A. Introduction to the Financial Statements

1. **Information on the Company:**

1.1. Company name:

EUROCASH Spółka Akcyjna

1.2. Registered office:

ul. Wołczyńska 18, 60-003 Poznań, Poland

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 financial statements:

The reporting period January 1st - July 31st 2004 and comparable periods: January 1st- December 31st 2003.

1.7. Composition of the Company's governing bodies:

- **Executive Board:**

Luis Manuel Conceicao Do Amaral - President,
Pedro Martinho,
Ryszard Majer,
Katarzyna Kopaczewska,
Rui Amaral,
Arnaldo Guerreiro.

- **Supervisory Board:**

João Borges de Assunção – Chairman
Antonio Casanova,
Ronaldo Coelho de Magalhaes,
Eduardo Aguinaga de Moraes,
Geoffrey Crossley

2. **Changes in the composition of the Executive and Supervisory Boards:**

- As from March 26th 2003, Mr Pedro Silva and Ms Katarzyna Kopaczewska, Members of the Executive Board were removed from office and replaced by newly appointed Members, Mr Pedro Martinho and Mr Ryszard Majer.
- On June 17th 2003 Mr Luis Manuel Conceicao Do Amaral resigned from membership on the Supervisory Board.

- On June 27th 2003 the General Shareholders Meeting appointed Geoffrey Francis Eric Crossley as Member of the Supervisory Board.
- On July 15th 2003, the Supervisory Board appointed Mr Luis Manuel Conceicao Do Amaral as President of the Executive Board and approved his resignation from the position of Member of the Supervisory Board.
- On January 22nd 2004 Ms Katarzyna Kopaczewska was reappointed as Member of the Executive Board.
- On March 4th 2004, the Extraordinary General Shareholders Meeting appointed Mr Pedro dos Santos as Member of the Supervisory Board.
- On March 27th 2003 the Extraordinary General Shareholders Meeting appointed Mr Marcus Elias and Mr Luis Manuel Ceonceicao Do Amaral as Members of the Supervisory Board.
- On September 13th 2004 Executive Board appointed members, Mr Rui Amaral and Mr Arnaldo Guerreiro.
- On September 14th 2004 the Extraordinary General Shareholders Meeting raised the number 1 resolution regarding Statute change. As from the day Registration Court incorporated the changes consequent from the resolution, the Supervisory Board must to consist of 5 not 3 Members.
- Moreover on September 14th 2004 during the Extraordinary General Shareholders Meeting, Mr Geoffrey Crossley and Mr Marcus Elias were dismissed from the position of Members of the Supervisory Board. At the same time Mr Ronaldo Coelho de Mahalhaes and, again, Mr Geoffrey Crossley were appointed as Members of the Supervisory Board. On the same day Jeronimo Martins Distribution, the Shareholder then, dismissed Mr Pedro dos Santos from the Supervisory Board and appointed Mr Eduardo Aguinaga de Moraes as the Member of above.
- On October 13th 2004, the Extraordinary General Shareholders Meeting dismissed Mr Geoffrey Crossley, Mr Eduardo Aguinaga de Moraes and Mr Ronaldo Coelho de Magalhães from the Supervisory Board, which was the result of the resolution raised on September 14th about the Supervisory Board frame.
- On October 13th 2004, the General Shareholders Meeting appointed Mr Antonio Casanova, Mr Ronaldo Coelho de Mahalhães as Members of the Supervisory Board. At the same day Politra appointed Mr João Borges de Assunção, Mr Eduardo Aguinaga de Moraes and Mr Geoffrey Francis Eric Crossley as Members of the Supervisory Board.

3. **The Company has no division preparing separate financial statements.**
4. **The Company is not a parent entity and does not prepare consolidated financial statements.**
5. **These financial statements were prepared on a going concern basis, as there are no circumstances which could pose a threat to the Company continuing as a going concern in the foreseeable future.**
6. **Comparability of Financial Statements**

   To ensure comparability, the data relating to comparable periods, contained in the financial statements, was restated in accordance with the accounting policies effective since January 1st 2004. For the explanation of differences in relation to the previously disclosed statements, see Supplementary Note 17.
7. **Adjustments Resulting from Auditors' Opinions**

The auditor's opinions on the financial statements for the previous periods were unqualified.

8. Information on the Accounting Policies, Including the Methods of Valuation of Assets and Shareholders' Equity and Liabilities (Including Depreciation and Amortisation), Financial Result Measurement and Manner of Preparing the Financial Statements within the Scope Left under the Act for the Company's Discretion

8.1.1. The general accounting policies include:

- Consistent application of the adopted accounting policies (Art. 5.1 of the Act),
- Going concern assumption (Art. 5.2)
- Disclosure of all revenues and costs in the reporting period in which they were obtained or incurred, irrespective of the time of receipt or payment, and application of the matching principle with respect to the revenues and related costs (Art. 6),
- Settling prepayments and accrued expenses (Art. 39),
- Settling accrued and deferred income (art. 41),
- Application of the conservative valuation principle (Art. 7),
- Creation of provisions for those risks, imminent losses and results of other events which are known to the Company (Art. 7);
- creation of provisions for future liabilities which are certain or highly probable (Art. 35d),
- No offseting of balances of assets against balances of shareholders' equity and liabilities, or revenues against costs (Art. 7).
- In addition to the principles listed above, the Company applies the principle of presenting balances and transactions in the financial statements in accordance with their actual nature and economic significance, rather not solely their legal form.
- The accounting principles specified in this document are applied consistently throughout the financial year. In the event of a decision on changing the previously applied accounting principles, such a change (irrespective of the time of making such a decision) becomes effective as from the first day of the subsequent financial year.

8.1.2. Definition of the financial year and reporting period

The financial year of EUROCASH SA is the calendar year.

The reporting period is a calendar month.

8.1.3. Maintenance of accounting records

The accounting records of EUROCASH SA are maintained in the Polish language and in the Polish currency.

The accounting records are kept at the Company's registered office, located at ul. Wołczyńska 18
in Poznań, Poland.

8.1.4. Format and content of the financial statements

The financial statements are prepared as for the date of closing the accounts or as for any other balance-sheet date. The financial statements include:

- Introduction to the financial statements,
- Balance sheet,
- Profit and loss account (multiple-step method),
- Reconciliation of movements in shareholders' equity,
- Cash flow statement (indirect method),
- Notes and supplementary notes.

Figures in the financial statements are rounded off to full złoty.

