

CHAPTER VII ISSUER'S ORGANISATION, MANAGEMENT AND SUPERVISORY BOARD AND MAJOR SHAREHOLDERS

1. Basic Principles of the Management of the Issuer

1.1. Organisation of the Issuer's Enterprise Management

Eurocash is a company established and operating in compliance with the provisions of the Polish Companies Act. Accordingly, the management of the Company is governed by the principles stipulated in this Act. The Company's governing bodies are the General Shareholders Meeting, Supervisory Board and Management Board.

1.1.1. Management Board

The Management Board is composed of two to six persons appointed by way of the Supervisory Board's resolution for individual three-year terms. The Supervisory Board, by way of a resolution, appoints the President of the Management Board from amongst its members.

The Supervisory Board may at any time remove any of the Management Board members. The Supervisory Board may also remove the President of the Management Board, while retaining him on the Management Board. The General Shareholders Meeting may remove or suspend any member of the Management Board.

Two members of the Management Board acting jointly or a single member of the Management Board acting together with a commercial proxy have the right to make declarations of will, enter into legal transactions and sign documents on behalf of the Company.

The Management Board conducts the Company's affairs and represents it in all issues before third parties. The Executive Committee, whose composition and powers are described in Section 1.2 of Chapter VII, plays a material role in the actual management of the Company.

Upon the registration by the Registry Court of amendments to the Articles of Association, adopted by virtue of Resolution No.1 of the Extraordinary General Shareholders Meeting, dated November 22nd 2004, the Articles of Associations will stipulate that by-law of the Management Board will be adopted by the Management Board.

The information on the registration of the amendments to the Articles of Association shall be published in the form a Current Report.

1.1.2 Supervisory Board

As at the date this Prospectus was updated, the Articles of Association defined the composition and rules governing the functioning of the Supervisory Board as specified below.

The Supervisory Board is composed of five persons, including the Chairman of the Supervisory Board. The Chairman is appointed by way of the Supervisory Board's resolution.

Pursuant to the Company's Articles of Association, as long as Politra holds at least 50% of the Shares, it is entitled to appoint and remove three members of the Supervisory Board.

The other two independent members of the Supervisory Board are appointed and removed by the General Shareholders Meeting by way of resolutions which are subject to voting without the participation of Politra. The members of the Supervisory Board appointed and removed by the General Shareholders Meeting must be free from any links which might materially affect their ability to adopt impartial decisions, including in particular any links to the Company, its employees or entities related to the Company or the Company employees, as well as to entrepreneurs competing with the Company, their employees, entities related to competing entities and their employees. If the General Shareholders Meeting fails to appoint two independent members of the Supervisory Board, then Politra may participate in voting on the appointment of Supervisory Board members.

Nevertheless, by virtue of Art. 385.3 of the Polish Companies Act, at the request of shareholders representing at least one fifth of the share capital, the Supervisory Board should be elected by the next General Shareholders Meeting by way of block voting, in line with the rules specified in Art. 385.4–385.9 of the Polish Companies Act, irrespective of the abovementioned way of appointing the Supervisory Board provided for in the Articles of Association.

Each member of the Supervisory Board is appointed for an individual three-year term. A term of office expires upon the lapse of the time for which a given member was appointed, or upon a member's removal, resignation or death. A removal of a Supervisory Board member by the General Shareholders Meeting is effective only if a substitute new member is appointed simultaneously.

Each member of the Supervisory Board may resign by submitting four weeks’ written notice to the Company, Politra and the General Shareholders Meeting. Each of Politra and the General Shareholders Meeting is obliged to appoint a new member to replace a resigning member appointed by this party.

The Supervisory Board adopts, by way of a resolution, its by-law, which are subject to approval by the General Shareholders Meeting.

The Supervisory Board performs ongoing supervision over all areas of the Company’s activities. The specific obligations of the Supervisory Board include:

- 1) Review and assessment of the Directors’ Report on the Company’s activities and the Company’s financial statements for their consistency with accounting books and documentation, as well as the actual state of affairs;
- 2) Assessment of the Management Board’s recommendations concerning the distribution of profit or coverage of loss;
- 3) Submitting to the General Shareholders Meeting an annual written report on the results of the assessment referred to in items 1 and 2;
- 4) Appointing and removing, as well as suspending, for a good reason, members of the Management Board;
- 5) Other issues which under the binding legal regulations or the provisions of the Company’s Articles of Association require a resolution of the Supervisory Board;
- 6) Issuing opinions on other issues which may be included in the General Shareholders Meeting’s agenda and have not been specified above; and
- 7) Approving – by November 30th of each calendar year – annual budgets prepared by the Management Board and amendments to such budgets.

Moreover, the following actions of the Management Board require the Supervisory Board’s consent issued in the form of a resolution:

- 1) Decisions concerning joint ventures with other entities;
- 2) Decisions concerning mergers with other entities, as well as the acquisition of other entities or enterprises;
- 3) Incurring any liability in excess of EUR 5,000,000 or its złoty equivalent, if such a transaction has not been provided for in the annual budget;
- 4) Sale or lease of, encumbrance on or transfer of the Company’s assets with a value in excess of EUR 1,000,000 or its złoty equivalent, if such a transaction has not been provided for in the annual budget;
- 5) Defining and changing the remuneration or terms of employment for the members of the Management Board;
- 6) Creation, issue/delivery, purchase or sale of shares in another subsidiary entity;
- 7) Creation and modification of any stock option scheme or incentive scheme of a similar nature for the Company’s management and employees;
- 8) Granting loans or financial assistance to the members of the Management Board, as well as concluding agreements with any member of the Management Board which fall outside the ordinary course of business;
- 9) Conclusion of material agreements with related entities by the Company;
- 10) Mandating auditors to audit the Company’s financial statements.

The Supervisory Board performs its supervision activities collectively. By way of a resolution adopted with a simple majority of votes, the Supervisory Board may delegate its individual members to individual performance of specified supervisory activities.

During each financial year, the Supervisory Board holds at least four meetings: one in each quarter, before the publication of the Company’s interim reports. A meeting of the Supervisory Board is convened by a fax message, followed, for the purposes of confirmation, by a registered letter sent to the address submitted most recently to the Company by a given member of the Supervisory Board. An invitation to a meeting of the Supervisory Board should specify the venue, hour, date and agenda of the meeting, as well draft resolutions, if any.

For a Supervisory Board’s meeting to have the capacity to adopt valid resolutions, it is required that all members of the Supervisory Board have been correctly invited to the meeting and that at least three members of the Supervisory Board attend the meeting. Each member of the Supervisory Board may participate in adopting the Supervisory Board’s resolutions by casting his/her vote in writing, through another member of the Supervisory Board, except for voting on

issues which have been included in the agenda only during the meeting, and voting on the appointment, removal or suspension of the Chairman or Deputy Chairman of the Supervisory Board or an Management Board member. A meeting of the Supervisory Board may be held even if not formally convened and may then adopt valid resolutions if all members of the Supervisory Board attend the meeting and none of them has objected to holding a meeting thus convened or including a given issue in the agenda of the meeting.

With the exclusion of resolutions concerning appointment, removal or suspension of the Chairman or Deputy Chairman of the Supervisory Board or an Management Board member, the Supervisory Board may adopt its resolutions by casting votes in writing or by means of remote communication. In such cases, the Chairman of the Supervisory Board or, in his/her absence, another member of the Supervisory Board presents draft resolutions to all members of the Supervisory Board.

Resolutions of the Supervisory Board are adopted by a simple majority of votes. In the event of a voting tie, the Chairman of the Supervisory Board has the casting vote.

