

**ANNUAL WRITTEN REPORT OF THE SUPERVISORY BOARD OF
EUROCASH SPÓŁKA AKCYJNA FOR 2012**

**To the General Meeting
of Eurocash Spółka Akcyjna (the “Company”)**

The report covers the fiscal year from January 1st, 2012 through December 31st, 2012.

In 2012 the following persons were the members of the Supervisory Board of the Company:

Mr. João Borges de Assunção	Chairman of the Supervisory Board
Mr. Eduardo Aguinaga de Moraes	Member of the Supervisory Board
Mr. Ryszard Wojnowski	Member of the Supervisory Board
Mr. Janusz Lisowski	Member of the Supervisory Board
Mr. António José Santos Silva Casanova	Member of the Supervisory Board

1. Information on the Supervisory Board's activities.

The Supervisory Board fulfilled its duties according to the Commercial Companies Code and the Company's Statute. In particular, the Supervisory Board was involved in the internal control and risk management systems of the Company, analyzed the Company's results and monitored the performance of the Management Board. Supervisory Board was involved in the process of taking the important decisions of the Company like, e.g., decisions related to agendas of the general meetings or approval of Company's budget for the year 2013.

Pursuant to § 13.12 of the Company's Statute, in 2012 the Supervisory Board held 4 meetings: on April 15, June 15, November 25 and November 26.

During 2012 the Supervisory Board also held several conference calls on the following dates: February 27, March 29, May 10, May 19, June 26, August 22, September 14, October 29, November 7.

2. Supervisory Board opinion on the Company's financial statements for 2012, including the financial statement for 2012, the Management Board's report on the Company's business activity in 2012 and the proposal of the Management Board concerning the distribution of net profits for 2012.

2.1 Opinion on the financial statement.

Pursuant to Art. 382 § 3 of the Commercial Companies Code, the Supervisory Board

of the Company conducted the analysis of the separate financial statement of the Company for 2012, including the separate statement of the financial position as at December 31, 2012, showing the total assets in the amount of PLN 2,936,852,214, the separate income statement for the period from January 1, 2012, to December 31, 2012, showing income for the period in the amount of PLN 145,208,702, separate statement on changes in equity in the period from January 1, 2012 to December 31, 2012, representing the balance as at 31 December 2012 of 477,015,635 and the separate statement of cash flows for the period from January 1, 2012, to December 31, 2012, indicating a decrease of net cash in the amount of PLN 142,624,262.

The Supervisory Board is of the opinion that the submitted separate financial statement for 2012, including the statement of the financial position, the income statement, the statement of changes in equity and the statement of cash flows, truly and properly represent the result of the Company's business activity for the above fiscal year, as well as the property and financial standing of the Company as of December 31, 2012.

According to the above, the Supervisory Board adopted a resolution recommending that the General Meeting approved the Company's separate financial statement for 2012.

2.2 Opinion on the Management Board's report on the Company's business activity in 2012.

The financial statement of the Company is accompanied by a written Management Board's report on the Company's business activity in 2012.

The Supervisory Board is of the opinion that the presented report of the Management Board is true and comprehensive. After the analysis of the Management Board report, the Supervisory Board adopted a resolution recommending that the General Meeting approved the Management Board report and acknowledged the fulfilment of duties by the members of the Management Board.

2.3 Opinion on the proposal of the Management Board on distribution of net profits

Upon examination of the proposal of the Management Board of the Company to distribute net profits for 2012, the Supervisory Board adopted a resolution recommending to the General Meeting that the Company's net profits for 2012 amounting to PLN 145,208,702 be distributed in the following manner:

- (a) the shareholders of record on June 11, 2013 shall be eligible to receive the dividend in amount PLN 0.90 per one Company share; the dividend shall be payable by July 2, 2013;

(b) the balance shall be transferred to Company's supplementary capital.

3. Supervisory Board opinion on the Company's Capital Group consolidated report for 2012, including the consolidated financial statement for 2012 and the Management Board's report on the Company's Capital Group business activity in 2012.

3.1 Opinion on the consolidated financial statement.

The Supervisory Board of the Company conducted the analysis of the consolidated financial statement of the Company's Capital Group for 2012, including the consolidated statement of the financial position as at December 31, 2012, showing the total assets in the amount of PLN 4,684,964,451, the consolidated income statement for the period from January 1, 2012, to December 31, 2012, showing the profit for the period in the amount of PLN 250,381,269, consolidated statement of changes in equity in the period from January 1, 2012 to December 31, 2012, representing balance as at 31.12.2012 thereof of PLN 783,554,388, and the consolidated statement of cash flows for the period from January 1, 2012, to December 31, 2012, indicating a decrease of net cash in the amount of PLN 141,101,774.

