INTER CARS S.A.

SEPARATE ANNUAL FINANCIAL STATEMENT
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2008

części do samochodów

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OPINION OF THE INDEPENDENT CHARTERED AUDITOR

For General Meeting of Inter Cars S.A.

We have audited the accompanying separate financial statement of Inter Cars S.A. with its registered seat in Warsaw, at ul. Powsińska 64 (“the Company”) which consists of the statement of financial position drawn up as at 31 December 2008, which presents the amount of 1,185,592,000 Polish zlotys, the statement of profit and loss for the financial year ending on that day, which presents the amount of 22,912,000 Polish zlotys of net profit, the statement of changes in equity for the financial year ending on that day, which presents an increase of equity with the amount of 244,405,000 Polish zlotys, the statement of cash flows for the financial year ending on that day, which presents a decrease of cash assets by amount of 393,000 Polish zlotys and explanatory information on the adopted accounting principles and other additional explanatory information.

Responsibility of the Board of Directors

The Company’s Board of Directors is responsible for the correctness of ledgers and the preparation and a reliable presentation of this separate financial statement pursuant to International Financial Reporting Standards which have been approved by the European Union and other valid regulations. This responsibility covers: designing, implementing and maintaining internal control related to preparing and a reliable presentation of financial statements free from irregularities arising in consequence of purposeful actions or errors, the selection and the application of relevant accounting principles, as well as making accounting estimates respective to arising circumstances.

Responsibility of Chartered Auditor

Our task, on the basis of the conducted audit, is to express an opinion on this separate financial statement and the correctness of ledgers being the basis for its preparation. We conducted our audit of separate financial statement according to section 7 of Accounting Act dated 29 September 1994 (Official Journal of 2009, no 76 item 694 with amendments) (“the Accounting Act"), the ethical norms and regulations of chartered auditor's work issued by the National Board of Chartered Auditors in Poland and International Standards of Auditing. These regulations impose upon us the obligation to act pursuant to the principles of ethics and plan the audit in such a manner so as to obtain a rational confidence that the financial statement and ledgers being the basis for its preparation are free from essential irregularities.

Audit consists in carrying out procedures aiming at obtaining audit evidence concerning the amounts and information disclosed in the financial statement. The selection of the audit procedures depends on our judgment, including assessment of the risk of material irregularity of financial statement as a result of deliberate actions or errors. When conducting the assessment of this risk, we take into account internal control related to preparation and reliable presentation of the financial statement in order to plan audit procedures adequate to the circumstances, rather than to express opinion on the effectiveness of internal control actions in the entity. The audit also covers the assessment of the relevance of the applied accounting principles, the justified character of estimates made by the Board of Directors and the assessment of the overall presentation of the financial statement.

We believe that the audit evidence obtained by us is sufficient and appropriate basis to express our opinion on the audit.

Opinion

In our opinion, the attached separate financial statement of Inter Cars S.A. presents assets and financial position in the Company as at 31 December 2008, the financial result and cash flows for the financial year ending on that day in a clear and reliable manner. It has been prepared in all material aspects pursuant to International Financial Reporting Standards which have been approved by the European Union, it complies with legal regulations and provisions of the Company's Articles of Association affecting the content of the separate financial statement and it has been drawn up on the basis of ledgers kept correctly in all significant aspects.

Other issues

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 article 49 of the Accounting Act and the Resolution of the Ministry of Finance of 19 February 2009 on current and periodical information provided by issuers of securities and the conditions for recognition as equivalent of information required by legal regulations of a state not being a member state (Official Journal of 2009, No 33 item 259 with amendments) and the information is consistent with the separate financial statement.

....	....
Chartered Auditor no. 11505/8222 Jędrzej Szalacha	For KPMG Audyt Sp. z o.o. ul. Chłodna 51, 00-867 Warsaw Chartered Auditor no. 90048/7421 Mirosław Matusik, Board Member

27 April 2009
Warsaw, Poland

PART II
SEPARATE FINANCIAL STATEMENT FOR THE PERIOD OF 1 January to 31 December 2008

INFORMATION ON INTER CARS S.A.

1. Objects of the company's enterprise

The basic activities of Inter Cars Spółka Akcyjna ("Inter Cars") covers import and distribution of spare parts for passenger vehicles and utility vehicles.

2. The registered office

ul Powsińska 64
02-903 Warsaw
Poland
Central Warehouse:
ul. Gdańska 15
05-152 Czosnów nearby Warsaw

3. Contact details

Phone (+48-22) 714 19 16
fax (+49-22) 714 19 18
bzarzadu@intercars.com.pl
relacje.inwestorskie@intercars.com.pl
www.intercars.com.pl

4. Supervisory Board (as at the day of approving the financial statement)

Andrzej Oliszewski, the Chairman
Jolanta Oleksowicz-Bugajewska
Maciej Oleksowicz
Michał Marczak
Jacek Klimczak

5. Board of Directors (as at the day of approving the financial statement)

Krzysztof Oleksowicz, the President
Robert Kierzek, Deputy President
Krzysztof Soszyński, Deputy President
Wojciech Milewski
Piotr Kraska

6. Chartered Auditor

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

7. Lawyers

W. Olewniczak i Doradcy Kancelaria Prawna Spółka Komandytowa
ul. Marszałkowska 115
Warsaw
Joanna Wasilewska & Partnerzy, Kancelaria Radców Prawnych,
ul. Źródlana 11 a
Poznań

8. Banks (as at the day of approving the financial statement)

Bank Pekao S.A.
ul. Grzybowska 53/57
00-950 Warszawa

Bank Handlowy w Warszawie S.A.
ul. Senatorska 16
00-923 Warszawa

ING Bank Śląski S.A.
Pl. Trzech Krzyży 10/14
00-499 Warszawa

Kredyt Bank S.A.
ul. Kasprzaka 2/8
01-211 Warszawa

Bank Zachodni WBK S.A.
ul. Rynek 9/11
50-950 Wrocław

ABN Amro S.A.
ul. 1-go Sierpnia 8A
02-134 Warszawa

BRE Bank S.A.
ul. Senatorska 18
00-950 Warszawa

Fortis Bank S.A.
ul. Postępu 15
02-676 Warszawa

Raiffeisen Bank Polska S.A.
ul. Piękna 20
00-549 Warszawa

9. Subsidiary companies

Inter Cars Ukraine
29009 Chmielnicki, Tołstego 1/1
Ukraine

Inter Cars Ceska Republika
Nowodworska 1010/14
142 01 Praga, Czechy

Lauber Sp. z o.o.
ul. Portowa 35A
76-200 Słupsk

Inter Cars Lietuva UAB
J. Kubiliaus g. 18
Vilnius, Lithuania

Inter Cars Romania s.r.l.
Calea Baciului 87
400230 Cluj-Napoca, Romania

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

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

Inter Cars Slovenská Republika s.r.o.
Ivánska cesta 2
Bratislava, Slovakia

IC Development&Finance Sp. z o.o.
ul. Dorodna 33
03-195 Warszawa

As a result of the merger with JC Auto group, the Inter Cars group, since 29 February 2008, has also included:

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

Inter Cars Hungaria kft (formerly JC Auto Kereskedelmi Kft.)
Klapka Utca 4
H-1134 Budapest, Hungary

Inter Cars d.o.o. (formerly JC Auto d.o.o.)
Radnička cesta 27
1000 Zagreb, Croatia

5 STERNE FAHWERKSTECHNIK GMBH
Storkower Str 175
10369 Berlin, Germany

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

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

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

Since 30 October 2008 the Company has had shares in SMiOC FRENOPLAST Bułhak i Cieślawski S.A. Korpele 75 12-100 Szczytno

10. Quotations on stock exchanges

Shares in Inter Cars are quoted on the Warsaw Stock Exchange in the system of continuous trading.

11. Declaration of the Board of Directors of Inter Cars

(1) To our best knowledge, the annual financial statement and comparable data have been drawn up according to International Financial Reporting Standards, which have been approved by the European Union. The statements reflect, in a true, reliable and clear manner, the assets and financial position of the Company and its financial result, and the annual statement of the Board of Directors of operations contains a true reflection of development and accomplishments, as well as situation of the Company, including description of basic risks and hazards.

(2) The entity authorized to audit financial statements, auditing the annual financial statement, has been selected as specified by law. This entity, as well as chartered auditors performing this review, met the conditions to issue an impartial and independent report on the review, in accordance with relevant regulations of the domestic law.

Krzysztof Oleksowicz
President of the
Management Board

Robert Kierzek
Vice President of the
Management Board

Krzysztof Soszyński
Vice President of the
Management Board

Piotr Kraska
Member of the
Management Board

Wojciech Milewski
Member of the
Management Board

Warsaw, 27 April 2009.

BALANCE SHEET

(in thousands of PLN)	note	31.12.2008	31.12.2007
ASSETS			
Fixed assets			
Tangible fixed assets	3	138 571	72 011
Intangible assets	4	149 916	7 000
Investments in associated companies	5	37 240	30 876
Available for sale investments	6	43	43
Investment properties	3	2 768	11 145
Receivables	9	65 522	31 192
		394 060	**152 267**
Current assets			
Inventory	8	471 098	411 522
Receivables for services and other receivables	9	305 582	188 934
Income tax receivables	9	214	-
Prepayments	11	1 858	1 752
Cash and cash equivalents	12	12 780	13 173
		791 532	**615 381**
TOTAL ASSETS		**1 185 592**	**767 648**

Additional information is an integral part of the aforementioned financial statements.

(in thousands of PLN)	note	31.12.2008	31.12.2007
LIABILITIES			
Equity capital			
Share capital	13	27 472	23 642
Supplementary capital from the issue of shares above the face value	13	247 785	21 415
Supplementary capital		102 485	65 163
Other supplementary capitals		5 935	5 192
Retained result from previous years and the current year		23 235	47 095
		406 912	**162 507**
Long-term liabilities			
Liabilities due to credits, loans and finance lease	14	110 276	38 748
Provisions		35	-
Provision for deferred income tax	7	3 692	1 077
		114 003	**39 825**
Short-term liabilities			
Liabilities due to deliveries and services and other liabilities	16	246 307	244 039
Liabilities due to credits, loans, debt securities and finance lease	14	403 958	304 737
Liabilities due to employee benefits	17	1 472	437
Liabilities due to income tax		-	8 727
Provisions	15	1 341	574
Short-term prepaid expenses	11	11 599	6 802
		664 677	**565 316**
TOTAL LIABILITIES		**1 185 592**	**767 648**

Additional information is an integral part of the aforementioned financial statements.

PROFIT AND LOSS STATEMENT

(in thousands of PLN)	note	1.01.2008 - 31.12.2008	1.01.2007 - 31.12.2007 *Przekształcony*
Sales revenue on sales of products, goods and materials	19	1 507 416	1 150 874
Cost of sold products, commodities, and materials	20	(1 053 859)	(844 773)
Gross profit on sales		**453 557**	**306 101**
Other operating revenue	22	14 483	10 903
General administrative and sales cost	21	(218 202)	(123 693)
Distribution service costs	21	(174 213)	(116 281)
Costs of management option program	21	(743)	(3 330)
Other operating costs	23	(12 302)	(7 325)
Operating profit		**62 580**	**66 375**
Financial revenue	24	4 707	1 445
Foreign exchange differences	24	(8 655)	3 388
Financial costs	24	(31 602)	(12 161)
Pre-tax profit		**27 030**	**59 047**
Income tax	25	(4 118)	(12 274)
Net profit		**22 912**	**46 773**
Profit per one share (PLN)	27		
- basic		1,71	3,96
- diluted		1,68	3,85

Additional information is an integral part of the aforementioned financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

(in thousands of PLN)	Share capital	Supplementary capital on the sale of shares above the face value	Supplementary capital	Other supplementary capitals	Retained result from previous years and the current year	**Total**
Owner's equity as at 31 December 2006	**23 642**	**21 415**	**49 117**	**1 862**	**20 388**	**116 424**
Profit for the period	**-**	**-**	**-**	**-**	46 773	**46 773**
Distribution of profit from previous period - dividend	-	-	-	-	(4 019)	**(4 019)**
Distribution of profit from the previous period - transfer to supplementary capital	-	-	16 046	-	(16 046)	**-**
Establishment of supplementary capital in connection with realization of the management option program	-	-	-	3 330	-	**3 330**
As at 31 December 2007	**23 642**	**21 415**	**65 163**	**5 192**	**47 095**	**162 507**
Profit for the period	**-**	**-**	**-**	**-**	22 912	**22 912**
Distribution of profit from previous period - dividend	**-**	**-**	**-**	**-**	(9 450)	**(9 450)**
Issue of shares under exercising management options	80	1 370	-	-	-	**1 450**
Distribution of profit from the previous period - transfer to supplementary capital	-	-	37 322	-	(37 322)	**-**
Issue of shares in connection with the merger with JC Auto	3 750	225 000	-	-	-	**228 750**
Establishment of supplementary capital in connection with realization of the management option program	-	-	-	743	-	**743**
As at 31 December 2008	**27 472**	**247 785**	**102 485**	**5 935**	**23 235**	**406 912**

CASH FLOW STATEMENT

(in thousands of PLN)	note		1.01.2008 - 31.12.2008	1.01.2007 - 31.12.2007
Cash Flow on operating activities				
Pre-tax profit			**27 030**	**59 047**
Adjustment by items:				
Depreciation			23 574	12 141
Foreign Exchange Differences (Profit) / Loss			10 899	(220)
(Profit) on sales of tangible fixed assets			(4 347)	(2 187)
Interest, net			23 471	9 165
(Profit) on revaluation of investment real estate			(212)	-
Other net items			743	3 330
Operating profit before changes in working capital			**81 158**	**81 276**
Change in inventories			(56 878)	(203 664)
Changes in receivables			(80 243)	(77 300)
Change in short-term liabilities			139 225	154 725
Changes in accruals and prepayments			5 058	(2 571)
Cash generated on operation activities			**88 320**	**(47 534)**
Paid income tax			(13 623)	(4 576)
Net cash flow on operating activities			**74 697**	**(52 110)**
Cash Flow on investment activities				
Cash revenues on sales of tangible assets and intangibles			16 501	398
Value of intangible and fixed assets purchased	3	4	(37 133)	(31 798)
Purchase of interest in associated companies	5		(5 691)	(18 932)
Repayment of granted loans	9	10	12 487	16 710
Loans granted	9	10	(46 465)	(37 662)
Interest received			1 110	995
Other net items			501	-
Net cash on investment activities			**(58 690)**	**(70 289)**
Cash Flow on financial activities				
Revenues on issuance of shares			1 450	-
Revenues under credits, loans and debt securities			83 745	141 925
Payments under financial lease contracts			(9 635)	(3 434)
Interest paid			(27 678)	(10 161)
Redemption of debt securities			(54 832)	-
Dividend paid	28		(9 450)	(4 019)
Net cash on financial activities			**(16 400)**	**124 311**
Change in cash and net cash equivalents			**(393)**	**1 912**
Cash and cash equivalents at the beginning of the period			**13 173**	**11 261**
Cash and cash equivalents at the end of the period	12		**12 780**	**13 173**

Additional information is an integral part of the aforementioned financial statements.

(in PLN '000)

ADDITIONAL INFORMATION

1. Significant accounting policies

Basis of preparation of the separate financial statements

The separate financial statement has been prepared pursuant to International Financial Reporting Standards which have been approved by the European Union, hereinafter referred to as "IFRS EU".

IFRS UE contain all International Accounting Standards, International Financial Reporting Standards and related Interpretations beyond the Standards listed below and Interpretations awaiting acceptance by the European Union and Standards and Interpretations which have been approved by the European Union but have not become effective yet.

The Company did not use the possibility of a prior application of the new Standards and Interpretations which had already been published and accepted by the European Union but which will become effective after the balance sheet day. In addition, as at the balance sheet date, the Company had not completed the process of estimating the impact of other new Standards and Interpretations that will become effective after the balance sheet date, on the consolidated financial statement of the Company for the period in which these will be applied for the first time.

Standards and Interpretations approved by the European Union.

Standards and Interpretations approved by the EU	**Type of expected change in accounting principles**	**Possible impact on the financial statement**	**Effective date for periods beginning on the day and later**
Improvements to International Financial Reporting Standards 2008	Improvements to IFRS 2008 contain 35 amendments and have been divided into two parts: - Part I contains 24 amendments to 15 standards which result in changes in principles of presentation and valuation - Part II contains 11 amendments in naming and editorial works.	The Company has not already completed an analysis concerning impact of the updated standard.	1 January 2009 or - in the case of amendments to IFRS 5 Fixed assets intended for sale - 1 July 2009.
Amendments to IFRS 2 Share-based Payment	The amendments to the standard specify more accurately the definition of vesting conditions and introduce a definition of non-vesting conditions. Non-vesting conditions should be recognized at fair value as at the date of vesting, on the other hand, default on vesting conditions will result in presentation as cancelling of vesting.	The Company has not already completed an analysis concerning impact of the updated standard.	1 January 2009
IFRS 8 Operating segments	The standard introduces the so-called "management approach" to disclosing information on segments and requires disclosing information about segments based on components of the entity, monitored by executives with regard to operating decision-making. The operating segments are component elements of the entities for which separate financial information, regularly evaluated by key decision makers with regard to resources and evaluation of current results, are available.	Now the Company presents information on the segments with division into geographical segments. The Company will be presenting information on the segments with division into trade and geographical segments. The standard will not have impact on the income statement and equity.	1 January 2009

(in PLN '000)

Updated IAS 1 Presentation of Financial Statements	The updated standard requires accumulation of information in financial statements based on the criterion of common features and introduces a statement of comprehensive income. Income and items comprising comprehensive income may be presented either in a single statement of comprehensive income or in two separate statements (separate income statement and statement of comprehensive income).	At present, the Company analyzes, whether to present a single statement of comprehensive income or 2 separate statements.	1 January 2009
Updated IAS 23 External financing costs	The updated standard will require activation of borrowing costs relating to the components of assets which require significant period of time necessary for their preparation for use or sale.	The Company has not already completed an analysis concerning impact of the updated standard.	1 January 2009
Amendments to IAS 27 Consolidated and separate financial statements	Amendments to IAS 27 eliminate the definition of "purchase price method" present in IAS 27, introducing the requirement that all dividends from subsidiaries, affiliates and entities under common control were shown as revenues in separate financial statements of the investor when the right to dividend is agreed. Additionally, changes give instructions when receiving a dividend may be recognized as a premise for impairment.	It is not expected that the amendments to IAS 27 will influence the financial statement, because these will be applied prospectively.	1 January 2009
Amendments to IAS 32: Financial Instruments – Presentation and IAS 1: *Presentation of financial statement*	The amendments provide exemption from the requirements of IAS 32 for the classification of financial instruments with sale option, possible classification of some of them as equity. According to the requirements resulting from the amendments, the defined financial instruments with put option, issued by the entities, which would be classified as liability, will be classified as capital components, if they meet the specified conditions.	The amendments will not apply to the financial statement of the Company because it has not issued in the past instruments with put option to which amendments of the standard would apply.	1 January 2009
IFRIC 12 Service Concession Arrangements	The interpretation determines directions for private sector entities with regard to the issues of recognition and valuation, which arise when settling transactions related to licenses given to private entities by public sector entities.	The Group has not still completed an analysis concerning impact of the new interpretation.	1 January 2008 Pursuant to Commission Regulation No. 254/2009, all entities apply IFRIC 12 no later than when their first financial year starting on the effective date of the Regulation, i.e. on 28 March 2009, commences.
IFRIC 13 Loyalty Programs	**The interpretation explains how the entities offering loyalty programs to customers, who purchase their products, should include in the books the obligation to issue free of charge products, products at reduced prices or to provide services. Entities of this type are obliged to recognize part of revenues from primary sales only after fulfilling the obligations referred**	The Company does not expect the interpretation to have impact on the consolidated financial statement.	1 July 2008

(in PLN '000)

	to above.		
IFRIC 14 IAS 19 - Limit on valuation of a defined benefit asset, minimum funding requirements and their interactions	This interpretation applies to the following issues: • when the refund or reduction of future premiums may be considered available according to section 58 of IAS 19; • how minimum financing requirements can affect availability of reduction in future premiums; and when minimum financing requirements may lead to creation of a liability.	The Group has not still completed an analysis concerning impact of the new interpretation.	1 January 2008 Pursuant to Commission Regulation No. 1263/2008, all entities apply IFRIC 14 no later than when their first financial year starting after 31 December 2008 commences.

Standards and Interpretations which came into force, but have been awaiting approval by EU

Standards and Interpretations awaiting approval by the EU	**Type of expected change in accounting principles**	**Possible impact on the financial statement**	**Effective date for periods beginning on the day and later**
Amendments to IAS 39 Reclassification of Financial Instruments: *Effective date and transformation regulations*	The amendments particularize the date when it is possible to execute requalification of the financial instruments from categories valued at fair value through financial result and from categories available for sale under exceptional circumstances as provided for by the Amendments to IAS 39 published on 27 November 2008. The amendments referred to above apply starting from 1 July 2008 and no amendments may be introduced retrospectively. The change in classification made on 1 November 2008 and later should apply from the date of requalification and cannot be made retrospectively.	The above amendment has no effect on the Group's financial statement.	1 July 2008

(in PLN '000)

Standards and Interpretations awaiting approval by the European Union, which will become effective after 31 December 2008

Standards and Interpretations awaiting approval by the EU	Type of expected change in accounting principles	Possible impact on the financial statement	Effective date for periods beginning on the day and later
Updated IFRS 1 First-time adoption of International Financial Reporting Standards	Updating the standard consists in changing its structure (without changing its technical content) in this manner that all exceptions, which were previously contained in the standard, are transferred to relevant appendixes.	The Company has not already completed an analysis concerning impact of the updated standard.	1 January 2009
Updated IFRS 3 Business Combinations	The scope of the updated standard was amended and the definition of business was broadened. The updated standard contains also other potentially significant changes, including: • All benefits, subject to contingent benefits, provided by the purchaser are recognized and evaluated according to fair value as at the acquisition date. • Any later change to the value of contingent benefits should be presented in profit and loss statement. • Transactions costs, other than the costs of issuing shares or debt, should be recognized in profit and loss statement. • The acquiring company may value minority shares at the fair value as at the acquisition date (goodwill), or as its proportional share in the fair value of assets and liabilities that can be determined for each transaction.	Updated IFRS 3 does not have any influence on financial statement of the Company, as the Group has no shares in subsidiaries on which the standard might have any influence.	1 July 2009
Updated IAS 27 Consolidated and separate financial statements	In the amended standard, the term "minority interests" was replaced with the term "non-controlling interests" which was defined as "the capital of a subsidiary which cannot be, directly or indirectly, assigned to the parent company". The amended standard also changes the manner of presenting non-controlling interests, losing control in a subsidiary and assigning profit and loss and other comprehensive income to controlling or non-controlling interests.	The Company has not already completed an analysis concerning impact of the updated standard.	1 July 2009
Amendments to IAS 39 Financial Instruments: *Presentation and valuation*	The amendments specify the application of the existing principles for determining whether a specified risk or parts of cash flows may be designated as protected. When determining hedging relation, it should be possible to separate and reliably assess risks or a part of cash flows; inflation may be determined as an item subject to protection only under exceptional conditions.	The Company has not already completed an analysis concerning impact of the modified standard.	1 July 2009
Amendments to IFRIC 9 and IAS 39	The amendments require the entity to evaluate whether an embedded financial	The above amendment has no effect on the	30 June 2009.

