



EUROCASH

CONSOLIDATED SEMI-ANNUAL REPORT 2017

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.

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SELECTED CONSOLIDATED FINANCIAL DATA

	Non audited for the period from 01.01.2017 to 30.06.2017 PLN	Non audited for the period from 01.01.2016 to 30.06.2016 PLN	Non audited for the period from 01.01.2017 to 30.06.2017 EUR	Non audited for the period from 01.01.2016 to 30.06.2016 EUR
Sales	11 277 563 554	10 104 812 998	2 640 868 198	2 314 273 641
Operating profit (loss)	(46 542 849)	76 680 159	(10 898 944)	17 561 816
Profit (loss) before income tax	(63 891 932)	66 425 643	(14 961 580)	15 213 257
Profit (loss) for the on continued operations	(76 772 523)	55 079 354	(17 977 829)	12 614 652
Profit (loss) for the period	(76 772 523)	55 079 354	(17 977 829)	12 614 652
Net cash from operating activities	181 306 718	142 528 187	42 456 613	32 642 784
Net cash used in investing activities	(204 424 688)	(135 554 773)	(47 870 150)	(31 045 685)
Net cash used in financing activities	14 653 101	33 267 339	3 431 318	7 619 114
Net change in cash and cash equivalents	(8 464 869)	40 240 754	(1 982 219)	9 216 214
Weighted average number of shares	139 153 763	138 952 047	139 153 763	138 952 047
Weighted average diluted number of shares	139 107 157	139 100 635	139 107 157	139 100 635
EPS (in PLN / EUR)	(0,56)	0,39	(0,13)	0,09
Diluted EPS (in PLN / EUR)	(0,56)	0,39	(0,13)	0,09
Average PLN / EUR rate*			4,2704	4,3663
	Non audited as at 30.06.2017 PLN	Non audited as at 31.12.2016 PLN	Non audited as at 30.06.2017 EUR	Non audited as at 31.12.2016 EUR
Assets	6 135 880 290	5 494 995 633	1 451 763 940	1 242 087 621
Non-current liabilities	122 140 546	266 177 397	28 898 745	60 166 681
Current liabilities	5 045 375 913	4 073 714 582	1 193 747 998	920 821 560
Equity	968 363 829	1 155 103 655	229 117 196	261 099 380
Share capital	139 163 286	139 096 361	32 926 366	31 441 311
Number of shares	139 163 286	139 096 361	139 163 286	139 096 361
Diluted number of shares	139 530 636	139 530 636	139 530 636	139 530 636
Book value per share (in PLN / EUR)	6,52	7,81	1,54	1,76
Diluted book value per share (in PLN / EUR)	6,50	7,78	1,54	1,76
Declared or paid dividend (in PLN / EUR)	111 277 151	146 394 794	26 328 440	33 091 048
Declared or paid dividend per share (in PLN / EUR)	0,80	1,05	0,19	0,24
PLN / EUR rate at the end of the period**			4,2265	4,4240

* Profit and loss items and cash flow items calculated on basis at a weighted average rate announced by the National Bank of Poland for 2Q 2017,

** 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.

*** Dividend for 2016 year was paid till 6 June 2017 for shareholders of Parent Company as at 16 May 2017.

Translation of auditor's report originally issued in Polish

**Independent Auditor's Report
on review of interim condensed consolidated financial statements**

To the Shareholders and to the Supervisory Board of Eurocash S.A. Group

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of Capital Group of Eurocash S.A. ('the Group'), with parent's company Eurocash S.A. ('the Company') registered office located in Komorniki, at Wiśniowa 11 Street as of 30 June 2017 and the related introduction to condensed interim consolidated financial statements, condensed consolidated income statement, condensed consolidated statement of comprehensive income for the 6 month period ended 30 June 2017, condensed consolidated statement of financial position as at 30 June 2017, condensed consolidated statement of cash flows, condensed consolidated statement of changes in equity for the 6 month period ended 30 June 2017, supplementary information to the condensed interim consolidated financial statements ('the interim condensed consolidated financial statements').

Management is responsible for the preparation and presentation of accompanying interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* as adopted by the European Union ('IAS 34'). Our responsibility is to express a conclusion on accompanying interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ('standard'). A review of interim financial information 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 conducted in accordance with International Standards on Auditing 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 on accompanying interim condensed consolidated financial statements.

Translation of auditor's report originally issued in Polish

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Other matters

The consolidated financial statements for the prior financial year ended 31 December 2016 were subject to an audit by an auditor acting for another authorised audit firm who issued an unqualified opinion on these consolidated financial statements, dated 15 March 2017.

Warsaw, 25 August 2017

Key Certified Auditor

Robert Klimacki
Certified auditor No. 90055

on behalf of
Ernst & Young Audyt Polska spółka
z ograniczoną odpowiedzialnością sp. k.
Rondo ONZ 1, 00-124 Warsaw
Reg. No 130

EUROCASH S.A. GROUP

CONDENSED INTERIM

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2017

TRANSLATORS' EXPLANATORY NOTE

This document is a free translation of the Polish original.
The binding Polish original should be referred to in matters of interpretation.

KOMORNIKI, 25TH August 2017

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

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<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

INTRODUCTION TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. INFORMATION ABOUT THE PARENT ENTITY

NAME

EUROCASH Spółka Akcyjna ("Company", "Parent Entity")

REGISTERED OFFICE

ul. Wiśniowa 11, 62-052 Komorniki

CORE BUSINESS

Non-specialized wholesale trade
(PKD 4690Z)

REGISTRATION COURT

District Court Poznań - Nowe Miasto and Wilda in Poznań, VIII Commercial Department of the National Court Register, KRS 0000213765

DURATION OF THE PARENT COMPANY

Indefinite

PERIOD COVERED BY THE FINANCIAL STATEMENTS

The reporting period is 1 January 2017 – 30 June 2017 and in addition, for the income statement and statement of comprehensive income, the period from 1 April 2017 to 30 June 2017.

The consolidated statement of financial position has been prepared as at 30 June 2017 and the comparative figures are presented as at 31 December 2016.

Comparative data has been prepared in accordance to UE-approved IAS 34 – Interim financial reporting.

2. BODIES OF THE PARENT ENTITY

2.1. MANAGEMENT BOARD OF THE PARENT ENTITY

As at 30 June 2017 the Parent Entity's Management Board consisted of the following members:

Luis Manuel Conceicao do Amaral – President of the Management Board,
Rui Amaral – Member of the Management Board,
Arnaldo Guerreiro – Member of the Management Board,
Pedro Martinho – Member of the Management Board,
Katarzyna Kopaczewska – Member of the Management Board,
Jacek Owczarek – Member of the Management Board,
Przemysław Ciał – Member of the Management Board.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
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2.2. SUPERVISORY BOARD OF THE PARENT ENTITY

As at 30 June 2017 the Parent Entity's Supervisory Board consisted of the following members:

João Borges de Assunção – President of the Supervisory Board,
Eduardo Aguinaga de Moraes – Member of the Supervisory Board,
Francisco José Valente Hipólito dos Santos – Member of the Supervisory Board,
Hans Joachim Körber – Member of the Supervisory Board,
Jacek Sz wajkowski – Member of the Supervisory Board.

2.3. CHANGES IN THE MANAGEMENT AND SUPERVISORY BOARD

On 13 January 2017, David Boner resigned from his position of Member of the Management Board, effective as at 13.01.2017.

On 22 February 2017, Przemysław Ciaś was appointed Member of the Management Board of Eurocash S.A.

3. THE DAMAGE SUFFERED BY THE COMPANY AS A RESULT OF THE ACTIVITIES OF EXTERNAL ENTITIES PARTICIPATING IN THE VAT FRAUD MECHANISM **

In the period from March to August 2017 an extensive and detailed audit of VAT settlements by Eurocash S.A was carried out. The audit covered settlements made in the years 2013 – 2017. It showed that Eurocash S.A. was used in a mechanism of VAT fraud by groups of outside entities in transactions concerning intra-Community delivery of goods. The audit consisted, inter alia, in a review of documentation, including e-mail correspondence, as well as verification of business partners of Eurocash S.A. who participated in the above-mentioned transactions.

The finding of the audit showed that Eurocash S.A. may be obligated to settle a VAT liability in favor of the State Treasury. In accordance with the estimate of the Management Board, the amount of the potential VAT liability may be 121 450 511 PLN. This amount will be corrected downwards by the surplus of CIT which arose for the Company in connection with the disclosure of revenue from a sale in the part which corresponds to 23% VAT, and, thus, does not constitute an actual gain (revenue) of the Company. As a result, the Company will pay to bank account of the First Wielkopolski Tax Office in Poznań the amount of 95 746 902 PLN in respect of security of payment of the possible VAT liability.

The Management Board believes that the final amount of the VAT liability may differ from the amount paid by the Company in respect of security of payment of the possible VAT liability, once the tax authority has carried out a detailed analysis of the documentation gathered by the Company, as well as of the procedures used by Company and the explanations of the Company. The Company believes that it acted in good faith when carrying out the above-mentioned transactions, and that it regularly tightened up procedures aimed at countering such irregularities. Thus, the Company intends to prove before the Tax Office that it has been harmed by fraud. Thus, the final amount of the VAT liability may be lower than the amount referred to above, while the Company may be due a refund of some of the funds paid.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-30.06.2017</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
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The Company Management Board emphasizes that payment of the liability will not have any impact on the Company's dividend policy, carried out also in previous years.

Negative impact on Net Profit for 2017 amounts to 114 400 861,47 PLN (0.82 PLN per share). Consolidated Net Debt of Eurocash will be negatively affected by 95 746 902 PLN (0.69 PLN per share).

The effect of the created reserve was reflected in the financial result of the Company and of the Group in the mid-year financial statements.

Eurocash Group continues to audit the VAT settlements by companies of the Eurocash Group as there exists a suspicion that potential irregularities could appear also in other companies of the Group. Taking into account the turnover of the remaining companies of the Group, gained on transactions concerning intra-Community delivery of goods, the risks associated with such potential irregularities are not material.

Eurocash S.A. stopped execution of such transactions concerning intra-Community delivery of goods.

At the same time, on 24 August 2017 the Company filed, as injured party, a notification with the Regional Prosecutor's Office in Poznań, about a justified suspicion of the commission of a crime.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2017	Presentation currency:	Polish zloty (PLN)
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CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 01.01. TO 30.06.2017

	Non audited 2nd Quarter for the period from 01.04.2017 to 30.06.2017	Non audited 2 Quarters for the period from 01.01.2017 to 30.06.2017	Non audited 2nd Quarter for the period from 01.04.2016 to 30.06.2016	Non audited 2 Quarters for the period from 01.01.2016 to 30.06.2016
			restated *	restated *
Sales	6 084 402 047	11 277 563 554	5 340 766 017	10 104 812 998
Sales of goods	5 676 807 893	10 569 001 632	5 003 410 738	9 510 892 391
Sales of services	406 226 644	706 278 667	335 460 286	591 088 956
Sales of materials	1 367 511	2 283 255	1 894 993	2 831 651
Costs of sales	(5 414 541 791)	(10 061 106 515)	(4 782 416 030)	(9 084 073 821)
Costs of goods sold	(5 367 757 435)	(9 969 849 017)	(4 746 318 890)	(9 016 641 350)
Costs of services sold	(45 611 834)	(89 182 270)	(34 131 333)	(64 594 295)
Costs of materials sold	(1 172 523)	(2 075 227)	(1 965 807)	(2 838 176)
Gross profit (loss)	669 860 256	1 216 457 039	558 349 987	1 020 739 177
Selling expenses	(477 142 075)	(936 417 177)	(390 384 479)	(754 255 908)
General and administrative expenses	(97 072 862)	(185 401 145)	(76 596 609)	(151 004 707)
Profit (loss) on sales	95 645 319	94 638 718	91 368 899	115 478 561
Other operating income	16 995 263	38 300 045	18 073 660	28 879 152
Other operating expenses**	(152 203 390)	(179 481 612)	(39 404 917)	(67 677 555)
Operating profit (loss)	(39 562 808)	(46 542 849)	70 037 641	76 680 159
Financial income	6 642 829	11 912 570	5 663 674	13 298 772
Financial costs	(13 094 315)	(26 580 908)	(11 243 157)	(20 742 209)
Share in profits (losses) of equity accounted investees	(1 722 343)	(2 680 746)	(1 393 078)	(2 811 079)
Profit (loss) before tax	(47 736 637)	(63 891 932)	63 065 081	66 425 643
Income tax expense	(14 073 714)	(12 880 591)	(9 963 351)	(11 346 290)
Profit (loss) for the period	(61 810 351)	(76 772 523)	53 101 730	55 079 354
Attributable to:				
Owners of the Company	(62 903 992)	(77 806 181)	52 483 496	53 661 342
Non-controlling interests	1 093 641	1 033 658	618 235	1 418 012

EARNINGS PER SHARE

	PLN / share	PLN / share
Profit (loss) attributable to Owners of the Company	(77 806 181)	53 661 342
Weighted average number of shares	139 153 763	138 952 047
Weighted average diluted number of shares	139 107 157	139 100 635
Earnings per share		
- basic	(0,56)	0,39
- diluted	(0,56)	0,39

* Note 2

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 01.01. TO 30.06.2017

	Non audited 2nd Quarter for the period from 01.04.2017 to 30.06.2017	Non audited 2 Quarters for the period from 01.01.2017 to 30.06.2017	Non audited 2nd Quarter for the period from 01.04.2016 to 30.06.2016	Non audited 2 Quarters for the period from 01.01.2016 to 30.06.2016
Profit (loss) for the period	(61 810 351)	(76 772 523)	53 101 730	55 079 354
Other comprehensive income for the period	548 839	(432 571)	1 399 402	1 378 834
Items that may be subsequently reclassified to profit or loss:				
- The result on hedge accounting with the tax effect:	548 839	(432 571)	1 399 402	1 378 834
Total comprehensive income for the period	(61 261 512)	(77 205 094)	54 501 132	56 458 187
Total Income				
Owners of the Company	(62 355 153)	(78 238 752)	53 882 898	55 040 176
Non-controlling interests	1 093 641	1 033 658	618 235	1 418 012
Total comprehensive income for the period	(61 261 512)	(77 205 094)	54 501 132	56 458 187

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30.06.2017

	Non audited	
	as at	as at
Assets	30.06.2017	31.12.2016 restated*
Non-current assets (long-term)	2 507 871 816	2 287 968 922
Goodwill	1 402 131 336	1 254 108 025
Intangible assets	346 822 079	358 321 106
Property, plant and equipment	668 274 069	587 394 410
Investment property	980 647	988 495
Investments in equity accounted investees	34 482 447	34 951 736
Other long-term investments	531 570	531 570
Long-term receivables	7 621 933	3 251 647
Deferred tax assets	45 839 696	47 084 072
Other long-term prepayments	1 188 039	1 337 861
Current assets (short-term)	3 628 008 474	3 207 026 711
Inventories	1 368 208 595	1 088 908 423
Trade receivables	1 854 963 811	1 748 183 884
Current tax receivables	19 777 707	16 558 439
Other short-term receivables	151 968 981	139 874 535
Other short-term financial assets	21 899 449	5 713 175
Short-term prepayments	57 783 698	45 917 150
Cash and cash equivalents	153 406 235	161 871 104
Total assets	6 135 880 290	5 494 995 633

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2017	Presentation currency:	Polish zloty (PLN)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30.06.2017

	Non audited as at 30.06.2017	as at 31.12.2016 restated*
<i>Equity and liabilities</i>		
Equity	968 363 829	1 155 103 655
Equity attributable to Owners of the Company	907 410 124	1 085 650 382
Share capital	139 163 286	139 096 361
Reserve capital	1 456 801 624	1 352 632 597
Loss on valuation of hedging transactions	(6 743 276)	(6 310 705)
Option for purchase/selling the shares	(69 189 100)	(69 189 100)
Retained earnings	(612 622 409)	(330 578 771)
Accumulated profit / loss from previous years	(534 816 228)	(509 800 401)
Profit (loss) for the period	(77 806 181)	179 221 629
Non-controlling interests	60 953 705	69 453 273
Liabilities	5 167 516 460	4 339 891 979
Non-current liabilities	122 140 546	266 177 397
Long-term financial liabilities	8 393 777	154 322 501
Other long-term liabilities	72 999 613	72 643 362
Deferred tax liabilities	33 363 245	33 710 961
Employee benefits	6 191 173	4 966 996
Provisions	1 192 738	533 577
Current liabilities	5 045 375 913	4 073 714 582
Loans and borrowings	410 688 355	275 065 340
Short-term financial liabilities	220 306 935	56 624 075
Trade payables	3 963 088 052	3 459 300 147
Current tax liabilities	2 955 373	7 555 050
Other short-term payables	179 091 306	71 549 689
Current employee benefits	80 114 235	84 543 918
Provisions	189 131 658	119 076 364
Total equity and liabilities	6 135 880 290	5 494 995 634
BOOK VALUE PER SHARE		
	Non audited as at 30.06.2017	as at 31.12.2016
Equity attributable to Owners of the Company	907 410 124	1 085 650 382
Number of shares	139 163 286	139 096 361
Diluted number of shares	139 530 636	139 530 636
Book value per share	6,52	7,81
Diluted book value per share	6,50	7,78

* Note 2

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2017	Presentation currency:	Polish zloty (PLN)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 01.01. TO 30.06.2017

	Non audited 2 Quarters for the period from 01.01.2017 to 30.06.2017	Non audited 2 Quarters for the period from 01.01.2016 to 30.06.2016
<i>Cash flow from operating activities</i>		
Profit (loss) before tax	(63 891 932)	66 425 643
Adjustments for:	113 256 258	97 108 021
Depreciation and amortization	89 904 099	80 925 203
Share in profits (losses) of equity accounted investees	2 680 746	2 811 079
Gain (loss) on sale of property, plant and equipment	(454 685)	1 525 700
Interest expenses	22 927 775	17 028 153
Interest received	(1 801 677)	(5 182 114)
Operating cash before changes in working capital	49 364 326	163 533 664
Changes in inventory	(217 793 208)	(161 692 385)
Changes in receivables	(116 537 028)	(240 275 260)
Changes in payables	475 808 882	381 730 694
Changes in provisions and employee benefits	13 666 562	22 614 213
Other adjustments	(65 840)	(606 026)
Operating cash	204 443 695	165 304 900
Interest received	1 045 513	796 787
Interest paid	(8 473 929)	(5 441 739)
Income tax paid	(15 708 561)	(18 131 761)
Net cash from operating activities	181 306 718	142 528 187
<i>Cash flow from investing activities</i>		
Aquisition of intangible assets	(17 035 696)	(17 911 479)
Aquisition of property, plant and equipment tangible fixed assets	(74 712 702)	(62 492 346)
Proceeds from sale of property, plant and equipment	3 639 745	8 111 976
Expenditures on financial assets	(68 864)	-
Expenditures on other short-term financial assets	(21 815 585)	-
Aquisition of subsidiaries, net of cash aquired	(92 695 643)	(36 386 146)
Expenditures on the acquisition of subsidiaries	(2 211 457)	-
Advances for acquisition of subsidiaries	-	(21 000 000)
Loans granted	-	(6 216 807)
Interest received	475 513	340 029
Net cash used in investing activities	(204 424 688)	(135 554 773)
<i>Cash flow from financing activities</i>		
Proceeds from issue of share capital	2 543 150	9 853 400
Income/expenses for other financial liabilities	(608 153)	190 119 968
Income/expenses for short term debt securities	25 800 000	-
Proceeds from loans and borrowings	135 623 015	-
Repayment of borrowings	(23 219 850)	(9 317 603)
Income/expenses for liabilities from financial leasing	(3 792 836)	(2 163 193)
Other interests	(12 922 691)	(11 179 322)
Interests on loans and borrowings	(7 180 335)	(4 961 475)
Dividends paid	(101 589 199)	(139 084 436)
Net cash used in financing activities	14 653 101	33 267 339
Net change in cash and cash equivalents	(8 464 869)	40 240 754
Cash and cash equivalents at the beginning of the period	161 871 104	86 196 747
Cash and cash equivalents at the end of the period	153 406 235	126 437 501

Condensed interim consolidated financial statements of EUROCASH Group.			
Financial statements period:	01.01-30.06.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 01.01. TO 30.06.2017

	Share capital	Reserve capital	Option for purchase/selling the shares	Hedge reserve	Retained earnings	Equity attributable to Owners of the Company	Non-controlling interests	Total
<i>Changes in equity in the period from 01.01 to 30.06.2016</i>								
Balance as at 01.01.2016 after changes	138 829 311	755 123 316	-	(10 644 280)	216 780 140	1 100 088 487	60 808 127	1 160 896 613
Total comprehensive income for the reporting period								
Owners of the Company	-	-	-	-	53 661 342	53 661 342	-	53 661 342
Non-controlling interests	-	-	-	-	-	-	1 418 012	1 418 012
Net profit presented directly in equity	-	-	-	1 378 834	-	1 378 834	-	1 378 834
Total comprehensive income for the period from 01.01. to 30.06.2016	-	-	-	1 378 834	53 661 342	55 040 176	1 418 012	56 458 187
Dividends	-	-	-	-	(139 084 436)	(139 084 436)	(7 310 358)	(146 394 794)
Transfer to reserve capital	-	566 973 001	-	-	(566 973 001)	-	-	-
Share options exercised	259 300	9 594 100	-	-	-	9 853 400	-	9 853 400
Settlement of acquisition and sale of shares	-	-	(39 200 000)	-	-	(39 200 000)	1 884 936	(37 315 064)
Other	-	(92 961)	-	-	(12 852)	(105 813)	-	(105 813)
Total contributions by and distributions to Owners of the Company	259 300	576 474 140	(39 200 000)	-	(706 070 289)	(168 536 849)	(5 425 422)	(173 962 271)
Balance as at 30.06.2016	139 088 611	1 331 597 455	(39 200 000)	(9 265 446)	(435 628 807)	986 591 813	56 800 716	1 043 392 529
<i>Changes in equity in the period from 01.01 to 30.06.2017</i>								
Balance as at 01.01.2017	139 096 361	1 352 632 597	(69 189 100)	(6 310 705)	(330 578 771)	1 085 650 382	69 453 273	1 155 103 655
Total comprehensive income for the reporting period								
Owners of the Company	-	-	-	-	(77 806 181)	(77 806 181)	-	(77 806 181)
Non-controlling interests	-	-	-	-	-	-	1 033 658	1 033 658
Other comprehensive income	-	-	-	(432 571)	-	(432 571)	-	(432 571)
Total comprehensive income for the period from 01.01. to 30.06.2017	-	-	-	(432 571)	(77 806 181)	(78 238 752)	1 033 658	(77 205 094)
Dividends paid	-	-	-	-	(101 589 199)	(101 589 199)	-	(101 589 199)
Dividends declared	-	-	-	-	-	-	(9 473 109)	(9 473 109)
Transfer to reserve capital	-	101 692 801	-	-	(101 692 801)	-	-	-
Share options exercised	66 925	2 476 225	-	-	-	2 543 150	-	2 543 150
Settlement of acquisition and sale of shares	-	-	-	-	-	-	(60 117)	(60 117)
Other	-	-	-	-	(955 457)	(955 457)	-	(955 457)
Total contributions by and distributions to Owners of the Company	66 925	104 169 026	-	-	(204 237 457)	(100 001 505)	(9 533 226)	(109 534 731)
Balance as at 30.06.2017	139 163 286	1 456 801 624	(69 189 100)	(6 743 276)	(612 622 408)	907 410 125	60 953 705	968 363 830

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

SUPPLEMENTARY INFORMATION TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2017 TO 30.06.2017

1. GENERAL INFORMATION

1.1. ISSUE OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

According to the resolution of the Management Board dated 25 August 2017, the consolidated financial statements of Eurocash Group for the period from 1 January 2017 to 30 June 2017 were authorized for publication.

