

**CAPITAL GROUP OF
INTER CARS**

Consolidated quarterly report containing a condensed interim consolidated report on the activities of the Inter Cars S.A. Capital Group together with interim consolidated financial statements of the Inter Cars, prepared for the period of 3 months ended on 31 March 2018.



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Selected consolidated financial data of the Inter Cars Group

	<i>for the period of 3 months ended on</i>		<i>for the period of 3 months ended on</i>	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
	in thousand PLN	in thousand PLN	EUR '000	EUR '000
Information on growth and profits				
Sales margin	30.8%	29.5%		
EBITDA	81,130	82,369	19,417	19,204
EBITDA as percentage of sales	4.9%	5.3%		
EBITDA (for 12 consecutive months)	358,745	371,259	85,857	86,559
Net debt / EBITDA	2.90	2.67		
Basic earnings per share (PLN)	3.06	3.74	0.73	0.87
Diluted earnings per share (PLN)	3.06	3.74	0.73	0.87
Operating profit	63,564	66,763	15,213	15,566
Net profit	43,289	53,027	10,360	12,363
Cash flows				
Operating cash flows	52,161	(46,476)	12,484	(10,836)
Investing cash flows	(15,297)	(19,458)	(3,661)	(4,537)
Financing cash flows	(49,424)	59,496	(11,828)	13,871
Employment and branches				
Employees				
Parent company	507	404		
Subsidiaries	2,662	2,121		
Branches				
Parent company	245	226		
Subsidiaries	274	236		
Consolidated statement of the financial situation				
	As at		As at	
	31/03/2018	31/12/2017	31/03/2018	31/12/2017
	in thousand PLN	in thousand PLN	EUR '000	EUR '000
Cash and cash equivalents	148,355	160,915	35,251	38,580
Balance sheet total	3,760,554	3,402,978	893,562	815,886
Loans, borrowings and finance lease	1,187,517	1,222,551	282,171	293,114
Equity attributable to the shareholders of the parent entity	1,657,402	1,616,028	393,823	387,453

The following exchange rates were applied to calculate selected financial data in EUR:

- for balance sheet items – the National Bank of Poland exchange rate of 31 March 2018 – 1 EUR = PLN 4.2085, and the National Bank of Poland exchange rate of 31 March 2017 - 1 EUR = PLN 4.2198 and the National Bank of Poland exchange rate of 31 December 2017 – 1 EUR = PLN 4.1709.
- for the profit and loss account and cash flow items – the National Bank of Poland Exchange rate constituting the average National Bank of Poland exchange rate announced on the last day of each month of the first quarter of 2018 and 2017, respectively: 1 EUR = PLN 4.1784 and 1 EUR = PLN 4.2891.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE INTER CARS GROUP

<i>(in thousand PLN)</i>	<u>31/03/2018</u>	<u>31/12/2017</u>	<u>31/03/2017</u>
ASSETS			
Non-current assets			
Property, plant and equipment	477,872	478,150	467,872
Investment property	21,530	21,530	22,103
Intangible assets	180,222	180,959	167,853
Investments in related entities	924	924	2,654
Investments available for sales	301	301	301
Receivables	19,671	20,014	21,540
Deferred tax assets	24,381	24,145	23,218
	<u>724,901</u>	<u>726,023</u>	<u>705,541</u>
Current assets			
Inventory	2,060,550	1,771,176	1,800,800
Trade and other receivables	822,183	739,360	749,626
Corporate income tax receivables	4,565	5,504	14,328
Cash and cash equivalents	148,355	160,915	114,988
	<u>3,035,653</u>	<u>2,676,955</u>	<u>2,679,742</u>
TOTAL ASSETS	<u>3,760,554</u>	<u>3,402,978</u>	<u>3,385,283</u>
LIABILITIES			
Share capital	28,336	28,336	28,336
Share premium account	259,530	259,530	259,530
Statutory reserve funds	832,483	832,483	731,510
Other capital reserves	19,030	19,030	10,458
Foreign exchange gains /losses in subsidiaries	(28,352)	(26,437)	(14,681)
Retained earnings	546,375	503,086	459,289
Equity	<u>1,657,402</u>	<u>1,616,028</u>	<u>1,474,442</u>
Long-term liabilities			
Loan, borrowing and finance lease liabilities	657,623	658,384	528,407
Other long-term liabilities	4,283	3,116	7,661
Deferred income tax provision	24,947	25,497	16,065
	<u>686,853</u>	<u>686,997</u>	<u>552,133</u>
Short-term liabilities			
Trade and other liabilities	844,530	490,304	750,285
Loan, borrowing and finance lease liabilities	529,894	564,167	551,140
Liabilities of the factoring	-	-	28,210
Employee benefits	19,419	21,314	16,646
Income tax liabilities	22,456	24,168	12,427
	<u>1,416,299</u>	<u>1,099,953</u>	<u>1,358,708</u>
TOTAL LIABILITIES	<u>3,760,554</u>	<u>3,402,978</u>	<u>3,385,283</u>

Interim consolidated statement of comprehensive income

(in thousand PLN)

	for the period of 3 months ended on	
	31/03/2018	31/03/2017
Continued activity		Transformed*
Sales revenues	1,650,014	1,546,092
Cost of sales	(1,141,697)	(1,087,121)
Gross profit on sales	508,317	458,971
Other operating income	5,422	4,132
Costs of sales and administrative costs	(256,453)	(224,011)
Distribution expenses	(186,928)	(165,921)
Other operating expenses	(6,794)	(6,408)
Operating profit	63,564	66,763
Financial income	587	673
Foreign exchange gains/losses	(1,799)	5,995
Financial expenses	(10,099)	(9,789)
Profit before tax	52,253	63,642
Income tax	(8,964)	(10,615)
Net profit	43,289	53,027
Attributable to:		
shareholders of the parent company	43,289	53,027
	43,289	53,027
OTHER COMPREHENSIVE INCOME		
Foreign exchange gains /losses	(1,915)	(2,593)
Total other comprehensive income, net	(1,915)	(2,593)
COMPREHENSIVE INCOME	41,374	50,434
Net profit attributable to:		
- the shareholders of the parent entity	41,374	50,434
	41,374	50,434
Comprehensive income attributable to:		
- the shareholders of the parent entity	41,374	50,434
- minority interests		
	41,374	50,434
Earnings per share (PLN)		
- basic	3.06	3.74
- diluted	3.06	3.74
Number of shares	14,168,100	14,168,100
Number of shares to be diluted	14,168,100	14,168,100

