

**CAPITAL GROUP OF
INTER CARS S.A.**

*Interim report
for the period from 1 January 2017 to 30 June 2017*



Table of contents

Statement of the members of the Management Board.....	4
Selected consolidated financial data of the Inter Cars Group	5
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE INTER CARS GROUP	6
Consolidated statement of the financial situation	6
Consolidated statement of comprehensive income.....	7
Consolidated statement of changes in equity.....	8
Consolidated statement of cash flows	10
(83,194)	10
Explanatory notes to the interim condensed financial statements for the period of 6 months ended on 30 June 2017	11
1. Information about the Inter Cars Capital Group.....	11
1.1. Composition of the Capital Group	12
2. Information about the accounting principles applied in the preparation of the condensed interim consolidated financial statements	14
2.1. Declaration of compliance with IFRS	14
2.2. Basis for preparing the condensed interim consolidated financial statements.....	15
2.3. Material evaluations and estimates	15
2.4. Seasonality.....	16
2.5. The functional and the presentation currencies and the principles adopted to translate the financial data.....	16
2.6. Information on business segments	16
3. Other amounts	17
3.1. Property, plant, equipment and intangible assets.....	17
3.2. Investments in related entities	18
3.3. Inventory.....	18
3.4. Trade and other receivables.....	18
3.5. Equity	18
3.6. Dividend	19
3.7. Liabilities due to borrowings and other debt instruments	19
3.8. Cash flow hedges	21
3.9. Contingent liabilities, security and future liabilities (including those resulting from operating lease contracts)	21
3.10. Transactions with related entities	21
3.11. Deferred tax	21
3.12. Income tax.....	22
3.13. 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.....	22
MANAGEMENT BOARD'S REPORT ON THE ACTIVITIES OF THE CAPITAL GROUP	24
1. Organizational structure of the Inter Cars Group, including entities subject to consolidation.....	24
2. Basis of preparing the condensed interim consolidated financial statements	24
3. Overview of the Group's operations on consolidated and separate basis for the period from 01 January 2017 – 30 June 2017.	25
4. 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	28
5. The effects of changes in the composition of the entity	28
6. The Management Board's standpoint on the feasibility of meeting the previously published forecasts of financial results for 2017.....	28
7. Shareholders holding 5% or more of the total vote as at the date of publication of these financial statements.....	28
8. Changes in major holdings of the Company shares	29

9. 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.....	29
10. Information on court, arbitration and administrative proceedings.....	30
11. 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.....	30
12. Factors which in the Company's opinion will affect its financial results in the period covering at least the next quarter.....	30
13. Key threats and risks affecting the remaining months of the financial year.....	31
14. Information on conclusion by the Company or its subsidiaries of a single or more transactions with related entities if such transactions are jointly or separately material and were not concluded at arm's length.....	31
15. Information on sureties issued by the Company or its subsidiary in respect of loans or borrowings or guarantees issued – jointly to a single entity or its subsidiary, where the total value of such sureties or guarantees is equivalent to at least 10% of the Company's equity.....	31
INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS OF INTER CARS S.A. FOR THE PERIOD FROM 01 January 2017 TO 30 June 2017.....	33
Separate statement of financial position.....	33
Separate statement of comprehensive income.....	34
Separate statement of changes in equity.....	35
Separate statement of cash flows.....	36
Explanatory notes to the interim condensed separate financial statements prepared for the period of 6 months ended on 30 June 2017.....	37
1.1. Accounting principles.....	37
Declaration of compliance with IFRS.....	37
1.2. Investments in subordinated entities.....	37
1.3. Information on business segments.....	38
1.4. Seasonality.....	38
1.5. Dividend.....	38
1.6. Material evaluations and estimates.....	38
1.7. Transactions with related entities in the condensed standalone financial statements.....	38

Statement of the members of the Management Board

In compliance with the requirements laid down in the Regulation of the Minister of Finance on current and periodic information to be published by issuers of securities, dated 19 February 2009, the Management Board of Inter Cars S.A. hereby represents as follows:

- Interim condensed consolidated financial statements and interim condensed separate financial statements drawn up for the period from 01 January 2017 to 30 June 2017 and comparable data were prepared, according to its best knowledge, in accordance with the existing accounting principles, and that they give a true and fair view of the assets and liabilities and financial position of the Inter Cars S.A. Capital Group and Inter Cars S.A., respectively, as well as their financial result.
- The comments to the interim report constituting an interim report on the activities of the Inter Cars Group gives a true and fair view of the development, achievements and situation of the Inter Cars Group.
- PricewaterhouseCoopers Spółka z ograniczoną odpowiedzialnością, an entity authorized to audit financial statements, which reviewed the condensed interim consolidated financial statements of the Inter Cars Group and the condensed interim separate financial statements of Inter Cars S.A. was appointed in accordance with the provisions of law, and that this entity and the statutory auditor that performed the audit met the requirements entitling them to release an objective and independent audit report in compliance with the existing law.

Maciej Oleksowicz
President of the
Management Board

Krzysztof Soszyński
Vice-President of the
Management Board

Robert Kierzek
Vice-President of the
Management Board

Wojciech Twaróg
Member of the
Management Board

Krzysztof Oleksowicz
Member of the
Management Board

Piotr Zamora
Member of the
Management Board

Tomáš Kaštil
Member of the
Management Board

Selected consolidated financial data of the Inter Cars Group

	<i>for the period of 6 months ended on 30 June</i>			
	2017		2016	
	in thousand PLN	in thousand PLN	EUR '000	EUR '000
Information on growth and profits				
Sales margin	29.9%	30.4%		
EBITDA (for 12 consecutive months)	373,998	284,794	88,053	65,014
Net debt / EBITDA	2.86	2.54		
Basic earnings per share (PLN)	7.65	8.04	1.80	1.84
Diluted earnings per share (PLN)	7.65	8.04	1.80	1.84
Operating profit	145,919	148,390	34,355	33,875
Net profit	108,339	113,940	25,507	26,011
Cash flows				
Operating cash flows	(56,094)	238,887	(13,207)	54,534
Investing cash flows	(51,942)	(72,375)	(12,229)	(16,522)
Financing cash flows	120,044	(119,408)	28,263	(27,259)
Employment and branches				
Employees				
Parent company	421	374		
Subsidiaries	2,211	1,828		
Branches				
Parent company	234	212		
Subsidiaries	248	206		

	As at		As at	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016
	in thousand PLN	in thousand PLN	EUR '000	EUR '000
Consolidated statement of the financial situation				
Cash and cash equivalents	133,434	121,426	31,571	27,447
Balance sheet total	3,515,790	3,040,077	831,844	687,178
Loans, borrowings and finance lease, reverse factoring	1,202,639	1,025,650	284,547	231,838
Equity attributable to the shareholders of the parent entity	1,516,635	1,424,008	358,839	321,882

The EBITDA ratio is calculated as the total of the operating profit and depreciation for the reporting period.

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

- for the statement of financial position items – the National Bank of Poland exchange rate of 30 June 2017 – EUR 1 = PLN 4.2265, and exchange rate of 31 December 2016 – EUR 1 = PLN 4.4240
- for the comprehensive income and cash flow statement items – an exchange rate constituting the average National Bank of Poland exchange rate announced on the last day of each month of the first 6 months of 2017 and 2016, respectively: 1 EUR = PLN 4.2474 and 1 EUR = PLN 4.3805 PLN.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE INTER CARS GROUP

Consolidated statement of the financial situation

<i>(in thousand PLN)</i>		<u>30/06/2017</u> <i>not audited</i>	<u>31/12/2016</u>
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	472,715	459,679
Investment property	3.1	22,103	24,103
Intangible assets	3.1	173,085	170,469
Investments in related entities	3.2	2,973	1,921
Investments available for sales		301	301
Receivables		21,727	19,798
Deferred tax assets	3.11	26,132	25,898
		719,036	702,169
Current assets			
Inventories	3.3	1,950,011	1,510,119
Trade and other receivables	3.4	711,816	693,180
Corporate income tax receivables		1,493	13,183
Cash and cash equivalents		133,434	121,426
		2,796,754	2,337,908
TOTAL ASSETS		3,515,790	3,040,077
LIABILITIES			
Share capital	3.5	28,336	28,336
Share premium account		259,530	259,530
Statutory reserve funds		831,574	731,510
Other capital reserves		10,458	10,458
Foreign exchange gains /losses in subsidiaries		(17,742)	(12,088)
Retained earnings		404,479	406,262
Equity attributable to the shareholders of the parent entity		1,516,635	1,424,008
Long-term liabilities			
Loan, borrowing and finance lease liabilities	3.7	658,090	429,476
Other long-term liabilities		2,422	7,186
Deferred income tax provision	3.11	10,072	16,119
		670,584	452,781
Short-term liabilities			
Trade and other liabilities		742,702	526,903
Loan, borrowing and finance lease liabilities	3.7	526,743	537,586
Liabilities of the reverse factoring	3.7	17,806	58,588
Employee benefits		18,018	18,441
Income tax liabilities		23,302	21,770
		1,328,571	1,163,288
TOTAL LIABILITIES		3,515,790	3,040,077

