



EUROCASH

CONSOLIDATED QUARTERLY REPORT

3rd QUARTER 2007

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MANAGEMENT DISCUSSION OF THE FINANCIAL RESULTS FOR THE 3Q 2007

QUARTERLY ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS FOR THE 3Q 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 3Q 2007

1. Eurocash: Key financial and operational highlights in 3Q 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 3Q 2007 sales of Eurocash Discount Cash&Carry stores amounted to PLN 581,19m and increased by 14.18% comparing with 3Q 2006. Sales for 3Q YTD amounted to PLN 1 560,23m and increased by 12.96% comparing with 3Q YTD 2006
- LFL sales growth (same number of stores) in Eurocash Discount Cash&Carry stores in 3Q YTD 2007 amounted to 10.0%. In 3Q YTD in 2006, 2005 and 2004, the LFL growth amounted respectively 5.7%, 6.5% and 17.2%.
- Without categories of tobacco and phone cards, the LFL sales growth in Cash&Carry stores in 3Q YTD 2007 amounted to 11.9%. In 3Q YTD in 2006, 2005 and 2004, the LFL growth amounted respectively 4.6%, 3.7% and 17.6%.
- Number of Eurocash Discount Cash&Carry stores amounted to 96 at the end of 3Q 2007.
- Number of abc stores amounted to 2 477 at the end of 3Q 2007.
- In 3Q 2007 share of abc stores in total sales of Discount Cash & Carry stores amounted to 43.6%.
- Sales to abc shops in 3Q 2007 increased by 11.54% comparing with 3Q 2006.

Delikatesy Centrum Distribution Centers¹:

- Wholesale sales realized by "Delikatesy Centrum" Distribution Centers in 3Q YTD 2007 of amounted to PLN 348,95m, comparing with PLN 238,0m in 3Q YTD 2006.
- LFL growth of the wholesale sales to "Delikatesy Centrum" franchise stores in 3Q YTD 2007 amounted to 32,8%
- LFL growth of the retail sales of "Delikatesy Centrum" franchise stores in 3Q YTD 2007 amounted to 21,2%
- Number of "Delikatesy Centrum" franchise stores at the end of 3Q 2007 amounted to 276.

KDWT - Active Distribution:

- In 3Q 2007 total sales of KDWT amounted to PLN 614,31m, comparing with PLN 467,16m in 3Q 2006. In 3Q YTD 2007 totals sales amounted to PLN 1 653,39m comparing with PLN 1 257,76m 3Q YTD 2006 and increased by 31,46%
- Growth of sales in food category in 3Q YTD 2007 amounted to 80,2% comparing with the same period 2006.
- In terms of volume, sales of cigarettes in 3Q YTD 2007, increased by 17,3% and exceeded 6 212m pcs.
- Number of KDWT branches as of the end of 3Q 2007 amounted to 71 plus 3 distribution centers

¹ Sales realized by "Delikatesy Centrum" Distribution Centers is included in Eurocash S.A. results since 16.08.2006. Information about the sales levels in periods before 16.08.2006 are provided for information purposes only. This information is based on the historical data from the management accounting system of Carment S.A. and have been not verified by Eurocash S.A.

Eurocash Group

Profit & loss account

Table 1 Eurocash Group: Summary of consolidated financial results for 3Q YTD 2007

PLN million	3Q 2007	3Q YTD 2007
Sales revenues (traded goods, materials)	1 293,61	3 452,80
<i>Sales in Discount Cash & Carry stores</i>	581,19	1 560,22
<i>Sales of "Delikatesy Centrum" Distribution Centers</i>	136,37	348,95
<i>Sales in KDWT</i>	614,31	1 653,39
<i>Other</i>	8,06	22,32
<i>Exclusions</i>	(46,32)	(132,08)
Gross profit/(loss) on sales	110,37	297,42
<i>(Gross profitability on sales %)</i>	8,53%	8,61%
EBITDA	33,07	81,25
<i>(EBITDA margin %)</i>	2,56%	2,35%
EBIT	23,90	54,59
<i>(EBIT margin%)</i>	1,85%	1,58%
Gross profit	22,50	49,10
Net income	18,09	39,26
<i>Net profitability %</i>	1,40%	1,14%

(*)Sales realized by "Delikatesy Centrum" Distribution Centers is included in Eurocash S.A. results since 16.08.2006

(**)Sales realized by KDWT is consolidated in results of the Eurocash S.A. capital group since 31.03.2006.

Good sales and relatively high margins allowed to realize in 3Q YTD 2007 a solid EBITDA of PLN 81,25 million and net profit of over PLN 39 million. Blended EBITDA margin for the Eurocash Group amounted 2.35%, net profit margin amounted to 1.14%.

Cash flow

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

PLN million	3Q 2007	3Q YTD 2007
Operating cash flow	2,34	69,43
<i>Gross profit (loss)</i>	22,50	49,10
<i>Depreciation</i>	9,17	26,66
<i>Change in working capital</i>	(27,04)	4,56
<i>Other</i>	(2,28)	(10,89)
Cash flow from investments	(22,34)	(45,50)
Cash flow from financing activities	5,50	(17,10)
Total cash flow	(14,49)	6,83

Total cash flow of Eurocash Group in 3Q YTD 2007 amounted to PLN 6.83 million.

Working capital

Table 3 Eurocash Group: Consolidated working capital ratios flow for 3Q 2007

Turnover in days	3Q 2007	3Q 2006
1. Inventories turnover	17,5	19,6
2. Trade receivables turnover	14,0	11,4
3. Trade liabilities turnover	32,6	36,8
4. Operating cycle (1+2)	31,5	31,0
5. Cash conversion (4-3)	(1,1)	(5,8)

Table 4 Eurocash Group: Consolidated working capital ratios flow for 3Q YTD 2007

	3Q YTD 2007	3Q YTD 2006
Turnover in days		
1. Inventories turnover	19,5	25,0
2. Trade receivables turnover	15,6	14,5
3. Trade liabilities turnover	36,3	47,0
4. Operating cycle (1+2)	35,0	39,4
5. Cash conversion (4-3)	(1,3)	(7,5)

The cash conversion cycle in 3Q YTD 2007 has decreased to negative 1.3 days comparing with the same period of 2006. Main reason for that was shorter rotation of trade liabilities, which was partially caused by consolidation of KDWT sales since 2Q 2006 and acquisition of „Delikatesy Centrum” chain in course of 3Q 2006, and partially by increasing share of KDWT sales in total Eurocash Group sales.

