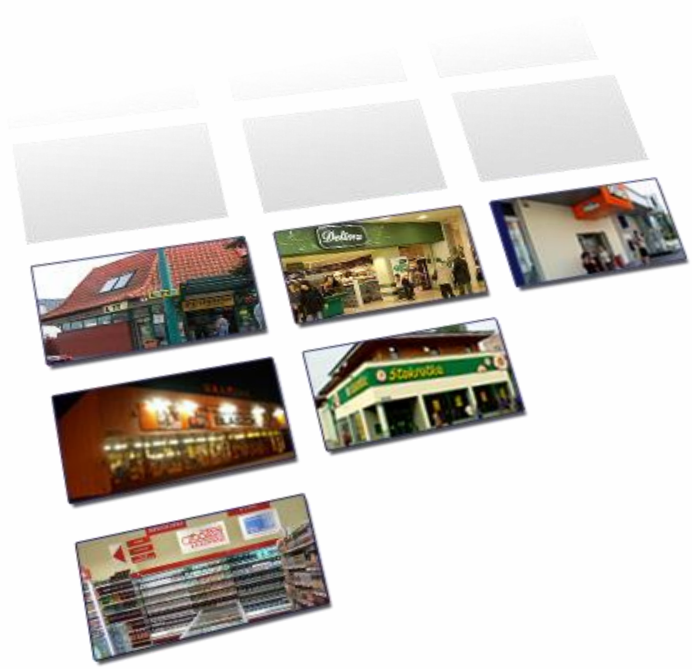

CONSOLIDATED FINANCIAL STATEMENTS

FOR 2013

PREPARED IN ACCORDANCE WITH IFRS AS ENDORSED BY THE EU

(DATA IN PLN 000s)

LUBLIN, 25 APRIL 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

1. CEO Letter

Dear Shareholders,

2013 has come to a close. The year saw Emperia Group going through a number of changes, both in our business and organisational structure. Operating in a tough, competitive market, particularly so if we look at the retail business, we stayed the course in executing our growth strategy.

March and April saw management and supervisory changes. I became the Company's new CEO on 11 March 2013. Appointed to the Management Board also was Cezary Baran, as Finance Director. On 10 April 2013, the previous CEO, Artur Kawa, was appointed as Chairperson of Emperia Holding S.A.'s Supervisory Board. The Supervisory Board also gained two new members - Michał Kowalczewski and Andrzej Malec.

Our attention continues to focus on driving change in the retail segment. Stokrotka, today undoubtedly a modern, highly-recognisable supermarket chain, requires continuous improvement so as to meet our customers' needs even more fully, all the while delivering appropriate performance for the shareholders.

One of the key elements in our growth strategy was the implementation of an in-house supply chain solution for Stokrotka. As previously announced, after several months of preparations, on 1 July 2013 we launched a distribution centre in Teresin near Warsaw, along with eight regional warehouses. An in-house logistics system will enable us to optimise operating costs, substantially reduce the role of intermediaries in the supply chain and improve sales margins. Just as important is the fact that the new solution will allow us to fend off stiff competition in the market by improving pricing appeal and assortment quality. Implementing new assortment to be handled by our in-house logistics is nearly complete. The last categories were introduced at the beginning of 2014. Achieving our product delivery targets will allow us to meet the original cost and operational objectives.

At the same time, we worked on a new corporate identity and store concept for the Stokrotka chain. A brand new logo for Stokrotka was unveiled in July. In August, we redesigned storefronts at two locations, and in October we launched the first store in the new supermarket format. By the end of the year, all of our newly-opened supermarkets were equipped with the new solutions. We believe that the concept that we've prepared will improve the perception of our supermarkets as stores with an attractive offering and a customer-centric attitude.

We have been hard at work looking for new growth directions for Stokrotka. In November, we opened a pilot store to test the newly-designed supermarket franchise concept. As a result of work on the store concept, at the end of Q1 and the start of Q2 2014, we introduced a franchise offering.

In Q4 2013, we also initiated a merger between Stokrotka and two smaller companies from the Group, i.e. Maro Markety Sp. z o.o. and Społem Tychy S.A. The transaction not only means organisational changes for the Group, but is also an effect of a decision to commence work on a new store format for smaller supermarkets. Next year, the Stokrotka Market stores, which will feature 200-400sqm floors, should contribute towards organic growth in the supermarket area, as well as constitute a foundation for further sales growth of the entire Stokrotka chain.

We are very active in searching for new organic growth opportunities for our network. The intensive work by our team in charge of site procurement is already starting to pay off. There are clear indications that the next year will bring about significantly higher growth.

The on-going changes in our retail segment have weighed substantially on the entire Group's financial performance. We were well aware of this at the start of this difficult process, but realised that these activities were essential in order to profoundly improve our future performance in retail.

2013 was a very good year for our companies operating in the property management and IT segments. They are generating stable revenue and profits in line with expectations.

As recommended by the Management Board, in June we distributed almost the entire profit from 2012, PLN 13.4 million, as dividend. In April, thanks to a cash surplus, we resumed our buy-back programme, which by the end of 2013 amounted to PLN 41.6 million. The decision to re-purchase shares is based on the Management Board's conviction that the current share price does not fully reflect the Group's value.

These financial statements depict the Group at a time when a number of initiatives are on-going such as are intended to create additional value for our shareholders. I hope you enjoy reading the report.

Dariusz Kalinowski

CEO, Emperia Holding S.A.

(amounts in PLN 000s, unless otherwise stated)

2. Selected financial data

	FINANCIAL HIGHLIGHTS	PLN		EUR	
		For the period from 1 Jan 2013 to 31 Dec 2013	For the period from 1 Jan 2012 to 31 Dec 2012	For the period from 1 Jan 2013 to 31 Dec 2013	For the period from 1 Jan 2012 to 31 Dec 2012
I.	Net revenue from sale of products, goods for resale and materials	1 967 480	1 948 976	467 224	466 977
II.	Operating profit (loss)	14 163	(15 965)	3 363	(3 825)
III.	Profit (loss) before tax	18 974	10 558	4 506	2 530
IV.	Profit (loss) for the period	13 799	20 803	3 277	4 984
V.	Net cash flows from operating activities	61 253	105 513	14 546	25 281
VI.	Net cash flows from investing activities	(24 920)	(8 719)	(5 918)	(2 089)
VII.	Net cash flows from financing activities	(56 474)	(959 480)	(13 411)	(229 893)
VIII.	Total net cash flows	(20 140)	(862 686)	(4 783)	(206 701)
IX.	Total assets	1 063 964	978 402	256 550	239 323
X.	Liabilities and liability provisions	417 260	290 477	100 612	71 053
XI.	Non-current liabilities	38 245	42 401	9 222	10 372
XII.	Current liabilities	379 015	248 076	91 391	60 681
XIII.	Equity	646 704	687 925	155 938	168 271
XIV.	Share capital	15 115	15 115	3 645	3 697
XV.	Number of shares	15 115 161	15 115 161	15 115 161	15 115 161
XVI.	Weighted average number of shares	14 235 425	14 503 689	14 235 425	14 503 689
XVII.	Profit (loss) per ordinary share* (in PLN/EUR)	0.97	1.43	0.23	0.34
XVIII.	Diluted profit (loss) per ordinary share** (in PLN/EUR)	0.96	1.43	0.23	0.34
XIX.	Book value per share* (in PLN/EUR)	45.43	47.43	10.95	11.60
XX.	Diluted book value per share** (in PLN/EUR)	45.10	47.19	10.87	11.54
XXI.	Paid out dividend per share (in PLN/EUR)	0.93	56.41	0.21	13.06

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

Weighted average number of shares:
- for 2013: 14 235 425
- for 2012: 14 503 689

Weighted average diluted number of ordinary shares:
- for 2013: 14 338 927
- for 2012: 14 578 832

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 2013 was EURPLN 4.2110 and for 2012: EURPLN 4.1736.
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 December 2013: EURPLN 4.1472; as at 31 December 2012: EURPLN 4.0882.
3. Dividend paid out was translated using the average rate published by the National Bank of Poland on the dividend payment date, which as at 26 June 2013 was EURPLN 4.3348 and as at 14 June 2012 EURPLN 4.3207.

3. Statement by the Management Board

The Management Board of Emperia Holding S.A. declares that, to the best of its knowledge, the consolidated financial statements and comparative data were drawn up in accordance with International Financial Reporting Standards and interpretations, published in the form of Commission Regulations, and that they correctly, reliably and clearly reflect the group's financial and asset position together with its financial performance, and that the annual report on the Issuer's group's operations contains a true depiction of the development, achievements and situation of the Issuer's group, including a description of the key threats and risks.

The Management Board of Emperia Holding S.A. further declares that the entity authorised to audit financial statements, which audited the Company's annual consolidated financial statements, was selected in accordance with the provisions of law and that the entity and the statutory auditors conducting the audit fulfilled the conditions for issue of an impartial and independent report on audit of the annual consolidated financial statements in accordance with the binding regulations and professional standards.

Lublin, April 2014

Signatures of all Management Board members:

2014-04-25 Dariusz Kalinowski President of the Management Board

....
Signature

2014-04-25 Cezary Baran Vice-President of the Management Board, Finance Director

....
Signature

Signatures of the persons responsible for book-keeping

2014-04-25 Elżbieta Świniarska Economic Director

....
Signature

4. Opinion on the audited annual consolidated financial statements

The opinion on the audited annual consolidated financial statements is contained in the file "Auditors opinion and report SSF Emperia 2013.pdf"

5. Report on audit of the annual consolidated financial statements

The report on audit of the annual consolidated financial statements is contained in the file "Auditors opinion and report SSF Emperia 2013.pdf"

(amounts in PLN 000s, unless otherwise stated)

6. Consolidated statement of financial position

	Note	31 Dec 2013	31 Dec 2012
Non-current assets		**586 548**	**588 652**
Property, plant and equipment	10.3.1, 10.3.2	497 890	499 621
Investment property	10.3.3	-	-
Intangible assets	10.3.4, 10.3.5	5 766	6 570
Goodwill	10.3.6	52 044	49 186
Interests in equity-accounted investees	10.3.7a	-	-
Financial assets	10.3.7, 10.3.7b	92	194
Non-current loans	10.3.8	-	-
Non-current receivables	10.3.9	4 833	4 065
Deferred income tax assets	10.3.10	20 053	21 148
Other non-current prepayments	10.3.11	5 870	7 868
Non-current assets classified as held-for-sale	10.3.17	-	-
Current assets		**477 416**	**389 750**
Inventory	10.3.12	168 660	103 767
Receivables	10.3.13	105 286	63 341
Income tax receivables		993	2 583
Short-term securities		-	-
Prepayments	10.3.14	4 292	4 746
Cash and cash equivalents	10.3.15	195 153	215 293
Other financial assets	10.3.16	-	-
Current assets classified as held-for-sale	10.3.17	3 032	20
Total assets		**1 063 964**	**978 402**
Equity		**646 704**	**687 925**
Share capital	10.3.18	15 115	15 115
Share premium		549 559	549 559
Supplementary capital		100 084	100 084
Management options provision		5 010	5 031
Reserve capital		110 525	110 303
Buy-back provision		-	-
Own shares		(106 616)	(65 020)
Retained earnings	10.3.19	(26 973)	(27 147)
Total equity attributable to owners of the parent		**646 704**	**687 925**
Non-controlling interests		-	-
Total non-current liabilities		**38 245**	**42 401**
Credits, loans and debt instruments	10.3.20	3 455	-
Non-current liabilities	10.3.21	970	1 120
Provisions	10.3.22	31 591	39 289
Deferred income tax provision	10.3.23	2 229	1 992
Total current liabilities		**379 015**	**248 076**
Credits, loans and debt instruments	10.3.24	804	-
Current liabilities	10.3.25	350 462	229 772
Income tax liabilities		2 119	1 872
Provisions	10.3.22	19 050	14 409
Deferred revenue	10.3.26	6 580	2 023
Liabilities assigned to assets classified as held-for-sale		-	-
Total equity and liabilities		**1 063 964**	**978 402**

Off-balance sheet items are described in note 10.3.40.

(amounts in PLN 000s, unless otherwise stated)

	31 Dec 2013	31 Dec 2012
Book value	**646 704**	**687 925**
Number of shares	15 115 161	15 115 161
Diluted number of shares	14 338 927	14 578 832
Book value per share (in PLN)*	45.43	47.43
Diluted book value per share (in PLN)**	45.10	47.19

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

Lublin, April 2014

Signatures of all Management Board members:

2014-04-25 Dariusz Kalinowski President of the Management Board

....
Signature

2014-04-25 Cezary Baran Vice-President of the Management Board, Finance Director

....
Signature

Signatures of the persons responsible for book-keeping

2014-04-25 Elżbieta Świniarska Economic Director

....
Signature

(amounts in PLN 000s, unless otherwise stated)

7. Consolidated statement of profit and loss and consolidated statement of comprehensive income

Profit and loss statement	Note	12 months ended 31 Dec 2013	12 months ended 31 Dec 2012
Revenue		**1 967 480**	**1 948 976**
- from subsidiaries		*11*	*69*
Revenue from sale of products and services	10.3.27	116 148	131 328
Revenue from sale of goods for resale and materials	10.3.28	1 851 332	1 817 648
Cost of sales		**(1 476 382)**	**(1 478 048)**
- to subsidiaries		*(9)*	*(11)*
Cost of manufacture of products sold		(24 707)	(29 816)
Value of goods for resale and materials sold		(1 451 675)	(1 448 232)
Profit from sales		**491 098**	**470 928**
Other operating revenue	10.3.29	12 600	13 645
Distribution costs	10.3.30	(407 856)	(413 007)
Administrative expenses	10.3.30	(71 986)	(68 668)
Other operating expenses	10.3.31	(9 693)	(18 863)
Operating profit		**14 163**	**(15 965)**
Finance income	10.3.32	5 376	28 171
Finance costs	10.3.33	(565)	(1 648)
Profit before tax		**18 974**	**10 558**
Income tax		(5 175)	10 245
Current	10.3.34	(3 842)	(4 278)
Deferred	10.3.35	(1 333)	14 523
Share of the profit of equity-accounted investees		-	-
Profit for the period		**13 799**	**20 803**
Profit for the period attributable to owners of the parent		13 799	20 803
Profit for the period attributable to non-controlling interests		-	-

Profit (loss) for the period	13 799	20 803
Weighted average number of ordinary shares	14 235 425	14 503 689
Weighted average diluted number of ordinary shares*	14 338 927	14 578 832
Profit (loss) per ordinary share (in PLN)	0.97	1.43
Diluted profit (loss) per ordinary share (in PLN)	0.96	1.43

* Weighted average diluted number of ordinary shares:
– for 2013 (January-December): 14 338 927, taking into consideration the dilutive effect of options granted under the 2010 and 2011 tranches of the 2nd Management Options Programme 2010-2012.
– for 2013 (January-December): 14 578 832, 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	12 months ended 31 Dec 2013	12 months ended 31 Dec 2012
Profit for the period	**13 799**	**20 803**
Other comprehensive income:	-	-
Cash flow hedges	-	-
Deferred tax on other comprehensive income	-	-
Other net comprehensive income	-	-
Comprehensive income for the period	**13 799**	**20 803**
Comprehensive income attributable to shareholders of the parent	13 799	20 803
Comprehensive income attributable to non-controlling interests	-	-

Lublin, April 2014

Signatures of all Management Board members:

2014-04-25 Dariusz Kalinowski President of the Management Board

....
Signature

2014-04-25 Cezary Baran Vice-President of the Management Board, Finance Director

....
Signature

Signatures of the persons responsible for book-keeping

2014-04-25 Elżbieta Świniarska Economic Director

....
Signature

(amounts in PLN 000s, unless otherwise stated)

8. Consolidated statement of changes in equity

	Share capital	Share premium	Supplementary capital	Management options provision	Reserve capital	Buy-back provision	Own shares	Retained earnings	Total equity
1 January 2013	**15 115**	**549 559**	**100 084**	**5 031**	**110 303**	**-**	**(65 020)**	**(27 147)**	**687 925**
Correction of fundamental errors 2012	-	-	-	-	-	-	-	-	-
1 January 2013, corrected	**15 115**	**549 559**	**100 084**	**5 031**	**110 303**	**-**	**(65 020)**	**(27 147)**	**687 925**
Comprehensive income for the 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 for shareholders from 2012 profit distribution	-	-	-	-	-	-	-	(13 372)	(13 372)
31 Dec 2013	**15 115**	**549 559**	**100 084**	**5 010**	**110 525**	**-**	**(106 616)**	**(26 973)**	**646 704**

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

(amounts in PLN 000s, unless otherwise stated)

Lublin, April 2014

Signatures of all Management Board members:

2014-04-25	Dariusz Kalinowski	President of the Management Board	.... Signature
2014-04-25	Cezary Baran	Vice-President of the Management Board, Finance Director	.... Signature

Signatures of the persons responsible for book-keeping

2014-04-25	Elżbieta Świniarska	Economic Director	.... Signature

(amounts in PLN 000s, unless otherwise stated)

9. Consolidated statement of cash flows

	Note	12 months ended 31 Dec 2013	12 months ended 31 Dec 2012
Profit (loss) for the period		**13 799**	**20 803**
Adjusted by:		**47 435**	**84 710**
Share of the net profit (loss) of equity-accounted investees		-	-
Depreciation		41 831	40 830
(Profit) loss on exchange differences		(182)	-
Interest and shares of profit (dividend)		172	(9 460)
Income tax		5 175	(10 245)
Profit (loss) on investing activities		(7 694)	13 003
Change in provisions		(3 060)	43 291
Change in inventory		(64 494)	15 533
Change in receivables		(42 278)	17 065
Change in prepayments		7 019	1 803
Change in current liabilities		112 960	(18 961)
Other corrections		11	(5)
Income tax paid		(2 006)	(8 144)
Net cash from operating activities		**61 253**	**105 513**
Inflows		**18 705**	**134 128**
Disposal of property, plant and equipment and intangible assets		18 662	51 317
Disposal of financial assets		-	2
Sale of subsidiaries		-	-
Dividends received		-	-
Interest received		-	658
Repayment of borrowings		-	82 000
Cash of entities acquired, at acquisition date		43	-
Proceeds from use of investment properties		-	-
Other inflows		-	151
Outflows		**(43 625)**	**(142 847)**
Purchase of property, plant and equipment and intangible assets		(41 339)	(60 841)
Purchase of investment properties		-	-
Purchase of subsidiaries and associates		(2 279)	-
Purchase of financial assets		-	-
Borrowings granted		-	(82 000)
Cash of subsidiaries at disposal date		-	-
Expenditures on maintenance of investment properties		-	-
Other outflows		(7)	(6)
Net cash from investing activities		**(24 920)**	**(8 719)**
Inflows		-	-
Proceeds from loans and borrowings incurred		-	-
Issue of short-term debt instruments		-	-
Proceeds from equity issuance		-	-
Other inflows		-	-
Outflows		**(56 474)**	**(959 480)**
Repayment of borrowings		(906)	(130 102)
Buy-back of short-term debt instruments			-
Payment of finance lease liabilities		(428)	-
Interest and fees paid		(172)	(461)

(amounts in PLN 000s, unless otherwise stated)

Dividends paid		(13 372)	(817 671)
Purchase of own shares		(41 596)	(11 246)
Other outflows		-	-
Net cash flows from financing activities		**(56 474)**	**(959 480)**
Change in cash and cash equivalents		**(20 140)**	**(862 686)**
Exchange differences			-
Cash and cash equivalents at the beginning of period	10.3.37	**215 293**	**1 077 979**
Cash and cash equivalents at the end of period	10.3.37	**195 153**	**215 293**

Lublin, April 2014

Signatures of all Management Board members:

2014-04-25 Dariusz Kalinowski President of the Management Board

....
Signature

2014-04-25 Cezary Baran Vice-President of the Management Board, Finance Director

....
Signature

Signatures of the persons responsible for book-keeping

2014-04-25 Elżbieta Świniarska Economic Director

....
Signature

10.Additional information

10.1 Description of Group structure

Name, registered office and economic activities of the parent entity

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

The Company's registered office is located in Lublin, ul. Projektowa 1.

Since 1 April 2007, the principal economic activity of Emperia Holding S.A. is activities of holding companies (PKD 7415Z). 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 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 that would indicate a threat to the continuing operations of Group companies in the future.

Information on consolidation

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

As at 31 December 2013, consolidation includes Emperia Holding S.A. and 13 subsidiaries: Stokrotka Sp. z o.o., Infinite Sp. z o.o., Elpro Ekon Sp. z o.o. S.K.A., Maro Markety Sp. z o.o., Społem Tychy S.A., P3 EKON Sp. z o.o. S.K.A., EMP Investment Limited, Ekon Sp. z o.o., IPOPEMA 55 FIZ AN, 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., "PILAWA" Kuczek, Skarba, Szydełko Spółka z o.o.

During 2013, Emperia Group's structure was subject to changes (compared with the 2012 year-end). On 2 January 2013, subsidiaries Infinite Sp. z o.o., Emperia Info Sp. z o.o. and Tradis S.A. merged. In addition, on 3 October 2013, Stokrotka Sp. z o.o. purchased a 100% interest in "PILAWA" Sp. z o.o.

(amounts in PLN 000s, unless otherwise stated)

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

	Entity name	Company logo	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 in Lublin, 11th Commercial Division of the National Court Register	Subsidiary	Full	1999-01-27	100.00%	100.00%
2	Infinite Sp. z o.o.		20-209 Lublin, Projektowa 1	IT operations	16222, District Court in Lublin, 11th Commercial Division of the National Court Register	Subsidiary	Full	1997-03-11	100.00%	100.00%
3	ELPRO EKON Sp. z o.o. S.K.A. (2)		20-209 Lublin, Projektowa 1	Property development	946, District Court in Lublin, 11th Commercial Division of the National Court Register	Subsidiary	Full	2001-02-15	100.00%	100.00%
4	Społem Tychy S.A. (7)		43-100 Tychy, Damrota 72	Retail sale of food, beverages and tobacco	389530, District Court in Katowice, 8th Commercial Division of the National Court Register	Subsidiary	Full	2007-07-06	100.00%	100.00%
5	Maro-Markety Sp. z o.o.(7)		61-615 Poznań, Skwierzyńska 20	Retail sale of food, beverages and tobacco	102596, District Court in Poznan, 20th Commercial Division of the National Court Register	Subsidiary	Full	2007-09-12	100.00%	100.00%
6	P3 EKON Sp. z o.o. S.K.A. (3)		20-209 Lublin, Projektowa 1	Property management	71049, District Court in Czestochowa, 17th Commercial Division of the National Court Register	Subsidiary	Full	2007-11-29	100.00%	100.00%
7	P1 Sp. z o.o.		20-209 Lublin, Projektowa 1	Activities of head offices; management consultancy activities	365614, District Court in Lublin, 11th Commercial Division of the National Court Register	Subsidiary	Full	2010-09-06	100.00%	100.00%

(amounts in PLN 000s, unless otherwise stated)

8	EKON Sp. z o.o.	20-209 Lublin, Projektowa 1	Property management	367597, District Court in Lublin, 11th Commercial Division of the National Court Register	Subsidiary	Full	2010-09-06	100.00%	100.00%
9	EMP Investment Ltd.(6)	Themistokli Dervi 3, JULIA HOUSE, P.C. 1066; Nicosia, Cyprus	Investments in property	HE 272278, Ministry of Commerce, Industry and Tourism, Company Registration Department Nicosia, Cyprus	Subsidiary	Full	2010-09-03	100.00%	100.00%
10	Ipopema 55 FIZAN (4)	00-850 Warsaw, Waliców 11	Trusts, funds and similar financial instruments	RFI 591, Investment Fund Register maintained by the District Court in Warsaw	Subsidiary	Full	2010-12-09	100.00%	100.00%
11	Eldorado Sp. z o.o. (formerly P4 Sp. z o.o.)	20-209 Lublin, 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%
12	P5 EKON Sp. z o.o. S.K.A. (formerly P5 Sp. z o.o.) (5)	20-209 Lublin, Projektowa 1	Renting and operating of own or leased real estate	403506, 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%
13	"PILAWA" Kuczek, Skarba, Szydełko Spółka z o.o.	37-300 Leżajsk, ul. Kopernika 5A	Retail sale of food, beverages and tobacco	414358, District Court in Rzeszów, 12th Commercial Division of the National Court Register	Subsidiary	Full	10-12-2013	100.00%	100.00%

(1) directly by Emperia Holding (125 475 shares, 96.78%) and Stokrotka (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; 99.95%), 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)
(6) directly by Emperia Holding S.A. (94 454 shares; 80.27%), indirectly by Stokrotka Sp. z o.o. (20 235 shares; 17.20%), Społem Tychy Sp. z o.o. (2 976 shares; 2.53%)
(7) indirectly by Stokrotka Sp. z o.o.

Subsidiaries excluded from the consolidated financial statements as at 31 December 2013, 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.	Lider Sp. z o.o. w likwidacji (1)	70-660 Szczecin, ul. Gdańska 3C	The financial data of these entities is insignificant from the viewpoint of the requirement to present the Group's asset position, financial situation and financial performance in a reliable and transparent manner.	100.00%	100.00%
2.	SPOŁEM Domy Handlowe Sp. z o.o. (2)	43-100 Tychy, ul. Damrota 72		100.00%	100.00%
3.	P2 EKON Sp. z o.o. S.K.A. (3)	20-209 Lublin, ul. Projektowa 1		100.00%	100.00%

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

Entities other than subsidiaries, associates and jointly controlled entities, with indication of name and registered office, in which related parties hold more than 20% of shares as at 31 December 2013

	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. (formerly Projekt Elpro 1 Sp. z o.o.)

10.2 Description of significant accounting policies

10.2.1 Basis for preparing the consolidated financial statements

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

10.2.2 Statement of compliance

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

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

The financial consolidated 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.

