EUROCASH
CONSOLIDATED QUARTERLY REPORT
4th QUARTER 2007

CONTENTS:

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

Management discussion of the financial results for the 4Q 2007

1. Eurocash: Key financial and operational highlights in 4Q 2007

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

Eurocash Discount Cash&Carry stores:

- In 4Q 2007 sales of Eurocash Discount Cash&Carry stores amounted to PLN 556,34m and increased by 20.57% comparing with 4Q 2006. Sales for FY 2007 amounted to PLN 2 116,57m and increased by 14,86% comparing with 2006
- LFL sales growth (same number of stores) in Eurocash Discount Cash&Carry stores in 4Q 2007 amounted to 19.04%. For the FY 2007 LFL sales growth in Eurocash Discount Cash&Carry stores amounted to 12.2%. LFL sales growth for 2006, 2005 and 2004 amounted respectively 5.8%, 5.5% and 16.4%.
- Without categories of tobacco and phone cards, the LFL sales growth in Cash&Carry stores in 4Q 2007 amounted to 21.30%. For the FY 2007 LFL sales growth without categories of tobacco and phone cards in Cash&Carry amounted to 14.2%. The adjusted LFL sales growth for 2006, 2005 and 2004 amounted respectively 5.2%, 2.5% and 16.6%.
- Number of Eurocash Discount Cash&Carry stores amounted to 102 at the end of 2007.
- Number of abc stores amounted to 2 494 at the end of 2007.
- Share of abc stores in total sales of Discount Cash & Carry stores amounted in 4Q 2007 to 42.40% and to 43.50% in FY 2007.
- Sales to abc shops in 4Q 2007 increased by 10,40% YoY and 20.80% in 2007 comparing to 2006.

Delikatesy Centrum Distribution Centers*:

- Wholesale sales realized by "Delikatesy Centrum" Distribution Centers in 4Q 2007 amounted to PLN 143.97m, 60.6% more than in 4Q 2006. In FY 2007 wholesale sales realized by "Delikatesy Centrum" Distribution Centers amounted to PLN 492.92m. Comparing with FY 2006 (till 16.08.2006 within Carment S.A.) in FY 2007 wholesale sales realized by "Delikatesy Centrum" Distribution Centers increased by 50.5%.
- LFL growth of the wholesale sales to "Delikatesy Centrum" franchise stores in 4Q 2007 r amounted to 30,1% and in FY 2007 amounted to 32,6%.
- LFL growth of the retail sales of "Delikatesy Centrum" franchise stores in 4Q 2007 r amounted to 19,5% and in FY 2007 amounted to 24,2%.
- Number of “Delikatesy Centrum” franchise stores at the end of 2007 amounted to 295.

KDWT - Active Distribution:

- In 4Q 2007 total sales of KDWT amounted to PLN 613,32m, comparing with PLN 471,15m in 4Q 2006. In 4Q YTD 2007 totals sales amounted to PLN 2 266,70m comparing with PLN 1 728,91m 4Q YTD 2006 and increased by 31,11%.
- Growth of sales in food category in 4Q YTD 2007 amounted to 86,6% comparing with the same period 2006.

* Result on sales realized by "Delikatesy Centrum" Distribution Centers are included in financial statements of Eurocash S.A. since 16.08.2006. Information about the sales levels in periods before acquisition date (16.08.2006) are provided for information purposes only. This information is based on the historical data extracted from the management accounting system of Carment S.A. and have been not verified by Eurocash S.A.

- In terms of volume, sales of cigarettes in 4Q YTD 2007, increased by 15,7% and exceeded 8 309m pcs.
- Number of KDWT branches as of the end of 4Q 2007 amounted to 79 plus 3 distribution Centers

Eurocash Group

Profit & loss account

Table 1 Eurocash Group: Summary of consolidated financial results for 4Q 2007.

PLN million	4Q 2007	4Q 2006	Change 4Q 07 / 4Q 06
Sales revenues (traded goods, materials)	1 276,65	1 032,91	23,60%
Sales in Discount Cash & Carry stores	556,34	461,40	20,57%
Sales of "Delikatesy Centrum" Distribution Centers	143,97	89,62	60,64%
Sales in KDWT	613,32	471,15	30,17%
Other	8,61	6,23	
Exclusions	(45,59)	4,51	
Gross profit/(loss) on sales	125,86	95,69	31,54%
Gross profitability on sales %)	9,86%	9,26%	0,59 p.p.
EBITDA	40,64	29,30	38,70%
(EBITDA margin %)	3,18%	2,84%	0,35 p.p.
EBIT	31,18	21,08	47,87%
(EBIT margin%)	2,44%	2,04%	0,40 p.p.
Gross profit	24,60	20,28	21,34%
Net income	19,63	15,41	27,36%
Net profitability %	1,54%	1,49%	0,05 p.p.

Table 2 Eurocash Group: Summary of consolidated financial results for 4Q YTD 2007.

PLN million	4 YTD 2007	4 YTD 2006	Change 4 YTD 07 / 4 YTD 06
Sales revenues (traded goods, materials)	4 729,45	3 236,98	46,11%
Sales in Discount Cash & Carry stores	2 116,56	1 842,69	14,86%
*Sales of "Delikatesy Centrum" Distribution Centers**	492,92	135,76	263,08%
*Sales in KDWT***	2 266,71	1 728,91	31,11%
Other	30,93	8,45	
Exclusions	-177,67	-478,84	
Gross profit/(loss) on sales	423,28	306,19	38,24%
Gross profitability on sales %)	8,95%	9,46%	-0,51 p.p.
EBITDA	121,88	87,27	39,66%
(EBITDA margin %)	2,58%	2,70%	-0,12 p.p.
EBIT	85,77	55,22	55,33%
(EBIT margin%)	1,81%	1,71%	0,11 p.p.
Gross profit	73,70	54,13	36,16%
Net income	58,89	41,57	41,65%
Net profitability %	1,25%	1,28%	-0,04 p.p.

(*)Sales realized by "Delikatesy Centrum" Distribution Centers are included in Eurocash S.A. results since 16.08.2006
(**)Sales realized by KDWT are consolidated in results of the Eurocash S.A. capital group since 31.03.2006. Data for 2006 is provided for information purposes only.

Consolidated sales of Eurocash Group in 4Q 2007 increased by 23.6% YoY. Such result was mainly attributable to strong organic growth posted by all business units. During the FY 2007 strong LFL sales growth accompanied with geographical expansion was the main growth driver of the Eurocash Group sales. In addition increase of tobacco excise tax noted during 2007 positively influenced the top line growth in KDWT S.A.

The EBITDA margin in 4Q 2007 amounted to 3.18%, which was 35 bps higher margin than in 4Q 2006. Together with strong growth in sales, improvement of EBITDA margin resulted in 38.7% increase of EBITDA level up to PLN 40.6m in 4Q 2007 and improvement of net profit by 27.4% YoY to PLN 19.6m.

In the FY 2007 the blended EBITDA margin of the Eurocash Group amounted to 2.6%, 12 bps lower than in FY 2006. Main reason of the decrease is, that in 2006 sales of KDWT and sales to Delikatesy Centrum franchise chain have been not included in the consolidated sales for the full year. The consolidated EBITDA for 2007 amounted to PLN 121.9m and net profit to PLN 58.9m.

Also in 2007 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 2007 amounted to PLN 4.85 million comparing with PLN 2.15 million in 2006.

Cash flow

Table 3 Eurocash Group: Consolidated cash flow for 4Q 2007.

PLN million	**4Q 2007**	**4Q 2006**
Operating cash flow	113,09	6,34
Gross profit (loss)	*24,60*	*20,28*
Depreciation	*9,46*	*8,21*
Change in working capital	*78,42*	*(17,16)*
Other	*0,61*	*(4,99)*
Cash flow from investments	(16,16)	13,33
Cash flow from financing activities	(16,47)	(7,13)
Total cash flow	80,46	12,55

Table 4 Eurocash Group: Consolidated cash flow for 4Q YTD 2007.

PLN million	**4 YTD 2007**	**4Q YTD 2006**
Operating cash flow	182,52	34,99
Gross profit (loss)	73,70	54,13
Depreciation	36,12	32,06
Change in working capital	82,98	(40,32)
Other	(10,28)	(10,87)
Cash flow from investments	(61,66)	(68,49)
Cash flow from financing activities	(33,57)	(24,30)
Total cash flow	87,29	(57,80)

Cash flow from operating activities before working capital changes amounted to PLN 41.2m in 4Q 2007 and PLN 122.5m in FY 2007. The 4Q 2007 was very strong in terms of cash flow from working capital which amounted to PLN 78.4m. In the FY 2007 cash flow from working capital amounted therefore to PLN 83.0m. Cash generated from operating activities was sufficient to finance investments and dividend payment realised in 2007, while keeping the consolidated debt at stable and low level in line with the previous year.