According to the information included in the report no. 2/2017 dated 10 January 2017 sent to the Polish Financial Supervision Authority, Eurocash S.A. issues its interim consolidated financial statements on 25 August 2017.

Eurocash S.A. is a listed company and its shares are publicly traded.

1.2. STATEMENT OF COMPLIANCE

These condensed interim consolidated financial statements of Eurocash S.A. Group have been prepared in accordance with IAS 34 - Interim Financial Reporting, approved by European Union. These condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements of Eurocash S.A. Group as at and for the year ended 31 December 2016, which is available on the website www.eurocash.pl.

1.3. PRESENTATION CURRENCY, ROUNDINGS

These consolidated interim financial statements are presented in PLN, which is the Parent Entity's functional and presentation currency. All financial information presented in PLN has been rounded to the nearest PLN (unless it is otherwise indicated).

1.4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements in conformity with UE IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Estimates and underlying assumptions are made based on historical experience and other factors accepted as reasonable in given circumstances, and the results of estimates and judgements are a basis for the determination of the carrying value of assets and liabilities not resulting directly from other sources. Actual results may differ from those estimates. The range of significant judgments, estimates and assumptions was presented in the financial statements for 2016 year and in the current period has not changed.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the current period and any future periods affected, if a change in estimates relates to both the current and future periods.

1.5. COMPARABILITY OF FINANCIAL STATEMENTS

Accounting principles as well as calculation methods applied in the preparation of these condensed interim consolidated financial statements remained unchanged in comparison to the ones applied in the last annual consolidated financial statements for the financial year ended 31st December 2016.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

1.6. IMPACT OF NEW STANDARDS AND INTERPRETATIONS ON THE FINANCIAL STATEMENTS OF THE GROUP

Standards and interpretations that have been issued but are not valid because they have not yet been approved by the European Union or have been approved by the European Union but have not been applied by the Group have been presented in the annual consolidated financial statements for 2016. In the first half of 2017, IFRS 17 "Insurance Contracts" and IFRIC 23 "Uncertainty over Income Tax Treatments" were published.

Implementation of IFRS 9

IFRS 9 „Financial Instruments” effective for the financial years beginning on or after 1 January 2018 with the possibility of earlier adoption.

IFRS 9 requires all the financial assets, within the scope of IAS 39, to be measured at an amortized cost or fair value. Debt investments held within a business model whose objective is to obtain the appropriate cash flow, consisting of a fixed basic payment amount and interest - are measured at an amortized cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, changes in fair value of capital investments that are not held for trading may be presented in other comprehensive income, while in the income statement, it is recognized only as dividend. The decision is irreversible.

Detailed analysis of the impact of the new standard on the financial statements of the Group has not yet been completed, The analysis is still in progress.

Implementation of IFRS 15

The new accounting standard issued on 28 May 2014 applies to annual periods beginning on or after 1 January 2018.

The new standard primarily changes the way in which entities account for contracts with customers, mainly when one contract is related to the provision of services and goods.

The principles set out in IFRS 15 will apply to all contracts resulting in revenues. The new standard provides a unified model of recognition and valuation of sales. In accordance with it, the contract with the customer will be analyzed in five stages, including:

1. identification of contract,
2. identification of contractual (individual) obligations to perform service contained in the agreement,
3. setting the price transaction,
4. allocation of the price for the contract to realize the benefits contained in the agreement,
5. revenue recognition at the time of fulfillment of the obligations by the entity.

In accordance with IFRS 15, an entity recognizes revenue at the time of the fulfillment of a performance obligation, that is, now of transfer a control over the goods or services covered by this commitment to the customer. IFRS 15 also includes a much more restrictive guidance on specific aspects of revenue recognition. It also requires disclosure of a wide range of information. On 12 April 2016 explanations providing additional information and clarification regarding the key assumptions used in IFRS 15, including on the identification on separate responsibilities, determining whether an entity acts as an intermediary (agent), or is the main supplier of goods and services (principal) and the method of recording revenue from licenses have been published. Apart from the additional explanations, also exemptions and simplification were introduced for entities applying the new standard for the first time. IFRS 15 will come into force in the financial year commencing on January 1, 2018. Upon implementation, IFRS 15 will replace the guidance on revenue recognition in IAS 18 "Revenue", IAS 11 "Construction Contracts" and related Interpretations.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

As at balance sheet date, the Group is not able to value the impact of IFRS 15. The valuation is still in progress.

Implementation of IFRS 16

IFRS 16 „Leases” effective for the financial years beginning on or after 1 January 2019.

IFRS 16 establishes rules for the recognition, valuation, presentation and disclosures relating to the lease. All leasing transactions result in obtaining the lessee's right to use the assets and liabilities arising from the obligation to pay. Thus, IFRS 16 abolishes the distinction between operating leases and finance leases and introduces a model of accounting by the lessee. The lessee will be required to include:

- assets and liabilities for all leases entered a period of over 12 months, except when the asset is a low value;
- depreciation of leased assets separately from the interest on the lease liability in the financial statements.

As at balance sheet date, the Group is not able to value the impact of IFRS 16. The valuation is still in progress.

1.7. INFORMATION ABOUT THE PARENT ENTITY AND THE GROUP

Eurocash Spółka Akcyjna is the Parent Entity, registered in the District Court Poznań - Nowe Miasto and Wilda in Poznań, VIII Commercial Department of the National Court Register; registration number: KRS 00000213765; located in Komorniki, ul. Wiśniowa 11.

The core business activity of the Parent Entity is non-specialized wholesale trade (PKD 4690Z).

Shares of Eurocash S.A. are traded on Warsaw Stock Exchange.

Eurocash Group comprises Eurocash S.A. and subsidiaries.

Condensed interim consolidated financial statements of EUROCASH Group.

Financial statements period:	01.01-30.06.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Entities comprising the Eurocash capital group and associates as at 30.06.2017

No	1	2	3	4	5	6	7	8
Unit	Eurocash S.A.	Eurocash Serwis Sp. z o.o.	Eurocash Franczyza Sp. z o.o.	Eurocash Trade 1 Sp. z o.o.	Eurocash Trade 2 Sp. z o.o.	Eurocash VC2 Sp. z o.o.	Premium Distributors Sp. z o.o.	Przedsiębiorstwo Handlu Spożywczego Sp. z o.o.
address	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. Wiśniowa 11 62-052 Komorniki	ul. Wiśniowa 11 62-052 Komorniki	ul. Bokserska 66a 02-690 Warszawa	ul. Wiśniowa 11 62-052 Komorniki
core business activity	PKD 4690Z	PKD 4635Z	PKD 8299Z	PKD 4634A	PKD 4634A	PKD 7740Z	PKD 4634A	PKD 4690Z
registration 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 0000519553	District Court Poznań - Nowe Miasto i Wilda of Poznań, VIII Commercial Division of the National Court Register KRS 0000259846	District Court Poznań - Nowe Miasto i Wilda of Poznań, VIII Commercial Division of the National Court Register KRS 0000329002	District Court Poznań - Nowe Miasto i Wilda of Poznań, VIII Commercial Division of the National Court Register KRS 0000329037	District Court Poznań - Nowe Miasto i Wilda of Poznań, VIII Commercial Division of the National Court Register KRS 0000529945	District Court Warszawa, XIII Commercial Division of the National Court Register KRS 0000287947	District Court Zielona Góra, VIII Commercial Division of the National Court Register KRS 0000203619
nature of relationship	Parent company	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary
applied consolidation method	Full	Full	Full	Full	Full	Full	Full	Full
date of aquisition	n/a	31.03.2006	10.07.2006	06.04.2009	06.04.2009	03.11.2014	02.08.2010	02.08.2010
ownership interest	n/a	75,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%
voting rights (in %)	n/a	75,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%

Condensed interim consolidated financial statements of EUROCASH Group.

Financial statements period:	01.01-30.06.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Entities comprising the Eurocash capital group and associates as at 30.06.2017 (continued)

No	9	10	11	12	13	14	15	16
Unit	DEF Sp. z o.o.	Detal Podlasie Sp. z o.o.	Lewiatan Podlasie Sp. z o.o.	Euro Sklep S.A.	Ambra Sp. z o.o.	Lewiatan Śląsk Sp. z o.o.	Lewiatan Orbita Sp. z o.o.	Lewiatan Kujawy Sp. z o.o.
address	ul. Handlowa 6 15-399 Białystok	ul. Sokólska 9 15-865 Białystok	Porosły 70A 16-070 Choroszcz	ul. Bystrzańska 94a 43-309 Bielsko-Biała	ul. Hutnicza 7 43-502 Czechowice-Dziedzice	ul. Lenartowicza 39 41-219 Sosnowiec	ul. Lubelska 33/15 10-410 Olsztyn	ul. Polna 4-8 87-800 Włocławek
core business activity	PKD 4639Z	PKD 4711Z	PKD 7010Z	PKD 4711Z	PKD 4645Z	PKD 7022Z	PKD 4690Z	PKD 4711Z
registration court	District Court Białystok, XII Commercial Division of the National Court Register KRS 0000048125	District Court Białystok, XII Commercial Division of the National Court Register KRS 0000033766	District Court Białystok, XII Commercial Division of the National Court Register KRS 0000508176	District Court Bielsko Biała, VIII Commercial Division of the National Court Register KRS 0000012291	District Court Katowice- Wschód, VIII Commercial Division of the National Court Register KRS 0000254307	District Court Katowice- Wschód, VIII Commercial Division of the National Court Register KRS 0000175768	District Court Olsztyn, VIII Commercial Division of the National Court Register KRS 0000039244	District Court Toruń, VII Commercial Division of the National Court Register KRS 0000109502
nature of relationship	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary
applied consolidation method	Full	Full	Full	Full	Full	Full	Full	Full
date of aquisition	21.12.2011	21.12.2011	18.03.2014	21.12.2011	21.12.2011	21.12.2011	21.12.2011	21.12.2011
ownership interest	100%	100%	100%	100%	100%	100%	100%	100%
voting rights (in %)	100%	100%	100%	100%	100%	100%	100%	100%

Condensed interim consolidated financial statements of EUROCASH Group.

Financial statements period:	01.01-30.06.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Entities comprising the Eurocash capital group and associates as at 30.06.2017 (continued)

No	17	18	19	20	21	22	23	24
Unit	Lewiatan Wielkopolska Sp. z o.o.	Lewiatan Opole Sp. z o.o.	Lewiatan Zachód Sp. z o.o.	Lewiatan Podkarpacie Sp. z o.o.	Lewiatan Holding S.A.	Lewiatan Północ Sp. z o.o.	Eurocash Detal Sp. z o.o.	PayUp Polska S.A.
address	Os. Winiary 54 60-665 Poznań	ul. Światowida 2 45-325 Opole	ul. Przemysłowa 5 73-110 Stargard Szczeciński	ul. Krakowska 47 39-200 Dębica	ul. Kilińskiego 10 87-800 Włocławek	ul. I Dywizji Wojska Polskiego nr 98 84-230 Rumia	ul. Wiśniowa 11 62-052 Komorniki	ul. Wiśniowa 11 62-052 Komorniki
core business activity	PKD 7740Z	PKD 7740Z	PKD 6419Z	PKD 8299Z	PKD 7740Z	PKD 4639Z	PKD 4690Z	PKD 6120Z
registration court	District Court Poznań - Nowe Miasto i Wilda, VIII Commercial Division of the National Court Register KRS 0000133384	District Court Opole, VIII Commercial Division of the National Court Register KRS 0000043199	District Court Szczecin Centrum, XIII Commercial Division of the National Court Register KRS 0000017136	District Court Rzeszów, XII Commercial Division of the National Court Register KRS 0000186622	District Court Toruń, VII Commercial Division of the National Court Register KRS 0000089450	District Court Gdańsk- North in Gdańsk, VII Commercial Division of the National Court Register KRS 0000322297	District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register, KRS 0000499437	District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register KRS 0000299000
nature of relationship	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary
applied consolidation method	Full	Full	Full	Full	Full	Full	Full	Full
date of acquisition	21.12.2011	21.12.2011	21.12.2011	28.06.2013	21.12.2011	21.12.2011	18.11.2013	06.05.2014
ownership interest	100%	100%	100%	100%	67%	100%	100%	100%
voting rights (in %)	100%	100%	100%	100%	71%	100%	100%	100%

Condensed interim consolidated financial statements of EUROCASH Group.

Financial statements period:	01.01-30.06.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Entities comprising the Eurocash capital group and associates as at 30.06.2017 (continued)

No	25	26	27	28	29	30	31	32
Unit	Eurocash Convenience Sp. z o.o.	Kontigo Sp. z o.o.	Inmedio Sp. z o.o.	Eurocash VC3 Sp. z o.o.	ABC na kołach Sp. z o.o.	Duży Ben Sp. z o.o.	Firma Rogala Sp. z o.o.	4Vapers Sp. z o.o.
address	ul .Wiśniowa 11 62-052 Komorniki	ul .Wiśniowa 11 62-052 Komorniki	ul. Al.Jerozolimskie 174 02-486 Warszawa	ul. Bokserska 66A 02-690 Warszawa	ul. Wiśniowa 11 62-052 Komorniki	ul. Wiśniowa 11 62-052 Komorniki	ul. Grunwaldzka 59 38-350 Bobowa	ul. Wiśniowa 11 62-052 Komorniki
core business activity	PKD 7010Z	PKD 7010Z	PKD 4617Z	PKD 7740Z	PKD 5621Z	PKD 4711Z	PKD 4711Z	PKD 4635Z
registration court	District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register KRS 0000509266	District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register KRS 0000510241	District Court Warszawa, XII Commercial Division of the National Court Register KRS 0000525507	District Court Warszawa, XIII Commercial Division of the National Court Register KRS 0000560795	District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register KRS 0000586936	District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register KRS 0000577163	District Court Kraków- Śródmieście in Kraków, XII Commercial Division of the National Court Register KRS 0000576321	District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register KRS 0000625487
nature of relationship	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary
applied consolidation method	Full	Full	Full	Full	Full	Full	Full	Full
date of aquisition	05.03.2014	17.04.2014	01.12.2014	11.05.2015	29.12.2015	22.07.2015	29.01.2016	20.06.2016
ownership interest	100%	100%	51%	100%	100%	100%	50%	100%
voting rights (in %)	100%	100%	51%	100%	100%	100%	50%	100%

Condensed interim consolidated financial statements of EUROCASH Group.

Financial statements period:	01.01-30.06.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Entities comprising the Eurocash capital group and associates as at 30.06.2017 (continued)

No	33	34	35	36	37	38	39	40
Unit	Eurocash Nieruchomości Sp. z o.o.	Eurocash Food Sp. z o.o.	Sushi to go Sp. z o.o.	Sushi to go Sp. z o.o. Sp. k.	Detal finanse Sp. z o.o.	Polska Dystrybucja Alkoholi Sp. z o.o.	FHC-2 Sp. z o.o.	Madas Sp. z o.o.
address	ul. Wiśniowa 11 62-052 Komorniki	ul. Wiśniowa 11 62-052 Komorniki	ul. Piękna 24/26A 00-549 Warszawa	ul. Ks. Juliana Chrościckiego 93/105 02-414 Warszawa	ul. Wiśniowa 11 62-052 Komorniki	ul. Sempołowska 4 95-200 Pabianice	Ul Tysiąclecia 1 38- 400 Krosno	Ul Tysiąclecia 1 38- 400 Krosno
core business activity	PKD 7022Z	PKD 7022Z	PKD 1013Z	PKD 8299Z	PKD 6920Z	PKD 4634A	PKD 4711Z	PKD 4711Z
registration court	District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register KRS 0000567562	District Court Warszawa, XII Commercial Division of the National Court Register KRS 0000605658	District Court Warszawa, XII Commercial Division of the National Court Register KRS 0000492021	District Court Warszawa, XIII Commercial Division of the National Court Register KRS 0000584888	District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register KRS 0000618542	District Court Łódź - Śródmieście in Łódź, XX Commercial Division of the National Court Register KRS 0000124474	District Court Rzeszów, XII Commercial Division of National Court Register KRS 0000241137	District Court Rzeszów, XII Commercial Division of National Court Register KRS 0000243880
nature of relationship	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary
applied consolidation method	Full	Full	Full	Full	Full	Full	Full	Full
date of aquisition	04.05.2015	04.05.2015	22.06.2016	22.06.2016	15.03.2016	30.12.2016	16.12.2016	16.12.2016
ownership interest	100,00%	100%	51%	51%	100%	100%	50%	50%
voting rights (in %)	100,00%	100%	51%	51%	100%	100%	50%	50%

Condensed interim consolidated financial statements of EUROCASH Group.

Financial statements period:	01.01-30.06.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Entities comprising the Eurocash capital group and associates as at 30.06.2017 (continued)

No	41	42	43	44	45	46
Unit	Zagłoba Sp. z o.o.	ECA Detal Sp. z o.o.	Eko Holding S.A.	Ledi Sp. z o.o.	Jim Sp. z o.o.	Foodmakers Logistics Sp. z o.o.
address	ul. Stara Huta 7 32-500 Chrzanów	ul. Sempołowskiej 4 95-200 Pabianice	ul. R. Chomicza 13C Nowa Wieś Wrocławska 55-080 Kąty Wrocławskie	ul. R. Chomicza 13C Nowa Wieś Wrocławska 55-080 Kąty Wrocławskie	ul. R. Chomicza 13C Nowa Wieś Wrocławska 55-080 Kąty Wrocławskie	Al. Niepodległości 31 61-714 Poznań
core business activity	PKD 4634A	PKD 4725Z	PKD 4690Z	PKD 4711Z	PKD 7830Z	PKD 5210B
registration court	District Court Kraków - Śródmieście in Kraków, XII Commercial Division of the National Court Register KRS 0000105078	District Court Łódź - Śródmieście in Łódź, XX Division of the National Court Register KRS 0000293684	District Court Wrocław - Fabryczna in Wrocław, IX Division of the National Court Register KRS 0000302877	District Court Wrocław - Fabryczna in Wrocław, IX Division of the National Court Register KRS 0000116761	District Court Wrocław - Fabryczna in Wrocław, IX Division of the National Court Register KRS 0000370167	District Court Poznań - Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register KRS 0000670394
nature of relationship	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary
applied consolidation method	Full	Full	Full	Full	Full	Full
date of acquisition	30.12.2016	30.12.2016	04.01.2017	04.01.2017	04.01.2017	01.02.2017
ownership interest	66%	100%	100%	100%	100%	50%
voting rights (in %)	66%	100%	100%	100%	100%	50%

In addition, Inmedio Sp. z o.o. has subsidiaries:

- Equal Services Sp. z o.o., in which Inmedio Sp. z o.o. owns 100% of shares,
- Inmedio Sp. z o.o. Sp. k., in which Inmedio Sp. z o.o. (as a general partner) holds 99.9999% of shares and Eurocash Franczyza Sp. z o.o. (as a limited partner) holds 0.0001% of shares.