The Supervisory Board is of the opinion that the submitted consolidated financial statement for 2012, including the consolidated statement of the financial position, the consolidated income statement, the consolidated statement of changes in equity and the consolidated statement of cash flows, truly and properly represent the result of the Company's Capital Group business activity for the above fiscal year, as well as the property and financial standing of the Company's Capital Group as of December 31, 2012.

According to the above, the Supervisory Board adopted a resolution recommending that the General Meeting approved the Company's Capital Group consolidated financial statement for 2012.

3.2 Opinion on the Management Board's report on the Company's Capital Group business activity in 2012.

The consolidated financial statement of the Company's Capital Group is accompanied by a written Management Board's report on the Company's Capital Group business activity in 2012.

The Supervisory Board is of the opinion that the presented report of the Management Board is true and comprehensive. After the analysis of the Management Board report, the Supervisory Board adopted a resolution recommending that the General Meeting approved the Management Board report and acknowledged the fulfilment of duties by the members of the Management Board.

4. Report on Audit Committee's activities.

The Audit Committee has its responsibilities defined in § 10 of the "By-laws of the Supervisory Board". One of such responsibilities is to issue an annual report on its activities. In 2012 the Audit Committee held 1 meeting and 2 conference calls.

During the meeting held on November 26, 2012, the Audit Committee met with the Company's auditors.

During the conference call held on March 29, 2012, the Audit Committee discussed recommendation to the Supervisory Board of the positive assessment of the annual financial statement of the Company and of the Company's Capital Group for 2011.

During the conference call held on August 22, 2012, the Audit Committee discussed recommendation to the Supervisory Board of the positive assessment of the half-yearly financial statement of the Company and of the Company's Capital Group.

Final remarks: The Audit Committee is of the opinion that it performed its responsibilities in 2012, and that the auditors, not having other commercial relations with the Company, can perform their duties in an independent manner.

5. Report on Remuneration Committee's activities.

The Remuneration Committee held 2 meetings in the year 2012: on April 15 and on November 25.

Remuneration Committee reports that it has obtained full disclosure and access to all necessary information regarding both Company's policy regarding remuneration of Management Board members and its application. The Committee was satisfied that no material departure from stated Management policy has taken place, and expresses appreciation for Management's rigorous approach to alignment of performance incentives with Company objectives.

The Company's Human Resources Director has provided a complete description of how the fixed and variable components of remuneration policy relate to the yearly cycle of objective-setting and performance evaluation. The Committee is satisfied that Management is rigorous both in the design and in the application of a policy that appears to be adequate, in the competitive context of Poland, to encourage the achievement of Company targets.

Final remarks: Based on the above, the Remuneration Committee expresses a positive opinion on the mechanisms used to apply Management Board remuneration policy during 2012, and confirm that remuneration payments made during 2012 are in compliance with this policy.

6. Evaluation of internal control system and risk management system of the Company.

Supervisory Board systematically evaluates the quality of the internal control systems and risk management of the Company. The key elements of this system include (i) yearly business plan and budget adopted by the Management Board and approved by the Supervisory Board; (ii) the internal control carried out by the internal audit department; (iii) the Management Board's daily analysis of the results of the Company and comparison thereof with the budget (iv) a verification of the financial statements by an independent auditor selected by the Supervisory Board; and (v) evaluation of financial statements by the Supervisory Board.

On the basis of the evaluation carried out, the Supervisory Board is of the opinion that there were no weaknesses which could significantly impact on the effectiveness of the internal control and risk management system of the Company.

7. Concise evaluation of the Company's standing.

The Supervisory Board having analysed the separate and consolidated financial statements, the Company results and the plans for future developments, has given positive opinion on the Company's and its Group standing and prospects of development thereof. Concurrently the Supervisory Board recommended to the General Meeting to acknowledge fulfilment of the Management Board duties in 2012. The more detailed comments are highlighted in the following points:

Key financial results: In the fiscal year of 2012 the Company has yet again improved its economic results. Consolidated sales of Company's Capital Group in 2012 amounted to PLN 16 575,78 million and increased by 66,08% comparing with 2011. Consolidated net profit amounted to PLN 250,38 million, what represents an increase of 86,31% as compared to 2011. Stand-alone sales of the Company amounted to 6 324,81 million and increased by 14,52% comparing with 2011. Net profit of the Company amounted to PLN 145,21 million and increased by 124,13% comparing with 2011. These results are a combination of realised acquisitions and strong organic growth posted by all business units of Company's Capital Group in 2012.

