THIS IS AN UNOFFICIAL ENGLISH TRANSLATION ("TRANSLATION") OF THE POLISH ISSUE PROSPECTUS ("POLISH ISSUE PROSPECTUS") OF INTER CARS S.A. ("COMPANY"). The Company's Polish Issue Prospectus is the only binding offering document prepared by the Company. Neither the Company nor any of its advisors take any responsibility whatsoever for the Translation and its accuracy or content. The Translation has been prepared for information purposes only and does not constitute an issue prospectus within the meaning of the Polish Law on Public Trading in Securities of August 21, 1997, as amended ("Polish Securities Act"). The Translation does not constitute an offer or an invitation by or on behalf of the Company, our selling shareholders or the managers to subscribe for or purchase any of the Company's shares. Any investment decisions regarding the Company's shares shall be made only on the basis of the Company's Polish Issue Prospectus, which is effective only on the territory of the Republic of Poland and which is only an informational document on the territories of other countries. The share offer under the Polish Issue Prospectus constitutes an offering under the Polish Securities Act and does not constitute an offering under the laws of any other countries.

inter cars
części do samochodów

ISSUE PROSPECTUS FOR SHARES OF INTER CARS SPÓŁKA AKCYJNA

registered offices in Warsaw

http://www.intercars.com.pl

Selling Shareholder: Fund.1 Pierwszy Narodowy Fundusz Inwestycyjny SA, Narodowy Fundusz Inwestycyjny FORTUNA SA, both with registered offices in Warsaw

This Prospectus was prepared in connection with the introduction of the following shares into public trading:
200,000 Series A ordinary bearer shares
7,695,600 Series B ordinary bearer shares
104,400 Series C ordinary bearer shares
2,153,850 Series D ordinary bearer shares
1,667,250 series E ordinary bearer shares
with a par value of PLN 2 per share
and
Public Sale of 2,153,850 Series D ordinary bearer shares and 1,667,250 Series E ordinary bearer shares, with a par value of PLN 2 per share

	Selling Price (1) (2)	Underwriters' fees and other costs (3)	Proceeds to the Selling Shareholder (3)
Per one Series D Share	PLN	PLN 0.42	PLN
Per one Series E Share	PLN	PLN 0.42	PLN
Total Offered Shares	-	PLN 1,586,269 (4)	PLN

(1) The Selling Price shall be determined by the Selling Shareholder in consultation with the Offeror, based on the results of the Order Book building process carried out amongst the Institutional Investors and the demand for the Offered Shares from Retail Investors based on their subscription orders (2) The Selling Price shall be published in accordance with Art. 80 of the Polish Securities Act (3) The data shall be published in accordance with Art. 81 of the Polish Securities Act immediately after the closing of Public Sale (4) these costs shall be covered by the Selling Shareholder; the costs to be covered by the Company are specified in Section 3.2. of this Prospectus.

The Public Sale covers 3,821,100 Offered Shares in two offerings: the Retail Offering and the Institutional Offering. The number of the Offered Shares in individual offerings shall be determined and published on the day when the Price Range is announced, with the proviso that the Selling Shareholder reserves the right to make transfers between the offerings in accordance with Section 3.11.9 of this Prospectus. The Price Range shall be determined prior to the opening of the Public Sale. The Retail Investors' orders for the Offered Shares shall be accepted from May 14th to May 19th 2004 till 6 pm, and the Declarations submitted by the Institutional Investors from May 14th to May 19th 2004 till 5 pm. The Institutional Investors' orders for the Offered Shares shall be accepted after the closing of the Declarations acceptance period, i.e. from May 20th to May 21st 2004. Following the acceptance of orders in the Retail Offering and the Declarations in the Institutional Offering, the Selling Shareholder shall, in consultation with the Offeror, determine the Selling Price and prepare the Initial Allotment List, i.e. the list of Institutional Investors entitled to place orders for the Offered Shares. The Initial Allotment List shall be drawn up on a discretionary basis. The Selling Price in the Retail Offering and the Institutional Offering shall be the same. The Offered Shares shall be allotted by the Selling Shareholder to all the Retail Investors who have duly subscribed and paid for the shares, subject to the condition that if the number of the Offered Shares ordered by the Retail Investors exceeds the number of the Offered Shares in the Retail Offering, the number of the allotted shares shall be proportionately reduced.

The Public Sale shall not be executed under a firm-commitment underwriting agreement. The Company securities are not traded on the regulated market. The Company's Executive Board shall make every effort to have the Offered Shares listed on the WSE promptly after they are allotted. It is the Company's intention that the shares be quoted under the continuous trading system in the *plus* segment of the main market of the WSE within five days from the allotment of the Offered Shares.

Investors who intend to acquire the Offered Shares are advised to consider all the information contained in this Prospectus and relating to the Company, its business and market environment with respect to the risk factors discussed herein. The risk factors, presented in Section 1.2 of Chapter I of this Prospectus, include: risk related to change in bonus policies of spare parts producers, risk related to disclosure of confidential information, risk related to adopting an inappropriate strategy, risk related to change of demand structure, risk related to bank loans, currency risk, risk related to concentration of goods in a single location, risk related to affiliate branch operator's bankruptcy or agreement termination, risk of an affiliate branch operator launching business competitive to the Company, risk related to destruction or loss of assets by an affiliate branch, risk of loss of key employees, risk related to the shareholder structure, risk related to the IT system, risk related to tax relief, risk related to monopolisation of car parts aftermarket by car producers, risk related to independent garages' failure to adapt to market requirements, risk of market entry by foreign operators specialising in wholesale of car parts, risk of creation of large networks of independent garages buying spare parts directly from producers, risk related to design protection, risk related to the diversification of sales channels by producers of spare parts, risk related to take-over of production of spare parts by car producers, risk related to take-over of networks of independent distributors of spare parts by spare parts producers, risk of increase in car prices following Poland's entry to the EU, risk related to changes in the legal system, risk related to the macroeconomic situation, risk related to Poland's economic policy, risk related to long prescription periods with respect to tax liabilities, risk related to structure of foreign customers, risk that the Selling Shareholder abandons the Public Sale, risk related to non-admission of the Offered Shares to stock exchange trading, risk related to the Offered Shares not being introduced to stock exchange trading on the primary market, risk related to the Offered Shares not being introduced to trading in the *plus* segment of the primary market,, risk related to the exclusion of the Company Shares from public trading, risk of exclusion of the shares from stock exchange trading, risk of suspension of trading, risk related to delays in the introduction of the Offered Shares to stock exchange trading, risk related to the exclusion of the Offered Shares from the *plus* segment of the primary market, risk related to fluctuations in the market price.

The introduction of the Shares into public trading is carried out exclusively on the terms and conditions set forth in this Prospectus, which is the only legally binding document containing the information on the Shares, the Selling Shareholder and the Public Sale.

STATEMENT BY THE POLISH SECURITIES AND EXCHANGE COMMISSION

In the opinion of the Polish Securities and Exchange Commission, the documents submitted to it include all information and data required under the law. The Polish Securities and Exchange Commission bears no responsibility for the investment risk related to the purchase of the securities offered under this issue prospectus. The Commission emphasises that the Issuer is responsible for the selection of the offering procedure, and the brokerage house acting as the offeror is responsible for the implementation of the procedure. By virtue of Decision No. DSP/E/4110/5/19/2004 dated April 26th 2004, the Polish Securities and Exchange Commission admitted the securities described in this prospectus to public trading.

THE OFFEROR

Centralny Dom Maklerski
PEKAO SA

Centralny Dom Maklerski Pekao Spółka Akcyjna, registered offices in Warsaw, Poland

This Prospectus was prepared in Warsaw on February 18th 2004. Unless otherwise indicated, the information contained herein has been updated as at March 26th 2004. The validity of this Prospectus expires on the day on which the Offered Shares are allotted, but in no event later than on December 31st 2004. This Prospectus, together with the Appendices hereto, shall be made available at least seven business days prior to the commencement of the Public Sale at the offices of the Company ul. Powsińska 64, Warsaw, at the offices of the Offeror ul. Wołoska 18, Warsaw, at all Customer Service Points listed in Section 9.5 Chapter IX of this Prospectus, at the Information Centre of the Polish Securities and Exchange Commission Pl. Powstańców Warszawy 1, Warsaw, at the Promotion Centre of the Warsaw Stock Exchange ul. Książęca 4, Warsaw, and on the Web site http://www.intercars.com.pl. The abbreviated version of this Prospectus shall be made available in the *Gazeta Giełdy Parkie"* on the day when this Prospectus is published.
The Company is not a party to any agreement whereby any securities would be issued outside the territory of the Republic of Poland in connection with the securities issued by the Company. Neither does the Issuer intend to enter into such a n agreement in the near future.

From the day on which this Prospectus is made available to the public and throughout the period of its validity, the Company is obliged to notify the Polish Securities and Exchange Commission and the Warsaw Stock Exchange of any event which may result in a change of the information contained in this Prospectus and of each event which may have a material effect on the price or value of the securities. The Company will also notify the Polish Press Agency within 20 minutes after the information has been disclosed to the Polish Securities and Exchange Commission and the Warsaw Stock Exchange. The notifications will be made immediately after occurrence of such event or after the Issuer has become aware thereof, yet not later than after 24 hours. Moreover, if such events may considerably affect the price or value of the Company Shares, the Selling Shareholder will publish the relevant information in the *Gazeta Giełdy Parkiet* daily within seven days after becoming aware thereof.

The Offeror does not intend to take any actions relating to the stabilisation of the price of the Company shares prior to, during or after the Public Sale.

The Offered Shares were admitted to public trading on the territory of the Republic of Poland pursuant to a decision by the Polish Securities and Exchange Commission. Investors may participate in the Public Offering solely on the territory of the Republic of Poland. In other countries, this Prospectus may be treated solely as information material.

Chapter I – Summary and Risk Factors

1.1 Key Information on Inter Cars

1.1.1 The Issuer's Business

Inter Cars is an importer and distributor of spare parts for cars and utility vehicles. The Company's offering also includes garage equipment, particularly car service and repair equipment, motorcycle parts, and tuning parts. Inter Cars operates as a specialist logistics operator, whose purpose is to organise and finance the flow of goods from producers to local distributors operating as affiliate branches and supplying goods to end customers (garages, shops, retail customers, etc.). The Company distributes goods delivered by ca. 500 suppliers, mostly from the European Union, to 21 thousand registered customers via its central warehouse located near Warsaw.

Inter Cars s.c., a partnership under civil law, was formed in 1990 by Krzysztof Oleksowicz, Andrzej Oliszewski and Piotr Oleksowicz. In 1999, the business of Inter Cars s.c. was taken over by newly established Inter Cars. In August 2001 and April 2002, investment funds – currently managed by Ballinger Capital – acquired 3,821,100 new issue Series D and E shares, representing a 32.3% interest in Inter Cars' share capital. The total value of the shares was PLN 29,058 thousand. The Company used the proceeds to expand its central warehouse, develop its logistics and IT systems, extend the product offering, and finance the working capital of the newly created affiliate branches.

At the early stage of its operations, Inter Cars s.c. used a 300 m^2 warehouse and specialised mainly in selling engine sub-assemblies for German-made cars. The range of spare parts offered at that time comprised 15,000 items. The growing number and diversity of cars translated into a higher number of customers. The present Inter Cars' goods range consists of ca. 160,000 items for most types of cars, utility vehicles, and motorbikes, as well as garage equipment. The Company has a modern storage base consisting of a central warehouse in Cząstków Mazowiecki near Warsaw, built in 2000, with the surface area of 18,000 m^2 (including offices), 37 affiliate branches, regional warehouse in Poznań, and a representative office in Ukraine (a subsidiary company). In 1997, the Company successfully launched operation in the utility vehicles segment.

In 1998, Inter Cars s.c. launched the operation of the first countrywide network associating car garages with no capital links with the Company, under a common brand name of Q-Service. Since 1999, the Company has been a member of ATR, an international purchasing and benchmarking group associating the major spare parts distributors in Europe. The membership in ATR gave the Company a unique access to information on the forms and ways of spare parts distribution management in Europe, and in particular it allowed the Company to obtain better terms of trade with suppliers linked with ATR. In 2001, the Company commenced in Poland to build a paneuropean network of service stations with no capital links with the Company, operating under a common brand name of Auto Crew.

Inter Cars offers the broadest range of car spare parts in Eastern Europe. Its offer includes both brand goods produced by widely recognised and renowned suppliers, designed for use in car manufacturing, and far cheaper but good quality products of less known manufacturers. The broad and diverse offering allows the Company to attract a wide range of customers, with various classes of cars and different financial resources.

Inter Cars has three subsidiary undertakings: Inter Cars Ukraina, Q-Service Sp. z o.o., and Eltek Sp. z o.o. None of them is consolidated, as the Company has used the exemption under Art. 56.3 and 58.1 of the Accountancy Act. None of the subsidiary undertakings has a material bearing on the operations of Inter Cars. Information on the Company and its subsidiaries is presented as if all of them comprised one undertaking, which is possible given the nature of links between them. However, the financial data presented herein is the data of Inter Cars, and the data of its subsidiaries is shown additionally.

1.1.2 Key Products, Goods, Services and Markets

Key products, goods and services by basic goods categories

Sales	2003		2002		2001	
	(PLN '000)	(%)	(PLN '000)	(%)	(PLN '000)	(%)
Sales of car parts	**438,194**	98.13%	**311,649**	99.05%	**233,188**	99.58%
domestic	*302,759*	*67.80%*	*208,710*	*66.33%*	*175,059*	*74.75%*
exports	*135,435*	*30.33%*	*102,939*	*32.72%*	*58,129*	*24.83%*
Other	**8,328**	1.87%	**2,987**	0.95%	**993**	0.42%
domestic	*8,224*	*1.85%*	*2,886*	*0.92%*	*956*	*0.41%*
exports	*104*	*0.02%*	*101*	*0.03%*	*37*	*0.01%*
Net revenue on sales of goods for resale	**446,522**	100.00%	**314,636**	100.00%	**234,181**	100.00%
dynamics	*1.42*	-	*1.34*	-	*1.17*	-

The revenue on sales of goods for resale in 2003 was ca. 42% higher than in 2002. In terms of value, a growth was recorded in both categories of goods, and both in sales on the domestic and foreign markets. The geographical structure of sales (domestic/exports) remained almost unchanged; a minor decrease in the share of exports was mainly attributable to a higher growth dynamics of domestic sales.

A particularly important trend was a growth of sales of garage equipment, resulting from the strategic decision to broaden the goods range with items which would supplement the traditional sales and stimulate indirectly the future sales of parts through supporting the development of independent garages and thus building their loyalty. Inter Cars sells garage tools and equipment necessary for a proper operation of garages; it also offers comprehensive services and assistance to its customer garages within the scope of their business. Inter Cars provides advice on equipping a garage, arranges training on operation and knowledge of diagnostic equipment and methodology of specialist repairs of car sub-assemblies. It also conducts other types of training, including marketing, products, and technology.

The main market for the Company's sales is Poland. In 2003, 70% of the sales revenue was earned on sales to the domestic customers. The final customers are repair garages or individual car users. Inter Cars sells goods via its affiliate branches or directly from its central warehouse to other local distributors (with their number declining constantly), shops, garages, and retail customers. The structure of domestic sales by types of customers is presented in the table below (showing estimated data, due to the diversity of customers).

% of domestic sales	**2003**	**2002**	**2001**
Wholesalers – distributors	18	22	27
Shops	12	15	23
Garages	65	57	45
Retail	5	6	5

The major part of the exports is sales to undertakings registered in Ukraine. The most important foreign customer is Inter Cars Ukraina Sp. z o.o., which accounted for ca. 3.4% of the total sales in 2003 and ca. 11% of exports.

The net sales revenue of subsidiary undertakings is presented in the table below.

	2003	**2002**	**2001**
		(PLN '000)	
Inter Cars Ukraina	20,721	20,110	9,397
Eltek Sp. z o.o.	1,389	112	-
domestic	*777*	*76*	-
exports	*612*	*36*	-
Q-Service Sp. z o.o.	-	71	18

Market Environment and Market Share

The car parts market is divided into two basic segments: (i) original equipment and (ii) aftermarket equipment. The aftermarket is further divided into the segment of parts sold by car makers under their own brands (including mainly parts purchased from manufacturers of parts, and partly from own production; in the European Union ca. 20%–23% of the total aftermarket supply is produced by car makers, whereas ca. 77%–80% comes from specialised parts producers) via a network of owned and authorised sale outlets (local distribution centres, authorised garages); and an independent segment consisting of distribution channels not dependent on the car producers (warehouses, shops, independent garages, car centres, etc.).

The Company operates in the segment of newly manufactured parts (and, to a minor extent, reconditioned parts) supplied mainly to garages independent of car producers, representing approx. 92% of the total number of garages in Poland. As estimated by the Executive Board, the Company's share in that market segment was ca. 6.4% in 2002 and ca. 7.9%–9% in 2003; the Company is the largest undertaking in its sector in Poland. In the segment of cars of western manufacturers, the Company's share is estimated at approx. 11%.

The car parts aftermarket is a natural derivative of the car market. The need to carry out repairs and change wearable parts results in a constant demand for spare parts, which increases because of a constant growth in the number, age and average mileage of cars, and growing complexity of repairs due to an increased application of advanced technologies in car production.

In Poland the recent years witnessed a trend towards a vertical consolidation of the market at the wholesale level. In particular, several players have been assuming the role of specialised logistic operators which offer a full range of goods, engage in managing and financing the flow of goods, including purchases from foreign and domestic manufacturers. The remaining companies take on the role of local distributors responsible for reaching the customers, particularly garages. The Executive Board believes that the spare parts distribution market in Poland will face further material changes in the years to come. These will be a function of changes seen in the Europe-wide distribution model (where the dominant trend will be competition between car producers and parts manufacturers in creating distribution channels to gain advantage in reaching the final customers) as well as of the local conditions (in Poland, a crucial factor will be the significant share of independent garages in car repairs). Therefore, the importance of spare parts distribution has been growing, since it is the key channel of reaching the final customers, and well-functioning companies specialised in logistics (wholesale distributors) are a main instrument of competition. A general expectation is that selected independent distributors, capable of offering a full goods range and a relatively short time of delivery, will be reinforcing their positions.

1.1.3 Plans and Expectations Regarding Factors which May Affect Future Performance

Inter Cars intends to continue its present strategy of engagement in the sector of independent distributors of spare parts in Poland and abroad. In the Executive Board's view, the key internal factors with a bearing on the Company's current and future financial performance include: (a) development of the sales network, (b) ability to choose the correct development strategy on a competitive and changing market, (c) development of loyalty programmes, (d) a strictly defined group of products and area of operation, and (e) knowledge of the market. According to the Executive Board, the external factors which are the most significant for the Company's current and future financial performance include: (a) macroeconomic situation, (b) Poland's accession to the European Union, (c) macroeconomic situation in Ukraine, (d) changes of the euro and U.S. dollar exchange rates, (e) growth of customers' loyalty, (f) development of independent garages, (g) changes in distribution structure resulting from amendments in the European Union's legislation, (h) changes in the structure of demand for spare parts, caused by changes in car manufacturing technologies, (i) car sales, (j) amount of imports of used cars, (k) industry competitiveness, and (l) demand for reconditioned parts.

1.1.4 Development Strategy

In view of the conclusions drawn from the analysis of Inter Cars' current situation and the market conditions, the Executive Board has adopted a strategy designed to ensure a sound platform for long-term growth.

Current Situation of the Company

Inter Cars has already completed the basic stage of investments (central warehouse, IT system) and operational restructuring (creation of a network of affiliate branches). At present, the Company offers the broadest range of spare parts, has a modern central warehouse capable of handling a much higher turnover of goods, a countrywide distribution network, and an integrated IT system which supports an efficient management of sales, stocks, and funds, and includes options enabling the sales forms to be constantly broadened with new products (development of an electronic price list, a catalogue with order placement options, stock balance control, etc.).

Development Directions

The Company's main objective is to constantly improve the quality of goods flow management and to achieve leading shares in the markets of Central and Eastern European countries. This will be attained through supplementing the existing distribution model with additional elements (affiliate branches, regional warehouses, subsidiary distributing companies outside Poland). These initiatives will result in reinforcement of Inter Cars' position as the most effective channel of distributing spare parts from their producers to the final customers, i.e. the garages. The Inter Cars' strategy has been based on three key elements:

(1) development of the distribution network,
(2) development of the goods range,
(3) development of partnership programmes.

The Company's key goal is to create a distribution network of car spare parts, with a dominant position in Poland and concurrently a strong presence on new European markets, bringing stable profits and allowing business to be expanded through acquisitions in the distribution and logistics sector. The Company intends to achieve a 25%–30% share in the Polish market and a 5%–7% share in the Ukrainian market within ten years. In three to five years, a new central warehouse will be built in Ukraine to service that market. In the medium term, after the essential profitability analysis is performed, an expansion is also possible on the markets of other former Eastern Bloc countries neighbouring with Poland, through acquisitions on those markets, sales from Poland, or creating own sales networks modelled on the Polish network.

1.1.5 Management Staff and Shareholders Holding at Least 5% of the Total Vote at the General Shareholders Meeting

As at the date this Prospectus was updated, the Executive Board was composed of:

Mr Krzysztof Oleksowicz – President of the Executive Board
Mr Robert Kierzek – Marketing and Sales Director, Vice-President of the Executive Board
Mr Wojciech Milewski – Logistics Director, Member of the Executive Board
Mr Krzysztof Soszyński – Operational Director, Member of the Executive Board
Mr Radosław Celiński – Financial Director, Member of the Executive Board

As at the date this Prospectus was updated, the shareholders holding at least 5% of the total vote at the General Shareholders Meeting were:

	Number of shares	Share in total vote at GM
Mr Krzysztof Oleksowicz	4,800,000	40.6%
Mr Michał Oleksowicz	800,000	6.8%
Mr Andrzej Oliszewski	1,600,000	13.5%
Ms Jolanta Oleksowicz	800,000	6.8%
Fund.1 NFI SA	1,146,400	9.7%
NFI Fortuna SA	2,674,700	22.6%

1.2 Factors Posing High Risk to Investors Acquiring the Offered Shares

All persons who intend to acquire the Offered Shares are advised that all information on Inter Cars, its business and business environment, disclosed in this Prospectus, should be analysed with reference to the risk factors discussed below.

1.2.1 Risk Factors Related to the Company's Business

Risk Related to Changes in Bonus Policies of Spare Parts Producers

An important portion of the Company's profit is earned on bonuses granted to the Company by spare parts producers. The bonus policy favours customers making purchases of significant value. Any change of such policy whereby the bonuses are reduced or discontinued could lead to a material deterioration of the Company's results.

However, the Executive Board considers such a situation unlikely, and the Company as a significant customer may count on the future terms being at least as favourable as at present. Given the Company's purchasing power and substitutability of supply sources, a discontinuation of bonuses would most probably be followed by a reduction of purchase prices and an increase in selling prices, thus the margin level would be maintained.

Risk Related to Disclosure of Confidential Information

The policies and terms of sales and purchases in individual groups of goods are decisive for the competitive position of the Company. The ability to appropriately respond to the external factors and the terms offered by suppliers determine the Company's potential for success on a competitive market. Any disclosure of information on the current terms of trade and the Company's customer base could be detrimental to the Company's competitive edge and result in failure to achieve the planned revenue.

In order to mitigate this risk, a number of procedures have been implemented to restrict the access to confidential information to a strictly defined group of employees (in particular cascade access to information).

Risk Related to Adopting an Inappropriate Strategy

The market on which the Company operates is subject to frequent changes whose direction and extent are driven by a number of factors, many of which are counteractive. Therefore, the future standing of the Company, and consequently its revenues and profit, are dependent on the Company's ability to develop an effective long-term strategy. Any incorrect decisions made as a result of erroneous assessment of the situation or the Company's inability to adapt to dynamically changing market conditions may bring about significant adverse financial effects.

To minimise such risk, the Company conducts an ongoing analysis of all factors determining the choice of strategy in two perspectives: short-term, including the supply conditions, and long-term, including the strategy of creating and developing the sales network, to allow the direction and nature of market environment changes to be assessed with maximum precision.

Risk Related to Change of Demand Structure

The Company maintains stocks of a broad range of goods. The purchases made by the Company are a function of the evaluation of market demand for particular groups of goods, and are therefore subject to the risk of a wrong market assessment or changes in demand structure. In the event of significant purchases having been made by the Company, any possible changes in demand, particularly an abrupt decline of a market for specific groups of goods, would mean significant losses to the Company, resulting from freezing the working capital or from the need to apply large discounts.

In the Executive Board's opinion, the occurrence of such risk is unlikely given the prevalence of linear trends of changes in demand for the offered goods. Moreover, the Company pursues an active working capital management policy, thanks to which the value of stocks of individual goods is kept low (arranging supplies from producers who offer order execution within relatively short periods). In addition, the range of goods offered by the Company does not include parts for cars manufactured in the past in the Eastern Bloc countries and no longer produced, therefore the risk of spending funds on spare parts for a declining cars segment has been eliminated.

Risk Related to Bank Loans

Bank loans are an important source of funding for the Company's business. As at December 31st 2003, the Company's debt under bank loans equalled PLN 82,209 thousand, and the total financial expenses associated with loan servicing (interest) reached PLN 4,382 thousand in 2003. The loans contracted by the Company have floating interest rates, therefore any significant increase in interest rates and, consequently, the base rates for loans, would cause the financial expenses to grow, thus reducing the profitability and the Company's ability to generate funds to finance further development. In an extreme case, this could pose a threat to the maintenance of liquidity. Another risk factor associated with bank financing is a risk of bank's refusal to extend or grant lines of credit. Any reduction in the Company's ability to fund its business with bank loans following a termination of or refusal to extend some of the agreements would have a material adverse effect on the Company's development prospects, liquidity, and financial performance.

The Executive Board takes actions to minimise this risk factor by diversifying sources of loans. With the present level of operating profit and the current coverage of interest payments, the Executive Board believes it unlikely that base interest rates should be increased to a level resulting in a significant decline of profitability and a threat to the Company's liquidity.

As at March 31st 2004, the Company's debt under bank loans amounted to PLN 103,967 thousand.

Currency Risk

As at December 31st 2003, the Company's liabilities denominated in foreign currencies accounted for ca. 43% of the Company's total liabilities. In the previous financial year, the Company recorded foreign exchange losses of PLN 8,668 thousand, while the profit on sales was PLN 26,367 thousand. In that period, the Company did not use hedging against currency risk, given the information that the złoty depreciation against the euro was temporary, obtained, among others, from cooperating banks. Concluding forward contracts in such situation was inadvisable.

Given that the Company's sales include transactions in foreign currencies, the currency risk is partly mitigated in a natural way. In 2003, approx. 62% of the total value of purchases from suppliers was settled in foreign currencies; at the same time, foreign currency sales accounted for ca. 30% of the Company's total sales. The value of foreign currency sales equalled ca. 55% of the value of purchases settled in foreign currencies.

Any significant fluctuations of the złoty exchange rate, in particular an abrupt and lasting devaluation of the Polish currency, could have an adverse financial impact on the Company's performance. In such cases, the currency risk is transferred onto the customers by changes in prices of goods.

Another type of risk related to changes of currency rates is a growth of prices of imported goods to a level which constitutes a material purchase barrier for the final customers, consequently leading to lower sales revenue.

Risk Related to Concentration of Goods in a Single Location

The logistic centre, being at the same time the key storage base, is located in Cząstków Mazowiecki. Potential acts of God (fire, flooding, etc.) would materially impede the continuity of supplies to customers.

To minimise the potential adverse effects of this risk, a system has been implemented enabling a regular creation of backup copies of all information and, if necessary, an immediate recovery of the IT network using a back-up system. The Company also entered into appropriate insurance agreements, guaranteeing full coverage of losses. The acts of God indicated above would essentially mean delays in supplies, resulting in a loss of part of the revenue and a possible partial loss of the market as a consequence of the Company's customers making their purchases from competitors. Currently, approx. 65% of the goods are located in the central warehouse. Following the creation of regional centres (in Poznań and a new location in the southern part of Poland) and the development of affiliate branches network, the target amount of goods kept in the central warehouse should not exceed 30%.

Risk Related to Affiliate Branch Operators' Bankruptcy or Agreement Termination

A potential bankruptcy of or agreement termination by a company operating an affiliate branch under an agreement with Inter Cars would pose a threat of failure to execute the customers' orders and a loss of such customers to competitive undertakings, as well as a possible loss of trust among some customers, resulting in a reduction of revenue in a given area.

In the event of a bankruptcy of an undertaking conducting sales on behalf of Inter Cars, an intervention team is put into action to take over the fixed and current assets (computers, goods, cars, as well as employees) in order to ensure a relatively quick continuation of sales. The contact with customers is maintained by regional representatives responsible for those customers.

The distribution agreement provides for a four-month notice in case of an agreement termination by an affiliate branch operator. An immediate termination of the agreement by the operator entails the same procedures as bankruptcy of an affiliate branch, i.e. takeover of the Inter Cars' assets by the intervention team and assignment of the distribution agreement to another operator, selected by the Company to operate the affiliate branch.

Given the introduction of the security procedures, the possible negative impact of this risk on the financial performance of the Company is believed by the Executive Board to be significantly mitigated.

Risk of an Affiliate Branch Operator Launching Business Competitive to the Company

A potential launch of business competitive to the Company's operations by an undertaking which terminated an affiliate branch agreement or with which such an agreement was terminated by the Company, including such operator taking over customers, would have a significant adverse effect on Inter Cars' sales in a given area.

In order to minimise this risk, the agreements with affiliate branch operators provide for high fines in the event of launching a competitive business after the agreement termination.

Risk Related to Destruction or Loss of Assets by an Affiliate Branch

A potential destruction or loss of fixed or current assets would result in a deterioration of customer service quality and possible delays in order execution. In an extreme case, such an affiliate branch may be incapable of executing orders, which may result in the orders being taken over by competitive undertakings and a decline of sales results.

In order to minimise the potential adverse effects for the Company, procedures have been put in place, allowing the affiliate branch to quickly regain the lost assets. Any losses resulting from a fault of the affiliate branch's employees are covered by the branch operators, and the Company's assets (goods) stored in the affiliate branches are covered by insurance. The affiliate branch operator is also obliged under the distribution agreement to ensure security protection and monitoring of the branch's premises.

In the Executive Board's opinion, the negative impact of this risk on the Company's financial results is significantly reduced and should not be considered material.

Risk of Loss of Key Employees

The risk of losing key employees, particularly executive officers and the senior and middle management staff, responsible for planning and execution of investment projects, may have a material adverse effect on the Inter Cars' financial results. The persons referred to in the Prospectus and other persons considered key specialists had a decisive contribution to the Company's market success. There can be no assurance that the Company will manage to keep all the persons crucial to its development or hire equally valuable staff to replace them.

In order to prevent the outflow of employees, we implemented financial bonuses schemes for exceptional work efficiency, and a system of broad delegation of powers, mitigating the potential negative results of losing individual key employees.

Risk Related to the Shareholder Structure

The parent undertaking of the Company is Mr Krzysztof Oleksowicz, who has a decisive influence on the composition of the Executive Board and on strategic decisions. Hence, there can be no assurance that the scope and nature of decisions taken will correspond with the expectations or interest of other Company shareholders.

In the Executive Board's view, no decisions have been taken in the past or are likely to be taken in the future which would be in conflict with minority shareholders' expectations or detrimental to their interest. Mr Krzysztof Oleksowicz has declared that he considers his commitment to the Company as a long-term investment.

Risk Related to the IT System

The Company's operations are based on an efficiently functioning online IT system. Any potential problems with its proper functioning could result in lower sales or even render selling activities impossible. The consequence would be a negative impact on the Company's financial performance.

To prevent such a situation, the Company has put appropriate system failure procedures in place, including the rules of creating back-up copies and recovery of data, and a back-up server (together with necessary network infrastructure and emergency connections).

Risk Related to Tax Relief

Pursuant to Art. 18a.10.1 of the Corporate Income Tax Act, in 1999 the Company obtained the right to investment tax relief, having incurred expenses of PLN 9,034 thousand (EUR 2,034 thousand), and used investment tax relief in the amount of PLN 395 thousand in 2000, PLN 1,278 thousand in 2001, and PLN 1,238 thousand in 2002. The right to the relief is conditional upon compliance with all tax regulations. Any inaccuracies in performing tax obligations, however minor from the perspective of the financial result, might cause this relief to be cancelled, whereupon the Company would be obliged to pay the taxes previously covered by the relief. Moreover, the Company would then lose premiums under investment tax relief and would be liable to penalty interest for the period of using the relief until the day of tax payment.

In 2003 the Company did not use any investment tax relief.

The Tax Office carried out a tax inspection relating to 2002 corporate income tax. In February 2004, Inter Cars received the Tax Office's decision stating that it is in arrears with tax payments of PLN 28 thousand. The Company had paid the whole overdue amount by the date of this Prospectus.

The tax authorities may inspect the account books and tax settlements for five years as from the last day of the year in which the relevant tax returns were submitted, and oblige the Company to pay additional tax amounts together with fines and interest. In the Executive Board's opinion, there are no circumstances which would indicate that any material liabilities may occur in this respect.

1.2.2 Risk Factors Related to the Business Environment

The Company's business environment is subject to significant transformations resulting from changes in the automotive industry, affecting both car production and spare parts distribution channels. On the one hand, increasing use of complex systems controlling individual sub-assemblies of a car requires higher expertise and better equipment of car garages, which may be a natural barrier for the development of independent garages – the Company's key customers. On the other hand, the new regulations introduced in the European Union provide equal rights to independent and authorised garages in their access to know-how, and allow authorised garages a more free use of independent parts suppliers. The dynamically changing environment offers development opportunities to those undertakings which are able to identify market trends and adapt flexibly to short-term fluctuations, but also poses threats arising from selection of inappropriate strategy. The counteractive trends lead to a considerable uncertainty on both the ultimate direction of market development, and the period of those changes. The key risk factors believed by the Executive Board to have a potential impact on the future financial performance of the Company are presented below.

Risk Related to Monopolisation of Car Parts Aftermarket by Car Producers

Given significant margins achieved by car producers on the spare parts aftermarket, their pressure towards increasing their share in that market is natural. This is currently done through an obligation to purchase spare parts from authorised undertakings; in the future, following law amendments, this may be achieved indirectly, i.e. by conditioning other aspects of cooperation upon the structure of purchases of authorised spare parts. A possible growth of the share of authorised distribution channels in trade in spare parts, or a successful restriction of the Company's access to authorised garages, may reduce or hamper the growth of the Company's customers market, thus affecting adversely the Company's results or limiting its ability to achieve the expected sales growth.

In the Executive Board's view, these trends will be counterbalanced by a strong customers' pressure towards lowering prices of services, which are dependent on the spare parts prices, thus favouring independent spare parts selling networks (which offer lower prices and a more flexible adjustment to the market expectations) and an unequivocal position of the European Union authorities leading to a gradual elimination of anti-competitive factors.

Risk Related to Independent Garages' Failure to Adapt to Market Requirements

A growing complexity of sub-assemblies of cars currently in production leads to higher requirements related to car service and repair, both in terms of skills and expertise of mechanics and the technical equipment of workstations. Independent garages will therefore be required to constantly improve their qualifications and invest in equipment, to be able to service new car models. An insufficient development of independent garages' abilities will restrict the Company's sales market, thus negatively affecting its financial performance.

The Executive Board believes that this will be counterbalanced by a growing commitment of the spare parts distributors and producers in equipping and financing the equipment of independent garages, a possibility of close cooperation between authorised and independent garages, and equal rights of all parties to obtain technical information from the producers (pursuant to new regulations), facilitating a transfer of know-how to independent garages. In the long term one could even expect a selection of independent garages, i.e. elimination of the substandard ones and the development of those with the best technical base, leading to an actual reinforcement of the independent garages segment despite possible short-term negative changes of this segment's value. Furthermore, an expected growth of imports of used cars to Poland following its accession to the European Union will significantly boost the demand for services of small cheap garages, allowing them to continue development and accumulate the essential expertise and capital.

Risk of Market Entry by Foreign Operators Specialising in Wholesale of Car Parts

The Polish market of independent distribution of car parts is dominated by Polish-owned companies. Its size and good prospects mean a greater likelihood of market entry of foreign distributors, who, by offering spare parts at more attractive terms may come to control a considerable part of the market. The potential higher competitive pressure might have an adverse effect on the Company's performance, and, in an extreme case, could considerably limit the Company's development possibilities or even put pressure on its revenues and profits. Another risk connected with large foreign distributors entering the Polish market is the risk of loss by the Company of strategic suppliers, for whom some foreign distributors would be significantly larger customers.

However, given that one of the characteristics of the European spare parts distribution is its local nature, the Executive Board does not perceive this risk as significant. Individual markets are dominated by domestic distributors. Foreign distributors may expand in Poland primarily through acquisitions of the companies currently operating on the market, therefore the increase of competitive pressure is not likely to be substantial, although it could narrow average margins.

The Executive Board will seek to boost sales so as to at least maintain the current level of profits, in spite of potentially lower margins. Furthermore, the likelihood of losing strategic suppliers to foreign operators (who buy from those suppliers in their countries of origin) upon their appearance on the Polish market is limited, given the fact that producers seek to diversify their sales channels.

Risk of Creation of Large Networks of Independent Garages Buying Spare Parts Directly from Producers

The creation of a network of independent garages able to source spare parts directly from the producers would mean a loss of a part of the market by the Company and poorer prospects for development in the independent garages segment.

In the opinion of the Executive Board this scenario is rather unlikely, as the costs of operation of such networks in Poland are rather high and they have not been very successful on the market.

Risk Related to 'Design Protection'

One of the elements of competitive struggle by car producers against the independent spare parts distribution channels is the introduction of design protection, a measure that could be used by car producers in Poland once relevant legal provisions are enacted. This could materially reduce the range of "visible equipment" items (elements of car body, lamps etc.) sold by the Company, as those items will be reserved for exclusive authorised sale by car producers.

In the Company's case this risk is hardly significant and will entail only a change of the sources of supply.

Risk Related to the Diversification of Sales Channels by Producers of Spare Parts

Strategies pursued by producers of car parts include, as their important element, diversification of their wholesale channels. This is a significant factor limiting the possibilities of controlling larger shares of the market by particular distributors, including the Company. In the opinion of the Executive Board, the maximum share the Company may achieve in the Polish spare parts market (in the independent operators' segment) is approx. 25-30%. Once the Company gains such market share, a further increase in its sales revenue will only be possible through a growth of the value of the entire market. The Company's revenue will be more sensitive to changes in the market environment and there will be no significant possibilities of growth through consolidation.

Aware of that, the Executive Board is taking steps to work out a business model providing for a constant development of the Company's range of products and services, also in new market segments (e.g. garage equipment, corporate vehicle fleet management, attachment of semi-trailers).

Risk Related to Take-Over of Production of Spare Parts by Car Producers

According to the press, some car producers are contemplating the possibility of increasing their production of spare parts. Currently, in the EU countries car producers satisfy about 20-23% of market demand for spare parts. Although under new regulations access to parts made by car producers is available to all potential buyers, most probably the terms on which such parts could be offered would be less favourable than the terms offered by specialised spare parts producers under the current model, where the original equipment and aftermarket parts are made by the same suppliers. Additionally, such change of the current model of production of spare parts would limit the value of the market of original spare parts supplied by producers of spare parts. Such change would have a material adverse effect on the Company's financial results.

However, given that development and production of spare parts is an area which requires high degree of specialisation (which implies also the ability to offer competitive prices), in the opinion of the Executive Board this is not a likely scenario.

Risk Related to Take-Over of Networks of Independent Distributors of Spare Parts by Spare Parts Producers

A possible take-over of independent distributors of spare parts by spare parts producers would entail significant changes in the spare parts distribution model, with a potential limitation of sales to third party networks, including the Company's. In that case the Company could lose its sources of supply, which would limit its offering and undermine its competitive position.

However, given the producers' efforts to diversify their sales channels and the high substitutability of the supply sources, in the opinion of the Executive Board this factor should not represent a material threat for to Company's market position and financial performance.

Risk of Increase in Car Prices Following Poland's Entry to the EU

As may be inferred form the analysis comparing car prices in Poland and in the EU countries as well as from statements by automobile companies, there is a real threat that following Poland's accession to the EU, prices of new cars in Poland will go up, primarily as a result of a drop in sales. In consequence, the pace of growth in the number of new cars (the maintenance of which requires relatively heavy expenditure on parts and equipment of work posts) will drop and the demand for selected groups of the Company's products (those which are more expensive and which are a source of higher margins) may turn out to be correspondingly lower in the medium term.

In the opinion of the Executive Board this risk is not substantial and if the described scenario was to materialise, the said drop in demand should be offset by a growth of demand for parts to older car models imported instead of purchase of new ones.

Risk Related to Changes in the Legal System

Changing laws or varying interpretations of the law are an important source of risk for the Issuer. Possible changes of the commercial and tax laws or other regulations applicable to Inter Cars' operations may adversely affect the Issuer's business and its legal and financial situation.

Risk Related to the Macroeconomic Situation

The dynamics of growth of the Polish economy have improved recently, but it is not certain whether the steps taken by the Polish government will meet the expectations of businesses in the long term, especially that given the frequent changes of the law and the considerable fiscalism, the conditions for doing business in Poland are not fully stable. Development is threatened by a number of internal and external macroeconomic factors, including demands for additional subsidies for unprofitable state-owned enterprises and agriculture or lack of clear efforts to balance state budget income and expenditure. A possible deterioration of Poland's economic situation could have an indirect negative impact on Inter Cars' performance.

Risk Related to Poland's Economic Policy

The economic, fiscal and monetary policy of the state have a paramount importance for the rate of growth of the domestic demand, which in turn indirectly determines the Company's sales and financial results. Any changes which could decrease domestic demand are unwelcome by the Company, as they carry the risk that the set targets will not met and are a source of significant uncertainty for the Company's long-term plans, as potential buyers may become less interested in the Company's goods.

Risk Related to Long Prescription Periods with Respect to Tax Liabilities

Under the current legal regulations the prescription period applicable to tax liabilities is five years and any entity found to be in breach of any tax laws is subject to high penalties. The Company's financial results could be materially affected should the Company be found to be in default under the tax laws or should any errors be found in its records.

At present the Executive Board is not aware of any possible defaults by the Company under the tax laws, but given the frequent changes of the tax regulations and their interpretation, no assurance can be given that such defaults will not occur.

Risk Related to the Structure of Foreign Customers

Most of the Company's export sales are to small foreign customers, who organise their own transport of the goods abroad. The majority of those customers come from Ukraine and Belarus, as a result of which a material part of the Company's sales (approx. 23% in 2003) is exposed to the risks specific for those customers' countries, including change in the size and structure of the local spare parts market, change of local population's purchasing power and stability of the countries' economic and political systems. Any possible negative changes in those countries, as a result of which such customers would reduce or discontinue their purchases, would adversely affect the Company's financial results.

1.2.3 Risk Factors Related to Purchase of the Offered Shares

Risk that the Selling Shareholder Abandons the Public Sale

Investors are advised that the Selling Shareholder may abandon the Public Sale at any time before its commencement without stating the reasons for the decision, and after the opening of the Public Sale only for valid reasons, which include a situation where the demand for the Offered Shares under the Retail Offering and the Institutional Offering does not reach at least 2,674,770 Offered Shares, i.e. 70% of the Offered Shares. A decision not to pursue the Public Sale may be taken either on the day of determining the Selling Price or, in the event that the Selling Shareholder does not enter into a standby underwriting agreement prior to the opening of the Public Sale, on the date of closing the Public Sale. If the Selling Shareholder decides not to pursue the Public Sale after its opening, investors will be returned payments for the Offered Shares in accordance with the rules set forth in Section 3.11.13 of Chapter III of this Prospectus.

The possibility of abandoning the Public Sale by the Selling Shareholder is provided for in a trilateral agreement on terminating the Investment Agreement (hereinafter referred to as the "Termination Agreement") of February 17th 2004, executed between Narodowy Fundusz Inwestycyjny FORTUNA SA and Fund.1 Pierwszy Narodowy Fundusz Inwestycyjny SA, acting as Financial Investors (hereinafter referred to as the "Financial Investors" or the "Funds"), and Krzysztof Oleksowicz, Jolanta Oleksowicz-Bugajewska, Michał Oleksowicz and Andrzej Oliszewski, as shareholders of the Company (hereinafter referred to as the "Shareholders"), and the Company.

The Termination Agreement has been concluded in order to provide the Financial Investors with a possibility to exit the investment in the Company by introducing the Company Shares to public trading, to be followed by sale of the Shares. Given the planned introduction of the Company Shares to public trading, the parties to the Termination Agreement have agreed to terminate the Investment Agreement, delete from the Company's Articles of Association the provisions ensuring additional rights to the Financial Investors, subject to fulfillment of the conditions subsequent specified in the Termination Agreement, waive in the process of sale of the Shares by the Financial Investors as part of a public offering those provisions of the Investment Agreement that may not be performed in public trading, in particular the provisions concerning the pre-emptive right, right of first refusal, tag along option).

Pursuant to the Termination Agreement, the Investment Agreement will be terminated upon:

1) expiry of the deadline for lodging an appeal against the decision of the Polish SEC granting consent to introduce the Company Shares to public trading;
2) submission, following the issue of the decision by the Polish SEC, by all Financial Investors, of a written representation to the effect that they accept the Selling Price for the Shares held by them;

3) non-occurrence of an event of failure of the public offering, which for the purposes of the Termination Agreement was defined as follows: "Financial Investors' decision not to pursue, in accordance with the terms and conditions and within the timeframe set forth in the Prospectus, the public offering, including in particular as a result of submitting a number of irrevocable and binding subscription orders for the Shares which is unsatisfactory to the Financial Investors".

The Investment Agreement is effective until the fulfillment of all the above conditions precedent. Non-fulfillment of even one of the conditions subsequent will lead to the restoration of the rights and obligations of the parties to the Investment Agreement thereunder, which will have the following consequences:

- The Investment Agreement will be effective in its entirety;
- The Company Shares will be excluded from public trading;
- The Company's Articles of Association will read as before the signature of the Termination Agreement.

If a situation described above occurs, the parties to the Termination Agreement have included in it a number of provisions regulating cooperation between the Financial Investors and the Shareholders from the date of failure of the public offering to the restoration of the Articles of Association effective previously under the Investment Agreement. However, these provisions will not be in force in the event of successful Public Sale.

Risk Related to Non-Admission of the Offered Shares to Stock Exchange Trading

The Offered Shares may be admitted to stock exchange trading subject to fulfillment of the conditions specified in the WSE Rules and obtainment of the approval of the Executive Board of the Stock Exchange, which under Par. 5 of the WSE Rules is authorised by the Supervisory Board of the Stock Exchange to adopt resolutions on admission of securities to stock exchange trading. An issuer requesting admission of its shares to stock exchange trading (subject to Par. 5.2 of the WSE Rules), is obliged to submit a relevant application to the Supervisory Board of the Stock Exchange (Par. 6 in conjunction with Par. 7 of the WSE Rules). In considering an application for admission of securities to stock exchange trading, the Executive Board of the Stock Exchange, pursuant to Par. 10 of the WSE Rules, takes into account such factors as the issuer's financial standing, development prospects, as well as the experience and qualifications of its management and supervisory personnel. The Executive Board of the Stock Exchange is obliged to adopt a resolution concerning admission of securities to stock exchange trading within six weeks from the date of the application. If the Executive Board of the Stock Exchange adopts a resolution to admit the securities to stock exchange trading, the issuer should, within six months from the date of the said resolution, file an application for the registration of the securities in stock exchange trading, otherwise the resolution of the Stock Exchange on admission of the securities to stock exchange trading will cease to be effective. Within one month of the delivery of the resolution of the Executive Board of the Stock Exchange refusing admission of the securities to public trading the issuer may apply for reconsideration of the case by the Supervisory Board of the Stock Exchange. Pursuant to Par. 21 of the WSE Rules, the Supervisory Board of the Stock Exchange is obliged to consider the issuer's application within four weeks from its filing.

The Company intends to fulfill all the conditions and meet all the notification deadlines set forth in the WSE Rules regarding application for admission of the Offered Shares to stock exchange trading and does not perceive any grounds for the Executive Board of the Stock Exchange to refuse admission of the Offered Shares to stock exchange trading. At the same time, it is theoretically possible that the Company will not fulfill the requirements contained in the WSE Rules, which might lead to failure to obtain the consent of the Executive Board or the Supervisory Board of the Stock Exchange to admit the Offered Shares to stock exchange trading. In such a case, the Offered Shares will not be introduced to stock exchange trading, which may affect their liquidity.

Risk Related to the Offered Shares not Being Introduced to Stock Exchange Trading on the Primary Market

The Executive Board of the Stock Exchange is the authority competent to introduce securities, upon the submission by the Issuer of the relevant application, to stock exchange trading on the primary market (see Par. 36 in conjunction with Par. 37.2 of the WSE Rules). The Issuer should apply for the introduction of securities to stock exchange trading within six months as of the adoption of the resolution on the admission of securities to stock exchange trading by the Executive Board of the Stock Exchange, as the effectiveness of such resolution expires after six months.

The Company intends to fulfill all the conditions and meet all the notification deadlines set forth in the WSE Rules regarding application for admission of the Offered Shares to stock exchange trading and does not perceive any grounds for the Executive Board of the Stock Exchange to refuse admission of the Offered Shares to stock exchange trading. At the same time, it is theoretically possible that the Company will not fulfill the requirements contained in the WSE Rules, which might lead to failure to obtain the consent of the Executive Board of the Stock Exchange to admit the Offered Shares to stock exchange trading. In such a case, the Offered Shares will not be introduced to stock exchange trading, which may affect their liquidity.

Risk Related to the Offered Shares not Being Introduced to Trading in the Plus Segment of the Primary Market

The Company plans to seek inclusion of the Offered Shares in trading in the *plus* segment of the primary market. Pursuant to the provisions of Par. 35 of the WSE Rules, shares admitted to trading on the primary market may traded in the plus segment of that market, as long as:

1) shares admitted to stock exchange trading and held by shareholders who individually hold rights to not more than 5% of the total vote at the General Shareholders Meeting, are worth at least EUR 3,000,000,
2) shares, referred to in Item 1), represent at least 25% of all company shares. This requirement is considered fulfilled if at least 500,000 shares worth at least EUR 14,000,000 are held by shareholders referred to in item 1),
3) shares admitted to stock exchange trading are held by at least 300 shareholders. This requirement does not apply to companies whose shares have already been traded on the stock exchange.

Furthermore, in order for shares to be included in trading in the *plus* segment, an issuer must submit a representation whereby it agrees to:

1) publish, as of January 1st 2005, the consolidated and non-consolidated annual, semi-annual and quarterly financial statements, and *ad hoc* reports in English at the same time as in Polish,
2) organise – at least twice a year – open meetings with investors and analysts,
3) publish a schedule of corporate events,
4) publish *ad hoc* and interim reports on the Issuer's Internet site,
5) conclude an agreement with the Issuer's market maker (applicable to issuers of shares which are not included in the WIG 20 index),
6) observe all principles of corporate governance included in the regulations issued pursuant to Par. 27 of the WSE Rules.

Upon the fulfilment of the abovementioned requirements, the Company will seek to have the Offered Shares included in trading in the *plus* segment of the primary market. However, as at the date of this Prospectus was updated, the Company could not definitively state that it will succeed in fulfilling all the requirements imposed by the WSE Rules for the inclusion of the Offered Shares in trading in the *plus* segment of the primary market.

Risk Related to the Exclusion of the Company Shares from Public Trading

If a public company fails to fulfil the requirements imposed under the applicable laws and regulations, in particular the requirements provided in the provisions of Art. 76–81 and Art. 84 of the Polish Securities Act or stipulated in the provisions of Art. 63, Art. 73, Art. 75, Art. 82, Art. 83, and Art. 148 of the Polish Securities Act, or performs them unduly, the Polish SEC may issue a decision on the exclusion of securities from public trading or impose a penalty of PLN 500,000, or enforce the two penalties concurrently. In the event of such, the Company's financial performance and the valuation of the shares by investors could be adversely affected.

Risk of Exclusion of the Shares from Stock Exchange Trading

Pursuant to the provisions of Par. 29 of the WSE Rules, the Executive Board of the Stock Exchange has the right to exclude securities from stock exchange trading if: the securities no longer fulfil the requirements imposed by the WSE Rules; the issuer persistently violates the regulations in force at the WSE; at the Company's request; upon declaration of the Issuer's bankruptcy, or upon the dismissal by the court of a request to declare the Issuer bankrupt on the grounds that its means are insufficient to finance the cost of proceedings; the Executive Board of the Stock Exchange determines that the best interest and safety of market participants necessitate the exclusion; upon a change in the Company's form of incorporation or its merger with another entity, if within the last three months no transactions were executed on the stock exchange with respect to the given securities; if the Company begins to conduct activities forbidden by law, or if it initiates liquidation proceedings.

Risk of Suspension of Trading

Pursuant to the provisions of Par. 28 of the WSE Rules, the Executive Board of the Stock Exchange may suspend trading in securities for up to three months at the Company's request, if it determines that the best interest and safety of market participants necessitate such suspension, or if the Company violates the regulations in force at the WSE. If such steps were to be initiated in relation to the Company shares, their liquidity on the secondary market would be materially curtailed which could be detrimental to their market valuation.

Risk Related to Delays in the Introduction of the Offered Shares to Stock Exchange Trading

The Company will take all steps necessary to promptly introduce the Offered Shares to stock exchange trading. However, the Polish SEC and WSE procedures may result in delays in the introduction of the Offered Shares to stock exchange trading, which will be outside the Company's control. Thus, no assurance can be given by the Executive Board that the Offered Shares will be listed on the date specified in this Prospectus.

Risk Related to the Exclusion of the Offered Shares from the Plus *Segment of the Primary Market*

The Executive Board of the Stock Exchange may decide to exclude the shares from trading in the *plus* segment a number of reasons, including the following:

– the shares cease to fulfil the conditions specified in the WSE Rules for shares traded in the *plus* segment of the primary market and such a situation continues for more than a year, or the Issuer does not submit credible plans for ensuring that the required dispersed shareholder structure is restored, or
– despite the submitted representation, the Issuer does not fulfil one or more of the obligations stipulated in the WSE Rules for the *plus* segment of the primary market.

Risk Related to Fluctuations in the Market Price

Once the Company shares are admitted to stock exchange trading, their purchase will entail a risk related to fluctuations in their market price. Stock price is dependent upon the relationship between demand and supply, which are a function of many factors and an outcome of investors' reactions, which are hard to foresee. If the market price of the Company shares is subject to sizeable fluctuations, shareholders may be exposed to the risk of not realising their expected gains.

1.3 Financial Highlights

The table below presents the financial highlights and selected efficiency ratios.

	2003	2002	2001
	(PLN '000)		
Profit and loss account			
Sales revenue	446,522	314,636	234,181
Gross profit/(loss) on sales	115,610	87,616	63,552
Operating profit/(loss)	26,771	23,386	13,861
Pre-tax profit/(loss)	14,045	13,834	9,942
Net profit/(loss)	10,029	9,490	7,168
Balance sheet			
Balance-sheet total	247,153	188,446	141,683
Total liabilities and provisions	171,798	123,120	100,149
Long-term liabilities	380	6,471	12,562
Short-term liabilities	169,385	113,872	86,810
Net assets (shareholders' equity)	75,355	65,326	41,534
Share capital	23,642	23,642	20,308
Number of shares*	11,821,100	11,821,100	10,153,850
	(PLN)		
Earnings/(loss) per share	0.85	0.80	0.71
Dividend	2,006	0.00	0.00
Dividend per share	0.17	0.00	0.00
Ratios			
ROE (1)	13,31%	14,53%	17,26%
ROA (2)	4,06%	5,04%	5,06%
Gross sales margin (3)	25,89%	27,85%	27,14%
Operating margin (4)	6,00%	7,43%	5,92%
Net margin (5)	2,25%	3,02%	3,06%
Dividend pay out ratio (6)	0,20	0,00	0,00
Debt ratio (7)	0,70	0,65	0,71
Debt/equity ratio (8)	2,28	1,88	2,41
Equity financing of assets (9)	1,39	1,28	0,85

(1) Return on equity (ROE) – net profit / equity
(2) Return on assets (ROA) – net profit / total assets
(3) Gross profit on sales / sales revenue
(4) Operating profit / sales revenue
(5) Net profit / sales revenue
(6) Paid dividend / net profit
(7) Total liabilities / total shareholders' equity and liabilities
(8) Total liabilities / shareholders' equity
(9) Shareholders' equity / fixed assets

* The number of shares as at the end of individual periods, taking account of the split of shares (1:50) effected pursuant to Resolution No. 1 of the Extraordinary Shareholders Meeting of Inter Cars of February 17th 2004.

1.4 Key Factors with a Bearing on the Selling Price

The Selling Price of the Offered Shares shall be established by the Selling Shareholder in consultation with the Offeror, and shall account for:

- ✓ The Price Range announced prior to the commencement of the Public Sale,
- ✓ Results of the Order Book building process:
  - o which will be carried out among Institutional Investors who will submit binding Declarations of interest in the acquisition of the Offered Shares, specifying the number of the Offered Shares they wish to acquire and the price from the Price Range they are prepared to pay for the Offered Shares,

- ✓ The size of demand for the Offered Shares for Retail Investors as indicated by the subscription orders for the Offered Shares.

The Selling Price shall be announced in the form of a communiqué sent to the Polish SEC, the WSE and an information agency after the closing of the period for accepting subscription orders in the Retail Offering, and the period for accepting Declarations in the Institutional Offering. The Selling Price shall be the same for both Offerings.

The Price Range shall be established by the Selling Shareholder in consultation with the Offeror, and shall account for:

- ✓ The valuation of the Company shares prepared by the Offeror, reflecting the Company's current and projected performance,
- ✓ The level of prices of the WSE- listed companies,
- ✓ Current and projected situation on the capital market,
- ✓ Risk factors as set forth in this Chapter.

The Price Range shall be announced in the form of a communiqué sent to the Polish SEC, the WSE and an information agency prior to the opening of the Public Sale, by May 12th 2004.

1.5 Financial Data: the Company's Book Value and Liabilities

	Feb 29 2004
Book value (shareholders' equity)	73,014
Total liabilities and provisions	178,484

Chapter II - Persons Responsible for Information Contained in this Prospectus

2.1 Inter Cars Spółka Akcyjna

Company Name, Registered Offices, Address

Company name:	Inter Cars Spółka Akcyjna
Registered offices:	02-903 Warsaw, Poland
Address:	ul. Powsińska 64, Warsaw, Poland
Contact information:	
Tel.:	(+48 22) 71 41 916
Fax:	(+48 22) 71 41 918
E-mail:	bzarzadu@intercars.com.pl
Web site:	www.intercars.com.pl

Persons Acting on Behalf of Inter Cars

Krzysztof Oleksowicz	President of the Executive Board
Robert Kierzek	Vice-President of the Executive Board, Director of the Marketing and Sales Division
Wojciech Milewski	Member of the Executive Board, Director of the Logistics Division
Krzysztof Soszyński	Member of the Executive Board, Director of the Operating Division
Radosław Celiński	Member of the Executive Board, Director of the Finance Division

The addresses of persons acting on behalf of Inter Cars have been withheld from publication.

Representation on the Responsibility of the Persons Acting on Behalf of Inter Cars

We hereby represent that the information contained in this Prospectus is true and reliable, and does not omit any fact or circumstance which is required to be disclosed herein by law, and to the best of our knowledge, there are no material obligations of Inter Cars or circumstances, other than disclosed in this Prospectus, that could have a material effect on Inter Cars' legal or financial standing, its assets or performance.

Krzysztof Oleksowicz
President of the Executive Board

Robert Kierzek
Vice-President of the Executive Board

Wojciech Milewski
Member of the Executive Board

Krzysztof Soszyński
Member of the Executive Board

Radosław Celiński
Member of the Executive Board

2.2 Selling Shareholder

2.2.1 Fund.1 Pierwszy Narodowy Fundusz Inwestycyjny Spółka Akcyjna

Company Name, Registered Offices, Address

Company name:	Fund.1 Pierwszy Narodowy Fundusz Inwestycyjny Spółka Akcyjna
Registered offices:	00-784 Warsaw, Poland
Address:	ul. Dworkowa 3, Warsaw, Poland
Contact information:	
Tel.:	(+48 22) 646 85 64
Fax:	(+48 22) 646 85 36
E-mail:	info@ballinger.com.pl
Web site	

Persons Acting on Behalf of Fund.1 Pierwszy Narodowy Fundusz Inwestycyjny Spółka Akcyjna

Łukasz Tatarkiewicz	President of the Executive Board
Beata Baliga	Vice-President of the Executive Board

The addresses of persons acting on behalf of Fund.1 Pierwszy Narodowy Fundusz Inwestycyjny Spółka Akcyjna have been withheld from publication.

Links Between Fund.1 Pierwszy Narodowy Fundusz Inwestycyjny Spółka Akcyjna and Inter Cars

There are no formal, informal or personal links between Fund.1 Pierwszy Narodowy Fundusz Inwestycyjny SA and Inter Cars, other than under:

- Investment Agreement of August 8th 2001, which is to expire upon the submission of subscription orders for at least 2,674,770 Offered Shares,
- Agreement of February 17th 2004, concerning the termination of the Investment Agreement of August 8th 2001,
- Agreements of August 10th 2001 and April 10th 2002, concerning the acquisition of new Series D and E Shares by Fund.1 Pierwszy Narodowy Fundusz Inwestycyjny SA by Fund.1 Pierwszy Narodowy Fundusz Inwestycyjny SA in performance of the Investment Agreement,
- Agreement on activities related to the introduction of Inter Cars shares into public trading and the preparation, organisation, and management of the Public Sale.

Links Between Persons acting on behalf of Fund.1 Pierwszy Narodowy Fundusz Inwestycyjny Spółka Akcyjna and Inter Cars

There are no formal, informal or personal links between persons acting on behalf of Fund.1 Pierwszy Narodowy Fundusz Inwestycyjny SA and Inter Cars.

Representation of Persons Acting on Behalf of Fund.1 Pierwszy Narodowy Fundusz Inwestycyjny Spółka Akcyjna

We hereby represent, on behalf of Fund.1 Pierwszy Narodowy Fundusz Inwestycyjny SA, that the information contained in this Prospectus is true and reliable, and does not omit any fact or circumstance which is required to be disclosed herein by law, and to the best of our knowledge, there are no material obligations of Inter Cars' or circumstances, other than disclosed in this Prospectus, that could have a material effect on Inter Cars' legal or financial standing, its assets or performance.

Łukasz Tatarkiewicz	Beata Baliga
President of the Executive Board	Vice-President of the Executive Board

2.2.2 Narodowy Fundusz Inwestycyjny FORTUNA Spółka Akcyjna

Company Name, Registered Offices, Address

Company name:	Narodowy Fundusz Inwestycyjny FORTUNA Spółka Akcyjna
Registered offices:	00-784, Warsaw, Poland
Address:	ul. Dworkowa 3, Warsaw, Poland
Contact information:	
Tel.:	(+48 22) 646 85 46
Fax:	(+48 22) 646 85 36
E-mail:	info@ballinger.com.pl
Web site:	

Persons Acting on Behalf of Narodowy Fundusz Inwestycyjny FORTUNA Spółka Akcyjna

Jerzy Maślankiewicz	President of the Executive Board
Piotr Zajączkowski	Vice-President of the Executive Board

The addresses of persons acting on behalf of Narodowy Fundusz Inwestycyjny FORTUNA Spółka Akcyjna have been withheld from publication.

Links Between Narodowy Fundusz Inwestycyjny FORTUNA Spółka Akcyjna and Inter Cars

There are no formal, informal or personal links between Narodowy Fundusz Inwestycyjny FORTUNA SA and Inter Cars, other than under:

- Investment Agreement of August 8th 2001, which is to expire upon the submission of subscription orders for at least 2,674,770 Offered Shares,
- Agreement of February 17th 2004, concerning the termination of the Investment Agreement of August 8th 2001,
- Agreements of August 10th 2001 and April 10th 2002, concerning the acquisition of new Series D and E Shares by Narodowy Fundusz Inwestycyjny FORTUNA SA in performance of the Investment Agreement,
- Agreement on activities related to the introduction of Inter Cars shares into public trading and the preparation, organisation, and management of the Public Sale.

