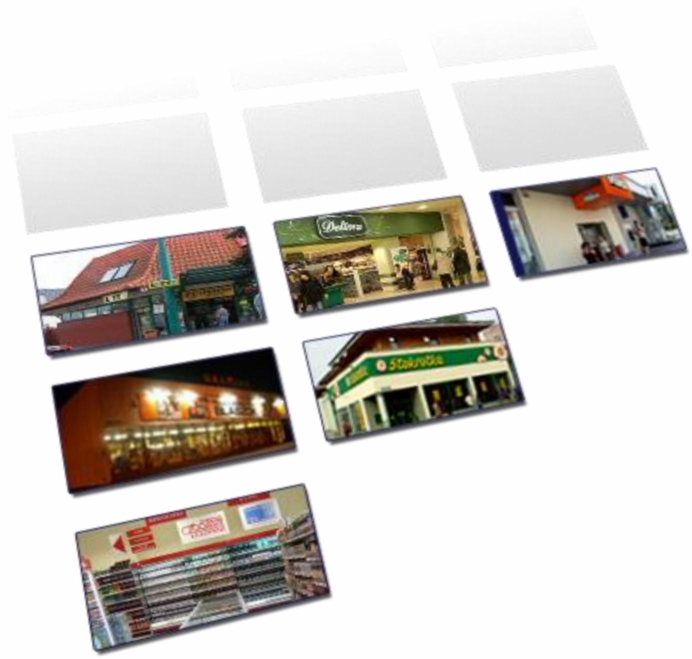

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER OF 2014

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

LUBLIN, MAY 2014

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

Contents

(amounts in PLN 000s, unless otherwise stated)

1. Selected financial data

Item	SELECTED FINANCIAL DATA (current year)	PLN For the period from 1 Jan 2014 to 31 Mar 2014	PLN For the period from 1 Jan 2013 to 31 Mar 2013	EUR For the period from 1 Jan 2014 to 31 Mar 2014	EUR For the period from 1 Jan 2013 to 31 Mar 2013
I.	Net revenue from sale of products, goods for resale and materials	479 443	493 047	114 442	118 129
II.	Operating profit (loss)	5 568	13 546	1 329	3 245
III.	Profit (loss) before tax	5 942	15 246	1 418	3 653
IV.	Profit (loss) for the period	3 229	13 707	771	3 284
V.	Net cash flows from operating activities	(8 549)	34 137	(2 041)	8 179
VI.	Net cash flows from investing activities	(11 567)	(2 149)	(2 761)	(515)
VII.	Net cash flows from financing activities	(16 584)	-	(3 959)	-
VIII.	Total net cash flows	(36 700)	31 988	(8 760)	7 664
IX.	Total assets	976 624	1 063 964	234 129	256 550
X.	Liabilities and liability provisions	342 980	417 260	82 224	100 612
XI.	Non-current liabilities	37 165	38 245	8 910	9 222
XII.	Current liabilities	305 815	379 015	73 314	91 391
XIII.	Equity	633 644	646 704	151 906	155 938
XIV.	Share capital	15 115	15 115	3 624	3 645
XV.	Number of shares	15 115 161	15 115 161	15 115 161	15 115 161
XVI.	Weighted average number of shares	13 802 136	14 495 146	13 802 136	14 495 146
XVII.	Profit (loss) per ordinary share, annualised* (in PLN/EUR)	0.24	0.58	0.06	0.14
XVIII.	Diluted profit (loss) per ordinary share, annualised* (in PLN/EUR)	0.24	0.57	0.06	0.14
XIX.	Book value per share* (in PLN/EUR)	45.91	45.43	11.01	10.95
XX.	Diluted book value per share** (in PLN/EUR)	45.59	45.10	10.93	10.87
XXI.	Declared or paid out dividend per share (in PLN/EUR)	0.90	0.93	0.22	0.21

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

Weighted average number of shares:
- for Q1 2014 (January-March): 13 802 136;
- for Q1 2013 (January-March): 14 495 146;

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 2014 was EURPLN 4.1894 and for Q1 2013: EURPLN 4.1738.
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 2014: EURPLN 4.1713; as at 31 December 2013: EURPLN 4.1472.
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 14 May 2014 - EURPLN 4.1828, while dividend paid out - using the rate on the dividend payment date, i.e. 26 June 2013: EURPLN 4.3348.

(amounts in PLN 000s, unless otherwise stated)

2. Condensed consolidated statement of financial position

	31 March 2014	31 Dec 2013	31 Mar 2013
Non-current assets	**583 446**	**586 548**	**584 612**
Property, plant and equipment	495 264	497 890	494 675
Investment properties	-	-	-
Intangible assets	5 398	5 766	6 362
Goodwill	52 044	52 044	49 186
Financial assets	92	92	92
Non-current loans	-	-	-
Non-current receivables	4 796	4 833	4 374
Deferred income tax assets	20 504	20 053	22 517
Other non-current prepayments	5 348	5 870	7 406
Non-current assets classified as held-for-sale	-	-	-
Current assets	**393 178**	**477 416**	**412 863**
Inventory	169 455	168 660	107 680
Receivables	55 731	105 286	50 077
Income tax receivables	976	993	1 610
Short-term securities	-	-	-
Prepayments	5 528	4 292	6 195
Cash and cash equivalents	158 453	195 153	247 281
Other financial assets	-	-	-
Current assets classified as held-for-sale	3 035	3 032	20
Total assets	**976 624**	**1 063 964**	**997 475**
Equity	**633 644**	**646 704**	**701 579**
Share capital	15 115	15 115	15 115
Share premium	549 559	549 559	549 559
Supplementary capital	100 084	100 084	100 084
Management options provision	5 010	5 010	5 031
Reserve capital	110 525	110 525	110 303
Buy-back provision	-	-	-
Own shares	(122 904)	(106 616)	(65 020)
Retained earnings	(23 745)	(26 973)	(13 493)
Total equity attributable to owners of the parent	**633 644**	**646 704**	**701 579**
Non-controlling interests	-	-	-
Total non-current liabilities	**37 165**	**38 245**	**40 779**
Credit facilities, loans and debt instruments	3 380	3 455	-
Non-current liabilities	1 312	970	1 147
Provisions	29 694	31 591	37 393
Deferred income tax provision	2 779	2 229	2 239
Total current liabilities	**305 815**	**379 015**	**255 117**
Credit facilities, loans and debt instruments	857	804	-
Current liabilities	273 024	350 462	232 786
Income tax liabilities	1 311	2 119	2 429
Provisions	23 634	19 050	17 390
Deferred revenue	6 989	6 580	2 512
Liabilities assigned to assets classified as held-for-sale	-	-	-
Total equity and liabilities	**976 624**	**1 063 964**	**997 475**

(amounts in PLN 000s, unless otherwise stated)

	31 March 2014	31 Dec 2013	31 Mar 2013
Book value	633 644	646 704	701 579
Number of shares	15 115 161	15 115 161	15 115 161
Diluted number of shares	13 898 025	14 338 927	14 584 204
Book value per share (in PLN)*	45.91	45.43	48.40
Diluted book value per share (in PLN)**	45.59	45.10	48.11

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

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

	Three months ended 31 March 2014	Three months ended 31 Mar 2013
Revenue	479 443	493 047
Cost of sales	(342 390)	(371 279)
Profit on sales	**137 053**	**121 768**
Other operating revenue	3 146	4 717
Distribution costs	(114 248)	(94 873)
Administrative expenses	(18 038)	(16 359)
Other operating expenses	(2 345)	(1 707)
Operating profit	**5 568**	**13 546**
Finance income	840	1 766
Finance costs	(466)	(66)
Profit before tax	**5 942**	**15 246**
Income tax	(2 713)	(1 539)
- current	(2 615)	(2 661)
- deferred	(98)	1 122
Share of the profit of equity-accounted investees	-	-
Profit for the period	**3 229**	**13 707**
Profit for the period attributable to owners of the parent	3 229	13 707
Profit for the period attributable to non-controlling interests	-	-
Profit (loss) for the period (annualised), including:	3 321	8 359
Weighted average number of ordinary shares	13 802 136	14 495 146
Weighted average diluted number of ordinary shares*	13 898 025	14 584 204
Profit (loss) per ordinary share, annualised (in PLN)	0.24	0.58
Diluted profit (loss) per ordinary share, annualised* (in PLN)	0.24	0.57

* Weighted average diluted number of ordinary shares:
– for Q1 2014 (January-March): 13 898 025, 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 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.

