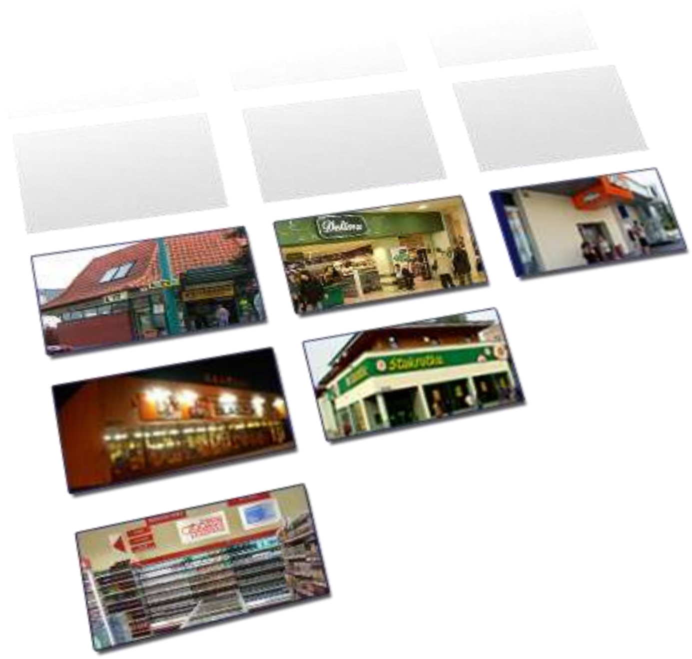

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER OF 2013

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

LUBLIN, MAY 2013

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

Contents

Lublin, 15 May 2013

Dear Shareholders,

The last quarter was a distinctive period for both the Group and me, personally. As previously announced, on 11 March 2013, Artur Kawa resigned as the President of the Management Board and recommended me as his replacement. Our Supervisory Board supported the recommendation and on the same day decided to appoint me at the new CEO.

This is the first CEO succession in our Group's history. Artur Kawa was chief executive since establishing Eldorado S.A. in January 1995. He is the author of the Group's largest achievements. As CEO, he successfully led the Group through bullish and bearish markets, periods of stable development as well as numerous post-merger integrations and restructurings.

As the new CEO, I am well aware of the scale of challenges and responsibilities which I accepted. After over 10 years with the Group as a manager, I know our potential and competences as well as the avenues for further growth. I firmly believe in our ability to achieve continued market success in subsequent years and build our company's value based upon strong foundations.

On 11 March 2013, Cezary Baran was also appointed to the Management Board. He has been with us for many years, recently filling two very important roles, i.e. group treasury director and Stokrotka's management board member and finance director.

The new management board will stay committed to executing the Group's strategy, as developed by the previous board, headed by Mr. Kawa. As CEO, I fully identify with the values and philosophy that have been at the core of our organisational culture for many years.

I hope you will find the Q1 2013 financial statements to be an enjoyable read. All of our business lines posted results in line with expectations. Of particular note in the context of difficult market conditions is the strong performance of the retail segment, which accounts for nearly 98% of Group revenue. Our key strategic projects – launching internal logistics and redrawing the Stokrotka supermarket concept – are also progressing as expected. Completing these initiatives should translate into a faster revenue growth, higher margins and a stronger market position.

Dariusz Kalinowski

CEO, Emperia Holding S.A.

(amounts in PLN 000's, unless otherwise stated)

1. Selected financial data

	SELECTED FINANCIAL DATA (current year)	PLN		EUR	
		For the period from 1 Jan 2013 to 31 Mar 2013	For the period from 1 Jan 2013 to 31 Mar 2012	For the period from 1 Jan 2013 to 31 Mar 2013	For the period from 1 Jan 2013 to 31 Mar 2012
I.	Net revenue from sale of products, goods for resale and materials	493 047	491 419	118 129	117 705
II.	Operating profit (loss)	13 546	11 642	3 245	2 789
III.	Profit (loss) before tax	15 246	23 239	3 653	5 566
IV.	Profit (loss) for the period	13 707	26 151	3 284	6 264
V.	Net cash flows from operating activities	34 137	12 954	8 179	3 103
VI.	Net cash flows from investing activities	(2 149)	32 648	(515)	7 820
VII.	Net cash flows from financing activities	-	(137 237)	-	(32 871)
VIII.	Total net cash flows	31 988	(91 635)	7 664	(21 949)
IX.	Total assets	997 475	978 402	238 779	239 323
X.	Liabilities and liability provisions	295 896	290 477	70 833	71 053
XI.	Non-current liabilities	40 779	42 401	9 762	10 372
XII.	Current liabilities	255 117	248 076	61 071	60 681
XIII.	Equity	701 579	687 925	167 946	168 271
XIV.	Share capital	15 115	15 115	3 618	3 697
XV.	Number of shares	15 115 161	15 115 161	15 115 161	15 115 161
XVI.	Weighted average number of shares	14 495 146	14 529 505	14 495 146	14 529 505
XVII.	Profit (loss) per ordinary share, annualised* (in PLN/EUR)	0.58	49.21	0.14	11.79
XVIII.	Diluted profit (loss) per ordinary share, annualised* (in PLN/EUR)	0.57	49.16	0.14	11.77
XI.	Book value per share* (in PLN/EUR)	48.40	104.07	11.59	25.46
XX.	Diluted book value per share** (in PLN/EUR)	48.11	103.98	11.52	25.43
XXI.	Paid out dividend per share *** (in PLN/EUR)	0.93	56.41	0.22	13.06

* calculated using the weighted average number of the Issuer's shares
** calculated using the weighted average diluted number of the Issuer's shares
*** proposed or paid out dividend is calculated using the number of the Issuer's shares as at the date on which this report was prepared

Weighted average number of shares:
- for Q1 2013 (January-March): 14 495 146;
- for Q1 2012 (January-March): 14 529 505;

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

1. Items in the statement of profit and loss and statement of cash flows were translated according to the exchange rate established as the average of exchange rates published by the National Bank of Poland on the last day of each month, which for Q1 2013 was EURPLN 4.1738 and for Q1 2012: EURPLN 4.1750.
2. Balance sheet items and book value / diluted book value were translated using the average exchange rate published by the National Bank of Poland as at the end of the reporting period, as follows: as at 31 March 2013: EURPLN 4.1774; as at 31 March 2012: EURPLN 4.0882.
3. Declared dividend was translated using the average exchange rate published by the National Bank of Poland as at the date of drawing up the financial statements, i.e. as at 15 May 2013 - EURPLN 4.1606, while dividend paid out - using the rate on the dividend payment date, i.e. 14 June 2012: EURPLN 4.3207.

(amounts in PLN 000's, unless otherwise stated)

2. Condensed consolidated statement of financial position

	31 Mar 2013	31 Dec 2012	31 Mar 2012
Non-current assets	**584 612**	**588 652**	**574 667**
Property, plant and equipment	494 675	499 621	359 196
Investment property	-	-	-
Intangible assets	6 362	6 570	6 005
Goodwill	49 186	49 186	12 844
Financial assets	92	194	294
Non-current borrowings	-	-	-
Non-current receivables	4 374	4 065	268
Deferred income tax assets	22 517	21 148	8 359
Other non-current prepayments	7 406	7 868	495
Non-current assets classified as held-for-sale	-	-	187 206
Current assets	**412 863**	**389 750**	**1 179 689**
Inventory	107 680	103 767	304
Receivables	50 077	63 341	31 828
Income tax receivables	1 610	2 583	-
Short-term securities	-	-	-
Prepayments	6 195	4 746	4 165
Cash and cash equivalents	247 281	215 293	949 939
Other financial assets	-	-	-
Current assets classified as held-for-sale	20	20	193 453
Total assets	**997 475**	**978 402**	**1 754 356**
Equity	**701 579**	**687 925**	**1 512 067**
Share capital	15 115	15 115	15 115
Share premium	549 559	549 559	50 559
Supplementary capital	100 084	100 084	100 084
Management options provision	5 031	5 031	5 031
Reserve capital	110 303	110 303	110 169
Buy-back provision	-	-	499 000
Own shares	(65 020)	(65 020)	(65 020)
Retained earnings	(13 493)	(27 147)	770 978
Current-period profit attributable to continuing operations	-	-	27 453
Current-period profit assigned to assets classified as held-for-sale	-	-	(1 302)
Total equity attributable to owners of the parent	**701 579**	**687 925**	**1 512 067**
Non-controlling interests	-	-	-
Total non-current liabilities	**40 779**	**42 401**	**1 661**
Credits, loans and debt instruments	-	-	-
Non-current liabilities	1 147	1 120	600
Provisions	37 393	39 289	121
Deferred income tax provision	2 239	1 992	940
Total current liabilities	**255 117**	**248 076**	**240 628**
Credits, loans and debt instruments	-	-	5 508
Current liabilities	232 786	229 772	10 025
Income tax liabilities	2 429	1 872	391
Provisions	17 390	14 409	1 989
Deferred revenue	2 512	2 023	3 456
Liabilities assigned to assets classified as held-for-sale	-	-	219 259
Total equity and liabilities	**997 475**	**978 402**	**1 754 356**

(amounts in PLN 000's, unless otherwise stated)

	31 Mar 2013	31 Dec 2012	31 Mar 2012
Book value	701 579	687 925	1 512 067
Number of shares	15 115 161	15 115 161	15 115 161
Diluted number of shares	14 584 204	14 578 832	14 542 308
Book value per share (in PLN)*	48.40	47.43	104.07
Diluted book value per share (in PLN)**	48.11	47.19	103.98

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

The item 'assets and liabilities held for sale' in the consolidated statement of financial position as at 31 March 2012 concerns retail companies which were the subject of a sale transaction during that reporting period, as presented in that period's financial statements.

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

	Three months ended 31 Mar 2013	Three months ended 31 Mar 2012
Revenue	**493 047**	**491 419**
Cost of sales	**(371 279)**	**(372 659)**
Profit from sales	**121 768**	**118 760**
Other operating revenue	4 717	7 600
Distribution costs	(94 873)	(95 409)
Administrative expenses	(16 359)	(17 102)
Other operating expenses	(1 707)	(2 207)
Operating profit	**13 546**	**11 642**
Finance income	1 766	14 247
Finance costs	(66)	(2 650)
Profit before tax	**15 246**	**23 239**
Income tax	(1 539)	2 912
- current	(2 661)	(2 028)
- deferred	1 122	4 940
Share of the profit of equity-accounted investees	-	-
Profit for the period	**13 707**	**26 151**
Profit for the period attributable to owners of the parent	13 707	26 151
Profit for the period attributable to non-controlling interests	-	-

The consolidated statement of profit and loss for the comparative period, i.e. for the first three months of 2012, was restated to comparable conditions: retail activities were classified as continuing operations.

(amounts in PLN 000's, unless otherwise stated)

Profit (loss) for the period (annualised), including:	8 359	714 931
Weighted average number of ordinary shares	14 495 146	14 529 505
Weighted average diluted number of ordinary shares*	14 584 204	14 542 308
Profit (loss) per ordinary share, annualised (in PLN)	0.58	49.21
Diluted profit (loss) per ordinary share, annualised* (in PLN)	0.57	49.16

* Weighted average diluted number of ordinary shares:
– for Q1 2013 (January-March): 14 584 204, taking into consideration the dilutive effect of options granted under the 2010 and 2011 tranches of the 2nd Management Options Programme 2010-2012.
– for Q1 2012 (January-March): 14 542 308, taking into consideration the dilutive effect of options granted under the 2010 tranche of the 2nd Management Options Programme 2010-2012.

Statement of comprehensive income	Three months ended 31 Mar 2013	Three months ended 31 Mar 2012
Profit for the period	**13 707**	**26 151**
Other comprehensive income	-	-
Comprehensive income for the period	**13 707**	**26 151**
Comprehensive income attributable to owners of the parent	13 707	26 151
Comprehensive income attributable to non-controlling interests	-	-

(amounts in PLN 000's, unless otherwise stated)

4. Condensed consolidated statement of changes in equity

	Share capital	Share premium	Supplementary capital	Management options provision	Reserve capital	Buy-back provision	Own shares	Retained earnings	Total equity
1 January 2013	**15 115**	**549 559**	**100 084**	**5 031**	**110 303**	**-**	**(65 020)**	**(27 147)**	**687 925**
Correction of fundamental errors 2012	-	-	-	-	-	-	-	-	-
1 January 2013, corrected	**15 115**	**549 559**	**100 084**	**5 031**	**110 303**	**-**	**(65 020)**	**(27 147)**	**687 925**
Comprehensive income for the three months ended 31 March 2013	**-**	**-**	**-**	**-**	**-**	**-**	-	**13 707**	**13 707**
Prior-period results of companies included in consolidation	-	-	-	-	-	-	-	(53)	(53)
Sale of properties restated in prior years	-	-	-	-	-	-	-	-	-
Release of buy-back provision	-	-	-	-	-	-	-	-	-
Purchase of own shares	-	-	-	-	-	-	-	-	-
Redemption of own shares	-	-	-	-	-	-	-	-	-
Transfer of buy-back provision	-	-	-	-	-	-	-	-	-
Dividend for shareholders from 2011 profit distribution	-	-	-	-	-	-	-	-	-
Dividend for non-controlling interests	-	-	-	-	-	-	-	-	-
31 March 2013	**15 115**	**549 559**	**100 084**	**5 031**	**110 303**	**-**	**(65 020)**	**(13 493)**	**701 579**

	Share capital	Share premium	Supplementary capital	Management options provision	Reserve capital	Buy-back provision	Own shares	Retained earnings	Total equity
1 January 2012	**15 115**	**50 559**	**100 084**	**5 031**	**110 169**	**499 000**	**(53 774)**	**770 978**	**1 497 162**
Correction of fundamental errors 2011	-	-	-	-	-	-	-	-	-
1 January 2012, corrected	**15 115**	**50 559**	**100 084**	**5 031**	**110 169**	**499 000**	**(53 774)**	**770 978**	**1 497 162**
Profit on continuing operations	-	-	-	-	-	-	-	27 453	27 453
Profit on discontinued operations	-	-	-	-	-	-	-	(1 302)	(1 302)
Comprehensive income for the three months ended 31 March 2012	**-**	**-**	**-**	**-**	**-**	**-**	-	26 151	**26 151**
Prior-period results of companies included in consolidation	-	-	-	-	-	-	-	-	-
Sale of properties restated in prior years	-	-	-	-	-	-	-	-	-
Creation of buy-back provision	-	-	-	-	-	-	-	-	-
Purchase of own shares	-	-	-	-	-	-	(11 246)	-	**(11 246)**
Redemption of own shares	-	-	-	-	-	-	-	-	-
Transfer of buy-back provision	-	-	-	-	-	-	-	-	-
Dividend for shareholders from 2011 profit distribution	-	-	-	-	-	-	-	-	-
Dividend for non-controlling interests	-	-	-	-	-	-	-	-	-
31 March 2012	**15 115**	**50 559**	**100 084**	**5 031**	**110 169**	**499 000**	**(65 020)**	**797 129**	**1 512 067**

