



**EUROCASH S.A.**

**CONSOLIDATED SEMI-ANNUAL REPORT 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, 30<sup>th</sup> September 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.*

**INDEPENDENT AUDITORS' REVIEW REPORT  
ON THE INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS OF  
EUROCASH S.A. GROUP  
FOR THE PERIOD  
FROM 1 JANUARY 2008 TO 30 JUNE 2008**

To the Shareholders of EUROCASH S.A.

*Introduction*

We have reviewed the accompanying interim consolidated financial statements of EUROCASH S.A. Group, with its registered office in Komorniki, ul. Wiśniowa 11, that consist of the consolidated balance sheet as at 30 June 2008, with total assets and total liabilities and equity of PLN 1,189,384,774, the consolidated profit and loss account for the period from 1 January 2008 to 30 June 2008 with a net profit of PLN 32,276,879, the consolidated statement of changes in equity for the period from 1 January 2008 to 30 June 2008 with a decrease in equity of PLN 1,418,571, the consolidated cash flow statement for the period from 1 January 2008 to 30 June 2008 with an increase in cash amounting to PLN 27,603,643 and explanatory notes.

Management of the Parent entity is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with the International Accounting Standard 34 "*Interim Financial Reporting*" as adopted by the European Union and other applicable regulations. Our responsibility is to express a conclusion on these interim consolidated financial statements, based on our review.

*Scope of Review*

We conducted our review in accordance with Standard No. 4 of the professional standards *General principles for the review of financial statements*, issued by the National Council of Certified Auditors and with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly in all material respects, the financial position of EUROCASH S.A. Group as at 30 June 2008, and its financial performance and its cash flows for the period from 1 January 2008 to 30 June 2008 in accordance with the International Accounting Standard 34 “*Interim Financial Reporting*” as adopted by the European Union.

*signed on the Polish original*

.....  
Certified Auditor No. 90095/7973  
Wojciech Drzymała

*signed on the Polish original*

.....  
On behalf of KPMG Audyt Sp. z o.o.  
ul. Chłodna 51, 00-867 Warsaw  
Certified Auditor No. 90061/7541  
Marek Gajdziński,  
Member of the Management Board

Poznan, 30 September 2008

**EUROCASH S.A.**

**SEMI-ANNUAL**

**CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 1 JANUARY 2008 TO 30 JUNE 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, 30<sup>th</sup> September 2008

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<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-30.06.2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

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<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
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## GENERAL INFORMATION

### 1. INFORMATION OF THE PARENT COMPANY

#### 1.1. PARENT COMPANY NAME

EUROCASH Spółka Akcyjna

#### 1.2. REGISTERED OFFICE

ul. Wiśniowa 11, 62-052 Komorniki

#### 1.3. CORE BUSINESS

Other wholesale (PKD 5190 Z)

#### 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 CAPITAL GROUP

Indefinite

#### 1.6. PERIOD COVERED BY THE FINANCIAL STATEMENTS

The reporting period 1 January 2008 – 30 June 2008 and comparable periods: 1 January 2007 – 30 June 2007.

### 2. INFORMATION OF THE COMPANY'S SUBSIDIARIES AND ASSOCIATES

#### 2.1. KDWT S.A.

##### 2.1.1. COMPANY NAME

KDWT Spółka Akcyjna

##### 2.1.2. REGISTERED OFFICE

ul. Wiśniowa 11, 62-052 Komorniki

##### 2.1.3. CORE BUSINESS

Tobacco wholesale (PKD 5135Z)

##### 2.1.4. SHARE CAPITAL

7.380.000,00 PLN

##### 2.1.5. OWNERSHIP PERCENTAGE AS AT 30 JUNE 2008

100%

#### 2.2. EUROCASH FRANSZYZA SP. Z O.O.

##### 2.2.1. COMPANY NAME

„EUROCASH FRANSZYZA” Spółka z ograniczoną odpowiedzialnością

<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
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### **2.2.2. REGISTERED OFFICE**

ul. Wiśniowa 11, 62-052 Komorniki

### **2.2.3. CORE BUSINESS**

Other commercial sale (PKD 7487B)

### **2.2.4. SHARE CAPITAL**

3.800.000,00 PLN

### **2.2.5. OWNERSHIP PERCENTAGE AS AT 30 JUNE 2008**

100%

## **2.3. EUROCASH DETAL SP. Z O.O.**

### **2.3.1. COMPANY NAME**

„EUROCASH DETAL” Spółka z ograniczoną odpowiedzialnością

### **2.3.2. REGISTERED OFFICE**

ul. Wiśniowa 11, 62-052 Komorniki

### **2.3.3. CORE BUSINESS**

Properties self-lease (PKD 7020Z)

### **2.3.4. SHARE CAPITAL**

8.600.000,00 PLN

### **2.3.5. OWNERSHIP PERCENTAGE AS AT 30 JUNE 2008**

100%

## **2.4. MCLANE POLSKA SP. Z O.O.**

### **2.4.1. COMPANY NAME**

MCLANE POLSKA” Spółka z ograniczoną odpowiedzialnością

### **2.4.2. REGISTERED OFFICE**

ul. Pass 20C, 05-870 Błonie

### **2.4.3. CORE BUSINESS**

Other wholesale (PKD 5190Z)

### **2.4.4. SHARE CAPITAL**

150.158.950 PLN

### **2.4.5. OWNERSHIP PERCENTAGE AS AT 30 JUNE 2008**

100%

## **2.5. PAYUP POLSKA S.A**

### **2.5.1. COMPANY NAME**

PayUp Polska S.A.

<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
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#### **2.5.2. REGISTERED OFFICE**

Al. Solidarności 46, 61-696 Poznań

#### **2.5.3. CORE BUSINESS**

Wireless telecommunication (PKD 6120Z)

#### **2.5.4. SHARE CAPITAL**

7.000.000 PLN

#### **2.5.5. OWNERSHIP PERCENTAGE AS AT 30 JUNE 2008**

49%

### **2.6. NASZE SKLEPY SP. Z O.O.**

#### **2.6.1. COMPANY NAME**

Nasze Sklepy Spółka z ograniczona odpowiedzialnością

#### **2.6.2. REGISTERED OFFICE**

ul. Kąpielowa 18, 21-500 Biała Podlaska

#### **2.6.3. CORE BUSINESS**

Retail sales food,drinks and tobacco (PKD 5211Z)

#### **2.6.4. SHARE CAPITAL**

127.000 PLN

#### **2.6.5. OWNERSHIP PERCENTAGE AS AT 30 JUNE 2008**

53,4%

### **3. AUTHORITIES OF THE COMPANY'S**

#### **3.1. MANAGEMENT BOARD OF DOMINANT UNIT**

As at 30 June 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.

#### **3.2. MANAGEMENT BOARD OF SUBSIDIARIES AND ASSOCIATES**

As at 30 June 2008 the Management Board of the Subsidiaries and Associates consisted of the following members:

##### **KDWT S.A.:**

Arnaldo Guerreiro – Management Board Member.

##### **Eurocash Franszyza Sp. z o.o.:**

Pedro Martinho – President of the Management Board,



<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
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Katarzyna Kopaczewska – Management Board Member,  
Michał Bartkowiak – Management Board Member.

**Eurocash Detal Sp. z o.o.:**

Pedro Martinho – President of the Management Board,  
Katarzyna Kopaczewska – Management Board Member,  
Michał Bartkowiak – Management Board Member.

**Spółka McLane Polska sp. z o. o.:**

Arnaldo Guerreiro – Management Board Member,  
Geoffrey Crossley – Management Board Member,  
Robert Schneyder – Management Board Member.  
Johny Baird – Management Board Member.

**Spółka PayUp Polska S.A.**

Luis Janeiro – President of the Management Board,  
Zbigniew Furmańczyk – Management Board Member,  
Geoffrey Crossley – Management Board Member,  
Nuno Oliveira – Management Board Member,

**Spółka Nasze Sklepy sp. z o. o.:**

Piotr Fedorczyk – President of the Management Board,  
Pedro Martinho – Management Board Member,  
Michał Bartkowiak – Management Board Member.

**3.3. SUPERVISORY BOARD**

As at 30 June 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,

**3.4. SUPERVISORY BOARD OF SUBSIDIARIES AND ASSOCIATES**

As at 30 June 2008 the Supervisory Board of the Subsidiaries and Associates consisted of the following members:

**KDWT S.A.:**

Luis Manuel Conceicao Do Amaral – President of the Supervisory Board,  
Rui Amaral – Supervisory Board Member,  
Pedro Martinho – Supervisory Board Member.

**Spółka PayUp Polska S.A.**

Luis Manuel Amaral – President of the Supervisory Board,  
Artur Lebedziński - Supervisory Board Member,

<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
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Mahomed Iqbal - Supervisory Board Member.

**Spółka Nasze Sklepy sp. z o.o.**

Adam Krzysztof Abramowicz – Supervisory Board Member,

Rui Amaral – Supervisory Board Member,

Katarzyna Kopaczewska – Supervisory Board Member.

**3.5. CHANGES IN THE COMPOSITION OF THE MANAGEMENT AND SUPERVISORY BOARDS**

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

Effective March 3, 2008 Roman Stefan Piątkiewicz resigned from the position of President of the Management Board of KDWT S.A.

Effective March 3, 2008 Mieczysław Kuśnierczak resigned from the position of Vice-president of the Management Board of KDWT S.A.

Effective June 27, 2008 Terry Kaily resigned from the position of Member of the Management Board of McLane Sp. z o.o..

Effective July 7, 2008 Nuno Oliveira resigned from the position of Member of the Management Board of PayUp Polska S.A

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

<i>Semi-annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2008	Reporting currency:	Polish zloty (PLN)
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## SELECTED CONSOLIDATED FINANCIAL DATA

### SELECTED CONSOLIDATED FIGURES AS AT 30 JUNE 2008

	for the period 01.01.2008 to 30.06.2008 PLN	for the period 01.01.2007 to 30.06.2007 PLN	for the period 01.01.2008 to 30.06.2008 EUR	for the period 01.01.2007 to 30.06.2007 EUR
Net sales	2 795 826 612	2 159 187 317	800 523 010	561 396 562
Operating profit (loss)	44 287 695	30 692 876	12 680 800	7 980 260
Profit (loss) before tax	41 194 208	26 600 572	11 795 049	6 916 246
Net Profit (loss) on continued operations	32 276 879	21 176 656	9 241 769	5 506 008
Net profit (loss)	32 276 879	21 176 656	9 241 769	5 506 008
Net operating cash flow	153 724 462	67 091 582	44 015 594	17 444 056
Net investment cash flow	(126 869 829)	(23 163 643)	(36 326 365)	(6 022 632)
Net financial cash flow	749 009	(22 602 739)	214 462	(5 876 794)
Net change in cash and cash equivalents	27 603 643	21 325 200	7 903 692	5 544 630
Weighted average number of shares	130 935 550	127 742 000	130 935 550	127 742 000
Weighted average diluted number of shares	137 217 489	133 277 400	137 217 489	133 277 400
EPS (in PLN / EUR)	0,25	0,17	0,07	0,04
Diluted EPS (in PLN / EUR)	0,24	0,16	0,07	0,04
Average PLN / EUR rate*			3,4925	3,8461
	as at 30.06.2008 PLN	as at 31.12.2007 PLN	as at 30.06.2008 EUR	as at 31.12.2007 EUR
Assets	1 189 384 774	869 727 918	354 595 663	242 805 114
Long-term liabilities	35 479 374	16 892 355	10 577 597	4 715 900
Short-term liabilities	921 930 143	619 441 735	274 858 429	172 931 808
Equity	231 975 257	233 393 828	69 159 638	65 157 406
Share capital	130 234 550	127 742 000	38 827 306	35 662 200
Number of shares	130 234 550	127 742 000	130 234 550	127 742 000
Diluted number of shares	138 113 511	137 093 511	138 113 511	137 093 511
Book value per share (in PLN / EUR)	1,78	1,83	0,53	0,51
Diluted book value per share (in PLN / EUR)	1,68	1,70	0,50	0,48
Declared or paid dividend (in PLN / EUR)***	39 280 665	29 380 660	11 710 889	8 202 306
Declared or paid dividend per share (in PLN / EUR)	0,30	0,23	0,09	0,06
PLN / EUR rate at the end of the period**			3,3542	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.

<i>Semi-annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2008	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

## CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2008

		unaudited 1 Semi year for the period from 01.01.2008 to 30.06.2008	unaudited 1 Semi year for the period from 01.01.2007 to 30.06.2007
	Note		
<i>Continued operations</i>			
<b>Net sales</b>		<b>2 795 826 612</b>	<b>2 159 187 317</b>
Net sales of traded goods	23	2 732 156 793	2 124 208 503
Net sales of services	23	63 669 819	34 978 814
<b>Prime costs of sales</b>		<b>(2 547 968 291)</b>	<b>(1 972 134 580)</b>
Costs of sold traded goods		(2 547 968 291)	(1 972 134 580)
<b>Gross profit (loss) on sales</b>		<b>247 858 321</b>	<b>187 052 738</b>
Costs of sales	24	(144 391 189)	(105 211 757)
Costs of general management	24	(56 938 177)	(49 920 431)
<b>Profit (loss) on sales</b>		<b>46 528 955</b>	<b>31 920 550</b>
Other operating revenues	25	9 928 182	6 228 364
Other operating costs	25	(12 169 441)	(7 456 037)
<b>Operating profit (loss)</b>		<b>44 287 695</b>	<b>30 692 876</b>
Financial revenues	26	2 259 880	652 911
Financial costs	26	(5 065 194)	(4 745 215)
Share in profits (losses) of companies consolidated with the equity method		(288 173)	-
<b>Profit (loss) before tax</b>		<b>41 194 208</b>	<b>26 600 572</b>
Income tax	20	(8 917 329)	(5 423 916)
<b>Net profit (loss) on continued operations</b>		<b>32 276 879</b>	<b>21 176 656</b>
<i>Discontinued operations</i>			
Net loss on discontinued operations		-	-
<b>Net profit (loss)</b>		<b>32 276 879</b>	<b>21 176 656</b>
Parent company shareholders		32 270 158	21 176 656
Minority interests		6 721	-
<b>NET EARNINGS PER SHARE</b>			
		PLN / share	PLN / share
Net profit (loss) on continued operations	27	32 276 879	21 176 656
Net profit (loss) on continued and discontinued operations	27	32 276 879	21 176 656
Weighted average number of shares	27	130 935 550	127 742 000
Weighted average diluted number of shares	27	137 217 489	133 277 400
- basic	27	0,25	0,17
- diluted	27	0,24	0,16

<i>Semi-annual consolidated financial statements of EUROCASH Group.</i>			
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### CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2008

	Note	unaudited as at 30.06.2008	as at 31.12.2007	unaudited as at 30.06.2007
<i>Assets</i>				
<b>Fixed assets (long-term)</b>		<b>363 762 955</b>	<b>278 277 414</b>	<b>265 116 618</b>
Goodwill	3	70 832 619	33 823 699	33 823 699
Other intangible fixed assets	3	122 389 461	121 508 107	119 749 014
Tangible fixed assets	4	161 541 478	121 036 431	109 318 656
Investments in associated companies - equity method		3 176 127	-	-
Other long-term financial assets		127 500	-	-
Long-term receivables	7	3 927 343	1 872 272	1 872 272
Long-term prepayments	22	1 768 426	36 905	352 977
<b>Current assets (short-term)</b>		<b>825 621 819</b>	<b>591 450 504</b>	<b>498 450 855</b>
Inventories	8	316 870 360	224 861 218	240 978 289
Trade receivables	9	325 252 433	220 113 990	180 604 978
Current income tax receivables		20 003	9 896	966 952
Other short-term receivables	9	17 077 451	13 110 637	10 885 462
Cash and cash equivalents	10	159 064 836	131 461 193	62 571 829
Short-term prepayments	11	7 336 737	1 893 571	2 443 345
<b>Total assets</b>		<b>1 189 384 774</b>	<b>869 727 918</b>	<b>763 567 473</b>

<i>Semi-annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2008	Reporting currency:	Polish zloty (PLN)
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### CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2008

	Note	unaudited as at 30.06.2008	unaudited as at 31.12.2007	unaudited as at 30.06.2007
<i>Liabilities</i>				
<b>Equity</b>		<b>231 975 257</b>	<b>233 393 828</b>	<b>192 610 651</b>
Share capital	12	130 234 550	127 742 000	127 742 000
Supplementary capital	13	73 210 269	47 111 013	44 032 006
Hedge transactions valuation capital	13	(4 645 000)	-	-
Retained earnings		32 576 757	58 540 815	20 836 645
Profit (loss) of prior years		306 600	(340 011)	(340 011)
Net profit (loss) of the current year		32 270 158	58 880 826	21 176 656
Minority interests		598 681	-	-
<b>Liabilities</b>		<b>957 409 517</b>	<b>636 334 090</b>	<b>570 956 823</b>
<b>Long-term liabilities</b>		<b>35 479 374</b>	<b>16 892 355</b>	<b>18 792 424</b>
Long-term loans and credits	17	2 894 000	-	-
Other long-term financial liabilities	18	28 081 100	11 222 655	13 493 489
Deferred income tax provision	21	4 089 436	5 374 916	4 970 642
Provision for employee benefits	15	414 839	294 784	328 293
<b>Short-term liabilities</b>		<b>921 930 143</b>	<b>619 441 735</b>	<b>552 164 399</b>
Short-term loans and credits	17	92 117 076	73 148 384	68 527 671
Other short-term financial liabilities	18	7 085 259	2 520 587	2 662 257
Trade liabilities	16	685 185 887	505 350 072	419 385 255
Current income tax liabilities	16	4 421 187	3 134 237	123 350
Other short-term liabilities	16	98 020 280	15 974 076	47 210 520
Provision for employee benefits	15	13 235 587	11 246 255	7 026 899
Other short-term provisions	15	21 864 867	8 068 122	7 228 447
<b>Total liabilities</b>		<b>1 189 384 774</b>	<b>869 727 918</b>	<b>763 567 473</b>

