



## EUROCASH

### REPORT FOR 4<sup>th</sup> QUARTER OF 2005

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EUROCASH S.A.	
QUARTELY REPORT (4Q 2005)	Reporting period: 01.10 - 31.12.2005

## I. Major events and factors that influence Eurocash income or loss.

- On December 15th 2005, Eurocash S.A. (hereafter "Eurocash") entered into a conditional agreement (the „Agreement") to purchase 100% of shares in KDWT S.A. with its seat in Poznan („KDWT" or "the Company"), the 2nd biggest tobacco distributor in Poland with a market share of app. 9%. Among other conditions, the Agreement will not enter into force unless Eurocash obtains consent of the President of the Office for Protection of the Competition and Consumers (UOKiK) for acquisition of the Company's shares. Whether or not the conditions have been complied with and the agreement has entered into force will be communicated in the form of a current report by 1st of April 2006. As a result of the transaction, the 2nd biggest (in terms of sales) FMCG wholesaler in Poland will be created. For comparison - the total sales of KDWT and Eurocash in 2004 amounted to over PLN 3 bn, and the total share in the tobacco distribution of KDWT and Eurocash amounts to app. 10%.
- In 2<sup>nd</sup> half of October, Eurocash started operations of a new distribution center in Komorniki near Poznan. In November also the head office of Eurocash has been moved to the new location in Komorniki
- New discount cash & carry store was opened in Ilawa. At the end of 2005, the number of Cash & Carry discount stores amounted to 94.

## II. Management discussion of the financial results for the 4Q 2005 and 4Q YTD 2005

### 1. Profit and loss account

Table 1 Summary of financial results for 4Q 2005

PLN million	4Q 2005	4Q2004	change 4Q 05 / 4Q 04
Sales revenues	420.41	386.33	8.82%
Gross profit/(loss) on sales	62.03	53.59	15.75%
<i>(Gross profitability on sales %)</i>	14.75%	13.87%	0.88%
EBITDA	20.34	14.07	44.54%
<i>(EBITDA margin%)</i>	4.84%	3.64%	1.20%
EBIT	13.54	8.06	67.94%
<i>(EBIT margin%)</i>	3.22%	2.09%	1.13%
Gross profit	12.06	5.61	114.99%
Net income	9.02	3.70	143.74%
<i>Net profitability %</i>	2.15%	0.96%	1.19%

Table 2 Summary of financial results for 4Q YTD 2005

PLN million	4Q YTD 2005	4Q YTD 2004	change 2005 / 2004
Sales revenues	1 687.14	1 526.53	10.52%
Gross profit/(loss) on sales	230.48	198.03	16.38%
<i>(Gross profitability on sales %)</i>	13.66%	12.97%	0.69%
EBITDA	70.21	48.79	43.89%
<i>(EBITDA margin%)</i>	4.16%	3.20%	0.96%
EBIT	44.65	31.19	43.14%
<i>(EBIT margin%)</i>	2.65%	2.04%	0.60%
Gross profit	41.68	27.51	51.52%
Net income	32.63	22.14	47.38%
<i>Net profitability %</i>	1.93%	1.45%	0.48%

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**Table 3 Sales analysis for 4Q 2005**

PLN million	4Q 2005	4Q2004	change 4Q 05 / 4Q 04
Sales revenues including:	420.41	386.33	8.82%
<i>Revenues from sales of goods and materials (sales in discount cash&amp;carry stores)</i>	405.83	377.74	7.44%
<i>Revenues from sales of products (profits from suppliers and abc franchise fee)</i>	14.58	8.59	69.83%
Number of operating discounts	94	83	11
Sales in stores operating in 4Q 2004 and in 4Q 2005 (like-for-like).	365.80	354.80	3.10%

**Table 4 Sales analysis for 4Q YTD 2005**

PLN million	4Q YTD 2005	4Q YTD 2004	change 2005 / 2004
Sales revenues including:	1 687.14	1 526.53	10.52%
<i>Revenues from sales of goods and materials (sales in discount cash&amp;carry stores)</i>	1 640.91	1 496.14	9.68%
<i>Revenues from sales of products (profits from suppliers and abc franchise fee)</i>	46.23	30.39	52.13%
Number of operating discounts	94	83	11
Sales in stores operating in 2004 and in 2005 (like-for-like).	1 492.75	1 397.58	6.81%

Sales to abc stores in 4Q 2005 amounted to 41.9% of sales in all discount cash&carry stores and increased by 4.7 pp comparing with 4Q 2004. In full year 2005 the share of abc stores in total sales of discount cash&carry stores amounted to 39.9% comparing with 37.9% in 2004.

