EUROCASH

CONSOLIDATED QUARTERLY REPORT

4rd QUARTER 2006

CONTENTS:

MANAGEMENT DISCUSSION OF THE FINANCIAL RESULTS FOR THE 4Q 2006

QUARTERLY ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS FOR THE 4Q 2006

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 4Q 2006

1. Eurocash: Key financial and operational highlights

- Results of the traditional wholesale business segment (operations of Eurocash S.A.: Eurocash Discount Cash&Carry and distribution centers dedicated to supply of “Delikatesy Centrum” franchise stores):
  - In full year 2006 sales increased by 17.3% and amounted to PLN 1,978.5m. Main reason for such growth was the addition of sales to the Delikatesy Centrum franchise chain on 16th August 2006.
  - In 2006 sales of Eurocash Discount Cash&Carry stores amounted to PLN 1 842.7m and increased by 9.22% comparing with 2005. In 4Q 2006 sales of Eurocash Discount Cash&Carry stores amounted to PLN 461.4m and increased by 9.7% comparing with 4Q 2005.
  - Sales of Delikatesy Centrum business unit in 4Q 2006 amounted to PLN 89.6m. Since acquisition (16 August 2006) sales of Delikatesy Centrum business unit amounted to PLN 135.8m.
  - Number of “Delikatesy Centrum” franchise stores at the end of 4Q 2006 amounted to 235 (growth by 42 comparing with the end of 2005).
  - Gross margin in traditional wholesale business segment amounted to 13.0% in the full year 2006 and 13.6% in the 4Q 2006.
  - LFL sales growth (same number of stores) in Eurocash Discount Cash&Carry stores amounted to 5.9% in full year 2006 and 6.4% in 4Q 2006.
  - Number of abc stores reached 2,416 at the end of 4Q 2006.
  - In 2006 share of abc stores in total sales of Discount Cash & Carry stores amounted to 43.6% comparing with 39.9% in 2005. In 4Q 2005 the share of abc stores in total sales of Discount Cash & Carry stores amounted to 44.4% comparing with 41.9%.
  - Sales to abc shops in 2006 increased by 19.4% comparing with 2006 and by 15.6% in 4Q 2006 comparing with 4Q 2005.
- Active Distribution (operations of KDWT S.A.):
  - Since beginning of 2Q 2006 Eurocash consolidates results of KDWT S.A. (“KDWT”). Because of this, the consolidated figures for 4Q 2006 are not directly comparable with data for 4Q 2005.
  - Sales to third parties (excluding intragroup sales) since the beginning of 2Q amounted to PLN 1,364.6m, EBITDA to PLN 14.8m and EBIT to PLN 11.7m.

2. Eurocash Group

Profit & loss account

Table 1 Eurocash Group: Summary of consolidated financial results for 4Q 2006

PLN million	4 Q 2006 r.	2006 r
Sales revenues	1 032,91	3 236,98
Gross profit/(loss) on sales *(Gross profitability on sales %)*	95,69 9,26%	306,19 9,46%
EBITDA *(EBITDA margin %)*	29,30 2,84%	87,27 2,70%
EBIT *(EBIT margin%)*	21,08 2,04%	55,22 1,71%
Gross profit	20,28	54,13
Net income *Net profitability %*	15,41 1,49%	41,57 1,28%

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

The 4Q 2006 was the first reporting period, in which the results of KDWT and Delikatesy Centrum business unit were fully included in the Eurocash Group results. It should be also noted, that the full year Eurocash Group results do not include the KDWT results for 1Q 2006 and results of Delikatesy Centrum business prior to the acquisition date 16th August 2006.

Also in the full year 2006 results have been significantly influenced by costs of the stock-option programs for Eurocash Group employees and programs related to acquisition of KDWT and Delikatesy Centrum. The total cost of the stock-option programs accounted in 2006 amounted to PLN 2.15 million comparing with PLN 0.64 million in 2005.

Below we present the consolidated results for 4Q YTD 2006 split by the following business segments:
- traditional wholesale – wholesale operations conducted by the Cash & Carry discount chain and business unit Delikatesy Centrum, which consist of the entire operations of the dominant entity - Eurocash S.A.
- active distribution – wholesale operations in the area of specialist active distribution of the FMCG goods, including the entire operations of the subsidiary - KDWT S.A.
- other – franchise services to the Delikatesy Centrum franchise stores (Eurocash Franszyza sp. z o.o.) and real estate services (Eurocash Detal Sp. z o.o.)

Table 2 Eurocash Group: Summary of financial results for 4Q YTD 2006 by business segment

PLN million	Traditional wholesale	Active distribution	Other	Exclusions	Total
Sales revenues	1 978,4	1 364,6	5,8	(111,9)	3 237,0
EBITDA *(EBITDA margin %)*	74,0 *3,7%*	14,8 *1,1%*	0,1 *1,2%*	(1,6) *1,5%*	87,3 *2,7%*
EBIT *(EBIT margin%)*	46,0 *2,3%*	11,7 *0,9%*	(1,2) *-21,2%*	(1,3) *1,1%*	55,2 *1,7%*
Gross profit	-	-	(2,9)	(0,7)	54,1
Income tax	-	-	(12,9)	0,3	(12,6)
Net income *Net profitability %*	-	-	(15,8)	(0,4)	41,6 *1,3%*

Cash flow

Table 3 Eurocash Group: Consolidated cash flow for 4Q 2006

PLN million	4 Q 2006 r.	2006 r
Operating cash flow	8,66	40,60
Gross profit (loss)	*20,28*	54,13
Depreciation	*8,21*	32,06
Change in working capital	*(17,16)*	(36,26)
Other	*(2,67)*	(9,33)
Cash flow from investments	13,33	(90,99)
Cash flow from financing activities	(9,45)	(7,40)
Total cash flow	12,55	(57,80)

Working capital

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

Turnover in days	4 Q 2006 r.	2006
1. Inventories turnover	18,7	23,6
2. Trade receivables turnover	14,2	18,0
3. Trade liabilities turnover	36,3	46,1
4. Operating cycle (1+2)	32,8	41,6
5. Cash conversion (4-3)	(3,5)	(4,5)

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

Balance sheet

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

Table 5 Eurocash Group: Selected consolidated balance sheet items

PLN million	31.12.2006		30.09.2006	
Fixed assets	262,00	37,28%	263,78	40,69%
Current assets	440,75	62,72%	384,45	59,31%
Total assets	702,75	100,00%	648,22	100,00%
Equity	199,03	28,32%	182,78	28,20%
Liabilities and provisions	503,72	71,68%	465,45	71,80%
Total liabilities and equity	702,75	100,00%	648,22	100,00%

3. Eurocash S.A.

Profit & loss account

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

PLN million	2006	2005	change 2006 / 2005
Sales revenues	1 978,45	1 687,14	17,27%
Gross profit/(loss) on sales	257,59	230,48	11,76%
(Gross profitability on sales %)	13,02%	13,66%	-0,64%
EBITDA	74,04	70,21	5,46%
(EBITDA margin%)	3,74%	4,16%	-0,42%
EBIT	46,02	44,65	3,07%
(EBIT margin%)	2,33%	2,65%	-0,32%
Gross profit	46,48	41,68	11,51%
Net income	35,88	32,57	10,17%
Net profitability %	1,81%	1,93%	-0,12%

Table 7 Eurocash S.A.: Summary of financial results for 4Q 2006

PLN million	4Q 2006	4Q 2005	change 4Q 2006 / 4Q 2005
Sales revenues	551,02	420,41	31,07%
Gross profit/(loss) on sales	75,06	62,03	21,01%
(Gross profitability on sales %)	13,62%	14,75%	-1,13%
EBITDA	24,31	20,34	19,54%
(EBITDA margin%)	4,41%	4,84%	-0,43%
EBIT	17,22	13,54	27,11%
(EBIT margin%)	3,12%	3,22%	-0,10%
Gross profit	16,61	12,06	37,69%
Net income	12,55	8,96	40,10%
Net profitability %	2,28%	2,13%	0,15%

In 2006 sales of Eurocash S.A. increased by 17.3% and amounted to PLN 1,978.5m. Main reason for such growth was the addition of sales to the Delikatesy Centrum franchise chain on 16th August 2006.

The 4Q 2006 was the first reporting period, in which the results of Delikatesy Centrum business unit were fully included in the Eurocash S.A. results. It should be also noted, that the full year Eurocash S.A. results do not include results of Delikatesy Centrum business prior to the acquisition date 16th August 2006.

Also in the full year 2006 results have been significantly influenced by costs of the stock-option programs for Eurocash Group employees and programs related to acquisition of KDWT and Delikatesy Centrum. The total cost of the stock-option programs accounted in 2006 amounted to PLN 2.15 million comparing with PLN 0.64 million in 2005.