*) explanation is presented in point III Declaration of compliance with IFRS

Interim consolidated statement of changes in equity

for the period from 01 January 2018 to 31 March 2018

<i>(in thousand PLN)</i>	Share capital	Share premium account	Statutory reserve funds	Foreign exchange gains /losses	Other capital reserves	Retained earnings	Equity attributable to the shareholders of the parent entity
As at 01 January 2018	28,336	259,530	832,483	(26,437)	19,030	503,086	1,616,028
Profit in the reporting period	-	-	-	-	-	43,289	43,289
Foreign exchange gains /losses	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	(1,915)	-	-	(1,915)
As at 31 March 2018	28,336	259,530	832,483	(28,352)	19,030	546,375	1,657,402

for the period from 01 January 2017 to 31 December 2017

<i>(in thousand PLN)</i>	Share capital	Share premium account	Statutory reserve funds	Foreign exchange gains /losses in subsidiaries	Other capital reserves	Retained earnings	Total equity
As at 01 January 2017	28,336	259,530	731,510	(12,088)	10,458	406,262	1,424,008
Profit in the reporting period	-	-	-	-	-	216,428	216,428
Other comprehensive income							
Foreign exchange gains /losses in subsidiaries	-	-	-	(14,349)	-	-	(14,349)
Total comprehensive income	-	-	-	(14,349)	-	216,428	202,079
Transactions with shareholders							
Distribution of prior period profit – dividend	-	-	-	-	-	(10,059)	(10,059)
Distribution of retained profits - transfer to supplementary and reserve capital	-	-	100,973	-	8,572	(109,545)	-
As at 31 December 2017	28,336	259,530	832,483	(26,437)	19,030	503,086	1,616,028

for the period from 01 January 2017 to 31 March 2017

<i>(in thousand PLN)</i>	Share capital	Share premium account	Statutory reserve funds	Foreign exchange gains /losses	Other capital reserves	Retained earnings	Equity attributable to the shareholders of the parent entity
As at 01 January 2017	28,336	259,530	731,510	(12,088)	10,458	406,262	1,424,008
Profit in the reporting period	-	-	-	-	-	53,027	53,027
Other comprehensive income							
Foreign exchange gains /losses	-	-	-	(2,593)	-	-	(2,593)
Total comprehensive income	-	-	-	(2,593)	-		(2,593)
As at 31 March 2017	28,336	259,530	731,510	(14,681)	10,458	459,289	1,474,442

Interim consolidated statement of cash flows

(in thousand PLN)

	01/01/2018 – 31/03/2018	01/01/2017 – 31/03/2017
Cash flows from operating activities		
Profit before tax	52,253	63,642
Adjustments:		
Depreciation and amortization	17,566	15,606
Foreign exchange gains /losses	3,140	(6,161)
(Profit / loss on investing activities	720	(497)
Net interest	10,053	6,522
Other adjustments, net	(412)	(2,118)
Operating profit before changes in the working capital	83,320	76,994
Change in inventories	(289,374)	(290,681)
Change in receivables	(83,192)	(57,883)
Change in short-term liabilities	352,331	245,102
Cash generated by operating activities	63,085	(26,468)
Corporate income tax paid	(10,924)	(20,008)
Net cash from operating activities	52,161	(46,476)
Cash flow from investing activities		
Proceeds from the sale of intangible assets, investment property, property, plant and equipment	641	2,594
Acquisition of intangible assets, investment property, and property, plant and equipment	(16,223)	(20,836)
Acquisition of shares in other entities	-	(733)
Purchase of shares in associated companies	-	-
Repayment of loans granted	642	678
Loans granted	(400)	(1,179)
Interest received	43	18
Net cash from investing activities	(15,297)	(19,458)
Cash flow from financing activities		
Cash inflows on credits	-	123,175
Repayment of credits	(38,254)	-
Payment of finance lease liabilities	(2,212)	(2,860)
Payment of the reverse factoring	-	(54,984)
Interest paid	(8,958)	(5,835)
Net cash from financing activities	(49,424)	59,496
Net change in cash and cash equivalents	(12,560)	(6,438)
Cash and cash equivalents at the beginning of the period	160,915	121,426
Cash and cash equivalents at the end of the period	148,355	114,988

Explanatory notes to the interim condensed financial statements for the period of 3 months ended on 31 March 2018**I. Information about the Inter Cars Capital Group****Scope of activities**

The principal activities of Grupa Kapitałowa Inter Cars Spółka Akcyjna (hereinafter referred to as "the Group," "the Inter Cars Capital Group," the Inter Cars Group") are import and distribution of spare parts for passenger cars and commercial vehicles.

Registered seat – the parent entity

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

Central Warehouse:

Europejskie Centrum Logistyczne (European Logistics Centre)
Ul. Swobodnia 35
05-170 Zakroczym

Contact and administrative details

The Company has been entered into the Register of Companies of the National Court Register kept by the District Court for the capital city of Warsaw, in Warsaw, XII Commercial Department of the National Court Register, under the following number:

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Supervisory Board (as at the date of approval of the financial statements)

Andrzej Oliszewski, President
Piotr Płoszajski
Tomasz Rusak
Michał Marczak
Jacek Klimczak

Management Board (as at the date of approval of the financial statements)

Maciej Oleksowicz, President
Robert Kierzek, Vice-President
Krzysztof Soszyński, Vice-President
Krzysztof Oleksowicz
Wojciech Twaróg
Piotr Zamora
Tomáš Kaštil

On the day of 26 April, Vice-President of the Management Board, Mr Robert Kierzek, handed a statement on his resignation from applying for renewal of his term in the office as the Member of The Management Board to the Supervisory Board.

Statutory auditor

PricewaterhouseCoopers Sp. z o.o.
Ul. Lecha Kaczyńskiego 14,
00-638 Warsaw

II. Composition of the Capital Group

The parent company, Inter Cars S.A. ("the Company") is registered in Poland. The interim consolidated financial statements for the period ended on 31 March 2018 contain information about the company, its subsidiaries referred to as the Inter Cars Capital Group ("the Group"), and about the Group's share in related entities.

The consolidated financial statements of the Inter Cars Capital Group for the period ended on 31 December 2017 are available at www.intercars.com.pl.

As at 31 March 2018, the following entities comprised the Inter Cars Capital Group: Inter Cars S.A. as the Parent Entity, and 31 other entities, including:

- 29 subsidiaries of Inter Cars S.A.
- 2 indirect subsidiaries of Inter Cars S.A.

The Group also holds shares in one related entity.

The first quarter of 2018 saw no changes in the organizational structure of the issuer's Capital Group, including changes resulting from amalgamation or gaining or losing control over subsidiaries and long-term investments or as a result of division, restructuring or discontinuance.

Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Issuer's share in the share capital	
				31/03/2018	31/03/2017
Parent company					
Inter Cars S.A.	Warsaw	Import and distribution of spare parts for passenger cars and commercial vehicles	full	Not applicable	Not applicable
Direct subsidiaries					
Inter Cars Ukraine	Ukraine, Khmelnytsky	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Q-service Sp. z o.o.	Częstków Mazowiecki	Advisory services, organization of trainings and seminars related to automotive services and the automotive market	full	100%	100%
Lauber Sp. z o.o.	Słupsk	Remanufacturing of car parts	full	100%	100%
Inter Cars Česká republika s.r.o.	Czech Republic, Prague	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Feber Sp. z o.o.	Sieradz	Manufacture of motor vehicles, trailers and semi-trailers	full	100%	100%
IC Development & Finance Sp. z o.o.	Warsaw	Real estate development and lease	full	100%	100%
Armatus sp. z o.o.	Warsaw	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Slovenská republika s.r.o.	Slovakia, Bratislava	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Lietuva UAB	Lithuania, Vilnius	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
JC Auto s.r.o.	The Czech Republic, Karvina-Darkom	The Company does not carry out operating activities	full	100%	100%
JC Auto S.A.	Belgium, BrainL'Allued	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%

Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Issuer's share in the share capital	
				31/03/2018	31/03/2017
Inter Cars Hungária Kft	Hungary, Budapest	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Italia s.r.l. (formerly JC Auto s.r.l.)	Italy, Milan	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars d.o.o.	Croatia, Zagreb	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Romania s.r.l.	Romania, Cluj-Napoca	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Cyprus Limited	Cyprus, Nicosia	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Latvija SIA	Latvia, Riga	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Cleverlog-Autoteile GmbH	Germany, Berlin	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Bulgaria Ltd.	Bulgaria, Sofia	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Marketing Services Sp. z o.o.	Warsaw	Advertising, market and public opinion research	full	100%	100%
ILS Sp. z o.o.	Nadarzyn	Logistics services	full	100%	100%
Inter Cars Malta Holding Limited	Malta	Assets management	full	100%	100%
Q-service Truck Sp. z o.o.	Warsaw	Sale of commercial vehicles and trucks	full	100%	100%
Inter Cars INT d.o.o.	Slovenia, Ljubljana	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Eesti OÜ	Estonia, Tallinn	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Piese Auto s.r.l.	Kishinev, Moldova	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars GREECE.	Athens, Greece	Distribution of spare parts for passenger cars and commercial vehicles	Not applicable	100%	-
Inter Cars d.o.o.	Sarajevo, Bosnia and Herzegovina	Distribution of spare parts for passenger cars and commercial vehicles	Not applicable	100%	-
Inter Cars United Kingdom - automotive technology Ltd *	London, Great Britain	Distribution of spare parts for passenger cars and commercial vehicles	Not applicable	100%	-
Indirect subsidiaries					
Inter Cars Malta Limited**	Malta	Sale of spare parts and advisory services related to automotive services and the automotive market	full	100%	100%
Aurelia Auto d o.o***	Croatia	Distribution of spare parts and real estate rental	full	100%	100%
Associated entity					
InterMeko Europa Sp. z o.o.	Warsaw	Control and assessment of spare parts, components and accessories	equity method	50%	50%

* The Company does not carry out operational activity

** 100% shares held by subsidiary company Inter Cars Malta Holding Limited

*** 100% shares held by subsidiary company Inter Cars d.o.o. (Croatia)

Stock exchange listings

The shares of Inter Cars S.A., i.e. the parent entity, are listed on the Warsaw Stock Exchange in the continuous trading system.

III. Declaration of compliance with IFRS

The condensed interim consolidated financial statements of the Inter Cars Capital Group were prepared for the period of 3 months ended on 31 March 2018.

The condensed interim financial statements covering first quarter of 2018 comply with the requirements of the International Accounting Standard IAS 34 *“Interim Financial Reporting”* related to interim financial statements.

The condensed interim financial statements of the Group are published together with the condensed standalone interim financial statements. The condensed standalone interim financial statements of the Company should be read together with the condensed interim consolidated financial statements of the Group in order to have a comprehensive view of the financial result and the financial situation of the company.

Preparation of financial statements in accordance with IFRS requires application of specific accounting estimates. It also requires from the Management Board to use its own judgement with regard to application of the accounting standards adopted by the Group. The areas a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are presented in note 14.

Interim condensed consolidated financial statement of Inter Cars S.A. Capital Group prepared for the period of 3 months ended on 31 March 2018 with explanatory notes to interim condensed financial statements and quarterly financial information of Inter Cars S.A. 1Q 2018 was approved by the Board of Managers for publication on 15 May 2018.

Starting from 1 January 2018 the new standard is in use: **IFRS 15** Revenues from Contracts with Customers, published in May 2014 and amended in April 2016, sets the so-called five-step model of recognizing income resulting from contracts with customers. According to IFRS 15, revenue is recognized at the amount of the consideration which an entity is entitled to for transferring goods and services as promised to a customer. The fundamental principle of the new standard is the recognition of revenues upon the transfer of control over goods and services to a customer at a transactional price. All goods or services sold in packages that can be separated from a package are to be recognized separately. Moreover, any discounts and rebates on the transactional price are to be allocated to particular elements of a package. In the case of a variable revenue, according to the standard, the variable amounts are recognized as revenue, provided that it is highly probable that its inclusion will not result in a significant revenue reversal in the future as a result of revaluation. Moreover, according to IFRS 15, the costs incurred to obtain and secure a contract with a customer are to be activated and cleared over time throughout the period during which a contract brings benefits.

Inter Cars S.A. is running its business activity in the following areas:

1. Sale of goods

The Group's main objects are the wholesale of goods through stationary stores and on-line sale of goods.

Inter Cars S.A. believes that the adoption of IFRS 15 will have no significant bearing on the recognition of revenues and the financial results on this type of sale. The revenues will be recognized in a particular moment, i.e. when a customer gains control over goods, as is currently the case.

Due to the bonuses and returns policy applied, the Group decreases the value of the revenues by an estimated cost of such bonuses and returns. This methodology will continue to be applied in conformity with IFRS 15.

2. Sale of goods and services

Inter Cars S.A. sells services only to a limited extent and these include mainly repair services provided to fleet chains. The Group believes that customers simultaneously receive and gain benefits resulting from the services rendered upon their completion, as these services are short-term ones. Hence, the Group will continue to recognize sales revenues upon the completion of a settlement month.

The IFRS 15 effective as of 1 January 2018 do not have a bearing on the financial result of the Group and the Company. Changes in the presentation of financial statements include decreasing the re-invoicing income by the costs incurred.

Below table presents transformation of disclosures of consolidated data for 1Q2017 in relation to the new standard IFRS15:

(in thousand PLN)

	for the period of 3 months ended on		
	31/03/2017	influence of IFRS15	31/03/2017 (after transformation)
Continued activity			
Sales revenues	1,561,350	(15,258)	1,546,092
Cost of sales	(1,100,872)	13,751	(1,087,121)
Gross profit on sales	460,478	(1,507)	458,971
Other operating income	5,280	(1,148)	4,132
Costs of sales and administrative costs	(226,658)	2,647	(224,011)
Distribution expenses	(165,921)	-	(165,921)
Other operating expenses	(6,416)	8	(6,408)
Operating profit	66,763	-	66,763
Financial income	673	-	673
Foreign exchange gains/losses	5,995	-	5,995
Financial expenses	(9,789)	-	(9,789)
Profit before tax	63,642	-	63,642
Income tax	(10,615)	-	(10,615)
Net profit	53,027	-	53,027
Attributable to:			
shareholders of the parent company	53,027	-	53,027
	53,027	-	53,027
OTHER COMPREHENSIVE INCOME			
Foreign exchange gains /losses	(2,593)	-	(2,593)
COMPREHENSIVE INCOME	50,434	-	50,434

Below table presents transformation of disclosures of separate data for 1Q2017 in relation to the new standard IFRS15:

(in thousand PLN)

	for the period of 3 months ended on		
	31/03/2017	influence of IFRS15	31/03/2017 (after transformation)
Continued activity			
Sales revenues	1,206,561	(11,045)	1,195,516
Cost of sales	(941,882)	11,045	(930,837)
Gross profit on sales	264,679	-	264,679
Other operating income	6,480	-	6,480
Costs of sales and administrative costs	(131,463)	-	(131,463)
Distribution expenses	(101,895)	-	(101,895)
License fees	(19,028)	-	(19,028)
Other operating expenses	(10,020)	-	(10,020)
Operating profit	8,753	-	8,753
Financial income	724	-	724
Dividends received	29,925	-	29,925
Foreign exchange gains/losses	5,800	-	5,800
Financial expenses	(10,289)	-	(10,289)
Profit before tax	34,913	-	34,913

Income tax	(1,341)	-	(1,341)
Net profit	33,572	-	33,572
COMPREHENSIVE INCOME	33,572	-	33,572

IV. Basis for preparing the condensed interim consolidated financial statements

With the exception of the changes described in "Changes to the accounting principles," these condensed interim financial statements were prepared by the Inter Cars Capital Group in accordance with the same accounting standards as those applied by the Group to prepare the consolidated financial statements for the period ended on 31 December 2017.