If the agenda of a meeting of the Supervisory Board includes any of the issues listed under items 9) or 10) above, such a meeting is valid only if all members of the Supervisory Board are present at the meeting and the relevant invitation should relate to two consecutive meetings of the Supervisory Board (with the same agenda, venue and hour), on the understanding that the second meeting is held after three business days from the scheduled date of the first meeting if the first meeting of the Supervisory Board proves invalid for a lack of quorum. The second meeting of the Supervisory Board convened as described in the previous sentence is then authorised to prepare and adopt valid resolutions even if the required quorum is lacking.

The members of the Supervisory Board may receive remuneration on the terms and in the amounts specified in a resolution of the General Shareholders Meeting.

Upon the registration by the Registry Court of amendments to the Articles of Associations, adopted by virtue of Resolution No.1 of the Extraordinary General Shareholders Meeting, dated November 22nd 2004, the composition and rules governing the functioning of the Supervisory Board will be regulated in the way specified below. The information on the registration of the amendments to the Articles of Association will be published in a Current Report

The Supervisory Board is composed of five persons, including the Chairman of the Supervisory Board. The Chairman is appointed by way of the Supervisory Board’s resolution. The members of the Supervisory Board, including those appointed pursuant to Art. 385.3 of the Polish Companies Act, should meet the criteria set forth by the Supervisory Board in the schedule to its by-law and approved by the General Shareholders Meeting.

Pursuant to the Company’s Articles of Association, as long as Politra holds at least 50% of the Shares, it is entitled to appoint and remove three members of the Supervisory Board. Politra is obligated to remove each member of the Supervisory Board it appointed, if it is proven and confirmed by way of a resolution of the Supervisory Board that such member fails to meet the criteria established by the Supervisory Board and specified above.

The other two members of the Supervisory Board are appointed and removed by the General Shareholders Meeting by way of resolutions which are subject to voting without the participation of Politra. If the General Shareholders Meeting fails to appoint two members of the Supervisory Board, then Politra may participate in voting on the appointment of Supervisory Board members. Furthermore, Politra may participate in voting on resolutions concerning removal of each member of the Supervisory Board appointed by the General Shareholders Meeting, if it is proven and confirmed by way of a resolution of the Supervisory Board that such member fails to meet the criteria established by the Supervisory Board or the criteria for “an independent member of the Supervisory Board” under the Articles of Association.

The members of the Supervisory Board appointed and removed by the General Shareholders Meeting must be free from any links which might materially affect their ability to adopt impartial decisions, including in particular any links to the Company, its shareholders, employees or entities related to the Company or the Company employees, as well as to entrepreneurs competing with the Company, their employees, entities related to competing entities and their employees.

Nevertheless, by virtue of Art. 385.3 of the Polish Companies Act, at the request of shareholders representing at least one fifth of the share capital, the Supervisory Board should be elected by the next General Shareholders Meeting by way of block voting, in line with the rules provided for in Art. 385.4–385.9 of the Polish Companies Act, irrespective of the aforementioned way of appointing the Supervisory Board provided for in the Articles of Association.

Each member of the Supervisory Board is appointed for an individual three-year term. A term of office expires upon the lapse of the time for which a given member was appointed, or upon a member’s removal, resignation or death. A removal of a Supervisory Board member by the General Shareholders Meeting is effective only if a substitute new member is appointed simultaneously.

Each member of the Supervisory Board may resign by submitting six weeks’ written notice to the Company and Politra. If the resigning member of the Supervisory Board had been appointed by Politra, Politra is obligated to promptly appoint

a new Supervisory Board member. In the event of a resignation of the Supervisory Board member appointed by the General Shareholders Meeting, the Management Board is obligated to immediately convene the General Shareholders Meeting in order to appoint a new Supervisory Board member.

The Supervisory Board performs ongoing supervision over all areas of the Company's activities. The specific obligations of the Supervisory Board include:

- 1) Review and assessment of the Directors' Report on the Company's activities and the Company's financial statements for their consistency with accounting books and documentation, as well as the actual state of affairs;
- 2) Assessment of the Management Board's recommendations concerning the distribution of profit or coverage of loss;
- 3) Submitting to the General Shareholders Meeting an annual written report on the results of the assessment referred to in items 1 and 2;
- 4) Appointing and removing, as well as suspending, for a good reason, members of the Management Board;
- 5) Other issues which under the binding legal regulations or the provisions of the Company's Articles of Association require a resolution of the Supervisory Board;
- 6) Issuing opinions on other issues which may be included in the General Shareholders Meeting's agenda and have not been specified above; and
- 7) Approving – by November 30th of each calendar year – annual budgets prepared by the Management Board and amendments to such budgets.

Moreover, the following actions of the Management Board require the Supervisory Board's consent issued in the form of a resolution:

- 1) Decisions concerning joint ventures with other entities;
- 2) Decisions concerning mergers with other entities, as well as the acquisition of other entities or enterprises;
- 3) Incurring any liability in excess of EUR 5,000,000 or its złoty equivalent, if such a transaction has not been provided for in the annual budget;
- 4) Sale or lease of, encumbrance on or transfer of the Company's assets with a value in excess of EUR 1,000,000 or its złoty equivalent, if such a transaction has not been provided for in the annual budget;
- 5) Issuing opinions on defining and changing the remuneration or terms of employment for the members of the Management Board;
- 6) Creation, issue/delivery, purchase or sale of shares in another subsidiary entity;
- 7) Creation and modification of any stock option scheme or incentive scheme of a similar nature for the Company's management and employees;
- 8) Issuing opinions on granting loans or financial assistance to the members of the Management Board, as well as concluding agreements with any member of the Management Board which fall outside the ordinary course of business;
- 9) Conclusion of material agreements with related entities by the Company;
- 10) Mandating auditors to audit the Company's financial statements;
- 11) Issuing opinions on the Company granting remuneration to the members of the Management Board.

The Supervisory Board performs its supervision activities collectively. By way of a resolution adopted with a simple majority of votes, the Supervisory Board may delegate its individual members to individual performance of specified supervisory activities.

During each financial year, the Supervisory Board holds at least four meetings: one in each quarter, before the publication of the Company's interim reports. A meeting of the Supervisory Board is convened by a fax message, followed, for the purposes of confirmation, by a registered letter sent to the address submitted most recently to the Company by a given member of the Supervisory Board. An invitation to a meeting of the Supervisory Board should specify the venue, hour, date and agenda of the meeting, as well draft resolutions, if any.

For a Supervisory Board's meeting to have the capacity to adopt resolutions, it is required that that all members of the Supervisory Board have been correctly invited to the meeting and that at least three members of the Supervisory Board attend the meeting. Each member of the Supervisory Board may participate in adopting the Supervisory Board's

resolutions by casting his/her vote in writing, through another member of the Supervisory Board, except for voting on issues which have been included in the agenda only during the meeting, and voting on the appointment, removal or suspension of the Chairman or Deputy Chairman of the Supervisory Board or an Management Board member. A meeting of the Supervisory Board may be held even if not formally convened and may then adopt valid resolutions if all members of the Supervisory Board attend the meeting and none of them has objected to holding a meeting thus convened or including a given issue in the agenda of the meeting.

With the exclusion of resolutions concerning appointment, removal or suspension of the Chairman or Deputy Chairman of the Supervisory Board or an Management Board member, the Supervisory Board may adopt its resolutions by casting votes in writing or by means of remote communication. In such cases, the Chairman of the Supervisory Board or, in his/her absence, another member of the Supervisory Board presents draft resolutions to all members of the Supervisory Board.

Resolutions of the Supervisory Board are adopted by a simple majority of votes. In the event of a voting tie, the Chairman of the Supervisory Board has the casting vote.