**Table 5 Costs analysis for 4Q 2005**

PLN million	4Q 2005	4Q2004	change 4Q 05 / 4Q 04
Gross profit/(loss) on sales <i>(Gross profitability on sales %)</i>	62.03 14.75%	53.59 13.87%	15.75% 0.88%
Sales costs including: <i>(as % of sales)</i>	(32.81) 7.80%	(28.58) 7.40%	14.78% 0.40%
Logistic costs* <i>(as % of sales)</i>	(5.87) 1.40%	(4.66) 1.21%	26.04% 0.19%
Costs of operations of cash&carry discounts <i>(as % of sales)</i>	(26.93) 6.41%	(23.92) 6.19%	12.58% 0.21%
Administrative costs: <i>(as % of sales)</i>	(12.71) 3.02%	(15.64) 4.05%	-18.69% -1.02%
Profit/loss on sales <i>(as % of sales)</i>	16.50 3.93%	9.36 2.42%	76.27% 1.50%

\* operational costs of distribution centers. transportation costs are included in costs of operations of Cash & Carry discounts

**Table 6 Costs analysis for 4Q YTD 2005**

PLN million	4Q YTD 2005	4Q YTD 2004	change 2005 / 2004
Gross profit/(loss) on sales	230.48	198.03	16.38%
<i>(Gross profitability on sales %)</i>	13.66%	12.97%	0.69%
Sales costs including:	(124.40)	(110.39)	12.69%
<i>(as % of sales)</i>	7.37%	7.23%	0.14%
Logistic costs	(19.49)	(18.67)	4.39%
<i>(as % of sales)</i>	1.15%	1.22%	-0.07%
Costs of operations of cash&carry discounts	(104.92)	(91.73)	14.38%
<i>(as % of sales)</i>	6.22%	6.01%	0.21%
Administrative costs:	(54.89)	(44.19)	24.21%
<i>(as % of sales)</i>	3.25%	2.90%	0.36%
Profit/loss on sales	51.18	43.44	17.82%
<i>(as % of sales)</i>	3.03%	2.85%	0.19%

\* operational costs of distribution centers, transportation costs are included in costs of operations of Cash & Carry discounts

Increased costs of sales in 2005 result from opening new stores, which has not yet achieved sales level of average store, and in effect increased the ratio: cost of operations of cash & carry stores / sales.

The increase of administrative expenses in 2005 was mainly due to:

- Increase of IT system maintenance costs (PLN 6.6 million), resulting from change to own SAP platform in October 2004 (before October 2004 the IT platform was temporarily shared with Jeronimo Martins group),
- Increase of personnel costs (PLN 4.3 million),
- Increase of costs resulting from taking over the MHC stores (PLN 1.2 million),
- Transferring costs of know-how acquired from Politra B.V. from other operating costs to administrative costs (PLN 1.8 million). This change resulted in decrease of the profit on sales in 2005 comparing with 2004. However it had no impact on the comparability of the operating profit in the discussed periods.

The general increase of administrative expenses resulted from changes in the operational structure and, in the opinion of the Management Board, will be stable at present level.

## 2. Cash flow

**Table 7 Cash flow for 4Q 2005**

PLN million	4Q 2005	4Q2004
Operating cash flow	24.63	(1.62)
<i>Gross profit (loss)</i>	12.06	5.61
<i>Depreciation</i>	6.80	6.01
<i>Change in working capital</i>	4.51	(12.33)
<i>Other</i>	1.26	(0.91)
Cash flow from investments	(4.23)	(4.53)
Cash flow from financing activities	(0.47)	(0.15)
<b>Total cash flow</b>	19.93	(6.30)

**Table 8 Cash flow for 4Q YTD 2005**

PLN million	<b>4Q YTD 2005</b>	<b>4Q YTD 2004</b>
Operating cash flow	91.17	29.15
<i>Gross profit (loss)</i>	<i>41.68</i>	<i>27.51</i>
<i>Depreciation</i>	<i>25.55</i>	<i>17.60</i>
<i>Change in working capital</i>	<i>26.89</i>	<i>(9.07)</i>
<i>Other</i>	<i>(2.96)</i>	<i>(6.89)</i>
Cash flow from investments	(24.32)	(69.71)
Cash flow from financing activities	(1.73)	(28.89)
<b>Total cash flow</b>	<b>65.13</b>	<b>(69.46)</b>

Total cash flow in 2005 amounted to PLN 65.13 million. The said amount comprised mainly of the operational cash flow, in particular gross profit, depreciation and change in working capital. A negative cycle of cash conversion allows generating financial surplus at growing sales.