(amounts in PLN 000s, unless otherwise stated)

Statement of comprehensive income	Three months ended 31 March 2014	Three months ended 31 Mar 2013
Profit for the period	3 229	13 707
Other comprehensive income	-	-
Comprehensive income for the period	**3 229**	**13 707**
Comprehensive income attributable to shareholders of the parent	3 229	13 707
Comprehensive income attributable to non-controlling interests	-	-

(amounts in PLN 000s, unless otherwise stated)

4. Condensed consolidated statement of changes in equity

	Share capital	Share premium	Supplementary capital	Management options provision	Reserve capital	Own shares	Retained earnings	Total equity
1 January 2014	**15 115**	**549 559**	**100 084**	**5 010**	**110 525**	**(106 616)**	**(26 973)**	**646 704**
Correction of fundamental errors 2013	-	-	-	-	-	-	-	-
1 January 2014, adjusted	**15 115**	**549 559**	**100 084**	**5 010**	**110 525**	**(106 616)**	**(26 973)**	**646 704**
Comprehensive income for the three months ended 31 March 2014	-	-	-	-	-	-	3 229	3 229
Prior-period results of companies entered into consolidation	-	-	-	-	-	-	-	-
2013 profit distribution - transfer to equity	-	-	-	-	-	-	-	-
Measurement of 2nd management options programme	-	-	-	-	-	-	-	-
Release of buy-back provision	-	-	-	-	-	-	-	-
Purchase of own shares	-	-	-	-	-	(16 288)	-	(16 288)
Redemption of own shares	-	-	-	-	-	-	-	-
Transfer of buy-back provision	-	-	-	-	-	-	-	-
Dividend from 2013 profit	-	-	-	-	-	-	-	-
31 March 2014	**15 115**	**549 559**	**100 084**	**5 010**	**110 525**	**(122 904)**	**(23 745)**	**633 644**

	Share capital	Share premium	Suppleme ntary capital	Management options provision	Reserve capital	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, adjusted	**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 entered into 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 from 2012 profit	-	-	-	-	-	-	-	-
Dividend for non-controlling interests	-	-	-	-	-	-	-	-
31 March 2013	**15 115**	**549 559**	**100 084**	**5 031**	**110 303**	**(65 020)**	**(13 493)**	**701 579**

(amounts in PLN 000s, unless otherwise stated)

	Share capital	Share premium	Supplementary capital	Management options provision	Reserve capital	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, adjusted	**15 115**	**549 559**	**100 084**	**5 031**	**110 303**	**(65 020)**	**(27 147)**	**687 925**
Comprehensive income for the 12 months ended 31 December 2013	**-**	**-**	**-**	**-**	**-**	-	13 799	13 799
Prior-period results of companies entered into consolidation	-	-	-	-	-	-	(53)	(53)
2012 profit distribution - transfer to equity	-	-	-	-	222	-	(222)	-
Measurement of 2nd management options programme	-	-	-	(21)	-	-	21	-
Release of buy-back provision	-	-	-	-	-	-	-	-
Purchase of own shares	-	-	-	-	-	(41 596)	-	(41 596)
Redemption of own shares	-	-	-	-	-	-	-	-
Transfer of buy-back provision	-	-	-	-	-	-	-	-
Dividend from 2012 profit	-	-	-	-	-	-	(13 372)	(13 372)
31 December 2013	**15 115**	**549 559**	**100 084**	**5 010**	**110 525**	**(106 616)**	**(26 973)**	**646 704**

(amounts in PLN 000s, unless otherwise stated)

5. Condensed consolidated statement of cash flows

	Three months ended 31 Mar 2014	Three months ended 31 Mar 2013
Profit (loss) for the period	**3 229**	**13 707**
Adjusted by:	**(11 778)**	**20 430**
Share of the net profit (loss) of equity-accounted investees	-	-
Depreciation / amortisation	11 664	10 134
(Profit) loss on exchange differences	182	-
Interest and shares of profit (dividends)	94	-
Income tax	2 713	1 539
Profit (loss) on investing activities	185	(3 437)
Change in provisions	2 687	1 082
Change in inventory	(435)	(3 914)
Change in receivables	47 549	12 861
Change in prepayments	222	(496)
Change in liabilities	(72 382)	3 788
Other adjustments	(2 238)	4
Income tax paid	(2 019)	(1 131)
Net cash from operating activities	**(8 549)**	**34 137**
Inflows	**2 332**	**4 683**
Disposal of property, plant and equipment and intangible assets	2 332	4 643
Disposal of financial assets	-	-
Disposal of interests in subsidiaries	-	-
Dividends received	-	-
Interest received	-	-
Repayment of loans issued	-	-
Cash of entities acquired, at acquisition date	-	40
Proceeds from use of investment properties	-	-
Other inflows	-	-
Outflows	**(13 899)**	**(6 832)**
Purchase of property, plant and equipment and intangible assets	(13 899)	(6 829)
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	**(11 567)**	**(2 149)**
Inflows	-	-
Proceeds from credit facilities and loans	-	-
Issue of short-term debt instruments	-	-
Other inflows	-	-
Outflows	**(16 584)**	**-**
Repayment of borrowings	-	-
Buy-back of short-term debt instruments	-	-
Payment of finance lease liabilities	(202)	-
Interest and fees paid	(94)	-

(amounts in PLN 000s, unless otherwise stated)

Dividends paid	-	-
Purchase of own shares	(16 288)	-
Other outflows	-	-
Net cash from financing activities	**(16 584)**	**-**
Change in cash and cash equivalents	**(36 700)**	**31 988**
Exchange differences	-	**-**
Cash and cash equivalents at the beginning of period	**195 153**	**215 293**
Cash and cash equivalents at the end of period	**158 453**	**247 281**

6. Additional information

6.1 Description of Group structure

Name, registered office and economic activities 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 in Lublin, ul. Projektowa 1.

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 2014 to 31 March 2014, and the comparative financial data covers the period from 1 January 2013 to 31 March 2013. The consolidated financial statements do not contain combined data, and the companies do not have integral organisational entities that draft financial statements on their own.

The consolidated financial statements 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 2014, consolidation includes Emperia Holding S.A. and 10 subsidiaries: Stokrotka Sp. z o.o., Infinite Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A., P3 EKON Sp. z o.o. S.K.A., EMP Investment Limited, Ekon Sp. z o.o., IPOPEMA 55 FIZAN, P1 Sp. z o.o., Eldorado Sp. z o.o. (formerly P4 Sp. z o.o.), P5 EKON Sp. z o.o. S.K.A.

During Q1 2014, Emperia Group's structure was subject to changes (compared with the 2013 year-end). On 31 January 2014, the following subsidiaries were merged: Stokrotka Sp. z o.o. with Maro Markety Sp. z o.o. and Społem Tychy S.A. In addition, on 31 March 2014, Stokrotka Sp. z o.o. acquired "PILAWA" Sp. z o.o. Details regarding the above events are presented in point 6.2.10

(amounts in PLN 000s, unless otherwise stated)

	Entity name	Registered office	Main economic activity	Registration authority	Type of control	Means of consolidation	Acquisition date / date from which significant control is exerted	% of share capital held	Share of the total number of votes at general meeting
1	Stokrotka Sp. z o.o. (1)	20-209 Lublin, ul. Projektowa 1	Retail sale of food, beverages and tobacco	16977, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	1999-01-27	100.00%	100.00%
2	Infinite Sp. z o.o.	20-209 Lublin, ul. Projektowa 1	IT operations	16222, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	1997-03-11	100.00%	100.00%
3	ELPRO EKON Sp. z o.o. S.K.A. (2)	20-209 Lublin, ul. Projektowa 1	Property development	392753, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	2001-02-15	100.00%	100.00%
4	P3 EKON Sp. z o.o. S.K.A. (3)	20-209 Lublin, ul. Projektowa 1	Property management	407301, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	2007-11-29	100.00%	100.00%
5	P1 Sp. z o.o.	20-209 Lublin, ul. Projektowa 1	Property development	365614, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	2010-09-06	100.00%	100.00%
6	EKON Sp. z o.o.	20-209 Lublin, ul. Projektowa 1	Property management	367597, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	2010-09-06	100.00%	100.00%

(amounts in PLN 000s, unless otherwise stated)

7	EMP Investment Ltd.	Themistokli Dervi 3, JULIA HOUSE, P.C. 1066; Nicosia, Cyprus	Investments in property	HE 272278, Ministry of Commerce, Industry and Tourism, Company Registration Department Nicosia, Cyprus	Subsidiary	Full	2010-09-03	100.00%	100.00%
8	Ipopema 55 FIZAN (4)	00-850 Warsaw, Waliców 11	Trusts, funds and similar financial instruments	RFI 591, Investment Fund Register maintained by the District Court in Warsaw	Subsidiary	Full	2010-12-09	100.00%	100.00%
9	Eldorado Sp. z o.o. (formerly P4 Sp. z o.o.)	20-209 Lublin, ul. Projektowa 1	Activities of head offices; management consultancy activities	400637, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	03-10-2011	100.00%	100.00%
10	P5 EKON Sp. z o.o. S.K.A. (formerly P5 Sp. z o.o.) (5)	20-209 Lublin, ul. Projektowa 1	Renting and operating of own or leased real estate	425738, District Court for Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register	Subsidiary	Full	24-11-2011	100.00%	100.00%

(1) directly by Emperia Holding S.A. (125 475 shares; 96.78%), indirectly by Stokrotka Sp. z o.o. (4 181 shares; 3.22%)
(2) indirectly by IPOPEMA 55 FIZAN (80 825 shares), EKON Sp. z o.o. (contribution)
(3) indirectly by IPOPEMA 55 FIZAN (138 427 shares), EKON Sp. z o.o. (contribution)
(4) indirectly by EMP Investment Limited
(5) indirectly by: IPOPEMA 55 FIZAN (56 047 shares), EKON Sp. z o.o. (contribution)

Subsidiaries excluded from the consolidated financial statements as at 31 March 2014, together with the legal basis for exclusion

	Entity name	Registered office	Legal basis for exclusion	Emperia's share in capital (% as at the end of the reporting period)	Emperia's share of voting rights (% as at the end of the reporting period)
1.	P2 EKON Sp. z o.o. S.K.A. (1)	20-209 Lublin, ul. Projektowa 1	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%

(1) indirectly by IPOPEMA 55 FIZAN

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 2014

	Entity name	Registered office	Share capital (in PLN 000s)	Emperia's share in capital (% as at the end of the reporting period)	Emperia's share of voting rights (% as at the end of the reporting period)
1	"Podlaskie Centrum Rolno-Towarowe" S.A. (1)	Białystok, ul. Gen. Wł. Andersa 40	11 115	0.30%	0.60%

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

6.2 Description of key accounting principles

6.2.1 Basis for preparing consolidated financial statements

The consolidated financial statements 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 October 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.

