

ANNUAL WRITTEN REPORT OF THE SUPERVISORY BOARD OF EUROCASH SPÓŁKA AKCYJNA FOR 2010

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

The report covers the fiscal year from January 1st, 2010 through December 31st, 2010.

In 2010 the following persons were the members of the Supervisory Board of the Company:

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| 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 most vital decisions of the Company like, e.g., decisions related to agendas of the general meetings, approval of Company's budget for the year 2011, approvals of acquisition of Premium Distributors, acquisition of PolCater or decisions related to offer of Eurocash shares directed to the shareholders of Emperia Holding S.A. and subsequent investment agreement with Emperia Holding to acquire Grupa Dystrybucyjna Tradis.

Pursuant to § 13.12 of the Company's Statute, in 2010 the Supervisory Board held 3 meetings: on June 2, November 22 and November 23.

During 2010 the Supervisory Board also held several conference calls on the following dates: February 24, March 26, April 16, April 28 (GSM+RC), May 10, July 22, August 25, September 12, September 21, September 29, October 7, October 25, November 8,

2. Supervisory Board opinion on the Company's financial statements for 2010, including the financial statement for 2010, the Management Board's report on the Company's business activity in 2010 and the proposal of the Management Board concerning the distribution of net profits for 2010.

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 2010, including the separate statement of the financial position as at

December 31, 2010, showing the total assets in the amount of PLN 1 712 916 224, the separate income statement for the period from January 1, 2010, to December 31, 2010, showing income for the period in the amount of PLN 63 149 188, separate statement on changes in equity in the period from January 1, 2010 to December 31, 2010, representing the balance as at 31 December 2010 of PLN 325 364 720 and the separate statement of cash flows for the period from January 1, 2010, to December 31, 2010, indicating an increase of net cash in the amount of PLN 37 604 128.

The Supervisory Board is of the opinion that the submitted separate financial statement for 2010, 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, 2010.

According to the above, the Supervisory Board adopted a resolution recommending that the General Meeting approved the Company's separate financial statement for 2010.

2.2 Opinion on the Management Board's report on the Company's business activity in 2010.

The financial statement of the Company is accompanied by a written Management Board's report on the Company's business activity in 2010.

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 2010, the Supervisory Board adopted a resolution recommending to the General Meeting that the Company's net profits for 2010 amounting to PLN 63 149 188 be distributed in the following manner:

- (a) the shareholders of record on July [1], 2011 shall be eligible to receive the dividend in amount PLN [0.37] per one Company share; the total dividend shall not exceed PLN 63 149 188 and shall be payable by [July 15], 2011;
- (b) the balance shall be transferred to Company's supplementary capital.

3. Supervisory Board opinion on the Company's Capital Group consolidated report for 2010, including the consolidated financial statement for 2010 and the Management Board's report on the Company's Capital Group business activity in 2010.

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 2010, including the consolidated statement of the financial position as at December 31, 2010, showing the total assets in the amount of PLN 2 402 980 573, the consolidated income statement for the period from January 1, 2010, to December 31, 2010, showing the profit for the period in the amount of PLN 128 446 420, consolidated statement on changes in equity in the period from January 1, 2010 to December 31, 2010, representing balance as at 31.12.2010 thereof of PLN 457 104 760 and the consolidated statement of cash flows for the period from January 1, 2010, to December 31, 2010, indicating an increase of net cash in the amount of PLN 54 047 960.

The Supervisory Board is of the opinion that the submitted consolidated financial statement for 2010, 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, 2010.

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 2010.

3.2 Opinion on the Management Board's report on the Company's Capital Group business activity in 2010.

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 2010.

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 2010 the Audit Committee held 2 conference calls.

During the conference call held on May 7, 2010, 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 2009.

During the conference call held on August 25, 2010, 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 2010, 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 1 conference call on April 28 and 1 meeting in 2010, on November 23.

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 2010, and confirm that remuneration payments made during 2010 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 2010.

The more detailed comments are highlighted in the following points:

Key financial results: In the fiscal year of 2010 the Company has yet again improved its economic results. Consolidated sales of Company's Capital Group in 2010 amounted to PLN 7 791.76 million and increased by 16.3% comparing with 2009. Consolidated net profit amounted to PLN 128.45 million, what represents an increase of 25.3% as compared to 2009. Stand alone sales of the Company amounted to 5 000.2 million and increased by 8.0% comparing with 2009. Net profit of the Company amounted to PLN 63.2 million and decreased by 10.8% comparing with 2009. These results are a combination of realised acquisitions and strong organic growth posted by all business units of Company's Capital Group in 2010.

Other relevant developments:

1. The merger Eurocash S.A. with a subsidiary company Przedsiębiorstwo Handlowe Batna Sp. z o.o.

On 21 April 2010 Management Board Eurocash S.A. informed of intention to merger Eurocash S.A. with a subsidiary company Przedsiębiorstwo Handlowe Batna Sp. z o.o. based in Warsaw, where Eurocash has 100% of the shares.