### 3. Working capital ratios

**Table 9 Working capital ratios flow for 4Q 2005**

Turnover in days	<b>4Q 2005</b>	<b>4Q2004</b>
1. Stocks turnover	27.3	27.3
2. Trade receivables turnover	8.4	9.8
3. Trade liabilities turnover	60.8	56.0
<b>4. Operating cycle (1+2)</b>	<b>35.6</b>	<b>37.1</b>
<b>5. Cash conversion (4-3)</b>	<b>(25.2)</b>	<b>(18.8)</b>

**Table 10 Working capital ratios flow for 4Q YTD 2005**

Turnover in days	<b>4Q YTD 2005</b>	<b>4Q YTD 2004</b>
1. Stocks turnover	26.8	27.5
2. Trade receivables turnover	8.2	9.8
3. Trade liabilities turnover	59.3	55.8
<b>4. Operating cycle (1+2)</b>	<b>35.0</b>	<b>37.3</b>
<b>5. Cash conversion (4-3)</b>	<b>(24.4)</b>	<b>(18.5)</b>

In 2005 the turnover ratios of stocks and trade receivables were at the lower level than in 2004. The negative cash conversion cycle was improved (from minus 18.5 in 2004 days to minus 24.4 days in 2005).

#### 4. 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 11 Selected balance sheet items**

PLN million	31.12.2005		30.09.2005		31.12.2004	
Fixed assets	180.63	40.87%	182.45	44.69%	178.56	48.63%
Current assets	261.37	59.13%	225.82	55.31%	188.58	51.37%
<b>Total assets</b>	<b>442.00</b>	<b>100.00%</b>	<b>408.27</b>	<b>100.00%</b>	<b>367.14</b>	<b>100.00%</b>
Equity	175.81	39.78%	166.66	40.82%	142.66	38.86%
Liabilities and provisions	266.19	60.22%	241.61	59.18%	224.47	61.14%
<b>Total liabilities and equity</b>	<b>442.00</b>	<b>100.00%</b>	<b>408.27</b>	<b>100.00%</b>	<b>367.14</b>	<b>100.00%</b>

Comparing with the situation at the end of 2004, the fixed assets equity coverage ratio and equity-to-total assets ratio have been improved, mainly due to increase of the level of equity (increase of net profit).

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### III. Development perspectives

#### External Factors:

- Growth in the FMCG market and its structure. The Company expects further growth of modern distribution methods; its unfavourable impact on company's income will be compensated by 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.

#### Internal Factors :

- Acquisition of KDWT shares

The Management Board of Eurocash believes the transaction will allow to increase the sales of both companies. This is to be achieved among others by:

- opportunity to acquire new clients by KDWT among the Eurocash customers (in particular among the stores which operate in "abc" network, which has almost 2 100 stores across the whole Poland),
- faster expansion of KDWT by use of the locations and storage space of Eurocash Discount cash&carry stores in order to set up the operations in new regions,
- broadening of the KDWT assortment by introduction of selected products distributed by Eurocash,
- opportunity to unify the purchase conditions within the group.

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

- Development of new formats of wholesale distribution. Introduction of new formats can be also realized by acquisition of other companies, which operate different format than cash & carry, as in the case of negotiations regarding acquisition of assets from Carment S.A. About the execution of an letter of intent with Carment S.A., Eurocash informed in current report no 1/2006.
- Opening new discount cash & carry stores (organic expansion). By the end of 2006 Eurocash expects to operate at least 100 cash & carry stores.
- Strict cost control

#### **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.*

*Stocks 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.*

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#### IV. Additional information to SA-Q report

##### Rules adopted during creating the report, concerning valuation of assets and liabilities and measuring profit or loss.

In 2005 the books in Eurocash S.A. were kept on the basis of the following legal grounds:

- International Accounting Standards,
- International Financial Reporting Standards,
- The accounting act of 29 September 1994,
- Commercial Companies Code of 15 September 2000,
- The act of 20 November 1999 on the change of the act on corporate income tax.

The accounting is carried out by means of accounting books in a SAP computer system. The software is harmonized and connected into a Novell network. Book entries are kept by Eurocash S.A. in chronological and systematic order according to the rule of historical costs, except for fixed assets that are subject to periodical revaluation according to the rules defined in the accounting act.

##### Changes to the rules of accounting policy under the IAS.

In the financial statement for the 4<sup>th</sup> quarter of 2005 (similar as in financial statement for the 1 half 2005) the Company has made among other changes a reclassification of premiums received from suppliers, which are gained for achieving certain purchase targets.

In the previous periods, they were presented as "Income on sales of products", now are presented in the position "Costs of goods sold", decreasing its value.

The influence of this change is shown in the table below:

In PLN thousands	III quarter 2005	IV quarter 2005	IV quarter 2005 (YTD)	III quarter 2004	IV quarter 2004	IV quarter 2004 (YTD)
Sales of products	(23 880)	(26 964)	(93 166)	(21 748)	(25 148)	(80 112)
Cost of goods sold	23 880	26 964	93 166	21 748	25 148	80 112

Other accounting principles were defined in the financial report for the 1 half 2005.