### BOOK VALUE PER SHARE AS AT 30 JUNE 2008

		as at 30.06.2008	as at 31.12.2007	as at 30.06.2007
<b>Book value</b>		<b>231 975 257</b>	<b>233 393 828</b>	<b>192 610 651</b>
Number of shares		130 234 550	127 742 000	127 742 000
Diluted number of shares		138 113 511	137 093 511	137 093 511
<b>Book value per share</b>	28	<b>1,78</b>	<b>1,83</b>	<b>1,51</b>
<b>Diluted book value per share</b>	28	<b>1,68</b>	<b>1,70</b>	<b>1,40</b>

### OFF BALANCE SHEET ITEMS

<b>Contingent Liabilities</b>		<b>5 467 891</b>	<b>4 705 235</b>	<b>5 411 420</b>
Other companies		5 467 891	4 705 235	5 411 420
- guaranties and sureties granted	31	5 467 891	4 705 235	5 411 420
<b>Total</b>		<b>5 467 891</b>	<b>4 705 235</b>	<b>5 411 420</b>

<i>Semi-annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2008	Reporting currency:	Polish zloty (PLN)
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## CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2008

	unaudited for the period from 01.01.2008 to 30.06.2008	unaudited for the period from 01.01.2007 to 30.06.2007
<i>Operating cash flow</i>		
<b>Net profit before tax</b>	<b>41 194 208</b>	<b>26 600 572</b>
<b>Adjustments:</b>	<b>22 564 331</b>	<b>21 239 771</b>
Depreciation	19 591 594	17 490 954
(Profit) loss on sold tangible fixed assets	(210 075)	(56 854)
Costs of interest	3 182 813	3 989 839
<b>Operating cash before changes in working capital</b>	<b>63 758 539</b>	<b>47 840 343</b>
Changes in inventory	(44 489 251)	(31 031 998)
Changes in receivables	4 457 045	(4 032 475)
Changes in liabilities	126 145 188	57 670 629
Changes in provisions and accruals	5 084 181	7 657 056
Other adjustments	10 633 428	1 342 796
<b>Operating cash</b>	<b>165 589 131</b>	<b>79 446 352</b>
Interest received	-	184 167
Interest paid	(4 344 227)	(3 791 170)
Income tax paid	(7 520 441)	(8 747 766)
<b>Net operating cash</b>	<b>153 724 462</b>	<b>67 091 582</b>
<i>Investment cash flow</i>		
Expenditures for purchased intangible fixed assets	(5 886 931)	(8 097 703)
Receipts from sold intangible fixed assets	-	6 000
Expenditures for purchased tangible fixed assets	(24 389 638)	(12 289 793)
Receipts from sold tangible fixed assets	1 564 958	2 217 851
Expenditures for purchased subsidiary companies (less for money taken)	(98 158 218)	(4 999 998)
<b>Net investment cash</b>	<b>(126 869 829)</b>	<b>(23 163 643)</b>
<i>Financing cash flow</i>		
Hedging instruments	(5 352 000)	-
Receipts due to taking loans and credits	29 936 512	3 721 120
Repaid loans and credits	(22 566 998)	(24 646 073)
Repaid liabilities under financial lease	(869 467)	(1 212 260)
Interest	(399 038)	(465 526)
Dividends paid	-	-
<b>Net financing cash</b>	<b>749 009</b>	<b>(22 602 739)</b>
<b>Net change in cash and cash equivalents</b>	<b>27 603 643</b>	<b>21 325 200</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>131 461 193</b>	<b>41 246 629</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>159 064 836</b>	<b>62 571 829</b>

<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2008	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

**CONSOLIDATED ON CHANGES IN EQUITY IN THE PERIOD FROM 1 JANUARY TO 30 JUNE 2008**

	Share capital	Supplementary capital	Hedge transactions valuation capital	Retained earnings	Minority capital	Total
<i>Changes in equity in the period from 1 January to 30 June 2007</i>						
<b>Balance as at 1 January 2007</b>	<b>127 742 000</b>	<b>29 059 203</b>	-	<b>42 231 375</b>	-	<b>199 032 578</b>
Net profit presented directly in equity	-	-	-	-	-	-
Net profit for the period from 1 January to 30	-	-	-	<b>21 176 656</b>	-	<b>21 176 656</b>
<b>Total profit and loss recorded in the period from 1 January to 30 June 2007</b>	-	-	-	<b>21 176 656</b>	-	<b>21 176 656</b>
Dividends declared	-	-	-	<b>(29 380 660)</b>	-	<b>(29 380 660)</b>
Transfer to supplementary capital	-	13 196 861	-	(13 196 861)	-	-
Valuation of motivational program for employees	-	1 775 942	-	-	-	<b>1 775 942</b>
Other corrections	-	-	-	6 135	-	<b>6 135</b>
<b>Balance as at 30 June 2007</b>	<b>127 742 000</b>	<b>44 032 006</b>	-	<b>20 836 645</b>	-	<b>192 610 651</b>
<i>Changes in equity in the period from 1 January to 30 June 2008</i>						
<b>Balance as at 01 January 2008</b>	<b>127 742 000</b>	<b>47 111 013</b>	-	<b>58 540 815</b>	-	<b>233 393 828</b>
Net profit presented directly in equity	-	-	<b>(4 645 000)</b>	-	-	<b>(4 645 000)</b>
Net profit for the period from 1 January to 30	-	-	-	<b>32 270 158</b>	<b>6 721</b>	<b>32 276 879</b>
<b>Total profit and loss recorded in the period from 1 January to 30 June 2008</b>	-	-	<b>(4 645 000)</b>	<b>32 270 158</b>	<b>6 721</b>	<b>27 631 879</b>
Dividends declared	-	-	-	<b>(39 280 665)</b>	-	<b>(39 280 665)</b>
Transfer to supplementary capital	-	18 953 550	-	(18 953 550)	-	-
Valuation of motivational program for employees	-	2 857 216	-	-	-	<b>2 857 216</b>
Share issue - motivational program	2 492 550	4 262 261	-	-	-	<b>6 754 811</b>
Other corrections	-	26 230	-	-	591 960	<b>618 190</b>
<b>Balance as at 30 June 2008</b>	<b>130 234 550</b>	<b>73 210 269</b>	<b>(4 645 000)</b>	<b>32 576 757</b>	<b>598 681</b>	<b>231 975 257</b>



<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-30.06.2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

**ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 01.01.2008 TO 30.06.2008**

**1. GENERAL INFORMATION**

**1.1. FINANCIAL STATEMENTS PUBLICATION**

Consolidated financial statements of the Eurocash were approved for publication by resolution of the Management Board of 29 September 2008.

In accordance with the report no 3/2008 of the Polish Securities and Exchange Commission, the consolidated financial statements of Eurocash S.A. will be published on 30 September 2008.

Eurocash S.A. is a joint-stock company whose shares are publicly traded.

**1.2. STATEMENT OF COMPLIANCE**

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

<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-30.06.2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

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

#### Standards and Interpretations approved by the EU

<b>Standards and Interpretations approved by the EU</b>	<b>Type of expected change in the accounting principles</b>	<b>Possible impact on financial statements</b>	<b>Effective date for periods commencing on the day or after</b>
IFRS 8 Operating segments	This standard sets out the requirements for disclosure about the entity's operating segments on the basis of the components that are regularly reviewed by the chief operating decision makers.  Operating segments are the entity's components for which separate information is available and that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.	The Company is currently assessing the impact of IFRS 8 on the operations.	1 January 2009
Revised IAS 23 <i>Borrowing Costs</i>	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

<i>Semi-annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-30.06.2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

### Standards and Interpretations not yet endorsed by the EU

<b>Standards and Interpretations not yet endorsed by the EU</b>	<b>Type of expected change in the accounting principles</b>	<b>Possible impact on financial statements</b>	<b>Effective date for periods commencing on the day or after</b>
Revised IAS 1 <i>Presentation of Financial Statements</i>	The revised IAS 1 requires information in the financial statements to 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
IFRIC 13 <i>Customer Loyalty Programmes</i>	The interpretation addresses accounting by entities that grant loyalty award credits to customers who buy other goods or services. Specifically, it explains how such entities should account for their obligations to provide free or discounted goods or services to customers who redeem award credits. 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.	The Company does not expect the interpretation to have any impact on the financial statements.	1 July 2008
Revised IFRS 3 <i>Business Combinations</i>	The scope of the IFRS 3 has been extended to cover business combinations that were out of scope of the before revision. The definition of a business has been amended slightly. The revised standard narrows down a range of contingent liabilities that the cost of a business combination can be allocated to. The acquisition-related costs are no longer a part of the costs of a business combination. The standard changes reporting rules of any corrections to a business combination costs that depends on future events. IFRS 3 also allows a choice to measure non-controlling interests at fair value.	The Company is currently assessing the impact of the revised standard on the Company's operations.	1 July 2009

**Semi- annual consolidated financial statements of EUROCASH Group.**

<b>Financial statements period:</b>	<b>01.01-30.06.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Level of round-offs:</b>	<b>All amounts are expressed in Polish zloty (unless indicated otherwise)</b>		

<b>Standards and Interpretations not yet endorsed by the EU</b>	<b>Type of expected change in the accounting principles</b>	<b>Possible impact on financial statements</b>	<b>Effective date for periods commencing on the day or after</b>
Revised IAS 27 <i>Consolidated and Separate Financial Statements</i>	In relation to the above, the revised IAS 27 focuses mainly on: - a change of non-controlling interests definition; - regulation of the accounting treatment of transactions with non-controlling interests (minority interests); - changes in accounting for loss of control of a subsidiary; - new disclosure requirements.	The Company is currently assessing the impact of the revised standard on the Company's operations.	1 July 2009
Revised IFRS 2 <i>Share-based Payments</i>	The revised standard clarifies the definition of vesting conditions and the accounting treatment of cancellations by the counterparty to a share-based arrangement.	The Company is currently assessing the impact of the revised standard on the operations.	1 January 2009
Revised IAS 32 <i>Financial Instruments - Presentation</i> and IAS 1 <i>Presentation of Financial Statements</i>	Under the the revised IAS 32, the criteria for classification of puttable financial instruments have been amended to allow 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 because they represent the residual interest in the net assets of the entity. In addition, the amendments have detailed criteria for identifying such instruments with respect to the capital structure of the holder.	The amendments to both IAS 32 and IAS 1 are not applicable to the operations as the Company has not issued any puttable financial instruments.	1 January 2009
Improvements to IFRS 2008	Improvements to IFRS 2008 included 35 modifications in two parts First part included 24 modifications in 15 standards which modify presentation and valuation principles Second part included 11 modifications in 9 standards. According to International Accounting Standards Council they will be without influence on accounting principles or they influence will be minimal.	The Group is still assessing the impact of the revised standards on the operations.	1 January 2009 or 1 July 2009 (IFRS 5)

*Semi- annual consolidated financial statements of EUROCASH Group.*

Financial statements period: *01.01-30.06.2008* Reporting currency: *Polish zloty (PLN)*

Level of round-offs: *All amounts are expressed in Polish zloty (unless indicated otherwise)*

<b>Standards and Interpretations not yet endorsed by the EU</b>	<b>Type of expected change in the accounting principles</b>	<b>Possible impact on financial statements</b>	<b>Effective date for periods commencing on the day or after</b>
IFRIC 15 Agreements for the Construction of Real Estate	The Interpretation provides a guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and when revenue from the construction should be recognised.	IFRIC 15 is not applicable to the Group operations as the Group 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 in  the financial statements.	IFRIC 16 is not applicable to the Group operations as the Group does not practice hedge accounting to the foreign currency risk arising from its net investment in a foreign operation.	1 October 2008

<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-30.06.2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

<b>Standards and Interpretations not yet endorsed by the EU</b>	<b>Type of expected change in the accounting principles</b>	<b>Possible impact on financial statements</b>	<b>Effective date for periods commencing on the day or after</b>
Amendments to IFRS 1 and IAS 27 – Cost of an investments in subsidiaries, jointly controlled entities and associates.	<p>The amendments to IFRS 1 allow a first-time adopter to determine a deemed cost of investments at the date of transition in subsidiaries, jointly controlled entities and associates. This determination according to the cost and its basis (carrying amount under previous accounting practice or fair value in accordance with IAS 27) should be made for each investment separately. For first-time adopters which use a deemed cost of investments, additional disclosures are also implicated.</p> <p>The amendments remove the cost method from IAS 27 and replace it with a requirement for all dividends from a subsidiary, associates or jointly controlled entity to be recognised as income in the separate financial statements of the investor. The amendments also clarify how to present the cost of an investment in the financial statements of a new parent inserted above an existing parent of a group, under some circumstances.</p>	The Group is still assessing the impact of the revised standards on the operations.	1 January 2009

<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2008	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

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

These consolidated 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 consolidated financial statements is Polish zloty and any amounts are rounded-off to full Polish zloty (unless provided otherwise).

#### 1.5. 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.

#### 1.6. 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., Eurocash Detal 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 5190 Z).

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,
- Eurocash Detal 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 0000259826, 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.

<b>Semi- annual consolidated financial statements of EUROCASH Group.</b>			
<b>Financial statements period:</b>	<b>01.01-30.06.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Level of round-offs:</b>	<b>All amounts are expressed in Polish zloty (unless indicated otherwise)</b>		

**Entities comprising the Eurocash capital group covered by the consolidated financial statements as of 30.06.2008**

name of entity	Eurocash S.A.	KDWT S.A.	Eurocash Detal sp. z o.o.	Eurocash Franszyza sp. z o.o.	McLane Polska sp. z o.o.	PayUp Polska S.A.	Nasze Sklepy sp. z o.o.
seat	ul .Wiśniowa 11 62-052 Komorniki	ul .Wiśniowa 11 62-052 Komorniki	ul .Wiśniowa 11 62-052 Komorniki	ul .Wiśniowa 11 62-052 Komorniki	ul. Pass 20C 05-870 Błonie	Al.. Solidarności 46 61-696 Poznań	ul. Kapielowa 18 21-500 Biała Podlaska
core business	PKD 5190Z	PKD 5135Z	PKD 7020Z	PKD 7487B	PKD 5190Z	PKD 6120Z	PKD 5211Z
registry court	District Court Poznań -Nowe Miasto i Wilda of Poznań, VIII Commercial Division of the National Court Register KRS 0000213765	District Court Poznań -Nowe Miasto i Wilda of Poznań, VIII Commercial Division of the National Court Register KRS 0000040385	District Court Poznań - Nowe Miasto i Wilda of Poznań, VIII Commercial Division of the National Court Register KRS 0000259826	District Court Poznań - Nowe Miasto i Wilda of Poznań, VIII Commercial Division of the National Court Register KRS 0000259846	District Court Warszawa XIV Commercial Division of the National Court Register KRS 0000013892	District Court Poznań - Nowe Miasto i Wilda of Poznań, VIII Commercial Division of the National Court Register KRS 0000299000	District Court Lublin XI Commercial Division of the National Court Register KRS 0000000139
entity status	Parent entity	Subsidiary entity	Subsidiary entity	Subsidiary entity	Subsidiary entity	Associate entity	Subsidiary entity
applied consolidation method	Full	Full	Full	Full	Full	Equity method	Full
date of taking over control	n/a	31.03.2006	10 July 2006	10 July 2006	30 April 2008	13 May 2008	14 May 2008
Share in share capital (%)	n/a	100%	100%	100%	100%	49%	53,4%
Share in total number of votes (%)	n/a	100%	100%	100%	100%	49%	53,4%



<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2008	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

## 1.7. 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 the revaluation of financial assets (measured at fair value through profit and loss) and available-for-sale financial instruments.

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 Group 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 consolidated financial statements comprise in particular:

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

### 2.4. INTANGIBLE FIXED ASSETS

#### Definition

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

Intangible fixed assets of the Group 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.

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Financial statements period:	01.01-30.06.2008	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

### **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 Group 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”, “ABC” and “KDWT” trade marks is difficult to define / undefined, they are not amortised. The “Eurocash”, “ABC” and “KDWT” 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 Group, 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 Group comprise:

- Buildings and structures,
- Right of perpetual usufruct of land,
- Technical machinery and equipment,

<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2008	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

- 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.

<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2008	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

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 Group 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.

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Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

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 Group 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 e.g. prepaid security deposits referring to long-term (multiannual) rental agreements.

### **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.

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The Group 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 Group 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,

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- 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

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.

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### **(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**



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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 Group's clients is disclosed at the moment of receipt of money by the Group.

#### **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,
- receivables overdue for more than 180 days – 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.

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## 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 Group 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,

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- 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 Group 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.

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### **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 Group 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 Group 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

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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. BUSINESS ACQUISITIONS AND CONSOLIDATION PRINCIPLES

### Subsidiaries

Entities in relation to which the Group has the ability to manage their financial and operating policy in order to gain profits from their operations are recognized as subsidiaries in the consolidated financial statements. It is directly related to an ownership of a majority of the total number of votes in the governing bodies of such entities. The existence and the impact of potential voting rights which may be executed or exchanged in a particular moment must be taken into account while conducting evaluation whether the Group is in control over a particular entity.