On 04.01.2017 Eurocash purchased 100% of shares in EKO Holding S.A. based in Nowa Wieś Wrocławska, at the same time acquiring 100% of shares in Ledi Sp. z o.o. and Jim Sp. z o.o.

Foodmakers Logistics Sp. z o.o., Eurocash Nieruchomości Sp. z o.o., Eurocash Food Sp. z o.o. and Sushi to go Sp. z o.o. are Group companies; however, due to the insignificance of their financial data, they were not consolidated.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-30.06.2017</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

Entities comprising the Eurocash capital group and associates as at 30.06.2017

No	1	2
Unit	FRISCO S.A.	Partnerski Serwis Detaliczny S.A.
address	ul. Omulewska 27 04-128 Warszawa	ul. Grażyny 15 02-548 Warszawa
core business activity	PKD 4791Z	PKD 6499Z
registration court	District Court Warszawa, XIII Commercial Division of the National Court Register KRS 0000401344	District Court Warszawa, XIII Commercial Division of the National Court Register KRS 0000280288
nature of relationship	Associate	Joint venture
method of ownership	Equity method	Equity method
ownership interest	44,03%	50%
voting rights (in %)	44,03%	50%

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-30.06.2017</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

1.8. GOING CONCERN ASSUMPTION

These financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future. As at the date of approval of these financial statements, there are no circumstances indicating the threat to the Company's continued operations.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

2. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01. TO 30.06.2017

NOTE 1. ACQUISITION OF SHARES IN A SUBSIDIARIES

1. Acquisition of 100% shares in EKO Holding S.A.

General information

On 4 January 2017, Eurocash purchased 100% of shares in the company EKO Holding S.A. based in Nowa Wieś Wrocławska and indirectly in companies Ledi Sp. z o.o. and Jim Sp. z o.o.

Thus, Eurocash acquired a network of approximately 250 EKO brand grocery stores (operating mainly in southwestern Poland), which will allow for further development of Eurocash Group and better use of its potential. Consequently, this should translate into revenue growth of Eurocash Group.

GENERAL INFORMATION CONCERNING BUSINESS ACQUISITION OF THE UNIT

1. Name of acquired company	EKO Holding S.A.
2. Acquisition date	04.01.2017
3. Acquisition cost	127 636 972

Settlement of business acquisition

Due to the very short period between the acquisition of the Company and the preparation of these condensed consolidated interim financial statements, these condensed consolidated interim financial statements present a provisional settlement of the acquisition price of EKO Holding S.A. shares. The Group is in the process of identification and measurement of assets acquired and liabilities assumed.

ACQUISITION COST

	as at
	04.01.2017
Cash	<u>127 636 972</u>

Condensed interim consolidated financial statements of EUROCASH Group.

Financial statements period: 01.01-30.06.2017 Presentation currency: Polish zloty (PLN)

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

NET ASSETS ACQUIRED	Settlement of the acquisition as at 04.01.2017
<i>Assets</i>	
Non-current assets (long-term)	97 213 528
Intangible assets	233 268
Tangible fixed assets	91 398 595
Long-term financial assets available for sale	7 410
Long-term receivables	2 515 307
Deferred income tax assets	2 980 124
Other long-term prepayments	78 826
Current assets (short-term)	87 498 911
Inventory	62 285 265
Trade receivables	7 711 836
Other short-term receivables	1 906 986
Short-term prepayments	1 333 495
Cash and cash equivalents	14 261 329
Total assets	184 712 440
<i>Equity nad liabilities</i>	
Liabilities	202 453 986
Non-current liabilities	44 612 178
Other long-term financial liabilities	319 773
Long-term loans and credits	43 469 795
Other long-term liabilities	171 518
Deferred tax liabilities	651 093
Current liabilities	157 841 808
Short-term loans and credits	17 577 068
Other short-term financial liabilities	934 891
Trade liabilities	107 307 767
Other short-term liabilities	4 760 468
Current employee benefits	5 035 068
Other short-term provisions	22 226 547
Total liabilities	202 453 986
Net assets	(17 741 546)
Net assets acquired (100 %)	(17 741 546)
Goodwill on acquisition	145 378 519
Acquisition cost	127 636 972

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

2. Acquisition of 50% of shares in FHC-2 Sp. z o.o. and Madas Sp. z o.o.

General information

On 16th December 2016, pursuant to the preliminary agreement of sale of shares, dated 15th April 2016, Eurocash S.A. concluded an agreement of sale of shares with Marek Stodółka, Bogdan Habrat, Zofia Szubra, Aleksandra Stodółka, Anna Dąbrowska, FHC-2, M. Stodółka i Wspólnicy spółka jawna, FHC-2 spółka z ograniczoną odpowiedzialnością, Fructar spółka z ograniczoną odpowiedzialnością, Madas spółka z ograniczoną odpowiedzialnością, FHC-3 spółka z ograniczoną odpowiedzialnością, pursuant to which Eurocash acquired 50% stake in FHC-2 Sp. z o.o. and Madas Sp. z o.o. based in Krosno.

GENERAL INFORMATION CONCERNING BUSINESS ACQUISITION OF THE UNITS

1. Name of acquired company	FHC-2 Sp. z o.o. and Madas Sp. z o.o.
2. Acquisition date	16.12.2016
3. Acquisition cost	29 989 100

Settlement of the business acquisition

Based on the analysis performed by the Company, in accordance with IFRS 10, FHC-2 Sp. o.o. and Madas Sp. z o.o. are a subsidiaries controlled by Eurocash S.A.

Due to the very short period between the acquisition of the Company and the preparation of these condensed consolidated interim financial statements, these condensed consolidated interim financial statements present a provisional settlement of the acquisition price of FHC-2 Sp. z o.o. and Madas Sp. z o.o. shares. The Group is in the process of identification and measurement of assets acquired and liabilities assumed.

The Group maintains its forecast as of 31 December 2016.

ACQUISITION COST

	as at
	16.12.2016
Cash	<u><u>29 989 100</u></u>

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

NET ASSETS ACQUIRED	Settlement of the acquisition as at 16.12.2016
<i>Assets</i>	
Non-current assets (long-term)	4 324 009
Tangible fixed assets	3 949 331
Deferred income tax assets	374 678
Current assets (short-term)	20 257 632
Inventory	12 907 863
Trade receivables	1 851 621
Current income tax receivables	175 459
Other short-term receivables	865 064
Short-term prepayments	10 314
Cash and cash equivalents	4 447 312
Total assets	24 581 642
<i>Equity nad liabilities</i>	
Liabilities	23 912 931
Non-current liabilities	2 022 108
Other long-term financial liabilities	75 575
Other long-term liabilities	52 539
Deferred tax liabilities	3 476
Employee benefits	1 890 518
Current liabilities	21 890 823
Other short-term financial liabilities	71 626
Trade liabilities	19 647 174
Other short-term liabilities	1 305 023
Current employee benefits	765 407
Other short-term provisions	101 593
Total liabilities	23 912 931
Net assets	668 710
Net assets acquired (50%)	334 355
Goodwill on acquisition	29 654 745
Acquisition cost	29 989 100

As part of settlement of the acquisition of 50% of shares in FHC-2 Sp. o.o. and Madas Sp. z o.o., these financial statements present the option for Eurocash S.A. to repurchase the remaining 50% of shares, which was offered by Eurocash S.A. to the remaining shareholders of FHC-2 Sp. o.o. and Madas Sp. z o.o. and which may be exercised after three years from 16 December 2016. This option, in the amount of PLN 29,9 million, was recognized in other long-term liabilities and in the shareholders' equity.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

3. Acquisition of 100% of shares in Polska Dystrybucja Alkoholii Sp. z o.o.

General information

With reference to current reports no. 25/2015 of 22 December 2015, no. 25/2016 of 7 October 2016 and no. 28/2016 of 14 December 2016, the Management Board of Eurocash S.A. of Komorniki hereby informs that on 30 December 2016, Eurocash purchased 100% shares in "Polska Dystrybucja Alkoholii" Sp. z o.o. based in Pabianice, a distributor of alcohol products in central Poland.

Acquisition of PDA will increase the Eurocash Group's share in the segment of alcohol distribution, which should result in an increase of its revenues.

GENERAL INFORMATION CONCERNING BUSINESS ACQUISITION OF THE UNITS

1. Name of acquired company	PDA Sp. z o.o.
2. Acquisition date	30.12.2016
3. Acquisition cost	18 920 000

Settlement of business acquisition

Due to the very short period between the acquisition of the Company and the preparation of these condensed consolidated interim financial statements, these condensed consolidated interim financial statements present a provisional settlement of the acquisition price of PDA Sp. z o.o. shares. The Group is in the process of identification and measurement of assets acquired and liabilities assumed.

ACQUISITION COST

	as at
	30.12.2016
Cash	<u><u>18 920 000</u></u>

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

NET ASSETS ACQUIRED	Settlement of the acquisition as at 30.12.2016
<i>Assets</i>	
Non-current assets (long-term)	2 285 063
Intangible assets	35 085
Tangible fixed assets	1 555 802
Deferred income tax assets	694 175
Current assets (short-term)	45 780 525
Inventory	17 979 134
Trade receivables	22 347 346
Current income tax receivables	279 480
Other short-term receivables	1 762 648
Short-term prepayments	467 780
Cash and cash equivalents	2 944 138
Total assets	48 065 588
<i>Equity nad liabilities</i>	
Liabilities	46 629 957
Non-current liabilities	2 210 509
Employee benefits	503 112
Deferred tax liabilities	264 259
Other long-term provision	1 443 138
Current liabilities	44 419 448
Short-term loans and credits	18 884 916
Other short-term financial liabilities	1 699 904
Trade liabilities	19 597 064
Other short-term liabilities	1 543 387
Current employee benefits	457 635
Other short-term provisions	2 236 541
Total liabilities	46 629 957
Net assets	1 435 630
Net assets acquired (100%)	1 435 631
Goodwill on acquisition	17 484 369
Acquisition cost	18 920 000

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-30.06.2017</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

**NOTE 2.
RESTATEMENT OF COMPARATIVE DATA**

The restatement is related to the presentation of the allocation of general and administrative expenses and selling expenses. These costs were related to the Group's current activities, not to the activities of the head office.

	The amount in the approved report		Correction		The corrected amount	
	for the period	for the period	for the period	for the period	for the period	for the period
	from 01.04.2016 to 30.06.2016	from 01.01.2016 to 30.06.2016	from 01.04.2016 to 30.06.2016	from 01.01.2016 to 30.06.2016	from 01.04.2016 to 30.06.2016	from 01.01.2016 to 30.06.2016
Selling expenses	(387 121 444)	(749 710 380)	(3 263 035)	(4 545 528)	(390 384 479)	(754 255 908)
General and administrative expenses	(79 859 644)	(155 550 235)	3 263 035	4 545 528	(76 596 609)	(151 004 707)

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

The restatements below are related to the changes of presentation of deferred tax.

	The amount in the approved report as at 31.12.2016	Other corrections	The corrected amount as at 31.12.2016
<i>Assets</i>			
Non-current assets (long-term)	2 320 866 335	(32 897 413)	2 287 968 922
Deferred tax assets	81 311 142	(34 227 069)	47 084 072
Other long-term prepayments	8 204	1 329 656	1 337 861
Current assets (short-term)	3 200 756 367	6 270 344	3 207 026 711
Current tax receivables	8 958 439	7 600 000	16 558 439
Short-term prepayments	47 246 807	(1 329 656)	45 917 150
Total assets	5 521 622 703	(26 627 069)	5 494 995 633

	The amount in the approved report as at 31.12.2016	Other corrections	The corrected amount as at 31.12.2016
<i>Equity and liabilities</i>			
Liabilities	4 366 519 048	(26 627 069)	4 339 891 979
Non-current liabilities	292 804 467	(26 627 069)	266 177 397
Deferred tax liabilities	60 338 030	(26 627 069)	33 710 961
Total equity and liabilities	5 521 622 703	(26 627 069)	5 494 995 634

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

NOTE 3. OPERATING SEGMENTS

Starting in 2017, the Eurocash Management Board has decided to change the presentation of segments. As a result of the analysis conducted by the Eurocash Group, the Group presents the following segments, which correctly show the diverse of the activity:

- *Independent clients* – sales transacted by those distribution formats whose clients do not have permanent contracts with the Eurocash Group. The segment includes wholesale operations carried out by the following distribution formats and companies: Eurocash Cash & Carry, Eurocash Alkohole, Eurocash Serwis Sp. z o.o., PayUp Polska S.A., Eurocash Trade 1 Sp. z o.o. and Polska Dystrybucja Alkoholi Sp. z o.o.
- *Integrated clients* – sales transacted by those distribution formats whose clients have long-term agreements with Eurocash Group, e.g. franchise systems or clients from the HoReCa segment. This segment includes sales organization and wholesale to clients-members of the Delikatesy Centrum franchise chain, as well as operations of such a franchise systems as: Lewiatan, Groszek and Euro Sklep. The segment involves the operations of the following companies: Eurocash S.A. (Delikatesy Centrum format), Euro Sklep S.A., Lewiatan Śląsk Sp. z o.o., Detal Podlasie Sp. z o.o., Lewiatan Podlasie Sp. z o.o., Lewiatan Holding S.A., Lewiatan Zachód Sp. z o.o., Lewiatan Wielkopolska Sp. z o.o., Lewiatan Kujawy sp. z o.o., Lewiatan Opole Sp. z o.o., Lewiatan Orbita Sp. z o.o., Lewiatan Północ Sp. z o.o., Lewiatan Podkarpacie Sp. z o.o. Moreover, this segment includes sales transacted by the Eurocash Gastronomia format, as well as sales realized by Eurocash Dystrybucja under entity Eurocash S.A. and sales realized by DEF Sp. z o.o. and Ambra Sp. z o.o.
- *Retail* - retail sale of Eurocash Group companies within the following entities: Inmedio Sp. z o.o., Firma Rogala Sp. z o.o., FHC-2 Sp. z o.o., Madas Sp. z o.o. and EKO Holding S.A.
- *Projects* – this operating segment comprises the Group's new projects and retail formats in their initial phase of development, operating as the following entities: Eurocash Convenience Sp. z o.o., Kontigo Sp. z o.o., Eurocash Detal Sp. z o.o., ABC na kołach Sp. z o.o., Duży Ben Sp. z o.o., Sushi To Go Sp. z o.o. Sp. k., 4Vapers Sp. z o.o. as well as new projects developed by Eurocash S.A. e.g. project of distribution of fresh products.
- *Other* – sales realized by Eurocash Trade 2 Sp. z o.o., Eurocash VC2 Sp. z o.o., Eurocash VC3 Sp. z o.o. Detal Finanse Sp. z o.o. and the Group's general and administrative expenses not allocated to any operating segment.

There are varying levels of relationships between the segments in the Group. These relationships include mutual sales of merchandise, provision of marketing services, logistics, administrative support, and other services. The accounting policies of each specific reporting segment are the same as the policies of the whole Group.

Eurocash Group operates only in the territory of Poland which, considering the economic conditions and business risks, can be treated as a uniform territory.

In the FMCG wholesale sector, sales in the first quarter of the year are traditionally lower than in the remaining quarters. Highest sales are generated in the summer season, to flatline in Q4.

Key managers of Eurocash Group do not periodically review the assets and liabilities of the particular operating segments.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-30.06.2017</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

Basic information about each reportable segment is shown below.

REVENUES AND PROFITS BY BUSINESS SEGMENTS IN THE PERIOD FROM 01 JANUARY 2017 TO 30 JUNE 2017

	Independent wholesale	Integrated wholesale	Retail	New projects	Other	VAT settlements	Exclusions	Total
Sales	7 034 117 616	3 774 581 823	1 111 523 120	249 767 742	134 520	-	(892 561 266)	11 277 563 554
External sales	6 571 762 078	3 346 266 010	1 110 926 485	248 474 462	134 520	-	-	11 277 563 554
Inter-segmental sales	462 355 538	428 315 813	596 635	1 293 280	-	-	(892 561 266)	-
Operating profit	36 629 832	93 726 371	2 817 715	(27 020 986)	(38 294 919)	(114 400 861)	-	(46 542 849)
Finance income								11 912 570
Finance costs								(26 580 908)
Share in losses of companies consolidated with the equity method								(2 680 746)
Profit before income tax								(63 891 932)
Income tax								(12 880 591)
Net profit								(76 772 523)

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-30.06.2017</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

REVENUES AND RESULTS BY BUSINESS SEGMENTS IN THE PERIOD FROM 01 JANUARY 2016 TO 30 JUNE 2016

	Independent wholesale	Integrated wholesale	Retail	New projects	Other	Exclusions	Total
Sales	6 588 697 063	3 607 801 983	467 204 471	102 885 158	-	(661 775 677)	10 104 812 998
External sales	6 206 213 824	3 328 711 902	467 204 471	102 682 802	-	-	10 104 812 998
Inter-segmental sales	382 483 239	279 090 081	-	202 357	-	(661 775 677)	-
Operating profit	47 562 084	70 660 555	4 810 516	(16 399 458)	(29 953 537)	-	76 680 159
Finance income							13 298 772
Finance costs							(20 742 209)
Share in losses of companies consolidated with the equity method							(2 811 079)
Profit before income tax							66 425 643
Income tax							(11 346 290)
Net profit							55 079 354

Due to the change in the presentation of business segments, the comparative data for 2016 have been transformed to the current form.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

**NOTE 4.
ITEMS NOT INCLUDED IN THE STATEMENT OF FINANCIAL POSITION**

CONTINGENTIES AS AT 30 JUNE 2017

Beneficiary	Title	Currency	as at 30.06.2017	as at 31.12.2016
1	BZ WBK * Surety for the obligations due to the "Franchise partners financing program" for the Franchisee Delkatesy Centrum	PLN	9 779 262	12 280 125
			9 779 262	12 280 125

* debt value as at balance sheet date

BANK GUARANTEES AS AT 30 JUNE 2017 - SECURITIES FOR RENT LIABILITIES

The Issuer	Title	Currency	as at 30.06.2017	as at 31.12.2016
1	ING Security payments to suppliers	PLN	16 000 000	37 500
2	PKO BP S.A. Security for liabilities due to Agency agreement	PLN	500 000	500 000
3	PKO BP S.A. Security for rent liabilities	PLN	7 377 763	6 796 675
4	PKO BP S.A. Security for rent liabilities	PLN*	28 234 155	24 801 131
5	PKO BP S.A. Security for excise duty	PLN	2 700 000	2 100 000
6	PKO BP S.A. Security for using of the national roads	PLN	620 100	620 100
7	PKO BP S.A. The liabilities of the promotion lottery	PLN	1 758 222	523 659
8	PKO BP S.A. Security payments to suppliers	PLN	112 982 500	72 230 000
			170 172 739	107 609 065

* - Guarantee in EUR is translated into PLN at the average exchange rate of NBP:
as at 31.12.2016: 1 EUR = 4,4240 PLN,
as at 30.06.2017: 1 EUR = 4,2265 PLN.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

COLLATERALS

SECURITIES RELATED TO ASSETS AS AT 30 JUNE 2017

Title	Secured property	Amount secure in PLN
ING security on the credit line agreement *	Deposit on inventories Eurocash S.A.	90 000 000
Securing a framework agreement to provide bank guarantees PKO BP*	Deposit on inventories Eurocash Serwis Sp. z o.o.	80 000 000
WBK security on the credit line agreement *	Deposit on inventories Eurocash S.A.	88 000 000
Security on the consolidated loan agreement to the amount 700.000.000 PLN *	Deposit on inventories Eurocash Serwis Sp. z o.o.	9 547 300
Security on the consolidated loan agreement to the amount 700.000.000 PLN *	Deposit on inventories Eurocash Franczyza Sp. z o.o.	3 800 000
Financial leasing agreements (due to net value of fixed assets at the balance sheet date)	Ownership of fixed assets in financial leasing	4 614 281

* security nominal value

NOTE 5.