Other relevant developments:

1. Signing the memorandum of agreement with Mr. Marian and Mrs. Krystyna Dziembor

On 13th of December 2012 subordinate subject of Eurocash – company KDWT S.A. – signed the memorandum of agreement with Mrs. Krystyna Dziembor and Mr. Marian Dziembor. Based on a.n. memorandum of agreement sides bound themselves over to enter, up to 31st of August 2013, into a contract based on which KDWT S.A. will acquire a company from Mrs. Krystyna Dziembor and organized part of a company constituted from tangible and intangible components needed to run a wholesale trade

of cigarettes and tobacco articles from Mr. Marian Dziembor. The condition of entering into the contract was receiving an approval from the president of the Office of Competition and Consumer Protection, which company received 31st of January 2013.

2. Investment Agreement with Resource Partners Holdings

On 17th of September 2012 Eurocash and RPH entered into a contract, according to which after fulfilling specific terms, including approval from the president of the Office of Competition and Consumer Protection and required banks, Eurocash would be a minority shareholder (with no less than 25% shares) in companies controlled by RPH and belonging to Polbita-Interchem Group. Above mentioned agreement couldn't be completed because of taking over all stakes in share capital of Polbita Sp. z o.o. by Alior Bank S.A.

3. Credit Facility Agreement with BRE Bank

On 27 June 2012 a credit facility agreement was concluded with BRE Bank S.A., under which BRE granted to Company working capital credit facility in the amount of PLN 380,000,000.00 to finance current activity of the Company. The obligations of the Company under the granted credit were guaranteed by the subsidiaries of the Issuer. The guarantee was granted to Eurocash S.A. for the liabilities of the Company under abovementioned credit agreement. The guarantee covers the obligations of the Company arising out of the abovementioned credit agreement, and in particular, the obligations for the credit, interest, and fees, including enforcement costs, in the case where the Company fails to fulfill its obligations in the periods specified in the abovementioned credit agreement. The declaration about the guarantee was made by KDWT S.A. and Tradis Sp. z o.o.

Each of the guarantors, in the manner provided in Section 97 of the Act dated 29 August 1997 Bank Law, submitted a declaration of being subject to enforcement proceedings conducted on the basis of a bank enforcement title up to the amount of PLN 380,000,000, at the same time authorizing the Bank to apply in court for the issuance of an enforcement clause for the bank enforcement title valid until 31 December 2014.

4. Addendum to the credit agreement

Tradis Sp. z o.o. concluded on 29th of March 2012 an addendum to the credit agreement in the current account (no. 2010/141/DDF) with Bank Pekao S.A., under which the amount of credit granted by the Bank to the Company was reduced from PLN 121,000,000.00 to PLN 50,000,000.00. At the same time date of the repayment of the credit was extended from 31 March 2012 to 30 April 2012. The obligations of the Company under granted credit were guaranteed by the Issuer. The guarantee covers the obligations of the Company arising out of the abovementioned credit agreement, and in particular, the obligations for the credit, interest, and fees, including enforcement costs, in the case where the Company fails to fulfill its obligations in the periods specified in the abovementioned credit agreement, up to the total amount of PLN 75,000,000.00. The Issuer, in the manner provided in Section 97 of the Act dated

29 August 1997 Bank Law, submitted a declaration of being subject to enforcement proceedings conducted on the basis of a bank enforcement title up to the amount of PLN 75,000,000.00 (PLN seventy five million), at the same time authorizing the Bank to apply in court for the issuance of an enforcement clause for the bank enforcement title valid until 30 April 2015.

During 2012 there were no other major events and factors that influenced consolidated income or loss of the Eurocash Group realized in this period.

Opinion on the Management Board remuneration policy: the Supervisory Board is of the opinion that the Management Board remuneration policy is in compliance with the corporate governance standards.

Final comments: The Company's Capital Group has strong market position with growth perspectives in all business units. Additionally along with realised acquisitions and synergy effect related to the acquired companies, the Company's Capital Group will be able to gain further market share and improve the profitability of the business. The quality of its operations combined with experienced management, know-how, client base and track record of successful integration of acquired companies give a solid base for Company's future healthy development.

The Report of the Supervisory Board of the Company was adopted in accordance with § 14.2.(iii) of the Company's Statute and § 5.7 of the "By-Laws of the Supervisory Board of Eurocash S.A."