8.1.5. Intangible fixed assets

Definition of intangible fixed assets

- Intangible fixed assets include economic rights acquired by the Company for use for the Company's own purposes, which are economically usable and their useful economic life is longer than one year.
- The Company's intangible fixed assets include:

  Licences on computer software,

  Economic copyright,

  Rights to trademarks, utility and decoration models,

  Know-how,

  Other intangible fixed assets.
- Initial value of intangible fixed assets

  The initial value of intangible fixed assets is the acquisition price, including the amount due to the seller and other costs directly related to the acquisition of the intangible fixed assets.
- Amortisation of the intangible fixed assets

  The assessment of useful economic life takes into account the time in which the intangible fixed 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.
- EUROCASH SA applies the following annual amortisation rates for specific groups of intangible fixed assets:

Licences on computer software	33.3%
Economic copyright	20%
Trademarks	5%
Other intangible fixed assets	20%

- Intangible fixed assets are amortised using the straight line method starting from the month following the month when the asset is placed in service.
- Intangible fixed assets with a unit value below PLN 200 are charged directly to costs immediately upon placing them in service.
- Review of amortisation rates and write-offs on permanent impairment of value

  Not later than at the end of each financial year the amortisation rates applied to the value of intangible fixed assets are subject to a review. If the amortisation rates need 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 fixed assets are also subject to a review with respect the permanent impairment of value and the need to make relevant revaluation write-offs. Such write-offs should be charged to other operating expenses not later than as at the balance sheet date, i.e. in the year when the permanent impairment of value was discovered.
- Valuation of intangible fixed assets as at the end of the financial year

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

8.1.6. Tangible fixed assets

- Definition of tangible fixed assets

  Tangible fixed assets include the Company-controlled tangible fixed assets suitable for economic use (tangible fixed assets which are complete, useable and intended to be used for the Company's own purposes), whose expected economic useful life is longer than one year.
- The Company presents the following assets under tangible fixed assets:

  Owned land,
  Perpetual usufruct rights,
  Buildings and structures,
  Plant and equipment,
  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 acquisition cost, which is the acquisition price of a tangible fixed asset including the amount payable to the selling party (net of the applicable value added and excise taxes).
- As for imports, acquisition cost also includes public 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; the acquisition cost is reduced by rebates, discounts and other similar reductions and recoveries.
- Should it be impossible to determine the acquisition cost of a given tangible fixed asset, in particular of a tangible fixed asset placed in service free of charge, including as a donation, acquisition cost shall be established at the selling price of the same or similar item (fair value).
- Production cost of tangible fixed assets under construction includes all costs incurred during 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 to finance such tangible fixed assets and any related foreign exchange gains/losses less any income thereon.
- Improvement of tangible fixed assets

  The initial value of a given tangible fixed asset is increased by the cost of its improvement, including refitting, extension, modernisation or reconstruction, and adaptation, provided that the expenditure on improvements has resulted in an increased useable value of tangible fixed assets as compared with the value at which the tangible fixed assets were placed in service.

  An increase in useable value of a tangible fixed asset may be a consequence of extended useful economic life, increased production capacity, improved quality of products manufactured using the tangible fixed asset or reduced operating costs relating to the tangible fixed asset.

  All costs (including periodic overhauls) relating to maintenance of a given tangible fixed asset, which do not increase its useable value, should not ad to its initial value. When making decisions on an increase of tangible fixed assets the Company acts in accordance with the materiality principle.
- Depreciation of tangible fixed assets

  When determining the useful economic life and depreciation rate for a given tangible fixed asset, the Company accounts for the period during which the tangible fixed asset will generate tangible economic benefits. Should it be difficult to determine the reasonable economic useful life, or if there is uncertainty as to the expected tangible economic benefits, the entire value of such a tangible fixed asset should be charged to costs taking into account the conservative valuation principle.

- EUROCASH SA applies the following annual depreciation rates for individual categories of tangible fixed assets:

Buildings and structures	10%
Plant and equipment	10%-30%
Vehicles	14%-20%
Other tangible fixed assets (furniture, etc.)	20%

- Land, including perpetual usufruct rights, and tangible fixed assets under construction are not depreciated.
- Tangible fixed assets are depreciated using the straight-line method starting from the month after the month in which the tangible fixed assets were placed in service. In justified cases (when the benefits generated by the tangible fixed assets are not distributed evenly over a given period), another applicable depreciation method should be used (declining balance method, natural, accelerated or another depreciation method - in any case justified by the distribution of the tangible fixed asset's usefulness).
- The depreciation rate or useful economic life and the depreciation method should be established on the date of placing a tangible fixed asset in service. Depreciation is calculated on a monthly basis.
- Tangible fixed assets with a unit value below PLN 200 are charged directly to costs immediately upon placing them in service.
- Review of depreciation rates and write-offs under permanent impairment of value. Not later than at the end of each financial year the depreciation rates applied to the value of tangible fixed assets are subject to a review. If the depreciation rates methods need adjustment, the adjustment is made in the following financial year and subsequent financial years.
- Tangible fixed assets (tangible fixed assets and tangible fixed assets under construction) are also subject to review as to permanent impairment of value and revaluation write-offs, if any, not later than at the end of the financial year.
- If it is very likely that a tangible fixed asset will not generate in the future a significant part of the expected economic benefits or that it will not generate any economic benefits at all, a revaluation write-off should be made. An

example of permanent impairment of value is, for instance, liquidation of a tangible fixed asset or its withdrawal from use.

- Revaluation write-offs should be charged to other operating costs not later than on the balance-sheet date (i.e. in the year when the permanent impairment of value was revealed).
- If the reason on the grounds of which a tangible fixed asset was subject to a revaluation write off, including a write off under permanent impairment of value, the equivalent of the entire revaluation write off previously made or a relevant part thereof will increase the value of the tangible fixed asset and be disclosed under other operating or financial income, as appropriate.
- Valuation of tangible fixed assets as at the end of the financial year
- As at the balance-sheet date, tangible fixed assets should be recognised at acquisition cost less depreciation write offs and write offs under permanent impairment of value.
- Tangible fixed assets under construction should be recognised at the value of expenses incurred less write offs under permanent impairment of value.
- Tangible fixed assets used under financed lease agreements.

Tangible fixed assets also include third-party tangible fixed assets used by the Company under financed lease agreements if the Company has acquired all the significant economic benefits and risk relating to the ownership of the tangible fixed assets other than title to the tangible fixed assets.

- A lease agreement is considered a financed lease agreement if at least one of the following conditions is satisfied:

The agreement transfers the ownership of the leased asset to the Company after the expiry of its term.

The agreement provides for a right to acquire the leased asset by the Compan after the expiry of its term at a price lower than the market value as at the acquisition date.

The term of the agreement generally corresponds to the expected economic useful life of the tangible fixed asset with the proviso that it may not be shorter than three fourths of the term of the agreement. The ownership of the leased property may be transferred to the Company after the expiry of the term of the agreement.

Total lease payments, less the applicable discount, as determined on the date of the agreement and due and payable during its term, exceeds 90% of the market value of the leased asset as at that date. Total payments include the residual value of the leased property which the user undertakes to pay in exchange for the transfer of ownership of the subject of the agreement. Total payments do not include payments to the Company under additional performances, taxes and insurance premiums for the leased asset if the user covers them in addition to the fees for use.

The agreement provides for a promise of the financing party to conclude with the Company another agreement for paid use of the same asset or to extend the existing agreement on terms and conditions more favourable than those provided for in the existing agreement.

The agreement may be terminated provided that any costs and losses incurred by the financing party in connection with the termination are paid by the Company.

The leased asset has been adapted to the needs of the user. It may be used exclusively by the user without any material modifications.

Upon the commencement of lease, the leased asset should be recognised under fixed assets as a tangible fixed asset at the amount equal to total payments (less the applicable discount), which, in practice, is equal to the market value of the tangible fixed asset.