The condensed interim consolidated financial statements were prepared under the assumption that Group will continue as a going concern in the foreseeable future and that there are no circumstances indicating a threat to the continuance of its operations.

All values presented in the condensed interim financial statements are quoted in PLN '000, unless otherwise indicated.

V. Changes to the accounting principles

During the reporting period the Group made no changes to the accounting principles.

VI. Foreign Exchange rates applied to calculate the figures for 1 quarter of 2018

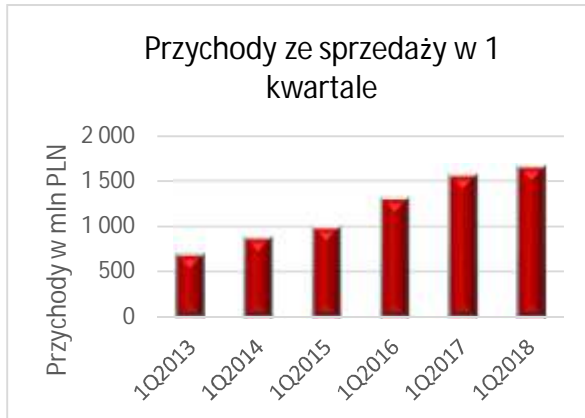
All financial figures presented in the report in EUR were translated according to the following exchange rates:

	2018	2017
exchange rate as at 31 March	4.2085	4.2198
average exchange rate in the period from 1 January to 31 March	4.1784	4.2891

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

- the figures resulting from the profit and loss account – the average exchange rate constituting the arithmetic mean of the exchange rates announced by President of the National Bank of Poland on the last day of each month of a given period;
- the figures resulting from the balance sheet – the exchange rate as at 31 March constituting the average EUR exchange rate announced on 31 March the President of the National Bank of Poland;
- for translating the value of the share capital – the average EUR exchange rates applicable on the day on which an increase in the share capital was registered.

Factors and events of a non-recurring nature having a material bearing on the financial result, and a description of the Company's material achievements and failures along with a list of related key events



1. Summary of activities and consolidated and separate financial results for 1Q 2018

Summary of financial results of the Inter Cars Group

- In 1Q 2018, the Group recorded a **6.7% increase of consolidated sales revenues** compared to the same period of 2017. Our competitive advantage and the still unconsolidated distribution segment are an opportunity for us to continue our development, both at home and abroad.

Lower than expected growth of income was mostly caused by longer winter season in the whole Europe, and as a result the beginning of sale of the summer season products (e.g. tyres) was moved to April. In April 2018 the Group recorded income of almost 30% higher than a year before.

- Export sales** understood as sales by the overseas distribution companies, and direct sales by Inter Cars S.A. to foreign clients increased by nearly **15.1%** compared to the analogous period a year ago.
- The revenues of Inter Cars at home accounted for app. **54.2% of the total revenues** of the Capital Group (taking into account consolidation exclusions). The foreign companies' share in the distribution activities increased from 37.5% in the 1st quarter of 2017 to 40.7% in the 1st quarter of 2018. The Polish market remains the basic sales market for the Capital Group.
- The consolidated sales margin **went up to 30.8% from 29.5%**, an increase of **1.3%**, **up by PLN 49,346** compared to the same period a year ago.

The margin level in 1Q 2018 was also influenced by the positive exchange differences amounting to PLN 8.7m, and in

the same period of 2017 - PLN 15.1m of negative exchange differences, which lowered the margin for that period of time.

Comparing the level of gross percent margin, if we eliminate the influence of these exchange gains/losses on the margin, it would amount to 30.3% in the first quarter 2018, a decrease by 0.2% in comparison to the same period a year ago (30,5%).

- The costs of sales and administration** increased by 14.5% compared to the same period of 2016, with sales revenues 6.7% higher, and the ratio of sales costs to revenues increased slightly from 14.5% to 15.5% compared to 1Q of previous year.

The above growth in the sales costs in the 1st quarter of 2018 resulted primarily from the consolidation of logistics services in the new Logistics Centre in Zakroczym and from the Group's expansion to new European markets.

- Consolidated net profit** amounted to PLN 43,289m.
- The consolidated EBITDA** for 12 months cumulatively for the period ending on 31 March 2018 amounted to PLN 358,745 thousand (as a profit on operating activity plus depreciation) and was PLN 12,514 thousand lower compared to 2017.
- The net debt /EBITDA** ratio was 2.90 compared to 2.67 as at 31 March 2017.
- In Q1 2018 the effective tax rate was equal to the anticipated tax rate for 2018.

Revenues increased in all geographical markets.

The Group has been expanding its business in Central and Eastern Europe. This market displays a large potential of growth and a net profitability higher than the domestic market. The highest sales increase after 1 quarter of 2018 – compared to the same period of the previous year – (after translation to PLN and consolidation exclusions) was recorded by companies in the following countries: Slovenia (67%), Germany (56%), Estonian (52%), Latvia (22%) and Bulgaria (21%). Whilst daughter companies with the biggest influence on the sales revenues of the Group, went up accordingly: Romania (4%), Lithuania (8%), Hungary(8%) and Croatia (16%).

The underlying financial data of the Inter Cars S.A. Group for 1 quarter of 2018 were as follows:

	for the period of 3 months ended on		for the period of 3 months ended on	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
(‘000)	PLN	PLN	EUR	EUR
Profit and loss account (for the period)		Transformed*		Transformed*
Sales revenues	1,650,014	1,546,092	394,891	360,470
Gross profit (loss) on sales	508,317	460,478	121,654	107,360
Net financial revenues / costs	(11,311)	(3,121)	(2,707)	(728)
Operating profit (loss)	63,564	66,763	15,213	15,566
Net profit (loss)	43,289	53,027	10,360	12,363
Other financial data				
Operating cash flows	52,161	(46,476)	12,484	(10,836)
Investing cash flows	(15,297)	(19,458)	(3,661)	(4,537)
Financing cash flows	(49,424)	59,496	(11,828)	13,871
Basic profit per share	3.06	3.74	0.73	0.87
Sales margin	30.8%	29.5%		
EBITDA margin	4.9%	5.3%		
Balance sheet (as at)	31/03/2018	31/12/2017	31/03/2018	31/12/2017
Cash and cash equivalents	148,355	160,915	35,251	38,580
Balance sheet total	3,760,554	3,402,978	893,562	815,886
Loans, borrowings and finance lease	1,187,517	1,222,551	282,171	293,114
Equity	1,657,402	1,616,028	393,823	387,453

