EUROCASH

CONSOLIDATED QUARTERLY REPORT

3rd QUARTER 2006

CONTENTS:

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.

Management discussion of the financial results for the 3Q 2006

1. Eurocash: Key financial and operational highlights in 3Q 2006

- On August 16th 2006, companies from Eurocash Group concluded with Carment M. Stodółka i Wspólnicy Sp. Jawna ("Carment") and its partners final agreements regarding acquisition of Carment's assets in form of organized parts of enterprise – among others franchise chain of retail stores under the "Delikatesy Centrum" brand and wholesale business– mainly supply of FMCG products to "Delikatesy Centrum" franchise stores.
- Results of the traditional wholesale business segment (operations of Eurocash S.A. - Eurocash Discount Cash&Carry and supply to "Delikatesy Centrum" franchise stores):
  - Sales increased by **19.6%** in 3Q 2006 comparing with 3Q 2005. Main reason for such growth was the addition of sales to the Delikatesy Centrum franchise chain.
  - Sales of Eurocash Discount Cash&Carry stores amounted to PLN 509.0m and increased by **9.6%** in 3Q 2006 comparing with 3Q 2005.
  - Sales to Delikatesy Centrum franchise chain in 3Q 2006 (from August 16th to September 30th) amounted to PLN 46.1m.
  - Number of "Delikatesy Centrum" franchise stores at the end of 3Q 2006 amounted to **223**.
  - Gross margin in traditional wholesale business segment amounted to **12.8%.**
  - LFL sales growth (same number of stores) in Eurocash Discount Cash&Carry stores amounted to **6.4%** in 3Q.
  - Number of abc stores reached 2,349 at the end of 3Q 2006.
  - The share of abc stores in total sales of Discount Cash & Carry stores amounted to **43.2%** comparing with 40.1% in 3Q 2005.
  - Sales to abc shops increased by **18.4**% comparing with 3Q 2005.
- Active Distribution (operations of KDWT S.A.):
  - Since beginning of 2Q 2006 Eurocash consolidates results of KDWT S.A. ("KDWT"). Because of this, the consolidated figures for 3Q 2006 are not directly comparable with data for 3Q 2005.
  - Sales to third parties (excluding intragroup sales) since the beginning of 2Q (in 2Q and 3Q) amounted to PLN 791m, EBITDA to PLN 10.2m and EBIT to PLN 7.9m.

2. Eurocash Group

Profit & loss account

Table 1 Eurocash Group: Summary of consolidated financial results for 3Q 2006

PLN million	3Q 2006
Sales revenues	945.09
Gross profit/(loss) on sales *(Gross profitability on sales %)*	87.25 9.23%
EBITDA *(EBITDA margin %)*	26.92 2.85%
EBIT *(EBIT margin%)*	17.26 1.83%
Gross profit	17.42
Net income *Net profitability %*	13.42 1.42%

The blended profitability ratios of Eurocash Group are lower than the stand-alone Eurocash S.A. ratios due to lower profitability of tobacco sales realized by KDWT. The level of margins realized by KDWT is typical for tobacco distribution business.

Below we present the consolidated results for 3Q YTD 2006 split by the following business segments:
- traditional wholesale – wholesale operations conducted by the Cash & Carry discount chain and business unit Delikatesy Centrum, including the entire operations of the dominant entity - Eurocash S.A.
- active distribution – wholesale operations in the area of specialist active distribution of the FMCG goods, including the entire operations of the subsidiary - KDWT S.A.
- other – franchise services to the Delikatesy Centrum franchise stores (Eurocash Franszyza sp. z o.o.) and real estate services (Eurocash Detal Sp. z o.o.)

Table 2 Eurocash Group: Summary of financial results for 3Q YTD 2006 by business segment

PLN million	**Traditional wholesale**	**Active distribution**	**Other**	**Exclusions**	**Total**
Sales revenues	1 427.4	893.4	1.4	(118.2)	2 204.1
EBITDA	49.7	10.2	(0.7)	(1.3)	58.0
(EBITDA margin %)	*3.5%*	*1.1%*	*-46.6%*	*1.1%*	*2.6%*
EBIT	28.8	7.9	(1.7)	(0.9)	34.1
(EBIT margin%)	*2.0%*	*0.9%*	*-120.3%*	*0.7%*	*1.5%*
Gross profit	-	-	(2.6)	(0.3)	33.9
Income tax	-	-	(8.0)	0.3	(7.7)
Net income	-	-	(10.6)	0.0	26.2
Net profitability %					*1.2%*

Cash flow

Table 3 Eurocash Group: Consolidated cash flow for 3Q 2006

PLN million	**3Q 2006**
Operating cash flow	7.78
Gross profit (loss)	*17.42*
Depreciation	*9.66*
Change in working capital	*(19.41)*
Other	*0.11*
Cash flow from investments	(76.52)
Cash flow from financing activities	26.73
Total cash flow	(42.02)

Total cash flow of Eurocash Group in 3Q 2005 amounted to minus PLN 42.02 million. The main reason for negative total cash flow in the period was cash out related to investments.

Working capital

Table 4 Eurocash Group: Consolidated working capital ratios flow for 3Q 2006

Turnover in days	
1. Inventories turnover	19.6
2. Trade receivables turnover	11.4
3. Trade liabilities turnover	36.8
4. Operating cycle (1+2)	31.0
5. Cash conversion (4-3)	(5.8)

The negative working capital was still maintained after consolidation of KDWT. The negative cash conversion cycle enables Eurocash Group to release cash in line with growing sales.

Balance sheet

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

Table 5 Eurocash Group: Selected consolidated balance sheet items

PLN million	30.09.2006		30.06.2006	
Fixed assets	263.78	40.69%	216.25	37.51%
Current assets	384.45	59.31%	360.30	62.49%
Total assets	648.22	100.00%	576.55	100.00%
Equity	182.78	28.20%	168.84	29.28%
Liabilities and provisions	465.45	71.80%	407.71	70.72%
Total liabilities and equity	648.22	100.00%	576.55	100.00%

Comparing with the situation at the end of 2Q 2006, the fixed assets equity coverage ratio and equity-to-total assets ratio have decreased, mainly due to realised investments.

3. Eurocash S.A.

Profit & loss account

Table 6 Eurocash S.A.: Summary of financial results for 3Q 2006

PLN million	**3Q 2006**	**3Q 2005**	**change 3Q 2006 / 3Q 2005**
Sales revenues	555.16	464.33	19.56%
Gross profit/(loss) on sales	70.90	61.46	15.35%
(Gross profitability on sales %)	12.77%	13.24%	-0.47%
EBITDA	21.77	20.49	6.23%
(EBITDA margin%)	3.92%	4.41%	-0.49%
EBIT	14.41	14.00	2.97%
(EBIT margin%)	2.60%	3.01%	-0.42%
Gross profit	15.26	13.99	9.13%
Net income	12.08	11.38	6.10%
Net profitability %	2.18%	2.45%	-0.28%

Table 7 Eurocash S.A.: Sales analysis for 3Q 2006

PLN million	**3Q 2006**	**3Q 2005**	**change 3Q 2006 / 3Q 2005**
Sales revenues including:	555.16	464.33	19.56%
Revenues from sales of goods and materials (sales in Discount Cash&Carry stores)	545.47	453.36	20.32%
Revenues from sales of products (bonuses from suppliers and abc franchise fee)	9.69	10.97	-11.68%
Number of Discount Cash&Carry stores (end of period)	94	93	1
Sales in stores operating in 3Q 2005 and in 3Q 2006 (like-for-like).	480.60	451.90	6.35%

Table 8 Eurocash S.A.: Costs analysis for 3Q 2006

PLN million	3Q 2006	3Q 2005	change 3Q 2006 / 3Q 2005
Gross profit/(loss) on sales	70.90	61.46	15.35%
(Gross profitability on sales %)	12.77%	13.24%	-0.47%
Costs of sales:	(37.95)	(31.96)	18.73%
(as % of sales)	6.84%	6.88%	-0.05%
General Management costs:	(17.97)	(14.63)	22.79%
(as % of sales)	3.24%	3.15%	0.09%
Profit/loss on sales	14.98	14.87	0.77%
(as % of sales)	2.70%	3.20%	-0.50%
Other operating income	2.18	0.73	199.69%
Other operating costs	(2.75)	(1.60)	71.99%
Operating profit – EBIT	14.41	14.00	2.97%
(EBIT margin %)	2.60%	3.01%	-0.42%
Depreciation	7.36	6.50	13.26%
EBITDA	21.77	20.49	6.23%
(EBITDA margin%)	3.92%	4.41%	-0.49%

In 3Q 2006 gross profitability on sales amounted to 12.8%. Due to higher General Management costs EBITDA and EBIT margins decreased to the level of 3.9% and 2.6% respectively.

Cash flow

Table 9 Eurocash S.A.: Cash flow for 3Q 2006

PLN million	3Q 2006	3Q 2005
Operating cash flow	1.09	13.84
Gross profit (loss)	*15.26*	*13.99*
Depreciation	*7.36*	*6.50*
Change in working capital	*(20.87)*	*(5.59)*
Other	*(0.65)*	*(1.04)*
Cash flow from investments	(64.58)	(2.64)
Cash flow from financing activities	17.67	(0.49)
Total cash flow	(45.81)	10.72

Total cash flow of Eurocash S.A. in 3Q 2005 amounted to minus PLN 45.81 million. The main reason for this negative number, were cash out-flows related to the acquisition of assets from Carment.

Working capital

Table 10 Eurocash S.A.: Working capital ratios flow for 3Q 2006

Turnover in days	3Q 2006	3Q 2005
1. Inventories turnover	25.6	22.0
2. Trade receivables turnover	10.2	5.9
3. Trade liabilities turnover	57.4	49.1
4. Operating cycle (1+2)	35.8	27.9
5. Cash conversion (4-3)	(21.6)	(21.2)

The cash conversion cycle was slightly improved comparing with 3Q 2005. Longer turnover of inventories and trade receivables have been off-set with extended turnover of trade liabilities.

Balance sheet

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

Table 11 Eurocash S.A.: Selected balance sheet items

PLN million	30.09.2006		30.06.2006		30.09.2005	
Fixed assets	283.86	51.87%	233.50	49.01%	182.45	44.69%
Current assets	263.36	48.13%	242.96	50.99%	225.82	55.31%
Total assets	547.22	100.00%	476.46	100.00%	408.27	100.00%
Equity	179.94	32.88%	167.35	35.12%	166.66	40.82%
Liabilities and provisions	367.28	67.12%	309.11	64.88%	241.61	59.18%
Total liabilities and equity	547.22	100.00%	476.46	100.00%	408.27	100.00%

Comparing with the situation at the end of 2Q 2006, the fixed assets equity coverage ratio and equity-to-total assets ratio have decreased, mainly due to realised investments.

Ratios definitions

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

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

Operating profit margin (EBIT) – ratio of operating profit to net sales revenue

Net profit margin on sales – ratio of net profit to net sales revenue.

Inventories turnover – the ratio of balance of stocks at the end of period to net sales for period, multiplied by the number of days in the period.

Trade receivables turnover – the ratio of balance of trade receivables at the end of period to net sales for period, multiplied be the number of days in the period.

Trade liabilities turnover – the ratio of balance of trade liabilities at end of period to costs of sold traded goods for period, multiplied by the number of days in the period

Operating cycle – the sum of stocks turnover and receivables turnover.

Cash conversion cycle – the difference between operating cycle and liabilities turnover.

4. Major events and factors that influence Eurocash S.A. income or loss.

- On August 16th 2006, Eurocash and its subsidiaries: Eurocash Franszyza Sp. z o.o. („EC Franszyza") and Eurocash Detal Sp. z o.o. („EC Detal") concluded with Carment M. Stodółka i Wspólnicy Sp. Jawna ("Carment") and its partners final agreements regarding purchase of organized parts of Carment's enterprise in execution of preliminary agreements dated April 28th 2006. According to the final agreements:

  - Eurocash acquired an organised part of Carment's enterprise dedicated to wholesale business– mainly supply of FMCG products to "Delikatesy Centrum" stores,
  - EC Franszyza acquired an organised part of Carment's enterprise, which encompasses franchise chain of retail stores under the "Delikatesy Centrum" brand,
  - EC Detal acquired an organised part of Carment's enterprise, which encompasses 30 own stores operated by Carment under the "Delikatesy Centrum" brand.

  Additionally, Eurocash obliged himself to issue for the selected partners in Carment management options, which will entitle to subscribe after 36 months from concluding of the final agreements, for newly issued Eurocash shares with total value of PLN 3,500,000 at the issue price equal to the average price of Eurocash shares at the Warsaw Stock Exchange within 30 days prior to executing of the final agreements.

  Moreover, according to the additional agreements concluded in the same day, partners in Carment who have been employed in Carment, will run for period of 36 months following the day of executing of the final agreements, as partners in FHC-2 spółka z ograniczoną odpowiedzialnością – spółka komandytowa, the retail business of 30 Carment's own stores acquired by EC Detal (based on franchise and store rental agreements), and they will also provide EC Franszyza with services related to the ongoing servicing and expansion of the "Delikatesy Centrum" store chain, based on separate service agreement.