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

PLN million	2006	2005	change 2006 / 2005
Gross profit/(loss) on sales	257,59	230,48	11,76%
(Gross profitability on sales %)	13,02%	13,66%	-0,64%
Costs of sales:	(140,27)	(124,40)	12,76%
(as % of sales)	7,09%	7,37%	-0,28%
General Management costs:	(66,64)	(54,89)	21,40%
(as % of sales)	3,37%	3,25%	0,11%
Profit/loss on sales	50,68	51,18	-0,99%
(as % of sales)	2,56%	3,03%	-0,47%
Other operating income	6,73	4,71	43,00%
Other operating costs	(11,39)	(11,24)	1,31%
Operating profit – EBIT	46,02	44,65	3,07%
(EBIT margin %)	2,33%	2,65%	-0,32%
Depreciation	28,02	25,55	9,65%
EBITDA	74,04	70,21	5,46%
(EBITDA margin%)	3,74%	4,16%	-0,42%

Table 9 Eurocash S.A.: Costs analysis for 4Q 2006

PLN million	4Q 2006	4Q 2005	change 4Q 2006 / 4Q 2005
Gross profit/(loss) on sales	75,06	62,03	21,01%
(Gross profitability on sales %)	13,62%	14,75%	-1,13%
Costs of sales:	(39,71)	(32,81)	21,04%
(as % of sales)	7,21%	7,80%	-0,60%
General Management costs:	(15,88)	(12,71)	24,91%
(as % of sales)	2,88%	3,02%	-0,14%
Profit/loss on sales	19,47	16,50	17,96%
(as % of sales)	3,53%	3,93%	-0,39%
Other operating income	1,73	2,74	-36,89%
Other operating costs	(3,98)	(5,70)	-30,15%
Operating profit – EBIT	17,22	13,54	27,11%
(EBIT margin %)	3,12%	3,22%	-0,10%
Depreciation	7,10	6,80	4,45%
EBITDA	24,31	20,34	19,54%
(EBITDA margin%)	4,41%	4,84%	-0,43%

Cash flow

Table 10 Eurocash S.A.: Cash flow for 2006

PLN million	2006	2005
Operating cash flow	54,06	93,20
Gross profit (loss)	46,48	41,68
Depreciation	28,02	25,55
Change in working capital	(10,74)	26,89
Other	(9,70)	(0,93)
Cash flow from investments	(116,45)	(26,34)
Cash flow from financing activities	(11,56)	(1,73)
Total cash flow	(73,95)	65,13

Table 11 Eurocash S.A.: Cash flow for 4Q 2006

PLN million	4Q 2006	4Q 2005
Operating cash flow	18,38	25,26
Gross profit (loss)	*16,61*	*12,06*
Depreciation	*7,10*	*6,80*
Change in working capital	*(2,83)*	*4,51*
Other	*(2,50)*	*1,89*
Cash flow from investments	(2,17)	(4,86)
Cash flow from financing activities	(7,65)	(0,47)
Total cash flow	8,56	19,93

Working capital

Table 12 Eurocash S.A.: Working capital ratios flow for 2006

Turnover in days	2006	2005
1. Inventories turnover	29,0	26,0
2. Trade receivables turnover	17,0	8,0
3. Trade liabilities turnover	69,6	59,3
4. Operating cycle (1+2)	45,9	34,0
5. Cash conversion (4-3)	(23,7)	(25,4)

Table 13 Eurocash S.A.: Working capital ratios flow for 4Q 2006

Turnover in days	4Q 2006	4Q 2005
1. Inventories turnover	26,2	26,3
2. Trade receivables turnover	15,4	8,1
3. Trade liabilities turnover	63,5	60,8
4. Operating cycle (1+2)	41,6	34,4
5. Cash conversion (4-3)	(21,9)	(26,4)

The cash conversion cycle in 4Q 2006 was slightly worse comparing with 4Q 2005. It was caused by increase of the trade receivables level due to realisation of sales to Delikatesy Centrum franchise chain. Longer turnover of trade receivables have been partially off-set with extended turnover of trade liabilities.

Balance sheet

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

Table 14 Eurocash S.A.: Selected balance sheet items

PLN million	31.12.2006		30.09.2006		31.12.2005	
Fixed assets	281,94	47,52%	283,86	51,87%	180,61	40,87%
Current assets	311,33	52,48%	263,36	48,13%	261,33	59,13%
Total assets	593,27	100,00%	547,22	100,00%	441,94	100,00%
Equity	193,34	32,59%	179,94	32,88%	175,75	39,77%
Liabilities and provisions	399,93	67,41%	367,28	67,12%	266,19	60,23%
Total liabilities and equity	593,27	100,00%	547,22	100,00%	441,94	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 be the number of days in the period.

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

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

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

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

- There have been no major events that influenced Eurocash S.A. income or loss in 4Q 2006.

5. Development perspectives

External Factors:

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

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,
  - number of Delikatesy Centrum franchise stores will increase by app. 40 stores,
  - KDWT will open app. 30 sales platforms within Eurocash cash & carry stores.

- Strict cost control

6. Additional information

Explanations regarding seasonality

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

Issuance, redemption and repayment of debt and capital securities

In 4Q 2006 Eurocash S.A. did not issue, acquire or repay debt or capital securities.

Effects of changes in the structure of the Eurocash Group

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

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

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

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

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

	28.02.2007				31.12.2006			
Shareholder	Number of shares	Share in share capital (%)	Number of votes	Share in total number of votes (%)	Number of shares	Share in share capital (%)	Number of votes	Share in total number of votes (%)
1. Luis Manuel Conceicao do Amaral (directly and indirectly through Politra B.V.)	70,258,100	55 %	70,258,100	55 %	70,258,100	55 %	70,258,100	55 %
2. 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. Charlemagne Capital (IOM) Limited	n.a.	n.a.	n.a.	n.a.	6,488,383	5.08%	6,488,383	5.08%

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

as of 28.02.2007	Eurocash Series A shares	Rights to acquire Series B shares	Rights to acquire Series C shares	Rights to acquire Series D shares	Total
Management Board members					
Luis Amaral (directly and indirectly)	70,258,100	0	0	0	70,258,100
Rui Amaral	0	643,000	498,550	0	1,141,550
Katarzyna Kopaczewska	0	164,000	157,000	0	321,000
Arnaldo Guerreiro	0	483,000	400,000	0	883,000
Pedro Martinho	0	323,000	224,000	0	547,000
Ryszard Majer	0	164,000	157,000	0	321,000
Roman Piątkiewicz	0	0	0	507,222	507,222
Supervisory Board members					
Eduardo Aguinaga de Mores	0	0	0	0	0
Joao Borges de Assuncao	0	0	0	0	0
Ryszard Wojnowski	0	0	0	0	0
Janusz Lisowski	0	0	0	0	0
Antonio Jose Santos Silva Casanova	0	0	0	0	0

Information on legal suits.

In the 4Q 2006 companies belonging to Eurocash group were not involved into any legal suit in any court, nor in a body competent for arbitration proceedings nor an administrative body, which total value would amount to at least 10 % of equity.

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

In the 4Q 2006 Eurocash did not grant a surety for a credit or a loan nor did it grant a guarantee of total value equivalent to 10% of the issuer's equity.

Signatures of Management Board Members representing the Company:

Position	Name and surname	Date	Signature
Management Board Member Chief Executive Officer	Rui Amaral	28th November 2007	
Management Board Member Financial Executive Officer	Arnaldo Guerreiro	28th November 2006	

EUROCASH S.A.

QUARTERLY ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1ST JANUARY 2006 TO 31ST DECEMBER 2006

TRANSLATORS' EXPLANATORY NOTE

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KOMORNIKI, 28th February 2007

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GENERAL INFORMATION

1. INFORMATION ON THE COMPANY

1.1. COMPANY NAME

EUROCASH Spółka Akcyjna

1.2. REGISTERED OFFICE

ul. Wiśniowa 11, 62-052 Komorniki

1.3. CORE BUSINESS

Other wholesale (PKD 5190 Z)

1.4. REGISTRY COURT

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

1.5. DURATION OF THE COMPANY

Indefinite

1.6. PERIOD COVERED BY THE ABBREVIATED FINANCIAL STATEMENTS

The reporting period 1st January 2006 – 31st December 2006 and comparable periods: 1st January 2005 – 31st December 2005

