



## EUROCASH

### REPORT FOR 3<sup>rd</sup> QUARTER OF 2005

## Contents

|   |    |
|---|----|
| I. MAJOR EVENTS AND FACTORS THAT INFLUENCE EUROCASH INCOME OR LOSS..... | 2  |
| II. DESCRIPTION OF FINANCIAL RESULTS.....                               | 2  |
| III. ADDITIONAL INFORMATION TO SA-Q REPORT .....                        | 6  |
| IV. OTHER INFORMATION .....   | 8  |
| V. FINANCIAL STATEMENT .....  | 10 |

## I. Major events and factors that influence Eurocash income or loss.

- During the 3Q 2005 the integration process of the MHC stores has been continued. All MHC stores are profitable
- New discount store was opened in Dzierzoniow. At the end of 3Q 2005, the number of Cash & Carry discount stores amounted to 93. The Management Board of Eurocash expects, that by the end of 2005 the number of Cash & Carry discount stores will increase to 94

## II. Management discussion of the financial results for 3Q 2005

### Profit and loss account

| PLN million   | 3Q 2005 | 3Q 2004 | % change<br>3Q 05 /<br>3Q 04 |
|---|---------|---------|------------------------------|
| Sales revenues including:   |         |         |                              |
|   | 464.33  | 424.66  | 9.34%                        |
| Revenues from sales of goods and materials<br>(sales in discount Cash&Carry stores) | 453.36  | 415.14  | 9.21%                        |
| Revenues from sales of products<br>(profits from suppliers and abc franchise fee)   | 10.97   | 9.53    | 15.17%                       |
| Number of operating discounts   | 93      | 83      | 10                           |
| Sales in stores operating in 3Q 2004 and in 3Q 2005<br>(like-for-like).             | 408.30  | 387.23  | 5.44%                        |

Sales to abc stores in 3Q 2005 were 40.16% of sales in all discount Cash&Carry stores (39.5% in 2Q 2005).

| PLN million  | 3Q 2005          | 3Q 2004          | % change<br>3Q 05 /<br>3Q 04 |
|--|------------------|------------------|------------------------------|
| Gross profit/(loss) on sales<br>(Gross profitability on sales %) | 61.46<br>13.24%  | 54.95<br>12.94%  | 11.85%<br>0.30pp             |
| Sales costs including:<br>(as % of sales)                        | (31.96)<br>6.88% | (28.26)<br>6.66% | 13.09%<br>0.23pp             |
| Logistic costs<br>(as % of sales)                                | (4.63)<br>1.00%  | (4.45)<br>1.05%  | 3.98%<br>-0.05pp             |
| Costs of operations of Cash&Carry discounts<br>(as % of sales)   | (27.33)<br>5.89% | (23.81)<br>5.61% | 14.79%<br>0.28pp             |

Increased costs of sales result from opening new stores, which has not yet achieved sales level of average store, and in effect increased the ratio: cost of operations of cash & carry stores / sales.

|                                  |   |
|----------------------------------|---|
| <b>EUROCASH S.A.</b>             |   |
| <b>QUARTELY REPORT (3Q 2005)</b> | Reporting period: 01.07 - 30.09.2005 r. |

| PLN million                                     | 3Q 2005        | 3Q 2004        | % change<br>3Q 05 /<br>3Q 04 |
|---|----------------|----------------|------------------------------|
| Administrative costs:<br><i>(as % of sales)</i> | 14.63<br>3.15% | 10.66<br>2.51% | 37.26%<br>0.64pp             |
| Profit/loss on sales<br><i>(as % of sales)</i>  | 14.87<br>3.20% | 16.03<br>3.77% | -7.23%<br>-0.57pp            |

The increase of administrative expenses in 3Q 2005 was mainly due to:

- Increase of IT system maintenance costs (PLN 1.6 million)
- Increase of personnel costs (PLN 0.6 million)
- Increase of costs resulting from taking over the MHC stores (PLN 0.9 million)
- Transferring costs of know-how acquired from Politra B.V. from other operating costs to administrative costs (PLN 1.36 million). This change resulted in decrease of the profit on sales in 3Q 2005 comparing with 3Q 2004. However it had no impact on the comparability of the operating profit in the discussed periods.

The general increase of administrative expenses resulted from changes in the operational structure and, in the opinion of the Management Board, will be stable at present level.

| PLN million                                       | 3Q 2005        | 3Q 2004        | % change<br>3Q 05 /<br>3Q 04 |
|---|----------------|----------------|------------------------------|
| Other operating income                            | 0.73           | 0.30           | 144%                         |
| Other operating costs                             | (1.60)         | (3.29)         | -51%                         |
| Operating profit – EBIT<br><i>(EBIT margin %)</i> | 14.00<br>3.01% | 13.03<br>3.07% | 7%<br>-0.06pp                |
| Depreciation + Amortization                       | 6.50           | 4.66           | 40%                          |
| EBITDA<br><i>(EBITDA margin%)</i>                 | 20.49<br>4.41% | 17.69<br>4.17% | 16%<br>0.25pp                |
| Financial income                                  | 0.76           | 1.32           | -42%                         |
| Financial costs                                   | (0.78)         | (1.51)         | -49%                         |
| Gross profit                                      | 13.99          | 12.84          | 9%                           |
| Tax   | (2.60)         | (2.19)         | 19%                          |
| Net income<br><i>Net profitability %</i>          | 11.38<br>2.45% | 10.65<br>2.51% | 7%<br>-0.06pp                |