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## Exchange rates

Some financial data were converted into EURO currency in the following way:

- The items of profit and loss account and cash flows were converted according to the exchange rate equal to the arithmetic mean of average exchange rates published by NBP, valid as at the last day of each month. In 2005 it was 4.0233 PLN/EURO and in 2004 it was 4.5182 PLN/EURO.
- Balance items and book values/diluted book values were calculated according to the average exchange rate published by NBP, valid as at the balance date, which on 31.12.2005 was 3.8598 PLN/EURO, on 31.12.2004 it was EURO 4.079 PLN/ EURO.

## A change in the level of write-downs adjusting the value assets and reserves elements and income tax provisions and assets.

- Net inventory write-downs: increase by PLN 266 thousand
- Net receivables write-downs: increase by PLN 33 thousand
- The balance of assets and reserves for deferred income tax as of 30.09.2005 decreased by PLN 826 thousand.

## Events after the balance date

After 31 December 2005 no events which could significantly influence profit or loss have occurred.

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## V. Other information

### Issuance, redemption and repayment of debt and capital securities

In 4<sup>th</sup> quarter 2005 r. Eurocash S.A. did not issue, acquire or repay debt or capital securities.

### Information on dividend

Under the Eurocash S.A. OGA Resolution no 2 of 11 April 2005 on appropriation of income for 2004 the Company did not pay out the dividend for 2004. The payment of the dividend in next years depends mainly on the financing requirements related to realisation of potential acquisitions and to the investment program.

### Information concerning changes in conditional liabilities or assets, which have occurred since closing the last financial year.

In 4<sup>th</sup> quarter 2005 r. Eurocash S.A. conditional liabilities decreased by 286.7 thousand PLN.

### The Board opinion on the possibilities to carry out previously published financial forecasts for a given year.

The Management Board of Eurocash S.A. has not published or does not intend to publish financial forecasts for 2005.

### Shareholders owning directly or indirectly – through dependent entities – at least 5 % of total number of votes at the general assembly.

Shareholder	Shares	31.12.2005 r.				30.09.2005 r.			
		Number of shares	Share in share capital (%)	Number of votes	Share in total number of votes (%)	Number of shares	Share in share capital (%)	Number of votes	Share in total number of votes (%)
1. Luis Manuel Conceicao do Amaral (directly and indirectly through Politra B.V.)	Eurocash S.A.	70,258,100	55 %	70,258,100	55 %	70,258,100	55%	70,258,100	55%
2. J.P. Morgan Chase & Co	Eurocash S.A.	6,579,041	5.15%	6,579,041	5.15%	n.a.	n.a.	n.a.	n.a.
3. AIG Otwarty Fundusz Emerytalny	Eurocash S.A.	6,400,000	5.01%	6,400,000	5.01%	6,400,000	5,01%	6,400,000	5.01%

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**A breakdown of changes in the ownership of issuer's shares or rights to them (options) by persons managing and supervising the issuer.**

In the 4<sup>th</sup> quarter 2005 no changes in the ownership of the issuer's stocks or rights to them held by persons supervising and monitoring the issuer have occurred.

**Information on legal suits.**

In the 4<sup>th</sup> quarter 2005 the issuer was not involved into any legal suit in any court, nor in a body competent for arbitration proceedings nor an administrative body, whose total value is at least 10 % of equity.

**Transactions with related entities**

In the 4<sup>th</sup> quarter 2005 Eurocash S.A. did not carry out any transaction with a related entity

**Information concerning granting by the issuer or a dependent unit credit or loan surety or a guarantee.**

In the 4<sup>th</sup> quarter Eurocash did not grant a surety for a credit or a loan nor did it grant a guarantee of total value equivalent to 10% of the issuer's equity.

<b>EUROCASH S.A. QUARTELY REPORT (4Q 2005)</b>	
Reporting period: 01.10 - 31.12.2005	Currency: PLN
Level of rounding: all amounts are denominated in Polish zlotys (unless provided otherwise)	

