

**INTER CARS PUBLIC LIMITED COMPANY**  
**ANNUAL SEPARATE FINANCIAL STATEMENTS**  
**2015**



**INTER CARS S.A. ANNUAL FINANCIAL STATEMENTS FOR THE YEAR 2015**

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## PART II

### ANNUAL SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD from 1 January to 31 December 2015

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## Financial highlights

### Financial highlights:

| <i>in thousand PLN</i>   | for the period of 12 months ended on |                   | for the period of 12 months ended on |                   |
|--|--------------------------------------|-------------------|--------------------------------------|-------------------|
|  | 31/12/2015                           | 31/12/2014        | 31/12/2015                           | 31/12/2014        |
|  | PLN                                  | PLN               | EUR                                  | EUR               |
| <b>Profit and loss account (for the period )</b>               |                                      |                   |                                      |                   |
| Sales revenues   | 3,974,204                            | 3,398,051         | 949,676                              | 811,126           |
| Gross profit on sales  | 951,761                              | 858,436           | 227,433                              | 204,912           |
| License fees   | (62,595)                             | (52,606)          | (14,958)                             | (12,557)          |
| Net financial revenues / costs                                 | 72,241                               | 29,631            | 17,263                               | 7,073             |
| Operating profit   | 26,771                               | 78,759            | 6,397                                | 18,800            |
| Net profit   | 93,913                               | 95,669            | 22,441                               | 22,837            |
| <b>Other financial data</b>                                    |                                      |                   |                                      |                   |
| Operating cash flows   | 39,093                               | (68,973)          | 9,342                                | (16,464)          |
| Investing cash flows   | (66,777)                             | 15,171            | (15,957)                             | 3,621             |
| Financing cash flows   | 23,581                               | 58,086            | 5,635                                | 13,865            |
| Basic profit per share   | 6.63                                 | 6.75              | 1.58                                 | 1.61              |
| Sales margin   | 23.9%                                | 25.3%             |                                      |                   |
| EBITDA margin  | 1.4%                                 | 3.1%              |                                      |                   |
| <b>Balance sheet (as at )</b>                                  | <b>31/12/2015</b>                    | <b>31/12/2014</b> | <b>31/12/2015</b>                    | <b>31/12/2014</b> |
| Cash and cash equivalents                                      | 15,983                               | 20,086            | 3,751                                | 4,712             |
| Balance sheet total  | 2,300,531                            | 1,872,545         | 539,841                              | 439,327           |
| Loans, borrowings, debt security and finance lease liabilities | 849,939                              | 669,018           | 199,446                              | 156,962           |
| Equity   | 1,014,071                            | 930,216           | 237,961                              | 218,243           |
| <b>Employment and branches</b>                                 | <b>31/12/2015</b>                    | <b>31/12/2014</b> |                                      |                   |
| Employees  | 363                                  | 335               |                                      |                   |
| Branches   | 183                                  | 169               |                                      |                   |

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

- for the statement of financial position items – the National Bank of Poland exchange rate of 31 December 2015 – EUR 1 = PLN 4.2615, and the National Bank of Poland exchange rate of 31 December 2014 – EUR 1 = PLN 4.2623
- for the comprehensive income and cash flow statement items – an exchange rate constituting the average National Bank of Poland exchange rate announced on the last day of each month of 2015 and 2014, respectively: 1 EUR = PLN 4.1848 and 1 EUR = PLN 4.1893 PLN.

Information about INTER CARS S.A.

**1. Scope of activities**

The principal activities of Inter Cars Spółka Akcyjna (hereinafter referred to as "Inter Cars", "The Company") are import and distribution of spare parts for passenger cars and utility vehicles.

**2. Registered seat**

ul Powsińska 64

02-903 Warsaw

Poland

*Central Warehouse:*

ul. Gdańska 15

05-152 Czosnów nearby/Warsaw

**3. Contact details**

tel. (+48-22) 714 19 16

fax. (+48-22) 714 19 18

bzrazadu@intercars.eu

relacje.inwestorskie@intercars.eu

www.intercars.com.pl

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

Andrzej Oliszewski, President

Piotr Płoszajski

Tomasz Rusak

Michał Marczak

Jacek Klimczak

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

Robert Kierzek, President

Krzysztof Soszyński, Vice-President

Krzysztof Oleksowicz

Wojciech Twaróg

Witold Kmiecik

**6. Statutory auditor**

KPMG Audyt Spółka z ograniczoną odpowiedzialnością, spółka komandytowa

ul. Inflancka 4A

00-189 Warsaw

## 7. Banks (as at the date of approval of the financial statements)

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

RBS Bank (Polska) S.A.  
ul. 1-go Sierpnia 8A  
02-134 Warsaw

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

mBank S.A.  
Ul. Królewska 14  
00-065 Warsaw

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

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

HSBC Bank Polska S.A.  
ul. Marszałkowska 89  
00-693 Warsaw

Centralny Dom Maklerski PEKAO SA  
Wołoska 18  
02-675 Warsaw

UniCredit Bank Czech Republic and  
Slovakia, a.s.  
Želetavská 1525/1  
140 00 Praha 4 - Michle

Tatra banka a.s.  
Member of Raiffeisen Bank International  
Hodžovo nám. 3 / P.O.Box 42 - SR  
850 05 Bratislava

UniCredit Bank Czech Republic and  
Slovakia, a.s.  
Sancova 1/A  
813 33 Bratislava

## 8. Subsidiaries

As at 31 December 2015, the following entities comprised the Inter Cars Capital Group: Inter Cars S.A. as the Parent Entity, and 30 other entities, including:

- 26 subsidiaries of Inter Cars S.A.
  - 2 indirect subsidiaries of Inter Cars S.A.
- The Group also holds shares in two related entities.

| Name of entity                      | Registered seat        | Scope of activities  | Consolidation method | % of the Group's share in the share capital |                |
|-------------------------------------|------------------------|--|----------------------|---|----------------|
|                                     |                        |  |                      | 31/12/2015                                  | 31/12/2014     |
| <b>Parent company</b>               |                        |  |                      |   |                |
| Inter Cars S.A.                     | Warsaw                 | Import and distribution of spare parts for passenger cars and commercial vehicles                                  | full                 | Not applicable                              | Not applicable |
| <b>Direct subsidiaries</b>          |                        |  |                      |   |                |
| Inter Cars Ukraine                  | Ukraine, Khmeltsky     | Distribution of spare parts for passenger cars and commercial vehicles   | full                 | 100%  | 100%           |
| Q-service Sp. z o.o.                | Częstków Mazowiecki    | Advisory services, organization of trainings and seminars related to automotive services and the automotive market | full                 | 100%  | 100%           |
| Lauber Sp. z o.o.                   | Słupsk                 | Remanufacturing of car parts   | full                 | 100%  | 100%           |
| Inter Cars Česká republika s.r.o.   | Czech Republic, Prague | Distribution of spare parts for passenger cars and commercial vehicles   | full                 | 100%  | 100%           |
| Feber Sp. z o.o.                    | Sieradz                | Manufacture of motor vehicles, trailers and semi-trailers  | full                 | 100%  | 100%           |
| IC Development & Finance Sp. z o.o. | Warsaw                 | Real estate development and lease  | full                 | 100%  | 100%           |
| Armatus sp. z o.o.                  | Warsaw                 | Distribution of spare parts for passenger cars and commercial vehicles   | full                 | 100%  | 100%           |

**Information about Inter Cars S.A.**

| Name of entity                                    | Registered seat                    | Scope of activities  | Consolidation method | % of the Group's share in the share capital |            |
|---|------------------------------------|--|----------------------|---|------------|
|   |                                    |  |                      | 31/12/2015                                  | 31/12/2014 |
| Inter Cars Slovenská republika s.r.o.             | Slovakia, Bratislava               | Distribution of spare parts for passenger cars and commercial vehicles                             | full                 | 100%  | 100%       |
| Inter Cars Lietuva UAB                            | Lithuania, Vilnius                 | Distribution of spare parts for passenger cars and commercial vehicles                             | full                 | 100%  | 100%       |
| JC Auto s.r.o.                                    | The Czech Republic, Karvina-Darkom | The Company does not carry out operating activities  | full                 | 100%  | 100%       |
| JC Auto S.A.                                      | Belgium, BrainL'Allued             | Distribution of spare parts for passenger cars and commercial vehicles                             | full                 | 100%  | 100%       |
| Inter Cars Hungária Kft                           | Hungary, Budapest                  | Distribution of spare parts for passenger cars and commercial vehicles                             | full                 | 100%  | 100%       |
| Inter Cars Italia s.r.l (formerly JC Auto s.r.l.) | Italy, Milan                       | Distribution of spare parts for passenger cars and commercial vehicles                             | full                 | 100%  | 100%       |
| Inter Cars d.o.o.                                 | Croatia, Zagreb                    | Distribution of spare parts for passenger cars and commercial vehicles                             | full                 | 100%  | 100%       |
| Inter Cars Romania s.r.l.                         | Romania, Cluj-Napoca               | Distribution of spare parts for passenger cars and commercial vehicles                             | full                 | 100%  | 100%       |
| Inter Cars Cyprus Limited                         | Cyprus, Nicosia                    | Distribution of spare parts for passenger cars and commercial vehicles                             | full                 | 100%  | 100%       |
| Inter Cars Latvija SIA                            | Latvia, Riga                       | Distribution of spare parts for passenger cars and commercial vehicles                             | full                 | 100%  | 100%       |
| Cleverlog-Autoteile GmbH                          | Germany, Berlin                    | Distribution of spare parts for passenger cars and commercial vehicles                             | full                 | 100%  | 100%       |
| Inter Cars Bulgaria Ltd.                          | Bulgaria, Sofia                    | Distribution of spare parts for passenger cars and commercial vehicles                             | full                 | 100%  | 100%       |
| Inter Cars Marketing Services Sp. z o.o.          | Warsaw                             | Advertising, market and public opinion research  | full                 | 100%  | 100%       |
| ILS Sp. z o.o.                                    | Nadarzyn                           | Logistics services   | full                 | 100%  | 100%       |
| Inter Cars Malta Holding Limited                  | Malta                              | Assets management  | full                 | 100%  | 100%       |
| Q-service Truck Sp. z o.o.                        | Warsaw                             | Sale of commercial vehicles and trucks   | full                 | 100%  | 100%       |
| Inter Cars INT d o.o.                             | Slovenia, Ljubljana                | Distribution of spare parts for passenger cars and commercial vehicles                             | full                 | 100%  | 100%       |
| Inter Cars Eesti OÜ *                             | Estonia, Tallinn                   | Distribution of spare parts for passenger cars and commercial vehicles                             | full                 | 100%  | 100%       |
| Inter Cars Piese Auto s.r.l.**                    | Kishinev, Moldova                  | Distribution of spare parts for passenger cars and commercial vehicles                             | Not applicable       | 100%  | -          |
| <b>Indirect subsidiaries</b>                      |                                    |  |                      |   |            |
| Inter Cars Malta Limited                          | Malta                              | Sale of spare parts and advisory services related to automotive services and the automotive market | full                 | 100%  | 100%       |
| Aurelia Auto d o o                                | Croatia                            | Distribution of spare parts and real estate rental   | full                 | 100%  | 100%       |
| <b>Associated entities</b>                        |                                    |  |                      |   |            |
| SMiOC FRENOPLAST Bułhak i Cieślowski S.A.         | Szczytno                           | Manufacture of friction linings and materials  | equity method        | 49%   | 49%        |
| InterMeko Europa Sp. z o.o.                       | Warsaw                             | Control and assessment of spare parts, components and accessories                                  | equity method        | 50%   | 50%        |

\* The company started operational activity in 1Q2015.

\*\* The company started operational activity in 1Q2016.



In the reporting period there were no changes in the structure of the entity, including business combinations, takeovers or sales entities of the Capital Group of the Company, long-term investments, division, restructuring or cessation of business activities.

### **9. Stock exchange listings**

The shares of Inter Cars S.A. are listed on the Warsaw Stock Exchange in the continuous trading system.

### **10. Date of approval of the financial statements for publication**

These annual separate financial statements were approved by the Management Board of Inter Cars S.A for publication on 02 May 2016.

*(in thousand PLN)***ANNUAL SEPARATE STATEMENT OF FINANCIAL POSITION**

| <i>(in thousand PLN)</i>                                       | <b>Note no.</b> | <b>31/12/2015</b> | <b>31/12/2014</b> |
|--|-----------------|-------------------|-------------------|
| <b>ASSETS</b>  |                 |                   |                   |
| <b>Non-current assets</b>                                      |                 |                   |                   |
| Property, plant and equipment                                  | 6               | 152,713           | 146,869           |
| Intangible assets  | 7               | 138,326           | 145,156           |
| Investment property  | 8               | 2,048             | 2,134             |
| Investments in subordinated entities                           | 9               | 345,562           | 199,607           |
| Investments available for sales                                |                 | 258               | 258               |
| Receivables  | 12              | 20,250            | 30,418            |
|  |                 | <b>659,157</b>    | <b>524,442</b>    |
| <b>Current assets</b>  |                 |                   |                   |
| Inventories  | 11              | 866,519           | 745,383           |
| Trade and other receivables                                    | 12              | 752,185           | 582,634           |
| Corporate income tax receivables                               |                 | 6,687             | -                 |
| Cash and cash equivalents                                      | 13              | 15,983            | 20,086            |
|  |                 | <b>1,641,374</b>  | <b>1,348,103</b>  |
| <b>TOTAL ASSETS</b>  |                 | <b>2,300,531</b>  | <b>1,872,545</b>  |
| <b>LIABILITIES</b>   |                 |                   |                   |
| <b>Equity</b>  |                 |                   |                   |
| Share capital  | 14              | 28,336            | 28,336            |
| Share premium account  | 14              | 259,530           | 259,530           |
| Statutory reserve funds  |                 | 626,032           | 540,422           |
| Other capital reserves   |                 | 5,935             | 5,935             |
| Retained earnings  |                 | 94,238            | 95,993            |
|  |                 | <b>1,014,071</b>  | <b>930,216</b>    |
| <b>Long-term liabilities</b>                                   |                 |                   |                   |
| Loan, borrowing and finance lease liabilities                  | 16              | 425,736           | 454,691           |
| Deferred corporate income tax reserve                          | 10              | 6,636             | 7,326             |
|  |                 | <b>432,372</b>    | <b>462,017</b>    |
| <b>Short-term liabilities</b>                                  |                 |                   |                   |
| Trade and other liabilities                                    | 17              | 428,646           | 263,921           |
| Loans, borrowings, debt security and finance lease liabilities | 16              | 424,203           | 214,327           |
| Employee benefits  | 18              | 1,239             | 954               |
| Income tax liabilities   | 19              | -                 | 1,110             |
|  |                 | <b>854,088</b>    | <b>480,312</b>    |
| <b>TOTAL LIABILITIES</b>                                       |                 | <b>2,300,531</b>  | <b>1,872,545</b>  |

(in thousand PLN)

**ANNUAL SEPARATE STATEMENT OF COMPREHENSIVE INCOME**

|   | <b>Note no.</b> | <b>1.01.2015-<br/>31.12.2015</b> | <b>01.01.2014-<br/>31.12.2014</b> |
|---|-----------------|----------------------------------|-----------------------------------|
| Sales revenues                          | 20              | 3,974,204                        | 3,398,051                         |
| Cost of sales                           | 21              | (3,022,443)                      | (2,539,615)                       |
| Gross profit on sales                   |                 | <b>951,761</b>                   | <b>858,436</b>                    |
| Other operating income                  | 24              | 4,149                            | 5,164                             |
| Costs of sales and administrative costs | 22              | (490,181)                        | (395,149)                         |
| Distribution expenses                   | 22              | (354,698)                        | (319,358)                         |
| License fees                            | 22              | (62,595)                         | (52,606)                          |
| Other operating expenses                | 25              | (21,665)                         | (17,728)                          |
| Operating profit                        |                 | <b>26,771</b>                    | <b>78,759</b>                     |
| Financial income                        | 26              | 3,251                            | 3,484                             |
| Dividends received                      | 26              | 91,628                           | 47,003                            |
| Foreign exchange gains/losses           | 26              | (403)                            | (1,258)                           |
| Financial expenses                      | 26              | (22,235)                         | (19,598)                          |
| Profit before tax                       |                 | <b>99,012</b>                    | <b>108,390</b>                    |
| Income tax                              | 28              | (5,099)                          | (12,721)                          |
| Net profit                              |                 | <b>93,913</b>                    | <b>95,669</b>                     |
| <b>OTHER COMPREHENSIVE INCOME</b>       |                 |                                  |                                   |
| Total other comprehensive income, net   |                 | -                                | -                                 |
| <b>COMPREHENSIVE INCOME</b>             |                 | <b>93,913</b>                    | <b>95,669</b>                     |
| <b>Earnings per share (PLN)</b>         |                 |                                  |                                   |
| - basic and diluted                     | 15              | 6.63                             | 6.75                              |
| <b>Number of shares</b>                 |                 | 14,168,100                       | 14,168,100                        |

(in thousand PLN)

## ANNUAL SEPARATE STATEMENT OF CHANGES IN EQUITY

for the period from 01 January 2015 to 31 December 2015

(in thousand PLN)

|  | Share capital | Share premium account | Statutory reserve funds | Other capital reserves | Retained earnings | Total equity     |
|--|---------------|-----------------------|-------------------------|------------------------|-------------------|------------------|
| <b>As at 01 January 2015</b>   | <b>28,336</b> | <b>259,530</b>        | <b>540,422</b>          | <b>5,935</b>           | <b>95,993</b>     | <b>930,216</b>   |
| <b>Statement of comprehensive income</b>                                 |               |                       |                         |                        |                   |                  |
| Profit in the reporting period   | -             | -                     | -                       | -                      | 93,913            | <b>93,913</b>    |
| <b>Total comprehensive income</b>  | <b>-</b>      | <b>-</b>              | <b>-</b>                | <b>-</b>               | <b>93,913</b>     | <b>93,913</b>    |
| <b>Transactions with shareholders</b>                                    |               |                       |                         |                        |                   |                  |
| Distribution of prior period profit – dividend                           |               |                       |                         |                        | (10,059)          | <b>(10,059)</b>  |
| Distribution of retained profits - carried over to supplementary capital | -             | -                     | 85,610                  | -                      | (85,610)          | -                |
| <b>As at 31 December 2015</b>  | <b>28,336</b> | <b>259,530</b>        | <b>626,032</b>          | <b>5,935</b>           | <b>94,237</b>     | <b>1,014,070</b> |

(in thousand PLN)