10.2.3 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 2013, the Group operated through the following segments:

1. **Retail** (retail segment), covering all operations of the following subsidiaries:

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

3. **Central management** (central management segment), covering the management functions, holding services and advisory within the Group. The segment comprises the following companies: Emperia Holding S.A., P1 Spółka z o.o., 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.

From 2014, the property segment will include P1 Sp. z o.o. In December 2013, the company purchased a substantial property package in intra-group transactions.

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

10.2.4 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 Company'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.

10.2.5 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 applicable to its business and what effects these had on the consolidated financial statements and comparative data.

10.2.6 Application of standards and interpretations effective from 1 January 2013

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

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

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

b) IFRS 10 Consolidated Financial Statements

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

c) IFRS 11 Joint Arrangements

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

d) IFRS 12 Disclosure of Interests in Other Entities

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

e) IFRS 13 Fair Value Measurement

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

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

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

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

On 19 October 2011, the IASB issued interpretation IFRIC 20, which considers when and how the settlement of production should lead to the recognition of an asset, as well as how to measure such an asset both initially and subsequently.

h) IAS 19 Employee Benefits

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

i) Amendments to IAS 1 Government Loans

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

j) Amendments to IFRSs (2009-2011)

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

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

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

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

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

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

Standards issued, but not yet effective:

a) IAS 32 Financial Instruments: Presentation

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

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.

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.

10.2.7 Accounting estimates

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

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

10.2.8 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.

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

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

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

b) Share capital increase at subsidiary Eldorado Sp. z o.o. (formerly P4 Sp. z o.o.)

On 17 January 2013, the District Court for Lublin-Wschód in Świdnik, 6th Commercial Division of the National Court Register, registered the increase of the company's share capital from PLN 120 000 to PLN 170 000, i.e. by PLN 50 000, through the issue of 500 new shares with a nominal value of PLN 100 each. All of the newly-issued shares were purchased by Emperia Holding S.A. for a cash contribution.

c) Share capital increase at EMP Investment Limited

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

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

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

(amounts in PLN 000s, unless otherwise stated)

e) Share capital increase at EMP Investment Limited

Pursuant to art. 76 of the company's articles of association, on 27 September 2013 shareholders of EMP Investment Limited adopted a resolution on increase of the company's share capital from PLN 50 998 to PLN 117 665 through the issue of 66 667 new shares with a nominal value of PLN 1 each, which were acquired by:
- Emperia Holding S.A. - 53 516 shares with a nominal value of PLN 1 in exchange for a monetary contribution of PLN 321 096, of which PLN 53 516 will be used to pay for the newly-issued shares and PLN 267 580 will be allocated to a share premium provision.
- Stokrotka Sp. z o.o. - 11 465 shares in exchange for a monetary contribution of PLN 68 790, of which PLN 11 465 will be used to pay for the newly-issued shares and PLN 57 325 will be allocated to a share premium provision.
- Społem Tychy S.A. - 1 686 shares with a nominal value of PLN 1 in exchange for a monetary contribution of PLN 10 116, of which PLN 1 686 will be used to pay for the newly-issued shares and PLN 8 430 will be allocated to a share premium provision.

f) Purchase of shares in "PILAWA" Kuczek, Skarba, Szydełko Sp. z o.o.

On 3 October 2013, Stokrotka Sp. z o.o. purchased 100% of shares in "Pilawa" for a total of PLN 2 550 000 (agreement containing a condition precedent). The condition precedent was met on 10 December 2013.

Name and address of the acquired entity: Pilawa Sp. z o.o.
Main economic activity: retail
Date on which control was assumed: 10 December 2013
Number and % of shares held: 100 shares, 100%
Purchase price: PLN 2 619 000

Components of the purchase price:
Share purchase price (cash): PLN 2 550 000
Legal advice and due diligence: PLN 42 000
Civil-law tax: PLN 25 000
Other transaction costs: PLN 2 000

Total purchase price: PLN 2 619 000

	Fair value on 10 December 2013	Book value on 10 December 2013 (IAS)	Adjustments	Book value on 10 December 2013 (Polish accounting standards)
Non-current assets	**1 905.2**	**1 905.2**	**0**	**1 905.2**
Property, plant and equipment	1 905.2	1 905.2		1 905.2
Investment property				
Intangible assets				
Goodwill				
Financial assets				
Non-current receivables and other prepayments				
Deferred income tax assets				
Current assets	**700.7**	**700.7**	**0**	**700.7**
Inventory	399.2	399.2		399.2
Current receivables	292.5	292.5		292.5
Advance for income tax				
Short-term securities				
Prepayments	6.8	6.8		6.8
Cash and cash equivalents	2.2	2.2		2.2

Other financial assets				
Assets classified as held for sale				
Non-current liabilities	**0.0**	**0.0**	**0**	**0.0**
Credit facilities, loans, debt instruments and other financial liabilities				
Non-current liabilities				
Provisions				
Deferred income tax provision				
Current liabilities	**2 845.3**	**2 845.3**	**0**	**2 845.3**
Credit facilities, loans, debt instruments and other financial liabilities	906.3	906.3		906.3
Current liabilities	1 939.0	1 939.0		1 939.0
Income tax liabilities				
Provisions				
Deferred revenue				
Net assets	**-239.4**	**-239.4**	**0**	**-239.4**
Net assets allocated to the 100% stake purchased	**-239**			
Purchase price	**2 619**			
Goodwill on control assumption date	**2 858**	**PLN 000s**		

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

On 8 October 2013, the Extraordinary General Meeting of Ekon Sp. z o.o. adopted a resolution on increase of the company's share capital from PLN 200 000 to PLN 250 000, i.e. by PLN 50 000, through the issue of 500 new shares with a nominal value of PLN 100 each. All of the newly-issued shares were purchased by Emperia Holding S.A. for a cash contribution of PLN 50 000.

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

On 8 October 2013, the Extraordinary General Meeting of Eldorado Sp. z o.o. adopted a resolution on increase of the company's share capital from PLN 120 000 to PLN 170 000, i.e. by PLN 50 000, through the issue of 500 new shares with a nominal value of PLN 100 each. All of the newly-issued shares were purchased by Emperia Holding S.A. for a cash contribution of PLN 50 000.

i) Share capital increase at Stokrotka Sp. z o.o.

On 26 November 2013, Stokrotka Sp. z o.o.'s Extraordinary General Meeting adopted a resolution on increase of the company's share capital by PLN 13 501 500, i.e. from PLN 51 326 500 to PLN 64 828 000, through the issue of 27 003 new shares with a nominal value of PLN 500 each. All of the newly-issued shares were purchased by Emperia Holding S.A., paid for by an in-kind contribution, valued at PLN 13 501 500, of 2 110 shares in Maro-Markety (valued at PLN 6 618 000) and 871 810 000 shares in Społem Tychy S.A. (valued at PLN 6 883 500).

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

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 the 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.

10.2.10 Property, plant and equipment

The Group recognises individual usable items that 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 constitute an immaterial item for the Group), with the following exceptions in particular:

- computer equipment,
- pallet trucks,
- store carts,
- high bay pallet racks,
- lockers,

which, given the specific nature of the Group'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).

Due to the nature of the Group's operations, the following are not classified as property, plant and equipment, even though they meet the value criterion:

- office furniture,
- PVC curtains,

for which the value criterion was established at PLN 3 500 (low-value assets in aggregate constitute an immaterial item for the Group).
Property, plant and equipment items 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. The initial value includes a portion of borrowing costs.

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 can 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 commissioned into use. The Group has adopted the following periods of useful economic life for the specific 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 – leased warehousing and retail facilities. For these assets, the Group specifies periods of useful economic life that 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 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 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 item, 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 when they are incurred.

10.2.11 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 Group are settled over time at adjusted purchase price (amortised cost) using effective interest rates and with application of the materiality principle.

10.2.12 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.

10.2.13 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 (production 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 the 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 Group gains sufficient certainty that a given asset will not yield the expected economic benefits in the future or that those will be significantly lower. Impairment losses are recognised in the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and the usable value.

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

10.2.14 Investments and other financial assets

Property investments

Investment properties are those properties which the Group 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 of investment properties (excluding land) is recognised using the straight-line approach throughout the useful period of a given property, plant and equipment item.

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 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 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 Group has a clear intent and is able to hold them to maturity are classified as investments held to maturity.

Investments which the Group intends to hold for an indefinite period of time are classified in this category. Other non-current investments, such as bonds, that the Group intends to hold to maturity are measured at amortised cost.

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

The same principles apply to non-current investments in property as to non-current assets. As regards non-current investments in property, plant and equipment, the effects of 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, that 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.

10.2.15 Investments in subsidiaries and associates

Subsidiaries

Subsidiaries are entities directly or indirectly controlled by the Group. 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 Group has significant influence but not control. In this case, the Group 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 Group'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.

10.2.16 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.

10.2.17 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 creates inventory impairment losses 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.

10.2.18 Trade and other receivables

Receivables are carried at amortised cost less impairment.
Non-recoverable receivables are recognised as other expenses at the date on which they are classified as non-recoverable.

Impairment of receivables is recognised when there is objective proof that the Group will not be able to receive all due amounts as per the original terms of the receivable.
The Group creates impairment losses on receivables for specific counterparties. The Group may create joint impairment losses for 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 Group 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.

10.2.19 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 consolidated asset item.

Deferred revenue constitutes funds received for future considerations.

In the statement of financial position, deferred revenue is recognised in a consolidated liability item.

10.2.20 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.

10.2.21 Equity

Emperia Holding S.A.'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 Group's buy-back programme.

Own shares purchased by the Group 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 consolidated 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.

10.2.22 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.

10.2.23 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.

10.2.24 Provisions

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

In the event that the time value of money is substantial, the size of the provision is determined through discounting future cash flows to present value using a gross interest rate reflecting the current market valuations of the time value of money and any risk associated with the given obligation. If discounting is applied, increasing the provision with passage of time is recognised as finance costs.

The amount of provisions created is verified and updated at the end of each reporting period in order to adjust estimates to the company's present level of knowledge.

Provisions in the consolidated financial statements are presented as either current or non-current.

10.2.25 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 the relevant documents from suppliers.

Non-financial liabilities are measured at the amount due.

10.2.26 Employee benefits

10.2.26.1 Employee benefits

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

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

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

10.2.26.2 Share-based payments

The Group has the following incentive schemes:
- 1st Management Options Programme 2008-2009
- 2nd Management Options Programme 2010-2012 (not implemented 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 Group 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.

10.2.27 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 that 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.
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.

10.2.28 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 Group's ordinary course of business.
Revenue from activities other than the Group's ordinary course of business is recorded in other operating revenue.
Revenue connected with financing the Group'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 consolidated 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 Group 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.

10.2.29 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 – covers 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.

10.2.30 Foreign-currency transactions and exchange differences

Transactions expressed 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 netting.

(amounts in PLN 000s, unless otherwise stated)

10.3 Notes to the financial statements

10.3.1 Property, plant and equipment

Property, plant and equipment	31 Dec 2013	31 Dec 2012
Land, including:	103 722	110 739
Perpetual usufruct rights	*23 442*	*27 755*
Buildings and structures	306 804	307 723
- including: investments in third-party PP&E	*39 149*	*37 086*
Technical equipment and machinery	52 875	47 089
Means of transport	4 759	3 833
Other property, plant and equipment	23 721	22 521
Property, plant and equipment under construction	6 009	7 716
Net property, plant and equipment	**497 890**	**499 621**

Property, plant and equipment under construction	31 Dec 2013	31 Dec 2012
Land, including:	52	52
Perpetual usufruct rights	-	-
Buildings and structures	5 215	6 177
Technical equipment and machinery	398	290
Means of transport	186	127
Other PP&E under construction	158	1 070
Total property, plant and equipment under construction	**6 009**	**7 716**

(amounts in PLN 000s, unless otherwise stated)

10.3.2 Change in property, plant and equipment - 2013

Change in property, plant and equipment	land (including right to perpetual usufruct of land)	buildings, premises, civil and marine engineering structures	technical equipment and machinery	means of transport	other PP&E	other production in progress	total property, plant and equipment
a) gross value of property, plant and equipment, as at the beginning of period	**112 982**	**394 225**	**100 292**	**6 203**	**68 726**	**7 716**	**690 144**
b) increases (due to)	**232**	**24 121**	**19 183**	**2 904**	**9 948**	**240 765**	**297 153**
purchase	-	146	6 510	2 684	2 835	240 765	252 940
obtained through acquisition	-	2 888	1 057	93	403	-	4 442
transfer from production-in-progress	142	21 087	6 747	127	6 710	-	34 813
donations	-	-	-	-	-	-	-
leasing	-	-	4 868	-	-	-	4 868
other	90	-	-	-	-	-	90
c) decreases (due to)	**(6 928)**	**(8 059)**	**(3 231)**	**(1 930)**	**(1 596)**	**(242 472)**	**(264 217)**
sale	(6 707)	(3 799)	(621)	(1 926)	(387)	(2)	(13 443)
liquidation (scrapping)	-	(261)	(2 334)	(3)	(1 186)	-	(3 783)
division of tangible assets	-	-	-	-	-	-	-
transfer of operations	-	-	-	-	-	-	-
decrease as a result of a disposal	-	-	-	-	-	-	-
transfer to non-current assets	-	-	-	-	-	(241 419)	(241 419)
other	(221)	(3 999)	(276)	(1)	(23)	(1 051)	(5 572)
d) gross value of non-current assets, as at the end of period	**106 285**	**410 287**	**116 244**	**7 177**	**77 078**	**6 009**	**723 080**
e) depreciation as at the beginning of period	**2 243**	**77 536**	**53 204**	**2 370**	**46 203**	**-**	**181 556**
f) increase in depreciation	**379**	**18 129**	**12 758**	**1 463**	**8 609**	**-**	**41 338**
depreciation	379	16 880	12 274	1 370	8 488	-	39 390
increase as a result of acquisition	-	1 250	484	93	121	-	1 948
g) decrease of depreciation	**(59)**	**(1 530)**	**(2 661)**	**(1 416)**	**(1 464)**	**-**	**(7 131)**
sale	(54)	(1 054)	(375)	(1 413)	(386)	-	(3 283)
liquidation (scrapping)	-	(86)	(2 159)	(3)	(1 069)	-	(3 317)
division of tangible assets	-	-	-	-	-	-	-
decrease as a result of a disposal	-	-	-	-	-	-	-
transfer of operations	-	-	-	-	-	-	-
other	(5)	(390)	(127)	-	(10)	-	531
h) depreciation as at the end of period	**2 563**	**94 135**	**63 300**	**2 418**	**53 347**	**-**	**215 763**

(amounts in PLN 000s, unless otherwise stated)

i) impairment losses as at the beginning of period	-	8 966	-	-			8 966
increase	-	399	69	-	9	-	477
increase as a result of acquisition	-	-	-	-	-	-	-
decrease as a result of a disposal	-	-	-	-	-	-	-
decrease	-	(16)	-	-	-	-	(16)
j) impairment losses as at the end of period	-	9 349	69	-	9	-	9 427
k) net value of non-current assets, as at the end of period	**103 722**	**306 804**	**52 875**	**4 759**	**23 721**	**6 009**	**497 890**

2012

Change in property, plant and equipment	land (including right to perpetual usufruct of land)	buildings, premises, civil and marine engineering structures	technical equipment and machinery	means of transport	other PP&E	other production in progress	total property, plant and equipment
a) gross value of property, plant and equipment, as at the beginning of period	**106 775**	**394 564**	**100 344**	**6 275**	**66 227**	**8 147**	**682 333**
b) increases (due to)	**11 045**	**34 094**	**6 919**	**1 272**	**3 072**	**52 728**	**109 129**
purchase	1 478	-	2 209	1 108	712	51 564	57 071
obtained through acquisition	-	-	-	-	-	-	-
transfer from production-in-progress	9 567	34 094	4 710	164	2 360	-	50 895
donations	-	-	-	-	-	-	-
leasing	-	-	-	-	-	-	-
other	-	-	-	-	-	1 164	1 164
c) decreases (due to)	**(4 838)**	**(34 433)**	**(6 971)**	**(1 344)**	**(573)**	**(53 159)**	**(101 318)**
sale	(236)	(31 070)	(5 630)	(1 344)	(127)	-	(38 407)
liquidation (scrapping)	-	(10)	(954)	-	(435)	-	(1 399)
division of tangible assets	-	-	-	-	-	-	-
transfer of operations	-	-	-	-	-	-	-
decrease as a result of a disposal	-	-	-	-	-	-	-
transfer to non-current assets	-	-	-	-	-	(52 166)	(52 166)
other	(4 602)	(3 353)	(387)	-	(11)	(993)	(9 346)
d) gross value of non-current assets, as at the end of period	**112 982**	**394 225**	**100 292**	**6 203**	**68 726**	**7 716**	**690 144**
e) depreciation as at the beginning of period	**1 943**	**63 306**	**46 682**	**1 945**	**38 104**	**-**	**151 980**
f) increase in depreciation	**364**	**17 036**	**11 680**	**1 243**	**8 643**	**-**	**38 966**
depreciation	364	17 036	11 680	1 243	8 643	-	38 966
increase as a result of acquisition	-	-	-	-	-	-	-
g) decrease of depreciation	**(64)**	**(2 806)**	**(5 158)**	**(818)**	**(544)**	**-**	**(9 390)**

(amounts in PLN 000s, unless otherwise stated)

sale	(63)	(970)	(4 128)	(818)	(101)	-	(6 081)
liquidation (scrapping)	-	(3)	(945)	-	(431)	-	(1 379)
division of tangible assets	-	-	-	-	-	-	-
decrease as a result of a disposal	-	-	-	-	-	-	-
transfer of operations	-	-	-	-	-	-	-
other	(1)	(1 832)	(85)	-	(12)	-	(1 930)
h) depreciation as at the end of period	**2 243**	**77 536**	**53 204**	**2 370**	**46 203**	**-**	**181 556**
i) impairment losses as at the beginning of period	**-**	**855**	**13**	**-**	**-**	**-**	**867**
increase	-	8 604	-	-	-	-	8 604
increase as a result of acquisition	-	-	-	-	-	-	-
decrease as a result of a disposal	-	-	-	-	-	-	-
decrease	-	(492)	(13)	-	-	-	(505)
j) impairment losses as at the end of period	**-**	**8 966**	**-**	**-**	**-**	**-**	**8 966**
k) net value of non-current assets, as at the end of period	**110 739**	**307 723**	**47 089**	**3 833**	**22 521**	**7 716**	**499 621**

As at 31 December 2013, the value of land under perpetual usufruct was PLN 10 682 000 and PLN 10 321 000 as at 31 December 2012. This was estimated using the annual fees established by municipalities in relation to the properties owned by the state treasury.

Group companies do not own any property, plant and equipment that would have limited ownership or usage rights.
Depreciation of property, plant and equipment in 2013 and 2012 was recognised in administrative expenses, cost of sales and cost of manufacturing of the products and services sold.
As at 31 December 2013 and 31 December 2012, there were no contractual liabilities incurred in connection with the purchase of property, plant and equipment.
As at 31 December 2013 and 31 December 2012, there were no liabilities towards central or local government authorities for acquisition of ownership rights to buildings and structures.

(amounts in PLN 000s, unless otherwise stated)

10.3.3 Investment property

Investment property	31 Dec 2013	31 Dec 2012
Gross value as at the beginning of period	**-**	**3 166**
Increases	-	-
- acquisition	-	-
- obtained through acquisitions	-	-
- other (transfer from PP&E)	-	-
Decreases	-	(3 166)
- disposal	-	(3 166)
- other	-	-
Subsequent expenditures capitalised	-	-
Internal transfers (+/-)	-	-
Gross value as at the end of period	**-**	**-**
Value of properties with restricted disposal rights	-	
Depreciation as at the beginning of period	**-**	**-**
Increases	-	-
depreciation	-	-
other (transfer from PP&E)	-	-
Increase as a result of acquisition	-	-
Decreases	-	-
Depreciation as at the end of period	**-**	**-**
Net value as at the end of period	**-**	**-**
Rent income	-	-
Proceeds from disposal of investments	-	-
TOTAL REVENUE	**-**	**-**
Direct operating expenses concerning investment properties	-	-
Costs to sell investments	-	-
TOTAL COSTS	**-**	**-**

10.3.4 Intangible assets

Intangible assets	31 Dec 2013	31 Dec 2012
Costs of completed R&D work	-	-
Acquired concessions, patents, licences and similar	4 921	4 945
Other intangible assets	721	616
Intangible assets under construction	124	1 009
Total intangible assets	**5 766**	**6 570**

The Group did not recognise impairment losses on intangible assets.
The Group does not have any intangible assets used under lease agreements.
The Group does not have any intangible assets with restricted usage rights.
The Group does not have any bank credit that would be secured by intangible assets.
Amortisation of intangible assets in 2013 and 2012 was recognised in administrative expenses, cost of sales and cost of manufacturing of products and services sold.
As at 31 December 2013 and 31 December 2012, there were no contractual liabilities incurred in connection with the purchase of intangible assets.

(amounts in PLN 000s, unless otherwise stated)

10.3.5 Changes in intangible assets - 2013

Changes in intangible assets	Acquired concessions, patents, licences and similar	Other intangible assets	Intangible assets under construction	Total intangible assets
a) gross values of intangible assets as at the beginning of period	**13 318**	**2 281**	**1 009**	**16 608**
b) increases (due to)	2 199	331	851	3 381
purchase of finished intangible assets	575	129	851	1 555
obtained through acquisition	-	-	-	-
transfer from investments	1 619	202	-	1 821
leasing	-	-	-	-
other	5	-	-	5
c) decreases (due to)	(215)	-	(1 736)	(1 951)
sale	-	-	-	-
transfer to intangible assets	-	-	-	-
other	(215)	-	(1 736)	(1 951)
d) gross values of intangible assets as at the end of period	**15 302**	**2 612**	**124**	**18 038**
e) amortisation as at the beginning of period	**8 373**	**1 665**	**-**	**10 038**
f) increase in amortisation	2 214	226	-	2 440
increase as a result of acquisition	-	-	-	-
depreciation	2 214	226	-	2 440
g) decrease of amortisation	(215)	-	-	(215)
sale	-	-	-	-
other	(215)	-	-	(215)
h) amortisation as at the end of period	**10 372**	**1 891**	**-**	**12 263**
i) impairment losses as at the beginning of period	-	-	-	-
increase	10	-	-	10
increase as a result of acquisition	-	-	-	-
decrease	-	-	-	
j) impairment losses as at the end of period	10	-	-	10
k) net value of intangible assets as at the end of period	**4 921**	**721**	**124**	**5 766**

(amounts in PLN 000s, unless otherwise stated)

2012

Changes in intangible assets	Acquired concessions, patents, licences and similar	Other intangible assets	Intangible assets under construction	Total intangible assets
a) gross values of intangible assets as at the beginning of period	**15 060**	**1 791**	**839**	**17 691**
b) increases (due to)	1 292	550	846	2 688
purchase of finished intangible assets	1 172	-	846	2 018
obtained through acquisition	-	-	-	-
transfer from investments	120	550	-	670
leasing	-	-	-	-
other	-	-	-	-
c) decreases (due to)	(3 034)	(60)	(677)	(3 771)
sale	(706)	-	-	(706)
transfer to intangible assets	-	-	(677)	(677)
other	(2 328)	(60)	-	(2 388)
d) gross values of intangible assets as at the end of period	**13 318**	**2 281**	**1 009**	**16 608**
e) amortisation as at the beginning of period	**9 501**	**1 517**	**-**	**11 018**
f) increase in amortisation	1 711	202	-	1 913
increase as a result of acquisition	-	-	-	-
depreciation	1 711	202	-	1 913
g) decrease of amortisation	(2 839)	(54)	-	(2 893)
sale	(706)	-	-	(706)
other	(2 133)	(54)	-	(2 187)
h) amortisation as at the end of period	**8 373**	**1 665**	**-**	**10 038**
i) impairment losses as at the beginning of period	-	-	-	-
increase	-	-	-	-
increase as a result of acquisition	-	-	-	-
decrease	-	-	-	-
j) impairment losses as at the end of period	-	-		-
k) net value of intangible assets as at the end of period	**4 945**	**616**	**1 009**	**6 570**

(amounts in PLN 000s, unless otherwise stated)

10.3.6 Goodwill

Goodwill	31 Dec 2013	31 Dec 2012
Cost as at the beginning of period	49 186	49 186
Additional goodwill arising on business combinations	2 858	-
Derecognised after sale of subsidiary	-	-
Arising from acquisition of retail premises	-	-
Cost as at the end of period balance	**52 044**	**49 186**
Accumulated impairment as at the beginning of period	-	-
Impairment	-	-
Derecognised after sale of subsidiary	-	-
Reclassified to assets held for sale	-	-
Other changes	-	-
Accumulated impairment as at the end of period	-	-
Carrying amount as at the beginning of period	**49 186**	**49 186**
Carrying amount as at the end of period	**52 044**	**49 186**

Goodwill comprises the following analytical items:

a) goodwill arising on the acquisition of Maro-Markety by Emperia Holding - PLN 17 335 000,
b) goodwill arising on the acquisition of companies whose legal successor is P3 Ekon Sp. z o.o. S.K.A. by Emperia Holding - PLN 12 844 000,
c) goodwill arising on the acquisition of Społem Tychy S.A. by Emperia Holding - PLN 1 510 000,
d) goodwill arising on the acquisition of retail premises by Stokrotka Sp. z o.o. - PLN 17 496 000,
e) goodwill arising on the acquisition of Pilawa Sp. z o.o. by Stokrotka Sp. z o.o. - PLN 2 858 000.

The goodwill recorded in these financial statements was subject to impairment testing. Useful values for cash-generating units were calculated in order to identify any impairment losses. The useful values were determined on the basis of estimated cash flows resulting from the 2013 budget and a forecast for 2014-2017. To extrapolate the cash flow estimates beyond the budget period, a growth rate of 3% was adopted. The management estimated the sales growth rate based on factual and graphical data, along with their expectations regarding future market growth.