Financed lease liabilities should be recognised at the amount specified above in shareholders' equity and liabilities, under "Other financial liabilities" (by short- and long-term liabilities).

The leased asset should be depreciated during the shorter of the term of the financed lease agreement or the useful economic life of the leased asset.

However, if under the agreement the Company may extend the lease agreement by a specific period (in all likelihood, the Company will exercise this right), then the depreciation period should also provide for this additional lease period.

Upon making a lease payment, the payment should be divided into the financial cost and a decrease in financed lease liabilities in such a manner as to obtain a "fixed, periodic rate of return" on the outstanding financed lease liabilities.

- Stocktaking of fixed assets.

Stocktaking of fixed assets is made every four years.

8.1.7. Financial instruments

- The Company recognises every agreement leading to a creation of a financial asset with one party and a financial obligation or an equity instrument with the other party as a financial instrument, provided that the agreement concluded by two or more parties generates clear economic effects.

- Pursuant to IAS 39, the Company classifies financial instruments as follows:

Financial instruments held for trading - financial assets or liabilities acquired or arising with a view to generating profits on short-term fluctuations of prices or broker fees,

Financial instruments held to maturity - financial assets with specific or possible to assess payments or instruments with fixed maturities which the Company intends and is able to hold to maturity except loans advanced by the Company and its own accounts receivable,

Financial instruments available for sale - financial assets, excluding loans advanced by the Company, its own accounts receivable, instruments held to maturity and financial assets held for trading,

- Not later than on a day of executing a contract, the Company is required to post in the accounting books any issued or written instrument as well as any identifiable components of the instrument, disclosed under shareholders' equity (as equity instruments) or short- or long-term liabilities; this also applies when a liability is not a financial instrument.

- Revaluation differences and generated income or incurred losses, depending on the classification of a given financial instrument, affect the financial performance (liabilities) or the revaluation capital (equity instruments), as appropriate.
- As at the acquisition date, the Company recognises financial assets and liabilities at acquisition cost, which in the case of assets, means fair value, and in the case of liabilities - the amount received. The Company includes transaction costs in the opening value of all financial assets and liabilities.
- Rules governing valuation of financial instruments as at the balance-sheet date: The Company recognises:

assets held to maturity, advanced loans and the Company's own accounts receivable and other financial liabilities not held for trading at amortised cost taking into account an effective interest rate,

the items described above may be also recognised at amount due if the effects of discount are not material,

short-term accounts receivable and liabilities at the amount due,

financial assets and liabilities held for trading and financial assets held for sale at fair value.

- Changes in fair value of financial instruments held for trading which are not hedging instruments are recognised as financial income or cost at the time they arise.
- In the case of financial assets available for sale, the Company recognises changes in the fair value of these instruments in the profit and loss account as financial income or expense.

8.1.8. Long-term accounts receivable

- Definition of long-terms accounts receivable

Long-terms accounts receivable include accounts receivable in more than one year from the balance-sheet date (not applicable to trade debtors).

- The portion of long-terms accounts receivable that is due in less than a year from the balance- sheet date should be disclosed under short-terms accounts receivable.
- Long-term accounts receivable include such items as prepaid security deposits under long-term (multi-year) store lease contracts.
- Value of long-terms accounts receivable as at the balance-sheet date

Accounts receivable are valued as at the balance-sheet date at amounts due less revaluation write-offs (if any).

Security deposits are recognised at par value as at the balance sheet date.

8.1.9. Long-term investments

- Long-term investments include:

Real estate

Intangible fixed assets

Shares and other equity interests

Other securities

Loans advanced

Other long-term financial assets

Other long-term investments.

- Investments are considered long term if they are intended for repurchase, disposal etc. in more than 12 months from the balance-sheet date. In the case of long-term investments (as in the case of short-term investments) the criteria governing their classification are the Company's plans and intentions regarding a given investment and the period in/over which these plans are to be carried out.
- Value of long-term investments as at the balance-sheet date

Long-term investments as at the balance sheet date are valued as follows:

Shares and other equity interests, other securities - at acquisition cost less write offs on permanent impairment of value;

Loans advanced - at amounts due, in line with the conservative valuation principle.

Long-term prepayments and accrued income

8.1.10. Deferred tax assets

- The company is obliged to create a deferred tax asset as at the balance-sheet date if the asset can be a source of economic benefits for the Company in the future.
- In connection with timing differences between the value of assets and shareholders' equity and liabilities as disclosed in the accounting books, and their tax value and the tax loss carried forward, the Company creates a provision and recognises deferred assets on tax payable by it.
- The tax value of assets is the amount leading to a reduction of taxable income if the assets are a direct or indirect source of economic benefits. If economic benefits related to given assets do not lead to a reduction in taxable income, then the book value of the assets is treated as their tax value.
- The tax value of shareholders' equity and liabilities is their book value less any amounts that will reduce taxable income in the future.
- Deferred tax assets are valued at the amount to be deducted from the income tax in the future in connection with negative timing differences that will lead to a reduction of taxable income and tax loss carried forward established in line with the principle of conservative valuation.
- Negative timing differences include primarily:

Tax loss brought forward

Revaluation write-offs on fixed assets, stocks, accounts receivable

Accrued and unpaid penalty interest

Provisions that temporarily do not represent tax-deductible costs.

- The value of deferred tax assets is established taking into account the income tax rates effective in the year when the tax obligation arises.
- Deferred tax assets and provision are disclosed in the balance sheet as separate items.

- Tax for a given reporting period, with a bearing on the financial result, includes:

  Current portion

  Deferred portion.

- The deferred tax disclosed in the profit and loss account is the difference between deferred tax provisions and assets at the beginning and at the end of the reporting period.
- Deferred tax provisions and assets concerning transactions settled against shareholders' equity are also charged to shareholders' equity.

8.1.11. Other prepayments and accrued income

- Other prepayments and accrued income include expenses incurred by the balance-sheet date, representing costs of future reporting periods.
- Other prepayments and accrued income include also non-invoiced revenue that as at the balance-sheet date does not represent accounts receivable, to be invoiced after more than 12 months from the balance-sheet date.
- An analysis of long-term prepayments and accrued income should be carried out as at the balance-sheet date. The portion of prepayments and accrued income that will be realized within 12 months from the balance-sheet date should be disclosed as short-term prepayments and accrued income.
- The company classifies the individual items of prepayments and accrued income based on its knowledge and reasonable judgment.
- Long-term prepayments and accrued income include the long-term portion of the following items:

  Prepayments under equipment lease contracts

  Other long-term prepayments and accrued income.

8.1.12. Stocks

- Definition of stocks

  Stocks include:

  Materials acquired for the Company's own needs,

  Goods acquired for resale,

  Prepaid deliveries of materials and goods.

- Recording stocks during the year:

  During the year, stocks are posted at the most recent acquisition cost of the relevant item.

  Decrease in stocks is valued on a FIFO basis.

- Valuation as at the balance-sheet date

  Stocks are valued as at the balance-sheet date at the most recent acquisition cost. If the acquisition cost is higher than the net selling price as at the balance-sheet date, the acquisition cost is reduced to the net selling price through a revaluation write-off.

