

CHAPTER VIII FINANCIAL STATEMENTS

1. Non-Consolidated Financial Statements

A. Auditor's Opinion on the Presented Financial Statements and the Comparable Financial Data

Auditor's Opinion on the Presented Financial Statements and the Comparable Financial Data

Eurocash Spółka Akcyjna
ul. Wołczyńska 18
60-003 Poznań, Poland

To the Shareholders, Supervisory Board, Executive Board and Investors in the Eurocash Spółka Akcyjna Shares.

Pursuant to the requirements of the Regulation of the Polish Council of Ministers, dated August 11th 2004, on detailed requirements for issue prospectuses and summary issue prospectuses (Dz. U. No. 186, item 1921), below are listed the financial statements and comparable financial data of Eurocash Spółka Akcyjna (a joint-stock company), audited in accordance with the provisions of the applicable laws and professional auditing standards issued by the National Board of Chartered Auditors:

1. Financial statements for the period January 1st – July 31st 2004,
2. Comparable financial data for the period January 1st – December 31st 2003,
3. Comparable financial data for the period January 1st – December 31st 2002,
4. Comparable financial data for the period January 1st – December 31st 2001.

The comparable financial data for the periods January 1st – December 31st 2003, January 1st – December 31st 2002 and January 1st – December 31st 2001 was prepared based on the Issuer's financial statements for the mentioned periods, audited by auditors: Jan Letkiewicz acting on behalf of HLB Frąckowiak i Wspólnicy Sp. z o.o. with respect to the financial statements for the periods January 1st – December 31st 2003 and January 1st – December 31st 2001; and Wojciech Maj acting on behalf of PricewaterhouseCoopers Sp. z o.o. with respect to the financial statements for the period January 1st – December 31st 2002.

The Company's Executive Board is responsible for the preparation of the financial statements and for any restatements and adjustments made to ensure their comparability.

Both the form of disclosure and the scope of information disclosed in the financial statements and comparable financial data presented in this Prospectus are in compliance with the provisions of the Regulation of the Polish Council of Ministers, dated August 11th 2004, on the detailed requirements for issue prospectuses and summary issue prospectuses (Dz. U. No. 186, item 1921).

The information disclosed in the presented financial statements and comparable financial data was prepared in a manner ensuring its comparability by applying uniform accounting policies in all presented periods, consistent with the accounting policies applied by Eurocash Spółka Akcyjna of Poznań in the preparation of the financial statements for the most recent presented period, and by disclosing fundamental errors in periods to which they relate regardless of the period in which they were disclosed in the accounting books.

The reconciliation of the comparable financial data for the periods January 1st – December 31st 2002 and January 1st – December 31st 2003 presented in the Prospectus to the items of the audited financial statements fairly reflects the performed restatement, while the comparable financial data for the periods January 1st – December 31st 2002 and January 1st – December 31st 2003 presented in this Prospectus results from the audited financial statements, following their adjustments made to ensure comparability, due to changes in the accounting policies and corrections of fundamental errors.

The financial statements as well as the comparable financial data presented in this Prospectus were prepared in accordance with the provisions of the Polish Accountancy Act of September 29th 1994 (Dz. U. No. 121, item 591, as amended).

We have audited the financial statements for the period January 1st – July 31st 2004 and the comparable financial data for the period January 1st – December 31st 2001 in accordance with the provisions of the applicable laws and the professional standards, pursuant to:

1. Chapter 7 of the Polish Accountancy Act of September 29th 1994 (consolidated text: Dz. U. of 2002, No. 76, item 694, as amended);
2. the professional auditing standards issued by the National Board of Chartered Auditors.

In our opinion, the financial statements of EUROCASH Spółka Akcyjna for the most recent period January 1st – July 31st 2004 and the comparable financial data for the period January 1st – December 31st 2001 were prepared, in all material respects, in accordance with consistently applied accounting policies, on the basis of correctly maintained accounting books, and are compliant, in terms of both form and substance, with the applicable laws and regulations and the provisions of the Company's Articles of Association.

The financial statements of EUROCASH Spółka Akcyjna for the most recent period as well as the comparable financial data are correct and present in a fair and clear manner the Company's assets and financial standing as at July 31st 2004 and December 31st 2001, as well as its financial result for the periods January 1st – July 31st 2004 and January 1st – December 31st 2001.

The auditor's opinions on the audited financial statements which were used to prepare the comparable financial data for the periods January 1st – December 31st 2002 and January 1st – December 31st 2003 are presented in Section B of this sub-chapter ("Sources of Information").

HLB Frąckowiak i Wspólnicy Sp. z o.o. of Poznań – firm qualified to audit financial statements, Reg. No. 238,
ul. Składowa 4, 61-897 Poznań, Poland

Jan Letkiewicz

Cecylia Pol

Chartered Auditor
Reg. No. 9530/7106

Chartered Auditor
Reg. No. 5282/782
President of the Executive Board

Poznań, August 20th 2004

B. Sources of Information

The financial statements of EUROCASH Spółka Akcyjna for the period January 1st – July 31st 2004 presented in this Prospectus and the comparable financial data were prepared on the basis of the Issuer's financial statements for the following periods:

1. January 1st – July 31st 2004,
2. January 1st – December 31st 2003,
3. January 1st – December 31st 2002,
4. January 1st – December 31st 2001.

The source of information used to prepare the presented financial statements and the comparable financial data of the Issuer together with the notes thereto, constituting the basis for the auditor's opinion were:

1. Audited and approved financial statements for the periods specified above, prepared by EUROCASH Spółka Akcyjna (formerly Spółka z ograniczoną odpowiedzialnością (limited-liability company)), registered office in Poznań, Poland, as filed by the Executive Board;
2. Accounting books maintained by the Issuer,
3. Auditors' Opinions on the audit of financial statements for the financial periods ended December 31st 2003 and December 31st 2002, and the relevant Audit Reports,
4. Source documents submitted by the Company's Executive Board, relating to events not covered by the financial statements,
5. Representation of the Company's Executive Board,
6. Information obtained from the Executive Board and persons authorised by the Issuer's Executive Board to disclose information.

Auditor's Opinion on the Audit of Financial Statements for the Period January 1st – December 31st 2003

For the Shareholders Meeting of
Eurocash Spółka z o.o.

We have audited the attached financial statements of Eurocash Spółka z o.o., ul. Wołczyńska 18, 60-003 Poznań, Poland, including:

- Balance sheet as at December 31st 2003, showing a balance-sheet total of **PLN 360,528,974**,
- Profit and loss account for the period January 1st – December 31st 2003, showing a net profit of **PLN 4,107,086**,
- Supplementary Information, including introduction and notes to the financial statements,
- Reconciliation of movements in shareholders' equity for the period January 1st – December 31st 2003, showing an increase in shareholders' equity of **PLN 9,711,074**,
- Cash-flow statement for the period January 1st – December 31st 2003, showing an increase in cash of **PLN 60,517,783**.

The Company's directors are responsible for the preparation of the financial statements. Our responsibility was to audit the financial statements and to issue an opinion on their fairness, clarity and accuracy, and on the reliability of the accounting books used to prepare these financial statements.

The audit was performed in accordance with:

- the provisions of the Polish Accountancy Act of September 29th 1994 (consolidated text: Dz. U. of 2002, No. 76, item 694, as amended),
- the professional auditing standards issued by the National Board of Chartered Auditors,
- International Standards of Auditing, in the areas not regulated by the aforementioned regulations.

The audit was planned and performed in such a manner as to obtain a reasonable and sufficient basis to issue a reliable opinion on the audited financial statements and the accounting books used in their preparation.

In particular, the audit included a general assessment of the financial statements as well as an examination, largely on a test basis, of the accounting evidence relevant to the amounts and disclosures in the financial statements. It also included an assessment of the correctness of the accounting policies adopted and applied by the Company as well as of the justification of the significant estimates made in the preparation of the financial statements.

In our opinion, the attached financial statements were prepared, in all material respects, in accordance with consistently applied accounting policies as defined in the aforementioned Polish Accountancy Act, on the basis of correctly maintained accounting books. The financial statements are compliant, in terms of both form and substance, with the applicable laws and regulations and the provisions of the Company's Articles of Association. The attached financial statements are correct and present, in a fair and clear manner, the Company's assets and financial standing as at December 31st 2003, as well as its financial result for the period January 1st – December 31st 2003.

The Directors' Report for the 2003 financial year is complete within the meaning of the provisions of the Polish Accountancy Act; the information contained therein is consistent with the data contained in the financial statements.

Jan Letkiewicz

Cecylia Pol

Chartered Auditor
Reg. No. 9530/7106

President of the Executive Board of
HLB Frąckowiak i Wspólnicy Sp. z o.o.,
firm qualified to audit financial statements, Reg. No. 238
Chartered Auditor
Reg. No. 5282/782

Poznań, February 20th 2004

Auditor's Opinion on the Audit of Financial Statements for the Period January 1st – December 31st 2002

Auditor's Opinion

for the Shareholders of Eurocash Sp. z o.o.

We have audited the attached financial statements of Eurocash Sp. z o.o. ("the Company"), registered office at ul. Wolczyńska 18, Poznań, including:

- a) Balance sheet as at December 31st 2002, showing a balance-sheet total of **PLN 278,937,319**;
- b) Profit and loss account for the financial year January 1st – December 31st 2002, showing a net loss of **PLN 10,402,088**;
- c) Reconciliation of movements in shareholders' equity for the financial year January 1st – December 31st 2002, showing an increase in shareholders' equity of **PLN 105,833,222**;
- d) Cash-flow statement for the financial year January 1st – December 31st 2002, showing an increase in cash of **PLN 43,413,132**;
- e) Supplementary Information, including introduction and notes to the financial statements.

The Executive Board is responsible for the preparation of the financial statements and the Directors' Report in accordance with the applicable laws and regulations. Our responsibility was to issue, based on our audit, an opinion on the financial statements.

We have audited the financial statements in accordance with applicable laws and regulations as in effect in Poland:

- 1. the provisions of the Polish Accountancy Act of September 29th 1994 ("the Act" – consolidated text: Dz. U. of 2002, No. 76, item 694),
- 2. the professional auditing standards issued by the National Board of Chartered Auditors in Poland.

The audit was planned and performed in such a manner as to obtain reasonable assurance that the financial statements are free from material misstatements and omissions. In particular, the audit included examination, on a test basis, of the accounting evidence relevant to the amounts and disclosures in the financial statements. It also included an assessment of the accounting policies applied by the Company and of significant estimates made in the preparation of the financial statements as well as a general assessment of its presentation. We believe that our audit has provided us with sufficient evidence to issue an opinion.

Information contained in the Directors' Report on the Company's activities in the financial year January 1st – December 31st 2002 complies with the provisions of the Act and is consistent with the information contained in the audited financial statements.

Upon considering the above, we believe that the attached financial statements, in all material respects:

- a) were prepared on the basis of correctly maintained accounting books and in compliance with accounting policies applicable in Poland, as defined in the aforementioned Act;
- b) are compliant, in terms of both form and substance, with the applicable laws and regulations and the provisions of the Company's Articles of Association;
- c) present, in a fair and clear manner, the Company's assets and financial standing as at December 31st 2002, as well as its financial result for the financial year January 1st – December 31st 2002.

Without qualifying our opinion as to the accuracy and fairness of the audited financial statements, we would like to point out that it contains comparative data as at December 31st 2001 and for the period ended on a date resulting from the Company's accounting books, while the Company did not prepare the financial statements for the financial year January 1st – December 31st 2001, subject to approval by the Shareholders Meeting and submission to the National Court Register.

Persons acting on behalf of PricewaterhouseCoopers Sp. z o.o.:

Wojciech Maj
Member of the Executive Board
Chartered Auditor
Reg. No. 6128/2647

Firm qualified to audit financial statements,
Reg. No. 144

Warsaw, July 4th 2003

C. Introduction to the Financial Statements

Information on the Company:

Company name:

EUROCASH Spółka Akcyjna

Registered office:

ul. Wolczyńska 18, 60-003 Poznań, Poland

Core business:

Other wholesale (PKD 5190 Z).

Registry court:

District Court of Poznań, XXI Commercial Division of the National Court Register, entry No. KRS 00000213765

Duration of the Company:

Indefinite.

Period covered by the financial statements:

The reporting period January 1st–July 31st 2004 and comparable periods: January 1st–December 31st 2003; January 1st–December 31st 2002; and January 1st–December 31st 2001.

Composition of the Company's governing bodies as at July 31st 2004:

Executive Board:

Luis Manuel Conceicao Do Amaral – President,

Pedro Martinho – Member,

Ryszard Majer – Member,

Katarzyna Kopaczewska – Member,

Supervisory Board:

Pedro Manuel de Castro Soares Dos Santos – Chairman

Marcus Elias – Member

Geoffrey Francis Eric Crossley – Member.

Changes in the composition of the Executive and Supervisory Boards:

As from March 26th 2003, Mr Pedro Silva and Ms Katarzyna Kopaczewska, Members of the Executive Board, were removed from office and replaced by newly appointed Members, Mr Pedro Martinho and Mr Ryszard Majer.

On June 17th 2003, Mr Luis Manuel Conceicao do Amaral resigned from membership on the Supervisory Board.

On July 15th 2003, the Supervisory Board appointed Mr Luis Manuel Conceicao Do Amaral as President of the Executive Board and approved his resignation from the position of Member of the Supervisory Board.

On January 22nd 2004, Ms Katarzyna Kopaczewska was reappointed as Member of the Executive Board.

On March 27th 2003, the Extraordinary General Shareholders Meeting appointed Mr Marcus Elias and Mr Luis Manuel Conceicao do Amaral as Members of the Supervisory Board.

On June 27th 2003, the General Shareholders Meeting appointed Mr Geoffrey Francis Eric Crossley as Member of the Supervisory Board.

On March 4th 2004, the Extraordinary General Shareholders Meeting appointed Mr Pedro dos Santos as Member of the Supervisory Board.

The Company has no division preparing separate financial statements.

The Company is not a parent entity and does not prepare consolidated financial statements.

These financial statements were prepared on a going concern basis, as there are no circumstances which could pose a threat to the Company continuing as a going concern in the foreseeable future.

Comparability of Financial Statements

To ensure comparability, the data relating to comparable periods, contained in the financial statements, was restated in accordance with the accounting policies effective since January 1st 2004. For the explanation of differences in relation to the previously disclosed statements, see Supplementary Note 17.

Adjustments Resulting from Auditors' Opinions

The auditor's opinions on the financial statements for the previous periods were unqualified.

Information on the Accounting Policies, Including the Methods of Valuation of Assets and Shareholders' Equity and Liabilities (Including Depreciation and Amortisation), Financial Result Measurement and Manner of Preparing the Financial Statements within the Scope Left under the Act for the Company's Discretion

1. The general accounting policies include:
 - 1.1. Consistent application of the adopted accounting policies (Art. 5.1 of the Act),
 - 1.2. Going concern assumption (Art. 5.2)
 - 1.3. Disclosure of all revenues and costs in the reporting period in which they were obtained or incurred, irrespective of the time of receipt or payment, and application of the matching principle with respect to the revenues and related costs (Art. 6),
 - 1.4. Settling prepayments and accrued expenses (Art. 39),
 - 1.5. Settling accrued and deferred income (art. 41),
 - 1.6. Application of the conservative valuation principle (Art. 7),
 - 1.7. Creation of provisions for those risks, imminent losses and results of other events which are known to the Company (Art. 7); creation of provisions for future liabilities which are certain or highly probable (Art. 35d),
 - 1.8. No offsetting of balances of assets against balances of shareholders' equity and liabilities, or revenues against costs (Art. 7).
2. In addition to the principles listed above, the Company applies the principle of presenting balances and transactions in the financial statements in accordance with their actual nature and economic significance, rather than solely their legal form.
3. The accounting principles specified in this document are applied consistently throughout the financial year. In the event of a decision on changing the previously applied accounting principles, such a change (irrespective of the time of making such a decision) becomes effective as from the first day of the subsequent financial year.
4. Definition of the financial year and reporting period
 - 4.1. The financial year of EUROCASH SA is the calendar year.
 - 4.2. The reporting period is a calendar month.
5. Maintenance of accounting records
 - 5.1. The accounting records of EUROCASH SA are maintained in the Polish language and in the Polish currency.
 - 5.2. The accounting records are kept at the Company's registered office, located at ul. Wólczyńska 18 in Poznań, Poland.

6. Format and content of the financial statements

6.1. The financial statements are prepared as for the date of closing the accounts or as for any other balance-sheet date. The financial statements include:

- 6.1.1. Introduction to the financial statements,
- 6.1.2. Balance sheet,
- 6.1.3. Profit and loss account (multiple-step method),
- 6.1.4. Reconciliation of movements in shareholders' equity,
- 6.1.5. Cash flow statement (indirect method),
- 6.1.6. Notes and supplementary notes.

6.2. Figures in the financial statements are rounded off to full złoty.

7. Intangible fixed assets

7.1. Definition of intangible fixed assets

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

7.2. The Company's intangible fixed assets include:

- 7.2.1. Licences on computer software,
- 7.2.2. Economic copyright,
- 7.2.3. Rights to trademarks, utility and decoration models,
- 7.2.4. Know-how,
- 7.2.5. Other intangible fixed assets.

7.3. Initial value of intangible fixed assets

7.3.1. The initial value of intangible fixed assets is the acquisition price, including the amount due to the seller and other costs directly related to the acquisition of the intangible fixed assets.

7.4. Amortisation of the intangible fixed assets

7.4.1. The assessment of useful economic life takes into account the time in which the intangible fixed 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.

7.4.2. EUROCASH SA applies the following annual amortisation rates for specific groups of intangible fixed assets:

7.4.2.1.	Licences on computer software	33.3%
7.4.2.2.	Economic copyright	20%
7.4.2.3.	Trademarks	5%
7.4.2.4.	Other intangible fixed assets	20%

7.4.3. Intangible fixed assets are amortised using the straight line method starting from the month following the month when the asset is placed in service.

7.4.4. Intangible fixed assets with a unit value below PLN 200 are charged directly to costs immediately upon placing them in service.