Links Between Persons Acting on behalf of Narodowy Fundusz Inwestycyjny FORTUNA Spółka Akcyjna and Inter Cars

There are no formal, informal or personal links between persons acting on behalf of Narodowy Fundusz Inwestycyjny FORTUNA SA and Inter Cars, other than:

- Jerzy Maślankiewicz – President of the Executive Board of Narodowy Fundusz Inwestycyjny FORTUNA SA serves as Chairman of the Supervisory Board of Inter Cars,
- Piotr Zajączkowski – Vice-President of the Executive Board of Narodowy Fundusz Inwestycyjny FORTUNA SA serves as member of the Supervisory Board of Inter Cars.

Representation of Persons Acting on Behalf Narodowy Fundusz Inwestycyjny FORTUNA Spółka Akcyjna

We hereby represent, on behalf of Narodowy Fundusz Inwestycyjny FORTUNA Spółka Akcyjna, that the information contained in this Prospectus is true and reliable, and does not omit any fact or circumstance which is required to be disclosed herein by law, and to the best of our knowledge, there are no material obligations of Inter Cars or circumstances, other than disclosed in this Prospectus, that could have a material effect on Inter Cars' legal or financial standing, its assets or performance.

Jerzy Maślankiewicz	Piotr Zajączkowski
President of the Executive Board	Vice-President of the Executive Board

2.3 Information on the Entities Drawing up the Prospectus

2.3.1 Inter Cars Spółka Akcyjna

Company Name, Registered Offices, Address

Company name:	Inter Cars Spółka Akcyjna
Registered offices:	02-903 Warszawa
Address:	ul. Powsińska 64
Contact information:	
Tel.:	(+48 22) 71 41 916
Fax:	(+48 22) 71 41 918
E-mail:	bzarzadu@intercars.com.pl
Web site:	www.intercars.com.pl

Persons Acting on Behalf of Inter Cars

Krzysztof Oleksowicz	President of the Executive Board
Robert Kierzek	Vice-President of the Executive Board, Director of the Marketing and Sales Division
Wojciech Milewski	Member of the Executive Board, Director of the Logistics Division
Krzysztof Soszyński	Member of the Executive Board, Director of the Operating Division
Radosław Celiński	Member of the Executive Board, Director of the Finance Division

The addresses of persons acting on behalf of Inter Cars have been withheld from publication.

Responsibility of Inter Cars as the Entity Drawing up the Prospectus

The responsibility of Inter Cars as the entity drawing up the Prospectus is limited to the information contained in Section 1.5 in Chapter 1, Section 2.1 and Section 2.3.1 in Chapter 2, Chapter 8 (excluding the Auditor's Opinion on the financial statements of Inter Cars in Section 8.1 and Sections 8.2.1–8.2.2), and Sections 9.1–9.3 in Chapter 9.

Links Between Persons Drawing up the Prospectus, and Inter Cars or the Selling Shareholder

The abovementioned persons are related (within the meaning of the Prospectus Directive) to Inter Cars due to the positions they hold in the Executive Board of Inter Cars and their employment relationship. The President of the Executive Board is a shareholder in Inter Cars. There are no links between the abovementioned persons and Inter Cars or the Selling Shareholder, other than those specified above.

Representation on the Responsibility of Persons Acting on Behalf of Inter Cars as the Entity Drawing up the Prospectus

We hereby represent that this Prospectus has been drawn up with due professional care, and that the information contained in the parts of this Prospectus whose preparation was the responsibility of Inter Cars, is true and reliable and does not omit any fact or circumstance which is required to be disclosed herein by law.

Krzysztof Oleksowicz
President of the Executive Board

Robert Kierzek
Vice-President of the Executive Board

Wojciech Milewski
Member of the Executive Board

Krzysztof Soszyński
Member of the Executive Board

Radosław Celiński
Member of the Executive Board

2.3.2 Centralny Dom Maklerski Pekao Spółka Akcyjna

Company Name, Registered Offices, Address

Company name:	Centralny Dom Maklerski Pekao Spółka Akcyjna
Registered offices:	Warsaw, Poland
Address:	ul. Wołoska 18, 02-675 Warsaw, Poland
Tel.:	(+48 22) 640 28 40
Fax:	(+48 22) 640 27 77
E-mail:	webmaster@cdmpekao.com.pl
Web site:	http://www.cdmpekao.com.pl

Persons Acting on Behalf of CDM Pekao

Adam Niewiński	Member of the Executive Board
Jacek Radziwilski	Managing Director

The addresses of persons acting on behalf of CDM Pekao have been withheld from publication.

The responsibility of the Offeror is limited to the information contained in the Introduction, Chapter 1 (excluding Section 1.5), Section 2.3.2 and Section 2.5 in Chapter 2, Sections 3.11–3.12 in Chapter 3, Sections 5.1–5.2, Section 5.3.2., Sections 5.4–5.8, and Sections 5.15-5.16 in Chapter 5, Chapter 6, Sections 7.1-7.2 in Chapter 7, and Sections 9.4-9.6 in Chapter 9.

Links Between CDM Pekao and Persons Acting on its Behalf, and Inter Cars or the Selling Shareholder

There are no formal, informal or personal links between CDM Pekao and Inter Cars or the Selling Shareholder, other than under:

- Agreement on keeping a deposit of Inter Cars shares;
- Agreement on activities related to the introduction of Inter Cars shares into public trading and the preparation, organisation, and management of the Public Sale.

There are no formal, informal or personal links between persons acting on behalf of CDM Pekao and Inter Cars or the Selling Shareholder.

Representation of Persons Acting on Behalf of CDM Pekao

We hereby represent that the parts of this Prospectus whose preparation was the responsibility of CDM Pekao have been drawn up with due professional care, and the information they contain is true and reliable and does not omit any fact or circumstance which is required to be disclosed herein by law.

Adam Niewiński Member of the Executive Board	Jacek Radziwilski Managing Director

2.3.3 Kancelaria Radców Prawnych Oleś & Rodzynkiewicz Spółka Komandytowa

Company Name, Registered Offices, Address

Company name:	Kancelaria Radców Prawnych Oleś & Rodzynkiewicz Spółka Komandytowa
Registered offices:	Kraków, Poland
Address:	ul. Retoryka 5/2, Kraków, Poland
Tel.:	tel. (+48 12) 428-06-30, 429-28-33, 431-01-92
Fax:	fax (+48 12) 422-67-85
E-mail:	kancelaria@oles.com.pl
Web site:	http://www.oles.com.pl

Persons Acting on Behalf of Kancelaria Radców Prawnych Oleś & Rodzynkiewicz Spółka Komandytowa as the Legal Adviser and the entity drawing up the Prospectus

Wiesław Oleś	General Partner
Mateusz Rodzynkiewicz	General Partner

The addresses of persons acting on behalf of Kancelaria Radców Prawnych Oleś & Rodzynkiewicz Spółka Komandytowa have been withheld from publication (pursuant to a request submitted to the Polish SEC).

Responsibility of Kancelaria Radców Prawnych Oleś & Rodzynkiewicz Spółka Komandytowa as the Entity Drawing up the Prospectus

The responsibility of Kancelaria Radców Prawnych Oleś & Rodzynkiewicz Spółka Komandytowa as the entity drawing up the Prospectus and the persons acting on behalf of the Legal Adviser is limited to information contained in Section 2.3.3 in Chapter 2, Chapter 3 (excluding Sections 3.11-3.12), Chapter 4, Section 5.3.1, Sections 5.9-5.14 and Sections 5.17-5.20 in Chapter 5; and Sections 7.3-7.19 in Chapter 7.

Links Between Kancelaria Radców Prawnych Oleś & Rodzynkiewicz Spółka Komandytowa and Persons Acting on its Behalf, and Inter Cars

There are no personal, capital, organisational, or contractual links between Kancelaria Radców Prawnych Oleś & Rodzynkiewicz Spółka Komandytowa as the entity drawing up the Prospectus, and persons acting on its behalf, and Inter Cars, other than under the agreement of December 10th 2003 on the provision of comprehensive legal services in connection with the registration of the Company shares into public trading.

Representation on the Responsibility of Persons Acting on Behalf of Kancelaria Radców Prawnych Oleś & Rodzynkiewicz Spółka Komandytowa, as the Entity Drawing up the Prospectus

Acting on behalf of Kancelaria Radców Prawnych Oleś & Rodzynkiewicz Spółka Komandytowa, we hereby represent that parts of this Prospectus whose preparation was the responsibility of Kancelaria Radców Prawnych Oleś & Rodzynkiewicz Spółka Komandytowa have been drawn up with due professional care, and the information contained in these parts is true and reliable and does not omit any fact or circumstance which is required to be disclosed herein by law.

....	....
Wiesław Oleś	*Mateusz Rodzynkiewicz*
General Partner	General Partner

2.4 Information on the Auditor

a) Company Name, Registered Offices, Address

Company name:	PricewaterhouseCoopers Spółka z ograniczoną odpowiedzialnością
Abbreviated Company name:	PricewaterhouseCoopers Sp. z o.o.
Registered offices:	Warsaw, Poland
Address:	Al. Armii Ludowej 14, 00-638 Warsaw, Poland
Tel.:	(+48 22) 523 40 00
Fax:	(+48 22) 523 40 40
Web site:	www.pwcglobal.com/pl

Legal Basis for Audit

PricewaterhouseCoopers Sp. z o.o. is entered in the list of entities qualified to audit financial statements under entry No. 144.

b) Persons Acting on Behalf of PricewaterhouseCoopers Sp. z o.o.

Wojciech Maj – Member of the Executive Board, Chartered Auditor (Reg. No. 6128/2647) as the person acting on behalf of PricewaterhouseCoopers Sp. z o.o. is responsible for the opinion on the accuracy, fairness and clarity of the Issuer's financial statements for the period January 1st – December 31st 2003. The responsibility of Mr May is limited to information contained in Section 2.4 in Chapter 2, and Section 8.1 and Sections 8.2.1-8.2.2 in Chapter 8 of the Prospectus. (Mr May's address has been withheld from publication.)

c) Person Qualified to Audit the Issuer's Financial Statements on Behalf of PricewaterhouseCoopers Sp. z o.o.

Wojciech Maj, Member of the Executive Board and Chartered Auditor (Reg. No. 6128/2647) is responsible for the audit of the Issuer's financial statements for the period January 1st – December 31st 2003. (Mr May's address has been withheld from publication.)

d) Links Between PricewaterhouseCoopers Sp. z o.o. and the Person Acting on its Behalf and the Issuer

There are no legal, organisational or financial links between PricewaterhouseCoopers Sp. z o.o. and the person acting on its behalf and the Issuer, other than under:

- Agreement of September 29th 2003 for the audit of financial statements for the period January 1st – December 31st 2003 pursuant to the provisions of the Accountancy Act of September 29th 1994 and professional accounting standards defined by the National Board of Chartered Auditors,

- Agreement of December 3rd 2003 for the audit of financial statements for the financial periods from January 1st 2001 – December 31st 2003, and for work related to the preparation of documentation necessary to publish an Issue Prospectus pursuant to the provisions of the Accountancy Act of September 29th 1994, professional accounting standards defined by the National Board of Chartered Auditors, and the Directive of the Council of Ministers on detailed requirements for issue prospectuses and abbreviated issue prospectuses, dated October 16th 2001 (Prospectus Directive).

e) Representation of the Person Acting on Behalf of PricewaterhouseCoopers Sp. z o.o. on its Selection by the Issuer and Meeting the Conditions Required to Express an Impartial and Independent Opinion on the Audit

I hereby represent that PricewaterhouseCoopers Sp. z o.o.:

- was selected to audit the Issuer's financial statements for the period January 1st – December 31st 2003, included in this Prospectus, in accordance with the applicable laws;
- meets the conditions required to express an impartial and independent opinion on the audit.

....

Wojciech Maj
Member of the Executive Board

Chartered Auditor
Reg. No. 6128/2647

On behalf of
PricewaterhouseCoopers Sp. z o.o.

Entered in the list of entities qualified
to audit financial statements under entry No. 144.

f) Representation of the Person Auditing the Issuer's Financial Statements on Meeting the Conditions Required to Express an Impartial and Independent Opinion on the Audit

I hereby represent that as the person auditing on behalf of PricewaterhouseCoopers Sp. z o.o. the Issuer's financial statements for the period January 1st – December 31st 2003, included in this Prospectus, I meet the conditions required to express an impartial and independent opinion on the audit.

....

Wojciech Maj
Member of the Executive Board

Chartered Auditor
Reg. No. 6128/2647

On behalf of
PricewaterhouseCoopers Sp. z o.o.

Entered in the list of entities qualified
to audit financial statements under entry No. 144.

g) Representation on the Responsibility of Persons Acting on Behalf of PricewaterhouseCoopers Sp. z o.o. Auditing the Issuer's Financial Statements

I hereby represent that:

- the Issuer's financial statements for the period January 1st – December 31st 2003 and the financial statements for the period January 1st – December 31st 2002 and January 1st – December 31st 2001 used as basis for preparing comparable financial data, included in Chapter 8 of this Prospectus, were audited in accordance with the applicable laws and regulations and professional auditing standards. Based on the performed audit of the financial statements for the financial year ending as on December 31st 2003, we issued an unqualified opinion. For the full text of the opinion see Chapter 8 of this Prospectus.

- the comparable data disclosed in Chapter 8 of this Prospect come from the audited financial statements for the period January 1st – December 31st 2002 and financial statements for the period January 1st – December 31st 2001, which were restated to ensure comparability of data by applying uniform accounting policies in all presented periods, consistent with the accounting policies applied by the Issuer in preparing financial statements for the most recent financial period included in this Prospectus. The reconciliation of the comparable data included in the Prospectus to the items of the audited financial statements fairly reflects the performed restatements; the comparable data contained in the Prospectus are based on the audited financial statements, following their adjustments leading to comparability, due to the changes in the accounting policies.

- the form of presentation of the Issuer's financial statements and comparable data included in Chapter 8 of this Prospectus, and scope of information disclosed therein, are compliant with the requirements provided under the Prospectus Directive.

....

Wojciech Maj
Member of the Executive Board

Chartered Auditor
Reg. No. 6128/2647

On behalf of
PricewaterhouseCoopers Sp. z o.o.

Entered in the list of entities qualified
to audit financial statements under entry No. 144.

2.5 Information on the Offeror

Company Name, Registered Offices, Address

Company name:	Centralny Dom Maklerski Pekao Spółka Akcyjna
Registered offices:	Warsaw, Poland
Address:	ul. Wołoska 18, 02-675 Warsaw, Poland
Tel.:	(+48 22) 640 28 40
Fax:	(+48 22) 640 27 77
E-mail:	webmaster@cdmpekao.com.pl
Web site:	http://www.cdmpekao.com.pl

Persons Acting on Behalf of CDM Pekao

Adam Niewiński	Member of the Executive Board
Jacek Radziwilski	Managing Director

Addresses of persons acting on behalf of CDM Pekao have been withheld from publication.

Links Between CDM Pekao and Persons Acting on its Behalf, and Inter Cars or the Selling Shareholder

There are no formal, informal or personal links between CDM Pekao and the person acting on its behalf and Inter Cars or the Selling Shareholder, other than under:

- Agreement for keeping a deposit of Inter Cars shares;
- Agreement on activities related to the introduction of Inter Cars shares into public trading and the preparation, organisation, and management of the Public Sale.

There are no formal, informal or personal links between persons acting on behalf of CDM Pekao and Inter Cars or the Selling Shareholder.

Representation of Persons Acting on Behalf of CDM Pekao

We hereby represent that the Offeror prepared and managed the introduction of the Shares to the public trading with due professional care.

Adam Niewiński	Jacek Radziwilski
Member of the Executive Board	Managing Director

Chapter III – Information on the Public Sale

3.1 Shares to Be Introduced to Public Trading

This Prospectus is the basis for the introduction of a total of 11,821,100 Inter Cars Shares, with a par value of PLN 2 per share, to public trading, including:

200,000 Series A ordinary bearer shares,
7,695,600 Series B ordinary bearer shares,
104,400 Series C ordinary bearer shares,
2,153,850 Series D ordinary bearer shares,
1,667,250 Series E ordinary bearer shares.

This Prospectus is the basis for the offering of 3,821,100 ordinary bearer shares with a par value of PLN 2 per share and an aggregate par value of PLN 7,642,200, including: 2,153,850 Series D ordinary bearer shares and 1,667,250 Series E ordinary bearer shares.

Types of shares	Number of shares	Par value (PLN)	Issue price (PLN)	Share premium (PLN)	Estimated fees and issue costs (PLN)	Proceeds to the Issuer (PLN)
1	2	3	4	5	6	7=(2*4)-6
Per share	1	2.00	-	-	-	-
Series D Shares	2,153,850	4,307,700	-	-	-	-
Series E Shares	1,667,250	3,334,500	-	-	-	-
Total	**3,821,100**	**7,642,200**	**-**	**-**	**-**	**-**

There are no limitations as to the assignment of rights conferred by the Company Shares. The Company shares are free from any security interests. No additional benefits or obligations are connected with the Company Shares.

3.2 Cost of the Public Sale

The introduction of the Company's shares to public trading is not accompanied by a subscription for new issue shares.

The estimated cost of the Public Sale to be incurred by the Company is presented in the table below.

	Estimated cost (PLN)
Preparation of the Issue Prospectus	330,000
Promotion and printing of the Issue Prospectus	100,000
Underwriters' fees	-
Other (Polish SEC, Polish NDS, WSE)	150,000
Total	**580,000**

The above costs will be charged to the costs of the current period. The detailed costs shall be determined and published in a manner defined in Art. 81 of the Polish Securities Act, immediately after the closing of the Public Sale.

3.3 Legal Basis for the Issue and Introduction of the Shares to Public Trading

3.3.1 Corporate Body Competent to Decide on the Issue and Introduction of the Securities to Public Trading

Pursuant to the provisions of Art. 431.1 of the Polish Companies Act, in conjunction with Art. 430 of the Polish Companies Act, any share capital increase requires a resolution by the General Shareholders Meeting. For the resolution to be effective, it must be adopted by the majority of three-fourths of the votes cast. The resolution on a share capital increase should be filed for registration within six months from its adoption or, if the new issue shares are approved for introduction to public trading, from the date on which the relevant consent was granted, provided that the application for such consent or the share issue notification is filed prior to the lapse of four months from the date of the resolution on a share capital increase (Art. 431.4 of the Polish Companies Act).

On February 17th 2004, the Extraordinary Shareholders Meeting adopted, in a unanimous vote, Resolution No. 2, approving the introduction of Series A, Series B, Series C, Series D, and Series E shares in the Company to public trading, and authorising the Executive Board to place the shares in deposit.

Resolution No. 2 reads as follows:

RESOLUTION No. 2
of February 17th 2004
by the Extraordinary Shareholders Meeting
of Inter Cars Spółka Akcyjna of Warsaw
approving the introduction of Series A, Series B, Series C, Series D and Series E Shares in the Company
to public trading in securities
and authorising the Executive Board to place the shares in deposit

Par. 1. [Approval of the Introduction of Shares to Public Trading]

The Extraordinary Shareholders Meeting of Inter Cars SA (hereinafter referred to as the "Company") herby approves introduction of Series A, Series B, Series C, Series D and Series E shares in the Company to public trading in securities, within the meaning of the Act on Public Trading in Securities, dated August 21st 1997 (consolidated text in Dz.U. No. 47 of 2002, item 449, as amended), on the Warsaw Stock Exchange; the shares, to be created after the conversion of the abovementioned shares into bearer shares with a par value of PLN 2 (two złoty) per share is registered, are:
1) 200,000 (two hundred thousand) Series A ordinary bearer shares,
2) 7,695,600 (seven million, six hundred and ninety-five thousand, six hundred) Series B ordinary bearer shares,
3) 104,400 (one hundred and four thousand, four hundred) Series C ordinary bearer shares,
4) 2,153,850 (two million, one hundred and fifty-three thousand, eight hundred and fifty) Series D ordinary bearer shares,
5) 1,667,250 (one million, six hundred and sixty-seven thousand, two hundred and fifty) Series E ordinary bearer shares.

The resolution was recorded as a notary deed by Tomasz Pieper, Notary Public with a Notary Office in Warsaw (Rep. A No. 1480/2004).

3.3.2 Date and Form of Decision on the Issue of Series D Shares

On August 10th 2001, the Extraordinary Shareholders Meeting adopted, in a unanimous vote and in the presence of persons representing 90% of the Company's share capital, Resolution No. 1 on an increase in the Company's share capital.

Resolution No. 1 reads as follows:

RESOLUTION No. 1
of August 10th 2001
by the General Shareholders Meeting
of Inter Cars Spółka Akcyjna of Warsaw,
on an increase in the Company's share capital

Pursuant to Art. 431.1, Art. 431.2, and Art. 433.2 of the Polish Companies Act, as well as Par. 18 of the Company's Articles of Association, and following presentation by the Company's Executive Board of the rationale for the waiver of the pre-emptive rights (the need to provide additional financing to the Company by external investors), the Company's General Shareholders Meeting hereby resolves:

Par. 1
1. To increase the share capital of Inter Cars Spółka Akcyjna by PLN 4,307,700.00 (four million, three hundred and seven thousand, seven hundred złoty), from PLN 16,000,000.00 (sixteen million złoty) to 20,307,700.00 (twenty million, three hundred and seven thousand, seven hundred złoty), by way of an issue of 43,077 (forty-three thousand, seventy-seven) Series D ordinary registered shares, numbered from 160.001 to 203.077, with a par value of PLN 100.00 (one hundred złoty) per share, with the existing shareholders' pre-emptive rights to acquire the Series D shares waived in their entirety;
2. To stipulate that the Series D shares shall be fully paid up in cash, prior to the registration of the share capital increase;
3. To stipulate that the Series D shares shall carry a right to dividend as of January 1st 2001;
4. To set the issue price for the Series D shares at PLN 342.558125 per share;
5.The share capital increase shall be effected by way of a private placement (Art. 431.2.1 of the Polish Companies Act) through offering:
5.2. 12,924 Series D registered shares in the Company to be acquired by FUND.1 Pierwszy Narodowy Fundusz Inwestycyjny SA of Warsaw;
5.3. 30,153 Series D registered shares to be acquired by Narodowy Fundusz Inwestycyjny FORTUNA SA of Warsaw.
6. To authorise the Executive Board to make an offer by way of a public placement and to allot all Series D shares to such persons and in such proportions as specified in Par. 1.5 of this Resolution under relevant agreements on the acquisition of Series D shares;
7. The Company shall sign the agreements on the acquisition of Series D shares by August 18th 2001.

Par. 2.
This Resolution shall be effective as of the date of its adoption.

Resolution No. 1 was recorded in the form of a notary deed by Tomasz Pieper, Assistant Notary Public to Marek Majchrzak, Notary Public with a Notary Office in Warsaw (Rep. A No. 5817/2001). The share capital increase was registered on August 29th 2001.

On February 17th 2004, the Extraordinary Shareholders Meeting adopted, in a unanimous vote, Resolution No. 3 on amendment to the Company's Articles of Association, whereby the division of the Company's share capital was changed through a reduction of the par value of each share from PLN 100 to PLN 2 (the resolution was recorded as a notary deed by Tomasz Pieper, Notary Public with a Notary

Office in Warsaw, Rep. A No. 1480/2004). At the same time, all Series D Shares were converted into ordinary bearer shares. The amendment to the Articles of Association was registered on March 18th 2004.

3.3.3 Date and Form of Decision on the Issue of Series E Shares

On April 9th 2002, the General Shareholders Meeting adopted, in a unanimous vote and in the presence of persons representing 100% of the Company's share capital, Resolution No. 18 on an increase in the Company's share capital.

Resolution No. 18 reads as follows:

RESOLUTION No. 18

Pursuant to Art. 432 of the Polish Companies Act and Par. 22.5.5.1. of the Company's Articles of Association, the Ordinary General Shareholders Meeting of Inter Cars SA of Warsaw, hereby resolves:

1. To increase the share capital of Inter Cars Spółka Akcyjna by PLN 3,334,500.00 (three million, three hundred and thirty-four thousand, five hundred złoty), from PLN 20,307,700.00 (twenty million, three hundred and seven thousand, seven hundred złoty) to PLN 23,642,200.00 (twenty-three million, six hundred and forty-two thousand, two hundred złoty), by way of an issue of 33,345 Series E ordinary registered shares, numbered from 203.078 to 236.422, with a par value of PLN 100.00 (one hundred) per share, with the existing shareholders' pre-emptive rights to acquire the Series E shares waived in their entirety.

2. To stipulate that the Series E shares shall be fully paid up in cash, prior to the registration of the share capital increase;
3. To stipulate that the Series E shares shall carry a right to dividend as of January 1st 2002;
4. To set the issue price for the Series E shares at the złoty equivalent, to be calculated at the mid-exchange rate quoted by the National Bank of Poland on April 8th 2002, of USD 104.96 (one hundred and four dollars, ninety-six cents) per share.
5. The share capital increase shall be effected by way of a private placement (Art. 431.2.1 of the Polish Companies Act) through offering:
a) 23,341 Series E registered shares in the Company to be acquired by Narodowy Fundusz Inwestycyjny FORTUNA SA of Warsaw;
b) 10,004 Series E registered shares to be acquired by FUND.1 Pierwszy Narodowy Fundusz Inwestycyjny SA of Warsaw;
6. To authorise the Executive Board to make an offer by way of a public placement and to allot all Series E shares to such persons and in such proportions as specified in item 5 of this Resolution;
7. The Company shall sign the agreements on the acquisition of Series E shares by April 11th 2002;
8. This Resolution shall be effective as of the date of its adoption.
9. Within seven days from the date of acquisition of the Series E shares, the Company's Executive Board shall apply to the Registry Court for registration of the share capital increase as part of Tranche II.

Resolution No. 18 was recorded in the form of a notary deed by Marek Majchrzak, Notary Public with a Notary Office in Warsaw (Rep. A No. 184/2002). The share capital increase was registered on June 7th 2002.

On February 17th 2004 the Extraordinary Shareholders Meeting adopted, in a unanimous vote, Resolution No. 3 on amendment to the Company's Articles of Association, whereby the division of the Company's share capital was changed through a reduction of the par value of each share from PLN 100 to PLN 2 (the resolution was recorded as a notary deed by Tomasz Pieper, Notary Public with a Notary Office in Warsaw, Rep. A No. 1480/2004). At the same time, all Series E Shares were converted into ordinary bearer shares. The amendment to the Articles of Association was registered on March 18th 2004.

3.4 Existing Shareholders' Pre-Emptive Rights to Shares

3.4.1 Series D Shares

The existing shareholders' pre-emptive rights to Series D Shares under Art. 433.1 of the Polish Companies Act have been waived in their entirety with respect to Series D Shares. During the Extraordinary Shareholders Meeting on August 10th 2001, the Executive Board's opinion specifying the rationale for the waiver of existing shareholders' pre-emptive rights to Series D Shares was presented. The Executive Board stated that the waiver of the pre-emptive right is in the Company's interest due to the fact that the Company is in need of additional capital from external investors.

The waiver of the existing Shareholders' pre-emptive rights to Series D Shares was performed in compliance with the requirements specified in Art. 433.2 of the Polish Companies Act: Resolution No. 1 was adopted in a unanimous vote, in the presence of the shareholders representing 90% of the share capital. The waiver of the pre-emptive rights was included in the agenda of the Meeting, and an opinion specifying the rationale for the waiver of the pre-emptive rights and a proposed issue price was presented during the Meeting.

3.4.2 Series E Shares

The existing shareholder's pre-emptive rights to Series E Shares under Art. 433.1. of the Polish Companies Act have been waved in their entirety. During the Ordinary Shareholders Meeting on April 9th 2002, the President of the Executive Board presented to the shareholders the rationale for the waiver of the pre-emptive rights and a proposed issue price.

The waiver of the existing Shareholders' pre-emptive rights to Series E Shares was performed in compliance with the requirements specified in Art. 433.2 of the Polish Companies Act: Resolution No. 18 was adopted in a unanimous vote, in the presence of the shareholders representing 100% of the share capital. The waiver of the pre-emptive rights was included in the agenda of the Meeting, and an opinion specifying the rationale for the waiver of the pre-emptive rights and a proposed issue price was presented during the Meeting.

3.5 Date as of Which the Offered Shares Carry the Right to Dividend

3.5.1 Series D Shares

In accordance with the provisions of Par. 1.3 of Resolution No. 1 by the Extraordinary Shareholders Meeting of August 10th 2001 on an increase in the Company's share capital, Series D Shares will carry the right to dividend as of January 1st 2001.

3.5.2 Series E Shares

In accordance with the provisions of Item 3 of Resolution No. 18 by the Ordinary Shareholders Meeting of April 9th 2002 on an increase in the Company's share capital, Series E Shares will carry the right to dividend as of January 1st 2001.

3.6 Rights Attached to Offered Shares to Be Introduced to Public Trading, Additional Performance for the Benefit of the Issuer, Approval or Notification Requirements with Respect to the Entities Acquiring or Disposing of the Shares

3.6.1 Rights and Obligations Related to the Holding of the Company Shares

The rights and obligations under the Company shares are defined in the Polish Companies Act, in the Company's Articles of Association and other applicable legal regulations. To obtain more detailed information, assistance of persons and entities qualified to provide legal advice should be sought.

3.6.1.1 Property Rights Attached to the Company Shares

Shareholders in the Company are vested with the following property rights:

1) Right to dividend, that is to a share in the Company's profit disclosed in the audited financial statements, allocated for distribution among the shareholders by the General Shareholders Meeting; the Articles of Association do not provide for any preference with respect to this right, which means that the same amount of dividend is allocated to each share;

2) Pre-emptive right to acquire new shares in proportion to the number of shares already held; subject to the requirements stipulated in Art. 433 of the Polish Companies Act, a Shareholder's pre-emptive right may be waived, in full or in part, by virtue of a resolution of the Company's General Shareholders Meeting adopted by the majority of at least four-fifths of votes, if such a waiver is in the Company's interest. The provision concerning the majority of at least four-fifths of the votes does not apply when a resolution on the share capital increase stipulates that all the new shares are to be acquired by a financial institution (underwriter) who will subsequently offer them to shareholders with a view to enabling the shareholders to exercise the pre-emptive rights in accordance with the terms and conditions specified in the Resolution, and when the resolution stipulates that the new shares are to be acquired by the underwriter in the event that the shareholders holding the pre-emptive rights do not acquire all or a portion the shares offered to them; the shareholders' pre-emptive rights to the shares may be waved if such waiver was included in the agenda of the General Shareholders Meeting; in such a case, the Executive Board presents to the General Shareholders Meeting a written opinion specifying the rationale for the waiver of the pre-emptive rights and a proposed issue price or manner for establishing it .

3) In the event of the Company's liquidation, right to a share in the Company's residual assets, remaining after creditors have been satisfied or their claims have been secured; the Company's Articles of Association do not provide for any preference in this respect;

4) Right to dispose of the shares,

5) Under Par. 6.3 of the Articles of Association, bearer shares cannot be converted into registered shares.

3.6.1.2 Corporate Rights Attached to the Company Shares

Shareholders in the Company have the following rights resulting from their participation in the Company:

1) Right to participate in and vote at the General Shareholders Meeting; the Company shares confer the right to one vote at the Meeting;

2) Right, vested in the shareholders holding at least one-tenth of the Company's share capital, to request that an Extraordinary Shareholders Meeting be convened and that particular issues be included in the agenda of the Meeting;

3) Right, vested in the shareholders holding at least one-fifth of the total vote at the General Shareholders Meeting, to convene the Ordinary Shareholders Meeting if the Executive Board fails to convene it within the timeframe specified in Art. 395.1 of the Polish Companies Act, and the Extraordinary Shareholders Meeting if the shareholders deems it necessary to convene such a meeting and the Executive Board fails to convene the Extraordinary Shareholders Meeting within two weeks as of filing a relevant request (par. 17.3 of the Articles of Association).

4) Right to challenge resolutions of the General Shareholders Meeting in accordance with the provisions of Art. 422-427 of the Polish Companies Act;

5) Right to demand the election of the Supervisory Board by block voting, in accordance with Art. 385.3 of the Polish Companies Act, at a request of the shareholders representing at least one-fifth of the share capital; Supervisory Board should be elected by block voting at the next General Shareholders Meeting;

6) Right to demand that an issue connected with the incorporation of a publicly-traded company or managing its business be inspected by an expert (a special auditor); the relevant resolution is passed by the General Shareholders Meeting at a request of a shareholder or shareholders holding at least 5% of the total vote at the General Shareholders Meeting (Art. 158b of the Polish Securities Act); if the General Shareholders Meeting dismisses a request to appoint a special auditor, the requesting parties may apply to the Registry Court to appoint the auditor within 14 days as of adopting the resolution (Art. 158c of the Polish Securities Act).

7) Right to obtain information on the Company during the General Shareholders Meeting, to the extent and in the manner specified by the law, in particular Art. 428 of the Polish Companies Act; the Executive Board is obliged to give to a shareholder – at his request – information on the Company if such information is necessary to enable the shareholder to assess an issue included in the agenda; a shareholder who was refused information during the General Shareholders Meeting and who raised an objection and requested that the objection be recorded in the minutes may file a request with the Registry Court to oblige the Executive Board to provide the required information (Art. 429 of the Polish Companies Act).

8) Right to a registered share certificate issued by the entity maintaining the securities account in accordance with the provisions of the Polish Securities Act (Art. 328.6 of the Polish Companies Act).

3.6.1.3 Obligations Attached to the Company Shares

The Company's Articles of Association do not provide for any additional obligations connected with the holding of the Company shares. The persons acquiring the shares are not obliged to provide any other additional performance for the benefit of the Company.

3.6.2 Rights and Obligations Related to the Purchase and Disposal of the Company Shares

3.6.2.1 Obligations and Limitations under the Articles of Association

Trading in the Company shares is free and is not subject to any limitations except as defined in the Polish Companies Act and other provisions of the law.

3.6.2.2 Obligations and Limitations under the Polish Securities Act

Trade in the Company shares registered in public trading is subject to the limitations defined in the Polish Securities Act.

Under Art. 147 of the Polish Securities Act:

1) A shareholder who following acquisition of shares in a publicly-traded company, reaches or exceeds the threshold of 5% or 10% of the total vote at the General Shareholders Meeting,

2) A shareholder who prior to the disposal of shares held a number of shares in a publicly-traded company conferring rights to at least 5% or at least 10% of the total vote at the General Shareholders Meeting, and who, following the disposal of the shares, holds a number of shares which confers rights to no more than 5%, or no more than 10%, respectively, of the total vote,

3) A shareholder who holds shares in a publicly-traded company conferring rights to over 10% of the total vote at the General Shareholders Meeting, and subsequently acquires or disposes of the shares, whereupon the size of his holding changes by at least 2% of the total vote at the General Shareholders Meeting – in the case of a publicly-traded company whose shares are traded on a regulated stock-exchange market, or 5% of the total vote at the General Shareholders Meeting – in the case of other publicly-traded companies; this obligation arises both in the case of concluding a single transaction or a series of transactions,

4) A shareholder who following the acquisition of shares in a publicly-traded company reaches or exceeds 25%, 50% or 75%, respectively, of the total vote at the General Shareholders Meeting,

5) A shareholder who following a disposal of shares becomes a holder of shares in the number conferring not more than 25%, 50% or 75%, respectively, of the total vote at the General Shareholders Meeting,

- is obliged, within four days from date of the relevant entry having been made in the securities account as a result of the acquisition or disposal of the shares, respectively, to notify the Polish SEC, the Polish Anti-Trust and Consumer Protection Authority and the company of the transaction and its effect on the number of securities held and the voting rights at the General Shareholders Meeting conferred thereunder. The notification of reaching or exceeding the threshold of 10% of the total vote at the General Shareholders Meeting should also include information on any plans the shareholder may have to increase his holding in the publicly-traded company during a period of 12 months following the day on which the notification was submitted, and should also state the purpose of such an increase. In the event of any change to these plans or objectives in the period of 12 months following the day on which the notification was submitted and subsequently to that date, the shareholder must immediately notify the Polish SEC, the Company and the President of the Polish Anti-Trust and Customer Protection Authority.

Pursuant to Art. 149 of the Polish Securities Act, the acquisition of shares in a publicly-traded company or of depository receipts which have been issued in connection with the shares, in a number which makes the shareholder reach or exceed, in aggregate, the thresholds of 25%, 33%, or 50%, respectively, of the total vote at the General Shareholders Meeting, requires the approval of the Polish SEC, which should be sought and obtained by the party acquiring the securities. Such an approval is not required in the case of shares in a publicly-traded company which are traded exclusively on the non-regulated OTC market.

Within 14 days from the date of submission of a request by a potential buyer, the Polish SEC may:

1) grant its consent and provide a press agency with information concerning such consent, or

2) refuse to grant its consent if such acquisition would result in a breach of the law, pose a threat to an important national interest, or would involve a risk for the national economy. The consent may be granted subject to providing in its content for a condition whereby failure to reach or exceed a certain threshold of votes at the General Shareholders Meeting by the date specified in the notification will result in the expiry of the decision granting the consent.

The Polish SEC may refuse its consent if, in the 24 months prior to the submission of the request, the proposing party has failed to perform or unduly performed the obligations defined in Art. 147 and Art. 150 of the Polish Securities Act. The scope of the information covered by the request for such a consent is defined by the Council of Ministers by way of a Directive.

Pursuant to Art. 151 of the Polish Securities Act, the acquisition on the secondary market, within a period of less than 90 days, of shares admitted to public trading or depository receipts issued in connection with such shares, which shares or receipts confer rights to at least 10% of the total vote at the General Shareholders Meeting, may only be effected by a tender offer for sale or exchange of shares. A tender offer may only be made following the establishment of a security equal to 100% of the value of shares which are to be acquired. The said security must be documented with certificates issued by a bank, or any other relevant institution. The obligation to announce a tender offer does not apply in the case of acquisition of shares in a publicly-traded company which are registered in trading exclusively on the non-regulated OTC market.

Pursuant to Art. 154 of the Polish Securities Act, a person who acquires shares in a publicly-traded company, or depository receipts which have been issued in connection with such shares, and who, on the basis of his holding, has the right to cast more than 50% of the total vote at the General Shareholders Meeting, is obliged to:

1) Announce and execute a tender offer for the remaining shares in the company, or

2) Dispose of, prior to the exercising of the right to vote conferred by the shares held, such a number of shares as will leave him with no more than 50% of the total vote at the General Shareholders Meeting.

Pursuant Art. 158a of the Polish Securities Act:

1) Acquisition, disposal or holding of shares in a publicly-traded company or of depository receipts issued in connection with such shares, by a direct or indirect subsidiary is deemed to be an acquisition, disposal or holding of such shares or depository receipts by the parent undertaking;

2) Depository receipts issued in connection with shares in the publicly-traded company are considered securities carrying the right to such a number of voting rights under the company shares as the holder of a depository receipt may acquire as a result of the conversion of the depository receipts into such shares.

A parent undertaking incurs an obligation related to the acquisition of large blocks of shares as a result of its subsidiary undertaking's legal action or any other legal event with respect to such an undertaking only if the same involves a change in the number of votes held by the parent undertaking which gives rise to such an obligation.

The abovementioned obligations defined by the provisions of Art. 158a.3 of the Polish Securities Act are also binding on:

1) All entities bound by a written or oral agreement concerning:
    a) joint acquisition of shares in a publicly-traded company or of depository receipts which have been issued in connection with such shares; or
    b) a joint voting strategy at the General Shareholders Meeting of that company regarding issues which are material for that company; or
    c) a joint and long-term policy with regard to the management of that company,

- even if only one of the subsidiaries is taking or intending to take action which would give rise to the said obligations; the obligations will be performed by either party to the agreement, as designated by the parties to the agreement;

2) An investment fund, also in the event of the threshold of the number of votes defined in the provisions referred to above being reached or exceeded as a result of the acquisition, disposal or holding of shares or depository receipts jointly by:
    a) other investment funds managed by the same investment fund company,
    b) other investment funds which were incorporated outside of the Republic of Poland and which are managed by the same entity;

3) An entity which reaches or exceeds the threshold of the number of votes defined in the provisions referred to above, as a result of the acquisition, disposal, or holding of shares or depository receipts:
    a) by a third party acting on its own behalf, but to the order or to the benefit of such an entity, exclusive of the shares acquired in connection with the activities referred to in Art. 30.2.2 of the Polish Securities Act (brokerage services),
    b) in connection with the activities referred to in Art. 30.2.4 of the Polish Securities Act – with regard to the shares comprising the securities portfolio, which entitle the company managing the portfolios to exercise the voting rights at the General Shareholders Meeting on behalf of the parties for which the securities portfolio is managed (managing securities portfolio to the order of third parties).

Liability for Non-Compliance with the Requirements Related to Public Trading

The Polish Securities Act regulates the liability for non-compliance with the requirements referred to above in the following way:

1) Under Art. 156 of the Polish Securities Act, exercising the voting rights attached to shares acquired in contravention of the provisions of Art. 147, 149, 151, and 155 is not effective. Moreover, failure to perform the obligation referred to in Art. 154 renders exercising the voting rights attached to all shares held ineffective;
2) Under Art. 167 of the Polish Securities Act, anyone who fails to submit the notification referred to in Article 147.1 or 147.2 and 148 in the time prescribed, is liable to a fine of up to PLN 1,000,000;
3) Under Art. 168 of the Polish Securities Act, anyone who acquires shares and fails to observe the terms and conditions referred to in Art. 151.1 or 151.2, is liable to a fine of up to PLN 1,000,000;
4) Under Art. 168a of the Polish Securities Act, anyone who does not perform the obligations referred to in Art. 149, is liable to a fine of up to PLN 1,000,000;
5) Under Art. 169 of the Polish Securities Act, anyone who announces and executes a tender offer, and fails to observe the terms and conditions referred to in Art. 152.1 or Art. 153, is liable to a fine of up to PLN 1,000,000;
6) Under Art. 171 of the Polish Securities Act, any shareholder in a publicly-traded company holding rights to more than 50% of the total vote at the General Shareholders Meeting, who does not make a tender offer referred to in Art. 154.1, or anyone who, following the acquisition of shares has become a shareholder in a publicly-traded company holding rights to more than 50% of the total vote at the General Shareholders Meeting and, before exercising his voting rights, does not dispose of such a number of shares that would make his holding not exceed the threshold of 50% of the total vote at the General Shareholders Meeting, is liable to a fine of up to PLN 1,000,000;

Under Art. 172 of the Polish Securities Act, anyone who, in a tender offer (referred to in Art. 154), offers a price lower than the price set in accordance with Art. 155.1.1 or 155.1.2 is liable to a fine of up to PLN 1,000,000.

3.6.2.3 Obligations Arising from Acquisition of Shares under the Anti-Trust and Consumer Protection Act

Pursuant to the provisions of the Anti-Trust and Consumer Protection Act, a company is obliged to notify the President of the Anti-Trust and Consumer Protection Authority if the intended concentration of its business with another business causes an aggregate value of the annual sales revenue of the businesses in the financial year preceding the notification to exceed the equivalent of EUR 50,000,000. The aggregate value of sales revenue based on which the obligation to notify of the intended concentration arises is calculated by taking into account the sales revenue of a company participating in the concentration as well as the sales revenue of other companies which are members of the capital group to which a company directly participating in the concentration belongs (Art. 15 of the Anti-Trust and Consumer Protection Act). The euro amount is subject to translation into the złoty at the mid exchange rate quoted by the National Bank of Poland on the last calendar day of the year preceding the notification of intended concentration (Art. 115 of the Anti-Trust and Consumer Protection Act).

The notification requirement applies, *inter alia*, in the case of:

1) An intended takeover – through*, inter alia*, acquisition of shares – of direct or indirect control over the whole or a part of one or more companies by one or more companies;

2) Acquisition of shares in another company which results in reaching or exceeding 25% of the total vote at the General Shareholders Meeting;

3) The exercise of the rights attached to shares acquired in violation of the notification requirement under Art. 13.3 and 13.4 of the Anti-Trust and Consumer Protection Act.

Pursuant to Art. 14 of the Anti-Trust and Consumer Protection Act, concentration executed by a subsidiary undertaking is deemed concentration executed by the parent undertaking.

An intended concentration is not subject to the notification requirement if:

1) The sales revenue of the company:

a) which is to be taken over,

b) whose shares are to be acquired,

c) whose shares incorporate rights which are to be exercised,

did not exceed the equivalent of EUR 10,000,000 in the Republic of Poland in neither of the two financial years preceding the notification;

2) The joint market share of companies intending to concentrate does not exceed 20%;

3) It consists in the temporary acquisition of shares for resale by a financial institution, provided that the scope of this institution's business activities includes investments in shares in other companies on its own or third party's account and further provided that the shares will have been resold within one year from the acquisition date, and that:

a) this institution does not exercise the rights under these shares, with the exception of the right to dividend, or

b) it exercises these rights exclusively in order to prepare the sale of the whole or part of the company, its assets or these shares,

and, acting upon a motion of the financial institution, the President of the Anti-Trust and Consumer Protection Authority, by way of a decision, may extend the one-year term referred to above if this institution has proved that the resale of shares was not feasible or economically reasonable within one year from the acquisition;

4) It consists in temporary acquisition of shares by a company in order to secure a claim, provided that the acquiring company does not exercise the rights under these shares with the exception of the right to sell the shares;

5) It is a result of bankruptcy proceedings, which however does not apply to cases where the party intending to take over is a competitor of the target company or is a member of a capital group whose other members are competitors of the target company;

6) It consists in a merger within one capital group.

The notification should be submitted within seven days of the execution of the agreement or the performance of other activity constituting the basis for the concentration. It is the company taking over control or acquiring shares, the financial institution, or the company acquiring the shares in order to secure a claim that submits the notification. The anti-trust proceedings concerning concentrations should be concluded no later than within two months as of the day of their initiation, provided that in the case of an intention to acquire shares admitted to public trading, the proceedings should be concluded no later than within 14 days as of the day of their initiation.

Companies which are required to notify relevant authorities of their intended concentration, are obliged to postpone the merger until the President of the Anti-Trust and Consumer Protection Authority issues a decision or until the statutory date for the issuance of such a decision lapses.

The President of the Anti-Trust and Consumer Protection Authority, by way of a decision, approves or prohibits the transaction. While issuing his approval, the President of the Anti-Trust and Consumer Protection Authority may oblige the company or companies intending to concentrate to meet specified conditions. A decision of the President of the Anti-Trust and Consumer Protection Authority will expire if the concentration has not been effected within three years as of the decision issuance.

Liability for Failure to Perform the Obligations under the Anti-Trust and Consumer Protection Act

The President of the Anti-Trust and Consumer Protection Authority may, by way of a decision, impose on a company a fine amounting to the equivalent of EUR 1,000 – EUR 50,000 if the company, whether intentionally or not:

1) Has failed to provide the required notification of the intended concentration;

2) Following the acquisition of shares, has been exercising the rights under these shares in violation of the provisions of Art. 13.3 and 13.4 of the Anti-Trust and Consumer Protection Act;

3) Holds shares after the period referred to in Art. 13.3 of the Anti-Trust and Consumer Protection Act has lapsed;

4) Has been conducting activities which it should have postponed following the submission of the notification.

The President of the Anti-Trust and Consumer Protection Authority may, by way of a decision, impose on a company a fine amounting to the equivalent of EUR 200 – EUR 5,000 if the company, whether intentionally or not, includes untrue information in the application referred to in Art. 22 of the Anti-Trust and Consumer Protection Act or in the notification of the intended concentration.

In the case of failure to provide notification of the intended concentration, the President of the Anti-Trust and Consumer Protection Authority may, by way of a decision specifying the final date for its execution in accordance with the conditions stipulated therein, order that, in particular, the shares conferring control over a company or companies should be disposed of or the company over which companies exercise joint control should be dissolved. Such a decision may not be issued after five years as of the effective date of the concentration. Should the decision not be executed, the President of the Anti-Trust and Consumer Protection Authority may, by way of a decision, demerge the company. Provisions of Art. 528–550 of the Polish Companies Act apply to the demerger accordingly. The President of the Anti-Trust and Consumer Protection Authority is entitled to exercise the powers of corporate bodies of the companies participating in the demerger. The President of the Anti-Trust and Consumer Protection Authority may also move to the court for the invalidation of the agreement or for undertaking legal remedies designed to restore the former state of affairs.

Moreover, in the event of delay in the execution of the decision, the President of the Anti-Trust and Consumer Protection Authority may impose on a company a fine amounting to the equivalent of EUR 10 – EUR 1,000 for each day of delay. The delay subject to a fine is counted as of the date specified in the decision.

The President of the Anti-Trust and Consumer Protection Authority may, by way of a decision, impose a fine amounting to up to tenfold average remuneration on a person holding a managerial position in, or a post in a corporate body of, a company or association of companies if, in particular, this person, whether intentionally or not, has failed to provide notification of the intended concentration.

The President of the Anti-Trust and Consumer Protection Authority sets the amount of the fine having regard to, in particular, the duration, extent and circumstances of the violation of provisions of the Act, and, in the period of five years as of April 1st 2001 – circumstances of the violation of provisions of the Anti-Trust and Consumer Protection Act of February 24th 1990 (consolidated text in Dz. U. of 1999, No. 52, Item 547, as amended).

3.7 Regulations on Income Tax on Gains Related to Holding and Trading in Securities Introduced to Public Trading

Only general rules on income tax on gains related to the holding of and trading in shares are described in this Prospectus. Investors interested in obtaining detailed information should seek advice of tax advisers.

3.7.1 Taxation on Dividends

3.7.1.1 Personal Income Tax on Dividends Applicable to Polish Tax Residents

Dividends paid out to individuals being Polish tax residents are subject to personal income tax in accordance with the following rules defined by the provisions of the Personal Income Tax Act:

1) Tax is imposed on the entire dividend income;
2) The dividend income may not be aggregated with income subject to taxation under Art. 27 of the Personal Income Tax Act;
3) The dividend income is subject to an income tax at the rate of 19%;
4) The applicable income tax should be remitted by the entity paying out the dividend, which should withhold the amount of tax to be paid on dividend and pay it to the account of the tax office appropriate for the taxpayer. In accordance with the position of the Ministry of Finance, expressed in letter No. BP/PZ/883/02 of February 5th 2002, addressed to the Polish NDS, the tax remitter is the brokerage office holding the securities account of the natural person to whom dividend is paid.

3.7.1.2. Corporate Income Tax on Dividends Applicable to Polish Tax Residents

Dividends paid out to legal persons having their registered offices in the Republic of Poland are subject to corporate income tax in accordance with the following rules defined by the provisions of the Corporate Income Tax Act:

1) The tax is imposed on the entire dividend income;
2) The dividend income is subject to an income tax at the rate of 19%;
3) The amount of tax to be paid on the dividend and other income on distributions from profit by legal persons is deductible from the amount calculated in accordance with Art. 19 of the Corporate Income Tax Act. If it is impossible to deduct this amount, it will be deducted in subsequent fiscal years;
4) Companies comprising a capital group for tax purposes, which earn income from other companies comprising this group, are exempt from income tax;
5) The companies' dividend income and other incomes from share in profits of legal persons having their registered offices in the Republic of Poland are exempt from income tax, provided that these companies meet all of the following conditions:

   – they have no registered offices or management in the Republic of Poland,

   – they are subject to taxation in a European Union member state with respect to the entirety of their income, irrespective of where such income is earned,

   – the income is earned on share in profits of a legal person in whose share capital the company directly holds no less than 25% of the shares for a continuous period of no less than two years.

   (This exemption will apply to incomes generated after Poland becomes a member of the European Union).

6) The tax remitter is the company that pays out the dividend; the income tax is withheld and remitted to the account of the tax office appropriate for the taxpayer.

3.7.2 Taxation on Income on the Disposal of Shares

3.7.2.1 Personal Income Tax Applicable to Polish Tax Residents

Income earned by natural persons on the disposal of shares is subject to taxation in accordance with rules defined in the Personal Income Tax Act. The tax amount is calculated on the difference between the amount earned through the disposal of shares, and the costs incurred on the acquisition of shares. The income so calculated is subject to taxation at a rate of 19% (Art. 30b.1 of the Personal Income Tax Act). Income on disposal of shares is not aggregated with income subject to the general rules of taxation or income from non-agricultural business activity. After the end of a fiscal year, taxpayers are obliged to disclose in their tax returns the income earned during the fiscal year on the disposal of shares against compensation and calculate the amount of income tax to be paid.

3.7.2.2 Corporate Income Tax Applicable to Polish Tax Residents

Income earned by legal persons on the sale of shares is taxable in accordance with the general rules set forth in the Corporate Income Tax Act. The tax amount is calculated on the difference between the income, which is the amount earned through the disposal of shares, and the costs incurred on the acquisition of shares. Income earned on the sale of shares is aggregated with income from other sources, and is subject to taxation in accordance with the general rules.

Pursuant to Art. 19 of the Corporate Income Tax Act, income tax payable by legal persons amounts to 19% of the tax base.

Pursuant to Art. 25.1 of the Corporate Income Tax Act, legal persons which have sold shares are obliged to include income on the sale of shares in their monthly tax return, specifying the amount of income earned (or loss incurred) since the beginning of the fiscal year, and to pay an advance tax payment to the account of the tax office on the total taxable income earned since the beginning of the fiscal year. The advance payment is calculated as the difference between the tax payable on income earned since the beginning of the fiscal year and the sum of advance payments made in the previous months of a given year.

3.7.3 Duty on Actions under Civil Law (Polish Transfer Tax)

Pursuant to the provisions of the Polish Securities Act, secondary public trading in securities should take place, as a rule, on regulated markets through intermediation of brokerage businesses. Pursuant to Art. 9.9 of the Act on Duty on Actions under Civil Law, "sale of securities to brokerage houses or banks conducting brokerage activities, and sale of securities which is preformed through the intermediation of brokerage houses or banks conducting brokerage activities" is exempt from duty on actions under civil law.

In accordance with the provisions of Art. 89.1.1 of the Polish Securities Act, in conjunction with Art. 89.2 of the Polish Securities Act, the intermediation of a brokerage house or bank conducting brokerage activities is not obligatory in the following cases:

1) Direct transfer of rights attached to securities between natural persons;

2) Transfer of rights attached to securities between a parent undertaking and its subsidiary undertaking;

3) Transfer of rights attached to securities forming part of a business being disposed of within the meaning of the Polish Civil Code;

4) Transfer of rights attached to securities by way of the procedure provided for in bankruptcy regulations, or in enforcement proceedings;

5) Transfer of rights attached to securities through inheritance;

6) Transfer of rights attached to securities contributed to a company as a contribution in kind;

7) Transfer of rights attached to securities in performance of an agreement referred to in Art. 96 of the Polish Securities Act.

If the rights attached to securities are sold without the intermediation of a brokerage business, this transaction is subject to duty on actions under civil law in the amount of 1% of the market value of the sold securities (Art. 7.1.1b of the Act on Duty on Actions under the Civil Law).

3.7.4 Personal and Corporate Income Tax Applicable to Foreign Tax Residents

The taxation regime described above applies in principle also to foreign investors, unless the Republic of Poland and the country which is the investor's place of residence or where the investor has its registered offices or the principal place of business are parties to a double-tax treaty which provides otherwise. Most of such treaties provide for the reduction of the rate of the dividend income tax to 10%, 5% or 0% of the basic rate. In the case of dividend income, the application of the rate provided for under the double-tax treaty or non-collection of the tax in accordance with the provisions of such a treaty is permissible only if the entity responsible for the withholding of the flat-rate income tax is presented with the certificate of residence issued by the competent tax jurisdiction. The obligation to deliver such a certificate lies with the foreign entity which earns income from Polish sources. The certificate of residence is required mainly so that the tax-remitter can determine whether to apply the rate (or the exemption) provided for under the international treaty, or, in the even to doubts, withhold the tax at the full statutory rate. In the latter case, if the non-resident proves that the international treaty providing for a reduction of the rate binding in Poland (or giving entitlement to tax exemption) applies to him, he will be able to demand the recognition of a tax overpayment and the return of unduly withheld tax directly from the tax office.

3.8 Information on Parties to A Firm-Commitment or Stand-By Underwriting Agreement and Material Provisions of this Agreement

The Company did not conclude any firm-commitment or stand-by underwriting agreement.

3.9 Information on Whether the Company Has Concluded an Agreement Provided for in Art. 96 of the Polish Securities Act

The Company is not a party to any agreement provided for in Art. 96 of the Polish Securities Act, that is an agreement whereby depository receipts would be issued outside the Republic of Poland with respect to shares issued by the Company.

3.10 Information on Whether the Company Intends to Conclude an Agreement Provided for in Art. 96 of the Polish Securities Act

The Company does not intend to conclude an agreement provided for in Art. 96 of the Polish Securities Act, that is an agreement whereby depository receipts would be issued outside the Republic of Poland with respect to shares issued by the Company .

3.11 Rules Governing Distribution

The entity offering the Offered Shares in public trading (the Offeror) is:

Centralny Dom Maklerski Pekao SA
ul. Wołoska 18
02-675 Warsaw, Poland
tel.: (+48 22) 640 28 40
fax: (+48 22) 640 28 04
www.cdmpekao.com.pl

Pursuant to this Prospectus, 3,821,100 Inter Cars Offered Shares shall be offered in public trading. The Offered Shares shall be made available as part of:

– Retail Offering; and,
– Institutional Offering.

The number of the Offered Shares to be offered in each of the offerings shall be determined and published on the date the Price Range is announced. The Selling Shareholder reserves the right to transfer shares between the Retail Offering and the Institutional Offering, subject to the rules specified in Section 3.11.9 of this Chapter. The Selling Shareholder may abandon the Public Sale if, for example, the demand for the Offered Shares declared in the Retail Offering and in the Institutional Offering does not reach the level of at least 2,674,770 Offered Shares. The possibility of abandoning the Public Sale by the Selling Shareholder arises from the Selling Shareholder's internal decision, specified in the Resolution of the Executive Boards of Fund1 NFI SA, NFI Fortuna SA and of Ballinger Capital, a company managing the two funds, adopted on February 17th 2004. The Resolution stipulates, *inter alia*, that if binding Declarations are submitted for less than 70% of the Shares held by the funds, the Selling Shareholder may abandon the Public Sale. Detailed information on the conditions of abandoning the Public Sale are presented in Section 3.11.11 of this Chapter.

The orders for Offered Shares placed by the Retail Investors and Declarations submitted by the Institutional Investors shall be accepted over the same period. The orders for Offered Shares may be placed by the Institutional Investors once the acceptance of Declarations in the Institutional Offering has been completed. Following the acceptance of orders in the Retail Offering and Declarations in the Institutional Offering, the Selling Shareholder shall, in consultation with the Offeror, prepare the Initial Allotment List; i.e. the list of Institutional Investors entitled to place orders for Offered Shares. The Initial Allotment List shall be drawn up at the discretion of the Selling Shareholder. The Selling Shareholder shall allot Offered Shares to all Retail Investors who have duly subscribed and paid for them a price equal to or exceeding the Selling Price, subject to the condition that if the number of the Offered Shares ordered by Retail Investors exceeds the number of the Offered Shares in the Retail Offering, the number of allotted shares shall be proportionately reduced.

Price Range

Prior to the Public Sale, the Selling Shareholder shall, in consultation with the Offeror, determine the Price Range for the Offered Shares.

During the Public Sale:

– Order Book building process shall be carried out among Institutional Investors interested in acquiring the Offered Shares; during the process the Institutional Investors shall submit binding Declarations of interest in the acquisition of the Offered Shares, specifying the number of the Offered Shares they wish to acquire and the offered price from the Price Range,
– Retail Investors shall place orders for the Offered Shares, indicating the price from the Price Range they are prepared to pay for the Offered Shares.

Selling Price

The Selling Price of the Offered Shares shall be determined by the Selling Shareholder, in consultation with the Offeror, based on the result of Order Book building process conducted among Institutional Investors and the demand for the Offered Shares from Retail Investors in the subscription period. The Selling Price shall be the same for both Retail and Institutional Offering.

The Selling Price shall be determined following the closing of the subscription period for the Offered Shares in the Retail Offering and the closing of the period of accepting Declarations in the Institutional Offering, that is on May 19th 2004.

The Selling Price shall be published in the form of a communiqué sent to the Polish SEC, the WSE and a press agency.

3.11.1 Persons Entitled to Purchase the Offered Shares

Retail Offering

Investors entitled to acquire the Offered Shares in the Retail Offering on terms and conditions defined herein, are natural persons, both Residents and Non-Residents.

Foreign Retail Investors who intend to acquire Offered Shares should get acquainted with the relevant regulations in their respective countries.

Orders for the Offered Shares placed by third party securities portfolio managers, separately for each individual, represent, within the meaning of this Prospectus, orders of separate Retail Investors.

Institutional Offering

Investors entitled to submit Declarations of interest in the acquisition of the Offered Shares in the Institutional Offering on terms and conditions defined herein are:

- legal entities and non-incorporated organisations, both Residents and Non-Residents,
- third party securities portfolio managers, which submit a joint Declaration in the name of entities whose accounts they manage and on behalf of whom they intend to purchase Offered Shares.

Declarations to acquire the Offered Shares submitted by investment fund companies (domestic or foreign), in their own name, separately for individual investment funds managed by the company, represent, within the meaning of this Prospectus, Declarations of separate investors.

Investors entitled to acquire the Offered Shares in the Institutional Offering, shall be those entities which, during the Order Book building process, submit a valid Declaration of interest in the acquisition of the Offered Shares with a price not lower than the Selling Price, and are entered in the Initial Allotment List.

3.11.2 Public Sale Schedule

By May 12th 2004	public announcement of the Price Range and number of the Offered Shares in the Retail Offering and the Institutional Offering
May 14th 2004	opening of the Public Sale
May 14th – May 19th 2004 (until 6pm)	acceptance of orders in the Retail Offering
May 14th – May 19th 2004 (until 5pm)	acceptance of Declarations in the Institutional Offering
May 19th 2004	setting and announcement of the Selling Price
May 19th 2004	drawing-up the Initial Allotment List
May 19th 2004	notification of the Institutional Investors of the number of Offered Shares initially allotted to them
May 20th – May 21st 2004	acceptance of orders in the Institutional Offering
May 20th 2004 (by 12 noon)	notification of the Institutional Investors of the placement of orders for the Offered Shares
May 21st 2004	closing of the Public Sale
By May 25th 2004	allotment of the Offered Shares

The Selling Shareholder may, in consultation with the Offeror, decide to change the opening or closing date of the Public Sale and of the period for accepting Declarations or orders. The information on a change in the opening dates of the Public Sale or of the period for accepting Declarations or orders shall be published through a communiqué sent to the Polish SEC, the WSE and a press agency, prior to the opening day of the Public Sale or of the period for accepting Declarations or orders. The information on a change in the closing dates of the Public Sale or of the period for accepting Declarations or orders shall be published through a communiqué sent to the Polish SEC, the WSE and a press agency, no later than a day prior to the closing date of the Public Sale or of the period for accepting Declarations or orders.

3.11.3 Rules Governing Placement of Orders for the Offered Shares

Acting through a Proxy

While placing orders and Declarations, Retail Investors and Institutional Investors, respectively, may act through a duly authorised proxy. Orders of Institutional Investors shall be placed exclusively through the intermediation of a brokerage house which accepted the Declaration, based on a power-of-proxy granted at the time of submitting the Declaration.

The person acting as a proxy should present the power-of-proxy, issued by the investor, at the brokerage house accepting the order. The powers-of-proxy should be in writing. Detailed rules governing acting through proxies are defined in the rules of procedure of brokerage houses where the orders are placed. If no such rules of procedure are available, the rules described herein should be applied.

The proxy may be authorised to take other actions related to the Offered Shares, which includes issuing share deposit instructions or receiving share acquisition confirmations. If the proxy is authorised to perform both of the above actions, the proxy must decide whether to issue share deposit instructions or to collect the share acquisition confirmation at the Customer Service Point where the order was placed.

A particular attention must be paid to power-of-proxy issued outside of Poland. In such a case, the power-of-proxy must be certified by a Polish diplomatic representative office or a Consulate, unless otherwise provided for in relevant regulations or an international agreement to which Poland is a party. If the power-of-proxy was not issued in Polish, it should be translated into Polish by a certified translator.

The power-of-proxy must include the following data on the proxy and the investor:

– natural persons (Residents or Non-Residents): forename and surname, address, ID card number and personal identification number (PESEL) or passport number; and, for Non-Residents, citizenship;

– legal persons (Residents): company, registered offices, court of registration, National Court Register number (KRS), industry identification number (REGON);

– legal persons (Non-Residents): company name, registered offices, number of relevant register or other official document.