FAIR VALUE OF FINANCIAL INSTRUMENTS

As at 30 June 2017, the fair value of financial instruments approximated their carrying value. The Group implements interest rate risk security instruments (IRS), which are measured at their fair value. For these IRSs, the fair value was qualified to level 2 of the hierarchy - fair value is determined based on the values observed on the market yet not being direct market quotes (e.g. determined by direct or indirect reference to similar instruments existing on the market). In connection with the applied hedge accounting, the effect of valuation is recognized in other comprehensive income.

NOTE 6.

DEBT IN THE RESULT OF BOND ISSUE

On June 20, 2013, Eurocash issued bonds with a total nominal value of PLN 140 million within the framework of the bonds program dated April 22, 2013. The program enables the possibility of issuing a total amount of PLN 500 million. The rate of interest for the Bonds shall be determined on the basis of WIBOR for six-month deposits plus the bank's margin. Bonds redemption date is June 20, 2018. The bonds were secured with sureties granted by subsidiaries, up to the amount of PLN 168 million. Bonds liabilities are presented in the Group's statement of financial position, under Long-term payables.

Moreover as at June 30, 2017 Eurocash had short-term bonds with a total nominal value of PLN 46,8 million issued in 2017 due to the short-term bonds issuance programme dated October 20, 2015. This program also provides for the ability to issue up to a total amount of PLN 500 million. During the first half of 2017, Eurocash purchased short-term bonds with a total nominal value of PLN 71 million issued in 2016 and 2017, respectively. Liabilities under issued bonds in this program are presented in the Group's statement of financial position under Short-term financial liabilities.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

According to the signing of a two bond issue contracts, the Group is required to maintain certain financial ratios at a defined level. In the audited period, the Group performed all the regulations of the agreements and there was no violation.

NOTE 7.

UNCERTAIN TAX TREATMENT

Regulations regarding VAT, corporate profits tax and social security contributions are subject to frequent changes. These changes result in there being little point of reference and few established precedents that may be followed. The binding regulations also contain uncertainties, resulting in differences in opinion regarding the legal interpretation of tax regulations both between government bodies, and between government bodies and companies.

Tax and other settlements (e.g. customs or foreign currency settlements) may be subject to inspection by administrative bodies authorised to impose high penalties and fines, and any additional taxation liabilities calculated as a result must be paid together with high interest. The above circumstances mean that tax exposure is greater in Poland than in countries that have a more established taxation system.

Accordingly, the amounts shown in the financial statements may change at a later date as a result of the final decision of the tax authorities.

In the previous reporting periods, companies within the Group carried out transactions and participated in restructuring processes, which may be the subject of analysis and control of tax authorities.

On 15 July 2016, amendments were made to the Tax Ordinance to introduce the provisions of General Anti-Avoidance Rule (GAAR). GAAR are targeted to prevent origination and use of factitious legal structures made to avoid payment of tax in Poland. GAAR define tax evasion as an activity performed mainly with a view to realising tax gains, which is contrary, under given circumstances, to the subject and objective of the tax law. In accordance with GAAR, an activity does not bring about tax gains, if its modus operandi was false. Any instances of (i) unreasonable division of an operation (ii) involvement of agents despite lack of economic rationale for such involvement, (iii) mutually exclusive or mutually compensating elements, as well as (iv) other activities similar to those referred to earlier may be treated as a hint of artificial activities subject to GAAR. New regulations will require considerably greater judgment in assessing tax effects of individual transactions.

The GAAR clause should be applied to the transactions performed after clause effective date and to the transactions which were performed prior to GAAR clause effective date, but for which after the clause effective date tax gains were realised or continue to be realised. The implementation of the above provisions will enable Polish tax authority challenge such arrangements realised by tax remitters as restructuring or reorganization.

The Group accounts for current and deferred tax assets and liabilities based on the requirements of IAS 12 Income taxes, based on taxable profit (tax loss), taxable base, carry-forward of unused tax losses and carry-forward of unused tax credits, and tax rates, while considering the assessment of uncertainty related to tax settlements. If uncertainty exists as to whether and to what extent tax authority will accept individual tax treatments of made transactions, the Group discloses these settlements while accounting for uncertainty assessment.

On 19 June 2017 a report from the tax control was delivered to Eurocash S.A. in which the tax authorities questioned the possibility of making depreciation write-offs concerning the values of certain trademarks. The tax depreciation costs amounted in the year 2011 to PLN 41 million.

Based on the external experts' tax analysis on 5 July 2017 the Company subjected its response to the tax report. The response included a number of arguments that indicated the correctness of tax settlements made by the Company, including positive tax rulings.

As a result according to the Management Board as at 30 June 2017 there is no justification for presenting any provisions in this respect.

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	01.01-30.06.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

NOTE 8.

SIGNIFICANT EVENTS DURING THE PERIOD COVERED BY THE FINANCIAL STATEMENTS

1. Decision concerning the payment of the dividend for the year 2016

On 25 April 2017, the Annual General Meeting of Eurocash S.A. decided that the net profit for 2016 year in the amount of 102,614,073 PLN will be distributed of in the following way:

- shareholders of the Company on 16 May 2017 will receive a dividend of 0.73 PLN per share of the Company; the Dividend will be paid until 6 June 2017,
- the remainder of the profit for 2016 will be transferred to reserve capital.

The number of shares included in the dividend as at 25 April 2017 was 139,163,286.

2. Incentive program for employees

The purpose of the program is to incentivise key managers and employees of the Eurocash Group.

Total program assumes issue of up to 4 200 000 shares (app. 3% of current equity).

6 schemes (tranches) - 700 000 shares per scheme, depending on the realization of the performance Targets.

Each tranche has 3 levels of realization:

- Growth targets p.a. (sales and EBIT),
- Cummulative growth targets 2016 – 2019,
- Share performance.

Performance targets:

- Sales growth – 8% growth p.a. (2017-2018-2019) or cumulative 30% growth 2016 – 2019,
- EBIT growth – 10% growth p.a. (2017-2018-2019) or cumulative 33% growth 2016 – 2019,
- Vesting period: 3-5 years.

Details of incentive programs are available in Resolutions of General Meeting of Eurocash.

3. Choice of an entity authorized to audit financial statements

The Supervisory Board of Eurocash, acting under par.14 point 2 Statute of the Company, on 25 April 2017, chose Ernst&Young Audyt Polska Sp. z o.o. sp. k. with its registered office in Warsaw, entered by the National Chamber of Statutory Auditors on the list of entities authorized to audit financial statements under No. 130, on the external auditor to examine the company's financial statements for the year 2017.

NOTE 9.

IMPORTANT EVENTS AFTER THE PERIOD COVERED BY THE FINANCIAL STATEMENTS

1. Potential acquisition of entities controlling the MILA chain of stores

On 21st August 2017, Eurocash concluded letter of Intent with Argus Retail Holding Limited (company under Cypriot law), non-public closed-end investment fund Elbrus with its registered office in Warsaw, Robert Załęski and Stanisław Sosnowski on account of potential conclusion of the agreement of purchasing 100% of shares in the share capital of Domelius Limited (company under Cypriot law) with its registered office in Nicosia considered by the issuer, as well as taking over control on its subsidiary companies including: Mila Holding S.A. (previously

<i>Condensed interim consolidated financial statements of EUROCASH Group.</i>			
Financial statements period:	<i>01.01-30.06.2017</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

Grupa 700 market-Detal spółka z o.o. S.K.A.), Mila S.A. (previously market-Detal spółka z ograniczoną odpowiedzialnością sp.j.), Investpol 700 Mila spółka jawna and "Koja-Mila spółka akcyjna" spółka jawna.

In accordance with the provisions of the Letter of Intent seller grants the issuer an exclusive right to finalize transaction before the date of 8th September 2017. It means, that during exclusivity period seller cannot conduct any kind of negotiations regarding to described transaction with any other entity than the issuer.

The Letter of Intent expires with the earliest of the following dates:

- expiration of exclusivity period,
- conclusion of the agreement of purchasing shares of the company

that is not forming an obligation to divestiture the company.

Information about signing the Letter of Intent has been classified by the issuer as confidential, because of essential value of possible transaction and its importance for the issuer, especially in the context of issuer's activity development in retail sector, as well as standard of communication of acquisitions adopted by the issuer. In the result of potential transaction of purchasing shares of the company, the issuer is entitled to take control over Mila Supermarket chain. At the end of 2016 the Mila Supermarket chain was consisted of 188 stores. Sales revenue reached 1,49 bln PLN, EBITDA reached 4,8 mln PLN.

SIGNATURES OF THE MANAGEMENT BOARD MEMBERS

Position	Name and surname	Date	Signature
President of the Management Board	Luis Amaral	25 th August 2017	
Member of the Management Board Chief Executive Officer	Rui Amaral	25 th August 2017	
Member of the Management Board	Arnaldo Guerreiro	25 th August 2017	
Member of the Management Board	Pedro Martinho	25 th August 2017	
Member of the Management Board Human Resources Director	Katarzyna Kopaczewska	25 th August 2017	
Member of the Management Board Financial Director	Jacek Owczarek	25 th August 2017	
Member of the Management Board	Przemysław Ciaś	25 th August 2017	

SELECTED SEPARATE FINANCIAL DATA

	Non audited for the period from 01.01.2017 to 30.06.2017 PLN	Non audited for the period from 01.01.2016 to 30.06.2016 PLN	Non audited for the period from 01.01.2017 to 30.06.2017 EUR	Non audited for the period from 01.01.2016 to 30.06.2016 EUR
Net sales	7 069 760 982	6 784 797 948	1 655 526 644	1 553 901 003
Operating profit (loss)	(71 646 251)	21 743 350	(16 777 410)	4 979 811
Profit (loss) before tax	(68 974 213)	36 189 221	(16 151 698)	8 288 304
Net Profit (loss) on continued operations	(75 971 086)	33 130 549	(17 790 157)	7 587 786
Net profit (loss)	(75 971 086)	33 130 549	(17 790 157)	7 587 786
Net operating cash flow	372 657 080	141 150 264	87 265 146	32 327 202
Net investment cash flow	(197 677 809)	206 129 056	(46 290 233)	47 209 091
Net financial cash flow	(189 866 474)	(313 695 309)	(44 461 052)	(71 844 653)
Net change in cash and cash equivalents	(14 887 204)	33 584 011	(3 486 138)	7 691 641
Weighted average number of shares	139 153 763	138 952 047	139 153 763	138 952 047
Weighted average diluted number of shares	139 107 157	139 100 635	139 107 157	139 100 635
EPS (in PLN / EUR)	(0,55)	0,24	(0,13)	0,05
Diluted EPS (in PLN / EUR)	(0,55)	0,24	(0,13)	0,05
Average PLN / EUR rate*			4,2704	4,3663
	Non audited as at 30.06.2017 PLN	Non audited as at 31.12.2016 PLN	Non audited as at 30.06.2017 EUR	Non audited as at 31.12.2016 EUR
Assets	5 384 890 420	5 096 091 488	1 274 077 942	1 151 919 414
Long-term liabilities	53 987 528	194 045 772	12 773 578	43 862 064
Short-term liabilities	4 341 230 719	3 736 923 837	1 027 145 562	844 693 453
Equity	989 672 174	1 165 121 879	234 158 801	263 363 897
Share capital	139 163 286	139 096 361	32 926 366	31 441 311
Number of shares	139 163 286	139 096 361	139 163 286	139 096 361
Diluted number of shares	139 530 636	139 530 636	139 530 636	139 530 636
Book value per share (in PLN / EUR)	7,11	8,38	1,68	1,89
Diluted book value per share (in PLN / EUR)	7,09	8,35	1,68	1,89
Dividend paid (in PLN / EUR)	101 589 199	109 451 447	24 036 247	24 740 381
Dividend paid per share (in PLN / EUR)	0,73	0,79	0,17	0,18
PLN / EUR rate at the end of the period**			4,2265	4,4240

* Profit and loss items and cash flow items calculated on basis at a weighted average rate announced by the National Bank of Poland for 2Q 2017.

** 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.

*** Dividend for 2016 year was paid till 6 June 2017 for shareholders of Parent Company as at 16 May 2017.

**Independent Auditor's Report
on review of interim condensed financial statements**

To the Shareholders and to the Supervisory Board of Eurocash S.A.

Introduction

We have reviewed the accompanying interim condensed interim separate financial statements of Eurocash S.A. ('the Company') with registered office located in Komorniki, at Wiśniowa 11 Street as of 30 June 2017 and the related introduction to condensed interim separate financial statements, condensed separate income statement, condensed separate statement of comprehensive income for the 6 month period ended 30 June 2017, condensed separate statement of financial position as at 30 June 2017, separate consolidated statement of cash flows, condensed separate statement of changes in equity for the 6 month period ended 30 June 2017, supplementary information to the separate interim consolidated financial statements ('the interim condensed financial statements').

Management is responsible for the preparation and presentation of accompanying interim condensed financial statements in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* as adopted by the European Union ('IAS 34'). Our responsibility is to express a conclusion on accompanying interim condensed financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ('standard'). A review of interim financial information 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 conducted in accordance with International Standards on Auditing 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 on accompanying interim condensed financial statements.

Translation of auditor's report originally issued in Polish

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

Other matters

The financial statements for the prior financial year ended 31 December 2016 were subject to an audit by an auditor acting for another authorised audit firm who issued an unqualified opinion on these financial statements, dated 15 March 2017.

Warsaw, 25 August 2017

Key Certified Auditor

Robert Klimacki
Certified auditor No. 90055

on behalf of
Ernst & Young Audyt Polska spółka
z ograniczoną odpowiedzialnością sp. k.
Rondo ONZ 1, 00-124 Warsaw
Reg. No 130

EUROCASH S.A.

**CONDENSED INTERIM
SEPARATE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2017

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, 25th August 2017

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-30.06.2017</i>	Presentation 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>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-30.06.2017</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
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INTRODUCTION TO CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

1. INFORMATION ABOUT THE COMPANY

NAME

EUROCASH Spółka Akcyjna

REGISTERED OFFICE

ul. Wiśniowa 11, 62-052 Komorniki

CORE BUSINESS

Non-specialized wholesale trade
(PKD 4690Z)

REGISTRY COURT

District Court Poznań - Nowe Miasto i Wilda of Poznań, VIII Commercial Division of the National Court Register,
Registration number: KRS 0000213765

DURATION OF THE COMPANY

Indefinite

PERIOD COVERED BY THE FINANCIAL STATEMENTS

The reporting period is 1 January 2017 – 30 June 2017.
The separate statement of financial position has been prepared as at 30 June 2017.

2. BODIES OF THE COMPANY

2.1. MANAGEMENT BOARD

As at 30 June 2017 the Company's Management Board consisted of the following members:

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

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-30.06.2017</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

2.2. SUPERVISORY BOARD

As at 30 June 2017 the Company's Supervisory Board consisted of the following members:

João Borges de Assunção – President of the Supervisory Board,
Eduardo Aguinaga de Moraes – Member of the Supervisory Board,
Francisco José Valente Hipólito dos Santos – Member of the Supervisory Board,
Hans Joachim Körber – Member of the Supervisory Board,
Jacek Szwajcowski – Member of the Supervisory Board.

2.3. CHANGES IN THE MANAGEMENT AND SUPERVISORY BOARD

On 13 January 2017, David Boner resigned from his position of Member of the Management Board, effective as at 13 January 2017.

On 22 February 2017, Przemysław Ciaś was appointed Member of the Management Board of Eurocash S.A.

3. THE DAMAGE SUFFERED BY THE COMPANY AS A RESULT OF THE ACTIVITIES OF EXTERNAL ENTITIES PARTICIPATING IN THE VAT FRAUD MECHANISM ***

In the period from March to August 2017 an extensive and detailed audit of VAT settlements by Eurocash S.A was carried out. The audit covered settlements made in the years 2013 – 2017. It showed that Eurocash S.A. was used in a mechanism of VAT fraud by groups of outside entities in transactions concerning intra-Community delivery of goods. The audit consisted, inter alia, in a review of documentation, including e-mail correspondence, as well as verification of business partners of Eurocash S.A. who participated in the above-mentioned transactions.

The finding of the audit showed that Eurocash S.A. may be obligated to settle a VAT liability in favor of the State Treasury. In accordance with the estimate of the Management Board, the amount of the potential VAT liability may be 121 450 511 PLN. This amount will be corrected downwards by the surplus of CIT which arose for the Company in connection with the disclosure of revenue from a sale in the part which corresponds to 23% VAT, and, thus, does not constitute an actual gain (revenue) of the Company. As a result, the Company will pay to bank account of the First Wielkopolski Tax Office in Poznań the amount of 95 746 902 PLN in respect of security of payment of the possible VAT liability.

The Management Board believes that the final amount of the VAT liability may differ from the amount paid by the Company in respect of security of payment of the possible VAT liability, once the tax authority has carried out a detailed analysis of the documentation gathered by the Company, as well as of the procedures used by Company and the explanations of the Company. The Company believes that it acted in good faith when carrying out the above-mentioned transactions, and that it regularly tightened up procedures aimed at countering such irregularities. Thus, the Company intends to prove before the Tax Office that it has been harmed by fraud. Thus, the final amount of the VAT liability may be lower than the amount referred to above, while the Company may be due a refund of some of the funds paid.

The Company Management Board emphasizes that payment of the liability will not have any impact on the Company's dividend policy, carried out also in previous years.

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-30.06.2017</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
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Negative impact on Net Profit for 2017 amounts to 114 400 861,47 PLN (0.82 PLN per share). Consolidated Net Debt of Eurocash will be negatively affected by 95 746 902 PLN (0.69 PLN per share).

The effect of the created reserve was reflected in the financial result of the Company and of the Group in the mid-year financial statements.

Eurocash Group continues to audit the VAT settlements by companies of the Eurocash Group as there exists a suspicion that potential irregularities could appear also in other companies of the Group. Taking into account the turnover of the remaining companies of the Group, gained on transactions concerning intra-Community delivery of goods, the risks associated with such potential irregularities are not material.

Eurocash S.A. stopped execution of such transactions concerning intra-Community delivery of goods.

At the same time, on 24 August 2017 the Company filed, as injured party, a notification with the Regional Prosecutor's Office in Poznań, about a justified suspicion of the commission of a crime.