Balance sheet

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

Table 5 Eurocash Group: Selected consolidated balance sheet items

	PLN million		30.09.2007		30.06.2007		30.09.2006	
Fixed assets	277,11	35,45%	265,12	34,72%	263,78	40,69%		
Current assets	504,59	64,55%	498,45	65,28%	384,45	59,31%		
Total assets	781,70	100,00%	763,57	100,00%	648,22	100,00%		
Equity	211,59	27,07%	192,61	25,23%	182,78	28,20%		
Liabilities and provisions	570,12	72,93%	570,96	74,77%	465,45	71,80%		
Total liabilities and equity	781,70	100,00%	763,57	100,00%	648,22	100,00%		

Eurocash S.A.

Profit & loss account

Table 6 Eurocash S.A.: Summary of financial results for 3Q 2007

PLN million	3Q 2007	3Q 2006	change 3Q 2007 / 3Q 2006
Sales revenues	717,56	555,16	29,25%
<i>Sales in Discount Cash & Carry stores</i>	581,19	509,02	14,18%
<i>Sales of "Delikatesy Centrum" Distribution Centers</i>	136,37	46,14	195,56%
Gross profit/(loss) on sales	84,52	70,90	19,22%
<i>(Gross profitability on sales %)</i>	11,78%	12,77%	-0,99%
EBITDA	24,86	21,77	14,18%
<i>(EBITDA margin %)</i>	3,46%	3,92%	-0,46%
EBIT	17,16	14,41	19,09%
<i>(EBIT margin%)</i>	2,39%	2,60%	-0,20%
Gross profit	17,03	15,26	11,57%
Net income	13,50	12,08	11,79%
<i>Net profitability %</i>	1,88%	2,18%	-0,29%

Table 7 Eurocash S.A.: Summary of financial results for 3Q YTD 2007

PLN million	3Q YTD 2007	3Q YTD 2006	change 3Q YTD 2007 / 3Q YTD 2006
Sales revenues	1 909,18	1 427,42	33,75%
<i>Sales in Discount Cash & Carry stores</i>	1 560,23	1381,28	12,96%
<i>Sales of "Delikatesy Centrum" Distribution Centers</i>	348,95	46,14	656,29%
Gross profit/(loss) on sales	226,58	182,53	24,13%
<i>(Gross profitability on sales %)</i>	11,87%	12,79%	-0,92%
EBITDA	59,98	49,73	20,62%
<i>(EBITDA margin %)</i>	3,14%	3,48%	-0,34%
EBIT	37,27	28,81	29,39%
<i>(EBIT margin%)</i>	1,95%	2,02%	-0,07%
Gross profit	34,79	29,87	16,48%
Net income	27,49	23,33	17,84%
<i>Net profitability %</i>	1,44%	1,63%	-0,19%

In 2007 sales of Eurocash S.A. increased by 33.75% and amounted to PLN 1 909.18m. Main reason for such growth was the addition of sales to the Delikatesy Centrum franchise chain.

Gross margin on sales was lower than in 3Q YTD 2006, however it should be noted, that part of supplementary gains related to the sales to the Delikatesy Centrum franchise chain is realized by the master franchisor of the chain - Eurocash Franszyza Sp. z o.o. and is presented under segment "Other". After adjustment of the gross margin by the external sales of the "Other" segment, the gross margin on sales realized by Eurocash Cash&Carry and „Delikatesy Centrum" Distribution Center Gould Mount to 12.68%.

EBITDA amounted in 3Q YTD 2007 PLN 59.98m. Net income amounted to PLN 27.49m, comparing with 23.33m in 3Q YTD 2006.

Table 8 Eurocash S.A.: Costs analysis for 3Q 2007

PLN million	3Q 2007	3Q 2006	change 3Q 2007/ 3Q 2006
Gross profit/(loss) on sales (Gross profitability on sales %)	84,52 11,78%	70,90 12,77%	19,22% -0,99%
Costs of sales: (as % of sales)	(47,20) 6,58%	(37,95) 6,84%	24,37% -0,26%
General Management costs: (as % of sales)	(18,74) 2,61%	(17,97) 3,24%	4,32% -0,62%
Profit/loss on sales (as % of sales)	18,59 2,59%	14,98 2,70%	24,05% -0,11%
Other operating income	2,43	2,18	11,58%
Other operating costs	(3,85)	(2,75)	40,15%
Operating profit – EBIT (EBIT margin %)	17,16 2,39%	14,41 2,60%	19,09% -0,20%
Depreciation	7,70	7,36	4,58%
EBITDA (EBITDA margin %)	24,86 3,46%	21,77 3,92%	14,18% -0,46%

Table 9 Eurocash S.A.: Costs analysis for 3Q YTD 2007

PLN million	3Q YTD 2007	3Q YTD 2006	change 3QYTD 2007/ 3Q YTD 2006
Gross profit/(loss) on sales (Gross profitability on sales %)	226,58 11,87%	182,53 12,79%	24,13% -0,92%
Costs of sales: (as % of sales)	(129,64) 6,79%	(100,56) 7,05%	28,91% -0,25%
General Management costs: (as % of sales)	(57,13) 2,99%	(50,76) 3,56%	12,55% -0,56%
Profit/loss on sales (as % of sales)	39,81 2,09%	31,21 2,19%	27,55% -0,10%
Other operating income	8,06	5,00	61,09%
Other operating costs	(10,59)	(7,41)	43,07%
Operating profit – EBIT (EBIT margin %)	37,27 1,95%	28,81 2,02%	29,39% -0,07%
Depreciation	22,71	20,92	8,54%
EBITDA (EBITDA margin %)	59,98 3,14%	49,73 3,48%	20,62% -0,34%

Costs of sales and costs of general management are under control. In 3Q YTD 2007, both costs grew slower than sales.

Cash flow

Table 10 Eurocash S.A.: Cash flow for 3Q 2007

PLN million	3Q 2007	3Q 2006
Operating cash flow	34,55	1,09
Gross profit (loss)	17,03	15,26
Depreciation	7,70	7,36
Change in working capital	11,67	(20,87)
Other	(1,84)	(0,65)
Cash flow from investments	(18,63)	(64,58)
Cash flow from financing activities	(29,91)	17,67
Total cash flow	(13,99)	(45,81)

Table 11 Eurocash S.A.: Cash flow for 3Q YTD 2007

PLN million	3Q YTD 2007	3Q YTD 2006
Operating cash flow	71,87	35,68
<i>Gross profit (loss)</i>	34,79	29,87
<i>Depreciation</i>	22,71	20,92
<i>Change in working capital</i>	23,50	(7,91)
<i>Other</i>	(9,13)	(7,21)
Cash flow from investments	(17,48)	(114,27)
Cash flow from financing activities	(45,87)	(3,92)
Total cash flow	8,51	(82,52)

Total cash flow of Eurocash S.A. in 3Q YTD 2007 amounted to PLN 8.51 million.