### Costs of business acquisition

The costs of business acquisition are valued as the sum of the fair values at the date of exchange of given assets, incurred or assumed liabilities and equity instruments issued by the acquirer with regard to the business acquisition, plus any potential costs directly attributable to the combination of business units.

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### **The date of an acquisition**

The day on which the acquirer obtains actual control of the acquiree is the acquisition day. In the event that such acquisition is executed in a way of a single exchange transaction, the date of exchange is the same date as the acquisition date.

In the event that the business acquisition is conducted in a way of more than one exchange transaction, for instance when the transaction is concluded in stages, via subsequent acquisitions of shares. In such an event:

- the cost of the business acquisition is the total cost of all given transactions, and
- the exchange date is the date of each exchange transaction (i.e. the day on which each particular investment is included in the financial statements of the acquirer), whereas the acquisition date is the date on which the acquirer obtains control over the acquired entity.

### **Selected consolidation procedures**

The carrying amount of an investment of a dominant entity in each subsidiary is subject to an exclusion under the consolidation procedure, respectively with this part of own capital of each subsidiary which reflects the particular share of the dominant entity.

Transactions, settlements, revenues, costs, and unrealized profits included in the assets resulting from the transactions conducted among the companies within the Group are eliminated. Unrealized losses are also subject to elimination, unless a transaction proves the impairment of value of the given asset.

### **Allocation of the business acquisition costs**

The acquirer recognises, at the acquisition date, the costs of the business acquisition, including identifiable assets, liabilities and contingent liabilities of the acquiree, which meet the criteria specified in paragraph 37 of the IFRS 3, at their fair value as at this day, with the exception of fixed assets (or the group of assets intended for sale) classified as "Intended for sale" in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations" which are presented at their fair value less the costs of sale.

The acquirer recognises separately identifiable assets, liabilities and contingent liabilities at the acquisition date only if they satisfy the following criteria at that date:

- in the case of an asset other than an intangible asset, it is probable that any associated future economic benefits will flow to the acquirer and the fair value of such asset can be reliably measured;
- in the case of a liability other than a contingent liability, it is probable that an outflow of resources which embody economic benefits will be required to settle an obligation, and its fair value can be reliably measured;
- in the case of an intangible asset or a contingent liability, its fair value can be reliably measured.

### **Goodwill**

As at the acquisition date, the acquirer:

- recognizes goodwill acquired during the business combination as an asset item,

and

- initially measures the goodwill in accordance with the acquisition price, being the excess of the cost of the business combination over the acquirer's share of the net fair value of the identifiable assets, liabilities and contingent liabilities.

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Upon the initial recognition, the acquirer measures the goodwill of the acquiree acquired in the course of acquisition in accordance with the acquisition price less the total amount of current impairment of value write-offs.

If the acquirer's interest in the net fair value of the acquired identifiable assets, liabilities or contingent liabilities exceeds the costs of the business acquisition, the acquirer:

- conducts subsequent evaluation of the recognition and measurement of identifiable assets, liabilities and contingent liabilities of the acquiree and the valuation of the cost of business acquisition
- and
- recognizes immediately in the profit or loss potential gain resulting from the execution of the subsequent evaluation.

Pursuant to IFRS 3 Group can correct fair value acquired net assets and goodwill within 12 months from acquisition data.

## **2.26. SEGMENT REPORTING**

Under IAS 14 "Segment reporting", the Group 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.

According to IAS 34, the Company is obligated to present its proceeds and results by business or geographical segments in the mid-year abbreviated financial statements, depending on the reporting manner accepted by the Company.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2008 TO 30.06.2008**

**NOTE 1.  
BUSINESS ACQUISITION**

**Acquisition of McLane 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.

**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 5190Z)
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 Eurocash Group has no intention to dispose any part of the business with regard to the acquisition of McLane Sp. z o.o.

**3. Initial settlement of the business acquisition**

Acquisition of control over McLane Sp. z o.o. took place on 30th April 2008. At the day of preparation the consolidated financial statements, it was define possible to identifiable the assets, liabilities, contingent liabilities and initial determination their fair values.

At the day of preparation the consolidated financial statements was identify following intangible assets (outside McLane Polska Sp. z o.o. accounts) : trade mark, relationships with customers,profitable lease agreement property.

Therefore, this initial settlement of the business acquisition shall be considered as temporary, established based on estimated values. The Company plans to include the adjustments to estimated values resulting from the initial settlement not later than by 31st December 2008.

**4. The costs of the acquisition**

Table no 2

**ACQUISITION COST**

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



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Table no 3

At as  
30.04.2008

### NET ASSETS ACQUIRED

Other intangible fixed assets	1 431 246
Tangible fixed assets	30 262 734
Long-term prepayments	5 055 217
Inventories	47 480 690
Trade receivables	103 332 316
Other short-term receivables	443 015
Cash and cash equivalents	1 592 128
Short-term prepayments	885 796
<b>Total assets</b>	<b>190 483 141</b>
Deferred income tax provision	1 180 000
Provision for employee benefits	120 055
Short-term loans and credits	14 493 177
Other short-term financial liabilities	19 943 056
Trade liabilities	88 158 152
Other short-term liabilities	1 454 665
Other short-term provisions	8 793 390
<b>Total liabilities</b>	<b>134 142 495</b>
<b>Net assets</b>	<b>56 340 646</b>
Goodwill on acquisition	35 614 526
<b>Acquisition cost</b>	<b>91 955 173</b>

#### 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

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

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

<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2008	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

### 3. The costs of the acquisition

Table no 5

#### ACQUISITION COST

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

#### 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	retail sales food,drinks and tobacco (PKD 5211Z)
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 Eurocash Group has no intention to dispose any part of the business with regard to the acquisition of Nasze Sklepy Sp. z o.o.

### 3. Initial settlement of the business combination

Acquisition of control over Nasze Sklepy Sp. Z o.o. took place on 14th May 2008. Due to the time constraints, it was not possible to define in a complete manner the final fair values of identifiable assets, liabilities and contingent liabilities until the day of preparation of the abbreviated consolidated financial statements. Therefore, this initial calculation of the business combination shall be considered as temporary, established based on estimated values. The Company plans to include the adjustments to estimated values resulting from the initial settlement not later than by 31st December 2008.

<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2008	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

#### 4. The costs of the acquisition

Table no 7

##### ACQUISITION COST

	as at
	14.05.2008
<b>Cash</b>	<b>1 870 761,35</b>
<b>Direct acquisition costs</b>	
Tax on civil law transactions	18 708,00
Costs of consulting services (legal, accounting, etc.)	182 992,35
	<b><u>2 072 462</u></b>

Table no 8

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

Results of Eurocash Group in the period from 01.01 – 30.06.2008 considering acquired companies in this period.

	for the period
	od 01.01.2008
	do 30.06.2008
Net sales	3 135 301 391
Net profit	29 182 151

#### NOTE 2. SEGMENT REPORTING

Eurocash Group runs the business exclusively within the territory of Poland that may be considered as homogenous in terms of economic conditions and risk related to the operations. All that determines the business sector selection as the basic reporting scheme and the geographical segment as the supplementary one.

<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-30.06.2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

As a result of the analysis of the business activities conducted by the Eurocash Group, taking into consideration the regulations specified in IAS 14 Segment reporting, the Company made a decision to distinguish the following business segments of the capital Group:

- traditional wholesale – wholesale operations conducted by the Cash & Carry discount chain, including the entire operations of the dominant entity - Eurocash S.A.
- active distribution – wholesale operations in the area of specialist active distribution of the FMCG goods, including operations of the subsidiary - KDWT S.A. and McLane sp. z o.o.
- others – real estate business running by Eurocash Detal sp. z o. o., commercial business (franchising) running by Eurocash Franszyza sp. z o. o. and retail sales food, drinks, tobacco and others running by Nasze Sklepy sp z o.o.

The Group does not distinguish any other areas than Poland in terms of geographical segments.

The information presented below showing sale figures and results of the particular segment apply to the analysed reporting period.

<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-30.06.2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

Table no 1

**INCOME AND RESULTS BY BUSINESS SEGMENTS IN THE PERIOD FROM 01 JANUARY 2008 TO 30 JUNE 2008**

	Traditional wholesale	Active distribution	Other	Exclusions	Total
<b>Sales</b>	<b>1 484 483 541</b>	<b>1 392 034 644</b>	<b>19 619 932</b>	<b>(100 311 505)</b>	<b>2 795 826 612</b>
External sales	1 434 255 925	1 347 770 809	13 799 878	-	2 795 826 612
Inter-segmental sales	50 227 616	44 263 835	5 820 054	(100 311 505)	-
<b>Operating profit</b>	<b>36 523 018</b>	<b>2 125 263</b>	<b>4 085 260</b>	<b>1 554 153</b>	<b>44 287 695</b>
Finance income					2 259 880
Finance costs					(5 065 194)
Share in profits (losses) of companies consolidated with the equity method					(288 173)
<b>Profit before income tax</b>					<b>41 194 208</b>
Income tax					(8 917 329)
<b>Net profit</b>					<b>32 276 879</b>
<b>Total assets (without cash and cash equivalents)</b>	<b>712 997 969</b>	<b>402 241 462</b>	<b>34 874 124</b>	<b>(119 793 616)</b>	<b>1 030 319 938</b>
<b>Trade liabilities</b>	<b>483 999 429</b>	<b>206 737 365</b>	<b>7 981 042</b>	<b>(13 531 948)</b>	<b>685 185 887</b>
<b>Investment expenditures</b>	<b>123 372 143</b>	<b>2 461 843</b>	<b>4 434 516</b>	<b>-</b>	<b>130 268 503</b>
Depreciation and amortisation	15 174 214	2 442 146	1 619 955	355 278	19 591 594

<i>Semi-annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-30.06.2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

Table no 1 (continued)

**INCOME AND RESULTS BY BUSINESS SEGMENTS IN THE PERIOD FROM 01 JANUARY 2007 TO 30 JUNE 2007**

	Traditional wholesale	Active distribution	Other	Exclusions	Total
<b>Sales</b>	<b>1 191 618 065</b>	<b>1 039 073 083</b>	<b>14 257 993</b>	<b>(85 761 823)</b>	<b>2 159 187 317</b>
External sales	1 165 559 496	983 537 435	10 090 386	-	2 159 187 317
Inter-segmental sales	26 058 568	55 535 648	4 167 607	(85 761 823)	-
<b>Segment profit</b>	<b>20 112 263</b>	<b>7 392 579</b>	<b>3 147 489</b>	<b>40 546</b>	<b>30 692 876</b>
Finance income					652 911
Finance costs					(4 745 216)
<b>Profit before income tax</b>					<b>26 600 572</b>
Income tax					(5 423 915)
<b>Net profit</b>					<b>21 176 656</b>
<b>Total assets (without cash and cash equivalents)</b>	<b>572 044 799</b>	<b>176 269 450</b>	<b>23 968 558</b>	<b>(69 040 123)</b>	<b>703 242 684</b>
<b>Trade liabilities</b>	<b>115 482 452</b>	<b>86 855 416</b>	<b>4 943 440</b>	<b>(26 676 330)</b>	<b>180 604 978</b>
<b>Investment expenditures</b>	<b>16 384 708</b>	<b>653 974</b>	<b>8 348 812</b>	<b>-</b>	<b>25 387 494</b>
Depreciation and amortisation	15 011 749	1 535 980	965 385	(22 159)	17 490 954

<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-30.06.2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

**NOTE 3.  
INTANGIBLE FIXED ASSETS**

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

*Table no 2*

**INTANGIBLE FIXED ASSETS IN THE PERIOD FROM 1 JANUARY TO 30 JUNE 2008**

	Goodwill	Patents and licences	Know how	Trademarks	Other intangible fixed assets	Total
<b>Net carrying value as at 1 January 2007</b>	<b>33 823 699</b>	<b>3 395 941</b>	<b>41 781 863</b>	<b>68 157 431</b>	<b>3 855 994</b>	<b>151 014 928</b>
Increase due to acquisition	-	1 947 916	-	-	14 107 483	<b>16 055 399</b>
Decrease due to sale	-	(3 998)	-	-	-	<b>(3 998)</b>
Amortisation	-	(2 473 125)	(5 449 808)	(1 234 000)	(2 538 454)	<b>(11 695 387)</b>
Other changes	-	(39 136)	-	-	-	<b>(39 136)</b>
<b>Net carrying value as at 31 December 2007</b>	<b>33 823 699</b>	<b>2 827 598</b>	<b>36 332 055</b>	<b>66 923 431</b>	<b>15 425 023</b>	<b>155 331 806</b>
<b>Net carrying value as at 1 January 2008</b>	<b>33 823 699</b>	<b>2 827 598</b>	<b>36 332 055</b>	<b>66 923 431</b>	<b>15 425 023</b>	<b>155 331 806</b>
Acquisition due to merger of enterprises	37 008 921	1 431 246	-	-	-	<b>38 440 166</b>
Increase due to acquisition	-	895 919	-	-	7 167 670	<b>8 063 589</b>
Decrease due to sale	-	(7 802)	-	-	(2 349 263)	<b>(2 357 065)</b>
Amortisation	-	(1 158 309)	(2 724 904)	(617 000)	(1 762 490)	<b>(6 262 703)</b>
Other changes	-	(3 578)	-	-	9 867	<b>6 289</b>
<b>Net carrying value as at 30 June 2008</b>	<b>70 832 619</b>	<b>3 985 073</b>	<b>33 607 151</b>	<b>66 306 431</b>	<b>18 490 806</b>	<b>193 222 081</b>

<i>Semi-annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-30.06.2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

Table no 2

**INTANGIBLE FIXED ASSETS IN THE PERIOD FROM 1 JANUARY TO 30 JUNE 2008 (continued)**

	Goodwill	Patents and licences	Know how	Trademarks	Other intangible fixed assets	Total
<i>As at 1 January 2008</i>						
Gross carrying value	33 823 699	10 742 370	54 498 079	70 008 431	20 468 371	189 540 951
Total accumulated amortisation and write-offs	-	(7 914 772)	(18 166 024)	(3 085 000)	(5 043 348)	(34 209 145)
<b>Net carrying value</b>	<b>33 823 699</b>	<b>2 827 598</b>	<b>36 332 055</b>	<b>66 923 431</b>	<b>15 425 023</b>	<b>155 331 806</b>
<i>As at 30 June 2008</i>						
Gross carrying value	70 832 620	13 058 154	54 498 079	70 008 431	25 296 645	233 693 929
Total accumulated amortisation and write-offs	-	(9 073 081)	(20 890 928)	(3 702 000)	(6 805 839)	(40 471 848)
<b>Net carrying value</b>	<b>70 832 620</b>	<b>3 985 073</b>	<b>33 607 151</b>	<b>66 306 431</b>	<b>18 490 806</b>	<b>193 222 081</b>

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.
- The "KDWT" - with carrying amount of 13.004.000,00 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 30 June 2008 the "MHC" trade mark's carrying amount id 8.638.000 PLN.

The Company recognised no impairment loss on intangible assets.



<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-30.06.2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

**NOTE 4.  
TANGIBLE FIXED ASSETS**

Information about tangible fixed assets is presented in Table no 3.

*Table no 3*

**TANGIBLE FIXED ASSETS IN THE PERIOD FROM 1 JANUARY TO 30 JUNE 2008**

	Land, buildings and structures	Machinery and equipment	Means of transport	Other fixed assets	Constructions in progress	Total
<b>Net carrying value as at 1 January 2007</b>	<b>64 244 083</b>	<b>16 261 068</b>	<b>16 647 109</b>	<b>10 390 042</b>	<b>1 455 263</b>	<b>108 997 566</b>
Increase due to acquisition	17 223 429	8 065 611	1 946 988	12 883 412	33 446 306	<b>73 565 746</b>
Increase due to lease agreements	-	-	844 707	-	-	<b>844 707</b>
Decrease due to sale	(11 383 270)	(162 945)	(1 644 750)	(295 514)	(84 816)	<b>(13 571 296)</b>
Decrease due to liquidation	(907 034)	(1 052 692)	(1 002 119)	(911 285)	(24 898 787)	<b>(28 771 917)</b>
Depreciation	(5 581 510)	(5 419 255)	(3 256 559)	(5 827 737)	-	<b>(20 085 061)</b>
Other changes	(39 868)	(333 525)	486 527	(56 448)	-	<b>56 687</b>
<b>Net carrying value as at 31 December 2007</b>	<b>63 555 830</b>	<b>17 358 262</b>	<b>14 021 903</b>	<b>16 182 470</b>	<b>9 917 965</b>	<b>121 036 431</b>
<b>Net carrying value as at 1 January 2008</b>	<b>63 555 830</b>	<b>17 358 262</b>	<b>14 021 903</b>	<b>16 182 470</b>	<b>9 917 965</b>	<b>121 036 431</b>
Acquisition due to merger of enterprises	-	1 092 166	16 520 536	7 798 922	4 851 110	<b>30 262 734</b>
Increase due to acquisition	7 712 915	4 184 094	585 846	7 330 965	2 683 336	<b>22 497 155</b>
Increase due to lease agreements	-	-	3 275 826	-	-	<b>3 275 826</b>
Decrease due to sale	(23 643)	(823 484)	(231 604)	(635 797)	(746 532)	<b>(2 461 060)</b>
Decrease due to liquidation	(10 120)	(163 217)	(294 864)	(88 335)	(763 963)	<b>(1 320 499)</b>
Depreciation	(3 279 967)	(3 732 164)	(2 909 075)	(3 407 684)	-	<b>(13 328 890)</b>
Other changes	(1 524)	364 560	504 931	711 812	-	<b>1 579 779</b>
<b>Net carrying value as at 30 June 2008</b>	<b>67 953 491</b>	<b>18 280 217</b>	<b>31 473 499</b>	<b>27 892 355</b>	<b>15 941 916</b>	<b>161 541 478</b>

<i>Semi-annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-30.06.2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

Table no 3

**TANGIBLE FIXED ASSETS IN THE PERIOD FROM 1 JANUARY TO 30 JUNE 2008 (continued)**

	Land, buildings and structures	Machinery and equipment	Means of transport	Other fixed assets	Constructions in progress	Total
<i>As at 1 January 2008</i>						
Gross carrying value	85 315 111	40 285 424	25 496 760	42 694 412	9 917 965	203 709 673
Total accumulated amortisation and write-offs	(21 759 281)	(22 927 163)	(11 474 856)	(26 511 942)	-	(82 673 242)
<b>Net carrying value</b>	<b>63 555 830</b>	<b>17 358 262</b>	<b>14 021 903</b>	<b>16 182 471</b>	<b>9 917 965</b>	<b>121 036 431</b>
<i>As at 30 June 2008</i>						
Gross carrying value	92 992 739	44 939 543	45 857 431	57 811 980	15 941 916	257 543 609
Total accumulated amortisation and write-offs	(25 039 248)	(26 659 326)	(14 383 932)	(29 919 625)	-	(96 002 131)
<b>Net carrying value</b>	<b>67 953 491</b>	<b>18 280 217</b>	<b>31 473 499</b>	<b>27 892 355</b>	<b>15 941 916</b>	<b>161 541 478</b>

**Fixed assets in leasing**

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 contract) or further usage of subject of leasing on the basis of new contract. Repurchase price is difference between the value of subject of leasing with immediate payment and the value paid in leasing instalments.

