



EUROCASH

CONSOLIDATED QUARTERLY REPORT

2nd QUARTER 2007

CONTENTS:

MANAGEMENT DISCUSSION OF THE FINANCIAL RESULTS FOR THE 2Q 2007

QUARTERLY ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2Q 2007

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 2Q 2007

1. Eurocash: Key financial and operational highlights in 2Q 2007

Below we present the key financial and operational highlights separately for Eurocash Discount Cash&Carry, Delikatesy Centrum Distribution Centers and KDWT active distribution:

Eurocash Discount Cash&Carry stores:

- In 2Q 2007 sales of Eurocash Discount Cash&Carry stores amounted to PLN 527,03 m and increased by 10.65% comparing with 2Q 2006.
- LFL sales growth (same number of stores) in Eurocash Discount Cash&Carry stores amounted to 7.6% in 2Q 2007.
- Number of abc stores reached 2,565 at the end of 2Q 2007.
- In 2Q 2007 share of abc stores in total sales of Discount Cash & Carry stores amounted to 43.5% comparing with 44.1% in 2006.
- Sales to abc shops in 2Q 2007 increased by 8.05% comparing with 2006.

Delikatesy Centrum Distribution Centers:

- Sales in 2Q 2007 of Delikatesy Centrum stores amounted to PLN 115,05 m.
- Number of "Delikatesy Centrum" franchise stores at the end of 2Q 2007 amounted to 266.

KDWT - Active Distribution:

- In 2Q 2007 sales of KDWT stores amounted to PLN 546,11m and increased by 28.2% comparing with 2Q 2006. Main reasons for the increase in sales was increase of tobacco excise tax and geographical expansion of KDWT distribution network.
- Number of KDWT branches as of the end of 2Q 2007 amounted to 69 plus 3 distribution centers

2. Eurocash Group

Profit & loss account

Table 1 Eurocash Group: Summary of consolidated financial results for 2Q YTD 2007

PLN million	2Q 2007	2Q YTD 2007
Sales revenues (traded goods, materials)	1 150,42	2 159,19
<i>Sales in Discount Cash & Carry stores</i>	527,03	979,04
<i>Sales of "Delikatesy Centrum" Distribution Centers</i>	115,05	212,58
<i>Sales in KDWT</i>	546,11	1 039,07
<i>Other</i>	7,59	14,26
<i>Exclusions</i>	(45,36)	(85,76)
Gross profit/(loss) on sales	104,25	187,05
<i>(Gross profitability on sales %)</i>	9,06%	8,66%
EBITDA	31,68	48,18
<i>(EBITDA margin %)</i>	2,75%	2,23%
EBIT	22,55	30,69
<i>(EBIT margin %)</i>	1,96%	1,42%
Gross profit	20,68	26,60
Net income	16,72	21,18
<i>Net profitability %</i>	1,45%	0,98%

Good sales and relatively strong margins in 1st and 2nd quarter of 2007 allowed to realize after 2 quarters 2007 a solid EBITDA of over PLN 48 million and net profit of over PLN 21 million. Important

factor was also good cost control. Blended EBITDA margin for the Eurocash Group amounted 2.23%, net profit margin amounted to almost 1%.

Cash flow

Table 3 Eurocash Group: Consolidated cash flow for 2Q YTD 2007

PLN million	2Q 2007	2Q YTD 2007
Operating cash flow	32,70	69,76
<i>Gross profit (loss)</i>	20,68	26,60
<i>Depreciation</i>	9,14	17,49
<i>Change in working capital</i>	1,69	29,7
<i>Other</i>	1,18	(4,02)
Cash flow from investments	(22,89)	(28,25)
Cash flow from financing activities	(8,30)	(22,45)
Total cash flow	1,50	19,08

Total cash flow of Eurocash Group in 2Q YTD 2007 amounted to PLN 19.083 million.

Working capital

Table 4 Eurocash Group: Consolidated working capital ratios flow for 2Q 2007

Turnover in days	2Q 2007	2Q 2006
1. Inventories turnover	19,1	19,0
2. Trade receivables turnover	14,3	10,4
3. Trade liabilities turnover	36,5	34,8
4. Operating cycle (1+2)	33,3	29,4
5. Cash conversion (4-3)	(3,1)	(5,4)

Table 4 Eurocash Group: Consolidated working capital ratios flow for 2Q YTD 2007

Turnover in days	2Q YTD 2007	2Q YTD 2006
1. Inventories turnover	20,2	25,9
2. Trade receivables turnover	15,1	14,2
3. Trade liabilities turnover	38,5	47,9
4. Operating cycle (1+2)	35,3	40,1
5. Cash conversion (4-3)	(3,2)	(7,8)

The cash conversion cycle in 2Q YTD 2007 has decreased to negative 3.2 days comparing with the same period of 2006. Main reason for this, was that results of KDWT were not fully accounted in 2Q YTD 2006 and start of sales to Delikatesy Centrum franchise chain in course of 3Q 2006.

Balance sheet

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

Table 5 Eurocash Group: Selected consolidated balance sheet items

PLN million	30.06.2007		31.03.2007		30.06.2006	
Fixed assets	262,00	37,28%	263,78	40,69%	180,61	40,87%
Current assets	440,75	62,72%	384,45	59,31%	261,33	59,13%
Total assets	702,75	100,00%	648,22	100,00%	441,94	100,00%
Equity	199,03	28,32%	182,78	28,20%	175,75	39,77%
Liabilities and provisions	503,72	71,68%	465,45	71,80%	266,19	60,23%
Total liabilities and equity	702,75	100,00%	648,22	100,00%	441,94	100,00%

3. Eurocash S.A.

Profit & loss account

Table 6 Eurocash S.A.: Summary of financial results for 2Q 2007

PLN million	2Q 2007	2Q 2006	change 2Q 2007 / 2Q 2006
Sales revenues	642,08	476,29	34,81%
<i>Sales in Discount Cash & Carry stores</i>	527,03	476,29	10,65%
<i>Sales of "Delikatesy Centrum" Distribution Centers</i>	527,03		
Gross profit/(loss) on sales (Gross profitability on sales %)	79,86 12,44%	65,19 13,69%	22,49% -1,25%
EBITDA (EBITDA margin %)	23,62 3,68%	22,73 4,77%	3,92% -1,09%
EBIT (EBIT margin%)	15,96 2,49%	15,83 3,32%	0,83% -0,84%
Gross profit	15,02	15,79	-4,88%
Net income	12,02	13,11	-8,28%
Net profitability %	1,87%	2,75%	-0,88%