Working capital

Table 12 Eurocash S.A.: Working capital ratios flow for 3Q 2007

Turnover in days	3Q 2007	2Q 2007	3Q 2006
1. Inventories turnover	22,6	24,2	25,6
2. Trade receivables turnover	16,5	16,4	10,2
3. Trade liabilities turnover	55,3	58,2	57,4
4. Operating cycle (1+2)	39,0	40,6	35,8
5. Cash conversion (4-3)	(16,3)	(17,6)	(21,6)

Table 13 Eurocash S.A.: Working capital ratios flow for 3Q YTD 2007

Turnover in days	3Q YTD 2007	3Q YTD 2006
1. Inventories turnover	25,2	29,6
2. Trade receivables turnover	18,4	11,7
3. Trade liabilities turnover	61,8	66,3
4. Operating cycle (1+2)	43,5	41,3
5. Cash conversion (4-3)	(18,3)	(25,0)

The cash conversion cycle in 3Q YTD 2007 was slightly worse comparing with 3Q YTD 2006, mainly due to acquisition of Delikatesy Centrum chain in 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 14 Eurocash S.A.: Selected balance sheet items

PLN million	30.09.2007		30.06.2007		30.09.2006	
Fixed assets	286,81	45,42%	278,21	45,06%	283,86	51,87%
Current assets	344,71	54,58%	339,18	54,94%	263,36	48,13%
Total assets	631,52	100,00%	617,39	100,00%	547,22	100,00%
Equity	194,11	30,74%	179,73	29,11%	179,94	32,88%
Liabilities and provisions	437,41	69,26%	437,66	70,89%	367,28	67,12%
Total liabilities and equity	631,52	100,00%	617,39	100,00%	547,22	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.

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

In 3Q 2007 there have been no major events and factors that influence Eurocash S.A. income or loss.

3. 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

4. Additional information

Explanations regarding seasonality

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

Issuance, redemption and repayment of debt and capital securities

In 3Q 2007 Eurocash S.A. did not issue, acquire or repay debt or capital securities.

Changes in the basic management principles

In 3Q 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	14.11.2007				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%
3. Commercial Union – Powszechnie Towarzystwo Emerytalne BPH CU WBK	6 586 001	5.16%	6 586 001	5.16%	6 586 001	5.16%	6 586 001	5.16%

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

as of 30.09.2007	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 3Q 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 3Q 2007 Eurocash granted 2 sureties for liabilities of KDWT S.A., in relation with agreements for credit facilities executed by KDWT S.A.:

- with Bankiem Millennium Spółka Akcyjna w Warszawie („Millennium”) with total Mount up to PLN16.000.000, and
- BRE Bank S.A. („BRE”) with total amount up to PLN 10.000.000

Surety for Millenium was granted for undefined period of time and surety for BRE was granted for period from 1.09.2007 to 30.09.2008.

In the 3Q 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 November 2007	
Management Board Member Financial Executive Officer	Arnaldo Guerreiro	14 th November 2007	

EUROCASH S.A.

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

<i>Quarterly abbreviated consolidated financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-30.09.2007</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>01.01-30.09.2007</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 September 2007 and comparable periods: 1st January 2006 – 30th September 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.

Quarterly abbreviated consolidated financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.09.2007	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

SELECTED CONSOLIDATED FINANCIAL DATA

SELECTED CONSOLIDATED FIGURES AS AT 30 SEPTEMBER 2007

	for the period 01.01.2007 to 30.09.2007 PLN	for the period 01.01.2006 to 30.09.2006 PLN	for the period 01.01.2007 to 30.09.2007 EUR	for the period 01.01.2006 to 30.09.2006 EUR
Net sales	3 452 799 181	2 204 062 902	901 184 732	562 677 211
Operating profit (loss)	54 591 748	34 135 076	14 248 512	8 714 374
Profit (loss) before tax	49 100 833	33 855 835	12 815 376	8 643 087
Net Profit (loss) on continued operations	39 263 229	26 163 123	10 247 750	6 679 207
Net profit (loss)	39 263 229	26 163 123	10 247 750	6 679 207
Net operating cash flow	69 433 705	31 936 581	18 122 280	8 153 119
Net investment cash flow	(45 503 856)	(116 723 387)	(11 876 561)	(29 798 419)
Net financial cash flow	(17 098 537)	14 443 169	(4 462 739)	3 687 210
Net change in cash and cash equivalents	6 831 312	(70 343 637)	1 782 981	(17 958 091)
Weighted average number of shares	127 742 000	127 742 000	127 742 000	127 742 000
Weighted average diluted number of shares	137 093 511	134 559 097	137 093 511	134 559 097
EPS (in PLN / EUR)	0,31	0,20	0,08	0,05
Diluted EPS (in PLN / EUR)	0,29	0,19	0,07	0,05
Average PLN / EUR rate*			3,8314	3,9171
	as at 30.09.2007 PLN	as at 30.09.2006 PLN	as at 30.09.2007 EUR	as at 30.09.2006 EUR
Assets	781 700 234	648 222 995	206 935 866	162 726 998
Long-term liabilities	21 863 613	11 246 955	5 787 853	2 823 385
Short-term liabilities	548 251 426	454 199 403	145 136 049	114 020 184
Equity	211 585 195	182 776 637	56 011 964	45 883 428
Share capital	127 742 000	127 742 000	33 816 545	32 067 780
Number of shares	127 742 000	127 742 000	127 742 000	127 742 000
Diluted number of shares	134 559 097	134 559 097	134 559 097	134 559 097
Book value per share (in PLN / EUR)	1,66	1,43	0,44	0,36
Diluted book value per share (in PLN / EUR)	1,57	1,36	0,42	0,34
Declared or paid dividend (in PLN / EUR)	29 380 660	20 438 720	7 777 805	5 130 845
Declared or paid dividend per share (in PLN / EUR)	0,23	0,16	0,06	0,04
PLN / EUR rate at the end of the period**			3,7775	3,9835

* - 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.