In 2014, the Group operated through the following segments:

1. **Retail** (retail segment), covering all operations of the following subsidiary: Stokrotka Sp. z o.o.

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; P1 Sp. z o.o. and five properties carved out of Emperia Holding S.A.

3. **Central Management** (central management segment), covering the management functions, holding services and advisory within the Group. The segment comprises the following companies: Emperia Holding S.A., Eldorado Sp. z o.o. (formerly P4 Sp. 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 is presented in PLN 000s (unless stated otherwise).

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

6.2.5 Discontinued operations

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

6.2.6 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 2014

The Group applies the following standards, amendments and interpretations since 1 January 2014:

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.

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.

c) Amendments to IAS 39 'Novation of Derivatives and Continuation of Hedge Accounting'

On 27 June 2013, the IASB issued 'Novation of Derivatives and Continuation of Hedge Accounting' (Amendments to IAS 39 'Financial Instruments: Recognition and Measurement'). Under the amendments there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met.
A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to benefit from the amended guidance, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations.
The amendments apply to annual periods beginning on or after 1 January 2014. Early application is permitted.

d) Amendments to IAS 36 concerning disclosures of recoverable amounts of non-financial assets

The IASB, as a consequential amendment to IFRS 13 Fair Value Measurement, modified some of the disclosure requirements in IAS 36 Impairment of Assets regarding measurement of the recoverable amount of impaired assets. The overall effect of the amendment is a reduction in the events where recoverable value of an asset or a cash-generating unit requires disclosure, clarification of disclosure requirements and introduction of formal requirements for the disclosure of discount rates applied to recognise impairment or reverse an impairment loss (based on fair value less costs of disposal) measured based on current value.
The amendments apply to annual periods beginning on or after 1 January 2014. Early application is permitted if IFRS 13 is applied.

The Group estimates that adoption of the above amended standards and new interpretations does not have a significant impact on the financial statements for Q1 2014.

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) New interpretation IFRIC 21 Levies

On 20 May 2013, the IASB issued interpretation IFRIC 21 Levies, which provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. IFRIC 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. The Interpretation clarifies that 'economic compulsion' and the going concern principle do not create or imply that an obligating event has occurred.
IFRIC 21 provides guidance on progressive recognition of a liability to pay levies if the obligating event occurs over a period of time and if an obligation is triggered on reaching a minimum threshold.
IFRIC 21 applies to annual periods beginning on or after 1 January 2014. The interpretation does not supersede IFRIC 6 Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment, which remains in force and is consistent with IFRIC 21.

c) Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

On 19 November 2013, the IASB issued amendments concerning disclosure requirements and restatement of comparative-period financial statements for the initial application of the classification and measurement requirements of IFRS 9 Financial Instruments (2009) and IFRS Financial Instruments (2010). Amendments to IFRS 7 require additional disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9. If IFRS 9 is adopted on or after 1 January 2013, the restatement of comparative-period financial statements for the initial application is not required. In the case of early application of IFRS 9 in 2012, the entity has the choice to restate comparative-period financial statements or present additional disclosures, in accordance with the amended IFRS 7. In the case of early application of IFRS 9 before 2012, the entity is not required to restate comparative-period financial statements or present additional disclosures as required by the amended IFRS 7.

d) Amendment of IAS 19 Employee Benefits

On 21 November 2013, the IASB published amendments applicable to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

e) Amendments to IFRS 2010-2012

On 12 December 2013, the IASB published annual improvements to IFRS 2010-2012, containing eight amendments to seven standards. The main changes were as follows: clarifies the definition of 'vesting condition' from attachment A to

IFRS 2, clarifies the legal aspects of accounting for contingent consideration in a business combination, amends paragraph 22 of IFRS 8 by introducing a disclosure requirement regarding factors used to identify reporting segments in a business combination, amends paragraph 28(c) of IFRS 8 by clarifying that reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly to the unit's decision makers, clarifies the IASB's justifications regarding the removal of paragraph B5.4.12 of IFRS 9 and paragraph OS79 of IAS 39, disclosure requirements concerning the revaluation model from IAS 16 and IAS 38, clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

f) Amendments to IFRS 2011-2013

On 12 December 2013, the IASB published annual improvements to IFRS 2011-2013, containing four amendments. The main changes were as follows: clarifies the meaning of "each IFRS effective at the end of the reporting period in which IFRS were first applied" paragraph 7 of IFRS 1; clarifies that paragraph 2(a) of IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement as defined in IFRS 11 and that the exception concerns only the financial statements of joint ventures and joint operations; clarifies that the scope of the portfolio exception defined in paragraph 48 of IFRS 13 includes all contracts accounted for within the scope of IAS 39, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32; clarifies that determining whether a specific transaction meets the definition of both business combination as defined in IFRS 3 and investment property requires the use of judgement and that the judgement must be based on guidelines in IFRS 3.

g) New standard IFRS 14 Regulatory Deferral Accounts

On 30 January 2014, the IASB issued a new standard the objective of which is to increase the comparability of financial statements of rate-regulated entities. This standard provides a framework for recognising items constituting revenue or costs qualified for recognition as a result of the rate-regulating laws in effect and which do not qualify as assets or liabilities under the requirements of other IFRSs. IFRS 14 will apply from 2016. Early application is permitted.

The Group considers the use of the above standards not to have a significant impact on the financial statements in the period following their adoption.

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 and 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) Sale of shares in subsidiary Lider Sp. z o.o. w likwidacji

On 15 January 2014, subsidiary Stokrotka Sp. z o.o. sold 100 shares with a nominal value of PLN 500 each, constituting 100% of the share capital of Lider Sp. z o.o. w likwidacji.

b) Sale of shares in subsidiary Społem Domy Handlowe Sp. z o.o.

On 23 January 2014, subsidiary Społem Tychy S.A. sold six shares with a nominal value of PLN 1 000 each, constituting 100% of the share capital of Społem Domy Handlowe Sp. z o.o.

c) Merger of subsidiaries: Stokrotka Sp. z o.o., Maro Markety Sp. z o.o. and Społem Tychy S.A.

On 31 January 2013, the District Court in Lublin-Wschód based in Świdnik, 6th Commercial Division of the National Court Register, registered a merger of subsidiaries: Stokrotka Sp. z o.o., Maro Markety Sp. z o.o. and Społem Tychy S.A. The merger was done through a transfer of all assets of Maro Markety Sp. z o.o. and Społem Tychy S.A. (the acquired companies) to Stokrotka Sp. z o.o. (the acquiring company)

d) Acquisition of substantial assets by Emperia Holding S.A.

On 12 February 2014, the Management Board of Emperia Holding S.A. announced that it entered an agreement concerning purchase of shares in EMP Investment Limited from subsidiary Stokrotka Sp. z o.o. Emperia Holding S.A. is the sole shareholder of Stokrotka Sp. z o.o. Prior to the transaction, Emperia Holding S.A. held a 80.27% stake in EMP Investment Limited's share capital and voting rights.
The subject of the above agreement is transfer of 23 211 shares in EMP Investment Limited, constituting 19.73% of share capital and voting rights, to Emperia Holding S.A. The shares were purchased for PLN 69 780 394.44 in cash.
Following the transaction, Emperia Holding S.A. directly held 100% of EMP Investment Limited's share capital and voting rights.

e) Merger of subsidiaries Stokrotka Sp. z o.o. and PILAWA Sp. z o.o.

On 31 March 2014, the District Court in Lublin-Wschód, based in Świdnik, 6th Commercial Division of the National Court Register, registered the merger of subsidiaries Stokrotka Sp. z o.o. and Pilawa Sp. z o.o. The merger was completed by transferring all of the assets of Pilawa Sp. z o.o. (the acquired company) to Stokrotka Sp. z o.o. (the acquiring company)

Mergers, acquisitions and disposals of subsidiaries and other entities; capital increases - after the end of the reporting period

There were no mergers, acquisitions or share disposals or capital increases after the end of the reporting period.

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 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 applies to 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. In the event that a lease contract is extended, however, 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 fair value less costs to sell and 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 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 property, plant and equipment, 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 an 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 (disposal groups) in its current form is available for immediate use. 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 that 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 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 Company 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 Company 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, or 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 that the Company intends to hold to maturity, such as bonds, 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 the 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 that 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 recognises impairment losses on inventory 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 recognition of a new impairment loss and reversal of a previously created impairment loss 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 recognises impairment losses on receivables for specific counterparties. The Group may create joint impairment losses for high-volume, 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 recognises 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 <u>Employee benefits</u>

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 - covers the costs directly incurred to obtain goods and materials sold, and corresponds 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 000s, unless otherwise stated)

7. Notes to the financial statements

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

The key tasks that the Group was implementing in Q1 2014 are as follows:
- completing the implementation the in-house logistics system and continuing its optimisation,
- merger of all retail-segment companies,
- developing and implementing of a new store format - Market Stokrotka.

First-quarter revenue was PLN 479 443 000, down 2.76% on the same period the previous year. The decline in sales occurred mainly in the retail segment, as a result of the Easter holidays being moved to the second quarter and the merger of retail companies, which took place in the first quarter of 2014.

The first quarter saw PLN 3 229 000 in profit, compared with PLN 13 707 000 in Q1 2013.
The year-on-year decrease in profit resulted from a PLN 6 779 000 loss recorded in the retail segment. The Group's other operating segments (property, IT and central management) recorded a total of PLN 10 328 000 in profit (as per segment reporting, without consolidation exclusions).
The retail segment's loss resulted from lower revenue and higher-than-expected logistics costs. Logistics performance has not yet reached a level ensuring the segment's profitability.