5. Development perspectives

<u>External Factors:</u>

- Growth in the FMCG market and its structure. The Company expects further growth of modern distribution channels; its unfavourable impact on company's income will be compensated by growth of the FMCG market in absolute terms and consolidation in the traditional wholesale market.
- Fuel prices. As logistic expenses, closely connected with fuel prices, are a vital part of selling expenses, their substantial changes may influence the Company's profit and loss.

<u>Internal Factors</u>:

- Integration of KDWT operations and business acquired from Carment

  Due to necessity of integration of KDWT and former Carment businesses on the operational level, in the opinion of the Management Board of Eurocash achievement of the full synergy effects resulting from these transactions will be possible within 1-2 years.

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

- Organic expansion. Management of Eurocash Group expects, that by the end of 2006, Eurocash cash & carry will open additional 3 cash & carry stores and KDWT will open 25 sales platforms within Eurocash cash & carry stores.

- Strict cost control

6. Additional information

Explanations regarding seasonality

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

Issuance, redemption and repayment of debt and capital securities

In 3Q 2006 Eurocash S.A. did not issue, acquire or repay debt or capital securities.

Effects of changes in the structure of the Eurocash Group

On the operational level acquisition of KDWT and acquisition of assets from Carment did not have a significant impact on the organisation structure of Eurocash. KDWT operates as a separate company, with its own management. Organised parts of enterprise acquired from Carment are structured as follows:

- organised part of Carment's enterprise dedicated to wholesale business– mainly supply of FMCG products to "Delikatesy Centrum" stores was acquired by Eurocash and operates as 2 new distributions centers serving mainly "Delikatesy Centrum" stores.
- organised part of Carment's enterprise, which encompasses franchise chain of retail stores under the "Delikatesy Centrum" brand is run by EC Franszyza
- 30 stores previously operated by Carment under the "Delikatesy Centrum" brand, have been rented to FHC-2 spółka z ograniczoną odpowiedzialnością – spółka komandytowa, which will run them until August 15th 2009 on basis of franchise and store rental agreements.

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

The Management Board of Eurocash S.A. has not published or does not intend to publish financial forecasts for 2006.

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

	8.11.2006				30.09.2006			
Shareholder	Number of shares	Share in share capital (%)	Number of votes	Share in total number of votes (%)	Number of shares	Share in share capital (%)	Number of votes	Share in total number of votes (%)
1. Luis Manuel Conceicao do Amaral (directly and indirectly through Politra B.V.)	70,258,100	55 %	70,258,100	55 %	70,258,100	55 %	70,258,100	55 %
2. Charlemagne Capital (IOM) Limited	6,488,383	5.08%	6,488,383	5.08%	6,488,383	5.08%	6,488,383	5.08%
3. ING Nationale – Nederlanden Polska Otwarty Fundusz Emerytalny	6 598 714	5.17%	6 598 714	5.17%	6 598 714	5.17%	6 598 714	5.17%

Number of shares held by the members of the Management Board and Supervisory Board of Eurocash

as of 08.11.2006	Eurocash Series A shares	Rights to acquire Series B shares	Rights to acquire Series C shares	Rights to acquire Series D shares	Total
Management Board members					
Luis Amaral (directly and indirectly)	70,258,100	0	0	0	70,258,100
Rui Amaral	0	643,000	498,550	0	1,141,550
Katarzyna Kopaczewska	0	164,000	157,000	0	321,000
Arnaldo Guerreiro	0	483,000	400,000	0	883,000
Pedro Martinho	0	323,000	224,000	0	547,000
Ryszard Majer	0	164,000	157,000	0	321,000
Roman Piątkiewicz	0	0	0	507,222	507,222
Supervisory Board members					
Eduardo Aguinaga de Mores	0	0	0	0	0
Joao Borges de Assuncao	0	0	0	0	0
Ryszard Wojnowski	0	0	0	0	0
Janusz Lisowski	0	0	0	0	0
Antonio Jose Santos Silva Casanova	0	0	0	0	0

Information on legal suits.

In the 3Q 2006 companies belonging to Eurocash group were not involved into any legal suit in any court, nor in a body competent for arbitration proceedings nor an administrative body, which total value would amount to at least 10 % of equity.

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

In the 3Q 2006 Eurocash did not grant a surety for a credit or a loan nor did it grant a guarantee of total value equivalent to 10% of the issuer's equity.

Signatures of Management Board Members representing the Company:

Position	Name and surname	Date	Signature
Management Board Member Chief Executive Officer	Rui Amaral	8th November 2006	
Management Board Member Financial Executive Officer	Arnaldo Guerreiro	8th November 2006	

EUROCASH S.A.

QUARTERLY ABBREVIATED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1ST JANUARY 2006 TO 30TH SEPTEMBER 2006

KOMORNIKI, 8th November 2006

CONTENTS

GENERAL INFORMATION

1. INFORMATION ON THE COMPANY

1.1. COMPANY NAME

EUROCASH Spółka Akcyjna

1.2. REGISTERED OFFICE

ul. Wiśniowa 11, 62-052 Komorniki

1.3. CORE BUSINESS

Other wholesale (PKD 5190 Z)

1.4. REGISTRY COURT

District Court of Poznań, XXI Commercial Division of the National Court Register,
Entry no KRS 00000213765

1.5. DURATION OF THE COMPANY

Indefinite

1.6. PERIOD COVERED BY THE ABBREVIATED FINANCIAL STATEMENTS

The reporting period 1st January 2006 - 30th September 2006 and comparable periods: 1st January 2005 – 30th September 2005

2. COMPANY'S GOVERING BODIES

2.1. MANAGEMENT BOARD

Luis Manuel Conceicao Do Amaral – President of the Management Board,
Rui Amaral – Management Board Member,
Arnaldo Guerreiro – Management Board Member,
Pedro Martinho – Management Board Member,
Katarzyna Kopaczewska – Management Board Member,
Ryszard Majer – Management Board Member,
Roman Stefan Piątkiewicz – Management Board Member (from 30th June 2006)

2.2. SUPERVISORY BOARD

João Borges de Assunção – Chairman of the Supervisory Board,
Eduardo Aguinaga de Moraes – Supervisory Board Member,
Ryszard Wojnowski – Supervisory Board Member,
Janusz Lisowski – Supervisory Board Member,
Geoffrey Francis Eric Crossley - Supervisory Board Member (until 6th March 2006),
António José Santos Silva Casanova – Supervisory Board Member (from 6th March 2006).

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

On 6th March 2006 the resignation from the position of the Supervisory Board Member made by Geoffrey Francis Eric Crossley on 19th January 2005 became effective. On the same day, on the basis of appointment of a Supervisory Board member by Politra B.V. as a result of execution of its right to personally appoint Supervisory Board members, Mr. António José Santos Silva Casanova was appointed to the Supervisory Board.

On 30th June 2006 Roman Stefan Piątkiewicz was appointed to the Management Board of Eurocash S.A.

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

SELECTED CONSOLIDATED FINANCIAL DATA

SELECTED CONSOLIDATED FIGURES AS AT 30 SEPTEMBER 2006

	for the period 01.01.2006 to 30.09.2006 PLN	for the period 01.01.2005 to 30.09.2005 PLN	for the period 01.01.2006 to 30.09.2006 EUR	for the period 01.01.2005 to 30.09.2005 EUR
Net sales	2 204 062 902	1 266 724 890	557 877 620	315 576 704
Operating profit (loss)	34 135 076	31 108 174	8 640 042	7 749 919
Profit (loss) before tax	33 855 835	29 619 575	8 569 362	7 379 067
Net Profit (loss) on continued operations	26 163 123	23 607 697	6 622 234	5 881 340
Net profit (loss)	26 163 123	23 607 697	6 622 234	5 881 340
Net operating cash flow	31 936 581	67 934 555	8 083 573	16 924 403
Net investment cash flow	(116 723 387)	(21 479 004)	(29 544 241)	(5 351 022)
Net financial cash flow	14 443 169	(1 255 766)	3 655 758	(312 847)
Net change in cash and cash equivalents	(70 343 637)	45 199 785	(17 804 910)	11 260 534
Weighted average number of shares	127 742 000	127 742 000	127 742 000	127 742 000
Weighted average diluted number of shares	134 959 100	134 129 100	134 959 100	134 129 100
EPS (in PLN / EUR)	0,20	0,18	0,05	0,05
Diluted EPS (in PLN / EUR)	0,19	0,18	0,05	0,04
Average PLN / EUR rate*			3,9508	4,0140

	as at 30.09.2006 PLN	as at 30.09.2005 PLN	as at 30.09.2006 EUR	as at 30.09.2005 EUR
Assets	648 222 995	408 268 449	162 726 998	104 240 527
Long-term liabilities	11 246 955	2 981 979	2 823 385	761 369
Short-term liabilities	454 199 403	238 625 171	114 020 184	60 926 613
Equity	182 776 637	166 661 300	45 883 428	42 552 546
Share capital	127 742 000	127 742 000	32 067 780	32 615 534
Number of shares	127 742 000	127 742 000	127 742 000	127 742 000
Diluted number of shares	134 959 100	134 129 100	134 959 100	134 129 100
Book value per share (in PLN / EUR)	1,43	1,30	0,36	0,33
Diluted book value per share (in PLN / EUR)	1,35	1,24	0,34	0,32
Declared or paid dividend (in PLN / EUR)	-	-	-	-
Declared or paid dividend per share (in PLN / EUR)	-	-	-	-
PLN / EUR rate at the end of the period**			3,9835	3,9166

* - The profit and loss account items were calculated in accordance with an exchange rate being an arithmetical mean of average exchange rates announced by the National Bank of Poland, as at the last day of each month.

** - Balance-sheet items and the book value per one share were calculated in accordance with an average exchange rate announced by the National Bank of Poland, as at the balance-sheet date.

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

ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2006 (functional classification)

	3rd Quarter for the period from 01.07.2006 to 30.09.2006	3 Quarters for the period from 01.01.2006 to 30.09.2006	3rd Quarter for the period from 01.07.2005 to 30.09.2005	3 Quarters for the period from 01.01.2005 to 30.09.2005
Continued operations				
Net sales	**945 086 781**	**2 204 062 902**	**464 329 320**	**1 266 724 890**
Net sales of traded goods	931 781 969	2 163 954 592	453 358 812	1 235 080 637
Net sales of services	13 304 812	40 108 310	10 970 508	31 644 253
Net sales of materials	-	-	-	-
Prime costs of sales	**(857 840 051)**	**(1 993 554 447)**	**(402 867 177)**	**(1 098 270 623)**
Costs of sold traded goods	(857 840 051)	(1 993 554 447)	(402 867 177)	(1 098 270 623)
Costs of sold services	-	-	-	-
Costs of sold materials	-	-	-	-
Gross profit (loss) on sales	**87 246 730**	**210 508 455**	**61 462 143**	**168 454 267**
Costs of sales	(47 465 660)	(118 673 202)	(31 963 063)	(91 594 202)
Costs of general management	(22 108 768)	(55 456 596)	(14 631 452)	(42 179 531)
Profit (loss) on sales	**17 672 302**	**36 378 657**	**14 867 628**	**34 680 534**
Other operating revenues	2 612 452	5 773 632	726 759	1 966 600
Other operating costs	(3 020 645)	(8 017 212)	(1 598 803)	(5 538 960)
Share in profits of companies consolidated with the equity method	-	-	-	-
Costs of restructuring	-	-	-	-
Operating profit (loss)	**17 264 110**	**34 135 076**	**13 995 583**	**31 108 174**
Financial revenues	1 438 182	2 389 471	764 751	1 695 274
Financial costs	(1 280 061)	(2 668 713)	(775 234)	(3 183 873)
Other profit (loss) on investments	-	-	-	-
Profit (loss) before tax	**17 422 231**	**33 855 835**	**13 985 100**	**29 619 575**
Income tax	(4 003 994)	(7 692 712)	(2 603 825)	(6 011 878)
Net profit (loss) on continued operations	**13 418 237**	**26 163 123**	**11 381 275**	**23 607 697**
Discontinued operations				
Net loss on discontinued operations	-	-	-	-
Net profit (loss)	**13 418 237**	**26 163 123**	**11 381 275**	**23 607 697**

NET EARNINGS PER SHARE

	PLN / share	PLN / share
Net profit (loss) on continued operations	26 163 123	23 607 697
Net profit (loss) on continued and discontinued operations	26 163 123	23 607 697
Weighted average number of shares	127 742 000	127 742 000
Weighted average diluted number of shares	134 959 100	134 129 100
from continued operations		
- basic	0,20	0,18
- diluted	0,19	0,18
from continued and discontinued operations		
- basic	0,20	0,18
- diluted	0,19	0,18

