EUROCASH S.A.

SEPARATE ANNUAL REPORT FOR 2008

TRANSLATORS' EXPLANATORY NOTE
The following document is a free translation of the report of the above-mentioned Polish Company.
In the event of any discrepancy in interpreting the terminology, the Polish version is binding.

KOMORNIKI, 27th April 2009

CONTENTS

Dear Shareholders,

Dear Employees,

Ladies and Gentlemen,

It is my pleasure to once more write to all our stakeholders about our activities and results of last year. The year had two different phases: the first,– until September, during which our Group grew at impressive double-digit rates in like-for-like terms and the second from September on, during which the market slowed down and we decided to get ready for a tough 2009.

Regardless I have no doubts in congratulating all our partners for the good year of 2008, in which Eurocash Group sales grew by 29.7% reaching PLN 6.1 billion, EBITDA grew by 29.6% up to PLN 158.5 million and Net Profit grew by 33.2% reaching PLN 78.5 million.

In the Cash & Carry business we kept the excellent momentum and increased our market share through not only like-for-like growth but also through the opening of 9 new stores and we finished the year with 111 Cash & Carry stores and very strong financial results.

In the KDWT business we faced a declining tobacco market but we kept implementing the strategy of becoming the main wholesaler of impulse products and, most importantly in last quarter of 2008 we adapted our structure to the new reality in order to anticipate the need for improved competitiveness in 2009.

Delikatesy Centrum had another great year where it was recognized as the best franchise system in the grocery market, achieving the highest sales among food retail chains in Poland in terms of sales per sq.m. We added 81 new franchise stores to the Delikatesy Centrum chain and improved profitability both for Eurocash and, more importantly for our franchisees.

During this year we acquired McLane Polska - a company which is the leader in food distribution for Gasoline Stations and Food Service in Poland, two segments where Eurocash Group aspires to achieving market leadership. During the second half of 2008 we have been working on the turnaround of this company, which had excellent levels of service but was never profitable. We believe, that we have been very successful introducing our management philosophy and that McLane Polska will improve its results and significantly contribute to Eurocash Group profits in 2009.

During 2008 we not only clearly reinforced our market leadership in FMCG wholesale, but also we were loyal to the principle of never competing with our clients and of committing ourselves to reinforce their competitiveness in the Polish food market .Our strategy of attacking all the food wholesale segments allows us to bring buying power and professionalism to the supply chain at the best levels offered in Europe.

During the last quarter of 2008, when it was clear for us that the market has been getting tougher we reacted fast – we prepared cost reduction programs that should allow us to further improve our competitiveness and face 2009 not as the year of threats but as a year of opportunity to gain market share and to give better prices to our customers.

Finally I want to thank to the almost 4.000 employees and 60.000 clients that stay side by side with us everyday, building OUR company. I want to thank also to our shareholders for the trust which they have been showing in our strategy, which allowed our shares to significantly outperform the Polish stock market in 2008..

I believe that 2009 will be once again a great year for us and that the consistency of our strategy and of the implementation capacity that our team has showed in the last 5 years will be our ultimate advantage to serve our clients better and better.

Yours Sincerely,

Luis Amaral

President of the Management Board

Eurocash S.A.

TRANSLATION

Eurocash S.A.

Financial Statement,
Opinion and Report
of the Independent Auditor

Financial Year ended

31 December 2008

The opinion contains 2 pages
The report supplementing the auditor's opinion
contains 11 pages
Opinion of the independent auditor
and report supplementing the auditor's opinion
on the unconsolidated financial statements
for the financial year ended
31 December 2008

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

OPINION OF THE INDEPENDENT AUDITOR

To the General Meeting of Eurocash S.A.

We have audited the accompanying unconsolidated financial statements of Eurocash S.A., seated in Komorniki, 11 Wiśniowa Street ("the Company"), which comprise the balance sheet as at 31 December 2008, with total assets and total liabilities and equity of PLN 939.421.339, the profit and loss account for the year then ended with a net profit of PLN 59.570.056, the statement of changes in equity for the year then ended with an increase in equity of PLN 29.833.178, the cash flow statement for the year then ended with a decrease in cash amounting to PLN 14.051.837, and notes to the financial statements, comprising of a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management of the Company is responsible for the accuracy of the accounting records and the preparation and fair presentation of these unconsolidated financial statements in accordance with International Financial Reporting Standards, as adopted by European Union and with other applicable regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility, based on our audit, is to express an opinion on these unconsolidated financial statements and whether the financial statements are derived from properly maintained accounting records. We conducted our audit in accordance with section 7 of the Accounting Act dated 29 September 1994 (Official Journal from 2002, No. 76, item 694 with amendments) ("the Accounting Act"), the professional standards established by the Polish National Council of Certified Auditors and International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the accounting records from which they are derived are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the accompanying unconsolidated financial statements of Eurocash S.A. have been prepared and present fairly in all material respects the financial position of the Company as at 31 December 2008 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, are in compliance with the respective regulations and the provisions of the Company's Statute that apply to the Company's unconsolidated financial statements and have been prepared from accounting records, that in all material respects have been properly maintained.

Other Matters

As required under the Accounting Act, we also report that the Report on the Company's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259) and the information is consistent with the unconsolidated financial statements.

Signed on the Polish original
....
Certified Auditor No. 90095/7973
Wojciech Drzymała

Signed on the Polish original
....
For KPMG Audyt Sp. z o.o.
ul. Chłodna 51; 00-867 Warsaw
Certified Auditor No. 90061/7541
Marek Gajdziński,
Member of the Management Board

Poznań, 27 April 2009

TRANSLATION

Eurocash S.A.

Report supplementing
the auditor's opinion
on the unconsolidated
financial statements
Financial Year ended
31 December 2008

The report supplementing the auditor's opinion
contains 11 pages
Report supplementing the auditor's oppinion
on the unconsolidated financial statements
for the finanacial year ended
31 December 2008

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation

Contents

1. General

1.1. General information about the Company

1.1.1. Company name

Eurocash S.A.

1.1.2. Registered office

11 Wiśniowa, Street
62-052 Komorniki

1.1.3. Registration in the National Court Register

Registration court:	District Court Poznań – Nowe Miasto i Wilda in Poznań, VIII Commercial Department of the National Court Register
Date:	30 July 2004
Registration number:	KRS 0000213765

1.1.4. Tax Office and Provincial Statistical Office registration

NIP number:	7791906082
REGON:	631008941

1.2. Auditor information

Name:	KPMG Audyt Sp. z o.o.
Registered office:	Warsaw
Address:	ul. Chłodna 51, 00-867 Warsaw
Registration number:	KRS 0000104753
Registration court:	District Court for the Capital City Warsaw in Warsaw, XII Commercial Department of the National Court Register
Share capital:	PLN 125,000
NIP number:	526-10-24-841

KPMG Audyt Sp. z o.o. is entered in the register of entities authorised to audit financial statements under number 458.

1.3. Legal status

1.3.1. Share capital

The Company was established for an indefinite period under the terms of its Statute dated 7 July 2004.

The share capital of the Company amounted to PLN 130.777.550 as at 31 December 2008 divided into 130.777.550 ordinary shares with a nominal value of PLN 1 each. In comparison to the previous year share capital increased by 3.035.550 shares with a nominal value of PLN 1 each due to exercising the managerials' convertible bonds. As at the date of this report the increase of the share capital has not been registered in the National Court Register.

As at 31 December 2008, the shareholder structure was as follows:

Name of the Shareholder	Number of shares	Voting rights (%)	Nominal value of shares PLN '000	Percentage of share capital (%)
Luis Amaral (directly and indirectly through Politra B.V.)	70 258 100	53,7%	70 258,1	53,7%
Commercial Union – Powszechne Towarzystwo Emerytalne BPH CU WBK	7 739 424	5,9%	7 739,4	5,9%
ING Nationale – Nederlanden Polska Otwarty Fundusz Emerytalny	6 843 714	5,2%	6 843,7	5,2%
BZ WBK AIB Asset Management S.A.	6 624 215	5,1%	6 624,2	5,1%
Others < 5%	39 312 097	30,1%	39 312,1	30,1%
	130 777 550	100,0%	130 777,6	100,0%

1.3.2. Related parties

The Company is the parent of the Eurocash S.A. Group.
The consolidated financial statement of Eurocash S.A. Group was approved by the Management as of the same date as unconsolidated financial statement.

1.3.3. Management of the Company

The Management Board is responsible for management of the Company.

At 31 December 2008, the Management Board of the Company was comprised of the following members:

- Luis Manuel Conceicao Do Amaral – President of the Board,
- Rui Amaral – Member of the Board,
- Arnaldo Guerreiro – Member of the Board,
- Pedro Martinho – Member of the Board,
- Katarzyna Kopaczewska – Member of the Board,
- Ryszard Majer – Member of the Board,
- Jacek Owczarek – Member of the Board.

On 3 March 2008 Roman Stefan Piątkiewicz resigned from Management Board.

On 22 November 2008 Jacek Owczarek was appointed to Management Board.

1.3.4. Scope of activities

The main business activities listed in the Company's Statute is general wholesale trade (PKD 4690Z).

1.4. Prior period financial statements

The unconsolidated financial statements for the period ended 31 December 2007 were audited by KPMG Audyt Sp. z o.o. and received an unqualified opinion.

The unconsolidated financial statements were approved at the General Meeting on 9 June 2008 where it was resolved to allocate the profit for the prior financial year of PLN 44.005.260 as follows:

- a maximum of PLN 39.280.665 was allocated to pay a dividend of PLN 0,30 per share,
- the remaining part of the net profit was allocated to a reserve capital.

The closing balances as at 31 December 2007 have been properly recorded as the opening balances of the audited year.

The unconsolidated financial statements were submitted to the Registry Court on 23 June 2008 and were published in Monitor Polski B No. 2151 on 23 December 2008.

1.5. Audit scope and responsibilities

This report was prepared for the General Meeting of Eurocash S.A. seated in Komorniki, 11 Wiśniowa street and relates to the unconsolidated financial statements comprising: the balance sheet as at 31 December 2008 with total assets and total liabilities and equity of PLN 939.421,3 thousand, the profit and loss account for the year then ended with a net profit of PLN 59.570,1 thousand, the statement of changes in equity for the year then ended with an increase in equity of PLN 29.833,2 thousand, the cash flow statement for the year then ended with a decrease in cash amounting to PLN 14.051,8 thousand and notes to the financial statements, comprising of a summary of significant accounting policies and other explanatory notes.

The audited Company prepares its unconsolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union on the basis of the decision of General Meeting of Eurocash S.A. dated 11 April 2005.

The unconsolidated financial statements have been audited in accordance with the contract dated 8 July 2008, concluded on the basis of the resolution of Supervisory Board dated 10 May 2007 on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act, the professional standards established by the Polish National Council of Certified Auditors and International Standards on Auditing.

We audited the unconsolidated financial statements in the Company's head office during the period from 1 December 2008 to 12 December 2008 and from 2 February 2009 to 6 March 2009.

Management of the Company is responsible for the accuracy of the accounting records and the preparation and fair presentation of the unconsolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and with other applicable regulations.

Management of the Company and members of the Supervisory Board are obliged ensure that the unconsolidated financial statements and the Report on the Company's activities are in compliance with the requirements set forth in the Accounting Act.

Our responsibility is to express an opinion and to prepare a supplementing report on the unconsolidated financial statements and whether the unconsolidated financial statements are derived from properly maintained accounting records based on our audit.

Management of the Company submitted a statement dated the same date as this report as to the true and fair presentation of the unconsolidated financial statements presented for audit, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the unconsolidated financial statements.

All our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

KPMG Audyt Sp. z o.o., the members of its Management Board and Supervisory Board and other persons involved in the audit of the unconsolidated financial statements of the Company fulfill independence requirements. The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of KPMG Audyt Sp. z o.o.

2. Financial analysis of the Company

2.1. Summary of the unconsolidated financial statements

2.1.1. Balance sheet

Assets	31.12.2008 zł '000	% of total	31.12.2007 zł '000	% of total
Fixed assets (long-term)	**409 624,7**	**43,7**	**287 757,5**	**41,7**
Goodwill	9 975,6	1,1	9 975,6	1,5
Intangible fixed assets	92 943,9	9,9	94 852,2	13,8
Tangible fixed assets	137 329,2	14,6	107 607,4	15,6
Investments in subsidiary companies	158 840,6	16,9	73 413,0	10,6
Investments in associated companies	3 464,3	0,4	-	-
Long-term receivables	5 694,0	0,6	1 872,3	0,3
Long-term prepayments	1 377,0	0,2	37,0	0,1
Current assets (short-term)	**529 796,6**	**56,3**	**401 999,3**	**58,3**
Invetories	189 961,7	20,1	155 654,6	22,6
Trade receivables	211 547,1	22,5	119 047,2	17,3
Other short-term receivables	19 651,3	2,1	6 505,4	0,9
Cash and cash equivalents	105 105,1	11,2	119 156,9	17,3
Short-term prepayments	3 531,5	0,4	1 635,2	0,2
Total assets	**939 421,3**	**100,0**	**689 756,8**	**100,0**

Liabilities	31.12.2007 zł '000	% of total	31.12.2006 zł '000	% of total
Equity	**242 652,1**	**25,8**	**212 819,0**	**30,9**
Share capital	130 777,6	13,9	127 742,0	18,5
Reserve capital	56 949,5	6,1	41 071,7	6,0
Hedge instrument valuation reserve	(4 645,0)	0,5	-	-
Retained earnings	59 570,1	6,3	44 005,3	6,4
Net profit of the current year	59 570,1	6,3	44 005,3	6,4
Liabilities	**696 769,2**	**74,2**	**476 937,8**	**69,2**
Long-term liabilities	**15 589,3**	**1,7**	**13 116,2**	**2,0**
Long-term financial liabilities	12 247,0	1,3	11 103,4	1,6
Deferred income tax provision	3 129,0	0,3	1 799,5	0,3
Provision for employee benefits	213,3	0,1	213,3	0,1
Short-term liabilities	**681 179,9**	**72,5**	**463 821,6**	**67,2**
Short-term loans and credits	10,5	0,1	0,1	0,1
Short-term financial liabilities	1 644,0	0,2	2 504,8	0,4
Trade liabilities	620 553,7	66,0	424 852,4	61,6
Current income tax liabilities	5 592,4	0,6	2 864,9	0,4
Short-term liabilities	33 313,2	3,6	17 104,7	2,4
Employee benefits liabilities	10 531,4	1,1	9 265,3	1,3
Short-term provisions and accruals	9 534,8	1,0	7 229,4	1,0
Total liabilities	**939 421,3**	**100,0**	**689 756,8**	**100,0**

2.1.2. Profit and loss account

	1.01.2008 - 31.12.2008 zł '000	**% of total sales**	**1.01.2007 - 31.12.2007 zł '000**	**% of total sales**
Net sales	**3 280 591,7**	**100,0**	**2 609 900,1**	**100,0**
Net sales of traded goods	3 187 015,2	97,2	2 549 993,1	97,7
Net sales of services	93 576,5	2,9	59 907,0	2,3
Prime costs of sales	**(2 886 198,0)**	**88,0**	**(2 283 827,0)**	**87,5**
Costs of goods sold	(2 886 198,0)	88,0	(2 283 827,0)	87,5
Gross profit on sales	**394 393,7**	**12,0**	**326 073,1**	**12,5**
Selling expenses	(211 668,0)	6,5	(175 930,1)	6,7
General and administrative expenses	(86 948,1)	2,7	(80 867,1)	3,1
Profit on sales	**95 777,7**	**2,9**	**69 275,9**	**2,7**
Other operating revenues	9 027,0	0,3	11 076,5	0,4
Other operating costs	(16 529,9)	0,5	(16 105,6)	0,6
Operating profit	**88 274,7**	**2,7**	**64 246,8**	**2,5**
Financial revenues	2 629,5	0,1	1 858,7	0,1
Financial costs	(15 704,0)	0,5	(9 358,2)	0,4
Profit before tax	**75 200,2**	**2,3**	**56 747,3**	**2,2**
Income tax	(15 630,2)	0,5	(12 742,0)	0,5
Net profit	**59 570,1**	**1,8**	**44 005,3**	**1,7**

Earnings per share

Basic earnings per share (PLN)	0,46	0,34
Diluted earnings per share (PLN)	0,44	0,33

2.2. Selected financial ratios

		2008	2007	2006
1.	**Return on sales**			
	profit for the period x 100% / revenue	1,8%	1,7%	1,8%
2.	**Return on equity**			
	profit for the period x 100% / equity - profit for the period	32,5%	26,1%	22,8%
3.	**Debtors' days**			
	average trade receivables (gross) x 365 days / revenue	18 days	15 days	12 days
4.	**Debt ratio**			
	liabilities x 100% / equity and liabilities	74,2%	69,1%	67,1%
5.	**Current ratio**			
	current assets / current liabilities	0,8	0,9	0,8

- Net revenues are comprised of the sale of finished products, merchandise and raw materials.
- Average trade receivables represent the average of trade receivables at the beginning and at the end of the period, excluding allowances for receivables.

2.3. Interpretation of selected financial ratios

Return on sales and return on equity
Return on sales ratio remained at a similar level compared to previous years.

Return on equity has increased compared to last year by 6,4 percentage points mainly due to the increase in net profit for 2008.

Debtors' days
Debtors' days ratio increased by 3 days mainly due to increase in receivables from related parties.

Debt ratio
Debt ratio increased by 5,1 percentage points. The increase in debt ratio is mainly a result of the increase in trade liabilities, which is in line with the increase in the scale of the Company's activities.

Current ratio
Current ratio remained at a similar level compared to the previous years and amounted to 0,8.

3. Detailed report

3.1. Proper operation of the accounting system

The Company maintains current documentation describing the applied accounting principles adopted by the Management Board to the extent required by Art. 10 of the Accounting Act.

During the audit of the financial statements, we tested, on a sample basis, the operation of the accounting system. Our assessment covered in particular:

- appropriateness and consistency of the accounting principles used,
- correctness of the documentation of transactions,
- fairness, accuracy and verifiability of the accounting records, including the matching of accounting entries with supporting documentation and the financial statements,
- compliance of the adopted policies relating to the safeguarding of the supporting documentation, the accounting records and the financial statements with the Accounting Act.

On the basis of the work performed, we have not identified material irregularities in the accounting system which have not been corrected and that could have a material impact on the financial statements. Our audit was not conducted for the purpose of expressing a comprehensive opinion on the operation of the accounting system.

3.2. Asset verification

The Company performed a physical verification of assets in accordance with the requirements and time frame specified in Art. No. 26 of the Accounting Act. The following categories of assets were included in the verification:

- cash,
- inventories,
- trade receivables.

Count differences have been recorded in the period covered by the unconsolidated financial statements.

3.3. Notes to the unconsolidated financial statements

All information included in the notes to the financial statements, comprising of a summary of significant accounting policies and other explanatory notes, is, in all material respects, presented accurately and completely. This information should be read in conjunction with the unconsolidated financial statements taken as a whole.

3.4. Report on the Company’s activities

The Report on the Company’s activities includes, in all material respects, information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259) and the information is consistent with the unconsolidated financial statements.

3.5. Information on the opinion of the independent auditor

Based on our audit of the unconsolidated financial statements as at and for the year ended 31 December 2008, we have issued an unqualified opinion.

Signed on the Polish original
....
Certified Auditor No. 90095/7973
Wojciech Drzymała

Signed on the Polish original
....
For KPMG Audyt Sp. z o.o.
ul. Chłodna 51; 00-867 Warsaw
Certified Auditor No. 90061/7541
Marek Gajdziński,
Member of the Management Board

27 April 2009, Poznań

EUROCASH S.A.

SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2008 TO 31 DECEMBER 2008

TRANSLATORS' EXPLANATORY NOTE
The following document is a free translation of the report of the above-mentioned Polish Company.
In the event of any discrepancy in interpreting the terminology, the Polish version is binding.

KOMORNIKI, 27th April 2009

CONTENTS

GENERAL INFORMATION

1. INFORMATION OF THE COMPANY

1.1. COMPANY NAME

EUROCASH Spółka Akcyjna

1.2. REGISTERED OFFICE

ul. Wiśniowa 11, 62-052 Komorniki

1.3. CORE BUSINESS

Other wholesale (PKD 4690Z)

1.4. REGISTRY COURT

District Court Poznań -Nowe Miasto i Wilda of Poznań, VIII Commercial Division of the National Court Register,
Entry no KRS 00000213765

1.5. DURATION OF THE COMPANY

Indefinite

1.6. PERIOD COVERED BY THE FINANCIAL STATEMENTS

The reporting period 1 January 2008 – 31 December 2008 and comparable periods: 1 January 2007 – 31 December 2007.

2. AUTHORITIES OF THE COMPANY

2.1. MANAGEMENT BOARD

As at 31 December 2008 the Company's Management Board consisted of the following members:

Luis Manuel Conceicao Do Amaral – President of the Management Board,
Rui Amaral – Management Board Member,
Arnaldo Guerreiro – Management Board Member,
Pedro Martinho – Management Board Member,
Katarzyna Kopaczewska – Management Board Member,
Ryszard Majer – Management Board Member.
Jacek Owczarek – Management Board Member.

2.2. SUPERVISORY BOARD

As at 31 December 2008 the Company's Supervisory Board consisted of the following members:

João Borges de Assunção – President of the Supervisory Board,
Eduardo Aguinaga de Moraes – Supervisory Board Member,
António José Santos Silva Casanova – Supervisory Board Member,
Ryszard Wojnowski – Supervisory Board Member,
Janusz Lisowski – Supervisory Board Member,

2.3. CHANGES IN THE COMPOSITION OF THE MANAGEMENT AND SUPERVISORY BOARD

Effective March 3, 2008 Roman Stefan Piątkiewicz resigned from the position of Member of the Company's Management Board.
Effective November 22nd , 2008 Jacek Owczarek was appointed to the position of Member of the Campany's Management Board

There were no changes in the membership of the Supervisory Board in the reporting period.

All amounts are expressed in Polish zloty (unless indicated otherwise)

SELECTED SEPARATE FINANCIAL DATA

	for the period 01.01.2008 to 31.12.2008 PLN	for the period 01.01.2007 to 31.12.2007 PLN	for the period 01.01.2008 to 31.12.2008 EUR	for the period 01.01.2007 to 31.12.2007 EUR
Net sales	3 280 591 689	2 609 900 071	932 887 360	689 920 450
Operating profit (loss)	88 274 699	64 246 802	25 102 286	16 983 479
Profit (loss) before tax	75 200 243	56 747 280	21 384 361	15 000 999
Net Profit (loss) on continued operations	59 570 056	44 005 260	16 939 674	11 632 679
Net profit (loss)	59 570 056	44 005 260	16 939 674	11 632 679
Net operating cash flow	179 639 316	169 859 714	51 083 238	44 901 984
Net investment cash flow	(159 221 666)	(28 844 871)	(45 277 161)	(7 625 068)
Net financial cash flow	(34 469 487)	(46 948 665)	(9 801 936)	(12 410 760)
Net change in cash and cash equivalents	(14 051 837)	94 066 178	(3 995 859)	24 866 155
Weighted average number of shares	130 969 660	130 928 889	130 969 660	130 928 889
Weighted average diluted number of shares	134 301 128	132 671 679	134 301 128	132 671 679
EPS (in PLN / EUR)	0,45	0,34	0,13	0,09
Diluted EPS (in PLN / EUR)	0,44	0,33	0,13	0,09
Average PLN / EUR rate*			3,5166	3,7829

	as at 31.12.2008 PLN	as at 31.12.2007 PLN	as at 31.12.2008 EUR	as at 31.12.2007 EUR
Assets	939 421 339	689 756 790	225 151 313	192 561 918
Long-term liabilities	15 589 257	13 116 239	3 736 281	3 661 708
Short-term liabilities	681 179 935	463 821 582	163 258 541	129 486 762
Equity	242 652 147	212 818 969	58 156 492	59 413 448
Share capital	130 777 550	127 742 000	31 343 483	35 662 200
Number of shares	130 777 550	127 742 000	130 777 550	127 742 000
Diluted number of shares	137 955 511	137 093 511	137 955 511	137 093 511
Book value per share (in PLN / EUR)	1,86	1,67	0,44	0,47
Diluted book value per share (in PLN / EUR)	1,76	1,55	0,42	0,43
Declared or paid dividend (in PLN / EUR)***	39 070 366	29 380 660	9 364 003	8 202 306
Declared or paid dividend per share (in PLN / EUR)	0,30	0,23	0,07	0,06
PLN / EUR rate at the end of the period**			4,1724	3,5820

* Profit and loss items have been converted as a matter of arithmetic computation using the official mid-rates announced by the National Bank of Poland prevailing on the last day of each month.

** Balance sheet items and book value per share have been converted using the official mid-rates announced by the National Bank of Poland prevailing on the balance sheet date.