It should be noted that despite the lower revenues, first-quarter profit on sales grew by 12.55%. This mainly resulted from higher sales margins in the retail segment. Gross sales margin in Q1 2014 was 28.59%, compared with 24.70% in the same period last year.

In comparing the two reporting periods, it should be noted that both of them were affected by incomparable or one-off events, which substantially impacted the respective results:

- in Q1 2014, the Group recorded a PLN 6 000 gain on property sales, vs. a PLN 3 069 000 gain in the comparative period,
- in Q1 2014, the Group recorded a PLN 374 000 in finance income, vs. PLN 1 700 000 in the comparative period,
- in Q1 2014, Stokrotka Sp. z o.o. incurred a one-off expense of PLN 1 000 000 on compensation for early termination of a lease agreement at one of the Delima stores.
- change in tax regulations, concerning taxation of partnerships limited by shares in 2014, resulted in the property segment posting PLN 912 000 in corporate income tax in Q1 2014.

Changes in key items from the statement of profit and loss

Item	Q1 2014	Q1 2013	%
Revenue	479 443	493 047	-2.76%
Profit (loss) on sales	137 053	121 768	12.55%
EBITDA	17 232	23 680	-27.23%
Operating profit (loss)	5 568	13 546	-58.90%
Profit (loss) before tax	5 942	15 246	-61.03%
Profit for the period	3 229	13 707	-76.44%

(amounts in PLN 000s, unless otherwise stated)

Changes in key balance sheet items

Item	Q1 2014	Q1 2013	%
Total assets	976 624	997 475	-2.09%
Non-current assets	583 446	584 612	-0.20%
Current assets	393 178	412 863	-4.77%
Cash and cash equivalents	158 453	247 281	-35.92%
Liabilities and liability provisions	342 980	295 896	15.91%
Total current liabilities	305 815	255 117	19.87%
Net assets	633 644	701 579	-9.68%
Share capital (in PLN)	15 115 161	15 115 161	-
Current-period earnings per share, annualised* (in PLN)	0.24	0.58	-58.62

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

Operational performance and ability to meet liabilities

Item	Q1 2014	Q1 2013
Return on invested capital *(profit for the period / equity at the end of the period) in %*	0.51%	1.95%
Return on assets *(profit for the period / assets at the end of the period) in %*	0.33%	1.37%
Sales margin *(profit from sales for the period / revenue from sales for the period) in %*	28.59%	24.70%
EBITDA margin *(EBITDA / revenue from sales for the period) in %*	3.59%	4.80%
Operating margin *(operating profit for the period / revenue from sales for the period) in %*	1.16%	2.75%
Gross margin *(profit before tax for the period / revenue from sales for the period) in %*	1.24%	3.09%
Net margin *(profit for the period / revenue from sales for the period) in %*	0.67%	2.78%

Turnover cycles for key components of working capital

Item	Q1 2014	Q1 2013
Inventory turnover days *(inventory / value of goods for resale and materials sold*90)*	45	27
Receivables turnover days *(current receivables / revenue from sales*90)*	10	9
Payables turnover days *([current liabilities - current borrowings] / value of goods for resale and materials sold*90)*	73	63
Asset productivity *(revenue from sales / total assets)*	0.49	0.49
Non-current asset productivity *(revenue from sales / non-current assets)*	0.82	0.84

(amounts in PLN 000s, unless otherwise stated)

In Q1 2014, the inventory turnover ratio substantially increased, by 18 days, resulting from the use of in-house logistics in the distribution segment and higher levels of warehouse inventories in the pre-holiday season. The payables turnover ratio in Q1 2014 was higher by 10 days, resulting from an increase in the cycle due to the in-house logistics, concurrent with a decrease in cycle - payment of large product procurements from Q4 2013.

Retail segment

	Q1 2014	Q1 2013	%
Segment revenue	468 347	481 448	-2.72%
EBITDA	2 909	9 492	-69.35%
Operating result	-4 724	2 287	-
Gross profit	-6 158	1 184	-
Net segment profit	**-6 779**	**674**	**-**

As at the end of the first quarter of 2014, the retail segment comprised 240 retail stores, the same as at the end of Q1 2013. In Q1 2014, seven stores were shut down in connection with the restructuring of stores acquired through a merger.
The decline in retail-segment revenue in Q1 2014, by 2.72%, resulted from the Easter holiday being moved to the second quarter and the merger of retail-segment companies (rebranding and remodelling of the acquired stores, implementation of the Stokrotka sales system).

In Q1 2014, Stokrotka Sp. z o.o. completed the process to implement its in-house logistics system and continued its optimisation. Although the key logistics metrics are continually improving, they are not yet at a level ensuring profitability for the entire project.

	Q3 2013	Q4 2013	Q1 2014
Total Stokrotka store deliveries during the period	352 878	406 919	376 270
Stokrotka store deliveries using in-house logistics during the period	165 010	276 759	298 563
% shares of deliveries to Stokrotka via in-house logistics	46.76%	68.01%	79.35%
Total value of products delivered to the Group's store via in-house logistics	166 710	282 381	303 005
Logistics costs	15 219	20 384	19 645
- cost of warehouse maintenance	1 983	2 363	2 294
- cost of product handling logistics	6 107	8 092	8 185
- cost of transport	6 820	9 544	8 748
- general costs	309	385	418
Logistics cost ratio *(logistics costs / value of products delivered by in-house logistics)*	9.13%	7.22%	6.48%
Revenue	473 018	470 774	468 347
Cost of sales	356 732	350 568	336 406
Gross sales margin	116 286	120 206	131 941
Gross sales margin (in %) *(result on sales / revenue from sales)*	24.58%	25.53%	28.17%

(amounts in PLN 000s, unless otherwise stated)

The share of in-house logistics deliveries is continually growing, reaching 79.35% in Q1 2014, against a target of 80-85%, meaning that all of the planned store deliveries are now been covered by the in-house system. The remaining 15-20% constitutes regional products, frozen foods and baked goods - delivered directly by producers and suppliers.

Logistics cost ratio - shows logistics performance; also decreasing, but still below the target level.
The Company will work on improving logistics effectiveness in subsequent periods through:
- improved productivity of logistics staff,
- allocation of overhead to a larger volume of distributed products,
- improved transport effectiveness.

The gross sales margin achieved in the quarterly periods since implementation of the in-house logistics system was commenced has been systematically growing, reaching 28.17% in Q1 2014.

In Q1 2014, Stokrotka Sp. z o.o. incurred a one-off expense of PLN 1 000 000 on compensation for early termination of a lease agreement at one of the Delima stores.

In Q1 2014, the merger of retail-segment companies was completed. Stokrotka Sp. z o.o. acquired the other retail companies: Maro-Markety Sp. z o.o., Społem Tychy S.A. and Pilawa Sp. z o.o. A new store format - Market Stokrotka - was developed and implemented for the 23 stores acquired through the merger.

Cash conversion cycle in the retail segment

	Q1 2014	Q1 2013
Inventory turnover days *(inventory / value of goods for resale and materials sold*365)*	45.19	26.5
Receivables turnover days *(trade receivables / revenue from sales*365)*	4.85	7.1
Payables turnover days *(trade payables / value of goods for resale and materials sold*365)*	62.53	48.4
Cash conversion cycle *(difference between inventory turnover cycle and receivables collection cycle vs. payables turnover cycle)*	-12.48	-14.8

The cash conversion cycle in the retail segment increased by 2.32 days in Q1 2014, resulting from: an increase in inventory turnover being larger than the increase in payables turnover, by 4.56 days, alongside a decrease in receivables turnover by 2.25 days.

Stokrotka stores

	Q1 2014	Q1 2013
Number of stores at the beginning of period	**211**	**201**
- stores opened	0	2
- stores shut-down	7*	1
- stores acquired by Stokrotka through the merger of retail companies	36	-
Number of stores at the end of period, including:	**240**	**202**
- own supermarkets	216	202
- franchise supermarkets	1	0

(amounts in PLN 000s, unless otherwise stated)

- own markets	23	0
- franchise markets	0	0
Average total store surface - stores opened (in sqm)	-	961
Capex on stores opened	-	1 833

*Six stores acquired by Stokrotka Sp. z o.o. as a result of the merger of retail companies, with sales floor of less than 150 sqm, were shut down in Q1 2014.

Property segment

	Q1 2014	Q1 2013	%
Segment revenue	18 318	16 557	10.64%
EBITDA	9 998	12 413	-19.46%
Operating result	6 920	9 680	-28.51%
Gross profit	6 622	8 070	-17.94%
Net segment profit	**5 710**	**8 070**	**-29.24%**

Property-segment revenue grew 10.64% in Q1 2014.
The y/y decline in profit in Q1 2014 resulted from property disposals. In Q1 2014, the result on property sales was PLN 6 000, while in the comparative period PLN 3 069 000.
Furthermore, a change in tax regulations, concerning taxation of partnerships limited by shares in 2014, resulted in the property segment posting PLN 912 000 in corporate income tax in Q1 2014.