Moreover, the power-of-proxy should define the scope of authorisation and indicate whether the proxy may appoint further proxies. If the proxy is authorised to submit Declarations, an Institutional Investor must give the proxy authority to authorise the brokerage house to place order for the Offered Shares in the Institutional Offering on behalf of this Institutional Investor.

In addition to the power-of-proxy, the proxy should present the following documents:

– ID card or passport (natural person);

– excerpt from a relevant register of the proxy (legal persons, Residents);

– excerpt from a register appropriate to the proxy's registered offices or other official document containing basic data on the proxy, based on which his legal status and manner of representation may be established, and containing names of the authorised representatives (legal entities, Non-Residents). Unless otherwise provided for in relevant regulations or an international agreement to which Poland is a party, the excerpt should be certified by a Polish diplomatic representative office or a Consulate and translated into Polish by a certified translator;

– excerpt from a relevant register of the investor (legal persons, Residents);

– excerpt from a register appropriate for the registered offices of the investor, or other official document containing basic data on such an entity, based on which his legal status and manner of representation may be established, and containing names of the authorised representatives (legal entities, Non-Residents). Unless otherwise provided for in relevant regulations or an international agreement to which Poland is a party, the excerpt should be certified by a Polish diplomatic representative office or a Consulate and translated into Polish by a certified translator.

Number of powers-of-proxy held by one person shall not be limited.

The excerpt from a relevant register or other official document containing basic data on the proxy and the investor, based on which their legal status and manner of representation may be established, and containing names of the authorised representatives as well as the powers-of-proxy, or copies thereof, shall be held at the brokerage house accepting the order.

The investors should duly prepare the power-of-proxy and pay stamp duty of PLN 15 (Stamp Duty Act of October 17th 2000, Dz.U. No. 86, item 960).

The proxy shall confirm on behalf of the investor that the proxy has received relevant documents.

Rules Governing Placement of Orders in the Retail Offering

Orders in the Retail Offering may be placed for no less than ten Offered Shares, and no more than all the Offered Shares in the Public Sale. Any entitled person may place any number of orders for the Shares. The orders for less than ten Shares indicating price outside the Price Range shall be deemed invalid. Orders for a number of the Shares higher than the number in the Public Sale shall be deemed orders for all the Offered Shares in the Public Sale.

Orders for the Offered Shares in the Retail Offering shall include, in particular, the following information:

– forename and surname;

– residence address and mailing address;

– personal identification number (PESEL) and ID card or passport number;

– number of the Offered Shares subscribed for;

– maximum amount the person placing the order is prepared to pay for the Offered Shares (within the Price Range);

– amount to be paid for the Offered Shares (product of the number of the Offered Shares subscribed for and the declared price);

– instruction for the return of the amount paid (in the event of a return referred to in Section 3.11.11 of this Prospectus);

- name of the brokerage house and the number of securities account held by the person placing the order for the Offered Shares, if a share deposit instruction has been submitted.

If the order is placed by a proxy his personal data shall also be included on the order form.

In addition to the order, persons placing the order for the Offered Shares shall submit a representation to the effect that:

- they have acquainted themselves with the contents of this Prospectus and accept the provisions of the Company's Articles of Association and the terms and conditions of the Public Sale;
- they agree to be allotted a number of the Offered Shares smaller than the number subscribed for, or no Offered Shares, in accordance with the rules set forth in this Prospectus;
- in the event of a submission of a share deposit instruction for the Offered Shares, they confirm the accuracy of the data contained therein, undertake to notify the Customer Service Point of any changes with respect to their securities accounts, and confirm that the instruction is irrevocable;

Natural persons subscribing for the Offered Shares, shall sign a representation stating that their personal data has been disclosed voluntarily, and they have been informed that:

- Centralny Dom Maklerski Pekao SA, registered offices in Warsaw, ul. Wołoska 18, is a personal data administrator within the meaning of the provisions on personal data protection,
- they have the right to inspect and correct their personal data.

They also agree to (a) processing their personal data to the extent necessary to maintain the register of purchasers of the Offered Shares, (b) forwarding their personal data to the Selling Shareholder in order to allot the Offered Shares.

As a proof of order acceptance, the person subscribing for the Offered Shares shall receive one copy of the submitted order form. Any consequences of incorrect filling in of the form shall be borne by the person placing the order. The order for the Offered Shares shall be unconditional, may not include any reservations and shall be irrevocable for the duration of the period for which investors remain bound by the placed orders.

Rules Governing Placement of Orders in the Institutional Offering

The Offered Shares in the Institutional Offering may be subscribed for exclusively by way of submission by an entitled person of a binding Declaration of interest in the acquisition of the Offered Shares as part of the Order Book building process, along with a power-of-proxy for the brokerage house which accepts the Declaration, authorising the brokerage house to place an order for the Offered Shares on behalf of the Institutional Investor.

Bookbuilding Process

During the Order Book building process, Institutional Investors interested in the acquisition of the Offered Shares shall submit binding Declarations, specifying the number of the Offered Shares they wish to be allotted, and the price they are prepared to pay for the subscribed Shares. The offered price should fall within the Price Range. Declarations may be placed for no less than 5,000 Offered Shares, and no more than all the Offered Shares in the Public Sale. Declarations for less than 5,000 Offered Shares, or with a price outside the Price Range shall be deemed invalid. Declarations for a number of Shares higher than the number offered in the Public Sale shall be deemed Declarations for all the Offered Shares in the Public Sale.

Each investor shall have the right to submit more than one Declaration.

Declarations shall be in the form of Appendix 9.4 to this Prospectus.

While submitting a Declaration, investors also represent that:

- they have acquainted themselves with the contents of this Prospectus,
- they accept the terms and conditions of the Public Sale,
- they agree to be allotted a number of the Offered Shares smaller than the number specified in the Declaration, or no Offered Shares, in accordance with the rules set forth in this Prospectus,
- they undertake to ensure that there are sufficient funds in the bank account referred to in Section 3.11.7 of this Chapter to pay for the Offered Shares subscribed for on their behalf by a brokerage house which accepted the Declaration, no later than on the last day of the subscription period in the Institutional Offering,
- they grant the brokerage house which accepts the Declaration a power-of-proxy to place an order for the Offered Shares on their behalf, (the order for the Offered Shares shall be unconditional, may not include any reservations and shall be irrevocable for the duration of the term for which investors remain bound by the placed orders); the order shall

contain the Selling Price (not higher than the price indicated by the investor in its Declaration), and the number of Shares (up to the number indicated in the Declaration),

– in the event of a submission of a share deposit instruction for the Offered Shares, they undertake to notify the Customer Service Point of any changes with respect to their securities accounts.

The Declaration shall be unconditional (may not include any reservations) and may not be cancelled after the period for the submission of Declarations is closed.

In the period for the submission of Declarations in the Order Book building process, investors shall have the right to cancel or change their Declarations. In the event of a change, the first Declaration should be cancelled, and only then should a new one be placed.

IT SHOULD BE NOTED THAT BY SUBMITTING A CORRECTLY FILLED IN DECLARATION, INVESTORS UNDERTAKE TO PAY FOR THE OFFERED SHARES UPON NOTICE BY THE BROKERAGE HOUSE ACCEPTING THE DECLARATION:

– at the time defined in this Prospectus;

– for A number not lower than the number set forth in the Initial Allotment List, with the proviso that this number may be lower than the number declared by an investor in the Declaration;

– at the Selling Price lower or equal to the price indicated in the Declaration;

– on condition that the brokerage house places an order on behalf of the investor based on the presented power-of-proxy.

Making the payment for the number of the Offered Shares specified in the Initial Allotment List within the subscription period in the Institutional Offering shall be deemed a discharge of the investor's obligation under the submitted Declaration.

As a proof of Declaration acceptance, the investor shall receive one copy of the Declaration, confirmed by an employee of a Customer Service Point.

Any consequences of incorrect filling in of the Declaration form shall be borne by the investor.

A Declaration containing incomplete information shall be deemed invalid.

Declarations may be signed only by persons authorised to make declarations of will on behalf of the investor, or by persons holding relevant powers-of-proxy.

Based on submitted Declarations and the Offeror's recommendations, and in consultation with the Offeror, the Selling Shareholder shall prepare the Initial Allotment List, containing the names on of investors entitled to acquire the Offered Shares. Investors offering a price lower than the Selling Price shall not be entitled to subscribe for the Offered Shares, therefore they shall not be entered in the Initial Allotment List. The Initial Allotment List shall specify the number of the Offered Shares available for acquisition by the investor, with the proviso that this number shall not be larger than the number indicated in the investor's Declaration.

The brokerage house accepting Declarations shall inform investors on the Initial Allotment List having been drawn up by sending a relevant notification to the fax number indicated in the Declaration.

The Selling Price and the number of the Offered Shares in the Retail Offering and the Institutional Offering shall be determined based on the results of Order Book building.

The contents of the Order Book shall not be publicly announced.

The Selling Shareholder may not abandon the Order Book building process or declare it invalid after its commencement, unless the circumstances specified below occur. Following the commencement of the Order Book building process, the Selling Shareholder may abandon the process or declare it invalid only for important reasons defined in Section 3.11.11.a.b.c. of this Chapter. Should the Selling Shareholder abandon the Order Book building process or declare it invalid, it shall also abandon the Public Sale.

Detailed Rules Governing Placement of Orders in the Institutional Offering

The Offered Shares in the Institutional Offering may be subscribed for exclusively through the brokerage house which accepted the Declaration, based on a power-of-proxy granted when submitting the Declaration. Orders for the Offered Shares in the Institutional Offering shall be placed in accordance with the Initial Allotment List, on the first day of accepting orders in the Institutional Offering.

Having placed the order on behalf of an investor, the brokerage house shall notify the investor of this fact (by fax, to the number indicated in the Declaration) together with a notice to pay for the ordered Shares. The notification shall contain information on the number of the Offered Shares subscribed for and the Selling Price, and the notice shall specify the amount to be paid by the investor (i.e. the amount of the investor's liability under the placed order). The request for payment for the Offered Shares shall be sent no later than by noon on the day of placing the order, i.e. on the first day of the subscription period in the Institutional Offering. Investors shall be deemed effectively notified of the order having been placed and of the resulting liability, after the relevant notification together with the notice to pay is sent to the fax number indicated in the Declaration.

IT SHOULD BE NOTED THAT GIVEN THE BINDING NATURE OF THE DECLARATION, THE FAX NUMBER INDICATED BY THE INVESTOR TO WHICH THE NOTIFICATION OF THE INITIAL ALLOTMENT AND THE NOTICE TO PAY FOR THE SHARES IS TO BE SENT, MUST BE AVAILABLE TO THE PERSON SUBMITTING THE DECLARATION OR TO PERSONS WHO ON BEHALF OF THE INVESTOR ARE RESPONSIBLE FOR THE PAYMENT FOR THE OFFERED SHARES.

ANY CLAIMS CONCERNING FAILURE TO PERFORM THE OBLIGATION, I.E. FAILURE TO MAKE THE PAYMENT OR TO MAKE FULL PAYMENT FOR THE OFFERED SHARES, OR UNDUE PERFORMANCE OF THE OBLIGATION UNDER THE SUBMITTED DECLARATION BY THE INVESTOR SHALL BE ENFORCED BY THE COMPANY OR THE UNDERWRITER IF A RELEVANT AGREEMENT IS SIGNED PRIOR TO THE COMMENCEMENT OF THE PUBLIC SALE IN ACCORDANCE WITH THE GENERAL RULES UNDER OF THE POLISH CIVIL CODE OR THE POLISH CODE OF CIVIL PROCEDURE.

3.11.4 Period for which Investors are Bound by the Orders

The person placing an order for the Offered Shares shall be bound by the order until the day when the Selling Shareholder allots the Offered Shares or announces abandonment of the Public Sale (see Section 3.11.11 of this Chapter).

3.11.5 Place for Submitting Orders for the Offered Shares

Orders for the Offered Shares in the Retail Offering shall be accepted at the Customer Service Points specified in Annex 9.5 to this Prospectus.

Declarations and orders for the Offered Shares in the Institutional Offering shall be accepted by CDM Pekao SA, ul. Wołoska 18, 02-675 Warsaw, Poland.

Declarations and orders for the Offered Shares may be also placed with other brokerage houses, provided that by the date of opening the Public Sale relevant agreements are concluded with such brokerage houses by the Offeror. Information on the inclusion of such brokerage houses in the process of submission of orders and Declarations shall be published in the form of a communiqué sent to the Polish SEC, the WSE and a press agency immediately after such a decision is made.

3.11.6 Confirmations of Acquisition of the Offered Shares

No later than seven days from the date when the Offered Shares are allotted and provided that they have been registered with the Polish NDS, the investors who did not submit instructions to deposit the Offered Shares in the securities accounts may receive from the Customer Service Points which accepted the orders for the Offered Shares a confirmation of acquisition of the Offered Shares, specifying, in particular the ISIN codes of these securities. If the Offered Shares fail to be registered with the Polish NDS by the allotment date, the Customer Service Points shall commence to issue confirmations of acquisition within seven days upon registration of the Offered Shares with the Polish NDS.

Investors who submit share deposit instructions for the Offered Shares when placing an order for the Offered Shares shall be informed of crediting the Offered Shares to their securities accounts by the brokerage houses maintaining the accounts, by the date provided for in the rules of procedure of such a brokerage house.

3.11.7 Payment for the Offered Shares

Legal Regulations Concerning Payments

Pursuant to the Act on Prevention of Money Laundering Practices and Financing of Terrorism (consolidated text: Dz. U. of 2003, No. 153, item 1505), dated November 16th 2000, an obliged institution at which a customer places an order (instruction) to execute a transaction whose value is in excess of the equivalent of EUR 15,000, either as a single transaction or a series of transactions, if the circumstances indicate that the transactions are related, is required to record such a transaction. This requirement applies also to the transactions in the case of which the circumstances indicate that the funds may have been derived from illegal or undisclosed sources, regardless of the transaction value and nature. In performance of the requirement, the brokerage house checks the identity of its customers each time a written, oral or electronic order is made. The checking includes:

- for natural persons and their representatives – establishing and recording data concerning the document which, under separate regulations, confirms the identity of the holder, or the passport; establishing and recording forename and surname, citizenship and address of the person concluding a transaction; if an identity document is presented, establishing and recording personal identification number (PESEL) and in the case of a passport – code of the country; and establishing and recording forename, surname and address of the person on whose behalf or for whose benefit the transaction is being concluded;

– for legal persons – recording current information from a relevant excerpt from a court register or other document specifying the company name, form of incorporation of such a legal person, its registered offices and a current address; and from a current document confirming authorisation of the person concluding a transaction to represent such a legal person and such information concerning the person acting as a representative as specified above;

– for non-incorporated organisations – recording information from the document specifying their form of organisation and registered offices; recording information from the document confirming authorisation of persons concluding the transaction to represent such an entity and such information concerning the person acting as a representative as specified above.

A brokerage house forwards the information on the transaction recorded in accordance with the rules defined above to the General Inspector for Financial Information.

In the case of a transaction which gives rise to a reasonable suspicion that it is related to criminal activity referred in Art. 299 of the Polish Criminal Code, CDM Pekao SA sends a relevant notification to the General Inspector for Financial Information.

A transaction is understood as a cash or non-cash deposit or withdrawal, including bank transfer between various accounts held by one owner (with the exception of transfer to a time deposit), international bank transfer, foreign exchange, transfer of ownership and possession of financial assets, including placing the assets on consignment or pledge, conversion of debt into equity, made on one's own or a third party's behalf, and to one's own or a third party's benefit.

Detailed Rules Concerning Payment for the Offered Shares and Payment Dates

Retail Offering

An order for the Offered Shares in Retail Offering must be paid up in full on the date of its placement. A full payment for the Offered Shares shall be equal to the product of the number of the Offered Shares subscribed for and the price per share from within the Price Range as offered by an investor. Payment for the Offered Shares in Retail Offering may made in cash or by a bank transfer.

If the price declared by an investor placing an order is higher than the Issue Price, the overpayment shall be returned to the investor on terms specified in Sections 3.11.10 and 3.11.13 of this Chapter. If a proportional reduction is made or the price offered by an investor is lower than the Selling Price, relevant funds shall be returned to the investor on terms specified in Section 3.11.13 of this Chapter.

Payments in the form of a bank transfer should be made in the Polish złoty to the bank account of the brokerage office at which the investor intends to place the order for the Offered Shares (the account number will be available at the brokerage office); payments should be marked as: "Payment for the Offered Shares of Inter Cars." ("*Wpłata na Akcje Sprzedawane Inter Cars"*).

Institutional Offering

Each order for the Offered Shares in the Institutional Offering must be paid up in full by the last day of the subscription period in this offering. A full payment for the Offered Shares in the Institutional Offering shall be equal to the product of the number of the Offered Shares specified in the Initial Allotment List and the Selling Price (the amount to be paid shall be indicated in the notice to pay for the Shares). In the Institutional Offering, cash payments shall not be accepted.

Bank transfers should be made in the Polish złoty to the following bank account:

– Centralny Dom Maklerski Pekao SA, Account No. 12401011-44000015-1700-411112-001 maintained by Bank Pekao SA XII Warsaw Branch, and should be marked as: "Payment for the Offered Shares of Inter Cars." ("*Wpłata na Akcje Sprzedawane Inter Cars"*).

3.11.8 Legal Consequences of Failure to Make a Timely or Full Payment for the Offered Shares

Retail Offering

Each order for the Offered Shares must be paid up in full when placed. A Retail Investor who fails to make such a payment shall not be able to place an order. A Retail Investor may place an order only for the number of the Offered Shares which is the quotient of the payment made and the price offered. Accordingly, there shall be no cases of failure to make a timely or full payment for the Offered Shares in the Retail Offering. In the case of cash payments, orders for the Offered Shares are valid if the payment is made in full (the quotient of the number of the Offered Shares and the price offered) not later than at the time of placing the order. As regards bank transfers, orders for the Offered Shares are valid if the payment is credited to the bank account specified in Section 3.11.7 not later than at the time of placing the order. All payments shall be made in the Polish złoty.

Institutional Offering

In the Institutional Offering, an order is valid regardless of whether it was paid up or not. Investors who fail to make a timely payment for the Offered Shares shall not be allotted the Offered Shares. In the event of insufficient amount of payment, the Selling Shareholder may, at its discretion:

- not allot any Offered Shares to such an investor,
- allot to such an investor a number of the Offered Shares no larger than the quotient of the payment and the Selling Price, subject to the proviso that no fractional shares shall be allotted.

Any claims raised in connection with failure to meet the obligation to make a timely and full payment for the Offered Shares shall be enforced in accordance with the general rules under of the Polish Civil Code.

All payments shall be made in the Polish złoty.

3.11.9 Allotment of the Offered Shares

Following the period for placing orders in the Retail Offering and Declarations in the Institutional Offering, the Selling Shareholder shall, regardless of the demand for the Offered Shares, transfer, if necessary, shares between the Retail Offering and the Institutional Offering and determine the number of the Offered Shares in each of the offerings.

The Issuer shall determine the number of the Offered Shares in each of the offerings in consultation with the Offeror.

The information on the number of the Offered Shares in the Retail Offering and the Institutional Offering shall be published in the form of a communiqué sent to the Polish SEC, the WSE and a press agency, no later than on the next business day following the date on which the relevant decision is made.

The Selling Shareholder shall not be obliged to balance the demand for the Offered Shares in the offerings. When making a transfer, if any, of shares between the Retail Offering and the Institutional Offering, the Selling Shareholder shall take into account the demand for the Offered Shares declared in the Retail Offering and the demand declared in the process of the Order Book building, as well as the prices offered by institutional investors.

Allotment of the Offered Shares in the Retail Offering

The Offered Shares in the Retail Offering shall be allotted based on the orders placed within three days following the closing of the Public Sale. After a transfer, if any, of shares between the Retail Offering and the Institutional Offering, the Selling Shareholder shall allot the Offered Shares to the investors who:

- duly placed and paid up an order for the Offered Shares; and
- placed an order specifying a price equal to or higher than the Selling Price.

If the demand for the Offered Shares in the Retail Offering exceeds the number of the Offered Shares allocated to this offering, the number of the Offered Shares allotted to each of the investors in this offering shall be reduced proportionately.

The Selling Shareholder shall not allot fractions of the Offered Shares, and no Offered Shares shall be allotted to several investors jointly. The Offered Shares which have not been allotted due to the rounding off, shall be allotted (one Offered Share per person) to the persons who subscribed for the largest number of the Offered Shares, and in the case of orders for an equal number of shares, the investor to whom these Offered Shares are to be allotted shall be selected by drawing (by computer).

Allotment of the Offered Shares in the Institutional Offering

The Offered Shares in the Institutional Offering shall be initially allotted by the Selling Shareholder based on the Declarations submitted by the investors. Having analysed the Declarations, the Selling Shareholder shall, upon recommendation of and in consultation with the Offeror, make a discretionary initial allotment of the Offered Shares, and shall draw up the Initial Allotment List. The Offered Shares shall be initially allotted to investors selected from among those who offered in their Declarations a price not lower than the Selling Price. The number of the allotted shares shall not be larger than the number of the Offered Shares specified in the Declarations.

The Selling Shareholder reserves the right to refuse to allot the Offered Shares to the investors whose activities are competitive in relation to Inter Cars' business.

The brokerage house accepting a Declaration shall, forthwith upon drawing up of the Initial Allotment List, inform the investors entitled to acquire the Offered Shares on the number of the Offered Shares initially allotted to them, by sending a relevant notification to the fax number indicated in the Declaration.

On the first day of the period for accepting orders in the Institutional Offering, the brokerage house accepting the Declaration shall send, to the fax number indicated in the Declaration, a notification of the placement of order on behalf of the investor along with a notice to pay for the shares. The notification shall include the number of the Offered Shares subscribed for and the Selling Price, and the notice to pay for the Shares shall specify the amount the investor is obliged to pay.

The Offered Shares shall be initially allotted to third party securities portfolio managers based on a joint Declaration submitted on behalf of the entities whose accounts they manage and for whose benefit they intend to acquire the Offered Shares. The portfolio manager shall allocate the Offered Shares to the persons on whose behalf a joint Declaration was submitted from the pool of the Offered Shares it was allotted. The portfolio manager shall allocate the Offered Shares in accordance with its in-house rules for the management of a third party's portfolio.

The total number of the Offered Shares initially allotted to investors shall not exceed the number of the Offered Shares in the Institutional Offering.

The Selling Shareholder shall make a final allotment of the Offered Shares based on the orders placed and paid up within three days following the closing of the Public Sale.

The Offered Shares in the Institutional Offering shall be allotted to the investors who paid up the order in accordance with the rules provided for in Section 3.11.7 of this Chapter, in the number specified in the Initial Allotment List. The number of the Offered Shares allotted to an investor shall not be larger than the number indicated in the investor's Declaration.

The Offered Shares which have not been paid up shall be acquired by a stand-by underwriter, subject to the execution of a relevant underwriting agreement by the Selling Shareholder prior to the opening of the Public Sale.

The underwriter shall place an order for the Offered Shares which have not been paid up on the date of closing the Public Sale.

3.11.10 Return of Overpayments

The overpayments shall be returned within seven days following the allotment of the Offered Shares. No interest or compensation shall be paid with respect to the amounts timely returned.

3.11.11 Abandonment of Public Sale

The Selling Shareholder may abandon the Public Sale at any time prior to its opening, without being obliged to provide the reason for its decision.

The Selling Shareholder may abandon the Public Sale after its opening only for important reasons. Such important reasons include: (a) sudden and unexpected change in the global or domestic economic or political situation, which may have an adverse effect on the financial markets, national economy or the Company's business prospects, including those covered by the Executive Board's forecasts and warranties contained in this Prospectus, (b) sudden and unexpected changes which have a direct effect on the Company's operating activities, (c) cases where the demand for the Offered Shares declared in the Retail Offering and the Institutional Offering is lower than 2,674,770 Offered Shares1, (d) cases where the Selling Shareholder chooses to abandon the Order Book building process after it was opened or in the event of its invalidation.

The Termination Agreement, in accordance with Section 11.4 thereof, becomes ineffective after at least one Offered Share is sold in the Public Sale.

3.11.12 Announcement of Abandonment or Successful Completion of the Public Sale

The Executive Board shall announce the abandonment of the Public Sale promptly after a relevant decision has been made.

The information on the abandonment or successful completion of the Public Sale shall published in the form of a communiqué sent to the Polish SEC, the WSE and a press agency, promptly after such abandonment or successful completion occurs.

[1] The possibility of abandoning the Public Sale by the Selling Shareholder arises from the Selling Shareholder's internal decision, specified in the Resolution of the Executive Boards of Fund1 NFI SA, NFI Fortuna SA and of Ballinger Capital, a company managing the two funds, adopted on February 17th 2004. The Resolution stipulates, *inter alia*, that if binding Declarations are submitted for less than 70% of the Shares held by the funds, the Selling Shareholder may abandon the Public Sale.

3.11.13 Return of Payments

The amounts paid shall be returned in accordance with relevant instructions contained in the order/Declaration within seven days from the allotment of the Offered Shares to the investors who have been allotted no Offered Shares or a number of Offered Shares reduced in relation to the number indicated in their orders.

Only the amounts paid for the Offered Shares shall be returned. The amounts shall be returned without any interest, compensation or reimbursement of expenses incurred by an investor in connection with the orders for the Offered Shares. No interest or compensation shall be paid with respect to the amounts timely returned. In the case of Institutional Investors, the amounts shall be returned solely by way of a bank transfer.

3.12 Company’s Intensions Relating to Secondary Trading in Shares

The Company’s Executive Board shall make every effort to list the Shares on the Warsaw Stock Exchange as soon as possible after the Offered Shares are allotted. It is the Company’s intention to have the Shares quoted under the continuous trading system in the *plus* segment of the main market of the WSE within five days from the allotment of the Offered Shares.

3.13 Information on the Issuer’s Financing of the Acquisition of the Shares

The Company shall not grant any loans, collateral or advance payments, and shall not otherwise finance, directly or indirectly, the acquisition of the Offered Shares.

3.14 Other Securities of the Issuer to be Introduced to Public Trading

3.14.1 Series A Shares

3.14.1.1 Type, Number and Total Value of Series A Shares

Pursuant to this Prospectus, 200,000 Series A ordinary bearer shares, with a par value of PLN 2 per share, are to be introduced to public trading.

Types of shares	Number of shares	Par value (PLN)	Issue price (PLN)	Share premium (PLN)	Estimated fees and issue costs (PLN)	Proceeds to the Issuer (PLN)
1	2	3	4	5	6	7=(2*4)-6
Per share	1	2.00	-	-	-	-
Series A Shares	200,000	400,000	-	-	-	-
Total	**200,000**	**400,000**	**-**	**-**	**-**	**-**

The transferability of the rights attached to Series A Shares is not subject to any restrictions other than those provided for under the Investment Agreement of August 8th 2001 and the Termination Agreement of February 17th, which are discussed in Chapter IV, Section 4.9 of this Prospectus – the restrictions will cease to be effective upon a sale of at least one of the Offered Shares. Series A Shares are free from any security interests. No additional benefits or obligations are connected with Series A Shares.

3.14.1.2 Legal Basis for the Issue and Introduction of Shares to Public Trading

3.14.1.2.1 Corporate Body Competent to Decide on the Issue of Shares and their Introduction to Public Trading

Series A Shares were issued in connection with the Company’s incorporation.

3.14.1.2.2. Date and Form of the Decision on the Issue of Series A Shares

On May 17th 1999, the deed of incorporation of a joint-stock company under the name *Inter Cars SA* was executed. At the same time, the Company’s Articles of Association were adopted, pursuant to which the Company’s share capital amounted to PLN 400,000 and was divided into 4,000 shares with a par value of PLN 100 per share.

The relevant excerpt of the deed of incorporation reads as follows:

1. The appearing (…) represent that they agree to the incorporation of the Joint-Stock Company and the acquisition by the Founders of all of the 4,000 (four thousand) registered shares in the Company’s share capital, which amounts to PLN 400,000 (four hundred thousand złoty).

2. The par value of each share is PLN 100 (one hundred złoty).

3. All the shares of the first issue, the Series A Shares, are registered shares, delivered at the price equal to their par value.

The deed of incorporation of a joint-stock company and adoption of the Articles of Association was executed by Andrzej Przybyła, Notary Public with a Notary Office in Warsaw (Rep. A No. 2927/99). The company was entered into the Commercial Register on May 28th 1999.

On February 17th 2004, the Extraordinary Shareholders Meeting adopted, in a unanimous vote, Resolution No. 3 on amendment to the Company's Articles of Association, whereby the division of the Company's share capital was changed through a reduction of the par value of each share from PLN 100 to PLN 2 (the resolution was recorded as a notary deed by Tomasz Pieper, Notary Public with a Notary Office in Warsaw, Rep. A No. 1480/2004). At the same time, all Series A Shares were converted into ordinary bearer shares. The amendment to the Articles of Association was registered on March 18th 2004.

Pursuant to Resolution No. 2 of February 17th 2004, the General Shareholders Meeting approved the introduction of Series A Shares to public trading in securities.

Resolution No. 2 reads as follows:

RESOLUTION No. 2

Par. 1.

The Extraordinary Shareholders Meeting of Inter Cars SA (hereinafter referred to as the "Company") herby approves introduction of Series A, Series B, Series C, Series D and Series E shares in the Company to public trading in securities, within the meaning of the Act on Public Trading in Securities, dated August 21st 1997 (consolidated text in Dz. U. No. 47 of 2002, item 449, as amended), on the Warsaw Stock Exchange; the shares, to be created after the conversion of the abovementioned shares into bearer shares with a par value of PLN 2 (two złoty) per share is registered, are:
1) 200,000 (two hundred thousand) Series A ordinary bearer shares,
2) 7,695,600 (seven million, six hundred and ninety-five thousand, six hundred) Series B ordinary bearer shares,
3) 104,400 (one hundred and four thousand, four hundred) Series C ordinary bearer shares,
4) 2,153,850 (two million, one hundred and fifty-three thousand, eight hundred and fifty) Series D ordinary bearer shares,
5) 1,667,250 (one million, six hundred and sixty-seven thousand, two hundred and fifty) Series E ordinary bearer shares.

Par. 2

The Executive Board of the Company is hereby authorised and obligated to take all the steps necessary to introduce Series A, Series B, Series C, Series D and Series E shares in the Company to public trading in securities at the Warsaw Stock Exchange, in particular to deposit the share certificates related to the shares of these series.

Par. 3

This resolution shall become effective as of the date of registration in the Register of Entrepreneurs of the National Court Register of Resolution No. 3 of the Extraordinary Shareholders Meeting of February 17th 2004 on an amendment to the Company's Articles of Association.

The resolution was recorded as a notary deed by Tomasz Pieper, Notary Public with a Notary Office in Warsaw (Rep. A No. 1480/2004).

3.14.1.3 Existing Shareholders' Pre-Emptive Rights to Series A Shares

The existing shareholders' pre-emptive rights to Series A Shares, within the meaning of Art. 433 of the Polish Companies Act, did not apply. The shares were acquired as a result of the incorporation of Inter Cars.

3.14.1.4 Dates as of Which Series A Shares Carry the Right to Dividend

Series A Shares have carried the right to dividend since the Company's registration date.

3.14.1.5 Rights Attached to the Shares to be Introduced to Public Trading

For the information on the rights attached to the Company shares, additional performance for the benefit of the Company and a requirement to obtain relevant approvals or serve notifications, see Section 3.6 above.

3.14.1.6 Taxation of Income Related to Holding and Sale of the Shares

For the information on taxation of income related to the holding and sale of the Company shares, see Section 3.7 above.

3.14.1.7 Agreement Provided for in Art. 96 of the Polish Securities Act

The Company did not enter into and does not intend to enter into an agreement provided for in Art. 96 of the Polish Securities Act.

3.14.1.8 Regulated Market on which Series A Shares are to be Introduced to Public Trading, Scheduled Date of their First Listing and of the Decision Admitting the Shares to Trading on a Specific Market

The Company's Executive Board will use its best efforts to introduce the Shares to trading on the WSE as soon as possible after the allotment date of the Offered Shares. The Company's intention is that the Shares be introduced to stock-exchange trading in the *plus* segment of the primary market, in the continuous trading, within five days of the allotment date of the Offered Shares.

3.14.2 Series B Shares

3.14.2.1 Type, Number and Total Value of Series B Shares

Pursuant to this Prospectus, 7,695,600 Series B ordinary bearer shares, with a par value of PLN 2 per share, are to be introduced to public trading.

Types of shares	Number of shares	Par value (PLN)	Issue price (PLN)	Share premium (PLN)	Estimated fees and issue costs (PLN)	Proceeds to the Issuer (PLN)
1	2	3	4	5	6	7=(2*4)-6
Per share	1	2.00	-	-	-	-
Series B Shares	7,695,600	15,391,200	-	-	-	-
Total	**7,695,600**	**15,391,200**	**-**	**-**	**-**	**-**

The transferability of the rights attached to Series B Shares is not subject to any restrictions other than those provided for under the Investment Agreement of August 8th 2001 and the Termination Agreement of February 17th, which are discussed in Chapter IV, Section 4.9 of this Prospectus – the restrictions will cease to be effective upon a sale of at least one of the Offered Shares. Series B Shares are free from any security interests. No additional benefits or obligations are connected with Series B Shares.

3.14.2.2 Legal Basis for the Issue and Introduction of Shares to Public Trading

3.14.2.2.1 Corporate Body Competent to Decide on the Issue of Shares and their Introduction to Public Trading

Pursuant to Art. 431.1 of the Polish Commercial Code, only the General Shareholders Meeting may adopt resolutions on the increase of share capital by way of a share issue.

3.14.2.2.2. Date and Form of the Decision on the Issue of Series B Shares

On August 5th 1999, the Extraordinary Shareholders Meeting adopted, in a unanimous vote and in the presence of persons representing 100% of the Company's share capital, Resolution No. 1 on an increase in the Company's share capital by way of an issue of Series B Shares.

Resolution No. 1 reads as follows:

RESOLUTION No. 1
of August 5th 1999
by the Extraordinary Shareholders Meeting
of Inter Cars Spółka Akcyjna of Warsaw,
on an increase in the Company's share capital by way of issue of Series B Shares

The Extraordinary Shareholders Meeting hereby resolves to adopt the following resolution:

1. The Extraordinary Shareholders Meeting resolves to increase the existing share capital of Inter Cars SA by PLN 15,391,200 (fifteen million, three hundred and ninety-one thousand, two hundred złoty), from PLN 400,000 (four hundred thousand złoty) to PLN 15,791,200 (fifteen million, seven hundred and ninety-one thousand, two hundred złoty). The capital increase shall be effected by way of an issue of 153,912 Series B registered shares, numbered from 004001 to 157912, with a par value of PLN 100 (one hundred złoty) per share, which shall be paid up in cash.

2. Series B Shares are non-preference registered shares.
3. The issue price per one Series B Share is PLN 100 (one hundred złoty).
4. Series B Shares shall carry the right to dividend as of May 28th 1999.
5. The dates of opening and closing of the subscription for Series B Shares and the manner of payment for Series B Shares shall be determined by the Executive Board.

Resolution No. 1 was recorded in the form of a notary deed by Magdalena Witkowska, assistant Notary Public to Danuta Kosim-Kruszkowska, Notary Public with a Notary Office in Warsaw (Rep. A No. 9187/99). The share capital increase was registered on August 18th 1999.

On February 17th 2004, the Extraordinary Shareholders Meeting adopted, in a unanimous vote, Resolution No. 3 on amendment to the Company's Articles of Association, whereby the division of the Company's share capital was changed through a reduction of the par value of each share from PLN 100 to PLN 2 (the resolution was recorded as a notary deed by Tomasz Pieper, Notary Public with a Notary Office in Warsaw, Rep. A No. 1480/2004). At the same time, all Series B Shares were converted into ordinary bearer shares. The amendment to the Articles of Association was registered on March 18th 2004.

Pursuant to Resolution No. 2 of February 17th 2004, the General Shareholders Meeting approved the introduction of Series B Shares to public trading in securities. The resolution was recorded as a notary deed by Tomasz Pieper, Notary Public with a Notary Office in Warsaw (Rep. A No. 1480/2004).

The contents of Resolution No. 2 are presented in Section 3.14.1.2.2 above.

3.14.2.3 Existing Shareholders' Pre-Emptive Rights to Series B Shares

All Series B Shares were acquired by the existing shareholders.

3.14.2.4 Dates as of Which Series B Shares Carry the Right to Dividend

Series B Shares have carried the right to dividend since May 28th 1999.

3.14.2.5 Rights Attached to the Shares to be Introduced to Public Trading

For the information on the rights attached to the Company shares, additional performance for the benefit of the Company and a requirement to obtain relevant approvals or serve notifications, see Section 3.6 above.

3.14.2.6 Taxation of Income Related to Holding and Sale of the Shares

For the information on taxation of income related to the holding and sale of the Company shares, see Section 3.7 above.

3.14.2.7 Agreement Provided for in Art. 96 of the Polish Securities Act

The Company did not enter into and does not intend to enter into an agreement provided for in Art. 96 of the Polish Securities Act.

3.14.2.8 Regulated Market on which Series B Shares are to be Introduced to Public Trading, Scheduled Date of their First Listing and of the Decision Admitting the Shares to Trading on a Specific Market

The Company's Executive Board will use its best efforts to introduce the Shares to trading on the WSE as soon as possible after the allotment date of the Offered Shares. The Company's intention is that the Shares be introduced to stock-exchange trading in the *plus* segment of the primary market, in the continuous trading, within five days of the allotment date of the Offered Shares.

3.14.3 Series C Shares

3.14.3.1 Type, Number and Total Value of Series C Shares

Pursuant to this Prospectus, 104,400 Series C ordinary bearer shares, with a par value of PLN 2 per share, are to be introduced to public trading.

Types of shares	Number of shares	Par value (PLN)	Issue price (PLN)	Share premium (PLN)	Estimated fees and issue costs (PLN)	Proceeds to the Issuer (PLN)
1	2	3	4	5	6	7=(2*4)-6
Per share	1	2.00	-	-	-	-
Series C Shares	104,400	208,800	-	-	-	-
Total	**104,400**	**208,800**	**-**	**-**	**-**	**-**

The transferability of the rights attached to Series C Shares is not subject to any restrictions other than those provided for under the Investment Agreement of August 8th 2001 and the Termination Agreement of February 17th, which are discussed in Chapter IV, Section 4.9 of this Prospectus – the restrictions will cease to be effective upon a sale of at least one of the Offered Shares. Series C Shares are free from any security interests. No additional benefits or obligations are connected with Series C Shares.

3.14.3.2 Legal Basis for the Issue and Introduction of Shares to Public Trading

3.14.3.2.1 Corporate Body Competent to Decide on the Issue of Shares and their Introduction to Public Trading

Pursuant to Art. 431.1 of the Polish Commercial Code, only the General Shareholders Meeting may adopt resolutions on share capital increase by way of a share issue.

3.14.3.2.2. Date and Form of the Decision on the Issue of Series C Shares

On August 24th 1999, the Extraordinary Shareholders Meeting adopted, in a unanimous vote and in the presence of persons representing 100% of the Company's share capital, Resolution No. 2 on an increase in the Company's share capital by way of an issue of Series C Shares.

Resolution No. 2 reads as follows:

RESOLUTION No. 2
of August 24th 1999
by the Extraordinary Shareholders Meeting
of Inter Cars Spółka Akcyjna of Warsaw
on an increase in the Company's share capital by way of issue of Series C Shares

1. The Extraordinary Shareholders Meeting hereby increases the Company's share capital by PLN 208,800.00 (two hundred and eight thousand, eight hundred złoty), from PLN 15,791,200.00 (fifteen million, seven hundred and ninety-one thousand, two hundred złoty) to PLN 16,000,000.00 (sixteen million złoty). The share capital increase shall be effected by way of an issue of 2,088 Series C registered shares, numbered from 157913 to 160000, with a par value of PLN 100.00 (one hundred złoty) per share, which shall be covered with a cash contribution.
2. Series C Shares are non-preference registered shares.
3. The issue price per one Series C Share is PLN 100 (one hundred złoty).
4. Series C Shares shall carry the right to dividend as of May 28th 1999.
5. The dates of opening and closing of the subscription for Series C Shares and the manner of payment for Series C Shares shall be determined by the Executive Board.

Resolution No. 2 was recorded in the form of a notary deed by Magdalena Witkowska, assistant Notary Public to Danuta Kosim-Kruszkowska, Notary Public with a Notary Office in Warsaw (Rep. A No. 9631/99). The share capital increase was registered on September 28th 1999.

On February 17th 2004, the Extraordinary Shareholders Meeting adopted, in a unanimous vote, Resolution No. 3 on amendment to the Company's Articles of Association, whereby the division of the Company's share capital was changed through a reduction of the par value of each share from PLN 100 to PLN 2 (the resolution was recorded as a notary deed by Tomasz Pieper, Notary Public with a Notary Office in Warsaw, Rep. A No. 1480/2004). At the same time, all Series C Shares were converted into ordinary bearer shares. The amendment to the Articles of Association was registered on March 18th 2004.

Pursuant to Resolution No. 2 of February 17th 2004, the General Shareholders Meeting approved the introduction of Series C Shares to public trading in securities. The resolution was recorded as a notary deed by Tomasz Pieper, Notary Public with a Notary Office in Warsaw (Rep. A No. 1480/2004).

The contents of Resolution No. 2 are presented in Section 3.14.1.2.2 above.

3.14.3.3 Existing Shareholders' Pre-Emptive Rights to Series C Shares

All Series C Shares were acquired by the existing shareholders.

3.14.3.4 Dates as of Which Series C Shares Carry the Right to Dividend

Series C Shares have carried the right to dividend since May 28th 1999.

3.14.3.5 Rights Attached to the Shares to be Introduced to Public Trading

For the information on the rights attached to the Company shares, additional performance for the benefit of the Company and a requirement to obtain relevant approvals or serve notifications, see Section 3.6 above.

3.14.3.6 Taxation of Income Related to Holding and Sale of the Shares

For the information on taxation of income related to the holding and sale of the Company shares, see Section 3.7 above.

3.14.3.7 Agreement Provided for in Art. 96 of the Polish Securities Act

The Company did not enter into and does not intend to enter into an agreement provided for in Art. 96 of the Polish Securities Act.

3.14.3.8 Regulated Market on which Series C Shares are to be Introduced to Public Trading, Scheduled Date of their First Listing and of the Decision Admitting the Shares to Trading on a Specific Market

The Company's Executive Board will use its best efforts to introduce the Shares to trading on the WSE as soon as possible after the allotment date of the Offered Shares. The Company's intention is that the Shares be introduced to stock-exchange trading in the *plus* segment of the primary market, in the continuous trading, within five days of the allotment date of the Offered Shares.

Chapter IV – Information on the Company

4.1 Details of the Company

Company name:	Inter Cars Spółka Akcyjna
Form of incorporation:	joint-stock company
Country of incorporation:	Poland
Registered offices:	Warsaw
Address:	ul. Powsińska, nr 64, 02-903 Warsaw
Tel.:	(+ 48 22) 71 41 916
Fax:	(+ 48 22) 71 41 918
E-mail:	bzarzadu@intercars.com.pl
Web-site:	www.intercars.com.pl
REGON (industry identification number):	014992887
NIP(VAT registration number):	118-14-52-946
Branch material for the Company's business:	Inter Cars SA, Cząstków Mazowiecki Branch, ul. Gdańska 15, 05-152 Czosnów, Warsaw Province

4.2 Regulations Applicable to the Issuer

Inter Cars was incorporated on the basis of the provisions of the Polish Commercial Code. Since January 1st 2001, the Company's operations have been governed by the Polish Companies Act.

4.3 Details of the Court Which Issued the Decision to Enter the Company into the Relevant Register

The decision to enter Inter Cars into the Commercial Register (under No. RHB 57064) was issued by the District Court for the Capital City of Warsaw, XVI Commercial and Registration Division. The Company was registered in the Register of Entrepreneurs (National Court Register) under No. KRS 0000008734 pursuant to the decision of the District Court for the Capital City of Warsaw, XX Commercial Division of the National Court Register, dated May 28th 1999.

4.4 Historical Background of the Company and Its Legal Predecessors

Inter Cars s.c. (civil partnership) was established in 1990 by Krzysztof Oleksowicz, Andrzej Oliszewski and Piotr Oleksowicz. 1999 saw the creation of Inter Cars, which took over the business of Inter Cars s.c. related to spare parts wholesale. Following the transformation of Inter Cars s.c., Inter Cars sp.j. (general partnership) continues business activities in the area which is not competitive with Inter Cars SA (letting of office and warehouse space).

The Deed of Incorporation of Inter Cars was made out on May 17th 1999 (notary deed made by Andrzej Przybyła, Notary Public with a Notary Office in Warsaw, Rep. A No. 2927/99). The founders of the Company, each holding at least 5% of the total vote at the General Shareholders Meeting, were three natural persons: Krzysztof Oleksowicz, Piotr Oleksowicz and Andrzej Oliszewski.

4.5 Capital and Funds of the Issuer

Pursuant to the provisions of the Polish Companies Act, the Company may create/make contributions to the following capitals/funds:

1) Share capital,
2) Reserve funds,
3) Capital reserve,
4) Special accounts.

Capital by Type	Value (PLN ’000) as at Dec 31 2003
Share capital	23,642
Reserve funds	41,684
Revaluation capital reserve	-
Other capital reserves	-
Accumulated loss/retained profit	-
Financial result for the financial year	10,029
Total shareholders’ equity	75,355

4.5.1 Share Capital

The rules of setting up the share capital of joint-stock companies are provided for in the Polish Companies Act, which, apart from the ordinary increase in the share capital (Art. 431 of the Polish Companies Act), provides also for an increase in the share capital financed with internally generated funds (Art. 442 of the Polish Companies Act), an increase in the share capital within authorised capital (Art. 444 of the Polish Companies Act) as well as a conditional increase in the share capital (Art. 448 of the Polish Companies Act). The Company’s Articles of Association do not include provisions authorising an issue of shares within authorised capital.

Pursuant to Art. 431.3 of the Polish Companies Act, share capital may be increased only after at least nine-tenths of the existing share capital has been paid up.

4.5.2 Reserve Funds

Joint-stock companies are required to set up reserve funds to cover possible losses. Reserve funds are created through contributions of at least 8% of the profit for a given financial year until the reserve funds amount to one-third of the company’s share capital. The Company is no longer obliged to make contributions to reserve funds. In accordance with the provisions of the Polish Companies Act, reserve funds may also be increased with the amount of share premium remaining after the costs of the issue of shares have been covered (Art. 396.2 of the Polish Companies Act), as well as additional contributions by shareholders, who in return receive additional rights in respect of their shares, provided that such contributions are used to cover extraordinary write-offs or losses (Art. 396, Par. 3 of the Polish Companies Act).

4.5.3 Capital Reserves and Special Accounts

Pursuant to the provisions of Art. 396.4 of the Polish Companies Act, the Articles of Association of a joint-stock company may provide for setting up other capital reserves to cover extraordinary losses or expenses. Par. 19 of the Company’s Articles of Association provides for the possibility of creating capital reserves and other accounts. Detailed rules for making contributions to and using the accounts and capital reserves are determined by the General Shareholders Meeting. The Company has not set up any capital reserves or special accounts.

4.6 Company’s Policy in Relation to Dividend Payment in the Last Three Financial Years

4.6.1 Executive Board’s Policy in Relation to Dividend Payment in the Last Three Financial Years

In the financial years of 2001–2002 the Company’s Executive Board did not recommend dividend payment and the General Shareholders Meeting did not adopt a resolution on dividend payment. On February 16th 2004, the General Shareholders Meeting (notary deed made by Tomasz Pieper, Notary Public with a Notary Office in Warsaw, Rep. A No. 1474/2004) adopted a resolution on distribution of the 2003 profit and allocated PLN 2,005,788.80 to dividend. The resolution will become effective upon registration of amendments to the Company’s Articles of Association, and the dividend will be paid out by June 30th 2004. The Company represented that the dividend would be paid out by May 5th 2004.

4.6.2 Executive Board’s Policy in Relation to Dividend Payment in the Next Three Financial Years

The Executive Board’s decision to recommend to the General Shareholders Meeting allocation of the profit for 2004–2006 to dividend payment depends on the Company’s financial standing and financial forecasts available at the time of drafting resolutions of the General Shareholders Meeting at which the resolution on profit distribution is to be made.

4.6.3 Dividend Resolution Date

Pursuant to the provisions of Art. 395 of the Polish Companies Act, resolutions on profit distribution (or coverage of loss) and on dividend payment are adopted by the General Shareholders Meeting, which is required to convene within six months after the end of each financial year. The General Shareholders Meeting sets the dividend record date and the dividend payout date by adopting a relevant resolution (Art. 348.3 of the Polish Companies Act). The dividend record date may be set for the dividend resolution date or any day within the next three months as of that date.

4.6.4 Manner of Publishing the Information on Dividend Collection

The Issuer's Articles of Association do not prescribe any manner of publishing information on dividend collection. Information of the General Shareholders Meeting's intention to adopt a resolution on dividend payment and the proposed wording of the resolution shall be published through the *Emitent* system within 24 hours before the intended adoption of the resolution, in the form of an *ad hoc* report forwarded to the Polish SEC, WSE and Polska Agencja Prasowa (Polish Press Agency). The Company shall disclose the information on the wording of the adopted resolution on dividend payment as well as on the terms and conditions of its payment and collection in the same manner. The Issuer shall publish information on any decisions made with respect to declared payment or non-payment of dividend and dividend collection using the same procedure.

4.6.5 Terms and Conditions of Dividend Collection

The terms and conditions of dividend payment are defined by the Executive Board in consultation with the Polish NDS. In accordance with Par. 91 of the Detailed Rules of the Polish NDS (schedule to Resolution No. 79/98 of the Polish NDS, dated January 29th 1998, as amended), the Company is obliged to inform the Polish NDS on the amount of dividend, the dividend record date and the dividend payment date by sending promptly, but no later than 10 days prior to the dividend record date, the resolution of the General Shareholders Meeting. At least ten days must pass between the dividend record date and the dividend payment date.

In addition, pursuant to Par. 21.1 of the WSE Rules, the Company is required to immediately notify the Stock Exchange of its intention to exercise the rights attached to the securities already listed on the stock exchange, including the rights to dividend, and to make decisions in this respect in consultation with the Stock Exchange, to the extent that such decisions may affect the organisation and the procedures for the execution of stock exchange transactions.

4.6.6 Preference in Relation to the Dividend

There are no dividend-related preferences attached to any of the Company shares.

4.7 Type and Number of Shares Constituting the Share Capital

The share capital of the Company equals PLN 23,642,200 and is divided into 11,821,100 shares with a par value of PLN 2 per share, including:

	Number	Series	Type	Issue Price* (PLN)
1.	200,000	A	ordinary bearer shares	2
2.	7,695,600	B	ordinary bearer shares	2
3.	104,400	C	ordinary bearer shares	2
4	2,153,850	D	ordinary bearer shares	6,851162
5	1,667,250	E	ordinary bearer shares	PLN equivalent of USD 2.1

*Data in the table reflects the split of the Company shares made pursuant to the resolution of the Extraordinary Shareholders meeting of February 17th 2004.

4.8 Information on the Share Capital Not Paid up

The Company's share capital has been paid up in full.

4.9 Changes in the Share Capital of the Company and Its Legal Predecessor over at Least Last Five Years

Inter Cars was incorporated by virtue of Deed of Incorporation of May 17th 1999 (Notary Deed made out by Andrzej Przybyła, Notary Public with a Notary Office in Warsaw, Rep. A No. 2927/99). The Company's share capital amounted to PLN 400,000 and was divided into 4,000 non-preference registered shares with a par value of PLN 100 per share. The purchase price was PLN 100 per share. The following persons acquired shares representing at least 5% of the Company's share capital: Krzysztof Oleksowicz, Piotr Oleksowicz, and Andrzej Oliszewski. Incorporation of the Company and the issue of Series A Shares were registered on May 28th 1999.

By virtue of the resolution of the Extraordinary Shareholders Meeting of August 5th 1999 (Notary Deed made out by Magdalena Witkowska, Assistant Notary Public to Notary Public Danuta Kosim-Kruszewska, with a Notary Office in Warsaw, Rep. A No. 9187/99), the Company's share capital was increased by PLN 15,391,200, to PLN 15,791,200, through the issue of Series B Shares. The purchase price was PLN 100 per share. The following persons acquired Series B Shares representing at least 5% of the Company's share capital: Krzysztof Oleksowicz, Piotr Oleksowicz, and Andrzej Oliszewski. Following the share capital increase, the Company's share capital comprised 157,912 non-preference registered shares with a par value of PLN 100 per share, including:

1) 4,000 Series A Shares, and
2) 153,912 Series B Shares.

The Series B Shares issue was registered on August 18th 1999. Series B Shares conferred the rights to appoint members of the Supervisory Board, while any Founding Shareholder holding more than 10% of the Company shares had the right to appoint one member of a five-member Supervisory Board.

By virtue of the resolution of the Extraordinary Shareholders Meeting of August 24th 1999 (Notary Deed made out by Magdalena Witkowska, Assistant Notary Public to Notary Public Danuta Kosim-Kruszewska with a Notary Office in Warsaw, Rep. A No. 9631/99), the Company's share capital was increased by PLN 208,800, to PLN 16,000,000, through the issue of Series C Shares. The purchase price stood at PLN 100 per share. The following persons acquired Series C Shares: Krzysztof Oleksowicz, Piotr Oleksowicz, and Andrzej Oliszewski. Following the share capital increase, the Company's share capital comprised 160,000 non-preference registered shares with a par value of PLN 100 per share, including:

1) 4,000 Series A Shares,
2) 153,912 Series B Shares, and
3) 2,088 Series C Shares.

The Series C Shares issue was registered on September 29th 1999. Series C Shares conferred the rights to appoint members of the Supervisory Board, while any Founding Shareholder holding of more than 10% of the Company shares had the right to appoint one member of a five-member Supervisory Board.

On August 8th 2001, Narodowy Fundusz Inwestycyjny FORTUNA SA and Fund.1 Pierwszy Narodowy Fundusz Inwestycyjny SA, acting as the Financial Investors (hereinafter referred to as the "Financial Investors" or the "Funds") concluded a trilateral investment agreement ("Investment Agreement") with Krzysztof Oleksowicz, Jolanta Oleksowicz and Andrzej Oliszewski as Inter Cars shareholders ("Shareholders") and the Company.

The Investment Agreement provided for the Company issuing Series D and E shares to be acquired by the Financial Investors, and defined the rules governing the Company's operations during its term.

Pursuant to the provisions of the Investment Agreement:

1) The Supervisory Board was to be composed of five members, including three appointed by the Shareholders, and two appointed jointly by the Funds,
2) The following issues required a Supervisory Board's resolution passed by a 4/5 majority of the votes:
   - changes in the share capital,
   - amendments to the Company's Articles of Association,
   - adoption of the Company's Annual Operational Plans,
   - issue of new Company shares,
   - contracting liabilities totalling more than PLN 500,000 in a year, except for those provided for in the Company's business plan and its Annual Operational Plan,
3) The following issues required a General Shareholders Meeting's resolution, with the Financial Investors casting votes in favour of the resolution:
   - changes in the share capital,
   - amendments to the Company's Articles of Association,
   - distribution of profit, coverage of loss, and creation of capital reserves.

Furthermore, the Investment Agreement provided for: pre-emptive rights to acquire new issue shares and shares held by other shareholders, the Tag Along Option (every shareholder who holds pre-emptive rights and who has not exercised such rights may demand that a shareholder selling a block of shares procure that the potential buyer buy shares not only from the selling shareholder but also from the shareholder who did not exercise his pre-emptive rights).

By virtue of the resolution of the Extraordinary Shareholders Meeting of August 10th 2001 (Notary Deed made out by Tomasz Pieper, Assistant Notary Public to Notary Public Marek Majchrzak, with a Notary Office in Warsaw, Rep. A No. 5817/2001), the Company's share capital was increased by PLN 4,307,700, to PLN 20,307,700, through an ex-rights issue of Series D Shares. The issue price stood at PLN 342.558125 per share. The following entities acquired Series D Shares representing at least 5% of the Company's share capital: FUND.1 Pierwszy Narodowy Fundusz Inwestycyjny SA of Warsaw and Narodowy Fundusz Inwestycyjny FORTUNA SA of Warsaw. Following the share capital increase, the Company's share capital comprised 203,077 non-preference registered shares with a par value of PLN 100, including:

1) 4,000 Series A Shares,
2) 153,912 Series B Shares,
3) 2,088 Series C Shares, and
4) 43,077 Series D Shares.

The Series D Shares issue was registered on August 28th 2001. For 24 months as of the registration of the Series D Shares issue, the disposal of shares through any legal action required the prior adoption of the relevant resolution by the General Shareholders Meeting by way of 4/5 of the votes cast.

Series D Shares conferred the rights to appoint members of the Supervisory Board, provided that those holding Series A, B, or C Shares had the right to appoint and dismiss three out of the five members of the Supervisory Board, while those holding Series D Shares had to right to jointly appoint and dismiss two out of the five members of the Supervisory Board. If and when the aggregate equity interest owned by shareholders of Series D Shares comes to amount to at least 50% of the total vote at the GM, they will have the right to appoint and dismiss three out of the five members of the Company's Supervisory Board.

By virtue of the resolution of the Extraordinary Shareholders Meeting of April 9th 2002 (Notary Deed made out by Public Notary Marek Majchrzak of a Notary Public's Office in Warsaw, Rep. A No. 184/2002), the Company's share capital was increased by PLN 3,334,500 to PLN 23,642,200 through the issue of Series E Shares. The issue price per share amounted to the PLN-equivalent of USD 104.96. The following entities acquired Series E Shares: FUND.1 Pierwszy Narodowy Fundusz Inwestycyjny SA of Warsaw and Narodowy Fundusz Inwestycyjny FORTUNA SA of Warsaw. Following the share capital increase, the Company's share capital divided into 236,422 non-preference registered shares with a par value of PLN 100 per share, including:

1) 4,000 Series A Shares,
2) 153,912 Series B Shares,
3) 2,088 Series C Shares,
4) 43,077 Series D Shares, and
5) 33,345 Series E Shares.

The Series E Shares issue was registered on June 6th 2002.

Given the fact that the Company was preparing for the launch of its IPO on February 17th 2004, Narodowy Fundusz Inwestycyjny FORTUNA SA and Fund.1 Pierwszy Narodowy Fundusz Inwestycyjny SA, acting as the Financial Investors (hereinafter referred to as the "Financial Investors" or the "Funds") entered into a trilateral agreement with Krzysztof Oleksowicz, Jolanta Oleksowicz-Bugajewska, Michał Oleksowicz and Andrzej Oliszewski, as the Company's shareholders ("Shareholders"), concerning the termination of the Investment Agreement ("Termination Agreement"). The purpose of the Termination Agreement was to ensure that the Financial Investors could exit their investments in the Company by introducing the Company shares to public trading and then selling the Shares. In consideration of the planned introduction of the Company shares to public trading, the parties to the Termination Agreement agreed to: terminate the Investment Agreement, delete from the Company's Articles of Association all provisions conferring additional rights on the Financial Investors, however, only upon the fulfilment of conditions subsequent stipulated in the Termination Agreement, the waiver – during the process of the Financial Investors selling the Shares through a public offering – of those provisions of the Investment Agreement which cannot be performed in public trading, in particular those concerning pre-emptive rights, rights of first refusal, and the Tag Along option.

Pursuant to the provisions of the Termination Agreement, the Investment Agreement will be terminated upon:

1) expiry of the deadline for appealing against the decision of the Polish SEC granting consent to the introduction of the Company shares to public trading,
2) submission, upon the Polish SEC issuing the decision, of written representations by all the Financial Investors to the effect that they accept the Selling Price for the Shares held by the Financial Investors,
3) non-occurrence of an event of failure of the public offering, which for the purposes of the Termination Agreement was defined as follows: "Financial Investors' decision not to pursue, in accordance with the terms and conditions and within the timeframe set

forth in the Prospectus, the public offering, including in particular as a result of submitting a number of irrevocable and binding subscription orders for the Shares which is unsatisfactory to the Financial Investors".

The Investment Agreement is effective until the fulfillment of all the above conditions precedent. Non-fulfillment of even one of the conditions subsequent will lead to the restoration of the rights and obligations of the parties to the Investment Agreement thereunder, which will have the following consequences:

- The Investment Agreement will be effective in its entirety;
- The Company Shares will be excluded from public trading;
- The Company's Articles of Association will read as before the signature of the Termination Agreement.

If a situation described above occurs, the parties to the Termination Agreement have included in it a number of provisions regulating cooperation between the Financial Investors and the Shareholders from the date of failure of the public offering to the restoration of the Articles of Association effective previously under the Investment Agreement. Pursuant to the provisions of the Termination Agreement, the provisions thereof (including those concerning the cooperation of the Financial Investors and the Shareholders) will not be binding if at least one Share is sold through the IPO.

By virtue of the resolution of the Extraordinary Shareholders Meeting of February 17th 2004 (Notary Deed made out by Tomasz Peiper, Notary Public with a Notary Office in Warsaw, Rep. A No. 1480/2004), the Company's Articles of Association were amended so that the par value of one Share was changed from PLN 100 to PLN 2 per share, the Shares were converted from registered into bearer shares, and the provisions concerning rights of Shareholders of Series A, Series B, Series C, and Series D Shares to appoint a defined number of members of the Supervisory Board (as stipulated earlier in the Articles of Association) were deleted.

Following the registration of the amendments, the Company's share capital will comprise non-preference ordinary bearer shares with a par value of PLN 2 per share, including:

1) 200,000 Series A Shares,
2) 7,695,600 Series B Shares,
3) 104,400 Series C Shares,
4) 2,153,850 Series D Shares, and
5) 1,667,250 Series E Shares.

4.10 Description of All Contributions in Kind over Last Five Years

To date, no contributions in kind were made to cover the Company's share capital.

4.11 Additional Conditions To be Fulfilled To Change the Share Capital and Rights Conferred by Different Share Series

The Articles of Association do not stipulate any additional conditions to be fulfilled prior to changing the share capital, however, they prohibit conversion of bearer shares into registered shares.

4.12 Anticipated Changes in the Share Capital as a Result of Bondholders Exercising their Rights under Convertible Bonds or Bonds with Pre-Emptive Rights

To date, the Company has not issued any convertible bonds or bonds with pre-emptive rights.

4.13 Share Number and Share Capital Value by which the Share Capital May be Increased within the Authorised Capital

The Company's Articles of Association do not authorise the Company's Executive Board to increase the share capital within authorised capital.

4.14 Utility Shares and Certificates

The Company has not issued any utility shares or certificates.

4.15 Founders Certificates

The Issuer's Articles of Association do not provide for the issuance of any such certificates.

4.16 Company Shares Held by the Company or Other Group Undertakings

The Company does not hold any own shares. Neither do other member undertakings of its Group hold any Company shares.

4.17 Acquisition of the Company's own Shares over Last Three Financial Years

Over last three financial years the Company did not acquire any of its own shares.

4.18 Stock Exchanges on which the Company Securities or Depository Receipts Issued in Connection with Such Securities are Traded

To date, the Company's securities have not been listed on any stock exchange. The Company has not issued any depository receipts.

4.19 Listing of the Company Securities on Stock Exchanges over Last Three Years

The Issuer securities have not been listed on any stock exchange.

4.20 Information on the Termination by the Company of an Agreement on an Audit or a Review of the Financial Statements or Consolidated Financial Statements or Provision of Other Services in Connection with Such Statements

The Company has not terminated any agreement on an audit or a review of the Company's financial statements or consolidated financial statements, or provision of other services in connection with such statements, concluded with an auditor, within the period covered by the audited financial statements or consolidated financial statements, or the comparable data contained in this Prospectus. Entities qualified to audit financial statements have not terminated any agreement on an audit or a review of the Company's financial statements or consolidated financial statements, or provision of other services in connection with such statements, within the period covered by the audited financial statements or consolidated financial statements, or the comparable data contained in this Prospectus.

4.21 Information on Filing a Petition in Bankruptcy, Declaration of Bankruptcy, Filing for Opening of Arrangement or Liquidation Proceedings, or Suspension or Cancellation of Arrangement Proceedings, with Respect to the Company or its Subsidiary Undertaking over Last Five Years

Over the last five years, none of the following has occurred with respect to the Company or its subsidiary undertakings: filing a petition in bankruptcy, declaration of bankruptcy, filing for opening of arrangement or liquidation proceedings, or suspension or cancellation of arrangement proceedings.

