

POLISH FINANCIAL SUPERVISION AUTHORITY**Current Report No. 35/2010**

Date of preparation: 18 June 2010

Abbreviated name of the issuer:

EUROCASH

Subject:

Intent to merge with a subsidiary. Merger plan.

Legal basis:

Section 56.1.2 of the Act on Public Offering – current and interim information

Report body:

The Management Board of EUROCASH Spółka Akcyjna, with its registered office in Komorniki (“the Company”), announces the intent to merge the Company with a subsidiary Eurocash Dystrybucja Sp. z o.o. (previously McLane Polska Sp. z o.o.), with its registered office in Błonie (“EC Dystrybucja”), in which the Company holds 100% of the shares.

The merger of the companies will allow for the maximisation of the profits of the merging companies. In particular, as a result of the merger, the administrative costs will be reduced, including the costs of managing the companies. The incorporation will allow for reaching the effect of synergy and will enable the smooth movement of resources without the need to create additional transactions between the companies (as related companies) functioning until now as separate entities.

The merger will take place pursuant to Section 492.1.1 of the Commercial Companies Code (“CCC”) through the acquisition of EC Dystrybucja by the Company, that is, through the transfer of all of the assets of EC Dystrybucja as the acquired company to the Company as the acquiring company.

Whereas the Company (the acquiring company) holds 100% of the shares of EC Dystrybucja (the acquired company):

- in accordance with Section 515.1 of the CCC, the merger will take place without an increase of the share capital of the Company;
- in accordance with Section 516.6 in relation to Section 516.5 of the CCC, the management boards of the merging companies will not prepare the written report referred to in Section 501 of the CCC;
- in accordance with Section 516.6 in relation to Section 516.5 of the CCC, the merger plan is not subject to an audit by a statutory auditor.

The business activities of Eurocash involve:

- a national network of cash & carry type discount warehouses,
- franchise systems for retail stores - the Company supplies stores which are a part of franchise networks organized by Eurocash Group under such brands as “Delikatesy Centrum” and abc

EC Dystrybucja is the leading wholesale distributor of high turnover consumer goods on the Polish market. EC Dystrybucja specializes in the active distribution of food products, convenience goods, and cigarettes for gas stations, restaurants, and food stores.

The merger will be performed based on a merger plan which constitutes an attachment to this report.

Attachments:

File Description

Merger plan of Eurocash S.A. and Eurocash Dystrybucja Sp. z o.o. Merger plan with attachments.

Full name of the issuer: EUROCASH S.A.
Abbreviated name of the issuer: EUROCASH
Sector as per WSE classification: Retail trade
Postal code: 62-052 Town: Komorniki
Street name: Wiśniowa Street number: 11
Phone: (+48) 61 658 33 01 Fax: (+48) 61 658 33 04
E-mail: eurocash@eurocash.com.pl Website: www.eurocash.com.pl
NIP [Taxpayer Identification Number]: 779-19-06-082
REGON [Polish Official Business Registry Number]: 631008941

SIGNATURES OF THE COMPANY'S REPRESENTATIVES

Date	Full Name	Position
18 June 2010	Jacek Owczarek	Member of the Management Board
18 June 2010	Amaldo Guerreiro	Member of the Management Board

Signature

MERGER PLAN
EUROCASH S.A. AND EUROCASH DYSTRYBUCJA SP. Z O.O.

