



Inter Cars S.A.

**Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2010**

The opinion contains 2 pages
The report supplementing the auditor's opinion
contains 9 pages
Opinion of the independent auditor
and report supplementing the auditor's opinion
on the separate financial statements
for the financial year ended
31 December 2010

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

OPINION OF THE INDEPENDENT AUDITOR

To the General Meeting Inter Cars S.A.

We have audited the accompanying separate financial statements of Inter Cars S.A., seated in Warsaw, ul. Powińska 64 (“the Company”), which comprise the separate statement of financial position as at 31 December 2010, the separate statement of comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended and notes to the financial statements, comprising of a summary of significant accounting policies and other explanatory information.

Management’s and Supervisory Board’s Responsibility for the Financial Statements

Management of the Company is responsible for the accuracy of the accounting records and the preparation and fair presentation of these separate financial statements in accordance with International Financial Reporting Standards, as adopted by European Union and with other applicable regulations and preparation of the Report on the Company’s activities. Management of the Company is also responsible for such internal control as management determines is necessary to enable the preparation of the separate financial statements that are free from material misstatement, whether due to fraud or error.

According to the Accounting Act dated 29 September 1994 (Official Journal from 2009, No. 152, item 1223 with amendments) (“the Accounting Act”), Management of the Company and members of the Supervisory Board are required to ensure that the separate financial statements and the Report on the Company’s activities are in compliance with the requirements set forth in the Accounting Act.

Auditor’s Responsibility

Our responsibility, based on our audit, is to express an opinion on these separate financial statements and whether the separate financial statements are derived from properly maintained accounting records. We conducted our audit in accordance with section 7 of the Accounting Act, national standards on auditing issued by Polish National Council of Certified Auditors and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements and the accounting records from which they are derived are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the accompanying separate financial statements of Inter Cars S.A. have been prepared and present fairly, in all material respects, the financial position of the Company as at 31 December 2010 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, are in compliance with the respective regulations and the provisions of the Company's articles of association that apply to the Company's separate financial statements and have been prepared from accounting records, that, in all material respects, have been properly maintained.

Other Matters

As required under the Accounting Act, we also report that the Report on the Company's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259 with amendments) and the information is consistent with the separate financial statements.

On behalf of KPMG Audyt Sp. z o.o. registration number 458
ul. Chłodna 51, 00-867 Warsaw

Signed on the Polish original

.....
Certified Auditor No. 12005
Maciej Kozysa

Signed on the Polish original

.....
Certified Auditor No. 90048
Director
Mirosław Matusik

21 April 2011
Warsaw



Inter Cars S.A.

Report supplementing
the auditor's opinion
on the separate financial
statements
Financial Year ended
31 December 2010

The report supplementing the auditor's opinion
contains 9 pages

Report supplementing the auditor's opinion
on the separate financial statements
for the financial year ended
31 December 2010



Inter Cars S.A.

*Report supplementing the opinion on the separate financial statements
for the financial year ended 31 December 2010*

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1. General

1.1. General information about the Company

1.1.1. Company name

Inter Cars S.A.

1.1.2. Registered office

ul. Powsińska 64
02-903 Warsaw

1.1.3. Registration in the National Court Register

Registration court:	District Court for the Capital City Warsaw in Warsaw, XIII Commercial Department of the National Court Register
Date:	23 April 2001
Registration number:	KRS 0000008734
Share capital as at balance sheet date:	PLN 28,336,200

1.1.4. Management of the Company

The Management Board is responsible for management of the Company.

At 31 December 2010, the Management Board of the Company was comprised of the following members:

- Robert Kierzek – President of the Management Board,
- Krzysztof Soszyński – Vice President of the Management Board,
- Krzysztof Oleksowicz – Member of the Management Board,
- Wojciech Milewski – Member of the Management Board,
- Piotr Kraska – Member of the Management Board.

According to the resolution of the Supervisory Board dated 16 June 2010 Mr Krzysztof Oleksowicz was recalled from the position of the President of the Management Board, and Mr Robert Kierzek was recalled from the position of the Vice President of the Management Board and appointed to the position of the President of the Management Board.