All amounts are expressed in Polish zloty (unless indicated otherwise)

SEPARATE FINANCIAL STATEMENTS

SEPARATE PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2008

	Note	Year for the period from 01.01.2008 to 31.12.2008	Year for the period from 01.01.2007 to 31.12.2007
Continued operations			
Net sales		**3 280 591 689**	**2 609 900 071**
Net sales of traded goods	24	3 187 015 158	2 549 993 108
Net sales of services	24	93 576 531	59 906 963
Prime costs of sales		**(2 886 197 950)**	**(2 283 827 029)**
Costs of sold traded goods		(2 886 197 950)	(2 283 827 029)
Gross profit (loss) on sales		**394 393 738**	**326 073 042**
Costs of sales	25	(211 668 008)	(175 930 058)
Costs of general management	25	(86 948 065)	(80 867 053)
Profit (loss) on sales		**95 777 665**	**69 275 932**
Other operating revenues	26	9 026 982	11 076 516
Other operating costs	26	(16 529 947)	(16 105 645)
Operating profit (loss)		**88 274 699**	**64 246 802**
Financial revenues	27	2 629 506	1 858 695
Financial costs	27	(15 703 963)	(9 358 217)
Profit (loss) before tax		**75 200 243**	**56 747 280**
Income tax	21	(15 630 187)	(12 742 020)
Net profit (loss)		**59 570 056**	**44 005 260**

NET EARNINGS PER SHARE

		PLN / share	PLN / share
Net profit (loss) on continued operations		59 570 056	44 005 260
Net profit (loss) on continued and discontinued operations		59 570 056	44 005 260
Weighted average number of shares	28	130 969 660	130 928 889
Weighted average diluted number of shares	28	134 301 128	132 671 679
- basic	28	0,45	0,34
- diluted	28	0,44	0,33

All amounts are expressed in Polish zloty (unless indicated otherwise)

SEPARATE BALANCE SHEET AS AT 31 DECEMBER 2008

	Note	as at 31.12.2008	as at 31.12.2007
Assets			
Fixed assets (long-term)		**409 624 723**	**287 757 458**
Goodwill	3	9 975 600	9 975 600
Intangible fixed assets	3	92 943 944	94 852 227
Tangible fixed assets	4	137 329 234	107 607 441
Investments in subsidiary companies	7	158 840 647	73 413 012
Investments in associated companies - equity method	8	3 464 300	-
Long-term receivables	9	5 693 965	1 872 272
Long-term prepayments	23	1 377 033	36 905
Current assets (short-term)		**529 796 616**	**401 999 333**
Invetories	10	189 961 749	155 654 646
Trade receivables	11	211 547 071	119 047 164
Other short-term receivables	11	19 651 279	6 505 417
Cash and cash equivalents	12	105 105 055	119 156 892
Short-term prepayments	13	3 531 462	1 635 214
Total assets		**939 421 339**	**689 756 790**

All amounts are expressed in Polish zloty (unless indicated otherwise)

SEPARATE BALANCE SHEET AS AT 31 DECEMBER 2008

Liabilities	Note	as at 31.12.2008	as at 31.12.2007
Equity		**242 652 147**	**212 818 969**
Share capital	14	130 777 550	127 742 000
Supplementary capital	15	56 949 542	41 071 709
Hedge transactions valuation capital	15	(4 645 000)	-
Retained earnings		59 570 056	44 005 260
Net profit (loss) of the current year		59 570 056	44 005 260
Liabilities		**696 769 192**	**476 937 821**
Long-term liabilities		**15 589 257**	**13 116 239**
Long-term financial liabilities	20	12 246 956	11 103 404
Deferred income tax provision	22	3 128 990	1 799 523
Provision for employee benefits	17	213 311	213 311
Short-term liabilities		**681 179 935**	**463 821 582**
Short-term loans and credits	19	10 518	102
Short-term financial liabilities	20	1 644 017	2 504 787
Trade liabilities	18	620 553 659	424 852 416
Current income tax liabilities	18	5 592 364	2 864 922
Short-term liabilities	18	33 313 179	17 104 690
Provision for employee benefits	17	10 531 356	9 265 273
Other short-term provisions	17	9 534 842	7 229 393
Total liabilities		**939 421 339**	**689 756 790**

BOOK VALUE PER SHARE AS AT 31 DECEMBER 2008

	Note	- as at 31.12.2008	- as at 31.12.2007
Book value		**242 652 147**	**212 818 969**
Number of shares		130 777 550	127 742 000
Diluted number of shares		137 955 511	137 093 511
Book value per share	29	**1,86**	**1,67**
Diluted book value per share	29	**1,76**	**1,55**

OFF BALANCE SHEET ITEMS

Contingent Liabilities		**132 581 362**	**39 302 335**
Related companies		132 500 000	38 000 000
Other companies		81 362	1 302 335
- guaranties and sureties granted		81 362	1 302 335
Total	33	**132 581 362**	**39 302 335**

All amounts are expressed in Polish zloty (unless indicated otherwise)

SEPARATE CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2008

	Year for the period from 01.01.2008 to 31.12.2008	Year for the period from 01.01.2007 to 31.12.2007
Operating cash flow		
Net profit before tax	**75 200 243**	**56 747 280**
Adjustments:	**41 155 829**	**38 109 652**
Depreciation	32 328 591	29 922 254
(Profit) loss on sold tangible fixed assets	554 429	(255 974)
Costs of interest	8 381 154	8 443 372
Interest received	(108 345)	-
Operating cash before changes in working capital	**116 356 072**	**94 856 932**
Changes in inventory	(34 307 103)	1 299 965
Changes in receivables	(101 950 347)	(19 318 124)
Changes in liabilities	209 959 226	101 405 681
Changes in provisions and accruals	335 156	4 003 470
Valuation of motivational program for employees	5 714 431	4 854 950
Loss on sale of shares	300 000	-
Other adjustments	744 717	-
Operating cash	**197 152 150**	**187 102 874**
Interest paid	(5 977 565)	(4 507 999)
Income tax paid	(11 535 270)	(12 735 161)
Net operating cash	**179 639 316**	**169 859 714**
Investment cash flow		
Expenditures for purchased intangible fixed assets	(3 770 895)	(930 642)
Expenditures for purchased tangible fixed assets	(56 372 125)	(46 468 522)
Receipts from sold tangible fixed assets	4 635 818	12 604 289
Hedging instruments	(5 352 000)	-
Expenditures for purchased subsidiary companies	(96 049 275)	(9 999 996)
Expenditures for purchased associated companies	(3 464 300)	-
Receipts form sold subsidiary companies	2 800 000	-
Advance of the purchase of shares	(1 757 235)	-
Given Loans	(15 000 000)	-
Repayment received of given loans	15 000 000	15 950 000
Interest received	108 345	-
Net investment cash	**(159 221 666)**	**(28 844 871)**
Financing cash flow		
Receipts from issued shares	8 226 341	-
Receipts due to taking loans and credits	10 416	-
Repaid loans and credits	-	(14 355 679)
Repaid liabilities under financial lease	(2 623 584)	(2 378 378)
Interest	(1 012 293)	(833 948)
Dividends paid	(39 070 366)	(29 380 660)
Net financing cash	**(34 469 487)**	**(46 948 665)**
Net change in cash and cash equivalents	**(14 051 837)**	**94 066 178**
Cash and cash equivalents at the beginning of the period	119 156 892	25 090 714
Cash and cash equivalents at the end of the period	**105 105 055**	**119 156 892**

All amounts are expressed in Polish zloty (unless indicated otherwise)

SAPARATE STATEMENT ON CHANGES IN EQUITY IN THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2008

	Share capital	Supplementary capital	Hedge transactions valuation capital	Retained earnings	**Total**
Changes in equity in the period from 1 January to 31 December 2007					
Balance as at 1 January 2007	**127 742 000**	**29 059 203**	**-**	**36 538 217**	**193 339 419**
Net profit for the period from 1 January to 31	-	-	-	44 005 260	**44 005 260**
Total profit and loss recorded in the period from 1 January to 31 December 2007	**-**	**-**	**-**	**44 005 260**	**44 005 260**
Dividends declared	-	-	-	(29 380 660)	**(29 380 660)**
Transfer to supplementary capital	-	7 157 557	**-**	(7 157 557)	**-**
Valuation of motivational program for employees	-	4 854 950	-	-	**4 854 950**
Balance as at 31 December 2007	**127 742 000**	**41 071 709**	**-**	**44 005 260**	**212 818 969**
Changes in equity in the period from 1 January to 31 December 2008					
Balance as at 01 January 2008	**127 742 000**	**41 071 709**	**-**	**44 005 260**	**212 818 969**
Net profit presented directly in equity	**-**	**-**	(4 645 000)	**-**	**(4 645 000)**
Net profit for the period from 1 January to 31	-	-	-	59 570 056	**59 570 056**
Total profit and loss recorded in the period from 1 January to 31 December 2008	**-**	**-**	**(4 645 000)**	**59 570 056**	**54 925 056**
Dividends paid	-	-	-	(39 070 366)	**(39 070 366)**
Transfer to supplementary capital	-	4 934 894	**-**	(4 934 894)	**-**
Valuation of motivational program for employees	-	5 714 431	-	-	**5 714 431**
Share issue - motivational program	3 035 550	5 190 790	**-**	-	**8 226 340**
Other corrections	-	37 717	**-**	-	**37 717**
Balance as at 31 December 2008	**130 777 550**	**56 949 541**	**(4 645 000)**	**59 570 056**	**242 652 147**

ADDITIONAL INFORMATION TO THE SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD FROM 01.01.2008 TO 31.12.2008

1. GENERAL INFORMATION

1.1. FINANCIAL STATEMENTS PUBLICATION

Separate financial statements of the Eurocash were approved for publication by resolution of the Management Board of 27th April 2009.
In accordance with the report no 3/2008 of the Polish Securities and Exchange Commission, the separate financial statements of Eurocash S.A. will be published on 27th April 2009.
Eurocash S.A. is a joint-stock company whose shares are publicly traded.

1.2. STATEMENT OF COMPLIANCE

These separate financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union later referred to as “IFRS EU”.

The Company has not benefited from the possibility of applying the new Standards and Interpretations, which have already been approved and published in the European Union, and which will enter into force after the balance sheet date. In addition to the balance sheet date the Company has not yet completed the process of estimating the impact of new standards and interpretations, which will enter into force after the balance sheet date, on the financial statements for the period during which they will be used for the first time.

All amounts are expressed in Polish zloty (unless indicated otherwise)

1.3. THE IMPACT OF NEW STANDARDS AND INTERPRETATIONS ON THE COMPANY'S FINANCIAL STATEMENTS

Standards and Interpretations approved by the EU	Type of expected change in the accounting principles	Potential impact on financial statements	Effective date for periods commencing on the day or after
Improvements of IFRS 2008	Improvements of IFRS 2008 consist of 35 modifications in two parts. First part includes 24 modifications in 15 standards which modify presentation and valuation principles. Second part includes 11 modifications in definitions and editorial	The Comany is still assessing the impact of the revised standards on the operations.	1 January 2009 or 1 July 2009 (IFRS 5)
Revised IFRS 2 *Share-based Payments*	The revised standard clarifies the definition of vesting conditions and introduces definition of other non-vesting conditions. Non-vesting conditions should be accounted at fair value as of grant date. No fulfilment of the conditions will result in the accounting treatment as for cancellations of granted conditions.	The Company is currently assessing the impact of the revised standard on the operations.	1 January 2009
IFRS 8 Operating segments	This standard sets out a management approach for disclosure about the entity's operating segments on the basis of the components that are regularly reviewed by the management in day to day operating decisions. Operating segments are the entity's parts for which separate information is available and that are regularly reviewed by the key decision makers in order to allocate resources to the segment and to assess its performance.	The Company is assessing that the standard will not have impact on its income statement and equity statement. The Company assesses that the standard will have material impact on information presented in notes to consolidated financial statements.	1 January 2009
Revised IAS 1 *Presentation of Financial Statements*	The revised IAS 1 requires that information in the financial statements should be aggregated on the basis of shared characteristics and to introduce a statement of comprehensive income. All items of income and expense as well as the components of comprehensive income may be presented either in a single statement of comprehensive income or in two statements (a separate income statement and statement of comprehensive income).	The Company is currently assessing whether to present a single statement of comprehensive income or two separate statements.	1 January 2009

All amounts are expressed in Polish zloty (unless indicated otherwise)

Standards and Interpretations approved by the EU	Type of expected change in the accounting principles	Possible impact on financial statements	Effective date for periods commencing on the day or after
Revised IAS 23 *Bo rrowing Costs*	The revised IAS 23 requires the capitalisation of borrowing costs relating to assets that take a substantial period of time to get ready for use or sale.	The Company is currently assessing the impact of the revised standard on the operations.	1 January 2009
Revised IAS 27 *Consolidated and Separate Financial Statements*	The revised IAS 27 eliminates definition of purchase prise method in exchange introducing requirement to disclose all dividends from subsidiaries, affiliates and jointly controlled entities as an income in stand alone financial statements when right to dividend is established. Additionally, standard requires disclosure when dividend received can be triggering event for impairment.	The Company is currently assessing the impact of the revised standard on the Company's operations.	1 July 2009
Revised IAS 32 *Financial Instruments - Presentation* and IAS 1 *Presentation of Financial Statements*	Under the the revised IAS 32, the criteria for classification of financial instruments with put option have been amended to allow part of them to be presented as equity. As a result of the amendments, some financial instruments that currently meet the definition of a financial liability will be classified as equity if they meet the criteria.	The amendments to both IAS 32 and IAS 1 are not applicable to the operations as the Company has not issued any le financial instruments with put option.	1 January 2009
IFRIC 13 *Customer Loyalty Programmes*	The interpretation addresses accounting by entities that grant loyalty award credits to customers who buy their goods or services should present liabilities to free products, products with discounted prices or services given in their financial statements. Such entities shall allocate some of the proceeds of the initial sale to the award credits as a liability. In effect, this part of sale is recognised only when the entities fulfill their obligations as stated above.	The Company does not expect the interpretation to have any impact on the financial statements.	1 July 2008
IFRIC 14 IAS 19 - The limit of the valuation of assets of the defined benefit, minimum funding requirements and their mutual dependence	This interpretation addresses the following issues: • the repayment or reduction in future contributions can be considered to be accessible in accordance with paragraph 58 of IAS 19; • how the minimum funding requirements may affect the availability of reductions in future contributions, and • the minimum funding requirements may lead to commitment	The Company is still assessing the impact of the revised standards on the operations.	1 January 2008 In accordance with Commission Regulation No 1263/2008, all entities shall apply IFRIC 14 as from the beginning no later than its first year beginning after 31.12.2008

All amounts are expressed in Polish zloty (unless indicated otherwise)

			December 2008
Standards and Interpretations approved by the EU	**Type of expected change in the accounting principles**	**Possible impact on financial statements**	**Effective date for periods commencing on the day or after**
Amendments to IAS 39 reclassification of financial instruments: Effective date and transitional provisions	The amendments clarifies the date when it is possible to make the reclassification of the categories of financial instruments measured at fair value through profit or loss and available-for-sale category in exceptional circumstances, which provide for amendments to IAS 39 published 27 November 2008 The changes referred to above shall apply with effect from 1 July 2008 and no changes can not be made retrospectively. The reclassification took place on 1 November 2008 and later should be applied from the date of conversion and can not be made retrospectively.	The amendment does not apply to the Company's operations because the Company failed to make a conversion of financial instruments.	1 July 2008
IFRIC 12 Concession Agreement	The interpretation provides guidance for operators of the private sector in relation to the recognition and measurement issues that arise in the settlement of transactions relating to the concessions granted for the provision of services to private operators by the public sector.	The Company is currently assessing the impact of the revised standard on the Company's operations.	1 January 2008 In accordance with Commission Regulation No 254/2009, all entities shall apply IFRIC 12 as from the beginning no later than its first year beginning after the date of entry into force i.e. 29 March 2009.
The revised IFRS 1 Application of International Financial Reporting Standards for the first time	Revised standard changes its structure (without changing the technical content) in such a way that all the exceptions, which were previously in the text of the standard have been moved to the respective annexes.	The Company does not expect that the change will have any impact on the financial statements.	1 July 2009

Standards and Interpretations not yet endorsed by the EU	Type of expected change in the accounting principles	Possible impact on financial statements	Effective date for periods commencing on the day or after
Revised IFRS 3 *Business Combinations*	The scope of the IFRS 3 has been extended as well as business definition. The revised standard covers potentially material changes, including: • All considerations including contingent ones given by purchaser are recognized and valued at fair value at acquisition date • Post transaction changes in value of contingent considerations should be accounted for in income statements • Transaction costs other than costs connected with equity issue or debt raising, should be accounted for in income statement • Purchaser may value of minority interest at fair value at acquisition date (full goodwill) or its proportional share in fair value available to assess assets and liabilities for every transaction.	The Company is currently assessing the impact of the revised standard on the Company's operations.	1 July 2009
Amendments to IFRS 7 disclosures regarding improvements in financial instruments	The amendments require disclosures relating to the determination of fair value by using the three steps scale, which reflects the importance of input data used in determining fair value (Level 1 - fair value determined on the basis of market quotations, Level 2 - Other possible input observable in the market, Level 3 - no data input based on information that can be observed on the market). The amendments also make additional suggestions concerning the form of disclosures relating to the determination of fair value and require specific disclosures about valuation in terms of level 3 and disclosures of any changes in classification between the levels. In addition, amended the definition of liquidity risk. The amendments require disclosure of the analysis of financial liabilities that are derivative (it is not required to disclose the contractual maturity analysis). In addition, the change needs to be clarified how it was determined the value shown in these disclosures, and how the entity manages liquidity risk.	The Company is currently assessing the impact of the revised standard on the operations.	1 January 2009

Standards and Interpretations not yet endorsed by the EU	Type of expected change in the accounting principles	Possible impact on financial statements	Effective date for periods commencing on the day or after
IAS 27 – Cost of an investments in subsidiaries, jontly controlled entities and associates.	The amendments remove minority interest definition into non-controlling interest, which is defined as equity held in affiliate which cannot be directly or indirectly assigned to dominant company. The standard also defines presentation of non-controlling interest, lost of control in affiliate and allocation of profits and losses and other comprehensive income to controlling or non-controlling interest.	The Company is still assessing the impact of the revised standards on the operations.	1 July 2009
Amendments to IAS 39 Financial Instruments: Recognition and Measurement	The amendments clarify the application of existing rules for determining whether a specific risk or part of the cash flows can be classified as protected. While the classification of hedging relationship it should be possible to separate and reliable measurement of risk or part of the cash flows, inflation only in exceptional circumstances may be appointed as the item to be secured.	The Company is currently assessing the impact of the revised standard on the operations.	1 July 2009
The amendments to IFRIC 9 and IAS 39 Embedded derivatives	The amendments require that an entity has assessed whether the embedded derivatives should be separated from the host contract when the entity makes retraining hybrid (combined) of the categories of financial assets are measured at fair value through profit or loss statement. This assessment should be made based on conditions in force at the later of two dates: - when the unit becomes for the first time party to the contract, and - when the conditions of the contract amendments were made which significantly modify the cash flows that would be required in accordance with the contract.	The Company does not expect that the change will have any impact on the financial statements.	30 June 2009

All amounts are expressed in Polish zloty (unless indicated otherwise)

Standards and Interpretations not yet endorsed by the EU	Type of expected change in the accounting principles	Possible impact on financial statements	Effective date for periods commencing on the day or after
IFRIC 15 Agreements for the Construction of Real Estate	The Interpretation provides that income from sale of real estate is recognized in income statements in parallel to advance of construction work in following circumstances: - Agreement fulfils provisions of construction contract in accordance with IAS 11.3 - Agreement considers only rendering of services in accordance with IAS 18 (the entity is not obligated to deliver construction materials) • *Agreement considers sale of goods when disclosure criteria for revenue are in accordance with IAS 18.14 are fulfilled in continues manner to advancement of construction work* In all other cases, revenue is recognized when all criteria for recognition in accordance with IAS 18.14 are met (e.g. after completion of construction work)	IFRIC 15 is not applicable to the Company operations as the Company is not a party in any agreement for the construction of real estate.	1 January 2009
IFRIC 16 Hedges of a Net Investment In a Foreign Operation	IFRIC 16 applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations. The Interpretation clarifies that this type of hedge accounting can be applied only when the net assets of the foreign operation are included inthe financial statements.	IFRIC 16 is not applicable to the Company operations as the Company does not practice hedge accounting to the foreign currency risk arising from its net investment in a foreign operation.	1 October 2008

Standards and Interpretations not yet endorsed by the EU	Type of expected change in the accounting principles	Possible impact on financial statements	Effective date for periods commencing on the day or after
IFRIC 17 The issue of assets in kind to shareholders	The interpretation of the issue to shareholders in the form of a dividend in kind. In accordance with the interpretation of the obligation for the payment of dividends should be recognized when the dividend was properly enacted and it is not already the responsibility of the company. The obligations referred to above are measured at fair value of assets that are to be issued. The carrying amount of the liability for the dividend should be valued at each balance sheet date. Changes in the carrying amount should be recognized as an adjustment in the capital value of the dividend. At the time of payment of dividends, was possibly the difference between the carrying amount issued and the carrying amount of assets liabilities should be included in the profit and loss account.	Since the interpretation prospectively, there will be no impact on the financial statements for periods prior to its first use. Moreover, as concerns the interpretation of future dividends to be decided on the general assembly, it is not possible to determine in advance its impact on the financial statements	1 July 2009
IFRIC 18 The assets received from customers	The interpretation of the contracts under which the recipient receives from its tangible assets, which are then used either to connect the customer to the network or to allow it to continue to have access to goods or services or both of these goals. The interpretation also applies to contracts under which the entity receives from the recipient of the funds and the funds are intended to produce or purchase of property, plant and equipment. An entity receiving funds recognizes a component of fixed assets, if it meets the definition of assets. Overleaf to recognize revenue. The moment of recognition of revenue is dependent on the specific facts and circumstances of the contract.	IFRIC 18 does not apply to the Company's financial statements because the Company does not receive assets from its customers.	1 July 2009

1.4. INFORMATION ABOUT THE GROUNDS FOR PREPARING THE FINANCIAL STATEMENTS, REPORTING CURRENCY AND APPLIED LEVEL OF ROUNDING

These separate financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union later referred to as "IFRS EU".

The reporting currency of these abbreviated separate financial statements is Polish zloty and any amounts are rounder-off to full Polish zloty (unless provided otherwise).

1.5. JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires from the Management Board judgments, estimates and assumptions that affect the principles adopted and presented the value of the assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and other factors which are considered to be reasonable under the circumstances, and the results provide the basis for judgments about the carrying values of assets and liabilities, which does not result directly from other sources. The actual value may differ from those estimated.

The estimates and associated assumptions are subject to ongoing review. Change in accounting estimates is recognized in the period in which the change in the estimate occurred in the current or future periods, if the change in the estimate covers both the current and future periods.

1.6. COMPARABILITY OF FINANCIAL STATEMENTS

The accounting principles as well as calculation methods applied in the preparation of the financial statements remained unchanged in comparison to the ones applied in the last annual consolidated financial statements.

1.7. INFORMATION ABOUT THE PARENT ENTITY AND THE CAPITAL GROUP

The Eurocash capital group consists of Eurocash S.A. and its subsidiary companies: KDWT S.A., Eurocash Franszyza Sp. z o.o., McLane Polska Sp. z o.o., Nasze Sklepy Sp. z o.o. and associate company PayUp Polska S.A.

The parent entity is Eurocash Spółka Akcyjna, registered in the District Court Poznań -Nowe Miasto i Wilda of Poznań, VIII Commercial Division of the National Court Register, entry no KRS 00000213765, with its registered seat in Komorniki, ul. Wiśniowa 11.

The core business of the Company is the other wholesale (PKD 4690Z).

Eurocash S.A. shares are listed on the Warsaw Stock Exchange.

The subsidiary entities are:

- KDWT Spółka Akcyjna, registered in the District Court Poznań -Nowe Miasto i Wilda of Poznań, VIII Commercial Division of the National Court Register, entry no KRS 0000040385, located in Komorniki, Wiśniowa 11,
- Eurocash Franszyza Sp. z o.o., registered in the District Court Poznań -Nowe Miasto i Wilda of Poznań, VIII Commercial Division of the National Court Register, entry no KRS 0000259846, located in Komorniki, Wiśniowa 11,
- McLane Polska Sp. z o.o., registered in the District Court Warszawa XIV Commercial Division of the National Court Register, entry no KRS 0000013892, located in Błonie, Pass 20C,

- Nasze Sklepy Sp. z o.o., registered in the District Court Lublin XI Commercial Division of the National Court Register, entry no KRS 0000000139, located in Biała Podlaska, ul. Kąpielowa 18.

The associate company is:

- PayUp Polska S.A registered in the District Court Poznań -Nowe Miasto i Wilda of Poznań, VIII Commercial Division of the National Court Register, entry no KRS 0000299000, located in Poznań, Al. Solidarności 46.

The data presented in these consolidated financial statements embraces the results of the entities listed above.

1.8. GOING CONCERN BASIS

The financial statements have been prepared on a going concern. There are no circumstances indicating any threat to the going concern of the Company.

2. APPLIED PRINCIPLES OF ACCOUNTING

2.1. PRINCIPLES OF ACCOUNTING

The financial statements are prepared under the historic cost convention, except for:

- financial instruments valued at fair value
- financial instruments measured at fair value through profit and loss
- available-for-sale financial instruments at fair value.

The key principles of accounting applied by the Company are presented under items 2.2 – 2.27.

2.2. FINANCIAL YEAR AND REPORTING PERIOD

The financial year of the Company is a calendar year.

2.3. FORMAT AND CONTENT OF THE FINANCIAL STATEMENTS

The financial statements are prepared as at the day of books of accounts closure or as at any other balance sheet day.

The separate financial statements comprise in particular:

- General information
- Separate profit and loss account
- Separate balance sheet
- Separate cash flow statement
- Separate statement on changes in equity
- Additional information
- Explanatory notes

2.4. INTANGIBLE FIXED ASSETS

Definition

Intangible fixed assets cover property rights acquired by the Company, designated for use for the needs of the Company, suitable for economic utilisation, whose expected useful economic life is longer than one year.

Intangible fixed assets of the Company comprise:

- Goodwill,
- Licences for computer software,
- Copyrights,
- Rights to trade marks, utility and ornamental designs,
- Know-how,
- Other intangible fixed assets.

Initial value of intangible fixed assets

The initial value of intangible fixed assets is an acquisition price covering the amount due to the seller and other costs paid in direct connection with acquisition of intangible fixed assets.

Amortisation

Most intangible assets other than goodwill and intangible assets with indefinite useful life are amortised. Time during which intangible fixed assets will generate measurable economic benefits is taken into account while determining the useful life. If it is difficult to define an economically justified useful life or when there is no certainty as to expected measurable benefits, an intangible fixed assets are charged directly to costs.

The Company applies the following annual rates of amortisation for particular groups of intangible fixed assets:

- licences – computer software 33,3%
- copyrights 20%
- trade marks 5% - 10%
- know-how 10%
- other intangible fixed assets 20%

Since the useful life of the "Eurocash" and "ABC" trade marks is difficult to define / undefined, they are not amortised. The "Eurocash" and "ABC" trade marks are subject to an annual impairment test.

Verification of amortisation rates, impairment loss

Not later than at the end of a financial year amortisation rates applied to intangible fixed assets are verified. If it is found out that the applied amortisation rates need adjustment – such adjustment is made in the next year and following financial years. Intangible fixed assets of indefinite useful life are subject to annual verification in the case of any circumstances indicating their impairment.

Not later than at the end of a financial year, intangible fixed assets are also verified as to their impairment and the need to make an impairment loss. An impairment loss is charged to other operating costs not later than on the balance sheet day, i.e. in the year of impairment occurrence.

According to IAS 36 regarding intangible assets that have an indefinite useful life are subject to annual test for impairment by comparing its carrying amount with its recoverable amount no matter if there are any indicators that an impairment loss occurred.

Valuation of intangible fixed assets as at the balance sheet day

As at the balance sheet day intangible fixed assets should be valued at an acquisition price less amortisation charges and impairment losses.

2.5. TANGIBLE FIXED ASSETS

Definition

Tangible fixed assets cover tangible assets controlled by the Company, suitable for economic utilisation (are complete, useful and allocated for the needs of the Group), whose expected economic life is longer than one year.

Tangible fixed assets of the Company comprise:

- Buildings and structures,
- Right of perpetual usufruct of land,
- Technical machinery and equipment,
- Means of transport,
- Other fixed assets (furniture etc.),
- Constructions in progress,
- Advances for constructions in progress.

Initial value of tangible fixed assets

The initial value of fixed assets is an acquisition price i.e. the price of purchase of an asset, covering the amount due to the seller (excluding deductible VAT and excise tax).
In case of import, an acquisition price includes also public and legal charges.

An acquisition price covers also costs directly connected with purchase and adaptation of an asset to a condition enabling its use or marketing, including costs of transport, loading, unloading, warehousing or marketing, less rebates, discounts and other similar reductions and recoveries.
If it is not possible to determine the acquisition price of an asset, in particular accepted free of charge, also as a gift, such asset is valued at the sales price of the same or similar object, i.e. at fair value.

Manufacturing cost of constructions in progress covers total costs incurred in the period of construction, assembly, adaptation and improvement, until the balance sheet day or acceptance for use, including but not limited to:

- non-deductible VAT and excise tax,
- cost of serving liabilities incurred to finance the said constructions and exchange gains/losses connected with such liabilities, less revenues from the same.

Depreciation

All fixed assets, excluding land and constructions in progress, are depreciated for an estimated economic useful life of the asset, with the straight-line method, while applying the following annual depreciation rates:

▪ buildings and structures	2,5% - 4,5%
▪ investments in third party fixed assets	10%
▪ technical machinery and equipment	10% - 60%
▪ means of transport	14% - 20%
▪ other fixed assets	20%

Fixed assets are depreciated using the straight-line method, from a month following their acceptance for use. The depreciation is accrued monthly.

Profits or losses on sale, liquidation or discontinuance of use of fixed assets are established as the difference between revenues from sale and net value of the said fixed assets and are recorded in the profit and loss account.

Verification of depreciation rates, impairment loss

Not later than at the end of a financial year depreciation rates and depreciation methods applied to fixed assets are verified. If it is found out that the applied depreciation rates and methods need adjustment – such adjustment is made in the next year and following financial years.

Not later than at the end of a financial year, tangible fixed assets (fixed assets, constructions in progress) are also verified as to their impairment and possible need to make an impairment loss.

Recognition that it is highly probable that an asset will not generate the whole or significant part of expected economic benefits in future is an element indicating the need to make impairment loss. Impairment takes place e.g. in the case of liquidation or withdrawal from use of a particular fixed asset.

Impairment loss should be charged not later than on the balance sheet day (i.e. in the year in which the impairment occurred), to other operating costs.

When the reason of the revaluation write-offs terminates, including permanent impairment of value, the equivalent of the entire or a relevant part of the revaluation write-off previously made increases the value of the given asset and is included in either other operating or financial income.

Valuation of fixed assets as at the balance sheet day

Tangible assets are reported at acquisition or manufacturing cost less accumulated depreciation based on the estimated useful life of the asset and any impairment losses.

Construction in progress, developed for the use in operating activity, as well as for so far unspecified purposes, are presented in the balance sheet at manufacturing cost less impairment losses. Manufacturing cost is increased by fees and – for specified assets – by costs of external funding, capitalised in accordance with the principles of accounting.

Stocktaking of fixed assets

Stocktaking of fixed assets is conducted every four years.

2.6. COSTS OF EXTERNAL FINANCING

Costs of external financing, directly connected with acquisition or manufacture of adapted assets, are added to manufacturing costs of such assets, until the said fixed assets are handed over for use. The said costs are reduced by revenues gained from temporary investment of funds obtained for manufacture of a given asset.

Costs of external financing cover interest and other costs incurred by the enterprise due to borrowing funds.

Any other costs of external financing are directly charged to the profit and loss account in the period of being incurred.

2.7. LEASE

Financial lease takes place when a lease agreement, as to the principle, transfers the total risk and benefits derived from holding a leased object to the leaseholder. Any other types of lease are deemed operational lease.

Assets used under a financial lease agreement are treated equally to the assets of the Company and are valued at the moment of commencing the lease agreement at the lower of fair value of an asset being a leased object or the current value of minimum lease fees. Lease fees are divided into interest and principal, so that the interest on outstanding liability is a fixed value.
Liabilities under lease agreements are recorded under balance sheet liabilities in the item “financial liabilities”, and divided into short-term and long-term ones.

Fixed assets under a financial lease agreement are depreciated in the shorter of the contractual period of the lease agreement or the economic useful life. However, when an agreement provides the Company with a right to extend the lease agreement for a definite period (and it is highly probable that the company will exercise the said right), the depreciation period should also account for the said additional period of lease.