	Q1 2014	Q1 2013
Number of properties at the end of period	93	96
including: properties in progress	11	13
operating properties	82	83
including: retail properties	77	77
other properties	5	6
average monthly net operating income from leasable facilities*	**3 457**	**3 358**
including: retail properties	**3 390**	**3 211**
leasable area of retail facilities (sqm)	92 063	90 784
including: related lessees	56 367	57 522
other lessees	35 696	33 262
average lease rate (PLN per sqm)	41.9	41.2
including: related lessees	43.4	41.7
other lessees	39.7	40.3

(amounts in PLN 000s, unless otherwise stated)

IT segment

	Q1 2014	Q1 2013	%
Segment revenue	8 335	7 556	10.31%
EBITDA	2 441	2 550	-4.27%
Operating result	2 143	2 143	0.00%
Gross profit	2 251	2 284	-1.44%
Net segment profit	**1 814**	**1 840**	**-1.41%**

	Q1 2014	Q1 2013	%
Revenue from sale of services	6 517	6 651	-2.01%
including: external	*4 496*	*4 769*	-5.72%
Revenue from sale of goods for resale and materials	1 818	905	100.84%
including: external	*220*	*399*	-44.74%
Total revenue	8 335	7 556	10.31%
including: external	*4 716*	*5 167*	-8.73%

The 10.31% increase in revenue in Q1 2014 resulted from higher sales of goods for resale - IT equipment.
In Q1 2014, the segment generated a slightly lower (by 1.41%) result than in the first quarter of last year, connected with a lower sales margin on goods than the sales margin on service sales.
In Q1 2014, segment revenue to external customers constituted 56.58% of the total revenue from sales, while in Q1 2013 it accounted for 68.39%.

Central management segment

	Q1 2014	Q1 2013	%
Segment revenue	1 375	2 180	-36.93%
EBITDA	1 968	(561)	-
Operating result	1 684	(994)	-
Gross profit	3 520	3 278	7.38%
Net segment profit	**2 804**	**2 777**	**0.97%**

The decrease in the central management segment's revenue resulted from the transfer of five properties to the property segment in Q1 2014 (in Q1 2013 the segment managed one property, and its result was immaterial).
The most significant item of the segment's revenue in both reporting periods was interest income: PLN 2 089 000 in Q1 2014 and PLN 3 525 000 in Q1 2013.

(amounts in PLN 000s, unless otherwise stated)

7.2 Revenue and profit by operating segment

In 2014, the Group operated through the following segments:

1 **Retail** (retail segment), covering all operations of the following subsidiary: Stokrotka Sp. z o.o.

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; P1 Sp. z o.o. and five properties carved out of Emperia Holding S.A.

3 **Central Management** (central management segment), covering the management functions, holding services and advisory within the Group. The segment comprises the following companies: Emperia Holding S.A., Eldorado Sp. z o.o. (formerly P4 Sp. 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.

Emperia Group's operating segments in Q1 2014:

	Retail	Property	Central management	IT	Consolidation exclusions	Total
Segment revenue	468 347	18 318	1 375	8 335	16 932	**479 443**
External revenue	468 309	5 545	872	4 716	-	**479 443**
Inter-segment revenue	38	12 773	503	3 619	16 933	-
Total segment costs	(472 281)	(11 291)	(1 532)	(6 239)	(16 667)	**(474 676)**
Profit (loss) on sales	(3 934)	7 027	(157)	2 096	265	**4 767**
Result on other operating activities	(790)	(107)	1 841	47	190	**801**
Result on financing activities	(1 434)	(299)	1 837	108	(162)	**374**
Gross result	(6 158)	6 622	3 520	2 251	293	**5 942**
Tax	(621)	(912)	(716)	(437)	27	**(2 713)**
Share of the profit of equity-accounted investees	-	-	-	-	-	-
Net segment profit	**(6 779)**	**5 710**	**2 804**	**1 814**	**320**	**3 229**

	Retail	Property	Central management	IT	Consolidation exclusions	Total
Segment assets / liabilities	402 725	1 017 129	536 684	23 560	1 003 474	**976 624**
Goodwill	39 200	12 844	-	-	-	**52 044**

	Retail	Property	Central management	IT	Consolidation exclusions	Total
Capital expenditures	(12 281)	(599)	(919)	(335)	(235)	**(13 899)**
Depreciation / amortisation	(7 633)	(3 078)	(284)	(298)	371	**(11 664)**

(amounts in PLN 000s, unless otherwise stated)

Emperia Group's operating segments in Q1 2013:

	Retail	Property	Central management	IT	Consolidation exclusions	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**
Inter-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)**
Profit (loss) on sales	1 879	6 999	(1 358)	2 149	(867)	**10 536**
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	Consolidation exclusions	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	Consolidation exclusions	Total
Capital expenditures	(4 486)	(1 379)	(179)	(1 282)	(497)	(6 829)
Depreciation / amortisation	(7 205)	(2 733)	(433)	(407)	(644)	(10 134)

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 2014.

(amounts in PLN 000s, unless otherwise stated)

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 interim report was published	% in share capital as at the date on which the previous interim 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	1 944 678	12.87%	-	1 944 678	12.87%	1 944 678	14.35%
IPOPEMA TFI S.A.	1 433 437	9.48%	-	1 433 437	9.48%	1 433 437	10.58%
AXA OFE	891 992	5.90%	-	891 992	5.90%	891 992	6.58%
ING TFI	810 119	5.36%	-	810 119	5.36%	810 119	5.98%

* Emperia Holding S.A. shareholding structure as at 22 April 2014

As at the date on which this report was published, Emperia Holding S.A. and subsidiary P1 Sp. z o.o. held a total of 1 606 768 shares in Emperia Holding S.A., entitling to 1 606 768 (10.630%) votes at the Issuer's general meeting and constituting 10.630% of the Issuer's share capital.

7.6 Changes in shareholding by Management Board and Supervisory Board members

Management Board members	Shares as at 31 March 2014	% 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 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.

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

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

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

7.8 Significant related-party transactions

In Q1 2014, Emperia Holding S.A. did not execute any significant transactions with related parties other than transactions in the ordinary course of business on market terms.

All inter-group mergers in Q1 2014 are presented in point 6.2.10. Short-term bonds were issued as part of the Group's cash flow management, as described in note 7.14.5.

7.9 Credit facilities, loans, sureties and guarantees

In Q1 2014, the parent, Emperia, did not issue new credit sureties for subsidiaries such as would exceed 10% of the Issuer's equity. Information concerning guarantees may be found in note 7.14.7.

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

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

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

In Q1 2014, there were no atypical factors and events other than those presented in note 7.1.

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 tax laws

c) Changes in the FMCG market
d) Growth in prices of products and services used by the Group, in particular fuel and electricity
e) Policies of financial institutions with regard to the financing of businesses and consumers (interest rates, loan margins, collateral)
f) 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
c) Internal cost control policy
d) Effectiveness improvements in in-house logistics within the retail segment
e) Implementation of a franchise network concept under the Stokrotka brand

7.13 Changes in the Issuer's management and supervisory board members

Management Board

In Q1 2014, the composition of the Management Board of Emperia Holding S.A. did not change.

Composition of Emperia Holding S.A.'s Management Board as at 31 March 2014:

Dariusz Kalinowski – President of the Management Board; Graduated from the University of Szczecin, Economics Faculty. MBA from the European University Centre for Management Studies in Switzerland. CEO, managing director, Emperia Holding S.A.

Cezary Baran – Vice-President of the Management Board, Finance Director; Graduate of the Marie Curie-Skłodowska University in Lublin, Economics Faculty. Investment adviser licence no. 241. Vice-president, finance director, Emperia Holding S.A.

Supervisory Board

The composition of Emperia Holding S.A.'s Supervisory Board did not change during Q1 2014.

Composition of Emperia Holding S.A.'s Supervisory Board as at 31 March 2014:

1. Artur Kawa – Chairperson of the Supervisory Board
2. Michał Kowalczewski – Independent Member of the Supervisory Board
3. Andrzej Malec – Member of the Supervisory Board

(amounts in PLN 000s, unless otherwise stated)

4. Artur Laskowski – 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, such as are non-typical due to their type, value or impact

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 2014	Change in Q1 2013
Non-current		
As at the beginning of period	1 159	1 481
Increases / decreases during the period	-	-
Increases / decreases during the period as a result of acquisitions / disposals	-	-
As at the end of period	**1 159**	**1 481**
Current		
As at the beginning of period	7 200	5 111
Increases / decreases during the period	2 619	692
Increases / decreases during the period as a result of acquisitions / disposals	-	-
As at the end of period	**9 819**	**5 803**

Other provisions	Change in Q1 2014	Change in Q1 2013
Non-current		
As at the beginning of period	30 432	37 808
Increases / decreases during the period	(1 897)	(1 896)
Increases / decreases during the period as a result of acquisitions	-	-
As at the end of period	**28 535**	**35 912**
Current		
As at the beginning of period	11 849	9 298
Increases / decreases during the period	1 968	2 289

(amounts in PLN 000s, unless otherwise stated)

Increases / decreases during the period as a result of acquisitions / disposals	-	-
As at the end of period	**13 815**	**11 587**

7.14.5 Issue, redemption and repayment of debt and equity securities

Issued bonds

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

Subsidiary ELPRO EKON Sp. z o.o. S.K.A. has an agreement with BRE Bank S.A. concerning a short- and medium-term bond programme with an aggregate value of up to PLN 150 000 000. Issue and buy-back of bonds (presented at par values) by ELPRO EKON Sp. z o.o. S.K.A. during Q1 2014 and Q1 2013:

Q1 2014:

Issue and buy-back of bonds in Q1 2014	Total	External issuance	Emperia Holding S.A.	Infinite Sp. z o.o.	P3 EKON Sp. z o.o. S.K.A	P5 EKON Sp. z o.o. S.K.A
As at the beginning of period	**20 000**	**-**	**3 500**	**11 000**	**-**	**5 500**
Issue of bonds	81 000	-	81 000	-	-	-
Buy-back of bonds	(61 000)	-	(44 500)	(11 000)	-	(5 500)
As at the end of period	**40 000**	**-**	**40 000**	-	-	-

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**	**-**
Issue 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**	**-**

b) Stokrotka Sp. z o.o.