7.5. Review of amortisation rates and write-offs on permanent impairment of value

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

- 7.5.2. Not later than at the end of each financial year the intangible fixed assets are also subject to a review with respect the permanent impairment of value and the need to make relevant revaluation write-offs. Such write-offs should be charged to other operating expenses not later than as at the balance sheet date, i.e. in the year when the permanent impairment of value was discovered.
- 7.6. Valuation of intangible fixed assets as at the end of the financial year
 - 7.6.1. At the end of the financial year (i.e. as at the balance-sheet date), the intangible fixed assets are valued at their acquisition cost less amortisation charges and write-offs on permanent impairment of value.
- 8. Tangible fixed assets
 - 8.1. Definition of tangible fixed assets
 - 8.1.1. Tangible fixed assets include the Company-controlled tangible fixed assets suitable for economic use (tangible fixed assets which are complete, useable and intended to be used for the Company's own purposes), whose expected economic useful life is longer than one year.
 - 8.1.2. The Company presents the following assets under tangible fixed assets:
 - 8.1.2.1. Owned land,
 - 8.1.2.2. Perpetual usufruct rights,
 - 8.1.2.3. Buildings and structures,
 - 8.1.2.4. Plant and equipment,
 - 8.1.2.5. Vehicles,
 - 8.1.2.6. Other tangible fixed assets (furniture, etc.),
 - 8.1.2.7. Tangible fixed assets under construction,
 - 8.1.2.8. Prepayments for tangible fixed assets under construction.
 - 8.2. Initial value of tangible fixed assets.
 - 8.2.1. The initial value of tangible fixed assets is equal to acquisition cost, which is the acquisition price of a tangible fixed asset including the amount payable to the selling party (net of the applicable value added and excise taxes).
 - 8.2.2. As for imports, acquisition cost also includes public charges.
 - 8.2.3. 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; the acquisition cost is reduced by rebates, discounts and other similar reductions and recoveries.
 - 8.2.4. Should it be impossible to determine the acquisition cost of a given tangible fixed asset, in particular of a tangible fixed asset placed in service free of charge, including as a donation, acquisition cost shall be established at the selling price of the same or similar item (fair value).
 - 8.2.5. Production cost of tangible fixed assets under construction includes all costs incurred during their construction, assembly, adaptation and improvement until the balance-sheet date or their acceptance for use, including:
 - 8.2.5.1. non-deductible value added and excise taxes,
 - 8.2.5.2. cost of servicing liabilities incurred to finance such tangible fixed assets and any related foreign exchange gains/losses less any income thereon.
 - 8.3. Improvement of tangible fixed assets
 - 8.3.1. The initial value of a given tangible fixed asset is increased by the cost of its improvement, including refitting, extension, modernisation or reconstruction, and adaptation, provided that the expenditure on improvements has resulted in an increased useable value of tangible fixed assets as compared with the value at which the tangible fixed assets were placed in service.

An increase in useable value of a tangible fixed asset may be a consequence of extended useful economic life, increased production capacity, improved quality of products manufactured using the tangible fixed asset or reduced operating costs relating to the tangible fixed asset.

- 8.3.2. All costs (including periodic overhauls) relating to maintenance of a given tangible fixed asset, which do not increase its useable value, should not add to its initial value. When making decisions on an increase of tangible fixed assets the Company acts in accordance with the materiality principle.
- 8.4. Depreciation of tangible fixed assets
 - 8.4.1. When determining the useful economic life and depreciation rate for a given tangible fixed asset, the Company accounts for the period during which the tangible fixed asset will generate tangible economic benefits. Should it be difficult to determine the reasonable economic useful life, or if there is uncertainty as to the expected tangible economic benefits, the entire value of such a tangible fixed asset should be charged to costs taking into account the conservative valuation principle.
 - 8.4.2. EUROCASH SA applies the following annual depreciation rates for individual categories of tangible fixed assets:

8.4.2.1. Buildings and structures	10%
8.4.2.2. Plant and equipment	10%–30%
8.4.2.3. Vehicles	14%–20%
8.4.2.4. Other tangible fixed assets (furniture, etc.)	20%
 - 8.4.3. Land, including perpetual usufruct rights, and tangible fixed assets under construction are not depreciated.
 - 8.4.4. Tangible fixed assets are depreciated using the straight-line method starting from the month after the month in which the tangible fixed assets were placed in service. In justified cases (when the benefits generated by the tangible fixed assets are not distributed evenly over a given period), another applicable depreciation method should be used (declining balance method, natural, accelerated or another depreciation method – in any case justified by the distribution of the tangible fixed asset's usefulness).
 - 8.4.5. The depreciation rate or useful economic life and the depreciation method should be established on the date of placing a tangible fixed asset in service. Depreciation is calculated on a monthly basis.
 - 8.4.6. Tangible fixed assets with a unit value below PLN 200 are charged directly to costs immediately upon placing them in service.
- 8.5. Review of depreciation rates and write-offs under permanent impairment of value.
 - 8.5.1. Not later than at the end of each financial year the depreciation rates applied to the value of tangible fixed assets are subject to a review. If the depreciation rates methods need adjustment, the adjustment is made in the following financial year and subsequent financial years.
 - 8.5.2. Tangible fixed assets (tangible fixed assets and tangible fixed assets under construction) are also subject to review as to permanent impairment of value and revaluation write-offs, if any, not later than at the end of the financial year.
 - 8.5.3. If it is very likely that a tangible fixed asset will not generate in the future a significant part of the expected economic benefits or that it will not generate any economic benefits at all, a revaluation write-off should be made. An example of permanent impairment of value is, for instance, liquidation of a tangible fixed asset or its withdrawal from use.
 - 8.5.4. Revaluation write-offs should be charged to other operating costs not later than on the balance-sheet date (i.e. in the year when the permanent impairment of value was revealed).
 - 8.5.5. If the reason on the grounds of which a tangible fixed asset was subject to a revaluation write off, including a write off under permanent impairment of value, the equivalent of the entire

revaluation write off previously made or a relevant part thereof will increase the value of the tangible fixed asset and be disclosed under other operating or financial income, as appropriate.

- 8.6. Valuation of tangible fixed assets as at the end of the financial year
 - 8.6.1. As at the balance-sheet date, tangible fixed assets should be recognised at acquisition cost less depreciation write offs and write offs under permanent impairment of value.
 - 8.6.2. Tangible fixed assets under construction should be recognised at the value of expenses incurred less write offs under permanent impairment of value.
- 8.7. Tangible fixed assets used under financed lease agreements.
 - 8.7.1. Tangible fixed assets also include third-party tangible fixed assets used by the Company under financed lease agreements if the Company has acquired all the significant economic benefits and risk relating to the ownership of the tangible fixed assets other than title to the tangible fixed assets.
 - 8.7.2. A lease agreement is considered a financed lease agreement if at least one of the following conditions is satisfied:
 - 8.7.2.1. The agreement transfers the ownership of the leased asset to the Company after the expiry of its term.
 - 8.7.2.2. The agreement provides for a right to acquire the leased asset by the Company after the expiry of its term at a price lower than the market value as at the acquisition date.
 - 8.7.2.3. The term of the agreement generally corresponds to the expected economic useful life of the tangible fixed asset with the proviso that it may not be shorter than three fourths of the term of the agreement. The ownership of the leased property may be transferred to the Company after the expiry of the term of the agreement.
 - 8.7.2.4. Total lease payments, less the applicable discount, as determined on the date of the agreement and due and payable during its term, exceeds 90% of the market value of the leased asset as at that date. Total payments include the residual value of the leased property which the user undertakes to pay in exchange for the transfer of ownership of the subject of the agreement. Total payments do not include payments to the Company under additional performances, taxes and insurance premiums for the leased asset if the user covers them in addition to the fees for use.
 - 8.7.2.5. The agreement provides for a promise of the financing party to conclude with the Company another agreement for paid use of the same asset or to extend the existing agreement on terms and conditions more favourable than those provided for in the existing agreement.
 - 8.7.2.6. The agreement may be terminated provided that any costs and losses incurred by the financing party in connection with the termination are paid by the Company.
 - 8.7.2.7. The leased asset has been adapted to the needs of the user. It may be used exclusively by the user without any material modifications.
 - 8.7.3. Upon the commencement of lease, the leased asset should be recognised under fixed assets as a tangible fixed asset at the amount equal to total payments (less the applicable discount), which, in practice, is equal to the market value of the tangible fixed asset.
 - 8.7.4. Financed lease liabilities should be recognised at the amount specified above in shareholders' equity and liabilities, under "Other financial liabilities" (by short- and long-term liabilities).
 - 8.7.5. The leased asset should be depreciated during the shorter of the term of the financed lease agreement or the useful economic life of the leased asset.
 - 8.7.6. However, if under the agreement the Company may extend the lease agreement by a specific period (in all likelihood, the Company will exercise this right), then the depreciation period should also provide for this additional lease period.

- 8.7.7. Upon making a lease payment, the payment should be divided into the financial cost and a decrease in financed lease liabilities in such a manner as to obtain a “fixed, periodic rate of return” on the outstanding financed lease liabilities.
- 8.8. Stocktaking of fixed assets.
 - 8.8.1. Stocktaking of fixed assets is made every four years.
- 9. Financial instruments
 - 9.1. The Company recognises every agreement leading to a creation of a financial asset with one party and a financial obligation or an equity instrument with the other party as a financial instrument, provided that the agreement concluded by two or more parties generates clear economic effects.
 - 9.2. Pursuant to IAS 39, the Company classifies financial instruments as follows:
 - 9.3. Financial instruments held for trading – financial assets or liabilities acquired or arising with a view to generating profits on short-term fluctuations of prices or broker fees,
 - 9.4. Financial instruments held to maturity – financial assets with specific or possible to assess payments or instruments with fixed maturities which the Company intends and is able to hold to maturity except loans advanced by the Company and its own accounts receivable,
 - 9.5. Financial instruments available for sale – financial assets, excluding loans advanced by the Company, its own accounts receivable, instruments held to maturity and financial assets held for trading,
 - 9.6. Not later than on a day of executing a contract, the Company is required to post in the accounting books any issued or written instrument as well as any identifiable components of the instrument, disclosed under shareholders’ equity (as equity instruments) or short- or long-term liabilities; this also applies when a liability is not a financial instrument.
 - 9.7. Revaluation differences and generated income or incurred losses, depending on the classification of a given financial instrument, affect the financial performance (liabilities) or the revaluation capital (equity instruments), as appropriate.
 - 9.8. As at the acquisition date, the Company recognises financial assets and liabilities at acquisition cost, which in the case of assets, means fair value, and in the case of liabilities – the amount received. The Company includes transaction costs in the opening value of all financial assets and liabilities.
 - 9.8.1. Rules governing valuation of financial instruments as at the balance-sheet date:

The Company recognises:

 - 9.8.1.1. assets held to maturity, advanced loans and the Company’s own accounts receivable and other financial liabilities not held for trading at amortised cost taking into account an effective interest rate,
 - 9.8.1.2. the items described above may be also recognised at amount due if the effects of discount are not material,
 - 9.8.1.3. short-term accounts receivable and liabilities at the amount due,
 - 9.8.1.4. financial assets and liabilities held for trading and financial assets held for sale at fair value.
 - 9.9. Changes in fair value of financial instruments held for trading which are not hedging instruments are recognised as financial income or cost at the time they arise.
 - 9.10. In the case of financial assets available for sale, the Company recognises changes in the fair value of these instruments in the profit and loss account as financial income or expense.
- 10. Long-term accounts receivable
 - 10.1. Definition of long-terms accounts receivable
 - 10.1.1. Long-terms accounts receivable include accounts receivable in more than one year from the balance-sheet date (not applicable to trade debtors).
 - 10.1.2. The portion of long-terms accounts receivable that is due in less than a year from the balance-sheet date should be disclosed under short-terms accounts receivable.

- 10.1.3. Long-term accounts receivable include such items as prepaid security deposits under long-term (multi-year) store lease contracts.
- 10.2. Value of long-term accounts receivable as at the balance-sheet date
 - 10.2.1. Accounts receivable are valued as at the balance-sheet date at amounts due less revaluation write-offs (if any).
 - 10.2.2. Security deposits are recognised at par value as at the balance sheet date.
- 11. Long-term investments
 - 11.1. Long-term investments include:
 - 11.1.1. Real estate
 - 11.1.2. Intangible fixed assets
 - 11.1.3. Shares and other equity interests
 - 11.1.4. Other securities
 - 11.1.5. Loans advanced
 - 11.1.6. Other long-term financial assets
 - 11.1.7. Other long-term investments.
 - 11.2. Investments are considered long term if they are intended for repurchase, disposal etc. in more than 12 months from the balance-sheet date. In the case of long-term investments (as in the case of short-term investments) the criteria governing their classification are the Company's plans and intentions regarding a given investment and the period in/over which these plans are to be carried out.
 - 11.3. Value of long-term investments as at the balance-sheet date
 - 11.3.1. Long-term investments as at the balance sheet date are valued as follows:
 - 11.3.1.1. Shares and other equity interests, other securities – at acquisition cost less write-offs on permanent impairment of value;
 - 11.3.1.2. Loans advanced – at amounts due, in line with the conservative valuation principle.
- 12. Long-term prepayments and accrued income
 - 12.1.1. Deferred tax assets
 - 12.1.2. The company is obliged to create a deferred tax asset as at the balance-sheet date if the asset can be a source of economic benefits for the Company in the future.
 - 12.1.3. In connection with timing differences between the value of assets and shareholders' equity and liabilities as disclosed in the accounting books, and their tax value and the tax loss carried forward, the Company creates a provision and recognises deferred assets on tax payable by it.
 - 12.1.4. The tax value of assets is the amount leading to a reduction of taxable income if the assets are a direct or indirect source of economic benefits. If economic benefits related to given assets do not lead to a reduction in taxable income, then the book value of the assets is treated as their tax value.
 - 12.1.5. The tax value of shareholders' equity and liabilities is their book value less any amounts that will reduce taxable income in the future.
 - 12.1.6. Deferred tax assets are valued at the amount to be deducted from the income tax in the future in connection with negative timing differences that will lead to a reduction of taxable income and tax loss carried forward established in line with the principle of conservative valuation.
 - 12.1.7. Negative timing differences include primarily:
 - 12.1.7.1. Tax loss brought forward
 - 12.1.7.2. Revaluation write-offs on fixed assets, stocks, accounts receivable
 - 12.1.7.3. Accrued and unpaid penalty interest
 - 12.1.7.4. Provisions that temporarily do not represent tax-deductible costs.

- 12.1.8. The value of deferred tax assets is established taking into account the income tax rates effective in the year when the tax obligation arises.
- 12.1.9. Deferred tax assets and provision are disclosed in the balance sheet as separate items.
- 12.1.10. Tax for a given reporting period, with a bearing on the financial result, includes:
 - 12.1.10.1. Current portion
 - 12.1.10.2. Deferred portion.
- 12.2. The deferred tax disclosed in the profit and loss account is the difference between deferred tax provisions and assets at the beginning and at the end of the reporting period.
 - 12.2.1. Deferred tax provisions and assets concerning transactions settled against shareholders' equity are also charged to shareholders' equity.
- 12.3. Other prepayments and accrued income
 - 12.3.1. Other prepayments and accrued income include expenses incurred by the balance-sheet date, representing costs of future reporting periods.
 - 12.3.2. Other prepayments and accrued income include also non-invoiced revenue that as at the balance-sheet date does not represent accounts receivable, to be invoiced after more than 12 months from the balance-sheet date.
 - 12.3.3. An analysis of long-term prepayments and accrued income should be carried out as at the balance-sheet date. The portion of prepayments and accrued income that will be realised within 12 months from the balance-sheet date should be disclosed as short-term prepayments and accrued income.
 - 12.3.4. The company classifies the individual items of prepayments and accrued income based on its knowledge and reasonable judgment.
 - 12.3.5. Long-term prepayments and accrued income include the long-term portion of the following items:
 - 12.3.5.1. Prepayments under equipment lease contracts
 - 12.3.5.2. Other long-term prepayments and accrued income.
- 13. Stocks
 - 13.1. Definition of stocks
 - 13.1.1. Stocks include:
 - 13.1.1.1. Materials acquired for the Company's own needs,
 - 13.1.1.2. Goods acquired for resale,
 - 13.1.1.3. Prepaid deliveries of materials and goods.
 - 13.2. Recording stocks during the year:
 - 13.2.1. During the year, stocks are posted at the most recent acquisition cost of the relevant item.
 - 13.2.2. Decrease in stocks is valued on a FIFO basis.
 - 13.3. Valuation as at the balance-sheet date
 - 13.3.1. Stocks are valued as at the balance-sheet date at the most recent acquisition cost. If the acquisition cost is higher than the net selling price as at the balance-sheet date, the acquisition cost is reduced to the net selling price through a revaluation write-off.
 - 13.3.2. Circumstances in which a revaluation write-off on stocks is necessary are:
 - 13.3.2.1. Loss of usable value of stocks (damaged or obsolete stocks);
 - 13.3.2.2. Balance of stocks exceeding demand or Company's ability to sell,
 - 13.3.2.3. Slow movement of stocks,
 - 13.3.2.4. Loss of market value due to lower selling prices being offered by competitors.

- 13.3.3. As at the balance-sheet date, analysis of the age of stock by types of goods is prepared. Also, the amount of necessary revaluation write-offs is determined.
- 13.3.4. The write-offs are made at the following rates:
 - 13.3.4.1. 100% on stocks kept for more than six months;
 - 13.3.4.2. 100% on stocks identified during stock-taking as damaged or spoilt;
 - 13.3.4.3. 100% on stocks which have lost market value.
 - 13.3.4.4. Any revaluation write-offs on stocks are charged to other operating expenses.
- 13.4. Stock-taking
 - 13.4.1. Stocks kept by the Company are subject to stock-taking on a continuous basis.
 - 13.4.2. Discrepancies between the actual balance of stocks and the balance disclosed in the accounts, revealed during stock-taking, should be explained and settled in the accounts of the year in which the stock-taking was carried out.
- 14. Short-term accounts receivable
 - 14.1. Definition of short-term accounts receivable
 - 14.1.1. Short-term accounts receivable are accounts due within one year as from the balance-sheet date. This item does not include prepaid deliveries (to be included in stocks), as well as prepayments for intangible fixed assets and tangible fixed assets under construction (to be disclosed under fixed assets).
 - 14.1.2. Short-term accounts receivable include:
 - 14.1.2.1. Trade debtors (with maturity up to 1 year and over 1 year),
 - 14.1.2.2. Accounts receivable from the central and local budgets,
 - 14.1.2.3. Other accounts receivable (including prepayments and loans to employees).
 - 14.2. Revaluation of short-term accounts receivable as at the balance-sheet date
 - 14.2.1. In accordance with the conservative valuation principle, the accounts receivable is revalued as at the balance-sheet date. Revaluation write-offs on accounts receivable relate to:
 - 14.2.1.1. Accounts receivable from debtors declared bankrupt or liquidated – up to the amount of accounts not covered by a guarantee or other security,
 - 14.2.1.2. 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 the bankruptcy proceedings – up to the full amount of accounts receivable,
 - 14.2.1.3. Accounts receivable disputed by debtors – up to unsecured amount,
 - 14.2.1.4. 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 analyses, forecasts, etc.).
 - 14.2.2. In addition, the following accounts receivable are subject to revaluation as at the balance-sheet date:
 - 14.2.2.1. accounts receivable under court proceedings – based on monthly analyses conducted by the Legal Department; each item of accounts receivable submitted for court proceedings is examined separately and, depending on the Legal Department's assessment of the probability of it being recovered, is subject to revaluation write-off;
 - 14.2.2.2. accounts receivable past due for more than three months – 100% of such accounts receivable.
 - 14.2.3. Revaluation write-offs on accounts receivable should take into account not only the events occurring prior to the balance-sheet date but also events revealed subsequent to that date, until the date the financial statements are signed, if these events relate to the accounts receivable disclosed in the accounts as at the balance-sheet date.