## ANNUAL SEPARATE STATEMENT OF CHANGES IN EQUITY (continued)

for the period from 1 January 2014 to 31 December 2014

(in thousand PLN)

|  | Share capital | Share premium account | Statutory reserve funds | Other capital reserves | Retained earnings | Total equity    |
|--|---------------|-----------------------|-------------------------|------------------------|-------------------|-----------------|
| <b>As at 1 January 2014</b>  | <b>28,336</b> | <b>259,530</b>        | <b>404,697</b>          | <b>5,935</b>           | <b>146,108</b>    | <b>844,606</b>  |
| <b>Statement of comprehensive income</b>                                 |               |                       |                         |                        |                   |                 |
| Profit in the reporting period   | -             | -                     | -                       | -                      | 95,669            | <b>95,669</b>   |
| <b>Total comprehensive income</b>  | <b>-</b>      | <b>-</b>              | <b>-</b>                | <b>-</b>               | <b>95,669</b>     | <b>95,669</b>   |
| <b>Transactions with shareholders</b>                                    |               |                       |                         |                        |                   |                 |
| Distribution of prior period profit – dividend                           |               |                       |                         |                        | (10,059)          | <b>(10,059)</b> |
| Distribution of retained profits - carried over to supplementary capital | -             | -                     | 135,725                 | -                      | (135,725)         | -               |
| <b>As at 31 December 2014</b>  | <b>28,336</b> | <b>259,530</b>        | <b>540,422</b>          | <b>5,935</b>           | <b>95,993</b>     | <b>930,216</b>  |

**Notes to the annual separate financial statements***(in thousand PLN)***ANNUAL SEPARATE STATEMENT OF CASH FLOWS***(in thousand PLN)*

|  | Note | 1.01.2015-<br>31.12.2015 | 01.01.2014-<br>31.12.2014 |
|--|------|--------------------------|---------------------------|
| <b>Cash flows from operating activities</b>                                |      |                          |                           |
| Profit before tax  |      | 99,012                   | 108,390                   |
| Adjustments:   |      |                          |                           |
| Depreciation and amortization  |      | 27,870                   | 25,974                    |
| Foreign exchange gains /losses   |      | 574                      | 1,083                     |
| (Profit / loss on investing activities                                     |      | 46                       | 6,233                     |
| Net interest and share in profits  | 27   | 23,457                   | 15,295                    |
| Net dividends  | 26   | (91,628)                 | (47,003)                  |
| Gain/loss on revaluation of investment property                            |      | 86                       | -                         |
| Other adjustments, net   |      | 272                      | -                         |
| Operating profit before changes in the working capital                     |      | <b>59,689</b>            | <b>109,972</b>            |
| Change in inventories  |      | (121,136)                | (136,561)                 |
| Change in receivables  | 27   | (171,540)                | (92,586)                  |
| Change in short-term liabilities   | 27   | 285,665                  | 56,942                    |
| Cash generated by operating activities                                     |      | <b>52,678</b>            | <b>(62,233)</b>           |
| Corporate income tax paid  |      | (13,585)                 | (6,740)                   |
| <b>Net cash from operating activities</b>                                  |      | <b>39,093</b>            | <b>(68,973)</b>           |
| <b>Cash flow from investing activities</b>                                 |      |                          |                           |
| Proceeds from the sale of plant, property, equipment and intangible assets |      | 6,588                    | 15,134                    |
| Purchase of property, plant, equipment and intangible assets               |      | (24,836)                 | (31,201)                  |
| Purchase of financial assets in related and other entities                 | 27   | (145,955)                | (29,973)                  |
| Sales of financial assets in related and other entities                    |      | -                        | 20                        |
| Repayment of loans granted   | 27   | 8,388                    | 16,918                    |
| Loans granted  | 27   | (3,393)                  | (11,667)                  |
| Interest received  | 27   | 803                      | 8,937                     |
| Dividends received   |      | 91,628                   | 47,003                    |
| <b>Net cash from investing activities</b>                                  |      | <b>(66,777)</b>          | <b>15,171</b>             |
| <b>Cash flow from financing activities</b>                                 |      |                          |                           |
| (repayments) / proceeds from credits and leases                            | 27   | (10,864)                 | (8,037)                   |
| Loans received   | 27   | 220,157                  | 81,719                    |
| Repayment of loans and borrowings  | 27   | (58,057)                 | (73,521)                  |
| Guarantee deposits received  | 27   | (40)                     | 85                        |
| Payment of the reverse factoring   |      | (92,216)                 | (65,827)                  |
| Interest paid  | 27   | (25,340)                 | (16,274)                  |
| Dividend paid  | 29   | (10,059)                 | (10,059)                  |
| Security issues  |      | -                        | 150,000                   |
| <b>Net cash from financing activities</b>                                  |      | <b>23,581</b>            | <b>58,086</b>             |
| <b>Net change in cash and cash equivalents</b>                             |      | <b>(4,103)</b>           | <b>4,284</b>              |
| <b>Cash and cash equivalents at the beginning of the period</b>            |      | <b>20,086</b>            | <b>15,802</b>             |
| <b>Cash and cash equivalents at the end of the period</b>                  |      | <b>15,983</b>            | <b>20,086</b>             |

**Notes to the annual separate financial statements***(in thousand PLN)***Notes to the annual separate financial statements****1. Basis for the preparation of the separate annual financial statements**

The separate annual financial statements (hereinafter referred to as the “financial statements”) were prepared in accordance with the International Financial Reporting Standards, hereinafter referred to as “EU IFRS,” approved by the European Union.

The UE IFRS include all International Accounting Standards, International Financial Reporting Standards and interpretations thereof, excluding the below-mentioned Standards and Interpretations currently awaiting EU’s approval, as well as the Standards and Interpretations which have been approved by the EU but have not become effective.

The Company decided not to apply new Standards and Interpretations published and approved by the EU which will become effective following the reporting date. Furthermore, as at the reporting date the Company had not finished estimating the impact of all the new Standards and Interpretations to become effective following the reporting date.

**2. Impact of changes in IFRS standards and interpretation on the Company’s financial statements****2.1. Changes in IFRS and their interpretations**

Changes in IFRS and their interpretation which became effective as of 1 January 2015 until the date of approval of the financial statements for publication had no material bearing on these separate financial statements.

**2.2. Changes in IFRS and their interpretations published and approved by the EU not yet effective**

The Company intends to adopt the below-mentioned new IFRS and their interpretations published by the International Financial Reporting Standards Board, which had not become effective by the date of approval of these financial statements for publication as per their effective date.

| Standards and interpretations approved by the EU   | Description of amendments   |
|--|---|
| Amendments to IAS 19 - Employee benefits   | Simplification of accounting principles for premiums for particular employee benefits born by employees or third parties.   |
| Amendments to International Financial Reporting Standards 2010-2012;                       | Set of amendment to:<br>- IFRS 2 – question of acquisition of rights;<br>- IFRS 3 – question of conditional payment;<br>- IFRS 8 – question of presenting operational segments;<br>- IFRS 13 – short term receivables and payables;<br>- IAS 16 / IAS 38 – disproportional gross value change and amortization in revaluation model;<br>- IAS 24 – definition of key management |
| Amendments to IAS 16 - Property, Plant and Equipment and IAS 38 Intangible assets          | Precise definition of standards, that amortization method cannot be based on income, which is generated by using the asset  |
| Amendments to IAS 16 - Property, Plant and Equipment and IAS 41 Agriculture: Bearer plants | Accounting principles for bearer plants.  |
| Amendments to IAS 27 – Separate financial statements                                       | Equity Method in Separate Financial Statements  |
| Amendments to IAS 1  | Presentation of Financial Statements Disclosure Initiative.   |

**Notes to the annual separate financial statements***(in thousand PLN)*

|   |   |
|---|---|
| Amendments to IFRS 11   | Joint Arrangements Accounting for Acquisitions of Interests in Joint Operations.  |
| Amendments to International Financial Reporting Standards 2012-2014 | Set of amendment to:<br>IFRS 5 – amendments to selling methods;<br>IFRS 7 – servicing contracts and applicability of the amendments to to condensed interim financial statements;<br>IAS 19 – discount rate: regional market issue;<br>IAS 34 – disclosure of information 'elsewhere in the interim financial report' |

No bearing anticipated.

**2.3. Standards and Interpretations adopted by the International Financial Reporting Standards Board (IASB), awaiting EU's approval**

| Standards and Interpretations awaiting EU's approval  | Description of amendments  |
|---|--|
| New standard IFRS 9 – Financial Instruments   | Amendments to classification and measurement of financial assets<br>- replacement of currently binding financial instrument categories with two categories: valued by expected loss impairment model and fair value. Amendments in hedge accounting. |
| New standard IFRS 14 - Regulatory deferral accounts   | Accounting principles and disclosures for regulatory deferral accounts.  |
| New standard IFRS 15 - Revenue from Contracts with Customers  | The standard applies to all contracts with customers, excluding such, which are in the scope of other IFRS (i.e. leasing contracts, insurance and other financial instruments). IFRS 15 standardizes requirements on presenting revenues             |
| New standard IFRS 16 – Leases   | The standard abolishes lease division into operating lease and financial lease. All lease contracts which meet the requirements for this type of contract shall be presented as financial lease.   |
| Amendments to IAS 12  | Recognition of Deferred Tax Assets for Unrealised Losses.  |
| Amendments to IAS 7   | The amendments in Disclosure Initiative  |
| Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28  | Contain guidelines on Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.   |
| Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 | Investment Entities: Applying the Consolidation Exception  |

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

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

No bearing anticipated.



**Notes to the annual separate financial statements**

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*(in thousand PLN)*

**2.4. Basis of measurement**

The financial statements have been prepared on the historical cost basis, except for the following items:

- available-for-sale financial assets,
- investment property measured at fair value.

All amounts in the financial statements are shown in thousand PLN, unless stated otherwise.

**2.5. Functional and presentation currency**

*(a) Presentation and functional currency*

These financial statements are presented in Polish zloty („PLN”) which is the Company's functional currency. PLN is the functional currency of Inter Cars S.A.

*(b) Foreign currency translation differences*

Transactions presented in foreign currencies have been recognized according to the exchange rate announced at the transaction date. Foreign currency translation differences resulting from settling of these transactions and measuring of monetary assets and liabilities as at the reporting date according to the average National Bank of Poland exchange rate announced at that date, have been recognized as profit or loss, where foreign currency translation differences resulting from settlement of trade liabilities adjust the costs of sales, while the remaining foreign currency translation differences are presented in a separate position.

Non-cash balance sheet items denominated in foreign currency measured at fair value are translated as per the average exchange rate announced by the National Bank of Poland (or another bank in the case of another functional currency) at the date the fair value is measured. The non-cash items measured at historical cost in foreign currencies are translated by the Company using the exchange rate valid on the transaction date. The translation differences are recognized as profit or loss of the current period, except for differences resulting from settlement of capital instruments qualified as available for sale, financial liabilities to secure a share in the net assets of a foreign entity, which are effective, and qualified security of cash flows, recognized by the Company as other comprehensive income.

Foreign currency translation differences resulting from translation of transactions into PLN are recognized separately in the statement of comprehensive income, excluding foreign currency translation differences regarding the repayment of liabilities or payment of trade and other receivables, recognised as cost of sale.

**3. Basis of accounting**

**3.1. 1Changes in the accounting policy**

In 2015 there were no changes to the accounting policy.

**3.2. Significant accounting policies**

The Company has consistently applied the following accounting policies to all periods presented in the financial statements:

**Notes to the annual separate financial statements***(in thousand PLN)***a) Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated.

Property, plant and equipment include Company's assets, investment in third-party fixed assets, fixed assets under construction and third-party fixed assets accepted for use by the Company (when pursuant to a contract the potential benefits and risk resulting from their possession are substantially transferred to the Company). The above mentioned constitute assets used for delivery of goods or services and for administrative purposes or for third-party lease, and the anticipated time of their use exceeds one year. The acquisition or production cost includes the costs incurred to purchase or manufacture property, plant and equipment, including capitalized interest until a property, plant or equipment asset is handed over for permanent use. The costs incurred at a later period are recognized in the balance sheet value, if the Company is likely to obtain economic benefits. The cost of current maintenance of property, plant and equipment are recognized as profit or loss.

Acquisition or production cost of an item of property, plant and equipment comprises purchase price, including import duties and non-refundable purchase taxes on the acquisition, after deducting trade discounts and rebates, any other costs directly attributable to bringing the item to the location and condition necessary for it to be capable of operating in the manner intended by management, as well as the costs of dismantling and removing the item, and restoring the site on which it is located, which the Company is obliged to incur.

Property, plant and equipment, except for tangible assets under construction and land, are subject to depreciation. Depreciation is calculated to write off the cost of items of property, plant and equipment less their residual value over their estimated useful lives periodically reviewed by the Company. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale, it is derecognized, its residual value is higher than its carrying amount, or it is fully depreciated..

Items of property, plant and equipment are depreciated using the straight-line method over their estimated useful lives which are as follows:

|                                      |               |
|--------------------------------------|---------------|
| Buildings and leasehold improvements | 10 - 40 years |
| Plant and machinery                  | 3 - 16 years  |
| Vehicles                             | 5 - 7 years   |
| Other fixed assets                   | 1 - 5 years   |

Gains or losses arising from the derecognition of an item of property, plant and equipment are calculated as the difference between net proceeds from disposal and the carrying amount of the asset, and are included in profit or loss when the item is derecognized.

**b) Goodwill**

Goodwill arising on acquisition of subsidiaries is measured at cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is recognized at cost less any accumulated impairment losses. Other purchase costs are presented in the balance sheet in the period in which they were born by the Company.

After the initial presentation, goodwill is measured according to the purchase price less any cumulated impairment losses. In the case of investments measured using the equity method, goodwill is recognized as the carrying value of investments, while an impairment loss on this investment is not allocated to any item of assets, including goodwill, which constitutes a part of the value of the investment. Purchase of non-controlling shares is recognized as transactions with shareholders, as a result of which goodwill is not recognized with this type of transactions. Adjustments on non-controlling shares are based on the proportional value of net assets of a related entity .

**c) Intangible assets**

Identifiable non-monetary assets without physical substance, whose acquisition or production cost can be estimated reliably and which will probably bring future economic benefits to the Company attributable directly to a given asset, are recognized as intangible assets. Intangible

**Notes to the annual separate financial statements**

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(in thousand PLN)

assets with definite useful lives are amortized over their useful lives, starting from the day when a given asset is available to be placed in service. Amortisation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group of assets that is classified as held for sale) in accordance with IFRS 5 Non-Current Assets Available for Sale and Discontinued Operations, and the date that the asset is derecognized or when it is fully amortized. The amortisable amount of an intangible asset for amortization is determined after deducting its residual value.

*Relations with suppliers*

Relations with suppliers acquired through an acquisition or business combination are initially recognized at acquisition cost. The acquisition cost of relations with suppliers acquired through mergers is equal to their fair value as at the merger date.

Following initial recognition, relations with suppliers are measured at acquisition cost less amortization and impairment losses, if any. Relations with suppliers acquired as a result of the merger with JC Auto S.A. are depreciated over a 12-year period, accordingly to their estimated useful economic life.

*Computer software*

Software licenses are valued at acquisition cost plus the costs directly attributable to bringing them to the condition necessary for the asset to be capable of operating.

The costs related to maintaining software are recognized as the costs of the period in which they are incurred.

Costs related directly to the production of unique computer software for the Company, which will probably yield economic benefits exceeding costs beyond one year, are disclosed under intangible assets and amortized over the useful life of a given asset, however no longer than for the term of the lease agreement.

**d) Investment property**

Investment property is property is held to earn rentals or for capital appreciation or both, rather than for: a) use in production or supply of goods or services or for administrative purposes; or b) sale in the ordinary course of business. Initially, investment property is valued at acquisition cost, including transaction costs. After initial recognition, it is measured at fair value, and any gain or loss arising from a change in the fair value is recognised in profit or loss for the period in which it arises.

Assets are transferred to investment property only when there is a change in their use and the criteria for recognition of property under investment property are met. The Company applies the principles described in the section "Property, Plant and Equipment" to such property until the day of change in its use. Any difference between the fair value of the property as at that date and its previous carrying amount is recognized under other comprehensive income.

Property is transferred from investment property only if there is a change in its use evidenced by: a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property; b) commencement of development with a view to sale, for a transfer from investment property to inventories.

For a transfer from investment property carried at fair value to owner-occupied property or inventories, the property's deemed cost for subsequent accounting is its fair value at the date of change in use.

**e) Financial Instruments**

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

Financial instruments are classified into the above categories depending on the purpose for which they were purchased.

As at the reporting date, financial instruments are reviewed and, if needed, reclassified. Financial instruments are initially recognized at fair value, which in the case of investments not classified as measured at fair value through profit or loss also includes transaction costs directly attributable to the acquisition or issue of the investment asset. Financial instruments are derecognized if the rights to receive economic benefits and the risks associated with such instruments expire or are transferred to a third party.

**Notes to the annual separate financial statements**

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(in thousand PLN)

The fair value of financial instruments which are traded on an active market is determined by reference to the closing price on the last day of trading before the reporting date.

The fair value of financial instruments which are not traded on an active market is determined using various valuation methods, including by reference to the market value of another instrument with substantially the same features that is traded on an active market, based on the expected cash flows, or option valuation models, taking into account company-specific circumstances.

As at the reporting date, the Company determines whether there is objective evidence of impairment of an asset or a group of assets.

*(a) Held-to-Maturity Financial Assets*

Financial instruments held to maturity are financial assets other than derivatives, with fixed or determinable payments and fixed maturities, which the Company intends and is able to hold to maturity, excluding financial assets classified as financial instruments measured at fair value through profit or loss, investments available for sale, and loans and receivables.

Assets which will be sold within 12 months following the reporting date are disclosed under current assets.

Investments held to maturity are measured at amortised cost using the effective interest rate, less impairment losses.

*(b) Loans and Receivables*

Loans and receivables are financial assets other than derivatives, with fixed or determinable payments, which are not traded on an active market and which result from payments, delivery of goods or performance of services for the benefit of a debtor without an intention to classify such receivables as financial assets measured at fair value through profit or loss. Loans and receivables are disclosed under current assets, except for those maturing in over 12 months following the reporting date.

Trade and other receivables are measured at amortised cost using the effective interest rate, less impairment losses on doubtful receivables.

*(c) Available for Sale Financial Assets*

Financial assets available for sale are financial assets other than derivatives, which have been designated as available for sale or have not been classified to the (a), (b) or (d) category. Financial assets available for sale are disclosed under current assets if they are intended to be sold within 12 months following the reporting date. Financial assets available for sale are measured at fair value, except for investments in equity instruments which are not quoted on an active market and whose fair value may not be measured reliably.