Overview of the financial results of the parent company – Inter Cars

The underlying financial data of Inter Cars S.A. were as follows:

	for the period of 3 months ended on		for the period of 3 months ended on	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
(‘000)	PLN	PLN	EUR	EUR
Profit and loss account (for the period)		Transformed*		Transformed*
Sales revenues	1,226,323	1,195,516	293,491	278,740
Gross profit (loss) on sales	302,346	264,679	72,359	61,710
License fees	(7,659)	(19,028)	(1,833)	(4,436)
Net financial revenues / costs	32,396	26,160	7,753	6,099
Operating profit (loss)	9,733	8,753	2,330	2,041
Net profit (loss)	42,353	33,572	10,136	7,827
Other financial data				
Operating cash flows	7,405	(72,557)	1,772	(16,917)
Investing cash flows	34,700	20,458	8,305	4,770
Financing cash flows	(47,068)	51,358	(11,265)	11,974
Basic profit per share	2.99	2.37	0.72	0.55
Sales margin	24.7%	21.9%		
EBITDA margin	1.3%	1.2%		

Balance sheet (as at)	31/03/2018	31/12/2017	31/03/2018	31/12/2017
Cash and cash equivalents	26,490	31,454	6,294	7,541
Balance sheet total	3,238,161	2,999,502	769,434	719,150
Loans, borrowings and finance lease	1,166,922	1,202,120	277,277	288,216
Equity	1,246,754	1,204,401	296,247	288,763

*) explanation is presented in point III Declaration of compliance with IFRS

The sales revenues in Q1 2018 were **2.6% higher** than in the same period of last year. The reason for a slower growth in comparison to previous years in Poland was the fact that the winter season ended later than expected.

The gross sales profit in Q1 2018 amounted to PLN 302,346 thousand and was higher by PLN 37,667 thousand in comparison to the same period of 2017. **The sales margin** for 1 quarter of 2018 was 24.7% (compared to 22.1% in 1 quarter of 2017).

Distribution costs – the share of the entity managing the branch in the margin earned. The sales margin generated by a branch is divided between the branch and Inter Cars in the 50/50 ratio. The branch system is based on the assumption of entrusting management of a distribution point (branch) to external entities. Sales are made on behalf of Inter Cars.

Financial revenues and costs include primarily costs and revenues due to interest on credits. In Q1 2018, the Company incurred PLN 6,860k of these costs.

Liabilities resulting from credits, loans, debt securities and finance lease as at 31 March 2018 amounted to PLN 1,166,922 thousand.

2. Material evaluations and estimates

The preparation of the condensed consolidated interim financial statements in conformity with the EU IFRS requires the Company's Management Board to use evaluations and estimates that affect the application of accounting principles and reported amounts of assets and liabilities, income and expenses. The judgements and estimates are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimate is revised.

Information on particularly significant areas that are subject to evaluations and estimates and that affect the interim financial statements did not change from the information presented in the annual financial statements as at 31 December 2017.

3. Seasonality

Sales revenues display a slight degree of seasonality, with Q1 usually constituting app. 22% of the annual sales revenues.

4. Information on business segments

Structure of Inter Cars Capital Group results from strategy of geographical expansion in distribution of automotive spare parts (Inter Cars Ukraine LLC, Inter Cars Česká republika s.r.o., JC Auto s.r.o., Inter Cars Slovenská republika s.r.o., Inter Cars Lietuva UAB, Inter Cars d.o.o, Inter Cars Hungária Kft., JC Auto S.A, JC Auto s.r.l, Inter Cars Romania s.r.l., Inter Cars Latvija SIA, Inter Cars Bulgaria EOOD, Cleverlog-Autoteile GmbH, Inter Cars Eesti OÜ, Inter Cars INT d.o.o. (Slovenia), Inter Cars Piese Auto s.r.l. (Moldavia), Inter Cars GREECE, Inter Cars d.o.o (Bosnia and Herzegovina), Inter Cars United Kingdom - automotive technology Ltd and development of supporting projects for core business (Lauber Sp. z .o.o., Feber Sp. z o.o., Q-Service Sp. z .o.o., IC Development & Finance Sp. z .o.o., Armatus Sp. z o.o., Inter Cars Cyprus Limited, Inter Cars Marketing Services Sp. z o.o., ILS Sp. z o.o., Inter Cars Malta Holding, Inter Cars Malta Limited, Q-Service Truck Sp. Z o.o., Aurelia Auto d o o).

The above mentioned entities were consolidated with the full method as at 31 March 2018. Financial data of InterMeko Europa Sp. z o.o. were consolidated using equity method .

The core business of the Inter Cars S.A. Capital Group is the sale of spare parts. In addition, the companies Feber, Lauber, IC Development and ILS Sp. z o.o. are active in other business

segments, such as the manufacture of semi-trailers, recovery of spare parts, real estate development and logistics.

The Inter Cars Capital Group applies uniform accounting principles to all segments. Transactions between particular segments are carried out at arm's length. The above-mentioned transactions were eliminated from these condensed consolidated quarterly financial statements.

Information on business segments

for the period of 3 months ended on 31 March 2018

	Sale of spare parts	Other segments	Eliminations	Total
External sales	1,624,811	25,203	-	1,650,014
Inter-segment sales	2,033	112,468	(114,501)	-
Profit before tax	87,826	12,481	(48,054)	52,253

for the period of 3 months ended on 31 March 2017

	Sale of spare parts	Other segments	Eliminations	Total
External sales	1,527,636	33,714	-	1,561,350
Inter-segment sales	4,843	90,756	(95,599)	-
Profit before tax	88,673	(2,567)	(22,464)	63,642

Assets by operating segments

	Status as at 31/03/2018	Status as at 31/12/2017
Sale of spare parts segment	5,459,747	4,851,518
Other segments	489,685	433,857
Eliminations	(2,188,878)	(1,900,092)
	3,760,554	3,385,283

5. Dividend

In the reporting period, no dividend was distributed by Inter Cars S.A.

On 25 April 2018 the Board of Directors adopted a resolution on recommending distribution of the dividend of profit worked out for the year 2017 in the amount of PLN 10,059 thousand, i.e. PLN 0.71 per share.

6. Liabilities due to borrowings and other debt instruments

The new syndicated credit facility agreement

The credit conditions for term loans and revolving credits are described in the annual consolidated financial statements of the Group.

Bank credits concluded directly by subsidiary companies

In the reporting period subsidiary companies did not conclude any new credit agreements.

Conditions of credit facility agreements have been described in consolidated financial statements of the Group.

Loans and borrowings as at 31/03/2018

Current loans and borrowings at nominal value	Contractual amount (limit)	Used	Maturity date
Syndicated credit	775,000	418,715	14-11-2018
<i>Inter Cars S.A.</i>		367,067	
<i>Inter Cars Ceska Republika s.r.o.</i>		16,880	
<i>Inter Cars Slovenska Republika s.r.o.</i>		19,832	
<i>Lauber Sp. z.o.o.</i>		14,936	
Raiffeisen a.s. (Inter Cars Česká republika s.r.o)	29,131	24,885	31-12-2018
ING Bank N.V. (Inter Cars Romania s.r.l.)	80,577	77,120	27-12-2018
	884,708	520,720	
<hr/>			
Non-current loans and borrowings at nominal value	Contractual amount (limit)	Used	Maturity date
Syndicated credit	500,000	500,000	14-11-2020
	500,000	500,000	

Issuance of bonds

The terms and conditions of the issuance are described in the annual consolidated financial statements of the Group.

