2017.

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

On 29 November 2016, an Extraordinary General Meeting of Ekon sp. z o.o. passed a resolution on increase of the Company's share capital from PLN 492 000 to PLN 497 500, i.e. by PLN 5 500, through the issue of 55 new shares with nominal value of PLN 100 each. All of the newly-issued shares were purchased by Emperia Holding S.A. for PLN 49 500 in cash. Excess of the cash consideration over the nominal value of the shares was transferred to supplementary capital.

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

On 20 December 2016, an Extraordinary General Meeting of Eldorado sp. z o.o. passed a resolution on increase of the Company's share capital from 342 000 to PLN 350 400, i.e. by PLN 8 400, through the issue of 84 new shares with nominal value of PLN 100 each. All of the newly-issued shares were purchased by Emperia Holding S.A. for PLN 75 600 in cash. Excess of the cash consideration over the nominal value of the shares was transferred to supplementary capital.

7. Notes to the financial statements

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

Changes in key items from the statement of profit and loss

Item	Q4 2016	Q4 2015	%
Revenue from sales	648 470	592 708	9.4%
Profit (loss) on sales	179 831	164 126	9.6%
EBITDA	32 854	23 022	42.7%
Operating profit (loss)	20 470	11 527	77.6%
Profit (loss) before tax	20 371	11 365	79.2%
Profit for the period	17 039	11 099	53.5%

In the fourth quarter of 2016, the Company posted results in line with the Management Board's expectations. In the context of strong market competition and price pressure, retaining strong revenue dynamics was a particular achievement.

Revenue from sales in Q4 2016 went up by 9.4% from the same period last year, to PLN 648 470 000. Fourth-quarter revenue was driven primarily by growth in the retail segment.
Net profit in Q4 2016 was PLN 17 039 000, up 53.5% from the previous year.

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

- gross result on property disposals of PLN 4 898 000 was recognised in Q4 2016 (net result: PLN 4 734 000), compared to PLN 225 000 in Q4 2015 (net result: PLN 182 000),
- in Q4 2016, the retail segment incurred one-off costs connected with new store openings of PLN 588 000, versus PLN 1 796 000 in Q4 2015,
- in Q4 2016, the retail segment incurred one-off costs connected with store closures of PLN 211 000, and no such costs in Q4 2015,
- in Q4 2016, the retail segment did not incur costs connected with contractual penalties and compensation, while in Q4 2015 these costs amounted to PLN 1 321 000.

Item	Q1-Q4 2016	Q1-Q4 2015	%
Revenue from sales	2 466 945	2 094 640	17.8%
Profit (loss) on sales	677 808	594 957	13.9%
EBITDA	111 546	98 596	13.1%
Operating profit (loss)	62 611	54 093	15.7%
Profit (loss) before tax	62 492	53 511	16.8%
Profit for the period	51 829	48 356	7.2%

Revenue in 2016 went up by 17.8% from the same period last year, to PLN 2 466 945 000. FY 2016 revenue was driven primarily by growth in the retail segment.

Net profit in 2016 was PLN 51 829 000, up 7.2% from the previous year.

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

- gross result on property disposals of PLN 13 546 000 was recognised in 2016 (net result: PLN 11 270 000), compared to PLN 8 189 000 in 2015 (net result: PLN 8 106 000),
- in 2016, the retail segment incurred one-off costs connected with store closures of PLN 968 000, versus PLN 1 429 000 in 2015,
- in 2016, no costs connected with contractual penalties and compensation were incurred, while in 2015 these costs amounted to PLN 3 519 000,
- in 2016, the retail segment incurred one-off costs connected with new store openings of PLN 3 393 000, versus PLN 6 032 000 in 2015

Changes in key balance sheet items

Item	Q4 2016	Q4 2015	%
Total assets	1 062 515	1 017 258	4.4%
Non-current assets	609 315	624 116	-2.4%
Current assets	453 200	393 142	15.3%
Cash and cash equivalents	146 432	103 795	41.1%
Liabilities and liability provisions	435 392	422 354	3.1%
Total current liabilities	415 383	398 242	4.3%
Net assets	627 123	594 904	5.4%
Share capital (in PLN)	12 342 027	13 235 495	-6.8%
Earnings per share for the period (in PLN)*	4.29	3.87	10.9%

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

Operational performance and ability to meet liabilities

Item	Q1-Q4 2016	Q1-Q4 2015
Return on invested capital <i>(profit for the period / equity at the end of the period) in %</i>	8.26%	8.13%
Return on assets <i>(profit for the period / assets at the end of the period) in %</i>	4.88%	4.75%
Sales margin <i>(profit from sales for the period / revenue from sales for the period) in %</i>	27.48%	28.40%
EBITDA margin <i>(EBITDA / revenue from sales for the period) in %</i>	4.52%	4.71%
Operating margin <i>(operating profit for the period / revenue from sales for the period) in %</i>	2.54%	2.58%
Gross margin <i>(profit before tax for the period / revenue from sales for the period) in %</i>	2.53%	2.55%
Net margin <i>(profit for the period / revenue from sales for the period) in %</i>	2.10%	2.31%

Turnover cycles for key components of working capital

Item	Q1-Q4 2016	Q1-Q4 2015
Inventory turnover days <i>(inventory / value of goods for resale and materials sold*365)</i>	45.2	49.3
Receivables turnover days <i>(current receivables / revenue from sales*365)</i>	11.8	12.4
Payables turnover days <i>([current liabilities - current borrowings] / value of goods for resale and materials sold*365)</i>	85.9	98.3
Asset productivity <i>(revenue from sales / total assets)</i>	2.3	2.1
Non-current asset productivity <i>(revenue from sales / non-current assets)</i>	4.0	3.4

In 2016, inventory turnover ratio decreased by 4.1 days, receivables turnover by 0.6 days, and payables turnover by 8 days. In effect, cash conversion cycle was shortened by 7.7 days. A substantial growth in revenue from sale in 2016 translated into growth in productivity ratios: total assets by 0.2, non-current assets by 0.6.



Retail segment

	Q4 2016	Q4 2015	%
Segment revenue	637 580	581 453	9.65%
Profit on sales	175 790	159 281	10.36%
EBITDA	17 073	11 446	49.16%
Operating result	7 587	2 870	164.36%
Gross profit	6 360	1 904	234.03%
Net segment result	4 481	3 241	38.26%

Retail-segment revenue from sales in Q4 2016 went up by 9.65% from the same period last year, to PLN 637 580 000. Fourth-quarter revenue was driven by a substantial increase in revenue from existing and the accretion of revenue from stores opened this year.

The segment's net profit for the fourth quarter of 2016 was 38.26% higher than in the same period of last year, reaching PLN 4 481 000, compared to PLN 3 241 000 in Q4 2015.

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

- in Q4 2016, the retail segment incurred one-off costs connected with new store openings of PLN 588 000, versus PLN 1 796 000 in Q4 2015,
- in Q4 2016, the retail segment incurred one-off costs connected with store closures of PLN 211 000, and no such costs in Q4 2015,
- in Q4 2016, the retail segment did not incur costs connected with contractual penalties and compensation, while in Q4 2015 these costs amounted to PLN 1 321 000.