1. This document specifies the rules for the merger of Eurocash S.A. with its registered office in Komorniki, entered into the National Court Register under the number KRS 0000213765 and Eurocash Dystrybucja sp. z o.o. with its registered office in Błonie, entered into the National Court Register under the number KRS 0000013892.
2. The merger will take place pursuant to Section 492.1.1 of the Commercial Companies Code ("CCC") through the acquisition of Eurocash Dystrybucja sp. z o.o. by Eurocash S.A., that is, through the transfer of all of the assets of Eurocash Dystrybucja sp. z o.o. as the acquired company to Eurocash S.A. as the acquiring company.
3. Whereas Eurocash S.A. holds 100% of the shares of Eurocash Dystrybucja sp. z o.o. (the acquired company), in accordance with Section 515.1 of the CCC, the merger will take place without an increase of the capital of Eurocash S.A.
4. No rights referred to in Section 499.1.5 of the CCC will be granted as a result of the merger.
5. No specific benefits referred to in Section 499.1.6 of the CCC will be granted as a result of the merger.
6. No changes will be made to the articles of association of Eurocash S.A. in relation to the merger.
7. In accordance with the provisions of Section 449.2 of the CCC, the following documents constitute attachments to this merger plan:
 - A. draft resolution of the General Meeting of Eurocash S.A. on the merger (Attachment 1)
 - B. draft resolution of the Meeting of the Shareholders of Eurocash Dystrybucja sp. z o.o. on the merger (Attachment 2);
 - C. determination of the value of the assets of Eurocash Dystrybucja sp. z o.o. as at 1 May 2010 (Attachment 3);
 - D. a declaration containing information about the accounting books of Eurocash S.A. prepared for the purposes of the merger as at 1 May 2010 (Attachment 4);
 - E. a declaration containing information about the accounting books of Eurocash Dystrybucja sp. z o.o. prepared for the purposes of the merger as at 1 May 2010 (Attachment 5).

DRAFT RESOLUTION OF THE GENERAL MEETING OF EUROCASH S.A

Resolution No. [...]

The Extraordinary General Meeting of a company under the business name Eurocash S.A. with its registered office in Komorniki, after the oral presentation by the Management Board of the significant elements of the merger plan of the companies Eurocash S.A. with its registered office in Komorniki and Eurocash Dystrybucja sp. z o.o. with its registered office in Błonie, and also the significant elements of the report of the Management Board justifying the merger, has resolved:

1. Acting pursuant to Section 506.1 of the Commercial Companies Code, the merger of Eurocash S.A. with its registered office in Komorniki, entered into the National Court Register under the number KRS 0000213765 and Eurocash Dystrybucja sp. z o.o. with its registered office in Błonie, entered into the National Court Register under the number KRS 0000013892 is resolved.
2. The merger takes place pursuant to Section 492.1.1 of the Commercial Companies Code through the transfer of all of the assets of Eurocash Dystrybucja sp. z o.o. as the acquired company to Eurocash S.A. as the acquiring company (merger through acquisition).
3. Whereas, Eurocash S.A. as the acquiring company, holds 100% of the shares of Eurocash Dystrybucja sp. z o.o., as the acquired company, in accordance with Section 515.1 of the CCC the merger will take place without an increase of the capital of Eurocash S.A.
4. No changes will be made to the articles of association of Eurocash S.A. in relation to the merger.
5. Consent is provided to the merger plan agreed upon by the merging companies and announced in Court and Economic Monitor No. [...] dated [...], item [...].

**DRAFT RESOLUTION OF THE GENERAL MEETING OF
EUROCASH DYSTRYBUCJA SP. Z O.O.**

Resolution No. [...]

The Extraordinary General Meeting of a company under the business name Eurocash Dystrybucja sp. z o.o. with its registered office in Błonie, after the oral presentation by the Management Board of the significant elements of the merger plan of the companies Eurocash S.A. with its registered office in Komorniki and Eurocash Dystrybucja sp. z o.o. with its registered office in Błonie, and also the significant elements of the report of the Management Board justifying the merger, has resolved:

1. Acting pursuant to Section 506.1 of the Commercial Companies Code, the merger of Eurocash S.A. with its registered office in Komorniki, entered into the National Court Register under the number KRS 0000213765 and Eurocash Dystrybucja sp. z o.o. with its registered office in Błonie, entered into the National Court Register under the number KRS 0000013892 is resolved.
2. The merger takes place pursuant to Section 492.1.1 of the Commercial Companies Code through the transfer of all of the assets of Eurocash Dystrybucja sp. z o.o. as the acquired company to Eurocash S.A. as the acquiring company (merger through acquisition).
3. Whereas, Eurocash S.A. as the acquiring company, holds 100% of the shares of Eurocash Dystrybucja sp. z o.o., as the acquired company, in accordance with Section 515.1 of the CCC the merger will take place without an increase of the capital of Eurocash S.A.
4. No changes will be made to the articles of association of Eurocash S.A. in relation to the merger. The Meeting of Shareholders consents to the text of the articles of association of Eurocash S.A.
5. Consent is provided to the merger plan agreed upon by the merging companies and announced in Court and Economic Monitor No. [...] dated [...], item [...].

Eurocash Dystrybucja Sp. z o.o.**Balance sheet**

(all data is presented in PLN)

ASSETS**1 May 2010****Fixed assets****17 422 351****Tangible fixed assets**

Fixed assets	13 072 472
buildings, premises, civil and water engineering structures	1 700
Machines and equipment	42 449
Vehicles	12 958 310
Other tangible fixed assets	70 012
Tangible fixed assets under construction	58 820
Advances for tangible fixed assets under construction	-

13 131 292**Long-term receivables**

From related entities	-
From other entities	8 450
	8 450

Long-term prepayments

Deferred income tax assets	4 213 779
Other prepayments	68 830
	4 282 609

Current assets**Inventories**

Goods	17 234 507
-------	------------

Short-time receivables

Receivables from related entities	
Trade receivables	1 120 573
other	16 687 403
Receivables from other entities	
Trade receivables	64 912 031
From taxes, subsidies, customs duties, social insurance, and other benefits	1 255 552
other	478 026
	84 453 585

Short-time investments

Short-time financial assets	
In related entities	25 293 418
In other entities	-
Cash and other monetary assets	618 226
Other short-time investments	-
	25 911 644

Short-time prepayments**1 055 956****TOTAL ASSETS****146 078 042**

Eurocash Dystrybucja Sp. z o.o.
Balance sheet

(all data is presented in PLN)

LIABILITIES

1 May 2010

Equity

Share capital	150 158 950
Supplementary capital	226 807
Accumulated loss from previous year	(85 032 414)
Net loss	(1 923 105)
	63 430 238

Liabilities and provisions for liabilities

Provisions for liabilities

Provision for deferred income tax	844 189
Provision for pensions and related benefits	4 476 804
-long-term	71 897
-short-term	4 404 907
Other provisions	4 723 237
	-
	10 044 230

Long-term liabilities

to related entities	5 115 081
other financial liabilities	5 115 081
	5 115 081

Short-term liabilities

to related entities	30 826 874
trade liabilities	30 273 382
other	553 492
To other entities	36 385 159
other financial liabilities	3 998 220
trade liabilities	28 900 760
for taxes, customs duties, insurance, and other benefits	3 840 877
remuneration liabilities	-
other	(354 698)
Special funds	276 461
	67 488 494

TOTAL LIABILITIES

146 078 042

EUROCASH S.A.**BALANCE SHEET**

Currency: polish zloty (PLN)

ASSETS**As at 1 May
2010**

Fixed assets (long-term)	515 180 786
Goodwill	9 975 600
Other intangible fixed assets	42 023 782
Tangible fixed assets	164 421 310
Investment property	-
Investments in subsidiaries	291 512 353
Investments in associated companies – equity method	3 464 300
Long-term financial assets available for sale	-
Other long-term financial assets	-
Long-term receivables	1 768 084
Long-term prepayments	2 015 357
Deferred income tax assets	1 744 215
Other long-term prepayments	271 142
Current assets (short-term)	598 984 528
Inventories	265 329 130
Trade receivables	212 726 193
Current income tax receivables	4 767 288
Other short-term receivables	26 201 752
Short-term financial assets in subsidiaries	-
Short-term financial assets designated for trading	-
Other short-term financial assets	-
Cash and cash equivalents	83 778 631
Short-term prepayments	6 181 534
Fixed assets classified as assets designated for sale	-
Total assets	1 114 165 314