Gains or losses from revaluation of financial assets available for sale are disclosed as a separate item of equity until such financial assets are sold or their value is impaired, at which point the accumulated gains or losses previously disclosed under other comprehensive income are recognised as current period profit or loss.

*(d) Financial Instruments Measured at Fair Value through Profit or Loss*

An instrument is classified as one to be measured at fair value through profit or loss if it is held for trading or is designated as such at the time of its initial recognition. Financial instruments are classified as instruments measured at fair value through profit or loss if the Company actively manages such positions and makes decisions concerning their purchase or sale based on their fair value. Following initial recognition, the transaction costs related to the investments are recognised as profit or loss at the time they are incurred.

The fair value of financial instruments classified as measured at fair value through profit or loss or available for sale is their current bid price as at the reporting date.

**f) Financial liabilities other than derivatives**

Debt instruments and subordinated debt are recognized as at their date. Any other financial liabilities, including liabilities measured at fair value are recognized as at the transaction date, on which the Company becomes a party to an agreement obliging it to issue a financial instrument.

Following their repayment, cancellation or expiration, financial liabilities are removed from the Company's books.

**Notes to the annual separate financial statements**

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(in thousand PLN)

Financial assets and liabilities are offset against each other and recognized in the financial statements as a net amount only if the Company is authorized to offset particular financial assets and liabilities or intends to settle a particular transaction in net amounts of offset financial assets and liabilities items or intends to utilize financial assets subject to offsetting, and settle the financial liabilities.

The Company recognizes financial liabilities other than derivatives as other financial liabilities. Such financial liabilities are initially recognized at fair value plus directly related transactional costs. Following the initial recognition, such liabilities are valued at amortized cost using the effective interest rate method.

Other financial liabilities include loans, borrowings, debt instruments, current account credits, trade and other liabilities. For details regarding the valuation of bank loans see point I.

**g) Impairment of assets**

**Financial assets**

An impairment loss on a financial asset is recognised if there is objective evidence that there occurred one or more events which may have an adverse impact on future cash flows related to a given financial asset.

The amount of an impairment loss on a financial asset carried at amortised cost is measured as the difference between the asset's carrying amount and the present value of the future cash flows, discounted using the original effective interest rate. Impairment losses on financial assets available for sale are measured by reference to the assets' present fair value.

As at each reporting date, it is assessed whether objective evidence of impairment exists for financial assets that are deemed material individually. Other financial assets are divided into groups with similar credit risk and assessed for impairment collectively.

Impairment losses are recognised in current period profit or loss.

Impairment losses are reversed if a subsequent increase in the recoverable value can be objectively attributed to an event occurring after the impairment recognition date. Impairment losses related to investments in equity instruments classified as available for sale are not reversed through profit or loss. If the fair value of debt instruments classified as available for sale increases and the increase can be objectively attributed to an event occurring after the impairment recognition date, the previously recognised impairment loss is reversed with the reversal amount disclosed under other comprehensive income.

**Non-Financial Assets**

The carrying amount of non-financial assets other than investment property, inventories and deferred tax asset is tested for impairment at each reporting date. If the Company has a reason to suspect that a given asset's value has been impaired, it estimates its recoverable amount. The recoverable amount of goodwill, intangible assets with indefinite useful lives and intangible assets which are not yet ready for use is established at each reporting date.

An impairment loss is recognised when the carrying amount of an asset or a cash-generating unit is higher than its recoverable amount. A cash-generating unit is the smallest identifiable group of assets which generates cash inflows that are largely independent of the cash flows from other assets or groups of assets. Impairment losses are recognised in current period profit or loss. Impairment of a cash-generating unit is initially recognised as a decrease in goodwill allocated to that cash-generating unit (a group of cash-generating units), and subsequently as a decrease in the carrying amount of the other assets belonging to that cash-generating unit (a group of cash-generating units) on a pro-rata basis.

The recoverable amount of assets or cash-generating units is the higher of their net realisable value and their value in use. Value in use is calculated by discounting estimated future cash flows with a pre-tax interest rate that reflects current market assessments of the time value of money and the risks specific to the asset. In the case of assets which do not generate independent cash flows, value in use is estimated for the smallest identifiable cash-generating unit to which the asset belongs.

Impairment losses on goodwill are not reversible. As far as other assets are concerned at each reporting date impairment losses recognised in prior periods are reviewed to determine if there is any evidence that they no longer exist or have decreased. An impairment loss recognised in prior periods is reversed if the estimates used to determine the asset's

**Notes to the annual separate financial statements**

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(in thousand PLN)

recoverable amount have changed. An impairment loss is reversed only up to the carrying amount of the asset (net of amortisation and depreciation) that would have been disclosed had no impairment loss been recognized.

**h) Lease**

*a) The Company as a Lessee*

Property, plant and equipment used under finance lease agreements which transfer to the Company substantially all the risks and benefits resulting from ownership of the assets, are carried at the lower of the fair value of the assets or the present value of the minimum future lease payments. Lease payments are apportioned between finance expenses and reduction of the outstanding lease obligation so as to achieve a constant rate of interest in particular periods on the remaining balance of the liability. Finance expenses are recognised directly in current period profit or loss. If there is no reasonable probability that ownership of the asset will be acquired as at the end of the lease term, assets used under finance lease agreements are depreciated over the shorter of the lease term or their useful life. In other cases, property, plant and equipment are depreciated over their useful lives.

Lease agreements under which substantially all the risks and benefits resulting from ownership of the assets remain with the lessor are disclosed as operating lease agreements. The cost of lease payments is recognised on a straight-line basis in profit or loss over the lease term.

*(b) The Company as a Lessor*

Income from operating leases is recognised in profit or loss on a straight-line basis over the period provided for in the relevant lease agreement. Leased assets are carried in the statement of financial position and depreciated in line with the depreciation procedures followed in the case of similar asset categories.

**i) Inventories**

Inventories are recognised at the lower of their acquisition (production) cost or net realisable value. The cost of inventories includes all costs of acquisition and processing as well as all other costs incurred in order to bring inventories to their present location and condition.

The acquisition or production cost is determined using the FIFO method, which assumes that sales are made from the oldest available goods.

The amounts of discounts and rebates as well as other payments depending on the purchase volume reduce the purchase price regardless of the date on which they are actually granted, provided that their receipt is probable.

Net realisable value is recognised in the amount of the estimated selling price that could be obtained in the ordinary course of business, less any estimated cost of finishing the inventories and costs to sell.

The value of inventories is reduced by impairment losses recognised when the net realisable price (price less discounts, rebates and selling costs) is lower than the relevant acquisition (production) cost, determined separately for each line of inventories.

**j) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and cash at banks, as well as term deposits and short-term securities maturing within three months.

**k) Equity**

In the Company's financial statements, the equity comprises:

1. Share capital disclosed in the amount specified in the Company's Articles of Association and entered into the court register,
2. Share premium disclosed as a separate item under equity. Costs of share issue are charged against equity.
3. The reserve fund created pursuant to the Code of Commercial Companies,
4. The remaining reserve funds created based on the valuation of management options,
5. Retained profit, comprising retained profit from prior years and the profit or loss from the current financial period.

**Notes to the annual separate financial statements**

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(in thousand PLN)

**l) Loans and borrowings**

Loans and borrowings are initially recognised at acquisition cost, equal to their respective fair value, the determination of which includes cost of contracting a loan as well as discounts and bonuses received at the time of the liabilities settlement

In subsequent periods, loans and borrowings are measured at amortised cost using the effective interest rate.

**m) Provisions**

A provision is recognised when an entity has a present obligation (whether legal or constructive) resulting from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

**n) Revenue**

Revenue is recognised at the fair value of economic benefits received or receivable, whose amount can be estimated reliably.

*(a) Revenue from Sales of Goods for Resale and Products*

Revenue is recognised if:

- the group has transferred to the buyer the significant risks and benefits of ownership,
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods, products and services sold,
- the amount of revenue can be measured reliably,
- it is probable that the economic benefits associated with the transaction will flow to the entity,
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is recognised net of VAT and taking into account any discounts granted.

Domestic sales are carried out through a chain of affiliate branches, with whom distribution agreements have been signed. Sales revenue is recognized upon a sale of goods to a client. Revenue from exports is recognised at the time of delivery of goods for resale or products to the buyer (Customer).

*(b) Revenue from sales of services*

Revenue from sales of services is recognised on a percentage of completion basis as at the reporting date. The outcome of a transaction can be estimated reliably if all of the following conditions are met:

- the amount of revenue can be measured reliably,
- it is probable that the economic benefits associated with the transaction will flow to the entity,
- the stage of completion of the transaction as at the reporting date can be measured reliably, and
- the costs incurred in connection with the transaction and the costs to complete the transaction can be measured reliably.

*(c) Interest Income*

Interest income is recognised using the effective interest rate if the receipt of interest is probable and the amount of interest can be measured reliably.

*(d) Dividend*

Dividend income is recognised as at the dividend record date if it is probable that the dividend will be received and the amount of dividend can be measured reliably.

**o) Operating expenses**

Operating expenses are disclosed in the period to which they relate, in the amount of a probable reduction of the entity's economic benefits which can be measured reliably.

**Notes to the annual separate financial statements**

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(in thousand PLN)

The costs charged to the Company by its affiliate branches as compensation for the sale of goods for resale performed on behalf of the Company are recognised in the period to which they relate.

Expense on the lease of office and warehouse space is recognised in profit or loss in the period to which it relates.

Re-invoiced amounts reduce the respective cost items of the Company

**p) Financial expenses**

Finance expenses include primarily interest payable on borrowings, unwinding of the discount on provisions, dividend on preference shares classified as liabilities, foreign exchange losses, losses resulting from changes in the fair value of financial instruments at fair value through profit or loss, and financial assets impairment as well as gains or losses related to hedging instruments which are recognised in profit or loss. All interest payable is measured using the effective interest rate.

**q) Income tax**

Income tax covers the current and the deferred part. The calculation of current income tax is based on the profit of a given period determined according to the valid tax regulations. The total income tax charge is the aggregate of its current portion and deferred portion, determined with the balance-sheet method; the deferred income tax is recognised in connection with temporary differences between the values of assets and liabilities as disclosed in the accounting books and their respective values determined for tax purposes.

Deferred income tax is determined with use of the tax rates effective for the year in which a given tax obligation originated, based on the tax regulations applicable in the year in which the deferred tax asset and liability are settled.

Deferred tax asset is disclosed in the amount expected to be deducted from income tax due in the future in connection with deductible temporary differences which will reduce the taxable income in the future and the deductible tax loss determined in accordance with the prudence principle.

Deferred tax liability is recognised in the amount of income tax to be paid in the future in connection with taxable temporary differences which will increase future taxable income.

Deferred tax asset and deferred tax liability are offset in the separate statement of financial position if the Company holds an exercisable right to offset corporate income tax receivable and payable and if the deferred tax asset and deferred tax liability refer to the corporate income tax levied on the same taxpayer by the same tax authority.

**r) Measurement of the value of shares in subordinated entities**

Equity interests in subordinated undertakings are valued at acquisition cost less impairment losses.

The price of purchase of shares in subordinated entities taken up against an in-kind contribution is determined based on the carrying value of the contribution as at its date. The value is assessed on the basis of data included in the separate financial statements.

**4. Information on business segments**

Information about operating segments is presented in the consolidated financial statements of the Inter Cars S.A. Capital Group as operating segments are identified at the Group level.

**5. Supplementary information**

For information on key products and services and the geographical breakdown of sales, see Note 20.

The vast majority of the Company's non-current assets are situated in Poland. The Company is unable to identify separate groups of assets corresponding to the geographical breakdown of sales.

The Company does not have key customers due to the nature of its operations. For more information see Note 12.



**Notes to the annual separate financial statements***(in thousand PLN)***6. Property, plant and equipment**

|  | <b>31/12/2015</b> | <b>31/12/2014</b> |
|--|-------------------|-------------------|
| Land                                       | 23,760            | 23,760            |
| Buildings and structures                   | 74,461            | 77,325            |
| Plant and machinery                        | 15,541            | 20,955            |
| Vehicles                                   | 5,234             | 4,494             |
| Other tangible assets                      | 17,941            | 13,904            |
| Tangible assets under construction         | 15,776            | 6,431             |
| <b>Total property, plant and equipment</b> | <b>152,713</b>    | <b>146,869</b>    |

**Property, plant and equipment under lease agreements**

The carrying amount of property, plant and equipment used under finance lease agreements is shown below:

- As at 31 December 2015 – PLN 37,198 thousand
- As at 31 December 2014 – PLN 40,907 thousand

Assets used under finance lease agreements include computer hardware, vehicles and a complex in Kajetany, used by the Company in its operating activities.

The complex in Kajetany was bought from leasing company in January 2016.

The Company's right to dispose of any item of property, plant and equipment held by the Company, except for those used under finance lease agreements, is not restricted in any way.

**Borrowing costs**

The borrowing costs charged to property, plant and equipment for the reporting year are not material.

|   | <b>Land</b>   | <b>Buildings and structures</b> | <b>Plant and equipment</b> | <b>Vehicles</b> | <b>Other tangible assets</b> | <b>Tangible assets under construction</b> | <b>Total</b>   |
|---|---------------|---------------------------------|----------------------------|-----------------|------------------------------|---|----------------|
| <b>GROSS VALUE OF PROPERTY, PLANT AND EQUIPMENT</b> |               |                                 |                            |                 |                              |   |                |
| <b>Gross value as at 01 January 2014</b>            | <b>31,935</b> | <b>103,353</b>                  | <b>46,842</b>              | <b>8,407</b>    | <b>39,934</b>                | <b>2,282</b>                              | <b>232,753</b> |
| Increase:   | 1             | 1,537                           | 14,154                     | 3,025           | 8,812                        | 15,298                                    | <b>42,827</b>  |
| Acquisition   | 1             | 224                             | 2,439                      | 1,543           | 7,799                        | 17,624                                    | <b>29,630</b>  |
| Transfer  | -             | 1,313                           | -                          | -               | 1,013                        | (2,326)                                   | -              |
| Lease   | -             | -                               | 11,715                     | 1,482           | -                            | -   | <b>13,197</b>  |
| Decrease:   | 8,176         | 583                             | 416                        | 3,632           | 829                          | 11,149                                    | <b>24,785</b>  |
| Sale  | 8,176         | -                               | 241                        | 3,631           | 79                           | 10,824                                    | <b>22,951</b>  |
| Liquidation   | -             | 583                             | 175                        | 1               | 750                          | 325                                       | <b>1,834</b>   |
| <b>Gross value as at 31 December 2014</b>           | <b>23,760</b> | <b>104,307</b>                  | <b>60,580</b>              | <b>7,800</b>    | <b>47,917</b>                | <b>6,431</b>                              | <b>250,795</b> |
| Increase:   | -             | 585                             | 1,702                      | 3,677           | 9,430                        | 9,345                                     | <b>24,739</b>  |
| Acquisition   | -             | 141                             | 1,579                      | 854             | 9,068                        | 10,534                                    | <b>22,176</b>  |
| Transfer  | -             | 444                             | 123                        | -               | 362                          | (1,189)                                   | <b>(260)</b>   |
| Lease   | -             | -                               | -                          | 2,823           | -                            | -   | <b>2,823</b>   |
| Decrease:   | -             | 406                             | 1,261                      | 2,408           | 59                           | -   | <b>4,134</b>   |
| Sale  | -             | 100                             | 265                        | 2,390           | 49                           | -   | <b>2,804</b>   |
| Liquidation   | -             | 306                             | 996                        | 18              | 10                           | -   | <b>1,330</b>   |
| <b>Gross value as at 31 December 2015</b>           | <b>23,760</b> | <b>104,486</b>                  | <b>61,021</b>              | <b>9,069</b>    | <b>57,288</b>                | <b>15,776</b>                             | <b>271,400</b> |

**Notes to the annual separate financial statements***(in thousand PLN)*

| <b>DEPRECIATION AND<br/>IMPAIRMENT LOSSES</b>                            | <b>Land</b>   | <b>Buildings<br/>and<br/>structures</b> | <b>Plant and<br/>equipment</b> | <b>Vehicles</b> | <b>Other<br/>tangible<br/>assets</b> | <b>Tangible<br/>assets<br/>under<br/>construction</b> | <b>Total</b>   |
|--|---------------|---|--------------------------------|-----------------|--------------------------------------|---|----------------|
| <b>DEPRECIATION</b>  |               |   |                                |                 |                                      |   |                |
| <b>Amortisation and<br/>impairment losses as at<br/>01 January 2014</b>  | -             | <b>24,270</b>                           | <b>34,644</b>                  | <b>4,157</b>    | <b>30,291</b>                        | -   | <b>93,362</b>  |
| Amortisation for period  | -             | 3,295                                   | 5,275                          | 1,982           | 4,533                                | -   | <b>15,085</b>  |
| Sale   | -             | -                                       | (158)                          | (2,833)         | (61)                                 | -   | <b>(3,052)</b> |
| Liquidation  | -             | (583)                                   | (136)                          | -               | (750)                                | -   | <b>(1,469)</b> |
| <b>Amortisation and<br/>impairment losses as at<br/>31 December 2014</b> | -             | <b>26,982</b>                           | <b>39,625</b>                  | <b>3,306</b>    | <b>34,013</b>                        | -   | <b>103,926</b> |
| Amortisation for period  | -             | 3,348                                   | 7,084                          | 2,308           | 5,382                                | -   | <b>18,122</b>  |
| Sale   | -             | (27)                                    | (237)                          | (1,774)         | (38)                                 | -   | <b>(2,076)</b> |
| Liquidation  | -             | (278)                                   | (992)                          | (5)             | (10)                                 | -   | <b>(1,285)</b> |
| <b>Amortisation and<br/>impairment losses as at<br/>31 December 2015</b> | -             | <b>30,025</b>                           | <b>45,480</b>                  | <b>3,835</b>    | <b>39,347</b>                        | -   | <b>118,687</b> |
| <b>NET VALUE</b>   |               |   |                                |                 |                                      |   |                |
| As at 01 January 2014  | <b>31,935</b> | <b>79,083</b>                           | <b>12,198</b>                  | <b>4,250</b>    | <b>9,643</b>                         | <b>2,282</b>  | <b>139,391</b> |
| As at 31 December 2014   | <b>23,760</b> | <b>77,325</b>                           | <b>20,955</b>                  | <b>4,494</b>    | <b>13,904</b>                        | <b>6,431</b>  | <b>146,869</b> |
| As at 01 January 2015  | <b>23,760</b> | <b>77,325</b>                           | <b>20,955</b>                  | <b>4,494</b>    | <b>13,904</b>                        | <b>6,431</b>  | <b>146,869</b> |
| As at 31 December 2015   | <b>23,760</b> | <b>74,461</b>                           | <b>15,541</b>                  | <b>5,234</b>    | <b>17,941</b>                        | <b>15,776</b>   | <b>152,713</b> |

**7. Intangible assets**

|  | <b>31/12/2015</b> | <b>31/12/2014</b> |
|--|-------------------|-------------------|
| Goodwill, including:                     | 122,937           | 122,937           |
| - goodwill from merger with JC Auto S.A. | 122,937           | 122,937           |
| Computer software                        | 3,728             | 8,128             |
| Other intangible assets, including:      | 11,661            | 14,091            |
| - relations with suppliers               | 5,799             | 7,190             |
| - other                                  | 5,862             | 6,901             |
|  | <b>138,326</b>    | <b>145,156</b>    |

**Impairment test**

The Company's cash generating units were tested for impairment, connected with value of JC Auto SA Company. The recoverable amount was based on an estimation of value in use. No impairment was identified based on the test.