- 14.2.4. The revaluation write-offs on accounts receivable are charged to other operating expenses or, if related to interest, to financial expenses.
- 14.3. Valuation of accounts receivable as at the balance-sheet date
 - 14.3.1. The accounts receivable and claims are disclosed in amounts due, established in accordance with the conservative valuation principle, i.e. reduced by revaluation write-offs.
 - 14.3.2. Default interest on accounts receivable from the Company's customers are posted on the date the funds are received by the Company.
- 14.4. Valuation as at the balance-sheet date of accounts receivable denominated in foreign currencies
 - 14.4.1. Accounts receivable denominated in foreign currencies are subject to valuation at least on each balance-sheet date, at the mid exchange rate quoted by the National Bank of Poland for that date.
 - 14.4.2. Foreign exchange gains/losses relating to accounts receivable denominated in foreign currencies, arising as at the valuation date, increase the financial income or financial expenses, as appropriate.
- 14.5. Verification of accounts receivable
 - 14.5.1. Trade accounts receivable are verified as at the balance-sheet date through confirmation of balances as at that date.
 - 14.5.2. The results of the verification of accounts receivable are taken into account during revaluation of accounts receivable as at the balance-sheet date.
- 15. Short-term investments
 - 15.1.1. Definition of short-term investments
 - 15.1.2. Short-term investments comprise short-term financial assets, including:
 - 15.1.2.1. shares and other equity interests,
 - 15.1.2.2. other securities,
 - 15.1.2.3. loans advanced,
 - 15.1.2.4. cash and cash equivalents.
 - 15.1.3. Investments are considered short term if they are intended for repurchase, disposal etc. in less than 12 months from the balance-sheet date. In the case of short-term investments (as in the case of long-term investments) the criteria governing their classification are the Company's plans and intentions regarding a given investment and the period in/over which these plans are to be carried out.
 - 15.1.4. Cash and cash equivalents include:
 - 15.1.4.1. Cash in domestic currency,
 - 15.1.4.2. Cash in foreign currencies,
 - 15.1.4.3. Foreign currencies,
 - 15.1.4.4. Third-party cheques and promissory notes payable in a period not longer than three months as from their issue dates,
 - 15.1.4.5. Promissory notes, cheques, gift coupons,
 - 15.1.4.6. Cash in transit as at the balance-sheet date.
- 15.2. Valuation of shares, other securities, and advanced loans as at the balance-sheet date
 - 15.2.1. Short-term investments are recognised as at the balance-sheet date in the following manner:
 - 15.2.1.1. Shares and other equity interests and other securities – at the higher of their acquisition cost or market price;
 - 15.2.1.2. Loans advanced – in the amount due, in accordance with the conservative valuation principle.

- 15.3. Valuation of cash as at the balance-sheet date
 - 15.3.1. Cash is recognised at nominal value. For cash in bank accounts, the nominal value includes the interest accrued as at the balance-sheet date, representing financial income.
 - 15.3.2. A negative balance on the current account is disclosed under "Loans and borrowings" in short-term liabilities.
- 15.4. Valuation as at the balance-sheet date of cash denominated in foreign currencies
 - 15.4.1. Cash denominated in foreign currencies is subject to valuation at least on each balance-sheet date, at the mid exchange rate quoted by the National Bank of Poland for that date.
 - 15.4.2. Foreign exchange gains/losses relating to cash denominated in foreign currencies, arising as at its valuation date, increase the financial income or financial expenses, as appropriate.
- 15.5. Cash count
 - 15.5.1. Cash in hand and cash at banks is counted as at the last date of each financial year.
 - 15.5.2. Discrepancies between the actual balance of cash and the balance disclosed in the accounts, revealed during the cash count, is explained and settled in the accounts of the year in which the cash count was carried out.
 - 15.5.3. Cash at banks is counted as at the balance-sheet date through confirmation of balances as at that date.
16. Short-term prepayments and accrued income
 - 16.1. Definition of, and valuation rules relating to, short-term prepayments and accrued income
 - 16.1.1. Prepayments are payments made prior to the balance-sheet date, relating to future reporting periods (up to 12 months as from the balance-sheet date).
 - 16.1.2. Accrued income is uninvoiced income not carried as accounts receivable as at the balance-sheet date, which will be invoiced within 12 months as from the balance-sheet date.
 - 16.1.3. Long-term and short-term prepayments and accrued income are analysed as at the balance-sheet date. The portion of prepayments and accrued income which is to be realised within 12 months as from the balance-sheet date is carried as short-term prepayments and accrued income. The decision is at the Company's discretion and should be made taking into account reasonable assumptions and knowledge of particular items of the prepayments and accrued income.
 - 16.1.4. Short-term prepayments and accrued income include the following items:
 - 16.1.4.1. Prepaid rent,
 - 16.1.4.2. Prepaid electricity and central heating,
 - 16.1.4.3. Prepaid subscription and insurance,
 - 16.1.4.4. Other prepaid services (i.e. telecommunications services),
 - 16.1.4.5. Settlement of transport costs,
 - 16.1.4.6. Prepayments under equipment lease agreements,
 - 16.1.4.7. Other short-term accounts receivable.
17. Shareholders' equity
 - 17.1. Shareholders' equity comprises the following elements:
 - 17.1.1. Share capital,
 - 17.1.2. Reserve funds,
 - 17.1.3. Revaluation capital reserve,
 - 17.1.4. (Accumulated loss)/retained profit brought forward,
 - 17.1.5. Net (loss) profit.

- 17.2. Definition of shareholders' equity
 - 17.2.1. Shareholders' equity is disclosed at par value, by its types as specified by the applicable laws and regulations and the Company's Articles of Association.
- 17.3. Share capital
 - 17.3.1. Share capital should be disclosed at the amount as provided for in the Company's Articles of Association and registered in the National Court Register.
- 17.4. Reserve funds
 - 17.4.1. Reserve funds are created pursuant to the provisions of the Polish Companies Act; reserve funds comprise retained profit brought forward, which was retained by the Company pursuant to a resolution of the shareholders.
- 17.5. Revaluation capital reserve
 - 17.5.1. Revaluation capital reserve comprises:
 - 17.5.1.1. Capital reserve from revaluation of fixed assets (the revaluation is performed based on separate regulations),
 - 17.5.1.2. Capital reserve from revaluation of long-term investments.
- 17.6. (Accumulated loss)/retained profit brought forward
 - 17.6.1. (Accumulated loss)/retained profit brought forward comprises undistributed financial result from previous years.
- 17.7. Net (loss) profit
 - 17.7.1. Net (loss) profit comprises the financial result of the current financial year.
- 18. Liabilities and provisions for liabilities
 - 18.1. Liabilities and provisions for liabilities comprise:
 - 18.1.1. Provisions for liabilities,
 - 18.1.2. Long-term liabilities,
 - 18.1.3. Short-term liabilities,
 - 18.1.4. Accruals.
 - 18.2. Provisions for liabilities
 - 18.2.1. Provisions represent liabilities the maturities or amounts of which are not certain.
 - 18.2.2. Provisions are made to create an equivalent for anticipated or probable losses and other expenses. All events known to the Company as at the date of the financial statements should be considered.
 - 18.2.3. Due to the fact that the exact value of provisions may be difficult to determine, it should be estimated based on experience from the previous reporting periods, available information and the conservative valuation principle.
 - 18.2.4. Provisions comprise:
 - 18.2.4.1. Deferred tax provision,
 - 18.2.4.2. Other provisions.
 - 18.2.5. Deferred tax provision
 - 18.2.5.1. In connection with timing differences between the value of assets and shareholders' equity and liabilities as disclosed in the accounting books, and their tax value and the tax loss carried forward, the Company creates a provision and recognises deferred assets on tax payable by it.
 - 18.2.5.2. The tax value of assets is the amount leading to a reduction of taxable income if the assets are a direct or indirect source of economic benefits. If economic benefits

related to given assets do not lead to a reduction in taxable income, then the book value of the assets is treated as their tax value.

- 18.2.5.3. The tax value of shareholders' equity and liabilities is their book value less any amounts that will reduce taxable income in the future.
- 18.2.5.4. The deferred tax provision is created in the amount of the income tax to be paid in the future in connection with positive timing differences, that is differences which will increase the taxable income in the future.
- 18.2.5.5. The amount of deferred tax provision is determined on the basis of the income tax rates applicable in the year in which the tax obligation arises.
- 18.2.5.6. The deferred tax provision and assets are disclosed in the balance sheet separately.
- 18.2.5.7. The income tax for a given reporting period affecting the financial result comprises a current portion and a deferred portion.
- 18.2.5.8. The deferred portion disclosed in the profit and loss account represents the difference between the amount of deferred tax assets and provisions as at the end and the beginning of a reporting period.
- 18.2.5.9. The deferred tax provisions and assets relating to the transactions settled with the shareholders' equity are also disclosed under shareholders' equity.

18.2.6. Other provisions

- 18.2.6.1. Other provisions comprise mainly provisions created to cover:
 - anticipated losses connected with discontinued business at selected locations,
 - compensations to be paid due to early termination of lease agreements.
- 18.2.6.2. Other provisions should be presented in the balance sheet as long-term and short-term provisions.
- 18.2.6.3. Classification of provisions as long-term or short-term depends on how soon a given item becomes an actual liability (within 12 months or more than 12 months as of the balance-sheet date).

18.3. Long-term liabilities

18.3.1. Definition of long-term liabilities

- 18.3.1.1. Long-term liabilities comprise liabilities with maturities over 12 months as of the balance-sheet date (excluding trade creditors).

18.3.2. Long-term liabilities comprise mainly:

- 18.3.2.1. Liabilities under contracted loans and borrowings,
- 18.3.2.2. Financial liabilities under financed lease agreements,
- 18.3.2.3. Liabilities to sub-lessees of warehouse store space under security deposits paid by such sub-lessees.

18.3.3. Valuation of long-term liabilities as at the balance-sheet date

- 18.3.3.1. Long-term liabilities are disclosed at amounts due, which also includes outstanding interest. Interest is booked at the time of receipt of interest notes.

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

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

18.4. Short-term liabilities

18.4.1. Definition of short-term liabilities

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

18.4.2. Short-term liabilities comprise:

18.4.2.1. Liabilities under contracted loans and borrowings,

18.4.2.2. Financial liabilities under financed lease agreements,

18.4.2.3. Trade creditors,

18.4.2.4. Tax, duty, social security and other benefits payable,

18.4.2.5. Salaries and wages payable,

18.4.2.6. Other,

18.4.2.7. Special accounts.

18.4.3. Valuation of short-term liabilities as at the balance-sheet date

18.4.3.1. Short-term liabilities are disclosed at amounts due, which also include outstanding interest. Interest is recognised at the time of receipt of interest notes.

18.4.4. Valuation of short-term liabilities denominated in foreign currencies as at the balance-sheet date

18.4.4.1. Liabilities denominated in foreign currencies should be valued at least once on the balance-sheet date, at the mid-exchange rate quoted by the National Bank of Poland for a given currency for the valuation date.

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

19. Accruals

19.1. Accrued expenses

19.1.1. Accrued expenses are disclosed by the Company at the probable value of liabilities attributable to a given reporting period.

19.1.2. Accruals comprise the cost of:

19.1.2.1. Rent,

19.1.2.2. Consulting services,

19.1.2.3. Auditing services related to the Company's financial statements,

19.1.2.4. Salaries and wages,

19.1.2.5. Holidays in arrears,

19.1.2.6. Disputed liabilities to suppliers,

19.1.2.7. Other items.

19.1.3. Accrued expenses may be written off according to the time elapsed or the amount of payments.

19.1.4. The time and method of settlement depends on the type of settled costs, subject to conservative valuation.

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

19.1.6. As at the balance-sheet date, accrued expenses should be classified either as short-term or long-term accruals. The portion of accrued expenses which will be realised within 12 months

as of the balance-sheet date should be disclosed under short-term accruals, with the balance disclosed under long-term accruals.

- 19.1.7. Valuation of accrued expenses denominated in foreign currencies as at the balance-sheet date

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

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

- 20.1. Deferred income

20.1.1. Deferred income, recognised in accordance with the conservative valuation principle, comprises the equivalent of the obtained or due amounts in respect of performances to be rendered in subsequent reporting periods.

20.1.2. As at the balance-sheet date, deferred income should be classified either as short-term or long-term deferred income. The portion of deferred income which will be realised within 12 months as of the balance-sheet date should be disclosed under short-term deferred income, with the balance disclosed under long-term deferred income.

21. Net sales revenue and equivalents

21.1. Net sales revenue is generally recognised at the moment of delivery of goods or performance of services, which is the date of issuing an invoice to the customer (non-cash sale) or the date of acceptance of cash (cash sale).

21.2. In the case of certain services (additional revenue), revenue is recognised at the moment which results from the concluded agreement rather than from issue of an invoice for the given reporting period.

21.3. Net sales revenue comprises mainly:

21.3.1. Revenue on sales of goods for resale and materials,

21.3.2. Revenue on sales of services (sub-lease of warehouse store space, etc.),

21.3.3. Charges collected from suppliers under various titles.

22. Operating expenses

22.1. Operating expenses are recorded by type. Expenditure incurred in a given period and related to future reporting periods is disclosed as assets under prepayments and accrued income.

22.2. Expenses which relate to a given period but have not yet become a liability are disclosed as shareholders' equity and liabilities in correspondence with provisions for liabilities and accruals.

22.3. Expense accounts are charged only with expenses which relate to the current period, therefore, there is no need for their adjustment through the balance of accrued expenses (change in products).

23. Profit (loss) on sales

23.1. Profit (loss) on sales represents the difference between net sales revenue and operating costs.

24. Other operating income

24.1. Other operating income comprises income which is not directly connected with the Company's operations, including:

24.1.1. Profit on disposal of non-financial fixed assets,

24.1.2. Subsidies,

24.1.3. Reversal of revaluation write-offs on non-financial assets,

24.1.4. Compensations, penalties and fines received,

24.1.5. Value of disclosed fixed assets,

24.1.6. Stocktaking surpluses,

- 24.1.7. Written-off liabilities,
 - 24.1.8. Other.
- 25. Other operating expenses
 - 25.1. Other operating expenses comprise costs which are not directly connected with the Company's operations, including:
 - 25.1.1. Loss on disposal of non-financial fixed assets,
 - 25.1.2. Net value of liquidated fixed assets,
 - 25.1.3. Revaluation write-offs on non-financial assets,
 - 25.1.4. Compensations, penalties and fines paid,
 - 25.1.5. Donations granted,
 - 25.1.6. Stocktaking deficiencies,
 - 25.1.7. Other.
- 26. Operating profit (loss)
 - 26.1. Operating profit (loss) represents profit (loss) on sales plus other operating income and less other operating expenses.
- 27. Financial income
 - 27.1. Financial income comprises:
 - 27.1.1. Dividends,
 - 27.1.2. Interest received,
 - 27.1.3. Profit on disposal of investments,
 - 27.1.4. Investment revaluation,
 - 27.1.5. Excess of foreign exchange gains (realised and not realised) over foreign exchange losses,
 - 27.1.6. Other financial income.
- 28. Financial expenses
 - 28.1. Financial expenses comprise:
 - 28.1.1. Interest paid,
 - 28.1.2. Loss on disposal of investments,
 - 28.1.3. Investment revaluation,
 - 28.1.4. Excess of foreign exchange losses (realised and not realised) over foreign exchange gains,
 - 28.1.5. Other financial expenses.
- 29. Pre-tax profit (loss) before extraordinary items
 - 29.1. Pre-tax profit (loss) before extraordinary items represents operating profit (loss) plus financial income and less financial expenses.
- 30. Pre-tax profit (loss)
 - 30.1. Pre-tax profit (loss) represents pre-tax profit (loss) before extraordinary items adjusted for the effects of extraordinary items.
- 31. Corporate income tax
 - 31.1. Corporate income tax reducing the financial result for the current period comprises:
 - 31.1.1. Corporate income tax representing current tax burden arising in the current period, and
 - 31.1.2. Difference between the balance of deferred tax provision and assets at the end and the beginning of a period.

32. Net profit (loss)
- 32.1. Net profit (loss) represents pre-tax profit (loss) adjusted for the amount of corporate income tax for a given period.
33. Transactions with related undertakings
- 33.1. The Company discloses separately the following items of the balance sheet and the profit and loss account under to transactions with related undertakings:
- 33.1.1. Long-term accounts receivable from related undertakings,
- 33.1.2. Long-term investments in related undertakings,
- 33.1.3. Short-term accounts receivable from related undertakings,
- 33.1.4. Short-term investments in related undertakings,
- 33.1.5. Long-term liabilities to related undertakings (including borrowings),
- 33.1.6. Short-term liabilities to related undertakings (including borrowings),
- 33.1.7. Net sales revenue and equivalents (revenue from related undertakings),
- 33.1.8. Dividends and other distributions from profit by related undertakings,
- 33.1.9. Interest from related undertakings,
- 33.1.10. Interest to related undertakings.
- 33.2. The related undertakings of EUROCASH Spółka Akcyjna include:
- 33.2.1. Politra B.V., registered office in Amsterdam, the Netherlands.
- 33.2.2. The financial statements as at December 31st 2002 disclosed Jeronimo Martins Dystrybucja Sp. z o.o., registered office in Poznań, Poland (parent entity as at December 31st 2002, the balance-sheet date) as a related undertaking.
34. Average exchange rates of the Polish zloty

In the periods covered by the financial statements, the average exchange rates of the Polish zloty against the euro, as quoted by the National Bank of Poland, were as follows:

	Jul 31 2004	Dec 31 2003	Dec 31 2002	Dec 31 2001
Exchange rate as at the last day of the period	4.3759	4.7170	4.0202	3.5219
Average exchange rate representing the arithmetic mean of the exchange rates quoted for the last day of each month in the period	4.6804	4.4474	3.8697	3.6509
	4.9149	4.7170	4.2116	3.9569
Highest exchange rate in the period	Table No. 42/A/ NBP/2004	Table No. 253/A/ NBP/2003	Table No. 136/A/ NBP/2002	Table No. 180/A/ NBP/2001
	4,3759	3,9773	3,5015	3,3564
Lowest exchange rate in the period	Table No. 148/A/ NBP/2004	Table No. 2/A/ NBP/2003	Table No. 5/A/ NBP/2002	Table No. 113/A/ NBP/2001

34.1. Key balance-sheet, profit and loss account and cash-flow statement items translated into the euro.

34.1.1. Key balance-sheet Items

As at the dates, in EUR '000

	Jul 31 2004	Dec 31 2003	Dec 31 2002	Dec 31 2001
Total assets	89,873	76,432	69,384	14
I. Fixed assets	28,326	24,724	29,177	0
II. Current assets	61,547	51,708	40,207	14
Total shareholders' equity and liabilities	89,873	76,432	69,384	14
I. Shareholders' equity	29,441	24,506	26,338	14
II. Liabilities and provisions for liabilities	60,432	51,926	43,046	0

The items of the balance sheet as at July 31st 2004 were translated at the euro exchange rate quoted by the National Bank of Poland for that date, that is PLN 4.3759 : EUR 1.