At the end of reporting period the balance value of fixed assets in financial leasing is 33.866,2 tys. PLN (2007 r.: 16.491,7 tys. PLN). Liabilities from financial leasing are 35.166.4 tys. PLN (2007 r.: 13.743,2 tys. PLN).

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

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Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

## NOTE 5.

### ANALYSIS OF INDICATIONS OF POTENTIAL 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 more than would be expected as a result of the passage of time or normal,
- environment assessment – during the examined period, there were no significant or disadvantageous changes in the technological, market, economic or legal environment in which the Company operates,
- 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 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 is up to scratch of the budget figure,
- 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 2008.

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 2007  
As a result of the analysis it was confirmed that the impairment loss is not necessary.  
The next test is planned for 31 December 2008.
- test for impairment of the "abc" trade mark as of 31 December 2007  
As a result of the analysis it was confirmed that the impairment loss is not necessary.  
The next test is planned for 31 December 2008.
- the goodwill arisen as a consequence of the acquisition of the organised part of the enterprise "Carment" M. Stodółka i Wspólnicy Spółka Jawna as of 31 December 2007  
As a result of the analysis it was confirmed that the impairment loss is not necessary.  
The next test is planned for 31 December 2008.

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Financial statements period:	<i>01.01-30.06.2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

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 more than would be expected as a result of the passage of time or normal,
- environment assessment – during the examined period, there were no significant or disadvantageous changes in the technological, market, economic or legal environment in which the Company operates,
- 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 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 is up to scratch of the budget figure,
- 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 2008.

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 2007  
As a result of the analysis it was confirmed that the impairment loss is not necessary.  
The next test is planned for 31 December 2008.
- test for impairment of the "abc" trade mark as of 31 December 2007  
As a result of the analysis it was confirmed that the impairment loss is not necessary.  
The next test is planned for 31 December 2008.
- test for impairment of the "KDWT" trade mark as of 31 December 2007  
As a result of the analysis it was confirmed that the impairment loss is not necessary.  
The next test is planned for 31 December 2008.

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

<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2008	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

- goodwill arisen as a consequence acquisition of "Carment" M. Stodółka i Wspólnicy Spółka Jawna as of 31 December 2007  
As a result of the analysis it was confirmed that the impairment loss is not necessary.  
The next test is planned for 31 December 2008.
- goodwill arisen as a consequence acquisition KDWT S.A. as of 31 December 2007  
As a result of the analysis it was confirmed that the impairment loss is not necessary.  
The next test is planned for 31 December 2008.

Because of short period from acquisition, goodwill McLane Sp. z o.o. and goodwill Nasze Sklepy Sp. z o.o. Group did not make tests for impairment.

#### NOTE 6.

##### INVESTMENT REAL ESTATE

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

#### NOTE 7.

##### LONG-TERM RECEIVABLES

Information about long-term receivables is presented in Table no 4

Table no 4

##### LONG-TERM RECEIVABLES AS AT 30 JUNE 2008

	as at 30.06.2008	as at 31.12.2007
Advances to purchase Nasze Sklepy sp. z o.o.	1 757 235	
Security deposits paid due to agreements on depot rental	2 170 108	1 872 272
	<b>3 927 343</b>	<b>1 872 272</b>

#### NOTE 8.

##### INVENTORIES

Information about stocks is presented in Tables no 5 and 6.

Table no 5

##### INVENTORIES STRUCTURE AS AT 30 JUNE 2008

	as at 30.06.2008	as at 31.12.2007
Traded goods	316 731 069	224 667 008
Materials	139 291	194 210
<b>Total stocks, including:</b>	<b>316 870 360</b>	<b>224 861 218</b>
- carrying value of stocks being a security for liabilities	160 869 429	62 400 000

<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2008	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Table no 6

**INVENTORIES IN THE PERIOD FROM 1 JANUARY TO 30 JUNE 2008**

	for the period od 01.01.2008 do 30.06.2008	for the period od 01.01.2007 do 31.12.2007
<b>Opening balance</b>	<b>4 878 768</b>	<b>4 642 388</b>
- increasing	6 526 616	236 379
- decreasing	(1 928 359)	-
- use	(270 974)	-
<b>Closing balance</b>	<b>9 206 050</b>	<b>4 878 768</b>

**NOTE 9.**

**TRADE RECEIVABLES AND OTHER RECEIVABLES**

Information about trade receivables and other receivables is presented in Table no 7.

Table no 7

**TRADE RECEIVABLES AND OTHER RECEIVABLES AS AT 30 JUNE 2008**

	as at 30.06.2008	as at 31.12.2007
<b>Trade receivables</b>	<b>325 252 433</b>	<b>220 113 990</b>
Credit sales	247 040 828	153 768 978
Receivables from suppliers	79 284 331	69 616 532
ABC marketing fees	719 513	634 249
Other trade receivables	7 702 390	2 243 870
Allowance for trade bad debts	(9 494 630)	(6 149 638)
<b>Other receivables</b>	<b>17 077 451</b>	<b>13 110 637</b>
Settlement of VAT	8 736 640	7 907 525
Receivables from non-trade contractive parties	1 850 721	2 751 184
Receivables from employees	511 688	963 889
Loans	252 202	197 202
Receivables from insurance	156 436	182 232
Receivables from takeover	34 099	34 628
Receivables from sales fixed assets	6 624 112	-
Other receivables	2 164 727	1 401 069
Allowance for other bad debts	(3 253 174)	(327 092)
<b>Total receivables, including:</b>	<b>342 329 884</b>	<b>233 224 627</b>
- long-term	-	-
- short-term	342 329 884	233 224 627

**NOTE 10.**

**CASH AND CASH EQUIVALENS**

Information about cash and cash equivalents is presented in Table no 7a

<i>Semi-annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2008	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Table no 7a

**CASH AND CASH EQUIVALENTS AS AT 30 JUNE 2008**

	as at 30.06.2008	as at 31.12.2007
<b>Cash</b>		
cash at bank	133 639 672	107 557 386
cash in hand	2 992 685	1 814 196
cash in way	16 179 115	17 518 878
blocked cash	6 177 244	4 570 733
coupons	76 120	
<b>Total cash</b>	<b>159 064 836</b>	<b>131 461 193</b>

Blocked cash there are in Group cash on account ZFŚŚ and deposit for rent

**NOTE 11.  
SHORT-TERM PREPAYMENTS**

Information about short-term prepayments is presented in Table no 8.

Table no 8

**SHORT-TERM PREPAYMENTS AS AT 30 JUNE 2008**

	as at 30.06.2008	as at 31.12.2007
Software rental	252 973	476 356
Licences for selling alcohol	1 471 176	367 360
Rentals	1 834 128	331 010
Media	-	213 998
Advertising folders	46 159	36 957
Insurances	993 734	199 637
Taxes	336 783	-
Expansion	224 382	-
Tolls	229 635	-
Interests on financial leasing	843 110	-
Other prepayments	1 104 658	268 253
	<b>7 336 737</b>	<b>1 893 571</b>

**NOTE 12.  
EQUITY**

Information about equity is presented in Table no 9, 10 and 11.

Table no 9

**SHARE CAPITAL AS AT 30 JUNE 2008**

	as at 30.06.2008	as at 31.12.2007
Number of shares	130 234 550	127 742 000
Par value of a share (PLN / share)	1	1
<b>Share capital</b>	<b>130 234 550</b>	<b>127 742 000</b>

Share capital was comprised of 130.234.550 "A" bearer shares of the par value of PLN 1.00 each as of 30 June 2008.

The structure of shareholders holding more than 5% in total number of votes is presented in Table no 10.

<b>Semi- annual consolidated financial statements of EUROCASH Group.</b>			
<b>Financial statements period:</b>	<b>01.01-30.06.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Level of round-offs:</b>	<b>All amounts are expressed in Polish zloty (unless indicated otherwise)</b>		

Table no 10

**SHAREHOLDERS STRUCTURE**

Shareholder	30.06.2008				31.12.2007			
	Number of shares	Share in share capital (%)	Number of votes	total number of votes (%)	Number of shares	Share in share capital (%)	Number of votes	total number of votes (%)
1. Luis Manuel Conceicao do Amaral (bezpośrednio i pośrednio przez Politra B.V.)	70 258 100	53,95%	70 258 100	53,95%	70 258 100	55,00%	70 258 100	55,00%
2. ING Nationale – Nederlanden Polska Otwarty Fundusz Emerytalny	6 843 714	5,25%	6 843 714	5,25%	6 843 714	5,36%	6 843 714	5,36%
3. Commercial Union - Powszechne Towarzystwo Emerytalne BPH CU WBK	6 586 001	5,06%	6 586 001	5,06%	6 586 001	5,16%	6 586 001	5,16%

Table no 11

**CHANGES IN SHARE CAPITAL IN THE PERIOD FROM 1 JANUARY TO 30 JUNE 2008**

	for the period od 01.01.2008 do 30.06.2008	for the period od 01.01.2007 do 31.12.2007
<b>Share capital at the beginning of the period</b>	<b>127 742 000</b>	<b>127 742 000</b>
<b>Increase of share capital in the period</b>	-	-
Motivational program - implementation	2 492 550	
<b>Share capital at the end of the period</b>	<b>130 234 550</b>	<b>127 742 000</b>

**NOTE 13.  
OTHER CAPITAL**

Information about other capital is presented in Table no 12.



<b>Semi- annual consolidated financial statements of EUROCASH Group.</b>			
<b>Financial statements period:</b>	<b>01.01-30.06.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Level of round-offs:</b>	<b>All amounts are expressed in Polish zloty (unless indicated otherwise)</b>		

Table no 12

**CHANGES TO OTHER CAPITAL IN THE PERIOD FROM 1 JANUARY TO 30 JUNE 2008**

	Supplementary capital	Hedge transactions valuation capital	Total
<i>As at 1 January 2007</i>	<b>29 059 203</b>	-	<b>29 059 203</b>
<b>Increase in the period from 1 January to 31 December 2007</b>	<b>18 051 810</b>	-	<b>18 051 810</b>
Net profit for the period from 1 January to 31 December 2007	13 196 860	-	13 196 860
Valuation of the Incentive Scheme for employees	4 854 950	-	4 854 950
<i>As at 31 December 2007</i>	<b>47 111 013</b>	-	<b>47 111 013</b>
			-
<i>As at 1 January 2008</i>	<b>47 111 013</b>	-	<b>47 111 013</b>
<b>Increase in the period from 1 January to 30 June 2008</b>	<b>26 110 743</b>	-	<b>26 110 743</b>
Net profit for the period from 1 January to 30 June 2007	18 953 550	-	18 953 550
Valuation of the Incentive Scheme for employees	2 857 216	-	2 857 216
Implementation of the Incentive Scheme for employees	4 262 261	-	4 262 261
Other	37 717		37 717
<b>Decrease in the period from 1 January to 31 June 2008</b>	<b>(11 487)</b>	<b>(4 645 000)</b>	<b>(4 656 487)</b>
Hedging instruments	-	(4 645 000)	(4 645 000)
Redemption of stocks	(11 487)	-	(11 487)
<b>As at 30 June 2008</b>	<b>73 210 269</b>	<b>(4 645 000)</b>	<b>68 565 269</b>

**NOTE 14.  
OPTIONS FOR SHARES**

Information about options for own shares is presented in Table no 13.

Table no 13

**OPTIONS FOR SHARES IN THE PERIOD FROM 1 JANUARY TO 30 JUNE 2008**

	Number of options	Weighted average performance
Existing at the beginning of the reporting period	9 351 511	5,01
Allotted in the reporting period	1 020 000	10,75
Redeemed in the reporting period	-	-
Exercised in the reporting period	(2 492 550)	2,71
Expired in the reporting period	-	-
Existing at the end of the reporting period	7 878 961	6,33
Possible to exercise at the end of the period	701 000	2,71

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.

<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2008	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

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 procurement of the rights to options is 3 year employment period.

The Group 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 Group 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 30 June 2008 was total of 2.492.550 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 9,50 PLN and 13,50 PLN per share in this period.

**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 Group 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.

<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2008	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

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 3<sup>rd</sup> 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.

<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-30.06.2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

**NOTE 15.  
PROVISIONS**

Information about provisions is presented in Tables no 14 and 15.

*Table no 14*

**CHANGES IN PROVISIONS AND ACCRUALS IN THE PERIOD FROM 1 JANUARY TO 30 JUNE 2008**

	Provision for employee benefits	Accrual for agency depot commissions	Accrual for costs of transport	Provision for advertising
<b>Provisions and accruals as at 1 January 2007</b>	<b>5 570 426</b>	<b>861 603</b>	<b>308 000</b>	<b>139 619</b>
Increases	11 077 013	13 191 261	6 698 886	7 337 153
Decreases	(5 106 400)	(12 940 322)	(6 509 692)	(6 190 898)
<b>Provisions and accruals as at 31 December 2007, including:</b>	<b>11 541 039</b>	<b>1 112 542</b>	<b>497 194</b>	<b>1 285 874</b>
- short-term	11 246 255	1 112 542	497 194	1 285 874
- long-term	294 784	-	-	-
<b>Provisions and accruals as at 1 January 2008</b>	<b>11 541 039</b>	<b>1 112 542</b>	<b>497 194</b>	<b>1 285 874</b>
Increases	13 494 622	16 144 377	6 526 862	6 791 739
Decreases	(11 385 236)	(15 179 027)	(5 463 628)	(1 655 846)
<b>Provisions and accruals as at 30 June 2008, including:</b>	<b>13 650 425</b>	<b>2 077 891</b>	<b>1 560 429</b>	<b>6 421 767</b>
- short-term	13 235 587	2 077 891	1 560 429	6 421 767
- long-term	414 839	-	-	-

<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-30.06.2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

Table no 14

**CHANGES IN PROVISIONS AND ACCRUALS IN THE PERIOD FROM 1 JANUARY TO 30 JUNE 2008 (continued)**

	Media accrual	Provision for individual clients (increase of sales)	Other	Total
<b>Provisions and accruals as at 1 January 2007</b>	<b>222 597</b>	<b>-</b>	<b>3 868 492</b>	<b>10 970 737</b>
Increases	3 025 439	1 135 956	14 233 500	56 699 209
Decreases	(2 852 710)	-	(14 460 763)	(48 060 784)
<b>Provisions and accruals as at 31 December 2007, including:</b>	<b>395 326</b>	<b>1 135 956</b>	<b>3 641 229</b>	<b>19 609 161</b>
- short-term	395 326	1 135 956	3 641 229	19 314 377
- long-term	-	-	-	294 784
<b>Provisions and accruals as at 1 January 2008</b>	<b>395 326</b>	<b>1 135 956</b>	<b>3 641 229</b>	<b>19 609 161</b>
Increases	2 137 122	-	24 998 477	70 093 200
Decreases	(2 142 811)	(335 360)	(18 025 159)	(54 187 068)
<b>Provisions and accruals as at 30 June 2008, including:</b>	<b>389 637</b>	<b>800 596</b>	<b>10 614 547</b>	<b>35 515 293</b>
- short-term	389 637	800 596	10 614 547	35 100 454
- long-term	-	-	-	414 839

<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2008	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Table no 15

**PROVISIONS AS AT 30 JUNE 2008**

	as at 30.06.2008	as at 31.12.2007
Provision for severant payment	13 650 425	11 541 039
Provision for costs of advertising	6 421 767	1 285 874
Provision for individual clients (increase of sales)	800 596	1 135 956
Provision for agency depot commissions	2 077 891	1 112 542
Provision for costs of transport	1 560 429	497 194
Provision for media	389 637	395 326
Provision for restructuring	467 452	367 452
Provision for rents	577 650	321 795
Provision for costs of advisory and audit services	875 271	206 105
Provision for pallets	1 269 593	-
Provision contractors	4 300 000	-
Other provisions	3 124 581	2 745 878
	<b>35 515 293</b>	<b>19 609 161</b>

**NOTE 16.  
TRADE LIABILITIES AND OTHER LIABILITIES**

Information about trade liabilities and other liabilities is presented in Table no 16.