## VI. Financial statement

### SELECTED FIGURES AS AT 31 DECEMBER 2005

	for the period from 01.01.2005 to 31.12.2005 PLN	for the period from 01.01.2004 to 31.12.2004 PLN	for the period from 01.01.2005 to 31.12.2005 EUR	for the period from 01.01.2004 to 31.12.2004 EUR
Net sales	1 687 137 016	1 526 531 924	419 341 589	337 862 849
Operating profit (loss)	44 651 738	31 194 908	11 098 287	6 904 278
Profit (loss) before tax	41 683 191	27 509 769	10 360 448	6 088 657
Net Profit (loss) on continued operations	32 630 225	22 140 651	8 110 314	4 900 326
Net profit (loss)	32 630 225	22 140 651	8 110 314	4 900 326
Net operating cash flow	91 171 823	29 146 959	22 660 956	6 451 011
Net investment cash flow	(24 315 936)	(69 708 464)	(6 043 779)	(15 428 371)
Net financial cash flow	(1 726 031)	(28 894 822)	(429 009)	(6 395 207)
Net change in cash and cash equivalents	65 129 856	(69 456 327)	16 188 168	(15 372 566)
Weighted average number of shares	127 742 000	126 859 622	127 742 000	126 859 622
Weighted average diluted number of shares	134 129 100	128 749 504	134 129 100	128 749 504
EPS (in PLN / EUR)	0,26	0,17	0,06	0,04
Diluted EPS (in PLN / EUR)	0,24	0,17	0,06	0,04
Average PLN / EUR rate*			4,0233	4,5182
	as at 31.12.2005 PLN	as at 31.12.2004 PLN	as at 31.12.2005 EUR	as at 31.12.2004 EUR
Assets	441 999 740	367 139 316	114 513 638	90 007 187
Long-term liabilities	4 670 131	3 263 054	1 209 941	799 964
Short-term liabilities	261 516 099	221 211 706	67 753 795	54 231 847
Equity	175 813 510	142 664 556	45 549 902	34 975 375
Share capital	127 742 000	127 742 000	33 095 497	31 316 989
Number of shares	127 742 000	127 742 000	127 742 000	127 742 000
Diluted number of shares	134 129 100	134 129 100	134 129 100	134 129 100
Book value per share (in PLN / EUR)	1,38	1,12	0,36	0,27
Diluted book value per share (in PLN / EUR)	1,31	1,06	0,34	0,26
Declared or paid dividend per share (in PLN / EUR)	-	-	-	-
PLN / EUR rate at the end of the period**			3,8598	4,0790

\* - Profit and loss items were converted at a rate being an arithmetic average of mid-rates announced by the National Bank of Poland, applicable on the last day of each month.

\*\* - Balance sheet items and share book value were converted at a mid-rate of the National Bank of Poland, applicable on the balance sheet day.

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Reporting period: 01.10 - 31.12.2005	Currency: PLN
Level of rounding: all amounts are denominated in Polish zlotys (unless provided otherwise)	

**BALANCE SHEET AS AT 31 DECEMBER 2005**

	4th Quarter as at 31.12.2005	3rd Quarter as at 30.09.2005	4th Quarter as at 31.12.2004	3rd Quarter as at 30.09.2004
<i>Assets</i>				
<b>Fixed assets (long-term)</b>	<b>180 625 391</b>	<b>182 447 290</b>	<b>178 557 491</b>	<b>181 426 136</b>
Intangible fixed assets	110 819 059	113 170 991	108 282 640	107 487 762
Tangible fixed assets	67 732 878	66 594 245	68 510 733	71 375 570
Investment real property	-	-	-	-
Investments in associated companies consolidated with the equity method	-	-	-	-
Long-term financial assets available for sale	-	-	-	-
Other long-term financial assets	-	-	-	-
Long-term receivables	555 759	555 759	189 159	189 159
Long-term prepayments	1 517 695	2 126 295	1 574 958	2 373 645
Deferred income tax assets	1 121 438	1 947 863	1 399 289	2 350 096
Other long-term prepayments	396 256	178 432	175 670	23 549
<b>Current assets (short-term)</b>	<b>261 374 348</b>	<b>225 821 159</b>	<b>188 581 826</b>	<b>184 664 308</b>
Stocks	120 260 552	111 049 547	112 280 762	106 358 134
Trade receivables	36 889 803	29 884 092	40 132 743	36 083 228
Current income tax receivables	-	-	-	-
Other short-term receivables	2 746 467	2 706 531	1 053 743	763 354
Short-term financial assets available for sale	-	-	-	-
Short-term financial assets held for trade	-	-	-	-
Other short-term financial assets	-	-	-	-
Cash and cash equivalents	99 044 764	79 114 693	33 914 908	40 213 464
Short-term prepayments	2 432 762	3 066 297	1 199 669	1 246 127
Fixed assets classified as held for sale	-	-	-	-
<b>Total assets</b>	<b>441 999 740</b>	<b>408 268 449</b>	<b>367 139 316</b>	<b>366 090 444</b>