Table 6 Eurocash S.A.: Summary of financial results for 2Q YTD 2007

PLN million	2Q YTD 2007	2Q YTD 2006	change 2Q YTD 2007 / 2Q YTD 2006
Sales revenues	1 191,62	872,27	36,61%
<i>Sales in Discount Cash & Carry stores</i>	984,44	872,27	12,86%
<i>Sales of "Delikatesy Centrum" Distribution Centers</i>	207,18		
Gross profit/(loss) on sales (Gross profitability on sales %)	142,05 11,92%	111,63 12,80%	27,25% -0,88%
EBITDA (EBITDA margin %)	35,12 2,95%	27,96 3,21%	25,63% -0,26%
EBIT (EBIT margin%)	20,11 1,69%	14,40 1,65%	39,69% 0,04%
Gross profit	17,77	14,61	21,62%
Net income	13,99	11,25	24,34%
Net profitability %	1,17%	1,29%	-0,12%

In 2Q YTD 2007 sales of Eurocash S.A. increased by 36.6% and amounted to PLN 1 191.6m. Main reason for such growth was the addition of sales to the Delikatesy Centrum franchise chain. Gross margin on sales was lower than in 2Q YTD 2006, however due to increase of sales in Eurocash Discount Cash & Carry stores and sales to the Delikatesy Centrum franchise chain, EBITDA amounted in 2Q YTD 2007 PLN 35.1m. Net income amounted to almost PLN 14.0m, comparing with 11.2m in 2Q YTD 2006.

Table 7 Eurocash S.A.: Costs analysis for 2Q 2007

PLN million	2Q 2007	2Q 2006	change 2Q 2007/ 2Q 2006
Gross profit/(loss) on sales (Gross profitability on sales %)	79,86 12,44%	65,19 13,69%	22,49% -1,25%
Costs of sales: (as % of sales)	(43,14) 6,72%	(32,10) 6,74%	34,37% -0,02%
General Management costs: (as % of sales)	(19,48) 3,03%	(16,23) 3,41%	20,08% -0,37%
Profit/loss on sales (as % of sales)	17,24 2,68%	16,86 3,54%	2,21% -0,86%
Other operating income	7,43	1,78	318,34%
Other operating costs	(8,71)	(2,81)	209,79%
Operating profit – EBIT (EBIT margin %)	15,96 2,49%	15,83 3,32%	0,83% -0,84%
Depreciation	7,66	6,90	11,00%
EBITDA (EBITDA margin %)	23,62 3,68%	22,73 4,77%	3,92% -1,09%

Table 7 Eurocash S.A.: Costs analysis for 2Q YTD 2007

PLN million	2Q YTD 2007	2Q YTD 2006	change 2QYTD 2007/ 2Q YTD 2006
Gross profit/(loss) on sales <i>(Gross profitability on sales %)</i>	142,05 11,92%	111,63 12,80%	27,25% -0,88%
Costs of sales: <i>(as % of sales)</i>	(82,44) 6,92%	(62,61) 7,18%	31,67% -0,26%
General Management costs: <i>(as % of sales)</i>	(38,39) 3,22%	(32,79) 3,76%	17,06% -0,54%
Profit/loss on sales <i>(as % of sales)</i>	21,23 1,78%	16,23 1,86%	30,79% -0,08%
Other operating income	9,75	2,82	245,37%
Other operating costs	(10,87)	(4,66)	133,42%
Operating profit – EBIT <i>(EBIT margin %)</i>	20,11 1,69%	14,40 1,65%	39,69% 0,04%
Depreciation	15,01	13,56	10,70%
EBITDA <i>(EBITDA margin %)</i>	35,12 2,95%	27,96 3,21%	25,63% -0,26%

Cash flow

Table 8 Eurocash S.A.: Cash flow for 2Q 2007

PLN million	2Q 2007	2Q 2006
Operating cash flow	15,23	46,34
<i>Gross profit (loss)</i>	15,02	15,79
<i>Depreciation</i>	7,66	6,90
<i>Change in working capital</i>	(9,53)	24,67
<i>Other</i>	2,07	(1,03)
Cash flow from investments	(14,89)	(47,08)
Cash flow from financing activities	(0,56)	(20,98)
Total cash flow	(0,23)	(21,73)

Table 8 Eurocash S.A.: Cash flow for 2Q YTD 2007

PLN million	2Q YTD 2007	2Q YTD 2006
Operating cash flow	40,00	33,66
<i>Gross profit (loss)</i>	17,77	14,61
<i>Depreciation</i>	15,01	13,56
<i>Change in working capital</i>	9,92	12,97
<i>Other</i>	(2,70)	(7,48)
Cash flow from investments	(3,94)	(48,77)
Cash flow from financing activities	(15,81)	(21,59)
Total cash flow	20,26	(36,70)

Total cash flow of Eurocash S.A. in 2Q YTD 2007 amounted to PLN 20.26 million.

Working capital

Table 9 Eurocash S.A.: Working capital ratios flow for 2Q 2007

Turnover in days	2Q 2007	1Q 2007	2Q 2006
1. Inventories turnover	24,2	24,8	25,4
2. Trade receivables turnover	16,4	13,9	8,2
3. Trade liabilities turnover	58,2	59,0	58,5
4. Operating cycle (1+2)	40,6	38,7	33,6
5. Cash conversion (4-3)	(17,6)	(20,3)	(24,9)

Table 9 Eurocash S.A.: Working capital ratios flow for 2Q YTD 2007

Turnover in days	2Q YTD 2007	2Q YTD 2006
1. Inventories turnover	26,0	27,6
2. Trade receivables turnover	17,5	8,9
3. Trade liabilities turnover	62,0	62,9
4. Operating cycle (1+2)	43,5	36,5
5. Cash conversion (4-3)	(18,5)	(26,4)

The cash conversion cycle in 2Q YTD 2007 was slightly worse comparing with 2Q YTD 2006, mainly due to acquisition of Delikatesy Centrum during 3Q 2006.

Balance sheet

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

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

PLN million	30.06.2007		31.03.2007		30.06.2006	
Fixed assets	278,21	45,01%	277,59	49,02%	233,50	49,01%
Current assets	339,93	54,99%	288,67	50,98%	242,96	50,99%
Total assets	618,14	100,00%	566,26	100,00%	476,46	100,00%
Equity	209,11	33,83%	196,28	34,66%	167,35	35,12%
Liabilities and provisions	409,03	66,17%	369,98	65,34%	309,11	64,88%
Total liabilities and equity	618,14	100,00%	566,26	100,00%	476,46	100,00%

Ratios definitions

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

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

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

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

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

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

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

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

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

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

- There have been no major events that influenced Eurocash S.A. income or loss in 2Q 2007.

5. Development perspectives

External Factors:

- Growth in the FMCG market and its structure. The Company expects further growth of modern distribution channels; its unfavourable impact on company's income will be compensated by growth of the FMCG market in absolute terms and consolidation in the traditional wholesale market.
- Fuel prices. As logistic expenses, closely connected with fuel prices, are a vital part of selling expenses, their substantial changes may influence the Company's profit and loss.
- Labour costs: Potential pressure on labour costs could in medium term negatively influence the Company's profit and loss. However, potential of growing wages and salaries impacts the whole Polish market. As the Company sales are realised only in Poland, its competitive situation should remain unchanged due to this factor.