2. COMPANY'S GOVERING BODIES

2.1. MANAGEMENT BOARD

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

2.2. SUPERVISORY BOARD

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

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

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

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

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

SELECTED CONSOLIDATED FINANCIAL DATA

SELECTED CONSOLIDATED FIGURES AS AT 31 DECEMBER 2006

	for the period 01.01.2006 to 31.12.2006 PLN	for the period 01.01.2005 to 31.12.2005 PLN	for the period 01.01.2006 to 31.12.2006 EUR	for the period 01.01.2005 to 31.12.2005 EUR
Net sales	3 236 977 047	1 687 137 016	830 185 696	419 341 589
Operating profit (loss)	55 217 269	44 651 738	14 161 542	11 098 287
Profit (loss) before tax	54 131 181	41 683 192	13 882 994	10 360 448
Net Profit (loss) on continued operations	41 572 392	32 566 149	10 662 048	8 094 387
Net profit (loss)	41 572 392	32 566 149	10 662 048	8 094 387
Net operating cash flow	38 277 680	93 197 909	9 817 055	23 164 544
Net investment cash flow	(90 992 456)	(26 342 022)	(23 336 784)	(6 547 367)
Net financial cash flow	(5 083 359)	(1 726 031)	(1 303 726)	(429 009)
Net change in cash and cash equivalents	(57 798 135)	65 129 856	(14 823 455)	16 188 168
Weighted average number of shares	127 742 000	127 742 000	127 742 000	127 742 000
Weighted average diluted number of shares	134 615 730	134 129 100	134 615 730	134 129 100
EPS (in PLN / EUR)	0,33	0,25	0,08	0,06
Diluted EPS (in PLN / EUR)	0,31	0,24	0,08	0,06
Average PLN / EUR rate*			3,8991	4,0233

	as at 31.12.2006 PLN	as at 31.12.2005 PLN	as at 31.12.2006 EUR	as at 31.12.2005 EUR
Assets	702 752 365	441 941 757	183 428 786	114 498 616
Long-term liabilities	19 228 821	4 670 131	5 019 007	1 209 941
Short-term liabilities	484 490 965	261 522 192	126 459 325	67 755 374
Equity	199 032 578	175 749 434	51 950 454	45 533 301
Share capital	127 742 000	127 742 000	33 342 556	33 095 497
Number of shares	127 742 000	127 742 000	127 742 000	127 742 000
Diluted number of shares	134 959 100	134 129 100	134 959 100	134 129 100
Book value per share (in PLN / EUR)	1,56	1,38	0,41	0,36
Diluted book value per share (in PLN / EUR)	1,47	1,31	0,38	0,34
Declared or paid dividend (in PLN / EUR)	20 438 720	-	5 334 809	-
Declared or paid dividend per share (in PLN / EUR)	0,16	-	0,04	-
PLN / EUR rate at the end of the period**			3,8312	3,8598

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

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

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

ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2006 (functional classification)

	4th Quarter for the period from 01.10.2006 to 31.12.2006	4 Quarters for the period from 01.01.2006 to 31.12.2006	4th Quarter for the period from 01.10.2005 to 31.12.2005	4 Quarters for the period from 01.01.2005 to 31.12.2005
Continued operations				
Net sales	**1 032 914 145**	**3 236 977 047**	**420 412 126**	**1 687 137 016**
Net sales of traded goods	1 003 343 811	3 167 298 403	405 828 118	1 640 908 755
Net sales of services	29 570 334	69 678 644	14 584 008	46 228 261
Net sales of materials	-	-	-	-
Prime costs of sales	**(937 227 780)**	**(2 930 782 226)**	**(358 384 835)**	**(1 456 655 458)**
Costs of sold traded goods	(937 227 780)	(2 930 782 226)	(358 384 835)	(1 456 655 458)
Costs of sold services	-	-	-	-
Costs of sold materials	-	-	-	-
Gross profit (loss) on sales	**95 686 366**	**306 194 820**	**62 027 291**	**230 481 558**
Costs of sales	(50 640 455)	(169 313 656)	(32 808 499)	(124 402 701)
Costs of general management	(21 568 076)	(77 024 673)	(12 714 501)	(54 894 032)
Profit (loss) on sales	**23 477 835**	**59 856 492**	**16 504 291**	**51 184 825**
Other operating revenues	2 403 455	8 177 086	2 740 950	4 707 550
Other operating costs	(4 799 097)	(12 816 309)	(5 701 677)	(11 240 638)
Share in profits of companies consolidated with the equity method	-	-	-	-
Costs of restructuring	-	-	-	-
Operating profit (loss)	**21 082 193**	**55 217 269**	**13 543 564**	**44 651 738**
Financial revenues	2 574 082	4 963 554	827 333	2 522 607
Financial costs	(3 380 929)	(6 049 642)	(2 307 280)	(5 491 153)
Other profit (loss) on investments	-	-	-	-
Profit (loss) before tax	**20 275 346**	**54 131 181**	**12 063 617**	**41 683 192**
Income tax	(4 866 077)	(12 558 789)	(3 105 165)	(9 117 043)
Net profit (loss) on continued operations	**15 409 269**	**41 572 392**	**8 958 452**	**32 566 149**
Discontinued operations				
Net loss on discontinued operations	-	-	-	-
Net profit (loss)	**15 409 269**	**41 572 392**	**8 958 452**	**32 566 149**

NET EARNINGS PER SHARE

	PLN / share	PLN / share
Net profit (loss) on continued operations	41 572 392	32 566 149
Net profit (loss) on continued and discontinued operations	41 572 392	32 566 149
Weighted average number of shares	127 742 000	127 742 000
Weighted average diluted number of shares	134 615 730	134 129 100
from continued operations		
- basic	0,33	0,25
- diluted	0,31	0,24
from continued and discontinued operations		
- basic	0,33	0,25
- diluted	0,31	0,24

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

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2006

	as at 31.12.2006	as at 30.09.2006	as at 31.12.2005	as at 30.09.2005
Assets				
Fixed assets (long-term)	**262 001 298**	**263 777 175**	**180 607 408**	**182 447 290**
Goodwill	33 823 699	26 955 815	-	-
Other intangible fixed assets	117 191 229	129 986 298	110 819 059	113 170 991
Tangible fixed assets	108 997 566	104 831 913	67 732 878	66 594 245
Investment real property	51 977	53 524	-	-
Investments in subsidiary companies	-	-	-	-
Long-term financial assets available for sale	-	-	-	-
Other long-term financial assets	-	-	-	-
Long-term receivables	1 588 307	1 553 369	555 759	555 759
Long-term prepayments	348 521	396 256	1 499 712	2 126 295
Deferred income tax assets	-	-	1 103 455	1 947 863
Other long-term prepayments	348 521	396 256	396 256	178 432
Current assets (short-term)	**440 751 067**	**384 445 819**	**261 334 348**	**225 821 159**
Invetories	209 544 886	201 719 183	120 260 552	111 049 547
Trade receivables	159 255 343	116 751 044	36 889 803	29 884 092
Current income tax receivables	-	-	-	-
Other short-term receivables	28 379 749	30 335 827	2 706 467	2 706 531
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	41 246 629	28 701 127	99 044 764	79 114 693
Short-term prepayments	2 324 460	2 945 037	2 432 762	3 066 297
Fixed assets classified as held for sale	-	-	-	-
Total assets	**702 752 365**	**648 222 995**	**441 941 757**	**408 268 449**

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

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2006

	as at 31.12.2006	as at 30.09.2006	as at 31.12.2005	as at 30.09.2005
Liabilities				
Equity	**199 032 578**	**182 776 637**	**175 749 434**	**166 661 300**
Share capital	127 742 000	127 742 000	127 742 000	127 742 000
Supplementary capital	29 059 203	28 212 530	14 782 302	14 652 620
Retained earnings	42 231 375	26 822 107	33 225 132	24 266 680
Profit (loss) of prior years	658 983	658 983	658 983	658 983
Net profit (loss) of the current year	41 572 392	26 163 123	32 566 149	23 607 697
Liabilities	**503 719 787**	**465 446 358**	**266 192 323**	**241 607 150**
Long-term liabilities	**19 228 821**	**11 246 955**	**4 670 131**	**2 981 979**
Long-term loans and credits	-	-	-	-
Other long-term financial liabilities	12 734 894	3 593 910	4 313 378	2 981 979
Other long-term liabilities	2 499 999	4 999 998	-	-
Deferred income tax provision	3 492 169	2 156 945	-	-
Provision for employee benefits	501 759	496 102	356 753	-
Other long-term provisions	-	-	-	-
Short-term liabilities	**484 490 965**	**454 199 403**	**261 522 192**	**238 625 171**
Short-term loans and credits	73 502 624	70 846 566	-	-
Other short-term financial liabilities	2 535 759	1 724 969	1 743 252	1 282 044
Trade liabilities	370 144 423	343 009 102	236 854 087	214 905 721
Current income tax liabilities	3 537 007	2 983 154	4 188 247	396 220
Other short-term liabilities	24 432 271	25 136 198	8 141 837	7 158 557
Short-term provisions	10 338 882	10 499 414	10 594 769	14 882 628
Liabilities due to fixed assets held for sale	-	-	-	-
Total liabilities	**702 752 365**	**648 222 995**	**441 941 757**	**408 268 449**

BOOK VALUE PER SHARE AS AT 31 DECEMBER 2006

	4th Quarter as at 31.12.2006	3rd Quarter as at 30.09.2006	4th Quarter as at 31.12.2005	3rd Quarter as at 30.09.2005
Book value	**199 032 578**	**182 776 637**	**175 749 434**	**166 661 300**
Number of shares	127 742 000	127 742 000	127 742 000	127 742 000
Diluted number of shares	134 959 100	134 959 100	134 129 100	134 129 100
Book value per share	**1,56**		**1,38**	
Diluted book value per share	**1,47**		**1,31**	