The cash flows were discounted with an interest rate established based on:
- risk free interest rate 4.0%
- risk premium 7.0%
- beta 1.0%

The impairment test, carried out using the above assumptions, did not identify impairment losses on the goodwill that was recorded in the 2013 financial statements.

(amounts in PLN 000s, unless otherwise stated)

10.3.7 Financial assets

Financial assets	31 Dec 2013	31 Dec 2012
Equity	8	8
- including: subsidiaries	*8*	*8*
interests	84	186
- including: subsidiaries	*84*	*186*
Other securities	-	-
- including: subsidiaries	-	-
Loans	-	-
- including: subsidiaries	-	-
Other financial assets	-	-
Impairment of equity interests	-	-
- including: related parties	-	-
Total financial assets	**92**	**194**

(amounts in PLN 000s, unless otherwise stated)

Note 10.3.7 b - current year

Non-current financial assets at related parties - 2013	Equity	interests	Other securities	Loans	Other financial assets	Total non-current financial assets - related parties
a) financial assets as at the beginning of period	**8**	**186**	**-**	**-**	**-**	**194**
b) increases (due to)	**-**	-	**-**	**-**	**-**	**-**
- purchase	-	-	-	-	-	-
- borrowings granted	-	-	-	-	-	-
- obtained through acquisition	-	-	-	-	-	-
- contribution in kind, free transfer	-	-	-	-	-	-
- revaluation	-	-	-	-	-	-
- other	-	-	-	-	-	-
c) decreases (due to)	**-**	**(102)**	**-**	**-**	**-**	**(102)**
- sale	-	-	-	-	-	-
- exclusion from consolidation	-	-	-	-	-	-
- loan repayment	-	-	-	-	-	-
- liquidation	-	-	-	-	-	-
- revaluation	-	-	-	-	-	-
- revaluation of acquired entities	-	-	-	-	-	-
- other	-	(102)	-	-	-	102
d) financial assets as at the end of period	**8**	**84**	**-**	**-**	**-**	**92**

(amounts in PLN 000s, unless otherwise stated)

Note 10.3.7 b - previous year

Non-current financial assets at related parties - 2012	Equity	interests	Other securities	Loans	Other financial assets	Total non-current financial assets - related parties
a) financial assets as at the beginning of period	**116**	**186**	**-**	**-**	**-**	**302**
b) increases (due to)	**-**	**-**	**-**	**-**	**-**	**-**
- purchase	-	-	-	-	-	-
- borrowings granted	-	-	-	-	-	-
- obtained through acquisition	-	-	-	-	-	-
- contribution in kind, free transfer	-	-	-	-	-	-
- revaluation	-	-	-	-	-	-
- other	-	-	-	-	-	-
c) decreases (due to)	**(108)**	**-**	**-**	**-**	**-**	**(108)**
- sale	-	-	-	-	-	-
- exclusion from consolidation	-	-	-	-	-	-
- loan repayment	-	-	-	-	-	-
- liquidation	(102)	-	-	-	-	(102)
- revaluation	(2)	-	-	-	-	(2)
- revaluation of acquired entities	-	-	-	-	-	-
- other	(4)	-	-	-	-	(4)
d) financial assets as at the end of period	**8**	**186**	**-**	**-**	**-**	**194**

(amounts in PLN 000s, unless otherwise stated)

10.3.8 Non-current loans

During the reporting and comparative period, there were no non-current loans.

10.3.9 Non-current receivables

Non-current receivables	31 Dec 2013	31 Dec 2012
a) collateral connected with leases	4 663	3 864
- including: from subsidiaries	-	-
b) other non-current receivables	170	201
- including: from subsidiaries	-	-
Total non-current receivables	**4 833**	**4 065**

Collateral is not interest-bearing. Given the low value (materiality criterion), it is not subject to amortisation.

10.3.10 Deferred income tax assets

Deferred income tax assets	31 Dec 2013	31 Dec 2012
Deferred income tax assets at the beginning of period	**21 148**	**8 987**
Increases	3 078	12 248
a) recognised through profit or loss	3 078	12 248
b) recognised through equity	-	-
c) increase as a result of acquisitions	-	-
Decreases	(4 173)	(87)
a) recognised through profit or loss	(4 173)	(87)
b) recognised through equity	-	-
c) decrease as a result of a disposal	-	-
Deferred income tax assets as at the end of period	**20 053**	**21 148**

Deferred income tax assets, the basis of which are temporary differences resulting from:	31 Dec 2013	31 Dec 2012
Trade receivables	246	347
Remuneration liabilities	1 150	1 024
Retirement pay	125	119
Unused vacation time and similar	785	536
Pay bonuses and similar	314	248
Deduction of discount on own bonds	31	89
Audit provision	12	17
Other costs due to interest charged on tax deductible costs not elsewhere classified	2	2
Impairment of inventory	81	81
Discounts recorded in inventory	1 827	1 020
Difference between the balance sheet value and tax value of property, plant and equipment	6 899	7 752
Provision for agreements giving rise to liabilities	7 184	8 508
Provision for unbilled costs	340	338
Provision for anniversary awards	165	239
Tax loss	35	372

(amounts in PLN 000s, unless otherwise stated)

Deferred revenue	228	-
Other items	629	457
Deferred income tax assets as at the end of period	**20 053**	**21 148**

10.3.11 Other non-current prepayments

Other non-current prepayments	31 Dec 2013	31 Dec 2012
Marketing services	-	-
Rent	695	1 095
Manufacturing cost - software	-	-
Permits, concessions	3	-
Purchase of rights to lease commercial premises	4 905	6 614
Other	267	159
Total non-current prepayments	**5 870**	**7 868**

10.3.12 Inventory

Inventory	31 Dec 2013	31 Dec 2012
Materials	9 596	1 437
Goods for resale	169 095	107 834
Finished products	-	-
Intermediates and production in progress	-	-
Impairment losses on inventory	(10 031)	(5 504)
Total inventory	**168 660**	**103 767**

Impairment losses on inventory	31 Dec 2013	31 Dec 2012
Impairment of inventory as at the beginning of period	(5 504)	(7 206)
Increases (recognition of new impairment losses)	(16 612)	(17 346)
Increase / decrease as a result of acquisitions / disposals	-	-
Decreases (due to decrease in inventory)	12 085	19 048
Impairment of inventory as at the end of period	**(10 031)**	**(5 504)**

Impairment losses on inventory were recognised in connection with commercial sales bonuses and as a result of a release of a provision concerning inventory deficits. All of the recognised impairment losses were recorded in the statement of profit and loss.

Restrictions in ownership rights regarding off-balance sheet collateral established	31 Dec 2013	31 Dec 2012
Collateral, by title:	**19 939**	**3 295**
- credit facilities	-	-
- bank guarantees	*19 939*	*3 295*
Assignments of rights, by title:	**-**	**-**
- credit facilities	-	-
- bank guarantees	-	-
Sale of rights, by title:	**-**	**-**
- credit facilities	-	-
- bank guarantees	-	-

Total restrictions in ownership rights regarding off-balance sheet collateral established	**19 939**	**3 295**

10.3.13 Receivables

Receivables	31 Dec 2013	31 Dec 2012
For products and services	40 477	59 769
- including: from related parties	*1*	*3*
Taxes and other state fees	61 784	6 115
Under judicial enforcement	1 609	527
Advances paid for supplies	548	554
Other receivables	10 812	6 497
including: from related parties	*-*	*44*
Impairment of receivables	(9 944)	(10 121)
Total net receivables	**105 286**	**63 341**

Emperia Group's trade receivables from unconsolidated related parties amounted to PLN 1 000. A detailed description of the transactions is presented in note 10.3.44. Interest is not charged on trade receivables.

Impairment of receivables	31 Dec 2013	31 Dec 2012
Impairment of receivables as at the beginning of period	(10 121)	**(9 894)**
- including: from related parties	-	-
Increases (recognition of new impairment losses)	(3 066)	(4 062)
- including: from related parties	-	-
- including: increase as a result of acquisitions	-	-
Decreases	3 243	3 835
- including: from related parties	-	-
release	2 241	2 052
- including: from related parties	-	-
- including: decrease as a result of disposals	-	-
Derecognised from statement of profit and loss*	1 002*	1 782*
- including: from related parties	-	-
Impairment of receivables as at the end of period	**(9 944)**	**(10 121)**
- including: from related parties		-

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

Restrictions in ownership rights regarding off-balance sheet collateral established do not concern receivables.

Aging structure of trade receivables	31 Dec 2013	31 Dec 2012
up to 1 month	23 728	29 026
1 - 3 months	1 656	766
3 - 6 months	59	89
6 - 12 months	33	38
over 1 year	562	-
overdue	14 439	29 850
impairment of receivables	(5 159)	(6 025)
Total net receivables	**35 318**	**53 744**

(amounts in PLN 000s, unless otherwise stated)

Aging structure of overdue trade receivables	31 Dec 2013	31 Dec 2012
up to 1 month	6 642	12 404
1 - 3 months	1 758	6 374
3 - 6 months	1 107	4 740
6 - 12 months	1 372	3 083
over 1 year	3 560	3 249
impairment of receivables	(5 154)	(5 974)
Total net overdue receivables	**9 285**	**23 876**

10.3.14 Current prepayments, by title

Current prepayments, by title	31 Dec 2013	31 Dec 2012
Insurance	565	563
Technical assistance	288	695
Permits, alcohol concessions	45	7
Rent	400	401
Advertising	44	16
Subscriptions and annual fees	64	9
Electricity	-	-
Technical oversight for machinery	19	9
Costs incurred prior to location opening	-	73
Costs to be re-invoiced	566	932
Purchase of rights to rent commercial premises	1 899	1 844
Other	402	197
Total current prepayments, by title	**4 292**	**4 746**

10.3.15 Cash and cash equivalents

Cash and cash equivalents	31 Dec 2013	31 Dec 2012
Cash on hand	7 233	7 369
Cash instruments in bank accounts	176 038	193 092
Other cash instruments	11 849	14 788
including:	*7 657*	*8 397*
Other cash assets	33	44
Total cash	**195 153**	**215 293**

10.3.16 Other financial assets

There were no other financial assets during the reporting period and at the end of the comparative period.

(amounts in PLN 000s, unless otherwise stated)

10.3.17 Assets classified as held-for-sale

	31 Dec 2013	31 Dec 2012
Property, plant and equipment	3 032	20
- Land, including:	217	-
- Perpetual usufruct rights	217	-
- Buildings and structures	2 783	-
- Technical equipment and machinery	32	20
- Means of transport	-	-
- Other PP&E	-	-
- Other production in progress	-	-
Intangible assets	-	-
Equity interests	-	-
Shares	-	-
Other securities	-	-
Other available-for-sale assets	-	-
Total assets classified as held-for-sale	**3 032**	**20**

Assets classified as held for sale comprise the amount of PLN 3 012 000, constituting a property at ul. Frezerów in Lublin, in connection with a preliminary agreement executed via a notarial deed: Rep. A 3044/2013 of 13 August 2013 between Emperia Holding S.A. and Inkubator Technologiczny Markiz Sp. z o.o., based in Puławy.

(amounts in PLN 000s, unless otherwise stated)

10.3.18 Share capital structure

Share capital structure as at 31 December 2013

Series / issue	Type of share	Type of preference	Number of shares	Nominal value of series / issue	Method of payment	Registration date	Right to dividend (from date)
A	ordinary bearer shares	None	100 000	100 000	Cash	30.11.1994	30.11.1994
B	ordinary bearer shares	None	2 200 000	2 200 000	Cash	26.09.1995	01.01.1995
C	ordinary bearer shares	None	2 093 700	2 093 700	Cash	11.02.1999	01.01.1999
D	ordinary bearer shares	None	408 400	408 400	Cash	25.06.1999	01.01.1999
E	ordinary bearer shares	None	240 200	240 200	Cash	12.12.2001	01.01.2001
F	ordinary bearer shares	None	259 500	259 500	Cash	12.12.2001	01.01.2001
G	ordinary bearer shares	None	1 333 300	1 333 300	Cash	12.12.2001	01.01.2001
H	ordinary bearer shares	None	2 085 323	2 085 323	In-kind-contribution of shares in BOS S.A.	02.01.2007	01.01.2006
I	ordinary bearer shares	None	4 203 562	4 203 562	In-kind-contribution of shares in BOS S.A.	02.01.2007	01.01.2006
J	ordinary bearer shares	None	55 747	55 747	In-kind-contribution of shares in BOS S.A.	11.05.2007	01.01.2006
K	ordinary bearer shares	None	290 468	290 468	In-kind-contribution of shares in BOS S.A.	11.05.2007	01.01.2006
L	ordinary bearer shares	None	1 500 000	1 500 000	Cash	24.10.2007	01.01.2007
Ł	ordinary bearer shares	None	140 388	140 388	In-kind-contribution of shares in Maro-Markety Sp. z o.o.	12.02.2008	01.01.2007
M	ordinary bearer shares	None	82 144	82 144	In-kind-contribution of shares in Centrum Sp. z o.o.	12.02.2008	01.01.2007
N	ordinary bearer shares	None	122 429	122 429	Cash	06.06.2008	01.01.2007
Total number of shares			**15 115 161**				
Total share capital				**15 115 161**			
Nominal value per share = PLN 1							

(amounts in PLN 000s, unless otherwise stated)

Share capital structure as at 31 December 2012

Series / issue	Type of share	Type of preference	Number of shares	Nominal value of series / issue	Method of payment	Registration date	Right to dividend (from date)
A	ordinary bearer shares	None	100 000	100 000	Cash	30.11.1994	30.11.1994
B	ordinary bearer shares	None	2 200 000	2 200 000	Cash	26.09.1995	01.01.1995
C	ordinary bearer shares	None	2 093 700	2 093 700	Cash	11.02.1999	01.01.1999
D	ordinary bearer shares	None	408 400	408 400	Cash	25.06.1999	01.01.1999
E	ordinary bearer shares	None	240 200	240 200	Cash	12.12.2001	01.01.2001
F	ordinary bearer shares	None	259 500	259 500	Cash	12.12.2001	01.01.2001
G	ordinary bearer shares	None	1 333 300	1 333 300	Cash	12.12.2001	01.01.2001
H	ordinary bearer shares	None	2 085 323	2 085 323	In-kind-contribution of shares in BOS S.A.	02.01.2007	01.01.2006
I	ordinary bearer shares	None	4 203 562	4 203 562	In-kind-contribution of shares in BOS S.A.	02.01.2007	01.01.2006
J	ordinary bearer shares	None	55 747	55 747	In-kind-contribution of shares in BOS S.A.	11.05.2007	01.01.2006
K	ordinary bearer shares	None	290 468	290 468	In-kind-contribution of shares in BOS S.A.	11.05.2007	01.01.2006
L	ordinary bearer shares	None	1 500 000	1 500 000	Cash	24.10.2007	01.01.2007
Ł	ordinary bearer shares	None	140 388	140 388	In-kind-contribution of shares in Maro-Markety Sp. z o.o.	12.02.2008	01.01.2007
M	ordinary bearer shares	None	82 144	82 144	In-kind-contribution of shares in Centrum Sp. z o.o.	12.02.2008	01.01.2007
N	ordinary bearer shares	None	122 429	122 429	Cash	06.06.2008	01.01.2007
Total number of shares			**15 115 161**				
Total share capital				**15 115 161**			
Nominal value per share = PLN 1							

(amounts in PLN 000s, unless otherwise stated)

Shareholders with at least 5% of voting rights at the general meeting as at 31 December 2013

Shareholders	Shares held, as at 31 Dec 2013	% in share capital	% change	Shares held, as at 30 Dec 2012	% in share capital as at 31 December 2012	Votes as at 31 December 2013	% of votes at general meeting as at December 31, 2013
ALTUS TFI	1 944 678	12.87%	(21.27%)	2 469 909	16.34%	1 944 678	14.303%
IPOPEMA TFI S.A.	1 433 437	9.48%	-	1 433 437	9.48%	1 433 437	10.34%
AXA OFE	891 992	5.90%	-	891 992	5.90%	891 992	6.44%
ING TFI	810 119	5.36%	9.44%	740 247	4.89%	810 119	5.85%

As at the date on which these financial statements were published, Emperia Holding S.A. and P1 Sp. z o.o. held a total of 1 561 983 (10.334%) shares in Emperia Holding S.A., entitling to 1 561 983 (10.334%) votes at the Issuer's general meeting and constituting 10.334% of the Issuer's share capital.

Changes in shareholding by Management Board and Supervisory Board members

Management Board members	Shares as at 31 December 2013	% in share capital	% change	Shares held, as at 30 Dec 2012	% share in capital as at 31 Dec 2012
Dariusz Kalinowski	19 647	0.13%	-	19 647	0.13%

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

Changes in supplementary and reserve capital	Supplementary capital	Reserve capital
1 January 2013	**100 084**	**110 303**
Sale of properties restated in prior years	-	-
Measurement of 2nd management options programme	-	222
2011 profit distribution - transfer to equity	-	-
Redemption of own shares	-	-
Transfer of buy-back provision	-	-
31 Dec 2013	**100 084**	**110 525**
1 January 2012	**100 084**	**110 169**
Sale of properties restated in prior years	-	-
Measurement of 2nd management options programme	-	-
2011 profit distribution - transfer to equity	-	134
Redemption of own shares	-	-
Transfer of buy-back provision	-	-
31 Dec 2012	**100 084**	**110 303**

(amounts in PLN 000s, unless otherwise stated)

10.3.19 Retained earnings

Retained earnings	31 Dec 2013	31 Dec 2012
Prior-period profit (loss)	(27 147)	770 978
Profit distribution - transfer to equity	(222)	(134)
Profit distribution - dividend	(13 372)	(817 671)
Profit (loss) for the period	13 799	20 803
Correction of prior-period errors	-	-
Prior-period results of companies entered into consolidation	(53)	-
Measurement of 2nd management options programme	21	-
Sale of properties restated in prior years	-	(1 123)
Total retained earnings	**(26 973)**	**(27 147)**

10.3.20 Non-current credit facilities, loans and debt instruments

Credit facilities, loans, debt instruments and other non-current financial liabilities	31 Dec 2013	31 Dec 2012
Credit facilities	-	-
Loans	-	-
- including: to related parties	-	-
Debt instruments	-	-
- including: to related parties	-	-
Finance leasing	3 455	-
Measurement of other financial instruments	-	-
Total credit facilities, loans, debt instruments and other non-current financial liabilities	**3 455**	**-**

10.3.21 Non-current liabilities

Non-current liabilities	31 Dec 2013	31 Dec 2012
Collateral	970	1 120
- including: from subsidiaries	-	-
Other	-	-
Total non-current liabilities	**970**	**1 120**

Emperia Group did not have any liabilities in currencies other than the PLN. Collateral is not interest-bearing. Given the low value (materiality criterion), they are not subject to amortisation.

10.3.22 Provisions

Provisions	31 Dec 2013	31 Dec 2012
Employee benefit provisions	**8 360**	**6 274**
a) retirement pay	660	625
b) unused vacation time	4 129	2 823
c) annual pay bonuses	1 758	1 566
d) anniversary award liabilities	1 813	1 260
e) HR restructuring	-	-

Other provisions	**42 281**	**47 424**
a) audit of financial statements	93	125
b) awards for customers (loyalty programmes)	-	-
c) packaging	-	-
d) pay bonuses	-	-
e) liabilities	175	175
f) uninvoiced costs	1 790	1 779
g) agreements giving rise to liabilities	37 808	44 778
h) other	2 415	566
Total provisions	**50 641**	**53 698**

Provisions	31 Dec 2013	31 Dec 2012
Non-current	**31 591**	**39 289**
a) retirement pay	626	606
b) unused vacation time	-	-
c) annual pay bonuses	-	-
d) anniversary award liabilities	533	874
e) agreements giving rise to liabilities	30 432	37 808
f) other non-current provisions	-	-
Current	**19 050**	**14 409**
a) retirement pay	33	19
b) unused vacation time	4 129	2 823
c) annual pay bonuses	1 758	1 566
d) anniversary award liabilities	1 280	386
e) HR restructuring	-	-
f) other current provisions	11 849	867
g) agreements giving rise to liabilities	-	6 970
h) uninvoiced costs	-	1 778
Total provisions	**50 641**	**53 698**

Change in employee benefit provisions	31 Dec 2013	31 Dec 2012
Employee benefit provision - retirement benefits - as at the beginning of period	625	753
Increases	67	27
Increase as a result of acquisitions	-	-
Decreases	(32)	(155)
Decrease as a result of disposals	-	-
Employee benefit provision - retirement benefits - as at the end of period	**660**	**625**
Employee benefit provision - unused vacation time - as at the beginning of period	2 823	3 325
Increases	1 468	2 032
Increase as a result of acquisitions	-	-
Decreases	(162)	(2 534)
Decrease as a result of disposals	-	-
Employee benefit provision - unused vacation time - as at the end of period	**4 129**	**2 823**
Employee benefit provision - annual pay bonuses - as at the beginning of period	1 566	2 345
Increases	2 464	2 121
Increase as a result of acquisitions	-	-
Decreases	(2 272)	(2 899)
Decrease as a result of disposals	-	-

(amounts in PLN 000s, unless otherwise stated)

Employee benefit provision - annual pay bonuses - as at the end of period	**1 758**	**1 566**
Employee benefit provision - anniversary awards - as at the beginning of period	1 260	1 808
Increases	944	-
Increase as a result of acquisitions		-
Decreases	(391)	(548)
Decrease as a result of disposals		-
Employee benefit provision - anniversary awards - as at the end of period	**1 813**	**1 260**
HR restructuring provision as at the beginning of period	-	-
Increases	-	-
Increase as a result of acquisitions	-	-
Decreases	-	-
Decrease as a result of disposals	-	-
HR restructuring provision as at the end of period	-	-
Employee benefit provisions as at the beginning of period	**6 274**	**8 231**
Increases	4 943	4 180
Increase as a result of acquisitions	-	-
Decreases	(2 857)	(6 137)
Decrease as a result of disposals	-	-
Employee benefit provisions as at the end of period	**8 360**	**6 274**

The provisions that were recognised and reversed were recorded in the statement of profit and loss under 'administrative expenses' or 'cost of sales,' respectively.

10.3.23 Deferred tax provisions

Deferred tax provisions	31 Dec 2013	31 Dec 2012
Deferred income tax provisions at the beginning of period	**1 992**	**4 354**
Increases	**3 508**	**2 408**
a) recognised through profit or loss	3 508	2 408
b) recognised through equity	-	-
c) recognised through goodwill	-	-
d) as a result of acquisitions	-	-
Decreases	**(3 271)**	**(4 770)**
a) recognised through profit or loss	(3 271)	(4 770)
b) recognised through equity	-	-
c) recognised through goodwill	-	-
d) as a result of disposals	-	-
Deferred income tax provisions at the end of period	**2 229**	**1 992**

Deferred income tax provisions, the basis of which are temporary differences resulting from:	31 Dec 2013	31 Dec 2012
Deduction of discount on bonds purchased	40	183
Commission on long-term credit facilities	-	-
Difference between the balance sheet value and tax value of tangible assets	1 879	1 644
Other items	310	165
Deferred income tax provisions at the end of period	**2 229**	**1 992**

(amounts in PLN 000s, unless otherwise stated)

10.3.24 Current credit facilities, loans and debt instruments

Current credit facilities, loans and debt instruments	31 Dec 2013	31 Dec 2012
Credit facilities	-	-
Loans	-	-
- including: to related parties	-	-
Debt instruments	-	-
- including: to related parties	-	-
Finance leasing	804	-
Measurement of other financial instruments	-	-
Total current credit facilities, loans and debt instruments	**804**	**-**

In Q4 2013, subsidiary Stokrotka Sp. z o.o. issued a loan to subsidiary Pilawa Sp. z o.o. in a total amount of PLN 1 900 000. Interest was established using WIBOR 1M plus margin. As per the agreement, the loan is to be repaid in Q2 2014.
In Q4 2013, Emperia Holding S.A. issued a loan to subsidiary Stokrotka Sp. z o.o. The loan is a revolving facility, valued at PLN 4 996 500 as at 31 December 2014. Interest was established using WIBOR 1M plus margin. As per the agreement, the loan is to be repaid by the end of 2014.

Both of the loans are intra-group transactions, subject to exclusion from consolidation.