Consolidated statement of comprehensive income

<i>in thousand PLN</i>	<i>for 3 months ended on 30</i>		<i>for 6 months ended on 30</i>	
	<i>June</i>		<i>June</i>	
	2017	2016	2017	2016
	<i>not audited</i>	<i>not audited</i>	<i>not audited</i>	<i>not audited</i>
Sales revenues	1,672,895	1,558,135	3,234,245	2,861,633
Cost of sales	(1,166,808)	(1,080,546)	(2,267,680)	(1,992,945)
Gross profit on sales	506,087	477,589	966,565	868,688
Other operating income	12,123	4,262	17,403	9,641
Costs of sales and administrative costs	(252,944)	(218,875)	(479,602)	(398,020)
Distribution expenses	(172,188)	(165,229)	(338,109)	(309,554)
Other operating expenses	(13,922)	(17,076)	(20,338)	(22,365)
Operating profit	79,156	80,671	145,919	148,390
Financial income	4,744	282	5,417	2,094
Foreign exchange gains/losses	(5,802)	995	193	(300)
Financial expenses	(9,447)	(6,892)	(19,236)	(14,306)
Profit before tax	68,651	75,056	132,293	135,878
Income tax	(13,339)	(12,036)	(23,954)	(21,938)
Net profit	55,312	63,020	108,339	113,940
OTHER COMPREHENSIVE INCOME				
Foreign exchange gains /losses	(3,061)	3,626	(5,654)	3,163
Total other comprehensive income, net	(3,061)	3,626	(5,654)	3,163
COMPREHENSIVE INCOME	52,251	66,646	102,685	117,103
Net profit attributable to:				
- the shareholders of the parent entity	55,312	63,020	108,339	113,940
	55,312	63,020	108,339	113,940
Comprehensive income attributable to:				
- the shareholders of the parent entity	52,251	66,646	102,685	117,103
	52,251	66,646	102,685	117,103
Net profit	55,312	63,020	108,339	113,940
Weighted-average number of ordinary shares	14,168,100	14,168,100	14,168,100	14,168,100
Earnings per ordinary share (in PLN)	3.90	4.45	7.65	8.04
Weighted-average diluted number of ordinary shares	14,168,100	14,168,100	14,168,100	14,168,100
Diluted earnings per ordinary share (in PLN)	3.90	4.45	7.65	8.04

Consolidated statement of changes in equity

for the period from 01 January 2017 to 30 June 2017 (not audited)

<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
Statement of comprehensive income							
Net profit in the reporting period	-	-	-	-	-	108,339	108,339
Other comprehensive income							
Foreign exchange gains /losses	-	-	-	(5,654)	-	-	(5,654)
Total comprehensive income	-	-	-	(5,654)	-	108,339	102,685
Transactions with shareholders							
Distribution of prior period profit – dividend	-	-	-	-	-	(10,059)	(10,059)
Distribution of prior period profit - covering loss from reserve capitals	-	-	-	-	-	-	-
Distribution of prior period profit - allocation to reserve capitals	-	-	100,064	-	-	(100,064)	-
As at 30 June 2017 (not audited)	28,336	259,530	831,574	(17,742)	10,458	404,479	1,516,635

Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group for the period
from 1 January to 30 June 2017

for the period from 01 January 2016 to 30 June 2016 (not audited)

<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 2016	28,336	259,530	645,998	(10,213)	5,935	276,292	1,205,878
Statement of comprehensive income							
Net profit in the reporting period	-	-	-	-	-	113,940	113,940
Other comprehensive income							
Foreign exchange gains /losses	-	-	-	3,163	-	-	3,163
Total comprehensive income	-	-	-	3,163	-	113,940	117,103
Transactions with shareholders							
Distribution of prior period profit – dividend	-	-	-	-	-	(10,059)	(10,059)
Distribution of prior period profit - covering loss from reserve capitals	-	-	-	-	-	-	-
Distribution of prior period profit - allocation to reserve capitals	-	-	85,001	-	-	(85,001)	-
As at 30 June 2016 (not audited)	28,336	259,530	730,999	(7,050)	5,935	295,172	1,312,922

Consolidated statement of cash flows

(in thousand PLN)

	01/01/2017 – 30/06/2017 <i>not audited</i>	01/01/2016 – 30/06/2016 <i>not audited</i>
Cash flows from operating activities		
Profit before tax	132,293	135,878
Adjustments:		
Depreciation and amortization	31,908	25,285
Foreign exchange gains /losses	(2,134)	1,587
(Profit) /loss on the sale of property, plant and equipment	3,913	(400)
Net interest	16,001	14,224
Other adjustments, net	(17,769)	2,815
Operating profit before changes in the working capital	164,212	179,389
Change in inventories	(439,892)	(192,201)
Change in receivables	(21,191)	(76,404)
Change in short-term liabilities	257,788	352,569
Cash generated by operating activities	(39,082)	263,353
Corporate income tax paid	(17,012)	(24,466)
Net cash from operating activities	(56,094)	238,887
Cash flow from investing activities		
Proceeds from the sale of intangible assets, investment property, property, plant and equipment	3,437	752
Proceeds from the sale of shares	-	-
Acquisition of intangible assets, investment property, property, plant and equipment	(54,679)	(76,693)
Purchase of shares in other entities	(1,273)	-
Repayment of loans granted	1,206	3,902
Loans granted	(725)	(450)
Interest received	92	114
Net cash from investing activities	(51,942)	(72,375)
Cash flow from financing activities		
Revenues under credits, loans and debt securities	258,956	45,025
(Repayments) under loans, borrowings and debt securities	(35,409)	-
Interest paid	(16,125)	(14,418)
Payment of finance lease liabilities	(4,183)	(19,637)
Payment of the reverse factoring	(83,194)	(130,378)
Net cash from financing activities	120,045	(119,408)
Net change in cash and cash equivalents	12,008	47,104
Cash and cash equivalents at the beginning of the period	121,426	73,016
Cash and cash equivalents at the end of the period	133,434	120,120

Explanatory notes to the interim condensed financial statements for the period of 6 months ended on 30 June 2017

1. 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. The parent company in the Group is Inter Cars S.A. Company ("the Company", "the parent entity").

Registered seat – the parent entity

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

Central Warehouse:

ul. Gdańska 15
05-152 Czosnów nearby/Warsaw

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:

KRS 0000008734

NIP 1181452946

Regon 014992887

tel. (+48-22) 714 19 16

fax. (+48-22) 714 19 18

bzarzadu@intercars.eu

relacje.inwestorskie@intercars.eu

www.intercars.com.pl

Supervisory Board

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 10 April 2017 Mr Robert Kierzek handed in his resignation from the position of the President of the Management Board of the Company, remaining the Member of the Management Board of

Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group
for the period from 1 January to 30 June 2017

(in thousand PLN)

current term of office. His resignation came in force as at 01 May 2017. On 20 April 2017, during the Meeting of the Supervisory Board, for the place of Mr Robert Kierzek, the Board appointed new President of the Management Board, Mr Maciej Oleksowicz, who took the position as of 01 May 2017, and appointed Mr Robert Kierzek as the Vice-President of the Company.

Statutory auditor

PricewaterhouseCoopers Sp. z o.o.
Al. Armii Ludowej 14,
00-638 Warsaw

1.1. 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 30 June 2017 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 2016 are available at www.intercars.com.pl.

As at 30 June 2017, the following entities comprised the Inter Cars Capital Group: Inter Cars S.A. as the Parent Entity, and 31 other entities, including:

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

The Group also holds shares in one related entity.

Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				30/06/2017	30/06/2016
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, Khmel'nitsky	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Q-service Sp. z o.o.	Częstoków 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.	Warsaw	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%

Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group
for the period from 1 January to 30 June 2017

(in thousand PLN)

Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				30/06/2017	30/06/2016
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.	Kajetany (Gm. 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	full	100%	-
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 entities					
SMiOC FRENOPLAST Buřhak i Cieřlowski S.A	Szczytno	Manufacture of friction linings and materials	_***	_***	49%
InterMeko Europa Sp. z o.o.	Warsaw	Control and assessment of spare parts, components and accessories	equity method	50%	50%

* The company started operational activity in 2Q2017.

** The company started operational activity in 3Q2017.

*** On 06 February 2017 the Company sold stocks in affiliated company SMiOC FRENOPLAST Buřhak i Cieřlowski S.A

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.

2. Information about the accounting principles applied in the preparation of the condensed interim consolidated financial statements

2.1. Declaration of compliance with IFRS

Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group (hereinafter referred to as “the condensed interim financial statements”) were prepared for the period of 6 months ended on 30th June 2017.

The condensed interim financial statements comply with the requirements of the International Accounting Standard IAS 34 “Interim Financial Reporting” related to interim financial statements, and do not contain all the information required for annual financial statements. The condensed interim financial statements should be read together with the annual consolidated financial statements prepared in compliance with IFRS standards ended on 31 December 2016. In the reported period there were no changes and amendments to the accounting standards in comparison to those described in the financial statements for the period ending on 31 December 2016.

Changes in IFRS and their interpretation which became effective as of 01 January 2017 until the date of approval of the financial statements for publication had no material bearing on these financial statements.

Changes in IFRS and their interpretations published and approved by the EU not yet effective:

Standards and interpretations approved by the EU	Description of amendments
New standard IFRS 9 – Financial Instruments	Amendments to classification and measurement of financial assets - replacement of currently binding financial instrument categories with two categories: valued by expected loss impairment model and fair value. Amendments in hedge accounting.
New standard IFRS 15 - Revenue from Contracts with Customers	The standard applies to all contracts with customers, excluding such, which are in the scope of other IFRS (i.e. leasing contracts, insurance and other financial instruments). IFRS 15 standardizes requirements on presenting revenues

At the point of initial use of the new standards, their influence on the statements shall depend on specific facts and circumstances in the scope of implemented amendments. The Group plans to finish work on analysis of the impact of the new standards IFRS 9 and IFRS 15 till the end of year 2017 at the latest.