The items of the balance sheet as at December 31st 2003 were translated at the euro exchange rate quoted by the National Bank of Poland for that date, that is PLN 4.7170 : EUR 1.

The items of the balance sheet as at December 31st 2002 were translated at the euro exchange rate quoted by the National Bank of Poland for that date, that is PLN 4.0202 : EUR 1.

The items of the balance sheet as at December 31st 2001 were translated at the euro exchange rate quoted by the National Bank of Poland for that date, that is PLN 4.5219 : EUR 1.

34.1.2. Key profit and loss account items

In EUR '000

	Jul 31 2004	Dec 31 2003	Dec 31 2002	Dec 31 2001
I. Net sales revenue and equivalents	193,918	309,067	70,951	0
II. Operating expenses	188,621	304,526	72,756	0
III. Profit (loss) on sales	5,297	4,541	-1,805	0
VI. Operating profit (loss)	3,166	1,320	-3,508	0
IX. Pre-tax profit (loss) before extraordinary items	2,897	1,470	-3,479	0
X. Result on extraordinary items	0	0	0	0
XI. Pre-tax profit (loss)	2,897	1,470	-3,479	0
XIV. Net profit (loss)	2,456	923	-2,688	0

The items of the profit and loss account for the period January 1st – July 31st 2004 were translated at the average euro exchange rate representing the arithmetic mean of the exchange rates quoted by the National Bank of Poland for the last day of each month in the period, that is PLN 4.6804 : EUR 1.

The items of the profit and loss account for the year 2003 were translated at the average euro exchange rate representing the arithmetic mean of the exchange rates quoted by the National Bank of Poland for the last day of each month in the period, that is PLN 4.4474 : EUR 1.

The items of the profit and loss account for the year 2002 were translated at the average euro exchange rate representing the arithmetic mean of the exchange rates quoted by the National Bank of Poland for the last day of each month in the period, that is PLN 3.8697 : EUR 1.

The items of the profit and loss account for the year 2001 were translated at the average euro exchange rate representing the arithmetic mean of the exchange rates quoted by the National Bank of Poland for the last day of each month in the period, that is PLN 3.6509 : EUR 1.

34.1.3. Key cash-flow statement items

In '000 EUR

	Jul 31 2004	Dec 31 2003	Dec 31 2002	Dec 31 2001
A. Operating cash flow	6,149	6,539	11,484	0
B. Investing cash flow	-2,185	-,693	-265	0
C. Financing cash flow	-1,088	7,705	0	0
D. Total net cash flow (A+B+C)	2,876	13,551	11,219	0
E. Balance-sheet change in cash	3,075	12,777	10,799	0
F. Cash at beginning of period	23,706	10,811	14	13
G. Cash at end of period	26,781	21,991	10,811	14

The items of the cash-flow statement for the period January 1st – July 31st 2004 were translated at the following euro exchange rates:

- Data in items A, B, C, D – the average exchange rate representing the arithmetic mean of the exchange rates quoted by the National Bank of Poland for the last day of each month in the period, that is PLN 4.6804 : EUR 1,
- Data in item F – the exchange rate quoted by the National Bank of Poland for December 31st 2003, that is PLN 4.7170 : EUR 1,
- Data in items E and G – the exchange rate quoted by the National Bank of Poland for July 31st 2004, that is PLN 4.3759 : EUR 1.

The items of the cash-flow statement for the period January 1st – December 31st 2003 were translated at the following euro exchange rates:

- Data in items A, B, C, D – the average exchange rate representing the arithmetic mean of the exchange rates quoted by the National Bank of Poland for the last day of each month in the period, that is PLN 4.4474: EUR 1,
- Data in item F – the exchange rate quoted by the National Bank of Poland for December 31st 2002, that is PLN 4.0202 : EUR 1,
- Data in items E and G – the exchange rate quoted by the National Bank of Poland for December 31st 2003, that is PLN 4.7170 : EUR 1.

The items of the cash-flow statement for the period January 1st – December 31st 2002 were translated at the following euro exchange rates:

- Data in items A, B, C, D – the average exchange rate representing the arithmetic mean of the exchange rates quoted by the National Bank of Poland for the last day of each month in the period, that is PLN 3.8697 : EUR 1,
- Data in item F – the exchange rate quoted by the National Bank of Poland for December 31st 2001, that is PLN 3.5219 : EUR 1,
- Data in items E and G – the exchange rate quoted by the National Bank of Poland for December 31st 2002, that is PLN 4.0202 : EUR 1.

The items of the cash-flow statement for the period January 1st – December 31st 2001 were translated at the following euro exchange rates:

- Data in items A, B, C, D – the average exchange rate representing the arithmetic mean of the exchange rates quoted by the National Bank of Poland for the last day of each month in the period, that is PLN 3.6509 : EUR 1,
- Data in item F – the exchange rate quoted by the National Bank of Poland for December 31st 2000, that is PLN 3.8544 : EUR 1,
- Data in items E and G – the exchange rate quoted by the National Bank of Poland for December 31st 2001, that is PLN 3.5219 : EUR 1.

35. Differences between Polish and International Accounting Standards

The Company applies the accounting policies and methods provided for in the Polish Accountancy Act of September 29th 1994. The financial result as well as certain items of assets and shareholders' equity and liabilities differ from the

values which would be disclosed in the financial statements if they were prepared in accordance with the International Accounting Standards (IAS).

The differences between accounting policies adopted by the Company and the International Accounting Standards result from the following:

35.1. Assets and shareholders' equity and liabilities related to the Company Social Benefits Fund

The Company creates the Social Benefits Fund in accordance with the regulations provided for in the Polish balance-sheet regulations.

The International Accounting Standards do not provide for the creation of such a fund. Additionally, it should be noted that in the financial statements prepared in accordance with the IAS the value of the Fund's assets (funds received and receivable) should be eliminated as the Company does not have effective control over those funds. The value of liabilities in respect of the Fund should also be eliminated from the financial statements since they do not represent actual liabilities of the Company.

The table below presents the value of assets and shareholders' equity and liabilities under the Social Benefits Fund as well as the decrease of the financial result attributable to the contributions to the Fund made in the individual years:

(PLN '000)

No.	Item of the financial statements	Jul 2004	2003	2002	2001
1	Balance of the Social Benefits Fund (shareholders' equity and liabilities)	225	362	570	-
2	Balance of amounts receivable by the Fund (assets)	-	-	-	-
3	Balance of cash held in the Fund (assets)	405	786	543	-
4	Financial result decrease attributable to contributions to the Fund	344	327	180	-

35.2. Segment reporting

In accordance with the regulations provided for in the International Accounting Standards, if the Company is in the process of preparing a public issue of equity or debt securities and in the future has its securities registered in public trading, it is obliged to present its financial statements in a breakdown by business segments.

The Company does not fulfil this obligation as the Polish balance-sheet regulations provide for a requirement to prepare financial statements in a breakdown by business segments only in relation to entities which seek admission of their securities to public trading or have their securities registered in public trading and prepare consolidated financial statements.

IAS 14 (Segment Reporting) provides that the division into business segments may be made on a sector or geographical basis. The scope of information presented in a breakdown into individual segments should comprise:

- 35.2.1. Revenue of each segment subject to reporting requirement,
- 35.2.2. Results of each segment,
- 35.2.3. Total balance-sheet value of assets of each segment,
- 35.2.4. Information on shareholders' equity and liabilities of each segment,
- 35.2.5. Total amount of costs incurred in a given period to acquire the segment's assets,
- 35.2.6. Total amount of costs accounted for in the segment's result related to depreciation/amortisation write-offs on the segment's assets in the given period,
- 35.2.7. Total amount of significant non-cash costs which were classified as the segment's costs.

35.3. Statement of total recognized gains and losses

One of the elements of financial statements prepared in accordance with the International Accounting Standards is the statement of total recognized gains and losses for the financial year. This element is not required by Polish balance-sheet regulations. To fulfil the requirement to present the statement of disclosed profits and losses the Company would have to prepare an additional component of financial statements, presenting net profits not disclosed in the profit and loss account, containing information on:

- 35.3.1. Positive or negative differences in the net value arising from revaluation of fixed assets,

- 35.3.2. Positive or negative differences arising from investment revaluation,
- 35.3.3. Currency-translation differences on foreign-currency branches,
- 35.3.4. Net profit for the financial period,
- 35.3.5. Effects of changes in accounting policies.

35.4. Employee benefits

In accordance with the provisions of the International Accounting Standards, the Company should include 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 19 ("Employee Benefits") would result in the creation of a provision with the application of the projected unit credit actuarial cost method.

The Company does not disclose balances related to costs to be incurred in the future in connection with termination of employment as the amount of provisions computed in accordance with the IAS is insignificant for the purposes of preparation of the financial statements.

As at June 30th 2004, the value of the provision for retirement and disability benefits was estimated at no more than PLN 70,000.

35.5. Restructuring provision

In accordance with the International Accounting Standards, the Company may create a restructuring provision only if the restructuring results from an obligation which is a common practice. In accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), such an obligation arises only if the Company:

35.4.1. Has a detailed, formal plan specifying at least:

- business or part of business to which the plan relates,
- key locations covered by the plan,
- place of employment, functions and an approximate number of employees who are to receive compensation due to termination of their employment,
- expenditure to be incurred, and
- date by which the plan is to be implemented, and

35.4.2. Gave the parties concerned a reason to expect that it will carry out restructuring by commencing to implement the restructuring plan or notifying those parties of the key elements of the plan.

The Company has created a provision for the costs of restructuring. The creation of the provision was not preceded by adoption of a formal plan obligatorily meeting all the conditions provided for in the International Accounting Standards. Therefore, in accordance with IAS, the Company is not entitled to charge the restructuring costs to the financial result.

The table below presents the value of created restructuring provisions as well as the decrease in the financial result following from the write-offs made in respect of the provisions in the individual years:

(PLN '000)

No.	Item of the financial statements	Jul 2004	2003	2002	2001
1	Restructuring provision (shareholders' equity and liabilities)	1,912	1,912	1,969	-
2	Decrease of the financial result following from write-offs made in respect of the restructuring provision	-	-	1,969	-
3	Increase of the financial result following from the release of the restructuring provision	2	-	-	-
4	Use of the restructuring provision	-	1,082	-	-

35.6. Effects of exchange rate changes

In accordance with the Polish balance-sheet regulations, as at the balance-sheet date the Company translated the value of assets and shareholders' equity and liabilities denominated in foreign currencies at the mid exchange rate for a given currency quoted by the National Bank of Poland. Such a translation does not comply with the International Accounting Standards since IAS 21 (The Effects of Changes in Foreign Exchange Rates) provides that the valuation of:

- 35.6.1. Non-cash items recorded at the historical cost denominated in a foreign currency should be disclosed at a closing exchange rate (i.e. a spot rate as at the balance-sheet date,
- 35.6.2. Non-cash balance-sheet items recorded at the historical cost denominated in a foreign currency should be disclosed at the exchange rate effective for the transaction date,
- 35.6.3. Non-cash balance-sheet items recorded at fair value denominated in a foreign currency should be disclosed at the exchange rate effective for the date when the fair value was determined.

The application of the International Accounting Standards would result in changes whose value is presented below:

(PLN '000)

No.	Item of the financial statements	Jul 2004	2003	2002	2001
1	Value of non-cash items denominated in a foreign currency (recorded at the historical cost) disclosed in accordance with Polish balance-sheet regulations	-	-	-	
2	Value of non-cash items denominated in a foreign currency (recorded at the historical cost) disclosed in accordance with International Accounting Standards	-	-	-	-
3	Effect of the difference in the valuation of non-cash items denominated in a foreign currency (recorded at the historical cost) on the financial result	(4)	-	-	-

35.7. Information on related undertakings

As at the balance-sheet date, the Company discloses assets and shareholders' equity and liabilities as well as sales revenue, including items connected with the related undertakings, in accordance with Polish balance-sheet regulations. The International Accounting Standards extend the group of entities classified as related undertakings to include:

- 35.7.1. Entities who directly or indirectly control, jointly control or exercise significant influence over a company (including natural persons),
- 35.7.2. Key management personnel of a company or its parent entity (usually the executive board),
- 35.7.3. Close relatives of the persons specified above,
- 35.7.4. Entities over which the persons specified above exercise control, significant influence or in which they hold a significant number of votes.

To prepare financial statements fully compliant with the International Accounting Standards, the Company would be obliged to differently classify certain balance-sheet items and disclose additional data in the Supplementary Information.

35.8. Issue of bonus shares

Section 8 of Chapter II of the Prospectus provides information on the management stock option scheme for entitled members of the key management staff of the Company. In accordance with IFRS 2, as of January 1st 2005 such an operation should be disclosed in the financial statements as at the date of adoption of a relevant resolution, at the fair value of the issued financial instruments, in appropriate portions directly under the Company's shareholders' equity, with its costs charged to the Company's future financial results. Such an event does not have any effect on the financial statements presented in this Prospectus.

BALANCE SHEET	Note	Jan–Jul 2004	2003	2002	2001
Assets					
I. Fixed assets		123,584	117,349	117,296	0
1. Intangible fixed assets, including:	1	42,638	42,583	44,508	0
- goodwill					
2. Tangible fixed assets	2	77,177	71,612	68,813	0
3. Long-term accounts receivable, including:	3, 8	165	537	507	0
3.1. From related undertakings					
3.2. From other undertakings		165	537	507	0
4. Long-term investments	4	0	0	0	0
4.1. Real estate					
4.2. Intangible fixed assets					
4.3. Long-term financial assets					
a) in related undertakings, including:					
- shares in subordinated undertakings valued with equity method					
b) in other undertakings					
4.4. Other long-term investments					
5. Long-term prepayments and accrued income	5	3,605	2,617	3,468	0
5.1. Deferred tax assets		3,584	2,596	3,278	
5.2. Other prepayments and accrued income		21	21	190	
II. Current assets		273,800	243,906	161,641	51
1. Stocks	6	112,145	99,474	84,933	0
2. Short-term accounts receivable, including:	7, 8	37,332	35,543	31,855	0
2.1. From related undertakings		4107	0	4,306	
2.2. From other undertakings		32,402	35,543	27,548	
3. Short-term investments		117,191	103,733	43,464	51
3.1. Short-term financial assets, including:	9	117,191	103,733	43,464	51
a) in related undertakings					
b) in other undertakings					
c) cash and cash equivalents		117,191	103,733	43,464	51
3.2. Other short-term investments					
4. Short-term prepayments and accrued income	10	7,132	5,156	1,390	0
Total assets		397,385	361,255	278,937	51
Shareholders' equity and liabilities					
I. Shareholders' equity		132,937	115,588	105,884	50
1. Share capital	12	127,742	121,889	116,285	50
2. Called-up share capital not paid (negative value)		0	0	0	0
3. Treasury shares (negative value)	13	0	0	0	0
4. Reserve funds	14	1	0	0	0
5. Revaluation capital reserve	15	0	0	0	0
6. Other capital reserves	16	0	0	0	0

BALANCE SHEET	Note	Jan–Jul 2004	2003	2002	2001
7. (Accumulated loss)/retained profit brought forward		-6,301	-10,401	1	0
8. Net profit (loss)		11,496	4,100	-10,402	1
9. Distributions from net profit in financial year (negative value)	17	0	0	0	0
II. Liabilities and provisions for liabilities		264,447	245,667	173,053	0
1. Provisions for liabilities	18	3,004	2,733	2,186	0
1.1. Deferred tax provision		1,092	820	216	
1.2. Provision for retirement and related benefits, including:					
a) long-term					
b) short-term					
1.3. Other provisions, including:		1,912	1,912	1,969	
a) long-term					
b) short-term		1,912	1,912	1,969	
2. Long-term liabilities, including:	19	28,113	24,824	0	0
2.1. To related undertakings					
2.2. To other undertakings		28,113	24,824		
3. Short-term liabilities, including:	20	224,187	211,456	167,362	0
3.1. To related undertakings				21,942	
3.2. To other undertakings		223,961	211,094	144,850	
3.3. Special accounts		225	362	570	
4. Accruals and deferred income	21	9,144	6,654	3,506	0
4.1. Negative goodwill					
4.2. Other accruals and deferred income, including:		9,144	6,654	3,506	
a) long-term		16	38	12	
b) short-term		9,128	6,617	3,494	
Total shareholders' equity and liabilities		397,385	361,255	278,937	51
Book value (PLN)		132,937,560	115,588,018	105,883,916	50,496
Number of shares outstanding		127,742,000	121,889,000	116,285,000	50,000
Book value per share (PLN)	22	1.04	0.95	0.91	1.01
Diluted number of shares		127,742,000	121,889,000	116,285,000	50,000
Diluted book value per share (PLN)	22	1.04	0.95	0.91	1.01

OFF-BALANCE-SHEET ITEMS	Note	Jan–Jul 2004	2003	2002	2001
1. Contingent accounts receivable	23				
2. Contingent liabilities	23	8,571	4,009	0	0
3. Other					
Total off-balance-sheet items		8,571	4,009	0	0

PROFIT AND LOSS ACCOUNT	Note	Jan–Jul 2004	2003	2002	2001
-------------------------	------	-----------------	------	------	------