- Circumstances in which a revaluation write-off on stocks is necessary are:

  Loss of usable value of stocks (damaged or obsolete stocks);

  Balance of stocks exceeding demand or Company's ability to sell,

  Slow movement of stocks,

Loss of market value due to lower selling prices being offered by competitors.

- As at the balance-sheet date, analysis of the age of stock by types of goods is prepared. Also, the amount of necessary revaluation write-offs is determined.

  The write-offs are made at the following rates:

  100% on stocks kept for more than six months;

  100% on stocks identified during stock-taking as damaged or spoilt;

  100% on stocks which have lost market value.

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

- Stock-taking

  Stocks kept by the Company are subject to stock-taking on a continuous basis.

  Discrepancies between the actual balance of stocks and the balance disclosed in the accounts, revealed during stock-taking, should be explained and settled in the accounts of the year in which the stock-taking was carried out.

8.1.13. Short-term accounts receivable

- Definition of short-term accounts receivable

Short-term accounts receivable are accounts due within one year as from the balance-sheet date. This item does not include prepaid deliveries (to be included in stocks), as well as prepayments for intangible fixed assets and tangible fixed assets under construction (to be disclosed under fixed assets).

- Short-term accounts receivable include:

  Trade debtors (with maturity up to 1 year and over 1 year),

  Accounts receivable from the central and local budgets,

  Other accounts receivable (including prepayments and loans to employees).

- Revaluation of short-term accounts receivable as at the balance-sheet date

In accordance with the conservative valuation principle, the accounts receivable is revalued as at the balance-sheet date. Revaluation write-offs on accounts receivable relate to:

Accounts receivable from debtors declared bankrupt or liquidated - up to the amount of accounts 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 the bankruptcy proceedings - up to the full amount of accounts receivable,

Accounts receivable disputed by 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 analyses, forecasts, etc.).

- In addition, the following accounts receivable are subject to revaluation as at the balance- sheet date:

accounts receivable under court proceedings - based on monthly analyses conducted by the Legal Department; each item of accounts receivable submitted for court proceedings is examined separately and, depending on the Legal Department's assessment of the probability of it being recovered, is subject to revaluation write-off;

accounts receivable past due for more than three months - 100% of such accounts receivable.

- Revaluation write-offs on accounts receivable should take into account not only the events occurring prior to the balance-sheet date but also events revealed subsequent to that date, until the date the financial statements are signed, if these events relate to the accounts receivable disclosed in the accounts as at the balance-sheet date.

  The revaluation write-offs on accounts receivable are charged to other operating expenses or, if related to interest, to financial expenses.

- Valuation of accounts receivable as at the balance-sheet date

The accounts receivable and claims are disclosed in amounts due, established in accordance with the conservative valuation principle, i.e. reduced by revaluation write-offs.

Default interest on accounts receivable from the Company's customers are posted on the date the funds are received by the Company.

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

Accounts receivable denominated in foreign currencies are subject to valuation at least on each balance-sheet date, at the mid exchange rate quoted by the National Bank of Poland for that date.

Foreign exchange gains/losses relating to accounts receivable denominated in foreign currencies, arising as at the valuation date, increase the financial income or financial expenses, as appropriate.

- Verification of accounts receivable

Trade accounts receivable are verified as at the balance-sheet date through confirmation of balances as at that date.

The results of the verification of accounts receivable are taken into account during revaluation of accounts receivable as at the balance-sheet date.

8.1.14. Short-term investments

- Definition of short-term investments

Short-term investments comprise short-term financial assets, including:

shares and other equity interests,

other securities,

loans advanced,

cash and cash equivalents.

- Investments are considered short term if they are intended for repurchase, disposal etc. in less than 12 months from the balance-sheet date. In the case of short-term investments (as in the case of long-term investments) the criteria governing their classification are the Company's plans and intentions regarding a given investment and the period in/over which these plans are to be carried out.
- Cash and cash equivalents include:

  Cash in domestic currency,

  Cash in foreign currencies,

Foreign currencies,

Third-party cheques and promissory notes payable in a period not longer than three months as from their issue dates,

Promissory notes, cheques, gift coupons,

- Cash in transit as at the balance-sheet date.

Valuation of shares, other securities, and advanced loans as at the balance-sheet date. Short-term investments are recognised as at the balance-sheet date in the following manner:

Shares and other equity interests and other securities - at the higher of their acquisition cost or market price;

Loans advanced - in the amount due, in accordance with the conservative valuation principle.

- Valuation of cash as at the balance-sheet date

Cash is recognised at nominal value. For cash in bank accounts, the nominal value includes the interest accrued as at the balance-sheet date, representing financial income.

A negative balance on the current account is disclosed under "Loans and borrowings" in short- term liabilities.

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

Cash denominated in foreign currencies is subject to valuation at least on each balance-sheet date, at the mid exchange rate quoted by the National Bank of Poland for that date.

Foreign exchange gains/losses relating to cash denominated in foreign currencies, arising as at its valuation date, increase the financial income or financial expenses, as appropriate.

- Cash count

Cash in hand and cash at banks is counted as at the last date of each financial year.

Discrepancies between the actual balance of cash and the balance disclosed in the accounts, revealed during the cash count, is explained and settled in the accounts of the year in which the cash count was carried out.

Cash at banks is counted as at the balance-sheet date through confirmation of balances as at that date.

8.1.15. Short-term prepayments and accrued income

- Definition of, and valuation rules relating to, short-term prepayments and accrued income.

Prepayments are payments made prior to the balance-sheet date, relating to future reporting periods (up to 12 months as from the balance-sheet date).

Accrued income is uninvoiced income not carried as accounts receivable as at the balance- sheet date, which will be invoiced within 12 months as from the balance-sheet date.

Long-term and short-term prepayments and accrued income are analysed as at the balance- sheet date. The portion of prepayments and accrued income which is to be realised within 12 months as from the balance-sheet date is carried as short-term prepayments and accrued income. The decision is at the Company's discretion and should be made taking into account reasonable assumptions and knowledge of particular items of the prepayments and accrued income.

- Short-term prepayments and accrued income include the following items:

Prepaid rent,

Prepaid electricity and central heating,

Prepaid subscription and insurance,

Other prepaid services (i.e. telecommunications services),

Settlement of transport costs,

Prepayments under equipment lease agreements,

Other short-term accounts receivable.

8.1.16. Shareholders' equity

- Shareholders' equity comprises the following elements:

Share capital,

Reserve funds,

Revaluation capital reserve,

MA.A. (Accumulated loss)/retained profit brought forward,

Net (loss) profit.

- Definition of shareholders' equity

Shareholders' equity is disclosed at par value, by its types as specified by the applicable laws and regulations and the Company's Articles of Association.

- Share capital

Share capital should be disclosed at the amount as provided for in the Company's Articles of Association and registered in the National Court Register.

- Reserve funds

Reserve funds are created pursuant to the provisions of the Polish Companies Act; reserve funds comprise retained profit brought forward, which was retained by the Company pursuant to a resolution of the shareholders.

- Revaluation capital reserve

Revaluation capital reserve comprises:

Capital reserve from revaluation of fixed assets (the revaluation is performed based on separate regulations),

Capital reserve from revaluation of long-term investments.