(amounts in PLN 000's, unless otherwise stated)

	Share capital	Share premium	Supplementary capital	Management options provision	Reserve capital	Buy-back provision	Own shares	Retained earnings	Total equity
1 January 2012	**15 115**	**50 559**	**100 084**	**5 031**	**110 169**	**499 000**	**(53 774)**	**770 978**	**1 497 162**
Correction of fundamental errors 2011	-	-	-	-	-	-	-	-	-
1 January 2012, corrected	**15 115**	**50 559**	**100 084**	**5 031**	**110 169**	**499 000**	**(53 774)**	**770 978**	**1 497 162**
Comprehensive income for the 12 months ended 31 December 2012	-	-	-	-	-	-	-	**20 803**	**20 803**
Prior-period results of companies included in consolidation	-	-	-	-	-	-	-	-	-
Sale of properties restated in prior years	-	-	-	-	-	-	-	(1 123)	(1 123)
Release of buy-back provision	-	499 000	-	-	-	(499 000)	-	-	-
Purchase of own shares	-	-	-	-	-	-	(11 246)	-	(11 246)
2011 profit distribution - transfer to equity	-	-	-	-	134	-	-	(134)	-
Transfer of buy-back provision	-	-	-	-	-	-	-	-	-
Dividend for shareholders from 2011 profit distribution	-	-	-	-	-	-	-	(817 671)	(817 671)
Dividend for non-controlling interests	-	-	-	-	-	-	-	-	-
31 December 2012	**15 115**	**549 559**	**100 084**	**5 031**	**110 303**	**-**	**(65 020)**	**(27 147)**	**687 925**

(amounts in PLN 000's, unless otherwise stated)

5. Condensed consolidated statement of cash flows

	Three months ended 31 Mar 2013	Three months ended 31 Mar 2012
Profit (loss) for the period	**13 707**	**26 151**
Adjusted by:	**20 430**	**(13 197)**
Share of the net profit (loss) of equity-accounted investees	-	-
Depreciation	10 134	11 112
(Profit) loss on exchange differences	-	-
Interest and shares of profit (dividend)	-	1 297
Income tax	1 539	(2 912)
Profit (loss) on investing activities	(3 437)	(4 495)
Change in provisions	1 082	3 764
Change in inventory	(3 914)	10 347
Change in receivables	12 861	14 927
Change in prepayments and accruals	(496)	(5 249)
Change in liabilities	3 788	(38 040)
Other corrections	4	(1)
Income tax paid	(1 131)	(3 947)
Net cash from operating activities	**34 137**	**12 954**
Inflows	**4 683**	**41 253**
Disposal of property, plant and equipment and intangible assets	4 643	40 803
Disposal of financial assets	-	-
Disposal of subsidiaries	-	-
Dividends received	-	-
Interest received	-	446
Repayment of borrowings	-	-
Cash of entities acquired, at acquisition date	40	-
Proceeds from use of investment properties	-	-
Other inflows	-	4
Outflows	**(6 832)**	**(8 605)**
Purchase of property, plant and equipment and intangible assets	(6 829)	(8 605)
Purchase of investment properties	-	-
Purchase of subsidiaries and associates	-	-
Purchase of financial assets	-	-
Borrowings granted	-	-
Cash of subsidiaries at disposal date	-	-
Expenditures on maintenance of investment properties	-	-
Other outflows	(3)	-
Net cash from investing activities	**(2 149)**	**32 648**
Inflows	**-**	-
Proceeds from loans and borrowings incurred	-	-
Issue of short-term debt instruments	-	-
Other inflows	-	-
Outflows	**-**	**(137 237)**
Repayment of borrowings	-	(124 566)
Buy-back of short-term debt instruments	-	-
Payment of finance lease liabilities	-	-
Interest and fees paid	-	(1 425)
Dividends paid	-	-

Purchase of own shares	-	(11 246)
Other outflows	-	-
Net cash flows from financing activities	**-**	**(137 237)**
Change in cash and cash equivalents	**31 988**	**(91 635)**
Exchange differences	-	-
Cash and cash equivalents at the beginning of period	**215 293**	**1 077 979**
Cash and cash equivalents at the end of period	**247 281**	**986 344**

6. Additional information

6.1 Description of Group structure

Name, registered office and objects of the parent entity

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

The parent's registered office is located at ul. Mełgiewska in Lublin, Poland.

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

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

The financial year for Group companies is the calendar year. Group companies have been established for an indefinite period of time.
The consolidated financial statements were prepared for the period from 1 January 2013 to 31 March 2013, and the comparative financial data covers the period from 1 January 2012 to 31 March 2012. The consolidated financial statements do not contain combined data, and the companies do not have internal organisational entities which draft financial statements on their own.

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

Information on consolidation

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

As at 31 March 2013, consolidation includes Emperia Holding S.A. and 12 subsidiaries: Stokrotka Sp. z o.o., Infinite Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A., Maro Markety Sp. z o.o., Społem Tychy S.A., P3 EKON Sp. z o.o. S.K.A., EMP Investment Limited, Ekon Sp. z o.o., IPOPEMA 55 FIZAN, P1 Sp. z o.o., P4 Sp. z o.o., P5 EKON Sp. z o.o. S.K.A.

During the first quarter of 2013, Emperia Group's structure was subject to a change (compared with the 2012 year-end). On 2 January 2013, subsidiaries Infinite Sp. z o.o., Emperia Info Sp. z o.o. and Tradis S.A. were merged (detailed information is presented in point 6.2.10 a).

(amounts in PLN 000's, unless otherwise stated)

Emperia Holding S.A. subsidiaries subject to consolidation within the Group, included in the consolidated financial statements as at 31 March 2013

	Entity name	Company logo	Registered office	Main object	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. (1)		20-952 Lublin, Mełgiewska 7-9	Retail sale of food, beverages and tobacco	16977, District Court in Lublin, 11th Commercial Division of the National Court Register	Subsidiary	Full	1999-01-27	100.00%	100.00%
2	Infinite Sp. z o.o.		20-952 Lublin, Mełgiewska 7-9	IT operations	16222, District Court in Lublin, 11th Commercial Division of the National Court Register	Subsidiary	Full	1997-03-11	100.00%	100.00%
3	ELPRO EKON Sp. z o.o. S.K.A. (2)		20-952 Lublin, Mełgiewska 7-9	Property development	946, District Court in Lublin, 11th Commercial Division of the National Court Register	Subsidiary	Full	2001-02-15	100.00%	100.00%
4	Społem Tychy S.A.		43-100 Tychy, Damrota 72	Retail sale of food, beverages and tobacco	164604, District Court in Katowice, 8th Commercial Division of the National Court Register	Subsidiary	Full	2007-07-06	100.00%	100.00%
5	Maro-Markety Sp. z o.o.		61-615 Poznań, Skwierzyńska 20	Retail sale of food, beverages and tobacco	102596, District Court in Poznan, 20th Commercial Division of the National Court Register	Subsidiary	Full	2007-09-12	100.00%	100.00%
6	P3 EKON Sp. z o.o. S.K.A. (3)		20-952 Lublin, ul. Mełgiewska 7-9	Property management	KRS 71049, District Court in Czestochowa, 17th Commercial Division of the National Court Register	Subsidiary	Full	2007-11-29	100.00%	100.00%
7	P1 Sp. z o.o.		20-952 Lublin, Mełgiewska 7-9	Activities of head offices; management consultancy activities	365614, District Court in Lublin, 11th Commercial Division of the National Court Register	Subsidiary	Full	2010-09-06	100.00%	100.00%

(amounts in PLN 000's, unless otherwise stated)

8	EKON Sp. z o.o.	20-952 Lublin, Mełgiewska 7-9	Property management	367597, District Court in Lublin, 11th Commercial Division of the National Court Register	Subsidiary	Full	2010-09-06	100.00%	100.00%
9	EMP Investment Ltd.(6)	Themistokli Dervi 3, JULIA HOUSE, P.C. 1066; Nicosia, Cyprus	Investments in property	HE 272278, Ministry of Commerce, Industry and Tourism, Company Registration Department Nicosia, Cyprus	Subsidiary	Full	2010-09-03	100.00%	100.00%
10	Ipopema 55 FIZAN (4)	00-850 Warsaw, Waliców 11	Trusts, funds and similar financial entities	RFI 591, Investment Fund Register maintained by the District Court in Warsaw	Subsidiary	Full	2010-12-09	100.00%	100.00%
11	P4 Sp. z o.o.	20-952 Lublin, ul. Mełgiewska 7-9	Activities of head offices; management consultancy activities	KRS 400637, District Court for Lublin-Wschód based in Swidnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	03-10-2011	100.00%	100.00%
12	P5 EKON Sp. z o.o. S.K.A. (formerly P5 Sp. z o.o.) (5)	20-952 Lublin, ul. Mełgiewska 7-9	Renting and operating of own or leased real estate	KRS 403506, District Court for Lublin-Wschód based in Swidnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	24-11-2011	100.00%	100.00%

(1) directly by Emperia Holding S.A. (98 472 shares; 95.93%) and indirectly by Stokrotka Sp. z o.o. (4 181 shares; 4.07%)
(2) indirectly by IPOPEMA 55 FIZAN (80 825 shares), EKON Sp. z o.o. (1 share)
(3) indirectly by IPOPEMA 55 FIZAN (138 427 shares), EKON Sp. z o.o. (1 share)
(4) indirectly by EMP Investment Limited
(5) indirectly by IPOPEMA 55 FIZAN (56 047 shares), EKON Sp. z o.o. (1 share)
(6) directly by Emperia Holding S.A. (40 938 shares; 80.27%), indirectly by Stokrotka Sp. z o.o. (8 770 shares; 17.20%), Społem Tychy Sp. z o.o. (1 290 shares; 2.53%)

Subsidiaries excluded from the consolidated financial statements as at 31 March 2013, together with the legal basis for exclusion

	Entity name	Registered office	Legal basis for exclusion	Emperia Group's share in share capital (% as at the end of the reporting period)	Emperia Group's share of the total number of votes (% as at the end of the reporting period)
1.	Lider Sp. z o.o. w likwidacji (1)	70-660 Szczecin, Gdańska 3C	The financial data of these entities is insignificant from the viewpoint of the requirement to present the Group's asset position, financial situation and financial performance in a reliable and transparent manner	100.00%	100.00%
2.	SPOŁEM Domy Handlowe Sp. z o.o. (2)	43-100 Tychy, ul. Damrota 72		100.00%	100.00%
3.	P2 EKON Sp. z o.o. S.K.A. (3)	20-952 Lublin, Mełgiewska 7-9		100.00%	100.00%

(1) indirectly by Stokrotka Sp. z o.o.
(2) indirectly by Społem Tychy S.A.
(3) indirectly by IPOPEMA 55 FIZAN and Ekon Sp. z o.o.

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 March 2013

	Entity name	Registered office	Share capital (in PLN 000's)	Emperia Group's share in share capital (% as at the end of the reporting period)	Emperia Group's share of the total number of votes (% 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 significant accounting policies

6.2.1 Basis for preparing the consolidated financial statements

The consolidated financial statements were prepared under the historical cost convention, except for financial assets measured at fair value.
Emperia Holding S.A.'s Management Board approves the consolidated financial statements on the date on which they are signed.

6.2.2 Statement of compliance

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

6.2.3 Segment reporting

IFRS 8 Operating Segments, issued by the IASB on 30 November 2006, superseded IAS 14 Segment Reporting and applies to annual periods beginning on or after 1 January 2009.
Following the sale of distribution and franchise operations to Eurocash S.A., the Management Board carried out an analysis of the Group's management model, reporting system and the key economic aspects of its entities. On this basis, new operating segments were identified, which more closely reflect the Group's structure as well as its distinct products and services, from which the segments generate their revenue.

In 2013, the Group operated through the following segments:

1. **Retail sales** (retail segment), covering all operations of the following subsidiaries: Stokrotka Sp. z o.o., Maro Markety Sp. z o.o., Społem Tychy S.A;

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

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., P1 Spółka z o.o., P4 Spółka z o.o.;

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

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

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 are presented in PLN 000's (unless stated otherwise).

Drafting the consolidated financial statements in PLN 000's results in the necessity to round up, which may result in a situation where the sum totals presented in these financial statements 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:

On 11 October 2012, the Extraordinary General Meeting of Emperia Holding S.A. adopted a resolution on the liquidation of property trading and management companies. The resolution constitutes a part of the Group's long-term strategy, which was approved by the shareholders. At this time, the company is unable to specify which properties will be sold or what the timetable for these sales will be. Furthermore, appropriate statutory resolutions concerning the liquidation of companies in the property segment have not yet been adopted.

6.2.6 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.