Internal Factors:

- Integration of 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 during 2007 :
 - number of Eurocash cash & carry stores will increase by app. 6-10 stores from 96 stores at the beginning of 2007
 - number of Delikatesy Centrum franchise stores will increase by app. 50 stores from 235 stores at the beginning of 2007,
 - KDWT will open app. 20 new sales platforms within Eurocash cash & carry stores from 61 stores at the beginning of 2007.
- 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 2Q 2007 Eurocash S.A. did not issue, acquire or repay debt or capital securities.

Changes in the basic management principles

In 2Q 2007 there were no changes in the basic management principles

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

The Management Board of Eurocash S.A. has not published or does not intend to publish financial forecasts for 2007.

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

Shareholder	14.08.2007				30.06.2007			
	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. 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 14.08.2007	Eurocash Series A shares	Rights to acquire Series B shares	Rights to acquire Series C shares	Rights to acquire Series D shares	Total
<i>Management Board members</i>					
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
<i>Supervisory Board members</i>					
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 2Q 2007 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 1Q 2007 Eurocash granted surety for liabilities of KDWT S.A. up to amount of PLN 23 million, in relation with a credit facility granted KDWT S.A. by Bank Millennium S.A. in Warsaw. On June 30 2007 the amount of surety has been decreased to PLN 8 million.

In the 2Q 2007 Eurocash did not grant any other surety for a credit or a loan nor did it grant any 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	14 th August 2007	
Management Board Member Financial Executive Officer	Arnaldo Guerreiro	14 th August 2007	

EUROCASH S.A.

**QUARTERLY ABBREVIATED
CONSOLIDATED FINANCIAL STATEMENTS**
FOR THE PERIOD FROM 1ST JANUARY 2007 TO 30TH JUNE 2007

TRANSLATORS' EXPLANATORY NOTE

The following document is a free translation of the report of the above-mentioned Polish Company.
In the event of any discrepancy in interpreting the terminology, the Polish version is binding.

KOMORNIKI, 14th August 2007

<i>Quarterly abbreviated consolidated financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-30.06.2007</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

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<i>Quarterly abbreviated consolidated financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-30.06.2007</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

GENERAL INFORMATION

1. INFORMATION 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 2007 – 30th June 2007 and comparable periods: 1st January 2006 – 30th June 2006

2. COMPANY'S GOVERNING 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.

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,
António José Santos Silva Casanova – Supervisory Board Member.

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

In reporting period there were any changes in the composition of both the management and supervisory boards.

<i>Quarterly abbreviated consolidated financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-30.06.2007	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

SELECTED CONSOLIDATED FINANCIAL DATA

SELECTED SEPARATE FIGURES AS AT 30 JUNE 2007

	for the period 01.01.2007 to 30.06.2007 PLN	for the period 01.01.2006 to 30.06.2006 PLN	for the period 01.01.2007 to 30.06.2007 EUR	for the period 01.01.2006 to 30.06.2006 EUR
Net sales	2 159 187 317	1 258 976 120	568 985 801	318 333 237
Operating profit (loss)	30 692 876	16 870 967	8 088 141	4 265 839
Profit (loss) before tax	26 600 572	16 433 604	7 009 743	4 155 251
Net Profit (loss) on continued operations	21 176 656	12 744 886	5 580 441	3 222 556
Net profit (loss)	21 176 656	12 744 886	5 580 441	3 222 556
Net operating cash flow	30 374 045	23 238 783	8 004 123	5 875 947
Net investment cash flow	11 356 026	(39 276 784)	2 992 523	(9 931 170)
Net financial cash flow	(6 497 525)	(12 282 874)	(1 712 218)	(3 105 736)
Net change in cash and cash equivalents	35 232 546	(28 320 875)	9 284 428	(7 160 959)
Weighted average number of shares	127 742 000	127 742 000	127 742 000	127 742 000
Weighted average diluted number of shares	137 093 549	134 959 100	137 093 549	134 959 100
EPS (in PLN / EUR)	0,17	0,10	0,04	0,03
Diluted EPS (in PLN / EUR)	0,15	0,09	0,04	0,02
Average PLN / EUR rate*			3,7948	3,9549
	as at 30.06.2007 PLN	as at 30.06.2006 PLN	as at 30.06.2007 EUR	as at 30.06.2006 EUR
Assets	764 312 714	576 549 386	202 359 734	142 590 242
Long-term liabilities	18 965 890	13 556 397	5 021 416	3 352 722
Short-term liabilities	523 355 514	394 153 565	138 563 811	97 480 725
Equity	221 991 311	168 839 423	58 774 506	41 756 795
Share capital	127 742 000	127 742 000	33 821 022	31 592 719
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	134 959 100	134 959 100
Book value per share (in PLN / EUR)	1,74	1,32	0,46	0,33
Diluted book value per share (in PLN / EUR)	1,64	1,25	0,44	0,31
Declared or paid dividend (in PLN / EUR)	29 380 660	-	7 778 835	-
Declared or paid dividend per share (in PLN / EUR)	0,23	-	0,06	-
PLN / EUR rate at the end of the period**			3,7770	4,0434

* - 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.

<i>Quarterly abbreviated consolidated financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-30.06.2007	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS

SEPARATE PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2007 (functional classification)

	2nd Quarter for the period from 01.04.2007 to 30.06.2007	2 Quarters for the period from 01.01.2007 to 30.06.2007	2nd Quarter for the period from 01.04.2006 to 30.06.2006	2 Quarters for the period from 01.01.2006 to 30.06.2006
<i>Continued operations</i>				
Net sales	1 150 423 810	2 159 187 317	863 002 963	1 258 976 120
Net sales of traded goods	1 130 158 992	2 124 208 503	844 046 746	1 232 172 622
Net sales of services	20 264 818	34 978 814	18 956 217	26 803 498
Net sales of materials	-	-	-	-
Prime costs of sales	(1 046 174 664)	(1 972 134 580)	(786 181 786)	(1 135 714 396)
Costs of sold traded goods	(1 046 174 664)	(1 972 134 580)	(786 181 786)	(1 135 714 396)
Costs of sold services	-	-	-	-
Costs of sold materials	-	-	-	-
Gross profit (loss) on sales	104 249 146	187 052 738	76 821 178	123 261 725
Costs of sales	(55 070 032)	(105 211 757)	(40 698 316)	(71 207 542)
Costs of general management	(25 258 744)	(49 920 431)	(16 782 311)	(33 347 828)
Profit (loss) on sales	23 920 369	31 920 550	19 340 551	18 706 355
Other operating revenues	7 856 137	10 354 255	2 113 197	3 161 180
Other operating costs	(9 230 066)	(11 581 928)	(3 151 607)	(4 996 568)
Share in profits of companies consolidated with the equity method	-	-	-	-
Costs of restructuring	-	-	-	-
Operating profit (loss)	22 546 440	30 692 876	18 302 140	16 870 967
Financial revenues	140 376	652 911	352 631	951 289
Financial costs	(2 004 695)	(4 745 215)	(1 038 520)	(1 388 652)
Other profit (loss) on investments	-	-	-	-
Profit (loss) before tax	20 682 122	26 600 572	17 616 252	16 433 604
Income tax	(3 960 951)	(5 423 916)	(3 017 742)	(3 688 718)
Net profit (loss) on continued operations	16 721 170	21 176 656	14 598 510	12 744 886
<i>Discontinued operations</i>				
Net loss on discontinued operations	-	-	-	-
Net profit (loss)	16 721 170	21 176 656	14 598 510	12 744 886