(Accumulated loss)/retained profit brought forward

(Accumulated loss)/retained profit brought forward comprises undistributed financial result from previous years.

- Net (loss) profit

Net (loss) profit comprises the financial result of the current financial year.

8.1.17. Liabilities and provisions for liabilities

- Liabilities and provisions for liabilities comprise:

  Provisions for liabilities,

  Long-term liabilities,

  Short-term liabilities,

  Accruals.

- Provisions for liabilities

Provisions represent liabilities the maturities or amounts of which are not certain.

Provisions are made to create an equivalent for anticipated or probable losses and other expenses. All events known to the Company as at the date of the financial statements should be considered.

Due to the fact that the exact value of provisions may be difficult to determine, it should be estimated based on experience from the previous reporting periods, available information and the conservative valuation principle.

- Provisions comprise:

Deferred tax provision,

Other provisions.

- Deferred tax provision

In connection with timing differences between the value of assets and shareholders' equity and liabilities as disclosed in the accounting books, and their tax value and the tax loss carried forward, the Company creates a provision and recognises deferred assets on tax payable by it.

The tax value of assets is the amount leading to a reduction of taxable income if the assets are a direct or indirect source of economic benefits. If economic benefits related to given assets do not lead to a reduction in taxable income, then the book value of the assets is treated as their tax value.

The tax value of shareholders' equity and liabilities is their book value less any amounts that will reduce taxable income in the future.

The deferred tax provision is created in the amount of the income tax to be paid in the future in connection with positive timing differences, that is differences which will increase the taxable income in the future.

The amount of deferred tax provision is determined on the basis of the income tax rates applicable in the year in which the tax obligation arises.

The deferred tax provision and assets are disclosed in the balance sheet separately.

The income tax for a given reporting period affecting the financial result comprises
a current portion and a deferred portion.

The deferred portion disclosed in the profit and loss account represents the difference between the amount of deferred tax assets and provisions as at the end and the beginning of a reporting period.

The deferred tax provisions and assets relating to the transactions settled with the shareholders' equity are also disclosed under shareholders' equity.

- Other provisions

Other provisions comprise mainly provisions created to cover:

anticipated losses connected with discontinued business at selected locations,

compensations to be paid due to early termination of lease agreements.

Other provisions should be presented in the balance sheet as long-term and short-term provisions.

Classification of provisions as long-term or short-term depends on how soon a given item becomes an actual liability (within 12 months or more than 12 months as of the balance-sheet date).

- Long-term liabilities
- Definition of long-term liabilities

Long-term liabilities comprise liabilities with maturities over 12 months as of the balance-sheet date (excluding trade creditors).

Long-term liabilities comprise mainly:

Liabilities under contracted loans and borrowings,

Financial liabilities underfinanced lease agreements,

Liabilities to sub-lessees of warehouse store space under security deposits paid by such sub-lessees.

- Valuation of long-term liabilities as at the balance-sheet date

Long-term liabilities are disclosed at amounts due, which also includes outstanding interest. Interest is booked 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, should be disclosed under financial income or expenses, as appropriate.

- Short-term liabilities
- Definition of short-term liabilities

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

Short-term liabilities comprise:

Liabilities under contracted loans and borrowings,

Financial liabilities underfinanced lease agreements,

Trade creditors,

Tax, duty, social security and other benefits payable,

Salaries and wages payable,

Other,

Special accounts.

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

Short-term liabilities are disclosed at amounts due, which also include outstanding interest. Interest is recognised at the time of receipt of interest notes.

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

Liabilities denominated in foreign currencies should be valued at least once on 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 short-term liabilities denominated in foreign currencies, arising as at the valuation date, should be disclosed under financial income or expenses, as appropriate.

- Accruals

- Accrued expenses

Accrued expenses are disclosed by the Company at the probable value of liabilities attributable to a given reporting period.

Accruals comprise the cost of:

Rent,

Consulting services,

Auditing services related to the Company's financial statements,

Salaries and wages,

Holidays in arrears,

Disputed liabilities to suppliers,

Other items.

Accrued expenses may be written off according to the time elapsed or the amount of payments.

The time and method of settlement depends on the type of settled costs, subject to conservative valuation.

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

As at the balance-sheet date, accrued expenses should be classified either as short-term or long-term accruals. The portion of accrued expenses which will be realised within 12 months as of the balance-sheet date should be disclosed under short-term accruals, with the balance disclosed under long-term accruals.

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

Accrued expenses 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 the accrued expenses denominated in foreign currencies, arising as at the valuation date, should be disclosed under financial income or expenses, as appropriate.

- Deferred income

Deferred income, recognised in accordance with the conservative valuation principle, comprises the equivalent of the obtained or due amounts in respect of performances to be rendered in subsequent reporting periods.

As at the balance-sheet date, deferred income should be classified either as short-term or long-term deferred income. The portion of deferred income which will be realised within 12 months as of the balance-sheet date should be disclosed under short-term deferred income, with the balance disclosed under long-term deferred income.

8.1.18. Net sales revenue and equivalents

- Net sales revenue is generally recognised at the moment of delivery of goods or performance of services, which is the date of issuing an invoice to the customer (non-cash sale) or the date of acceptance of cash (cash sale).

  In the case of certain services (additional revenue), revenue is recognised at the moment which results from the concluded agreement rather than from issue of an invoice for the given reporting period.

- Net sales revenue comprises mainly:

  Revenue on sales of goods for resale and materials,

  Revenue on sales of services (sub-lease of warehouse store space, etc.),

  Charges collected from suppliers under various titles.

8.1.19. Operating expenses

- Operating expenses are recorded by type. Expenditure incurred in a given period and related to future reporting periods is disclosed as assets under prepayments and accrued income.

  Expenses which relate to a given period but have not yet become a liability are disclosed as shareholders' equity and liabilities in correspondence with provisions for liabilities and accruals.

  Expense accounts are charged only with expenses which relate to the current period, therefore, there is no need for their adjustment through the balance of accrued expenses (change in products).

8.1.20. Profit (loss) on sales

Profit (loss) on sales represents the difference between net sales revenue and operating costs.

8.1.21. Other operating income

Other operating income comprises income which is not directly connected with the Company's operations, including:

Profit on disposal of non-financial fixed assets,

Subsidies,

Reversal of revaluation write-offs on non-financial assets,

Compensations, penalties and fines received,

Value of disclosed fixed assets,

Stocktaking surpluses,

Written-off liabilities,

Other.

8.1.22. Other operating expenses

Other operating expenses comprise costs which are not directly connected with the Company's operations, including:

Loss on disposal of non-financial fixed assets,

Net value of liquidated fixed assets,

Revaluation write-offs on non-financial assets,

Compensations, penalties and fines paid,

Donations granted,

Stocktaking deficiencies,

Other.

8.1.23. Operating profit (loss)

Operating profit (loss) represents profit (loss) on sales plus other operating income and less other operating expenses.

8.1.24. Financial income

Financial income comprises:

Dividends,

Interest received,

Profit on disposal of investments,

Investment revaluation,

Excess of foreign exchange gains (realised and not realised) over foreign exchange losses,

Other financial income.