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

CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2006

	as at 30.09.2006	as at 30.06.2006	as at 30.09.2005	as at 30.06.2005
Assets				
Fixed assets (long-term)	**263 777 175**	**216 248 409**	**182 447 290**	**186 145 359**
Intangible fixed assets	129 986 298	122 477 503	113 170 991	115 575 988
Goodwill	26 955 815	19 836 473	-	-
Tangible fixed assets	104 831 913	71 813 687	66 594 245	67 522 941
Investment real property	53 524	115 409	-	-
Investments in subsidiary companies	-	100 000	-	-
Long-term financial assets available for sale	-	-	-	-
Other long-term financial assets	-	-	-	-
Long-term receivables	1 553 369	1 507 359	555 759	555 759
Long-term prepayments	396 256	397 978	2 126 295	2 490 671
Deferred income tax assets	-	-	1 947 863	2 313 700
Other long-term prepayments	396 256	397 978	178 432	176 971
Current assets (short-term)	**384 445 819**	**360 300 977**	**225 821 159**	**223 227 818**
Invetories	201 719 183	179 939 911	111 049 547	115 507 743
Trade receivables	116 751 044	98 724 208	29 884 092	34 797 307
Current income tax receivables	-	-	-	-
Other short-term receivables	30 335 827	7 596 098	2 706 531	3 075 329
Short-term financial assets available for sale	-	-	-	-
Short-term financial assets held for trade	3 993 600	-	-	-
Other short-term financial assets	-	-	-	-
Cash and cash equivalents	28 701 127	70 723 889	79 114 693	68 393 284
Short-term prepayments	2 945 037	3 316 871	3 066 297	1 454 155
Fixed assets classified as held for sale	-	-	-	-
Total assets	**648 222 995**	**576 549 386**	**408 268 449**	**409 373 177**

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

CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2006

	as at 30.09.2006	as at 30.06.2006	as at 30.09.2005	as at 30.06.2005
Liabilities				
Equity	**182 776 637**	**168 839 423**	**166 661 300**	**155 150 343**
Share capital	127 742 000	127 742 000	127 742 000	127 742 000
Supplementary capital	28 212 530	27 693 554	14 652 620	14 522 937
Retained earnings	26 822 107	13 403 869	24 266 680	12 885 406
Profit (loss) of prior years	658 983	658 983	658 983	658 983
Net profit (loss) of the current year	26 163 123	12 744 886	23 607 697	12 226 422
Liabilities	**465 446 358**	**407 709 963**	**241 607 150**	**254 222 834**
Long-term liabilities	**11 246 955**	**13 556 397**	**2 981 979**	**3 094 416**
Long-term loans and credits	-	-	-	-
Other long-term financial liabilities	3 593 910	3 653 715	2 981 979	3 094 416
Other long-term liabilities	4 999 998	7 499 997	-	-
Deferred income tax provision	2 156 945	2 045 932	-	-
Provision for employee benefits	496 102	356 753	-	-
Other long-term provisions	-	-	-	-
Short-term liabilities	**454 199 403**	**394 153 565**	**238 625 171**	**251 128 418**
Short-term loans and credits	70 846 566	54 804 550	-	-
Other short-term financial liabilities	1 724 969	1 668 008	1 282 044	1 349 125
Trade liabilities	343 009 102	300 635 527	214 905 721	224 492 416
Current income tax liabilities	2 983 154	929 458	396 220	396 220
Other short-term liabilities	25 136 198	26 161 188	7 158 557	12 111 539
Short-term provisions	10 499 414	9 954 834	14 882 628	12 779 119
Liabilities due to fixed assets held for sale	-	-	-	-
Total liabilities	**648 222 995**	**576 549 386**	**408 268 449**	**409 373 177**

BOOK VALUE PER SHARE AS AT 30 SEPTEMBER 2006

	3rd Quarter as at 30.09.2006	2nd Quarter as at 30.06.2006	3rd Quarter as at 30.09.2005	2nd Quarter as at 30.06.2005
Book value	**182 776 637**	**168 839 423**	**166 661 300**	**155 150 343**
Number of shares	127 742 000	127 742 000	127 742 000	127 742 000
Diluted number of shares	134 959 100	134 959 100	134 129 100	134 129 100
Book value per share	**1,43**		**1,30**	
Diluted book value per share	**1,35**		**1,24**	

OFF BALANCE SHEET ITEMS

Contingent Receivables	**-**	**-**	**-**	**-**
Related companies	-	-	-	-
Other companies	-	-	-	-
Contingent Liabilities	**6 537 526**	**6 929 162**	**7 697 944**	**8 647 954**
Related companies	-	-	-	-
Other companies	6 537 526	6 929 162	7 697 944	8 647 954
- guaranties and sureties granted	6 537 526	6 929 162	7 697 944	8 647 954
Other	-	-	-	-
Total	**6 537 526**	**6 929 162**	**7 697 944**	**8 647 954**

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

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2006 (indirect method)

	3rd Quarter for the period from 01.07.2006 to 30.09.2006	3 Quarters for the period from 01.01.2006 to 30.09.2006	3rd Quarter for the period from 01.07.2005 to 30.09.2005	3 Quarters for the period from 01.01.2005 to 30.09.2005
Operating cash flow				
Net profit before tax	**17 422 231**	**33 855 835**	**13 985 100**	**29 619 575**
Adjustments:	**9 945 817**	**25 969 914**	**7 035 395**	**21 097 940**
Depreciation	9 655 826	23 840 935	6 497 005	18 758 031
(Profit) loss on sold tangible fixed assets	707 745	1 717 843	61 625	290 536
Costs of interest	(417 753)	411 135	476 765	2 049 372
Interest received	-	-	-	-
Operating cash before changes in working capital	**27 368 048**	**59 825 749**	**21 020 495**	**50 717 515**
Changes in inventory	(21 779 272)	(40 145 716)	4 458 196	1 231 215
Changes in receivables	(33 742 193)	(46 224 750)	5 282 013	8 229 263
Changes in liabilities	36 540 590	65 871 554	(14 539 677)	12 583 569
Changes in provisions and accruals	(1 557 587)	1 232 888	(527 648)	(397 399)
Other adjustments	1 124 229	172 154	(267 301)	734 073
Operating cash	**7 953 814**	**40 731 879**	**15 426 079**	**73 098 237**
Interest paid	1 401 904	(166 910)	(394 151)	(1 597 702)
Income tax paid	(1 580 440)	(8 628 387)	(1 188 660)	(3 565 980)
Net operating cash	**7 775 279**	**31 936 581**	**13 843 268**	**67 934 555**
Investment cash flow				
Expenditures for purchased intangible fixed assets	(9 807 972)	(10 012 993)	(35 491)	(11 440 653)
Receipts from sold intangible fixed assets	-	-	2 600	2 600
Expenditures for purchased tangible fixed assets	(47 827 732)	(54 516 474)	(2 606 309)	(10 050 883)
Receipts from sold tangible fixed assets	5 220	1 607 968	4 033	9 933
Expenditures for purchased financial assets designed for sale	(3 993 600)	(3 993 600)	-	-
Expenditures for purchased subsidiary companies (less for money taken)	(14 899 999)	(49 808 289)	-	-
Net investment cash	**(76 524 083)**	**(116 723 387)**	**(2 635 168)**	**(21 479 004)**
Financing cash flow				
Net receipts from shares issue	12 400 000	12 400 000	-	-
Receipts due to taking loans and credits	16 042 017	25 968 012	-	-
Repaid liabilities under financial lease	(471 581)	(1 423 080)	(372 303)	(991 755)
Interest	(1 244 393)	(2 063 043)	(114 388)	(264 011)
Dividends paid	-	(20 438 720)	-	-
Net financing cash	**26 726 042**	**14 443 169**	**(486 692)**	**(1 255 766)**
Net change in cash and cash equivalents	**(42 022 762)**	**(70 343 637)**	**10 721 409**	**45 199 785**
Cash and cash equivalents at the beginning of the period	70 723 889	99 044 764	68 393 284	33 914 908
Cash and cash equivalents at the end of the period	**28 701 127**	**28 701 127**	**79 114 693**	**79 114 693**

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

CONSOLIDATED STATEMENT ON CHANGES IN EQUITY IN THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2006

	Share capital	Supplementary capital	Retained earnings	Total
Balance as at 1 January 2005	**127 742 000**	**579**	**14 262 994**	**142 005 573**
Changes in the principles (policy) of accounting	-	-	658 983	658 983
Balance upon changes	**127 742 000**	**579**	**14 921 977**	**142 664 556**
Changes in equity in the period from 1 January to 30 September 2005				
Net profit for the period from 1 January to 30 September 2005	-	14 262 994	9 344 703	**23 607 697**
Total profit and loss recorded in the period from 1 January to 30 September 2005	**-**	**14 262 994**	**9 344 703**	**23 607 697**
Issued options convertible into shares	-	389 047	-	**389 047**
Balance as at 30 September 2005	**127 742 000**	**14 652 620**	**24 266 680**	**166 661 300**
Balance as at 1 January 2006	**127 742 000**	**14 782 302**	**33 225 132**	**175 749 434**
Changes in the principles (policy) of accounting	-	-	-	**-**
Balance upon changes	**127 742 000**	**14 782 302**	**33 225 132**	**175 749 434**
Changes in equity in the period from 1 January to 30 September 2006				
Net profit for the period from 1 January to 30 September 2006	-	12 127 429	14 035 694	**26 163 123**
Total profit and loss recorded in the period from 1 January to 30 September 2006	-	12 127 429	14 035 694	**26 163 123**
Dividends	-	-	(20 438 720)	**(20 438 720)**
Issued options convertible into shares	-	1 302 799	-	**1 302 799**
Balance as at 30 September 2006	**127 742 000**	**28 212 530**	**26 822 106**	**182 776 637**

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

SELECTED UNIT FINANCIAL DATA

SELECTED SEPARATE FIGURES AS AT 30 SEPTEMBER 2006

	for the period 01.01.2006 to 30.09.2006 PLN	for the period 01.01.2005 to 30.09.2005 PLN	for the period 01.01.2006 to 30.09.2006 EUR	for the period 01.01.2005 to 30.09.2005 EUR
Net sales	1 427 424 433	1 266 724 890	361 300 100	315 576 704
Operating profit (loss)	28 808 273	31 108 174	7 291 757	7 749 919
Profit (loss) before tax	29 869 723	29 619 575	7 560 424	7 379 067
Net Profit (loss) on continued operations	23 328 694	23 607 697	5 904 803	5 881 340
Net profit (loss)	23 328 694	23 607 697	5 904 803	5 881 340
Net operating cash flow	35 675 861	67 934 555	9 030 035	16 924 403
Net investment cash flow	(114 274 399)	(21 479 004)	(28 924 369)	(5 351 022)
Net financial cash flow	(3 917 517)	(1 255 766)	(991 576)	(312 847)
Net change in cash and cash equivalents	(82 516 055)	45 199 785	(20 885 911)	11 260 534
Weighted average number of shares	127 742 000	127 742 000	127 742 000	127 742 000
Weighted average diluted number of shares	134 959 100	134 129 100	134 959 100	134 129 100
EPS (in PLN / EUR)	0,18	0,18	0,05	0,05
Diluted EPS (in PLN / EUR)	0,17	0,18	0,04	0,04
Average PLN / EUR rate*			3,9508	4,0140

	as at 30.09.2006 PLN	as at 30.09.2005 PLN	as at 30.09.2006 EUR	as at 30.09.2005 EUR
Assets	547 219 203	408 268 449	137 371 458	104 240 527
Long-term liabilities	8 950 661	2 981 979	2 246 934	761 369
Short-term liabilities	358 326 335	238 625 171	89 952 638	60 926 613
Equity	179 942 207	166 661 300	45 171 886	42 552 546
Share capital	127 742 000	127 742 000	32 067 780	32 615 534
Number of shares	127 742 000	127 742 000	127 742 000	127 742 000
Diluted number of shares	134 959 100	134 129 100	134 959 100	134 129 100
Book value per share (in PLN / EUR)	1,41	1,30	0,35	0,33
Diluted book value per share (in PLN / EUR)	1,33	1,24	0,33	0,32
Declared or paid dividend (in PLN / EUR)	-	-	-	-
Declared or paid dividend per share (in PLN / EUR)	-	-	-	-
PLN / EUR rate at the end of the period**			3,9835	3,9166

* - The profit and loss account items were calculated in accordance with an exchange rate being an arithmetical mean of average exchange rates announced by the National Bank of Poland, as at the last day of each month.

** - Balance-sheet items and the book value per one share were calculated in accordance with an average exchange rate announced by the National Bank of Poland, as at the balance-sheet date.