The Company anticipates no bearing of other standards and interpretations on the consolidated financial statement.

In this financial report the Group decided not apply in advance the published standards or interpretations before their date of entry into force. The Group intends to use them for the periods for which they are applicable for the first time.

The following Standards and Interpretations adopted by the International Financial Reporting Standards Board (IASB), awaiting EU's approval:

Standards and Interpretations awaiting EU's approval	Description of amendments
New standard IFRS 16 – Leases	The standard abolishes lease division into operating lease and financial lease. All lease contracts which meet the

Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group

for the period from 1 January to 30 June 2017

(in thousand PLN)

	requirements for this type of contract shall be presented as financial lease.
IFRS 17 - Insurance contracts	the principles for the recognition, measurement, presentation and disclosure of insurance contracts.
IFRIC 23 – Uncertainty over income tax treatments	How to reflect uncertainty in accounting for income taxes.
New standard IFRS 14 - Regulatory deferral accounts	Accounting principles and disclosures for regulatory deferral accounts.
Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28	Contain guidelines on Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to IFRS 2	Classification and measurement of share based payment transactions
Amendments to IAS 7 - Disclosure initiative	Entities shall be obliged to disclose agreed amendments in liabilities on financial activities.

The impact of the standard IFRS 16 shall result in including in the financial statements of the Group as a lessee in rental, hire, usufruct and lease contracts, which has not been included as financial statements as financial lease, till the moment of the first use of the standard. The Group plans to finish work on analysis of the impact of the new standard IFRS 16 till the end of 2018 at the latest.

According to the Group's estimates, the other standards, interpretations and changes to the standards would not have a significant bearing on the consolidated financial statements if they were applied by the Group as at the balance sheet day.

The condensed interim consolidated financial statements of the Inter Cars S.A. Capital Group were approved for publication by the Management Board on 31 August 2017.

2.2. Basis for preparing the condensed interim consolidated financial statements

The attached condensed interim financial statements were prepared in accordance with the same accounting standards as those applied to prepare the annual financial statements for the financial year ended on 31 December 2016.

The condensed interim consolidated financial statements of the Inter Cars S.A. Capital Group were prepared under the assumption that the entities in question will continue as a going concern in the foreseeable future.

All values presented in the interim condensed financial statements were expressed in PLN, unless otherwise indicated.

2.3. 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.

In the reporting period in question there were no important changes in judgements or estimates described in the annual consolidated financial statements for 2016.

(in thousand PLN)

2.4. Seasonality

The demand for spare parts is seasonal. The peak season falls on the second and third quarters. The demand decreases at the beginning and at the end of the year.

This is directly linked to the seasonal nature of some repairs for which the spare parts are required, and to the smaller number of repairs made by clients during winter.

2.5. The functional and the presentation currencies and the principles adopted to translate the financial data.

The presentation and the functional currencies

The functional currency of the parent company and the presentation currency of these condensed consolidated interim financial statements is the Polish zloty (PLN). The figures presented in these financial statements are expressed in thousands of PLN, unless indicated otherwise.

The principles adopted to translate the financial data

Translation into PLN of the financial statements of the foreign entities for the consolidation purposes:

- assets and liabilities - according to the exchange rate as at the end of the reporting period,
- statement of profit or loss or statement of other comprehensive income, as well as the statement of cash flows - according to the average exchange rate during the reporting period.

Foreign currency gains/losses resulting from the above-mentioned translation are recognized in equity as foreign exchange gains/losses from translation of foreign subsidiaries.

CURRENCY	Average exchange rate during the reporting period		Exchange rate at the end of the reporting period	
	6 months	6 months	30/06/2017	31/12/2016
	2017	2016		
EUR/PLN	4.2474	4.3805	4.2265	4.4240
CZK/PLN	0.1586	0.1620	0.1611	0.1637
HUF/PLN	0.0137	0.0140	0.0137	0.0142
HRK/PLN	0.5707	0.5798	0.5704	0.5853
RON/PLN	0.9359	0.9741	0.9269	0.9749
BGN/PLN	2.1717	2.2397	2.1610	2.2619
UAH/PLN	0.1459	0.1535	0.1424	0.1542
MDL/PLN	0.2031	0.1980	0.2048	0.2119
BAM/PLN	2.1757	-	2.1636	2.2562

The average exchange rate during the reporting period is calculated as the average NBP exchange rate applicable on the last day of each month of the first six months of 2017 and 2016.

2.6. Information on business segments

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, remanufacturing of spare parts, real estate development and logistics; whilst Q-Service Truck Sp. z o.o. is an authorized dealer of ISUZU commercial vehicles. The above-mentioned business segments may not be recognized as separate business segments individually, hence they are shown in the "Other segments" column.

The Inter Cars Group applies uniform accounting policies to all its business segments and they are also the same as the ones used for preparing these financial statements.

Transactions between particular segments are carried out at arm's length.

(in thousand PLN)

Revenues and financial result by operating segments

for the period of 6 months ended on 30 June 2017

	Sale of spare parts	Other segments	Eliminations	Total
External sales	3,190,001	44,244	-	3,234,245
Inter-segment sales	8,549	204,638	(213,187)	-
Profit before tax	173,283	(5,263)	(35,727)	132,293

for the period of 6 months ended on 30 June 2016

	Sale of spare parts	Other segments	Eliminations	Total
External sales	2,812,030	49,603	-	2,861,633
Inter-segment sales	7,913	187,965	(195,878)	-
Profit before tax	152,062	15,790	(31,974)	135,878

Exclusions apply to transactions of sale of commodities and services between companies that belong to different operation segments.

Assets by operating segments

	Status as at 30/06/2017	Status as at 31/12/2016
Sale of spare parts segment	5,074,169	4,527,265
Other segments	438,779	423,482
Eliminations	(1,997,158)	(1,910,670)
	3,515,790	3,040,077

Liabilities by operating segments

	Status as at 30/06/2017	Status as at 31/12/2016
Sale of spare parts segment	3,020,112	2,561,054
Other segments	135,173	118,039
Eliminations	(1,156,130)	(1,063,024)
	1,999,155	1,616,069

3. Other amounts

3.1. Property, plant, equipment and intangible assets

In 1H of 2017, the Group purchased property plant and equipment as well as intangible assets of a total value of PLN 54,679 thousand, of which Inter Cars' investments accounted for PLN 22,536 thousand, whereas the Group's further investment in the new logistics centre in Zakroczym accounted for PLN 13,245 thousand.

In 1H of 2016, the Group purchased property plant and equipment as well as intangible assets of a total value of PLN 74,633 thousand, of which Inter Cars' investments accounted for PLN 10,614 thousand, whereas the Group's investment in the new logistics centre in Zakroczym accounted for PLN 50,074 thousand.

(in thousand PLN)

3.2. Investments in related entities

Investments in subordinated entities as at 31/12/2016	<u>1,921</u>
Increase, including:	1,273
- Increase in share capital in Inter Cars Greece Ltd.	1,273
Decrease, including:	(221)
- transfer of shares in Inter Cars d o.o. to consolidation	(221)
Investments in subordinated entities as at 30/06/2017	<u><u>2,973</u></u>

3.3. Inventory

	<u>30/06/2017</u>	<u>31/12/2016</u>
Materials	31,951	30,795
Half-products and work in progress	4,486	7,630
Finished goods	8,487	6,507
Merchandise	1,905,087	1,465,187
	<u>1,950,011</u>	<u>1,510,119</u>
Merchandise	1,909,153	1,469,737
Revaluation write-downs on goods	(4,066)	(4,550)
	<u>1,905,087</u>	<u>1,465,187</u>

3.4. Trade and other receivables

	<u>30/06/2017</u>	<u>31/12/2016</u>
Trade receivables	620,176	621,797
Taxes, subsidies, customs, social security, health insurance and other benefits receivable	70,166	57,054
Enforceable against	200	-
Loans granted	1,612	1,664
Other	37,499	28,765
Short term trade and other receivables – gross	<u>729,653</u>	<u>709,280</u>
Revaluation write-down on receivables	<u>(17,837)</u>	<u>(16,100)</u>
Short-term trade and other receivables – net	<u>711,816</u>	<u>693,180</u>

Change in impairment loss on trade receivables

	<u>30/06/2017</u>	<u>31/12/2016</u>
Status as at the beginning of the period	(16,100)	(15,357)
Increase	(2,370)	(2,052)
Used	633	1,309
Status as at the end of the period	<u>(17,837)</u>	<u>(16,100)</u>

Compared to 31 December 2016, there were no significant changes to the Group's credit risk management policy.

3.5. Equity

Equity includes funds and capital reserves created in accordance with the applicable laws and regulations, i.e. statutory provisions and provisions of the Company's Articles of Association. The share capital comprises 14,168,100 shares with the total par value of PLN 28,336,200. Its amount remained unchanged in the reporting period. The share premium account also remained unchanged at PLN 259,530,475.

(in thousand PLN)

3.6. Dividend

On 12 June 2017, the General Meeting of Inter Cars S.A. adopted a resolution to pay a dividend of PLN 10,059 thousand, i.e. PLN 0.71 per share from the 2016 profit. Agreed dividend pay-out date was 30 June 2017 and the pay-out itself was realized on 14 July 2017.

On 28 July 2016, a dividend from the 2015 profit was paid in the amount of PLN 10,059 thousand, i.e. PLN 0.71 per share.