NET EARNINGS PER SHARE

	PLN / share	PLN / share
Net profit (loss) on continued operations	21 176 656	12 744 886
Net profit (loss) on continued and discontinued operations	21 176 656	12 744 886
Weighted average number of shares	127 742 000	127 742 000
Weighted average diluted number of shares	134 959 100	134 959 100
from continued operations		
- basic	0,17	0,10
- diluted	0,16	0,09
from continued and discontinued operations		
- basic	0,17	0,10
- diluted	0,16	0,09

Quarterly abbreviated consolidated financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.06.2007	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

SEPARATE BALANCE SHEET AS AT 30 JUNE 2007

	as at 30.06.2007	as at 31.03.2007	as at 30.06.2006	as at 31.03.2006
<i>Assets</i>				
Fixed assets (long-term)	265 116 618	259 566 409	216 248 409	220 173 239
Goodwill	33 823 699	33 823 699	122 477 503	19 836 473
Other intangible fixed assets	119 749 014	114 978 813	19 836 473	124 891 261
Tangible fixed assets	109 318 656	106 051 979	71 813 687	74 427 004
Investment real property	-	53 323	115 409	-
Investments in subsidiary companies	-	-	100 000	-
Long-term financial assets available for sale	-	-	-	-
Other long-term financial assets	-	-	-	61 885
Long-term receivables	1 872 272	1 758 794	1 507 359	560 359
Long-term prepayments	352 977	2 899 801	397 978	396 256
Deferred income tax assets	-	-	-	-
Other long-term prepayments	352 977	2 899 801	397 978	396 256
Current assets (short-term)	499 196 096	432 593 176	360 300 977	345 524 358
Inventories	240 978 289	206 084 771	179 939 911	161 811 950
Trade receivables	180 604 978	152 456 394	98 724 208	82 143 123
Current income tax receivables	-	-	-	-
Other short-term receivables	14 844 696	11 569 468	7 596 098	4 602 138
Short-term financial assets available for sale	-	-	-	-
Short-term financial assets held for trade	-	-	-	-
Other short-term financial assets	-	-	-	-
Cash and cash equivalents	60 324 789	58 823 511	70 723 889	92 773 886
Short-term prepayments	2 443 345	3 659 032	3 316 871	4 193 260
Fixed assets classified as held for sale	-	-	-	-
Total assets	764 312 714	692 159 585	576 549 386	565 697 597

<i>Quarterly abbreviated consolidated financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-30.06.2007	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

SEPARATE BALANCE SHEET AS AT 30 JUNE 2007

	as at 30.06.2007	as at 31.03.2007	as at 30.06.2006	as at 31.03.2006
<i>Liabilities</i>				
Equity	221 991 311	204 458 767	168 839 423	174 287 721
Share capital	127 742 000	127 742 000	127 742 000	127 742 000
Supplementary capital	73 412 666	30 029 906	27 693 554	15 174 214
Retained earnings	20 836 645	46 686 861	13 403 869	31 371 508
Profit (loss) of prior years	(340 011)	42 231 375	658 983	33 225 132
Net profit (loss) of the current year	21 176 656	4 455 486	12 744 886	(1 853 624)
Liabilities	542 321 404	487 700 818	407 709 963	391 409 875
Long-term liabilities	18 965 890	18 564 466	13 556 397	18 749 912
Long-term loans and credits	-	-	-	-
Other long-term financial liabilities	13 493 489	12 440 088	3 653 715	4 068 760
Other long-term liabilities	-	2 499 999	7 499 997	12 499 995
Deferred income tax provision	4 970 642	3 122 620	2 045 932	1 440 668
Provision for employee benefits	501 759	501 759	356 753	420 373
Other long-term provisions	-	-	-	320 115
Short-term liabilities	523 355 514	469 136 352	394 153 565	372 659 963
Short-term loans and credits	68 527 671	60 241 252	54 804 550	44 878 555
Other short-term financial liabilities	2 662 257	2 498 713	1 668 008	1 741 962
Trade liabilities	419 385 255	373 634 861	300 635 527	257 869 929
Current income tax liabilities	868 591	4 151 027	403 339	403 339
Other short-term liabilities	18 141 554	16 512 206	26 161 188	57 199 074
Short-term provisions	13 770 187	12 098 294	10 480 953	10 567 105
Liabilities due to fixed assets held for sale	-	-	-	-
Total liabilities	764 312 714	692 159 585	576 549 386	565 697 597

BOOK VALUE PER SHARE AS AT 30 JUNE 2007

	2nd Quarter as at 30.06.2007	1st Quarter as at 31.03.2007	2nd Quarter as at 30.06.2006	1st Quarter as at 31.03.2006
Book value	221 991 311	204 458 767	168 839 423	174 287 721
Number of shares	127 742 000	127 742 000	127 742 000	127 742 000
Diluted number of shares	137 093 549	137 093 549	134 959 100	134 129 100
Book value per share	1,74	1,60	1,32	1,36
Diluted book value per share	1,62	1,49	1,25	1,30

OFF BALANCE SHEET ITEMS

Contingent Receivables	-	-	-	-
Related companies	-	-	-	-
Other companies	-	-	-	-
Contingent Liabilities	5 411 420	6 058 109	6 929 162	7 161 579
Related companies	-	-	-	-
Other companies	5 411 420	6 058 109	6 929 162	7 161 579
- guaranties and sureties granted	5 411 420	6 058 109	6 929 162	7 161 579
Other	-	-	-	-
Total	5 411 420	6 058 109	6 929 162	7 161 579

<i>Quarterly abbreviated consolidated financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-30.06.2007	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

SEPARATE CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2007 (indirect method)