Total cash flow of Eurocash Group in FY 2007 amounted to PLN 87.3m. The strongest cash flow the Eurocash Group posted in 4Q 2007, when the total cash flow amounted to PLN 80.5m. As a result, level of cash and equivalents as of the end of 2007 amounted to PLN 128.5, PLN 87.3m more than at the end of 2006.

Working capital

Table 5 Eurocash Group: Consolidated working capital ratios flow for 4Q 2007

Turnover in days	4Q 2007	4Q 2006
1. Inventories turnover	17,6	18,7
2. Trade receivables turnover	15,5	14,3
3. Trade liabilities turnover	41,6	36,4
4. Operating cycle (1+2)	33,1	32,9
5. Cash conversion (4-3)	(8,4)	(3,5)

Table 6 Eurocash Group: Consolidated working capital ratios flow for 4Q YTD 2007.

Turnover in days	4Q YTD 2007	4Q YTD 2006
1. Inventories turnover	18,9	23,6
2. Trade receivables turnover	16,6	18,1
3. Trade liabilities turnover	44,1	46,2
4. Operating cycle (1+2)	35,5	41,7
5. Cash conversion (4-3)	(8,6)	(4,5)

Eurocash Group managed to improve the cash conversion cycle in 4Q 2007 as well as in the FY 2007 to respectively negative 8.4 and 8.6 days. Main improvements have been made in areas of inventories and trade receivables turnover.

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 7 Eurocash Group: Selected consolidated balance sheet items

PLN million	31.12.2007		30.09.2007		31.12.2006	
Fixed assets	282,93	31,81%	277,11	35,45%	262,00	37,28%
Current assets	606,41	68,19%	504,59	64,55%	436,12	62,72%
Total assets	889,35	100,00%	781,70	100,00%	698,12	100,00%
Equity	233,40	26,24%	211,59	27,07%	199,03	28,32%
Liabilities and provisions	655,95	73,76%	570,12	72,93%	499,09	71,68%
Total liabilities and equity	889,35	100,00%	781,70	100,00%	698,12	100,00%

Eurocash S.A.

Profit & loss account

Table 8 Eurocash S.A.: Summary of financial results for 4Q 2007

PLN million	4 Q 2007	4 Q 2006	change 4Q 2007 / 4Q 2006
Sales revenues	700,30	551,02	27,09%
Sales in Discount Cash & Carry stores	556,34	461,40	20,57%
Sales of "Delikatesy Centrum" Distribution Centers	143,97	89,62	60,64%
Gross profit/(loss) on sales	99,08	75,06	32,00%
Gross profitability on sales %)	14,15%	13,62%	0,53 p.p.
EBITDA *(EBITDA margin %)*	33,79 4,82%	24,31 4,41%	38,96% 0,41%
EBIT *(EBIT margin%)*	26,36 3,76%	17,22 3,12%	53,13% 0,64 p.p.
Gross profit	21,18	16,61	27,50%
Net income *(Net profitability %*	17,17 2,45%	12,55 2,28%	36,81% 0,17 p.p.

Table 9 Eurocash S.A.: Summary of financial results for 4Q YTD 2007

PLN million	4 Q 2007	4 Q 2006	change 4Q 2007 / 4Q 2006
Sales revenues	2 609,48	1 978,45	31,90%
Sales in Discount Cash & Carry stores	492,92	135,76	263,08%
Sales of "Delikatesy Centrum" Distribution Centers	2 266,70	1 728,91	31,11%
Gross profit/(loss) on sales	325,65	257,59	26,42%
(Gross profitability on sales %)	12,48%	13,02%	-0,54 p.p.
EBITDA) *(EBITDA margin %)*	93,77 3,59%	74,04 3,74%	26,64% -0,15 p.p.
EBIT *(EBIT margin%)*	63,64 2,44%	46,02 2,33%	38,27% 0,11 p.p.
Gross profit	55,97	46,48	20,42%
Net income *Net profitability %*	44,66 1,71%	35,88 1,81%	24,48% -0,10 p.p.

In 2007 sales of Eurocash S.A. increased by 31.9% and amounted to PLN 2 609.48m. Main reason for such growth was the addition of sales to the Delikatesy Centrum franchise chain in August 2006 as well as strong organic growth posted in 2007. Gross margin on sales in 2007 was 54 bps lower than in 2006, however it should be noted, that part of supplementary gains related to the sales to the Delikatesy Centrum franchise chain is realized by the master franchisor of the chain - Eurocash Franszyza Sp. z o.o. and is presented under segment “Other”. After adjustment of the gross margin by the external sales of the “Other” segment, the gross margin on sales realized by Eurocash Cash&Carry and „Delikatesy Centrum" Distribution Center would amount to 13.30%.

EBITDA amounted in 2007 PLN 93.8m. Net income amounted to PLN 44.7m, comparing with 35.9m in 2006.

Table 10 Eurocash S.A.: Costs analysis for 4Q 2007

PLN million	4 Q 2007	4 Q 2006	change 4Q 2007 / 4Q 2006
Gross profit/(loss) on sales *(Gross profitability on sales %)*	99,08 14,15%	75,06 13,62%	99,08 14,15%
Costs of sales: *(as % of sales)*	(46,53) 6,64%	(39,71) 7,21%	(46,53) 6,64%
General Management costs:	(23,96)	(15,88)	(23,96)
(as % of sales)	3,42%	2,88%	3,42 p.p.
Profit/loss on sales	28,59	19,47	28,59
(as % of sales)	4,08%	3,53%	4,08 p.p.
Other operating income	7,67	1,73	7,67
Other operating costs	(9,90)	(3,98)	(9,90)
Operating profit – EBIT	26,36	17,22	26,36
(EBIT margin %)	3,76%	3,12%	3,76.p.p.
Depreciation	7,43	7,10	7,43
EBITDA	33,79	24,31	33,79
(EBITDA margin %)	4,82%	4,41%	4,82p.p.

Table 11 Eurocash S.A.: Costs analysis for 4Q YTD 2007.

PLN million	4 Q 2007	4 Q 2006	change 4Q 2007 / 4Q 2006
Gross profit/(loss) on sales *(Gross profitability on sales %)*	325,65 12,48%	257,59 13,02%	26,42% -0,54 p.p.
Costs of sales: *(as % of sales)*	(176,17) 6,75%	(140,27) 7,09%	25,59% -0,34 p.p.
General Management costs:	(81,08)	(66,64)	21,67%
(as % of sales)	3,11%	3,37%	-0,26 p.p.
Profit/loss on sales	68,40	50,68	34,96%
(as % of sales)	2,62%	2,56%	0,06 p.p.
Other operating income	15,73	6,73	133,67%
Other operating costs	(20,49)	(11,39)	79,96%
Operating profit – EBIT	63,64	46,02	38,27%
(EBIT margin %)	2,44%	2,33%	0,11 p.p.
Depreciation	30,13	28,02	7,54%
EBITDA	93,77	74,04	26,64%
(EBITDA margin %)	3,59%	3,74%	-0,15 p.p.

In 2007 results of Eurocash S.A. 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 2007 amounted to PLN 4.85 million comparing with PLN 2.15 million in 2006.

Cash flow

Table 12 Eurocash S.A.: Cash flow for 4Q 2007

PLN million	4Q 2007	4Q 2006
Operating cash flow	95,38	18,38
Gross profit (loss)	*21,18*	*16,61*
Depreciation	*7,43*	*7,10*
Change in working capital	*66,54*	*(2,83)*
Other	*0,24*	*(2,50)*
Cash flow from investments	(11,36)	(2,17)
Cash flow from financing activities	(1,39)	(7,65)
Total cash flow	82,63	8,56

Table 13 Eurocash S.A.: Cash flow for 4Q YTD

mln zł	4Q YTD 2007	4Q YTD 2006
Operating cash flow	167,25	51,11
Gross profit (loss)	55,97	46,48
Depreciation	30,13	28,02
Change in working capital	90,04	(14,37)
Other	(8,89)	(9,02)
Cash flow from investments	(28,84)	(93,86)
Cash flow from financing activities	(47,26)	(31,21)
Total cash flow	91,14	(73,95)

Total cash flow of Eurocash S.A. in 2007 amounted to PLN 91,14 million.

Working capital

Table 14 Eurocash S.A.: Working capital ratios flow for 4Q

Turnover in days	**4Q 2007**	**4Q 2006**
1. Inventories turnover	23,0	26,2
2. Trade receivables turnover	15,0	15,5
3. Trade liabilities turnover	67,2	63,7
4. Operating cycle (1+2)	38,1	41,7
5. Cash conversion (4-3)	(29,2)	(22,0)

Table 15 Eurocash S.A.: Working capital ratios flow for 4Q YTD

Turnover in days	**4Q YTD 2007**	**4Q YTD 2006**
1. Inventories turnover	24,5	29,0
2. Trade receivables turnover	16,0	17,1
3. Trade liabilities turnover	70,2	69,9
4. Operating cycle (1+2)	40,5	46,0
5. Cash conversion (4-3)	(29,7)	(23,8)

The cash conversion cycle in 2007 improved comparing with 2006 by 5.9 days to negative 29.7 days.