Lease fees under operational lease are charged to the profit and loss account on a straight-line basis for the lease period.

2.8. INVESTMENT REAL PROPERTY

Investment real property is real property which is deemed as a source of revenues from rents and/or which is held due to expected growth in their value.
Investment real property is valued as at the balance sheet day at fair value.
Gains and losses due to any change in fair value of investment real property are recorded in the profit and loss account in the period in which they are generated.

2.9. LONG-TERM RECEIVABLES

Definition

Long-term receivables include receivable falling due more than 1 year of the balance sheet day (excluding trade receivables).
This part of long-term receivables which falls due within a year of the balance sheet day should be recorded under short-term receivables.
Long-term receivables cover mainly prepaid security deposits referring to long-term (multiannual) rental agreements and long term bank guarantees, and advances for purchase of fixed assets.

Valuation of long-term receivables

As at the balance sheet day long-term receivables are valued at amount adjusted purchase price estimated according to efficiency interest rate less possible allowance for bad debts.

2.10. LONG-TERM PREPAYMENTS

Long-term prepayments cover expenditures incurred until the balance sheet day, being costs of future reporting periods falling due more than 12 months of the balance sheet day.

An analysis of long-term prepayments is made as at each balance sheet day. The part of prepayments to be realised within 12 months of the balance sheet day should be recorded in short-term prepayments.

The analysis mentioned above is performed by the Group with respect to the objective premises and general knowledge about particular prepayments.

2.11. FIXED ASSETS AND GROUPS OF NET ASSETS CLASSIFIED AS HELD FOR SALE

Fixed assets classified as intended for disposal and groups of net fixed assets intended for disposal are valued by the lower of the two values: balance-sheet or fair value less costs of sale.

The Company classifies tangible assets element (or a group intended for sale) as intended for sale if its balance-sheet value will be recovered first of all in the course of a sale transaction and not through its further usage.
Such situation occurs if the following conditions are fulfilled:

- assets component (or a group intended for sale) is available for an immediate sale at its current state, considering only ordinary and commonly accepted conditions of selling assets (or a group intended for sale) of such type and its sale is highly likely;
- representatives of a relevant level of management are determined to complete the sales plan of the assets element (or a group intended for sale);
- an active program of soliciting a purchaser and completion of the program has been commenced;
- assets element (or a group intended for sale) must be actively offered for sale at a price which is rational in reference to its current fair value;
- the sale will be recognised as completed within one year from the day of classification, and the activities necessary for the completion of the program indicate that it is highly unlikely that any significant changes in the program will be made or that the program will be withdrawn from.

2.12. INVENTORIES

Definition

Inventories of the Company include:

- Acquired traded goods held for sale in the ordinary course of business,
- Materials acquired for use for own needs.

Principles of establishing acquisition price

Acquisition price is established in accordance with the First In - First Out (FIFO) method. The Company applies the same method of establishing acquisition price to all stock items.

An acquisition price is all costs of purchase and other costs paid in the course of bringing stocks to their current place and condition.
Costs of stocks purchase comprise the purchase price, import duties and other taxes (excluding the ones which the enterprise may recover from revenue office later on) and costs of transport, loading and unloading, as well as other costs which can be directly allocated to traded goods.
Costs of purchase are reduced by discounts, trade rebates and other similar items.

Valuation of inventories as at the balance sheet day

At the balance sheet day elements of inventories are valued according to purchase price or production costs and not higher than net value possible to gain. A purchase price or a cost of manufacture of other inventories is settled according to method First In - First Out (FIFO). Net value possible to gain is a difference between an estimated sale price in ordinary economic activity and an estimated finishing costs and necessary to complete a sale.

The Company identifies the following circumstances indicating the need to make a revaluation write-off on inventories:

- loss of useful value of inventories (destruction, expiry, etc.)
- excess of the level of inventories resulting from the demand and selling capacity of the Company,
- low movements of inventories,
- loss of the market value of inventories due to decrease in their sales prices below the inventory valuation level – net value possible to be obtained.

If the value of acquisition prices is higher than net realisable value as at the balance sheet day, acquisition prices are reduced to net realisable value by making a revaluation write-off.

Revaluation write-offs on inventories reduce other operating costs.

2.13. FINANCIAL INSTRUMENTS OTHER THAN DERIVATIVES

Initially, the Company recognises financial instruments at fair value. In case of financial instruments not classified as the financial assets valued at fair value by financial outcome (d), the costs of transaction possible to be directly assigned are included in the initial value.

Due to the rights as well as financial risk involved expiration (or its transfer to the third party) the Company is allowed to eliminate the financial instruments from balance sheet.

The fair value of financial assets classified as trading assets is calculated on the basis of the published price quotations in the active market from the day before the balance sheet day.
If the market for a financial instrument is not active, an entity establishes fair value by using a valuation technique. Valuation techniques embrace a reference to the current fair value of another instrument that is quoted in an active market and substantially the same, discounted cash flow analysis or option pricing models applicable to any entity’s specific circumstances.

Conceptually at each balance sheet date, the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired and if so it should determine the amount of impairment loss and provide for the same.

The Company classifies financial instruments in the following categories:

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

Subsequent measurement of financial assets depends upon their classification at initial recognition into any of the above categories that is mainly based on the purpose of purchase.

(a) Held-to-maturity investments

This category is for fixed maturity financial assets which are not derivative instruments, with payments that are defined or possible to define and with specified maturity, in relation to which the Company has strong intention and is able to maintain the ownership until their maturity, excluding the financial assets classified as financial assets held for trading, available-for-sale financial assets and loans and receivables.
Financial assets to be sold off in the 12 month period of the balance sheet date are recognized as current assets.

Held-to-maturity investments are measured at amortized cost using the effective interest method.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or possible to define payments that are not quoted in an active market. They arise when the Company provides money directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.
Trade receivables and other receivables are measured at amortized cost using the effective interest method, less allowance for bad debts. Valuation of the mentioned assets components takes under consideration time as well as payment probability.

(c) Available-for-sale financial assets

This category includes financial assets that are not derivative instruments, which were classified as available for sale or which are not (a) loans and receivables, (b) held-to-maturity investments or (d) financial assets valued at fair value through profit and loss.
Assets in this category are classified as current if they are intended to be disposed within 12 months of the balance sheet date

Available-for-sale assets are measured at fair value excluding the investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

Gains and losses arising from changes in the fair value of financial assets classified as available-for-sale are recognized in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If the fair value of available-for-sale financial assets increased due to subsequent events in a few periods after the impairment loss had been recognised, the cumulative impairment loss is reversed i.e. removed from equity and recognised in the income statement.

(d) Financial assets valued at fair value through profit and loss (held for trading)

This category has two subcategories: financial assets held for trading and those designated at fair value through profit or loss at inception.

Assets in this category are classified as current if they are either held for trading or are expected to be realized within 12 months of the balance sheet date.

Initially, financial liabilities are recognised at amortised cost using the effective interest rate, excluding:
(a) financial liabilities valued at fair value through profit and loss,
(b) financial liabilities brought down (a result of the financial assets transfer) not qualified as to be excluded from balance sheet,
(c) financial guarantee agreements,
(d) liabilities to grant a loan at under market rate.

2.14. TRADE RECEIVABLES AND OTHER SHORT-TERM RECEIVABLES

Trade receivables

Trade receivables cover receivables created under realised deliveries or services, falling due within 12 months or over 12 months.
Trade receivables do not include receivable due to advances granted to suppliers, which are classified as stocks, and advances for intangible fixed assets and constructions in progress, which increase fixed assets.

Other short-term receivables

Other short-term receivables cover receivables falling due within 1 year of the balance sheet day, excluding trade receivables.
Other short-term receivables do not include advances for intangible fixed assets and constructions in progress which increase fixed assets.

Valuation of trade receivables and other short-term receivables as at the balance sheet day

Trade receivables are recognised initially at amount payable and subsequently measured at amortised cost using the effective interest method, less provision for impairment.
When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

The interest due for delays in payments by the Companie's clients is disclosed at the moment of receipt of money by the Company.

Valuation as at the balance sheet day of receivables denominated in foreign currencies

According to IAS 21 receivables denominated in foreign currencies are valued at least as at the balance sheet day at the immediately exchange rate.
Exchange gains or losses on receivables denominated in foreign currencies, created as at the day of their valuation, are recognised as financial revenues or costs respectively.

Allowance for bad debts

Allowance for bad debts are created for:

- receivables from debtors announced bankrupt or being liquidated – up to the value of receivables not covered by a guarantee or other security,
- receivables from debtors in the case of rejecting a petition for bankruptcy, when assets of the debtor are not sufficient to cover costs of bankruptcy proceedings – up to the full value,
- receivables questioned by debtors – up to the value not covered by a security,

- overdue receivables or not yet overdue but highly probable to become overdue – at the amount fairly estimated by the Company (based on prior experiences, fair analyses, projections etc.),
- receivables submitted to court – 100% of the account receivable value,

Allowance for bad debts takes account not only of events that have occurred until the balance sheet day but also the ones disclosed later on, until the financial statements are approved by the Management Board for publication, if such events refer to an account receivable recorded in books of accounts as at the balance sheet day.
Allowance for bad debts is charged to other operating costs and if it refers to interest – to financial costs.

2.15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in the Company's safe, bank deposits on demand and cash at bank with a limited control.
Cash and cash equivalents balance shown in cash flow consists of the above elements.

2.16. SHORT-TERM PREPAYMENTS

Short-term prepayments cover expenditures paid till the balance sheet day, being costs of future reporting periods falling due within 12 of the balance sheet day.

Short-term prepayments are analysed as at each balance sheet day. These prepayments which are realised within 12 months of the balance sheet day should be recorded in short-term prepayments.
The assessment made by the Company is based on rational premises and knowledge of particular prepayments.

Short-term prepayments cover the short-term part of the following items, among others:

- prepaid rent,
- prepaid power and central heating,
- prepaid subscriptions, insurance,
- other prepaid services (e.g. telecommunication),
- advances for equipment lease agreements.

2.17. LONG-TERM LIABILITIES

Long-term liabilities cover liabilities falling due more than 12 months of the balance sheet day (it does not refer to trade liabilities).

Long-term liabilities cover mainly:

- liabilities due to incurred loans and credits,
- financial liabilities under financial lease agreements,
- liabilities to sub-lessees of depot premises due to security deposits paid by the same.

Valuation of long-term liabilities as at the balance sheet day
At the balance sheet day long-term liabilities are valued at amortised acquisition cost using the effective interest rate.

Valuation as at the balance sheet day of liabilities denominated in foreign currencies

According to the 21 IFRS liabilities denominated in foreign currencies are valued at least as at the balance sheet day at the immediately exchange rate.

Exchange gains/losses on long-term liabilities denominated in foreign currencies, created as at the day of their valuation, are recognised as financial revenues or costs respectively.

2.18. SHORT-TERM LIABILITIES

Short-term liabilities cover liabilities falling due within 12 months of the balance sheet day (it does not refer to trade liabilities).

Short-term liabilities cover in particular:

- liabilities due to incurred loans and credits,
- financial liabilities under financial lease agreements,
- trade liabilities,
- liabilities due to taxes, customs duties, insurance and other benefits,
- liabilities due to payroll.

Valuation of short-term liabilities as at the balance sheet day

At the balance sheet day short-term liabilities are valued at amortised acquisition cost using the effective interest rate.

Valuation as at the balance sheet day of short-term liabilities denominated in foreign currencies

According to IAS 21 liabilities denominated in foreign currencies are valued at least as at the balance sheet day at the immediately exchange rate.

Exchange gains or losses on short-term liabilities denominated in foreign currencies, created as at the day of their valuation, are recognised as financial revenues or costs respectively.

2.19. BANK LOANS

Interest-bearing bank loans are recorded at acquisition prices corresponding to fair value of acquiring funds, less direct costs of loan acquisition.

In next periods loans are valued at amortised acquisition price, accounting for an effective interest rate.

2.20. PROVISIONS

Provisions are created when the Company is obliged (legally or practically) to create the same due to past events and when it is probable that fulfilment of the said obligation will result in outflow of funds, as well as when the amount of such liability can be fairly estimated.

Provisions may be used based on the lapse of time or the volume of performances. The time and manner of settlement should be justified with the nature of settled costs, in accordance with the principle of prudence.

Liabilities recorded as provisions reduce costs of the reporting period in which it has been found out that such liabilities were not created.

2.21. NET SALES

Net sales are recorded at fair value of payments received or due and represent receivables for goods and services delivered under an ordinary course of business, reduced by rebates, VAT and other taxes relating to sales (excise tax).

Sales of goods

Net sales are recorded when the following conditions are fulfilled:

- the enterprise transferred significant risk and benefits attached to property rights to traded goods to the buyer,
- the enterprise is no longer permanently involved in management of sold traded goods, to the extent such function is usually performed by an owner of goods, and is not exercising an effective control over the same,
- an amount of net sales may be fairly estimated,
- is probable that the enterprise will derive economic benefits from the transaction,
- paid costs and costs to be paid by the enterprise due to the transaction may be fairly estimated.

Delivery of services

If the result of a transaction on providing services can be fairly assessed, revenues from the transaction are recorded based on the degree of transaction realisation as at the balance sheet day. The result of a transaction may be fairly assessed if all the following conditions are satisfied:

- an amount of net sales may be fairly estimated,
- it is probable that the enterprise will derive economic benefits from the transaction,
- the degree of transaction realisation as at the balance sheet day may be fairly estimated,
- costs paid due to the transaction and costs of closing the transaction may be fairly estimated.

If a result on a transaction of providing services may not be fairly estimated, revenues from the transactions are recorded only up to the value of paid costs expected to be recovered by the enterprise.

Interest revenues

Interest revenues are recorded successively as they accrue with respect to the principal and in accordance with the effective interest rate method.

Dividend revenues

Dividend revenues are recorded at the moment of establishing the shareholders' right to such dividends.

2.22. EMPLOYEE BENEFITS

In accordance with the provisions of the International Accounting Standards, the Company should account in its financial statements for costs due to pension benefits and other employee benefits upon termination of their employment, by creating a provision for pension benefits.

According to IAS 19 "Employee benefits" the provision for retirement severance payments was calculated by an independent actuary using the projected unit credit method. It represents the present value of the future obligation of the Company to make severance payments on its employees retirement with respect to the employee movements and other demographic indicators.

2.23. SHARE-BASED COMPENSATION

Share-based compensation program make possible employees of Company purchase shares of Parent Company. The fair value of option grants is present in separate position in profit and loss report as costs of management options program in connection with ownership capital. The fair value is determinate at the day of options grants for employees, arrange in period when employees will qualify to execute options.
The Company uses a Black-Scholes model to determine the fair value of option grants.
Key assumptions used in this valuation method are: share price on the date of calculation, closing stock price, the volatility of the Company's stock price (based on the weighted-average of the historical volatility in the Company's stock price adapted to the expected changes due to public available information), the expected life of our share-based instruments (based on the historical data and common behaviour of the option owners), the expected dividend yield and the risk free interest rates (bonds). The transaction conditions applying to provisions and performance results not related to market are not considered in the valuation.

2.24. TAXES

Mandatory burden on the result comprises current tax and deferred tax.

Current tax burden is calculated based on the tax result (tax base) of a given financial year. Tax profit (loss) differs from net book profit (loss) due to exclusion of taxable revenues and deductible costs in following years as well as costs and revenues which will never be taxable. Tax burden is calculated based on tax rates applicable in a given financial year.

Deferred tax is calculated with the balance sheet method as tax payable or refundable in future on differences between carrying values of assets and liabilities and tax value corresponding to the same, used to calculate the tax base.

Deferred income tax provision is created on all taxable positive temporary differences, whereas a deferred income tax assets is recognised up to the value of probable future reduction of tax profits by recognised negative temporary differences. Tax asset or liability is not created if a temporary difference arises due to goodwill or initial recognition of another asset or liability in a transaction which has no impact either on tax result or book result.

Deferred income tax provision is recognised on temporary tax differences arising due to an investment in subsidiaries, associated companies and joint ventures, unless the Group is able to control the moment of temporary difference reversal and it is probable that the temporary difference will not reverse in foreseeable future.
The value of a deferred income tax asset is analysed as at each balance sheet day and it is written-off when expected future tax profits are not sufficient to realise the asset or any part of the same.
Deferred tax is calculated based on tax rates which will be applicable when an asset is realised or a liability falls due. Deferred tax is recorded in the profit and loss account, except when it refers to items recognised directly in equity. In the latter case deferred tax is also charged directly to equity.

2.25. SEGMENT REPORTING

Under IAS 14 “Segment reporting”, the Company is obligated to present results of its operations by operations segments.

According to the original assumptions of the standard, such a presentation is to help the user of financial statements to:

- better understand the results achieved by the entity,
- better assess the risks and returns on investment of the entity,
- make more justified judgments about the entity as a whole.

Segmentation of presented performance results is particularly crucial in assessment of risks and returns on investments of the Group with a diversified operations profile or a multinational entity, when obtaining required information from the aggregated data may not be possible.

IAS 14 presents the following definitions:

Business segment
A business segment is a distinguishable part of an entity, which provides products or services or a group of related products or services, which is subject to risks and returns on investments that are different from those of other business segments.

Geographical segment
A geographical segment is a distinguishable part of an entity which provides products or services in a particular economic environment and that is subject to risks and returns on investments that are different from those operating in other economic environments.
Eurocash S.A. operates only on the Polish territory, which, in terms of economic conditions and risks of business can be considered as a homogeneous area.
This determines the choice of business segment reporting format is the key, and the geographical segment as complementary.

The analysis of the business carried by the Company takes into account the regulations presented in IAS 14, Segment reporting.
The Company has decided to extract a segment:

- Traditional hurt - activities carried out through a network of wholesale discount Cash & Carry.

  In terms of geographical segments The Company does not distinguish other segments than Polish territory.

All amounts are expressed in Polish zloty (unless indicated otherwise)

NOTES TO SEPARATED FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2008 TO 31.12.2008

NOTE 1.
BUSINESS ACQUISITION

Acquisition of McLane Polska Sp. z o.o.

On April 17th 2008 Eurocash S.A. and McLane International LLC concluded a share purchase agreement under which Eurocash S.A. acquired 100% of shares in McLane Sp. z o.o. On April 30th 2008 Eurocash S.A. assumed the facto control of the company

1. General information

Table no 1

GENERAL INFORMATION CONCERNING BUSINESS ACQUISITION OF THE UNITS

1.	Name of acquired company	McLane Polska sp. z o.o.
2.	Core business	wholesale other (PKD 4690Z)
3.	Acquisition date	17 April 2008
4.	Takeover date	30 April 2008
5.	Acquired stake (%)	100 % shares
6.	Acquisition cost	91 955 173 PLN

2. A disposal of a part of business with regard to the business acquisition

The Company has no intention to dispose any part of the business with regard to the acquisition of McLane Polska Sp. z o.o.

3. The costs of the acquisition

Table no 2

ACQUISITION COST

	as at 30.04.2008
Cash	**90 934 643**
Direct acquistion costs	
Tax on civil law transactions	903 084
Costs of consulting services (legal, accounting, etc.)	117 446
	91 955 173

4. Acquired net assets

These data were presented for information purposes only and presented in the consolidated financial statements.

All amounts are expressed in Polish zloty (unless indicated otherwise)

Table no 3

NET ASSETS ACQUIRED	Fair value as at 30.04.2008
Other intangible fixed assets	30 331 093
Tangible fixed assets	30 262 734
Long-term prepayments	5 055 217
Invetories	44 235 682
Trade receivables	103 332 316
Other short-term receivables	443 015
Cash and cash equivalents	1 592 128
Short-term prepayments	885 796
Total assets	**216 137 980**
Long-term loans and credits	2 894 000
Other long-term financial liabilities	15 122 084
Deferred income tax provision	6 670 971
Provision for employee benefits	120 055
Other long-term provisions	17 144 000
Short-term loans and credits	11 599 177
Other short-term financial liabilities	4 820 972
Trade liabilities	88 158 152
Other short-term liabilities	1 454 665
Other short-term provisions	9 658 310
Total liabilities	**157 642 387**
Net assets	**58 495 593**
Goodwill on acquisition	33 459 580
Acquisition cost	**91 955 173**

Purchase of 49% of shares in PayUp Polska S.A.

On May 13th 2008 Eurocash S.A. purchased registered shares in PayUp Polska S.A. from the Dutch company PayUp Holding B.V. The shares represent 49% of the share capital of PayUp Polska. PayUp Holding B.V. holds the remaining 51% of shares in PayUp Polska.

1. General information

Table no 4

GENERAL INFORMATION CONCERNING BUSINESS ACQUISITION OF THE UNITS		
1.	Name of acquired company	PayUp Polska S.A.
2.	Core business	Wireless telecommunication (PKD 6120Z)
3.	Acquisition date	13 May 2008
4.	Acquired stake (%)	49 % shares
5.	Acquisition cost	3.464.300 PLN

All amounts are expressed in Polish zloty (unless indicated otherwise)

2. A disposal of a part of business with regard to the business acquisition

The Company has no intention to dispose any part of the business with regard to the acquisition of PayUp Polska S.A

3. The costs of the acquisition

Table no 5

ACQUISITION COST

	as at 13.05.2008
Cash	**3 430 000**
Direct acquistion costs	
Tax on civil law transactions	34 300
Costs of consulting services (legal, accounting, etc.)	0
	3 464 300

Purchase of 53,39% of shares in Nasze Sklepy Sp. z o.o.

On May 14th 2008 Eurocash S.A. purchased from twelve natural persons 53,39% of shares in Sieć Detalistów „ Nasze Sklepy”. On the same day, Eurocash S.A. executed a preliminary agreement with the same persons, under which the parties are obligated to conclude a final agreement by May 14th 2010 whereby Eurocash S.A. will acquire further 90 shares in Nasze Sklepy. In performance of both these agreements, Eurocash S.A. will hold 97,07% of shares in Nasze Sklepy.

1. General information

Table no 6

GENERAL INFORMATION CONCERNING BUSINESS COMBINATION OF THE UNITS

1.	Name of acquired company	Nasze Sklepy Sp. z o.o.
2.	Core business	ratail sales food,drinks and tobacco (PKD 4711Z)
3.	Acquisition date	14 May 2008
4.	Acquired stake (%)	53,39 % shares
5.	Acquisition cost	2 072 462 PLN

2. A disposal of a part of business with regard to the business combination

The company has no intention to dispose any part of the business with regard to the acquisition of Nasze Sklepy Sp. z o.o.

3. The costs of the acquisition

Table no 7

ACQUISITION COST

	as at 14.05.2008
Cash	**1 870 761**
Direct acquistion costs	
Tax on civil law transactions	18 708
Costs of consulting services (legal, accounting, etc.)	182 992
	2 072 462

All amounts are expressed in Polish zloty (unless indicated otherwise)

Table no 8

NET ASSETS ACQUIRED	Fair value as at 14.05.2008
Tangible fixed assets	193 447
Other long-term financial assets	68 072
Invetories	27 717
Trade receivables	565 580
Other short-term receivables	2 349
Cash and cash equivalents	128 984
Total assets	**986 150**
Trade liabilities	256 150
Other short-term liabilities	44 510
Other short-term provisions	7 423
Total liabilities	**308 082**
Net assets	**678 067**
Goodwill on acquisition	**1 394 394**
Acquisition cost	**2 072 462**

NOTE 2.
SEGMENT REPORTING

According to the fact that all the business segments are fully represented by the subsidiary companies within the Group, i.e. Eurocash S.A., KDWT S.A., Eurocash Franszyza McLane Polska Sp. z o.o. and Nasze Sklepy Sp. z o.o. it has been decided not to report the segments results in the Eurocash S.A. separate financial statements.

As the business segment identified by the Group, i.e. traditional wholesale, is fully represented by the Eurocash S.A. operations, it can be deemed that these separate financial statements reflects the business segment results.

The results of three reportable business segments are presented in the consolidated financial statements.

All amounts are expressed in Polish zloty (unless indicated otherwise)

NOTE 3.
INTANGIBLE ASSETS

Information about intangible fixed assets is presented in Table no 1.

Table no 1

INTANGIBLE FIXED ASSETS IN THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2008

	Goodwill	Patents and licences	Know how	Trademarks	Other intangible fixed assets	Total
Net carrying value as at 1 January 2007	**9 975 600**	**2 699 634**	**41 781 863**	**55 093 431**	**3 477 916**	**113 028 444**
Increase due to acquisition	-	1 602 650	-	-	167 893	**1 770 543**
Amortisation	-	(2 085 972)	(5 449 808)	(1 234 000)	(1 201 380)	**(9 971 160)**
Net carrying value as at 31 December 2007	**9 975 600**	**2 216 311**	**36 332 055**	**53 859 431**	**2 444 430**	**104 827 827**
						-
Net carrying value as at 1 January 2008	**9 975 600**	**2 216 311**	**36 332 055**	**53 859 431**	**2 444 430**	**104 827 827**
Increase due to acquisition	-	3 030 895	-	-	740 000	**3 770 895**
Increases due to the transfer of fixed assets under construction		4 053 498	-	-	-	**4 053 498**
Amortisation	-	(2 993 950)	(5 449 808)	(1 234 000)	(54 917)	**(9 732 675)**
Net carrying value as at 31 December 2008	**9 975 600**	**6 306 753**	**30 882 247**	**52 625 431**	**3 129 513**	**102 919 544**

All amounts are expressed in Polish zloty (unless indicated otherwise)

Table no 1

INTANGIBLE FIXED ASSETS IN THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2008 (continued)

	Goodwill	Patents and licences	Know how	Trademarks	Other intangible fixed assets	**Total**
As at 1 January 2008						
Gross carrying value	9 975 600	9 467 667	54 498 079	56 944 431	6 139 476	137 025 254
Total accumulated amortisation and write-offs	-	(7 251 356)	(18 166 024)	(3 085 000)	(3 695 046)	(32 197 427)
Net carrying value	**9 975 600**	**2 216 311**	**36 332 055**	**53 859 431**	**2 444 430**	**104 827 827**
As at 31 December 2008						
Gross carrying value	9 975 600	16 552 060	54 498 079	56 944 431	6 879 476	144 849 647
Total accumulated amortisation and write-offs	-	(10 245 307)	(23 615 832)	(4 319 000)	(3 749 963)	(41 930 103)
Net carrying value	**9 975 600**	**6 306 753**	**30 882 247**	**52 625 431**	**3 129 513**	**102 919 544**

The Company identifies the following intangible assets that have an indefinite useful life:

- the “Eurocash” trade mark – with carrying amount 27.387.672,30 PLN,
- the “abc” trade mark – with carrying amount of 17.216.759,00 PLN.

Apart from listed below, the Company recognises also a trade mark with a definite useful life – “MHC”. The trade mark adopted to use on 1 June 2005 and has 10 years useful life. As at 31 December 2008 the “MHC” trade mark’s carrying amount id 8.021.000 PLN.

Held by the Company Know How to know about managing a company (financial, logistics, IT, purchases) acquired from Politra BV. The Know how adopted to use on 30 August 2004 and has 10 years useful life. As at 31 December 2008 the Know How carrying amount id 30.882.247 PLN

The Company recognised no impairment loss on intangible assets.

All amounts are expressed in Polish zloty (unless indicated otherwise)

NOTE 4.
TANGIBLE ASSETS

Information about tangible fixed assets is presented in Table no 2.