8.1.25. Financial expenses

Financial expenses comprise:

Interest paid,

Loss on disposal of investments,

Investment revaluation,

Excess of foreign exchange losses (realised and not realised) over foreign exchange gains,

Other financial expenses.

8.1.26. Pre-tax profit (loss) before extraordinary items

Pre-tax profit (loss) before extraordinary items represents operating profit (loss) plus financial income and less financial expenses.

8.1.27. Pre-tax profit (loss)

Pre-tax profit (loss) represents pre-tax profit (loss) before extraordinary items adjusted for the effects of extraordinary items.

8.1.28. Corporate income tax

Corporate income tax reducing the financial result for the current period comprises:

Corporate income tax representing current tax burden arising in the current period, and difference between the balance of deferred tax provision and assets at the end and the beginning of a period.

8.1.29. Net profit (loss)

Net profit (loss) represents pre-tax profit (loss) adjusted for the amount of corporate income tax for a given period.

8.1.30. Transactions with related undertakings

The Company discloses separately the following items of the balance sheet and the profit and loss account under to transactions with related undertakings:

Long-term accounts receivable from related undertakings,

Long-term investments in related undertakings,

Short-term accounts receivable from related undertakings,

Short-term investments in related undertakings,

Long-term liabilities to related undertakings (including borrowings),

Short-term liabilities to related undertakings (including borrowings),

Net sales revenue and equivalents (revenue from related undertakings),

Dividends and other distributions from profit by related undertakings,

Interest from related undertakings,

Interest to related undertakings.

- The related undertakings of EUROCASH Spółka Akcyjna include:

  Politra B.V., registered office in Amsterdam, the Netherlands.

9. Average exchange rates of the Polish złoty

In the periods covered by the financial statements, the average exchange rates of the Polish złoty against the euro, as quoted by the National Bank of Poland, were as follows:

	31.12.2004	31.12.2003
Eschange rate as the last day of the period	4,0790	4,7170
Average exchange rate representing the arithmetic mean of the exchange rates quoted for the last day of each month in the period	4,5176	4,4474
Highest exchange rate in the period	4,8746	4,7170
	Table no. 41/A/ NBP/2004	Table no. 253/A/ NBP/2003
Lowest exchange rate in the period	4,0790	3,9773
	Table no 256/A/ NBP/2004	Table no. 2/A/ NBP/2003

10. Key balance-sheet, profit and loss account and cash-flow statement items translated into the euro.

10.1.1. Key balance-sheet Items

As at the dates, in EUR'000

	31.12.2004	31.12.2003
Total assets	**90 231**	**76 432**
I. Fixed assets	42 523	24 724
II. Current assets	47 708	51 708
Total shareholders' equity and liabilities	**90 231**	**76 432**
I. Equity	34 814	24 506
II. Liabilities and reserve for liabilities	55 417	51 926

The items of the balance sheet as at July 31st 2004 were translated at the euro exchange rate quoted by the National Bank of Poland for that date, that is PLN 4.3759 : EUR 1.

The items of the balance sheet as at December 31st 2003 were translated at the euro exchange rate quoted by the National Bank of Poland for that date, that is PLN 4.7170 : EUR 1.

The items of the balance sheet as at December 31st 2002 were translated at the euro exchange rate quoted by the National Bank of Poland for that date, that is PLN 4.0202 : EUR 1.

The items of the balance sheet as at December 31st 2001 were translated at the euro exchange rate quoted by the National Bank of Poland for that date, that is PLN 4.5219 : EUR 1.

10.1.2. Key profit and loss account items

In EUR'000

	31.12.2004	Dec 31 2003
I. Net sales revenue and equivalents	355,892	309,067
II. Operating expenses	346,558	304,526
III. Profit (loss) on sales	9,334	4,541
VI. Operating profit (loss)	6,489	1,320
IX. Pre-tax profit (loss) before extraordinary items	5,674	1,470
X. Result on extraordinary items	0	0
XI. Pre-tax profit (loss)	5,674	1,470
XIV. Net profit (loss)	4,564	923

The items of the profit and loss account for the period 01.01.2004 – 31.12.2004 were translated at the average euro exchange rate representing the arithmetic mean of the exchange rates quoted by the National Bank of Poland for the last day of each month in the period, that is PLN 4.6804 : EUR 1.

The items of the profit and loss account for the year 2003 were translated at the average euro exchange rate representing the arithmetic mean of the exchange rates quoted by the National Bank of Poland for the last day of each month in the period, that is PLN 4.4474 : EUR 1.

10.1.3. Key cash-flow statement items

In '000 EUR

		31.12.2004	31.12.2003
A.	Operating cash flow	8 919	6 539
B.	Investing cash flow	-17 378	- 693
C.	Financing cash flow	-6 997	7 705
D.	Total net cash flow (A+B+C)	-15 455	13 551
E.	Balance-sheet change in cash	-15 455	12 777
F.	Cash at beginning of period	21 991	10 811
G.	Cash at end of period	8 315	21 991

The items of the cash-flow statement for the period 01.01.2004 – 31.12.2004 were translated at the following euro exchange rates:

Data in items A, B, C, D - the average exchange rate representing the arithmetic mean of the exchange rates quoted by the National Bank of Poland for the last day of each month in the period, that is PLN 4,0790 : EUR 1,

Data in item F - the exchange rate quoted by the National Bank of Poland for December 31st 2003, that is PLN 4,7170: EUR 1,

Data in items E and G - the exchange rate quoted by the National Bank of Poland for December 31st 2003, that is PLN 4,3759: EUR1.

The items of the cash-flow statement for the period January 1st - December 31st 2003 were translated at the following euro exchange rates:

Data in items A, B, C, D - the average exchange rate representing the arithmetic mean of the exchange rates quoted by the National Bank of Poland for the last day of each month in the period, that is PLN 4.4474: EUR 1,

Data in item F - the exchange rate quoted by the National Bank of Poland for December 31st 2002, that is PLN 4.0202: EUR 1,

Data in items E and G - the exchange rate quoted by the National Bank of Poland for December 31 st 2003, that is PLN 4.7170: EUR 1.

11. Differences between Polish and International Accounting Standards

The Company applies the accounting policies and methods provided for in the Polish Accountancy Act of September 29th 1994. The financial result as well as certain items of assets and shareholders' equity and liabilities differ from the values which would be disclosed in the financial statements if they were prepared in accordance with the International Accounting Standards (IAS).

The differences between accounting policies adopted by the Company and the International Accounting Standards result from the following:

11.1.1. Assets and shareholders' equity and liabilities related to the Company Social Benefits Fund

The Company creates the Social Benefits Fund in accordance with the regulations provided for in the Polish balance-sheet regulations.

The International Accounting Standards do not provide for the creation of such a fund. Additionally, it should be noted that in the financial statements prepared in accordance with the IAS the value of the Fund's assets (funds received and receivable) should be eliminated as the Company does not have effective control over those funds. The value of liabilities in respect of the Fund should also be eliminated from the financial statements since they do not represent actual liabilities of the Company.