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

ABBREVIATED UNIT FINANCIAL STATEMENTS

SEPARATE PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2006 (functional classification)

	3rd Quarter for the period from 01.07.2006 to 30.09.2006	3 Quarters for the period from 01.01.2006 to 30.09.2006	3rd Quarter for the period from 01.07.2005 to 30.09.2005	3 Quarters for the period from 01.01.2005 to 30.09.2005
Continued operations				
Net sales	**555 157 728**	**1 427 424 433**	**464 329 320**	**1 266 724 890**
Net sales of traded goods	545 468 686	1 394 243 455	453 358 812	1 235 080 637
Net sales of services	9 689 043	33 180 978	10 970 508	31 644 253
Net sales of materials	-	-	-	-
Prime costs of sales	**(484 261 044)**	**(1 244 893 509)**	**(402 867 177)**	**(1 098 270 623)**
Costs of sold traded goods	(484 261 044)	(1 244 893 509)	(402 867 177)	(1 098 270 623)
Costs of sold services	-	-	-	-
Costs of sold materials	-	-	-	-
Gross profit (loss) on sales	**70 896 684**	**182 530 924**	**61 462 143**	**168 454 267**
Costs of sales	(37 948 397)	(100 562 105)	(31 963 063)	(91 594 202)
Costs of general management	(17 965 894)	(50 757 659)	(14 631 452)	(42 179 531)
Profit (loss) on sales	**14 982 393**	**31 211 160**	**14 867 628**	**34 680 534**
Other operating revenues	2 178 059	5 002 227	726 759	1 966 600
Other operating costs	(2 749 733)	(7 405 114)	(1 598 803)	(5 538 960)
Share in profits of companies consolidated with the equity method	-	-	-	-
Costs of restructuring	-	-	-	-
Operating profit (loss)	**14 410 719**	**28 808 273**	**13 995 583**	**31 108 174**
Financial revenues	1 368 309	2 319 104	764 751	1 695 274
Financial costs	(517 248)	(1 257 655)	(775 234)	(3 183 873)
Other profit (loss) on investments	-	-	-	-
Profit (loss) before tax	**15 261 779**	**29 869 723**	**13 985 100**	**29 619 575**
Income tax	(3 186 761)	(6 541 029)	(2 603 825)	(6 011 878)
Net profit (loss) on continued operations	**12 075 018**	**23 328 694**	**11 381 275**	**23 607 697**
Discontinued operations				
Net loss on discontinued operations	-	-	-	-
Net profit (loss)	**12 075 018**	**23 328 694**	**11 381 275**	**23 607 697**

NET EARNINGS PER SHARE

	PLN / share	PLN / share
Net profit (loss) on continued operations	23 328 694	23 607 697
Net profit (loss) on continued and discontinued operations	23 328 694	23 607 697
Weighted average number of shares	127 742 000	127 742 000
Weighted average diluted number of shares	134 959 100	134 129 100
from continued operations		
- basic	0,18	0,18
- diluted	0,17	0,18
from continued and discontinued operations		
- basic	0,18	0,18
- diluted	0,17	0,18

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

SEPARATE BALANCE SHEET AS AT 30 SEPTEMBER 2006

	as at 30.09.2006	as at 30.06.2006	as at 30.09.2005	as at 30.06.2005
Assets				
Fixed assets (long-term)	**283 860 271**	**233 501 744**	**182 447 290**	**186 145 359**
Intangible fixed assets	111 358 429	106 145 338	113 170 991	115 575 988
Tangible fixed assets	96 366 912	63 642 715	66 594 245	67 522 941
Investment real property	-	-	-	-
Investments in subsidiary companies	73 413 012	61 113 012	-	-
Long-term financial assets available for sale	-	-	-	-
Other long-term financial assets	-	-	-	-
Long-term receivables	1 553 369	1 507 359	555 759	555 759
Long-term prepayments	1 168 549	1 093 319	2 126 295	2 490 671
Deferred income tax assets	772 293	695 341	1 947 863	2 313 700
Other long-term prepayments	396 256	397 978	178 432	176 971
Current assets (short-term)	**263 358 932**	**242 955 571**	**225 821 159**	**223 227 818**
Invetories	154 593 198	133 047 734	111 049 547	115 507 743
Trade receivables	61 413 468	42 813 721	29 884 092	34 797 307
Current income tax receivables	-	-	-	-
Other short-term receivables	24 379 229	2 297 535	2 706 531	3 075 329
Short-term financial assets available for sale	-	-	-	-
Short-term financial assets held for trade	3 993 600	-	-	-
Other short-term financial assets	-	-	-	-
Cash and cash equivalents	16 528 709	62 343 660	79 114 693	68 393 284
Short-term prepayments	2 450 728	2 452 919	3 066 297	1 454 155
Fixed assets classified as held for sale	-	-	-	-
Total assets	**547 219 203**	**476 457 314**	**408 268 449**	**409 373 177**

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

SEPARATE BALANCE SHEET AS AT 30 SEPTEMBER 2006

	as at 30.09.2006	as at 30.06.2006	as at 30.09.2005	as at 30.06.2005
Liabilities				
Equity	**179 942 207**	**167 348 213**	**166 661 300**	**155 150 343**
Share capital	127 742 000	127 742 000	127 742 000	127 742 000
Supplementary capital	28 212 530	27 693 554	14 652 620	14 522 937
Retained earnings	23 987 677	11 912 659	24 266 680	12 885 406
Profit (loss) of prior years	658 983	658 983	658 983	658 983
Net profit (loss) of the current year	23 328 694	11 253 676	23 607 697	12 226 422
Liabilities	**367 276 996**	**309 109 101**	**241 607 150**	**254 222 834**
Long-term liabilities	**8 950 661**	**11 510 465**	**2 981 979**	**3 094 416**
Long-term loans and credits	-	-	-	-
Other long-term financial liabilities	3 593 910	3 653 715	2 981 979	3 094 416
Other long-term liabilities	4 999 998	7 499 997	-	-
Deferred income tax provision	-	-	-	-
Provision for employee benefits	356 753	356 753	-	-
Other long-term provisions	-	-	-	-
Short-term liabilities	**358 326 335**	**297 598 636**	**238 625 171**	**251 128 418**
Short-term loans and credits	18 251 114	-	-	-
Other short-term financial liabilities	1 724 969	1 668 008	1 282 044	1 349 125
Trade liabilities	302 235 859	264 281 689	214 905 721	224 492 416
Current income tax liabilities	2 983 154	929 458	396 220	396 220
Other short-term liabilities	23 100 628	21 048 847	7 158 557	12 111 539
Short-term provisions	10 030 611	9 670 634	14 882 628	12 779 119
Liabilities due to fixed assets held for sale	-	-	-	-
Total liabilities	**547 219 203**	**476 457 314**	**408 268 449**	**409 373 177**

BOOK VALUE PER SHARE AS AT 30 SEPTEMBER 2006

	3rd Quarter as at 30.09.2006	2nd Quarter as at 30.06.2006	3rd Quarter as at 30.09.2005	2nd Quarter as at 30.06.2005
Book value	**179 942 207**	**167 348 213**	**166 661 300**	**155 150 343**
Number of shares	127 742 000	127 742 000	127 742 000	127 742 000
Diluted number of shares	134 959 100	134 959 100	134 129 100	134 129 100
Book value per share	**1,41**		**1,30**	
Diluted book value per share	**1,33**		**1,24**	

OFF BALANCE SHEET ITEMS

Contingent Receivables	**-**	**-**	**-**	**-**
Related companies	-	-	-	-
Other companies	-	-	-	-
Contingent Liabilities	**6 537 526**	**6 929 162**	**7 697 944**	**8 647 954**
Related companies	-	-	-	-
Other companies	6 537 526	6 929 162	7 697 944	8 647 954
- guaranties and sureties granted	6 537 526	6 929 162	7 697 944	8 647 954
Other	-	-	-	-
Total	**6 537 526**	**6 929 162**	**7 697 944**	**8 647 954**

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

SEPARATE CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2006 (indirect method)

	3rd Quarter for the period from 01.07.2006 to 30.09.2006	3 Quarters for the period from 01.01.2006 to 30.09.2006	3rd Quarter for the period from 01.07.2005 to 30.09.2005	3 Quarters for the period from 01.01.2005 to 30.09.2005
Operating cash flow				
Net profit before tax	**15 261 779**	**29 869 723**	**13 985 100**	**29 619 575**
Adjustments:	**8 267 859**	**23 049 237**	**7 035 395**	**21 097 940**
Depreciation	7 358 392	20 920 259	6 497 005	18 758 031
(Profit) loss on sold tangible fixed assets	707 745	1 717 843	61 625	290 536
Costs of interest	201 723	411 135	476 765	2 049 372
Operating cash before changes in working capital	**23 529 638**	**52 918 960**	**21 020 495**	**50 717 515**
Changes in inventory	(21 545 463)	(34 332 646)	4 458 196	1 231 215
Changes in receivables	(33 657 068)	(40 123 654)	5 282 013	8 229 263
Changes in liabilities	35 197 956	66 058 691	(14 539 677)	12 583 569
Changes in provisions and accruals	(1 690 473)	622 312	(527 648)	(397 399)
Other adjustments	823 248	(129 710)	(267 301)	734 073
Operating cash	**2 657 838**	**45 013 952**	**15 426 079**	**73 098 237**
Interest paid	(354 307)	(1 923 122)	(394 151)	(1 597 702)
Income tax paid	(1 210 017)	(7 414 969)	(1 188 660)	(3 565 980)
Net operating cash	**1 093 513**	**35 675 861**	**13 843 268**	**67 934 555**
Investment cash flow				
Expenditures for purchased intangible fixed assets	(7 413 803)	(7 618 824)	(35 491)	(11 440 653)
Receipts from sold intangible fixed assets	-	-	2 600	2 600
Expenditures for purchased tangible fixed assets	(38 278 159)	(44 411 023)	(2 606 309)	(10 050 883)
Receipts from sold tangible fixed assets	5 220	262 067	4 033	9 933
Expenditures for purchased financial assets designed for sale	(3 993 600)	(3 993 600)	-	-
Expenditures for purchased subsidiary companies (less for money taken)	(14 899 999)	(58 513 018)	-	-
Net investment cash	**(64 580 340)**	**(114 274 399)**	**(2 635 168)**	**(21 479 004)**
Financing cash flow				
Receipts due to taking loans and credits	18 251 114	18 251 114	-	-
Repaid liabilities under financial lease	(471 581)	(1 423 080)	(372 303)	(991 755)
Interest	(107 658)	(306 832)	(114 388)	(264 011)
Dividends paid	-	(20 438 720)	-	-
Net financing cash	**17 671 876**	**(3 917 517)**	**(486 692)**	**(1 255 766)**
Net change in cash and cash equivalents	**(45 814 951)**	**(82 516 055)**	**10 721 409**	**45 199 785**
Cash and cash equivalents at the beginning of the period	62 343 660	99 044 764	68 393 284	33 914 908
Cash and cash equivalents at the end of the period	**16 528 709**	**16 528 709**	**79 114 693**	**79 114 693**

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

SAPARATE STATEMENT ON CHANGES IN EQUITY IN THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2006

	Share capital	Supplementary capital	Retained earnings	**Total**
Balance as at 1 January 2005	**127 742 000**	**579**	**14 262 994**	**142 005 572**
Changes in the principles (policy) of accounting	-	-	658 983	658 983
Balance upon changes	**127 742 000**	**579**	**14 921 977**	**142 664 556**
Changes in equity in the period from 1 January to 30 September 2005				
Net profit for the period from 1 January to 30 September 2005	-	14 262 994	9 344 703	**23 607 697**
Total profit and loss recorded in the period from 1 January to 30 September 2005	**-**	**14 262 994**	**9 344 703**	**23 607 697**
Issued options convertible into shares	-	389 047	-	**389 047**
Balance as at 30 September 2005	**127 742 000**	**14 652 620**	**24 266 680**	**166 661 300**
Balance as at 1 January 2006	**127 742 000**	**14 782 302**	**33 225 132**	**175 749 434**
Changes in the principles (policy) of accounting	-	-	-	**-**
Balance upon changes	**127 742 000**	**14 782 302**	**33 225 132**	**175 749 434**
Changes in equity in the period from 1 January to 30 September 2006				
Net profit for the period from 1 January to 30 September 2006	-	12 127 429	11 201 265	**23 328 694**
Total profit and loss recorded in the period from 1 January to 30 September 2006	**-**	**12 127 429**	**11 201 265**	**23 328 694**
Dividends	-	-	(20 438 720)	**(20 438 720)**
Issued options convertible into shares	-	1 302 799	-	**1 302 799**
Balance as at 30 September 2006	**127 742 000**	**28 212 530**	**23 987 677**	**179 942 207**

SUPPLEMENTARY INFORMATION TO THE ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 01.01.2006 TO 30.09.2006

1. GENERAL INFORMATION

1.1. DISCLOSURE OF THE ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the information given in the current report on 20th June 2006 to the Polish Securities and Exchange Commission, Eurocash S.A. discloses the consolidated quarterly report with the quarterly abbreviated consolidated financial statements on 13th November 2006.
Eurocash is a joint-stock company whose shares are publicly traded.

1.2. INFORMATION CONCERNING THE GROUNDS FOR PREPARATION OF THE ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS, REPORTING CURRENCY AND APPLIED LEVEL OF ROUND – OFFS

The consolidated financial statements were prepared in accordance with the IAS no 34 - Interim Financial Reporting.
Reporting currency of the consolidated financial statements is Polish zloty and all figures are rounded off to full zloty (unless indicated otherwise).