(in PLN '000)

Embedded derivatives	instrument should be separated from the basic agreement at a time when the entity conducts hybrid (total) requalification of a financial asset from the category of assets valued at fair value through financial result. This assessment should be made based on terms binding in the future from two dates: - when the entity becomes a party to the agreement for the first time; i - when, to the terms of agreement, the following changes have been introduced, which significantly modify cash flows which would be required in accordance with the agreement. If the entity is unable to determine separately fair value of the embedded derivative that would be separated at the time of the requalification from the category valued at fair value through financial result, then requalification is not possible and the whole hybrid (total) financial instrument should still be valued at fair value through financial result.	Company's financial statement	
IFRIC 15 Agreements for the Construction of Real Estate	IFRIC 15 specifies that revenues which arise in connection with the performance of construction agreements regarding real estate are presented in connection with the degree of progress in a service in the following cases: • The agreement fulfils definition of a construction contract, in accordance with IAS 11.3; • The agreement applies only to provision of services in accordance with IAS 18 (i.e. the entity is not obliged to deliver construction materials); and • The agreement applies to the sales of goods while the revenues recognition criteria, in accordance with IAS 18.14 are met continuously with the progress of the works. In any other cases, the revenue is recognized when all criteria of recognition of revenues, in accordance with IAS 18.14, are met (i.e. after the end of construction or delivery).	The above amendment has no effect on the Group's financial statements	1 January 2009
IFRIC 16 Hedging of shares in net assets in a foreign entity	The interpretation explains the following issues: type of exposition, which can be hedged, in which entities of the Group hedged instrument may be maintained, whether the applied method of consolidation affects effectiveness of hedge, possible form of hedged instrument, as well as values which may be re-qualified from equity to the income statement upon sale of shares in a foreign entity.	The above amendment has no effect on the Company's financial statement	1 October 2008.
IFRIC 17 Distributions of Non-Cash Assets to Owners	The interpretation applies to distribution to owners of a dividend in the form of non-cash assets. According to the interpretation, the obligation to pay	Since the interpretation will be applied prospectively, it will not have any	1 July 2009

	dividend should be recognized when dividend has been passed on in the appropriate manner and is not already the company's responsibility. The liabilities referred to above are valued at the fair value of the assets which are to be distributed. The balance sheet value of the liability under dividend should be valued as at each balance sheet date. Changes in the balance sheet value should be presented in equity as adjustment of the dividend's value. Upon dividend payment, the possible difference between the balance sheet value of distributed assets and the balance sheet value of liabilities should be presented in the profit and loss statement.	impact on the financial statements for periods from before its first application. In addition, because of the fact that the interpretation applies to future dividends, which will be determined by the board/general meeting, it is not possible to determine its impact on the financial statement in advance.	
IFRIC 18 Transfers of assets from customers	The interpretation applies to agreements on the basis of which the entity receives tangible assets from its customer which are then used or in order to connect the customer to the network or grant him continuous access to goods or services or for both of these purposes. The interpretation also applies to agreements on the basis of which the entity receives cash from a customer and this cash will be intended for manufacturing or purchasing a component of tangible assets. The entity receiving assets recognizes fixed asset component, if it fulfils the definition of asset. Revenues are recognized on the other side. The moment of recognizing revenues depends on detailed facts and circumstances of the concluded agreement.	The Company has not still completed an analysis concerning impact of the new interpretation.	1 July 2009

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

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

All values in the financial statement have been presented in PLN '000, unless it has been indicated otherwise.

The financial statement was approved for publication by the Company's Board of Directors on 27 April 2009.

Conversion of items expressed in a foreign currency

(a) Presentation currency and functional currency

The financial statement is presented in thousand Polish zloty ("PLN"). PLN is the functional currency in Inter Cars.

(b) Exchange differences

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

Tangible fixed assets

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

Tangible assets include own fixed assets, investments in external fixed assets, fixed assets under construction and external fixed assets adopted for use by the entity (when the terms of the agreement essentially transfer all potential benefits and risk resulting from their possession to the entity) and constitute means used when delivering goods or providing services as well as for administration purposes or for lease for the benefit of third parties, and the expected time of their use exceeds one period. The purchase price or the cost of manufacturing include the cost incurred for the purchase or manufacturing of tangible assets, including capitalized interest charged until the receipt of a fixed asset. Expenses incurred at a later period are presented in the balance sheet value if it is probable that the Group will receive economic benefits. The costs of current maintenance of tangible assets are presented in income statement as incurred.

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

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

The determined deductions are made using the straight line method according to the following periods:

Buildings and investment in not own buildings	10-40 Years
Machinery and equipment	3-16 Years
Means of transport	5-7 Years
Other fixed assets	1 year – 5 years

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

Goodwill

The goodwill on account of an acquisition of a business entity is initially presented according to the purchase price constituting the surplus of costs of merging business entities over the share of the acquiring entity in net fair value of identifiable assets, liabilities and contingent liabilities.

After the initial presentation, the goodwill is presented according to the purchase price reduced by any cumulated impairment losses.

Intangible assets

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

Relations with suppliers

Relations with suppliers acquired as a result of acquiring or merging entities are initially presented at the purchase price. The purchase price for relations with suppliers acquired in a merging transaction is equal to their fair value as at the merger.

After the initial presentation, relations with suppliers are presented at the purchase price reduced by depreciation deductions and impairment losses. Relations with suppliers acquired in a merging transaction with JC Auto S.A. are depreciated throughout the period of 12 years, consistent with their useful economic life.

Computer software

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

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

Investment properties

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

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

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

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

Financial Instruments

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

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

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

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

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

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

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

(a) held-to-maturity financial instruments

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

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

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

(b) loans and receivables

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

Trade liabilities and other liabilities are valued at the amount of the depreciated cost using the effective interest rate reduced by bad debt provision.

(c) available for sale financial assets

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

Profits or losses from the valuation of financial assets held for sale are presented as a separate component of equity until their sale or until impairment, when the accumulated profit or loss previously presented in other comprehensive income is presented as profit or loss of the current period.

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

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

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

Asset component impairment

Financial assets

Impairment losses for financial assets are presented when there are objective premises that there have been events which may have negative impact on the value of future cash flows related to a given asset component.

Impairment with regard to financial assets valued at the depreciated cost is estimated as a difference between their balance sheet value and the current value of future cash flows discounted using the primary effective interest rate. Impairment loss of financial assets available for sale is calculated by reference to their current fair value.

The balance sheet value of particular financial assets with individually significant value is subject to assessment as at each balance sheet date for premises indicating their impairment. Other financial assets are collectively assessed in terms of impairment; they are grouped according to a similar level of credit risk.

Impairment deductions are presented in the income statement. If reduction in fair value of financial assets available for sale was presented directly in the revaluation reserve, the cumulated losses that were previously presented in the revaluation reserve, are presented in the income statement.

Impairment losses are reversed if later increase in the value of recoverable value may be objectively assigned to an event after the day of presenting impairment loss. Impairment losses of investments in equity instruments classified as available for sale are not reversed through the financial result. If the fair value of debt instruments classified as held for sale increases and its growth may be objectively attributed to an event after the presentation of impairment, then the previously presented impairment is reversed with the reversal amount presented in profit and loss statement.

Non-financial assets

The balance sheet value of non-financial assets other than investment real estate, inventory and deferred income tax assets is subject to assessment as at each balance sheet day for premises indicating their impairment. If there are such premises, the Company estimates the recoverable value of particular assets. The recoverable value of goodwill, intangible assets with a non-specified period of use and intangible assets which are not fit for use yet is estimated as at each balance sheet day.

Impairment loss is presented when the balance sheet value of an asset component or a cash generating centre exceeds its recoverable value. Cash generating centre is defined as the smallest identifiable group of assets, which earns cash regardless of other assets and their groups. Impairment losses are shown in the financial result. Impairment of cash generating centre is presented, in the first place, as a reduction in goodwill assigned to this centre (group of centres) and then as a reduction in the balance sheet value of other assets of this centre (group of centres), proportionally.

The recoverable value of assets or cash generating centre is defined as a the higher of their attainable net value from sales and their use value. When estimating the use value, future cash flows are discounted using the interest rate before taxation, which reflects the current market assessment of money in time and the risk factors characteristic for a given asset component. In the case of assets which do not generate independent cash flows, the use value is estimated for the smallest identifiable cash generating centre to which a given asset component belongs.

The write-down of goodwill on account of impairment is not reversible. With regard to other assets, impairment losses recognized in the previous periods are subject to assessment as at each balance sheet day for premises indicating the reduction in impairment or its total reversal. Impairment loss is reversed if the estimates used for estimating the recoverable value have changed. Impairment loss is reversed only up to the balance sheet value of an asset component reduced by depreciation deductions which would be presented in the case when impairment loss would not be included.

Lease

a) entity as leaseholder

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

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

(b) entity as lessor

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

Inventory

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

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

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

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

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

Cash and cash equivalents

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

Share capital

The Share capital is presented in the amount specified in the charter and entered in the court register.

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

The costs of issuing shares reduce the value of equity.

Bank borrowings and loans

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

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

Provisions

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

Revenues

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

a) revenues on sales of commodities and materials

Revenues are shown, if:

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

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

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

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

(b) services

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

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

(c) interest rate revenues

Interest revenues are recognized taking into account the effective interest rate if receiving them is substantiated and their amount may be determined in a credible manner.

(d) dividends

Dividend revenues are recognized upon determining the right to obtain them if receiving them is substantiated and their amount may be determined in a credible manner.

Operating Costs

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

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

Costs on account of renting office and warehouse space are presented in profit and loss statement for the period they relate to.

Re-invoiced amounts reduce relevant items of the entity's costs.

Financial costs

Financial costs include mainly interest payable on account of debt, reversing the discount on account of provisions, dividend on account of privileged shares classified as liabilities, losses on account of exchange rate differences, losses on account of change in fair value of financial instruments valued through the financial result, impairment losses for financial assets as well as profits and losses concerning hedging instruments which are presented in profit and loss statement. All costs on account of interest are determined on the basis of the effective interest rate.

Income tax

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

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

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

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

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

Valuation of shares in subsidiaries

Shares in subsidiaries are valued at the purchase price reduced by impairment losses.

Foreign exchange differences

Exchange rate differences resulting from the conversion of business activities into PLN are presented in a separate item of the profit and loss statement, excluding exchange rate differences concerning the repayment of liabilities or the payment of receivables associated with deliveries or the sales of goods and services which are entered in the cost of sold products, goods and materials.

Payments in the form of own shares

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

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

2. Information on business segments

The basic operations of Inter Cars Company is the sale of spare parts and accessories for motor vehicles on ten basic markets: Polish, Ukrainian, Czech, Slovak, Lithuanian, Croatian, Hungarian, Italian, Belgian and Romanian by selling to subsidiaries or directly to customers. Therefore, the model used for operating segments of the Company is the geographical segment based on the criterion of location of customers.

Division according to operating segments based on the criterion of location of customers

(thousands of PLN)	**Poland**	**abroad**	**Total**
Revenues	1 206 003	301 413	**1 507 416**

3. Tangible fixed assets and investment properties

	31.12.2008	**31.12.2007**
Land	9 699	5 448
Buildings, premises and land & water engineering facilities	76 030	39 023
Machinery and equipment	16 641	9 953
Means of transport	11 741	4 386
Other fixed assets	20 312	8 573
Capital work in progress	4 148	3 698
Prepayment on capital work in progress	-	930
Total tangible fixed assets	**138 571**	**72 011**

The balance sheet value of tangible assets used on the basis of financial lease contracts as at the date of:

- 31 December 2007, - 5,302 thousand PLN
- 31 December 2008 - 36,362 thousand PLN.

	31.12.2008	**31.12.2007**
Future minimum lease fees to which the Company is obliged		
contractual liabilities		
Liabilities maturing up to 1 year	8 630	3 821
Liabilities maturing more than 1 and less than 5 years	19 021	3 428
Liabilities maturing above 5 years	18 555	-
	46 206	**7 249**
current net value of future minimal lease fees		
Liabilities maturing up to 1 year	6 905	3 624
Liabilities maturing more than 1 and less than 5 years	12 003	3 365
Liabilities maturing more than 5 years	17 590	-
	36 498	**6 989**

Financial lease agreements relate to lease of computer hardware, vehicles and facilities in Kajetany used in the Company's activities.

In relation to any components of tangible fixed assets owned by the Company, except for the ones covered by financial lease contracts, the right to dispose is not restricted.

(in PLN '000)

	Land	buildings, premises and land & water engineering facilities	machinery and equipment	means of transport	other fixed assets	Fixed asset in construction	Total
Gross value of tangible fixed assets							
Gross value as at 31 December 2006	**2 848**	**45 484**	**18 780**	**8 225**	**23 755**	**948**	**100 040**
Increase:	2 600	1 309	6 794	2 139	5 453	5 259	**23 554**
Purchase	2 600	113	6 568	2 022	4 691	5 259	**21 253**
Transfer	-	1 196	226	117	762	-	**2 301**
Reductions:	-	-	483	655	584	2 509	**4 231**
Sales	-	-	468	655	584	-	**1 707**
Liquidation	-	-	10	-	-	-	**10**
Transfer	-	-	-	-	-	2 471	**2 471**
Costs	-	-	-	-	-	38	**38**
Robbery	-	-	5	-	-	-	**5**
Gross value as at 31 December 2007	**5 448**	**46 793**	**25 091**	**9 709**	**28 624**	**3 698**	**119 363**
Increase:	4 251	39 396	12 963	10 755	20 086	3 102	**90 553**
Purchase	595	1 160	3 524	6 318	7 167	13 913	**32 677**
Transfer	-	6 452	372	140	3 847	(10 811)	**-**
From the merger with JC Auto S.A.	3 656	31 784	6 594	4 297	9 072	-	**55 403**
Lease	-	-	2 473	-	-	-	**2 473**
Reductions	-	3	474	2 810	368	2 652	**6 307**
Sales	-	3	401	2 806	366	-	**3 576**
Liquidation	-	-	73	4	2	-	**79**
Transfer	-	-	-	-	-	2 652	**2 652**
Gross value as at 31 December 2008	**9 699**	**86 186**	**37 580**	**17 654**	**48 342**	**4 148**	**203 609**

(in PLN '000)

	Land	buildings, premises and land & water engineering facilities	machinery and equipment	means of transport	other fixed assets	Fixed asset in construction	Total
Accumulated depreciation and impairment losses as at 31 December 2006	**-**	**6 313**	**12 109**	**4 277**	**16 106**	**-**	**38 805**
Depreciation for the period	-	1 457	3 470	1 569	4 304	-	**10 800**
Sales	-	-	426	523	359	-	**1 308**
Liquidation	-	-	10	-	-	-	**10**
Other	-	-	5	-	-	-	**5**
Accumulated depreciation and impairment losses as at 31 December 2007	**-**	**7 770**	**15 138**	**5 323**	**20 051**	**-**	**48 282**
Depreciation for the period	-	2 423	5 879	2 415	8 201	-	**18 918**
Sales	-	-	(110)	(1 825)	(222)	-	**(2 157)**
Transfer	-	(37)	32	-	-	-	**(5)**
Accumulated depreciation and impairment losses as at 31 December 2008	**-**	**10 156**	**20 939**	**5 913**	**28 030**	**-**	**65 038**
NET VALUE							
As at 1 January 2007	**2 848**	**39 171**	**6 671**	**3 948**	**7 649**	**948**	**61 235**
As at 31 December 2007	**5 448**	**39 023**	**9 953**	**4 386**	**8 573**	**3 698**	**71 081**
As at 1 January 2008	**5 448**	**39 023**	**9 953**	**4 386**	**8 573**	**3 698**	**71 081**
As at 31 December 2008	**9 699**	**76 030**	**16 641**	**11 741**	**20 312**	**4 148**	**138 571**

(in PLN '000)

Investment properties

The Company performed, as at the balance sheet date, valuation to the fair value of the real estate in Gdańsk, acquired as a result of the merger. The amendment results from the expert's report issued by an independent expert, having recognized professional qualifications, as well as having experience in valuations of investment real estate.

Within the year, the Company sold the real estate situated in Warsaw at ul. Burakowska, for approx. PLN 15 million, the profit from sales amounted to approximately PLN 4 million.

	31.12.2008	31.12.2007
Value at the beginning of the period	11 145	-
Purchase	-	11 000
Provisions for the cost of pulling down	-	145
Purchase as a result of merger with JC Auto S.A.	2 659	-
Valuation to fair value	109	-
Sales	(11 145)	-
Value at the end of period	**2 768**	**11 145**

During 2008 there were no transfers from investment real estate to other assets. There were no changes in classification from other assets to investment real estate.

When determining the fair value of the real estate situated in Gdańsk (acquired as a result of merger) the expert applied the comparative method.

Revenues from rent of the real estate in Gdańsk obtained in 2008 are PLN 87 thousand.

The Company has no restrictions in disposal of the aforementioned real estate.

4. Intangible assets

	31.12.2008	31.12.2007
Company value, including:	**122 937**	**-**
- goodwill from merger with JC Auto S.A.	***122 937***	
Computer software	5 861	3 400
Other intangible assets, including:	21 118	3 600
- relations with suppliers	*15 503*	-
- others	*5 615*	*3 600*
	149 916	**7 000**

The Company conducted impairment test of assets containing the goodwill. On the basis of the above review no impairment was found.

Forecasts of cash flows used to estimate the use value estimated for the whole Company, regarded as one cash generating center. Data used for the forecast for the years 2009, 2010 were prepared on the basis of the approved budget. Cash flows for the years 2011-2013 were determined on the basis of growth rate of 4-5%, while for the remaining years the assumed growth rate is 1.5%. The discount rate used for calculation of use value amounted to 10.5% and was estimated on the basis of average weighted capital cost (WACC).

Net value of intangible assets used on the basis of financial lease contracts as at the date of:

- 31 December 2007 – 2,974 thousand PLN,
- 31 December 2008 – 2,243 thousand PLN.

(in PLN '000)

	31.12.2008	31.12.2007
Future minimum lease fees to which the Company is obliged		
Liabilities		
Liabilities maturing up to 1 year	1 542	898
Liabilities maturing more than 1 and less than 5 years	1 302	2 619
Liabilities maturing more than 5 years	-	-
	2 844	**3 517**
net current value		
Liabilities maturing up to 1 year	1 520	889
Liabilities maturing more than 1 and less than 5 years	1 284	2 345
Liabilities maturing more than 5 years	-	-
	2 804	**3 234**

Financial lease contracts relate to software used in the Company's activities.

(in PLN '000)

	computer software	other intangible assets	Goodwill	Total
GROSS VALUE OF INTANGIBLE ASSETS				
Gross value as at 1 January 2007	**13 278**	**263**	**-**	**13 541**
Purchase	4 134	3 600	-	**7 734**
Gross value as at 31 December 2007	**17 412**	**3 863**	-	**21 275**
Purchase	2 390	1 918	-	**4 308**
From merger with JC Auto S.A., including:	1 495	17 913	122 937	**142 345**
- relations with suppliers acquired as a result of merger with JC Auto S.A.	-	*16 700*	-	***16 700***
- other	*1 495*	*1 213*	*122 937*	***125 645***
Transfer from fixed assets under construction	919	-	-	**919**
Gross value as at 31 December 2008	**22 216**	**23 694**	**122 937**	**168 847**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES				
Accumulated depreciation and impairment losses as at 1 January 2007	**12 670**	**263**	-	**12 933**
Depreciation for the period	1 342	-	-	1 342
Accumulated depreciation and impairment losses as at 31 December 2007	**14 012**	**263**	-	**14 275**
Depreciation for the period	2 343	2 313	-	4 656
Accumulated depreciation and impairment losses as at 31 December 2008	**16 355**	**2 576**	-	**18 931**
NET VALUE				
As at 1 January 2007	**608**	**-**	-	**608**
As at 31 December 2007	**3 400**	**3 600**	-	**7 000**
As at 1 January 2008	**3 400**	**3 600**	-	**7 000**
As at 31 December 2008	**5 861**	**21 118**	**122 937**	**149 916**

(in PLN '000)

5. Investments in associated companies

	31.12.2008	31.12.2007
Beginning of the period	**30 876**	**11 944**
Increase, including:	**6 364**	**18 932**
- purchase of Frenoplast	***3 782***	**-**
- increase in capitals in Inter Cars Lithuania,	***494***	
- purchase of shares in subsidiaries under the merger within JC Auto S.A.	***2 088***	**-**
End of Period	**37 240**	**30 876**

In the period between **1 January and 31 December 2007**, Inter Cars:

- increased capital in Inter Cars Lietuva by PLN 552 thousand
- adjusted the value of purchase of shares in IC Development&Finance by PLN -79 thousand
- increased capital in IC Development&Finance by PLN 2,875 thousand
- increased capital in Feber Sp. z o.o. by PLN 15,500 thousand.

Information on the merger of business entities of Inter Cars S.A. with JC Auto S.A. was described in detail in note 31.

On 9 December 2008, the District Court in Olsztyn, 8th Commercial Division of the National Court Register, registered increase in the Share capital of "Specjalistyczne Materiały i Okładziny Cierne FRENOPLAST Bułhak i Cieślawski S.A." with registered office in Szczytno - Korpele (FRENOPLAST). The purchased shares are 49% of the Share capital of FRENOPLAST and entitle to exercise 49% of votes at a general meeting, which is 49% of the total number of votes.

The shares taken up will constitute a long-term capital investment of the Company.

The main object of activities of FRENOPLAST is production of asbestos-free friction materials for the railway and industry.

Shares in subsidiaries are not the subject of trade on any market.

As at the balance sheet date, Inter Cars had shares in the following related entitles (subsidiaries and affiliates):

- Inter Cars Ukraine - sales of car parts and accessories for motor vehicles
- Inter Cars Ceska Republika - trade and distribution of spare parts
- Q-Service Sp. z o.o. -training and packaging of goods
- **Lauber Sp. z o.o.** - spare parts remanufacturing
- Feber Sp. z o.o. -production of truck bodies, trailers and semitrailers
- Inter Cars Slovenska Republika - trade and distribution of spare parts
- Inter Cars Lietuva - trade and distribution of spare parts
- IC Development&Finance Sp. z o.o. - investment in real estate in order to develop distribution chain.
- Inter Cars d.o.o. - trade and distribution of spare parts
- Inter Cars Hungary Kft. - trade and distribution of spare parts
- JC Auto s.r.l. - trade and distribution of spare parts
- JC Auto S.A. - trade and distribution of spare parts
- JC Auto s.r.o. - trade and distribution of spare parts
- Armatus Sp. z o.o. -trade and distribution of spare parts
- Inter Cars Romania s.r.l. - trade and distribution of spare parts
- 5 Sterne Fahrwerkstechnik GmbH - trade and distribution of spare parts
- SMiOC FRENOPLAST Bułhak i Cieślawski S.A. -production of asbestos-free friction materials for the railway and industry (affiliate)

Shares in subsidiaries - as at 31.12.2008

Name (the company) of the entity with indication of legal form	The registered seat	Date of taking control	Value of shares (thousand PLN)	Percentage of owned capital/share in votes	Assets of the entity	Liabilities	Revenues	Net Profit (loss)
Inter Cars Ukraine	Chmielnitsky, Ukraine	04.2000	4 785	70%	26 189	32 731	68 827	(11 351)
Q-Service Sp. z o.o.	Cząstków Mazowiecki	04.2000	416	100%	10 843	3 314	34 570	3 458
Lauber Sp. z o.o. (formerly Eltek)	Słupsk	07.2003	1 266	100%	10 712	6 688	12 063	1 320
Inter Cars Ceska Republika	Prague, Czech Republic	04.2004	29	100%	57 325	52 616	71 066	1 535
Inter Cars Slovenska Republika	Bratislava, Slovakia	08.2005	21	100%	20 505	13 537	52 357	3 427
Feber Sp. z o.o.	Warsaw	08.2004	20 011	100%	82 811	59 878	102 300	3 468
Inter Cars Lietuva	Vilnius, Lithuania	09.2006	1 058	100%	7 951	8 104	14 699	(559)
IC Development&Finance Sp. z o.o. (formerly R-J)	Warsaw	10.2006	3 785	100%	49 451	45 075	450	(120)
Inter Cars d.o.o.	Zagreb, Croatia	02.2008	563	100%	17 560	17 221	15 891	(821)
Inter Cars Hungaria Kft.	Budapest, Hungary	02.2008	611	100%	14 164	11 662	8 290	(275)
JC Auto s.r.l.	Milan, Italy	02.2008	0	99%	4 671	4 537	4 552	(305)
JC Auto S.A.	Brain-le-Chateau, Belgium	02.2008	0	100%	5 984	6 021	7 734	809
JC Auto s.r.o.	Karvina-Darkom, Czech Republic	02.2008	0	100%	5 441	8 483	(71)	(470)
Armatus Sp. z o.o.	Warsaw	02.2008	913	100%	980	15	-	9
Inter Cars Romania s.r.l.	Cluj-Napoca, Romania	07.2008	0	100%	1 245	1 760	366	(472)
5 Sterne Fahrwerkstechnik GmbH	Germany, Berlin	02.2008	0	100%	-	-	-	-
			33 458		**315 832**	**271 642**	**393 094**	**(347)**

Data concerning transactions with related parties are presented in note **10**

Shares in affiliates - as at 31.12.2008

Name (the company) of the entity with indication of legal form	The registered seat	Value of shares (thousand PLN)	Percentage of owned capital/share in votes	Assets of the entity	Liabilities	Revenues	Net Profit (loss)
SMiOC FRENOPLAST Bułhak i Cieślawski S.A.	Szczytno	3 782	49%	11 752	**4 811**	**753**	**(216)**

(in PLN '000)

6. Available for sale investments

	31.12.2008	31.12.2007
Interest in other entities	43	43
End of Period	**43**	**43**

Shares in other entities include shares in ATR. The share of Company in the share capital of ATR amounts to 3.85%.