The value in use is the estimated present value of future cash flows generated by an entity. Material assumptions adopted at the estimation of the recoverable amount are presented below and they were not changed materially in comparison to values adopted as at 31 December 2014:

- Projections of cash flows used to estimate the value in use estimated for the whole Company, treated as a single cash generating unit.
- The data used to prepare the projections for 2015 and 2016 were based on the approved budget and assume an increase in cash flows by about 8-10% annually.

**Notes to the annual separate financial statements***(in thousand PLN)*

- Cash flows for remaining years were estimated based on a real growth rate of 1.2%,
- The discount rate used to calculate the value in use was 8.5% and was estimated based on the weighted average cost of capita (WACC)
- The Board did not define any key assumptions, a change of which in a rational extend, might lead to a loss in value of money generating operations.

**Intangible assets under lease agreements**

The net value of intangible assets used under lease agreements as at:

- As at 31 December 2015 – PLN 1,321 thousand
- As at 31 December 2014 – PLN 3,391 thousand

The finance lease agreements refer to the software used in the Company's activities.

None of the intangible assets held by the Company, except for those subject to finance lease agreements, is subject limited right of use.

**Borrowing costs**

The borrowing costs charged to intangible assets for the reporting year are not material.

| <b>GROSS VALUE OF INTANGIBLE ASSETS</b>                          | <b>Computer software</b> | <b>Other intangible assets</b> | <b>Goodwill</b> | <b>Total</b>   |
|--|--------------------------|--------------------------------|-----------------|----------------|
| <b>Gross value as at 01 January 2014</b>                         | <b>36,652</b>            | <b>33,032</b>                  | <b>122,937</b>  | <b>192,621</b> |
| Acquisition  | 1,571                    | -                              | -               | 1,571          |
| <b>Gross value as at 31 December 2014</b>                        | <b>38,223</b>            | <b>33,032</b>                  | <b>122,937</b>  | <b>194,192</b> |
| Acquisition  | 2,660                    | -                              | -               | 2,660          |
| Transfer from investments  | 260                      | -                              | -               | 260            |
| <b>Gross value as at 31 December 2015</b>                        | <b>41,143</b>            | <b>33,032</b>                  | <b>122,937</b>  | <b>197,112</b> |
| <b>AMORTISATION AND IMPAIRMENT LOSSES</b>                        |                          |                                |                 |                |
| <b>Amortisation and impairment losses as at 01 January 2014</b>  | <b>21,636</b>            | <b>16,511</b>                  | <b>-</b>        | <b>38,147</b>  |
| Amortisation for period  | 8,459                    | 2,430                          | -               | 10,889         |
| <b>Amortisation and impairment losses as at 31 December 2014</b> | <b>30,095</b>            | <b>18,941</b>                  | <b>-</b>        | <b>49,036</b>  |
| Amortisation for period  | 7,320                    | 2,430                          | -               | 9,750          |
| <b>Amortisation and impairment losses as at 31 December 2015</b> | <b>37,415</b>            | <b>21,371</b>                  | <b>-</b>        | <b>58,786</b>  |
| <b>NET VALUE</b>   |                          |                                |                 |                |
| As at 01 January 2014  | 15,016                   | 16,521                         | 122,937         | 154,474        |
| As at 31 December 2014   | 8,128                    | 14,091                         | 122,937         | 145,156        |
| As at 01 January 2015  | 8,128                    | 14,091                         | 122,937         | 145,156        |
| As at 31 December 2015   | 3,728                    | 11,661                         | 122,937         | 138,326        |

**8. Investment property**

|                          | <b>2015</b>  | <b>2014</b>  |
|--------------------------|--------------|--------------|
| <b>As at 1 January</b>   | <b>2,134</b> | <b>2,100</b> |
| Measured at fair value   | (86)         | 34           |
| <b>As at 31 December</b> | <b>2,048</b> | <b>2,134</b> |

**Notes to the annual separate financial statements***(in thousand PLN)*

During 2015, there were no transfers of investment property to other assets or reclassifications of other assets to investment property. Investment property includes real property located in Gdańsk, which is held for lease to third parties.

As at the reporting date, the Company conducted fair-value measurement of the property. The Company conducted, as at the reporting day, valuation of the fair value of the real estate in Gdańsk. When determining goodwill of the real property located in Gdańsk (acquired as a result of merger), the comparative method was applied (goodwill – level 3).

In 2015, as well as in 2014, the property located in Gdańsk earned PLN 150 thousand.

The Company's title to the above property is not restricted.

**9. Investment in subordinated entities**

|   | <b>2015</b>    | <b>2014</b>    |
|---|----------------|----------------|
| <b>As at 1 January</b>  | <b>210,389</b> | <b>180,436</b> |
| Increase, including:  | 145,955        | 29,973         |
| - increase in share capital of Inter Cars Romania s.r.l.  | 6,520          | -              |
| - increase in share capital in Inter Cars d o.o., with its registered seat in Ljubljana in Slovenia | 3,226          | -              |
| - purchase of shares in Inter Cars d o.o., with its registered seat in Ljubljana in Slovenia        | -              | 32             |
| - reserve capital increase in IC Hungary  | -              | 9,482          |
| - capital increase in Q-Service Truck   | 1,000          | 495            |
| - purchase of shares in IC Italia   | -              | 4              |
| - increase in share capital in ILS Sp. z o.o.   | 135,000        | 19,400         |
| - capital increase in InterMeko Europa sp z o.o.  | -              | 546            |
| - increase in share capital in Inter Cars Eesti OÜ, with registered seat in Tallin, Estonia         | 208            | -              |
| - purchase of shares in Cleverlog Eesti OÜ, with its registered seat in Tallinn, Estonia            | -              | 14             |
| - purchase of shares in Inter Cars PIESE Auto s.r.l., with registered seat in Kishinev in Moldavia  | 1              | -              |
| Decrease, including:  | -              | (20)           |
| - sale of shares in InterMeko Europa Sp. z o.o.   | -              | (20)           |
| <b>Total:</b>   | <b>356,344</b> | <b>210,389</b> |
| - write-down on Frenoplast  | (3,782)        | (3,782)        |
| - write-down on Inter Cars Ukraina  | (7,000)        | (7,000)        |
| <b>As at 31 December</b>  | <b>345,562</b> | <b>199,607</b> |

In 2015, Inter Cars took shares in newly-established company: INTER CARS PIESE AUTO S.R.L. In Moldavia.

In 2015, Inter Cars increased share capital in Inter Cars Romania, Q-Service Truck, ILS Sp. z o.o., Inter Cars d o.o. in Slovenia and Inter Cars Eesti OU.

**Impairment test**

The Company executed the analysis of indicator of impairment in subsidiary companies. As a result of the analysis, the Company realized an impairment test for the shares of Inter Cars Ukraina as at 31 December 2014. According to Company's assessment there are no reasons for repeating the test as at 31 December 2015.

The value in use is the estimated present value of future cash flows generated by subsidiaries. Material assumptions adopted at the estimation of the recoverable amount are presented below and they were not changed significantly in comparison to values adopted as at 31 December 2014:

- The data used to prepare the projections for 2015 and 2016 were based on the approved budget and assume an increase in cash flows by about 25% annually.

**Notes to the annual separate financial statements**

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*(in thousand PLN)*

- Cash flows for remaining years were estimated based on a growth rate of 1.2%,
- The discount rate used to calculate the value in use was between 15% and 30% and was estimated based on the weighted average cost of capital (WACC)

**Notes to the annual separate financial statements**

(in thousand PLN)

## Interest in subsidiaries as at 31.12.2015

| Name and legal form of associate                | Registered seat         | Date of control take-over | Carrying amount of shares (in PLN thousand) | Percentage of share capital/ total vote held | Associate's assets | Liabilities    | Revenue          | Net profit (loss) |
|---|-------------------------|---------------------------|---|--|--------------------|----------------|------------------|-------------------|
| <b>Inter Cars Ukraine LLC</b>                   | Khmelnysky, Ukraine     | 04.2000                   | 29,531                                      | 100%   | 35,202             | 25,882         | 130,493          | 3,466             |
| <b>Q-Service Sp. z o.o.</b>                     | Cząstków Mazowiecki     | 04.2000                   | 416   | 100%   | 15,880             | 4,553          | 83,940           | 9,902             |
| <b>Lauber Sp. z o.o.</b>                        | Ślupsk                  | 07.2003                   | 1,565                                       | 100%   | 41,558             | 31,537         | 40,619           | (913)             |
| <b>Inter Cars Ceska Republika</b>               | Prague, Czech Republic  | 04.2004                   | 13,866                                      | 100%   | 63,201             | 58,531         | 162,034          | (7,555)           |
| <b>Inter Cars Slovenska Republika</b>           | Bratislava, Slovakia    | 08.2005                   | 21  | 100%   | 68,912             | 53,280         | 150,910          | 3,838             |
| <b>Feber Sp. z o.o.</b>                         | Warsaw                  | 08.2004                   | 30,011                                      | 100%   | 45,394             | 8,731          | 97,892           | 7,675             |
| <b>Inter Cars Lietuva</b>                       | Vilnius, Lithuania      | 09.2006                   | 1,058                                       | 100%   | 43,546             | 18,906         | 207,201          | 11,474            |
| <b>IC Development &amp; Finance Sp. z o.o.</b>  | Warsaw                  | 10.2006                   | 3,785                                       | 100%   | 24,375             | 25,158         | 1,256            | 95                |
| <b>Inter Cars d.o.o.</b>                        | Zagreb, Croatia         | 02.2008                   | 18,471                                      | 100%   | 84,537             | 80,191         | 166,456          | (1,225)           |
| <b>Inter Cars Hungaria Kft.</b>                 | Budapest, Hungary       | 02.2008                   | 19,932                                      | 100%   | 70,393             | 79,738         | 175,861          | 3,360             |
| <b>Inter Cars Italia s.r.l.</b>                 | Milan, Italy            | 02.2008                   | 2,952                                       | 100%   | 22,158             | 21,289         | 31,464           | (1,750)           |
| <b>JC Auto S.A.</b>                             | Brain L'Allued, Belgium | 02.2008                   | 1,408                                       | 100%   | 1,974              | 460            | 2,257            | (151)             |
| <b>JC Auto s.r.o.</b>                           | Karvina-Darkom, Czech   | 02.2008                   | -   | 100%   | 1,262              | 5,012          | -                | (184)             |
| <b>Armatus Sp. z o.o.</b>                       | Warsaw                  | 02.2008                   | 1,711                                       | 100%   | 636                | 3              | 7,423            | 312               |
| <b>Inter Cars Romania s.r.l.</b>                | Cluj-Napoca, Romania    | 07.2008                   | 8,581                                       | 100%   | 224,796            | 226,530        | 498,609          | (2,940)           |
| <b>Inter Cars Latvija SIA</b>                   | Riga, Latvia            | 08.2010                   | 12  | 100%   | 73,249             | 66,129         | 232,457          | 3,941             |
| <b>Inter Cars Cyprus Limited</b>                | Nicosia, Cyprus         | 10.2010                   | 47  | 100%   | 132,541            | 15,924         | -                | 42,536            |
| <b>Inter Cars Bulgaria Ltd.</b>                 | Sofia, Bulgaria         | 03.2011                   | 21  | 100%   | 43,764             | 42,129         | 120,115          | 2,874             |
| <b>Cleverlog-Autoteile GmbH</b>                 | Berlin, Germany         | 03.2011                   | 524   | 100%   | 3,365              | 5,415          | 15,259           | (1,688)           |
| <b>Inter Cars Marketing Services Sp. z o.o.</b> | Warsaw, Poland          | 05.2012                   | 6,280                                       | 100%   | 539,823            | 7,987          | 119,619          | 48,019            |
| <b>ILS Sp. z o.o.</b>                           | Kajetany, Poland        | 10.2012                   | 199,804                                     | 100%   | 252,243            | 33,492         | 282,708          | (1,451)           |
| <b>Inter Cars Malta Holding Limited</b>         | Qormi, Malta            | 02.2013                   | 19  | 100%   | 1,091              | 1,228          | -                | 67                |
| <b>Q-Service Truck</b>                          | Warsaw, Poland          | 12.2013                   | 1,500                                       | 100%   | 3,921              | 2,775          | 10,317           | (169)             |
| <b>Inter Cars Eesti OÜ</b>                      | Tallinn, Estonia        | 12.2014                   | 222   | 100%   | 4,002              | 4,386          | 6,734            | (597)             |
| <b>Inter Cars d o.o.</b>                        | Ljubljana, Slovenia     | 12.2014                   | 3,258                                       | 100%   | 6,941              | 4,721          | 9,661            | (732)             |
| <b>Inter Cars Piese Auto s.r.l.</b>             | Kishinev, Moldova       | 03.2015                   | 1   | 100%   | -                  | -              | -                | -                 |
|   |                         |                           | <b>344,996</b>                              |  | <b>1,804,764</b>   | <b>823,987</b> | <b>2,553,285</b> | <b>118,204</b>    |

Due to a permanent impairment, in 2014 the Company recognized a revaluation write-down on the shares of its associate Inter Cars Ukraine LLC.

**Notes to the annual separate financial statements**

(in thousand PLN)

**Interest in associates as at 31/12/2015**

| Name and legal form of associate | Registered seat | Date of control take-over | Carrying amount of shares (in PLN thousand) | Percentage of associate share capital/ total vote held | Associate's assets | Liabilities | Revenue | Net profit (loss) |
|----------------------------------|-----------------|---------------------------|---|--|--------------------|-------------|---------|-------------------|
| Inter Cars Malta Ltd             | Qormi, Malta    | 02.2013                   | Not applicable                              | 100%   | 28,806             | 40,054      | 119,204 | 11,633            |
| Aurelia Auto d o o               | Croatia         | 01.2012                   | Not applicable                              | 100%   | 770                | 2,063       | 10      | (65)              |

**Share in affiliated entities – as at 31/12/2015**

| Name and legal form of associate          | Registered seat | Balance sheet value of shares (in thousand PLN ) | Percentage of share capital/ total vote held | Associate's assets | Liabilities | Revenue | Net profit (loss) |
|---|-----------------|--|--|--------------------|-------------|---------|-------------------|
| SMiOC FRENOPLAST Bułhak i Cieślowski S.A. | Szczytno        | -  | 49%  | 13,648             | 6,438       | 10,536  | (8)               |
| InterMeko Europa sp. z o.o.               | Warsaw          | 566  | 50%  | 1,669              | 54          | 1,901   | 301               |

Due to a permanent impairment, in 2013 the Company recognized a revaluation write-down on the shares of its associate SMiOC FRENOPLAST Bułhak i Cieślowski S.A.

**10. Deferred tax****Deferred Tax Assets and Liabilities**

Deferred tax assets and liabilities were recognized for the following assets and liabilities:

| <b>As at 31 December 2015</b>                              | <b>Assets</b> | <b>Provisions</b> |
|--|---------------|-------------------|
| Intangible assets  | -             | 1,102             |
| Property, plant and equipment                              | 1,170         | 7,319             |
| Investments in subordinated entities                       | 2,049         | -                 |
| Inventories  | 6,054         | 265               |
| Trade and other receivables                                | 2,195         | 3,785             |
| Finance lease liabilities                                  | 5,435         | -                 |
| Trade and other payables                                   | 9,355         | 20,423            |
| Deferred tax assets/liabilities                            | <b>26,258</b> | <b>32,894</b>     |
| Deferred tax offset against liabilities                    | (26,258)      | (26,258)          |
| Deferred tax liabilities as disclosed in the balance sheet | -             | <b>6,636</b>      |

| <b>As at 31 December 2014</b>                              | <b>Assets</b> | <b>Provisions</b> |
|--|---------------|-------------------|
| Intangible assets  | -             | 1,366             |
| Property, plant and equipment                              | 1,260         | 8,416             |
| Investments in subordinated entities                       | 1,330         | -                 |
| Inventories  | 4,662         | 265               |
| Trade and other receivables                                | 365           | 2,613             |
| Finance lease liabilities                                  | 6,913         | -                 |
| Trade and other payables                                   | 3,043         | 12,239            |
| Deferred tax assets/liabilities                            | <b>17,573</b> | <b>24,899</b>     |
| Deferred tax offset against liabilities                    | (17,573)      | (17,573)          |
| Deferred tax liabilities as disclosed in the balance sheet | -             | <b>7,326</b>      |

In the presented periods, deferred tax was recognized for all the balance-sheet items which represented temporary differences

| Change in deferred tax assets         | 31/12/2015 | 31/12/2014 |
|---------------------------------------|------------|------------|
| As at beginning of period             | 17,573     | 19,603     |
| (decrease) / increase                 | 8,685      | (2,030)    |
| As at end of period                   | 26,258     | 17,573     |
| Change in deferred tax liabilities    |            |            |
| As at beginning of period             | 24,899     | 27,491     |
| (reversed) / recognized in the period | 7,995      | (2,592)    |
| As at end of period                   | 32,894     | 24,899     |

|                          | 31/12/2014 | Effect on net profit | 31/12/2015 |
|--------------------------|------------|----------------------|------------|
| Deferred tax assets      | 17,573     | 8,685                | 26,258     |
| Deferred tax liabilities | (24,899)   | (7,995)              | (32,894)   |
|                          | (7,326)    | 690                  | (6,636)    |



**Report on auditing annual financial statements***(in thousand PLN)***11. Inventories**

|                   | <b>31/12/2015</b> | <b>31/12/2014</b> |
|-------------------|-------------------|-------------------|
| Merchandise       | 866,519           | 745,383           |
|                   | <b>866,519</b>    | <b>745,383</b>    |
| Merchandise       | 868,068           | 746,932           |
| Impairment losses | (1,549)           | (1,549)           |
|                   | <b>866,519</b>    | <b>745,383</b>    |

Inter Cars S.A. receives discounts from suppliers. To the extent such discounts relate to goods for resale purchased and sold in a given period, they reduce the value of goods for resale sold. The balance of such discounts is charged to inventories.