Table no 16

**TRADE LIABILITIES AND OTHER LIABILITIES AS AT 30 JUNE 2008**

	as at 30.06.2008	as at 31.12.2007
<b>Trade liabilities</b>	<b>685 185 887</b>	<b>505 350 072</b>
Supplies of traded goods	650 882 005	482 024 614
Services	34 303 882	23 325 458
<b>Other liabilities</b>	<b>102 441 467</b>	<b>19 108 313</b>
Liabilities due to shareholders from dividends	39 290 064	-
Settlement of VAT	3 878 027	758 713
Social insurance	3 786 296	2 917 830
Liabilities from purchases of fixed assets	3 900 361	8 767 871
Tax, customs, insurances and other liabilities	1 756 589	1 024 889
Current corporate income tax	4 421 187	3 134 237
Takeovers	44 507 472	-
Other liabilities	901 448	2 504 773
<b>Total liabilities, including:</b>	<b>787 627 354</b>	<b>524 458 386</b>
- long-term	-	-
- short-term	787 627 354	524 458 386

**NOTE 17.  
LOANS AND CREDITS**

Information about loans and credits is presented in Table no 17.

<b>Semi- annual consolidated financial statements of EUROCASH Group.</b>			
<b>Financial statements period:</b>	<b>01.01-30.06.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Level of round-offs:</b>	<b>All amounts are expressed in Polish zloty (unless indicated otherwise)</b>		

Table no 17

**LOANS AND CREDITS AS AT 30 JUNE 2008**

	Credit destination	Liability amount	Interest rate	Costs for the period from 01.01.2008 to 30.06.2008
BPH	overdraft for financing of current activities	29 936 614	WIBOR 1daily + bank's margin from 0,45 to 0,9 p.p.	409 734
BRE	overdraft for financing of current activities	48 163 594	WIBOR 1daily + bank's margin 0,6 p.p.	1 434 235
Millenium	overdraft for financing of current activities	6 631 527	WIBOR 1daily + bank's margin 0,6 p.p.	458 745
ING SA	overdraft for financing of current activities	5 258 000	średni WIBOR 1M + marża banku 1,45 p.p.	59 325
ING SA	investment credit	2 894 000	WIBOR 1M + marża banku 1,3 p.p.	34 368
Citibank	cash in transit	2 127 341	n/a	-
<b>Total loans and credits</b>		<b>95 011 076</b>		<b>2 396 406</b>
- long-term		2 894 000		
- short-term		92 117 076		

**NOTE 18.  
OTHER FINANCIAL LIABILITIES**

Information about other financial liabilities is presented in Table no 18 and 19.

Table no 18

**OTHER SHORT-TERM AND LONG-TERM FINANCIAL LIABILITIES AS AT 30 JUNE 2008**

	as at 30.06.2008	as at 31.12.2007
Liabilities under financial lease agreements	35 166 359	13 743 242
	<b>35 166 359</b>	<b>13 743 242</b>
- long-term	28 081 100	11 222 655
- short-term	7 085 259	2 520 587

<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-30.06.2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

## FINANCIAL LEASE

Table no 19

### LIABILITIES UNDER FINANCIAL LEASE AGREEMENTS AS AT 30 JUNE 2008

	as at 30.06.2008	as at 30.06.2008 current value of minimum fees	as at 31.12.2007 minimum fees	as at 31.12.2007 current value of minimum fees
<i>Future minimum fees due to financial lease agreements</i>				
Payable within 1 year	7 904 733	7 085 259	3 261 106	2 520 587
Payable in the period from 1 year to 5 years	23 295 118	20 788 477	6 082 678	3 756 544
Payable in the period of over 5 years	8 106 301	7 292 623	8 463 502	7 466 111
<b>Total future minimum fees due to financial lease agreements</b>	<b>39 306 152</b>	<b>35 166 359</b>	<b>17 807 286</b>	<b>13 743 242</b>
Financial costs	4 139 793	X	4 064 044	X
<b>Current value of minimum fees under financial lease agreements</b>	<b>35 166 359</b>	<b>35 166 359</b>	<b>13 743 242</b>	<b>13 743 242</b>



<i>Semi-annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2008	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

## NOTE 19. OPERATING LEASE

Pursuant to IAS no 17 the Company recognized operating lease agreements for tenancy and lease of premises, 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 is 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 20.

Table no 20

### LIABILITIES UNDER OPERATING LEASE AGREEMENTS AS AT 30 JUNE 2008

	as at 30.06.2008	as at 31.12.2007
<i>Future minimum fees due to operating lease agreements</i>		
Payable within 1 year	29 946 491	25 182 237
Payable in the period from 1 year to 5 years	133 276 004	110 815 384
Payable in the period of over 5 years	44 422 870	39 112 858
<b>Total future minimum fees due to operating lease agreements</b>	<b>207 645 365</b>	<b>175 110 478</b>

<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2008	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

**NOTE 20.  
INCOME TAX**

Specification of income tax for the reporting period is presented in Table no 21 and 22.

Table no 21

**INCOME TAX FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2008 (main components)**

	for the period od 01.01.2008 do 30.06.2008	for the period od 01.01.2007 do 30.06.2007
<i>Profit and loss account</i>		
<b>Current income tax</b>	<b>(9 030 440)</b>	<b>(3 945 444)</b>
Current income tax burden	(9 060 288)	(3 945 444)
Adjustment of prior years on current income tax	29 848	-
<b>Deferred income tax</b>	<b>113 111</b>	<b>(1 478 472)</b>
Due to creation and reversal of temporary differences	113 111	(1 478 472)
<b>Tax burden recorded in profit and loss account</b>	<b>(8 917 329)</b>	<b>(5 423 916)</b>

Table no 22

**ESTABLISH INCOME TAX BURDEN FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2008 (main components)**

	for the period od 01.01.2008 do 30.06.2008	for the period od 01.01.2007 do 30.06.2007
<b>Gross profit</b>	<b>41 194 208</b>	<b>26 600 572</b>
Tax calculated on tax base 19%	(7 826 899)	(5 054 109)
Tax influence from permanent differences between gross profit and tax base	(609 958)	(790 986)
Negative passing differences and tax losses, in connection which the deferred income tax provision was no recognized	(552 451)	-
Capital group unit's tax losses, in connection which the deferred income tax provision was no recognized	-	(7 704)
Other differences	71 979	428 883
<b>Tax burden shown in profit and losses</b>	<b>(8 917 329)</b>	<b>(5 423 916)</b>
<b>Effective tax rate</b>	<b>21,65%</b>	<b>20,39%</b>

<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-30.06.2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

**NOTE 21.  
DEFERRED INCOME TAX**

Deferred income tax is presented in Table no 23.

*Table no 23*

**DEFERRED INCOME TAX IN THE PERIOD FROM 1 JANUARY TO 30 JUNE 2008**

	Balance sheet		Profit and loss account	
	30.06.2008	as at 31.12.2007	for the period od 01.01.2008 do 30.06.2008	for the period od 01.01.2007 do 30.06.2007
<i>Deferred income tax provision</i>				
- difference between tax and accounting depreciation and amortization	13 097 077	11 401 898	1 654 696	815 038
- future revenues	4 918 578	2 949 813	1 141 741	1 086 620
- income from interests	81 357	79 839	1 518	95 789
- lease liabilities	826 142	520 292	(4 384)	-
- unrealized exchange rates	196 161	63 848	130 053	258 358
<b>Gross deferred income tax provision</b>	<b>19 119 315</b>	<b>15 015 690</b>	<b>2 923 624</b>	<b>2 255 805</b>

<i>Semi-annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-30.06.2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

Table no 23

**DEFERRED INCOME TAX IN THE PERIOD FROM 1 JANUARY TO 30 JUNE 2008 (continued)**

	Balance sheet		Profit and loss account	
	as at 30.06.2008	as at 31.12.2007	for the period od 01.01.2008 do 30.06.2008	for the period od 01.01.2007 do 30.06.2007
<i>Deferred income tax provision</i>				
- deferment of rebates	3 403 483	2 349 325	(404 635)	(351 875)
- revaluation write-off on inventories	2 246 339	1 219 082	(763 972)	125 692
- allowance for bad debts	1 280 643	725 785	(274 858)	374 373
- tax losses from previous years	906 525	903 366	(3 160)	(242 133)
- provision for paid leaves	1 031 013	717 811	(123 781)	(185 632)
- provision for bonuses	788 074	1 397 391	732 901	(82 436)
- unpaid payable payroll	1 342 155	254 886	(1 018 482)	(55 668)
- provision for gratuities	69 204	47 397	(21 807)	-
- provision for agency depot commissions	331 719	211 383	(120 336)	(64 676)
- provision for licenses	40 166	13 300	(26 866)	-
- provision for advertising	330 055	244 316	(85 739)	(337 688)
- provision for costs of transport	296 481	94 467	20 214	(99 514)
- provision for costs of media	65 761	72 832	34 251	(20 745)
- provision for advisory	98 168	6 290	(91 878)	-
- provision for closed localisations	88 816	69 816	(19 000)	-
- provision for individual clients (increase of sales)	152 113	215 832	63 718	232 665
- provision for interests from liabilities	418 020	729 365	311 346	(55 482)
- other provisions	2 035 427	368 131	(1 138 935)	(14 214)
<b>- deferred income tax assets</b>	<b>15 029 879</b>	<b>9 640 774</b>	<b>(3 036 735)</b>	<b>(777 333)</b>
Deferred income tax burden			(113 111)	1 478 472
<b>Net deferred income tax provision</b>	<b>4 089 436</b>	<b>5 374 916</b>	<b>X</b>	<b>X</b>
<b>Net deferred income tax assets</b>	<b>-</b>	<b>-</b>	<b>X</b>	<b>X</b>

<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2008	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

**NOTE 22.  
OTHER LONG-TERM PREPAYMENTS**

Other long-term prepayments are presented in Table no 24.

Table no 24

**OTHER LONG-TERM PREPAYMENTS AS AT 30 JUNE 2008**

	as at 30.06.2008	as at 31.12.2007
Rents	34 500	-
Logistic project - Solving	491 043	-
Interests - financial leasing	1 196 209	-
Other prepayments	46 675	36 905
	<b>1 768 426</b>	<b>36 905</b>

**NOTE 23.  
NET SALES IN THE REPORTING PERIOD**

Net sales are presented in Table no 25.

Table no 25

**NET SALES IN THE PERIOD FROM 1 JANUARY TO 30 JUNE 2008**

	for the period od 01.01.2008 do 30.06.2008	for the period od 01.01.2007 do 30.06.2007
Sales of traded goods	2 732 156 793	2 124 208 503
Provision of services	63 669 819	34 978 814
<b>Total net sales</b>	<b>2 795 826 612</b>	<b>2 159 187 317</b>

**NOTE 24.  
COSTS BY NATURE**

Costs by nature are presented in Table no 26.

Table no 26

**COSTS BY NATURE IN THE PERIOD FROM 1 JANUARY TO 30 JUNE 2008**

	for the period od 01.01.2008 do 30.06.2008	for the period od 01.01.2007 do 30.06.2007
Amortisation	19 591 594	17 490 954
Materials and power	13 410 213	8 722 516
Third party services	78 779 776	61 375 809
Fees and taxes	3 688 673	2 419 714
Payroll	62 036 916	46 202 174
Social insurance and other benefits	12 489 277	9 507 578
Other costs by nature	11 332 917	9 413 443
<b>Costs by nature</b>	<b>201 329 366</b>	<b>155 132 188</b>
including:		
Costs of sales	144 391 189	105 211 757
Costs of general management	56 938 177	49 920 431

<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2008	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

**NOTE 25.  
OTHER OPERATING REVENUES AND COSTS**

Other operating revenues and costs are presented in Table no 27.

*Table no 27*

**OTHER OPERATING REVENUES AND COSTS IN THE PERIOD FROM 1 JANUARY TO 30 JUNE 2008**

	for the period od 01.01.2008 do 30.06.2008	for the period od 01.01.2007 do 30.06.2007
<b>Other operating revenues</b>	<b>9 928 182</b>	<b>6 228 364</b>
Penalties for suppliers	2 058 472	1 471 448
Other sales	1 312 629	1 236 557
Sub-lease of premises	848 997	820 255
Compensation received	577 840	527 637
Revenus from transport services	260 909	544 336
Profit from fixed assets sales	527 908	343 729
Realese provision for slow movers	2 916 088	-
Realese provision for transport for clients	856 353	46 623
Other operating revenues	568 987	1 237 781
<b>Other operating costs</b>	<b>(12 169 441)</b>	<b>(7 456 037)</b>
Inventory shortages	(6 541 861)	(2 824 017)
Liquidation of damages and expired goods	(2 766 155)	(800 655)
Losses from sales fixed assets	(315 890)	(291 893)
- allowance for bad debts	(1 155 140)	-
- revaluation write-off on inventories	(582 265)	(136 128)
Other operating costs	(808 130)	(3 403 345)
<b>Net other operating revenues (costs)</b>	<b>(2 241 259)</b>	<b>(1 227 673)</b>

**NOTE 26.  
FINANCIAL REVENUES AND COSTS**

Financial revenues and costs are presented in Table no 28.

*Table no 28*

**FINANCIAL REVENUES AND COSTS IN THE PERIOD FROM 1 JANUARY TO 30 JUNE 2008**

	for the period od 01.01.2008 do 30.06.2008	for the period od 01.01.2007 do 30.06.2007
<b>Financial revenues</b>	<b>2 259 880</b>	<b>652 911</b>
Interest	1 414 945	184 167
Exchange gains	755 350	(622)
Other financial revenues	89 585	469 366
<b>Financial costs</b>	<b>(5 065 194)</b>	<b>(4 745 215)</b>
Interest	(3 289 122)	(3 989 839)
Bank fees	(772 819)	(541 321)
Exchange losses	(3 247)	(28 679)
Other financial costs	(1 000 007)	(185 376)
<b>Net financial revenues (costs)</b>	<b>(2 805 315)</b>	<b>(4 092 304)</b>

<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2008	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

(Net) exchange gains (losses) are presented in Table no 29.

Table no 29

**NET EXCHANGE GAINS/LOSSES IN THE PERIOD FROM 1 JANUARY TO 30 JUNE 2008**

	for the period od 01.01.2008 do 30.06.2008	for the period od 01.01.2007 do 30.06.2007
Financial revenues	755 350	(622)
Financial costs	(3 247)	(28 679)
<b>Total</b>	<b>752 103</b>	<b>(29 301)</b>

**NOTE 27.  
EARNINGS PER SHARE**

Information about earnings per share is presented in Table no 30.

Table no 30

**EARNINGS PER SHARE FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2008**

	for the period od 01.01.2008 do 30.06.2008	for the period od 01.01.2007 do 30.06.2007
<i>Earnings</i>		
Net earnings of a given year for the purpose of calculating earnings per share for distribution among shareholders	32 276 879	21 176 656
<b>Effect of dilution of ordinary shares:</b>		
Interest on bonds convertible into shares (after tax)	-	-
Earnings disclosed for the needs of calculating diluted earnings per share	<u>32 276 879</u>	<u>21 176 656</u>
<i>Number of issued shares</i>		
Weighted average number of shares disclosed for the needs of calculating diluted earnings per share	130 935 550	127 742 000
<b>Effect of dilution of a potential number of ordinary shares:</b>		
Share options	-	-
Bonds convertible into shares	7 177 961	9 351 549
Weighted average number of ordinary shares (for the needs of calculating diluted earnings per share)	<u>137 217 489</u>	<u>133 277 400</u>
<b>Earnings per share</b>		
- basic	0,25	0,17
- diluted	0,24	0,16

**Calculation weighted average number of shares**

I Semi 2008

$$(127.742.000 + 3.193.550) \times 181 \text{ days} / 181 \text{ days} = 130.935.550$$

Weighted average number of shares disclosed for the needs of calculating diluted earnings per share consider shares possible to Take in result of realization bonds Exchange for shares.

I Semi 2007

$$(127.742.000 \times 181 \text{ dni}) / 181 \text{ dni} = 127.742.000$$

<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2008	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

### Calculation weighted diluted average number of shares

I Semi 2008

$$(137.093.511 \times 159 / 181 \text{ days}) + ((137.093.511 + 1.020.000) \times 22 / 181 \text{ days}) = 137.217.489$$

I Semi 2007

$$(135.496.736 \times 178 / 181 \text{ days}) + ((135.496.736 + 1.596.775) \times 3 / 181 \text{ days}) = 133.277.400$$

### Description of share diluting factors

Diluted earnings per share is an effect of the option schemes valuation presented in Note no 13.

### NOTE 28.

#### 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.

Table no 31

#### BOOK VALUE PER SHARE ON 30 JUNE 2008

	as at 30.06.2008	as at 31.12.2007
Book value	231 975 257	233 393 828
Number of shares	130 234 550	127 742 000
Diluted number of shares	138 113 511	137 093 511
Book value per share	1,78	1,83
Diluted book value per share	1,68	1,70

### NOTE 29.

#### INFORMATION ABOUT RELATED COMPANIES

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

The below table (Table no 32) 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 30 June 2008.