Quarterly abbreviated consolidated financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.09.2007	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS

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

	3rd Quarter for the period from 01.07.2007 to 30.09.2007	3 Quarters for the period from 01.01.2007 to 30.09.2007	3rd Quarter for the period from 01.07.2006 to 30.09.2006	3 Quarters for the period from 01.01.2006 to 30.09.2006
<i>Continued operations</i>				
Net sales	1 293 611 864	3 452 799 181	945 086 781	2 204 062 902
Net sales of traded goods	1 272 032 044	3 396 240 547	931 781 969	2 163 954 592
Net sales of services	21 579 819	56 558 634	13 304 812	40 108 310
Net sales of materials	-	-	-	-
Prime costs of sales	(1 183 242 029)	(3 155 376 609)	(857 840 051)	(1 993 554 447)
Costs of sold traded goods	(1 183 242 029)	(3 155 376 609)	(857 840 051)	(1 993 554 447)
Costs of sold services	-	-	-	-
Costs of sold materials	-	-	-	-
Gross profit (loss) on sales	110 369 834	297 422 572	87 246 730	210 508 455
Costs of sales	(59 609 947)	(164 821 704)	(47 465 660)	(118 673 202)
Costs of general management	(24 978 664)	(74 899 095)	(22 108 768)	(55 456 596)
Profit (loss) on sales	25 781 223	57 701 773	17 672 302	36 378 657
Other operating revenues	2 730 580	8 958 944	2 612 452	5 773 632
Other operating costs	(4 612 931)	(12 068 968)	(3 020 645)	(8 017 212)
Share in profits of companies consolidated with the equity method	-	-	-	-
Costs of restructuring	-	-	-	-
Operating profit (loss)	23 898 872	54 591 748	17 264 110	34 135 076
Financial revenues	539 297	1 192 208	1 438 182	2 389 471
Financial costs	(1 937 908)	(6 683 123)	(1 280 061)	(2 668 713)
Other profit (loss) on investments	-	-	-	-
Profit (loss) before tax	22 500 261	49 100 833	17 422 231	33 855 835
Income tax	(4 413 687)	(9 837 604)	(4 003 994)	(7 692 712)
Net profit (loss) on continued operations	18 086 573	39 263 229	13 418 237	26 163 123
<i>Discontinued operations</i>				
Net loss on discontinued operations	-	-	-	-
Net profit (loss)	18 086 573	39 263 229	13 418 237	26 163 123

NET EARNINGS PER SHARE

	PLN / share	PLN / share
Net profit (loss) on continued operations	39 263 229	26 163 123
Net profit (loss) on continued and discontinued operations	39 263 229	26 163 123
Weighted average number of shares	127 742 000	127 742 000
Weighted average diluted number of shares	134 559 097	134 559 097
from continued operations		
- basic	0,31	0,20
- diluted	0,29	0,19
from continued and discontinued operations		
- basic	0,31	0,20
- diluted	0,29	0,19

Quarterly abbreviated consolidated financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.09.2007	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2007

	as at 30.09.2007	as at 30.06.2007	as at 30.09.2006	as at 30.06.2006
<i>Assets</i>				
Fixed assets (long-term)	277 110 376	265 116 618	263 777 175	216 248 409
Goodwill	33 823 699	33 823 699	26 955 815	19 836 473
Other intangible fixed assets	118 646 802	119 749 014	129 986 298	122 477 503
Tangible fixed assets	122 385 075	109 318 656	104 831 913	71 813 687
Investment real property	-	-	53 524	115 409
Investments in subsidiary companies	-	-	-	100 000
Long-term financial assets available for sale	-	-	-	-
Other long-term financial assets	-	-	-	-
Long-term receivables	1 872 272	1 872 272	1 553 369	1 507 359
Long-term prepayments	382 528	352 977	396 256	397 978
Deferred income tax assets	-	-	-	-
Other long-term prepayments	382 528	352 977	396 256	397 978
Current assets (short-term)	504 589 859	498 450 855	384 445 819	360 300 977
Inventories	246 178 022	240 978 289	201 719 183	179 939 911
Trade receivables	196 862 468	180 604 978	116 751 044	98 724 208
Current income tax receivables	8 200	966 952	-	-
Other short-term receivables	11 036 220	10 885 462	30 335 827	7 596 098
Short-term financial assets available for sale	-	-	-	-
Short-term financial assets held for trade	-	-	3 993 600	-
Other short-term financial assets	-	-	-	-
Cash and cash equivalents	48 077 941	62 571 829	28 701 127	70 723 889
Short-term prepayments	2 427 008	2 443 345	2 945 037	3 316 871
Fixed assets classified as held for sale	-	-	-	-
Total assets	781 700 234	763 567 473	648 222 995	576 549 386

Quarterly abbreviated consolidated financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.09.2007	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2007

	as at 30.09.2007	as at 30.06.2007	as at 30.09.2006	as at 30.06.2006
<i>Liabilities</i>				
Equity	211 585 195	192 610 651	182 776 637	168 839 423
Share capital	127 742 000	127 742 000	127 742 000	127 742 000
Supplementary capital	44 919 977	44 032 006	28 212 530	27 693 554
Retained earnings	38 923 218	20 836 645	26 822 107	13 403 869
Profit (loss) of prior years	(340 011)	(340 011)	658 983	658 983
Net profit (loss) of the current year	39 263 229	21 176 656	26 163 123	12 744 886
Liabilities	570 115 039	570 956 823	465 446 358	407 709 963
Long-term liabilities	21 863 613	18 792 424	11 246 955	13 528 368
Long-term loans and credits	-	-	-	-
Other long-term financial liabilities	14 128 335	13 493 489	3 593 910	3 653 715
Other long-term liabilities	2 499 999	-	4 999 998	7 499 997
Deferred income tax provision	4 906 986	4 970 642	2 156 945	1 906 583
Provision for employee benefits	328 293	328 293	496 102	468 073
Other long-term provisions	-	-	-	-
Short-term liabilities	548 251 426	552 164 399	454 199 403	394 181 595
Short-term loans and credits	88 079 282	68 527 671	70 846 566	54 804 550
Other short-term financial liabilities	2 959 545	2 662 257	1 724 969	1 668 008
Trade liabilities	419 603 553	419 385 255	343 009 102	302 520 690
Current income tax liabilities	863 728	123 350	2 983 154	929 458
Other short-term liabilities	19 215 366	47 210 520	25 136 198	22 164 205
Provision for employee benefits	10 776 153	7 026 899	-	6 906 821
Other short-term provisions	6 753 799	7 228 447	10 499 414	5 187 863
Total liabilities	781 700 234	763 567 473	648 222 995	576 549 386