Inventories in the form of goods for resale kept at the Central Warehouse, regional distribution centres and affiliate branches are covered by fire and all-risk insurance, as well as by insurance against burglary with theft and robbery.

The inventories of PLN 845.7 million have been pledged as collateral to secure the repayment of bank loan.

**Change in impairment losses on inventories**

|                           | <b>31/12/2015</b> | <b>31/12/2014</b> |
|---------------------------|-------------------|-------------------|
| As at beginning of period | (1,549)           | (152)             |
| (increase) / decrease     | -                 | (1,397)           |
| As at end of period       | <b>(1,549)</b>    | <b>(1,549)</b>    |

**12. Trade and other receivables**

|  | <b>31/12/2015</b> | <b>31/12/2014</b> |
|--|-------------------|-------------------|
| Trade receivables from related entities  | 469,028           | 331,771           |
| Trade receivables from other entities  | 252,885           | 217,557           |
| Taxes, subsidies, customs, social security, health insurance and other benefits receivable | -                 | 8,201             |
| Other receivables, prepayments and accrued income  | 5,496             | 9,849             |
| Loans granted  | 39,814            | 26,382            |
| <b>Short term trade and other receivables – gross</b>                                      | <b>767,223</b>    | <b>593,760</b>    |

**Change in impairment loss on trade receivables**

|   | <b>31/12/2015</b> | <b>31/12/2014</b> |
|---|-------------------|-------------------|
| Status as at the beginning of the period            | (11,126)          | (10,632)          |
| (Increase)/ Decrease, including:                    | (3,912)           | (494)             |
| - new impairment losses / release                   | (3,912)           | (494)             |
| <b>Status as at the end of the period</b>           | <b>(15,038)</b>   | <b>(11,126)</b>   |
| <b>Short-term trade and other receivables – net</b> | <b>752,185</b>    | <b>582,634</b>    |

The Company limits its credit risk by transferring a part of its responsibility for collecting trade and other receivables to affiliates who received distribution fee.

| <b>Maturity structure of trade receivables</b> | <b>31/12/2015</b> | <b>31/12/2014</b> |
|--|-------------------|-------------------|
| Up to 12 months                                | 721,913           | 549,328           |
|  | <b>721,913</b>    | <b>549,328</b>    |

**Report on auditing annual financial statements***(in thousand PLN)*

| <b>Currency structure of trade and other receivables (gross)</b> | <b>31/12/2015</b> | <b>31/12/2014</b> |
|--|-------------------|-------------------|
| Local currency   | 312,132           | 277,578           |
| Foreign currencies   | 455,092           | 316,182           |
|  | <b>767,223</b>    | <b>593,760</b>    |
| Receivables in EUR   | 433,579           | 301,058           |
| Receivables in USD   | 21,143            | 14,576            |
| Receivables in other currencies                                  | 369               | 548               |
|  | <b>455,092</b>    | <b>316,182</b>    |

| <b>Maturity structure of trade receivables</b> | <b>31/12/2015</b> |                          | <b>31/12/2014</b> |                          |
|--|-------------------|--------------------------|-------------------|--------------------------|
|  | <b>Gross</b>      | <b>Impairment losses</b> | <b>Gross</b>      | <b>Impairment losses</b> |
| Up to 180 days, including:                     | 698,715           | -                        | 513,539           | -                        |
| - <i>matured</i>                               | 395,315           | -                        | 200,992           | -                        |
| - <i>unmatured</i>                             | 303,400           | -                        | 312,547           | -                        |
| From 181 to 270 days                           | 1,761             | 528                      | 12,292            | 844                      |
| From 271 to 360 days                           | 984               | 383                      | 3,952             | 100                      |
| Over one year                                  | 20,453            | 14,127                   | 19,545            | 10,182                   |
| <b>Total</b>                                   | <b>721,913</b>    | <b>15,038</b>            | <b>549,328</b>    | <b>11,126</b>            |

| <b>Loans granted</b>             | <b>31/12/2015</b> | <b>31/12/2014</b> |
|----------------------------------|-------------------|-------------------|
| Current loans                    | 39,814            | 26,382            |
| Non-current loans and borrowings | 16,691            | 27,487            |
|                                  | <b>56,505</b>     | <b>53,869</b>     |

| <b>Non-current receivables</b>   | <b>31/12/2015</b> | <b>31/12/2014</b> |
|----------------------------------|-------------------|-------------------|
| Non-current loans and borrowings | 16,691            | 27,487            |
| Security deposits                | 3,219             | 2,543             |
| Receivables from employees       | 340               | 388               |
|                                  | <b>20,250</b>     | <b>30,418</b>     |

The concentration of credit risk related to trade receivables is limited given that the Company's customer base is large and widely dispersed, mainly in Poland.

Credit and currency risks are discussed in Note 33.

Non-current receivables include mostly security deposits under lease agreements paid by the Company, as well as non-current loans granted mainly to related entities.

The loans granted to related entities bear interest at a rate equal to: 1M WIBOR or EURIBOR 3M (in the case of EUR-denominated loans), plus a margin of 2% to 5%. The loans are not secured.

**13. Cash and cash equivalents**

|  | <b>31/12/2015</b> | <b>31/12/2014</b> |
|--|-------------------|-------------------|
| Cash in hand   | 5,477             | 4,777             |
| Cash at bank   | 1,744             | 4,687             |
| Cash in transit  | 8,477             | 10,406            |
| Cash on accounts of the Company's Social Benefits Fund | 285               | 216               |
| <b>Cash</b>  | <b>15,983</b>     | <b>20,086</b>     |

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|                       | <b>31/12/2015</b> | <b>31/12/2014</b> |
|-----------------------|-------------------|-------------------|
| In local currency     | 15,507            | 19,751            |
| In foreign currencies | 476               | 335               |
|                       | <b>15,983</b>     | <b>20,086</b>     |

With the exception of cash on accounts of the Company's Social Benefits Fund, Inter Cars S.A. does not hold any restricted cash.

In accordance with Polish law, Inter Cars S.A. administers the Company's Social Benefits Funds on behalf of its employees. Contributions to the Company's Social Benefits Funds are deposited in a separate account.

The credit risk concentration with respect to cash is limited as the Company deposits cash in a number of reputable financial institutions.

**14. Share capital and share premium account**

As at 31 December 2015, the share capital of Inter Cars S.A. was composed of 14,168,100 Series A to F ordinary bearer shares with par value PLN 2 per share; there are no restrictions on any rights conferred by the shares. All shares have been admitted to public trading by virtue of the decision of the Polish Securities and Exchange Commission and introduced to trading on the Warsaw Stock Exchange. The first listing of Inter Cars S.A. shares took place on the trading session on 26th May 2004.

|           | Number of shares  | Date of admission to trading | Right to dividend (since) | Par value (in thousand PLN) | Issue price (PLN) | Share premium (in PLN) |
|-----------|-------------------|------------------------------|---------------------------|-----------------------------|-------------------|------------------------|
| Series A  | 200,000           | 14/05/2004                   | 1999                      | 400,000                     | 2.00              | -                      |
| Series B  | 7,695,600         | 14/05/2004                   | 1999                      | 15,391,200                  | 2.00              | -                      |
| Series C  | 104,400           | 14/05/2004                   | 1999                      | 208,800                     | 2.00              | -                      |
| Series D  | 2,153,850         | 14/05/2004                   | 2001                      | 4,307,700                   | 6.85              | 10,448,676             |
| Series E  | 1,667,250         | 14/05/2004                   | 2002                      | 3,334,500                   | 8.58              | 10,966,504             |
| Series G  | 1,875,000         | 14/03/2008                   | 2007                      | 3,750,000                   | 122.00            | 225,000,000            |
| Series F1 | 10,001            | 06/08/2007                   | 2008                      | 20,002                      | 33.59             | 315,932                |
| Series F2 | 30,000            | 25/06/2008                   | 2008                      | 60,000                      | 37.13             | 1,053,900              |
| Series F1 | 147,332           | 06/08/2007                   | 2009                      | 294,664                     | 33.59             | 4,654,218              |
| Series F2 | 127,333           | 25/06/2008                   | 2009                      | 254,666                     | 37.13             | 4,473,208              |
| Series F3 | 157,334           | 21/12/2009                   | 2009                      | 314,668                     | 18.64             | 2,618,038              |
|           | <b>14,168,100</b> |                              |                           | <b>28,336,200</b>           |                   | <b>259,530,476</b>     |

**15. Net profit per share****Basic earnings per share**

Net profit per share calculated based on net profit for the period in the amount of PLN 93,913 thousand (2014: PLN 95,669 thousand) and the weighted average number of shares – 14,168 thousand (2014: PLN 14,168 thousand): presented below:

|   | <b>2015</b>       | <b>2014</b>       |
|---|-------------------|-------------------|
| <i>Weighted average number of shares</i>          |                   |                   |
| Shares issued as at 1 January                     | 14,168,100        | 14,168,100        |
| Weighted average number of shares during the year | <b>14,168,100</b> | <b>14,168,100</b> |
| <br>Basic profit per share                        | <b>2015</b>       | <b>2014</b>       |
| Net profit for period                             | 93,913            | 95,669            |
| Weighted average number of shares                 | 14,168,100        | 14,168,100        |
| Net profit per share                              | 6.63              | 6.75              |

**Diluted earnings per share**

In 2015 and in the comparative period, i.e 2014, there were no diluting factors. Therefore, the diluted profit per share equals the basic profit per share.

**16. Liabilities due to borrowings and other debt instruments**

This Note contains information on the Company's liabilities under loans, borrowings and other debt instruments valued at amortised cost. For information on the Company's exposure to currency, interest rate and liquidity risks, see Note 33.

**The syndicated credit facility agreement:**

On 29 July 2009, a syndicated credit facility agreement was signed by Inter Cars S.A. (the Borrower) and (with subsequent changes) Feber Sp. z o.o., IC Development & Finance Sp. z o.o., Inter Cars Ceska Republika s.r.o., Inter Cars Slovenska Republika s.r.o., ILS sp. z o.o., Inter Cars Cyprus Limited, Q-Service sp. z o.o. and Inter Cars Marketing Services Sp. z o.o (Co-Borrowers) with the following banks: Bank Polska Kasa Opieki S.A., and ING Bank Śląski S.A., Bank Handlowy w Warszawie S.A., MBank S.A.

On 20 November 2013 an annex to credit contract was signed. The annex increased the total amount of credit available to PLN 495m. Furthermore, the Lenders agreed to extend the repayment period by another year with the final maturity date falling on 20 November 2014. Moreover, an additional co-borrower was added to the credit facility agreement, the company INTER CARS ROMANIA S.R.L., based in Cluj-Napoca, Romania.

On 18 November 2014 an annex to credit facility agreement was signed. The annex increased the total amount of credit available to PLN 550m. Furthermore, the Lenders agreed to extend the repayment period to 18 November 2015 (for PLN 280m - short-term part) and to 18 November 2017 (for PLN 270m - long-term part). Moreover, an additional co-borrower was added to the credit facility agreement, the company INTER CARS LIETEUVA UAB with its registered seat in Vilnius.

On 16 November 2015 an annex to credit facility agreement was signed. The annex increased the total amount of credit available to PLN 653m. Furthermore, the Lenders agreed to extend the repayment period to 18 November 2016 (for PLN 383m - short-term part). Moreover, an additional co-borrower was added to the credit facility agreement, the company INTER CARS LATVIJA with its registered seat in Riga.

The credit facility bears interest at a variable interest rate based on WIBOR, EURIBOR and LIBOR reference rates plus bank's margin for each interest period.

| <b>Non-current</b>                   | <b>31/12/2015</b> | <b>31/12/2014</b> |
|--------------------------------------|-------------------|-------------------|
| Secured bank loans                   | 268,702           | 235,000           |
| Issuance of bonds                    | 149,168           | 150,000           |
| Finance lease liabilities            | 7,821             | 11,543            |
| Loans received                       | -                 | 58,063            |
| Sureties received                    | 45                | 85                |
|                                      | <b>425,736</b>    | <b>454,691</b>    |
| <b>Current</b>                       | <b>31/12/2015</b> | <b>31/12/2014</b> |
| Secured bank loans                   | 235,275           | 142,739           |
| Issuance of bonds                    | 864               | 911               |
| Loans received                       | 138,838           | 45,837            |
| Liabilities of the reverse factoring | 28,440            | -                 |
| Finance lease liabilities            | 20,786            | 24,840            |
|                                      | <b>424,203</b>    | <b>214,327</b>    |

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| <b>Current loans and borrowings at nominal value</b> | Contractual amount (limit) | Drawn          | Maturity date |
|--|----------------------------|----------------|---------------|
| Syndicated credit                                    | 383,000                    | 235,275        | 18/11/2016    |
| Inter Cars (Cyprus) LIMITED                          | 77,601                     | 77,601         | 31/12/2016    |
| Inter Cars Marketing Services                        | 61,209                     | 61,209         | 15/12/2016    |
| Feber  | 2,200                      | 2,200          | 15/12/2016    |
|  | <b>524,010</b>             | <b>376,285</b> |               |

| <b>Non-current loans and borrowings at nominal value</b> | Contractual amount (limit) | Drawn          | Maturity date |
|--|----------------------------|----------------|---------------|
| Syndicated credit  | 270,000                    | 270,000        | 18/11/2017    |
|  | <b>270,000</b>             | <b>270,000</b> |               |

As at 31 December 2015, total liabilities under loans and borrowings amounted to PLN 646,285 thousand of which PLN 460,042 thousand is denominated in PLN and 186,231 thousand is denominated in EUR.

**Material terms of the syndicated credit facility**

The syndicated credit facility was granted by the following banks (including the amount drawn as at 31 December 2015) :

|                                | <b>Use in nominal value</b> | <b>Share in the amount drawn</b> |
|--------------------------------|-----------------------------|----------------------------------|
| Polska Kasa Opieki S.A         | 242,958                     | 48.1%                            |
| ING Bank Śląski S.A.           | 109,314                     | 21.6%                            |
| Bank Handlowy w Warszawie S.A. | 78,568                      | 15.6%                            |
| mbank S.A.                     | 74,435                      | 14.7%                            |
|                                | <b>505,275</b>              | <b>100%</b>                      |

The credit facility is secured with:

- mortgage over Inter Cars S.A.'s real property located in Częstków Mazowiecki;
- registered pledge over inventories;
- surety issued by Inter Cars Ukraine LLC;
- registered pledge over bank accounts,
- blank bill with declarative statement,
- transfer of rights to the insurance contract of stock.

The credit facility agreement includes requirements with respect to a number of key ratios (calculated based on the Inter Cars Group's consolidated financial statements), and in the event the Group fails to meet these requirements, the consortium will have the right to terminate the agreement. The ratios are as follows:

- the Group's operating profit to paid interest on financial indebtedness of all Group companies;
- net debt to EBITDA;
- the Group's equity to its aggregate balance-sheet total;
- inventories pledged as security to the amount drawn down under the credit facility;

Inter Cars may approve and pay dividend only if the following conditions are met:

- the total amount of dividend paid for a given financial year does not exceed 40 or 60% of the net profit;
- the financial ratios are maintained at a satisfactory level and dividend payment would not result in failure to meet the requirements with respect to any of the key ratios.

The credit facility bears interest at a variable interest rate based on WIBOR, EURIBOR and LIBOR reference rates plus bank's margin for each interest period.

The effective interest rate as at the reporting date was 2.4%.

Loans received from ICMS sp. o.o., Feber sp. z o.o. and Inter Cars Cyprus bear interest at a variable rate based on WIBOR 1M and 2.25% for loans denominated in EUR.

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| <b>Finance lease</b>                             | <b>31/12/2015</b> | <b>31/12/2014</b> |
|--|-------------------|-------------------|
| Payments under lease agreements                  | 29,463            | 38,851            |
| Financial expense                                | (856)             | (2,468)           |
| Present value of liabilities under leases        | <b>28,607</b>     | <b>36,383</b>     |
| <i>Payments under lease agreements</i>           | <b>31/12/2015</b> | <b>31/12/2014</b> |
| Up to 1 year                                     | 8,168             | 26,640            |
| Between 1 and 5 years                            | 21,295            | 12,211            |
|  | <b>29,463</b>     | <b>38,851</b>     |
| <i>Present value of liabilities under leases</i> | <b>31/12/2015</b> | <b>31/12/2014</b> |
| Up to 1 year                                     | 20,786            | 24,840            |
| Between 1 and 5 years                            | 7,821             | 11,543            |
|  | <b>28,607</b>     | <b>36,383</b>     |

Liabilities under leases are related to the lease of property, plant and equipment and intangible assets. For more information, see Notes 6 and 7.

**Issuance of bonds**

On the day of 3 October 2014, Inter Cars SA. signed with mBank S.A. and Bank Handlowy w Warszawie S.A. a contract ("Programme Contract") regarding issuance of bonds by the Company up to the maximum amount of PLN 500,000,000 and servicing by mBank S.A. the issuance of bonds offered between the companies from the Group (so called inter-group bonds).

The Programme Contract makes it possible for the Company to issue Bonds offered within private offers for some investors (with no obligation of preparing issue prospectus) on the basis of art. 9 point 3 of Law on Bonds dated 29 June 1995 (as amended).

The Bonds issued in compliance with the Programme Contract will be unsecured bonds, authorizing bond holders only to receive cash benefits.

Detailed information of issuance of each series of Bonds, including their nominal value, issuance price, number of bonds, issue threshold, maturity date, interest rate, will each time be agreed and stipulated in relevant issue documents. The Company shall bear standard costs of issuance of Bonds, including the dealer commission, after each finished issuance. The Programme Contract is concluded for an indefinite time.

The first series of bonds, with total value of PLN 150,000,000 (series A) was issued by the Company on 24 October 2014. The bonds include only cash benefits. Interest on Bonds are to be paid in 6-month periods (in April and October) based on WIBOR interest rate for six-month deposits and particular margin set forth in the terms and conditions of Issuance of Bonds. The Bonds shall be mature as at 24 October 2019, or in case of basis for earlier buyback, at dates stipulated in the terms and conditions of Issuance of Bonds.

Income from issuance of bonds will be used for financing current operational activity and investment activity of the Company. Favourable market conditions on issuance of bonds allowed for: a) diversified sources of financing, and b) generating cost attractive financing for the period of 5 years.