7. Deferred tax

Assets and deferred income tax provision

Deferred income tax assets and deferred income tax provision are recognized with regard to the following items of assets and liabilities:

As at 31 December 2008	Assets	Provision
Intangible assets	-	3 022
Tangible fixed assets	-	8 011
Inventory	4 076	-
Receivables on services and other	-	1 336
Investments in associated companies	1 062	-
Loan	-	684
Pension benefits and holiday benefits provision	247	-
Other reserves	1 419	-
Cash	2 101	-
Liabilities due to finance lease	7 484	-
Liabilities due to deliveries and services and other	-	7 028
Assets / deferred income tax provisions	**16 389**	**20 081**
Compensation	(16 389)	(16 389)
Deferred tax provision shown in the balance sheet	**-**	**3 692**

as at 31 December 2007	Assets	Provision
Intangible assets	-	20
Tangible fixed assets	-	1 544
Inventory	2 586	-
Receivables on services and other	967	-
Loan	3	109
Pension benefits and holiday benefits provision	97	-
Other provisions	665	-
Liabilities due to finance lease	1 661	-
Liabilities due to deliveries and services and other	-	5 381
Assets / deferred income tax provisions	**5 978**	**7 055**
Compensation	(5 978)	(5 978)
Deferred tax provision shown in the balance sheet	**-**	**1 077**

Deferred tax in the presented periods was recognized in relation to all balance sheet items that constitute temporary differences.

Change in deferred income tax assets	31.12.2008	31.12.2007
Status at the beginning of period	5 978	3 816
Increase (decrease)	10 411	2 162
Status at the end of period	**16 389**	**5 978**

(in PLN '000)

Change in deferred income tax provision	**31.12.2008**	**31.12.2007**
Status at the beginning of period	7 055	4 476
(solution) establishment in the period	13 026	2 579
Status at the end of period	**20 081**	**7 055**

	31.12.2007	**Influence for profit and loss statement**	**Impact on goodwill**	**31.12.2008**
Assets due to deferred tax	5 978	10 411	-	16 389
Deferred income tax provision	(7 055)	(9 941)	(3 085)	(20 081)
	(1 077)	**470**	**(3 085)**	**(3 692)**

8. Inventory

	31.12.2008	**31.12.2007**
Goods	471 098	411 522
	471 098	**411 522**

Goods	493 214	425 587
Rebates entered into inventory	(21 263)	(13 285)
Write-down	(853)	(780)
	471 098	**411 522**

Inter Cars Company receives rebates from suppliers which, in a part corresponding to bought and sold goods, are entered in a given period into reduction of sold goods. The remaining part of obtained rebates reduces inventory value.

Inventory in the form of commercial goods located in the central warehouse, regional distribution centres and branches are insured against fire and other natural disasters and against theft with burglary and robbery.

Change in inventory write-downs

	31.12.2008	**30.12.2007**
Status at the beginning of period	780	744
Increase (decrease)	73	36
Status at the end of period	**853**	**780**

9. Receivables for services and other receivables

	31.12.2008	**31.12.2007**
Trade receivables	264 689	151 708
Due to taxes, subsidies, social security and other benefits of health	27 803	32 490
Other debtors	5 120	441
Loans granted	11 212	6 293
Short-term trade receivables and other receivables, gross	**308 824**	**190 932**

Change in write-downs of trade receivables	**31.12.2008**	**31.12.2007**
Status at the beginning of period	(1 998)	(1 677)
Increase, including:	(1 244)	(574)
- creation of new	*(1 244)*	-
The solution	-	253
Status at the end of period	**(3 242)**	**(1 998)**
Short-term trade receivables and other receivables, net	**305 582**	**188 934**

(in PLN '000)

In accordance with the terms of cooperation agreed between the Company and entities operating branches basic risk related to impairment rests with branch operators on the basis of the concluded distribution contracts.

	31.12.2008	31.12.2007
Age structure of gross trade and service receivables		
Maturing within 12 months	264 689	151 708
Maturing more than 12 months	-	-
	264 689	**151 708**

	31.12.2008	31.12.2007
Currency structure of trade receivables and other receivables (gross)		
Receivables in local currency	136 881	124 632
Receivables in foreign currencies	171 943	66 300
	308 824	**190 932**
Receivables in EUR	154 817	66 128
Receivables in USD	16 285	172
Receivables in other currencies	841	-
	171 943	**66 300**

	31.12.2008	31.12.2007
Structure of trade receivables and other receivables		
Receivables from related entities – note	137 781	58 909
Receivables from other entities	126 908	92 799
	264 689	**151 708**

Age structure of receivables	**31.12.2008**	
	Gross	**Write-down**
Up to 180 days	200 681	-
From 181 to 270 days	17 016	195
From 271 to 360 days	15 576	714
More than one year	31 416	2 333
Total	**264 689**	**3 242**

	31.12.2007	
	Gross	**Write-down**
Up to 180 days	135 470	-
From 181 to 270 days	8 167	62
From 271 to 360 days	3 698	96
More than one year	4 373	1 840
Total	**151 708**	**1 998**

Loans granted	**31.12.2008**	**31.12.2007**
Short-term loans	11 212	6 293
Long term loans	62 717	29 629
	73 929	**35 922**

Long term receivables	**31.12.2008**	**31.12.2007**
Receivables from employees	579	236
Long term loans	62 717	29 629
Deposits	2 226	1 327
	65 522	**31 192**

(in PLN '000)

Concentration of credit risk related to trade receivables is limited due to many customers of the Company and their dispersion, mostly in Poland.

Credit risk is discussed in note 32.

Long-term receivables cover the amounts of security deposits paid by the Company and long-term loans, including mainly for related parties.

Loans for related entities are interest-bearing in the amount of: WIBOR 1M or LIBOR 3M (for a loan in EUR) increased by margin of 1% or 2.5%.

Loans are not secured.

Income tax receivables

Age structure of tax receivables	**31.12.2008**	**31.12.2007**
Maturing within 12 months	214	-
Maturing more than 12 months	-	-
	214	**-**

10. Transactions with related entities

Receivables from subsidiaries	**31.12.2008**	**31.12.2007**
Inter Cars Ukraine	25 308	18 260
Q-Service Sp. Z o.o.	-	2
Lauber Sp. Z o.o.	1 093	583
Inter Cars Ceska Republika	46 257	19 554
Inter Cars Slovenska Republika	9 397	10 665
Feber Sp. Z o.o.	7 082	5 724
Inter Cars Litwa	7 195	4 120
IC Development & Finance Sp. Z o.o.	210	-
JC Auto s.r.l.	3 759	-
Inter Cars d.o.o.	15 932	-
JC Auto S.A.	4 810	-
INTER CARS Hungária Kf.	7 587	-
JC Auto s.r.o.	8 377	-
Inter Cars Romania s.r.l.	771	-
Armatus sp. z o.o.	3	-
	137 781	**58 908**

Liabilities towards subsidiaries		
Q-Service Sp. z o.o.	8 759	5 907
Lauber Sp. z o.o.	-	449
Inter Cars Ceska Republika	23 826	2 964
Inter Cars Slovenska Republika	378	132
Inter Cars Litwa	-	295
IC Development & Finance Sp. Z o.o.	122	26
JC Auto s.r.l.	92	-
Inter Cars d.o.o.	17	-
JC Auto S.A.	416	-
INTER CARS Hungária Kft.	383	-
JC Auto s.r.o.	3 589	-
	37 582	**9 773**

(in PLN '000)

Sales revenues	**1.01.2008-31.12.2008**	**1.01.2007 – 31.12.2007**
Inter Cars Ukraine	15 425	11 189
Q-Service Sp. Z o.o.	2	4
Lauber Sp. Z o.o.	2 233	1 747
Inter Cars Ceska Republika	21 673	18 345
Inter Cars Slovenska Republika	26 920	17 467
Feber Sp. Z o.o.	1 117	1 747
Inter Cars Litwa	9 376	5 273
IC Development & Finance Sp. Z o.o.	173	8
JC Auto s.r.l.	1 757	-
Inter Cars d.o.o.	9 208	-
JC Auto S.A.	958	-
INTER CARS Hungária Kft.	4 349	-
Inter Cars Romania s.r.l.	667	-
Armatus sp. z o.o.	2	-
	93 860	**55 780**

Purchase of goods and services		
Q-Service Sp. Z o.o.	33 131	26 443
Lauber Sp. Z o.o.	10 324	5 752
Inter Cars Ceska Republika	16 880	12 078
Inter Cars Slovenska Republika	191	111
Feber Sp. Z o.o.	1	371
Inter Cars Litwa	772	357
IC Development & Finance Sp. Z o.o.	305	29
JC Auto s.r.l.	1 455	-
Inter Cars d.o.o.	23	-
JC Auto S.A.	2 796	-
JC Auto s.r.o.	32	-
	65 910	**45 141**

All transactions with related companies are conducted on market terms.

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

Sales revenues	**1.01.2008-31.12.2008**	**1.01.2007 – 31.12.2007**
Inter Cars s.j.	37	31
ANPO Andrzej Oliszewski	2	1
FASTFORWARD Maciej Oleksowicz	110	72
P.H. AUTO CZĘŚCI Krzysztof Pietrzak	70	45
AK-CAR Agnieszka Soszyńska	691	266
BEST-CAR Justyna Pietrzak	392	94
	1 302	**509**

Purchase of goods and services		
Inter Cars s.j.	227	638
ANPO Andrzej Oliszewski	148	154
FASTFORWARD Maciej Oleksowicz	337	283
P.H. AUTO CZĘŚCI Krzysztof Pietrzak	1 768	1 683
AK-CAR Agnieszka Soszyńska	3 697	2 995
BEST-CAR Justyna Pietrzak	1 784	740
	7 961	**6 493**

(in PLN '000)

Receivables	**31.12.2008**	**31.12.2007**
Inter Cars s.j.	43	-
FASTFORWARD Maciej Oleksowicz	9	3
P.H. AUTO CZĘŚCI Krzysztof Pietrzak	31	28
AK-CAR Agnieszka Soszyńska	222	60
BEST-CAR Justyna Pietrzak	115	31
	420	**122**

Liabilities	**31.12.2008**	**31.12.2007**
Inter Cars s.j.	66	36
ANPO Andrzej Oliszewski	2	1
FASTFORWARD Maciej Oleksowicz	-	6
P.H. AUTO CZĘŚCI Krzysztof Pietrzak	108	35
AK-CAR Agnieszka Soszyńska	194	130
BEST-CAR Justyna Pietrzak	75	62
	445	**270**

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

The object of the transaction between Inter Cars and FASTFORWARD Maciej Oleksowicz and between Q-Service and FASTFORWARD Maciej Oleksowicz is running Castrol Q-Service rally team headed by Maciej Oleksowicz, and provision of services of promotion of the Companies during car rallies, as well as provision of consulting services with regard to computer software.

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

Loans

	31.12.2008	**31.12.2007**
Loans for members of the Supervisory Board, Board of Directors and their families	-	-
Loans for affiliated entities	66 653	29 824
	66 653	**29 824**

Lauber Sp. z o.o.	252	505
Feber Sp. Z o.o.	21 506	50
JC Auto S.A.	149	-
Inter Cars Ukraine	-	205
Inter Cars Romania	728	-
Inter Cars Lietuva	**-**	**1**
IC Development & Finance Sp. Z o.o.	**42 849**	**29 063**
Frenoplast S.A.	**1 169**	**-**
	66 653	**29 824**

The amount of loans granted with maturity below one year is PLN 15,588 thousand, on the other hand, above one year is PLN 51,065 thousand.

Loans for related entities are interest-bearing in the amount of: WIBOR 1M or LIBOR 3M (for a loan in EUR) increased by margin of 1% or 2.5%.

Loans	**1.1.2008 – 31.12.2008**	**1.1.2007 – 31.12.2007**
At the beginning of period	29 824	13 463
From the merger with JC Auto S.A.	785	-
Granted loans and interest charged	44 944	32 457
Received repayment	(9 048)	(16 394)
Balance-sheet valuation	**148**	**298**
	66 653	**29 824**

Charged interest on loans granted to subsidiary entities are presented in the chart below:

Interest	**31.12.2008**	**31.12.2007**
Lauber Sp. z o.o.	25	14
Feber Sp. Z o.o.	1 017	266
JC Auto S.A. (Be)	25	-
Inter Cars Ceska Republika	-	146
Inter Cars Ukraine	-	54
JC Auto s.r.l.	2	-
Inter Cars Romania	19	-
Inter Cars Lietuva	**-**	**1**
IC Development & Finance Sp. Z o.o.	**2 261**	**283**
Frenoplast S.A.	**19**	**-**
	3 368	**764**

Granted guarantees, sureties and other agreements binding for the benefit of related parties:

	1.1.2008 – 31.12.2008	**1.1.2007 – 31.12.2007**
At the beginning of period	28 192	14 840
Granted	9 323	13 352
At the end of the period	**37 515**	**28 192**

The Company granted guarantees to subsidiaries, as described in note 29.

Remuneration of the Members of the Board of Directors and of the Supervisory Board (in thousand PLN)	**1.1.2008 – 31.12.2008**	**1.1.2007 – 31.12.2007**
Andrzej Oliszewski – Chairman of the Supervisory Board,	34 851	51 701
Maciej Oleksowicz - Member of the Supervisory Board	29 043	33 084
Michał Marczak - Member of the Supervisory Board	29 043	33 084
Wanda Oleksowicz - Member of the Supervisory Board	20 318	33 084
Jolanta Oleksowicz-Bugajewska - Member of the Supervisory Board	29 043	33 084
Jerzy Grabowiecki - Member of the Supervisory Board (up to 18.07.2008)	9 924	-
Jacek Klimczak - Member of the Supervisory Board (from 18.07.2008)	14 299	-
Krzysztof Oleksowicz - Management Board Chairman	638 000	781 827
Robert Kierzek - Vice President of the Management Board	352 000	456 000
Wojciech Milewski – Member of the Management Board	286 000	384 000
Krzysztof Soszyński– Vice President of the Management Board;	352 000	428 400
Piotr Kraska – Member of the Management Board	286 000	182 012
Tomasz Zadroga - Member of the Management Board (up to 31.07.2008)	182 000	231 467
	2 262 521	**2 647 743**

(in PLN '000)

Pursuant to §4 of the Motivation Program Regulations adopted by the Supervisory Board by resolution No. 20 of 20 December 2006, the List of Peoples Participating in the Program was drawn up, along with the specification of the number of shares of Inter Cars S.A., issued under conditional increase in the Share capital, whose taking up will be possible for particular peoples indicated therein and the terms of taking up these shares. Detailed information on the Motivation Program is presented in note 18.

	Number and type of shares to be taken up (in pieces)			
	shares of F1 series	shares of F2 series	shares of F3 series	total
Kierzek Robert	38 667	33 666	33 667	106 000
Milewski Wojciech	35 000	30 000	30 000	95 000
Soszyński Krzysztof	38 666	33 667	33 667	106 000
Kraska Piotr	35 000	30 000	30 000	95 000
Zadroga Tomasz	10 000	30 000	30 000	70 000
	157 333	**157 333**	**157 334**	**472 000**

Mr. Tomasz Zadroga exercised rights to take up shares resulting from the Motivation Program, from F1 series: 10,000 shares and F2 series: 30,000 shares.

In 2008, dividend was paid in the amount of PLN 0.69 per share while the dividend paid in the year 2007 was PLN 0.34 per share.

Board Member Piotr Kraska receives remuneration for performing functions in the bodies of Feber Sp. z o.o. in the amount of PLN 14,000 annually (2007: 14,000 PLN).

The following peoples sit on the bodies of subsidiaries (remuneration resulting from the aforementioned grounds is included earlier):

Krzysztof Oleksowicz - Board Member of Q-Service Sp. z o.o.; Member of the Supervisory Board in Inter Cars Ukraina

Robert Kierzek - Board Member of Q-Service Sp. z o.o.

Piotr Kraska - President of the Board of Feber Sp. z o.o., Armatus Sp. z o.o. IC Development & Finance

Proxies have no impact on management of the Company.

On 31 July 2008, Mr. Tomasz Zadroga, Board Member, Finance Director, resigned from the position of Member of the Board of Directors in Inter Cars S.A. As of 31 July 2008, the responsibilities of the Finance Director were taken over by Piotr Kraska - Board Member in Inter Cars S.A.

On 29 February 2008, the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, registered into the register of entrepreneurs the merger of the Company with JC Auto S.A.

The merger took place following the procedure of Article 492 § 1 item 1 of the Code of Commercial Companies, by transfer of all assets of JC Auto to the Company in exchange for shares that the Company will issue to shareholders of JC Auto (merger by takeover).

After the merger date, pursuant to resolution of Supervisory Board, two new members were appointed to the Board of Directors of Inter Cars SA.: Mr. Jerzy Józefiak and Mr. Szymon Getka, about which the Company informed in the form of the current report No. 24/2008 on 28 February 2008. The term of office of the Board of Directors' new members began as at entering to the register of entrepreneurs the merger of the Company with the company JC Auto S.A. On 21 April 2008, about which the Company informed in the form of the current report No.58/2008 and No. 59/2008, Mr. Jerzy Józefiak and Mr. Szymon Getka resigned from performing functions of members of the Board of Directors.

As at 31 December 2008, the Board of Directors of Inter Cars consisted of 5 people.

(in PLN '000)

11. Prepayments

	31.12.2008	31.12.2007
Advertising costs	56	85
Insurances	368	135
Licences	243	-
Merger costs	-	765
Debt Collection costs	348	295
Marketing and claim bonuses	604	-
Other	74	356
Telecommunications services	165	116
Total prepayments	**1 858**	**1 752**
(minus) short-term part	(1 858)	(1 752)

Accruals

	31.12.2008	31.12.2007
Bonuses	671	-
Charged cost of auditing balance sheet	345	-
Charged bonuses for customers	2 704	-
Other	547	1 396
Non-invoiced, charged costs	6 808	5 037
Deferred income	524	369
	11 599	**6 802**
Long-term part	(11 599)	(6 802)

12. Cash and cash equivalents

	31.12.2008	31.12.2007
In hand	4 314	4 858
At bank	5 423	6 224
In transit	2 991	1 867
On ZFŚS (Company Social Benefits Fund) accounts	52	224
Cash	**12 780**	**13 173**
In local currency	9 701	10 812
In foreign currencies	3 079	2 361
	12 780	**13 173**

Apart from funds gathered on ZFŚS accounts, the company does not have cash whose disposal would be limited.
According to the Polish law, the Company administers ZFŚS on behalf of their employees. Premiums paid on ZFŚS accounts are deposited on a separate account.
Concentration of credit risk with regard to cash is limited because the Company deposits cash in several recognized financial institutions.

13. Share capital and supplementary capital (agio)

The Share capital of Inter Cars, as at 31 December 2008, was 13,736,100 ordinary bearer shares with non-limited rights, A to E series, of face value of PLN 2 each. All shares are approved for public trading by virtue of the decision of the Securities and Exchange Commission of 26 April 2004 and introduced into quotations on the Warsaw Stock Exchange. The first quotation of shares in Inter Cars S.A. was held at the trading session on 26 May 2004.

On the basis of the resolution of the Extraordinary General Meeting of Inter Cars S.A. No. 1 of 17 February 2004, division of the Company's shares in the ratio of 1:50 was made (236,422 before the resolution x 50 = 11,821,100 shares after the resolution).

(in PLN '000)

On 18 March 2008, 1,875,000 G series ordinary bearer shares of face value of PLN 2 each were introduced to stock exchange trading on the primary market, issued in connection with the merger of the Company with JC Auto S.A.

In August 2008, Mr. Tomasz Zadroga exercised rights to take up shares resulting from the Motivation Program, from F1 series: 10,000 shares and F2 series: 30,000 shares.

	Number of shares	Date of registration	Right to dividend (for date)	Nominal value	The issue price	Agio*
shares of A series	200 000	28.05.1999	28.05.1999	400 000	2,00	-
shares of B series	7 695 600	18.08.1999	28.05.1999	15 391 200	2,00	-
shares of C series	104 400	28.09.1999	28.05.1999	208 800	2,00	-
shares of D series	2 153 850	28.08.2001	01.01.2001	4 307 700	6,85	10 448 676
shares of E series	1 667 250	06.06.2002	01.01.2002	3 334 500	8,58	10 966 504
shares of G series	1 875 000	18.03.2008	01.01.2007	3 750 000	122,00	225 000 000
shares of F1 series	10 000	06.08.2007	01.01.2008	20 000	33,59	315 900
shares of F2 series	30 000	06.08.2007	01.01.2008	60 000	37,13	1 053 900
	13 736 100			**27 472 200**		**247 784 980**

Nominal value of 1 share: 2 PLN

*Agio: Difference on the issue price above the nominal value of shares.

14. Liabilities under credits, loans and other debt instruments

Non-Current	**31.12.2008**	**31.12.2007**
Bank credits	78 493	33 037
Loans	906	-
Financial Leasing	30 877	5 711
	110 276	**38 748**

Short term	**31.12.2008**	**31.12.2007**
Bank credits	395 533	245 393
Bonds	-	54 832
Financial Leasing	8 425	4 512
	403 958	**304 737**

Short-term credits and loans	amount by contract (limit)	Used	date of repayment
BANK PEKAO S.A.	126 500	121 412	31-12-2009
Kredyt Bank S.A.	55 000	54 809	29-05-2009
ABN AMRO Bank (Polska) S.A.	100 000	99 820	30-03-2009
BRE Bank S.A.	70 000	69 836	30-09-2009
Fortis Bank S.A.	50 000	49 656	29-05-2009
	401 500	**395 533**	

Long-term credits and loans	amount by contract (limit)	Used	date of repayment
ING Bank Śląski S.A.	80 000	78 493	31-01-2010
Armatus Sp. z o.o.	906	906	31-01-2010
	80 906	**79 399**	

- security of the credits granted by Bank Pekao S.A. covers: court registration pledge on warehouse inventory in the amount of PLN 126.5 million along with assignment of rights under their insurance policy; blank promissory notes with declaration; statement on

(in PLN '000)

submission to enforcement of cash benefit and enforcement of property; power of attorney to the bank account;
- the credit granted by the Kredyt Bank S.A. is secured by: alienation of inventory in the amount of PLN 55 million along with assignment of rights under the insurance policy; assignment of receivables of the Borrower from the selected contractors in the minimum amount of PLN 8 million a month;
- The credit granted by the BRE Bank S.A. is secured by: court registration pledge on inventory, in the form of car parts and car accessories in warehouses in the amount of PLN 66.8 million along with assignment of rights under their insurance policy, own blank promissory note, statement on submission to enforcement;
- The credit granted by the ABN AMRO (Poland) S.A. is secured by: court registration pledge on inventory, in the form of car parts and car accessories in warehouses in the amount of PLN 100 million along with assignment of rights under their insurance policy, statement on submission to enforcement up to the amount of PLN 120 million;
- The credit granted by the ING Bank Śląski S.A. is secured by: court registration pledge on inventory, in the form of car parts and car accessories in the amount of PLN 40 million along with assignment of rights under their insurance policy; declaration of submission to enforcement;
- the credit granted by the Fortis Bank S.A. is secured by: alienation of warehouse inventory (in Kajetany) in the amount of *PLN 50 million along with assignment of rights under the insurance policy.*

Credit bears interest at a variable interest rate based on reference rate WIBOR 1M, O/N WIBOR or LIBOR increased by the bank's margin. The Company sustains no other additional costs related to obtaining these credits.

Loan from Armatus Sp. z o.o. bears interest at a variable interest rate based on reference rate WIBOR 1M.

Financial Leasing	**31.12.2008**	**31.12.2007**
Total payments arising from lease contracts	49 050	10 765
Financial cost	(9 748)	(542)
Current value of lease liabilities	**39 302**	**10 223**

Total payments arising from lease contracts	**31.12.2008**	**31.12.2007**
Less than 1 year	10 172	4 719
Between 1 and 5 years	20 323	6 046
More than 5 years	18 555	-
	49 050	**10 765**

Current value of lease liabilities

	31.12.2008	**31.12.2007**
Less than 1 year	8 425	4 513
Between 1 and 5 years	13 287	5 710
More than 5 years	17 590	-
	39 302	**10 223**

Lease liabilities relate to lease of tangible fixed assets, intangible and legal assets. More information on this topic is presented in notes 3 and 4.

Bonds

In 2008, Inter Cars issued debt securities. The contract with ING Bank Śląski S.A. signed on 1 February 2007 by Inter Cars is related to the program of bonds issuance. Bonds are offered pursuant to Article 9 item 3 of the Act on Bonds of 29 June 1995 and will not be the object of a public offer as defined by the Act of 29 July 2005 on public offering and terms for introducing financial instruments into the organized trading system and on public companies (Journal of Laws number 184, Item 1539 with amendments) or substituting regulations. According to the above mentioned agreements the Company may issue short-term bonds with the maturity period from 7 days up to 1 year and mid-term bonds with the maturity period from 1 to 3 years.