BOOK VALUE PER SHARE AS AT 30 SEPTEMBER 2007

	3rd Quarter as at 30.09.2007	2nd Quarter as at 30.06.2007	3rd Quarter as at 30.09.2006	2nd Quarter as at 30.06.2006
Book value	211 585 195	192 610 651	182 776 637	168 839 423
Number of shares	127 742 000	127 742 000	127 742 000	127 742 000
Diluted number of shares	137 093 511	137 093 511	135 496 736	134 959 100
Book value per share	1,66	1,51	1,43	1,32
Diluted book value per share	1,54	1,40	1,35	1,25

OFF BALANCE SHEET ITEMS

Contingent Receivables	-	-	-	-
Related companies	-	-	-	-
Other companies	-	-	-	-
Contingent Liabilities	5 151 428	5 411 420	6 537 526	6 929 162
Related companies	-	-	-	-
Other companies	5 151 428	5 411 420	6 537 526	6 929 162
- guaranties and sureties granted	5 151 428	5 411 420	6 537 526	6 929 162
Other	-	-	-	-
Total	5 151 428	5 411 420	6 537 526	6 929 162

Quarterly abbreviated consolidated financial statements of EUROCASH S.A.

Financial statements period:	01.01-30.09.2007	Reporting currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2007

	3rd Quarter for the period from 01.07.2007 to 30.09.2007	3 Quarters for the period from 01.01.2007 to 30.09.2007	3rd Quarter for the period from 01.07.2006 to 30.09.2006	3 Quarters for the period from 01.01.2006 to 30.09.2006
<i>Operating cash flow</i>				
Net profit before tax	22 500 261	49 100 833	17 422 231	33 855 835
Adjustments:	10 784 893	32 208 831	9 945 817	25 969 914
Depreciation	9 166 299	26 657 253	9 655 826	23 840 935
(Profit) loss on sold tangible fixed assets	62 007	5 152	707 745	1 717 843
(Profit) loss on sold financial assets available for sale	-	-	-	-
Costs of interest	1 556 586	5 546 425	(417 753)	411 135
Interest received	-	-	-	-
Operating cash before changes in working capital	33 285 153	81 309 663	27 368 048	59 825 749
Changes in inventory	(5 199 733)	(36 231 731)	(21 779 272)	(40 145 716)
Changes in receivables	(15 441 296)	(19 473 771)	(33 742 193)	(46 224 750)
Changes in liabilities	(6 734 086)	50 936 543	36 540 590	65 871 554
Changes in provisions and accruals	(557 030)	7 100 026	(1 557 587)	1 232 888
Other adjustments	887 971	2 230 767	1 124 229	172 154
Operating cash	6 240 980	85 871 498	7 953 814	40 731 879
Interest paid	(1 172 497)	(4 963 667)	1 401 904	(166 910)
Income tax paid	(2 726 360)	(11 474 127)	(1 580 440)	(8 628 387)
Net operating cash	2 342 123	69 433 705	7 775 279	31 936 581
<i>Investment cash flow</i>				
Expenditures for purchased intangible fixed assets	(1 861 201)	(9 958 904)	(9 807 972)	(10 012 993)
Receipts from sold intangible fixed assets	(6 000)	-	-	-
Expenditures for purchased tangible fixed assets	(18 100 925)	(30 390 718)	(47 827 732)	(54 516 474)
Receipts from sold tangible fixed assets	127 912	2 345 763	5 220	1 607 968
Expenditures for purchased financial assets designed for sales	-	-	-	-
Receipts from sold financial assets designed for sales	-	-	(3 993 600)	(3 993 600)
Expenditures for purchased subsidiary companies	(2 499 999)	(7 499 997)	(14 899 999)	(49 808 289)
Given Loans	-	-	-	-
Interest received	-	-	-	-
Net investment cash	(22 340 213)	(45 503 856)	(76 524 083)	(116 723 387)
<i>Financing cash flow</i>				
Receipts from issued shares	-	-	12 400 000	12 400 000
Receipts due to taking loans and credits	25 162 753	28 883 874	16 042 017	25 968 012
Repaid loans and credits	10 338 858	(14 307 215)	-	-
Repaid liabilities under financial lease	(398 492)	(1 610 753)	(471 581)	(1 423 080)
Interest	(218 257)	(683 783)	(1 244 393)	(2 063 043)
Dividends paid	(29 380 660)	(29 380 660)	-	(20 438 720)
Net financing cash	5 504 202	(17 098 537)	26 726 042	14 443 169
Net change in cash and cash equivalents	(14 493 888)	6 831 312	(42 022 762)	(70 343 637)
Cash and cash equivalents at the beginning of the period	62 571 829	41 246 630	70 723 889	99 044 764
Cash and cash equivalents at the end of the period	48 077 941	48 077 941	28 701 127	28 701 127

<i>Quarterly abbreviated consolidated financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-30.09.2007	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 SEPTEMBER 2007

	Share capital	Supplementary capital	Retained earnings	Total
<i>Changes in equity in the period from 1 January to 30 September 2006</i>				
Balance as at 1 January 2006	127 742 000	14 782 302	33 225 132	175 749 434
Net profit presented directly in equity	-	-	-	-
Net profit for the period from 1 January to 30 September 2006	-	-	26 163 123	26 163 123
Total profit and loss recorded in the period from 1 January to 30 September 2006	-	-	26 163 123	26 163 123
Dividends paid	-	-	(20 438 720)	(20 438 720)
Transfer to supplementary capital	-	12 127 429	(12 127 429)	-
Valuation of motivational program for employees	-	-	-	-
Other corrections	-	1 302 799	-	1 302 799
Balance as at 30 September 2006	127 742 000	28 212 530	26 822 107	182 776 637
<i>Changes in equity in the period from 1 January to 30 September 2007</i>				
Balance as at 01 January 2007	127 742 000	29 059 203	42 231 375	199 032 578
Net profit presented directly in equity	-	-	-	-
Net profit for the period from 1 January to 30 September 2007	-	-	39 263 229	39 263 229
Total profit and loss recorded in the period from 1 January to 30 September 2007	-	-	39 263 229	39 263 229
Dividends paid	-	-	(29 380 660)	(29 380 660)
Transfer to supplementary capital	-	13 196 860	(13 196 860)	-
Valuation of motivational program for employees	-	2 663 914	-	2 663 914
Other corrections	-	-	6 134	6 134
Balance as at 30 September 2007	127 742 000	44 919 977	38 923 218	211 585 195