Below chart presents Bonds issued and planned buyback dates:

| Tranche number | Date of issuance | Maturity date | Buyback amount in nominal value |
|----------------|------------------|---------------|---------------------------------|
| Series A       | 24/10/2014       | 24.10.2019    | 150,000,000                     |
|                |                  |               | <b>150,000,000</b>              |

**Report on auditing annual financial statements***(in thousand PLN)***17. Trade and other liabilities**

|   | <b>31/12/2015</b> | <b>31/12/2014</b> |
|---|-------------------|-------------------|
| Trade payables to related entities  | 126,797           | 57,326            |
| Trade payables to other entities  | 243,837           | 155,979           |
| Taxes, duties, social security and other benefits payable   | 18,613            | 11,063            |
| Payables on bills of exchange   | 27,222            | 30,773            |
| Other payables and accrued expenses   | 12,177            | 8,780             |
|   | <b>428,646</b>    | <b>263,921</b>    |
| Trade payables before bonuses accrued for the period  | 465,772           | 288,239           |
| Decrease in payables by the amount of bonuses due for the period to be settled in the subsequent period | (95,138)          | (74,934)          |
| <b>Balance sheet value of trade payables</b>  | <b>370,634</b>    | <b>213,305</b>    |

**Maturity structure of trade payables**

|                 |                |                |
|-----------------|----------------|----------------|
| Up to 12 months | 365,280        | 212,514        |
| Over 12 months  | 5,354          | 791            |
|                 | <b>370,634</b> | <b>213,305</b> |

Taxes, subsidies, customs duty, social security and other benefits payable as at 31 December 2015 included primarily VAT liabilities in the amount of PLN 16,753 thousand (2014: PLN 9,671 thousand).

| <b>Currency structure of trade and other payables</b> | <b>31/12/2015</b> | <b>31/12/2014</b> |
|---|-------------------|-------------------|
| Local currency  | 294,222           | 189,295           |
| Foreign currencies                                    | 134,424           | 74,626            |
|   | <b>428,646</b>    | <b>263,921</b>    |
| <i>Equivalent in national currency</i>                |                   |                   |
| Liabilities in EUR                                    | 123,754           | 63,880            |
| Liabilities in USD                                    | 10,029            | 7,449             |
| Liabilities in other currencies                       | 642               | 3,297             |
|   | <b>134,424</b>    | <b>74,626</b>     |

**18. Employee benefits**

|                                | <b>31/12/2015</b> | <b>31/12/2014</b> |
|--------------------------------|-------------------|-------------------|
| Salaries and wages             | 801               | 506               |
| Company's Social Benefits Fund | 438               | 448               |
|                                | <b>1,239</b>      | <b>954</b>        |

**19. Income tax liabilities**

| <b>Maturity structure</b> | <b>31/12/2015</b> | <b>31/12/2014</b> |
|---------------------------|-------------------|-------------------|
| Up to 12 months           | -                 | 1,110             |
|                           | <b>-</b>          | <b>1,110</b>      |

**20. Sales revenue**

|                                | <b>01/01/2015 -<br/>31/12/2015</b> | <b>01/01/2014 -<br/>31/12/2014</b> |
|--------------------------------|------------------------------------|------------------------------------|
| Revenue from sales of goods    | 3,868,311                          | 3,295,815                          |
| Revenue from sales of services | 105,743                            | 102,086                            |
| Lease of investment property   | 150                                | 150                                |
|                                | <b>3,974,204</b>                   | <b>3,398,051</b>                   |

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(in thousand PLN)

**Sales by product groups**

|  | 2015              |                | 2014              |                |
|--|-------------------|----------------|-------------------|----------------|
|  | (in thousand PLN) | (%)            | (in thousand PLN) | (%)            |
| <b>Domestic sales</b>                          | <b>2,837,101</b>  | <b>71.4%</b>   | <b>2,492,730</b>  | <b>73.4%</b>   |
| Spare parts for passenger cars                 | 1,876,915         | 47.3%          | 1,726,934         | 50.8%          |
| Spare parts for commercial vehicles and buses  | 357,983           | 9.0%           | 284,857           | 8.4%           |
| tyres  | 315,074           | 7.9%           | 213,891           | 6.3%           |
| garage equipment                               | 127,692           | 3.2%           | 109,837           | 3.2%           |
| other spare parts, spare parts for motorcycles | 80,668            | 2.0%           | 63,849            | 1.9%           |
| other, spare parts and services                | 78,769            | 2.0%           | 93,362            | 2.8%           |
| <b>Export</b>                                  | <b>1,137,103</b>  | <b>28.6%</b>   | <b>905,321</b>    | <b>26.6%</b>   |
| Spare parts for passenger cars                 | 763,220           | 19.1%          | 657,347           | 19.3%          |
| Spare parts for commercial vehicles and buses  | 202,785           | 5.1%           | 147,787           | 4.3%           |
| tyres  | 97,843            | 2.5%           | 44,818            | 1.3%           |
| garage equipment                               | 27,556            | 0.7%           | 17,631            | 0.5%           |
| other spare parts, spare parts for motorcycles | 10,089            | 0.3%           | 8,803             | 0.3%           |
| other, spare parts and services                | 35,610            | 0.9%           | 28,935            | 0.9%           |
| <b>Total</b>                                   | <b>3,974,204</b>  | <b>100.00%</b> | <b>3,398,051</b>  | <b>100.00%</b> |

In 2015 the biggest percent growth recorded sale of tyres (47% in comparison to a year before) and sale of spare parts for motorcycles (26%). However export sale recorded the biggest growth in sale of tyres (118% in comparison to a year before) and sale of garage equipment (56%).

**Geographical structure of sales**

|                | 2015              |             | 2014              |             |
|----------------|-------------------|-------------|-------------------|-------------|
|                | (in thousand PLN) | (%)         | (in thousand PLN) | (%)         |
| Domestic sales | 2,837,101         | 71.4%       | 2,492,730         | 73.4%       |
| Export         | 1,137,103         | 28.6%       | 905,321           | 26.6%       |
| <b>Total</b>   | <b>3,974,204</b>  | <b>100%</b> | <b>3,398,051</b>  | <b>100%</b> |

Export includes primarily sales to the neighbouring countries, i.e. to Czech Republic, Slovakia, Lithuania, Latvia, Hungary, Croatia, Romania, Ukraine and Estonia and Moldova.

**21. Cost of goods sold**

|                                   | 01/01/2015 –<br>31/12/2015 | 01/01/2014 –<br>31/12/2014 |
|-----------------------------------|----------------------------|----------------------------|
| Cost of services and goods sold   | 3,016,765                  | 2,541,957                  |
| Foreign exchange (gains) / losses | 5,678                      | (2,342)                    |
| <b>Cost of sales</b>              | <b>3,022,443</b>           | <b>2,539,615</b>           |



**Report on auditing annual financial statements***(in thousand PLN)***22. Costs of sales and administrative costs**

|  | <b>01/01/2015 -<br/>31/12/2015</b> | <b>01/01/2014 -<br/>31/12/2014</b> |
|--|------------------------------------|------------------------------------|
| Depreciation and amortization                  | 27,870                             | 25,974                             |
| Materials and energy consumption               | 13,215                             | 13,038                             |
| External services                              | 752,073                            | 633,048                            |
| Taxes and charges                              | 64,846                             | 55,257                             |
| Salaries                                       | 30,516                             | 24,728                             |
| Social security and other benefits             | 6,579                              | 6,012                              |
| Other costs by kind                            | 12,375                             | 9,056                              |
| Total costs by kind                            | <b>907,474</b>                     | <b>767,113</b>                     |
| (-) costs of distribution services             | (354,698)                          | (319,358)                          |
| (-) costs of license fees                      | (62,595)                           | (52,606)                           |
| <b>Costs of sales and administrative costs</b> | <b>490,181</b>                     | <b>395,149</b>                     |

Costs of distribution services is an item of external services presented under costs by kind.

**23. Costs of employee benefits**

|  | <b>01/01/2015 -<br/>31/12/2015</b> | <b>01/01/2014 -<br/>31/12/2014</b> |
|--|------------------------------------|------------------------------------|
| Salaries under employment contracts  | 29,610                             | 23,908                             |
| Salaries under contracts for specific work and contracts of mandate              | 907                                | 820                                |
| Social security  | 4,922                              | 4,682                              |
| Other employee benefits  | 1,656                              | 1,330                              |
| Costs of employee benefits recognised as costs of sales and administrative costs | <b>37,095</b>                      | <b>30,740</b>                      |

**24. Other operating income**

|   | <b>01/01/2015 -<br/>31/12/2015</b> | <b>01/01/2014 -<br/>31/12/2014</b> |
|---|------------------------------------|------------------------------------|
| Gain on disposal of non-financial non-current assets                        | 129                                | 1,098                              |
| Reversal of provisions  | 1,526                              | -                                  |
| Compensation, penalties and fines received                                  | 370                                | 363                                |
| Non-trading bonuses   | 1,825                              | 2,468                              |
| Impairment losses on past due liabilities                                   | 59                                 | 167                                |
| Receipt of past due receivables for which impairment losses were recognised | -                                  | 120                                |
| Complaints  | -                                  | 843                                |
| Other   | 241                                | 105                                |
|   | <b>4,149</b>                       | <b>5,164</b>                       |

**25. Other operating expenses**

|  | <b>01/01/2015 -<br/>31/12/2015</b> | <b>01/01/2014 -<br/>31/12/2014</b> |
|--|------------------------------------|------------------------------------|
| Recognised impairment losses on receivables and other impairment losses recognised | 8,520                              | 7,679                              |
| Past due receivables recognised as impairment losses                               | 2,423                              | 2,841                              |
| Inventory lacks  | 7,572                              | 5,902                              |
| Expenses related to complaints   | 2,050                              | -                                  |
| Other  | 1,100                              | 1,306                              |
|  | <b>21,665</b>                      | <b>17,728</b>                      |

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(in thousand PLN)

**26. Finance income and expenses**

|  | <b>01/01/2015 -<br/>31/12/2015</b> | <b>01/01/2014 -<br/>31/12/2014</b> |
|--|------------------------------------|------------------------------------|
| <b>Financial income</b>                      |                                    |                                    |
| Interest income on loans granted             | 416                                | 354                                |
| Interest income on intra-group loans granted | 1,219                              | 1,652                              |
| Dividends received                           | 91,628                             | 47,003                             |
| Other interest                               | 1,616                              | 1,478                              |
|  | <b>94,879</b>                      | <b>50,487</b>                      |
|  |                                    |                                    |
|  | <b>01/01/2015 -<br/>31/12/2015</b> | <b>01/01/2014 -<br/>31/12/2014</b> |
| <b>Financial expenses</b>                    |                                    |                                    |
| Interest expense under bank loans and bonds  | 16,698                             | 14,750                             |
| Interest expense under intra-group loans     | 906                                | 909                                |
| Other interest                               | 1,980                              | 2,189                              |
| Fees and commissions                         | 2,651                              | 1,750                              |
|  | <b>22,235</b>                      | <b>19,598</b>                      |

| <b>Foreign exchange gains/(losses) in the period from 1.01.2015 to 31.12.2015</b>               | <b>Recognised as cost of sales</b> | <b>Disclosed as foreign exchange gains / (losses)</b> | <b>Total foreign exchange gains/(losses)</b> |
|---|------------------------------------|---|--|
| Arising in connection with payment of trade payables and receivables                            | (5,763)                            | -   | (5,763)                                      |
| Other   | -                                  | 110   | 110  |
| <b>Realised foreign exchange gains/(losses)</b>   | <b>(5,763)</b>                     | <b>110</b>  | <b>(5,653)</b>                               |
| Arising in connection with valuation of trade payables and receivables as at the reporting date | 85                                 | -   | 85   |
| Other   | -                                  | (513)   | (513)  |
| <b>Unrealised foreign exchange gains/(losses)</b>   | <b>85</b>                          | <b>(513)</b>  | <b>(428)</b>                                 |
| <b>Total foreign exchange gains/(losses)</b>  | <b>(5,678)</b>                     |   | <b>(6,081)</b>                               |

| <b>Foreign exchange gains and losses in the period from 1.01.2014 to 31.12.2014</b>             | <b>Recognised as cost of sales</b> | <b>Disclosed as foreign exchange gains / (losses)</b> | <b>Total foreign exchange gains/(losses)</b> |
|---|------------------------------------|---|--|
| Arising in connection with payment of trade payables and receivables                            | (4,724)                            | -   | (4,724)                                      |
| Other   | -                                  | (173)   | (173)  |
| <b>Realised foreign exchange gains/(losses)</b>   | <b>(4,724)</b>                     | <b>(173)</b>  | <b>(4,897)</b>                               |
| Arising in connection with valuation of trade payables and receivables as at the reporting date | 7,066                              | -   | 7,066  |
| Other   | -                                  | (1,085)   | (1,085)                                      |
| <b>Unrealised foreign exchange gains/(losses)</b>   | <b>7,066</b>                       | <b>(1,085)</b>  | <b>5,981</b>                                 |
| <b>Total foreign exchange gains/(losses)</b>  | <b>2,342</b>                       | <b>(1,258)</b>  | <b>1,084</b>                                 |

**27. Structure of cash for the statement of cash flows****Corporate income tax paid**

|   | <b>1.01.2015-<br/>31.12.2015</b> | <b>01.01.2014-<br/>31.12.2014</b> |
|---|----------------------------------|-----------------------------------|
| Current corporate income tax disclosed in the statement of comprehensive income | (5,788)                          | (13,283)                          |
| Adjustment of comprehensive income  | (6,687)                          | 5,433                             |
| Change in income tax payable  | (1,110)                          | 1,110                             |
| <b>Corporate income tax paid</b>  | <b>(13,585)</b>                  | <b>(6,740)</b>                    |

**Report on auditing annual financial statements***(in thousand PLN)***Change in receivables**

|  | <b>1.01.2015-<br/>31.12.2015</b> | <b>01.01.2014-<br/>31.12.2014</b> |
|--|----------------------------------|-----------------------------------|
| Change in trade and other receivables    | (169,551)                        | (74,453)                          |
| Conversion of receivables into a loan    | (6,800)                          | -                                 |
| Change in non-current receivables        | 10,168                           | (11,838)                          |
| Change in Loans granted                  | 2,636                            | (12,158)                          |
| Settlement of bank commissions and bonds | (2,130)                          |                                   |
| Change in investment receivables         | (5,863)                          | 5,863                             |
| <b>Change in receivables</b>             | <b>(171,540)</b>                 | <b>(92,586)</b>                   |

**Change in Loans granted**

|                                       | <b>1.01.2015-<br/>31.12.2015</b> | <b>01.01.2014-<br/>31.12.2014</b> |
|---------------------------------------|----------------------------------|-----------------------------------|
| Loans granted                         | (3,393)                          | (11,667)                          |
| Conversion of receivables into a loan | (6,800)                          | -                                 |
| Repayment of loans granted            | 8,388                            | 16,918                            |
| Interest received                     | 803                              | 8,937                             |
| Interest accrued                      | (1,634)                          | (2,006)                           |
| Other                                 | -                                | (24)                              |
| <b>Change in Loans granted</b>        | <b>(2,636)</b>                   | <b>12,158</b>                     |

**Change in loans, borrowings, debt securities and finance lease liabilities**

|   | <b>1.01.2015-<br/>31.12.2015</b> | <b>01.01.2014-<br/>31.12.2014</b> |
|---|----------------------------------|-----------------------------------|
| Cash inflows on credits and loans   | 220,157                          | 81,719                            |
| Repayment of loans and borrowings   | (58,057)                         | (73,521)                          |
| Security issues   | -                                | 150,000                           |
| New finance lease agreements  | 2,823                            | 13,197                            |
| Payment of liabilities under finance lease agreements                                 | (10,864)                         | (8,037)                           |
| Interest accrued  | 5,510                            | 1,027                             |
| Settlement of credit and bonds commission   | (2,130)                          | -                                 |
| Deposits received (returned)  | (40)                             | 85                                |
| IRS valuation   | 838                              | 1,107                             |
| <b>Change in loans, borrowings, debt securities and<br/>finance lease liabilities</b> | <b>158,237</b>                   | <b>165,577</b>                    |

**Change in short-term liabilities**

|   | <b>1.01.2015-<br/>31.12.2015</b> | <b>01.01.2014-<br/>31.12.2014</b> |
|---|----------------------------------|-----------------------------------|
| Change in trade and other liabilities                       | 164,725                          | (8,562)                           |
| Change in trade and other liabilities and reverse factoring | 120,655                          | 65,827                            |
| Change in employee benefits liabilities                     | 285                              | (323)                             |
| <b>Change in short-term liabilities</b>                     | <b>285,665</b>                   | <b>56,942</b>                     |

**Purchase of financial assets in related and other entities**

|   | <b>1.01.2015-<br/>31.12.2015</b> | <b>01.01.2014-<br/>31.12.2014</b> |
|---|----------------------------------|-----------------------------------|
| Increase in financial assets in related and other entities            | 145,955                          | 29,973                            |
| <b>Purchase of financial assets in related and other<br/>entities</b> | <b>145,955</b>                   | <b>29,973</b>                     |

**Report on auditing annual financial statements***(in thousand PLN)***Net interest**

|                     | <b>1.01.2015-<br/>31.12.2015</b> | <b>01.01.2014-<br/>31.12.2014</b> |
|---------------------|----------------------------------|-----------------------------------|
| Interest paid       | (25,340)                         | (16,274)                          |
| Interest received   | 803                              | 8,937                             |
| <b>Net interest</b> | <b>(24,537)</b>                  | <b>(7,337)</b>                    |

**28. Income tax**

Income tax recognised under current period profit or loss

|  | <b>01/01/2015 -<br/>31/12/2015</b> | <b>01/01/2014 -<br/>31/12/2014</b> |
|--|------------------------------------|------------------------------------|
| Current income tax   | (5,788)                            | (13,283)                           |
| Change in deferred income tax                                    | 689                                | 562                                |
| <b>Income tax disclosed in statement of comprehensive income</b> | <b>(5,099)</b>                     | <b>(12,721)</b>                    |

The reconciliation of the tax deductible cost to the value representing the product of the accounting profit and the applicable tax rates is as follows:

| <b>Effective tax rate</b>  | <b>01/01/2015 -<br/>31/12/2015</b> | <b>01/01/2014 -<br/>31/12/2014</b> |
|--|------------------------------------|------------------------------------|
| <i>Tax rate</i>  | 19%                                | 19%                                |
| <b>Profit before tax</b>   | <b>99,012</b>                      | <b>108,390</b>                     |
| Tax based on applicable tax rates(19%)                           | (18,812)                           | (20,594)                           |
| Permanent differences  | 13,713                             | 7,873                              |
| of which:  |                                    |                                    |
| Dividend received  | 17,409                             | 8,931                              |
| Representation, advertising and catering                         | (970)                              | (534)                              |
| Receivables written off  | (177)                              |                                    |
| Other non-tax deductible expenses                                | (2,549)                            | (524)                              |
| <b>Income tax disclosed in statement of comprehensive income</b> | <b>(5,099)</b>                     | <b>(12,721)</b>                    |

**29. Dividend**

The Management Board will recommend a payment of dividend from the 2015 profit of PLN 10 m.