Subsidiary Stokrotka Sp. z o.o. has an agreement with BRE Bank S.A. concerning a short- and medium-term bond programme with an aggregate value of up to PLN 150 000 000. Issue and buy-back of bonds (presented at par values) by Stokrotka Sp. z o.o. during Q1 2014 and Q1 2013:

Q1 2014:

Issue and buy-back of bonds in Q1 2014	Total	External issuance	Emperia Holding S.A.	P3 EKON Sp. z o.o. S.K.A
As at the beginning of period	**128 000**	**-**	**128 000**	**-**
Issue of bonds	*243 000*	-	*243 000*	-
Buy-back of bonds	*(302 000)*	-	*(302 000)*	-
As at the end of period	**69 000**	**-**	**69 000**	**-**

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**	**-**	**-**
Issue of bonds	*285 000*	-	*285 000*	-	-
Buy-back of bonds	*(286 000)*	-	*(286 000)*	-	-
As at the end of period	**91 000**	**-**	**91 000**	**-**	**-**

c) P1 Sp. z o.o.

Subsidiary P1 Sp. z o.o. has an agreement with BRE Bank S.A. concerning a short- and medium-term bond programme with an aggregate value of up to PLN 200 000 000. Issue and buy-back of bonds (presented at par values) by P1 Sp. z o.o. during Q1 2014 and Q1 2013:

Q1 2014:

Issue and buy-back of bonds in Q1 2014	Total	External issuance	Emperia Holding S.A.	P5 EKON Sp. z o.o. S.K.A	P3 EKON Sp. z o.o. S.K.A	Infinite Sp. z o.o.
As at the beginning of period	**172 000**	**-**	**21 000**	**49 000**	**102 00**	**-**
Issue of bonds	*328 000*	-	-	*109 000*	*197 000*	*22 000*
Buy-back of bonds	*(344 000)*	-	*(21 000)*	*(103 000)*	*(209 000)*	*(11 000)*
As at the end of period	**156 000**	**-**	**-**	**55 000**	**90 000**	**11 000**

P1 Sp. z o.o. did not issue bonds in Q1 2013.

Debt security liabilities as at 31 March 2014

Issuer	Series	Par value (in PLN 000s)	Maturity date	As at 31 March 2014
Stokrotka Sp. z o.o.	0118*	59 000	2014-04-04	
Stokrotka Sp. z o.o.	0119*	10 000	2014-04-04	
Elpro Ekon Sp. z o.o. S.K.A.	0146*	40 000	2014-04-04	
P1 Sp. z o.o.	0010*	11 000	2014-04-04	
P1 Sp. z o.o.	0010*	55 000	2014-04-04	
P1 Sp. z o.o.	0010*	90 000	2014-04-04	
All bond issuance by the Group				**-**
Other				-
Total debt instrument 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 2013

Issuer	Series	Par value (in PLN 000s)	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 instrument 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.

7.14.6 Paid and received dividends

Dividend was not paid out in Q1 2014.

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 2014	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	-	**19 939**	-
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	-	**19 939**	-
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	-	**43 000**	**17 096**
Increases during the period	-	-	-

(amounts in PLN 000s, unless otherwise stated)

Decreases during the period	-	-	(1 000)
Increases / decreases during the period as a result of acquisitions / disposals	-	-	-
As at the end of period	**-**	**43 000**	**16 096**

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

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

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

(amounts in PLN 000s, unless otherwise stated)

Impairment and reversal of impairment losses	Change in Q1 2014	Change in Q1 2013
Impairment of property, plant and equipment		
As at the beginning of period	9 427	8 966
Recognition	233	-
Reversal	(180)	-
Changes as a result of acquisitions / disposals	-	-
As at the end of period	**9 480**	**8 966**
Impairment of receivables		
As at the beginning of period	9 944	10 121
Recognition	748	1 087
Reversal	(229)	(271)
Changes as a result of acquisitions / disposals	-	-
Derecognised from statement of profit and loss	(208)	(80)
As at the end of period	**10 255**	**10 857**
Impairment of financial assets		
As at the beginning of period	-	-
Recognition	-	-
Reversal	-	-
Changes as a result of acquisitions / disposals	-	-
As at the end of period	**-**	**-**
Impairment of inventory		
As at the beginning of period	10 031	5 504
Recognition	2 497	6 142
Reversal	(1 490)	(148)
Changes as a result of acquisitions / disposals	-	-
As at the end of period	**11 038**	**11 498**
including: Impairment losses on inventory control		
As at the beginning of period	515	275
Recognition	1 837	4 269
Reversal	(1 490)	(148)
Changes as a result of acquisitions / disposals	-	-
As at the end of period	**862**	**4 396**
including: Impairment losses on bonuses		
As at the beginning of period	9 516	5 229
Recognition	660	1 873
Reversal	-	-
Changes as a result of acquisitions / disposals	-	-
As at the end of period	**10 176**	**7 102**

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

7.14.9 Recognition / reversal of cost restructuring provisions

Did not occur during the reporting period or comparative period.

(amounts in PLN 000s, unless otherwise stated)

7.14.10 Deferred income tax

Deferred income tax	Change in Q1 2014	Change in Q1 2013
Deferred income tax assets		
As at the beginning of period	20 053	21 148
Increase	*700*	*1 526*
Decrease	*(249)*	*(157)*
Change as a result of acquisition	*-*	*-*
As at the end of period	**20 504**	**22 517**

Deferred income tax	Change in Q1 2014	Change in Q1 2013
Deferred income tax provision		
As at the beginning of period	2 229	1 992
Recognition	*550*	*293*
Reversal	*-*	*(46)*
Change as a result of acquisition	*-*	*-*
As at the end of period	**2 779**	**2 239**

7.14.11 Financial and operating leasing

a) Finance lease liabilities

Finance lease liabilities	31 March 2014	
	Minimum payments	Present value of minimum payments
Within 1 year	1 203	857
Within 1 to 5 years	3 912	3 380
Within more than 5 years	-	-
Total	**5 115**	**4 237**

Did not occur at the Group during the 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 2014:

Asset	Term of agreement	As at 31 Mar 2014	As at 31 Mar 2015	From 1 to 5 years	Over 5 years
		Minimum annual payment			
Property	specified	20 013	114 898	458 184	572 033
	unspecified	670	2 834	11 335	14 169
Technical equipment and machinery	specified	4	16	-	-
	unspecified	22	89	355	462
Means of transport	specified	613	6 353	19 173	2 050

(amounts in PLN 000s, unless otherwise stated)

	unspecified	-	-	-	-
Other property, plant and equipment	specified	-	-	-	-
	unspecified	-	-	-	-

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

Q1 2013

Asset	Term of agreement	As at 31 Mar 2013	As at 31 Mar 2014	From 1 to 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 property, plant and equipment	specified	-	-	-	-
	unspecified	-	-	-	-

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

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

Did not take place in Q1 2014.

7.14.13 Correction of prior-period errors

Did not take place in Q1 2014.

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

Did not take place in Q1 2014.

7.14.15 Charitable work at Emperia Group

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

Emperia Fundacja

The Emperia Foundation was established in 2010. It helps out those employees and their loved ones that are faced with difficulties.

The Foundation helps out employees and their families - children, spouses and parents - as well as former employees who are now retired. The Foundation also contributes to the development of children and youth.

The Foundation co-finances medicine purchases and doctor visits as well as covers the costs of rehabilitation and health travel. The Foundation also supports its beneficiaries in obtaining other forms of assistance.

The Stokrotka Helps competition is focused on voluntary work by our staff. In successive editions of the competition, our employees achieved fantastic results. They have so far completed 18 projects, in which over 100 volunteers from Stokrotka Sp. z o.o. participated.

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

Blood drive

On 8 August 2013, the Group's headquarters hosted the second edition of a blood drive organised by our employees. A special bus equipped with mobile blood drawing equipment was brought in for the occasion, and our employees donated blood right in our car park. The August blood drive was a response to the Centre's appeal to replenish drastically low levels of blood stores which are essential to saving lives. Stokrotka employees immediately responded, and nearly 10% of the headquarters' staff gave blood. Of the 30 people that were examined, 15 proceeded to donate blood, therefore we can say that Stokrotka's blood drive substantially helped to increase inventory at the Blood Donation Centre in Lublin.

The Ambassador Programme is directed to students aiming to grow professionally and gain experience while in college. During the school year, the Ambassador will represent Stokrotka in the student community in Lublin, prepare and execute promotional strategies for Stokrotka and support the company in building brand awareness at Lublin's universities.

Share-a-Meal Programme

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

Student and graduate opportunities

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

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

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

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

In 2013, we hired 15 people who attended unpaid internships.

7.14.16 Other significant events

a) Strategic decision regarding the split-up of Emperia Holding S.A.

Following the approval of the Company's Supervisory Board, on 16 January 2014 the Management Board adopted a resolution concerning commencement of preparatory work on a planned split-up of Emperia Holding S.A.

The split-up will be executed through a carve out, pursuant to art. 529 § 1 point 4 of the Polish Commercial Companies Code, of an organised part of the enterprise constituting operations in property investments, along with the management of properties held by the Company and other Emperia Group entities. The organised part of enterprise will be contributed in-kind to P1 Sp. z o.o., based in Lublin, which is 100%-owned by Emperia Holding S.A. P1 Sp. z o.o. will become the owner of all assets and liabilities from the Group's property segment. After the split-up, Emperia Holding S.A. will focus predominantly on growth of its retail operations, while P1 will concentrate on property development.