### Cash flow

| PLN million                         | 3Q 2005      | 3Q 2004        |
|-------------------------------------|--------------|----------------|
| Operating cash flow                 | 13.14        | 16.14          |
| <i>Gross profit (loss)</i>          | 13.99        | 12.84          |
| <i>Depreciation</i>                 | 6.50         | 4.66           |
| <i>Change in working capital</i>    | (5.59)       | 1.22           |
| <i>Other</i>                        | (1.75)       | (2.58)         |
| Cash flow from investments          | (1.93)       | (59.33)        |
| Cash flow from financing activities | (0.49)       | (28.95)        |
| <b>Total cash flow</b>              | <b>10.72</b> | <b>(72.15)</b> |

|                                  |   |
|----------------------------------|---|
| <b>EUROCASH S.A.</b>             |   |
| <b>QUARTELY REPORT (3Q 2005)</b> | Reporting period: 01.07 - 30.09.2005 r. |

Total cash flow in the 3Q 2005 amounted to PLN 10.72 million. The said amount comprised mainly of the operational cash flow. A negative cycle of cash conversion allows generating financial surplus at growing sales.

### Working capital ratios

| <b>Turnover in days</b>         | <b>3Q 2005</b> | <b>3Q 2004</b> |
|---------------------------------|----------------|----------------|
| 1. Stocks turnover              | 22.3           | 23.3           |
| 2. Trade receivables turnover   | 6.0            | 7.9            |
| 3. Trade liabilities turnover   | 48.5           | 50.0           |
| <b>4. Operating cycle (1+2)</b> | <b>28.3</b>    | <b>31.2</b>    |
| <b>5. Cash conversion (4-3)</b> | <b>(20.3)</b>  | <b>(18.8)</b>  |

In the 3Q 2005 the turnover ratios of stocks and trade receivables were at the lower level than in 3Q 2004. The trend of improving the negative cash conversion cycle was maintained (from minus 18.8 in 3Q2004 days to 20.3 days in 3Q2005).

### 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:

| PLN million                         | <b>30.09.2005</b> |                | <b>30.06.2005</b> |                | <b>30.09.2004</b> |                |
|-------------------------------------|-------------------|----------------|-------------------|----------------|-------------------|----------------|
| Fixed assets                        | 182.45            | 44.69%         | 186.15            | 45.47%         | 181.43            | 49.56%         |
| Current assets                      | 225.82            | 55.31%         | 223.23            | 54.53%         | 184.66            | 50.44%         |
| <b>Total assets</b>                 | <b>408.27</b>     | <b>100.00%</b> | <b>409.37</b>     | <b>100.00%</b> | <b>366.09</b>     | <b>100.00%</b> |
| Equity                              | 166.66            | 40.82%         | 155.15            | 37.90%         | 138.96            | 37.96%         |
| Liabilities and provisions          | 241.61            | 59.18%         | 254.22            | 62.10%         | 227.13            | 62.04%         |
| <b>Total liabilities and equity</b> | <b>408.27</b>     | <b>100.00%</b> | <b>409.37</b>     | <b>100.00%</b> | <b>366.09</b>     | <b>100.00%</b> |

Comparing with the situation at the end of 1 half 2005, the fixed assets coverage with equity has been improved, mainly due to increase of the level of equity (increase of net profit) and due to lower level of liabilities caused by decrease in trade liabilities by PLN 9.6 million.

|                           |   |
|---------------------------|---|
| EUROCASH S.A.             |   |
| QUARTELY REPORT (3Q 2005) | Reporting period: 01.07 - 30.09.2005 r. |

## Development perspectives

### External Factors:

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

### Internal Factors :

- Opening new discount Cash & Carry stores (organic expansion).
- Potential acquisitions of existing FMCG wholesalers. Timing of this process depends from opportunities to acquire attractive companies at favourable price.
- Development of new formats of wholesale distribution. Introduction of new formats can be also realized by acquisition of other companies, which operate different format than Cash&Carry.
- Opening of new distribution center in Komorniki near Poznan (2nd half of October 2005)
- Strict cost control

### **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.*

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

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

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

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

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

|                                  |   |
|----------------------------------|---|
| <b>EUROCASH S.A.</b>             |   |
| <b>QUARTELY REPORT (3Q 2005)</b> | Reporting period: 01.07 - 30.09.2005 r. |

### III. Additional information to SA-Q report

#### Rules adopted during creating the report, concerning valuation of assets and liabilities and measuring profit or loss.

In 2005 the books in Eurocash S.A. were kept on the basis of the following legal grounds:

- International Accounting Standards,
- International Financial Reporting Standards,
- The accounting act of 29 September 1994,
- Commercial Companies Code of 15 September 2000,
- The act of 20 November 1999 on the change of the act on corporate income tax.

The accounting is carried out by means of accounting books in a SAP computer system. The software is harmonized and connected into a Novell network. Book entries are kept by Eurocash S.A. in chronological and systematic order according to the rule of historical costs, except for fixed assets that are subject to periodical revaluation according to the rules defined in the accounting act.