Quarterly abbreviated consolidated financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.09.2007	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 SEPTEMBER 2007

	for the period 01.01.2007 to 30.09.2007 PLN	for the period 01.01.2006 to 30.09.2006 PLN	for the period 01.01.2007 to 30.09.2007 EUR	for the period 01.01.2006 to 30.09.2006 EUR
Net sales	1 909 178 775	1 427 424 433	498 297 953	364 408 474
Operating profit (loss)	37 273 832	28 808 273	9 728 515	7 354 490
Profit (loss) before tax	34 793 292	29 869 723	9 081 091	7 625 468
Net Profit (loss) on continued operations	27 491 145	23 328 694	7 175 222	5 955 603
Net profit (loss)	27 491 145	23 328 694	7 175 222	5 955 603
Net operating cash flow	71 868 158	35 675 861	18 757 675	9 107 723
Net investment cash flow	(17 484 155)	(114 274 399)	(4 563 385)	(29 173 215)
Net financial cash flow	(45 870 924)	(3 917 517)	(11 972 366)	(1 000 106)
Net change in cash and cash equivalents	8 513 079	(82 516 055)	2 221 924	(21 065 598)
Weighted average number of shares	127 742 000	127 742 000	127 742 000	127 742 000
Weighted average diluted number of shares	137 093 511	134 559 097	137 093 511	134 559 097
EPS (in PLN / EUR)	0,22	0,18	0,06	0,05
Diluted EPS (in PLN / EUR)	0,20	0,17	0,05	0,04
Average PLN / EUR rate*			3,8314	3,9171
	as at 30.09.2007 PLN	as at 30.09.2006 PLN	as at 30.09.2007 EUR	as at 30.09.2006 EUR
Assets	631 523 401	547 219 203	167 180 252	137 371 458
Long-term liabilities	17 032 040	8 950 661	4 508 813	2 246 934
Short-term liabilities	420 377 543	358 326 335	111 284 591	89 952 638
Equity	194 113 818	179 942 207	51 386 848	45 171 886
Share capital	127 742 000	127 742 000	33 816 545	32 067 780
Number of shares	127 742 000	127 742 000	127 742 000	127 742 000
Diluted number of shares	134 559 097	134 559 097	134 559 097	134 559 097
Book value per share (in PLN / EUR)	1,52	1,41	0,40	0,35
Diluted book value per share (in PLN / EUR)	1,44	1,34	0,38	0,34
Declared or paid dividend (in PLN / EUR)	29 380 660	20 438 720	7 777 805	5 130 845
Declared or paid dividend per share (in PLN / EUR)	0,23	0,16	0,06	0,04
PLN / EUR rate at the end of the period**			3,7775	3,9835

* - 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.

Quarterly abbreviated consolidated financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.09.2007	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 SEPTEMBER 2007 (functional classification)

	3rd Quarter for the period from 01.07.2007 to 30.09.2007	3 Quarters for the period from 01.01.2007 to 30.09.2007	3rd Quarter for the period from 01.07.2006 to 30.09.2006	3 Quarters for the period from 01.01.2006 to 30.09.2006
<i>Continued operations</i>				
Net sales	717 560 711	1 909 178 775	555 157 728	1 427 424 433
Net sales of traded goods	704 639 259	1 874 349 190	545 468 686	1 394 243 455
Net sales of services	12 921 452	34 829 586	9 689 043	33 180 978
Net sales of materials	-	-	-	-
Prime costs of sales	(633 036 458)	(1 682 602 221)	(484 261 044)	(1 244 893 509)
Costs of sold traded goods	(633 036 458)	(1 682 602 221)	(484 261 044)	(1 244 893 509)
Costs of sold services	-	-	-	-
Costs of sold materials	-	-	-	-
Gross profit (loss) on sales	84 524 252	226 576 555	70 896 684	182 530 924
Costs of sales	(47 197 704)	(129 638 398)	(37 948 397)	(100 562 105)
Costs of general management	(18 741 497)	(57 127 911)	(17 965 894)	(50 757 659)
Profit (loss) on sales	18 585 051	39 810 246	14 982 393	31 211 160
Other operating revenues	2 430 289	8 058 201	2 178 059	5 002 227
Other operating costs	(3 853 771)	(10 594 614)	(2 749 733)	(7 405 114)
Share in profits of companies consolidated with the equity method	-	-	-	-
Costs of restructuring	-	-	-	-
Operating profit (loss)	17 161 569	37 273 832	14 410 719	28 808 273
Financial revenues	565 214	1 283 364	1 368 309	2 319 104
Financial costs	(699 318)	(3 763 904)	(517 248)	(1 257 655)
Other profit (loss) on investments	-	-	-	-
Profit (loss) before tax	17 027 466	34 793 292	15 261 779	29 869 723
Income tax	(3 529 380)	(7 302 148)	(3 186 761)	(6 541 029)
Net profit (loss) on continued operations	13 498 086	27 491 145	12 075 018	23 328 694
<i>Discontinued operations</i>				
Net loss on discontinued operations	-	-	-	-
Net profit (loss)	13 498 086	27 491 145	12 075 018	23 328 694

NET EARNINGS PER SHARE

	PLN / share	PLN / share
Net profit (loss) on continued operations	27 491 145	23 328 694
Net profit (loss) on continued and discontinued operations	27 491 145	23 328 694
Weighted average number of shares	127 742 000	127 742 000
Weighted average diluted number of shares	134 559 097	134 559 097
from continued operations		
- basic	0,22	0,18
- diluted	0,20	0,17
from continued and discontinued operations		
- basic	0,22	0,18
- diluted	0,20	0,17

Quarterly abbreviated consolidated financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.09.2007	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 SEPTEMBER 2007

	3rd Quarter as at 30.09.2007	2nd Quarter as at 30.06.2007	3rd Quarter as at 30.09.2006	2nd Quarter as at 30.06.2006
Assets				
Fixed assets (long-term)	286 814 715	278 208 728	283 860 271	233 501 744
Goodwill	9 975 600	9 975 600	-	-
Other intangible fixed assets	96 416 698	98 480 460	111 358 429	106 145 338
Tangible fixed assets	104 754 605	94 114 406	96 366 912	63 642 715
Investment real property	-	-	-	-
Investments in subsidiary companies	73 413 012	73 413 012	73 413 012	61 113 012
Long-term financial assets available for sale	-	-	-	-
Other long-term financial assets	-	-	-	-
Long-term receivables	1 872 272	1 872 272	1 553 369	1 507 359
Long-term prepayments	382 528	352 977	1 168 549	1 093 319
Deferred income tax assets	-	-	772 293	695 341
Other long-term prepayments	382 528	352 977	396 256	397 978
Current assets (short-term)	344 708 685	339 182 923	263 358 932	242 955 571
Inventories	175 898 013	171 094 350	154 593 198	133 047 734
Trade receivables	128 331 263	115 482 452	61 413 468	42 813 721
Current income tax receivables	-	966 952	-	-
Other short-term receivables	4 870 647	1 896 148	24 379 229	2 297 535
Short-term financial assets available for sale	-	-	-	-
Short-term financial assets held for trade	-	-	3 993 600	-
Other short-term financial assets	-	-	-	-
Cash and cash equivalents	33 603 794	47 593 892	16 528 709	62 343 660
Short-term prepayments	2 004 968	2 149 129	2 450 728	2 452 919
Fixed assets classified as held for sale	-	-	-	-
Total assets	631 523 401	617 391 651	547 219 203	476 457 314