The management expects Emperia Holding S.A.'s split-up to be accompanied by transforming P1 into a public limited company and subsequently introducing its shares to regulated trading on the Warsaw Stock Exchange.

As per the management's expectations, the split-up procedure should be completed by 2014 year-end. As a result of the split-up, the existing shareholders in Emperia Holding S.A. will become shareholders in P1. The management expects shareholders to receive the same number of shares in P1 as they hold in Emperia Holding S.A.

The objective of the proposed split-up is to create two separate entities that:

(amounts in PLN 000s, unless otherwise stated)

- are transparent to shareholders, by simplifying organisational structures and by concentrating on more homogenous business lines,
- are easier to value and compare with their peer group,
- can be active participants in market consolidation processes in their respective industries, especially as regards retail, by acquiring further companies.

The split-up process is subject to Emperia Holding S.A. shareholders approving the draft changes that will eventually be issued via voting on resolutions at the Company's general meeting tasked with approving the split-up. A further condition is the approval by the Polish Financial Supervision Authority of P1's prospectus concerning a share issue in connection with the split-up.

The split-up plan, management report and other documents pertaining to the split-up, as required by law, will be disclosed by the Company as soon as they are ready.

b) 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)

Pursuant to an 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 12 September 2013, subsidiary P1 Sp. z o.o. purchased Emperia Holding's shares, in the following blocks:

Transaction date	Number of purchased shares	Nominal value of shares	Price per share	Number of votes at Emperia Holding S.A.'s general meeting	% of share capital
16 January 2014	14 667	PLN 1	70.47	14 667	0.097%
4 February 2014	18 407	PLN 1	71.18	18 407	0.122%
14 February 2014	9 867	PLN 1	71.77	9 867	0.065%
7 March 2014	12 557	PLN 1	71.10	12 557	0.083%
12 March 2014	12 749	PLN 1	66.11	12 749	0.084%
17 March 2014	20 040	PLN 1	65.41	20 040	0.133%
19 March 2014	14 835	PLN 1	64.22	14 835	0.098%
21 March 2014	15 200	PLN 1	62.28	15 200	0.101%
31 March 2014	16 570	PLN 1	64.26	16 570	0.110%

P1 Sp. z o.o. and the Issuer held a total of 1 520 021 shares in the Issuer, entitling to 1 520 021 (10.056%) votes at the Issuer's general meeting and constituting 10.056% of the Issuer's share capital.

c) Intra-group bond issuance and redemption

On 24 January 2014, subsidiaries Stokrotka Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A., and P1 Sp. z o.o. issued short-term bonds maturing on 28 February 2014, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 359 million.

On 24 February 2014, subsidiary Stokrotka Sp. z o.o. redeemed early short-term bonds issued on 24 January 2014, maturing on 28 February 2014, which were purchased by Emperia Holding S.A. The total par value of the bonds under early redemption was PLN 67 million.

On 28 February 2014, subsidiaries Stokrotka Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A., and P1 Sp. z o.o. issued short-term bonds maturing on 4 April 2014, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 257 million.

d) Changes in the buy-back programme

On 4 February 2014, the Management Board of Emperia Holding S.A. announced that due to a significantly low liquidity of Emperia Holding S.A. shares, the average daily purchase under Emperia Holding S.A. share buy-back programme by P1 Sp. z o.o., based in Lublin, may - from 5 February 2014 - exceed the 25% threshold. The buy-back of Emperia Holding S.A.'s shares will not exceed 50% of the average daily value.

e) Offer to purchase shares in Emperia Holding S.A. by subsidiary P1 Sp. z o.o.

On 20 March 2014, the Management Board of Emperia Holding S.A. announced an offer to purchase shares in Emperia Holding S.A. by subsidiary P1 Sp. z o.o. The subject of the offer was ordinary bearer shares in a volume of up to 160 000. The offer price was PLN 60 per share.
Under the announced offer, P1 Sp. z o.o. purchased 120 000 shares, constituting 0.794% of Emperia Holding S.A.'s share capital and entitling to 120 000 (0.794%) of votes at the general meeting. The shares bought back are to be redeemed by the Issuer.

f) Notification on increase in votes at Emperia Holding S.A.'s general meeting to over 5% by a shareholder

On 27 March 2014, Emperia Holding S.A.'s Management Board announced that, as a result of a block transaction to purchase 15 200 shares during a trading session on the main market managed by the Warsaw Stock Exchange between Millennium DM and P1 Sp. z o.o. (Emperia Holding S.A.'s subsidiary) on 21 March 2014 P1 Sp. z o.o. exceeded the 5% threshold of votes at Emperia Holding S.A.'s general meeting.

g) Notification on increase in votes at Emperia Holding S.A.'s general meeting to over 10% by a shareholder

On 31 March 2014, Emperia Holding S.A.'s Management Board announced that, as a result of a block transaction to purchase 16 570 shares during a trading session on the main market managed by the Warsaw Stock Exchange between Millennium DM and P1 Sp. z o.o. (Emperia Holding S.A.'s subsidiary) Emperia Holding S.A. and P1 Sp. z o.o. jointly exceeded the 10% threshold of votes at Emperia Holding S.A.'s general meeting.

7.14.17 Significant events after the end of the reporting period

a) Intra-group bond issuance and redemption

On 4 April 2014, subsidiaries Stokrotka Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A. and P1 Sp. z o.o. issued short-term bonds maturing on 9 May 2014, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 283 million.

On 9 May 2014, subsidiaries Stokrotka Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A. and P1 Sp. z o.o. issued short-term bonds maturing on 6 June 2014, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 292 million.

b) 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)

(amounts in PLN 000s, unless otherwise stated)

Pursuant to an 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 12 September 2013, subsidiary P1 Sp. z o.o. purchased Emperia Holding's shares, in the following blocks:

Transaction date	Number of purchased shares	Nominal value of shares	Price per share	Number of votes at Emperia Holding S.A.'s general meeting	% of share capital
10 April 2014	22 675	PLN 1	66.03	22 675	0.150%
22 April 2014	19 287	PLN 1	67.49	19 287	0.128%
30 April 2014	15 090	PLN 1	67.54	15 090	0.100%
8 May 2014	13 497	PLN 1	68.09	13 497	0.089%
14 May 2014	16 198	PLN 1	65.87	16 198	0.107%

P1 Sp. z o.o. and the Issuer held a total of 1 606 768 shares in the Issuer, entitling to 1 606 768 (10.630%) votes at the Issuer's general meeting and constituting 10.630% of the Issuer's share capital.

c) Transformation of P1 Sp. z o.o. into a public limited company

On 22 April 2014, an Extraordinary General Meeting of P1 Sp. z o.o. adopted a resolution on the basis of which P1 Sp. z o.o. has been transformed into a public limited company - Elpro Development S.A. Elpro Development's share capital amounts to PLN 1 050 000 and is divided into 1 050 000 registered shares series A, with a nominal value of PLN 1. The transformation has not yet been registered by the court.

d) Management Board and Supervisory Board recommendation regarding the 2013 dividend

On 8 May 2014, 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 2013 net profit, amounting to PLN 12 176 763.56, as follows:
- payment of dividend, in the amount of PLN 12 172 131.90, i.e. PLN 0.90 per share,
- reserve capital, in the amount of PLN 4 631.66.
The Company's Management Board proposed an ex-dividend date of 13 June 2014 and a dividend payment date of 30 June 2014. If the Company or any of its subsidiaries will purchase own shares before the dividend payment date, the amount of profit attributable to those shares will be transferred to the reserve capital, thereby decreasing the amount earmarked for the dividend. The Company's Supervisory Board approved the Management Board's request.

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

On 8 May 2014, the Management Board of Emperia Holding S.A. announced that it called an Ordinary General Meeting, which is to take place on 5 June 2014. 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 resolutions on appointment of Supervisory Board members, as well as adoption of a resolution on amendment of the Company's articles of association.

(amounts in PLN 000s, unless otherwise stated)

8. Issuer's condensed separate financial statements

8.1 Selected separate financial data

Item	SELECTED FINANCIAL DATA (current year)	PLN		EUR	
		For the period from 1 Jan 2014 to 31 Mar 2014	For the period from 1 Jan 2013 to 31 Mar 2013	For the period from 1 Jan 2014 to 31 Mar 2014	For the period from 1 Jan 2013 to 31 Mar 2013
I.	Net revenue from sale of products, goods for resale and materials	3 601	2 187	860	524
II.	Operating profit (loss)	2 463	(956)	588	(229)
III.	Profit (loss) before tax	4 129	2 568	986	615
IV.	Profit (loss) for the period	3 264	2 067	779	495
V.	Net cash flows from operating activities	12 053	35	2 877	8
VI.	Net cash flows from investing activities	(20 670)	19 981	(4 934)	4 787
VII.	Net cash flows from financing activities	-	-	-	-
VIII.	Total net cash flows	(8 617)	20 016	(2 057)	4 796
IX.	Total assets	587 537	584 017	140 852	140 822
X.	Liabilities and liability provisions	3 570	3 315	856	799
XI.	Total non-current liabilities	795	656	191	158
XII.	Total current liabilities	2 775	2 659	665	641
XIII.	Equity	583 967	580 702	139 996	140 023
XIV.	Share capital	15 115	15 115	3 624	3 645
XV.	Number of shares	15 115 161	15 115 161	15 115 161	15 115 161
XVI.	Weighted average number of shares	13 802 136	14 495 146	13 802 136	14 495 146
`XVII.	Profit (loss) per ordinary share, annualised* (in PLN/EUR)	0.97	1.01	0.23	0.24
XVIII.	Diluted profit (loss) per ordinary share, annualised* (in PLN/EUR)	0.96	1.01	0.23	0.24
XIX.	Book value per share* (in PLN/EUR)	42.31	40.79	10.14	9.84
XX.	Diluted book value per share* (in PLN/EUR)	42.02	40.50	10.07	9.77
XXI.	Declared or paid out dividend per share (in PLN/EUR)	0.90	0.93	0.22	0.21

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

Weighted average number of shares:
- for Q1 2014 (January-March): 13 802 136;
- for Q1 2013 (January-March): 14 495 146;

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 2014 was EURPLN 4.1894 and for Q1 2013: EURPLN 4.1738.
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 2014: EURPLN 4.1713; as at 31 December 2013: EURPLN 4.1472.
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 14 May 2014 - EURPLN 4.1828, while dividend paid out - using the rate on the dividend payment date, i.e. 26 June 2013: EURPLN 4.3348.