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.06.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONDENSED SEPARATE INCOME STATEMENT FOR THE PERIOD FROM 01.01.2017 TO 30.06.2017

	Non audited 2nd Quarter for the period from 01.04.2017 to 30.06.2017	Non audited 2 Quarters for the period from 01.01.2017 to 30.06.2017	Non audited 2nd Quarter for the period from 01.04.2016 to 30.06.2016 restated *	Non audited 2 Quarters for the period from 01.01.2016 to 30.06.2016 restated *
Sales	3 848 208 423	7 069 760 982	3 620 181 911	6 784 797 948
Sales of goods	3 562 847 177	6 581 167 386	3 366 687 701	6 342 060 338
Sales of services	285 361 247	488 593 596	253 494 210	442 737 609
Costs of sales	(3 418 287 329)	(6 301 391 666)	(3 217 161 812)	(6 053 187 338)
Cost of goods and services sold	(3 418 287 329)	(6 301 391 666)	(3 217 161 812)	(6 053 187 338)
Gross profit (loss)	429 921 094	768 369 316	403 020 099	731 610 610
Selling expenses	(295 996 435)	(573 599 588)	(291 248 768)	(558 803 716)
General and administrative expenses	(65 903 740)	(129 344 334)	(59 869 754)	(115 721 044)
Profit (loss) on sales	68 020 919	65 425 394	51 901 578	57 085 850
Other operating income	6 955 598	17 551 015	15 044 068	23 092 406
Other operating expenses**	(137 436 046)	(154 622 660)	(34 671 806)	(58 434 906)
Operating profit (loss)	(62 459 528)	(71 646 251)	32 273 840	21 743 350
Financial income	32 347 386	37 559 163	29 314 702	38 740 168
Financial costs	(22 467 958)	(34 887 125)	(13 141 320)	(24 294 296)
Profit (loss) before tax	(52 580 100)	(68 974 213)	48 447 222	36 189 221
Income tax expense	(9 537 763)	(6 996 873)	(6 490 884)	(3 058 672)
Profit (loss) for the period	(62 117 862)	(75 971 086)	41 956 338	33 130 549

NET EARNINGS PER SHARE

	PLN / share	PLN / share
Net profit (loss)	(75 971 086)	33 130 549
Weighted average number of shares	139 153 763	138 952 047
Weighted average diluted number of shares	139 107 157	139 100 635
Earnings per share		
- basic	(0,55)	0,24
- diluted	(0,55)	0,24

* Note 2

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-30.06.2017</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

CONDENSED SEPARATE STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 01.01.2017 TO 30.06.2017

	Non audited 2nd Quarter for the period from 01.04.2017 to 30.06.2017	Non audited 2 Quarters for the period from 01.01.2017 to 30.06.2017	Non audited 2nd Quarter for the period from 01.04.2016 to 30.06.2016	Non audited 2 Quarters for the period from 01.01.2016 to 30.06.2016
Profit (loss) for the period	(62 117 862)	(75 971 086)	41 956 338	33 130 549
Other comprehensive income (loss) for the period	548 839	(432 571)	1 399 402	1 378 834
Items that may be subsequently reclassified to profit or loss:				
- The result on hedge accounting with the tax effect:	548 839	(432 571)	1 399 402	1 378 834
Total comprehensive income (loss) for the period	(61 569 023)	(76 403 657)	43 355 740	34 509 382

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-30.06.2017</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 30.06.2017

	Non audited as at 30.06.2017	as at 31.12.2016 restated *
<i>Assets</i>		
Non-current assets (long-term)	2 868 264 008	2 716 658 883
Goodwill	862 819 840	862 819 840
Intangible assets	536 928 769	541 468 892
Property, plant and equipment	459 686 806	445 211 824
Investment real property	980 647	988 495
Investments in subsidiary companies	953 013 443	825 056 471
Investments in associates and joint ventures	40 586 757	38 375 300
Other long-term investments	11 992 127	58 723
Long-term receivables	1 818 130	1 891 493
Other long-term prepayments	437 489	787 846
Current assets (short-term)	2 516 626 412	2 379 432 605
Inventories	900 347 985	798 998 549
Trade receivables	1 373 787 018	1 310 850 709
Current tax assets	18 218 678	15 237 106
Other short-term receivables	61 439 154	90 215 076
Other short-term investments	40 448 801	35 432 551
Short-term prepayments	44 247 861	35 674 496
Cash and cash equivalents	78 136 915	93 024 119
Total assets	5 384 890 420	5 096 091 488

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-30.06.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONDENSED SEPARATE STATEMENT OF THE FINANCIAL POSITION AS AT 30.06.2017

	Non audited as at 30.06.2017	as at 31.12.2016 restated *
<i>Equity and liabilities</i>		
Equity	989 672 174	1 165 121 879
Share capital	139 163 286	139 096 361
Reserve capital	843 702 292	840 201 193
Hedging reserve	(6 743 276)	(6 310 705)
Retained earnings	13 549 871	192 135 030
Accumulated profit (loss) from previous years	89 520 957	89 520 957
Profit (loss) for the period	(75 971 086)	102 614 073
Liabilities	4 395 218 247	3 930 969 608
Non-current liabilities	53 987 528	194 045 772
Other long-term financial liabilities	2 222 349	149 308 867
Other long-term liabilities	1 076 350	829 850
Deferred tax liabilities	47 965 971	41 017 376
Employee benefits	2 722 858	2 889 679
Current liabilities	4 341 230 719	3 736 923 837
Loans and borrowings	640 645 038	738 498 237
Short-term financial liabilities	216 766 207	50 656 437
Trade liabilities	3 145 713 620	2 750 359 676
Other short-term payables	148 544 184	33 423 260
Current employee benefits	52 195 093	63 733 692
Provisions	137 366 577	100 252 534
Total equity and liabilities	5 384 890 420	5 096 091 488

BOOK VALUE PER SHARE

	as at 30.06.2017	as at 31.12.2016
Book value	989 672 174	1 165 121 879
Number of shares	139 163 286	139 096 361
Diluted number of shares	139 530 636	139 530 636
Book value per share	7,11	8,38
Diluted book value per share	7,09	8,35

* Note 2

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-30.06.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONDENSED SEPARATE STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 01.01.2017 TO 30.06.2017

	Non audited 2 Quarters for the period from 01.01.2017 to 30.06.2017	Non audited 2 Quarters for the period from 01.01.2016 to 30.06.2016
<i>Cash flow from operating activities</i>		
Profit (loss) before income tax	(68 974 213)	36 189 221
Adjustments for:	59 656 910	45 298 074
Depreciation and amortization	55 871 447	54 072 862
(Gain) loss on sale of property, plant and equipment	10 926 305	630 420
Interest expenses	21 268 082	21 229 290
Interest received	(2 121 233)	(8 704 573)
Dividend and remission of sales income	(26 287 691)	(21 929 926)
Operating cash before changes in working capital	(9 317 303)	81 487 295
Changes in inventories	(101 349 436)	(74 706 690)
Changes in receivables	(35 023 463)	(169 524 248)
Changes in payables	510 977 399	300 686 627
Changes in provisions and employee benefits	17 335 115	13 166 116
Operating cash	382 622 312	151 109 100
Interest received	1 015 632	741 900
Interest paid	(7 999 292)	(5 359 648)
Income tax paid	(2 981 572)	(5 341 088)
Net cash from operating activities	372 657 080	141 150 264
<i>Cash flow from investing activities</i>		
Acquisition of intangible assets	(15 085 349)	(14 395 508)
Acquisition of property, plant and equipment	(47 613 428)	(42 444 745)
Proceeds from sale of property, plant and equipment	1 070 687	7 318 419
Expenditure on other short-term financial assets	(21 815 585)	-
Acquisition of associates	(2 211 457)	-
Acquisition of subsidiaries, net of cash acquired	(106 636 972)	(39 790 000)
Advances for acquisition of subsidiaries	-	(21 000 000)
Loans granted	(11 803 647)	(5 294 822)
Repayment received of granted loans	5 701 896	317 985 001
Interest received	716 047	3 750 710
Net cash used in investing activities	(197 677 809)	206 129 056
<i>Cash flows from financing activities</i>		
Proceeds from issue of share capital	2 543 150	9 853 400
Financing for franchising	(608 153)	-
Income/expenses for other financial liabilities	-	97 776 971
Issuance of short term debt securities	25 800 000	-
Proceeds from loans and borrowings	133 102 584	1 791 327
Repayment of borrowings	(228 593 774)	(262 552 309)
Payment of finance lease liabilities	(729 947)	(1 004 976)
Other interest	(9 561 767)	(8 446 171)
Interests on loans and borrowings	(10 229 369)	(12 029 114)
Dividends paid	(101 589 199)	(139 084 436)
Net cash used in financing activities	(189 866 474)	(313 695 309)
Net change in cash and cash equivalents	(14 887 204)	33 584 011
Cash and cash equivalents at the beginning of the period	93 024 119	42 707 133
Cash and cash equivalents at the end of the period	78 136 915	76 291 145

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-30.06.2017</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

CONDENSED SEPARATE STATEMENT ON CHANGES IN EQUITY IN THE PERIOD FROM 01.01.2017 TO 30.06.2017

	Share capital	Reserve capital	Hedge reserve	Retained earnings	Total
<i>Changes in equity in the period from 01.01 to 30.06.2016</i>					
Balance as at 1 January 2016	138 829 311	468 723 565	(10 644 280)	590 202 171	1 187 110 767
Total comprehensive income for the reporting period					
Profit (loss) for the period from 01.01. to 30.06.2016	-	-	-	33 130 549	33 130 549
Other comprehensive income for the period 01.01 to 30.06.2016	-	-	1 378 834	-	1 378 834
Total comprehensive income for the period from 01.01. to 30.06.2016	-	-	1 378 834	33 130 549	34 509 382
Dividends	-	-	-	(139 084 436)	(139 084 436)
Transfer to reserve capital	-	361 596 778	-	(361 596 778)	-
Share options exercised	259 300	9 594 100	-	-	9 853 400
Balance as at 30.06.2016	139 088 611	839 914 443	(9 265 446)	122 651 505	1 092 389 113
<i>Changes in equity in the period from 01.01. to 30.06.2017</i>					
Balance as at 01 January 2017	139 096 361	840 201 193	(6 310 705)	192 135 030	1 165 121 879
Total comprehensive income for the reporting period					
Profit (loss) for the period from 01.01 to 30.06.2017	-	-	-	(75 971 086)	(75 971 086)
Other comprehensive income for the period 01.01 to 30.06.2017	-	-	(432 571)	-	(432 571)
Total comprehensive income for the period from 01.01. to 30.06.2017	-	-	(432 571)	(75 971 086)	(76 403 657)
Dividends	-	-	-	(101 589 199)	(101 589 199)
Transfer to reserve capital	-	1 024 874	-	(1 024 874)	-
Share options exercised	66 925	2 476 225	-	-	2 543 150
Balance as at 30.06.2017	139 163 286	843 702 292	(6 743 276)	13 549 871	989 672 174

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-30.06.2017</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

SUPPLEMENTARY INFORMATION TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2017 TO 30.06.2017

1. GENERAL INFORMATION

1.1. ISSUE OF THE FINANCIAL STATEMENT

According to the resolution of the Management Board dated 25 August 2017, the separate financial statements of Eurocash S.A. for the period from 1 January 2017 to 30 June 2017 were authorised for publication.

Eurocash S.A. is a listed company and its shares are publicly traded.

1.2. STATEMENT OF COMPLIANCE

The condensed interim separate financial statements have been prepared in accordance with the International Accounting Standard IAS 34 - Interim Financial Reporting, as approved by the European Union.

These condensed interim financial statements should be read in conjunction with the condensed interim consolidated financial statements of Eurocash S.A. Group as at and for the period ended 30 June 2017, and the separate financial statements of Eurocash S.A. as at and for the year ended 31 December 2016, which are available on the website www.eurocash.pl.

1.3. PRESENTATION CURRENCY, ROUNDINGS

These condensed interim separate financial statements are presented in PLN, which is the Company's functional and presentation currency. All financial information presented in PLN has been rounded to the nearest PLN (unless it is otherwise indicated).

1.4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with UE IFRSs requires Management to make judgments, estimates and assumptions that affect the application of certain accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Estimates and underlying assumptions are made based on historical experience and other factors accepted as reasonable in the given circumstances, and the results of estimates and judgements are a basis for the determination of the carrying value of assets and liabilities not resulting directly from other sources. Actual values may differ from those estimates. The extent of significant judgements, estimates and assumptions is presented in the 2016 financial statements and has not changed during the current financial period.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the current period or any future periods affected, if a change in estimates relates to both the current and future periods.

1.5. COMPARABILITY OF FINANCIAL STATEMENTS

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 year ended 31st December 2016.

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-30.06.2017</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

1.6. GOING CONCERN ASSUMPTION

These financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future. As at the date of approval of these financial statements, there are no circumstances indicating the threat to the Company's continued operations.

1.7. IMPACT OF NEW STANDARDS AND INTERPRETATIONS ON THE FINANCIAL STATEMENTS OF THE ENTITY

Standards and interpretations that have been issued but are not valid because they have not yet been approved by the European Union or have been approved by the European Union but have not been applied by the Company have been presented in the annual consolidated financial statements for 2016. In the first half of 2017, IFRS 17 "Insurance Contracts" and IFRIC 23 "Uncertainty over Income Tax Treatments" were published.

Implementation of IFRS 9

IFRS 9 „Financial Instruments” effective for the financial years beginning on or after 1 January 2018 with the possibility of earlier adoption.

IFRS 9 requires all the financial assets, within the scope of IAS 39, to be measured at an amortized cost or fair value. Debt investments held within a business model whose objective is to obtain the appropriate cash flow, consisting of a fixed basic payment amount and interest - are measured at an amortized cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, changes in fair value of capital investments that are not held for trading may be presented in other comprehensive income, while in the income statement, it is recognized only as dividend. The decision is irreversible.

Detailed analysis of the impact of the new standard on the financial statements of the Company has not yet been completed, The analysis is still in progress.

Implementation of IFRS 15

The new accounting standard issued on 28 May 2014 applies to annual periods beginning on or after 1 January 2018.

The new standard primarily changes the way in which entities account for contracts with customers, mainly when one contract is related to the provision of services and goods.

The principles set out in IFRS 15 will apply to all contracts resulting in revenues. The new standard provides a unified model of recognition and valuation of sales. In accordance with it, the contract with the customer will be analyzed in five stages, including:

1. identification of contract,
2. identification of contractual (individual) obligations to perform service contained in the agreement,
3. setting the price transaction,
4. allocation of the price for the contract to realize the benefits contained in the agreement,
5. revenue recognition at the time of fulfillment of the obligations by the entity.

In accordance with IFRS 15, an entity recognizes revenue at the time of the fulfillment of a performance obligation, that is, now of transfer a control over the goods or services covered by this commitment to the customer. IFRS 15 also includes a much more restrictive guidance on specific aspects of revenue recognition. It also requires disclosure of a wide range of information. On 12 April 2016 explanations providing additional information and clarification regarding the key assumptions used in IFRS 15, including on the identification on separate responsibilities, determining whether an entity acts as an intermediary (agent),

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-30.06.2017</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

or is the main supplier of goods and services (principal) and the method of recording revenue from licenses have been published. Apart from the additional explanations, also exemptions and simplification were introduced for entities applying the new standard for the first time. IFRS 15 will come into force in the financial year commencing on January 1, 2018. Upon implementation, IFRS 15 will replace the guidance on revenue recognition in IAS 18 "Revenue", IAS 11 "Construction Contracts" and related Interpretations.

As at balance sheet date, the Company is not able to value the impact of IFRS 15. The valuation is still in progress.

Implementation of IFRS 16

IFRS 16 „Leases” effective for the financial years beginning on or after 1 January 2019. IFRS 16 establishes rules for the recognition, valuation, presentation and disclosures relating to the lease. All leasing transactions result in obtaining the lessee's right to use the assets and liabilities arising from the obligation to pay. Thus, IFRS 16 abolishes the distinction between operating leases and finance leases and introduces a model of accounting by the lessee. The lessee will be required to include:

- assets and liabilities for all leases entered a period of over 12 months, except when the asset is a low value;
- depreciation of leased assets separately from the interest on the lease liability in the financial statements.

As at balance sheet date, the Company is not able to value the impact of IFRS 16. The valuation is still in progress.

2. NOTES TO CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2017 TO 30.06.2017

NOTE 1.

OTHER EXPLANATORY INFORMATION

These condensed interim separate financial statements should be read in conjunction with condensed interim consolidated financial statements of Eurocash S.A. Group prepared as at and for the period ended 30 June 2017.

According to the Management Board of Eurocash S.A., notes to the condensed interim consolidated financial statements of Eurocash S.A. Group comprise all the relevant information required for a proper assessment of the assets and financial position of the Company in the reporting period.

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-30.06.2017</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

NOTE 2.

RESTATEMENT OF COMPARATIVE DATA

The restatement is related to the presentation of the allocation of general and administrative expenses and selling expenses. These costs were related to the Group's current activities, not to the activities of the head office..

	The amount in the approved report		Correction		The corrected amount	
	for the period	for the period	for the period	for the period	for the period	for the period
	from 01.04.2016 to 30.06.2016	from 01.01.2016 to 30.06.2016	from 01.04.2016 to 30.06.2016	from 01.01.2016 to 30.06.2016	from 01.04.2016 to 30.06.2016	from 01.01.2016 to 30.06.2016
Selling expenses	(287 985 733)	(554 258 188)	(3 263 035)	(4 545 528)	(291 248 768)	(558 803 716)
General and administrative expenses	(63 132 789)	(120 266 572)	3 263 035	4 545 528	(59 869 754)	(115 721 044)

Condensed interim separate financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.06.2017	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

The restatement below in the amount of PLN 7,600,000 is related to the change of presentation of deferred tax.

Adjustment for the amount of PLN 69,189,100 is a consequence of the analysis of contracts and the fact that, in the case of the option of acquiring 50% of the shares in Rogala, Madas and FHC-2, there is no obligation of Eurocash S.A. to purchase own equity instruments and the Company's equity should not be reduced. The obligation to repurchase shares in subsidiaries is conditional, that is: no current outflow of funds is required. At the time of exercising the options and buying the remaining 50% of the shares, the carrying amount of the investments in subsidiaries will increase, the net assets of the Company should remain unchanged.

	The amount in the approved report as at 31.12.2016	Other corrections	The corrected amount as at 31.12.2016
Current assets (short-term)	2 371 832 605	7 600 000	2 379 432 605
Current tax receivables	7 637 106	7 600 000	15 237 106
Total assets	5 088 491 488	7 600 000	5 096 091 488

	The amount in the approved report as at 31.12.2016	Other corrections	The corrected amount as at 31.12.2016
<i>Equity and liabilities</i>			
Equity	1 095 932 779	69 189 100	1 165 121 879
Equity attributable to Owners of the Company	1 095 932 779	69 189 100	1 165 121 879
Capital connection	(69 189 100)	69 189 100	-
Liabilities	3 992 558 708	(61 589 100)	3 930 969 608
Non-current liabilities	255 634 872	(61 589 100)	194 045 772
Other long-term liabilities	70 018 950	(69 189 100)	829 850
Deferred tax liabilities	33 417 376	7 600 000	41 017 376
Total equity and liabilities	5 088 491 488	7 600 000	5 096 091 488

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-30.06.2017</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

NOTE 3.

UNCERTAIN TAX TREATMENT

Regulations regarding VAT, corporate profits tax and social security contributions are subject to frequent changes. These changes result in there being little point of reference and few established precedents that may be followed. The binding regulations also contain uncertainties, resulting in differences in opinion regarding the legal interpretation of tax regulations both between government bodies, and between government bodies and companies.

Tax and other settlements (e.g. customs or foreign currency settlements) may be subject to inspection by administrative bodies authorised to impose high penalties and fines, and any additional taxation liabilities calculated as a result must be paid together with high interest. The above circumstances mean that tax exposure is greater in Poland than in countries that have a more established taxation system.

Accordingly, the amounts shown in the financial statements may change at a later date as a result of the final decision of the tax authorities.

In the previous reporting periods, companies within the Group carried out transactions and participated in restructuring processes, which may be the subject of analysis and control of tax authorities.

On 15 July 2016, amendments were made to the Tax Ordinance to introduce the provisions of General Anti-Avoidance Rule (GAAR). GAAR are targeted to prevent origination and use of factitious legal structures made to avoid payment of tax in Poland. GAAR define tax evasion as an activity performed mainly with a view to realising tax gains, which is contrary, under given circumstances, to the subject and objective of the tax law. In accordance with GAAR, an activity does not bring about tax gains, if its modus operandi was false. Any instances of (i) unreasonable division of an operation (ii) involvement of agents despite lack of economic rationale for such involvement, (iii) mutually exclusive or mutually compensating elements, as well as (iv) other activities similar to those referred to earlier may be treated as a hint of artificial activities subject to GAAR. New regulations will require considerably greater judgment in assessing tax effects of individual transactions.

The GAAR clause should be applied to the transactions performed after clause effective date and to the transactions which were performed prior to GAAR clause effective date, but for which after the clause effective date tax gains were realised or continue to be realised. The implementation of the above provisions will enable Polish tax authority challenge such arrangements realised by tax remitters as restructuring or reorganization.

The Group accounts for current and deferred tax assets and liabilities based on the requirements of IAS 12 Income taxes, based on taxable profit (tax loss), taxable base, carry-forward of unused tax losses and carry-forward of unused tax credits, and tax rates, while considering the assessment of uncertainty related to tax settlements. If uncertainty exists as to whether and to what extent tax authority will accept individual tax treatments of made transactions, the Group discloses these settlements while accounting for uncertainty assessment.

On 19 June 2017 a report from the tax control was delivered to Eurocash S.A. in which the tax authorities questioned the possibility of making depreciation write-offs concerning the values of certain trademarks. The tax depreciation costs amounted in the year 2011 to PLN 41 million.

Based on the external experts' tax analysis on 5 July 2017 the Company subjected its response to the tax report.

The response included a number of arguments that indicated the correctness of tax settlements made by the Company, including positive tax rulings.

As a result according to the Management Board as at 30 June 2017 there is no justification for presenting the provisions in this respect.

<i>Condensed interim separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-30.06.2017</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

NOTE 4.

IMPORTANT EVENTS DURING THE PERIOD COVERED BY THE FINANCIAL STATEMENTS

1. Decision concerning the payment of the dividend for the year 2016

On 25 April 2017, the Annual General Meeting of Eurocash S.A. decided that the net profit for 2016 year in the amount of 102,614,073 PLN will be distributed of in the following way:

- shareholders of the Company on 16 May 2017 will receive a dividend of 0.73 PLN per share of the Company; the Dividend will be paid until 6 June 2017,
- the remainder of the profit for 2016 will be transferred to reserve capital.

The number of shares included in the dividend as at 25 April 2017 was 139,163,286.

2. Incentive program for employees

The purpose of the program is to incentivise key managers and employees of the Eurocash Group.

Total program assumes issue of up to 4 200 000 shares (app. 3% of current equity).

6 schemes (tranches) - 700 000 shares per scheme, depending on the realization of the performance Targets. Each tranche has 3 levels of realization:

- Growth targets p.a. (sales and EBIT),
- Cumulative growth targets 2016 – 2019,
- Share performance.

Performance targets:

- Sales growth – 8% growth p.a. (2017-2018-2019) or cumulative 30% growth 2016 – 2019,
- EBIT growth – 10% growth p.a. (2017-2018-2019) or cumulative 33% growth 2016 – 2019,
- Vesting period: 3-5 years.

Details of incentive programs are available in Resolutions of General Meeting of Eurocash.