Adopting a resolution concerning granting approval for conclusion of material agreements with related entities by the Company and mandating the Company's auditors requires a majority of 4/5 (four fifths) of votes and the approval of at least 1 (one) independent member of the Supervisory Board. A resolution concerning issuing opinions on granting remuneration to the members of the Management Board by the Company is adopted by a 3/5 (three fifths) majority of votes, including the approval of at least one independent member of the Supervisory Board.

If the agenda of a meeting of the Supervisory Board includes any of the issues listed in the paragraph above, such resolutions are valid only if all members of the Supervisory Board are present at the meeting, and the relevant invitation should relate to two consecutive meetings of the Supervisory Board (with the same agenda, venue and hour), on the understanding that the second meeting is held after three business days from the scheduled date of the first meeting if the first meeting of the Supervisory Board proves unable to adopt resolutions due to a lack of quorum. The second meeting of the Supervisory Board convened as described in the previous sentence is then authorised to prepare and adopt valid resolutions even if the required quorum is lacking.

The members of the Supervisory Board may receive remuneration on the terms and in the amounts specified in a resolution of the General Shareholders Meeting.

1.1.3 General Shareholders Meeting

As at the date this Prospectus was updated, the Company's Articles of Association defined the rights and responsibilities of the General Shareholders Meeting as specified below:

The General Shareholders Meeting is competent to adopt resolutions on the following:

- 1) Review and approval of the Director's Report on the Company's activities and financial statements for the previous financial year, and granting approval to members of the Company's governing bodies on performance of their responsibilities;
- 2) Claims to remedy damages inflicted at the time of the Company's establishment or in connection with its management by the Management Board;
- 3) Sale or lease of the enterprise or an organised part thereof, as well as the creation of limited property rights therein;
- 4) Creation of the Company's capitals and funds and their allocation;
- 5) Approval of the Company's long-term strategic plans;
- 6) Distribution of profit and coverage of loss;
- 7) Remuneration of the individual members of the Management and Supervisory Boards;
- 8) Amending the Company's Articles of Association;
- 9) Increasing and decreasing the Company's share capital;
- 10) Dissolution or liquidation of the Company;
- 11) Other matters which pursuant to the provisions of the Polish Companies Act and the Company's Articles of Association rest within its exclusive competence.

A resolution of the General Shareholders Meeting is not required for the acquisition or disposal of real estate, perpetual usufruct rights, or of an interest in real estate.

A resolution of the General Shareholders Meeting is adopted by way of an absolute majority (more than 50%) of the votes cast, unless a qualified majority is required under the Polish Companies Act. In order for a Extraordinary General Shareholders Meeting to be valid, it must be attended (in person or by proxy) by shareholders holding shares representing more than a half of the Company's share capital.

Upon the registration by the Registry Court of amendments to the Company's Articles of Association, adopted by virtue of Resolution No. 1 of the Extraordinary General Shareholders Meeting, dated November 22nd 2004, the powers and responsibilities of the General Shareholders Meeting will be defined in the Articles of Association as specified below. Information on the registration of the amendments will be published in a Current Report.

The General Shareholders Meeting is competent to adopt resolutions on the following:

- 1) Review and approval of the Director's Report on the Company's activities and financial statements for the previous financial year, and granting approval to members of the Company's governing bodies on performance of their responsibilities;
- 2) Claims to remedy damages inflicted at the time of the Company's establishment or in connection with its management by the Management Board;
- 3) Sale or lease of the enterprise or an organised part thereof, as well as the creation of limited property rights therein;
- 4) Creation of the Company's capitals and funds and their allocation;
- 5) Approval of the Company's long-term strategic plans;
- 6) Distribution of profit and coverage of loss;
- 7) Remuneration of the individual members of the Management and Supervisory Boards;
- 8) Amending the Company's Articles of Association;
- 9) Increasing and decreasing the Company's share capital;
- 10) Dissolution or liquidation of the Company;
- 11) Authorising the Company to conclude agreements for stand-by or firm-commitment underwriting;
- 12) Other matters which pursuant to the provisions of the Polish Companies Act and the Company's Articles of Association rest within its exclusive competence.

A resolution of the General Shareholders Meeting is not required for the acquisition or disposal of real estate, perpetual usufruct rights, or of an interest in real estate.

A resolution of the General Shareholders Meeting is adopted by way of an absolute majority (more than 50%) of the votes cast, unless a qualified majority is required under the Polish Companies Act or other applicable laws and regulations.

A resolution of the General Shareholders Meeting concerning a material change of the Company's business profile, without the requirement to buy out the shares held by those Shareholders who do not approve the change, is adopted by a majority of 3/4 (three fourths) of the votes cast in the presence of shareholders holding shares representing at least 50% the Company's share capital.

A resolution of the General Shareholders Meeting concerning merging or dissolving the Company, or disposing of its enterprise or an organised part thereof, or reducing the Company's share capital, is adopted by a majority of 3/4 (three fourths) of the votes cast.

A resolution of the General Shareholders Meeting concerning withdrawal of the Shares from public trading, delisting of the Shares from the Warsaw Stock Exchange, or a merger of the Company which brings about the same consequences, is adopted by a majority of 9/10 (nine tenths) of the votes cast by shareholders holding shares representing at least 50% of the Company's share capital.

The General Shareholders Meeting adopts by-law which govern its functioning.

1.2. *Decision-Making Powers and Mutual Relations Between the Individual Management Levels*

The Company's management structure is hierarchical and comprises:

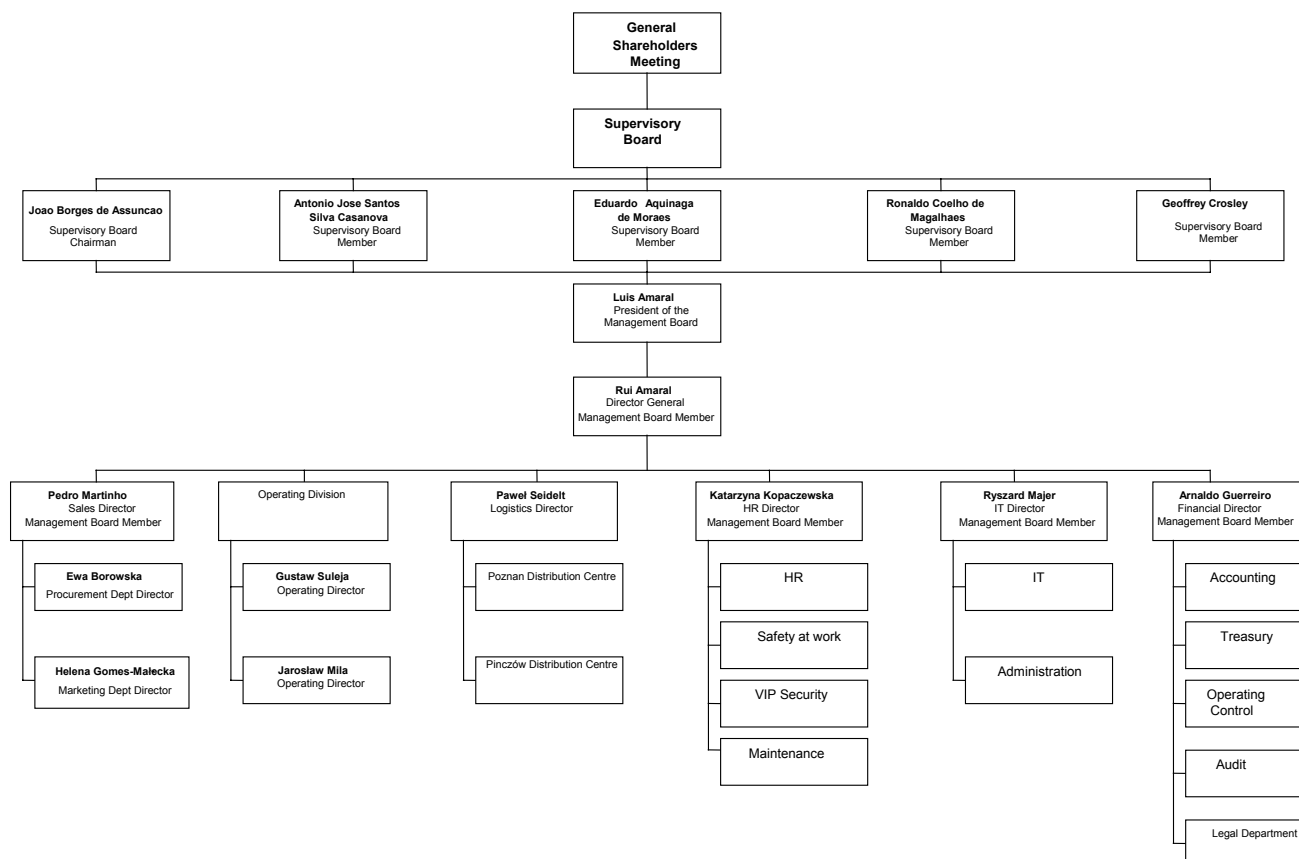
- 1) the Executive Committee, composed of members of the Management Board, Logistics Director, Regional Operating Directors, Procurement Department Director, and Marketing Department Director – responsible for all strategic decisions as well as operational decisions made to implement the assumed strategy;
- 2) Directors – responsible for day-to-day operations of their divisions;