4.22 Information on the Entry of Data Concerning the Company in the National Court Register

Part 4 of the Register of Entrepreneurs of the National Court Register contains no entry concerning the Company's business.

4.23 Organisational and Capital Links between the Issuer and Other Entities

4.23.1 Company's Role in the Group

The Company plays the role of a decision-making centre for its subsidiary undertakings. It is responsible for making strategic decisions concerning the development and financing of activities. In the Group, the Company coordinates the activities conducted by the individual undertakings, in particular, the common investment policy for the Group as a whole.

4.23.2 Capital Links of the Issuer

Inter Cars holds shares in the following undertakings:

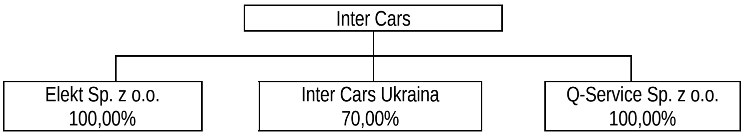
- 2,500 shares with an aggregate par value of PLN 1,250,000 in the share capital of Eltek Sp. z o.o., registered offices in Słupsk, Poland (100% of the share capital);
- 415 shares with an aggregate par value of PLN 415,000 in the share capital of Q-Serwis Sp. z o.o., registered offices in Cząstków Mazowiecki, Poland (100% of the share capital);
- 70% of shares with an aggregate par value of UAH 199,552 (equivalent of USD 36,750) in the share capital of Inter Cars Ukraina Sp. z o.o., registered offices in Khmelnytsky, Ukraine (70% of the share capital);
- 10 shares with an aggregate par value of EUR 10,000 in the share capital of ATR International AG, registered offices in Stuttgart, Germany (7.7% of the share capital).

No related undertakings were included in the Company's latest consolidated financial statements, prepared as at December 31st 2003.

The above undertakings have no material bearing on the Company's operations.

4.23.3 Description and Structure of Capital Group

No.	Company name, registered offices, address, country where the registered offices are located, divisions, court of registration	Tel., fax, Web site	REGON (industry identification number)	NIP (VAT registration number)	Type and value of equity (PLN)*	Number of shares held	Total value of shares held (PLN)	% share in share capital	% of total vote at the GM	Type of relationship	Date as of which the Company exercises control
1.	ELTEK Sp. z o.o. ul. Przemysłowa 10 76-200 Słupsk, Poland District Court of Gdańsk, XVI Commercial Division of the National Court Register	Tel.: (+48 59) 840 35 60 Fax: (+48 59) 848 65 75 www.eltekzoo.com	771483346	839-27-56-865	share capital: 1,250,000; reserve funds: 13,067.61; accumulated profit brought forward: 0.00; net profit: 70,922.82;	2,500	1,250,000	100%	100%	subsidiary undertaking	2003
2.	Q-Service Sp. z o.o. ul. Gdańska 15, 05-152 Cząstków Mazowiecki, Poland, District Court for the Capital City of Warsaw, XXI Commercial Division of the National Court Register	Tel.: (+48 22) 714 19 16 Fax: (+48 22) 714 19 18	016382207	531-14-87-900	share capital: 415,000; reserve funds: 11,650.24; accumulated profit brought forward: 0.00 net profit: 8,248.93	415	415,000	100%	100%	subsidiary undertaking	2000
3.	Inter Cars Ukraina Sp. z o.o. ul. Tołstoja 1/1, Khmelnytsky, Ukraine	Tel.: (+38 44) 536 02 72 Fax: (+38 44) 536 02 73 www.intercars.com.ua	30865632**		share capital: USD 52,500	70% equity interest (number of shares not specified)	USD 36,750	70%	70%	subsidiary undertaking	2000


Inter Cars
Elekt Sp. z o.o.
100,00%
Inter Cars Ukraina
70,00%
Q-Service Sp. z o.o.
100,00%

Chapter V – Information on the Issuer

5.1 Core Business

5.1.1 Introduction

Inter Cars is an importer and distributor of spare parts for cars and utility vehicles. The Company's offering also includes garage equipment, particularly vehicle service and repair equipment, motorcycle parts, and tuning parts.

Inter Cars s.c., a partnership under civil law, was formed in 1990 by Krzysztof Oleksowicz, Andrzej Oliszewski and Piotr Oleksowicz. In 1999, the business of Inter Cars s.c.[1] was taken over by newly established Inter Cars. In August 2001 and April 2002, investment funds – currently managed by Ballinger Capital – acquired 3,821,100 new issue Series D and E shares, representing a 32.3% interest in Inter Cars' share capital. The total value of the shares was PLN 29,058 thousand. The Company used the proceeds to expand its central warehouse, develop its logistics and IT systems, extend the product offering, and finance the working capital of the newly created affiliate branches.

At the early stage of its operations, Inter Cars s.c. used a 300 m^2 warehouse and specialised mainly in selling engine sub-assemblies for German-made vehicles. The range of spare parts offered at that time comprised 15,000 items. The growing number and diversity of vehicles translated into a higher number of customers. The present Inter Cars' goods range consists of ca. 160,000 items for most types of cars, utility vehicles, and motorbikes, as well as garage equipment. The Company has a modern storage base consisting of a central warehouse in Cząstków Mazowiecki near Warsaw, built in 2000, with the surface area of 18,000 m^2 (including offices), 37 affiliate branches, regional warehouse in Poznań, and a representative office in Ukraine (a subsidiary company). In 1997, the Company successfully launched operation in the utility vehicles segment.

In 1998, Inter Cars s.c. launched the operation of the first countrywide network associating garages with no capital links with the Company, under a common brand name of Q-Service. Since 1999, the Company has been a member of ATR, an international purchasing and benchmarking group associating the major spare parts distributors in Europe. The membership in ATR gave the Company a unique access to information on the forms and ways of spare parts distribution management in Europe, and in particular it allowed the Company to obtain better terms of trade with suppliers linked with ATR. In 2001, the Company commenced in Poland to build a pan European network of service stations with no capital links with the Company, operating under a common brand name of Auto Crew.

Inter Cars offers the broadest range of vehicle spare parts in Eastern Europe. Its offer includes both brand goods produced by widely recognised and renowned suppliers, designed for use in vehicle manufacturing, and far cheaper but good quality products of less known manufacturers. The broad and diverse offering allows the Company to attract a wide range of customers, with various classes of vehicles and different financial resources.

Inter Cars has three subsidiary undertakings: Inter Cars Ukraina, Q-Service Sp. z o.o.[2], and Eltek Sp. z o.o. None of them is consolidated, as the Company has used the exemption under Art. 56.3 and 58.1 of the Accountancy Act. None of the subsidiary undertakings has a material bearing on the operations of Inter Cars. Information on the Company and its subsidiaries is presented as if all of them comprised one undertaking, which is possible given the nature of links between them. However, the financial data presented herein is the Inter Cars data, while the data of subsidiary companies is shown additionally.

5.1.2 Logistics

Strategy of Managing the Flow of Goods

Inter Cars is a specialist logistics operator established to organise and finance the flow of goods from manufacturers to, mainly, local distributors operating as affiliate branches, which deliver goods to end customers (garages, shops, retail customers, etc.). Through its central warehouse located near Warsaw, the Company distributes about 160,000 items from approx. 500 suppliers[3] (with the majority of suppliers operating in the European Union), to 21,000 registered customers. Inter Cars is able to handle comprehensive deliveries of a large group of parts for various vehicle makes to a single customer. The Company delivers goods through third-party shipment operators or by rail. Orders submitted before 7.00 pm are executed countrywide by 8.00 am on the next day. The trading policy focuses on developing end customers' loyalty through offering a wide range of easily accessible high-quality goods, complemented with specialist vehicle-repair and maintenance support, as well as with solutions, equipment and software for the operation of garages and work stands. The offering's comprehensive nature brings measurable benefits to customers through enhanced service quality on the one hand, and increases the Company's distribution capabilities through stronger customer loyalty, on the other.

---

[1] Inter Cars s.c. has functioned since 2001 as Inter Cars s.j.; the company operates in the real esate lease sector. Since the acquisition of its operations by Inter Cars, Inter Cars s.c. (Inter Cars s.j.) has not operated in the spare parts distribution market.
[2] Q-Service Sp. z o.o. – the company name is incidentally similary to the logo (brand) of the Q-Service network (see Section 5.14).
[3] Approximately 95% of the goods sold are delivered by around 270 suppliers.

Inter Cars carries out detailed analyses of each customer. The gathered data is used as a basis for negotiating discounts and terms of commercial credits. These analyses are also used as a tool for monitoring customers' purchases and payments.

In its current form, the Company's operational system (organisation of the flow of goods, organisational structure, local market sales policy, target market), warehouse facilities, as well as IT solutions supporting sales and warehouse management comprise a well-established model, whose further development will consist exclusively in adding new modules (affiliate branches or applications for the execution of individual tasks).

Auto Teile Ring International AG

ATR is a leading international buying group on the European market of spare parts. To its members, ATR offers support in purchases from suppliers, trainings and thematic workshops, thus creating the unique opportunity of strengthening and enhancing the competitive edge of all associated partners. The organisation's mission is to improve the prospects of an independent garage and ATR members in the ever-changing environment through the implementation and promotion of sales support systems and IT systems supporting orders (e.g. CAP) and stock management. In terms of turnover, ATR is not the largest buying group in Europe, but the membership in ATR is available exclusively to the best operators on local markets in individual countries. Thanks to its membership in ATR, Inter Cars gains numerous benefits, including better commercial terms from suppliers affiliated with ATR and bonuses (whose value depends on the volume of trade with particular suppliers).

ATR is among the largest European buying groups, with the aggregate turnover of its 16 members estimated at EUR 1.6bn. The other groups include Group Auto Union (660 members and the aggregate turnover of approx. EUR 2.8bn) and ADI (570 members and the aggregate turnover of approx. EUR 4.0bn).

System of Affiliate Branches

The system of affiliate branches is based on the principle of entrusting the management of a distribution point (affiliate outlet) with an external operator. Sales are effected on behalf of Inter Cars. These affiliate branches employ personnel and cover operating costs from their revenue which is their share in the margin on sales of goods. The branches' shares in the margin are settled on a monthly basis.

Affiliate branches on the basis of external companies – automotive professionals. New affiliate branch operators are selected from among the existing distributors or formed as new companies staffed with personnel trained at Inter Cars. The Company provides its logo, organisational and logistics know-how, capital, base of spare part suppliers, and a full range of products with ensured availability. The branch operator contributes the knowledge of the local market, loyalty of customers served, and experienced personnel. In the cooperation between Inter Cars and an affiliate branch, Inter Cars finances working capital, supplies goods to the affiliate branch, delivers computer software, and is responsible for finances, purchases, warehouse and marketing. The affiliate branch operator finances its operating expenses, including cost of selling goods from the affiliate branch to customers (transport and sales assistance), labour cost, lease rent, utilities and office supplies. The affiliate branch's sales margin is shared between the branch operator and Inter Cars on a 50/50 basis. The portion of the margin due to the affiliate branch operator is recognised in operating expenses as contracted services. Affiliate branches are supplied from the central warehouse or, upon exceeding a pre-defined sales value (for parts from domestic purchases) – directly by the respective manufacturers of parts. Transformation into an affiliate branch of Inter Cars enables a local distributor to, on average, double or triple its turnover, mainly as a result of a significant improvement in the customer service quality achieved through the enhanced availability of goods (on average, from about 5,000 to about 20,000 items in store, and another 140,000 items available within 24 hours), shorter delivery times (availability of stock from Inter Cars' entire countywide network), and the focus of operator's all resources on accessing customers (automation and streamlining of the ordering process and on-line view of stock balances). For Inter Cars, the transformation of a former independent distributor into an affiliate branch offers an opportunity to increase sales in a given region with the simultaneous enhancement of safety of trade resulting from the full control over the quality of accounts receivable and over the volume and structure of stocks, which translates into relatively lower working capital requirements.

Agreements concluded with affiliate branch operators provide for the operator's liability for customers' uncollected liabilities towards the Company; related losses, if any, are charged to the operator's cost. Credit limits and payment terms are based on the history of cooperation with a given affiliate and determined by the debt collection department which manages a centralised system of granting credit limits. Similarly, all losses of fixed or current assets are covered by an affiliate branch operator.

Central Warehouse

The central warehouse is located in Cząstków Mazowiecki near Warsaw. It was commissioned in 2000. Approximately 190 people work daily on the area of 15,000 m^2. The warehouse is divided into 15 different sectors for storing goods and three handling zones: incoming goods zone, storage zone and outgoing goods zone. The storage zone is divided into three levels for storing passenger car parts and an additional level for storing lorry parts. From the incoming goods zone, goods are transferred to the storage zone where they are stored at locations defined by a special system of precise warehouse addresses. From the storage zone, goods are transferred to the outgoing goods zone. Approximately 160,000 listed items (from minute parts to great lorry mufflers, body elements and tyres) are stored at the central warehouse. The warehouse operates a two-shift work system. In October 2002, the then existing IT system was enhanced with portable radio terminals equipped with bar code readers and radio-linked to the database. The system operates in the on-line mode, and is supported by an Oracle database. Over the inner transportation system, goods are transferred from appropriate sectors to the handling bay. Each container along the conveyor belt bears a code which directs it to the appropriate location in the bay. Oversized or non-standard goods are transferred separately by warehouse workers.

Each month, almost 1.5m spare parts are shipped from Inter Cars' warehouse to customers. Deliveries reach even the most distant outlets before 6 am, which enables the affiliate branches to quickly deliver ordered parts to customers. Each affiliate branch uses an average of six delivery routes, which means that each day 180 vehicles (all owned by external operators) deliver parts from Inter Cars to customers all over Poland. Ordered goods are also shipped from the central warehouse to customers by courier service. The number of such shipments is around 500 per month.

At the time of commissioning, the cost of construction of the central warehouse (including the equipment and cost of land) was approx. PLN 43,800,000. The warehouse is modernised on a regular basis, in order to adapt it to the Company's current needs. The design of the central warehouse provided for excess area and idle capacity of order handling. Thus only minor investments, mostly pertaining to the installation of new racks, are required to support increased sales. With the assumed gradual development of storage area at affiliate branches and the establishment of two regional warehouses, no further extensions of the central warehouse are projected.

Regional Warehouse in Poznań

In March 2004, the regional warehouse in Poznań launched its operations. When fully operational, the warehouse will be responsible for deliveries to ten affiliate branches, mostly in the Poznań, Szczecin, Zielona Góra and Bydgoszcz Provinces, as well as to retail customers in Poznań and its vicinity. The warehouse storage area is 1,500 m^2, and its goods storage and delivery system is organised based on the model used at the central warehouse. The warehouse is located on leased premises. Inter Cars incurred capital expenditure of PLN 966,000 on the warehouse equipment (racks, a conveyor belt and IT system). The expenditure was financed with the Company's own funds. Following Poland's accession to the European Union, most of the supplies to the Poznań warehouse will come directly from spare parts manufacturers, which will enable a reduction of transport costs. The regional warehouse having been launched, the time of delivery of goods will be shortened by several hours and the frequency of deliveries will increase.

Availability of Goods

One of the critical drivers of a market success is the range and availability of the goods offered. Inter Cars offers the broadest range of spare parts in Poland, and, owing to the operated logistics system, the availability of offered goods meets and often surpasses the world-class standards.

As a rule, affiliate branches are responsible for deliveries to customers. These branches organise delivery systems in line with local needs. The responsibilities of the central warehouse include continuous supplies to affiliate branches and the maintenance of stocks required for the branches to meet predefined availability standards for individual items in the offering. Direct deliveries from the central warehouse to customers (garages) are limited to the customers located along the transport routes leading to the affiliate branches and along fixed shuttle routes in the Warsaw Province.

The availability of goods to a customer mostly depends on the response time of the supplier and the frequency of placing orders with the supplier. As a rule, orders are placed with a supplier each week or every other week. The table below sets forth the approximate execution time for an order placed by a retail customer.

Location of goods		***Execution time***
In store		From several minutes to 4 hours, depending on the distance to the customer
At another of Inter Cars' affiliate branches		From 4 to 24 hours, depending on the location
In store at a domestic supplier		From 1 to 3 business days, depending on the day of placing the order
In store at a foreign supplier	Key suppliers	From 4 to 9 business days, depending on the day of placing the order
	Other suppliers	From 5 to 15 business days, depending on the day of placing the order and the supplier's response time
Dedicated express orders executed by foreign suppliers		2 business days

The extended distribution network, network of fixed routes connecting the affiliate branches, and the efficiently operating warehouse enable the delivery of goods from the central warehouse to a customer all over the country within 24 hours.

	2003
	Availability within 24 hours (%)
Passenger cars	85%
Lorries and buses	80%
Motorcycles	33%
Tuning	34%

Each of the registered customers may use an electronic catalogue prepared and distributed by the Company (the first product of this type in Poland), place orders on the Internet, access the price list and place orders by telephone or fax (with the former accounting for the majority of such orders). The goods are either collected by the customers or delivered by employees of the affiliate branches (the majority of vehicles owned by the branches are marked) or external entities (courier service). In the near future, an application supporting order placing by e-mail directly from the electronic catalogue will be launched. Currently, the Company's customers may check the availability and prices of goods offered *via* SMS.

Storage Area Structure

Currently, the Company's storage facilities include: central warehouse (approx. 40% of the total storage area), regional warehouse in Poznań and the warehouses of 37 affiliate branches. The changes in the storage area of Inter Cars are presented in the table below.

(m^2) *as at the year's end*	**2003**	**2002**	**2001**
storage area	39,069	28,729	26,159

Another regional warehouse is scheduled to be opened in the south of Poland in 2004. The expansion of the storage area in the coming years will continue in accordance with the market requirements; at present, the Executive Board estimates that the ultimate number of affiliate branches will be from 50 to 60. A network of local distributors will be developed in small towns.

The central warehouse is the Company's primary storage facility but increasingly larger quantities of goods are stored in the warehouses of affiliate branches. This is a consequence of the network's development during the discussed period. Details are presented below (goods for resale in the warehouses of affiliate branches are disclosed in the Company's financial statements).

as at the year's end	**2003**	**2002**	**2001**
number of affiliate branches	36	24	16
% of total goods for resale stored in warehouses of affiliate branches	35%	24%	25%

The value of goods for resale stored at the affiliate branches grows as a consequence of changes in the geographical structure of sales, resulting from the development of the distribution network and establishment of new affiliate branches. These changes are in line with the adopted strategy. Following the establishment of regional warehouses even more goods for resale will be stored outside the central warehouse. It will not involve an increase in the total value of stocks – only a change of the storage place with a view to reducing the order execution time. Ultimately the central warehouse will contain approx. 30% of the total goods for resale, regional warehouses – approx. 20%, affiliate branches – approx. 50%. According to the adopted network development programme, such a structure will be achieved in 2005.

IT Solutions

Inter Cars has a modern, integrated, Oracle-based ERP (SAFO) IT system. The Company is integrating its affiliate branches using an on-line system based on Telbank and Etop networks. So far, 29 affiliate branches operate on-line. The full integration of all affiliate branches is scheduled for 2004. The Inter Cars' computer network is based on LAN and WAN solutions. Companies and local distributors cooperating with Inter Cars may place orders through the Internet (using an application supporting electronic orders), by e-mail, phone or fax (using elements of the comprehensive CRM system). In addition to the transaction-handling program, the Company also implemented OSA (*Oracle Sales Analyzer*) and OFA (*Oracle Financial Analyzer*) data warehouses, both Oracle-based. The basic features of the system used by the Company include: (a) possible integration of the distribution system with the financial and accounting system, (b) full control of the warehouse turnover from the moment of placing the goods on the Company's premises to the moment of delivery to the customer, (c) complete information on the supplied goods, (d) placing orders for goods which are not available in the warehouse (back orders), (e) flexible sales policy (promotional initiatives), (f) management of supply orders, (g) placing orders through the Internet, (full financial analysis, use of managerial accounting reports), (i) human resources management within the HR-payroll module.

New Solutions in Order Execution

In May 2004, the Company will implement a CAP (*Common Aftermarket Protocol*) system. CAP is a defined standard created for the purposes of electronic communication between the automobile market suppliers and their customers. Development of such a defined, uniform format enables automation of such processes as ordering of goods, checking goods' availability with suppliers, confirming orders, checking prices and sending invoices in the electronic format. The Company's transition to communicating with suppliers in the CAP standard will enable Inter Cars to shorten the order execution time and, most importantly, eliminate adjusting different order formats to meet the requirements of different suppliers. Initially, the project will cover supplies from 12 suppliers, representing 29% of the total supplies. By 2006, the Company plans to extend the system onto approx. 50-60% of the supplies (in value terms). In the opinion of the Executive Board, the introduction of CAP and its integration with the existing system of stocks management will enable acceleration of the stock turnover, facilitate the work of the purchase department and allow the Company to maintain an appropriate level of stocks.

Distribution Channels

The main area of Inter Cars' operations is Poland. The distribution of goods is based on the logistics centre, network of own affiliate branches in Poland, regional warehouse in Poznań and a subsidiary undertaking in Ukraine (Inter Cars Ukraina). The central warehouse contains products of all product groups, while the warehouses of the affiliate branches contain only fast-moving stock, however in quantities sufficient to maintain the product range, quality and availability suited to the needs of the local market. The table below presents the basic structure of the distribution channels.

	2003		2002		2001	
	(PLN '000)	(%)	(PLN '000)	(%)	(PLN '000)	(%)
Domestic sales	310,983	69.6%	211,596	67.3%	176,015	75.2%
affiliate branches	*229,447*	*51.4%*	*128,469*	*40.8%*	*81,841*	*34.9%*
central warehouse	*81,536*	*18.3%*	*83,127*	*26.4%*	*94,174*	*40.2%*
Exports	135,539	30.4%	103,040	32.7%	58,166	24.8%
Total	**446,522**	100.0%	**314,636**	100.0%	**234,181**	100.0%
dynamics	*1.42*	-	*1.34*	-	*1.17*	-

The most visible trend is the growth of sales through the affiliate branches, which is in line with the Company's strategy of development of retail sales channels (an almost 125% increase in the number of affiliate branches in 2001–2003). The constant improvement of the offering's quality results also in the growth of the average value of affiliate branches' sales (a nearly 40% rise in 2001–2003) and the number of registered customers (up by nearly 90% as at the end of 2003 relative to 2002). Also the share of exports (mainly from the central warehouse) in the total sales has been growing; a fall of the share in 2003 was a result of the stronger domestic sales.

The final customers are repair garages or retail clients. Inter Cars sells goods via its affiliate branches or directly from its central warehouse to other local distributors (with their number declining constantly), shops, garages, and retail customers. The growth in sales of spare parts to garages will be maintained as the Company considers them to be the key and target customers. The increased sales through garages also follow from the expansion, under the Inter Cars sponsorship, of Q-Service and Auto Crew garage networks as well as from the steadily extended product offering. The structure of domestic sales by types of customers is presented in the table below (showing estimated data, due to the diversity of customers).

% of domestic sales	2003	2002	2001
Wholesalers – distributors	18	22	27
Shops	12	15	23
Garages	65	57	45
Retail	5	6	5

The number of distributors (not included in the affiliate branches network) in the Company's sale structure is decreasing. Similarly, sales through shops are also on a decline. This tendency follows from the Company's strategy, which provides for reaching the garages directly on an increasingly larger scale (through the growing network of affiliate branches fully supplied by Inter Cars) and for increasing level of customer loyalty (towards garage networks etc).

Ukraine

Inter Cars operates in the eastern market through a subsidiary undertaking, Inter Cars Ukraina, a company incorporated under the laws of Ukraine, with registered offices in Khmel'nytskyi. Inter Cars Ukraine was established in April 2000 and began its operations in September 2000. It operates in the same manner as Inter Cars. Inter Cars Ukraina distributes vehicle spare parts and accessories on the Ukrainian market. The product range is the same as that of Inter Cars. The company offers products of well-recognised brad names characterised by quality identical with the quality of OEM products, as well as products which are much cheaper but of good quality, produced by manufacturers supplying products only to the aftermarket. The company has three primary supply sources:

- local suppliers (approx. 5%),
- Inter Cars (approx. 87%),
- foreign suppliers (approx. 8%).

The main three distribution channels are: wholesalers (70%), garages (25%) and retail customers (5%). Depending on the channel, the company offers different payment terms. Retail customers pay in cash while wholesale buyers and garages pay within 14 to 21 days of the purchase date. The company has approx. 1,300 active customers. Its plans provide for establishment of a distribution network similar to the Polish one, that is comprising one central warehouse and affiliate branches.

Reconditioning of Spare Parts

Inter Cars reconditions spare parts through its subsidiary undertaking Eltek Sp. z o.o. Eltek was registered in May 2001 and continues the business of Eltek s.c. Inter Cars acquired Eltek shares in July 2003.

The form of reconditioning offered by the company consists in the implementation of technologically advanced instruments to reconstruct mechanical systems in such a manner as to render the reconditioned product as functional as a new one. Reconditioning makes it possible to avoid the purchase of a costly new part and scrapping the old one – the quality of the reconditioned parts is not different from that of brand new parts.

The reconditioning process itself begins with collecting cores, that is complete, used-up subassemblies. Following the initial assessment of their further usefulness, the cores are disassembled to elementary components. Elements which are not mechanically worn out are washed in special washers. Electronic components are tested and, if found to function properly, may be used in the reconditioned system. Used-up and damaged elements are replaced with new ones. When all elements are collected, the final assembly (of cleaned elements, old but functioning elements and new elements) takes place and is followed by capacity tests or tests of electronic components (depending on the subassembly). The testing is done with the use of professional testing equipment.

5.1.3 Marketing and Promotional Strategy

A comprehensive programme of marketing and promotional activities is at the core of the Company's efforts to improve the quality of its customer service and enhance customer loyalty. The Company relies on the following components to implement the programme:

1. Sales Components

(i) Sales Representatives at Affiliate Branches

Sales representatives follow an active policy of providing sales support to affiliate branches, including: promoting new items in the product offering and monitoring customer expectations in relation to supply terms and the assortment of products.

(ii) Regional Managers

Regional managers oversee their respective market segments, monitor competitors' activities, analyse sales growth potential in the region, train employees of affiliate branches, initiate promotional campaigns, and assess activities of the affiliate branches operating in a given region. Regional managers prepare market reports which support development of the sales policy of a given affiliate branch and of the Company as a whole.

(iii) Development of the Q-Service and Q-Service Lorry Garage Network

In 1998, Inter Cars launched the first countrywide network of garages, financially independent from the Company, to operate under a single trade name of Q-Service. In recent years, the concept of full service – comprehensive vehicle maintenance at a single location – has become increasingly more important in Poland. Thus, garages capable of offering a broad range of services have risen in value. Q-Service garages offer comprehensive servicing of passenger cars and delivery vehicles of all makes, both for retail customers and corporate fleets. Thus, they can compete with fast-fit networks which offer a narrow range of vehicle repair services, mainly relating to breaks, tyres, liquids, filters, oils, mufflers, and shock absorbers. In line with the Q-Service concept, member garages can service passenger cars and delivery vehicles: perform current and periodic checks; suspension and break repair; shock absorber, muffler and tyre replacement; mechanical repair; and wheel alignment. All garages abide by a defined service standard observed throughout the network. The garage owners maintain active sales cooperation with Inter Cars. Inter Cars offers support in outfitting the garage with the right equipment and specialist machinery, in branding the garage in line with the visualisation system adopted for the network, and by providing attractively-priced packages of training programmes and countrywide advertisements. A generous bonus system enables garages to obtain financial aid for the purchase of hardware and software, and to obtain technical information support. Garage owners can also receive Inter Cars' assistance in seeking the ISO quality assurance certificate. The member garages participate in promotional campaigns organised by the network management. Inter Cars does not require the garages to purchase parts exclusively from its affiliate branches.

The Q-Service Lorry network, also organised under the sponsorship of Inter Cars, specialises in the repair of lorries and delivery vehicles. The owners of Q-Service Lorry garages have the same privileges as those in the Q-Service network. Approximately 300 garages are associated in the Q-Service network, while the Q-Service Lorry network has 24 member garages, which are located evenly throughout the country so that distance between garages is , on average, 50km–70km, which means that it takes approximately one hour for a service team to reach a damaged vehicle.

(iv) Development of the Auto Crew Garage Network

In 2001, under a licence obtained from ZF Trading (formerly Sachs), Inter Cars launched the Auto Crew brand on the Polish market. Auto Crew is a Europe-wide association of financially-independent garages (first of its kind in Poland) providing a wide range of repair services. The network has the following strategic partners: Inter Cars, Auto Crew GmbH, ZF Trading and the Q-Service networks. As in the case of Q-Service and Q-Service Lorry networks, Auto Crew garages have no capital links with the Company. Members of Auto Crew may glean from cutting-edge European know-how in the operation of their garages. The services provided by the network members comprise repair of all vehicle makes (passenger cars, delivery vehicles, and off-road vehicles), including repair and diagnostics of all vehicle sub-assembly systems, electric and electronic systems, and replacement of oils and lubricants. The network founder provides the following services to its members: technical, marketing and sales training programmes, and additional bonuses whose value depends on the volume of purchases made at Inter Cars. The network members have access to the Europe-wide technical support provided directly by the auto makers through the agency of Auto Crew GmbH. The Auto Crew network has approx. 750 member garages throughout Europe, including 35 in Poland. Inter Cars does not require the Auto Crew garages to purchase parts exclusively from its affiliate branches.

(v) Car Fleet Management

It is estimated that approx. 300,000 to 350,000 passenger cars in Poland are owned by legal entities. By and large, these vehicles are used by employees performing tasks which necessitate a large degree of mobility and, thus, they represent an essential work tool. In seeking solutions to downsize the cost of fleet maintenance, their corporate owners draw on a variety of fleet management services.

Based on its market knowledge (parts and garages), the Company has launched a programme whose goal is to offer fleet management services. It is a loyalty programme both for customers (fleet owners) and for garages which cooperate with Inter Cars in servicing corporate fleets. When undertakings with a large number of vehicles are looking for savings, they often decide to cooperate with such companies as Inter Cars, which can offer maintenance services at lower prices as they service a sizeable number of vehicles.

At present, a separate team within the Company's structure sells spare parts and the related assembly services to customers operating vehicle fleets, with whom it has concluded relevant agreements. The Company delivers the necessary spare parts through its affiliate branches; the delivered parts are then replaced by garages–members of the Q-Service and Auto Crew networks. Customers are provided with a comprehensive package comprising delivery of spare parts, their assembly, and servicing. Beyond the benefits flowing from the fact that this service attracts end customers of relatively high value (in terms of purchases), as well as provides an opportunity to offer complementary services (such as insurance, assistance and fuel cards) and to attract totally new partners (including banks and lease companies), its development also comes as an exceptionally attractive element of the Company's offering for the garages operating as part of the Q-Service and Auto Crew networks. As at the date of the Prospectus, 43 garages offer support and assistance to fleet customers. The participating garages provide a full range of post-warranty services with a full range of repair and diagnostics, mandatory vehicle registration checkups, tyre replacement and repair, and body work.

(vi) *Development of Battery and Muffler Replacement Points*

In October 2002, the Company invited selected customers to participate in a pilot implementation of the Battery Replacement Points project. The objective of the project is to help customers increase their battery sales and to offer professional vehicle servicing. Delphi, Bosch and Varta participate in the pilot implementation as the Company's partners. A participating garage receives the necessary equipment and technical specifications, its payment terms are extended, and it can purchase all the necessary outfitting for nominal amounts once it reaches a pre-defined sales volume. As at the date of the Prospectus, 134 entities participated in the project.

In September 2003, the Company invited selected customers to participate in a new promotional project – Muffler Replacement Points. The Points are being established at repair shops which specialise in this type of services or plan to introduce it into their offering. The project is organised together with Asmet, Bosal and Tesh, Inter Cars' main providers of exhaust systems. The Company's objective is to establish a hundred such points throughout the country. As at the date of the Prospectus, 86 garages participated in this project. A garage which decides to participate is offered attractive payment terms for the delivered goods, and upon the purchase of goods of a value specified in the agreement it becomes the owner of the muffler replacement equipment.

(vii) *Semi-Trailer Assembly*

In 2002, the Company launched sales of parts for producers of semi-trailers and trailers, including: axis, pneumatic break systems, joints, lights, finishing parts, locks, rims (including aluminium profiles), and canvas covers – all the components necessary to assemble a vehicle. In order to achieve better margins and curtail the financial risk entailed in selling parts to customers with low creditworthiness, the Company has started to sell assembled products – dump lorries, trailers, and semi-trailers. The sub-assemblies are put together into a finished vehicle by an external company which has been contracted by Inter Cars to provide assembly services. In the future, the Company would like the final assembly of semi-trailers to be performed by select Q-Service Lorry garages. In 2003, 17 semi-trailers were assembled. The programme has enabled the Company to increase sales of parts (assembly and replacement); it also allows Q-Service Lorry garages to obtain the status of authorised vehicle service shops, also for servicing DaimlerChrysler axis.

(viii) *Launch of Products under Company's Own Brand of "4max"*

Following the example set by spares suppliers in Western Europe, the Company has included spares offered by less known suppliers into the offering under its own brand name. By offering a warranty for these goods, the Company attests to their quality, and thus supports its sales (in terms of both quality and quantity). Own brand name also means that the Company can provide a wide range of parts for various vehicle makes in uniform packaging and identical numbering. Inter Cars' offering is soon to include lorry parts under the *4-max Lorry* brand name.

(ix) *Inter Cars Warranty*

The Company has added an extra year of warranty for Sachs shock absorbers sold through its network, thus extending the warranty period to three years.

(x) *Customer Loyalty Cards*

These cards promote loyalty among customers by rewarding them with significant price discounts.

(xi) *Competition Among the Branches*

The objective of this competition is to improve the quality of the offered services. As part of the system, the Company organises various competitions, where the best braches – as a reward for the fulfilment of specific goals – can receive prizes.

2. IT Components (System Support)

(i) Internet Orders

The Company has launched a system for placement of orders over the Internet, which facilitates on-going monitoring of order status and product availability at the central and affiliate warehouses.

(ii) Inter Cars e-Catalogue

IC Kat e-catalogue represents a cutting-edge program developed by the Company for both to automotive shops and garages. It facilitates a quick search for the required parts and their comprehensive identification based on the attached technical specifications (measurements, photos, electric diagrams, material type, weight, etc.). The catalogue is updated once a quarter, thus providing access to the latest offering. Since May 2002, the program's functionality has been enhanced to include real-time updating of prices and stock balances (*via* the Internet) from any affiliate branch, at customer's request. In the near future, the Company plans to integrate the catalogue with its sales system as to facilitate the execution of an order directly from the program; individual garages will be provided with a module supporting the monitoring of individual repair time, check-up information, and service data helpful during repairs.

(iii) SMS Price and Stock Information System

Customers can obtain information on the availability and prices of items displayed in the Company's catalogue using SMSes. Registered customers will receive additional information on available discounts. Thanks to interoperation with the warehouse management system, the SMS engine sends return messages on actual balances of stock in the warehouse as at the moment of the query. In the near future, the Company plans to introduce an option of checking the status of stocks at affiliate branches supporting a given region/area, and an SMS-enabled ordering functionality.

(iv) IC-Service Garage Support Software

The Company commissioned development of a specialist software to support companies selling spare parts and providing repair services. The programme handles practically all aspects of the activities conducted by such undertakings. In particular, it facilitates development of databases on customers and serviced vehicles; creation, review and printing of orders; development of own price lists; settlement of employee work performed on placed orders; compilation of warehouse card files; import of data from the Company's price list; registration of payments and withdrawals; gathering of information on the balance of accounts receivable and payable; and performance of a number of analyses.

(v) Price List

Inter Cars' electronic price list is available to all long-term customers. The price list enables customers to check (*via* the Internet) items' availability at relevant affiliate branches, as well as wholesale and retail prices, with due account taken of credit and payment terms available to a given customer; it also offers product database multiple-criteria search options. The price list is soon to be merged with the Inter Cars catalogue.

3. Information Components

(i) Press Advertising

This item includes advertisements of individual items from the Company's offering, published in selected trade magazines and the Company's own quarterly – *Wiadomości Inter Cars* [*Inter Cars News*]. The quarterly's circulation is 25,000 copies (target: 35,000 copies), and the magazine is distributed among the Company's customers. The quarterly contains information on current events at Inter Cars (including promotions, new items in the offering, and new affiliate branches), market news, promotional materials from spare parts manufacturers, and technical specifications related to vehicle repair and servicing.

(ii) Flyers

Flyers, which provide an overview of the newest items in the Company's offering, are distributed by affiliate branches to garages, car washes, and service stations.

(iii) Countrywide and Local Promotional Campaigns

The campaigns are targeted at both the garages as well as motorists.

(iv) Intra-Company B2B-Type Trade Fairs

The trade fairs are organised on the Company's premises with the help from key suppliers of spare parts and garage equipment, and garage and automotive shop owners. Their objective is to organise presentations of individual producers' offerings directly by their representatives, business meetings, product and technical training programmes, and integration. To date, the Company has held three editions of the trade fairs. The most recent one was visited by approx. 10,000 people.

(v) *Countrywide 0-801 Infoline and Automotive Parts and Services Information Centre*

The task of the infoline will be to provide garages with information on the required spare parts and to assist vehicle users in selecting the right garage.

(vi) *Technical and Marketing Training System*

Designed for the Company's customers and employees, the training programmes include training on repair work, diagnostics and customer service. Individual programmes are often organised together with the parts manufacturers (Inter Cars' suppliers). In 2003, the Company organised 37 such training programmes.

(vii) *Sponsoring*

The Company is a sponsor of the Castrol Q-Service racing team, which in the 2003 season, came in second in the N2 category of the Polish masters. Through such initiatives, the Company hopes to promote the Q-Service network among motorists.

4. Financial Components

(i) *Investment Programme*

Inter Cars has organised for its partner garages an investment programme which provides financial support in the purchase of hardware, software, technical information, and garage equipment. The investment programme is meant not only for the owners of garages associated in the Q-Service and Auto Crew network, but also for other garages which purchase parts from Inter Cars, but which due to the nature of their business profile (specialised in a narrow group of auto makes or narrow range of services) cannot or do not want to become part of the network. The rules which govern the participation of non-member garages in the investment programme are similar the rules applicable to the member companies, differing only in the criteria used to settle accounts with garages, for example, settlements are not based on sales volumes but on growth of sales.

5. Social Development Components

(i) *Sport Events*

Sport events are organised for the Company's customers and employees in order to establish positive mutual relations. Currently, they are held on the Company's premises where an all-year arena has been built.

(ii) *Manager Academy*

The objective of the Manager Academy will be to serve as a platform for exchange of experience and know-how among the Company's management personnel, with the support of an analysis of achievements and objectives using management theory. Thus, the Company hopes to enhance the efficiency and quality of its operations. The Academy is organised in cooperation with a specialist external company. In the future, it is planned that the owners/managers of companies cooperating with Inter Cars, including garages, will also be able to take part in the training programmes.

5.2 Core Products, Goods and Services

5.2.1 Basis Categories of Goods

The structure of Inter Cars' sales revenue by basic categories of goods is presented in the tables below.

Sales	**2003**		**2002**		**2001**	
	(PLN '000)	**(%)**	**(PLN '000)**	**(%)**	**(PLN '000)**	**(%)**
Sales of vehicle spare parts	**438,194**	98.13%	**311,649**	99.05%	**233,188**	74.11%
Domestic	*302,759*	*67.80%*	*208,710*	*66.33%*	*175,059*	*55.64%*
Exports	*135,435*	*30.33%*	*102,939*	*32.72%*	*58,129*	*18.47%*
Other	**8,328**	1.87%	**2,987**	0.95%	**993**	0.42%
Domestic	*8,224*	*1.85%*	*2,886*	*0.92%*	*956*	*0.41%*
Exports	*104*	*0.02%*	*101*	*0.03%*	*37*	*0.01%*
Net sales revenue	**446,522**	100.00%	**314,636**	100.00%	**234,181**	100.00%
Dynamics	*1.42*	-	*1.34*	-	*1.17*	-

The sales revenue in 2003 was ca. 42% up on the 2002 figure. The increase in value terms was seen in both categories of goods, in domestic and foreign customer segments alike. The geographical structure of sales (domestic/exports) remained almost unchanged –

a slight drop in the share of exports was chiefly a result of stronger domestic sales. An important trend concerned the increase in the value of sales of garage equipment following from strategic decisions related to extending the range of goods by items complementing traditional sales, which indirectly stimulate the sales of parts in future (basing on the support for the development of independent garages and their loyalty which is expected to increase).

Subsidiary undertakings' revenues are presented in the table below.

	2003	2002	2001
		(PLN '000)	
Inter Cars Ukraina	20,721	20,110	9,397
Eltek Sp. z o.o.	1,389	112	-
Domestic	*777*	*76*	-
Exports	*612*	*36*	-
Q-Service Sp. z o.o.	-	71	18

Inter Cars Ukraina's sales revenue comes exclusively from the sales of spare parts on the Ukrainian market. A reduction in the dynamics of the sales revenue growth in 2003 resulted from the restructuring of the Company's sales channels.

Eltek Sp. z o.o.'s sales revenue includes the revenue on sales of recycled alternators, starters and wiper engines. The sold parts are intended mainly for passenger cars and are also sold outside the country, chiefly in Germany, Belgium and the Netherlands. This year, the Company intends to commence recycling of steering gears and booster pumps.

Q-Service Sp. z o.o. derived its revenue form the sales of spare parts. As a result of the discontinuation of operating activities in 2003, Q-Service Sp. z o.o. did not generate any sales revenue. The company aims at offering training and advisory services to partner garages. At the present moment, Q-Service Sp. z o.o. is in the process of executing the first projects of that type.

5.2.2 Description of Basic Categories of Goods

Car and Motorcycle Parts

Inter Cars offers the most extensive range of vehicle spare parts in Central and Eastern Europe. The Company's offering includes goods of well-recognised brand names whose quality is identical with that of the OEM parts, as well as cheaper but also good-quality products from manufacturers delivering products exclusively to the aftermarket. On the whole, the Company's offering includes parts for the majority of vehicles sold in Poland which are manufactured in Eastern Europe, Japan and South Korea and parts for a selection of vehicles made in the US. Generally, the structure of the sales by vehicle makes is similar to the structure of vehicle sales in Poland. In 2003, the largest share comprised parts for vehicles manufactured by Volkswagen, as this company is the leader in the new vehicle sales in Poland. Parts for the Volkswagen makes accounted for approx. 23% of the vehicle spare parts sales in 2003. Total sales of parts for vehicles manufactured by Volkswagen (Volkswagen, Audi, Skoda and Seat), Fiat (Fiat, Lancia and Alfa Romeo), Japanese producers (Honda, Nissan, Toyota, Mitsubishi, Suzuki, Mazda), PSA (Peugeot, Citroen), Renault, GM (Opel, Saab) and Ford (Ford, Volvo), whose aggregate sales represented approx. 95% of the new vehicle sales in Poland in 2003, accounted for approx. 69% of the sales of vehicle spare parts in Poland in 2003. Sales of spare parts for cars and motorcycles by individual vehicle types are presented in the table below.

	2003		2002		2001	
	(PLN '000)	(%)	(PLN '000)	(%)	(PLN '000)	(%)
Parts for passenger cars	357,409	81.56%	262,082	84.10%	190,519	81.70%
Parts for utility vehicles and busses	75,931	17.33%	47,304	15.18%	42,669	18.30%
Other	4,854	1.11%	2,263	0.73%	0	0.00%
Total	**438,194**	100.00%	**311,649**	100.00%	**233,188**	100.00%
Growth dynamics	*1.41*	-	*1.33*	-	*1.17*	-

Sales structure, including exports, is presented in the table below.

	2003		2002		2001	
	(PLN '000)	**(%)**	**(PLN '000)**	**(%)**	**(PLN '000)**	**(%)**
Domestic	**302,759**	69.09%	**208,710**	66.97%	**175,059**	75.07%
Growth dynamics	*1.45*	-	*1.19*	-	*1.04*	-
Parts for passenger cars	231,258	76.38%	163,262	78.22%	135,043	64.70%
Parts for utility vehicles and busses	67,185	22.19%	43,361	20.78%	40,016	19.17%
Other	4,316	1.43%	2,087	1.00%	0	0.00%
Exports	**135,435**	30.91%	**102,939**	33.03%	**58,129**	24.93%
Growth dynamics	*1.32*	-	*1.77*	-	*1.80*	
Parts for passenger cars	126,151	93.15%	98,820	96.00%	55,476	53.89%
Parts for utility vehicles and busses	8,746	6.46%	3,943	3.83%	2,653	2.58%
Other	538	0.40%	176	0.17%	0	0.00%
Total	**438,194**	100.00%	**311,649**	100.00%	**233,188**	100.00%

The structure of sales of spare parts is dominated by the sales of passenger car parts, and the value of sales in this category demonstrated the strongest growth in 2001–2003. Initially, the Company's business included distribution of passenger car parts, and, consequently, its expertise and business contacts in this area are relatively most extensive. A growth in the value of sales of spare parts for utility vehicles and buses is a proof of the Company's considerable commitment to this segment, which the Company entered in 1997. A weak growth of sales of parts for utility vehicles in 2002 was an effect of a change of distribution channels for these parts. In particular, the Company reduced the volume of sales through independent distributors, and increased the sales through its own affiliate branches. This change in the strategy produced expected results in 2003 – domestic sales in this category increased by approx. 60% over the 2002 figure. With a view to expanding the Company's offering and entering new market segments, Inter Cars launched sales of tuning parts and parts for motorcycles (disclosed under the "Other" category). The share of this category accounts for lees than 1% of the total sales, but its growth is considerable.

Product Mix

The product mix in the segment of parts for cars and motorcycles changes gradually, which results from the changing structure of the stock of vehicles in Poland. The sales of engine parts is falling, while wearable parts, such as brake pads, suspension parts (shock absorbers and suspension arms), and steering system parts (steering rods and gears) are on the increase. The Company is gradually increasing sales in the lines which historically belong to other niche distribution channels (mufflers, tyres, rims, lubricants and garage equipment).

Sales of parts and accessories, including:	2003		2002		2001	
	(PLN '000)	**(%)**	**(PLN '000)**	**(%)**	**(PLN '000)**	**(%)**
Bodywork components	21,687	4.95%	13,902	4.46%	8,810	3.78%
Power transmission parts	40,681	9.28%	30,684	9.85%	21,449	9.20%
Oils/lubricants/car cosmetics	14,719	3.36%	9,648	3.10%	5,726	2.46%
Suspension and chassis parts	179,101	40.87%	127,775	41.00%	91,831	39.38%
Engine parts and sub-assemblies	132,907	30.33%	96,867	31.08%	67,604	28.99%
Electrical systems	31,575	7.21%	22,998	7.38%	17,590	7.54%
Other	17,525	4.00%	9,776	3.14%	20,179	8.65%
Total	**438,194**	100.00%	**311,649**	100.00%	**233,188**	100.00%

The structures of domestic sales and exports are different. The details are set forth in the table below.

Sales of parts and accessories, including:	2003		2002		2001	
	(PLN '000)	(%)	(PLN '000)	(PLN '000)	(%)	(PLN '000)
Domestic	**302,759**	69.09%	**208,710**	66.97%	**175,059**	75.07%
Bodywork components	16,138	3.68%	10,807	3.47%	7,185	3.08%
Power transmission parts	25,663	5.86%	19,077	6.12%	15,642	6.71%
Oils/lubricants/car cosmetics	13,453	3.07%	8,781	2.82%	5,292	2.27%
Suspension and chassis parts	124,677	28.45%	84,931	27.25%	66,615	28.57%
Engine parts and sub-assemblies	84,359	19.25%	60,610	19.45%	48,276	20.70%
Electrical systems	22,422	5.12%	15,975	5.13%	12,392	5.31%
Other	16,048	3.66%	8,529	2.74%	19,658	8.43%
Exports	**135,435**	30.91%	**102,939**	33.03%	**58,129**	24.93%
Bodywork components	5,549	1.27%	3,095	0.99%	1,625	0.70%
Power transmission parts	15,018	3.43%	11,607	3.72%	5,808	2.49%
Oils/lubricants/car cosmetics	1,266	0.29%	866	0.28%	434	0.19%
Suspension and chassis parts	54,424	12.42%	42,844	13.75%	25,216	10.81%
Engine parts and sub-assemblies	48,547	11.08%	36,257	11.63%	19,327	8.29%
Electrical systems	9,153	2.09%	7,023	2.25%	5,198	2.23%
Other	1,477	0.34%	1,246	0.40%	522	0.22%
Total	**438,194**	100.00%	**311,649**	100.00%	**233,188**	100.00%

The product mix is dominated by suspension and chassis parts as well as and engine parts and sub-assemblies. The engine parts category includes exhaust system parts, timing gear system parts, fuel and air filters and cooling system parts (pumps and thermostats) as these are the parts which are replaced regularly and their technical life is limited. Similarly, most of the suspension parts are parts with limited technical life (and important for safety), such as shock absorbers, brake system parts (pads, brake drums, discs), wheel suspension parts and steering parts.

Other

The "Other" category includes garage equipment. Inter Cars sells garage tools and equipment required to maintain a garage in accordance with relevant standards and offers a comprehensive range of services and assistance to garages – Inter Cars customers – in conducting their activities. The Company provides advisory on equipment; it also organises trainings for diagnostic equipment operators and courses on methodology of specialist repair of vehicle sub-assemblies. The Company also conducts marketing, product and technical trainings. The 2003 revenue on these activities was PLN 5,359 thousand. In previous years, it totalled PLN 1,890 thousand and PLN 993 thousand, respectively. Sales revenue in this category represented as little as 1.2% of the total sales revenue in 2003, but recorded a considerable 184% growth over 2002. In line with its strategy, the Company will continue to increase its focus on this category of goods as, on the one hand, it ensures some degree of revenue diversification, and on the other, it supports the development of independent garages, which are the main customers for the spare parts.

5.3 Inter Cars' Business Environment

Introduction

The vehicle spare parts market is divided into two major segments: (i) the OEM segment, and (ii) the aftermarket segment. The OEM segment comprises parts used in the manufacture of vehicles, while the aftermarket segment includes replacement parts for used vehicles. The manufacture of vehicles is based mainly on components provided by third-party suppliers (specialised manufacturers of vehicle spare parts), which are also major suppliers of new technologies used in vehicles. Spare parts are also the main item of vehicle repair costs, the share of which in the total vehicle maintenance costs[4] is estimated at approx. 40%.

The aftermarket is further divided into the segment of parts sold by car makers under their own brands (including mainly parts purchased from manufacturers of parts, and partly from own production) via a network of owned and authorised sale outlets (local distribution centres, authorised garages); and an independent segment consisting of distribution channels not dependent on the car makers (warehouses, shops, independent garages, car centres, etc.). There are horizontal links between the segments, which mainly

[4] In the European Union, other costs include: 40% – purchase cost, 5% – costs related to the financing of the purchase, 10% – insurance cost, and 5% – other expenses.

consist in the flows of goods from the authorised networks to independent distributors and (on a smaller scale) flows of goods from independent to authorised networks.

The new EU regulations, which are already in effect in the existing member states and which will soon become effective in Poland, significantly change the conditions of operations of all participants of the automotive market, including distributors of spare parts. Unrestricted access of authorised garages to the parts from outside the authorised distribution networks as well as unrestricted access of independent garages to technical information from car makers will certainly change the division of power on the vehicle spare parts distribution market, giving both distribution channels, i.e. the channel dependent on car makers and the independent channel, ability to compete on the same terms, as opposed to the current conditions which favour authorised distribution networks in the segment of authorised garages.

5.3.1 Legal Environment

5.3.1.1 General Information

The domestic market of independent distribution of spare parts is currently regulated by general provisions of the Polish law on trade activities. Those regulations will be subject to significant changes in connection with Poland's accession to the European Union as of May 1st 2004 and the need to harmonise them with the pan-European standards. As at the Prospectus date, the final version of those regulations has not been determined yet. Potential investors in the Shares are hereby advised that the legal changes discussed below may have both indirect and direct effect on the Company's business.

5.3.1.2 Car Market Regulatory Framework

The act applicable to the car market in the European Union is the Commission Regulation (EC) No. 1400/2002 of July 31st 2002 on the application of Article 81(3) of the Treaty to categories of vertical agreements and concerted practices in the motor vehicle sector, and Commission Regulation (EC) No. 1475/95 of June 28th 1995 on the application of Article 85(3) of the Treaty to certain categories of motor vehicle distribution and servicing agreements. These acts set out the framework for agreements establishing exclusive distribution networks and thus restricting access to the market, which may be concluded by car makers, vehicle spare parts manufacturers and their distributors. The aim of the European regulations is, *inter alia*, to enable the possibility of offering vehicles and spare parts of the same manufacturer also to the distribution networks which are not contractually connected with it and to enable the use, also by authorised garages, of spare parts other than manufactured by a company contractually connected with the given network.

In the process of adjustment and harmonisation of the laws of the Republic of Poland with the laws of the European Union, the Polish Council of Ministers adopted on January 28th 2003 the Directive on exclusion of specific vertical agreements in the automotive vehicle sector from the prohibition on agreements restricting competition (Dz. U. No. 38, item 329, as amended). The Directive is modelled on the EU law, but its provisions reflect the conditions and prospects of the Polish market. The aim of the Directive is to promote the development of sales of various vehicle makes by one distributor and the development of garages providing services for various car makes. In order to enable Polish companies (vehicle distributors, garages) to strengthen their capital position on the market, the networks of foreign vehicle distributors and garages have been restricted from directly entering the Polish market until October 1st 2005.

In particular, the Directive permits entering into vertical agreements (agreements concluded by two or more companies operating on the different levels of the market, for the purchase, sale or resale of new automotive vehicles, spare parts to automotive vehicles, or the provision of automotive vehicle servicing) only if the parties thereto are distributors of automotive vehicles or spare parts to automotive vehicles or garages, and the turnover of each party to such an agreement, jointly with the turnover of the members of its capital group, in the calendar year preceding the conclusion of such an agreement did not exceed the equivalent of EUR 50m. Furthermore, vertical agreements are permitted only if the share of the supplier and its capital group in the relevant market for the goods covered by the agreement does not exceed 30%. With regard to the distribution of spare parts, the market share is determined on the basis of the total value of sales of spare parts to automotive vehicles covered by the agreement and other spare parts sold by the supplier, considered to be their substitutes. However, it must be noted that permitted vertical agreements may contain clauses restricting competition, which require garages to use original parts provided by the supplier for warranty repairs, free of charge servicing or servicing offered as part of servicing campaigns. However, any exclusion from the prohibition on agreements restricting competition will not apply to the vertical agreements, to the extent they refer only to the sales of spare parts and the provision of servicing, aimed at:

1) Limiting the rights of authorised garages to narrow down their operations to the distribution of spare parts and the provision of servicing;
2) Limiting the sales of automotive spare parts by the members of a selective distribution system to independent garages which use such parts to provide automotive vehicle servicing;
3) Limiting – as agreed between the supplier of original spare parts or spare parts of comparable quality, or repair and diagnostic tools or other equipment and the automotive vehicle manufacturer – the rights of the supplier to sell the spare parts or servicing to authorised or non-authorised distributors, or authorised or independent garages, or end users;
4) Subject to Par. 11.5 of the Directive on the exclusion of specific vertical agreements in the automotive vehicle sector from the prohibition on agreements restricting competition, limiting the rights of a distributor or an authorised garage to purchase original spare parts or spare parts of comparable quality from companies other than the supplier and to use such spare parts in the provision of automotive vehicle servicing;

5) Limiting – as agreed between the automotive vehicle manufacturer which uses components in the assembly of automotive vehicles and the supplier of such components – the rights of the supplier to an effective display of its trademark or logo in a visible spot on the supplied components or spare parts;
6) Directly or indirectly prohibiting the participants of a distribution system to sell automotive vehicles or spare parts of only some of the competitors of the supplier.

In the Company's opinion, full implementation of the regulations should lead to increased liberalisation of the spare parts market, in particular with respect to the independent garage market, what should allow the Company to increase its revenue.

5.3.1.3 Consequences of Poland's Accession to the European Union for Foreign Trade Transactions

Poland's accession to the European Union as of May 1st 2004 will have the following direct consequences:

1) Abolition of custom duties on goods brought to Poland from the EU members states;
2) Adoption of the custom tariffs in effect in the European Union, applicable to imports of goods from outside the EU – with regard to vehicles and vehicle spare parts, in many cases the EU tariffs contain lower rates than those applied by Poland prior to April 30th 2004;
3) Change in the rules governing computation of the Value Added Tax on imports which are regulated internally in the European Union (intra-Community acquisition of goods) and the possibility of limited deduction of VAT related to intra-Community acquisition of goods;
4) Abolition of the regulations which significantly restrict the import of used passenger cars from the EU countries to Poland – the existing custom barriers in effect until April 30th 2004 are to be replaced with an additional excise duty.

In the Company's opinion, the effects of Poland's accession to the European Union may stimulate growth of the spare parts market on which Inter Cars operates.

5.3.1.4 Changes in the Tax Law

Poland's accession to the European Union will also result in major tax changes on the domestic market, in particular with respect to the Value Added Tax. As at the Prospectus date, the final versions of the new regulations are not known yet. We can assume from the legislative work that the car market and the spare parts market may be affected by the changes slightly expending the possibility of recovering the output VAT when buying passenger cars and other types of vehicles with limited load capacity, and changes in the taxation on lease agreements.

Due to the fact that the legislative process is not completed, it is not possible to assess the impact of such changes on the Company's market. However, potential investors are hereby advised that the legal environment of Inter Cars may change.

5.3.2 Market Environment

5.3.2.1 Spare Parts Market

Overview of Spare Parts Distribution Channels[5]

In the European Union, car makers produce only about 20%–23% of the total supply of spare parts for the aftermarket, with the balance (about 77%–80%) being supplied by specialist spare parts manufacturers. In total, in the EU there are about 2,000–2,500 companies specialising in the production of spare parts, and their aggregate sales revenue is approx. EUR 100bn. At the wholesale level, the share of authorised networks is estimated at about 55%–57% (about 7,700 distributors) and the share of non-authorised networks – at 43%–45% (about 6,300 distributors). At the retail level, the share of authorised garages is estimated at 63% and the share of non-authorised garages – at 37%[6]. The value of the spare parts market at the garage sales level is approx. EUR 44bn, with authorised garages accounting for about EUR 28bn, and non-authorised garages for approx. EUR 16bn (based on estimates of January 2003, Figiefa).

The Executive Board estimates, in Poland the share of independent garages in the spare parts market is about 65%, and is higher than in the EU countries. The situation is similar with respect to the number of garages – in the EU countries independent garages account for 65% of the total number of garages, and in Poland – for about 92%.

The main factors with a bearing on the development of the spare parts distribution channels include:

- Stronger potential of growth of profit from after-sales services than from vehicle sales;
- Importance of the after-sales services as a source of revenues (approx. 25%) and profits (approx. 50%) of car makers (servicing costs represent some 40% of the total expenses related to owning a vehicle);
- For spare part manufacturers, OEM sales offer higher margins than aftermarket sales;

[5] Based on: Andersen, Figiefa, ATR, own research
[6] In the total repairs market, whose value is estimated at approx. EUR 122bn (2000) (incl. spare parts, servicing, post-accident repair, tyres), the share of authorised garages is about 53%

- Prevailing share of specialist spare parts manufacturers in the total supply of spare parts;
- The after-sales services market offers considerable growth possibilities, given high potential of particular segments;
- The ageing of vehicles will be compensated for by better quality of parts and lower failure rates of vehicles;
- High share of original parts and spare parts of comparable quality (jointly about 40%) in repairs at non-authorised garages;
- Considerable share (about 70%) of original parts in bodywork repairs;
- Growing concentration of suppliers of spare parts;
- Growing requirements and costs with respect to diagnostic equipment at garages;
- New regulations increasing the possibilities for purchase of spare parts by authorised garages from independent suppliers, access of independent garages to technical information and original parts.

These factors are a great challenge for all market players, and both offer opportunities and carry threats.

Major trends seen in the particular distribution channels in the European Union are presented in the table below.

Distribution channels	Trends
	Conflicting interests on a growing market
Car makers	Maintaining a strong position in the supply of spare parts – parts production growth, design protection, development of own brands of spare parts (e.g. Motrio – Renault, Secoia – PSA), restructuring of authorised distribution channels (configuration, marketing), enhancement of efficiency of spare parts supplies to garages through takeovers on the independent wholesale market, restructuring of the existing repair networks owned by car makers (fast fits), improvement of competitive position of authorised garages networks with respect to independent garages networks given that repairs of new car models are increasingly more complicated, larger direct sales of cars.
Spare parts manufacturers	Increase in sales of spare parts to non-OEM segments (the original equipment segment: steadily falling prices, shrinking margins, higher R&D costs, possibility for authorised garages to buy spare parts outside their authorised network), including development by producers of their own car service networks and increase of involvement in the improvement the independent garages' know-how; support of development of distribution channels independent from car makers, which is an important condition for development of spare parts sales non-OEM segments and a condition for the improvement of profitability of spare parts production.
Wholesale	*Stronger competition*
dependent networks (car makers' own networks and authorised networks)	Car makers will seek to strengthen and improve the functioning of dependent distribution networks in order to enhance the flow of goods to end customers, most probably through creation of regional supply centres (hubs, i.e. selected authorised garages supplying smaller, "satellite" operations).
independent distributors	Main supply channel for independent garages – growth owing to the possibility to sell parts to authorised garages, access to know-how through cooperation with spare parts manufacturers, consolidation, loyalty programmes for independent garages, extending the offering by accessories and cheap high-quality parts from new suppliers.
Garages	*Expected structural changes*
authorised garages	Growth driven by advantage over independent garages, consisting in having better equipment and capability to repair new models of cars; the general expectation is that the number of authorised points managing both a dealership and a garage will drop to the benefit of points managing only garages (also garages servicing a number of car makes) and increase of demand for spare parts from independent distributors (cost reduction, larger scale of servicing old cars), technical support from spare parts manufacturers through independent distribution channels, development of sales of used cars.
independent garages	Fall in the number of independent garages through elimination of the weakest businesses unable to improve the service quality; widely expected growth of the value of sales and maintenance of considerable market share owing to costs and service prices lower than at the authorised garages, and steady improvement of service quality (access to car makers' technical information, technical support from spare parts manufacturers)
fast-fit points, car centres, monocultures, others	Growth, subject to extension of the offering (full service) and operational restructuring – possible evolution towards independent garages with the network character maintained (operators with capital links to spare parts manufacturers and car makers)

Generally, the trends visible in Poland are convergent with those seen in the European Union. There are, however, certain points where the Polish market differs, and which are important for the evolution of the distribution channels in Poland. These are:

- ✓ Lower share of authorised garages in the market (authorised garages appeared in Poland relatively late) and higher share of independent spare parts distribution networks;
- ✓ Higher share of old vehicles (and expected growth of imports of used vehicles) resulting in considerable demand for cheap services – a market for small independent garages;
- ✓ Lower incomes; people are prone to look for cheaper services and spare parts;
- ✓ Diversification of supply sources – on average, an independent garage buys spare parts from three different suppliers.

As in the European Union, the vehicle spare parts distribution market in Poland is divided into two segments of authorised and independent distributors. In the authorised segment, the main distributors are car makers operating through subsidiaries or exclusive authorised representatives with no equity links to the car makers. In the segment of authorised distribution of spare parts, sole distributors, which import the spare parts or buy them from producers domestically, determine the prices which are binding for all authorised customers and strictly control the flow of goods. The structure of the independent segment is much more complex and includes a large number of wholesalers of all sizes who buy the products from a number of sources – both from spare parts manufacturers and from other wholesalers. Their customers include garages, shops and private vehicle owners. The end customers, i.e. vehicle owners, buy spare parts primarily at specialist shops and, to a lesser extent, at service stations, independent garages, hypermarkets, authorised service points and car fairs, with the importance of garages in this respect growing most significantly over the recent years.

A trend for gradual vertical consolidation of the wholesale market has been seen over the recent years. In particular, several entities have been adopting the roles of specialist logistics centres offering the full range of products, whose task is to organise and finance the flow of goods, including their purchase from foreign and domestic manufacturers. Other entities assume the role of local distributors whose task is to reach the customers (primarily garages). Basic trends in the development of the particular distribution channels in Poland are presented in the table below.

