CAPITAL GROUP
OF INTER CARS S.A.

Extended consolidated quarterly report for the 1st quarter of 2008

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PART I

CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER OF 2008

1. Information about Inter Cars S.A. Capital Group

Objects of operations

The basic activities of Inter Cars Capital Group Spółka Akcyjna („Group”, „Inter Cars Group”, „Inter Cars Capital Group”) covers import and distribution of spare parts for passenger vehicles and commercial vehicles.

Registered office - the parent company

Inter Cars S.A.
ul Powsińska 64
02-903 Warsaw
Poland

Central Warehouse:
ul. Gdańska 15
05-152 Czosnów nearby Warsaw

Contact details

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bzarzadu@intercars.com.pl
relacje.inwestorskie@intercars.com.pl
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Supervisory Board

Andrzej Oliszewski, the Chairman
Jolanta Oleksowicz-Bugajewska
Maciej Oleksowicz
Michał Marczak
Jerzy Grabowiecki

Management Board

Krzysztof Oleksowicz, the President
Robert Kierzek, Deputy President
Krzysztof Soszyński:
Wojciech Milewski
Tomasz Zadroga
Piotr Kraska
Jerzy Józefiak
Szymon Getka

Chartered Auditor

KPMG Audyt Sp. z o.o.
ul. Chłodna 51
00-867 Warsaw

Subsidiaries of Inter Cars - entities included in consolidation as at 31 March 2008

Inter Cars Ukraina
29009 Chmielnicki, Tołstego 1/1
Ukraina

Inter Cars Česká republika s.r.o.
Novodvorská 1010/14
Prague 4
Czechy

Lauber Sp. z o.o. (d. Eltek)
ul. Portowa 35A
76-200 Słupsk

Inter Cars Lietuva UAB
J. Kubiliaus g. 18
Vilnius
Litwa

Feber Sp. z o.o.
ul. Powsińska 64
02-903 Warszawa

Q-Service Sp. z o.o.
ul. Gdańska 15
05-152 Cząstków Mazowiecki

Inter Cars Slovenská republika s.r.o.
Ivánska cesta 2
Bratislava
Słowacja

IC Development & Finance Sp. z o.o. (d. R-J)
ul. Dorodna 33
03-195 Warszawa

From 1 March 2008 also:

JC Auto s.r.l.
Viale A. Doria 48/A
20124 Milan,
Włochy

JC Auto d.o.o.
Radnička cesta 27
1000 Zagreb,
Chorwacja

JC Auto S.A.
Rue du Parc Industriel 3D
1440 Brain-le-Chateau,
Belgia

5 Sterne Fahrwerkstechnik GmbH
Storkower Str. 175
10369 Berlin,
Niemcy

Armatus sp. z o.o.
ul. Burakowska 60
01-794 Warszawa,

JC Auto Kereskedelmi Kft.
Klapka Utca 4
H-1134 Budapest,
Węgry

JC Auto s.r.o.
Lazensky park 10, c.p. 329
735 03 Karvina- Darkom,
Czechy

Quotations on stock exchanges

Shares in Inter Cars, i.e. Parent Company are quoted on the Warsaw Stock Exchange in the system of continuous trading.

2. Summary of the Capital Group's activities and consolidated financial results - 1st quarter of 2008

Inter Cars Group is an importer and distributor of spare parts for passenger cars and commercial vehicles. The Group's offer includes also garage equipment and parts for motorcycles and tuning. The Inter Cars Capital Group is the largest in Poland independent aftermarket distributor of spare parts. The Group runs operating activities in Poland, Ukraine, the Czech Republic, Slovakia, Belgium, Hungary, Croatia, Italy, Germany and Lithuania.

The Group recorded more than 39% increase in sales revenues which resulted from the merger with the JC Auto S.A. Group and from the increase in operating activities by enlarging the assortment by new high-margin products, a dynamic sales chain development, training a large group of new sales representatives and covering them with a support program, which directly affected attracting new customers and improving relationships with regular customers. In the 1st quarter of 2008, the Company opened 7 new branches, which means that as at 31 March 2008 the sales chain consisted of total 154 branches; 115 branches in Poland and 39 branches abroad.

The basic financial data of **the Inter Cars S.A. Group** have been presented in the table below:

	I quarter		
	2008	2007	2008
('000)	PLN	PLN	Euro
Profit and loss account (for period)			
Sales revenue …………………………………………………	394 030	283 334	110 763
Gross Profit (Loss) from sales ……………………………………	120 967	79 071	34 095
Costs of management option program ……………………………	(301)	(832)	(1 022)
Financial revenue and cost, net ……………………………………	(7 047)	(2 896)	(2 621)
Profit (loss) from operating activities ………………………………..	34 934	18 680	9 911
Net profit (loss) …………………………………………………………	22 026	12 628	6 192
Balance (at the end of period)			
Cash and cash equivalents ………………………………………	38 481	23 134	10 914
Balance sheet total ……………………………………………………….	1 212 084	543 393	343 776
Loans, borrowings, financial Leasing ………………………………….	515 198	231 577	146 122
Equity attributable to the shareholders of the parent company …	415 262	123 737	117 778
Minority capital ………………………………………………………	636	1 808	180
Other financial information			
Cash flow from operating activities ……………………………	76 425	(11 944)	21 483
Cash flow from investment activities ……………………………	(1 300)	(1 518)	(365)
Cash flow from financial activities ……………………………	(59 344)	22 048	(16 682)
Basic earnings per share ………………………………………	1,66	1,07	0,47
Sales margin (1) ………………………………………………	30,8%	27,9%	30,8%
EBITDA margin (2) ………………………………………………	10,1%	7,8%	10,1%

(1) Sales margin was defined as the quotient of gross profit on sales and revenues.

(2) EBITDA was defined as net profit (loss) before depreciation, net financial revenues (costs), exchange rate differences and income tax.

The revenues of Inter Cars were approx. 79% of the Capital Group's revenues (before consolidation exclusions). **Poland is the main market** of sales for the Capital Group. Total sales revenues of subsidiaries were approx. 53% higher in the 1st quarter of 2008 as compared to the same period of 2007 (before consolidation exclusions).

The gross profit from sales increased by 55% in the 1st quarter of 2008 as compared to the 1st quarter of the previous year. Higher growth rate of profit as compared to the pace of increase in sales revenues resulted from growth in the amount of **profit margin on sales** from 28% in 2007 up to 31% in 2008.

Inter Cars issued **short-term bonds** in the total amount of PLN 57,800 thousand. Revenues on account of issue of bonds were used to repay payables towards suppliers.

3. Balance sheet

(in thousands of PLN)

	31.03.2008	31.12.2007	31.03.2007
ASSETS			
Fixed assets			
Tangible fixed assets	162 720	102 403	73 894
Investment properties	36 891	31 768	2 508
Intangible assets	133 486	4 645	1 123
Investments in associated companies	97	-	-
Available for sale investments	43	43	43
Receivables	2 499	1 772	1 315
Prepayments	556	548	126
Assets due to deferred tax	8 364	8522	2 479
	344 656	**149 701**	**81 601**
Current assets			
Inventory	617 743	484 132	333 000
Receivables for services and other receivables	197 901	156 935	103 900
Income tax receivables	-	-	-
Prepayments	13 303	2 627	1 758
Cash and cash equivalents	38 481	22 847	23 134
	867 428	**666 541**	**461 792**
TOTAL ASSETS	**1 212 084**	**816 242**	**543 393**

LIABILITIES	31.03.2008	31.12.2007	31.03.2007
Share capital	27 392	23 642	23 642
Supplementary capital from the issue of shares above the face value	249 409	21 415	21 415
Supplementary capital	66 426	65 686	49 641
Other supplementary capital	5 497	5 192	2 694
Exchange difference	(3 258)	(1 928)	(526)
Retained result from previous years and the current year	69 796	53 327	26 871
Equity attributable to the shareholders of the parent company	**415 262**	**167 334**	**123 737**
Minority capital	**636**	**1 151**	1 808
Own equity in total	**415 898**	**168 485**	**125 545**
Non-current liabilities			
Liabilities due to credits, loans and finance lease	46 737	8 754	3 122
Provisions	6	163	-
Provision for deferred income tax	7 547	8 534	1 740
	54 290	**17 451**	**4 862**
Short-term liabilities			
Liabilities due to deliveries and services and other liabilities	252 735	260 943	173 388
Liabilities due to credits, loans and finance lease	468 461	347 311	228 455
Liabilities due to employee benefits	3 048	794	867
Liabilities due to income tax	10 096	10 079	4 107
Provisions	3 997	6 651	1 965
Short-term prepaid expenses	3 559	4 529	4 204
	741 896	**630 307**	**412 986**
TOTAL LIABILITIES	**1 212 084**	**816 243**	**543 393**