6.2.7 Application of standards and interpretations effective from 1 January 2013

The Group applies the following standards, amendments and interpretations since 1 January 2013:

a) Amendments to IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities

On 16 December 2011, the IASB jointly with the FASB issued new disclosure requirements that aim to improve comparability of financial statements prepared in accordance with IFRS and US GAAP. The new requirements apply to annual periods beginning on or after 1 January 2013.

b) IFRS 10 Consolidated Financial Statements

On 12 May 2011, the IASB issued IFRS 10, which superseded IAS 27 Consolidated and Separate Financial Statements and interpretation SIC-12 Consolidation – Special Purpose Entities. IFRS 10 establishes control as the basis for consolidation, regardless of the characteristics of the investee. The definition of control has three elements: control over the investee, exposure or rights to variable returns from involvement with the investee, and the ability to affect those returns through the investor's power over the investee. If facts or circumstances change, the investor must re-assess whether it is capable of exerting control over the investee. The standard applies to annual periods beginning on or after 1 January 2013, with early adoption permitted under certain circumstances.

c) IFRS 11 Joint Arrangements

On 12 May 2011, the IASB issued IFRS 11, which will supersede IAS 31 Interests in Joint Ventures and interpretation SIC-13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. IFRS 11 classifies joint contractual arrangements as either a joint operation or joint venture. A joint operation is an arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is an arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. IFRS 11 requires interests in joint arrangements to be accounted for using the equity method. Classification of joint arrangements depends upon the parties' rights and obligations arising from the arrangement. The standard applies to annual periods beginning on or after 1 January 2013, with early adoption permitted under certain circumstances.

d) IFRS 12 Disclosure of Interests in Other Entities

On 12 May 2011, the IASB issued IFRS 12 requiring a wide range of disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated 'structured entities'. IFRS 12 sets out information disclosure objectives and the minimum scope of disclosures required to satisfy those objectives. An entity shall disclose information that enables users of its consolidated financial statements to evaluate the nature of the interests they hold and the nature, and changes in, the risks associated with their interests in consolidated structured entities. The standard is effective from 1 January 2013, with early adoption permitted under certain circumstances.

e) IFRS 13 Fair Value Measurement

IFRS 13 seeks to increase consistency and comparability of international financial reporting standards. The new, common definition of fair value is as follows: the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard contains a number of explanations and recommendations concerning fair value measurements in accordance with the definition and introduces information disclosure requirements concerning measurements and measurement methodology for both financial and non-financial items. The standard is effective from 1 January 2013.

f) Amended IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures

IAS 27 and IAS 28 were amended in connection with the issuance of IFRS 10 and IFRS 11 so as to correspond with their content. These amendments do not affect the provisions concerning separate financial statements. The amendments are effective from 1 January 2013.

g) IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

On 19 November 2011, the IASB issued interpretation IFRIC 20, which considers when and how the settlement of production should lead to the recognition of an asset, as well as how to measure such an asset both initially and subsequently. The interpretation applies to annual periods beginning on or after 1 January 2013. Earlier application is permitted.

h) IAS 19 Employee Benefits

The IASB introduced a number of amendments to IAS 19, the largest of which concerns defined benefit plans. The "corridor" approach, which allowed to defer the recognition of profit and losses, was eliminated and the requirement to recognise re-measurements in other comprehensive income was introduced. These amendments will apply to financial statements for periods beginning on or after 1 January 2013.

i) Amendments to IAS 1 Government Loans

Amendments to IAS 1 Government Loans were issued by the IASB in March 2012 and apply to annual periods beginning on or after 1 January 2013. In order to maintain compliance with IAS 20, the amendments enable first-time adopters to apply the amendments retrospectively to new government loans with a below-market rate of interest entered into on or after the date of transition to IFRSs such as are measured at less than fair value on initial recognition.

j) Amendments to IFRSs (2009-2011)

On 17 May 2012, the IASB issued Amendments to IFRSs (2009-2011), a collection of amendments to IFRSs, in response to six issues addressed during the 2009–2011 cycle. Five standards were amended: IFRS 1 First-time Adoption of International Financial Reporting Standards - subject of amendment: Repeated application of IFRS 1 and Borrowing costs relating to qualifying assets for which the commencement date for capitalisation was before the date of transition to IFRSs.; IAS 1 Presentation of Financial Statements - Clarification of the requirements for comparative information; IAS 16 Property, Plant and Equipment - Classification of servicing equipment; IAS 32 Financial Instruments: Presentation - Tax effect of distribution to holders of equity instruments should be accounted for in line with the requirements in IAS 12; IAS 34 Interim Financial Reporting - Interim financial reporting and segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements of IFRS 8 Operating Segments. The amendments apply to annual periods beginning on or after 1 January 2013. Earlier application is permitted.

k) Transition guidance - amendments to IFRS 10, IFRS 11 and IFRS 12

On 28 June 2012, the IASB issued amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities - transition guidance. The amendments should alleviate concerns that the transition requirements of IFRS 10 are more onerous than expected. When applying the disclosure requirements of IAS 8 point 28 (f), an entity need only present the quantitative information for the immediately preceding period.

The amendments aim to provide further relief from full retrospective application when transitioning to IFRS 10, IFRS 11 and IFRS 12 by limiting the requirement to supply corrected comparative information only for the immediately preceding period. Furthermore, amendments to IFRS 11 and IFRS 12 were introduced, aiming to eliminate the requirement to supply comparative information for periods before the immediately preceding period.

The effective date for these amendments concerns annual periods beginning on or after 1 January 2013 and is in compliance with the dates for IFRS 10, IFRS 11 and IFRS 12.

The Group estimates that the adoption of the above amended standards and new interpretations does not have a significant impact on the financial statements for Q1 2013.

Standards issued, but not yet effective:

a) IAS 32 Financial Instruments: Presentation

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

Earlier application of standards and applications:

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

Standards and interpretations not yet endorsed by the European Union:

a) IFRS 9 Financial Instruments (Amendments to IFRS 9 (2009), IFRS 9 (2010) and IFRS 7)

On 16 December 2011, the IASB deferred the effective date for IFRS 9 to 1 January 2015. The amendment eliminates the requirement to restate comparative data which are subject to disclosure (under IFRS 7) so as to enable users of financial statements to understand their effects after application of IFRS 9. This standard has not yet been endorsed by the European Union.

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

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

6.2.8 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, unused vacation time), customer loyalty programme provisions, impairment of inventory and deferred income tax assets and provisions.

6.2.9 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 corrected in the statements being prepared.
Errors identified in subsequent reporting periods are corrected 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.

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

a) Merger of Infinite Sp. z o.o. subsidiaries Emperia Info Sp. z o.o. and Tradis S.A.

On 2 January 2013, the District Court in Lublin-Wschód, based in Świdnik, 6th Commercial Division of the National Court Register, registered the merger of subsidiaries: Infinite Sp. z o.o., Emperia Info Sp. z o.o. and Tradis S.A. The merger was executed through the acquisition by Infinite Sp. z o.o. (the acquiring company) of Emperia Info Sp. z o.o. and Tradis S.A. (the acquired companies). The merger was completed in accordance with the Merger Plan published on the companies' websites, i.e. without increasing the acquiring company's share capital or amending its articles of association.

b) Share capital increase at EMP Investment Limited

On 19 March 2013, acting pursuant to art. 46 of the Company's articles of association, members of EMP Investment Limited adopted a resolution on the increase of the Company's share capital from PLN 41 833 to PLN 50 998 through the issue of 9 115 new shares with a nominal value of PLN 1 each, which were acquired by:
- Stokrotka Sp. z o.o. - 7 925 shares in exchange for a monetary contribution of PLN 47 550, of which PLN 7 925 will be used to pay for the newly-issued shares and PLN 39 625 will be allocated to a share premium provision.
- Społem Tychy S.A. - 1 190 shares with a nominal value of PLN 1 in exchange for a monetary contribution of PLN 7 140, of which PLN 1 190 will be used to pay for the newly-issued shares and PLN 5 950 will be allocated to a share premium provision.

<u>Mergers, acquisitions and disposals of subsidiaries and other entities; capital increases – after the end of the reporting period</u>

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

On 9 April 2013, the Extraordinary General Meeting of Ekon Sp. z o.o. adopted a resolution on increase of the company's share capital from PLN 150 000 to PLN 200 000, i.e. by PLN 50 000, through the issue of 500 new shares with a nominal value of PLN 100 each. All of the newly-issued shares were purchased by Emperia Holding S.A. for a cash contribution of PLN 50 000.

6.2.11 Property, plant and equipment

The Group recognises individual usable items which fulfil the criteria in IAS 16 as property, plant and equipment if their acquisition price (cost of manufacture) is at least PLN 1 000 (low-value assets in aggregate are not a significant item), with exceptions, particularly as follows:
- computer equipment,
- pallet trucks,
- store carts,
- high bay pallet racks,
- lockers,

which, given the specific nature of the Company's operations and their high volume, constitute a significant asset group, the Group recognises as property, plant and equipment regardless of the purchase price (cost of manufacture).
Again due to the nature of the Company's operations, the following are not classified as property, plant and equipment, even though they meet the value criteria:
- office furniture,
- PVC curtains,

the value criterion for these items has been set at PLN 3 500 (low-value assets in aggregate are not a significant item from the Company's viewpoint).
Property, plant and equipment are recognised at purchase price or cost of manufacture less depreciation and impairment.
The Group also classifies property, plant and equipment in progress, investments in third-party property, plant and equipment and land usufruct rights as property, plant and equipment.

The initial value of property, plant and equipment includes the purchase price less any costs directly related to the purchase and adaptation of a given asset for commercial use. A portion of external financing costs is included in the initial value.

The cost of upgrades is included in the carrying amount of property, plant and equipment if it is probable that the economic benefits will flow to the Group, and the upgrade costs may be reliably measured. All other expenses relating to repairs and maintenance of property, plant and equipment are recognised through profit or loss for the reporting periods in which they were incurred.

Land is not subject to depreciation. Other property, plant and equipment items are depreciated throughout their useful economic life. Straight-line depreciation is used, starting from the month following the month in which the asset was entered into use. The Group has adopted the following periods of useful economic life for the particular groups of property, plant and equipment:

Rights to perpetual usufruct of land:	in accordance with the term of the right or the estimated period of use
Buildings and structures:	10 to 40 years
Technical equipment and machinery:	5 to 10 years
Computer equipment:	1.5 to 5 years
Means of transport:	5 to 7 years
Other:	5 to 10 years

The Group verifies periodically, but at least at the end of each financial year, the adopted periods of useful economic life for property, plant and equipment, the residual values and depreciation approach, and the resulting changes in these estimates are applied in subsequent financial years (prospectively).

Due to the specific nature of its operations, the Group frequently incurs expenditures on investments in third-party facilities. This concerns leased warehousing and retail facilities. For these assets, the Group specifies periods of useful economic life of expenditures which are not always corresponding with the leasing agreement in place at the time. In the case of investments in third-party facilities, if the lease term is shorter than the planned period for balance sheet depreciation, and the lease is not expected to be extended, depreciation is based on the period of useful economic life. However, in the event that a lease contract is extended the non-depreciated net value is allocated to the remaining useful economic life.
At the end of each reporting period, the Group also tests property, plant and equipment for impairment and the necessity to recognise impairment losses. This happens when the Group gains sufficient certainty that a given asset will not yield the expected economic benefits in the future or that those will be significantly lower.
Impairment losses are recognised in the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the two amounts: fair value less selling costs or the usable value.
Impairment losses are recognised as costs appropriate to the functions performed by the given asset in the period in which impairment was identified, however no later than at the end of the financial year.
If the Group gains sufficient certainty that the reason for recognising an impairment loss has ceased to exist, the previously recognised impairment loss is reversed, either in full or partially, through a correction in operating expenses (depreciation costs).

Upon the sale of a property, plant and equipment, its initial value and accumulated depreciation are taken off the books, and the result of the disposal is recognised through profit or loss under other operating revenue or other operating expenses. The result on the sale of property, plant and equipment is recognised, after offsetting, through profit or loss.
Regardless of whether a given asset constitutes a single item of property, plant and equipment, its elements may have different periods of useful economic life. If certain criteria are met as regards the recognition of property, plant and equipment, all of the costs of such an item may be divided into its elements, recognising each one separately (components). Such a recognition necessitates, however, the application of depreciation rates appropriate to the useful period of a given component, taking into consideration its period of useful economic life.
Due to the solution above, the replacement costs of a component will increase its value. In other cases, expenses connected with the use of tangible assets, together with the replacement of components, are recognised in the statement of profit and loss upon incurrence.

6.2.12 External financing costs

External financing costs are capitalised as part of the cost of manufacture of property, plant and equipment, investment properties and intangible assets. External financing costs comprise interest calculated using effective interest rates, finance lease liabilities and exchange differences arising in connection with external financing up to an amount corresponding to the correction of interest costs.
Proceeds from investments resulting from short-term investing of external borrowed funds intended for the purchase or manufacture of an asset being adapted decrease the value of external financing costs which are subject to capitalisation.

An asset being adapted is an asset which requires a substantial amount of time in order to bring it to working condition for its intended use. The substantial amount of time in order to bring the asset to working condition for its intended use is understood by the Group to be 12 months.

Commissions on long-term financing raised by the Company are settled over time at adjusted purchase price (amortised cost) using effective interest rates and with application of the materiality principle.

6.2.13 Non-current assets held for sale

The Group classifies non-current assets as held for sale (or disposal groups) if their carrying amount will be recovered through sale rather than through further use. This condition is met when there is a high likelihood that a sale transaction will take place and the asset (group of assets) in its current form is available for immediate use. The classification of non-current assets as held for sale assumes the management's intent to complete the sale transaction within one year from the reclassification date.

Non-current assets held for sale (or disposal groups) are measured at the lower of carrying amount and fair value less costs to sell. If the fair value is lower than the carrying amount, the difference is recognised as an impairment loss in the profit and loss statement. The reversal of an impairment loss is also done through the profit and loss statement, up to the amount of the impairment loss.

6.2.14 Intangible assets

Intangible assets are recognised at purchase price adjusted by amortisation and impairment losses.
The Group has adopted the following periods of useful economic life for the particular groups of intangible assets:

Trademarks and licences	5 years
Computer software and author's rights	2 to 5 years
Property rights	5 years

Amortisation of intangible assets through profit or loss is recognised in the costs appropriate to the function performed by such assets (administrative expenses, distribution costs, other operating expenses).

Intangible assets not yet handed over for use (in progress) may be recognised at the end of the reporting period. Intangible assets which have not yet been handed over for use are not subject to amortisation, but are tested for impairment.
Intangible assets with undefined useful periods (concerns especially trademarks) and goodwill may be recorded as intangible assets. Goodwill and intangible assets with undefined useful periods are not subject to amortisation. However, they are tested for impairment annually.

Intangible assets acquired through a merger are recognised separately from goodwill, provided that they meet the definition of intangible assets and their value can be reliably established. After initial recognition at fair value, in subsequent reporting periods these intangible assets are treated in the same manner as intangible assets acquired in other transactions.

Purchased computer software is capitalised up to the amount of costs incurred to purchase, prepare and implement it. Costs connected with the development and maintenance of computer software are recognised as costs on the date when they were incurred.

The Group verifies periodically, but at least at the end of each financial year, the adopted periods of useful economic life for intangible assets, the residual values and amortisation approach, and the resulting changes in these estimates are applied in subsequent financial years (prospectively).

At the end of each reporting period, the Group also tests intangible assets for impairment and the necessity to recognise impairment losses. This happens when the Group gains sufficient certainty that a given asset will not yield the expected economic benefits in the future or that those will be significantly lower. Impairment losses are recognised in the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and the usable value.