In the first quarter of 2018 the value of the bonds issued did not change. Interest on the A-series bonds are paid twice a year, in April and in October.

Below chart presents Bonds issued and planned buyback dates:

Tranche number	Date of issuance	Maturity date	Amount of buyback
Series A	24/10/2014	24.10.2019	150,000,000
			150,000,000

7. Contingent liabilities and sureties

In the reporting period, Inter Cars S.A. and its subsidiaries did not grant any sureties for credits, loans or other guarantees with substantial value.

Sureties and guarantees granted by the Group as at 31 March 2018 amounted in total to: PLN 27,926 thousand.

8. The Management Board's standpoint on the feasibility of meeting the previously published forecasts of financial results for 2018

The Board of Directors of Inter Cars S.A. has not published any forecast of financial results for the year 2018.

9. Shareholders holding 5% or more of the total vote at the General Shareholders Meeting of Inter Cars S.A.

Shareholders holding 5% or more of the total vote at the General Shareholders Meeting of Inter Cars S.A., as at the day of publication of these financial statements:

Shareholder	Number of shares	Total nominal value (PLN)	Percentage of share in the share capital held (%)	Percentage of total vote held (%)
OK Automotive Investments B.V.*	3,726,721	7,453,442	26.30%	26.30%
AVIVA Otwarty Fundusz Emerytalny Aviva BZ WBK	1,896,778	3,793,556	13.39%	13.39%
Nationale-Nederlanden OFE and Nationale-Nederlanden DFE	1,416,799	2,833,598	9.99%	9.99%
Andrzej Oliszewski	1,277,370	2,554,740	9.02%	9.02%
Immersion Capital Master Fund Limited	748,776	1,497,552	5.29%	5.29%
Total	9,066,444	18,132,888	63.99%	63.99%

*OK Automotive Investments B.V. is a company which is dependent from Krzysztof Oleksowicz - Member of the Management Board of the Company

Until the date of release of these financial statements, the Company had not received any other shareholding notifications.

From the date of publication of the previous report, i.e. 28 April 2018, there has been no change in shareholders holding at least 5% of total shares of the Company.

One share gives one vote at the General Shareholders Meeting of the Company. Voting restrictions are laid out in §18a of the Articles of Association, according to which no shareholder holding over 33% of votes may cast more than 33% of the total number of votes they are entitled to as at the date of the General Meeting. This restriction does not apply to determining the purchasers of substantial blocks of shares.

Furthermore, pursuant to the provisions of the Articles, this limitation shall expire if one of the shareholders purchases (on their own behalf and account) and registers at the General Meeting over 50% of the total number of votes in the Company, provided that all shares above 33% of the total number of shares in the Company and all shares above this threshold are purchased by such shareholder in response to a call to subscribe for all shares of the Company announced in conformity with the Act.

Above change of Status of the Company was registered by the registry court - District Court for the Capital City of Warsaw in Warsaw, XII Commercial Department of the National Court Register, on 17 May 2017.

10. Changes in the number of shares and rights to shares (options) in Inter Cars S.A. held by the Company's Management and supervisory personnel since the publication of the most recent quarterly report.

The Company's supervisory and managing personnel hold directly a total of 5,025,425 shares, constituting 35.47% of the total vote at the General Shareholders Meeting of Inter Cars.

The managing and supervisory personnel hold no shares in the subsidiaries of Inter Cars.

List of shares being held by the managing and supervisory personnel of Inter Cars as at the date of publishing the report is presented in below chart:

Shareholder	Number of shares	Total nominal value	Percentage of share in the share capital held (%)	Percentage of total vote held (%)
Management Board				
Krzysztof Oleksowicz*	3,726,721	7,453,442	26.30%	26.30%
Robert Kierzek	19,834	39,668	0.14%	0.14%
Tomáš Kaštil	1,500	3,000	0.01%	0.01%
	3,748,055	7,496,110		
Supervisory Board				
Andrzej Oliszewski	1,277,370	2,554,740	9.02%	9.02%
	1,277,370	2,554,740		
Total	5,025,425	10,050,850	35.47%	35.47%

* Directly by OK Automotive Investments B.V.

Changes in ownership of the Company shares held by the Company's management and supervisory personnel since the publication of the most recent quarterly report, i.e. 28 April 2018:

Shareholder	Number of shares as at	Increases	Decreases	Number of shares as at
	28/04/2018			16/05/2018
Krzysztof Oleksowicz	3,726,721	-	-	3,726,721
Andrzej Oliszewski	1,277,370	-	-	1,277,370
Robert Kierzek	19,834	-	-	19,834
Tomáš Kaštil	1,500	-	-	1,500
Total	5,025,425	-	-	5,025,425

11. Information on important court, arbitration and administrative proceedings

No material proceedings were instituted in the reporting period before a court or a public administration authority relating to liabilities or receivables of the Company or its subsidiaries nor are there any material proceedings pending before a court or a public administration authority relating to liabilities or receivables of the Company or its subsidiaries.

12. Transactions with related entities

<i>(in thousand PLN)</i>	1.01.2018- 31.03.2018	1.01.2017- 31.03.2017
<i>remuneration of the members of the Supervisory Board and the Management Board</i>		
Remuneration of the members of the Supervisory Board	81	80
Remuneration of the members of the Management Board	956	1,100
	1,036	1,180
	1.01.2018- 31.03.2018	01/01/2017 – 31/03/2017
<i>Transactions with related entities</i>		
Income on sales to related entities	643	463
Purchase of goods and services from related entities	3,955	3,999
	31/03/2018	31/12/2017
<i>Settlements with related entities</i>		
Receivables from related entities	944	906
Liabilities to related entities	(34)	100

80% of the goods and services purchased from related entities relates to the standard distribution service settled based on the same principles as those applicable to all branches. Placement in this category results from the family ties between a branch director and one of the members of the management Board of Inter Cars S.A.

13. Other information which the Company deems relevant for the assessment of its personnel, assets, financial position and financial result or changes in any of the foregoing, and for the assessment of the Company's ability to perform its obligations

This information is included in the section entitled "Factors and events of a non-recurring nature having a material bearing on the financial result, and a description of the Company's material achievements and failures along with a list of related key events."

14. Events subsequent to the balance sheet day as at which the report was prepared which may have a material bearing on the Company's future financial results

On 25 April 2018, the Company and Liberty Motors S.A. ("the Contractor") signed an understanding determining the framework terms and conditions, the so called term sheet ("the Term Sheet"), related to a joint venture consisting in a joint investment in a limited liability company ("SPV") intended, among other things, to distribute, on a retail and wholesale basis, motorcycles, motorcycle parts, motorcycle clothing and accessories ("Motorcycle-Related Activity") ("Joint Venture").

The Term Sheet determines the framework terms and conditions of a transaction of formation of the Joint Venture and the terms of further negotiations aimed at signing an investment agreement, a partnership agreement and other documents related to the Joint Venture.

15. Information on material transactions with related entities concluded on terms other than at arm's length, including information on their amounts and nature.

All transactions with related entities were concluded at arm's length.

16. Factors which in the Company's opinion will affect its financial results in the period covering at least the next quarter.