Distribution channels	**Trends**
	Conflicting interests on growing market
Cars makers	Maintaining a strong position in the supply of spare parts – design protection, restructuring of authorised distribution channels (configuration, marketing), possible equity involvement in the garages segment (fast fit networks), larger direct sales of cars.
Spare parts manufacturers	Increase in sales through independent distributors' networks, direct sales to garages and development of own networks of garages, possible equity involvement in the wholesale distribution segment in order to increase the efficiency of channels providing direct access to garages.
Wholesale	*Stronger competition, consolidation and entry to new channels*
dependent networks (car makers' own networks and authorised networks)	Currently based on external logistics operators – improvement of efficiency of functioning and pressure to sell spare parts with the producer's logo outside the authorised garages networks.
independent distributors (mega wholesalers)	Consolidation, whose pace will depend on the changes of structure of the stock of vehicles in Poland (the newer and more modern the stock, the faster the process will be), most often using external financing, in one of the three forms: 1. Development of nationwide distribution networks based on the consolidating entity's own affiliate branches, formed as greenfields or acquired; 2. Concentrating independent distributors around an operator managing a central warehouse; or 3. Creation of buying groups (consolidation of purchases). Considerable challenges to improve the efficiency of logistics, connected with the need for operational restructuring following the phase of fast growth through expansion into new regions in the country (going from network development to network integration and, in certain regions, supplementation); cooperation with spare parts manufacturers with respect to transfer of the know-how to independent garages; supplies to garage networks owned by car makers or spare parts manufacturers of the types of spare parts not included in the networks' offerings.
independent distributors (local)	Difficult situation because of competition on the part of importers, who bypass this distribution channel; creation of buying groups offering development opportunities on condition that the mega wholesale system works efficiently.
Garages and other	*Expected structural changes*
authorised garages	Further growth possible mainly in the event of strong new car sales, possibility to service cars of many makes and cooperation with independent spare parts supply networks; lower share of new car sales in total car sales.
independent garages	Considerable growth opportunities on condition of extension of service offerings, improvement of service quality and development of equipment base, stimulated by development – with support from importers and suppliers of spare parts – of "professional" garages; pace of changes depending on the structure of the stock of vehicles in Poland: higher demand for services by small and poorly equipped garages in the case of growth of imports of used cars; development of bodywork repair networks linked to insurance companies and networks specialising in the repair of car electronics (new technologies, e.g. navigation).
fast fit points, car centres	Created by international corporations, specialising in basic services (replacement rather than repair); in the long term they, are a serious competitor for the independent networks, provided that they extend the range of services offered (Poland is a market with much more variety of cars registered for use than the largest European markets, where national car makers have considerable market shares).
shops	Able to develop in small towns, through cooperation with local customers and selected suppliers; success conditioned by the number of small independent garages operating in the area and the scale of their activity.
monocultures	Slowly disappearing – chances for survival on condition of extension of the range of services offered.
do-it-yourself	Development or disappearance, depending on the wealth of the society and the complexity of repairs.

Source: the Company

In the opinion of the Executive Board, in the years to come the market of spare parts distribution will undergo major changes. These will depend on the changes in the all-European distribution model, where the prevailing trend will be that of rivalry between car makers and spare parts manufacturers to create distribution channels which will guarantee better access to end customer, and on local conditions, such as the structure of the stock of vehicles, vehicle owners' habits with respect to servicing and repair of vehicles, garages' expectations, etc. It is generally expected that selected independent distributors, able to offer the full range of products and a relatively short time of delivery, will improve their market position. There will be major changes in the garages segment, where the principal phenomena and trends will include:

- ✓ Growing share of repairs of vehicle electronics in total vehicle repairs;
- ✓ Evolution from replacement of single components to replacement of entire integrated systems;
- ✓ Repairs and replacement of vehicle spare parts will only be possible if a garage has appropriate diagnostic equipment and software;

- ✓ Garages will have to employ highly qualified staff,
- ✓ Garages will invest increasingly larger amounts in equipment and technical and marketing trainings for their employees.

As a consequence, garages will need a strong and reliable partner – a supplier of spare parts able to execute any order in the shortest possible time. This partner should also be able to provide the garages with equipment necessary to carry out the repairs, and to ensure relevant technical support. As repairs get increasingly more complex, garages will expect comprehensive assistance helping them to get adjusted to the new working conditions. Already now garages perceive as attractive partners those suppliers who offer the full range of spare parts, quick delivery plus access to catalogues and technical documentation, technical and business assistance, trainings, assistance in finding appropriate equipment and collection of worn-out parts.

Value of the Spare Parts Market and the Company's Market Share

The vehicle spare parts aftermarket is naturally an offspring of the vehicle market. The necessity to make repairs and replace wearable parts leads to continuous demand for spare parts. The size and value of the spare parts aftermarket depends chiefly on:

- ✓ Number and structure of the stock of vehicles used;
- ✓ Technology of vehicle manufacturing;
- ✓ Technical condition of vehicles and dependence of repair frequency on age and mileage.

For independent distributors of spare parts, the following factors are also of significance:

- ✓ Motorists' habits with respect to vehicle servicing;
- ✓ Trends in the development of retail distribution channels.

The automotive parts aftermarket in the European Union is valued at approx. EUR 44bn–46bn annually (according to the estimates of Figiefa (2003) and Andersen (2000)). The value of the independent aftermarket of spare parts in Poland as estimated by the Executive Board is presented in the table below (at wholesale prices).

Car parts – Poland (PLN bn)	**2002**	**2003**
Value of the independent spare parts aftermarket	3.3	3.6
Company's share in the market	6.4%	8.4%
Value of the independent aftermarket of spare parts for western car makes	2.5	2.7
Company's share in the market	8.5%	11.2%

Source: Own calculations based on the data of the Central Statistics Office.
Market value calculated based on (a) the Central Statistics Office's data on the value of production output after reducing the total market value by the value of OEM and aftermarket parts in authorised networks (Executive Board estimates); with respect to the value of production output and foreign trade turnover, the 2003 data was estimated based on the data of the Central Statistics Office for six and nine months of 2003 and (b) Market value calculated based on the estimated spending on individual categories of vehicle (Executive Board estimates).

The Executive Board believes that until 2012 the value of the aftermarket will, on average, grow by at least 5% a year (at the constant euro exchange rate). In 2002, the market share of the Company's largest competitor was estimated at ca. 5.8% (based on the data of Alfred Franke and own calculations). The share of the third largest company in terms of sales value is estimated at ca 2.9%, and the fourth – at 2.6%. The aggregate market share of the ten largest distributors approximates 29.7%.

Number and Structure of the Stock of Vehicles

Car volumes are on a steady rise both in the European Union and in Poland. In 1990–2002, the number of vehicles in the EU countries grew by 33%, and in Poland – by 110%.

Among the EU countries, the highest growth in vehicle volumes was seen in Portugal, where the total number of vehicles doubled; in Greece, the growth rate was ca. 90%, in Ireland – ca. 80%, and in Spain – ca. 60%. The smallest growth was reported in Finland (ca. 13%), Sweden (ca. 14%) and Denmark (ca. 22%).

The table below presents the data on vehicle numbers and key parameters of the vehicle market:

('000)	1990	1995	1996	1997	1998	1999	2000	2001	2002
European Union									
Registered vehicles	161,098	182,259	185,724	189,834	194,471	200,119	205,780	210,650	214,489
Passenger cars	143,220	160,784	163,689	167,092	170,859	175,720	180,346	184,426	187,409
No. of vehicles per 1,000 inhabitants	443	491	499	508	519	533	547	560	570
No. of passenger cars per 1,000 inhabitants	394	433	439	447	456	468	479	490	498
Poland									
Registered vehicles	7,755	9,885	10,446	10,944	11,355	11,849	12,755	13,367	14,144
Passenger cars	5,261	7,517	8,054	8,533	8,891	9,283	9,991	10,503	11,029
No. of vehicles per 1,000 inhabitants	168	232	248	261	278	286	309	325	347
vs. EU average	38%	47%	50%	51%	54%	54%	57%	58%	61%
No. of passenger cars per 1,000 inhabitants	138	195	208	221	235	240	259	272	288
vs. EU average	35%	45%	47%	49%	51%	51%	54%	56%	58%

Source: Own estimates based on the data of ACEA and the Central Statistics Office.

The average number of vehicles per 1,000 inhabitants in Poland is much below the EU average, although the difference is gradually shrinking. If Poland were to reach the EU average per 1,000 inhabitants, the number of vehicles would grow by ca. 7.7m. The replacement of the whole stock of the vehicles that are no longer manufactured, which were manufactured in the former Soviet block countries, would increase demand by additional 2m–2.5m vehicles.

The recent years have seen a drop in the new vehicle sales growth, both in the EU and in Poland. In relation to the number of vehicles per 1,000 inhabitants, the increase in the number of new vehicles in Poland represents ca. 25% of the same indicators in the EU. The table below presents data on the number of new vehicles.

	1999	2000	2001	2002	2003
European Union – new registrations					
Total number of vehicles ('000)	16,772	16,565	16,584	16,108	15,091
per 1,000 inhabitants	45	44	44	43	40
Passenger cars ('000)	14,633	14,319	14,402	14,008	13,140
per 1,000 inhabitants	39	38	38	37	35
Poland – new vehicle sale					
Total number of vehicles ('000)	692	522	358	337	393
per 1,000 inhabitants	18	13	9	9	10
Passenger cars ('000)	640	479	327	308	358
per 1,000 inhabitants	17	12	8	8	9

Source: Own estimates based on the data of ACEA and Samar.

Among the EU countries, the largest number of new vehicles is registered in Germany (ca. 22% of new registrations in the EU in 2003), followed by Great Britain, Italy and France. In 2003, the total percentage of new registrations in these four countries was c.a. 72%. Among car makers, the key players are Volkswagen (Audi, Seat, Skoda, Volkswagen), PSA (Citroen, Peugeot, Talbot), Renault (Renault) and Ford (Ford, Jaguar, Land Rover, Volvo), as well as GM (GM, Opel, Vauxhall, Saab), and Fiat (Alfa Romeo, Fiat, Iveco, Lancia) – jointly accounting for over 62% of all vehicles registered in 2003.

The sales of new passenger cars in Poland are dominated by vehicles manufactured abroad. In terms of key manufacturers, the sales structure in Poland does not differ materially from the sales structure in the EU countries. The joint market share of Volkswagen, PSA, Renault, Ford, GM and Fiat (dominant in the EU countries) in 2003 amounted to ca. 69%. According to Samar, the last ten years have seen significant changes in vehicle sales in Poland with respect to car makes. Although in 1993 the joint share of the present market leaders was only slightly lower than it is now, the absolute leader was Fiat, which in 1993 controlled ca. 54% of the new vehicles market in Poland. The 1993 sales of the current leader hardly exceeded 3% of the total sales. The second largest manufacturer in terms of sales in 1993, i.e. FSO (now Daewoo-FSO), had a market share of ca. 26%. According to the 2002 data, its share shrank below 6%, and is estimated at ca. 2.2% in 2003). The table below presents data on new vehicle sales in Poland by categories.

New vehicle sales ('000)	1999	2000	2001	2002	2003
Passenger cars	640	479	327	308	358
including domestic car makers	74%	61%	43%	25%	15%
Lorries	51	41	29	28	34
Buses	1	2	1	1	n/a

Source: *Gazeta Wyborcza* based on Samar data, and Samar.

Currently, passenger cars are manufactured in Poland by Fiat, Daewoo-FSO and Opel. The fall in domestic production, first seen in 2000, was related to the closing of assembly plants as a result of reduced customs duties on imported vehicles, and the problems faced by Daewoo.

Similar trends are seen in the sales of delivery vehicles and lorries. According to the 2003 data of Samar, the share of delivery vehicles and lorries manufactured in Poland in the total sales of these vehicles was ca. 18%. In the segment of light delivery vehicles, the top three positions are held by Fiat, Citroen and Peugeot. The top three manufacturers of medium-size delivery vehicles are Ford, Mercedes and Volkswagen, while in the heavy delivery vehicles segment (permitted total weight up to 6 tonnes) the top three positions are occupied by Mercedes, Iveco and Volkswagen. In the lorries segment (permitted total weight of 6.1–10 tonnes); the leaders are Iveco, Star and Renault; in the lorries segment with permitted total weight of 10.1–15.9 tonnes – Star, Mercedes and Renault; and in the lorries segment with permitted total weight above 16 tonnes – Volvo, Mercedes and Scania.

A phenomenon of particular significance for the assessment of the Polish vehicles market as a whole are private imports of used vehicles. On the one hand, used vehicles are an alternative for new vehicles, and on the other hand the scale of used vehicles imports has a material impact on the average age and mileage of vehicles used in Poland, and in consequence on their technical condition and necessity to make repairs. The total number of used passenger cars imported by private individuals from 1993 to the end of 2003 was 1,213 thousand. In that period, new passenger car sales amounted to 4,542 thousand vehicles.

Passenger cars in Poland ('000)	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**
New car imports	67	124	153	230	295	392	412	430	305
Used car imports	54	84	82	98	114	214	217	179	33
Total imports	121	208	235	328	409	605	628	609	338
Share of used cars in imports	45%	40%	35%	30%	28%	35%	34%	29%	10%

Source: Central Statistics Office, Samar

The structure of passenger car imports to Poland is presented in the table above. The fall in used vehicles imports, which began in 2003, was caused by the introduction of the excise tax. Following Poland's accession to the EU, this limitation will cease to apply.

According to GIPA, in the category of passenger cars, private individuals most often buy used vehicles – ca. 65% of the vehicles purchased in 2002 were second-hand.

In the case of delivery vehicles and lorries, the used vehicle imports are larger than the new vehicle imports. According to Samar, in 1997 used vehicle imports accounted for 9% of the total imports, while at the end of October 2003 their share was 45% (64% in 2002). Imports of used buses represented almost 55% of the total number of buses sold in 2002. In 2001, this share was 56%, 52% in 2000, and 38% in 1999[7].

Outlook for Development of the Vehicle Market in Poland

In the opinion of the Executive Board, the sales of new vehicles in Poland will remain at the level recorded in 2003 or fall by no more than 20%. The imports of used vehicles are also expected to grow, possibly to ca. 300 thousand vehicles.

Production Technologies

What is of particular importance for the further development of the vehicle manufacturing technologies is the steady growth in the share of electronics in production costs and vehicle repairs. In 2002, the share of electronics in the cost of production and repairs was estimated at 25%, and the forecasts provide for an increase up to 35% in 2010. The use of new technologies is becoming increasingly more popular in mass production. For instance, ABS systems are installed currently in 40% of vehicles produced worldwide, and this ratio was reached in 20 years. A similar level was achieved by the ESP system in 10 years. SBC systems, which were first installed in 2002, are now available in 20% of vehicles produced. There is also a trend to install a large number of devices managing the work of centrally controlled individual sub-assemblies. A consequence of these changes will be a shift from the diagnostics of individual devices to systemic diagnostics of the whole vehicle (integrated systems). The future scope of repairs will be totally different from the current scope – the market is moving from "working with parts" to "working with systems". At the same time, the variety of parts is growing. Technological development is seen primarily in the following systems: alternative drive, safety, navigation, active suspension control, night drive systems, rear-park assist sensors, automatic gear box, multimedia, direct fuel injection, variable valve timing, braking and steering based on electric systems.

[7] *Gazeta Wyborcza* data.

Technical Condition of Vehicles and Relationship between Frequency of Repairs, Age and Mileage

The average age of vehicles in the European Union is approx. 7.6 years (in 1999, Eurostat data). According to the European Environment Agency, there is a clear correlation between the average age of vehicles and the level of GDP per capita. In general, vehicles are younger in the countries with relatively high GDP per capital.

Passenger cars in Poland are older than the cars registered in the European Union. In 2002, over half of the vehicles registered in Poland were over 11 years old. The following table illustrates the age structure of the passenger cars:

Vehicles by age	up to 2 years	3–5 years	6–10 years	11 years and over
% of total vehicle registered in the EU (2000)	16%	21%	31%	32%
% of total vehicle registered in Poland (2002)	7%	16%	23%	55%

Source: ACEA, *Gazeta Wyborcza* after Central Statistics Office.

A similar situation is seen among delivery vehicles, lorries, and buses. Almost half of lorries are eleven or more years old. As many as three fourths of buses are of similar age. According to GIPA, the average age of passenger cars in Poland is 9.4 years while in 2000 it was 8.3 years (the research excluded passenger cars in corporate fleets). Vehicles produced in Poland (Fiat, Daewoo, FSO) constitute approx. 47% of the total number (with Fiats being the most numerous group – approx. 30%). The average mileage increases: in 2003 the average mileage of a passenger car was approx. 107 thousand kilometres. In 2000, it was approx. 97 thousand kilometres. The mileage of approx. 25% of passenger cars exceeds 150 thousand kilometres. The average annual mileage is approx. 15.6 thousand kilometres. The vehicles which undergo garage servicing most often are those between 3 and 5 years of age and 7 and 9 years of age. Detailed data is presented in the table below.

Vehicles by age	up to 2 years	3–5 years	5–6 years	7–9 years	10 years and over	total
% of total garage servicings	6%	18%	15%	18%	43%	100%
Number of servicings ('000)	1,188	3,564	2,970	3,564	8,514	19,800
Average per year	1.8	2.4	2.3	2.4	2.1	2.2

Source: GIPA

Relationship between the number of servicings and average mileage per year is even more evident. Detailed data is presented in the table below.

Average mileage per year ('000 km)	below 5	5–10	10–15	15–20	20–30	30 and over
Average number of servicings per year	1.7	1.9	2.0	2.1	2.4	3.0

Source: GIPA

On Average, a vehicle with the mileage of below 25 thousand kilometres undergoes 1.5 garage servicings a year, whereas a vehicle with the mileage of over 150 thousand kilometres – 2.6 servicings. Out of these servicings, approx. 44% are repairs, with the balance (56%) represented by checkups. In 2001, the average number of servicings was 2.5, while in 2000 it was 2.2. The most frequent reasons for checkups are maintenance visits recommended by the manufacturer and oil replacements. The reasons for servicings to vehicles of various ages vary. Detailed data on reasons for visits by passenger cars to garages is illustrated by the table below.

Vehicles by age Reason for servicing	up to 2 years	3–5 years	5–6 years	7–9 years	10 years and over	on average
check-up recommended by manufacturer	40%	28%	21%	17%	11%	19%
tyre replacement	22%	18%	18%	19%	18%	19%
oil replacement	8%	16%	16%	16%	15%	15%
technical check-up	8%	10%	12%	14%	18%	14%
periodic maintenance	8%	15%	15%	14%	11%	13%
problems with operation	7%	7%	10%	14%	17%	13%
repair	4%	2%	3%	3%	6%	4%
accident	3%	4%	4%	3%	3%	3%

Source: GIPA

Routine and Habits in Servicing

In the European Union, the older the vehicle the more often it is serviced at an independent garage. While drivers of younger vehicles sporadically use independent garages, vehicles of over five years of age are serviced there in over 60% of cases (source: Autopolis). On average, independent garages are visited for repairs in 53% cases.

Research made by GIPA in 2003 illustrates that drivers (private owners) in Poland most often use independent garages: 67% of the visits (up by 3% on the 2002 figure). Authorised garages are visited primarily by owners of new or relatively new vehicles. 73% of servicings to vehicles of up to two years of age are made by authorised garages. The figure falls to 55% with vehicles of three to four years of age. The most important factors determining the choice are the price, confidence in quality and convenient location. The least important are: habit and accessibility. Detailed data on structure of visits to garages is illustrated by the table below.

Vehicles by age / Visits to garages	up to 2 year	3–4 years	5–6 years	7–9 years	10 years and over
independent	24%	38%	61%	75%	84%
authorised	73%	55%	30%	15%	7%
other	3%	7%	9%	9%	9%

Source: GIPA

5.3.2.2. Garages

On average, owners of passenger cars in the European Union spend approx. EUR 208 per year[8] on spare parts, that is approx. PLN 800 (at the average EUR exchange rate in 2002). In Poland, the expenditure is estimated at approx. PLN 355 (2002), that is approx. 44% of the EU figure.

In total, approx. 330 thousand garages operate in the European Union, of which 36% are authorised (approx. a 53% market in value terms). Independent garages constitute approx. 35% of the total number (approx. a 34% market share in value terms). Other garages are quick fix chains, vehicle centres and other.

According to GIPA, approx. 20.4 thousand garages operate in Poland, of which 1.7 thousand are authorised garages and approx. 18.7 thousand are independent operators. Full service garages account for approx. 88% of the total number of independent garages. The remaining garages specialise in particular service areas: electrical systems, mufflers, etc. Authorised and independent garages differ considerably. Approximately 96% of the authorised garages employ five or more persons, while among the independent garages the ratio is only 21%. An average authorised garage has an area of approx. 500 square metres, it employs 13 persons and has five vehicle hoists. The area of an average independent garage is approx. 122 square metres, it employs four persons and has two vehicle hoists or canals. Authorised garages provide at the same time servicing to 15 customers on average, whereas independent ones to 4. An average cost of one man-hour in an authorised garage is over twice as high as compared to an independent garage. Authorised garages are relatively better equipped than independent ones, out of which (in the opinion of the Executive Board) 6 thousand meet European standards. For example: equipment for aiming headlights is fitted in approx. 95% of the authorised garages and approximately 36% of the independent ones. As far as the toe-in adjustment for wheels is concerned, proper equipment is fitted in 94% and 39% garages respectively, and exhaust gas analysers – 91% and 42% garages, respectively. There are considerable differences between independent garages as well, with large garages (with 11 employees, three hoists or canals, garage area of approx. 230 square metres) being significantly better equipped than the average: equipment for aiming headlights is fitted in approximately 68% of the garages, toe-in adjustment for wheels in 66%. Garages of such size can provide servicing to approx. seven customers at the same time.

5.3.2.3 Ukraine

The Company strategic plans provide for a gradual growth of foreign business; Ukraine has been set as the main target for development in the next few years. Basic data describing the Ukrainian market is presented at the table below. Figures quoted under "Inter Cars' market" are the values of the market of spare parts for vehicles made in Western Europe and Japan.

	Ukraine
private vehicles registered in 1990 ('000)	3,272
private vehicles registered in 2002 ('000)	5,252
dynamics	1.61
population ('000)	50,300
vehicles per 1000 inhabitants	104
vehicles made in Western Europe ('000)	880
Inter Cars' market (PLN'000 000)	772

Source: Central Statistics Office, Company estimates

The Ukrainian market is considerably fragmented and still unorderly. It comprises sales points of a relatively high standard (high availability of goods, well-equipped and spacious facilities) and a number of small points, which basically sell to on order. A similar situation is seen among the garages: small, poorly equipped garages dominate but there are also relatively well-equipped outlets offering services of high standard. This structure of garages reflects the structure of the stock of vehicles, as foreign-made vehicles are mostly new (from the segment of luxury vehicles), requiring proper level of servicing. The stock of vehicles in Ukraine shows a characteristic feature: a relatively low percentage of several-year-old vehicles and a majority of more than ten-year-old vehicles, mostly German-made. Almost one half of passenger cars were manufactured in 1985 or before. Volkswagen, GM and Ford makes dominate among vehicles produced in Western Europe (approx. 9% of vehicles registered in 2002). In total, approx. 880 thousand, that is approx. 17% of total vehicles in Ukraine, were made outside the former east block (including the former Soviet Union). The number of vehicles made in Western Europe will be growing as they will replace the worn out vehicles made in the former Soviet block.

[8] total spending per passenger car per year is estimated at approx. EUR 700 (spare parts, body work, tyres, repair services); the value of total after-sales market is estimated at approx. EUR 124bn in 2000

In terms of the offering portfolio, the key competitors in the Ukrainian market are Elit and Eso. In terms of turnover, the group of competitors also includes Valmi, Opus, Vladislav and Meteor (which, like Elit, is of foreign ownership). Polish companies present in Ukraine include JC Auto and Fota.

5.3.2.4 Market of Reconditioned Spare Parts

The demand for spare parts in Western Europe is estimated at approx. 15,000 thousand per year. It is forecast to double in the next 10 years.

Based on the audited data from other markets, the Executive Board estimates the potential of the Polish market at 150 thousand spare parts per million of passenger cars, that is approx. 1,650 thousand reconditioned spare parts per year. The demand will be seen mainly in such product groups as starters and alternators, axle shafts, clutches, and disc brake callipers.

At present, none of the companies specialising in spare parts reconditioning enjoys a countrywide presence in Poland. The share of Eltek Sp. z o.o. in the market of reconditioned spare parts is limited.

5.4 Main Sales Markets

Detailed data on the geographical structure of sales is presented in the table below.

Sales revenue	2003		2002		2001	
	(PLN'000)	(%)	(PLN'000)	(%)	(PLN'000)	(%)
Domestic sales	310,983	69.6%	211,596	67.3%	176,015	75.2%
Exports, including:	135,539	30.4%	103,040	32.7%	58,166	24.8%
Ukraine, including:	101,351	22.7%	74,967	23.8%	39,137	16.7%
Inter Cars Ukraina	15,020	3.4%	15,879	5.0%	8,251	3.5%
Net sales revenue	**446,522**	100.0%	**314,636**	100.0%	**234,181**	100.0%

The Company's main market is Poland. In 2003, 70% of the sales revenue was derived from domestic sales. Export sales is addressed mainly to customers in Ukraine. The most important foreign customer is Inter Cars Ukraina. Sales to Inter Cars Ukraina accounted for approx. 3.4% of the total sales and approx. 11% of the exports in 2003.

Sales of spare parts by Inter Cars Ukraina were realised mainly in Ukraine. Export sales by Eltek Sp. z o.o. comprise most of all spare parts reconditioning for four foreign customers. In Poland, the company sells its products mainly through Inter Car's distribution channels.

5.5 Seasonal Nature of Sales and Change in Stocks

5.5.1 Seasonal Nature of Sales

The Company's total revenue is not subject to strong seasonal changes. The wide offering of parts includes goods whose sales depend on the season of the year, which particularly refers to winter. These goods include winter tyres, batteries, glow plugs, steel rims, fuel filters and liquids for radiators and sprinklers. The goods most exposed to seasonal changes in demand and characterised by short-time demand surge, such as winter tyres, are ordered from suppliers several months prior to the expected peak in sales.

Subsidiaries' revenues are not subject to seasonal changes.

5.5.2 Change in Stocks

The table below sets forth the detailed structure and value of the Company's stocks in 2001–2003.

(As at the end of) year / quarter	Q1	Q2	Q3	Q4
2003, including:	**92,323**	**108,123**	**122,442**	**130,684**
vehicle spare parts and accessories	89,307	102,397	115,234	125,581
other	3,016	5,726	7,208	5,103
2002, including:	**67,231**	**79,619**	**78,965**	**91,452**
vehicle spare parts and accessories	65,424	76,294	75,920	89,645
other	1,807	3,325	3,045	1,807
2001, including:	**55,441**	**46,773**	**51,237**	**55,481**
vehicle spare parts and accessories	54,501	46,211	49,863	54,979
other	940	562	1374	502

The change in stocks is not of seasonal nature and depends exclusively on the organisation of the supply system and manufacturers' response time. As at the end of the fourth quarter of each fiscal year under review, the value of stocks was reduced by the value of bonuses to be settled in the following fiscal year. The table below presents the relevant details.

	2003	2002	2001
Value of bonuses reducing value of stocks as at the end of period	4,173	3,143	1,201

The rules governing the settlement of bonuses granted by parts manufacturers are presented in Section 6.1 of Chapter VI of the Prospectus.

5.6 Sales in 2001–2003

The Company's revenues are set forth in the table below.

Revenue:	2003		2002		2001	
	(PLN '000)	(%)	(PLN '000)	(%)	(PLN '000)	(%)
on sales of products	-	-	-	-	-	-
on sales of goods for resale and materials	446,522	100.0%	314,636	100.0%	234,181	100.0%
Net sales revenue	**446,522**	100.0%	**314,636**	100.0%	**234,181**	100.0%

The geographical structure of domestic sales has changed in line with the expansion of the distribution network and establishment of new affiliate branches. Affiliate branches are established in regions with Inter Cars' low share in the local market. As the number of affiliate branches was rising, the share of sales in the Warsaw Province (including sales from the Logistics Centre) was decreasing. The increase in the number of affiliate branches results in the migration of the Company's customers to new affiliate branches, thus shortening the time of delivery of goods. In 2001, the Company reached customers in only seven provinces. Currently, the sales network supports sales countrywide. The Warsaw and Katowice Provinces (with a joint population accounting for 26% of the total population of Poland) have the largest share in the sales. According to the Central Statistics Office, the households in these provinces enjoy relatively highest nominal gross income per person.

The table below sets forth the sales of the subsidiaries.

	2003	2002	2001
		(PLN '000)	
Inter Cars Ukraina	20,721	20,110	9,397
Eltek Sp. z o.o.	1,389	112	-
Q-Service Sp. z o.o.	-	71	18

Inter Cars Ukraina's principal business is the sale of spare parts. To a minor extent, the sales of this company include garage equipment. Eltek Sp. z o.o. derives its revenue exclusively from sales of goods for resale and materials, and reconditioning services. Q-Service generated its revenue on sales of spare parts.

5.7 Supply Sources for Materials, Goods for Resale and Services

The table below sets forth the structure of the Company's supplies.

	2003		2002		2001	
Supplies of:	**(PLN '000)**	**(%)**	**(PLN '000)**	**(%)**	**(PLN '000)**	**(%)**
goods for resale	397,518	87.2%	276,847	88.0%	174,141	87.8%
services	55,670	12.2%	35,446	11.3%	22,096	11.1%
materials	2,543	0.6%	2,339	0.7%	2,191	1.1%
Total supplies	**455,731**	**100.0%**	**314,632**	**100.0%**	**198,428**	**100.0%**

Affiliate branch operators form the dominating group of service suppliers. In line with the Company's accounting policy, an affiliate branch's share in margin is disclosed as contracted services under operating expenses. Cost of distribution services accounted for approx. 62% of the total cost of services in 2003.

The Company's offering includes goods from over 500 suppliers; however, in 2003, in terms of value, 95% of purchased goods for resale were sourced from 270 suppliers (compared with 140 in 2002). Goods are supplied from all over the world, with the majority sourced from the EU countries. The Company imports goods from Germany, Italy, France, Spain, the United Kingdom, Belgium, the Netherlands, the United States, Brazil, South Africa, Korea and other countries. The table below sets forth the geographical structure of the Company's supplies of goods.

	2003		2002		2001	
	(PLN '000)	**(%)**	**(PLN '000)**	**(%)**	**(PLN '000)**	**(%)**
Domestic suppliers	150,797	37.93%	79,786	28.82%	43,535	25.00%
Foreign suppliers	246,721	62.07%	197,061	71.18%	130,606	75.00%

The dominating category of goods suppliers includes international conglomerates, for which the Company is one of the largest and most important customers in Central and Eastern Europe. The Company's offering includes goods from about 500 suppliers. The large diversification of suppliers renders the Company's operations free from material dependence of any single supplier or small number of suppliers. The joint share of the five largest suppliers in the Company's total supplies stood at approx. 23% in 2003. In 2001 and 2002, this share stayed around 25%. The table below sets forth the Company's largest suppliers and their respective shares in the total supplies in 2001–2003.

Supplier			2003	2002	2001
Company	**Supplied items**	**Country**	**(%)**	**(%)**	**(%)**
ZF Trading Gmbh	Suspension and power transmission parts	Germany	8.48%	10.35%	10.26%
Federal Mogul SA	Engine parts and sub-assemblies, suspension and brake system parts	Switzerland	6.01%	6.64%	7.77%

In April 2004, the Company commences the CAP (Common Aftermarket Protocol) Project, which enables the supply management system to be streamlined. The project is described in detail in Section 5.1.2.

Inter Cars Ukraina sources its supplies from:

- local suppliers (ca. 5%),
- Inter Cars (ca. 87%),
- foreign suppliers (ca. 8%).

Eltek Sp. z o.o. purchases parts for the reconditioning mostly in Western Europe.

5.8 Dependence on Suppliers or Customers

The table below sets forth the Company's suppliers with a share in total expenses exceeding 10%.

2003		2002		2001	
Supplier	**% share in total expenses**	**Supplier**	**% share in total expenses**	**Supplier**	**% share in total expenses**
None		ZF Trading Gmbh	10.35%	ZF Trading Gmbh	10.26%

The Company depends on no single customer. The largest single customer is Inter Cars Ukraina, whose total purchases accounted for approx. 3.4% of the Company's sales revenue in 2003. There is no relation between ZF Trading Gmbh and Inter Cars other than the agreement effective as from January 1st 2004.

Inter Cars Ukraina depends on the supplies from Inter Cars. The table below sets forth the share of supplies from Inter Cars in the total supplies to Inter Cars Ukraina in 2001–2003.

2003		2002		2001	
Supplier	% share in total expenses	Supplier	% share in total expenses	Supplier	% share in total expenses
Inter Cars	74.96%	Inter Cars	79.96%	Inter Cars	88.92%

The table below sets forth the dependence of Eltek Sp. z o.o. on suppliers.

2003		2002	
Supplier	% share in total expenses	Supplier	% share in total expenses
Holger Christiansen A/S	23.3%	No dependence	
Transpo Elektronics Gmbh	19.3%	No dependence	

The main domestic customer of Eltek Sp. z o.o. is Inter Cars, whose total share in Eltek Sp. z o.o.'s sales revenue reached PLN 418,000 in 2003 and PLN 76,000 in 2002. There is no relation between Holger Christiansen A/S or Transpo Elektronics Gmbh and Inter Cars.

Exports (mainly parts reconditioning) are executed on an order-basis for four companies, large European distributors of reconditioned parts.

The table below presents Eltek's dependence on customers.

2003		2002	
Customer	% share in total sales	Customer	% share in total sales
Inter Cars	30.0%	No dependence	
Eurotec Deutschland Gmbh	27.2%	No dependence	
Delco Remy BELGIUM bvba	14.4%	No dependence	

There is no relation between Eurotec Deutschland Gmbh or Delco Remy BELGIUM bvba and Inter Cars.

5.9 Significant Agreements

5.9.1 Significant Agreements with Suppliers

Business relations with the suppliers of Inter Cars are governed by written agreements only in the case of those few suppliers with whom Inter Cars effects transactions whose value exceeds 10% of the Company's total equity. For description of significant written agreements with the Company's suppliers, see the table below. These agreements specify in particular the amounts and terms of additional discounts to be offered by the Company's suppliers.

As requested from the Polish SEC, business terms of these agreements have been withheld from publication.

Significant agreements with the suppliers

Date of execution	Party	Subject	Material provisions	Materiality criterion
Jan 14th 2003	*Supplier:* Ferdinand Bilstein GmbH + Co.KG, registered offices in Ennepetal, Germany	Determination of the amount of annual bonuses for the Company and delivery of spare parts.	The agreement was concluded for a specified period – until December 31st 2004. The 2003 value of transactions carried out between the Company and the Supplier exceeded 15% of the Company's total equity. The Supplier offered the Company a volume discount to be settled at the end of the settlement period and contingent upon the transaction's value. Furthermore, the Company received a marketing bonus. The agreement does not provide for any contractual penalties.	Value of the agreement (in 2003 the value of transactions with the Supplier exceeded 10% of the Company's total equity)
Jan 14th 2003	*Supplier:* DELPHI AUTOMOTIVE SYSTEMS POLAND Sp. z o.o., registered offices in Kraków	Delivery of shock absorbers, batteries, parts of brake system, parts of radiators, etc.	The agreement was concluded for a specified period – until December 31st 2004. The value of the transactions between the Company and the Supplier declared under the agreement for 2004 exceeds 15% of the Company's total equity. The Supplier offered the Company a rebate on the suggested net retail prices. The Supplier offered the Company a volume discount	Value of the agreement (the value of transactions declared to be effected between the Supplier and the Company in 2004 exceeds 10% of the Company's total equity)

Date of execution	Party	Subject	Material provisions	Materiality criterion
			to be settled at the end of the settlement period and contingent upon the transaction's value. The agreement does not provide for any contractual penalties.	
Agreement binding since Jan 1st 2004	*Supplier:* ZF Trading GmbH (Germany)	Terms of cooperation for 2004 and 2005 with regard to sales of lorry parts, clutch pedals and shock absorbers.	The agreement was concluded for a specified period – until December 31st 2005. The value of transactions declared to be effected between the Company and the Supplier in 2004 exceeds 40% of the Company's total equity. The Supplier offered the Company a volume discount to be settled at the end of the settlement period and contingent upon the transaction's value. The agreement provides for a advertising bonus and lump sum for customer complaints. The agreement does not provide for any contractual penalties.	Value of the agreement (the value of transactions declared to be effected between the Supplier and the Company in 2004 exceeds 10% of the Company's total equity)

5.10 Material Agreements

In addition to the significant agreements discussed in section 5.9 above, Inter Cars is a party to agreements material to its business and described below.

As requested from the Polish SEC, business terms of these agreements have been withheld from publication.

Material agreements

Date of execution	Party	Subject	Material provisions
Jan 15th 2004	*Supplier:* Brembo S.p.A., registered offices in Curno, Italy	Delivery of brake discs	The agreement was concluded for a specified period – until December 31st 2004. In 2003, the value of transactions between the Company and the Supplier did not exceed 10% of the Company's total equity. The Supplier offered the Company a bonus for the end of the settlement period. The bonus depends on the exceeded value of transactions.
Aug 6th 2003	*Insurer:* Tryg Polska Towarzystwo Ubezpieczeń SA, registered offices in Radom	Fire and other natural disasters insurance of property (insurance policy OG 0108062) The insurance covers buildings, structures, machinery, plant, equipment and stocks	The agreement was concluded for a period from August 9th 2003 to August 8th 2004. Sum insured: PLN 33,000,000 – for buildings and structures, PLN 3,000,000 – for machinery, plant and equipment, PLN 112,650,000 – for stocks. Total insurance premium is PLN 135,450 and is payable in four instalments, with the last one due on May 22nd 2004.

5.11 Agreements to which the Company's Shareholders or Related Entities are Parties and which are Significant to the Company or Its Business

As represented by the Executive Board, the Company has no knowledge of any agreements to which the Company's shareholders or related entities would be parties and which would be significant to the Company or its business.

5.12 Transactions Effected over the Last Twelve Months between the Company or Its Subsidiary and a Related Entity where Value of such Transaction is PLN equivalent of EUR 500,000, Except for Typical and Routine Transactions Entered into at Arms' Length and Following from the Current Operations of the Company or Its Subsidiary

As represented by the Company's Executive Board, all of the transactions effected over the last twelve months between Inter Cars or its subsidiary and a related entity where (one-off or aggregate) value of such transaction exceeded PLN equivalent of EUR 500 were typical and routine transactions entered into at arms' length and following from the current operations of the Company or its subsidiary.

5.13 Licences or other Permits

No licences or permits are required for the Company or its subsidiaries to conduct business.

As at this Prospectus date, the Company holds environmental permits (administrative decisions), which are discussed in the table below.

Administrative decisions concerning environmental protection

No.	Decision number and issue date	Issuing body	Spatial coverage	Content
1	ŚR.-7634/30/1/03, issued on May 27th 2003	Governor of Nowy Dwór	ul. Gdańska 15, Cząstków Mazowiecki, commune of Czosnów	Permit to produce and store hazardous wastes, such as hydraulic oils, oily cleaning cloths, oil filters, used light sources or lead-acid batteries.
2	ŚR-6210/19/2/2003, issued on December 10th 2003	Governor of Nowy Dwór	ul. Gdańska 15, Cząstków Mazowiecki, commune of Czosnów	Water permit to use underground water from quarternary formations, from the intake located at the Company's site in Cząstków Mazowiecki, for operating and economic purposes (excluding drinking, watering plants and use by water treatment plants).

Source: Company

5.14 Patents, Licences and Trademarks

As at this Prospectus date, the Company holds no patents.

The Company is a party to one licence agreement, which was concluded on December 6th 2001 between the Company and Auto Crew GmbH, registered offices in Schweinfurt, Germany, as the Licensor. The agreement defines the rules governing the market launch of the AutoCrew concept by the Company. The agreement was concluded for a specified period – until December 31st 2003. Upon expiry, the agreement is every time extended for the subsequent two years, unless one of the parties terminates the agreement at a 12-months notice. Auto Crew GmbH has the right to terminate the agreement with immediate effect if the Company, despite previous reminder, fails to perform its contractual obligation within fourteen days following receipt of such reminder. In other cases, the agreement may be terminated with immediate effect exclusively for cause and not earlier than after two months following receipt of information justifying such termination.

Auto Crew GmbH licensed the Company to use the AutoCrew logo on the following terms:

- The licensor has the right to impose or prohibit a specified form or manner of use of the logo at any time;
- The Company will use the AutoCrew logo in advertisements promoting the partnership concept of Auto Crew GmbH in observance of the licensor's interest. The logo may not be subject to any changes or claims by the Company.

The licensor's remuneration is DEM 50,000. The amounts of annual contributions payable by each AutoCrew partner facility range from EUR 75 to EUR 500. Upon expiry of the agreement, the licensor will hold the exclusive right to own and use all modifications to the AutoCrew partnership concept. The Company is to pay a contractual penalty of EUR 25,000 for each event of non-performance under the agreement. The agreement is governed exclusively by the laws of the Federal Republic of Germany. The licence agreement is of material importance to the Company's business as it constitutes basis for implementation of the concept of AutoCrew garage network.

Inter Cars holds rights to two trademarks registered with the Polish Patent Office. The trademarks constitute the Company's logo and are of material importance for the Company and its business. Certificates of protection, if issued, provide for 10 years of protection, starting on the date when application for registration of a given trademark is filed.

The Company's registered trademarks (issued protection certificates)

No.	Trademark	Registration date	Registration number	Date of issuing decision to award protection certificate Number of protection certificate
1.	Graphic logo "ARS" and symbol	March 5th 1993 (protection extended until March 5th 2013)	Z – 119188	July 4th 1997 R – 94875
2.	Graphic logo "ARS INTER CARS" and symbol	June 9th 1995	Z – 147816	October 26th 1999 R-114521

Source: Company

Currently, the procedure of assigning the rights to four trademarks registered with the Polish Patent Office by Inter Cars S.j. to the Company is pending. The trademarks are the logo of the services provided by the Q-Service network (they contain elements which identify services marketed by the Company), and are of prime importance for the Company's business.

Registered trademarks of Inter Cars S.j. (issued protection certificates)

No.	Trademark	Registration date	Registration number	Date of issuing decision to award protection certificate Number of protection certificate
3.	Graphic logo "Q-SERVICE" and symbol	October 10th 1997	Z – 178828	September 7th 2000 R – 123783
4.	Graphic logo "Q Q-SERVICE" and symbol	October 10th 1997	Z – 178829	September 7th 2000 R – 123782
5.	Graphic logo "Q" and symbol	October 10th 1997	Z – 178830	September 7th 2000 R – 123781
6	Graphic logo "Q Q-SERVICE TRUCK" and symbol	August 11th 1999	Z – 205867	February 4th 2003 R-143688

Source: Company

As at this Prospectus date, registration of the four trademarks set forth below (identifying products marketed by the Company) is pending at the Polish Patent Office. No decisions concerning issuance of protection certificates have been made yet.

The Company's trademarks pending registration

No.	Trademark	Entry date	Entry number
1.	Graphic logo "4 max PROFILINE" and symbol	November 8th 2002	Z – 257277
2.	Graphic logo "4 max ECOLINE" and symbol	November 8th 2002	Z-257278
3.	Graphic logo "inter cars części do samochodów IC" and symbol	November 8th 2002	Z – 257279
4.	Graphic logo "IC inter cars części do samochodów" and symbol	November 8th 2002	Z – 257280

Source: Company

5.15 R&D and Implementation Efforts

Neither the Company nor its subsidiary undertakings conducted any R&D projects.

In 2000 and 2001, the Company conducted an implementation project related primarily to the launch of a SAFO transaction-support computer system. The total expenditure on this project until the system's start-up in December 2001 reached approx. PLN 5,300 thousand. In 2003, additional expenditure of PLN 400 thousand was incurred to purchase the licence for using the system in the affiliate branches.

In 2001 – 2003, the Company did not conduct any other implementation projects of material significance to its business.

5.16 Main Domestic and Foreign Investment Projects

In 2001–2003 the Company incurred the necessary capital expenditure, mainly on tangible fixed assets. The investments included extension of the IT system (e.g. purchase of new servers), purchase of vehicles, expansion of the affiliate branches network and garages network, and additional storage equipment.

Investments in the intangible fixed assets involved primarily the purchase of new software for the logistics centre, and the SAFO software and licences as part of the expansion of the affiliate branches network connected on-line to the central warehouse and sales database.

Investments in financial assets include long-term loans advanced and, additionally in 2003, acquisition of equity interests in Eltek Sp. z o.o., a subsidiary undertaking.

The amounts of capital expenditure in individual years are presented in the table below.

Expenditure incurred	2003	2002	2001
Intangible fixed assets	538	197	361
Financial assets	2,179	1,450	-
Fixed assets	11,016	10,076	4533
Total	**13,733**	**11,723**	**4,894**

The capital expenditure incurred in 2001– 2003 was financed with the proceeds from the shares issue, retained earnings, bank loans and the Company's equity.

The amounts of annual capital expenditure in Eltek Sp. z o.o. are presented in the table below.

Expenditure incurred	2003	2002
Intangible fixed assets	-	-
Financial assets	-	-
Fixed assets	506	671
Total	**506**	**671**

The expenditure was incurred primarily on the purchase of equipment used in the reconditioning process, and on construction of the production hall in the Special Economic Zone. The capital expenditure in 2001–2003 was financed with bank loans and the company's equity.

5.17 Agreements for: Loans, Borrowings, Sureties, Guarantees and Material Obligations under Promissory Notes, Obligations under Derivative Instruments or Other Financial Instruments, Obligations under Debt Securities Issued and Other Material Obligations

5.17.1 Loans and Borrowings

As at the Prospectus date, the Company is a party to loan agreements with Bank Zachodni WBK SA, Bank Polska Kasa Opieki SA (Bank Pekao SA) and Reiffeisen Bank Polska SA. Details of the loans are presented below. The Company meets all of its liabilities under the loans in a timely manner.

Some information (reference rates and margins) on the financial terms of the loan agreements is withheld from publication.

1) Agreement No. 2004/013/01 of January 19th 2004, defining general rules of advancing loans, concluded with Bank Polska Kasa Opieki SA (Bank Pekao SA), Branch IV in Warsaw

The agreement defines general rules applicable to loans advanced to the Company by the bank ("master agreement"). The master agreement allows for concluding loan agreements whereto the general rules will not apply. Loans advanced in złoty, euro, and U.S. dollars may be used exclusively for the purposes for which they are advanced.

Advanced loans will bear interest rates defined in individual loan agreements. The interest rate defined in a loan agreement is composed of the reference rate plus the bank's margin. The reference rate for loans advanced in złoty may be the bank's prime rate or the WIBOR rate. For loans advanced in exchangeable currencies the reference rate is, depending on the type of loan, LIBOR or EUROIBOR. The interest rate may be defined as fixed or floating.

The master agreement was concluded for an unspecified period.

The Company authorised the bank to inspect its business for the purposes of assessment of the Company's financial and economic situation as well as the manner of use and repayment of the loans obtained. The bank may inspect facilities owned by the Company and facilities where the Company conducts business.

The Company undertook:

- not to change its current legal status without the bank's consent, unless the obligation to change the status arises under universally binding regulations;
- to open a current account in the bank;
- to timely pay all taxes, social security contributions, salaries and wages and other liabilities;
- to provide the bank immediately, having exercised due care and within the timeframe specified by the bank, with reliable financial statements reflecting the Company's actual financial standing;
- not to take any actions which might result in a decrease in its assets without the bank's consent.

The bank may terminate the master agreement in full or in part or request additional collateral when:

- the Company becomes insolvent, regardless of the reasons for its insolvency;
- the Company's financial standing deteriorates in the bank's unquestionable opinion;
- the Company does not comply with the terms and conditions of the master agreement;
- an enforcement authority enforcing a claim seizes funds credited to the Company's account at the bank.

Loan agreements concluded pursuant to the master agreement may be terminated by giving a30-days notice or, if the Company is threatened with bankruptcy, by giving a seven-days notice.

The master agreement may be terminated against a 30-days notice.

2) Loan agreement No. 12401053311001000318977 of January 19th 2004, concluded with Bank Polska Kasa Opieki SA (Bank Pekao SA), Branch IV in Warsaw

The bank advanced a non-revolving working-capital loan to the Company for financing its settlements with suppliers:

- PLN 14,500,000 in the period January 21st 2003 – December 31st 2004.

The loan agreement was concluded for the period January 19th 2004 – December 31st 2004.

The loan is secured with:

- Blank promissory note with declaration,
- Transfer of ownership of goods owned by the Company, at a fixed date, with the value of PLN 14,500,000, together with assignment of rights under the insurance policy;
- Powers of attorney for the bank to draw outstanding loan payments from the Company's current account at the bank;
- Submission to enforcement pursuant to the bank's writ of enforcement for up to the amount of PLN 22,494,000, which may be issued until December 31st 2007.

The terms of the master agreement of January 19th 2004 will apply to all matters not provided for in this agreement.

3) Loan agreement No. KR-1999/20036 of September 30th 1999, concluded with Bank Polska Kasa Opieki SA (Bank Pekao SA), Branch IV in Warsaw

By way of Annex No. 11 of December 24th 2003, the bank advanced to the Company a current-account short-term working capital loan up to the amount of:

- PLN 13,000,000 until January 22nd 2003;
- PLN 19,000,000 from January 23rd 2003 until December 31st 2003;
- PLN 27,000,000 from January 1st 2004 until December 31st 2004.

The agreement was concluded for the period ending on December 31st 2004.

The loan is secured with:

- Four blank promissory notes with declarations,
- Transfer of ownership of goods at the Cząstków Mazowiecki warehouse in, valued at PLN 27,000,000, together with assignment of rights under the insurance policy;
- Powers of attorney for the bank to draw outstanding loan payments from the Company's current account at the bank;
- Submission to enforcement of payments or delivery of goods.

The Company undertook to:

- maintain the current form of incorporation,
- pay insurance premiums in a timely manner,
- meet all of its liabilities in a timely manner,
- provide the bank with documents and information on the Company's financial and economic standing.

The agreement may be terminated by giving a 30-days notice or, if the Company's threatened with bankruptcy, by giving a seven-days notice.

4) Loan agreement No. 2851/011/03, of September 19th 2003, concluded with Bank Zachodni WBK SA of Wrocław

The bank advanced to the Company a current-account loan and a working-capital loan for the purpose of financing the Company's current business and refinancing the loans advanced by Bank Pekao SA, up to the amount of PLN 15,000,000.

The facility agreement was concluded for the period ending on August 30th 2004.

The loan is secured with:

- Blank promissory note with declaration,
- Registered pledge on stocks with a minimum value PLN 15,000,000, with assignment of rights under the insurance policy,
- Transfer of ownership of stocks until registration of the registered pledge, with assignment of rights under the insurance policy,
- Power of attorney for the bank to use the funds credited in all the Company's existing and future accounts held at the bank,
- Submission to voluntary enforcement pursuant to the bank's writ of enforcement for up to the equivalent to PLN 30,000,000, which may be issued until August 30th 2007.

The Company undertook to notify the bank of:

- Changes in its legal status and organisational structure,

- Factual and legal changes with respect to the representations made in this agreement (and to submit updated representations in this respect),
- Opening bank accounts with and contracting liabilities from another bank,
- Any circumstances which might prevent perfecting a security,
- Dividend payment.

The Company undertook:

- To allocate PLN 14,336,624.32 out the loan to repayment of loans contracted from Bank Pekao SA,
- To provide the bank with monthly, quarterly and annual financial statements,
- To provide the bank, at its request, with other documents and information,
- To enable the bank to inspect the Company's business as provided for in the loan agreement,
- To insure its fixed and current assets up to the amount ensuring payment of full insurance,
- To maintain its equity of not less than PLN 60,000,000,
- Not to commence any business activities outside the current scope of activities, which would become its core business (generating over 50% of the Company's revenue) without the bank's written consent.

The bank may:

- Terminate the loan agreement in full or in part,
- Request additional collateral,
- Request presentation of a remedial programme within a specified time limit and its execution following approval by the bank,
- Renegotiate the terms and conditions of this agreement,

if:

- the Company defaults on its obligations arising under other agreements or from legal relations with the bank and/or other entities,
- timely repayment of the loan is threatened due to the Company's difficult economic, financial or legal situation,
- enforcement proceedings against the Company have been instigated,
- request has been filed to declare the Company bankrupt,
- the Company has applied for the opening of arrangement proceedings or filed a request in court for the initiation of recovery proceedings,
- the Company has proposed to reach an out-of-court accord with creditors concerning the restructuring of debt, proposed to suspend or suspended the repayment of its debt,
- the Company has disposed of security or other material assets, or the value of security has decreased in such a degree as to prevent full satisfaction of the bank's claims under the agreement,
- the Company has lost control over its assets for reasons such as nationalisation or seizure of assets by state authorities,
- the Company's governing body has adopted a resolution on liquidation, disposal of the enterprise or encumbering it in favour of third parties or on a change of business,

The agreement may be terminated by giving a 30-days notice or, if the Company is threatened with bankruptcy, by giving a seven-days notice.

5) Loan agreement No. CRD/L/12511/03 of January 21st 2003, concluded with Raiffeisen Bank Polska SA in Warsaw.

The bank granted the Company credit facilities in the form of: a PLN current-account loan, a EUR current-account loan, a PLN revolving loan, a EUR revolving loan, and support of forward transactions in euro, for financing of the current business operations, up to the amount of:

- PLN 10,000,000 for the period January 21st 2003 to May 28th 2003,
- PLN 20,000,000 for the period May 28th 2003 to October 29th 2003,
- PLN 50,000,000 for the period October 30th 2003 to September 30th 2004.

The agreement was concluded for the period ending on September 30th 2004.

The loan is secured with:

- Promissory note with declaration,
- Registered pledge on stocks with a minimum value of PLN 50,000,000, with assignment of rights under the insurance agreements,
- Irrevocable power of attorney for the bank to settle its claims under the agreement by drawing funds from the Company's account at the bank,
- Submission to enforcement pursuant to the bank's writ of execution up to the amount of PLN 75,000,000, which may be issued until September 30th 2007.

The Company undertook to:

- provide the bank, every three months, with a listing of stocks covered by the registered pledge.

Raiffeisen Bank Polska SA's General Terms of Providing Lending Services constitute an integral part of the agreement and apply to all matters not provided for therein.

6) Loan Agreements Concluded with Eltek Sp. z o.o.

As at the Prospectus date, the Company is a lender in two loan agreements with Eltek Sp. z o.o., for the total value of PLN 1,250,000. Details of the loans are presented below.

Table 1. Loan agreements concluded by the companies

Date of agreement execution	Amount	Material terms
Dec 2 2003	PLN 250,000	Loan agreement to finance and expand the current business of Eltek Sp. z o.o. Maturity date – Dec 31st 2004 Interest rate – 1M WIBOR + 5% annually
Oct 14 2003	PLN 1,000,000	Loan agreement to finance and expand the current business of Eltek Sp. z o.o. Maturity date – Oct 31st 2004 Interest rate – 1M WIBOR + 5% annually

Source: Company

5.17.2 Sureties, Guarantees and Material Liabilities on Bills of Exchange

As at this Prospectus date, the Company is not a party to any material sureties or guarantees, nor is it liable under any bills of exchange, except as set forth in Chapter V Section 5.17.1 of this Prospectus and below.

1) Insurance Guarantees Issued by TU Allianz Polska SA

As at this Prospectus date, the Company is a debtor under three insurance guarantees issued by TU Allianz Polska SA (guarantor) and totalling PLN 3,000,000. A detailed description of the guarantees is presented below.

Table 2. Insurance guarantee agreements

Guarantee period	Guarantee amount	Material terms and conditions
February 1st 2004 – January 31st 2005	PLN 500,000	A general security under Art. 79.1.6 of the Act of January 9th 1997, the Polish Customs Act, submitted as part of the customs admission to trading procedure. The Guarantor shall pay – at the request of the Customs Office of Warsaw – any amounts in connection with customs debt, taxes or any other charges related to customs issues, with interest accrued thereon, arising during the guarantee period (and 60 days after the guarantee expiry, i.e. until April 1st 2005).
January 1st 2004 r. – May 31st 2004	PLN 500,000	A general security under Art 197.1 of the Act of January 9th 1997, the Polish Customs Act, submitted as part of the customs transit procedure. The Guarantor shall pay – at the request of the Customs Office of Warsaw – any amounts in connection with customs debt, taxes or any other charges related to customs issues, with interest accrued thereon, arising during the guarantee period (and 60 days after the guarantee expiry, i.e. until July 30th 2004).
December 1st 2003 – May 31st 2004	PLN 2,000,000	A general security under Art 197.1 of the Act of January 9th 1997, the Polish Customs Act, submitted as part of the customs transit procedure. The Guarantor shall pay – at the request of the Customs Office of Warsaw – any amounts in connection with customs debt, taxes or any other charges related to customs issues, with interest accrued thereon, arising during the guarantee period (and 60 days after the guarantee expiry, i.e. July 30th 2004).

5.17.3 Liabilities under Derivative Rights, Other Financial Instruments, Issued Debt Securities and Other Material Liabilities

Inter Cars has no material liabilities under derivative rights, financial instruments, issued debt securities or any other material liabilities.

5.18 Real Estate

The Company is the owner of a real property in Cząstków Mazowiecki, Czosnów commune, Warsaw Province, on which Inter Cars' main warehouse and a branch seat are located. Therefore, the property is of key importance to the Company's business. The property is composed of lots Nos. 369/5, 369/6, 371/4, 371/5, 372/3, 372/4, 373/3, 373/4, 375/4, 375/5, 376/3, 376/4, 377/3, 377/4, 378/3, 378/4 379/3 and 379/4, with a total area of 41,911 m^2. The District Court of Nowy Dwór Mazowiecki, the IV Land and Mortgage Division, maintains the Land and Mortgage Register No. KW 46853 for the property. An ordinary real estate mortgage of up to PLN 23,350,000 plus interest was set up on the property; the mortgage benefits Bank Pekao SA and it was established to secure the loan advanced to the Company (loan agreement of January 7th 2000). As the Company repaid the loan, Bank Pekao SA agreed to delete the mortgage from the Land and Mortgage Register, No. KW 46853. The Company filed a relevant request with a competent district court.

5.19 Pending Proceedings

5.19.1 Bankruptcy, Arrangement, Composition, Enforcement and Liquidation Proceedings against the Company or Its Shareholders Holding at least 5% of the Shares or the Total Vote at the General Shareholders Meeting over the Last Five Financial Years whose Result Has or May Have a Material Effect on the Company's Business

No bankruptcy, arrangement, composition, enforcement and liquidation which have or may have a material effect on the Company's business have been instituted against the Company or its Shareholders holding at least 5% of the shares or the total vote at the General Shareholders Meeting over the last five years.

5.19.2 Proceedings against the Company or Its Shareholders Holding at least 5% of the Shares or the Total Vote at the General Shareholders Meeting Have Been a Party over the Last Five Financial Years whose Result Has or May Have a Material Effect on the Company's Business

No proceedings which have or may have a material effect on the Company's business have been instituted against Inter Cars or its shareholders holding at least 5% of the shares or the total vote at the General Shareholders Meeting over the last five years.

5.19.3 Proceedings before Administration Authorities in Connection with the Company's Business Instituted over the Last Five Financial Years if Their Result Has or May Have a Material Effect on the Company's Business

No proceedings before administration authorities which have or may have a material effect on the Company's business have been instituted against Inter Cars or its Shareholders holding at least 5% of the shares or the total vote at the General Shareholders Meeting over the last five years.

5.20 Performance of the Obligations Arising from Environmental Protection Requirements

As part of the obligations arising from environmental protection requirements, the Company performs the following obligations:

- Calculation and payment to the Marshal's Office (*Urząd Marszałkowski*) of charges for the economic use of environment, i.e. for emissions of air pollutants as a result of technology processes, fuel combustion in combustion engines, gas combustion in central heating stoves, water permits and the discharge of rainwater and meltwater on the Company's site;
- Compliance with the provisions of administrative decisions, water permits and permits to produce waste;
- Implementation and compliance with the provisions of the Act on packaging and packaging waste and the Act on obligations of entrepreneurs with respect to the management of selected types of waste and on product and deposit charges,
- Records of waste produced at the site and collected for recycling and disposal.

Chapter VI – Management Discussion and Analysis

6.1 Financial Resources Management

Inter Cars has three subsidiary undertakings: Inter Cars Ukraina, Q-Service Sp. z o.o.[1] and Eltek Sp. z o.o. None of them is consolidated, as the Company has used the exemption under Art. 56.3 and Art. 58.1 of the Accountancy Act. None of the subsidiary undertakings has a material bearing on the operations of Inter Cars. Information on the Company and its subsidiaries is presented as if all of them comprised one undertaking, which is possible given the nature of links between them. However, the financial data presented herein is the data of Inter Cars, and the data of its subsidiaries is shown additionally.

The Company's financial standing was assessed through an analysis of three areas which provide an insight into the Company's financial standing:

- ✓ profitability,
- ✓ asset financing structure,
- ✓ liquidity.

Profitability

The following ratios were taken into account when assessing Inter Cars' profitability:

- *gross sales margin* – gross profit on sales to net sales revenue,
- *sales margin* – profit on sales to net sales revenue,
- *operating margin* – operating profit to net sales revenue; the ratio represents effectiveness of the Company's operating activities,
- *margin before extraordinary items* – pre-tax profit/(loss) before extraordinary items to net sales revenue; the ratio represents the effectiveness of the Company's operations net of extraordinary items,
- *gross margin* – pre-tax profit to net sales revenue; the ratio represents the effectiveness of the Company's operations taking into account the profit/(loss) on financing activities and the extraordinary gains/(losses),
- *net margin* – distributable profit after mandatory decrease of profit/(increase of loss) to net sales revenue,
- *return on assets* – net profit to total assets; the ratio represents the general effectiveness of assets,
- *return on equity* – net profit to shareholders' equity; the ratio represents the effectiveness of the capital employed at the company

The table below shows the key indicators used in the assessment of the Company's profitability:

	2003	2002	2001
Net revenue on sales of goods for resale and products	446,522	314,636	234,181
dynamics	*1.42*	*1.34*	*1.17*
Gross profit on sales	115,610	87,616	63,552
gross sales margin	*25.89%*	*27.85%*	*27.14%*
Profit on sales	26,367	22,694	15,918
Sales margin	*5.90%*	*7.21%*	*6.80%*
Operating profit	26,771	23,386	13,861
Operating margin	*6.00%*	*7.43%*	*5.92%*
Operating profit plus depreciation/amortisation	*36,000*	*30,096*	*17,839*
Pre-tax profit before extraordinary items	14,045	13,834	9,942
Pre-tax profit	14,045	13,834	9,942
Net profit	10,029	9,490	7,168
Net margin	*2.25%*	*3.02%*	*3.06%*
Balance-sheet total	247,153	188,446	141,683
ROA	*4.06%*	*5.04%*	*5.06%*
Fixed assets	54,097	51,012	48,842
Shareholders' equity	75,355	65,326	41,534
ROE	*13.31%*	*14.53%*	*17.26%*

[1] Q-Service Sp. z o.o. – the name of the company is the same as the logo (brand) of the Q-Service network (section 5.14).

2003 saw a larger growth of **sales revenue** than 2002. The higher dynamics was attributable mainly to the increased rate of growth of domestic sales, which was 47% higher in 2003 than in 2002. This represents a reversal of the trend observed in 2002, when the growth of sales revenue was driven by exports (77% rise as compared with 2001). The larger 2002 exports followed primarily from the expanded presence on the Ukrainian market, where sales went up from 39,137 thousand in 2001 to 74,967 thousand in 2002, or by 92%. The growth of exports in 2002 resulted from a significant operational restructuring in the area of export sales management, which was carried out at the beginning of 2002, and which involved in particular a change of the terms of cooperation with customers (focus on large customers, standardisation of orders), and centralisation of all export-related activities in one department. Another factor to contribute to the rise in the value of sales of goods for resale was the euro exchange rate, as imported goods represent a material proportion of Inter Cars' sales. In 2003, the goods imported from the euro zone accounted for 62% of all purchased goods for resale, down from 71% in 2002. Inter Cars applies a policy of changing the selling prices in correspondence with the euro exchange rate.