Impairment losses are recognised as costs appropriate to the functions performed by the given intangible asset in the period in which impairment was identified, however no later than at the end of the financial year. If the Group gains sufficient certainty that the reason for recognising the impairment loss has ceased to exist, the previously recognised impairment loss is reversed, either in full or partially, through recognition of revenue.

6.2.15 Investments and other financial assets

Property investments

Investment properties are those properties which the Company considers as lease income sources or maintains them due to their growing value, or both of these benefits at the same time. On initial recognition, investment properties are measured at purchase price or cost of manufacture.

The measurement takes into consideration transaction costs. The purchase price for investments in properties acquired as a result of a merger is equal to their fair value at transaction date. As at the end of the reporting period, investment properties are measured at purchase price or cost of manufacture less accumulated amortisation and impairment losses.

Amortisation charges on investment properties (excluding land) are recognised using the straight-line approach throughout the useful period of a given tangible asset.

Investment properties are taken off the balance sheet upon disposal or - in the event of a full withdrawal from use - if no economic benefits are expected to be received as a result of the sale.

Investments and other financial assets covered by IAS 39

Investments and other financial assets covered by IAS 39 are assigned to the following categories:

a) Financial assets carried at fair value through profit or loss
b) Loans and receivables
c) Investments held to maturity
d) Available-for-sale financial assets

On initial recognition, a financial asset is measured at fair value, increased, in the case of a component of assets not classified as measured at fair value through profit or loss, by transaction costs, which can be directly attributed.

The classification of financial assets occurs upon initial recognition and - where permissible and appropriate - is subsequently verified at the end of each financial year.

a) Financial assets carried at fair value through profit or loss

Financial assets carried at fair value through profit or loss cover assets held for trading and financial assets which upon initial recognition were reclassified to the category of assets carried at fair value through profit or loss.

Financial assets are classified as held for trading if they may be purchased for further sale in the short-term. Derivatives are also classified as held for trading unless they are effective hedging instruments or financial guarantee contracts. Profit or loss on investments held for trading is recognised in the statement of profit and loss.
On initial recognition, financial assets may be classified in the category 'at fair value through profit or loss' if the following criteria are met:

- such qualification eliminates or significantly lowers inconsistencies in recognition when both the measurement and means of recognition of profit and loss are subject to different regulations; or
- the assets are part of a group of financial assets which are managed and evaluated on the basis of fair value in accordance with a documented risk management strategy; or
- financial assets have embedded derivatives which should be recognised separately.

b) Loans and receivables

Loans and receivables are financial assets, other than derivatives, that have defined maturities and are not traded on an active market. After initial measurement, loans and receivables are measured at amortised cost using the effective interest rate approach.
Loans and receivables are classified as current assets if they mature in less than 12 months from the end of the reporting period, and as non-current assets if they mature in more than 12 months away from the end of the reporting period.

c) Investments held to maturity

Financial assets, other than derivatives, whose payments are or can be defined and which have defined maturities, and towards which the Company has a clear intent and is able to hold them to maturity are classified as investments held to maturity.
Investments which the Company intends to hold for an indefinite period of time are classified in this category. Other non-current investments, such as bonds, which the Company intends to hold to maturity are measured at amortised cost.

Amortised cost is the amount at which a financial asset or financial liability is measured at initial recognition, less principal repayments and plus or minus any unamortised original premium or discount, as calculated using the effective interest rate method. Amortised cost covers all commissions and interest paid and received by the parties to a contract such as are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. The profit or loss on investments carried at amortised cost is recognised in the statement of profit and loss when the investment is removed from the balance sheet (derecognition) or upon identifying impairment or if depreciation is completed.

The same principles apply to non-current investments in property as to non-current assets. As regards non-current investments in property, plant and equipment, the effects of activities connected with determining financial results, such as: sale, liquidation, maintenance costs, should be recognised as operating revenue or operating expenses.

d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets, other than derivatives, such as are designated as available for sale, and those other than:

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

Available-for-sale financial assets are measured at fair value using various measurement approaches. These approaches involve the most recent transactions on market terms, received purchase proposals, current market prices of other similar instruments and DCF analysis. If it is not possible to determine the fair value, but the maturity of such assets is known, they are measured at amortised cost; if these assets do not have specified maturities, then they are measured at purchase price.
The profit or loss on available-for-sale investments is recognised in the statement of profit and loss.

Impairment of financial assets

Each financial asset or group of financial assets is evaluated as to whether there is objective proof of impairment at the end of each reporting period.

If such proof is available in the case of available-for-sale financial assets, the accumulated losses recognised in equity, i.e. the difference between the purchase price and the current fair value, less any impairment previously recognised in the statement of profit and loss, are excluded from equity and recognised in the statement of profit and loss. Impairment losses are recognised in the statement of profit and loss, and those concerning equity instruments are not subject to a reversal corresponding with the statement of profit and loss. The reversal of an impairment loss on debt instruments is recognised in the statement of profit and loss if - during reporting periods subsequent to the recognition of an impairment loss - the fair value of these instruments increases as a result of events occurring thereafter.

If objective proof exists as to the possibility for impairment of loans and receivables and investments held to maturity, the amount of the impairment loss is calculated as the difference between the carrying amount and the present value estimated using future cash flows discounted using the effective interest rate for these assets (i.e. the effective interest rate calculated upon initial recognition - for assets based on a fixed interest rate, and the effective interest rate determined at the last revaluation of assets, if those are based on a variable interest rate). Impairment losses are recognised in the statement of profit and loss. An impairment loss is reversed if it decreased in subsequent periods and such a decrease may be due to events taking place after the impairment loss is recognised. Following the reversal of an impairment loss, the carrying amount of a financial asset may not exceed its amortised cost such as would be calculated if the impairment loss was not originally recognised. The reversal of an impairment loss is recognised in the statement of profit and loss.

If there are indications of an impairment loss on equity instruments not quoted on an active market such as are measured at purchase price (due to there being no reliable way of determining fair value), the amount of an impairment loss is calculated as the difference between the asset's carrying amount and the present value estimated using future cash flows discounted using the current market rate of return of similar financial assets. Such impairment losses are irreversible.

Derivative instruments

Derivatives are measured at fair value as at the end of the reporting period. Derivatives with fair value above zero constitute financial assets and are recognised as such, and derivatives with negative fair value constitute financial liabilities and are recognised as financial liabilities.

Estimated fair value corresponds with the recoverable amount or amount which must be paid in order to close an outstanding position as at the end of the reporting period. Measurement is based on market prices.
Recognition of the effects of changes in fair value or profit and losses on realising derivatives depends on their purpose. Derivatives are classified as either hedging instruments or trading instruments. There are two types of hedging instruments: fair value hedges and cash flow hedges.

Recognition of trading derivatives

Profit and losses resulting from changes in the fair value of a trading derivative upon measurement at the end of the reporting period or upon settlement are recognised in the statement of profit and loss as finance income/costs in the period in which they arise.

6.2.16 Investments in subsidiaries and associates

Subsidiaries

Subsidiaries are entities directly or indirectly controlled by the Company. Control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed when the parent acquires more than half of the shares or voting rights of the entity.

Associates

An associate is an entity over which the Company has significant influence, but not control. In this case the Company holds a significant, but not a majority, interest in the entity (20%-50%).

In financial statements, investments in subsidiaries and associates other than those classified as held for sale are recognised at purchase price less impairment.

The carrying amounts of such investments are subject to impairment testing. Any identified impairment is recognised in the statement of profit and loss as finance costs. The reversal of an impairment loss is recognised in the statement of profit and loss as finance income and occurs upon changes in the estimates used to determine the Company's rate of return on investment.

Dividends received from such investments are recognised in the statement of profit and loss as finance income upon establishing the right to dividend.

Mergers of jointly controlled entities are recognised at book value.

6.2.17 Leasing

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incident to ownership. The object of a lease is recognised as an asset from the inception of the lease at the lower of fair value of the leased object and present value of minimum lease payments.

Finance lease payments should be apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. The interest component of a finance lease payment is recognised in the statement of profit and loss as finance cost throughout the lease term. Assets acquired under finance leasing such as are subject to depreciation are depreciated throughout their useful periods, with consideration given to their residual value or lease term, depending on which is shorter.

A lease is classified as an operating lease if substantially all the risks and rewards incident to ownership remain with the lessor (the financing entity). If the title to land is not expected to be transferred to the lessee before the end of the lease term, the lease is classified as an operating lease.

Lease payments under operating leasing (after accounting for any special promotional offers from the lessor - financing party) are accounted for using the straight-line approach throughout the lease term.

6.2.18 Inventory

The company classifies the following as inventory:

- materials
- goods for resale

Inventory items are measured at purchase prices. Because they are insignificant, the Group does not include transport costs in purchase prices. The FIFO principle is used in respect to inventory items.
At the end of the reporting period, inventory is recognised at purchase price which may not, however, be higher than its net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

The Group creates inventory write downs based on the inventory turnover ratio and an assessment of the possibility to sell such inventory before its expiry or during its economic life. The creation of a new write down and reversal of a previously created write down are recognised as operating expenses (cost of sales) in the statement of profit and loss.

The rounding of prices connected with the purchase of materials is recognised directly in the statement of profit and loss as cost of sales.
Stock losses and a negative balance of inventory deficits regarded as unintentional are recognised directly as operating expenses.

6.2.19 Trade and other receivables

Receivables are carried at amortised cost less impairment. Non-recoverable receivables are recognised as other expenses at the date on which they are classified as non-recoverable.
Impairment of receivables is recognised when there is objective proof that the Group will not be able to receive all due amounts as per the original terms of the receivable.

The Group creates impairment losses on receivables for specific counterparties. The Group may create joint impairment losses for numerous low-value receivables. Detailed principles for the impairment of receivables are specified in the Receivables impairment manual.

An impairment loss is recognised in the books under other expenses. The reversal of a previously created impairment loss is recognised as other revenue and releases the impaired amount. Impairment losses in the statement of profit and loss are balanced out and recognised as either other expense or other revenue.

Receivables with a payment term of up to 12 months and receivables concerning collateral are recognised in the amount due, and the discount is omitted due to its insignificance.

In consideration of the prudence principle, interest on late payment of receivables is recognised when the Company receives the funds.

All advance payments such as those concerning future goods and services, production in process, payment for shares, purchase of intangible assets and others are recognised as other receivables.

6.2.20 Prepayments and deferred revenue

The Group recognises prepayments if the expenses concern subsequent periods after the period in which they are incurred.
The most significant prepayment items are as follows: prepaid rent, compensation fees (amounts paid to take over a store site from the previous lessee), insurance and subscriptions.
The Group classified prepayments as either short-term or long-term (those which will be realised in a period longer than 12 months from the end of the reporting period). In the statement of financial position, prepayments are presented as a separate asset item.
Deferred revenue constitutes funds received for future considerations. In the statement of financial position, deferred revenue is recognised in a separate liability item.

6.2.21 Cash and cash equivalents

Cash and cash equivalents comprise: cash on hand, cash in bank accounts and all deposits and short-term securities with maturities of up to three months. At the end of the reporting period, cash and cash equivalents are recognised at nominal value, whereas bank deposits - at amortised cost.

6.2.22 Equity

The company's equity comprises:
- share capital
- supplementary capital
- reserve capital
- own shares
- retained earnings

Share capital is recognised in the amount specified in the articles of association and in the National Court Register.

Emperia Holding S.A.'s supplementary capital is divided into the following categories:
- share premium provision - the premiums received from share issues, less issue costs,
- supplementary capital - created from profit generated in successive years in an amount equal to at least 8% of the given financial year's profit until the supplementary capital reaches one third of share capital,
- management options provision - established in connection with management options programmes,

Emperia Holding S.A.'s reserve capital is divided into the following categories:
- reserve capital - intended to cover extraordinary losses or expenditures, created from profit generated in successive years,
- revaluation reserve - comprises the net difference of measured net restated assets,
- buy-back provision - created pursuant to an authorisation granted through a resolution of the General Meeting and in accordance with the Company's buy-back programme.

Own shares purchased by the Company are recognised at purchase price, increased by costs directly connected with their purchase. The purchase and redemption of own shares are presented as a change in equity. In the statement of financial position, own shares are presented as a separate item reducing equity (with a negative sign).

Retained earnings cover the following categories:
- unallocated profit or outstanding losses brought forward (accumulated profit / losses from prior years),
- current-period result.

6.2.23 Net earnings per share

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

6.2.24 Credit facilities

Credit facilities are recognised at fair value less acquisition costs. In subsequent periods, credit facilities are measured at amortised cost using the effective interest rate method.
Long-term credit facilities are those facilities with maturities longer than 12 months from the end of the reporting period.

6.2.25 Provisions

The Group creates provisions if there is an expected present, legal or customary obligation of a likely payment to arise, resulting from past events. There must be a higher likelihood that an outflow will be required in order to meet the obligation than that it will not be required, and its amount should be reliably estimated.
Receivables provisions are recognised as operating expenses or other operating expenses.
If there is a likelihood that a part or all of the economic benefits required to settle the provision may be recovered

from a third party, the receivable is recognised as an asset, provided that the likelihood is sufficiently high and that it can be reliably estimated.
In the event that the time value of money is substantial, the size of the provision is determined through discounting future cash flows to present value using a gross interest rate reflecting the current market valuations of the time value of money and any risk associated with the given obligation. If discounting is applied, increasing the provision with passage of time is recognised as finance costs.
The amount of provisions created is verified and updated at the end of each reporting period in order to adjust estimates to the company's present level of knowledge.
Provisions in the consolidated financial statements are presented as either current or non-current.

6.2.26 Liabilities

Liabilities are present obligations as a result of past events, the settlement of which is expected to result in an outflow of resources (payment).

Non-current liabilities are liabilities that fall due for payment after more than 12 months from the end of the reporting period.

Non-current liabilities particularly include: credit liabilities, loan liabilities and finance lease liabilities.

At the end of the reporting period, non-current liabilities are measured at amortised cost using the effective interest rate method.
Current liabilities are liabilities that fall due for payment within 12 months from the end of the reporting period. Current liabilities include in particular: trade payables, credit liabilities, loan liabilities, wages and salaries, taxes, excise duties, insurance and other benefits.
In the case of liabilities that fall due for payment within 12 months, discount is excluded due to its insignificance.
Trade payables are recognised at nominal value. Interest is recognised upon receipt of bills from suppliers.
Non-financial liabilities are measured at the amount due.