Table no 2

TANGIBLE FIXED ASSETS IN THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2008

	Land, buildings and structures	Machinery and equipment	Means of transport	Other fixed assets	Constructions in progress	**Total**
Net carrying value as at 1 January 2007	**59 218 428**	**13 535 536**	**8 736 920**	**10 616 166**	**1 455 263**	**93 562 313**
Acquisition due to merger of enterprises						**-**
Increase due to acquisition	16 688 103	6 995 265	1 719 208	11 649 130	9 428 536	**46 480 242**
Increase due to lease agreements	-	-	844 707	-	-	**844 707**
Decrease due to sale	(11 296 299)	(69 023)	(133 247)	(99 400)	(84 816)	**(11 682 786)**
Decrease due to liquidation	(456 179)	(31 122)	(120 111)	(53 098)	(5 020)	**(665 530)**
Depreciation	(5 715 292)	(5 252 369)	(2 528 910)	(6 454 523)	-	**(19 951 094)**
Leasing decrease	-	-	(128 791)	-	-	**(128 791)**
Other changes	-	-	-	-	(851 621)	**(851 621)**
Net carrying value as at 31 December 2007	**58 438 761**	**15 178 287**	**8 389 776**	**15 658 275**	**9 942 341**	**107 607 441**
Net carrying value as at 1 January 2008	**58 438 761**	**15 178 287**	**8 389 776**	**15 658 275**	**9 942 341**	**107 607 441**
Increase due to acquisition	27 322 485	8 533 008	721 227	18 141 754	3 702 904	**58 421 378**
Increase due to lease agreements	-	-	3 071 359	-	-	**3 071 359**
Decrease due to sale	(169 692)	-	(10 949)	(37 099)	(3 655 638)	**(3 873 378)**
Decrease due to liquidation	(1 055 078)	(231 372)	(7 156)	(19 263)	(4 000)	**(1 316 869)**
Depreciation	(6 750 609)	(6 135 776)	(2 909 678)	(6 799 854)	-	**(22 595 916)**
Other changes	-	-	-		(3 984 781)	**(3 984 781)**
Net carrying value as at 31 December 2008	**77 785 867**	**17 344 147**	**9 254 579**	**26 943 814**	**6 000 826**	**137 329 234**

All amounts are expressed in Polish zloty (unless indicated otherwise)

Table no 2

TANGIBLE FIXED ASSETS IN THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2007 (continued)

	Land, buildings and structures	Machinery and equipment	Means of transport	Other fixed assets	Constructions in progress	**Total**
As at 1 January 2008						
Gross carrying value	79 666 593	36 336 778	16 144 213	39 740 405	9 942 341	181 830 331
Total accumulated amortisation and write-offs	(21 227 832)	(21 158 491)	(7 754 438)	(24 082 129)	-	(74 222 890)
Net carrying value	**58 438 761**	**15 178 287**	**8 389 775**	**15 658 276**	**9 942 341**	**107 607 441**
As at 31 December 2008						
Gross carrying value	104 378 923	44 347 373	19 021 429	57 218 178	6 000 826	230 966 730
Total accumulated amortisation and write-offs	(26 593 056)	(27 003 226)	(9 766 850)	(30 274 365)	-	(93 637 496)
Net carrying value	**77 785 867**	**17 344 147**	**9 254 579**	**26 943 814**	**6 000 826**	**137 329 234**

Borrowing costs

In the current financial year the Company did not activate on fixed assets in the construction of any borrowing costs.

The Company uses lands, cars and fork-lift in financial leasing. The Company has a possibility their repurchase at the end of the contract (the price is fixed in contact) or further usage of subject of leasing on the basis of new contract. Redemption price is the difference between the value of the leased asset for the immediate payment of the value of a paid in installments of the capital lease

At the end of reporting period the balance value of fixed assets in financial leasing is 16.073 k PLN (2007 r.: 15.896,3 k PLN). Liabilities from financial leasing are 13.891 k PLN (2007 r.: 13.608,2 k. PLN).

The subjects of leasing, to the day of repurchase are the property of lessor, he is entitled to tax depreciation.

Permanent leases are subject to the performance guarantee of the lease agreements. Agreements do not contain provisions for imposing restrictions on the Company of dividends, additional debt or further leasing.

Fixed assets subject to a lease as security for performance of lease agreements.

NOTE 5.
ANALYSIS OF INDICATIONS OF ASSETS IMPAIRMENT

In accordance with IAS 36, at balance sheet date the Company assessed whether there is any indication of potential assets impairment.

The following indications have been assessed:

- decline in market value – during the period, there was no significant decline in market value in excess of one expected as a result of the passage of time or normal,
- external environment assessment – occurred during the period of change in the deteriorating economic situation in the Polish market, but not referred to the adverse impact of the activities of the company because of its profile of activity of the FMCG market. The changes of a technological, market or legal persons also were not given a significant and adverse impact in an environment in which the entity operates and carries on business.
- market factors – during the examined period, there was no increase in interest rates or other market return on investment rates that would affect the discount rate used for calculation of the usable value of the examined assets and reducing their recoverable amount,
- accounting factors – carrying amount of the Company's net assets is lower than their market capitalisation,
- usability factors – there are no grounds or evidence of obsolescence or physical damage of assets,
- functionality factors –no significant or disadvantageous changes with a favorable effect on the Company have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, the asset is used or is expected to be used. The cessation of use of certain assets, as well as any plans to cease or restructure the operations to which the assets belongs were not noted or considered. No attempt was made either to dispose any assets before the end of initially assumed useful life or to change their useful life period.
- economic factors – there is no evidence that economic results achieved by the elements are or will be worse than expected in the future,
- investment factors – cash flows spent on the acquisition of the assets are not significantly higher than the amounts originally assumed in the budget,
- operational factors – actual net cash flows and the related operational profit are at budgeted level,
- financial factors – having analysed the results of the examined period and the future budget figures, there were no net cash outflows related to the certain assets.

The next analysis is planned for 31 December 2009.

With reference to intangible assets that have an indefinite useful life, the Company conducted the following tests for impairment:

- test for impairment of the "Eurocash" trade mark as of 31 December 2008

The carrying amount of trademark amounted to 27,388 TPLN, the residual value was estimated at 157,718 TPLN As a result of the analysis it was confirmed that the impairment loss is not necessary.
The next test is planned for 31 December 2009.

For the purpose of the test set the value in use using the trade mark license fees method.
Method mark for market-based royalty is to determine the present value of future economic benefits resulting from the possession of a trade mark. This method is based on the assumption that the benefits of having a trade mark shall be equal to the cost of which would bear if the operator did not have the rights to the mark, but only used it on the basis of the license agreement, according to market rates.

The way to determine the level of market license fee is the designation of products with a sales forecast measured trademark and the designation of royalty rates for the use of this mark. The rate of royalty is calculated on the basis of a contract for the lease of trademarks applied between unrelated parties in comparable segment of the market.
In estimating value in use does not include the tax savings for depreciation mark, that would be part of the fair value. Its application would increase the value of trade in goods and for the purposes of the test for impairment based on value in use is not considered legitimate.
For purposes of analysis used the proceeds from the sale of projection products into Eurocash during the period from 2009 to 2013. In order to designate the projection of selected parameters used historical data for the years 2006-2008 and the approved plans by the Board for the period 2009-2013
To determine the level of total net revenues from the sale, an allocation of customers to cooperate with customers Eurocash at the measurement date for more than 3 years (like for like - LFL) and the new customers
In addition, the varying levels of average annual purchase, depending on the length of relationship functioning. This is primarily designed to eliminate the effect of the overstatement of the planned sale.
In addition, the estimated total net revenue from the sale of retail stores to the network ABC as a percentage of total revenues Eurocash. In the forecast period, is fixed at a constant level, equal to the historic level (43.5%).
For the purposes of the valuation of trade mark mark Eurocash cash flow of Eurocash was adopted on the basis of the total sales of Eurocash, less the value of sales to the ABC network. As a result, the revenue associated with the symbol Eurocash taken at 56.5% of the proceeds of the sale Eurocash SA
For the purposes of this analysis was adopted by the level of royalty revenues from 1.1% of net sales, taking place under the trade mark Eurocash which is equal to previous market experience. This value was assessed based on royalties payments analysis for companies operating in FMCG trade. During the analysis it was assumed sector royalties being at level of from 0.68% to 3.0%. For the further analysis it was decided to take result from 2nd quartile equal 1.1%. For the purpose of calculating cost of capital it was analysed 20 companied from trade sector, including 14 comparable companies. Exclusion of 6 companies from statistical point of view was immaterial to calculate beta factor, debt factor to market capitalization exceeding 100% or margin exceeding realized by Eurocash.

- test for impairment of the “abc” trade mark as of 31 December 2008

The carrying amount of trade to 17,217 TPLN, the recoverable amount is estimated at 121,429 TPLN
As a result of the analysis it was confirmed that the impairment loss is not necessary.
The next test is planned for 31 December 2009.

For the purpose of the test set the value in use using the trade mark license fees method.
Method mark for market-based royalty is to determine the present value of future economic benefits resulting from the possession of a trade mark. This method is based on the assumption that the benefits of having a trade mark shall be equal to the cost of which would bear if the operator did not have the rights to the mark, but only used it on the basis of the license agreement, according to market rates.
The way to determine the level of market license fee is the designation of products with a sales forecast measured trademark and the designation of royalty rates for the use of this mark. The rate of royalty is calculated on the basis of a contract for the lease of trademarks applied between unrelated parties in comparable segment of the market.
In estimating value in use does not include the tax savings for depreciation mark, that would be part of the fair value. Its application would increase the value of trade in goods and for the purposes of the test for impairment based on value in use is not considered legitimate.
For purposes of analysis used the proceeds from the sale of projection products into Eurocash during the period from 2009 to 2013. In order to designate the projection of selected parameters used historical data for the years 2006-2008 and the approved plans by the Board for the period 2009-2013

To determine the level of total net revenues from the sale, an allocation of customers to cooperate with customers Eurocash at the measurement date for more than 3 years (like for like - LFL) and the new customers

In addition, the varying levels of average annual purchase, depending on the length of relationship functioning. This is primarily designed to eliminate the effect of the overstatement of the planned sale.

In addition, the estimated total net revenue from the sale of retail stores to the network ABC as a percentage of total revenues Eurocash. In the forecast period, is fixed at a constant level, equal to the historic level (43.5%).

For the purposes of this analysis was adopted by the level of royalty revenues from 1.1% of net sales, taking place under the ABC trade mark , which is based on market experience. This value was assessed based on royalties payments analysis for companies operating in FMCG trade. During the analysis it was assumed sector royalties being at level of from 0.68% to 3.0%. For the further analysis it was decided to take result from 2nd quartile equal 1.1%. For the purpose of calculating cost of capital it was analysed 20 companied from trade sector, including 14 comparable companies. Exclusion of 6 companies from statistical point of view was immaterial to calculate beta factor, debt factor to market capitalization exceeding 100% or margin exceeding realized by Eurocash.

In accordance with MSR 36 Company conducted the test for impairment the goodwill arisen as a consequence of the acquisition of the organised part of the enterprise:

- goodwill arisen as a consequence acquisition of "Carment" M. Stodółka i Wspólnicy Spółka Jawna as of 31 December 2008

The test for impairment, a total for the whole of the goodwill arising from the purchase of the Group ZCP Carment in Eurocash Group. The carrying amount of goodwill is 11,566 TPLN(of which 9,976 TPLN is in the books Eurocash SA and 1,590 TPLN in the books of EC Franchising Sp. z oo), the residual value is estimated at 832,354 TPLN. As a result of the analysis it was confirmed that the impairment loss is not necessary. The next test is planned for 31 December 2009.

The residual value is compared with the carrying amount of assets defined as the sum of the cash-generating unit, excluding goodwill, net of current liabilities as part of working capital.

The surplus value of recovered over the carrying amount of the cash-generating unit is then compared to the amount of goodwill recognized in the financial statements.

The value determined was recovered as a useful test cash-generating unit based on financial projections for the years 2009-2013. To determine the financial projections for the years 2009 - 2013, the following assumptions. For the purpose of financial analysis used in the projection period from 2009 to 2013.

In order to designate the projection of selected parameters used historical data for the years 2006-2008 and approved by the Board Eurocash plans for the years 2009-2013.

To determine the total volume of sales increases were designated existing stores at the date of the test and the like for like increase in the number of stores for each year of the forecast. The average sale in the new stores in the first year of operation was estimated as 60% of the sales in existing stores.

For the purpose of calculating cost of capital it was analysed 20 companied from trade sector, including 14 comparable companies. Exclusion of 6 companies from statistical point of view was immaterial to calculate beta factor, debt factor to market capitalization exceeding 100% or margin exceeding realized by Eurocash.

All amounts are expressed in Polish zloty (unless indicated otherwise)

NOTE 6
INVESTMENT REAL ESTATE

The Company has no investment real estate as at the balance sheet date.

NOTE 7
INVESTMENTS IN SUBSIDIARY COMPANIES

Information about subsidiary companies is presented in Table no 3 and 4.

Table no 3

INVESTMENTS IN SUBSIDIARIES COMPANIES AS AT 31 DECEMBER 2008

Name of the subsidiary company	Registered office of the company	% of shares held	% of votes held	Consolidation method
KDWT S.A.	Wiśniowa 11, Komorniki	100%	100%	full
Eurocash Franszyza sp. z o.o.	Wiśniowa 11, Komorniki	100%	100%	full
McLane Polska sp. z o.o.	ul. Pass 20C 05-870 Błonie	100%	100%	full
Nasze Sklepy sp. z o.o.	ul. Kąpielowa 18 21-500 Biała Podlaska	53,39%	53,39%	full

Table no 4

INVESTMENTS IN SUBSIDIARIES COMPANIES AS AT 31 DECEMBER 2008

	as at 31.12.2008	as at 31.12.2007
Opening balance	**73 413 012**	**73 413 012**
Increase in reporting period:	**94 027 635**	-
joined units	94 027 635	-
Decrease in reporting period:	**(8 600 000)**	-
sale dependent unit	(8 600 000)	-
Balance upon changes	**158 840 647**	**73 413 012**

All amounts are expressed in Polish zloty (unless indicated otherwise)

NOTE 8
INVESTMENTS IN ASSOCIATE COMPANIES

Information about associate companies is presented in Table no 5 and 6.

Table no 5

INVESTMENTS IN ASSOCIATES COMPANIES AS AT 31 DECEMBER 2008

Name of the associate company	Registered office of the company	% of shares held	% of votes held	Consolidation method
PayUp Polska S.A.	Al. Solidarności 46 Poznań	49%	49%	equity method

Table no 6

INVESTMENTS IN ASSOCIATES COMPANIES AS AT 31 DECEMBER 2008

	as at 31.12.2008	as at 31.12.2007
Opening balance	-	-
Increase in reporting period:	**3 464 300**	-
joined units	3 464 300	-
Balance upon changes	**3 464 300**	**-**

NOTE 9
LONG-TERM RECEIVABLES

Information about long-term receivables is presented in Table no 7.

Table no 7

LONG-TERM RECEIVABLES AS AT 31 DECEMBER 2008

	as at 31.12.2008	as at 31.12.2007
Advances	1 757 235	-
Security deposits paid due to agreements on depot rental	1 954 840	1 872 272
Security deposits BRE Bank	1 981 890	-
	5 693 965	**1 872 272**

NOTE 10
INVENTORIES

Information about stocks is presented in Tables no 8 and 9.

Table no 8

INVENTORIES STRUCTURE AS AT 31 DECEMBER 2008

	as at 31.12.2008	as at 31.12.2007
Traded goods	189 821 683	155 461 692
Materials	140 066	192 954
Total stocks, including:	**189 961 749**	**155 654 646**
- carrying value of stocks being a security for liabilities	4 224 247	41 000 000

All amounts are expressed in Polish zloty (unless indicated otherwise)

Table no 9

INVENTORIES IN THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2008

	for the period od 01.01.2008 do 31.12.2008	for the period od 01.01.2007 do 31.12.2007
Opening balance	**4 878 767**	**4 642 388**
- increasing	2 354 873	236 379
- decrasing	(1 928 359)	-
- use	(101 981)	-
Closing balance	**5 203 300**	**4 878 767**

NOTE 11
TRADE RECEIVABLES AND OTHER RECEIVABLES

Information about trade receivables and other receivables is presented in Table no 10.

Table no 10

TRADE RECEIVABLES AND OTHER RECEIVABLES AS AT 31 DECEMBER 2008

	as at 31.12.2008	as at 31.12.2007
Trade receivables	**211 547 071**	**119 047 164**
Credit sales	132 817 480	60 332 282
Receivables from suppliers	78 293 050	58 763 177
ABC marketing fees	772 796	634 249
Other trade receivables	2 555 627	1 252 934
Allowance for trade bad debts	(2 891 882)	(1 935 478)
Other receivables	**19 651 279**	**6 505 417**
Settlement of VAT	10 795 165	3 627 880
Claims arising from the sale of shares in subsidiaries	5 500 000	-
Receivables from non-trade contractive parties	1 709 192	-
Receivables from employees	147 382	72 161
Loans	367 493	-
Other receivables	1 705 678	3 132 467
Allowance for other bad debts	(573 630)	(327 092)
Total receivables, including:	**231 198 350**	**125 552 581**
	-	-
- short-term	231 198 350	125 552 581

NOTE 12
CASH AND CASH EQUIVALENS

Information about cash and cash equivalents is presented in Table no 11.

Table no 11

CASH AND CASH EQIVALENTS AS AT 31 DECEMBER 2008

	as at 31.12.2008	as at 31.12.2007
Cash		
cash at bank	74 419 780	105 776 169
cash in hand	38 560	60 850
cash in way	15 956 798	8 749 139
blocked cash	14 689 917	4 570 734
Total cash	**105 105 055**	**119 156 892**

Blocked cash there are in Company cash on account ZFŚŚ and deposits

All amounts are expressed in Polish zloty (unless indicated otherwise)

NOTE 13
SHORT-TERM PREPAYMENTS

Information about short-term prepayments is presented in Table no 12.

Table no 12

SHORT-TERM PREPAYMENTS AS AT 31 DECEMBER 2008

	as at 31.12.2008	as at 31.12.2007
Software rental	409 339	452 908
Licences for selling alcohol	1 120 966	367 360
Rentals	1 389 712	289 008
Media	27 927	213 998
Advertising folders	124 238	36 957
Insurances	23 366	13 353
Other prepayments	435 915	261 629
	3 531 462	**1 635 214**

NOTE 14
EQUITY

Information about equity is presented in Table no 13, 14 and 15.

Table no 13

SHARE CAPITAL AS AT 31 DECEMBER 2008

	as at 31.12.2008	as at 31.12.2007
Number of shares	130 777 550	127 742 000
Par value of a share (PLN / share)	1	1
Share capital	**130 777 550**	**127 742 000**

Share capital was comprised of 130.777.550 “A” bearer shares of the par value of PLN 1.00 each as of 31 December 2008.

The structure of shareholders holding more than 5% in total number of votes is presented in Table no 14.

SHAREHOLDERS STRUCTURE

Table no 14

SHAREHOLDERS STRUCTURE

	31.12.2008				31.12.2007			
Shareholder	**Number of shares**	**Share in share capital (%)**	**Number of votes**	**total number of votes (%)**	**Number of shares**	**Share in share capital (%)**	**Number of votes**	**Share in total number of votes (%)**
1. Luis Manuel Conceicao do Amaral (directly and indirectly by Politra B.V.)	70 258 100	53,72%	70 258 100	53,72%	70 258 100	55,00%	70 258 100	55,00%
Commercial Union – Powszechne Towarzystwo Emerytalne BPH CU WBK	7 739 424	5,92%	7 739 424	5,92%	6 586 001	5,16%	6 586 001	5,16%
ING Nationale – Nederlanden Polska Otwarty Fundusz Emerytalny	6 843 714	5,23%	6 843 714	5,23%	6 843 714	5,36%	6 843 714	5,36%
BZ WBK AIB Asset Management S.A.	6 624 215	5,07%	6 624 215	5,07%	b.d.	b.d.	b.d.	b.d.

All amounts are expressed in Polish zloty (unless indicated otherwise)

Table no 15

CHANGES IN SHARE CAPITAL IN THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2008

	for the period od 01.01.2008 do 31.12.2008	for the period od 01.01.2007 do 31.12.2007
Share capital at the beginning of the period	**127 742 000**	**127 742 000**
Increase of share capital in the period	**3 035 550**	**-**
Motivational program - implementation	3 035 550	
Share capital at the end of the period	**130 777 550**	**127 742 000**

NOTE 15
OTHER CAPITAL

Information about other capital is presented in Table no 16.

Table no 16

CHANGES TO OTHER CAPITAL IN THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2008

	Supplementary capital	Hedge transactions valuation capital	Total
As at 1 January 2007	**29 059 203**	**-**	**29 059 203**
Increase in the period from 1 January to 31 December 2007	**12 012 506**	**-**	**12 012 506**
Net profit for the period from 1 January to 31 December 2007	7 157 556	-	7 157 556
Valuation of the Incentive Scheme for employees	4 854 950	-	4 854 950
As at 31 December 2007	**41 071 709**	**-**	**41 071 709**
As at 1 January 2008	**41 071 709**	**-**	**41 071 709**
Increase in the period from 1 January to 31 December 2008	**15 877 833**	**-**	**15 877 833**
Net profit for the period from 1 January to 30 June 2007	4 934 895	-	4 934 895
Valuation of the Incentive Scheme for employees	5 714 431	-	5 714 431
Share issue - motivational program	5 190 791	-	5 190 791
Other	37 717	-	37 717
Decrease in the period from 1 January to 31 December 2008	**-**	**(4 645 000)**	**(4 645 000)**
Hedging instruments	-	(4 645 000)	(4 645 000)
As at 31 December 2008	**56 949 542**	**(4 645 000)**	**52 304 542**

NOTE 16

OPTIONS FOR SHARES

Information about options for own shares is presented in Table No 17.

All amounts are expressed in Polish zloty (unless indicated otherwise)

Table no 17

OPTIONS FOR SHARES IN THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2008

	Number of options	Weighted average performance prices
Existing at the beginning of the reporting period	9 351 511	5,01
Allotted in the reporting period	1 020 000	10,45
Redeemed in the reporting period	(158 000)	2,71
Exercised in the reporting period	(3 035 550)	2,71
Expired in the reporting period	-	-
Existing at the end of the reporting period	7 177 961	6,27
Possible to exercise at the end of the period	-	-

1) Pursuant to Resolution No. 3 of the Extraordinary General Meeting (14 September 2004) on issue of bonds with the priority right, conditional share capital increase and exclusion of the pre-emption right to new shares of the current shareholders, as amended by Resolution No. 2 of 2 November 2004 and Resolution No. 1 of 25 November 2004, it was decided to issue B and C-series shares under the Incentive Scheme designated for executive officers, managerial staff and key personnel of Eurocash S.A.
1 December 2007 is the date of offer manoeuvre as well as its acceptance.

Eurocash S.A. will issue the total of 255.484 inscribed shares in two series:

- 127.742 A-series inscribed bonds at the nominal value of 1 grosz (PLN 0.01) each, with the right to subscribe B-series ordinary bearer shares with priority over shareholders of the Group;
- 127.742 B-series inscribed bonds at the nominal value of 1 grosz (PLN 0.01) each, with the right to subscribe C-series ordinary bearer shares with priority over shareholders of the Group.

The bonds will bear no interest.
The bond issue price will be equal to the par value.
One “A” bond gives priority to subscribe and take up 25 B-series shares.
One B-series bond gives priority to subscribe and take up 25 C-series shares.

The main requirement for a procuration of the rights to options is 3 year employment period.
The Company valued the Incentive Scheme for A-series bonds at 1.799,5 TPLN. The value has been amortised for the period of 3 years, starting from 1 January 2005.
The Company valued the Incentive Scheme for B-series bonds at 2.781,7 TPLN. The value has been amortised for the period of 3 years, starting from 1 January 2006.

In the period from 1 January to 31 December 2008 was total of 3.035.550 ordinary shares on the grounds of inscribed shares A-series. The shares were purchase 2,71 PLN per share, market value Eurocash S.A. shares on Stock Exchange in Warsaw S.A. reach between 7,90 PLN and 13,50 PLN per share in this period. Average share price during this period amounted to PLN 11.16 per share.
Until 31 December 2008, not 6320 bonds were used giving a right to subscribe for 158,000 shares. Bonds are therefore forfeited.

2) Pursuant to Resolution No. 17 of the Extraordinary General Meeting (25 April 2006) on issue of the KDWT Incentive Scheme it was decided to issue C-series shares for specific executive officers of KDWT entitled to the Incentive Scheme. The bonds can be bought purely in the maximum amount and exclusively by Authorised People, i.e.:

- by Roman Piątkiewicz – 253.611 of C-series bonds,
- by Mieczysław Kuśnierczak – 93.302 of C-series bonds,
- by Zofia Budzińska – 68.087 of C-series bonds,

under condition that the Authority will be employed by KDWT S.A. (or another entity which the operations of KDWT S.A. will be transferred to) for at least 36 months starting from the date of the mass-vouchers release, i.e. from 31 March 2006 to 31 March 2009. Till the end of the last working day prior to the Option Execution Day, Resolution of the Supervisory Board will be resolved in order to determine a final Authorities list entitled to buy C-series bonds. The list will embrace all the Authorities previously mentioned excluding those who has been terminated.
The date of offer manoeuvre as well as its acceptance will fall in December 2008..

Eurocash S.A. will issue the total of 415.000 inscribed shares.
The bonds will bear no interest.
The bond issue price will be 1 polish grosz.
One C-series bond gives priority to subscribe and take up to 2 D-series ordinary inscribed shares.

The Company valued the KDWT Incentive Scheme for C-series bonds at 1.894,3 TPLN. The value will be amortised for the period of 3 years – as this is an expected period of the program – starting from 1 April 2006.

3) In consequence of the covenant agreement, on 16 August 2006 Eurocash S.A. (as an associate of FHC-2) pledged to grant some of the shareholders of Carment (Stanisław Bazan, Zofia Szubra, Marek Stodółka, Bogdan Habrat) the rights to buy E-series bonds in the range of the managerial option scheme giving the pre-emption right to the Eurocash S.A. F-series ordinary shares, under the condition that the Authority will be employed for at least 36 months starting from the date of the Acquisition Agreement of Delikatesy Centrum, i.e. from 16 August 2006 to 16 August 2009.
Each of the Authorities is entitled to buy up to 44.803 E-series bonds.
The offer for E-series bonds can be accepted no earlier than in the first working day subsequent to the end of the 36-month period from the date of the Acquisition Agreement of Delikatesy Centrum, i.e. from 16 August 2009 to 14 August 2010.

Eurocash S.A. will issue the total of 179.212 E-series inscribed shares.
The bonds will bear no interest.
The bond issue price will be 1 polish grosz.
One E-series bond gives priority to subscribe and take up to 3 E-series ordinary inscribed shares.

The Group valued the Incentive Scheme for E-series bonds at 974,2 TPLN. The value has been amortised for the period of 3 years, starting from 16 August 2006.

4) Pursuant to Resolution No. 18 of the Extraordinary General Meeting of 25 April 2006 on issue of the 3rd Incentive Scheme it was decided to issue "D" shares for executive officers, managerial staff and key personnel of Eurocash S.A. and KDWT.
The offer for D-series bonds can be accepted no earlier than in the first day of the period from 1 January 2010 to 31 December 2012 when the Authorities can execute the right to subscribe E-series bonds and no later than in the third working day before the last day of the Third Period of the Options Execution by the Employees.

Eurocash S.A. will issue the total of 63.871 inscribed shares.
The bonds will bear no interest.
The bond issue price will be 1 polish grosz.
One D-series bond gives priority to subscribe and take up to 25 E-series ordinary inscribed shares.

The main requirement for a procuration of the rights to options is 3 year employment period.

The Group valued the Incentive Scheme for D-series bonds at 6.334,6 TPLN. The value has been amortised for the period of 3 years, starting from 1 January 2007.

5) Pursuant to Resolution No. 18 of the Ordinary General Meeting of 28 June on issue of the 4th and 5th Incentive Scheme for employees for years 2007 and 2008 it was decided to issue G and H-series shares for executive officers, managerial staff and key personnel of the Company and Group Eurocash S.A.

The company will issue the total of 81.600 inscribed shares in two series:
40.800 F-series inscribed bonds at the nominal value of 1 grosz (PLN 0.01) each, with the right to subscribe G-series ordinary bearer shares with priority over shareholders of the Company;
40.800 G-series inscribed bonds at the nominal value of 1 grosz (PLN 0.01) each, with the right to subscribe H-series ordinary bearer shares with priority over shareholders of the Company.

The bonds will bear no interest.
One F-series bond gives priority to subscribe and take up 25 G-series shares.
One G-series bond gives priority to subscribe and take up 25 H-series shares.

The main requirement for acquisition of rights to the options is 3 year employment period.
The list of individuals entitled to remainderman bonds F-series issued by the Supervisory Board the 6 of June 2008 and approved by General Meeting.

The list of individual entitled to remainderman bonds G-series will by issued by the Supervisory Board until the 30 of April 2009 and approved by General Meeting.

De-benture holders F-series have right to subscribe and include shares G-series with priority over shareholders of the Company between the 1 of January 2011 and the 31 of December 2013.
De-benture holders G-series have right to subscribe and include shares H-series with priority over shareholders of the Company between the 1 of January 2012 and 31 of December 2014.

The Company assessed the value of the incentive program for the F series of bonds amounting to 4,493.8 TPLN This value is amortized as of 1 January 2008 for a period of 3 years.

Optional programs are valued using Black – Scholes model. Details of the valuation of each of the programs are presented in the Report of the Management Board of SA Eurocash attached to these financial statements.

All amounts are expressed in Polish zloty (unless indicated otherwise)

NOTE 17

PROVISIONS

Information about provisions is presented in Tables No 18 and 19.