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



<b>Semi- annual consolidated financial statements of EUROCASH Group.</b>			
<b>Financial statements period:</b>	<b>01.01-30.06.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Level of round-offs:</b>	<b>All amounts are expressed in Polish zloty (unless indicated otherwise)</b>		

Table no 32

**REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD OF DOMINANT UNIT IN THE PERIOD FROM 1 JANUARY TO 30 JUNE 2008**

	Basic salary	Other benefits	Management options	Total
<i>Remuneration of Management Board members</i>				
Luis Amaral	150 000	211 599	-	361 599
Rui Amaral	270 000	216 343	153 702	640 045
Arnaldo Guerreiro	180 000	18 177	133 311	331 488
Pedro Martinho	240 000	315 931	143 304	699 235
Katarzyna Kopaczewska	180 000	127 235	85 188	392 423
Ryszard Majer	165 000	205 052	64 710	434 762
Roman Piątkiewicz *	30 000	9 000	103 868	142 868
	<b>1 215 000</b>	<b>1 103 337</b>	<b>684 084</b>	<b>3 002 421</b>

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

<i>Remuneration of Supervisory Board memebtrs</i>				
Joao Borges de Assuncao	43 918	-	-	43 918
Eduardo Aguinaga de Moraes	21 081	-	-	21 081
Ryszard Wojnowski	21 081	-	-	21 081
Janusz Lisowski	21 081	-	-	21 081
Antonio Jose Santos Silva Casanova	21 081	-	-	21 081
	<b>128 242</b>	-	-	<b>128 242</b>

<b>Semi- annual consolidated financial statements of EUROCASH Group.</b>			
<b>Financial statements period:</b>	<b>01.01-30.06.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Level of round-offs:</b>	<b>All amounts are expressed in Polish zloty (unless indicated otherwise)</b>		

Table no 32

**REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD OF SUBSIDIARY AND ASSOCIATES IN THE PERIOD FROM 1 JANUARY TO 30 JUNE 2008 (continued)**

	Basic salary	Other benefits	Management optoins	Total
<i>Remuneration of Management Board members KDWT S.A.</i>				
Roman Piątkiewicz *	114 000	514 926	192 867	821 793
Mieczysław Kuśnierczak *	114 000	376 730	70 954	561 684
Arnaldo Guerreiro	60 000	-	-	60 000
	<b>288 000</b>	<b>891 656</b>	<b>263 821</b>	<b>1 443 477</b>

\* Effective March 3, 2008 Roman Stefan Piątkiewicz resigned from the position of President of the Management Board of KDWT S.A.  
Effective March 3, 2008 Mieczysław Kuśnierczak resigned from the position of Vice-president of the Management Board of KDWT S.A.

*Remuneration of Management Board members Eurocash Franszyza sp. z o.o.*

Pedro Martinho	30 000	-	-	30 000
Katarzyna Kopaczewska	21 000	-	-	21 000
Michał Bartkowiak	21 000	-	-	21 000
	<b>72 000</b>	<b>-</b>	<b>-</b>	<b>72 000</b>

*Remuneration of Management Board members Eurocash Detal sp. z o.o.*

Pedro Martinho	30 000	-	-	30 000
Katarzyna Kopaczewska	21 000	-	-	21 000
Michał Bartkowiak	21 000	-	-	21 000
	<b>72 000</b>	<b>-</b>	<b>-</b>	<b>72 000</b>

*Remuneration of Management Board members McLane sp. z o.o.*

Arnaldo Guerreiro	60 000	-	-	60 000
Geoffre Crossley	100 000	-	-	100 000
Robert Schneyder	72 000	-	-	72 000
Johny Baird	82 180	972	-	83 152
Terry Kailey *	58 485	1 705	-	60 190
	<b>372 665</b>	<b>2 677</b>	<b>-</b>	<b>375 341</b>

\* Effective June 27, 2008 Roman Terry Kaily resigned from the position of Member of the Management Board of McLane Sp. z o.o..

*Remuneration of Management Board members Nasze Sklepy sp. z o.o.*

Piotr Fedorczyk	9 000	-	-	9 000
	<b>9 000</b>	<b>-</b>	<b>-</b>	<b>9 000</b>

*Remuneration of Management Board members PayUp Polska S.A.*

Zbigniew Furmańczyk	3 000	-	-	3 000
	<b>3 000</b>	<b>-</b>	<b>-</b>	<b>3 000</b>

*Remuneration of Supervisory Board members PayUp Polska S.A.*

Artur Lebedziński	4 500	-	-	4 500
	<b>4 500</b>	<b>-</b>	<b>-</b>	<b>4 500</b>

Supervisory Board members KDWT S.A. and Nasze Sklepy Sp. z o.o. in the consolidate period did not received remuneration as memberships Supervisory Boards a.m. companies.

**NOTE 30.  
INFORMATION ABOUT THE HEADCOUNT**

Information about the headcount as at 30 June 2008 is presented in Table no 33.

<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-30.06.2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

*Table no 33*

**HEADCOUNT AS AT 30 JUNE 2008**

	as at 30.06.2008	as at 31.12.2007
Number of employees	3 909	3 115
Number of full-time jobs	3 848	2 987

Information about the structure of employment as at 30 June 2008 is presented in Table no 34.

*Table no 34*

**STRUCTURE OF EMPLOYMENT AS AT 30 JUNE 2008**

	Depots and distribution centres	Head office	Total
Number of employees	3 381	528	<b>3 909</b>
Number of full-time jobs	3 343	505	<b>3 848</b>

Information about rotation of personnel as at 30 June 2008 is presented in Table no 35.

*Table no 35*

**ROTATION OF PERSONNEL IN THE PERIOD FROM 1 JANUARY TO 30 JUNE 2008**

	for the period od 01.01.2008 do 30.06.2008	for the period od 01.01.2007 do 30.06.2007
Number of employees hired	1 609	784
Number of employees dismissed	(815)	(555)
	<b>794</b>	<b>229</b>

**NOTE 31.  
OFF-BALANCE SHEET ITEMS**

As at 30 June 2008 the value of contingent liabilities due to granted bank guarantees is of PLN 5.467.891. Detailed specification is presented in Table no 36.

<i>Semi-annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2008	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Table no 36

**CONTINGENT LIABILITIES DUE TO GRANTED BANK GUARANTEES  
AS AT 30 JUNE 2008**

	Guarantee for	Title	Currency	as at 30.06.2008	as at 31.12.2007
1.	TULIPAN	payables concern distrubution center	EUR*	3 186 490	3 402 900
2.	Hewlett Packard	payables concern computer hardware	PLN	781 401	1 302 335
3.	E-30 Industrial Center	securing of liabilities the rental in Błonie	PLN	1 000 000	-
4.	Alliance Silesia	securing of liabilities the rental in Czeladź	PLN	500 000	-
				<b>5 467 891</b>	<b>4 705 235</b>

\* converted at an average rate of NBP as at 30 June 2008 = 3,3542

**NOTE 32.  
SECURINGS ON ASSETS**

As at 30 June 2008 the value of securing on assets is of PLN 234.879.839.

Detailed specification is presented in Table no 36a.

Table no 36a

**Securings on assets as at 30 June 2008**

Title	Secured property	Amount secure in PLN
BRE BANK S.A.Guarantee on securing the liabilities due to rental in Komorniki	Deposit on inventories	4 000 000
BRE BANK S.A.Guarantee on securing the overdraft	Deposit on inventories	60 364 259
BANK PEKAO S.A.Guarantee on securing the overdraft	Deposit on inventories	17 000 000
BANK PEKAO S.A.Guarantee on securing the factoring	Deposit on inventories	20 000 000
BRE BANK S.A.Guarantee on securing the overdraft	Deposit on inventories	17 000 000
MILLENIUM S.A.Guarantee on securing the overdraft	Deposit on inventories	4 400 000
ING S.A.Guarantee on securing the overdraft and investment credit	Deposit on inventories	38 105 170
ING S.A.Guarantee on securing the overdraft and investment credit	Assignment on receivables	40 144 259
Financial leasing agreements	Deposit on fixed assets in financial leasing	33 866 151
<b>Total securings</b>		<b>234 879 839</b>

**NOTE 33.  
FINANCIAL RISK MANAGEMENT**

**a. General information**

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

- credit risk,
- liquidity risk,

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Financial statements period:	01.01-30.06.2008	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

- market risk.

This note presents the overall information about the exposition to those risks and also describes the Group'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 Group, 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 Group'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 Group. In addition, credit risk may be connected with the Group's trade receivables and financial investments.

The below table (Table no 37) presents the Group's maximum credit risk exposure.

<i>Table no 37</i>	as at	as at
in PLN thousand	30.06.2008	31.12.2007
Accounts receivable and loans	346 277	235 107
Cash and cash equivalents	159 065	131 461
	<b>505 342</b>	<b>366 568</b>

#### **Trade receivables and other receivables**

Credit risk related to the Group'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,
- sale of the FMCG goods to the Group's subsidiary, i.e. KDWT S.A.; although there is a relatively significant amount of the overdue trade receivables, credit risk is considered as moderate.

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

The below tables (Table no 38 and 39) presents aged debtor analysis and the write-offs.

<b>Semi- annual consolidated financial statements of EUROCASH Group.</b>			
<b>Financial statements period:</b>	<b>01.01-30.06.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Level of round-offs:</b>	<b>All amounts are expressed in Polish zloty (unless indicated otherwise)</b>		

Table no 38

**AGEING OF TRADE RECEIVABLES**

	Trade receivables gross as at 30.06.2008	Bad debts allowance as at 30.06.2008	Trade receivables gross as at 31.12.2007	Bad debts allowance as at 31.12.2007
0-30 days	299 378 189	-	154 795 893	-
31-90 days	13 918 447	-	39 923 541	-
91-180 days	4 516 853	87 352	23 907 803	-
> 180 days	16 947 477	9 421 181	7 636 391	6 149 638
	<b>334 760 966</b>	<b>9 508 533</b>	<b>226 263 628</b>	<b>6 149 638</b>

Table no 39

**Bad debts allowance**

	for the period from 01.01.2008 to 30.06.2008	for the period from 01.01.2007 to 31.12.2007
Balance as at beginning of the period	6 149 638	7 110 931
Increases	6 889 440	7 494 482
Decreases	(3 530 544)	(8 455 775)
Balance upon changes	<b>9 508 533</b>	<b>6 149 638</b>

**Investments**

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

**Guarantees**

The Group grants only related parties and the most significant for its operations counterparties with the guarantees. As at 30 June 2008 the Group no receivables are reported from guarantees granted.

**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 Group'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 Group's market and financial position allows to state that the risk of liquidity loss is obtained at a minimum level.

The below tables (Tables no 40) present the carrying amounts of the Group's liabilities classified due to the settlement periods overriding any compensation agreements.

<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2008	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Table no 40

**AS AT 30 JUNE 2008**

	Net book value	< 12 months	1-5 years	over 5 years
Financial lease liabilities	35 166 359	7 085 259	20 788 477	7 292 623
Trade and other liabilities	787 627 354	787 627 353	-	-
Bank overdrafts	86 859 076	86 859 076	-	-
Short-term loans and credits	5 258 000	5 258 000	-	-
Long-term loans and credits	2 894 000	-	2 894 000	-
	<b>917 804 789</b>	<b>886 829 689</b>	<b>23 682 477</b>	<b>7 292 623</b>

Table no 40

**AS AT 30 DECEMBER 2007**

	Net book value	< 12 months	1-5 years	over 5 years
Financial lease liabilities	13 743 242	2 520 587	3 756 544	7 466 111
Trade and other liabilities	524 458 385	524 458 385	-	-
Bank overdrafts	73 148 384	73 148 384	-	-
	<b>611 350 011</b>	<b>600 127 356</b>	<b>3 756 544</b>	<b>7 466 111</b>

**d. 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 Group'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 Group and return on risk optimisation at the same time.

**Currency risk**

As the Group conducts most of its transactions in the local currency, currency risk is not considered as a relevant threat. The Group does not protect against currency risk in transactions connected with basic operation. The currency transactions protection is consider in case of non-standards transactions in foreign currencies.

**Interest rate risk**

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

The below table (Table no 41) presents the Group's maximum exposure to interest rate risk through the analysis of the financial instruments classified on a basis of fixed and changeable interest rates.

<i>Semi- annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2008	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Table no 41

#### CHANGEABLE AND FIXED INTEREST RATE INSTRUMENTS

<i>in PLN thousand</i>	Present value 30.06.2008	Present value 31.12.2007
<b>Fixed interest rate instruments</b>		
Financial assets	113	-
Financial liabilities	35 166	13 743
<b>Changeable interest rate instrument</b>		
Financial assets	180 085	146 444
Financial liabilities	197 453	92 257

The Group 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. 2007. The below table (Table no 42) shows the effect of interest rate increase and decrease of 100 bp to profit and loss and equity.

Table no 42

#### FINANCIAL INSTRUMENTS' SENSITIVITY ANALYSIS

<i>in PLN thousand</i>	Income statement		Equity	
	increases 100bp	decreases 100bp	increases 100bp	decreases 100bp
30 June 2008	(174)	174	-	-
31 December 2007	542	(542)	-	-

#### e. Capital risk management

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

The Group 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.

#### f. Fair value estimation

The below table (Table no 43) presents the components fair value in comparison with their carrying amounts.



<b>Semi- annual consolidated financial statements of EUROCASH Group.</b>			
<b>Financial statements period:</b>	<b>01.01-30.06.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Level of round-offs:</b>	<b>All amounts are expressed in Polish zloty (unless indicated otherwise)</b>		

Table no 43

**FAIR VALUES**

<i>in PLN thousand</i>	Net book value	Fair value	Net book value	Fair value
	30.06.2008	30.06.2008	31.12.2007	31.12.2007
<b>Assets</b>	<b>505 342</b>	<b>505 342</b>	<b>366 568</b>	<b>366 568</b>
Trade and other receivables	346 277	346 277	235 107	235 107
Cash and cash equivalents	159 065	159 065	131 461	131 461
<b>Liabilities</b>	<b>(917 805)</b>	<b>(917 805)</b>	<b>(611 350)</b>	<b>(611 350)</b>
Credits	(95 011)	(95 011)	(73 148)	(73 148)
Financial lease liabilities	(35 166)	(35 166)	(13 743)	(13 743)
Trade and other liabilities	(787 627)	(787 627)	(524 458)	(524 458)
	<b>(412 463)</b>	<b>(412 463)</b>	<b>(244 782)</b>	<b>(244 782)</b>

**NOTE 34.  
IMPORTANT EVENTS AFTER THE BALANCE-SHEET DATE**

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

<i>Semi-annual consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2008	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	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	30 <sup>th</sup> September 2008	
Management Board Member Chief Executive Officer	Rui Amaral	30 <sup>th</sup> September 2008	
Management Board Member Chief Financial Officer	Arnaldo Guerreiro	30 <sup>th</sup> September 2008	
Management Board Member Sales Director	Pedro Martinho	30 <sup>th</sup> September 2008	
Management Board Member Human Resources Director	Katarzyna Kopaczewska	30 <sup>th</sup> September 2008	
Management Board Member IT Director	Ryszard Majer	30 <sup>th</sup> September 2008	

**EUROCASH S.A.**

**REPORT OF THE MANAGEMENT BOARD**

FOR THE PERIOD FROM 1<sup>st</sup> JANUARY 2008 TO 30<sup>th</sup> JUNE 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, 30<sup>th</sup> September 2008

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## 1 Management discussion of the Eurocash Group financial results for the 1H 2008

### *Key financial and operational highlights in 1H 2008*

Below we present the key financial and operational highlights from the Eurocash Group separately for Eurocash Discount Cash&Carry, Delikatesy Centrum Distribution Centers, KDWT and McLane Polska (further referred to as "McLane").

#### **Eurocas Discount Cash&Carry stores:**

- In 1H 2008 total sales amounted to PLN 1 180.23m comparing with PLN 979.03m in 1H 2007 and increased by 20,55%.
- LFL sales growth (same number of stores) in Eurocash Discount Cash&Carry stores in 1H 2008 amounted to 16.46%.
- Without categories of tobacco and phone cards, the LFL sales growth in Cash&Carry stores in 1H 2008 amounted to 18,50%.
- Number of Eurocash Discount Cash&Carry stores amounted to 106 at the end of 1H 2008.
- Number of abc stores amounted to 2 613 at the end of 1H 2008.
- In 1H 2008 share of abc stores in total sales of Discount Cash & Carry stores amounted to 42,80%.
- Sales to abc shops in 1H 2008 increased by 10,29% comparing with 1H 2007.

#### **Delikatesy Centrum Distribution Centers:**

- Wholesale sales realized by "Delikatesy Centrum" Distribution Centers in 1H 2008 of amounted to PLN 304,23m, and increased by 43.1% comparing with 1H 2007.
- LFL growth of wholesale sales realized by Eurocash to "Delikatesy Centrum" franchise stores in 1H 2008 amounted to 20.7%.
- LFL growth of the retail sales of "Delikatesy Centrum" franchise stores in 1H 2008 amounted to 25.4%.
- Number of "Delikatesy Centrum" franchise stores at the end of 1H 2008 amounted to 324.

#### **KDWT:**

- In 1H 2008 total sales amounted to PLN 1 203,23m comparing with PLN 1 035,03m 1H 2007 and increased by 16,3%.
- Growth of sales in food category in 1H 2008 amounted to 82,5% comparing with the same period 2007.
- In terms of volume, sales of cigarettes in 1H 2008, increased by 0,1% and exceeded 4.073m pcs.
- Number of KDWT branches as of the end of 1H 2008 amounted to 84 plus 3 distribution Centers

### McLane Polska:

- Acquisition of McLane Polska was accomplished on 17<sup>th</sup> April 2008. The results of McLane Polska are consolidated in the Eurocash Group results since 30<sup>th</sup> April 2008.
- McLane Polska added PLN 177.4m (for period 30 April 2008 – 30 June 2008) to the consolidated 1H 2008 Eurocash Group results.
- Sales of McLane Polska in 1H 2008 amounted to PLN 517.9m and increased by app. 3.5% YoY.