The table below presents the value of assets and shareholders' equity and liabilities under the Social Benefits Fund as well as the decrease of the financial result attributable to the contributions to the Fund made in the individual years:

(PL '000)

No.	Item of the financial statements		Jul 2004	2003	2002	2001
1	Balance of the Social Benefits Fund (shareholders' liabilities)	equity and	225	362	570	-
2	Balance of amounts receivable by the Fund		-	-	-	-
3	Balance of cash held in the Fund (assets)		**405**	786	543	-
4	Financial result decrease attributable to	Fund	**344**	327	180	-

11.1.2. Segment reporting

In accordance with the regulations provided for in the International Accounting Standards, if the Company is in the process of preparing a public issue of equity or debt securities and in the future has its securities registered in public trading, it is obliged to present its financial statements in a breakdown by business segments.

The Company does not fulfil this obligation as the Polish balance-sheet regulations provide for a requirement to prepare financial statements in a breakdown by business segments only in relation to entities which seek admission of their securities to public trading or have their securities registered in public trading and prepare consolidated financial statements.

IAS 14 (Segment Reporting) provides that the division into business segments may be made on a sector or geographical basis. The scope of information presented in a breakdown into individual segments should comprise:

- Revenue of each segment subject to reporting requirement,
- Results of each segment,
- Total balance-sheet value of assets of each segment,
- Information on shareholders' equity and liabilities of each segment,
- Total amount of costs incurred in a given period to acquire the segment's assets,
- Total amount of costs accounted for in the segment's result related to depreciation/amortisation write-offs on the segment's assets in the given period,
- Total amount of significant non-cash costs which were classified as the segment's costs.

11.1.3. Statement of total recognized gains and losses

One of the elements of financial statements prepared in accordance with the International Accounting Standards is the statement of total recognized gains and losses for the financial year. This element is not required by Polish balance-sheet regulations. To fulfil the requirement to present the statement of disclosed profits and losses the Company would have to prepare an additional component of financial statements, presenting net profits not disclosed in the profit and loss account, containing information on:

- Positive or negative differences in the net value arising from revaluation of fixed assets,
- Positive or negative arising from investment revaluation,
- Currency-translation differences on foreign-currency branches,
- Net profit for the financial period,
- Effects of changes in accounting policies.

11.1.4. Employee benefits

In accordance with the provisions of the International Accounting Standards, the Company should include 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 19 ("Employee Benefits") would result in the creation of a provision with the application of the projected unit credit actuarial cost method.

The Company does not disclose balances related to costs to be incurred in the future in connection with termination of employment as the amount of provisions computed in accordance with the IAS is insignificant for the purposes of preparation of the financial statements.

11.1.5. Restructuring provision

In accordance with the International Accounting Standards, the Company may create a restructuring provision only if the restructuring results from an obligation which is a common practice. In accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), such an obligation arises only if the Company:

Has a detailed, formal plan specifying at least:

business or part of business to which the plan relates, key locations covered by the plan, place of employment, functions and an approximate number of employees who are to receive compensation due to termination of their employment,

expenditure to be incurred, and

date by which the plan is to be implemented, and

Gave the parties concerned a reason to expect that it will carry out restructuring by commencing to implement the restructuring plan or notifying those parties of the key elements of the plan.

The Company has created a provision for the costs of restructuring. The creation of the provision was not preceded by adoption of a formal plan obligatorily meeting all the conditions provided for in the International Accounting Standards. Therefore, in accordance with IAS, the Company is not entitled to charge the restructuring costs to the financial result.

The table below presents the value of created restructuring provisions as well as the decrease in the financial result following from the write-offs made in respect of the provisions in the individual years:

(PL '000)

No.	Item of the financial statements	2004	2003
1	Restructuring provision (shareholders' equity and liabilities)	1,912	1,912
2	Decrease of the financial result following from write-offs made in respect of the restructuring provision	-	-
3	Increase of the financial result following from the release of the restructuring provision	2	-
4	Use of the restructuring provision	-	1,082

11.1.6. Information on related undertakings

As at the balance-sheet date, the Company discloses assets and shareholders' equity and liabilities as well as sales revenue, including items connected with the related undertakings, in accordance with Polish balance-sheet regulations. The International Accounting Standards extend the group of entities classified as related undertakings to include:

Entities who directly or indirectly control, jointly control or exercise significant influence over a company (including natural persons),

Key management personnel of a company or its parent entity (usually the executive board),

Close relatives of the persons specified above,

Entities over which the persons specified above exercise control, significant influence or in which they hold a significant number of votes.

To prepare financial statements fully compliant with the International Accounting Standards, the Company would be obliged to differently classify certain balance-sheet items and disclose additional data in the Supplementary Information.

11.1.7. Issue of bonus shares

Section 8 of Chapter II of the Prospectus provides information on the management stock option scheme for entitled members of the key management staff of the Company. In accordance with IFRS 2, as of January 1st 2005 such an operation should be disclosed in the financial statements as at the date of adoption of a relevant resolution, at the fair value of the issued financial instruments, in appropriate portions directly under the Company's shareholders' equity, with its costs charged to the Company's future financial results. Such an event does not have any effect on the financial statements presented in this Prospectus.

B. SAR

C. SUPPLEMENTARY NOTES

1. Information on financial instruments - not applicable

2. Information on executed lease agreements

No.	Financing entity	Agreement No.	Initial value in PLN '000	Initial value in given currenc	Currency	Agreement termination date	Value of liabilities at 31.12.04 in given currency	Short-term liabilities at 31.12.04 in PLN '000	Long-term liabilities at 31.12.04 in PLN '000
1	Nivette Fleet Managemenet Sp. z o.o. Warszawa	21/2003 załą-cznik 1.0	624,0	-	PLN	09.2006	364,0	207,9	156,1
2	Nivette Fleet Managemenet Sp. z o.o. Warszawa	21/2003 załącznik 2	312,0	-	PLN	03.2007	234,0	103,9	130,1
3	Nivette Fleet Managemenet Sp. z o.o. Warszawa	21/2003 załącznik 1.1	164,0	-	PLN	09.2007	112,7	41,0	71,7
4	Hewlett-Packard Polska Sp. z o.o. Warszawa	04PL-0003A	4 270,0	-	PLN	03.2009	3 658,3	1 700,2	1 958,1
Total:			**5 370,0**				**4 369,0**	**2 053,0**	**2 316,0**

3. Off-Balance-Sheet Items, Including Contingent Liabilities, such as Guarantees and Sureties (Including Promissory Notes) Issued by the Company, Specifying Items Issued for Related Undertakings

As at December 31st 2004, the value of contingent liabilities under granted bank guarantees amounted to PLN 6.533 thousand.

	Name and address of the debtor	Name and address of the bank	Amount and currency of the promissory note guarantee (PLN '000)
1	Eurocash S.A.	Ministerstwo Finansów	1 396,0 tys.zł
2	Eurocash S.A.	Izba Celna w Poznaniu	9,0 tys. zł
3	Eurocash S.A.	Zakłady Przemysłu Tłuszczowego Warszawa	700,0 tys.zł
4	Eurocash S.A.	Hewelett Packard Polska Sp z o.o	4 428,0 tys zł
	TOTAL		6 533,0 tys.zł

4. Liabilities towards Central or Local Budgets under ownership Rights to Buildings and Structures

4.1. The Company has no such liabilities.

5. Income, Costs and Results Related to Operations Discontinued in the Relevant Period or Planned to be Discontinued in the Next Period

5.1. In January 1st-December 31st 2004, the Company did not discontinue any form of operations nor does it plan to do so in the next financial year.