4. Profit and loss statement

(in thousands of PLN)	01.01.2008 – 31.03.2008	01.01.2007-31.03.2007
Sales revenue on sales of products, goods and materials	394 030	283 334
Cost of sold products, commodities, and materials	(273 063)	(204 263)
Gross profit on sales	**120 967**	**79 071**
Other operating revenue	10 127	2 029
General administrative and sales cost	(51 323)	(30 908)
Distribution service costs	(36 868)	(28 129)
Costs of management option program	(301)	(832)
Other operating costs	(7 668)	(2 551)
Operating profit	**34 934**	**18 680**
Financial revenue	1 332	118
Foreign exchange differences	-	652
Financial costs	(8 379)	(3 014)
Pre-tax profit	**27 887**	**16 436**
Income tax	(5 861)	(3 808)
Net profit	**22 026**	**12 628**
Attributable to:		
the parent company's shareholders ….	22 671	12 629
minority shareholders	(645)	(1)
	22 026	**12 628**
Profit per one share (PLN)		
- basic	1,66	1,07
- diluted	1,61	1,04

5. Changes in equity capital

(in thousands of PLN)	Share capital	Supplementary capital from the sale of shares above the face value	Supplementary capital	Exchange difference	Other supplementary capitals	Retained result from previous years and the current year	Equity attributable to the shareholders of the parent company	Minority share	Own equity total
As at 1 January 2008	**23 642**	**21 415**	**65 686**	**(1 928)**	**5 192**	**53 327**	**167 334**	**1 151**	**168 485**
Profit in the period						22 026	**22 026**		**22 026**
Minority share in the result of period						515	**515**	(515)	
Issue of shares in connection with the merger with JC Auto	**3750**	227 994			4	(5 333)	226 415		226 412
Establishment of supplementary capital in connection with realization of the management option program					301		**301**		**301**
Distribution of profit from the previous period - transfer to supplementary capital			740			(740)			
Exchange difference				(1 330)			**(1 330)**		**(1 330)**
As at 31 March 2008	**27 392**	**249 409**	**66 426**	**(3 258)**	**5 497**	**69 796**	**415 262**	**636**	**415 898**

6. Cash flow statement

(in thousands of PLN)	01.01.2008-31.03.2008	01.01.2007-31.03.2007
Cash Flow from operating activities		
Pre-tax profit	27 888	16 436
Adjustment by items:		
Depreciation	5 140	3 523
Foreign Exchange Differences (Profit) / Loss	147	(13)
(Profit)/loss on sales of tangible fixed assets	(4 550)	(97)
Interest, net	4 956	2 142
Other net items	(6 820)	(2 691)
Operating profit before changes in working capital	**26 761**	**19 300**
Changes in reserves		
Change in inventories	(131 407)	(77 032)
Changes in receivables	148 824	(15 394)
Change in short-term liabilities	48 927	59 797
Changes in accruals and prepayments	(10 836)	1 946
Cash generated on operation activities	**82 269**	(11 383)
Paid income tax	(5 844)	(561)
Net cash flow on operating activities	**76 425**	**(11 944)**
Cash Flow on investment activities		
Cash inflows on sales of tangible assets and intangibles	-	-
Value of intangible and fixed assets purchased	966	(1 565)
Repayment of granted loans	794	131
Loans granted	(3 085)	(109)
Interest received	25	25
Net cash on investment activities	**(1 300)**	**(1 518)**
Cash Flow on financial activities		
Cash inflows on credits and loans	(48 947)	27 365
Interest paid	(1 256)	(2 167)
Payments of liabilities under financial lease contracts	(5 122)	(3 150)
Dividend paid	(4 019)	-
Net cash on financial activities	**(59 344)**	**22 048**
Balance sheet cash change related to foreign exchange differences	(147)	13
Change in cash and net cash equivalents	**15 781**	**8 586**
Cash and cash equivalents at the beginning of the period	**22 847**	**14 535**
Cash and cash equivalents at the end of the period	**38 481**	**23 134**

7. Significant Accounting Policies applied by Inter Cars Group

Basis of preparation of the consolidated financial statements

Consolidated annual financial statement of Inter Cars Capital Group ("Financial statement") has been prepared pursuant to International Financial Reporting Standards which have been approved by the European Union.

As at 1 January 2005, the Group prepared a consolidated financial statement according to IFRS 1 for the first time, meeting the terms specified in this standard. The Group applied IFRS binding as at 31 March 2008 in this consolidated statement.

The presented consolidated financial statement reliably presents the Group's financial position as at 31 March 2008, the results of its activities as well as the cash flows for the period of 3 months ending on 31 March 2008.

Consolidated financial statement has been prepared according to the principle of historical cost, except for:

- financial instruments valued at the fair value through financial result - according to the fair value
- financial instruments available for sale - at fair value
- investment properties -according to the fair value.

The consolidated financial statement of the Inter Cars Capital Group includes the statements of: Inter Cars S.A., Inter Cars Ukraina, Inter Cars Ceska Republika, Lauber Sp. z o.o., Feber Sp. z o.o., Inter Cars Slovenska Republika, Q-Service Sp. z o.o., Inter Cars Lietuva i IC Development & Finance Sp. z .o.o., Armatus Sp. Z o.o., JC Auto s.r.o., JC Auto Kereskedelmi Kft., JC Auto S.A. (Belgia), JC Auto d.o.o., JC Auto s.r.l., 5 Sterne Fahrwerkstechnik GmbH. The parent company is Inter Cars S.A. ("the Company").

All values in the financial statement have been presented in PLN thousand unless indicated otherwise.

The presented accounting principles have been adapted by all entities belonging to the Capital Group.

The consolidated financial statement was approved by the Board of Directors for publication on 15 March 2008.

Conversion of items expressed in a foreign currency

(a) Presentation currency and functional currency

The consolidated financial statement has been presented in PLN thousand rounded up to full amounts. Polish zloty is functional currency for Inter Cars, Feber, Lauber, Q-Service, Armatus Sp. Z o.o. and IC Development & Finance. A functional currency for Inter Cars Ukraina, is UAH, for Inter Cars Ceska Republika and JC Auto s.r.o. - CZK, for Inter Cars Slovenska Republika - SKK, for JC Auto Kereskedelmi Kft - HUF, for JC Auto d.o.o. - HRK, for JC Auto S.A. (Belgium), JC Auto s.r.l. and 5 Sterne Fahrwerkstechnik GmbH - EUR, - whereas for Inter Cars Lietuva - LTL.

The financial result as well as assets and financial position of entities whose functional currencies are different than PLN are transformed into PLN observing the following procedures:

- assets and liabilities of each of the presented balance sheet are recalculated at closing exchange rate for a given day of the balance sheet,
- the revenues and costs in each income statement are recalculated at average exchange rates in the period,
- the generated exchange rate differences are included in a separate equity item

(b) Exchange differences

Transactions expressed in foreign currencies have been presented according to the exchange rate valid as at the day of concluding the transaction. Exchange rate differences resulting from the settlement of these transactions and the valuation as at the balance day, using the average exchange rate of NBP for that day, of cash assets and liabilities, have been presented in income statement of the current period, while the exchange rate differences resulting from the settlement adjust the costs of sold products, goods, and materials and the remaining currency differences have been presented in a separate item.

Principles of consolidation

(a) Subsidiary Companies

The subsidiaries are entities controlled by the Parent Company. Control is performed when the Parent Company has capacity to manage directly or indirectly the financial and operational policy of a given entity, in order to obtain the benefits arising from its activities. When evaluating the degree of control, the impact of the existing and of potential voting rights are taken into consideration, which, as the balance sheet date, may be fulfilled or may be subject to conversion.

The financial statements of subsidiaries are considered in the consolidated financial statement starting from the date of obtaining control over them up to the moment of their expiry.

(b) Consolidation correction

The balances of internal settlements between entities of the Group, the transactions concluded within the Group as well as any unexecuted profits or losses resulting from there as well as the revenues and costs of the Group are eliminated during drawing up a consolidated financial statement. The unexecuted profits resulting from transactions with affiliates as well as jointly controlled entities are excluded from the consolidated statement in proportion to the amount of the Group's share in these entities. The unexecuted losses are excluded from the consolidated financial statement on the same principle as the unexecuted profits, until the moment of occurrence of the premises indicating value loss.

Tangible fixed assets

Tangible assets are valued at the purchase price or cost of manufacturing, less cumulated depreciation deductions and impairment losses. Land is not subject to depreciation.

Tangible assets include own fixed assets, investments in external fixed assets, fixed assets under construction and external fixed assets adopted for use by the entity (when the terms of the agreement essentially transfer all potential benefits and risk resulting from their possession to the entity) and constitute means used when delivering goods or providing services as well as for administration purposes or for lease for the benefit of third parties, and the expected time of their use exceeds one period.

The purchase price or the cost of manufacturing include the cost incurred for the purchase or manufacturing of tangible assets, including capitalized interest charged until the receipt of a fixed asset. Expenses incurred at a later period are presented in the balance sheet value if it is probable that the Group will receive economic benefits. The costs of current maintenance of tangible assets are presented in income statement as incurred.

The purchase price or the cost of manufacturing of an item of tangible assets consists of the purchase price, along with customs duties and non-refundable taxes on purchase reduced by commercial discounts and rebates, all other directly attributable costs incurred in order to adjust an asset component to the place and status necessary to start using it according to the intentions of the management and estimated costs of dismantling and removing an asset component and the costs of conducting a renovation of the place in which it was located, to which the entity is obliged.