### Eurocash Group

#### Profit and loss account

**Table 1 Eurocash Group: Summary of consolidated financial results for 1H 2008**

mln zł	1H 2008	1HQ 2007	Change 1H 2008/ 1H 2007
Sales revenues (traded goods, materials)	2 795,83	2 159,19	29,49%
<i>Sales in Discount Cash &amp; Carry stores</i>	1 180,23	979,03	20,55%
<i>Sales of "Delikatesy Centrum" Distribution Centers</i>	304,26	212,58	43,13%
<i>Sales in KDWT</i>	1 213,04	1 039,07	16,74%
<i>Sales in McLane Polska*</i>	178,99	n.a.	
<i>Other</i>	19,62	14,26	37,59%
<i>Exclusions and consolidation adjustments</i>	-100,31	-85,76	
Gross profit/(loss) on sales	247,86	187,05	32,51%
<i>Gross profitability on sales %</i>	8,87%	8,66%	0,20p.p.
EBITDA	63,88	48,18	32,57%
<i>(EBITDA margin %)</i>	2,28%	2,23%	0,05p.p.
EBIT	44,29	30,69	44,29%
<i>(EBIT margin%)</i>	1,58%	1,42%	0,16p.p.
Gross profit	41,19	26,60	54,86%
Net income	32,28	21,18	52,42%
<i>Net profitability %</i>	1,15%	0,98%	0,17%

\*Sales of McLane Polska consolidated by Eurocash - from 30.04.2008 to 30.06.2008

Consolidated sales of Eurocash Group in 1H 2008 increased by 29.49% YoY. Such result was mainly attributable to strong organic growth in all business units and acquisition of McLane Polska. The blended gross margin of the Eurocash Group amounted to 8.87%, 20 bps higher than in 1H 2007. The consolidated EBITDA for 1H 2008 amounted to PLN 63.88m and net profit to PLN 32.28m.

The Eurocash Group results have been significantly influenced by costs of the stock-option programs for Eurocash Group employees and stock option programs related to acquisition of KDWT and Delikatesy Centrum. The total cost of the stock-option programs amounted to PLN 2.86m in 1H 2008.

**Table 2 Eurocash Group: Costs analysis for 1H 2008**

PLN million	1H 2008	1H 2007	change 1H 2008 / 1H 2007
Gross profit/(loss) on sales (Gross profitability on sales %)	247,86 8,87%	187,05 8,66%	32,51% 0,20%
Costs of sales: (as % of sales)	(144,39) 5,16%	(105,21) 4,87%	37,24% 0,29%
General Management costs: (as % of sales)	(56,94) 2,04%	(49,92) 2,31%	14,06% -0,28%
Profit/loss on sales (as % of sales)	46,53 1,66%	31,92 1,48%	45,76% 0,19%
Other operating income	9,93	6,23	59,40%
Other operating costs	(12,17)	(7,46)	63,22%
Operating profit – EBIT (EBIT margin %)	44,29 1,58%	30,69 1,42%	44,29% 0,16%
Depreciation	19,59	17,49	12,01%
EBITDA (EBITDA margin %)	63,88 2,28%	48,18 2,23%	32,57% 0,05%

### Cash flow

**Table 3 Eurocash Group: Consolidated cash flow for 1H 2008**

PLN million	1H 2008	1H 2007
Operating cash flow	153,02	67,09
Gross profit (loss)	41,19	26,60
Depreciation	19,59	17,49
Change in working capital	101,83	31,61
Other	(8,89)	(8,61)
Cash flow from investments	(126,87)	(23,16)
Cash flow from financing activities	0,75	(22,60)
<b>Total cash flow</b>	<b>27,60</b>	<b>21,33</b>

Cash flow from operating activities in 1H 2008 amounted to PLN 153.02m, including PLN 101.83m of cash flow from working capital.

Cash generated from operating activities was sufficient to finance investments, while keeping the consolidated debt at stable and low level.

Total cash flow of Eurocash Group in 1H 2008 amounted to PLN 27.60m. As a result, level of cash and equivalents as of June 30<sup>th</sup> 2008 amounted to PLN 159.07.

### Working capital

**Table 4 Eurocash Group: Consolidated working capital ratios flow for 1H 2008**

Turnover in days	1H 2008	1H 2007
1. Inventories turnover	20,6	20,2
2. Trade receivables turnover	21,2	15,1
3. Trade liabilities turnover	48,9	38,5
<b>4. Operating cycle (1+2)</b>	<b>41,8</b>	<b>35,3</b>
<b>5. Cash conversion (4-3)</b>	<b>(7,1)</b>	<b>(3,2)</b>

Eurocash Group managed to improve the cash conversion cycle in 1H 2008 to negative 7.1 days.

### Balance sheet

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 table below:

**Table 5 Eurocash Group: Selected consolidated balance sheet items**

PLN million	30.06.2008		31.03.2008		30.06.2007	
Fixed assets	363,76	30,58%	279,68	32,25%	265,12	34,72%
Current assets	825,62	69,42%	587,59	67,75%	498,45	65,28%
<b>Total assets</b>	<b>1 189,38</b>	<b>100,00%</b>	<b>867,27</b>	<b>100,00%</b>	<b>763,57</b>	<b>100,00%</b>
Equity	231,98	19,50%	247,68	28,56%	192,61	25,23%
Liabilities and provisions	957,41	80,50%	619,59	71,44%	570,96	74,77%
<b>Total liabilities and equity</b>	<b>1 189,38</b>	<b>100,00%</b>	<b>867,27</b>	<b>100,00%</b>	<b>763,57</b>	<b>100,00%</b>

### Eurocash S.A.

#### Profit and loss account

**Table 6 Eurocash S.A.: Summary of financial results for 1H 2008**

PLN million	1H 2008	1H 2007	change 1H 2008 / 1H 2007
Sales revenues	1 484,48	1 191,62	24,58%
<i>Sales in Discount Cash &amp; Carry stores</i>	1 180,23	979,03	20,55%
<i>Sales of "Delikatesy Centrum" Distribution Centers</i>	304,26	212,58	43,12%
Gross profit/(loss) on sales	180,33	142,05	26,95%
<i>(Gross profitability on sales %)</i>	12,15%	11,92%	0,23p.p.
EBITDA)	51,70	35,12	47,18%
<i>(EBITDA margin %)</i>	3,48%	2,95%	0,53p.p.
EBIT	36,52	20,11	81,60%
<i>(EBIT margin%)</i>	2,46%	1,69%	0,77p.p.
Gross profit	36,12	17,77	103,31%
Net income	28,30	13,99	102,25%
<i>Net profitability %</i>	1,91%	1,17%	0,73p.p.

In 1H 2008 sales of Eurocash S.A. increased by 24.58% and amounted to PLN 1 484.48m. Such result was mainly attributable to very strong organic growth posted by Discount Cash & Carry and Delikatesy Centrum.

Gross margin on sales was 23 bps higher than in 1H 2008. It should be also noted, that part of supplementary gains related to the sales to the Delikatesy Centrum franchise chain is realized by the master franchisor of the chain - Eurocash Franszyza Sp. z o.o. and is presented under segment "Other".

EBITDA amounted in 1H 2008 to PLN 51.70m. Net income amounted to PLN 28.30m, comparing with 13.99m in 1H 2007.

The Eurocash results have been significantly influenced by costs of the stock-option programs for Eurocash Group employees and stock option programs related to acquisition of KDWT and Delikatesy Centrum. The total cost of the stock-option programs amounted to PLN 2.86m in 1H 2008.



**Table 7 Eurocash S.A.: Costs analysis for 1H 2008**

PLN million	1H 2008	1H 2007	change 1H 2008 / 1H 2007
Gross profit/(loss) on sales <i>(Gross profitability on sales %)</i>	180,33 12,15%	142,05 11,92%	26,95% 0,23p.p.
Costs of sales: <i>(as % of sales)</i>	(101,45) 6,83%	(82,44) 6,92%	23,06% -0,08p.p.
General Management costs: <i>(as % of sales)</i>	(40,53) 2,73%	(38,39) 3,22%	5,59% -0,49p.p.
Profit/loss on sales <i>(as % of sales)</i>	38,35 2,58%	21,23 1,78%	80,66% 0,80p.p.
Other operating income	5,23	5,63	-7,11%
Other operating costs	(7,05)	(6,74)	4,60%
Operating profit – EBIT <i>(EBIT margin %)</i>	36,52 2,46%	20,11 1,69%	81,60% 0,77p.p.
Depreciation	15,17	15,01	1,08%
EBITDA <i>(EBITDA margin %)</i>	51,70 3,48%	35,12 2,95%	47,18% 0,53p.p.

### Cash flow

**Table 8 Eurocash S.A.: Cash flow for 1H 2008**

mln zł	1H 2008	1H 2007
Operating cash flow	127,54	37,31
<i>Gross profit (loss)</i>	36,12	17,77
<i>Depreciation</i>	15,17	15,01
<i>Change in working capital</i>	83,83	11,83
<i>Other</i>	(7,59)	(7,29)
Cash flow from investments	(123,34)	1,15
Cash flow from financing activities	23,33	(15,96)
<b>Total cash flow</b>	<b>27,52</b>	<b>22,50</b>

Total cash flow of Eurocash S.A. in 1H 2008 amounted to PLN 27.52 million. Strong operating cash flow allowed company to finance investments predominantly with own sources.

### Working capital ratios

**Table 9 Eurocash S.A.: Working capital ratios flow for 1H 2008**

Turnover in days	1H 2008	1H 2007
1. Inventories turnover	22,4	26,0
2. Trade receivables turnover	15,6	17,5
3. Trade liabilities turnover	67,5	62,0
<b>4. Operating cycle (1+2)</b>	<b>38,0</b>	<b>43,5</b>
<b>5. Cash conversion (4-3)</b>	<b>(29,5)</b>	<b>(18,5)</b>

### Balance sheet

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 table below:

**Table 10 Eurocash S.A.: Selected balance sheet items**

PLN million	30.06.2008		31.12.2007		30.06.2007	
Fixed assets	395,80	46,04%	289,74	41,60%	278,21	45,06%
Current assets	463,87	53,96%	406,80	58,40%	339,18	54,94%
<b>Total assets</b>	<b>859,67</b>	<b>100,00%</b>	<b>696,54</b>	<b>100,00%</b>	<b>617,39</b>	<b>100,00%</b>
Equity	206,84	24,06%	224,85	32,28%	179,73	29,11%
Liabilities and provisions	652,83	75,94%	471,69	67,72%	437,66	70,89%
<b>Total liabilities and equity</b>	<b>859,67</b>	<b>100,00%</b>	<b>696,54</b>	<b>100,00%</b>	<b>617,39</b>	<b>100,00%</b>

### Evaluation of financial resources management

The Company's cash position amounted at the end of 1H 2008 to PLN 27.52 million. Operating cash flow allowed company to finance investments predominantly with own sources.

In the opinion of the Management, there are no significant financial risks related to the ability of Eurocash to pay its liabilities.

#### Ratios definitions

*Gross profit margin on sales – ratio of gross sales profit to net sales revenue.*

*EBITDA margin – ratio of EBITDA ( operating profit plus amortization) to net sales revenue.*

*Operating profit margin (EBIT) – ratio of operating profit 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 by 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.*

## 2 Major events and factors affecting the Eurocash Group 1H 2008 financial results

- 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.
- In 1H 2008 there have been no other major events and factors that influenced consolidated income or loss of the Eurocash Group realised in this period.

## 3 Major risks and threats related to the operational activities of the Eurocash Group

### **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*

The prevailing form of FMCG retail distribution is a traditional distribution channel with approx. 60% 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 the Eurocash Group, which through various formats of wholesale distribution (discount cash & carry stores and active distribution) supply small and mid-sized shops located off large agglomerations. A growth in the share of modern distribution will reduce the potential market of the Eurocash Group business.

#### *The structure of the traditional FMCG distribution channel. Competition*

According to the estimates of the Company, there are 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 a country-wide sales chain. However, price competition resulting from the market consolidation process could have a negative impact on the level of margins realized by Eurocash Group.

### **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 Company.

#### *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 Company bears numerous material risks connected among others with integration, realization of the assumed synergies or wrong assessment of the market potential. During 1H 2008 Eurocash opened 3 new Cash&Carry stores

#### *Suppliers*

Eurocash cooperates with approximately 541 suppliers, with whom it has concluded agreements providing for discounts and favourable payment terms. While the share of the largest supplier in the 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.

## **4 Other information related to development perspectives of the Eurocash Group**

### **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 Company's profit and loss.

#### *Labour costs.*

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

***Internal factors:***

*Integration of of McLane Polska operations*

The acquisition of McLane Polska will enable the Eurocash Group to accelerate growth in active product distribution to customers. McLane Polska is the market leader in supply of impulse products to gasoline stations and in Food Service, which are new market segments for Eurocash Group. The acquisition will also expand portfolio of the franchise chains operated by the Eurocash Group. 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.

*Strict cost control*

Eurocash Group focuses on ongoing optimisation of its costs structure and compensating of the growing operational costs by increasing sales efficiency.

*Organic expansion*

Management of Eurocash Group expects, that during 2008:

- number of Eurocash cash & carry stores will increase by app. 8-10 stores from 102 stores at the beginning of 2008
- number of Delikatesy Centrum franchise stores will reach 370 stores at the end of 2008,
- KDWT will open app. 22 new sales platforms within Eurocash cash & carry stores from 79 stores at the beginning of 2008.

## 5 Representations of the Management Board

### *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 consolidated semi-annual financial statements 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 Group and of the results of its operations,
- the abbreviated stand-alone semi-annual financial statements 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 Group in 1<sup>st</sup> half of 2007 contains a true views of the development, achievements and position of Eurocash Group, including a description of main risks and threats.

### *Appointment of the entity qualified to audit financial statements*

The members of the Management Board of Eurocash S.A. represent that, KMPG Audyt Sp. z o.o., the entity qualified to audit financial statements, which reviewed the consolidated and abbreviated stand-alone semi-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 review in accordance with the applicable provisions of the law.

### **Signatures of the Management Board Members**

Position	Name and surname	Date	Signature
President	Luis Amaral	30 September 2008	
Management Board Member Chief Executive Officer	Rui Amaral	30 September 2008	
Management Board Member Financial Executive Officer	Arnaldo Guerreiro	30 September 2008	
Management Board Member Sales Director	Pedro Martinho	30 September 2008	
Management Board Member Human Resources Director	Katarzyna Kopaczewska	30 September 2008	
Management Board Member IT Director	Ryszard Majer	30 September 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.*

**INDEPENDENT AUDITORS' REVIEW REPORT  
ON THE CONDENSED INTERIM  
UNCONSOLIDATED  
FINANCIAL STATEMENTS OF  
EUROCASH S.A.  
FOR THE PERIOD  
FROM 1 JANUARY 2008 TO 30 JUNE 2008**

To the Shareholders of EUROCASH S.A.

*Conclusion*

We have reviewed the accompanying condensed interim unconsolidated financial statements of EUROCASH S.A., with its registered office in Komorniki, ul. Wiśniowa 11, that consist of the condensed unconsolidated balance sheet as at 30 June 2008, with total assets and total liabilities and equity of PLN 859,673,657, the condensed unconsolidated profit and loss account for the period from 1 January 2008 to 30 June 2008 with a net profit of PLN 28,301,570, the condensed unconsolidated statement of changes in equity for the period from 1 January 2008 to 30 June 2008 with a decrease in equity of PLN 5,974,352, the condensed unconsolidated cash flow statement for the period from 1 January 2008 to 30 June 2008 with an increase in cash amounting to PLN 27,518,797 and selected explanatory notes.

Management of the Company is responsible for the preparation and presentation of these condensed interim unconsolidated financial statements in accordance with the International Accounting Standard 34 "*Interim Financial Reporting*" as adopted by the European Union and other applicable regulations. Our responsibility is to express a conclusion on these condensed interim financial statements, based on our review.

*Scope of Review*

We conducted our review in accordance with Standard No. 4 of the professional standards *General principles for the review of financial statements* issued by the Polish National Council of Certified Auditors and with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim unconsolidated financial statements of EUROCASH S.A are not prepared, in all material respects, in accordance with the International Accounting Standard 34 “*Interim Financial Reporting*” as adopted by the European Union.

*signed on the Polish original*

.....  
Certified Auditor 90095/7973  
Wojciech Drzymała

*signed on the Polish original*

.....  
On behalf of KPMG Audyt Sp. z o.o.  
ul. Chłodna 51, 00-867 Warsaw  
Certified Auditor No. 90061/7541  
Marek Gajdziński,  
Member of the Management Board

Poznan, 30 September 2008



**EUROCASH S.A.**

**SEMI-ANNUAL ABBREVIATED  
SEPARATE FINANCIAL STATEMENTS**  
FOR THE PERIOD FROM 1 JANUARY 2008 TO 30 JUNE 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, 30<sup>th</sup> September 2008

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<i>Semi- annual abbreviated separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-30.06.2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

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<i>Semi- annual abbreviated separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-30.06.2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

## 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 5190 Z)

#### 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 – 30 June 2008 and comparable periods: 1 January 2007 – 30 June 2007.

### 2. AUTHORITIES OF THE COMPANY

#### 2.1. MANAGEMENT BOARD

As at 30 June 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.