- 3) Managers – responsible for day-to-day decisions made to execute the tasks set by the Board of Directors, the Executive Committee, or a Director; and
- 4) Employees – perform tasks set by a Manager or Director.

The Company's IT system supports the ongoing monitoring of all aspects of the Company's operations by all members of the Executive Committee and its real time management.

1.3. Organisational Structure

The Issuer's organisational structure is presented in the diagram below.



2. Employment Structure

2.1. Staffing Levels and Types of Work Agreements

The Issuer did not employ any persons until September 30th 2002. On October 1st 2002, as a result of the acquisition of a part of the enterprise of Jeronimo Martins Dystrybucja (in connection with Jeronimo Martins Dystrybucja's contribution of an organised part of the Eurocash enterprise to the Issuer, described in Section 7 of Chapter IV), the Issuer became the employer of 1,304 employees of that undertaking.

Staffing levels for the last three years are presented below.

Table VII.1. Average employment at the Company (calendar years)

Item	Oct-Dec 2002	2003	Sep 30 2004
No. of employees	1,287	1,419	1,439.0
No of full-time job equivalents	1,090	1,200	1,347.9

Source: the Issuer.

Table VII.2. Employment at the Company as at September 30th 2004 in the years 2002–2004, by type of work agreement

Type of work agreement	Sep 30 2002*	Sep 30 2003	Sep 30 2004
For unspecified time	0	1,189	1,097
For specified time	0	64	253
Trial period	0	55	89
Total	0	1,308	1,439

* The Company did not employ any persons until September 30th 2002.

Source: the Issuer.

2.2. Employment Structure by Education and Professional Background

Employment structure by education is presented below.

Table VII.3. Employment structure by education as at September 30th 2004 in the years 2002–2004.

Education	No. of employees		
	Sep 30 2002*	Sep 30 2003	Sep 30 2004
University	0	137	168
Post-secondary	0	91	91
Secondary vocational	0	481	413
Secondary comprehensive	0	139	180
Vocational	0	386	506
Primary	0	74	81
No primary	0	0	0
Total	0	1,308	1,439

* Until September 30th 2002, the Company had no employees.

Source: the Issuer.

The Issuers has taken steps to ensure that its employees may continually improve their professional qualifications, in particular their specialist professional know-how. Means to this end include financing university education, for instance in such fields as logistics. The Company provides access to training courses and programmes as well as help and support in general education.

2.3. Personnel Policy and Employee Turnover

The Company offers its employees stable jobs, attractive remuneration, and opportunities to upgrade their professional qualifications and to be promoted. The Issuer strongly prefers intra-company promotions, recognising the educational merit of such a solution (an example for rank and file employees that anyone can be promoted) and the fact that employees promoted in such a way have a detailed knowledge of the posts they supervise. To note, more than 10% of the managers of the Discounts Cash & Carry joined the Company as warehouse keepers and a decisive majority of regional managers first managed Discounts Cash & Carry.

Changes in the Company's staffing levels are presented below. Given statistics for employee turnover at commercial retail chains, the figures are not high.

Table VII.4. Changes in the Company's staffing levels in 2002-2004

Employees	Oct-Dec 2002	2003	Jan-Sep 2004
Hired	67	378	425
Terminated	51	273	325

Source: the Issuer.

Given the nature of the Issuer's business, and the related high risk of theft, the Company has implemented a "zero-tolerance" policy in relation to this type of crimes. The prosecution authorities are promptly notified of each committed or attempted theft, and employment agreements with persons committing such crimes are terminated for disciplinary reasons.

A reliable assessment of its employees is very important to the Company. At present, it is implementing a 360°-type grading system for the assessment of managers by their subordinates, supervisors and colleagues. This system is being implemented from the top to the bottom of the Company's employment structure.

The Company's decision-making process is open and transparent for all employees. Eurocash follows an "open door" policy – every employee may contact and provide his or her comments and suggestions not only to the direct supervisor but also to persons higher up in the Company's hierarchy.

2.4. Remuneration System

The Company is of the opinion that its staff is one of the key factors behind its business success; therefore, the Issuer is focused on encouraging its staff to work effectively. As part of this policy, the Company uses a comprehensive system of bonuses (discretionary and performance-based), which depend on the Company's performance (for instance for the previous year or month) and on individual employees' performance assessment. The main parameters used for assessment include sales revenues, cash margin computed as the difference between the purchase price and the acquisition cost, and EBITDA. Additionally, depending on an employee's position and department he or she works at, other parameters are also taken into account. Use of such solutions results in a keen interest of the rank and file employees in the Company's performance and improvement in their work efficiency. Individual achievements are recognised too (for instance, awards for record-breaking sales). Some persons are remunerated on a commission basis. In the future, the key employees are planned to be offered participation in the Incentive Scheme described in Section 6 of Chapter III. The Company has no other incentive scheme.

Table VII.5. Average remuneration at the Company in September in the years 2002–2004

Group	Sep 30 2002	Sep 30 2003	Sep 30 2004
Directors	0	14,167.77	27,799.78
Head Office employees (excluding Directors)	0	4,745.22	4,643.75
Distribution centres employees	0	1,612.72	1,860.99
Discounts Cash & Carry employees	0	1,731.16	1,779.40

Source: the Issuer.

2.5. Social Benefits System, Group and Individual Employee Insurance Schemes

Pursuant to the Act on Company Social Benefits Fund of March 4th 1994 (Dz.U. of 1996, No. 70, item 335, as amended), the Company established the Social Benefits Fund. Based on Art. 8.2 of the Act, the Company has in place the Rules of the Social Benefits Fund, which provide for the main items and forms of additional benefits offered to the Company's employees. The Remuneration Rules agreed with the staff's representatives stipulate that in 2004 the contribution to

the Social Benefits Fund will be equal to 25% of the higher of the average monthly remuneration in the national economy in the preceding year or in the second half of the preceding year.