3. Choice of an entity authorized to audit financial statements

The Supervisory Board of Eurocash, acting under par.14 point 2 Statute of the Company, on 25 April 2017, chose Ernst&Young Audyt Polska Sp. z o.o. sp. k. with its registered office in Warsaw, entered by the National Chamber of Statutory Auditors on the list of entities authorized to audit financial statements under No. 130, on the external auditor to examine the company's financial statements for the year 2017.

NOTE 5.

SIGNIFICANT EVENTS AFTER THE PERIOD COVERED BY THE FINANCIAL STATEMENTS

1. Potential acquisition of entities controlling the MILA chain of stores

On 21st August 2017, Eurocash concluded letter of Intent with Argus Retail Holding Limited (company under Cypriot law), non-public closed-end investment fund Elbrus with its registered office in Warsaw, Robert Załęski and Stanisław Sosnowski on account of potential conclusion of the agreement of purchasing 100% of shares in the share capital of Domelius Limited (company under Cypriot law) with its registered office in Nicosia considered by the issuer, as well as taking over control on its subsidiary

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

companies including: Mila Holding S.A. (previously Grupa 700 market-Detal spółka z o.o. S.K.A.), Mila S.A. (previously market-Detal spółka z ograniczoną odpowiedzialnością sp.j.), Investpol 700 Mila spółka jawna and "Koja-Mila spółka akcyjna" spółka jawna.

In accordance with the provisions of the Letter of Intent seller grants the issuer an exclusive right to finalize transaction before the date of 8th September 2017. It means, that during exclusivity period seller cannot conduct any kind of negotiations regarding to described transaction with any other entity than the issuer.

The Letter of Intent expires with the earliest of the following dates:

- expiration of exclusivity period,
- conclusion of the agreement of purchasing shares of the company

that is not forming an obligation to divestiture the company.

Information about signing the Letter of Intent has been classified by the issuer as confidential, because of essential value of possible transaction and its importance for the issuer, especially in the context of issuer's activity development in retail sector, as well as standard of communication of acquisitions adopted by the issuer. In the result of potential transaction of purchasing shares of the company, the issuer is entitled to take control over Mila Supermarket chain. At the end of 2016 the Mila Supermarket chain was consisted of 188 stores. Sales revenue reached 1,49 bln PLN, EBITDA reached 4,8 mln PLN.

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Financial statements period:	<i>01.01-30.06.2017</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

SIGNATURES OF THE MANAGEMENT BOARD MEMBERS

Position	Name and surname	Date	Signature
President of the Management Board	Luis Amaral	25 th August 2017	
Member of the Management Board Chief Executive Officer	Rui Amaral	25 th August 2017	
Member of the Management Board	Arnaldo Guerreiro	25 th August 2017	
Member of the Management Board	Pedro Martinho	25 th August 2017	
Member of the Management Board Human Resources Director	Katarzyna Kopaczewska	25 th August 2017	
Member of the Management Board Financial Director	Jacek Owczarek	25 th August 2017	
Member of the Management Board	Przemysław Ciaś	25 th August 2017	

REPORT OF THE MANAGEMENT BOARD

1. Eurocash Group - overview

EUROCASH Group is one of the largest Fast Moving Consumer Goods (FMCG) distributors in Poland. Eurocash Group concentrates on wholesale supply of FMCG to a broad range of traditional retailers across the whole country. Additionally to ensure scale that support clients, Eurocash runs own retail stores. In its business activity, Eurocash uses a range of distribution formats in different segments, which first and foremost include:

Independent Wholesale - those distribution formats whose clients do not have permanent contracts with the Eurocash Group

- **Cash&Carry** – a national network of discount Cash & Carry type warehouses under the “Eurocash Cash & Carry” brand, as part of which the loyalty program for the “abc” network of stores operates
- **Tobacco & Impulse** – active distribution of tobacco products and fast moving consumer goods through Eurocash Serwis
- **Alcohol Distribution** – wholesale and retail distribution of alcoholic beverages throughout Poland
- **Other** - sales revenues of other of PayUp Polska S.A. and Eurocash Trade 1 Sp. z o.o.

Integrated Wholesale - those distribution formats whose clients have long-term agreements with Eurocash Group, e.g. franchise systems or clients from the HoReCa segment

- **Delikatesy Centrum** – a franchise system for retail stores operating under the brand “Delikatesy Centrum”;
- **Eurocash Food Service** - wholesale and retail distribution of alcoholic beverages throughout Poland
- **Eurocash Distribution** consisting of:
 - active distribution companies (Eurocash S.A. after merger with Tradis Sp. z o.o., DEF Sp. z o.o., AMBRA Sp. z o.o.), and
 - companies organizing or supporting franchise chains of retail shops: Euro Sklep S.A., Lewiatan Holding S.A., Lewiatan Podlasie Sp. z o.o., Lewiatan Śląsk Sp. z o.o., Lewiatan Zachód Sp. z o.o., Lewiatan Północ Sp. z o.o., Lewiatan Opole Sp. z o.o., Lewiatan Wielkopolska Sp. z o.o., Lewiatan Podkarpacie Sp. z o.o., Lewiatan Kujawy Sp. z o.o., Lewiatan Orbita Sp. z o.o.,
 - Detal Podlasie Sp. z o.o. (company operating retail stores in Lewiatan chain).

Retail - retail sales of Eurocash Group companies

- **Delikatesy Centrum own retail stores** – own retail stores operating by companies that Eurocash hold 50% of shares: Firma Rogala Sp. z o.o., FHC-2 Sp. z o.o., Madas Sp. z o.o.
- **EKO** – own retail stores operating by EKO Holding S.A.
- **Inmedio** – press retail kiosks under Inmedio brand

Projects - new projects running by Eurocash S.A. and its subsidiaries: 1minute, Kontigo, abc na kołach, Duży Ben, Sushi To Go, 4Vapers and fresh product distribution to Delikatesy Centrum stores realized by Eurocash. S.A.

Others

Sales revenues of other companies through Eurocash Trade 2 Sp. z o.o., Eurocash VC2 Sp. z o.o., Eurocash VC3 Sp. z o.o., and Central Head Office costs consolidation not related to any of above segment.

The business of Eurocash Group is focused on the territory of Poland

2. The structure of the Eurocash Group and its affiliated companies as at June 30, 2017:

	<table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;">Luis Amaral (through Politra B.V. s.a.r.l.)</td> </tr> <tr> <td style="text-align: right;">43,6%</td> </tr> <tr> <td style="text-align: center;">EUROCASH S.A.</td> </tr> </table>			Luis Amaral (through Politra B.V. s.a.r.l.)	43,6%	EUROCASH S.A.
Luis Amaral (through Politra B.V. s.a.r.l.)						
43,6%						
EUROCASH S.A.						
<i>Wholesale subsidiaries</i>	<i>Franchise systems</i>	<i>Retail subsidiaries</i>	<i>Other</i>			
75% Eurocash Serwis Sp. z o.o.	100% Eurocash Franczyza Sp. z o.o.	51% Inmedio Sp. z o.o.	100% PayUp Polska S.A.			
100% DEF Sp. z o.o.	66,6% Lewiatan Holding S.A.	50% Firma Rogala Sp. z o.o.	44% Frisco S.A.			
100% AMBRA Sp. z o.o.	100% Lewiatan Podkarpacie Sp. z o.o.	100% Eurocash Convenience Sp. z o.o.	100% Eurocash Trade 1 Sp. z o.o.			
100% Polska Dystrybucja Alkoholii Sp. z o.o.	100% Lewiatan Północ Sp. z o.o.	50% FHC-2 Sp. z o.o.	100% Eurocash Trade 2 Sp. z o.o.			
100% ECA Detal Sp. z o.o.	100% Lewiatan Kujawy Sp. z o.o.	50% Madas Sp. z o.o.	100% Premium Distributors Sp. z o.o.			
66% Zagłoba Sp. z o.o.	100% Lewiatan Wielkopolska Sp. z o.o.	100% Eko Holding S.A.	100% Przedsiębiorstwo Handlu Spożywczego Sp. z o.o.			
	100% Lewiatan Opole Sp. z o.o.	100% Ledi Sp. z o.o.	100% Eurocash VC2 Sp. z o.o.			
	100% Lewiatan Orbita Sp. z o.o.	100% Jim Sp. z o.o.	100% Eurocash VC3 Sp. z o.o.			
	100% Lewiatan Zachód Sp. z o.o.	<i>Projects</i>	100% Eurocash Nieruchomości Sp. z o.o.			
	100% Lewiatan Podlasie Sp. z o.o.	100% Eurocash Detal Sp. z o.o.	100% Detal Finanse Sp. z o.o.			
	100% Lewiatan Śląsk Sp. z o.o.	100% Kontigo Sp. z o.o.				
	100% Detal Podlasie Sp. z o.o.	100% Duży Ben Sp. zo.o.				
	100% EURO SKLEP S.A.	100% ABC na kołach Sp. z o.o.				
	50% Partnerski Serwis Detaliczny S.A.	100% Eurocash Food Sp. z o.o.				
		51% Sushi To Go Sp. z o.o.				
		51% Sushi To Go Sp. z o.o. Sp. k.				
		100% 4Vapers Sp. z o.o.				

3. Summary of financial and operational results of Eurocash Group in 2Q 2017 and 1H 2017

Below we present the key financial and operational highlights for the Eurocash Group and for the following:

- Independent Wholesale
- Integrated Wholesale
- Retail
- Projects
- Others

Profit & loss account

Table 1: Eurocash Group: Summary of adjusted* consolidated financial results for 2Q 2017

PLN m	2Q 2017	2Q 2016	Change %
Sales revenues (traded goods, materials)	6 084,40	5 340,77	13,92%
Gross profit (loss) on sales	669,86	558,35	19,97%
Gross profitability on sales (%)	11,01%	10,45%	0,55 p.p.
EBITDA normalized*	120,27	110,26	9,07%
<i>(Normalized EBITDA margin %)</i>	1,98%	2,06%	-0,08 p.p.
<i>Total impact of potential VAT liabilities on net profit</i>	114,40		
EBITDA reported	5,87	110,26	-94,68%
<i>(Reported EBITDA margin %)</i>	0,10%	2,06%	-1,97 p.p.
EBIT normalized*	74,84	70,04	6,85%
EBIT reported	(39,56)	70,04	-156,49%
Gross profit normalized*	66,66	63,07	5,71%
<i>Gross profit reported</i>	(47,74)	63,07	-176%
Net profit normalized*	52,59	53,10	-0,96%
<i>Net profit reported</i>	(61,81)	53,10	-216%

*excluding impact of potential VAT liabilities on net profit

Table 2: Eurocash Group: Summary of adjusted* consolidated financial results for 1H 2017

PLN m	1H 2017	1H 2016	Change %
Sales revenues (traded goods, materials)	11 277,56	10 104,81	11,61%
Gross profit (loss) on sales	1 216,46	1 020,74	19,17%
Gross profitability on sales (%)	10,79%	10,10%	0,69 p.p.
EBITDA normalized*	157,76	157,61	0,10%
<i>(Normalized EBITDA margin %)</i>	1,40%	1,56%	-0,16 p.p.
<i>Total impact of potential VAT liabilities on net profit</i>	114,40		
EBITDA reported	43,36	157,61	-72,49%
<i>(Reported EBITDA margin %)</i>	0,38%	1,56%	-1,18 p.p.
EBIT normalized*	67,86	76,68	-11,51%
EBIT reported	(46,54)	76,68	-160,70%
Gross profit normalized	50,51	66,43	-23,96%
<i>Gross profit reported</i>	(63,89)	66,43	-196%
Net profit normalized*	37,63	55,08	-31,68%
<i>Net profit reported</i>	(76,77)	55,08	-239%

*excluding impact of potential VAT liabilities on net profit

Below we present impact on profit and loss account and cash flow by one-off related to affection by external entities which participated in mechanism of VAT fraud.

Table 3: Impact of one-off related to affection by external entities which participated in mechanism of VAT fraud on profit and loss account

	PLN m
Other operating costs	-114,40
Total Impact on Net Profit	-114,40
Other operating costs	-140,10
Potential VAT liability	-121,45
Costs of audit	-5,56
VAT receivables	-13,10

Table 4: Impact of one-off related to affection by external entities which participated in mechanism of VAT fraud on cash flow

	PLN m
Net Profit	-114,40
Change of liabilities (security for potential tax liability paid in cash)	95,75
Change of receivables	13,1
Costs of audit	5,56

In further part of report of the Management Board presented data does not include impact from one-off related to affection by external entities which participated in mechanism of VAT fraud.

Consolidated total sales of Eurocash Group in 2Q 2017 amounted PLN 6 084.40 m and increased by 13.92% YoY. In 1H 2017 consolidated sales reached PLN 11 277.56 m comparing with 10 104.81 in the same period previous year. Sales growth was driven mainly by consolidation of acquired companies (EKO Holding S.A., FHC-2 Sp. z o.o., and PDA sp. z o.o.) which was partially off-set by discontinued sales to export clients. Excluding impact of M&A and export, sales in 2Q 2017 increased by 6.0% YoY and 5.0% in 1H 2017 YoY.

Consolidated gross profitability amounted to 11.01% in 2Q 2017 and increased by 0.55 p.p. YoY. In 1H 2017 gross profitability increased by 0.69 p.p. YoY and amounted to 10.79%. Increase of gross margin was attributable to consolidation of acquired retail companies.

Consolidated EBITDA* in 2Q 2017 increased by 9.07% and amounted to PLN 120.27 m. In 1H 2017 EBITDA* was flat and amounted to PLN 157.76. Improvement of EBITDA* in 2Q 2017 is driven mainly by consolidation of acquired companies and integrated wholesale segment. Flat EBITDA* in 1H 2017 was attributable mainly to lower performance of Tobacco&Impulse distribution format and increased costs of new projects: i.e. Kontigo, 1 minute, abc on wheels. Cash&Carry business was stabilized in 1H 2017 and had slightly better results comparing to the same period previous year.

The net profit* in 2Q 2017 amounted to PLN 52.59 m vs. PLN 53.10 m in 2Q 2016. In 1H 2017 the net profit* amounted to PLN 37.63 comparing to PLN 55.08 m in the same period previous year. Decrease of net profit* in 1H YoY was attributable mainly to higher net financial costs due to additional debt necessary to finance acquisitions.

* excluding impact of potential VAT liabilities on net profit

Sales by format

Table 5: Eurocash Group: Sales of goods dynamics by distribution format for 2Q 2017

PLN m	External sales		
	2Q 2017	2Q 2016	Change %
Independent Wholesale	3 375,68	3 159,89	6,83%
Cash&Carry	1 174,08	1 163,21	0,93%
Tobacco	1 489,46	1 434,76	3,81%
Alcohol	609,68	512,69	18,92%
Other with adjustments	102,46	49,23	108,11%
Integrated Wholesale	1 620,46	1 555,84	4,15%
Delikatesy Centrum	489,94	427,72	14,55%
Distribution	1 125,28	1 082,48	3,95%
Food Service	113,69	95,93	18,51%
<i>Adjustments</i>	-108,45	-50,29	115,66%
Retail	544,83	228,56	138,38%
Inmedio	140,01	133,39	4,97%
Delikatesy Centrum Own	179,54	95,17	88,65%
EKO	225,27	0,00	0,00%
Projects	135,84	59,12	129,78%
Eurocash Group	5 676,81	5 003,41	13,46%

Table 6: Eurocash Group: Sales of goods dynamics by distribution format for 1H 2017

PLN m	External sales		
	1H 2017	1H 2016	Change %
Independent Wholesale	6 198,23	5 862,76	5,72%
Cash&Carry	2 128,09	2 148,79	-0,96%
Tobacco	2 788,79	2 678,50	4,12%
Alcohol	1 082,94	939,75	15,24%
Other with adjustments	198,41	95,72	107,27%
Integrated Wholesale	3 073,35	3 099,04	-0,83%
Delikatesy Centrum	1 031,61	908,17	13,59%
Distribution	2 134,62	2 097,57	1,77%
Food Service	202,85	178,32	13,76%
<i>Adjustments</i>	-295,73	-85,02	247,86%
Retail	1 050,06	447,07	134,87%
Inmedio	279,31	264,02	5,79%
Delikatesy Centrum Own	339,74	183,05	85,60%
EKO	431,01	0,00	0,00%
Projects	247,36	102,01	142,48%
Eurocash Group	10 569,00	9 510,89	11,13%

Independent Wholesale:

- In 2Q 2017 external sales of goods in Independent Wholesale segment amounted to PLN 3 375.68 m and increased by 6.83% comparing with 2Q 2016. In 1H 2017 sales amounted to PLN 6 198.23m and increased by 5.72% YoY.
- EBITDA of the Independent Wholesale segment amounted in 2Q 2017 to PLN 58.08 m while in 2Q 2016 it amounted to PLN 64.02 m. EBITDA in 1H 2017 amounted to PLN 70.60 m comparing to PLN 83.07 m in 1H 2016. Lower in 1H 2017 EBITDA was attributable to lower performance of Tobacco&Impulse distribution format. Cash&Carry results in 1H 2017 was at stable level.
- LFL sales growth (same number of stores) in Eurocash Cash&Carry stores in 2Q 2017 amounted to positive 0.29% and negative 1.93% in 1H 2017
- The number of Eurocash Cash&Carry stores at the end of 1H 2017 amounted to 187
- The number of abc stores amounted to 8 659 at the end of 1H 2017.
- Sales of cigarettes Tobacco & Impulse distribution format in terms of volume amounted in 2Q 2017 to 2 495 m pieces and increased by 4.59% YoY
- Sales of cigarettes in terms of value increased by 5.8% in 2Q 2017 and 6.0% in 1H 2017 YoY
- Sales of goods in Eurocash Alkohole format was negatively impacted by discontinued sales to export clients and this effect was off-set by consolidation of acquired company Polska Dystrybucja Alkoholi with PLN 66.67 m sales in 2Q 2017 and PLN 115.46 m in 1H 2017.

Integrated Wholesale:

- External wholesale sales of goods realized by Integrated Wholesale segment in 2Q 2017 amounted to PLN 1 620.46 m and PLN 3 073.35 m in 1H 2017. Total results of the segment is impacted by consolidation of acquired retail companies (FHC-2, Madas, Firma Rogala) and its sales transfer to Retail segment.
- EBITDA of the Integrated Wholesale segment amounted in 2Q 2017 to PLN 77.71 m comparing to PLN 54.24 m in 2Q 2016 (increase by 43.3% YoY). EBITDA in 1H 2017 amounted to PLN 125,38 m comparing to PLN 100.54 m in 1H 2016.
- LFL growth of wholesale sales realized by Eurocash to "Delikatesy Centrum" franchise stores amounted to 13.15% in 2Q 2017 and 10.98% in 1H 2017.
- LFL growth of retail sales of "Delikatesy Centrum" franchise stores amounted to 6.21% in 2Q 2017 and 4.30% in 1H 2017.
- Number of "Delikatesy Centrum" franchise stores at the end of 1H 2017 amounted to 1102.
- Number of partnership or franchise stores organized by companies belonging to Eurocash Group (Groszek, Euro Sklep, Lewiatan and PSD) amounted to 4 789 stores as of the end of 1H 2017.

Retail:

- Retail sales of goods realized by Retail segment in 2Q 2017 amounted to PLN 544.83 m and PLN 1 050.06 m in 1H 2017. Retail sales was driven by acquisition of retail companies (EKO Holding, FHC-2 and Madas)

- EBITDA of the Retail segment amounted in 2Q 2017 to PLN 11.37m comparing to PLN 7.05 m in 2Q 2016. In 1H 2017 EBITDA amounted to PLN 20.10 m comparing to PLN 13.14 m in 1H 2016.
- LFL dynamic of retail sales in 2Q 2017 amounted in Inmedio stores to +2.4%, Delikatesy Centrum own stores +3.7% and EKO stores +4.8%. In 1H 2017 dynamic of retail sales amounted to 3.0% in Inmedio stores, +1.8% in Delikatesy Centrum own stores and +1.5% in EKO stores.
- Number of retail stores at the end of 1H 2017 amounted in Inmedio to 452, Delikatesy Centrum own 116 and EKO 244.
- In 1H 2017 11 EKO stores was rebranded to Delikatesy Centrum format.
- Additionally in April 2017 EKO sold 3 stores to independent investors and at the same time fulfilled condition of Polish Antimonopoly Office, settled in its decision to allow Eurocash Group to acquire EKO Holding S.A.

Projects

- Sales of goods realized by Projects segment in 2Q 2017 amounted to PLN 135.84m comparing to PLN 59.12 m in 2Q 2016. In 1H 2017 sales amounted to PLN 247,36 m comparing to 102.01 m in 1H 2016. The main driver of sales increase in Projects has been development of distribution of fresh products to franchise stores in Delikatesy Centrum chain. Additional sales coming from this project amount to PLN 134.63 m in 1H 2017 YoY.
- Negative EBITDA contribution of Projects segment amounted in 2Q 2017 to PLN -11.03 m comparing to PLN -8.36 m in 2Q 2016. In 1H 2017 EBITDA amounted to PLN -26.53 m comparing to PLN -15.44 m.