Profit on sales improved by 16% in 2003 relative to 2002. In 2002 its increase from 2001 was 43%. The lower growth dynamics in 2003 was caused by a reduction in the margin (gross sales margin) on goods for resale by 7% (net, that is allowing for the value of bonuses and discounts obtained by the Company), designed to improve the competitiveness of the Company's offering. The selling costs and the general and administrative expenses were rising at a slightly slower rate than sales revenue: in 2003 they were 37% higher than in 2002. Selling costs increased by 36% in 2003 as compared with 2002. Their structure improved materially, in particular the cost of distribution services, that is the share of affiliate branches in the margin on goods sold, reached PLN 34,445 thousand in 2003, which represents 58% of the selling costs, relative to PLN 19,214 thousand (40% of the selling costs) in 2002, and 7,364 thousand (19% of the selling costs) in 2001. The rise in the distribution costs was caused by a dynamic growth in the number of affiliate branches, as described above. The growth of the general and administrative expenses, which were 75% higher in 2003 than in 2002, was attributable primarily to increased amortisation/depreciation charges (two-year amortisation/depreciation period for the IT system, commencing in 2002). The sales margin is to a large extent influenced by the amount of bonuses and discounts obtained from the suppliers. In 2003 they amounted to PLN 12,629 thousand, while the respective figures for 2002 and 2001 were PLN 9,484 thousand and 2,282 thousand. During the accounting year, the amounts obtained in the form of bonuses and discounts are posted as other operating income. In order to comply with the matching principle, at the end of the period in which the Company received the relevant amounts, the amounts are reclassified. As a result, the cost of goods for resale sold is reduced by the value of bonuses and discounts corresponding to the goods purchased and sold in a given period, and the value of stocks is reduced by an amount representing the value of stocks remaining in the Company's warehouse at the end of the period.

The 2003 increase in the **operating profit** was not so significant as in 2002: 14%, as compared with 69% in 2002. This lower dynamics of operating profit and the drop in the operating margin followed chiefly from the lower sales margin, as described above. In 2003 an item with a crucial bearing on the amount of other operating income were the claims accepted by suppliers, recognised in the amount of PLN 1,272 thousand, and the income on amounts charged to the affiliate branches.

Pre-tax profit before extraordinary items grew by 2% in 2003 as compared with 2002. A decisive factor for this item were foreign exchange losses, recognised in the amount of 8,668 thousand in 2003, as compared with 3,473 thousand in 2002. Interest expense was decreasing in 2001–2003: in 2003 it amounted to PLN 4,382 thousand, in 2002 to PLN 6,023 thousand, and in 2001 to PLN 8,122 thousand. The average cost of loan servicing in 2003 was 6.5%.

Fixed assets increased as a result of investments in storage space. Tangible fixed assets, namely buildings and premises, which account for 66% of the Company's fixed assets as at the end of 2003, include chiefly the central warehouse and the related infrastructure. The total depreciation and amortisation charges on tangible and intangible fixed assets totalled PLN 9,229 thousand in 2003, up by 38% in relation to 2002 (PLN 6,710 thousand). The increase was attributable mainly to the 50% depreciation/amortisation rate set for the IT system – depreciation/amortisation charges in 2003 and 2002.

Inter Cars did not pay out dividend, having allocated all of the earned profit to its shareholders' equity. As at the end of 2003, the **shareholders' equity** amounted to PLN 75,355 thousand, or 30% of the balance-sheet total. In 2001 and 2002, the share capital was increased through issues of Series D and E shares. The total amount of funds thus contributed to the share capital and the reserve funds was PLN 29,057 thousand. The shares in the increased capital were paid up in cash. As at this Prospectus date, the Company's share capital comprised 11,821,100 shares of five issues: from Series A to Series E.

The drop in the margin generated by the Company on sales of goods for resale in 2003, combined with a higher growth rate of assets (primarily increase in the working capital) and shareholders' equity (retained profit from previous period and the profit for the current period) translated into a lower **profitability of assets and shareholders' equity**.

Asset Financing Structure

The following ratios were used to assess the asset financing structure:

- *Equity financing of assets* – shareholders' equity to fixed assets,
- *Debt ratio* –- total liabilities to total assets,
- *Long-term debt ratio* – long-term liabilities to shareholders' equity,
- *Debt/equity ratio* – total liabilities to shareholders' equity.

The table below presents the value and the structure of the working capital, along with the needs for working capital.

	2003	2002	2001
Current assets	193,056	137,434	92,841
Cash and securities	5,075	3,137	2,565
Short-term liabilities	169,385	113,872	86,810
Short-term bank loans *	76,118	47,642	24,114
Adjusted current assets	187,981	134,297	90,276
Adjusted current liabilities	93,267	66,230	62,696
Net working capital	94,714	68,067	27,580
	,	,	,
Share of internally generated funds in the financing of current assets	39.03%	47.53%	44.74%
Share of stocks in current assets	67.69%	66.54%	59.76%
Share of accounts receivable in current assets	28.52%	30.34%	37.29%
Share of cash in current assets	2.63%	2.28%	2.76%

* Short-term loans as specified in Chapter VIII, Note 14, without the portion of long-term loans repayable in a given period.

Thanks to an enhanced efficiency of stocks management and a shorter average collection period, 2003 saw a lower increase in the working capital than 2002. The increase in 2002 resulted mainly from a significant lengthening of the stocks cycle (following from an expansion of the range of goods) and shorter payment periods for accounts payable to the suppliers. The main source of funding for the Company's working capital are short-term loans, secured on the goods for resale. The consistent shortening of the collection period brought about a change in the working capital structure, with a growing share of stocks. The shorter stocks cycle in 2003 was possible thanks to the adoption of a new management system, operating online. Such a solution makes it possible to better control the stocks in the affiliate branches' warehouses, which currently accommodate approx. 35% of the total mass of goods, and to flexibly adjust them to the actual and projected needs.

	2003	2002	2001
Equity financing of fixed assets	1.39	1.28	0.85
Debt ratio	0.70	0.65	0.71
Long-term ratio	0.00	0.03	0.09
Debt/equity ratio	2.28	1.88	2.41

In 2003, the Company's debt grew as compared with 2002, which was attributable to a higher share of bank loans in the financing of the Company's operations (up by 53%) and to an increase in trade creditors (up by 46%). The major part of interest-bearing debt are short-term loans, whose total as at the end of 2003 represented 91% of the short-term credit facilities granted to the Company. As at this Prospectus date, Inter Cars had not used any long-term loans. The last installment of the long-term loan contracted to finance the construction of the central warehouse was repaid in January 2004

Financial Liquidity

The assessment of the financial liquidity was performed by analysing the amount and structure of the net working capital. The analysis covered also the cycles of the main items of the working capital and financial liquidity. The following formulas were used in the calculations of the cycles (in days) of the main items of current assets:

- *stocks cycle* – stocks at the end of period to cost of goods for resale and materials sold, expressed in days;
- *average collection period* – trade debtors at the end of period to net sales revenue, expressed in days;
- *operating cycle* – the aggregate of stocks cycle and average collection period;
- *average payment period* – trade creditors at the end of period to cost of goods for resale and materials sold and cost of contracted services, expressed in days;
- *cash conversion cycle* – the difference between operating cycle and average payment period;
- *asset turnover* – assets at the end of period to net sales revenue;
- *equity turnover*– shareholder's equity at the end of period to net sales revenue.

	2003	2002	2001
Stocks cycle (days)	144	147	119
Average collection period (days)	38	41	48
Operating cycle (days)	182	188	167
Average payment period (days)	82	84	94
Cash conversion cycle (days)	100	104	73
Asset turnover	0.55	0.60	0.61
Equity turnover	0.17	0.21	0.18
Current ratio	1.14	1.21	1.07
Quick ratio	0.37	0.40	0.43
Cash ratio	0.03	0.03	0.03

The stocks cycle covers the storage of goods in the central warehouse and, subsequently, in the warehouse of an affiliate branch. Following the lengthening of the stocks cycle in 2002 as a result of the expansion of the range of goods offered by the Company, in 2003 the stocks cycle shortened due to optimisation of the stock volumes. The change in the sales channels (increased sales through affiliate branches) contributed to the shortening of the collection periods as the average payment periods for the final customers are shorter than the payment deadlines granted to the independent distributors. The shortening of the stocks cycle and average collection period jointly allowed the Company to reduce the operating cycle and (despite the shortening of the average payment period) the cash conversion cycle.

The amount of liabilities to suppliers in 2002 and 2001 and, what follows, the extent of changes between the average payment periods in 2002 and 2001, was influenced by the repayment of a significant portion of such liabilities with the proceeds from the share issue.

The following formulas were used in the financial liquidity analysis:

- *current ratio* – shows the ability of a company to cover its short-term liabilities with its current assets – the ratio of current assets to short-term liabilities at the end of period;
- *quick ratio* – shows the ability to generate cash at a short notice to pay liabilities repayable in the near future – the ratio of current assets less stocks to short-term liabilities at the end of period;
- *cash ratio* – measures the ability to cover immediately repayable liabilities – the ratio of cash to short-term liabilities at the end of period.

The financial liquidity was at a similar level in the entire period under analysis. The Company has no difficulties meeting its contracted obligations, which are paid in a timely manner. In the opinion of the Executive Board, there are no threats to the financial standing of the Company.

Subsidiary Undertakings

The table below shows the key indicators used in the assessment of Inter Cars Ukraina.

	2003	2002	2001
Net revenue on sales of goods for resale and products	20,721	20,110	9,397
Net profit	-92	-1,504	-151
Net margin	*-0.44%*	*-7.48%*	*-1.61%*
Balance-sheet total	8,181	7,898	4,652
ROA	*-1.12%*	*-19.04%*	*-3.25%*
Shareholders' equity	-780	-1,452	123
ROE	-	-	*-122.76%*
Liabilities and provisions	8,961	9,350	4,529
Equity financing of assets	-2.05	-3.41	-
Debt ratio	1.10	1.18	0.97
Long-term debt ratio	0.00	0.00	0.00
Debt/equity ratio	-11.49	-6.44	36.82
Stocks cycle (days)	104	72	0
Average collection period (days)	44	53	77
Operating cycle (days)	147	125	77
Average payment period (days)	191	196	203
Cash conversion cycle (days)	-44	-71	-126
Asset turnover	0.39	0.39	0.50

Equity turnover	-0.04	-0.07	0.01
Current ratio	0.87	0.87	0.00
Quick ratio	0.33	0.50	0.00
Cash ratio	0.05	0.19	-0.44

The company's business is characterised by a lower level of sales margins than those achieved by Inter Cars. In 2003, the average sales margin was 18.3%. The drop in the growth dynamics of sales revenue was caused mainly by the restructuring of the sales channels, involving the discontinuation of sales to several customers and initiation of cooperation with new partners. The company is expected to benefit from these changes in the current year.

The table below shows the key indicators used in the assessment of Eltek Sp. z o.o.

	2003	2002*
Net revenue on sales of goods for resale and products	1.389	112
Net profit	71	22
Net margin	*5.10%*	*19.46%*
Balance-sheet total	2.963	1.089
ROA	*2.39%*	*2.00%*
Shareholders' equity	1.334	792
ROE	*5.32%*	*2.75%*
Liabilities and provisions	1.629	297
Equity financing of assets	0.90	1.04
Debt ratio	0.55	0.27
Long-term debt ratio	0.00	0.00
Debt/equity ratio	1.43	0.37
Stocks cycle (days)	584	873
Average collection period (days)	218	671
Operating cycle (days)	802	1544
Average payment period (days)	204	1270
Cash conversion cycle (days)	598	275
Asset turnover	2.13	9.72
Equity turnover	0.82	7.07
Current ratio	1.05	1.10
Quick ratio	0.51	0.73
Cash ratio	0.00	0.03

The company commenced its operating activities in November 2002 – sales revenue was generated in November and December.

In 2002, work was carried out aimed at locating production in the Słupsk Special Economic Zone. In 2002 and 2003, the total amount of capital expenditure was approx. PLN 1.2m. The investments were financed with the internally generated funds and bank loans, whose value reached PLN 1,250 thousand as at the end of 2003.

The table below shows the key indicators for Q-Service Sp. z o.o.

	2003	2002	2001
Net revenue on sales of goods for resale and products	0	71	18
Net profit	8	-4	17
Net margin	-	*-6.32%*	*93.97%*
Balance-sheet total	438	430	443
ROA	*1.88%*	*-1.04%*	*3.88%*
Shareholders' equity	435	427	432
ROE	*1.90%*	*-1.05%*	*3.98%*
Liabilities and provisions	3	3	11
Equity financing of assets	1,087.50	427.00	-
Debt ratio	0.01	0.01	0.02
Long-term debt ratio	0.00	0.00	0.00
Debt/equity ratio	0.01	0.01	0.03

Stocks cycle (days)	-	0	0
Average collection period (days)	-	62	446
Operating cycle (days)	-	62	446
Average payment period (days)	-	16	502
Cash conversion cycle (days)	-	45	-56
Asset turnover	-	6.06	24.61
Equity turnover	-	6.01	24.00
Current ratio	146.00	143.00	40.27
Quick ratio	146.00	143.00	40.27
Cash ratio	0.33	0.00	-31.91

Q-Service Sp. z o.o. discontinued its operating activities in 2002. In 2001 and 2002, the company generated its sales revenue on the sales of spare parts. In 2003, due to the discontinuation of its operating activities, the company did not generate any sales revenue. Ultimately, the company is to offer training and advisory services to the cooperating garages. First projects related to this area of activities are already underway.

6.2 Assessment of Factors and Non-Recurring Events Affecting the Company's Result

In the opinion of the Executive Board, the key non-recurring event which affected the Company's financial result in 2003 was the increase in the euro exchange rate, which resulted in the negative balance of currency-translation differences, totalling PLN 8,668 thousand.

6.3 Changes in the Company's Business Activities in the Period between the Most Recent Financial Statements Contained in this Prospectus and this Prospectus Date

No material changes occurred in the business of the Company or its subsidiary undertakings in the period between the most recent financial statements and this Prospectus date.

6.4 Internal and External Factors Material to Inter Cars' Development – The Company's Growth Prospects

Internal and External Factors Material to Inter Cars' Development

Inter Cars will continue its strategy of engagement in the sector of independent distribution of spare parts in Poland and abroad. The most material drivers of the Company's growth and ability to achieve a stable cash-flow model are set forth below. Internal factors are described first, followed by external ones.

Internal Factors

The Executive Board believes the following to be among the most important internal factors affecting the current and future financial results:

(i) *Development of the sales network* – through the increase in the number of affiliate branches and the development of commercial relations with final customers – garages.

(ii) *Ability to select an appropriate growth strategy on the competitive and volatile market.* Such a strategy should define the Company's long-term growth potential on the market characterised by fierce competition and changes in the model of distribution of spare parts following the enactment of new legal regulations by the European Union, as well as changes in the operations of automotive corporations and spare part manufacturers.

(iii) *Development of loyalty programmes.* The introduction of new programmes and enhancement of the existing ones, both defining the Company's ability to increase customers' loyalty and thus the volume and value of orders placed.

(iv) *Clearly defined product group and area of operations.* A precisely defined development strategy fully leveraging the Company's potential and providing for the full use of this potential in the areas of the Company's highest competence.

(v) *Knowledge of the market* – including the ability to effectively approach final customers with the Company's offering. This knowledge enables Inter Cars to enjoy a significant competitive edge thanks to the relevant experience and modern methods of sales support.

External Factors

The Executive Board believes the following to be among the most important external factors affecting the current and future financial results:

(i) *Macroeconomic situation* – which, through the level of business activity and the resulting employment rate in the national economy, as well as the level of household income, defines the current and future ability of prospective customers to purchase cars and bear the related operational and repair cost.

(ii) *Poland's accession to the European Union* – offering Poland an above-average growth potential created by free flow of goods and capital. Through an improved economic situation of the country and thus of the households, this potential will contribute to the intensification of investment processes in the national economy and, accordingly, to the increase in demand for cars and the resulting demand for spare parts, including the demand for spare parts used in necessary repairs and the demand for spare parts relating to the increasing number and growing scope of preventive repairs, as well as repairs enhancing the comfort of vehicle operation.

(iii) *Macroeconomic situation in Ukraine.* Through the level of expenditure on cars, such expenditure dependent on the income of households and business entities, this situation will drive the value of the spare parts market in Ukraine and thus the Company's exports to Ukraine, as well as the growth of Inter Cars Ukraina.

(iv) *Changes in the euro and U.S. dollar exchange rates* – affect the prices of goods in the Company's offering and, indirectly, the Company's financial results.

(v) *Growth of customers' loyalty* – expected to be driven by the reduced diversification of sources of supplies to garages, and the resulting increase in the number and value of orders from individual customers and lower risk of a sudden change of a supply source.

(vi) *Expansion of independent garages* – the main group of the Company's customers. Independent garages face material challenges pertaining to the garages' need to adapt to market requirements increasing in line with the growing complexity of repairs.

(vii) *Structural changes in distribution following the changes in the European Union's legislation.* Due to these changes, the Company faces material challenges and opportunities relating to the access (as of November 2004) to a group of customers which currently purchase spare parts exclusively from car manufacturers, as well as to the equal access of independent and authorised garages to the technical information disclosed by car manufacturers and the resulting removal of growth barriers for independent garages, which enhances the growth prospects of the independent garage sector, that is the Company's main customers.

(viii) *Structural changes in the demand for spare parts resulting from the changes in car manufacturing technology.* Such changes are expected to cause an increased demand for relatively more expensive car parts and for garage equipment.

(ix) *Car sales* – shaping the medium- to long-term demand for spare parts through the number of cars used in Poland.

(x) *Imports of used cars,* together with the sales of new cars, has a decisive effect on the increase in the number of registered cars and the attendant demand for repair services and spare parts; however, compared with the sales of new cars, the imports of used cars, due to their age and mileage, will earlier contribute to the increase in the demand for spare parts, but it will also affect the entire demand structure through the increased demand for relatively cheaper parts, and, in the event of a change in the sales structure involving a significant shift towards used cars, through a lower growth rate of the demand for garage equipment.

(xi) *Industry competitiveness* – requiring the organisation to constantly increase its competence in sales management, sales support mechanisms, range of offered goods and location of affiliate branches.

(xii) *Demand for reconditioned parts* – defines the value of the reconditioned spare part market and thus the growth prospects of Eltek Sp. z o.o.

6.5 Factors Expected to Have a Bearing on the Company's 2004 Financial Results

The Executive Board believes the following to be among the most important factors for the 2004 financial results:

- ✓ *Disclosure of bonuses and discounts* granted by suppliers in 2003 through a reduction of cost of goods for resale sold by PLN 4,173 thousand – during the year, this value will be transferred from stocks (where it reduces the balance of stocks) to cost of goods for resale sold, which will increase gross profit on sales.

- ✓ *Reduction of depreciation/amortisation* by approximately PLN 2,760 thousand following the end of the amortisation period for the IT system (amortised at a rate of 50% in 2002 and 2003).

- ✓ *Increased cost of distribution services* following the scheduled increase in the number of affiliate branches, such increase in cost to be proportional to the increase in the affiliate branches' sales.

The Company's 2004 results will be materially affected by a change in the sales margin, driven primarily by the market conditions and the need to adapt the price list to changes in competition, supply terms and conditions, as well as the euro and U.S. dollar exchange rates.

The most important factor for the 2004 results of Eltek Sp. z o.o. will be the launch of the reconditioning of new categories of parts, including steering gears and booster pumps.

6.6 The Issuer's Development Strategy and Investment Plans; Assessment of the Investment Plans' Feasibility

6.6.1 Development Directions

Having reviewed the conclusions from an analysis of Inter Cars' current situation and the current market conditions, the Executive Board has adopted a strategy whose objective is to create the basis for the Company's long-term development.

The Company's Current Situation

Inter Cars has already completed the basic stage of investments (central warehouse, IT system) and operational restructuring (creation of a network of affiliate branches). At present, the Company offers the broadest range of spare parts, has a modern central warehouse capable of handling a much higher turnover of goods, a countrywide distribution network, and an integrated IT system which supports an efficient management of sales, stocks, and funds, and includes options enabling the sales forms to be constantly broadened with new products (development of an electronic price list, a catalogue with order placement options, stock balance control, etc.).

Development Directions

The Company's main objective is to constantly improve the quality of goods flow management and to achieve leading shares in the markets of Central and Eastern European countries. This will be attained through supplementing the existing distribution model with additional elements (affiliate branches, regional warehouses, subsidiary distributing companies outside Poland). These initiatives will result in reinforcement of Inter Cars' position as the most effective channel of distributing spare parts from their producers to the final customers, i.e. the garages.

Key elements of Inter Cars' development strategy

Inter Cars' development strategy is based on the following three principal elements:

(1) ***Development of the distribution network***

a. In Poland – through the expansion of the affiliate branch network (to about 50-60, depending on demand in a given region) and cooperation with new distributors operating in small cities (with population of up to 100,000). For 2004, the Company has scheduled the establishment of 9-12 new affiliate branches.

b. Outside of Poland – through the expansion on the markets of neighbouring countries by the implementation of the affiliate branch structure and the development of warehouse space. Having analysed the population, the brand and age structure of registered cars, level of the average household income, economic considerations, the influence of car manufacturers and the structure of the garage sector in individual countries, the Company has selected Ukraine as its main target market in the near future. In the imminent future, Inter Cars intends to invest on this market in the development of a distribution network and in warehouse space, as well as in the development of an idea of building a network of independent garages. To the other CEE countries, the Company will export its goods directly from its warehouse in Poland. The Company's Executive Board does not exclude acquisitions as a way to strengthen the Company's position in the region.

(2) ***Enhancement of the range of goods*** – through the introduction of new and development of the existing categories of goods, in line with the market expectations regarding the quality of spare parts, their prices and part manufacturers' technical assistance. In order to increase the sales of high-quality and relatively cheaper goods sourced from part manufacturers less known in Poland, the Company will develop its own brands "4-max" and "4-max Truck", that is "High Quality for Low Price", which will offer a cheap and guaranteed alternative option to final customers.

(3) ***Development of partnership programmes*** – which are a source of added value for the offering of goods and which are to secure to the Company, in a long-time horizon, a stable and growing market as a result of the constant enhancement of final customers' loyalty through the development of projects supporting the Company's core business (such projects to include fleet management, part reconditioning and attachment of semi-trailers), constant support of the expansion of the independent garage network under the projects Auto Crew, Q-Service, Q-Service Truck, Battery Replacement Points and Muffler Replacement Points, the development of garage support projects (investment programme, garage equipment, training and technical information), and the development of IT systems supporting sales.

Strategy Implementation

The implementation of Inter Cars' development strategy will include the following objectives:

(1) ***Short-term objectives.*** The expansion of the existing distribution network through the establishment of new affiliate branches, the implementation of partnership programmes and the constant enhancement of offering competitiveness. Optimising the business management in order to better exploit the resources and potential.

(2) ***Medium and long-term objectives.*** The development of a leading Polish distribution network for car spare parts, with a strong presence on new European markets. This network is to generate stable profit and enable the operations to be expanded through acquisitions in the distribution and logistics sector. The Company intends to reach a 25-30% share in the Polish market and a share of about 5-7% in the Ukrainian market within ten years. Within three to five years, a new central warehouse will be launched in Ukraine, to service this market. In a medium-term horizon, following the performance of necessary profitability analyses, the Company may consider expansion onto the markets of the other neighbouring countries of the former Eastern Bloc, through acquisitions on these markets, exports from Poland or the establishment of own sales networks, similar to the Company's sales network in Poland.

6.6.2 Investment Plans

For 2004, the Company plans capital expenditure at the 2003 level. The investment tasks will include the expansion of the IT system (including the purchase of additional servers, processors and software licences), purchase of vehicles, further expansion of the affiliate branch network and purchase of additional equipment for the central warehouse. Another material item will be the cost of development of two regional warehouses (in Poznań and in Silesia), including principally the purchase of warehouse installations and equipment. The table below sets forth the planned 2004 capital expenditure.

Planned capital expenditure	**2004**
Intangible fixed assets	900
Financial assets	-
Tangible fixed assets	11,350
Total	**12,250**

The Company's own funds are sufficient to finance the execution of the scheduled investment tasks. As at this Prospectus Date, the Company has not planned to raise additional funds for the financing of the investment tasks.

Eltek Sp. z o.o.'s 2004 capital expenditure will mostly include the purchase of cores for reconditioning (for approximately PLN 1m) and the purchase of installations and equipment (for approximately PLN 100 thousand).

Chapter VII – Company's Organisation, Management and Supervisory Staff, and Major Shareholders

7.1 Basic Principles of Managing the Company

7.1.1 Organisation of Management of the Company's Business

Specific principles of managing the Company are stipulated in the organisational rules of procedure. The Company's governing bodies comprise:

- General Shareholders Meeting
- Supervisory Board
- Executive Board.

The Company's Executive Board is an executive body. It manages the Company's operations and oversees work of the Executive Boards of the subsidiaries. The Executive Board, headed by the President of the Executive Board, manages the Company's current affairs and represents the Company in relations with third parties. The powers of the Executive Board include all issues related to the Company's management, except for those reserved for the Supervisory Board or for the General Shareholders Meeting under legal regulations or the Company's Articles of Association.

7.1.2 Decision-Making Competences and Relations Between Different Levels of Management of the Company's Business

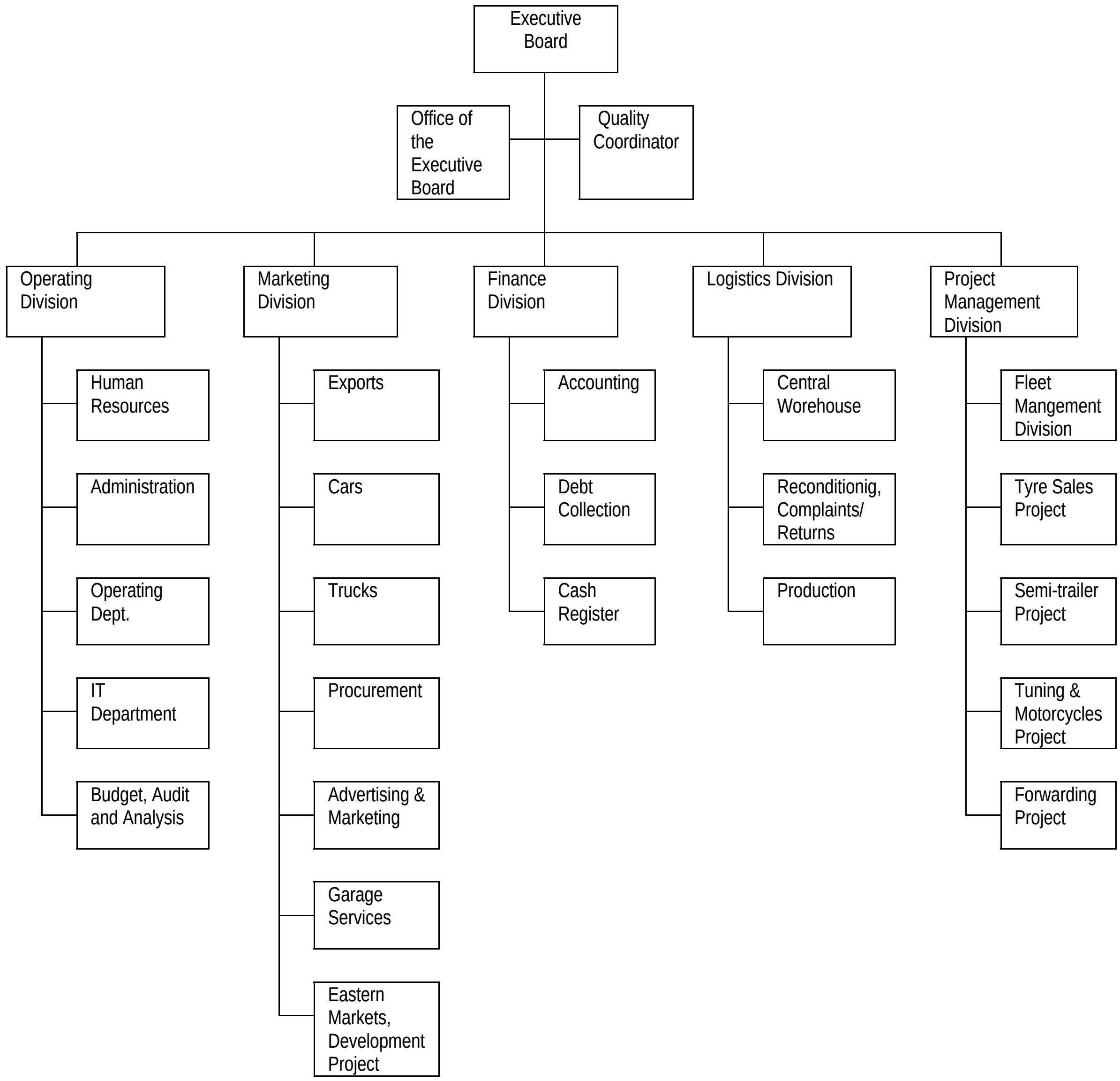
The Company's management structure comprises:

- Executive Board and Directors – who make strategic decisions and operational decisions aimed at the execution of the strategy based on operational plans. Each member of the Executive Board is also a Division Director;
- Managers – who make operational decisions aimed at the execution of tasks assigned by a Director or the Executive Board, based on the allocated funds and agreed resources;
- Employees – who perform tasks assigned by a Manager or a Director.

Five divisions are separated within Inter Cars' organisational structure: Operating Division, Marketing Division, Finance Division, Logistics Division and Project Management Division. The Executive Board supervises directly also the Office of the Executive Board and the Quality Coordinator. The managers of individual departments report directly to Division Directors.

- Marketing Division comprises all departments directly connected with the sale and purchase of goods.
- Logistics Division manages all operations relating to the flow of goods from a supplier through the warehouse to the final customer (or affiliate branch).
- Operating Division comprises departments which support the operations of other divisions and assure the uninterrupted operation of the enterprise.
- Finance Division includes departments dealing with the accounting services related to business transactions, collection of accounts receivable, cooperation with banks, settlements with business partners and other issues of financial nature.
- Project Management Division includes departments engaged in the execution of new projects which do not fall within the Company's existing core business.

7.1.3 Company's Organisational Structure



7.2 Employment Structure at the Company's During Last Three Years

Number of Employees and Types of Employment Contracts

As at December 31st 2003, the Company employed 425 persons.

Type of contract	**Number of employees**		
	2003	**2002**	**2001**
Employment contract	425	395	329
Other: contracts under civil law	0	0	0

Employment Structure: Education and Professional Background

Education	Number of employees		
	2003	2002	2001
University graduates	74	73	50
Secondary education	268	249	209
Vocational education	76	66	65
Primary education	7	7	5

Employment Structure: Length of Service

Length of service	Number of employees		
	2003	2002	2001
Less than one year	92	99	64
From one to two years	74	53	82
From two to three years	46	78	55
From three to four years	70	52	23
From four to five years	49	21	29
From five to six years	21	25	37
From six to seven years	18	34	12
From seven to eight years	28	21	12
Over eight years	27	12	15

Human Resources Policy

For Inter Cars, the human assets of the organisation are among its key resources that need to be offered scope for development. This objective is achieved through:

- Developed training system and support of individual training
- Appropriate personnel selection criteria
- Rewarding employees' commitment
- Creation of conditions enabling the employees to participate in the management of the organisation
- Pursuing a social development strategy.

The Company offers its employees various forms of personal and professional development, including training designed for the management staff, in such areas as managerial skills, communication and task definition.

In the recruitment process, selection criteria are framed to attract persons who seek challenges and opportunity to work for a dynamically growing company. It is important to the Company that applicants are interested in their personal development, continuous improvement of their knowledge and skills, and in sharing their experience. There are few applicants with appropriate knowledge of the manufacturers' and customers' markets, which significantly limits recruitment options. Therefore, the Company employs applicants who are trained on the job, and during the initial period are allowed to make some mistakes. This approach is also justified by the fact that in pursuit of its strategy designed to increase market share and foster development, Inter Cars launches new highly innovative projects with a view to diversifying its business activities. In addition to training courses preparing for specified jobs and to managerial training, the Company allocates significant funds for financing the employees' language, graduate and postgraduate courses. These steps are taken with view to promoting the employees' development and using thus educated human resources in other areas of the Company's business. The employees of the central warehouse, having completed their training, can be promoted to the post of a salesperson, junior specialist or specialist in departments dealing with sales or after-sale service.

Turnover of Employees

	Number		
	2003	2002	2001
Number of new employment contracts	116	112	76
Number of terminated employment contracts	90	44	102

Remuneration System

The remuneration system comprises:

- base remuneration
- discretionary bonus for specialist and junior specialist groups
- task bonus for management
- awards for outstanding commitment to the execution of individual projects.

Additional benefits include mileage allowances, training grants and supplementary healthcare (a doctor visiting the company on a weekly basis).

Employee groups	Average remuneration					
	2003		2002		2001	
	Base remuneration	Bonuses, awards	Base remuneration	Bonuses, awards	Base remuneration	Bonuses, awards
Directors and Executive Board	26,626	3,763	25,771	2,597	22,796	0
Managers	5,164	875	4,835	706	6,709	143
Specialists	1,459	660	1,488	646	2,001	837

Social Benefits System

The social benefits system comprises:

- Right to use a football field, as well as a volleyball, basketball or tennis courts located on the premises of the logistics centre in Cząstków Mazowiecki
- Christmas gift packages for the employees' children
- Co-financing of sports events and picnics
- Co-financing of cultural events
- Co-financing of recreational and sports trips (e.g. skiing trips)
- Allowances in the event of accidents and acts of God.

Trade Unions Operating at the Company and Information about Collective Disputes and Strikes

No trade unions operate at the Company. No collective disputes or strikes had taken place at the Company by the Prospectus Date.

7.3 Member's of the Company's Executive Board

7.3.1 Executive Board

The Executive Board is composed of the following persons:

KRZYSZTOF OLEKSOWICZ – PRESIDENT

Krzysztof Oleksowicz, age 52, holds the post of President of the Executive Board. His address and personal identification number (PESEL) are included in the "Information Withheld from Publication".

The term in office of Krzysztof Oleksowicz expires on the date of the General Shareholders Meeting which is to approve the Company's 2006 financial statements. Krzysztof Oleksowicz is employed as the Company's President under an employment contract.

Mr Oleksowicz holds a degree in ontology from the Catholic Theology University of Warsaw, Faculty of Christian Philosophy.

Professional career of Krzysztof Oleksowicz:

1) 1978–1979: mechanic at Transport Services Centre
2) 1980–1986: own business activity – road assistance
3) 1986 – 1989: work at a glass and porcelain painting company: Malowanie na Szkle i Porcelanie S. Czekaj
4) since 1990: partner in Inter Cars s.j., general partnership (until 2001 – Inter Cars s.c. (civil partnership))
5) since 1999: President of the Company.

Krzysztof Oleksowicz is a partner in Inter Cars spółka jawna (general partnership), whose business currently comprises letting of real estate, and a member of the Executive Board of Q-Service Sp. z o.o. The activities of these two firms are not competitive with respect to the Company's business. The relatives of Krzysztof Oleksowicz conduct business activities which are not competitive with respect to the Company's business.

According to his representation, Krzysztof Oleksowicz is not engaged in any activities competitive to the Company's business, is not a partner in any competitive partnership under civil law or another type of partnership, or a member of a governing body of any competitive incorporated company or other legal entity. Krzysztof Oleksowicz is not entered in the Insolvent Debtors Register maintained pursuant to the National Court Register Act. Krzysztof Oleksowicz did not hold any positions in governing bodies of companies which would be declared bankrupt or liquidated during his term of office.

ROBERT KIERZEK – VICE-PRESIDENT

Robert Kierzek, age 38, holds the post of Vice-President of the Executive Board. His address and personal identification number (PESEL) are included in the "Information Withheld from Publication".

The term of office of Robert Kierzek expires on the date of the General Shareholders Meeting which is to approve the Company's 2006 financial statements. Robert Kierzek is employed as the Company's Marketing Director under an employment contract.

Robert Kierzek holds a degree in mechanics from Kraków Technical University (majored in cars and tractors).

Professional career of Robert Kierzek:
1) 1992–1996: salesman with Inter Cars s.c.
2) 1996–1998: Orders Department Manager at Inter Cars s.c.
3) 1998–2001: Sales Director at Inter Cars s.c.
4) since 2001: Marketing Director and member of the Executive Board at the Company.

Robert Kierzek is a member of the Executive Board of Q-Service Sp. z o.o.

According to his representation, Robert Kierzek is not engaged in any activities competitive to the Company's business, is not a partner in any competitive partnership under civil law or another type of partnership, or a member of a governing body of any competitive incorporated company or other legal entity. Robert Kierzek is not entered in the Insolvent Debtors Register maintained pursuant to the National Court Register Act. Robert Kierzek did not hold any positions in governing bodies of companies which would be declared bankrupt or liquidated during his term of office.

WOJCIECH MILEWSKI – MEMBER

Wojciech Milewski, age 36, holds the position of member of the Executive Board. His address and personal identification number (PESEL) are included in the "Information Withheld from Publication".

The term of office of Wojciech Milewski expires on the date of the General Shareholders Meeting which is to approve the Company's 2006 financial statements. Wojciech Milewski is employed as the Company's Logistics Director under an employment contract.

Wojciech Milewski graduated from Warsaw University, Faculty of Mathematics and Physics (major: technical education). Wojciech Milewski completed post-graduate studies in computer science at the Technical University of Białystok. During his professional career, Wojciech Milewski completed courses in marketing, logistic management of an enterprise, and distribution logistics.

Professional career of Wojciech Milewski:
1) 1992–1994: IT teacher at Construction and Electronics Secondary Schools of Augustów
2) 1994–1995: product specialist at British–American Tobacco Polska SA
3) 1995–1997: Procurement Department Manager at British–American Tobacco Polska SA
4) 1997–2001: Deputy Logistics Director at British–American Tobacco Polska SA
5) since 2001: Logistics Director at Inter Cars.

Wojciech Milewski's wife conducts business activity which is not competitive with respect to the Company's business.

According to his representation, Wojciech Milewski is not engaged in any activities competitive to the Company's business, is not a partner in any competitive partnership under civil law or another type of partnership, or a member of a governing body of any competitive incorporated company or other legal entity. Wojciech Milewski is not entered in the Insolvent Debtors Register maintained pursuant to the National Court Register Act. Wojciech Milewski did not hold any positions in governing bodies of companies which would be declared bankrupt or liquidated during his term of office.

KRZYSZTOF SOSZYŃSKI – MEMBER

Krzysztof Soszyński, age 28, holds the position of member of the Executive Board. His address and personal identification number (PESEL) are included in the "Information Withheld from Publication".

The term of office of Krzysztof Soszyński expires on the date of the General Shareholders Meeting which is to approve the Company's 2006 financial statements. Krzysztof Soszyński is employed as the Company's Operating Director under an employment contract.

Krzysztof Soszyński is a graduate of Warsaw Technical University, Faculty of Production Engineering (majored in finance).

Professional career of Krzysztof Soszyński:
1) 1996–1999: sales representative at Seewax s.c.
2) 1999–2000: member of the Executive Board of Demolen Stolica Sp. z o.o.
3) 2000–2001: assistant to the Executive Board of the Company
4) since 2001: member of the Executive Board and Administrative Director (currently Operating Director) at the Company.

The relatives of Krzysztof Soszyński conduct business activities which are not competitive with respect to the Company's business.

According to his representation, Krzysztof Soszyński is not engaged in any activities competitive to the Company's business, is not a partner in any competitive partnership under civil law or another type of partnership, or a member of a governing body of any competitive incorporated company or other legal entity. Krzysztof Soszyński is not entered in the Insolvent Debtors Register maintained pursuant to the National Court Register Act. Krzysztof Soszyński did not hold any positions in governing bodies of companies which would be declared bankrupt or liquidated during his term of office.

RADOSŁAW CELIŃSKI – MEMBER

Radosław Celiński, age 30, holds the post of member of the Executive Board. His address and personal identification number (PESEL) are included in the "Information Withheld from Publication".

The term of office of Radosław Celiński expires on the date of the General Shareholders Meeting which is to approve the Company's 2006 financial statements. Krzysztof Soszyński is employed as the Company's Financial Director under an employment contract.

Radosław Celiński is a graduate of the Academy of Entrepreneurship and Management of Warsaw (majored in corporate finance and accounting). Radosław Celiński also graduated from Warsaw International School of Management.

Professional career of Radosław Celiński:
1) 1993–1994: accountant at Inter Vion Sp. z o.o.
2) 1994–1995: payroll and cost specialist at Olsen Foods Sp. z o.o.
3) 1995-1996: financial analyst at Liquid Carbonic Polska
4) 1996: financial & marketing analyst at Benckiser SA
5) 1997–1998: senior financial analyst at General Motors Poland Sp. z o.o.
6) 1999–2000: Deputy Finance Director at Uniprom SA
7) 2000–2001: Financial Director at Polski Dom Wydawniczy Sp. z o.o.
8) 2001: Deputy Financial Director at Lech P.I.B.
9) since 2001: Financial Director at the Company
10) since 2004; member of the Executive Board at the Company.

A relative of Radosław Celiński conducts business activity which is not competitive with respect to the Company's business.

According to his representation, Radosław Celiński is not engaged in any activities competitive to the Company's business, is not a partner in any competitive partnership under civil law or another type of partnership, or a member of a governing body of any competitive incorporated company or other legal entity. Radosław Celiński is not entered in the Insolvent Debtors Register maintained pursuant to the National Court Register Act. Radosław Celiński did not hold any positions in governing bodies of companies which would be declared bankrupt or liquidated during his term of office.

7.3.2 Proxies

PAWEŁ PIETRZAK – PROXY

Paweł Petrzak, age 36, serves as the Company's proxy. His address and Personal identification number (PESEL) are included in the "Information Withheld from Publication".

Mr Pietrzak holds the position of proxy for an unspecified period of time. He is employed by the Company as the Economic Director under an employment contract.

Mr Pietrzak holds a university degree in economics from the Faculty of Production Economics at Warsaw School of Economics (major: economics and organisation of construction and investments).

Career:
1) 1991–1994: Bank Pekao SA (IV Warsaw Branch), Clerk
2) 1994–1995: Bank Pekao SA (IV Warsaw Branch), Inspector
3) 1995–1999: Bank Pekao SA (IV Warsaw Branch), Specialist
4) 1999–2000: Bank Pekao SA (IV Warsaw Branch), Head of the Corporate Customer Service Department in the Corporate Division
5) since 2000: Economic Director at Inter Cars.

Mr Pietrzak's parents engage in business activity which is not competitive in relation to the Company's business.

According to his representation, Paweł Pietrzak is not engaged in any activities competitive to the Company's business, is not a partner in any competitive partnership under civil law or another type of partnership, or a member of a governing body of any competitive incorporated company or other legal entity. Paweł Pietrzak is not entered in the Insolvent Debtors Register maintained pursuant to the National Court Register Act. Paweł Pietrzak did not hold any positions in the governing bodies of companies which would be declared bankrupt or liquidated during his term of office.

MAGDALENA ZABRODZKA – PROXY

Magdalena Zabrodzka, age 51, serves as the Company's proxy. Her address and personal identification number (PESEL) are included in the "Information Withheld from Publication".

Ms Zabrodzka holds the position of proxy for an unspecified period of time. She is employed at the Company as Assistant to the Director of the Financial Department under an employment contract.

Ms Zabrodzka has technical secondary education.

Career:
1) 1975–1991: PLL LOT, Dispatcher handling international traffic at the airport
2) 1991–1999: Inter Cars s.c.
3) since 1999: Inter Cars, Assistant to the Director of the Financial Department.

According to her representation, Magdalena Zabrodzka is not engaged in any activities competitive to the Company's business, is not a partner in any competitive partnership under civil law or another type of partnership, or a member of a governing body of any competitive incorporated company or other legal entity. Magdalena Zabrodzka is not entered in the Insolvent Debtors Register maintained pursuant to the National Court Register Act. Magdalena Zabrodzka did not hold any positions in governing bodies of companies which would be declared bankrupt or liquidated during her term of office.

7.4 Supervisory Staff

7.4.1 Supervisory Board

The composition of the Supervisory Board complies with the provisions of the Polish Companies Act, in particular, with the provisions of Art. 387.2 thereof.

The Company's Supervisory Board is composed of:

JERZY MAŚLANKIEWICZ – CHAIRMAN

Jerzy Maślankiewicz, age 51, serves as the Chairman of the Company's Supervisory Board. His address and personal identification number (PESEL) are included in the "Information Withheld from Publication".

The term of office of Mr Maślankiewicz expires on the date of the General Shareholders Meeting which is to approve the Company's 2009 financial statements. Mr Maślankiewicz is not employed by the Company.

Jerzy Maślankiewicz holds a university degree from the Faculty of Economics and Sociology at the University of Łódź (major: economics of foreign trade).

Career:
1) 1989–1991: Polish Agency for Foreign Investment, Director of Application Review Office
2) 1991–1995: self-employed
3) since 1995: Ballinger Capital Sp. z o.o. first as Enterprise Restructuring Director, then Financial Director, and Vice-President of the Executive Board
4) since 1999: NFI Fortuna SA, President of the Executive Board.

Jerzy Maślankiewicz serves as Chairman on the Supervisory Boards of Lentex SA and ELZAM Holding SA. He is also member of the Supervisory Boards of Vectra SA, FAP Pafal SA, and ZAP SA. These companies do not conduct any activities competitive in relation to the Company's business.

According to his representation, Jerzy Maślankiewicz is not engaged in any activities competitive to the Company's business, is not a partner in any competitive partnership under civil law or another type of partnership, or a member of a governing body of any competitive incorporated company or other legal entity. Jerzy Maślankiewicz is not entered in the Insolvent Debtors Register maintained pursuant to the National Court Register Act. Jerzy Maślankiewicz did not hold any positions in governing bodies of companies which would be declared bankrupt or liquidated during his term of office.

ANDRZEJ OLISZEWSKI – MEMBER

Andrzej Oliszewski, age 40, serves as member of the Company's Supervisory Board. His address and personal identification number (PESEL) are included in the "Information Withheld from Publication".

The term of office of Mr Oliszewski expires on the date of the General Shareholders Meeting which is to approve the Company's 2009 financial statements. Mr Oliszewski is employed by the Company as an Export Specialist under an employment contract. He is not directly subordinated to any member of the Company's Executive Board.

Andrzej Oliszewski graduated from the Faulty of Production Economics at Warsaw School of Economics (major: economics and organisation of construction and investments).

Career:
1) since 1990: partner in Inter Cars s.j., general partnership (until 2001 – Inter Cars s.c. (civil partnership))
2) 1999–2000: Inter Cars, member of the Executive Board
3) since 2001: Export Specialist at Inter Cars.

Mr Oliszewski's wife conducts business activity which is not competitive in relation to the Company's business.

According to his representation, Andrzej Oliszewski is not engaged in any activities competitive to the Issuer's business, is not a partner in any competitive partnership under civil law or another type of partnership, or a member of a governing body of any competitive incorporated company or other legal entity. Andrzej Oliszewski is not entered in the Insolvent Debtors Register maintained pursuant to the National Court Register Act. Andrzej Oliszewski did not hold any positions in governing bodies of companies which would be declared bankrupt or liquidated during his term of office.

JOLANTA OLEKSOWICZ-BUGAJEWSKA – MEMBER

Jolanta Oleksowicz-Bugajewska, age 42, serves as member of the Company's Supervisory Board. Her address and personal identification number (PESEL) are included in the "Information Withheld from Publication".

The term of office of Ms Oleksowicz-Bugajewska expires on the date of the General Shareholders Meeting which is to approve the Company's 2009 financial statements. Jolanta Oleksowicz-Bugajewska is not employed by the Company.

Ms Oleksowicz-Bugajewska holds an agricultural engineer degree from Warsaw Agricultural University, Faculty of Agriculture.

In 1989–1991, Ms Oleksowicz-Bugajewska worked for Konsorcjum Gospodarcze BISS International Ltd. as the Chief Trade Specialist.

Ms Oleksowicz-Bugajewska's husband conducts business activity which is not competitive in relation to the Company's business.

According to her representation, Jolanta Oleksowicz-Bugajewska is not engaged in any activities competitive to the Company's business, is not a partner in any competitive partnership under civil law or another type of partnership, or a member of a governing body of any competitive incorporated company or other legal entity. Jolanta Oleksowicz-Bugajewska is not entered in the Insolvent Debtors Register maintained pursuant to the National Court Register Act. Jolanta Oleksowicz-Bugajewska did not hold any positions in governing bodies of companies which would be declared bankrupt or liquidated during her term of office.

PIOTR ZAJĄCZKOWSKI – MEMBER

Piotr Zajączkowski, age 30, serves as member of the Company's Supervisory Board. His address and personal identification number (PESEL) are included in the "Information Withheld from Publication".

Mr Zajączkowski's term-of-office expires on the date of the General Shareholders Meeting which is to approve the Company's 2009 financial statements. Mr Zajączkowski is not employed by the Company.

Piotr Zajączkowski graduated from the Faculty of Economics at Warsaw University (major: banking and finance).

Career:
1) 1996–1997: Dom Maklerski BIG-BG SA, Share Issue Specialist, Stock Analyst
2) 1997: Raiffeisen Centro Bank SA, Corporate Dealer
3) 1997–2000: Everest Capital Polska Sp. z o.o., Portfolio Manager
4) since 2000: Ballinger Capital Sp. z o.o., Investment Director
5) since 2002: NFI Fortuna SA, Vice-President of the Executive Board.

Piotr Zajączkowski serves as Chairman of the Supervisory Board of Elbud Poznań SA, and as member of the Supervisory Boards of the following undertakings: FAP Pafal SA, DJ Chemicals SA, Lentex SA. These companies do not conduct any activities competitive in relation to the Company's business.

According to his representation, Piotr Zajączkowski is not engaged in any activities competitive to the Company's business, is not a partner in any competitive partnership under civil law or another type of partnership, or a member of a governing body of any competitive incorporated company or other legal entity. Piotr Zajączkowski is not entered in the Insolvent Debtors Register maintained pursuant to the National Court Register Act. Piotr Zajączkowski did not hold any positions in governing bodies of companies which would be declared bankrupt or liquidated during his term of office.

MACIEJ OLEKSOWICZ – MEMBER

Maciej Oleksowicz, age 25, serves as member of the Company's Supervisory Board. His address and personal identification number (PESEL) are included in the "Information Withheld from Publication".

The term of office of Mr Oleksowicz expires on the date of the General Shareholders Meeting which is to approve the Company's 2009 financial statements. Mr Oleksowicz is not employed by the Company.

Maciej Oleksowicz has secondary education.

In 1999-2001, he was employed at the Company as a sales representative.

Mr Oleksowicz conducts business activity in the area of IT and marketing services, which is not competitive in relation to the Company's business.

According to his representation, Maciej Oleksowicz is not engaged in any activities competitive to the Company's business, is not a partner in any competitive partnership under civil law or another type of partnership, or a member of a governing body of any competitive incorporated company or other legal entity. Maciej Oleksowicz is not entered in the Insolvent Debtors Register maintained pursuant to the National Court Register Act. Maciej Oleksowicz did not hold any positions in governing bodies of companies which would be declared bankrupt or liquidated during his term of office.

7.5 Remuneration of the Executive and Supervisory Staff

7.5.1 Executive Board

Pursuant to the Supervisory Board's resolutions No. 4/2004, 5/2004, 6/2004, 7/2004, 8/2004 of January 28th 2004, the monthly remuneration of the individual members of the Executive Board comprises two components:

- remuneration for the performance of duties as the Executive Board's President, Vice-President or Member and participation in the Company's management,
- remuneration under the employment contract, with specification of the amount of compensation for terminating the employment contract.

7.5.2 Proxies

The proxies receive remuneration only under their employment contracts – they do not receive any additional remuneration for serving as proxies.

7.5.3 Supervisory Board

On October 2nd 2001, the Extraordinary Shareholders Meeting of the Company, by virtue of Resolution No. 3, determined the amount of the monthly remuneration of the Chairman and other members of the Supervisory Board. The remuneration was determined as a złoty equivalent of amounts set in US dollars.

7.6 Value of Remuneration and Awards in Cash and in Kind Paid or Due to the Company's Executive and Supervisory Staff for Performing Duties in the Company's and Subordinated Undertakings' Governing Bodies for the Last Financial Year

The remuneration of the members of the Company's executive and supervisory staff does not include remuneration for performing duties in the governing bodies of the Company's subordinated undertakings, as the members of the Company's executive and supervisory staff did not receive any such remuneration. The amounts of remuneration paid to the members of the Company's executive and supervisory staff has been withheld from publication.

7.6.1 Executive Board

In 2003, the Company paid the Executive Board members remuneration totalling PLN 1,817,294.33. In the first quarter of 2004, the Company paid the Executive Board members remuneration totalling PLN 944,987.

7.6.2 Proxies

In 2003, the Company paid the proxies remuneration totalling PLN 421,584.72. In the first quarter of 2004, the Company paid the proxies remuneration totalling PLN 60,641.

7.6.3 Supervisory Board

In 2003, the Company paid the Supervisory Board members remuneration totalling PLN 242,615.68. In the first quarter of 2004, the Company paid the Supervisory Board members remuneration totalling PLN 59,525.

7.7 Value of All Outstanding Advances, Loans, Borrowings, Guarantees, Sureties and Other Agreements, under which the Company or its Subsidiary Undertakings would be Entitled to any Benefits, Advanced by the Company or its Subsidiary Undertakings to the Company's Executive and Supervisory Staff, Their Spouses, Relatives and In-Laws up to the Second Degree, Adopted or Adopting Persons and Other Persons with whom the Members of the Executive and Supervisory Staff are Related

As at the Prospectus date, there were no outstanding advances, loans, borrowings, guarantees, sureties or other agreements, under which the Company or its subsidiary undertakings would be entitled to any benefits, advanced by the Company or its subsidiary undertakings to members of the Company's executive and supervisory staff, their spouses, relatives, in-laws up to the second degree, adopted and adopting persons or any other persons with whom the members of the executive and supervisory staff are related.

7.8 Information on Significant Agreements Concluded in the Last Five Financial Years Between the Company and the Executive and Supervisory Staff

In the last five Financial years, no significant agreements were concluded between the Company's executive and supervisory staff and the Company, other than the employment contracts referred to in Section 7.3.1, 7.3.2 and 7.4.1 of the Prospectus.

7.9 Company Shares, Shares and Equity Interests in the Inter Cars Group Companies and Other Undertakings Held by the Company's Executive and Supervisory Staff

Name	Shares	Number of shares	Total par value (PLN)	% of share capital	% of total vote
Krzysztof Oleksowicz	Inter Cars	4,800,000 shares, including: 120,000 Series A Shares, 4,617,300 Series B Shares, 62,700 Series C Shares	9,600,000	40.6	40.6
Andrzej Oliszewski	Inter Cars	1,600,000 shares, including: 40,000 Series A Shares, 1,539,150 Series B Shares, 20,850 Series C Shares.	3,200,000	13.5	13.5
Jolanta Oleksowicz - Bugajewska	Inter Cars	800,000 Series B Shares	1,600,000	6.75	6.75

7.10 Information on the Company Shares Held by the Entities Related to the Company's Executive and Supervisory Staff, Shares in the Capital Group Undertakings, and Membership in their Executive and Supervisory Bodies

Entities related to the Company's executive and supervisory staff do not hold any of the Company shares or shares in its Capital Group undertakings and are not members of their executive or supervisory bodies.

7.11 Plans of the Company's Executive and Supervisory Staff with Respect to Future Acquisition or Disposal of the Company Shares or Shares in the Capital Group Undertakings Held by this Staff

Mr Krzysztof Oleksowicz, Mr Andrzej Oliszewski and Mrs Jolanta Oleksowicz–Bugajewska have no plans to dispose of any of the Company shares they hold. However, they plan to acquire the Company shares of the new issue. Mr Robert Kierzek, Mr Wojciech Milewski, Mr Krzysztof Soszyński, Mr Radosław Celiński, Mr Paweł Pietrzak and Mr Andrzej Oliszewski plan to acquire the Company shares in the future. Mr Jerzy Maślankiewicz, Mrs Jolanta Oleksowicz–Bugajewska, Mr Piotr Zajączkowski and Mr Maciej Oleksowicz have no plans to acquire the Company shares in the future.

7.12 Agreements on Civil Liability Insurance Covering Duties Performed by the Executive and Supervisory Staff

No agreements on civil liability insurance covering duties performed by the Company's executive and supervisory staff have been executed.

7.13 Resignations or Removals of the Executive or Supervisory Staff over Last Three Years

On October 17th 2001, by virtue of powers provided for in the Articles of Association the Company shareholders holding Series D Shares removed Tomasz Wardak from the Supervisory Board. On January 14h 2002, by virtue of powers provided for in the Articles of Association the Company shareholders holding Series D Shares removed Piotr Zajączkowski from the Supervisory Board. On May 26th 2003, by virtue of powers provided for in the Articles of Association the Company shareholders holding Series D Shares removed Marek Tymkiewicz and Anthony Doran from the Supervisory Board. The reasons of the removal were undisclosed.

Over the last three years, none of the members of the executive or supervisory staff has resigned.

7.14 Information on Shareholders Holding, Directly or through Subsidiary Undertakings, Shares which Confer 5% to 20% of Votes at the General Shareholders Meeting or Represent the Same Proportion of Shares in the Company's Share Capital

Entities related to the Company's executive or supervisory staff do not hold any Company shares, or shares or equity interests in the Group undertakings, and are not members of the Company's or the Group undertakings' executive or supervisory bodies.

As at this Prospectus date, the shareholders holding shares conferring the right to 5% to 20% of the total vote at the General Shareholders Meeting or representing the same proportion of shares in the Company's share capital include Andrzej Oliszewski, Fund.1 Pierwszy Narodowy Fundusz Inwestycyjny SA, registered offices in Warsaw, Poland, Michał Oleksowicz and Jolanta Oleksowicz-Bugajewska.

Shareholder	Number of shares	Total par value (PLN)	% of share capital	% of total vote
Andrzej Oliszewski	1,600,000 shares, including: 40,000 Series A Shares, 1,539,150 Series B Shares. 20,850 Series C Shares	PLN 3,200,000	13.5 %	13.5 %
Fund.1 Pierwszy NFI SA, registered offices in Warsaw, Poland	1,146,400 shares, including: 646,200 Series D Shares, 500,200 Series E Shares	PLN 2,292,800	9.7 %	9.7 %
Michał Oleksowicz	800,000 shares, including: 40,000 Series A Shares, 739,150 Series B Shares, 20,850 Series C Shares	PLN 1,600,000	6.75 %	6.75 %
Jolanta Oleksowicz-Bugajewska	800,000 Series B Shares	PLN 1,600,000	6.75 %	6.75 %

All the abovementioned persons and companies hold the Company shares directly.

7.14.1. Andrzej Oliszewski

The address of Mr Oliszewski and his personal ID number (PESEL) have been covered by the application, submitted to the Polish SEC, to withhold this information from publication.

The Company shares held by Mr Oliszewski are non-preference shares.

Mr Oliszewski conducts business activities as a partner in a general partnership whose business is not competitive to the Company's business. No agreements exist between Mr Oliszewski and the Company other than the employment contract under which Mr Oliszewski serves as Exports Officer, the Investment Agreement and the Termination Agreement described in Section 4.9 of this Prospectus.

Following the introduction of the Company Shares to public trading, the number of shares and votes at the General Shareholders Meeting and their respective proportions in the Company's share capital and total vote at the General Shareholders Meeting will not change in relation to the information presented in the table above.

Mr Oliszewski acquired Series A, Series B and Series C Company Shares in 1999 at a price equal to their par value.

The Company has not issued any convertible bonds or bonds conferring the right to acquire new issue shares in the future.

7.14.2. Fund.1 Pierwszy Narodowy Fundusz Inwestycyjny SA

The Company shares held by Fund.1 Pierwszy Narodowy Fundusz Inwestycyjny SA, registered offices at ul. Dworkowa 3 Warsaw, Poland (hereinafter referred to as "Fund.1 NFI SA") are non-preference shares.

Fund.1 NFI SA conducts business activities on the basis of the Act on National Investment Funds and their Privatisation, dated April 30th 1993, (consolidated text: Dz. U. No. 44. item 202, as amended). There are no agreements between Fund.1 NFI SA and the Company other than the Investment Agreement and the Termination Agreement, which are described in Section 4.9 of this Prospectus.

Following the introduction of the Company Shares to public trading, the number of shares and votes at the General Shareholders Meeting and their respective proportions in the Company's share capital and total vote at the General Shareholders Meeting may change: Fund.1 NFI SA and NFI FORTUNA SA may sell from 70% to 100% of the Company Shares held by them jointly. Consequently, their shares in the Company's share capital and votes at the General Shareholders Meeting may be as follows:

Shareholder	Number of shares following the Public Sale	Total par value (PLN)	% of share capital	% of total vote
Fund.1 NFI SA, registered offices in Warsaw, Poland and NFI FORTUNA SA registered offices in Warsaw, Poland	0 – 1,146,330 Shares	PLN 0 – PLN 2,292,660	0% – 10.3%	0% – 10.3%

Fund.1 NFI SA acquired Series D Shares in 2001, at the issue price of PLN 342,56 (rounded-off) per share (their par value at that time was PLN 100), while Series E Shares were acquired in 2002 at the issue price of USD 104.96 per share (their par value at that time was PLN 100).

The Company has not issued any convertible bonds or bonds conferring the right to acquire new issue shares in the future.

7.14.3. Michał Oleksowicz

The address of Mr Oleksowicz and his personal identification number (PESEL) have been covered by the application, submitted to the Polish SEC, to withhold this information from publication.

The Company shares held by Mr Oleksowicz are non-preference shares.

Mr Oleksowicz conducts business activities as a partner in a general partnership whose business is not competitive to the Company's business. No agreements exist between Mr Oleksowicz and the Company other than the Investment Agreement and the Termination Agreement described in Section 4.9 of this Prospectus.

Following the introduction of the Company Shares to public trading, the number of shares and votes at the General Shareholders Meeting and their proportions in the Company's share capital and total vote at the General Shareholders Meeting will not change in relation to the information presented in the table above.

Mr Oleksowicz inherited Series A, Series B and Series C Company Shares from his father, Piotr Oleksowicz, in 2001. Piotr Oleksowicz acquired the Shares in 1999 at a price equal to their par value.

The Company has not issued any convertible bonds or bonds conferring the right to acquire new issue shares in the future.

7.14.4. Jolanta Oleksowicz-Bugajewska

The address of Ms Oleksowicz-Bugajewska and her personal identification number (PESEL) have been covered by the application, submitted to the Polish SEC, to withhold this information from publication.

The Company shares held by Ms Oleksowicz-Bugajewska are non-preference shares.

Ms Oleksowicz-Bugajewska does not conduct any business activities. No agreements exits between Ms Oleksowicz-Bugajewska and the Company other than the Investment Agreement and the Termination Agreement described in Section 4.9 of this Prospectus.

Following the introduction of the Company Shares to public trading, the number of shares and votes at the General Shareholders Meeting and their proportions in the Company's share capital and total vote at the General Shareholders Meeting will not change in relation to the information presented in the table above.

Ms Oleksowicz-Bugajewska became the holder of Series A, Series B and Series C Shares in 2001 by virtue of an agreement for partial division of joint property of the spouses concluded with Mr Piotr Oleksowicz, her husband, who had acquired the Shares in 1999 at a price equal to their par value.

The Company has not issued any convertible bonds or bonds conferring the right to acquire new issue shares in the future.

7.15 Information on the Shareholders Holding, Directly or through Subsidiary Undertakings, Shares which Confer the Right to over 20% but no more than 50% of Total Vote at the General Shareholders Meeting or Represent the Same Proportion of Shares in the Company's Share Capital

As at this Prospectus date, the shareholders holding shares representing over 20% but not more than 50% of total vote at the General Shareholders Meeting or the same proportion of the Company's share capital include Mr Krzysztof Oleksowicz and Narodowy Fundusz Inwestycyjny FORTUNA SA, registered offices in Warsaw, Poland.