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 16 Eurocash S.A.: Selected balance sheet items

PLN million	31.12.2007		30.09.2007		31.12.2006	
Fixed assets	289,58	40,99%	286,81	45,42%	281,94	47,90%
Current assets	416,96	59,01%	344,71	54,58%	306,70	52,10%
Total assets	706,54	100,00%	631,52	100,00%	588,64	100,00%
Equity	213,48	30,21%	194,11	30,74%	193,34	32,85%
Liabilities and provisions	493,07	69,79%	437,41	69,26%	395,30	67,15%
Total liabilities and equity	706,54	100,00%	631,52	100,00%	588,64	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.

2. Major events and factors that influenced consolidated income or loss.

- In 4Q 2007 there have been no major events and factors that influenced consolidated income or loss of the Eurocash Group realised in this period.

- On December 5, 2007 the Eurocash (the "Company") and McLane International LLC (the „Seller") executed a preliminary agreement providing for an obligation to enter by April 30, 2007 into a share sale agreement (the "Agreement") pertaining to an acquisition by the Company of 100% shares in McLane Polska sp. z o.o. („McLane Polska") in exchange for cash payment.
  In addition, the Company has undertaken to issue and offer to the Seller shares in the Company at an aggregate value equivalent to 5.000.000 USD, calculated based on the issue price of the shares, which shall be equivalent to the weighted average closing price of the Company shares on the Warsaw Stock Exchange (Giełda Papierów Wartościowych S.A.) within 20 session days following the execution of share sale agreement.
  The Agreement may only be entered on condition that the Company obtains the consent of the President of the Antimonopoly Office and that McLane Polska obtains relevant clearance certificates from the tax office and the Social Insurance Institution (ZUS). In addition, the parties shall be entitled not to enter into the share sale agreement if the legal and financial due diligence of McLane Polska proves the existence of liabilities which would constitute the basis for a substantial price reduction.
  McLane is a leading wholesaler of FMCG (fast-moving consumer goods) on the Polish market, with annual turnover reaching 1.0 billion PLN. It operates three distribution centers: in Błonie near Warsaw, Ruda Śląska and Gdynia as well as 11 transfer warehouse facilities spread across Polish territory. McLane Polska specializes in the active distribution of food, impulse products and cigarettes to petrol station networks, restaurants and food stores, including, in particular, about 300 retail outlets all over Poland, being part of the franchise network operated by McLane Polska under the IGA brand.
  The acquisition of McLane Polska will consolidate the position of the Eurocash capital group on the FMCG wholesale market, in particular in the impulse products category, and will facilitate the entry into new market segments such as the provision of services to petrol stations and restaurants. In addition, the logistical capabilities of McLane Polska and its trading relations with the retail outlets of the IGA franchised network should have a positive impact on the growth capability of the "Delikatesy Centrum" franchised network operated by Eurocash S.A.

3. Development perspectives

External Factors:

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

Internal Factors:

- Integration of KDWT operations and business acquired from Carment

  Due to necessity of integration of KDWT and former Carment businesses on the operational level, in the opinion of the Management Board of Eurocash achievement of the full synergy effects resulting from these transactions will be possible within 1-2 years.
- Execution of the preliminary agreement to acquire 100% of McLane Polska sp. z o.o.
- 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.
- Strict cost control

4. Additional information

Explanations regarding seasonality

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

Issuance, redemption and repayment of debt and capital securities

In 4Q 2007 Eurocash S.A. did not issue, acquire or repay debt or capital securities.

Changes in the basic management principles

In 4Q 2007 there were no changes in the basic management principles

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

The Management Board of Eurocash S.A. has not published financial forecasts for 2007.

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

	29.02.2008				14.11.2007			
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	54.42%	70 258 100	54.42%	70 258 100	55.00%	70 258 100	55.00%
2. ING Nationale – Nederlanden Polska Otwarty Fundusz Emerytalny	6 598 714	5.11%	6 598 714	5.11%	6 598 714	5.17%	6 598 714	5.17%
3. Commercial Union – Powszechne Towarzystwo Emerytalne BPH CU WBK	6 586 001	5.10%	6 586 001	5.10%	6 586 001	5.16%	6 586 001	5.16%
4. Others	45 660 185	35,37%	45 660 185	35,37%	44 299 185	34,68%	44 299 185	34,68%
TOTAL	**129 103 000**	**100,00%**	**129 103 000**	**100,00%**	**127 742 000**	**100,00%**	**127 742 000**	**100,00%**

Number of shares (or rights to shares) held by the members of the Management Board and Supervisory Board of Eurocash

	Shares or rights to acquire Eurocash shares	
	29.02.2008	14.11.2007
Management Board members		
Luis Amaral (directly and indireclty)	70 258 100	70 258 100
Rui Amaral	1 341 575	1 341 575
Katarzyna Kopaczewska	401 000	401 000
Arnaldo Guerreiro	1 083 000	1 083 000
Pedro Martinho	637 000	637 000
Ryszard Majer	371 000	371 000
Roman Piątkiewicz	507 222	507 222
Supervisory Board members		
Eduardo Aguinaga de Mores	0	0
Joao Borges de Assuncao	0	0
Ryszard Wojnowski	0	0
Janusz Lisowski	0	0
Antonio Jose Santos Silva Casanova	0	0

Information on legal suits.

In the 4Q 2007 companies belonging to Eurocash group were not involved into any legal suit in any court, nor in a body competent for arbitration proceedings nor an administrative body, which total value would amount to at least 10 % of equity.

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

In the 4Q 2007 Eurocash granted the following sureties for liabilities of KDWT S.A.:
- In relation with agreement for credit facilities executed by KDWT S.A. with Bank Millennium Spółka Akcyjna w Warszawie („Millennium") with total amount of up to PLN 31.000.000 for undefined period of time,
- In relation with agreement for credit facilities executed by KDWT S.A. with BRE Bank S.A. ("BRE') with total amount up to PLN 20.000.000 valid till 30.09.2008,
- In relation with agreement for guarantee executed by KDWT S.A. with BRE with total amount of PLN 20.000.000 valid till 31.03.2009.

In the 4Q 2007 Eurocash did not grant any other surety for a credit or a loan nor did it grant any guarantee of total value equivalent to 10% of the issuer's equity.

Signatures of Management Board Members representing the Company:

Position	Name and surname	Date	Signature
Management Board Member	Rui Amaral	29th February 2008	
Management Board Member	Arnaldo Guerreiro	29th February 2008	

EUROCASH S.A.

QUARTERLY ABBREVIATED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1ST JANUARY 2007 TO 31ST DECEMBER 2007

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

KOMORNIKI, 29th February 2008

CONTENTS

GENERAL INFORMATION

1. INFORMATION ON THE COMPANY

1.1. COMPANY NAME

EUROCASH Spółka Akcyjna

1.2. REGISTERED OFFICE

ul. Wiśniowa 11, 62-052 Komorniki

1.3. CORE BUSINESS

Other wholesale (PKD 5190 Z)

1.4. REGISTRY COURT

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

1.5. DURATION OF THE COMPANY

Indefinite

1.6. PERIOD COVERED BY THE ABBREVIATED FINANCIAL STATEMENTS

The reporting period 1st January 2007 – 31st December 2007 and comparable periods: 1st January 2006 – 31st December 2006

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.

2.2. SUPERVISORY BOARD

João Borges de Assunção – Chairman of the Supervisory Board,
Eduardo Aguinaga de Moraes – Supervisory Board Member,
Ryszard Wojnowski – Supervisory Board Member,
Janusz Lisowski – Supervisory Board Member,
António José Santos Silva Casanova – Supervisory Board Member.