The Company's Social Benefits Fund expenditure in 2003 was as follows:

Table VII.6. Expenditure of the Company's Social Benefits Fund in the years 2002–2004

Purpose	Amount (PLN)		
	Oct–Dec 2002	Jan–Dec 2003	Jan–Sep 2004
Christmas gifts	132,179.06	458,439.00	93,652.44
New year party	19,060.00	140,850.00	0.00
Borrowings	0.00	16,500.00	9,500.00
Subsidies	5,700.00	13,460.00	15,300.00
Other	0.00	21,395.19	275,187.08
Total	156,939.06	650,644.19	393,639.52

Source: the Issuer.

The Company provides life insurance for members of the Executive Committee (up to PLN 1,000,000) and a group of over 50 senior managers (up to PLN 300,000). Additionally, these groups of employees are provided with health care insurance from Medcover Sp. z o.o. (the gold and blue card, respectively).

2.6. Trade Unions

No trade unions have operated at the Company.

2.7. Collective Disputes and Strikes

No collective disputes or strikes have occurred at the Company.

3. Management and Supervisory Staff

3.1. Information on the Issuer's Management and Supervisory Staff

3.1.1. Management Staff of the Issuer

As at the date this Prospectus was updated, the Issuer's Management Board consisted of six members, including:

Luis Manuel Conceicao do Amaral	President of the Management Board;
Rui Amaral	Member of the Management Board, Director General;
Katarzyna Kopaczewska	Member of the Management Board, Human Resources Director;
Arnaldo Guerreiro	Member of the Management Board, Financial Director;
Ryszard Majer	Member of the Management Board, IT Director; and
Pedro Martinho	Member of the Management Board, Sales Director.

The other members of the Executive Committee included:

Paweł Seidelt	Logistics Director;
Jarosław Mila	Regional Operating Director;
Gustaw Suleja	Regional Operating Director;
Ewa Borowska	Procurement Department Director; and
Helena Gomes	Marketing Department Director.

None of the members of the Issuer's Management Board: (i) is engaged in any activities outside the Issuer's business which would be competitive to the Issuer's business, (ii) is a partner in any competitive partnership under civil law or another type of partnership, or a member of a governing body of any competitive incorporated company or any other legal entity, (iii) is entered in the Register of Insolvent Debtors maintained pursuant to the National Court Register Act, (iv) has held any positions in governing bodies of companies which would be declared bankrupt or liquidated during their

term of office, (v) was deprived by the bankruptcy court of the right to conduct business activity on their own account or hold the position of a Supervisory Board member, representative or proxy in a commercial company, state-owned enterprise, cooperative, foundation or association, or (vi) was validly convicted of any offence specified in the provisions of Chapters XXXIII–XXXVII of the Polish Criminal Code and Arts 585, 587 and 590–591 of the Polish Companies Act.

No member of the Management Board has been validly convicted of similar offences under the laws of any jurisdiction, either in the jurisdiction of their origin or any jurisdiction in which they conduct or conducted business activities, or any jurisdiction in which they are or were members of corporate governing bodies or managers of a corporate entity.

Below is presented information on the individual members of the Issuer's Management Board.

Luis Manuel Conceicao do Amaral – President of the Management Board

Luis Manuel Conceicao do Amaral, 43, holds a university degree in business administration. In 1984–1989 Mr Conceicao do Amaral was employed in Unilever Portugal, where his last position was National Key Account Manager. In 1989–1995 Mr Conceicao do Amaral was employed in Nissan Portugal, last at the post of Marketing, Sales and Logistics Director. In 1995–1999 Mr Conceicao do Amaral was employed in Jeronimo Martins Dystrybucja, where his last position was President of the Management Board and Director General. In 1999–2000 Mr Conceicao do Amaral was employed in Jeronimo Martins Portugal, as Executive Committee Member of Jeronimo Martins Holding. In 2000–2001 Mr Conceicao do Amaral was employed in Ant Factory Latin America – part of Citigroup, which provides banking, insurance and investment services – and his last position with this company was COO/Partner. Since 2001 he has been a Senior Partner in a private equity fund, LAEP Brasil (Latin American Equity Partners). Since July 17th 2003 Mr Conceicao do Amaral has been with the Company, and has served as President of the Management Board. On July 30th 2004 Mr Conceicao do Amaral was appointed President of the Management Board of the joint-stock company. His term of office expires on the day of the General Shareholders Meeting which will approve the financial statements for 2008.

Rui Amaral – Member of the Management Board – Director General

Rui Amaral, 45, holds a university degree in business administration. In 1981–1984 he was employed at GTR (Gabinete Tecnico de Revestimentos Setubal/Portugalia), his last position there being Financial Director. In 1985–1989, Mr Amaral worked for Sanipex – a company in Portugal producing animal feed – where his last position was COO Veterinary Drug Division. In 1989–2002, he was employed in Jeronimo Martins Portugal, and his last position with this company was Country Manager. In 2003, Mr Amaral served as CEO at Cintra Group Beverage Division in Portugal. Since May 10th 2004 Mr Amaral has been employed in the Company as Managing Director. On September 13th 2004 he was appointed member of the Management Board. His term of office expires on the day of the General Shareholders Meeting which will approve the financial statements for 2008.

Katarzyna Kopaczewska – Member of the Management Board – Human Resources Director

Katarzyna Kopaczewska, 37, completed post-secondary education in economics. In 1989–1997 she worked at Johnson & Johnson Poland Sp. z o. o., where her last position was Human Resources Manager. In 1997–2003, Ms Kopaczewska was employed at Jeronimo Martins Dystrybucja, where she held the position of Human Resources Director and member of Management Board. In 2003, Ms Kopaczewska held the position of Corporate Human Resources Director at ZF Polpharma SA. Between January 1st and March 26th 2003 she was a member of the Company's Management Board. Since January 1st 2004 Ms Kopaczewska has been Human Resources Director at the Company and on January 22nd she was reappointed member of the Management Board. On July 30th 2004 Ms Kopaczewska was appointed member of the Management Board of the joint-stock company. Her term of office expires on the day of the General Shareholders Meeting which will approve the financial statements for 2008.

Arnaldo Guerreiro – Financial Director

Arnaldo Guerreiro, 37, has a higher education degree in economics. In 1990–1994, he was employed at Coopers & Lybrand Portugal, his last position there being an Auditor. Later, from 1994 to 1996, he worked at Jeronimo Martins Portugal, where, during the final stage of his term, he held the position of Financial Controller. From 1996 to 2003, Mr Guerreiro worked in Jeronimo Martins Dystrybucja, last at the post of Financial Director at Jeronimo Martins Dystrybucja and Managing Director of Eurocash. Between January 1st and July 15th 2003 he was a member of the Company's Management Board. Since May 10th 2004, Mr Guerreiro has been with the Company. On October 11th, Mr Guerreiro was reappointed member of the Management Board of the joint-stock company. His term of office expires on the day of the General Shareholders Meeting which will approve the financial statements for 2008.

Ryszard Majer – Member of the Management Board – IT Director

Ryszard Majer, 55, has a higher education degree in engineering. In 1970–1990, Mr Majer was employed in Elektroprojekt, and the last position he held there was Deputy Manager at the Design Department. Later, in 1991–1995, he worked in Elektromis and advanced there to the position of IT Director. From 1995 to 2002, Mr Majer was employed

at Jeronimo Martins Dystrybucja, his last position there being IT Director. Then Mr Majer joined KGHM Polska Miedź in 2002 and left the company a year later as Telecoms and IT Director. Since March 24th 2003, Mr Majer has been IT Director in the Company, and since March 26th 2003 he has been also member of the Issuer's Management Board. On July 30th 2004 he was appointed member of the Management Board of the joint-stock company. His term of office expires on the day of the General Shareholders Meeting which will approve the financial statements for 2008.