Table no 18

CHANGES IN PROVISIONS AND ACCRUALS IN THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2008

	Provision for employee benefits	Accrual for agency depot commissions	Accrual for costs of transport	Provision for advertising
Provisions and accruals as at 1 January 2007	**5 244 289**	**861 603**	**308 000**	**139 619**
Increases	8 677 965	11 144 261	6 686 944	7 248 398
Decreases	(4 443 670)	(11 096 322)	(6 497 750)	(6 190 898)
Provisions and accruals as at 31 December 2007, including:	**9 478 584**	**909 542**	**497 194**	**1 197 119**
- short-term	9 265 273	909 542	497 194	1 197 119
- long-term	213 311	-	-	-
Provisions and accruals as at 1 January 2008	**9 478 584**	**909 542**	**497 194**	**1 197 119**
Increases	8 882 609	24 312 359	6 999 217	5 874 093
Decreases	(7 616 526)	(24 447 525)	(6 962 004)	(5 569 719)
Provisions and accruals as at 31 December 2008, including:	**10 744 667**	**774 376**	**534 408**	**1 501 493**
- short-term	10 531 356	774 376	534 408	1 501 493
- long-term	213 311	-	-	-

All amounts are expressed in Polish zloty (unless indicated otherwise)

Table no 18

CHANGES IN PROVISIONS AND ACCRUALS IN THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2008 (continued)

	Media accrual	Provision for individual clients (increase of sales)	Other	Total
Provisions and accruals as at 1 January 2007	**222 597**	**-**	**3 712 339**	**10 488 447**
Increases	2 937 439	**1 135 956**	**9 073 877**	**46 904 840**
Decreases	(2 776 710)	**-**	**(9 679 960)**	**(40 685 310)**
Provisions and accruals as at 31 December 2007, including:	**383 326**	**1 135 956**	**3 106 256**	**16 707 977**
- short-term	383 326	**1 135 956**	**3 106 256**	**16 494 666**
- long-term	**-**	**-**	**-**	**213 311**
Provisions and accruals as at 1 January 2008	**383 326**	**1 135 956**	**3 106 256**	**16 707 977**
Increases	4 410 292	198 043	11 640 891	**62 317 503**
Decreases	(4 273 102)	(1 135 956)	(8 741 140)	**(58 745 971)**
Provisions and accruals as at 31 December 2008, including:	**520 515**	**198 043**	**6 006 007**	**20 279 509**
- short-term	520 515	198 043	6 006 007	**20 066 198**
- long-term	**-**	**-**	**-**	**213 311**

All amounts are expressed in Polish zloty (unless indicated otherwise)

Table no 19

PROVISIONS AS AT 31 DECEMBER 2008

	as at 31.12.2008	as at 31.12.2007
Provision for severant payment	10 744 667	9 478 584
Provision for costs of advertising	1 501 493	1 197 119
Provision for individual clients (increase of sales)	198 043	1 135 956
Provision for agency depot commissions	774 376	909 542
Provision for non-trading costs	-	538 676
Provision for costs of transport	534 408	497 194
Provision for media	520 515	383 326
Provision for restructuring	1 298 808	367 452
Provision for rents	1 375 548	274 782
Provision for costs of advisory and audit services	812 275	166 105
Other provisions	2 519 376	1 759 241
	20 279 509	**16 707 977**
- long-term	**213 311**	**213 311**
- short-term	**20 066 199**	**16 494 666**

NOTE 18

TRADE LIABILITIES AND OTHER LIABILITIES

Information about trade liabilities and other liabilities is presented in Table No 20.

Table no 20

TRADE LIABILITIES AND OTHER LIABILITIES AS AT 31 DECEMBER 2008

	as at 31.12.2008	as at 31.12.2007
Trade liabilities	**620 553 659**	**424 852 416**
Supplies of traded goods	609 569 752	414 802 747
Services	10 983 907	10 049 668
Current corporate income tax	**5 592 364**	**2 864 922**
Other liabilities	**33 313 179**	**17 104 690**
Settlement of VAT	668 423	574 687
Social insurance	1 546 678	2 171 191
Liabilities from purchases of fixed assets	10 423 319	8 045 470
Tax, customs, insurances and other liabilities	963 728	848 882
Takeovers	478 359	2 499 999
Liabilities from promotions	13 204 900	-
Other liabilities	6 027 772	2 964 462
Total liabilities, including:	**659 459 202**	**444 822 028**
- long-term	-	-
- short-term	659 459 202	444 822 028

NOTE 19
LOANS AND CREDITS

Information about loans and credits is presented in Table no 21.

All amounts are expressed in Polish zloty (unless indicated otherwise)

Table no 21

LOANS AND CREDITS AS AT 31 DECEMBER 2008

	Credit destination	Liability amount	Interest rate	Costs for the period from 01.01.2008 to 31.12.2008
Credits		**10 518**		**112 661**
ING SA	overdraft for financing of current activities	10 518	WIBOR daily + bank's margin 0,45 p.p.	112 661
Total loans and credits		**10 518**		**112 661**
- long-term		-		
- short-term		10 518		

NOTE 20
OTHER FINANCIAL LIABILITIES

Information about other financial liabilities is presented in Table no 22 and 23.

Table no 22

OTHER SHORT-TERM AND LONG-TERM FINANCIAL LIABILITIES AS AT 31 DECEMBER 2008

	as at 31.12.2008	as at 31.12.2007
Liabilities under financial lease agreements	13 890 973	13 608 191
	13 890 973	**13 608 191**
- long-term	12 246 956	11 103 404
- short-term	1 644 017	2 504 787

All amounts are expressed in Polish zloty (unless indicated otherwise)

Table no 23

LIABILITIES UNDER FINANCIAL LEASE AGREEMENTS AS AT 31 DECEMBER 2008

	as at 31.12.2008 minimum fees	as at 31.12.2008 current value of minimum fees	as at 31.12.2007 minimum fees	as at 31.12.2007 current value of minimum fees
Future minimum fees due to financial lease agreements				
Payable within 1 year	2 489 123	1 644 017	3 229 435	2 504 787
Payable in the period from 1 year to 5 years	8 010 232	5 132 399	5 935 543	3 637 293
Payable in the period of over 5 years	7 749 345	7 114 557	8 463 502	7 466 111
Total future minimum fees due to financial lease agreements	**18 248 700**	**13 890 973**	**17 628 480**	**13 608 191**
Financial costs	4 357 728	X	4 020 289	X
Current value of minimum fees under financial lease agreements	**13 890 973**	**13 890 973**	**13 608 191**	**13 608 191**

All amounts are expressed in Polish zloty (unless indicated otherwise)

OPERATING LEASE

Pursuant to IAS no 17 the Company recognized operating lease agreements for tenancy and lease of premises and means of transport, on the basis of which, in return for a fee or a series of fees, the lessor transfers to the lessee the right to use a particular item of assets for an agreed period of time without transfer of risks and benefits resulting from being an owner of the particular asset.

The indicated agreements concern lease and tenancy of space in order to conduct commercial activities in there, with regard to the sale of goods, tobacco products, alcoholic beverages, domestic detergents and industrial goods. Moreover, one of the agreements concerns the usage of the warehouse space for logistics and transportation purposes and the office space for administration needs of employees of the headquarters.

In the case of the agreements concerning trading premises, the price was established per one square meter. Valorization of the prices in conducted on the basis of an annual level of inflation announced by the Main Statistical Office, the changes of the real estate taxes, the changes of the fees for perpetual usufruct and the changes of local fees concerning the leased or tenanted real estate. The payment is the product of the square meters of the area and the price per square meter.

In case of the tenancy of the warehouse and office space, regarding the distribution center in Komorniki, there were two fixed monthly rental fees established. The first one applies to the period of the first eight years and the following one to the period of the following eight years.

The terms and conditions concerning the period of the agreements being in force and their terminations provide that in the event that within the period of 12 months before the expiry of a particular agreement one of the parties does not notify the other of his decision not to prolong the agreement, the agreement shall be prolonged for a period analogical to the period of the main agreement.

The specificity of the minimal fees for the operation lease is presented in Table no 24.

Table no 24

LIABILITIES UNDER OPERATING LEASE AGREEMENTS AS AT 31 DECEMBER 2008

	as at 31.12.2008	as at 31.12.2007
Future minimum fees due to operatingl lease agreements		
Payable within 1 year	31 059 003	24 791 244
Payable in the period from 1 year to 5 years	134 316 613	108 298 596
Payable in the period of over 5 years	39 135 294	39 112 858
Total future minimum fees due to operating lease agreements	**204 510 909**	**172 202 698**

In 2008 payments for operating leases amounted to 29.249.756 PLN (2007: 22.084.938 PLN).

NOTE 21

INCOME TAX

Specification of income tax for the reporting period is presented in Table No 25 and 26.

All amounts are expressed in Polish zloty (unless indicated otherwise)

Table no 25

INCOME TAX FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2008 (main components)

	for the period od 01.01.2008 do 31.12.2008	for the period od 01.01.2007 do 31.12.2007
Profit and loss account		
Current income tax	**(14 300 720)**	**(12 063 076)**
Current income tax burden	(14 262 712)	(11 807 814)
Adjustment of prior years on current income tax	(38 008)	(255 262)
Deferred income tax	**(1 329 467)**	**(678 944)**
Due to creation and reversal of temporary differences	(1 329 467)	(678 944)
Tax burden recorded in profit and loss account	**(15 630 187)**	**(12 742 020)**

Table no 26

ESTABLISH INCOME TAX BURDEN FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2008 (main components)

	for the period od 01.01.2008 do 31.12.2008	for the period od 01.01.2007 do 31.12.2007
Gross profit	**75 200 243**	**56 747 280**
Tax calculated on tax base 19%	(14 288 046)	(10 781 983)
Tax influence from permanent differences between gross profit and tax base	(2 448 291)	(1 948 166)
Negative passing differences and tax losses, in connection which the deferred income tax provision was recognized (no impact for financial result)	882 550	-
Other differences	223 600	(11 871)
Tax burden shown in profit and losses	**(15 630 187)**	**(12 742 020)**
Effective tax rate	20,78%	22,45%

All amounts are expressed in Polish zloty (unless indicated otherwise)

NOTE 22

DEFERRED INCOME TAX

Deferred income tax is presented in Table No. 27.

Table no 27

DEFERRED INCOME TAX IN THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2008

	Balance sheet		Profit and loss account	
	as at 31.12.2008	as at 31.12.2007	for the period od 01.01.2008 do 31.12.2008	for the period od 01.01.2007 do 31.12.2007
Deferred income tax provision				
- difference between tax and accounting depreciation and amortization	8 600 922	6 544 177	2 056 744	1 564 657
- future revenues	5 654 655	2 274 901	3 379 754	1 064 643
- income from booked interests	52 898	79 839	(26 941)	79 839
- lease liabilities	414 584	434 734	(20 150)	(40 681)
- unrealized exchange rates	9 106	63 848	(54 742)	63 848
Gross deferred income tax provision	**14 767 837**	**9 397 499**	**5 370 337**	**2 732 306**

All amounts are expressed in Polish zloty (unless indicated otherwise)

Table no 27

DEFERRED INCOME TAX IN THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2008 (continued)

	Balance sheet		Profit and loss account	
	as at 31.12.2008	as at 31.12.2007	for the period od 01.01.2008 do 31.12.2008	for the period od 01.01.2007 do 31.12.2007
Deferred income tax provision				
- deferment of rebates	2 723 263	2 253 188	(470 075)	(508 083)
- revaluation write-off on inventories	1 716 327	1 219 082	(497 245)	(337 028)
- allowance for bad debts	406 556	294 236	(112 320)	399 202
- provision for paid leaves	542 259	540 294	(1 965)	(63 972)
- provision for bonuses	1 145 437	1 205 460	60 023	(825 460)
- unpaid payable payroll	761 819	191 724	(570 095)	(4 947)
- provision for agency depot commissions	47 397	47 397	-	-
- provision for costs of transport	147 131	172 813	25 682	(9 108)
- unrealized exchange rates	261 354	52 208	(209 146)	-
- provision for postal and telecommunication costs	179 554	237 118	57 564	-
- interests concern lease	101 537	94 467	(7 071)	(35 947)
- other provisions	98 898	72 832	(26 066)	(30 539)
- provisions for advisory	196 372	25 270	(171 102)	-
- provisions for causes in court	228 000	-	(228 000)	-
- income recognize	26 702	-	(26 702)	-
- hedging instruments	1 016 880	-	(1 016 880)	-
- valuation of executive options	37 628	215 832	178 204	(215 832)
- consolidated excluding concern activated margin on inventories	986 282	729 365	(256 916)	(584 635)
- unpaid interests of liabilities	406 372	-	(406 372)	-
- other provision	609 079	246 691	(362 388)	162 986
- deferred income tax assets	**11 638 846**	**7 597 976**	**(4 040 870)**	**(2 053 362)**
Deferred income tax burden			**1 329 467**	**678 944**
Net deferred income tax provision	**3 128 990**	**1 799 523**	**X**	**X**
Net deferred income tax assets	**-**	**-**	**X**	**X**

All amounts are expressed in Polish zloty (unless indicated otherwise)

NOTE 23

OTHER LONG-TERM PREPAYMENTS

Other long-term prepayments are presented in Table No 28.

Table no 28

OTHER LONG-TERM PREPAYMENTS AS AT 31 DECEMBER 2008

	as at 31.12.2008	as at 31.12.2007
Rents	192 770	
Logistic project - Solving	392 834	-
Licence for alcohol	755 145	-
Other prepayments	36 284	36 905
	1 377 033	**36 905**

NOTE 24

NET SALES IN THE REPORTING PERIOD

Net sales are presented in Table No 29.

Table no 29

NET SALES IN THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2008

	for the period od 01.01.2008 do 31.12.2008	for the period od 01.01.2007 do 31.12.2007
Sales of traded goods	3 187 015 158	2 549 993 108
Provision of services	93 576 531	59 906 963
Total net sales	**3 280 591 689**	**2 609 900 071**

NOTE 25

COSTS BY NATURE

Costs by nature are presented in Table No 30.

Table no 30

COSTS BY NATURE IN THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2008

	for the period od 01.01.2008 do 31.12.2008	for the period od 01.01.2007 do 31.12.2007
Amortisation	32 328 591	29 905 139
Materials and power	17 605 217	14 297 443
Third party services	109 501 162	95 026 884
Fees and taxes	5 748 331	4 463 707
Payroll	94 185 592	80 022 620
Social insurance and other benefits	18 457 302	15 715 524
Other costs by nature	20 789 878	17 365 793
Costs by nature	**298 616 073**	**256 797 110**
including:		
Costs of sales	211 668 008	175 930 058
Costs of general management	86 948 065	80 867 053

All amounts are expressed in Polish zloty (unless indicated otherwise)

NOTE 26

OTHER OPERATING REVENUES AND COSTS

Other operating revenues and costs are presented in Table No 31.

Table no 31

OTHER OPERATING REVENUES AND COSTS IN THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2008

	for the period od 01.01.2008 do 31.12.2008	for the period od 01.01.2007 do 31.12.2007
Other operating revenues	**9 026 982**	**11 076 516**
Penalties for suppliers	3 748 618	3 505 241
Other sales	1 586 334	1 865 627
Sub-lease of premises	1 855 027	1 562 367
Compensation received	504 921	502 526
Revenus from transport services	402 591	771 912
Profit from fixed assets sales	-	255 235
Realese provision for transport for clients	-	175 796
Other operating revenues	929 492	2 437 812
Other operating costs	**(16 529 947)**	**(16 105 645)**
Inventory shortages	(7 527 284)	(9 739 384)
Liquidation of damages and expired goods	(4 880 035)	(3 153 805)
Losses from sales fixed assets	(554 427)	-
Allowance for bad debts	(462 124)	1 692 498
Revaluation write-off on inventories	(474 986)	(476 902)
Costs to charge	-	(1 215 202)
Other operating costs	(2 631 091)	(3 212 851)
Net other operating revenues (costs)	**(7 502 965)**	**(5 029 129)**

NOTE 27

FINANCIAL REVENUES AND COSTS

Financial revenues and costs are presented in Table No 32.

Table no 32

FINANCIAL REVENUES AND COSTS IN THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2008

	for the period od 01.01.2008 do 31.12.2008	for the period od 01.01.2007 do 31.12.2007
Financial revenues	**2 629 506**	**1 858 695**
Revenues from the sale of shares	(300 000)	-
Interest	2 806 806	1 151 282
Exchange gains	-	(144 858)
Other financial revenues	122 700	852 272
Financial costs	**(15 703 963)**	**(9 358 217)**
Interest	(8 381 154)	(8 443 372)
Exchange losses	(5 331 947)	(118 968)
Other financial costs	(1 990 862)	(795 878)
Net financial revenues (costs)	**(13 074 457)**	**(7 499 522)**

All amounts are expressed in Polish zloty (unless indicated otherwise)

(Net) exchange gains (losses) are presented in Table No 33.

Table no 33

NET EXCHANGE GAINS/LOSSES IN THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2008

	for the period od 01.01.2008 do 31.12.2008	for the period od 01.01.2007 do 31.12.2007
Financial revenues	509 473	(144 858)
Financial costs	(5 841 420)	(118 968)
Total	**(5 331 947)**	**(263 826)**

NOTE 28

EARNINGS PER SHARE

Information about earnings per share is presented in Table No 34.

Table no 34

EARNINGS PER SHARE FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2008

	for the period od 01.01.2008 do 31.12.2008	for the period od 01.01.2007 do 31.12.2007
Earnings		
Net earnings of a given year for the purpose of calculating earnings per share for distribution among shareholders	59 570 056	44 005 260
Effect of dilution of ordinary shares:		
Interest on bonds convertible into shares (after tax)	-	-
Earnings disclosed for the needs of calculating diluted earnings per share	59 570 056	44 005 260
Number of issued shares		
Weighted average number of shares disclosed for the needs of calculating diluted earnings per share	130 969 660	130 928 889
Effect of dilution of a potential number of ordinary shares:		
Realisation of share options effect in 2008	-	(2 335 425)
Realisation of share options effect in 2009	(851 730)	(851 465)
Bonds convertible into shares	4 183 198	4 929 680
Weighted average number of ordinary shares (for the needs of calculating diluted earnings per share)	134 301 128	132 671 679
Earnings per share		
- basic	0,45	0,34
- diluted	0,44	0,33

Description of share diluting factors

Diluted earnings per share is an effect of the option schemes valuation presented in Note 13.

NOTE 29

BOOK VALUE PER SHARE

Book value per share was calculated as a quotient of the book value and the number of shares as at the end of the reporting period.

All amounts are expressed in Polish zloty (unless indicated otherwise)

Table no 35

BOOK VALUE PER SHARE ON 31 DECEMBER 2008

	as at 31.12.2008	as at 31.12.2007
Book value	242 652 147	212 818 969
Number of shares	130 777 550	127 742 000
Diluted number of shares	137 955 511	137 093 511
Book value per share	1,86	1,67
Diluted book value per share	1,76	1,55

NOTE 30

INFORMATION ABOUT RELATED COMPANIES

No significant transactions with related undertakings were concluded in 2008, apart from the transactions based on the Company's ordinary operations and market conditions.

All amounts are expressed in Polish zloty (unless indicated otherwise)

	IN COMPANY
FOR THE COMPANY	EUROCASH

Trade receivables

EUROCASH	
KDWT	13 723 406
EUROCASH FRANSZYZA	-
MCLANE	54 394 353
NASZE SKLEPY	-
	68 117 758

Others receivables

EUROCASH	
KDWT	966 761
EUROCASH FRANSZYZA	55 020
MCLANE	366 501
NASZE SKLEPY	-
	1 388 283

Trade liabilities

EUROCASH	
KDWT	2 355 572
EUROCASH FRANSZYZA	-
MCLANE	945 179
NASZE SKLEPY	-
	3 300 751

Other trade liabilities

EUROCASH	
KDWT	4 093 359
EUROCASH FRANSZYZA	1 596 200
MCLANE	13 964 971
NASZE SKLEPY	-
	19 654 530

Net sales of traded goods

EUROCASH	
KDWT	93 319 042
EUROCASH FRANSZYZA	-
MCLANE	123 549 791
NASZE SKLEPY	-
	216 868 832

Net sales of services

EUROCASH	
KDWT	3 174 933
EUROCASH FRANSZYZA	208 136
MCLANE	288 757
NASZE SKLEPY	-
	3 671 826

All amounts are expressed in Polish zloty (unless indicated otherwise)

Interests Income

EUROCASH	
KDWT	108 345
EUROCASH FRANSZYZA	-
MCLANE	-
NASZE SKLEPY	-
	108 345

Others income

EUROCASH	
KDWT	1 208 386
EUROCASH FRANSZYZA	-
MCLANE	-
NASZE SKLEPY	-
	1 208 386

Costs of services

EUROCASH	
KDWT	1 344 237
EUROCASH FRANSZYZA	-
MCLANE	166 302
NASZE SKLEPY	-
	1 510 539

Costs of goods sold

EUROCASH	
KDWT	94 876 448
EUROCASH FRANSZYZA	-
MCLANE	122 718 421
NASZE SKLEPY	-
	217 594 869

Other costs

EUROCASH	
KDWT	9 026 689
EUROCASH FRANSZYZA	12 780 678
MCLANE	19 151 764
NASZE SKLEPY	-
	40 959 131

NOTE 31

REMUNERATION OF BOARD MEMBERS AND SUPERVISORY BOARDS

The below table (Table no 36) presents information about the total value of salaries, bonuses, awards and other benefits paid or due to members of the Management Board and the Supervisory Board in the period from 1 January 2008 to 31 December 2008

There were no other transactions related to the members of the Management Board and the Supervisory Board.

All amounts are expressed in Polish zloty (unless indicated otherwise)

Table no 36

REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD OF DOMINANT UNIT IN THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2008

	Basic salary	Other benefits	Management optoins	Total
Remuneration of Management Board members				
Luis Amaral	300 000	519 753	-	819 753
Rui Amaral	540 000	322 127	508 988	1 371 115
Arnaldo Guerreiro	240 000	26 926	476 087	743 013
Pedro Martinho	480 000	321 963	248 613	1 050 576
Katarzyna Kopaczewska	360 000	133 020	180 318	673 338
Ryszard Majer	320 833	299 228	140 870	760 932
Jacek Owczarek**	97 222	5 328	-	102 550
Roman Piątkiewicz *	30 000	9 000	-	39 000
	2 368 055	**1 637 345**	**1 554 876**	**5 560 276**

** Effective March 3, 2008 Roman Stefan Piątkiewicz resigned from the position of Member of the Company's Management Board.*

Remuneration of Supervisory Board memebrs				
Joao Borges de Assuncao	91 535	-	-	91 535
Eduardo Aguinaga de Moraes	43 937	-	-	43 937
Ryszard Wojnowski	43 937	-	-	43 937
Janusz Lisowski	43 937	-	-	43 937
Antonio Jose Santos Silva Casanova	43 937	-	-	43 937
	267 283	**-**	**-**	**267 283**

Members of the Supervisory Board did not hold any options as at 31 December 2008.

NOTE 32

INFORMATION ABOUT THE HEADCOUNT

Information about the headcount as at 31 December 2008 is presented in Table No 37.

Table no 37

HEADCOUNT AS AT 31 DECEMBER 2008

	as at 31.12.2008	as at 31.12.2007
Number of employees	2 612	2 436
Number of full-time jobs	2 559	2 391

Information about the structure of employment as at 31 December 2008 is presented in Table No. 38.

Table no 38

STRUCTURE OF EMPLOYMENT AS AT 31 DECEMBER 2008

	Depots and distribution centres	Head office	Total
Number of employees	2 216	396	**2 612**
Number of full-time jobs	2 182	377	**2 559**

All amounts are expressed in Polish zloty (unless indicated otherwise)

Information about rotation of personnel as at 31 December 2008 is presented in Table No 39.

Table no 39

ROTATION OF PERSONNEL IN THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2008

	for the period od 01.01.2008 do 31.12.2008	for the period od 01.01.2007 do 31.12.2007
Number of employees hired	1 411	1 353
Number of employees dismissed	(1 235)	(1 043)
	176	**310**

NOTE 33

OFF-BALANCE SHEET ITEMS

As at 31 December 2008 the value of contingent liabilities due to granted bank guarantees is of PLN 132.581.362 . Detailed specification is presented in Table No 40.

Table no 40

CONTINGENT LIABILITIES DUE TO GRANTED BANK GUARANTEES AS AT 31 DECEMBER 2008

.	Beneficjent	Title	Currency	as at 31.12.2008	as at 31.12.2007
1.	HSBC	securing of liabilities the rental	PLN*	81 362	-
2.	BRE Bank	guarantee on securing the overdraft	PLN	75 000 000	12 000 000
3.	Millennium S.A.	guarantee on securing the overdraft	PLN	31 000 000	26 000 000
4.	BRE Bank S.A.	guarantee on securing the overdraft	PLN	20 000 000	-
5.	Millennium S.A.	the guarantee of a bank guarantee for PTK Centertel SA for the obligations of PayUP	PLN	1 500 000	-
6.	Handelsbanken Finans Aktiebolag S.A. Oddział w Polsce/Svenskahandelsbanken AB S.A. Oddział w Polsce	Guarantee for KDWT S.A. , McL Polska Sp. z o.o.	PLN	5 000 000	-
7.	Hawlett Packard	lease payments for equipment	PLN	-	1 302 335
				132 581 362	**39 302 335**

NOTE 34

SECURINGS ON ASSETS

As at 31 December 2008 the value of securing on assets is of PLN 20.297.242.
Detailed specification is presented in Table no 41.

All amounts are expressed in Polish zloty (unless indicated otherwise)

Table no 41

Securings on assets as at 31 December 2008

Title	Secured property	Amount secure in PLN
Hewlett Packard - payment for leasing	Deposit on inventories	260 467
TULIPAN - payables concern distrubution center	Deposit on inventories	1 981 890
TULIPAN - payables concern distrubution center	Deposit	1 981 890
Financial leasing agreements	Deposit on fixed assets in financial leasing	16 072 995
Total securings		**20 297 242**

NOTE 35

FINANCIAL RISK MANAGEMENT

a. General information

The Company's activities expose it to a variety of financial risk listed below:

- credit risk,
- liquidity risk,
- market risk.

This note presents the overall information about the exposition to those risks and also describes the Company's objectives, policy and procedures related to financial and capital risk management. All the sufficient data is disclosed in these consolidated financial statements.

The Management Board is responsible for an assignment and accomplishment of the risk management policy. In order to do that, the Management Board called the risk management team that is responsible for building and monitoring of the mentioned policy. The team report directly to the Management Board on a regular basis.

The risk management team has been called in order to identify and analyse all the risks on the financial performance of the Company, to define suitable limits and control indicators and also to monitor the limit deviations. The policy and the overall risk management program are analysed on a regular basis due to continuous changes of the market conditions and the Group's operations. By the qualifications increase, standards and procedures adoption the Group aims for disciplined and positive environment in which all the employees understand their role and duties.

There is an internal audit department within the Company's structure. A part of the responsibilities range of the department is to control the implementation of the risk management principles and procedures. The audit department shall conduct all the controls according to the plan as well as any ad hoc ones.

b. Credit risk

Credit risk is most simply defined as the potential that a customer or a counterparty will fail to meet its obligations in accordance with agreed terms which results in a financial loss of the Company.
In addition, credit risk may be connected with the Company's trade receivables and financial investments.

The below table (Table no 42) presents the Company's maximum credit risk exposure.

Table no 42

in PLN thousand	as at 31.12.2008	as at 31.12.2007
Accounts receivable and loans	236 892	127 425
Cash and cash equivalents	105 105	119 157
	341 997	**246 582**

Trade receivables and other receivables

Credit risk related to the Company's trade receivables may differ significantly depending on the customer group:

- cash transactions determine more than 90% of sale of all the warehouses therefore is not burdened by credit risk,
- sale of marketing services to suppliers (promotions, leaflets, folders etc.) is burdened by minor credit risk as the related receivables are discounted from their obligations,

In case of the overdue receivables the Comapny uses dunning letters on a regular basis, takes legal action and writes off bad debts if necessary.

The below tables (Table no 43 and 44) presents aged debtor analysis and the write-offs.

Table no 43
AGEING OF TRADE RECEIVABLES

	Trade receivables gross as at 31.12.2008	Bad debts allowance as at 31.12.2008	Trade receivables gross as at 31.12.2007	Bad debts allowance as at 31.12.2007
current	99 182 959	-	84 552 258	-
0-30 days	92 100 370	-	11 899 035	-
31-90 days	14 985 806	-	12 749 769	-
91-180 days	5 745 781	467 845	9 212 248	-
> 180 days	2 424 037	2 424 037	2 569 332	1 935 478
	214 438 953	**2 891 882**	**120 982 642**	**1 935 478**

Table no 44
Bad debts allowance

	for the period from 01.01.2008 to 31.12.2008	for the period from 01.01.2007 to 31.12.2007
Balance as at beginning of the period	1 935 478	3 200 495
Increases	27 630 188	5 649 426
Decreases	(26 673 785)	(6 914 443)
Balance upon changes	**2 891 882**	**1 935 478**

Investments
The Company only deals with the reputable financial institutions in case of cash and cash equivalent placement.