1.2. Auditor information

1.2.1. Key certified auditor information

Name and surname:	Mirosław Matusik
Registration number:	90048

Name and surname:	Maciej Kozysa
Registration number:	12005

1.2.2. Audit firm information

Name:	KPMG Audyt Sp. z o.o.
Registered office:	Warsaw
Address:	ul. Chłodna 51, 00-867 Warsaw
Registration number:	KRS 0000104753
Registration court:	District Court for the Capital City Warsaw in Warsaw, XII Commercial Department of the National Court Register
Share capital:	PLN 125,000
NIP number:	526-10-24-841

KPMG Audyt Sp. z o.o. is entered in the register of audit firms under number 458.

1.3. Prior period financial statements

The separate financial statements for the period ended 31 December 2009 were audited by KPMG Audyt Sp. z o.o. and received an unqualified opinion.

The separate financial statements were approved at the General Meeting on 10 June 2010 where it was resolved to allocate the profit for the prior financial year of PLN 60,707,000.00 to reserve capital.

The separate financial statements were submitted to the Registry Court on 12 July 2010 and were published in Monitor Polski B No. 371 on 18 February 2011.

1.4. Audit scope and responsibilities

This report was prepared for the General Meeting of Inter Cars S.A. seated in Warsaw, ul. Powsińska 64 and relates to the separate financial statements comprising: the separate statement of financial position as at 31 December 2010, the separate statement of comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended and notes to the financial statements, comprising of a summary of significant accounting policies and other explanatory information.

The audited Company prepares its separate financial statements in accordance with International Financial Reporting Standards as adopted by the European Union on the basis of the decision of General Meeting dated 21 January 2005.

The separate financial statements have been audited in accordance with the contract dated 30 July 2010, concluded on the basis of the resolution of Supervisory Board dated 20 May 2010 on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act, national standards on auditing issued by Polish National Council of Certified Auditors and International Standards on Auditing.

We audited the separate financial statements in the Company's head office during the period from 2 to 6 August 2010 and from 7 to 21 March 2011.



Management of the Company is responsible for the accuracy of the accounting records and the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations and preparation of the Report on the Company's activities.

Our responsibility is to express an opinion and to prepare a supplementing report on the separate financial statements and whether the financial statements are derived from properly maintained accounting records based on our audit.

Management of the Company submitted a statement dated the same date as this report as to the true and fair presentation of the separate financial statements presented for audit, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the separate financial statements.

All required statements, explanations and information and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

Key certified auditors and KPMG Audyt Sp. z o.o. fulfill independence requirements as described in Art. 56 points 3 and 4 of the Act on certified auditors and their government, audit firms and public oversight dated 7 May 2009 (Official Journal from 2009 No. 77, item 649).

The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of KPMG Audyt Sp. z o.o.

2. Financial analysis of the Company

2.1. Summary of the separate financial statements

2.1.1. Separate statement of financial position

ASSETS	31.12.2010 PLN '000	% of total	31.12.2009 PLN '000	% of total
Non-current assets				
Property, plant and equipment	139 723	10,9	147 052	12,0
Intangible assets	139 675	10,9	145 605	11,9
Investments in subsidiaries	43 493	3,5	37 240	3,1
Investments available for sale	-	-	43	-
Investment properties	2 768	0,2	2 768	0,2
Receivables	76 667	6,0	79 525	6,5
Deferred tax assets	182		-	
Total non-current assets	402 508	31,5	412 233	33,7
Current assets				
Inventories	477 867	37,4	426 717	34,9
Trade and other receivables	382 905	30,0	373 634	30,5
Cash and cash equivalents	13 945	1,1	11 613	0,9
Total current assets	874 717	68,5	811 964	66,3
TOTAL ASSETS	1 277 225	100,0	1 224 197	100,0
EQUITY AND LIABILITIES				
	31.12.2010 PLN '000	% of total	31.12.2009 PLN '000	% of total
Equity				
Share capital	28 336	2,2	28 336	2,3
Share premium	259 530	20,3	259 530	21,2
Reserve capital	186 104	14,5	125 397	10,2
Other reserve capital	4 835	0,4	5 935	0,5
Retained earnings	46 327	3,6	61 030	5,0
Total equity	525 132	41,0	480 228	39,2
Liabilities				
Interest-bearing loans and borrowings	241 700	18,9	383 426	31,3
Deferred tax liabilities	-	-	4 332	0,4
Total non-current liabilities	241 700	18,9	387 758	31,7
Trade and other payables	288 244	22,6	267 109	21,8
Interest-bearing loans and borrowings	210 432	16,5	87 199	7,1
Employee benefits	2 405	0,2	1 655	0,1
Income tax payables	9 312	0,8	248	-
Total current liabilities	510 393	40,1	356 211	29,1
Total liabilities	752 093	59,0	743 969	60,8
TOTAL EQUITY AND LIABILITIES	1 277 225	100,0	1 224 197	100,0