Tangible assets, except for fixed assets under construction as well assets land are subject to depreciation. The basis for calculating the depreciation is the purchase price or the costs of production decreased by the final value, on the basis of the period of use of an asset component adopted by the entity and periodically verified. Depreciation takes place from the moment when the asset component is available for use and is performed until the previous of the following dates: when the fixed asset is classified as held for sale, is removed from the balance sheet, the final value of asset components exceeds its balance sheet value or has already been completely depreciated. The determined deductions are made using the straight line method according to the following periods:

Buildings and investment in not own buildings	10-40 Years
Machinery and equipment	3-16 Years
Means of transport	5-7 Years
Other fixed assets	Year – 5 years

In the case of observing premises indicating the possibility of impairment, impairment test is conducted. For the needs of the impairment test, assets are grouped at the lowest level at which they generate cash flows regardless of other assets (generating cash centers). If the conducted test indicates that the balance sheet value of a component of tangible assets is lower than its recoverable value, an impairment loss is made to the value equal to the recoverable value.

Profits and losses resulting from derecognition a component of tangible assets from the balance sheet are determined as a difference between net revenue from sale and the balance sheet value and are presented in income statement.

Intangible assets

Identifiable non-cash asset components without a tangible form with a reliably determined purchase price or the cost of manufacturing from which the entity will probably obtain future economic benefits assigned to a given component are presented as intangible assets. Intangible assets components with a specific period of use are subject to depreciation throughout the period of their useful economic life, from the moment when the asset component is available for use. Depreciation stops on the previous of the following dates: when the intangible assets component is classified as held for sale (or included in the group for sale, which is classified as held for sale) according to IFRS 5 "Non-current assets held for sale and discontinued operations" or is removed from the balance sheet records or is completely depreciated. The value of the intangible assets component subject to depreciation is determined after deducting its final value.

Computer software

Licenses for computer software are valued at the amount of costs incurred for their purchase and bringing them to a condition enabling their use.

Costs associated with the development and maintenance of computer software are presented in the costs of the period in which they are incurred. Costs directly associated with the creation of unique computer software for the entity's needs, which will very likely bring economic benefits exceeding the costs over a period longer than one year, are presented as intangible assets components and are depreciated in the period of their use, but no longer than throughout the period of 3 years.

Investment properties

Investment real estate which is real estate treated as a source of revenue from rents or is held due to the growth in value, or due to both of these benefits and are not used in operating activities nor are intended for sale as part of regular activities. Investment real estate is initially presented at the purchase price increased by the costs of transactions. After initial presentation, it is presented at the fair value and profits or losses resulting from changes to fair value of investment real estate are presented in income statement in this period in which they were created.

The investment real estate is derecognized from the balance sheet in the event of sales or in the case of permanent withdrawal from use, when no future benefits from sales are expected. Any profits or losses, which will be created in this way, are presented in the income statement in the period, in which the liquidation or sales took place.

The transfer of assets to investment real estate is made only in the case of changing their method of use and meeting the conditions for presenting real estate as investment real estate. With regard to this real estate, principles described in the part "Tangible assets" apply until the day when the method of using this real estate changes. Any differences between the fair value of real estate determined as at this day and its previous balance sheet value are presented in reserve capital.

The transfer of assets from investment real estate is made only when their method of use changed as confirmed by the beginning of real estate occupancy for the purpose of operational activities or the beginning of real estate adjustment with the intention of sale.

In the case of investment real estate transfer to real estate used in operating activities or to inventory, the cost of this real estate which is adopted for the purposes of presenting it in a different category of assets is equal to the fair value of this real estate determined as at the day when the method of its use changes.

Asset component impairment

At each balance sheet date assesses whether there is any indication that the impairment of any asset subject to depreciation. If any such indication exists, is performed to estimate the recoverable amount of the component assets, i.e. the value corresponding to fair value less prime costs and the use value of asset component, whichever is higher.

Financial Instruments

Financial instruments are classified in the following categories: (a) held-to-maturity financial instruments , (b) loans and receivables, (c) financial assets held for sale, or (d) financial instruments valued at the fair value through financial result.

The classification of asset components to the abovementioned categories depends on the purpose for which the financial instruments were purchased. As at balance sheet date re-assessment is made and, possibly, reclassification.

At the moment of initial presentation, the financial instruments are valued at the fair value or, in the case of investments not classified as valued at the fair value through profit and loss statement, increased by transaction costs which may be directly attributed to the purchase or issue of an investment component.

Financial instruments are derecognized from the balance sheet in the event of expiry of rights to receive economic benefits and sustaining the related risks or their transfer to third party.

The fair value of financial instruments which are the object of trade on the active market is determined as compared to the closing price of quotations from the last day of quotations before the balance sheet date.

The fair value of financial instruments not being the object of trade on the active market is determined with the use of valuation techniques which include a comparison with the market value of another instrument having essentially the same characteristics, being the object of trade on the active market, on the basis of forecasted cash flows or models of option valuation taking into account circumstances specific for the entity.

As at the balance sheet date, the entity assesses whether there were objective premises for impairment by particular assets or groups of assets.

(a) held-to-maturity financial instruments

These are financial assets, other than derivative instruments, with specified or identifiable payments and a specified maturity date which the entity intends and has the possibility to hold until maturity, excluding financial assets classified assets financial instruments valued at the fair value through profit and loss statement, investments held for sale and loans and receivables.

Current assets include these assets which will be sold in a period not longer than 12 months from the balance sheet date.

Held-to-maturity investments are valued in the amount of the depreciated cost using the effective interest rate.

(b) loans and receivables

These are financial assets, other than derivative instruments, with specified or identifiable payments, which are not the object of trade on the active market, resulting from spending cash, delivering goods or providing services for the debtor without an intention to classify these receivables as financial assets valued at the fair value through the profit and loss statement. Presented as current assets, except for those for which the maturity date exceeds 12 months after the balance sheet date.

Trade liabilities and other liabilities are valued at the amount of the depreciated cost using the effective interest rate reduced by bad debt provision created based on the aging analysis of receivables. Revaluation takes into account the time and degree of the probability of their payment.

(c) available for sale financial assets

These are financial assets, other than derivatives, considered as held for sale or other than those included in categories (a) or (b). Presented as current assets, unless there is an intention to sell them within 12 months from the balance sheet date. Financial assets held for sale are valued at the fair value except for investments in equity instruments without market price quotations from the active market and the fair value which cannot be reliably measured.

Profits or losses from the valuation of financial assets held for sale are presented as a separate component of equity until their sale or until impairment, when the accumulated profit or loss previously presented in other comprehensive income is presented as profit or loss of the current period. Impairment losses presented in the income statement, concerning equity instruments, are not subject to reversion in correspondence with the income statement. Reversion of impairment losses of debt financial instruments is presented in the income statement if the fair value of these financial instruments in subsequent periods, after the presentation of write-down, increased as a result of events after the presentation of the write-down.

(d) financial instruments valued at the fair value through financial result.

The instrument is classified as an investment valued at the fair value through the financial result if it is held for trading or it is classified as such after the initial presentation. Financial instruments are classified as ones valued at the fair value through the financial result, if the Group actively manages such investments and makes decisions with regard to purchase and sale on the basis of their fair value. After the initial presentation, transaction costs related to the investment are presented in profit and loss statement as at the date of incurring. Any profits and losses concerning these investments are shown in the income statement.

The fair value of financial instruments classified as valued at the fair value through the financial result or held for sale is their reported current purchase offer as at the balance sheet date.

Lease

a) entity as leaseholder

Fixed assets which are used by the entity on the basis of financial lease contracts, transferring essentially all risks and profits resulting from their possession to the entity, are presented in the balance sheet according to the lower of the fair values of these fixed assets or the current value of future minimal lease payments. Lease fees are divided between financial costs and reduction in the outstanding liability balance, in order to obtain a constant periodic interest rate in relation to the outstanding liability balance. Financial costs are presented directly in profit and loss statement. If there is no justifiable probability of property acquisition at the end of the lease period, fixed assets used on the basis of the financial lease contracts are depreciated throughout the shorter of the two periods: lease period or use period. In other cases, fixed assets are depreciated throughout the period of use.

Lease and lease contracts which essentially leave all risks and profits resulting from the possession of assets with the lessor are presented as operational lease agreements. Costs of lease fees are entered on a straight-line basis in the income statement in the effective term of the agreement.

(b) entity as lessor

Revenues from operational lease are presented in profit and loss statement using the straight line method in the period resulting from the agreement. Assets being the subject matter of agreement are presented in the balance sheet and depreciated on terms identical to those used for similar categories of assets.

Inventory

Inventory is presented according to the lower of the values: the purchase price (production costs) or attainable net value. The cost of inventory includes all purchase costs, the costs of processing and other costs incurred in order to bring the inventory to its present place and status.

The purchase price or the cost of manufacturing of inventory is determined assuming that the components to which the expenditure applies are those which the entity purchased at the earliest (the FIFO method).

