



EUROCASH

**SEPARATE ANNUAL REPORT
FOR THE 2015**

TRANSLATORS' EXPLANATORY NOTE

The following document is a free translation of the report of the above-mentioned Polish Company.

In the event of any discrepancy in interpreting the terminology, the Polish version is binding.

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EUROCASH S.A.

REPORT OF THE MANAGEMENT BOARD
FOR THE PERIOD FROM 1 JANUARY 2015 TO 31 DECEMBER 2015

NOTE FROM TRANSLATOR

This document is a translation from Polish.

The Polish original is the binding version and shall be referred to in matters of interpretation.

KOMORNIKI, 18 March 2016

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LETTER FROM THE PRESIDENT

Dear Shareholders, Customers, Partners and Employees

Last year was a very good year — we delivered strong results, significantly strengthened our balance sheet, continued work on further improvement of the supply chain efficiency, innovative formats and the development of the scale of our Group, which is our main contribution to increase the competitiveness of independent retailers in Poland.



It was a year of record cash flow generated from operating activities and also a year of successful integration of companies, which we acquired in 2014 – Kolporter FMCG and Inmedio. The merger of Kolporter part responsible for the distribution of tobacco and impulse products with KDWT resulted in the creation of the strongest player on the market of tobacco distribution. This new company Eurocash Serwis is able to provide to independent retail stores in Poland competitive advantage in one of the most important categories ensuring the strength of traditional market against aggressive activities of discount stores and hypermarket chains. Acquisition of 51% stake in Inmedio strengthened that support on even larger scale.

2015 is primarily a significant improvement in working capital management. The key challenge was to improve the level of inventories which strengthened our balance sheet and at the same time improving level of service for our clients. Successful combination of this two elements resulted in strong reduction of the Group's debt. Improved efficiency of working capital and strong balance sheet are important factors allowing realization of our growth strategy.

I am also proud of the fact that, after challenging time of integration, Eurocash Distribution, created from the acquired Tradis, has become one of the fastest growing formats of Eurocash Group. We have been working very hard to improve efficiency of this business, and now jointly with Delikatesy Centrum it has one of the most advanced and efficient logistic platform for retailers in Poland – such as our partners and franchisees running thousands of Lewiatan, Groszek, Eurosklep and Gama stores across Poland.

Despite the many positive developments for the Group, 2015 was still quite a difficult year for FMCG market in Poland. The FMCG market grew in the last year by app. 2%, and we observed strong polarization where on one side the majority of growth was taken by discounters. The continuing deflation of food, which in the 1st quarter reached record levels, and for the full year was 1.7%, had quite a negative impact on the results of two very important for the Group formats: Cash & Carry and Delikatesy Centrum. The first one recorded negative LFL growth (sales for the same number of stores), which was partially offset by a record number of warehouse openings: net 19 outlets. In Delikatesy Centrum, despite the relative strong LFL, unfavorable market situation negatively influenced the expansion of franchise

Delikatesy Centrum stores. This is one of the areas, where we need to work hard to put this businesses on accelerated growth path.

The other parts of the business recorded a fairly stable results. We continue to develop new concepts which are ultimately designed for our customers - independent entrepreneurs operating in traditional market. We closed the year with 3 500 Faktoria Win wine shelves – bringing back category of wine to small-format store, 10 1-minute convenience stores and 6 KONTIGO stores - a brand designed exclusively with Polish women in mind. Additionally we have been testing 5 "abc on wheels" stores, we have developed Inmedio offer for our customers and developed e-grocery store Frisco.pl.

I am proud of other solutions, which together with the employees of Eurocash Group we created for our franchisees. Eurocash Academy is today a platform that gives our customers and their employees access to knowledge and the most up-to date solutions on the FMCG market. Scholarship program for children of employees of franchisees and Eurocash Group, which benefited 128 children, is an initiative intended to encourage the development of the next generation, which soon will be the strength of the Polish economy.

To sum up: 2015 was a difficult, but positive year for our Group. We see that many new growth opportunities may be opened in the near future for us, and we are very well positioned to use them for benefit of our customers.

I would like to thank all of our customers, partners and employees and for their work and support throughout 2015. I am optimistic about the future, believing that together with our customers in 2016, we will continue our work to strengthen independent Polish retailers, so they will be able to successfully resist the aggressive expansion of discount stores and hypermarkets.

Sincerely,
Luis Amaral
CEO, Eurocash S.A.

1. SUMMARY OF EUROCASH OPERATIONS IN 2015

Eurocash Sales in 2015 reached PLN 13 750.72 million, EBITDA amounted to PLN 300.33 m, net profit of PLN 500.68 million. In contrast, for the year ended 31 December 2014 Eurocash achieved sales revenues of PLN 12 115.79 m, EBITDA of PLN 293.99 m, and a net profit of PLN 244.58 m. There are no significant risks in the current and projected financial situation of Eurocash S.A.

Table 1. Eurocash: Summary of 2015 Financial Performance

PLN m	2015	2014	Change YTD 15/ YTD 14
Sales revenues (traded goods, materials)	13 750,72	12 115,79	13,49%
EBITDA (EBITDA margin %)	300,33 2,18%	293,99 2,43%	2,16% -0,24 p.p.
EBIT (EBIT margin %)	197,39 1,44%	203,91 1,68%	-3,20% -0,25 p.p.
Net Income (Net profitability %)	500,68 3,64%	244,58 2,02%	104,71% 1,62 p.p.

At 2015 year end, the Eurocash Cash&Carry chain of warehouses totaled 187 outlets while the number of abc franchise stores was 7 685. The number of Delikatesy Centrum franchise stores went up by 73 and totaled 1076 outlets at 2015 year end.

The like-for-like sales increased by 0.57% in the Eurocash Cash&Carry format while the wholesale like-for like to Delikatesy Centrum franchise stores increased by 0.08%.

The sales of goods in Cash&Carry format to external customers in 2015 amounted to PLN 4 353.05 m - an increase by 0.58%. The wholesale sales to Delikatesy Centrum stores increased by 9.10% reaching level of PLN 1 961.28m. The sales of Eurocash Distribution increased by 9.23% and amounted to PLN 4 346.88m. The sales realized by Alcohol Distribution format amounted to PLN 2 011.50m, an increase by 3.16%. The external sales of goods of Eurocash Food Service decreased to level of PLN 353.71m, which was attributable to termination of contract with Amrest, one of the main clients.

2. EUROCASH GROUP BUSINESS OVERVIEW

2.1 Market Environment

Key macroeconomic data

Due to the fact that the Group does business in Poland, the local macroeconomic environment has had and will have a significant impact on the future financial performance and the Group's development.

The pace of economic growth, household income levels, and other macroeconomic factors have a significant impact on the population's spending levels and the pace of growth in the domestic demand. Likewise, they also indirectly affect the Group's sales revenues.

The table below presents key macroeconomic data for the Polish economy for periods indicated.

Table 2. Eurocash: Macroeconomic situation in Poland

	2015	2014	2013
Real GDP change* (in %)	3,6	3,3	1,3
Consumer price index change (in %)	-0,9	0,0	0,9
Registered unemployment** (in %)	9,8	11,5	13,4

Source: Central Statistical Office

* Preliminary data

** As at year end

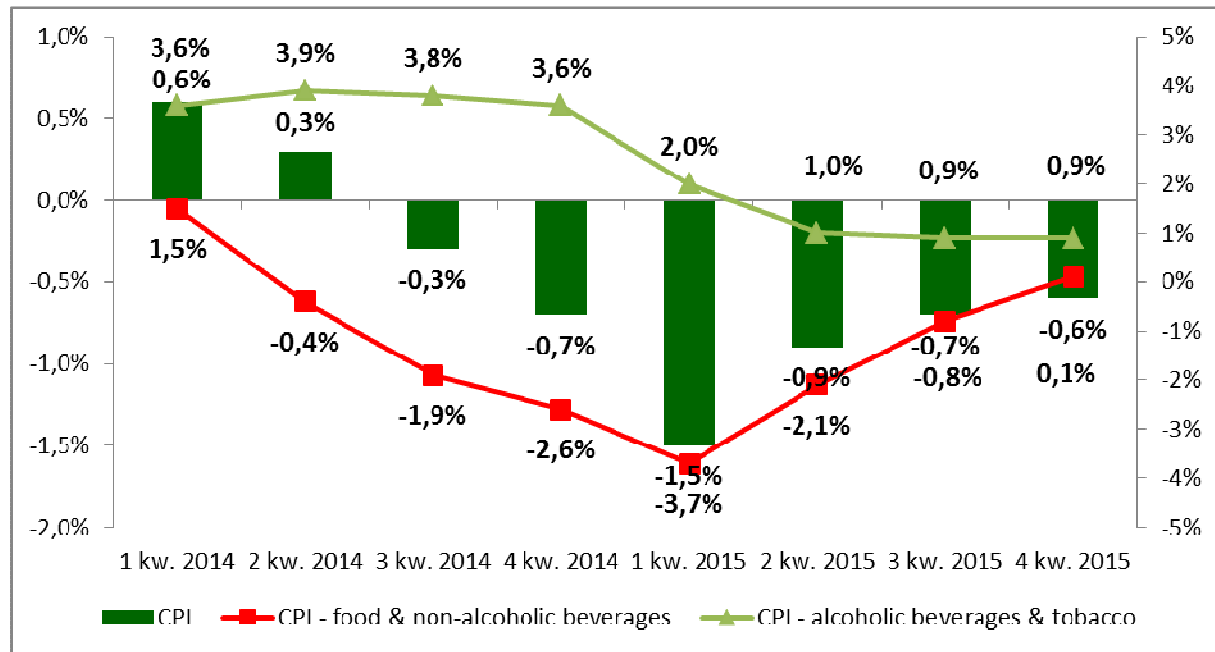
Poland's economic growth, as measured by real GDP growth, according to preliminary estimates, amounted in 2015 to 3.6% compared to 3.3% in 2014. In 2015, the fastest - growing sector of the economy was the industry - the value added in this sector increased by 5.4% year on year. For comparison, in 2015, the construction sector recorded growth of 4.4% and the trade sector increased by 3.1%.

Prices of consumer goods and services in 2015 decreased by 0.9% comparing with previous year. Prices of food and non-alcoholic beverages in 2015 decreased by 1.7% and prices of alcoholic beverages and tobacco products increased by 0.9% y/y.

At the end of December 2015, the registered unemployment rate in the country improved comparing to the previous year and amounted to 9.8%.

On the chart below is presented the consumer prices index evolution on a quarterly basis.

Chart 1. Dynamics of price indices of consumer goods and services (CPI)



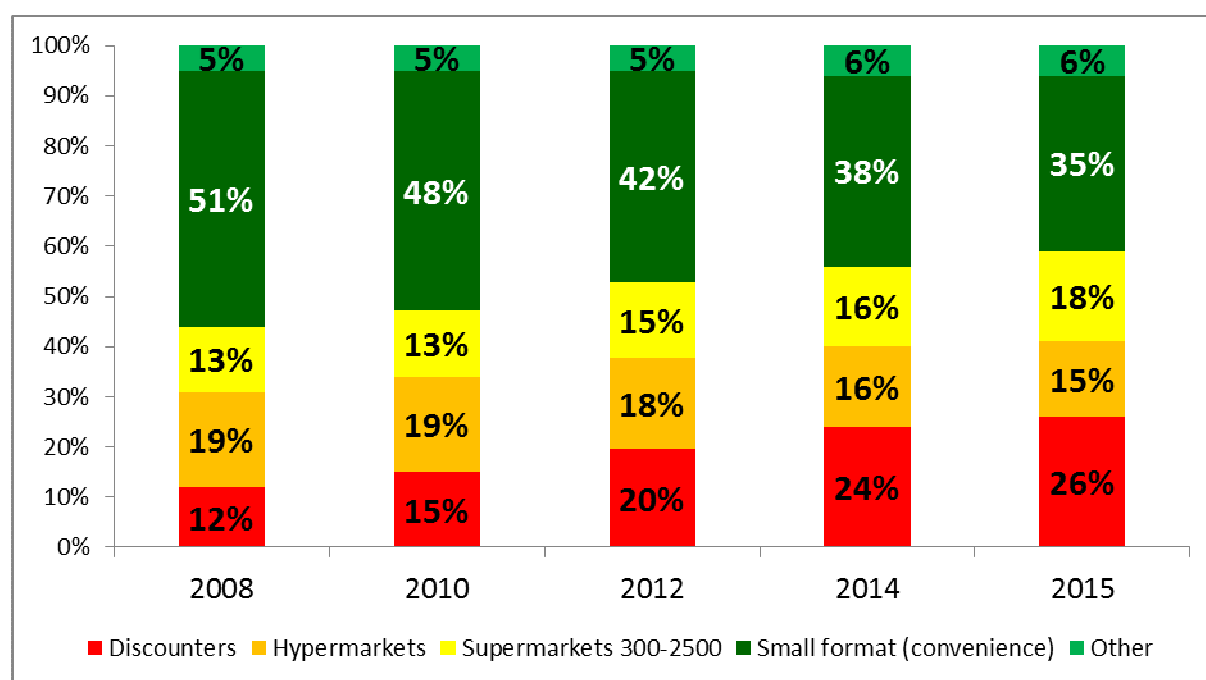
Source: Central Statistical Office of Poland

Polish FMCG market - general information

The market FMCG products include food products, soft drinks, alcoholic beverages, tobacco products, and household chemicals and cosmetics.

According to the GfK Polonia Sp. z o.o., the FMCG market in 2015 in Poland amounted to PLN 229.6 billion, which represents an increase of 2.1% compared with 2014 (PLN 224.9 billion). About 87% of the total FMCG market value belongs to retail stores (large and small formats) and 13% of sales is generated by the HoReCa sector. Market share of large-format stores continues to increase. Share of small-format stores also decreased in 2015 and dropped to app. 41% from 44% in 2014. In the same time total number of small-format grocery stores decrease by 4.5% reaching app. 74.3 thousand stores at the end of 2015.

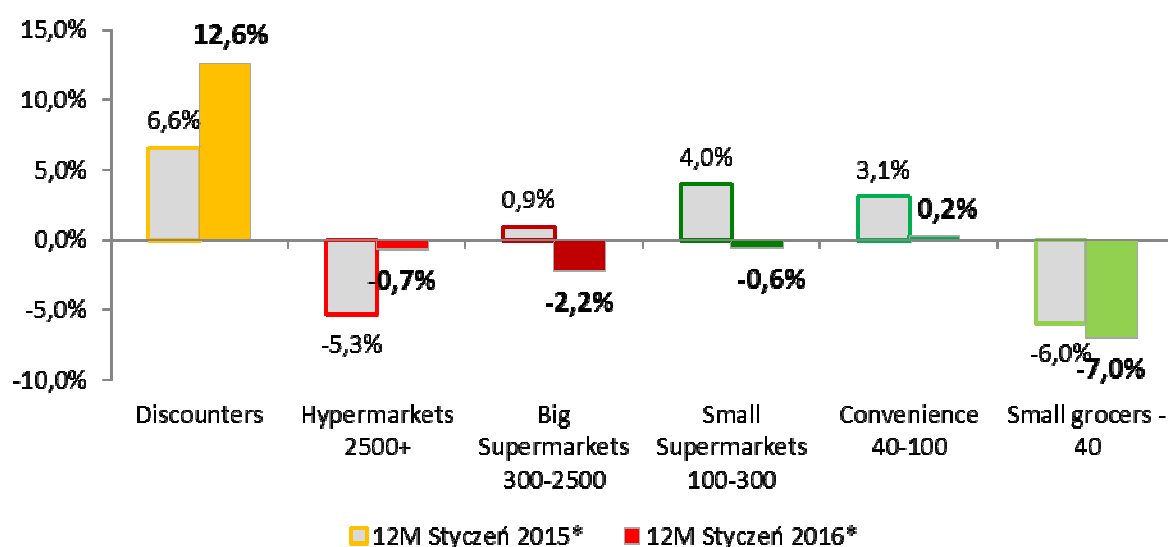
Chart 2. Structure of FMCG Market in Poland



Source: GfK Polonia

Also according to Nielsen researches in large-format stores segment, Discounters had the highest increase of sales (12.6% in 2015) and hypermarkets were losing market shares with 0.7% sales decrease. It should be noticed that sales of small-format stores with sales area of 40-100 sqm were stable (an increase by 0.2%). The other segments noted sales decrease in 2015 but the most flattish decrease was noted in segment of small supermarket with sales area between 100 to 300 sqm.

Chart 3. Last Twelve Month (LTM*) sales dynamics of FMCG products**



Source: Nielsen

* LTM Jan 2016 = from January 2015 to January 2016

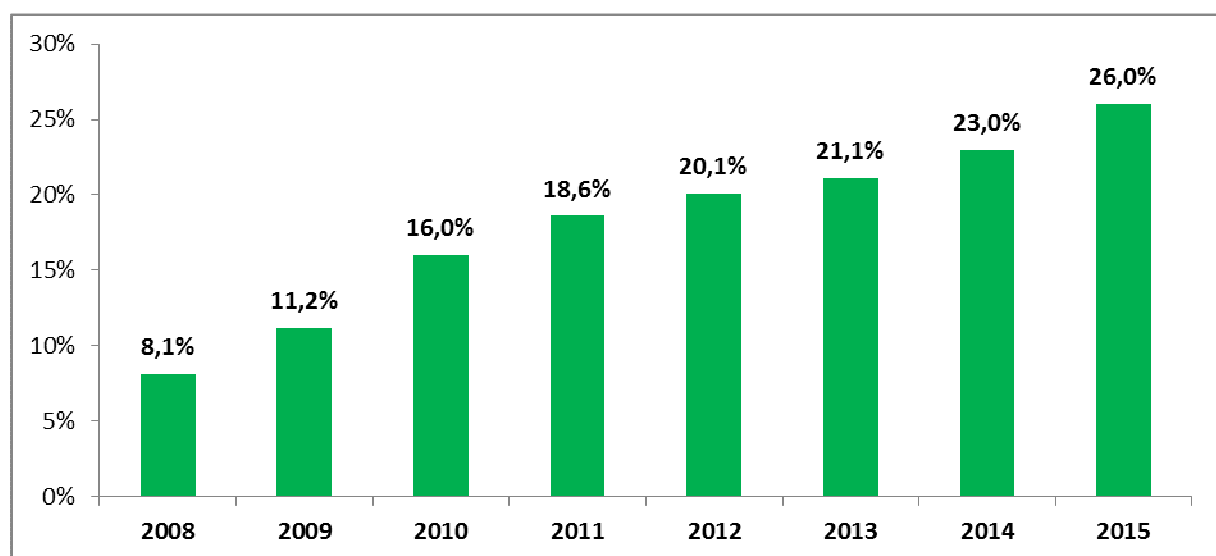
** Small supermarkets, Convenience, Small Grocers – Food sales dynamics

Wholesale distribution of FMCG Market

Wholesale operations which are players in the FMCG distribution market primarily compete in supplying independent small supermarkets, traditional grocery stores, specialized grocery stores (butcher's, bakeries, confectionaries, fruit and vegetable stores, alcoholic beverages stores, and fishmonger's) and so called alternative distribution channels which include kiosks, retail outlets attached to petrol stations, as well as the HoReCa (hotels, restaurants, and catering outlets).

In 2015, Eurocash Group represented a 26.0% share in the wholesale market of FMCG products, which was a 3 p.p. increase on the previous year. Below is presented the evolution of Eurocash Group market share during last eight years.

Chart 4. Market share of Eurocash Group during 2008-2015



Source: Own estimates following GfK Polonia

Polish FMCG Market Trends

In the last decade, a gradual leveling off the market share was noted for both FMCG retail sales channels, i.e. the modern and the traditional channel. Currently, according to estimates released by GfK Polonia, large format stores (supermarkets, hypermarkets and discount stores) have market of approximately 59% of major retail channels whereas small format stores - approximately 41%. According to Eurocash, there is no evidence that the role of traditional retail trade will continue to dramatically diminish in the coming years. This is supported by both external conditions (the demographic structure) as well as internal conditions (which mainly consist of consolidation and modernization mechanisms which facilitate effective competition with large format outlets.) Pooling grocery stores and small supermarkets into franchise networks - both traditional in nature (which are in fact a form of loyalty programs) as well as modern ones (which tie retailers strongly to their supplier) a manifestation of this trend. According to estimates released by GfK Polonia, the total number of retail outlets associated in networks was approximately 28 000 thousand in 2015.

After rapid consolidation of the FMCG wholesale distribution market has observed in years 1991-2000, the last decade saw a reduction in the number of wholesale businesses involved in the sales of FMCG products down to approximately 3 000 - 4 000 entities, which number remains stable.

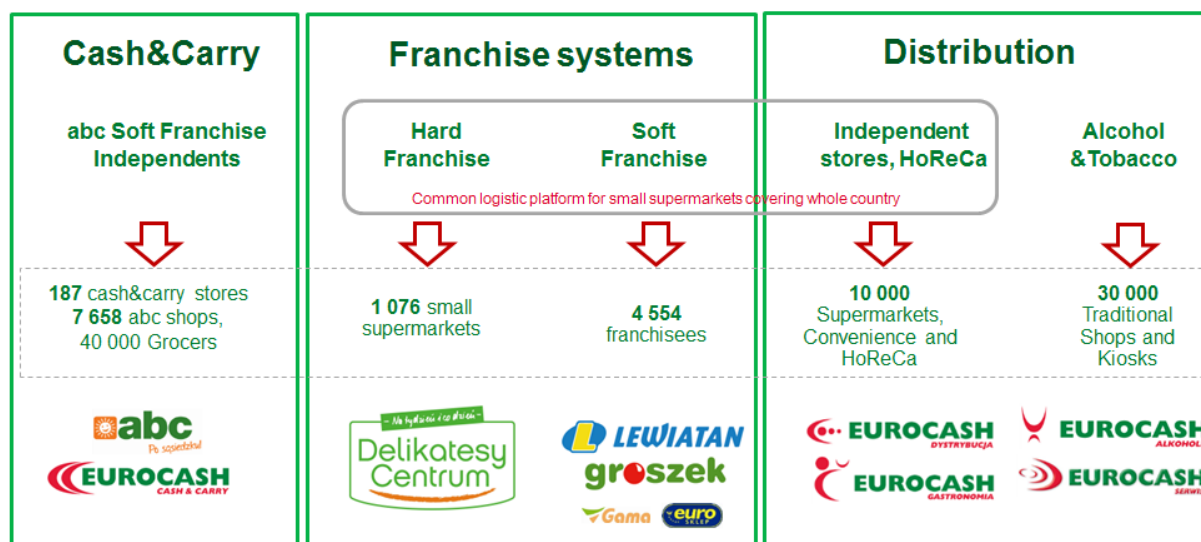
2.2. Eurocash Group: Business Formats

The Eurocash Group is one of the largest groups in Poland in terms of sales values and the number of outlets involved in the distribution of food products, household chemicals, alcohol, and tobacco products (fast moving consumer goods – FMCG.) Through a range of distribution formats, the Eurocash Group focuses its business activities on the wholesale distribution to customers across all significant wholesale market segments, in particular, to small format stores throughout Poland such as traditional retail stores (small supermarkets and grocery stores), convenience stores at petrol stations, restaurants, hotels and cafeterias.

The Eurocash Group operates a range of distribution formats focused on supplying independent stores in Poland, which primarily include the following:

- **Cash & Carry**
- **Franchise systems**
- **Distribution**

Chart 5. Eurocash Group focused on small format stores



Cash & Carry– a nation-wide network of discount Cash&Carry type warehouses which operate under the “Eurocash Cash & Carry” brand, with the loyalty program for the “abc” network of grocery stores.

Franchise Systems:

- **Delikatesy Centrum** – a franchise system for retail stores which operate under the Delikatesy Centrum brand.

- Over 4 554 retail franchise and partner stores under the brands: Lewiatan, Groszek, Euro Sklep, Gama supplied by Eurocash Dystrybucja.

Distribution

- **Eurocash Distribution** - the biggest polish nationwide distributor of FMCG providing trade of products with service to the client with the broad range of assortment.
- **Eurocash Gastronomia (Food Service)** – supply network for restaurant chains, hotels, and petrol stations
- **Eurocash Alcohols** – specialized wholesale and retail distribution of alcoholic beverages throughout Poland.
- **Eurocash Serwis (Tobacco & Impulse)** – active distribution of tobacco products and fast moving consumer goods.

Other – aside from the core business indicated above, the Eurocash Group also distributes electronic financial services through a network of approximately 6.0 terminals located in stores nationwide through PayUp, which offers, e.g. mobile top ups, bill payments, and charge card payments. Eurocash Group run also chain of stores specialized in sales of tobacco and impulse products under Inmedio brand (Eurocash Group controls 51% of shares of Inmedio).

2.3 Number of outlets

As at 31 December 2015, the wholesale network of Eurocash Group comprised 187 Cash&Carry warehouses. The Delikatesy Centrum network comprised 1076 supermarkets, while the 'abc' network comprised 7 658 local grocery stores and number of stores associated in networks managed by Eurocash Dystrybucja was 4 554.

Information on the number of Cash & Carry Warehouses, Delikatesy Centrum stores, 'abc' store network and stores associated in Eurocash Distribution is presented in the table below as at specified dates.

Table 3. Number of Cash & Carry warehouses and franchise stores

	As at 31 December				Change 2015/2014	Change 2014/2013	Change 2013/2012
	2015	2014	2013	2012			
Cash & Carry Warehouses*	187	168	158	148	19	10	10
Delikatesy Centrum	1 076	1 003	875	773	73	128	102
„abc” store network	7 658	6 997	6 133	5 451	661	864	682
Franchise and partner stores of Eurocash Distribution	4 554	4 362	4 325	4140	192	37	185

Source: Eurocash

*The number also takes into account 3 cash & carry warehouses of Batna acquired by the Group as a result of the takeover of Batna in November 2010

2.4 Sales Structure

Basic groceries (food and drinks – both alcoholic and non-alcoholic) represent key sales items for the Eurocash Group. In 2015, the share of these products accounted for approximately 66.9% of the total sales figure against 77.9% noted in 2014. The second most important sales contributor comprised of tobacco products, pre-paid top ups, and phone cards - with the share of 26.9% in 2015 against 18.8% noted in 2014. The share of other non-food products (including cosmetics, household chemicals, OTC drugs, and others) accounted for 3.3% in 2015 against 3.3% noted in 2014.

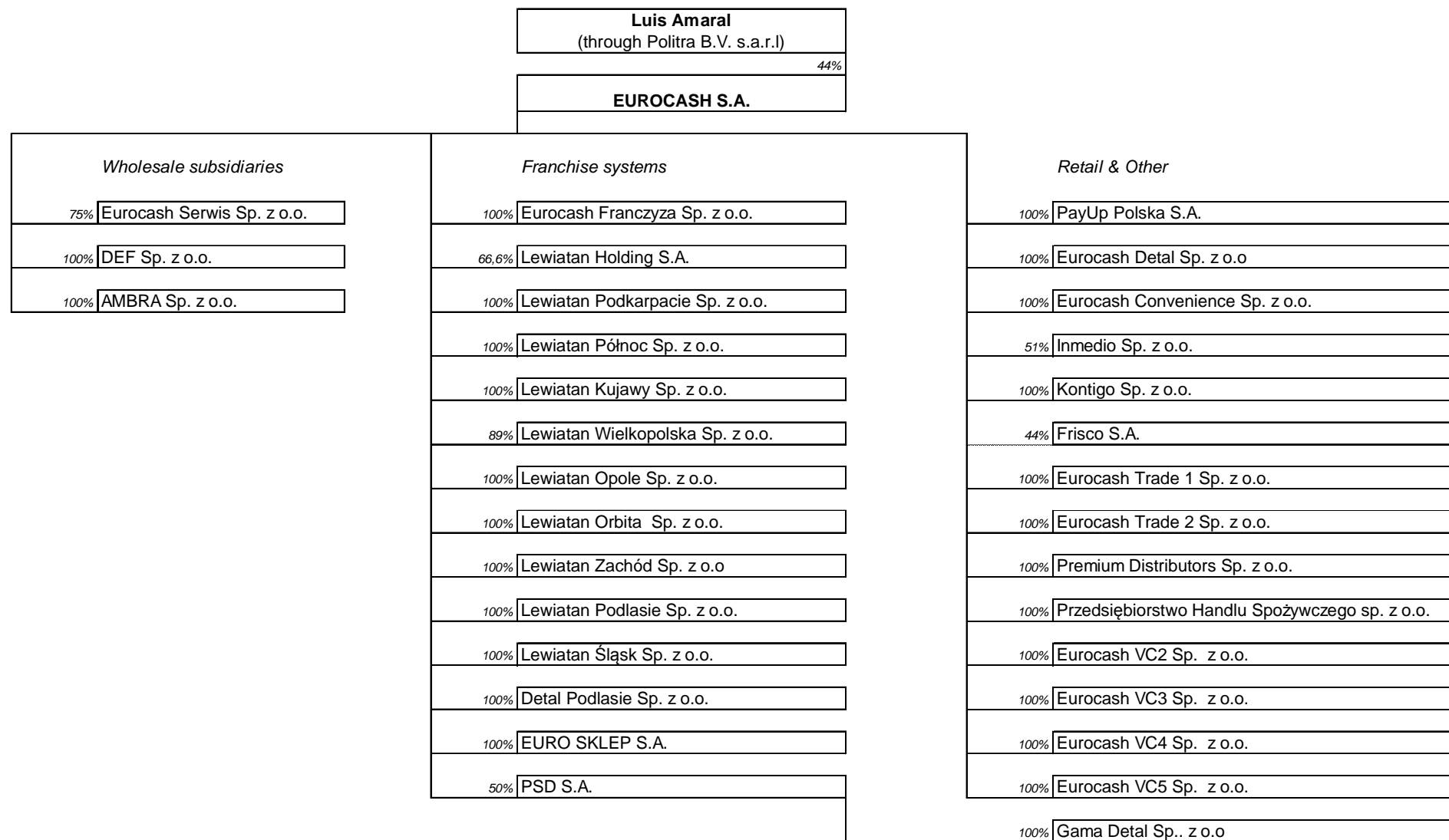
Due to the large dispersion of the sale, none of the customers of the Eurocash Group reached 10% of the Group's sales revenue Eurocash total.