3.7. Liabilities due to borrowings and other debt instruments

Non-current	30/06/2017	31/12/2016
Secured bank loans	499,152	268,816
Bonds	149,683	149,411
Finance lease liabilities	9,255	11,249
	658,090	429,476
Current	30/06/2017	31/12/2016
Secured bank loans	519,113	529,651
Finance lease liabilities	6,779	7,074
Reversed factoring	17,806	58,588
Bonds	851	861
	544,549	596,174

The syndicated credit facility agreement

No amendments were made to the syndicated credit facility agreement as compared to 31 December 2016. The terms and conditions of the syndicated credit facility agreement are described in the annual consolidated financial statements of the Group.

The syndicated credit facility agreement is available for the Inter Cars Group daughter companies: Inter Cars S.A., Lauber Sp. z o.o., Inter Cars Česká republika s.r.o., Inter Cars Slovenská republika s.r.o., Inter Cars Lietuva UAB, Inter Cars d.o.o., Inter Cars Romania s.r.l., Inter Cars Cyprus Limited, Inter Cars Marketing Services Sp. z o.o., ILS Sp. z o.o., Q-service Truck Sp. z o.o.

Bank credits concluded directly by subsidiary companies:

Inter Cars Česká republika s.r.o. concluded with Raiffeisenbank a.s. a credit line agreement for the amount of CZK 170 m, repayable by 31 December 2017.

Other credit facilities described in the annual consolidated financial statements of the Group were replaced with credits of the same nominal value, granted as a part of the syndicated credit facility agreement.

The credit facility bears interest at a variable rate, depending on WIBOR, ROBOR, EURIBOR, PRIBOR rates, increased by bank margins (determined at arm's length) for each individual interest period.

Source of finance	Interest rate
Syndicated loan agreement	
Bank Pekao S.A.	WIBOR 1M / EURIBOR 1M+ bank margin
CaixaBank S.A.	WIBOR 1M / EURIBOR 1M+ bank margin
Bank Handlowy w Warszawie S.A.	WIBOR 1M / EURIBOR 1M+ bank margin
DNB Bank Polski S.A.	WIBOR 1M / EURIBOR 1M+ bank margin
Bank BGŻ BNP Paribas S.A.	WIBOR 1M / EURIBOR 1M+ bank margin
mBank S.A.	WIBOR 1M / EURIBOR 1M+ bank margin

Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group
for the period from 1 January to 30 June 2017

(in thousand PLN)

ING Bank Śląski S.A.	WIBOR 1M / EURIBOR 1M+ bank margin
Source of finance	Interest rate
Raiffeisenbank a.s. Czech	PRIBOR 1M + bank margin
Citibank Europe PLC Czech	EURIBOR 1M + bank margin
Citibank Europe PLC Slovakia	EURIBOR 1M + bank margin
ING Bank N.V Romania	ROBOR 1M + bank margin

As at the balance sheet date and till the approval of the financial statements there was no breach of covenants stipulated in credit loan agreements concluded by the parent entity and related entities.

Loans and borrowings as at 30/06/2017

Current loans and borrowings	<u>Contractual amount (limit)</u>	<u>Used</u>	<u>Maturity date</u>
Syndicated credit	600,000	491,220	14-11-2017
- <i>Inter Cars S.A.</i>		360,605	
- <i>Inter Cars Česká republika s.r.o.</i>		16,906	
- <i>Inter Cars Slovenská republika s.r.o.</i>		20,102	
- <i>Inter Cars Romania s.r.l.</i>		81,302	
- <i>Lauber Sp. z o.o.</i>		12,305	
Raiffeisen a.s. (Inter Cars Česká republika s.r.o)	28,756	27,893	31-12-2017
	628,756	519,113	
Non-current loans and borrowings	<u>Contractual amount (limit)</u>	<u>Used</u>	<u>Maturity date</u>
Syndicated credit	500,000	500,000	14-11-2019
	500,000	500,000	

Loans and borrowings as at 31/12/2016

Current loans and borrowings	<u>Contractual amount (limit)</u>	<u>Used</u>	<u>Maturity date</u>
Syndicated credit	600,000	395,625	14-11-2017
Raiffeisen a.s. (Inter Cars Česká republika s.r.o)	27,829	24,555	31-03-2017
Citibank Europe PLC (Inter Cars Česká republika s.r.o)	17,696	17,696	26-08-2017
Citibank Europe PLC (Inter Cars Slovenská republika s.r.o.)	22,120	22,120	25-05-2017
ING Bank N.V (Inter Cars Romania s.r.l.)	87,741	71,388	28-04-2017
	755,386	531,384	
Non-current loans and borrowings	<u>Contractual amount (limit)</u>	<u>Used</u>	<u>Maturity date</u>
Syndicated credit	500,000	270,000	14-11-2019
	500,000	270,000	

Issuance of bonds

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

In the first half of 2017 the value of the bonds issued did not change. Interests 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
			150,000

3.8. Cash flow hedges

As at 30 June 2017, the Group did not have any open futures contracts serving as cash flow hedges.

3.9. Contingent liabilities, security and future liabilities (including those resulting from operating lease contracts)

Contingent liabilities, security and future liabilities, including those resulting from operating lease contracts, did not change significantly compared to those described in the financial statements prepared as at 31 December 2016.

3.10. Transactions with related entities

All transactions with related entities are executed at arm's length. The parent entity transacts with entities related to the members of the Supervisory Board and the Management Board and their family members. The value of these transactions is shown in the table below.

	1.01.2017- 30.06.2017	1.01.2016- 30.06.2016
<i>remuneration of the members of the Supervisory Board and the Management Board</i>		
Remuneration of the members of the Supervisory Board	159	157
Remuneration of the members of the Management Board	4,304	5,532
	4,463	5,689
<i>Transactions with related entities</i>		
Income on sales to related entities	939	830
Purchase of goods and services from related entities	7,872	6,206
	30/06/2017	31/12/2016
<i>Settlements with related entities</i>		
Receivables from related entities	857	576
Liabilities to related entities	664	741

3.11. Deferred tax

Change in deferred tax assets	30/06/2017	31/12/2016
As at beginning of period	25,898	56,806
Increase	234	(30,908)

Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group
for the period from 1 January to 30 June 2017

(in thousand PLN)

As at end of period	<u>26,132</u>	<u>25,898</u>
Change in deferred tax liabilities	<u>30/06/2017</u>	<u>31/12/2016</u>
As at beginning of period	16,119	33,046
committed in the reporting period	<u>(6,047)</u>	<u>(16,927)</u>
As at end of period	<u>10,072</u>	<u>16,119</u>

3.12. Income tax

	<u>31/12/2016</u>	Effect on net profit	<u>30/06/2017</u>
Deferred tax assets	25,898	234	26,132
Deferred tax liabilities	<u>(16,119)</u>	6,047	<u>(10,072)</u>
	<u>9,779</u>	<u>6,281</u>	<u>16,060</u>
Income tax recognised under current period profit or loss			
		01/01/2017 – 30/06/2017	01/01/2016 – 30/06/2016
Current income tax		30,235	25,823
Change in deferred income tax		<u>(6,281)</u>	<u>(3,885)</u>
Income tax disclosed in statement of comprehensive income		<u>23,954</u>	<u>21,938</u>

Tax authorities are entitled to inspect books and accounting records. Within five years from the end of a year when a tax return is submitted, they may impose additional tax charges along with interest and other penalties. In the Management Board's opinion no circumstances occurred which could result in material liabilities on account of such charges, interest or penalties.

Pursuant to General Anti-Avoidance Rule (GAAR) of 15 July 2016, which is to prevent blatant, artificial or contrived arrangements which are directed at tax avoidance in Poland, the Board of the parent entity considered the influence of transactions which could potentially be the subject of GAAR regulations, on the deferred tax, tax value of the assets and provision for tax risk. In the opinion of the Board, performed analysis did not indicate the need of correction of the items presented in the report on current and deferred corporate income tax, but in the opinion of the Board in case of the GAAR regulations there is inherent uncertainty that tax authorities might provide different interpretation of these regulations, change their approach to those interpretations or the GAAR regulations themselves might be amended, what might influence the possibility of realization of assets on the deferred corporate income tax in future periods and also result in possible need of payment of income tax for past periods.

3.13. 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 the day of 16 August 2017 a credit facility agreement was signed between Inter Cars S.A. and DNB Bank Polska S.A. for the amount PLN 40m, and with maturity date on the day of 14 November 2017. The credit shall be used for financing current operational activity of the Company.

Warsaw, 31 August 2017

.....
Maciej Oleksowicz
President of the
Management Board

.....
Krzysztof Soszyński
Vice-President of the
Management Board

.....
Robert Kierzek
Vice-President of the
Management Board

.....
Wojciech Twaróg
Member of the Management
Board

.....
Krzysztof Oleksowicz
Member of the
Management Board

.....
Piotr Zamora
Member of the Management
Board

.....
Tomáš Kaštil
Member of the
Management Board

.....
Julita Pałyska
Chief Accountant

MANAGEMENT BOARD'S REPORT ON THE ACTIVITIES OF THE CAPITAL GROUP

1. Organizational structure of the Inter Cars Group, including entities subject to consolidation

The parent company, Inter Cars S.A. (hereinafter referred to as "the Company" / "the parent entity") is registered in Poland. The abridged interim consolidated financial statements of the Inter Cars S.A. Capital Group for the period from 1 January to 30 June 2017 contain the details of the parent entity and its subsidiaries referred to as the Inter Cars S.A. Capital Group (hereinafter referred to as "the Group") and the Group's interest in related entity.