Finished products and work in progress are valued on the basis of costs of design, costs of direct materials and labour as well as an appropriate mark-up of indirect production costs assuming the normal use of the production capacity, excluding the costs of incurred loans and credits.

The amounts resulting from discounts and rebates as well as other payments dependent on the size of purchases are presented as the reduction in the purchase price regardless of the date of their actual granting, provided that their receipt is substantiated.

The attainable net value is presented in the amount of the estimated sales price made in the course of regular business activities reduced by estimated finishing costs and costs necessary to bring the sale to effect.

The value of inventory is reduced by write-downs generated when the attainable net value price (being the net price reduced by discounts, rebates and costs associated with the sale) is lower than the purchase price (production costs), determined individually for each inventory assortment.

Cash and cash equivalents

Cash and equivalents include cash in hand, at bank as well as deposits and short-term securities with maturity date no longer than three months.

Share capital

The Share capital is presented in the amount specified in the charter and entered in the court register. The Capital Group's share capital is the parent company's share capital, i.e. share capital of Inter Cars.

Bonus on account of issuing shares at a price exceeding their face value is presented as a separate equity item

The costs of issuing shares reduce the value of equity.

Bank borrowings and loans

Bank credits and loans are initially presented at the purchase price corresponding to the fair value.

In subsequent periods, credits and loans are valued at the depreciated cost using the effective interest rate during the determination of which costs related to obtaining the credit or loan as well as discounts or bonuses obtained when settling liabilities are taken into account.

Provisions

Provisions are created when the entity has a current obligation (legal or customarily expected) resulting from past events, it is likely that meeting the obligation will result in the need for the outflow of assets containing economic benefits and it is possible to estimate the amount of this obligation in a reliable manner.

Revenues

Revenue is recognized at fair value of economic benefits received or due the amount of which may be identified in a credible manner.

a) proceeds from sales of commodities and materials

Revenues are shown:

- if significant risks and benefits resulting from the property of rights have been transferred to the buyer,
- the entity is no longer permanently involved in managing the sold goods, products and services to the extent to which such function is usually performed towards goods to which one has the property right, nor is effective control performed over them,
- the amount of revenues may be estimated in a credible manner,
- it is probable that the entity will obtain economic benefits from the transaction,
- the incurred costs as well as those which will be incurred in connection with the transaction may be valued in a credible manner.

Revenues are presented in net value, i.e. without value added tax and with any granted rebates.

Domestic sales revenues are recognized upon the product's delivery. In the case of export, revenues are presented upon releasing the product to the buyer.

In the case of sales through a network of branches with which cooperation agreement have been signed, sales revenues are recognized upon sales the goods by the branches.

(b) services

Revenues from services are presented on the basis of the progress degree of the transaction's implementation as at the balance sheet day. The transaction's result is assessed as credible if all of the following conditions have been met:

- the amount of revenues may be estimated in a credible manner,
- it is probable that the entity will obtain economic benefits on account of the conducted transaction,
- the degree of the transaction's implementation as at the balance sheet day may be determined in a credible manner,
- the costs incurred in connection with the transaction and the costs of completing the transaction may be valued credibly.

(c) interest rate revenues

Revenues under interest are recognized at the time of their charging, taking account of effective interest rate, if their receipt is substantiated and their amount can be determined in a credible manner.

(d) dividends

Dividend revenues are recognized upon determining the right to obtain them if receiving them is substantiated.

Operating Costs

Operating costs are presented in the period to which they relate, in such amount in which it is likely that the entity's economic benefits, which may be valued credibly, will decrease.

Costs resulting from the Group's charges by branches, on account of remuneration for the sale of goods made on behalf of the entity, are presented in the period to which they relate.

Costs on account of renting office and warehouse space are presented in profit and loss statement for the period they relate to. Amounts reinvoiced to affiliates are not recognized as revenue but reduce relevant items in the Group entities' costs.

Financial costs

Financial costs are attributed to the income statement at the time when they are incurred, with the use of the effective interest rate.

Income tax

The calculation of current income tax is based on the profit of a given period determined according to the valid tax regulations. The total tax load takes into account current tax and deferred tax determined using the balance sheet method which is present in connection with temporary differences between the value of assets and liabilities presented in ledgers and their tax value.

The deferred tax is determined taking into account the income tax rates valid in the year in which the liability was created on the basis of passed tax regulations valid in the year for settling provisions and assets.

Assets under deferred income tax are determined in the amount provided in the future for income tax deductions, in connection with negative temporary differences that will result in the future reduction in the basis for calculation of income tax and tax loss possible to be deducted, agreed taking account of the principle of prudence.

Provision under deferred income tax is established in the amount of income tax, requiring payment in the future, in connection with positive temporary differences, namely the differences that will result in increased income tax calculation basis in the future.

The component of assets and the deferred income tax provision are offset in the separate balance sheet if the Entity has an enforceable title to compensate receivables and liabilities on account of current income tax, as well as when the assets and provisions on account of deferred tax relate to income tax imposed by the same tax authority on the same taxpayer.

Payments in the form of own shares

The program of payments in the form of own shares allows the Group's employees to acquire shares in the Parent Company. Fair value of the granted call option is presented as costs under remunerations in correspondence with increase in equity. Fair value is determined as at the date of granting call options by employees and distributed over a period when employees will acquire the unconditionally right to exercise options. Fair value of options is estimated using the model of binominal tree of valuation, taking into account the terms on which options were granted. The amount encumbering costs is adjusted in order to reflect the current number of the granted options, except for situations when the loss of rights to options is the effect of the situation when shares do not achieve the level of prices relevant for their take-up.

Rights to increase in value of shares are granted to the Management Staff employees. Fair value of the amount to be paid out to employees is presented as cost in correspondence with increase in liabilities. Fair value is estimated initially as at the date of granting and distributed over a period when employees obtain unconditionally the right to payment. Fair value of the right to increase value of shares is calculated on the basis of the Black- Scholes model, given dates and terms on which instruments were granted. Valuation of liability is verified as at each balance sheet day and as at the day of settlement. Any changes in the fair value of liability are reported as headcount costs.

8. Consolidated statement

Consolidation for the period from 1 January to 31 March 2007

The consolidation covered the financial statements ("the Capital Group"):

- Parent entity: INTER CARS S.A. with its registered office in Warsaw,

Subsidiary companies: subsidiaries: Inter Cars Ukraine, an entity of the Ukrainian law, with registered office in Khmelnytskyi, Ukraine (70% of Inter Cars S.A. share in the company's equity), Lauber Sp. z o.o. with registered office in Słupsk (100%), Q-Service Sp. z o.o. with registered office in Warsaw (100%), Inter Cars Ćeska Republika with registered office in Prague (100)%, Feber Sp. z o.o. with registered office in Warsaw (100%), Inter Cars Slovenska Republika with registered office in Bratislava (100%), Inter Cars Lietuva UAB with registered office in Vilnius (100%) and IC Development & Finance Sp. z o.o. with registered office in Warsaw (100%).

Consolidation for the period from 1 January to 31 March 2008

The consolidation covered the financial statements ("the Capital Group"):

- Parent entity: INTER CARS S.A. with its registered office in Warsaw,

Subsidiary companies: subsidiaries: Inter Cars Ukraine, an entity of the Ukrainian law, with registered office in Khmelnytskyi, Ukraine (70% of Inter Cars S.A. share in the company's equity), Lauber Sp. z o.o. with registered office in Słupsk (100%), Q-Service Sp. z o.o. with registered office in Warsaw (100%), Inter Cars Ćeska Republika with registered office in Prague (100)%, Feber Sp. z o.o. with registered office in Warsaw (100%), Inter Cars Slovenska Republika with registered office in Bratislava (100%), Inter Cars Lietuva UAB with registered office in Vilnius (100%) and IC Development & Finance Sp. z o.o. with registered office in Warsaw (100%) Armatus Sp. Z o.o. with registered seat in Warsaw (100%), JC Auto s.r.o. with registered seat in Karvina- Darkom (100%), JC Auto Kereskedelmi Kft. With registered seat in Budapest (100%), JC Auto S.A. with registered seat in Brain-le-Chateau (100%), JC Auto d.o.o. with registered seat in Zagreb (100%), JC Auto s.r.l. with registered seat in Milan (99%) (1% owned by JC Auto s.r.o.) and 5 Sterne Fahrwerkstechnik GmbH with registered seat in Berlin(100%)

9. Exchange rates applied for conversion of data for the first quarter of 2008

Any financial data presented in EUR in the report were conversed using the following exchange rates:

	2008	2007
exchange rate as at 31 March ………………………………….	3,5258	3,8695
average exchange rate in the period from 1 January to 31 March	3,5574	3,9063

The following principles have been used to translate data presented in thousand EURO in selected financial data:

- for data resulting from the income statement - average exchange rate being arithmetic average of exchange rates binding as at the last day of each month in a given period, announced by the President of the National Bank of Poland;
- for data resulting from the balance sheet - exchange rate as at 31 March being average EUR exchange rate valid as at 31 March 2008, announced by the President of the National Bank of Poland;
- average exchange rates for EUR binding in the days of registration of the increase in share capital by further series of shares have been used for translation of the value of share capital.