Factors which in the Management Board's opinion will affect the Company's financial results in Q2 2018 include:

- ✓ *trends in the foreign exchange rates, mainly EUR, USD and YEN against PLN, UAH, HUF, CZK, HRK, RON, BGN, MDL and BAM;*
- ✓ trends in the demand from export customers, related mainly to political and legal situation in Ukraine;
- ✓ changes in interest rates, which will determine the amount of interest on contracted loans and thus affect the financial expenses;
- ✓ planned improvement in the stock turnover, which should reduce the financial costs by lowering the requirement for inventory financing;
- ✓ *optimization of logistics processes related to cost reductions;*
- ✓ enhanced awareness of the "Inter Cars" brand and obtaining new customers, which will contribute to the development of operating activities;

QUARTERLY SEPARATE FINANCIAL STATEMENTS OF INTER CARS S.A.
Statement of financial position

<i>(in thousand PLN)</i>	<u>31/03/2018</u>	<u>31/12/2017</u>	<u>31/03/2017</u>
ASSETS			
Non-current assets			
Property, plant and equipment	148,579	145,968	145,199
Intangible assets	165,926	167,116	153,930
Investment property	1,991	1,991	1,991
Investments in subordinated entities	418,193	416,106	404,832
Investments available for sales	258	258	258
Receivables	19,994	19,566	23,223
	754,941	751,005	729,433
Current assets			
Inventory	1,382,629	1,149,732	1,261,105
Trade and other receivables	1,072,023	1,064,555	948,311
Corporate income tax receivables	2,078	2,756	11,928
Cash and cash equivalents	26,490	31,454	25,390
	2,483,220	2,248,497	2,246,734
TOTAL ASSETS	3,238,161	2,999,502	2,976,167
LIABILITIES			
Equity			
Share capital	28,336	28,336	28,336
Share premium account	259,530	259,530	259,530
Statutory reserve funds	809,218	809,218	709,886
Other capital reserves	5,935	5,935	5,935
Retained earnings	143,735	101,382	143,288
	1,246,754	1,204,401	1,146,975
Long-term liabilities			
Loan, borrowing and finance lease liabilities	652,582	652,325	522,344
Deferred income tax provision	4,818	6,518	16,058
	657,400	658,843	538,402
Short-term liabilities			
Trade and other liabilities	810,800	577,268	710,672
Loans, borrowings, debt security and finance lease liabilities	514,340	549,795	549,082
Liabilities of the reverse factoring	-	-	28,210
Employee benefits	8,867	9,195	2,826
Income tax liabilities	-	-	-
	1,334,007	1,136,258	1,290,790
TOTAL LIABILITIES	3,238,161	2,999,502	2,976,167

Statement of comprehensive income
(in thousand PLN)

	for the period of 3 months ended on	
	31/03/2018	31/03/2017
Continued activity		Transformed*
Sales revenues	1,226,323	1,195,516
Cost of sales	(923,977)	(930,837)
Gross profit on sales	302,346	264,679
Other operating income	3,907	6,480
Costs of sales and administrative costs	(164,488)	(131,463)
Distribution expenses	(113,474)	(101,895)
License fees	(7,659)	(19,028)
Other operating expenses	(10,899)	(10,020)
Operating profit	9,733	8,753
Financial income	780	724
Dividends received	43,134	29,925
Foreign exchange gains/losses	(1,799)	5,800
Financial expenses	(9,719)	(10,289)
Profit before tax	42,129	34,913
Income tax	224	(1,341)
Net profit	42,353	33,572
OTHER COMPREHENSIVE INCOME		
Total other comprehensive income, net	-	-
COMPREHENSIVE INCOME	42,353	33,572
Earnings per share (PLN)		
- basic	2.99	2.37
- diluted	2.99	2.37
Number of shares	14,168,100	14,168,100
Number of shares to be diluted	14,168,100	14,168,100

*) explanation is presented in point III Declaration of compliance with IFRS

Statement of changes in equity

for the period from 01 January 2018 to 31 March 2018

(in thousand PLN)

	Share capital	Share premium account	Statutory reserve funds	Other capital reserves	Retained earnings	Total equity
Shareholder's equity as at 01 January 2018	28,336	259,530	809,218	5,935	101,382	1,204,401
Statement of comprehensive income						
Profit in the reporting period	-	-	-	-	42,353	42,353
Total comprehensive income in the reporting period	-	-	-	-	42,353	42,353
Distribution of retained profits - carried over to supplementary capital	-	-	-	-	-	-
Owner's equity as at 31 March 2018	28,336	259,530	809,218	5,935	143,735	1,246,754

for the period from 01 January 2017 to 31 December 2017

(in thousand PLN)

	Share capital	Share premium account	Statutory reserve funds	Other capital reserves	Retained earnings	Total equity
Shareholder's equity as at 01 January 2017	28,336	259,530	709,886	5,935	109,715	1,113,402
Statement of comprehensive income						
Profit in the reporting period	-	-	-	-	101,058	101,058
Total comprehensive income	-	-	-	-	101,058	101,058
Transactions with shareholders						
Distribution of prior period profit – dividend	-	-	-	-	(10,059)	(10,059)
Distribution of retained profits - carried over to supplementary capital	-	-	99,332	-	(99,332)	-
Owner's equity as at 31 December 2017	28,336	259,530	809,218	5,935	101,382	1,204,401

for the period from 01 January 2017 to 31 March 2017

(in thousand PLN)

	Share capital	Share premium account	Statutory reserve funds	Other capital reserves	Retained earnings	Total equity
Shareholder's equity as at 01 January 2017	28,336	259,530	709,886	5,935	109,715	1,113,402
Statement of comprehensive income						
Profit in the reporting period	-	-	-	-	33,572	33,572
Total comprehensive income in the reporting period	-	-	-	-	33,572	33,572
Distribution of retained profits - carried over to supplementary capital	-	-	-	-	-	-
Owner's equity as at 31 March 2017	28,336	259,530	709,886	5,935	143,287	1,146,974

Statement of cash flows

(in thousand PLN)

	<u>01/01/2018 – 31/03/2018</u>	<u>01/01/2017 – 31/03/2017</u>
Cash flows from operating activities		
Profit (loss) before tax	42,129	34,913
Adjustments:		
Depreciation and amortization	6,149	5,730
Foreign exchange gains /losses	1,992	(6,080)
(Profit / loss on investing activities)	302	1,781
Net interest and share in profits	7,978	8,009
Net dividends	(43,134)	(29,925)
Other adjustments, net	(34)	(7)
Operating profit before changes in the working capital	<u>15,382</u>	<u>14,421</u>
Change in inventories	(232,895)	(271,817)
Change in receivables	(7,489)	(41,321)
Change in short-term liabilities	233,204	229,331
Cash generated by operating activities	<u>8,202</u>	<u>(69,386)</u>
Corporate income tax paid	(798)	(3,171)
Net cash from operating activities	<u>7,405</u>	<u>(72,557)</u>
Cash flow from investing activities		
Proceeds from the sale of plant, property, equipment and intangible assets	474	97
Purchase of property, plant, equipment and intangible assets	(6,974)	(10,706)
Sale of shares in subordinated entities	-	-
Purchase of financial assets in related and other entities	(2,088)	(734)
Repayment of loans granted	276	2,253
Loans granted	(400)	(560)
Interest received	278	183
Dividends received	43,134	29,925
Net cash from investing activities	<u>34,700</u>	<u>20,458</u>
Cash flow from financing activities		
(repayments) / proceeds from credits and leases	(1,166)	(1,176)
Payment of the reverse factoring	-	(54,984)
Liabilities on credits and loans	(38,885)	-
Revenues under credits, loans and debt securities	-	113,210
Interest paid	(7,016)	(5,692)
Net cash from financing activities	<u>(47,068)</u>	<u>51,358</u>
Net change in cash and cash equivalents	<u>(4,964)</u>	<u>(740)</u>
Cash and cash equivalents at the beginning of the period	<u>31,454</u>	<u>26,129</u>
Cash and cash equivalents at the end of the period	<u>26,490</u>	<u>25,389</u>

1. Accounting principles

The accounting principles applied by Inter Cars are the same as those applied by the Group, with the exception of interest in subsidiaries, valued at the historical costs minus revaluation write-downs.