OFF BALANCE SHEET ITEMS

Contingent Receivables	**-**	**-**	**-**	**-**
Related companies	-	-	-	-
Other companies	-	-	-	-
Contingent Liabilities	**6 058 109**	**6 537 526**	**7 604 205**	**7 697 944**
Related companies	-	-	-	-
Other companies	6 058 109	6 537 526	7 604 205	7 697 944
- guaranties and sureties granted	6 058 109	6 537 526	7 604 205	7 697 944
Other	-	-	-	-
Total	**6 058 109**	**6 537 526**	**7 604 205**	**7 697 944**

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

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2006 (indirect method)

	4th Quarter for the period from 01.10.2006 to 31.12.2006	4 Quarters for the period from 01.01.2006 to 31.12.2006	4th Quarter for the period from 01.10.2005 to 31.12.2005	4 Quarters for the period from 01.01.2005 to 31.12.2005
Operating cash flow				
Net profit before tax	**20 275 346**	**54 131 181**	**12 063 617**	**41 683 192**
Adjustments:	**11 399 302**	**37 369 216**	**10 821 852**	**31 919 792**
Depreciation	8 214 700	32 055 635	6 795 595	25 553 626
(Profit) loss on sold tangible fixed assets	(248 305)	1 469 538	1 922 460	2 212 996
(Profit) loss on sold financial assets available for sale	(1 344 000)	(1 344 000)	-	-
Costs of interest	4 776 907	5 188 042	2 103 797	4 153 169
Interest received	-	-	-	-
Operating cash before changes in working capital	**31 674 648**	**91 500 397**	**22 885 469**	**73 602 984**
Changes in inventory	8 403 106	(31 742 610)	(9 211 006)	(7 979 790)
Changes in receivables	(31 456 519)	(77 681 269)	(7 005 647)	1 223 616
Changes in liabilities	3 205 787	69 077 341	22 535 426	35 118 995
Changes in provisions and accruals	390 834	1 623 722	(1 444 469)	(1 841 868)
Other adjustments	2 294 388	2 466 541	(362 294)	371 779
Operating cash	**14 512 244**	**55 244 123**	**27 397 479**	**100 495 716**
Interest paid	(5 788 914)	(5 955 824)	(945 465)	(2 543 168)
Income tax paid	(2 382 231)	(11 010 618)	(1 188 660)	(4 754 640)
Net operating cash	**6 341 098**	**38 277 680**	**25 263 354**	**93 197 909**
Investment cash flow				
Expenditures for purchased intangible fixed assets	(2 933 673)	(12 946 666)	132 047	(11 308 606)
Receipts from sold intangible fixed assets	84 000	84 000	-	2 600
Expenditures for purchased tangible fixed assets	(7 061 086)	(61 577 560)	(5 250 603)	(15 301 486)
Receipts from sold tangible fixed assets	18 773 466	20 381 435	255 538	265 470
Expenditures for purchased financial assets designed for sales	600	(3 993 000)	-	-
Receipts from sold financial assets designed for sales	5 337 000	5 337 000	-	-
Expenditures for purchased subsidiary companies (less for money taken)	(869 377)	(38 277 665)	-	-
Given Loans	-	-	-	-
Net investment cash	**13 330 931**	**(90 992 456)**	**(4 863 017)**	**(26 342 022)**
Financing cash flow				
Receipts due to taking loans and credits	-	20 836 532	-	-
Repaid loans and credits	(5 131 480)	-	-	-
Repaid liabilities under financial lease	(3 665 841)	(5 088 921)	(422 429)	(1 414 184)
Interest	1 670 793	(392 250)	(47 836)	(311 847)
Dividends paid	-	(20 438 720)	-	-
Net financing cash	**(7 126 527)**	**(5 083 359)**	**(470 265)**	**(1 726 031)**
Net change in cash and cash equivalents	**12 545 502**	**(57 798 135)**	**19 930 072**	**65 129 856**
Cash and cash equivalents at the beginning of the period	28 701 127	99 044 764	79 114 693	33 914 908
Cash and cash equivalents at the end of the period	**41 246 629**	**41 246 629**	**99 044 764**	**99 044 764**

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

CONSOLIDATED STATEMENT ON CHANGES IN EQUITY IN THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2006

	Share capital	Supplementary capital	Retained earnings	**Total**
Balance as at 1 January 2005	**127 742 000**	**579**	**14 262 994**	**142 005 573**
Changes in the principles (policy) of accounting	-	-	658 983	658 983
Balance upon changes	**127 742 000**	**579**	**14 921 977**	**142 664 556**
Changes in equity in the period from 1 January to 31 December 2005				
Net profit for the period from 1 January to 31 December 2005	-	14 262 994	18 303 155	**32 566 149**
Total profit and loss recorded in the period from 1 January to 31 December 2005	**-**	**14 262 994**	**18 303 155**	**32 566 149**
Issued options convertible into shares	-	518 729	-	**518 729**
Balance as at 31 December 2005	**127 742 000**	**14 782 302**	**33 225 132**	**175 749 434**
Balance as at 1 January 2006	**127 742 000**	**14 782 302**	**33 225 132**	**175 749 434**
Changes in the principles (policy) of accounting	-	-	-	**-**
Balance upon changes	**127 742 000**	**14 782 302**	**33 225 132**	**175 749 434**
Changes in equity in the period from 1 January to 31 December 2006				
Net profit for the period from 1 January to 31 December 2006	-	12 127 429	29 444 963	**41 572 392**
Total profit and loss recorded in the period from 1 January to 31 December 2006	-	12 127 429	29 444 963	**41 572 392**
Dividends	-	-	(20 438 720)	**(20 438 720)**
Issued options convertible into shares	-	2 149 472	-	**2 149 472**
Balance as at 31 December 2006	**127 742 000**	**29 059 203**	**42 231 375**	**199 032 578**

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

SELECTED UNIT FINANCIAL DATA

SELECTED SEPARATE FIGURES AS AT 31 DECEMBER 2006

	for the period 01.01.2006 to 31.12.2006 PLN	for the period 01.01.2005 to 31.12.2005 PLN	for the period 01.01.2006 to 31.12.2006 EUR	for the period 01.01.2005 to 31.12.2005 EUR
Net sales	1 978 448 439	1 687 137 016	507 411 566	419 341 589
Operating profit (loss)	46 023 561	44 651 738	11 803 637	11 098 287
Profit (loss) before tax	46 480 343	41 683 192	11 920 788	10 360 448
Net Profit (loss) on continued operations	35 879 233	32 566 149	9 201 927	8 094 387
Net profit (loss)	35 879 233	32 566 149	9 201 927	8 094 387
Net operating cash flow	54 057 935	93 197 909	13 864 208	23 164 544
Net investment cash flow	(116 447 876)	(26 342 022)	(29 865 322)	(6 547 367)
Net financial cash flow	(11 564 109)	(1 726 031)	(2 965 841)	(429 009)
Net change in cash and cash equivalents	(73 954 050)	65 129 856	(18 966 954)	16 188 168
Weighted average number of shares	127 742 000	127 742 000	127 742 000	127 742 000
Weighted average diluted number of shares	134 615 730	134 129 100	134 615 730	134 129 100
EPS (in PLN / EUR)	0,28	0,25	0,07	0,06
Diluted EPS (in PLN / EUR)	0,27	0,24	0,07	0,06
Average PLN / EUR rate*			3,8991	4,0233

	as at 31.12.2006 PLN	as at 31.12.2005 PLN	as at 31.12.2006 EUR	as at 31.12.2005 EUR
Assets	593 271 319	441 941 757	154 852 610	114 498 616
Long-term liabilities	16 694 048	4 670 131	4 357 394	1 209 941
Short-term liabilities	383 237 851	261 522 192	100 030 761	67 755 374
Equity	193 339 419	175 749 434	50 464 455	45 533 301
Share capital	127 742 000	127 742 000	33 342 556	33 095 497
Number of shares	127 742 000	127 742 000	127 742 000	127 742 000
Diluted number of shares	134 959 100	134 129 100	134 959 100	134 129 100
Book value per share (in PLN / EUR)	1,51	1,38	0,40	0,36
Diluted book value per share (in PLN / EUR)	1,43	1,31	0,37	0,34
Declared or paid dividend (in PLN / EUR)	20 438 720	-	5 334 809	-
Declared or paid dividend per share (in PLN / EUR)	0,16	-	0,04	-
PLN / EUR rate at the end of the period**			3,8312	3,8598

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

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

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

ABBREVIATED UNIT FINANCIAL STATEMENTS

SEPARATE PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2006 (functional classification)