1.3. COMPARISON OF FINANCIAL STATEMENTS

On March 31st 2006, the capital group has been established. For the comparison purposes in the abbreviated consolidated financial statements, unit financial data of Eurocash S.A. were used.
The accounting standards and calculation methods applied while preparing the abbreviated consolidated financial statements have not been changed in comparison to those applied in the last annual financial statements.
Data for comparable periods contained in the financial statements, was not restated in relation to the previously disclosed financial data.

1.4. INFORMATION ON THE PARENT ENTITY ANDTHE CAPITAL GROUP

The Eurocash capital group consists of Eurocash S.A. and its subsidiary company KDWT S.A.

The parent entity is Eurocash Spółka Akcyjna, registered in the District Court of Poznań, XXI Commercial Division of the National Court Register, entry no KRS 00000213765, with its registered seat in Komorniki, ul. Wiśniowa 11.
The core business of the Company is the other wholesale (PKD 5190 Z).
Eurocash S.A. shares are listed on the Warsaw Stock Exchange.

The subsidiary entities are:

- KDWT Spółka Akcyjna, registered in the District Court of Poznań, XXI Commercial Division of the National Court Register, entry no KRS 0000040385, located in Komorniki, Wiśniowa 11,
- Eurocash Franszyza Sp. z o.o., registered in the District Court of Poznań, XXI Commercial Division of the National Court Register, entry no KRS 0000259846, located in Komorniki, Wiśniowa 11,
- Eurocash Detal Sp. z o.o., registered in the District Court of Poznań, XXI Commercial Division of the National Court Register, entry no KRS 0000259826, located in Komorniki, Wiśniowa 11,

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

The data presented in the abbreviated consolidated financial statements include the unit results of the companies mentioned below that are covered by the consolidated financial statements.

Entities comprising the Eurocash capital group covered by the consolidated financial statements as of 30.09.2006

1. name of entity	Eurocash S.A.	KDWT S.A.	Eurocash Franszyza Sp. z o.o.	Eurocash Detal Sp. z o.o.
2. seat	ul .Wiśniowa 11 62-052 Komorniki	ul .Wiśniowa 11 62-052 Komorniki	ul .Wiśniowa 11 62-052 Komorniki	ul .Wiśniowa 11 62-052 Komorniki
3. core business	PKD 5190Z	PKD 5135Z	PKD 7487B	PKD 7020Z
4. registry court	District Court of Poznań, XXI Commercial Division of the National Court Register KRS 0000213765	District Court of Poznań, XXI Commercial Division of the National Court Register KRS 0000040385	District Court of Poznań, XXI Commercial Division of the National Court Register KRS 0000259846	District Court of Poznań, XXI Commercial Division of the National Court Register KRS 0000259826
5. entity status	Parent entity	Subsidiary entity	Subsidiary entity	Subsidiary entity
6. applied consolidation method	Full	Full	Full	Full
7. date of taking over control	n/d	31.03.2006	10.07.2006	10.07.2006
8. Share in share capital (%)	n/d	100%	100%	100%
9. Share in total number of votes (%)	n/d	100%	100%	100%

Detailed information concerning business combination of the units have been presented in Note no 1 to the abbreviated consolidated financial statements.

1.5. ACTIVITY CONTINUATION

The statements were prepared with the assumption of continuation of business activity in the foreseeable future – there are no circumstances indicating any risk of continuation of the activity.

2. APPLIED ACCOUNTING RULES

2.1. ACCOUNTING RULES

Financial statements are prepared in accordance with the historical cost concept.
The most significant accounting rules applied by the Company were presented in points 2.2 – 2.27.

2.2. FINANCIAL YEAR AND REPORTING PERIOD

The financial year of Eurocash S.A. is a calendar year.

The reporting period is a month.

2.3. MAINTAINANCE OF ACCOUNTING BOOKS

The accounting books are maintained in the Polish language and Polish currency.
The accounting books are kept at the Company's office located at Wiśniowa 11 in Komorniki, near Poznań.

2.4. FORMAT AND CONTENTS OF THE ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS

The financial statements are prepared as for the date of closing of accounting books or as for any other balance-sheet date.

The abbreviated consolidated statements include in particular:

- General information
- Abbreviated consolidated profit and loss account
- Abbreviated consolidated balance–sheet
- Abbreviated consolidated cash flow statement
- Abbreviated consolidated statement of changes in equity
- Supplementary information
- Selected explanatory notes

2.5. INTANGIBLE ASSETS

Definition

Intangible assets include economic rights acquired by the Company for the use of the entity's own purposes, which are economically usable and their assumed useful economic life is longer than one year.

The Company's intangible assets include:

- Licenses on computer software,
- Economic copyrights,
- Rights to trademarks, utility and decoration models,
- Know-how,
- Perpetual usefruct rights,
- Other intangible assets.

Initial value of intangible assets

The initial value of intangible assets is the acquisition cost, which includes the amount due to the seller and other costs directly related to the acquisition of the intangible assets.

Amortisation

Amortisation is calculated for all intangible assets, with the exception of the right of perpetual usufruct. The assessment of useful economic life takes into account the time in which the intangible assets will bring measurable economic benefits. If the assessment of useful economic life is difficult or the expected measurable benefits are uncertain, then in accordance with the conservative valuation principle, the write-off should be fully charged to expenses.

The Company applies the following annual amoritsation rates for specific groups of intangible assets:

- licenses – computer software 33.3%
- economic copyrights 20%
- trademarks 5% - 10%
- know-how 10%
- other intangible assets 20%

Due to difficult to specify/ indefinite period of using the "Eurocash" and "ABC" trademarks, they are not amortised, but only periodically tested for the impairment of value with frequency assuring that no material differences between the book value and recoverable amount at the balance–sheet date occurred. The "Eurocash" and "ABC" trademarks are tested for the impairment of value annually.

Review of amortization rates and write-offs on permanent impairment of value
Not later than at the end of each financial year are the amortization rates applied to the value of intangible assets subject to a review. If the amortization rates require adjustment, the adjustment is made in the following financial year and subsequent financial years.

Not later than at the end of each financial year the intangible assets are also subject to a review with respect to the permanent impairment of value and the need to make relevant revaluation write-offs. These write-offs should be charged to other operating expenses not later than at the balance-sheet date, i.e. in the year when the permanent impairment of value was assessed.
In accordance with the requirements specified in IAS no 36 regarding the assessment test whether there has not appeared an impairment of value of the intangible assets with indefinite time of usage, the Company holds the impairment value test comparing balance-sheet value of a certain item with its recoverable value, regardless whether there is any basis for such value impairment to occur.

Valuation of intangible assets as at the balance–sheet date
At the end of the financial year (i.e. the balance-sheet date), intangible assets are to be valued at their acquisition cost less amortization write-offs and write-offs on permanent impairment of value.

2.6. TANGIBLE FIXED ASSETS

Definition
Tangible fixed assets include Company-controlled tangible fixed assets suitable for economic use (they are useable and intended for the use of the Company's own purposes), whose expected economic useful life is longer than a year.

The Company's tangible fixed assets include:
- Buildings and premises,
- Perpetual usufruct rights,
- Technical equipment and machinery,
- Vehicles,
- Other tangible fixed assets (furniture, etc.),
- Tangible fixed assets under construction,
- Prepayments for tangible fixed assets under construction.

Initial value of tangible fixed assets

The initial value of tangible fixed assets is equal to the acquisition cost, which is the acquisition price of a tangible fixed asset including the amount payable to the seller (without the deductible value added and excise taxes).
As for imports, the acquisition cost also includes public - law charges.

Acquisition cost also includes costs incurred directly in connection with acquisition of a tangible fixed asset and its adjustment in order to make it useful, or introduction into trading, including transportation, loading, unloading and storage costs as well as costs of introducing tangible fixed assets into trading, and reduced by rebates, discounts and other similar reductions and recoveries.
Should it be impossible to determine the acquisition cost of a certain tangible fixed asset, in particular of a tangible fixed asset accepted free of charge, including as a donation, acquisition cost shall be established at the selling price of the same or similar item, i.e. fair value.

The cost of production of tangible fixed assets under construction includes all costs incurred during the period of their construction, assembly, adaptation and improvement until the balance-sheet date or their acceptance for use, including:

- non-deductible value added and excise taxes,
- cost of servicing liabilities incurred in order to finance such tangible fixed assets and any related foreign exchange gains/losses less any income generated from it.

Amortisation
Amortisation is calculated for all tangible fixed assets with the exception of owned lands and tangible fixed assets under construction, through the estimated time of useful economic life, using the straight–line method with the application of the following annual depreciation rates:

▪ buildings and structures	10%
▪ technical equipment and machinery	10% - 60%
▪ vehicles	14% - 20%
▪ other tangible assets	20%

In justified cases (when the benefits generated by the assets are not distributed evenly in time), another applicable depreciation method is applied (for example declining method or any other – in each case justified by the distribution of usefulness of an asset). Currently, the Company applies the straight-line method only to amortise tangible fixed assets.

Tangible fixed assets are amortised using the straight-line method starting from the month following the month when the asset is placed in service. Amortisaton is calculated on a monthly basis.

Profits or losses resulting from sale, disposal or discontinuance of use of tangible fixed assets are assessed as the difference between sales revenues and the net value of tangible fixed assets and are included in the profit and loss statement.

Review of amortization rates, permanent impairment of value write–offs
Not later than at the end of each financial year the amortization rates and methods applied to the tangible fixed assets are subject to a review. If the amortization rates and methods require adjustment, the adjustment is made in the following financial year and subsequent financial years.

Not later than at the end of each financial year tangible fixed assets (tangible fixed assets, tangible fixed assets under construction) are also subject to a review with respect to the permanent impairment of value and the possible need to make relevant revaluation write-offs. The element indicating it is necessary to make a relevant write-off is accepting the fact that it is very likely that a tangible fixed asset will not generate a significant part of the expected economic benefits in the future or that it will not generate any economic benefits at all. Permanent impairment of value occurs, for example, in the event of a disposal or a withdrawal of a certain asset from use.
Revaluation write-offs should be made and charged to other operating expenses not later than at the balance-sheet date (i.e. in the year when the permanent impairment of value occurred).

In the event that the cause for which the revaluation write-offs is made, including permanent impairment of value, ceases, the equivalent of the entire or a relevant part of the revaluation write-off previously made increases the value of the given asset and is included in either other operating or financial income.

Valuation of tangible fixed assets as at the balance-sheet date
Tangible fixed assets are recognized in the accounting books in accordance with the acquisition cost or the production cost less accumulated amoritsation and accumulated revaluation write–offs on permanent impairment of value.

Tangible assets under construction that are to be used in the operational activity are presented in the balance-sheet in accordance with their production cost less impairment of value write-offs. The production cost is increased by the payments and, for certain assets, by external financing expenses capitalized in accordance with the rules specified in the accountancy principles.

Stocktaking of fixed assets
Stocktaking of fixed assets is conducted every four years.

2.7. EXTERNAL FINANCING COSTS

External financing expenses connected directly with an acquisition or production of adjusted assets are included in the production costs of such tangible assets until the assets are useable. Such costs are decreased by the income generated from temporary investments of the funds gained for the purposes of manufacturing of the assets.
The costs of external financing include interest and other costs incurred by the entity connected with borrowing the funds.

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

2.8. LEASING

A lease agreement is considered a finance lease if all the risks and economic benefits relating to the ownership of the lease subject are transferred to the lessee. Any other types of leasing are regarded as operating leasing.

Assets used on the basis of finance lease agreements are considered equally with own assets of the Company and are valued at the commencement of the lease agreement in accordance with the lesser of the two values: fair value of the asset, which is the leasing subject or the current value of the minimal leasing charges. Leasing payments are divided into the interest part and the capital part in such a manner as to let the interest rate from the outstanding amount be a fixed amount.

Lease liability is recognized under "Financial liabilities" item in division into short- and long-term liabilities.

The finance lease assets are depreciated during the shorter of the two terms: the finance lease agreement term or the useful economic “life” of the leased asset.

Lease payments due to operating leasing are applied to the profit and loss account with the straight-line method during the lease period.

2.9. INVESTMENT REAL ESTATE

Real estate is considered an investment real estate if it is recognized as the source of rent income and/or is owned with respect to an expected increase in its value.
Investment real estate is valued in accordance with the acquisition cost or production cost after including the transaction costs. Investment real estate is valued as at the balance – sheet date in accordance with the acquisition cost or the production cost less the up-to-date depreciation and accumulated impairment of value revaluation write–offs.

2.10. LONG-TERM ACCOUNTS RECEIVABLES

Definition

Long-term accounts receivable include receivables which are due more than one year from the balance-sheet date.
The portion of long-term receivables that is due within one year from the balance-sheet date should be disclosed under short-term accounts receivable.
Long-term accounts receivable include prepaid security deposits, which are under long-term (multi-year) store lease agreements.