Pedro Martinho – Member of the Management Board – Sales Director

Pedro Martinho, 33, has a higher education degree in economics. In 1994–1996 he was employed at Jeronimo Martins Portugal and the last position he held there was Department Manager in the hypermarket Feira Nova. In 1997–2001, Mr Martinho worked in Jeronimo Martins Dystrybucja as Buying Director (Eurocash cash & carry and Jumbo hypermarkets chain). In 2002 he worked at Oinway Portugal, last at the post of Sales Director, and, in 2003, he held the position of Baltic Countries Commercial Director at ICA Ahold Balitics. Since March 26th 2003, Mr Martinho has been with the Company and has held the position of a member of the Management Board. On July 30th 2004 he was appointed member of the joint-stock company's Management Board. His term of office expires on the day of the General Shareholders Meeting which will approve the financial statements for 2008.

3.1.2. Terms of Employment of the Management Staff

All persons comprising the Issuer's management staff work under employment contracts. As regards persons of Polish citizenships (Katarzyna Kopaczewska, Ryszard Majer), the contracts are concluded for an unspecified period, with the notice period of nine months in excess of the one provided under the Polish Labour Code, except that the extended notice period does not apply if the contract is terminated by the employee. Some of the foreign persons belonging to the Issuer's management staff (Rui Amaral, Arnaldo Guerreiro and Pedro Martinho) work under employment contract for a specified period of time corresponding to the validity period of their work permits. Moreover, these persons have concluded preliminary agreements with the Issuer providing for their further employment (until May 16th 2007, May 16th 2007 and April 19th 2006, respectively) after the expiry of their current permits and under condition of new permits being granted to them or not required by law. The preliminary agreements provide for termination of employment contracts by the Company at a year's notice, and by an employee at a two weeks' notice. Mr Luis Manuel Conceicao do Amaral, also a foreigner, works under employment contract for an unspecified period. Due to the fact that he had previously worked legally in Poland for over a year, pursuant to the EU Accession Agreement, Mr Luis Manuel Conceicao do Amaral is not required to obtain a work permit. The notice period under his employment contract is as stipulated in the Polish Labour Code.

3.1.3. Supervisory Board

As at the date this Prospectus was updated, the Issuer's Supervisory Board consisted of the following members:

João Borges de Assunção	Chairman of the Supervisory Board;
António José Santos Silva Casanova	Member of the Supervisory Board
Eduardo Aguinaga de Moraes	Member of the Supervisory Board
Ronaldo Coelho de Magalhães	Member of the Supervisory Board;
Geoffrey Crossley	Member of the Supervisory Board.

None of the members of the Issuer's Supervisory Board: (i) is engaged in any activities outside the Issuer's business which would be competitive to the Issuer's business, (ii) is a partner in any competitive partnership under civil law or another type of partnership, or a member of a governing body of any competitive incorporated company or any other legal entity, (iii) is entered in the Register of Insolvent Debtors maintained pursuant to the National Court Register Act, (iv) has held any positions in governing bodies of companies which would be declared bankrupt or liquidated during their term of office, (v) was deprived by the bankruptcy court of the right to conduct business activity on their own account or hold the position of an Management Board member, representative or proxy in a commercial company, state-owned enterprise, cooperative, foundation or association, or (vi) was validly convicted of any offence specified in the provisions of Chapters XXXIII–XXXVII of the Polish Criminal Code and Arts 585, 587 and 590–591 of the Polish Companies Act.

No member of the Supervisory Board has been validly convicted of similar offences under the laws of any jurisdiction, either in the jurisdiction of their origin or any jurisdiction in which they conduct or conducted business activities, or any jurisdiction in which they are or were members of corporate governing bodies or managers of a corporate entity.

Below is presented information on the individual members of the Issuer's Supervisory Board as at the date this Prospectus was updated.

João Borges de Assunção – Chairman of the Supervisory Board

João Borges de Assunção, 42, has a higher education degree in economics. In 1986–1990 he worked on his PhD and was a junior lecturer at UCLA. From 1990 to 1994 he held the position of Assistant Professor at Columbia University. He has been Professor at Universidade Católica Portuguesa since 1993. In 2001–2002 he held the position of President of Fundação Telecel Vodafone and from 2002 to 2004 worked as economic adviser to the Prime Minister of Portugal. On October 13th 2004 he was appointed member of the Supervisory Board by Politra. His term of office expires on the day of the General Shareholders Meeting which will approve the financial statements for 2008.

António José Santos Silva Casanova – Member of the Supervisory Board

António José Santos Silva Casanova, 41, has a higher education degree in economics. He initially worked, among others, as a consultant at McKinsey & Company. In 1994–1998 he worked at Unilever Portugal as Vice-President and Marketing and Sales Director of Lever, Marketing and Sales Director of Elida Fabergé and Marketing Director of Fima (Food Division). In the period 1998–2000 he was a member of the Management Board of Optimus Telecomunicações SA (mobile telephony network operator in Portugal) in charge of marketing, sales and operations. Since 2000, he has been CEO of the company and, among others, a member of the Management Board of Sonae.Com, a telecommunication company, and a member of the Global Advisory Board of Sonae. On October 13th 2004 he was appointed member of the Supervisory Board by the Extraordinary General Shareholders Meeting. His term of office expires on the day of the General Shareholders Meeting which will approve the financial statements for 2008.

Eduardo Aguinaga de Moraes – Member of the Supervisory Board

Eduardo Aguinaga de Moraes, 57, has a higher education degree in economics. He held managerial positions at Citicorp and Bank of Boston. He was involved in the establishment of Comissão de Valores Mobiliários (Brazilian Securities and Exchange Commission). In 1982–1986 he held the position of Financial Director at St. Joe Minerals Corp. in Brazil. From 1987 to 1990 he was a director at SRL, a leading Brazilian investment bank. In 1990–1993 Mr Eduardo Aguinaga de Moraes was Vice-President of the Bank of Boston, responsible for investment banking. From 1993 to 1995, he was a Vice-President and a shareholder in SRL. From 1995 to 2002 Eduardo Aguinaga de Moraes was a Brazilian partner-resident of Private Equity Fund TCW/LAEP LLP (Latin America Equity Partners) – a New York-based private equity fund – and due to this position was a member of the Management Boards of the local portfolio companies. Since 2003 he has been employed at LAEP Gestor de Recursos Ltd., a fund management company. On September 14th 2004 he was appointed member of the Supervisory Board by a then shareholder of Jeronimo Martins Dystrybucja. On October 13th 2004 he was removed from this position by the Extraordinary General Shareholders Meeting, and on the same day appointed member of the Supervisory Board by Politra. His term of office expires on the day of the General Shareholders Meeting which will approve the financial statements for 2008.

Ronaldo Coelho de Magalhães – Member of the Supervisory Board

Ronaldo Coelho de Magalhães, 45, has a higher education degree in economics. He began his career on the financial market in 1981. He held managerial positions at Banco Pactual, Banco Reserva and Sul América Seguros, the second largest insurance group in South America. In 1993–1997 he worked at Sul America Insurance Group. In the period 1997–2001 Ronaldo Coelho de Magalhães was in charge of commercial and marketing operations as well as the Internet division at Sul América Investimentos, an asset management company of Sul América Insurance Group. Since 2002 he was Vice-President in charge of “alternative channels” at the Group. In 1994–2001 he served as the Chairman of the Investment Committee of the American Chamber of Commerce in São Paulo. Since 2003 he has worked at LAEP Brasil (Latin American Equity Partners), a fund investing in non-public companies. On September 14th 2004 Mr Ronaldo Coelho de Magalhães was appointed member of the Supervisory Board. On October 13th 2004 he was removed from his position, and on the same day reappointed member of the Supervisory Board by the Extraordinary General Shareholders Meeting. His term of office expires on the day of the General Shareholders Meeting which will approve the financial statements for 2008.