2.5. Structure of the Eurocash Capital Group

Luis Amaral is the main shareholder of Eurocash (directly and indirectly through Politra B.V.), with the shareholding of 43,66% as at 31.12.2015. Luis Amaral serves as President of the Management Board. The structure of the Eurocash Group and its affiliated companies is presented on the following chart. Detailed information on the Eurocash Group's organizational structure and a specification of entities under consolidation may be found in Supplementary Information to the consolidated financial statements.

The parent entity in the Group is Eurocash S.A., which performs most of the group's sales. In recent years Eurocash S.A. took over a number of its subsidiaries, which allowed to simplification of the group structure.

.Chart 6. The structure of the Eurocash Group and its affiliated companies as at December 31, 2015:



3. EUROCASH DEVELOPMENT PROSPECTS

3.1 Eurocash Development Strategy

The primary goal of the Group is to ensure the competitiveness of independent retail stores in Poland and to offer added value to the Group's customers as well as to increase the value of the Group for its shareholders. The strategy of the Group is focused on and follows the customer who is the addressee of the Group's offer to enter into a range of cooperation options through specific distribution channel formats:

- for small and medium retail stores looking to be supplied with FMCG products whereby an appropriate level of profitability in the adjacency of their business location is ensured without the need for product deliveries – Cash & Carry warehouses and the loyalty program of stores which comprise the 'abc' network
- for small and medium retail stores looking for FMCG product supplies and support in running retail operations whereby an appropriate level of profitability is ensured – Eurocash Distribution and partner programs under brands such as Lewiatan, Euro-Sklep, Groszek, Gama (affiliate of PSD)
- for retail stores looking for the comprehensive delivery of products - the Delikatesy Centrum franchise network
- for customers looking for specialized deliveries of specific product categories, e.g.:
 - tobacco products and fast moving consumer goods (retail stores, kiosks, etc.) – distribution through Eurocash Serwis (Tobacco & Impulse)
 - alcoholic beverages – distribution of alcoholic beverages through Eurocash Alcohols,
 - restaurant chains, hotel chains, and petrol station chains looking for the comprehensive delivery of specific products as well as high service quality – distribution under Eurocash Food Service and Eurocash Distribution

The expansion of the Group's business operations took place in response to the needs of customers who operated in the traditional retail market in order to reach a new customer group or to expand cooperation with current customers. The expansion of the Group's business was accompanied by growing the customer base as well as adding new forms of cooperation to the offer, which took place through takeovers of entities which operated in distribution formats where the Group had not been present or had had a limited business presence.

Strategic goals of the Eurocash Group are as follows:

- satisfy the needs of the Group's customers across key product groups through a range of distribution formats and forms of cooperation as well as by ensuring that customers receive an expected service quality,

- create a permanent competitive advantage for the Group through scale economies available in wholesale business operations run by the large format business players, and
- further integrate operating systems and regularly optimize costs.

In response to an ongoing consolidation process noted in the market for food products distribution in Poland, including the market for the wholesale distribution of FMCG products in Poland, the strategy of the Eurocash Group also assumes further organic growth across every distribution format as well as the continuation of takeovers of other wholesalers and franchise networks. Transactions concerning acquisitions of other entities allow to generate scale economies relatively fast, which translates into the possibility for Group to offer its customers (independent retail trade) better conditions of goods procurement, which should also help increase the Group's competitiveness and enhance its market position.

3.2 Factors impacting Development of Eurocash

External Factors

Growth in the FMCG market and changes in market structure

The Group anticipates further growth of share in modern distribution channels, however, its adverse impact on Company's income will be compensated by the growth of the FMCG market value as well as by the consolidation in the wholesale market to traditional wholesale sales channels.

Inflation

Unexpected changes in the prices of food products, beverages, alcohol, or other FMCG products, or the price of fuel, of which depend on logistics costs may affect the results Eurocash.

Payroll costs

A potential stress on payroll costs may have an adverse effect on the Group's performance in the medium term perspective. However, a prospective increase in remuneration levels has an effect on the entire Polish market. As the Group sales are realized in Poland, its competitive position should remain unchanged due to this influence.

Internal Factors

New business formats

Development of new formats for wholesale distribution or new franchise formats for retail stores in order to offer a complete range to the customers of the Eurocash Group and to achieve economies of scale.

Organic growth

Management of the Eurocash Group expects that during 2016:

- The number of Eurocash Cash&Carry stores will increase by approximately 8-10 outlets
- The number of Delikatesy Centrum franchise stores will increase by approximately 100 outlets

3.3 Risks and Threats

Financial risks are discussed in Note 36 to the separate financial statements for 2015, which constitute a part of the Eurocash annual report for 2015. Other significant risk factors related to the operations of Eurocash are presented below.

External Factors

Macroeconomic situation. Purchasing power of the population

Economic slowdown, a drop in the purchasing power, and a decrease in household expenditure for consumption may have a negative impact on sales volume noted by Eurocash.

Structure of FMCG retail distribution market in Poland

In 2015, the traditional distribution channel was a significant form of FMCG retail distribution, representing the share of approx. 41%. Such a high share (against other European countries) results from a low concentration of population in a country as well as from poor housing conditions as small and medium-size shops located away from large conglomerates comprise the key customer group for Eurocash. Growth in the share of modern distribution will shrink a prospective market for the Eurocash Group's business.

Structure of the traditional FMCG distribution channel. Competition

According to the estimates compiled by the Eurocash Group, approx. 3 000-4 000 entities operate in the wholesale FMCG distribution market. Market consolidation and an entry of new strong players could have a negative impact on margin levels.

Internal Factors

IT systems

An efficient, uniform IT system facilitates a centralized and efficient management of business processes as well as an accurate profitability study of specific products and discount stores, which enhances safe business operations. Possible disturbances in system operations could constitute a threat for the Group's business.

New investments

The Eurocash Group wishes to be an active player in the process of market consolidation by way of acquiring FMCG warehouses. While taking over other enterprises, the Group faces numerous material risks connected to integration, achievement of synergies planned, or an inadequate assessment of the market potential.

Suppliers

Due to the range of products offered by the Eurocash Group and geographically diverse sales, key suppliers of the Group are numerous and as at 31 December 2015 comprised over 1 652 national and foreign entities.

Suppliers of branded products, comprised of key producers and importers of FMCG merchandise including tobacco products and alcoholic beverages, are selected mainly based on their market share, impact of the brand, the coverage of individual product segments, and regional diversification.

Due the nature of the FMCG market, as well as market competitiveness and lower sales volumes noted for tobacco products in Poland, the Group's operations does not depend on suppliers, as a result of which the risk related to contract termination or adverse changes in contractual terms could have a negative effect on business operations of Eurocash and its financial performance is limited.

3.4 Note on seasonality

Sales in FMCG wholesale trade are traditionally lower in Q1 against the remaining quarters. Sales peak in the summer period and stabilize in the Q4.

4. MANAGEMENT DISCUSSION OF EUROCASH FINANCIAL PERFORMANCE FOR 2015

4.1 Principles applied in the preparation of annual consolidated financial statements

The separate financial statements have been prepared in accordance with the international Financial Reporting Standards, as endorsed by the European Union and on the understanding of continuation of operations by companies within the Group in the foreseeable future. At the date of preparing the financial statement there were no conditions indicating risks in continuation of operation by the Company.

Accounting policy used to prepare financial statement was presented in a point 2 of separate financial statement of Eurocash S.A. for the FY2015 and was applied to all periods presented in the financial statement.

4.2 Eurocash: Financial and Operational Highlights

Table 4. Eurocash: Summary of 2015 Financial Performance

PLN m	2015	2014	Change YTD 15/ YTD 14
Sales revenues (traded goods, materials)	13 750,72	12 115,79	13,49%
EBITDA (EBITDA margin %)	300,33 2,18%	293,99 2,43%	2,16% -0,24 p.p.
EBIT (EBIT margin %)	197,39 1,44%	203,91 1,68%	-3,20% -0,25 p.p.
Net Income (Net profitability %)	500,68 3,64%	244,58 2,02%	104,71% 1,62 p.p.

Eurocash Sales in 2015 reached PLN 13 750.72 million, EBITDA amounted to PLN 300.33 m, net profit of PLN 500.68 million. In contrast, for the year ended 31 December 2014 Eurocash achieved sales revenues of PLN 12 115.79 m, EBITDA of PLN 293.99 m, and a net profit of PLN 244.58 m. There are no significant risks in the current and projected financial situation of Eurocash S.A.

4.3 Profit and Loss Account

Profitability Analysis

Table 5. Eurocash: Financial Performance for 2015

PLN m	2015	2014	Change YTD 15/ YTD 14
Sales revenues (traded goods, materials)	13 750,72	12 115,79	13,49%
Gross profit (loss) on sales	1 523,46	1 367,25	11,43%
Gross profitability on sales (%)	11,08%	11,28%	-0,21 p.p.
EBITDA	300,33	293,99	2,16%
(EBITDA margin %)	2,18%	2,43%	-0,25 p.p.
EBIT	197,39	203,91	-3,20%
(EBIT margin %)	1,44%	1,68%	-0,25 p.p.
Gross profit	527,89	246,42	114,22%
Net Income	500,68	244,58	104,71%
(Net profitability %)	3,64%	2,02%	1,62 p.p.

Gross profitability on sales amounted in 2015 11.08%, which is 0.20 p.p. less than in 2014.

EBITDA increased from to the level of PLN 300.33 m in 2015 from PLN 293.99 m in 2014. EBITDA margin decreased in 2015 by 0.25 pp and amounted to 2.18%. Net Income in 2015 amounted to PLN 500.68m in comparison to PLN 244.58 m in 2014.

4.4 Balance Sheet Data

Balance Sheet Mix

The volume of fixed and current assets, equity, liabilities and provisions for liabilities, as well as their share in the total value of assets is presented in the table below:

Table 6. Mix of Assets

PLN m	31.12.2015	%	31.12.2014	%
Fixed assets (long-term)	2 651,11	52,84%	2 686,60	51,88%
Goodwill	862,82	32,55%	862,82	32,12%
Other intangible fixed assets	551,86	20,82%	575,40	21,42%
Tangible fixed assets	461,88	17,42%	451,83	16,82%
Investment in properties	1,00	0,04%	-	0,00%
Investments in subsidiary companies	736,67	27,79%	790,64	29,43%
Investments in associated companies - equity method	34,53	1,30%	-	0,00%
Other long-term financial assets	0,06	0,00%	0,06	0,00%
Long-term receivables	1,87	0,07%	2,13	0,08%
Long-term prepayments	0,42	0,02%	3,72	0,14%
Current assets (short-term)	2 365,81	47,16%	2 492,20	48,12%
Inventories	733,50	31,00%	1 062,49	42,63%
Trade receivables	1 163,57	49,18%	1 190,26	47,76%
Current income tax receivables	10,59	0,45%	21,25	0,85%
Other short-term receivables	59,96	2,53%	174,67	7,01%
Short-term financial assets held for trade	-	0,00%	-	0,00%
Other short-term financial assets	334,23	14,13%	-	0,00%
Short-term prepayments	42,71	1,81%	26,79	1,07%
Cash and cash equivalents	21,25	0,90%	16,75	0,67%
Fixed assets classified as held for sale	-	0,00%	-	0,00%
Total Assets	5 016,92	100,00%	5 178,80	100,00%

Table 7. Mix of Liabilities

PLN m	31.12.2015	%	31.12.2014	%
Equity	1 187,11	23,66%	785,77	15,17%
Share capital	138,83	11,69%	138,68	17,65%
Treasury shares	-	0,00%	-	0,00%
Supplementary capital	468,72	39,48%	327,17	41,64%
Hedging reserve	-	0,00%	-	0,00%
Hedge transactions valuation capital	(10,64)	-0,90%	(14,18)	-1,80%
Retained earnings	590,20	49,72%	334,10	42,52%
Long-term liabilities	180,43	4,71%	165,48	3,77%
Long-term loans and credits	-	0,00%	-	0,00%
Other long-term financial liabilities	153,55	85,10%	157,83	95,38%
Other long-term liabilities	0,97	0,63%	0,59	0,36%
Deferred income tax provision	23,02	12,76%	4,41	2,67%
Provision for employee benefits	2,89	1,60%	2,64	1,59%
Other long-term provisions	-	0,00%	-	0,00%
Short-term liabilities	3 649,39	95,29%	4 228,80	96,23%
Short-term loans and credits	675,95	18,52%	1 288,90	30,48%
Other short-term financial liabilities	37,55	1,03%	79,66	1,88%
Trade liabilities	2 725,18	74,68%	2 681,24	63,40%
Current income tax liabilities	-	0,00%	-	0,00%
Other short-term liabilities	61,14	1,68%	51,62	1,22%
Provision for employee benefits	59,10	1,62%	51,32	1,21%
Other short-term provisions	90,47	2,48%	76,06	1,80%
Liabilities	3 829,81	76%	4 394,27	84,83%
Total liabilities	5 016,92	100,00%	5 180,05	100,00%

Loan Agreements, Warranties and Collaterals*Loan agreements*

Information on credit agreements concluded by Eurocash are presented in Note 19 to the separate financial statement for 2015.

Loans granted

In 2015, Eurocash Group Companies did not grant any loans in the total value equivalent to 10% of the issuer's equity.

Sureties and guarantees

Sureties and guarantees issued by the Eurocash Group companies are presented in note no. 31 to the separate financial statements for 2015.

Issue of Securities and Bonds in 2015

Issue of shares

In 2015, 148,675 shares were issued in connection with the ordinary exercise of share options that were granted to key employees under incentive schemes.

Issue of securities and bonds

At the end of 2015 Eurocash total nominal value of issued bonds amounted to:

- PLN 140.0 m bonds issued under the long-term bonds issue program

In 2015 Eurocash SA has not issued, acquired or repaid other debt securities.

Information about incentive programs based on the issuance of Eurocash shares are presented in point. 6.7. of this report.

4.5 Key Off-balance Sheet Items

Information on key off-balance sheet items for the Eurocash Group is provided in supplementary information to the annual separate financial statement, i.e. note no. 31 and 32.

4.6 Eurocash Cash Flow Analysis

Cash flow Statement

Table 8. Eurocash: Cash flows for 2015

PLN m	2015	2014
Operating cash flow	774,17	82,88
<i>Gross profit (loss)</i>	527,89	246,42
<i>Depreciation</i>	102,93	90,07
<i>Change in working capital</i>	466,55	(198,80)
<i>Other</i>	(324,17)	(56,33)
Cash flow from investments	54,46	70,08
Cash flow from financing activities	(812,70)	(165,72)
Total cash flow	15,92	(12,76)

Total cash flow in 2015 amounted to PLN 15.92 m. Compared with previous year higher operating cash flow was driven by continuous improvement in working capital - mainly decrease of the inventory level. Main area of improvement so far, has been category of strong alcohol, where we managed to change the structure of supplier contracts in a way which allows much more efficient working capital management and reflects our market position.

Working capital rotation

Table 9. Eurocash: Consolidated Working Capital Ratios for 2015

Turnover in days	2015	2014
1. Inventories turnover	19,47	32,01
2. Trade receivables turnover	30,89	35,86
3. Trade liabilities turnover	81,35	91,05
4. Operating cycle (1+2)	50,36	67,87
5. Cash conversion (4-3)	(30,99)	(23,18)

Cash conversion amounted to negative 30.99 days in 2015 compared to negative 23.18 in 2014.

Evaluation of Funds Management

The Eurocash generates positive cash flows from operations. All key investments carried out in 2015 were financed from own funds and credit facilities taken up.

The main base of liquidity management in Eurocash Group is internal model of forecasting cash flows. Eurocash uses two lines of credit to hedge the liquidity needs of the Group. Eurocash optimize liquidity at subsidiaries and the interest result using Cash pooling and the system of internal loans.

In the opinion of the Management Board, no significant financial risks exist related to the capacity of Eurocash companies to pay their liabilities. Key financial risk factors related to Eurocash Group operations are as follows:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

Analysis of these risk factors is presented in Note 32 in the part of the report which contains separate financial statements.

4.7 Investment Activity

Major Investments Completed in 2015

In 2015, the highest share in capital expenditures was noted in Cash&Carry stores, the development of Delikatesy Centrum franchise network, as well as investments in hardware and software solutions due to migration of Eurocash Distribution IT systems.

Table 10. Key Investment Directions for Eurocash in 2015

<i>PLN m</i>	2015	2014
Total investment outlays	111.82	198.82

Assessment of Capacity to Carry out Anticipated Investments

Key investments planned for 2016 are related to:

- Organic growth within the current structure of business units, and in particular:

- Launch of 8-10 new Eurocash Discount Cash&Carry stores
- Development of Delikatesy Centrum franchise chain including plans to introduce ca. 100 new franchise stores into Delikatesy Centrum network.
- Replacement investment

In order to finance the aforementioned investments, Eurocash intends to use funds generated by the Company. If a decision is made that other significant investments should be undertaken, in the opinion of the Eurocash Management Board, Eurocash has adequate credit repayment capacity to secure financing for such prospective investments.

4.8 Key Contributors to 2015 Financial Performance of Eurocash

Equity Changes

In the period between 1 January 2015 and 31 December 2015, 148,675 shares were issued as a result of exercising share option programs.

Dividend Payment

In accordance with Resolution No. 5 adopted by the Annual General Meeting on 24th April 2015, persons who were shareholders of the Company on 19th May 2015 received a dividend of PLN 0.79 per one Company share. The total dividend paid on 10th June 2015 amounted to PLN 109,557,702.44

2015 did not see any significant events or factors which would have impact on the financial performance of the Eurocash noted in the period.

5. ADDITIONAL INFORMATION

5.1 Information on Court Proceedings

In 2015 Eurocash companies were not involved in any legal proceedings before court, a relevant arbitration authority, or a public administration body, the total value of which would which represent at least 10% of issuer's equity.

5.2 Information on Significant Agreements

In 2015, Eurocash entered into the following agreements considered significant for the business operations:

Acquisition of Frisco S.A. shares

On 26th January 2015 Eurocash S.A. finalized the acquisition of newly issued shares of Frisco S.A. after which Eurocash S.A. holds shares representing 44.13% of Frisco's share capital and entitling to 44.13% of votes at Frisco's general meeting.

Merger of subsidiary companies

On 2nd February 2015 KDWT Sp. z o.o merged through the acquisition with Service FMCG Sp. z o.o. by transferring all assets of the acquired company to the acquiring company. At the same time on 2nd February 2015, the company KDWT Sp. z o.o. changed its name to Eurocash Serwis Sp. z o.o., without changing any other data of this company.

The signing of the preliminary agreement of acquisition of PDA shares

On 21st December 2015 Eurocash and Jacek Jantoń, Jarosław Jantoń, Adam Jantoń, Andrzej Tyrka, Zbigniew Makaruk and Jakub Nowak concluded the Investment Agreement, pursuant to which the fulfillment of certain conditions precedent, including, in particular, after its approval by the President of the OCCP, Eurocash will acquire a 100% share in Polska Dystrybucja Alkoholii sp. z o.o. ("PDA"). Due to the necessity of integrating PDA at the operational level, in the opinion of Eurocash S.A. Board full synergies associated with this transaction will be possible to reach within 3 years after the acquisition of control over PDA.

Acquisition of Firma Rogala shares

On 29th January 2016 pursuant to the preliminary agreement of 18th September 2014 (please see current report no. 46/2016), Eurocash executed with Hadrick Investments sp. z o.o, Jerzy Rogala and Ewelina Wójcik Rogala ("Firma Rogala") an agreement of acquisition of 50% shares in Firma Rogala, one of the largest Delikatesy Centrum franchisees. The acquisition of a stake in Firma Rogala is in line with Eurocash Group's M&A policy. It is aimed at developing a long-term partnership with one of the

key franchisees, running 63 outlets, ensuring the stable growth of the Delikatesy Centrum network and increasing Eurocash Group's revenue.

Apart of information provided in this report there are no other material factors which might influence the results of the Eurocash Group during the next quarter of the year.

5.3 Information on Transactions with Connected Entities

The surety by the subsidiaries in connection with the conclusion of the loan agreement

On 14 September 2015 Subsidiaries - Eurocash Service Sp. z o.o. and Eurocash Franczyza Sp. z o.o. granted a surety for the liabilities due the revolving credit agreement to the amount of PLN 700,000,000.00 concluded on 14 September 2015 between the Company, EC Serwis, EC Franczyza and:

- (i) Bank Zachodni WBK S.A.,
- (ii) Bank BGŻ BNP Paribas S.A.,
- (iii) Bank Gospodarstwa Krajowego,
- (iv) mBank S.A.,
- (v) Bank Polska Kasa Opieki S.A.

On the basis of the Loan Agreement, the Company may use the funds from the loan until 14 August 2020. The final deadline for full repayment date is 14 September 2020. Resources made available to the Company under the Credit Agreement may be used to repay part of the existing short-term financial debt of the Company and for general corporate purposes of the Company.

In the 2015 companies belonging to Eurocash Group did not execute other transactions with related parties otherwise than in the ordinary course of business on an arm's length basis.

5.4 Information on Transactions with Connected Entities

In the 2015 companies belonging to Eurocash Group did not execute other transactions with related parties otherwise than in the ordinary course of business on an arm's length basis.

5.5 Forecasts Publication

The Management Board of Eurocash S.A. did not publish financial forecasts for 2015 or 2016.

5.6 Changes in Key Management Principles

2015 saw no changes in key management principles.

5.7 Agreements with Members of the Management Board as Financial Compensation Guarantees

The Company did not enter into any agreements with the members of the Management Board which would provide compensation guarantees should members of the Management Board resign or be dismissed from their positions without a sound reason.

Agreements with the members of the Management Board anticipate that consist should the majority shareholder change in the Controlling Entity, i.e. the shareholder who holds at least 50% (fifty percent) and 1 (one) one share in Eurocash (Politra B.V.), the notice period in respect of the agreement shall be 12 months.

5.8 Information on Registered Audit Company

The separate financial statements of Eurocash were audited by KPMG Audyt Sp. z o.o. sp.k. on the basis of a contract concluded on 25 November 2015. The separate financial statements of Eurocash for 2014 were audited by KPMG Audyt Sp. z o.o. sp.k. on the basis of a contract concluded on 17 June 2014.

The total fees specified in the contract between Eurocash S.A. and the registered audit company payable or paid for the audit and the review of the separate financial statements and for other services are presented below:

:

Table 11. Capital expenditures for audit and review of financial statements

Thousands of PLN	2015	2014
Audit of financial statements	480,0	400,0
Review of financial statements	220,0	200,0
Other services	17,5	85,0
Total capital expenditures	717,5	685,0

6. STATEMENT ON CORPORATE GOVERNANCE RULES

6.1 Indication of Corporate Governance Rules Applicable to Issuer

Pursuant to § 29 Sec. 2 of the Warsaw Stock Exchange S.A. Rules in the wording adopted by virtue of the Stock Exchange Council Resolution No. 1/1110/2006 dated January 4, 2006, with further amendments, Eurocash S.A. (hereinafter, the “Company”, “Issuer”, “Eurocash”) is obliged to apply the corporate governance rules set down in the document entitled “Good Practices of Companies Listed on the WSE”, which constitutes an attachment to Resolution No. 12/1170/2007 of the Stock Exchange Council dated 4 July 2007 (amended by way of Resolution No. 17/1249/2010 of the Stock Exchange Council dated 19 May 2010 (hereinafter referred to as “Good Practices”), available on the following website www.corp-gov.gpw.pl.

In the fiscal year ended 31 December 2015, the Issuer observed all corporate governance rules set forth in the collection of Good Practices as well as no permanent or temporary breach of any of the corporate were fully implemented in Company operations.

On 13 October 2015 the Stock Exchange Council adopted Rules setting down new corporate governance rules in the document of “Good Practices for Companies listed on Warsaw Stock Exchange 2016”. New rules were implemented by Eurocash in 2016.

6.2 Shareholders structure

Shareholders with Direct or Indirect Substantial Shareholding in Eurocash

As at 31 December 2015 the structure of shareholders holding directly or indirectly large blocks of shares in Eurocash S.A. was as below.

Table 12. Shareholders with Direct or Indirect Substantial Shareholding in Eurocash

Shareholder	31.12.2015				31.12.2014			
	Number of shares	Share in share capital (%)	Number of votes	Share in total number of votes (%)	Number of shares	Share in share capital (%)	Number of votes	Share in total number of votes (%)
Luis Amaral (directly and indirectly by Politra B.V. S.a.r.l.)	60 615 240	43,66%	60 615 240	43,66%	60 615 240	43,71%	60 615 240	43,71%
Funds managed by Cartica Management	-	< 5%	-	< 5%	6 994 140	5,04%	6 994 140	5,04%
Funds managed by Coronation Assets Management (Pty) Limited	-	< 5%	-	< 5%	6 929 097	5,00%	6 929 097	5,00%
Others	78 214 071	56,34%	78 214 071	56,34%	64 142 159	46,25%	64 142 159	46,25%
Total	138 829 311	100,00%	138 829 311	100,00%	138 680 636	100,00%	138 680 636	100,00%

On 12th February 2015, Eurocash received from the company Cartica Management, LLC, information that in connection with a transaction executed on the regulated market on the Warsaw Stock Exchange on 28th January 2015, which was settled on 30th January 2015, involving the sales by the Funds managed by Cartica Management of 30.000 ordinary bearer shares in Eurocash S.A. (the ‘Company’), became the holder of providing less than 5% of the total number of votes at the EUROCASH S.A. General Meeting.

After the settlement of the transaction, the Funds managed by Cartica Management held 6,819,864 shares in the Company, which represented a 4.918% stake in the Company's shares capital and 4.918% of the total number of votes at the General Meeting of the Company.

On 6th August 2015, Eurocash received from the company Coronation Asset Management (Pty) Limited, information that in connection with transactions executed on the regulated market on the Warsaw Stock Exchange on 30th July 2015, which was settled on 3 August 2015, involving the sales by the Funds managed by Coronation Asset Management became the holder of providing less than 5% of the total number of votes at the EUROCASH S.A. General Meeting.

After the settlement of the transaction, the Funds managed by Coronation Asset Management held 6,844,613 shares in the Company, which represented a 4.94% stake in the Company's shares capital and 4.94% of the total number of votes at the General Meeting of the Company.

Number of Eurocash S.A. Shareholding Held by Management and Supervisory Members

The number of company shares held by the management and supervisory members as at 31.12.2015 was as follows:

Table 13. Shares in the company held by members of the management board and their rights to subscription

	Eurocash shareholding		Share subscription rights	
<i>Management Board</i>	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Luis Amaral (directly and indirectly by Politra B.V. S.a.r.l)	60 615 240	60 615 240	0	0
Rui Amaral	347 025	347 025	50 000	50 000
Katarzyna Kopaczewska	305 000	337 000	25 000	25 000
Arnaldo Guerreiro	300 500	300 500	25 000	25 000
Pedro Martinho	843 050	843 050	0	35 000
Carlos Saraiva	0	0	15 000	15 000
Jacek Owczarek	33 500	53 500	25 000	25 000
David Boner	0	0	0	0

Table 14. Shares in the company held by supervisory board and rights to subscription

	Eurocash shareholding		Share subscription rights	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
João Borges de Assuncao	0	0	0	0
Eduardo Aguinaga de Moraes	0	0	0	0
Francisco José Valente Hipólito dos Santos	0	0	0	0
Hans Joachim Körber	0	0	0	0
Jacek Szwajcowski	0	0	0	0

Beareres of All Securities which Grant Special Control Rights and Discussion of Entitlements

No securities which would grant special control rights nor preferential shares are noted in the Company. However, the Articles of Association of the Company grant personal rights to a specific shareholder. Pursuant to § 13 Sec. 2 of the Articles of Association, should Politra B.V., organized and operating under Dutch law, or any of its legal successor, continues to be a shareholder with 30% or more shareholding in the Company's share capital, it will have the right to appoint and recall 3 (three) Members of the Supervisory Board of Eurocash.

Restrictions regarding Exercising Right to Vote

Each share of Eurocash gives the right to one vote at the Shareholders' Meeting. The Articles of Association do not provide for any restrictions as to exercising the right to vote carried by Eurocash shares, such as restrictions to exercising the right to vote by the holders of a defined part or number of votes, time restrictions related to exercising the right to vote or provisions pursuant to which (with the Company's cooperation) capital interests related to securities are separated from holding securities.

A prohibition on exercising the right to vote by the shareholder may result from art. 89 of the Act dated July 29, 2005 on Public Offerings, and Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies (hereinafter "Act on Offering"), should the shareholder violate specified provisions set forth in Chapter 4 of the Act on Offering. Pursuant to art. 6 § 1 of the Commercial Companies Code, should the controlling entity fail to notify the controlled capital company about the introduction of the dominant relationship within two weeks of the start of the relationship, the right to vote carried by shareholding in the controlling entity which represents over 33% of the share capital of the controlled company is suspended.

Restrictions regarding Transfer of Ownership Rights to Securities of Issuer

The Articles of Association do not provide for any restrictions regarding the transfer of ownership rights to securities of the Issuer. The restrictions, however, arise from the provisions of law, including hereinabove mentioned Chapter 4 of the Act on Offering, art. 11 and 19 and Part VI of the Act dated July 29, 2005 on Trading in Financial Instruments, Act dated February 16, 2007 on the Protection of Competition and Consumers as well as Council Directive (EC) No. 139/2004 dated January 20, 2004 on the control of business consolidations.

Agreements which May Result in Changes of Blocks of Shares Held

Apart from the incentive schemes for managers and employees, the Management Board of Eurocash is not aware of any agreements which could cause changes in the proportion of blocks of shares held by the shareholders in the future.

6.3 The parent's governing bodies

Management Board

Composition of the Management Board, changes thereto and rules of appointment

The Company's management body is the Management Board. The Management Board of the Parent is composed of seven members. The composition of the Management Board in the period January 1st – December 31st was as presented in the table 20.