(in PLN '000)

The duration and the maximum amount of the program are, respectively: 5 years and PLN 150,000,000 (say: one hundred fifty million Polish zlotys).

The chart below presents specification of bonds issue until the balance sheet date.

Tranche number	Date of obtaining	Maturity date	Value of redemption
26	2008-01-02	2008-01-31	2 000
27	2008-01-03	2008-02-04	5 000
28	2008-01-08	2008-02-08	7 500
29	2008-01-11	2008-02-11	10 100
30	2008-01-18	2008-02-18	13 000
31	2008-01-21	2008-02-21	1 000
32	2008-01-21	2008-02-21	5 000
33	2008-01-28	2008-02-28	10 000
34	2008-01-31	2008-02-29	5 500
35	2008-02-04	2008-03-04	5 000
36	2008-02-08	2008-03-10	7 700
37	2008-02-11	2008-03-11	5 000
38	2008-02-11	2008-05-12	5 100
39	2008-02-18	2008-03-18	6 000
40	2008-02-21	2008-03-21	10 000
41	2008-02-28	2008-03-28	10 000
42	2008-02-29	2008-03-31	5 500
43	2008-03-04	2008-04-04	5 000
44	2008-03-10	2008-04-10	7 700
45	2008-03-11	2008-04-11	5 000
46	2008-03-18	2008-04-18	6 000
47	2008-03-21	2008-04-21	10 000
48	2008-03-28	2008-04-28	13 500
49	2008-03-31	2008-04-30	5 500
50	2008-04-04	2008-05-05	5 000
51	2008-04-10	2008-05-12	7 700
52	2008-04-11	2008-05-13	5 000
53	2008-04-18	2008-05-19	6 000
54	2008-04-21	2008-05-21	13 500
55	2008-04-22	2008-05-21	2 000
56	2008-04-28	2008-05-28	13 500
57	2008-04-30	2008-05-30	7 100
58	2008-05-05	2008-06-05	5 000
59	2008-05-12	2008-06-12	12 800
60	2008-05-13	2008-06-13	5 000
61	2008-05-19	2008-06-19	6 000
62	2008-05-21	2008-06-23	15 500
63	2008-05-28	2008-06-30	13 500
64	2008-05-30	2008-07-02	15 100
65	2008-06-05	2008-07-07	3 500
66	2008-06-12	2008-07-14	12 800
67	2008-06-13	2008-07-15	5 000
68	2008-06-19	2008-07-21	6 000
69	2008-06-23	2008-07-23	15 500
70	2008-06-30	2008-07-31	13 500
71	2008-07-02	2008-08-04	15 100
72	2008-07-07	2008-08-07	3 500
73	2008-07-14	2008-08-14	12 800
74	2008-07-15	2008-08-18	5 000
75	2008-07-21	2008-08-21	6 000
76	2008-07-23	2008-10-23	9 000
77	2008-07-31	2008-08-29	10 000
78	2008-08-04	2008-09-04	15 100
79	2008-08-14	2008-09-15	6 000
80	2008-08-21	2008-09-22	6 000
81	2008-08-29	2008-10-29	5 100
82	2008-08-29	2008-09-29	10 000

(in PLN '000)

Tranche number	Date of obtaining	Maturity date	Value of redemption
83	2008-09-04	2008-10-03	15 100
84	2008-09-15	2008-10-15	2 000
85	2008-09-16	2008-10-15	4 000
86	2008-09-22	2008-10-22	6 000
87	2008-09-29	2008-10-29	7 000
88	2008-10-03	2008-11-03	10 100
Total			**502 900**

The purpose of the issue of registered bonds was reduction of the costs of financing activities. Bonds were issued in Polish zloty as bearer securities, unsecured, dematerialized and discount (as bonds with zero coupon). Bonds will be redeemed according to the face value of bonds in the seat of issuance agent.
Until the balance sheet date, the Company redeemed all issued tranches and the balance of liabilities under the bonds is zero.

15. Provisions

	As at 1 January 2007	Increase	**The solution**	**As at 31 December 2007**
Provision for court cases	126	-	(50)	**76**
Provision for leaves	690	-	(192)	**498**
Total provisions	**816**	**-**	**(242)**	**574**

	As at 1 January 2008	Increase	The solution	**As at 31 December 2008**
Provision for court cases	76	-	-	**76**
Provision for leaves	498	767	-	**1 265**
Total provisions	**574**	**767**	**-**	**1 341**

All the presented provisions are short-term.

16. Liabilities due to deliveries and services and other liabilities

	31.12.2008	**31.12.2007**
Trade liabilities	237 101	242 962
Due to taxes, duties, insurances and other benefits	9 096	9 332
Other liabilities	110	472
	246 307	**252 766**
Trade liabilities before reduction by charged bonuses for the period	274 084	271 459
Reduction in liabilities under bonuses due for the period and which are to be settled in the future period	(36 983)	(28 497)
Balance sheet value of trade liabilities	**237 101**	**242 962**
Age structure of trade liabilities		
Maturing within 12 months	237 101	242 962
Maturing more than 12 months	-	-
	237 101	**242 962**
The currency structure of trade liabilities, under employee benefits and under income tax		
Liabilities in local currency	103 712	193 691
Liabilities in foreign currencies	142 595	59 075
	246 307	**252 766**
equivalent in the domestic currency		
Liabilities in EUR	128 827	60 079
Liabilities in USD	5 875	(1 004)

(in PLN '000)

Liabilities in other currencies	7 893	-
	142 595	**59 075**

17. Liabilities due to employee benefits

	31.12.2008	**31.12.2007**
Payroll liabilities	534	12
Corporate welfare benefit fund	938	425
	1 472	**437**

18. Payments in the form of own shares

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

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

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

In the Motivation Program participate five people - five members of the Board of Directors. Jointly, the peoples covered by the 1st tranche obtained the right to take up 157,333 shares in Inter Cars at PLN 33.59 per share. In the 2nd tranche, they obtained the right to take up subsequent 157,333 shares at PLN 37.13 per share.

The fair value of management options is estimated with the use of 3-dimensional binomial trees. Input data is: the exercise rate and the value of WIG index specified in the motivation program regulations at the level of PLN 24.81 and 37,221.99 points, respectively, variability of the rates of return on shares and the WIG index at the level of 33.97% and 16.77%, respectively, interest rate for the period ending on 31 December 2007 at the level of 4.43%. Cost of execution of the motivation program in every year of the program was determined assuming that all authorized peoples would exercise options.

	Weighted average exercise price 2008	**Number of options 2008**	**Weighted average exercise price 2007**	**Number of options 2007**
Options to be exercised as at 1 January	25,74	472 000	35,95	472 000
Options exercised during the period	36,25	(40 000)	-	-
Non-exercised options	18,00	(20 000)	-	-
Options to be exercised as at 31 December	29,49	412 000	35,95	472 000
Options exercisable as at 31 December	**38,00**	**254 667**	**33,39**	**157 334**

	Total	**1.1.2008-31.12.2008**	**1.1.2007-31.12.2007**	**1.1.2006-31.12.2006**
Cost of granted options	**5 935**	743	3 330	1 862

(in PLN '000)

19. Sales revenue on sales of products, goods and materials

	1.1.2008-31.12.2008	1.1.2007-31.12.2007
Revenue on the sale of services	54 208	38 879
Revenues on sales of commodities and materials	1 453 208	1 111 995
	1 507 416	**1 150 874**

Detailed information on sales structure and basic factors which had impact on the value of sales is presented in the Statement of operations of Inter Cars.

20. Cost of sold products, commodities, and materials

	1.01.2008 – 31.12.2008	1.01.2007 - 31.12.2007
Value of sold products, commodities, and materials	1 104 533	883 360
Reduction in the value of sold products, goods and materials by rebates due for the period	(47 353)	(40 244)
(positive)/negative exchange rate differences	(3 321)	1 657
Cost of sold products, commodities, and materials presented in the period	**1 053 859**	**844 773**
Rebates due for the period	54 224	41 241
Entered into inventory (to be included at the time of sales)	(21 263)	(13 285)
Entered into reduction in the value of sold products, goods and materials	**32 961**	**27 956**
Discounts from the previous period reflected in value of products and goods sold (increasing the value of inventories)	13 285	8 644
Change in estimates concerning previous period discounts	1 107	3 644
Reduction in the value of sold products, goods and materials by rebates due for the period	**47 353**	**40 244**
Discounts charged in the period entered into inventory	21 263	13 285
Discounts charged in the period to be included in future periods result	**21 263**	**13 285**

21. General administrative and sales cost

	1.1.2008-31.12.2008	1.1.2007-31.12.2007
Depreciation	23 574	12 141
Consumption of materials and energy	11 261	5 773
External services	264 737	171 043
Taxes and fees	1 889	854
Payroll	65 531	36 515
Social security and other benefits	14 012	7 086
other costs by type	12 154	9 892
Total costs by type	**393 158**	**243 304**
(minus) Distribution service costs	(174 213)	(116 281)
(minus) Motivation program costs	(743)	(3 330)
General administrative and sales cost	**218 202**	**123 693**

Costs of distribution service are a component of costs of "external services" in costs by type. The costs of remuneration in 2008 include costs related to the execution of the motivation program mentioned in note 18.

(in PLN '000)

22. Other operating revenue

	1.1.2008-31.12.2008	1.1.2007-31.12.2007
Claims accepted by suppliers	-	905
Profit on disposal of non-financial fixed assets	4 347	2 187
Received compensations, penalties and fines	246	216
Storage surpluses	857	-
Revenues from encumbering branches	4	32
Marketing discounts	784	416
Dissolution of provisions	2 339	1 418
Discount	5 427	5 579
Write-down of overdue liabilities	80	-
Payment of receivables past the expiration date after write-down	23	49
Deposit fees	55	36
Real estate valuation	212	-
Other	109	65
	14 483	**10 903**

23. Other operating costs

	1.1.2008-31.12.2008	1.1.2007-31.12.2007
Established provisions	-	986
Warehouse shortages	-	419
Damages to goods	1 665	819
Costs of complaints	863	723
Granted discounts	1 746	1 822
Write-down of receivables past the expiration date	5 053	941
Write-down of inventory	1 094	1 492
Compensations	276	-
Shortages in deliveries	1 398	-
Other	207	123
	12 302	**7 325**

24. Financial revenue and cost

	1.1.2008-31.12.2008	1.1.2007-31.12.2007
Financial revenue		
Revenues on interest on granted loans	838	245
Revenues on interest on granted intra-group loans	3 369	765
Interest on other accounts	500	435
	4 707	**1 445**
Financial costs		
Costs of interest on contracted bank credits	25 167	9 855
Costs of interest on contracted intra-group loans	52	10
Interest on other accounts	2 459	296
Fees and commissions	3 924	2 000
	31 602	**12 161**

(in PLN '000)

Exchange rate differences in the period from 01.01.08 to 31.12.08	**Entered into the value of sold products, goods and materials**	**Presented as a "exchange rate differences"**	**Total exchange rate differences**
Created in connection with repayment of trade liabilities and receivables	(5 526)	-	(5 526)
Created in connection with repayment of liabilities under credits	-	2 281	2 281
Effected exchange rate differences	**(5 526)**	**2 281**	**(3 245)**
Created in connection with the valuation of trade liabilities and receivables as at the balance sheet date	8 847	-	8 847
Created in connection with the valuation as at the balance sheet date of receivables under loans granted denominated in foreign currencies	-	120	120
Created in connection with the cash valuation	-	112	112
Created in connection with the valuation as at the balance sheet date of liabilities under bank credits denominated in foreign currencies	-	(11 168)	(11 168)
Unrealised exchange rate differences	**8 847**	**(10 936)**	**(2 089)**
Total exchange rate differences	**3 321**	**(8 655)**	**(5 334)**

Exchange rate differences in the period from 1.01.2007 to 31.12.07	**Entered into the value of sold products, goods and materials**	**Presented as a "exchange rate differences"**	**Total exchange rate differences**
Created in connection with repayment of trade liabilities and receivables	(217)	-	(217)
Created in connection with repayment of liabilities under credits	-	3 138	3 138
Effected exchange rate differences	**(217)**	**3 138**	**2 921**
Created in connection with the valuation of trade liabilities and receivables	(1 440)	-	(1 440)
Created in connection with the valuation as at the balance sheet date of receivables under loans granted denominated in foreign currencies	-	287	287
Created in connection with the cash valuation	-	(37)	(37)
Unrealised exchange rate differences	(1 440)	**250**	**(1 190)**
Total exchange rate differences	**(1 657)**	**3 388**	**1 731**

25. Income tax

With the opposite sign	**1.1.2008-31.12.2008**	**1.1.2007-31.12.2007**
Income tax	4 588	11 857
Change in deferred income tax	(470)	417
Income tax recognised in the income statement	**4 118**	**12 274**

(in PLN '000)

Agreeing tax cost to the value being a product of book profit and relevant tax rates is presented below:

Effective tax rate	**1.1.2008-31.12.2008**	**1.1.2007-31.12.2007**
tax rate	19%	**19%**
Gross profit	**27 030**	**59 047**
Tax based on valid tax rates (19%)	(5 136)	(11 219)
Permanent differences		
Poland		
Permanent differences	1 018	(1 081)
Value Added Tax	-	(11)
Adjustment of tax revenues in 2007	-	37
Income tax recognised in the income statement	**(4 118)**	**(12 274)**

Tax authorities have the right to control ledgers and keep accounting records. Within five years from the end of a year in which the tax return was submitted, may impose additional tax loads along with interest and other penalties. The Board of Directors is not aware of any circumstances that could lead to occurrence of significant liabilities on this account.

26. Liabilities due to income tax

Age structure of tax liabilities	**31.12.2008**	**31.12.2007**
Maturing within 12 months	-	8 727
Maturing more than 12 months	-	-
	-	**8 727**

27. Net earnings per 1 share

Basic earnings 1 per share

Net earnings per share calculated on the basis of net profit in the period in the amount of PLN 22,912 thousand (2007: PLN 46,773 thousand) and weighted average number of shares 13,400 thousand (2007: 11,821 thousand shares) presented in the following calculation:

Average weighted number of shares	**2008**	**2007**
Shares issued as at 1 January	11 821 100	11 821 100
Shares issued in connection with merger	1 562 500	-
Shares issued in connection with option exercise	16 667	-
Average weighted number of shares in a year	**13 400 267**	**11 821 100**

Basic earnings per 1 share	**2008**	**2007**
Net profit in the period	**22 912**	**46 773**
Weighted average number of shares	**13 400 267**	**11 821 100**
Net earnings per 1 share	**1,71**	**3,96**

Diluted earnings per 1 share

For the purpose of calculation of diluted earnings per share the Company accepted implementation of diluting effects of the motivation program. Net earnings per 1 share calculated on the basis of net profit in the period in the amount of PLN 22,912 thousand (2007: PLN 46,773 thousand) and weighted average number of shares (diluted) 13,668 thousand shares (2007: 12,144 thousand shares) presented in the following calculation:

(in PLN '000)

Average weighted number of shares (diluted)	**2008**	**2007**
Shares issued as at 1 January	12 088 418	12 143 525
Shares issued in connection with merger	1 562 500	0
Shares issued in connection with option exercise	16 667	0
Average weighted number of shares in a year	**13 667 585**	**12 143 525**

Average market price of shares used for calculation of the effect of diluting the ratio earnings per 1 share was calculated on the basis of price of the Company's shares quoted on the stock exchange.

Diluted earnings per 1 share	**2008**	**2007**
Net profit in the period	22 912	46 773
Weighted average number of diluted shares	13 667 585	12 143 525
Net earnings per 1 share	1,68	3,85

28. Dividend per 1 share

	1.01.2008 – 31.12.2008	**1.01.2007 – 31.12.2007**
Dividend adopted and paid until the balance sheet date	9 450	4 019
Number of shares with granted right to the dividend according to a respective resolution of the General Meeting	13 696 100	11 821 100
Dividend per 1 share (PLN)	0,69	0,34

On 18 July 2008, the Ordinary General Meeting of Inter Cars S.A. adopted a resolution on payment of dividend for 2007 in the amount of PLN 9,450,309.00, i.e. PLN 0.69 per one share. Day of granting the right to dividend is 5 August 2008, and the dividend payment day is 21 August 2008.

29. Contingent liabilities and non-reported liabilities resulting from the concluded contracts

Regulations concerning Value Added Tax, corporate income tax, personal income tax or social security premiums are subject to frequent changes, therefore there is often no reference to fixed regulations or legal precedents. Binding regulations contain also vagueness that cause differences in opinions on legal interpretation of tax regulations both among state bodies, and state bodies and companies. Tax settlements and other settlements (for example, customs or foreign exchange settlements) may be the object of control of bodies that are authorized to impose significant penalties, and additional amounts of liabilities, stated as a result of control, must be paid along with interest. These phenomena make tax risk in Poland higher than usually existing in the countries with more developed tax system.

Tax settlements may be subject to control for a period of five years. As a result, the amounts reported in the financial statement may change at a later date after the final determination of their amount by treasury bodies. The Company was subject to control of the tax bodies. Some of these controls were not completed until the date of the financial statement preparation. The Company is of the opinion that appropriate provisions were established with regard to probable and quantifiable risks.

As at 31 December 2008, the Company had a customs guarantee provided by TU Allianz Polska S.A. in the amount of PLN 500 thousand, valid until 31 January 2009.

Sureties for the benefit of subsidiaries include:

- sureties for the benefit of suppliers of Inter Cars Ceska Republika, Inter Cars Slovenska Republika and Inter Cars Ukraine, with the total value of PLN 13,017 thousand
- surety of credit for Inter Cars Hungaria kft. with the value of PLN 4,223 thousand
- surety of leasing for Inter Cars d.o.o. with the value of PLN 132 thousand
- surety of leasing for Lauber Sp. z o.o. with the value of PLN 197 thousand

- surety of credit for Lauber Sp. z o.o. with the value of PLN 4,010 thousand
- surety of credit for Feber Sp. z o.o. with the value of PLN 15,936 thousand

30. Operational Leasing

Inter Cars rents out warehouse space to entities operating subsidiaries, and they are not property of the Company (beyond the space in the central warehouse in Czosnów, facility in Kajetany, Gdańsk and Bielsko Biała) but are rented by the Company. Any costs of rental, covered by the Company, are entirely re-invoiced to final users (entities operating subsidiaries) throughout the whole period of use of this space (together with the notice period). As at 31 December 2008, the total value of rents under contracts for an indefinite period of time for the notice periods of these contracts was PLN 4,127 thousand. The total value of rents under contracts for a definite period of time - PLN 17,899 thousand. At the end of 2007, the value of these rents was PLN 2,807 thousand and PLN 9,971 thousand respectively.

The total value of future payments under operational lease up to one year is PLN 11,062 thousand, on the other hand, from one to five years is PLN 10,963 thousand. The Company does not have liabilities under operating lease for more than five years.

Company re-invoices the abovementioned rents to cooperating branch operators.

31. Business combinations

Company	Date of purchase	Purchased share in net assets	Purchase price *(thousands of PLN)*	Net fair value of purchased assets *(thousands of PLN)*	Goodwill *(thousands of PLN)*
JC Auto S.A.	29.02.2008	100%	231 775	108 838	122 937

On 13 July 2007, the Boards of Directors of Inter Cars S.A. and JC Auto S.A. signed a plan of merger.

The result of the merger of Companies is: transfer to the Company of the entire rights and obligations of the Target Company by way of universal succession (according to Art. 494, § 1, of the Code of Commercial Companies), loss of legal subjectivity by the Target Company, which without liquidation proceedings is removed from the Register of Entrepreneurs (according to Art. 493 § 1, of the Code of Commercial Companies).

The merger of Inter Cars S.A. and JC Auto S.A. took place by increasing the Share capital of Inter Cars S.A. in order to grant shares to shareholders of the Target Company in exchange for shares owned by them, belonging to the target company, the Extraordinary General Meeting adopted on 14 November 2007, a resolution on merger, i.e. a resolution on increase in the Share capital of the Company by the amount no higher than PLN 3,750,000.00, with coverage in the target company's assets agreed for the needs of merger, by means of issue of up to 1,875,000 ordinary bearer shares, with face value of PLN 2 each (merger shares).

The day before the merger with JC Auto, namely on 28 February 2008, the following personal changes took place in executive bodies of the Parent Company Inter Cars S.A.:

- Mr. Jerzy Grabowiecki (major shareholder and Vice President of the Board of JC Auto) was appointed to the position of a member of the Supervisory Board at the place of Mrs. Wanda Oleksowicz,

- Mr. Jerzy Józefiak (President of JC Auto) and Mr. Szymon Getka (Board Member of JC Auto) were appointed to the position of members of the Board of Directors of Inter Cars.

Merger shares were issued to shareholders of JC Auto in proportion to the held by them shares in the Share capital of JC Auto S.A. using the following parity of exchange, i.e. in proportion of 1 merger share per 4 shares in JC Auto.

The number of merger shares received by each shareholder of the target company was agreed by multiplying the number of shares in JC Auto possessed by the shareholders as at the reference date (5 March 2008) by exchange parity and rounding up the product received in this way (if such a product is not an full number) down to the nearest full number.

Each shareholder of JC Auto who, as the result of above rounding up, was not given a fractional part of merger shares, was entitled to receive extra charge in cash.

Net sales revenues and the net financial result of JC Auto S.A. for the period from 1 January 2008 to 29 February 2008 are presented in the chart below:

Company	Period	Net financial result until takeover (thousand PLN)	Net revenues until acquisition (PLN '000)
JC Auto S.A.	1.01-29.02.2008	(10 340)	36 115

The Board of Directors estimates that if the merger with JC Auto took place as of 1 January 2008 then the cumulative aggregated revenues of the Company for the period from 1 January 2008 to 31 December 2008 would amount to PLN 1,543,530 thousand, while the aggregated net profit for the same period would amount to PLN 12,133 thousand. At the same time, in the opinion of the Board of Directors, the fair value of assets and liabilities of JC Auto as at 1 January 2008 would be similar to fair value of assets and liabilities as at the date of acquisition, namely 29 February 2008.
Within the execution of the merger plan, JC Auto S.A. sold in 2007 and 2008 to Inter Cars S.A. goods worth more than PLN 140 million.
The basis for determination of the exchange parity by the Boards of Directors of the companies covered:

- future expected market valuation of the merged company taking into consideration the effects of synergies resulting from the merger,
- estimation of synergy effects with regard to JC Auto S.A.,
- valuation of JC Auto S.A. based on market values of the target company,
- volume of shares of particular shareholders in the target company and the resulting volume of their shares in the merged company.

Goodwill identified at the merger is mostly due to anticipated synergies which are to be achieved as a result of merger with JC Auto S.A. It is expected in particular, to achieve the following, measurable benefits related to the merger:

- substantial enlargement of the product range offered after the merger,
- increase in sales in Poland and abroad,
- reduction in costs of advertising and marketing
- reduction in costs of deliveries of products from suppliers,
- higher bargaining power at suppliers,
- more effective use of storage area,
- optimization of the value of inventory and turnover,
- reduction in costs transport of goods to a customer,
- growth in effectiveness of distribution points,
- unification of IT infrastructure.

The merger was registered on 29 February 2008 by the District Court for the capital city of Warsaw 13th Commercial Division of the National Court Register.

Below there is a settlement of financial effects of merger with JC Auto SA Group, that took place based on fair values. This allocation is final.

Data of JC Auto S.A. as at the date of the merger with Inter Cars S.A. (29 February 2008):

ASSETS	Book value as at the day of the merger	Fair value adjustments	Fair values recognized as a result of the merger
Fixed assets	**68 742**	12 393	**81 135**
Tangible fixed assets	57 508	(2 105)	55 403
Intangible Assets	2 708	16 700	19 408
Investment properties	2 662	(3)	2 659
Investments in related parties	3 974	(1 886)	2 088
Prepayments	88	-	88
Assets due to deferred tax	1 802	(313)	1 489
Current assets	**187 172**	**(2 963)**	**184 209**
Inventory	2 697	-	2 697
Receivables for services and other receivables	181 680	(2 963)	178 717
Income tax receivables	1 571	-	1 571

(in PLN '000)

Prepayments	723	-	723
Cash and cash equivalents	501	-	501
TOTAL ASSETS	**255 914**	**9 430**	**265 344**
LIABILITIES			
Long-term liabilities due to credits, bonds and finance lease	(43 028)	**-**	(43 028)
Short-term liabilities due to credits, bonds and financial lease	(97 662)	**-**	(97 662)
Deferred income tax provision	(1 774)	**(2 772)**	(4 546)
Other short term liabilities	(11 270)	**-**	(11 270)
Total liabilities	**(153 734)**	**(2 772)**	**(156 506)**
Net assets	**102 180**	**6 658**	**108 838**
Purchased share in net assets	-	**-**	100%
Value of purchased net assets	-	**-**	108 838
Purchase price	-	-	**231 775**
Goodwill	-	-	**122 937**

The purchase price of JC Auto S.A. was calculated as the result of multiplying 1,875,000 shares by the issue price of PLN 122 (the price of takeover is PLN 228,750,000) plus the additional cost born in connection with realization of the takeover – total PLN 3m. The issue price was equal to the market price as at the issue date.