#### Changes to the rules of accounting policy under the IAS.

In the financial statement for the 3<sup>rd</sup> quarter of 2005 (similar as in financial statement for the 1 half 2005) the Company has made among other changes a reclassification of premiums received from suppliers, which are gained for achieving certain purchase targets.

In the previous periods, they were presented as "Income on sales of products", now are presented in the position "Costs of goods sold", decreasing its value.

The influence of this change is shown in the table below:

| In PLN thousands   | II quarter<br>2005 | III quarter<br>2005 | III quarter<br>2005<br>(YTD) | II quarter<br>2004 | III quarter<br>2004 | III quarter<br>2004<br>(YTD) |
|--------------------|--------------------|---------------------|------------------------------|--------------------|---------------------|------------------------------|
| Sales of products  | (24 338)           | (23 880)            | (66 202)                     | (18 583)           | (21 748)            | (54 964)                     |
| Cost of goods sold | 24 338             | 23 880              | 66 202                       | 18 583             | 21 748              | 54 964                       |

Other accounting principles were defined in the financial report for the 1 half 2005.

|                           |   |
|---------------------------|---|
| EUROCASH S.A.             |   |
| QUARTELY REPORT (3Q 2005) | Reporting period: 01.07 - 30.09.2005 r. |

## Exchange rates

Some financial data were converted into EURO currency in the following way:

- The items of profit and loss account and cash flows were converted according to the exchange rate equal to the arithmetic mean of average exchange rates published by NBP, valid as at the last day of each month. In first 3 quarters of 2005 it was 4.0583 PLN/EURO and in first 3 quarters 2004 it was 4.6214 PLN/EURO.
- Balance items and book values/diluted book values were calculated according to the average exchange rate published by NBP, valid as at the balance date, which on 30.09.2005 was 3.9166 PLN/EURO, on 30.09.2004 it was EURO 4.3832 PLN/ EURO.

## A change in the level of write-downs adjusting the value assets and reserves elements and income tax provisions and assets.

- Net inventory write-downs: increase by PLN 200.9 thousand
- Net receivables write-downs: increase by PLN 95.9 thousand
- The balance of assets and reserves for deferred income tax as of 30.09.2005 increased by PLN 365.8 thousand.

## Events after the balance date

After 30 September no events which could significantly influence profit or loss have occurred.

|                                  |   |
|----------------------------------|---|
| <b>EUROCASH S.A.</b>             |   |
| <b>QUARTELY REPORT (3Q 2005)</b> | Reporting period: 01.07 - 30.09.2005 r. |

#### IV. Other information

##### **Issuance, redemption and repayment of debt and capital securities**

In 3<sup>rd</sup> quarter 2005 r. Eurocash S.A. did not issue, acquire or repay debt or capital securities.

##### **Information on dividend**

Under the Eurocash S.A. OGA Resolution no 2 of 11 April 2005 on appropriation of income for 2004 the Company did not pay out the dividend for 2004. The payment of the dividend in next years depends mainly on the financing requirements related to realisation of potential acquisitions and to the investment program.

##### **Information concerning changes in conditional liabilities or assets, which have occurred since closing the last financial year.**

In 3<sup>rd</sup> quarter 2005 r. Eurocash S.A. conditional liabilities decreased by 900.0 thousand PLN.

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

The Management Board of Eurocash S.A. has not published or does not intend to publish financial forecasts for 2005.

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

| Shareholder   | Shares        | 24.10.2005 r.    |                            |                 |                                    | 30.06.2005 r.    |                            |                 |                                    |
|---|---------------|------------------|----------------------------|-----------------|------------------------------------|------------------|----------------------------|-----------------|------------------------------------|
|   |               | 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.) | Eurocash S.A. | 70,258,100       | 55 %                       | 70,258,100      | 55 %                               | 70,258,100       | 55%                        | 70,258,100      | 55%                                |
| 2. J.P. Morgan Chase & Co   | Eurocash S.A. | 6,579,041        | 5.15%                      | 6,579,041       | 5.15%                              | n.a.             | n.a.                       | n.a.            | n.a.                               |
| 3. AIG Otwarty Fundusz Emerytalny   | Eurocash S.A. | 6,400,000        | 5.01%                      | 6,400,000       | 5.01%                              | 6,400,000        | 5,01%                      | 6,400,000       | 5.01%                              |



|                           |   |
|---------------------------|---|
| EUROCASH S.A.             |   |
| QUARTELY REPORT (3Q 2005) | Reporting period: 01.07 - 30.09.2005 r. |

**A breakdown of changes in the ownership of issuer's shares or rights to them (options) by persons managing and supervising the issuer.**

In the 3<sup>rd</sup> quarter 2005 no changes in the ownership of the issuer's stocks or rights to them held by persons supervising and monitoring the issuer have occurred.

**Information on legal suits.**

In the 3<sup>rd</sup> quarter 2005 the issuer was not involved into any legal suit in any court, nor in a body competent for arbitration proceedings nor an administrative body, whose total value is at least 10 % of equity.