Table 15. The composition of the Management Board in 2015

Luis Manuel Conceicao do Amaral	President of the Management Board
Rui Amaral	Member of the Management Board - CEO
Arnaldo Guerreiro	Member of the Management Board
Pedro Martinho	Member of the Management Board
Carlos Saraiva	Member of the Management Board
Jacek Owczarek	Member of the Management Board – Financial Director
Katarzyna Kopaczewska.	Member of the Management Board – HR Director
David Boner	Member of the Management Board

On 25th February 2015 the Supervisory Board adopted a resolution that Mr. David Bonner is appointed as Member of the Management Board. Mr David Bonner is responsible for Eurocash Cash&Carry Eurocash Alkohole business units.

On 18th December 2015 Mr. Carlos Saraiva resigned from function of Member of the Management Board of Eurocash, with effect on 31st December 2015, without indicating the reasons of resignation.

Powers of the Management Board

The Management Board manages the Company's affairs and represents the Company. Two members of the Management Board acting jointly or one member of the Management Board acting jointly with a holder of a commercial power of attorney may submit statements of will and sign documents on behalf of the Company.

The work of the Management Board is headed by the President of the Management Board. All members of the Management Board are obliged and entitled to jointly manage the Company's affairs, in particular in the following scopes:

- (i) determine the long- and medium-term development strategy as well as main objectives of the Company operations, increase the Company value to the shareholders and report them to the

Supervisory Board, review the level of achievement of such goals and modify them if necessary

- (ii) define the Company's financial goals
- (iii) implement and follow through the long- and medium-term development strategy as well as the main Company's operating objectives and financial goals
- (iv) analyze major investment projects and related methods of funding
- (v) determine the principles of HR and remuneration policies, including:
 - appointment of the Company's key management staff
 - determining principles of employment, remuneration, and HR policies, as well as conducting a periodical analysis of the HR situation in the Company
- (vi) establish the Company's organizational structure
- (vii) approve the annual and/or long-term Company's budget
- (viii) determine an internal division of duties and responsibilities for Management Board Members
- (ix) set down Rules and other internal regulations of the Company unless the provisions of law or Articles of Association provide otherwise
- (x) take decisions on matters of exceptional importance as well as matters and transactions which may constitute material risk to the Company in line with the justified opinion of the Management Board Member
- (xi) request that the Supervisory Board submit an appraisal of draft resolutions which are to be presented to Shareholders at the Shareholders' Meeting
- (xii) any other actions which go beyond the ordinary management of the Company

In the remaining scope, respective Management Board members are responsible for independent management of Company affairs resulting from an internal allocation of duties and functions determined by the decision of the Management Board.

The Management Board may adopt resolutions at the Management Board meeting or outside the Management Board meeting in writing or as facilitated by remote communication tools. Resolutions of the Management Board are adopted by a simple majority of votes cast by Management Board members. Minutes of the resolutions are taken. Proper notification of the meeting to all Management Board members is required for the validity of the Management Board resolutions.

Detailed Management Board procedures are defined in Management Board Rules adopted by the Management Board and approved by the Supervisory Board. The content of the most up-to-date Management Board Rules is available at:

<http://eurocash.pl/pub/eng/uploaddocs/lad-korporacyjny-zalaczniki/regulamin-zarzadu-2008-ang.3166178158.pdf>

Remuneration, bonuses and employment contract terms of the Management Board Members

Information on remuneration paid to the members of the Management Board in 2015 is provided in the section of the annual report which contains the annual consolidated financial statements, in note n. 29

Supervisory Board

Composition of the Supervisory Board, changes thereto and rules of appointment

The Supervisory Board is composed of 5 members, whereby the right to appoint and recall 3 (three) members of the Supervisory Board is held by Politra B.V. (or its legal successor) as specified in point above, while 2 members of the Supervisory Board are appointed and recalled by the General Shareholders' Meeting. The Supervisory Board member may be recalled only when the action is accompanied by a simultaneous appointment of the new Supervisory Board member.

The composition of the Supervisory Board in the period January 1st – December 31st was as presented in the table below.

Table 16. The composition of the Supervisory Board in 2015

João Borges de Assuncao	Chairman of the Supervisory Board
Eduardo Aguinaga de Moraes	Member of the Supervisory Board
Francisco José Valente Hipólito dos Santos	Member of the Supervisory Board
Hans Joachim Körber	Member of the Supervisory Board
Jacek Szwajcowski	Member of the Supervisory Board

The status of independent Supervisory Board members is held by the following persons:

- (i) Mr. Jacek Szwajcowski and Hans Joachim Körber as Supervisory Board members, appointed by the Company's General Shareholders' Meeting, and
- (ii) Mr. João Borges de Assunção, Eduardo Aguinaga de Moraes and Francisco José Valente Hipólito dos Santos, appointed by Politra B.V., which submitted representations which meet criteria of an independent Supervisory Board member.

Thus, 5 of the 5 Supervisory Board members of the Company are "independent members".

The Board selects its President from amongst its members. The Supervisory Board may also recall the President of the Board from his function. The Supervisory Board exercises an on-going supervision of Company operations in all areas.

Powers of the Supervisory Board

Pursuant to § 14 Sec. 2 of the Issuer's Statutes, powers of the Supervisory Board include, in particular:

- (i) review and assessment of the Management Board's 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
- (ii) assessment of the Management Board's recommendations concerning distribution of profit or loss cover
- (iii) submitting to the General Shareholders' Meeting an annual written report on the results of the assessment referred to above
- (iv) appointing and recalling, as well as suspending Members of the Management Board for an important reason
- (v) issuing opinions on planned amendments to the Company's Articles of Association
- (vi) approving annual budgets drafted by the Management Board and amendments to such budgets no later than by 30 November of each calendar year
- (vii) issuing opinions on granting loans or financial assistance as well as concluding agreements with any Member of the Management Board which fall outside an ordinary course of business
- (viii) electing an expert auditor to examine the Company's financial statements
- (ix) adopting a uniform text of the Articles of Association
- (x) other matters which require a resolution of the Supervisory Board under binding legal regulations or other provisions of the Articles of Association

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

- (i) decisions concerning joint-ventures with other entities
- (ii) decisions concerning mergers with other entities as well as acquisitions of other entities or enterprises
- (iii) incurring any liability in excess of PLN 100,000,000 and the encumbrance on the Company's assets with a value in excess of PLN 150,000,000 if such transactions have not been provided for in the annual budget
- (iv) sale or lease or transfer of the Company's assets with the value in excess of EUR 1,000,000 or its zloty equivalent if such a transaction has not been provided for in the annual budget
- (v) issuing opinions concerning the determination and changes in remuneration levels or terms of employment of Management Board Members
- (vi) raising, issue, taking up or disposal of shares in another subsidiary entity
- (vii) development and modification of any stock option scheme or an incentive scheme of a similar nature for the Company's management and employees
- (viii) the conclusion of a material agreement by the Company with a related entity as interpreted by the regulations concerning the submission of current and periodical information by issuers whose shares are quoted on the Stock Exchange in Warsaw S.A. except for standard

transactions concluded on market terms as part of company operations entered into by the Company with its subsidiary entity in which the Company is a majority shareholder

The Supervisory Board performs its duties as a group. The Supervisory Board may delegate specific supervisory tasks to individual Members by way of a resolution adopted by a simple majority of votes.

Supervisory Board members perform their duties personally. However, they may participate in an adoption of resolutions of the Supervisory Board by voting in writing through another Supervisory Board member. The Supervisory Board may adopt resolutions at a session or in writing or by using remote communication tools. Resolutions of the Supervisory Board are adopted by a simple majority of votes in the presence of at least 3 members of the Board. Should an even number of votes be cast in 'favor of' and 'against' a resolution, the President of the Supervisory Board shall have the casting vote. Moreover, the consent of the majority of independent Supervisory Board members is required for the adoption by the Supervisory Board of resolutions in the following matters:

- (i) any action by the Company or any of its related entity that benefits the Members of the Management Board
- (ii) election of an expert auditor to examine the Company's financial statements
- (iii) issuing opinions on granting loans or financial assistance as well as concluding agreements with any Member of the Management Board which fall outside an ordinary course of business
- (iv) granting the Management Board the approval to limit or waive in full the priority rights (pre-emptive rights) of the Company's shareholders with respect to any of the Company's shares to be issued within the limits of the authorized capital

The detailed procedure of operations of the Supervisory Board is set out by the Supervisory Board Rules. The content of applicable Supervisory Board Rules is available at the following address:

<http://eurocash.pl/pub/eng/uploaddocs/lad-korporacyjny-zalaczniki/unified-text-of-sb-by-laws-2009.2598766460.pdf>

Remuneration, bonuses and employment contract terms of the Supervisory Board Members

Information on remuneration paid to the members of the Supervisory Board in 2015 is provided in the section of the annual report which contains the annual consolidated financial statements, in note n.
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Supervisory Board Committees

The following internal committees operate under the auspices of the Supervisory Board:

- (i) the Audit Committee, and
- (ii) the Remunerations Committee

The members of each of the said committees are selected by the Supervisory Board where the Remunerations Committee should include at least one independent Supervisory Board member while the Audit Committee should include at least two independent Supervisory Board members and one

member who is a financial specialist, i.e. a person having pertinent experience in finance management and accountancy in public companies or other companies of comparable size.

Responsibilities of the Audit Committee include as follows:

- (i) supervising the submission of financial information by the Company in the periodical reports, forecasts, etc.
- (ii) supervising the activities of external auditors of the Company
- (iii) giving the opinion on the candidates for the Company's external auditors to be elected by the Supervisory Board, where external auditors should be changed at least once every 7 years
- (iv) supervising the relationship with the external auditor, including in particular assessing the external auditor's independence, remuneration and any non-auditing work for the Company, as well as determining the involvement of the external auditor with respect to the content and publication of financial reporting
- (v) each year, evaluating the internal control system in place and the significant risk management system in place, as well as self-evaluation in a form of an annual report of its deliberations, findings, and relationships with the external auditor (in particular, including his/her independence) to be included as part of the Supervisory Board's annual report to be
- (vi) presented at the Ordinary General Meeting of Shareholders.

The Audit Committee is composed of the following members: Messrs. Eduardo Aguinaga de Moraes (Chairman), António José Santos Silva Casanova and Ryszard Wojnowski.

Responsibilities of the Remunerations Committee include as follows:

- (i) reporting to the Supervisory Board of the existence of a remuneration policy for the Management Board, which is known to the Remunerations Committee in sufficient detail, including (a) the remuneration structure, (b) the amount of fixed remuneration, (c) the shares and/or options and/or other variable remuneration components and other forms of remuneration, as well as the performance criteria and the application thereof by Management Board Members
- (ii) each year, submitting a proposal for the Supervisory Board's approval for an appraisal concerning the compliance of the remuneration policy for the Management Board and application thereof with regard to the desired standards of corporate governance
- (iii) ensuring the disclosure to the Supervisory Board of the remuneration of the Management Board resulting from an implementation of the remuneration policy
- (iv) each year, submitting a self-assessment in the form of an annual report of its performance to be included as part of the Supervisory Board's annual report and to be presented at the Ordinary General Meeting of Shareholders.

The Remunerations Committee is composed of the following members: Messrs. António José Santos Silva Casanova (Chairman), Eduardo Aguinaga and Janusz Lisowski.

The rules governing the operations of both committees are regulated in detail in Section VII of the Supervisory Board Rules available at the following address:

<http://eurocash.pl/pub/eng/uploaddocs/lad-korporacyjny-zalaczniki/unified-text-of-sb-by-laws-2009.2598766460.pdf>

General Shareholders' Meeting

The manner of conduct applicable to the General Shareholders' Meeting and its fundamental powers follow directly from the provisions of law which were partly incorporated in the Statutes and By-laws of the Company's General Shareholders' Meeting. Both the Statutes and the By-laws of the General Shareholders' Meeting are available on the Company's website at the following link:

<http://eurocash.pl/pub/eng/uploaddocs/lad-korporacyjny-zalaczniki/unified-text-of-gm-by-laws-2009.3341172403.pdf>

As of 3 August 2009, in line with § 15 item 3 of the Statutes and in line with § 1 item 3 of the By-laws of the Company's General Shareholders' Meeting, the Meeting is convened by way of an announcement which contains all items stipulated in art. 402 of the Commercial Companies' Code, made no later than 26 days prior to the date of the General Shareholders' Meeting by way of posting the announcement on the Company's website in line with the provisions of binding information submission stipulated in the Act on Offering.

Each General Shareholders' Meeting should be attended by members of the Supervisory Board and the Management Board in the number which will facilitate a provision of technical answers to queries rose in the course of the Meeting. A chartered auditor should attend the Annual Ordinary General Meeting of Shareholders as well as the Extraordinary General Meeting of Shareholders if financial matters of the Company are discussed. Members of the Supervisory Board, the Management Board and the chartered auditor should offer explanations and supply information related to the Company within their discretion and to the extent necessary for the resolution of matters discussed in the Meeting.

The General Meeting may be attended by members of the Management Board and Supervisory Board, certified auditor, if the Company's financial affairs are to be discussed, experts invited by the body which convenes the General Meeting, the notary who draws up the minutes of the General Meeting, and representatives of mass media. Other persons may participate in the General Meeting with the consent of the Chairman of the General Meeting.

According to the Articles of Association, the powers of the General Meeting include in particular:

- (i) review and approval of the Management Board Report on the operations of the Company and financial statements for the previous financial year, and granting approval to members of the Company's governing bodies for the performance of their duties
- (ii) decisions concerning claims to remedy damage inflicted at the time of the Company's establishment or in connection to its management by the Management Board
- (iii) sale or lease of the enterprise or an organized part thereof as well as the creation of limited property rights therein
- (iv) creation of the Company's capitals and funds and their allocation
- (v) approval of the Company's long-term strategic plans
- (vi) adopting resolutions on the distribution of profit and loss cover
- (vii) amending the Articles of Association
- (viii) increasing and decreasing the Company's share capital
- (ix) dissolution or liquidation of the Company
- (x) authorization for the Company to enter into a standby or firm commitment underwriting agreements
- (xi) appointment or dismissal of two members of the Supervisory Board
- (xii) setting down the rules for and levels of remuneration of members of the Supervisory Board
- (xiii) adopting the Rules of the Supervisory Board
- (xiv) dismissal or suspension of members of the Management Board
- (xv) adopting the Rules of the General Meeting
- (xvi) taking decisions in other matters which rest within the exclusive competence of the General Meeting pursuant to the provisions of the Commercial Companies Code or other laws or pursuant to the Company's Statutes

Discussion of Amendments to Issuer's Statutes

A resolution adopted by the Shareholders' Meeting concerning amendments to the Statutes must be preceded by an appraisal issued by the Company's Supervisory Board. Amendments to the provisions of the Statutes which consist in material changes to the subject matter of the Company's business operations without share buyout from shareholders who do not consent to the amendments requires that the resolution of the General Shareholders' Meeting be adopted by the majority of $\frac{3}{4}$ votes cast in the presence of shareholders who represent at least 50% of the Company's share capital.

Amendments to the provisions of the Statutes which concern a decrease in the Company's share capital requires that the resolution of the General Shareholders' Meeting be adopted by the majority of $\frac{3}{4}$ votes.

Amendments to the provisions of the Statutes which concern any other matters require that the resolution of the General Shareholders' Meeting be adopted by the absolute majority of votes unless the provisions of the Commercial Companies Code or the Act on Offering stipulate otherwise.

Discussion of Premises for Appointing and Recalling Management Staff and Their Entitlements - in particular Right to Take Decisions on Share Issue or Buyout

Pursuant to § 9 Sec. 1 and 2 of the Articles of Association, the Management Board consists of 2 to 10 members appointed by the Supervisory Board for an individual three-year term of office. The number of members on the Management Board is determined by the Supervisory Board. The Supervisory Board also appoints one member of the Management Board as President of the Management Board by way of resolution. Any Management Board member may be recalled from office by way of a resolution adopted by the Supervisory Board or the General Shareholders' Meeting of the Company.

The scope of activities of the Management Board includes any and all affairs of the Company not reserved for the powers of the General Shareholders' Meeting and the Supervisory Board. The range of powers of the General Shareholders' Meeting and the scope of powers of the Supervisory Board are defined in Point 7.3 of the Report. The Management Board manages the affairs of the Company and represents the Company externally.

The Management Board may decide on the share buyout in circumstances and on terms determined in commonly applicable provisions of law. The detailed rules governing the functioning of the Management Board are stipulated in Point 7.3 of the Report.

6.4 Information on Employee Shares Control System

Incentive schemes based on the issue of Eurocash S.A. shareholding are specified below.

No.	Legal Basis	Number and Class of Eurocash Shares	Determined or Projected* Issue Price	Option Exercise Date
1.	Resolution No. 18 of the Ordinary Shareholders' Meeting of Eurocash S.A. dated 28 June 2007 regarding the Fourth and Fifth Incentive and Bonus Scheme for Employees for years 2007 and 2008	Up to 1,020,000 Class G Shares	PLN 9.78 (issue price published in current report No. 71/2011)	from 1 January 2012 to 31 December 2013
		Up to 1,020,000 Class H Shares	PLN 8.89 (issue price published in current report No. 51/2012)	from 1 January 2013 to 31 December 2014
2.	Resolution No. 16 of the Ordinary Shareholders' Meeting of Eurocash S.A. dated 2 June 2010 regarding the Seventh Incentive and Bonus Scheme for Employees	Up to 197,500 Class I Shares	PLN 25,13 (issue price published in current report No. 44/2013)	from 1 January 2014 to 31 December 2014
3.	Resolution No. 3 of the Extraordinary Shareholders' Meeting of Eurocash S.A. dated 26 November 2012 regarding the Eighth, Ninth and Tenth Incentive and Bonus Scheme for Employees	850,000 Class M Shares	PLN 38	from 1 February 2015 to 31 January 2017
		850,000 Class N Shares	Goal not achieved.	Not applicable
		850,000 Class O Shares	Goal not achieved.	Not applicable

Forecasted Costs Connected with Incentive Schemes Introduced

Costs connected with employee incentive schemes based on the issue of Eurocash S.A. (the "Company") shares are calculated by the Company throughout the rights acquisition period and depreciated monthly. The fair value of options is established on the basis of the Black-Scholes-Merton model.

According to the model, the value of options is calculated in line with the following parameters:

- **Grant date:** For incentive schemes based on the issue of M shares, the start of the option exercise period was set as the grant date whereas the date of adopting the resolution of the General Assembly which approved the list of entities entitled to take up shares.
- **Option exercise date:** For all schemes the start of the option exercise period was assumed as the option exercise date.
- **Risk-free rate:** This value is estimated based on the average yield of Treasury Bonds with the tenor closest to the option strike date as at the valuation date.
- **Volatility:** Calculated based on historical volatility of daily returns of Eurocash shares on the Warsaw Stock Exchange (WSE), taking into account 250 trading sessions prior to the valuation date.
- **Option strike price:** In accordance with the principles of programs based on the shares of Series M exercise price of the options are PLN 38.00.
- **Base (current) stock price:** It is the Eurocash share price at the close of the trading session on WSE as at the valuation date.

In 2015, the cost related to the valuation of incentive schemes amounted to PLN 1,013,543.00 while in 2014 the amount was PLN 12,162,513.00

Key Features of Internal Control and Risk Management Systems Applied by the Company in Drafting Financial Statements

The Management Board of the Controlling Entity is responsible for the Group's internal control system and its effectiveness in the process of drafting financial statements and periodical reports drawn up and published in accordance with the stipulations set forth in the Decree dated February 19, 2009 on current and periodical information submitted by issuers of securities and on terms on which information required under the provisions of law of a country not being a member country is recognized as equivalent.

The Management Board of the Controlling Entity is responsible for mapping out and following the risk management policy. To ensure that these duties are carried out, the Management Board appointed the Risk Management Team which is responsible for developing and monitoring the risk management policy. The Team regularly submits reports on its work progress to the Management Board.

The Risk Management Team was appointed to identify and analyze risks related to the Group's operations and to establish adequate risk controls and risk limits as well as to monitor deviations noted

from the limits. The risk management policy and system are reviewed on a regular basis so that they reflect ongoing changes in market conditions and the Group's operations. The Group strives to achieve a disciplined and constructive control of the environment where every employee would understand their roles and duties through skills (qualifications) enhancement and an application of standards and procedures by the Group.

The Financial Department of the Controlling Entity headed by the Financial Director is in charge of drafting consolidated financial statements and periodical reports of the Group. Financial data which is the basis for consolidated financial statements and periodical reports are sourced from monthly financial and management reporting applied by the Group's member companies. After each calendar month is closed for accounting purposes, middle and top management jointly analyzes the companies' financial performance against relevant budget assumptions.

One of the basic elements of control in the process of drafting consolidated financial statements is the review of consolidated financial statements by an independent auditor. The auditor's primary task is to review the semi-annual financial statements and carry out a preliminary and basic examination of the consolidated annual statements. The independent auditor is elected by the Company's Supervisory Board. The audited financial statements are forwarded to the members of the Supervisory Board of the Controlling Entity for the review of the Group's financial statements.

Internal control exercised by the Internal Audit Department of the Controlling Entity is an important element of risk management in the process of drafting financial statements. Duties of the Department include the implementation of the risk management policy and procedures. The Internal Audit Department carries out both scheduled audits as well as ad hoc checks on procedures.

The annual program of the planned internal audits is developed on the basis of the risk assessment of business processes carried out by the Internal Audit Director in cooperation with the Management Board of the Controlling Entity. The planned audits are supplemented by ad hoc audits carried out at the request of the Management Board of the Controlling Entity as well as review audits concerning recommendations for enhanced control mechanisms across the Group.

The Company conducts an annual review of both business strategy and plans. The budgeting process is supported by the Group's middle and top management. The budget and business plan drafted for the subsequent year is adopted by the Management Board of the Controlling Entity and approved by the Supervisory Board. During the year, the Management Board of the Controlling Entity analyses financial performance against budget adopted in line with the Group's adopted accounting policy.

The Management Board of the Controlling Entity systematically evaluates the quality of internal control and risk management systems in relation to the process of drafting consolidated financial statements. In line with such evaluation, the Management Board of the Controlling Entity declared that as at December 31, 2015 no weaknesses existed which could have a material adverse effect on the effectiveness of internal controls as far as financial reporting is concerned.

7. REPRESENTATIONS OF THE MANAGEMENT BOARD

7.1 Accuracy and Reliability of Reports Presented

Members of the Management Board of Eurocash S.A. represent that - to their best knowledge:

- the consolidated annual financial statements for the Eurocash S.A. capital group and comparative data were drawn up in accordance with the applicable accounting principles and give, diligent, and transparent view of the economic and financial position of the Eurocash Group and of its financial performance for 2015
- the report of the Management Board on business operations of Eurocash S.A. in 2015 contains a true view of the development, achievements, and the position of Eurocash S.A. , including the discussion of main risks and threats.

7.2 Appointment of Entity Qualified to Audit Financial Statements

The members of the Management Board of Eurocash S.A. represent that KPMG Audyt Sp. z o.o. sp.k., the entity qualified to audit financial statements which audited the annual consolidated financial statements of the Eurocash Group was appointed in line with the applicable laws and regulations. The entity and the auditors involved met the criteria to formulate an impartial and independent opinion on the audit of the annual consolidated financial reports in line with the applicable provisions of law and professional standards.

APPENDIX A: Financial Ratios Definitions

Gross profit margin on sales:	ratio of gross sales margin to net sales revenues
EBITDA margin:	ratio of EBITDA (operating profit plus depreciation) to net sales revenues
Operating profit margin:	ratio of operating profit (EBIT) to net sales revenue
Net profit margin on sales:	ratio of net profit to net sales revenue
Inventories turnover:	the ratio of balance of stock at the end of period to net sales for period multiplied by the number of days in the period
Trade receivables turnover:	the ratio of balance of trade receivables at the end of period to net sales for period multiplied by the number of days in the period
Trade liabilities turnover:	the ratio of balance of trade liabilities at end of period to costs of goods sold for period multiplied by the number of days in the period
Operating cycle:	the sum of stock turnover and receivables turnover
Cash conversion cycle:	the difference between operating cycle and liabilities turnover

SIGNATURES OF MANAGEMENT BOARD MEMBERS

Position	Name and surname	Date	Signature
President	Luis Amaral	18 th March 2016	
Management Board Member Chief Executive Officer	Rui Amaral	18 th March 2016	
Management Board Member	Arnaldo Guerreiro	18 th March 2016	
Management Board Member	Pedro Martinho	18 th March 2016	
Management Board Member Human Resources Director	Katarzyna Kopaczewska	18 th March 2016	
Management Board Member	Carlos Saraiva	18 th March 2016	
Management Board Member Financial Director	Jacek Owczarek	18 th March 2016	
Management Board Member	David Boner	18 th March 2016	

SELECTED SEPARATE FINANCIAL DATA

	for the period from 01.01.2015 to 31.12.2015 PLN	for the period from 01.01.2014 to 31.12.2014 PLN	for the period from 01.01.2015 to 31.12.2015 EUR	for the period from 01.01.2014 to 31.12.2014 EUR
Net sales	13 750 715 992	12 115 789 011	3 286 578 549	2 894 912 791
Operating profit (loss)	197 393 556	203 913 086	47 179 320	48 722 423
Profit (loss) before tax	527 891 583	246 424 495	126 172 132	58 879 981
Net Profit (loss) on continued operations	500 681 214	244 579 936	119 668 542	58 439 247
Net profit (loss)	500 681 214	244 579 936	119 668 542	58 439 247
Net operating cash flow	774 170 775	82 875 304	185 035 679	19 801 994
Net investment cash flow	54 455 174	70 078 439	13 015 410	16 744 347
Net financial cash flow	(812 704 819)	(165 715 887)	(194 245 756)	(39 595 691)
Net change in cash and cash equivalents	15 921 130	(12 762 144)	3 805 332	(3 049 351)
Weighted average number of shares	138 697 752	138 528 195	138 697 752	138 528 195
Weighted average diluted number of shares	138 761 353	138 620 708	138 761 353	138 620 708
EPS (in PLN / EUR)	3,61	1,77	0,86	0,42
Diluted EPS (in PLN / EUR)	3,61	1,76	0,86	0,42
Average PLN / EUR rate*			4,1839	4,1852
	as at 31.12.2015 PLN	as at 31.12.2014 PLN	as at 31.12.2015 EUR	as at 31.12.2014 EUR
Assets	5 016 924 491	5 180 046 642	1 177 267 275	1 215 317 233
Long-term liabilities	180 427 849	165 476 051	42 339 047	38 823 183
Short-term liabilities	3 649 385 875	4 228 796 637	856 361 815	992 139 605
Equity	1 187 110 767	785 773 954	278 566 413	184 354 446
Share capital	138 829 311	138 680 636	32 577 569	32 536 573
Number of shares	138 829 311	138 680 636	138 829 311	138 680 636
Diluted number of shares	139 530 636	139 554 136	139 530 636	139 554 136
Book value per share (in PLN / EUR)	8,55	5,67	2,01	1,33
Diluted book value per share (in PLN / EUR)	8,51	5,63	2,00	1,32
Declared or paid dividend (in PLN / EUR)***	109 557 702	109 451 447	25 708 718	25 678 964
Declared or paid dividend per share (in PLN / EUR)	0,79	0,79	0,19	0,19
PLN / EUR rate at the end of the period**			4,2615	4,2623

* Profit and loss items and cash flow items calculated on basis at a weighted average rate announced by the National Bank of Poland for year 2015.

** Balance sheet items and book value per share have been converted using the official mid-rates announced by the National Bank of Poland prevailing on the balance sheet date.

*** Dividend for 2014 year was paid till 10 June 2015 for shareholders of Parent Company as at 19 May 2015.

Eurocash S.A.

**Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2015**

The opinion contains 3 pages
The supplementary report contains 10 pages
Opinion of the independent auditor
and supplementary report on the audit
of the separate financial statements
for the financial year ended
31 December 2015

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

OPINION OF THE INDEPENDENT AUDITOR

To the General Meeting of Eurocash S.A

Opinion on the Separate Financial Statements

We have audited the accompanying separate financial statements of Eurocash S.A., with its registered office in Komorniki, 11 Wiśniowa Street (“the Company”), which comprise the separate statement of financial position as at 31 December 2015, the separate income statement and the separate statement of comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

Management’s and Supervisory Board’s Responsibility for the Financial Statements

Management of the Company is responsible for the accuracy of the accounting records and the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union and with other applicable regulations and preparation of the report on the Company’s activities. Management of the Company is also responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

According to the Accounting Act dated 29 September 1994 (Official Journal from 2013, item 330 with amendments) (“the Accounting Act”), Management of the Company and members of the Supervisory Board are required to ensure that the financial statements and the report on the Company’s activities are in compliance with the requirements set forth in the Accounting Act.

Auditor’s Responsibility

Our responsibility is to express an opinion on these separate financial statements and whether the separate financial statements are derived from properly maintained accounting records based on our audit. We conducted our audit in accordance with section 7 of the Accounting Act and International Standards on Auditing as adopted by the National Council of Certified Auditors as the National Standards on Assurance. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accounting records from which they are derived are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management of the Company, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the accompanying separate financial statements of Eurocash S.A. have been prepared and present fairly, in all material respects, the unconsolidated financial position of the Company as at 31 December 2015 and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, are in compliance with the respective regulations and the provisions of the Company's articles of association that apply to the Company's separate financial statements and have been prepared from accounting records, that, in all material respects, have been properly maintained.

Specific Comments on Other Legal and Regulatory Requirements

Report on the Company's Activities

As required under the Accounting Act, we report that the accompanying report on the Company's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2014, item 133) and the information is consistent with the separate financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Registration No. 3546
ul. Inflancka 4A
00-189 Warsaw

Signed on the Polish original

.....
Wojciech Drzymała
Key Certified Auditor
Registration No. 90095
Limited Liability Partner with power of attorney

18 March 2016

Eurocash S.A.

Supplementary report
on the audit of the separate
financial statements
Financial Year ended
31 December 2015

The supplementary report contains 10 pages
The supplementary report on the audit
of the separate financial statements
for the financial year ended
31 December 2015

*This document is a free translation of the Polish original. Terminology current in
Anglo-Saxon countries has been used where practicable for the purposes of this
translation in order to aid understanding. The binding Polish original should be
referred to in matters of interpretation*

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1. General

1.1. General information about the Company

1.1.1. Company name

Eurocash S.A.