Geoffrey Crossley – Member of the Supervisory Board

Geoffrey Crossley, 47, has a higher education degree in economics. In 1980–1989 he worked as Consultant (Partner since 1986) at McKinsey and Company, a consulting firm. In the period 1989–1994 he served as President and CEO of Entrepósito Comercial, the Nissan, Subaru and Porsche cars importer in Portugal. Since 1990 he was also a member of the Executive Board of Entrepósito Holdings, based in Portugal. From 1994 to 1999 he worked as Global Account Manager for Europe at Monitor Company. In the period 1999–2001 he held the position of Director at Ant Factory Latin America, a London-based company owned by Citigroup, and was International Director in the Executive Board of Ant Factory Holdings. At present (since 2001) Geoffrey Crossley is the founder and Director of Montecillo Ltd., an Italian company providing management and advisory services (in particular on crisis management). On July 14th Mr Geoffrey Crossley was appointed member of the Supervisory Board. On October 13th 2004 he was removed from this position by the Extraordinary General Shareholders Meeting, and on the same day reappointed member of the Supervisory Board by

Politra. His term of office expires on the day of the General Shareholders Meeting which will approve the financial statements for 2008.

3.2. Information on the Founders of the Company who are Natural Persons

The Company's founder was Luis Manuel Conceicao do Amaral, currently President of the Issuer's Management Board. For information on Mr Luis Manuel Conceicao do Amaral required under Par. 17.1.4–17.1.7, Par. 17.1.9 and Par 17.1.11 of the Regulation, see Section 3.1.1, 3.3–3.5, 3.7 and 3.9 of Chapter VII, respectively.

3.3. Description of the Remuneration System for the Persons Referred to in Section 3.1. and 3.2.

Each of the persons managing the Issuer receives monthly remuneration on the basis of an employment contract. Additionally, these persons may receive a yearly discretionary bonus, which in the case of the Management Board members is granted by the Supervisory Board. As has been noted in Section 2.5 of Chapter VII, the Company provides these persons with life insurance and health care benefits.

The Supervisory Board members do not receive remuneration for the performance of their duties.

It is the Issuer's intention that the Supervisory Board members receive remuneration.

3.4. Value of Remuneration, Awards or Benefits in Cash and in Kind Provided to the Persons Referred to in Section 3.1. and 3.2. for the Previous Financial Year

The total remuneration paid the Issuer to the persons referred to in Section 3.1.1 in 2003 was PLN 819,086,30, and between January–September 2004 – PLN 1,361,429.27.

The table below presents the amount of remuneration, awards or benefits (in cash, in kind or any other form) paid to or due to the managing persons, separately for each of them, for the previous financial year (2003), including remuneration charged to costs and resulting from the distribution of profit.

Table VIII.1 Remuneration of current Management Board members for 2003 (PLN)

Name and surname	Basic remuneration for 2003	Discretionary bonus for 2003 paid in Jan 2004	Distribution from profit for 2003	Remuneration and benefits charged to costs for 2003	Total: remuneration, awards, benefits for 2003
Luis Manuel Conceicao do Amaral*	82,173.91	0,00	0,00	26,048.39	108,222.30
Rui Amaral**	0.00	0.00	0.00	0.00	0.00
Katarzyna Kopaczewska***	0.00	0.00	0.00	0.00	0.00
Arnaldo Guerreiro****	0.00	0.00	0.00	0.00	0.00
Pedro Martinho *****	243,017.28	150,000.00	0.00	26,584.47	419,601.75
Ryszard Majer *****	230,025.33	50,000.00	0.00	11,236.92	291,262.25
Total	555,216.52	200,000.00	0.00	63,869.78	819,086.30

* Management Board President since July 17th 2003.

** Was not Management Board member in 2003.

*** Management Board member from January 1st to March 26th 2003; did not receive any remuneration.

**** Management Board member from January 1st to July 15th 2003; did not receive any remuneration.

***** Management Board members since March 26th 2003.

The table below presents the amount of remuneration, awards or benefits (in cash, in kind or any other form), paid to or due to the managing persons, separately for each of them, for the first nine months of 2004, including remuneration charged to cost and resulting from the distribution of profit.

Table VIII.2 the Management Board's remuneration in the first nine months of 2004 (PLN)

Name and surname	Basic remuneration for Jan–Sep 2004 (including remuneration for Management Board membership)	Discretionary bonus for Jan–Sep 2004	Distribution from profit for Jan–Sep 2004	Remuneration and benefits charged to costs for Jan–Sep 2004	Total: Remuneration and benefits for Jan–Sep 2004
Luis Manuel Conceicao do Amaral*	165,000.00	0.00	0.00	43,963.26	208,963.26
Rui Amaral**	206,052.64	0.00	0.00	3,379.45	209,432.09
Katarzyna Kopaczewska***	240,000.00	0.00	0.00	7,273.80	247,273.80
Arnaldo Guerreiro****	178,421.12	0.00	0.00	3,865.86	182,286.98
Pedro Martinho *****	270,000.00	0.00	0.00	3,148.47	273,148.47
Ryszard Majer *****	225,000.00	0.00	0.00	15,324.67	240,324.67
Total	1,284,473.76	0.00	0.00	76,955.51	1,361,429.27

* Management Board President since July 17th 2003.

** Management Board member since September 13th 2004, before employed as Director General.

*** Management Board member since January 22nd 2004.

**** Management Board member since October 11th 2004, before employed as Financial Director.

***** Management Board members since March 26th 2003.

The persons referred to in Section 3.1.3. did not receive any remuneration from the Issuer in 2003 and 2004.

3.5. *Outstanding Loans, Credits Sureties and Guarantees Advanced by the Company to Persons Referred to in Section 3.1. and 3.2*

The Issuer has not advanced any loans, credits, sureties or guarantees to persons referred to in Section 3.1. and 3.2. nor has it concluded any agreements under which the persons referred to in Section 3.1. and 3.2. would be obliged to render performance to the benefit of the Issuer. These persons receive advance payments towards on-going expenses incurred for and on behalf of the Company (e.g. costs of accommodation during business trips). The value of advance payments does not exceed the standard payments of this type at companies of a similar size.

3.6. *Agreements Concluded in the Last Three Financial Years between the Issuer and Persons Referred to in Section 3.2*

In the last three years no material agreements have been concluded between the Company and Mr Luis Manuel Conceicao do Amaral.

3.7. *Shares and Other Equity Interests Held by Persons Referred to in Section 3.1. and 3.2.*

No person referred to in Section 3.1, except for Luis Manuel Conceicao do Amaral, holds Shares in the Issuer.

Mr Luis Manuel Conceicao do Amaral holds 100% of the Shares and votes at the General Shareholders Meeting of Kipi, which in turn holds 100% of the shares and votes at the General Shareholders Meeting of Politra. Politra holds directly 127,741,000 Series A Shares, representing 99.9992% of the Issuer's share capital. Mr Luis Manuel Conceicao do Amaral holds directly 1,000 Series A Shares representing 0.0008% of the Issuer's share capital.

No person referred to in Section 3.1. and 3.2. holds any rights (options) to Shares or other equity interests in the Issuer.

Neither do those persons, except for Luis Manuel Conceicao do Amaral and João Borges de Assunção, hold any shares or other equity interests in other undertakings which would provide them with at least 1% of the votes at the General Shareholders Meeting. Mr Luis Manuel Conceicao do Amaral holds 100% of the shares and votes at the General Shareholders Meeting of Kipi and 100% of the shares in Personal Investment Holding Company of Willmore Investments Limited, registered office in 28 Irish Town, Gibraltar. Mr João Borges de Assunção holds 4.716% of the shares in E-

Chiron-Gestão de Aplicações de Software SA, registered office at Edifício Premium, Alameda Fernão Lopes, 16 - 10. andar 1495-190 Algis, Portugal.