6.2.27 Employee benefits

6.2.27.1 Employee benefits

The Group's employees acquire rights to benefits which will be paid out once they obtain certain entitlements. In accordance with the Group's remuneration systems, all employees have the right to retirement and pension benefits, while managers and management board members are entitled to bonuses for achieving corporate and individual objectives during the reporting period, which are paid out at the end of said period.

The Group establishes employee benefit provisions. This concerns retirement benefits, compensated absences and bonuses. Employee benefit provisions are estimated at the end of each reporting period and are measured by an independent actuary.

Employee benefits are recorded as operating expenses (distribution costs, administrative expenses), with the exception of interest costs, which are recorded as finance costs. Employee benefit provisions are presented as either current or non-current provisions in the consolidated financial statements.

6.2.27.2 Share-based payments

The Group has the following incentive schemes:
- Management Options Programme I 2008-2009,
- Management Options Programme II 2010-2012 (programme was not used in 2012)

under which management board members and key managers are entitled to acquire options (bonds) to purchase shares in the company. These benefits are settled in accordance with IFRS 2. The costs of transactions settled with employees using equity instruments are measured at fair value on the date on which such rights are vested. The programme's fair value is recorded as a cost in the statement of profit and loss and as equity (management options provision) throughout the vesting period.

The fair value of the options (bonds) to purchase shares in the Company is estimated by an independent expert using modern financial engineering and numerical methods. The measurement includes: the model input price (share price on the date on which a given instrument is granted), the instrument's exercise price, expected volatility, risk-free interest rate and the expected dividends.

6.2.28 Income tax

Income tax includes: current tax (payable) and deferred tax.

a) *Current tax*

Current tax liabilities are calculated on the basis of the tax result (tax base) of a given financial year.
Tax profit (loss) differs from balance sheet profit (loss) in connection with the exclusion of taxable income and expenses which are deductible in subsequent years as well as cost and revenue items which will never be taxed. The burden of the current portion of income tax is calculated using tax rates effective for a given financial year.

b) *Deferred tax*

Deferred income tax liabilities constitute tax which is payable in the future and is recorded in the balance sheet in its full amount, as regards the temporary differences between the tax value of assets and liabilities, and in the financial statements, as regards their carrying amounts.

Deferred income tax assets constitute tax which is to be returned in the future and is calculated using the balance sheet method, as regards the temporary differences between the tax value of assets and liabilities, and in the financial statements, as regards their carrying amounts. Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be realised.
Basic temporary differences concern the differences between the carrying amount and tax base of assets and liabilities settled in time.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates/laws that have been enacted or substantively enacted by the end of the reporting period.
Deferred tax is recognised in the statement of profit and loss, and - if related to share-based payments - in equity.

Fundamental temporary differences concern the differences between the carrying amount and tax base of assets and liabilities settled over time.
Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences can be realised. Deferred income tax assets and liabilities are recognised in the balance sheet as non-current assets and liabilities.

6.2.29 Revenue

Revenue is recognised at the fair value of the consideration received or receivable, less tax on goods and services and

any discounts.
Revenue is the gross inflow of economic benefits arising during the Company's ordinary course of business.
Revenue from activities other than the Company's ordinary course of business is recorded in other operating revenue.
Revenue connected with financing the Company's operations is recognised as finance income, together with proceeds from disposal of financial assets, dividends and interest income derived from financial instruments.

Revenue from sale of goods for resale

Revenue from retail sales is recognised when the product is sold to the customer. Retail sales are usually in cash or by payment cards. Card fees are recognised as distribution costs.

Retrospective discounts received from suppliers are recognised on an accrual basis, reducing the cost of products sold in the statement of profit and loss. Discounts received from suppliers concerning unsold inventory such as are calculated on the basis of turnover with the particular supplier are settled as inventory (statistical method).

Revenue from sale of services

Revenue from the sale of services is recognised when service is provided and approved by the buyer. If contractually permitted, recognition of revenue on partial delivery of service is possible, as specified in a separate agreement.

Interest income
Interest income is recorded on an accrual basis if there is sufficient certainty that the receivable will be recovered. In retail, due to its specific nature, interest serves a different function, so for the most part it is recognised as revenue on an accrual basis.

Dividends

Dividend income is recognised when the Company gains the right to receive the dividend. Dividend payments to shareholders are recognised as a liability in the period in which they are approved by the general meeting under other liabilities.

6.2.30 Costs

Costs constitute a probable decrease in economic benefits during the reporting period as either a decrease in assets or increase in liabilities and provisions, which reduce equity in a manner other than withdrawal by shareholders.
The Group recognises costs in the statement of profit and loss during the reporting period such as correspond to the revenue generated in that period (matching principle).

Cost of goods for resale and materials - cover the costs directly incurred to obtain goods and materials sold and correspond with the revenue generated from the sale of these items.

Cost of services – covers expenses directly connected with provision of services.

Distribution costs – cover expenses connection with selling and distributing goods and services.

Administrative expenses – cover costs incurred in connection with general company operations other than those classified as other operating expenses or finance costs.

Other operating expenses – cover costs indirectly related to Group operations.

Finance costs – cover costs connected with financing Group operations as well as costs related to impairment of financial assets

6.2.31 Foreign-currency transactions and exchange differences

Transactions expresses in foreign currencies are recognised in the Group's functional currency (PLN), using the exchange rate in effect on the transaction date.

At the end of each reporting period:

- cash items expressed in foreign currency are translated using the closing rate;
- foreign-currency non-monetary items carried at historic cost are translated using the exchange rate in effect on the transaction date, and
- foreign-currency non-monetary items carried at fair value are translated using the exchange rate in effect on the date on which fair value was measured.

Gains and losses from settlement of foreign-currency transactions and measurement of monetary balance sheet assets and liabilities expressed in foreign currencies are recognised in the statement of profit and loss as finance income or finance costs, respectively. Exchange differences are presented after offsetting.

(amounts in PLN 000's, unless otherwise stated)

7. Notes to the financial statements

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

In Q1 2013, the Group generated PLN 13 707 000 in net profit, which is 47.59% less than the PLN 26 151 000 in Q1 2012.
However, it is important to note that the following one-off events took place in the first quarter of the previous year:

- The Group posted a PLN 11 597 000 profit on financing activities (only PLN 1 700 000 in the current period) in connection with the sale of the distribution business.
- There was a substantial difference in deferred tax between the two quarters - PLN 3 818 000, due to the recognition in Q1 2012 of a deferred income tax asset in connection with an in-kind contribution of property to subsidiary P5 Ekon Sp. z o.o. S.K.A.

In addition, property sale transactions had a substantial impact on results in both quarters:

- The result on property sales in Q1 2013 was PLN 3 069 000.
- The result on property sales in Q1 2012 was PLN 3 082 000.

Retail segment

	Q1 2013	Q1 2012	%
Segment revenues	481 448	478 348	0.65%
EBITDA	9 492	7 874	20.55%
Operating result	2 287	210	989.05%
Gross profit	1 184	(1 375)	-
Net segment profit	**674**	**(1 226)**	-

The retail segment comprised 240 stores at the end of Q1 2013, vs. 238 in Q1 2012. In Q1 2013, three new stores were opened and three existing closed, whereas in Q1 2012 two opened and three closed. The retail segment did not record an increase in sales in Q1 2013 (0.65%), which was down to weak conditions in the retail market. First-quarter margins, however, are significantly better than in the comparative period.
In Q1 2013, Stokrotka Sp. z o.o. set up its own logistics system comprising one distribution centre and a network of regional warehouses. The system is set to launch in July 2013.

In Q1 2013, cash conversion cycle in the retail segment improved in comparison with Q1 2012.

	Q1 2013	Q1 2012
Inventory turnover days *(inventory / value of goods for resale and materials sold*90)*	26.5	26.6
Receivables turnover days *(trade receivables / revenue from sales*90)*	7.1	6.8
Payables turnover days *(trade payables / value of goods for resale and materials sold*90)*	48.4	41.2
Cash conversion cycle *(difference between inventory turnover cycle and receivables collection cycle vs. payables turnover cycle)*	**-14.8**	**-7.9**

The retail segment's improvement in cash conversion cycle in Q1 2013 was largely due to a significant extension of the payables turnover cycle.

(amounts in PLN 000's, unless otherwise stated)

Stokrotka supermarkets

	Q1 2013	Q1 2012
Number of stores at the beginning of period	201	197
- stores opened	2	1
- stores shut-down	1	2
Number of stores at the end of period	202	196
Average total store surface - stores opened (in sqm)	961	1 062
Capex on stores opened	1 833	1 682
Average monthly sales per store sqm*	1.37	1.36

* Data provided to Nielsen - fixed sample of existing supermarkets as at 3 January 2011

Property segment

	Q1 2013	Q1 2012	%
Segment revenues	16 557	15 271	8.42%
EBITDA	12 413	2 677	363.69%
Operating result	9 680	38	25373.68%
Gross profit	8 070	(2 753)	-
Net segment profit	**8 070**	**(2 844)**	**-**

The property segment posted good results in Q1 2013. The previous year's data for the segment is not fully comparable due to the fact that some properties were held by retail companies, and a number of equity transactions were being executed (in-kind contributions, company transformations). Other factors distorting the results in the comparative periods were as follows:

- Profit realised on property sales in the amount of PLN 3 069 000, compared with a PLN 4 849 000 loss on property sales (after corrections, a profit was recorded in the consolidated financial statements).
- Increase in revenue from sales by PLN 1 241 000
- Reduction of operating costs by PLN 644 000, resulting from new strategy
- Decrease in finance costs by PLN 922 000

	Q1 2013	Q1 2012
Number of properties at the end of period	96	95
including: properties in progress	13	12
operating properties	83	83
including: retail properties	77	77
other properties	6	6
average monthly net operating income from leasable facilities*	**3 358**	**3 046**
including: retail properties	**3 211**	**2 859**
leasable area of retail facilities (sqm)	90 784	85 853
including: related lessees	57 522	54 227
other lessees	33 262	31 626
average lease rate (PLN per sqm)	41.20	39.80
including: related lessees	41.70	39.60
other lessees	40.30	40.20

* * 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

(amounts in PLN 000's, unless otherwise stated)

IT segment

	Q1 2013	Q1 2012	%
Segment revenues	7 556	6 607	14.36%
EBITDA	2 550	1 868	36.51%
Operating result	2 143	1 452	47.59%
Gross profit	2 284	1 529	49.38%
Net segment profit	**1 840**	**1 244**	**47.91%**

A good first-quarter result for the segment stemmed from revenue growth as follows: to external customers PLN 734 000 and to Group companies PLN 215 000.

Central management segment

	Q1 2013	Q1 2012	%
Segment revenues	2 180	6 623	(67.08%)
EBITDA	(561)	722	-
Operating result	(994)	178	-
Gross profit	3 278	16 073	(79.61%)
Net segment profit	**2 777**	**15 689**	**(82.30%)**

2013 saw a substantial decrease in revenue which was connected with the reduction of central management functions at Emperia Holding S.A. and their transfer to operating companies. The largest revenue item in both quarters was interest income on cash held: PLN 4 273 000 in Q1 2013 and PLN 15 904 000 in Q1 2012.

Changes in key items from the statement of profit and loss

Item	Q1 2013	Q1 2012	%
Revenue	493 047	491 419	0.33%
EBITDA	23 680	22 754	4.07%
Operating profit (loss)	13 546	11 642	16.35%
Profit / loss before tax	15 246	23 239	-34.39%
Profit for the period	13 707	26 151	-47.59%

Changes in key balance sheet items

Item	Q1 2013	Q1 2012	%
Total assets	997 475	1 754 356	-43.14%
Non-current assets	584 612	574 667	1.73%
Current assets	412 863	1 179 689	-65.00%
Cash and cash equivalents	247 281	986 344	-74.93%
Liabilities and liability provisions	295 896	242 289	22.13%
Total current liabilities	255 117	234 128	8.96%

(amounts in PLN 000's, unless otherwise stated)

Net assets	701 579	1 512 067	-53.60%
Share capital (in PLN)	15 115 161	15 115 161	-
Current-period earnings per share, annualised (in PLN)	0.55	47.30	-98.8%

Operational performance and ability to meet liabilities

Item	Q1 2013	Q1 2012
Return on invested capital *(profit for the period / equity at the end of the period) in %*	1.95%	1.73%
Return on assets *(profit for the period / assets at the end of the period) in %*	1.37%	1.49%
Sales margin *(profit from sales for the period / revenue from sales for the period) in %*	24.70%	22.38%
EBITDA margin *(EBITDA / revenue from sales for the period) in %*	4.80%	4.63%
EBIT operating margin *(operating profit for the period / revenue from sales for the period) in %*	2.75%	2.37%
Gross margin *(profit before tax for the period / revenue from sales for the period) in %*	3.09%	4.73%
Net margin *(profit for the period / revenue from sales for the period) in %*	2.78%	5.32%

Rotation cycles for key components of working capital

Methodology	Q1 2013	Q1 2013
Inventory turnover days *(inventory / value of goods for resale and materials sold*90)*	27	27
Receivables turnover days *(current receivables / revenue from sales*90)*	9	13
Payables turnover days *([current liabilities - current borrowings] / value of goods for resale and materials sold*90)*	63	56
Asset productivity *(revenue from sales / total assets)*	0.49	0.28
Non-current asset productivity *(revenue from sales / non-current assets)*	0.84	0.86

7.2 Revenue and profit by operating segment

Following the sale of distribution and franchise operations to Eurocash S.A., the Management Board carried out an analysis of the Group's management model, reporting system and the key economic aspects of its entities. On this basis, new operating segments were identified, which more closely reflect the Group's structure as well as its distinct

(amounts in PLN 000's, unless otherwise stated)

products and services, from which the segments generate their revenue.
In 2012, the Group operated through the following segments:

1 **Retail sales** (retail segment), covering all operations of the following subsidiaries: Stokrotka Sp. z o.o., Maro Markety Sp. z o.o., Społem Tychy S.A.;

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

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., P1 Spółka z o.o., P4 Spółka z o.o.;

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

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

Emperia Group's operating segments in Q1 2013:

	Retail	Property	Central management	IT	Exclusions from consolidation	Total
Segment revenue	481 448	16 557	2 180	7 556	14 694	493 047
External revenue	481 025	5 867	988	5 167		493 047
Intra-segment revenue	423	10 690	1 192	2 389	14 694	
Total segment costs	(479 569)	(9 558)	(3 538)	(5 407)	(15 561)	(482 511)
Result on other operating activities	408	2 681	364	(6)	436	3 011
Result on financing activities	(1 103)	(1 610)	4 272	141	-	1 700
Gross result	1 184	8 070	3 278	2 284	(429)	15 246
Tax	(511)		(501)	(444)	83	(1 539)
Share of the profit of equity-accounted investees	-	-	-	-	-	-
Net segment profit	**674**	**8 070**	**2 777**	**1 840**	**(345)**	**13 707**

	Retail	Property	Central management	IT	Exclusions from consolidation	Total
Segment assets / liabilities	426 965	729 506	664 803	22 009	845 808	997 475
Goodwill	36 342	12 844	-	-	-	49 186

	Retail	Property	Central management	IT	Exclusions from consolidation	Total
Capital expenditures	(4 486)	(1 379)	(179)	(1 282)	(497)	(6 829)
Depreciation	(7 205)	(2 733)	(433)	(407)	(644)	(10 134)

(amounts in PLN 000's, unless otherwise stated)

Emperia Group's operating segments in Q1 2012:

	Retail	Property	Central management	IT	Exclusions from consolidation	Total
Segment revenue	478 348	15 271	6 623	6 607	15 430	491 419
External revenue	478 183	5 819	2 984	4 433		491 419
Intra-segment revenue	165	9 452	3 639	2 174	15 430	
Total segment costs	(479 503)	(10 202)	(5 908)	(5 145)	(15 588)	(485 170)
Result on other operating activities	1 365	(5 031)	(537)	(10)	(9 606)	5 393
Result on financing activities	(1 585)	(2 791)	15 895	77	-	11 597
Gross result	(1 375)	(2 753)	16 073	1 529	(9 765)	23 239
Tax	149	(91)	(384)	(285)	(3 523)	2 912
Share of the profit of equity-accounted investees	-	-	-	-	-	-
Net segment profit	**(1 226)**	**(2 844)**	**15 689**	**1 244**	**(13 288)**	**26 151**

	Retail	Property	Central management	IT	Exclusions from consolidation	Total
Segment assets / liabilities	431 044	729 995	2 496 666	17 208	1 920 557	1 754 356
Goodwill	36 342	12 844	-	-	-	49 186

	Retail	Property	Central management	IT	Exclusions from consolidation	Total
Capital expenditures	(4 240)	(3 461)	(1 224)	(263)	(583)	(8 605)
Depreciation	(7 664)	(2 639)	(544)	(416)	(151)	(11 112)

7.3 Effects of changes in group structure

All changes in the Group's structure are presented in detail in points 6.1 and 6.2.10

7.4 Management's position regarding previously published forecasts

The Management Board of Emperia Holding S.A. did not publish forecasts for 2013.

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

Shareholders	Shares held, as at report publication date	% in share capital	% change	Shares held, as at the date on which the previous quarterly report was published	% in share capital as at the date on which the previous quarterly report was published	Number of votes at general meeting, as at report publication date	% of votes at general meeting as at report publication date
ALTUS TFI	2 469 909	16.34%	-	2 469 909	16.34%	2 469 909	17.04%
IPOPEMA TFI S.A.	1 433 437	9.48%	-	1 433 437	9.48%	1 433 437	9.89%
AXA OFE	891 992	5.90%	-	891 992	5.90%	891 992	6.15%

(amounts in PLN 000's, unless otherwise stated)

7.6 Changes in shareholding by Management Board and Supervisory Board members

Management Board members	Shares as at 31 March 2013	% in share capital	% change	Shares held, as at the date on which the previous quarterly report was published	% in share capital as at the date on which the previous quarterly report was published
Dariusz Kalinowski	19 647	0.13%	-	19 647	0.13%

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

7.7 Information regarding on-going judicial proceedings

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

7.8 Significant related-party transactions

In Q1 2013, Emperia Holding S.A. did not execute any significant transactions with related parties other than transactions in the normal course of operations on market terms.

All inter-group mergers in Q1 2013 are presented in point 6.2.10. An issuance of short-term bonds took place as part of the Group's cash flow management, as described in note 7.14.5.

7.9 Credits, loans and guarantees

In Q1 2013, the parent, Emperia, did not issue new credit guarantees 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

At the end of the reporting period, the Group did not face risk connected with currency options.

(amounts in PLN 000's, unless otherwise stated)

7.11 Description of factors and events, in particular extraordinary ones, affecting the financial results

In Q1 2013, the Group sold two properties as follows:

Revenue	PLN 4 157 000
Cost of sale	PLN 1 088 000
Net profit	PLN 3 069 000

7.12 Factors having an impact on the results to be achieved over the perspective of at least the next quarter

External:

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

Internal:

a) Business process optimisation - will lead to better operating performance and higher management quality in all segments
b) Implementation of a new strategy in the property segment and property investments within the Group
c) Internal cost control policy
d) On-time and on-budget completion of planned investments and processes, particularly the retail segment's logistics network
e) Growth strategy implementation for the retail segment
f) Consolidation of business processes in the IT segment

7.13 Changes in the Issuer's management and supervisory personnel

In Q1 2013, the composition of the Management Board of Emperia Holding S.A. was subject to a change.

On 11 March 2013, Artur Kawa resigned as the President of the Management Board of Emperia Holding S.A. Mr. Kawa ceased to perform Management Board functions on 11 March 2013.

On 11 March 2013, the Supervisory Board of Emperia Holding S.A. appointed Dariusz Kalinowski, the Vice-President of the Issuer's Management Board, as the President of the Management Board, and Cezary Baran as a member of the Management Board.

Composition of Emperia Holding S.A.'s Management Board as at 31 March 2013:

1. Dariusz Kalinowski – President of the Management Board
2. Cezary Baran – Vice-President of the Management Board, Finance Director

(amounts in PLN 000's, unless otherwise stated)

The composition of Emperia Holding S.A.'s Supervisory Board did not change during Q1 2013.

Composition of Emperia Holding S.A.'s Supervisory Board as at 31 March 2013:

1. Piotr Laskowski – Chairperson of the Supervisory Board
2. Tomasz Marek Krysztofiak – Deputy Chairperson of the Supervisory Board, Independent Supervisory Board Member (in the meaning of Emperia Holding S.A.'s articles of association)
3. Artur Laskowski – Member of the Supervisory Board
4. Piotr Długosz – Independent Member of the Supervisory Board
5. Jarosław Wawerski – Member of the Supervisory Board

7.14 Other significant information and events

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

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

7.14.2 Production seasonality and cyclicality

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

7.14.3 Type and amount of non-typical items having an impact on assets, liabilities, equity, net financial result or cash flows

The event is described in point 7.11.

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

Employee benefit provisions	Change in Q1 2013	Change in Q1 2012
Non-current		
As at the beginning of period	1 481	2 059
Increases / decreases during the period	-	-
Increases / decreases during the period as a result of acquisitions / disposals	-	-
As at the end of period	**1 481**	**2 059**
- including liabilities assigned to 'held for sale'	-	*1 938*
Current		
As at the beginning of period	5 111	6 172
Increases / decreases during the period	692	111
Increases / decreases during the period as a result of acquisitions / disposals	-	-
As at the end of period	**5 803**	**6 283**
- including liabilities assigned to 'held for sale'	-	*4 467*

(amounts in PLN 000's, unless otherwise stated)

Other provisions	Change in Q1 2013	Change in Q1 2012
Non-current		
As at the beginning of period	37 808	-
Increases / decreases during the period	(1 896)	-
Increases / decreases during the period as a result of acquisitions	-	-
As at the end of period	**35 912**	**-**
- including liabilities assigned to 'held for sale'	-	-
Current		
As at the beginning of period	9 298	1 165
Increases / decreases during the period	2 289	3 653
Increases / decreases during the period as a result of acquisitions / disposals	-	-
As at the end of period	**11 587**	**4 818**
- including liabilities assigned to 'held for sale'	-	*4 645*

7.14.5 Issue, buyback and repayment of debt and equity securities

Bonds outstanding

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 issue programme with an aggregate value of no more than 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 2013 and Q1 2012:

Q1 2013:

Issue and buy-back of bonds in Q1 2013	Total	External issuance	Emperia Holding S.A.	Infinite Sp. z o.o.	P3 EKON Sp. z o.o. S.K.A	P1 Sp. z o.o.
As at the beginning of period	**150 000**	**-**	**101 500**	**7 000**	**41 500**	**-**
Issuance of bonds	450 000	-	290 500	31 500	128 000	-
Buy-back of bonds	(450 000)	-	(295 500)	(29 000)	(125 500)	-
As at the end of period	**150 000**	**-**	**96 500**	**9 500**	**44 000**	**-**

Q1 2012:

Issuance and buy-back of bonds in Q1 2012	Total	External issuance	Emperia Holding S.A.	Infinite Sp. z o.o.	P3 EKON Sp. z o.o. S.K.A	P1 Sp. z o.o.
As at the beginning of period	**80 000**	**-**	**35 000**	**7 300**	**4 000**	**33 700**
Issuance of bonds	**369 000**	-	28 200	22 900	68 800	249 100
Buy-back of bonds	**(309 000)**	-	(63 200)	(22 500)	(38 800)	(184 500)
As at the end of period	**140 000**	**-**	**-**	**7 700**	**34 000**	**98 300**

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 issue programme with an aggregate value of no more than PLN 150 000 000.

Issue and buy-back of bonds (presented at par values) by Stokrotka Sp. z o.o. during Q1 2013 and Q1 2012:

Q1 2013:

Issue and buy-back of bonds in Q1 2013	Total	External issuance	Emperia Holding S.A.	Maro Markety Sp. z o.o.	P1 Sp. z o.o.
As at the beginning of period	**92 000**	**-**	**92 000**	**-**	**-**
Issuance of bonds	285 000	-	285 000	-	-
Buy-back of bonds	(286 000)	-	(286 000)	-	-
As at the end of period	**91 000**	**-**	**91 000**	**-**	**-**

Q1 2012

Issue and buy-back of bonds in Q1 2012	Total	External issuance	Emperia Holding S.A.	Maro Markety Sp. z o.o.	P1 Sp. z o.o.
As at the beginning of period	**49 000**	**-**	**6 300**	**2 200**	**40 500**
Issuance of bonds	276 000	-	80 900	9 600	185 500
Buy-back of bonds	(222 000)	-	(47 900)	(8 100)	(166 000)
As at the end of period	**103 000**	**-**	**39 300**	**3 700**	**60 000**

Debt security liabilities as at 31 March 2013

Issuer	Series	Par value (in PLN 000's)	Maturity date	As at 31 March 2013
Stokrotka Sp. z o.o.	0098*	91 000	2013-04-05	
Elpro Ekon Sp. z o.o. S.K.A.	0135*	96 500	2013-04-05	
Elpro Ekon Sp. z o.o. S.K.A.	0135*	9 500	2013-04-05	
Elpro Ekon Sp. z o.o. S.K.A.	0135*	44 000	2013-04-05	
All bond issuance by the Group				**-**
Other				-
Total debt security liabilities				
Current				-
Non-current				-

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

Debt security liabilities as at 31 March 2012

Issuer	Series	Par value (in PLN 000's)	Maturity date	As at 31 March 2012
Stokrotka Sp. z o.o.	0084*	60 000	2012-04-13	
Stokrotka Sp. z o.o.	0085*	39 300	2012-04-27	
Stokrotka Sp. z o.o.	0085*	3 700	2012-04-27	
Elpro Ekon Sp. z o.o. S.K.A.	0120*	60 000	2012-04-13	
Elpro Ekon Sp. z o.o. S.K.A.	0121*	38 300	2012-04-27	
Elpro Ekon Sp. z o.o. S.K.A.	0121*	7 700	2012-04-27	
Elpro Ekon Sp. z o.o. S.K.A.	0121*	4 000	2012-04-27	
Elpro Ekon Sp. z o.o. S.K.A.	0120*	30 000	2012-04-27	
All bond issuance by the Group				
Other				
Total debt security liabilities				
Current				
Non-current				

(amounts in PLN 000's, unless otherwise stated)

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

7.14.6 Paid and received dividends

Dividends paid:

Dividend was not paid out in Q1 2013.

On 6 May 2013, the Management Board of Emperia Holding S.A. adopted a resolution and presented a motion to the Supervisory Board concerning the use of Emperia Holding S.A.'s 2012 net profit, amounting to PLN 13 480 485.78, for dividend payment, i.e. PLN 0.93 per share. The Company's Management Board proposed an ex-dividend date of 12 June 2013 and a dividend payment date of 26 June 2013.
The Company's Supervisory Board approved the Management Board's request.

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.

Changes in off-balance sheet liabilities during Q1 2013	Credit facilities	Bank guarantees	Security interests
Mortgages			
As at the beginning of period	-	-	-
Increases during the period	-	-	-
Decreases during the period	-	-	-
Increases / decreases during the period as a result of acquisitions / disposals	-	-	-
As at the end of period	-	-	-
Transfer of ownership / pledge / assignment of current assets			
As at the beginning of period	-	3 295	-
Increases during the period	-	1 549	-
Decreases during the period	-	(102)	-
Increases / decreases during the period as a result of acquisitions / disposals	-	-	-
As at the end of period	-	4 742	-
Transfer of ownership / pledge / assignment of non-current assets			
As at the beginning of period	-	-	-
Increases during the period	-	-	-
Decreases during the period	-	-	-
Increases / decreases during the period as a result of acquisitions / disposals	-	-	-
As at the end of period	-	-	-
Guarantees			
As at the beginning of period	-	157	251
Increases during the period	-	-	-
Decreases during the period	-	(157)	-
Increases / decreases during the period as a result of acquisitions / disposals	-	-	-
As at the end of period	-	-	251

(amounts in PLN 000's, unless otherwise stated)

Changes in off-balance sheet liabilities during Q1 2012	Credit facilities	Bank guarantees	Security interests
Mortgages			
As at the beginning of period	145 287	-	-
Increases during the period	-	-	-
Decreases during the period	(131 726)	-	-
Increases / decreases during the period as a result of acquisitions / disposals	-	-	-
As at the end of period	**13 560**	**-**	**-**
Transfer of ownership / pledge / assignment of current assets			
As at the beginning of period	9 369	2 631	-
Increases during the period	-	4 610	-
Decreases during the period	(9 369)	-	-
Increases / decreases during the period as a result of acquisitions / disposals	-	-	-
As at the end of period	**-**	**7 241**	**-**
Transfer of ownership / pledge / assignment of non-current assets			
As at the beginning of period	-	-	-
Increases during the period	-	-	-
Decreases during the period	-	-	-
Increases / decreases during the period as a result of acquisitions / disposals	-	-	-
As at the end of period	**-**	**-**	**-**
Guarantees			
As at the beginning of period	128 576	7 177	2 744
Increases during the period	-	74	-
Decreases during the period	(128 576)	-	(182)
Increases / decreases during the period as a result of acquisitions / disposals	-	-	-
As at the end of period	**-**	**7 251**	**2 563**

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 of property, plant and equipment, inventory and receivables did not change in relation to those applied in the annual consolidated financial statements.