PART II

STATEMENT OF THE INTER CARS CAPITAL GROUP'S OPERATIONS

1. Description of factors and events, in particular of an unusual nature, which have substantial impact on the achieved financial results and description of significant achievements or failures, along with the list of the most important events concerning them

The Capital Group

As at 1 March 2008 Inter Cars Capital Group consists of: Parent Company: Inter Cars S.A. with its seat in Warsaw and subsidiary companies:

Inter Cars Ukraine (70% of shares in capital)	Feber Sp. z o.o. (Ltd). (100%)
Inter Cars Ceska Republika *(100%)*	**Q-Service Sp. z o.o.** *(100%)*
Lauber Sp. z o.o. *(100%)*	**Inter Cars Slovenská republika s.r.o.** *(100%)*
Inter Cars Lietuva UAB *(100%)*	**IC Development & Finance** *(100%)*
ARMATUS sp. z o.o. *(100%)*	**JC Auto d.o.o.** *(100%)*
JC Auto s.r.o. *(100%)*	**JC Auto s.r.l.** *(99%)*
JC Auto Kereskedelmi Kft. *(100%)*	**5 Sterne Fahrwerkstechnik GmbH** *(100%)*
JC Auto S.A. (Belgium) *(100%)*	

The structure of the Inter Cars S.A. Capital Group results from the geographic expansion strategy for the distribution of spare parts (Inter Cars Ukraine, Inter Cars Ceska Republika, Inter Cars Slovenska Republika, Inter Cars Lietuva, JC Auto s.r.o., JC Auto Kereskedelmi Kft, JC Auto d.o.o., JC Auto s.r.l., JC Auto S.A.) and the development of projects supporting basic activities (Lauber Sp. z o.o., Feber Sp. z o.o., IC Development & Finance Sp. z o.o.).

Starting from 1 March 2008, the abovementioned entities were covered by consolidation (using the full method) as at 31 March 2008.

Information on business segments

The basic operations of Inter Cars Capital Group is the sale of spare parts and accessories for motor vehicles on five basic markets: Polish, Ukrainian, Czech, Slovak, Lithuanian, Belgian, Hungarian, Croatian and Italian.

The main reporting model of the Inter Cars Group, used for the operating segments is a geographical segment based on the criterion of location of sales. A supplementary model is a geographical segment based on the criterion of location of customers.

Sales on particular markets is conducted by particular entities of Inter Cars Capital Group: Polish market - Inter Cars, the Ukrainian market - Inter Cars Ukraine, Czech market - Inter Cars Ceska Republika and JC Auto s.r.o., Slovakian market - Inter Cars Slovenska Republika, Lithuanian market - Inter Cars Lietuva, Belgian market - JC Auto S.A. (Belgium), Hungarian market - JC Auto Kereskedelmi Kft., Croatian market - JC Auto d.o.o., Italian market - JC Auto s.r.l.

The Inter Cars Capital Group applies uniform accounting principles for all segments. The transactions between the segments are made on market terms. The above transactions were eliminated in this consolidated financial statement.

Significant events influencing the current and future business activities

- On February 29, 2008 the registration court competent for the Company, i.e. District Court for the Capital City of Warsaw, XIII Commercial Division of the National Court Register entered into the register of entrepreneurs the Company's merger with JC Auto S.A., with registered office in Warsaw, entered into the register of entrepreneurs of the National Court Register under KRS number 0000185481.
- Starting from 1 March 2008, the following companies are also subject to consolidation: JC Auto s.r.o., JC Auto Kereskedelmi Kft., JC Auto d.o.o., JC Auto s.r.l., JC Auto S.A. and Armatus Sp. z o.o.
- In the 1st quarter of 2008, Inter Cars issued debt securities. The contract with ING Bank Śląski S.A. signed on 1 February 2007 by Inter Cars is related to the program of bonds issuance. Bonds will be offered pursuant to Article 9 item 3 of the Act on Bonds of 29 June 1995 and will not be the object of a public offer as defined by the Act of 29 July 2005 on public offering and terms for introducing financial instruments into the organized trading system and on public companies (Journal of Laws number 184, Item 1539 with amendments) or substituting regulations. According to the above mentioned agreements the Company may issue short-term bonds with the maturity period from 7 days up to 1 year and mid-term bonds with the maturity period from 1 to 3 years. The duration and the maximum amount of the program are, respectively: 5 years and PLN 150,000,000 (say: one hundred fifty million Polish zlotys). Tranche 1, with the value of PLN 15,000 thousand, was issued on 16 February 2007. The maturity date was 16 May 2007. Tranche 2, with the value of PLN 10,000 thousand, was issued on 19 February 2007. The maturity date was 23 May 2007. Tranche 3, with the value of PLN 7,000 thousand, was issued on 27 February 2007. The maturity date was 28 May 2007. Tranche 4, with the value of PLN 5,000 thousand, was issued on 12 March 2007. The maturity date was 11 June 2007. Tranche 5, with the value of PLN 5,000 thousand, was issued on 10 April 2007. The maturity date was 10 July 2007. Tranche 6, with the value of PLN 15,000 thousand, was issued on 16 May 2007. The maturity date was 16 August 2007. Tranche 7, with the value of PLN 10,000 thousand, was issued on 23 May 2007. The maturity date was 23 August 2007. Tranche 8, with the value of PLN 3,500 thousand, was issued on 28 May 2007 The maturity date was 28 August 2007. Tranche 9, with the value of PLN 10,000 thousand, was issued on 23 June 2007. The maturity date was 11 September 2007. Tranche 10, with the value of PLN 5,000 thousand, was issued on 10 July 2007. The maturity date was 10 October 2007. Tranche 11, with the value of PLN 6,000 thousand, was issued on 23 July 2007. The maturity date was 23 October 2007. Tranche 12, with the value of PLN 13,000 thousand, was issued on 16 August 2007. The maturity date was 16 November 2007. Tranche 13, with the value of PLN 10,000 thousand, was issued on 23 August 2007. The maturity date was 23 November 2007. Tranche 14, with the value of PLN 3,500 thousand, was issued on 28 August 2007. The maturity date was 28 September 2007. Tranche 15, with the value of PLN 10,000 thousand, was issued on 11 September 2007. The maturity date was 11 December 2007. Tranche 16, with the value of PLN 3,500 thousand, was issued on 28 September 2007. The maturity date was 31 December 2007. Tranche 17, with the value of PLN 7,500 thousand, was issued on 10 October 2007. The maturity date was 8 January 2008. Tranche 18, with the value of PLN 6,000 thousand, was issued on 23 October 2007. The maturity date was 21 January 2008. Tranche 19, with the value of PLN 13,000 thousand, was issued on 16 November 2007. The maturity date was 18 December 2007. Tranche 20, with the value of PLN 10,000 thousand, was issued on 23 November 2007. The maturity date was 27 December 2007. Tranche 21, with the value of PLN 5,000 thousand, was issued on 3 December 2007. The maturity date was 3 January 2008. Tranche 22, with the value of PLN 10,100 thousand, was issued on 11 December 2007. The maturity date was 11 January 2008. Tranche 23, with the value of PLN 13,000 thousand, was issued on 18 December 2007. The maturity date was 18 January 2008. Tranche 24, with the value of PLN 10,000 thousand, was issued on 27 December 2007. The maturity date was 28 January 2008. Tranche 25, with the value of PLN 3,500 thousand, was issued on 31 December 2007. The maturity date was 31 January 2008. Tranche 26, with the value of PLN 2,000 thousand, was issued on 2 January 2008 (after the balance sheet date). The maturity date was 31 January 2008. Tranche 27, with the value of PLN 5,000 thousand, was issued on 3 January 2008 (after the balance sheet date). The maturity date was 4 February 2008. Tranche 28, with the value of PLN 7,500 thousand, was issued on 8 January 2008 (after