Quarterly abbreviated consolidated financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.09.2007	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 SEPTEMBER 2007

	3rd Quarter as at 30.09.2007	2nd Quarter as at 30.06.2007	3rd Quarter as at 30.09.2006	2nd Quarter as at 30.06.2006
<i>Liabilities</i>				
Equity	194 113 818	179 727 760	179 942 207	167 348 213
Share capital	127 742 000	127 742 000	127 742 000	127 742 000
Supplementary capital	38 880 673	37 992 702	28 212 530	27 693 554
Retained earnings	27 491 145	13 993 059	23 987 677	11 912 659
Profit (loss) of prior years	-	-	658 983	658 983
Net profit (loss) of the current year	27 491 145	13 993 059	23 328 694	11 253 676
Liabilities	437 409 583	437 663 891	367 276 996	309 109 101
Long-term liabilities	17 032 040	14 953 528	8 950 661	11 489 989
Long-term loans and credits	-	-	-	-
Other long-term financial liabilities	12 431 201	12 757 109	3 593 910	3 653 715
Other long-term liabilities	2 499 999	-	4 999 998	7 499 997
Deferred income tax provision	1 783 253	1 878 832	-	-
Provision for employee benefits	317 587	317 587	356 753	336 277
Other long-term provisions	-	-	-	-
Short-term liabilities	420 377 543	422 710 362	358 326 335	297 619 112
Short-term loans and credits	48 566	28 846	18 251 114	-
Other short-term financial liabilities	2 711 591	2 564 861	1 724 969	1 668 008
Trade liabilities	380 802 711	359 407 032	302 235 859	264 281 689
Current income tax liabilities	422 284	-	2 983 154	929 458
Other short-term liabilities	20 235 445	47 925 129	23 100 628	18 937 026
Provision for employee benefits	9 867 822	6 247 054	-	6 615 068
Other short-term provisions	6 289 124	6 537 439	10 030 611	5 187 863
Total liabilities	631 523 401	617 391 651	547 219 203	476 457 314

BOOK VALUE PER SHARE AS AT 30 SEPTEMBER 2007

	3rd Quarter as at 30.09.2007	2nd Quarter as at 30.06.2007	3rd Quarter as at 30.09.2006	2nd Quarter as at 30.06.2006
Book value	194 113 818	179 727 760	179 942 207	167 348 213
Number of shares	127 742 000	127 742 000	127 742 000	127 742 000
Diluted number of shares	137 093 511	137 093 511	135 496 736	134 959 100
Book value per share	1,52	1,41	1,41	1,31
Diluted book value per share	1,42	1,31	1,33	1,24

OFF BALANCE SHEET ITEMS

Contingent Receivables	-	-	-	-
Related companies	-	-	-	-
Other companies	-	-	-	-
Contingent Liabilities	31 151 428	38 400 780	26 737 526	27 129 162
Related companies	-	-	-	-
Other companies	31 151 428	38 400 780	26 737 526	27 129 162
- guaranties and sureties granted	31 151 428	38 400 780	26 737 526	27 129 162
Other	-	-	-	-
Total	31 151 428	38 400 780	26 737 526	27 129 162

Quarterly abbreviated consolidated financial statements of EUROCASH S.A.			
Financial statements period:	01.01-30.09.2007	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 SEPTEMBER 2007

	3rd Quarter for the period from 01.07.2007 to 30.09.2007	3 Quarters for the period from 01.01.2007 to 30.09.2007	3rd Quarter for the period from 01.07.2006 to 30.09.2006	3 Quarters for the period from 01.01.2006 to 30.09.2006
<i>Operating cash flow</i>				
Net profit before tax	17 027 466	34 793 292	15 261 779	29 869 723
Adjustments:	8 238 413	25 962 551	8 267 859	23 049 237
Depreciation	7 695 106	22 706 855	7 358 392	20 920 259
(Profit) loss on sold tangible fixed assets	50 589	101 516	707 745	1 717 843
Costs of interest	492 718	3 154 180	201 723	411 135
Interest received	-	-	-	-
Operating cash before changes in working capital	25 265 879	60 755 844	23 529 638	52 918 960
Changes in inventory	(4 803 664)	(18 943 402)	(21 545 463)	(34 332 646)
Changes in receivables	(14 856 358)	(26 967 454)	(33 657 068)	(40 123 654)
Changes in liabilities	30 493 709	60 265 144	35 197 956	66 058 691
Changes in provisions and accruals	(52 782)	6 478 686	(1 690 473)	622 312
Other adjustments	887 971	2 663 914	823 248	(129 710)
Operating cash	36 934 755	84 252 731	2 657 838	45 013 952
Interest paid	(144 479)	(2 630 376)	(354 307)	(1 923 122)
Income tax paid	(2 235 719)	(9 754 197)	(1 210 017)	(7 414 969)
Net operating cash	34 554 557	71 868 158	1 093 513	35 675 861
<i>Investment cash flow</i>				
Expenditures for purchased intangible fixed assets	(404 825)	(703 518)	(7 413 803)	(7 618 824)
Receipts from sold intangible fixed assets	-	-	-	-
Expenditures for purchased tangible fixed assets	(15 857 836)	(26 943 853)	(38 278 159)	(44 411 023)
Receipts from sold tangible fixed assets	127 912	1 713 212	5 220	262 067
Expenditures for purchased financial assets designed for sales	-	-	(3 993 600)	(3 993 600)
Expenditures for purchased subsidiary companies	(2 499 999)	(7 499 997)	(14 899 999)	(58 513 018)
Given Loans	-	-	-	-
Repayment received of given loans	-	15 950 000	-	-
Interest received	-	-	-	-
Net investment cash	(18 634 747)	(17 484 155)	(64 580 340)	(114 274 399)
<i>Financing cash flow</i>				
Receipts due to taking loans and credits	-	-	18 251 114	18 251 114
Repaid loans and credits	19 720	(14 307 215)	-	-
Repaid liabilities under financial lease	(366 562)	(1 558 220)	(471 581)	(1 423 080)
Interest	(182 406)	(624 829)	(107 658)	(306 832)
Dividends paid	(29 380 660)	(29 380 660)	-	(20 438 720)
Net financing cash	(29 909 908)	(45 870 924)	17 671 876	(3 917 517)
Net change in cash and cash equivalents	(13 990 098)	8 513 079	(45 814 951)	(82 516 055)
Cash and cash equivalents at the beginning of the period	47 593 892	25 090 714	62 343 660	99 044 764
Cash and cash equivalents at the end of the period	33 603 794	33 603 794	16 528 709	16 528 709