32. Financial Risk Management

Credit Risk

Credit risk applies to other receivables, cash and equivalents and trade receivables. Cash and equivalents are deposited in reputable financial institutions.

The Company applies a credit policy, in accordance with which exposure to credit risk is monitored on a regular basis. The credit credibility assessment is performed in relation to all customers demanding crediting above a specified amount. The Company does not require property security from own customers in relation to financial assets.

As at the balance sheet date, there was no significant concentration of credit risk. The balance sheet value of each financial asset, also derivative financial instruments, presents maximum exposure to credit risk:

	31.12.2008	**31.12.2007**
Loans and receivables	371 318	220 126
Cash and cash equivalents	12 780	13 173
	384 098	**233 299**

Interest rate risk

Exposing the Company to the interest rate risk applies, first of all, to liabilities with variable interest rate.

The Company uses liabilities of variable interest rate. As at 31 December 2008, the Company did not use liabilities of fixed interest rate. The Company does not conclude interest rate swaps.

The table below presents sensitivity of the financial result on possible interest rate fluctuations, assuming invariability of other factors. The following data show the impact of the base points on the net result and equity of the group in the annual period.

As at 31.12.2008	**increase/decrease in base points**	**impact on the net result and own equity**
	+ 100 / -100	(1 626) / 1 626
	+ 200 / -200	(3 252) / 3 252

(in PLN '000)

As at 31.12.2007	**increase/decrease in base points**	**impact on the net result and own equity**
	+ 100 / -100	(2 433) / 2 433
	+ 200 / -200	(4 866) / 4 866

The amount of incurred costs arising from interest was indicated in notes to the financial statements.

Risk of exchange rate fluctuations

Major part of trade liabilities are expressed in foreign currencies, in particular in EUR. Sale is conducted first of all in PLN. The Company did not conclude in the period from 1 January to 31 December 2008 currency purchase or sales futures.

The table below presents the sensitivity of the financial result to possible EUR exchange rate fluctuations, assuming invariability of other factors.

As at 31.12.2008	**increase/decrease in EUR exchange rate**	**impact on the net result and own equity**
	+ 5% / - 5%	(1 868) / 1 868
	+ 10% / - 10%	(3 736) / 3 736

As at 31.12.2007	**increase/decrease in EUR exchange rate**	**impact on the net result and own equity**
	+ 5% / - 5%	(302) / 302
	+ 10% / - 10%	(604)/ 604

Liquidity Risk

Operating activities are conducted with the assumption of maintenance of constant surplus of liquid cash and open credit lines.

The liquidity situation of the Company is regulated and stable. This can be stated based both on statements and the decisions of representatives of banks, on extended cooperation in the scope of the existing financing, about which the Company informed in current messages. At the same time, the Company conducts works on changing the structure of financing (it comes to reduction in the number of cooperating banks and extension of maturity periods of credits).

The chart below presents financial liabilities of the Company as at 31 December 2008 by the maturity date on the basis of non-discounted payments.

	Current	up to 3 months	from 3 to 12 months	from 1 to 5 years	above 5 years	Total
Interest-bearing bank borrowings	-	149 476	246 057	79 399	-	474 932
Bonds	-	-	-	-	-	-
liabilities due to deliveries and services and other	106 800	134 393	5 114	-	-	246 307
	106 800	**283 869**	**251 171**	**79 399**	**-**	**721 239**

Capital management

The main objective of managing capital of the Company is maintenance of a good credit rating and equity ratios, supporting operating activities and increasing shareholders' value.

(in PLN '000)

Depending on changes in economic conditions, the Company may change capital structure by way of dividend payment, capital return or issue of new shares. In the presented period, no changes were introduced to purposes, principles and processes binding in this respect.

The Company analyzes the amount of capitals using leverage ratio, calculated as ratio of net debt to total capitals increased by net debt. Net indebtedness includes interest liabilities under bank credits, bonds and financial lease, trade liabilities and other liabilities, less cash and cash equivalents. Capital includes equity attributable to the shareholders of the Company.

	31.12.2008	**31.12.2007**
Liabilities due to credits, loans and finance lease	514 234	343 485
Liabilities due to deliveries and services and other liabilities	246 307	244 039
(minus) cash and cash equivalents	(12 780)	(13 176)
Net debt	747 761	574 348
Equity capital	406 912	162 507
Capital and net indebtedness	**1 154 673**	**736 855**

Fair value

The chart below contains specification of fair values of financial assets and liabilities with balance sheet values.

	31.12.2008		**31.12.2007**	
	Balance sheet value	fair value	balance sheet value	fair value
Loans granted	73 929	73 929	35 923	35 923
Available-for- sale financial assets	43	*	43	*
Receivables on services and other	371 104	371 104	220 126	220 126
Cash and cash equivalents	12 780	12 780	13 173	13 173
Liabilities due to credits, loans	474 026	474 026	278 430	278 430
Liabilities due to deliveries and services and other liabilities	246 307	246 307	244 039	244 039
Liabilities under bonds with variable rate	-	-	54 832	54 832
Liabilities due to finance lease	39 302	39 302	10 223	10 223
Net exposure	**(301 779)**	**(301 736)**	**(318 259)**	**(318 216)**

- *Assets available for sale include shares in the company, which, due to the special character of activities of this company, cannot be valued as to the fair value.*

In the opinion of the Board of Directors, the sheet balance value of financial assets and liabilities reflects their fair value.

33. Events occurring after the balance sheet date

On 23 April 2009, an annex to the credit agreement was signed with ABN AMRO Bank (Polska) S.A. According to the annex, the expiry date of the credit agreement was extended to 30 June 2009.

On 17 April 2009, an annex was signed with Kredyt Bank S.A. According to the annex, the expiry date of the credit agreement was extended to 28 May 2009. the credit limit has been PLN 45 million.

On 8 April 2009, an annex to the credit agreement was signed with Fortis Bank Polska S.A. According to the annex, the expiry date of the credit agreement was extended to 29 May 2009.

(in PLN '000)

34. Significant assessments and estimates

Preparation of financial statements in accordance with IFRS EU requires the Board of Directors of the Company to use assessments and estimates which have impact on the applied accounting principles and reported assets, liabilities, revenues and costs. Assessments and estimates are verified on a regular basis. Changes in estimates are included in the result for the period when the change took place. Information on particularly significant areas subject to assessments and estimates, affecting the financial statement, is disclosed in notes:

- Note 3 Investment Properties,
- Note 8 Write-downs of inventory and discounts entered in inventory,
- Note 9 Write-downs of receivables,
- Note 15 Provisions for liabilities,
- Note 18 Payments in the form of own shares,
- Note 31 Business combinations .

35. Change in presentation of financial data

In the financial statement prepared as at 31 December 2008, presentation of unrealized foreign exchange differences from liabilities and receivables was changed. These differences were presented as adjustment of prime cost instead of exchange rate differences. In connection with the above, the comparable data were also presented in the same manner as presented in note 24. Changes in presentation are shown in the chart below.

Items on income statement	**Approved version of statement**	**Change in presentation**	**After changing the presentation**
Cost of sold products, commodities, and materials	(843 587)	(1 186)	(844 773)
Foreign exchange differences	2 202	1 186	3 388

36. Continuation of activities

The purpose of the Company in capital risk management is to protect the capacity of the Company to continue activities so as to ensure that it is possible to execute return for shareholders and maintain optimal structure of capital in order to reduce its cost.

The financial statement was prepared given the assumption of continuation of business activities in the foreseeable future. In the opinion of the Company's Board of Directors there are no circumstances indicating any threat for continuation of activities by the Company.

Since the second half of 2008 it has been possible to observe significant fluctuations on global financial markets. The effect of the observed situation is, among others, reduction in the level of liquidity of financial markets decrease of financing via capital markets and, as a result, hindered access to capital experienced by Companies and capital groups.

The uncertainty on global financial markets caused in some countries, collapse of banks, companies and financial institutions, and initiated numerous rescue programs introduced by governments of States. Owing to instability and uncertainty, the Company's Board of Directors is unable to foresee all effects of the present financial crisis.

At the end of the financial year, the Company and the Inter Cars Group financed its activities (and activities of the Group Companies) mostly with bank credits and loans. Availability of credits for the Group, just like for other entities has been reduced recently. These circumstances may affect the possibility of obtaining new financing or refinancing on the terms similar to those binding in previous transactions. Despite these difficulties, in the opinion of the Company's Board of Directors, there is no risk of it losing financial liquidity.

Deterioration in the market situation may still influence the recipients of the Company. This can affect their capacity of payment of the receivables, and may have a significant impact on estimates concerning sales forecasts of the Company for the years to come.

All significant information available as at the date of preparation of the financial statement, including this that can be used for quantification of risk, was included by the Company in the attached financial statement.

37. Consolidated statement

Inter Cars draws up the consolidated financial statement. *The consolidated financial statement was published on 30 April 2009.* Consolidation covers statements of the Company and subsidiaries. Consolidation is conducted by using the full method, except for FRENOPLAST consolidated by the equity method.

Krzysztof Oleksowicz
President of the
Management Board

Robert Kierzek
Vice President of the
Management Board

Krzysztof Soszyński
Vice President of the
Management Board

Wojciech Milewski
Member of the
Management Board

Piotr Kraska
Member of the
Management Board

Julita Pałyska
Person responsible for
keeping the accounting books

Warsaw, 27 April 2009

PART III

STATEMENT OF THE OPERATIONS

Letter from President of the Board of Directors of Inter Cars S.A.

Dear Shareholders!

The previous year brought many surprises for us. We started it full of optimism, looking forward to more and more new perspectives. It seem that nothing would stop the flourishing economy. All the so-called "economic authorities" forecasted a bright future. Media informed about more and more beaten records of growth. Meanwhile, in the middle of the year, everything changed suddenly. Media started to present more and more pessimistic visions of the future. Authorities, forgetting about their previous prophecies, turned into "Cassandras" predicting our doom. Each month brought more bad news. Finally, in autumn, it turned out that the crisis reached also Poland, among others, due to gambling practiced by many Polish companies called "foreign exchange options".

At a threshold of a new year we ask ourselves whether we are truly in for a bitter end? Will the world as we know it cease to exist? What will happen to Inter Cars S.A.?
If you feel concerned, then let me tell you some good news. Inter Cars S.A. is all right and will be even better. Let me quote several facts.

In 2008 Inter Cars S.A had 1,737 million PLN income and 34 million PLN of gross profit. It gives 31% growth in comparison to 2007 for Inter Cars S.A. together with JC Auto S.A., after exclusions.

Data consolidated in thousand PLN	Inter Cars	**Inter Cars**	**change**
	31.12.2007	**31.12.2008**	
Net revenue from sales of products, goods and materials	1 326 894	**1 737 956**	**31%**
Gross profit on sales	365 256	**535 011**	**46%**

It is one of more successful mergers in the industry in Europe, and maybe in the world - the company did not record decrease in turnover, which is typical of most mergers. The results achieved in 2008 are lower than expected, though higher than the market average.

Good economic situation in the industry of distribution of spare parts in the whole 2008 confirms that the crisis does not affect that sector of automotive industry, and it applies to manufacturers of vehicles and components for their production. According to the data of independent agencies monitoring the market, in 2008, there was an increase in the market of distribution of parts for vehicles, at a significant market drop in the production segment.

The determinants of growth in the industry for Inter Cars are:
a) number of cars moving on roads (since 2004 we have been observing a growth in car fleet in Poland at the pace of ca 1 million pieces per year,
b) number of kilometres travelled by these cars,
c) average age of a car (strategic segment for our business are cars between 4 and 15 years of operation),
d) the pace of replacement of vehicles of the "former eastern block" for western and Asian car.

Currently, we are facing another stimulation of the market of spare parts for passenger vehicles. I expect that despite drops in the truck segment the market spare parts of vehicles will increase by at least 8%. This is related, first of all, to the following factors:
- in search for savings ca. 300,000 vehicles from ASO will pass to our segment
- million pieces of cars imported in 2008, slowly appear in workshops
- owing to depreciation of the Polish Zloty, people will turn away from aviation in favour of car travels, and thereby more people will spend their holiday in Poland.

After harsh winter we can observe a spring boom. Preliminary findings of four months enable to be fairly optimistic. In 2009 I expect not only a significant growth of more than 20% in sales, but also a significant improvement in the net result.

Krzysztof Oleksowicz
President of the Management Board

38. Summary

Inter Cars is an importer and distributor of spare parts for passenger car and commercial vehicles. The Company's offer includes also garage equipment and parts to motorcycles and tuning. **Inter Cars offers the widest range of automotive parts in Eastern Europe.** Its offer includes both original parts in packaging of spare parts manufacturers(so called: "parts for the first assembly") as well as parts with comparable quality (independent manufacturers declare "the same quality" as of the original parts).

On 29 February 2008 the merger of Inter Cars S.A. and JC Auto S.A. took place The long-term objective of the merger is creation of a company which would be a leader on the market of distribution of spare parts to vehicles in Europe. The Boards of Directors of both Companies indicate effects of synergy related to the merger, which will bring substantial reduction in operating costs of the merged entity and simultaneous increase in total sales and profits. Both Inter Cars and JC Auto are entities conducting activities related to distribution of parts to of vehicles and repair services of automotive vehicles.

Sales revenues in 2008 were **31% higher** than in 2007. Share of export in revenues from sales of goods in 2008 reached the level of approximately 20%, which is similar to the one recorded in 2007.

The following were of **particular importance for sales** results in 2008:

(a) further development of the regional sales support system (sales representatives), the result of which was increase in the quantity of active customers,

(b) opening new branches and intensification of operations of the already existing ones,

(c) important growth in sales of seasonal goods thanks to high availability of the selected assortment groups,

(d) optimization of the inventory management system including both optimization of balances in particular product groups and optimization of supply chain, consisting in, first of all, growth in importance of regional distribution centres and the degree of direct deliveries from manufacturers. Other factors which have had a significant, positive impact are: significant extension of offer of parts for Asian cars and development of the loyalty program for customers of Inter Cars called "IC-Premia" (www.icpremia.pl).

The Company **develops sales chain** (115 branches at the end of December), **constantly expands the offer of goods** and introduces new sales support forms. Since the current structure of sales of spare parts to passenger and utility cars corresponds to the structure of the registered car fleet in Poland, as well as thanks to high availability of the offer of goods and the use of modern sales tools, the Company can offer recipients competitive terms of cooperation. The Company is leader in implementation of new sales support solutions.

2008 is another year of dynamic **development of activities of subsidiaries of Inter Cars**. The Board of Directors expects that the subsidiaries will be in the years to come an important factor stimulating further development of the Group.

Gross profit on sales of Inter Cars increased by 48%, as compared to 2007. Higher growth rate, as compared to the growth rate in sales revenues, resulted from increase in **sales margin** in 2008 to 30.1%, from 26.6% in 2007.

The market of distribution of spare parts is characterized by a significant growth potential. The main factors determining market growth are **constant growth in the number of vehicles** registered and moving on roads, **liberalization of regulations** opening access to independent distributors of spare parts to authorized workshops, elimination of barriers import of second-hand cars, **growing complication of repairs** related to more and more common use of advanced technologies for production of vehicles and a **constant increase in intensity of operation of the car fleet**, in particular growth in average age of registered vehicles and average mileage. Most important **trends on an independent market of distribution** of spare parts cover intensive sales network development, development of assortment, development of sales support programs, own lines of goods and improvements of computer systems.

The Board of Directors estimates that **the share of the Company** in the market of independent distribution of spare parts to "western" vehicles will increase to 25% - 30%.

Basic financial data are presented in the chart below.

('000)	2008	2007	2008
	PLN	PLN	Euro
Profit and loss statement (for period)			
Sales revenues	1 507 416	1 150 874	426 776
Gross Profit (Loss) on sales	453 557	306 101	128 410
Costs of management option program	(743)	(3 330)	(210)
Financial revenue and cost, net	(35 550)	(7 329)	(10 065)
Profit (loss) on operating activities	62 580	66 375	17 718
Net Profit (loss)	22 912	46 773	6 487
Balance (at the end of period)			
Cash and cash equivalents	12 780	13 173	3 063
Balance sheet total	1 185 592	767 648	284 151
Loans, borrowings, financial Leasing	514 234	343 485	123 247
Equity capital	406 912	162 507	97 525
Other financial information			
Cash flow on operating activities	74 697	(52 110)	21 148
Cash flow on investment activities	(58 690)	(70 289)	(16 616)
Cash flow on financial activities	(16 400)	124 311	(4 643)
Basic earnings per 1 share	1,71	3,96	0,48
Sales margin (1)	30,1%	26,6%	
EBITDA margin (2)	5,7%	6,8%	

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

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

39. Information on basic activities of the Company

Inter Cars is an importer and distributor of spare parts for passenger cars and commercial vehicles. The Company's offer includes also garage workshop, in particular devices for service and repairs of cars and parts for motorcycles and tuning. The offer of goods includes mainly parts to cars produced in Europe and in Japan and South Korea. **Inter Cars offers the widest range of automotive parts in Eastern Europe.** Its offer includes both original parts (in accordance with the definition BER 1400/2001) as well as parts of comparable quality.

Constant growth in the number of vehicles in Poland, including import of second-hand cars, liberalization of regulations resulting in opening access of independent distribution networks of spare parts to authorized car repair networks and changes in cars production technologies open to the spare parts distribution industry exceptional possibilities of growth. **Thanks to adjustment of the offer of goods to the structures of sales of new and second-hand cars and structure of car fleet, the Board of Directors anticipates constant growth in the Company's revenues.**

Strategy of the Company is sales of brand spare parts and constant expansion of the offer of spare parts to cover high quality goods by reputable, world manufacturers, delivering their goods to manufacturers of vehicles for the first installation and to authorized car sales networks.

The purpose of the Company is to build dominant in Poland distribution network of spare parts to cars, with strong representation on new European markets, bringing stable profits and enabling expanding operations by taking over market shares of other entities operating in the industry of distribution and logistics. **The Company intends to achieve share in the Polish market of 25-30% in the years 2012 -2014.**

Total distribution of goods operates on the basis of a logistics centre, chain of 115 own branches in Poland, regional warehouses in Poznań, Tychy and Łódź, and foreign subsidiaries in Ukraine, the Czech Republic, Slovakia, Lithuania, Hungary, Croatia, Italy and Belgium. The central warehouse houses all product groups, branches house only quickly rotating products, however, to the extent to maintain width of the assortment, its quality and availability adequate to the local needs.

40. Basic goods

Inter Cars offers the widest product range of automotive parts in Central and Eastern Europe. The Company offer brand goods, of quality identical as delivered for the first assembly during production of cars, and significantly cheaper, although qualitatively good, by manufacturers delivering their products only for the purpose of the secondary market. Total offer includes parts to most types of cars sold in Poland and manufactured in Western Europe and Japan and South Korea and to selected model of cars manufactured in the USA.

The Company has been systematically expanding the assortment of offered goods. It is done by expanding the offer in particular categories but also by supplementing the offer with new categories and searching for new target markets.

Basic **structure of distribution channels** is presented in the chart below.

	2008		**2007**		**2006**	
	(thousands of PLN)	**(%)**	**(thousands of PLN)**	**(%)**	**(thousands of PLN)**	**(%)**
Sales in the country	1 206 003	*80,00%*	905 344	*78,67%*	705 830	*77,3%*
Export sales, including:	301 413	*20,00%*	245 530	*21,33%*	207 273	*22,7%*
Inter Cars Ukraine	15 425	*1,02%*	11 189	*0,97%*	9 785	*1,1%*
Inter Cars Ceska Republika	21 673	*1,44%*	18 345	*1,59%*	14 766	*1,6%*
Inter Cars Slovenska Republika	26 812	*1,79%*	17 467	*1,52%*	7 822	*0,9%*
Inter Cars Lietuva	9 376	*0,62%*	5 273	*0,46%*	189	*0,0%*
Inter Cars Croatia	9 208	*0,61%*	-	-	-	-
Inter Cars Hungaria	4 349	*0,29%*	-	-	-	-
Inter Cars Romania	667	*0,04%*	-	-	-	-
JC Auto Italia	1 757	*0,12%*	-	-	-	-
JC Auto Belgium	958	*0,06%*	-	-	-	-
Total	**1 507 416**	***100%***	**1 150 874**	*100%*	**913 103**	*100,0%*

Dominant sales market of Inter Cars is the domestic market. The share of export sale in the total sales of the Company decreased to 20.00% in 2008 from 21.33% in 2007. Sales in Poland was characterized by higher dynamics of growth than export sales for several basic reasons. Firstly, the sales network on the domestic market developed faster than the sales network outside Poland, among others, by the merger with JC Auto S.A., secondly, subsidiaries operating outside the borders of Poland increased the scale of direct purchases and thirdly, there was a decrease in individual import to Ukraine in connection with exacerbation of the customs regulations and more strict control of the Polish-Ukrainian border. The share of sales to subsidiaries with the total values of export sales was 29.96% in 2008. In 2007, this share reached the level of 21%.

Sales revenues of Inter Cars with breakdown into basic **categories of goods** are presented in the chart below.

	2008		**2007**		**2006**	
	(thousands of PLN)	**(%)**	**(thousands of PLN)**	**(%)**	**(thousands of PLN)**	**(%)**
Sales of automotive parts and garage equipment	1 442 124	*95,67%*	1 092 229	*94,9%*	881 521	*96,5%*
Domestic	1 147 768	*76,14%*	840 174	*73,0%*	678 118	*74,3%*
Export	294 356	*19,53%*	252 055	*21,9%*	203 403	*22,3%*
Other	65 292	*4,33%*	58 645	*5,1%*	31 582	*3,5%*
Domestic	58 235	*3,86%*	54 028	*4,7%*	27 712	*3,0%*
Export	7 057	*0,47%*	4 617	*0,4%*	3 870	*0,4%*
Net revenue	**1 507 416**	***100%***	**1 150 874**	*100,0%*	**913 103**	*100,0%*

Other sales include revenues under re-invoices of costs and sales of marketing services related to basic activities.

(in PLN '000)

Sales of automotive parts and garage equipment in 2009 was nearly higher by 32% than in 2007.

Sales of spare parts for cars and motorcycles and garage equipment with division into different types of vehicles is presented in the chart below.

	2008		2007		2006	
	(thousands of PLN)	(%)	(thousands of PLN)	(%)	(thousands of PLN)	(%)
parts for passenger cars	1 097 549	*76,1%*	797 209	*73,0%*	682 913	*77,5%*
parts for commercial vehicles and buses	186 756	*12,9%*	180 767	*16,6%*	155 126	*17,6%*
parts for motorcycles	19 866	*1,4%*	13 887	*1,3%*	9 633	*1,1%*
Other	137 953	*9,6%*	100 366	*9,2%*	33 849	*3,8%*
Total	**1 442 124**	***100,0%***	**1 092 229**	*100,0%*	**881 521**	*100,0%*

The highest dynamics of growth (approximately 43%) and, at the same time, the lowest volume characterized **sales of parts for motorcycles**. In 2005, the Company started selling Triumph motorcycles and started organizing sales of motorcycle parts under the InterMotors brand. Www.intermotors.pl was launched, dedicated to the sales of motorcycles and spare parts and accessories to those vehicles. Currently, sales of motorcycle parts is performed in 20 points of sale.

Sales of spare parts for passenger cars increased by approximately 38%, which is caused by extending the catalogue offer to cover assortment of car parts sold by JC Auto S.A.

Sales of parts for commercial vehicles increased in 2008 by 3% as compared to 2007 and was approximately 13% of total sales of spare parts by the Company.

The structure of sales of parts including export sales is presented in the chart below.

	2008		2007		2006	
	(thousands of PLN)	*(%)*	(thousands of PLN)	*(%)*	(thousands of PLN)	*(%)*
Domestic sales	**1 147 768**	***79,6%***	**840 175**	***76,9%***	**678 118**	***76,9%***
parts for passenger cars	854 143	*59,2%*	600 502	*55,0%*	520 848	*59,1%*
parts for commercial vehicles and buses	142 226	*9,9%%*	129 546	*11,9%*	116 605	*13,2%*
other, parts for motorcycles	151 399	*10,5%*	110 127	*10,1%*	40 665	*4,6%*
Export sales	**294 356**	***20,4%***	**252 054**	***23,1%***	**203 403**	***23,1%***
parts for passenger cars	243 406	*16,9%*	196 707	*18,0%*	162 065	*18,4%*
parts for commercial vehicles and buses	44 530	*3,1%*	51 221	*4,7%*	38 521	*4,4%*
other, parts for motorcycles	6 420	*0,4%*	4 126	*0,4%*	2 817	*0,3%*
Total	**1 442 124**	***100%***	**1 092 229**	***100,0%***	**881 521**	***100,0%***

The Company does not depend on any of their recipients - no recipient exceeds 10% of share in total sales revenues.