the balance sheet date). The maturity date was 8 February 2008. Tranche 29 with the value of PLN 10,100 thousand, was issued on 11 January 2008 (after the balance sheet 10 date). The maturity date was 11 February 2008. Tranche 30, with the value of PLN 13,000 thousand, was issued on 18 January 2008. The maturity date was 18 February 2008. Tranche 31 and 32, with the total value of PLN 5,000 thousand, were issued on 21 January 2008. The maturity date was 21 February 2008. Tranche 33, with the value of PLN 10,000 thousand, was issued on 28 January 2008. The maturity date was 28 February 2008. Tranche 34, with the value of PLN 5,500 thousand, was issued on 31 January 2008. The maturity date was 29 February 2008. Tranche 35, with the value of PLN 5,000 thousand, was issued on 4 February 2008. The maturity date was 4 March 2008. Tranche 36, with the value of PLN 7,700 thousand, was issued on 08 February 2008. The maturity date was 10 March 2008. Tranche 37, with the value of PLN 5,000 thousand, was issued on 11 February 2008. The maturity date was 11 March 2008. Tranche 38, with the value of PLN 5,100 thousand, was issued on 11 February 2008. The maturity date was 12 May 2008. Tranche 39, with the value of PLN 6,000 thousand, was issued on 18 February 2008. The maturity date was 18 March 2008. Tranche 40, with the value of PLN 10,000 thousand, was issued on 21 February 2008. The maturity date was 21 March 2008. Tranche 41, with the value of PLN 10,000 thousand, was issued on 28 February 2008. The maturity date was 28 March 2008. Tranche 42, with the value of PLN 5,500 thousand, was issued on 29 February 2008. The maturity date was 31 March 2008. Tranche 43, with the value of PLN 5,000 thousand, was issued on 4 March 2008. The maturity date was 4 April 2008. Tranche 44, with the value of PLN 7,700 thousand, was issued on 10 March 2008. The maturity date was 10 April 2008. Tranche 45, with the value of PLN 5,000 thousand, was issued on 11 March 2008. The maturity date was 11 April 2008. Tranche 46, with the value of PLN 6,000 thousand, was issued on 18 March 2008. The maturity date was 18 April 2008. Tranche 47, with the value of PLN 10,000 thousand, was issued on 21 March 2008. The maturity date was 21 April 2008. Tranche 48, with the value of PLN 13,500 thousand, was issued on 28 March 2008. The maturity date was 28 April 2008. Tranche 49, with the value of PLN 5,500 thousand, was issued on 31 March 2008. The maturity date was 30 April 2008. Tranche 50, with the value of PLN 5,000 thousand, was issued on 4 April 2008 (after the balance sheet date). The maturity date was 4 May 2008. Tranche 51, with the value of PLN 7,700 thousand, was issued on 10 April 2008 (after the balance sheet date). The maturity date was 12 May 2008. Tranche 52, with the value of PLN 5,000 thousand, was issued on 11 April 2008 (after the balance sheet date). The maturity date was 13 May 2008. Tranche 53, with the value of PLN 6,000 thousand, was issued on 18 April 2008 (after the balance sheet date). The maturity date was 19 May 2008. Tranche 54, with the value of PLN 13,500 thousand, was issued on 21 April 2008 (after the balance sheet date). The maturity date was 21 May 2008. Tranche 55, with the value of PLN 2,000 thousand, was issued on 22 April 2008 (after the balance sheet date). The maturity date was 21 May 2008. Tranche 56, with the value of PLN 13,500 thousand, was issued on 28 April 2008 (after the balance sheet date). The maturity date was 28 May 2008. Tranche 57, with the value of PLN 7,100 thousand, was issued on 30 April 2008 (after the balance sheet date). The maturity date was 30 May 2008. Tranche 58, with the value of PLN 5,000 thousand, was issued on 5 May 2008 (after the balance sheet date). The maturity date was 5 June 2008. Tranche 59, with the value of PLN 12,800 thousand, was issued on 12 May 2008 (after the balance sheet date). The maturity date was 12 June 2008. Tranche 60, with the value of PLN 5,000 thousand, was issued on 13 May 2008 (after the balance sheet date). The maturity date was 13 June 2008. As at 31 March 2008 8 tranches were issued with the total value: PLN 57,800 thousand. The purpose of the issue is to refinance short-term liabilities. Bonds are issued in Polish zloty as bearer securities, unsecured, dematerialized and discount (as bonds with zero coupon). Bonds will be redeemed according to the face value of bonds in the seat of issuance agent.

- Total revenues of the Group are not significantly susceptible to the phenomenon of seasonality. The wide range of parts includes goods whose sales depends on season, especially winter. They cover, among others, tires, batteries, glow plugs, rims, fuel filters and antifreeze coolants and windscreen washers. Goods most susceptible to seasonal, short-term sales such as e.g. winter tires are ordered from suppliers a few months before the planned period of more intense sales. The only previously observed regularity is relatively the lowest sales achieved in first quarter of the year and higher sales in the second half of the year compared to the first six months.

Financial Results

The basic financial data of the **Inter Cars S.A**. in the 1st quarter of 2008 have been presented in the chart below:

('000)	I quarter 2008 PLN	I quarter 2007 PLN	2008 Euro
Profit and loss account (for period)			
Sales revenues	334 647	245 183	94 071
Gross Profit (Loss) on sales	99 943	66 671	28 094
Costs of management option program	(301)	(832)	(85)
Financial revenue and cost, net	(5 577)	(1 976)	(1 568)
Profit (loss) on operating activities	29 045	14 722	8 165
Net profit (loss)	18 968	10 155	5 332
Balance (at the end of period)			
Cash and cash equivalents	22 315	18 237	6 329
Balance sheet total	1 139 939	514 256	323 314
Loans, borrowings, financial Leasing	493 725	224 593	140 032
Owner's equity	413 535	127 236	117 288
Other financial information			
Cash flow on operating activities	4 083	(14 998)	1 148
Cash flow on investment activities	(3 997)	(142)	(1 124)
Cash flow on financial activities	9 116	22 116	2 563
Basic earnings per share	1,38	0,86	0,39
Sales margin (1)	29,9%	27,2%	29,9%
EBITDA margin (2)	10,0%	7,2%	10,0%

(1) Sales margin was defined as the quotient of gross profit on sales and revenues.

(2) EBITDA was defined as net profit (loss) before depreciation, net financial revenues (costs), exchange rate differences and income tax.

Sales revenues in first quarter of 2008 were **36% higher** than revenues in the same period of 2007.

Gross profit on sales was higher by 50% as compared to 2007. **The profit margin on sales** in first quarter 2008 increased to 30% from 27% in 2007.

The basic financial data of **Inter Cars S.A. Group** in the 1st quarter of 2008 have been presented in the chart below:

('000)	I quarter 2008 PLN	I quarter 2007 PLN	2008 Euro
Profit and loss account (for period)			
Sales revenue	394 030	283 334	110 763
Gross Profit (Loss) on sales	121 290	79 071	34 095
Costs of management option program	(3 635)	(832)	(1 022)
Financial revenue and cost, net	(9 323)	(2 896)	(2 621)
Profit (loss) on operating activities	35 257	18 680	9 911
Net profit (loss)	22 027	12 628	6 192
Balance (at the end of period)			
Cash and cash equivalents	38 481	23 134	10 914
Balance sheet total	1 212 084	543 393	343 776
Loans, borrowings, financial Leasing	515 198	231 577	146 122
Equity attributable to the shareholders of the parent company	415 262	123 737	117 778
Minority capital	636	1 808	180
Other financial information			
Cash flow on operating activities	76 425	(11 944)	21 483

Cash flow on investment activities ………………………………………	(1 300)	(1 518)	(365)
Cash flow on financial activities ………………………………………	(59 344)	22 048	(16 682)
Basic earnings per share ……………………………………………………	1,66	1,07	0,47
Sales margin (1) …………………………………………………………	30,8%	27,9%	30,8%
EBITDA margin (2) ………………………………………………………	10,1%	7,8%	10,1%

(1) Sales margin was defined as the quotient of gross profit on sales and revenues.

(2) EBITDA was defined as net profit (loss) before depreciation, net financial revenues (costs), exchange rate differences and income tax.

Sales revenues in first quarter of 2008 were **39% higher** than in the same period of 2007. The revenues of Inter Cars were approx. 79% of the Capital Group's revenues (before consolidation exclusions) in total revenues. **Poland is the main market** of sales for the Capital Group. The chart below presents sales revenues of subsidiaries for 3 months of 2008 (before consolidation exclusions).

	Ist Quarter 2008	Ist Quarter 2007
Lauber Sp. Z o.o.	3 158	1 310
Inter Cars Ukraine	13 956	10 375
Inter Cars Ceska Republika	17 783	12 932
Inter Cars Lietuva UAB	2 508	734
Feber Sp. z o.o. (Ltd).	35 722	22 891
Q-Service Sp. z o.o.	4 768	5 341
Inter Cars Slovenská republika s.r.o.	10 118	6 135
IC Development & Finance	77	9
JC Auto s.r.o.	28	-
JC Auto Kereskedelmi Kft.	756	-
JC Auto S.A. (Belgium)	415	-
JC Auto d.o.o.	1 486	-
JC Auto s.r.l.	328	-
5 Sterne Fahrwerkstechnik GmbH	-	-
Armatus sp. z o.o.	-	-
Total	**91 153**	**59 726**

Total sales revenues of subsidiaries were approx. 53% higher in 2008 as compared to 2007 (before consolidation exclusions).

The gross profit on sales increased by 55% in the 1st quarter of 2008 as compared to the same period of the previous year. Higher profit growth rate, as compared to the growth rate in sales revenues, resulted from increase in **sales margin** in 2008 to 31%, from 28% in 2007.

2. Dividend

No entity in the Group paid dividend in the first quarter of 2008.