Impairment and reversal of impairment losses	Change in Q1 2013	Change in Q1 2012
Impairment of property, plant and equipment		
As at the beginning of period	8 966	867
Recognition	-	-
Reversal	-	-
Changes as a result of acquisitions / disposals	-	-
As at the end of period	**8 966**	**867**
- including assets assigned to 'held for sale'	-	867
Impairment of receivables		
As at the beginning of period	10 121	9 894
Recognition	1 087	534
Reversal	(271)	(468)
Changes as a result of acquisitions / disposals	-	-
*Derecognised from statement of profit and loss**	(80)	(49)
As at the end of period	**10 857**	**9 910**

(amounts in PLN 000's, unless otherwise stated)

- including assets assigned to 'held for sale'	-	2 321
Impairment of financial assets		
As at the beginning of period	-	55
Recognition	-	-
Reversal	-	-
Changes as a result of acquisitions / disposals	-	-
As at the end of period	**-**	**55**
- including assets assigned to 'held for sale'		55
Impairment of inventory		
As at the beginning of period	5 504	7 206
Recognition	6 142	5 533
Reversal	(148)	(1 822)
Changes as a result of acquisitions / disposals	-	-
As at the end of period	**11 498**	**10 917**
- including assets assigned to 'held for sale'	-	10 917
including: Impairment losses on inventory control		
As at the beginning of period	275	346
Recognition	4 269	5 178
Reversal	(148)	(163)
Changes as a result of acquisitions / disposals	-	-
As at the end of period	**4 396**	**5 361**
including: Impairment losses on bonuses		
As at the beginning of period	5 229	6 860
Recognition	1 873	355
Reversal	-	(1 659)
Changes as a result of acquisitions / disposals	-	-
As at the end of period	**7 102**	**5 556**

* Receivables derecognised where an impairment loss had previously been created and the unrecoverable status of which has been documented.

7.14.9 Recognition / reversal of cost restructuring provisions

Did not occur during the reporting period or comparable period.

7.14.10 Deferred income tax

Deferred income tax	Change in Q1 2013	Change in Q1 2012
Deferred income tax assets		
As at the beginning of period	21 148	8 987
Increase	1 526	7 051
Decrease	(157)	(2 089)
Change as a result of acquisition	-	-
As at the end of period	**22 517**	**13 949**
- including assets assigned to 'held for sale'	-	5 590

Deferred income tax	Change in Q1 2013	Change in Q1 2012
Deferred income tax provision		
As at the beginning of period	1 992	4 354
Recognition	293	1 076
Reversal	(46)	(843)

(amounts in PLN 000's, unless otherwise stated)

Change as a result of acquisition	-	-
As at the end of period	**2 239**	**4 587**
- including assets assigned to 'held for sale'	-	3 648

7.14.11 Financial and operating leasing

a) Finance lease liabilities

Did not occur during the reporting period or comparative period.

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 2013

Asset	Term of agreement	As at 31 Mar 2013	As at 31 Mar 2014	1 - 5 years	Over 5 years
			Minimum annual payment		
Property	specified	17 776	71 020	279 804	346 176
	unspecified	1 405	4 842	19 623	24 270
Technical equipment and machinery	specified	1	5	20	25
	unspecified	15	57	225	292
Means of transport	specified	-	-	-	-
	unspecified	-	-	-	-
Other tangible assets	specified	-	-	-	-
	unspecified	-	-	-	-

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

Q1 2012

Asset	Term of agreement	As at 31 Mar 2012	As at 31 Mar 2013	1 - 5 years	Over 5 years
			Minimum annual payment		
Property	specified	18 151	74 306	283 024	346 058
	unspecified	1 104	5 416	21 664	28 201
Technical equipment and machinery	specified	13	3	2	-
	unspecified	7	21	83	103
Means of transport	specified	-	-	-	-
	unspecified	-	-	-	-
Other tangible assets	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 Q1 2013.

(amounts in PLN 000's, unless otherwise stated)

7.14.13 Correction of prior-period errors

The Group reclassified the costs of certain inter-group services. The reclassification consisted of a change in the presentation of costs of mutual services within the Group from costs of services allocated to the location of the entity performing them to distribution costs or administrative expenses, allocated in the consolidated financial statements in accordance with their purpose.
The Group considers this approach to better reflect the economic context of the costs. The reclassification also mainly results from the exclusion from the consolidated financial statements of the results of the distribution business, sold by the Group in 2011, and the change in the impact that the above costs have on results on sales. The above is retrospectively corrected by the company as per IAS 8.

Profit and loss statement	Three months ended 31 Mar 2012	Reclassification correction	Three months ended 31 Mar 2012, after reclassification
Revenue	**491 419**		**491 419**
Cost of sales	**(381 448)**	8 789	**(372 659)**
Profit from sales	**109 971**		**118 760**
Other operating revenue	7 600		7 600
Distribution costs	(89 534)	(5 875)	(95 409)
Administrative expenses	(14 188)	(2 914)	(17 102)
Other operating expenses	(2 207)		(2 207)
Operating profit	**11 642**		**11 642**
Finance income	14 247		14 247
Finance costs	(2 650)		(2 650)
Profit before tax	**23 239**		**23 239**
Income tax	2 912		2 912
Current	(2 028)		(2 028)
Deferred	4 940		4 940
Share of the profit of equity-accounted investees	-		-
Profit for the period	**26 151**		**26 151**
Profit for the period attributable to owners of the parent	26 151		26 151
Profit for the period attributable to non-controlling interests	-		-

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

Did not occur at the Group.

(amounts in PLN 000's, unless otherwise stated)

7.14.15 Additional presentation of the consolidated financial statements

The consolidated statement of financial position and statement of profit and loss of Emperia Group, without separating operations discontinued in 2012 (held for sale)

	31 Mar 2013	31 Dec 2012	31 Mar 2012
Non-current assets	**584 612**	**588 652**	**574 666**
Property, plant and equipment	494 675	499 621	488 730
Investment property	-	-	-
Intangible assets	6 362	6 570	8 611
Goodwill	49 186	49 186	49 186
Interests in equity-accounted investees	-	-	-
Financial assets	92	194	298
Non-current receivables	4 374	4 065	4 000
Deferred income tax assets	22 517	21 148	13 949
Other non-current prepayments	7 406	7 868	9 892
Current assets	**412 863**	**389 750**	**1 179 690**
Inventory	107 680	103 767	108 678
Receivables	50 077	63 341	71 538
Income tax receivables	1 610	2 583	918
Short-term securities	-	-	-
Prepayments	6 195	4 746	12 212
Cash and cash equivalents	247 281	215 293	986 344
Other financial assets	-	-	-
Current assets classified as 'held for sale'	20	20	-
Total assets	**997 475**	**978 402**	**1 754 356**
Equity	**701 579**	**687 925**	**1 512 067**
Share capital	15 115	15 115	15 115
Share premium	549 559	549 559	50 559
Supplementary capital	100 084	100 084	100 084
Management options provision	5 031	5 031	5 031
Reserve capital	110 303	110 303	110 169
Buy-back provision	-	-	499 000
Own shares	(65 020)	(65 020)	(65 020)
Retained earnings	(13 493)	(27 147)	797 129
Total equity attributable to owners of the parent	**701 579**	**687 925**	**1 512 067**
Non-controlling interests	-	-	-
Total non-current liabilities	**40 779**	**42 401**	**8 161**
Credits, loans and debt instruments	-	-	-
Non-current liabilities	1 147	1 120	1 515
Provisions	37 393	39 289	2 059
Deferred income tax provision	2 239	1 992	4 587
Total current liabilities	**255 117**	**248 076**	**234 128**
Credits, loans and debt instruments	-	-	5 508
Current liabilities	232 786	229 772	211 079
Income tax liabilities	2 429	1 872	1 982
Provisions	17 390	14 409	11 101
Deferred revenue	2 512	2 023	4 458
Total equity and liabilities	**997 475**	**978 402**	**1 754 356**

7.14.16 Other significant events

a) Intra-group bond issuance

On 4 January 2013, subsidiaries Stokrotka Sp. z o.o. and Elpro Ekon Sp. z o.o. S.K.A. issued short-term bonds maturing on 8 February 2013, which were acquired by Emperia Group companies. The total part value of the issued bonds was PLN 239 million.

On 8 February 2013, subsidiaries Stokrotka Sp. z o.o. and Elpro Ekon Sp. z o.o. S.K.A. issued short-term bonds maturing on 8 March 2013, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 245 million.

On 8 March 2013, subsidiaries Stokrotka Sp. z o.o. and Elpro Ekon Sp. z o.o. S.K.A. issued short-term bonds maturing on of 5 April 2013, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 241 million.

b) Termination of Distribution Agreement and Consignment Agreement between Stokrotka Sp. z o.o. and Tradis Sp. z o.o.

On 31 January 2013, the Management Board of Emperia Holding S.A. announced that subsidiary Stokrotka Sp. z o.o. (the "Recipient") terminated a Distribution Agreement, the subject of which was cooperation on supplies and deliveries of FMCG products, and a Consignment Agreement, based on which the Supplier purchases certain products in its own name but on the account of the Recipient. Both of the agreements were executed with Tradis Sp. z o.o. Stokrotka Sp. z o.o. used its right to terminate the agreements with a six-month notice, which will run out on 31 July 2013. Termination of the above agreements will not have a negative financial impact on the business of Stokrotka Sp. z o.o. and the Issuer as well as the entire Emperia Group.
The Issuer announced the execution of the above agreements in current report 97/2011 of 21 December 2011.

c) Supervisory Board member resignation

On 11 March 2013, the Management Board of Emperia Holding S.A. received Piotr Długosz's resignation as member of the Supervisory Board of Emperia Holding S.A., effective from 9 April 2013.

7.14.17 Significant events after the end of the reporting period

a) Intra-group bond issuance

On 5 April 2013, subsidiaries Stokrotka Sp. z o.o. and Elpro Ekon Sp. z o.o. S.K.A. issued short-term bonds with redemption date of 10 May 2013, which were acquired by Emperia Group companies. The total part value of the issued bonds was PLN 227 million.

On 10 May 2013, subsidiaries Stokrotka Sp. z o.o. and Elpro Ekon Sp. z o.o. S.K.A. issued short-term bonds with redemption date of 7 June 2013, which were acquired by Emperia Group companies. The total par value of the issued bonds is PLN 247 million.

b) Extraordinary General Meeting of Emperia Holding S.A.

On 10 April 2013, an Extraordinary General Meeting of Emperia Holding S.A. took place, which adopted resolutions concerning the appointment of a Supervisory Board member and amendment of the Company's articles of association.

c) Appointment of a new Chairperson of Emperia Holding S.A.'s Supervisory Board

On 10 April 2013, the Supervisory Board of Emperia Holding S.A. adopted a resolution on the appointment of Artur Kawa as the new Supervisory Board Chairperson.

Following the above changes, the composition of Emperia Holding S.A.'s Supervisory Board was as follows:
- Artur Kawa – Chairperson of the Supervisory Board
- Piotr Laskowski – Deputy Chairperson of the Supervisory Board
- Artur Laskowski – Member of the Supervisory Board
- Jarosław Wawerski – Member of the Supervisory Board
- Tomasz Krysztofiak – Member of the Supervisory Board

d) Management Board resolution on adoption of a buy-back programme at Emperia Holding S.A. by P1 Sp. z o.o.

On 24 April 2013, the Management Board of Emperia Holding S.A. adopted a resolution on a share buy-back programme at Emperia Holding S.A. by P1 Sp. z o.o., and decided to conclude an agreement with P1 Sp. z o.o. concerning re-sale of said shares to Emperia Holding S.A.
The aim of the programme is purchasing shares by one of the Company's subsidiaries in order to redeem them on the terms specified in resolution 3 of the Extraordinary General Meeting of Emperia Holding S.A. of 11 October 2012. Shares purchased by the subsidiary will be sold to Emperia Holding S.A. on the terms specified in resolution 4 of the Extraordinary General Meeting of Emperia Holding S.A. of 11 October 2012. Commencement of the share purchase programme is scheduled for 29 April 2013. Funds used to buy shares in the Company may not exceed PLN 35 000 000. The programme will be completed on 31 December 2013 at the latest.

e) Supervisory Board member resignation

On 7 May 2013, the Management Board of Emperia Holding S.A. received Piotr Laskowski's resignation as member of the Supervisory Board of Emperia Holding S.A., effective from 3 June 2013.

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

On 7 May 2013, the Management Board of Emperia Holding S.A. announced that it called an Ordinary General Meeting of Emperia Holding S.A., which is to take place on 4 June 2013. The subject of the meeting will be the evaluation and approval of the management report on the Company's operations as well as its financial statements, including consolidated financial statements, for the previous financial year; adoption of a resolution concerning profit distribution or loss coverage, approval of Supervisory Board and Management Board members, adoption of a resolution on appointment of Supervisory Board members, adoption of a resolution on amendment of the Company's articles of association, including an authorisation for the Management Board to increase issued share capital within authorised share capital with exclusion or limitation of pre-emptive rights.

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

On 10 May 2013, the Management Board of Emperia Holding S.A. announced that, pursuant to the authorisation issued through resolutions 3 and 4 of the Extraordinary General Meeting of Emperia Holding S.A. of 11 October 2012 concerning the meeting's approval for Emperia Holding S.A. and one of its subsidiaries to purchase own shares and specify the terms of such purchases, and on the execution by Emperia Holding S.A. and subsidiaries of certain agreements, as well as pursuant to resolution 3/04/2013 of Emperia Holding S.A.'s Supervisory Board of 10 April 2013, subsidiary P1 Sp. z o.o. purchased 8 313 shares in Emperia Holding S.A. with a nominal value of PLN 1.00 each, in a block transaction from Millennium Dom Maklerski S.A. (investment firm acting as intermediary for the share purchase programme) during a trading session on the regulated market run by the Warsaw Stock Exchange. The price for the purchased shares was PLN 54.76 per share. The shares bought back may be redeemed by the Issuer.