2.1.2. Separate statement of comprehensive income

	1.01.2010 - 31.12.2010 PLN '000	% of total sales	1.01.2009 - 31.12.2009 PLN '000	% of total sales
CONTINUING OPERATION				
Revenue	2 133 050	100,0	1 857 569	100,0
Cost of sales	(1 516 710)	71,1	(1 277 552)	68,8
Gross profit on sales	616 340	28,9	580 017	31,2
Other operating income	4 474	0,2	3 777	0,2
Cost of sales and general administration	(290 415)	13,6	(255 861)	13,8
Costs of distribution service	(230 927)	10,8	(211 010)	11,3
Other operating expenses	(16 481)	0,8	(13 267)	0,7
Results from operating activities	82 991	3,9	103 656	5,6
Finance income	8 018	0,4	5 674	0,3
Foreign currency exchange rate differences	(490)	-	(4 314)	0,2
Finance expenses	(35 084)	1,6	(31 543)	1,7
Profit before income tax	55 435	2,6	73 473	4,0
Income tax expense	(9 431)	0,4	(12 766)	0,7
Profit from continuing operations	46 004	2,2	60 707	3,3
Net profit for the period	46 004	2,2	60 707	3,3
OTHER COMPREHENSIVE INCOME				
Effective portion of changes in fair value of cash flow hedges	(1 100)	0,1	-	-
Other comprehensive income for the period, net of income tax	(1 100)	0,1	-	-
Total comprehensive income for the period	44 904	2,1	60 707	3,3
Net profit	46 004		60 707	
Weighted average number of shares	14 168 100		13 787 685	
Earnings per share (PLN)	3,25		4,40	
Diluted weighted average number of shares	14 168 100		14 059 011	
Diluted earnings per share (PLN)	3,25		4,32	

2.2. Selected financial ratios

	2010	2009	2008
1. Return on sales			
<u>profit for the period x 100%</u> revenue	2,2%	3,3%	1,5%
2. Return on equity			
<u>profit for the period x 100%</u> equity - profit for the period	9,6%	14,5%	6,0%
3. Debtors' days			
<u>average trade receivables (gross) x 365 days</u> revenue	53 days	54 days	50 days
4. Debt ratio			
<u>liabilities x 100%</u> equity and liabilities	58,9%	60,8%	65,7%
5. Current ratio			
<u>current assets</u> current liabilities	1,7	2,3	1,2

- Net revenues are comprised of the sale of finished products, merchandise and raw materials.
- Average trade receivables represent the average of trade receivables at the beginning and at the end of the period, excluding allowances for receivables.

3. Detailed report

3.1. Proper operation of the accounting system

The Company maintains current documentation describing the applied accounting principles adopted by the Management Board to the extent required by Art. 10 of the Accounting Act.

During the audit of the separate financial statements, we tested, on a sample basis, the operation of the accounting system.

On the basis of the work performed, we have not identified material irregularities in the accounting system which have not been corrected and that could have a material impact on the separate financial statements. Our audit was not conducted for the purpose of expressing a comprehensive opinion on the operation of the accounting system.

The Company performed a physical verification of assets in accordance with the requirements and time frame specified in Art. 26 of the Accounting Act.

3.2. Notes to the separate financial statements

All information included in the notes to the separate financial statements, comprising of a summary of significant accounting policies and other explanatory notes, is, in all material respects, presented accurately and completely. This information should be read in conjunction with the separate financial statements.

3.3. Report on the Company's activities

The Report on the Company's activities includes, in all material respects, information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259 with amendments) and the information is consistent with the separate financial statements.

3.4. Information on the opinion of the independent auditor

Based on our audit of the separate financial statements as at and for the year ended 31 December 2010, we have issued an unqualified opinion.

On behalf of KPMG Audyt Sp. z o.o. registration number 458
ul. Chłodna 51, 00-867 Warsaw

Signed on the Polish original

.....
Certified Auditor No. 12005
Maciej Kozysa

21 April 2011
Warsaw

Signed on the Polish original

.....
Certified Auditor No. 90048
Director
Mirosław Matusik