Information on credit facilities, both terminated and repaid, in 2012

Type of credit facility	Type of operation	Contractual amount	Debt as at 31 Dec 2012	Currency	Contractual repayment date	Interest
Investment credit facility	Termination of credit agreement	1 521	0	PLN	2020-11-28	WIBOR 1M + bank margin
Investment credit facility	Termination of credit agreement	2 331	0	PLN	2020-06-16	WIBOR 1M + bank margin
Investment credit facility	Termination of credit agreement	3 654	0	PLN	2020-01-19	WIBOR 1M + bank margin
Investment credit facility	Termination of credit agreement	2 925	0	PLN	2019-12-29	WIBOR 1M + bank margin
Investment credit facility	Termination of credit agreement	4 000	0	PLN	2017-10-31	WIBOR 1M + bank margin
Investment credit facility	Termination of credit agreement	3 000	0	PLN	2017-04-30	WIBOR 1M + bank margin
Investment credit facility	Termination of credit agreement	660	0	PLN	2017-04-30	WIBOR 1M + bank margin
Investment credit facility	Termination of credit agreement	1 169	0	PLN	2017-04-30	WIBOR 1M + bank margin
Investment credit facility	Termination of credit agreement	2 000	0	PLN	2016-10-31	WIBOR 1M + bank margin
Investment credit facility	Termination of credit agreement	1 080	0	PLN	2016-04-30	WIBOR 1M + bank margin
Investment credit facility	Termination of credit agreement	800	0	PLN	2012-06-30	WIBOR 1M + bank margin
Investment credit facility	Termination of credit agreement	1 500	0	PLN	2014-06-30	WIBOR 1M + bank margin
Investment credit facility	Termination of credit agreement	3 800	0	PLN	2018-05-31	WIBOR 1M + bank margin

(amounts in PLN 000s, unless otherwise stated)

Investment credit facility	Termination of credit agreement	4 700	0	PLN	2018-05-31	WIBOR 1M + bank margin
Investment credit facility	Termination of credit agreement	3 300	0	PLN	2017-10-31	WIBOR 1M + bank margin
Investment credit facility	Termination of credit agreement	4 800	0	PLN	2020-12-31	WIBOR 1M + bank margin
Investment credit facility	Termination of credit agreement	6 996	0	PLN	2020-12-31	WIBOR 1M + bank margin
Investment credit facility	Termination of credit agreement	6 000	0	PLN	2020-12-31	WIBOR 1M + bank margin
Investment credit facility	Termination of credit agreement	8 700	0	PLN	2020-12-31	WIBOR 1M + bank margin
Investment credit facility	Termination of credit agreement	7 300	0	PLN	2020-12-31	WIBOR 1M + bank margin
Investment credit facility	Termination of credit agreement	5 000	0	PLN	2025-01-31	WIBOR 1M + bank margin
Investment credit facility	Termination of credit agreement	25 000	0	PLN	2023-09-30	WIBOR 1M + bank margin
Investment credit facility	Termination of credit agreement	10 500	0	PLN	2020-01-31	WIBOR 1M + bank margin
	Total	**110 736**	**0**			

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 2013 and 2012:

2013

Issue and buy-back of bonds in 2013	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	**150 000**	**-**	**101 500**	**7 000**	**41 500**	**-**
Issuance of bonds	*1 669 500*		*1 011 000*	*106 000*	*509 000*	*43 500*
Buy-back of bonds	*(1 799 500)*		*(1 109 000)*	*(102 000)*	*(550 500)*	*(38 000)*
As at the end of period	**20 000**		**3 500**	**11 000**	**-**	**5 500**

2012

Issue and buy-back of bonds in 2012	Total	External issuance	Emperia Holding S.A.	Infinite Sp. z o.o.	P3 EKON Sp. z o.o. S.K.A	P1 Sp. z o.o.
As at the beginning of period	**80 000**	**-**	**35 000**	**7 300**	**4 000**	**33 700**
Issuance of bonds	*1 543 100*	-	*745 900*	*78 000*	*351 400*	*367 800*
Buy-back of bonds	*(1 473 100)*	-	*(679 400)*	*(78 300)*	*(313 900)*	*(401 500)*
As at the end of period	**150 000**	**-**	**101 500**	**7 000**	**41 500**	**0**

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 2013 and 2012:

2013

Issue and buy-back of bonds in 2013	Total	External issuance	Emperia Holding S.A.	P3 EKON Sp. z o.o. S.K.A
As at the beginning of period	**92 000**	**-**	**92 000**	**-**
Issuance of bonds	*1 219 000*	-	*1 218 000*	*1 000*
Buy-back of bonds	*(1 183 000)*	-	*(1 182 000)*	*(1 000)*
As at the end of period	**128 000**	**-**	**128 000**	**0**

2012

Issue and buy-back of bonds in 2012	Total	External issuance	Emperia Holding S.A.	Maro Markety Sp. z o.o.	P1 Sp. z o.o.
As at the beginning of period	**49 000**	**-**	**6 300**	**2 200**	**40 500**
Issuance of bonds	*1 056 000*	-	*795 300*	*18 200*	*242 500*
Buy-back of bonds	*(1 013 000)*	-	*(709 600)*	*(20 400)*	*(283 000)*
As at the end of period	**92 000**	**-**	**92 000**	**0**	**0**

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 2013 and 2012:

Issue and buy-back of bonds in 2013	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
As at the beginning of period	-	-		-	-
Issuance of bonds	*233 900*	-	*82 900*	*49 000*	*102 000*
Buy-back of bonds	*(61 900)*	-	*(61 900)*	-	-
As at the end of period	**172 000**	**--**	**21 000**	**49 000**	**102 00**

P1 Sp. z o.o. did not issue bonds in 2012.

Debt security liabilities as at 31 December 2013

Issuer	Series	Par value (in PLN 000s)	Maturity date	As at 31 December 2013
Stokrotka Sp. z o.o.	0114*	10 000	2014-01-24	
Stokrotka Sp. z o.o.	0115*	118 000	2014-01-24	
Elpro Ekon Sp. z o.o. S.K.A.	0144*	3 500	2014-01-24	
Elpro Ekon Sp. z o.o. S.K.A.	0144*	11 000	2014-01-24	
Elpro Ekon Sp. z o.o. S.K.A.	0144*	5 500	2014-01-24	
P1 Sp. z o.o.	0004*	21 000	2014-01-24	
P1 Sp. z o.o.	0002*	49 000	2014-01-24	

P1 Sp. z o.o.	0004*	51 000	2014-01-24	
P1 Sp. z o.o.	0005*	51 000	2014-01-24	
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 instrument liabilities as at 31 December 2012

Issuer	Series	Par value (in PLN 000s)	Maturity date	As at 31 December 2012
Stokrotka Sp. z o.o.	0094*	92 000	2013-01-04	
Elpro Ekon Sp. z o.o. S.K.A.	0132*	101 500	2013-01-04	
Elpro Ekon Sp. z o.o. S.K.A.	0132*	7 000	2013-01-04	
Elpro Ekon Sp. z o.o. S.K.A.	0132*	41 500	2013-01-04	
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.

10.3.25 Current liabilities

Current liabilities	31 Dec 2013	31 Dec 2012
For products and services	264 373	191 871
including: towards related parties	*-*	*10*
Taxes and other state fees	59 207	17 504
Remuneration	12 609	12 599
Advances received for deliveries	120	-
Other liabilities	14 153	7 798
including: towards related parties	132	-
Total current liabilities	**350 462**	**229 772**

Emperia Group did not have any liabilities in currencies other than the PLN.

Aging structure of overdue trade payables	31 Dec 2013	31 Dec 2012
up to 1 month	156 025	156 889
1 - 3 months	51 158	13 583
3 - 6 months	644	59
6 - 12 months	63	13
over 1 year	50	-
overdue	56 432	21 327
Total liabilities	**264 373**	**191 871**

(amounts in PLN 000s, unless otherwise stated)

Aging structure of overdue trade payables	31 Dec 2013	31 Dec 2012
up to 1 month	55 468	19 288
1 - 3 months	672	1 674
3 - 6 months	32	49
6 - 12 months	37	143
over 1 year	223	173
Total overdue liabilities	**56 432**	**21 327**

10.3.26 Deferred revenue, by title

Deferred revenue, by title	31 Dec 2013	31 Dec 2012
Refund of transport-related damages	27	54
Refund of property damages	375	344
Contractual penalties	4 741	139
Loyalty programmes	-	-
Refund of fire-fighting equipment	97	-
Sale of services settled in time	1 126	1 257
Interest on collateral	104	98
Other	110	131
Total deferred revenue, by title	**6 580**	**2 023**

10.3.27 Net revenue from sale of products and services

Net revenue from sales of products and services (product structure - types of activities)	12 months ended 31 Dec 2013	12 months ended 31 Dec 2012
Sale of products	-	131
- including: from related parties	-	-
Sale of services	116 148	131 197
- including: from related parties	*11*	*68*
Total net revenue from sale of products and services	**116 148**	**131 328**
- including: from related parties	11	*68*

Net revenue from sales of products and services (geographical structure)	12 months ended 31 Dec 2013	12 months ended 31 Dec 2012
Domestic	114 698	129 943
- including: from related parties	*11*	*68*
Export	1 450	1 385
- including: from related parties	-	-
Total net revenue from sale of products and services	**116 148**	**131 328**
- including: from related parties	11	*68*

(amounts in PLN 000s, unless otherwise stated)

10.3.28 Net revenue from sale of goods for resale and materials

Net revenue from sale of goods for resale and materials (product structure - types of activities)	12 months ended 31 Dec 2013	12 months ended 31 Dec 2012
Sale of goods for resale and materials	1 851 332	1 817 648
- including: from related parties	-	*1*
Total net revenue from sale of goods for resale and materials	**1 851 332**	**1 817 648**
- including: from related parties	-	*1*

Total net revenue from sale of goods for resale and materials (geographical structure)	12 months ended 31 Dec 2013	12 months ended 31 Dec 2012
Domestic	1 851 332	1 817 648
- including: from related parties	-	*1*
Export	-	-
- including: from related parties	-	-
Total net revenue from sale of goods for resale and materials	**1 851 332**	**1 817 648**
- including: from related parties	-	*1*

10.3.29 Other operating revenue

Other operating revenue	12 months ended 31 Dec 2013	12 months ended 31 Dec 2012
Gain on disposal of non-financial assets	7 617	5 188
Impairment of non-financial assets	517	272
Other operating revenue	4 466	8 186
Total other operating revenue	**12 600**	**13 645**

Impairment of financial and non-financial assets	12 months ended 31 Dec 2013	12 months ended 31 Dec 2012
Recognition of inventory impairment (negative value)	-	-
Reversal of impairment	-	-
Recognition of PP&E impairment (negative value)	-	-
Reversal of PP&E impairment	-	-
Recognition of receivables impairment (negative value)	(1 285)	(112)
Reversal of receivables impairment	1 802	384
Total impairment of financial and non-financial assets	**517**	**272**

Other operating revenue	12 months ended 31 Dec 2013	12 months ended 31 Dec 2012
Contractual penalties received	171	205
Compensation from transport insurance	280	158
Compensation from property and other insurance	98	135
Other compensation	-	1 845
Overdue liabilities	42	-
Awarded legal costs	98	91

(amounts in PLN 000s, unless otherwise stated)

VAT refund	-	-
Release of employee benefit provision	-	-
Re-invoicing	12	520
Refund of staff costs	2 517	2 757
Asset donations	54	5
Sale of equipment	100	-
Transfer of rights from lease agreements	400	1 800
Recovery from scrapping	73	-
Cash overage	187	174
VAT refund	-	122
Rounding	254	116
Other revenue	180	258
Total other operating revenue	**4 466**	**8 186**

10.3.30 Costs by nature

Costs by nature	12 months ended 31 Dec 2013	12 months ended 31 Dec 2012
Depreciation	(41 831)	(40 830)
Use of materials and energy	(82 829)	(76 553)
Third-party services	(133 471)	(167 810)
Salaries	(189 448)	(175 372)
Employee benefits	(44 975)	(41 385)
Taxes and fees	(10 135)	(9 084)
Other costs	(2 198)	(2 199)
Total costs by nature	**(504 888)**	**(513 223)**
Distribution costs	(407 856)	(413 007)
Administrative expenses	(71 986)	(68 668)
Cost of manufacture of products sold	(24 707)	(29 816)
Cost of production of software and goods for internal purposes	(339)	(1 732)

Employment costs	12 months ended 31 Dec 2013	12 months ended 31 Dec 2012
Remuneration, including:	(189 448)	(175 372)
- *management options programme*	-	-
- *HR restructuring provision*	(319)	(316)
Social security, including:	(35 280)	(32 772)
- *HR restructuring provision*	-	-
In-house social security fund	(5 781)	(5 823)
Training	(527)	(325)
Other	(3 387)	(2 465)
Total employment costs	**(234 423)**	**(216 757)**

(amounts in PLN 000s, unless otherwise stated)

10.3.31 Other operating expenses

Other operating expenses	12 months ended 31 Dec 2013	12 months ended 31 Dec 2012
Loss on disposal of non-financial assets	(982)	(1 536)
Impairment of non-financial assets	(1 854)	(10 466)
Other operating expenses	(6 857)	(6 861)
Total other operating expenses	**(9 693)**	**(18 863)**

Impairment of financial and non-financial assets	12 months ended 31 Dec 2013	12 months ended 31 Dec 2012
Recognition of PP&E impairment (negative value)	(537)	(8 684)
Reversal of PP&E impairment	26	505
Recognition of receivables impairment (negative value)	(1 782)	(3 955)
Reversal of receivables impairment	439	1 668
Total impairment of financial and non-financial assets	**(1 854)**	**(10 466)**

Other operating expenses	12 months ended 31 Dec 2013	12 months ended 31 Dec 2012
Donations	(32)	(16)
Transport-related damages	(170)	(167)
Property damages	(328)	(470)
Other damages	(1 725)	(371)
Liquidation of non-current assets	(1 596)	(18)
Provisions	(500)	(531)
Investment property maintenance costs	-	-
Revaluation of assets to net realisable value at a subsidiary being liquidated	(141)	-
Amortisation of rights to rent premises	-	-
Legal costs	(177)	(2 363)
Transfer of rights from lease agreements	(1 785)	(1 776)
Compensation for exiting a location	-	-
Non-deductible VAT	(72)	(396)
Re-invoiced costs	(12)	(520)
Other costs	(319)	(233)
Total other operating expenses	**(6 857)**	**(6 861)**

(amounts in PLN 000s, unless otherwise stated)

10.3.32 Finance income

Finance income	12 months ended 31 Dec 2013	12 months ended 31 Dec 2012
Dividends received, including:	-	-
- from related parties	-	-
Interest, including:	5 164	28 048
- from related parties	-	1
Gain on disposal of investments	-	-
Other finance income	212	123
Total finance income	**5 376**	**28 171**

Interest income on bonds	12 months ended 31 Dec 2013	12 months ended 31 Dec 2012
Interest on loans	-	525
- including: from related parties	-	-
Interest on bank deposits	5 014	27 336
Interest on overdue receivables	145	187
- including: from related parties		*1*
Interest on bonds		-
- including: from related parties		-
Other interest	5	-
Total interest on bonds	**5 164**	**28 048**

Other finance income	12 months ended 31 Dec 2013	12 months ended 31 Dec 2012
Positive exchange differences	133	2
Income on sureties issued	-	-
Share of insurers' profits	74	47
Income on liquidation	-	45
Other	5	29
Total other finance income	**212**	**123**

10.3.33 Finance costs

Finance costs	12 months ended 31 Dec 2013	12 months ended 31 Dec 2012
Interest, including:	(255)	(1 462)
- for subsidiaries	-	-
Loss on disposal of investments	(4)	-
Other finance costs	(306)	(186)
Total finance costs	**(565)**	**(1 648)**

Interest costs	12 months ended 31 Dec 2013	12 months ended 31 Dec 2012
Interest on bank credit	(3)	(1 344)

(amounts in PLN 000s, unless otherwise stated)

Interest on finance leasing	(165)	-
- including: from related parties	-	-
Interest on borrowings	-	-
- including: from related parties	-	-
Interest on overdue receivables	(74)	(75)
- including: from related parties	-	-
Interest on issued bonds	-	-
- including: from related parties	-	-
Statutory interest	(12)	(43)
Other interest	-	-
- including: from related parties	-	-
Total cost of interest income	**(255)**	**(1 462)**

Other finance costs	12 months ended 31 Dec 2013	12 months ended 31 Dec 2012
Cost of bank guarantees	(216)	(79)
Negative exchange differences	(35)	(59)
Impairment of financial assets	-	-
Balance sheet measurement of liabilities and receivables	-	-
Liquidation of subsidiary	-	-
Fee for bond issuance	(55)	(48)
Total other finance costs	**(306)**	**(186)**

Profit or loss, by category of instrument	12 months ended 31 Dec 2013	12 months ended 31 Dec 2012
Interest income	-	-
Bank deposits	5 014	27 336
Bonds	-	-
Loans issued	-	525
Trade receivables	145	187
Other	5	-
Total interest income	**5 164**	**28 048**
Interest costs	-	-
Short- and long-term credit facilities	(3)	(1 344)
Finance leasing	(165)	-
Issued bonds	-	-
Loans received	-	-
Trade payables	(74)	(75)
Other	-	-
Total interest costs	**(242)**	**(1 419)**

(amounts in PLN 000s, unless otherwise stated)

10.3.34 Current income tax

Current income tax	12 months ended 31 Dec 2013	12 months ended 31 Dec 2012
Profit (loss) before tax at entities generating tax profits	**39 064**	**248**
Loss before tax at entities generating tax losses	(69 072)	(53 070)
Consolidation exclusions at the level of profit before tax	(20 072)	10 310
Revenue not subject to taxation, decreasing the tax base, according to tax regulations	**(8 632)**	**(101 027)**
Finance income	(4 939)	(56 331)
Other operating revenue	(3 692)	(44 696)
Items creating taxable revenue, increasing the tax base	**842**	**9 724**
Costs and losses not recognised as tax deductible expenses, increasing the tax base, according to tax regulations	**63 083**	**204 262**
Operating expenses	53 296	98 096
Finance costs	2 225	58 985
Other operating expenses	7 563	47 180
Items increasing tax deductible expenses, decreasing the tax base	**(48 851)**	**(56 463)**
Taxable income	**44 968**	**56 744**
Remaining to be deducted from profit	(20 766)	(1)
Coverage of loss brought forward	(3 981)	(26 213)
Income tax base	20 222	**30 530**
Income tax, using the 19% rate	(3 842)	**(5 800)**
Increases, discontinuations, exemptions, deductions and decreases of tax	-	*776*
Current income tax, calculated for the reporting period	**(3 842)**	**(4 278)**

10.3.35 Deferred income tax recorded in profit or loss

Deferred income tax recorded in profit or loss	12 months ended 31 Dec 2013	12 months ended 31 Dec 2012
Decrease (increase) from recognition and reversal of temporary differences	114	10 947
Decrease (increase) from change in tax rates	-	-
Decrease (increase) from previously unrecognised tax losses, tax benefits or prior-period temporary differences	-	-
Decrease (increase) from impairment of deferred income tax assets or lack of option to use deferred income tax provisions	-	-
Decrease (increase) due to simplified advances for income tax	-	-
Decrease (increase) due to deferred income tax from consolidation	(1 447)	3 576
Total deferred income tax recorded in profit or loss	**(1 333)**	**14 523**

(amounts in PLN 000s, unless otherwise stated)

10.3.36 Earnings per share for the period

Earnings per share for the period	12 months ended 31 Dec 2013	12 months ended 31 Dec 2012
Profit (loss) for the period	13 799	20 803
Profit (loss) for the period (annualised)	13 799	20 803
Weighted average number of shares*	14 235 425	14 503 689
Weighted average diluted number of ordinary shares	14 338 927	14 578 832
Profit (loss) per share (in PLN)	0.97	1.43
Diluted profit (loss) per share	0.96	1.43

Basic earnings per share are calculated by dividing the net profit for the period attributable to common shareholders by the weighted average number of issued ordinary shares during the year, adjusted by shares held by the Company.

Diluted earnings per share are calculated by dividing the net profit for the period attributable to common shareholders of the Parent (less interest on convertible preference shares) by the weighted average number of issued ordinary shares for the year, adjusted by shares held by the Company and the weighted average number of shares that were issued upon conversion of the potentially dilutive ordinary shares to ordinary shares. In 2013, the Company took into consideration the dilutive effect of the bonds awarded to employees under the 2010 and 2011 tranches of the 2nd Management Options Programme - 2010-2012.

10.3.37 Cash and cash equivalents structure

Cash and cash equivalents structure	12 months ended 31 Dec 2013	12 months ended 31 Dec 2012
Cash on hand		
- as at the beginning of period	7 369	5 843
- as at the end of period	7 233	7 369
Cash instruments in bank accounts		
- as at the beginning of period	193 092	1 052 550
- as at the end of period	176 038	193 092
Other cash instruments		
- as at the beginning of period	14 788	19 533
- as at the end of period	11 849	14 788
Other cash assets		
- as at the beginning of period	44	53
- as at the end of period	33	44
Total cash		
- as at the beginning of period	**215 293**	**1 077 979**
- as at the end of period	**195 153**	**215 293**

10.3.38 Paid out and proposed dividends

Dividends paid:

On 4 June 2013, Emperia Holding S.A.'s General Meeting adopted a resolution on distribution of the net profit generated in 2012. PLN 13 371 909.21 was allocated to dividend, i.e. PLN 0.93 per share.
Entitled to dividend were shareholders who held shares on 12 June 2013 (ex-dividend date). The dividend payment date was 26 June 2013.

Dividends received:

The parent company, Emperia Holding S.A., received PLN 5 774 000 in dividend from subsidiary Infinite Sp. z o.o. as allocation of 2012 profit.
The dividend was paid within the Group's consolidated companies, thus is subject to exclusion from these financial statements.

10.3.39 Company operations presented by operating activities, investing activities and financing activities in the statement of cash flows

Company operations presented by operating activities, investing activities and financing activities in the statement of cash flows
I. Cash flows from operating activities include:
1) Proceeds from sale of products and services
2) Proceeds recorded in 'other operating revenue,' less proceeds from sale of non-current assets, which are recorded in investing activities
3) Expenditures connected with the ordinary course of business, such as: own cost of products sold, distribution costs and administrative expenses
4) Expenditures connected with 'other operating expenses,' less own cost of sold non-current assets and costs of unplanned depreciation.
II. Cash flows from investing activities include:
1) Proceeds from the sale of:
- property, plant and equipment items,
- equity interests and other financial asset items,
- securities held for trading.
2) Expenditures connected with the purchase of:
- property, plant and equipment items,
- equity interests and other financial asset items,
- securities held for trading.
3) Proceeds from repayment of short- and long-term loans issued by the Company to other entities, along with interest
4) Expenditures connected with issue of long-term loans to other entities.
5) Dividend income.
6) Interest on bank deposits.
III. Cash flows from financing activities include:
1) Proceeds from borrowings incurred, both long-term and short-term.
2) Expenditures connected with:
- debt servicing costs,

(amounts in PLN 000s, unless otherwise stated)

- repayment of borrowings,
- repayment of interest on borrowings.

3) Proceeds from equity issuance.
4) Expenditures connected with equity issue costs.
5) Expenditures connected with dividend and other payments to owners.
6) Expenditures resulting from "other finance income," except for interest on borrowings, interest on bank deposits and profit on sale of securities held for trading recognised under investing activities.
7) Expenditures resulting from "other finance costs," except for securities held for trading that are recognised in cash flows from investing activities.

10.3.40 Off-balance sheet items

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 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	-	16 784	-
Decreases during the period	-	(140)	-
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	-	157	251
Increases during the period	-	43 000	21 845
Decreases during the period	-	(157)	(5 000)
Increases / decreases during the period as a result of acquisitions / disposals	-	-	-
As at the end of period	-	**43 000**	**17 096**

(amounts in PLN 000s, unless otherwise stated)

Changes in off-balance sheet liabilities during 2012	Credit facilities	Bank guarantees	Security interests
Mortgages			
As at the beginning of period	145 287	-	-
Increases during the period	-	-	-
Decreases during the period	(145 287)	-	-
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	9 369	2 631	-
Increases during the period	-	4 767	-
Decreases during the period	(9 369)	(4 102)	-
Increases / decreases during the period as a result of acquisitions / disposals	-	-	-
As at the end of period	**-**	**3 295**	**-**
Transfer of ownership / pledge / assignment of non-current assets			
As at the beginning of period	-	-	-
Increases during the period	-	-	-
Decreases during the period	-	-	-
Increases / decreases during the period as a result of acquisitions / disposals	-	-	-
As at the end of period	**-**	**-**	**-**
Guarantees			
As at the beginning of period	128 576	7 177	2 744
Increases during the period	-	74	-
Decreases during the period	(128 576)	(7 094)	(2 493)
Increases / decreases during the period as a result of acquisitions / disposals	-	-	-
As at the end of period	**-**	**157**	**251**

10.3.41 Financial and operating leasing

a) Finance lease liabilities

Finance lease liabilities	31 Dec 2013	
	Minimum payments	Present value of minimum payments
Within 1 year	*1 204*	*804*
Within 1 to 5 years	*4 212*	*3 636*
Within more than 5 years	*-*	*-*
Total	**5 416**	**4 440**

Did not occur at the Group during the comparative period.

b) Operating leasing

Did not occur during the reporting period or comparative period.

(amounts in PLN 000s, unless otherwise stated)

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

2013

Asset	Term of agreement	As at 31 Dec 2013	As at 31 Dec 2014	1 - 5 years	Over 5 years
		Minimum annual payment			
Property	specified	74 588	110 409	437 841	545 220
	unspecified	3 590	3 329	13 316	16 644
Technical equipment and machinery	specified	12	16	4	-
	unspecified	68	74	276	350
Means of transport	specified	3 517	6 353	19 173	2 663
	unspecified	-	-	-	-
Other property, plant and equipment	specified	-	-	-	-
	unspecified	-	-	-	-

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

2012

Asset	Term of agreement	As at 31 Dec 2012	As at 31 Dec 2013	1 - 5 years	Over 5 years
		Minimum annual payment			
Property	specified	72 080	70 062	273 876	337 944
	unspecified	5 170	4 789	18 528	24 197
Technical equipment and machinery	specified	-	-	-	-
	unspecified	68	69	264	318
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.

10.3.42 Liabilities towards central or local government authorities for acquisition of ownership rights to buildings and structures

The Group does not have liabilities towards central or local government authorities for acquisition of ownership rights to buildings and structures.

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

Liabilities in connection with purchase of property, plant and equipment were not recorded at any of the Group's companies in 2013.

10.3.44 Emperia Holding S.A.'s related-party transactions

In 2013, 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 and those connected with capital increases or capital contributions at subsidiaries. All intra-group mergers in 2013 are presented in point 10.2.9. Short-term bonds were issued as part of the Group's cash flow management, as described in note 10.3.24 (not recorded in the table below).