PROFIT AND LOSS ACCOUNT	Note	Jan–Jul 2004	2003	2002	2001
I. Net sales revenue and equivalents, including:	24	907,615	1,374,545	274,560	0
- from related undertakings				3,151	
1. Net revenue on sales of products	24	58,302	81,032	14,078	
2. Net revenue on sales of goods for resale and materials	25	849,313	1,293,513	260,482	
II. Cost of sales	26	796,648	1,217,738	247,108	0
- to related undertakings				2,609	
1. Cost of products sold					
2. Cost of goods for resale and materials sold		796,648	1,217,738	247,108	
III. Gross profit (loss) on sales (I-II)		110,967	156,807	27,452	0
IV. Selling costs		63,513	108,659	27,448	
V. General and administrative expenses		22,660	27,942	6,986	
III. Profit (loss) on sales (I-II)		24,793	20,206	-6,984	0
IV. Other operating income		232	3,122	1,081	0
1. Gain on disposal of non-financial fixed assets		12	5	1	
2. Subsidies					
3. Other operating income	27	220	3,117	1,080	
V. Other operating expenses		10,204	17,448	7,673	0
1. Loss on disposal of non-financial fixed assets		337	798		
2. Revaluation of non-financial assets					
3. Other operating expenses	28	9,867	16,651	7,673	
VI. Operating profit (loss) (III+IV-V)		14,820	5,879	-13,575	0
VII. Financial income	29	2,783	2,300	120	1
1. Dividends and other share in profit, including:		0	,	,	
- from related undertakings		0	,	,	
2. Interest, including:		2,465	2,104	120	1
- from related undertakings		0	0		
3. Gain on disposal of investments	31	0			
4. Investment revaluation		0			
5. Other		318	196		
VIII. Financial expenses	30	4,043	1,651	9	0
1. Interest, including:		3,419	22	2	
- to related undertakings				2	
2. Loss on disposal of investments	31				
3. Investment revaluation					
4. Other		624	1 629	7	
IX. Pre-tax profit (loss) before extraordinary items (VI+VII-VIII)		13,560	6,529	-13,464	1
X. Profit (loss) on extraordinary items (X.1. – X.2.)		0	0	0	0
1. Extraordinary gains	32				
2. Extraordinary losses	33				
XI. Pre-tax profit (loss) (IX+/-X)		13,560	6,529	-13,464	1
XII. Corporate income tax	34	2,064	2,429	-3,062	0

PROFIT AND LOSS ACCOUNT	Note	Jan-Jul 2004	2003	2002	2001
a) current		2,781	1,142		
b) deferred		-717	1,286	-3,062	
XIII. Other mandatory decrease of profit (increase of loss)	35	,	,	,	
XIV. Share in net profit (loss) of subordinated undertakings consolidated with equity method	36	,	,	,	
XV. Net profit (loss) (XI-XII-XIII+/-XIV)		11,496	4,100	-10,402	0
Net profit (loss) (annualised) (PLN)		15,568,660	4,100,116	-10,402,088	496
Weighted average number of ordinary shares		123,125,121	118,695,488	6,737,493	9,923
Earnings (loss) per ordinary share (PLN)	37	0.122	0.035	-1.544	0.050
Diluted weighted average number of ordinary shares		123,125,121	118,695,488	6,737,493	9,923
Diluted earnings (loss) per ordinary share (PLN)	37	0.122	0.035	-1.544	0.050

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' EQUITY	Jan-Jul 2004	2003	2002	2001
I. Balance of shareholders' equity at beginning of period	115,595	105,884	51	4
a) change in accounting policies				
b) correction of fundamental errors	-7			
I.a. Balance of shareholders' equity at beginning of period, after reconciliation to comparable data	115,588	105,884	51	4
1. Balance of share capital at beginning of period	121,889	116,285	50	4
1.1. Change in share capital	5,853	5,604	116,235	46
a) increase, including:	5,853	5,604	116,235	46
- delivery of shares - contribution in kind	5,853	5,604	116,235	46
b) decrease, including:				
- retirement of shares				
1.2. Balance of share capital at end of period	127,742	121,889	116,285	50
2. Balance of called-up share capital not paid at beginning of period				
2.1. Change in called-up share capital not paid				
a) increase				
b) decrease				
2.2. Balance of called-up share capital not paid at end of period				
3. Treasury shares at beginning of period				
3.1. Change in treasury shares				
a) increase				
b) decrease				
3.2. Treasury shares at end of period				
4. Balance of reserve funds at beginning of period				
4.1. Change in reserve funds	1			
a) increase, including:	1			
Settlement of non-cash contribution	1			
b) decrease				
4.2. Balance of reserve funds at end of period	1			
5. Balance of revaluation capital reserve at beginning of period				

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' EQUITY	Jan-Jul 2004	2003	2002	2001
5.1. Change in revaluation capital reserve				
a) increase				
b) decrease				
5.2. Balance of revaluation capital reserve at end of period				
6. Other capital reserves at beginning of period				
6.1. Change in other capital reserves				
a) increase				
b) decrease				
6.2. Other capital reserves at end of period				
7. Balance of accumulated loss or retained profit brought forward at beginning of period	4,108	1	1	
7.1. Balance of retained profit brought forward at beginning of period	4,108	1	1	
a) change in accounting policies				
b) correction of fundamental errors	-7			
7.2. Balance of retained profit brought forward at beginning of period, after reconciliation to comparable data	4,101			
a) increase, including:				
- distribution of retained profit brought forward				
b) decrease, including:				
- transfer to reserve funds				
7.3. Balance of retained profit brought forward at end of period	4,101	1	1	
7.4. Balance of accumulated loss brought forward at beginning of period	-10,402	-10,402		
a) change in accounting policies				
b) correction of fundamental errors				
7.5. Balance of accumulated loss brought forward at beginning of period, after reconciliation to comparable data	-10,402	-10,402		
a) increase				
- accumulated loss at beginning of period				
b) decrease				
7.6. Balance of accumulated loss brought forward at end of period	-10,402	-10,324		
7.7. Balance of retained profit or accumulated loss brought forward at end of period	-6,301	-10,324	1	
8. Net financial result	11,496	4,100	-10,402	1
a) net profit	11,496	4,100		1
b) net loss			-10,402	
c) distributions from profit				
II. Balance of shareholders' equity at end of period	132,938	115,588	105,884	51
III. Shareholders' equity, after proposed distribution of profit (coverage of loss)	132,938	115,588	105,884	51

CASH-FLOW STATEMENT	Jan–Jul 2004	2003	2002	2001
A. Operating cash flow – indirect method				
I. Net profit (loss)	11,496	4,100	-10,402	1
II. Total adjustments	16,627	24,981	54,841	0
1. Share in net profit (loss) of subordinated undertakings valued with equity method				
2. Depreciation and amortisation	9,520	13,405	3,446	
3. Foreign exchange gains (losses)	-136			
4. Interest and share in profit (dividends)	5,061	-2,083	2	
5. Profit (loss) on investment activities	325	793	30	
6. Change in provisions	271	547	2,186	
7. Change in stocks	-12,670	-14,843	-84,933	
8. Change in accounts receivable	2,690	-3,718	-32,362	
9. Change in short-term liabilities (net of loans and borrowings)	16,182	40,494	167,212	
10. Change in prepayments and accrued income	-475	234	-1,352	
11. Other adjustments	-4,140	-9,848	613	
III. Net operating cash flow (I +/- II) – indirect method	28,123	29,081	44,439	1
B. Investing cash flow				
I. Investing cash inflow	128	156	5	0
1. Sale of intangible and tangible fixed assets	128	156	5	
2. Sale of investments in real estate and intangible fixed assets				
3 From financial assets, including:				
a) in related undertakings				
- sale of financial assets				
- dividends and share in profit				
- repayment of long-term loans advanced				
- interest				
- other inflow on financial assets				
b) in other undertakings				
- sale of financial assets				
- dividends and other profit distributions				
- repayment of long-term loans advanced				
- interest				
- other inflow on financial assets				
4 . Other investing inflow				
II. Investing cash outflow	10,355	3,236	1,029	0
1. Acquisition of tangible and intangible fixed assets	10,355	3,236	1,029	
2. Investments in real property and intangible fixed assets				
3. On financial assets, including:				
a) in related undertakings				
- acquisition of financial assets				
- long-term loans advanced				
b) in other undertakings				
- acquisition of financial assets				

CASH-FLOW STATEMENT	Jan–Jul 2004	2003	2002	2001
- long-term loans advanced				
4. Other investing outflow				
III. Net investing cash flow (I - II)	-10,227	-3,081	-1,024	0
C. Financing cash flow				
I. Financing cash inflow	3,250	35,631	0	0
1. Net proceeds from issue of shares, other equity instruments and additional contributions to equity	656	5,604		
2. Increase in loans and borrowings		27,923		
3. Issue of debt securities				
4. Other financing cash inflow	2,593	2,104		
II. Financing cash outflow	7,688	1,362	2	0
1. Purchase of treasury shares				
2. Dividends and other distributions to shareholders	4,107-			
3. Profit distribution other than distributions to shareholders				
4. Repayment of loans and borrowings				
5. Redemption of debt securities				
6. Decrease in other financial liabilities				
7. Decrease in financed lease liabilities				
8. Interest	2,848	7	2	
9. Other financing cash outflow	733	1,355	,	
III. Net financing cash flow (I-II)	-4,438	34,269	-2	0
D. Total net cash flow (A.III+/-B.III+/-C.III)	13,458	60,269	43,413	1
E. Balance-sheet change in cash, including:	13,458	60,269	43,413	1
- change in cash resulting from foreign exchange differences				
F. Cash at beginning of period	103,733	43,464	51	50
G. Cash at end of period (F+/- D), including:	117,191	103,733	43,464	51
- restricted cash				

NOTES AND SUPPLEMENTARY NOTES

A. Notes

Notes to Balance Sheet

Note 1

INTANGIBLE FIXED ASSETS	Jan–Jul 2004	2003	2002	2001
a) research and development expense				
b) goodwill				
c) acquired permits, patents, licences, and similar assets, including:	1,532	573	444	
- software	1,532	573	444	
d) other intangible fixed assets	41,106	42,010	44,064	
e) prepayments for intangible fixed assets				
Total intangible fixed assets	42,638	42,583	44,508	0

CHANGES IN INTANGIBLE FIXED ASSETS (BY TYPE) AS AT JULY 31ST 2004

	a	b	c		d	e	Total intangible fixed assets
	Research and development expense	Goodwill	Acquired permits, patents, licences, and similar assets, including: software		Other intangible fixed assets	Prepayments for intangible fixed assets	
a) gross intangible fixed assets at beginning of period			1,016	1,016	44,836		45,852
b) increase, including			1,263	1,263	431		1,694
- purchase			1,252	1,252	2		1,254
- other			11	11	428		440
c) decrease, including			187	187			187
- sale			187	187			187
d) gross intangible fixed assets at end of period			2,093	2,093	45,267		47,359
e) accumulated amortisation at beginning of period			444	444	2,825		3,269
f) amortisation for period, including:			117	117	1,335		1,452
- increase			200	200	0		200
- decrease			83	83	0		83
g) accumulated amortisation at end of period			561	561	4,160		4,721
h) write-off on permanent impairment of value at beginning of period							
i) write-off on permanent impairment of value at end of period							
j) net intangible fixed assets at end of period	0	0	1,532	1,532	41,106	0	42,638

CHANGES IN INTANGIBLE FIXED ASSETS (BY TYPE) AS AT DECEMBER 31ST 2003

	a	b	c		d	e	Total intangible fixed assets
	Research and development expense	Goodwill	Acquired permits, patents, licences, and similar assets, including: software		Other intangible fixed assets	Prepayments for other intangible fixed assets	
a) gross intangible fixed assets at beginning of period			487	487	44,626		45,113
b) increase, including:			530	530	218		748
- purchase			90	90	52		142
- other			439	439	166		606
c) decrease, including:					9		9
- sale					9		9
d) gross intangible fixed assets at end of period			1,016	1,016	44,836		45,852
e) accumulated amortisation at beginning of period			43	43	562		605
f) amortisation for period, including:			401	401	2,263		2,664
- increase			401	401	2,263		2,664
- decrease							
g) accumulated amortisation at end of period			444	444	2,825		3,269
h) write-off on permanent impairment of value at beginning of period							
i) write-off on permanent impairment of value at end of period							
j) net intangible fixed assets at end of period	0	0	573	573	42,010	0	42,583

CHANGES IN INTANGIBLE FIXED ASSETS (BY TYPE) AS AT DECEMBER 31ST 2002

	a	b	c		d	e	Total intangible fixed assets
	Research and development expense	Goodwill	Acquired permits, patents, licences, and similar assets, including: software		Other intangible fixed assets	Prepayments for intangible fixed assets	
a) gross intangible fixed assets at beginning of period							
b) increase, including:			491	491	44,630		45,121
- purchase			35	35	15		50
- other			456	456	44,615		45,071
c) decrease, including:			4	4	4		8
- sale					4		4
- other			4	4	0		4
d) gross intangible fixed assets at end of period			487	487	44,626		45,113
e) accumulated amortisation at beginning of period			0	0	0		0
f) amortisation for period, including:			43	43	562		605
- increase			43	43	562		605
- decrease							
g) accumulated amortisation at end of period			43	43	562		605
h) write-off on permanent impairment of value at beginning of period							0
i) write-off on permanent impairment of value at end of period							0
j) net intangible fixed assets at end of period	0	0	444	444	44,064	0	44,508

CHANGES IN INTANGIBLE FIXED ASSETS (BY TYPE) AS AT DECEMBER 31ST 2001

	a	b	c	d	e	
	Research and development expense	Goodwill	Acquired permits, patents, licences, and similar assets, including: software	Other intangible fixed assets	Prepayments for intangible fixed assets	Total intangible fixed assets
a) gross intangible fixed assets at beginning of period						
b) increase, including:						
- purchase						
- other						
c) decrease, including:						
- sale						
- other						
d) gross intangible fixed assets at end of period	0	0	0	0	0	0

INTANGIBLE FIXED ASSETS (BY OWNERSHIP)	Jan–Jul 2004	2003	2002	2001
a) owned	42,638	42,583	44,508	
b) used under lease, tenancy or similar contract				
Total intangible fixed assets	42,638	42,583	44,508	0

Note 2

TANGIBLE FIXED ASSETS	Jan–Jul 2004	2003	2002	2001
a) tangible fixed assets, including:	71,340	70,851	68,749	
- land (including perpetual usufruct)	115	115	0	
- buildings and structures	35,647	36,824	34,487	
- plant and equipment	15,134	12,663	13,236	
- vehicles	7,032	6,600	4,473	
- other tangible fixed assets	13,412	14,648	16,553	
b) tangible fixed assets under construction	5,836	761	64	
c) prepaid tangible fixed assets under construction				
Total tangible fixed assets	77, 177	71,612	68,813	0

LIMITATIONS OF OWNERSHIP AND DISPOSAL OF TANGIBLE FIXED ASSETS AS AT JULY 31ST 2004 – not applicable

CHANGES IN TANGIBLE FIXED ASSETS (BY TYPE) AS AT JULY 31ST 2004

	Land (including perpetual usufruct)	Buildings and structures	Plant and equipment	Vehicles	Other tangible fixed assets	Total tangible fixed assets
a) gross tangible fixed assets at beginning of period	115	41,333	15,514	7,764	19,499	84,224
b) increase, including:		1,266	4,916	1,257	1,384	8,824
- placement of owned tangible fixed assets in service		395	162	577	816	1,950
- placement of leased tangible fixed assets in service			4,270	312		4,582
- other increases		870	484	368	569	2,292
c) decrease, including:			2	21	475	498
- liquidation			2	6	472	480
- sale to third parties				15	3	18
- donation						
d) gross tangible fixed assets at end of period	115	42,599	20,428	9,000	20,408	92,550
e) accumulated depreciation at beginning of period		4,509	2,851	1,163	4,851	13,374
f) depreciation for period, including:		2,442	2,444	805	2,145	7,836
- increase		2,442	2,445	810	2,288	7,985
- decrease		0	1	5	143	149
g) accumulated depreciation at end of period		6,952	5,294	1,968	6,996	21,210
h) write-offs on permanent impairment of value at beginning of period						
i) write-offs on permanent impairment of value at end of period						
j) net tangible fixed assets at end of period	115	35,647	15,134	7,032	13,412	71,340
- owned tangible fixed assets	115	35,647	11,185	6,174	13,412	66,533
- leased tangible fixed assets			3,950	858		4,808

CHANGES IN TANGIBLE FIXED ASSETS (BY TYPE) AS AT DECEMBER 31ST 2003

	Land (including perpetual usufruct)	Buildings and structures	Plant and equipment	Vehicles	Other tangible fixed assets	Total tangible fixed assets
a) gross tangible fixed assets at beginning of period		35,372	13,747	4,653	17,814	71,586
b) increase, including:	115	6,021	1,779	3,405	2,462	13,782
- placement of owned tangible fixed assets in service		433	175		1,021	1,629
- placement of leased tangible fixed assets in service				788		788
- other increases	115	5,588	1,604	2,617	1,441	11,366
c) decrease, including:		60	12	295	776	1,144
- liquidation		60	12	54	775	902
- sale to third parties				241	1	242
- donation						
d) gross tangible fixed assets at end of period	115	41,333	15,514	7,764	19,499	84,224
e) accumulated depreciation at beginning of period		885	511	180	1,260	2,837
f) depreciation for period, including:		3,624	2,339	983	3,590	10,537
- increase		3,628	2,342	1,027	3,744	10,741
- decrease		4	3	44	154	204
g) accumulated depreciation at end of period		4,509	2,851	1,163	4,851	13,374
h) write-offs on permanent impairment of value at beginning of period						
i) write-offs on permanent impairment of value at end of period						
j) net tangible fixed assets at end of period	115	36,824	12,663	6,600	14,648	70,851
- owned tangible fixed assets	115	36,824	12,663	5,874	14,648	70,125
- leased tangible fixed assets				726		726