	2nd Quarter for the period from 01.04.2007 to 30.06.2007	2 Quarters for the period from 01.01.2007 to 30.06.2007	2nd Quarter for the period from 01.04.2006 to 30.06.2006	2 Quarters for the period from 01.01.2006 to 30.06.2006
<i>Operating cash flow</i>				
Net profit before tax	20 682 122	26 600 572	17 616 252	16 433 604
Adjustments:	10 874 466	21 510 205	8 892 643	15 101 577
Depreciation	9 135 975	17 490 954	7 527 916	14 185 110
(Profit) loss on sold tangible fixed assets	95 570	29 413	987 397	1 010 099
(Profit) loss on sold financial assets available for sale	-	-	-	-
Costs of interest	1 642 921	3 989 839	713 031	828 889
Interest received	-	-	(335 701)	(922 520)
Operating cash before changes in working capital	31 556 587	48 110 778	26 508 895	31 535 180
Changes in inventory	(34 454 238)	(31 031 998)	(18 127 961)	(18 366 444)
Changes in receivables	(31 537 290)	(7 024 756)	(19 272 374)	(12 482 557)
Changes in liabilities	39 259 593	23 113 865	49 517 183	29 330 964
Changes in provisions and accruals	7 102 594	3 898 334	1 905 711	2 790 476
Other adjustments	372 094	1 342 796	(1 999 013)	(952 075)
Operating cash	12 299 340	38 409 018	38 532 440	31 855 544
Interest paid	(1 342 349)	(3 791 170)	(160 448)	(1 568 815)
Income tax paid	788 193	(4 243 803)	(2 456 361)	(7 047 947)
Net operating cash	11 745 184	30 374 045	35 915 631	23 238 783
<i>Investment cash flow</i>				
Expenditures for purchased intangible fixed assets	(7 840 620)	(8 097 703)	(84 019)	(205 022)
Receipts from sold intangible fixed assets	6 000	6 000	-	-
Expenditures for purchased tangible fixed assets	(8 175 959)	(12 289 793)	(4 298 838)	(6 688 742)
Receipts from sold tangible fixed assets	616 148	2 131 583	1 366 909	1 602 748
Expenditures for purchased financial assets designed for sales	-	-	-	-
Expenditures for purchased subsidiary companies (less for money taken)	(2 499 999)	29 605 939	(43 613 019)	(34 908 290)
Given Loans	-	-	-	-
Interest received	-	-	335 701	922 520
Net investment cash	(17 894 430)	11 356 026	(46 293 266)	(39 276 784)
<i>Financing cash flow</i>				
Receipts due to taking loans and credits	2 532 650	19 671 120	9 925 995	9 925 995
Repaid loans and credits	5 753 769	(24 646 073)	-	-
Repaid liabilities under financial lease	(411 687)	(1 057 046)	(448 208)	(951 499)
Interest	(224 207)	(465 526)	(711 429)	(818 650)
Dividends paid	-	-	(20 438 720)	(20 438 720)
Net financing cash	7 650 525	(6 497 525)	(11 672 362)	(12 282 874)
Net change in cash and cash equivalents	1 501 278	35 232 546	(22 049 997)	(28 320 875)
Cash and cash equivalents at the beginning of the period	58 823 511	25 092 243	92 773 886	99 044 764
Cash and cash equivalents at the end of the period	60 324 789	60 324 789	70 723 889	70 723 889

<i>Quarterly abbreviated consolidated financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-30.06.2007	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

SAPARATE STATEMENT ON CHANGES IN EQUITY IN THE PERIOD FROM 1 JANUARY TO 30 JUNE 2007

	Share capital	Supplementary capital	Retained earnings	Total
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 June 2006

Net profit for the period from 1 January to 30 June 2006	-	12 127 429	617 457	12 744 886
Total profit and loss recorded in the period from 1 January to 30 June 2006	-	12 127 429	617 457	12 744 886
Dividends	-	-	(20 438 720)	(20 438 720)
Issued share capital	-	-	-	-
Issued options convertible into shares	-	783 823	-	783 823
Balance as at 31 December 2005	127 742 000	27 693 554	13 403 869	168 839 423

Balance as at 1 January 2006	127 742 000	29 059 203	42 583 191	199 384 394
Changes in the principles (policy) of accounting	-	-	-	-
Balance upon changes	127 742 000	29 059 203	42 583 191	199 384 394

Changes in equity in the period from 1 January to 30 June 2007

Net profit for the period from 1 January to 30 June 2007	-	42 577 521	(21 746 546)	20 830 974
Total profit and loss recorded in the period from 1 January to 30 June 2007	-	42 577 521	(21 746 546)	20 830 974
Dividends	-	-	-	-
Issued share capital	-	-	-	-
Issued options convertible into shares	-	1 775 942	-	1 775 942
Balance as at 30 June 2007	127 742 000	73 412 666	20 836 645	221 991 311

<i>Quarterly abbreviated consolidated financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-30.06.2007	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

SELECTED UNIT FINANCIAL DATA

SELECTED SEPARATE FIGURES AS AT 30 june 2007

	for the period 01.01.2007 to 30.06.2007 PLN	for the period 01.01.2006 to 30.06.2006 PLN	for the period 01.01.2007 to 30.06.2007 EUR	for the period 01.01.2006 to 30.06.2006 EUR
Net sales	1 191 618 065	872 266 705	314 013 404	220 553 416
Operating profit (loss)	20 112 263	14 397 554	5 299 953	3 640 434
Profit (loss) before tax	17 765 827	14 607 943	4 681 624	3 693 632
Net Profit (loss) on continued operations	13 993 059	11 253 676	3 687 430	2 845 502
Net profit (loss)	13 993 059	11 253 676	3 687 430	2 845 502
Net operating cash flow	16 546 063	33 659 827	4 360 194	8 510 917
Net investment cash flow	19 515 875	(48 771 539)	5 142 794	(12 331 927)
Net financial cash flow	(15 805 801)	(21 589 393)	(4 165 121)	(5 458 897)
Net change in cash and cash equivalents	20 256 137	(36 701 104)	5 337 867	(9 279 907)
Weighted average number of shares	127 742 000	127 742 000	127 742 000	127 742 000
Weighted average diluted number of shares	137 093 549	134 959 100	137 093 549	134 959 100
EPS (in PLN / EUR)	0,11	0,09	0,03	0,02
Diluted EPS (in PLN / EUR)	0,10	0,08	0,03	0,02
Average PLN / EUR rate*			3,7948	3,9549
	as at 30.06.2007 PLN	as at 30.06.2006 PLN	as at 30.06.2007 EUR	as at 30.06.2006 EUR
Assets	618 136 892	476 457 314	163 658 166	117 835 810
Long-term liabilities	14 974 518	11 510 465	3 964 659	2 846 729
Short-term liabilities	394 053 953	297 598 636	104 329 879	73 601 087
Equity	209 108 420	167 348 213	55 363 627	41 387 994
Share capital	127 742 000	127 742 000	33 821 022	31 592 719
Number of shares	127 742 000	127 742 000	127 742 000	127 742 000
Diluted number of shares	137 093 549	134 959 100	137 093 549	134 959 100
Book value per share (in PLN / EUR)	1,64	1,31	0,43	0,32
Diluted book value per share (in PLN / EUR)	1,53	1,24	0,40	0,31
Declared or paid dividend (in PLN / EUR)	29 380 660	-	7 778 835	-
Declared or paid dividend per share (in PLN / EUR)	0,23	-	0,06	-
PLN / EUR rate at the end of the period**			3,7770	4,0434

* - 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.