(amounts in PLN 000s, unless otherwise stated)

Transaction between Group companies and unconsolidated related parties

Trade receivables from unconsolidated related parties	31 Dec 2013	31 Dec 2012
Emperia Holding S.A.'s receivables from unconsolidated related parties	1	1
Other Group companies' receivables from unconsolidated related parties	-	2
Total trade receivables from unconsolidated related parties	**1**	**3**

Other receivables from unconsolidated related parties	31 Dec 2013	31 Dec 2012
Emperia Holding S.A.	-	-
Other companies	-	44
Total other receivables from unconsolidated related parties	**-**	**44**

Trade payables to unconsolidated related parties	31 Dec 2013	31 Dec 2012
Emperia Holding S.A.'s payables to unconsolidated related parties	-	-
Other Group companies' payables to unconsolidated related parties	-	10
Total trade payables to unconsolidated related parties	**-**	**10**

Other payables to unconsolidated related parties	31 Dec 2013	31 Dec 2012
Emperia Holding S.A.	-	-
Other companies	-	-
Total other payables to unconsolidated related parties	**-**	**-**

Revenue from sale of goods for resale and materials to unconsolidated entities	31 Dec 2013	31 Dec 2012
Emperia Holding S.A.	-	
Other companies	-	1
Total revenue from sale of goods for resale and materials to unconsolidated entities	**-**	**1**

Revenue from sale of products and services to unconsolidated entities	31 Dec 2013	31 Dec 2012
Emperia Holding S.A.	11	45
Other companies	-	23
Total revenue from sale of products and services to unconsolidated entities	**11**	68

(amounts in PLN 000s, unless otherwise stated)

10.3.45 Average employment

2013

Item	Average employment in 2013 (staff count)		
	Total	White collar workers	Blue collar workers
Emperia Holding S.A.	33	33	-
Stokrotka Sp. z o.o.	6 533	1 358	5 175
Infinite Sp. z o.o.	155	154	1
ELPRO EKON Sp. z o.o. S.K.A.	-	-	-
Maro Markety Sp. z o.o.	371	32	339
P3 EKON Sp. z o.o. S.K.A.	-	-	-
Społem Tychy Sp. z o.o.	271	66	205
EMP Investment Limited	-	-	-
EKON Sp. z o.o.	-	-	-
Ipopema 55 FIZAN	-	-	-
P1 Sp. z o.o.	-	-	-
Eldorado Sp. z o.o.	-	-	-
P5 EKON Sp. z o.o. S.K.A.	-	-	-
Pilawa Sp. z o.o.	35	3	32
TOTAL	**7 398**	**1 646**	**5 752**

2012

Item	Average employment in 2012 (staff count)		
	Total	White collar workers	Blue collar workers
Emperia Holding S.A.	40	40	-
Stokrotka Sp. z o.o.	6 395	1 337	5 058
Infinite Sp. z o.o.	56	55	1
ELPRO EKON Sp. z o.o. S.K.A.	1	1	-
Maro Markety Sp. z o.o.	377	37	340
P3 EKON Sp. z o.o. S.K.A.	-	-	-
Społem Tychy Sp. z o.o.	338	81	257
Emperia Info Sp. z o.o.	103	103	-
EMP Investment Limited	-	-	-
EKON Sp. z o.o.	-	-	-
Ipopema 55 FIZAN	-	-	-
P1 Sp. z o.o.	-	-	-
Eldorado Sp. z o.o.	-	-	-
P5 EKON Sp. z o.o. S.K.A.	-	-	-
TOTAL	**7 310**	**1 654**	**5 656**

(amounts in PLN 000s, unless otherwise stated)

10.3.46 Remuneration of management board and supervisory board members

As specified in the relevant regulations established by the Supervisory Board, the remuneration of Emperia Holding S.A.'s Management Board comprises a salary component and a pay bonus component.

Remuneration paid to Emperia Holding S.A.'s Management Board members in 2013 (cash basis):

	First and last name	Total salaries	Pay bonuses	Material considerations and sick pay	TOTAL
1	Kawa Artur	104.86	7.45	0.68	112.99
2	Kalinowski Dariusz	102.00	-	-	102.00
3	Baran Cezary	57.90	-	0.66	58.56
	TOTAL	**264.76**	**7.45**	**1.34**	**273.55**

Artur Kawa served as President of Emperia Holding S.A.'s Management Board until 10 March 2013 and as Managing Director until 9 April 2014.
Dariusz Kalinowski served as Vice-President of Emperia Holding S.A.'s Management Board until 10 March 2013 and as President since 11 March 2013.
Cezary Baran has served as Vice-President of Emperia Holding S.A.'s Management Board since 11 March 2013.

Remuneration paid to Emperia Holding S.A.'s Management Board members in 2013 for work at subsidiaries (cash basis):

	First and last name	TOTAL
1	Kawa Artur	8.60
2	Kalinowski Dariusz	406.19
3	Baran Cezary	219.03
	TOTAL	**633.82**

Cezary Baran was appointed to the management board of P1 Sp. z o.o. on 18 February 2013.
Artur Kawa served on the management board of P1 Sp. z o.o. until 9 April 2013.
In addition, all members of Emperia Holding S.A.'s Management Board serve on the board of directors of EMP Investment Ltd.

Measurement of costs relating to options due under options programmes - Emperia Holding S.A.:

	First and last name	2011 tranche	2010 tranche
1.	Kawa Artur	326.3	444.0
2.	Kalinowski Dariusz	276.9	333.0
3.	Baran Cezary	9.1	12.4
	TOTAL	**612.3**	**789.4**

(amounts in PLN 000s, unless otherwise stated)

Measurement of costs relating to options due under options programmes - subsidiaries:

	First and last name	2011 tranche	2010 tranche
1.	Kalinowski Dariusz	49.4	111.0
2.	Kawa Artur	-	-
3.	Baran Cezary	-	-
	TOTAL	**49.4**	**111.0**

Management Options Programme II 2010-2012

As group parent, Emperia Holding S.A. participated in the 2nd Management Options Programme - 2010-2012.
The Programme was divided into three tranches, implemented successively in the following years: 2010, 2011 and 2012. The Programme's third tranche is yet to be implemented.

On 4 March 2010, Emperia Holding S.A.'s extraordinary general meeting adopted a resolution on implementation of the 2nd Incentive Programme - 2010-2012 and introduced changes to the Programme at a meeting on 6 December 2011.

The Programme is addressed to the management boards of the Group and subsidiaries as well as their key managers. The objective of the Programme was to create a long-term link between Emperia Group and high-quality specialists, to ensure proper growth and improved performance at the Group.

Key programme documents:

1. Resolution 2 of Emperia Holding S.A.'s extraordinary general meeting of 4 March 2010 on the Incentive Programme 2010-2012 Regulations and on the Incentive Programme;
2. Resolution 2 of Emperia Holding S.A.'s extraordinary general meeting of 6 December 2011 concerning changes to Resolution 2 of Emperia Holding S.A.'s extraordinary general meeting of 4 March 2010 on the Incentive Programme 2010-2012 Regulations and on the Incentive Programme;
3. Emperia Holding S.A.'s Management Options Regulations;
4. List of persons participating in the Programme, approved by Emperia Holding S.A.'s Supervisory Board.

Key programme assumptions:
Size of the programme: a maximum of 450 000 registered bonds with priority rights to ordinary bearer shares series P with a nominal value of PLN 1.00 each.
The bonds will be issued in three tranches. Under each of the tranches, the following quantities of bonds may be purchased by authorised persons:
- 150 000 bonds with rights to 150 000 shares under the 1st tranche,
- 150 000 bonds with rights to 150 000 shares under the 2nd tranche,
- 150 000 bonds with rights to 150 000 shares under the 3rd tranche.

The options programme will be implemented on the following dates:
- 1st tranche - from 1 July 2014 to 30 June 2018,
- 2nd tranche - from 1 July 2015 to 30 June 2019,
- 3rd tranche - from 1 July 2016 to 30 June 2020.

The par value and issue price of one bond is PLN 0.01. The option's base instrument is the Group's shares listed on the WSE.
The issue price of the shares offered under the programme constitutes the equivalent of the average closing share price on the WSE for the 90 days preceding the date on which Resolution 2, point 2 concerning the 2010-2012 Incentive Programme, is adopted, less 5%.

The options granted under each tranche are divided into two parts:
- Financial Part (constituting 75% of the tranche), granted if the Group's Financial Target is reached,
- Market Part (constituting 25% of the tranche), granted if the Group's Market Target is reached.
Financial Target: consolidated diluted net earnings per share of PLN 5.62 in 2010, PLN 6.75 in 2011 and PLN 8.10 in 2012. If the Financial Target is achieved in 100%, then 100% of the options will be granted. If the Financial Target is met only in 80% or less, then no options will be awarded.
Market Target: total return on investment in Emperia shares not lower than WIG.
- authorised persons must be continually employed between the date on which they are entered onto the list of authorised persons and 31 December of 2010, 2011 and 2012, depending on the tranche;

Resolution 2 of Emperia Holding S.A.'s extraordinary general meeting of 6 December 2011 concerning changes to Resolution 2 of Emperia Holding S.A.'s extraordinary general meeting of 4 March 2010 on the 2010-2012 Incentive Programme Regulations and on the Incentive Programme aims to:
- provide a more precise definition of the Financial Target for the purposes of the Incentive Programme - the Financial Target will not include results on transactions consisting of the sale of shares, companies, organised business units and properties to entities outside Emperia Group;
- provide a more precise method for determining the share issue price on the options exercise date in the event that the Group pays a dividend advance and/or dividend in the total amount exceeding 40% of the consolidated net profit for the previous year;
- specify the procedure for when an entity, acting individually or in concert, exceeds the 33% threshold in the total number of votes in the Group (acquisition of control).

The Group measured the programme at fair value on its inception, in accordance with IFRS 2. The measurements were prepared using modern financial engineering and numerical methods by an independent expert based on the Monte-Carlo valuation model.

The programme's fair value in 2011 was PLN 2 231 000 and PLN 3 391 000 in 2012. The programme's fair value is amortised throughout its duration. The programme's fair value is presented in the statement of profit and loss as management options programme costs, alongside an increase in supplementary capital.

The following were taken into consideration in measuring the 2011 tranche: an input price for the model (share price at the award date) of PLN 113 per share, instrument exercise price of PLN 79.82, expected change of 35%, risk-free interest rate of 5.5% and expected dividend: PLN 3.56 per share in 2012, PLN 4.56 per share in 2013, and assuming 15% dividend growth in subsequent years.
The following were taken into consideration in measuring the 2010 tranche: an input price for the model (share price at the award date) of PLN 75.50 per share, instrument exercise price of PLN 79.82, expected change of 39%, risk-free interest rate of 5.5% and expected dividend: PLN 0.92 per share in 2010, PLN 1.12 per share in 2011, PLN 1.35 per share in 2012 and PLN 1.60 per share in 2013, and assuming 15% dividend growth in subsequent years.

Remuneration of Emperia Holding S.A. Supervisory Board members in 2013:

	First and last name	Remuneration (in PLN 000s)
1	Długosz Piotr	15.43
2	Kawa Artur	27.77
3	Kowalczewski Michał	21.24
4	Krysztofiak Tomasz	21.96
5	Laskowski Artur	43.20
6	Laskowski Piotr	21.96
7	Malec Andrzej	21.24
8	Wawerski Jarosław	43.20
	TOTAL	**216.00**

Piotr Długosz served as a supervisory board member until 9 April 2013.
Artur Kawa has served as a supervisory board member since 10 April 2013.
Michał Kowalczewski has served as a supervisory board member since 4 June 2013.
Tomasz Krysztofiak served as a supervisory board member until 3 June 2013.
Piotr Laskowski served as a supervisory board member until 3 June 2013.
Andrzej Malec has served as a supervisory board member since 4 June 2013.

Information on the composition of the Supervisory Board is presented in point 11.28 of these financial statements.

10.3.47 Financial instruments and assessment of the associated risks

1. Financial risk management

The Group's operations are exposed to the following financial risks:

a) Credit risk
b) Liquidity risk
c) Market risk
   - Currency risk
   - Interest rate risk
   - Other pricing risk

a) credit risk – risk that one of the parties to a financial instrument fails to meet its obligations, causing the Group to incur financial losses.
The Group's main operating segment - retail - due to its specific nature is insignificantly exposed to this type of risk. The segment's sales are to retail customers, in cash or via payment cards.
Other segments' revenue is largely generated on deferred payment terms. However, the fragmentation of the customer base makes it so that exposure to singular credit risk is not high. The Group applies internal procedures and mechanisms that limit this element of risk: appropriate selection of customers, new customer verification system, use of credit limits and collateral, on-going receivables monitoring. The Group consistently pursues recovery of overdue receivables and recognises impairment losses on an on-going basis.
The Group places its cash at reliable financial institutions (selected based on ratings). Bonds are short-term bonds issued by Group companies.
Credit risk at the Group is insignificant.

b) liquidity risk – risk that the Group will have difficulties in meeting its liabilities resulting from financial commitments.

c) market risk – risk that the fair value of a financial instrument or future cash flows related therewith will be subject to fluctuations due to changes in market prices.

currency risk – risk that the fair value of a financial instrument or future cash flows related therewith will be subject to fluctuations due to changes in exchange rates. The Group does not use any FX or foreign currency-denominated debt instruments. An insignificant portion of the Group's receivables is exposed to foreign exchange risk - foreign-currency receivables in the IT segment (constituted 0.07% of the Group's revenue in 2013). The fragmentation of the customer base means that exposure to singular currency risk is very low. The currency risk concerns the Group in an immaterial scope.

interest rate risk – risk that the fair value of a financial instrument or future cash flows related therewith will be subject to fluctuations due to changes in market interest rates.

The Group's main risk connected with interest rate changes has to do with debt instruments. The Group uses debt instruments with variable interest rates (loans and bonds), which expose it to changes in cash flows as a result of changes in interest rates.

other pricing risk – risk that the fair value of a financial instrument or future cash flows related therewith will be subject to fluctuations due to changes in market prices (other than those resulting from interest rate risk or currency risk), regardless of whether such changes are caused by instrument- or issuer-specific factors or factors affecting all similar financial instruments that are traded on a market. The Group does not use financial instruments that carry pricing risk.
The Group is not exposed to other pricing risk.

(amounts in PLN 000s, unless otherwise stated)

Classification of financial instruments as per IAS 39

Financial assets by balance sheet item	2013 fair value	2013 book value	Classification of financial instruments as per IAS 39 (book value)						Other (book value)
			Carried at fair value through profit or loss		Carried at fair value with changes in equity		Carried at amortised cost		
			Designated at initial recognition	Held for trading	Available for sale	Hedge accounting	Loans and receivables	Held to maturity	
Financial assets									
Shares	92	92	-	-	92	-	-	-	
Loans	-	-	-	-	-	-	-	-	
Non-current	-	-	-	-	-	-	-	-	
Current	-	-	-	-	-	-	-	-	
Non-current collateral and other receivables	4 833	4 833	-	-	-	-	4 833	-	
Trade receivables	35 318	35 318	-	-	-	-	35 318	-	
Receivables not mentioned above other than financial assets	12 422	12 422					12 422		
Debt instruments	-	-	-	-	-	-	-	-	
Cash and cash equivalents	195 153	195 153	-	-	-	-	-	-	195 153

Financial liabilities by balance sheet item	2013 fair value	2013 book value	Classification of financial instruments as per IAS 39 (book value)					Other (book value)	
			Carried at fair value through profit or loss		Carried at amortised cost	Carried at fair value with changes in equity			
			Designated at initial recognition	Held for trading		Hedge accounting			
Financial liabilities									
Credit facilities	-	-	-	-	-	-	-	-	-
Non-current	-	-	-	-	-	-	-	-	-
Current	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-
Non-current *Current*	-	-	-	-	-	-	-	-	-
Finance leasing	4 259	4 259	-	-	4 259	-	-	-	-
Non-current	3 455	3 455	-	-	3 455	-	-	-	-
Current	804	804	-	-	804	-	-	-	-
Non-current collateral and other liabilities	970	970	-	-	970	-	-	-	-
Debt instruments	-	-	-	-	-	-	-	-	-
Measurement of other instruments - derivative instruments	-	-	-	-	-	-	-	-	-
Trade and other payables	264 373	264 373	-	-	274 353	-	-	-	-
Non-financial liabilities other than those above	26 883	26 883	-	-	26 883	-	-	-	-

(amounts in PLN 000s, unless otherwise stated)

Classification of financial instruments as per IAS 39

Financial assets by balance sheet item	**2012** fair value	**2012** book value	Classification of financial instruments as per IAS 39 (book value)						Other (book value)
			Carried at fair value through profit or loss		Carried at fair value with changes in equity		Carried at amortised cost		
			Designated at initial recognition	Held for trading	Available for sale	Hedge accounting	Loans and receivables	Held to maturity	
Financial assets									
Shares	194	194	-	-	194	-	-	-	
Loans	-	-	-	-	-	-	-	-	
Non-current	-	-	-	-	-	-	-	-	
Current	-	-	-	-	-	-	-	-	
Non-current collateral and other receivables	4 065	4 065	-	-	-	-	4 065	-	
Trade receivables	53 744	53 744	-	-	-	-	53 744	-	
Receivables not mentioned above other than financial assets	7 024	7 024					7 024		
Debt instruments	-	-	-	-	-	-	-	-	
Cash and cash equivalents	215 293	215 293	-	-	-	-	-	-	215 293

Financial liabilities by balance sheet item	**2012** fair value	**2012** book value	Classification of financial instruments as per IAS 39 (book value)					Other (book value)	
			Carried at fair value through profit or loss		Carried at amortised cost	Carried at fair value with changes in equity			
			Designated at initial recognition	Held for trading		Hedge accounting			
Financial liabilities									
Credit facilities	-	-	-	-	-	-	-	-	-
Non-current	-	-	-	-	-	-	-	-	-
Current	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-
Non-current *Current*	-	-	-	-	-	-	-	-	-
Finance leasing	-	-	-	-	-	-	-	-	-
Non-current	-	-	-	-	-	-	-	-	-
Current	-	-	-	-	-	-	-	-	-
Non-current collateral and other liabilities	1 120	1 120	-	-	1 120	-	-	-	-
Debt instruments	-	-	-	-	-	-	-	-	-
Measurement of other instruments - derivative instruments	-	-	-	-	-	-	-	-	-
Trade and other payables	191 871	191 871	-	-	191 871	-	-	-	-
Non-financial liabilities other than those above	20 397	20 397	-	-	20 397	-	-	-	-

(amounts in PLN 000s, unless otherwise stated)

Aging structure of financial assets that were overdue but not impaired as at the end of the reporting period

- aging structure of trade receivables overdue but not impaired as at the end of the reporting period

Period	Nominal value Receivables	Receivables not overdue, Not Impaired	Receivables overdue but not impaired up to 1 month	Receivables overdue but not impaired 1 - 3 months	Receivables overdue but not impaired 3 - 6 months	Receivables overdue but not impaired 6 months - 1 year	Receivables overdue but not impaired over 1 year
2013	35 318	26 038	6 642	1 758	885	-	-
2012	53 744	29 919	12 404	6 374	4 740	358	-

The remaining financial assets were not overdue as at the end of the reporting period.

Impairment of receivables due to credit losses

Impairment of receivables due to credit losses	31 Dec 2013	31 Dec 2012
As at the beginning of period	(10 121)	**(9 894)**
Increases (resulting from acquisitions)	(3 066)	(4 062)
Release	2 241	2 052
Derecognised from the statement of profit and loss*	1 002	1 782
As at the end of period	**(9 944)**	**(10 121)**

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

Rules concerning recognition and reversal of impairment losses on receivables are presented in note 10.2.18.

(amounts in PLN 000s, unless otherwise stated)

Aging structure of financial liabilities

Item	Total liabilities	Liabilities due in:		
		Up to 1 year	1 - 3 years	Over 3 years
2013				
Credit facilities	-	-	-	-
Loans	-	-	-	-
Finance leasing	4 259	804	3 455	
Long-term collateral	970		356	614
Debt instruments				
Trade and other payables	264 373	264 100	273	
Financial liabilities other than the above	26 883	26 883		
2012				
Credit facilities	-	-	-	-
Loans	-	-	-	-
Finance leasing	-	-	-	-
Long-term collateral	1 120	-	-	1 120
Debt instruments	-	-	-	-
Trade and other payables	191 871	191 698	173	-
Financial liabilities other than the above	20 397	20 397	-	-

Aging structure of financial liabilities overdue as at the end of the reporting period

- aging structure of trade payables overdue as at the end of the reporting period

Period	Total liabilities	Liabilities not overdue	Liabilities overdue Due in up to 1 month	Liabilities overdue Due in 1 - 3 months	Liabilities overdue Due in 3 - 6 months	Liabilities overdue Due in 6 months - 1 year	Liabilities overdue Due in over 1 year
2013	264 373	207 941	55 468	672	32	37	223
2012	191 871	170 544	19 288	1 674	49	143	173

The remaining financial liabilities were not overdue as at the end of the reporting period.

(amounts in PLN 000s, unless otherwise stated)

Sensitivity analysis

Interest rate risk - 1 January 2013 - 31 December 2013

Financial instruments by balance sheet items	Book value of financial instruments	Effect on financial result before tax (1% increase)	Effect on equity (assets available for sale) (1% increase)	Effect on financial result before tax (1% decrease)	Effect on equity (assets available for sale) (1% decrease)
Financial assets					
Shares	92	-		-	
Loans	-	-		-	
Non-current	-	-		-	
Current	-	-		-	
Non-current collateral and other receivables	4 833				
Trade receivables	35 318	1		(1)	
Non-financial receivables other than mentioned above	12 422	-		-	
Debt instruments	-	-		-	
Cash and cash equivalents	215 293	50		(50)	
cash on hand	7 233	-		-	
cash at bank accounts	176 038	50		(50)	
other cash instruments	11 849	-		-	
other cash assets	33	-		-	
Financial liabilities					
Credit facilities	-	-		-	
Non-current	-	-		-	
Current	-	-		-	
Loans	-	-		-	
Non-current	-	-		-	
Finance leasing	4 259	(2)		2	
Non-current	3 455	-		-	
Current	804	-		-	
Non-current collateral and other liabilities	970	-		-	
Debt instruments	-	-		-	
Trade payables	264 373	(1)		1	
Financial liabilities other than the above	26 883	-		-	
Total		**48**		**(48)**	

The Group did not publish sensitivity analyses for currency risk and other pricing risks because these are not applicable to the Group's operations in 2013.

(amounts in PLN 000s, unless otherwise stated)

Interest rate risk - 1 January 2012 - 31 December 2012

Financial instruments by balance sheet items	Book value of financial instruments	Effect on financial result before tax (1% increase)	Effect on equity (assets available for sale) (1% increase)	Effect on financial result before tax (1% decrease)	Effect on equity (assets available for sale) (1% decrease)
Financial assets					-
Shares	194	-	-	-	-
Loans	-	-	-	-	-
Non-current	-	-	-	-	-
Current	-	-	-	-	-
Non-current collateral and other receivables	4 065		-		-
Trade receivables	53 744	2	-	(2)	-
Non-financial receivables other than mentioned above	7 024	-	-	-	-
Debt instruments	-	-	-	-	-
Cash and cash equivalents	215 293	273	-	(273)	-
cash on hand	7 369	-	-	-	-
cash at bank accounts	193 092	273	-	(273)	-
other cash instruments	14 788	-	-	-	-
other cash assets	44	-	-	-	-
Financial liabilities			-		-
Credit facilities	-	-	-	-	-
Non-current	-	-	-	-	-
Current	-	-	-	-	-
Loans	-	-	-	-	-
Non-current	-	-	-	-	-
Finance leasing	-	-	-	-	-
Non-current	-	-	-	-	-
Current	-	-	-	-	-
Non-current collateral and other liabilities	1 120	-	-	-	-
Debt instruments	-	-	-	-	-
Trade payables	191 871	(1)	-	1	-
Financial liabilities other than the above	20 397	-	-	-	-
Total		**274**	**-**	**(274)**	**-**

The Group did not publish sensitivity analyses for currency risk and other pricing risks because these are not applicable to the Group's operations in 2012.

(amounts in PLN 000s, unless otherwise stated)

Profit or loss, by category of instrument

Interest income	1 January - 31 December 2013	1 January - 31 December 2012
Bank deposits	5 014	27 336
Debt instruments	-	-
Loans issued	-	525
Trade receivables	145	187
Financial receivables other than mentioned above	5	-
Total	**5 164**	**28 048**

Income on interest that was accrued but unrealised constitutes an immaterial amount.

Interest costs	1 January - 31 December 2013	1 January - 31 December 2012
Short- and long-term credit facilities	(3)	(1 344)
Loans received	-	-
Finance leasing	(165)	-
Debt instruments	-	-
Trade and other payables	(74)	(75)
Financial liabilities other than the above	-	-
Total	**(242)**	**(1 419)**

The costs of interest that was accrued but unrealised constitute an immaterial amount.

(amounts in PLN 000s, unless otherwise stated)

2. Equity risk management

The Group manages its equity so as to ensure its ability to continue as a going concern, taking into consideration planned investments, in order to generate returns for shareholders and provide benefits to other stakeholders, as well as to maintain the optimal capital structure so as to minimise its cost.

In line with market practices, the Group monitors its capital based on the equity ratio and credit facilities, loans and other financing sources to EBITDA.

The equity ratio is calculated as net property, plant and equipment (equity less intangible assets) divided by equity and liabilities.

The 'credit facilities, loans and other financing sources to EBITDA' ratio is calculated as credit facilities, loans and other financing sources divided by EBITDA. 'Credit facilities, loans and other financing sources' means the total value of liabilities due to credit facilities, loans and leasing, while EBITDA is defined as operating profit less depreciation.

In order to maintain financial liquidity and creditworthiness enabling to raise external capital at reasonable cost, the Group aims to maintain the equity ratio at no less than 0.5 and the 'credit facilities, loans and other financing sources to EBITDA' ratio at up to 2.0.