Valuation of long-term accounts receivable

Accounts receivable are valued in accordance with its fair value plus direct transaction costs. Accounts receivable are valued as at the balance-sheet date at amortised acquisition value, with the use of an effective interest rate less possible revaluation write-offs of such receivables.

2.11. LONG-TERM PREPAYMENTS AND ACCRUED INCOME

Deferred income tax assets

The Company creates deferred tax assets as at the balance-sheet date if the assets can be a source of economic benefit to the entity in the future.

Due to the timing differences between the value of assets and equity and liabilities disclosed in the accounting books, and their tax value and the future deductible tax loss, the entity creates a provision and recognizes deferred income tax assets.

The tax value of assets is the amount that causes a reduction of taxable income in the event that the assets are, directly or indirectly, the source of economic benefits. If economic

benefits related to given assets do not cause a reduction in taxable income, then the tax value of the assets is considered their book value.
The tax value of liabilities is their book value less the amounts that in the future will reduce taxable income.

Deferred income tax assets are apprised at the amount assumed in the future to be deducted from income tax in connection with negative timing differences, which will result in the future in a reduction of taxable income and a deductible tax loss established in line with the principle of conservative valuation.

The value of deferred tax assets is established taking into account the income tax rates that are in force in the year when the tax obligation arises.

In accordance with IAS no 12, the Company applies compensation of deferred tax assets and provisions.

The differed part recognized in the „Income tax" item disclosed in the profit and loss account is the difference between the amount of the differed tax liabilities and assets as at the end of the reporting period, and as at the beginning of such a period.
The differed tax assets and provisions related to the operations settled under the own capital (fund), shall also be applied to the own capital (fund).

Other long–term prepayments and accrued income
Other long-term prepayments and accrued income include expenses incurred until the balance-sheet date, representing costs of future reporting periods, within the period exceeding 12 months from the balance-sheet date.

At every balance-sheet date an analysis of long-term prepayments and accrued income is conducted. The portion of prepayments and accrued income which is realized within 12 months from the balance-sheet date should be disclosed as short-term prepayments and accrued income.
The above analysis is made by the Company in respect of reasonable judgment and its knowledge of the particular elements of the prepayments and accrued income.

2.12. FIXED ASSETS AND GROUPS OF NET FIXED ASSETS INTENDED FOR DISPOSAL

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

Fixed assets (or a group for disposal) are classified as intended for sale if their balance-sheet value is recovered due to a sale transaction rather than due to their further use.
Such situation occurs if the following conditions are fulfilled:

- assets element (or a group intended for sale) is available for an immediate sale at its current state, considering only ordinary and commonly accepted conditions of selling assets (or a group intended for sale) of such type and its sale is highly likely;
- representatives of a relevant level of management are determined to complete the sales plan of the assets element (or a group intended for sale);

- an active program of soliciting a purchaser and completion of the program has been commenced;
- assets element (or a group intended for sale) must be actively offered for sale at a price which is rational in reference to its current fair value;
- the sale will be recognized as completed within one year from the day of classification, and the activities necessary for the completion of the program indicate that it is highly unlikely that any significant changes in the program will be made or that the program will be withdrawn from.

2.13. INVENTORIES

Definition

The Company's inventories include:

- Goods acquired intended for sale in the course of ordinary activity,
- Materials acquired to be used for the Company's own needs,
- Prepayments for deliveries of materials and goods.

Rules for establishing acquisition price

Acquisition cost is assessed using the first in – first out (FIFO) method. The Company applies this method of assessing acquisition cost in relation to all inventories positions.

Acquisition cost includes all costs of purchase and other costs incurred in the course of bringing inventories to their current place and state.

Purchase costs include acquisition cost, import duty and other taxes (other than taxes that may be recoverable later by an entity from the tax office) as well as the costs of transport, loading and unloading and other costs directly connected with the goods.

While defining, the purchase costs are reduced by rebates, discounts and other similar items.

Valuation of inventories as at the balance-sheet date

During the year, inventories are evidenced in the accounting books at the most recent acquisition price of the relevant inventories item. Inventories are valued at the balance-sheet date at the most recent acquisition price adjusted by relevant revaluation write-offs.

Valuation at the most recent acquisition prices taking into account the specifics of trading conducted by the Company and in particular fast rotation of stock, means that this is not very different from the FIFO valuation.

The Company recognizes the following circumstances in which revaluation write–offs on inventories are necessary:

- loss of usable value of stock (damage, obsolete stocks etc.),
- exceeding the balance of stock resulting from need or Company's ability to sell,
- slow rotation of stock,
- loss of market value due to decrease of sale prices lower than the level of stock valuation – net value possible to be gained.

The Company creates revaluation write-offs in accordance with the following rules:

- 100% on inventories kept for more than 9 months,
- 100% on damaged or obsolete inventories – identified during stocktaking,
- 100% on inventories which have lost their market value.

If the acquisition price is higher than the net sale price as at the balance-sheet date, the acquisition cost is reduced to the net sale price through a revaluation write-off.

Any revaluation write-offs on inventories are charged to other operating expenses.

Stocktaking

Inventories kept by the Company are subject to stocktaking in accordance with the stocktaking timetable. Stocktaking is considered to be continuous as each localization is, at least twice a year, subject to a planned stocktaking. Additionally, there are explanatory, controlling, acceptance and random stocktakings carried out.

Discrepancies between the actual balance of inventories and the balance disclosed in the books, revealed during the stocktaking, are analyzed, explained and settled in the accounting books for the year in which the stocktaking was carried out. Stocktaking results are disclosed in the accounting books on a monthly basis.

2.14. FINANCIAL INSTRUMENTS

Definition

The Company recognises each agreement, which simultaneously results in the creation of an item of financial assets with one party, and a financial obligation or an equity instrument with the other party as a financial instrument, provided that the contract concluded by two or more parties results in clear economic effects.

According to IAS no 39, the Company classifies financial instruments as:

- Financial assets or financial liabilities elements – these elements are valued at fair value on the basis of the profit and loss account acquired or incurred mainly to sell or buy back in near future or are a part of a portfolio of particular financial instruments which are managed jointly and for which the confirmation of the current and actual pattern of generation of short-term profits exists;
- Held-to-maturity investments – financial assets which are not derivative instruments, with payments that are defined or possible to define and with specified maturity, in relation to which the Company has strong intention and is able to maintain the ownership until their maturity;
- Loans and receivables – financial assets which are not derivative instruments, with defined or possible to define payments, which are not quoted on the active market;
- Financial assets available for sale – financial assets which are not derivative instruments, which were assessed as available for sale or which are not (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets valued at fair value by financial result.

Revaluation differences and the income generated or losses incurred, in line with the classification of a particular financial instrument, affect the financial result (liabilities) or the revaluation capital (equity instruments).

As of the day of acquisition, the Company recognizes financial assets and liabilities at cost (price) of the acquisition, i.e. the fair value paid for the assets or in the case of liabilities – the amount received. The Company includes the costs of transaction in the initial value of valuation of all the financial assets and liabilities in accordance with fair value through profit and loss account.

Valuation of financial instruments as at the balance-sheet date

The Company values:

- in accordance with amortised cost, taking into account effective interest rate: assets or financial liabilities held-to-maturity investments, loans and receivables, as well as other financial assets available for sale,
  In the event of the aforementioned items, they also may be assessed at the amount due, if the discount effects are not material,
- at due and payable amount: short-term receivables and liabilities,
- at fair value: traded financial assets and liabilities and financial assets intended for sale.

Changes in the fair value of traded financial instruments held for trading, which are not hedging instruments are recognized as financial income or costs at the time at which they arise.

2.15. TRADE AND OTHER SHORT-TERM RECEIVABLES

Trade receivables

Trade receivables include accounts receivable resulting from deliveries or services provided, which are due up to 12 months and exceeding 12 months.
This item does not include prepaid deliveries payable to suppliers, which are included in the inventories item, as well as any prepayments for intangible assets and tangible fixed assets under construction, which increase the fixed assets.

Other short-term receivables

Other short-term receivables include accounts receivable due within a period shorter than 1 year from the balance-sheet date, with the exception of trade receivables.
This item does not include any prepayments for intangible assets and tangible fixed assets under construction, which are included in the fixed assets.

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

Trade receivables and other short-term receivables are recognized in the books at the due amount adjusted by respective revaluation write-offs. The value of particular accounts receivable should be discounted to current value in case the impact of value of money in time is material.
The interest due for delays in payments by the Company's clients is disclosed at the moment of receipt of money by the Company.

Valuation of the accounts receivable denominated in foreign currency as at the balance-sheet date

Accounts receivable denominated in foreign currencies are subject to valuation not less than on the balance-sheet date, at the mid exchange rate given by the National Bank of Poland for that date.
The currencies exchange differences resulting from the accounts receivable denominated in foreign currencies, which arise as of the valuation date, are assigned either to financial income or to financial expenses respectively.

Receivables revaluation write-offs

Receivables revaluation write-offs are made for:

- accounts receivable from debtors declared bankrupt or liquidated – up to the amount of receivables, which is not covered by a guarantee or other security,

- accounts receivable from debtors in the event a petition in bankruptcy was dismissed due to the fact that such debtor's assets are insufficient to cover the costs of bankruptcy proceedings – up to the full amount of the receivables,
- accounts receivable questioned by the debtors – up to unsecured amount,
- accounts receivable past due or not yet past due, but highly likely to become past due – in the amount reliably estimated by the Company (based on past experience, reliable analysis, forecasts, etc),
- accounts receivable under court proceeding – 100% of the due amount of the receivables,
- accounts receivable past due exceeding 180 days – 100% of the due amount of the receivables.

Revaluation write-offs on the accounts receivable should take into account not only events which occurred until the balance-sheet date, but also the ones disclosed subsequent to that date, up to the day of approval of the financial statements by the Management Board for publication, in the event that such events relate to any receivables included in the accounting books as at the balance-sheet date.
The revaluation write-offs shall be charged to other operational costs, and in the event of interest – should be charged to financial expenses.

Verification of the receivables
Trade receivables as at the balance-sheet date are verified through confirmation of balances as at this date.
The results of the verification of the receivables are taken into account during the revaluation of the accounts receivable as at the balance-sheet date.

2.16. INVESTMENTS IN SECURITIES

Investments in securities are recognized as in trading or available for sale and valued at their fair value as at the balance-sheet date. In the event that the securities were classified as intended for trading, profits and losses resulting from the changes of fair value are disclosed in the profit and loss account for a particular period. In the case of assets available for sale, gains and losses resulting from the changes of their fair value are disclosed directly in capitals until the moment of disposal of such assets or recognition of impairment of value. In such an event accumulated gains and losses recognized previously in the capital are transferred to the profit and loss account for a particular period.

2.17. SHORT-TERM PREPAYMENTS AND ACCRUED INCOME

Short-term prepayments and accrued income include expenses incurred until the balance-sheet date which are the costs of future reporting periods, within the period of 12 months as of the balance-sheet date.

At every balance-sheet date an analysis of short-term prepayments and accrued income is conducted. The portion of prepayments and accrued income which is realized within 12 months from the balance-sheet date should be disclosed as short-term prepayments and accrued income.
The assessment is made by the Company in respect of reasonable judgment and its knowledge of the particular elements of the statements.

The short-term statements include, inter alia, the short-term part of the following items:
- prepaid rent,

- prepaid electricity and central heating,
- prepaid subscription and insurance,
- prepaid services (for example telecommunication services),
- advance payments for the equipment lease agreements.

2.18. LONG-TERM LIABILITIES

Long-term liabilities comprise liabilities with maturity exceeding 12 months as of the balance-sheet date.

Long-term liabilities comprise mainly:

- liabilities under contracted loans and borrowings,
- financial liabilities under finance lease agreements,
- liabilities towards sub-lessees of warehouse space under security deposits paid by such sub-lessees.

Valuation of long – term liabilities

Long – term financial liabilities are valued in accordance with fair value increased by the direct costs of transaction. As at the balance-sheet date, the liabilities are valued in accordance with the amortized acquisition cost with the use of an effective interest rate.

The liabilities resulting from the security deposits paid by the sub-lessees of warehouse space are valued at the due amount that also includes the unpaid interests.

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

Liabilities denominated in foreign currencies should be valued at least once in a reporting period at the balance-sheet date, at the mid-exchange rate quoted by the National Bank of Poland for a given currency for the valuation date.

Currency-translation differences related to long-term liabilities denominated in foreign currencies, arising as at the valuation date, are disclosed under financial income or expenses respectively.

2.19. SHORT – TERM LIABILITIES

Short-term liabilities comprise liabilities with maturity less than 12 months as of the balance-sheet date (excluding trade liabilities).

Short – term liabilities comprise mainly:

- liabilities under contracted loans and borrowings,
- financial liabilities under finance lease agreements,
- trade liabilities,
- liabilities under taxes, custom duties, social security and other benefits,
- salaries and wages liabilities.