	Q1-Q4 2016	Q1-Q4 2015	%
Segment revenue	2 420 620	2 047 203	18.24%
Profit on sales	660 500	576 687	14.53%
EBITDA	51 135	42 180	21.23%
Operating result	13 920	9 361	48.70%
Gross profit	11 430	6 241	83.14%
Net segment result	8 623	7 085	21.71%

Retail-segment revenue from sales in 2016 went up by 18.24% from the same period last year, to PLN 2 420 620 000. FY 2016 revenue was driven by a substantial increase in revenue from existing and the accretion of revenue from stores opened this year.

The segment's net profit for FY 2016 was 21.71% higher than in the same period of last year, reaching PLN 8 623 000, compared to PLN 7 085 000 in 2015.

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

- in 2016, the retail segment incurred one-off costs connected with store closures of PLN 968 000, versus PLN 1 429 000 in 2015,
- in 2016, no costs connected with contractual penalties and compensation were incurred, while in 2015 these costs amounted to PLN 3 519 000,
- in 2016, the retail segment incurred one-off costs connected with new store openings of PLN 3 393 000, versus PLN 6 032 000 in 2015.

Stokrotka stores

	Q1-Q4 2016	Q1-Q4 2015
Number of stores at the beginning of period	327	252
- stores opened	53	80
- stores shut-down	8	5
Number of stores at the end of period, including:	372	327
- own supermarkets	250	241
- own markets	77	56
- franchise stores	45	30
Average total store surface - stores opened (in sqm)	465	476
Capex on own stores opened	28 063	36 507

In 2016, the segment continued to dynamically grow its retail chain. As at the end of 2016, the Stokrotka retail chain comprised 372 retail stores, vs. 327 at the end of 2015.

In Q4 2016, a total of 14 stores were opened (including 5 franchise locations), and 1 was shut down. In Q4 2015, a total of 29 stores were opened (including 13 franchise locations).

In 2016, a total of 53 stores were opened (including 18 franchise locations), and 8 were shut down. In 2015, 80 stores were opened (including 27 franchise locations), and 5 were shut down.

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

	Q1-Q4 2016	Q1-Q4 2015
Revenue from product sales	1 882,4	1 799,0
Store operating costs	418,0	413,3
<i>Operating costs as % of revenue</i>	<i>22,2%</i>	<i>23,0%</i>
EBITDA	119,1	117,5
<i>% EBITDA</i>	<i>6,3%</i>	<i>6,5%</i>

Data - 240 Stokrotka stores operating at the end of 2014

	Q1-Q4 2016	Q1-Q4 2015
<i>central management costs as % of revenue from sales</i>	<i>2.0%</i>	<i>2.2%</i>
<i>marketing costs as % of revenue from sales</i>	<i>1.1%</i>	<i>1.0%</i>

Cash conversion cycle in the retail segment

	Q4 2016	Q4 2015
Inventory turnover days <i>(inventory / value of goods for resale and materials sold*92)</i>	43.2	43.1
Receivables turnover days <i>(trade receivables / revenue from sales*92)</i>	6.4	5.8
Payables turnover days <i>(trade payables / value of goods for resale and materials sold*92)</i>	67.9	69.7
Cash conversion cycle <i>(difference between inventory turnover cycle and receivables collection cycle vs. payables turnover cycle)</i>	-18.3	-20.8

Cash conversion cycle in the retail segment decreased by 2.5 days in Q4 2016, resulting from a decrease in payables turnover by 1.8 days and increase in inventory turnover by 0.1 days as well as an increase of receivables turnover by 0.6 days.



Property segment

	Q4 2016	Q4 2015	%
Segment revenue	17 214	17 323	-0.63%
Profit on sales	7 628	7 399	3.10%
EBITDA	14 845	10 283	44.36%
Operating result	11 988	7 357	62.95%
Gross profit	12 988	10 097	28.63%
Net segment result	11 841	8 934	32.54%

Property-segment revenue in the fourth quarter of 2016 went down by 0.63%, as compared with the same period last year, reaching PLN 17 214 000.

The segment's net profit in Q4 2016 was PLN 11 841 000, up 32.54% from the previous year.

One-off items that had substantial impact on the segment's results in both of the periods include the sale of two properties in Q4 2016 and one property in Q4 2015. In Q4 2016, gross result on property sales reached PLN 4 898 000 (net result PLN 4 724 000), while in Q4 2015 gross result on property sales was PLN 225 000 (net result PLN 182 000).

	Q1-Q4 2016	Q1-Q4 2015	%
Segment revenue	69 714	70 920	-1.70%
Profit on sales	29 733	30 450	-2.35%
EBITDA	54 189	49 765	8.89%
Operating result	42 461	37 918	11.98%
Gross profit	44 371	39 784	11.53%
Net segment result	37 743	35 506	6.30%

Property-segment revenue in FY 2016 went down by 1.70%, as compared with the same period last year, reaching PLN 69 714 000.

The segment's net profit in FY 2016 was PLN 37 743 000, down 2.52% from the previous year.

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

Key information about properties

	Q1-Q4 2016	Q1-Q4 2015
Number of properties at the end of period	86	91
including: properties in progress	5	5
operating properties	81	86
including: retail properties	76	80
other properties	5	6
average monthly net operating income from leasable facilities*	3 565	3 544
including: retail properties	3 250	3 236
leasable area of retail facilities (sqm)	85 602	87 030
including: related tenants	54 826	54 293
other tenants	30 776	32 736
average lease rate (PLN per sqm)	42.4	41.9
including: related tenants	43.8	43.4
other tenants	39.9	39.4

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



IT segment

	Q4 2016	Q4 2015	%
Segment revenue	8 855	9 905	-10.60%
EBITDA	1 904	1 921	-0.88%
Operating result	1 558	1 665	-6.43%
Gross profit	1 663	1 736	-4.21%
Net segment result	1 331	1 383	-3.76%

	Q4 2016	Q4 2015	%
Revenue from sale of services	7 624	7 597	0.36%
<i>including: external</i>	5 330	5 500	-3.09%
Revenue from sale of goods and materials	1 231	2 309	-46.69%
<i>including: external</i>	131	300	-56.33%
Total revenue	8 855	9 906	-10.61%
<i>including: external</i>	5 461	5 800	-5.84%

IT-segment revenue from sales in Q4 2016 went down by 10.60% from the same period last year, to PLN 8 855 000. The segment's net profit in Q4 2016 was PLN 1 331 000, down 3.76% from the previous year.

In Q4 2016, segment revenue to external customers constituted 61.67% of total revenue from sales, while in Q4 2015 it accounted for 58.55%.

In Q4 2016, segment revenue from sale of services to external customers constituted 69.91% of total service revenue, while in Q4 2015 it accounted for 72.40%.