Name	Number	Total par value (PLN)	% of share capital	% of total vote
Krzysztof Oleksowicz	4.800.000 Shares, including: 120,000 Series A Shares, 4,617,300 Series B Shares, 62,700 Series C Shares.	PLN 9,600,000	40.6 %	40.6 %
NFI FORTUNA SA, registered offices in Warsaw, Poland	2,674,700 Shares, including: 1,507,650 Series D Shares, 1,167,050 Series E Shares.	PLN 5,349,400	22.6 %	22.6 %

7.15.1. Krzysztof Oleksowicz

The address of Mr Oleksowicz and his personal identification number (PESEL) have been covered by the application, submitted to the Polish SEC, to withhold this information from publication.

The Company shares held by Mr Oleksowicz are non-preference shares.

Mr Oleksowicz conducts business activities as a partner in a general partnership whose business is not competitive to the Company's business. No agreements exist between Mr Oleksowicz and the Company other than the employment contract under which Mr Oleksowicz serves as President of the Executive Board, the Investment Agreement and the Termination Agreement described in Section 4.9 of this Prospectus.

Following the introduction of the Company Shares to public trading, the number of shares and votes at the General Shareholders Meeting and their proportions in the Company's share capital and total vote at the General Shareholders Meeting will not change in relation to the information presented in the table above.

Mr Oleksowicz acquired Series A, Series B and Series C Company Shares in 1999 at a price equal to their par value.

The Company has not issued any convertible bonds or bonds conferring the right to acquire new issue shares in the future.

Mt Oleksowicz's investment in the Company shares is of a long-term nature.

7.15.2. Narodowy Fundusz Inwestycyjny FORTUNA SA

The Company shares held by NFI FORTUNA SA, registered offices at ul. Dworkowa 3, Warsaw, Poland (hereinafter referred to as "NFI FORTUNA SA") are non-preference shares.

NFI FORTUNA SA conducts business activities on the basis of the Act on National Investment Funds and their Privatisation, dated April 30th 1993 (consolidated text: Dz. U. No. 44, item 202, as amended). No agreements exist between NFI FORTUNA SA and the Company other than the Investment Agreement and the Termination Agreement described in Section 4.9 of this Prospectus.

Following the introduction of the Company Shares to public trading, the number of shares and votes at the General Shareholders Meeting and their proportions in the Company's share capital and total vote at the General Shareholders Meeting may change: Fund.1 NFI SA and NFI FORTUNA SA may sell from 70% to 100% of the Company Shares held by them jointly. Consequently, their shares in the Company's share capital and votes at the General Shareholders Meeting may be as follows:

Shareholder	Number of shares following the Public Sale	Total par value (PLN)	% of share capital	% of total vote
Fund.1 NFI SA, registered offices in Warsaw, Poland and NFI FORTUNA SA, registered offices in Warsaw, Poland	0 – 1,146,330 Shares	PLN 0 – PLN 2,292,660	0% – 10.3%	0% – 10.3%

NFI FORTUNA SA acquired Series D Shares in 2001, at the issue price of PLN 342,56 (rounded-off) per share (their par value at that time was PLN 100), while Series E Shares were acquired in 2002 at the issue price of USD 104.96 per share (their par value at that time was PLN 100).

The Company has not issued any convertible bonds or bonds conferring the right to acquire new issue shares in the future.

7.16 Information on the Shareholders Holding, Directly or through Subsidiary Undertakings, Shares which Confer the Right to more than 50% of Total Vote at the General Shareholders Meeting or Represent the Same Proportion of the Issuer's Share Capital

As at this Prospectus date, there were no shareholders holding share representing more than 50% of total vote at the General Shareholders Meeting or more than 50% of the Company's share capital.

7.17 Information on Entities Referred to in Art. 158a.3 of the Polish Securities Act

On August 8th 2001, the Company shareholders holding Series A, Series B and Series C Shares concluded an Investment Agreement, with Narodowy Fundusz Inwestycyjny FORTUNA SA and Fund.1 Pierwszy Narodowy Fundusz Inwestycyjny. The agreement is be terminated pursuant to the Termination Agreement concluded between all the existing shareholders of the Company on February 17th 2004. These agreements are described in Chapter IV Section 4.9 of this Prospectus. They will cease to be effective upon the sale of even one Offered Share.

7.18 Information on Agreements Known to the Company under which the Percentage of Shares Held by the Existing Shareholders or Bondholders May Change in the Future

Except for the Investment Agreement of August 8th 2001 and the Termination Agreement of February 17th 2004, there are no other agreements under which the percentage of shares held by the existing Shareholders in the Company may change. These agreements were described in Chapter IV Section 4.9 of this Prospectus. They will cease to be effective upon the sale of even one Offered Share.

7.19 Information about Material Agreements between the Company and Related Undertakings Concerning Transfer of Rights and Obligations, Concluded in the Period Covered by the Audited Financial Statements and Audited Consolidated Financial Statements, Comparable Financial Data and Consolidated Comparable Financial Data Presented in this Prospectus, and in the Period Covered by the Financial Information Referred to in Par. 19 of the Prospectus Directive

No material agreements were concluded between the Company and Related Undertakings concerning the transfer of rights or obligations in the period covered by the audited financial statements and consolidated financial statements, comparable financial data and consolidated comparable financial data presented in this Prospectus, or in the period covered by the financial information referred to in Par. 19 of the Prospectus Directive.

Chapter VIII - Financial Statements of Inter Cars for 2003 and Comparable Financial Data for 2002 and 2001

8.1. AUDITOR'S OPINION ON THE AUDIT OF FINANCIAL STATEMENTS OF INTER CARS FOR THE YEAR ENDING ON DECEMBER 31ST 2003.

Auditor's Opinion

To the Shareholders and Supervisory Board of Inter Cars

We have audited the attached financial statements of Inter Cars (the „Company"), registered offices at ul. Powsińska 64, Warsaw, Poland, including:

(a) balance sheet as at December 31st 2003, showing a balance-sheet total of PLN 247,152,641.89;

(b) profit and loss account for the period January 1st – December 31st 2003, showing a net profit of PLN 10,028,944.02;

(c) reconciliation of movements in shareholders' equity for the period January 1st – December 31st 2003, showing an increase in shareholders' equity of PLN 10,028,944.02;

(d) cash-flow statement for the period January 1st – December 31st 2003, showing a net increase in cash of PLN 1,938,210.20;

(e) supplementary information, including introduction and notes to the financial statements.

The comparable data for the years ending on December 31st 2001 and December 31st 2002, included in this Prospectus, was prepared on the basis of the Company's financial statements for financial years ending on December 31st 2001 and December 31st 2002. These financial statements were audited by PricewaterhouseCoopers Sp. z o.o. Opinions on the audits of these financial statements are provided in Sections 8.2.1 and 8.2.2. of Chapter VIII of this Prospectus.

The Company's Executive Board is responsible for the accuracy, fairness and clarity of the attached financial statements as well as the comparable financial data. Our responsibility was to issue an opinion on the financial statements based on their audit.

Both the form of disclosure and the scope of information disclosed in the financial statements for the year ending on December 31st 2003 and the comparable financial data for the years ending on December 31st 2001 and December 31st 2002 are in compliance with the provisions of the Directive of the Polish Council of Ministers, dated October 16th 2001 on detailed requirements for issue prospectuses and abbreviated issue prospectuses (Dz. U. No. 139, item 1568, as amended).

The disclosed comparable data was prepared in a manner ensuring its comparability by applying uniform accounting policies in all presented periods, consistent with the accounting policies applied by the Company in the preparation of the 2003 financial statements. The reconciliation of the comparable financial data to the items of the audited financial statements fairly reflects the performed restatement, while the comparable financial data presented in this Prospectus results from the audited financial statements, following their adjustments made to ensure comparability, due to changes in the accounting policies.

Our audit was performed in accordance with the binding provisions of:

(a) Chapter 7 of the Polish Accountancy Act of September 29th 1994 (the „Act" – consolidated text in Dz.U. of 2002, No. 76, item 694);

(b) the professional auditing standards issued by the National Board of Chartered Auditors.

The audit was planned and performed in such a manner as to obtain reasonable assurance that the financial statements are free from material misstatements and omissions. The audit included examination, on a test basis, of the accounting evidence relevant to the amounts and disclosures in the financial statements. It also included an assessment of the accounting policies applied by the Company and of significant estimates made by the Executive Board in the preparation of the financial statements as well as a general assessment of its presentation. We believe that our audit has provided us with sufficient evidence to issue an opinion.

Information contained in the Directors' Report for the financial year from January 1st to December 31st 2003 was prepared in compliance with the provisions of the Act and is consistent with the information contained in the audited financial statements.

In our opinion, the financial statements in all material respects:

(a) were prepared based on properly maintained accounting books, in accordance with the accounting policies which are defined in the abovementioned Polish Accountancy Act and are binding in Poland;

(b) are in compliance with the laws applicable to the Company and provisions of the Company's Articles of Association;

(c) present in a fair and clear manner the Company's assets and financial standing as at December 31st 2003 and the financial result for the period from January 1st to December 31st 2003.

On behalf of PricewaterhouseCoopers Sp. z o.o.:

Wojciech Maj
Member of the Executive Board
Chartered Auditor
Reg. No. 6128/2647

Company entered on the list of entities
qualified to audit financial
statements under No. 144

Warsaw, January 30th 2004

8.2. SOURCES OF INFORMATION USED TO PREPARE THE FINANCIAL STATEMENTS AND COMPARABLE FINANCIAL DATA

The financial statements of Inter Cars for the year ending on December 31st 2003 presented in this Prospectus were prepared based on the Inter Cars' financial statements for that year.

The Issuer's financial statements for the period January 1st – December 31st 2003 were audited by PricewaterhouseCoopers Sp. z o.o., an entity qualified to audit financial statements. As at January 30th 2004, PricewaterhouseCoopers Sp. z o.o. issued an unqualified opinion on this audit.

The comparable financial data for the years ending on December 31st 2001 and December 31st 2002 presented in this Prospectus was prepared based on the approved and published financial statements for these periods. These financial statements were restated in order to ensure comparability of data.

The Issuer's financial statements for the years ending on December 31st 2001 and December 31st 2002 were audited by PricewaterhouseCoopers Sp. z o.o., an entity qualified to audit financial statements. As at March 11th 2002, this entity issued an unqualified opinion on the financial statements for the year ending on December 31st 2001, and as at April 8th 2003 – an unqualified opinion on the financial statements for the year ending on December 31st 2002. These opinions are presented in full in Sections 8.2.1. and 8.2.2. of this Chapter.

8.2.1 AUDITOR'S OPINION ON THE AUDIT OF FINANCIAL STATEMENTS OF INTER CARS FOR THE YEAR ENDING ON DECEMBER 31ST 2001

„Auditor's Opinion
To the Shareholders and Supervisory Board of Inter Cars

We have audited the attached financial statements of Inter Cars (the "Company"), registered offices at ul. Powsińska 64, Warsaw, Poland, including:

(a) balance sheet as at December 31st 2001, showing a balance-sheet total of PLN 142,365,590.19;
(b) profit and loss account for the period January 1st – December 31st 2001, showing a net profit of PLN 8,064,381.99;
(c) cash-flow statement for the period January 1st – December 31st 2001, showing a net increase in cash of PLN 1,517,669.87;

(d) supplementary information.

The Company's Executive Board is responsible for the preparation of the financial statements and the Directors' Report in compliance with the binding laws. Our responsibility was to issue an opinion on the financial statements based on their audit.

Our audit was performed in accordance with the binding provisions of:

(a) Chapter 7 of the Polish Accountancy Act of September 29th 1994 (Dz.U. No. 121, item 591, as amended);
(b) the professional auditing standards issued by the National Board of Chartered Auditors.

The audit was planned and performed in such a manner as to obtain reasonable assurance that the financial statements are free from material misstatements and omissions. The audit included examination, on a test basis, of the accounting evidence and records relevant to the amounts and disclosures in the financial statements. It also included an assessment of the accounting policies applied by the Company and of significant estimates made by the Executive Board in the preparation of the financial statements as well as a general assessment of its presentation. We believe that our audit has provided us with sufficient evidence to issue an opinion. Financial information contained in the Directors' Report for the financial year from January 1st to December 31st 2001 is consistent with the information contained in the audited financial statements.

In our opinion, the financial statements in all material respects:

(a) were prepared based on properly maintained accounting books, in accordance with consistently applied accounting policies which are defined in the abovementioned Polish Accountancy Act and are binding in Poland;
(b) are in compliance, both in terms of form and content, with the laws applicable to the Company and the provisions of the Company's Articles of Association;
(c) present in a fair and clear manner the Company's assets and financial standing as at December 31st 2001 and the financial result for the period from January 1st to December 31st 2001.

On behalf of PricewaterhouseCoopers Sp. z o.o.:

Wojciech Maj
Member of the Executive Board of
PricewaterhouseCoopers Sp. z o.o.
Chartered Auditor
Reg. No. 6128/2647

Company entered on the list of entities
qualified to audit financial
statements under No. 144

Warsaw, March 11th 2002."

8.2.2 AUDITOR'S OPINION ON THE AUDIT OF FINANCIAL STATEMENTS OF INTER CARS FOR THE YEAR ENDING ON DECEMBER 31ST 2002

„Auditor's Opinion
To the Shareholders and Supervisory Board of Inter Cars

We have audited the attached financial statements of Inter Cars (the "Company"), registered offices at ul. Powsińska 64, Warsaw, Poland, including:

(a) balance sheet as at December 31st 2002, showing a balance-sheet total of PLN 188,446,206.91;
(b) profit and loss account for the period January 1st – December 31st 2002, showing a net profit of PLN 11,093,525.91;
(c) reconciliation of movements in shareholders' equity for the period January 1st – December 31st 2002, showing an increase in shareholders' equity of PLN 25,394,529.51;
(d) cash-flow statement for the period January 1st – December 31st 2002, showing a net increase in cash of PLN 571,840.31;
(e) supplementary information, including introduction and notes to the financial statements.

The Company's Executive Board is responsible for the preparation of the financial statements and the Directors' Report in compliance with the binding laws. Our responsibility was to issue an opinion on the financial statements based on their audit.

Our audit was performed in accordance with the binding provisions of:

(a) Chapter 7 of the Polish Accountancy Act of September 29th 1994 (the "Act" – consolidated text in Dz.U. of 2002, No. 76, item 694);
(b) the professional auditing standards issued by the National Board of Chartered Auditors.

The audit was planned and performed in such a manner as to obtain reasonable assurance that the financial statements are free from material misstatements and omissions. The audit included examination, on a test basis, of the accounting evidence relevant to the amounts and disclosures in the financial statements. It also included an assessment of the accounting policies applied by the Company and of significant estimates made by the Executive Board in the preparation of the financial statements as well as a general assessment of its presentation. We believe that our audit has provided us with sufficient evidence to issue an opinion.

Information contained in the Directors' Report for the financial year from January 1st to December 31st 2002 was prepared in compliance with the provisions of the Act and is consistent with the information contained in the audited financial statements.

In our opinion, the financial statements in all material respects:

(a) were prepared based on properly maintained accounting books, in accordance with accounting policies which are defined in the abovementioned Polish Accountancy Act and are binding in Poland;
(b) are in compliance, both in terms of form and content, with the laws applicable to the Company and provisions of the Company's Articles of Association;
(c) present in a fair and clear manner the Company's assets and financial standing as at December 31st 2002 and the financial result for the period from January 1st to December 31st 2002 r.

Without qualifying our opinion as to the accuracy and fairness of the audited financial statements, we would like to point to the fact that in adjusting its accounting policies to the amended Polish Accountancy Act, the Company changed its accounting policies in relation to those applied in the previous financial year, and the changes affected the Company's assets, financial standing and result. In accordance with the accounting policies adopted by the Company, all adjustments made as a result of changes of applied accounting policies were charged against the financial result for the year. The data ensuring comparability of the financial statements for the previous year was presented in Section 3k of the Introduction to the Financial Statements.

On behalf of PricewaterhouseCoopers Sp. z o.o.:

Wojciech Maj
Member of the Executive Board
Chartered Auditor
Reg. No. 6128/2647

Company entered on the list of entities
qualified to audit financial
statements under No. 144

Warsaw, April 8th 2003."

8.3. INTRODUCTION TO THE FINANCIAL STATEMENTS AND COMPARABLE FINANCIAL DATA

The Company was established in 1999. Its registered offices are located at ul. Powsińska 64, Warsaw, Poland.

The Company was entered into the Register of Entrepreneurs maintained by the District Court for the Capital City of Warsaw, XX Commercial Division of the National Court Register, under entry No. KRS 0000008734, on April 23rd 2003.

Additionally, Inter Cars has 36 affiliate branches throughout Poland. The branches are managed by separate business entities conducting sales on behalf of Inter Cars and linked to the Company under agreements for the provision of distribution services.

The Company's core business is:

- sale of motor vehicle parts and accessories (PKD (Polish Classification of Business Activities) code: 5030A)

The Company was established for an unspecified time.

This Chapter contains the financial statements for the period January 1st 2003 – December 31st 2003 and comparable financial data for the periods:

- January 1st 2002 - December 31st 2002;
- January 1st 2001 - December 31st 2001.

As at December 31st 2003 Inter Cars' Executive Board was composed of:

- Mr Krzysztof Oleksowicz — President of the Executive Board
- Mr Robert Kierzek — Member of the Executive Board
- Mr Wojciech Milewski — Member of the Executive Board
- Mr Krzysztof Soszyński — Member of the Executive Board

On January 28th 2004 Mr Radosław Celiński, Director of the Finance Division, was appointed to the Executive Board. As at the Prospectus Date the Executive Board included five persons.

As at December 31st 2003 Inter Cars' Supervisory Board was composed of:

- Mr Jerzy Maślankiewicz — Chairman of the Supervisory Board
- Mr Piotr Zajączkowski — Member of the Supervisory Board
- Mr Andrzej Oliszewski — Member of the Supervisory Board
- Ms Jolanta Oleksowicz — Member of the Supervisory Board
- Mr Maciej Oleksowicz — Member of the Supervisory Board

The Company comprises no internal organisational units preparing separate financial statements.

Inter Cars is the Parent Undertaking in relation to the following entities:

- Inter Cars Ukraina,
- Q-Service Sp. z o.o.,
- Eltek Sp. z o.o.

Inter Cars does not prepare consolidated financial statements for its group as it is exempted from this requirement pursuant to Art. 56.3 and Art. 58.1 of the Accountancy Act.

In the periods presented in the financial statements Inter Cars was not merged with any other company.

While preparing the financial statements it was assumed that in the foreseeable future the Company would continue its business activities on a substantially unreduced scale, would not be liquidated or declared bankrupt. No circumstances were found to pose a threat to the to the Company's going concern.

The previously prepared financial statements for the financial years 2001 and 2002, approved of by the shareholders and published, were restated to ensure the comparability of data. The reconciliation and explanation of the differences arising from the adjustments related to changes of the accounting policies is presented in Note 8.6.16.

The opinion for 2002 includes an explanation concerning the non-comparability of the data for 2001. The comparable financial data presented in the Prospectus was adjusted accordingly as described in Section 8.6.16.

8.4. ACCOUNTING POLICIES APPLIED BY THE COMPANY, INCLUDING METHODS USED TO VALUE ASSETS AND LIABILITIES AND TO MEASURE THE COMPANY'S FINANCIAL RESULT

The financial statements and comparable financial data were prepared in accordance with the accounting principles defined in the Accountancy Act of September 29th 1994 (consolidated text in Dz. U. No. 76 of 2002, item 694), hereinafter referred to as the "Act", based on the historical cost accounting principle.

8.4.1 Intangible Fixed Assets

Intangible fixed assets comprise goodwill resulting from the acquisition of an undertaking and the acquired computer software. Intangible fixed assets are valued at acquisition cost less amortisation write-offs and write-downs, and write-offs on permanent impairment of value.

The initial goodwill was determined as the difference between the net value of the acquired assets and the acquisition cost, both calculated as at the acquisition date.

The initial value of the software is disclosed at acquisition cost, including installation costs and other expenses directly related to the purchase of the software.

The initial value of intangible fixed assets is reduced by amortisation charges reflecting the length of an asset's useful economic life assumed and periodically revised by the Company. Intangible fixed assets are amortised using the straight-line method and the following rates are applied:

- Goodwill 20%
- Computer programs 50%

The initial value is also reduced by write-offs on permanent impairment of value, which are made if it is highly probable that a given asset will fail, in a substantial part or in full, to yield the expected economic benefits in the future. In the period presented in the financial statements the Company made no revaluation write-offs on permanent impairment of value of intangible fixed assets.

8.4.2 Tangible Fixed Assets

Tangible fixed assets are carried at their acquisition or production cost, less depreciation write-offs and write-downs, and write-offs on permanent impairment of value.

As the Company commenced its operations in 1999 no revaluation was performed based on separate regulations.

Tangible fixed assets comprise the Company's own tangible fixed assets, investments in third-party tangible fixed assets not classified as the Company's assets, tangible fixed assets under construction and third-party tangible fixed assets used by the Company, if the underlying agreement satisfies the conditions specified in the Act, that is material risks and benefits associated with the possession of the assets are transferred to the Company.

Tangible fixed assets and tangible fixed assets under construction are initially valued at the amount of total costs directly related to their acquisition or production.

The acquisition cost and production cost of tangible fixed assets under construction and of tangible fixed assets includes also foreign exchange gains/losses which result from the repayment of liabilities related to the acquisition of the assets or the cost of servicing liabilities contracted to finance the assets, and which arise in the period of construction, assembly and adaptation.

The acquisition or production cost of a tangible fixed asset is increased by the cost of its improvement.

Tangible fixed assets, except for tangible fixed assets under construction and land, are subject to depreciation charges determined based on the length of an asset's useful economic life, assumed and periodically revised by the Company, beginning from the month following the month in which they are placed in service. Tangible fixed assets are depreciated with the straight-line method, at the following rates:

- Buildings and investments in third-party buildings 2,5% - 10%
- Plant and equipment 6% - 30%
- Vehicles 14% - 20%
- Other tangible fixed assets 20% - 100%

Tangible fixed assets with a unit value lower than PLN 3,500 are depreciated on a one-off basis.

8.4.3 Tangible Fixed Assets Used by the Company under Lease or Tenancy Agreements

Third-party tangible or intangible fixed assets used by the Company under lease or tenancy agreements are classified as fixed assets if the underlying agreement satisfies the conditions specified in the Act, that is material risks and benefits associated with the possession of an asset are transferred to the Company.

If the rental or lease agreement does not satisfy the conditions referred to above, payments for the use of these assets are disclosed as expenses for the period to which they relate.

8.4.4 Financial Assets

Financial assets include cash and cash equivalents held by the Company, equity instruments and the Company's rights under agreements to obtain cash or cash equivalents or a right to exchange financial instruments with another company on favourable terms.

Financial assets are classified based on their maturity the Executive Board's intention as to their holding or disposal.

Equity Interests in Subsidiary Undertakings and Other Undertakings

All equity interests in subsidiary undertakings and other undertakings are classified as fixed assets and valued at acquisition cost less write-offs on permanent impairment of value.

Loans Advanced

Loans advanced are disclosed in the amounts due, in keeping with the conservative valuation principle.

Long-Term and Short-Term Accounts Receivable

Accounts receivable are disclosed in the amounts due, in keeping with the conservative valuation principle, in their net value (less revaluation write-offs).

The accounts receivable are subject to revaluation taking into account the probability of their repayment, through a revaluation write-off. Revaluation write-offs are made based on the age structure of accounts receivable.

Cash and Cash Equivalents

Cash and cash equivalents include assets in the form of the domestic currency, foreign currencies and foreign currency denominated accounts receivable which may be used as a means of payment. They also include interest accrued on financial assets.

Financial assets payable or maturing within three months of the date of their receipt, issue, acquisition or placement (deposits) are classified as cash equivalents for the purposes of the cash-flow statement.

8.4.5 Stocks

Stocks are valued at acquisition cost, which may not be higher than the net selling price.

The acquisition cost comprises the purchase price and expenses directly related to purchase of a given asset.

Under long-term supply agreements, the Company is entitled to rebates, discounts and other payments related to the purchase volume. The amounts of such discounts or rebates are disclosed as reducing the purchase price regardless of the date on which they are granted, provided that their receipt is probable.

Decreases of stocks are valued at actual prices using the FIFO method.

The value of stocks is reduced by revaluation write-offs, which are made when the realisable net selling price (which is the net price reduced by discounts, rebates and cost of sales) is lower than the acquisition cost; revaluation write-offs are established individually for each group of stocks.

8.4.6 Prepayments

Prepayments are disclosed with respect to the costs which relate to future reporting periods. Prepayments are settled over time. The time and manner of their settlement depends on the type of costs concerned.

In accordance with the transitional provisions of the amended Act, the cost of organisation and subsequent expansion of the company, which prior to January 1st 2002 had been disclosed as intangible fixed assets, are now settled as prepayments for five years from the time they are incurred

8.4.7 Shareholders' Equity

The shareholders' equity is shown in the amount specified in the Articles of Association and entered in the court register.

The reserve funds are created with distributions from net profit made under resolutions of the General Shareholders Meeting, and with the share premium account.

Retained profit or accumulated loss brought forward are amounts of profit generated or loss incurred in previous years, including adjustments due to changes in accounting policies, with respect to which no decision on distribution or coverage has been made by the General Shareholders Meeting.

8.4.8 Provisions for Liabilities and Contingent Liabilities

Provisions for liabilities are disclosed at a value estimated in a reliable manner.

Provisions are made for:

- Certain or highly probable future liabilities, whose value can be estimated in a reliable manner, in particular losses generated on business transactions underway, including sureties, credit transactions, effects of pending court proceedings;
- Retirement severance pays under Art. 92 of the Polish Labour Code.

Potential liabilities, the discharge of which depends on specific events beyond the Company's control, are disclosed as contingent liabilities.

8.4.9 Financial Liabilities

The Company's financial liabilities comprise its obligations to deliver financial assets or to exchange financial instruments with other entities on unfavourable terms.

Trade creditors

Trade creditors are disclosed at amounts due.

In accordance with the Company's accounting policies, as at the balance-sheet date trade creditors are reduced by the amount of discounts from suppliers.

Liabilities under loans and borrowings

Liabilities under loans and borrowings are classified as long term or short-term liabilities depending on their maturity as from the balance-sheet date, as specified in relevant agreements.

Liabilities under loans and borrowings are disclosed at amounts due.

Liabilities under financial derivatives and liabilities under instruments held for trading

The Company does not have any derivatives or other liabilities under instruments held for trading.

8.4.10 Accruals

Accruals are disclosed in the amount of probable liabilities related to the current reporting period, in particular resulting from:

- services provided to the Company by its business partners, if the amount of the liability can be estimated in a reliable manner;
- holiday benefits due to employees for the current year and for the previous years, which were not used by the balance-sheet date.

Accruals are written off over time. The time and method of settlement depends on the type of costs concerned, subject to the conservative valuation principle.

8.4.11 Deferred Income Tax

The Company creates a deferred income tax provision and deferred tax assets due to the timing differences between the value of assets and liabilities as disclosed in the accounting books and their value for tax purposes, and the deductible tax loss.

Deferred tax assets are determined in the amount to be deducted from the income tax in the future due to the negative timing differences which will decrease the tax base, and the deductible tax loss, calculated in keeping with the conservative valuation principle.

The deferred income tax provision is created in the amount of the corporate income tax to be paid in the future due to positive timing differences, that is differences which will increase the tax base in the future.

The amounts of deferred income tax provisions and assets are determined on the basis of the income tax rates applicable in the year when the tax obligation arises and in the following years, pursuant to adopted tax regulations as to which there are no doubts concerning possible future changes.

The deferred tax asset and provision are offset in the Company's balance sheet if they are related to settlements under the same type of tax and it the Company has a right to take both of them into account while computing the amount of tax liability.

The difference between deferred income tax provisions and assets as at the end and as at the beginning of a reporting period is charged to the financial result or, if it is related to economic transactions or events whose effects are disclosed directly under the Company's equity, to the equity.

8.4.12 Currency of the Financial Statements and Foreign-Currency Transactions

The financial data in the Company's accounting books is expressed in the złoty, the currency of the economic environment in which the Company operates. The data in these financial statements is expressed in thousands of złoty. The key financial data was translated into the euro in accordance with the requirements of the Directive of the Polish Council of Ministers of October 16th 2001 on detailed requirements for issue prospectuses and abbreviated issue prospectuses (Dz.U. No. 139 of 2001, item 1568), and is presented in Section 3.18.

Economic transactions executed in foreign currencies are translated into the złoty at the rate applicable on the day of such transactions' execution.

As at the balance-sheet date financial assets and liabilities expressed in foreign currencies are translated into the złoty at the buy/sell rate of the Company's bank applicable as at the balance-sheet date, not higher or lower, respectively, than the mid-exchange rate quoted by the National Bank of Poland for a given currency.

The excess of foreign exchange gains over foreign exchange losses arising from the settlement of financial assets and liabilities during the year and valuation of the financial assets and liabilities (other than long-term financial assets settled at their fair value) is disclosed under financial income for the period, while the excess of foreign exchange losses over foreign exchange gains is disclosed under the financial expenses for the period.

8.4.13 Recognition of Income and Revenue

Income and revenue are recognised in the amount of probable economic benefits to be obtained by the Company which can be estimated reliably.

Sales revenue is recognised upon the delivery of the goods to the customer. Sales are disclosed in their net value, that is without VAT and any discounts granted.

Revenue on sales through the network of affiliate branch operators, with whom cooperation agreements were signed, is recognised upon sale of the goods by the affiliate branch operator.

Revenue on export sales is recognised at the moment of transfer of the benefits and risks associated with the ownership of the sold goods, that is usually upon the delivery of the goods to the customer.

Interest income is recognised after it accrues, unless its payment is doubtful.

8.4.14 Recognition of Costs and Expenses

Costs and expenses are recognised in the amount of probable reduction of the Company's economic benefits, which can be estimated reliably.

The costs charged to the Company by the affiliate branch operators (compensation for sale of goods conducted on behalf of the Company) are disclosed in the period to which they relate.

The Company concluded a number of agreements for rental of office and warehouse space. Rental expenses are presented in the profit and loss account in the period to which they relate. At the same time, some of the agreements concern the affiliate branch operators, and such rental expenses are computed based on the actual charges payable to the entity renting or providing services with respect to the rented space and are re-invoiced by the Company to the affiliate branch operators without any additional charges.

The amounts re-invoiced to the affiliate branch operators are not disclosed as income but they decrease the relevant cost items of the Company.

8.4.15 Consolidation

The Company has subsidiary undertakings but does not prepare consolidated financial statements as it is exempted from this obligation pursuant to Art. 56.3 and 58.1 of the Act.

The aggregate sales revenue of the three subsidiary undertakings in 2003 represented 4.95% of Inter Cars' sales revenue. The balance-sheet total of the subsidiary undertakings represented 4.68% of Inter Cars' balance-sheet total. The Company does not prepare consolidated financial statements as none of the subsidiary undertakings has any material bearing on Inter Cars' operations.

The basic financial data of the non-consolidated subsidiary undertakings is presented in Note 4b.

8.4.16 Cash-Flow Statement

Cash-flow statement presents operating cash flow, investing cash flow and financing cash flow. The criteria for dividing Inter Cars' activities into operating, investing and financing activities is as follows:

- Operating activities include transactions and events related to the Company's core business, which are not included under financing and investing activities, including repayment of liabilities, cash payments in connection with the sale of services and payment of amounts due in relation to sales.
- Investing activities chiefly include inflows and outflows related to the acquisition and disposal of fixed assets, shares, other equity interests and other securities.
- Financing activities chiefly include acquisition of equity financing, as well as servicing and acquisition of financing from external sources.

Change in cash resulting from foreign exchange differences is not considered as cash flow. The amount of such changes is presented separately from the operating, investing and financing cash flows, and accounts for the differences related to the disclosure of cash and short-term marketable securities (which according to the International Accounting Standards are equivalent to cash) at the exchange rate applicable on the balance-sheet date.

8.4.17 Rules for the Translation into the Euro of Selected Items in the Financial Statements

The following basic items of the balance sheet, profit and loss account and cash-flow statement were translated from the złoty into the euro in accordance with the following rules:

- Individual items under assets and shareholders' equity and liabilities were translated at the euro mid-exchange rate quoted by the National Bank of Poland as at the balance-sheet date.

- Individual items under the profit and loss account and cash-flow statement were translated at exchange rates which are the arithmetic mean of euro mid-exchange rates quoted by the National Bank of Poland on the last day of each ended month of 2001, 2002 and 2003 financial years.

	2003 PLN	2002 PLN	2001 PLN
Euro exchange rate as at Dec 31	4.7170	4.0202	3.5219
Average annual euro exchange rate	4.4474	3.8697	3.6509
Highest euro exchange rate in the financial year	4.7170	4.2116	3.9569
Lowest euro exchange rate in the financial year	3.9773	3.5015	3.3564

8.4.18 Basic Items in the Financial Statements Restated in the Euro

	Dec 31 2003 (EUR '000)	Dec 31 2002 (EUR '000)	Dec 31 2001 (EUR '000)
Total assets	52,396	46,875	40,229
Fixed assets	11,468	12,689	13,868
Current assets	40,928	34,186	26,361
Liabilities and provisions for liabilities	36,421	30,625	28,436
Short-term liabilities	35,909	28,325	24,649
Shareholders' equity	15,975	16,249	11,793
Share capital	5,012	5,881	5,766

	12 months to Dec 31 2003 (EUR '000)	12 months to Dec 31 2002 (EUR '000)	12 months to Dec 31 2001 (EUR '000)
Net sales revenue	100,401	81,308	64,143
Gross profit on sales	25,995	22,642	17,407
Profit on sales	5,929	5,865	4,360
Operating profit	6,019	6,043	3,797
Pre-tax profit	3,158	3,575	2,723
Net profit	2,255	2,452	1,963
Net operating cash flow	-114	-4,565	1,038
Net investing cash flow	-2,934	-2,449	-1,289
Net financing cash flow	3,483	7,162	667
Total net cash flow	**436**	**148**	**415**

8.4.19 Main Differences between the Applied Accounting Standards and the International Financial Reporting Standards (IFRS)

The Company's financial statements were prepared in accordance with the Polish Accountancy Act. The financial result and selected items under assets and shareholders' equity and liabilities could be different if they were disclosed in financial statements prepared in accordance with the International Financial Reporting Standards (IFRS). The manner of presentation of the financial statements and the scope of the disclosed information may also differ.

As at the date of this information, the Company's Executive Board did not prepare the financial statements in accordance with the IFRS. Therefore, there is no assurance that the cases identified below account for all possible differences between the result and net assets as disclosed in the prepared financial statements and statements which would be prepared in accordance with the IFRS; consequently, it is not possible to assess the effects of the differences which are described below.

The information below should not be considered complete and accounting for all the differences between the provisions of the Accountancy Act and the IFRS. It does not include the issues not provided for in the Accountancy Act and the IFRS. Furthermore, the it does not reflect the amendments to the Accountancy Act and the IFRS which will or may be effective following December 31st 2003 in accordance with the plans of the bodies responsible for establishing the relevant regulations in Poland or the IFRS.

The identified differences concerning the financial statements for 2001–2003 include:

Capitalisation of Financial Expenses

In the periods before the preparation of these financial statements, the Company capitalised the financial expenses closely related to the construction of tangible fixed assets, including interest on loans for investment in fixed assets and foreign exchange differences related to the payment and translation of liabilities connected with the acquisition of tangible fixed assets until the date on which they are placed in service.

Under IAS 23 external financing costs relating to the assets whose production requires considerable time to prepare them for their intended use or sale should be recognised consistently. In line with the prescribed approach, no external financial costs may be capitalised, while under the permissible alternative treatment, both direct financing costs and financing costs under other general liabilities may be capitalised as expenditure on fixed assets under construction.

At the same time IAS 19 and interpretation SIC 11 would make it practically impossible to capitalise foreign exchange differences related to the payment or translation of foreign-currency liabilities resulting from the acquisition of tangible fixed assets.

Cost of Organisation of a Joint-Stock Company

It is permitted under the Accountancy Act to capitalise and amortise over time the costs of organising a joint-stock company incurred prior to January 1st 2002. Under IAS 38, the costs incurred on the organisation of a join-stock company do not comply with the definition of an asset and are recognised as cost in the period in which they were incurred.

Valuation of Shares in Other Undertakings Recognised as Fixed Assets

Under the Accountancy Act it is possible to value shares in other undertakings at the acquisition cost less any write-offs on permanent impairment in value.

Under IAS 39, shares in entities other than related undertakings should be valued at fair value unless (in rare cases) it is impossible to establish their fair value. In such a case, the shares should be valued at the acquisition cost less the write-off on impairment in value of the shares.

Investments in Advanced Loans and Accounts Receivable

The Company discloses advanced long-term loans in amounts due, taking into account the conservative valuation principle. According to the IFRS, the financial assets recognised under loans and accounts receivable are settled at the amortised cost taking account of the effective interest rate.

Liabilities under Loans and Borrowings

Liabilities are recognised at the value of the delivered assets and are valued at the amount payable. According to the IFRS, a liability is initially recognised at the value of the delivered assets less transaction costs and then settled at the effective interest rate (valuation at amortised cost).

Consolidation

Inter Cars does not prepare the consolidated financial statements pursuant to the exemption under Art. 56 and Art. 58 of the Accountancy Act.

Under the IFRS the Company should consolidate all the subsidiary undertakings unless the acquisition of an undertaking is of a temporary nature or there are long-term limitations on exercising control of such an undertaking.

Therefore, under the IFRS, the Company would be required to prepare the consolidated financial statements.

Deferred Income Tax

The rules for creating deferred income tax provisions and assets do not vary from rules which would be applied by the Company if it were to prepare its financial statements according to the IFRS. Nonetheless, the deferred income tax as calculated in the financial statements prepared in accordance with the IFRS and the financial statements prepared in accordance with the Accountancy Act would not be the same as a result of the differences described above, which could affect the value of the assets and liabilities recognised in the financial statements.

Presentation and Scope of the Disclosed Information

Under certain international accounting standards, it may be necessary to present a wider scope of information than under the Accountancy Act and the Prospectus Directive. The format of the presentation of some elements included in the financial statements may be different in the case of the IFRS.

8.5. FINANCIAL STATEMENTS FOR JANUARY 1ST – DECEMBER 31ST 2003 AND THE COMPARABLE DATA FOR JANUARY 1ST – DECEMBER 31ST 2002 AND JANUARY 1ST – DECEMBER 31ST 2001

8.5.1 BALANCE SHEET

	Note	Dec 31 2003 (PLN '000)	Dec 31 2002 (PLN '000)	Dec 31 2001 (PLN '000)
ASSETS				
Fixed assets		**54,097**	**51,012**	**48,842**
Intangible fixed assets	**1**	**1,723**	**4,061**	**5,656**
Tangible fixed assets	**2**	**50,030**	**45,883**	**42,590**
Long-term accounts receivable, including:	**3**	**157**	**-**	**-**
From other undertakings		157	-	-
Long-term investments	**4**	**2,187**	**1,068**	**596**
Long-term financial assets		2,187	1,068	596
In related undertakings, including:		1,818	557	561
- shares and equity interests in subordinated undertakings valued with equity method		1,818	557	561
In other undertakings		369	511	35
Current assets		**193,056**	**137,434**	**92,841**
Stocks	**5**	**130,684**	**91,452**	**55,481**
Short-term accounts receivable	**6, 7**	**55,067**	**41,692**	**34,617**
From related undertakings		9,213	8,910	4,767
From other undertakings		45,854	32,782	29,850
Short-term investments	**8**	**7,117**	**4,116**	**2,565**
Short-term financial assets		**7,117**	**4,116**	**2,565**
- in related undertakings		1,275	**-**	**-**
- in other undertakings		767	979	-
- cash and cash equivalents		5,075	3,137	2,565
Short-term prepayments and accrued income	**9**	**188**	**174**	**178**
TOTAL ASSETS		**247,153**	**188,446**	**141,683**

8.5.1 BALANCE SHEET (continued)

	Note	Dec 31 2003 (PLN '000)	Dec 31 2002 (PLN '000)	Dec 31 2001 (PLN '000)
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity		**75,355**	**65 326**	**41 534**
Share capital	**11**	23,642	23 642	20 308
Reserve funds	**12**	41,684	30 590	11 987
Retained profit brought forward		-	1 604	2 071
Net profit		10,029	9 490	7 168
Liabilities and provisions for liabilities		**171,798**	**123 120**	**100 149**
Provisions for liabilities	**13**	**833**	**1 381**	**142**
Deferred income tax provision		722	1 285	60
Provision for retirement and related benefits, including:		-	9	82
- long-term		-	9	82
Other provisions		111	87	-
- short-term		111	87	-
Long-term liabilities		**380**	**6 471**	**12 562**
To related undertakings		380	380	380
To other undertakings		-	6 091	12 182
Loans and borrowings		-	6 091	12 182
Short-term liabilities	**14**	**169,385**	**113 872**	**86 810**
To related undertakings		20	2	-
To other undertakings		169,093	113 641	86 706
Special accounts		272	229	104
Accruals and deferred income	**15**	**1,200**	**1 396**	**635**
Negative goodwill		-	**-**	**-**
Other accruals and deferred income, including:		1,200	1 396	635
- short-term		1,200	1 396	635
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**247,153**	**188 446**	**141 683**
Book value		75,355	65 326	41 534
Number of shares outstanding		236,422	236 422	203 077
Book value per share (PLN)	**16**	318,73	276,31	204,52
Diluted number of shares		236,422	236 422	203 077
Diluted book value per share (PLN)		318,73	276,31	204,52

OFF-BALANCE-SHEET ITEMS

As at the balance-sheet date (December 31st 2003), the Company had no contingent accounts receivable or liabilities.
The information on disclosed off-balance-sheet fixed assets is presented in Note 2b.

8.5.2 PROFIT AND LOSS ACCOUNT

	Note	12 months to Dec 31 2003 PLN '000	12 months to Dec 31 2002 PLN '000	12 months to Dec 31 2001 PLN '000
Net sales revenue, including:		**446,522**	**314,636**	**234,181**
- from related undertakings		*15,065*	*15,879*	*8,267*
Net revenue on sales of goods for resale and materials	**18**	446,522	314,636	234,181
Cost of sales, including:		**330,912**	**227,020**	**170,629**
- from related undertakings		*13,426*	*14,293*	*7,401*
Cost of goods for resale and materials sold		330,912	227,020	170,629
Gross profit on sales		**115,610**	**87,616**	**63,552**
Selling costs	**19**	59,646	48,137	39,117
General and administrative expenses	**19**	29,597	16,785	8,517
Profit on sales		**26,367**	**22,694**	**15,918**
Other operating income	**20**	**2,086**	**1,390**	**164**
Profit on disposal of non-financial fixed assets		171	75	137
Subsidies		30	25	-
Other operating income		1,885	1,290	27
Other operating expenses	**21**	**1,682**	**698**	**2,221**
Revaluation of non-financial fixed assets		496	-	1,343
Other operating expenses		1,186	698	878
Operating profit		**26,771**	**23,386**	**13,861**
Financial income	**22**	**656**	**271**	**4,879**
Interest		656	263	480
Other		-	8	4,399
Financial expenses	**23, 24**	**13,382**	**9,823**	**8,798**
Interest, including:		4,382	6,023	8,122
- from related undertakings		22	65	47
Other		9,000	3,800	676
Pre-tax profit before extraordinary items		**14,045**	**13,834**	**9,942**
Pre-tax profit		**14,045**	**13,834**	**9,942**
Corporate income tax	**26**	**4,016**	**4,344**	**2,774**
current		4,579	3,119	3,221
deferred		-563	1,225	-447
Net profit		**10,029**	**9,490**	**7,168**

8.5.2 PROFIT AND LOSS ACCOUNT (continued)

	Note	**12 months to Dec 31 2003 PLN '000**	**12 months to Dec 31 2002 PLN '000**	**12 months to Dec 31 2001 PLN '000**
Net profit		**10,029**	**9,490**	**7,168**
Weighted average number of ordinary shares	**28**	236,422	222,080	174,754
Earnings per ordinary share (PLN)	**28**	42,42	42,73	41,02
Weighted average diluted number of ordinary shares		236,422	222,080	174,754
Diluted earnings per ordinary share (PLN)		42.42	42.73	41.02

8.5.3 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' EQUITY

	12 months to Dec 31 2003 PLN '000	12 months to Dec 31 2002 PLN '000	12 months to Dec 31 2001 PLN '000
Shareholders' equity at beginning of period	**65,326**	**39,930**	**17,110**
- changes of applied accounting policies	-	1,604	2,500
Shareholders' equity at beginning of period, after reconciliation to comparable data	**65,326**	**41,534**	**19,610**
Share capital at beginning of period	**23,642**	**20,308**	**16,000**
Changes in share capital:	-	3,334	4,308
Increase:	-	3,334	4,308
- shares issued	-	3,334	4,308
Share capital at end of period	**23,642**	**23,642**	**20,308**
Reserve funds at beginning of period	**30,590**	**11,987**	**-**
Changes in reserve funds	11,094	18,603	11,987
Increase:	11,094	19,032	11,987
- share premium account	-	10,968	10,448
- distribution of profit	11,094	8,064	1,539
Decrease:	-	-429	-
- covered loss	-	-429	-
Reserve funds at end of period	**41,684**	**30,590**	**11,987**
Retained profit/ (accumulated loss) brought forward at beginning of period	**11,094**	**9,239**	**1,110**
Retained profit brought forward at beginning of period	**11,094**	**8,064**	**1,539**
- changes of applied accounting policies	-	1,604	2,500
Retained profit brought forward at beginning of period, after reconciliation to comparable data	**11,094**	**9,668**	**4,039**
Decrease:	-11,094	-8,064	-1,539
- transfer to reserve funds	-11,094	-,8,064	-1,539
Retained profit brought forward at end of period	**-**	**1,604**	**2,500**
Accumulated loss brought forward at beginning of period	**-**	**-429**	**-429**
Decrease:	**-**	429	-
- coverage from reserve funds	**-**	429	-
Accumulated loss brought forward at end of period	**-**	**-**	**-429**
Retained profit/ (accumulated loss) brought forward at end of period	**-**	**1,604**	**2,071**
Net financial result, after reconciliation to comparable data	**10,029**	**9,490**	**7,168**
- net profit	10,029	11,094	8,064
- changes of applied accounting policies	-	-1,604	-896
Shareholders' equity at end of period	**75,355**	**65,326**	**41,534**
Shareholders' equity at end of period, after proposed distribution of profit	**73,349**	**65,326**	**41,534**

8.5.4 CASH-FLOW STATEMENT

	12 months to Dec 31 2003 PLN '000	12 months to Dec 31 2002 PLN '000	12 months to Dec 31 2001 PLN '000
OPERATING CASH FLOW			
Net profit	**10,029**	**9,490**	**7,168**
Total adjustments	**-10,536**	**-27,156**	**-3,378**
Depreciation and amortisation	9,229	6,709	3,970
Foreign exchange gains/ (losses)	3,726	-347	-2,614
Interest and share in profit (dividend)	4,252	7,191	9,068
(Profit)/loss on investment activities	-171	-54	-137
Change in provisions	-1,040	665	-2,113
Change in stocks	-39,231	-36,032	3,937
Change in accounts receivable	-13,096	-6,387	-11,458
Change in short-term liabilities (net of loans and borrowings)	25,430	2,045	-610
Change in accruals and deferrals	368	-946	-3,384
Other adjustments	-3	-	-37
NET OPERATING CASH FLOW	**-507**	**-17,666**	**3,790**
INVESTING CASH FLOW			
Investing cash inflow	**692**	**369**	**202**
Disposal of intangible and tangible fixed assets	692	369	202
Investing cash outflow	**-13,739**	**-9,847**	**-4,910**
Acquisition of intangible and tangible fixed assets	-11,560	-8,397	-4,910
Outflow on financial assets, including:	-2,179	-1,450	-
in related undertakings	-1,265	-	-
- acquisition of financial assets	-1,265	-	
in other undertakings	-914	-1,450	-
- long-term loans advanced	-914	-1,450	-
NET INVESTING CASH FLOW	**-13,047**	**-9,478**	**-4,708**

8.5.4 CASH-FLOW STATEMENT (continued)

	12 months to Dec 31 2003 PLN '000	12 months to Dec 31 2002 PLN '000	12 months to Dec 31 2001 PLN '000
FINANCING CASH FLOW			
Financing cash inflow	**20,376**	**33,244**	**21,839**
Net proceeds from issue of shares and other equity instruments and additional contributions to equity	-	14,301	14,756
Increase in loans and borrowings	20,233	18,596	1,160
Other financing cash inflow	143	347	5,923
Financing cash outflow	**-4,884**	**-5,528**	**-19,404**
Decrease in loans and borrowings		-	-10,336
Interest	-4,884	-5,528	-9,068
NET FINANCING CASH FLOW	**15,492**	**27,716**	**2,435**
TOTAL NET CASH FLOW	**1,938**	**572**	**1,517**
Balance-sheet change in cash	1,938	572	1,517
Cash at beginning of period	3,137	**2,565**	**1,048**
Cash at end of period	**5,075**	**3,137**	**2,565**

EFFECT OF INFLATION ON THE PRESENTED FINANCIAL DATA

As the compound annual inflation rate for the last three years of the Issuer's operations did not exceed 100%, the financial statements and the comparable financial data have not been adjusted for inflation.

8.5.5 NOTES

Note 1
INTANGIBLE FIXED ASSETS

	Dec 31 2003	Dec 31 2002	Dec 31 2001
	PLN '000	PLN '000	PLN '000
Acquired permits, patents, licenses and similar assets, including:	**1,723**	**4,061**	**5,656**
- copyright	1,657	3,943	5,485
- goodwill	66	118	171
Total intangible fixed assets	**1,723**	**4,061**	**5,656**

Note 1a
MOVEMENTS IN INTANGIBLE FIXED ASSETS

	Goodwill	Acquired permits, patents, licences and similar assets, including software	Total intangible fixed assets
	PLN '000	PLN '000	PLN '000
Gross intangible fixed assets as at Jan 1 2003	263	7,446	**7,709**
- increase	-	1,337	1,337
Gross intangible fixed assets as at Dec 31 2003	**263**	**8,783**	**9,046**
Accumulated amortisation as at Jan 1 2003	145	3,503	**3,648**
- amortisation for period	52	3,623	3,675
Accumulated amortisation as at Dec 31 2003	**197**	**7,126**	**7,323**
Net intangible fixed assets as at Jan 1 2003	**118**	**3,943**	**4,061**
Net intangible fixed assets as Dec 31 2003	**66**	**1,657**	**1,723**

	Goodwill	Acquired permits, patents, licences and similar assets, including software	Total intangible fixed assets
	PLN '000	PLN '000	PLN '000
Gross intangible fixed assets as at Jan 1 2002	**263**	**6,119**	**6,382**
- increase	-	1,328	1,328
- decrease	-	1	1
Gross intangible fixed assets as at Dec 31 2002	**263**	**7,446**	**7,709**
Accumulated amortisation as at Jan 1 2002	**92**	**634**	**726**
- amortisation for period	53	2,870	2,923
- other decreases	**-**	1	1
Accumulated amortisation as at Dec 31 2002	**145**	**3,503**	**3,648**
Net intangible fixed assets as at Jan 1 2002	**171**	**5,485**	**5,656**
Net intangible fixed assets as Dec 31 2002	**118**	**3,943**	**4,061**

Note 1a (continued)

MOVEMENTS IN INTANGIBLE FIXED ASSETS

	Goodwill	Acquired permits, patents, licences and similar assets, including software	Total intangible fixed assets
	PLN '000	PLN '000	PLN '000
Gross intangible fixed assets as at Jan 1 2001	**263**	**491**	**754**
- increase	-	5,665	5,665
- decrease	-	37	37
Gross intangible fixed assets as at Dec 31 2001	**263**	**6,119**	**6,382**
Accumulated amortisation as at Jan 1 2001	**39**	**269**	**308**
- amortisation for period	53	382	435
- decrease	-	17	17
Accumulated amortisation as at Dec 31 2001	**92**	**634**	**726**
Net intangible fixed assets as at Jan 1 2001	**224**	**222**	**446**
Net intangible fixed assets as Dec 31 2001	**171**	**5,485**	**5,656**

Note 1b

INTANGIBLE FIXED ASSETS (BY OWNERSHIP)

	Dec 31 2003	Dec 31 2002	Dec 31 2001
	PLN '000	PLN '000	PLN '000
Owned	1,723	4,061	5,656
Total intangible fixed assets	**1,723**	**4,061**	**5,656**

Note 2

TANGIBLE FIXED ASSETS

	Dec 31 2003	Dec 31 2002	Dec 31 2001
	PLN '000	PLN '000	PLN '000
Tangible fixed assets, including:	**49,955**	**45,867**	**42,564**
- land (including perpetual usufruct rights)	2,848	2,848	2,848
- buildings and structures	35,613	35,213	34,143
- plant and equipment	4,548	3,442	3,141
- vehicles	3,019	2,386	1,635
- other tangible fixed assets	3,927	1,978	797
Tangible fixed assets under construction	**75**	**16**	**10**
Prepayments for tangible fixed assets under construction	**-**	-	**16**
Total tangible fixed assets	**50,030**	**45,883**	**42,590**

Note 2a
MOVEMENTS IN TANGIBLE FIXED ASSETS

	Land (including perpetual usufruct rights)	Buildings and structures	Plant and equipment	Vehicles	Other fixed assets	Total fixed assets
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
Gross tangible fixed assets as at January 1st 2003	**2,848**	**36,992**	**7,334**	**3,516**	**4,413**	**55,103**
Increase:	-	1,432	3,417	1,606	3,702	10,157
- purchase	-	1,432	2,739	1,588	3,702	9,461
- transfer	-	-	678	18	-	696
Decrease:	-	4	2,254	622	184	3,064
- sale	-	4	2,076	622	184	2,886
- liquidation (of worn-out assets)	-	-	178	-	-	178
Gross tangible fixed assets as at Dec 31 2003	**2,848**	**38,420**	**8,497**	**4,500**	**7,931**	**62,196**
Accumulated depreciation as at Jan 1 2003	**-,**	**1,779**	**3,892**	**1,130**	**2,435**	**9,236**
Increase:	-	1,028	2,113	677	1,736	5,554
- depreciation for period	-	1,028	2,113	677	1,736	5,554
Decrease:	-	-	2,056	326	167	2,549
- depreciation of sold fixed assets	-	-	1,880	326	167	2,373
- depreciation of liquidated fixed assets	-	-	176	-	-	176
Accumulated depreciation as at Dec 31 2003	**-**	**2,807**	**3,949**	**1,481**	**4,004**	**12,241**
Net tangible fixed assets as at Jan 1 2003	**2,848**	**35,213**	**3,442**	**2,386**	**1,978**	**45,867**
Net tangible fixed assets as at Dec 31 2003	**2,848**	**35,613**	**4,548**	**3,019**	**3,927**	**49,955**

Note 2a (continued)

MOVEMENTS IN TANGIBLE FIXED ASSETS

	Land (including perpetual usufruct rights)	Buildings and structures	Plant and equipment	Vehicles	Other fixed assets	Total fixed assets
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
Gross tangible fixed assets as at Jan 1 2002	**2,848**	**35,012**	**5,498**	**2,910**	**2,510**	**48,778**
Increase:	-	1,980	1,874	1,462	2,094	7,410
- purchase	-	502	1,856	1,462	2,060	5,880
- transfer	-	1,478	18	-	34	1,530
Decrease:	-	-	38	856	191	1,085
- sale	-	-	38	856	170	1,064
- liquidation (of worn-out assets)	-	-	-	-	21	21
Gross tangible fixed assets as at Dec 31 2002	**2,848**	**36,992**	**7,334**	**3,516**	**4,413**	**55,103**
Accumulated depreciation as at Jan 1 2002	**-**	**869**	**2,357**	**1,275**	**1,713**	**6,214**
Increase:	-	910	1,542	513	822	3,787
- depreciation for period	-	910	1,542	513	822	3,787
Decrease:	-	-	7	658	100	765
- depreciation of sold fixed assets	-	-	7	658	100	765
Accumulated depreciation as at Dec 31 2002	**-,**	**1,779**	**3,892**	**1,130**	**2,435**	**9,236**
Net tangible fixed assets as at Jan 1 2002	**2,848**	**34,143**	**3,141**	**1,635**	**797**	**42,564**
Net tangible fixed assets as at Dec 31 2002	**2,848**	**35,213**	**3,442**	**2,386**	**1,978**	**45,867**

Note 2a (continued)

MOVEMENTS IN TANGIBLE FIXED ASSETS

	Land (including perpetual usufruct rights)	Buildings and structures	Plant and equipment	Vehicles	Other fixed assets	Total fixed assets
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
Gross tangible fixed assets as at Jan 1 2001	**2,848**	**34,064**	**4,797**	**2,536**	**1,936**	**46,181**
Increase:	-	948	701	518	821	2,988
- purchase	-	19	647	518	777	1,961
- transfer	-	929	54	-	44	1,027
Decrease:	-	-	-	144	247	391
- sale	-	-	-	144	247	391
Gross tangible fixed assets as at Dec 31 2001	**2,848**	**35,012**	**5,498**	**2,910**	**2,510**	**48,778**
Accumulated depreciation as at Jan 1 2001	**-**	**4**	**950**	**732**	**1,311**	**2,997**
Increase:	-	865	1,407	661	610	3,543
- depreciation for period	-	865	1,407	661	610	3,543
Decrease:	-	-	-	118	208	326
- depreciation of sold fixed assets	-	-	-	118	208	326
Accumulated amortisation as at Dec 31 2001	**-**	**869**	**2,357**	**1,275**	**1,713**	**6,214**
Net tangible fixed assets as at Jan 1 2001	**2,848**	**34,060**	**3,847**	**1,804**	**625**	**43,184**
Net tangible fixed assets as at Dec 31 2001	**2,848**	**34,143**	**3,141**	**1,635**	**797**	**42,564**

Note 2b
ON-BALANCE-SHEET TANGIBLE FIXED ASSETS (BY OWNERSHIP)

	Dec 31 2003 PLN '000	Dec 31 2002 PLN '000	Dec 31 2001 PLN '000
Owned	49,955	45,867	42,564
Total on-balance-sheet tangible fixed assets	**49,955**	**45,867**	**42,564**
Used under lease, tenancy or similar agreements	583	583	583
Total off-balance-sheet tangible fixed assets	**583**	**583**	**583**

In the presented reporting periods the Company held no land in perpetual usufruct.

As at the balance sheet date (December 31st 2003) real property with the net value of PLN 36,628 thousand was encumbered with mortgage of PLN 23,350 thousand, serving as collateral for a loan specified in Note 14b.

Note 3
LONG-TERM ACCOUNTS RECEIVABLE

	Dec 31 2003 PLN '000	Dec 31 2002 PLN '000	Dec 31 2001 PLN '000
Long-term accounts receivable, including:	**157**	-	-
From other undertakings	157	-	-
Net long-term accounts receivable	**157**	**-**	**-**
Revaluation write-offs on accounts receivable	-	-	-
Gross long-term accounts receivable	**157**	**-**	**-**

Note 3a
CHANGE IN LONG-TERM ACCOUNTS RECEIVABLE

	12 months to Dec 31 2003 PLN '000	12 months to Dec 31 2002 PLN '000	12 months to Dec 31 2001 PLN '000
Long-term accounts receivable			
Balance at beginning of period	-	-	-
Increase (including performance guarantee deposits)	157	-	-
Balance at end of period	**157**	**-**	**-**
Total long-term accounts receivable	**157**	**-**	**-**

Note 3b
LONG-TERM ACCOUNTS RECEIVABLE (BY CURRENCY)

	Dec 31 2003 PLN '000	Dec 31 2002 PLN '000	Dec 31 2001 PLN '000
In Polish currency	157	-	-
Total long-term accounts receivable	**157**	**-**	**-**

Note 4

LONG-TERM FINANCIAL ASSETS

	Dec 31 2003 PLN ‘000	Dec 31 2002 PLN ‘000	Dec 31 2001 PLN ‘000
In subsidiary undertakings, including:	**1,818**	**557**	**561**
- shares and other equity interests	1,818	557	561
In other undertakings, including:	**369**	**511**	**35**
- shares and other equity interests	47	40	35
- loans advanced	322	471	-
Total long-term financial assets	**2,187**	**1,068**	**596**

The Company does not apply the equity method to valuate shares in subordinated undertakings.