From the commencement of the programme, P1 Sp. z o.o. acquired 8 313 shares, entitling to 8 313 votes (0.055%) at the Issuer's general meeting and constituting 0.055% of the Issuer's share capital.
P1 Sp. z o.o. and the Issuer hold a total of 628 328 shares in the Issuer, entitling to 628 328 (4.157%) votes at the Issuer's general meeting and constituting 4.157% of the Issuer's share capital.

Transactions to purchase shares in the Issuer were in accordance with Commission Regulation (EC) No 2273/2003 of 22 December 2003 implementing Directive 2003/6/EC of the European Parliament and of the Council as regards exemptions for buy-back programmes and stabilisation of financial instruments.

(amounts in PLN 000's, unless otherwise stated)

8. Issuer's condensed separate financial statements

8.1 Selected separate financial data

	FINANCIAL HIGHLIGHTS (current year)	PLN		EUR	
		For the period from 1 Jan 2013 to 31 Mar 2013	For the period from 1 Jan 2013 to 31 Mar 2012	For the period from 1 Jan 2013 to 31 Mar 2013	For the period from 1 Jan 2013 to 31 Mar 2012
I.	Net revenue from sale of products, goods for resale and materials	2 187	6 656	524	1 594
II.	Operating profit (loss)	(956)	254	(229)	61
III.	Profit (loss) before tax	2 568	1 339	615	321
IV.	Profit (loss) for the period	2 067	955	495	229
V.	Net cash flows from operating activities	35	(3 375)	8	(808)
VI.	Net cash flows from investing activities	19 981	13 947	4 787	3 341
VII.	Net cash flows from financing activities	-	(11 246)	-	(2 694)
VIII.	Total net cash flows	20 016	(674)	4 796	(161)
IX.	Total assets	587 773	585 047	140 703	143 106
X.	Liabilities and liability provisions	3 809	3 150	912	771
XI.	Total non-current liabilities	783	813	187	199
XII.	Total current liabilities	3 026	2 337	724	572
XIII.	Equity	583 964	581 897	139 791	142 336
XIV.	Share capital	15 115	15 115	3 618	3 697
XV.	Number of shares	15 115161	15 115161	15 115 161	15 115 161
XVI.	Weighted average number of shares	14 495 146	14 529 505	14 495 146	14 529 505
`XVII.	Profit (loss) per ordinary share, annualised* (in PLN/EUR)	1.01	56.63	0.24	13.56
XVIII.	Diluted profit (loss) per ordinary share, annualised** (in PLN/EUR)	1.01	56.58	0.24	13.55
XI.	Book value per share* (in PLN/EUR)	40.29	95.46	9.64	23.35
XX.	Diluted book value per share** (in PLN/EUR)	40.04	95.37	9.58	23.33
XXI.	Declared or paid out dividend per share*** (in PLN/EUR)	0.93	56.41	0.22	13.06

* calculated using the weighted average number of the Issuer's shares
** calculated using the weighted average diluted number of the Issuer's shares
*** proposed or paid out dividend calculated using the number of the Issuer's shares as at the date on which this report was prepared

Weighted average number of shares:
- for Q1 2013 (January-March): 14 495 146;
- for Q1 2012 (January-March): 14 529 505;

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

1 Items in the statement of profit and loss and statement of cash flows were translated according to the exchange rate established as the average of exchange rates published by the National Bank of Poland on the last day of each month, which for Q1 2013 was EURPLN 4.1738 and for Q1 2012: EURPLN 4.1750.
2 Balance sheet items and book value / diluted book value were translated using the average exchange rate published by the National Bank of Poland as at the end of the reporting period, as follows: as at 31 March 2013: EURPLN 4.1774; as at 31 March 2012: EURPLN 4.0882.
3 Declared dividend was translated using the average exchange rate published by the National Bank of Poland as at the date of drawing up the financial statements, i.e. as at 15 May 2013 - EURPLN 4.1606, while dividend paid out - using the rate on the dividend payment date, i.e. 14 June 2012: EURPLN 4.3207.

(amounts in PLN 000's, unless otherwise stated)

8.2 Condensed separate statement of financial position

	31 Mar 2013	31 Dec 2012	31 Mar 2012
Non-current assets	**286 067**	**286 019**	**117 095**
Property, plant and equipment	14 911	14 373	2 669
Investment property	-	-	-
Intangible assets	4 422	4 693	5 523
Financial assets	266 022	266 022	108 127
Non-current receivables	564	757	24
Deferred income tax assets	145	114	264
Other non-current prepayments	3	60	487
Current assets	**301 706**	**299 028**	**1 273 176**
Inventory	-	20	67
Current receivables	2 523	3 124	1 096 173
Income tax receivables	-	-	-
Short-term securities	187 403	193 408	39 133
Prepayments	664	676	2 998
Cash and cash equivalents	93 316	73 300	1 964
Other financial assets	17 800	28 500	25 005
Assets classified as 'held for sale'	-	-	107 836
Total assets	**587 773**	**585 047**	**1 390 271**
Equity	**583 964**	**581 897**	**1 386 930**
Share capital	15 115	15 115	15 115
Share premium	549 559	549 559	50 559
Supplementary capital	2 526	2 526	2 526
Management options provision	3 145	3 145	3 145
Reserve capital	62 979	62 979	62 845
Buy-back provision	-	-	499 000
Own shares	(65 020)	(65 020)	(65 020)
Retained earnings	15 660	13 593	818 760
Equity attributable to owners of the parent	**583 964**	**581 897**	**1 386 930**
Non-controlling interests	-	-	-
Total non-current liabilities	**783**	**813**	**675**
Credits, loans and debt instruments	-	-	-
Non-current liabilities	15	-	-
Provisions	29	29	91
Deferred income tax provision	739	784	584
Total current liabilities	**3 026**	**2 337**	**2 666**
Credits, loans and debt instruments	-	-	-
Current liabilities	1 542	1 154	1 421
Income tax liabilities	820	725	86
Provisions	601	456	1 147
Deferred revenue	63	2	12
Total equity and liabilities	**587 773**	**585 047**	**1 390 271**

(amounts in PLN 000's, unless otherwise stated)

	31 Mar 2013	31 Dec 2012	31 Mar 2012
Book value	**583 964**	**581 897**	**1 386 930**
Number of shares	15 115 161	15 115 161	15 115 161
Diluted number of shares	14 584 204	14 578 832	14 542 308
Book value per share (in PLN)*	40.29	40.12	95.46
Diluted book value per share (in PLN)**	40.04	39.89	95.37

* 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 Mar 2013	Three months ended 31 Mar 2012
Revenue	**2 187**	**6 656**
Cost of sales	**(2 352)**	**(3 928)**
Profit from sales	**(165)**	**2 728**
Other operating revenue	501	71
Distribution costs	-	-
Administrative expenses	(1 155)	(1 937)
Other operating expenses	(137)	(608)
Operating profit	**(956)**	**254**
Finance income	3 525	1 093
Finance costs	(1)	(8)
Profit before tax	**2 568**	**1 339**
Income tax	(501)	(384)
- current	(577)	(164)
- deferred	76	(220)
Profit for the period	**2 067**	**955**
Profit for the period attributable to owners of the parent	-	-
Profit for the period attributable to non-controlling interests	-	-
Profit (loss) for the period (annualised), including:	**14 705**	**822 794**
Weighted average number of ordinary shares	14 495 146	14 529 505
Weighted average diluted number of ordinary shares*	14 584 204	14 542 308
Profit (loss) per ordinary share, annualised (in PLN)	1.01	56.63
Diluted profit (loss) per ordinary share, annualised* (in PLN)	1.01	56.58

* Weighted average diluted number of ordinary shares:
– for Q1 2013 (January-March: 14 584 204, taking into consideration the dilutive effect of options granted under the 2010 and 2011 tranches of the 2nd Management Options Programme 2010-2012.
– for Q1 2012 (January-March): 14 542 308, taking into consideration the dilutive effect of options granted under the 2010 tranche of the 2nd Management Options Programme 2010-2012.

Statement of comprehensive income	Three months ended 31 Mar 2013	Three months ended 31 Mar 2012
Profit for the period	2 067	955
Other comprehensive income:	-	-
Comprehensive income for the period	**2 067**	**955**

(amounts in PLN 000's, unless otherwise stated)

8.4 Condensed consolidated statement of changes in equity

	Share capital	Share premium	Supplementary capital	Management options provision	Reserve capital	Buy-back provision	Own shares	Retained earnings	Total equity
1 January 2013	**15 115**	**549 559**	**2 526**	**3 145**	**62 979**	**-**	**(65 020)**	**13 593**	**581 897**
Changes in accounting standards and policies	-	-	-	-	-	-	-	-	-
1 January 2013, corrected	**15 115**	**549 559**	**2 526**	**3 145**	**62 979**	**-**	**(65 020)**	**13 593**	**581 897**
Comprehensive income for the three months ended 31 March 2013	-	-	-	-	-	-	-	2 067	2 067
Release of buy-back provision	-	-	-	-	-	-	-	-	-
Purchase of own shares	-	-	-	-	-	-	-	-	-
Dividend for shareholders from prior-year profit distribution	-	-	-	-	-	-	-	-	-
31 March 2013	**15 115**	**549 559**	**2 526**	**3 145**	**62 979**	**-**	**(65 020)**	**15 660**	**583 964**

	Share capital	Share premium	Supplementary capital	Management options provision	Reserve capital	Buy-back provision	Own shares	Retained earnings	Total equity
1 January 2012	**15 115**	**50 559**	**2 526**	**3 145**	**62 845**	**499 000**	**(53 774)**	**817 805**	**1 397 221**
Changes in accounting standards and policies	-	-	-	-	-	-	-	-	-
1 January 2012, corrected	**15 115**	**50 559**	**2 526**	**3 145**	**62 845**	**499 000**	**(53 774)**	**817 805**	**1 397 221**
Comprehensive income for the three months ended 31 March 2012	-	-	-	-	-	-	-	955	**955**
Management options provision	-	-	-	-	-	-	-	-	-
Prior-year profit distribution - transfer to equity	-	-	-	-	-	-	-	-	-
Creation of buy-back provision	-	-	-	-	-	-	-	-	-
Purchase of own shares	-	-	-	-	-	-	(11 246)	-	**(11 246)**
Dividend for shareholders from prior-year profit distribution	-	-	-	-	-	-	-	-	-
31 March 2012	**15 115**	**50 559**	**2 526**	**3 145**	**62 845**	**499 000**	**(65 020)**	**818 760**	**1 386 930**

(amounts in PLN 000's, unless otherwise stated)

STATEMENT OF CHANGES IN EQUITY	Share capital	Share premium	Supplementary capital	Management options provision	Reserve capital	Buy-back provision	Retained earnings	Own shares	Total equity
As at the beginning of period: 1 January 2012	**15 115**	**50 559**	**2 526**	**3 145**	**62 845**	**499 000**	**817 805**	**(53 774)**	**1 397 221**
Changes in accounting standards and policies	-	-	-	-		-	-	-	**-**
As at the beginning of period, corrected	**15 115**	**50 559**	**2 526**	**3 145**	**62 845**	**499 000**	**817 805**	**(53 774)**	**1 397**
Profit for the period	-	-	-	-	-	-	13 593	-	**13 593**
Prior-year profit distribution - transfer to equity	-	-	-	-	134	-	(134)	-	**-**
Dividend for shareholders from prior-year profit distribution	-	-	-	-	-	-	(817 671)	-	**(817 671)**
Purchase of own shares	-	-	-	-	-	-	-	(11 246)	**(11 246)**
Management options provision	-	-	-	-	-	-	-	-	**-**
Release of buy-back provision	-	499 000	-	-	-	(499 000)	-	-	**-**
Release of buy-back provision due to purchase of own shares	-	-	-	-	-	-	-	-	**-**
As at the end of period: 31 December 2012	**15 115**	**549 559**	**2 526**	**3 145**	**62 979**	**-**	**13 593**	**(65 020)**	**581 897**

(amounts in PLN 000's, unless otherwise stated)

8.5 Condensed separate statement of cash flows

	Three months ended 31 Mar 2013	Three months ended 31 Mar 2012
Profit (loss) for the period	**2 067**	**955**
Adjusted by:	**(2 032)**	**(4 330)**
Depreciation	433	544
Interest and shares of profit (dividend)	(2 721)	(913)
Income tax	501	384
Profit (loss) on investing activities	(444)	288
Change in provisions	145	(262)
Change in inventory	20	(22)
Change in receivables	565	14 742
Change in prepayments and accruals	132	(1 417)
Change in liabilities	(178)	(14 563)
Other corrections	-	-
Income tax paid	(483)	(3 111)
Net cash from operating activities	**35**	**(3 375)**
Inflows	**593 229**	**126 682**
Disposal of property, plant and equipment and intangible assets	734	9 722
Disposal of financial assets	581 500	111 084
Dividends received	-	-
Interest received	295	372
Repayment of borrowings	10 700	5 500
Other inflows	-	4
Outflows	**(573 248)**	**(112 735)**
Purchase of property, plant and equipment and intangible assets	(178)	(1 225)
Purchase of subsidiaries and associates	-	-
Purchase of financial assets	(573 070)	(108 510)
Borrowings granted	-	(3 000)
Expenditures on maintenance of investment properties	-	-
Other outflows	-	-
Net cash from investing activities	**19 981**	**13 947**
Inflows	-	-
Proceeds from loans and borrowings incurred	-	-
Issue of short-term debt instruments	-	-
Other inflows	-	-
Outflows	**-**	**(11 246)**
Repayment of borrowings	-	-
Buy-back of short-term debt instruments	-	-
Payment of finance lease liabilities	-	-
Interest and fees paid	-	-
Dividends paid	-	-
Purchase of own shares	-	(11 246)
Other outflows	-	-
Net cash from financing activities	**-**	**(11 246)**
Change in cash and cash equivalents	**20 016**	**(674)**
Exchange differences	-	-
Cash and cash equivalents at the beginning of period	**73 300**	**2 638**
Cash and cash equivalents at the end of period	**93 316**	**1 964**

(amounts in PLN 000's, unless otherwise stated)

Lublin, May 2013

Signatures of all Management Board members:

2013-05-15	Dariusz Kalinowski	President of the Management Board	.... Signature
2013-05-15	Cezary Baran	Vice-President of the Management Board, Finance Director	.... Signature

Person responsible for book-keeping

2013-05-15	Elżbieta Świniarska	Economic Director	.... Signature