Others

- EBITDA of Others segment amounted in 2Q 2017 to negative PLN -16.05 m comparing to PLN -6.68 m in 2Q 2016. In 1H 2017 EBITDA amounted to PLN -32.24 m comparing to PLN -23.70 m in 1H 2017.

Operating segments

Due to changes in financial results presentation by operating segments in 2017, below we present quarter results of each segment for years 2015-2017 according to definition of segments implemented in 2017.

Table 7: Eurocash Group: Operating segments adjusted results in 1Q and 2Q 2017

1Q 2017 (PLN m)	Independent Wholesale	Integrated Wholesale	Retail	New Projects	Other	Consolidation adj.	Total
Sales revenues (traded goods, materials)	3 200,35	1 771,27	537,83	112,42	0,00	-428,71	5 193,16
EBIT	-4,22	31,89	0,81	-16,35	-19,11	0,00	-6,98
<i>(EBIT margin %)</i>	<i>-0,13%</i>	<i>1,80%</i>	<i>0,15%</i>	<i>-14,54%</i>	<i>0</i>	<i>0</i>	<i>-0,13%</i>
EBITDA	12,52	47,68	8,73	-15,50	-16,19	0,00	37,24
<i>(EBITDA margin %)</i>	<i>0,39%</i>	<i>2,69%</i>	<i>1,62%</i>	<i>-13,79%</i>	<i>0</i>	<i>0</i>	<i>0,72%</i>
2Q 2017 (PLN m)	Independent Wholesale	Integrated Wholesale	Retail	New Projects	Other	Consolidation adj.	Total
Sales revenues (traded goods, materials)	3 833,77	2 003,31	573,69	137,35	0,13	-463,85	6 084,40
EBIT	41,09	61,84	2,41	-11,32	-19,18	0,00	74,84
<i>(EBIT margin %)</i>	<i>1,07%</i>	<i>3,09%</i>	<i>0,42%</i>	<i>-8,24%</i>	<i>0</i>	<i>0</i>	<i>1,23%</i>
EBITDA	58,08	77,71	11,37	-11,03	-16,05	0,00	120,07
<i>(EBITDA margin %)</i>	<i>1,51%</i>	<i>3,88%</i>	<i>1,98%</i>	<i>-8,03%</i>	<i>0</i>	<i>0</i>	<i>1,97%</i>

Table 8: Eurocash Group: Operating segments adjusted results in 1Q YTD and 2Q YTD 2017

1Q YTD 2017 (PLN m)	Independent Wholesale	Integrated Wholesale	Retail	New Projects	Other	Consolidation adj.	Total
Sales revenues (traded goods, materials)	3 200,35	1 771,27	537,83	112,42	0,00	-428,71	5 193,16
EBIT	-4,22	31,89	0,81	-16,35	-19,11	0,00	-6,98
<i>(EBIT margin %)</i>	<i>-0,13%</i>	<i>1,80%</i>	<i>0,15%</i>	<i>-14,54%</i>	<i>0</i>	<i>0</i>	<i>-0,13%</i>
EBITDA	12,52	47,68	8,73	-15,50	-16,19	0,00	37,24
<i>(EBITDA margin %)</i>	<i>0,39%</i>	<i>2,69%</i>	<i>1,62%</i>	<i>-13,79%</i>	<i>0</i>	<i>0</i>	<i>0,72%</i>
2Q YTD 2017 (PLN m)	Independent Wholesale	Integrated Wholesale	Retail	New Projects	Other	Consolidation adj.	Total
Sales revenues (traded goods, materials)	7 034,12	3 774,58	1 111,52	249,77	0,13	-892,56	11 277,56
EBIT	36,87	93,73	3,22	-27,67	-38,29	0,00	67,86
<i>(EBIT margin %)</i>	<i>0,52%</i>	<i>2,48%</i>	<i>0,29%</i>	<i>-11,08%</i>	<i>0</i>	<i>0</i>	<i>0,60%</i>
EBITDA	70,60	125,38	20,10	-26,53	-32,24	0,00	157,32
<i>(EBITDA margin %)</i>	<i>1,00%</i>	<i>3,32%</i>	<i>1,81%</i>	<i>-10,62%</i>	<i>0</i>	<i>0</i>	<i>1,39%</i>

Table 9: Eurocash Group: Operating adjusted segments results in 2016

1Q 2016 (PLN m)	Independent Wholesale	Integrated Wholesale	Retail	New Projects	Other	Consolidation adj.	Total
Sales revenues (traded goods, materials)	3 009,01	1 740,54	233,66	43,34	0,00	-262,51	4 764,05
EBIT	1,19	30,88	1,81	-7,66	-19,57	0,00	6,64
<i>(EBIT margin %)</i>	<i>0,04%</i>	<i>1,77%</i>	<i>0,77%</i>	<i>-17,68%</i>	<i>0</i>	<i>0</i>	<i>0,14%</i>
EBITDA	19,05	46,30	6,09	-7,08	-17,02	0,00	47,34
<i>(EBITDA margin %)</i>	<i>0,63%</i>	<i>2,66%</i>	<i>2,61%</i>	<i>-16,33%</i>	<i>0</i>	<i>0</i>	<i>0,99%</i>
2Q 2016 (PLN m)	Independent Wholesale	Integrated Wholesale	Retail	New Projects	Other	Consolidation adj.	Total
Sales revenues (traded goods, materials)	3 579,68	1 952,28	233,54	-25,47	0,00	-399,27	5 340,77
EBIT	46,38	39,78	3,00	-8,74	-10,38	0,00	70,04
<i>(EBIT margin %)</i>	<i>1,30%</i>	<i>2,04%</i>	<i>1,29%</i>	<i>34,31%</i>	<i>0</i>	<i>0</i>	<i>1,31%</i>
EBITDA	64,02	54,24	7,05	-8,36	-6,68	0,00	110,26
<i>(EBITDA margin %)</i>	<i>1,79%</i>	<i>2,78%</i>	<i>3,02%</i>	<i>32,84%</i>	<i>0</i>	<i>0</i>	<i>2,06%</i>
3Q 2016 (PLN m)	Independent Wholesale	Integrated Wholesale	Retail	New Projects	Other	Consolidation adj.	Total
Sales revenues (traded goods, materials)	3 825,32	2 074,17	254,25	9,64	0,00	-402,19	5 761,18
EBIT	53,41	55,50	3,67	-11,03	-20,47	0,00	81,08
<i>(EBIT margin %)</i>	<i>1,40%</i>	<i>2,68%</i>	<i>1,44%</i>	<i>-114,37%</i>	<i>0</i>	<i>0</i>	<i>1,41%</i>
EBITDA	73,17	70,85	7,87	-10,47	-18,19	0,00	123,24
<i>(EBITDA margin %)</i>	<i>1,91%</i>	<i>3,42%</i>	<i>3,10%</i>	<i>-108,58%</i>	<i>0</i>	<i>0</i>	<i>2,14%</i>
4Q 2016 (PLN m)	Independent Wholesale	Integrated Wholesale	Retail	New Projects	Other	Consolidation adj.	Total
Sales revenues (traded goods, materials)	3 471,69	1 999,04	255,02	13,08	0,00	-384,92	5 353,91
EBIT	77,68	83,90	7,71	-15,92	-36,84	0,00	116,52
<i>(EBIT margin %)</i>	<i>2,24%</i>	<i>4,20%</i>	<i>3,02%</i>	<i>-121,69%</i>	<i>0</i>	<i>0</i>	<i>2,18%</i>
EBITDA	96,07	100,91	12,17	-15,61	-33,90	0,00	159,65
<i>(EBITDA margin %)</i>	<i>2,77%</i>	<i>5,05%</i>	<i>4,77%</i>	<i>-119,30%</i>	<i>0</i>	<i>0</i>	<i>2,98%</i>

Table 10: Eurocash Group: Operating segments adjusted results in 2016 YTD

1Q YTD 2016 (PLN m)	Independent Wholesale	Integrated Wholesale	Retail	New Projects	Other	Consolidation adj.	Total
Sales revenues (traded goods, materials)	3 009,01	1 740,54	233,66	43,34	0,00	-262,51	4 764,05
EBIT	1,19	30,88	1,81	-7,66	-19,57	0,00	6,64
<i>(EBIT margin %)</i>	<i>0,04%</i>	<i>1,77%</i>	<i>0,77%</i>	<i>-17,68%</i>	<i>0</i>	<i>0</i>	<i>0,14%</i>
EBITDA	19,05	46,30	6,09	-7,08	-17,02	0,00	47,34
<i>(EBITDA margin %)</i>	<i>0,63%</i>	<i>2,66%</i>	<i>2,61%</i>	<i>-16,33%</i>	<i>0</i>	<i>0</i>	<i>0,99%</i>
2Q YTD 2016 (PLN m)	Independent Wholesale	Integrated Wholesale	Retail	New Projects	Other	Consolidation adj.	Total
Sales revenues (traded goods, materials)	6 588,70	3 692,82	467,20	17,87	0,00	-661,78	10 104,81
EBIT	47,56	70,66	4,81	-16,40	-29,95	0,00	76,68
<i>(EBIT margin %)</i>	<i>0,72%</i>	<i>1,91%</i>	<i>1,03%</i>	<i>-91,77%</i>	<i>0</i>	<i>0</i>	<i>0,76%</i>
EBITDA	83,07	100,54	13,14	-15,44	-23,70	0,00	157,61
<i>(EBITDA margin %)</i>	<i>1,26%</i>	<i>2,72%</i>	<i>2,81%</i>	<i>-86,41%</i>	<i>0</i>	<i>0</i>	<i>1,56%</i>
3Q YTD 2016 (PLN m)	Independent Wholesale	Integrated Wholesale	Retail	New Projects	Other	Consolidation adj.	Total
Sales revenues (traded goods, materials)	10 414,01	5 766,99	721,45	27,51	0,00	-1 063,97	15 865,99
EBIT	100,98	126,16	8,48	-27,43	-50,43	0,00	157,76
<i>(EBIT margin %)</i>	<i>0,97%</i>	<i>2,19%</i>	<i>1,17%</i>	<i>-99,69%</i>	<i>0</i>	<i>0</i>	<i>0,99%</i>
EBITDA	156,24	171,39	21,01	-25,91	-41,88	0,00	280,85
<i>(EBITDA margin %)</i>	<i>1,50%</i>	<i>2,97%</i>	<i>2,91%</i>	<i>-94,18%</i>	<i>0</i>	<i>0</i>	<i>1,77%</i>
4Q YTD 2016 (PLN m)	Independent Wholesale	Integrated Wholesale	Retail	New Projects	Other	Consolidation adj.	Total
Sales revenues (traded goods, materials)	13 885,71	7 766,02	976,47	40,59	0,00	-1 448,89	21 219,90
EBIT	178,65	210,06	16,19	-43,34	-87,27	0,00	274,28
<i>(EBIT margin %)</i>	<i>1,29%</i>	<i>2,70%</i>	<i>1,66%</i>	<i>-106,78%</i>	<i>0</i>	<i>0</i>	<i>1,29%</i>
EBITDA	252,31	272,30	33,18	-41,52	-75,78	0,00	440,49
<i>(EBITDA margin %)</i>	<i>1,82%</i>	<i>3,51%</i>	<i>3,40%</i>	<i>-102,28%</i>	<i>0</i>	<i>0</i>	<i>2,08%</i>

Table 11: Eurocash Group: Operating segments adjusted results in 2015

1Q 2015 (PLN m)	Independent Wholesale	Integrated Wholesale	Retail	New Projects	Other	Consolidation adj.	Total
Sales revenues (traded goods, materials)	2 954,02	1 707,82	132,10	7,06	0,00	-195,24	4 605,77
EBIT	3,53	14,91	1,18	-3,80	-9,05	0,00	6,76
<i>(EBIT margin %)</i>	<i>0,12%</i>	<i>0,87%</i>	<i>0,89%</i>	<i>-53,91%</i>	<i>0</i>	<i>0</i>	<i>0,15%</i>
EBITDA	18,31	29,41	3,84	-3,52	-6,25	0,00	41,78
<i>(EBITDA margin %)</i>	<i>0,62%</i>	<i>1,72%</i>	<i>2,90%</i>	<i>-49,91%</i>	<i>0</i>	<i>0</i>	<i>0,91%</i>
2Q 2015 (PLN m)	Independent Wholesale	Integrated Wholesale	Retail	New Projects	Other	Consolidation adj.	Total
Sales revenues (traded goods, materials)	3 404,00	1 854,33	135,03	7,48	0,00	-219,13	5 181,70
EBIT	50,04	34,93	1,62	-4,57	-6,69	0,00	75,34
<i>(EBIT margin %)</i>	<i>1,47%</i>	<i>1,88%</i>	<i>1,20%</i>	<i>-61,10%</i>	<i>0</i>	<i>0</i>	<i>1,45%</i>
EBITDA	68,17	49,63	4,32	-4,19	-3,91	0,00	114,02
<i>(EBITDA margin %)</i>	<i>2,00%</i>	<i>2,68%</i>	<i>3,20%</i>	<i>-56,02%</i>	<i>0</i>	<i>0</i>	<i>2,20%</i>
3Q 2015 (PLN m)	Independent Wholesale	Integrated Wholesale	Retail	New Projects	Other	Consolidation adj.	Total
Sales revenues (traded goods, materials)	3 534,95	2 024,86	141,79	7,00	0,00	-222,02	5 486,57
EBIT	61,27	51,67	0,88	-4,65	-11,45	0,00	97,71
<i>(EBIT margin %)</i>	<i>1,73%</i>	<i>2,55%</i>	<i>0,62%</i>	<i>-66,51%</i>	<i>0</i>	<i>0</i>	<i>1,78%</i>
EBITDA	77,73	66,44	4,34	-4,22	-9,18	0,00	135,11
<i>(EBITDA margin %)</i>	<i>2,20%</i>	<i>3,28%</i>	<i>3,06%</i>	<i>-60,33%</i>	<i>0</i>	<i>0</i>	<i>2,46%</i>
4Q 2015 (PLN m)	Independent Wholesale	Integrated Wholesale	Retail	New Projects	Other	Consolidation adj.	Total
Sales revenues (traded goods, materials)	3 268,91	1 899,97	146,73	8,56	0,00	-279,99	5 044,17
EBIT	89,53	85,35	5,86	-6,04	-29,43	0,00	145,28
<i>(EBIT margin %)</i>	<i>2,74%</i>	<i>4,49%</i>	<i>3,99%</i>	<i>-70,61%</i>	<i>0</i>	<i>0</i>	<i>2,88%</i>
EBITDA	107,64	100,35	8,83	-5,63	-26,48	0,00	184,71
<i>(EBITDA margin %)</i>	<i>3,29%</i>	<i>5,28%</i>	<i>6,02%</i>	<i>-65,75%</i>	<i>0</i>	<i>0</i>	<i>3,66%</i>

Table 12: Eurocash Group: Operating segments adjusted results in 2015 YTD

1Q YTD 2015 (PLN m)	Independent Wholesale	Integrated Wholesale	Retail	New Projects	Other	Consolidation adj.	Total
Sales revenues (traded goods, materials)	2 954,02	1 707,82	132,10	7,06	0,00	-195,24	4 605,77
EBIT	3,53	14,91	1,18	-3,80	-9,05	0,00	6,76
<i>(EBIT margin %)</i>	<i>0,12%</i>	<i>0,87%</i>	<i>0,89%</i>	<i>-53,91%</i>	<i>0</i>	<i>0</i>	<i>0,15%</i>
EBITDA	18,31	29,41	3,84	-3,52	-6,25	0,00	41,78
<i>(EBITDA margin %)</i>	<i>0,62%</i>	<i>1,72%</i>	<i>2,90%</i>	<i>-49,91%</i>	<i>0</i>	<i>0</i>	<i>0,91%</i>
2Q YTD 2015 (PLN m)	Independent Wholesale	Integrated Wholesale	Retail	New Projects	Other	Consolidation adj.	Total
Sales revenues (traded goods, materials)	6 358,02	3 562,15	267,13	14,53	0,00	-414,37	9 787,46
EBIT	53,57	49,84	2,80	-8,37	-15,73	0,00	82,10
<i>(EBIT margin %)</i>	<i>0,84%</i>	<i>1,40%</i>	<i>1,05%</i>	<i>-57,61%</i>	<i>0</i>	<i>0</i>	<i>0,84%</i>
EBITDA	86,48	79,05	8,16	-7,71	-10,16	0,00	155,81
<i>(EBITDA margin %)</i>	<i>1,36%</i>	<i>2,22%</i>	<i>3,05%</i>	<i>-53,05%</i>	<i>0</i>	<i>0</i>	<i>1,59%</i>
3Q YTD 2015 (PLN m)	Independent Wholesale	Integrated Wholesale	Retail	New Projects	Other	Consolidation adj.	Total
Sales revenues (traded goods, materials)	9 892,98	5 587,01	408,92	21,53	0,00	-636,39	15 274,04
EBIT	114,83	101,50	3,67	-13,03	-27,18	0,00	179,81
<i>(EBIT margin %)</i>	<i>1,16%</i>	<i>1,82%</i>	<i>0,90%</i>	<i>-60,50%</i>	<i>0</i>	<i>0</i>	<i>1,18%</i>
EBITDA	164,20	145,49	12,50	-11,93	-19,34	0,00	290,92
<i>(EBITDA margin %)</i>	<i>1,66%</i>	<i>2,60%</i>	<i>3,06%</i>	<i>-55,42%</i>	<i>0</i>	<i>0</i>	<i>1,90%</i>
4Q YTD 2015 (PLN m)	Independent Wholesale	Integrated Wholesale	Retail	New Projects	Other	Consolidation adj.	Total
Sales revenues (traded goods, materials)	13 161,89	7 486,98	555,64	30,09	0,00	-916,39	20 318,21
EBIT	204,37	186,85	9,53	-19,07	-56,61	0,00	325,08
<i>(EBIT margin %)</i>	<i>1,55%</i>	<i>2,50%</i>	<i>1,72%</i>	<i>-63,38%</i>	<i>0</i>	<i>0</i>	<i>1,60%</i>
EBITDA	271,84	245,84	21,33	-17,56	-45,82	0,00	475,63
<i>(EBITDA margin %)</i>	<i>2,07%</i>	<i>3,28%</i>	<i>3,84%</i>	<i>-58,36%</i>	<i>0</i>	<i>0</i>	<i>2,34%</i>

Cash flow

Table 13: Eurocash Group: Consolidated adjusted* cash flow for 2Q 2017

	2Q 2017	2Q 2016
PLN m		
Operating cash flow	261,16	95,74
<i>Gross profit (loss)</i>	66,66	63,07
<i>Depreciation</i>	45,43	40,23
<i>Change in working capital</i>	134,13	(30,87)
<i>Other</i>	14,56	22,85
Cash flow from investments	(65,39)	(32,01)
Cash flow from financing activities	(180,45)	(41,04)
Total cash flow	15,32	22,69

Table 14: Eurocash Group: Consolidated adjusted* cash flow for 1H 2017

	1H 2017	1H 2016
PLN m		
Operating cash flow	181,31	142,53
<i>Gross profit (loss)</i>	50,51	66,43
<i>Depreciation</i>	89,90	80,93
<i>Change in working capital</i>	32,63	(20,24)
<i>Other</i>	7,21	14,62
Cash flow from investments	(204,42)	(135,55)
Cash flow from financing activities	14,65	33,27
Total cash flow	(8,46)	40,24

Total cash flow in 2Q 2017 amounted to PLN 15.32 m. while the operating cash flow reached PLN 261,16 m. In 1H 2017 total cash flow amounted to PLN -8.46 m and operational cash flow amounted to PLN 181.31 m. Operational Cash Flow was driven mainly by improved working capital efficiency.

Cash flow from investments amounted to PLN -65.39 m in 2Q 2017 and - PLN 204.42 m in 1H 2017 and was driven mainly by payment for acquired in 1Q 2017 company EKO Holding. Cash flow from financing activities amounted to PLN -180.45m m in 2Q 2017 and PLN + 14.65 m in 1H 2017, which was mainly impacted by dividend payment for 2016.

* excluding impact of potential VAT liabilities on net profit

Working capital

Table 15: Eurocash Group: Consolidated working capital ratios flow for 2Q 2017

Turnover in days	2Q 2017	2Q 2016
1. Inventories turnover	20,46	19,55
2. Trade receivables turnover	27,74	29,40
3. Trade liabilities turnover	66,61	69,21
4. Operating cycle (1+2)	48,21	48,95
5. Cash conversion (4-3)	(18,40)	(20,26)

Table 16: Eurocash Group: Consolidated working capital ratios flow for 1H 2017

Turnover in days	1H 2017	1H 2016
1. Inventories turnover	21,96	20,67
2. Trade receivables turnover	29,77	31,08
3. Trade liabilities turnover	71,30	72,88
4. Operating cycle (1+2)	51,73	51,75
5. Cash conversion (4-3)	(19,57)	(21,13)

Cash conversion in 2Q 2017 reached –18.40 days comparing with -20.26 days in 2Q 2016. In 1H 2017 cash conversion cycle amounted to -19.57 days comparing with -21.13 in the same period of previous year. Higher inventories and lower receivables turnover was related to consolidation of acquired retail companies.