1.1.2. Registered office

Wiśniowa 11
61-052 Komorniki

1.1.3. Registration in the register of entrepreneurs of the National Court Register

Registration court:	District Court in Poznań – Nowe Miasto and Wilda in Poznań, VIII Commercial Department of the National Court Register
Date:	30 July 2004
Registration number:	KRS 0000213765
Share capital as at the end of reporting period:	PLN 138,829,311.00

1.1.4. Management of the Company

The Management Board is responsible for management of the Company.

As at 31 December 2015, the Management Board of the Company was comprised of the following members:

- | | |
|-----------------------------------|--------------------------------------|
| • Luis Manuel Conceicao do Amaral | – President of the Management Board, |
| • Rui Amaral | – Member of the Management Board, |
| • Arnaldo Guerreiro | – Member of the Management Board, |
| • Pedro Martinho | – Member of the Management Board, |
| • Katarzyna Kopaczewska | – Member of the Management Board, |
| • Jacek Owczarek | – Member of the Management Board. |
| • David Boner | – Member of the Management Board. |

According to the Supervisory Board's resolution dated 25 February 2015, Mr. David Boner was appointed to the position of Member of the Management Board.

On 18 December 2015 Mr. Carlos Saraiva resigned from the function of Member of the Management Board effectively from 31 December 2015.

1.2. Key Certified Auditor and Audit Firm Information

1.2.1. Key Certified Auditor information

Name and surname: Wojciech Drzymała
Registration number: 90095

1.2.2. Audit Firm information

Name: KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Address of registered office: ul. Inflancka 4A, 00-189 Warsaw
Registration number: KRS 0000339379
Registration court: District Court for the Capital City of Warsaw in Warsaw,
XII Commercial Department of the National Court Register
NIP number: 527-26-15-362

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. is entered into the register of audit firms, maintained by the National Council of Certified Auditors, under number 3546.

1.3. Prior period financial statements

The separate financial statements for the financial year ended 31 December 2014 were audited by KPMG Audyt Sp. z o.o. and received an unmodified opinion.

The separate financial statements were approved at the General Meeting on 24 April 2015 where it was resolved to allocate the net profit for the prior financial year of PLN 244,579,936 as follows:

- PLN 135,022,233.56 was transferred to the reserve capital,
- the remaining part of the net profit of PLN 109,557,702.44 was transferred for a dividend payment.

The separate financial statements were submitted to the Registry Court on 11 May 2015.

1.4. Audit scope and responsibilities

This report was prepared for the General Meeting of Eurocash S.A. with its registered office in Komorniki, 11 Wiśniowa Street and relates to the separate financial statements comprising: the separate statement of financial position as at 31 December 2015, the separate income statement and the separate statement of comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

The audited Company prepares its separate financial statements in accordance with International Financial Reporting Standards as adopted by the European Union on the basis of the decision of Supervisory Board dated 11 April 2005.

The separate financial statements were audited in accordance with the contract dated 30 September 2015, concluded on the basis of the resolution of the Supervisory Board on the appointment of the auditor.

We conducted our audit in accordance with section 7 of the Accounting Act dated 29 September 1994 (Official Journal from 2013, item 330 with amendments) (“the Accounting Act”) and International Standards on Auditing as adopted by the National Council of Certified Auditors as the National Standards on Assurance.

We audited the separate financial statements at the Company during the period from 23 November to 4 December 2015 and from 25 January to 12 February 2016.

Management of the Company is responsible for the accuracy of the accounting records and the preparation and fair presentation of the separate financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations and preparation of the report on the Company’s activities.

Our responsibility is to express an opinion and to prepare a supplementary report on the audit of the separate financial statements and whether the separate financial statements are derived from properly maintained accounting records based on our audit.

Management of the Company submitted a statement dated as at the same date as this report as to the true and fair presentation of the accompanying separate financial statements, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the separate financial statements.

All required statements, explanations and information were provided to us by Management of the Company and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of the Audit Firm.

The Key Certified Auditor and the Audit Firm fulfill the independence requirements as described in Art. 56 points 3 and 4 of the Act on Certified Auditors and their Self-Governance, Audit Firms authorized to Audit Financial Statements and Public Oversight dated 7 May 2009 (Official Journal from 2015, item 1011 with amendments).

2. Financial analysis of the Company

2.1. Summary analysis of the separate financial statements

2.1.1. Separate statement of financial position

ASSETS	31.12.2015 PLN '000	% of total	31.12.2014 PLN '000	% of total
Non-current assets (long-term)	2 651 110,5	52,8	2 687 847,2	51,9
Goodwill	862 819,8	17,2	862 819,8	16,7
Intangible assets	551 860,7	11,0	575 403,2	11,1
Property, plant and equipment	461 882,7	9,2	451 829,0	8,7
Investments in properties	1 004,2	0,0	1 248,9	0,0
Investments in subsidiaries	736 667,4	14,7	790 636,4	15,3
Investments in associates and joint ventures	34 529,8	0,7	-	-
Other long-term financial assets	58,7	0,0	58,7	0,0
Long-term receivables	1 869,8	0,0	2 129,4	0,0
Other long-term prepayments	417,4	0,0	3 721,8	0,1
Current assets (short-term)	2 365 814,0	47,2	2 492 199,4	48,1
Inventories	733 502,5	14,6	1 062 485,5	20,5
Trade receivables	1 163 571,9	23,2	1 190 258,0	23,0
Income tax receivable	10 593,7	0,2	21 252,0	0,4
Other short-term receivables	59 959,8	1,2	174 670,4	3,4
Other short-term financial assets	334 228,3	6,7	-	-
Short-term prepayments	21 250,7	0,4	16 747,5	0,3
Cash and cash equivalents	42 707,1	0,9	26 786,0	0,5
TOTAL ASSETS	5 016 924,5	100,0	5 180 046,6	100,0
EQUITY AND LIABILITIES	31.12.2015 PLN '000	% of total	31.12.2014 PLN '000	% of total
Equity	1 187 110,8	23,7	785 773,9	15,2
Share capital	138 829,3	2,8	138 680,6	2,7
Reserve capital	468 723,6	9,3	327 174,7	6,3
Hedging loss	(10 644,3)	0,2	(14 182,3)	0,3
Retained earnings	590 202,2	11,8	334 100,9	6,4
Accumulated profit	89 521,0	1,8	89 521,0	1,7
Profit for the period	500 681,2	10,0	244 579,9	4,7
Liabilities	3 829 813,7	76,3	4 394 272,7	84,8
Non-current liabilities	180 427,8	3,6	165 476,1	3,2
Long-term financial liabilities	153 552,5	3,1	157 834,8	3,0
Other long-term payables	965,0	0,0	590,0	0,0
Deferred tax liabilities	23 020,6	0,5	4 413,2	0,1
Employee benefits	2 889,7	0,1	2 638,1	0,1
Current liabilities	3 649 385,9	72,7	4 228 796,6	81,6
Loans and borrowings	675 945,2	13,5	1 288 897,7	24,9
Short-term financial liabilities	37 551,5	0,7	79 662,9	1,5
Trade payables	2 725 182,8	54,3	2 681 244,3	51,8
Other short-term payables	61 139,6	1,2	51 618,5	1,0
Current employee benefits	59 098,3	1,2	51 317,1	1,0
Provisions	90 468,5	1,8	76 056,1	1,5
TOTAL EQUITY AND LIABILITIES	5 016 924,5	100,0	5 180 046,6	100,0

2.1.2. Separate income statement

	1.01.2015 - 31.12.2015 PLN '000	% of total sales	1.01.2014 - 31.12.2014 PLN '000	% of total sales
Revenue	13 750 716,0	100,0	12 115 789,0	100,0
Sales of goods	12 968 489,0	94,3	11 419 515,5	94,3
Sales of services	782 227,0	5,7	696 273,5	5,7
Cost of sales	(12 227 251,9)	(88,9)	(10 748 543,6)	(88,7)
Cost of goods sold	(12 223 825,1)	88,9	(10 745 283,1)	88,7
Cost of services sold	(3 426,8)	0,0	(3 260,5)	0,0
Gross profit	1 523 464,1	11,1	1 367 245,4	11,3
Selling expenses	(1 054 775,1)	7,7	(917 418,2)	7,6
General and administrative expenses	(224 239,0)	1,6	(212 441,8)	1,8
Profit on sales	244 450,0	1,8	237 385,4	2,0
Other operating income	33 311,7	0,2	41 973,6	0,3
Other operating expenses	(80 368,1)	0,6	(75 445,9)	0,6
Operating profit	197 393,6	1,4	203 913,1	1,7
Finance income	415 464,4	3,0	269 392,6	2,2
Finance costs	(84 966,4)	0,6	(226 881,2)	1,9
Profit before tax	527 891,6	3,8	246 424,5	2,0
Income tax expense	(27 210,4)	0,2	(1 844,6)	0,0
Profit	500 681,2	3,6	244 579,9	2,0

Earnings per share

Profit	500 681,2	244 579,9
Weighted average number of shares	138 697,8	138 528,2
Weighted average diluted number of shares	138 761,4	138 620,7
- basic	3,61	1,77
- diluted	3,61	1,76

2.1.3. Separate statement of comprehensive income

	1.01.2015 - 31.12.2015 PLN '000	% of profit	1.01.2014 - 31.12.2014 PLN '000	% of profit
Profit for the period	500 681,2	100,0	244 579,9	100,0
Other comprehensive income	3 538,0	0,7	(9 537,3)	3,9
Total comprehensive income	504 219,2	100,7	235 042,6	96,1

2.2. Selected financial ratios

	2015	2014	2013
1. Return on sales			
$\frac{\text{profit for the period} \times 100\%}{\text{revenue}}$	3,6%	2,0%	1,2%
2. Return on equity			
$\frac{\text{profit for the period} \times 100\%}{\text{equity} - \text{profit for the period}}$	72,9%	45,2%	25,5%
3. Debtors' days			
$\frac{\text{average trade receivables (gross)} \times 365 \text{ days}}{\text{revenue}}$	32 days	31 days	30 days
4. Debt ratio			
$\frac{\text{liabilities} \times 100\%}{\text{equity and liabilities}}$	76,3%	84,8%	89,9%
5. Current ratio			
$\frac{\text{current assets}}{\text{current liabilities}}$	0,6	0,6	0,4

- Current assets exclude receivables due in more than 12 months.
- Current liabilities are comprised of short-term provisions for liabilities, short-term liabilities (excluding liabilities due in more than 12 months) and other short-term accruals.
- Revenue includes revenue from sales of finished products, merchandise and raw materials.
- Average trade receivables represent the average of trade receivables at the beginning and at the end of the period, with no deduction made for allowances.

3. Detailed report

3.1. Accounting system

The Company maintains current documentation describing the applied accounting principles adopted by the Management Board to the extent required by Art. 10 of the Accounting Act.

During the audit of the separate financial statements, we tested, on a sample basis, the operation of the accounting system.

On the basis of the work performed, we have not identified any material irregularities in the accounting system, which have not been corrected and that could have a material effect on the separate financial statements. Our audit was not conducted for the purpose of expressing a comprehensive opinion on the operation of the accounting system.

The Company performed a physical verification of its assets in accordance with the requirements and time frame specified in Art. 26 of the Accounting Act, and reconciled and recorded the result thereof in the accounting records.

3.2. Notes to the separate financial statements

All information included in the notes to the separate financial statements, comprising of a summary of significant accounting policies and other explanatory notes, is, in all material respects, presented accurately and completely. This information should be read in conjunction with the separate financial statements.

3.3. Report on the Company's activities

The report on the Company's activities includes, in all material respects, information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2014, item 133) and the information is consistent with the separate financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Registration No. 3546
ul. Inflancka 4A
00-189 Warsaw

Signed on the Polish original

.....
Wojciech Drzymała
Key Certified Auditor
Registration No. 90095
Limited Liability Partner with power of attorney

18 March 2016

EUROCASH S.A.

SEPARATE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY 2015 TO 31 DECEMBER 2015

TRANSLATORS' EXPLANATORY NOTE

The following document is a translation of the report for the above-mentioned Polish Company.
Should any discrepancies arise while interpreting the terminology, the Polish version is binding.

KOMORNIKI, 18 March 2016

<i>Separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>1 January -31 December 2015</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All values are expressed in Polish zloty (unless indicated otherwise)</i>		

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<i>Separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	1 January -31 December 2015	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All values are expressed in Polish zloty (unless indicated otherwise)		

GENERAL INFORMATION

1. INFORMATION ABOUT THE COMPANY

NAME

EUROCASH Spółka Akcyjna ("Company")

REGISTERED OFFICE

ul. Wiśniowa 11, 62-052 Komorniki

CORE BUSINESS

Non-specialized wholesale trade
(PKD 4690Z)

REGISTRY COURT

District Court Poznań - Nowe Miasto i Wilda of Poznań, VIII Commercial Division of the National Court Register,
Registration number: KRS 00000213765

PERIOD FOR WHICH THE COMPANY WAS ESTABLISHED

Indefinite

PERIOD COVERED BY THE FINANCIAL STATEMENTS

The reporting period started 1 January 2015 and ended 31 December 2015, and the comparable period is the period from 1 January 2014 to 31 December 2014.
The consolidated statement of financial position has been prepared as at 31 December 2015, and the comparative figures are presented as at 31 December 2014.

2. BODIES OF THE COMPANY

2.1. MANAGEMENT BOARD

As at 31 December 2015, the Company's Management Board consisted of the following members:

Luis Manuel Conceicao do Amaral – President of the Management Board,
Rui Amaral – Member of the Management Board,
Arnaldo Guerreiro – Member of the Management Board,
Pedro Martinho – Member of the Management Board,
Katarzyna Kopaczewska – Member of the Management Board,
Jacek Owczarek – Member of the Management Board,
David Boner – Member of the Management Board.

<i>Separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>1 January -31 December 2015</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All values are expressed in Polish zloty (unless indicated otherwise)</i>		

2.2. SUPERVISORY BOARD

As at 31 December 2015, the Company's Supervisory Board consisted of the following members:

João Borges de Assunção – President of the Supervisory Board,
Eduardo Aguinaga de Moraes – Member of the Supervisory Board,
Francisco José Valente Hipólito dos Santos – Member of the Supervisory Board,
Hans Joachim Körber – Member of the Supervisory Board,
Jacek Sz wajkowski – Member of the Supervisory Board.

2.3. CHANGES IN THE MANAGEMENT AND SUPERVISORY BOARD

On 25 February 2015, David Boner was appointed Member of the Management Board of Eurocash S.A.

On 18 December 2015 Carlos Saraiva resigned from function of Member of the Management Board, with effect on 31 December 2015.

<i>Separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	1 January -31 December 2015	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All values are expressed in Polish zloty (unless indicated otherwise)		

SEPARATE INCOME STATEMENT FOR THE PERIOD FROM 01.01.2015 TO 31.12.2015

	Note	for the period from 01.01.2015 to 31.12.2015	for the period from 01.01.2014 to 31.12.2014
Sales		13 750 715 992	12 115 789 011
Sales of goods	22	12 968 489 002	11 419 515 535
Sales of services	22	782 226 990	696 273 476
Costs of sales		(12 227 251 938)	(10 748 543 608)
Costs of goods sold		(12 223 825 137)	(10 745 283 141)
Costs of services sold	23	(3 426 801)	(3 260 467)
Gross profit (loss)		1 523 464 054	1 367 245 403
Selling expenses	23	(1 054 775 122)	(917 418 241)
General and administrative expenses	23	(224 239 007)	(212 441 772)
Profit (loss) on sales		244 449 925	237 385 391
Other operating income	24	33 311 710	41 973 611
Other operating expenses	24	(80 368 079)	(75 445 916)
Operating profit (loss)		197 393 556	203 913 086
Financial income	25	415 464 440	269 392 606
Financial costs	25	(84 966 414)	(226 881 196)
Profit (loss) before income tax		527 891 583	246 424 495
Income tax expense	20	(27 210 369)	(1 844 560)
Profit (loss) for the period		500 681 214	244 579 936

NET EARNINGS PER SHARE

		PLN / akcję	PLN / akcję
Net profit (loss)		500 681 214	244 579 936
Weighted average number of shares	26	138 697 752	138 528 195
Weighted average diluted number of shares	26	138 761 353	138 620 708
from continued operations			
- basic	26	3,61	1,77
- diluted	26	3,61	1,76

<i>Separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	1 January -31 December 2015	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All values are expressed in Polish zloty (unless indicated otherwise)		

SEPARATE STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 01.01.2015 TO 31.12.2015

	for the period from 01.01.2015 to 31.12.2015	for the period from 01.01.2014 to 31.12.2014
Profit (loss) for the period	500 681 214	244 579 936
Other comprehensive income (loss) for the period	3 538 044	(9 537 324)
Items that may be subsequently reclassified to profit or loss:		
- The result on hedge accounting with the tax effect:	3 538 044	(9 537 324)
Total comprehensive income (loss) for the period	504 219 258	235 042 612

<i>Separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	1 January -31 December 2015	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All values are expressed in Polish zloty (unless indicated otherwise)		

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31.12.2015

	Nota	as at 31.12.2015	as at 31.12.2014
<i>Assets</i>			
Non-current assets (long-term)		2 651 110 497	2 687 847 324
Goodwill	1	862 819 840	862 819 840
Intangible assets	1	551 860 667	575 403 191
Property, plant and equipment	2	461 882 685	451 829 027
Investment real property	4	1 004 191	1 248 917
Investments in subsidiaries	5	736 667 370	790 636 446
Inwestycje w jednostkach stowarzyszonych i współkontrolowanych	6	34 529 802	-
Other long-term investments	7	58 723	58 723
Long-term receivables	8	1 869 819	2 129 388
Other long-term prepayments	9	417 399	3 721 793
Current assets (short-term)		2 365 813 994	2 492 199 318
Inventories	10	733 502 480	1 062 485 502
Trade receivables	11	1 163 571 931	1 190 257 977
Current tax assets	11	10 593 667	21 251 968
Other short-term receivables	11	59 959 761	174 670 360
Other short-term investments	12	334 228 360	-
Short-term prepayments	13	21 250 661	16 747 509
Cash and cash equivalents	14	42 707 133	26 786 003
Total assets		5 016 924 491	5 180 046 642

<i>Separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	1 January -31 December 2015	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All values are expressed in Polish zloty (unless indicated otherwise)		

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31.12.2015

	Nota	as at 31.12.2015	as at 31.12.2014
<i>Equity and liabilities</i>			
Equity		1 187 110 767	785 773 954
Share capital	15	138 829 311	138 680 636
Reserve capital		468 723 565	327 174 749
Hedging reserve		(10 644 280)	(14 182 324)
Retained earnings		590 202 171	334 100 893
Accumulated profit (loss) from previous years		89 520 957	89 520 957
Profit (loss) for the period		500 681 214	244 579 936
Liabilities		3 829 813 724	4 394 272 688
Non-current liabilities		180 427 849	165 476 051
Other long-term financial liabilities	19	153 552 495	157 834 770
Other long-term liabilities	18	965 072	590 000
Deferred tax liabilities	21	23 020 603	4 413 185
Employee benefits	17	2 889 679	2 638 097
Current liabilities		3 649 385 875	4 228 796 637
Loans and borrowings	19	675 945 159	1 288 897 686
Short-term financial liabilities	19	37 551 481	79 662 904
Trade liabilities	18	2 725 182 818	2 681 244 331
Other short-term payables	18	61 139 602	51 618 500
Current employee benefits	17	59 098 290	51 317 082
Provisions	17	90 468 525	76 056 133
Total equity and liabilities		5 016 924 491	5 180 046 642

BOOK VALUE PER SHARE

		as at 31.12.2015	as at 31.12.2014
Book value		1 187 110 767	785 773 954
Number of shares		138 829 311	138 680 636
Diluted number of shares		139 530 636	139 554 136
Book value per share	27	8,55	5,67
Diluted book value per share	27	8,51	5,63

Separate financial statements of EUROCASH S.A.			
Financial statements period:	1 January -31 December 2015	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All values are expressed in Polish zloty (unless indicated otherwise)		

SEPARATE STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 01.01.2015 TO 31.12.2015

	for the period from 01.01.2015 to 31.12.2015	for the period from 01.01.2014 to 31.12.2014
<i>Cash flow from operating activities</i>		
Profit (loss) before income tax	527 891 583	246 424 495
Adjustments for:	(219 591 902)	62 412 039
Depreciation and amortization	102 932 784	90 072 124
Equity-settled shared share-based payment transactions	1 013 543	12 162 513
(Gain) loss on sale of property, plant and equipment	5 614 727	118 688 888
Interest expenses	72 337 696	102 755 001
Interest received	(2 335 946)	(4 414 205)
Dividend and remission of sales income	(399 154 706)	(256 852 282)
Operating cash before changes in working capital	308 299 680	308 836 534
Changes in inventories	328 983 021	(147 537 944)
Changes in receivables	85 026 845	22 125 397
Changes in payables	52 536 011	(73 385 645)
Changes in provisions and employee benefits	20 361 228	3 663 456
Other adjustments	(823 439)	1 434 403
Operating cash	794 383 346	115 136 202
Interest received	969 840	1 502 573
Interest paid	(19 222 097)	(20 873 047)
Income tax paid	(1 960 314)	(12 890 425)
Net cash from operating activities	774 170 775	82 875 304
<i>Cash flow from investing activities</i>		
Cash and cash equivalents acquired in a business merger	-	276 891 801
Acquisition of intangible assets	(14 623 605)	(318 764 920)
Proceeds from sale of intangible assets	417 855	-
Acquisition of property, plant and equipment	(88 416 149)	(138 247 452)
Proceeds from sale of property, plant and equipment	15 802 276	33 012 783
Acquisition of associates	(9 200 000)	-
Acquisition of subsidiaries, net of cash acquired	-	(40 852 250)
Disposal of subsidiaries	-	35 401 781
Loans granted	(16 003 336)	(375 299)
Repayment received of granted loans	-	3 751 565
Interest received	117 058	2 558 838
Dividends received	166 361 075	216 701 592
Net cash used in investing activities	54 455 174	70 078 439
<i>Cash flows from financing activities</i>		
Proceeds from issue of share capital	5 661 715	5 209 025
Cash changes for other financial liabilities	2 191 277	4 610 495
Expenses for the issuance of short term debt securities	(42 000 000)	-
Proceeds from the issuance of short term debt securities	-	42 000 000
Proceeds from loans and borrowings	-	250 182 871
Repayment of borrowings	(613 172 726)	(274 879 298)
Payment of finance lease liabilities	(2 673 321)	(5 215 389)
Other interest	(21 521 520)	(27 010 669)
Interests on loans and borrowings	(31 632 543)	(51 161 475)
Dividends paid	(109 557 702)	(109 451 447)
Net cash used in financing activities	(812 704 819)	(165 715 887)
Net change in cash and cash equivalents	15 921 130	(12 762 144)
Cash and cash equivalents at the beginning of the period	26 786 003	39 548 147
Cash and cash equivalents at the end of the period	42 707 133	26 786 003

Separate financial statements of EUROCASH S.A.			
Financial statements period:	1 January -31 December 2015	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

SEPARATE STATEMENT ON CHANGES IN EQUITY IN THE PERIOD FROM 01.01.2015 TO 31.12.2015

	Share capital	Reserve capital	Hedge reserve	Retained earnings	Total
<i>Changes in equity in the period from 01.01 to 31.12.2014</i>					
Balance as at 1 January 2014	138 427 636	217 015 492	(4 645 000)	96 200 488	446 998 616
Total comprehensive income for the reporting period					
Profit for the period from 01.01. to 31.12.2014	-	-	-	244 579 936	244 579 936
Net profit presented directly in equity	-	-	(9 537 324)	-	(9 537 324)
Total comprehensive income for the period from 01.01. to 31.12.2014	-	-	(9 537 324)	244 579 936	235 042 612
Dividends	-	(18 680 556)	-	(90 770 891)	(109 451 447)
Transfer to reserve capital	-	150 352	-	(150 352)	-
Equity-settled share based payment transactions	-	12 162 513	-	-	12 162 513
Share options exercised	253 000	4 956 025	-	-	5 209 025
Merger with subsidiary company	-	111 570 923	-	84 249 397	195 820 320
Other	-	-	-	(7 685)	(7 685)
Total transaction with Owners of the Company recognized directly in equity	253 000	110 159 257	-	(6 679 531)	103 732 726
Balance as at 31.12.2014	138 680 636	327 174 749	(14 182 324)	334 100 893	785 773 954
<i>Changes in equity in the period from 01.01. to 31.12.2015</i>					
Balance as at 01 January 2015	138 680 636	327 174 749	(14 182 324)	334 100 893	785 773 954
Total comprehensive income for the reporting period					
Profit for the period from 01.01 to 31.12.2015	-	-	-	500 681 214	500 681 214
Other comprehensive income for the period 01.01 to 31.12.2015	-	-	3 538 044	-	3 538 044
Total comprehensive income for the period from 01.01. to 31.12.2015	-	-	3 538 044	500 681 214	504 219 258
Dividends	-	-	-	(109 557 702)	(109 557 702)
Transfer to reserve capital	-	135 022 233	-	(135 022 233)	-
Equity-settled share based payment transactions	-	1 013 543	-	-	1 013 543
Share options exercised	148 675	5 513 040	-	-	5 661 715
Total transaction with Owners of the Company recognized directly in equity	148 675	141 548 816	-	(244 579 936)	(102 882 445)
Balance as at 31.12.2015	138 829 311	468 723 565	(10 644 280)	590 202 171	1 187 110 767

<i>Separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	1 January -31 December 2015	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

NOTES TO SEPARATE FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2015 TO 31.12.2015

1. GENERAL INFORMATION

1.1. PUBLICATION OF THE FINANCIAL STATEMENT

According to the resolution of the Management Board dated 18 March 2016, separate financial statements of Eurocash S.A. for the period from 1 January 2015 to 31 December 2015 were authorized for publication.

According to the information included in current report no. 2/2016, dated 13 January 2016, sent to the Polish Financial Supervision Authority, Eurocash S.A. publishes its separate financial statements on 18 March 2016.

Eurocash S.A. is a listed company and its shares are publicly traded.

1.2. STATEMENT OF COMPLIANCE

These separate financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union ("EU IFRS").

1.3. IMPACT OF NEW STANDARDS AND INTERPRETATIONS ON THE FINANCIAL STATEMENTS OF THE COMPANY

EU IFRS include all the International Accounting Standards, International Financial Reporting Standards and related Interpretations, except of the Standards and Interpretations enumerated below that are pending approval by the European Union and the Standards and Interpretations that have been approved by the European Union but are not yet in effect.

The Company did not exercise the option of applying the new Standards and Interpretations that have already been published and accepted by the European Union and which will be effective after the reporting date.

Standards, Interpretations and amendments to published Standards as adopted by the EU that are not yet effective for annual periods ending on 31 December 2015:

- Amendments to IAS 19 Employee Benefits entitled Defined Benefit Plans: Employee Contributions, effective for annual periods beginning on 1 February 2015 or later,
- Improvements to IFRS (2010-2012), The Improvements to IFRSs (2010-2012) contains 8 amendments to 7 standards, with consequential amendments to other standards and interpretations, effective for annual periods beginning on 1 February 2015 or later,
- Amendments to IFRS 11 Joint Arrangements, Accounting for Acquisitions of Interests in Joint Operations, effective for annual periods beginning on 1 January 2016 or later,
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets, Clarification of Acceptable Methods of Depreciation and Amortization, effective for annual periods beginning on 1 January 2016 or later,
- Improvements to IFRS (2012-2014), The Improvements to IFRSs (2012-2014) contains 4 amendments to standards, with consequential amendments to other standards and interpretations, effective for annual periods beginning on 1 January 2016 or later,
- Amendments to IAS 1 Presentation of Financial Statements, Disclosure initiative, effective for annual periods beginning on 1 January 2016 or later,

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- Amendments to IAS 27 Separate Financial Statements, Equity Method in Separate Financial Statements, effective for annual periods beginning on 1 January 2016 or later,

Standards and interpretations not yet endorsed by the EU as at 31 December 2015:

- IFRS 9 Financial Instruments (2014), effective for annual periods beginning on 1 January 2018 or later,
- IFRS 14 Regulatory Deferral Accounts, effective for annual periods beginning on 1 January 2016 or later,
- IFRS 15 Revenue from Contracts with Customers, effective for annual periods beginning on 1 January 2018 or later,
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, effective for annual periods beginning on 1 January 2016 or later,
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures, Investment Entities: Applying the Consolidation Exception, effective for annual periods beginning on 1 January 2016 or later,
- IFRS 16 Leases, IFRS 16 supersedes IAS 17 Leases and related interpretations, effective for annual periods beginning on 1 January 2019 or later,
- Amendments to IAS 12 Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses, effective for annual periods beginning on 1 January 2017 or later,
- Amendments to IAS 7 Statement of Cash Flows, Disclosure initiative, effective for annual periods beginning on 1 January 2017 or later,

Impact of the new regulations on the Company's future financial statements

The new IFRS 9, IFRS 15 and IFRS 16 have a major effect on the classification, presentation and measurement of financial instruments as well as incomes from customer contracts and leasing agreements. These changes will have a potential significant impact on the Company's future financial statements. As at the date of preparation of these financial statements, IFRS 9, IFRS 15 and IFRS 16 have not yet been approved by the European Union and their impact on the Company's future financial statements is not yet known.

The Company has not completed the analysis of the effect of the remaining standards, yet the Company does not anticipate these revisions to have a major impact on the Company's financial statements.

1.4. FUNCTIONAL AND PRESENTATION CURRENCY ROUNDINGS

The currency used in these separate financial statements is PLN, which is the Company's functional and presentation currency. All the financial information presented in PLN was rounded to the nearest full PLN unit (unless otherwise specified).

1.5. JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Drafting financial statements in conformity with UE IFRS requires the Management Board to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions were made based on past experience and other factors accepted as reasonable in the given circumstances, and the results of these estimates and judgments

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were the basis for determining the carrying values of assets and liabilities that were not directly derived from other sources. The actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revised accounting estimates are recognized in the current period and in any future periods affected. The most significant estimates are related to allocation of the acquisition price of the companies, impairment of assets and reserves, which are described in Notes 3 and 17.