6. Production Cost of Tangible Fixed Assets under Construction and Tangible Fixed Assets for Own Needs

6.1. In January 1st-December 31st 2004, the Company did not incur any production cost of tangible fixed assets under construction and tangible fixed assets for own needs.

7. Capital Expenditure Incurred and Planned for 12 Months Subsequent to the Balance-Sheet Date, Including Expenditure on Non-Financial Fixed Assets

7.1. In January 1st—December 31st 2004, the Company incurred capital expenditure totalling PLN 78.186.0 thousand.

7.2. In January 1 st—December 31st 2004, the Company did not incur any expenditure on environmental protection, neither does it plan to incur such expenditure within the next 12 months.

8. Issuer's Transactions with Related Undertakings on Transfer of Rights and Obligations

8.1. Purchase of economic rights to know-how from Politra B.V.

Pursuant to the agreement executed on August 18th 2004 between Eurocash and Politra, the parties agreed to terminate the licence agreement on the use of know-how with effect from August 31st 2004, and concurrently sell the know-how owned by Politra to Eurocash. Under the agreement, Eurocash will pay a consideration equal to 0.7% of projected net sales revenue for the period for which the licence agreement was concluded (until April 2009), discounted to its current value. The payment of the acquisition price of EUR 11,796,418 agreed upon in the agreement was made by Eurocash on September 10th 2004.

9. Information on Joint Ventures not Subject to Consolidation

9.1. In January 1 st—December 31st 2004, the Company was not party to any joint ventures with other undertakings.

10. Information on Average Employment

(no. people)

	Total	DC and Stores	Head Office
Total number of employees	**1 438**	**1286**	**152**

11. Total Value of Remuneration and Awards (in cash and in kind), Paid or Payable to Members of the Executive Board and Supervisory Board in January 1st-December 31st 2004 (PLN '000)

Remuneration of Executive Board Members	Total remuneration and benefits
Luis Amaral	453
Rui Amaral	347
Katarzyna Kopaczewska	340
Arnaldo Guerreiro	306
Pedro Martinho	547
Ryszard Majer	369
Total remuneration of Executive Board Members	2 362
Remuneration of Supervisory Board Members	-
Total	2 362

12. Information on the Amount of Advance Payments, Loans, Borrowings and Guarantees Advanced to Members of the Executive Board and Supervisory Board.

12.1. No advance payments, loans, borrowings or guarantees were advanced by the Company to Members of the Executive Board and Supervisory Board.

13. Significant Events Relating to Past Years and Disclosed in the Financial Statements for the Current Period – not applicable

14. Significant Events Subsequent to the Balance-Sheet Date not Disclosed In the Financial Statements Relations between the Company and its Legal Predecessors, Procedure for and Scope of Acquisition Assets, Shareholder` Equity.

14.1 In 2004, Eurocash Sp. z o.o. was transformed into a joint-stock company - Eurocash SA. The only change resulting from the transformation was change in the legal form of Eurocash Sp. z o.o., as Eurocash SA acquired all assets, shareholders' equity and liabilities of its predecessor.

14.2 The transformation was executed by virtue of a Notarial Deed (Rep. A 6509/04 of July 7th 2004)and registered by the District Court of Poznań, XXI Commercial Division of the National Court Register under entry No. 0000213765, based on a decision of July 30th 2004.

14.3 Upon issue of the decision to register Eurocash SA, the Issuer acquired, by way of universal succession, all rights and obligations to which Eurocash Sp. z o.o. had been a party.

15. Financial Statements Adjusted to Account for Inflation

15.1. Since in the period of the Company's operations (January 1st 2001-December 31st 2004) cumulative inflation amounted to less than 100%, the presented financial statements have not been adjusted to account for the inflation rate.

16. Presentation and Explanation of Differences between the Data Disclosed in these Financial Statements and the Comparable Data and the Data Disclosed in the Financial Statements Prepared and Published Earlier (PLN '000)

	31.12.2003
Adjustments for changes in accounting policies: applies to disclosure in the accounting books of assets leased under financed lease agreements	
Introduction of gross value of assets leased under financed lease agreements in correspondence with liabilities	788,0
Depreciation of the leased assets for 2003	62,2
Adjustment to the costs of contracted services under lease services	- 69,9
Disclosure of interest expense related to lease agreements	14,6
Adjustment to liabilities under principal instalments repaid under lease agreements for 2003	- 55,3

Effect on the financial statements:

Adjustments for changes in accounting policies: applies to disclosure in the accounting books of assets leased under financed lease agreements	
- Increase in the net value of tangible fixed assets	**725,8**
- increase in the value of financed lease liabilities, including:	**732,7**
short-term	231,3
long-term	501,4
- change of the financial result for 2003 (retained profit for 2004)	**6,9**

Adjustments to the cash flow statement - disclosure of the effect of changes in accounting policies and other adjustments which have a bearing on the correctness of the statements

Adjustment to net profit for the financial year	6.9
Adjustment to depreciation and amortisation (leasing)	62.2
Adjustment to interest and share in profit (interest under lease agreements)	14.6
Adjustment to change in stocks	- 39.3
Adjustment to change in accounts receivable	740.9
Adjustment to change in liabilities (including liabilities under lease agreements)	- 6,123.0

Adjustment to "other adjustments to operating activity" (leasing)	788.0
Operating cash flow after adjustments	**(+) 29,096.0**
Adjustment to acquisition of intangible and tangible fixed assets	-155.8
Adjustment to sale of intangible and tangible fixed assets	155.8
Investing cash flow after adjustments	**(-) 3,080.6**
Adjustment of net proceeds from issue of shares, other equity instruments and additional contributions to equity	5,604.0
Adjustment of interest outflows	14.6
Financing cash flow after adjustments	**(+) 34,268.6**
Adjustment of balance-sheet change in cash	**- 248.4**

17. Changes in Applied Accounting Policies and Manner of Preparing Financial Statements Compared with the Previous Financial Year(s), their Causes, and Effect on the Company's Assets, Financial Standing, Liquidity, Financial Result, and Profitability

17.1. In January 1 st—December 31st 2004, the Company did not introduce any changes to the accounting policies in relation to the previous financial period.

18. Corrections of Fundamental Errors – not applicable

19. Description of Uncertainty, if any, as to the Company Continuing as a Going Concern and Indication whether the Financial Statements Include Relevant Adjustments

19.1. These financial statements were prepared on a going concern basis. There are no circumstances which would indicate that there is a threat to the Company continuing as a going concern in the foreseeable future.

20. Information on Mergers

20.1. In the current financial period, the Company was not party to any mergers. These financial statements do not contain any information on merged undertakings..

21. Description of the Effect which the Application of the Equity Method to Value Shares in Subordinated Undertakings would Have on the Company's Financial Results – not applicable

22. Legal Basis and Data Justifying Non-Inclusion in Consolidation – not applicable