41. Sources of supply

The Company's offer includes goods from a few hundred suppliers. Goods are delivered from the area of the entire world, however, mostly from suppliers from EU and Asian countries. A dominant category of suppliers of goods are international concerns for which the Company is one of the largest and the main customers in Central and Eastern Europe. Due to large diversification of suppliers the activities of the company are not particularly dependent on one or several suppliers.

42. Contracts significant and essential for activities and insurance contract, loans, credits

Significant agreements

Commercial relations with suppliers of Inter Cars are regulated in the form of a written contract only in the case of some suppliers of the Company. In particular, these are agreements determining terms of granting additional discounts by suppliers of the Company. Contracts concluded with suppliers do not impose on the Company obligations to execute turnover of specified value.

(in PLN '000)

Significant contracts

Inter Cars is a party to contracts significant for the implementation of the development strategy of the Company. They include, in particular contracts with suppliers of spare parts determining terms of granting discounts. They are usually concluded for a period of one year. In the period until the balance sheet the following contracts were binding:

No.	Date of agreement	Party to the contract
1	12-01-2008	Contitech Antriebssysteme GmgH
2	31-01-2008	Delphi Poland S.A.
3	12-02-2008	Egon von Ruville
4	02-06-2008	Federal Mogul
6	23-01-2008	Robert Bosch
7	01-03-2008	SKF
8	27-02-2008	Valeo
9	02-01-2008	Wix-Filtron
10	01-01-2008	ZF Trading

Among contracts significant concerning deliveries of spare parts for an indefinite period of time:

No.	Date of agreement	Page
2	26-01-2005	Triumph Motorcycles LTD

Insurance contract

No.	Date of agreement	Party to the contract	Subject of the contract	Essential terms	Term	Criterion being the basis for considering that a contract is significant/essential
1	09-08-2008	Powszechny Zakład Ubezpieczeń S.A.	insurance of property and current assets of the Company	insurance against fire and other natural disasters, from theft with robbery and burglary	08-08-2009	Total sum insured is PLN 623,274 thousand.

(in PLN '000)

Loan and credit agreements

Contract no. Bank	Date of conclusion	The expiry date	Limit/credit amount	Safety Features:
1999/20036 Pekao S.A. IV O/Warszawa, ul.Grójecka 1/3; 02-019 Warszawa	30-09-1999	31-12-2009	27 000 000,00	court registration pledge on warehouse inventory in the amount of PLN 27 million along with assignment of rights under their insurance policy; jointly four blank promissory notes with declaration; statement on submission to enforcement of cash benefit and enforcement of property; power of attorney to the bank account
2008/1019601583 Pekao S.A. IV O/Warszawa, ul.Grójecka 1/3; 02-019 Warszawa	23-06-2008	31-12-2009	25 000 000,00	court registration pledge on warehouse inventory in the amount of PLN 25 million along with assignment of rights under their insurance policy; declaration of submission to enforcement; own blank promissory note with declaration; power of attorney to the bank account
2006/1008742132 Pekao S.A. IV O/Warszawa, ul.Grójecka 1/3; 02-019 Warszawa	27-07-2006	31-12-2009	74 500 000,00	court registration pledge on warehouse inventory in the amount of PLN 74.5 million along with assignment of rights under their insurance policy; declaration of submission to enforcement; own blank promissory note with declaration; power of attorney to the bank account
721380004076 Kredyt Bank S.A. ul. Kasprzaka 2/8, 01-211 Warszawa	06-04-2006	05-04-2009	55 000 000,00	alienation of inventory (spare parts of mechanical vehicles) in the amount of . PLN 55 million along with assignment of rights under the insurance policy; assignment of receivables of the Borrower from the selected contractors in the minimum amount of PLN 8 million a month
umowa z dnia 07.03.2007 ING Bank Śląski S.A., ul. Sokolska 34, 40-086 Katowice	07-03-2007	31-01-2010	80 000 000,00	registration pledge on inventory, in the form of car parts and car accessories in the amount of million PLN 40 along with assignment of rights under their insurance policy statement on submission to enforcement
02/379/07/Z/OB. Bre Bank S.A., Oddział Korporacyjny w Warszawie, ul. Królewska 14, 00-950 Warszawa	25-09-2007	30-09-2009	50 000 000,00	court registration pledge on inventory, in the form of car parts and car accessories in warehouses in the amount of million PLN 55 along with assignment of rights under their insurance policy own blank promissory note statement on submission to enforcement
02/188/08/Z/VW. Bre Bank S.A., Oddział Korporacyjny w Warszawie, ul. Królewska 14, 00-950 Warszawa	29-07-2008	30-07-2009	20 000 000,00	blank promissory note; registration pledge on inventory (in Kajetany)
WAR/3012/4/433/CB Fortis Bank S.A. ul. Suwak 3 Warszawa	22-12-2004	30-03-2009	50 000 000,00	*alienation of warehouse inventory (in Kajetany) in the amount of 50 million PLN along with assignment of rights under the insurance policy;*
60/2007 ABN AMRO Bank (Polska) S.A., ul. 1-go Sierpnia 8A, 02-134 Warszawa	20-12-2007	30-03-2009	100 000 000,00	court registration pledge on inventory, in the form of car parts and car accessories in warehouses in the amount of million PLN 100 along with assignment of rights under their insurance policy statement on submission to enforcement up to the amount of PLN 120 million

(in PLN '000)

Loan agreements

Date of conclusion of loan contract	Amount of loan	Significant terms of agreement
29-12-2005	5 050 000 PLN	Loan contract from Inter Cars intended for running and expanding business activities of Feber Sp. z o.o.
05-10-2006	500,000 PLN	Loan contract from Inter Cars intended for running and expanding business activities of IC Development&Finance Sp. z o.o.
12-12-2006	500 000 PLN	Loan contract from Inter Cars intended for running and expanding business activities of IC Development&Finance Sp. z o.o.
13-04-2007	600 000 PLN	Loan contract from Inter Cars intended for running and expanding business activities of IC Development&Finance Sp. z o.o.
21-05-2007	2 500 000 PLN	Loan contract from Inter Cars intended for running and expanding business activities of IC Development&Finance Sp. z o.o.
09-07-2007	250 000 PLN	Loan contract from Inter Cars intended for running and expanding business activities of Lauber Sp. z o.o.
22-10-2007	3 900 000 PLN	Loan contract from Inter Cars intended for running and expanding business activities of IC Development&Finance Sp. z o.o.
19-11-2007	3 100 000 PLN	Loan contract from Inter Cars intended for running and expanding business activities of IC Development&Finance Sp. z o.o.
03-12-2007	17 800 000 PLN	Loan contract from Inter Cars intended for running and expanding business activities of IC Development&Finance Sp. z o.o.
08-01-2008	1 200 000 PLN	Loan contract from Inter Cars intended for running and expanding business activities of IC Development&Finance Sp. z o.o.
27-02-2008	1 200 000 PLN	Loan contract from Inter Cars intended for running and expanding business activities of IC Development&Finance Sp. z o.o.
01-08-2008	9 000 000 PLN	Loan contract from Inter Cars intended for running and expanding business activities of IC Development&Finance Sp. z o.o.
26-03-2008	15 500 000 PLN	Loan contract from Inter Cars intended for running and expanding business activities of Feber Sp. z o.o.
20-02-2006	30 000 EUR	Loan contract from Inter Cars intended for running and expanding business activities of JC Auto S.A.Belgium
23-07-2008	170 000 EUR	Loan contract from Inter Cars intended for running and expanding business activities of IC Rumunia
29-10-2008	1 150 000 PLN	Loan contract from Inter Cars intended for running and expanding business activities of Frenoplast S.A.

Balance of loans for related parties as at 31 December 2008 was PLN 66,652,871.81.

Total loans granted to 9 non-related parties reached the value of PLN 7,276,420.43.

Contracts between shareholders

The Company has no knowledge about any contracts between shareholders.

43. Changes in organizational or equity links

Structure changes which took place in 2008 included:

- increase in capital in Inter Cars Lietuva - PLN 494 thousand PLN.
- increase in reserve capital in JC Auto s.r.l. – PLN 1,414 thousand
- payment for the Share capital in Inter Cars Romania - PLN 179.64.

44. Contracted credits and loans

Short-term credits and loans (currency)	31.12.2008 amount by contract (limit)	Usage	date of repayment
Bank Pekao S.A.	126 500	121 412	2009-12-31
Kredyt Bank S.A.	55 000	54 809	2009-04-05
BRE Bank S.A.	70 000	69 836	2009-09-30
ABN AMRO Bank (Polska) S.A.	100 000	99 820	2009-03-30
Fortis Bank S.A.	50 000	49 656	2009-03-30
	401 500	**395 533**	

Long-term credits and loans (currency)	amount by contract (limit)	Used	date of repayment
ING Bank Śląski S.A.	80 000	78 493	2010-01-31
Armatus Sp. z o.o.	906	906	31-01-2010
	80 906	**79 399**	

The Company has customs guarantee provided by TU Allianz Polska S.A. for the amount of PLN 500 thousand.

45. Warranties and guarantees granted

As at 31 December 2008, the total value of warranties granted reached the value of PLN 37,515 thousand and consist of lease contract sureties for Inter Cars d o.o. and Lauber Sp. z o.o., sureties for the benefit of suppliers of Inter Cars Ukraina as well as Inter Cars Ceska Republika and Inter Cars Slovenska Republika and the surety of credit repayment for Inter Cars Hungaria kft, Lauber Sp. zo.o. and Feber Sp. z o.o.

Towards	the duration	amount (thousands of PLN)
Inter Cars Hungaria Kft.	20-02-2016	4 223
Lauber Sp. z o.o.	26-09-2011	197
Lauber Sp. z o.o.	31-03-2009	4 010
Feber Sp. zo.o.	31-03-2009	15 937
Inter Cars d.o.o.	02-02-2009	82
Inter Cars d.o.o.	12-07-2009	49
Inter Cars Czeska Republika i Inter Cars Slovenska Republika	31-12-2008	3 338
Inter Cars Czeska Republika	31-12-2008	4 172
Inter Cars Ukraina	17-11-2009	4 172
Inter Cars Ukraina	31-12-2008	1 252
Inter Cars Ukraina	czas nieoznaczony	83
		37 515

46. Commercial papers issued

Detailed information is included in Note 14 of the information additional to the annual financial statement.

47. Seasonal or cyclic character of activities

Total revenues of the Company are not significantly susceptible to the phenomenon of seasonality. The wide range of parts includes goods whose sales depends on season, especially winter. They cover , among others, winter tires, batteries, glow plugs, steel rims, fuel filters and antifreeze and window washer fluids. Goods most susceptible to seasonal, short-term sales such as e.g. winter tires are ordered from suppliers a few months before the planned period of more intense sales (provided that previous purchases are awarded by suppliers with longer payment terms and higher discounts).

The observed regularity is that relatively the bottom sales is recorded in the first quarter of the year.

48. Market environment

Inter Cars operates in the segment of distribution of new spare parts, delivered, first of all, to garages independent on car manufacturers. As it appears from data of the Association of Automotive Parts Distributors, an independent distribution segment constitutes approximately 51% of the value of the whole market of spare parts in Poland. **The Company is the largest entity in its industry in Poland.**

Basic factors determining market development

The aftermarket of automotive parts is a natural derivative of the car market, since the necessity for repairs and replacement of wearing consumables leads to a continuous demand for spare parts. In connection with the crisis, sales of new vehicles recorded either stagnation or small growth , and, at the same time, the period of operation of second-hand vehicles is prolonged.

Main factors determining **the market growth** are:

- **constant growth in the number of vehicles** registered in Poland and moving on roads,
- **liberalization of regulations** opening access to independent distributors of spare parts to authorized workshops (Regulation on excluding specified vertical agreements in the sector of automotive vehicles from the ban on agreements restricting competition - effective since 1 November 2003),
- **elimination of barriers** in import resulting in growth in demand for spare parts, owing to higher failure rate of used cars as compared to new vehicles, growth in demand for services of independent car workshops, being the main category of the Company's customers and increase in value of the Company's market by accelerated elimination of the segment of market of spare parts to vehicles from the former Eastern Bloc,
- **growing complication of repairs** related to more and more common use of advanced technologies for production of cars,
- **constant growth in the intensity of operation of the car fleet**, in particular growth in the average age of registered cards and average mileages.

Distributors of spare parts in Poland

The market of distribution of spare parts in Poland remains relatively dispersed, and consolidation trends are noticeable. As it appears from data of Moto Focus, the largest distributors of spare parts (segment of passenger cars) in Poland is:

1. Inter Cars
2. Fota
3. AD Polska
4. Group Auto Union Polska

In the segment of distribution of spare parts for trucks the first four distributors are:

1. Opoltrans
2. Suder&Suder
3. Autos
4. Inter Cars

Most important trends on independent market of distribution of spare parts in 2008 are as follows:

- **intensive sales chain development** - together the largest distribution companies in Poland have approximately 410 points of sale in Poland and outside the borders of Poland,
- **development of product range** - mostly through enrichment of the offer with new lines of goods, as: Garage equipment and after crash parts,
- **development of sales support programs** - as, first of all, development of fleet programs and loyalty programs ("Premium Clubs"),
- **own product lines**, - i.e. expanding the offer of goods sold under its own brand,
- **improving computer systems** - being the condition of efficient goods logistics management and fast generation of data essential for the customer.

The above trends indicate distinctly that the competitive position of distributors are influenced by more and more factors. In particular; these are traditional factors associated with reaching the customer (location of points of sale) and availability (namely as a result order execution time) and also factors associated with development of qualitative characteristics in reaching the customer. In practice, improvement in the service quality means expansion of the offer of goods to cover new lines enabling the customer to do shopping "under one roof" and ensuring on-line access to any necessary information on goods from the determination of their availability to technical information concerning their assembly. It means for distributors, on the one hand, growth in loyalty and scale of customers' purchases, and, on the other hand, is a huge challenge as it requires expansion of logistic facilities and entry to new market segments often characterized by significantly different "sales philosophy" and competition of specialized entities.

Number and structure of vehicles used

The number of vehicles is constantly growing - in the European Union in the period from 1990 to 2004 by 59 million pieces, that is about 38%. In the same period in Poland - by ca.6.7 million pieces, namely approximately by 128%.

Data on the number of vehicles and basic parameters typical of the car market in Poland are presented in the table below.

('000)	**1990**	**2000**	**2005**	**2006**	**2007**
registered vehicles	7 755	12 755	16 818	18 035	19 472
passenger	5 261	9 991	12 339	13 384	14 589
cars per 1000 people	168	309	441	472	510
passenger cars per 1000 people	138	259	323	350	382

source: own estimates on the basis of the Central Statistical Office (GUS)

The number of vehicles registered in Poland increased in 2008 by 8% as compared to 2007, reaching the average of 510 vehicles for 1000 of the population.

According to the data presented in the study of the Central Statistical Office (GUS) "Transport - Results of operations in 2007" the number of registered passenger cars in Poland at the end 2007 reached 14,589 thousand pieces, which gives approximately 9-percent increase as compared to the previous year. In 2007 in Poland for one passenger car there were on average 2.6 people. To compare with in Germany – 1.8 person, Spain – 2.1 – France 2, Greece – 2.5. This means that we should expect further growth in Poland.

Sales of cars in Poland

In 2008, the sales of both new and second-hand vehicles developed very dynamically. The total of sales of new passenger cars and trucks in Poland in 2007 was approximately 22.6% higher than in 2006. Data relating to volume of sales of new cars in Poland with breakdown into different categories are presented in the table below.

Sales of new cars ('000)	2001	2002	2003	2004	2005	2006	2007	2008
passenger	327	308	354	318	236	239	293	320
including domestic production	43%	25%	15%	15%	13%	9%	6%	6%
trucks	35	32	39	49	47	56	79	0

source: Automotive Market Research Institute Samar

Increase in sales of new passenger cars was accompanied, at the same time, by increase in import of used cars. In 2008, import of passenger cars to Poland increased by 10% as compared to in 2006. The chart below presents detailed data.

passenger cars in Poland ('000)	2001	2002	2003	2004	2005	2006	2007	2008
sales of new cars	327	308	354	318	236	239	293	320
import of second-hand cars	217	179	33	828	871	817	995	1100
Total	544	487	387	1 146	1 107	1 056	1 288	1420
import of second-hand/sales of new	0,66	0,58	0,09	2,60	3,7	3,4	3,4	3,4

source: Automotive Market Research Institute Samar

Total passenger car supply in 2008 was approximately 10% higher than in 2007. At the same time, however, nearly 77% of this supply covered second-hand cars, namely such that fail relatively more often as well as are a traditional target group of the Company's customers.

The structure of second-hand cars that are imported to Poland are dominated by cars manufactured in the Western European countries. According to the Institute of Automotive Market Research Samar preferably imported cars in 2008 were Volkswagen, Opel, Ford, Renault and Audi.

Structure of the car fleet

Offer of goods of the Company is adjusted to the market demand. The detailed data are presented below.

(a) structure of passenger cars sale

Sale of new passenger cars in Poland is dominated by cars produced outside the borders of Poland, mainly in Western Europe. The structure of sales with breakdown into different motor concerns is presented in the chart below.

	2004	2005	2006	2007	2008
Western	77%	72%	72%	72%	66%
Japanese and Korean	21%	24%	25%	27%	33%
Other	*2%*	4%	*3%*	1%	1%

Western: **Skoda, Volkswagen, Seat, Audi, Fiat, Alfa Romeo, Lancia, Peugeot, Citroen,** Renault, Dacia, **Opel, Saab,** Ford**, Volvo, Land Rover, Jaguar, Mercedes, BMW, Porsche, Mini, Smart;**
Japanese and Korean: Toyota, Nissan, Honda, Suzuki, Mitsubishi, Mazda, Daewoo, Hyundai, Kia, Subaru, Ssangyong, Lexus.
source: Automotive Market Research Institute Samar

(b) structure of passenger cars fleet

The structure of sales of spare parts by the Company corresponds to the structure of the registered car fleet. The specification of parts sales structure with the car fleet structure registered in Poland is presented below.

Passenger cars	**Structure of sale of a part of the Company**		
	2006	**2007**	**2008**
(a) Western European	76%	75%	58%
(b) Eastern European	4%	5%	3%
(c) Japanese and Korean	4%	2%	10%
(d) Other	16%	18%	29%

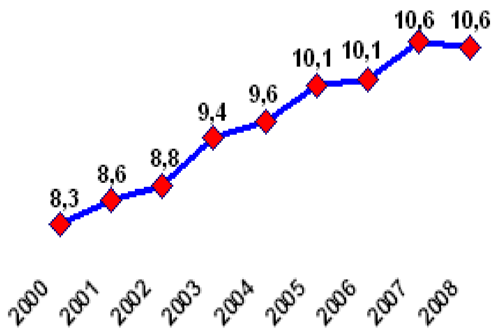
source: Company

The category "other" includes also significant in terms of value and quantity group of parts which are universal, i.e. are used for different types and brands of cars, including Western

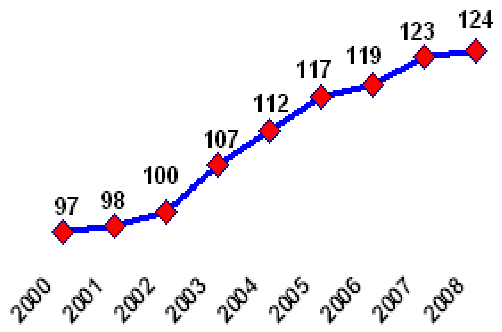
European, Japanese and Korean cars. The category includes such goods as tires and oils and lubricants, with systematically growing share in sales of the Company.

(c) the basic characteristics of passenger vehicle fleet

As it appears from data of GIPA currently an average passenger car in Poland has over 10 years. The average mileage of a passenger car in Poland is currently over 124 thousand km. Details presented in below charts (GIPA).



Average age of passenger cars in Poland (in the years)



Average mileage of passenger cars in Poland (in thousand km)

Technologies of cars production

An extremely significant factor for further market development is a systematic growth in share of electronics in the costs of production and repair of vehicles. Technical innovations are more and more rapidly commonly used in mass production. According to the data of GIPA approximately 31% passenger cars registered in Poland are professionally equipped with ABS. In 2002, this share reached the level of 16%. A noticeable issue is also a tendency to mount a large number of devices controlling operation of individual subassemblies that are managed in a network. The consequence of these changes is departure from diagnostics of particular devices in favour of system diagnostics of the whole vehicle (integrated systems). The scope of repairs in the future will be completely different from the present one - the market switches systematically from "work with parts" to "work with systems". At the same time, the diversity of parts also increases. Technological development is done mainly with regard to the following systems: alternative drives, safety systems, navigation systems, active suspension control systems, night control systems, clearance radars, automatic gearboxes, multimedia direct fuel injection systems, variable valve control systems, braking and control systems based on electric systems.

The Company's offer includes goods from a few hundred suppliers. Goods are delivered from the area of the entire world, however, mostly from suppliers from EU countries. A dominant category of suppliers of goods are international concerns for which the Company is one of the largest and the main customers in Central and Eastern Europe. Due to large diversification of suppliers the activities of the company are not particularly dependent on one or several suppliers.

49. Assessment of financial resources management

Assessment of financial resources management was made using the following ratios:

- gross return on sales - ratio of gross profit on sales to net total sales revenues,
- return on sales - ratio of gross profit on sales to net total sales revenues,
- operating return - ratio of operating profit to net sales, measures operational effectiveness of the Company,
- EBITDA - as net profit (loss) before depreciation, net financial revenues (costs), exchange rate differences and income tax,

(in PLN '000)

- gross return - ratio of gross profit to net sales revenues, measures operational effectiveness of the Company considering result on financial operations and balance of extraordinary losses and profits,
- net return - measured as the ratio of profit of the Company, after obligatory reductions, to net sales profits,
- rate of return on assets (ROA) - percentage share of net profit in the value of assets, measuring general operational effectiveness of assets,
- return on equity (ROE) - share of net profit in the value of equity, measures operational effectiveness of capitals involved in the company,
- debt ratio - total liabilities to total assets,
- debt to equity ratio - total liabilities to equity.
- inventory turnover - proportion of value of inventory at the end of period to value of goods and materials sold, expressed in days,
- trade receivables turnover cycle - proportion of value of trade receivables at the end of period to net sales, expressed in days,
- operating cycle - the sum of cycle of inventory turnover and cycle of receivables turnover,
- trade liabilities turnover cycle - proportion of the value of trade liabilities at the end of period to the value of goods and materials sold and costs of external services, expressed in days,
- cash conversion cycle - difference between operating cycle and trade liabilities turnover cycle,
- current ratio, showing the company's ability to pay current liabilities using current assets - ratio of current assets to current liabilities at the end of a given period,
- quick ratio, showing capacity to collect in a short time cash funds to pay liabilities with high degree of maturity - balance of current assets reduced by inventory to balance of current liabilities at the end of period,
- cash ratio, measuring capacity to pay current liabilities - cash to current liabilities at the end of period.

Basic figures used to assess profitability of the Company are presented in the chart below.

	2008	**2007**
Net revenues on sales of commodities and materials	1 507 416	1 150 874
Growth	*1,31*	*1,26*
Profit gross on sales	453 557	306 101
Gross sales profitability	*30,09%*	*26,60%*
Foreign exchange differences	(8 655)	3 389
Operating profit	62 580	66 375
operating return	*4,15%*	*5,77%*
EBITDA	*5,72%*	*6,82%*
Gross profit	27 030	59 047
Net profit	22 912	46 773
net return	*1,52%*	*4,06%*
Balance sheet total	1 185 592	767 648
ROA	*1,93%*	*6,09%*
Fixed assets	394 060	152 267
Equity capital	406 912	162 507
ROE	*5,63%*	*28,78%*

Sales revenues in 2008 were **31% higher** than in 2007. Share of export in revenues from sales of goods in 2008 reached the level of approximately 20%, which is similar to the one recorded in 2007.

The following were of **particular importance for sales** results in 2008:

(a) merger with JC Auto S.A.

(b) further development of the regional sales support system (sales representatives), the result of which was increase in the quantity of active customers,

(c) opening new branches and intensification of operations of the already existing ones,

(d) important growth in sales of seasonal goods thanks to high availability of the selected assortment groups ("Winter Campaign"),

(e) optimization of the inventory management system including both optimization of balances in particular product groups and optimization of supply chain, consisting in, first of all, growth in importance of regional distribution centers and the degree of direct deliveries from manufacturers.