On 14 July 2015 Inter Cars S.A. paid out to the shareholders of the company a dividend from profit for 2014, amounting to PLN 10,059k, i.e. PLN 0.71 per share.

**Dividend per share**

|   | <b>01/01/2015 –<br/>31/12/2015</b> | <b>01/01/2014 –<br/>31/12/2014</b> |
|---|------------------------------------|------------------------------------|
| Dividend resolved and paid out to the reporting date  | 10,059                             | 10,059                             |
| Number of shares with right to dividend as per resolution of the General Shareholders Meeting | 14,168,100                         | 14,168,100                         |
| Dividend per share (in PLN)   | 0.71                               | 0.71                               |

**30. Unrecognised liabilities under executed agreements****Tax liabilities**

Regulations on VAT, corporate and personal income tax and social security contributions change frequently, and as a consequence often there is no possibility of relying on established regulations or legal precedents. The regulations in effect tend to be unclear, thus leading to

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differences in opinions as to their legal interpretation, both between state authorities and between state authorities and entrepreneurs. Tax and other settlements (customs duty or currency settlements) may be inspected by authorities entitled to impose material penalties, and any additional amounts assessed following an inspection must be paid together with interest. Consequently, the tax risk in Poland is higher than in other countries with more developed tax systems.

Tax settlements may be inspected for the period of five years. For this reason the amounts disclosed in the financial statements may change at a later date following final determination of their amount by tax authorities. The Company was inspected by the tax authorities.

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

**Guaranties and sureties**

As at 31 December 2015, the total amount of sureties and guarantees was PLN 125,663 thousand and comprised the sureties for the benefit of suppliers of Feber Sp. z o.o. and Ducati Motor Holding.

| <i>(in thousand PLN)</i>           |                      | Status as at   |               |
|------------------------------------|----------------------|----------------|---------------|
| To                                 | Period covered       | 31/12/2015     | 31/12/2014    |
| Feber Sp. z o.o.                   | Until further notice | 938            | 938           |
| Feber Sp. z o.o.                   | 16/06/2016           | 2,000          | 2,000         |
| Inter Cars Bulgaria Ltd.           | 05/07/2015           | -              | 268           |
| RIM Sp. z o.o.                     | Until further notice | 20             | 20            |
| Glob Cars Sp. z o.o.               | Until further notice | 150            | 150           |
| JC Auto Kraków                     | Until further notice | 50             | 50            |
| Tomasz Zatoka APC Polska           | Until further notice | 170            | 170           |
| Michał Wierzobolowski Fst M.       | Until further notice | 250            | 250           |
| Intraserv                          | Until further notice | 50             | 50            |
| Ducati Motor Holding               | 31/03/2016           | 1,065          | 1,279         |
| Feber Sp. z o.o.                   | 31/12/2014           | -              | 4,262         |
| IC Ukraine                         | 31/12/2014           | -              | 426           |
| IC Slovenia                        | 09.10.2017           | 124            | 124           |
| Feber Sp. z o.o.                   | 20/10/2015           | -              | 852           |
| IC Slovakia                        | 26/03/2016           | 21,308         | 21,312        |
| IC Malta                           | Until further notice | 585            | 526           |
| IC Malta                           | 30/06/2016           | 3,121          | -             |
| Małopolska police commissioner     | 31/10/2015           | -              | 11            |
| Poczta Polska S.A.                 | 20/11/2015           | -              | 46            |
| Military unit, Wałcz               | 30/01/2015           | -              | 13            |
| Customs Chamber, Warsaw            | 31/03/2015           | -              | 160           |
| BP Europa SE Polish Division       | 29/05/2016           | 6,000          | 4,000         |
| IC Czech                           | 31/05/2016           | 17,898         | 17,049        |
| IC Romania                         | 28/04/2016           | 40,275         | 14,265        |
| Poczta Polska S.A.                 | 30/04/2016           | 21             | -             |
| PIAGGIO AND C. S.P.A.              | 30/06/2016           | 1,492          | -             |
| Poczta Polska S.A., Warszawa       | 09/07/2016           | 36             | -             |
| Poczta Polska S.A., Warszawa       | 25/07/2017           | 11             | -             |
| Poczta Polska S.A., Warszawa       | 20/11/2016           | 14             | -             |
| Komenda Wojewódzka, Wrocław        | 21/06/2018           | 1              | -             |
| RIM Sp. z o.o.                     | 31/12/2015           | 337            | 337           |
| Johnson Control Autobaterie Prodej | 30/11/2016           | 511            | -             |
| IC Romania                         | 31/12/2015           | 552            | -             |
| IC Romania                         | 31/12/2016           | 639            | -             |
| IC Czech                           | 31/08/2016           | 24,838         | -             |
| IC Croatia                         | 31/12/2019           | 669            | -             |
| IC Hungary                         | 05/07/2019           | 2,271          | 2,260         |
| IC Hungary                         | 05/02/2021           | 267            | -             |
|                                    |                      | <b>125,663</b> | <b>70,818</b> |

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The Company holds a customs guarantee issued by InterRisk with respect to payment of a bid bond and a performance bond securing proper performance of contractual obligations and removal of defects in the case of supplies for the Polish Post.

**31. Operating leases**

Inter Cars leases warehouse space to entities operating as affiliate branches. However, the warehouses are not owned by the Company but leased (apart from the Central Warehouse in Czosnów and the facilities in Kajetany and Gdańsk). Lease costs paid by the Company are fully re-invoiced to end users (branch operators) throughout the whole term when the area is used (including the termination notice period). As at 31 December 2015, the total value of rents under contracts for an indefinite period of time for the notice periods of these contracts was PLN 7,666 thousand. The total value of rents under contracts for a definite period of time - PLN 10,280 thousand. As at the end of 2014 the total amount of these rents amounted to PLN 7,146 thousand and PLN 6,253 thousand respectively.

The total value of minimal future payments under operational lease up to one year is PLN 15,505 thousand (2012: PLN 13,399 thousand), and the ones falling due in the period from one to five years is PLN 2,441 thousand (2014: PLN 0 thousand). No future minimum payments under operating leases falling due in over five years are reported.

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

**32. Transactions with related entities**

All transactions with related entities are executed at arm's length.

The total amount of transactions and unsettled balances with related parties was as follows:

| <i>Settlement</i>                                      | <b>Receivables as at</b> |                   |
|--|--------------------------|-------------------|
|  | <b>31/12/2015</b>        | <b>31/12/2014</b> |
| Inter Cars Ukraine LLC                                 | 20,411                   | 14,586            |
| Lauber Sp. z o.o.                                      | 17,320                   | 9,621             |
| Inter Cars Ceska Republika                             | 14,071                   | 15,309            |
| Inter Cars Slovenska Republika                         | 26,660                   | 14,210            |
| Feber Sp. z o.o.                                       | 121                      | 103               |
| Inter Cars Lietuva UAB                                 | 18,174                   | 5,953             |
| Inter Cars Italia srl                                  | 17,850                   | 11,255            |
| Inter Cars d.o.o.                                      | 62,498                   | 34,972            |
| JC Auto S.A.   | 219                      | 121               |
| INTER CARS Hungária Kft.                               | 31,065                   | 11,371            |
| JC Auto s.r.o.   | 4,119                    | 4,120             |
| Inter Cars Romania s.r.l.                              | 168,585                  | 136,636           |
| Inter Cars Latvija SIA                                 | 58,933                   | 43,644            |
| Inter Cars Cyprus Ltd.                                 | 334                      | 85                |
| Cleverlog-Autoteile GmbH                               | 4,215                    | 525               |
| Inter Cars Bulgaria Ltd.                               | 5,505                    | 5,198             |
| Inter Cars Marketing Services Sp. z o.o.               | 129                      | 7                 |
| ILS Sp. z o.o.   | 1,591                    | 9,017             |
| Inter Cars Malta Holding Limited                       | 1,043                    | 1,066             |
| Inter Cars Malta Limited                               | 15,417                   | 13,561            |
| Q-service Truck Sp. z o.o.                             | 25                       | 7                 |
| Inter Cars Slovenia                                    | 325                      | 404               |
| Inter Cars Eesti OÜ                                    | 230                      | -                 |
| Q-service Sp. z o.o.                                   | 188                      | -                 |
| <b>Gross receivables from subsidiaries</b>             | <b>469,028</b>           | <b>331,771</b>    |
| Revaluation write-down on receivables (JC Auto s.r.o.) | <b>(4,009)</b>           | <b>(4,009)</b>    |
| <b>Net receivables from subsidiaries</b>               | <b>465,019</b>           | <b>327,762</b>    |

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|  | <b>Liabilities as at</b> |                   |
|--|--------------------------|-------------------|
|  | <b>31/12/2015</b>        | <b>31/12/2014</b> |
| Q-service Sp. z o.o.                     | 12,269                   | 15,348            |
| Lauber Sp. z o.o.                        | 2,991                    | 1,799             |
| Inter Cars Ceska Republika               | 5,622                    | 1,246             |
| Inter Cars Slovenska Republika           | 343                      | 69                |
| Feber Sp. z o.o.                         | 1,917                    | 8,368             |
| Inter Cars Lietuva UAB                   | 23                       | 156               |
| Inter Cars Italia srl                    | 2,625                    | 50                |
| Inter Cars d.o.o.                        | 4,219                    | 3                 |
| JC Auto S.A.                             | -                        | 241               |
| INTER CARS Hungária Kft.                 | 15,625                   | 1,319             |
| Inter Cars Romania s.r.l.                | 12,914                   | 82                |
| Inter Cars Latvija SIA                   | 959                      | 233               |
| Inter Cars Cyprus Ltd.                   | 1,902                    | 2,737             |
| Inter Cars Marketing Services Sp. z o.o. | 27,093                   | 22,588            |
| ILS Sp. z o.o.                           | 20,804                   | 362               |
| Inter Cars Malta Holding Limited         | -19                      | -19               |
| Inter Cars Malta Limited                 | 14,925                   | 2,730             |
| Q-service Truck Sp. z o.o.               | 708                      | 14                |
| IC Development & Finance Sp. z o.o.      | 359                      | -                 |
| Inter Cars Slovenia                      | 854                      | -                 |
| Inter Cars Eesti OÜ                      | 653                      | -                 |
| Cleverlog Autoteile GMBH                 | 11                       | -                 |
| <b>Liabilities to subsidiaries</b>       | <b>126,797</b>           | <b>57,326</b>     |

|  | <b>Sales revenues</b>       |                              | <b>Purchase of goods and services</b> |                              |
|--|-----------------------------|------------------------------|---------------------------------------|------------------------------|
|  | <b>1.01.2015-31.12.2015</b> | <b>01.01.2014-31.12.2014</b> | <b>1.01.2015-31.12.2015</b>           | <b>01.01.2014-31.12.2014</b> |
| Inter Cars Ukraine LLC                   | 36,518                      | 27,259                       | -                                     | -                            |
| Q-Service Sp. z o.o.                     | 1,301                       | 2,178                        | 83,847                                | 102,312                      |
| Lauber Sp. z o.o.                        | 6,684                       | 5,937                        | 36,002                                | 37,063                       |
| Inter Cars Ceska Republika               | 94,569                      | 80,194                       | 9,302                                 | 7,497                        |
| Inter Cars Slovenska Republika           | 90,929                      | 75,601                       | 2,884                                 | 2,305                        |
| Feber Sp. z o.o.                         | 824                         | 872                          | 29,992                                | 62,167                       |
| Inter Cars Lietuva UAB                   | 59,624                      | 72,798                       | 18,272                                | 18,559                       |
| IC Development & Finance Sp. z o.o.      | -                           | 16                           | 1,124                                 | 1,177                        |
| Inter Cars Italia srl                    | 12,762                      | 7,960                        | 258                                   | 270                          |
| Inter Cars d.o.o.                        | 81,005                      | 46,399                       | 3,650                                 | 2,830                        |
| JC Auto S.A.                             | 97                          | 684                          | 184                                   | 231                          |
| Inter Cars Hungária Kf.                  | 90,810                      | 47,887                       | 65,380                                | 4,020                        |
| Inter Cars Romania s.r.l.                | 250,927                     | 180,010                      | 14,693                                | 18,685                       |
| Armatius sp. z o.o.                      | 7                           | 30                           | 7,416                                 | 6,071                        |
| Cleverlog Autoteile BmbH                 | 13,211                      | 1,399                        | 11                                    | -                            |
| Inter Cars Latvija SIA                   | 114,618                     | 96,304                       | 1,861                                 | 1,472                        |
| Inter Cars Bulgaria Ltd.                 | 13,779                      | 11,082                       | 423                                   | 100                          |
| Inter Cars Marketing Services Sp. z o.o. | 354                         | 271                          | 108,929                               | 101,323                      |
| ILS Sp. z o.o.                           | 8,358                       | 27,415                       | 234,438                               | 189,826                      |
| Q-Service Truck Sp. z o.o.               | 630                         | 512                          | 5,269                                 | 1,389                        |
| Inter Cars Slovenia                      | 1,791                       | 406                          | 19                                    | 31                           |
| Inter Cars Malta Ltd                     | 3                           | -                            | 115,009                               | 33,832                       |
| Inter Cars Eesti OÜ                      | 226                         | -                            | -                                     | -                            |
|  | <b>879,027</b>              | <b>685,214</b>               | <b>738,963</b>                        | <b>591,160</b>               |

Purchase covers primarily purchase of spare parts, transport and logistics services and fees related to the use of Inter Car's trademark.

The Company executed transactions with entities related to members of the Supervisory Board and the Management Board and their relatives.

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The value of these transactions is shown in the table below.

|  |                   |                   |
|--|-------------------|-------------------|
| <b>Sales revenues</b>  | <b>2015</b>       | <b>2014</b>       |
| ANPO Andrzej Oliszewski  | 5                 | 1                 |
| FASTFORWARD Maciej Oleksowicz  | 78                | 160               |
| P.H. AUTO CZEŚCI Krzysztof Pietrzak  | 114               | 190               |
| AK-CAR Agnieszka Soszyńska   | 271               | 685               |
|  | <b>468</b>        | <b>1,036</b>      |
| <b>Purchase of goods and services</b>  | <b>2015</b>       | <b>2014</b>       |
| ANPO Andrzej Oliszewski  | 151               | 150               |
| FASTFORWARD Maciej Oleksowicz  | 149               | 140               |
| P.H. AUTO CZEŚCI Krzysztof Pietrzak  | 1,215             | 2,772             |
| AK-CAR Agnieszka Soszyńska   | 1,793             | 4,359             |
|  | <b>3,308</b>      | <b>7,421</b>      |
| <b>Receivables</b>   | <b>31/12/2015</b> | <b>31/12/2014</b> |
| Inter Cars sp.j.   | 56                | 56                |
| FASTFORWARD Maciej Oleksowicz  | 9                 | 71                |
| P.H. AUTO CZEŚCI Krzysztof Pietrzak  | 19                | 49                |
| AK-CAR Agnieszka Soszyńska   | 4                 | 128               |
|  | <b>88</b>         | <b>304</b>        |
| <b>Liabilities</b>   | <b>31/12/2015</b> | <b>31/12/2014</b> |
| P.H. AUTO CZEŚCI Krzysztof Pietrzak  | 25                | 134               |
| ANPO Andrzej Oliszewski  | -                 | 2                 |
| FASTFORWARD Maciej Oleksowicz  | 29                | -                 |
| AK-CAR Agnieszka Soszyńska   | -                 | 251               |
|  | <b>54</b>         | <b>387</b>        |
| <b>Loans granted</b>   | <b>31/12/2015</b> | <b>31/12/2014</b> |
| Loans to members of the Supervisory Board and Management Board and their relatives | -                 | -                 |
| Loans to subsidiary and associated entities  | 49,120            | 45,628            |
|  | <b>49,120</b>     | <b>45,628</b>     |
| Lauber Sp. z o.o.  | 9,107             | 8,780             |
| Feber Sp. z o.o.   | -                 | 3,010             |
| IC Development & Finance Sp. z o.o.  | 25,070            | 25,334            |
| SMIOC FRENOPLAST Bułhak i Cieślowski S.A   | 107               | 88                |
| Inter Cars Bulgaria Ltd.   | 1,007             | 988               |
| Q-SERVICE TRUCK Sp z o.o.  | 953               | 1,254             |
| Inter Cars Malta Ltd   | 12,875            | 6,046             |
| CLEVERLOG - AUTOTEILE GMBH   | 1                 | 128               |
|  | <b>49,120</b>     | <b>45,628</b>     |

The amount of granted loans with maturity up to one year is PLN 36,863 thousand, while the amount of loans with maturity over one year totals PLN 12,257 thousand.

The loans granted to related entities bear interest at a rate equal to: 1M WIBOR (in the case of PLN-denominated loans), or EURIBOR 3M (in case of EUR-denominated loans) plus a margin of 2%-5%.



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| <b>Loans granted</b>                      | <b>2015</b>   | <b>2014</b>   |
|---|---------------|---------------|
| As at beginning of period                 | 45,628        | 59,040        |
| Loans granted - conversion of receivables | 6,800         | 7,917         |
| Interest accrued                          | 1,281         | 1,652         |
| Repayments received                       | (4,127)       | (14,490)      |
| Interest received                         | (486)         | (8,530)       |
| Balance sheet valuation                   | 23            | 39            |
| As at end of period                       | <b>49,120</b> | <b>45,628</b> |

| <b>Interest accrued</b>             | <b>2015</b>  | <b>2014</b>  |
|-------------------------------------|--------------|--------------|
| Lauber Sp. z o.o.                   | 326          | 393          |
| Feber Sp. Z o.o.                    | 15           | 375          |
| IC Development & Finance Sp. Z o.o. | 436          | 579          |
| Frenoplast S.A.                     | 62           | 79           |
| Inter Cars Bulgaria Ltd.            | 48           | 51           |
| Q-SERVICE TRUCK Sp z o.o.           | 46           | 48           |
| Inter Cars Malta Ltd                | 347          | 126          |
| CLEVERLOG - AUTOTEILE GMBH          | 1            | 1            |
|                                     | <b>1,281</b> | <b>1,652</b> |

| <b>Loans received</b>     | <b>2015</b>    | <b>2014</b>    |
|---------------------------|----------------|----------------|
| As at beginning of period | 103,900        | 40,958         |
| Loans received            | 92,681         | 61,719         |
| Interest accrued          | 906            | 909            |
| Interest payment          | (1,106)        | (793)          |
| Repayment of funds        | (58,057)       | -              |
| Balance sheet valuation   | 514            | 1,107          |
| As at end of period       | <b>138,838</b> | <b>103,900</b> |

| <b>Interest accrued</b> | <b>2015</b> | <b>2014</b> |
|-------------------------|-------------|-------------|
| ICMS sp. z o.o.         | 849         | 770         |
| Q-Service sp. z o.o.    | 57          | 139         |
|                         | <b>906</b>  | <b>909</b>  |

Guarantees and sureties issued as well as other agreements under which payments are to be made or services are to be provided to the related entities:

|                           | <b>2015</b>    | <b>2014</b>   |
|---------------------------|----------------|---------------|
| As at beginning of period | 64,282         | 7,516         |
| Issued                    | 57,011         | 56,963        |
| Expired                   | (5,808)        | (197)         |
| As at end of period       | <b>115,485</b> | <b>64,282</b> |

Remuneration of Supervisory Board and Management Board was as follows:

| <i>(in thousand PLN)</i>   | <b>1.01.2015-<br/>31.12.2015</b> | <b>01.01.2014-<br/>31.12.2014</b> |
|--|----------------------------------|-----------------------------------|
| <i>Remuneration of the members of the Supervisory Board and the Management Board</i> |                                  |                                   |
| Remuneration of the members of the Supervisory Board                                 | 292                              | 218                               |
| Remuneration of the members of the Management Board                                  | 9,872                            | 7,621                             |
|  | <b>10,164</b>                    | <b>7,839</b>                      |

Remuneration for acting as members of Management of the Board of the parent entity amounted to PLN 3,210 thousand, while remuneration of management from the management of the board of subsidiaries amounted to PLN 6,662 thousand.