3. Events which took place after the balance sheet date as at which the report was drawn up and which may significantly affect the issuer's future financial results

None

4. Contingent liabilities and sureties

Granted by Inter Cars S.A.:

Towards	the duration	amount
Lauber Sp. z o.o. ……………………………………………………………....	30-12-2008	4 800
Feber Sp. z o.o. ………………………………………………………………	30-12-2008	19 200
Inter Cars Czeska Republika …………………………………………………...	31-03-2008	2 866
Inter Cars Ukraine ………………………………………………………………	for an indefinite period of time	72
		26 938

5. Stance of the Management Board concerning the possibility to realize earlier published forecasts of financial results for year 2008.

The Inter Cars S.A. Capital Group did not publish financial forecasts.

6. List of shareholders holding at least 5% of the total number of votes on General Meeting as at the day of approving publishing of this financial statement:

Shareholder	Number of shares	The total nominal value (zł)	Share in the overall number of votes (%)
Krzysztof Oleksowicz	4 972 271	9 944 542	36,30%
Andrzej Oliszewski	1 500 000	3 000 000	10,95%
Michał Oleksowicz	720 000	1 440 000	5,26%
ING Nationale Nederlanden Polska Powszechne Towarzystwo Emerytalne S.A.	708 894	1 417 788	5,18%

7. Statement of changes in ownership of shares in Inter Cars S.A. or rights to them (options) by the issuer's executives and supervisors, in the period from submitting the previous quarterly report.

Supervisors and executives have total 7,148,405 shares, being 52% of votes at the General Meeting of Inter Cars.

Executives and supervisors do not have any shares or stock in subsidiaries of Inter Cars.

Management stock options program

On 6 February 2006, the Extraordinary General Meeting introduced the Motivation Program for members of executive bodies, members of management staff as well as employees crucial for realization of the Capital Group's strategy. On 8 December 2006, the Extraordinary General Meeting introduced changes to the Motivation Program, which were communicated to general public on 8 December 2006, in the form of current report No. 31/2006.

The people participating in the Program will be able to take up no more than 472,000 shares in the period from 1 January 2007 to 31 December 2009. Tranches vary in terms of period in which the options can be exercised. For particular tranches the exercise period starts on 1 January 2007, 2008 and 2009. It ends, on the other hand, each time on 31 December 2009. According to the Regulations of the motivation program, a person participating in the program loses the right to exercise the option, upon leaving the Company.

The option exercise rate depends on the initial exercise rate, specified in the motivation program (PLN 24.81) and WIG index changes in relation to the initial value stated in the regulations (37,221.99 points). The exercise rate is increased / decreased by the percentage increase /decrease in the WIG index until the date of acquiring rights to exercise the option (for particular tranches,1 January 2007, 2008 and 2009, respectively).

Five people - members of the Board of Directors, will participate in the motivation program. People included in the 1st and 2nd tranches obtained the right to take up accordingly 157,333 shares and 157,333 shares in Inter Cars at the price of PLN 33.59 (1st tranche) and PLN 37.13 (2nd tranche) per share.

The fair value of management options is estimated with the use of 3-dimensional binomial trees. Input data is: the exercise rate and the value of WIG index specified in the motivation program regulations at the level of PLN 24.81 and 37,221.99 points, respectively, variability of the rates of return on shares and the WIG index at the level of 33.97% and 16.77%, respectively, interest rate for the period ending on 31 December 2007 at the level of 4.43%. The cost of execution of the motivation program, included in 2006 in the amount of PLN 1,862 thousand, was determined assuming all the authorized people exercising options. In 2007, the Company presented PLN 3,330,000 as costs.

In the 1st quarter of 2008, the Company presented PLN 301 thousand as costs.

Total program costs are estimated at the maximum of PLN 6,397 thousand.

8. Indication of the proceedings before a court, a competent authority for arbitration proceedings or a public administration authority

Up to 31 March 2008, before a court or a public administration authority no proceedings were initiated concerning obligations or liabilities of the Company or subsidiaries, the total value of which is at least 10% of equity of Inter Cars S.A.

At the same time, we inform you that before a court or a public administration authority no proceedings are pending concerning obligations or liabilities of the Company or its subsidiaries, the total value of which is at least 10% of equity of Inter Cars S.A.

9. Transactions with related entities

Detailed data on the values of transactions in the 1st quarter of 2008 with subsidiaries have been presented in the chart below:

Sales revenues	**1.01.2008 – 31.03.2008**	**1.01.2007 – 31.03.2007**
Inter Cars Ukraine	3 231	2 540
Q-Service Sp. z o.o.	-	6
Lauber Sp. z o.o.	334	242
Inter Cars Ceska Republika	4 941	4 277
Inter Cars Slovenska Republika	5 604	2 971
Feber Sp. z o.o.	834	4 208
Inter Cars Litwa	1 581	812
IC Development & Finance Sp. z o.o.	1	1
JC Auto s.r.o.	-	-
JC Auto Kereskedelmi Kft	-	-
JC Auto S.A. (Belgia)	-	-
JC Auto d.d.o.	-	-
JC Auto s.r.l.	-	-
5 Sterne Fahrwerkstechnik GmbH	-	-
Armatus sp. z o.o.	-	-
	16 526	**15 057**

purchase of goods and services	**1.01.2008 – 31.03.2008**	**1.01.2007 – 31.03.2007**
Inter Cars Ukraine	-	-
Q-Service Sp. z o.o.	4 770	5 347
Lauber Sp. z o.o.	1 720	1 017
Inter Cars Ceska Republika	5 752	2 825
Inter Cars Slovenska Republika	30	31

Feber Sp. z o.o.	1	118
Inter Cars Litwa	163	63
IC Development & Finance Sp. z o.o.	10	2
JC Auto s.r.o.	-	-
JC Auto Kereskedelmi Kft.	-	-
JC Auto S.A. (Belgia)	107	-
JC Auto d.d.o.	-	-
JC Auto s.r.l.	42	-
5 Sterne Fahrwerkstechnik GmbH	-	-
Armatus sp. z o.o.	-	-
	12 595	**9 403**

receivables	**31.03.2008**	**31.03.2007**
Inter Cars Ukraine	20 412	10 423
Q-Service Sp. z o.o.	-	-
Lauber Sp. z o.o.	614	145
Inter Cars Ceska Republika	24 364	16 601
Inter Cars Slovenska Republika	9 223	5 772
Feber Sp. z o.o.	6 742	5 024
Inter Cars Litwa	4 907	997
IC Development & Finance Sp. z o.o.	2	1
JC Auto s.r.o.	-	-
JC Auto Kereskedelmi Kft.	5 525	-
JC Auto S.A. (Belgia)	3 225	-
JC Auto d.d.o.	9 815	-
JC Auto s.r.l.	2 401	-
5 Sterne Fahrwerkstechnik GmbH	-	-
Armatus sp. z o.o.	-	-
	87 230	**38 963**

liabilities	**31.03.2008**	**31.03.2007**
Inter Cars Ukraine	-	-
Q-Service Sp. z o.o.	5 676	2 283
Lauber Sp. z o.o.	455	87
Inter Cars Ceska Republika	8 604	5 901
Inter Cars Slovenska Republika	155	52
Feber Sp. z o.o.	1	1
Inter Cars Litwa	-	-
IC Development & Finance Sp. z o.o.	7	3
JC Auto s.r.o.	-	-
JC Auto Kereskedelmi Kft.	14	-
JC Auto S.A. (Belgia)	107	-
JC Auto d.d.o.	-	-
JC Auto s.r.l.	42	-
5 Sterne Fahrwerkstechnik GmbH	-	-
Armatus sp. z o.o.	1	-
	15 062	**8 327**

The Company concludes transactions with entities that are related to members of the Supervisory Board and of the Board of Directors and their family members. Value of transactions is presented in the chart below.

Sales revenues	**1.01.2008 – 31.03.2008**	**1.01.2007 – 31.03.2007**
Inter Cars s.j.	8	8
ANPO Andrzej Oliszewski	-	1
FASTFORWARD Maciej Oleksowicz	44	8
P.H. AUTO CZĘŚCI Krzysztof Pietrzak	9	7

AK-CAR Agnieszka Soszyńska	111	57
BEST-CAR Justyna Pietrzak	116	15
JCG Sp. Z o.o.	-	-
	288	96

purchase of goods and services	1.01.2008 – 31.03.2008	1.01.2007 – 31.03.2007
Inter Cars s.j.	68	121
ANPO Andrzej Oliszewski	34	41
FASTFORWARD Maciej Oleksowicz	100	56
P.H. AUTO CZĘŚCI Krzysztof Pietrzak	386	423
AK-CAR Agnieszka Soszyńska	861	675
BEST-CAR Justyna Pietrzak	537	130
JCG Sp. Z o.o.	8	-
	1 994	1 446

receivables	31.03.2008	31.03.2007
Inter Cars s.j.	10	10
ANPO Andrzej Oliszewski	-	-
FASTFORWARD Maciej Oleksowicz	32	7
P.H. AUTO CZĘŚCI Krzysztof Pietrzak	14	2
AK-CAR Agnieszka Soszyńska	94	29
BEST-CAR Justyna Pietrzak	142	38
JCG Sp. Z o.o.	-	-
	292	86

liabilities	31.03.2008	31.03.2007
Inter Cars s.j.	-	18
ANPO Andrzej Oliszewski	-	-
FASTFORWARD Maciej Oleksowicz	72	-
P.H. AUTO CZĘŚCI Krzysztof Pietrzak	48	106
AK-CAR Agnieszka Soszyńska	163	209
BEST-CAR Justyna Pietrzak	164	43
JCG Sp. Z o.o.	6	-
	453	376

The object of the transaction between Inter Cars and Inter Cars Sp. Jawna (Krzysztof Oleksowicz, Andrzej Oliszewski, Jolanta Oleksowicz-Bugajewska) and ANPO Andrzej Oliszewski is rental of real estate. Real estate being the object of agreements is then rented to non-related parties (apart from the agreement with Feber) and is used for conducting distribution operations by the entities operating branches. The whole of purchases of Inter Cars Sp. Jawna and ANPO Andrzej Oliszewski was re-invoiced to non-related entities.