The financial statements of the following entities were subject to consolidation ("the Capital Group"):

- the parent entity: Inter Cars S.A., with its registered seat in Warsaw,
- subsidiaries: Inter Cars Ukraine LLC, with its registered seat in Khmelnytsky, Ukraine (100% of Inter Cars S.A.'s interest in the company's capital), Lauber Sp. z o.o., with its registered seat in Słupsk (100%), Q-Service Sp. z o.o., with its registered seat in Częstków Mazowiecki (100%), Inter Cars Česká Republika, with its registered seat in Prague (100%), Feber Sp. z o.o., with its registered seat in Warsaw (100%), Inter Cars Slovenska Republika, with its registered seat in Bratislava (100%), Inter Cars Lietuva UAB, with its registered seat in Vilnius (100%), IC Development & Finance Sp. z o.o., with registered seat in Warsaw (100%), Armatus Sp. z o.o., with its registered seat in Warsaw (100%), JC Auto s.r.o., with its registered seat in Karvina - Darkow (100%), Inter Cars Hungária Kft, with its registered seat in Budapest (100%), JC Auto S.A., with its registered seat in Braine L'Allued (100%), Inter Cars d.o.o., with its registered seat in Zapresic (100%), Inter Cars Italia s.r.l., with its registered seat Milan (100%), Inter Cars Romania s.r.l., with its registered seat in Cluj-Napoca (100%), Inter Cars Cyprus Limited, with its registered seat in Nicosia (100%), Inter Cars Latvija SIA, with its registered seat in Riga (100%), Inter Cars Bulgaria, with its registered seat in Sophia (100%), Cleverlog Autoteile GmbH, with its registered seat in Reinbek (100%), Inter Cars Marketing Services Sp. z o.o., with its registered seat in Warsaw (100%), ILS Sp; z o.o., with its registered seat in Kajetany (region Nadarzyn) (100%), Inter Cars Malta Holding Limited with registered seat in Quormi (100%), Inter Cars Malta Limited with registered seat in Quormi (100%), Q-service Truck Sp. z o.o. with registered seat in Warsaw (100%), Inter Cars INT d.o.o. with registered seat in Ljubljana (100%), Inter Cars Eesti OÜ with registered seat in Tallinn (100%), Inter Cars Moldavia with registered seat in Kishinev (100%), Inter Cars Greece with registered seat in Athens (100%) and Inter Cars d o.o. with registered seat in Sarajevo (100%).

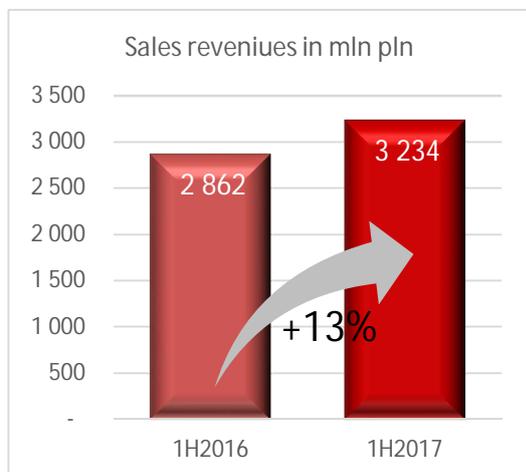
2. Basis of preparing the condensed interim consolidated financial statements

The condensed interim consolidated financial statements of the Inter Cars Capital Group were prepared for the period of 6 months ended on 30 June 2017.

The condensed interim financial statements comply with the requirements of the International Accounting Standard IAS 34 "Interim Financial Reporting" related to interim financial statements, and do not contain all the information required for annual financial statements. These condensed interim financial statements should be read together with the annual consolidated financial statements.

3. Overview of the Group's operations on consolidated and separate basis for the period from 01 January 2017 – 30 June 2017.

Overview of the financial results of the Inter Cars Group for the first half of 2017



- The consolidated revenues on the Group's sales increased by **13.0%** compared to the same period of 2016.
- Export sales understood as direct sales (from Inter Cars S.A.) to overseas contractors (mainly from Eastern European markets) and to overseas distribution companies increased by 17% compared to the same period of the previous year, where:
 - sales by the foreign distribution companies amounted to PLN 1,207 m in the first half of 2017, accounting for over 20% growth.

Just like in the 1 half a year 2016, the sales of the overseas distribution companies have been more dynamic than the export sales of Inter Cars S.A.

Inter Cars' domestic revenue accounted for app. 58% of the Group's total revenue (including consolidation exemptions), compared to 59% in the first half of 2016. The Polish market remains the basic sales market for the Capital Group.

- The consolidated sales margin amounts to 29.9% and is on similar level to the margin in the first half of 2016. During the periods subject to comparison, the impact of foreign exchange fluctuations on the margin was insignificant (0.4% in the first half of 2017 and - 0.3% in the first half of 2016).
- The consolidated margin on the operating activities for the first half of 2017 amounted to PLN 145,919 m and was on the same level as consolidated margin on the operating activities in the same period a year before.
- The consolidated net profit for 6 months of 2017 was on similar level to results from previous year and amounted to PLN 108,339 m.
- The costs of sales and administrative costs in sales revenues for 6 months of 2017 went up by 0.9% in comparison to the same period of the previous year, and amounted to 14.8%.
- The effective tax rate for the Group for 6 months of 2017 cumulatively was 18.1%.
- The increase of stock value to the level of PLN 1.95bn is primarily explained by realization of activities which are aimed to intensify the sales, among other things by improving availability of goods for the customers and product range extension. Moreover the increase of stock levels is due to stock replenishment in the new logistic centre (central warehouse), which was open at the beginning of May 2017.

In the coming quarters, the Board is expecting gradual improvement of stock rotation due to:

- gradual realization of the sales plans
- ongoing corrections optimizing the stock levels

Moreover substantial influence on stock levels shall have reaching the full operational capacity of the central warehouse and managing the logistics processes centrally, only based on one logistics centre.

Interim report on the activities of the Inter Cars Capital Group

for the period from 1 January to 30 June 2017

*(in thousand PLN)***Revenues increased in almost all geographical markets.**

The Group has been consistently 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. In the first half of 2017 the most dynamic sales growth as compared to the same period of 2016 (after translation into PLN and following consolidation exemptions) was recorded by companies in the following countries: Germany – Cleverlog (up by 75%), Slovenia (up by 45%) Hungary (up by 44%) and Italy (up by 41%). Whilst the Companies in the Group with the greatest influence on Group's revenue were the companies in the following countries: Romania (up by 11%), Lithuania (up by 13%), Czech (up by 15%), Croatia (up by 11%) and Bulgaria (up by 33%).

The underlying financial data of the Inter Cars S.A. Group for 1 half of 2017 were as follows:

<i>(in thousand PLN)</i>	2017		2016	
	PLN	PLN	EUR	EUR
Sales revenues	3,234,245	2,861,633	761,465	653,266
Gross profit on sales	966,565	868,688	227,566	198,308
Net financial revenues / costs	(13,626)	(12,512)	(3,208)	(2,856)
Operating profit	145,919	148,390	34,355	33,875
Net profit	108,339	113,940	25,507	26,011
Other financial data				
Operating cash flows	(56,094)	238,887	(13,207)	54,534
Investing cash flows	(51,942)	(72,375)	(12,229)	(16,522)
Financing cash flows	120,045	(119,408)	28,263	(27,259)
Basic profit per share	7.65	8.04	1.80	1.80
Sales margin	29.9%	30.4%		
EBITDA margin	5.5%	6.2%		
	As at			
	30/06/2017	31/12/2016	30/06/2017	31/12/2016
Consolidated statement of the financial situation	PLN	PLN	EUR	EUR
Cash and cash equivalents	133,434	121,426	31,571	27,447
Balance sheet total	3,515,790	3,040,077	831,844	687,178
Loans, borrowings and finance lease	1,184,833	1,025,650	280,334	231,838
Equity attributable to the shareholders of the parent entity	1,516,635	1,424,008	358,839	321,882

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

- for the statement of financial position items – the National Bank of Poland exchange rate of 30 June 2017 – EUR 1 = PLN 4.2265, and exchange rate of 31 December 2016 – EUR 1 = PLN 4.4240
- for the comprehensive income and cash flow statement items – an exchange rate constituting the average National Bank of Poland exchange rate announced on the last day of each month of the first 6 months of 2017 and 2016, respectively: 1 EUR = PLN 4.2474 and 1 EUR = PLN 4.3805 PLN.

Interim report on the activities of the Inter Cars Capital Group

for the period from 1 January to 30 June 2017

*(in thousand PLN)***Overview of the financial results of the parent company – Inter Cars**

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

('000)	<i>for 6 months ended on 30 June</i>			
	2017	2016	2017	2016
Separate statement of comprehensive income	PLN	PLN	EUR	EUR
Sales revenues	2,537,052	2,310,410	597,319	527,431
Gross profit on sales	576,742	549,619	135,787	125,469
License fees	(40,190)	(36,314)	(9,462)	(8,290)
Net financial revenues / costs	112,556	25,835	26,500	5,898
Operating profit	21,634	46,260	5,093	10,560
Net profit	130,599	64,274	30,748	14,673
Other financial data				
Operating cash flows	(114,857)	195,847	(27,042)	44,709
Investing cash flows	19,782	(11,958)	4,657	(2,730)
Financing cash flows	96,746	(175,095)	22,778	(39,972)
Basic profit per share	9.22	4.54	2.17	1.04
Sales margin	22.7%	23.8%		
	As at			
Separate statement of the financial position	30/06/2017	31/12/2016	30/06/2017	31/12/2016
	PLN	PLN	EUR	EUR
Cash and cash equivalents	27,800	26,129	6,578	5,906
Balance sheet total	3,147,812	2,659,319	744,780	601,112
Loans, borrowings and finance lease	1,176,167	1,021,086	278,284	217,563
Equity	1,233,942	1,113,402	291,954	251,673

The sales revenues in 1 half of 2017 were **9.81% higher** than in the same period of 2016. The sales revenues in the parent entity include sales in Poland, sales to foreign customers and to related companies, domestic and foreign.