**33. Financial risk management***Credit risk*

Credit risk is associated mainly with other receivables, cash and cash equivalents, as well as trade receivables and loans granted to related entities. Cash and cash equivalents are deposited with reputable financial institutions.

Under the credit policy adopted by the Company, credit risk exposure is monitored on an on-going basis. All customers who require crediting in excess of a specified amount are assessed in terms of their creditworthiness. The Company does not require any of its customers to provide any asset-based security for financial assets.

The risk attributable to a significant portion of trade receivables is borne by the affiliate branch operators, with whom the Company settles accounts by sales margin sharing. The Company's credit risk is therefore additionally reduced.

As at the reporting date, there was no significant concentration of credit risks.

The carrying amount of each financial asset, including derivative financial instruments, represents the maximum credit risk exposure:

|   | <b>31/12/2015</b> | <b>31/12/2014</b> |
|---|-------------------|-------------------|
| Loans granted   | 56,505            | 53,869            |
| Trade and other receivables (excluding loans granted) | 706,875           | 559,183           |
| Cash and cash equivalents (excluding cash in hand)    | 10,506            | 20,086            |
|   | <b>773,886</b>    | <b>633,138</b>    |

*Interest rate risk*

The Company's exposure to interest rate risk is associated mainly with variable-rate liabilities and loans granted.

The Company has liabilities bearing interest at variable rates. As at 31 December 2015, the Company had no fixed-rate liabilities.

As at the end of the reporting period, the structure of interest-bearing financial instruments was as follows:

| <b>Variable rate financial instruments</b>   | <b>31/12/2015</b> | <b>31/12/2014</b> |
|--|-------------------|-------------------|
| Financial assets (loans granted)   | 56,505            | 53,869            |
| Cash assets in bank accounts   | 1,744             | 4,687             |
| Financial liabilities (liabilities under loans, borrowings debt securities and finance leases) | (849,938)         | (669,018)         |
|  | <b>(791,689)</b>  | <b>(610,462)</b>  |

Presented below is sensitivity analysis of the net profit or loss to possible interest rate changes, assuming that other factors remain unchanged. The following data shows the impact of basis points on the Company's annual net profit or loss (no direct impact on equity).

| <b>Impact on net profit / loss</b> | <b>basis points increase/decrease</b> | <b>as at 31/12/2015</b> | <b>as at 31/12/ 2014</b> |
|------------------------------------|---------------------------------------|-------------------------|--------------------------|
|                                    | + 100 / -100                          | (6,413) / 6,413         | (4,945) / 4,945          |
|                                    | + 200 / -200                          | (12,826) / 12,826       | (9,989) / 9,989          |

*Currency risk*

A significant portion of the Company's trade payables is denominated in foreign currencies, especially in EUR. Sales are denominated mainly in PLN.

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|                                     | EUR                     | USD           | Other       | EUR                     | USD          | Other          |
|-------------------------------------|-------------------------|---------------|-------------|-------------------------|--------------|----------------|
|                                     | <b>31 December 2015</b> |               |             | <b>31 December 2014</b> |              |                |
| Trade receivables                   | 433,579                 | 21,143        | 369         | 301,058                 | 14,576       | 548            |
| Loans granted                       | 1,007                   | -             | -           | 1,064                   | -            | -              |
| Cash                                | 247                     | 33            | 196         | 268                     | 48           | 19             |
| Bank credits                        | (108,630)               | -             | -           | (80,930)                | -            | -              |
| Loans received                      | (77,601)                | -             | -           | (49,506)                | -            | -              |
| Trade payables                      | (123,754)               | (10,029)      | (642)       | (63,880)                | (7,449)      | (3,297)        |
| <b>Gross balance sheet exposure</b> | <b>124,849</b>          | <b>11,147</b> | <b>(77)</b> | <b>108,074</b>          | <b>7,175</b> | <b>(2,730)</b> |

Presented below is sensitivity analysis of the net profit or loss to possible EUR exchange rate changes, assuming that other factors remain unchanged (no direct impact on equity):

|                        | <b>Foreign<br/>exchange rate<br/>increase/decrease</b> | <b>Impact on net<br/>profit / loss</b> |
|------------------------|--|--|
| As at 31 December 2015 |  |  |
| <b>EUR</b>             | + 5% / - 5%  | 5,056 / (5,056)                        |
|                        | + 10% / - 10%  | 10,112 / (10,112)                      |
| <b>USD</b>             | + 5% / - 5%  | 451 / (451)                            |
|                        | + 10% / - 10%  | 902 / (902)                            |
| <b>Other</b>           | + 5% / - 5%  | (3) / 3                                |
|                        | + 10% / - 10%  | (6) / 6                                |
| as at 31 December 2014 |  |  |
| <b>EUR</b>             | + 5% / - 5%  | 4,377 / (4,377)                        |
|                        | + 10% / - 10%  | 8,754 / (8,754)                        |
| <b>USD</b>             | + 5% / - 5%  | 291 / (291)                            |
|                        | + 10% / - 10%  | 581 / (581)                            |
| <b>Other</b>           | + 5% / - 5%  | (111) / 111                            |
|                        | + 10% / - 10%  | (222) / 222                            |

*Liquidity risk*

In its operations the Company maintains a surplus of liquid assets and open credit lines.

Presented below are the Company's future payments as at 31 December 2015 by maturity date, based on discounted payments:

|  | 2015          |                   |                           |                      |                          |                  |
|--|---------------|-------------------|---------------------------|----------------------|--------------------------|------------------|
|  | current       | up to 3<br>months | from 3<br>to 12<br>months | from 1 to<br>5 years | more<br>than: 5<br>years | Total            |
| interest-bearing loans and borrowings, bonds | -             | -                 | 403,416                   | 417,915              | -                        | 821,331          |
| finance lease liabilities                    | -             | 16,734            | 4,375                     | 8,168                | -                        | 29,277           |
| trade and other payables                     | 62,065        | 360,518           | 14,837                    | 5,354                | -                        | 442,775          |
|  | <b>62,065</b> | <b>377,252</b>    | <b>422,628</b>            | <b>431,437</b>       | <b>-</b>                 | <b>1,293,383</b> |

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|                                       | 2014          |                |                     |                   |                    |                |
|---------------------------------------|---------------|----------------|---------------------|-------------------|--------------------|----------------|
|                                       | current       | up to 3 months | from 3 to 12 months | from 1 to 5 years | more than: 5 years | Total          |
| interest-bearing loans and borrowings | -             | -              | 189,487             | 443,148           | -                  | 632,635        |
| finance lease liabilities             | -             | 6,256          | 18,733              | 11,503            | -                  | 36,492         |
| trade and other payables              | 28,006        | 205,980        | 18,081              | 791               | -                  | 252,858        |
|                                       | <b>28,006</b> | <b>212,236</b> | <b>226,301</b>      | <b>455,442</b>    | <b>-</b>           | <b>921,985</b> |

*Capital management*

The main objective of the Company's capital management is to maintain a good credit rating and sound capital ratios to support the Company's operations and increase the shareholder value.

Depending on changes in the economic environment, the Company may adjust its capital structure by dividend payouts, capital repayments to shareholders, or issues of new shares.

In the reporting period, certain capital management restrictions were introduced in connection with the obtained credit facility agreement (see Note 16).

The Company analyses its equity and capital using the gearing ratio calculated as net debt to total equity plus net debt. The Group's net debt includes interest-bearing bank loans, bonds, and finance leases, as well as trade and other payables, less cash and cash equivalents. Equity includes equity attributable to owners of the Company.

|   | 31/12/2015 | 31/12/2014 |
|---|------------|------------|
| Loan, borrowing and finance lease liabilities | 849,938    | 669,018    |
| Trade and other liabilities                   | 428,646    | 263,921    |
| (less) cash and cash equivalents              | (15,983)   | (20,086)   |
| Net debt                                      | 1,262,601  | 912,853    |
| Equity  | 1,014,071  | 930,216    |
| Net debt to equity                            | 1.25       | 0.98       |

*Fair value*

In the opinion of the Management Board, the carrying amount of assets and liabilities is similar to their fair value.

**34. Events subsequent to the balance sheet date**

No such events.

**Report on auditing annual financial statements***(in thousand PLN)***35. Differences between data disclosed in financial statements and previously prepared and published financial statements.**

| <i>(in thousand PLN)</i>                                       | <b>Data disclosed<br/>in financial<br/>statements for<br/>the year 2015</b> | <b>Data disclosed<br/>in interim<br/>condensed<br/>financial<br/>statements for<br/>the period of 3<br/>and 12 months<br/>ended on 31<br/>December 2015</b> | <b>Correction</b> |
|--|---|---|-------------------|
| <b>ASSETS</b>  |   |   |                   |
| <b>Non-current assets</b>                                      |   |   |                   |
| Property, plant and equipment                                  | 152,713   | 152,359   | 354               |
| Intangible assets  | 138,326   | 138,326   | -                 |
| Investment property  | 2,048   | 2,048   | -                 |
| Investments in subordinated entities                           | 345,562   | 345,562   | -                 |
| Investments available for sales                                | 258   | 258   | -                 |
| Receivables  | 20,250  | 7,695   | 12,555            |
|  | <b>659,157</b>  | <b>646,248</b>  | 12,909            |
| <b>Current assets</b>  |   |   |                   |
| Inventories  | 866,519   | 865,235   | 1,284             |
| Trade and other receivables                                    | 752,185   | 749,950   | 2,235             |
| Corporate income tax receivables                               | 6,687   | -   | 6,687             |
| Cash and cash equivalents                                      | 15,983  | 15,983  | -                 |
|  | <b>1,641,374</b>  | <b>1,631,168</b>  | 10,206            |
| <b>TOTAL ASSETS</b>  | <b>2,300,531</b>  | <b>2,277,416</b>  | 23,115            |
| <b>LIABILITIES</b>   |   |   |                   |
| Share capital  | 28,336  | 28,336  | -                 |
| Share premium account  | 259,530   | 259,530   | -                 |
| Statutory reserve funds  | 626,032   | 626,032   | -                 |
| Other capital reserves   | 5,935   | 5,935   | -                 |
| Retained earnings  | 94,238  | 101,325   | (7,087)           |
|  | <b>1,014,071</b>  | <b>1,021,158</b>  | (7,087)           |
| <b>Long-term liabilities</b>                                   |   |   |                   |
| Loan, borrowing and finance lease liabilities                  | 425,736   | 425,736   | -                 |
| Deferred corporate income tax reserve                          | 6,636   | 5,826   | 810               |
|  | <b>432,372</b>  | <b>431,562</b>  | 810               |
| <b>Short-term liabilities</b>                                  |   |   |                   |
| Trade and other liabilities                                    | 428,646   | 421,367   | 7,279             |
| Loans, borrowings, debt security and finance lease liabilities | 424,203   | 399,102   | 25,101            |
| Employee benefits  | 1,239   | 3,185   | (1,946)           |
| Income tax liabilities   | -   | 1,042   | (1,042)           |
|  | <b>854,088</b>  | <b>824,696</b>  | 29,392            |
| <b>TOTAL LIABILITIES</b>                                       | <b>2,300,531</b>  | <b>2,277,416</b>  | 23,115            |

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| <i>(in thousand PLN)</i>                | <b>Data disclosed<br/>in financial<br/>statements for<br/>the year 2015</b> | <b>Data disclosed<br/>in interim<br/>condensed<br/>financial<br/>statements for<br/>the period of 3<br/>and 12 months<br/>ended on 31<br/>December 2015</b> | <b>Correction</b> |
|---|---|---|-------------------|
| Sales revenues                          | 3,974,204   | 3,987,481   | (13,277)          |
| Cost of sales                           | (3,022,443)   | (3,022,683)   | 240               |
| <b>Gross profit on sales</b>            | <b>951,761</b>  | <b>964,798</b>  | <b>(13,037)</b>   |
| Other operating income                  | 4,149   | 4,148   | 1                 |
| Costs of sales and administrative costs | (490,181)   | (489,269)   | (912)             |
| Distribution expenses                   | (354,698)   | (354,699)   | 1                 |
| License fees                            | (62,595)  | (62,595)  | -                 |
| Other operating expenses                | (21,665)  | (21,508)  | (157)             |
| <b>Operating profit</b>                 | <b>26,771</b>   | <b>40,875</b>   | <b>(14,104)</b>   |
| Financial income                        | 3,251   | 3,251   | -                 |
| Dividends received                      | 91,628  | 91,628  | -                 |
| Foreign exchange gains/losses           | (403)   | (403)   | -                 |
| Financial expenses                      | (22,235)  | (22,235)  | -                 |
| <b>Profit before tax</b>                | <b>99,012</b>   | <b>113,116</b>  | <b>(14,104)</b>   |
| Income tax                              | (5,099)   | (12,115)  | 7,016             |
| <b>Net profit</b>                       | <b>93,913</b>   | <b>101,001</b>  | <b>(7,088)</b>    |
| <b>COMPREHENSIVE INCOME</b>             | <b>93,913</b>   | <b>101,001</b>  | <b>(7,088)</b>    |
| Earnings per share (PLN)                |   |   |                   |
| - basic                                 | 6.63  | 7.13  | (0.50)            |

The most essential change entered to the financial statements of the Company is creating provisions for the costs and revenue, recognized in 2016 applicable for 2015. Implemented changes result moreover from updating estimated cost for the year 2015, which were verified on the basis of knowledge as at the day of approving the financial statements.

**36. Material evaluations and estimates**

The preparation of the financial statements in conformity with the EU IFRS requires the Company's Management Board to make judgments and estimates which affect the application of the accounting policies and reported amounts of assets and liabilities, income and expenses. The judgements and estimates are reviewed on an ongoing basis. Revisions to the estimates are recognised as profit or loss of the period in which the estimate is revised. Information on particularly significant areas subject to judgements and estimates which affect the financial statements is disclosed in the following notes:

- Note 11 Impairment losses on stock (the Management Board analyses whether or not there is a possibility of impairment of stock. In the event of identification of impairment, net obtainable values are to be evaluated),
- Note 12 Impairment loss on receivables (as at the balance sheet date, the Company evaluates whether or not there is evidence of impairment of a receivable or a group of receivables. If the recoverable value of an asset is lower than its carrying value, the

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(in thousand PLN)

Company creates an impairment loss to the level of the current value of planned cash flows,

- Note 6/7 Impairment loss on property, plant and equipment, estimates as to the useful economic life of property, plant and equipment and intangible assets (the amount of rates and impairment losses is determined based on the anticipated useful economic life of a property, plant and equipment or intangible assets item; the useful economic life periods are verified at least once during each financial year. The Management Board also evaluates whether or not there is the possibility of impairment losses on assets. If an impairment loss is identified, the recoverable value of assets must be determined),
- Note 9 Impairment losses on shares in subsidiaries (the Management Board evaluates whether or not there is the possibility of impairment losses on assets. If an impairment loss is identified, the recoverable value of assets must be determined),

One of important estimates of the Management Board of the Company are the estimates on trade bonuses from suppliers on purchase of trade goods. Bonuses for the Company, on realization of purchase plans, are included in expected values and included in the results proportionally to rotation of sold merchandise.

**37. Continued and discontinued operations**

The Company's objective is to safeguard its ability to continue as a going concern so that it can generate return for the shareholders, and to maintain an optimum capital structure to reduce the cost of capital.

The financial statements were prepared under the assumption that the Company will continue as a going concern in the foreseeable future.

During the reporting period the Company did not discontinue any of its activities. It does not anticipate to discontinue them in the following period.

**38. Consolidated financial statements**

As the parent entity, Inter Cars S.A. prepares consolidated financial statements. The consolidation covers financial statements of the Company and its subsidiaries.

**STATEMENTS OF THE MEMBERS OF THE MANAGEMENT BOARD AND APPROVAL OF THE FINANCIAL STATEMENTS**

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

- to the best of its knowledge the separate annual financial statements of Inter Cars S.A. ("the Company") and the comparative data have been prepared in compliance with the International Financial Reporting Standards endorsed by the European Union, issued and effective as at the date of these financial statements, and give a true and fair view of the assets, financial standing and financial results of Inter Cars S.A.
- comments to the annual report, which constitute the annual financial statements of the activities of Inter Cars S.A. give a fair view of development, achievements and situation of Inter Cars S.A.
- KPMG Audyt Spółka z ograniczoną odpowiedzialnością, spółka komandytowa, qualified auditor of financial statements which audited the separate annual financial statements of Inter Cars S.A. was appointed in compliance with the applicable laws, and both the auditing firm and the auditor who performed the audit met the conditions required to issue an impartial and independent opinion on the financial statements reviewed, in accordance with the applicable laws

These separate financial statements were approved by the Management Board of Inter Cars S.A for publication on 2 May 2016.

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**Robert Kierzek**

President of the  
Management Board

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**Krzysztof Soszyński**

Vice-President of the  
Management Board

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**Krzysztof Oleksowicz**

Member of the  
Management Board

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**Wojciech Twaróg**

Member of the  
Management Board

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**Witold Kmiecik**

Member of the  
Management Board

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**Julita Pałyska**

Person responsible for  
keeping the accounting books

Warsaw, 02 May 2016