2. Investments in subordinated entities

New investments in subordinated entities did not take place in the first quarter 2018.

3. Transactions with related entities in the condensed standalone financial statements

	Sales revenues		Purchase of goods and services	
	01/01/2018 – 31/03/2018	01/01/2017 31/03/2017	01/01/2018 – 31/03/2018	01/01/2017 31/03/2017
Inter Cars Ukraine LLC	18,434	13,405	-	-
Q-Service Sp. z o.o.	1,281	2,314	59,256	34,072
Lauber Sp. z o.o.	1,865	2,323	2,818	10,541
Inter Cars Česká republika s.r.o.	31,368	31,576	406	918
Inter Cars Slovenská republika s.r.o.	32,706	25,874	147	349
Feber Sp. z o.o.	381	333	1,543	1,814
Inter Cars Lietuva UAB	30,892	10,244	1,740	5,224
IC Development & Finance Sp. z o.o.	10	-	255	265
Inter Cars Italia srl.	494	6,789	18	57
Inter Cars d.o.o.	22,614	20,366	208	921
JC Auto S.A.	49	-	-	-
Inter Cars Hungária Kft.	21,555	35,233	480	21,697
Inter Cars Romania s.r.l.	54,694	57,221	418	1,003
Armatus sp. z o.o.	1	1	706	2,201
Cleverlog-Autoteile GmbH	12,070	8,323	12	152
Inter Cars Latvija SIA	23,465	38,634	158	1,666
Inter Cars Bulgaria EOOD	3,995	3,840	58	140
Inter Cars Marketing Services Sp. z o.o.	25	48	14,259	22,277
Inter Cars Cyprus Ltd.	-	-	-	-
ILS Sp. z o.o.	1,920	2,154	115,516	45,661
Q-Service Truck Sp. z o.o.	142	80	1,511	3,328
Malta Sp z o.o.	-	-	25,270	52,982
Inter Cars INT d.o.o. (Slovenia)	1,828	1,340	20	35
ILS Latvijas	9	13	-	-
ILS SRL	-	-	-	-
Inter Cars Eesti OÜ	4,837	2,004	19	21
	264,637	262,115	224,818	205,324

Transactions with related entities in the condensed standalone financial statements (continued)
Settlement

	Receivables as at	
	31/03/2018	31/12/2017
Inter Cars Ukraine LLC	42,907	40,064
Lauber Sp. z o.o.	13,542	13,253
Inter Cars Ceska Republika	36,121	31,100
Inter Cars Slovenska Republika	34,933	30,259
Feber Sp. z o.o.	257	3
Inter Cars Lietuva UAB	35,711	27,783
Inter Cars Italia srl	22,052	24,693
Inter Cars d.o.o.	97,138	97,882
JC Auto S.A.	272	220
Inter Cars Hungária Kft.	45,469	47,426
JC Auto s.r.o.	4,068	4,032
Inter Cars Romania s.r.l.	234,072	240,526
Inter Cars Latvija SIA	58,026	66,686
Inter Cars Cyprus Ltd.	-	-
Cleverlog-Autoteile GmbH	1,574	1,808
Inter Cars Bulgaria Ltd.	2,290	5,995
Inter Cars Marketing Services Sp. z o.o.	489	465
ILS Sp. z o.o.	1,127	12,126
Inter Cars Malta Holding Limited	-	1,043
Inter Cars Malta Limited	-	17,076
Q-Service Truck Sp. z o.o.	55	47
Inter Cars Slovenia	1,785	1,462
Inter Cars Eesti OÜ	3,440	2,603
Q-Service Sp. z o.o.	101	17
ILS Latvijas filialie	13	12
IC Development & Finance Sp. z o.o.	9,134	32
Armatus sp. z o.o.	-	583
Inter Cars Piese Auto s.r.l.	(82)	-
Inter Cars Greece	(1,967)	-
Gross receivables from subsidiaries	642,526	667,194
Revaluation write-down on receivables (JC Auto s.r.o.)	(4,009)	(4,009)
Reserves for returns	(43,697)	(43,697)
Net receivables from subsidiaries	594,820	619,488

Liabilities as at

	31/03/2018	31/12/2017
	Q-Service Sp. z o.o.	42,364
Lauber Sp. z o.o.	6,150	4,319
Inter Cars Ceska Republika	-	747
Inter Cars Slovenska Republika	285	237
Feber Sp. z o.o.	8,585	7,871
Inter Cars Lietuva UAB	2,958	855
Inter Cars Italia srl	1	1,438
Inter Cars d.o.o.	138	971
JC Auto S.A.	-	-
INTER CARS Hungária Kft.	104	3,166
Inter Cars Romania s.r.l.	622	2,910
Inter Cars Latvija SIA	146	536
Inter Cars Cyprus Ltd.	4	4
Inter Cars Marketing Services Sp. z o.o.	109,454	104,697
ILS Sp. z o.o.	54,558	44,723
Inter Cars Malta Holding Limited	(19)	(19)
Inter Cars Malta Limited	56,163	43,851
Q-Service Truck Sp. z o.o.	2,840	1,098
IC Development & Finance Sp. z o.o.	1,431	1,324
Inter Cars INT d o.o.	9	293

Inter Cars Eesti OÜ	20	894
Cleverlog Autoteile GMBH	52	597
Inter Cars Bulgaria EOOD	83	1,036
Intermeko Europe Sp. z o.o.	38	41
Armatus Sp. z o.o.	(62)	-
Liabilities to subsidiaries	285,924	248,747
Settlements on loans and borrowings		
<i>Receivables from subsidiaries</i>	31/03/2018	31/12/2017
Lauber Sp. z o.o.	8,777	8,804
IC Development & Finance Sp. z o.o.	23,843	23,761
JAG Sp. z o.o.	201	201
Inter Cars Bulgaria EOOD	947	938
Q-Service Truck sp z o.o.	502	502
Inter Cars Malta	12,910	12,875
Inter Cars Greece	639	629
Gross receivables on loans	47,819	47,709
<i>Liabilities to subsidiaries</i>		
Inter Cars Marketing Services Sp. z o.o.	61,200	61,330
Inter Cars Cyprus Ltd.	80,406	79,278
	141,606	140,608

4. Contingent liabilities and sureties

Sureties and guarantees granted by Inter Cars S.A. as at 31 March 2018 amounted in total to: PLN 258.742 thousand.

In the first quarter of 2018, the Company did not grant any credit or loan sureties nor guarantees of a material value to any entity or a subsidiary of such entity.