Guarantees
The Company grants only related parties and the most significant for its operations counterparties with the guarantees. As at 31 December 2008 the Company no receivables are reported from guarantees granted.

All amounts are expressed in Polish zloty (unless indicated otherwise)

c. Liquidity risk

Liquidity risk is the risk stemming from the lack of possibility to settle the financial liabilities when they are due.

The liability risk management policy postulates to maintain sufficient cash in order to allow the financial and investment liabilities to be settled when they are due for payment with respect of the Company's reputation and loss avoidance.

Liquidity management focuses on a detailed analysis, planning and taking appropriate action within the following fields:

- investments in fixed assets,
- working capital.
- net debt.

The continuous risk management in the above areas and the Company's market and financial position allows to state that the risk of liquidity loss is obtained at a minimum level.

The below tables present the carrying amounts of the Company's liabilities classified due to the settlement periods overriding any compensation agreements.

Table no 45

AS AT 31 DECEMBER 2008

	Net book value	< 12 months	1-5 years	over 5 years
Financial lease liabilities	13 890 973	1 644 017	5 132 399	7 114 557
Trade and other liabilities	659 459 202	659 459 202	-	-
Bank overdrafts	10 518	10 518	-	-
	673 360 692	**661 113 737**	**5 132 399**	**7 114 557**

Table no 45

AS AT 31 DECEMBER 2007

	Net book value	< 12 months	1-5 years	over 5 years
Financial lease liabilities	13 608 191	2 504 787	3 637 293	7 466 111
Trade and other liabilities	444 822 028	444 822 028	-	-
Bank overdrafts	102	102	-	-
	458 430 321	**447 326 916**	**3 637 293**	**7 466 111**

Market risk

Market risk is connected with key factors changes, i.e. demand, supply and prices as well as any other factors that may affect the Company's performance or possessed assets value like exchange rates, interest rates, prices of the capital. Therefore the market risk management focuses on the risk exposure maintenance at a level that is acceptable by the Company and return on risk optimisation at the same time.

Currency risk

As the Company conducts most of its transactions in the local currency, currency risk is not considered as a relevant threat. The company is not securing its currency risk in transactions connected with its operational activity. The security is under consideration when assessing non-recurring currency transactions.

This year, the Company has secured the purchase transactions of shares of McLane Sp. z o.o. Payment was made in 2 installments, each amounting to 21 million USD. Therefore, during the period of the contract to the date of actual payment of the installment of the Company was exposed to foreign exchange risk. Assuming that the PLN/ USD rate on the date of the payment was higher than the date of its conclusion, the company would suffer a loss. In order to protect themselves against the above exchange risks, the Company entered into two-term

contract to purchase currency with the bank for a total amount of 20 milion USD, which covered the company increase the rate of PLN / USD. T
The agreements were concluded at 21 and 23 January 2008 which amounting to USD 10 million each. Based on provisions of the agreements at settlements date, bank sold and the company purchased together USD 20 million at pre-defined rate of exchange. The transaction was treated as one securing future cash flows,
The company suffered a loss amounting to USD 5.352.000. Based on the International Accounting Standards (the IAS), the Company has made the calculation of the effectiveness of the safety of transactions. In accordance with standard IAS 39 effectiveness of security has been maintained, because it reached 87%.
On the basis of the IAS regulation, the total losses incurred in connection with transactions under the Forward contracts amounting to USD 5.352.000 have been settled as follows:
- The amount of 4,645,000 USD (87% generated a loss, according to the calculated efficiency index) was included in the valuation of equity transactions (the balance sheet, not income statement),
- The amount of USD 707,000 has been included in the financial costs (as a result).

Interest rate risk

As the Company has no significant interest-bearing assets, the Company's performance is considered as independent of changes in market interest rates.

The below table (Table no 46) presents the Company's maximum exposure to interest rate risk through the analysis of the financial instruments classified on a basis of fixed and changeable interest rates.

Table no 46

FLOATING AND FIXED INTEREST RATE INSTRUMENTS

in PLN thousand	Present value 31.12.2008	Present value 31.12.2007
Fixed interest rate instruments		
Financial assets	-	-
Financial liabilities	13 891	13 608
Floating interest rate instrument		
Financial assets	130 450	127 535
Financial liabilities	33 324	17 105

The Company conducted the sensitivity analysis of financial instruments with changeable interest rate to hypothetical changes in market interest rates. The analysis assumed that all other factors are constant (exchange rates for instance). The analysis has been conducted for the current and comparable period i.e. 2006. The below table (Table no 47) shows the effect of interest rate increase and decrease of 100 bp to profit and loss and equity.

Table no 47

FINANCIAL INSTRUMENTS' SENSITIVITY ANALYSIS

	Income statement		Equity	
in PLN thousand	increases 100bp	decreases 100bp	increases 100bp	dereases 100bp
31 December 2008	971	(971)	-	-
31 December 2007	1 104	(1 104)	-	-

d. Capital risk management

The main assumption of the Company's capital risk management policy is to maintain a strong capital base that will build the trust of the Company's investors, creditors and the market and also will strengthen the future development.

The Company controls changes within shareholders structure, return on equity indexes and dividend payments to shareholders. The aim is to achieve such a level of the return on equity and dividend payment that would satisfy the shareholders.
In the reporting period there were no amendments to the objectives, principles and processes in this field.

e. Fair value estimation

The below table (Table no 48) presents the components fair value in comparison with their carrying amounts.

Table no 48
FAIR VALUES

in PLN thousand	Net book value 31.12.2008	Fair value 31.12.2008	Net book value 31.12.2007	Fair value 31.12.2007
Assets	**341 997**	**341 997**	**246 582**	**246 582**
Trade and other receivables	236 892	236 892	127 425	127 425
Cash and cash equivalents	105 105	105 105	119 157	119 157
Liabilities	**673 361**	**673 361**	**458 430**	**458 430**
Credits	11	11	0	0
Financial lease liabilities	13 891	13 891	13 608	13 608
Trade and other liabilities	659 459	659 459	444 822	444 822
	(331 363)	**(331 363)**	**(211 848)**	**(211 848)**

The estimate of fair value

To estimate the fair value of financial instruments presented in the table using the following methods of valuation.
Securities
The fair value of securities is estimated based on market quotes at the balance sheet date without any transaction costs.

Derivatives

Forward foreign exchange contracts are valued on the basis of, or stock quotes or by discounting the value on the basis of the course on time due to contract, and deducted the amount in the currency converted at the current exchange rate. The valuation interest rate swap is used quota brokers. These quotes are verified through the use of pricing models or discounted cash flow method.
In the case of application of the method of discounted cash flows, the estimated value of future cash flows based on the most reliable estimates of the Board, however, as the discount rate, the market interest rate for a similar instrument at the balance sheet date. In the case of using other valuation methods, the output based on market data at the balance sheet date.

Interest rates on loans

The fair value of loans is estimated based on discounted expected future cash flows of capital and interest.

Liabilities under finance lease

The fair value is estimated as the present value of future cash flows, discounted market rate for a similar type of leasing. Estimated fair value reflect changes in interest rates.

Claims and liabilities from supplies and services and other

It is understood that the value of nominal assets and liabilities due in less than a year reflects their fair value.
Claims and liabilities with a longer maturity are discounted to estimate their fair value

NOTE 36

POST-BALANCE SHEET DATE EVENTS

There was not any important events after balance-sheet date.

All amounts are expressed in Polish zloty (unless indicated otherwise)

SIGNATURES OF THE MANAGEMENT BOARD MEMBERS

Position	Name and surname	Date	Signature
President	Luis Amaral	27th April 2009	
Management Board Member Chief Executive Officer	Rui Amaral	27th April 2009	
Management Board Member	Arnaldo Guerreiro	27th April 2009	
Management Board Member	Pedro Martinho	27th April 2009	
Management Board Member Human Resources Director	Katarzyna Kopaczewska	27th April 2009	
Management Board Member Administration and Non-Comercial Purchasing Director	Ryszard Majer	27th April 2009	
Management Board Member Financial Director	Jacek Owczarek	27th April 2009	

EUROCASH S.A.

REPORT OF THE MANAGEMENT BOARD

FOR THE PERIOD FROM 1st JANUARY 2008 TO 31st DECEMBER 2008

TRANSLATORS' EXPLANATORY NOTE

The following document is a free translation of the report of the above-mentioned Polish Company.
In the event of any discrepancy in interpreting the terminology, the Polish version is binding.

KOMORNIKI, 27th April 2009

CONTENTS

1. Summary of Eurocash activities in 2008

2008 was another record year for Eurocash – leading group in FMCG wholesale distribution in Poland. Sales of Eurocash S.A. (“Eurocash”, “Company”) in 2008 reached PLN 3.28 billion, EBITDA amounted to PLN 120.60 million and net profit to PLN 59.57 million. Eurocash finished 2008 with a very strong balance sheet and net cash position (cash less bank debt) of PLN 105.09 million.

Table 1 Eurocash: Summary of 2008 financial results

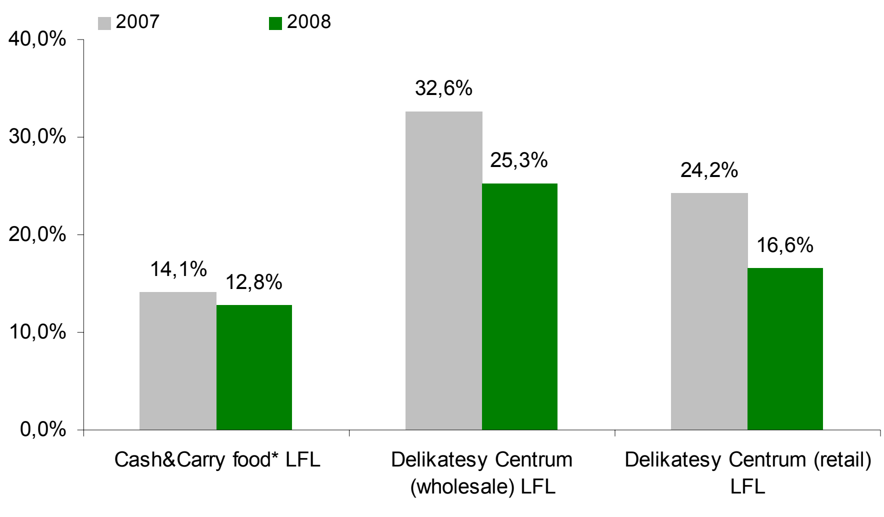
PLN million	**2008**	**2007**	**Change 2008/ 2007**
Revenues	3 280,59	2 609,90	25,70%
EBITDA	120,60	94,17	28,07%
(EBITDA %)	3,68%	3,61%	0,07p.p.
EBIT	88,27	64,25	37,40%
(EBIT %)	2,69%	2,46%	0,23p.p.
Net profit	59,57	44,01	35,37%
(Net profit %)	1,82%	1,69%	0,13p.p.

The strong sales growth of Eurocash in 2008 was attributable to strong organic growth in all business units - Eurocash cash&carry chain and sales to Delikatesy Centrum franchise chain.

Eurocash cash&carry chain increased by 9 reaching 111 outlets, while the number of Delikatesy Centrum franchise stores increased by 81 and reached 376 outlets at the end of 2008.

Also same-store sales growth (like-for-like) was high reaching 13% in Eurocash cash&carry unit (excluding tobacco and pre-paid phone cards) and 25% in Delikatesy Centrum unit. LFL sales growth of the retail sales of the Delikatesy Centrum franchise stores amounted in 2008 to 17%.

Chart 1 Organic growth parameters of Eurocash S.A. in 2008



** excluding tobacco and pre-paid phone cards*

Source: Eurocash

2. Eurocash business overview

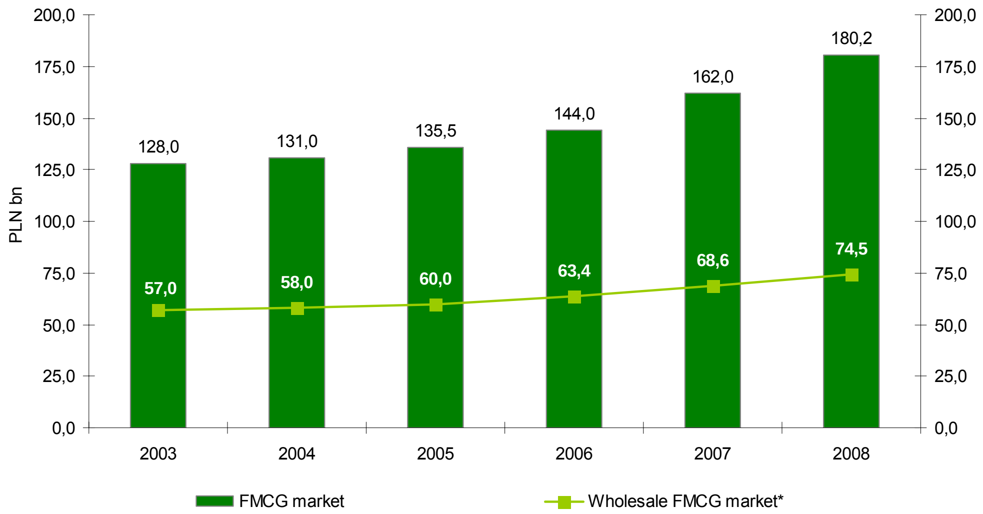
2.1. Market

Eurocash is positioned in the FMCG (Fast Moving Consumer Goods) sector. The FMCG sector includes food and non-alcoholic beverages, alcoholic beverages and tobacco, as well as detergents and cosmetics. The market has been growing steadily up to 2006 - by about 3% annually. Starting from 2006, the acceleration of economic growth allows for more dynamic expansion of the market. In 2008 FMCG market in Poland grew by 11.2% and exceeded a value of PLN 180 bn (according to Gfk Polonia).

The wholesale market is organized primarily to service both traditional and alternative channels (HoReCa – Hotels, Restaurants, Cafés). According to Eurocash calculation the wholesale market value reached PLN 74.5 bn in 2008. Comparing to 2007 the wholesale market value grew by 8.6%.

Chart 2 presents the FMCG retail market dynamic in consumer prices and wholesale distribution market dynamics. The value of the wholesale market was estimated on the basis of the Gfk Polonia data after a deduction of the sale from modern distribution channels (hypermarkets, supermarkets and discount stores) and a correction by estimated retail markup and value added tax to reach market value in wholesale prices.

Chart 2 Development of the FMCG retail and wholesale market in Poland



** wholesale market value – Eurocash calculation based on Gfk Polonia data*
Source: Gfk Polonia, own calculation

The Polish demographic structure and the socio-economic conditions define, to a large extent, the structure of the distribution channels. Such a structure is nowhere to be found elsewhere in Europe. Poland's population is dispersed throughout the country: some 40% of the population lives in the rural areas. Making the FMCG products available to a large number of small communities presents a huge challenge to distributors and requires a large number of smaller outlets.

The effect of the above factors is that the traditional distribution channel dominates the Polish market and in a few years perspective it will remain more important than the modern channel (hypermarkets, supermarkets and discount stores).

Since 1995 a significant concentration has been observed: of more than 20,000 previously existing wholesale companies, fewer than 5,000 have remained. This concentration takes place at the expense of small local wholesalers who cannot compete with the ever more demanding legal and market conditions. Eurocash Group is the one of the biggest FMCG wholesalers in Poland.

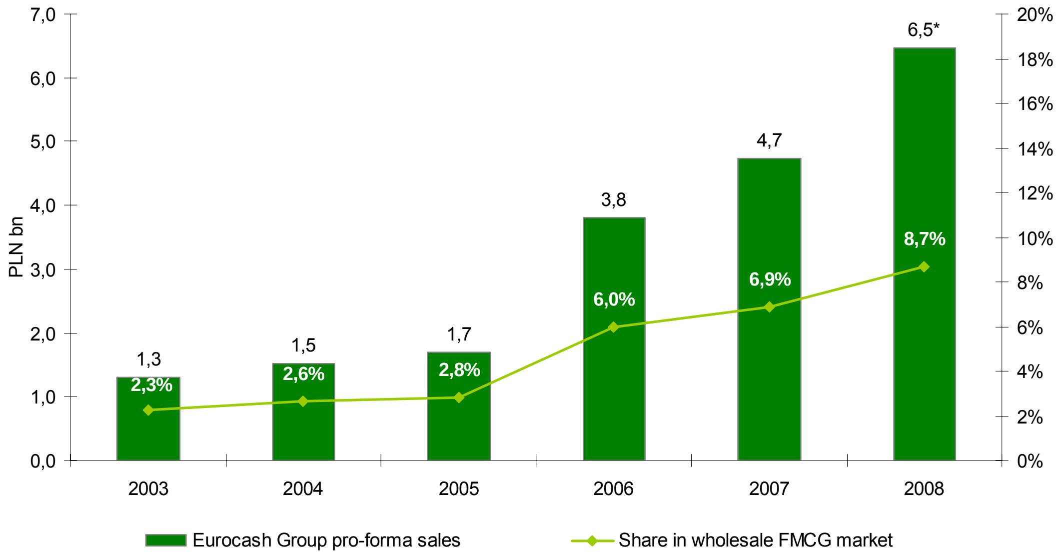
In the opinion of Eurocash, the FMCG wholesale market is extremely attractive due to its value, declining number of competitors, existence of few international players and also because of the existence of many communities without professional operators, which are too small for the concepts requiring huge investments. Eurocash sees an opportunity of further growth by becoming an active player in this process and also one of the main consolidation centers on the wholesale market.

2.2. Eurocash - overview

Eurocash is a parent company of Eurocash Group, which is the leader in wholesale distribution of the Fast Moving Consumer Goods (FMCG) in Poland. With a range of wholesale distribution formats it concentrates on wholesale supply of FMCG to a broad range of traditional retailers across the whole country.

Pro-forma sales of Eurocash Group in 2008 (including full year sales of McLane Polska) reached PLN 6.5bn, what gave Eurocash Group 8.7% share in the wholesale FMCG distribution market.

Chart 3 Sales dynamics and FMCG wholesale market share of Eurocash Group



** 2008 revenues include sales of McLane Polska for the full year 2008.*

Source: Eurocash

The business portfolio of Eurocash includes:

- nation-wide chain of **discount cash&carry stores**
- **franchise systems for retail shops** - ranging from strict to loose franchise concepts under brands such as: abc and Delikatesy Centrum.

EUROCASH Cash & Carry – largest chain of 111 discount cash & carry stores in Poland. Eurocash Cash & Carry is also franchisor of over 2 836 "abc" independent grocery stores.

Delikatesy Centrum – leading chain of 376 franchise supermarkets in south-eastern Poland. Eurocash provides franchisees with wholesale deliveries, operational support and coordinated marketing activities.

2.3. Capital and organizational relations in Eurocash

As at 31 December 2008 Eurocash Group consisted of Eurocash S.A. as parent company and the following entities:

- KDWT S.A. (subsidiary with 100% ownership);

- Eurocash Franszyza Sp. z o.o. (subsidiary with 100% ownership);
- McLane Polska Sp. z o.o. (subsidiary with 100% ownership from 30.04.2008);
- Nasze Sklepy Sp. z o.o. (subsidiary with 53,39% ownership from 14.05.2008);
- PayUp Polska S.A. (associate company with 49,00% ownership from 13.05.2008).

Main shareholder of Eurocash is Luis Amaral (directly and indirectly through Politra B.V.) holding 53,72% of shares as at 31.12.2008. Luis Amaral serves as President the Management Board.

2.4. Sales structure

In the sale structure of Eurocash basic groceries from the key FMCG manufacturers hold predominant position. The tables below present sales breakdown by the business units and key groups of products offered by the Company.

Table 2 Eurocash: Sales structure in 2008 and 2007

	2008			2007		
PLN million	**Cash&Carry**	**Delikatesy Centrum**	**Total**	**Cash&Carry**	**Delikatesy Centrum**	**Total**
Food and drinks	2 053,7	613,6	2 667,3	1 736,5	436,5	2 173,0
Tobacco and pre-paid phone cards and mobile top-ups	90,0	0,0	90,0	106,1	0,0	106,1
Other	228,9	73,8	302,7	210,8	56,8	267,6
Eurocash external sales	**2 372,6**	**687,4**	**3 060,0**	**2 053,4**	**493,3**	**2 546,7**
Intra-group sales	**220,6**		**220,6**	**63,2**		**63,2**
Total Eurocash sales	**2 593,2**	**687,4**	**3 280,6**	**2 116,6**	**493,3**	**2 609,9**

2.5. Customers

Eurocash offers the products mainly to traditional grocery stores which comprise the most significant group of customers within ca 60 000 clients of Eurocash. A substantial share within the sale of the Company belongs to the sales to the abc franchise chain and Delikatesy Centrum stores. As at 31.12.2008 there were 2 836 abc chain stores supplying in Eurocash Cash&Carry wholesale stores and 376 stores were concentrated within Delikatesy Centrum chain.
Because of the great sales dispersal, none of the customers of Eurocash achieved the level of 10% share of total sales figure of the Company.

2.6. Suppliers

Because of the range of goods offered by Eurocash and its geographically diversified sales, its suppliers group is very large – approximately 500. The brand product suppliers (key FMCG manufacturers and importers) are selected based on their respective market shares, brand significance, and coverage of respective product segments. Because of a huge dispersal, there are no suppliers with more than 10% share of total purchases figure of the Company.

3. Eurocash development perspectives

3.1. Eurocash development strategy

The strategic objectives of Eurocash are:

- to satisfy needs of small and medium retail stores in Poland across all significant assortment groups and distribution formats,
- to build sustainable competitive advantage through the scale effect implicit in common wholesale activity of a multi format group of business units.

As the market is consolidating around a decreasing number of wholesalers with national presence, Eurocash strategy assumes further **organic growth** in each business unit and **ongoing acquisitions** aimed at other wholesalers and franchise networks.

3.1.1. Eurocash Cash&Carry

Growth of Eurocash Discount Cash & Carry operations focuses on **2 measures**: (i) like-for-like growth through ever-improving implementation of its concept in existing outlets and (ii) regional expansion.

Like-for-like growth

Eurocash Discount Cash & Carry will always be looking into ways of better satisfying our customers' needs, **thus increasing our share of their turnover,** in order to **increase sales per store.** This implies:

- developing new categories and products,
- launching more regional products,
- offering best selling assortment at most competitive prices,
- improving operational effectiveness together with clients,
- improving the customer experience inside C&C stores through modernizing facilities, layout, communication and adding new elements of customer service.

abc franchise proved to be a successful concept as a neighborhood network of independent owners who decide what is best for their customers. Further development requires continuous improvement in the level of support offered to these shops by a dedicated team, so that we may:

- increase the number of abc stores,
- raise the proportion of abc purchases made at Eurocash,
- increase the total sales of the abc store to the final consumer.

Geographic expansion

Eurocash Discount Cash & Carry concept has the advantage of being profitable in any town with over 25,000 inhabitants. This gives a potential market of over 150 towns that can support Discount Cash & Carry. The amount of wholesale stores exceeded the 110 figure and at the end of the year there were 111 stores around the country.

3.1.2. Delikatesy Centrum franchise chain

"Delikatesy Centrum" franchise chain together with wholesale supply within Eurocash Has a number of development opportunities in particular by:

- competitive purchasing terms for the assortment of Delikatesy Centrum supplied by Eurocash,
- broad marketing assistance for the stores belonging to "Delikatesy Centrum" franchise chain
- country-wide expansion of “Delikatesy Centrum” franchise.

3.2. Factors significant for the development of Eurocash

3.2.1. External Factors

Growth in the FMCG market and its structure.

The Company expects further growth of modern distribution channels; its unfavourable impact on company's income will be compensated by growth of the FMCG market in absolute terms and consolidation in the traditional wholesale market.

Fuel prices.

As logistic expenses, closely connected with fuel prices, are a vital part of selling expenses, their substantial changes may influence the Eurocash's profit and loss.

Labour costs.

Potential pressure on labour costs could in medium-term perspective negatively influence the Eurocash's profit and loss. However, potential of growing wages and salaries impacts the whole Polish market. As the Eurocash sales are realised in Poland, its competitive position should remain unchanged due to this factor.

3.2.2. Internal Factors

Integration of McLane Polska operations

Due to necessity of integration of McLane Polska on the operational level, in the opinion of the Management Board of Eurocash achievement of the full synergy effects resulting from this transaction will be possible within 1-2 years.

New business formats

Development of new formats of wholesale distribution or new formats of retail stores franchise chains, in order to give a full offer to our clients and on the same time to achieve economies of scale.

Organic expansion

Management of Eurocash expects, that during 2009:

- number of Eurocash Cash&Carry stores will increase by app. 6-8 stores,
- number of Delikatesy Centrum franchise stores will increase by app. 80 stores,
- in the active distribution channel of KDWT as well as McLane Polska – the actions to achieve the growth of sales of impulse products (grocery) will be continued in order to get a higher profitability and improvement of a working capital dynamics.

3.3. Major risks and threats related to the operational activities

3.3.1. External Factors

Macroeconomic situation. Purchasing power of the population

Economic slowdown, drop of the purchasing power and decrease in household expenditures for consumption may have a negative impact on the sales volume of the Company.

The structure of the FMCG retail distribution market in Poland

In 2008 the prevailing form of FMCG retail distribution was a traditional distribution channel with approx. 50% share. Such high share (as compared to other European countries) results from a low concentration of population in the area of the country and bad housing conditions, stimulating more frequent purchases. This situation is advantageous for Eurocash for which small and mid-sized shops located off large agglomerations are the most relevant group of customers. A growth in the share of modern distribution will reduce the potential market of Eurocash business.

The structure of the traditional FMCG distribution channel. Competition

According to the estimates of Eurocash, there is approx. 5,000 entities operating on the traditional FMCG distribution market, the majority of which are local stores. That enables price advantage of Eurocash, which operates country-wide. Market consolidation, appearance of new strong entities could have a negative impact on the level of margins.

3.3.2. Internal Factors

IT systems

An efficient, uniform IT system allows for centralised and effective management of business processes, allowing for an exact analysis of profitability of particular products and particular discount stores, which guarantees high safety of the conducted business. Possible disturbances in the system operation would be a threat for the business of the Eurocash.

New investments

Eurocash wants to be an active participant in the process of market consolidation by taking over FMCG wholesalers. Taking over other enterprises, the Eurocash bears numerous material risks connected among others with integration, realisation of the assumed synergies or wrong assessment of the market potential.

Suppliers

Eurocash cooperates with approximately 500 suppliers, with whom it has concluded agreements providing for discounts and favourable payment terms. While the share of the largest supplier in Eurocash total product offering does not exceed 5%, the risk, that termination or an unfavourable change of the terms of the agreements might adversely affect Eurocash business and financial results is limited.

3.4. Explanations regarding seasonality

In FMCG wholesale sales are traditionally lower in 1Q, then sales peak during summer period and stabilise in the 4Q.

4. Management discussion of the financial results of Eurocash S.A. for 2008

4.1. Eurocash S.A.: Key financial and operational highlights

Sales of Eurocash S.A. ("Eurocash", "Company") in 2008 reached PLN 3.28 billion, EBITDA amounted to PLN 120.60 million and net profit to PLN 59.57 million. Eurocash finished 2008 with a very strong balance sheet and net cash position (cash less bank debt) of PLN 105.09 million.

Table 3 Eurocash: Summary of 2008 financial results

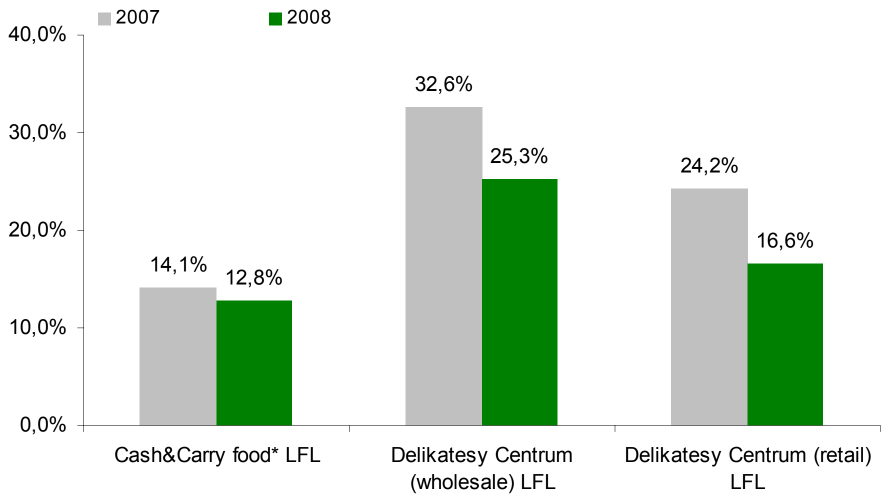
PLN million	2008	2007	Change 2008/ 2007
Revenues	3 280,59	2 609,90	25,70%
EBITDA	120,60	94,17	28,07%
(EBITDA %)	3,68%	3,61%	0,07p.p.
EBIT	88,27	64,25	37,40%
(EBIT %)	2,69%	2,46%	0,23p.p.
Net profit	59,57	44,01	35,37%
(Net profit %)	1,82%	1,69%	0,13p.p.