**Transactions with related entities**

In the 3<sup>rd</sup> quarter 2005 Eurocash S.A. did not carry out any transaction with a related entity

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

In the 3<sup>rd</sup> quarter Eurocash did not grant a surety for a credit or a loan nor did it grant a guarantee of total value equivalent to 10% of the issuer's equity.

| EUROCASH S.A. QUARTELY REPORT (3Q 2005)   |               |
|---|---------------|
| Reporting period: 01.07 - 30.09.2005 r.   | Currency: PLN |
| Level of rounding: all amounts are denominated in Polish zlotys (unless provided otherwise) |               |

## V. Financial statement

### SELECTED FIGURES AS AT 30 SEPTEMBER 2005

|  | for the period<br>from 01.01.2005<br>to 30.09.2005<br>PLN | for the period<br>from 01.01.2004<br>to 30.09.2004<br>PLN | for the period<br>from 01.01.2005<br>to 30.09.2005<br>EUR | for the period<br>from 01.01.2004<br>to 30.09.2004<br>EUR |
|--|---|---|---|---|
| Net sales  | 1 266 724 890   | 1 140 202 255   | 312 131 900   | 246 722 261   |
| Operating profit (loss)                            | 31 108 174  | 23 130 282  | 7 665 321   | 5 005 038   |
| Profit (loss) before tax                           | 29 619 575  | 21 898 449  | 7 298 518   | 4 738 488   |
| Net Profit (loss) on continued operations          | 23 607 697  | 18 438 942  | 5 817 139   | 3 989 904   |
| Net profit (loss)                                  | 23 607 697  | 18 438 942  | 5 817 139   | 3 989 904   |
| Net operating cash flow                            | 66 537 766  | 30 767 589  | 16 395 477  | 6 657 634   |
| Net investment cash flow                           | (20 082 215)  | (65 176 276)  | (4 948 430)   | (14 103 145)  |
| Net financial cash flow                            | (1 255 766)   | (28 749 085)  | (309 432)   | (6 220 860)   |
| Net change in cash and cash equivalents            | 45 199 785  | (63 157 771)  | 11 137 615  | (13 666 372)  |
| Weighted average number of shares                  | 127 742 000   | 126 562 264   | 127 742 000   | 126 562 264   |
| Weighted average diluted number of shares          | 134 129 100   | 126 936 599   | 134 129 100   | 126 936 599   |
| EPS (in PLN / EUR)                                 | 0,18  | 0,15  | 0,05  | 0,03  |
| Diluted EPS (in PLN / EUR)                         | 0,18  | 0,15  | 0,04  | 0,03  |
| Average PLN / EUR rate*                            |   |   | 4,0583  | 4,6214  |
|  | as at<br>30.09.2005<br>PLN                                | as at<br>30.09.2004<br>PLN                                | as at<br>30.09.2005<br>EUR                                | as at<br>30.09.2004<br>EUR                                |
| Assets   | 408 268 449   | 366 090 444   | 104 240 527   | 83 521 273  |
| Long-term liabilities                              | 2 981 979   | 3 083 825   | 761 369   | 703 556   |
| Short-term liabilities                             | 238 625 171   | 224 043 771   | 60 926 613  | 51 114 202  |
| Equity   | 166 661 300   | 138 962 847   | 42 552 546  | 31 703 515  |
| Share capital                                      | 127 742 000   | 127 742 000   | 32 615 534  | 29 143 548  |
| Number of shares                                   | 127 742 000   | 127 742 000   | 127 742 000   | 127 742 000   |
| Diluted number of shares                           | 134 129 100   | 134 129 100   | 134 129 100   | 134 129 100   |
| Book value per share (in PLN / EUR)                | 1,30  | 1,09  | 0,33  | 0,25  |
| Diluted book value per share (in PLN / EUR)        | 1,24  | 1,04  | 0,32  | 0,24  |
| Declared or paid dividend per share (in PLN / EUR) | -   | -   | -   | -   |
| PLN / EUR rate at the end of the period**          |   |   | 3,9166  | 4,3832  |

\* - Profit and loss items were converted at a rate being an arithmetic average of mid-rates announced by the National Bank of Poland, applicable on the last day of each month.

\*\* - Balance sheet items and share book value were converted at a mid-rate of the National Bank of Poland, applicable on the balance sheet day.

| <b>EUROCASH S.A. QUARTELY REPORT (3Q 2005)</b>  |               |
|---|---------------|
| Reporting period: 01.07 - 30.09.2005 r.   | Currency: PLN |
| Level of rounding: all amounts are denominated in Polish zlotys (unless provided otherwise) |               |