	Q1-Q4 2016	Q1-Q4 2015	%
Segment revenue	37 648	38 111	-1.21%
EBITDA	9 014	8 977	0.41%
Operating result	7 743	7 996	-3.16%
Gross profit	7 966	8 317	-4.22%
Net segment result	6 391	6 676	-4.27%

	Q1-Q4 2016	Q1-Q4 2015	%
Revenue from sale of services	32 262	28 182	14.48%
<i>including: external</i>	23 277	19 869	17.15%
Revenue from sale of goods and materials	5 387	9 930	-45.75%
<i>including: external</i>	964	4 955	-80.54%
Total revenue	37 649	38 112	-1.21%
<i>including: external</i>	24 241	24 824	-2.35%

IT-segment revenue from sales in FY 2016 went down by 1.21% from the same period last year, to PLN 37 648 000.

The segment's net profit in FY 2016 was PLN 6 391 000, down 4.27% from the previous year.

In 2016, external revenue constituted 64.39% of total segment revenue, while in 2015 it accounted for 65.13%.

In 2016, segment revenue from sale of services to external customers constituted 72.15% of total service revenue, while in 2015 it accounted for 70.50%.

Central management segment

	Q4 2016	Q4 2015	%
Segment revenue	252	452	-44.25%
EBITDA	(613)	(574)	-
Operating result	(706)	(662)	-
Gross profit	(1 204)	(2)	-
Net segment result	(982)	(68)	-

	Q1-Q4 2016	Q1-Q4 2015	%
Segment revenue	995	1 538	-35.31%
EBITDA	(2 728)	(1 771)	-
Operating result	(3 107)	(2 297)	-
Gross profit	3 319	9 531	-65.18%
Net segment result	3 949	9 406	-58.02%

Dividend income constituted the key profit item for the segment. The segment's interest income reached PLN 2 828 000 in 2015. Dividend income in 2016 amounted to PLN 6 674 000, compared to PLN 9 000 000 in 2015. Furthermore, PLN 780 000 in costs connected with a tax proceeding was incurred in 2016.

7.2 Revenue and profit by operating segment

In 2016, the Group operated through the following segments:

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

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

Emperia Group's operating segments in FY 2016:

	Retail	Property	Central management	IT	Consolidation exclusions	Total
Segment revenue	2 420 620	69 714	995	37 648	62 032	2 466 945
External revenue	2 420 608	22 104	(9)	24 241	-	2 466 944
Inter-segment revenue	12	47 610	1 004	13 407	62 032	-
Total segment costs	(2 409 524)	(39 981)	(4 293)	(29 888)	(63 722)	(2 419 964)
Profit (loss) on sales	11 096	29 733	(3 298)	7 760	(1 690)	46 981
Result on other operating activities	2 824	12 728	191	(17)	96	15 630
Result on financing activities	(2 490)	1 910	6 426	223	6 188	(119)
Gross result	11 430	44 371	3 319	7 966	4 594	62 492
Tax	(2 807)	(6 628)	630	(1 575)	283	(10 663)
Share of the profit of equity-accounted entities	-	-	-	-	-	-
Net segment result	8 623	37 743	3 949	6 391	4 877	51 829

	Retail	Property	Central management	IT	Consolidation exclusions	Total
Segment assets / liabilities	537 257	136 735	436 447	18 800	66 724	1 062 515
Goodwill	39 200	12 844	-	-	-	52 044

	Retail	Property	Central management	IT	Consolidation exclusions	Total
Capital expenditures	(54 098)	(1 828)	-	(917)	(250)	(56 593)
Depreciation / amortisation	(37 215)	(11 728)	(379)	(1 271)	(1 658)	(48 935)

Emperia Group's operating segments in FY 2015:

	Retail	Property	Central management	IT	Consolidation exclusions	Total
Segment revenue	2 047 203	70 920	1 538	38 111	63 132	2 094 640
External revenue	2 047 049	22 663	104	24 823	-	2 094 640
Inter-segment revenue	154	48 257	1 434	13 288	63 132	-
Total segment costs	(2 037 265)	(40 470)	(4 499)	(29 637)	(64 786)	(2 047 085)
Profit on sales	9 938	30 450	(2 961)	8 474	(1 654)	47 555
Result on other operating activities	(577)	7 468	664	(478)	539	6 538
Result on financing activities	(3 120)	1 866	11 828	321	11 477	(582)
Gross result	6 241	39 784	9 531	8 317	10 362	53 511
Tax	844	(4 278)	(125)	(1 641)	(45)	(5 155)
Share of the profit of equity-accounted entities	-	-	-	-	-	-
Net segment result	7 085	35 506	9 406	6 676	10 317	48 356

	Retail	Property	Central management	IT	Consolidation exclusions	Total
Segment assets / liabilities	525 406	1 251 261	453 689	19 755	1 232 853	1 017 258
Goodwill	39 200	12 844	-	-	-	52 044

	Retail	Property	Central management	IT	Consolidation exclusions	Total
Capital expenditures	(52 643)	(12 899)	-	(1 408)	(1 439)	(65 511)
Depreciation / amortisation	(32 819)	(11 847)	(526)	(981)	(1 670)	(44 503)

7.3 Effects of changes in group structure

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

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

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

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

Shareholders	Shares held, as at 31 December 2016	% in share capital	% change	Shares held, as at the date on which the previous periodic report was published	% in share capital as at the date on which the previous period report was published	GM votes at 31 December 2016	% of votes at general meeting at 31 Dec 2016
Ipopema TFI	1 458 583	11.82%	-	1 458 583	11.82%	1 458 583	12.12%
Altus TFI	1 644 493	13.32%	13.45%	1 449 528	11.75%	1 644 493	13.73%
AXA OFE	977 481	7.92%	-	977 481	7.92%	977 481	8.16%
Aviva OFE	834 991	6.77%	-	834 991	6.77%	834 991	6.97%
NN OFE	755 713	6.12%	-	755 713	6.12%	755 713	6.31%
MetLife OFE	632 417	5.12%	-	632 417	5.12%	632 417	5.28%

At 31 December 2016, Elpro Development S.A. held 367 991 shares of Emperia Holding S.A.

7.6 Changes in shareholding by Management Board and Supervisory Board members

Management Board members	Shares held, as at 31 December 2016	% in share capital	% change	Shares held, as at the date on which the previous periodic report was published	% stake, as at the date on which the previous periodic report was published
Dariusz Kalinowski	26 094	0.21%	-	26 094	0.21%
Cezary Baran	600	0.005%	-	600	0.005%

Supervisory Board members	Shares held, as at 31 December 2016	% in share capital	% change	Shares held, as at the date on which the previous periodic report was published	% stake, as at the date on which the previous periodic report was published
Jarosław Wawerski	19 494	0.16%	-	19 494	0.16%

7.7 Information regarding on-going proceedings

Legal case regarding breach of agreement

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

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

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

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

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

Tax probe by Treasury Control Office

Throughout 2016, the Tax Control Office in Lublin conducted an inspection proceeding at Emperia Holding S.A. concerning the accuracy of declared tax basis and the correctness of CIT calculations and payments for 2011. The current status of the proceeding is presented in point 7.14.17, sub-point c.