1.6. COMPARABILITY OF FINANCIAL STATEMENTS

Accounting policies and methods of calculation applied to these separate financial statements have not changed as against those applied to the latest separate annual financial statements for the financial year ended 31 December 2014.

1.7. INFORMATION ABOUT THE PARENT ENTITY AND THE GROUP

Eurocash Group comprises Eurocash S.A. and its subsidiaries Eurocash Serwis Sp. z o.o., Eurocash Franczyza Sp. z o.o., Eurocash Trade 1 Sp. z o.o., Eurocash Trade 2 Sp. z o.o., Premium Distributors Sp. z o.o., Przedsiębiorstwo Handlu Spożywczego Sp. z o.o., Euro Sklep S.A., DEF Sp. z o.o., Ambra Sp. z o.o., Detal Podlasie Sp. z o.o., Lewiatan Śląsk Sp. z o.o., Lewiatan Zachód Sp. z o.o., Lewiatan Północ Sp. z o.o., Lewiatan Holding S.A., Lewiatan Opole Sp. z o.o., Lewiatan Wielkopolska Sp. z o.o., Lewiatan Kujawy Sp. z o.o., Lewiatan Orbita Sp. z o.o., Eurocash Detal Sp. z o.o., Lewiatan Podkarpacie Sp. z o.o., Eurocash Convenience Sp. z o.o., Kontigo Sp. z o.o., Eurocash VC2 Sp. z o.o., Lewiatan Podlasie Sp. z o.o., PayUp Polska S.A., Inmedio Sp. z o.o., Eurocash VC3 Sp. z o.o., Eurocash VC4 Sp. z o.o., Eurocash VC5 Sp. z o.o. In addition, the Company owns shares in an associate Frisco S.A. and in joint venture Partnerski Serwis Detaliczny S.A.

Eurocash S.A. is the parent company, registered by the District Court Poznań - Nowe Miasto and Wilda in Poznań, VIII Commercial Division of the National Court Register; registration number: 0000213765, with its registered seat in Komorniki, ul. Wiśniowa 11.

The core business activity of the Parent Entity consists of non-specialized wholesale n.e.c. (PKD 4690Z).

Shares of Eurocash S.A. are traded on the Warsaw Stock Exchange.

1.8. GOING CONCERN

The financial statements were prepared under the assumption that the Company would continue to operate as a going concern for the foreseeable future.

2. APPLIED ACCOUNTING POLICIES

2.1. ACCOUNTING POLICIES

The separate financial statements were drafted in line with the historical cost concept except for the following items:

- derivative financial instruments measured at fair value
- financial instruments measured at fair value in profit or loss – at fair value
- available-for-sale financial assets measured at fair value – at fair value

The most significant accounting policies applied by Eurocash S.A. are presented in points 2.2 through 2.34.

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2.2. FINANCIAL YEAR

The Company's financial year is a calendar year.

2.3. FORMAT AND CONTENT OF SEPARATE FINANCIAL STATEMENTS

In particular, the separate financial statements consist of:

- General information
- Separate profit and loss account
- Separate statement of comprehensive income
- Separate statement of financial position
- Separate statement of cash flows
- Separate statement of changes in equity
- Notes to the separate financial statements, including a summary of significant accounting policies and other explanatory notes.

2.4. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are translated into the functional currency (PLN) at the rate of exchange (buy or sell) as at the transaction date.

Cash assets and liabilities denominated in foreign currency at the reporting date are translated into the functional currency at the average exchange rate published by the National Bank of Poland as at that date. Foreign exchange gains or losses on balance sheet valuation of cash assets and liabilities are the difference between valuation at amortized cost in the functional currency at the period start, adjusted for effective interest and payments made during the reporting period, and the value at amortized cost in the foreign currency translated at the average exchange rate published by the National Bank of Poland as at the end of the reporting period.

Non-cash assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the average exchange rate published by the National Bank of Poland at the date that fair value was determined.

Exchange differences on translation are recognized as profit or loss of the current period, except for differences arising on translation of available-for-sale equity instruments, financial liabilities designated as a hedge of a net investment in a foreign operation's assets, or qualifying cash flow hedges which are recognized in other comprehensive income. Non-cash items which are measured at historical cost in a foreign currency are translated using the exchange rate as at the transaction date.

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2.5. INTANGIBLE ASSETS

Definition

Intangible assets include property rights acquired by the Company, with an anticipated useful life exceeding one year, intended to be used by the Company itself, in particular:

- Goodwill,
- Software licences,
- Copyrights,
- Trademarks, rights to utility models and decorative designs,
- Know-how,
- Customer relations,
- Other intangible assets.

Initial measurement of intangible assets

The initial value of intangible assets is the acquisition price, which includes the amount payable to the seller and other expenditure directly attributable to acquiring these intangible assets.

Subsequent expenditure

Subsequent expenditures towards intangible assets are capitalized only when they increase future economic benefits associated with the item. Other costs including expenditures on internally generated intangible assets such as: trademarks, goodwill, and brands are recognized in profit or loss as incurred.

Amortization

Amortization of intangible assets is calculated for all intangible assets, excluding goodwill and intangible assets with an indefinite useful life. While determining the useful life, the period of generating economic benefits is taken into consideration. If it is difficult to determine the reasonable economic useful life or there is no certainty of any expected measurable benefits, intangible assets should be recognized in profit or loss for the period.

The following amortization rates are adopted for intangible assets:

- | | |
|---------------------------|----------|
| ▪ licenses – software | 33.3% |
| ▪ copyrights | 20% |
| ▪ trademarks | 5% - 10% |
| ▪ know-how | 10% |
| ▪ other intangible assets | 20% |

Eurocash considers the trademarks "Eurocash" and "abc" to be recognizable on the market and intends to use them in its activities for a prolonged period. Therefore, the Company assumes that the life of trademarks "Eurocash" and "abc" is indefinite and not subject to amortization. Trademarks "Eurocash" and "abc" are subject to an annual impairment test.

Review of amortization rates and possible impairment

Amortization rates applied to intangible assets are subject to review at least as at the end of each financial year and they trigger respective adjustments of future amortization, in the following year and each consecutive financial year.

Not later than as at the end of the reporting year, intangible assets are reviewed in terms of existence of any impairment criteria and the need to write down impairment losses.

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Impairment losses are written down to other operating expenses not later than as at the reporting date, i.e. in the period they occurred.

Intangible assets with indefinite useful lives and unspecified goodwill are tested for impairment by comparing the carrying value of the specified item against its recoverable amount, regardless of any impairment indication.

Measurement of intangible assets as at the reporting date

As at the end of the reporting period, the Company measures intangible assets at acquisition cost less accumulated amortization and any accumulated impairment losses.

2.6. PROPERTY, PLANT AND EQUIPMENT

Definition

Property, plant and equipment include tangible assets held by the Company for business use (useful and intended to be used by the Company) with expected useful lives exceeding one year.

Property, plant and equipment shall include in particular:

- Land,
- Buildings and structures,
- Plant and machinery,
- Vehicles,
- Other tangible fixed assets (furniture etc.),
- Fixed assets under construction.

Initial measurement of tangible fixed assets

The initial value of tangible fixed assets is the acquisition price or production cost.

Acquisition price comprises the purchase price of the given asset, including the amount due to the seller (excluding deductible VAT and excise tax) and additional public charges in case of imports.

Acquisition price further includes expenditures directly attributable to the acquisition of the asset and any other costs directly attributable to ensuring that the asset is fit for intended use or for placement on the market, including costs of transport, loading, unloading, storage or marketing, minus rebates, discounts, and other similar price reductions and refunds.

When it is not possible to determine the acquisition price of an asset, in particular when the asset is received free of charge or donated, its value is determined based on the selling price of an identical or similar item i.e. its fair value.

The manufacturing cost of fixed assets under construction includes all expenditures incurred during the period of construction, assembly, adaptation and improvement, until the reporting date or the date when the asset is put to use, plus:

- non-deductible VAT and excise duty
- costs of managing debt incurred for financing the asset, together with any foreign exchange differences, less any incomes arising therefrom,
- if required – an estimation of costs of dismantling and removing the items and reinstatement of the original condition.

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Subsequent expenditure

Subsequent expenditures on replacement parts of an item of property, plant and equipment are capitalized if they can be estimated reliably and it is probable that the future economic benefits associated with the part will be effectively gained by the Company. The carrying amount of the removed parts of the respective asset is derecognized. Expenditures on day-to-day maintenance of property, plant and equipment are recognized as a gain or loss for the period in which they were incurred.

Depreciation

Depreciation is calculated on the depreciable amount, which is the acquisition price or production cost of the given asset less its residual value.

Tangible fixed assets, excluding land and fixed assets under construction, are depreciated for the duration of their estimated useful life, using the straight-line method and the following depreciation rates:

▪ buildings and structures	2.5% - 4.5%
▪ investments in third party property, plant, and equipment	10%
▪ plant and machinery	10% - 60%
▪ vehicles	14% - 20%
▪ other tangible fixed assets	20%

Tangible fixed assets are depreciated according to straight-line method, starting in the month in which the asset was put to use, on a monthly basis.

If a specified tangible fixed asset consists of separate major component parts with different useful lives, such parts shall be considered separate assets.

Gain or loss on sale, liquidation or withdrawal from use of a property, plant, and equipment item is determined as the difference between the proceeds from sale and the carrying amount of the assets, and is recognized in profit and loss.

Review of depreciation rates and possible impairment

Depreciation rates are subject to review, not later than at the end of each financial year, and such review may trigger a respective adjustment of future depreciation rates and methods if necessary, in the following year and each consecutive financial year.

Not later than by the end of the financial year, tangible fixed assets are reviewed in terms of existence of indications of impairment and potential need for writing off impairment losses.

Impairment is deemed necessary to be written off when it is highly probable that the given asset will not yield anticipated economic benefits in the future, in its major part or in its entirety, e.g. in case of liquidation or withdrawal of the asset from use.

Impairment losses are carried to other operating expenses no later than at the reporting date (i.e. for the period when the impairment loss was determined).

Measurement of property, plant and equipment as at the end of the reporting period

Tangible fixed assets are presented in the books at the acquisition price or production cost less accumulated depreciation and any accumulated impairment losses.

Tangible fixed assets under construction which are being produced for the purpose of use in operations are presented in the financial statements at production cost less impairment losses. Production cost includes charges and borrowing costs (for certain assets), capitalized in accordance with the accounting policy specified in section 2.7.

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Stocktaking of tangible fixed assets

Stocktaking of tangible fixed assets is performed every four years.

2.7. BORROWING COSTS

Borrowing costs that are directly attributable to acquisition or production of adapted assets are added to the production costs of such tangible fixed assets until the latter are put to use. These costs are reduced by gains resulting from temporary investment of funds obtained for manufacturing the specified asset.

Borrowing costs include interest and other costs incurred by the Company due to borrowing. Any other costs of third party financing are carried directly to profit or loss in the period in which they occurred.

2.8. LEASES

Finance lease occurs when the lease contract transfers substantially all the risks and rewards of ownership of the asset to the lessee.

Any other kind of lease contract is treated as operating lease.

Assets used under finance lease contracts are qualified in the same way as the Company's other assets. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value or the present value of the minimum lease payments. Lease payments should be split into the principal part and interest part so as to produce a fixed rate of interest on the outstanding lease payments.

Outstanding lease payments are presented as financial liabilities divided into short- and long-term components.

Depreciation methods applied to leased assets are consistent with the accounting policies applied to the Company's own assets, specified in sections 2.5 and 2.6. If there is no reasonable certainty that the lessee will acquire ownership of an asset by the end of the term of lease, the asset is depreciated over the shorter of the following periods: duration of the lease contract or useful life of the asset.

Minimum lease payments made under finance leases are apportioned between finance costs and reduction of outstanding debt. The finance expense is allocated to each period during the lease term so as to produce a fixed periodic rate of interest on the outstanding balance of the liability.

Contingent lease payments are presented through adjustment of minimum lease payments over the remaining term of the lease when the adjustment is confirmed.

If the Company uses any assets under operating leases, such assets are not recognized in the statement of financial position. Operating lease payments are carried to profit or loss for the duration of the lease according to straight-line method. Special promotional offers are presented as an integral part of total costs of lease throughout the term of lease, accordingly.

2.9. INVESTMENT PROPERTY

Investment property comprises property held as a source of income from rent and/or for the anticipated increase of value.

Investment property items are initially measured at acquisition price or production cost, after transaction closing costs. As at the reporting date, investment property is measured at the

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acquisition price or production cost less accumulated depreciation and any accumulated impairment losses, calculated according to the rules applicable to tangible fixed assets.

2.10. SHARES IN ASSOCIATES, SUBSIDIARIES AND COMPANIES UNDER COMMON CONTROL

Shares are measured at acquisition prices. In the event of impairment, not later than as at the reporting date, impairment is written off the value of shares, accordingly

2.11. LONG-TERM RECEIVABLES

Long-term receivables comprise receivables due within more than 1 year of the end of the reporting period.

The part of long-term receivables which fall due within one year after the end of the reporting period is presented as current receivables.

Long-term receivables are mostly deposits paid for long-term site rental contracts, bank guarantees as well as prepayments for tangible fixed assets.

Measurement of long-term receivables

As at the reporting date, long-term receivables are measured at amortized cost using effective interest rate less revaluation allowances, if any.

2.12. LONG-TERM PREPAYMENTS

Long-term prepayments are reviewed as at each reporting date.

Valuation is carried out by the Company, taking into consideration certain reasonable criteria and knowledge of the individual prepayments.

Long-term prepayments include but are not limited to:

- Advisory services
- IT licenses
- Alcohol sales licenses

2.13. NON-CURRENT ASSETS AND ASSET GROUPS HELD FOR SALE

Non-current assets and groups of assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The Company classifies a non-current asset or disposal group as held for sale when its carrying amount is to be recovered principally through a sale transaction rather than through its continued use.

This situation takes place if the following conditions are fulfilled:

- the asset (or disposal group) is available for immediate sale as is, under normal and customary terms of sales of such types of assets (or disposal groups), and its sale is very probable;
- there must be a commitment to fulfill the plan to sell the asset (or disposal group) taken by an appropriate level of management;
- a proactive plan to find a buyer and fulfill the plan has been initiated
- the asset (or disposal group) must be actively marketed at a price that is reasonable in relation to the asset's current fair value
- sale will be presented as closed within one year of the classification of assets or a disposal Company as held for sale and activities required to fulfill the plan indicate

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that significant changes to the plan or abandonment of the plan in the future is unlikely.

Intangible and tangible fixed assets classified as assets for sale or issue are not amortized. In addition, after recognition of investments carried according to equity method to assets available for sale or issue, this method of presentation shall be discontinued.

2.14. INVENTORIES

Inventories of the Company include:

- Merchandise acquired and held for resale in the ordinary course of business,
- Materials or supplies purchased to be consumed for own use.

Rules of determination of purchase price

Purchase prices are determined using the weighted average method. Under the weighted average, the purchase price or production cost of each item is calculated on the basis of the weighted average of purchase prices or production costs of similar items at the start of the period and the purchase prices or costs of similar items purchased or produced during the period. The Company applies the same method to determine purchase prices for all items of inventories.

Acquisition cost comprises all purchase costs and other costs incurred in order to bring inventories to their current location and condition.

Purchase costs comprise the actual purchase price, import duties, other non-deductible taxes, costs of transport, loading and unloading, and other costs directly attributable to merchandise.

Cash, value or volume discounts and rebates (bonuses from suppliers counted on turnover) are deducted when determining the acquisition cost.

Measurement of inventories as at the end of the reporting period

Inventories are measured at acquisition price or production cost not exceeding the net realisable value. Net realisable value is the estimated sale price in the ordinary course of business less the estimated cost of completion and effectuating the sale.

The Company identifies the following circumstances that lead to writing down impairment of inventories to the level of net realisable value:

- loss of functional quality of inventories (damage, obsolete, etc.)
- a level of inventories exceeding the demand and selling possibilities
- low turnover of inventories
- loss of market value caused by sales prices of inventories falling below their carrying amounts

If the value determined at acquisition cost is higher than the net selling price as at the reporting date, the inventories are written down to the value of their selling prices.

The amount of any write-down of inventories is recognised in other operating expenses.

2.15. NON-DERIVATIVE FINANCIAL INSTRUMENTS

At initial recognition, financial instruments are measured at fair value plus transaction costs directly attributable to acquisition or issue of the given financial instrument, except when the instrument is classified as at fair value in profit or loss.

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The Company derecognizes a financial asset in its statement of financial position when its rights to derive economic benefits expire, along with related risks, or when the foregoing are transferred to any third parties. A financial liability is derecognized upon repayment, redemption or aged.

A financial liability is derecognized when it is paid, canceled or barred.

In addition, exchange of financial liabilities with substantially different terms is recognized as a derecognition of the original financial liability and the recognition of a new financial liability. The exchange of financial liabilities, which does not cause a substantial change in the conditions, does not result in derecognition the original liability and the recognition of a new liability, for example, reverse factoring agreement due to trade liabilities, which do not substantially change the conditions of the original trade liabilities, does not result in derecognition the trade liabilities and recognition of new financial liabilities due to factoring.

Fair value of financial instruments listed on an active market is their listed closing bid price at the last date preceding the reporting period end date.

However, for financial instruments not traded on an active market, fair value is determined by using valuation techniques which include comparison against market value of another financial instrument with essentially the same qualities, listed on an active market, based on estimated cash flows or valuation models of options, taking into account circumstances specific to the Company.

As at the end of the reporting period, the Company determines whether objective indications of impairment have occurred for individual assets or asset groups.

Financial assets and liabilities are offset and presented in the statement of financial position when and only when the Company has a legal right to offset specific assets and liabilities and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets are classified in the following categories:

- (a) financial assets held to maturity,
- (b) loans and receivables,
- (c) financial assets available for sale,
- (d) financial assets measured at fair value through profit or loss.

Classification of financial instruments depends on the purpose of purchase.

(a) Financial assets held to maturity

These are non-derivative financial assets with fixed or determinable payments and a fixed maturity date that the Company has a positive intention and ability to hold to maturity, other than financial assets recognized as financial instruments carried at fair value through profit or loss, investments available for sale, loans and receivables.

Assets that are sold within 12 months of the end of the reporting period are recognized as current assets.

Investments held to maturity are measured at the amortized cost using the effective interest rate less impairment losses, if any.

(b) Loans and receivables

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These are non-derivative financial assets with fixed or determinable payments that are not traded on an active market, arising as a result of cash expenditures, supplying goods or rendering services for the benefit of the debtor which are not intended to be recognized as assets measured at fair value in profit or loss.

The assets are recognized as current assets excluding those with maturity dates exceeding 12 months of the reporting date.

Financial assets classified as loans and receivables are subsequently measured at amortized cost using the effective interest rate less impairment losses if any.

Loans and receivables comprise cash, trade receivables and other receivables

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or not designated as categories (a), (b) or (d). They are recognized as current assets if there is an intention of their disposal within 12 months of the end of the reporting period. Available-for-sale financial assets are measured at fair value, excluding investments in capital instruments which are not quoted at market prices on an active market and whose fair value may not be measured reliably.

Available-for-sale financial assets' fair value changes, other than those resulting from impairment, are recognized in other operating income and presented in equity as a separate line item until disposal or until the time of complete impairment; at that time, cumulative gain or loss previously presented in other comprehensive incomes will be presented in profit or loss.

(d) Financial assets and liabilities carried at fair value through profit or loss

Financial assets carried at fair value through profit or loss are financial instruments designated as held for trading or instruments designated as such upon initial recognition. After initial recognition, attributable transaction costs are recognized in the income statement as incurred. All profits and losses concerning those investments are recognized in the income statement.

Financial liabilities

Subsequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest rate method, excluding:

- (a) financial liabilities designated as carried at fair value through profit or loss,
- (b) financial liabilities recognized as a result of reclassification of financial assets that are not qualified for derecognition from the statement of financial position,
- (c) financial guarantee contracts,
- (d) obligations to grant low-interest or zero-interest loans

2.16. DERIVATIVES

The Company uses derivatives to hedge its foreign currency and interest rate risk exposure. Embedded derivatives are separated from the host contract and accounted for as a stand-alone derivative if the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contract, or if a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, or if a hybrid instrument is not measured at fair value through net profit or loss.

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At the time of initial recognition of the hedging position, the Company formally documents the relationship between the hedging instrument and hedged item. This documentation contains the purpose of risk management as well as methods that will be used to assess the effectiveness of the hedging instrument.

The hedge is assessed by the Company at the inception and on an ongoing basis in terms of whether there continue to exist reasonable grounds to expect that the hedging instruments will remain "highly effective" in compensating for any changes in fair value or cash flows attributable to the specific items hedged throughout the period for which the hedge is established, and whether the actual value of each hedge is within the range of 80-125%.

Hedging of future transaction cash flows is applied to highly probable future transactions exposed to cash flow changes risk that would be recognized as a profit or loss of the current reporting period.

Derivatives are recognized initially at fair value. Attributable transaction costs are recognized in profit or loss account as incurred. Subsequent to initial recognition, the Company measures derivatives at fair value. Gains and losses resulting from any change of fair value are recognized in the way described below.

Cash flow hedges

When a derivative is designated as a hedge of cash flows attributable to a particular asset, liability or a highly probable scheduled transaction involving third parties, the part of gains and losses related to the hedge which constitutes the effective hedge is recognized in other comprehensive income and presented in the hedging reserve in equity. Any ineffective part of gains or losses related to the hedging instrument is recognized immediately in the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, hedge accounting is discontinued by the Company. Any cumulative gain or loss previously recognized in other comprehensive income and presented in equity remains there until the transaction is closed and presented in the income statement accordingly. When the hedged item is not a financial asset, its value will be adjusted at the time of presentation by amounts previously recognized in other comprehensive income. Otherwise, amounts carried to other comprehensive income are recognized in profit or loss in the same period(s) in which the hedged item affects profit or loss of the period.

Other non-trading derivatives

When a derivative financial instrument is not held for trading and is not designated as a hedging instrument, all changes in its fair value are recognized immediately as profit or loss of the current period.

2.17. TRADE RECEIVABLES AND OTHER SHORT-TERM RECEIVABLES

Trade receivables

Trade receivables comprise receivables resulting from realized supplies or rendered services, due within 12 months and over 12 months.

Other short-term receivables

Other short-term receivables comprise receivables due within 12 months of the reporting date, excluding trade receivables.

Measurement of trade receivables and other receivables as at the end of the reporting period

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Trade receivables and other receivables are measured at fair value as they occur and are subsequently measured at amortized cost using effective interest rate method, less bad debts allowance.

Irrecoverable receivables are written off profit or loss at the time their irrecoverability is ascertained.

Penalty interest for late payment by the Company's customers are recognized when the Company receives the related cash.

Measurement of receivables denominated in foreign currency as at the end of the reporting period

Foreign currency receivables are translated at least as at every reporting date, at the spot rate of exchange. Foreign exchange differences related to foreign currency receivables are recognized as other finance incomes or other finance costs, respectively.

Bad debts allowance

Allowances for bad debt are established for:

- receivables from debtors put into liquidation or declared bankrupt - up to the amount of the debts not covered by a guarantee or other payment security,
- receivables from debtors whose petition for bankruptcy has been dismissed if the given debtor's property is not sufficient to cover the costs of bankruptcy proceedings – up to the full amount,
- debts disputed by debtors - up to the amount of debt not covered by payment security,
- debts overdue or not yet overdue but with a considerable degree of probability of aging – at the Company's reasonable estimate (based on past experience, reliable reviews, forecasts, etc.),
- debts claimed in court – at 100% of the amount receivable.

The amount of allowance derives not only from events that took place before the reporting date but also events revealed subsequent to the date of the financial statements' authorization for publication by the Management Board, provided that those events relate to a debt presented in the accounts as at the reporting date.

Bad debt allowances are recognized in other operating expenses or financial costs if they concern interest debt.

2.18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, call deposits and restricted cash. The balance of cash and cash equivalents as presented in the cash flow statement comprises the cash and cash equivalents specified below less outstanding bank overdrafts which form an integral part of the Company's cash management system.

2.19. SHORT-TERM PREPAYMENTS

Short-term prepayments are analyzed at each reporting date. The assessment is made by the Company based on reasonable criteria and knowledge about each prepayment.

Short-term prepayments include the short-term part of the following main items:

- rent prepayments,
- prepaid electricity and central heating,

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- prepaid subscriptions, insurance,
- prepayments for other services (e.g. telecommunications),
- advance payments for lease of equipment.

2.20. IMPAIRMENT

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed by the Company as at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event occurred after the initial recognition of the asset, and that the loss event could have a negative effect on estimated future cash flows related to the given asset.

Objective evidence that financial assets (including equity securities) are impaired may include:

- default or delinquency by the debtor;
- restructuring of the debtor's debt which was approved by the Company for economic or legal reasons concerning the debtor's financial problems which the Company would not have approved otherwise;
- indication that the debtor or issuer is highly probable to be pronounced bankrupt;
- an active market for the given financial asset ceases to exist;
- significant or prolonged decline in fair value of an investment in equity instruments below acquisition price.

The Company considers evidence of impairment of receivables and held-to-maturity investments at the level of specific asset as well as for asset groups. All individually significant receivables and held-to-maturity investments are assessed for specific impairment.

All individually significant receivables and held-to-maturity investments found not to be specifically impaired are then collectively assessed for any impairment not identified otherwise. Receivables and held-to-maturity investments without individually significant values are collectively assessed for impairment by grouping together items with similar risk characteristics.

In assessing risk of impairment for asset groups, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for Management's assessment as to whether current economic and credit conditions are such that the actual losses are likely to differ greatly from those suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and they reduce the carrying value of receivables, while the Company continues charging interest on updated assets. When a subsequent event indicate that the circumstances causing the impairment have disappeared, then reversal of impairment is presented as net profit or loss of the current period.

Impairment losses on available-for-sale financial assets are recognized by transferring the cumulative loss previously recognized in other comprehensive income as revaluation capital and presented in the fair value reserve in equity, to profit or loss of the current period. The cumulative loss referred to above is calculated as the difference between the acquisition cost, net of any principal repayment and amortization, and fair value less any impairment

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loss previously recognized in the income statement. Changes in impairment attributable to time value of money are reflected as interest income.

If, in subsequent periods, the fair value of an impaired available-for-sale debt security increases and the increase can be attributed objectively to an event occurring after the impairment loss was recognized, the impairment loss is reversed, with the amount of the reversal recognized in the income statement. Reversal of impairment of fair value of capital instruments available for sale will be recognized in other comprehensive income.

Non-financial assets

The carrying amounts of non-financial assets other than investment property, inventories and deferred tax assets, are reviewed as at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated by the Company. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, recoverable amounts are estimated as at the end of each financial year.

The recoverable amount of an asset or cash-generating unit is the greater of its net realizable value and its value in use. In assessing the value in use, estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest groups of assets that generate cash inflows that are largely independent of other assets or groups of assets (cash-generating units; CGUs).

For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment tests are conducted reflects the lowest level of organization at which goodwill is monitored by the Company for internal reporting purposes.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to those CGUs that are expected to benefit from the synergies of the combination.

Shared assets do not generate separate cash inflows. If there is an indication that a shared asset may be impaired, then the recoverable amount is determined for the CGUs to which the shared assets belong.

An impairment loss is recognized when the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are presented first as reduction of the carrying amount of any goodwill allocated to the units (group of units) and then as reduction of the carrying amounts of other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the impairment has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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2.21. EQUITY

Ordinary shares

Ordinary shares are classified as equity. Costs directly attributable to issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

Repurchase of treasury shares

In the case of purchase of treasury shares, the amount of the consideration paid, which includes directly attributable costs net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as a separate item of shareholders' equity with a minus sign. When treasury shares are sold or reissued subsequently, the amounts received are recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to / from retained earnings.

Funds are reserved for repurchase of treasury shares based on a resolution adopted by the Shareholders' Meeting and presented in equity as separate capital reserves.

2.22. LONG-TERM LIABILITIES

Long-term liabilities comprise liabilities due to be settled after 12 months from the end of the reporting period.

Long-term liabilities include mainly:

- loans and borrowings
- finance lease liabilities
- deposits from subtenants of wholesale surfaces

Measurement of long-term liabilities

At as the end of the reporting period, long-term liabilities are measured at amortized cost using the effective interest rate method.

Measurement of long-term liabilities denominated in foreign currency as at the reporting date

Foreign currency liabilities are measured at least as at the end of the reporting period using the spot exchange rate.

Foreign currency gains and losses concerning foreign currency long-term liabilities and occurring as at the measurement date are recognized as financial incomes or costs accordingly.

2.23. SHORT-TERM LIABILITIES

Short-term liabilities comprise liabilities due to be settled within 12 months from the end of reporting period (not applicable to trade payables).

Short-term liabilities include in particular:

- loans and borrowings payable,
- finance lease liabilities,
- trade payables,
- taxation, social security and other benefits payable,
- payroll payables,
- liabilities due to financing of franchisees.

Measurement of short-term liabilities as at the reporting date

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At the reporting date, short-term liabilities are measured at amortized cost using the effective interest rate.

Measurement of short-term liabilities denominated in a foreign currency as at the reporting date

Foreign currency liabilities are measured at least as at the end of the reporting period using the spot exchange rate.

Foreign currency gains and losses concerning foreign currency short-term liabilities, occurring as at the date of their valuation, should be recognized as financial incomes or expenses accordingly.

2.24. BORROWINGS

The Company initially recognizes bank and other loans and debt securities at fair value of cash received less any borrowing costs.

Subsequent to initial recognition, loans and debt securities are measured at amortized cost using the effective interest rate.

2.25. PROVISIONS

Provisions are recognized if, as a result of past events, the Company has a present obligation (under the law or custom) that can be estimated reliably, and it is likely that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and risks specific to the liability.

Provisions may be disbursed according to the time flow or the value of the related services. The time and method of settlement should be adequate to the nature of expenses in line with the precautionary principle.

Provisions reduce the expenses of the reporting period in which it was confirmed that the liabilities had not arisen.