	31.12.2013	31.12.2012
Equity	646 704	687 925
Intangible assets	5 766	6 570
Equity, less intangible assets	640 938	681 355
Balance sheet total	1 063 964	978 402
Equity ratio	**0.60**	**0.70**

	31.12.2013	31.12.2012
Operating profit	14 163	(15 965)
Depreciation	41 831	40 830
EBIDTA	55 994	24 865
Credit facilities, loans and other financing sources	4 259	-
Ratios: Credit facilities, loans and other financing sources / EBIDTA	**0.08**	**-**

The Issuer was not subject to capital requirements in 2013 or 2012.

10.3.48 Settlements connected with court 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.

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

Did not occur at the Group.

10.3.50 Discontinued operations

There were no discontinued operations during the reporting period.

10.3.51 Correction of prior-period errors

Did not occur at the Group.

10.3.52 Other significant information

a) Intra-group bond issuance

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

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

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

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

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

On 7 June 2013, subsidiaries Stokrotka Sp. z o.o. and Elpro Ekon Sp. z o.o. S.K.A. issued short-term bonds maturing on 5 July 2013, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 247 million.

On 5 July 2013, subsidiaries Stokrotka Sp. z o.o. and Elpro Ekon Sp. z o.o. S.K.A. issued short-term bonds maturing on 7 August 2013, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 245 million.

On 7 August 2013, subsidiaries Stokrotka Sp. z o.o. and Elpro Ekon Sp. z o.o. S.K.A. issued short-term bonds maturing on 6 September 2013, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 254 million.

On 6 September 2013, subsidiaries Stokrotka Sp. z o.o. and Elpro Ekon Sp. z o.o. S.K.A. issued short-term bonds maturing on 11 October 2013, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 254 million.

On 11 October 2013, subsidiaries Stokrotka Sp. z o.o. and Elpro Ekon Sp. z o.o. S.K.A. issued short-term bonds maturing on 15 November 2013, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 249 million.

On 15 November 2013, subsidiaries Stokrotka Sp. z o.o. and Elpro Ekon Sp. z o.o. S.K.A. issued short-term bonds maturing on 20 December 2013, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 245 million.

On 19-20 December 2013, subsidiaries Stokrotka Sp. z o.o. and Elpro Ekon Sp. z o.o. S.K.A. issued short-term bonds maturing on 24 January 2014, which were acquired by Emperia Group companies. The total par value of the issued bonds was PLN 257 million.

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

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

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

An Extraordinary General Meeting of Emperia Holding S.A. was held on 10 April 2013, the subject of which was adoption of resolutions concerning appointment of a new member of the Supervisory Board and resolutions concerning amendment of the Group's articles of association.

(amounts in PLN 000s, unless otherwise stated)

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

On 24 April 2013, Emperia Holding S.A.'s Management Board adopted a resolution concerning the "Emperia Holding S.A. buy-back programme by P1 Sp. z o.o., based in Lublin" and decided to execute an agreement with subsidiary P1 Sp. z o.o. concerning further re-sale of Emperia Holding S.A. shares. The commencement by P1 Sp. z o.o. of the buy-back programme took place pursuant to an authorisation granted through Resolutions 3 and 4 of Emperia Holding S.A.'s Extraordinary General Meeting of 11 October 2012 concerning consent of the Company's general meeting for Emperia Holding S.A. and its subsidiaries to re-purchase Emperia Holding S.A. shares and the means of such re-purchases, and on approval for execution of agreements between Emperia and subsidiaries, and in connection with Resolution 3/04/2013 of Emperia Holding S.A.'s Supervisory Board of 10 April 2013.

e) 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 the authorisation issued through resolutions 3 and 4 of the Extraordinary General Meeting of Emperia Holding S.A. of 11 October 2012 concerning the meeting's approval for Emperia Holding S.A. and one of its subsidiaries to purchase own shares and specify the terms of such purchases, and on the execution by Emperia Holding S.A. and subsidiaries of certain agreements, as well as pursuant to resolution 3/04/2013 of Emperia Holding S.A.'s Supervisory Board of 10 April 2013, subsidiary P1 Sp. z o.o. purchased Emperia Holding's shares, in the following blocks:

Transaction date	Number of purchased shares	Nominal value	Price per share	Number of votes at Emperia Holding S.A.'s general meeting	% of share capital
10 May 2013	8 313	PLN 1	54.76	8 313	0.055%
20 May 2013	7 175	PLN 1	54.48	7 175	0.047%
27 May 2013	14 470	PLN 1	55.87	14 470	0.096%
29 May 2013	16 704	PLN 1	59.34	16 704	0.111%
31 May 2013	11 231	PLN 1	59.98	11 231	0.074%
4 June 2013	16 500	PLN 1	59.63	16 500	0.109%
6 June 2013	16 350	PLN 1	59.86	16 350	0.108%
11 June 2013	26 006	PLN 1	60.71	26 006	0.172%
14 June 2013	17 653	PLN 1	60.98	17 653	0.117%
17 June 2013	9 369	PLN 1	60.95	9 369	0.062%
19 June 2013	21 690	PLN 1	60.30	21 690	0.143%
21 June 2013	22 123	PLN 1	60.03	22 123	0.146%
25 June 2013	18 271	PLN 1	60.15	18 271	0.121%
26 June 2013	10 000	PLN 1	59.97	10 000	0.066%
28 June 2013	20 592	PLN 1	59.95	20 592	0.136%
2 July 2013	16 079	PLN 1	59.92	16 079	0.106%
4 July 2013	16 775	PLN 1	59.72	16 775	0.111%
10 July 2013	18 944	PLN 1	60.55	18 944	0.125%
12 July 2013	14 449	PLN 1	61.34	14 449	0.096%
17 July 2013	23 607	PLN 1	62.15	23 607	0.156%
18 July 2013	9 900	PLN 1	64.86	9 900	0.065%
26 July 2013	16 868	PLN 1	64.81	16 868	0.112%

(amounts in PLN 000s, unless otherwise stated)

31 July 2013	15 455	PLN 1	64.97	15 455	0.102%
5 August 2013	21 377	PLN 1	64.97	21 377	0.141%
8 August 2013	20 709	PLN 1	64.72	20 709	0.137%
19 August 2013	19 838	PLN 1	65.07	19 838	0.131%
29 August 2013	9 044	PLN 1	68.42	9 044	0.060%
6 September 2013	10 918	PLN 1	69.87	10 918	0.072%
13 September 2013	29 859	PLN 1	70.96	29 859	0.198%
23 September 2013	15 846	PLN 1	71.75	15 846	0.105%
25 September 2013	10 909	PLN 1	71.94	10 909	0.072%
1 October 2013	20 060	PLN 1	70.97	20 060	0.133%
7 October 2013	9 770	PLN 1	71.41	9 770	0.065%
14 October 2013	11 100	PLN 1	71.41	11 100	0.073%
16 October 2013	4 351	PLN 1	70.93	4 351	0.029%

On 16 October 2013, the Company completed the buy-back programme, carried out by subsidiary P1, due to all of the funds allocated for this purpose by the general meeting being used up.

From the commencement of the programme, P1 Sp. z o.o. acquired 552 305 shares, entitling to 552 305 votes (3.654%) at the Issuer's general meeting and constituting 3.654% of the Issuer's share capital.
P1 Sp. z o.o. and the Issuer held a total of 1 172 320 shares in the Issuer, entitling to 1 172 320 (7.756%) votes at the Issuer's general meeting and constituting 7.756% of the Issuer's share capital.

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

On 24 May 2013, Emperia Holding S.A.'s Management Board received notification from ALTUS TFI S.A., stating that as a result of a transaction on 22 May 2013 ALTUS 29 FIZ exceeded the 10% threshold of votes at Emperia Holding S.A.'s general meeting.
Exceeding the 10% threshold by ALTUS 29 FIZ took place following the settlement, on 23 May 2013, of a block purchase transaction on 22 May 2013 of 198 922 shares in the Group from ALTUS 12 FIZ.
Prior to the settlement of the above transaction, the investment funds managed by ALTUS TFI S.A. held a total of 2 421 108 shares in the Group, constituting 16.02% of votes and 16.02% stake in the Group's share capital, including 1 510 756 shares (9.99% share in the total number of votes and in the Group's share capital) held by ALTUS 29 FIZ.
Following the settlement of the above transaction, the investment funds managed by ALTUS TFI S.A. held a total of 2 421 108 shares in the Group, constituting 16.02% of votes and 16.02% stake in the Group's share capital, including 1 709 678 shares (11.31% share in the total number of votes and in the Group's share capital) held by ALTUS 29 FIZ. Therefore, the total number of votes at the Group's general meeting held by the investment funds managed by ALTUS TFI S.A. did not change.
ALTUS TFI S.A. may consider buying or selling shares in the Group within the next 12 months, depending on market conditions, information coming from the company and the portfolio needs of funds managed by ALTUS TFI S.A.

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

An Ordinary General Meeting of Emperia Holding S.A. was held on 4 June 2013. The subject of the meeting was review and approval of the management report on the Group's operations, review and approval of Emperia Holding S.A.'s 2012 financial statements, review and approval of the 2012 consolidated financial statements, adoption of resolution on profit distribution, grant of approval to Supervisory Board and Management Board members, adoption of resolutions on Supervisory Board appointments and adoption of resolutions of amendment to the Group's articles of association.

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

On 17 June 2013, Emperia Holding S.A.'s Management Board announced that, as a result of a block transaction to purchase 9 369 shares during a trading session on the main market managed by the Warsaw Stock Exchange between Millennium DM and P1 Sp. z o.o. (a subsidiary of the Issuer) on 17 June 2013, the Issuer and P1 together exceeded the 5% threshold of votes at the Issuer's general meeting. Prior to the transaction, the Issuer held 620 015 own shares, entitling to 620 015 (4.102%) votes at the Issuer's general meeting and constituting 4.102% of the Issuer's share capital. P1 Sp. z o.o. held 134 402 shares in the Issuer, entitling to 134 402 (0.889%) votes at the Issuer's general meeting and constituting 0.889% of the Issuer's share capital. P1 Sp. z o.o. and the Issuer held a total of 754 417 shares in the Issuer, entitling to 754 417 (4.991%) votes at the Issuer's general meeting and constituting 4.991% of the Issuer's share capital.
Following the transaction, the Issuer held 620 015 own shares, entitling to 620 015 (4.102%) votes at the Issuer's general meeting and constituting 4.102% of the Issuer's share capital. P1 Sp. z o.o. held 143 771 shares in the Issuer, entitling to 143 771 (0.951%) votes at the Issuer's general meeting and constituting 0.951% of the Issuer's share capital. P1 Sp. z o.o. and the Issuer held a total of 763 786 shares in the Issuer, entitling to 763 786 (5.053%) votes at the Issuer's general meeting and constituting 5.053% of the Issuer's share capital. P1 Sp. z o.o. is a direct subsidiary of the Issuer.

i) Entity authorised to audit financial statements for 2013

On 26 June 2013, Emperia Holding S.A.'s Supervisory Board, acting pursuant to art. 14 sec. 2 letter "o" of the Group's articles of association, adopted a resolution on selection of ECA Seredyński i Wspólnicy Sp. z o.o., based in Kraków, ul. Moniuszki 50, as auditor for Emperia Holding S.A.'s 2013 consolidated and consolidated financial statements. ECA Seredyński i Wspólnicy Sp. z o.o. is an entity authorised to audit financial statements, no. 3115. The Group retained the above statutory auditor to audit financial statements for 2010-2012.

j) Notification on a decrease in votes at Emperia Holding S.A.'s general meeting held by a shareholder

On 2 July 2013, Emperia Holding S.A.'s Management Board received notification from ALTUS TFI S.A. on decrease in ownership of votes at Emperia Holding S.A.'s general meeting.
In connection with share sale transactions carried out on the regulated market, funds managed by ALTUS TFI S.A. reduced their share in the number of votes at the Group's general meeting to below 15% and, as a result of subsequent transactions, by a further 2%.
The decrease by ALTUS TFI S.A. resulted from settlement of the sale, on the regulated market, of 48 913 shares on 3 June 2013 and 35 000 on 26 June 2013.
Prior to the transaction on 3 June 2013, investment funds managed by ALTUS TFI S.A. held 2 311 655 shares in the Group, constituting 15.29% of votes and 15.29% stake in the Group's share capital, including 1 709 678 shares (11.31% share in the total number of votes and in the Group's share capital) held by ALTUS 29 FIZ.
Following the transaction on 3 June 2013, investment funds managed by ALTUS TFI S.A. held 2 262 742 shares in the Group, constituting 14.97% of votes and 14.97% stake in the Group's share capital, including 1 709 678 shares (11.31% share in the total number of votes and in the Group's share capital) held by ALTUS 29 FIZ.
Prior to the transaction on 26 June 2013, investment funds managed by ALTUS TFI S.A. held 1 979 678 shares in the Group, constituting 13.10% of votes and 13.10% stake in the Group's share capital, including 1 709 678 shares (11.31% share in the total number of votes and in the Group's share capital) held by ALTUS 29 FIZ.
Following the transaction on 26 June 2013, investment funds managed by ALTUS TFI S.A. held 1 944 678 shares in the Group, constituting 12.87% of votes and 12.87% stake in the Group's share capital, including 1 709 678 shares (11.31% share in the total number of votes and in the Group's share capital) held by ALTUS 29 FIZ.

(amounts in PLN 000s, unless otherwise stated)

k) Change of company name from P4 Sp. z o.o. to Eldorado Sp. z o.o.

On 4 July 2013, P4 Sp. z o.o.'s general meeting adopted a resolution on a change of the company's name from P4 Sp. z o.o. to Eldorado Sp. z o.o. The name change was registered by the National Court Register on 7 August 2013.

l) Completion of implementation of a logistics system at the Stokrotka chain and commencement of work on Stokrotka's franchise store network

On 11 July 2013, Emperia Holding S.A.'s Management Board announced that it had completed implementation of an in-house logistics system at Stokrotka. The system was based on a central hub, located in Teresin near Warsaw, and a network of warehouses throughout the country.
Aside from completing the deployment of the logistics solution, Stokrotka Sp. z o.o.'s Management Board began work on designing and deploying a new franchise concept under the Stokrotka brand. This solution is addressed to supermarket-type stores with overall area of at least 400 sqm, including at least 350 sqm of sales floor.

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

On 16 October 2013, the Management Board of Emperia Holding S.A. adopted a resolution on adoption of a buy-back programme at Emperia Holding S.A. by P1 Sp. z o.o. The aim of the programme is purchasing shares by one of the Company's subsidiaries in order to redeem them on the terms specified in resolution 3 of the Extraordinary General Meeting of Emperia Holding S.A. of 11 October 2012. Shares purchased by the subsidiary will be sold to Emperia Holding S.A. on the terms specified in resolution 4 of the Extraordinary General Meeting of Emperia Holding S.A. of 11 October 2012. The buy-back programme commenced on 17 October 2013. The funds used to buy shares in the Company may not exceed PLN 35 000 000. The programme will be completed on 30 June 2013 at the latest.

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

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	Price per share	Number of votes at Emperia Holding S.A.'s general meeting	% of share capital
8 November 2013	13 343	PLN 1	71.22	13 343	0.088%
15 November 2013	14 950	PLN 1	70.72	14 950	0.099%
22 November 2013	18 130	PLN 1	69.22	18 130	0.120%
5 December 2013	18 925	PLN 1	71.86	18 925	0.125%
13 December 2013	18 015	PLN 1	71.31	18 015	0.119%
30 December 2013	9 436	PLN 1	71.97	9 436	0.062%

From the commencement of the programme, P1 Sp. z o.o. acquired 92 799 shares, entitling to 92 799 votes (0.614%) at the Issuer's general meeting and constituting 0.614% of the Issuer's share capital.
P1 Sp. z o.o. and the Issuer held a total of 1 265 119 shares in the Issuer, entitling to 1 265 119 (8.370%) votes at the Issuer's general meeting and constituting 8.370% of the Issuer's share capital.

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

On 12 December 2013, Emperia Holding S.A.'s Management Board received notification from ING TFI S.A. concerning a change in shareholding.

The cause for the change in the total number of votes at Emperia Holding S.A.'s general meeting was the purchase of shares in this company on 9 December 2013.

Prior to the change, investment funds managed by ING TFI S.A. held a total of 740 247 shares in Emperia Holding S.A., constituting 4.89% of the company's share capital.

Prior to the change, investment funds managed by ING TFI S.A. held a total of 740 247 votes at Emperia Holding S.A.'s general meeting, constituting 4.89% of votes at the company's general meeting.

As at 12 December 2013, investment funds managed by ING TFI S.A. held a total of 810 119 shares in Emperia Holding S.A., constituting 5.36% of the company's share capital.

As at 12 December 2013, investment funds managed by ING TFI S.A. held a total of 810 119 votes at Emperia Holding S.A.'s general meeting, constituting 5.36% of votes at the company's general meeting.

10.3.53 Significant events after the end of the reporting period

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

Following the approval of the Group'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., which will consist of unbundling from the Group, 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 Group 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 developing 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 consolidated entities that:
- are transparent to shareholders, by simplifying organisational structures and by concentrating on more homogeneous 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 Group'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.

(amounts in PLN 000s, unless otherwise stated)

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	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%
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%

From the commencement of the programme, P1 Sp. z o.o. acquired 269 663 shares, entitling to 269 663 votes (1.784%) at the Issuer's general meeting and constituting 1.784% of the Issuer's share capital.

P1 Sp. z o.o. and the Issuer held a total of 1 561 983 shares in the Issuer, entitling to 1 561 983 (10.334%) votes at the Issuer's general meeting and constituting 10.334% 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.

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.

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 no more than 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.

Lublin, April 2014

Signatures of all Management Board members:

2014-04-25 Dariusz Kalinowski President of the Management Board

....
Signature

2014-04-25 Cezary Baran Vice-President of the Management Board, Finance Director

....
Signature

Signatures of the persons responsible for book-keeping

....
2014-04-25 Elżbieta Świniarska Economic Director Signature

(amounts in PLN 000s, unless otherwise stated)

11. Management report on Group operations

11.1 Financial highlights

FY 2013 revenue was PLN 1 967 447 000, slightly higher (0.95%) than in the comparative period.
The result generated in 2013 was PLN 13 818 000, compared with PLN 20 803 000 in 2012, meaning a PLN 33.58% decline.
The year-on-year decrease in profit resulted from a PLN 32 620 000 loss recorded in the retail segment. The Group's other operating segments (property, IT and central management) recorded a total of PLN 47 583 000 in 2013 profit (as per segment reporting, without consolidation exclusions).
The retail segment's loss was a direct effect of the in-house logistics project launched in Q2 2013. From July, Stokrotka Sp. z o.o. began accepting product deliveries at its new central hub and re-distributing to retail stores via regional warehouses. Logistics performance has not yet reached a level ensuring the segment's profitability.

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:

- during 2012, the Group posted a PLN 26 523 000 profit on financing activities (only PLN 4 805 000 in the current period), from the funds held during the first half-year from sale of the distribution business.
- during 2012, the Group recorded PLN 2 872 000 in costs connected with the sale of its retail operations,
- during 2012, the Group recognised an impairment loss concerning investment in third-party non-current assets, as well as provisions related to Delima stores, in the amount of PLN 54 170 000, and deferred income tax assets amounting to PLN 10 292 000.
- during 2012, the Group recognised a deferred income tax asset in connection with an in-kind contribution of property, valued at PLN 5 378 000, to P5 Ekon Sp. z o.o.
- during 2013, the Group incurred PLN 39 360 000 in logistics costs,
- during 2013, the Group posted a PLN 1 758 000 loss on stores that were closed down, compared with a PLN 933 000 loss in the comparative period,
- during 2013, the Group recorded a PLN 7 667 000 gain on property sales, vs. a PLN 3 400 000 gain in the comparative period,
- during 2013, the Group ramped up marketing activities - expenditures connected with building a positive image, raising brand awareness and designing a new logo for Stokrotka stores amounted to PLN 8 625 000, vs. PLN 2 283 000 in the comparative period.

Changes in key items from the statement of profit and loss

Item	2013	2012	%
Revenue	1 967 480	1 948 976	0.95%
EBITDA	55 994	24 865	125.19%
Operating profit (loss)	14 163	(15 965)	-
Profit (loss) before tax	18 973	10 558	80.00%
Profit for the period	13 799	20 803	(33.67%)

(amounts in PLN 000s, unless otherwise stated)

Balance sheet dynamics

	31 Dec 2013	% share in the balance sheet	31 Dec 2012	% share in the balance sheet	2013/2012 change
Non-current assets	**586 548**	**55.13%**	**588 652**	**60.16%**	**(0.36%)**
Property, plant and equipment	497 890	46.80%	499 621	51.07%	(0.35%)
Intangible assets	5 766	0.54%	6 570	0.67%	(12.24%)
Goodwill	52 044	4.89%	49 186	5.03%	5.81%
Financial assets	92	0.01%	194	0.02%	(52.58%)
Non-current receivables	4 833	0.45%	4 065	0.42%	18.89%
Deferred income tax assets	20 053	1.88%	21 148	2.16%	(5.18%)
Other non-current prepayments	5 870	0.55%	7 868	0.80%	(25.39%)
Current assets	**477 416**	**44.87%**	**389 750**	**39.84%**	**22.49%**
Inventory	168 660	15.85%	103 767	10.61%	62.54%
Receivables	105 286	9.90%	63 341	6.47%	66.22%
Income tax receivables	993	0.09%	2 583	0.26%	(61.56%)
Prepayments	4 292	0.40%	4 746	0.49%	(9.57%)
Cash and cash equivalents	195 153	18.34%	215 293	22.00%	(9.35%)
Current assets classified as held-for-sale	3 032	0.28%	20	0.00%	15 060.00%
Total assets	**1 063 964**	**100.00%**	**978 402**	**100.00%**	**8.75%**
Equity	**646 704**	**60.78%**	**687 925**	**70.31%**	**(5.99%)**
Share capital	15 115	1.42%	15 115	1.54%	-
Share premium	549 559	51.65%	549 559	56.17%	-
Supplementary capital	100 084	9.41%	100 084	10.23%	-
Management options provision	5 010	0.47%	5 031	0.51%	(0.42%)
Reserve capital	110 525	10.39%	110 303	11.27%	0.20%
Own shares	(106 616)	(10.02%)	(65 020)	(6.65%)	63.97%
Retained earnings	(26 973)	(2.54%)	(27 147)	(2.77%)	(0.64%)
Total equity attributable to owners of the parent	**646 704**	**60.78%**	**687 925**	**70.31%**	(5.99%)
Total non-current liabilities	**38 245**	**3.59%**	**42 401**	**4.33%**	**(9.80%)**
Credits, loans and debt instruments	3 455	0.32%	-	-	-
Non-current liabilities	970	0.09%	1 120	0.11%	(13.39%)
Provisions	31 591	2.97%	39 289	4.02%	(19.59%)
Deferred income tax provision	2 229	0.21%	1992	0.20%	11.90%
Total current liabilities	**379 015**	**35.62%**	**248 076**	**25.36%**	**52.78%**
Credits, loans and debt instruments	804	0.08%	-	-	-
Current liabilities	350 462	32.94%	229 772	23.48%	52.53%
Income tax liabilities	2 119	0.20%	1 872	0.19%	13.19%
Provisions	19 050	1.79%	14 409	1.47%	32.21%
Deferred revenue	6 580	0.62%	2 023	0.21%	225.26%
Total equity and liabilities	**1 063 964**	**100.00%**	**978 402**	**100.00%**	**8.75%**

(amounts in PLN 000s, unless otherwise stated)

Operational performance and ability to meet liabilities

Item	2013	2012
Return on invested capital *(profit for the period / equity at the end of the period) in %*	2.13%	3.02%
Return on assets *(profit for the period / assets at the end of the period) in %*	1.30%	2.13%
Sales margin *(profit from sales for the period / revenue from sales for the period) in %*	24.96 %	24.16%
EBITDA margin *(EBITDA / revenue from sales for the period) in %*	2.85%	1.28%
Operating margin *(operating profit for the period / revenue from sales for the period) in %*	0.72%	-
Gross margin *(profit before tax for the period / revenue from sales for the period) in %*	0.96%	0.54%
Net margin *(profit for the period / revenue from sales for the period) in %*	0.70%	1.07%

Rotation cycles for key components of working capital

Methodology	2013	2012
Inventory turnover days *(inventory / value of goods for resale and materials sold*365)*	42	26
Receivables turnover days *(current receivables / revenue from sales*365)*	20	12
Payables turnover days *([current liabilities - current borrowings] / value of goods for resale and materials sold*365)*	95	63
Asset productivity *(revenue from sales / total assets)*	1.85	1.99
Non-current asset productivity *(revenue from sales / non-current assets)*	3.35	3.31

Receivables turnover and payables turnover were significantly affected by property disposals executed by the Group in December 2013, especially as regards VAT payment on these transactions. This resulted in an increase in receivables turnover by 8 days (VAT to be paid) and an increase in payables turnover by 11 days (VAT to be received).

Turnover cycles for key working capital components, without VAT on property disposals

Methodology	2013	2012
Inventory turnover days *(inventory / value of goods for resale and materials sold*365)*	42	26
Receivables turnover days *(current receivables / revenue from sales*365)*	12	12
Payables turnover days *([current liabilities - current borrowings] / value of goods for resale and materials sold*365)*	84	63

In 2013, inventory turnover increased by 16 days and payables turnover by 21 days, resulting from the launch of in-house logistics and additionally from higher inventory levels due to sales seasonality in the preceding quarter.

(amounts in PLN 000s, unless otherwise stated)

Retail segment

	2013	2012	%
Segment revenue	1 923 460	1 896 806	1.41%
EBITDA	3 299	(12 612)	-
Operating result	(25 189)	(41 985)	-
Gross profit	(32 631)	(57 441)	-
Net segment profit	**(32 620)**	**(47 370)**	**-**

As at 31 December 2013, the retail segment comprised 247 retail stores, vs. 240 as at 2012 year-end. Revenue growth in the retail segment during 2013 was 1.41%, a positive result particularly in light of the weaker market conditions and significant competition in retail.