7.8 Significant related-party transactions

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

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

7.9 Credit facilities, loans, sureties and guarantees

In Q4 2016, the parent, Emperia, did not issue new credit sureties for subsidiaries such as would exceed 10% of the Issuer's equity. Information concerning guarantees may be found in note 7.14.7.

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

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

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

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

	Q4 2016	Q4 2015	2016	2015
Proceeds from disposal of properties	11 852	1 550	26 382	15 775
Costs of disposal of properties	(8 222)	(1 325)	(23 689)	(16 318)
Reversal of consolidation adjustments	1 268		10 853	8 732
Gross profit	4 898	225	13 546	8 189
Current tax	(2)	(43)	(11)	(83)
Deferred tax	(162)		(2 265)	-
Net result	4 734	182	11 270	8 106

One-off items that had material impact on the segment's results in both of the reporting periods include the disposal of two properties in Q4 2016 (four properties in FY 2016) and one property in Q4 2015 (four properties in FY 2015). Other one-off items are described in note 7.1.

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

External:

- a) Domestic macroeconomic situation, as measured by indicators: GDP growth, unemployment rate, net household income, inflation/deflation
- b) Changes in tax laws
- c) Changes in the FMCG market
- d) Growth in prices of products and services used by the Group, in particular fuel and electricity
- e) Policies of financial institutions with regard to the financing of businesses and consumers (interest rates, loan margins, collateral)
- f) Job market conditions and costs of employment
- g) Property-market situation, particularly as regards supply of land and properties intended for retail.

Internal:

- a) Business process optimisation (improved operating performance and higher management quality in all segments),
- b) Streamlined structure of the property segment,
- c) Internal cost control policy,
- d) Improvement in retail efficiency, particularly: productivity and costs, logistics and product losses, price policy, loyalty programmes,
- e) Stokrotka retail chain's growth dynamics - organisational changes in the area of development
- f) Stronger motivation for store employees through higher wages

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

Management Board



Dariusz Kalinowski – President of the Management Board

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



Cezary Baran – Vice-President of the Management Board

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

In Q4 2016, the composition of the Management Board of Emperia Holding S.A. did not change.

Supervisory Board

Artur Kawa – Chairman

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

Michał Kowalczewski – Deputy Chairman of the Supervisory Board

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

Artur Laskowski – Member

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

Jarosław Wawerski – Member

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

Aleksander Widera – Member

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

The composition of Emperia Holding S.A.'s Supervisory Board did not change during Q4 2016.

7.14 Other significant information and events

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

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

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

The event is described in point 7.10.

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

Employee benefit provisions	Change in 2016	Change in 2015
Non-current		
As at the beginning of period	994	796
<i>Increases / decreases during the period</i>	460	198
<i>Increases / decreases during the period as a result of acquisitions / disposals</i>	-	-
As at the end of period	1 454	994
Current		
As at the beginning of period	9 412	5 878
<i>Increases / decreases during the period</i>	1 439	3 534
<i>Increases / decreases during the period as a result of acquisitions / disposals</i>	-	-
As at the end of period	10 851	9 412

Other provisions	Change in 2016	Change in 2015
Non-current		
As at the beginning of period	13 606	19 046
<i>Increases / decreases during the period</i>	(4 586)	(5 440)
<i>Increases / decreases during the period as a result of acquisitions</i>	-	-
As at the end of period	9 020	13 606
Current		
As at the beginning of period	9 214	9 673
<i>Increases / decreases during the period</i>	(300)	(459)
<i>Increases / decreases during the period as a result of acquisitions / disposals</i>	-	-
As at the end of period	8 914	9 214

7.14.4 Production seasonality and cyclicity

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

7.14.5 Issue, redemption and repayment of debt and equity securities

Bonds issued

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

Subsidiary ELPRO EKON Sp. z o.o. S.K.A. has an agreement with BRE Bank S.A. concerning a short- and medium-term bond programme with an aggregate value of up to PLN 150 000 000. Issue and buy-back of bonds (presented at par values) by ELPRO EKON Sp. z o.o. S.K.A. during Q1-Q4 2016 and in 2015.

Issue and buy-back of bonds in Q1-Q4 2016	Total	External issuance	Emperia Holding S.A.	P5 EKON Sp. z o.o. S.K.A
As at the beginning of period	33 500	-	-	33 500
<i>Issue of bonds</i>	299 500	-	-	299 500
<i>Buy-back of bonds</i>	(333 000)	-	-	(333 000)
As at the end of period	-	-	-	-

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

b) Stokrotka Sp. z o.o.

Subsidiary Stokrotka Sp. z o.o. has an agreement with BRE Bank S.A. concerning a short- and medium-term bond programme with an aggregate value of up to PLN 150 000 000. Issue and buy-back of bonds (presented at par values) by Stokrotka Sp. z o.o. during Q1-Q4 2016 and in 2015:

Issue and buy-back of bonds in Q1-Q4 2016	Total	External issuance	Emperia Holding S.A.	Infinite Sp. z o.o.	P3 EKON Sp. z o.o. S.K.A	P5 EKON Sp. z o.o. S.K.A
As at the beginning of period	25 000	-	-	-	25 000	-
<i>Issue of bonds</i>	510 000	-	74 000	16 500	418 000	1 500
<i>Buy-back of bonds</i>	(520 000)	-	(74 000)	(11 000)	(433 500)	(1 500)
As at the end of period	15 000	-	-	5 500	9 500	-

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

c) Elpro Development S.A.

Subsidiary Elpro Development S.A. has an agreement with BRE Bank S.A. concerning a short- and medium-term bond programme with an aggregate value of up to PLN 200 000 000. Issue and buy-back of bonds (presented at par values) by Elpro Development S.A. in Q1-Q4 2016 and in 2015:

Issue and buy-back of bonds in Q1-Q4 2016	Total	External issuance	Elpro Ekon S.K.A	P5 EKON Sp. z o.o. S.K.A	P3 EKON Sp. z o.o. S.K.A	Infinite Sp. z o.o.
As at the beginning of period	139 500	-	28 000	59 000	45 500	7 000
<i>Issue of bonds</i>	608 500	-	104 000	304 000	188 500	12 000
<i>Buy-back of bonds</i>	(663 000)	-	(132 000)	(302 000)	(210 000)	(19 000)
As at the end of period	85 000	-	-	61 000	24 000	-

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

d) Emperia Holding S.A.