CHANGES IN TANGIBLE FIXED ASSETS (BY TYPE) AS AT DECEMBER 31ST 2002

	Land (including perpetual usufruct)	Buildings and structures	Plant and equipment	Vehicles	Other tangible fixed assets	Total tangible fixed assets
a) gross tangible fixed assets at beginning of period						0
b) increase, including:		35,372	13,760	4,656	17,828	71,617
- from restatement of the opening balance sheet						
- placement of owned tangible fixed assets in service		181	41	25	653	899
- placement of leased tangible fixed assets in service						
- transfer			124			124
- other increases		35,191	13,596	4,631	17,175	70,593
c) decrease, including:			13	3	15	31
- contribution in kind						
- liquidation			13	3	14	30
- sale to third parties					1	1
d) gross tangible fixed assets at end of period		35,372	13,747	4,653	17,814	71,586
e) accumulated depreciation at beginning of period						
f) depreciation for period, including:		885	511	180	1,260	2,837
- restatement of the opening balance sheet						
- increase		885	512	180	1,263	2,841
- decrease					3	3
- transfer			-1			-1
g) accumulated depreciation at end of period		885	511	180	1,260	2,837
h) write-offs on permanent impairment of value at beginning of period						
i) write-offs on permanent impairment of value at end of period						
j) net tangible fixed assets at end of period	0	34,487	13,236	4,473	16,553	68,749
- owned tangible fixed assets		34,487	13,236	4,473	16,553	68,749
- leased tangible fixed assets						

CHANGES IN TANGIBLE FIXED ASSETS (BY TYPE) AS AT DECEMBER 31ST 2001

	Land (including perpetual usufruct)	Buildings and structures	Plant and equipment	Vehicles	Other tangible fixed assets	Total tangible fixed assets
a) gross tangible fixed assets at beginning of period						
b) increase, including:						
- purchase of tangible fixed assets						
- inclusion of tangible fixed assets from investments						
- transfer						
- other increases						
c) decrease, including:						
- liquidation						
- sale to third parties						
- transfer						
- other decreases						
d) gross tangible fixed assets at end of period	0	0	0	0	0	0

ON-BALANCE-SHEET TANGIBLE FIXED ASSETS (BY OWNERSHIP)	Jan-Jul 2004	2003	2002	2001
a) owned	72,369	70,886	68,813	
b) used under lease, tenancy or similar contract, including:	4 808	726		
- operating lease (financed lease in accordance with the Accountancy Act)	4 808	726		
- financed lease				
Total on-balance-sheet tangible fixed assets	77,177	71,612	68,813	0

OFF-BALANCE-SHEET TANGIBLE FIXED ASSETS – not applicable

Note 3

LONG-TERM ACCOUNTS RECEIVABLE	Jan–Jul 2004	2003	2002	2001
a) accounts receivable from related undertakings				
b) from other undertakings	531	537	507	
Net long-term accounts receivable	531	537	507	
c) revaluation write-offs on long-term accounts receivable				
Gross long-term accounts receivable	531	537	507	0

CHANGE IN LONG-TERM ACCOUNTS RECEIVABLE (BY TYPE)	Jan–Jul 2004	2003	2002	2001
a) balance at beginning of period	537	507	0	0
b) increase (guarantee deposits received under agreements on lease of premises)	0	30	507	0
		30	507	
c) decrease (settlement of some of the guarantee deposits)	6	0	0	0
	6			
d) balance at end of period	531	537	507	0

CHANGE IN REVALUATION WRITE-OFFS ON LONG-TERM ACCOUNTS RECEIVABLE	Jan–Jul 2004	2003	2002	2001
Balance at beginning of period				
a) increase				
b) decrease				
Revaluation adjustments on long-term accounts receivable at end of period	0	0	0	0

LONG-TERM ACCOUNTS RECEIVABLE (BY CURRENCY)	Jan-Jul 2004	2003	2002	2001
a) in Polish currency	531	537	507	
b) in foreign currencies (by currency and restated in PLN)				
Total long-term accounts receivable	531	537	507	0

Note 4

CHANGE IN INVESTMENT REAL ESTATE (BY TYPE) – not applicable

CHANGE IN INVESTMENT INTANGIBLE FIXED ASSETS (BY TYPE) – not applicable

LONG-TERM FINANCIAL ASSETS – not applicable

SHARES IN SUBORDINATED UNDERTAKINGS VALUED WITH EQUITY METHOD – not applicable

CHANGE IN GOODWILL – SUBSIDIARY UNDERTAKINGS – not applicable

CHANGE IN GOODWILL – CO-SUBSIDIARY UNDERTAKINGS – not applicable

CHANGE IN GOODWILL – ASSOCIATED UNDERTAKINGS – not applicable

CHANGE IN NEGATIVE GOODWILL – SUBSIDIARY UNDERTAKINGS – not applicable

CHANGE IN NEGATIVE GOODWILL – CO-SUBSIDIARY UNDERTAKINGS – not applicable

CHANGE IN NEGATIVE GOODWILL – ASSOCIATED UNDERTAKINGS – not applicable

CHANGE IN LONG-TERM FINANCIAL ASSETS (BY TYPE) – not applicable

SHARES IN SUBORDINATED UNDERTAKINGS – not applicable

**SECURITIES, EQUITY INTERESTS AND OTHER LONG-TERM FINANCIAL ASSETS
(BY CURRENCY) – not applicable**

**SECURITIES, EQUITY INTERESTS AND OTHER LONG-TERM FINANCIAL ASSETS
(BY MARKETABILITY) – not applicable**

LONG-TERM LOANS ADVANCED (BY CURRENCY) – not applicable

OTHER LONG-TERM INVESTMENTS (BY TYPE) – not applicable

CHANGE IN OTHER LONG-TERM INVESTMENTS (BY TYPE) – not applicable

Note 5

CHANGE IN DEFERRED TAX ASSETS	Jan–Jul 2004	2003	2002	2001
1. Deferred tax assets at beginning of period, including:	3,646	3,401	0	0
a) charged to financial result	3,646	3,401		
b) charged to shareholders' equity				
c) charged to (negative) goodwill				
2. Increase	3,584	2,596	3,278	0
a) charged to financial result for the period in connection with negative timing differences, including:	3,584	2,596	3,278	
- differences	3,584	2,596	3,278	
b) charged to financial result for the period in connection with tax loss				
c) charged to shareholders' equity in connection with negative timing differences				
d) charged to shareholders' equity in connection with tax loss				
e) charged to (negative) goodwill in connection with negative timing differences				
3. Decrease	3,646	3,401	0	0
a) charged to financial result for the period in connection with negative timing differences, including:	3,646	3,401		
- change in tax rate				
- use of the asset	3,646	3,401		
b) charged to financial result for the period in connection with tax loss				
c) charged to shareholders' equity in connection with negative timing differences				
d) charged to shareholders' equity in connection with tax loss				
e) charged to (negative) goodwill in connection with negative timing differences				
4. Deferred tax assets at end of period, including:	3,584	2,596	3,278	0
a) charged to financial result	3,584	2,596	3,278	
b) charged to shareholders' equity				
c) charged to (negative) goodwill				

No.	Main groups of assets and shareholders' equity and liabilities	Cause of timing difference	Expiry date	As at Jul 31 2004	As at Dec 31 2003	As at Dec 31 2002	As at Dec 31 2001
ASSETS							
1	Stocks	Revaluation adjustment	until expiry	3,134	3,271	4,742	
2	Accounts receivable	Revaluation adjustment	until expiry	1,121	722		
SHAREHOLDERS' EQUITY AND LIABILITIES							
1	Accrued expenses	Provisions for uninvoiced expenses	until expiry	6,093	373	1,294	
2	Accrued expenses	Provision for costs of closed branches	until expiry	1,928	1,912		
3	Accrued expenses	Provisions for holiday leaves	until expiry	2,189	2,189		
4	Accrued expenses	Provision for employee bonuses	until expiry	1,984	2,143		
Total negative timing differences				16,964	10,609	6,036	0
OTHER ACCRUALS AND DEFERRALS							
				Jan-Jul 2004	2003	2002	2001
a) prepayments, including:					21	21	190
- basic rent					10	21	187
- computer maintenance agreement					11	1	3
b) other accruals and deferrals							
Total other accruals and deferrals					21	21	190
							0

Note 6

STOCKS	Jan–Jul 2004	2003	2002	2001
a) materials	107	107	110	
b) semi-finished products and work in progress				
c) finished products				
d) goods for resale	99,019	96,619	80,457	
e) pre-paid deliveries	6,638	2,749	4,366	
Total stocks	105,764	99,474	84,933	0

REVALUATION WRITE-OFFS ON STOCKS	Jan–Jul 2004	2003	2002	2001
Balance of revaluation write-offs at beginning of period	3,271	4,742		
Decrease in write-offs in connection with decrease in stocks	-137	-1,471		
New revaluation write-offs			4,742	
Revaluation write-offs at end of period	3,134	3,271	4,742	0

LIMITATIONS OF OWNERSHIP AND DISPOSAL OF CURRENT ASSETS AS AT JULY 31ST 2004

Security amount	Type of liability
4,862	Security deposit under agreement on bank guarantee for Hewlett-Packard Sp. z o.o.
1,500	Security deposit under agreement on bank guarantee for Kompania Piwowarska SA
350	Security deposit under agreement on bank guarantee for Zakłady Przemysłu Tłuszczowego w Warszawie SA
10	Security deposit under agreement on bank guarantee for Izba Celna Poznań (customs chamber)

Note 7

SHORT-TERM ACCOUNTS RECEIVABLE	Jan–Jul 2004	2003	2002	2001
a) from related undertakings	4,107	0	4,306	0
- trade debtors (by maturity):			4,306	
- up to 1 year			4,306	
- over 1 year				
- other	4,107			
- under court proceedings				
b) from other undertakings:	32,859	35,543	27,548	0
- trade debtors (by maturity):	32,402	34,834	15,577	
- up to 1 year	32,402	34,834	15,577	
- over 1 year				
- tax, subsidies, duty, social security, health care and other benefits receivable		212	11,416	
- other	457	496	555	
- under court proceedings		1		
Total net short-term accounts receivable	36,966	35,543	31,855	0
c) revaluation adjustments on accounts receivable	1,121	722		0
Total gross short-term accounts receivable	38,087	36,264	31,855	0

SHORT-TERM ACCOUNTS RECEIVABLE FROM RELATED UNDERTAKINGS	Jan–Jul 2004	2003	2002	2001
a) trade debtors, including:	0	0	4,306	0
- subsidiary undertakings				
- co-subsidiary undertakings				
- associated undertakings				
- major investor				
- Parent Entity			4,306	
b) other, including:	4,107	0	0	0
- subsidiary undertakings				

SHORT-TERM ACCOUNTS RECEIVABLE FROM RELATED UNDERTAKINGS	Jan-Jul 2004	2003	2002	2001
- co-subsiary undertakings				
- associated undertakings				
- major investor				
- Parent Entity	4,107			
c) under court proceedings, including:	0	0	0	0
- subsidiary undertakings				
- co-subsiary undertakings				
- associated undertakings				
- major investor				
- Parent Entity				
Total net short-term accounts receivable from related undertakings	4,107	0	4,306	0
d) revaluation adjustments on accounts receivable from related undertakings				
Total gross short-term accounts receivable from related undertakings	4,107	0	4,306	0

CHANGE IN REVALUATION ADJUSTMENTS ON SHORT-TERM ACCOUNTS RECEIVABLE	Jan-Jul 2004	2003	2002	2001
Balance at beginning of period	722			
a) increase, including:	399	722		
b) decrease, including:				
Revaluation adjustments on short-term accounts receivable at end of period	1,121	722	0	0

GROSS SHORT-TERM ACCOUNTS RECEIVABLE (BY CURRENCY)	Jan-Jul 2004	2003	2002	2001
a) in Polish currency	38,087	36,264	31,855	
b) in foreign currencies (by currency and restated in PLN)				
Total gross short-term accounts receivable	38,087	36,264	31,855	0

MATURITY STRUCTURE OF GROSS TRADE DEBTORS – AS FROM THE BALANCE-SHEET DATE	Jan–Jul 2004	2003	2002	2001
a) up to 1 month	25,915	25,050	14,400	
b) from 1 month to 3 months				
c) from 3 months to 6 months				
d) from 6 months to 1 year				
e) over 1 year				
f) past due trade debtors	7,608	10,505	5,483	
Total gross trade debtors	33,523	35,555	19,883	0
g) revaluation adjustments on trade debtors	1,121	722		
Total net trade debtors	32,402	34,834	19,883	0

GROSS PAST DUE TRADE DEBTORS – BY PERIOD OF DELAY	Jan–Jul 2004	2003	2002	2001
a) up to 1 month	5,064	7,617	3,444	
b) from 1 month to 3 months	403	1,273	1,930	
c) from 3 months to 6 months	553	668	109	
d) from 6 months to 1 year	691	690		
e) over 1 year	897	257		
Total gross past due trade debtors	7,608	10,505	5,483	0
f) revaluation adjustments on past due trade debtors	1,121	722		
Total net past due trade debtors	6,487	9,783	5,483	0

Note 8

TOTAL ACCOUNTS RECEIVABLE	Jan–Jul 2004	2003	2002	2001
1. Gross long-term accounts receivable	165	537	507	0
including past due and disputed accounts receivable				
a) revaluation adjustment				
2. Gross short-term trade debtors	33,523	35,555	19,883	0

TOTAL ACCOUNTS RECEIVABLE	Jan–Jul 2004	2003	2002	2001
including past due and disputed accounts receivable	7,608	10,505	5,483	
a) revaluation adjustment	1,121	722		
3. Gross accounts receivable under court proceedings and after final court judgement	193	214	0	0
including past due and disputed accounts receivable	193	214		
a) revaluation adjustment	193	213		
4. Other gross short-term accounts receivable	4,931	708	11,971	0
including past due and disputed accounts receivable				
a) revaluation adjustment				
b) amount reducing value of accounts receivable to acquisition cost				
Net short-term accounts receivable	37,332	35,543	31,855	0
Net long-term accounts receivable	165	537	507	0

Note 9

SHORT-TERM FINANCIAL ASSETS	Jan–Jul 2004	2003	2002	2001
a) in subsidiary undertakings	0	0	0	0
- shares and other equity interests				
- dividends and other profit distributions				
- debt securities				
- other securities (by type)				
- loans advanced				
- other short-term financial assets (by type)				
b) in co-subsidiary undertakings	0	0	0	0
- shares and other equity interests				
- dividends and other profit distributions				
- debt securities				
- other securities (by type)				
- loans advanced				
- other short-term financial assets (by type)				

SHORT-TERM FINANCIAL ASSETS	Jan–Jul 2004	2003	2002	2001
c) in associated undertakings	0	0	0	0
- shares and other equity interests				
- dividends and other profit distributions				
- debt securities				
- other securities (by type)				
- loans advanced				
- other short-term financial assets (by type)				
d) in major investor	0	0	0	0
- shares and other equity interests				
- dividends and other profit distributions				
- debt securities				
- other securities (by type)				
- loans advanced				
- other short-term financial assets (by type)				
e) in Parent Entity	0	0	0	0
- shares and other equity interests				
- dividends and other profit distributions				
- debt securities				
- other securities (by type)				
- loans advanced				
- other short-term financial assets (by type)				
f) in other undertakings	0	0	0	0
- shares and other equity interests				
- dividends and other profit distributions				
- debt securities				
- other securities (by type)				
- loans advanced				
- other short-term financial assets (by type)				

SHORT-TERM FINANCIAL ASSETS	Jan–Jul 2004	2003	2002	2001
g) cash and cash equivalents, including:	117,191	103,733	43,464	51
- cash in hand and cash at banks	105,777	101,014	39,937	51
- other cash	11,414	2,719	3,527	0
- other cash equivalents	0	0	0	0
Total short-term financial assets	117,191	103,733	43,464	51

SECURITIES, EQUITY INTERESTS AND OTHER SHORT-TERM FINANCIAL ASSETS (BY CURRENCY) – not applicable

SECURITIES, EQUITY INTERESTS AND OTHER SHORT-TERM FINANCIAL ASSETS (BY MARKETABILITY) - not applicable

SHORT-TERM LOANS ADVANCED (BY CURRENCY) - not applicable

CASH AND CASH EQUIVALENTS (BY CURRENCY)	Jan–Jul 2004	2003	2002	2001
a) in Polish currency	117,191	103,733	43,464	51
b) in foreign currencies (by currency and restated in PLN)				
Total cash and cash equivalents	117,191	103,733	43,464	51

OTHER SHORT-TERM INVESTMENTS (BY TYPE)	Jan–Jul 2004	2003	2002	2001
Treasury bonds				
Total other short-term investments				

OTHER SHORT-TERM INVESTMENTS (BY CURRENCY)	Jan–Jul 2004	2003	2002	2001
a) in Polish currency				
b) in foreign currencies (by currency and restated in PLN)				
Total other short-term investments				

Note 10

SHORT-TERM PREPAYMENTS AND ACCRUED INCOME	Jan–Jul 2004	2003	2002	2001
a) prepayments and accrued income, including:	7,132	5,156	1,390	0
- additional income	5,745	4,317	801	
- basic rent paid	51	261	473	
- advertising brochures paid	27	164	81	
- other short-term prepayments and accrued income	1,309	414	36	
b) other prepayments and accrued income	0	0	0	0
Total short-term prepayments and accrued income	7,132	5,156	1,390	0

Note 11

REVALUATION WRITE-OFFS ON PERMANENT IMPAIRMENT OF ASSETS VALUE– not applicable

Note 12

SHARE CAPITAL (STRUCTURE) January-July 2004

		Type of preference	Type of restriction	Number of shares	Par value	Manner of payment	Registration date	Dividend right (since)
1.	POLITRA B.V.	None	None	121,887,000	121,887	Transformation of limited-liability company into joint-stock company	Jul 30 2004	unlimited
2.	Others	None	None	5,855,000	5,855	Transformation of limited-liability company into joint-stock company	Jul 30 2004	unlimited
Total number of shares				127,742,000				
Total share capital					127,742			
Par value per share = PLN 1								

For detailed information on dividend rights see Section 10 of Chapter III of this Prospectus.