Valuation of short – term liabilities

Short–term financial liabilities are valued in accordance with fair value increased by the direct costs of transaction. As at the balance–sheet date, the liabilities are valued in accordance with the amortized acquisition cost with the use of an effective interest rate.

Other short-term liabilities are disclosed as due amounts, which also include unpaid interest and unpaid interest provision. Interest is recorded at the time of receipt of interest notes.

Valuation of liabilities denominated in foreign currencies as at the balance-sheet date
Liabilities denominated in foreign currencies should be valued at least once in a reporting period at the balance-sheet date, at the mid-exchange rate quoted by the National Bank of Poland for a given currency for the valuation date.
Currency-translation differences related to long-term liabilities denominated in foreign currencies, arising as at the valuation date, are disclosed under financial income or expenses respectively.

2.20. BANK LOANS

Interest-bearing bank loans are disclosed at the acquisition cost corresponding with the fair value of the funds gained, less costs directly related to obtaining such loans. In subsequent periods, the loans are valued in accordance with the amortised acquisition price, with the usage of effective interest rate.

2.21. CAPITAL INSTRUMENTS

Capital instruments issued by the Company are disclosed at the value of the funds generated from the issue, less direct costs of the issue.

2.22. PROVISIONS

The provisions are made in cases where the Company is obliged (either legally or customary) due to past events and where it is likely that fulfillment of such obligation will result in an outflow of funds and where a reliable estimation of the amount of such a liability is possible.

The provisions comprise, inter alia, the following costs:

- remuneration and bonuses of employees,
- agency wholesale outlets commissions,
- rents and media,
- transportation costs,
- mail and telecommunication services,
- consulting services,
- financial statements auditing services.

The use of provisions may take place according to the time elapsed or the amount of payments. The time and method of settlement shall depend on the type of costs, subject to conservative valuation.

Liabilities disclosed under provisions reduce the costs of the reporting period in which it was found that such liabilities did not occur.

Valuation of provisions denominated in foreign currencies as at the balance-sheet date
Provisions denominated in foreign currencies should be valuated at least once in a reporting period at the balance-sheet date, at the mid-exchange rate quoted by the National Bank of Poland for a given currency for the valuation date.
Currency-translation differences related to the provisions denominated in foreign currencies, arising as at the valuation date, should be disclosed under financial income or expenses.

2.23. SALES REVENUES

Sales revenues are recognized – pursuant to International Accounting Standard no 18 "Revenues" – at the fair value of payments received or due and represent trade receivables delivered in the course of ordinary business activity less rebates, VAT tax and other taxes related to the sale (excise tax).

Sale of goods

Revenues on sales are recognized upon fulfillment of the following conditions:

- the entity transferred significant risk and benefits resulting from the ownership rights to the goods to purchaser,
- the entity ceases its continuous involvement in management of the disposed goods to the extend such function is customarily executed towards the owned goods, and does not have effective control over the goods,
- the amount of income may be assessed in a reliable manner,
- there is a likelihood that an entity achieves economic benefits from the transaction,
- the costs incurred and to be incurred by an entity with regard to the transaction may be assessed in a reliable manner.

Provision of services

Revenues from the transaction are recognized on the basis of a level of execution of the transaction as at the balance-sheet date, in the case where the result of the transaction regarding provision of services may be valued in a reliable manner. The result of the transaction may be evaluated in a reliable manner, provided that all of the following conditions are met:

- the amount of revenues may be assessed in a reliable manner,
- there is the likelihood that an entity achieves economic benefits from the transaction,
- the level of the execution of the transaction may be defined in a reliable manner as at the balance-sheet date,
- the costs incurred in relation to the transaction and the costs of the completion of the transaction may be assessed in a reliable manner.

In the event that the result of the transaction regarding provision of services may not be reliably evaluated, revenues from the transaction will be recognized only to the amount of the costs incurred which the entity expects to recover.

Interest revenues are recognized gradually as they arise in relation to the main amount due, in accordance with the effective percentage rate method.

Dividend revenues are recognized at the moment of establishing the right of the shareholders to receive such dividends.

2.24. EMPLOYEE BENEFITS

In accordance with the provisions of the International Accounting Standards, the Company includes in its financial statements the costs of retirement and other employee benefits provided after termination of their employment, by creating a provision for retirement benefits.

The application of IAS no 19 "Employee Benefits" resulted in creation of a provision for employee benefits after termination of employment with the application of the "Projected Unit Credit". The actuarial forecast of projected unit method was prepared by a certified actuary. Liabilities identified on the memorial basis were assessed as future discounted payments, adjusted by employees rotation rate and demographic rate, to which the employees were entitled as at the balance-sheet date.

2.25. TAXES

Obligatory tax charges for a given reporting period include: current taxes and deferred taxes.

The current tax charges are calculated on the basis of tax result (tax base) of the particular financial year. Tax profit (loss) is different from the accounting net profit (loss) due to the exclusion of taxable revenues and costs of income acquisition in the following years and the income and cost items which are no subject to taxation. Tax charges are calculated based on the tax rates applicable for particular financial year.

Deferred tax is assessed with the use of the balance-sheet method as a payable or returnable tax in the future, on the differences between the balance-sheet amounts of assets and liabilities and corresponding amounts used for taxation purposes.

The deferred tax provision is created from all taxable positive timing differences, however deferred tax asset is recognized to the amount in which it is likely that it will decrease future tax gains by recognized negative timing differences. The tax assets or liabilities do not arise in the event that the timing differences arise from the goodwill of the Company or initial recognition of assets or liabilities in the transaction that affects neither accounting nor taxable profit.

The value of the deferred tax assets is analyzed as at each balance-sheet date, and in the event that expected future tax gains will not be sufficient to realize such an asset or its part, its write-off is conducted.

The deferred tax is calculated on the basis of the tax rates which will be in force in the moment of realization of such asset item or in the moment when the liability will be due. The deferred tax is disclosed in the profit and loss statement except when it relates to items charged directly to equity. In such a case the deferred tax is also dealt with equity.

2.26. BUSINESS COMBINATIONS AND THE BASIS OF CONSOLIDATION

Subsidiaries

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

Accounting method

Pursuant to IFRS no 3, the Company applies the purchase method as the accounting method for the business combinations.

Costs of business combination

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

The date of an acquisition

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

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

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

Selected consolidation procedures

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

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

Allocation of the business combination costs

The acquirer recognizes, at the acquisition date, the costs of the business combination, including identifiable assets, liabilities and contingent liabilities of the acquiree, which meet the criteria specified in paragraph 37 of the IFRS no 3, at their fair value as at this day, with the exception of fixed assets (or the group of assets intended for sale) classified as “Intended for sale” in accordance with IFRS no 5 “Non-current assets held for sale and discontinued operations” which are presented at their fair value less the costs of sale.

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

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

Goodwill

As at the acquisition date, the acquirer:

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

and

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

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

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

- conducts subsequent evaluation of the recognition and measurement of identifiable assets, liabilities and contingent liabilities of the acquiree and the valuation of the cost of business combination

and

- recognizes immediately in the profit or loss potential gain resulting from the execution of the subsequent evaluation.

2.27. OPERATIONS SEGMENTS – BUSINESS AND GEOGRAPHICAL

Pursuant to IAS no 14, Segment reporting, the Company is obligated to present results of its operations by operations segments.
In accordance with the provisions of the IAS, such a presentation help the user of financial statements to:

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

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

IRS no 14 presents the following definitions:

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

Geographical segment
A geographical segment is a distinguishable part of an entity, which provides products or services in a particular economic environment and that is subject to risks and returns on investments that are different from those operating in other economic environments.

Eurocash Group conducts its operations exclusively within the territory of Poland, which in terms of economic conditions and risks related to conducting operations may be considered as homogeneous. The above-mentioned determines the selection of the business sectors as the basic reporting scheme and the geographical segment as the supplementary one.

As a result of the analysis of the business activities conducted by the Eurocash Group, taking into consideration the regulations specified in IAS 14 Segment reporting, the

Company made a decision to distinguish the following business segments of the capital Group:

- traditional wholesale – wholesale operations conducted by the Cash & Carry discount chain, including the entire operations of the dominant entity - Eurocash S.A.
- active distribution – wholesale operations in the area of specialist active distribution of the FMCG goods, including the entire operations of the subsidiary - KDWT S.A.

The Group does not distinguish any other areas than Poland with regard to geographical segments.

Pursuant to IAS 34, the Company is obligated to present its proceeds and results by business segments or geographical segments in the mid-year abbreviated financial statements, dependent on which of the segment reporting manner is the main way applied by the entity.

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

NOTES TO ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2006 TO 30.09.2006

NOTE NO 1
BUSINESS COMBINATION

Acquisition of 100% of share of KDWT S.A.

As a result of fulfillment of conditions precedent resulting from the agreement concluded on 15th December 2005 between Eurocash S.A. and previous shareholders of KDWT S.A., on 31st March 2006 Eurocash S.A. has become an owner of 100% of shares in KDWT S.A. and has taken control over the Company. Detailed information concerning business combination pursuant to the requirements of IFRS no 3 are presented below.

1. General information

Table no 1

GENERAL INFORMATION CONCERNING BUSINESS COMBINATION OF THE UNITS

1. Name of acquired company	KDWT SPÓŁKA AKCYJNA
2. Core business	wholesale distribution of tobacco, food and pharmaceutical products (PKD 5135Z)
3. Acquisition date	March, 31 2006
4. Acquired stake (%)	100% of shares
5. Acquisition cost	**61 013 012 PLN**

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

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

3. Initial settlement of the business combination

Acquisition of control over KDWT S.A. took place on 31st March 2006. Until the day of preparation of the abbreviated consolidated financial statements, it was not possible to define in a complete manner the final fair values of identifiable assets, liabilities and contingent liabilities. Therefore, this initial calculation of the business combination shall be considered as temporary, established based on estimated values. The Company plans to include the adjustments to estimated values resulting from the initial settlement by 31st December 2006.

4. The costs of the acquisition

Table no 2

ACQUISTION COST

	as of 31.03.2006
Cash	**59 999 992**
Direct acquistion costs	
Tax on civil law transactions	600 000
Costs of consulting services (legal, accounting, etc.)	413 020
	61 013 012

5. Amounts considered at the acquisition date for every category of assets, liabilities and contingent liabilities of OPE Carment

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

Table no 3

NET ASSETS ACQUIRED

	Fair value 31.03.2006	Book value before acquisition 31.03.2006
Fixed assets (long-term)	**26 562 252**	**11 951 642**
Intangible fixed assets	16 349 631	547 170
Goodwill	-	1 191 851
Tangible fixed assets	9 621 179	9 621 179
Investment real property	-	-
Investments in subsidiary companies	-	-
Long-term financial assets available for sale	-	-
Other long-term financial assets	61 885	61 885
Long-term receivables	-	-
Long-term prepayments	529 557	529 557
Deferred income tax assets	529 557	529 557
Other long-term prepayments	-	-
Current assets (short-term)	**106 091 193**	**106 091 193**
Inventories	41 312 915	41 312 915
Trade receivables	53 364 205	53 364 205
Current income tax receivables	-	-
Other short-term receivables	1 828 874	1 828 874
Short-term financial assets available for sale	-	-
Short-term financial assets held for trade	-	-
Other short-term financial assets	-	-
Cash and cash equivalents	8 704 730	8 704 730
Short-term prepayments	880 470	880 470
Fixed assets classified as held for sale	-	-
Liabilities	**91 476 906**	**88 474 439**
Long-term liabilities	**3 602 401**	**599 934**
Long-term loans and credits	-	-
Other long-term financial liabilities	-	-
Other long-term liabilities	-	-
Deferred income tax provision	3 218 666	216 198
Provision for employee benefits	63 620	63 620
Other long-term provisions	320 115	320 115
Short-term liabilities	**87 874 505**	**87 874 505**
Short-term loans and credits	44 878 555	44 878 555
Other short-term financial liabilities	-	-
Trade liabilities	40 627 698	40 627 698
Current income tax liabilities	-	-
Other short-term liabilities	2 368 253	2 368 253
Short-term provisions	-	-
Liabilities due to fixed assets held for sale	-	-
Acquired net assets	**41 176 539**	**29 568 396**
Goodwill on acquisition	19 836 473	
Acquisition cost	**61 013 012**	

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

Acquisition of organized parts of the enterprise (OPE) of Carment, M. Stodółka i Wspólnicy Spółka Jawna

On 16 August 2006, Eurocash S.A. and its subsidiary companies, i.e.: Eurocash Franszyza Sp. z o.o. („EC Franszyza") and Eurocash Detal Sp. z o.o. („EC Detal") concluded definitive agreements with Carment M. Stodółka i Wspólnicy Sp. Jawna, with its registered seat in Krosno (hereinafter referred to as „Carment") and its shareholders, resulting from the execution of preliminary agreements, the conclusion of which was announced by Eurocash in its current report no 16/2006 dated 29 April 2006. On the basis of the agreements:

- Eurocash S.A. acquired organized part of the enterprise of Carment dedicated to wholesale activities, which in particular included supplying of the retail stores chain of „Delikatesy Centrum" with FMCG goods,
- EC Franszyza acquired organized part of the enterprise of Carment including the franchise chain of retail „Delikatesy Centrum" stores,
- EC Detal acquired organized part of the enterprise including 30 own stores under the „Delikatesy Centrum" brand.