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

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

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

SELECTED CONSOLIDATED FINANCIAL DATA

SELECTED CONSOLIDATED FIGURES AS AT 31 DECEMBER 2007

	for the period 01.01.2007 to 31.12.2007 PLN	for the period 01.01.2006 to 31.12.2006 PLN	for the period 01.01.2007 to 31.12.2007 EUR	for the period 01.01.2006 to 31.12.2006 EUR
Net sales	4 729 446 530	3 236 977 047	1 252 236 425	830 185 696
Operating profit (loss)	85 766 919	55 217 269	22 708 886	14 161 542
Profit (loss) before tax	73 703 770	54 131 181	19 514 872	13 882 994
Net Profit (loss) on continued operations	58 888 733	41 572 392	15 592 230	10 662 048
Net profit (loss)	58 888 733	41 572 392	15 592 230	10 662 048
Net operating cash flow	182 523 072	34 994 133	48 327 439	8 974 926
Net investment cash flow	(61 664 589)	(68 492 886)	(16 327 205)	(17 566 332)
Net financial cash flow	(33 566 620)	(24 299 383)	(8 887 582)	(6 232 049)
Net change in cash and cash equivalents	87 291 864	(57 798 135)	23 112 652	(14 823 455)
Weighted average number of shares	127 742 000	127 742 000	127 742 000	127 742 000
Weighted average diluted number of shares	137 093 511	134 795 433	137 093 511	134 795 433
EPS (in PLN / EUR)	0,46	0,33	0,12	0,08
Diluted EPS (in PLN / EUR)	0,43	0,31	0,11	0,08
Average PLN / EUR rate*			3,7768	3,8991
	as at 31.12.2007 PLN	as at 31.12.2006 PLN	as at 31.12.2007 EUR	as at 31.12.2006 EUR
Assets	889 347 239	698 119 956	248 282 311	182 219 659
Long-term liabilities	23 037 797	19 228 821	6 431 546	5 019 007
Short-term liabilities	632 907 708	479 858 556	176 691 152	125 250 197
Equity	233 401 735	199 032 578	65 159 613	51 950 454
Share capital	127 742 000	127 742 000	35 662 200	33 342 556
Number of shares	127 742 000	127 742 000	127 742 000	127 742 000
Diluted number of shares	137 093 511	134 795 433	137 093 511	134 795 433
Book value per share (in PLN / EUR)	1,83	1,56	0,51	0,41
Diluted book value per share (in PLN / EUR)	1,70	1,48	0,48	0,39
Declared or paid dividend (in PLN / EUR)	29 380 660	20 438 720	8 202 306	5 334 809
Declared or paid dividend per share (in PLN / EUR)	0,23	0,16	0,06	0,04
PLN / EUR rate at the end of the period**			3,5820	3,8312

* - 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 2007

	4th Quarter for the period from 01.10.2007 to 31.12.2007	4 Quarters for the period from 01.01.2007 to 31.12.2007	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
Continued operations				
Net sales	**1 276 647 349**	**4 729 446 530**	**1 032 914 145**	**3 236 977 047**
Net sales of traded goods	1 242 103 371	4 638 343 918	1 003 343 811	3 167 298 403
Net sales of services	34 543 978	91 102 612	29 570 334	69 678 644
Net sales of materials	-	-	-	-
Prime costs of sales	**(1 150 786 250)**	**(4 306 162 859)**	**(937 227 780)**	**(2 930 782 226)**
Costs of sold traded goods	(1 150 786 250)	(4 306 162 859)	(937 227 780)	(2 930 782 226)
Costs of sold services	-	-	-	-
Costs of sold materials	-	-	-	-
Gross profit (loss) on sales	**125 861 099**	**423 283 671**	**95 686 366**	**306 194 820**
Costs of sales	(61 171 222)	(225 992 925)	(50 640 455)	(169 313 656)
Costs of general management	(31 149 575)	(106 048 670)	(21 568 076)	(77 024 673)
Profit (loss) on sales	**33 540 303**	**91 242 076**	**23 477 835**	**59 856 492**
Other operating revenues	8 011 379	16 970 323	2 403 455	8 177 086
Other operating costs	(10 376 512)	(22 445 480)	(4 799 097)	(12 816 309)
Share in profits of companies consolidated with the equity method	-	-	-	-
Costs of restructuring	-	-	-	-
Operating profit (loss)	**31 175 170**	**85 766 919**	**21 082 193**	**55 217 269**
Financial revenues	584 202	1 776 410	2 574 082	4 963 554
Financial costs	(7 156 435)	(13 839 559)	(3 380 929)	(6 049 642)
Other profit (loss) on investments	-	-	-	-
Profit (loss) before tax	**24 602 937**	**73 703 770**	**20 275 346**	**54 131 181**
Income tax	(4 977 434)	(14 815 037)	(4 866 077)	(12 558 789)
Net profit (loss) on continued operations	**19 625 503**	**58 888 733**	**15 409 269**	**41 572 392**
Discontinued operations				
Net loss on discontinued operations	-	-	-	-
Net profit (loss)	**19 625 503**	**58 888 733**	**15 409 269**	**41 572 392**

NET EARNINGS PER SHARE

	PLN / share	PLN / share
Net profit (loss) on continued operations	58 888 733	41 572 392
Net profit (loss) on continued and discontinued operations	58 888 733	41 572 392
Weighted average number of shares	127 742 000	127 742 000
Weighted average diluted number of shares	137 093 511	134 795 433
from continued operations		
- basic	0,46	0,33
- diluted	0,43	0,31
from continued and discontinued operations		
- basic	0,46	0,33
- diluted	0,43	0,31

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

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007

Assets	as at 31.12.2007	as at 30.09.2007	as at 31.12.2006	as at 30.09.2006
Fixed assets (long-term)	**282 933 224**	**277 110 376**	**262 001 298**	**263 777 175**
Goodwill	33 823 699	33 823 699	33 823 699	26 955 815
Other intangible fixed assets	121 508 107	118 646 802	117 191 229	129 986 298
Tangible fixed assets	125 692 242	122 385 075	108 997 566	104 831 913
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	1 872 272	1 872 272	1 588 307	1 553 369
Long-term prepayments	36 905	382 528	348 521	396 256
Deferred income tax assets	-	-	-	-
Other long-term prepayments	36 905	382 528	348 521	396 256
Current assets (short-term)	**606 414 015**	**504 589 859**	**436 118 658**	**384 445 819**
Invetories	244 481 823	246 178 022	209 544 886	201 719 183
Trade receivables	215 456 895	196 862 468	160 364 271	116 751 044
Current income tax receivables	9 896	8 200	-	-
Other short-term receivables	16 033 337	11 036 220	22 638 411	30 335 827
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	128 538 493	48 077 941	41 246 629	28 701 127
Short-term prepayments	1 893 571	2 427 008	2 324 460	2 945 037
Fixed assets classified as held for sale	-	-	-	-
Total assets	**889 347 239**	**781 700 234**	**698 119 956**	**648 222 995**

Quarterly abbreviated consolidated financial statements of EUROCASH S.A.			
Financial statements period:	***01.01-31.12.2007***	**Reporting currency:**	***Polish zloty (PLN)***
Level of round-offs:	***All amounts are expressed in Polish zloty (unless indicated otherwise)***		

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007

Liabilities	as at 31.12.2007	as at 30.09.2007	as at 31.12.2006	as at 30.09.2006
Equity	**233 401 735**	**211 585 195**	**199 032 578**	**182 776 637**
Share capital	127 742 000	127 742 000	127 742 000	127 742 000
Supplementary capital	47 111 013	44 919 977	29 059 203	28 212 530
Treasury shares/equities	-	-	-	-
Capital reserve	-	-	-	-
Hedge transactions valuation capital	-	-	-	-
Fixed assets held for sale recognised in equity	-	-	-	-
Retained earnings	58 548 722	38 923 218	42 231 375	26 822 107
Profit (loss) of prior years	(340 011)	(340 011)	658 983	658 983
Net profit (loss) of the current year	58 888 733	39 263 229	41 572 392	26 163 123
Liabilities	**655 945 504**	**570 115 039**	**499 087 378**	**465 446 358**
Long-term liabilities	**23 037 797**	**21 863 613**	**19 228 821**	**11 246 955**
Long-term loans and credits	-	-	-	-
Other long-term financial liabilities	15 357 991	14 128 335	12 734 894	3 593 910
Other long-term liabilities	2 499 999	2 499 999	2 499 999	4 999 998
Deferred income tax provision	4 805 607	4 906 986	3 492 169	2 156 945
Provision for employee benefits	374 200	328 293	501 759	496 102
Other long-term provisions	-	-	-	-
Short-term liabilities	**632 907 708**	**548 251 426**	**479 858 556**	**454 199 403**
Short-term loans and credits	73 148 384	88 079 282	73 502 624	70 846 566
Other short-term financial liabilities	3 147 320	2 959 545	2 535 759	1 724 969
Trade liabilities	519 732 754	419 603 553	371 191 217	343 009 102
Current income tax liabilities	2 367 568	863 728	3 537 007	2 983 154
Other short-term liabilities	13 474 077	19 215 366	18 753 068	25 136 198
Provision for employee benefits	11 389 482	10 776 153	-	-
Other short-term provisions	9 648 122	6 753 799	10 338 882	10 499 414
Total liabilities	**889 347 239**	**781 700 234**	**698 119 956**	**648 222 995**