Note 13

TREASURY SHARES – not applicable**ISSUER SHARES HELD BY SUBSIDIARY UNDERTAKINGS – not applicable**

Note 14

RESERVE FUNDS	Jan–Jul 2004	2003	2002	2001
a) share premium account				
b) statutory reserve funds				
c) set up pursuant to the Articles of Association, above statutory (minimum) value				
d) additional contributions to equity				
e) other – distributions from profit				
f) other	1			
Total reserve funds	1	0	0	0

Note 15

REVALUATION CAPITAL RESERVE – not applicable

Note 16

OTHER CAPITAL RESERVE (BY INTENDED USE) – not applicable

Note 17

DEDUCTIONS FROM NET PROFIT IN THE FINANCIAL YEAR – not applicable

Note 18

CHANGE IN DEFERRED TAX PROVISIONS	Jan–Jul 2004	2003	2002	2001
1. Deferred tax provisions at beginning of period, including:	802	739	0	0
a) charged to financial result	802	739		
b) charged to shareholders' equity				
c) charged to (negative) goodwill				
2. Increase	290	82	216	0
a) charged to financial result in connection with positive timing differences, including:	290	82	216	
- timing differences				
- deferred income	290	82	216	
b) charged to shareholders' equity in connection with positive timing differences				
c) charged to (negative) goodwill in connection with positive timing differences				
3. Decrease	0	0	0	0
a) charged to financial result in connection with positive timing differences, including:				
- provisions used				
b) charged to shareholders' equity in connection with positive timing differences				
c) charged to (negative) goodwill in connection with positive timing differences				
4. Total deferred tax provisions at end of period	1,092	820	216	0
a) charged to financial result	1,092	820	216	0
b) charged in shareholders' equity				
c) charged to (negative) goodwill				

No	Main groups of assets and shareholders' equity and liabilities	Cause of timing difference	Expiry date	As at Jul 31 2004	As at Dec 31 2003	As at Dec 31 2002	As at Dec 31 2001
ASSETS							
SHAREHOLDERS' EQUITY AND LIABILITIES							
1	Deferred income	Uninvoiced additional income		5,745	4,317	801	
Total positive timing differences				5,745	4,317	801	0

CHANGE IN LONG-TERM PROVISIONS FOR RETIREMENT AND RELATED BENEFITS (BY CATEGORY) – not applicable

CHANGE IN SHORT-TERM PROVISIONS FOR RETIREMENT AND RELATED BENEFITS (BY CATEGORY) – not applicable

CHANGE IN OTHER LONG-TERM PROVISIONS (BY CATEGORY) – not applicable

CHANGE IN OTHER SHORT-TERM PROVISIONS (BY CATEGORY)	Jan–Jul 2004	2003	2002	2001
a) balance at beginning of period	1,914	1,969	1,969	0
- additional income	1,914	1,969	1,969	
b) increase, including:	0	0	0	0
- additional income				
c) use, including:	2	0	0	0
- additional income	2			
d) release, including:	0	57	0	
- invoicing of additional income		57		
e) balance at end of period	1,912	1,912	1,969	0
- restructuring provisions – branch closing	1,912	1,912	1,969	

Note 19

LONG-TERM LIABILITIES	Jan–Jul 2004	2003	2002	2001
a) to subsidiary undertakings	0	0	0	0
- loans and borrowings				
- debt securities in issue				
- other financial liabilities				
- financed lease agreements				
- other (by type)				
b) to co-subsidiary undertakings	0	0	0	0
- loans and borrowings				
- under debt securities in issue				
- other financial liabilities				
c) to associated undertakings	0	0	0	0
- loans and borrowings				

LONG-TERM LIABILITIES	Jan–Jul 2004	2003	2002	2001
- under debt securities in issue				
- other financial liabilities				
d) to major investor	0	0	0	0
- loans and borrowings				
- under debt securities in issue				
- other financial liabilities	0	0	0	0
e) to Parent Entity	0	0	0	0
- loans and borrowings				
- under debt securities in issue				
- other financial liabilities	0	0	0	0
f) to other undertakings	28,113	24,824	0	0
- loans and borrowings	24,323	24,323		
- under debt securities in issue				
- other financial liabilities	3,790	501		
Total long-term liabilities	28,113	24,824	0	0

MATURITY STRUCTURE OF LONG-TERM LIABILITIES AS FROM THE BALANCE-SHEET DATE	Jan–Jul 2004	2003	2002	2001
a) from 1 year to 3 years	10,029	7,457		
b) from 3 years to 5 years	11,761	11,044		
c) over 5 years	6,323	6,323		
Total long-term liabilities	28,113	24,824	0	0

LONG-TERM LIABILITIES (BY CURRENCY)	Jan–Jul 2004	2003	2002	2001
a) in Polish currency	28,113	24,824		
b) in foreign currencies (by currency and restated in PLN)				
Other currencies (in PLN '000)				
Total long-term liabilities	28,113	24,824	0	0

LONG-TERM LIABILITIES UNDER BANK LOANS AND BORROWINGS AS AT JULY 31ST 2004

Undertaking (form of incorporation)	Principal place of business	Loan/borrowing amount under agreement		Outstanding amount		Interest	Maturity	Collateral	Other
		PLN '000	currency	PLN '000	currency				
Jeronimo Martins Dystrybucja Sp. z o.o.	ul. Wołczyńska 18, Poznań, Poland	30,423	PLN	24,323	PLN	WIBOR +5%	Until fully repaid with interest. The loan is to be repaid in monthly instalments in 2003–2004 and in annual instalments in subsequent years.	-	-

LONG-TERM LIABILITIES UNDER BANK LOANS AND BORROWINGS – 2003

Undertaking (form of incorporation)	Principal place of business	Loan/borrowing amount under agreement		Outstanding amount		Interest	Maturity	Collateral	Other
		PLN '000	currency	PLN '000	Currency				
Jeronimo Martins Dystrybucja Sp. z o.o.	ul. Wołczyńska 18, Poznań, Poland	30,423	PLN	24,323	PLN	WIBOR +5%	Until fully repaid with interest. The loan is to be repaid in monthly instalments in 2003–2004 and in annual instalments in subsequent years.	-	-

LONG-TERM LIABILITIES UNDER BANK LOANS AND BORROWINGS (2002) – not applicable

LONG-TERM LIABILITIES UNDER BANK LOANS AND BORROWINGS (2001) – not applicable

Note 20

SHORT-TERM LIABILITIES	Jan-Jul 2004	2003	2002	2001
a) to subsidiary undertakings	0	0	0	0
- loans and borrowings, including:				
- current portion of long-term liabilities				
- under debt securities in issue				
- under dividend payable				
- other financial liabilities				
- trade creditors by maturity:				
- up to 1 year				
- over 1 year				
- prepaid deliveries				
- promissory notes payable				
- other (by type)				
b) to co-subsiary undertakings	0	0	0	0
- loans and borrowings, including:				
- current portion of long-term liabilities				
- under debt securities in issue				
- under dividend payable				
- other financial liabilities				
- trade creditors by maturity:				
- up to 1 year				
- over 1 year				
- prepaid deliveries				
- promissory notes payable				
- other (by type)	0	0	0	0
c) to associated undertakings	0	0	0	0
- loans and borrowings, including:				
- current portion of long-term liabilities				
- under debt securities in issue				
- under dividend payable				
- other financial liabilities, including:				
- trade creditors by maturity:				
- up to 1 year				
- over 1 year				
- prepaid deliveries				
- promissory notes payable				
- other (by type)				
d) to major investor	0	0	0	0
- loans and borrowings, including:				
- current portion of long-term liabilities				
- under debt securities in issue				

SHORT-TERM LIABILITIES	Jan–Jul 2004	2003	2002	2001
- under dividend payable				
- other financial liabilities, including:				
- trade creditors by maturity:				
- up to 1 year				
- over 1 year				
- prepaid deliveries				
- promissory notes				
- other (by type)				
e) to Parent Entity	0	0	21,942	0
- loans and borrowings, including:				
- current portion of long-term liability				
- under debt securities in issue				
- under dividend payable				
- other financial liabilities, including:				
- trade creditors by maturity:			21,942	
- up to 1 year			21,942	
- over 1 year				
- prepaid deliveries				
- promissory notes payable				
- other (by type)				
f) to other undertakings	223,961	211,094	144,850	0
- loans and borrowings, including:	4,171	3,600		
- current portion long-term liabilities				
- under debt securities in issue				
- under dividend payable				
- other financial liabilities, including:	1,065	231		
- trade creditors by maturity:	210,038	195,953	141,506	0
- up to 1 year	210,038	195,953	141,506	0
- over 1 year				
- prepaid deliveries				
- promissory notes payable				
- taxes, duties, social security and other benefits	3,797	2,238	1,270	
- salaries and wages payable	1,881	1,379	1,391	
- other (by type)	3,010	7,691	682	
g) special accounts (by type)	225	362	570	0
- Social Benefits Fund	225	362	570	
Total short-term liabilities	224,187	211,456	167,362	0

SHORT-TERM LIABILITIES (BY CURRENCY)	Jul 31 2004	Dec 31 2003	Dec 31 2002	Dec 31 2001
a) in Polish currency	224,111	211,456	167,362	
b) in foreign currencies (by currency and restated in PLN)	75			
trade creditors, including:	75			
REDWOD DE / EUR				
FALCAO POR / EUR	61			
SIMAO POR / EUR	9			
CC LONDON / GBP	5			
Total short-term liabilities	224,187	211,456	167,362	0

SHORT-TERM LIABILITIES UNDER LOANS AND BORROWINGS AS AT JULY 31ST 2004

No.	Undertaking (form of incorporation)	Principal place of business	Loan/borrowing amount under agreement		Outstanding amount		Interest	Maturity	Other
			PLN '000	currency	PLN '000	currency			
1	Jeronimo Martins Dystrybucja Sp. z o.o.	ul. Wołczyńska 18, Poznań, Poland	30,423	PLN	4,171	PLN	WIBOR +5%	Until fully repaid with interest. The loan is to be repaid in monthly instalments in 2003–2004 and in annual instalments in subsequent years.	-

SHORT-TERM LIABILITIES UNDER LOANS AND BORROWINGS AS AT DECEMBER 31ST 2003

No.	Lender's name	Principal place of business	Amount of loan/borrowings under agreement		Outstanding amount of loan/borrowings		Interest	Maturity	Other
			PLN '000	currency	PLN '000	currency			
1	Jeronimo Martins Dystrybucja Sp. z o.o.	ul. Wołczyńska 18, Poznań, Poland	30,423	PLN	3,600	PLN	WIBOR +5%	Until fully repaid with interest. The loan is to be repaid in monthly instalments in 2003–2004 and in annual instalments in subsequent years.	-

SHORT-TERM LIABILITIES UNDER LOANS AND BORROWINGS (2002) – not applicable

SHORT-TERM LIABILITIES UNDER LOANS AND BORROWINGS (2001) – not applicable

Note 21

CHANGE IN NEGATIVE GOODWILL – not applicable

OTHER ACCRUALS AND DEFERRED INCOME	Jul 31 2004	Dec 31 2003	Dec 31 2002	Dec 31 2001
a) accrued expenses, including:	9,128	6,617	3,457	0
- long-term				
- short-term, including:	9,128	6,617	3,457	
- provision for holidays in arrears	2,189	2,189	2,163	
- provision for expenses on lease rents and utilities	785	258	166	
- provision for employee bonuses	1,984	2,143		
- provision for costs of advertising	504	523		
- provision for costs of transport			216	
- provision for commissions payable to agents	914	397	113	
- provision for post and telecommunications expenses			211	
- other accrued expenses	2,752	1,108	587	
b) deferred income, including:	16	38	49	0
- long-term, including:	16	38	12	
- funds received to finance purchase or production of tangible fixed assets	16	38	12	
- short-term, including:			37	
- funds received to finance purchase or production of tangible fixed assets			37	
Total other accruals and deferred income	9,144	6,654	3,506	0

Note 22

BOOK VALUE AND DILUTED BOOK VALUE PER SHARE	Jul 31 2004	Dec 31 2003	Dec 31 2002	Dec 31 2001
Book value	132,937,560	115,588,018	105,883,916	50,496
Number of shares	127,742,000	121,889	116,285	50
Number of shares after reconciliation to comparable data	127,742,000	121,889,000	116,285,000	50,000
Book value per share (PLN)	1.04	0.95	0.91	1.01
Diluted book value per share (PLN)	1.04	0.95	0.91	1.01

Book value per share was computed as the ratio of the book value to the number of shares. In order to achieve comparability with the most recent period presented, the number of shares as at the end of the other periods was multiplied by 1,000.

No dilution occurred.

NOTES TO OFF-BALANCE-SHEET ITEMS

Note 23

CONTINGENT ACCOUNTS RECEIVABLE FROM RELATED UNDERTAKINGS – not applicable**CONTINGENT LIABILITIES TO RELATED UNDERTAKINGS – not applicable****CONTINGENT LIABILITIES TO OTHER UNDERTAKINGS**

CONTINGENT LIABILITIES TO OTHER UNDERTAKINGS	Jul 31 2004	Dec 31 2003	Dec 31 2002	Dec 31 2001
a) bank guarantees granted	8,571	4,009	0	0
Total contingent liabilities	8,571	4,009	0	0

NOTES TO PROFIT AND LOSS ACCOUNT

Note 24

NET REVENUE ON SALES OF PRODUCTS (BY TYPE AND ACTIVITY)	Jan-Jul 2004	2003	2002	2001
- revenue on sales of services, including:	58,302	81,023	14,078	0
- from related undertakings			3,151	
Total net revenue on sales of products, including:	58,302	81,023	14,078	0
- from related undertakings				

NET REVENUE ON SALES OF PRODUCTS (GEOGRAPHICAL STRUCTURE)	Jan-Jul 2004	2003	2002	2001
a) domestic market, including:	58,302	81,023	14,078	
- from related undertakings			3,151	
b) exports, including:				
- from related undertakings				
Total net revenue on sales of products, including:	58,302	81,023	14,078	0
- from related undertakings				

Note 25

NET REVENUE ON SALES OF GOODS FOR RESALE AND MATERIALS (BY TYPE AND ACTIVITY)	Jan-Jul 2004	2003	2002	2001
- revenue on sales of goods for resale and materials, including:	849,313	1,293,513	260,482	
- from related undertakings				
Total net revenue on sales of goods for resale and materials, including:	849,313	1,293,513	260,482	0
- from related undertakings				

NET REVENUE ON SALES OF GOODS FOR RESALE AND MATERIALS (GEOGRAPHICAL STRUCTURE)	Jan-Jul 2004	2003	2002	2001
a) domestic market, including:	849,313	1,293,513	260,482	
- from related undertakings				
b) exports, including:				
- from related undertakings				
Total net revenue on sales of goods for resale and materials, including:	849,313	1,293,513	260,482	0
- from related undertakings				

Note 26

COST BY TYPE	Jan-Jul 2004	2003	2002	2001
a) depreciation and amortisation	9,520	13,405	3,446	
b) raw materials and energy used	5,336	8,880	2,565	
c) contracted services	34,532	60,844	16,918	
d) taxes and charges	934	1,627	420	
e) salaries and wages	24,680	36,440	7,580	
f) social security and other benefits	4,739	6,832	1,590	
g) other cost by type, including:	6,434	8,574	1,917	
Total cost by type	86,174	136,602	34,435	0
Selling costs (negative value)	-63,513	-108,659	-27,448	
General and administrative expenses (negative value)	-22,660	-27,942	-6,986	
Cost of products sold	0	0	0	0

Note 27

OTHER OPERATING INCOME	Jan-Jul 2004	2003	2002	2001
a) Released provisions	0	0	0	0
b) other, including:	232	3,122	1,081	0
- re-invoices, lease, advisory services etc.	12	5	1	
- other	220	3,117	1,080	
Total other operating income	232	3,122	1,081	0

Note 28

OTHER OPERATING EXPENSES	Jan-Jul 2004	2003	2002	2001
a) created provisions	0	0	0	0
b) other, including:	10,204	17,448	7,673	0
- licence fees	6,315	8,709		
- amortisation of goodwill	337	798		
- other	3,552	7,941	7,673	
Total other operating expenses	10,204	17,448	7,673	0

REVALUATION WRITE-OFFS ON NON-FINANCIAL ASSETS	Jan-Jul 2004	2003	2002	2001
- revaluation write-offs on impaired and useless stocks	-137	-1,471	4,742	0
- revaluation write-offs on doubtful or disputed accounts receivable	399	722	0	
Total revaluation write-offs on non-financial assets	263	-749	4,742	0

Note 29

FINANCIAL INCOME UNDER DIVIDEND AND DISTRIBUTION OF PROFIT – not applicable

INTEREST INCOME	Jan-Jul 2004	2003	2002	2001
a) interest on loans advanced	0	0	0	0
- from related undertakings, including:				
- subsidiary undertakings				
- co-subsidiary undertakings				
- associated undertakings				
- major investor				
- Parent Entity				
- other undertakings				
b) other interest, including:	2,465	2,104	120	1
- from related undertakings, including:				
- subsidiary undertakings				
- co-subsidiary undertakings				
- associated undertakings				
- major investor				
- Parent Entity				
- other undertakings	2,465	2,104	120	1
Total interest income	2,465	2,104	120	1

OTHER FINANCIAL INCOME	Jan-Jul 2004	2003	2002	2001
a) foreign exchange gains	189	0	0	0
- realised	189			
- unrealised				
b) released provisions	0	0	0	0
c) other, including:	129	196	0	0
- other	129	196		
Total other financial income	318	196	0	0

Note 30

INTEREST EXPENSES	Jan-Jul 2004	2003	2002	2001
a) interest on loans and borrowings, including:	2,671	0	2	0
- to related undertakings, including:	0	0	2	0
- subsidiary undertakings			2	
- co-subsidiary undertakings				
- associated undertakings				
- major investor				
- Parent Entity				
- other undertakings	2,671			

INTEREST EXPENSES	Jan-Jul 2004	2003	2002	2001
b) other interest, including:	748	22	0	0
- to related undertakings, including:	0	0	0	0
- subsidiary undertakings				
- co-subsidiary undertakings				
- associated undertakings				
- major investor				
- Parent Entity				
- other undertakings	748	22	0	
Total interest expenses	3,419	22	2	0

OTHER FINANCIAL EXPENSES	Jan-Jul 2004	2003	2002	2001
a) foreign exchange losses, including:	53	274	0	0
- realised	53	274		
- unrealised				
b) created provisions, including:	571	0	0	0
- provision for interest to a supplier	571			
c) other, including:	0	1,355	7	0
- other		1,355	7	
Total other financial expenses	624	1,629	7	0

Note 31

RESULT ON SALE OF SHARES IN SUBSIDIARY, CO-SUBSIDIARY AND ASSOCIATED UNDERTAKINGS – not applicable

Note 32

EXTRAORDINARY GAINS – not applicable

Note 33

EXTRAORDINARY LOSSES – not applicable

Note 34

CURRENT INCOME TAX	Jan-Jul 2004	2003	2002	2001
1. Pre-tax profit (loss)	13,560	7	-13	0
2. Differences between pre-tax profit and taxable income (by category)	4,128	747	7,359	0
a) income classified as non-taxable in accordance with tax legislation – decreasing taxable income	-1,505	-3,516	-801	
- additional uninvoiced income	-1,505	-3,516	-801	
b) items increasing taxable income				
- provision for SG adjustment				
c) expenses and losses not classified as tax-deductible under tax legislation – increasing taxable income	5,630	4,263	8,160	