#### **BALANCE SHEET AS AT 30 SEPTEMBER 2005**

|   | 3rd Quarter<br>as at<br>30.09.2005 | 2nd Quarter<br>as at<br>30.06.2005 | 3rd Quarter<br>as at<br>30.09.2004 | 2nd Quarter<br>as at<br>30.06.2004 |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| <i>Assets</i>   |                                    |                                    |                                    |                                    |
| <b>Fixed assets (long-term)</b>   | <b>182 447 290</b>                 | <b>186 145 359</b>                 | <b>181 426 136</b>                 | <b>126 254 237</b>                 |
| Intangible fixed assets   | 113 170 991                        | 115 575 988                        | 107 487 762                        | 46 705 008                         |
| Tangible fixed assets   | 66 594 245                         | 67 522 941                         | 71 375 570                         | 76 517 973                         |
| Investment real property  | -                                  | -                                  | -                                  | -                                  |
| Investments in associated companies consolidated with the equity method | -                                  | -                                  | -                                  | -                                  |
| Long-term financial assets available for sale                           | -                                  | -                                  | -                                  | -                                  |
| Other long-term financial assets  | -                                  | -                                  | -                                  | -                                  |
| Long-term receivables   | 555 759                            | 555 759                            | 189 159                            | 164 565                            |
| Long-term prepayments   | 2 126 295                          | 2 490 671                          | 2 373 645                          | 2 866 691                          |
| Deferred income tax assets  | 1 947 863                          | 2 313 700                          | 2 350 096                          | 2 845 342                          |
| Other long-term prepayments   | 178 432                            | 176 971                            | 23 549                             | 21 349                             |
| <b>Current assets (short-term)</b>                                      | <b>225 821 159</b>                 | <b>223 227 818</b>                 | <b>184 664 308</b>                 | <b>254 339 920</b>                 |
| Stocks  | 111 049 547                        | 115 507 743                        | 106 358 134                        | 101 631 735                        |
| Trade receivables   | 29 884 092                         | 34 797 307                         | 36 083 228                         | 37 886 388                         |
| Current income tax receivables  | -                                  | -                                  | -                                  | -                                  |
| Other short-term receivables  | 2 706 531                          | 3 075 329                          | 763 354                            | 963 795                            |
| Short-term financial assets available for sale                          | -                                  | -                                  | -                                  | -                                  |
| Short-term financial assets held for trade                              | -                                  | -                                  | -                                  | -                                  |
| Other short-term financial assets                                       | -                                  | -                                  | -                                  | -                                  |
| Cash and cash equivalents   | 79 114 693                         | 68 393 284                         | 40 213 464                         | 112 359 512                        |
| Short-term prepayments  | 3 066 297                          | 1 454 155                          | 1 246 127                          | 1 498 490                          |
| Fixed assets classified as held for sale                                | -                                  | -                                  | -                                  | -                                  |
| <b>Total assets</b>   | <b>408 268 449</b>                 | <b>409 373 177</b>                 | <b>366 090 444</b>                 | <b>380 594 157</b>                 |

#### **BALANCE SHEET AS AT 30 SEPTEMBER 2005**

|   | 3rd Quarter<br>as at<br>30.09.2005 | 2nd Quarter<br>as at<br>30.06.2005 | 3rd Quarter<br>as at<br>30.09.2004 | 2nd Quarter<br>as at<br>30.06.2004 |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| <i>Liabilities</i>                              |                                    |                                    |                                    |                                    |
| <b>Equity</b>                                   | <b>166 661 300</b>                 | <b>155 150 343</b>                 | <b>138 962 847</b>                 | <b>128 365 921</b>                 |
| Share capital                                   | 127 742 000                        | 127 742 000                        | 127 742 000                        | 127 742 000                        |
| Supplementary capital                           | 14 652 620                         | 14 522 937                         | 579                                | 579                                |
| Treasury shares/equities                        | -                                  | -                                  | -                                  | -                                  |
| Capital reserve                                 | -                                  | -                                  | -                                  | -                                  |
| Hedge transactions valuation capital            | -                                  | -                                  | -                                  | -                                  |
| Fixed assets held for sale recognised in equity | -                                  | -                                  | -                                  | -                                  |
| Retained earnings                               | 24 266 680                         | 12 885 406                         | 11 220 269                         | 623 342                            |
| Profit (loss) of prior years                    | 658 983                            | 658 983                            | (7 218 674)                        | (7 163 396)                        |
| Net profit (loss) of the current year           | 23 607 697                         | 12 226 422                         | 18 438 942                         | 7 786 738                          |
| <b>Liabilities</b>                              | <b>241 607 150</b>                 | <b>254 222 834</b>                 | <b>227 127 597</b>                 | <b>252 228 237</b>                 |
| <b>Long-term liabilities</b>                    | <b>2 981 979</b>                   | <b>3 094 416</b>                   | <b>3 083 825</b>                   | <b>28 472 695</b>                  |
| Long-term loans and credits                     | -                                  | -                                  | -                                  | 24 322 512                         |
| Other long-term financial liabilities           | 2 981 979                          | 3 094 416                          | 3 074 328                          | 4 131 259                          |
| Other long-term liabilities                     | -                                  | -                                  | -                                  | -                                  |
| Deferred income tax provision                   | -                                  | -                                  | -                                  | -                                  |
| Provision for employee benefits                 | -                                  | -                                  | -                                  | -                                  |
| Other long-term provisions                      | -                                  | -                                  | 9 498                              | 18 924                             |
| <b>Short-term liabilities</b>                   | <b>238 625 171</b>                 | <b>251 128 418</b>                 | <b>224 043 771</b>                 | <b>223 755 542</b>                 |
| Short-term loans and credits                    | -                                  | -                                  | -                                  | 4 174 485                          |
| Other short-term financial liabilities          | 1 282 044                          | 1 349 125                          | 1 625 157                          | 782 915                            |
| Trade liabilities                               | 214 905 721                        | 224 492 416                        | 203 328 301                        | 199 204 791                        |
| Current income tax liabilities                  | 396 220                            | 396 220                            | 3 248 090                          | 551 109                            |
| Other short-term liabilities                    | 7 158 557                          | 12 111 539                         | 6 354 838                          | 7 332 235                          |
| Short-term provisions                           | 14 882 628                         | 12 779 119                         | 9 487 385                          | 11 710 008                         |
| Liabilities due to fixed assets held for sale   | -                                  | -                                  | -                                  | -                                  |
| <b>Total liabilities</b>                        | <b>408 268 449</b>                 | <b>409 373 177</b>                 | <b>366 090 444</b>                 | <b>380 594 157</b>                 |

| EUROCASH S.A. QUARTELY REPORT (3Q 2005)   |               |
|---|---------------|
| Reporting period: 01.07 - 30.09.2005 r.   | Currency: PLN |
| Level of rounding: all amounts are denominated in Polish zlotys (unless provided otherwise) |               |