2.26. SALES

Sales are measured at fair value of payments received or receivable and represent receivables for goods provided and services rendered in the course of ordinary business activities, net of any discounts, value added tax, and other taxes related to sales (excise duty).

Goods sold

Revenues from sales of goods are recognized when the following conditions have been fulfilled:

- the essential risks and rewards of ownership of the goods have been transferred to the buyer,
- there is no continued involvement of the company with management of goods sold and there is no effective control over those goods,
- the amount of revenue can be measured reliably,
- it is likely that the transaction will result in revenues generated by the company,
- actual and future costs incurred by the company in relation to the transaction can be estimated reliably,
- probability of return can be estimated reliably.

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Services

If the outcome of a service transaction can be estimated reliably, revenues from the transaction are presented on the basis of the advancement of completion of the transaction as at the reporting date. The outcome of the transaction can be measured reliably when all the conditions specified below are fulfilled:

- the amount of revenue can be measured reliably,
- it is likely that the company will yield economic benefits from the transaction,
- the stage of advancement of the transaction as at the end of the reporting period can be assessed reliably,
- associated costs and costs of closing the transaction can be estimated reliably.

When the outcome of a service transaction may not be measured reliably, revenue from services rendered is recognized only up to actual costs incurred that are likely to be recovered according to the company.

2.27. FINANCE INCOMES AND COSTS

Finance income comprises interest income from funds invested (including available-for-sale financial assets), dividend income, gains on disposal of available-for-sale financial assets, changes in fair value of financial assets measured through profit or loss, and gains on hedging instruments that are recognized in the income statement.

Interest income

Interest incomes are recognized as accrued, with reference to the principal amount payable, according to the accruals principle, using the effective interest rate method.

Dividend income

Dividend income is recognized on the date the shareholders' entitlement to receive dividend is established.

Finance costs comprise interest expenses on borrowings, unwinding of the discount on presented provisions, changes in the fair value of financial instruments carried through profit or loss, impairment losses recognized on financial assets, and losses on hedging instruments that are recognized in the income statement.

Borrowing costs that are not directly attributable to the acquisition, manufacture, construction or production of specified assets are recognized in the income statement using the effective interest rate method.

Foreign currency gains and losses are reported as net amounts, as finance incomes or expenses, according to their total net position.

2.28. EMPLOYEE BENEFITS

Long-term employee benefits

The Company recognizes expenses concerning pension plans and other employee benefits for the post-employment period in its financial statements by setting up a provision for pensions.

Provisions for post-employment benefits are established using the projected unit credit method. Calculation according to actuarial forecast of unit rights is performed by a certified actuary. Liabilities recognized on an accruals basis and measured as those discounted future payments that employees have earned as at the reporting date, adjusted by personnel and demographic movement indexes.

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Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed during the period of service.

The Company recognizes this liability as the amount expected to be paid to employees as short-term cash bonuses or profit-sharing plans if the Company has a present obligation, by law or custom, to make such payments as a result of a past service provided by the employee, and the obligation can be estimated reliably.

2.29. SHARE-BASED PAYMENTS

Share-based payment schemes enable employees to take up the Company's shares. Fair value of granted options for shares is recognized as a separate position in profit or loss as cost of manager shares scheme, with a corresponding increase in equity (reserve capital). Fair value is measured as at the grant date and recognized over the period that the employees become unconditionally entitled to realize the options. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be fulfilled.

Fair value of employee share options is measured using the Black-Scholes formula. Measurement inputs include the share price as at the measurement date, exercise price of the instrument, expected volatility (based on the weighted average historical volatility adjusted for changes expected due to publicly available information), expected weighted average life of the instruments (based on historical experience and general option holders' behavior), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

2.30. INCOME TAX

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on taxable income or loss for the reporting period, determined according to the taxable base for the reporting period, with adjustments in respect of previous reporting periods. Taxable income differs from the accounting profit (loss) regarding elimination of taxable income and deductible costs related to future years and incomes and expenses which will never be taxable. Tax liabilities are calculated based on tax rates effective during the reporting period.

Deferred tax is calculated according to balance sheet method as tax payable or refundable in the future on timing differences between the carrying amounts of assets and liabilities and corresponding tax amounts used to determine the taxable base.

Provision for deferred tax is recognized for all temporary taxable gains and deferred tax asset is recognized to the extent that it is probable that future tax profits will be available against which they can be utilized. Deferred tax asset or liability is not recognized for taxable temporary differences arising on the initial recognition of goodwill and on the initial recognition of assets or liabilities in a transaction that is not a business combination and that

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affects neither accounting nor taxable profit or loss, excluding transactions related to mergers and acquisitions.

Deferred tax assets are reviewed as at the end of each reporting period and if the expected future tax gains are not sufficient to realize the asset or its part, the amount realizable is recognized.

Deferred tax is measured at the tax rates that are expected to be applied at the time of effective realization of an asset or at the maturity date of the liability, based on the tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax is recognized in profit or loss, except items recognized directly in equity or other comprehensive income. Then, deferred tax is presented directly in equity or other comprehensive income.

Deferred tax assets and provisions are offset if the Company has a legally enforceable title to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities that intend to settle income tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

2.31. DISCONTINUED OPERATIONS

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resell. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, comparative data for the profit and loss statement and statement of comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

2.32. EARNINGS PER SHARE

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held by the Company. Diluted EPS is determined by dividing the adjusted profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding, the latter as adjusted for own shares held and for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

2.33. MERGERS OF JOINTLY CONTROLLED ENTITIES

Acquired assets and liabilities connected with merger of companies under joint control of a shareholder which at the same time controls the Group are presented at book values in the consolidated financial statements of Eurocash S.A. Group.

2.34. OPERATING SEGMENTS

The Company decided not to present operating segment data in its separate financial statements.

Detailed information and financial data about operational segments are presented in the consolidated financial statements of Eurocash S.A. Group.

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3. NOTES TO SEPARATE FINANCIAL STATEMENTS PREPARED FOR THE PERIOD FROM 01.01.2015 TO 31.12.2015

NOTE 1. GOODWILL AND INTANGIBLE ASSETS

The table below presents intangible asset data.

Table no 1

INTANGIBLE FIXED ASSETS IN THE PERIOD FROM 01.01 TO 31.12.2015

	Goodwill	Patents and licences	Know how	Trademarks	Customer relations	Other intangible fixed assets	Advances	Total
Carrying amount as at 01.01.2014	322 376 996	21 166 173	3 633 207	301 311 229	33 562 386	877 475	245 880	683 173 345
Acquisition due to merger of enterprises	540 442 844	7 273 482	-	-	221 875 000	5 346 218	-	774 937 544
Other acquisitions	-	15 507 493	-	-	-	1 055 668	450 090	17 013 251
Increases due to the transfer of fixed assets under construction	-	963 362	-	-	-	146 722	(695 970)	414 113
Depreciation	-	(14 799 403)	(3 633 207)	(3 234 000)	(14 412 508)	(1 234 431)	-	(37 313 549)
Other changes	-	-	-	-	-	(1 672)	-	(1 672)
Carrying amount as at 31.12.2014	862 819 840	30 111 107	(0)	298 077 229	241 024 878	6 189 979	-	1 438 223 033
Carrying amount as at 01.01.2015	862 819 840	30 111 107	(0)	298 077 229	241 024 878	6 189 979	-	1 438 223 033
Other acquisitions	-	14 065 917	-	-	-	409 097	-	14 475 014
Increases due to the transfer of fixed assets under construction	-	636 131	-	-	-	-	-	636 131
Decrease due to sale	-	-	-	-	-	-	-	-
Liquidations	-	(1 722)	-	-	-	-	-	(1 722)
Depreciation	-	(17 062 394)	-	(2 617 000)	(17 537 507)	(1 435 048)	-	(38 651 949)
Carrying amount as at 31.12.2015	862 819 840	27 749 039	(0)	295 460 229	223 487 371	5 164 028	-	1 414 680 507

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Table no 1

INTANGIBLE FIXED ASSETS IN THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2015 (continued)

	Goodwill	Patents and licences	Know how	Trademarks	Customer relations	Other intangible fixed assets	Advances	Total
<i>As at 01.01.2015</i>								
Cost	862 819 840	90 880 296	54 498 079	311 916 652	256 297 960	18 571 599	-	1 594 984 425
Accumulated amortisation and impairment losses	-	(60 769 188)	(54 498 079)	(13 839 423)	(15 273 082)	(12 381 620)	-	(156 761 393)
Carrying value	862 819 840	30 111 107	(0)	298 077 229	241 024 878	6 189 979	-	1 438 223 033
<i>As at 31.12.2015</i>								
Cost	862 819 840	105 582 344	54 498 079	311 916 652	256 297 960	18 980 696	-	1 610 095 570
Accumulated amortisation and impairment losses	-	(77 833 305)	(54 498 079)	(16 456 423)	(32 810 589)	(13 816 668)	-	(195 415 064)
Carrying value	862 819 840	27 749 040	(0)	295 460 229	223 487 371	5 164 028	-	1 414 680 507

Goodwill presented in intangible assets arose as a consequence of:

- acquisition by Eurocash S.A. of an organized part of "Carment M. Stodółka i Wspólnicy Spółka Jawna" enterprise as at 16.08.2006 in the amount of PLN 9,975,600,
- merger with Przedsiębiorstwo Handlowe Batna Sp. z o.o. as at 01.07.2010 in the amount of PLN 29,180,412,
- merger with Eurocash Dystrybucja Sp. z o.o. as at 01.09.2010 in the amount of PLN 56,868,456,
- acquisition of organized part of the business of Premium Distributors Sp. z o.o. as at 01.10.2013 in the amount of PLN 226,352,528,
- merger with Tradis Sp. z o.o. as at 04.04.2014 in the amount of PLN 529,014,483,
- merger with PolCater Sp. z o.o. as at 01.10.2014 in the amount of PLN 11,428,360.

The Company has the following trademarks with indefinite useful lives, which were acquired in 2013 from a subsidiary:

- the trademark "Eurocash" with a book value of PLN 179,000,000,
- the trademark "abc" with a book value of PLN 110,000,000.

Apart from the above mentioned trademarks, there is another trademark recognized in the Company's ledgers: "Batna", with a defined useful life.

Amortization of intangible assets was recognized in its entirety as selling expenses.

The Company did not recognize any impairment losses in relation to intangible assets; this issue is discussed in more detail in Note 3.

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NOTE 2. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment items are presented below:

Table no 2

PROPERTY, PLANT AND EQUIPMENT IN THE PERIOD FROM 01.01 TO 31.12.2015

	Land and buildings	Plant and equipment	Vehicles	Other fixed assets	Fixed assets under construction	Total
Carrying amount as at 01.01.2014	129 472 076	38 730 297	18 014 514	39 007 345	39 114 344	264 338 577
Acquisition due to merger of enterprises	86 048 030	16 379 785	4 367 726	8 244 201	1 239 819	116 279 561
Other acquisitions	18 559 122	27 826 137	1 764 818	23 068 751	55 215 849	126 434 679
Increases due to the transfer of fixed assets under construction	44 389 184	2 117 581	238 451	998 283	(48 157 612)	(414 113)
Finance lease	2 577 706	-	168 615	-	-	2 746 321
Disposals	(253 912)	(2 701 042)	(1 211 574)	(2 199 455)	(25 588 399)	(31 954 382)
Liquidations	(554 919)	(169 474)	(19 862)	(131 977)	-	(876 232)
Reversal of the presentation of non-current assets classified as held for sale	27 245 549	-	-	-	-	27 245 549
Depreciation	(16 027 863)	(10 757 416)	(6 271 951)	(19 701 345)	-	(52 758 575)
Other changes	-	-	(110 125)	897 768	-	787 643
Carrying amount as at 31.12.2014	291 454 974	71 425 868	16 940 611	50 183 572	21 824 002	451 829 027
Carrying amount as at 01.01.2015	291 454 974	71 425 868	16 940 611	50 183 572	21 824 002	451 829 027
Other acquisitions	11 871 188	30 008 082	1 161 801	31 276 431	16 524 446	90 841 948
Increases due to the transfer of fixed assets under construction	16 090 388	898 825	3 188 807	1 295 722	(21 961 860)	(488 118)
Finance lease	-	-	456 801	-	-	456 801
Disposals	(3 972 681)	(287 718)	(2 562 962)	(360 398)	(6 611 845)	(13 795 604)
Liquidations	(376 737)	(1 381 269)	(27 535)	(13 470)	(432 906)	(2 231 917)
Leasing	-	-	(448 616)	-	-	(448 616)
Depreciation	(19 110 407)	(16 704 308)	(5 395 091)	(23 071 028)	-	(64 280 835)
Carrying amount as at 31.12.2015	295 956 725	83 959 480	13 313 816	59 310 827	9 341 838	461 882 685

Separate financial statements of EUROCASH S.A.			
Financial statements period:	1 January -31 December 2015	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Table no 2

PROPERTY, PLANT AND EQUIPMENT IN THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2015 (continued)

	Land and buildings	Plant and equipment	Vehicles	Other fixed assets	Fixed assets under construction	Total
<i>As at 01.01.2015</i>						
Cost	388 765 065	140 647 089	73 466 042	171 480 526	21 824 002	796 182 723
Accumulated amortisation and impairment losses	(97 310 091)	(69 221 221)	(56 525 430)	(121 296 954)	-	(344 353 696)
Carrying amount	291 454 974	71 425 868	16 940 611	50 183 572	21 824 002	451 829 027
<i>As at 31.12.2015</i>						
Cost	412 377 223	169 885 009	75 234 337	203 678 810	9 341 838	870 517 216
Accumulated amortisation and impairment losses	(116 420 498)	(85 925 530)	(61 920 521)	(144 367 982)	-	(408 634 531)
Carrying amount	295 956 725	83 959 480	13 313 816	59 310 827	9 341 838	461 882 685

Property, plant and equipment under finance lease

The Company uses land, vehicles, and forklift trucks under finance lease. In each of these cases, the Company has the right to buy the assets after the lapse of the agreed term of lease for the price stated in the respective agreement, or to continue using the leased property under a new lease contract signed with the financing institution. The buyout price is the difference between the value of the leased property in case of immediate payment and the principal value repaid in lease instalments. As at the end of the reporting period, the carrying value of tangible fixed assets under finance lease was PLN 13.266.008 (31.12.2014: PLN 15.992.725), and the amount payable to the lessor in this respect was PLN 12.329.530 (31.12.2014: PLN 14.546.049). The leased items remain the property of the lessor (the financing institution) until they are acquired by the Company. Those assets are depreciated for tax purposes by the lessor.

The contracts do not include any provisions that would impose any obligations upon the Company concerning dividends, additional debt, or additional lease contracts.

Performance of lease agreements is secured against the leased assets.

<i>Separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>1 January -31 December 2015</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

NOTE 3. IMPAIRMENT TESTING OF ASSETS

As at 31 December 2015, the Company assessed whether there was any indication that assets could be impaired.

Based on the analysis, there are no indications of asset impairment as at 31.12.2015.
The subsequent assessment is planned for 31.12.2016.

For intangible assets with indefinite useful lives, the Company performed the following impairment tests:

- impairment test of the "Eurocash" trademark with a value of PLN 179,000,000 as at 31.12.2015,
- impairment test of the "abc" trademark with a value of PLN 110,000,000 as at 31.12.2015,

For the purposes of the test, recoverable value in use of the trademark was based on license fee method.

Valuation method based on license fees consists in determining the present value of future economic benefits derived by an entity from holding the title to a trademark. This method is based on the assumption that benefits derived from a trademark are equal to costs which would have to be incurred by an entity with no rights to the trademark (if the trademark had been used under an arm's length license agreement).

The market level of license fees is determined based on projection of sales of products carrying the trademark and determining the rate of license fee for using that trademark. The rate of license fee is determined based on the analysis of trademark lease agreements concluded on arm's length terms.

Tests were carried out based on financial projections for the years 2016-2020, assuming no growth after the forecast period. To determine the values of selected projection ratios, historical data was used for year 2015 and plans approved by the Management Board of Eurocash S.A. for the years 2016-2020. The Weighted Average Cost of Capital (WACC) was used as the discount rate (7.48%).

In order to determine total sales value, sales increases were forecasted for like-for-like stores existing on the date of testing, as well as the increase of the number of stores in each year of the forecast. Average sales at new stores during the first year of their operation were estimated as about 50% of average sales generated by existing stores.

In order to determine the cost of capital, 11 comparable trading companies were analysed.

Analyses confirmed that there was no necessity to recognize impairment loss.

Subsequent testing is planned on 31.12.2016.

As at 31.12.2015 the Company also conducted impairment tests with each of goodwill presented in the financial statements at a total value of PLN 862,819,840.

Recoverable value was compared with the amount defined as total assets of the cash-generating unit, excluding goodwill, less current liabilities constituting part of working capital.

An excess of recoverable value over the carrying amount of the cash-generating unit was then compared with the value of goodwill recognized in the financial statements.

For the purposes of impairment tests of goodwill, carrying amounts of goodwill were determined first. In addition it was assumed that generation of cash flows by the tested CGUs required involvement of net assets and therefore, carrying amounts of goodwill were also grouped with net assets for the purpose of testing.

For impairment testing of goodwill, recoverable amount was determined as the value in use of the tested cash-generating unit, based on financial projections for the years 2016-2020, assuming no growth after the forecast period. To determine the values of selected projection ratios, historical data for 2015 was used as well as plans approved by the Management Board of Eurocash S.A. for the years 2016-2020. The

<i>Separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	1 January -31 December 2015	Presentation currency:	Polish zloty (PLN)
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Weighted Average Cost of Capital (WACC) was used as the discount rate (depending on the value of goodwill and its related type of business, it would range (from 8.68% to 12.61%).

In order to determine the total sales value, sales increases were forecasted for stores existing on the date of testing, as well as the increase of the number of stores in each year of forecast. Average sales at new stores during the first year of their operations were estimated at about 50% of average sales generated by existing stores.

In order to determine the cost of capital, 11 comparable trading companies were analysed.

Analyses confirmed that it was not necessary to recognize impairment loss. Subsequent assessment is planned on 31.12.2016.

NOTE 4. INVESTMENT PROPERTIES

Table no 3

TANGIBLE FIXED ASSETS AS AT 31 DECEMBER 2015

	as at 31.12.2015	as at 31.12.2014
Opening balance	1 248 917	-
Acquisition due to merger of enterprises	-	1 705 001
Disposal	(219 644)	-
Depreciation	(25 083)	(456 084)
Closing balance	1 004 191	1 248 917

Separate financial statements of EUROCASH S.A.			
Financial statements period:	1 January -31 December 2015	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

NOTE 5. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are presented in the following tables:

Table no 4

INVESTMENTS IN SUBSIDIARIES AS AT 31.12.2015

Subsidiary	Registered office	Percentage in share capital (in%)	Voting rights (in%)	Consolidation method
Eurocash Serwis Sp. z o.o. *	ul. Wiśniowa 11 62-052 Komorniki	75,0%	75,0%	full
Eurocash Franczyza Sp. z o.o.	ul. Wiśniowa 11 62-052 Komorniki	100,0%	100,0%	full
Eurocash Trade 1 Sp. z o.o.	ul. Wiśniowa 11 62-052 Komorniki	100,0%	100,0%	full
Eurocash Trade 2 Sp. z o.o.	ul. Wiśniowa 11 62-052 Komorniki	100,0%	100,0%	full
Premium Distributors Sp. z o.o.	ul. Bokszerska 66A 02-690 Warszawa	100,0%	100,0%	full
Przedsiębiorstwo Handlu Spożywczego Sp. z o.o.	ul. Wiśniowa 11 62-052 Komorniki	100,0%	100,0%	full
Eurocash Convenience Sp. z o.o.	ul. Wiśniowa 11 62-052 Komorniki	99,9%	100,0%	full
Euro Sklep S.A.	ul. Bystrzańska 94a, 43-309 Bielsko Biała	100,0%	100,0%	full
PayUp Polska S.A.	ul. Wiśniowa 11 62-052 Komorniki	100,0%	100,0%	full
DEF Sp. z o.o.	ul. Handlowa 6, 15-399 Białystok	100,0%	100,0%	full
Ambra Sp. z o.o.	ul. Hutnicza 7, 43-502 Czechowice Dziedzice	100,0%	100,0%	full
Detal Podlasie Sp. z o.o.	ul. Sokółska 9, 15-865 Białystok	100,0%	100,0%	full
Lewiatan Śląsk Sp. z o.o.	ul. Lenartowicza 39, 41-219 Sosnowiec	100,0%	100,0%	full
Lewiatan Zachód Sp. z o.o.	ul. Przemysłowa 5, 73-100 Stargard Szczeciński	100,0%	100,0%	full
Lewiatan Północ Sp. z o.o.	ul. I Dywizji Wojska Polskiego 98, 84-230 Rumia	100,0%	100,0%	full

Separate financial statements of EUROCASH S.A.			
Financial statements period:	1 January -31 December 2015	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Table no 4

INVESTMENTS IN SUBSIDIARIES AS AT 31.12.2015

Subsidiary	Registered office	Percentage in share capital (in%)	Voting rights (in%)	Consolidation method
Lewiatan Podlasie Sp. z o.o.	ul. Porosły 70A, 16-070 Choroszcz	100,0%	100,0%	full
Lewiatan Holding S.A.	ul. Kilińskiego 10, 87-800 Włocławek	66,6%	71,2%	full
Lewiatan Opole Sp. z o.o.	ul. Światowida 2, 45-325 Opole	100,0%	100,0%	full
Lewiatan Wielkopolska Sp. z o.o.	ul. Osiedle Winiary 54, 60-665 Poznań	88,6%	88,6%	full
Lewiatan Kujawy Sp. z o.o.	ul. Polna 4-8, 87-800 Włocławek	100,0%	100,0%	full
Lewiatan-Orbita Sp. z o.o.	ul. Lubelska 33/15, 10-410 Olsztyn	100,0%	100,0%	full
Lewiatan Podkarpacie Sp. z o.o.	ul. Krakowska 47 39-200 Dębica	100,0%	100,0%	full
Inmedio Sp. z o.o.	Al. Jerozolimskie 174 02-486 Warszawa	51,0%	51,0%	full
Eurocash VC3 Sp. z o.o. **	ul. Boksterska 66A 02-690 Warszawa	100,0%	100,0%	full
Eurocash Detal Sp. z o.o. ***	ul. Wiśniowa 11 62-052 Komorniki	100,0%	100,0%	full

* Eurocash Serwis Sp. z o.o. (previously KDWT Sp. z o.o.)

** including 26,4% directly and 73,6% indirectly by Eurocash Franczyza Sp. z o.o.

*** including 0,1% directly and 99,9% indirectly by Eurocash Franczyza Sp. z o.o.

Table no 5

INVESTMENTS IN SUBSIDIARIES IN THE PERIOD FROM 01.01 TO 31.12.2015

	as at 31.12.2015	as at 31.12.2014
Opening balance	790 636 446	1 715 725 823
Increase in reporting period:	240 553	61 721 450
Acquisition of entities	-	47 320 000
Creation of new companies	-	3 303 900
Purchase of majority of shares in associate (PayUp)	-	11 097 550
Other increase	240 553	-
Decrease in reporting period:	(54 209 628)	(986 810 828)
Sale of 50% of shares in a PSD and change of classification	(9 181 679)	-
Merger of subsidiaries with the parent company	-	(867 629 590)
Allowances	-	(119 181 238)
Remission of shares in EVC3	(45 027 949)	-
Closeing balance	736 667 370	790 636 446

Separate financial statements of EUROCASH S.A.			
Financial statements period:	1 January -31 December 2015	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

In 2015 Eurocash sold to the company Polskie Sklepy Spożywcze Sp. o.o., 50% of shares in Partnerski Serwis Detaliczny S.A., as a result being the owner of 50% shares of the company as at 31 December 2015.

The remaining part of shares were presented as investments in associates and joint ventures.

In 2015 Eurocash S.A. made a contribution of shares of Eurocash VC2 Sp. z o.o. to Eurocash VC3 Sp. o.o. in exchange for shares in Eurocash VC3 Sp. o.o. Then Eurocash S.A. received from Eurocash VC3 Sp. o.o. the amount of 317 mln PLN for the remission of part of their shares.

As a result of these transactions the value of shares in Eurocash VC3 Sp. o.o. decreased by 45 mln PLN.

NOTE 6. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Investments in associates and joint ventures are presented below:

Table no 6

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES AS AT 31.12.2015

Name of entity	Registered office	Percentage in share capital (in%)	Voting rights (in%)	Consolidation method
FRISCO S.A.	ul. Omulewska 27 04-128 Warszawa	44,13%	44,13%	equity method
Partnerski Serwis Detaliczny S.A.	ul. Grażyny 15 02-548 Warszawa	50,00%	50,00%	equity method

Table no 7

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES AS AT 31.12.2015

	as at 31.12.2015	as at 31.12.2014
Opening balance	-	43 766 081
Increase in reporting period:	34 529 802	-
Acquisition of shares in associates	29 803 838	-
The reclassification of a 50% stake in the PSD*	4 725 965	-
Decrease in reporting period:	-	(43 766 081)
Sale of the associate	-	(35 401 781)
Acquisition of the majority of shares in an associate (presented as a subsidiary)	-	(8 364 300)
Closeing balance	34 529 802	-

*Note 5

Increase in the investments in associates are due to purchasing 44,13% of shares in the company Frisco S.A. in January 2015 (Frisco E-supermarket conducts retail sale of FMCG in Warsaw and the surrounding area through the Internet) and the classification of shares held in the PSD as an investment in joint ventures by reducing its shares from 100% to 50%.

Separate financial statements of EUROCASH S.A.			
Financial statements period:	1 January -31 December 2015	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

**NOTE 7.
OTHER LONG-TERM FINANCIAL ASSETS**

Other long-term financial assets are presented below:

Table no 8

OTHER LONG-TERM INVESTMENTS AS AT 31.12.2015

	as at 31.12.2015	as at 31.12.2014
Other long-term financial assets	58 723	58 723
	58 723	58 723

**NOTE 8.
LONG-TERM RECEIVABLES**

Long-term receivables are presented below:

Table no 9

LONG-TERM RECEIVABLES AS AT 31.12.2015

	as at 31.12.2015	as at 31.12.2014
Security deposits on rental agreements	1 717 617	1 869 186
Other long-term receivables	152 202	260 202
	1 869 819	2 129 388

**NOTE 9.
OTHER LONG-TERM PREPAYMENTS**

Other long-term prepayments are presented below:

Table no 10

OTHER LONG-TERM PREPAYMENTS AS AT 31.12.2015

	as at 31.12.2015	as at 31.12.2014
Alcohol licences	133 510	2 885 046
Rentals	36 225	19 737
Lease provisions	43 091	59 746
Other	204 573	757 264
	417 399	3 721 793

Separate financial statements of EUROCASH S.A.			
Financial statements period:	1 January -31 December 2015	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

NOTE 10. INVENTORIES

Inventories are presented below:

Table no 11

INVENTORIES AS AT 31.12.2015

	as at 31.12.2015	as at 31.12.2014
Merchandise	733 250 494	1 062 254 042
Materials	251 987	231 460
Total inventories, including:	733 502 480	1 062 485 502
- carrying amount of inventory deposits securing payments of liabilities	230 000 000	467 500 000

Table no 12

ALLOWANCES FOR INVENTORIES IN THE PERIOD FROM 01.01 TO 31.12.2015

	for the period from 01.01.2015 to 31.12.2015	for the period from 01.01.2014 to 31.12.2014
Opening balance	13 877 930	8 304 868
- increase as a result of business combination	-	4 947 982
- increase in the allowance during the period	5 401 647	4 376 044
- write-offs during the period	(7 838 111)	(3 750 964)
Closing balance	11 441 467	13 877 930

Separate financial statements of EUROCASH S.A.			
Financial statements period:	1 January -31 December 2015	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

NOTE 11. **TRADE AND OTHER RECEIVABLES**

Trade and other receivables are presented below:

Table no 13

TRADE RECEIVABLES AND OTHER RECEIVABLES AS AT 31.12.2015

	as at 31.12.2015	as at 31.12.2014
Trade receivables	1 163 571 931	1 190 257 976
Credit sales	679 652 953	642 969 818
Receivables from suppliers*	440 308 117	495 761 648
Factoring	31 367 928	29 177 151
Franchise fees	3 617 205	3 648 533
Other trade receivables	49 262 055	60 156 047
Allowance for trade bad debts	(40 636 327)	(41 455 221)
Current tax assets	10 593 667	21 251 968
Other receivables	59 959 761	174 670 360
VAT settlements	34 709 124	98 387 992
Receivables subject to legal proceedings	50 461 259	49 000 353
Receivables from sales fixed assets	760 229	1 408 939
Receivables from employees	908 188	887 583
Receivables from insurance	597 016	905 266
Receivables from the dividend from the subsidiary	-	40 150 690
Other receivables	18 537 059	31 517 785
Allowance for other bad debts	(46 013 115)	(47 588 248)
Total receivables, including:	1 234 125 359	1 386 180 304
- short-term	1 234 125 359	1 386 180 304

* These charges relate to transactions with suppliers, which, depending on the specifics of these transactions are recognized in the separate income statement as revenues from sales of services or reduces the value of goods sold

Receivables from franchisees transferred to the financing concern trade receivables from franchisees that were covered by the contracts recourse factoring.

NOTE 12. **OTHER SHORT-TERM FINANCIAL ASSETS**

Short-term prepayments are presented below:

Table no 14

OTHER SHORT-TERM INVESTMENTS AS AT 31.12.2015

	as at 31.12.2015	as at 31.12.2014
Loans granted to a subsidiary	334 228 360	-
	334 228 360	-

Increase in the value of other short-term investments results from loans granted to subsidiaries: Eurocash Franczyza Sp. o.o., Eurocash VC3 Sp. o.o. and Eurocash Trade 1 Sp. o.o. in the total amount of 334 mln PLN during year 2015.