BOOK VALUE PER SHARE AS AT 31 DECEMBER 2007

	4th Quarter as at 31.12.2007	3rd Quarter as at 30.09.2007	4th Quarter as at 31.12.2006	3rd Quarter as at 30.09.2006
Book value	**233 401 735**	**211 585 195**	**199 032 578**	**182 776 637**
Number of shares	127 742 000	127 742 000	127 742 000	127 742 000
Diluted number of shares	137 093 511	137 093 511	135 496 736	135 496 736
Book value per share	**1,83**	**1,66**	**1,56**	**1,43**
Diluted book value per share	**1,70**	**1,54**	**1,47**	**1,35**

OFF BALANCE SHEET ITEMS

Contingent Receivables	**-**	**-**	**-**	**-**
Related companies	-	-	-	-
Other companies	-	-	-	-
Contingent Liabilities	**4 890 961**	**5 151 428**	**6 058 109**	**6 537 526**
Related companies	-	-	-	-
Other companies	4 890 961	5 151 428	6 058 109	6 537 526
- guaranties and sureties granted	4 890 961	5 151 428	6 058 109	6 537 526
Other	-	-	-	-
Total	**4 890 961**	**5 151 428**	**6 058 109**	**6 537 526**

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

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2007

	4th Quarter for the period from 01.10.2007 to 31.12.2007	4 Quarters for the period from 01.01.2007 to 31.12.2007	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
Operating cash flow				
Net profit before tax	**24 602 937**	**73 703 770**	**20 275 346**	**54 131 181**
Adjustments:	**16 640 933**	**48 849 764**	**11 399 302**	**38 148 966**
Depreciation	9 460 100	36 117 353	8 214 700	32 055 635
(Profit) loss on sold tangible fixed assets	521 121	526 273	(248 305)	2 249 289
(Profit) loss on sold financial assets available for sale	-	-	(1 344 000)	(1 344 000)
Costs of interest	6 659 712	12 206 137	4 776 907	5 188 042
Interest received	-	-	-	-
Operating cash before changes in working capital	**41 243 870**	**122 553 534**	**31 674 648**	**92 280 147**
Changes in inventory	1 256 919	(34 974 812)	8 403 106	(15 879 878)
Changes in receivables	(23 593 240)	(43 067 011)	(31 456 519)	(49 806 540)
Changes in liabilities	96 985 996	147 922 539	3 205 787	21 859 392
Changes in provisions and accruals	1 136 615	8 236 641	390 834	1 040 914
Other adjustments	2 630 316	4 861 084	2 294 388	2 466 541
Operating cash	**119 660 476**	**205 531 975**	**14 512 244**	**51 960 576**
Interest paid	(2 992 745)	(7 956 412)	(5 788 914)	(5 955 824)
Income tax paid	(3 578 364)	(15 052 491)	(2 382 231)	(11 010 618)
Net operating cash	**113 089 367**	**182 523 072**	**6 341 098**	**34 994 133**
Investment cash flow				
Expenditures for purchased intangible fixed assets	(5 229 939)	(15 188 842)	(2 933 673)	(3 071 317)
Receipts from sold intangible fixed assets	-	-	84 000	84 019
Expenditures for purchased tangible fixed assets	(18 481 890)	(48 872 608)	(7 061 086)	(29 723 079)
Receipts from sold tangible fixed assets	10 051 095	12 396 858	18 773 466	14 583 396
Expenditures for purchased financial assets designed for sales	-	-	600	600
Receipts from sold financial assets designed for sales	-	-	5 337 000	5 337 000
Expenditures for purchased subsidiary companies	(2 499 999)	(9 999 996)	(869 377)	(55 703 504)
Given Loans	-	-	-	-
Interest received	-	-	-	-
Net investment cash	**(16 160 733)**	**(61 664 589)**	**13 330 931**	**(68 492 886)**
Financing cash flow				
Receipts from issued shares	-	-	-	-
Receipts due to taking loans and credits	(14 482 896)	14 400 977	-	6 480 751
Repaid loans and credits	(448 002)	(14 755 217)	(5 131 480)	(8 379 720)
Repaid liabilities under financial lease	(1 092 083)	(2 702 836)	(3 665 841)	(1 569 444)
Interest	(445 101)	(1 128 884)	1 670 793	(392 250)
Dividends paid	-	(29 380 660)	-	(20 438 720)
Net financing cash	**(16 468 083)**	**(33 566 620)**	**(7 126 527)**	**(24 299 383)**
Net change in cash and cash equivalents	**80 460 552**	**87 291 864**	**12 545 502**	**(57 798 135)**
Cash and cash equivalents at the beginning of the period	48 077 941	41 246 629	28 701 127	99 044 764
Cash and cash equivalents at the end of the period	**128 538 493**	**128 538 493**	**41 246 629**	**41 246 629**

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 2007

	Share capital	Supplementary capital	Retained earnings	**Total**
Changes in equity in the period from 1 January to 31 December 2006				
Balance as at 1 January 2006	**127 742 000**	**14 782 302**	**33 225 132**	**175 749 434**
Net profit presented directly in equity	**-**	**-**	**-**	**-**
Net profit for the period from 1 January to 31 December 2006	-	-	41 572 392	**41 572 392**
Total profit and loss recorded in the period from 1 January to 31 December 2006	**-**	**-**	**41 572 392**	**41 572 392**
Dividends paid	-	-	(20 438 720)	**(20 438 720)**
Transfer to supplementary capital	-	12 127 429	(12 127 429)	**-**
Valuation of motivational program for employees	-	2 149 472	-	**2 149 472**
Other corrections	-	-	-	**-**
Balance as at 31 December 2006	**127 742 000**	**29 059 203**	**42 231 375**	**199 032 578**
	0,00	**0,00**	**0,00**	**0,00**
Changes in equity in the period from 1 January to 31 December 2007				
Balance as at 01 January 2007	**127 742 000**	**29 059 203**	**42 231 375**	**199 032 578**
Net profit presented directly in equity	**-**	**-**	**-**	**-**
Net profit for the period from 1 January to 31 December 2007	-	-	58 888 733	**58 888 733**
Total profit and loss recorded in the period from 1 January to 31 December 2007	**-**	**-**	**58 888 733**	**58 888 733**
Dividends paid	-	-	(29 380 660)	**(29 380 660)**
Transfer to supplementary capital	-	13 196 860	(13 196 860)	**-**
Valuation of motivational program for employees	-	4 854 950	-	**4 854 950**
Other corrections	-	-	6 134	**6 134**
Balance as at 31 December 2007	**127 742 000**	**47 111 013**	**58 548 722**	**233 401 735**

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

SELECTED UNIT FINANCIAL DATA

SELECTED SEPARATE FIGURES AS AT 31 DECEMBER 2007

	for the period 01.01.2007 to 31.12.2007 PLN	for the period 01.01.2006 to 31.12.2006 PLN	for the period 01.01.2007 to 31.12.2007 EUR	for the period 01.01.2006 to 31.12.2006 EUR
Net sales	2 609 480 901	1 978 448 439	690 923 772	507 411 566
Operating profit (loss)	63 635 187	46 023 561	16 848 969	11 803 637
Profit (loss) before tax	55 972 647	46 480 343	14 820 125	11 920 788
Net Profit (loss) on continued operations	44 661 553	35 879 233	11 825 236	9 201 927
Net profit (loss)	44 661 553	35 879 233	11 825 236	9 201 927
Net operating cash flow	167 250 548	51 111 971	44 283 665	13 108 659
Net investment cash flow	(28 844 871)	(93 855 433)	(7 637 384)	(24 071 051)
Net financial cash flow	(47 262 199)	(31 210 588)	(12 513 821)	(8 004 562)
Net change in cash and cash equivalents	91 143 478	(73 954 050)	24 132 461	(18 966 954)
Weighted average number of shares	127 742 000	127 742 000	127 742 000	127 742 000
Weighted average diluted number of shares	137 093 511	134 795 433	137 093 511	134 795 433
EPS (in PLN / EUR)	0,35	0,28	0,09	0,07
Diluted EPS (in PLN / EUR)	0,33	0,27	0,09	0,07
Average PLN / EUR rate*			3,7768	3,8991

	as at 31.12.2007 PLN	as at 31.12.2006 PLN	as at 31.12.2007 EUR	as at 31.12.2006 EUR
Assets	706 541 221	588 638 910	197 247 689	153 643 482
Long-term liabilities	16 691 545	16 673 059	4 659 839	4 351 915
Short-term liabilities	476 374 414	378 626 432	132 991 182	98 827 112
Equity	213 475 262	193 339 419	59 596 667	50 464 455
Share capital	127 742 000	127 742 000	35 662 200	33 342 556
Number of shares	127 742 000	127 742 000	127 742 000	127 742 000
Diluted number of shares	137 093 511	134 795 433	137 093 511	134 795 433
Book value per share (in PLN / EUR)	1,67	1,51	0,47	0,40
Diluted book value per share (in PLN / EUR)	1,56	1,43	0,43	0,37
Declared or paid dividend (in PLN / EUR)	29 380 660	20 438 720	8 202 306	5 334 809
Declared or paid dividend per share (in PLN / EUR)	0,23	0,16	0,06	0,04
PLN / EUR rate at the end of the period**			3,5820	3,8312