The gross sales profit (for the 1 half of 2017) was 4.94% higher than in the same period of 2016. **The sales margin** for the 1 half of 2017 was 22.7% (compared to 23.8% in the 1 half of 2016). After eliminating the influence of currency exchange rate differences on the margin in the first half-year 2017 (-0.3%) and in the same period a year before (+0.4%) the sales margin would be respectively 23.0% and 23.4%.

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. In 1H 2017, the Company recorded a loss of PLN 17,713 thousand, compared to PLN 11,789 thousand in the same period of 2016.

Liabilities due to loans, borrowings, debt securities, reverse factoring and finance lease as at 30 June 2017 amounted to PLN 1,176,167 thousand, an increase by 15.2% compared to PLN 1,021,086 recorded as at 31 December 2016.

4. 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

The major events affecting the current and future business activity

- The consolidated EBITDA for 12 months cumulatively for the period ending on 30 June 2017 amounted to PLN 373,998 thousand (cumulatively as a profit on operating activity plus depreciation) and was PLN 89,204 thousand higher compared to 2016.
- Net debt /EBITDA ratio was 2.86 as at 30 June 2017, compared to 2.54 a year before.
- The highest revenue in history was recorded by the companies based in Romania and Latvia, which is related to the further development of spare parts distribution centres, the so-called central warehouses. The Hungarian, Bulgarian, Ukrainian, Italian and German companies also recorded a large sales growth each.
- On the day of 27 June 2017, IT systems of the Inter Cars S.A. Capital Group were interrupted as a result of an international hackers' attack, sales systems of the Company and its subsidiary companies stopped operating. Up to 1 July the systems of the Company and its subsidiary companies operating on 16 different geographical markets regained operational activity.

5. The effects of changes in the composition of the entity

On 06 February 2017 the Company sold stocks in affiliated company SMiOC FRENOPLAST Bułhak i Cieślowski S.A. Since the total value of the shares was a subject to impairment losses in 2013, the transaction had no significant influence on results of the Group.

6. The Management Board's standpoint on the feasibility of meeting the previously published forecasts of financial results for 2017

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

7. Shareholders holding 5% or more of the total vote as at the date 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	1,896,778	3,793,556	13.39%	13.39%
Nationale-Nederlanden OFE and Nationale-Nederlanden DFE	1,418,649	2,837,298	10.01%	10.01%
Andrzej Oliszewski	1,277,370	2,554,740	9.02%	9.02%
Immersion Capital Master Fund Limited	748,776	1,497,552	5.28%	5.28%
Total	9,068,294	18,136,588	64.00%	64.00%

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

By the date of release of these financial statements, the Company has not received any other shareholding notifications

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

Interim report on the activities of the Inter Cars Capital Group

for the period from 1 January to 30 June 2017

(in thousand PLN)

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.

8. Changes in major holdings of the Company shares

From the date of publication of the previous report, i.e. 22 May 2017, there has been a change in shareholders holding at least 5% of total shares:

Shareholder	Number of shares	Increases	Decreases	Number of shares
	as at			as at
	22/05/2017			31/08/2017
OK Automotive Investments B.V.*	3,726,721	-	-	3,726 721
AVIVA Otwarty Fundusz Emerytalny	1,896,778	-	-	1,896 778
Nationale-Nederlanden OFE and Nationale-Nederlanden DFE	1,418,649	-	-	1,418 649
Andrzej Oliszewski	1,277,370	-	-	1,277 370
Immersion Capital Master Fund Limited	698,776	50,000	-	748,776
Total	9,018,294	50,000	-	9,068 294

9. 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 1,298,704 shares, constituting 9.17% 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.

Shareholder	Number of shares	Total nominal value	Percentage of share in the share capital held (%)	Percentage of total vote held (%)
Management Board				
Robert Kierzek	19,834	39,668	0.14%	0.14%
Tomáš Kaštil	1,500	3,000	0.01%	0.01%
Krzysztof Oleksowicz *	3,726,721	7,453,442	26.30%	26.30%
	3,748,055	7,496,110	26.45%	26.45%
Shareholder				
	Number of shares	Total nominal value	Percentage of share in the share capital held	Percentage of total vote held
Supervisory Board				
Andrzej Oliszewski	1,277,370	2,554,740	9.02%	9.02%
	1,277,370	2,554,740		
Total (directly)	1,298,704	2,597,408	9.17%	9.17%

* Directly by OK Automotive Investments B.V.

Interim report on the activities of the Inter Cars Capital Group

for the period from 1 January to 30 June 2017

(in thousand PLN)

There have been no changes in shareholding structure of the issuer since the date of publication of the previous report, i.e. 22 May 2017.

Shareholder	Number of shares	Increases	Decreases	Number of shares
	as at 22/05/2017			as at 30/06/2017
Robert Kierzek	19,834	-	-	19,834
Tomáš Kaštil	1,500	-	-	1,500
Andrzej Oliszewski	1,277,370	-	-	1,277 370
Total	1,298,704	-	-	1,298 704

10. Information on court, arbitration and administrative proceedings

In 2017, no proceedings were brought before any court or administrative body with respect to any liabilities or claims of Inter Cars S.A. or its subsidiary undertakings, whose aggregate value would represent 10% or more of the Company's equity.

Furthermore, no proceedings are pending before any court or administrative body with respect to any liabilities or claims of Inter Cars S.A. or its subsidiaries whose aggregate value would represent 10 % or more of the Company's equity.

11. 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."

12. 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 Q3 2017 include:

- ✓ *trends in the foreign exchange rates, mainly EUR, USD and YEN against PLN, UAH, HUF, CZK, HRK, RON, BGN, BAM and MDL;*
- ✓ *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;*
- ✓ *enhanced awareness of the "Inter Cars" brand and obtaining new customers, which will contribute to the development of operating activities;*
- ✓ *optimization and synergy of logistics process in the newly open logistic centre in Zakorczy.*

13. Key threats and risks affecting the remaining months of the financial year

The risks regarding Q3 2017, specified by the Management Board affect also the other months of 2017, as specified in section 12.

14. Information on conclusion by the Company or its subsidiaries of a single or more transactions with related entities if such transactions are jointly or separately material and were not concluded at arm's length.

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

15. Information on sureties issued by the Company or its subsidiary in respect of loans or borrowings or guarantees issued – jointly to a single entity or its subsidiary, where the total value of such sureties or guarantees is equivalent to at least 10% of the Company's equity.

(in thousand PLN) To	Period covered	Status as at	
		<u>30/06/2017</u>	<u>31/12/2016</u>
RIM Sp. z o.o.	Until further notice	20	20
Glob Cars Sp.z o.o.	Until further notice	150	150
JC Auto Kraków	Until further notice	50	50
Tomasz Zatoka APC Polska	Until further notice	170	170
Michał Wierzobolowski Fst M.	Until further notice	250	250
Intraserv	Until further notice	50	50
Ducati Motor Holding	20/06/2018	1,902	5,309
Raiffeisen-Leasing Polska	10/10/2023	250	250
PIAGGIO AND C. S.P.A.	30/09/2017	2,113	2,212
Poczta Polska S.A., Warszawa	25/07/2017	11	11
Komenda Wojewódzka, Wrocław	21/06/2018	1	1
Poczta Polska S.A.	16/05/2017	-	6
JC Auto Kraków	31/12/2018	3,500	3,500
PDC Industrial Center 44 Sp. z o.o.	12/06/2018	317	332
MANN+HUMMEL	Until further notice	4,607	4,822
MALPAS	04/08/2017	372	389
LeasePlan	Until further notice	6,389	3,698
COMMA	31/12/2017	8,453	-
		<u>28,605</u>	<u>21,220</u>

As at 30 June 2017, the total value of guaranties amounted to PLN 28,605 thousand and comprised guaranties for suppliers and customers in tender procedures.