<i>Quarterly abbreviated consolidated financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-30.06.2007	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	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 june 2007 (functional classification)

	2nd Quarter for the period from 01.04.2007 to 30.06.2007	2 Quarters for the period from 01.01.2007 to 30.06.2007	2nd Quarter for the period from 01.04.2006 to 30.06.2006	2 Quarters for the period from 01.01.2006 to 30.06.2006
<i>Continued operations</i>				
Net sales	642 079 319	1 191 618 065	476 293 548	872 266 705
Net sales of traded goods	629 064 234	1 169 709 931	460 648 894	848 774 770
Net sales of services	13 015 084	21 908 134	15 644 655	23 491 935
Net sales of materials	-	-	-	-
Prime costs of sales	(562 220 747)	(1 049 565 762)	(411 099 855)	(760 632 465)
Costs of sold traded goods	(562 220 747)	(1 049 565 762)	(411 099 855)	(760 632 465)
Costs of sold services	-	-	-	-
Costs of sold materials	-	-	-	-
Gross profit (loss) on sales	79 858 571	142 052 302	65 193 693	111 634 240
Costs of sales	(43 137 645)	(82 440 694)	(32 104 482)	(62 613 708)
Costs of general management	(19 484 890)	(38 386 414)	(16 226 248)	(32 791 766)
Profit (loss) on sales	17 236 036	21 225 195	16 862 963	16 228 767
Other operating revenues	7 430 562	9 753 803	1 776 185	2 824 168
Other operating costs	(8 706 499)	(10 866 734)	(2 810 420)	(4 655 381)
Share in profits of companies consolidated with the equity method	-	-	-	-
Costs of restructuring	-	-	-	-
Operating profit (loss)	15 960 099	20 112 263	15 828 728	14 397 554
Financial revenues	284 351	718 150	352 138	950 796
Financial costs	(1 224 131)	(3 064 586)	(390 274)	(740 406)
Other profit (loss) on investments	-	-	-	-
Profit (loss) before tax	15 020 319	17 765 827	15 790 591	14 607 943
Income tax	(2 998 632)	(3 772 768)	(2 683 291)	(3 354 268)
Net profit (loss) on continued operations	12 021 687	13 993 059	13 107 300	11 253 676
<i>Discontinued operations</i>				
Net loss on discontinued operations	-	-	-	-
Net profit (loss)	12 021 687	13 993 059	13 107 300	11 253 676

NET EARNINGS PER SHARE

	PLN / share	PLN / share
Net profit (loss) on continued operations	13 993 059	11 253 676
Net profit (loss) on continued and discontinued operations	13 993 059	11 253 676
Weighted average number of shares	127 742 000	127 742 000
Weighted average diluted number of shares	137 093 549	134 959 100
from continued operations		
- basic	0,11	0,09
- diluted	0,10	0,08
from continued and discontinued operations		
- basic	0,11	0,09
- diluted	0,10	0,08

Quarterly abbreviated consolidated financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.06.2007	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

SEPARATE BALANCE SHEET AS AT 30 june 2007

	as at 30.06.2007	as at 31.03.2007	as at 30.06.2006	as at 31.03.2006
<i>Assets</i>				
Fixed assets (long-term)	278 208 728	277 591 593	233 501 744	236 565 523
Goodwill	9 975 600	9 975 600	-	-
Other intangible fixed assets	98 480 460	100 869 669	106 145 338	108 541 630
Tangible fixed assets	94 114 406	91 221 540	63 642 715	64 805 825
Investment real property	-	-	-	-
Investments in subsidiary companies	73 413 012	73 413 012	61 113 012	61 013 012
Long-term financial assets available for sale	-	-	-	-
Other long-term financial assets	-	-	-	-
Long-term receivables	1 872 272	1 758 794	1 507 359	560 359
Long-term prepayments	352 977	352 977	1 093 319	1 644 697
Deferred income tax assets	-	-	695 341	1 248 441
Other long-term prepayments	352 977	352 977	397 978	396 256
Current assets (short-term)	339 928 164	288 672 131	242 955 571	240 682 835
Inventories	171 094 350	151 607 992	133 047 734	120 499 035
Trade receivables	115 482 452	84 633 390	42 813 721	30 028 588
Current income tax receivables	-	-	-	-
Other short-term receivables	5 855 382	4 640 817	2 297 535	2 773 264
Short-term financial assets available for sale	-	-	-	-
Short-term financial assets held for trade	-	-	-	-
Other short-term financial assets	-	-	-	-
Cash and cash equivalents	45 346 852	45 576 371	62 343 660	84 069 157
Short-term prepayments	2 149 129	2 213 561	2 452 919	3 312 791
Fixed assets classified as held for sale	-	-	-	-
Total assets	618 136 892	566 263 724	476 457 314	477 248 358

Quarterly abbreviated consolidated financial statements of EUROCASH S.A.

Financial statements period:	01.01-30.06.2007	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

SEPARATE BALANCE SHEET AS AT 30 june 2007

	as at 30.06.2007	as at 31.03.2007	as at 30.06.2006	as at 31.03.2006
<i>Liabilities</i>				
Equity	209 108 420	196 281 493	167 348 213	174 287 721
Share capital	127 742 000	127 742 000	127 742 000	127 742 000
Supplementary capital	67 373 362	30 029 906	27 693 554	15 174 214
Retained earnings	13 993 059	38 509 588	11 912 659	31 371 508
Profit (loss) of prior years	-	36 538 217	658 983	33 225 132
Net profit (loss) of the current year	13 993 059	1 971 371	11 253 676	(1 853 624)
Liabilities	409 028 472	369 982 231	309 109 101	302 960 636
Long-term liabilities	14 974 518	15 662 098	11 510 465	16 925 508
Long-term loans and credits	-	-	-	-
Other long-term financial liabilities	12 757 109	12 343 062	3 653 715	4 068 760
Other long-term liabilities	-	2 499 999	7 499 997	12 499 995
Deferred income tax provision	1 878 832	480 461	-	-
Provision for employee benefits	338 577	338 577	356 753	356 753
Other long-term provisions	-	-	-	-
Short-term liabilities	394 053 953	354 320 132	297 598 636	286 035 128
Short-term loans and credits	28 846	-	-	-
Other short-term financial liabilities	2 564 861	2 481 850	1 668 008	1 741 962
Trade liabilities	359 407 032	319 474 948	264 281 689	218 491 901
Current income tax liabilities	745 241	3 460 780	929 458	9 283
Other short-term liabilities	18 836 380	17 662 899	21 048 847	54 830 822
Short-term provisions	12 471 593	11 239 656	9 670 634	10 961 160
Liabilities due to fixed assets held for sale	-	-	-	-
Total liabilities	618 136 892	566 263 724	476 457 314	477 248 358