Other factors which have had a significant, positive impact are: significant extension of offer of parts for Asian cars and development of the loyalty program for customers of Inter Cars called "IC-Premia" (www.icpremia.pl).

Gross profit on sales increased by 48% as compared to 2007. Higher growth rate, as compared to the growth rate in sales revenues, resulted from increase in **sales margin** in 2008.

Total **sales costs and overheads** increased by 76% as compared to 2007. First of all, this growth resulted from growth in costs of remuneration (after excluding costs of the motivation program) by 81% and external services - together by 55%. The growth resulted mostly from a higher level of costs incurred for service and development of the data communications system and logistics of goods (transport, warehouse facilities).

The largest item of costs incurred by the Company is a service of distribution, namely share of a branch in worked out margin. Together costs of distribution in 2008 reached PLN 174,213 thousand, i.e.44.3% of total costs by type.

Discounts received by the Company from suppliers have significant impact on return. In 2008, the Company included in the result total PLN 32,961 on this account. Discounts due the Company are agreed at the end of the financial year in relation to purchases made in the period and reported in the result, depending on turnover. Total PLN 21,263 thousand were entered into inventory and this amount will affect in 2009 reduction in the value of sold goods (first of all, in the 1st quarter).

Operating profit in 2008 was nearly by ca. 6% less than in 2007. EBITDA margin in 2008 was running at the level of around 5,7%.

Financial revenues include, first of all, revenues under interest (under funds on bank accounts, under loans and receivables past the expiration date). **Financial costs** include mainly costs under credits and loans and issue of bonds. The costs of interest reached the value of PLN 27,678 thousand in 2008 and PLN 10,161 thousand in 2007, while fees under issuance of bonds amounted to PLN 3,200 thousand **Exchange rate differences** are presented in two items of the income statement. As the adjustment of the value of sold goods, in the part corresponding to realized exchange rate differences related to settlement of trade receivables and liabilities in foreign currencies and other as a separate component of the statement. Total exchange rate differences presented in both items in 2008 were negative and reached PLN 5,334 thousand. In 2007, total impact of foreign exchange differences was positive and achieved the value of PLN 1,731 thousand.

Demand for working capital and investments in other tangible assets are financed only by investing the worked out profit and bank credits and financial lease.

(in PLN '000)

Size, structure of working capital and demand for working funds can be found in the chart below.

	2008	2007
Current assets	791 532	615 381
Cash and securities	12 780	13 173
Short-term liabilities	664 677	565 316
Short-term liabilities due to credits, loans and finance lease	403 958	304 737
Adjusted current assets	778 752	602 208
Adjusted current liabilities	260 719	260 579
Net working capital	518 033	341 629

Value of invested net working capital increased by approximately 52%.

	2008	2007
Inventory rotation in days	163	178
Trade receivables turnover cycle in days	74	60
Operating cycle in days	237	238
Trade liabilities turnover cycle in days	68	88
Cash conversion cycle in days	169	150
Current ratio	1,19	1,09
Quick ratio	0,48	0,36
Cash ratio	0,02	0,02

The Company is presently the leading recipient of goods by many manufacturers of spare parts. High value of annual purchases and fast and timely payments of liabilities are awarded with discounts by suppliers. Observed in the last periods shortening of the liabilities turnover period is a result of the discounts maximization policy, whose value exceeds the cost of investing additional working capital.

The Company finances development of activities from own funds and bank credits. In total, at the end of 2008, liabilities on account credits, loans, debt securities and financial lease reached the total value of PLN 514,234 thousand, (PLN 343,485 thousand for the end of 2007) and debt ratio decreased from 0.79 in 2007 to 0.66 in 2008.

Company's debt ratios are presented in the chart below.

	2008	2007
Debt ratio	0,66	0,79
Total debt to equity ratio	1,93	3,72

Inter Cars pays its liabilities on a regular basis and, in the opinion of the Board of Directors, there are no premises or factors which would constitute any threat to payment of liabilities on time.

The structure of cash flow is presented in the chart below.

	2008	2007
Net cash flow on operating activities	74 697	(52 110)
Net cash on investment activities	(58 690)	(70 289)
Net cash on financial activities	(16 400)	124 311
Cash and cash equivalents at the end of the period	12 780	13 173

The value of funds involved in investment activities was reduced in 2008 as compared to 2007, mainly due to sale of investment real properties and expenses, smaller than in the previous years, for taking up new shares.

In 2008 Inter Cars conducted issuance of short-term bonds for the total amount of PLN 502,900 thousand. . Before 31.12.2008 all issuances were bought and the statement of the Company showed no liabilities on this account. Hence a significant decrease in cash flows from financial activities. The bond redemption date was correlated with flow of funds from sales of goods.

50. Assessment of the possibility to implement the intended investments

Expenditures on purchases and modernization of tangible fixed assets amounted to PLN 37,133 thousand in 2008. Expenditures were incurred on purchase of replacement fixed assets. Investments of the Company in 2008 were financed with own funds and through financial lease.

The investment plan for 2009 envisages investment expenditures in tangible fixed assets, such as replacement and modernization of means of transport and modernization of management support computer system.

51. Factors and non-standard events influencing result

In the fourth quarter of 2008 and in the period until publication of this report the situation in financial markets of the world gave particular importance to the issue of stability of debt financing. The financial situation of the Company is regulated and stable. This can be stated on the basis of both statements and decisions of representatives of banks, on extended cooperation in the scope of the existing financing, about which the Company informed in current messages during the year 2008.

Decrease in the consolidated net result of the 4th quarter in comparison to the results for 3 first quarters is mostly due to a strong depreciation of Polish zloty during the fourth quarter, which was reflected in recognition of negative exchange rate differences from balance sheet valuation of liabilities denominated in foreign currencies.

As a result of the balance sheet valuation of those liabilities the consolidated net result in the 4th quarter was reduced by the total amount of PLN 17 million, which means that the consolidated gross profit in the 4th quarter would exceed PLN 10 million and PLN 51 million respectively throughout the year 2008.

An extremely significant factor for correct assessment of the impact of depreciation of Polish zloty at the end of the year on the present and the future results of the Company is consideration of the potential of generating higher gross margin on sales. As at 31 December 2008 we estimate it at PLN 37 million. The Company does not revaluate the owned inventory. In the case of impairment of Polish zloty market prices of goods purchased in currencies are growing in proportion to the foreign exchange rate changes. Thus, we are dealing with the fact that the negative impact of depreciation of PLN is noticeable immediately, while the positive one is spread in time for the next several months (which results from inventory turnover).

The maintained good business situation in the industry of distribution of spare parts in the whole 2008 as well as in the 4th quarter confirms that the crisis in the automotive industry does not affect this industry, and it applies to manufacturers of vehicles and production components. The Company has in its offer the greatest range of suppliers, which is a means of protection against possible problems of particular suppliers.

The consolidated EBITDA for the period of 12 months of 2008 amounted to PLN 103 million , however, after eliminating from it the impact of negative exchange rate differences from balance sheet valuation of liabilities, the EBITDA adjusted in such a way would amount to PLN 108.6 million.

The Company conducts multi-dimensional actions designed to optimize the costs. As a result of establishment of reserves of storage area in facilities in Kajetany and Błonie in order to use more effectively the logistic potential available there, the project was launched for provision of logistic services for external entities. At the same time, it will be possible to obtain the announced effects of synergies resulting from connection with JC Auto in the area of logistic cost reduction.

The Group conducts optimization of inventory, as a result of which it was possible to reduce inventory at growing sales. It is possible without deterioration in the availability, which is fostered by increase in of warehouse inventory of key suppliers of the Company.

Further decrease in the economic situation on the market of trucks, like in the 3rd quarter, results from thwarting the investments of transport companies and poor economic situation in transport as a whole. As a result, there has been a decrease in dynamics of sale of parts for trucks. There was also a significant decrease in demand for semitrailers and truck bodies produced by Feber Sp. z o.o. Improvement in the economic situation is expected by the Board of Directors of Feber in the second quarter of 2009, along with launching construction projects with regard to road infrastructure. The signs of stimulation are already visible.

In the 4th quarter the Company managed to improve the turnover of receivables. No formation of payment gridlocks was observed. It results from the fact that customers of the Company - vehicle repair garages - hardly use the deferred payment for their services.
When assessing the dynamics of sales revenues of the Group, account should be taken of the fact that average exchange rate of EUR in 2008 is over 7% lower than in 2007.

In 2008, the Company opened subsequent branches - together 7, which means that as at 31 December 2008 it had 115 branches. The Capital Group has a sales network of total 166 branches.
The company has been consistently implementing the policy of territorial expansion within the area of Central and Eastern Europe. These markets show large growth potential and higher net profitability for the industry than the domestic market. A high pace of sales growth in the four quarters of 2008 as compared to the same period in 2007 was recorded by the companies Inter Cars Slovakia, Inter Cars Czech Republic and Inter Cars Ukraine.

Sales to export markets constitutes 31.2% of the Group's sales revenues. The share of export for many years has remained at constant level, while within export the share of Ukraine is decreasing mainly in favour or Slovakia and the Czech Republic.

In addition, according to the Board of Directors, an event in 2008 which affected the financial result was the merger with JC Auto S.A., which is described in more detail in note 30 of Additional Information.

52. External and internal factors significant for development of the company

Inter Cars will continue its previous strategy of involvement in the sector of independent distribution of spare parts in Poland and abroad. Both the Company's strategy and factors determining its execution did not change over the ended financial year and are compliant with the previously presented. Factors that will be most important, with breakdown into internal and external ones, in determining the Company's capacity to develop and achieve a stable model of cash flows are listed below.

Internal factors

According to the Board of Directors, the most important internal factors affecting current and future financial results include:

(i) the merger of Inter Cars and JC Auto - On 13 July 2007, Inter Cars S.A. and JC Auto signed an agreement on the merger of both Companies. The long-term objective of the merger is creation of a company which would be a leader on the market of distribution of spare parts to vehicles in Europe. The Boards of Directors of both Companies indicate effects of synergy related to the merger, which will bring substantial reduction in operating costs of the merged entity and simultaneous increase in total sales and profits. Both Inter Cars and JC Auto are entities conducting activities related to distribution of parts to of vehicles and repair services of automotive vehicles;

(ii) development of sales network - as a result of increase in the number of branches and development of commercial contacts with final recipients - garages;

(iii) ability to select proper development strategy on competitive and changing market - determining growth capacities of the Company in the long run on the market characterized by a high degree of competition and changes in the model of distribution of spare parts in consequence of the EU introducing new regulations and automotive concerns and manufacturers of spare parts changing strategy of activities ;

(iv) development of loyalty programs - introduction of new and development of past ones, determining the Company's capacity to increase loyalty of recipients and, as a result, volume of the Group's sales on these markets;

(v) strictly determined group of products and the area of activity - precisely determined development strategy fully making use of the potential of the Company and allowing its full employment in the spheres where the organization has most competences;

(vi) knowledge of the market - which consists of the capacity to communicate effectively the offer to final recipients and which, as a result of experience in this respect and modern sales support methods, enables Inter Cars to achieve a significant competitive advantage;

(vii) development of sales support tools - fixed introduction of tools and solutions raising quality of customer service, in particular introduction in the Czech Republic, Slovakia and Hungary of a well-known program in Poland, IC-Katalog, in local language versions;

(viii) qualified personnel - being one of the most important factors determining the possibility to maintain and increase competitive position of the Group's entities;

(ix) efficiency of goods logistics system - meaning the ability to optimize continuously the existing processes and introduce new solutions which enable, on the one hand, controlling and reducing effectively costs of trade in goods in the growing network, and, on the other hand, raising effectiveness of supply of the growing sales network, in the conditions of a very broad offer of goods;

(x) computer system efficiency - determining the possibility of maintaining continuously full capacity of the system to both trade in goods and provision of information necessary for management of the Group and performance of any imposed information obligations.

External factors

According to the Board of Directors, the most important external factors affecting current and future financial results include:

(i) macroeconomic situation - which, by the level of economic activities of entities and, as a result, the level of employment level in the national economy, the level of income of the population, determines current and future capacities of prospective customers to purchase cars and sustain costs of their operation and repairs;

(ii) macroeconomic situation in Ukraine, in the Czech Republic, Slovakia and Lithuania - which, by the level of expenditures on cars, depending on the amounts of income of the population and business entities, will affect the value of the market of spare parts in those countries and, at the same time, value of sales of the Group in those countries;

(iii) changes in EUR and USD exchange rates - affecting the level of prices of goods offered y the Company and indirectly its financial results;

(iv) growth in loyalty of recipients - as a result of reduction in the degree of diversification of sources of supply by workshops, resulting in growth in the number and value of orders submitted by particular recipients and reduction in the risk of sudden sales fall;

(v) development of independent workshops - constituting the basic group of the Group's recipients, which are to face important challenges concerning the need to adjust to growing market requirements as a result of growth in the degree of complication of repairs;

(vi) changes in the structure of distribution as a result of changes in legislation of the European Union - making the Group face important challenges and opportunities in the scope of access to the group of recipients being of exclusive customers of car manufacturers with regard to supply with spare parts works as well as through access of independent workshops to technical information of car manufacturers on equal rights as authorized workshops and, as a result, removal of significant barriers in the development of independent workshops, which will increase possibilities of development of the sector of independent repair services - the main customer of goods of the Group;

(vii) changes in the structure of demand for spare parts arising from changes in car production technologies - resulting in the expected growth in demand for relatively more expensive elements and growth in demand for equipment used as workshop equipment;

(viii) car sales volume - determining demand for spare parts in average and long term, through impact on the number of cars used in the countries where the Group conducts operating activities;

(ix) volume of imports of second-hand cars - which together with sales of new cars has a decisive impact on growth in the number of registered vehicles and, as a consequence, on the demand for repair services and spare parts, and the scale of import of second-hand cars, due to their age and mileage, will contribute faster to a higher demand for parts but will affect also the structure of the global demand by a larger demand for relatively cheaper parts and, in the case of a significant replacing of new cars with second-hand cars from import in sales, lower growth in demand of workshop for equipment used for fitting work posts;

(x) industry competitiveness - requiring constant improvement in competences of the organization with regard to sales organization, sales support mechanisms, scope of the offer of goods and location of branches;

The development of the Company will be also affected significantly by factors determining development of subsidiaries being significant recipients of the Company. Factors important for development of these entities are presented in the consolidated statement of operations of the Group

53. Strategy and prospects for future development

The main task of the Company is to improve constantly goods flow management quality as well as to achieve leading share in the markets of Central and Eastern Europe. It will be carried out by way of supplementing the existing distribution model with additional elements (subsidiaries, regional warehouses, subsidiaries dealing with distribution outside the borders of Poland). It will result in strengthening the position of Inter Cars as the most effective and efficient channel of distribution of spare parts from their manufacturers to final recipients – garages.

The basic purpose of the Company is to build dominant in Poland distribution network of spare parts to cars, with strong representation on new European markets, bringing stable profits and enabling expanding operations by taking over of other entities operating in the industry of distribution and logistics. The Company intends to achieve share in the Polish market of 25-30%.

Development strategy of Inter Cars has been based on three basic elements:

- Development of distribution chain - in Poland and abroad.
- Development of assortment - by introducing new and developing past assortments adjusted to the market expectations with regard to quality of parts, prices and technical support from parts manufacturers. In order to improve the sales value of goods of high quality and relatively lower price, by less known in Poland manufacturers of parts, the brand "4-max" and "4-max Truck" has been developing gradually; the brand is a cheap and guaranteed alternative for the final buyers.
- Development of partner programs - being value added of the offer of goods which, thanks to development of projects supporting the basic activities of the Company (e.g. fleet management, regeneration of used parts), constant support for expansion of a network of independent workshops within the framework of the projects Auto Crew, Q-Service, Q-Service Truck, development of projects of support for workshops (investment program, workshop equipment, training, technical information), development of sales support computer systems - they are to serve constant improvement in the degree of loyalty of end recipients, providing the Company stable and growing target market in the long run.

54. Changes in basic business management principles

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

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

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

In the Motivation Program participate five people - five members of the Board of Directors. Jointly, the peoples covered by the 1st tranche obtained the right to take up 157 333 shares in Inter Cars at PLN 33.59 per share. In the 2nd tranche, they obtained the right to take up subsequent 157,333 shares at PLN 37.13 per share.

The fair value of management options is estimated with the use of 3-dimensional binomial trees. Input data is: the exercise rate and the value of WIG index specified in the motivation program regulations at the level of PLN 24.81 and 37,221.99 points, respectively, variability of the rates of return on shares and the WIG index at the level of 33.97% and 16.77%, respectively, interest rate for the period ending on 31 December 2007 at the level of 4.43%. The cost of execution of the motivation program, included in 2006 in the amount of PLN 1,862 thousand, was determined assuming all the authorized people exercising options. The cost of execution of the motivation program, included in 2007 in the amount of PLN 3,330 thousand, was determined assuming all the authorized peoples exercising options. Total program costs are estimated at the maximum PLN 5,935 thousand.

55. Contracts concluded between the issuer and executives

As at 31 December 2008, no contracts were binding between the issuer and executives, providing for compensation in the event of their resignation or dismissal from their position without a valid cause or when their dismissal proceeds for a reason of merging the Issuer by takeover. Members of the Board of Directors of the Company are entitled to 6 month notice period of contracts of employment.

56. The information on shares, paid dividend and General Meetings

Shares of the Issuer and shares in related parties owned by executives and supervisors

Supervisors and executives have total 7,145,013 shares, being 52% of votes at the General Meeting of Inter Cars.

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

Changes in proportions of held shares under contracts known to the issuer

The Motivation Program introduced by resolution of the Extraordinary General Meeting assumes signing with the program participants, from the group of executives, members of management staff as well as employees crucial for execution of strategy of the Capital Group, participation contracts. As at the publication of the report, contracts have been signed with five people - five members of the Board of Directors. In total peoples covered by the first tranche obtained the right to take up 157,333 shares of Inter Cars at the price PLN 33.59 per share and covered by the second tranche obtained the right to take up 157,333 shares of Inter Cars at the price 37.13 per share.

The Company is not familiar with contracts concluded between shareholders having impact on activities of the Company.

(in PLN '000)

Special control rights in relation to the Issuer

The Company did not issue any securities giving their holders any particular control rights.

Restrictions in transfer of ownership rights to securities

Securities issued by the Company (shares) are not covered by restrictions in their transfer. All the shares in the Company were approved for public trading by decision of the Securities and Exchange Commission of 26 April 2004.

The Board of Directors of the National Depository for Securities, by Resolution No. 186/04 of 11 May 2004, decided to grant Inter Cars S.A. status of a participant in the National Deposit for Securities, ISSUER type, and approve to the National Deposit for Securities 11,821,100 shares in Inter Cars S.A. and mark them with code PL INTCS00010.

Dividend

On 21 August 2008, on the basis of the resolution of the Ordinary General Meeting of Inter Cars S.A., of July 18, 2008, dividend payment took place for the year 2007 in the amount of PLN 9,450,309.00, i.e., PLN 0.69 per one share. Day of granting the right to dividend is 5 August 2008.

In 2007 the dividend for 2006 was paid in amount of PLN 4,019,174.00 zlotys, i.e. PLN 0.34 per one share.

List of shareholders holding at least 5% of the total number of votes as at the day of publishing of this financial statement:

Shareholder	**Number of shares**	**The total nominal value (PLN)**	**Share in share capital (%)**	**Share in the overall number of votes (%)**
Krzysztof Oleksowicz	4 972 271	9 944 542	36,20%	36,20%
Andrzej Oliszewski	1 544 370	3 088 740	11,24%	11,24%
AIG Otwarty Fundusz Emerytalny	1 062 770	2 125 540	7,74%	7,74%
ING Otwarty Fundusz Emerytalny	745 342	1 490 684	5,43%	5,43%

Information on the General Meeting

From 1 January to 31 December 2008, one General Meeting was held:

General Meeting of Inter Cars - 18 July 2008

The General Meeting was held according to the following agenda:

1. Opening the Meeting.
2. Election of the Chairman of the Meeting.
3. Verification whether the General Meeting has been convened adequately and whether it has capacity to adopt resolutions.
4. Adoption of the agenda.
5. Examination and approval of the Board of Directors' statement of the Company's operations in 2007
6. Examination and approval of the Board of Directors' statement of operations of the Inter Cars S.A. Capital Group in 2007
7. Examination and approval of the Company's financial statement for 2007
8. Examination and approval of the consolidated financial statement of the Capital Group for 2007
9. Examination and approval of the Board of Directors' statement of the Company JC AUTO in 2007.
10. Examination and approval of the Board of Directors of JC AUTO S.A. statement of operations of the Inter Cars S.A. Capital Group in 2007.
11. Examination and approval of the JC AUTO S.A. Company financial statement for 2007.
12. Examination and approval of the consolidated financial statement of the Capital Group JC AUTO for 2007.

13. Distribution of the Company's profit.
14. Granting of vote of approval to members of the Company's Board of Directors and Supervisory Board for performance of their obligations in 2007.
15. Granting of vote of approval to members of the JC AUTO S.A. Company's Board of Directors and Supervisory Board for performance of their obligations in 2007.
16. Changes in the Supervisory Board
17. Approval of the Regulations of the Supervisory Board
18. Closing the Meeting.

Shareholders having at least 5% of the overall number of votes at the Company's General Meeting:

- Krzysztof Oleksowicz – 3,726,000 votes, constituting 53.01 % of votes vested at the General Meeting,
- Andrzej Oliszewski – 1,495,000 votes, constituting 21.27% of votes vested at the General Meeting,
- AIG Otwarty Fundusz Emerytalny (Open Pension Fund) -1,062,770 votes, constituting 15.12% of votes vested at the General Meeting
- ING Otwarty Fundusz Emerytalny (Open Pension Fund) -745,342 votes, constituting 10.60% of votes vested at the General Meeting

57. Entity authorized to conduct the audit financial statements

On 30 June 2008, the Company signed a contract with KPMG Audyt Sp. z o.o. for audit and review of the semi-annual financial statement for 2008. Total remuneration under the contract is PLN 450 thousand.

In the year 2007, the Company entrusted auditing the annual and review of the semi-annual financial statement to KPMG Audyt Sp. z o.o.; total remuneration amounted to PLN 305 thousand.

58. Transactions related to derivatives and characteristics of associated risk

From 1 January to 31 December 2008, no transactions were concluded which would be related to the financial statement.

59. Employment

As at 31 December 2008, the Company employed 1,303 people. As at 31 December 2007, the Company employed 747 workers.

60. Environment protection policy

Inter Cars does not run any activities whose effects would pose a threat to the natural environment. In connection with the above, the Company is not encumbered with any obligations concerning expenditure on the natural environmental protection.

As at the balance sheet date, the Company has permits related to the environmental protection - administrative decisions - whose description is included in the table below:

(in PLN '000)

No.	Number and date of decision	The issuing authority	Area of application	Substantive scope of decision
1	Decision no 62 Dated 27.05.03 (ŚR.-7634/30/1/03)	County Governor of Nowy Dwór Mazowiecki	Cząstków Mazowiecki ul. Gdanska 15, gm. Czosnów	Permit for generation and storage of hazardous waste, such as: hydraulic oils, oiled cleaning agent, oil filters, used light sources, lead-containing batteries.
2	Decision no 123/2003 Dated 10.12.03 (ŚR-6210/19/2/2003)	County Governor of Nowy Dwór Mazowiecki	Cząstków Mazowiecki ul. Gdańska 15, gm. Czosnów	The water legal permit for intake of underground water from the quaternary formations from an intake in Cząstków Mazowiecki for household and utility purposes, except for food purposes, as well as watering greenery and for the purposes of water treatment.

61. Events which can significantly affect the future financial results of the Issuer and events after the balance sheet date

See note 14.

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

The Company did not publish forecasts for 2008.

63. Changes in the structure of business entity, long-term investments, restructuring

The main changes in the structure, which took place in 2008, included merger with the company JC Auto S.A. mentioned in more detail in note 31 of the Additional information as well as increase in Inter Cars Lietuva capital PLN 494 thousand, increase in reserve capital in JC Auto s.r.l. PLN 1,414 thousand and payment to share capital of Inter Cars Romania – PLN 179,64.

64. Risk Factors

Risk associated with change in the discount policy by manufacturers of spare parts

An important item in the result of the Company covers discounts granted to the Company by manufacturers of spare parts. The discount policy rewards recipients making valuably significant purchases. Possible change in this policy, consisting in reduction in the value of discounts or even resignation from their use, would result in a significant deterioration of the Company's results.

In the opinion of the Board of Directors, this situation is, however, hardly likely, and the Company, as a significant recipient, may count on at least equally attractive terms in the future. Possible resignation from discounts would mean most likely reduction in prices of purchase and growth in selling price, namely maintenance of the level of margin earned due to the purchase strength of the Company and possibility to replace sources of supply.