CURRENT INCOME TAX	Jan-Jul 2004	2003	2002	2001
- depreciation of passenger cars above EUR 20,000		0		
- accrued expenses – commissions for agents	517	284	113	
- accrued expenses other than relating to trade creditors	1,265	-15		
- provision for municipal services (heating, electricity)	171	67		
- provision for collection, monitoring and security services	155	43		
- provision for interest to suppliers	578	0		
- provision for accounts receivable (marketing fee)	205	286		
- other provisions	396	1,280	3,138	
- interest on borrowings	1,100			
- provision for non-tax-deductible lease rents	56		166	
- other non-tax-deductible expenses	312	308		
- contributions to the State Fund for the Disabled	276	483		
- exceeded entertainment and advertising limit (above 0.25% of taxable income)	449	189		
- liquidation of assets		56		
- default interest paid – financial expenses	1	1		
- delayed payment interest paid (recorded in December 2003, paid in January 2004)				
- amounts accrued and unpaid under temporary employment contracts	44	3		
- depreciation of HP hardware	320			
- interest on HP Leasing	108			
- principal instalment of HP Leasing	-321			
- revaluation write-off on stocks		1,279	4,742	
d) items increasing tax-deductible expenses – decreasing taxable income				
e) allowable donations	3			
- donations	3			
3. Taxable income	17,689	754	7,345	0
allowances – donations	3			
allowances – settlement of loss	3,053	3,053		
4. Taxable income	14,633	-2,299	7,345	0
5. Corporate income tax at %	2,781	-621	0	0
6. Increase, reliefs, exemptions, allowances, and reductions in/of corporate income tax				
7. Current corporate income tax disclosed in the tax return for the period, including:				
- disclosed in the profit and loss account	2,781	1,142	0	0
- relating to items increasing or decreasing shareholders' equity				
- relating to items increasing or decreasing (negative) goodwill				

DEFERRED INCOME TAX AS DISCLOSED IN THE PROFIT AND LOSS ACCOUNT	Jan-Jul 2004	2003	2002	2001
- decrease (increase) in connection with (reversed) timing differences	-717	1,286	-2,155	0
- decrease (increase) in connection with tax rate changes			-907	
- decrease (increase) under previously undisclosed tax loss, tax relief or timing difference of previous period				
- decrease (increase) under write-off of deferred tax assets or impossibility of using the deferred tax provision				
- other items of deferred income tax				
Total deferred income tax	-717	1,286	-3,062	

TOTAL DEFERRED INCOME TAX	Jan-Jul 2004	2003	2002	2001
- disclosed under shareholders' equity				
- disclosed under (negative) goodwill				

CORPORATE INCOME TAX DISCLOSED IN PROFIT AND LOSS ACCOUNT:	Jan-Jul 2004	2003	2002	2001
- discontinued operations				
- result on extraordinary items				

PROPOSED DISTRIBUTION OF PROFIT/COVERAGE OF LOSS	Jan-Jul 2004	2003	2002	2001
Profit/loss for period	11,496	4,100	-10,402	0
Change in accounting policies				
Distribution of profit/coverage of loss				
- coverage of loss brought forward		4,100		
- coverage of loss with profit			-10,402	
- contribution to reserve funds				0
- contribution to Social Benefits Fund				
- distribution of profit to shareholders				

Note 35

OTHER MANDATORY DECREASE OF PROFIT (INCREASE OF LOSS) – not applicable

Note 36

SHARE IN NET PROFIT (LOSS) OF SUBORDINATED UNDERTAKINGS CONSOLIDATED WITH EQUITY METHOD – not applicable

Note 37

NET EARNINGS PER SHARE	Jan-Jul 2004	2003	2002	2001
Net profit/loss	11,496,187	4,100,116	-10,402,088	496
Annualised profit/loss	15,568,660	4,100,116	10,402,088	496
Weighted average number of shares	123,125,121	118,695,488	6,737,493	9,923
Annualised earnings/loss per share (PLN)	0.126	0.035	-1.544	0.050
Diluted earnings/loss per share (PLN)	0.126	0.035	-1.544	0.050

For each period which is not a full 12-month financial year, profit was annualised by adding to the period's financial result the financial result for the period, extrapolated over the remaining months of the year.

To ensure comparability of data with the data for the most recent period presented, the number of shares for each of the earlier periods was multiplied by 1,000. No dilution occurred.

Computation of the weighted average number of shares for periods presented (including annualised periods):

2001: $(4,000 * 318 \text{ days} + 50,000 * 47 \text{ days}) / 365 \text{ days}$

2002: $(50,000 * 344 \text{ days} + 116,285,000 * 21 \text{ days}) / 365 \text{ days}$

H1 2003: $(50,000 * 163 \text{ days} + 116,285,000 * 202 \text{ days}) / 365 \text{ days}$

2003: $(116,285,000 * 208 \text{ days} + 121,889,000 * 157 \text{ days}) / 365 \text{ days}$

H1 2004: $(116,285,000 * 27 \text{ days} + 121,889,000 * 289 \text{ days} + 127,086,000 * 26 \text{ days} + 127,742,000 * 23 \text{ days}) / 365 \text{ days}$

Jan-Jul 2004: $-(121,889,000 * 285 \text{ days} + 127,086,000 * 26 \text{ days} + 127,742,000 * 54 \text{ days}) / 365 \text{ days}$

NOTES TO THE CASH FLOW STATEMENT

Structure of cash and cash equivalents at beginning and end of period

(PLN' 000)

Item	Jan-Jul 2004	2003	2002	2001
Cash in hand	29	57	43	
Cash at banks	105,748	100,958	39,893	51
Other cash	11,414	2,719	3,527	
Other cash equivalents				
Total cash and cash equivalents	117,191	103,733	43,464	51

Part A – Operating cash flows – include inflows and outflows relating to the Company's core business, namely inflows and outflows related to purchase and sale of goods, inflows and outflows related to liabilities and accounts receivable, inflows and outflows related to foreign exchange differences resulting from settlements denominated in foreign currencies with suppliers and customers.

Part B – Investing cash flows – include outflows on the acquisition of tangible and intangible fixed assets and financial assets, as well as inflows on the sale of such assets.

Part C – Financing cash flows – include inflows on contracted long- and short-term loans, inflows on contributions and additional contributions to equity and outflows relating to purchase of treasury shares, servicing of loans and repayment of loan instalments.

Reconciliation of balance-sheet changes in some items and changes in these items as disclosed in the cash-flow statement for period January 1st – July 31st 2004

Balance of adjustment to operating cash flows, as disclosed under "Interest and share in profit (dividend)", comprises:

Dividend to shareholders	PLN 4,107.1 thousand
Interest inflows relating to financing activities	(-) PLN 2,456.9 thousand
Interest outflows relating to financing activities	PLN 3,418.9 thousand
Other adjustments	- PLN 7.8 thousand
Total adjustment:	PLN 5,061.3 thousand

Balance of adjustment to operating cash flows, as disclosed under "Other", comprises:

Balance of increase in tangible fixed assets (under lease agreements)	- PLN 4,581.9 thousand
Balance of financial income/expenses relating to financing activities	PLN 441.9 thousand
Total adjustment:	- PLN 4,140.0 thousand

Change in liabilities (net of loans and borrowings) comprises:

Change in long-term liabilities	PLN 3,289.0 thousand
Change in short-term liabilities	PLN 12,892.5 thousand
Total:	PLN 16,181.5 thousand

Change in accruals and deferrals comprises:

Change in long-term prepayments and accrued income	- PLN 988.1 thousand
Change in short-term prepayments and accrued income	- PLN 1,976.6 thousand
Change in accruals and deferred income	PLN 2,489.3 thousand
Total:	- PLN 475.4 thousand

Balance of other financing inflow comprises:

Interest income on term deposits	PLN 2,456.9 thousand
Foreign exchange gains	PLN 136.4 thousand
Total:	PLN 2,593.3 thousand

“Other adjustments”, “Other inflow” and “Other outflow” in excess of 5% of total adjustments, inflow, or outflow, as appropriate, relating to individual types of activities, within the periods presented in the Prospectus

In the cash-flow statement for January 1st – December 31st 2003:

Adjustment to operating cash flows disclosed under “Other” comprises:

Balance of increase in tangible fixed assets (under lease agreements)	PLN 788.0 thousand
Balance of financial income/expenses relating to financing activities	PLN 1,355.2 thousand
Tangible fixed assets received as contribution in kind	- PLN 11,202.8 thousand
Total:	- PLN 10,635.6 thousand

Balance of other financing inflow comprises:

Interest income on term deposits (adequate adjustment in “Interest” under “Operating cash flow”)	PLN 2,104.3 thousand
--	----------------------

Balance of other financing outflow comprises:

Balance of outflow relating to financing activities (adequate adjustment in “Other” under “Operating cash flow”)	PLN 1,355.2 thousand
--	----------------------

B. SUPPLEMENTARY NOTES

1. Information on financial instruments – not applicable
2. Information on executed lease agreements

No.	Financing entity	Agreement No.	Initial value in PLN '000	Initial value in given currency	Currency	Interest rate	Agreement termination date	Currency exchange rate	Value of liabilities as at Jul 31 2004 in given currency	Value of liabilities as at Jul 31 2004 in PLN '000	Short-term liabilities as at Jul 31 2004 in PLN '000	Long-term liabilities as at Jul 31 2004 in PLN '000
1	Nivette Fleet Management Sp. z o.o. Warsaw	21/2003 Schedule 1.0	624.0	-	PLN	10.7%	Sep 2006	-	-	472.4	205.8	266,6
2	Nivette Fleet Management Sp. z o.o. Warsaw	21/2003 Schedule 2	312.0	-	PLN	10.7%	Mar 2007	-	-	286.9	102.1	184,8
3	Nivette Fleet Management Sp. z o.o. Warsaw	21/2003 Schedule 1.1	164.0	-	PLN	35.5%	Sep 2007	-	-	146.7	33.6	113,1
4	Hewlett-Packard Polska Sp. z o.o. Warsaw	04PL-0003A	4,270.0	-	PLN	17.0%	Mar 2009	-	-	3,948.7	723.0	3, 225,7
Total:			5,370.0						-	4,854,7	1,064.5	3,790.2

3. Off-Balance-Sheet Items, Including Contingent Liabilities, such as Guarantees and Sureties (Including Promissory Notes) Issued by the Company, Specifying Items Issued for Related Undertakings

As at July 31st 2004, the value of contingent liabilities under granted bank guarantees amounted to PLN 8,571 thousand.

	Name and address of the debtor	Name and address of the bank	Amount and currency of the promissory note guarantee (PLN '000)
1	Eurocash SA	BRE Bank SA	PLN 8,562.0 thousand
2	Eurocash SA	Bank Handlowy SA	PLN 9.0 thousand
TOTAL			PLN 8,571.0 thousand

4. Liabilities towards Central or Local Budgets under ownership Rights to Buildings and Structures

4.1. The Company has no such liabilities.

5. Income, Costs and Results Related to Operations Discontinued in the Relevant Period or Planned to be Discontinued in the Next Period

5.1. In January 1st–July 31st 2004, the Company did not discontinue any form of operations nor does it plan to do so in the next financial year.

6. Production Cost of Tangible Fixed Assets under Construction and Tangible Fixed Assets for Own Needs

6.1. In January 1st–July 31st 2004, the Company did not incur any production cost of tangible fixed assets under construction and tangible fixed assets for own needs.

7. Capital Expenditure Incurred and Planned for 12 Months Subsequent to the Balance-Sheet Date, Including Expenditure on Non-Financial Fixed Assets

7.1. In January 1st–July 31st 2004, the Company incurred capital expenditure totalling PLN 14,478.0 thousand. It plans to incur further PLN 25,140.0 thousand in August 1st–December 31st 2005.

7.2. In January 1st–July 31st 2004, the Company did not incur any expenditure on environmental protection, neither does it plan to incur such expenditure within the next 12 months.

8. Issuer's Transactions with Related Undertakings on Transfer of Rights and Obligations

8.1. No such transactions occurred.

9. Information on Joint Ventures not Subject to Consolidation

9.1. In January 1st–July 31st 2004, the Company was not party to any joint ventures with other undertakings.

10. Information on Average Employment

(number of employees)

	Total	Female	Male
Total number of employees	1,452	519	933
Blue collar positions	1,051	365	686
White collar positions	401	154	247

11. Total Value of Remuneration and Awards (in cash and in kind), Paid or Payable to Members of the Executive Board and Supervisory Board in January 1st–July 31st 2004 (PLN '000)

Remuneration of Executive Board Members	Basic remuneration	Payments and benefits charged to costs	Total
Luis Amaral	115	34	149
Rui Amaral	111	1	112
Katarzyna Kopaczewska	180	5	185
Arnaldo Guerreiro	98	1	99
Pedro Martinho	190	3	193
Ryszard Majer	175	9	184
Total remuneration of Executive Board Members	869	54	923
Remuneration of Supervisory Board Members	-	-	-
Total	869	54	923

12. Information on the Amount of Advance Payments, Loans, Borrowings and Guarantees Advanced to Members of the Executive Board and Supervisory Board

12.1. No advance payments, loans, borrowings or guarantees were advanced by the Company to Members of the Executive Board and Supervisory Board.

13. Significant Events Relating to Past Years and Disclosed in the Financial Statements for the Current Period

Not applicable.

14. Significant Events Subsequent to the Balance-Sheet Date not Disclosed in the Financial Statements
One-off payment of outstanding loan to JMD Sp. z o.o.

Pursuant to Par. 2 of the agreement executed on September 14th 2004 between:

- a) Beleggingsmaatschappij Tand B.V.;
- b) Jeronimo Martins Dystrybucja;
- c) POLITRA;
- d) Mr Luis Amaral;
- e) KIPi;
- f) Eurocash.

JMD Sp. z o.o. (the lender) and Eurocash (the borrower) terminated the loan agreement concluded on September 29th 2003. On September 14th 2004, Eurocash made a one-off payment of PLN 28,617,915.28, thus repaying the outstanding loan amount together with interest due to the lender.

Purchase of economic rights to know-how from Politra B.V.

Pursuant to the agreement executed on August 18th 2004 between Eurocash and Politra, the parties agreed to terminate the licence agreement on the use of know-how with effect from August 31st 2004, and concurrently sell the know-how owned by Politra to Eurocash. Under the agreement, Eurocash will pay a consideration equal to 0.7% of projected net sales revenue for the period for which the licence agreement was concluded (until April 2009), discounted to its current value. The payment of the acquisition price of EUR 11,796,418 agreed upon in the agreement was made by Eurocash on September 10th 2004.

15. Relations between the Company and Its Legal Predecessors, Procedure for and Scope of Acquisition of Assets, Shareholders' Equity and Liabilities

15.1. In 2004, Eurocash Sp. z o.o. was transformed into a joint-stock company – Eurocash SA. The only change resulting from the transformation was change in the legal form of Eurocash Sp. z o.o., as Eurocash SA acquired all assets, shareholders' equity and liabilities of its predecessor.

15.2. The transformation was executed by virtue of a Notarial Deed (Rep. A 6509/04 of July 7th 2004) and registered by the District Court of Poznań, XXI Commercial Division of the National Court Register under entry No. 0000213765, based on a decision of July 30th 2004.

15.3. Upon issue of the decision to register Eurocash SA, the Issuer acquired, by way of universal succession, all rights and obligations to which Eurocash Sp. z o.o. had been a party.

16. Financial Statements Adjusted to Account for Inflation

16.1. Since in the period of the Company's operations (January 1st 2001–July 31st 2004) cumulative inflation amounted to less than 100%, the presented financial statements have not been adjusted to account for the inflation rate.

17. Presentation and Explanation of Differences between the Data Disclosed in these Financial Statements and the Comparable Data and the Data Disclosed in the Financial Statements Prepared and Published Earlier

(PLN '000)

Dec 31 2003	
Adjustments for changes in accounting policies: applies to disclosure in the accounting books of assets leased under financed lease agreements	
Introduction of gross value of assets leased under financed lease agreements in correspondence with liabilities	788.0
Depreciation of the leased assets for 2003	62.2
Adjustment to the costs of contracted services under lease services	- 69.9
Disclosure of interest expense related to lease agreements	14.6
Adjustment to liabilities under principal instalments repaid under lease agreements for 2003	- 55.3
Effect on the financial statements:	
- Increase in the net value of tangible fixed assets	725.8
- increase in the value of financed lease liabilities, including:	732.7
short-term	231.3
long-term	501.4
- change of the financial result for 2003 (retained profit for 2004)	6.9
Adjustments to the cash flow statement – disclosure of the effect of changes in accounting policies and other adjustments which have a bearing on the correctness of the statements	
Adjustment to net profit for the financial year	6.9
Adjustment to depreciation and amortisation (leasing)	62.2
Adjustment to interest and share in profit (interest under lease agreements)	14.6
Adjustment to change in stocks	- 39.3
Adjustment to change in accounts receivable	740.9
Adjustment to change in liabilities (including liabilities under lease agreements)	- 6,123.0
Adjustment to "other adjustments to operating activity" (leasing)	788.0
Operating cash flow after adjustments	(+) 29,096.0
Adjustment to acquisition of intangible and tangible fixed assets	- 155.8
Adjustment to sale of intangible and tangible fixed assets	155.8
Investing cash flow after adjustments	(-) 3,080.6
Adjustment of net proceeds from issue of shares, other equity instruments and additional contributions to equity	5,604.0
Adjustment of interest outflows	14.6
Financing cash flow after adjustments	(+) 34,268.6
Adjustment of balance-sheet change in cash	- 248.4

- 18. Changes in Applied Accounting Policies and Manner of Preparing Financial Statements Compared with the Previous Financial Year(s), their Causes, and Effect on the Company's Assets, Financial Standing, Liquidity, Financial Result, and Profitability**
 - 18.1 In January 1st–July 31st 2004, the Company did not introduce any changes to the accounting policies in relation to the previous financial period.
- 19. Corrections of Fundamental Errors**

Corrections of fundamental errors are presented in Note 16.
- 20. Description of Uncertainty, if any, as to the Company Continuing as a Going Concern and Indication whether the Financial Statements Include Relevant Adjustments**
 - 20.1 These financial statements were prepared on a going concern basis. There are no circumstances which would indicate that there is a threat to the Company continuing as a going concern in the foreseeable future.
- 21. Information on Mergers**
 - 21.1 In the current financial period, the Company was not party to any mergers. These financial statements do not contain any information on merged undertakings.
- 22. Description of the Effect which the Application of the Equity Method to Value Shares in Subordinated Undertakings would Have on the Company's Financial Results**

Not applicable.
- 23. Legal Basis and Data Justifying Non-Inclusion in Consolidation**

Not applicable.