#### BOOK VALUE PER SHARE AS AT 30 SEPTEMBER 2005

|                                     | 3rd Quarter<br>as at<br>30.09.2005 | 3rd Quarter<br>as at<br>30.09.2004 |
|-------------------------------------|------------------------------------|------------------------------------|
| <b>Book value</b>                   | <b>166 661 300</b>                 | <b>138 962 847</b>                 |
| Number of shares                    | 127 742 000                        | 127 742 000                        |
| Diluted number of shares            | 134 129 100                        | 134 129 100                        |
| <b>Book value per share</b>         | <b>1,30</b>                        | <b>1,09</b>                        |
| <b>Diluted book value per share</b> | <b>1,24</b>                        | <b>1,04</b>                        |

#### OFF BALANCE SHEET ITEMS

|                                   |                  |                  |                  |                  |
|-----------------------------------|------------------|------------------|------------------|------------------|
| <b>Contingent Receivables</b>     | -                | -                | -                | -                |
| Related companies                 | -                | -                | -                | -                |
| Other companies                   | -                | -                | -                | -                |
| <b>Contingent Liabilities</b>     | <b>7 697 944</b> | <b>8 647 954</b> | <b>5 933 441</b> | <b>5 579 916</b> |
| Related companies                 | -                | -                | -                | -                |
| Other companies                   | 7 697 944        | 8 647 954        | 5 933 441        | 5 579 916        |
| - guaranties and sureties granted | 7 697 944        | 8 647 954        | 5 933 441        | 5 579 916        |
| <b>Other</b>                      | -                | -                | -                | -                |
| <b>Total</b>                      | <b>7 697 944</b> | <b>8 647 954</b> | <b>5 933 441</b> | <b>5 579 916</b> |

#### PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2005 (functional classification)

|   | 3rd Quarter<br>for the period<br>from 01.07.2005<br>to 30.09.2005 | 3 Quarters<br>for the period<br>from 01.01.2005<br>to 30.09.2005 | 3rd Quarter<br>for the period<br>from 01.07.2004<br>to 30.09.2004 | 3 Quarters<br>for the period<br>from 01.01.2004<br>to 30.09.2004 |
|---|---|--|---|--|
| <i>Continued operations</i>                                       |   |  |   |  |
| <b>Net sales</b>  | <b>464 329 320</b>  | <b>1 266 724 890</b>   | <b>424 664 545</b>  | <b>1 140 202 255</b>   |
| Net sales of traded goods   | 453 358 812   | 1 235 080 637  | 415 138 897   | 1 118 401 958  |
| Net sales of services   | 10 970 508  | 31 644 253   | 9 525 648   | 21 800 297   |
| Net sales of materials  | -   | -  | -   | -  |
| <b>Prime costs of sales</b>                                       | <b>(402 867 177)</b>  | <b>(1 098 270 623)</b>   | <b>(369 713 554)</b>  | <b>(995 753 691)</b>   |
| Costs of sold traded goods  | (402 867 177)   | (1 098 270 623)  | (369 713 554)   | (995 753 691)  |
| Costs of sold services  | -   | -  | -   | -  |
| Costs of sold materials   | -   | -  | -   | -  |
| <b>Gross profit (loss) on sales</b>                               | <b>61 462 143</b>   | <b>168 454 267</b>   | <b>54 950 991</b>   | <b>144 448 564</b>   |
| Costs of sales  | (31 963 063)  | (91 594 202)   | (28 264 012)  | (81 810 010)   |
| Costs of general management                                       | (14 631 452)  | (42 179 531)   | (10 660 008)  | (28 557 350)   |
| <b>Profit (loss) on sales</b>                                     | <b>14 867 628</b>   | <b>34 680 534</b>  | <b>16 026 971</b>   | <b>34 081 204</b>  |
| Other operating revenues  | 726 759   | 1 966 600  | 298 166   | 988 349  |
| Other operating costs   | (1 598 803)   | (5 538 960)  | (3 291 301)   | (11 939 272)   |
| Share in profits of companies consolidated with the equity method | -   | -  | -   | -  |
| Costs of restructuring  | -   | -  | -   | -  |
| <b>Operating profit (loss)</b>                                    | <b>13 995 583</b>   | <b>31 108 174</b>  | <b>13 033 836</b>   | <b>23 130 282</b>  |
| Financial revenues  | 764 751   | 1 695 274  | 1 321 901   | 3 744 671  |
| Financial costs   | (775 234)   | (3 183 873)  | (1 512 677)   | (4 976 504)  |
| Other profit (loss) on investments                                | -   | -  | -   | -  |
| <b>Profit (loss) before tax</b>                                   | <b>13 985 100</b>   | <b>29 619 575</b>  | <b>12 843 060</b>   | <b>21 898 449</b>  |
| Income tax  | (2 603 825)   | (6 011 878)  | (2 190 857)   | (3 459 507)  |
| <b>Net profit (loss) on continued operations</b>                  | <b>11 381 275</b>   | <b>23 607 697</b>  | <b>10 652 204</b>   | <b>18 438 942</b>  |
| <i>Discontinued operations</i>                                    |   |  |   |  |
| Net loss on discontinued operations                               | -   | -  | -   | -  |
| <b>Net profit (loss)</b>  | <b>11 381 275</b>   | <b>23 607 697</b>  | <b>10 652 204</b>   | <b>18 438 942</b>  |