3.8. *Company Shares and Membership in the Issuer’s Management or Supervisory Bodies Held by Entities Related to the Persons Referred to in Section 3.1; Information on Business Conducted by such Entities*

No person with links to persons referred to in Section 3.1 holds any Company Shares, nor is a member of its management or supervisory staff (except for the fact that Luis Manuel Conceicao do Amaral and Rui Amaral are brothers). No persons with links to persons listed in Section 3.1 conducts any business activity competitive in relation to the activities conducted by the Issuer.

3.9. *Plans of Persons Referred to in Section 3.1 and 3.2 to Dispose of or Acquire the Company Shares*

The persons referred to in Section 3.1.2 and 3.2. plan to acquire the Company Shares as part of the Incentive Scheme described in Section 6 of Chapter III. They do not plan to acquire the Shares in any other manner.

No members of the Issuer’s supervisory staff plan to acquire any Company Shares.

Luis Amaral plans to sell a portion of his indirect interest in the Company Shares as part of the Offering carried out on the basis of this Prospectus.

3.10. *Liability Insurance Agreements for Persons Referred to in Section 3.1*

The Company concluded an agreement with AIG Polska Towarzystwo Ubezpieczeń SA concerning insurance of damage caused by liability claims against the members its Management and Supervisory Boards. The aggregate sum insured amounts to PLN 24,000,000 (subject to defined sub-limits). Detailed terms and conditions of the insurance agreement are defined in the policy, riders and general terms and conditions. A description of the insurance agreement is provided in Section 6.3.1 of Chapter V.

3.11. *Information on Resignation or Removal of Members of the Management and Supervisory Staff in the Last Three Years*

In the last three years, the following members were removed from the Company’s Management Board (prior to its transformation into a joint-stock company):

- 1) on March 26th 2003, Katarzyna Kopaczewska and Pedro da Silva were removed from the Management Board of Eurocash Sp. z o.o. by virtue of a resolution of the General Shareholders Meeting of Eurocash Sp. z o.o. which did not have a Supervisory Board as at that date, and
- 2) on July 15th 2003, Arnaldo Guerreiro was removed from the Management Board of Eurocash Sp. z o.o. by virtue of a resolution of the Supervisory Board.

On June 17th 2003, Luis Manuel Conceicao do Amaral tendered his resignation from the post on the Supervisory Board. The resignation became effective on July 1st 2003.

On September 14th 2004, Geoffrey Crossley and Marcus Elias were removed from the Supervisory Board by virtue of a resolution of the Extraordinary General Shareholders Meeting. Concurrently, Geoffrey Crossley was reappointed by the General Shareholders Meeting to the Company’s Supervisory Board for a new term of office. Moreover, on September 14th 2004, Pedro dos Santos was removed from the Supervisory Board by the existing shareholder - Jeronimo Martins Distribution.

On October 13th 2004, the amendments to the Company’s Articles of Association, established by way of resolution No. 1 of the General Shareholders Meeting of September 14th 2004, were registered. The resolution changed the number of members of the Supervisory Board from three to five, and introduced new rules for appointing members of the Management Board. The Extraordinary General Shareholders Meeting removed Geoffrey Crossley, Eduardo Aguinaga de Moraes and Ronaldo Coelho de Magalhães from the Supervisory Board, as its composition had to be aligned with the provisions of the Company’s Articles of Association.

4. *Shareholders with 5%-20% of the Shares or Votes at the GM*

No shareholder holds 5%-20% of the shares or votes at the General Shareholders Meeting of the Issuer.

5. *Shareholders with More than 20% but Less Than 50% of the Shares or Votes at the GM*

No shareholder holds more than 20% but less than 50% of the shares or votes at the General Shareholders Meeting of the Issuer.

6. Shareholders Holding Over 50% of the Shares or Votes at the GM

The shareholder holding directly over 50% of the Shares and votes at the General Shareholders Meeting is Politra B.V., a company incorporated under the Dutch law, registered office at Naritaweg 165, 1043 BW Amsterdam, the Netherlands.

As at the date of this Prospectus was updated, Politra is a direct holder of 127,741,000 Series A Shares representing 99.9992% of the Issuer's share capital. The remaining 1000 Series A Shares, representing 0.0008% of the Issuer's share capital, are held by Luis Manuel Conceicao do Amaral. 100% of the shares and votes at the General Shareholders Meeting of Politra are held by Kipi, a company incorporated under the law of the Dutch Antilles. 100% of the shares and votes at the General Shareholders Meeting of Kipi are held by Luis Manuel Conceicao do Amaral. The dominant entity for Kipi and Politra is Luis Manuel Conceicao do Amaral, a citizen of Portugal, residing in Poland, who holds indirectly and directly 100% of the Shares and votes at the General Shareholders Meeting of the Issuer.

Neither Politra nor Kipi conducts any business activity other than holding securities. Their investment in the Shares is a long-term portfolio investment.

The Issuer Shares carry no preference.

The Issuer, Politra and Luis Manuel Conceicao do Amaral are parties to a depository agreement concluded in connection with the introduction of the Shares to public trading. Beyond the above, there are no other links between Politra and the Issuer, including those by way of agreements with other entities.

The Issuer expects that as a result of the Offering, Politra's interest in the Issuer's share capital and total number of votes at the General Shareholders Meeting will decrease to approx. 55–65% (depending on whether the Shares under the Additional Offering are offered), based on the assumption that investors acquire all the Shares for Sale.

A detailed account of dates and periods when Politra acquired the Issuer shares is presented in Section 7 of Chapter IV. The total acquisition price was determined based on a formula whereby the payment was spread over ten years starting in 2003. The amount due each year was to be equal to the higher of the following amounts (i) 40% of EBITDA generated by Eurocash, or (ii) specified Minimum Amount ("MA"), computed for each year according to the following formula: $MA = N \times \text{PLN } 1,000,000.00$, where MA represents the Minimum Amount, and N represents the number assigned to a given year (as the first year is 2003 the number assigned to it is 1, N for 2004 is 2, and so on, until 2012, where N is 10). The price was settled and paid in full in September 2004.

As at the date of this Prospectus was updated, neither Politra nor Kipi acquired convertible bonds or bonds with pre-emptive rights to acquire new issue Shares in the future.

7. Entities referred to in Art. 158a.3 of the Polish Securities Act

No person with links to the Issuer is party to any agreements, oral or written, provided for in Art. 158a.3 of the Polish Securities Act.

The Company is not aware of any such agreements entered into by other persons.

8. Holders of Bonds with Pre-Emptive Rights

As at the date this Prospectus was updated, the Company had not issued any bonds. Bonds with pre-emptive rights will be issued as part of the Incentive Scheme.

9. Agreements which May Result in a change of the Percentage Shares Held by Existing Shareholders and Bondholders

To the Company's best knowledge, neither the Issuer nor any person with links to the Issuer, is party to any agreement which could result in a change of the percentage share held by the existing shareholders. The Company has not issued any bonds, therefore there are no Company's shareholders.

The Company is not aware of any such agreements entered into by other persons not linked with the Company.

10. Agreements between the Issuer and Related Undertakings concerning the Transfer of Rights or Obligations

Beyond those described in Sections 6.5.1 and 8 of Chapter V, the Company did not conclude any agreements on the transfer of rights or obligations with any person with links to the Issuer.

11. Holders of Bonds Convertible into the Company Shares

As at the date this Prospectus was updated, the Company did not issue any convertible bonds.