Emperia Holding S.A. has an agreement with BRE Bank S.A. concerning a short- and medium-term bond programme with an aggregate value of up to PLN 150 000 000. Issue and buy-back of bonds (presented at par values) by Emperia Holding S.A. in Q1-Q4 2016 and in 2015:

Issue and buy-back of bonds in Q1-Q4 2016	Total	External issuance	P3 EKON Sp. z o.o. S.K.A
As at the beginning of period	-	-	-
<i>Issue of bonds</i>	20 000	-	20 000
<i>Buy-back of bonds</i>	-	-	-
As at the end of period	20 000	-	20 000

Issue and buy-back of bonds in 2015	Total	External issuance	Stokrotka Sp. z o.o.	Elpro Ekon Sp. z o.o. S.K.A	Elpro Development S.A.
As at the beginning of period	133 500	-	100 000	33 500	-
<i>Issue of bonds</i>	826 305	-	524 845	301 460	-
<i>Redemption of bonds by issuer</i>	(959 805)	-	(624 845)	(334 960)	-
As at the end of period	-	-	-	-	-

Debt security liabilities as at 31 December 2016

Issuer	Series	Par value	Maturity date	As at 31 Dec 2016
Emperia Holding S.A.	0002*	20 000	2017-01-27	
Stokrotka Sp. z o.o.	0160*	9 500	2017-01-27	
Stokrotka Sp. z o.o.	0160*	5 500	2017-01-27	
Elpro Development S.A.	0052*	61 000	2017-01-27	
Elpro Development S.A.	0052*	24 000	2017-01-27	

All bond issuance by the Group

Other

Total debt instrument liabilities

short-term

Non-current

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

Debt security liabilities as at 31 December 2015

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

short-term

Non-current

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

7.14.6 Paid and received dividends

Did not take place in Q4 2016.

7.14.7 Changes in off-balance sheet liabilities

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

Q1-Q4 2016	Credit facilities	Bank guarantees	Security interests
Mortgages			
As at the beginning of period	-	-	-
<i>Increases during the period</i>	30 000	-	-
<i>Decreases during the period</i>	-	-	-
<i>Increases / decreases during the period as a result of acquisitions / disposals</i>	-	-	-
As at the end of period	30 000	-	-
Transfer of ownership / pledge / assignment of current assets			
As at the beginning of period	-	15 000	-
<i>Increases during the period</i>	-	-	-
<i>Decreases during the period</i>	-	-	-
<i>Increases / decreases during the period as a result of acquisitions / disposals</i>	-	-	-
As at the end of period	-	15 000	-
Guarantees			
As at the beginning of period	-	47 500	9 646
<i>Increases during the period</i>	-	-	6 850
<i>Decreases during the period</i>	-	(22 500)	(7 171)
<i>Increases / decreases during the period as a result of acquisitions / disposals</i>	-	-	-
As at the end of period	-	25 000	9 325

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

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

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

	Change in 2016	Change in 2015
Impairment of property, plant and equipment		
As at the beginning of period	7 886	8 815
<i>Recognition</i>	275	383
<i>Reversal</i>	(301)	(1 312)
<i>Changes as a result of acquisitions / disposals</i>	-	-
As at the end of period	7 859	7 886
Impairment of receivables		
As at the beginning of period	10 742	9 794
<i>Recognition</i>	1 551	3 376
<i>Reversal</i>	(2 020)	(1 358)
<i>Changes as a result of acquisitions / disposals</i>	-	-
<i>Derecognised from statement of profit and loss*</i>	(1 010)	(1 070)
As at the end of period	(9 263)	10 742
Impairment of inventories		
As at the beginning of period	19 784	15 774
<i>Recognition</i>	18 902	19 952
<i>Reversal</i>	(19 705)	(15 942)
<i>Changes as a result of acquisitions / disposals</i>	-	-
As at the end of period	18 982	19 784

including: Impairment losses on inventory control

As at the beginning of period		5 440	4 754
	<i>Recognition</i>	17 748	16 627
	<i>Reversal</i>	(19 067)	(15 942)
	<i>Changes as a result of acquisitions / disposals</i>	-	-
As at the end of period		4 121	5 440

including: Impairment losses on bonuses

As at the beginning of period		14 110	10 879
	<i>Recognition</i>	1 154	3 231
	<i>Reversal</i>	(403)	-
	<i>Changes as a result of acquisitions / disposals</i>	-	-
As at the end of period		14 861	14 110

including: Impairment of slow-moving inventories

As at the beginning of period		235	141
	<i>Recognition</i>	-	94
	<i>Reversal</i>	(235)	-
	<i>Changes as a result of acquisitions / disposals</i>	-	-
As at the end of period		-	235

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

7.14.9 Recognition / reversal of cost restructuring provisions

Did not occur during the reporting period or comparative period.

7.14.10 Deferred income tax

Deferred income tax assets	Change in 2016	Change in 2015
As at the beginning of period	22 009	18 272
<i>Increase</i>	2 135	6 120
<i>Decrease</i>	(6 012)	(2 383)
<i>Change as a result of acquisition</i>	-	-
As at the end of period	18 132	22 009

Deferred income tax provision	Change in 2016	Change in 2015
As at the beginning of period	4 497	2 681
<i>Recognition</i>	1 105	2 975
<i>Reversal</i>	(135)	(1 159)
<i>Change as a result of acquisition</i>	-	-
As at the end of period	5 467	4 497

7.14.11 Financial and operating leasing

a) Finance lease liabilities

Finance lease liabilities	31 Dec 2016	
	Minimum payments	Present value of minimum payments
<i>Within 1 year</i>	1 203	1 097
<i>Within 1 to 5 years</i>	603	586
<i>Within more than 5 years</i>	-	-
Total	1 806	1 683

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

b) Operating leasing

Did not occur during the reporting period or comparative period.

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

Q1-Q4 2016	Term of agreement	As at 31 Dec 2016	As at 31 Dec 2017	1 to 5 years	Over 5 years
		Minimum annual payment			
Property	specified	96 213	102 790	411 160	512 454
	unspecified	2 981	3 190	12 762	15 952
Technical equipment and machinery	specified	189	56	1	0
	unspecified	141	179	715	893
Means of transport	specified	7 963	8 248	3 834	0
	unspecified	-	-	-	-
Other property, plant and equipment	specified	-	-	-	-
	unspecified	-	-	-	-

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

2015

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

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

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

Did not take place in Q4 2016.

7.14.13 Correction of prior-period errors

Did not take place in Q4 2016.

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

Did not take place in Q4 2016.

7.14.15 Charitable work at Emperia Group

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



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



The initiative consisted of preparing Christmas gifts for a selected family in need. Stokrotka volunteers came together in various groups across Poland and selected families which they wanted to help (based on detailed descriptions of the families' situation and needs). The next stage was preparing packages which were then sent to a

warehouse to which a given family was assigned and subsequently sent to the recipients. The Christmas packages, which were received by nearly 12 000 families all around Poland, were worth close to PLN 20 million in total.



Blood drive

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



Share-a-Meal Programme

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



Environmental protection

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

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



Mammobuses

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



Donation drive for animal shelter

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



Scholarship programme

Infinite Sp. z o.o. has launched a scholarship programme addressed to the students of the Lublin University of Technology and UMCS in Lublin majoring in IT or related studies. As part of the programme, students get an opportunity to develop their passions and receive employment guarantees once they graduate.