#### NET EARNINGS PER SHARE

|  | PLN / share | PLN / share |
|--|-------------|-------------|
| Net profit (loss) on continued operations                  | 23 607 697  | 18 438 942  |
| Net profit (loss) on continued and discontinued operations | 23 607 697  | 18 438 942  |
| Weighted average number of shares                          | 127 742 000 | 126 562 264 |
| Weighted average diluted number of shares                  | 134 129 100 | 126 936 599 |
| <b>from continued operations</b>                           |             |             |
| - basic  | 0,18        | 0,15        |
| - diluted  | 0,18        | 0,15        |
| <b>from continued and discontinued operations</b>          |             |             |
| - basic  | 0,18        | 0,15        |
| - diluted  | 0,18        | 0,15        |

| EUROCASH S.A. QUARTELY REPORT (3Q 2005)   |               |
|---|---------------|
| Reporting period: 01.07 - 30.09.2005 r.   | Currency: PLN |
| Level of rounding: all amounts are denominated in Polish zlotys (unless provided otherwise) |               |

**CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2005 (indirect method)**

|   | 3rd Quarter<br>for the period<br>from 01.07.2005<br>to 30.09.2005 | 3 Quarters<br>for the period<br>from 01.01.2005<br>to 30.09.2005 | 3rd Quarter<br>for the period<br>from 01.07.2004<br>to 30.09.2004 | 3 Quarters<br>for the period<br>from 01.01.2004<br>to 30.09.2004 |
|---|---|--|---|--|
| <i>Operating cash flow</i>  |   |  |   |  |
| <b>Net profit before tax</b>  | <b>13 985 100</b>   | <b>29 619 575</b>  | <b>12 843 060</b>   | <b>21 898 449</b>  |
| <b>Adjustments:</b>   | <b>6 327 943</b>  | <b>19 701 151</b>  | <b>4 686 179</b>  | <b>12 771 315</b>  |
| Depreciation  | 6 497 005   | 18 758 031   | 4 657 256   | 11 591 089   |
| Impairment allowance on tangible fixed assets                                     | -   | -  | -   | -  |
| (Profit) loss on sold tangible fixed assets                                       | 61 625  | 290 536  | 74 806  | 333 279  |
| (Profit) loss on sold financial assets available for sale                         | -   | -  | -   | -  |
| Profit (loss) on investment real property valuation at fair value                 | -   | -  | -   | -  |
| (Profit) loss on changes in fair value of financial assets recorded at fair value | -   | -  | -   | -  |
| Costs of interest   | 476 765   | 2 049 372  | 1 203 095   | 4 164 828  |
| Interest received   | (707 452)   | (1 396 789)  | (1 248 978)   | (3 317 881)  |
| <b>Operating cash before changes in working capital</b>                           | <b>20 313 043</b>   | <b>49 320 726</b>  | <b>17 529 239</b>   | <b>34 669 764</b>  |
| Changes in stocks   | 4 458 196   | 1 231 215  | (4 726 399)   | (10 968 195)   |
| Changes in receivables  | 5 282 013   | 8 229 263  | 1 979 007   | 3 593 438  |
| Changes in liabilities  | (14 539 677)  | 12 583 569   | 5 843 094   | 5 668 836  |
| Changes in provisions and accruals  | (527 638)   | (397 389)  | (2 185 186)   | (115 703)  |
| Other adjustments   | (267 311)   | 734 063  | 312 000   | 5 087 811  |
| <b>Operating cash</b>   | <b>14 718 627</b>   | <b>71 701 448</b>  | <b>18 751 756</b>   | <b>37 935 950</b>  |
| Interest paid   | (394 151)   | (1 597 702)  | (916 739)   | (3 336 470)  |
| Income tax paid   | (1 188 660)   | (3 565 980)  | (1 695 611)   | (3 831 891)  |
| <b>Net operating cash</b>   | <b>13 135 816</b>   | <b>66 537 766</b>  | <b>16 139 406</b>   | <b>30 767 589</b>  |
| <i>Investment cash flow</i>   |   |  |   |  |
| Expenditures for purchased intangible fixed assets                                | (35 491)  | (11 440 653)   | (55 135 469)  | (56 316 113)   |
| Receipts from sold intangible fixed assets  | 2 600   | 2 600  | 187 000   | 187 000  |
| Expenditures for purchased tangible fixed assets                                  | (2 606 309)   | (10 050 883)   | (5 644 944)   | (12 503 935)   |
| Receipts from sold tangible fixed assets  | 4 033   | 9 933  | 11 329  | 138 891  |
| Wpływy z otrzymanych dotacji rządowych  | -   | -  | -   | -  |
| Interest received   | 707 452   | 1 396 789  | 1 248 978   | 3 317 881  |
| <b>Net investment cash</b>  | <b>(1 927 716)</b>  | <b>(20 082 215)</b>  | <b>(59 333 106)</b>   | <b>(65 176 276)</b>  |
| <i>Financing cash flow</i>  |   |  |   |  |
| Receipts due to taking loans and credits  | -   | -  | -   | -  |
| Repaid loans and credits  | -   | -  | (28 496 996)  | (27 922 512)   |
| Repaid liabilities under financial lease  | (372 303)   | (991 755)  | (372 305)   | (634 096)  |
| Interest  | (114 388)   | (264 011)  | (83 046)  | (192 477)  |
| <b>Net financing cash</b>   | <b>(486 692)</b>  | <b>(1 255 766)</b>   | <b>(28 952 347)</b>   | <b>(28 749 085)</b>  |
| <b>Net change in cash and cash equivalents</b>                                    | <b>10 721 409</b>   | <b>45 199 785</b>  | <b>(72 146 047)</b>   | <b>(63 157 771)</b>  |
| <b>Cash and cash equivalents at the beginning of the period</b>                   | <b>68 393 284</b>   | <b>33 914 908</b>  | <b>112 359 512</b>  | <b>103 371 236</b>   |
| Change due to exchange gains (loss)   | -   | -  | -   | -  |
| <b>Cash and cash equivalents at the end of the period</b>                         | <b>79 114 693</b>   | <b>79 114 693</b>  | <b>40 213 464</b>   | <b>40 213 464</b>  |