	4th Quarter for the period from 01.10.2006 to 31.12.2006	4 Quarters for the period from 01.01.2006 to 31.12.2006	4th Quarter for the period from 01.10.2005 to 31.12.2005	4 Quarters for the period from 01.01.2005 to 31.12.2005
Continued operations				
Net sales	**551 024 005**	**1 978 448 439**	**420 412 126**	**1 687 137 016**
Net sales of traded goods	532 768 176	1 927 011 632	405 828 118	1 640 908 755
Net sales of services	18 255 829	51 436 807	14 584 008	46 228 261
Net sales of materials	-	-	-	-
Prime costs of sales	**(475 963 736)**	**(1 720 857 245)**	**(358 384 835)**	**(1 456 655 458)**
Costs of sold traded goods	(475 963 736)	(1 720 857 245)	(358 384 835)	(1 456 655 458)
Costs of sold services	-	-	-	-
Costs of sold materials	-	-	-	-
Gross profit (loss) on sales	**75 060 270**	**257 591 194**	**62 027 291**	**230 481 558**
Costs of sales	(39 709 900)	(140 272 005)	(32 808 499)	(124 402 701)
Costs of general management	(15 882 229)	(66 639 888)	(12 714 501)	(54 894 032)
Profit (loss) on sales	**19 468 141**	**50 679 301**	**16 504 291**	**51 184 825**
Other operating revenues	1 729 736	6 731 963	2 740 950	4 707 550
Other operating costs	(3 982 590)	(11 387 704)	(5 701 677)	(11 240 638)
Share in profits of companies consolidated with the equity method	-	-	-	-
Costs of restructuring	-	-	-	-
Operating profit (loss)	**17 215 287**	**46 023 561**	**13 543 564**	**44 651 738**
Financial revenues	2 144 514	4 463 618	827 333	2 522 607
Financial costs	(2 749 181)	(4 006 836)	(2 307 280)	(5 491 153)
Other profit (loss) on investments	-	-	-	-
Profit (loss) before tax	**16 610 620**	**46 480 343**	**12 063 617**	**41 683 192**
Income tax	(4 060 081)	(10 601 110)	(3 105 165)	(9 117 043)
Net profit (loss) on continued operations	**12 550 539**	**35 879 233**	**8 958 452**	**32 566 149**
Discontinued operations				
Net loss on discontinued operations	-	-	-	-
Net profit (loss)	**12 550 539**	**35 879 233**	**8 958 452**	**32 566 149**

NET EARNINGS PER SHARE

	PLN / share	PLN / share
Net profit (loss) on continued operations	35 879 233	32 566 149
Net profit (loss) on continued and discontinued operations	35 879 233	32 566 149
Weighted average number of shares	127 742 000	127 742 000
Weighted average diluted number of shares	134 615 730	134 129 100
from continued operations		
- basic	0,28	0,25
- diluted	0,27	0,24
from continued and discontinued operations		
- basic	0,28	0,25
- diluted	0,27	0,24

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

SEPARATE BALANCE SHEET AS AT 31 DECEMBER 2006

	as at 31.12.2006	as at 30.09.2006	as at 31.12.2005	as at 30.09.2005
Assets				
Fixed assets (long-term)	**281 940 597**	**283 860 271**	**180 607 408**	**182 447 290**
Goodwill	9 975 600	6 443 041	-	-
Other intangible fixed assets	103 052 844	104 915 388	110 819 059	113 170 991
Tangible fixed assets	93 562 313	96 366 912	67 732 878	66 594 245
Investment real property	-	-	-	-
Investments in subsidiary companies	73 413 012	73 413 012	-	-
Long-term financial assets available for sale	-	-	-	-
Other long-term financial assets	-	-	-	-
Long-term receivables	1 588 307	1 553 369	555 759	555 759
Long-term prepayments	348 521	1 168 549	1 499 712	2 126 295
Deferred income tax assets	-	772 293	1 103 455	1 947 863
Other long-term prepayments	348 521	396 256	396 256	178 432
Current assets (short-term)	**311 330 721**	**263 358 932**	**261 334 348**	**225 821 159**
Invetories	156 954 611	154 593 198	120 260 552	111 049 547
Trade receivables	92 039 162	61 413 468	36 889 803	29 884 092
Current income tax receivables	-	-	-	-
Other short-term receivables	19 111 669	24 379 229	2 706 467	2 706 531
Short-term financial assets available for sale	-	-	-	-
Short-term financial assets held for trade	15 950 000	3 993 600	-	-
Other short-term financial assets	-	-	-	-
Cash and cash equivalents	25 090 714	16 528 709	99 044 764	79 114 693
Short-term prepayments	2 184 565	2 450 728	2 432 762	3 066 297
Fixed assets classified as held for sale	-	-	-	-
Total assets	**593 271 319**	**547 219 203**	**441 941 757**	**408 268 449**

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

SEPARATE BALANCE SHEET AS AT 31 DECEMBER 2006

	as at 31.12.2006	as at 30.09.2006	as at 31.12.2005	as at 30.09.2005
Liabilities				
Equity	**193 339 419**	**179 942 207**	**175 749 434**	**166 661 300**
Share capital	127 742 000	127 742 000	127 742 000	127 742 000
Supplementary capital	29 059 203	28 212 530	14 782 302	14 652 620
Retained earnings	36 538 217	23 987 677	33 225 132	24 266 680
Profit (loss) of prior years	658 983	658 983	658 983	658 983
Net profit (loss) of the current year	35 879 233	23 328 694	32 566 149	23 607 697
Liabilities	**399 931 899**	**367 276 996**	**266 192 323**	**241 607 150**
Long-term liabilities	**16 694 048**	**8 950 661**	**4 670 131**	**2 981 979**
Long-term loans and credits	-	-	-	-
Other long-term financial liabilities	12 734 894	3 593 910	4 313 378	2 981 979
Other long-term liabilities	2 499 999	4 999 998	-	-
Deferred income tax provision	1 120 579	-	-	-
Provision for employee benefits	338 577	356 753	356 753	-
Other long-term provisions	-	-	-	-
Short-term liabilities	**383 237 851**	**358 326 335**	**261 522 192**	**238 625 171**
Short-term loans and credits	14 355 781	18 251 114	-	-
Other short-term financial liabilities	2 535 759	1 724 969	1 743 252	1 282 044
Trade liabilities	328 318 608	302 235 859	236 854 087	214 905 721
Current income tax liabilities	3 537 007	2 983 154	4 188 247	396 220
Other short-term liabilities	24 468 858	23 100 628	8 141 837	7 158 557
Short-term provisions	10 021 837	10 030 611	10 594 769	14 882 628
Liabilities due to fixed assets held for sale	-	-	-	-
Total liabilities	**593 271 319**	**547 219 203**	**441 941 757**	**408 268 449**

BOOK VALUE PER SHARE AS AT 31 DECEMBER 2006

	4th Quarter as at 31.12.2006	3rd Quarter as at 30.09.2006	4th Quarter as at 31.12.2005	3rd Quarter as at 30.09.2005
Book value	**193 339 419**	**179 942 207**	**175 749 434**	**166 661 300**
Number of shares	127 742 000	127 742 000	127 742 000	127 742 000
Diluted number of shares	134 959 100	134 959 100	134 129 100	134 129 100
Book value per share	**1,51**		**1,38**	
Diluted book value per share	**1,43**		**1,31**	

OFF BALANCE SHEET ITEMS

Contingent Receivables	**-**	**-**	**-**	**-**
Related companies	-	-	-	-
Other companies	-	-	-	-
Contingent Liabilities	**6 058 109**	**6 537 526**	**7 604 205**	**7 697 944**
Related companies	-	-	-	-
Other companies	6 058 109	6 537 526	7 604 205	7 697 944
- guaranties and sureties granted	6 058 109	6 537 526	7 604 205	7 697 944
Other	-	-	-	-
Total	**6 058 109**	**6 537 526**	**7 604 205**	**7 697 944**

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

SEPARATE CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2006 (indirect method)