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

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

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

Benefits for interns:

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



Internship and Job Fair

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



Facebook profile for students

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



Employee Rewards

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



Sponsorship

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



Running team

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



Stokrotka Passions

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

7.14.16 Other significant events during the reporting period

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

Pursuant to an authorisation under resolutions 3 and 4 of Emperia Holding S.A.'s Extraordinary General Meeting of 11 October 2012, subsidiary Elpro Development S.A. purchased during the fourth quarter of 2016, in block transactions, 66 867 shares of Emperia Holding S.A. for cancellation. At the date on which these financial statements were published, Elpro Development S.A. held a total of 367 991 shares in the Issuer, entitling to 367 991 (2.982%) votes at the Issuer's general meeting and constituting 2.982% of the Issuer's share capital.

On 22 December 2016, the Management Board of Emperia Holding S.A. announced that it intends to continue the "Emperia Holding S.A. share buy-back programme by Elpro Development S.A." until 30 June 2017.

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

On 12 October 2016, Emperia Holding S.A.'s Management Board announced that it had received information from Millennium DM S.A. on the buyback of 1 384 series A bonds and 594 series B bonds with pre-emptive rights to series P Shares. The buyback and redemption of the Bonds by the Company from the Authorised Persons was part of the Incentive Programme.

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

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

On 2 November 2016, the Management Board of Emperia Holding S.A. announced that it had received notification from ALTUS TFI S.A. on having increased its stake in Emperia Holding S.A.'s voting rights by 2% from the last notification published by the Company. The increase of stake in the Company's voting rights resulted from the settlement, on 28 October 2016, of a regulated-market transaction to purchase 28 000 shares of the Company.

Following the change in stake, investment funds managed by ALTUS TFI S.A. held 1 644 493 shares of the Company, which constituted 13.33% of the Company's share capital and entitled to 1 644 493 votes, which constituted 13.33% of the Company's total votes.

d) Intra-group bond issuance

On 23 December 2016, Emperia Holding S.A. together with subsidiaries Elpro Ekon Sp. z o.o. S.K.A. and Stokrotka Sp. z o.o. issued short-term bonds maturing on 27 January 2017, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 150 million.

7.14.17 Significant events after the end of the reporting period

a) Change of statutory auditor for 2016 and appointment of statutory auditor for 2017

On 19 January 2017, the Management Board of Emperia Holding S.A. announced that in connection with an on-going process of reviewing strategic options to support further development of Emperia Group's business, the Supervisory Board had adopted a resolution on the change of statutory auditor for the Company for 2016 and the appointment of a statutory auditor for 2017.

In connection with the above, the Supervisory Board on 19 January 2017 adopted a resolution appointing PricewaterhouseCoopers Sp. z o.o., based in Warsaw, Al. Armii Ludowej 14, to audit the separate and consolidated financial statements of Emperia Holding S.A. for 2016 as well as review and audit the Company's separate and consolidated financial statements for 2017. PricewaterhouseCoopers Sp. z o.o. is an entity authorised to audit financial statements, entered onto the list of entities authorised to audit financial statements by the National Chamber of Statutory Auditors under number 144. The Company did not previously use the services of this statutory auditor as regards audit and review of financial statements.

The Supervisory Board also approved amicable termination of an agreement of 8 June 2016 concerning review and audit of the Company's separate and consolidated financial statements for 2016 with UHY ECA Audyt Sp. z o.o. Sp.k., based in Kraków, ul. Moniuszki 50, entered onto the list of entities authorised to audit financial statements by the National Chamber of Statutory Auditors under number 3115.

b) Intra-group bond issuance

On 27 January 2017, Emperia Holding S.A. together with subsidiaries Elpro Ekon Sp. z o.o. S.K.A. and Stokrotka Sp. z o.o. issued short-term bonds maturing on 27 February 2017, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 165 million.

c) Receipt of decision under inspection proceedings led by head of Tax Control Office in Lublin

On 131 January 2017, Emperia Holding S.A. received from a law firm representing it in the case a decision by the Head of the Tax Control Office in Lublin issued in an inspection proceeding concerning the accuracy of declared tax basis and the correctness of CIT calculations and payments for 2011.

In the Decision, the Head of the Tax Control Office in Warsaw established the Company's tax liability regarding corporate income tax for 2011 at PLN 142 463 805. Under art. 53 and 55 of the Tax Ordinance, the Company is also obligated to calculate and pay late interest on the liability, which at the date on which this decision was received amounted to PLN 52 372 037.

Factual status:

- As a result of an arrangement of 21 December 2011, P1 sp. z o.o. (subsidiary of Emperia Holding S.A.) sold its distribution segment to Eurocash S.A. for approx. PLN 1.1bn. After the above transaction, P1 on the one hand ceased to perform its holding-company functions (in relation to the distribution companies segment) while on the other hand it held substantial cash, which had to be immediately and rationally used by Emperia Group.
- On 29 December 2011, an Extraordinary General Meeting of P1 (i.e. the sole shareholder - Emperia Holding S.A.), in line with the company's founding agreement, carried out a mandatory cancellation of 13 200 000 shares of P1 in exchange for a consideration of PLN 1.090bn. The reduction in P1's share capital was registered through a decision of the District Court in Lublin Wschód, 6th Commercial Division of the National Court Register, on 27 April 2012.
- According to the Act on Corporate Income Tax, the consideration received by Emperia Holding S.A. from the mandatory share cancellation is exempt from tax.

Charges made by the Tax Control Office:

- According to the Head of the Tax Control Office in Lublin, the mandatory cancellation of shares in subsidiary P1 was illusive and the legal activity performed on 29 December 2011 was actually a voluntary share cancellation. This is supposed to be proven by, among other things, the fact that P1 was controlled, in capital and personal terms, by Emperia Holding, and by the fact that reasons for the mandatory cancellation were introduced in P1's founding agreement only when the distribution segment was transferred to it. The Tax Control Office considered that Emperia Holding de facto had agreed to the share cancellation, making it easier to qualify this activity as a voluntary cancellation;
- The Tax Control Office considered that "the parties' intent was to form relations between Emperia Holding S.A. and P1 in a way that, while maintaining legal compliance, they would aim to reach an objective that would be against tax law." The Tax Control Office made a reference to the tax equality and universality rules and to the autonomy of tax law;
- In consequence, according to the Tax Control Office, the consideration for the alleged transaction consisting of a voluntary cancellation of P1 shares, constituted tax income for Emperia Holding in 2011 (tax arrears of approx. PLN 142.5m).