On 2 June 2010 accordance with resolution no 19 Ordinary General Meeting Eurocash S.A. and resolution no 1 Extraordinary General Meeting Przedsiębiorstwa Handlowego Batna Sp. z o.o. decided of the merger by Eurocash S.A, ie, by transferring all the assets of a company being acquired PH Batna Sp. z o.o. to Eurocash as the acquiring company. On 1 July 2010 the connection entry has been made to the National Court Register.

2. Dissolution of company Sieć Detalistów "Nasze Sklepy" Sp. z o.o.

On 5 July 2010 accordance with the resolution no 9 of the Ordinary General Meeting Sieć Detalistów "Nasze Sklepy" Sp. z o.o. was decided to dissolution company Sieć Detalistów "Nasze Sklepy" Sp. z o.o. and announce beginning its liquidation from the date to made by the shareholders this resolution. The company will be conducted under the name "Sieć Detalistów Nasze Sklepy Sp. z o.o. w likwidacji".

To the date of this financial statement the liquidation has not been registered in National Court Register. Activity of the company Sieć Detalistów Nasze Sklepy Sp. z.o.o. has been incorporated into Eurocash S.A. On liquidators of the Company appointed Ireneusz Ługowski, Pedro Martinho and Jacek Owczarek.

3. Conclusion of the credit agreement

In connection with the acquisition on 2 August 2010 shares and stocks in subsidiaries CEDC companies, Eurocash S.A. concluded the contract credit with ING Bank S.A., under which ING Bank S.A. has credit in the amount of 380.000.000 PLN for financing the purchase of shares and stocks in subsidiaries CEDC companies. The agreement was signed for a period of 5 years. Liabilities of the company for credit granted were guaranteed by subsidiaries. The guarantee covers liabilities, and in particular the liabilities for the credit, interest and commissions, where a company fails to perform its liabilities within the time limits to the total amount 456.000.000 PLN.

4. Preliminary agreement acquisition the company Pol Cater Holding Sp. z o.o.

On 28 July 2010 Eurocash S.A. and Dansk A/S concluded a preliminary agreement obligating the conclusion, to 30 June 2011, an agreement of the sale of 100% of the shares in company Pol Cater Sp. z o.o. The condition for the signing of the share purchase agreement shall be the obtaining by the Company of consent from the Head of the Office of Competition and Consumer Protection. Eurocash intends to finance the acquisition from its own resources.

5. Final agreement for sale shares CEDC Group

On 2 August 2010 Eurocash S.A. signed a contract of purchase of shares in Premium Distributors Group, The preliminary agreement was signed on 8 April. On 21 May the Office for Competition and Consumer Protection agreed to this transaction.

The sale price was originally determined in the amount of PLN 400.000.000.

However, the price may be amended if circumstances enumerated in the preliminary agreement occur

Eurocash was financed this acquisition with a loan in ING Bank Śląski and their own resources.

The total amount of payments made to Carey Agri International Poland Sp. z o. o. amounted 385.9000.000 PLN.

6. The merger Eurocash S.A. with a subsidiary company Eurocash Dystrybucja Sp. z o.o.

On 9 July 2010 Management Board Eurocash S.A. informed of intention to merger Eurocash S.A. with a subsidiary company Eurocash Dystrybucja Sp. z o.o. based in Błonie, where Eurocash has 100% of the shares.

On 11 August 2010 accordance with resolution no 2 Extraordinary General Meeting Eurocash S.A. decided about the merger by the transferring all the assets of a company being acquired Eurocash Dystrybucja Sp. z o.o., to Eurocash S.A. as the acquiring company (merger by acquisition). On 1 September 2010 the connection entry has been made to the National Court Register.

7. Proposition of merger Eurocash S.A. with Emperia Holding

On 13 September 2010, Eurocash submitted a merger proposal to the Management Board of Emperia Holding S.A. Eurocash proposed share exchange ratio of 3.76 Merger Shares in exchange for each Emperia share outstanding.

8. Approval and publication of the prospectus Eurocash S.A.

On 8 October 2010 the Financial Supervision Commission approved the prospectus Eurocash SA prepared in connection with a public offer on Polish territory to the 51,096,800 shares of K-series offered to shareholders of Emperia Holding SA.

9. Conditional increase in share capital

On 27 October 2010 alert to changes in the Statute KRS made pursuant to resolutions of the Extraordinary General Meeting of 25 October 2010, including in particular the changes to the Articles of Association concerning the conditional increase in share capital by the amount of not more than 11,285,056 pounds through

issuance of no more than 11,285,056 shares of common bearer L nominal value of 1 zł each.

10. Investment agreement with Emperia Holding S.A. to acquire its Distribution Companies

On 21 December 2010 Eurocash and Emperia entered into an Investment Agreement, on the basis of which, Eurocash and Emperia undertook to execute the transaction, in which Emperia shall sell, for the benefit of Eurocash, shares held by it, directly or indirectly, in the companies active in wholesale distribution of FMCG, as well as organizing franchise chains for retail stores.

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."