<i>Quarterly abbreviated consolidated financial statements of EUROCASH S.A.</i>			
Financial statements period:	01.01-30.09.2007	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 SEPTEMBER 2007

	Share capital	Supplementary capital	Retained earnings	Total
<i>Changes in equity in the period from 1 January to 30 September 2006</i>				
Balance as at 1 January 2006	127 742 000	14 782 302	33 225 132	175 749 434
Net profit presented directly in equity	-	-	-	-
Net profit for the period from 1 January to 30 September 2006	-	-	23 328 694	23 328 694
Total profit and loss recorded in the period from 1 January to 30 September 2006	-	-	23 328 694	23 328 694
Dividends paid	-	-	(20 438 720)	(20 438 720)
Transfer to supplementary capital	-	12 127 429	(12 127 429)	-
Valuation of motivational program for employees	-	-	-	-
Other corrections	-	1 302 799	-	1 302 799
Balance as at 30 September 2006	127 742 000	28 212 530	23 987 677	179 942 207
<i>Changes in equity in the period from 1 January to 30 September 2007</i>				
Balance as at 01 January 2007	127 742 000	29 059 203	36 538 217	193 339 419
Net profit presented directly in equity	-	-	-	-
Net profit for the period from 1 January to 30 September 2007	-	-	27 491 145	27 491 145
Total profit and loss recorded in the period from 1 January to 30 September 2007	-	-	27 491 145	27 491 145
Dividends paid	-	-	(29 380 660)	(29 380 660)
Transfer to supplementary capital	-	7 157 557	(7 157 557)	-
Valuation of motivational program for employees	-	2 663 914	-	2 663 914
Other corrections	-	-	-	-
Balance as at 30 September 2007	127 742 000	38 880 673	27 491 145	194 113 818

<i>Quarterly abbreviated consolidated financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-30.09.2007</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

SUPPLEMENTARY INFORMATION TO THE ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 01.01.2007 TO 30.09.2007

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 November 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>01.01-30.09.2007</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.

Quarterly abbreviated consolidated financial statements of EUROCASH S.A.			
Financial statements period:	<i>01.01-30.09.2007</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 30.09.2007

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%

On September 27, 2007 the Company subscribed for 637,000 shares of a nominal value PLN 500 and aggregate value PLN 3,185,000 in newly established company PayUp Poland S.A. („PayUp”). Payment for the shares shall be made by January 31, 2008. Till the balance sheet date payment for the shares was not made.

Shares subscribed by Eurocash constitute 45,5% of the total share capital of PayUp. The other shareholders there are two Dutch companies: PayUp Holdings BV (51% shares in PayUp) and Politra BV (3,5% shares in PayUp).

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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>01.01-30.09.2007</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:	01.01-30.09.2007	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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Financial statements period:	<i>01.01-30.09.2007</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 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.

<i>Quarterly abbreviated consolidated financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-30.09.2007</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

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.

<i>Quarterly abbreviated consolidated financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>01.01-30.09.2007</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

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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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 30.09.2007

**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:

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- 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 2007 TO 30 SEPTEMBER 2007

	Traditional wholesale	Active distribution	Other	Exclusions	Total
Sales	1 909 178 775	1 653 386 909	22 317 391	(132 083 895)	3 452 799 181
External sales	1 866 014 272	1 571 288 472	15 496 436	-	3 452 799 181
Inter-segmental sales	43 164 503	82 098 436	6 820 955	(132 083 895)	-
Operating profit	37 273 832	12 314 812	4 951 676	51 428	54 591 748
Finance income	1 283 364	66 981	19 920	(178 058)	1 192 208
Finance costs	(3 763 904)	(2 859 764)	(237 512)	178 058	(6 683 123)
Profit before income tax	34 793 292	9 522 029	4 734 083	51 428	49 100 833
Income tax	(7 302 148)	(1 919 423)	(606 262)	(9 771)	(9 837 604)
Net profit	27 491 145	7 602 607	4 127 822	41 656	39 263 229
Total assets	631 523 401	200 601 359	27 039 484	(77 464 010)	781 700 234
Trade liabilities	380 813 159	68 911 566	3 663 254	(33 784 426)	419 603 553
Investment expenditures	35 147 367	1 601 052	11 101 200	-	47 849 619
Depreciation and amortisation	22 706 855	2 377 930	1 584 803	(24 669)	26 644 919

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**NOTE NO 2
RELATED PARTY TRANSACTIONS**

In the third 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.

Subscription of 45,5% shares in PayUp Poland S.A.

On September 27, 2007 the Company subscribed for 637,000 shares of a nominal value PLN 500 and aggregate value PLN 3,185,000 in newly established company PayUp Poland S.A. („PayUp”). Payment for the shares shall be made by January 31, 2008. Till the balance sheet date payment for the shares was not made.

Shares subscribed by Eurocash constitute 45,5% of the total share capital of PayUp. The other shareholders there are two Dutch companies: PayUp Holdings BV (51% shares in PayUp) and Politra BV (3,5% shares in PayUp).

PayUp was established in order to distribute „pre-paid” products, among others, the pre-paid mobile phone-card top-up and other terminal based services. The strategic partnership of PayUp Holding and Eurocash will enable PayUp for a development of its activity on proven technology and broad customer base of Eurocash Group, which already distributes pre-paid products through a network of app. 2 000 installed terminals. From the perspective of Eurocash such services represent a new category of fast moving consumer goods (FMCG) and participation in PayUp would allow Eurocash Group to achieve a leadership position in wholesale distribution within it.

SIGNATURES OF THE MANAGEMENT BOARD MEMBERS

Quarterly abbreviated consolidated financial statements of EUROCASH S.A.			
Financial statements period:	<i>01.01-30.09.2007</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

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