Company's position:

- The decision by the Tax Control Office is in clear violation of tax law but also civil and corporate law. The Tax Control Office incorrectly equates the illusiveness of legal activities with formulating the transaction in a manner that does not bring the expected tax proceedings;
- The Extraordinary General Meeting resolution on the mandatory share cancellation may not be considered to be illusive because illusiveness does not apply to one-sided legal activities that are not addressed to anyone in particular;
- There is no legal basis whatsoever for concluding that this matter involves a voluntary cancellation of P1's shares. This form of cancellation requires a share purchase agreement to be executed between the shareholder and the company in order for the company to cancel the shares. No such agreement was executed - which precludes concluding that this was a voluntary cancellation of P1's shares;
- The mandatory cancellation was carried out in compliance with the law and the company's founding agreement, which is confirmed by the register court's decision. Therefore, the Tax Control Office's decision is in contravention to a binding court ruling;
- Despite the fact that the dispute de facto revolves around there being a legal relation (the acquisition by P1 of its own shares for cancellation), the Tax Control Office refused to file a suit in a general court to determine that such an activity had been performed - citing a "lack of objective doubt." The above proves

- that the Tax Control Office does not have evidence allowing this to be determined by an independent court and, in violation of tax proceeding rules, is making standalone rulings in the area of private law.
- In reference to the principle of equity, the Tax Control Office seems to be assuming that in the circumstances of the matter the sole economically justified transaction was a voluntary share cancellation. The business objective of the share cancellation was the transfer of financial resources from P1 to the Group. According to the law, the above objective could have alternatively been achieved through other legal activities that are exempt from tax based on European Union law. The economic sense of the share cancellation should be compared to generating income from equity (as in the case of company liquidation or dividend payment) rather than income from a transaction (from the sale of property rights).
 - The circumstances of the matter and the accusations made by the Tax Control Office had been analysed by renowned representatives of academia, tax law and corporate law, who have considered that the position of the Tax Control Office is completely unjustified and in violation of the law.

The Company does not agree with these findings and the legal assessment carried out by the Head of the Tax Control Office in the Decision, further it does not see grounds for recognising a provision for the amounts of tax arrears indicated in the Decision.

The Decision, issued by a first instance body, is not final and enforceable. On 10 February 2017, Emperia appealed the decision to the Head of the Tax Chamber in Warsaw.

The Management Board does not expect this tax issue to negatively impact Emperia Group's development plans.

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

Pursuant to an authorisation under resolutions 3 and 4 of Emperia Holding S.A.'s Extraordinary General Meeting of 11 October 2012, subsidiary Elpro Development S.A. purchased after the end of the reporting period, in block transactions, 16 162 shares of Emperia Holding S.A. for cancellation. At the date on which these financial statements were published, Elpro Development S.A. held a total of 384 153 shares in the Issuer, entitling to 384 153 (3.113%) votes at the Issuer's general meeting and constituting 3.113% of the Issuer's share capital.

8. Issuer's condensed separate financial statements

8.1 Selected separate financial data

No.	SELECTED FINANCIAL DATA (current year)	PLN		EUR	
		For the period from 1 Jan 2016 to 31 Dec 2016	For the period from 1 Jan 2015 to 31 Dec 2015	For the period from 1 Jan 2016 to 31 Dec 2016	For the period from 1 Jan 2015 to 31 Dec 2015
I.	Net revenue from sale of products, goods and materials	15 952	15 539	3 657	3 714
II.	Operating profit (loss)	4 559	4 910	1 045	1 174
III.	Profit (loss) before tax	19 279	27 042	4 419	6 463
IV.	Profit (loss) for the period	18 344	25 444	4 205	6 081
V.	Net cash flows from operating activities	4 700	(36 544)	1 077	(8 734)
VI.	Net cash flows from investing activities	26 158	72 806	5 996	17 401
VII.	Net cash flows from financing activities	(36 139)	(70 996)	(8 284)	(16 969)
VIII.	Total net cash flows	(5 281)	(34 734)	(1 211)	(8 302)
IX.	Total assets	491 677	509 606	111 139	119 584
X.	Liabilities and liability provisions	23 888	60 200	5 400	14 126
XI.	Total non-current liabilities	816	763	184	179
XII.	Total current liabilities	23 072	59 437	5 215	13 947
XIII.	Equity	467 789	449 406	105 739	105 457
XIV.	Share capital	12 342	13 235	2 790	3 106
XV.	Number of shares	12 342 027	13 235 495	12 342 027	13 235 495
XVI.	Weighted average number of shares	12 086 113	12 506 772	12 086 113	12 506 772
XVII.	Profit (loss) per ordinary share* (in PLN/EUR)	1.52	2.03	0.35	0.49
XVIII.	Diluted profit (loss) per ordinary share** (in PLN/EUR)	1.52	2.03	0.35	0.49
XIX.	Book value per share* (in PLN/EUR)	38.70	35.93	8.75	8.43
XX.	Diluted book value per share** (in PLN/EUR)	38.70	35.93	8.75	8.43
XXI.	Declared or paid out dividend per share (in PLN/EUR)	-	1.33	-	0.32

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

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

Weighted average number of shares:

- for Q1-Q4 2016 (January-December): 12 086 113

- for Q1-Q4 2015 (January-December): 12 506 772

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

- Items in the statement of profit and loss and statement of cash flows were translated according to the exchange rate established as the average of exchange rates published by the National Bank of Poland on the last day of each month, which for Q1-Q4 2016 was EURPLN 4.3625 and for Q1-Q4 2015: EURPLN 4.1839.
- Balance sheet items and book value / diluted book value are translated using the average exchange rate published by the National Bank of Poland as at the end of the reporting period, as follows: as at 31 December 2016: EURPLN 4.4240; as at 31 December 2015: EURPLN 4.2615.
- Dividend paid out is translated using the average rate published by the National Bank of Poland on the dividend payment date, which as at 19 June 2015 was EURPLN 4.1715.

8.2 Condensed separate statement of financial position

	31 Dec 2016	30 Sep 2016	31 Dec 2015
Total non-current assets	483 163	483 835	483 860
Property, plant and equipment	55 578	55 903	56 178
Investment properties	-	-	-
Intangible assets	1 156	1 226	1 470
Financial assets	426 286	426 614	426 109
Non-current receivables	-	-	-
Deferred income tax assets	140	91	102
Other non-current prepayments	3	1	1
Total current assets	8 514	42 682	25 746
Inventories	-	-	-
Current receivables	2 849	2 387	3 892
Income tax receivables	-	-	58
Short-term securities	-	9 990	11 138
Current prepayments	375	126	87
Cash and cash equivalents	5 290	30 179	10 571
Other financial assets	-	-	-
Current assets classified as held-for-sale	-	-	-
Total assets	491 677	526 517	509 606
Total equity	467 789	467 191	449 406
Share capital	12 342	12 340	13 235
Share premium	411 188	411 109	465 315
Supplementary capital	-	-	-
Management options provision	482	516	723
Reserve capital	25 442	25 442	337
Buy-back provision	-	-	-
Own shares	-	-	(55 646)
Retained earnings	18 335	17 784	25 442
Total non-current liabilities	816	778	763
Credit facilities, loans, debt instruments and other non-current financial liabilities	-	-	-
Non-current liabilities	112	102	89
Provisions	49	32	32
Deferred income tax provision	655	644	642
Total current liabilities	23 072	58 548	59 437
Credit facilities, loans, debt instruments and other current financial liabilities	19 959	0	0
Current liabilities	1 211	56 932	57 903
Income tax liabilities	124	111	-
Provisions	511	293	325
Deferred revenue	1 267	1 212	1 209
Total equity and liabilities	491 677	526 517	509 606