**BALANCE SHEET AS AT 31 DECEMBER 2005**

	4th Quarter as at 31.12.2005	3rd Quarter as at 30.09.2005	4th Quarter as at 31.12.2004	3rd Quarter as at 30.09.2004
<i>Liabilities</i>				
<b>Equity</b>	<b>175 813 510</b>	<b>166 661 300</b>	<b>142 664 556</b>	<b>138 962 847</b>
Share capital	127 742 000	127 742 000	127 742 000	127 742 000
Supplementary capital	14 782 302	14 652 620	579	579
Treasury shares/equities	-	-	-	-
Capital reserve	-	-	-	-
Hedge transactions valuation capital	-	-	-	-
Fixed assets held for sale recognised in equity	-	-	-	-
Retained earnings	33 289 208	24 266 680	14 921 977	11 220 269
Profit (loss) of prior years	658 983	658 983	(7 218 674)	(7 218 674)
Net profit (loss) of the current year	32 630 225	23 607 697	22 140 651	18 438 942
<b>Liabilities</b>	<b>266 186 230</b>	<b>241 607 150</b>	<b>224 474 760</b>	<b>227 127 597</b>
<b>Long-term liabilities</b>	<b>4 670 131</b>	<b>2 981 979</b>	<b>3 263 054</b>	<b>3 083 825</b>
Long-term loans and credits	-	-	-	-
Other long-term financial liabilities	4 313 378	2 981 979	3 263 054	3 074 328
Other long-term liabilities	-	-	-	-
Deferred income tax provision	-	-	-	-
Provision for employee benefits	356 753	-	-	-
Other long-term provisions	-	-	-	9 498
<b>Short-term liabilities</b>	<b>261 516 099</b>	<b>238 625 171</b>	<b>221 211 706</b>	<b>224 043 771</b>
Short-term loans and credits	-	-	-	-
Other short-term financial liabilities	1 743 252	1 282 044	1 106 272	1 625 157
Trade liabilities	236 854 087	214 905 721	202 377 121	203 328 301
Current income tax liabilities	-	396 220	500 687	3 248 090
Other short-term liabilities	8 181 837	7 158 557	6 999 122	6 354 838
Short-term provisions	14 736 923	14 882 628	10 228 505	9 487 385
Liabilities due to fixed assets held for sale	-	-	-	-
<b>Total liabilities</b>	<b>441 999 740</b>	<b>408 268 449</b>	<b>367 139 316</b>	<b>366 090 444</b>

<b>EUROCASH S.A. QUARTELY REPORT (4Q 2005)</b>	
Reporting period: 01.10 - 31.12.2005	Currency: PLN
Level of rounding: all amounts are denominated in Polish zlotys (unless provided otherwise)	

**BOOK VALUE PER SHARE AS AT 31 DECEMBER 2005**

	4th Quarter as at 31.12.2005	4th Quarter as at 31.12.2004
<b>Book value</b>	<b>175 813 510</b>	<b>142 664 556</b>
Number of shares	127 742 000	127 742 000
Diluted number of shares	134 129 100	134 129 100
<b>Book value per share</b>	<b>1,38</b>	<b>1,12</b>
<b>Diluted book value per share</b>	<b>1,31</b>	<b>1,06</b>

**OFF BALANCE SHEET ITEMS**

<b>Contingent Receivables</b>	-	-	-	-
Related companies	-	-	-	-
Other companies	-	-	-	-
<b>Contingent Liabilities</b>	<b>7 411 215</b>	<b>7 697 944</b>	<b>6 532 720</b>	<b>5 933 441</b>
Related companies	-	-	-	-
Other companies	7 411 215	7 697 944	6 532 720	5 933 441
- guaranties and sureties granted	7 411 215	7 697 944	6 532 720	5 933 441
<b>Other</b>	-	-	-	-
<b>Total</b>	<b>7 411 215</b>	<b>7 697 944</b>	<b>6 532 720</b>	<b>5 933 441</b>

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2005 (functional classification)**