Risk associated with adoption of improper strategy

The market where the Company conducts activities is subject to constant changes the direction and intensity of which depend on a number of often mutually exclusive factors. In this situation, the future position of the Company, namely, as a result, revenues and profits, depend on capacity of the Company to develop a strategy which would be effective in the long run. Any possible inapt decisions resulting from improper assessment of the situation or inability to adapt the Company to dynamically changing market conditions may bring about significant adverse financial effects.

To minimize risk of such hazard, a continuous current analysis is conducted of all the factors determining the selection of strategy in two perspectives: short term, including terms of supply, and long-term, including strategy of creation and development of sales network so as to ensure maximally precise determination of the direction and nature of changes in the market environment.

Risk associated with changing demand structure

The Company maintains defined stock balances in the wide assortment of goods. Purchases executed by the Company are a function of assessment of the market demand for different assortment groups and as such are exposed to the risk of a wrong assessment of the market or changes in the structure of demand. Possible changes in demand, in particular rapid decrease in the demand for specified groups of goods in the case of previous significant purchases will mean that the Company will suffer significant losses related to freezing working capital or the need to apply discounts of significant value.

In the opinion of the Board of Directors, the occurrence of this type of hazard is unlikely due to domination of linear tendencies of changes in the demand for offered goods. In addition, the Company conducts active policy of working capital management, which has resulted in maintaining stock items of particular goods of low value (organization of deliveries from manufacturers ensuring execution of orders in a relatively short period of time). Additionally, the offer of the Company does not include parts to cars produced in countries of the former Eastern Bloc, phased-out, namely the risk of investing funds in stock of spare parts to a decadent segment of cars has been eliminated.

Risk associated with seasonal sales

Total revenues of the Company are not significantly susceptible to the phenomenon of seasonality. The wide range of parts includes goods whose sales depends on season, especially winter. Goods that are most susceptible to seasonal, short-term sales, such as e.g. winter tires, are ordered with suppliers a few months before the intended period of more intense sales, in view of which, in the case of exceptionally adverse meteorological phenomena, sales of seasonal goods may be substantially lower than the expected one, having, in consequence, adverse impact on financial results of the Company.

Risk associated with bank credits

Bank credits are significant for financing of the Company's activities. As at 31 December 2008, the Company's debt under bank credits, bonds and financial lease was PLN 514,234 thousand, and total financial costs related to their service (interest) amounted to PLN 27,678 thousand. Credits incurred by the Group are interest-bearing at a variable interest rate, thus a possible significant growth in interest rates and, as a result, base rates of credits, by increase in financial costs, would result in reduction in return and the Group's capacity to work out finds which could be used to finance further development, and, in an extreme case, would pose a threat to maintenance of liquidity. Another type of risk associated with bank credits is the risk of loss or refusal of credit lines. Possible reduction in the possibility of financing activities by means of credits bank as a result of termination some contracts or refusal of their submission will have a significant adverse impact on the development possibilities of the Group, its liquidity and financial results.

Risk associated with initiation of competitive activities towards the Company by an entity that operated a branch

Any possible initiation of activities competitive towards the Company by an entity that terminated or with which a contract for operation of a branch was terminated, consisting in takeover of contacts with recipients, would have a serious adverse impact on sales results in a given region.

In order to minimize this kind of risk in contracts concluded with the entities operating branches high penalties were stipulated in the case of initiating competitive activities following termination of the contract.

Software Risks

Operating activities is based on efficiently operating on-line computer system. Any possible problems with its correct operation would mean reduction in the volume of sales or even inhibit sales. As a result, it would have adverse impact on financial results of the Company.

In order to prevent this situation, the Company introduced relevant procedures in case of failure of the system, including the principles of creating backups of data and their restoring and emergency server (, along with necessary network accessories) and emergency links.

Risk associated with independent workshop's failure to adapt to the market requirements

In connection with growing complication of particular subassemblies of manufactured cars, the requirements with regard to operation and repair of vehicles are growing, both with regard to knowledge and preparation of mechanics and technical equipment of work posts. Independent workshops are forced thus to improve their qualifications and invest in equipment to be able to service new models of cars. A possible insufficient development of independent workshop's capacities will restrict the target market of the Company and will have adverse impact on its financial results.

In the opinion of the Board of Directors, a counterbalance will be continuously growing commitment of distributors and manufacturers of spare parts in equipping and funding equipment of independent workshop, the possibility of close cooperation between authorized workshop and independent workshops and the right to access technical information of manufacturers themselves for all parties on equal rights (under new provisions), facilitating transfer of know-how to independent workshops. In the long run, we may even expect a selection of independent workshops, i.e. elimination of the weakest ones and development of the ones having the best facilities, namely, in fact, strengthening of the segment of independent workshops, in spite of possible, short-term adverse changes in value of this market segment. Additionally, increase in import of second-hand cars to Poland following its accession to the European Union, will increase substantially demand for services of economical, small workshops, allowing them thereby further growth and accumulation of necessary knowledge and capital.

Risk related to large foreign entities, specializing in wholesale of car parts, entering the domestic market

Domestic market of independent distribution of spare parts is dominated by businesses with Polish capital. The size of this market and its good prospects surely mean growing probability of foreign distributors of parts entering the market which, offering more favorable purchase terms, may dominate a significant part of the market. Possible increased competitive pressure will have an unfavorable effect on results of the Company, and, in an extreme case, may result in important limitation in the possibility of growth and even decrease in the value of revenues and profits. Another type of risk related to large foreign distributors entering the Polish market is the risk of loss of strategic suppliers for which selected foreign distributors are a much greater recipient.

In the opinion of the Board of Directors, such this hazard is insignificant. Possible expansion in Poland can proceed, first of all, through acquisition of the existing entities, thus growth in competitive pressure will be most likely insignificant, although it may result in reduction in average level of margins.

In view of the foregoing, the Board of Directors will aim at permanent and dynamic sales value growth, so that it was possible to maintain at least the level of profits, in spite of possible reduction in return. In addition, loss of the possibility of making purchases with particular strategic suppliers as a result of emergence on the Polish market of foreign entities, distributors of these manufacturers in other countries, is limited in view of the fact that manufacturers of parts aim at diversification of sales channels.

Risk associated with diversification of sales channels by manufacturers of spare parts

An important element of the sales strategy of manufacturers of spare parts is a diversification of wholesale sales channels, due to which particular distributors, including the Company, have restricted possibility of increasing market share. In the opinion of the Board of Directors, the Company may achieve maximum share in the domestic market of spare parts (in the independent segment) of 25 - 30%. Achieving this level means that further growth in revenues will be possible only by growth in the value of the whole market, namely the Company's revenues will become more sensitive to changes in the market environment without a significant possibility of growth by consolidation of the market.

Thus the Board of Directors takes actions aiming at development of a model of activities enabling widening permanently the assortment of the Company's offer, including developing new segments, as e.g. equipment of workshops, fleet management, etc.

Risk associated with takeover of the production of spare parts by car manufacturers

As it appears from the press information, some car manufacturers consider the possibility to increase the scale of car parts production. Currently, in EU member countries, approximately 20% -23% of spare parts come from car manufacturers. Although access to parts manufactured by car manufacturers is possible for all potential buyers, the terms of their purchase would be, most likely, less favorable than the terms of purchase of parts from specialized manufacturers of spare parts, as in the present model, i.e. the same manufacturers of parts produce parts for the first assembly and to the secondary market. Additionally, change in the present model of spare parts production would limit the value of the segment of original spare parts delivered by the parts manufacturers. For the Company this situation would have significant negative impact on financial results.

However, due to far advanced specialization in developing and producing parts (implicating also the ability to offer competitive prices), such scenario is hardly likely in the opinion of the Board of Directors.

Risk associated with acquisition of the network of independent distribution of spare parts by manufacturers of spare parts

Any possible acquisition of independent distributors of spare parts by manufacturers of these parts would mean critical changes in the model of distribution of parts delivered by particular entities, consisting in limiting their sales to other networks, including sales of the Company. In this situation the Company could lose particular sources of supply with parts, which would limit the size of the offer and worsen competitive position of the Company.

However, owing to that the manufacturers of parts aim at the diversification of sales channels and a the degree of replacement of sources of supply is large, in the opinion of the Board of Directors this risk factor should not be a significant hazard for the market position of the Company and achieved financial results.

Risk associated with the macroeconomic situation

The last period is characterized by reduction in dynamics of growth of Polish economy. Growth trends are endangered by a number of internal and external macroeconomic factors. Any possible deterioration of the economic situation would have indirect, negative impact on results of business activities of Inter Cars.

Risk associated with the economic policy

The economic, fiscal and monetary policy determine significantly the rate of growth in the final domestic demand, which determines indirectly the volume of sales of the Company and, as a consequence, its financial results. The Company's result may be worsened due to changes which affect reduction in domestic demand, which brings a risk of failure to execute specified intentions and introduces a significant element of uncertainty in long-term planning of the Company's growth as a result of smaller possible interest of prospective buyers in the goods of the Company.

Risk associated with the structure of foreign recipients

The vast majority of export sales are carried out to minor, foreign recipients who arrange on their own transport of goods beyond the borders of Poland. Most of these recipients come from Ukraine, due to which a substantial part of sales of the Company is exposed to risk typical of recipients' countries, such as: changes in volume and structure of the market of spare parts, changes in the purchasing power of the population, stability of economic and political systems in those countries. Any possible unfavourable changes in those countries which would bring reduction or resignation from purchases made by these entities would have a negative impact on the Company's financial results.

Risk associated with development of subsidiaries

Subsidiaries are created in countries with reasonable probability of obtaining satisfactory return on invested capital. In practice, the Company involves valuably significant funds in the development of activities on completely new markets, characterized by different specific character of many significant aspects of operating activities. In consequence, risk associated with these investments is relatively greater than investment of these funds in further development of activities in Poland where the Company has the largest competences and resources, and the position.

(in PLN '000)

In order to reduce this risk, the Company employs each time for cooperation specialists knowing the local markets and carries out necessary feasibility analyses along with appropriate estimates of risks associated with activities on a new market. At the same time, increasing the geographical range of activities, the Company obtains the possibility of diversifying the risk associated with activities in the area of one country, in particular Poland.

65. Executive and supervisory bodies

Executive and supervisory bodies as at 31 December 2008 consisted of:

Supervisory Board

Andrzej Oliszewski, the Chairman

Jolanta Oleksowicz-Bugajewska

Maciej Oleksowicz

Michał Marczak

Wanda Oleksowicz

Jacek Klimczak

On 18 July 2008, by the resolution of the Ordinary General Meeting, Mr. Jacek Klimczak was appointed to the Supervisory Board of the Company. Information on the course of professional career, the qualifications and entrusted functions was transferred to the public in the form of a current report No. 91/2008 of 10 July 2008.

On 18 July 2008, by the resolution of the Ordinary General Meeting, Mr. Jerzy Grabowiecki was dismissed from the Company's Supervisory Board.

Management Board

Krzysztof Oleksowicz, the President

Robert Kierzek, Deputy President

Krzysztof Soszyński - Member of the Management Board,

Wojciech Milewski – Member of the Management Board

Piotr Kraska Member of the Management Board

On 31 July 2008, Mr. Tomasz Zadroga, Board Member, Finance Director, resigned from the position of Member of the Board of Directors in Inter Cars S.A. As of 31 July 2008, the responsibilities of the Finance Director were taken over by Piotr Kraska - Board Member in Inter Cars S.A.

66. Indication of the proceedings pending before a court, a party to which is the Company

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

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

67. Indication of averages exchange rates

Any financial data of the Company presented in EUR in the report were converted using the following exchange rates:

	2008	2007
exchange rate as at 31.12	4,1724	3,5820
average exchange rate in the period from	3,5321	3,7768

(in PLN '000)

1.01 to 31.12		
peak exchange rate in the period	4,1824	3,9385
bottom exchange rate in the period	3,2026	3,5699

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

- for data resulting from the income statement - average exchange rate being arithmetic average of exchange rates binding as at the last day of each month in a given period, announced by the President of the National Bank of Poland
- for data resulting from the balance sheet - exchange rate as at 31.12.2008 being average EUR exchange rate valid as at 31.12.2008, announced by the President of the National Bank of Poland

68. A list of current and periodical reports given to the public of publication in 2008

No.	Date of publication	Topic	Legal basis
1.	02-01-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
2.	03-01-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
3.	08-01-2008	Registration of increase in capital in a subsidiary	Art. 56 point 1 item 2 Act on offering
4.	08-01-2008	Conclusion of a significant contract	Art. 56 point 1 item 2 Act on offering
5.	08-01-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
6.	11-01-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
7.	18-01-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
8.	21-01-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
9.	23-01-2008	The dates of publishing periodical reports in 2008	Art. 56 point 1 item 2 Act on offering
10.	23-01-2008	A list of current and periodical information given to the public in the year 2007.	Art. 56 point 1 item 2 Act on offering
11.	28-01-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
12.	31-01-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
13.	04-02-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
14.	08-02-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
15.	08-02-2008	Transaction on the shares of the Company	Art. 56 point 1 item 2 Act on offering
16.	11-02-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
17.	12-02-2008	Information regarding the application for merger registration and dates of quotations suspension of JC Auto S.A.	Art. 56 point 1 item 2 Act on offering
18.	13-02-2008	Transaction on the shares of Inter Cars S.A.	Art. 56 point 1 item 2 Act on offering
19.	18-02-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
20.	21-02-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
21.	26-02-2008	Information about suspension of quotations of shares in JC Auto S.A.	Art. 56 point 1 item 2 Act on offering
22.	27-02-2008	The resolution of the Board of Directors of the Warsaw Stock Exchange concerning suspension of trading in shares in JC Auto S.A.	Art. 56 point 1 item 2 Act on offering

(in PLN '000)

23.	28-02-2008	Resignation of a member of the Supervisory Board of Inter Cars S.A.	Art. 56 point 1 item 2 Act on offering
24.	28-02-2008	Resolution of the Supervisory Board on appointing members of the Board of Directors of Inter Cars S.A.	Art. 56 point 1 item 2 Act on offering
25.	28-02-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
26.	29-02-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
27.	29-02-2008	Merger of companies, increase in the share capital and changing the articles of association	Art. 56 point 1 item 2 Act on offering
28.	03-03-2008	Correction of presentation in the extended consolidated report for the 4th quarter of 2007	Art. 56 point 1 item 2 Act on offering
29.	03-03-2008	Submitting the application to the National Depository for Securities for registration of shares and determination of a reference day	Art. 56 point 1 item 2 Act on offering
30.	04-03-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
31.	05-03-2008	Registration of shares in the National Depository for Securities	Art. 56 point 1 item 2 Act on offering
32.	10-03-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
33.	11-03-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
34.	18-03-2008	Floating of G series shares	Art. 56 point 1 item 2 Act on offering
35.	18-03-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
36.	21-03-2008	Change in the shareholdings in the capital of the Company	Art. 56 point 1 item 2 Act on offering
37.	21-03-2008	Change in the shareholdings in the capital of the Company	Art. 56 point 1 item 2 Act on offering
38.	21-03-2008	Change in the shareholdings in the capital of the Company	Art. 56 point 1 item 2 Act on offering
39.	21-03-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
40.	21-03-2008	Purchase of assets of considerable value	Art. 56 point 1 item 2 Act on offering
41.	25-03-2008	Information regarding transactions with a subsidiary	Art. 56 point 1 item 2 Act on offering
42.	27-03-2008	Correction of the current report No.36/2008	Art. 70 item 1 Act on offering
43.	28-03-2008	Increase in the share capital of the company in a subsidiary	Art. 56 point 1 item 2 Act on offering
44.	28-03-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
45.	28-03-2008	Change in the shareholdings in the capital of the Company	Art. 70 item 1 Act on offering
46.	31-03-2008	Change in the shareholdings in the capital of the Company	Art. 70 item 1 Act on offering
47.	31-03-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
48.	31-03-2008	Change in the shareholdings in the capital of the Company	Art. 70 item 1 Act on offering
49.	02-04-2008	Change in the shareholdings in the capital of the Company	Art. 70 item 1 Act on offering
50.	02-04-2008	Change in the shareholdings in the capital of the Company	Art. 70 item 1 Act on offering
51.	04-04-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
52.	04-04-2008	Change in the shareholdings in the capital of the Company	Art. 70 item 1 Act on offering
53.	04-04-2008	Change in the shareholdings in the capital of the Company	Art. 70 item 1 Act on offering

(in PLN '000)

54.	10-04-2008	Issue of bonds	Art. 56 point of the Public Offering Act
55.	11-04-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
56.	18-04-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
57.	21-04-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
58.	22-04-2008	Resignation of an executive	Art. 56 point 1 item 2 Act on offering
59.	22-04-2008	Resignation of an executive	Art. 56 point 1 item 2 Act on offering
60.	22-04-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
61.	25-04-2008	Change in the Board of Directors of the Company	Art. 56 point 1 item 2 Act on offering
62.	28-04-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
63.	30-04-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
64.	05-05-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
65.	12-05-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
66.	13-05-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
67.	19-05-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
68.	21-05-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
69.	28-05-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
70.	30-05-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
71.	05-06-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
72.	12-06-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
73.	13-06-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
74.	19-06-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
75.	23-06-2008	Convening the Ordinary General Meeting of Inter Cars S.A.	Art. 56 point 1 item 2 Act on offering
76.	23-06-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
77.	24-06-2008	Significant agreement	Art. 56 point 1 item 2 Act on offering
78.	27-06-2008	Floating F2 series shares	Art. 56 point 1 item 2 Act on offering
79.	30-06-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
80.	30-06-2008	Completion and settlement of G series shares issue	Art. 56 point 1 item 2 Act on offering
81.	30-06-2008	Statement of the Board of Directors of Inter Cars S.A. concerning the Company's compliance with the Best Practices of WSE Listed Companies	Other regulations
82.	30-06-2008	Statement of the Board of Directors of Inter Cars S.A. on Corporate Governance Principles in 2007	Other regulations
83.	30-06-2008	Brief assessment of the Company's situation in 2007 drawn up by the Supervisory Board.	Other regulations
84.	30-06-2008	Proposed dividend	Art. 56 point 1 item 2 Act on offering
85.	30-06-2008	Appointment of Chartered Auditor	Art. 56 point 1 item 2 Act on offering

(in PLN '000)

86.	02-07-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
87.	07-07-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
88.	09.07.2008	Change in the amount of subsidiary's share capital	Art. 56 point 1 item 2 Act on offering
89.	09-07-2008	Draft resolutions at the Ordinary General Meeting on 18 July 2008	Art. 56 point 1 item 2 Act on offering
90.	09-07-2008	Change in the address of the subsidiary's seat	Art. 56 point 1 item 2 Act on offering
91.	10-07-2008	Information on the candidate for a member of the Supervisory Board	Art. 56 point 1 item 2 Act on offering
92.	14-07-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
93.	14-07-2008	Transaction on the shares of the Company	Art. 56 point 1 item 2 Act on offering
94.	15-07-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
95.	18-07-2008	Resolutions adopted by the Ordinary General Meeting on 18.07.2008	Art. 56 point 1 item 2 Act on offering
96.	18-07-2008	List of shareholders with more than 5% of votes at the Extraordinary General Meeting of Shareholders on 18.07.2008.	Art. 56 point 1 item 2 Act on offering
97.	18-07-2008	The Ordinary General Meeting's approval of profit distribution	Art. 56 point 1 item 2 Act on offering
98.	18-07-2008	Changes in the Supervisory Board	Art. 56 point 1 item 2 Act on offering
99.	21-07-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
100.	23-07-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
101.	28-07-2008	Registration of a subsidiary in Romania	Art. 56 point 1 item 2 Act on offering
102.	29-07-2008	Transaction on the shares of the Company	Art. 56 point 1 item 2 Act on offering
103.	31-07-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
104.	01-08-2008	Resignation of an executive	Art. 56 point 1 item 2 Act on offering
105.	04-08-2008	Issue of bonds	Art. 56 point 1 item 2 Act on offering
106.	06-08-2008	Taking up shares arising from the Motivation Program	Art. 56 point 1 item 2 Act on offering
107.	07-08-2008	Change in terms of a significant contract	Art. 56 point 1 item 2 Act on offering
108.	12-08-2008	Significant agreement	Art. 56 point 1 item 2 Act on offering
109.	14-08-2008	Issue of bonds	Art. Art. 1 item 2 Act on offering
110.	21-08-2008	Issue of bonds	Art. Art. 1 item 2 Act on offering
111.	28-08-2008	Issue of bonds	Art. Art. 1 item 2 Act on offering
112.	29-08-2008	Issue of bonds	Art. Art. 1 item 2 Act on offering
113.	02-09-2008	Transaction on the shares of the Company	Art. Art. of the Public Offering Act
114.	04-09-2008	Issue of bonds	Art. Art. 1 item 2 Act on offering
115.	15-09-2008	Issue of bonds	Art. Art. 1 item 2 Act on offering
116.	16-09-2008	Issue of bonds	Art. Art. 1 item 2 Act on offering
117.	22-09-2008	Issue of bonds	Art. Art. 1 item 2 Act on offering

(in PLN '000)

118.	26-09-2008	Change to the credit contract	Art. Art. 1 item 2 Act on offering
119.	29-09-2008	Issue of bonds	Art. Art. 1 item 2 Act on offering
120.	03-10-2008	Issue of bonds	Art. Art. 1 item 2 Act on offering
121.	17-10-2008	Transaction on the shares of the Company	Art. 160 point 4 of Act on Trade
122.	22-10-2008	Purchase of shares by the Chairman of the Supervisory Board	Art. 160 point 4 of Act on Trade
123.	30-10-2008	Change in shareholdings in the capital	Art. 56 point 1 item 2 Act on offering
124.	31-10-2008	Change to the credit contract	Art. 56 point 1 item 2 Act on offering
125.	26-11-2008	Revision of the consolidated semi-annual report of PSr.	Art. 56 point 1 item 2 Act on offering
126.	15-12-2008	Registration of the increase in share capital	Art. 56 point 1 item 2 Act on offering
127.	16-12-2008	Purchase of assets of considerable value	Art. 56 point 1 item 2 Act on offering
128.	23-12-2008	Prolongation of the crediting period in Bank Pekao S.A.	Art. 56 point 1 item 2 Act on offering

Periodical report

No.	Date of publication	Topic	Legal basis
1.	29-02-2008	Consolidated quarterly report for the IV quarter in 2007 (QSr 4/2007)	§ 86 point 2 and § 87 point 1 regulation CM of 19.10.2005
2.	15-05-2008	Consolidated quarterly report for the 1st quarter in 2008 (QSr 1/2008)	§ 86 point 2 and § 87 point 1 regulation CM of 19.10.2005
3.	14-08-2008	Consolidated quarterly report for the II quarter in 2008 (QSr 2/2008)	§ 86 point 2 and § 87 point 1 regulation CM of 19.10.2005
4.	14-11-2008	Consolidated quarterly report for the III quarter in 2008 (QSr 3/2008)	§ 86 point 2 and § 87 point 1 regulation CM of 19.10.2005
5.	30-06-2008	Separated annual report for 2007. (R/2007)	§ 86 point 1 and point 2 regulation CM of 19.10.2005
6.	30-06-2008	Consolidated annual report for 2007. (R2/2007)	§ 86 point 1 and point 2 regulation CM of 19.10.2005
7.	30-09-2008	Consolidated report for the 1st half-year in 2008 (PSr 2008)	§ 86 point 2 and § 87 point 4 regulation CM of 19.10.2005

69. Corporate governance

Full text of the statement is available on the website of the Company (www.intercars.com.pl) and of the Warsaw Stock Exchange (www.gpw.pl).

The Company departed from the application of principles no. 20, 28 and 43 (in accordance with "Best Practices in WSE Listed Companies 2005" - adopted by the Board of Directors and the Stock Exchange Management Board and Supervisory Board on 15 December 2004) stating the following substantiation:

- principle no. 20 - According to the articles of association, the Supervisory Board is composed of 5 members appointed by the General Meeting, and three members of the Supervisory Board are selected by the General Meeting from among candidates indicated by the Founding Shareholders. Currently, in the Company none of the shareholders has a block giving more than 50% of the total number of votes.
- principle no. 28 -In the present wording the Regulations of the Supervisory Board do not envisage appointment of committees.
- principle no. 43 -The selection of an entity supposed to provide services of a chartered auditor is made by the Supervisory Board of the Company on the basis of recommendations of the Board of Directors.

Krzysztof Oleksowicz
President of the
Management Board

Robert Kierzek
Vice President of the
Management Board

Krzysztof Soszyński:
Vice President of the
Management Board

Piotr Kraska
Member of the
Management Board

Wojciech Milewski
Member of the
Management Board

Warsaw, 27 April 2009.

PART IV

REPORT OF AUDIT OF THE ANNUAL FINANCIAL STATEMENT