	31 Dec 2016	30 Sep 2016	31 Dec 2015
Book value	467 789	467 191	449 406
Number of shares	12 342 027	12 340 049	13 235 495
Weighted average number of shares	12 086 113	12 109 799	12 506 772
Diluted number of shares	12 086 113	12 111 058	12 508 001
Book value per share (in PLN)*	38.70	38.58	35.93
Diluted book value per share (in PLN)**	38.70	38.58	35.93

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

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

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

	Three months ended 31 Dec 2016	12 months ended 31 Dec 2016	Three months ended 31 Dec 2015	12 months ended 31 Dec 2015
Revenue from sales	4 118	15 952	3 705	15 539
Cost of sales	(1 881)	(7 147)	(2 174)	(7 510)
Profit on sales	2 307	8 805	1 531	8 029
Other operating revenue	64	254	246	436
Selling costs	-	-	-	-
Administrative expenses	(1 227)	(4 471)	(284)	(3 528)
Other operating expenses	(13)	(29)	(11)	(27)
Operating profit	1 131	4 559	1 482	4 910
Finance income	242	15 391	7 374	22 523
Finance costs	(670)	(671)	(390)	(391)
Profit before tax	703	19 279	8 466	27 042
Income tax	(143)	(935)	(806)	(1 598)
- current	(180)	(958)	(856)	(1 634)
- deferred	(37)	23	50	36
Share of the profit of equity-accounted entities	-	-	-	-
Profit for the period	560	18 344	7 660	25 444
Profit for the period attributable to owners of the parent	560	18 344	7 660	25 444
Profit for the period attributable to non-controlling interests	-	-	-	-

	12 months ended 31 Dec 2016	12 months ended 31 Dec 2015
Profit (loss) for the period:	18 344	25 444
Weighted average number of ordinary shares	12 086 113	12 506 772
Weighted average diluted number of ordinary shares	12 086 113	12 508 001
Profit (loss) per ordinary share (in PLN/EUR)	1.52	2.03
Diluted profit (loss) per ordinary share (in PLN)*	1.52	2.03

* Weighted average diluted number of ordinary shares:

- for Q1-Q4 2016: as at 31 December 2016, the 2010 and 2011 tranche of the 2nd Management Options Programme 2010-2012 was fully settled; see note 7.14.16 b) for additional information
- for Q1-Q4 2015 (January-December): 12 508 001, taking into consideration the dilutive effect of options granted under the 2010 and 2011 tranches of the 2nd Management Options Programme 2010-2012.

Statement of comprehensive income	Three months ended 31 Dec 2016	12 months ended 31 Dec 2016	Three months ended 31 Dec 2015	12 months ended 31 Dec 2015
	Profit for the period	560	18 344	7 660
Other comprehensive income	(9)	(9)	(3)	(3)
Comprehensive income for the period	551	18 335	7 657	25 442
Comprehensive income attributable to shareholders of the parent	551	18 335	7 657	25 442
Comprehensive income attributable to non-controlling interests	-	-	-	-

8.4 Condensed separate statement of changes in equity

	Share capital	Share premium	Supplementary capital	Management options provision	Reserve capital	Own shares	Retained earnings	Total equity
As at the beginning of period: 1 January 2016	13 235	465 315	-	723	337	(55 646)	25 442	449 406
Change in accounting standards and policies	-	-	-	-	-	-	-	-
As at the beginning of period: 1 January 2016, adjusted	13 235	465 315	-	723	337	(55 646)	25 442	449 406
Comprehensive income for the 12 months ended 31 Dec 2016	-	-	-	-	-	-	18 335	18 335
Prior-year profit distribution - transfer to equity	-	-	-	-	25 442	-	(25 442)	-
Share issuance - incentive scheme	7	283	-	(290)	-	-	-	-
Purchase of own shares	-	-	-	-	-	-	-	-
Redemption of own shares	(900)	(54 410)	-	-	(337)	55 646	-	-
Management options provision	-	-	-	49	-	-	-	49
Dividend from prior-year profit	-	-	-	-	-	-	-	-
31 Dec 2016	12 342	411 188	-	482	25 442	-	18 335	467 789

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

8.5 Condensed separate statement of cash flows

Operating activities	12 months ended 31 Dec 2016	12 months ended 31 Dec 2015
Profit (loss) for the period	18 344	25 444
Adjusted by:	(13 644)	(61 988)
Depreciation / amortisation	1 672	1 741
Interest and shares of profit (dividends)	(14 824)	(21 554)
Income tax	934	1 598
Profit (loss) on investing activities	(159)	(1 346)
Change in provisions	192	(519)
Change in inventories	-	-
Change in receivables	30	(1 703)
Change in prepayments	(232)	1 129
Change in liabilities	(482)	(38 242)
Income tax paid	(775)	(3 092)
Net cash from operating activities	4 700	(36 544)

Investing activities	12 months ended 31 Dec 2016	12 months ended 31 Dec 2015
Inflows	109 560	1 037 510
Disposal of property, plant and equipment and intangible assets	1 306	12 664
Disposal of financial assets	93 317	986 772
Disposal of interests in subsidiaries	263	-
Dividends received	14 674	19 000
Interest received	-	74
Repayment of loans issued	-	19 000
Other inflows	-	-
Outflows	(83 402)	(964 704)
Purchase of property, plant and equipment and intangible assets	(1 004)	(24 360)
Purchase of subsidiaries and associates	(580)	(90 100)
Purchase of financial assets	(81 818)	(831 244)
Borrowings granted	-	(19 000)
Expenditures on maintenance of investment properties	-	-
Other outflows	-	-
Net cash from investing activities	26 158	72 806

Financing activities	12 months ended 31 Dec 2016	12 months ended 31 Dec 2015
Inflows	39 937	1 178
Proceeds from credit facilities and loans	-	-
Issue of short-term debt instruments	39 889	-
Proceeds from equity issuance	48	1 178
Other inflows	-	-
Outflows	(76 076)	(72 174)
Repayment of borrowings	-	-
Buy-back of short-term debt instruments	(20 000)	0
Payment of finance lease liabilities	-	-
Interest and fees paid	(460)	-
Dividends paid	-	(16 528)
Purchase of own shares	(55 616)	(55 646)
Other outflows	-	-
Net cash from financing activities	(36 139)	(70 996)
Change in cash and cash equivalents	(5 281)	(34 734)
Exchange differences	-	-
Cash and cash equivalents at the beginning of period	10 571	45 307
Cash and cash equivalents at the end of period	5 290	10 571

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

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

Warsaw, February 2017

Signatures of all Management Board members:

2017-02-27 Dariusz Kalinowski President of the Management Board

.....
Signature

2017-02-27 Cezary Baran Vice-President of the Management Board, Finance Director

.....
Signature

Signatures of persons responsible for book-keeping

2017-02-27 Elżbieta Świniarska Economic Director

.....
Signature