The strong sales growth of Eurocash in 2008 was attributable to strong organic growth in all business units - Eurocash cash&carry chain and sales to Delikatesy Centrum franchise chain.

Eurocash cash&carry chain increased by 9 reaching 111 outlets, while the number of Delikatesy Centrum franchise stores increased by 81 and reached 376 outlets at the end of 2008.

Also same-store sales growth (like-for-like) was high reaching 13% in Eurocash cash&carry unit (excluding tobacco and pre-paid phone cards) and 25% in Delikatesy Centrum unit. LFL sales growth of the retail sales of the Delikatesy Centrum franchise stores amounted in 2008 to 17%.

Chart 4 Organic growth parameters of Eurocash S.A. in 2008



** excluding tobacco and pre-paid phone cards*

Source: Eurocash

Below we present the key financial and operational highlights of Eurocash separately for Eurocash Discount Cash&Carry and Delikatesy Centrum Distribution Centers (“Delikatesy Centrum”):

4.1.1. Eurocash Discount Cash&Carry stores

- In 2008 sales of Eurocash Discount Cash&Carry stores amounted to PLN 2 593.20m and increased by 22.52% comparing with PLN 2 116.56m PLN in 2007.
- LFL sales growth in 2008 amounted to 11.20% and in 2007, 2006 and 2005 amounted to 12.1%, 5.8% and 5.5% respectively.
- Excluding categories of tobacco and phone cards, the LFL sales growth in Cash&Carry stores (the same number of stores) in 2008 amounted to 12.8%, and for 2007, 2006 and 2005 amounted to 14.1%, 5.2% and 2.5% respectively.
- Number of Eurocash Discount Cash&Carry stores amounted to 111 at the end of 2008.
- Number of abc stores amounted to 2 836 at the end of 2008.
- In 2008 share of abc stores in total sales of Discount Cash & Carry stores amounted to 43.5%.

4.1.2. „Delikatesy Centrum”

- Wholesale sales realized by "Delikatesy Centrum" Distribution Centers in 2008 amounted to PLN 687.39m and increased by 38.45% comparing with 2007.
- LFL growth of the wholesale sales to "Delikatesy Centrum" franchise stores in 2008 amounted to 25.26%.
- LFL growth of the retail sales of "Delikatesy Centrum" franchise stores (the same number of stores) in 2008 amounted to 16.62%.
- Number of “Delikatesy Centrum” franchise stores at the end of 2008 amounted to 376.

4.2. Profit and loss account

4.2.1. Sales

In 2008 the consolidated sales of Eurocash amounted to PLN 6 121.74m and comparing with 2007 increased by 29.53%. Such result was mainly attributable to strong organic growth in all business units and acquisition of McLane Polska realized in 2008.

Table 4 Eurocash: Sales structure by business units

PLN million	Total sales 2008	Total sales 2007	Change 2008/2007 %	Sales within Eurocash 2008	Sales within Eurocash 2007	External sales 2008	External sales 2007	Change 2008/2007 %
Eurocash Cash&Carry	2 593,20	2 116,56	22,52%	-220,62	-63,21	2 372,58	2 053,35	15,55%
Delikatesy Centrum	687,39	493,34	39,33%	0	0	687,39	493,34	39,33%
Total Eurocash	**3 280,59**	**2 609,90**	**25,70%**	**-220,62**	**-63,21**	**3 059,97**	**2 546,69**	**20,15%**
Total Eurocash Group	**6 129,74**	**4 726,06**	**29,70%**			**6 129,74**	**4 726,06**	**29,70%**

4.2.2. Profitability analysis

Table 5 Eurocash: 2008 financial results

PLN million	2008	2007	Change 2008/ 2007
Revenues	3 280,59	2 609,90	25,70%
Gross margin on sales	394,39	326,07	20,95%
(Gross margin on sales %)	12,02%	12,49%	-0,47p.p.
EBITDA	120,60	94,17	28,07%
(EBITDA %)	3,68%	3,61%	0,07p.p.
EBIT	88,27	64,25	37,40%
(EBIT %)	2,69%	2,46%	0,23p.p.
PBT	75,20	56,75	32,52%
Net profit	59,57	44,01	35,37%
(Net profit %)	1,82%	1,69%	0,13p.p.

Gross margin on sales decreased by 0.47 p.p. to 12.02%. The EBITDA margin for the Eurocash amounted to 3.68% in 2008. In absolute terms the EBITDA figure increased by 28.07% to PLN 120.60m in 2008. Net profit amounted to PLN 59.57m, 35.37% higher than in 2007.

Eurocash results have been also significantly influenced by costs of the stock-option programs for Eurocash employees and stock option programs related to acquisition of KDWT and Delikatesy Centrum. The total cost of the stock-option programs in 2008 amounted to PLN 5.71m.

4.3. Balance sheet data

4.3.1. Balance sheet structure

The volume of fixed and current assets, equity, liabilities and provisions for liabilities, as well as their share in the total value of assets is presented in the below table:

Table 6 Structure of assets

PLN million	31.12.2008	%	31.12.2007	
Fixed assets (long-term)	**409,62**	**43,60%**	**287,76**	**41,72%**
Goodwill	9,98	1,06%	9,98	1,45%
Intangible fixed assets	92,94	9,89%	94,85	13,75%
Tangible fixed assets	137,33	14,62%	107,61	15,60%
Investments in subsidiary companies	158,84	16,91%	73,41	10,64%
Investments in associated companies - equity method	3,46	0,37%	-	0,00%
Long-term receivables	5,69	0,61%	1,87	0,27%
Long-term prepayments	1,38	0,15%	0,04	0,01%
Current assets (short-term)	**529,80**	**56,40%**	**402,00**	**58,28%**
Inventories	189,96	20,22%	155,65	22,57%
Trade receivables	211,55	22,52%	119,05	17,26%
Other short-term receivables	19,65	2,09%	6,51	0,94%
Cash and cash equivalents	105,11	11,19%	119,16	17,28%
Short-term prepayments	3,53	0,38%	1,64	0,24%
Total assets	**939,42**	**100,00%**	**689,76**	**100,00%**

Table 7 Structure of liabilities

PLN million	31.12.2008	%	31.12.2007	
Equity	**242,65**	**25,83%**	**212,82**	**30,85%**
Share capital	130,78	13,92%	127,74	18,52%
Supplementary capital	56,95	6,06%	41,07	5,95%
Hedge transactions valuation capital	(4,65)	-0,49%	-	0,00%
Retained earnings	59,57	6,34%	44,01	6,38%
Net profit (loss) of the current year	59,57		44,01	
Liabilities	**696,77**	**74,17%**	**476,94**	**69,15%**
Long-term liabilities	**15,59**	1,66%	**13,12**	1,90%
Long-term financial liabilities	12,25	1,30%	11,10	1,61%
Deferred income tax provision	3,13	0,33%	1,80	0,26%
Provision for employee benefits	0,21	0,02%	0,21	0,03%
Short-term liabilities	**681,18**	72,51%	**463,82**	67,24%
Short-term loans and credits	0,01	0,00%	0,00	0,00%
Short-term financial liabilities	1,64	0,18%	2,50	0,36%
Trade liabilities	620,55	66,06%	424,85	61,59%
Current income tax liabilities	5,59	0,60%	2,86	0,42%
Short-term liabilities	33,31	3,55%	17,10	2,48%
Provision for employee benefits	10,53	1,12%	9,27	1,34%
Other short-term provisions	9,53	1,01%	7,23	1,05%
Total Liabilities	**939,42**	**100,00%**	**689,76**	**100,00%**

4.3.2. Loan agreements, warranties and collaterals

Loan agreements

- On 8 April 2008, Eurocash executed with Bank BPH S.A. agreement on multi-purpose credit facility No. DDf/3/2008 for Mount of PLN 97.254.170,00, based on variable interest rate. On the day of executing the agreement, the interest rate amounted to 6.65% p.a. The facility was granted until 8 April 2010. On 19 November 2008, Eurocash and BPH S.A. agreed to dissolve the aforementioned agreement.
- On 29 August, 2008, Eurocash S.A., KDWT S.A., Eurocash Franszyza sp. z o.o., Eurocash Detal sp. z o.o. executed with BRE Bank S.A. agreement on overdraft umbrella facility 06/093/06/Z/VU for amount of PLN 75.000.000,00 based on variable interest rate. On the day of executing the agreement, the interest rate amounted to 6.87% p.a. The facility was granted until 27 February 2009.
- On 20 November, 2008, Eurocash S.A. executed with HSBC Bank S.A. agreement on overdraft facility and guarantee lines No 188/2008 for amount of PLN 20.000.000 based on variable interest rate. On the day of executing the agreement, the interest rate amounted to 6.78% p.a. The facility has been granted until 20 November 2009.
- On 21 November, 2008, Eurocash S.A. executed with ING Bank Śląski S.A. agreement on overdraft facility for amount of PLN 65.000.000 based on variable interest rate. On the day of executing the agreement, the interest rate amounted to 6.46% p.a. The facility has been granted until 31 December 2009.

Loans granted

- On 3 July, 2008, Eurocash S.A. executed with KDWT S.A. loan agreement providing, that Eurocash shall lend KDWT S.A. amount of PLN 15.000.000 for purpose of financing daily activities. Interest was calculated based on variable interest rate, which on the day of executing the agreement amounted tp 6.76% p.a. The loan was granted until 13 August, 2008.

Sureties and guarantees

CONTINGENT LIABILITIES DUE TO GRANTED BANK GUARANTEES AS AT 31 DECEMBER 2008

.	Beneficjent	Title	Currency	as at 31.12.2008	as at 31.12.2007
1.	HSBC	securing of liabilities the rental	PLN*	81 362	-
2.	BRE Bank	guarantee on securing the overdraft	PLN	75 000 000	12 000 000
3.	Millennium S.A.	guarantee on securing the overdraft	PLN	31 000 000	26 000 000
4.	BRE Bank S.A.	guarantee on securing the overdraft	PLN	20 000 000	-
5.	Millennium S.A.	the guarantee of a bank guarantee for PTK Centertel SA for the obligations of PayUP	PLN	1 500 000	-
6.	Handelsbanken Finans Aktiebolag S.A. Oddział w Polsce/Svenskahandelsbanken AB S.A. Oddział w Polsce	Guarantee for KDWT S.A. , McL Polska Sp. z o.o.	PLN	5 000 000	-
7.	Hawlett Packard	lease payments for equipment	PLN	-	1 302 335
				132 581 362	**39 302 335**

Sureties and guaranties issued by the companies from Eurocash are presented according to the note No 33 to the separate financial statements for 2008. In the table, items 2,3,4,5 and 6 refer to related entities.

In 2008 Eurocash did not grant any surety for a credit or a loan nor did it grant any guarantee of total value equivalent to 10% of the issuer's equity.

4.3.3. Issue of securities and bonds in 2008

Issue of shares
In 2008 Eurocash S.A. issued 356 000 series B shares at the issue price of PLN 2.71 per share. This issue is related to the Motivation Scheme adopted by Resolution No. 3 of the Extraordinary General Meeting of 14 September 2004 on issue of bonds with the priority right, conditional share capital increase and exclusion of the pre-emption right to new shares of the current shareholders, as amended by Resolution No. 2 of 2 November 2004 and Resolution No. 1 of 25 November 2004, described in the issue prospectus of Eurocash from 2004.

Issue of securities and bonds
In terms of the KDWT Incentive Scheme (hereinafter the "KDWT Scheme"), the Third Employee Incentive Scheme (hereinafter "3rd Employee Scheme") and the Delikatesy Centrum Incentive Scheme from 2007 (hereinafter the "DC Scheme", together "Incentive Schemes"), pursuant to the resolution of the Management Board dated 1 September 2008, on 4 November 2008 the Company issued unsecured, no-interest, book-entry registered bonds with a nominal value and issue price of PLN 0.01 each, with priority rights, in three series:

(i) as a part of the KDWT Scheme, 415,000 Series C bonds ("Series C Bonds"), each with the right to subscribe for 2 Series D bearer ordinary shares with priority rights over the Company's shareholders ("Series D Shares"), and

(ii) as a part of the 3rd Employee Scheme, 63,871 Series D bonds (“Series D Bonds”), each with the right to subscribe for 25 Series E bearer ordinary shares with priority rights over the Company’s shareholders (“Series E Shares”),

(iii) as a part of the DC Scheme, 179,212 Series E bonds (“Series E Bonds”), each with the right to subscribe for 3 Series F bearer ordinary shares with priority rights over the Company’s shareholders (“Series F Shares”),

hereinafter collectively referred to as the “Bonds”.

The Bonds were issued pursuant to the provisions of Section 9.3 of the Bonds Act, as an offer to purchase made to UniCredit CAIB Poland S.A., with its registered office at ul. Emilii Plater 53, 00-113 Warsaw, acting as the “Trustee”. The Trustee shall dispose of the Bonds only to the persons participating in the Incentive Schemes (the “Persons Authorised”).

Series C, D and E Bonds shall be redeemed on 5 April 2010, 2 January 2013 or 18 August 2010, respectively, at their respective nominal value. Detailed information regarding the issue of bonds was presented in the report no 48/2008 dated 4 November 2008. In 2008 the entities within the Eurocash did not issue, acquire or repay debt securities.

Within the incentive schemes approved under the Extraordinary General Shareholders Meeting’s Resolution No. 3 of September 14th 2004, concerning the issue of bonds with pre-emptive rights attached, a conditional share capital increase and a waiver of pre-emptive rights of the existing shareholders to acquire new issue shares, as amended; in the wording adopted by virtue of Resolution No. 2 dated November 2nd 2004 and Resolution No. 1 dated November 25th 2004. Details about the Incentive Scheme can be found in the Issue Prospectus of Eurocash S.A. published in 2004, based on Eurocash Management Board decision dated 14 March 2005, the Company issued: .

(i) 127,742 series A bonds (“Series A Bonds”) each with the right to subscribe for 25 ordinary bearer series B shares, with priority over the Company’s shareholders (“Series B Shares”); and,

(ii) 127,742 series B bonds (“Series B Bonds”) each with the right to subscribe for 25 ordinary bearer series C shares, with priority over the Company’s shareholders (“Series C Shares”), jointly referred to as the “Bonds.”

According to the resolution No. 18 of the Ordinary Shareholders’ Meeting of Eurocash S.A. dated 28 June 2007 regarding the Fourth and Fifth Incentive and Bonus Scheme for Employees for the years 2007 and 2008, following realization of these programs, the Company intends to issue series F and G bonds.

Information on motivation schemes based on issue of Eurocash shares is provided in section 5.14 below.

4.4. Significant off-balance sheet items

Information on significant off-balance sheet items of Eurocash is provided in additional information to the annual consolidated financial statements in note no 33.

4.5. Eurocash cash-flow analysis

4.5.1. Cash-flow account

Total cash flow of Eurocash in 2008 amounted to PLN -14.05 million. Significant negative cash-flow from inestments (acquisition of McLane Polska) and negative cash flow from financing activities (mainly dividend payment) have been off-set by strong operating cash flow which reached PLN 179,64m.

Table 8 Cash flow

PLN million	2008	2007
Operating cash flow	179,64	169,86
Gross profit (loss)	75,20	56,75
Depreciation	32,33	29,92
Change in working capital	73,70	83,39
Other	(1,59)	(0,20)
Cash flow from investments	(159,22)	(28,84)
Cash flow from financing activities	(34,47)	(46,95)
Total cash flow	(14,05)	94,07

4.5.2. Working capital rotation

Table 9 Eurocash: Consolidated working capital ratios in 2008

Turnover in days	**2008**	**2007**
1. Inventories turnover	21,19	21,77
2. Trade receivables turnover	23,60	16,65
3. Trade liabilities turnover	78,69	67,90
4. Operating cycle (1+2)	44,79	38,42
5. Cash conversion (4-3)	(33,90)	(29,48)

Eurocash managed to improve the cash conversion cycle in 2008 to negative 33.90 days. The negative cash conversion cycle enables Eurocash to release cash in line with growing sales.

4.5.3. Evaluation of financial resources management

Eurocash generates significant positive cash flows from operating activities. All major investments realised in 2008 were financed from own financial resources and bank overdrafts.

In the opinion of the Management, there are no significant financial risks related to the ability of Eurocash companies to pay their liabilities. The main financial risk factors related to Eurocash operations are as follows:

Liquidity risk
Eurocash policy assumes maintaining sufficient cash to service the current payments. Surpluses are deposited in bank deposits.

Currency risk
Eurocash revenues and costs are predominately denominated in PLN.

4.6. Investment activity

4.6.1. Major investments realised in 2008

In 2008 the highest share in capital expenditures belonged to the acquisition transactions – especially McLane Polska. The rest of the investments related to the organic growth of Eurocash, notably in respect of new Cash&Carry stores, modernisation and remodelling of the existing Cash&Carry stores as well as development of Delikatesy Centrum franchise chain.

Table 10 Key investment areas of Eurocash in 2008

	2008	2007
Acquisitions of shares in other companies	99,51	10,00
Eurocash Cash&Carry + Delikatesy Centrum Distribution Centers	60,14	47,40
Total capital expenditures	159,66	57,40

4.6.2. Assessment of the possibility of executing the envisaged investments

Major investments planned in 2009 relate to the organic growth within the current structure of business units, considering especially:

- opening of app. 6-8 new Eurocash Discount Cash&Carry stores,
- development of “Delikatesy Centrum” franchise chain, including implementation plan of ca 80 new franchise stores.

In order to finance the aforementioned investments, Eurocash intends to use the cash generated by the company and bank debt. In case of decision upon realisation of other significant potential investments, in the opinion of Eurocash’s Management, Eurocash has sufficient debt capacity to finance such potential investments.

4.7. Significant events and factors affecting the 2008 financial results of Eurocash

- On 10 April 2008 the President of the Office of Competition and Consumer Protection agreed for an acquisition of shares of McLane Polska Sp. z o.o. based in Błonie. Further to that on 17 April 2008 Eurocash acquired 100% of shares in McLane Polska Sp. z o.o.
- On May 13th 2008 Eurocash S.A. purchased 686,000 registered shares in PayUp Polska S.A. from the Dutch company PayUp Holding B.V. The Shares represent 49% of the share capital of PayUp Polska. PayUp Holding B.V. holds the remaining 51% of shares in PayUp Polska.
- On May 14th 2008 Eurocash S.A. purchased from 12 natural persons 53,39% of shares in Sieć Detalistów „ Nasze Sklepy”. On the same day, Eurocash S.A. executed a preliminary agreement with the same persons, under which the parties are obligated to conclude a final agreement by May 14th 2010 whereby Eurocash S.A. will acquire further 90 shares in Nasze Sklepy. In performance of both these agreements, Eurocash S.A. will hold 97,07% of shares in Nasze Sklepy.
- Pursuant to Resolution No. 2 of the Ordinary General Meeting of 09 June 2008 the net result of 2007 year was divided. The amount 39,280,665 PLN was allocated on dividend which is equal 0,30 PLN on each share of Company. The amount 4,724,575 was allocated on supplementary capital what 3,520,421 PLN determines 8% of net result, which is required by article 396 § 1 of the Commercial Companies Code as a supplementary capital.
- On 30th of November 2008 Eurocash S.A. sold to company FHC Sp. z o.o. spółka komandytowa with its registered office in Krosno 100% shares capital of subsidiaries company Eurocash Detal Sp. z o.o. for a total price of 8.300.000 PLN.

During 2008 there were no other major events and factors that influenced consolidated income or loss of Eurocash realised in this period.

4.8. Definitions of the financial ratios

Gross profit margin on sales:	ratio of gross sales profit to net sales revenue
EBITDA margin:	ratio of EBITDA (operating profit plus depreciation) to net sales revenue
Operating profit margin:	ratio of operating profit (EBIT) to net sales revenue
Net profit margin on sales:	ratio of net profit to net sales revenue
Inventories turnover:	the ratio of balance of stocks at the end of period to net sales for period, multiplied by the number of days in the period
Trade receivables turnover:	the ratio of balance of trade receivables at the end of period to net sales for period, multiplied be the number of days in the period
Trade liabilities turnover:	the ratio of balance of trade liabilities at end of period to costs of sold traded goods for period, multiplied by the number of days in the period
Operating cycle:	the sum of stocks turnover and receivables turnover
Cash conversion cycle:	the difference between operating cycle and liabilities turnover

5. Statement on the Application of Corporate Governance Rules

5.1. Indication of corporate governance rules applicable to the Issuer and of the place where the rules collection text is publicly available

Pursuant to § 29 Sec. 2 of the Warsaw Stock Exchange S.A. Rules in the wording adopted by virtue of Stock Exchange Council Resolution No. 1/1110/2006 dated January 4, 2006, as amended, Eurocash S.A. (hereinafter, the "**Company**", "**Issuer**", "**Eurocash**") is obligated to apply the corporate governance rules set down in the document entitled "Good Practices of Companies Listed on the WSE", constituting an attachment to Resolution No. 12/1170/2007 of the Stock Exchange Council dated July 4, 2007 (hereinafter, the "**Good Practices**"), available on the website www.corp-gov.gpw.pl.

5.2. Description to the extent to which the Issuer departed from provisions of corporate governance rules, with an indication of such provisions and clarification of the reasons for departure there from

In the year 2008 the Issuer observed all corporate governance rules set forth in the collection of Good Practices.

5.3. Description of major features of internal control and risk management systems applied at the Company in the process of preparing financial statements

The Company Management Board is responsible for the Company internal control system and its efficiency in the process of preparing financial statements and periodical reports drawn up and published in accordance with the rules set forth in the Regulation of February 19, 2009 on current and periodical information conveyed by issuers of securities and on the terms on which information required under the provisions of law of a country not being a member country is recognized as equivalent.

The financial department directed by the Financial Director is in charge of preparation of financial statements and periodical reports. The financial data on which financial statements and periodical reports are based come from the monthly financial and management accounting applied by the Company. After the closing of the books of account each calendar month the medium and top level management members jointly analyze the Company financial results as compared to the budget assumptions.

One of the basic elements of control in the process of preparing the Company financial statements is the verification of the financial statements by an independent auditor. The auditor's primary task is to review the half-year financial statements and carry out a preliminary and basic examination of unit annual statements and consolidated statements. The independent auditor is elected by the Company Supervisory Board. The audited financial statements are forwarded to the members of the Company Supervisory Board for evaluation purposes.

The internal control exercised by the internal audit department is an important element of risk management in the process of preparing financial statements. The annual program of the planned internal audits is developed on the basis of the risk assessment of business processes carried out by the Internal Audit Director in cooperation with the Management Board. The planned audits are supplemented by unplanned audits carried out upon request of the Management Board and verifying audits regarding the recommendations from earlier audits. The internal audit effect consists in recommendations on how to improve the control mechanisms in place at the Company.

The Company makes an annual review of both business strategy and plans. The budgeting process is supported by the Company medium and top level management. The budget and business plan prepared for the subsequent year is adopted by the Company Management Board and approved by the Supervisory Board. During the year the Company Management Board analyses the financial results comparing same with the adopted budget on the basis of the adopted accounting policy of the Company.

The Company systematically evaluates the quality of internal control and risk management systems in the process of preparing financial statements. On the basis of such evaluation the Management Board declares that as at December 31, 2008 no weak points existed which could have a material adverse effect on the efficiency of the internal control as far as financial reporting is concerned.

5.4. Shareholders having, whether directly or indirectly, significant shareholdings in Eurocash

	31.12.2008				31.12.2007			
Shareholder	Number of shares	Share in the Company share capital (%)	Number of votes	Share in the total number of votes (%)	Number of shares	Share in the Company share capital (%)	Number of votes	Share in the total number of votes (%)
Luis Amaral (indirectly and directly through Politra B.V.)	70 258 100	53,72%	70 258 100	53.72%	70 258 100	55.00%	70 258 100	55.00%
Commercial Union – PTE BPH CU WBK	7 739 424	5.92%	7 739 424	5.92%	6 586 001	5.16%	6 586 001	5.16%
ING Otwarty Fundusz Emerytalny	6 843 714	5.23%	6 843 714	5.23%	6 843 714	5.36%	6 843 714	5.36%
BZ WBK AIB Asset Management S.A.	6 624 215	5.07%	6 624 215	5.07%	no data	no data	no data	no data
Other	39 312 097	30.06%	39 312 097	30.06%	44 054 185	34.49%	44 054 185	34.49%
TOTAL	**130 777 550**	**100.00%**	**130 777 550**	**100.00%**	**127 742 000**	**100.00%**	**127 742 000**	**100.00%**

5.5. Number of Eurocash S.A. shares held by persons exercising supervisory and managerial functions

	Eurocash shares		**Rights to shares**	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Management Board				
Luis Amaral (indirectly and directly)	70 258 100	70 258 100	0	0
Rui Amaral	0	0	750 575	1 341 575
Katarzyna Kopaczewska	0	0	252 000	401 000
Arnaldo Guerreiro	0	0	651 000	1 083 000
Pedro Martinho	315 750	0	349 000	637 000
Ryszard Majer	1 690	0	222 000	371 000
Jacek Owczarek	0	0	0	0
Supervisory Board				
Joao Borges de Assuncao	0	0	0	0
Eduardo Aguinaga de Mores	0	0	0	0
Ryszard Wojnowski	0	0	0	0
Janusz Lisowski	0	0	0	0
Antonio Jose Santos Silva Casanova	0	0	0	0

5.6. Indication of holders of all securities that carry special control powers, with the description of the powers

There are no securities in the Company that carry special control powers, in particular the shares of the Company are not preference. However, the Statutes of the Company grant personal powers. Pursuant to § 13 Sec. 2 of the Statutes of the Company, as long as Politra B.V., organized and operating under Dutch law, or any of its legal successor, remains a shareholder holding 40% or more shares in the share capital of the Company, it shall have the right to appoint and dismiss 3 (three) Members of the Supervisory Board of Eurocash.

5.7. Indication of all restrictions regarding exercising the right to vote, such as restrictions to exercising the right to vote by the holders of a definite part or number of votes, time restrictions regarding exercising the right to vote or provisions pursuant to which, with the Company's cooperation, capital interests connected with securities are separated from holding securities

Each share of Eurocash gives the right to one vote at the Shareholders' Meeting. The Statutes of the Company do not provide for any restrictions as to the exercising of the right to vote carried by Eurocash shares, such as restrictions to exercising the right to vote by the holders of a definite part or number of votes, time restrictions regarding exercising the right to vote or provisions pursuant to which, in the Company's cooperation, capital interests connected with securities are separated from holding securities.

A prohibition on exercising the right to vote by the shareholder may result from Art. 89 of the Act dated July 29, 2005 on Public Offerings, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies (hereinafter "**Act on Offering**"), in a case where the shareholder violates specified provisions set forth in Chapter 4 of the Act on Offering. However, pursuant to Art. 6 § 1 of the Commercial Companies Code, should the dominant company fail to notify the controlled capital company about the dominant relation existence within two weeks of the relation establishment, exercising of the right to vote carried by shares of the dominant company representing more than 33% of the share capital of the controlled company is suspended.

5.8. Indication of any and all restrictions regarding transfer of the securities ownership rights of the Issuer

The Statutes of the Company do not provide for any restrictions regarding transfer of the securities ownership rights of the Issuer. The restrictions, however, arising from the provisions of law, including hereinabove mentioned Chapter 4 of the Act on Offering, Art. 11 and 19 and Part VI of the Act of July 29, 2005 on Trading in Financial Instruments, Act of February 16, 2007 on the Protection of Competition and Consumers and Council Directive (EC) No. 139/2004 dated January 20, 2004 on the control of concentrations between undertakings.

5.9. Description of rules regarding appointing and removing managers and their powers, in particular the power to decide on issue and buyout of shares

Pursuant to § 9 Sec. 1 and 2 of the Company's Statutes, the Management Board consists of 2 to 10 persons appointed by the Supervisory Board for an individual three-year term of office. The number of members of the Management Board is determined by the Supervisory Board. The Supervisory Board appoints also by way of resolution one member of the Management Board as the President of the Management Board. Any Management Board member may be dismissed from office by way of resolution adopted by the Supervisory Board or the General Shareholders' Meeting of the Company.

The scope of activities of the Management Board includes any and all affairs of the Company not reserved for the powers of the General Shareholders' Meeting and the Supervisory Board. The range of powers of the General Shareholders' Meeting is described in Point 5.11 hereinbelow, whereas the scope of powers of the Supervisory Board is laid down in Point 5.12 hereinbelow. The Management Board manages the affairs of the Company and represents the Company outside.