* - 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 2007

	4th Quarter for the period from 01.10.2007 to 31.12.2007	4 Quarters for the period from 01.01.2007 to 31.12.2007	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
Continued operations				
Net sales	**700 302 125**	**2 609 480 901**	**551 024 005**	**1 978 448 439**
Net sales of traded goods	675 643 918	2 549 993 108	532 768 176	1 927 011 632
Net sales of services	24 658 207	59 487 792	18 255 829	51 436 807
Net sales of materials	-	-	-	-
Prime costs of sales	**(601 224 809)**	**(2 283 827 029)**	**(475 963 736)**	**(1 720 857 245)**
Costs of sold traded goods	(601 224 809)	(2 283 827 029)	(475 963 736)	(1 720 857 245)
Costs of sold services	-	-	-	-
Costs of sold materials	-	-	-	-
Gross profit (loss) on sales	**99 077 317**	**325 653 871**	**75 060 270**	**257 591 194**
Costs of sales	(46 534 595)	(176 172 993)	(39 709 900)	(140 272 005)
Costs of general management	(23 955 767)	(81 083 678)	(15 882 229)	(66 639 888)
Profit (loss) on sales	**28 586 956**	**68 397 201**	**19 468 141**	**50 679 301**
Other operating revenues	7 672 559	15 730 760	1 729 736	6 731 963
Other operating costs	(9 898 160)	(20 492 774)	(3 982 590)	(11 387 704)
Share in profits of companies consolidated w ith the equity method	-	-	-	-
Costs of restructuring	-	-	-	-
Operating profit (loss)	**26 361 355**	**63 635 187**	**17 215 287**	**46 023 561**
Financial revenues	575 331	1 858 695	2 144 514	4 463 618
Financial costs	(5 757 331)	(9 521 235)	(2 749 181)	(4 006 836)
Other profit (loss) on investments	-	-	-	-
Profit (loss) before tax	**21 179 354**	**55 972 647**	**16 610 620**	**46 480 343**
Income tax	(4 008 946)	(11 311 094)	(4 060 081)	(10 601 110)
Net profit (loss) on continued operations	**17 170 408**	**44 661 553**	**12 550 539**	**35 879 233**
Discontinued operations				
Net loss on discontinued operations	-	-	-	-
Net profit (loss)	**17 170 408**	**44 661 553**	**12 550 539**	**35 879 233**

NET EARNINGS PER SHARE

	PLN / share	PLN / share
Net profit (loss) on continued operations	44 661 553	35 879 233
Net profit (loss) on continued and discontinued operations	44 661 553	35 879 233
Weighted average number of shares	127 742 000	127 742 000
Weighted average diluted number of shares	137 093 511	134 795 433
from continued operations		
- basic	0,35	0,28
- diluted	0,33	0,27
from continued and discontinued operations		
- basic	0,35	0,28
- diluted	0,33	0,27

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

SEPARATE BALANCE SHEET AS AT 31 DECEMBER 2007

Assets	4th Quarter as at 31.12.2007	3rd Quarter as at 30.09.2007	4th Quarter as at 31.12.2006	3rd Quarter as at 30.09.2006
Fixed assets (long-term)	**289 578 378**	**286 814 715**	**281 940 597**	**283 860 271**
Goodwill	9 975 600	9 975 600	9 975 600	6 443 041
Other intangible fixed assets	94 852 227	96 416 698	103 052 844	104 915 388
Tangible fixed assets	109 428 362	104 754 605	93 562 313	96 366 912
Investment real property	-	-	-	-
Investments in subsidiary companies	73 413 012	73 413 012	73 413 012	73 413 012
Long-term financial assets available for sale	-	-	-	-
Other long-term financial assets	-	-	-	-
Long-term receivables	1 872 272	1 872 272	1 588 307	1 553 369
Long-term prepayments	36 905	382 528	348 521	1 168 549
Deferred income tax assets	-	-	-	772 293
Other long-term prepayments	36 905	382 528	348 521	396 256
Current assets (short-term)	**416 962 843**	**344 708 685**	**306 698 312**	**263 358 932**
Invetories	175 275 251	175 898 013	156 954 611	154 593 198
Trade receivables	114 390 069	128 331 263	92 539 162	61 413 468
Current income tax receivables	-	-	-	-
Other short-term receivables	9 428 117	4 870 647	13 979 260	24 379 229
Short-term financial assets available for sale	-	-	-	-
Short-term financial assets held for trade	-	-	-	3 993 600
Other short-term financial assets	-	-	15 950 000	-
Cash and cash equivalents	116 234 192	33 603 794	25 090 714	16 528 709
Short-term prepayments	1 635 214	2 004 968	2 184 565	2 450 728
Fixed assets classified as held for sale	-	-	-	-
Total assets	**706 541 221**	**631 523 401**	**588 638 910**	**547 219 203**

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

SEPARATE BALANCE SHEET AS AT 31 DECEMBER 2007

	4th Quarter as at 31.12.2007	3rd Quarter as at 30.09.2007	4th Quarter as at 31.12.2006	3rd Quarter as at 30.09.2006
Liabilities				
Equity	**213 475 262**	**194 113 818**	**193 339 419**	**179 942 207**
Share capital	127 742 000	127 742 000	127 742 000	127 742 000
Supplementary capital	41 071 709	38 880 673	29 059 203	28 212 530
Treasury shares/equities	-	-	-	-
Capital reserve	-	-	-	-
Hedge transactions valuation capital	-	-	-	-
Fixed assets held for sale recognised in equity	-	-	-	-
Retained earnings	44 661 553	27 491 145	36 538 217	23 987 677
Profit (loss) of prior years	-	-	658 983	658 983
Net profit (loss) of the current year	44 661 553	27 491 145	35 879 233	23 328 694
Liabilities	**493 065 959**	**437 409 583**	**395 299 490**	**367 276 996**
Long-term liabilities	**16 691 545**	**17 032 040**	**16 673 059**	**8 930 185**
Long-term loans and credits	-	-	-	-
Other long-term financial liabilities	12 729 141	12 431 201	12 734 894	3 593 910
Other long-term liabilities	2 499 999	2 499 999	2 499 999	4 999 998
Deferred income tax provision	1 101 464	1 783 253	1 120 579	-
Provision for employee benefits	360 940	317 587	317 587	336 277
Other long-term provisions	-	-	-	-
Short-term liabilities	**476 374 414**	**420 377 543**	**378 626 432**	**358 346 811**
Short-term loans and credits	102	48 566	14 355 781	18 251 114
Other short-term financial liabilities	2 740 106	2 711 591	2 535 759	1 724 969
Trade liabilities	439 235 097	380 813 159	329 365 403	303 790 957
Current income tax liabilities	2 132 055	422 284	3 537 007	2 983 154
Other short-term liabilities	14 604 691	20 224 997	18 661 622	19 484 283
Provision for employee benefits	9 252 970	9 867 822	4 926 702	7 803 279
Other short-term provisions	8 409 393	6 289 124	5 244 157	4 309 055
Total liabilities	**706 541 221**	**631 523 401**	**588 638 910**	**547 219 203**

BOOK VALUE PER SHARE AS AT 31 DECEMBER 2007

	4th Quarter as at 31.12.2007	3rd Quarter as at 30.09.2007	4th Quarter as at 31.12.2006	3rd Quarter as at 30.09.2006
Book value	**213 475 262**	**194 113 818**	**193 339 419**	**179 942 207**
Number of shares	127 742 000	127 742 000	127 742 000	127 742 000
Diluted number of shares	137 093 511	137 093 511	135 496 736	135 496 736
Book value per share	**1,67**	**1,52**	**1,51**	**1,41**
Diluted book value per share	**1,56**	**1,42**	**1,43**	**1,33**

OFF BALANCE SHEET ITEMS

Contingent Receivables	**-**	**-**	**-**	**-**
Related companies	-	-	-	-
Other companies	-	-	-	-
Contingent Liabilities	**30 890 961**	**31 151 428**	**26 258 109**	**26 737 526**
Related companies	-	-	-	-
Other companies	30 890 961	31 151 428	26 258 109	26 737 526
- guaranties and sureties granted	30 890 961	31 151 428	26 258 109	26 737 526
Other	-	-	-	-
Total	**30 890 961**	**31 151 428**	**26 258 109**	**26 737 526**