Warsaw, 31 August 2017

Maciej Oleksowicz
President of the
Management Board

Krzysztof Soszyński
Vice-President of the
Management Board

Robert Kierzek
Vice-President of the
Management Board

Wojciech Twaróg
Member of the Management
Board

Krzysztof Oleksowicz
Member of the
Management Board

Piotr Zamora
Member of the Management
Board

Tomáš Kaštil
Member of the
Management Board

Interim condensed separate financial statements of Inter Cars S.A.

for the period from 1 January to 30 June 2017

*(in thousand PLN)***INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS OF INTER CARS S.A. FOR THE PERIOD FROM 01 January 2017 TO 30 June 2017****Separate statement of financial position**

<i>(in thousand PLN)</i>	30/06/2017 <i>not audited</i>	31/12/2016
ASSETS		
Non-current assets		
Property, plant and equipment	145,829	140,536
Intangible assets	158,952	155,330
Investment property	1,991	1,991
Investments in subordinated entities	1.2 416,106	404,099
Investments available for sales	258	258
Receivables	21,912	23,951
	745,048	726,165
Current assets		
Inventories	1,306,262	989,288
Trade and other receivables	1,068,470	907,639
Corporate income tax receivables	232	10,098
Cash and cash equivalents	27,800	26,129
	2,402,764	1,933 154
TOTAL ASSETS	3,147,812	2,659 319
LIABILITIES		
Equity		
Share capital	28,336	28,336
Share premium account	259,530	259,530
Statutory reserve funds	809,218	709,886
Other capital reserves	5,935	5,935
Retained earnings	130,923	109,715
	1,233,942	1,113 402
Long-term liabilities		
Loan, borrowing and finance lease liabilities	652,696	423,244
Deferred income tax provision	5,072	16,058
	657,768	439,302
Short-term liabilities		
Trade and other liabilities	726,587	502,949
Loans, borrowings, debt security and finance lease liabilities	505,665	539,254
Liabilities of the reverse factoring	17,806	58,588
Employee benefits	6,044	5,824
Income tax liabilities	-	-
	1,256 102	1,106 615
TOTAL LIABILITIES	3,147,812	2,659 319

Explanatory information is an integral part of interim condensed consolidated financial statements and separate financial statements

Interim condensed separate financial statements of Inter Cars S.A.

for the period from 1 January to 30 June 2017

*(in thousand PLN)***Separate statement of comprehensive income**

	for the period of 3 months (not audited)		for the period of 6 months (not audited)	
	1.04.2017 - 30.06.2017	1.04.2016 - 30.06.2016	1.01.2017 - 30.06.2017	1.01.2016 - 30.06.2016
Sales revenues	1,330,491	1,270,019	2,537,052	2,310,410
Cost of sales	(1,018,428)	(966,812)	(1,960,310)	(1,760,792)
Gross profit on sales	312,063	303,207	576,742	549,618
Other operating income	2,701	58	9,180	11,110
Costs of sales and administrative costs	(147,176)	(135,146)	(278,639)	(253,122)
Distribution expenses	(111,320)	(111,546)	(213,215)	(209,071)
License fees	(21,162)	(20,120)	(40,190)	(36,314)
Other operating expenses	(22,225)	(8,926)	(32,244)	(15,962)
Operating profit	12,881	27,527	21,634	46,259
Financial income	553	332	1,277	1,853
Dividends received	98,461	40,268	128,386	40,268
Foreign exchange gains/losses	(1,895)	(4,190)	3,905	(3,521)
Financial expenses	(10,723)	(5,632)	(21,012)	(12,765)
Profit before tax	99,277	58,305	134,190	72,094
Income tax	(2,250)	(5,220)	(3,591)	(7,820)
Net profit	97,027	53,085	130,599	64,274
OTHER COMPREHENSIVE INCOME				
Total other comprehensive income, net	-	-	-	-
COMPREHENSIVE INCOME	97,027	53,085	130,599	64,274
Net profit	97,027	53,085	130,599	64,274
Weighted-average number of ordinary shares	14,168,100	14,168,100	14,168,100	14,168,100
Earnings per ordinary share (in PLN)	6.85	3.75	9.22	4.54
Weighted-average diluted number of ordinary shares	14,168,100	14,168,100	14,168,100	14,168,100
Diluted earnings per ordinary share (in PLN)	6.85	3.75	9.22	4.54

Explanatory information is an integral part of interim condensed consolidated financial statements and separate financial statements

Interim condensed separate financial statements of Inter Cars S.A.
for the period from 1 January to 30 June 2017
(in thousand PLN)

Separate statement of changes in equity

for the period from 01 January 2017 to 30 June 2017 (not audited)

<i>(in thousand PLN)</i>	Share capital	Share premium account	Statutory reserve funds	Other capital reserves	Retained earnings	Total
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	-	-	-	-	130,599	130,599
Total comprehensive income in the reporting period	-	-	-	-	130,599	130,599
Distribution of retained profits - carried over to supplementary capital	-	-	99,332	-	(99,332)	-
Distribution of prior period profit – dividend	-	-	-	-	(10,059)	(10,059)
Owner's equity as at 30 June 2017	28,336	259,530	809,218	5,935	130,923	1,233,942

for the period from 01 January 2016 to 30 June 2016 (not audited)

<i>(in thousand PLN)</i>	Share capital	Share premium account	Statutory reserve funds	Other capital reserves	Retained earnings	Total
Shareholder's equity as at 01 January 2016	28,336	259,530	626,032	5,935	94,238	1,014 071
Statement of comprehensive income						
Profit in the reporting period	-	-	-	-	64,274	64,274
Total comprehensive income in the reporting period	-	-	-	-	64,274	64,274
Distribution of retained profits - carried over to supplementary capital	-	-	83,854	-	(83,854)	-
Distribution of prior period profit – dividend	-	-	-	-	(10,059)	(10,059)
Owner's equity as at 30 June 2016	28,336	259,530	709,886	5,935	64,599	1,068 286

Interim condensed separate financial statements of Inter Cars S.A.
for the period from 1 January to 30 June 2017
(in thousand PLN)

Separate statement of cash flows

Cash flows from operating activities	01/01/2017 – 30/06/2017 <i>Not audited</i>	01/01/2016 – 30/06/2016 <i>not audited</i>
Profit before tax	134,190	72,094
Adjustments:		
Depreciation and amortization	11,795	12,269
Foreign exchange gains /losses	(1,990)	3,296
(Profit) /loss on the sale of property, plant and equipment	1,725	4
Net interest	16,427	14,118
Net dividends	(128,386)	(40,268)
Other adjustments, net	(225)	-
Operating profit before changes in the working capital	33,536	61,513
Change in inventories	(316,974)	(127,538)
Change in receivables	(84,027)	(24,965)
Change in short-term liabilities	256,210	293,976
Cash generated by operating activities	(111,255)	202,986
Corporate income tax paid	(3,601)	(7,140)
Net cash from operating activities	(114,856)	195,846
Cash flow from investing activities		
Proceeds from the sale of plant, property, equipment and intangible assets	609	7
Purchase of property, plant, equipment and intangible assets	(22,536)	(10,799)
Purchase of financial assets in related and other entities	(12,007)	(45,000)
Repayment of loans granted	3,532	3,061
Loans granted	(600)	(760)
Interest received	509	925
Dividends received	50,275	40,268
Net cash from investing activities	19,782	(11,958)
Cash flow from financing activities		
Interest paid	(13,908)	(14,785)
Revenues under credits, loans and debt securities	230,000	-
(Repayments) under loans, borrowings and debt securities	(34,378)	-
Payment of finance lease liabilities	(1,745)	(18,319)
Payment of the reverse factoring	(83,194)	(130,378)
Deposits received (returned)	(30)	-
Loans and borrowings received / repaid	-	(11,613)
Net cash from financing activities	96,745	(175,095)
Net change in cash and cash equivalents	1,671	8,793
Cash and cash equivalents at the beginning of the period	26,129	15,983
Cash and cash equivalents at the end of the period	27,800	24,776

Explanatory notes to the interim condensed separate financial statements prepared for the period of 6 months ended on 30 June 2017.

1.1. Accounting principles

Declaration of compliance with IFRS

Interim condensed separate financial statements of Inter Cars S.A. (hereinafter referred to as "the condensed interim financial statements") were prepared for the period of 6 months ended on 30th June 2017.

These condensed separate interim consolidated financial statements were prepared in accordance with the International Accounting Standard IAS 34 "Interim Financial Reporting" relating to interim financial statements and is not inclusive of all information required with respect to annual financial statements. These condensed separate interim financial statements should be read together with the audited separate financial statements prepared in accordance with the IFRS for the year ended on 31 December 2016. No changes to the accounting principles applied by the Company were made during the reporting period presented compared to those described in the financial statements for the year ended on 31 December 2016.

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.

Changes in IFRS and their interpretation which became effective as of 01 January 2017 until the date of approval of the financial statements for publication had no material bearing on these financial statements.

The Company expects that the new IFRS standards, changes and interpretations thereof, published but not yet applicable, shall not have a material bearing on the separate financial statements, except for the new standards IFRS 9 Financial instruments, IFRS 15 Revenue from Contracts with Customers and IFRS 16 leasing. Description of amendments and the new standards, their influence on the statements of the Company was delivered in note 2.1 thereof.

The interim condensed separate financial statements of Inter Cars S.A. were approved for publication by the Management Board on 31 August 2017.

The interim condensed separate financial statements of Inter Cars S.A. were prepared under the assumption that the company shall continue as a going concern in the foreseeable future.

All values presented in the interim condensed financial statements were expressed in PLN, unless otherwise indicated.

1.2. Investments in subordinated entities

Investments in subordinated entities as at 31/12/2016	404,099
Increase in share capital in Inter Cars d o.o. (Bosnia and Herzegovina)	734
Sale of shares in FRENOPLAST	(3,782)
Reversal of the write-down of shares in FRENOPLAST	3,782
Increase in share capital in ILS Sp. z o.o.	10,000
Increase in share capital in Inter Cars Greece	1,273
Investments in subordinated entities as at 30/06/2017	416,106

1.3. Information on business segments

Inter Cars S.A. is only a spare parts distributor.

1.4. Seasonality

The demand for spare parts is seasonal. The peak season falls in the second and third quarters. The demand is lower at the beginning and the end of the year.

This is directly linked to the seasonal nature of some repairs for which the spare parts are required, and to the smaller number of repairs made by clients during winter.