BOOK VALUE PER SHARE AS AT 30 june 2007

	2nd Quarter as at 30.06.2007	1st Quarter as at 31.03.2007	2nd Quarter as at 30.06.2006	1st Quarter as at 31.03.2006
Book value	209 108 420	196 281 493	167 348 213	174 287 721
Number of shares	127 742 000	127 742 000	127 742 000	127 742 000
Diluted number of shares	137 093 549	137 093 549	134 959 100	134 129 100
Book value per share	1,64	1,54	1,31	1,36
Diluted book value per share	1,53	1,43	1,24	1,30

OFF BALANCE SHEET ITEMS

Contingent Receivables	-	-	-	-
Related companies	-	-	-	-
Other companies	-	-	-	-
Contingent Liabilities	5 411 420	6 058 109	6 929 162	7 161 579
Related companies	-	-	-	-
Other companies	5 411 420	6 058 109	6 929 162	7 161 579
- guaranties and sureties granted	5 411 420	6 058 109	6 929 162	7 161 579
Other	-	-	-	-
Total	5 411 420	6 058 109	6 929 162	7 161 579

<i>Quarterly abbreviated consolidated financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-30.06.2007	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

SEPARATE CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 30 june 2007 (indirect method)

	2nd Quarter for the period from 01.04.2007 to 30.06.2007	2 Quarters for the period from 01.01.2007 to 30.06.2007	2nd Quarter for the period from 01.04.2006 to 30.06.2006	2 Quarters for the period from 01.04.2006 to 30.06.2006
<i>Operating cash flow</i>				
Net profit before tax	15 020 319	17 765 827	15 790 591	14 607 943
Adjustments:	8 800 397	17 810 405	7 649 041	13 857 975
Depreciation	7 663 446	15 011 749	6 903 790	13 560 984
(Profit) loss on sold tangible fixed assets	190 422	137 194	987 397	1 010 099
(Profit) loss on sold financial assets available for sale	-	-	-	-
Costs of interest	946 529	2 661 462	93 555	209 413
Interest received	-	-	(335 701)	(922 520)
Operating cash before changes in working capital	23 820 716	35 576 232	23 439 632	28 465 918
Changes in inventory	(19 486 358)	(14 139 739)	(12 548 699)	(12 787 182)
Changes in receivables	(32 177 106)	(15 103 378)	(13 256 404)	(6 466 587)
Changes in liabilities	33 666 203	11 164 671	51 046 953	30 860 735
Changes in provisions and accruals	2 666 198	2 772 746	1 428 020	2 312 785
Other adjustments	805 240	1 775 942	(1 999 013)	(952 075)
Operating cash	9 294 894	22 046 475	48 110 490	41 433 594
Interest paid	(669 061)	(2 485 897)	(160 448)	(1 568 815)
Income tax paid	1 599 223	(3 014 515)	(1 613 366)	(6 204 952)
Net operating cash	10 225 055	16 546 063	46 336 676	33 659 827
<i>Investment cash flow</i>				
Expenditures for purchased intangible fixed assets	(89 387)	(298 693)	(84 019)	(205 022)
Receipts from sold intangible fixed assets	-	-	-	-
Expenditures for purchased tangible fixed assets	(7 301 847)	(11 086 017)	(3 742 960)	(6 132 864)
Receipts from sold tangible fixed assets	-	1 499 033	21 008	256 847
Expenditures for purchased financial assets designed for sales	-	-	-	-
Expenditures for purchased subsidiary companies (less for money taken)	(2 499 999)	13 451 552	(43 613 019)	(43 613 019)
Given Loans	-	15 950 000	-	-
Interest received	-	-	335 701	922 520
Net investment cash	(9 891 233)	19 515 875	(47 083 291)	(48 771 539)
<i>Financing cash flow</i>				
Receipts due to taking loans and credits	-	-	-	-
Repaid loans and credits	28 846	(14 326 935)	-	-
Repaid liabilities under financial lease	(391 085)	(1 036 443)	(448 208)	(951 499)
Interest	(201 103)	(442 423)	(91 953)	(199 174)
Dividends paid	-	-	(20 438 720)	(20 438 720)
Net financing cash	(563 342)	(15 805 801)	(20 978 881)	(21 589 393)
Net change in cash and cash equivalents	(229 520)	20 256 137	(21 725 496)	(36 701 104)
Cash and cash equivalents at the beginning of the period	45 576 371	25 090 714	84 069 157	99 044 764
Cash and cash equivalents at the end of the period	45 346 852	45 346 852	62 343 660	62 343 660

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

SAPARATE STATEMENT ON CHANGES IN EQUITY IN THE PERIOD FROM 1 JANUARY TO 30 JUNE 2007

	Share capital	Supplementary capital	Retained earnings	Total
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 June 2006

Net profit for the period from 1 January to 30 June 2006	-	12 127 429	(873 753)	11 253 676
Total profit and loss recorded in the period from 1 January to 30 June 2006	-	12 127 429	(873 753)	11 253 676
Dividends	-	-	(20 438 720)	(20 438 720)
Issued share capital	-	-	-	-
Issued options convertible into shares	-	783 823	-	783 823
Balance as at 31 December 2005	127 742 000	27 693 554	11 912 659	167 348 213

Balance as at 1 January 2006	127 742 000	29 059 203	36 538 217	193 339 419
Changes in the principles (policy) of accounting	-	-	-	-
Balance upon changes	127 742 000	29 059 203	36 538 217	193 339 419

Changes in equity in the period from 1 January to 30 June 2007

Net profit for the period from 1 January to 30 June 2007	-	36 538 217	(22 545 158)	13 993 059
Total profit and loss recorded in the period from 1 January to 30 June 2007	-	36 538 217	(22 545 158)	13 993 059
Issued options convertible into shares	-	1 775 942	-	1 775 942
Balance as at 30 June 2007	127 742 000	67 373 362	13 993 059	209 108 420

<i>Quarterly abbreviated consolidated financial statements of EUROCASH S.A.</i>			
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Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

SUPPLEMENTARY INFORMATION TO THE ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 01.01.2007 TO 30.06.2007

1. GENERAL INFORMATION

1.1. DISCLOSURE OF THE ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the information given in the current report on 31st January 2007 to the Polish Securities and Exchange Commission, Eurocash S.A. discloses the consolidated quarterly report with the quarterly abbreviated consolidated financial statements on 14th August 2007.