LIABILITIES**As at 1 May
2010**

Equity	
Base capital	293 222 501
Supplementary capital	135 270 736
Treasury shares	95 255 509
Capital reserve	-
Hedge instrument valuation reserve	(4 645 000)
Amounts recognized in the capital pertaining to fixed assets designated for sale	-
Differences from consolidation	-
Retained earnings	68 456 763
Accumulated profit (loss) from previous years	62 299 892
Net profit (loss) of the current year	6 156 872
Minority interests	-
Liabilities	820 942 813
Long-term liabilities	16 222 856
Long-term loans and credits	-
Other long-term financial liabilities	15 476 301
Other long-term liabilities	400 000
Deferred income tax provision	-
Provision for employee benefits	346 555
Other long-term reserves	-

Short-term liabilities	804 719 957
Short-term loans and credits	43 307 851
Other short-term financial liabilities	2 402 499
Trade liabilities	696 204 734
Current income tax liabilities	1 156 326
Other short-term liabilities	39 812 687
Provision for employee benefits	11 980 123
Other short-term reserves	9 855 736
TOTAL LIABILITIES	<u>1 114 165 314</u>

Eurocash Dystrybucja Sp. z o.o.
The profit and loss account

(all data is presented in PLN)

	1 January 2010- 1 May 2010
Net sales and equivalents	
- <i>including from related entities</i>	3 511 736
Net sales of sold products	3 182 431
Net sales of sold goods and materials	212 393 164
	215 575 595
Costs of operating activities	
Amortisation and depreciation	(2 047 315)
Material and energy consumption	(3 583 269)
External services	(12 354 015)
Taxes and charges	(749 388)
Remuneration	(8 754 077)
Social security contributions and other benefits	(1 632 436)
Other expenses by nature	(969 866)
Value of goods and materials sold	(193 204 623)
	(223 294 989)
Profit (loss) on sales	(7 719 395)
Other operating income	
Loss from the disposal of non-financed fixed assets	6 032 001
Other operating income	1 027 289
	7 059 291
Other operating costs	
Profit from the disposal of non-financed fixed assets	(2 931 046)
Other operating costs	1 118 201
	(1 812 845)
Loss on operating activities	(2 472 949)
Financial revenues	
Interest	492 123
Other	(47 305)
	444 818
Financial costs	
Interest	(196 116)
Other	(78 244)
	(274 360)
Profit (loss) before income tax	(2 302 491)
Income tax	379 386
Profit (loss) after income tax	(1 923 105)

Eurocash S.A.
The profit and loss account (functional classification)

Currency: polish zloty (PLN)

For the period
From 1 January 2010
To 1 May2010

Continuing operations

Sales	1 334 981 986
Sales of traded goods	1 287 132 350
Sales of services	47 849 636
Sales of materials	-
Prime cost of sales	(1 207 684 506)
Cost of sold traded goods	(1 207 684 506)
cost of sold services	-
cost of sold materials	-
Gross profit (loss) on sales	127 297 480
Cost of sales	(83 161 072)
General and administrative expenses	(36 695 202)
Profit (loss) on sales	7 441 206
Other operating activities	4 851 011
Other operating expenses	(4 439 543)
Restructuring costs	-
Profit (loss) from operating activities	7 852 674
Financial revenues	779 538
Financial costs	(1 992 485)
Share in profits of companies consolidated with the equity method	-
Other profit (loss) from investments	-
Profit (loss) before tax	6 709 728
Income tax	(552 856)
Net Profit (loss) on continued operations	6 156 872

Discontinued operations

Net loss on discontinued operations	-
Net Profit (loss)	6 156 872