	4th Quarter for the period from 01.10.2006 to 31.12.2006	4 Quarters for the period from 01.01.2006 to 31.12.2006	4th Quarter for the period from 01.10.2005 to 31.12.2005	4 Quarters for the period from 01.01.2005 to 31.12.2005
Operating cash flow				
Net profit before tax	**16 610 620**	**46 480 343**	**12 063 617**	**41 683 192**
Adjustments:	**7 863 895**	**30 913 132**	**10 821 852**	**31 919 792**
Depreciation	7 098 115	28 018 374	6 795 595	25 553 626
(Profit) loss on sold tangible fixed assets	(282 723)	1 435 120	1 922 460	2 212 996
(Profit) loss on sold financial assets available for sale	(1 344 000)	(1 344 000)	-	-
Costs of interest	2 392 503	2 803 638	2 103 797	4 153 169
Operating cash before changes in working capital	**24 474 515**	**77 393 475**	**22 885 469**	**73 602 984**
Changes in inventory	(2 361 413)	(36 694 059)	(9 211 006)	(7 979 790)
Changes in receivables	(32 463 454)	(72 587 109)	(7 005 647)	1 223 616
Changes in liabilities	29 289 123	95 347 813	22 535 426	35 118 995
Changes in provisions and accruals	425 765	1 048 077	(1 444 469)	(1 841 868)
Other adjustments	2 279 183	2 149 472	(362 294)	371 779
Operating cash	**21 643 718**	**66 657 670**	**27 397 479**	**100 495 716**
Interest paid	(1 648 298)	(3 571 420)	(945 465)	(2 543 168)
Income tax paid	(1 613 346)	(9 028 315)	(1 188 660)	(4 754 640)
Net operating cash	**18 382 074**	**54 057 935**	**25 263 354**	**93 197 909**
Investment cash flow				
Expenditures for purchased intangible fixed assets	(2 876 434)	(10 495 258)	132 047	(11 308 606)
Receipts from sold intangible fixed assets	84 000	84 000	-	2 600
Expenditures for purchased tangible fixed assets	(5 077 110)	(49 488 133)	(5 250 603)	(15 301 486)
Receipts from sold tangible fixed assets	18 708 466	18 970 533	255 538	265 470
Expenditures for purchased financial assets designed for sales	600	(3 993 000)	-	-
Expenditures for purchased subsidiary companies (less for money taken)	(2 399 999)	(60 913 017)	-	-
Net investment cash	**(2 173 477)**	**(116 447 876)**	**(4 863 017)**	**(26 342 022)**
Financing cash flow				
Receipts due to taking loans and credits	-	14 355 781	-	-
Repaid loans and credits	(3 895 333)	-	-	-
Repaid liabilities under financial lease	(3 665 841)	(5 088 921)	(422 429)	(1 414 184)
Interest	(85 418)	(392 250)	(47 836)	(311 847)
Dividends paid	-	(20 438 720)	-	-
Net financing cash	**(7 646 592)**	**(11 564 109)**	**(470 265)**	**(1 726 031)**
Net change in cash and cash equivalents	**8 562 005**	**(73 954 050)**	**19 930 072**	**65 129 856**
Cash and cash equivalents at the beginning of the period	16 528 709	99 044 764	79 114 693	33 914 908
Cash and cash equivalents at the end of the period	**25 090 714**	**25 090 714**	**99 044 764**	**99 044 764**

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

SAPARATE STATEMENT ON CHANGES IN EQUITY IN THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2006

	Share capital	Supplementary capital	Retained earnings	Total
Balance as at 1 January 2005	**127 742 000**	**579**	**14 262 994**	**142 005 572**
Changes in the principles (policy) of accounting	-	-	658 983	658 983
Balance upon changes	**127 742 000**	**579**	**14 921 977**	**142 664 556**
Changes in equity in the period from 1 January to 31 December 2005				
Net profit for the period from 1 January to 31 December 2005	-	14 262 994	18 303 155	**32 566 149**
Total profit and loss recorded in the period from 1 January to 31 December 2005	**-**	**14 262 994**	**18 303 155**	**32 566 149**
Issued options convertible into shares	-	518 729	-	**518 729**
Balance as at 31 December 2005	**127 742 000**	**14 782 302**	**33 225 132**	**175 749 434**
Balance as at 1 January 2006	**127 742 000**	**14 782 302**	**33 225 132**	**175 749 434**
Changes in the principles (policy) of accounting	-	-	-	**-**
Balance upon changes	**127 742 000**	**14 782 302**	**33 225 132**	**175 749 434**
Changes in equity in the period from 1 January to 31 December 2006				
Net profit for the period from 1 January to 31 December 2006	-	12 127 429	23 751 805	**35 879 233**
Total profit and loss recorded in the period from 1 January to 31 December 2006	**-**	**12 127 429**	**23 751 805**	**35 879 233**
Dividends	-	-	(20 438 720)	**(20 438 720)**
Issued options convertible into shares	-	2 149 472	-	**2 149 472**
Balance as at 31 December 2006	**127 742 000**	**29 059 203**	**36 538 216**	**193 339 419**

SUPPLEMENTARY INFORMATION TO THE ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 01.01.2006 TO 31.12.2006

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 1st March 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. For the comparison purposes in the abbreviated consolidated financial statements, unit financial data of Eurocash S.A. were used.
As a result of the final settlement of the merger of economic entities, which took place during the current accounting year, an adjustment with regard to the acquisition price and the net value of the assets taken over within organised parts of an enterprise of Carment, M. Stodółka i Wspólnicy Spółka Jawna has been made. Furthermore, an adjustment has been made to the initial valuation of the KDWT trademark. The impact of the aforementioned adjustments is presented in note no I, point 13.
Data for comparable periods contained in the financial statements, was not restated in relation to the previously disclosed financial data.

1.4. INFORMATION ON THE PARENT ENTITY ANDTHE CAPITAL GROUP

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

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

The subsidiary entities are:

- KDWT Spółka Akcyjna, registered in the District Court of Poznań, XXI Commercial Division of the National Court Register, entry no KRS 0000040385, located in Komorniki, Wiśniowa 11,

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

- 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,

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

Entities comprising the Eurocash capital group covered by the consolidated financial statements as of 31.12.2006

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

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

1.5. ACTIVITY CONTINUATION

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

2. APPLIED ACCOUNTING RULES

2.1. ACCOUNTING RULES

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

2.2. FINANCIAL YEAR AND REPORTING PERIOD

The financial year of Eurocash S.A. is a calendar year.
The reporting period is a month.

2.3. MAINTAINANCE OF ACCOUNTING BOOKS

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

2.4. FORMAT AND CONTENTS OF THE ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS

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

The abbreviated consolidated statements include in particular:
- General information
- Abbreviated consolidated profit and loss account
- Abbreviated consolidated balance–sheet
- Abbreviated consolidated cash flow statement
- Abbreviated consolidated statement of changes in equity
- Supplementary information
- Selected explanatory notes

2.5. INTANGIBLE ASSETS

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

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

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

Amortisation

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

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

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

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

Review of amortization rates and write-offs on permanent impairment of value

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

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

In accordance with the requirements specified in IAS no 36 regarding the assessment test whether there has not appeared an impairment of value of the intangible assets with indefinite time of usage, the Company holds the impairment value test comparing balance-sheet value of a certain item with its recoverable value, regardless whether there is any basis for such value impairment to occur.

Valuation of intangible assets as at the balance–sheet date

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

2.6. TANGIBLE FIXED ASSETS

Definition

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

The Company’s tangible fixed assets include:

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

Initial value of tangible fixed assets

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

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

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

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

Amortisation

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

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

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

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

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

Review of amortization rates, permanent impairment of value write–offs

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

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

Revaluation write-offs should be made and charged to other operating expenses not later than at the balance-sheet date (i.e. in the year when the permanent impairment of value occurred).

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

Valuation of tangible fixed assets as at the balance-sheet date

Tangible fixed assets are recognized in the accounting books in accordance with the acquisition cost or the production cost less accumulated amoritsation and accumulated revaluation write–offs on permanent impairment of value.

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

Stocktaking of fixed assets

Stocktaking of fixed assets is conducted every four years.

2.7. EXTERNAL FINANCING COSTS

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

The costs of external financing include interest and other costs incurred by the entity connected with borrowing the funds.

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

2.8. LEASING

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

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

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

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

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

2.9. INVESTMENT REAL ESTATE

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

2.10. LONG-TERM ACCOUNTS RECEIVABLES

Definition

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

Valuation of long-term accounts receivable

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

2.11. LONG-TERM PREPAYMENTS AND ACCRUED INCOME

Deferred income tax assets

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

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

The tax value of assets is the amount that causes a reduction of taxable income in the event that the assets are, directly or indirectly, the source of economic benefits. If economic benefits related to given assets do not cause a reduction in taxable income, then the tax value of the assets is considered their book value.
The tax value of liabilities is their book value less the amounts that in the future will reduce taxable income.

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

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

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

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

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

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

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

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

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

- assets element (or a group intended for sale) is available for an immediate sale at its current state, considering only ordinary and commonly accepted conditions of selling assets (or a group intended for sale) of such type and its sale is highly likely;
- representatives of a relevant level of management are determined to complete the sales plan of the assets element (or a group intended for sale);
- an active program of soliciting a purchaser and completion of the program has been commenced;
- assets element (or a group intended for sale) must be actively offered for sale at a price which is rational in reference to its current fair value;
- the sale will be recognized as completed within one year from the day of classification, and the activities necessary for the completion of the program indicate that it is highly unlikely that any significant changes in the program will be made or that the program will be withdrawn from.

2.13. INVENTORIES

Definition

The Company's inventories include:

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

Rules for establishing acquisition price

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

Acquisition cost includes all costs of purchase and other costs incurred in the course of bringing inventories to their current place and state.
Purchase costs include acquisition cost, import duty and other taxes (other than taxes that may be recoverable later by an entity from the tax office) as well as the costs of transport, loading and unloading and other costs directly connected with the goods.
While defining, the purchase costs are reduced by rebates, discounts and other similar items.