From the second half of 2013, Stokrotka Sp. z o.o. has been implementing an in-house logistics project. Key logistics metrics are continually improving, however they are not yet at a level ensuring profitability for the entire project.

	2013	December 2013
Total Stokrotka store deliveries during the period	759 797.70	149 320.22
Stokrotka store deliveries using in-house logistics during the period	441 768.64	116 178.34
% shares of deliveries to Stokrotka via in-house logistics	58.14%	77.80%
Total value of products delivered to the Group's store via in-house logistics	449 091.00	118 933.88
Logistics costs	39 360.40	8 254.31
- cost of warehouse maintenance	5 255.60	839.25
- cost of product handling logistics	16 168.40	2 985.33
- cost of transport	16 830.10	4 280.80
- general costs	1 106.30	148.94
Logistics cost ratio *(logistics costs / value of products delivered by in-house logistics)*	8.76%	6.94%

The share of in-house logistics deliveries is continually growing, reaching 77.8% in December 2013, against a target of 85%, meaning that all planned store deliveries will soon be covered by the in-house system. The remaining 15% constitutes regional products, frozen foods and bread - delivered directly by producers and suppliers.

Logistics cost ratio - shows logistics performance; also decreasing, but still relatively high. The Company will work on improving logistics effectiveness in subsequent periods through:
- increased product deliveries to the central hub, allowing to generate higher sales margins,
- improved productivity of logistics staff,
- allocation of overhead to a larger volume of distributed products,
- improved transport effectiveness.

The achieved margins do not yet fully reflect the margins generated with supplies to the central hub (the effect is deferred) due to the fact that transferring suppliers to the in-house system first requires the existing inventory to be sold off, at lower margins.

In 2013, Stokrotka Sp. z o.o. incurred substantial expenses connected with marketing activities aimed at building a positive image, raising brand awareness and replacing the old logo of Stokrotka. Expenditures related to the above amounted to PLN 8 625 000 in 2013 and PLN 2 283 000 in 2012.

(amounts in PLN 000s, unless otherwise stated)

One-off expenses connected with the closure of three stores in 2013 amounted to PLN 1 758 000, vs. PLN 933 000 spent in 2012 on the closure of three stores as well.
During Q4 2013, subsidiaries Stokrotka Sp. z o.o. and Społem Tychy S.A. recognised an impairment loss on financial assets (shares in EMP Investment Ltd) amounting to PLN 3 042 000, along a PLN 578 000 deferred income tax asset. Intra-group transaction, subject to exclusion from consolidation.
In Q4 2013, a merger of retail-segment companies was commenced: Stokrotka Sp. z o.o., Maro Markety Sp. z o.o. and Społem Tychy S.A. The merger process is expected to be completed in January 2014.
In December 2013, Stokrotka Sp. z o.o. purchased shares in Pilawa Sp. z o.o., in Leżajsk, a company which runs one supermarket. The merger of the two companies is expected to be completed in Q1 2014.
In November 2013, Stokrotka Sp. z o.o. opened its first franchise store.

Cash conversion cycle in the retail segment

	2013	2012
Inventory turnover days *(inventory / value of goods for resale and materials sold*365)*	42.2	26.2
Receivables turnover days *(trade receivables / revenue from sales*365)*	5.8	9.8
Payables turnover days *(trade payables / value of goods for resale and materials sold*365)*	66.3	48.6
Cash conversion cycle *(difference between inventory turnover cycle and receivables collection cycle vs. payables turnover cycle)*	-18.3	-12.6

During 2013, cash conversion cycle in the retail segment increased by 5.4 days, resulting from the increase in payables turnover being larger than the increase in inventory turnover (by 1.4 days), along with a decrease in receivables turnover by 4.0 days.

Stokrotka supermarkets

	2013	2012
Number of stores at the beginning of period	201	197
- stores opened	13	7
- stores shut-down	3	3
Number of stores at the end of period	211	201
Average total store surface - stores opened (in sqm)	866	923
Capex on stores opened	20 490	5 760
Average monthly sales per store sqm*	1 307	1 325

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

Property segment

	2013	2012	%
Segment revenue	65 104	63 802	2.04%
EBITDA	93 447	28 838	224.04%
Operating result	85 041	18 021	371.90%

(amounts in PLN 000s, unless otherwise stated)

Gross profit	80 548	9 327	763.60%
Net segment profit	**80 548**	**9 062**	**788.85%**

Property disposals were executed within Group in December 2013 (a total of 36 properties), with the buyers being P1 Sp. z o.o. and Emperia Holding S.A. As a result of applying market prices to the transactions, the total transaction value was PLN 206 615 000, and the property segment recognised a PLN 56 423 000 result on property disposals in Q4 2013 under other operating revenue. These transactions are eliminated from consolidation. The transactions were carried out in connection with the restructuring of the segment.

Segment results after eliminating the transactions:

	2013	2012	%
Segment revenue	65 104	63 802	2.04%
EBITDA	37 024	28 838	28.39%
Operating result	28 618	18 021	58.80%
Gross profit	24 125	9 327	158.66%
Net segment profit	**24 125**	**9 062**	**166.22%**

The property segment posted good results in 2013.
The growth by PLN 15 082 000 in 2013 consisted of:
- a result on intra-group disposal of properties: PLN 4 879 000 in 2013 and PLN -4 531 000 in 2012.
- 2013 segment revenue growth by PLN 1 302 000,
- a PLN 4 201 000 decrease in finance costs.

	2013	2012
Number of properties at the end of period	93	94
including: properties in progress	8	11
operating properties	85	83
including: retail properties	80	77
other properties	5	6
average monthly net operating income from leasable facilities*	**3 441**	**3 385**
including: retail properties	**3 271**	**3 122**
leasable area of retail facilities (sqm)	92 742	90 205
including: related lessees	57 368	56 380
other lessees	35 374	33 825
Average lease rate (PLN per sqm)	42.7	40.9
including: related lessees	43.3	41.7
other lessees	41.7	39.5

(amounts in PLN 000s, unless otherwise stated)

IT segment

	2013	2012	%
Segment revenue	31 124	31 295	-0.55%
EBITDA	11 219	8 457	32.66%
Operating result	9 043	6 761	33.75%
Gross profit	9 477	7 238	30.93%
Net segment profit	**7 641**	**5 827**	**31.13%**

	2013	2012
Revenue from sale of services	26 704	23 650
including: external	*18 548*	*16 393*
Revenue from sale of goods for resale	3 981	7 002
including: external	*962*	*5 381*
Revenue from sale of materials	439	643
including: external	*55*	*311*

Total segment revenue in 2013 was PLN 31 124 000, including PLN 19 564 000 (62.86%) to external customers, compared with PLN 31 295 000 in 2012, including PLN 22 086 000 (70.57%) to external customers.

The segment generated PLN 7 570 000 in profit for 2013, up 29.91% from the previous year. The earnings growth resulted from cost optimisation.

Central management segment

	2013	2012	%
Segment revenue	8 613	12 057	-28.56%
EBITDA	2 618	(6 951)	-
Operating result	(1 597)	(8 609)	-
Gross profit	17 446	39 937	-56.32%
Net segment profit	**15 798**	**38 214**	**-58.66%**

From the second quarter of 2012, the segment saw a substantial decrease in revenue which was connected with the reduction of central management functions at Emperia Holding S.A. and their transfer to operating companies. The most significant item of the segment's revenue in both reporting periods was interest and dividend income: PLN 19 044 000 in 2013 and PLN 48 586 000 in 2012.

11.2 Information on the Issuer's organisational and equity links with other entities, along with the key domestic investments

The information on the Issuer's organisational and equity links with other entities, along with the key domestic investments is presented in note 10.1

11.3 Growth directions

Key objectives of the Group's growth policy:
- carve out of the property segment,

- dynamic growth of the retail segment,
- consolidation of the IT segment,

Strategy for the property segment
- preparations for the split-up of Emperia Holding S.A.,
- split-up, consisting of carving out from Emperia Holding S.A., pursuant to art. 529 § 1 point 4 of the Polish Commercial Companies Code, of an organised part of the enterprise comprising the property segment,
- contribution in kind of all assets and liabilities from the Group's property segment to P1 Sp. z o.o.,
- introduction of shares in P1 to regulated trading on the Warsaw Stock Exchange following the company's transformation into a public limited company,

Growth strategy for the retail segment
- region-centric organic growth nationwide,
- mergers and acquisitions, mostly small and medium-sized regional chains,
- use of lease and rent agreements for retail premises,
- in-house logistics network, organised based on distribution centres and regional warehouses,
- segmentation of supermarkets by sales area and customer groups,
- assortment policy emphasising the various elements that distinguish supermarkets from discount retailers (maintaining a wide-ranging assortment, expanding the convenience assortment, reinforcing in-house brands, focus on fresh produce, increased emphasis on regional products),

Growth strategy for the IT segment
- merger of IT companies and use of synergy effects,
- development of IT products - software for the retail business,
- development of electronic data exchange services - EDI, in Poland and abroad through partner companies.

Decrease in Emperia Holding S.A.'s operational role.
- adaptation of the holding company to the new Group structure,
- de-layering of management,
- transfer of operational functions to operating companies,
- acquisitions for each of the Group's segments,
- management of Emperia Group's segments: retail, IT and property.

11.4 Description of significant off-balance-sheet items

A description of off-balance sheet items is presented in note 10.3.40.

11.5 Description of the factors that will have an impact on future results

<u>External:</u>

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) Improvement in the efficiency of the in-house logistics for retail - increase in deliveries to the central warehouse
e) Design and implementation of a franchise network concept under the Stokrotka brand

11.6 Risks and threats

External:

Macroeconomic situation - the macroeconomic conditions and GDP growth in Poland are particularly important for the Group, especially external factors such as: government's economic policy and decisions made by the National Bank of Poland and the Monetary Policy Council having an impact on money supply, interest rates, currency rates, GDP growth, inflation, budget deficit, foreign debt and the unemployment rate.
Unfavourable changes in the macroeconomic background, particularly lower GDP growth or increase in unemployment, may have a negative impact on the Group's business and financial performance.

Tax system and legislative changes - tax settlements and other areas of business that are subject to regulations may be the object of audit by administrative organs which are authorised to impose steep penalties, sanctions and interest. A lack of well-established legal regulations in Poland results in a lack of transparency and inconsistencies when it comes to interpreting the law. Frequent changes to regulations concerning VAT, corporate income tax, individual income tax and social security result in there being no reference to well-established regulations or no legal precedence. Frequent diverging opinions as regards interpreting tax laws both among tax authorities internally and between tax authorities and companies produce unclear, conflicting positions. These circumstances mean that tax risk in Poland is substantially higher than in countries with a more developed tax system.
Tax settlements may be the subject of an audit for a period of five years, counting from the end of the year in which tax was paid. As a result of future audits, the Group's previous tax settlements may be increased by additional tax liabilities. The Group believes that it does not currently engage in activities carrying a high tax risk.

Competition in retail - the Group's developing medium-format chain is located for the most part in medium and small cities. These areas are the subject of intense pressure from discount chains. Given the increasing saturation in large cities, even large international retailers are stepping up their efforts in smaller towns - i.e. the Group's traditional markets. Current and planned initiatives by the Group's competitors - retail chain operators - may lead to a lower revenue growth at the Group's retail chains as well as to margin pressure, which would have a negative impact on future financial results. In addition, actions by competitors may make it more difficult and/or more expense to procure new attractive locations.

Internal:

Segment consolidation – the Group is optimising and re-designing its operating segments: retail, IT and property. The large scale and promptness of these changes may give rise to operational risk, understood as losses due to their incompatibility or unreliability with regard to their impact on internal processes, employees and systems. This may result in temporary losses and delays in expected synergies.

IT systems and associated technical infrastructure - the application of uniform, modern and efficient IT systems is of key significance in business processes. Equally important is the associated technical infrastructure which provides fast, reliable connectivity and data processing. The Group constantly develops, standardises and upgrades

IT solutions by developing its own tools and purchasing new offerings. It is possible that potential interruptions in IT system operations could lead to interruptions in business processes and result in lower quality of service.

Acquisitions - generating a higher rate of corporate growth through M&A is a significant element of the Group's strategy. There is a risk that, in the case of certain entities with which the Group is in talks on consolidation, the Group might need to abandon its investment plans because transactions initially identified as attractive may be associated with too much risk or the transaction price expected by the owners of such entities may not be economically justifiable. Also in the case of completed transactions, it may be possible that future financial performance of the acquired entities and the synergy effects will be lower than expected. As a result, the Group's consolidation activities might not translate into growth in revenue and earnings or the acquisition costs may prove too high in relation to the achieved effects.

Suppliers – operating in FMCG retail, the Group has contracts with numerous suppliers, which provide for discounts and favourable payment terms. Despite the fact that none of the Group's companies is dependent on specific suppliers, there is a risk that terminating contracts or negatively changing their terms, especially if this were to happen with a large number of contracts, may have a negative impact on the Group's financial performance.

11.7 Information regarding on-going judicial proceedings

Information about the judicial proceedings on-going during the financial year is presented in note 10.3.48.

11.8 Information about the main products, goods for resale and services provided by Group companies

Retail operations are the Group's core business. The Group operates in the retail market through its own chain of supermarkets. In 2013, the Group continued to expand its three brands: Stokrotka, Społem and Milea. At the end of 2013, the Group's retail chain comprised 247 locations.
Its retail premises are located throughout Poland - in housing developments, city centres, along pedestrian routes, in mini markets and shopping centres. Supermarkets range from 300 to 2 000 sqm and offer 4 000 - 10 000 assortment items, including a wide offering of fresh products: meats and hams, fruit and vegetables, bread and dairy products, chemical products and household cleaning products, alcoholic beverages and wines. The supermarkets also feature local products from regional suppliers and quickly-expanding in-house brands.

The Group also manages a portfolio of properties and development projects intended for its own retail purposes as well as for rent.
In 2013, property management and investments were organised in a group of general partnerships, a foreign company and an investment fund.
The Group's property portfolio comprises 93 properties located all over Poland and includes retail facilities, land and warehouses. The properties are attractively located, highly visible, with a large catchment area; many have potential to be further developed.
A well-diversified tenant portfolio is based on renowned brands such as: Stokrotka, Biedronka, Rossmann, Pepco, NG2, Drogerie Natura, Media Expert, Textil Market and many others. Stokrotka is the largest tenant. The entire portfolio is 94% leased. The weighted average term of lease is more than nine years, which enables long-term income and potential for active management and value creation.

The Group's operating activities are supposed by the IT company Infinite Sp. z o.o., which provides fully functional and economically justified IT systems for all Emperia Group companies, as well as provides services outside the Group - designs software/hardware solutions for electronic communications and EDI services in Poland and abroad through partner companies.

11.9 Sales markets

The retail segment's customers are natural persons - supermarket customers. Sales are either cash or card transactions.

The property segment's main customers are Group companies from the retail segment. Services provided to Group companies constituted 66.1% of the segment's 2013 revenue. Properties that the retail segment is not interested in are leased out to external customers. Also leased externally are parts of retail areas in shopping centres. The revenue generated from each of the large customers does not exceed 10% of the segment's overall revenue.

The IT segment's customers are Group companies and external clients. The main customers for IT services are Group companies, for which the IT segment provides IT services, maintenance and repair as well as data transmission and archiving. Services provided to Group companies constituted 37.14% of the segment's 2013 revenue. Infinite Sp. z o.o.'s largest customer in 2013 was a Group company - Stokrotka Sp. z o.o. - whose share in the segment's overall revenue reached 32.5%. The remaining customers include FMCG production and retail companies, home and garden product providers and others. The revenue generated from each of the large customers did not exceed 10% of the segment's overall revenue in 2013. In 2013, 4.7% of sales revenue was generated abroad.

11.10 Significant agreements

Lease agreements concerning the properties that the Group uses for retail operations

The main supplier of properties to the retail segment is companies from the property segment. In addition, retail companies lease premises from external entities: developers, cooperatives and natural persons. All lease agreements are long-term, with long notice periods. Rent and fees arising from those agreements were calculated on market terms.
From December 2012, the headquarters of all Lublin-based companies within the Group are located at a property belonging to Emperia Holding.

Commercial agreements with product suppliers

The retail segment's suppliers are some of the largest FMCG distributors in Poland and branches of global companies. The segment also works with numerous local suppliers of fresh products: means and hams, fruits and vegetables. The segment's products are not directly imported. During the first half of 2013, the segment's key supplier was Tradis Sp. z o.o., a distribution company from Eurocash Group, whose share of procurement exceeded 50%. In January 2013, Stokrotka Sp. z o.o. terminated the distribution and consignment agreements with Tradis Sp. z o.o. The agreements were terminated after the notice period, i.e. on 31 July 2013. Stokrotka launched its own logistics in July 2013. None of the segment's other suppliers exceeded 10% of the overall procurement. None of the other agreements separately are significant from an operational perspective, however they do constitute a significant item in aggregate.

The Group has framework cooperation agreements with all of its main suppliers and product manufacturers. Commercial agreements with suppliers/customers establish a framework for cooperation in terms of distribution and promotion of the products offered by the respective producer or supplier. The agreements detail the procedures for ordering, deliveries, returns and payments. Furthermore, the agreements specify the rules for issuing and securing trade credit, price discounts and rebates, distribution regions, order volumes, product storage conditions and supplier commercial policies.

Agreements with the Group's banks; credit agreements

As regards banking services and lending, the Group works with the following institutions: PKO BP S.A., PEKAO S.A., BRE BANK S.A., BGŻ S.A., UNICREDIT BANK S.A., BZ WBK S.A., PIRAEUS BANK, mBank. These banks provide finance in the form of working capital and investment facilities and maintain the Group's bank accounts.

Insurance agreements

As regards insurance, Group companies maintain a unified policy. All companies apply standardised terms for property, incident, accident (transport), theft and robbery insurance. The Group also holds civil liability insurance. Insurance agreements are executed for a one-year period. As far as property and civil liability insurance goes, an agreement was executed with Compensa Towarzystwo Ubezpieczeń S.A. (until 30 September 2013) and TUiR WARTA S.A. (from 1 October 2013), and with Uniqa Towarzystwo Ubezpieczeń S.A. and PZU S.A. as regards transport insurance.

11.11 Significant related-party transactions

In 2012, 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 intra-group mergers in 2013 are presented in point 10.2.9.

Short-term bonds were issued as part of the Group's cash flow management, as described in note 10.3.24.
Transaction between Group companies and unconsolidated related parties are described in note 10.3.44

11.12 Credit facilities, loans, sureties and guarantees

In 2013, the parent, Emperia, did not issue new credit guarantees for subsidiaries such as would exceed 10% of the Issuer's equity. Information concerning sureties may be found in note 0. Information about credit agreements, both executed and terminated, can be found in point 10.3.20.

11.13 Equity and debt issues

In 2013, Emperia Holding S.A. did not issue bonds. The bond issues carried out by subsidiaries in 2013 are presented in note 10.3.24.

11.14 Explanation of variances between the financial results indicated in the annual report and in the previously published forecasts for the year

The Parent did not publish earnings guidance for 2013.

11.15 Assessment, with justification, of financial management, with a particular focus on the ability to meet obligations, and description of any threats as well as the steps that the Issuer has taken or intends to take to counteract them

According to the Issuer, there are no indications that the Group's ability to meet its liabilities is threatened. This assessment results from analysis of financial results, ratios and cash flows.

11.16 Assessment of the potential to achieve investment objectives, including equity investments, with consideration given to the amount of capital held and the capacity to change the financing structure for such operations

The investments that are to be completed in 2014 were budgeted based on the organic growth of continuing operations, assuming a region-centric approach.
Decisions regarding the Group's potential equity investments will be made on a case by case basis, after analysing all aspects of the proposed transaction and its financing.
The Group intends to finance the planned capital expenditures using the cash that it holds and will generate, along with bank credit.
The management believes that the Group has the capacity to finance the planned investments. The management monitors investment progress and budgets on an on-going basis, using an internal management control system.

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

The launch of in-house logistics at subsidiary Stokrotka Sp. z o.o. was an extraordinary event in 2013.
From the second half of 2013, Stokrotka Sp. z o.o. has been implementing an in-house logistics project. Key logistics metrics are continually improving, however they are not yet at a level ensuing profitability for the entire project.
In 2013, logistics costs amounted to PLN 39 360 000, which substantially weighed on the retail segment's and the Group's results.

11.18 Changes in the main management principles

There were no changes in the main management principles at the Group in 2013.

11.19 Agreements entered into between the Issuer and management personnel providing for compensation in the event of their resignation or dismissal without valid cause or if their dismissal or redundancy occurs as a result of the Issuer's merger

The agreements executed with Management Board members give them the right to additional compensation in the event of dismissal at the Issuer's initiative in an amount equal to their average annual salary.

(amounts in PLN 000s, unless otherwise stated)

11.20 Remuneration of the Issuer's management board and supervisory board members

Remuneration is presented in note 10.3.46

11.21 Issuer's shares, and shares in subsidiaries, held by management board and supervisory board members

Information about the Issuer's shares held by management board and supervisory board members 10.3.18. According to the Issuer, none of the management board and supervisory board members hold any shares in related parties.

11.22 Agreements that may result in shareholding changes in the future

The Company's Management Board is authorised by the general meeting to execute an agreement with a subsidiary concerning the purchase of shares in the Company by that subsidiary and their further sale to the Company for redemption.

The Company is implementing an incentive programme for management board members at Emperia Holding and its subsidiaries, along with the key managers at the Company and its subsidiaries, which will be settled in the future using equity instruments - shares in the Issuer.

11.23 Information on agreements with entities authorised to audit financial statements and remuneration for such an entity for the financial year

In 2013, the Group executed an agreement concerning audit and review of the 2013 semi-annual and annual consolidated financial statements with ECA Seredyński i Wspólnicy Sp. k., based in Kraków - an entity authorised to audit financial statements, entered onto to the list maintained by the Polish Chamber of Statutory Auditors under no. 3115. The Company retained the above statutory auditor to audit financial statements for 2010-2012.

Fees due to the entity authorised to audit the financial statements	2013	2012
Review and audit of financial statements	138	185
Other assurance services	-	-
Other services	-	19
TOTAL	**138**	**204**

11.24 Revenue and profit by operating segment

In 2013, the Group operated through the following segments:

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

(amounts in PLN 000s, unless otherwise stated)

S.K.A., EMP Investment Limited, IPOPEMA 55 FIZAN;

3 **Central management** (central management segment), covering the management functions, holding services and advisory within the Group. The segment comprises the following companies: Emperia Holding S.A., P1 Spółka z o.o., Eldorado Sp. z o.o. (formerly P4 Sp. z o.o.)

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

From 2014, the property segment will include P1 Sp. z o.o. In December 2013, the company purchased a substantial property package in intra-group transactions.

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 2013:

	Retail	Property	Central management	IT	Exclusions from consolidation	Total
Segment revenue	1 923 461	65 104	8 613	31 124	60 821	**1 967 480**
External revenue	1 921 941	22 080	3 896	19 564	-	**1 967 480**
Inter-segment revenue	1 520	43 024	4 717	11 560	60 820	**-**
Total segment costs	(1 947 329)	(37 903)	(10 409)	(22 130)	(61 547)	**(1 956 224)**
Profit from sales	(23 869)	27 201	(1 796)	8 994	(726)	**11 256**
Result on other operating activities	(1 320)	57 840	199	49	53 861	**2 907**
Result on financing activities	(7 442)	(4 493)	19 043	434	2 731	**4 811**
Gross result	(32 631)	80 548	17 446	9 477	55 866	**18 974**
Tax	11	-	(1 648)	(1 836)	1 702	**(5 175)**
Share of the profit of equity-accounted investees	-	-	-	-	-	**-**
Net segment profit	**(32 620)**	**80 548**	**15 798**	**7 642**	**57 569**	**13 799**

	Retail	Property	Central management	IT	Exclusions from consolidation	Total
Segment assets / liabilities	520 063	598 293	960 895	22 333	1 037 621	**1 063 964**
Goodwill	39 200	12 844	-	-	-	**52 044**

	Retail	Property	Central management	IT	Exclusions from consolidation	Total
Capital expenditures	(30 740)	(6 527)	(209 106)	(2 619)	(207 653)	**(41 339)**
Depreciation	(28 488)	(8 406)	(4 215)	(2 176)	(1 452)	**(41 831)**

(amounts in PLN 000s, unless otherwise stated)

Emperia Group's operating segments in 2012:

	Retail	Property	Central management	IT	Exclusions from consolidation	Total
Segment revenue	1 896 806	63 802	12 057	31 295	54 983	**1 948 976**
External revenue	1 895 863	23 350	7 554	22 209	-	**1 948 976**
Inter-segment revenue	943	40 452	4 503	9 086	54 983	**-**
Total segment costs	(1 931 252)	(41 339)	(20 499)	(24 486)	(57 853)	**(1 959 723)**
Profit (loss) on sales	(34 446)	22 463	(8 442)	6 809	(2 870)	**(10 747)**
Result on other operating activities	(7 539)	(4 442)	(167)	(48)	(6 978)	**(5 218)**
Result on financing activities	(15 456)	(8 694)	48 546	477	(1 650)	**26 523**
Gross result	(57 441)	9 327	39 937	7 238	(11 497)	**10 558**
Tax	10 071	(265)	(1 723)	(1 411)	(3 573)	**10 245**
Share of the profit of equity-accounted investees	-	-	-	-	-	**-**
Net segment profit	**(47 370)**	**9 062**	**38 214**	**5 827**	**(15 070)**	**20 803**

	Retail	Property	Central management	IT	Exclusions from consolidation	Total
Segment assets / liabilities	424 764	735 897	661 404	21 820	865 483	**978 402**
Goodwill	36 342	12 844	-	-	-	**49 186**

	Retail	Property	Central management	IT	Exclusions from consolidation	Total
Capital expenditures	(17 275)	(32 222)	(13 842)	(2 853)	(5 351)	**(60 841)**
Depreciation	(29 373)	(10 817)	(1 658)	(1 696)	(2 714)	**(40 830)**

The property segment's 2013 result was substantially impacted by the disposal of 36 properties to Group companies: P1 Sp. z o.o. and Emperia Holding S.A. As a result of applying market prices for the transactions, the total transaction value was PLN 206 615 000, and the property segment recognised a PLN 56 423 000 result on property disposals in Q4 2013 under other operating revenue. These transactions are eliminated from consolidation. The transactions were carried out in connection with the restructuring of the segment.