(amounts in PLN 000s, unless otherwise stated)

8.2 Condensed separate statement of financial position

	31 Mar 2014	31 Dec 2013	31 Mar 2013
Non-current assets	**390 536**	**321 401**	**286 067**
Property, plant and equipment	51 184	51 167	14 911
Investment properties	-	-	-
Intangible assets	3 307	3 582	4 422
Financial assets	335 941	266 493	266 022
Non-current receivables	-	56	564
Deferred income tax assets	104	99	145
Other non-current prepayments	-	4	3
Current assets	**197 001**	**262 616**	**301 706**
Inventory	-	-	-
Current receivables	2 391	11 337	2 523
Income tax receivables	-	-	-
Short-term securities	108 965	152 131	187 403
Prepayments	222	84	664
Cash and cash equivalents	80 938	89 555	93 316
Other financial assets	1 500	6 497	17 800
Assets classified as held for sale	2 985	3 012	-
Total assets	**587 537**	**584 017**	**587 773**
Equity	**583 967**	**580 702**	**583 964**
Share capital	15 115	15 115	15 115
Share premium	549 559	549 559	549 559
Supplementary capital	2 526	2 526	2 526
Management options provision	3 145	3 145	3 145
Reserve capital	63 200	63 200	62 979
Buy-back provision	-	-	-
Own shares	(65 020)	(65 020)	(65 020)
Retained earnings	15 441	12 177	15 660
Equity attributable to owners of the parent	**583 967**	**580 702**	**583 964**
Non-controlling interests		-	-
Total non-current liabilities	**795**	**656**	**783**
Credit facilities, loans and debt instruments	-	-	-
Non-current liabilities	109	15	15
Provisions	21	21	29
Deferred income tax provision	666	620	739
Total current liabilities	**2 775**	**2 659**	**3 026**
Credit facilities, loans and debt instruments	-	-	-
Current liabilities	1 244	1 534	1 542
Income tax liabilities	632	199	820
Provisions	885	909	601
Deferred revenue	15	17	63
Total equity and liabilities	**587 537**	**584 017**	**587 773**

(amounts in PLN 000s, unless otherwise stated)

	31 Mar 2014	31 Dec 2013	31 Mar 2013
Book value	583 967	**580 702**	**583 964**
Number of shares	15 115 161	15 115 161	15 115 161
Diluted number of shares	13 898 025	14 338 927	14 584 204
Book value per share (in PLN)*	42.31	40.79	40.29
Diluted book value per share (in PLN)**	42.02	40.50	40.04

* 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 March 2014	Three months ended 31 Mar 2013
Revenue	3 601	2 187
Cost of sales	(2 029)	(2 352)
Profit on sales	**1 572**	**(165)**
Other operating revenue	1 911	501
Distribution costs	-	-
Administrative expenses	(948)	(1 155)
Other operating expenses	(72)	(137)
Operating profit	**2 463**	**(956)**
Finance income	2 089	3 525
Finance costs	(423)	(1)
Profit before tax	**4 129**	**2 568**
Income tax	(865)	(501)
- current	(824)	(577)
- deferred	(41)	76
Profit for the period	**3 264**	**2 067**
Profit for the period attributable to owners of the parent	3 264	2 067
Profit for the period attributable to non-controlling interests	-	-
Profit (loss) for the period (annualised)	**13 374**	**14 705**
Weighted average number of ordinary shares	13 802 136	14 495 146
Weighted average diluted number of ordinary shares*	13 898 025	14 584 204
Profit (loss) per ordinary share, annualised (in PLN)	0.97	1.01
Diluted profit (loss) per ordinary share, annualised* (in PLN)	0.96	1.01

* Weighted average diluted number of ordinary shares:
– for Q1 2014 (January-March): 13 898 025, 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 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.

Statement of comprehensive income	Three months ended 31 March 2014	Three months ended 31 Mar 2013
Profit for the period	3 264	2 067
Other comprehensive income:	-	-
Comprehensive income for the period	**3 264**	**2 067**

(amounts in PLN 000s, unless otherwise stated)

8.4 Condensed separate 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 2014	**15 115**	**549 559**	**2 526**	**3 145**	**63 200**	**-**	**(65 020)**	**12 177**	**580 702**
Changes in accounting standards and policies	-	-	-	-	-	-	-	-	-
1 January 2014, adjusted	**15 115**	**549 559**	**2 526**	**3 145**	**63 200**	**-**	**(65 020)**	**12 177**	**580 702**
Comprehensive income for the three months ended 31 March 2014	-	-	-	-	-	-	-	3 264	3 264
Release of buy-back provision	-	-	-	-	-	-	-	-	-
Purchase of own shares	-	-	-	-	-	-	-	-	-
Dividend from prior-year profit	-	-	-	-	-	-	-	-	-
31 March 2014	**15 115**	**549 559**	**2 526**	**3 145**	**63 200**	**-**	**(65 020)**	**15 441**	**583 966**

	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 from prior-year profit	-	-	-	-	-	-	-	-	-
31 Mar 2013	**15 115**	**549 559**	**2 526**	**3 145**	**62 979**	**-**	**(65 020)**	**15 660**	**583 964**

(amounts in PLN 000s, unless otherwise stated)

	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 2013	**15 115**	**549 559**	**2 526**	**3 145**	**62 979**	**-**	**13 593**	**(65 020)**	**581 897**
Changes in accounting standards and policies	-	-	-	-	-	-	-	-	-
As at the beginning of period, corrected	**15 115**	**549 559**	**2 526**	**3 145**	**62 979**	**-**	**13 593**	**(65 020)**	**581 897**
Profit for the period	-	-	-	-	-	-	12 177	-	**12 177**
Prior-year profit distribution - transfer to equity	-	-	-	-	221	-	(221)	-	-
Dividend from prior-year profit	-	-	-	-	-	-	(13 372)	-	**(13 372)**
Purchase of own shares	-	-	-	-	-	-	-	-	-
Management options provision	-	-	-	-	-	-	-	-	-
Release of buy-back provision	-	-	-	-	-	-	-	-	-
As at the end of period: 31 December 2013	**15 115**	**549 559**	**2 526**	**3 145**	**63 200**	**-**	**12 177**	**(65 020)**	**580 702**

(amounts in PLN 000s, unless otherwise stated)

8.5 Condensed separate statement of cash flows

	Three months ended 31 March 2014	Three months ended 31 Mar 2013
Profit (loss) for the period	**3 264**	**2 067**
Adjusted by:	**8 789**	**(2 032)**
Depreciation / amortisation	628	433
Interest and shares of profit (dividends)	(1 489)	(2 721)
Income tax	865	501
Profit (loss) on investing activities	216	(444)
Change in provisions	(24)	145
Change in inventory	-	20
Change in receivables	8 759	565
Change in prepayments	(136)	132
Change in liabilities	362	(178)
Income tax paid	(391)	(483)
Net cash flows from operating activities	**12 053**	**35**
Inflows	**372 957**	**593 229**
Disposal of property, plant and equipment and intangible assets	467	734
Disposal of financial assets	367 464	581 500
Dividends received	-	-
Interest received	30	295
Repayment of loans issued	4 996	10 700
Other inflows	-	-
Outflows	**(393 627)**	**(573 248)**
Purchase of property, plant and equipment and intangible assets	(919)	(178)
Purchase of subsidiaries and associates	(69 870)	-
Purchase of financial assets	(322 838)	(573 070)
Borrowings granted	-	-
Expenditures on maintenance of investment properties	-	-
Other outflows	-	-
Net cash from investing activities	**(20 670)**	**19 981**
Inflows	-	-
Proceeds from credit facilities and loans	-	-
Issue of short-term debt instruments	-	-
Other inflows	-	-
Outflows	-	**-**
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	-	-
Other outflows	-	-
Net cash from financing activities	-	-
Change in cash and cash equivalents	**(8 617)**	**20 016**
Exchange differences	**-**	-
Cash and cash equivalents at the beginning of period	**89 555**	**73 300**
Cash and cash equivalents at the end of period	**80 938**	**93 316**

(amounts in PLN 000s, unless otherwise stated)

Lublin, May 2014

Signatures of all Management Board members:

2014-05-14	Dariusz Kalinowski	President of the Management Board	.... Signature
2014-05-14	Cezary Baran	Vice-President of the Management Board, Finance Director	.... Signature

Signatures of the persons responsible for book-keeping

2014-05-14	Elżbieta Świniarska	Economic Director	.... Signature