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Financial statements period:	1 January -31 December 2015	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

NOTE 13. SHORT-TERM PREPAYMENTS

Short-term prepayments are presented below:

Table no 15

SHORT-TERM PREPAYMENTS AS AT 31.12.2015

	as at 31.12.2015	as at 31.12.2014
Alcohol licences	2 982 262	4 525 070
Insurances	2 408 729	3 481 131
Rentals	3 269 252	2 290 984
Renting the commercial properties	2 492 241	2 094 975
Software renting	1 822 982	174
Tolls	1 787 478	-
Media	237 342	288 369
Other prepayments	6 250 376	4 066 806
Total short-term prepayments	21 250 661	16 747 509

NOTE 14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are presented below:

Table no 16

CASH AND CASH EQUIVALENTS AS AT 31.12.2015

	as at 31.12.2015	as at 31.12.2014
Cash		
cash at bank	6 158 506	3 676 224
cash on hand	1 172 767	2 178 817
cash in transit	23 153 274	20 818 762
cash on deposits	12 214 083	107 199
other	8 503	5 000
Total cash	42 707 133	26 786 003

NOTE 15. SHAREHOLDERS' EQUITY

Share capital

Share capital is presented below:

Table no 17

SHARE CAPITAL AS AT 31.12.2015

	as at 31.12.2015	as at 31.12.2014
Number of shares	138 829 311	138 680 636
Nominal value (PLN / share)	1	1
Share capital	138 829 311	138 680 636

Separate financial statements of EUROCASH S.A.			
Financial statements period:	1 January -31 December 2015	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

As at 31 December 2015, share capital consisted of 138,829,311 ordinary shares, including:

- 127,742,000 A series ordinary bearer shares with the nominal value of 1 PLN each
- 3,035,550 B series ordinary bearer shares with the nominal value of 1 PLN each
- 2,929,550 C series ordinary bearer shares with the nominal value of 1 PLN each
- 830,000 D series ordinary bearer shares with the nominal value of 1 PLN each
- 1,414,900 E series ordinary bearer shares with the nominal value of 1 PLN each
- 537,636 F series ordinary bearer shares with the nominal value of 1 PLN each
- 997,000 G series ordinary bearer shares with the nominal value of 1 PLN each
- 941,000 H series ordinary bearer shares with the nominal value of 1 PLN each
- 253,000 I series ordinary bearer shares with the nominal value of 1 PLN each
- 148,675 M series ordinary bearer shares with the nominal value of 1 PLN each

The structure of shareholders with more than 5% of the total number of votes at the General Meeting of Shareholders of Eurocash S.A. is presented below:

SHAREHOLDING STRUCTURE

Table no 18

SHAREHOLDERS STRUCTURE

Shareholder	31.12.2015				31.12.2014			
	Number of shares	Share in share capital (%)	Number of votes	Share in total number of votes (%)	Number of shares	Share in share capital (%)	Number of votes	Share in total number of votes (%)
Luis Amaral (directly and indirectly by Politra B.V.)	60 615 240	43,66%	60 615 240	43,66%	60 615 240	43,71%	60 615 240	43,71%
Fund managed by Cartica Management	n.a.	<5%	n.a.	<5%	6 994 140	5,04%	6 994 140	5,04%
Funds managed by Coronation Assets Management (Pty) Limited	n.a.	<5%	n.a.	<5%	6 929 097	5,00%	6 929 097	5,00%

The following changes occurred within the structure of share capital:

Table no 19

CHANGES IN SHARE CAPITAL IN THE PERIOD FROM 01.01 TO 31.12.2015

	for the period from 01.01.2015 to 31.12.2015	for the period from 01.01.2015 to 31.12.2015
Share capital at the beginning of the period	138 680 636	138 427 636
Increase of share capital in the period	148 675	253 000
Equity settled share-based payment transactions	148 675	253 000
Share capital at the end of the period	138 829 311	138 680 636

In 2015, 148,675 ordinary shares were issued due to exercising share options granted to key personnel of the Company under incentive schemes (2014: 253,000 shares). These options were exercised at prices ranging between PLN 25,13 and PLN 38,00 per share. All shares issued were fully covered with cash.

Separate financial statements of EUROCASH S.A.			
Financial statements period:	1 January -31 December 2015	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Loss on valuation of hedging transactions

Loss on valuation of hedging instruments includes the effective part of accumulated net change in fair value of hedging instruments that secure cash flows associated with hedged transactions.

Dividend

On April 24, 2015, the financial result for 2014 in the amount of PLN 244,579,936 was divided through Resolution 5 of the Ordinary General Meeting of Shareholders of Eurocash S.A. as the parent. The part of profit in the amount of PLN 109,557,702 was allocated to dividend, which was paid on 10 June 2015. The remaining part of net profit was allocated to supplementary capital of the Company.

NOTE 16. SHARE OPTIONS

Treasury shares options are presented below:

Table no 20

OPTIONS FOR SHARES IN THE PERIOD FROM 01.01 TO 31.12.2015

	Number of options	Weighted average performance prices (PLN/share)
Existing at the beginning of the reporting period	873 500	37,48
Exercised in the reporting period	(148 675)	38,00
Expired in the reporting period	(23 500)	18,91
Existing at the end of the reporting period including:	701 325	38,00
Exercisable at the end of the period	701 325	38,00

1. By way of Resolution no. 3 of the Ordinary General Meeting Eurocash S.A. of 26 November 2012 on the Eighth, Ninth and Tenth Incentive and Bonus Program for Employees for the years 2012, 2013 and 2014, it was decided to issue shares of Series M, Series N and Series O under the Incentive Program for managers, executives and key personnel for the business of the Company and Eurocash S.A. Group.,

The program is implemented in conjunction with the Company's intention to continue the incentive programs of the earlier years for managers, executives and key personnel for the business of the Company and Eurocash Group, and to lay the foundations to enable outstanding employees to acquire shares in the Company as a bonus.

The Company will issue a total of 102,000 registered bonds in three series:

- 34,000 registered Series I bonds with nominal value of PLN 0.01 each, with the right to subscribe and acquire 25 Series M shares with priority over the shareholders of the Company,
- 34,000 registered Series J bonds with nominal value of PLN 0.01 each, with the right to subscribe and acquire 25 Series N shares with priority over the shareholders of the Company,
- 34,000 registered Series K bonds with nominal value of PLN 0.01 each, with the right to subscribe and acquire 25 Series O shares with priority over the shareholders of the Company.

The bonds are zero-interest bonds.

The only Persons Entitled to buy all or part of the Series I bonds will be managers, executives and key personnel for the business of the Company and Eurocash Group who have been employed and working for a 3-year period starting on 1 January 2012.

A list of pre-qualified persons eligible to purchase Series I bonds has been approved by resolution No. 20 of the General Meeting on 20 May 2013.

Separate financial statements of EUROCASH S.A.			
Financial statements period:	1 January -31 December 2015	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

The final list of persons qualified as Pre-Authorized to receive the Series I bonds will be determined by the Supervisory Board and approved by the Resolution of the General Meeting of Shareholders if it includes Rewarded Personnel accordingly, by 5 January 2015.

The only Persons Entitled to purchase all or part of Series J bonds will be managers, executives and key personnel for the business of the Company and Eurocash Group who have been employed and working for a term of 3 years, as of 1 January 2013.

The list of pre-qualified persons eligible to purchase Series J bonds was approved by resolution No. 21 of the General Meeting on 20 May 2013.

Final List of Eligible Persons will be determined by resolution of the Supervisory Board, and if rewarded personnel are included, the list will be further approved through resolution of the General Meeting, no later than 5 January 2016.

The only Persons Entitled to purchase all or part of Series K bonds will be managers, executives and key personnel for the business of the Company and Eurocash Group who have been employed and working for a term of 3 years as of 1 January 2014. Final List of Eligible Persons will be determined by resolution of the Supervisory Board, and if rewarded personnel are included, the list will be further approved through resolution of the General Meeting, no later than 5 January 2017.

Holders of Series I Bonds shall be entitled to subscribe for and acquire Series M Shares with priority over shareholders of the Company for the period from 1 February 2015 to 31 January 2017.

Holders of the Series J Bonds shall be entitled to subscribe for and acquire Series M Shares with priority over shareholders of the Company for the period from 1 February 2016 to 31 January 2018.

Holders of the Series K Bonds shall be entitled to subscribe for and acquire Series M Shares with priority over shareholders of the Company for the period from 1 February 2017 to 31 January 2019.

The issue price per Series M Share will amount to PLN 38.

The issue price per Series N share will be determined by the Supervisory Board under the assumption that the value should be equal to PLN 38, adjusted for the rights associated with the shares. The issue price of Series N shares will be announced in a current report no later than 21 days before the beginning of the Ninth Option Exercise Period.

The issue price per Series O share will be determined by the Supervisory Board under the assumption that the value should be equal to PLN 38, adjusted for the rights associated with the shares. The issue price of Series O shares will be announced in a current report no later than 21 days before the beginning of the Ninth Option Exercise Period.

The Company has valued the Eighth Incentive Program for series I bonds in the amount of PLN 19,764.000. This value is accounted from 1 January 2013 for a period of 26 months.

Until December 31, 2014, 28,053 Series I bonds authorizing to take up 701,325 Series M shares were left unexercised.

In the period from January 1 to December 31, 2015, 148,675 shares ordinary series M were covered.

Series J Bonds will be available for offering through a proposal to buy (and thus the issuance of Series J will be exercised and consequently, the Ninth Bonus Incentive Program for Employees for 2013 will be implemented) only provided that all of the following conditions are duly fulfilled:

- Approval by the Ordinary General Meeting of the Group's consolidated annual report for 2012, and
- Achievement in 2013 by the Company's Group of a consolidated EBITDA (understood as operating profit plus depreciation and amortization) at least at PLN 565,000,000, that is at the level of consensus estimates published by Bloomberg.

Due to the fact that the above condition relating to consolidated EBITDA was not reached, the Ninth Bonus and Incentive Program has not been implemented.

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Financial statements period:	1 January -31 December 2015	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Series K Bonds will be available for offering through a proposal to acquire (and thus the issuance of the Series K will be effective and consequently, the Tenth Incentive and Bonus Program for Employees for 2014 will be implemented only provided that all of the following conditions are duly fulfilled:

- Approval by the Ordinary General Meeting of the Group's consolidated annual report for 2013,
- Achievement in 2014 by the Company's Group of consolidated EBITDA (understood as operating profit plus depreciation and amortization) at least at PLN 638,000,000, that is at the level of consensus estimates published by Bloomberg.

Because the above requirement concerning consolidated EBITDA was not fulfilled, the Tenth Incentive and Bonus Program was not implemented.

Share option programs are valued using the Black-Scholes model. Details of 8 Share program valuation is presented below.

Table no 21
OPTION VALUATION AS AT 31.12.2015

	8 Share option programme
Risk-free rate of return	2,34%
Volatility	34,93%
Option period (in years)	1,70
Exercise price	38,00
Base price	61,00
Number of options	850 000
Employee turnover ratio	6%
Total cost	19 764 084

Total costs of option programs carried to the separate income statement of the Company in 2015 amounted to PLN 1,013,543 (2014: PLN 12,162,513).

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Financial statements period:	1 January -31 December 2015	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

NOTE 17. PROVISIONS AND ACCRUALS

Provisions and accruals are presented below:

Table no 22

PROVISIONS AND ACCRUALS IN THE PERIOD FROM 01.01.2014 TO 31.12.2015

	Provision for employee benefits	Accrual for agent's commissions	Accrual for costs of transport	Accrual for advertising costs	Accruals for costs of media	Other	Total
Provisions and accruals as at 01.01.2014	34 644 924	357 558	1 492 209	11 354 699	4 854 961	20 268 080	72 972 432
Increase due to joining of subsidiary	18 497 470	32 542	411 243	16 045 034	1 572 777	17 357 858	53 916 924
Increases	812 785	-	1 482 919	1 208 377	-	310 083	3 814 164
Decreases	-	(245 386)	-	-	(446 820)	-	(692 207)
Provisions and accruals as at 31.12.2014, including:	53 955 179	144 714	3 386 371	28 608 109	5 980 917	37 936 020	130 011 312
- short-term	51 317 082	144 714	3 386 371	28 608 109	5 980 917	37 936 020	127 373 215
- long-term	2 638 097	-	-	-	-	-	2 638 097
Provisions and accruals as at 01.01.2015	53 955 179	144 714	3 386 371	28 608 109	5 980 917	37 936 020	130 011 312
Increases	11 232 486	-	2 590 156	2 597 053	1 178 996	8 083 415	25 682 107
Decreases	(3 199 696)	(37 227)	-	-	-	-	(3 236 923)
Provisions and accruals as at 31.12.2015, including:	61 987 969	107 487	5 976 527	31 205 162	7 159 913	46 019 436	152 456 495
- short-term	59 098 290	107 487	5 976 527	31 205 162	7 159 913	46 019 436	149 566 816
- long-term	2 889 679	-	-	-	-	-	2 889 679

<i>Separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	1 January -31 December 2015	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Table no 23

PROVISIONS AS AT 31.12.2015

	as at 31.12.2015	as at 31.12.2014
Provision for employee benefits	61 987 969	53 955 179
Accrual for advertising costs	31 205 162	28 608 109
Accruals for intrests	9 052 400	12 489 383
Accrual for costs of media	7 159 913	5 980 918
Accruals for litigations	7 753 568	5 987 454
Accrual for advisory and audit	2 090 365	2 113 188
Accrual for costs of transport	5 976 527	3 386 371
Accrual for rental costs	2 227 245	2 720 025
Alcohol licensing	1 545 599	163 581
Accrual for IT modernization	930 189	2 048 773
Accrual for agent's commissions	107 487	144 714
Other provisions and accruals	22 420 070	12 413 616
	152 456 494	130 011 312
- long-term	2 889 679	2 638 097
- short-term	149 566 815	127 373 215

Provisions and liabilities for employee benefits

Provisions and liabilities for employee benefits include provision for retirement benefits in amount of PLN 3,082,119 (the remaining part mainly consists of salaries payable and provisions for holidays and provision for bonuses).

Provision for retirement benefits was calculated by an actuary. Actuarial valuation accounted for such items as: discount rate of 3.0%, 3.0% wage increase. The amount of 2,889,679 PLN was presented as long-term portion of provision.

Provision for costs of advertising and marketing

Provision for advertising and marketing costs includes mainly provisions related to payments for marketing services provided by clients.

It is expected that these provisions will be realized within 12 months after 31 December 2015.

Provision for interest

The provision applies to estimated costs associated with outstanding liabilities past due as at 31 December 2015.

The provision is expected to be realized within 12 months after 31 December 2015.

Separate financial statements of EUROCASH S.A.			
Financial statements period:	1 January -31 December 2015	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

NOTE 18. TRADE AND OTHER PAYABLES

Trade and other payables are presented below:

Table no 24

TRADE AND OTHER PAYABLES AS AT 31.12.2015

	as at 31.12.2015	as at 31.12.2014
Trade liabilities	2 725 182 818	2 681 244 331
Payables due to purchase of goods	2 635 880 726	2 547 959 171
Payables due to services received	89 302 091	133 285 160
Other payables	62 104 674	52 208 500
Liabilities due to purchases of assets	20 236 626	13 393 791
Liabilities due to social securities	21 024 200	19 970 571
Liabilities due to taxes and insurances	5 098 855	4 593 182
Liabilities in relation to acquisitions	601 812	316 035
Other payables	15 143 181	13 934 921
Total liabilities, including:	2 787 287 492	2 733 452 831
- long-term	965 072	590 000
- short-term	2 786 322 420	2 732 862 831

Trade payables also include trade payables covered by the reverse factoring agreements, which do not substantially change the conditions of trade payables.

NOTE 19. LOANS AND BORROWINGS

Loans and borrowings are presented below:

Table no 25

LOANS AND BORROWINGS AS AT 31.12.2015

	Credit destination	Liability amount	Interest rate	Costs for the period from 01.01.2015 to 31.12.2015
	ING Bank Śląski S.A. cash pool agreement	675 945 159	WIBOR + bank's margin	13 567 245
Total loans and credits		675 945 159		13 567 245
- short-term		675 945 159		

On February 2, 2009, the entities from Eurocash Group signed a liquidity management agreement in the form of daily loans from ING Bank Śląski S.A. ("Cash Pool"). The aim is effectively managing the common financial liquidity within the accounts group.

Each of the Group companies has a separate current account. Eurocash S.A. acts as the management structure - operates two accounts:

- the main account - within the accounts group;
- the main liquidity account - outside the accounts group, which reflects the consolidated balance of all accounts.

<i>Separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>1 January -31 December 2015</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

The DOLMA System is based on the mechanism of zero balances. This operation is the last working day operation and involves a transfer of positive and negative balances of individual current accounts to the main account of liquidity on balance. At the beginning of each working day, this operation is reversed.

Interest on the balance on the main account of liquidity is calculated on the last day of each calendar month.

In addition, the Company has a line of credit to the amount of 700 mln PLN in Bank Zachodni WBK S.A., BGŻ Bank BNP Paribas S.A., Bank Gospodarstwa Krajowego S.A., mBank S.A. and in the Bank Polska Kasa Opieki S.A.

In accordance to the credit agreements, the Company is obliged to maintain certain financial ratios at a defined level and to engage in business activities within the framework prescribed in the agreements. During the audited period, the Company was complying with all the terms of loan agreements and there was no instance of violation. What is more, according to the credit agreements, the Company issued certain collaterals, details of which are presented in Note 31.

<i>Separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	1 January -31 December 2015	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

OTHER FINANCIAL LIABILITIES

Other financial liabilities are presented below:

Table no 26

FINANCIAL LIABILITIES AS AT 31.12.2015

	as at 31.12.2015	as at 31.12.2014
Liabilities arising from the issue of bonds	140 000 000	182 000 000
Finance lease liabilities	12 329 530	14 546 049
Liabilities related to financing of franchisees	31 367 928	29 177 151
Liabilities due to security instruments	7 406 518	11 774 474
	191 103 976	237 497 674
- long-term	153 552 495	157 834 770
- short-term	37 551 481	79 662 904

Liabilities due to financing of franchisees relate to reverse factoring agreements due to trade receivables.

On 20 June 2013 Eurocash issued bonds with a total nominal value of PLN 140m under the bonds program to the amount of PLN 500m. Interest on the bonds is determined by WIBOR for six-month deposits and the bank's. Repurchase date is 20 June 2018.

The bonds are secured by guarantees given by subsidiaries to the amount of PLN 168m. Liabilities from issued bonds are presented in the statement of financial position of the Company under long-term financial liabilities.

According to bond issues, the Company is required to maintain specified financial ratios at defined levels and to conduct business in certain contracts within. In the audited period, the Company performed all the activities of the agreements and there was no violation.

<i>Separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>1 January -31 December 2015</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

FINANCE LEASES

Table no 27

FINANCE LEASE AS AT 31.12.2015

	as at 31.12.2015	as at 31.12.2015	as at 31.12.2014	as at 31.12.2014
	minimum lease payments	present value of minimum lease payments	minimum lease payments	present value of minimum lease payments
<i>Future minimum lease payments due to operating lease agreements</i>				
Less than one year	2 905 500	2 277 639	3 366 347	2 867 003
Between one and five years	10 258 590	9 979 196	12 108 433	11 557 846
More than five years	76 171	72 695	124 820	121 200
Total future minimum lease payments due to finance lease agreements	13 240 260	12 329 530	15 599 600	14 546 049
Finance costs	910 731	X	1 053 550	X
Present value of minimum lease payments due to finance lease agreements	12 329 530	12 329 530	14 546 050	14 546 049

<i>Separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	1 January -31 December 2015	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

OPERATING LEASES

The Company recognized operating lease contracts concerning lease or rental of premises, vehicles and other under which leased assets can be used by the lessee in exchange for a charge or a series of charges and no transfer of risk or benefits arising from ownership of the asset is made.

The contracts relate to lease and rental of space for the purpose of commercial activities such as sales of groceries, cigarettes, alcohol, household chemicals and non-food merchandise. The company signed the contracts relating to the use of storage space for logistics and transportation purposes, as well as office space for administrative activities of headquarters' employees. Moreover, the Company recognized an operating lease contract related to the lease of vehicles used by the lessee in its current operations.

For contracts relating to trading space, the price is defined per 1 square meter. Prices are adjusted on the basis of the annual rate of inflation published by the Central Statistical Office, fluctuations in property tax charges, fluctuations of perpetual usufruct charges, and fluctuations of local charges applicable to leased/rented properties. The final amount payable is a product of the number of square meters of the given space multiplied by the price per square meter.

The term and termination conditions stated in certain contracts read that unless either Party notifies the other Party of the contract of its decision not to extend the contract during the 12 months period preceding the date of the contract termination, the contract will be automatically extended for the following period (same as in the original contract).

A specification of minimum operating lease charges is presented below:

Table no 28

LIABILITIES UNDER OPERATING LEASE AGREEMENTS AS AT 31.12.2015

	as at 31.12.2015	as at 31.12.2014
<i>Future minimum fees due to operating lease agreements paid in the period:</i>		
Less than one year	123 620 210	131 225 538
Between one and five years	317 714 574	342 058 529
More than five years	397 372 055	431 503 886
Total future minimum fees due to operating lease agreements	838 706 839	904 787 953

Operating lease payments for 2015 amounted to PLN 133,921,953 (2014: PLN 135,332,265).

Separate financial statements of EUROCASH S.A.			
Financial statements period:	1 January -31 December 2015	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

NOTE 20. INCOME TAX

Income tax for the reporting period is presented below:

Table no 29

INCOME TAX FOR THE PERIOD FROM 01.01 TO 31.12.2015 (main components)

	for the period from 01.01.2015 to 31.12.2015	for the period from 01.01.2014 to 31.12.2014
<i>Profit and loss account</i>		
Current income tax	(9 432 861)	2 154 702
Deferred income tax	(17 777 507)	(3 999 261)
Total income tax	(27 210 369)	(1 844 559)

Table no 30

TAX RECONCILIATION FOR THE PERIOD FROM 01.01 TO 31.12.2015

	for the period from 01.01.2015 to 31.12.2015	for the period from 01.01.2014 to 31.12.2014
Profit before tax	527 891 583	246 424 495
Income tax calculated base on 19% income tax rate	(100 299 401)	(46 820 654)
Adjustment of current tax of previous years	148 125	2 154 702
Permanent tax differences	(2 979 397)	(5 688 491)
The tax impact of dividends received from Group companies	23 979 973	48 801 934
The tax impact of the remission of shares in EVC3	51 859 421	-
Other differences	80 909	(292 051)
Income tax in the profit and loss account	(27 210 369)	(1 844 560)
Effective tax rate	5,15%	0,75%

<i>Separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	1 January -31 December 2015	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

NOTE 21. DEFERRED TAX

Deferred tax is presented below:

Table no 31

DEFERRED TAX IN THE PERIOD FROM 01.01 TO 31.12.2015

	Statement of financial position		Income statement		Merger of the entities	Statement of comprehensive income	
	as at 31.12.2015	as at 31.12.2014	for the period from 01.01.2015 to 31.12.2015	for the period from 01.01.2014 to 31.12.2014	as at 31.12.2014	for the period from 01.01.2015 to 31.12.2015	for the period from 01.01.2014 to 31.12.2014
<i>Deferred tax liabilities</i>							
- difference between tax and carrying amount of fixed assets	74 010 780	59 928 488	14 082 292	14 752 425	42 388 568	-	-
- deferred income	29 294 576	35 042 334	(5 747 758)	12 694 037	13 680 319	-	-
- revenues from accrued interests	721 629	474 283	247 346	26 073	40 997	-	-
- financial lease liabilities	-	274 868	(274 868)	274 868	-	-	-
- other	445 396	1 923 688	(1 478 292)	(87 929)	2 011 618	-	-
Gross deferred tax liability	104 472 382	97 643 662	6 828 720	27 659 475	58 121 501	-	-

<i>Separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	1 January -31 December 2015	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Table no 31

DEFERRED TAX IN THE PERIOD FROM 01.01 TO 31.12.2015 (continued)

	Statement of financial position		Income statement		Merger of the entities	Statement of comprehensive income	
	as at 31.12.2015	as at 31.12.2014	for the period from 01.01.2015 to 31.12.2015	for the period from 01.01.2014 to 31.12.2014	as at 31.12.2014	for the period from 01.01.2015 to 31.12.2015	for the period from 01.01.2014 to 31.12.2014
<i>Deferred tax liabilities</i>							
- bonuses	6 465 564	10 591 122	4 125 559	12 139 192	5 263 986	-	-
- allowance of inventories	2 173 879	2 636 807	462 928	(508 509)	550 373	-	-
- allowance for bad debts	12 783 045	12 290 171	(492 874)	(1 088 237)	6 106 417	-	-
- write-down for impairment of investments	22 345 156	22 345 156	-	(22 345 156)	-	-	-
- tax loss from previous years	-	9 198 825	9 198 825	(6 331 522)	-	-	-
- holiday accrual	2 951 207	2 990 624	39 417	(418 276)	685 573	-	-
- accrual for employees' bonuses	3 009 277	807 500	(2 201 777)	560 500	-	-	-
- unpaid payroll and social securities	1 938 510	2 229 428	290 918	(76 428)	844 947	-	-
- retirement provision	585 603	523 116	(62 486)	-	96 737	-	-
- accrual for agents' commissions	20 423	16 552	(3 870)	37 545	-	-	-
- accrual for rental costs	174 843	293 819	118 976	(123 882)	59 015	-	-
- accrual for advertising costs	5 928 981	5 435 541	(493 440)	454 569	3 864 680	-	-
- accrual for costs of transport	942 656	643 411	(299 245)	(359 891)	-	-	-
- accrual for costs of media	1 152 433	941 986	(210 447)	(106 029)	87 692	-	-
- accrual for advisory and audit	355 369	401 506	46 136	(71 374)	109 478	-	-
- provisions for legal disputes	2 165 292	1 638 485	(526 807)	(1 097 618)	-	-	-
- provisions for Amrest	-	(35 594)	(35 594)	59 289	-	-	-
- hedging instruments	1 407 239	2 237 150	-	-	-	829 911	2 237 150
- accrual for intrests accrued on debts	-	-	-	1 420 245	-	-	-
- accrued interest on trade payables	1 397 361	2 046 913	649 552	(1 865 281)	41 217	-	-
- accrued interest on loans and borrowings	74 070	-	(74 070)	6 635	-	-	-
- accrual for purchasing shares (PD, Tradis)	607 998	907 277	299 280	(299 280)	-	-	-
- other provisions	14 972 875	15 090 682	117 807	(3 646 706)	5 297 122	-	-
- deferred tax assets	81 451 778	93 230 477	10 948 787	(23 660 213)	23 007 237	829 911	2 237 150
Deferred income tax effect			17 777 507	3 999 261		829 911	2 237 150
Net deferred tax liability	23 020 603	4 413 185	X	X		X	X
Net deferred tax asset	-	-	X	X		X	X

Separate financial statements of EUROCASH S.A.			
Financial statements period:	1 January -31 December 2015	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

NOTE 22.
SALES IN THE REPORTING PERIOD

Sales revenues are presented below:

Table no 32

SALE IN THE PERIOD FROM 01.01 TO 31.12.2015

	for the period from 01.01.2015 to 31.12.2015	for the period from 01.01.2014 to 31.12.2014
Sale of goods	12 968 489 002	11 419 515 535
Sale of services	782 226 990	696 273 476
Total sale	13 750 715 992	12 115 789 011

NOTE 23.
COSTS BY TYPE

Costs by type are presented below:

Table no 33

COSTS BY TYPE IN THE PERIOD FROM 01.01 TO 31.12.2015

	for the period from 01.01.2015 to 31.12.2015	for the period from 01.01.2014 to 31.12.2014
Depretiation	102 932 784	90 072 124
Materials and energy	92 999 645	86 759 969
External services	468 054 934	427 965 661
Taxes and charges	34 511 317	34 920 807
Payroll	465 609 795	389 554 157
Social security and other benefits	93 035 932	79 711 058
Other costs by type	25 296 523	24 136 704
Costs by type	1 282 440 930	1 133 120 479
including:		
Costs of sold services	3 426 801	3 260 467
Selling expenses	1 054 775 122	917 418 241
General and administrative expenses	224 239 007	212 441 772

Separate financial statements of EUROCASH S.A.			
Financial statements period:	1 January -31 December 2015	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

NOTE 24. OTHER OPERATING INCOMES AND EXPENSES

Other operating incomes and expenses are presented below:

Table no 34

OTHER OPERATING INCOME AND EXPENSES THE PERIOD FROM 01.01 TO 31.12.2015

	for the period from 01.01.2015 to 31.12.2015	for the period from 01.01.2014 to 31.12.2014
Other operating income	33 311 710	41 973 611
Penalties for suppliers	9 948 555	18 270 437
Other sales	5 119 706	7 675 386
Sub-lease of premises	6 594 844	5 308 513
Revenues from transport services	59 022	182 434
Compensation received	2 427 234	1 095 946
Profit on disposal of tangible fixed assets	-	24 848
Surplus inventory	163 653	384 110
Donations received	114 212	602 775
Release of bad debts	1 077 170	-
Other	7 807 315	8 429 162
Other operating expenses	(80 368 079)	(75 445 916)
Inventory shortages	(21 555 994)	(21 510 054)
Liquidation of damages and expired goods	(42 635 914)	(33 184 254)
Impairment allowances fixed	(1 047 750)	-
Allowance for bad debts	-	(7 686 158)
Allowance for inventory	-	(2 496 895)
Losses from disposals of property, plant and equipment	(666 353)	-
Litigations	(2 921 443)	-
Paid penalties	(2 558 087)	(213 398)
Other	(8 982 539)	(10 355 155)
Net other operating expenses	(47 056 369)	(33 472 305)

NOTE 25. FINANCE INCOMES AND COSTS

Finance incomes and costs are presented below:

Table no 35

FINANCIAL REVENUES AND COSTS IN THE PERIOD FROM 01.01 TO 31.12.2015

	for the period from 01.01.2015 to 31.12.2015	for the period from 01.01.2014 to 31.12.2014
Financial income	415 464 440	269 392 606
Dividends and remission of shares	126 210 385	256 852 282
Remission of shares in Eurocash VC3 *	272 944 321	-
Revenues from discounts	3 639 590	5 450 926
Interest	2 335 946	4 414 205
Other financial income	10 334 198	2 675 192
Financial expenses	(84 966 414)	(226 881 196)
Interest	(72 337 696)	(102 755 001)
Impairment of shares in the Group	(2 590 840)	(119 181 238)
Commissions and bank charges	(4 844 171)	(3 175 115)
Foreign exchange losses	(202 144)	(517 397)
Other financial expenses	(4 991 563)	(1 252 444)
Net financial expenses	330 498 026	42 511 410

* Note 5

Separate financial statements of EUROCASH S.A.			
Financial statements period:	1 January -31 December 2015	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

NOTE 26. EARNINGS PER SHARE

Earnings per share are presented below:

Table no 36

EARNINGS PER SHARE FOR THE PERIOD FROM 01.01 TO 31.12.2015

	for the period from 01.01.2015 to 31.12.2015	for the period from 01.01.2014 to 31.12.2014
<i>Earnings</i>		
Profit for the period attributable to the Parent's shareholders	500 681 214	244 579 936
<i>Number of issued shares</i>		
Weighted average number of shares	138 697 752	138 528 195
Dilution effect of potential number of shares:		
Convertible bonds	63 601	92 513
Weighted average number of shares (to calculate diluted earnings per share)	138 761 353	138 620 708
Earnings per share		
- basic	3,61	1,77
- diluted	3,61	1,76

Calculation of weighted average number of shares

The weighted average number of shares determined in order to calculate the value of basic earnings per share is calculated as the weighted average number of ordinary shares outstanding during the reporting period.