The object of the transaction between Inter Cars and FASTFORWARD Maciej Oleksowicz is running a rally team Castrol Q-SERVICE headed by Maciej Oleksowicz and providing promotional services for the Company during car rallies as well as providing consulting services concerning computer software.

The object of the transaction between Inter Cars and P.H. Auto CZĘŚCI Krzysztof Pietrzak, Inter Cars and AK-CAR Agnieszka Soszyńska, and between Inter Cars and BEST-CAR Justyna Pietrzak is settlement under share in the profit margin on sales by the above mentioned companies operating branches in Warsaw and Wyszków.

Transactions concerning advertising and sponsorship services aiming at advertising the Company and entities cooperating with it are concluded between Q-Service Sp. z o.o. and FASTFORWARD Maciej Oleksowicz.

The total value of loans granted to subsidiaries amounted to PLN 39,005 thousand.

The total value of loans granted to Inter Cars by subsidiaries amounted to PLN 864 thousand.

10. Other information which, in the issuer's opinion, is essential for evaluation of its staff situation, property situation and financial situation and their changes and information that is crucial for evaluation of the possibility of realization of obligations by issuer

Until 31 March 2008, there were no other essential factors affecting the assessment of the personnel, assets, financial position or the financial result.

11. Factors which, according to the issuer, will affect results achieved by them in the prospect of at least another quarter

The most important factors which, according to the Board of Directors, will affect the financial results in the first quarter of 2008 include:

- ✓ increase in distribution costs as a result of planned growth in the number of branches, while the increase will be proportional to the value of sales realized by branches;
- ✓ changes in the profit margin on sales dependent, first of all, on the market conditions and the need to adjust the price-list to changing competitive conditions and the terms of deliveries and changes in exchange rates of EUR and USD;
- ✓ fluctuations in interest rates which will affect the value of incurred financial costs by the value of interest on made credits;
- ✓ growing recognition of the brand "Inter Cars" and attracting new customers and the resulting development of operating activities.

PART III

QUARTERLY SEPARATE FINANCIAL STATEMENT FOR THE FIRST QUARTER OF 2008

1. Balance sheet

(in thousands of PLN)	**31.03.2008**	**31.12.2007**	**31.03.2007**
ASSETS			
Fixed assets			
Tangible fixed assets	129 534	83 842	61 165
Intangible assets	132 507	3 864	453
Investment properties	2 660	-	-
Investments in associated companies	38 551	30 876	12 626
Available for sale investments	43	43	43
Receivables	41 290	30 597	1 315
Deferred tax assets	143	-	2 426
	344 728	**149 222**	**78 028**
Current assets			
Inventory	524 399	412 997	278 751
Receivables for services and other receivables	236 167	190 821	137 692
Income tax receivables			
Prepayments	12 330	1 722	1 548
Cash and cash equivalents	22 315	13 113	18 237
	795 211	**618 653**	**436 228**
TOTAL ASSETS	**1 139 939**	**767 875**	**514 256**
LIABILITIES			
Owner's equity			
Share capital	27 392	23 642	23 642
Supplementary capital from the issue of shares above the face value	249 409	21 415	21 415
Supplementary capital	65 163	65 163	49 117
Reserve capital from updated valuation	5 493	5 192	2 694
Exchange difference			
Retained result from previous years and the current year	66 078	47 110	30 368
	413 535	**162 522**	**127 236**
Long-term liabilities			
Liabilities due to credits, loans and finance lease	44 482	8 951	3 332
Provision for deferred income tax		1 208	1 323
	44 482	**10 159**	**4 655**
Short-term liabilities			
Liabilities due to deliveries and services and other liabilities	207 704	243 067	152 254
Liabilities due to credits, loans, debt securities and finance lease	449 243	333 320	221 261
Liabilities due to employee benefits	1 831	414	546
Liabilities due to income tax	16 269	9 057	3 961
Provisions	3 767	6 243	1 963
Short-term prepaid expenses	3 108	3 093	2 380
	681 922	**595 194**	**382 365**
TOTAL LIABILITIES	**1 139 939**	**767 875**	**514 256**

2. Profit and loss statement

(in thousands of PLN)	**1.01.2008 - 31.03.2008**	**1.01.2007 - 31.03.2007**
Sales revenue from sales of products, goods and materials	334 647	245 183
Cost of sold products, commodities, and materials	(234 704)	(178 512)
Gross profit on sales	**99 943**	**66 671**
Other operating revenue	8 814	1 627
General administrative and sales cost	(37 660)	(25 283)
Distribution service costs	(36 868)	(25 895)
Costs of management option program	(301)	(832)
Other operating costs	(4 883)	(1 566)
Operating profit	**29 045**	**14 722**
Financial revenue	848	297
Foreign exchange differences	-	345
Financial costs	(6 425)	(2 273)
Pre-tax profit	**23 468**	**13 091**
Income tax	(4 500)	(2 936)
Net profit	**18 968**	**10 155**
Profit per one share (PLN)		
- basic	1,38	0,86
- diluted	1,35	0,83

3. Changes in equity capital

for the period from 1 January 2008 to 31 March 2008

(in thousands of PLN)	Share capital	Supplementary capital on the sale of shares above the face value	Supplementary capital	Other supplementary capitals	Retained result from previous years and the current year	**Total**
As at 1 January 2008	**23 642**	**21 415**	**65 163**	**5 192**	**47 110**	**162 522**
Profit for the period					18 968	**18 968**
Issue of shares in connection with the merger with JC Auto	3 750	227 994				**231 744**
Establishment of supplementary capital in connection with realization of the management option program				301		**301**
As at 31 March 2008	**27 392**	**249 409**	**65 163**	**5 493**	**66 078**	**413 535**

for the period from 1 January 2007 to 31 March 2007

(in thousands of PLN)	Share capital	Supplementary capital on the sale of shares above the face value	Supplementary capital	Other supplementary capitals	Retained result from previous years and the current year	**Total**
As at 1 January 2007	**23 642**	**21 415**	**49 117**	**1 862**	**20 213**	**116 249**
Profit for the period					10 155	**10 155**
Establishment of supplementary capital in connection with realization of the management option program	-	-	-	832	-	**832**
As at 31 March 2007	**23 642**	**21 415**	**49 117**	**2 694**	**30 368**	**127 236**

4. Cash flow statement

(in thousands of PLN)	01.01.2008-31.03.2008	01.01.2007-31.03.2007
Cash Flow from operating activities		
Profit (loss) before taxation	23 468	13 091
Adjustment by items:		
Depreciation	4 441	2 897
Foreign Exchange Differences (Profit) / Loss	3	(99)
(Profit)/loss on sales of tangible fixed assets	(4 546)	(84)
Interest, net	4 053	1 942
Other net items	301	836
Operating profit before changes in working capital	**27 720**	**18 583**
Change in inventories	(108 704)	(71 776)
Changes in receivables	144 595	(18 001)
Change in short-term liabilities	(51 108)	57 242
Changes in accruals and prepayments	(9 781)	(413)
Cash generated on operation activities	**2 722**	**(14 365)**
Paid income tax	1 361	(633)
Net cash flow on operating activities	**4 083**	**(14 998)**
Cash Flow on investment activities		
Cash inflows on sales of tangible assets and intangibles	398	166
Value of intangible and fixed assets purchased	8 076	(435)
Purchase of interest in associated companies	(1 413)	(681)
Repayment of granted loans	4 308	1 226
Loans granted	(16 100)	(516)
Interest received	734	98
Net cash on investment activities	**(3 997)**	**(142)**
Cash Flow on financial activities		
Inflows under credits, loans and debt securities	14 657	27 397
Payments under financial lease contracts	(1 256)	(3 150)
Interest paid	(4 786)	(2 131)
Dividend paid	-	-
Other net items	501	-
Net cash on financial activities	**9 116**	**22 116**
Change in cash and net cash equivalents	**9 202**	**6 976**
Cash and cash equivalents at the beginning of the period	**13 113**	**11 261**
Cash and cash equivalents at the end of the period	**22 315**	**18 237**

Accounting principles

The accounting principles adopted by Inter Cars are the same as those adopted by the Group (described in item 7 of the Group's extended consolidated quarterly report) except for shares in subsidiaries which are valued at the historical cost less write-downs.