11.25 Capital expenditures

In 2013, the Group's capital expenditures totalled PLN 41 339 000, while in 2012 - PLN 60 841 000.
The Group did not incur any environmental protection costs in 2013 or 2012. The Group's investments in 2013 were financed using own funds.

11.26 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.

11.27 Information on significant agreements, including agreements known to the Issuer executed between shareholders, insurance agreements or cooperation agreements

The Issuer does not have any information regarding any such agreements.

11.28 Changes in the Issuer's management and supervisory personnel

Management Board

In 2013, changes occurred at Emperia Holding S.A.'s Management Board.

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

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

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

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

In 2013, changes occurred at Emperia Holding S.A.'s Supervisory Board.

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

On 10 April 2013, in connection with Resolution 2 adopted by an Extraordinary Meeting of Emperia Holding S.A. on appointment of a Supervisory Board Member, and in connection with Resolution 1/04/2013 adopted by Emperia Holding S.A.'s Management Board on appointment of Emperia Holding S.A.'s Supervisory Board Chairperson, Artur Kawa was appointed Chairperson of Emperia Holding S.A.'s Supervisory Board.

On 5 May 2013, the Management Board of Emperia Holding S.A. received Piotr Laskowski's resignation as member of the Supervisory Board of Emperia Holding S.A., effective from 3 June 2013.

On 4 June 2013, an Ordinary General Meeting of Emperia Holding S.A. appointed the following persons to the Supervisory Board: Michał Kowalczewski and Andrzej Malec.

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

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
4. Artur Laskowski – Member of the Supervisory Board
5. Jarosław Wawerski – Member of the Supervisory Board

11.29 Paid out and proposed dividends

Detailed information about paid and proposed dividends from 2012 profit is presented in note 10.3.38.

11.30 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.

Fundacja Emperia

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.

stokrotka pomaga

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.

szlachetna PACZKA

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.

Program Ambasador

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

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 means 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 to meet the Company and gain first, valuable professional experience.

Benefits for interns include:
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.

11.31 Declaration on application of corporate governance principles

1. Indication of the corporate governance principles to which the Issuer is subject, together with the location where the text concerning such principles is publically available

In 2013, the Issuer applied only the set of corporate governance standards contained in "Best practices for WSE-listed companies" (the "Best Practices"), as adopted by the Warsaw Stock Exchange's Council. The standards, together with amendments, are available at the WSE's website: http://www.corp-gov.gpw.pl .
The Issuer's statement on application of corporate governance standards is available at its website: www.emperia.pl, in the section Investor Relations / Corporate Governance / Statement.

The Issuer aims to ensure the highest possible transparency, an appropriate quality of investor relations and the protection of shareholder rights. The Issuer takes every precaution to ensure that all shareholders have equal access to information about the Company. In light of the above, the Company limits communications with the capital market two weeks before earnings releases.
The Issuer discloses current and periodic reports, which are available at its corporate website.
The Company has been preparing quarterly earnings presentations, which it discusses with market participants during press conferences, therefore facilitating access to information about the Company and meetings with the Company's management.

2. Indication of the corporate governances standards that the Issuer decided not to apply, along with justification

In 2013, the Issuer did not apply the following Best Practices rules:
1. Recommendations concerning listed-company best practices - rule 5
2. Recommendations concerning listed-company best practices - rule 9
3. Recommendations concerning listed-company best practices - rule 12
4. Best practices for listed-company management boards - rule 1 point 2a
5. Best practices for listed-company management boards - rule 1 point 9a
6. Best practices for listed-company management boards - rule 2
7. Best practices for listed-company supervisory boards - rule 6
8. Best practices for shareholders - rule 10

The Issuer provides the following explanations for omitting the above rules.

2.1. Recommendations concerning listed-company best practices - rule 5

"The company should have a remuneration policy and regulations for establishing such a policy. The remuneration policy should in particular specify the form, structure and level of remuneration for management board and supervisory board members. In drafting the remuneration policy for management board and supervisory board members, Commission Recommendation 2004/913/EC of 14 December 2004 as Regards the Regime for the

(amounts in PLN 000s, unless otherwise stated)

Remuneration of Directors of Listed Companies should be applied, complemented with Commission Recommendation of 30 April 2009 (2009/385/EC).”

The remuneration system for the Company's management board members comprises three parts: base salary, annual pay bonus dependent on achievement of specified objectives for the given year, and long-term incentive programmes.
The remuneration system for the Company's management board members is established by the Supervisory Board.
The level of remuneration of supervisory board members is established by the Issuer's general meeting.
Management board and supervisory board remuneration and other benefits are presented in the Company's annual financial statements.

2.2 Recommendations concerning listed-company best practices - rule 9

As regards the recommendation concerning balanced participation of women and men at company boards, as mentioned in rule 9, the Company's Management Board would like to note that the decisive factor in filling all of the Company's positions is criteria such as know-how, experience and competences, such as are essential to fulfil the respective functions. The Company's Management Board points out that its members are appointed by the supervisory board. Supervisory board members are appointed by the general meeting from among the submitted candidates.

2.3 Recommendations concerning listed-company best practices - rule 12

“The company should ensure that shareholders may exercise their voting rights during general meetings either in person or through an attorney, away from the general meeting location, using electronic means of communication.”

The Company decided to omit this rule because the current wording of its articles of association does not enable shareholders to participate in general meetings using electronic communications. In accordance with the Polish Commercial Companies Code, introducing the above rule would require the Company's articles of association to be amended.

2.4 Best practices for listed-company management boards - rule 1 point 2a

"The Company maintains a corporate website, where it publishes information required by law (...) information on the participation of women and men in the Company's supervisory board and management board during the last two years."

Participation of women and men in the Company's management board during the last two years:

As at	Number of women	Number of men
1 January 2012	0	5
1 April 2012	0	3
1 June 2012	0	2
31 December 2013	0	2

Participation of women and men in the Company's supervisory board during the last two years:

As at	Number of women	Number of men
1 January 2012	0	5
31 January 2013	0	5

As per rule 2 point 2a, from Q4 2014 information about the proportion of women and men in the Company's supervisory board and management board during the past two years is published annually on its website.

2.5 Best practices for listed-company management boards - rule 1 point 9a

"The company maintains a corporate website, where it publishes information required by law (...) recording of general meetings, in audio or video form."

Taking the Company's shareholding structure into consideration, as well as the technical and organisational capabilities, legal restrictions and the disproportionate cost of online transmission of general meetings in real time, the Issuer's Management Board decided that transmitting general meetings online is not substantiated, and that neither is its recording and publishing on the Company's website.
According to the Issuer, the regulations concerning public company general meetings and listed company disclosures, amended in 2009, require the Company to publically disclose a sufficiently wide range of information concerning general meetings via current reports and by publishing certain information and documents for the general meeting in the Investor Relations / General Meetings section of the Company's corporate website. The Company's email address for all communications related to general meetings is wza@emperia.pl. The Issuer strives to ensure that its information policy be transparent and effective, enabling comprehensive communications with investors. The IR section of the Issuer's website, www.emperia.pl, built on the basis of a model IR service, serves this purpose.

2.6 Best practices for listed-company management boards - rule 2

The Company maintains an English version of its website, at the minimum in the scope indicated in part II point 1.

The Company decided to omit this rule because applying it would come at a disproportionate cost.

2.7 **Best practices for listed-company supervisory boards - rule 6**

"At least two supervisory board members should meet the criterion of independence from the company and its related parties." As regards the supervisory board member independence criteria, Attachment 2 to the Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies should be applied. Irrespective of point b) of the Attachment mentioned above, a person employed by the Company, its subsidiary or associate may not be considered as having met the independence criteria mentioned in the Attachment. In addition, the independence criteria cannot be considered as having been met if there is a link to a shareholder, understood as an actual and substantial link to a shareholder having the right to exercise 5% or more of voting rights at the general meeting."

In 2013 (from 4 June 2013 to 31 December 2013), the Issuer's supervisory board comprised one independent member - Michał Kowalczewski.

2.8 **Best practices for shareholders - rule 10**

"The Company should enable shareholders to participate in general meetings using electronic means of communication, i.e.:
1) real-time broadcast of general meetings,
2) two-way communication in real time, by way of which shareholders can make verbal statements during general meetings without being physically present at the meeting location."

(amounts in PLN 000s, unless otherwise stated)

The Company decided to omit this rule because the current wording of its articles of association does not enable shareholders to participate in general meetings using electronic communications. The provisions of the Issuer's articles of association do not provide for the possibility to participate, speak or exercise voting rights by shareholders at the general meeting using electronic communications. In addition, it is the Issuer's opinion that, considering the insufficient market experience in this area, applying the above rule might pose a real threat, having a substantial impact on the organisation and execution of the general meeting and - as a result - on the exercise by shareholders of their rights. According to the Issuer, the existing rules regarding participating in general meetings are in compliance with the binding provisions of the Polish Commercial Companies Code and that the way general meetings are organised sufficiently protects the rights of all shareholders. The Issuer also decided that, from an economical point of view, the Company's existing shareholding structure does not justify the additional costs of the technical infrastructure necessary to enable participation in general meetings using electronic communications and transmission of general meetings in real time.

3. Description of the Issuer's internal control and risk management systems applied in preparing separate and consolidated financial statements

In accordance with the Ordinance of the Minister of Finance of 19 February 2009 on current and periodic information disclosed by issuers of securities, the Company's management board is responsible for its internal control and risk management systems. The accounting department, which is a part of the Company's financial unit, is responsible for preparing the Company's financial statements and periodic reports. Financial statements are approved by the Management Board. Control and verification of financial statements are conducted by a statutory auditor, who carried out preliminary and final audit of the financial statements of the Company and its consolidated subsidiaries, as well as reviews its semi-annual financial statements. The statutory auditor is appointed by the Supervisory Board.

4. Shareholders directly or indirectly holding substantial stakes in Emperia Holding S.A.

As at 31 December 2013

Shareholder	Number of shares	% in share capital	Number of voting rights	% of voting rights
ALTUS TFI	1 944 678	12.87	1 944 678	14.04
Ipopema TFI	1 433 437	9.48	1 433 437	10.35
AXA OFE	891 992	5.90	891 992	6.44
ING TFI	810 119	5 36	810 119	5.85

As at 31 December 2013, Emperia Holding S.A. and subsidiary P1 Sp. z o.o. held a total of 1 265 119 own shares, constituting 8.37% of the Company's share capital.

As at 31 December 2013, the Issuer's share capital comprised 15 115 161 shares with a nominal value of PLN 1 each.

5. Indication of the holders of any securities with special control entitlements and their description

Emperia Holding S.A. does not have securities that would carry special control entitlements or any preference shares.

6. Indication of all limitations relating to exercise of the right to vote, such as a limitation concerning exercise of voting rights by holders of a specified share or number of votes, time limitations concerning exercise of the right to vote - pursuant to which and with the Company's support the entitlements attached to securities are separated from ownership of such securities

Each share in Emperia Holding S.A. entitles to one vote at the general meeting. Art. 6f sec. 8 of the Company's articles of association provides for a limitation of the right to exercise votes (to a vote from only one share) in the event that a shareholder, acting independently or in concert with others, exceeds 33% of the total number of votes and does not notify the Management Board of this fact within seven days, and until this is rectified.
The Company's articles of association do not establish any limitations other than those in art. 6f sec. of the articles of association relating to exercise of the right to vote, such as a limitation concerning exercise of voting rights by holders of a specified share or number of votes, time limitations concerning exercise of the right to vote - pursuant to which and with the Company's support the entitlements attached to securities are separated from ownership of such securities.

7. Indication of all limitations concerning transfer of ownership to the Issuer's securities

The Company's articles of association do not provide any limitations concerning transfer of ownership to Emperia Holding S.A.'s shares.

8. Description of principles concerning the appointment and dismissal of management board members and their entitlements, in particular the right to take decisions on the issue or buy-back of shares

Under art. 9 points 1 and 2 of the Company's articles of association, the Management Board consists of between two and five members, including the President of the Management Board. Management board member terms last three years. The Supervisory Board appoints, dismisses and suspends Management Board members and specifies the number of Management Board members.

The Management Board manages the Company in accordance with the budget and strategic plan, as prepared and approved in accordance with the Company's articles of association, and represents its interests. The Management Board's competences include all matters related to corporate management such as are not reserved by law or the articles of association for the general meeting or the Supervisory Board. The Management Board operates pursuant to the Regulations, adopted by the Management Board and approved by the Supervisory Board. The cooperation of two management board members or one management board member and a commercial proxy is required to make commitments on behalf of the Company.

The Management Board is authorised to undertake all actual and legal activities as regards purchasing own shares for redemption on the terms and in the manner specified in Resolution 3 of the Extraordinary General Meeting of 11 October 2012, including executing an agreement with one or more of the Company's subsidiaries concerning purchase of shares in the Company, subject to pre-approval by the Supervisory Board.

Subject to the Supervisory Board's approval, the Company's Management Board may pay out dividend advances to shareholders in accordance with legal regulations.

9. Procedure for amendment of the Issuer's articles of association

Draft resolutions concerning amendment of the Company's articles of association require prior examination by the Supervisory Board.

Amending Emperia Holding S.A.'s articles of association requires a general meeting resolution and an entry in the companies register. The general meeting resolution concerning amendment of the Company's articles of association requires a three-quarter majority to pass. The Company's general meeting may authorise the Supervisory Board to establish a consolidated text of the articles of association.

Pursuant to the provisions of the articles of association, a resolution on substantial amendment of the Company's economic activities does not require a buy-back programme, as specified in art. 416 § 4 of the Polish Commercial Companies Code, provided that it is adopted with a two-third majority, with the attendance of persons representing at least half of the share capital.

10. Modus operandi of the general meeting, along with its main authorisations, and a description of shareholder rights and the means for exercising them, in particular rules resulting from the general meeting regulations, if such regulations have been adopted, provided that this information is not directly regulated by the binding provisions of law

The modus operandi of Emperia Holding S.A.'s general meeting, along with its authorisations, results from legal regulations as well as the Company's articles of association and the general meeting regulations. The Company's articles of association and the general meeting regulations are available at the Company's website.
General meetings are called through an announcement containing the information specified in art. 402^2 of the Polish Commercial Companies Code, published on the Company's website and in the manner specified for publishing current information in accordance with the Act of 29 July 2005 on public offerings and the terms for introducing financial statements to an organised trading system, and on public companies, no later than 26 days before the general meeting date.

In accordance with the Company's articles of association, the general meeting may take place in Lublin or in Warsaw.

The general meeting should be attended by supervisory board members in such number as enables responses to be given to questions posed during the general meeting. A statutory auditor should be present at the ordinary general meeting to provide information and explanations concerning the Company's financial statements.
The general meeting's chairperson decides on the attendance of reporters as well as on the recording or filming of the general meeting.

General meeting resolutions are adopted by a regular majority of the shareholders present at the general meeting, unless the binding regulations state otherwise.

In accordance with the Company's articles of association, the general meeting is authorised to perform the following activities:

- examining and approving the Management Board and Supervisory Board reports, balance sheet and statement of profit and loss for the previous year, as well as granting votes of approval to the members of the Company's Management Board and Supervisory Board;
- adopting resolutions on allocation of profit or coverage of loss;
- approving the Company's mergers, split-ups or transformations;
- dissolving and liquidating the Company;
- consenting to the disposal or lease of the Company's enterprise or an organised part thereof and establishment of limited property rights thereon;
- appointing and dismissing Supervisory Board members (including one independent member of the Supervisory Board);
- establishing the principles for and amount of remuneration for members of the Supervisory Board;
- approving agreements between the Company or one of its subsidiaries and Supervisory Board members;

- creating and releasing special-purpose capitals;
- amending the Company's economic activities;
- amending the Company's articles of association;
- issuing convertible bonds or bonds with priority rights;
- selecting liquidators;
- issuing rulings concerning claims for rectification of damage caused in the formation of the Company or in the course of management or supervision;
- examining matters submitted by the Supervisory Board, Management Board or shareholders;
- undertaking activities aimed at introducing the Company's shares to regulated-market trading;
- establishing the ex-dividend date and dividend payment date;
- creating reserve capitals from profit to cover specific losses or expenditures;
- deciding on payment of dividend in assets, especially securities;
- redeeming shares;

Shareholder rights and the procedures for exercising them

The rights of the shareholders and the means of exercising them result directly from legal regulations.

A shareholder(s) representing at least half of the share capital or at least half of the voting rights may call an extraordinary general meeting. A shareholder(s) representing at least one-twentieth of the share capital may request that an extraordinary general meeting be called and introduce specific items on the agenda, with stipulation that such a request should be submitted to the Management Board no later than 21 days before the general meeting date. The request should contain a justification or a draft resolution concerning the proposed agenda item. The request may be submitted by email.

11. Composition, changes and modus operandi of the Issuer's management, supervisory or administrative personnel, or its committees, during the last financial year

Management Board

Composition of Emperia Holding S.A.'s Management Board in 2013:

As at 1 January 2013, the Issuer's Management Board comprised:
Artur Kawa - President of the Management Board
Dariusz Kalinowski – Vice-President of the Management Board

On 11 March 2013, Artur Kawa resigned as CEO, effective from 11 March 2013.
On 11 March 2013, The Company's Supervisory Board dismissed Dariusza Kalinowski as Vice-President of the Management Board and at the same time appointed him as the CEO for a three-year term. On the same date, the Company's Supervisory Board appointed Cezary Baran as Vice-President of the Management Board for a three-year term.

The Management Board operates on the basis of the Polish Commercial Companies Code, the Company's articles of association and in accordance with the management board regulations, adopted by the management board and approved by supervisory board, which is available at the Company's website. The cooperation of two management board members or one management board member and a commercial proxy is required to make commitments on behalf of the Company.

The Management Board operates in a team-based manner. Each member of the Management Board may, without the prior approval of the Management Board, conduct matters that do not exceed his or her scope of competences, subject to the provisions of law, the Company's articles of association and the resolutions and regulations of the Company's authorities. Each member of the Management Board may, without the prior approval of the Management Board, perform immediate actions concerning the Company's business, the omission of which would cause the Company to suffer irreversible losses. The Management Board operations are led by the President of the Management Board, who coordinates the work of the Management Board members. In the case of a multi-person Management Board, the President of the Management Board assigns the competences of each Management Board member.

The Management Board competences include all matters related to the representation of the Company and management of its business, other than those reserved in the Polish Commercial Companies Code or the Company's articles of association for other corporate authorities.

The Management Board manages the Company's day-to-day operations and represents the Company externally, both in and out of court.

Management Board competences in particular include:

- acting on behalf of the Company and representing it in contacts with public authorities, offices, institutions and third parties,
- executing agreements and incurring liabilities, along with managing the Company's assets,
- calling ordinary and extraordinary general meetings, proposing general meeting agendas and preparing draft resolutions,
- organising the work of employees and establishing their remuneration based on the Company's remuneration principles and organisational regulations, along with awarding pay bonuses,
- participating in the Company's Supervisory Board meetings, if requested, and in general meetings,
- preparing draft marketing, financial, economical, etc. plans,
- providing materials requested by the Supervisory Board and other audit authorities,
- examining and implementing audit and post-audit evaluations and recommendations,
- issuing internal regulations (orders, rules) governing the Company's business.

Management Board meetings are minuted. In the case of a multi-person Management Board, the validity of Management Board resolutions requires the presence of at least two Management Board members. Management Board resolutions may be adopted if all Management Board members were properly notified about the Management Board meeting. Management Board resolutions are adopted with an absolute majority in open voting. In the event that the Management Board meeting features only two Management Board members, decisions must be unanimous.

Supervisory Board

Composition of Emperia Holding S.A.'s Supervisory Board in 2013:

Supervisory Board composition between 1 January 2013 and 9 April 2013
Piotr Laskowski - Chairperson
Tomasz Krysztofiak - Deputy Chairperson
Artur Laskowski
Jarosław Wawerski
Piotr Długosz (resigned on 9 April 2013)

Supervisory Board composition between 10 April 2013 and 4 June 2013
Artur Kawa - Chairperson (appointed on 10 April 2013)
Tomasz Krysztofiak - Deputy Chairperson (mandate expired on 4 June 2013)
Piotr Laskowski (resigned on 3 June 2013)

Artur Laskowski
Jarosław Wawerski

Supervisory Board composition between 4 June 2013 and 31 December 2013
Artur Kawa - Chairperson
Michał Kowalczewski - Deputy Chairperson (appointed on 4 June 2013)
Artur Laskowski
Jarosław Wawerski
Andrzej Malec (appointed on 4 June 2013)

Michal Kowalczewski has the status of independent member from 4 June 2013.

Supervisory Board members are appointed and dismissed by the general meeting. The Supervisory Board comprises five persons, including at least one independent Supervisory Board member, as referred to in art. 12a sec. 1 of the Company's articles of association. The Supervisory Board members' term is three years.

The Supervisory Board Chairperson and Deputy Chairperson are appointed and dismissed by the Supervisory Board in open voting with a regular majority, as long as at least three Supervisory Board members are present.

The Supervisory Board operates on the basis of the Polish Commercial Companies Code, the Company's articles of association and in accordance with the supervisory board regulations, adopted by the supervisory board and approved by general meeting, which are available at the Company's website.

The Supervisory Board performs continuous supervision over the Company's business. Other than the matters reserved by the Company's articles of association or legal regulations, the Supervisory Board is particularly entitled to the following:

- auditing the Company's financial statements, management report and management board proposals regarding profit allocation or loss coverage;
- appointing, dismissing and suspending the Company's Management Board members or the entire Management Board;
- delegating Supervisory Board members for temporary roles at the Company's Management Board;
- approving the Management Board regulations;
- determining the remuneration principles of Management Board members;
- approving the issuance of commercial proxies;
- approving the Company's annual economic plans (budget); the budget should include at least the Company's operational plan and a revenue and cost budget for the given financial year (for the entire year and by month), a forecast for the balance sheet and statement of profit and loss, plan for cash flows and plan for capital expenditures (by month);
- approving the Company's long-term strategic economic plans; the long-term strategic plan should cover at least a revenue and cost projection for each of the forecast years, a projection for the balance sheet and statement of cash flows, along with investment plans for each of the forecast years;
- approving all legal or financial activities by the Company or a subsidiary of the Company, including in particular liabilities, as well as issue of own promissory notes, acceptance of endorsed promissory notes, avals or issue of guarantees - or disposals as well as purchase of assets, if the value of such a legal activity, liability or disposal does not exceed PLN 10 000 000, together with approving any equity investments valued at up to PLN 5 000 000, either separately or in many transactions during a six month period. -

unless such an activity is included in the Company's annual economic planned, approved by the Supervisory Board, and undertaken during the relevant year;

- approving the formation of new companies and disposal by the Company of equity interests;
- approving the Company's purchases of equity interests in other entities;
- approving disposals by the Company or one of its subsidiaries of properties, rights to perpetual usufruct or shares in properties;
- approving agreements between the Company or one of its subsidiaries and the Company's Management Board members, shareholders having at least 5% of voting rights at the Company's general meeting or with related parties;
- approving the award of rights to shares under management options or similar share-based incentive programmes;
- selecting the statutory auditor to audit the Company's financial statements in accordance with the accounting principles adopted by the Company;
- approving the sale or free-of-charge transfer of author's rights or other intellectual property, particularly rights to software source code, such as exceed the regular competences of the Management Board;
- monitoring the effectiveness of internal control, internal audit and risk management systems,
- monitoring financial audit,
- executing underwriting agreements, as specified in art. 433 § 3 of the Polish Commercial Companies Code;
- approving the Management Board regulations.

Furthermore, the following Management Board functions require Supervisory Board approval in the form of a resolution:

- paying dividend advances to shareholders, on the terms specified by legal regulations;
- approving the commencement of a buy-back programme in order to redeem shares.

Supervisory Board members exercise their rights and fulfil their obligations in a team-based manner. The Supervisory Board may delegate one or more of its members to perform individual oversight functions. Each of the Supervisory Board members has the right to request all information concerning the Company's business and has the right to commission audit of such Company information at their own expense. Each of the Supervisory Board members has the right to review the Company's accounting documentation.

The Supervisory Board adopts resolutions if at least three of its members are present at the meeting, and all members were properly invited. Supervisory Board resolutions are adopted with a regular majority of votes. In the case of an even number of votes for and against the adoption of a resolution, the deciding vote belongs to the Chairperson of the Supervisory Board.

In 2013, the scope of activities reserved for the Audit and Remuneration Committee was performed in a team-based manner by the Supervisory Board.

13. Agreements that may result in shareholding changes in the future

Pursuant to Resolution 4 of the Extraordinary General Meeting of 11 October 2013, the Company's Management Board is authorised by the general meeting to execute an agreement with a subsidiary concerning purchase of shares in the Company by that subsidiary and their further sale to the Company for redemption.

(amounts in PLN 000s, unless otherwise stated)

Aside from the incentive programmes for Emperia Holding's management board members and key management at the Company and its subsidiaries and associates, the Management Board is not aware of any agreements that could, in the future, result in a change in the shareholding structure.

Lublin, April 2014

Signatures of all Management Board members:

2014-04-25	Dariusz Kalinowski	President of the Management Board	.... Signature
2014-04-25	Cezary Baran	Vice-President of the Management Board, Finance Director	.... Signature

Signatures of the persons responsible for book-keeping

2014-04-25	Elżbieta Świniarska	Economic Director	.... Signature