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

SEPARATE CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2007

	4th Quarter for the period from 01.10.2007 to 31.12.2007	4 Quarters for the period from 01.01.2007 to 31.12.2007	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
Operating cash flow				
Net profit before tax	**21 179 354**	**55 972 647**	**16 610 620**	**46 480 343**
Adjustments:	**12 520 186**	**38 482 737**	**7 863 895**	**31 600 012**
Depreciation	7 425 465	30 132 320	7 098 115	28 018 374
(Profit) loss on sold tangible fixed assets	(357 490)	(255 974)	(282 723)	2 122 000
(Profit) loss on sold financial assets available for sale	-	-	(1 344 000)	(1 344 000)
Costs of interest	5 452 210	8 606 390	2 392 503	2 803 638
Interest received	-	-	-	-
Operating cash before changes in working capital	**33 699 540**	**94 455 383**	**24 474 515**	**78 080 354**
Changes in inventory	622 762	(18 320 640)	(2 361 413)	(20 831 327)
Changes in receivables	9 383 725	(17 583 729)	(32 463 454)	(44 712 380)
Changes in liabilities	55 375 770	115 640 914	29 289 123	48 560 318
Changes in provisions and accruals	(1 031 857)	5 446 829	425 765	465 268
Other adjustments	2 191 036	4 854 950	2 279 183	2 149 472
Operating cash	**100 240 976**	**184 493 707**	**21 643 718**	**63 711 706**
Interest paid	(1 877 622)	(4 507 998)	(1 648 298)	(3 571 420)
Income tax paid	(2 980 964)	(12 735 161)	(1 613 346)	(9 028 315)
Net operating cash	**95 382 390**	**167 250 548**	**18 382 074**	**51 111 971**
Investment cash flow				
Expenditures for purchased intangible fixed assets	(227 125)	(930 642)	(2 876 434)	(619 909)
Receipts from sold intangible fixed assets	-	-	84 000	84 019
Expenditures for purchased tangible fixed assets	(19 524 670)	(46 468 522)	(5 077 110)	(20 249 797)
Receipts from sold tangible fixed assets	10 891 077	12 604 289	18 708 466	15 881 510
Expenditures for purchased financial assets designed for sales	-	-	600	600
Receipts from sold financial assets designed for sales	-	-	5 337 000	5 337 000
Expenditures for purchased subsidiary companies	(2 499 999)	(9 999 996)	(2 399 999)	(78 338 856)
Given Loans	-	-	-	-
Repayment received of given loans	-	15 950 000	(15 950 000)	(15 950 000)
Interest received	-	-	-	-
Net investment cash	**(11 360 717)**	**(28 844 871)**	**(2 173 477)**	**(93 855 433)**
Financing cash flow				
Receipts due to taking loans and credits	-	-	-	0
Repaid loans and credits	(48 464)	(14 355 679)	(3 895 333)	(8 379 720)
Repaid liabilities under financial lease	(990 089)	(2 548 308)	(3 665 841)	(1 999 898)
Interest	(352 722)	(977 551)	(85 418)	(392 250)
Dividends paid	-	(29 380 660)	-	(20 438 720)
Net financing cash	**(1 391 275)**	**(47 262 199)**	**(7 646 592)**	**(31 210 588)**
Net change in cash and cash equivalents	**82 630 399**	**91 143 478**	**8 562 005**	**(73 954 050)**
Cash and cash equivalents at the beginning of the period	33 603 794	25 090 714	16 528 709	99 044 764
Cash and cash equivalents at the end of the period	**116 234 192**	**116 234 192**	**25 090 714**	**25 090 714**

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 2007

	Share capital	Supplementary capital	Retained earnings	**Total**
Changes in equity in the period from 1 January to 31 December 2006				
Balance as at 1 January 2006	**127 742 000**	**14 782 302**	**33 225 132**	**175 749 434**
Net profit presented directly in equity	-	-	-	-
Net profit for the period from 1 January to 31 December 2006	-	-	35 879 233	**35 879 233**
Total profit and loss recorded in the period from 1 January to 31 December 2006	**-**	**-**	**35 879 233**	**35 879 233**
Dividends paid	-	-	(20 438 720)	**(20 438 720)**
Transfer to supplementary capital	-	12 127 429	(12 127 429)	**-**
Valuation of motivational program for employees	-	2 149 472	-	**2 149 472**
Other corrections	-	-	-	**-**
Balance as at 31 December 2006	**127 742 000**	**29 059 203**	**36 538 216**	**193 339 419**
Changes in equity in the period from 1 January to 31 December 2007				
Balance as at 01 January 2007	**127 742 000**	**29 059 203**	**36 538 217**	**193 339 419**
Net profit presented directly in equity	-	-	-	-
Net profit for the period from 1 January to 31 December 2007	-	-	44 661 553	**44 661 553**
Total profit and loss recorded in the period from 1 January to 31 December 2007	**-**	**-**	**44 661 553**	**44 661 553**
Dividends paid	-	-	(29 380 660)	**(29 380 660)**
Transfer to supplementary capital	-	7 157 557	(7 157 557)	**-**
Valuation of motivational program for employees	-	4 854 950	-	**4 854 950**
Other corrections	-	-	-	**-**
Balance as at 31 December 2007	**127 742 000**	**41 071 709**	**44 661 553**	**213 475 262**

SUPPLEMENTARY INFORMATION TO THE ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 01.01.2007 TO 31.12.2007

1. GENERAL INFORMATION

1.1. DISCLOSURE OF THE ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the information given in the current report No.03/2008 on 30th January 2008 to the Polish Securities and Exchange Commission, Eurocash S.A. discloses the consolidated quarterly report with the quarterly abbreviated consolidated financial statements on 29th February 2008.

Eurocash is a joint-stock company whose shares are publicly traded.

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

The consolidated financial statements were prepared in accordance with the IAS no 34 - Interim Financial Reporting.

Reporting currency of the consolidated financial statements is Polish zloty and all figures are rounded off to full zloty (unless indicated otherwise).

1.3. COMPARISON OF FINANCIAL STATEMENTS

The accounting standards and calculation methods applied while preparing the abbreviated consolidated financial statements have not been changed in comparison to those applied in the last annual financial statements.

On March 31st 2006, the capital group has been established. Data for comparable periods contained in the financial statements, was not restated in relation to the previously disclosed financial data.

1.4. INFORMATION ON THE PARENT ENTITY ANDTHE CAPITAL GROUP

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

The parent entity is Eurocash Spółka Akcyjna, registered in the District Court of Poznań, XXI Commercial Division of the National Court Register, entry no KRS 00000213765, with its registered seat in Komorniki, ul. Wiśniowa 11.

The core business of the Company is the other wholesale (PKD 5190 Z).

Eurocash S.A. shares are listed on the Warsaw Stock Exchange.

The subsidiary entities are:

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

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.

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

Entities comprising the Eurocash capital group covered by the consolidated financial statements as of 31.12.2007

name of entity	Eurocash S.A.	KDWT S.A.	Eurocash Detal sp. z o.o.	Eurocash Franszyza sp. z o.o.
seat	Wiśniowa 11, 62-052 Komorniki	Wiśniowa 11, 62-052 Komorniki	Wiśniowa 11, 62-052 Komorniki	Wiśniowa 11, 62-052 Komorniki
core business	PKD 5190Z	PKD 5135Z		
registry court	District Court of Poznań, XXI Commercial Division of the National Court Register KRS 0000213765	District Court of Poznań, XXI Commercial Division of the National Court Register KRS 0000040385	District Court of Poznań, XXI Commercial Division of the National Court Register KRS 0000259826	District Court of Poznań, XXI Commercial Division of the National Court Register KRS 0000259846
entity status	Parent entity	Subsidiary entity	Subsidiary entity	Subsidiary entity
applied consolidation method	Full	Full	Full	Full
date of taking over control	n/a	31.03.2006	10 July 2006	10 July 2006
Share in share capital (%)	n/a	100%	100%	100%
Share in total number of votes (%)	n/a	100%	100%	100%

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	2,5% - 4,5%
▪ investments in third party fixed assets	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 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

According to the 21 IFRS receivables denominated in foreign currencies are valued at least as at the balance sheet day at the immediately exchange rate.
The currencies exchange differences resulting from the accounts receivable denominated in foreign currencies, which arise as of the valuation date, are assigned either to financial income or to financial expenses respectively.

Receivables revaluation write-offs

Receivables revaluation write-offs are made for:

- accounts receivable from debtors declared bankrupt or liquidated – up to the amount of receivables, which is not covered by a guarantee or other security,
- accounts receivable from debtors in the event a petition in bankruptcy was dismissed due to the fact that such debtor's assets are insufficient to cover the costs of bankruptcy proceedings – up to the full amount of the receivables,
- accounts receivable questioned by the debtors – up to unsecured amount,

- 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

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

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

2.19. SHORT – TERM LIABILITIES

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

Short – term liabilities comprise mainly:

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

Valuation of short – term liabilities

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

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

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

at the balance sheet day at the immediately exchange rate.