Calculation of weighted average diluted number of shares

The weighted average number of shares determined to calculate the value of diluted earnings per share includes issued bonds convertible to shares and is calculated as the total of the weighted average number of ordinary shares plus a potential free of charge issue of ordinary shares.

The free of charge issue of ordinary shares means the difference between the number of ordinary shares which would be issued at the time of conversion of all diluting bonds convertible to ordinary shares and the number of ordinary shares which would be issued at average market value of ordinary shares during the period.

For the purpose of calculating diluted earnings per share, the weighted average number of shares was not adjusted for conversion of convertible bonds conducted during the periods following the end date of the reporting period on a non-arm's length basis.

Description of factors which dilute the number of shares

Earnings per share are diluted as a consequence of implementation of share option schemes discussed in Note 16.

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Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

NOTE 27. BOOK VALUE PER SHARE

Book value per share is calculated as the quotient of the book value and the number of shares as at the end of the reporting period.

Table no 37

BOOK VALUE PER SHARE ON 31.12.2015

	as at 31.12.2015	as at 31.12.2014
Book value	1 187 110 767	785 773 954
Number of shares	138 829 311	138 680 636
Diluted number of shares	139 530 636	139 554 136
Book value per share	8,55	5,67
Diluted book value per share	8,51	5,63

NOTE 28. TRANSACTIONS WITH RELATED PARTIES

No significant non-arm's length transactions with subsidiaries were closed in 2015.

No allowances for receivables from related parties were recognized in 2015 by the Company.

Trade receivables	31.12.2015
Eurocash Serwis Sp. z o.o.	24 333 825
Eurocash Detal Sp. z o.o.	5 426 373
Eurocash Trade 1 Sp. z o.o.	4 738 573
Eurocash Franczyza Sp. z o.o.	3 789 996
Euro Sklep S.A.	2 331 740
PayUp Polska S.A.	1 498 330
Inmedio Sp. z o.o.	1 128 599
Eurocash Convenience Sp. z o.o.	813 114
Lewiatan Holding S.A.	473 099
Detal Podlasie Sp. z o.o.	219 563
Lewiatan Kujawy Sp. z o.o.	194 280
Lewiatan Śląsk Sp. z o.o.	173 103
Ambra Sp. z o.o.	149 774
Lewiatan Opole Sp. z o.o.	100 464
Partnerski Serwis Detaliczny S.A.	77 095
Lewiatan Północ Sp. z o.o.	69 277
Lewiatan Podlasie Sp. z o.o.	56 845
Eurocash VC1 Sp. z o.o.	43 889
Przedsiębiorstwo Handlu Spożywczego Sp. z o.o.	40 994
Lewiatan Zachód Sp. z o.o.	35 652
Lewiatan Wielkopolska Sp. z o.o.	30 370
Lewiatan Orbita Sp. z o.o.	24 097
Lewiatan Podkarpacie Sp. z o.o.	15 709
DEF Sp. z o.o.	10 532
Eurocash VC3 Sp. z o.o.	6 888
Eurocash VC2 Sp. z o.o.	5 633
Premium Distributors Sp. z o.o.	5 559
Eurocash Trade 2 Sp. z o.o.	5 184
Total	45 798 560

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Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Other receivables	31.12.2015
Eurocash Serwis Sp. z o.o.	1 111 214
Lewiatan Holding S.A.	210 237
Lewiatan Śląsk Sp. z o.o.	54 532
Lewiatan Północ Sp. z o.o.	19 450
Lewiatan Kujawy Sp. z o.o.	15 459
Lewiatan Orbita Sp. z o.o.	14 775
Lewiatan Opole Sp. z o.o.	10 310
Ambra Sp. z o.o.	10 075
DEF Sp. z o.o.	8 172
Przedsiębiorstwo Handlu Spożywczego Sp. z o.o.	7 154
Lewiatan Zachód Sp. z o.o.	6 428
Premium Distributors Sp. z o.o.	5 275
Lewiatan Wielkopolska Sp. z o.o.	3 201
Eurocash Franczyza Sp. z o.o.	1 717
Eurocash Convenience Sp. z o.o.	510
Lewiatan Podlasie Sp. z o.o.	119
Eurocash Detal Sp. z o.o.	30
Total	1 478 658

Loans to	31.12.2015
Eurocash Franczyza Sp. z o.o.	168 014 485
Eurocash VC3 Sp. z o.o.	155 114 025
Eurocash Trade 1 Sp. z o.o.	11 099 850
Total	334 228 360

Trade payables	31.12.2015
Lewiatan Holding S.A.	19 618 053
Eurocash Serwis Sp. z o.o.	8 131 591
Eurocash Franczyza Sp. z o.o.	5 547 628
Partnerski Serwis Detaliczny S.A.	1 508 700
Eurocash Trade 1 Sp. z o.o.	1 498 276
Euro Sklep S.A.	962 388
Lewiatan Kujawy Sp. z o.o.	734 418
Lewiatan Śląsk Sp. z o.o.	712 826
Lewiatan Podlasie Sp. z o.o.	559 009
Lewiatan Wielkopolska Sp. z o.o.	443 324
Lewiatan Północ Sp. z o.o.	392 732
Lewiatan Opole Sp. z o.o.	317 477
Eurocash VC2 Sp. z o.o.	220 199
Lewiatan Zachód Sp. z o.o.	199 267
Lewiatan Orbita Sp. z o.o.	183 467
DEF Sp. z o.o.	177 921
Lewiatan Podkarpacie Sp. z o.o.	89 493
Premium Distributors Sp. z o.o.	40 663
Ambra Sp. z o.o.	35 629
Eurocash Convenience Sp. z o.o.	31 845
Eurocash Detal Sp. z o.o.	3 593
Total	41 408 499

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Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Other payables 31.12.2015

Grupa Eurocash S.A. (cashpool)	675 945 159
Eurocash VC2 Sp. z o.o.	1 234 003
Premium Distributors Sp. z o.o.	973 303
Eurocash Serwis Sp. z o.o.	365 788
Euro Sklep S.A.	299 865
Ambra Sp. z o.o.	26 470
Eurocash Franczyza Sp. z o.o.	15 726
Przedsiębiorstwo Handlu Spożywczego Sp. z o.o.	5 570
DEF Sp. z o.o.	4 798
Eurocash Convenience Sp. z o.o.	1 427
Total	678 872 108

Sales of goods 01.01-31.12.2015

Eurocash Serwis Sp. z o.o.	283 583 785
Eurocash Detal Sp. z o.o.	9 086 549
Detal Podlasie Sp. z o.o.	4 729 066
Eurocash Convenience Sp. z o.o.	3 721 779
Inmedio Sp. z o.o.	2 025 329
DEF Sp. z o.o.	654 363
Eurocash Trade 1 Sp. z o.o.	294 564
Eurocash Franczyza Sp. z o.o.	227 958
Ambra Sp. z o.o.	106 551
Eurocash VC1 Sp. z o.o.	44 844
Lewiatan Opole Sp. z o.o.	30 962
Partnerski Serwis Detaliczny S.A.	11 698
Lewiatan Orbita Sp. z o.o.	10 955
Lewiatan Północ Sp. z o.o.	6 513
Lewiatan Podlasie Sp. z o.o.	5 337
Lewiatan Zachód Sp. z o.o.	4 872
Lewiatan Śląsk Sp. z o.o.	4 712
Lewiatan Kujawy Sp. z o.o.	4 200
Pol Cater Holding Sp. z o.o.	517
Drogerie Koliber Sp. z o.o.	373
Total	304 554 928

Separate financial statements of EUROCASH S.A.			
Financial statements period:	1 January -31 December 2015	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Sales of services 01.01-31.12.2015

Eurocash Franczyza Sp. z o.o.	26 776 537
Eurocash Serwis Sp. z o.o.	9 739 681
Euro Sklep S.A.	7 393 927
Lewiatan Holding S.A.	5 460 966
PayUp Polska S.A.	1 512 758
Lewiatan Kujawy Sp. z o.o.	980 234
Eurocash Convenience Sp. z o.o.	657 383
Lewiatan Śląsk Sp. z o.o.	652 093
Partnerski Serwis Detaliczny S.A.	637 691
DEF Sp. z o.o.	458 992
Lewiatan Podlasie Sp. z o.o.	409 578
Lewiatan Północ Sp. z o.o.	402 896
Ambra Sp. z o.o.	279 283
Lewiatan Opole Sp. z o.o.	227 130
Lewiatan Zachód Sp. z o.o.	195 066
Lewiatan Wielkopolska Sp. z o.o.	111 536
Eurocash VC1 Sp. z o.o.	111 266
Lewiatan Orbita Sp. z o.o.	93 017
Eurocash Trade 1 Sp. z o.o.	34 719
Premium Distributors Sp. z o.o.	31 987
Przedsiębiorstwo Handlu Spożywczego Sp. z o.o.	18 394
Eurocash Detal Sp. z o.o.	17 372
Eurocash VC2 Sp. z o.o.	11 340
Eurocash Trade 2 Sp. z o.o.	6 540
Lewiatan Podkarpacie Sp. z o.o.	5 679
Eurocash VC3 Sp. z o.o.	5 600
Detal Podlasie Sp. z o.o.	270
Total	56 231 935

Interest revenues 01.01-31.12.2015

Eurocash Trade 1 Sp. z o.o.	231 717
Eurocash VC3 Sp. z o.o.	51 240
Eurocash Serwis Sp. z o.o.	7 733
Eurocash VC1 Sp. z o.o.	414
Eurocash Convenience Sp. z o.o.	97
Total	291 202

Dividends 01.01-31.12.2015

Eurocash Franczyza Sp. z o.o.	109 264 607
Eurocash Serwis Sp. z o.o.	10 914 369
Premium Distributors Sp. z o.o.	5 852 426
Partnerski Serwis Detaliczny S.A.	178 984
Total	126 210 385

Other income 01.01-31.12.2015

Eurocash VC3 Sp. z o.o.	317 977 270
Total	317 977 270

Costs of goods sold 01.01-31.12.2015

Lewiatan Holding S.A.	180 417 460
Eurocash Serwis Sp. z o.o.	47 503 052
DEF Sp. z o.o.	269 569
Premium Distributors Sp. z o.o.	237 585
PayUp Polska S.A.	722
Total	228 428 387

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Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Costs of services	01.01-31.12.2015
Eurocash Serwis Sp. z o.o.	62 519 100
Eurocash Franczyza Sp. z o.o.	39 322 211
Partnerski Serwis Detaliczny S.A.	5 585 286
Euro Sklep S.A.	4 780 964
Lewiatan Śląsk Sp. z o.o.	2 732 704
Lewiatan Kujawy Sp. z o.o.	2 677 812
Lewiatan Podlasie Sp. z o.o.	2 418 163
Lewiatan Wielkopolska Sp. z o.o.	1 758 916
Lewiatan Północ Sp. z o.o.	1 621 536
Lewiatan Opole Sp. z o.o.	1 117 526
Premium Distributors Sp. z o.o.	928 547
Lewiatan Holding S.A.	870 216
Lewiatan Zachód Sp. z o.o.	831 450
Lewiatan Orbita Sp. z o.o.	681 148
Eurocash Detal Sp. z o.o.	344 252
Lewiatan Podkarpacie Sp. z o.o.	336 592
Eurocash Convenience Sp. z o.o.	287 716
DEF Sp. z o.o.	158 763
Ambra Sp. z o.o.	78 095
Eurocash Trade 1 Sp. z o.o.	65 676
PayUp Polska S.A.	54 000
Przedsiębiorstwo Handlu Spożywczego Sp. z o.o.	1 512
Inmedio Sp. z o.o.	1 306
Total	129 173 491

Interest costs	01.01-31.12.2015
Grupa Eurocash S.A. (cashpool)	13 567 245
Eurocash VC2 Sp. z o.o.	220 199
Total	13 787 444

Other costs	01.01-31.12.2015
Eurocash VC2 Sp. z o.o.	1 234 003
Premium Distributors Sp. z o.o.	928 547
Ambra Sp. z o.o.	26 470
Eurocash Serwis Sp. z o.o.	24 419
Eurocash Franczyza Sp. z o.o.	12 573
DEF Sp. z o.o.	4 798
Przedsiębiorstwo Handlu Spożywczego Sp. z o.o.	1 512
Total	2 232 322

NOTE 29.

REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

The table below presents values of total remuneration, bonuses, rewards and other benefits paid or payable to the Members of the Management Board and the Supervisory Board during the period from 1 January 2015 to 31 December 2015.

There were no other transactions noted during the reporting period which would involve Members of the Management Board and the Supervisory Board.

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Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Table no 38

REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD IN THE PERIOD FROM 0.1.01 TO 31.12.2015

	Basic salary	Other benefits	Management options	Total
<i>Remuneration of the Members of the Management Board</i>				
Luis Amaral	480 000	253 345	-	733 345
Rui Amaral	1 200 000	18 938	59 620	1 278 558
Arnaldo Guerreiro	1 020 000	30 564	29 810	1 080 374
Pedro Martinho	1 200 000	30 797	-	1 230 797
Katarzyna Kopaczewska	960 000	32 329	29 810	1 022 139
Jacek Owczarek	960 000	30 895	29 810	1 020 705
Carlos Saraiva	1 200 000	49 407	17 886	1 267 293
David Boner	1 873 050	37 456	-	1 910 506
	8 893 050	483 730	166 936	9 543 716
<i>Remuneration of the Members of the Supervisory Board</i>				
Joao Borges de Assuncao	180 700	-	-	180 700
Eduardo Aguinaga de Moraes	150 000	-	-	150 000
Francisco José Valente Hipólito dos Santos	150 000	-	-	150 000
Hans Joachim Körber	150 000	-	-	150 000
Jacek Szwajcowski	119 200	-	-	119 200
	749 900	-	-	749 900

**NOTE 30.
EMPLOYMENT**

The number of employees as at 31.12.2015 is presented below:

Table no 39

NUMBER OF EMPLOYEES AS AT 31.12.2015

	as at 31.12.2015	as at 31.12.2014
Number of employees	9 344	9 304
Number of full-time jobs	9 256	9 204

The employment structure as at 31.12.2015 is presented below:

Table no 40

STRUCTURE OF EMPLOYMENT AS AT 31.12.2015

	Wholesale discounts and distribution centres	Head office	Total
Number of employees	8 056	1 288	9 344
Number of full-time jobs	7 968	1 288	9 256

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Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Employee turnover data as at 31.12.2015 are presented below:

Table no 41

EMPLOYEE TURNOVER IN THE PERIOD FROM 01.01 TO 31.12.2015

	for the period from 01.01.2015 to 31.12.2015	for the period from 01.01.2014 to 31.12.2014
The number of employees hired for the purchase of an organized part of the enterprise	-	3 476
Number of hired employees	3 711	3 273
Number of dismissed employees	(3 671)	(3 074)
	40	3 675

**NOTE 31.
DATA CONCERNING ITEMS NOT INCLUDED IN THE STATEMENT OF FINANCIAL POSITION**

Table no 42

CONTINGENCIES AS AT 31.12.2015

No Beneficiary	Title	Currency	as at 31.12.2015	as at 31.12.2014
1 ING Bank Śląski **	Surety of the ING Bank Śląski S.A. bank guarantee for Dolma Agreement	PLN	2 208 210 000	2 095 860 000
2 Prepaid Services Company Limited **	Surety for PayUp liabilities	PLN *	2 130 750	1 065 575
3 Pekao S.A. **	Surety for trade liabilities Eurocash Serwis Sp. z o.o. and Eurocash Trade 1 Sp. z o.o. due to the Factoring agreement	PLN	400 000 000	200 000 000
4 BZ WBK***	Surety for trade liabilities arising from the "Franchise partners financing program" for Franchisees Delikatesy Centrum	PLN	30 546 530	16 741 753
5 mLeasing **	Surety for the liabilities Eurocash Serwis Sp. z o.o. under the Lease Agreement	PLN	2 991 691	2 106 770
6 ING Leae **	Surety for the liabilities Eurocash Detal Sp. z o.o. under the Lease Agreement	PLN	934 778	934 778
7 DNB Bank Polska S.A.**	Surety for the liabilities Eurocash Franczyza Sp. z o.o., Eurocash Serwis Sp. z o.o., Eurocash Trade 1 Sp. z o.o. and DEF Sp. z o.o. due to the Factoring Agreement	PLN	-	120 000 000
8 Pekao S.A. **	Surety for the liabilities of Eurocash Service Sp. z o.o. due to Credit Agreement in Overdraft	PLN	165 000 000	165 000 000
9 Imperial Tobacco Polska S.A.**	Surety for the liabilities Eurocash Serwis Sp. z o.o.	PLN	29 000 000	29 000 000
			2 838 813 749	2 601 708 876

* - Guarantee in EUR is translated into PLNB at the average exchange rate of NBP:
as at 31.12.2014: 1 EUR = 4,2623 PLN,
as at 31.12.2015: 1 EUR = 4,2615 PLN.

** nominal value

*** according to the debt value on the balance sheet date

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Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Table no 43

OTHER BANK GUARANTEES AS AT 31.12.2015

No	Bank guarantee drawer	Title	Currency	as at 31.12.2015	as at 31.12.2014
1	ING Bank Śląski	Security for rent liabilities	PLN	821 100	821 100
2	ING Bank Śląski	Security for rent liabilities	PLN	-	1 135 345
3	PKO BP S.A.	Security for rent liabilities	PLN	4 666 802	5 413 279
4	PKO BP S.A.	Security for rent liabilities	PLN*	20 444 666	18 350 786
5	PKO BP S.A.	Security for excise duty	PLN	3 100 000	1 200 000
6	PKO BP S.A.	Security for payment for suppliers	PLN	20 000 000	-
7	PKO BP S.A.	Security for payment for the supply for alcohol	PLN	-	21 351
8	PKO BP S.A.	Security for payment with the use of national road viaToll	PLN	620 100	620 100
9	PKO BP S.A.	Security for promotional lottery	PLN	384 468	3 688 900
				50 037 135	31 250 861

* - Guarantee in EUR is translated into PLN at the average exchange rate of NBP:
as at 31.12.2014: 1 EUR = 4,2623 PLN,
as at 31.12.2015: 1 EUR = 4,2615 PLN.

COLLATERALS

Table no 44

SECURITY ON ASSETS AS AT 31.12.2015

Title	Secured property	Amount secure in PLN
Security of an agreement on a credit line at ING **	Deposit on the inventories	180 000 000
Security of a framework agreement for the bank guarantee PKO BP **	Deposit on the Eurocash S.A. inventories	50 000 000
Securing syndicated loan agreement to the amount of PLN 700,000,000 *	Deposit on the Eurocash Serwis Sp. z o.o. shares	9 547 300
Securing syndicated loan agreement to the amount of PLN 700,000,000 *	Deposit on the Eurocash S.A. shares	3 800 000
Finance lease agreements (at net value of tangible fixed assets on the balance sheet date)	Deposit on fixed assets in financial leasing	13 266 008

** at debt nominal value

<i>Separate financial statements of EUROCASH S.A.</i>			
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Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

NOTE 32. FINANCIAL RISK MANAGEMENT

a. General information

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operating risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes used to measure and manage risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Management Board of the Company bears the overall responsibility for the establishment and oversight of the Company's risk management framework. In order to fulfill these requirements, the Board has established a Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Management Board on its activities.

The Risk Management Committee is established to identify and analyze the risks related to the Company's activities, to set appropriate risk limits and controls, and to monitor any variations against those limits. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Internal Audit Department which operates at the Company oversees how management monitors compliance with the Company's risk management policies and procedures. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures.

b. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

The Company's maximum exposure to credit risk is presented in the table below.

Table no 45

CREDIT RISK EXPOSURE

	as at 31.12.2015	as at 31.12.2014
Accounts receivable and loans	1 524 979 470	1 268 728 455
Cash and cash equivalents *	41 534 366	24 607 186
	1 566 513 836	1 293 335 641

* excluding cash

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Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Trade receivables and other receivables

Due to the fact that the Company's customers are highly fragmented and scattered, there is no concentration of credit risks.

The Company's credit risk regarding receivables varies depending on the particular group of clients cooperating with the Company, as follows:

- sales realized in cash constitute over 90% of total sales realized by wholesalers and therefore there is no credit risk related thereto,
- sales of servicing to franchise networks and independent clients is mostly on a credit basis and is therefore characterized by a greater volume of overdue receivables. However, counterparties credit risk is moderate,
- sales of marketing services to suppliers of goods (promotions, newsletters, advertising brochures) are exposed to minor credit risk, as the related payments, mostly as a result of additional arrangements, are offset with amounts payable to suppliers
- sales to HoReCa are typically transacted on a credit basis and therefore a higher percentage of overdue receivables occurs in this category; however, the credit risk related to these parties is moderate.

The Company monitors the amount of overdue receivables on an ongoing basis and in justified cases initiates legal proceedings and makes allowances for bad debts.

The tables below present the aging structure of trade receivables and bad debts allowances:

Table no 46

AGEING OF TRADE RECEIVABLES AND BAD DEBT ALLOWANCES AS AT 31.12.2015

	Trade receivables gross value as at 31.12.2015	Bad debts allowance as at 31.12.2015	Trade receivables gross value as at 31.12.2014	Bad debts allowance as at 31.12.2014
current	978 659 092	-	951 817 981	-
0-30 days	102 309 195	-	155 465 812	-
31-90 days	51 125 839	-	67 486 724	-
91-180 days	28 898 845	-	13 953 134	-
> 180 days	43 215 287	40 636 327	42 989 546	41 455 221
	1 204 208 259	40 636 327	1 231 713 197	41 455 221

Table no 47

ALLOWANCE FOR BAD DEBTS AS AT 31.12.2015

	for the period from 01.01.2015 to 31.12.2015	for the period from 01.01.2014 to 31.12.2014
Opening balance	41 455 221	10 462 373
Increases	-	30 992 847
Decreases	(818 893)	-
Closing balance	40 636 328	41 455 221

Investments

Cash and cash equivalents are deposited with reputable financial institutions and the Company does not expect any counterparties to fail to meet their obligations.

Guarantees

The Company's policy is to provide financial guarantees only to wholly-owned affiliates and to regular key customers.

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Financial statements period:	1 January -31 December 2015	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

c. Liquidity risk

Liquidity risk is the risk of the Company being unable to repay its debts as they fall due.

Liquidity risk management policy consists of ensuring, as far as possible, cash necessary for the Company to repay its debts and investment obligations as they fall due, without incurring unacceptable losses or risking damage to the Company's reputation.

The basis for effective liquidity risk management at Eurocash Group is an internal model of forecasting cash flows. Liquidity management is focused on detailed analysis, planning and acting in the following three areas:

- investments in fixed assets,
- working capital,
- net financial debt.

The Company's sales are closed mainly for cash. Moreover, the Company has a credit line agreement as a revolving loan (without the cash pool) facilities, up to PLN 700m, which can be used to meet its short-term financial requirements.

As at 31 December 2015, the limit was not reached.

As at 31 December 2015, a large part of current liabilities refers to liabilities with related parties, including PLN 676m in connection with the Cash Pool agreement.

Carrying amounts by the agreed due dates are presented in the following tables (excluding any agreements for mutual offsetting of receivables and payables):

Table no 48

AS AT 31.12.2015

	Net book value	< 12 months	1-5 years	over 5 years
Financial lease liabilities	12 329 530	2 277 639	9 979 196	72 695
Trade and other payables	2 762 129 509	2 761 164 437	965 072	-
Factoring	31 367 928	31 367 928	-	-
Bank overdrafts	675 945 159	675 945 159	-	-
Other finance liabilities	7 406 518	3 905 914	3 500 604	-
Bond issue	140 000 000	-	140 000 000	-
	3 629 178 644	3 474 661 077	154 444 872	72 695

AS AT 31.12.2014

	Net book value	< 12 months	1-5 years	over 5 years
Financial lease liabilities	14 546 049	2 867 003	11 557 846	121 200
Trade and other payables	2 709 479 078	2 708 889 078	590 000	-
Factoring	29 177 151	29 177 151	-	-
Bank overdrafts	1 288 897 686	1 288 897 686	-	-
Bond issue	182 000 000	42 000 000	140 000 000	-
Other finance liabilities	11 774 474	5 618 750	6 155 724	-
	4 235 874 438	4 077 449 669	158 303 570	121 200

d. Market risk

Market risk is the risk related to changes in demand, supply, and prices, as well as other factors (such as foreign exchange rates, interest rates, and equity prices) which will affect the Company's income or the value of its assets. The objective of market risk management is to manage and control market risk exposures within the acceptable limits, while optimizing risk returns.

Separate financial statements of EUROCASH S.A.			
Financial statements period:	1 January -31 December 2015	Presentation currency:	Polish zloty (PLN)
Level of round-offs:	All amounts are expressed in Polish zloty (unless indicated otherwise)		

Currency risk

Currency risk does not significantly affect the business activities of the Company, as the majority of the Company's payments are made in the local currency. In order to manage the currency risk regarding significant transactions in foreign currencies, the Company buys and sells derivatives. The Company is focused on an application of hedge accounting that would minimize the effect of profit and loss variability for the period. In 2015, as well as in 2014 year, the Group did not have any open positions in currency derivatives.

Interest rate risk

Interest rate risk is related to loans and credit facilities granted and taken out, respectively.

The following table presents the Company's exposure profile (maximum exposure) to the risk of interest rate fluctuations, by presenting variable and fixed rate financial instruments:

Table no 49

VARIABLE AND FIXED INTEREST RATE FINANCIAL INSTRUMENTS

	Present value 31.12.2015	Present value 31.12.2014
Fixed interest rate instruments		
Financial assets	-	-
Financial liabilities	19 736 048	26 320 523
Floating interest rate instrument		
Financial assets	1 567 686 603	1 295 514 457
Financial liabilities	3 609 442 596	4 209 553 915

The Company has analyzed variable-interest instruments' sensitivity to changes in market interest rates. The table below presents an impact of 100 pp increase and decrease interest rates on the net profit/loss and on equity less net profit/loss. This analysis was performed based on the assumption that all other variables, such as currency exchange rates, remain unchanged. The analysis was performed for the current year and for the comparative period, i.e. for 2014.

Table no 50

SENSITIVITY ANALYSIS OF FINANCIAL INSTRUMENTS

	Income statement		Equity	
	increases 100bp	decreases 100bp	increases 100bp	decreases 100bp
31 December 2015	(20 417 560)	20 417 560	-	-
31 December 2014	(29 140 395)	29 140 395	-	-

e. Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence and to sustain future development of the business.

<i>Separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>1 January -31 December 2015</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

The Company monitors changes in the structure of shareholders, the return on capital and the level of dividends paid to shareholders.

It is the objective of the Company to achieve such value of return on equity that would satisfy the shareholders and guarantee yearly payment of dividend.

There were no changes in the Company's capital management goals, rules or processes in place during the presented period.

f. Fair value

As at December 31, 2015, fair value of financial instruments was similar to their carrying value. The Group holds interest rate security instruments (IRS) carried at fair value. For these IRS, fair value was recognized as level 2 in the hierarchy - fair value is determined on the basis of values observed on the market yet different than direct market quotes (e.g. through direct or indirect reference to other instruments existing on the market). With respect to the applied hedge accounting, the effect of valuation is presented in other comprehensive incomes.

NOTE 33. OTHER SUBSEQUENT EVENTS

1. Eurocash to acquire 50% of shares in one of the largest Delikatesy Centrum franchisees

On 29 January 2016 pursuant to the preliminary agreement of 18 September 2014 (current report no. 46/2016), Eurocash executed with Hadrick Investments sp. z o.o, Jerzy Rogala and Ewelina Wójcik Rogala an agreement of acquisition of 50% shares in Firma Rogala.

In 2015, Firma Rogala generated approx. PLN 367 million in retail sales. The acquisition of a stake in Firma Rogala is in line with Eurocash Group's M&A policy. It is aimed at developing a long-term partnership with one of the key franchisees, running 63 outlets, ensuring the stable growth of the Delikatesy Centrum network and increasing Eurocash Group's revenue.

<i>Separate financial statements of EUROCASH S.A.</i>			
Financial statements period:	<i>1 January -31 December 2015</i>	Presentation currency:	<i>Polish zloty (PLN)</i>
Level of round-offs:	<i>All amounts are expressed in Polish zloty (unless indicated otherwise)</i>		

SIGNATURES OF MANAGEMENT BOARD MEMBERS

Position	Name and surname	Date	Signature
President of the Management Board	Luis Amaral	18 th March 2016	
Management Board Member Chief Executive Officer	Rui Amaral	18 th March 2016	
Management Board Member	Arnaldo Guerreiro	18 th March 2016	
Management Board Member	Pedro Martinho	18 th March 2016	
Management Board Member Human Resources Director	Katarzyna Kopaczewska	18 th March 2016	
Management Board Member Financial Director	Jacek Owczarek	18 th March 2016	
Management Board Member	David Boner	18 th March 2016	