|   |               |
|---|---------------|
| <b>EUROCASH S.A. QUARTELY REPORT (3Q 2005)</b>  |               |
| Reporting period: 01.07 - 30.09.2005 r.   | Currency: PLN |
| Level of rounding: all amounts are denominated in Polish zlotys (unless provided otherwise) |               |

**STATEMENT ON CHANGES IN EQUITY IN THE PERIOD FROM 1 JANUARY TO 31 SEPTEMBER 2005**

|   | Share capital      | Supplementary capital | Retained earnings  | Total              |
|---|--------------------|-----------------------|--------------------|--------------------|
| <b>Balance as at 1 January 2004</b>   | <b>121 889 000</b> | <b>222</b>            | <b>(6 301 204)</b> | <b>115 588 018</b> |
| Changes in the principles (policy) of accounting  | -                  | -                     | (862 193)          | <b>(862 193)</b>   |
| Basic error corrections   | -                  | -                     | (55 277)           | <b>(55 277)</b>    |
| <b>Balance upon changes</b>   | <b>121 889 000</b> | <b>222</b>            | <b>(7 218 674)</b> | <b>114 670 548</b> |
| <i>Changes in equity in the period from 1 January to 30 September 2004</i>              |                    |                       |                    |                    |
| <b>Net profit presented directly in equity</b>  | -                  | -                     | -                  | -                  |
| Net profit for the period from 1 January to 31 December 2004                            | -                  | -                     | 18 438 942         | <b>18 438 942</b>  |
| <b>Total profit and loss recorded in the period from 1 January to 30 September 2004</b> | -                  | -                     | <b>18 438 942</b>  | <b>18 438 942</b>  |
| Dividends   | -                  | -                     | -                  | -                  |
| Issued share capital  | 5 853 000          | 357                   | -                  | <b>5 853 357</b>   |
| Issued options convertible into shares  | -                  | -                     | -                  | -                  |
| <b>Balance as at 30 September 2004</b>  | <b>127 742 000</b> | <b>579</b>            | <b>11 220 268</b>  | <b>138 962 847</b> |
| <b>Balance as at 1 January 2005</b>   | <b>127 742 000</b> | <b>579</b>            | <b>14 262 994</b>  | <b>142 005 573</b> |
| Changes in the principles (policy) of accounting  | -                  | -                     | 658 983            | <b>658 983</b>     |
| <b>Balance upon changes</b>   | <b>127 742 000</b> | <b>579</b>            | <b>14 921 977</b>  | <b>142 664 556</b> |
| <i>Changes in equity in the period from 1 January to 30 September 2005</i>              |                    |                       |                    |                    |
| <b>Net profit presented directly in equity</b>  | -                  | -                     | -                  | -                  |
| Net profit for the period from 1 January to 30 September 2005                           | -                  | 14 262 994            | 9 344 703          | <b>23 607 697</b>  |
| <b>Total profit and loss recorded in the period from 1 January to 30 September 2005</b> | -                  | <b>14 262 994</b>     | <b>9 344 703</b>   | <b>23 607 697</b>  |
| Dividends   | -                  | -                     | -                  | -                  |
| Issued share capital  | -                  | -                     | -                  | -                  |
| Issued options convertible into shares  | -                  | 389 047               | -                  | <b>389 047</b>     |
| <b>Balance as at 30 September 2005</b>  | <b>127 742 000</b> | <b>14 652 620</b>     | <b>24 266 680</b>  | <b>166 661 300</b> |

Signatures of Management Board Members representing the Company:

\_\_\_\_\_  
 Arnaldo Guerreiro  
 Member of the Management Board  
 Eurocash S.A.

\_\_\_\_\_  
 Rui Amaral  
 Member of the Management Board  
 Eurocash S.A.

Poznan, 4 November 2005