Information concerning combination of business units pursuant to IFRS 3 is presented below. The information presented below refer to the impact of the takeover of organized parts of the enterprise by Eurocash S.A., Eurocash Franszyza Sp. z o.o. and Eurocash Detal Sp. z o.o. on the consolidated financial statements. The acquisitions of the three above-mentioned parts of the enterprise of Carment for the purposes of these abbreviated consolidated financial statements were presented jointly.

6. General information concerning the acquisition of OPE of Carment

Table no 4

GENERAL INFORMATION CONCERNING BUSINESS COMBINATION OF THE UNITS

1. Name of acquired company	Organized parts of the enterprise (OPE) of Carment, M. Stodółka i Wspólnicy Spółka Jawna
2. Core business	ratail and wholesale distribution of food, other wholesale activity
3. Acquisition date	August, 16 2006
4. Acquired stake (%)	not applicable
5. Acquisition cost	**35 000 000**

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

The Eurocash Group has no intention to dispose any part of the business with regard to the acquisition of OPE Carment.

8. The costs of the acquisition

Table no 5

ACQUISTION COST

	as of 16.08.2006
Cash	**35 000 000**

9. Amounts considered at the acquisition date for every category of assets, liabilities and contingent liabilities of OPE Carment

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

Table no 6

NET ASSETS ACQUIRED

	Fair value 16.08.2006
Fixed assets (long-term)	**40 736 292**
Intangible fixed assets	1 429 616
Goodwill	-
Tangible fixed assets	39 306 675
Investment real property	-
Investments in subsidiary companies	-
Long-term financial assets available for sale	-
Other long-term financial assets	-
Long-term receivables	-
Long-term prepayments	-
Deferred income tax assets	-
Other long-term prepayments	-
Current assets (short-term)	**45 962 362**
Inventories	15 862 732
Trade receivables	23 526 055
Current income tax receivables	-
Other short-term receivables	200 000
Short-term financial assets available for sale	-
Short-term financial assets held for trade	3 993 600
Other short-term financial assets	-
Cash and cash equivalents	2 379 976
Short-term prepayments	-
Fixed assets classified as held for sale	-
Liabilities	**59 849 519**
Long-term liabilities	**-**
Long-term loans and credits	-
Other long-term financial liabilities	-
Other long-term liabilities	-
Deferred income tax provision	-
Provision for employee benefits	-
Other long-term provisions	-
Short-term liabilities	**59 849 519**
Short-term loans and credits	22 735 501
Other short-term financial liabilities	-
Trade liabilities	37 114 018
Current income tax liabilities	-
Other short-term liabilities	-
Short-term provisions	-
Liabilities due to fixed assets held for sale	-
Acquired net assets	**26 849 135**
Goodwill on acquisition	8 150 865
Acquisition cost	**35 000 000**

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

Due to the fact that revealing the balance-sheet value of each of the above-mentioned categories of the assets, liabilities and contingent liabilities just before the merger is, for practical reasons, impossible, the Group withdrew from presentation of the above. The main reason for the withdrawing from the presentation is the specifics of the transaction of acquisition of organized parts of the enterprise, complicated legal structure of the transaction and the lack of the access to sufficiently detailed historical data concerning OPE before its acquisition.

10. Goodwill

The goodwill generated as a result of the acquisition of KDWT S.A. and OPE Carment reflects the following factors:

- Human Capital - Eurocash S.A. recognizes the great importance of human capital of KDWT S.A. and OPE Carment, which is not an item of intangible assets to be included in accordance with the International Financial Reporting Standards,
- Relation with KDWT clients (contracts with clients) – contracts with clients and connected with them relations can be identified as intangible assets, however due to impossibility of valuation to the fair value the relations are not recognized separate from the goodwill.

Table no 7

GOODWILL

	for period from 01.01.2006 to 30.09.2006
Book value at the beginning of the period	
Gross value	-
Cumulated loss on impairment of assets	-
	-
Recognized additional goodwill	27 987 338
Latter regonizing of the deffered tax	-
Goodwill removed from balance sheet at sale	-
Recognized impaiment of assets	-
Net curency exchange differences	-
Other changes	-
Book value at the end of period	
Gross value	27 987 338
Cumulated loss on impairment of assets	-
	27 987 338

11. Business combination of the units from 01.01 to 30.09.2006

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

Table no 8

BUSINESS COMBINATION OF THE UNITS FROM 01.01 TO 30.09.2006

Name of acquired company	Date of acquisition	Acquired stake (%)	Acquisition cost	Fair value of net assets	Goodwill on acquisition
KDWT S.A.	2006-03-31	100%	61 013 012	41 176 539	19 836 473
Organized parts of the enterprise of Carment	2006-08-16	n/d	35 000 000	26 849 135	8 150 865

12. Revenues and financial result of the combined business units

Table no 9

REVENUES AND FINANCIAL RESULT OF THE COMBINED BUSINESS UNITS FROM 01.01 TO 30.09.2006*

Name of the unit	Revenues of the joined units for the period	Net result of the joined units for the period
KDWT S.A.	1 155 696 506	5 842 626
	1 155 696 506	**5 842 626**

* The calculation is based on assumption that the date of acquisition of KDWT was the beginning of the year

NOTE NO 2
SEGMENT REPORTING

Eurocash Group conducts its operations exclusively within the territory of Poland, which in terms of economic conditions and risks related to conducting operations may be considered as homogeneous. The above-mentioned determines the selection of the business sectors as the basic reporting scheme and the geographical segment as the supplementary one.

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

- traditional wholesale – wholesale operations conducted by the Cash & Carry discount chain, including the entire operations of the dominant entity - Eurocash S.A.
- active distribution – wholesale operations in the area of specialist active distribution of the FMCG goods, including the entire operations of the subsidiary - KDWT S.A.

The Group does not distinguish any other geographical segments than Poland for the purposes of geographical segments.

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

Table no 10

INCOME AND RESULTS BY BUSINESS SEGMENTS IN THE PERIOD FROM 01.01.2006 TO 30.09.2006

	Traditional wholesale	Active distribution*	Other	Exclusions	Total
Sales	**1 427 424 433**	**893 408 217**	**1 414 880**	**(118 184 629)**	**2 204 062 902**
External sales	1 411 301 990	791 346 032	1 414 880	-	2 204 062 902
Inter-segmental sales	16 122 444	102 062 186	-	(118 184 629)	-
Segment result	**28 808 273**	**7 892 798**	**(1 701 543)**	**(864 452)**	**34 135 076**
Not allocated costs	-	-	-	-	-
Net loss on discontinued operations	-	-	-	-	-
Operating profit	**28 808 273**	**7 892 798**	**(1 701 543)**	**(864 452)**	**34 135 076**
Finance income	-	-	2 389 765	(294)	2 389 471
Finance costs	-	-	(3 252 305)	583 592	(2 668 713)
Share of profit on investments in associates	-	-	-	-	-
Profit before income tax	**-**	**-**	**(2 564 082)**	**(281 154)**	**33 855 835**
Income tax	-	-	(7 989 109)	296 398	(7 692 712)
Minority interest	-	-	-	-	-
Net profit	**-**	**-**	**(10 553 191)**	**15 244**	**26 163 123**
Total assets	**547 219 203**	**146 892 002**	**14 602 142**	**(60 490 353)**	**648 222 995**
Total liabilities	**547 219 203**	**146 892 002**	**14 602 142**	**(60 490 353)**	**648 222 995**
Investment expenditures	**114 536 465**	**1 985 594**	**10 514 026**	**(8 704 730)**	**118 331 356**
Depreciation and amortisation	20 920 259	2 319 103	1 042 885	(441 312)	23 840 935

* - due to KDWT acquisition date, includes Q2 and Q3 results only

NOTE NO 3
RELATED PARTY TRANSACTIONS

During the second quarter of 2006 there were no significant related party transactions concluded, with the exception of transactions resulting from regular economic activity conducted on market conditions.

NOTE NO 4
IMPORTANT EVENTS BEFORE THE BALANCE-SHEET DATE

The Ordinary Shareholders' Meeting of Eurocash S.A.

On April 25th 2006, the Ordinary Shareholders' Meeting decided to distribute profit for 2005. Based on recommendation expressed in Resolution No 1 of the Supervisory Board of April 10, 2006, the Ordinary Shareholders' Meeting decided that the net profit for 2005 amounting PLN 32,566,149 shall be distributed as follows:

- the amount of PLN 20,438,720 be distributed as dividend in the amount of PLN 0,16 (16 groszes) per one Company share; the persons recorded as shareholders on May 19, 2006 shall be entitled to receive the dividend to be payable by June 30, 2006,
- the amount of PLN 12,127,429 be transferred to Company's supplementary capital, of which PLN 2,605,292 constitutes 8% of the net profit required to be transferred to the supplementary capital pursuant to Article 396 § 1 of the Commercial Companies Code."

Detailed information concerning all resolutions of the Ordinary Shareholders' Meeting were published in the current report on April 29th 2006.

Payment of dividend for 2005

Pursuant to the decision undertaken by the Ordinary Shareholders Meeting on 25 April 2006, Eurocash S.A. paid the dividend of 20,438,720 PLN by 30 June 2006.

Establishing of subsidiary companies Eurocash Franszyza Sp. z o.o. and Eurocash Detal Sp. z o.o.

On 24th March 2006, the memorandums of association of Eurocash Franszyza Sp. z o.o. and Eurocash Detal Sp. z o.o. were concluded. The sole Shareholder of both companies is Eurocash S.A. In the third quarter of the current year, share capital increases of both companies were executed. The share capitals of both companies currently equal PLN 3,800 thousand in Eurocash Franszyza and PLN 8,600 thousand in Eurocash Detal. The capitals in both companies have been fully covered. On 10th July 2006 both companies were registered in the National Court Register (KRS) under the following numbers: Eurocash Franszyza KRS 0000259846 and Eurocash Detal KRS 0000259826.

Execution of preliminary agreements regarding acquisition of organised parts of enterprise of Carment S.A.

On April 28th 2006, Eurocash and its subsidiaries: Eurocash Franszyza Sp. z o.o. („EC Franszyza") and Eurocash Detal Sp. z o.o. („EC Detal") executed with Carment S.A. of Krosno ("Carment") and its shareholders preliminary agreements, according to which:

- Eurocash would acquire an organised part of Carment's enterprise which operates wholesale business– mainly supply of FMCG products to "Delikatesy Centrum" stores,
- EC Franszyza would acquire an organised part of Carment's enterprise, which encompasses franchise chain of retail stores under the "Delikatesy Centrum" brand,
- EC Detal would acquire an organised part of Carment's enterprise, which encompasses 30 own stores operated by Carment under the "Delikatesy Centrum" brand.

Additionally, Eurocash obliged himself to issue for the selected Carment shareholders management options, which will entitle to subscribe after 36 months from concluding of the final agreements, for newly issued Eurocash shares with total value of PLN 3,500,000 at the issue price equal to the average price of Eurocash shares at the Warsaw Stock Exchange within 30 days prior to executing of the final agreements.

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

Moreover, according to the concluded preliminary agreements, Carment's shareholders which are currently employed in Carment, will run the retail business in the 30 Carment's own stores which are to be acquired by EC Detal, and they will provide EC Franszyza with services with regard to ongoing servicing and expansion of the "Delikatesy Centrum" store chain for period of 36 months following the day of executing of the final agreements.

Conclusion of definite agreements regarding acquisition of organized parts of the enterprise of Carment M. Stodółka i Wspólnicy Sp. Jawna

On 16 August 2006, Eurocash S.A. and its subsidiary companies, i.e.: Eurocash Franszyza Sp. z o.o. („EC Franszyza") and Eurocash Detal Sp. z o.o. („EC Detal") concluded definitive agreements with Carment M. Stodółka i Wspólnicy Sp. Jawna, with its registered seat in Krosno (hereinafter referred to as „Carment") and its shareholders, resulting from the execution of preliminary agreements, the conclusion of which was announced by Eurocash in its current report no 16/2006 dated 29 April 2006. On the basis of the agreements:

- Eurocash acquired organized part of the enterprise of Carment dedicated to wholesale activities, which in particular included supplying of the retail stores chain of „Delikatesy Centrum" with FMCG goods,
- EC Franszyza acquired organized part of the enterprise of Carment including the franchise chain of retail „Delikatesy Centrum" stores,
- EC Detal acquired organized part of the enterprise including 30 own stores under the „Delikatesy Centrum" brand.

SIGNATURES OF THE MANAGEMENT BOARD MEMBERS

Position	Name and surname	Date	Signature
Management Board Member Chief Executive Officer	Rui Amaral	8th November 2006	
Management Board Member Financial Executive Officer	Arnaldo Guerreiro	8th November 2006	