	4th Quarter for the period from 01.10.2005 to 31.12.2005	4 Quarters for the period from 01.01.2005 to 31.12.2005	4th Quarter for the period from 01.10.2004 to 31.12.2004	4 Quarters for the period from 01.01.2004 to 31.12.2004
<i>Continued operations</i>				
<b>Net sales</b>	<b>420 412 126</b>	<b>1 687 137 016</b>	<b>386 329 669</b>	<b>1 526 531 924</b>
Net sales of traded goods	405 828 118	1 640 908 755	377 742 156	1 496 144 114
Net sales of services	14 584 008	46 228 261	8 587 513	30 387 810
Net sales of materials	-	-	-	-
<b>Prime costs of sales</b>	<b>(358 384 835)</b>	<b>(1 456 655 458)</b>	<b>(332 744 349)</b>	<b>(1 328 498 039)</b>
Costs of sold traded goods	(358 384 835)	(1 456 655 458)	(332 744 349)	(1 328 498 039)
Costs of sold services	-	-	-	-
Costs of sold materials	-	-	-	-
<b>Gross profit (loss) on sales</b>	<b>62 027 291</b>	<b>230 481 558</b>	<b>53 585 320</b>	<b>198 033 884</b>
Costs of sales	(32 808 499)	(124 402 701)	(28 584 884)	(110 394 893)
Costs of general management	(12 714 501)	(54 894 032)	(15 637 114)	(44 194 464)
<b>Profit (loss) on sales</b>	<b>16 504 291</b>	<b>51 184 825</b>	<b>9 363 323</b>	<b>43 444 527</b>
Other operating revenues	2 740 950	4 707 550	596 044	1 584 393
Other operating costs	(5 701 677)	(11 240 638)	(1 894 741)	(13 834 012)
Share in profits of companies consolidated with the equity method	-	-	-	-
Costs of restructuring	-	-	-	-
<b>Operating profit (loss)</b>	<b>13 543 564</b>	<b>44 651 738</b>	<b>8 064 626</b>	<b>31 194 908</b>
Financial revenues	827 332	2 522 606	502 856	4 247 527
Financial costs	(2 307 280)	(5 491 153)	(2 956 162)	(7 932 666)
Other profit (loss) on investments	-	-	-	-
<b>Profit (loss) before tax</b>	<b>12 063 616</b>	<b>41 683 191</b>	<b>5 611 320</b>	<b>27 509 769</b>
Income tax	(3 041 088)	(9 052 966)	(1 909 611)	(5 369 118)
<b>Net profit (loss) on continued operations</b>	<b>9 022 528</b>	<b>32 630 225</b>	<b>3 701 709</b>	<b>22 140 651</b>
<i>Discontinued operations</i>				
Net loss on discontinued operations	-	-	-	-
<b>Net profit (loss)</b>	<b>9 022 528</b>	<b>32 630 225</b>	<b>3 701 709</b>	<b>22 140 651</b>

**NET EARNINGS PER SHARE**

	PLN / share	PLN / share
Net profit (loss) on continued operations	32 630 225	22 140 651
Net profit (loss) on continued and discontinued operations	32 630 225	22 140 651
Weighted average number of shares	127 742 000	126 859 622
Weighted average diluted number of shares	134 129 100	128 749 504
<b>from continued operations</b>		
- basic	0,26	0,17
- diluted	0,24	0,17
<b>from continued and discontinued operations</b>		
- basic	0,26	0,17
- diluted	0,24	0,17

<b>EUROCASH S.A. QUARTELY REPORT (4Q 2005)</b>	
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**CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2005 (indirect method)**

	4th Quarter for the period from 01.10.2005 to 31.12.2005	4 Quarters for the period from 01.01.2005 to 31.12.2005	4th Quarter for the period from 01.10.2004 to 31.12.2004	4 Quarters for the period from 01.01.2004 to 31.12.2004
<i>Operating cash flow</i>				
<b>Net profit before tax</b>	<b>12 063 616</b>	<b>41 683 191</b>	<b>5 611 320</b>	<b>27 509 769</b>
<b>Adjustments:</b>	<b>10 192 555</b>	<b>29 893 706</b>	<b>7 769 459</b>	<b>20 540 774</b>
Depreciation	6 795 595	25 553 626	6 006 563	17 597 652
Impairment allowance on tangible fixed assets	-	-	-	-
(Profit) loss on sold tangible fixed assets	1 922 460	2 212 996	37 640	370 919
(Profit) loss on sold financial assets available for sale	-	-	-	-
Profit (loss) on investment real property valuation at fair value	-	-	-	-
(Profit) loss on changes in fair value of financial assets recorded at fair value	-	-	-	-
Costs of interest	2 103 797	4 153 169	2 028 813	6 193 641
Interest received	(629 297)	(2 026 086)	(303 556)	(3 621 437)
<b>Operating cash before changes in working capital</b>	<b>22 256 171</b>	<b>71 576 897</b>	<b>13 380 779</b>	<b>48 050 543</b>
Changes in stocks	(9 211 006)	(7 979 790)	(5 922 628)	(16 890 823)
Changes in receivables	(7 045 647)	1 183 616	(4 339 904)	(746 466)
Changes in liabilities	22 575 426	35 158 995	(3 054 300)	2 614 536
Changes in provisions and accruals	(1 444 469)	(1 841 868)	389 732	274 029
Other adjustments	(362 293)	371 780	593 700	5 681 512
<b>Operating cash</b>	<b>26 768 182</b>	<b>98 469 630</b>	<b>1 047 380</b>	<b>38 983 330</b>
Interest paid	(945 465)	(2 543 168)	(1 709 207)	(5 045 677)
Income tax paid	(1 188 660)	(4 754 640)	(958 804)	(4 790 695)
<b>Net operating cash</b>	<b>24 634 057</b>	<b>91 171 823</b>	<b>(1 620 630)</b>	<b>29 146 959</b>
<i>Investment cash flow</i>				
Expenditures for purchased intangible fixed assets	132 047	(11 308 606)	(2 646 126)	(58 962 239)
Receipts from sold intangible fixed assets	-	2 600	(72 716)	114 284
Expenditures for purchased tangible fixed assets	(5 250 603)	(15 301 486)	(2 137 620)	(14 641 555)
Receipts from sold tangible fixed assets	255 538	265 470	20 717	159 609
Wpływy z otrzymanych dotacji rządowych	-	-	-	-
Interest received	629 297	2 026 086	303 556	3 621 437
<b>Net investment cash</b>	<b>(4 233 720)</b>	<b>(24 315 936)</b>	<b>(4 532 188)</b>	<b>(69 708 464)</b>
<i>Financing cash flow</i>				
Receipts due to taking loans and credits	-	-	-	-
Repaid loans and credits	-	-	-	(27 922 512)
Repaid liabilities under financial lease	(422 429)	(1 414 184)	(128 707)	(762 802)
Interest	(47 836)	(311 847)	(17 031)	(209 508)
<b>Net financing cash</b>	<b>(470 265)</b>	<b>(1 726 031)</b>	<b>(145 738)</b>	<b>(28 894 822)</b>
<b>Net change in cash and cash equivalents</b>	<b>19 930 072</b>	<b>65 129 856</b>	<b>(6 298 556)</b>	<b>(69 456 327)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>79 114 693</b>	<b>33 914 908</b>	<b>40 213 464</b>	<b>103 371 236</b>
Change due to exchange gains (loss)	-	-	-	-
<b>Cash and cash equivalents at the end of the period</b>	<b>99 044 764</b>	<b>99 044 764</b>	<b>33 914 908</b>	<b>33 914 908</b>