Statement of the financial position

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 17: Eurocash Group: Selected consolidated balance sheet items

PLN m	30.06.2017		31.12.2016	
Fixed assets	2 507,87	40,87%	2 287,97	41,64%
Current assets	3 628,01	59,13%	3 207,03	58,36%
Total assets	6 135,88	100,00%	5 495,00	100,00%
Equity	968,36	15,78%	1 155,10	21,02%
Liabilities and provisions	5 167,52	84,22%	4 339,89	78,98%
Total liabilities and equity	6 135,88	100,00%	5 495,00	100,00%

Net debt of Eurocash Group at the end of June 2017 amounted to PLN 485.98 m compared with PLN 317.05 m at the end of 1H 2016.

4. Summary of financial results of Eurocash S.A. in 2Q and 1H 2017

Financial Statement below presents data excluding impact of one-off related to affection by external entities which participated in mechanism of VAT fraud

Profit & loss account

Table 18: Eurocash S.A.: Summary of adjusted* financial results for 2Q 2017

PLN m	2Q 2017	2Q 2016	Change %
Sales revenues (traded goods, materials)	3 848,21	3 620,18	6,30%
Gross profit (loss) on sales	429,92	403,02	6,67%
Gross profitability on sales (%)	11,17%	11,13%	0,04 p.p.
EBITDA	79,81	59,44	34,26%
(EBITDA margin %)	2,07%	1,64%	0,43 p.p.
EBIT	51,94	32,27	60,94%
(EBIT margin %)	1,35%	0,89%	0,46 p.p.
Gross profit	61,82	48,45	27,60%
Net Income	52,28	41,96	24,61%
(Net profitability %)	1,36%	1,16%	0,20 p.p.

Table 19: Eurocash S.A.: Summary of adjusted* financial results for 1H 2017

PLN m	1H 2017	1H 2016	Change %
Sales revenues (traded goods, materials)	7 069,76	6 784,80	4,20%
Gross profit (loss) on sales	768,37	731,61	5,02%
Gross profitability on sales (%)	10,87%	10,78%	0,09 p.p.
EBITDA	98,63	75,82	30,09%
(EBITDA margin %)	1,40%	1,12%	0,28 p.p.
EBIT	42,75	21,74	96,63%
(EBIT margin %)	0,60%	0,32%	0,28 p.p.
Gross profit	45,43	36,19	25,53%
Net Income	38,43	33,13	15,99%
(Net profitability %)	0,54%	0,49%	0,05 p.p.

Sales of Eurocash S.A. in 2Q 2017 amounted to PLN 3 848.21 m and increased by 6.30%. In 1H 2017 sales reached PLN 7 069.76 m and increased by 4.20% YoY. Consolidated gross margin on sales realized by Eurocash S.A. in 2Q 2017 was at comparable level as in previous year and amounted to 11.17%. In 1H 2017 consolidated gross margin on sales amounted to 10.87%, which means increase by 0.09 p.p. YoY. In 2Q 2017 EBITDA amounted to PLN 79.81 m, while in 1H 2017 it reached PLN 98.63 m. Net profit in 2Q 2017 amounted to PLN 52.28 m and in 1H 2017 reached the level of PLN 38.43 m.

* excluding impact of potential VAT liabilities on net profit

Cash flow

Table 20: Eurocash S.A.: Adjusted* Cash flow for 2Q 2017

	PLN m	2Q 2017	2Q 2016
Operating cash flow		308,48	183,25
<i>Gross profit (loss)</i>		61,82	48,45
<i>Depreciation</i>		27,87	27,17
<i>Change in working capital</i>		212,71	106,83
<i>Other</i>		5,73	0,34
Cash flow from investments		(43,07)	302,69
Cash flow from financing activities		(253,00)	(464,58)
Total cash flow		12,41	21,37

Table 21: Eurocash S.A.: Adjusted* Cash flow for 1H 2017

	PLN m	1H 2017	1H 2016
Operating cash flow		372,66	141,15
<i>Gross profit (loss)</i>		45,43	36,19
<i>Depreciation</i>		55,87	54,07
<i>Change in working capital</i>		265,76	56,46
<i>Other</i>		4,58	(6,31)
Cash flow from investments		(197,68)	206,13
Cash flow from financing activities		(189,87)	(313,70)
Total cash flow		(14,89)	33,58

Total cash flow of Eurocash S.A. in 2Q 2017 amounted to PLN 12.41 m. In 1H 2017 cash flow reached PLN -14.89 m.

* excluding impact of potential VAT liabilities on net profit

Working capital

Table 22: Eurocash S.A.: Working capital ratios for 2Q 2017

Turnover in days	2Q 2017	2Q 2016
1. Inventories turnover	21,29	20,32
2. Trade receivables turnover	32,49	32,52
3. Trade liabilities turnover	83,74	85,82
4. Operating cycle (1+2)	53,78	52,84
5. Cash conversion (4-3)	(29,97)	(32,98)

Table 23: Eurocash S.A.: Working capital ratios for 1H 2017

Turnover in days	1H 2017	1H 2016
1. Inventories turnover	23,05	21,68
2. Trade receivables turnover	35,17	34,71
3. Trade liabilities turnover	90,36	91,22
4. Operating cycle (1+2)	58,22	56,39
5. Cash conversion (4-3)	(32,13)	(34,84)

Cash conversion in 2Q 2017 amounted to -29.97 days and in 1H 2017 –32.13 days.

Statement of the financial position

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 24: Eurocash S.A.: Selected adjusted balance sheet items

PLN m	30.06.2017		31.12.2016	-
Fixed assets	2 868,26	53,18%	2 716,66	53,31%
Current assets	2 525,66	46,82%	2 379,43	46,69%
Total assets	5 393,92	100,00%	5 096,09	100,00%
Equity	1 034,88	19,19%	1 165,12	22,86%
Liabilities and provisions	4 359,04	80,81%	3 930,97	77,14%
Total liabilities and equity	5 393,92	100,00%	5 096,09	100,00%

5. Definitions of the financial ratios

Gross profit margin on sales:	ratio of gross sales profit to net sales revenue
EBITDA margin:	ratio of EBITDA (operating profit plus depreciation) to net sales revenue
Operating profit margin:	ratio of operating profit (EBIT) to net sales revenue
Net profit margin on sales:	ratio of net profit to net sales revenue
Inventories turnover:	the ratio of balance of stocks at the end of period to net sales for period. multiplied by the number of days in the period
Trade receivables turnover:	the ratio of balance of trade receivables at the end of period to net sales for period. multiplied 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 goods sold 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
Net debt:	the sum of long and short term loans, borrowings and financial liabilities lessened by cash and cash equivalents

6. Major events and factors that influenced consolidated income or loss of Eurocash Group in 1H 2017

The company affected by external entities which participated in mechanism of vat fraud

In the period from March to August 2017 an extensive and detailed audit of VAT settlements by Eurocash S.A. was carried out. The audit covered settlements made in the years 2013 – 2017. It showed that Eurocash S.A. was used in a mechanism of VAT fraud by groups of outside entities in transactions concerning intra-Community delivery of goods. The audit consisted, inter alia, in a review of documentation, including e-mail correspondence, as well as verification of business partners of Eurocash S.A. who participated in the above-mentioned transactions.

The finding of the audit showed that Eurocash S.A. may be obligated to settle a VAT liability in favor of the State Treasury. In accordance with the estimate of the Management Board, the amount of the potential VAT liability may be 121 450 511 PLN. This amount will be corrected downwards by the surplus of CIT which arose for the Company in connection with the disclosure of revenue from a sale in the part which corresponds to 23% VAT, and, thus, does not constitute an actual gain (revenue) of the Company. As a result, the Company will pay to bank account of the First Wielkopolski Tax Office in Poznań the amount of 95 746 902 PLN in respect of security of payment of the possible VAT liability.

The Management Board believes that the final amount of the VAT liability may differ from the amount paid by the Company in respect of security of payment of the possible VAT liability, once the tax authority has carried out a detailed analysis of the documentation gathered by the Company, as well as of the procedures used by Company and the explanations of the Company. The Company believes that it acted in good faith when carrying out the above-mentioned transactions, and that it regularly tightened up procedures aimed at countering such irregularities. Thus, the Company intends to prove before the Tax Office that it has been harmed by fraud. Thus, the final amount of the VAT liability may be lower than the amount referred to above, while the Company may be due a refund of some of the funds paid.

The Company Management Board emphasizes that payment of the liability will not have any impact on the Company's dividend policy, carried out also in previous years.

Negative impact on Net Profit for 2017 amounts to 114 400 861,47 PLN (0.82 PLN per share). Consolidated Net Debt of Eurocash will be negatively affected by 95 746 902 PLN (0.69 PLN per share).

The effect of the created reserve was reflected in the financial result of the Company and of the Group in the mid-year financial statements.

Eurocash Group continues to audit the VAT settlements by companies of the Eurocash Group as there exists a suspicion that potential irregularities could appear also in other companies of the Group. Taking into account the turnover of the remaining companies of the Group, gained on transactions concerning intra-Community delivery of goods, the risks associated with such potential irregularities are not material.

Eurocash S.A. stopped execution of such transactions concerning intra-Community delivery of goods.

At the same time, on 24 August 2017 the Company filed, as injured party, a notification with the Regional Prosecutor's Office in Poznań, about a justified suspicion of the commission of a crime.

Information regarding dividends

In accordance with Resolution No. 5 adopted by the Annual General Meeting on 25th April 2017, persons who were shareholders of the Company on 16th May 2017, received a dividend of PLN 0.73 per one Company share. The total dividend paid on 6th June 2017 amounted to PLN 101,589,198.78

7. Development perspectives

External Factors

Growth in the FMCG market and its structure.

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

Inflation.

Unexpected substantial changes in prices of food, beverages, alcohol and other FMCG products, as well as fuel prices affecting logistic expenses may influence the Group's profit and loss.

Labour costs.

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

Internal Factors

Integration of acquired companies

Due to the necessity of integrating acquired companies EKO Holding S.A., FHC-2 Sp.z o.o., Madas Sp. z o.o. and Polska Dystrybucja Alkoholii Sp. z o.o. at the operational level, in the opinion of Eurocash S.A. Board full synergies associated with these transactions will be possible to reach within 3 years after the acquisition of control over these companies. Companies EKO Holding S.A., FHC-2 Sp.z o.o., Madas Sp. z o.o. will be integrated within Delikatesy Centrum chain, and PDA Sp. z o.o. will be integrated within Eurocash Alkohole distribution format.

New business formats

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

Eurocash Retail segment

Retail subsidiaries of Eurocash: Inmedio, Firma Rogala, FHC-2, Madas and EKO Holding S.A. will be part of new retail distribution format since 2017 and will consists totally 828 outlets with app. sales of PLN 2 168 m p.a.

Investment in strategical growth projects

To remain competitiveness of independent retail stores in Poland Eurocash Group continues an investment in innovative projects: Duży Ben, 1 minute, abc on wheels, Kontigo, distribution of high quality fresh products and others. Results of these projects have negative impact on the Group profitability, however the Board recognizes necessity of such investment to assure the growth in 5 to 10 years.

Restructuring of Eurocash Cash&Carry distribution format

In years 2014-2016 the number of Eurocash Cash&Carry outlets increased by 32 and the sales at this time remained at stable level. Not sufficient sales growth affected by sales cannibalization and deflation accompanied with increased level of fixed costs was main reason of Cash&Carry profitability decrease in 2016. The Management Board of Eurocash Group decided that in 2017 potentially 10 stores may be closed. After each closure the analysis of sales and clients behavior will be conducted. Effects of such analysis will motivate the decision of each next store closure.

Organic expansion

Management of Eurocash Group expects that during 2017:

- Eurocash Cash&Carry stores structure will be under revision. In 2017 approximately 10 stores may be closed, each decision about closure will be taken during the year. In 1H 2017 3 Cash&Carry stores has been closed.
- Number of Delikatesy Centrum franchise stores will increase by app. 60 stores

8. Major risks and threats related to the operational activities

External Factors

Macroeconomic situation. Purchasing power of the population

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

The structure of the FMCG retail distribution market in Poland

In 2016, the traditional distribution channel was a significant form of FMCG retail distribution, representing the share of approx. 39%. Such a high share (against other European countries) results from a low concentration of population in a country as well as from poor housing conditions as small and medium-size shops located away from large conglomerates comprise the key customer group for Eurocash. Growth in the share of modern distribution will shrink a prospective market for the Eurocash Group's business.

The structure of the traditional FMCG distribution channel. Competition

According to the estimates compiled by the Eurocash Group, approx. 3 000-4 000 entities operate in the wholesale FMCG distribution market. Market consolidation and an entry of new strong players could have a negative impact on margin levels.

Internal Factors

IT systems

An efficient, uniform IT system allows for centralized 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 Group.

New investments

The Eurocash Group wishes to be an active player in the process of market consolidation by way of acquiring FMCG warehouses. While taking over other enterprises, the Group faces numerous material risks connected to integration, achievement of synergies planned, or an inadequate assessment of the market potential.

Suppliers

Due to the range of products offered by the Eurocash Group and geographically diverse sales, key suppliers of the Group are numerous and as at 30 June 2017 comprised over 1 820 national and foreign entities.

Suppliers of branded products, comprised of key producers and importers of FMCG merchandise including tobacco products and alcoholic beverages, are selected mainly based on their market share, impact of the brand, the coverage of individual product segments, and regional diversification.

Due the nature of the FMCG market, as well as market competitiveness and lower sales volumes noted for tobacco products in Poland, the Group's operations does not depend on suppliers, as a result of which the risk related to contract termination or adverse changes in contractual terms could have a negative effect on business operations of Eurocash and its financial performance is limited.

9. Additional information

Information regarding dividends

In accordance with Resolution No. 5 adopted by the Annual General Meeting on 25th April 2017, persons who were shareholders of the Company on 16th May 2017, received a dividend of PLN 0.73 per one Company share. The total dividend paid on 6th June 2017 amounted to PLN 101,589,198.78

Explanations regarding seasonality

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

Issuance redemption and repayment of debt and capital securities

In the period between 1st January 2017 and 30th June 2017 66 925 were issued.

On 30 June 2017 Eurocash total nominal value of issued bonds amounted to:

- PLN 140,0m bonds issued under the long-term bonds issue program.
- PLN 46.8 m bonds issued under the commercial paper program.

Changes in the basic management principles

Resignation of member of the management board

On 13th January 2017 Mr. David Boner resigned from function of Member of the Management Board of Eurocash, with effect on 13th January 2017.

Appointment of member of the management board

On 22nd February 2017 Supervisory Board of Eurocash agreed the resolution regarding the appointment of Mr. Przemysław Ciaś on the function of Member of the Management Board of Company.

In 1H 2017 there were no changes in the basic management principles.

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 forecast for 2017

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

Shareholder	25.08.2017				12.05.2017			
	Number of shares	Share in share capital (%)	Number of shares	Share in total number of votes	Number of shares	Share in share capital (%)	Number of shares	Share in total number of votes
Luis Amaral (directly and indirectly through Politra B.V. S.à.r.l.)	60 615 240	43,56%	60 615 240	43,56%	60 615 240	43,56%	60 615 240	43,56%
Others	78 548 046	56,44%	78 548 046	56,44%	78 548 046	56,44%	78 548 046	56,44%
Total	139 163 286	100,00%	139 163 286	100,00%	139 163 286	100,00%	139 163 286	100,00%

Number of shares (or rights to shares) held by the members of the Management Board and Supervisory Board of Eurocash

	Shares or rights to acquire Eurocash shares	
	25.08.2017	12.05.2017
<i>Management Board members</i>		
Luis Amaral (directly and indirectly)	60 615 240	60 615 240
Rui Amaral	347 025	347 025
Katarzyna Kopaczewska	330 000	330 000
Arnaldo Guerreiro	325 500	325 500
Pedro Martinho	827 540	818 050
Jacek Owczarek	58 500	58 500
Przemysław Ciaś	0	0
<i>Supervisory Board members</i>		
Eduardo Aguinaga de Moraes	0	0
Joao Borges de Assuncao	0	0
Hans-Joachim Körber	0	0
Jacek Szwajcowski	0	0
Francisco Santos	0	0

Information on legal suits

In the 1H 2017 companies belonging to Eurocash Group were not involved in any other legal suit in any court, nor in a body competent for arbitration proceedings nor an administrative body, which total value would amount to at least 10% of equity.

Information concerning granting by the issuer or its subsidiary credit or loan surety or a guarantee

In the 1H 2017 companies belonging to Eurocash Group did not grant any surety for a credit or a loan nor did it grant any guarantee of total value equivalent to 10% of the Eurocash equity.

Information concerning execution by the issuer or its subsidiary transaction with related parties

In the 1H 2017 companies belonging to Eurocash Group did not execute transactions with related parties otherwise than in the ordinary course of business on an arm's length basis.

Other information significant to assess the issuer's situation or ability to satisfy liabilities by the issuer

Apart of information provided in this report, there is no other information which would be material to assess the staffing and financial situation of the Company.

Factors that will affect the results achieved by the issuer

Acquisition of 100% of shares in EKO Holding S.A

On 4th January 2017 Eurocash acquired 100% of shares in EKO Holding S.A. with its registered office in Nowa Wieś Wroclawska ("EKO"). Thereby, Eurocash acquired a network of 248 grocery stores of EKO (operating mostly in south-western Poland), which will allow further development of the Eurocash Group and better use of its capability. According to the received information, the total sales of the company in 2016 amounted to app. PLN 950 million.

Apart of information provided in this report there are no other material factors which might influence the results of the Eurocash Group during the next quarter of the year.

Potential acquisition of entities controlling the MILA chain of stores

On 21st August 2017, Eurocash concluded letter of Intent with Argus Retail Holding Limited (company under Cypriot law), non-public closed-end investment fund Elbrus with its registered office in Warsaw, Robert Załęski and Stanisław Sosnowski on account of potential conclusion of the agreement of purchasing 100% of shares in the share capital of Domelius Limited (company under Cypriot law) with its registered office in Nicosia considered by the issuer, as well as taking over control on its subsidiary companies including: Mila Holding S.A. (previously Grupa 700 market-Detal spółka z o.o. S.K.A.), Mila S.A. (previously market-Detal spółka z ograniczoną odpowiedzialnością sp.j.), Investpol 700 Mila spółka jawna and "Koja-Mila spółka akcyjna" spółka jawna.

In accordance with the provisions of the Letter of Intent seller grants the issuer an exclusive right to finalize transaction before the date of 8th September 2017. It means, that during exclusivity period seller cannot conduct any kind of negotiations regarding to described transaction with any other entity than the issuer.

The Letter of Intent expires with the earliest of the following dates:

- expiration of exclusivity period,
- conclusion of the agreement of purchasing shares of the company

that is not forming an obligation to divestiture the company.

Information about signing the Letter of Intent has been classified by the issuer as confidential, because of essential value of possible transaction and its importance for the issuer, especially in the context of issuer's activity development in retail sector, as well as standard of communication of acquisitions adopted by the issuer. In the result of potential transaction of purchasing shares of the company, the issuer is entitled to take control over Mila Supermarket chain. At the end of 2016 the Mila Supermarket chain was consisted of 188 stores. Sales revenue reached 1,49 bln PLN, EBITDA reached 4,8 mln PLN.

10. 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 abbreviated semi-annual consolidated 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 for the 1H 2017,
- the abbreviated semi-annual separate 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 and of the results of its operations for the 1H 2017.
- the report of the Management Board on the business activities of Eurocash Group for the 1H 2017 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:

- Ernst & Young Audyt Polska sp. z o.o. sp. k., the entity qualified to audit financial statements, which reviewed the abbreviated semi-annual consolidated of Eurocash Group, 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 report from the review in accordance with the applicable provisions of the law
- Ernst & Young Audyt Polska sp. z o.o. sp. k., the entity qualified to audit financial statements, which reviewed the abbreviated semi-annual separate of Eurocash, 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 report from the review in accordance with the applicable provisions of the law.

Signatures of the Management Board Members:

Position	Name and surname	Date	Signature
President of the Management Board	Luis Amaral	25 th August 2017	
Member of the Management Board Chief Executive Officer	Rui Amaral	25 th August 2017	
Member of the Management Board	Arnaldo Guerreiro	25 th August 2017	
Member of the Management Board	Pedro Martinho	25 th August 2017	
Member of the Management Board Human Resources Director	Katarzyna Kopaczewska	25 th August 2017	
Member of the Management Board Financial Director	Jacek Owczarek	25 th August 2017	
Member of the Management Board	Przemysław Ciaś	25 th August 2017	