1.5. Dividend

On 12 June 2017, the General Meeting of Inter Cars S.A. adopted a resolution to pay a dividend of PLN 10,059 thousand, i.e. PLN 0.71 per share from the 2016 profit. The payment of the dividend was realized on 14 July 2017.

1.6. Material evaluations and estimates

No material changes to the evaluations or estimates presented in the annual separate financial statements for 2016 were made during the reporting period.

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

	Sales revenues		Purchase of goods and services	
	1.01.2017-30.06.2017	1.01.2016-30.06.2016	1.01.2017-30.06.2017	1.01.2016-30.06.2016
Inter Cars Ukraine LLC	31,665	21,619	-	-
Q-Service Sp. z o.o.	3,085	2,428	75,445	46,660
Lauber Sp. z o.o.	3,967	2,796	22,356	18,699
Inter Cars Ceska Republika	65,857	51,933	1,302	1,163
Inter Cars Slovenska Republika	55,400	52,825	559	498
Feber Sp. z o.o.	675	495	3,480	3,990
Inter Cars Lietuva UAB	27,735	31,069	7,596	6,522
IC Development & Finance Sp. z o.o.	-	10	635	541
Inter Cars Italia srl.	12,608	9,381	89	22
Inter Cars d.o.o.	45,389	41,004	1,311	724
JC Auto S.A.	-	-	-	2
Inter Cars Hungária Kft	68,811	54,404	41,209	33,924
Inter Cars Romania s.r.l.	130,328	133,327	2,219	4,319
Armatus sp. z o.o.	2	2	4,103	3,498
Cleverlog Autoteile GmbH	16,820	10,418	-	29
Inter Cars Latvija SIA	74,323	71,477	1,809	659
Inter Cars Bulgaria EOOD	9,232	6,615	200	221
Inter Cars Marketing Services Sp. z o.o.	141	202	50,944	48,422
ILS Sp. z o.o.	4,686	4,004	151,169	144,513
Q-Service Truck Sp. z o.o.	177	343	7,081	5,749
Inter Cars Malta Limited	-	-	116,311	64,361
Inter Cars d o.o. (Slovenia)	3,301	1,536	50	35
ILS Latvijas	4	41	-	-
ILS SRL	-	81	-	-
Inter Cars Eesti OU	3,956	17	71	-
	558,162	496,027	487,939	384,551

Interim condensed separate financial statements of Inter Cars S.A.
for the period from 1 January to 30 June 2017
(in thousand PLN)

<i>Settlement</i>	Receivables as at		Liabilities as at	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016
Inter Cars Ukraine LLC	30,498	25,594	-	-
Q-service Sp. z o.o.	17,812	56	33,490	21,125
Lauber Sp. z o.o.	14,694	15,261	8,724	4,824
Inter Cars Ceska Republika	13,763	19,930	141	4,144
Inter Cars Slovenska Republika	33,721	28,949	72	638
Feber Sp. z o.o.	4,952	168	8,299	4,722
Inter Cars Lietuva UAB	19,476	19,238	287	464
Armatus sp. z o.o.	2	-	(137)	(260)
IC Development & Finance Sp. z o.o.	22	22	1,020	792
Inter Cars Italia s.r.l.	26,852	27,266	11	6,029
Inter Cars d.o.o.	83,226	77,752	147	4,647
JC Auto S.A.	218	227	-	63
Inter Cars Hungária Kft.	52,004	31,144	8,730	3,615
JC Auto s.r.o.	4,106	4,276	-	-
Inter Cars Romania s.r.l.	205,003	179,180	71	4,408
Inter Cars Latvija SIA	72,839	69,625	219	520
Inter Cars Cyprus Ltd.	-	354	407	757
Cleverlog-Autoteile GmbH	1,783	3,713	-	40
Inter Cars Bulgaria EOOD	3,788	9,003	135	128
Inter Cars Marketing Services Sp. z o.o.	53,465	223	113,739	82,167
ILS Sp. z o.o.	8,178	3,540	7,434	17,455
Inter Cars Malta Holding Limited	1,062	1,106	(19)	(20)
Inter Cars Malta Limited	18,712	18,832	41,825	33,444
Q-service Truck Sp. z o.o.	57	26	1,629	761
ILS Latvijas filiāle	5	52	-	-
Inter Cars INT d .o.o. (Slovenia)	1,461	317	10	23
Inter Cars Eesti OU	545	754	-	575
Inter Cars Piese Auto s.r.l.	(21)	-	-	-
Inter Cars Greece Ltd.	-	-	1,273	-
Gross receivables from subsidiaries	668,223	536,608	227,507	191,061
Revaluation write-down on receivables (JC Auto s.r.o.)	(4,009)	(4,009)	-	-
Net receivables from subsidiaries	664,214	532,599	227,507	191,061

Settlements on loans and borrowings

<i>Receivables from subsidiaries</i>	30/06/2017	31/12/2016
Lauber Sp. z o.o.	8,776	8,750
IC Development & Finance Sp. z o.o.	23,592	25,410
SMiOC FRENOPLAST Buřhak i Cieřlowski S.A *	-	34
JAG Sp. z o.o.	201	101
Inter Cars Bulgaria Ltd.	951	1,048
Q-SERVICE TRUCK Sp z o.o.	516	1,013
Inter Cars Malta Ltd	12,837	12,838
Gross receivables on loans	46,873	49,194
Revaluation write-down on loans	-	(3,059)
Net receivables on loans	46,873	46,135

<i>Liabilities to subsidiaries</i>	30/06/2017	31/12/2016
Inter Cars Marketing Services Sp. z o.o.	61,326	61,330
Inter Cars Cyprus Ltd.	79,486	79,675
	140,812	141,005

* On 06 February 2017 the Company sold stocks in affiliated company SMiOC FRENOPLAST Buřhak i Cieřlowski S.A

Interim condensed separate financial statements of Inter Cars S.A.
for the period from 1 January to 30 June 2017
(in thousand PLN)

Guarantees and sureties granted by Inter Cars S.A. to related entities.

<i>(in thousand PLN)</i> To	Period covered	Status as at	
		30/06/2017	31/12/2016
Feber Sp. z o.o.	Until further notice	930	973
Feber Sp. z o.o.	16/06/2018	2,000	2,000
Inter Cars Ukraine LLC	30/11/2017	507	531
Inter Cars INT d.o.o	09/10/2017	123	129
Inter Cars Slovenská republika s.r.o.	25/05/2017	-	22,120
Inter Cars Malta Holding Limited	Until further notice	556	627
Inter Cars Romania S.R.L.	28/04/2017	-	87,741
Inter Cars Romania S.R.L.	31/12/2016	-	664
Inter Cars Česká republika s.r.o.	25/09/2017	16,906	17,696
Inter Cars Česká republika s.r.o.	31/12/2017	27,387	29,220
Inter Cars d o.o.	31/12/2019	684	702
Inter Cars Hungaria Kft	05/07/2019	2,285	2,375
Inter Cars Hungaria Kft	05/02/2021	268	279
ILS Sp z o.o.	30/05/2026	46,571	48,747
ICMS Sp. z o.o.	09/05/2017	-	133
Inter Cars Hungaria Kft	05/10/2021	47	49
Inter Cars Česká republika s.r.o.	12/06/2030	700	711
Inter Cars Italia s.r.l.	08/01/2017	-	88
Inter Cars Latvija SIA	31/12/2016	-	885
Inter Cars d o.o.	31/12/2016	-	442
Inter Cars d o.o.	31/12/2016	-	531
Inter Cars Romania S.R.L.	31/12/2016	-	885
Inter Cars Hungaria Kft	31/12/2017	68	71
Inter Cars Latvija SIA	31/12/2017	170	177
Inter Cars Romania S.R.L.	31/12/2017	338	354
Inter Cars Hungaria Kft	31/12/2017	170	177
Inter Cars d o.o.	01/05/2017	-	64
Inter Cars Latvija SIA	31/12/2017	1,268	1,327
Inter Cars Ukraine LLC	31/12/2017	1,057	1,106
Inter Cars Hungaria Kft	05/04/2022	218	228
Inter Cars Hungaria Kft	06/06/2022	60	-
Inter Cars Hungaria Kft	31/01/2018	2,113	-
Inter Cars d o.o.	31/12/2017	2,113	-
Inter Cars Romania S.R.L.	31/12/2017	4,227	-
Inter Cars Latvija SIA	31/12/2017	1,057	-
Inter Cars Ukraine LLC	31/12/2017	845	-
Inter Cars Hungaria Kft	05/09/2022	192	-
		112,860	221,032

Transactions with the members of the Supervisory Board and the Management Board and members of their families.

	1.01.2017- 30.06.2017	1.01.2016- 30.06.2016
<i>Transactions with related entities</i>		
Income on sales to related entities	939	830
Purchase of goods and services from related entities	7,872	6,206
	30/06/2017	31/12/2016
<i>Settlements with related entities</i>		
Receivables from related entities	857	576
Liabilities to related entities	664	741

Warsaw, 31 August 2017

Maciej Oleksowicz
President of the
Management Board

Krzysztof Soszyński
Vice-President of the
Management Board

Robert Kierzek
Vice-President of the
Management Board

Wojciech Twaróg
Member of the Management
Board

Krzysztof Oleksowicz
Member of the
Management Board

Piotr Zamora
Member of the Management
Board

Tomáš Kaštil
Member of the
Management Board

Julita Pałyska
Chief Accountant