Valuation of inventories as at the balance-sheet date

During the year, inventories are evidenced in the accounting books at the most recent acquisition price of the relevant inventories item. Inventories are valued at the balance-sheet date at the most recent acquisition price adjusted by relevant revaluation write-offs.
Valuation at the most recent acquisition prices taking into account the specifics of trading conducted by the Company and in particular fast rotation of stock, means that this is not very different from the FIFO valuation.

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

- loss of usable value of stock (damage, obsolete stocks etc.),
- exceeding the balance of stock resulting from need or Company's ability to sell,
- slow rotation of stock,

- loss of market value due to decrease of sale prices lower than the level of stock valuation – net value possible to be gained.

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

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

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

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

Stocktaking

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

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

2.14. FINANCIAL INSTRUMENTS

Definition

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

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

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

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

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

Valuation of financial instruments as at the balance-sheet date

The Company values:

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

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

2.15. TRADE AND OTHER SHORT-TERM RECEIVABLES

Trade receivables

Trade receivables include accounts receivable resulting from deliveries or services provided, which are due up to 12 months and exceeding 12 months.

This item does not include prepaid deliveries payable to suppliers, which are included in the inventories item, as well as any prepayments for intangible assets and tangible fixed assets under construction, which increase the fixed assets.

Other short-term receivables

Other short-term receivables include accounts receivable due within a period shorter than 1 year from the balance-sheet date, with the exception of trade receivables.

This item does not include any prepayments for intangible assets and tangible fixed assets under construction, which are included in the fixed assets.

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

Trade receivables and other short-term receivables are recognized in the books at the due amount adjusted by respective revaluation write-offs. The value of particular accounts receivable should be discounted to current value in case the impact of value of money in time is material.

The interest due for delays in payments by the Company's clients is disclosed at the moment of receipt of money by the Company.

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

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

Receivables revaluation write-offs
Receivables revaluation write-offs are made for:

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

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

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

2.16. INVESTMENTS IN SECURITIES

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

2.17. SHORT-TERM PREPAYMENTS AND ACCRUED INCOME

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

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

The short-term statements include, inter alia, the short-term part of the following items:
- prepaid rent,
- prepaid electricity and central heating,
- prepaid subscription and insurance,
- prepaid services (for example telecommunication services),
- advance payments for the equipment lease agreements.

2.18. LONG-TERM LIABILITIES

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

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

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

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

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

2.19. SHORT – TERM LIABILITIES

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

Short – term liabilities comprise mainly:

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

Valuation of short – term liabilities

Short–term financial liabilities are valued in accordance with fair value increased by the direct costs of transaction. As at the balance–sheet date, the liabilities are valued in accordance with the amortized acquisition cost with the use of an effective interest rate.
Other short-term liabilities are disclosed as due amounts, which also include unpaid interest and unpaid interest provision. Interest is recorded at the time of receipt of interest notes.

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

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

2.20. BANK LOANS

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

2.21. CAPITAL INSTRUMENTS

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

2.22. PROVISIONS

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

The provisions comprise, inter alia, the following costs:

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

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

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

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

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

Currency-translation differences related to the provisions denominated in foreign currencies, arising as at the valuation date, should be disclosed under financial income or expenses.

2.23. SALES REVENUES

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

Sale of goods

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

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

Provision of services

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

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

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

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

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

2.24. EMPLOYEE BENEFITS

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

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

2.25. TAXES

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

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

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

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

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

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

2.26. BUSINESS COMBINATIONS AND THE BASIS OF CONSOLIDATION

Subsidiaries

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

Accounting method

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

Costs of business combination

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

The date of an acquisition

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

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

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

Selected consolidation procedures

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

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

Allocation of the business combination costs

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

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

- in the case of an asset other than an intangible asset, it is probable that any associated future economic benefits will flow to the acquirer and the fair value of such asset can be reliably measured;

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

Goodwill

As at the acquisition date, the acquirer:

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

and

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

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

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

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

and

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

2.27. OPERATIONS SEGMENTS – BUSINESS AND GEOGRAPHICAL

Pursuant to IAS no 14, Segment reporting, the Company is obligated to present results of its operations by operations segments.

In accordance with the provisions of the IAS, such a presentation help the user of financial statements to:

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

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

IRS no 14 presents the following definitions:

Business segment

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

Geographical segment

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

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

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

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

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

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

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

NOTES TO ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2006 TO 31.12.2006

NOTE NO 1
BUSINESS COMBINATION

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

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

1. General information

Table no 1

GENERAL INFORMATION CONCERNING BUSINESS COMBINATION OF THE UNITS

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

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

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

3. Settlement of the business combination

Taking the control over the subsidiary - KDWT S.A. took place on 31 March 2006. The Company presented the initial settlement calculations of the merger of economic entities in the abbreviated consolidated financial statements for the 1st, 2nd and 3rd quarter of 2006 as well as in the interim half-year consolidated financial statements. In these financial statements, the final settlement of the merger of the economic entities is presented.

With regard to the merger of Eurocash S.A. with KDWT S.A., a reassessment of estimates concerning the KDWT trademark was executed. In the initial settlement, the Company assessed the KDWT trademark to equal PLN 15,802,461, whereas its final valuation prepared by an expert surveyor was set at the level of PLN 13.004.000. The impact of the above-mentioned adjustment is additionally presented in point 13 of this note.

4. The costs of the acquisition

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

Table no 2

ACQUISTION COST

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

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

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

Table no 3

NET ASSETS ACQUIRED

	Fair value 31.03.2006	Book value before acquisition 31.03.2006
Fixed assets (long-term)	**23 763 791**	**11 951 642**
Intangible fixed assets	13 551 170	547 170
Goodwill	-	1 191 851
Tangible fixed assets	9 621 179	9 621 179
Investment real property	-	-
Investments in subsidiary companies	-	-
Long-term financial assets available for sale	-	-
Other long-term financial assets	61 885	61 885
Long-term receivables	-	-
Long-term prepayments	529 557	529 557
Deferred income tax assets	529 557	529 557
Other long-term prepayments	-	-
Current assets (short-term)	**106 091 193**	**106 091 193**
Inventories	41 312 915	41 312 915
Trade receivables	53 364 205	53 364 205
Current income tax receivables	-	-
Other short-term receivables	1 828 874	1 828 874
Short-term financial assets available for sale	-	-
Short-term financial assets held for trade	-	-
Other short-term financial assets	-	-
Cash and cash equivalents	8 704 730	8 704 730
Short-term prepayments	880 470	880 470
Fixed assets classified as held for sale	-	-
Liabilities	**90 945 199**	**88 474 439**
Long-term liabilities	**3 070 694**	**599 934**
Long-term loans and credits	-	-
Other long-term financial liabilities	-	-
Other long-term liabilities	-	-
Deferred income tax provision	2 686 958	216 198
Provision for employee benefits	63 620	63 620
Other long-term provisions	320 115	320 115
Short-term liabilities	**87 874 505**	**87 874 505**
Short-term loans and credits	44 878 555	44 878 555
Other short-term financial liabilities	-	-
Trade liabilities	40 627 698	40 627 698
Current income tax liabilities	-	-
Other short-term liabilities	2 368 253	2 368 253
Short-term provisions	-	-
Liabilities due to fixed assets held for sale	-	-
Acquired net assets	**38 909 785**	**29 568 396**
Goodwill on acquisition	22 103 227	
Acquisition cost	**61 013 012**	

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

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

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

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

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

6. General information concerning the acquisition of OPE of Carment

Table no 4

GENERAL INFORMATION CONCERNING BUSINESS COMBINATION OF THE UNITS

1. Name of acquired company	Organized parts of the enterprise (OPE) of Carment, M. Stodółka i Wspólnicy Spółka Jawna
2. Core business	ratail and wholesale distribution of food, other wholesale activity
3. Acquisition date	August, 16 2006
4. Acquired stake (%)	not applicable
5. Acquisition cost	**35 951 555**

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

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

8. The costs of the acquisition

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

Table no 5

ACQUISTION COST

	as of 16.08.2006
Cash	**35 000 000**
Direct acquistion costs	
Costs of consulting services (legal, accounting, etc.)	548 945
Tax on civil law transactions	322 610
OPE of Carment valuation costs	80 000
	35 951 555

With regard to the execution of the final settlement of the acquisition of OPB Carment, the Company has conducted a review of the acquisition costs. As a result of the above, in line with the above presentation, costs of legal services, costs of legal advisory services, costs directly related to the execution of the transaction, civil actions tax and the costs of valuations of OPB Cament were activated. The impact of the above-mentioned adjustment is additionally presented in point 13 of this note.

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

In relation to the execution of the final settlement of the acquisition of OPB Carment, verification of the amounts of the liabilities taken over as a result of the conclusion of the transaction was conducted in the books of particular companies of the Eurocash Group. The adjustment concerns the public and legal liabilities, which were impossible to be specified at an earlier stage, taken over as a result of the transaction, as well as reserves, which are to be recognised, related to unused holidays of employees taken over as a result of the transaction and the employee benefits reserves. The impact of the above-mentioned adjustment is additionally presented in point 13 of this note.

