

ANNUAL WRITTEN REPORT OF THE SUPERVISORY BOARD OF EUROCASH SPÓŁKA AKCYJNA FOR 2009

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

The report covers the fiscal year from January 1st, 2009 through December 31st, 2009.

In 2009 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

The hitherto tenures of the foregoing Supervisory Board Members expired with the date of the Ordinary General Assembly of the Company held on May 25, 2009. However, on the same day, i.e., May 25, 2009, all the above persons were appointed as Members of the Company’s Supervisory Board for the next tenure.

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 2010, acquisition of Przedsiębiorstwo Handlowe “Batna” Sp. z o.o.

Pursuant to § 13.12 of the Company’s Statute, in 2009 the Supervisory Board held 3 meetings: on June 23, November 23 and November 24. In addition during 2009, the Supervisory Board of the previous tenure held meeting on 25 May, 2009.

During 2009 the Supervisory Board also held several conference calls on the following dates: February 26, April 21, April 23, April 29, May 8, May 14, August 28, November 12, December 1.

Pursuant to § 13.8 of the Company’s Statute, by virtue of resolutions adopted on May 8, 2009, the Supervisory Board amended “By-laws of the Supervisory Board of Eurocash S.A.” which was approved by the Annual General Meeting of May 25, 2009. The amendment concerns mainly technical changes to the wording of the above document.

During the meeting of June 23 the Supervisory Board elected members of the Supervisory Board committees, i.e., the Audit Committee and the Remuneration

Committee. The composition of the aforementioned committee's did not changed as compared to the committees functioning during the previous tenure of the Supervisory Board.

2. Supervisory Board opinion on the Company's SAR report for 2009, including the financial statement for 2009, the Management Board's report on the Company's business activity in 2009 and the proposal of the Management Board concerning the distribution of net profits for 2009.

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 2009, including the separate statement of the financial position as at December 31, 2009, showing the total assets in the amount of PLN 1,190,661,716 (one billion one hundred ninety million six hundred sixty one thousand seven hundred sixteen zlotys), the separate income statement for the period from January 1, 2009, to December 31, 2009, showing the profit for the period in the amount of PLN 62,299,893 (sixty two million two hundred ninety nine thousand eight hundred ninety three zloty), separate statement on changes in equity in the period from January 1, 2009 to December 31, 2009, representing an increase thereof of PLN 43,581,956 (forty three million five hundred eighty one thousand nine hundred fifty six zloty) and the separate statement of cash flows for the period from January 1, 2009, to December 31, 2009, indicating an increase of net cash in the amount of PLN 35,911,511 (thirty five million nine hundred eleven thousand five hundred eleven zlotys).

The Supervisory Board is of the opinion that the submitted separate financial statement for 2009, 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, 2009.

According to the above, the Supervisory Board adopted a resolution recommending that the General Meeting approved the Company's separate financial statement for 2009.

2.2 Opinion on the Management Board's report on the Company's business activity in 2009.

The financial statement of the Company is accompanied by a written Management Board's report on the Company's business activity in 2009.

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 2009, the Supervisory Board adopted a resolution recommending to the General Meeting that the Company's net profits for 2009 amounting to PLN 62,299,893 (sixty two million two hundred ninety nine thousand eight hundred ninety three zloty) be distributed in the following manner:

- (a) the shareholders of record on June 15, 2010 shall be eligible to receive the dividend in amount PLN 0.37 (thirty seven groszes) per one Company share; the total dividend shall not exceed PLN 51,000,000 (fifty one million zloty) and shall be payable by June 30, 2010;
- (b) the balance shall be transferred to Company's supplementary capital.

3. **Supervisory Board opinion on the Company's Capital Group consolidated report for 2009, including the consolidated financial statement for 2009 and the Management Board's report on the Company's Capital Group business activity in 2009.**

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 2009, including the consolidated statement of the financial position as at December 31, 2009, showing the total assets in the amount of PLN 1,390,352,181 (one billion three hundred ninety million three hundred fifty two thousand one hundred eighty one zloty), the consolidated income statement for the period from January 1, 2009, to December 31, 2009, showing the profit for the period in the amount of PLN 102,521,771 (one hundred two million five hundred twenty one thousand seven hundred seventy one zloty), consolidated statement on changes in equity in the period from January 1, 2009 to December 31, 2009, representing an increase thereof of PLN 83,359,557 (eighty three million three hundred fifty nine thousand five hundred fifty seven zloty) and the separate statement of cash flows for the period from January 1, 2009, to December 31, 2009, indicating an increase of net cash in the amount of PLN 13,302,593 (thirteen million three hundred two thousand five hundred ninety three zloty).

The Supervisory Board is of the opinion that the submitted consolidated financial statement for 2009, 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, 2009.

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 2009.

3.2 Opinion on the Management Board's report on the Company's Capital Group business activity in 2009.

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 2009.

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 2009 the Audit Committee held 2 conference calls.

During the conference call held on April 23, 2009, 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 2008.

During the conference call held on August 28, 2009, 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.

In December 2009 Mr. Ryszard Wojnowski, as representative of the Audit Committee held a meeting with the Company's auditors.

Final remarks: The Audit Committee is of the opinion that it performed its responsibilities in 2009, 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 meeting in 2009, 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 2009, and confirm that remuneration payments made during 2009 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 2009. The more detailed comments are highlighted in the following points:

Key financial results: In the fiscal year of 2009 the Company has yet again improved its economic results. Consolidated sales of Company's Capital Group in 2009 amounted to PLN 6 698.3 million and increased by 9.3% comparing with 2008. Consolidated net profit amounted to PLN 102.5 million, what represents an increase of 30.8% as compared to 2008. Stand alone sales of the Company amounted to 3 981.2 million and increased by 21.4% comparing with 2008. Net profit of the Company amounted to PLN 62.3 million and increased by 4.6% comparing with 2008. These results are a combination of strong organic growth posted by all business units of Company's Capital Group in 2009.

Other relevant developments: On November 30, 2009, the Company executed a final agreement to acquire by the Company 100% shares in Przedsiębiorstwo Handlowe Batna Sp. z o.o. („**Batna**”). The acquisition of Batna will enable the Company to expand its cash&carry business in the Warsaw region.

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."