According to § 6a of the Statutes of the Company, the Management Board is entitled to increase the share capital of the Company within the limits of the authorized capital by way of issuing shares of the Company of a total nominal value not higher than PLN 51,096,800, whereas the power expires on November 22, 2010. The terms of each of the issues conducted within the limits of the authorized capital are defined by the Management Board with the consent of the Supervisory Board. In relation to the determined issues, the Management Board, acting with the consent of the Supervisory Board, may also exclude the preemption right of the existing shareholders to buy shares issued within the limits of the authorized capital.

The Management Board may decide on shares buyout in the cases and on the terms determined in commonly applicable provisions of law.

The detailed rules governing the functioning of the Management Board are stipulated in Point 5.12 hereinbelow.

5.10. Description of the amendments to the Issuer's Statutes

Amendments to the provisions of the Statutes of the Company consisting in material changes to the subject matter of the Company's business activities without buying out the shares of the shareholders who do not consent to the amendments requires the resolution of the General Shareholders' Meeting adopted by the majority of ¾ votes cast in the presence of shareholders representing at least 50% of the share capital of the Company.

Amendments to the provisions of the Statutes of the Company consists in decreasing the share capital of the Company requires the resolution of the General Shareholders' Meeting adopted by the majority of ¾ votes.

Amendments to the provisions of the Statutes of the Company regarding the remaining provisions requires the resolution of the General Shareholders' Meeting adopted, unless the provisions of the Commercial Companies Code or the Act on Offering stipulate otherwise, by the absolute majority of votes.

The resolution of the General Shareholders' Meeting on amendments to the provisions of the Statutes of the Company requires the prior opinion of the Supervisory Board of the Company.

5.11. Description of manner of operation of the General Meeting and fundamental powers thereof and rights of shareholders and manner of exercise of same

5.11.1. Manner of operation of the General Meeting and fundamental powers thereof

The manner of operation of the General Meeting and fundamental powers thereof follow directly from the provisions of law which have been partially incorporated in the Statutes and By-laws of the General Meeting of the Company. Both the Statutes and By-laws of the General Meeting are available on the following website of the Company:

http://www.eurocash.pl/en/Investorrelations/CorporateGovernance/tabid/67/Default.aspx

According to § 9 of the By-laws of the General Meeting of the Company, draft resolutions to be submitted to the General Meeting should be made available by the Management Board at the Company's seat, together with an opinion of the Supervisory Board and pertinent documents, not later than 7 (seven) days before the date of the General Meeting so as to allow the Shareholders to review and evaluate same.

Draft resolutions may be submitted to the Chairman of the General Meeting in written form. Should the exact wording of a resolution not be provided by the speakers in the course of discussion the Chairman shall be obliged to provide a final draft of the proposed motions.

Each General Meeting should be attended by members of the Supervisory Board and Management Board in a composition which makes it possible to give answers as to merits to the questions asked during the General Meeting. A certified auditor should be present at an ordinary (annual) General Meeting, and at an Extraordinary General Meeting if the Company's financial matters are discussed. Members of the Supervisory Board, the Management Board and the certified auditor should, within the scope of their powers and to the extent required for settling the matters discussed at the General Meeting, provide clarifications and information concerning the Company to participants in the General Meeting.

The General Meeting may be attended by members of the Management Board and Supervisory Board, certified auditor, if the Company's financial affairs are to be discussed, experts invited by the body convening the General Meeting, the notary drawing up the minutes of the General Meeting, and representatives of the mass media. Other persons may participate in the General Meeting with the consent of the Chairman of the General Meeting.

According to the Company Statutes, the powers of the General Meeting shall include in particular:

(i) review and approval of the Management Board Report on the operations of the Company and financial statements for the previous financial year, and granting approval to members of the Company's governing bodies for the performance of their duties;

(ii) decisions concerning claims to remedy damage inflicted at the time of the Company's establishment or in connection with its management by the Management Board;

(iii) sale or lease of the enterprise or an organised part thereof, as well as the creation of limited property rights therein;

(iv) creation of the Company's capitals and funds and their allocation;

(v) approval of the Company's long-term strategic plans;

(vi) adopting resolutions on distribution of profit and coverage of loss;

(vii) amending the Company's Statutes;

(viii) increasing and decreasing the Company's share capital;

(ix) dissolution or liquidation of the Company;

(x) authorization for the Company to enter into a standby or firm commitment underwriting agreements;

(xi) appointment or dismissal of two members of the Supervisory Board;

(xii) setting down the rules for and levels of remuneration of members of the Supervisory Board;

(xiii) approval of the Rules of the Supervisory Board;

(xiv) dismissal or suspension of members of the Management Board;

(xv) adoption of the Rules of the General Meeting;

(xvi) other matters which pursuant to the provisions of the Commercial Companies Code or other laws, or pursuant to the Company's Statutes, rest within the exclusive competence of the General Meeting.

The General Meeting may adopt resolutions if at least half the Company share capital is represented. The General Meeting shall adopt resolutions by an absolute majority of the votes, unless the provisions of the Statutes or law required a qualified majority of the votes.

5.11.2. Shareholders' rights and the manner of performance thereof

Shareholders' rights and the manner of performance thereof result in principle directly from the provisions of the law which were partly incorporated in the Statutes and the Rules of the Company Shareholders' Meeting. One should note the right of Politra B.V. and its legal successors, provided for in § 13 Sec. 2 of the Statutes, to appoint and dismiss 3 (three) Members of Eurocash Supervisory Board which is dependent upon the entitled party's holding 40% or more shares in the Company share capital (see point 2.6 above).

5.12. The composition and changes in the composition of the managing and supervisory authorities of the Issuer and the committees thereof which took place during the last financial year

5.12.1. Management Board

The Management Board manages the Company affairs and represents the Company. Two members of the Management Board acting jointly or one member of the Management Board acting jointly with a holder of a commercial power of attorney may make the statements of will and sign documents on behalf of the Company.

Activities of the Management Board are managed by the President of the Management Board. All members of the Management Board are obligated and entitled to jointly manage the Company affairs, in particular in the following scope:

(i) determine the long- and medium-term development strategy as well as the main objectives of the Company operation, increase the Company value for the shareholders and report thereof to the Supervisory Board, evaluate the achievement level of such goals and modify thereof if necessary,
(ii) define the Company's financial goals,
(iii) implement and realize the long- and medium-term development strategy as well as the main Company operating objectives and financial goals,
(iv) analyze major investment projects and the methods of financing thereof,
(v) determine the principles of HR and remuneration policies, including:
   - appointment of the Company's key management members,
   - determining the principles of employment, remuneration and HR policies, as well as a periodical analysis of the HR situation of the Company,
(vi) determine the Company's organizational structure,
(vii) approve the annual and/or long-term Company budget,
(viii) determine the internal division of duties and responsibilities of the Management Board Members,
(ix) set down the Rules and other internal regulations of the Company, unless the provisions of the law or Statutes provide otherwise,
(x) take decisions on matters of exceptional importance, as well as the matters and transactions which in the justified opinion of the Management Board Member may cause a significant risk to the Company,
(xi) request the Supervisory Board to express an opinion on draft resolutions which are to be presented to the Shareholders at the Shareholders' Meeting,
(xii) any other actions which go beyond the ordinary management of the Company.

In the remaining scope, respective Management Board members are responsible for independent management of the Company affairs resulting from the internal allocation of duties and functions determined by the decision of the Management Board.

The Management Board may adopt resolutions at the Management Board meeting or by circular letter, in writing or using direct distant communication methods. Resolutions of the Management Board are adopted by a simple majority of votes cast by the Management Board members. Minutes are taken of the resolutions. Proper notification of the meeting of all the Management Board members is required for the validity of the Management Board resolutions.

Detailed Management Board procedures are determined in the Management Board Rules adopted by the Management Board and approved by the Supervisory Board. The text of the current Management Board Rules is available at:

http://www.eurocash.pl/en/Investorrelations/CorporateGovernance/tabid/67/Default.aspx

The Company Management Board consists of 7 (seven) members. The Management Board comprises Messrs. Luis Manuel Conceicao do Amaral (President of the Management Board), Rui Amaral, Arnaldo Guerreiro, Pedro Martinho, Ryszard Majer, Jacek Owczarek and Ms. Katarzyna Kopaczewska.

The following changes took place in the composition of the Management Board in 2008:

- on 3 March 2008 Mr. Roman Stefan Piątkiewicz resigned from the position of the Management Board Member.
- on 22 November 2008 Mr. Jacek Owczarek was appointed as Eurocash Management Board Member.

5.12.2. Supervisory Board

The Supervisory Board is composed of 5 members, where the right to appoint and dismiss 3 (three) members of the Supervisory Board is held by the company Politra B.V. (or its legal successor) on the terms described in Point 2.5 above, while 2 members of the Supervisory Board are appointed and dismissed by the General Meeting. The dismissal of a Supervisory Board member is effective only when it is accompanied by the simultaneous appointment of a new Supervisory Board member.

The Board selects a Board chairman from amongst its members. The Supervisory Board may also dismiss the Board chairman from his function.

The Supervisory Board exercises on-going supervision of the Company operations in all areas. Pursuant to § 14 Sec. 2 of the Issuer's Statutes, the powers of the Supervisory Board include in particular:

(i) review and assessment of the Management Board's report on the Company's activities and the Company's financial statements for their consistency with accounting books and documentation, as well as the actual state of affairs;
(ii) assessment of the Management Board's recommendations concerning the distribution of profit or coverage of loss;
(iii) submitting to the General Shareholders' Meeting an annual written report on the results of the assessment referred to above;
(iv) appointing and removing, as well as suspending, for an important reason, Members of the Management Board;
(v) issuing opinions on planned amendments to the Company's Statutes;
(vi) approving – not later than by November 30th of each calendar year – annual budgets prepared by the Management Board and amendments to such budgets;
(vii) issuing opinions regarding granting of loans or financial assistance as well as concluding agreements with any Member of the Management Board which fall outside the ordinary course of business;
(viii) election of the expert auditor to examine the Company's financial statements;
(ix) adoption of the uniform text of the Company Statutes;
(x) other issues which under the binding legal regulations or other provisions of the Company's Statute require a resolution of the Supervisory Board.

The following actions of the Management Board shall require the Supervisory Board's consent issued in the form of a resolution:

(i) decisions concerning joint-ventures with other entities;
(ii) decisions concerning mergers with other entities as well as acquisitions of other entities or enterprises;
(iii) incurring any liability in excess of PLN 100,000,000 and the encumbrance on the Company's assets with a value in excess of PLN 150,000,000, if such transactions have not been provided for in the annual budget;
(iv) sale or lease or transfer of the Company's assets with a value in excess of EUR 1,000,000 or its zloty equivalent, if such a transaction has not been provided for in the annual budget;

(v) issuing opinions concerning specification and changing of remuneration or terms of employment of Management Board Members;
(vi) creation, issue/delivery, purchase or sale of shares in another subsidiary entity;
(vii) creation and modification of any stock option scheme or incentive scheme of a similar nature for the Company's management and employees;
(viii) the conclusion by the Company of a material agreement with a related entity within the meaning of regulations on the communication of current and periodical information by the issuers whose shares are quoted on the Stock Exchange in Warsaw S.A., except for typical transactions concluded on market conditions as part of the operating activity conducted by the Company with its subsidiary entity in which the Company is a majority shareholder.

The Supervisory Board performs its duties as a group. The Supervisory Board may, by way of a resolution adopted by a simple majority of votes, delegate individual Members to individually perform specific supervisory tasks.

Supervisory Board members perform their duties personally. However, they may participate in the adoption of resolutions of the Supervisory Board by voting in writing through another Supervisory Board member. The Supervisory Board may adopt resolutions at a session or in writing or by using long-distance communication means. Resolutions of the Supervisory Board are adopted by a simple majority of votes in the presence of at least 3 members of the Board. In the case of an even number of votes cast in 'favor of' and 'against' a resolution the Supervisory Board chairman shall have the casting vote. Moreover, the consent of the majority of independent Supervisory Board members is required for the adoption by the Supervisory Board of resolutions in the following matters:

(i) any action by the Company or any of its related entity that causes the benefit for the Members of the Management Board;
(ii) election of the expert auditor to examine the Company's financial statements;
(iii) issuing opinions regarding granting of loans or financial assistance as well as concluding agreements with any Member of the Management Board which fall outside the ordinary course of business;
(iv) granting the Management Board the approval to limit or waive in full the priority rights (pre-emptive rights) of the Company's shareholders with respect to any of the Company's shares to be issued within the limits of the authorized capital.

The detailed procedure of operations of the Supervisory Board is set out by the Supervisory Board Rules. The content of the applicable Supervisory Board Rules is available at the following address:

http://www.eurocash.pl/en/Investorrelations/CorporateGovernance/tabid/67/Default.aspx

The Supervisory Board of the Company is composed of 5 (five) members. The Supervisory Board is composed of the following: João Borges de Assuncao (Chairman of the Supervisory Board), Eduardo Aguinaga, António José Santos Silva Casanova, Ryszard Wojnowski and Janusz Lisowski. The status of independent Supervisory Board members is held by the following:

(i) Messrs. Ryszard Wojnowski and Janusz Lisowski, as Supervisory Board members appointed by the General Meeting of the Company, and
(ii) Messrs. João Borges de Assunção and António José Santos Silva Casanova appointed by the shareholder Politra B.V., who submitted representations to the effect that they meet the criteria of an independent Supervisory Board member.

Thus, 4 of the 5 Supervisory Board members of the Company are "independent members".

5.12.3. Supervisory Board Committees

The following internal committees operate under the auspices of the Supervisory Board:

(i) the Audit Committee, and
(ii) the Remuneration Committee

The members of each of the said committees are selected by the Supervisory Board, where the Remuneration Committee should include at least one independent Supervisory Board member, while the Audit Committee should include at least two independent Supervisory Board members and one member who is a financial specialist, i.e. a person having pertinent experience in finance management and accountancy in public companies or other companies of comparable size.

The responsibilities of the Audit Committee shall include:

(i) supervising the submission of financial information by the Company in the periodical reports, forecasts, etc,
(ii) supervising the activities of external auditors of the Company,
(iii) giving the opinion on the candidates for the Company's external auditors to be elected by the Supervisory Board, where external auditors should be changed at least once every 7 years,
(iv) supervising the relationship with the external auditor, including in particular assessing the external auditor's independence, remuneration and any non-auditing work for the Company, as well as determining the involvement of the external auditor with respect to the content and publication of financial reporting,
(v) each year evaluating the internal control system functioning and the significant risk management system functioning, as well as evaluating its own functioning in a form of an annual report of its deliberations, findings and relationship with the external auditor (including in particular his independence) to be included as a part of the Supervisory Board's annual report to be presented at the Ordinary General Assembly.

The Audit Committee is composed of the following: Messrs. Eduardo Aguinaga (Chairman), António José Santos Silva Casanova and Ryszard Wojnowski.

The responsibilities of the Remuneration Committee shall include:

(i) certifying to the Supervisory Board the existence of a remuneration policy for the Management Board, which is known to the Remuneration Committee in sufficient detail, including (a) the remuneration structure, (b) the amount of fixed remuneration, (c) the shares and/or options and/or other variable remuneration components and other forms of compensation, as well as the performance criteria and the application thereof,
(ii) each year proposing for the Supervisory Board's approval the opinion on the compliance of the remuneration policy of the Management Board and application thereof with regards to the desired standards of corporate governance,
(iii) ensuring the disclosure to the Supervisory Board of the remuneration of the Management Board resulting from application of the remuneration policy,
(iv) each year evaluating its own functioning in the form of an annual report of its activities to be included as a part of the Supervisory Board's annual report to be presented at the Ordinary General Assembly.

The Remuneration Committee is composed of the following: Messrs. António José Santos Silva Casanova (Chairman), Eduardo Aguinaga and Janusz Lisowski.

The rules governing the operations of both committees are regulated in detail in Section VII of the Supervisory Board Rules available at the following address:

http://www.eurocash.pl/en/Investorrelations/CorporateGovernance/tabid/67/Default.aspx

5.13. Agreements which may in the future result in changes of the blocks of shares held

Apart from the incentive schemes for managers and employees, the Management Board of Eurocash is not aware of any agreements which could cause in the future a changed proportion of blocks of shares held by the shareholders.

5.14. Information on the employee shares control system

Below presented are incentive schemes based on the issue of Eurocash S.A. shares.

No.	Legal Basis	Number and Class of Eurocash Shares	Determined or Projected* Issue Price	Option Exercise Date
1.	Resolution of the Extraordinary Shareholders' Meeting No. 3 dated 14 September 2004 regarding the issue of bonds with the right of first refusal, conditional increase in share capital and the exclusion of the pre-emptive right of present shareholders, as amended, final wording pursuant to Resolution No. 2 dated 2 November 2004 and Resolution No. 1 dated 25 November 2004	Up to 3,193,550 Class B Shares	PLN 2.71 (issue price published in current report No.17.2007)	from 1 January to 31 December 2008
		Up to 3,193,550 Class C Shares	PLN 4.32 = average price of Eurocash shares in November 2005 (PLN 5.01) adjusted by dividend paid (PLN 0.69)	from 1 January to 31 December 2009
2.	Resolution No. 17 of the Ordinary Shareholders' Meeting dated 25 April 2006 regarding the Incentive Scheme KDWT of 2006.	Up to 830,000 Class D Shares	PLN 4.82 zł	from 1 April 2009 to 1 April 2010
3.	Resolution No. 19 of the Ordinary Shareholders' Meeting dated 25 April 2006 regarding the Third Employee Incentive Scheme	Up to 1,596,775 Class E Shares	PLN 8.17 = average price of Eurocash shares in November 2006 (PLN 8.70) adjusted by dividend paid (presently PLN 0.53)	From 1 January 2010 to 31 December 2012
4.	Resolution No. 17 of the Ordinary Shareholders' Meeting of Eurocash S.A. dated 28 June 2007 regarding the Delikatesy Centrum Incentive Scheme of 2007	Up to 537,636 Class F Shares	PLN 6.51	from 17 August 2009 to 17 August 2010
5.	Resolution No. 18 of the Ordinary Shareholders' Meeting of Eurocash S.A. dated 28 June 2007 regarding the Fourth and Fifth Incentive and Bonus Scheme for Employees for the years 2007 and 2008	Up to 1,020,000 Class G Shares	PLN 10.45 = average price of Eurocash shares in November 2007 (PLN 10.75) adjusted by dividend paid (presently PLN 0.30)	from 1 January 2011 to 31 December 2013
		Up to 1,020,000 Class H Shares	PLN 9.93 = average price of Eurocash shares in November 2008 adjusted by dividend paid	from 1 January 2012 to 31 December 2014

** weighted average listing of Eurocash shares at the Warsaw Stock Exchange in November of a given year, adjusted by rights connected with shares (e.g. dividend payments) as at 31.12.2008.*

5.15. Forecasted costs connected with the incentive schemes introduced

Costs connected with employee incentive schemes based on the issue of Eurocash S.A. (the "Company") shares are calculated by the Company throughout the rights acquisition period and depreciated monthly. The fair value of options is established on the basis of the Black-Scholes-Merton model.

According to his model, value of options is calculated based of the following parameters:

- **Grant date**: In case of motivation schemes based on issue of C, D, E shares, as grant date was set on the beginning of the option exercise period, and for schemes based on series F and G shares – grant date was set on the date of the resolution of the General Assembly, adpting the list of entitled persons within given scheme..
- **Option exercise date: For all schemes as option exercise date the** beginning of the option exercise period was assumed.
- **Risk-free rate:** Estimated based on the average field of the Treasury Bonds with tenor closest to the option realization date, as of the valuation date.

- **Volatility:** Calculated based on historical volatility of daily returns of Eurocash shares on the Warsaw Stock Exchange („WSE") – considering 250 trading sessions prior to valuation date.
- **Option strike price:** According to the rules of schemes based on series C, E and G shares, option strike price amounts to the weighted average of Eurocash share price In November of 2005, 2006 and 2007 accordingly. For schemes based on series D and F shares, strike price amounts to PLN 4.82 and 6.52 accordingly.
- **Base (current) stock price:** Eurocash share price at closing of the trading session on WSE on the valuation date.

In 2008, the cost connected with the valuation of the incentive schemes based on the issue of Class C, D, E, F, G shares amounted jointly to PLN 5 714 431.08 as compared to the joint costs of incentive schemes in 2007 of PLN 4 854 949.92.
The Company estimates that the cost connected with the valuation of existing incentive schemes in the following years will amount to:

- in 2009: PLN 4 205 550.88 (schemes based on Class D, E, F, G Shares) + costs of the scheme based on Class H Shares (to be determined)
- in 2010: PLN 1 731 615.23 (scheme based on Class G Shares) + costs of the scheme based on Class H Shares (to be determined)

In 2009 the calculation of costs connected with the Fifth Incentive Scheme based on Class H shares will commence (see Resolution No. 18 of the Ordinary Shareholders' Meeting dated 28 June 2007). The final amount of costs connected with the scheme can only be determined after the approval by the Company Shareholders' Meeting of a list of persons entitled to take up Company shares as part of the scheme.

Depreciation of costs of the schemes based on Class D Shares (KDWT Incentive Scheme), Class E Shares (Third Incentive Scheme) and Class F Shares (Delikatesy Centrum Incentive Scheme) shall end in 2009.

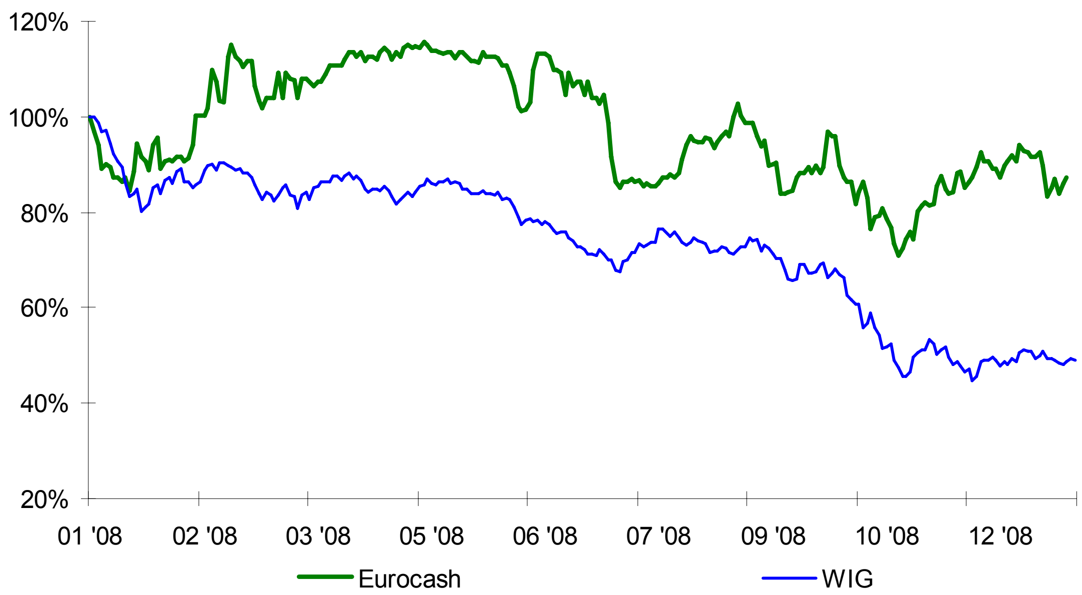
5.16. Eurocash listing on the Warsaw Stock Exchange in 2008[1]

Although the significant decrease in the price of shares of the companies listed on the Warsaw Stock Exchange was observed in 2008, the price for Eurocash shares was stable and its decrease was much smaller than WIG (Warsaw Stock Exchange Index). The price for one share at the end of 2008 was 13% lower than at the beginning of the year, whereas WIG dropped by 51%.

At the beginning of the year 2008 the price for 1 Eurocash share was PLN 12.00 (closing price at the end of 2007), and at the end of the year PLN 10.00. The lowest price for Eurocash shares was noted on 27 October when one share was worth PLN 8.13, and the highest price was noted on 6 May, when it amounted to PLN 13.27 for one share.

Company capitalization as at 31 December 2008 was PLN 1.31 billion as compared to PLN 1.53 billion as at the end of 2007.

Chart 5 Eurocash share price performance vs. WIG index in 2008



[1] *[1] Share proces are provided according to closing price on Warsaw Stock Exchange*

6. Additional information

6.1. Information on court proceedings

In 2008 Eurocash was not involved into any legal suit in any court, nor in a body competent for arbitration proceedings nor an administrative body, which total value would amount to at least 10% of issuer's equity.

6.2. Information on significant agreements

In 2008 Eurocash entered into the following agreements considered as significant for the business activity of the Company:

- On 17 April 2008 Eurocash signed an acquisition agreement of 100% of shares in McLane Polska Sp. z o.o.
- On 13 May 2008 Eurocash S.A. purchased 686,000 registered shares in PayUp Polska S.A. from the Dutch company PayUp Holding B.V. what represents 49% of the share capital of PayUp Polska. PayUp Holding B.V. The remaining 51% of shares holds PayUp Polska.
- On 14 May 2008 Eurocash S.A. purchased from 12 natural persons 53,39% of shares in Sieć Detalistów „ Nasze Sklepy". On the same day, Eurocash S.A. executed a preliminary agreement with the same persons, under which the parties are obligated to conclude a final agreement by May 14th 2010 whereby Eurocash S.A. will acquire further 90 shares in Nasze Sklepy. In performance of both these agreements, Eurocash S.A. will hold 97,07% of shares in Nasze Sklepy.
- On 30 November 2008 Eurocash S.A. sold to company FHC Sp. z o.o. spółka komandytowa with its registered office in Krosno 100% shares capital of subsidiaries company Eurocash Detal Sp. z o.o. for a total price of 8.300.000 PLN.

During 2008 there were no other major events and factors that influenced consolidated income or loss of Eurocash realised in this period.

6.3. Information on transactions with related entities

During 2008 there were no significant transactions between the related companies within the Group apart from the transactions being a result of normal business operation on the market. The information on such transactions were presented in additional information to the separate financial statements for 2008 in note no 30.

6.4. Forecasts

The Management Board of Eurocash S.A. has not published financial forecasts for 2008.

6.5. Changes in the basic management principles

In 2008 no changes in the basic management principles took place.

6.6. Agreements with members of the Management Board providing for compensation

The Company has not executed any agreements with the members of the Management Board, providing for compensation in the event of their resigning or being dismissed from their positions without a sound reason.

Agreements with members of the Management Board consist that in case of a change of the main shareholder, i.e. change of the shareholder holding at least 50% and one share of Eurocash share capital (Politra B.V.), then the notice period in respect of the agreement will be 12 months.

6.7. Remuneration paid to the members of the Management Board and the Supervisory Board in 2008

Information on remuneration paid to the members of the Management Board and the Supervisory Board in 2008 is provided in the part of annual report containing the annual consolidated financial statements in note no 27.

6.8. Information on the registered audit company

The financial statement of Eurocash for 2008 has been audited by KPMG Audyt Sp. z o.o. on the basis of a contract concluded on 8 July 2008. The financial statement of Eurocash for 2007 was audited by KPMG Audyt Sp. z o.o. on the basis of a contract concluded on 24 May 2007.

The total fees specified in the contract with the registered audit company, payable or paid for the audit and review of the separate and consolidated financial statements and for other services are presented below:

PLN '000	**2008**	**2007**
Audit of financial statements	100.0	128.0
Review of financial statements	95.0	67.0
Other services	21,0	0,0
Total	216,0	195,0

7. Representations of the Management Board

7.1. Accuracy and reliability of the reports presented

The members of the Management Board of Eurocash S.A. represent that, according to their best knowledge:
- the annual financial statements of Eurocash S.A. and comparable data have been drawn up in accordance with the applicable accounting principles and give a true and fair view of the economic and financial position of Eurocash S.A. and of the results of its operations,
- the report of the Management Board on the business activities of Eurocash S.A. in 2008 contains a true views of the development, achievements and position of Eurocash S.A., including a description of main risks and threats.

7.2. Appointment of the entity qualified to audit financial statements

The members of the Management Board of Eurocash S.A. represent that, KPMG Audyt Sp. z o.o., the entity qualified to audit financial statements, which audited the annual financial statements of Eurocash S.A., has been appointed in compliance with the applicable laws and regulations. The entity and the auditors have met the prerequisites for giving an impartial and independent opinion on the audit in accordance with the applicable provisions of the law.

SIGNATURES OF THE MANAGEMENT BOARD MEMBERS

Position	Name and surname	Date	Signature
President	Luis Amaral	27th April 2009	
Management Board Member Chief Executive Officer	Rui Amaral	27th April 2009	
Management Board Member	Arnaldo Guerreiro	27th April 2009	
Management Board Member	Pedro Martinho	27th April 2009	
Management Board Member Human Resources Director	Katarzyna Kopaczewska	27th April 2009	
Management Board Member Administration and Non-Commercial Purchasing Director	Ryszard Majer	27th April 2009	
Management Board Member Financial Director	Jacek Owczarek	27th April 2009	