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

Table no 6

NET ASSETS ACQUIRED

	Fair value 16.08.2006
Fixed assets (long-term)	**40 736 292**
Intangible fixed assets	1 429 616
Goodwill	-
Tangible fixed assets	39 306 675
Investment real property	-
Investments in subsidiary companies	-
Long-term financial assets available for sale	-
Other long-term financial assets	-
Long-term receivables	-
Long-term prepayments	-
Deferred income tax assets	-
Other long-term prepayments	-
Current assets (short-term)	**45 962 362**
Inventories	15 862 732
Trade receivables	23 526 055
Current income tax receivables	-
Other short-term receivables	200 000
Short-term financial assets available for sale	-
Short-term financial assets held for trade	3 993 600
Other short-term financial assets	-
Cash and cash equivalents	2 379 976
Short-term prepayments	-
Fixed assets classified as held for sale	-
Liabilities	**62 467 571**
Long-term liabilities	**33 331**
Long-term loans and credits	-
Other long-term financial liabilities	-
Other long-term liabilities	-
Deferred income tax provision	-
Provision for employee benefits	33 331
Other long-term provisions	-
Short-term liabilities	**62 434 240**
Short-term loans and credits	22 735 501
Other short-term financial liabilities	-
Trade liabilities	37 113 818
Current income tax liabilities	-
Other short-term liabilities	2 035 444
Short-term provisions	549 477
Liabilities due to fixed assets held for sale	-
Acquired net assets	**24 231 083**
Goodwill on acquisition	11 720 472
Acquisition cost	**35 951 555**

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

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

10. Goodwill

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

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

Table no 7

GOODWILL

	for period from 01.01.2006 to 31.12.2006
Book value at the beginning of the period	
Gross value	-
Cumulated loss on impairment of assets	-
	-
Recognized additional goodwill	33 823 699
Latter regonizing of the deffered tax	-
Goodwill removed from balance sheet at sale	-
Recognized impaiment of assets	-
Net curency exchange differences	-
Other changes	-
Book value at the end of period	
Gross value	33 823 699
Cumulated loss on impairment of assets	-
	33 823 699

With regard to the final settlement of the merger of the economic entities, an adjustment of the value of the company was made, which arose as a result of the acquisition of shares in KDWT S.A. and OPB Carment. The impact of the above-mentioned adjustment is additionally presented in point 13 of this note.

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

11. Business combination of the units from 01.01 to 30.09.2006

Table no 8

BUSINESS COMBINATION OF THE UNITS FROM 01.01 TO 31.12.2006

Name of acquired company	Date of acquisition	Acquired stake (%)	Acquisition cost	Fair value of net assets	Goodwill on acquisition
KDWT S.A.	2006-03-31	100%	61 013 012	38 909 785	22 103 227
Organized parts of the enterprise of Carment	2006-08-16	n/d	35 951 555	24 231 083	11 720 472

12. Revenues and financial result of the combined business units

Table no 9

REVENUES AND FINANCIAL RESULT OF THE COMBINED BUSINESS UNITS FROM 01.01 TO 31.12.2006*

Name of the unit	Revenues of the joined units for the period	Net result of the joined units for the period
EUROCASH S.A.	1 958 394 720	37 093 196
KDWT S.A.	1 637 101 755	8 564 871
EUROCASH FRANSZYZA SP. Z O.O.	4 439 736	-2 776 037
EUROCASH DETAL SP. Z O.O.	1 391 309	-992 568
	3 601 327 520	**41 889 461**

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

13. Impact of the final settlement of the acquisition of economic entities on the previously disclosed financial statements.

Settlement of the acquisition of 100% shares in KDWT S.A.

The Company reassessed the estimated value of the KDWT trademark. In the initial settlement, the Company assessed the KDWT trademark at the level of PLN 15,802,461, whereas its final valuation prepared by an expert surveyor equaled PLN 13.004.000. The adjustment in the amount of PLN 2,798,461 (gross, before the calculation of the differed tax adjustment) was directly recorded in the other intangible assets, calculation of the value of the company generated as a result of the merger, resulting in an increase of the value from PLN 19,836,473 to PLN 22,103,227 and the level of differed tax reserves decreasing it by PLN 531,809.

Settlement of the acquisition of OPB Carment, M. Stodółka i Wspólnicy Spółka Jawna

In relation to the execution of the final settlement of the acquisition of OPB Carment, the Company has conducted a reassessment of the acquisition costs. As a result of the above, in line with the presentation included in point 8 of this note, the costs of legal services, costs of legal advisory services, costs directly related to the execution of the transaction, civil actions tax and the costs of valuations of OPB Cament were activated. The adjustment had a direct impact on the presented financial results of the Group in the amount of PLN 951,555 (gross, before the calculation of the differed tax adjustment) by making a decrease of the overhead costs and an increase of the value of the company resulting from the transaction.

As a part of the final settlement of the acquisition, the Company has additionally recognised public and legal liabilities, liabilities related to the reserves for unused holidays of employees taken over with OPB Carment and the employee benefits liabilities reserves. The adjustment increased the calculated value of the company resulting from the merger by an increase in liabilities, which were the part of the net assets taken over by PLN 2,618,252.

NOTE NO 2
SEGMENT REPORTING

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

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

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

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

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

Table no 10

INCOME AND RESULTS BY BUSINESS SEGMENTS IN THE PERIOD FROM 01.01.2006 TO 31.12.2006

	Traditional wholesale	Active distribution*	Other	Exclusions	Total
Sales	**1 978 448 439**	**1 364 559 877**	**5 831 045**	**(111 862 314)**	**3 236 977 047**
External sales	1 958 394 720	1 272 751 282	5 831 045	-	3 236 977 047
Inter-segmental sales	20 053 719	91 808 595	-	(111 862 314)	-
Segment result	**46 023 561**	**11 681 705**	**(1 233 985)**	**(1 254 013)**	**55 217 269**
Not allocated costs	-	-	-	-	-
Net loss on discontinued operations	-	-	-	-	-
Operating profit	**46 023 561**	**11 681 705**	**(1 233 985)**	**(1 254 013)**	**55 217 269**
Finance income	-	-	4 963 847	(294)	4 963 554
Finance costs	-	-	(6 633 234)	583 592	(6 049 642)
Share of profit on investments in associates	-	-	-	-	-
Profit before income tax	**-**	**-**	**(2 903 371)**	**(670 715)**	**54 131 181**
Income tax	-	-	(12 877 688)	318 899	(12 558 789)
Minority interest	-	-	-	-	-
Net profit	**-**	**-**	**(15 781 058)**	**(351 816)**	**41 572 392**
Total assets	**593 271 319**	**165 588 920**	**16 890 564**	**(72 998 438)**	**702 752 365**
Total liabilities	**593 271 319**	**165 588 920**	**16 890 564**	**(72 998 438)**	**702 752 365**
Investment expenditures	**124 889 409**	**3 490 769**	**11 050 065**	**(22 635 352)**	**116 794 891**
Depreciation and amortisation	28 018 374	3 119 925	1 304 834	(387 498)	32 055 635

* - due to KDWT acquisition date, includes Q2, Q3 and Q4 results only

NOTE NO 3
RELATED PARTY TRANSACTIONS

In the fourth quarter of 2006, Eurocash S.A. granted a loan to its subsidiary KDWT S.A. in the amount of PLN 15,950 thousand. The above-mentioned loan was payable in five tranches within the period from 21.12 to 29.12 and paid back within the period from 03.01 to 10.01. The entire amount of the loan was granted for the purposes of financing of current operations of KDWT S.A. An agreement met market standards, and its impact on the presented results of the Company is not material due to the fact that it concerns a very short period of time.

In 2006 no material related party transactions took place other than the loan specified above, and the ones resulting from the ordinary course of business conducted on market conditions.

NOTE NO 4
IMPORTANT EVENTS BEFORE THE BALANCE-SHEET DATE

The Ordinary Shareholders' Meeting of Eurocash S.A.

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

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

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

Payment of dividend for 2005

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

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

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

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

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

- Eurocash would acquire an organised part of Carment's enterprise which operates wholesale business– mainly supply of FMCG products to "Delikatesy Centrum" stores,

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

- EC Franszyza would acquire an organised part of Carment's enterprise, which encompasses franchise chain of retail stores under the "Delikatesy Centrum" brand,
- EC Detal would acquire an organised part of Carment's enterprise, which encompasses 30 own stores operated by Carment under the "Delikatesy Centrum" brand.

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

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

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

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

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

SIGNATURES OF THE MANAGEMENT BOARD MEMBERS

Position	Name and surname	Date	Signature
Management Board Member Chief Executive Officer	Rui Amaral	28th February 2007	
Management Board Member Financial Executive Officer	Arnaldo Guerreiro	28th February 2007	