<b>EUROCASH S.A. QUARTELY REPORT (4Q 2005)</b>	
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**STATEMENT ON CHANGES IN EQUITY IN THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2005**

	Share capital	Supplementary capital	Retained earnings	Total
<b>Balance as at 1 January 2004</b>	<b>121 889 000</b>	<b>222</b>	<b>(6 301 204)</b>	<b>115 588 018</b>
Changes in the principles (policy) of accounting	-	-	(862 193)	(862 193)
Basic error corrections	-	-	(55 277)	(55 277)
<b>Balance upon changes</b>	<b>121 889 000</b>	<b>222</b>	<b>(7 218 674)</b>	<b>114 670 548</b>
<i>Changes in equity in the period from 1 January to 31 December 2004</i>				
<b>Net profit presented directly in equity</b>	-	-	-	-
Net profit for the period from 1 January to 31 December 2004	-	-	22 140 651	22 140 651
<b>Total profit and loss recorded in the period from 1 January to 31 December 2004</b>	-	-	<b>22 140 651</b>	<b>22 140 651</b>
Dividends	-	-	-	-
Issued share capital	5 853 000	357	-	5 853 357
Issued options convertible into shares	-	-	-	-
<b>Balance as at 31 December 2004</b>	<b>127 742 000</b>	<b>579</b>	<b>14 921 977</b>	<b>142 664 556</b>
<b>Balance as at 1 January 2005</b>	<b>127 742 000</b>	<b>579</b>	<b>14 262 994</b>	<b>142 005 573</b>
Changes in the principles (policy) of accounting	-	-	658 983	658 983
<b>Balance upon changes</b>	<b>127 742 000</b>	<b>579</b>	<b>14 921 977</b>	<b>142 664 556</b>
<i>Changes in equity in the period from 1 January to 31 December 2005</i>				
<b>Net profit presented directly in equity</b>	-	-	-	-
Net profit for the period from 1 January to 31 December 2005	-	14 262 994	18 367 231	32 630 225
<b>Total profit and loss recorded in the period from 1 January to 31 December 2005</b>	-	<b>14 262 994</b>	<b>18 367 231</b>	<b>32 630 225</b>
Dividends	-	-	-	-
Issued share capital	-	-	-	-
Issued options convertible into shares	-	518 729	-	518 729
<b>Balance as at 31 December 2005</b>	<b>127 742 000</b>	<b>14 782 302</b>	<b>33 289 208</b>	<b>175 813 510</b>

Signatures of Management Board Members representing the Company:

\_\_\_\_\_  
**Arnaldo Guerreiro**  
Member of the Management Board  
Eurocash S.A.

\_\_\_\_\_  
**Rui Amaral**  
Member of the Management Board  
Eurocash S.A.

Poznan, 14<sup>th</sup> February 2006