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

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.

On March 31st 2006, the capital group has been established. 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 AND THE 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 0000213765, 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.

<i>Quarterly abbreviated consolidated financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-30.06.2007</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

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.

<i>Quarterly abbreviated consolidated financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-30.06.2007</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

Entities comprising the Eurocash capital group covered by the consolidated financial statements as of 30.06.2007

name of entity	Eurocash S.A.	KDWT S.A.	Eurocash Detal sp. z o.o.	Eurocash Franszyza sp. z o.o.
seat	Wiśniowa 11, 62-052 Komorniki	Wiśniowa 11, 62-052 Komorniki	Wiśniowa 11, 62-052 Komorniki	Wiśniowa 11, 62-052 Komorniki
core business	PKD 5190Z	PKD 5135Z		
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 0000259826	District Court of Poznań, XXI Commercial Division of the National Court Register KRS 0000259846
entity status	Parent entity	Subsidiary entity	Subsidiary entity	Subsidiary entity
applied consolidation method	Full	Full	Full	Full
date of taking over control	n/a	31.03.2006	10 July 2006	10 July 2006
Share in share capital (%)	n/a	100%	100%	100%
Share in total number of votes (%)	n/a	100%	100%	100%

<i>Quarterly abbreviated consolidated financial statements of EUROCASH S.A.</i>			
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Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

<i>Quarterly abbreviated consolidated financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-30.06.2007</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

1.5. 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 usufruct rights,
- Other intangible assets.

Initial value of intangible assets

<i>Quarterly abbreviated consolidated financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-30.06.2007	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

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 amortisation 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.

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

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. Amortisation is calculated on a monthly basis.

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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 amortisation 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.

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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.

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

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 appraised 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;

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- 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.

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

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:

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- 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

According to the 21 IFRS receivables denominated in foreign currencies are valued at least as at the balance sheet day at the immediately exchange rate.

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,

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- 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.

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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

According to the 21 IFRS liabilities denominated in foreign currencies are valued at least as at the balance sheet day at the immediately exchange rate.

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

At the balance sheet day at the immediately exchange rate. 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

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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 Group 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 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

According to the 21 IFRS provisions denominated in foreign currencies are valued at least as at the balance sheet day at the immediately exchange rate, unless provision has financial character than to the valuation as at the balance sheet day is used closing rate.

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 extent 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

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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

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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

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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,

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- 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 Group 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.
- others – real estate business running by Eurocash Detal sp. z o. o. and commercial business (franchising) running by Eurocash Franszyza sp. z o. o.

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.

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NOTES TO ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2007 TO 30.06.2007

**NOTE NO 1
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 Group 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.
- others – real estate business running by Eurocash Detal sp. z o. o. and commercial business (franchising) running by Eurocash Franszyza sp. z o. o.

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

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Table no 1

INCOME AND RESULTS BY BUSINESS SEGMENTS IN THE PERIOD FROM 01 JANUARY 2006 TO 31 DECEMBER 2006

	Traditional wholesale	Active distribution	Other	Exclusions	Total
Sales	1 191 618 065	1 039 073 083	14 257 993	(85 761 823)	2 159 187 317
External sales	1 165 559 496	983 537 435	10 090 386	-	2 159 187 317
Inter-segmental sales	26 058 568	55 535 648	4 167 607	(85 761 823)	-
Segment result	20 112 263	7 392 579	3 147 489	40 546	30 692 876
Not allocated costs	-	-	-	-	-
Net loss on discontinued operations	-	-	-	-	-
Operating profit	20 112 263	7 392 579	3 147 489	40 546	30 692 876
Finance income	-	-	800 196	(147 285)	652 911
Finance costs	-	-	(4 892 500)	147 285	(4 745 215)
Share of profit on investments in associates	-	-	-	-	-
Profit before income tax	-	-	(944 816)	40 546	26 600 572
Income tax	-	-	(5 416 212)	(7 704)	(5 423 916)
Minority interest	-	-	-	-	-
Net profit	-	-	(6 361 028)	32 842	21 176 656
Total assets	618 136 892	189 716 552	25 499 392	(69 040 123)	764 312 714
Total liabilities	618 136 892	189 716 552	25 499 392	(69 040 123)	764 312 714
Investment expenditures	(2 066 842)	653 974	8 348 812	(16 154 387)	(9 218 443)
Depreciation and amortisation	15 011 749	1 535 980	965 385	(22 159)	17 490 954

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**NOTE NO 2
RELATED PARTY TRANSACTIONS**

In the second quarter of 2007 no material related party transactions took place, and the ones resulting from the ordinary course of business conducted on market conditions.

**NOTE NO 3
IMPORTANT EVENTS BEFORE THE BALANCE-SHEET DATE**

Pursuant to Resolution No. 2 of the Ordinary General Meeting of 28 June 2007 the net result of 2006 year was divided. The amount 29,380,660 PLN was allocated on dividend which is equal 0,23 PLN on each share of Company. The amount 7,157,556.54 was allocated on supplementary capital what 2.923.057 PLN determines 8% of net result, which is required by article 396 § 1 of the Commercial Companies Code as a supplementary capital.

Pursuant to Resolution No. 18 of the Ordinary General Meeting of 28 June 2007 puts Incentive Schemes (Fourth and Fifth Incentive Scheme for 2007 and 2008 years) for specific executive officers of Company and subsidiaries of Capital Group. On issue of the Incentive Schemes it was decided to issue shares with taking precedence of "F" bonds and "G" bonds. "F" bonds and "G" bonds will grant subscription rights normal "G" shares and "H" shares, each of them with nominal value 1 PLN.

The Company will issue the total of 81,600 inscribed bonds:

- a) 40,800 "F" inscribed bonds, each with nominal value 0,01 PLN, one "F" bond gives priority to subscribe and take up 25 "G" shares,
- b) 40,800 "G" inscribed bonds, each with nominal value 0,01 PLN, one "H" bond gives priority to subscribe and take up 25 "G" shares.

The bonds will bear no interest.

The "G" bond issue price will be determine by Supervisory Board with assumption that the price will be equal weighted average of share quotation on November 2007 corrected on share rights.

The "H" bond issue price will be determine by Supervisory Board with assumption that the price will be equal weighted average of share quotation on November 2008 corrected on share rights.

The purpose of issue "F" series and "G" series of bonds is initiation and execution Fourth and Fifth Incentive Scheme for 2007 and 2008 years, which create additionally motivating mechanisms for specific executive officers of Company and subsidiaries of Capital Group.

SIGNATURES OF THE MANAGEMENT BOARD MEMBERS

Position	Name and surname	Date	Signature
Management Board Member Chief Executive Officer	Rui Amaral	14 th August 2007	
Management Board Member Financial Executive Officer	Arnaldo Guerreiro	14 th August 2007	