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

2.20. BANK LOANS

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

2.21. CAPITAL INSTRUMENTS

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

2.22. PROVISIONS

The provisions are made in cases where the Group is obliged (either legally or customary) due to past events and where it is likely that fulfillment of such obligation will result in an outflow of funds and where a reliable estimation of the amount of such a liability is possible.
The use of provisions may take place according to the time elapsed or the amount of payments. The time and method of settlement shall depend on the type of costs, subject to conservative valuation.

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

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

According to the 21 IFRS provisions denominated in foreign currencies are valued at least as at the balance sheet day at the immediately exchange rate, unless provision has financial character than to the valuation as at the balance sheet day is used closing rate.
Currency-translation differences related to the provisions denominated in foreign currencies, arising as at the valuation date, should be disclosed under financial income or expenses.

2.23. SALES REVENUES

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

Sale of goods

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

- the entity transferred significant risk and benefits resulting from the ownership rights to the goods to purchaser,
- the entity ceases its continuous involvement in management of the disposed goods to the 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 Group made a decision to distinguish the following business segments of the capital Group:

- traditional wholesale – wholesale operations conducted by the Cash & Carry discount chain, including the entire operations of the dominant entity - Eurocash S.A.
- active distribution – wholesale operations in the area of specialist active distribution of the FMCG goods, including the entire operations of the subsidiary - KDWT S.A.
- others – real estate business running by Eurocash Detal sp. z o. o. and commercial business (franchising) running by Eurocash Franszyza sp. z o. o.

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

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

NOTES TO ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2007 TO 31.12.2007

NOTE NO 1
SEGMENT REPORTING

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

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

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

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

Table no 1

INCOME AND RESULTS BY BUSINESS SEGMENTS IN THE PERIOD FROM 01 JANUARY 2007 TO 31 DECEMBER 2007

	Traditional wholesale	Active distribution	Other	Exclusions	Total
Sales	**2 609 480 901**	**2 266 707 861**	**30 932 677**	**(177 674 909)**	**4 729 446 530**
External sales	2 546 270 596	2 161 828 200	21 347 734	-	4 729 446 530
Inter-segmental sales	63 210 304	104 879 661	9 584 944	(177 674 909)	-
Operating profit	**63 635 187**	**14 811 950**	**7 145 060**	**174 722**	**85 766 919**
Finance income	1 858 695	74 901	20 871	(178 058)	1 776 410
Finance costs	(9 521 235)	(4 173 510)	(322 871)	178 058	(13 839 559)
Profit before income tax	**55 972 647**	**10 713 341**	**6 843 061**	**174 722**	**73 703 770**
Income tax	(11 311 094)	(2 243 417)	(1 220 133)	(40 393)	(14 815 037)
Net profit	**44 661 553**	**8 469 924**	**5 622 928**	**134 328**	**58 888 733**
Total assets	**706 541 221**	**203 720 010**	**30 241 608**	**(51 155 601)**	**889 347 239**
Trade liabilities	**439 235 097**	**82 814 780**	**5 005 642**	**(7 322 765)**	**519 732 754**
Investment expenditures	**57 399 161**	**2 504 746**	**14 157 540**	**-**	**74 061 446**
Depreciation and amortisation	30 132 320	3 358 066	2 286 509	680 916	36 457 811

NOTE NO 2
RELATED PARTY TRANSACTIONS

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

NOTE NO 3
IMPORTANT EVENTS BEFORE THE BALANCE-SHEET DATE

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

Pursuant to Resolution No. 18 of the Ordinary General Meeting of 28 June 2007 puts Incentive Schemes (Fourth and Fifth Incentive Scheme for 2007 and 2008 years) for specific executive officers of Company and subsidiaries of Capital Group. On issue of the Incentive Schemes it was decided to issue shares with taking precedence of “F” bonds and “G” bonds. “F” bonds and “G” bonds will grant subscription rights normal “G” shares and “H” shares, each of them with nominal value 1 PLN.
The Company will issue the total of 81,600 inscribed bonds:

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

The bonds will bear no interest.
The “G” bond issue price will be determine by Supervisory Board with assumption that the price will be equal weighted average of share quotation on November 2007 corrected on share rights.
The “H” bond issue price will be determine by Supervisory Board with assumption that the price will be equal weighted average of share quotation on November 2008 corrected on share rights.

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

Subscription of shares in PayUp Poland S.A., PayUp Pol S.A. and dissolution of PayUp Pol S.A.

In the following current reports no 14/2007 from September 28, 2007, no 16/2007 from December 7, 2007, no 18/2007 from December 28, 2007 the Company informed about actions taken to establish co-operation with PayUp Holding B.V. in the range of distribution „pre-paid” products, among others, the pre-paid mobile phone-card top-up and other terminal based services.
In the mentioned above current reports the Company informed about following facts:

a) Subscription of 45,5% of shares in PayUp Poland S.A., together with PayUp Holding B.V. (51% of PayUp shares) and Politra B.V. (3,5% of PayUp shares)
b) The Company established a joint stock company under business name PayUp Pol S.A. and informed about subscription of 49% of shares together with PayUp Holding BV. In the current report dated December 7, 2007 the Company informed about intention of
c) On December 28, 2007, the Company informed that the Extraordinary Shareholders’ Meeting of a joint stock company under business name PayUp Pol S.A. in organization adopted a resolution concerning dissolution of PayUp Pol S.A.

   The decision about dissolution of PayUp Pol S.A. is a result of obstacles in the registration process of the Company.

The Management Board confirmed that Eurocash intends to continue its cooperation with PayUp Holding BV in the field of distribution of „pre-paid" products including, among others, prepayment of telephone services and other services utilized by terminals.

Till the balance sheet date Eurocash S.A. did not effectively took control over any of the mentioned above entities.

Entry into preliminary agreement pertaining to an acquisition of McLane Polska sp. z o.o.

On December 5, 2007 the Company and McLane International LLC (the „Seller") executed a preliminary agreement providing for an obligation to enter by April 30, 2007 into a share sale agreement (the "Agreement") pertaining to an acquisition by the Company of 100% shares in McLane Polska sp. z o.o. („McLane Polska") in exchange for cash payment.

In addition, the Company has undertaken to issue and offer to the Seller shares in the Company at an aggregate value equivalent to 5.000.000 USD, calculated based on the issue price of the shares, which shall be equivalent to the weighted average closing price of the Company shares on the Warsaw Stock Exchange (Giełda Papierów Wartościowych S.A.) within 20 session days following the execution of share sale agreement.

The Agreement may only be entered on condition that the Company obtains the consent of the President of the Antimonopoly Office and that McLane Polska obtains relevant clearance certificates from the tax office and the Social Insurance Institution (ZUS). In addition, the parties shall be entitled not to enter into the share sale agreement if the legal and financial due diligence of McLane Polska proves the existence of liabilities which would constitute the basis for a substantial price reduction.

McLane is a leading wholesaler of FMCG (fast-moving consumer goods) on the Polish market, with annual turnover reaching 1.0 billion PLN. It operates three distribution centers: in Błonie near Warsaw, Ruda Śląska and Gdynia as well as 11 transfer warehouse facilities spread across Polish territory. McLane Polska specializes in the active distribution of food, impulse products and cigarettes to petrol station networks, restaurants and food stores, including, in particular, about 300 retail outlets all over Poland, being part of the franchise network operated by McLane Polska under the IGA brand.

The acquisition of McLane Polska will consolidate the position of the Eurocash capital group on the FMCG wholesale market, in particular in the impulse products category, and will facilitate the entry into new market segments such as the provision of services to petrol stations and restaurants. In addition, the logistical capabilities of McLane Polska and its trading relations with the retail outlets of the IGA franchised network should have a positive impact on the growth capability of the "Delikatesy Centrum" franchised network operated by Eurocash S.A.

Series B Shares Issue Price

On December 22, 2007 the Management Board of Eurocash S.A. informed that the issue price of Series B Shares, offered under the First Employees Incentive Scheme on the basis of the Eurocash Issue Prospectus dated December 1, 2004, available at the Eurocash website, has been set at 2,71 PLN.

NOTE NO 4
IMPORTANT EVENTS AFTER THE BALANCE-SHEET DATE

Alteration of the Rules of Distribution of the Incentive Shares

In the report no 1/2008, published on January 10, 2008, the Management Board of Eurocash S.A. informed about the alterations made to the Eurocash Issue Prospectus dated December 1, 2004, available for viewing at the Eurocash website, as amended by the decision of the Polish Financial Supervision Authority (the KNF) dated January 3, 2008, insofar as it concerns the subsisting Rules of Distribution of the Incentive Shares referred to in Chapter III item 13 and 14.

SIGNATURES OF THE MANAGEMENT BOARD MEMBERS

Position	Name and surname	Date	Signature
Management Board Member Chief Executive Officer	Rui Amaral	29th February 2008	
Management Board Member Financial Executive Officer	Arnaldo Guerreiro	29th February 2008	