#### 2.2. SUPERVISORY BOARD

As at 30 June 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,

<i>Semi- annual abbreviated separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-30.06.2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

### **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.

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

<b>Semi- annual abbreviated separate financial statements of EUROCASH S.A.</b>			
<b>Financial statements period:</b>	<b>01.01-30.06.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Level of round-offs:</b>	<b>All amounts are expressed in Polish zloty (unless indicated otherwise)</b>		

## SELECTED SEPARATE FINANCIAL DATA

### SELECTED SEPARATE FIGURES AS AT 30 JUNE 2008

	unaudited for the period 01.01.2008 to 30.06.2008 PLN	unaudited for the period 01.01.2007 to 30.06.2007 PLN	unaudited for the period 01.01.2008 to 30.06.2008 EUR	unaudited for the period 01.01.2007 to 30.06.2007 EUR
Net sales	1 484 483 541	1 191 618 065	425 048 974	309 825 034
Operating profit (loss)	36 523 018	20 112 263	10 457 557	5 229 262
Profit (loss) before tax	36 119 361	17 765 827	10 341 979	4 619 180
Net Profit (loss) on continued operations	28 301 570	13 993 059	8 103 528	3 638 246
Net profit (loss)	28 301 570	13 993 059	8 103 528	3 638 246
Net operating cash flow	127 535 694	37 313 601	36 517 020	9 701 672
Net investment cash flow	(123 344 495)	1 150 592	(35 316 963)	299 158
Net financial cash flow	23 327 598	(15 961 015)	6 679 341	(4 149 922)
Net change in cash and cash equivalents	27 518 797	22 503 178	7 879 398	5 850 908
Weighted average number of shares	130 935 550	127 742 000	130 935 550	127 742 000
Weighted average diluted number of shares	137 217 489	133 277 400	137 217 489	133 277 400
EPS (in PLN / EUR)	0,22	0,11	0,06	0,03
Diluted EPS (in PLN / EUR)	0,21	0,10	0,06	0,03
Average PLN / EUR rate*			3,4925	3,8461
	as at 30.06.2008 PLN	as at 31.12.2007 PLN	as at 30.06.2008 EUR	as at 31.12.2007 EUR
Assets	859 673 657	689 756 790	256 297 674	192 561 918
Long-term liabilities	14 287 326	13 116 239	4 259 533	3 661 708
Short-term liabilities	638 541 715	463 821 582	190 370 793	129 486 762
Equity	206 844 617	212 818 969	61 667 348	59 413 448
Share capital	130 234 550	127 742 000	38 827 306	35 662 200
Number of shares	130 234 550	127 742 000	130 234 550	127 742 000
Diluted number of shares	138 113 511	137 093 511	138 113 511	137 093 511
Book value per share (in PLN / EUR)	1,59	1,67	0,47	0,47
Diluted book value per share (in PLN / EUR)	1,50	1,55	0,45	0,43
Declared or paid dividend (in PLN / EUR)***	39 280 665	29 380 660	11 710 889	8 202 306
Declared or paid dividend per share (in PLN / EUR)	0,30	0,23	0,09	0,06
PLN / EUR rate at the end of the period**			3,3542	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.

<i>Semi- annual abbreviated separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-30.06.2008	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

## ABBREVIATED SEPARATE FINANCIAL STATEMENTS

### SEPARATE PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2008

	unaudited 1 Semi year for the period from 01.01.2008 to 30.06.2008	unaudited 1 Semi year for the period from 01.01.2007 to 30.06.2007
<i>Continued operations</i>		
<b>Net sales</b>	<b>1 484 483 541</b>	<b>1 191 618 065</b>
Net sales of traded goods	1 448 671 503	1 169 709 931
Net sales of services	35 812 039	21 908 134
<b>Prime costs of sales</b>	<b>(1 304 154 837)</b>	<b>(1 049 565 762)</b>
Costs of sold traded goods	(1 304 154 837)	(1 049 565 762)
<b>Gross profit (loss) on sales</b>	<b>180 328 704</b>	<b>142 052 302</b>
Costs of sales	(101 449 517)	(82 440 694)
Costs of general management	(40 532 988)	(38 386 414)
<b>Profit (loss) on sales</b>	<b>38 346 199</b>	<b>21 225 195</b>
Other operating revenues	5 227 606	5 627 912
Other operating costs	(7 050 786)	(6 740 843)
<b>Operating profit (loss)</b>	<b>36 523 018</b>	<b>20 112 263</b>
Financial revenues	2 129 609	718 150
Financial costs	(2 533 266)	(3 064 586)
<b>Profit (loss) before tax</b>	<b>36 119 361</b>	<b>17 765 827</b>
Income tax	(7 817 791)	(3 772 768)
<b>Net profit (loss) on continued operations</b>	<b>28 301 570</b>	<b>13 993 059</b>
<i>Discontinued operations</i>		
Net loss on discontinued operations	-	-
<b>Net profit (loss)</b>	<b>28 301 570</b>	<b>13 993 059</b>

### NET EARNINGS PER SHARE

	PLN / share	PLN / share
Net profit (loss) on continued operations	28 301 570	13 993 059
Net profit (loss) on continued and discontinued operations	28 301 570	13 993 059
Weighted average number of shares	130 935 550	127 742 000
Weighted average diluted number of shares	137 217 489	133 277 400
- basic	0,22	0,11
- diluted	0,21	0,10

<b>Semi- annual abbreviated separate financial statements of EUROCASH S.A.</b>			
<b>Financial statements period:</b>	<b>01.01-30.06.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Level of round-offs:</b>	<b>All amounts are expressed in Polish zloty (unless indicated otherwise)</b>		

**SEPARATE BALANCE SHEET AS AT 30 JUNE 2008**

	unaudited as at 30.06.2008	as at 31.12.2007	unaudited as at 30.06.2007
<i>Assets</i>			
<b>Fixed assets (long-term)</b>	<b>395 800 771</b>	<b>287 757 458</b>	<b>278 208 728</b>
Goodwill	9 975 600	9 975 600	9 975 600
Other intangible fixed assets	91 645 044	94 852 227	98 480 460
Tangible fixed assets	118 934 597	107 607 441	94 114 406
Investments in subsidiary companies	167 440 647	73 413 012	73 413 012
Investments in associated companies - equity method	3 464 300	-	
Long-term receivables	3 768 365	1 872 272	1 872 272
Long-term prepayments	572 218	36 905	352 977
<b>Current assets (short-term)</b>	<b>463 872 887</b>	<b>401 999 333</b>	<b>339 182 923</b>
Inventories	182 483 237	155 654 646	171 094 350
Trade receivables	127 546 960	119 047 164	115 482 452
Current income tax receivables	-	-	966 952
Other short-term receivables	2 814 876	6 505 417	1 896 148
Cash and cash equivalents	146 675 689	119 156 892	47 593 892
Short-term prepayments	4 352 126	1 635 214	2 149 129
<b>Total assets</b>	<b>859 673 657</b>	<b>689 756 790</b>	<b>617 391 651</b>

<b>Semi- annual abbreviated separate financial statements of EUROCASH S.A.</b>			
<b>Financial statements period:</b>	<b>01.01-30.06.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Level of round-offs:</b>	<b>All amounts are expressed in Polish zloty (unless indicated otherwise)</b>		

#### SEPARATE BALANCE SHEET AS AT 30 JUNE 2008

	unaudited as at 30.06.2008	as at 31.12.2007	unaudited as at 30.06.2007
<i>Liabilities</i>			
<b>Equity</b>	<b>206 844 617</b>	<b>212 818 969</b>	<b>179 727 760</b>
Share capital	130 234 550	127 742 000	127 742 000
Supplementary capital	52 953 497	41 071 709	37 992 702
Hedge transactions valuation capital	(4 645 000)	-	-
Retained earnings	28 301 570	44 005 260	13 993 059
Profit (loss) of prior years	-	-	-
Net profit (loss) of the current year	28 301 570	44 005 260	13 993 059
<b>Liabilities</b>	<b>652 829 040</b>	<b>476 937 821</b>	<b>437 663 891</b>
<b>Long-term liabilities</b>	<b>14 287 326</b>	<b>13 116 239</b>	<b>14 953 528</b>
Other long-term financial liabilities	12 081 416	11 103 404	12 757 109
Deferred income tax provision	1 992 599	1 799 523	1 878 832
Provision for employee benefits	213 311	213 311	317 587
<b>Short-term liabilities</b>	<b>638 541 715</b>	<b>463 821 582</b>	<b>422 710 362</b>
Short-term loans and credits	29 936 614	102	28 846
Other short-term financial liabilities	2 249 224	2 504 787	2 564 861
Trade liabilities	483 999 429	424 852 416	359 407 032
Current income tax liabilities	3 974 062	2 864 922	-
Other short-term liabilities	99 009 196	17 104 690	47 925 129
Provision for employee benefits	10 221 011	9 265 273	6 247 054
Other short-term provisions	9 152 177	7 229 393	6 537 439
<b>Total liabilities</b>	<b>859 673 657</b>	<b>689 756 790</b>	<b>617 391 651</b>

#### BOOK VALUE PER SHARE AS AT 30 JUNE 2008

	as at 30.06.2008	as at 31.12.2007	as at 30.06.2007
<b>Book value</b>	<b>206 844 617</b>	<b>212 818 969</b>	<b>179 727 760</b>
Number of shares	130 234 550	127 742 000	127 742 000
Diluted number of shares	138 113 511	137 093 511	137 093 511
<b>Book value per share</b>	<b>1,59</b>	<b>1,67</b>	<b>1,41</b>
<b>Diluted book value per share</b>	<b>1,50</b>	<b>1,55</b>	<b>1,31</b>

#### OFF BALANCE SHEET ITEMS

<b>Contingent Liabilities</b>	<b>66 967 891</b>	<b>42 705 235</b>	<b>38 400 780</b>
Related companies	63 000 000	38 000 000	33 000 000
Other companies	3 967 891	4 705 235	5 400 780
- guaranties and sureties granted	3 967 891	4 705 235	5 400 780
<b>Total</b>	<b>66 967 891</b>	<b>42 705 235</b>	<b>38 400 780</b>



Semi- annual abbreviated separate financial statements of EUROCASH S.A.

Financial statements period: 01.01-30.06.2008 Reporting currency: Polish zloty (PLN)

Level of round-offs: All amounts are expressed in Polish zloty (unless indicated otherwise)

SEPARATE CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2008

	unaudited for the period from 01.01.2008 to 30.06.2008	unaudited for the period from 01.01.2007 to 30.06.2007
<i>Operating cash flow</i>		
<b>Net profit before tax</b>	<b>36 119 361</b>	<b>17 765 827</b>
<b>Adjustments:</b>	<b>16 614 022</b>	<b>17 724 138</b>
Depreciation	15 174 214	15 011 749
(Profit) loss on sold tangible fixed assets	58 375	50 927
(Profit) loss on sold financial assets available for sale	-	-
Costs of interest	1 381 434	2 661 462
<b>Operating cash before changes in working capital</b>	<b>52 733 383</b>	<b>35 489 965</b>
Changes in inventory	(26 828 591)	(14 139 739)
Changes in receivables	(6 705 348)	(12 111 096)
Changes in liabilities	105 742 872	29 771 435
Changes in provisions and accruals	1 264 959	6 531 468
Other adjustments	10 356 743	1 775 942
<b>Operating cash</b>	<b>136 564 018</b>	<b>47 317 976</b>
Interest paid	(2 550 757)	(2 485 897)
Income tax paid	(6 477 567)	(7 518 478)
<b>Net operating cash</b>	<b>127 535 694</b>	<b>37 313 601</b>
<i>Investment cash flow</i>		
Expenditures for purchased intangible fixed assets	(1 418 964)	(298 693)
Expenditures for purchased tangible fixed assets	(21 961 246)	(11 086 017)
Receipts from sold tangible fixed assets	27 648	1 585 300
Expenditures for purchased subsidiary companies (less for money taken)	(99 991 934)	(4 999 998)
Repayment received of given loans	-	15 950 000
<b>Net investment cash</b>	<b>(123 344 495)</b>	<b>1 150 592</b>
<i>Financing cash flow</i>		
Hedging instruments	(5 352 000)	-
Receipts due to taking loans and credits	29 936 512	-
Repaid loans and credits	-	(14 326 935)
Repaid liabilities under financial lease	(864 416)	(1 191 657)
Interest	(392 499)	(442 423)
<b>Net financing cash</b>	<b>23 327 598</b>	<b>(15 961 015)</b>
<b>Net change in cash and cash equivalents</b>	<b>27 518 797</b>	<b>22 503 178</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>119 156 892</b>	<b>25 090 714</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>146 675 689</b>	<b>47 593 892</b>

<b>Semi- annual abbreviated separate financial statements of EUROCASH S.A.</b>			
<b>Financial statements period:</b>	<b>01.01-30.06.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Level of round-offs:</b>	<b>All amounts are expressed in Polish zloty (unless indicated otherwise)</b>		

**SAPARATE STATEMENT ON CHANGES IN EQUITY IN THE PERIOD FROM 1 JANUARY TO 30 JUNE 2008**

	Share capital	Supplementary capital	Hedge transactions valuation capital	Retained earnings	Total
<i>Changes in equity in the period from 1 January to 30 June 2007</i>					
<b>Balance as at 1 January 2007</b>	<b>127 742 000</b>	<b>29 059 203</b>	-	<b>36 538 217</b>	<b>193 339 419</b>
Net profit for the period from 1 January to 30 June	-	-	-	13 993 059	13 993 059
<b>Total profit and loss recorded in the period from 1 January to 31 June 2007</b>	-	-	-	<b>13 993 059</b>	<b>13 993 059</b>
Dividends declared	-	-	-	(29 380 660)	(29 380 660)
Transfer to supplementary capital	-	7 157 557	-	(7 157 557)	-
Valuation of motivational program for employees	-	1 775 942	-	-	1 775 942
<b>Balance as at 30 June 2007</b>	<b>127 742 000</b>	<b>37 992 702</b>	-	<b>13 993 059</b>	<b>179 727 760</b>
<i>Changes in equity in the period from 1 January to 30 June 2008</i>					
<b>Balance as at 01 January 2008</b>	<b>127 742 000</b>	<b>41 071 709</b>	-	<b>44 005 260</b>	<b>212 818 969</b>
Net profit presented directly in equity	-	-	(4 645 000)	-	(4 645 000)
Net profit for the period from 1 January to 30 June	-	-	-	28 301 570	28 301 570
<b>Total profit and loss recorded in the period from 1 January to 30 June 2008</b>	-	-	<b>(4 645 000)</b>	<b>28 301 570</b>	<b>23 656 570</b>
Dividends declared	-	-	-	(39 280 665)	(39 280 665)
Transfer to supplementary capital	-	4 724 595	-	(4 724 595)	-
Valuation of motivational program for employees	-	2 857 216	-	-	2 857 216
Share issue - motivational program	2 492 550	4 262 261	-	-	6 754 811
Other corrections	-	37 717	-	-	37 717
<b>Balance as at 30 June 2008</b>	<b>130 234 550</b>	<b>52 953 497</b>	<b>(4 645 000)</b>	<b>28 301 570</b>	<b>206 844 617</b>

<i>Semi- annual abbreviated separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-30.06.2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

## **ADDITIONAL INFORMATION TO THE ABBREVIATED SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD FROM 01.01.2008 TO 30.06.2008**

### **1. GENERAL INFORMATION**

#### **1.1. FINANCIAL STATEMENTS PUBLICATION**

Abbreviated separate financial statements of the Eurocash were approved for publication by resolution of the Management Board of 29 September 2008.

In accordance with the report no 3/2008 of the Polish Securities and Exchange Commission, the abbreviated separate financial statements of Eurocash S.A. will be published on 30 September 2008.

Eurocash S.A. is a joint-stock company whose shares are publicly traded.

#### **1.2. STATEMENT OF COMPLIANCE**

These abbreviated 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".

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

These abbreviated 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).

#### **1.4. 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 separate financial statements for the period from 1 January 2007 to 31 December 2007 and presented in notes to annual separate financial statements Eurocash S.A. for the year 2007.

Principles enclosed in additional information to semi-year consolidated financial statements of Eurocash Group for the period from 1 January 2008 to 30 June 2008

#### **1.5. IMPORTANT EVENTS**

##### **1.5.1. Business acquisiton**

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 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.

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

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Financial statements period:	<i>01.01-30.06.2008</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

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.

Details are enclosed in additional information to semi-year consolidated financial statements of Eurocash Group for the period from 1 January 2008 to 30 June 2008

#### **1.5.2. Shares-based compensation**

Pursuant to Resolution No. 18 of the Ordinary General Meeting of 28 June 2007 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 Company and Group Eurocash S.A.

Details are enclosed in notes to semi-year consolidated financial statements of Eurocash Group for the period from 1 January 2008 to 30 June 2008

<b>Semi- annual abbreviated separate financial statements of EUROCASH S.A.</b>			
<b>Financial statements period:</b>	<b>01.01-30.06.2008</b>	<b>Reporting currency:</b>	<b>Polish zloty (PLN)</b>
<b>Level of round-offs:</b>	<b>All amounts are expressed in Polish zloty (unless indicated otherwise)</b>		

#### **SIGNATURES OF THE MANAGEMENT BOARD MEMBERS**

<b>Position</b>	<b>Name and surname</b>	<b>Date</b>	<b>Signature</b>
President	Luis Amaral	30 <sup>th</sup> September 2008	
Management Board Member Chief Executive Officer	Rui Amaral	30 <sup>th</sup> September 2008	
Management Board Member Chief Financial Officer	Arnaldo Guerreiro	30 <sup>th</sup> September 2008	
Management Board Member Sales Director	Pedro Martinho	30 <sup>th</sup> September 2008	
Management Board Member Human Resources Director	Katarzyna Kopaczewska	30 <sup>th</sup> September 2008	
Management Board Member IT Director	Ryszard Majer	30 <sup>th</sup> September 2008	