The use of the equity method to valuate shares in subordinated undertakings as at the balance-sheet date would have the following financial effects:

as at Dec 31 2003 (PLN ‘000)

Undertaking	% of share capital held	Book value of shares/equity interest	Value based on equity method	Effect on the financial result for the period
Inter Cars Ukraina Sp. z o.o.	70%	136	-	-
Q-Service Sp. z o.o.	100%	416	435	8
Eltek Sp. z o.o.	100%	1,266	1,336	70
TOTAL		**1,818**	**1,771**	**78**

as at Dec 31 2002 (PLN ‘000)

Undertaking	% of share capital held	Book value of shares/equity interest	Value based on equity method	Effect on the financial result for the period
Inter Cars Ukraina Sp. z o.o.	70%	141	-	-86
Q-Service Sp. z o.o.	100%	416	427	-5
TOTAL		**557**	**427**	**-91**

as at Dec 31 2001 (PLN ‘000)

Undertaking	% of share capital held	Book value of shares/equity interest	Value based on equity method	Effect on the financial result for the period
Inter Cars Ukraina Sp. z o.o.	70%	145	86	-59
Q-Service Sp. z o.o.	100%	416	432	16
TOTAL		**561**	**518**	**-43**

Note 4a

CHANGE IN LONG-TERM FINANCIAL ASSETS (BY TYPE)

	12 months to Dec 31 2003 PLN '000	12 months to Dec 31 2002 PLN '000	12 months to Dec 31 2001 PLN '000
Subsidiary undertakings valued at acquisition cost			
Balance at beginning of period	**557**	**561**	**559**
Increase (acquisition of shares)	1,261	-4	2
Balance at end of period	**1,818**	**557**	**561**
Other undertakings			
Balance at beginning of period	**511**	**35**	**-**
Increase	85	476	35
Decrease	227	-	**-**
Balance at end of period	**369**	**511**	**35**
Total balance at end of period	**2,187**	**1,068**	**596**

Note 4b

SHARES (EQUITY INTERESTS) IN SUBORDINATED UNDERTAKINGS – as at Dec 31 2001

Undertaking (form of incorporation)	Principal place of business	Business profile	Nature of capital link (subsidiary, co-subsidiary, associated undertakings; direct or indirect links)	Consolidation method (consolidation method / equity method valuation or indication that a given undertaking is not consolidated/valued with equity method	Date of control take-over / date from which significant control is exercised	Value of shares/equity interests at acquisition cost (PLN '000)	Total revaluation write-offs	Book value of shares/ equity interests	% of share capital held	% of total vote at GM
Inter Cars Ukraina Sp. z o.o.	Khmelnytsky, Ukraine	Sale of car parts and accessories for motor vehicles	subsidiary	Not consolidated pursuant to Art. 56 and Art. 58 of the Accountancy Act	April 2000	101	-	145	70%	70%
Q-Service Sp. z o.o.	Cząstków Mazowiecki	Education, lease of plant and equipment, production of motor vehicles, trailers, semi-trailers, financial intermediation	subsidiary	Not consolidated pursuant to Art. 56 and Art. 58 of the Accountancy Act	April 2000	416	-	416	100%	100%

Undertaking	Shareholders' equity, including:						Liabilities and provisions for liabilities, including:			Accounts receivable, including:			Total assets	Sales revenue	Dividends received or due for past financial year	Fixed assets	Average workforce (number of employees)
		share capital	reserve funds	other shareholders' equity, including:	(accumulated loss)/retained profit brought forward	net profit /(loss)		long-term liabilities	short-term liabilities		long-term accounts receivable	short-term accounts receivable					
Inter Cars Ukraina Sp. z o.o.	123	215	-	-92	-	-92	4,529	-	4,529	1,976	-	1,976	4,652	9,397	-	291	12
Q-Service Sp. z o.o.	432	415	-	17	-	17	10	-	10	30	-	30	443	18	-	-	-

Note 4b (continued)

SHARES (EQUITY INTERESTS) IN SUBORDINATED UNDERTAKINGS – as at Dec 31 2002

Undertaking (form of incorporation)	Principal place of business	Business profile	Nature of capital link (subsidiary, co-subsidiary, associated undertakings; direct or indirect links)	Consolidation method (consolidation method / equity method valuation or indication that a given undertaking is not consolidated/valued with equity method	Date of control take-over / date from which significant control is exercised	Value of shares/equity interests at acquisition cost (PLN '000)	Total revaluation write-offs	Book value of shares/ equity interests	% of share capital held	% of total vote at GM
Inter Cars Ukraina Sp. z o.o.	Khmelnytsky, Ukraine	Sale of car parts and accessories for motor vehicles	subsidiary	Not consolidated pursuant to Art. 56 and Art. 58 of the Accountancy Act	April 2000	101	-	141	70%	70%
Q-Service Sp. z o.o.	Cząstków Mazowiecki, Poland	Education, lease of plant and equipment, production of motor vehicles, trailers, semi-trailers, financial intermediation	subsidiary	Not consolidated pursuant to Art. 56 and Art. 58 of the Accountancy Act	April 2000	416	-	416	100%	100%

Undertaking	Shareholders' equity, including:						Liabilities and provisions for liabilities, including:			Accounts receivable, including:			Total assets	Sales revenue	Dividends received or due for past financial year	Fixed assets	Average workforce (number of employees)
		share capital	reserve funds	other shareholders' equity, including:	(accumulated loss)/retained profit brought forward	net profit /(loss)		long-term liabilities	short-term liabilities		long-term accounts receivable	short-term accounts receivable					
Inter Cars Ukraina Sp. z o.o.	-1,452	251	-	-1,703	-199	-1,504	9,350	-	9,350	2,906	-	2,906	7,898	20,110	-	426	14
Q-Service Sp. z o.o.	427	415	17	-5	-1	-4	3	-	3	12	-	12	430	71	-	1	-

Note 4b (continued)

SHARES (EQUITY INTERESTS) IN SUBORDINATED UNDERTAKINGS – as at Dec 31 2003

Undertaking (form of incorporation)	Principal place of business	Business profile	Nature of capital link (subsidiary, co-subsidiary, associated undertakings; direct or indirect links)	Consolidation method (consolidation method / equity method valuation or indication that a given undertaking is not consolidated/valued with equity method	Date of control take-over / date from which significant control is exercised	Value of shares/equity interests at acquisition cost (PLN '000)	Total revaluation write-offs	Book value of shares/ equity interests	% of share capital held	% of total vote at GM
Inter Cars Ukraina Sp. z o.o.	Khmelnytsky, Ukraine	Sale of car parts and accessories for motor vehicles	subsidiary	Not consolidated pursuant to Art. 56 and Art. 58 of the Accountancy Act	April 2000	101	-	136	70%	70%
Q-Service Sp. z o.o.	Cząstków Mazowiecki, Poland	Education, lease of plant and equipment, production of motor vehicles, trailers, semi-trailers, financial intermediation	subsidiary	Not consolidated pursuant to Art. 56 and Art. 58 of the Accountancy Act	April 2000	416	-	416	100%	100%
Eltek Sp. z o.o.	Słupsk, Poland	Reconditioning of car parts	subsidiary	Not consolidated pursuant to Art. 56 and Art. 58 of the Accountancy Act	July 2003	1,266	-	1,266	100%	100%

Undertaking	Shareholders' equity, including:						Liabilities and provisions for liabilities, including:			Accounts receivable, including:			Total assets	Sales revenue	Dividends received or due for past financial year	Fixed assets	Average workforce (number of employees)
		share capital	reserve funds	other shareholders' equity, including:	(accumulated loss)/retained profit brought forward	net profit /(loss)		long-term liabilities	short-term liabilities		long-term accounts receivable	short-term accounts receivable					
Inter Cars Ukraina Sp. z o.o	-780	223	-	-1,003	-852	-151	8,961	-	8,961	2,476	-	2,476	8,181	20,721	-	380	50
Q-Service Sp. z o.o.	435	415	12	8	-	8	3	-	3	14	-	14	438	-	-	1	-
Eltek Sp. z o.o.	1,336	1,250	13	73	-	73	1,627	-	1,627	827	-	827	2,963	1,389	-	1,258	27

Note 4c
SHARES AND EQUITY INTERESTS IN OTHER UNDERTAKINGS

Undertaking (form of incorporation)	Principal place of business	Business profile	Balance-sheet value of equity interests/ shares (PLN '000)	Shareholders' equity, including:	share capital	% of share capital held	% of total vote at GM	Equity interests/shares not paid for	Dividends received or due for last financial year
ATR International AG	Stuttgart/ Germany	Strengthening of the position of the Company shareholders in terms of competitiveness on their local markets	47	613	613	7.7%	7.7%	-	-

Note 4d
SECURITIES, EQUITY INTERESTS AND OTHER LONG-TERM FINANCIAL ASSETS (BY CURRENCY)

	Dec 31 2003	Dec 31 2002	Dec 31 2001
	PLN '000	PLN '000	PLN '000
In Polish currency	2,004	887	416
In foreign currencies (by currency and restated in PLN)	183	181	180
- foreign currency (EUR '000)	10	10	10
- restated (PLN '000)	47	40	35
- foreign currency (USD '000)	37	37	37
- restated (PLN '000)	136	141	145
Total securities, equity interests and other long-term financial assets	**2,187**	**1,068**	**596**

Note 4e
SECURITIES, EQUITY INTERESTS AND OTHER LONG-TERM FINANCIAL ASSETS (BY MARKETABILITY)

	Dec 31 2003	Dec 31 2002	Dec 31 2001
	PLN '000	PLN '000	PLN '000
Freely marketable, not traded on regulated market (balance-sheet value)	**2,187**	**1,068**	**596**
Shares (balance-sheet value)	1,865	597	596
Other (loans advanced)	322	471	-
Total value at acquisition cost	2,148	1,031	559
Total value at beginning of period	**1,068**	**596**	**559**
Total balance-sheet value	**2,187**	**1,068**	**596**

Note 4f

LONG-TERM LOANS ADVANCED (BY CURRENCY)

	Dec 31 2003 PLN '000	Dec 31 2002 PLN '000	Dec 31 2001 PLN '000
a) In Polish currency	322	471	-
Total long-term loans advanced	**322**	**471**	**-**

Note 5

STOCKS

	Dec 31 2003 PLN '000	Dec 31 2002 PLN '000	Dec 31 2001 PLN '000
Materials	-	48	67
Goods for resale	130,684	91,404	55,374
Prepaid deliveries	-	-	40
Total stocks	**130,684**	**91,452**	**55,481**

As at the balance sheet date (December 31st 2003), stocks valued at PLN 84,000 thousand served as security for the loans listed in Note 14b.

In 2001, the Company made a revaluation write-off on stocks in the amount of PLN 175 thousand. All the stocks subject to the revaluation were sold in 2002. In 2002 and 2003, the Company did not make any revaluation write-offs related to stocks.

Note 6

SHORT-TERM ACCOUNTS RECEIVABLE

	Dec 31 2003 PLN '000	Dec 31 2002 PLN '000	Dec 31 2001 PLN '000
From related undertakings	**9,213**	**8,910**	**4,767**
- trade debtors (by maturity):	9,213	8,910	4,767
- up to 1 year	9,213	8,910	4,767
from other undertakings:	**45,854**	**32,782**	**29,850**
- trade debtors (by maturity):	37,167	26,481	26,063
- up to 1 year	37,167	26,481	26,063
- tax, subsidy, duty, social security, health care and other benefits receivable	8,570	5,463	2,876
- other	117	838	911
Total net short-term accounts receivable	**55,067**	**41,692**	**34,617**
revaluation write-offs on short-term accounts receivable	1,658	1,572	2,041
Total gross short-term accounts receivable	**56,725**	**43,264**	**36,658**

Note 6a

SHORT-TERM ACCOUNTS RECEIVABLE FROM RELATED UNDERTAKINGS

	Dec 31 2003 PLN '000	Dec 31 2002 PLN '000	Dec 31 2001 PLN '000
Trade debtors, including:	**9,213**	**8,910**	**4,767**
- from subsidiary undertakings	9,213	8,910	4,767
Total net short-term accounts receivable form related undertakings	**9,213**	**8,910**	**4,767**
Total gross short-term accounts receivable form related undertakings	**9,213**	**8,910**	**4,767**

Note 6b

CHANGE IN REVALUATION WRITE-OFFS ON SHORT-TERM ACCOUNTS RECEIVABLE

	12 months to Dec 31 2003 PLN '000	12 months to Dec 31 2002 PLN '000	12 months to Dec 31 2001 PLN '000
Balance at beginning of period	**1,572**	**2,041**	**717**
Increase:	496	-	1,343
- created provisions	496	-	1,343
Decrease:	410	469	19
- use	410	469	19
Balance of revaluation write-offs on short-term accounts receivable at end of period	**1,658**	**1,572**	**2,041**

Note 6c

GROSS SHORT-TERM ACCOUNTS RECEIVABLE (BY CURRENCY)

	Dec 31 2003 PLN '000	Dec 31 2002 PLN '000	Dec 31 2001 PLN '000
In Polish currency	41,040	29,424	30,158
In foreign currencies (by currency and restated in PLN)	15,685	13,840	6,500
a) foreign currency (EUR '000)	3,277	3,214	1,797
restated (PLN '000)	15,376	12,904	6,326
b) foreign currency (USD '000)	83	244	43
restated (PLN '000)	309	936	174
Total gross short-term accounts receivable	**56,725**	**43,264**	**36,658**

As at December 31st 2001, the Company had accounts receivable expressed in Deutsch Marks, which in the note above were translated into the euro at the exchange rate: EUR 1 : DEM 1.95583 and presented as euro accounts receivable.

Note 6d

MATURITY STRUCTURE OF GROSS TRADE DEBTORS – AS FROM THE BALANCE-SHEET DATE:

	Dec 31 2003 PLN '000	Dec 31 2002 PLN '000	Dec 31 2001 PLN '000
Up to 1 month	18,795	13,353	11,439
From 1 month to 3 months	6,464	6,675	6,059
From 3 months to 6 months	367	28	25
From 6 months to 1 year	156	190	173
Past due trade debtors	22,256	16,717	15,175
Total gross trade debtors	**48,038**	**36,963**	**32,871**
Revaluation write-offs on trade debtors	1,658	1,572	2,041
Total net trade debtors	**46,380**	**35,391**	**30,830**

The maturities of trade debtors from 1 to 60 days result from the ordinary course of trade.

Note 7

GROSS PAST DUE TRADE DEBTORS – BY PERIOD OF DELAY

	Dec 31 2003 PLN '000	Dec 31 2002 PLN '000	Dec 31 2001 PLN '000
Up to 3 months	15,297	12,589	11,428
From 3 months to 6 months	4,410	2,002	1,817
From 6 months to 1 year	899	715	649
Over 1 year	1,650	1,411	1,281
Total gross past due trade debtors	**22,256**	**16,717**	**15,175**
Revaluation write-offs on past due trade debtors	1,658	1,572	2,041
Total net past due trade debtors	**20,598**	**15,145**	**13,134**

Note 7 (continued)

GROSS PAST DUE TRADE DEBTORS – BY PERIOD OF DELAY

Accounts receivable under court proceedings

	Dec 31 2003 PLN '000	Dec 31 2002 PLN '000	Dec 31 2001 PLN '000
Gross accounts receivable	1,706	1,111	824
Provision	1,538	1,111	824
Net accounts receivable under court proceedings	**168**	**-**	**-**

Note 8
SHORT-TERM FINANCIAL ASSETS

	Dec 31 2003 PLN '000	Dec 31 2002 PLN '000	Dec 31 2001 PLN '000
In other undertakings	**2,042**	**979**	**-**
- loans advanced	2,042	979	-
Cash and cash equivalents	**5,075**	**3,137**	**2,565**
- cash in hand and at banks	4,598	2,437	2,300
- cash in transit	439	472	265
- other cash	38	228	-
Total short-term financial assets	**7,117**	**4,116**	**2,565**

Note 8a
SECURITIES, EQUITY INTERESTS AND OTHER SHORT-TERM FINANCIAL ASSETS (BY CURRENCY)

	Dec 31 2003 PLN '000	Dec 31 2002 PLN '000	Dec 31 2001 PLN '000
In Polish currency	7,090	2,838	935
in foreign currencies (by currency and restated in PLN)	27	1,278	1,630
a) foreign currency (EUR '000)	3	92	406
Restated in PLN '000	12	370	1,430
b) foreign currency (USD '000)	4	237	50
Restated in PLN '000	15	908	200
Total securities, equity interests and other short-term financial assets	**7,117**	**4,116**	**2,565**

Note 8b
SECURITIES, EQUITY INTERESTS AND OTHER SHORT-TERM FINANCIAL ASSETS (BY MARKETABILITY)

	Dec 31 2003 PLN '000	Dec 31 2002 PLN '000	Dec 31 2001 PLN '000
With limited marketability, not traded on regulated market (balance-sheet value):	**7,117**	**4,116**	**2,565**
Valuation of retained performance guarantee deposits	-	-	-
Total balance-sheet value	**7,117**	**4,116**	**2,565**

Note 8c
SHORT-TERM LOANS ADVANCED (BY CURRENCY)

	Dec 31 2003 PLN '000	Dec 31 2002 PLN '000	Dec 31 2001 PLN '000
In Polish currency	2,042	979	-
Total short-term loans advanced	**2,042**	**979**	**-**

Note 8d
CASH AND CASH EQUIVALENTS (BY CURRENCY)

	Dec 31 2003 PLN '000	Dec 31 2002 PLN '000	Dec 31 2001 PLN '000
In Polish currency	5,048	1,859	935
In foreign currencies (by currency and restated in PLN)	27	1,278	1,630
a) foreign currency (EUR '000)	3	92	406
Restated in PLN '000	12	370	1,430
b) foreign currency (USD '000)	4	237	50
Restated in PLN '000	15	908	200
Total cash and cash equivalents	**5,075**	**3,137**	**2,565**

Note 9
SHORT-TERM PREPAYMENTS AND ACCRUED INCOME

	Dec 31 2003 PLN '000	Dec 31 2002 PLN '000	Dec 31 2001 PLN '000
Prepayments, including:	**188**	**174**	**178**
Subscription	1	4	3
Insurance	72	129	126
Software technical assistance	82	-	-
Cost of organisation and expansion of operations	5	13	20
Other	28	28	29
Total short-term prepayments and accrued income	**188**	**174**	**178**

Note 10
REVALUATION WRITE-OFFS FOLLOWING FROM PERMANENT IMPAIRMENT IN VALUE AS AT DECEMBER 31ST 2003

In 2001–2003, the Company made revaluation write-offs on assets, resulting from permanent impairment in value, in accordance with the adopted accounting policy. The revaluation write-offs were made or reversed on the following groups of assets:

Short-term accounts receivable

Revaluation write-offs on accounts receivable are disclosed in Note 6, 6b and 21.

Revaluation write-offs resulted mainly from deterioration of the age structure of accounts receivable or of debtors' financial standing.

Revaluation write-offs are reversed mainly after the account receivable concerned has been paid.

Note 11
SHARE CAPITAL (STRUCTURE)

Series / issue	Type of shares	Type of preference	Type of restrictions	Number of shares	Par value of series / issue [PLN '000]	Type of contribution	Registration date	Dividend right (since)
A/ 0001-4000	Registered	None	None	4,000	400.00	Cash	May 28 1999	May 28 1999
B/ 4001-157912	Registered	None	None	153,912	15,391.20	Cash	Aug 18 1999	May 28 1999
C/ 157913- 160000	Registered	None	None	2,088	208.80	Cash	Sep 28 1999	May 28 1999
D/ 160001-203077	Ordinary bearer	None	None	43,077	4,307.70	Cash	Aug 28 2001	Jan 1 2001
E/ 203078-236422	Ordinary bearer	None	None	33,345	3,334.50	Cash	Jun 6 2002	Jan 1 2002
Total number of shares				**236,422**				
Total share capital					**23,642.20**			
Par value per share PLN 100								

As at this Prospectus date, all the shares were registered.

Note 11 (continued)

SHARE CAPITAL (OWNERSHIP STRUCTURE)

Shareholders of Inter Cars as at December 31st 2003:

	Number of votes held	Share in total vote
Krzysztof Oleksowicz	96,000	40.61%
NFI Fortuna SA	53,494	22.62%
Andrzej Oliszewski	32,000	13.54%
NFI Fund.1 SA	22,928	9.69%
Jolanta Oleksowicz	16,000	6.77%
Piotr Oleksowicz	16,000	6.77%
	236,422	**100.00%**

Note 12

RESERVE FUNDS

	Dec 31 2003	Dec 31 2002	Dec 31 2001
	PLN '000	PLN '000	PLN '000
Share premium account	21,416	21,416	10,448
Statutory reserve funds	20,268	9,174	1,539
Total reserve funds	**41,684**	**30,590**	**11,987**

Note 13

CHANGE IN DEFERRED INCOME TAX PROVISION

	12 months to Dec 31 2003 PLN '000	12 months to Dec 31 2002 PLN '000	12 months to Dec 31 2001 PLN '000
Balance of deferred income tax provision at beginning of period, including:	**1,285**	**60**	**507**
Charged to financial result	1,285	60	507
- timing differences on investment tax credit used	662	405	110
- decrease of operating expenses recognised for taxation purposes when invoiced	1,494	102	231
- unrealised foreign exchange differences	-244	445	893
- provision for revaluation of trade debtors	-426	-572	-201
- provision for holidays and retirement severance pays	-144	-188	-148
- provision for services received but not invoiced	-57	-110	-43
- accrued interest not paid	-	-22	-289
- tax loss carried forward	-	-	-46
Increase, including:	**615**	**1,451**	**568**
Charged to financial result	615	1,451	568
- timing differences on investment tax credit used	-	257	295
- decrease of operating expenses recognised for taxation purposes when invoiced	1,487	1,494	102
- unrealised foreign exchange differences	-701	-244	445
- provision for revaluation of trade debtors	-	146	-
- provision for holidays and retirement severance pays	-104	-144	-188
- provision for services received but not invoiced	-67	-58	-110
- accrued interest not paid	-	-	-22
- tax loss carried forward	-	-	46
Decrease, including:	**1,178**	**226**	**1,015**
Charged to financial result	1,178	226	1,015
- timing differences on investment tax credit used	239	-	-
- decrease of operating expenses recognised for taxation purposes when invoiced	1,494	102	231
- unrealised foreign exchange differences	-244	445	893
- provision for revaluation of trade debtors	-110	-	371
- provision for holidays and retirement severance pays	-144	-188	-148
- provision for services received but not invoiced	-57	-111	-43
- accrued interest not paid	-	-22	-289
Including change in tax rate	*-45*	*5*	

Note 13 (continued)

CHANGE IN DEFERRED INCOME TAX PROVISION

Total balance of deferred income tax provision at end of period	**722**	**1 285**	**60**
Timing differences serving as basis for computing deferred income tax provision at end of period, including:	722	1,285	60
- timing differences on investment tax credit used	423	662	405
- decrease of operating expenses recognised for taxation purposes when invoiced	1,487	1,494	102
- unrealised foreign exchange differences	-701	-244	445
- provision for revaluation of trade debtors	-316	-426	-572
- provision for holidays and retirement severance pays	-104	-144	-188
- provision for services received but not invoiced	-67	-57	-110
- accrued interest not paid	-	-	-22

Deferred tax assets and deferred income tax provisions are disclosed in the balance sheets as at December 31st 2003, December 31st 2002 and December 31st 2001 in net amount under deferred income tax provisions: PLN 722,000, PLN 1,285,000 and PLN 60,000, respectively.

Note 13a

CHANGE IN LONG-TERM PROVISIONS FOR RETIREMENT AND RELATED BENEFITS (BY CATEGORY)

	12 months to Dec 31 2003 PLN '000	12 months to Dec 31 2002 PLN '000	12 months to Dec 31 2001 PLN '000
Balance at beginning of period	**9**	**82**	**-**
- retirement severance pays	9	82	-
Increase:	**-**	**9**	**82**
- retirement severance pays	-	9	82
Release:	**9**	**82**	**-**
- retirement severance pays	9	82	-
Balance at end of period	**-**	**9**	**82**
- retirement severance pays	-	9	82

Note 13b
CHANGE IN OTHER SHORT-TERM PROVISIONS (BY CATEGORY)

	Dec 31 2003	Dec 31 2002	Dec 31 2001
	PLN '000	PLN '000	PLN '000
Balance at beginning of period	**87**	**-**	**-**
- provisions for court proceedings	87	-	-
Increase:	**23**	**87**	**-**
- creation of provision for court proceedings	23	87	-
Balance at end of period	**111**	**87**	**-**
- provisions for court proceedings	111	87	-

Note 13c
LONG-TERM LIABILITIES

	Dec 31 2003	Dec 31 2002	Dec 31 2001
	PLN '000	PLN '000	PLN '000
To subsidiary undertakings	**380**	**380**	**380**
- loans and borrowings	380	380	380
To other undertakings	**-**	**6,091**	**12,182**
- loans and borrowings	-	6,091	12,182
Total long-term liabilities	**380**	**6,471**	**12,562**

Note 13d
MATURITY STRUCTURE OF LONG-TERM LIABILITIES AS FROM THE BALANCE-SHEET DATE

	Dec 31 2003	Dec 31 2002	Dec 31 2001
	PLN '000	PLN '000	PLN '000
Maturity structure of long-term liabilities as from the balance-sheet date			
a) from 1 year to 3 years	380	6,471	12,562
b) from 3 years to 5 years	-	-	-
c) over 5 years	-	-	-
Total long-term liabilities	**380**	**6,471**	**12,562**

Note 13e
LONG-TERM LIABILITIES (BY CURRENCY)

	Dec 31 2003	Dec 31 2002	Dec 31 2001
	PLN '000	PLN '000	PLN '000
a) in Polish currency	380	6,471	12,562
b) in foreign currencies (by currency and restated in PLN)	-	-	-
Total long-term liabilities	**380**	**6,471**	**12,562**

Note 13f

LONG-TERM LIABILITIES UNDER LOANS AND BORROWINGS (as at December 31st 2003)

As at December 31st 2003 (the balance-sheet date), the sole long-term liability was a PLN 380,000 loan from Q-Service Sp. z o.o. of Cząstków Mazowiecki. Under the loan agreement, the interest accrues on a monthly basis at 1M WIBOR for deposits revalued on the last business day of each subsequent month. The loan matures on January 31st 2005.

Note 14

SHORT-TERM LIABILITIES

	Dec 31 2003	Dec 31 2002	Dec 31 2001
	PLN '000	PLN '000	PLN '000
To subsidiary undertakings	**20**	**2**	**-**
Trade creditors (by maturity)	20	2	-
- up to 1 year	20	2	-
To other undertakings	**169,093**	**113,641**	**86,706**
- loans and borrowings	82,209	53,733	30,205
- trade creditors (by maturity)	85,921	58,984	48,561
- up to 1 year	85,921	58,984	48,561
-tax, duty, social security and other benefits payable	953	922	2,210
- salaries and wages payable	1	-	-
- other	9	4	5,730
- other	9	4	5,730
Special accounts – Social Benefits Fund	**272**	**229**	**104**
Total short-term liabilities	**169,385**	**113,872**	**86,810**

The amount disclosed in the financial statements as at December 31st 2003 under the "other" item refers to liabilities to a factoring firm.

Note 14a

SHORT-TERM LIABILITIES (BY CURRENCY)

	Dec 31 2003	Dec 31 2002	Dec 31 2001
	PLN '000	PLN '000	PLN '000
In Polish currency	96,168	60,836	50,529
In foreign currencies (by currency and restated in PLN)	73,217	53,036	36,281
a) foreign currency (EUR '000)	15,187	12,929	10,150
Restated in PLN '000	71,638	51,909	35,748
b) foreign currency (USD '000)	419	294	134
Restated in PLN '000	1,569	1,127	533
c) foreign currency (GBP '000)	-3	-	-
Restated in PLN '000	-18	-	-
d) foreign currency (JPY '000)	787	-	-
Restated in PLN '000	27	-	-
e) foreign currency (NOK '000)	2	-	-
Restated in PLN '000	1	-	-
Total short-term liabilities	**169,385**	**113,872**	**86,810**

Note 14b

LIABILITIES UNDER LOANS AND BORROWINGS (as at December 31st 2003)

Bank	Principal place of business	Amount of loan under agreement		Outstanding amount of loan		Interest	Maturity	Collateral
		currency	PLN '000	currency	PLN '000			
WBK Bank Zachodni SA	Wrocław	-	15,000	-	14,985	1M WIBOR + bank margin	Aug 30 2004	Registered pledge on stocks, blank promissory note
Pekao SA	Warsaw	-	19,000	-	15,072	1M WIBOR + bank margin	Dec 31 2004	Transfer of goods, blank promissory note
Pekao SA	Warsaw	-	6,091	-	6,091	3M WIBOR + bank margin	Dec 31 2004	Mortgage, blank promissory note
Raiffeisen Bank Polska SA	Warsaw		50,000	-	24,303	1M WIBOR + bank margin	Sep 30 2004	Registered pledge on stocks, blank promissory note
				EUR 4,637	21,758			
Including:								
- short-term				4,637	82,209			
Total			**90,091**	**4,637**	**82,209**			

As at December 31st 2003, a portion of the debt under the loan advanced by Raiffeisen Bank Polska SA (in the amount of EUR 4,637,000) was denominated in the euro.

Note 15

OTHER ACCRUALS AND DEFERRED INCOME

	Dec 31 2003	Dec 31 2002	Dec 31 2001
	PLN '000	PLN '000	PLN '000
Accrued expenses	**1,200**	**1,396**	**635**
- short-term:			
Services provided but not invoiced	652	871	47
Provision for holidays	548	525	588
Deferred income	**-**	**-**	**-**
Total other accruals and deferred income	**1,200**	**1,396**	**635**

Note 16
BOOK VALUE PER SHARE AND DILUTED BOOK VALUE PER SHARE

	Dec 31 2003	Dec 31 2002	Dec 31 2001
Book value (PLN '000)	75,355	65,326	41,534
Number of shares	236,422	236,422	203,077
Book value per share (PLN)	**318.73**	**276.31**	**204.52**
Diluted number of shares	236,422	236,422	203,077
Diluted book value per share (PLN)	**318.73**	**276.31**	**204.52**

Book value per share is a quotient of the book value (net assets) and number of shares.

Note 17
CONTINGENT LIABILITIES / ACCOUNTS RECEIVABLE

No guarantees or sureties were granted by the Company in the periods concerned.

Note 18
NET REVENUE ON SALES OF GOODS FOR RESALE AND MATERIALS (BY TYPE AND ACTIVITY)

	12 months to Dec 31 2003 PLN '000	12 months to Dec 31 2002 PLN '000	12 months to Dec 31 2001 PLN '000
Revenue on sales of goods for resale and materials, including:			
- for cars	357,409	262,082	190,519
- for trucks	75,931	47,304	42,669
- other	13,182	5,250	993
Total revenue on sales of goods for resale and materials, including:	**446,522**	**314,636**	**234,181**
- from related undertakings	*15,065*	*15,879*	*8,267*
Total net revenue on sales of goods for resale and materials	**446,522**	**314,636**	**234,181**

Note 18a
NET REVENUE ON SALES OF GOODS FOR RESALE AND MATERIALS (GEOGRAPHICAL STRUCTURE)

	12 months to Dec 31 2003 PLN '000	12 months to Dec 31 2002 PLN '000	12 months to Dec 31 2001 PLN '000
Domestic market, including:	310,983	211,596	176,015
- from related undertakings	45	-	16
Exports, including:	135,539	103,040	58,166
- from related undertakings	15,020	15,879	8,251
Total net revenue on sales of goods for resale and materials	**446,522**	**314,636**	**234,181**

Note 19
COSTS BY TYPE

	12 months to Dec 31 2003 PLN '000	12 months to Dec 31 2002 PLN '000	12 months to Dec 31 2001 PLN '000
Depreciation and amortisation	9,229	6,710	3,978
Raw materials and energy used	3,061	2,696	2,480
Contracted services, including:	49,440	30,310	18,551
distribution services	*34,445*	*19,214*	*7,364*
Taxes and charges	1,483	1,474	884
Salaries and wages	17,235	15,809	15,072
Social security and other benefits	3,447	3,418	3,967
Other costs by type	5,348	4,505	2,702
Total costs by type	**89,243**	**64,922**	**47,634**
Selling costs	-59,646	-48,137	-39,117
General and administrative expenses	-29,597	-16,785	-8,517
Cost of products sold	**-**	**-**	**-**

Note 20
OTHER OPERATING INCOME

	12 months to Dec 31 2003 PLN '000	12 months to Dec 31 2002 PLN '000	12 months to Dec 31 2001 PLN '000
Released provisions	**-**	**-**	**-**
Other, including:	**2,086**	**1,390**	**164**
complaints accepted by suppliers	1,272	968	16
profit on disposal of non-financial fixed assets	171	75	137
received compensation, penalties and fines	109	240	-
subsidies	30	25	-
amounts charged to affiliate branches	280	-	-
other	224	82	11
Total other operating income	**2,086**	**1,390**	**164**

Note 21
OTHER OPERATING EXPENSES

	12 months to Dec 31 2003 PLN '000	12 months to Dec 31 2002 PLN '000	12 months to Dec 31 2001 PLN '000
Created provisions, including:	**519**	**87**	**1,343**
revaluation write-offs on accounts receivable	496	-	1 343
provision for costs related to court proceedings	23	87	-
Other, including:	**1,163**	**611**	**878**
inventory deficits	333	213	344
damaged goods	510	280	176
costs of complaints	112	104	328
other	208	14	30
Total other operating expenses	**1,682**	**698**	**2,221**

Note 22a
INTEREST INCOME

	12 months to Dec 31 2003 PLN '000	12 months to Dec 31 2002 PLN '000	12 months to Dec 31 2001 PLN '000
Other interest	**656**	**263**	**480**
- from other undertakings	656	263	480
Total interest income	**656**	**263**	**480**

Note 22b
OTHER FINANCIAL INCOME

	12 months to Dec 31 2003 PLN '000	12 months to Dec 31 2002 PLN '000	12 months to Dec 31 2001 PLN '000
Foreign exchange gains, including:	**-**	**-**	**4,278**
- realised	-	-	2,690
- unrealised	-	-	1,588
Other, including:	**-**	**8**	**121**
- other	-	8	121
Total other financial income	**-**	**8**	**4,399**

Note 23
INTEREST EXPENSE

	12 months to Dec 31 2003 PLN '000	12 months to Dec 31 2002 PLN '000	12 months to Dec 31 2001 PLN '000
On loans and borrowings	**4,382**	**5,954**	**8,122**
- to related undertakings, including:	22	75	196
- to subsidiary undertakings	*22*	*75*	*196*
- to other undertakings	4,360	5,879	7,926
Other interest	**-**	**69**	**-**
- to other undertakings	-	69	-
Total interest expense	**4,382**	**6,023**	**8,122**

Note 24
OTHER FINANCIAL EXPENSES

	12 months to Dec 31 2003 PLN '000	12 months to Dec 31 2002 PLN '000	12 months to Dec 31 2001 PLN '000
Net foreign exchange losses	**8,668**	**3,473**	**-**
- realised	4,981	2,570	-
- unrealised	3,687	903	-
Other, including:	**332**	**327**	**676**
- commissions on loans and borrowings	320	319	581
- other	12	8	95
Total other financial expenses	**9,000**	**3,800**	**676**

Note 25

In the financial year, the Company did not sell any shares in subsidiary, co-subsidiary or associated undertakings.

Note 26
CURRENT CORPORATE INCOME TAX

	12 months to Dec 31 2003 PLN '000	12 months to Dec 31 2002 PLN '000	12 months to Dec 31 2001 PLN '000
Pre-tax profit	14,045	13,834	9,942
Differences between pre-tax profit/(loss) and taxable income			
Costs not carried as cost of sales	7,414	4,405	5,824
Non-taxable Income	-4,498	-5,864	-2,819
Loss brought forward	-	-	-165
Investment tax credit	-	-1,238	-1,278
Share in profit of legal persons			
Taxable income	**16,961**	**11,138**	**11,504**
Corporate income tax at 27% / 28% / 28% rate	**4,579**	**3,119**	**3,221**

Note 26a
DEFERRED INCOME TAX DISCLOSED IN PROFIT AND LOSS ACCOUNT

	12 months to Dec 31 2003 PLN '000	12 months to Dec 31 2002 PLN '000	12 months to Dec 31 2001 PLN '000
Decrease (increase) attributable to occurrence and reversal of timing differences	-563	1 225	-447
Total deferred income tax	**-563**	**1 225**	**-447**

Note 27
DISTRIBUTION OF PROFIT

Net profit for the financial year from January 1st to December 31st 2003 amounted to PLN 10,028,944.02. The Executive Board recommends allocation of 80% of the net profit for the current period to reserve funds and 20% of the net profit to dividend payment.

By virtue of a resolution of the General Shareholders Meeting, the 2002 net profit totalling PLN 11,094 thousand was distributed as follows:

	PLN '000
Reserve funds	11,094
- from distribution of profit	*11,094*
Total	**11,094**

By virtue of Resolution No. 14 by the General Shareholders Meeting of April 9th 2002 (Rep. A No. 184/2002) the 2001 profit of Inter Cars, totalling PLN 8,064 thousand, was allocated to the Company's reserve funds.

	PLN '000
Reserve funds	8,064
- from distribution of profit	*8,064*
Total	**8,064**

Note 28

COMPUTATION OF EARNINGS PER SHARE

Year	Period	Number of days	Weight	Number of shares	Average weighted number of shares	Net profit	Earnings per share	Earnings per share after dividend
2001	Jan 1 2001–Aug 28 2001	240	0.6575	160,000	105,200			
	Aug 29 2001–Dec 31 2001	125	0.3425	203,077	69,554			
		365			**174,754**	7,168	**41.02**	**41.02**
2002	Jan 1 2002–Jun 6 2002	157	0.4301	203,077	87,343			
	Jun 7 2002–Dec 31 2002	208	0.5699	236,422	134,737			
		365			**222,080**	9,490	**42.73**	**42.73**
2003	Jan 1 2003–Dec 31 2003	365	1.00	236,422	**236,422**	10,029	**42.42**	**33.94**

Note 29

CASH AND CASH EQUIVALENTS FOR THE PURPOSE OF CASH-FLOW STATEMENT

Cash and cash equivalents include assets in the form of the domestic currency, foreign currencies and foreign currency denominated accounts receivable which may be used as a means of payment. If these assets are payable or due receivable within three months of the date of their receipt, issue, acquisition or placement (deposits), then for the purposes of preparation of the cash-flow statement they are counted as cash and cash equivalents, unless they are disclosed under investing cash flow.

	Dec 31 2003 PLN '000	%	Dec 31 2002 PLN '000	%	Dec 31 2001 PLN '000	%
Cash in hand	971	19.1%	538	17.2%	405	15.8%
Cash at banks	3,627	71.5%	1,899	60.5%	1,895	73.9%
Cash in transit	439	8.7%	472	15.0%	265	10.3%
Social Benefits Fund account	38	0.7%	228	7.3%	-	0.0%
TOTAL	**5,075**	**100.0%**	**3,137**	**100.0%**	**2,565**	**100.0%**

8.6. ADDITIONAL NOTES

8.6.1 Information on Financial Instruments

As at December 31st 2003 the Company was not a party to any agreements qualified as financial instruments.

8.6.2 Contingent Liabilities / Accounts Receivable as at December 31st 2003

As at December 31st 2003 the Company had no contingent accounts receivable or liabilities.
As at the balance sheet date no guarantees or sureties were granted by the Company.

8.6.3 Information on Financial Instruments

No.	Item	Financial assets held for trading	Financial liabilities held for trading	Loans advanced and accounts receivable	Financial assets held to maturity	Financial assets available for sale
1	**Balance at beginning of period**	**-**	**53,733**	**1,450**	**-**	**597**
2	Increase	-	28,476	914	-	1,268
	acquisition, advancement, contracting	-	28,476	914	-	1,268
4	**Balance at end of period, including:**	**-**	**82,209**	**2,364**	**-**	**1,865**
4.1	Values disclosed in the balance sheet, under the following items:	-	-	-	-	-
	Short-term liabilities – loans	-	82,209	-	-	-
	Long-term financial assets – loans advanced	-	-	322	-	-
	Short-term financial assets – loans advanced	-	-	2,042	-	-
	Long term financial assets – shares and equity interests	-	-	-	-	1,865

8.6.4 Overview of Financial Instruments

Financial instrument is understood as a contract under which a financial asset accrues to one party and a financial liability or an equity instrument accrues to the other party, provided that the contract, executed by two or more parties, clearly gives rise to economic effects, irrespective of whether the exercise of rights or discharge of liabilities under the contract is unconditional or conditional.

The following are not considered to be financial instruments:

a) deferred income tax provisions or assets,
b) agreements on financial guarantees under which the obligations of the guarantor are to be discharged through payment of amounts corresponding to the losses sustained by the beneficiary as a result of the debtor's failure to timely discharge its liabilities,
c) agreements on assignment of rights under securities, in the period from the date of conclusion of the agreement and the date of settlement of the transaction, if the performance of the agreement requires the delivery of securities at a specified time, also in those cases where the assignment of the rights is effected by an entry being made on the securities account managed by an entity qualified (under separate regulations) to manage securities accounts,
d) assets and liabilities arising in connection with schemes under which employees and other persons related to an entity are offered a share in the entity's profits,
e) merger agreements giving rise to obligations specified in Art. 44b.9 of the Polish Accountancy Act.

Cash and cash equivalents are understood to comprise assets in the form of the domestic currency, foreign currencies and foreign currency denominated accounts receivable which may be used as a means of payment. If these assets are receivable within three months as of the date on which the document conferring rights to them is received, issued, acquired or a term deposit is made, then for the purposes of preparation of the cash-flow statement they are counted as cash and cash equivalents, unless they are disclosed under investing cash flow.

Financial assets are understood to comprise cash and cash equivalents, equity instruments issued by other entities as well as contractual rights to obtain cash and cash equivalents or to exchange financial instruments with another entity on favourable terms.

Financial liabilities are understood as an entity's obligations to deliver financial assets or to exchange financial instruments with another entity on unfavourable terms.

Equity instruments are understood as contracts giving rise to rights to an entity's assets remaining after the satisfaction or securing of claims of all other creditors, as well as to obligation for an entity to issue or deliver its own equity instruments, including in particular shares, options for shares or warrants.

a) financial assets held for trading

Financial assets held for trading comprise financial derivatives: currency options, currency forwards and currency swaps. None of these were disclosed.

b) financial liabilities held for trading

Financial liabilities comprise short-term bank loans contracted, in the amount of PLN 82,208,834.82. Other short-term liabilities held for trading include financial derivatives such as currency options and currency forwards – none of these were disclosed.

c) Loans advanced and accounts receivable

Loans advanced and accounts receivable comprise loans advanced in 2002 and 2003: long-term loans of PLN 322,510.00, advanced to other undertakings and short-term loans of PLN 2,041,612.90, including PLN 1,274,932.26 advanced to subsidiary undertakings and PLN 766,680.64 to other undertakings.

d) Financial assets held to maturity

- none

e) Financial assets available for sale

Long-term financial assets comprise equity interests in related undertakings, worth PLN 1,817,626.50, and equity interests in other undertakings, worth PLN 46,920.00.

8.6.5 Liabilities Towards the Central or Local Budgets under Ownership Rights to Buildings and Structures

The Company had no liabilities towards the central or local budgets under ownership rights to buildings and structures.

8.6.6 Information on Revenues from and Costs of Discontinued Activity

In 2001, 2002 and 2003 no activity was discontinued by the Company.

The Company does not plan to discontinue any activity in the years to come.

8.6.7 Production Cost of Tangible Fixed Assets under Construction and Tangible Fixed Assets for Own Needs

In 2001, 2002 and 2003 the Company carried no production cost of tangible fixed assets under construction or tangible fixed assets for own needs

8.6.8 Incurred and Planned Capital Expenditure

Incurred expenditure	2003	2002	2001
Intangible fixed assets	538	197	361
Financial assets	2,179	1,450	-
Tangible fixed assets	11,016	10,076	4,533
Total	**13,733**	**11,723**	**4,894**

Capital expenditure planned by Inter Cars for 2004:

Planned expenditure	2004
Intangible fixed assets	900
Financial assets	-
Tangible fixed assets	11,350
Total	**12,250**

8.6.9 Transactions with Related Undertakings:

	Dec 31 2003	Dec 31 2002	Dec 31 2001
	PLN '000	PLN '000	PLN '000
Accounts receivable, including:			
Tow. Inter Cars Ukraine	9,160	8,908	4,764
Q-Service Sp. z o.o.	-	2	-
Eltek Sp. z o.o.	53	-	-
	9,213	**8,910**	**4,764**
Liabilities, including:			
Tow. Inter Cars Ukraine	18	-	-
Q-Service Sp. z o.o. – trade creditors	2	2	-
Q-Service Sp. z o.o. (loan)	380	380	380
Eltek Sp. z o.o.	-	-	-
	400	**382**	**380**
Revenue in the financial period, including:			
Tow. Inter Cars Ukraine	15,020	15,879	8,251
Q-Service Sp. z o.o.	2	6	16
Eltek Sp. z o.o.	43	-	-
	15,065	**15,885**	**8,267**
Costs in the financial period, including			
Tow. Inter Cars Ukraine	13,527	14,293	7,401
Q-Service Sp. z o.o.	22	65	47
Eltek Sp. z o.o.	263	-	-
	13,812	**14,358**	**7,448**

Eltek Sp. z o.o. became a related undertaking in 2003.

8.6.10 Joint Ventures not Subject to Consolidation

In the financial years 2001, 2002 and 2003, no joint ventures were executed which would not be subject to consolidation.

8.6.11 Employment

In the financial year, the average employment in the individual employment groups was as follows:

	Dec 31 2003	Dec 31 2002	Dec 31 2001
Positions related directly to production	-	-	-
Other employees	-	-	-
White collar positions	392	366	345
Average annual employment	**392**	**366**	**345**

8.6.12 Remuneration of the Executive Board and the Supervisory Board

	12 months to Dec 31 2003 PLN '000	12 months to Dec 31 2002 PLN '000	12 months to Dec 31 2001 PLN '000
Executive Board	1,817	1,634	1,283
Supervisory Board	243	250	545
Total	**2,060**	**1,884**	**1,828**

8.6.13 Transactions with Members of the Executive and Supervisory Bodies

No loans or other similar benefits were advanced to the members of the executive bodies.

No loans or other similar benefits were advanced to the members of the supervisory bodies.

As at the balance-sheet date, the Issuer has no liabilities towards the members of the Executive Board or the supervisory bodies.

8.6.14 Information on Significant Events Relating to Past Years and Disclosed in the Financial Statements for the Current Period

There were no significant events relating to past years which would be disclosed in the financial statements for the current period.

8.6.15 Events Subsequent to the Balance-Sheet Date

From the balance-sheet date to the date of the financial statements, no significant events occurred which would have an impact on the assets or financial standing of the Company.

8.6.16 List of the Differences between the Data Disclosed in these Financial Statements and the Data Presented in the Financial Statements Prepared and Published Earlier, with an Explanation of the differences; Changes in the Accounting Policies

In connection with the amendment of the Polish Accountancy Act, the Company changed its accounting policies, bringing the 2002 and 2001 data to comparability. As a result of the restatement of the data for the past years, the 2002 and 2001 net profit was decreased by PLN 1,604 thousand and PLN 896 thousand, respectively.

The table below presents the adjustments used in the restating of the data disclosed in the Company's financial statements to ensure comparability of the data disclosed in the Issue Prospectus.

8.6.16 List of the Differences between the Data Disclosed in these Financial Statements and the Data Presented in the Financial Statements Prepared and Published Earlier; Changes in the Accounting Policies (continued)

Balance sheet as at Dec 31 2001	Data as per financial statements	Adjustments									Data disclosed in the Prospectus
		1	2	3	4	5	8	9	10	11	
A. Fixed assets	48,862									(20)	48,842
I. Intangible fixed assets	5,676									(20)	5,656
III. Tangible fixed assets	42,590										42,590
III. Long-term accounts receivable	-										-
IV. Long-term investments	596										596
V. Long-term prepayments and accrued income	-										-
B. Current assets	93,503							,	(682)	20	92,841
I. Stocks	55,481										55,481
II. Short-term accounts receivable	35,299								(682)		34,617
III. Short-term investments	2,565										2,565
IV. Short-term prepayments and accrued income	158									20	178
Total assets	**142,365**								**(682)**		**141,683**
A. Shareholders' equity	39,930	1,664				(60)					41,534
I. Share capital	20,308										20,308
II. Called-up share capital not paid (-)	-										-
III. Treasury shares (-)	-										-
IV. Reserve funds	11,987										11,987
V. Revaluation capital reserve	-										-
VI. Other capital reserves	-										-
VII. (Accumulated loss)/retained profit brought forward	(429)	3,309	825	(528)	(717)	(389)					2,071
VIII. Net profit	8,064	(1,645)	(825)	528	717	329					7,168
IX. Distributions from net profit in financial year (-)	-										-
B. Liabilities and provisions for liabilities	102,435	(1,664)	,	,	,	60	,	,	(682)	,	100,149
I. Provisions for liabilities	717					60	(635)	,			142
II. Long-term liabilities	12,182							380			12,562
III. Short-term liabilities	87,190							(380)			86,810
IV. Accruals and deferred income	2,346	(1,664)					635		(682)		635
Total shareholders' equity and liabilities	**142,365**								**(682)**		**141,683**

8.6.16 List of the Differences between the Data Disclosed in these Financial Statements and the Data Presented in the Financial Statements Prepared and Published Earlier; Changes in the Accounting Policies (continued)

2001 profit and loss account	Data as per financial statements	Adjustments												Data disclosed in the Prospectus
		1	2	3	4	5	6	7	12	14	15	16	17	
A. Net sales revenue	237,065						(50)						(2,834)	234,181
B. Operating expenses	220,800		825	(528)									(2,834)	218,263
C. Profit /(loss) on sales	16,265		(825)	528			(50)							15,918
D. Other operating income	2,102							(724)	(1,031)		(65)	(118)		164
E. Other operating expenses	3,777				(717)		(50)	(724)			(65)			2,221
F. Operating profit/(loss)	14,590		(825)	528	717				(1,031)			(118)		13,861
G. Financial income	12,121	(1,645)								(5,597)				4,879
H. Financial expenses	15,426								(1,031)	(5,597)				8,798
I. Profit/(loss) on disposal of shares in subordinated undertakings														-
J. Pre-tax profit/(loss) before extraordinary items	11,285	(1,645)	(825)	528	717							(118)		9,942
K. Extraordinary gains/(losses)														-
L. Pre-tax profit	11,285	(1,645)	(825)	528	717							(118)		9,942
M. Corporate income tax	3,221											(118)		2,774
N. Net profit	**8,064**	**(1,645)**	**(825)**	**528**	**717**	**329**								**7,168**

8.6.16 List, with Explanations, of the Differences between the Data Disclosed in the Financial Statements and the Data Presented in the Financial Statements Prepared and Published Earlier; Changes in the Accounting Policies (continued)

Balance sheet as at Dec 31 2002	Data as per financial statements	Adjustments					Data disclosed in the Prospectus
		1	2	3	4	5	
A. Fixed assets	51,012	-	-	-	-	-	51,012
I. Intangible fixed assets	4,061						4,061
III. Tangible fixed assets	45,883						45,883
III. Long-term accounts receivable	-						-
IV. Long-term investments	1,068						1,068
V. Long-term prepayments and accrued income	-						-
B. Current assets	137,434	-	-	-	-	-	137,434
I. Stocks	91,452						91,452
II. Short-term accounts receivable	41,692						41,692
III. Short-term investments	4,116						4,116
IV. Short-term prepayments and accrued income	174						174
Total assets	**188,446**	**-**	**-**	**-**	**-**	**-**	**188,446**
A. Shareholders' equity	65,326	-	-	-	-	-	65,326
I. Share capital	23,642						23,642
II. Called-up share capital not paid (-)	-						-
III. Treasury shares (-)	-						-
IV. Reserve funds	30,590						30,590
V. Revaluation capital reserve	-						-
VI. Other capital reserves	-						-
VII. (Accumulated loss)/retained profit brought forward	-	1,664				(60)	1,604
VIII. Net profit	11,094	(1,664)				60	9,490
IX. Distributions from net profit in financial year (-)	-						-
B. Liabilities and provisions for liabilities	123,120	-	-	-	-	-	123,120
I. Provisions for liabilities	1,381						1,381
II. Long-term liabilities	6,471						6,471
III. Short-term liabilities	113,872						113,872
IV. Accruals and deferred income	1,396						1,396
Total shareholders' equity and liabilities	**188,446**	**-**	**-**	**-**	**-**	**-**	**188,446**

8.6.16 List of the Differences between the Data Disclosed in these Financial Statements and the Data Presented in the Financial Statements Prepared and Published Earlier; Changes in the Accounting Policies (continued)

2002 profit and loss account	**Data as per financial statements**	**Adjustments**										**Data disclosed in the Prospectus**
		1	2	3	4	5	6	7	13	14	16	
A. Net sales revenue	319,104						(254)				(4,214)	314,636
B. Operating expenses	296,499								(343)		(4,214)	291,942
C. Profit/(loss) on sales	22,605						(254)		343			22,694
D. Other operating income	2,202				(469)				(343)			1,390
E. Other operating expenses	1,394				(469)		(254)	27				698
F. Operating profit/(loss)	23,413							(27)				23,386
G. Financial income	271											271
H. Financial expenses	8,159	1,664										9,823
I. Profit/(loss) on disposal of shares in subordinated undertakings	-											-
J. Pre-tax profit/(loss) before extraordinary items	15,525	(1,664)						(27)				13,834
K. Extraordinary gains/(losses)	(27)							27				-
L. Pre-tax profit	15,498	(1,664)										13,834
M. Corporate income tax	4,404					(60)						4,344
N. Net profit	**11,094**	**(1,664)**				**60**						**9,490**

Description of Adjustments

1. Pursuant to the regulations effective as at December 31st 2000 and as at December 31st 2001 the unrealised foreign exchange gains on the translation of accounts receivable and liabilities expressed in foreign currencies were charged to deferred income. Pursuant to the amended Polish Accountancy Act unrealised foreign exchange gains are charged to financial income.

Unrealised foreign exchange gains disclosed under deferred income amounted to:

- PLN 3,309 thousand as at December 31st 2000,
- PLN 1,664 thousand as at December 31st 2001.

Foreign exchange differences arising in the financial year were charged against the financial result for the period to which they related. The differences which arose in 2000 adjusted the initial balance of retained profit brought forward in 2001.

2. Since 2001 the Company has been adjusting cost of goods for resale by the discounts obtained with respect to these goods on an accrual basis, irrespective of when payment is received. The amount of discounts with respect to the stocks unsold as at the balance-sheet date adjusts the value of stocks. In 2000, the discounts obtained adjusted the result of the period in which the corrective invoice or the credit note was received, without the adjustment to stocks. To ensure comparability the Company transferred PLN 825 thousand to the result for 2000.

3. Since 2001 the Company has been computing and disclosing the provision for holidays in arrears as at the balance-sheet date under expenses for the period. In 2000 such a provision was not computed and disclosed in the financial statements. Consequently, the Company computed the amount of the provision which should have been disclosed in the financial statements for 2000. This provision, in the amount of PLN 528 thousand, decreases the initial balance of retained profit brought forward as at January 1st and increases the result for 2001.

4. Since 2001 the Company has been computing and disclosing in the financial statements a revaluation write-off on accounts receivable. In 2000 such a write-off was not disclosed in the financial statements. Consequently, the Company computed the write-off which should have been disclosed in 2000, applying the same principles of making revaluation write-offs as in the following years. The write-off, in the amount of PLN 717 thousand, decreases the initial balance of retained profit brought forward as at January 1st 2001 and increases the result for 2001.

5. In 2003 and 2002 the Company created a deferred income tax provision or asset based on the timing differences as at the balance-sheet date and tax losses deductible in the future periods. The excess of negative differences: timing differences and tax losses, over the positive timing differences is disclosed in the financial statements only when it is likely to be settled in the future. In 2001, based on the effective regulations, the Company did not create a deferred tax asset on the excess of the positive differences over the negative differences. In 2000 the Company created a deferred income tax provision without taking into account timing differences. To ensure comparability in all periods the Company disclosed deferred tax assets taking into account the differences between the tax value and net balance-sheet value of assets as at the balance-sheet date and the differences due to the adjustments described in Sections 1–4:

	Dec 312001	Dec 31 2000
Adjustment due to non-disclosure of deferred tax assets	406	428
Adjustments described in Sections 1–4	(466)	(817)
Additional asset (provision)	(60)	(389)

The release of the deferred income tax provision created in 2000 in the amount of PLN 118 thousand, disclosed under operating income, was decreased the deferred income tax liability.

Other reclassifications performed by the Company with respect to the financial statements for 2001 and 2002 are described below. The presented reclassifications did not affect the financial result for individual periods or the balance-sheet total.

6. In accordance with the principles of data presentation in 2003 the Company reduced the revenue on sales of goods for resale and materials by the discounts granted to customers, presented in the financial statements for 2001 (PLN 50 thousand) and 2002 (PLN 254 thousand) under other operating expenses.

7. Introduction of a uniform manner of presentation of surplus and deficit related to inventory taking and of losses in stocks in accordance with the method adopted in 2003. In 2001, an amount of PLN 724 thousand transferred from other operating

income decreased other operating expenses. In 2002, an amount of PLN 27 thousand was reclassified from non-recurring losses to other operating expenses.

8. In the comparable data for 2001, the Company reclassified the provision for holidays and provision for not invoiced services from provisions for liabilities (as disclosed in the 2001 financial statements) to accruals and deferred income.

9. Due to its nature and maturity, a PLN 380,000 loan received by the Company was reclassified from short-term liabilities to a long-term liabilities.

10. In 2001, the Company disclosed accrued but not received interest on past due accounts receivable as deferred income. In these financial statements, the interest, disclosed under deferred income and short-term accounts receivable, is shown in net amount.

11. In accordance with the transitional provisions of the amended Act, the cost of organisation and subsequent expansion of the company, which prior to January 1st 2002 had been disclosed as intangible fixed assets, are now settled as prepayments for five years from the time they are incurred. In order to ensure uniform manner of disclosing these costs in all periods, the Company made analogical reclassifications of the costs in the comparable data as at December 31st 2001.

12. The income on release of a PLN 1,031,000 provision for interest on a bank loan was reclassified from other operating income to financial expenses.

13. As a result of changing the manner of disclosing discounts obtained during the financial year, the amount of PLN 343 thousand was reclassified in the 2002 comparable data from other operating income and decreased operating expenses;

14. In accordance with the amended Act, since January 1st 2002 the Company has been disclosing in its profit and loss accounts the excess of foreign exchange gains over losses as financial income and the excess of foreign exchange losses over gains as financial expense. In order to ensure comparability of data for all the periods concerned, the Company made relevant reclassifications in the 2001 profit and loss account.

15. In accordance with the amended Act, since January 1st 2002, the Company has been disclosing the result on disposal of non-financial fixed assets in the profit and loss account. In order to ensure comparability of data for all the periods concerned, the Company made relevant reclassifications in the 2001 profit and loss account.

16. In the 2001 comparable data, the Company made a change in the disclosed income. The amount of PLN 118,000, previously disclosed as other operating income, in fact referred to release of the deferred income tax provision.

17. In the 2001 and 2002 financial years, the Company disclosed its income on re-invoiced expenses under revenue on sales of products. The revenue amounted to:

- PLN 2,834,000 in 2001;
- PLN 4,214,000 in 2002.

To ensure accurate presentation of profit and loss accounts, in 2003 the Company, taking into account the nature of these transactions, chose to disclose the re-invoiced expenses as decrease in relevant operating expenses. The 2003 income on re-invoiced expenses which decreased the 2003 operating expenses stood at PLN 6,741,000. In order to ensure comparability of the financial data, the Company made analogical change in the 2001 and 2002 profit and loss accounts.

8.6.17 Possible Outcome, and Impact on the Financial Result, of Applying the Equity Method to Valuate Shares and other Equity Interests

The possible outcome of applying the equity method to valuate shares and other equity interest, along with its impact on the financial result, are presented in Note 4.

On the basis of Art. 28.1.3 and Art. 28.1.4 of the Accountancy Act, the Company does not apply the equity method to valuate shares and other equity interests.

8.6.18 Consolidation

The Company has subsidiary undertakings, but it does not prepare consolidated financial statements. The legal basis for and information justifying the decision not to prepare consolidated financial statements are presented in Section 8.4.15. There is no undertaking which would prepare consolidated financial statements for the subsidiary undertakings at a higher level within the Group.

Key financial data on the non-consolidated subsidiary undertakings is presented in Section 4b.

Chapter IX - Appendices

9.1 Complete Excerpt from the Register of Entrepreneurs

1. Excerpt from Register of Entrepreneurs

CODo WA/23.03/217/2004 Registering officer: PROKOPIAK EWA Page 1 of 9

Central Information Division
National Court Register
Ul. Barska 28/30
Warsaw

NATIONAL COURT REGISTER (KRS)

As at March 23rd 2003: 12:32:19
No. KRS: **0000008734**
VALID EXCERPT
FROM THE REGISTER OF ENTREPRENEURS

Date of registration in KRS		April 23rd 2001		
Last entry	Entry No.	14	Date of entry	March 18th 2003
	File No.	WA.XX NS-REJ.KRS/5059/04/581		
	Court:	DISTRICT COURT FOR THE CAPITAL CITY OF WARSAW, XX COMMERCIAL DIVISION OF THE NATIONAL COURT REGISTER		

Section 1

Subsection 1 – Company Data	
1. Legal form	JOINT-STOCK COMPANY
2. Industry Identification Number (REGON)	014992887
3. Company name	INTER CARS SPÓŁKA AKCYJNA
4. Previous registration	RHB, 57064, DISTRICT COURT FOR THE CAPITAL CITY OF WARSAW, XVI COMMERCIAL AND REGISTRATION DIVISION
5. Does the entrepreneur conduct business activity together with other companies under an agreement establishing a partnership under civil law?	NO
6. Does the company have the status of a public benefit organisation?	–

Subsection 2 - Principal place of business and registered address	
1. Principal place of business	Country: POLAND, province: WARSAW (MAZOWIECKIE), county: WARSAW, municipality: WARSAW–CENTER (WARSZAWA–CENTRUM), city: WARSAW
2. Registered address	Street: POWSIŃSKA, No. 94, office no. –, postal code: 02-903, post office: WARSAW

Subsection 3 – Branches		
1.	1. Branch name	INTER CARS SPÓŁKA AKCYJNA ODDZIAŁ W CZĄSTKOWIE MAZOWIECKIM
	2. Principal place of business	Country: POLAND, province: WARSAW (MAZOWIECKIE), county: NOWY DWÓR MAZOWIECKI, municipality: CZOSNÓW, town: CZĄSTKÓW MAZOWIECKI
	3. Registered address	Street: GDAŃSKA, No. 15, office no. –, postal code 05-152, post office: CZOSNÓW

Subsection 4 – Articles of Association		
1. Information on execution of or amendments to the Articles of Association	1	NOTARY DEED OF MAY 17TH 1999 BY NOTARY PUBLIC ANDRZEJ PRZYBYŁA, REP. A NO. 2927/99 THE FOLLOWING PARAGRAPHS OF THE COMPANY'S ARTICLES OF ASSOCIATION WERE AMENDED: PAR. 1, PAR. 2, PAR. 3, PAR. 4, PAR. 5, PAR. 6, PAR. 7, PAR. 8, PAR. 9, PAR. 10, PAR. 11, PAR. 12, PAR. 13, PAR. 14, PAR. 15, PAR. 16, PAR. 17, PAR. 18, PAR. 19, PAR. 20, PAR. 21, PAR. 22, PAR. 23, PAR. 24, PAR. 25, PAR. 26 AND PAR. 27 THE CONSOLIDATED TEXT OF THE ARTICLES OF ASSOCIATION IN THE FORM OF A NOTARY DEED BY NOTARY PUBLIC MAREK MAJCHRZAK, REP. A NO. 693/2001 OF FEBRUARY 12TH 2001
	2	NOTARY DEED OF AUGUST 10TH 2001 BY NOTARY PUBLIC TOMASZ PIEPER, ASSISTANT NOTARY PUBLIC TO MAREK MAJCHRZAK, NOTARY PUBLIC OF WARSAW, NOTARY OFFICE AT UL. POLNA 22/13, WARSAW THE FOLLOWING PARAGRAPHS OF THE COMPANY'S ARTICLES OF ASSOCIATION WERE AMENDED: PAR. 6, PAR. 8, PAR. 9, PAR. 10, PAR. 11, PAR. 12, PAR. 13, PAR. 14, PAR. 15, PAR. 16, PAR. 17, PAR. 18, PAR. 19, PAR. 20, PAR. 21, PAR. 22, PAR. 23, PAR. 24, PAR. 25, PAR. 26, PAR. 27 AND PAR. 28
	3	ARIL 9TH 2002, REP. A NO. 184/2002 NOTARY PUBLIC MAREK MAJCHRZAK NOTARY PUBLIC OFFICE AT UL. POLNA 22/13, WARSAW AMENDMENT TO PAR. 6 OF THE COMPANY'S ARTICLES OF ASSOCIATION
	4	JULY 19TH 2002, REP. A NO. 2725/2002 NOTARY PUBLIC MAREK MAJCHRZAK, NOTARY PUBLIC IN WARSAW, NOTARY OFFICE AT UL. POLNA 22/13, WARSAW THE FOLLOWING SECTIONS WERE ADDED TO PAR. 5 OF THE COMPANY'S ARTICLES OF ASSOCIATION: SECTION 20, SECTION 21, SECTION 22, SECTION 23, SECTION 24, SECTION 25, SECTION 26, SECTION 27, SECTION 28 AND SECTION 29
	5.	MINUTES IN THE FORM OF A NOTARY DEED MADE OUT ON JUNE 3RD 2003, REP. A NO. 2982/2003 BY MAREK MAJCHRZAK, NOTARY PUBLIC OF WARSAW, NOTARY OFFICE AT UL. POLNA 22/13, WARSAW AMENDED PARAGRAPHS: PAR. 5
	6.	MINUTES IN THE FORM OF A NOTARY DEED MADE OUT ON FEBRUARY 17TH 2004, REP. A NO. 1478/2004 BY TOMASZ PIEPER, NOTARY PUBLIC OF WARSAW, NOTARY PUBLIC OFFICE AT UL. POLNA 22/13, WARSAW THE FOLLOWING PARAGRAPHS WERE AMENDED: PAR. 1. PAR. 5, PAR. 6, PAR. 8, PAR. 9, PAR. 10, PAR. 11, PAR. 12, PAR. 13, PAR. 14, PAR. 15, PAR. 16, PAR. 17, PAR. 18, PAR. 19, PAR. 20, PAR. 21, PAR. 22 AND PAR. 23. THE FOLLOWING PARAGRAPHS WERE DELETED: PAR. 24, PAR. 25, PAR. 26, PAR. 27 AND PAR. 28

Subsection 5	
1. Period of time for which the company has been established	UNSPECIFIED
2. Journal designated for placing company communiqués, other than *Monitor Sądowy i Gospodarczy*	------
3. The shareholder/partner may have:	------
4. Do the Articles of Association grant personal rights to specific shareholders/partners or interest in the company's income or assets other than resulting from the shares held?	NO
5. Do bondholders have the right to share in profits?	NO

Subsection 6 – Establishing the company
No entry

Subsection 7 – Information on the sole shareholder
No entry

Subsection 8 – Company's share capital	
1. Amount of share capital	PLN 23,642,200.00
2. Amount of authorised share capital	------
3. Total number of shares in issue	11,821,100
4. Par value per share	PLN 2.00
5. Capital paid	PLN 23,642,200.00
Part 1 Information on contribution	
No entry	

Subsection 9 – Issue of shares		
1	1. Series of shares	SERIES A BEARER SHARES
	2. Number of shares in the series	200,000
	3. Type of preference and the number of preference shares or information that shares are non-preference shares	NON-PREFERENCE SHARES
2	1. Series of shares	SERIES B BEARER SHARES
	2. Number of shares in the series	7,695,600
	3. Type of preference and the number of preference shares or information that shares are non-preference shares	NON-PREFERENCE SHARES
3	1. Series of shares	SERIES C BEARER SHARES
	2. Number of shares in the series	104,400
	3. Type of preference and the number of preference shares or information that shares are non-preference shares	NON-PREFERENCE SHARES
4	1. Series of shares	SERIES D BEARER SHARES
	2. Number of shares in the series	2,153,850
	3. Type of preference and the number of preference shares or information that shares are non-preference shares	NON-PREFERENCE SHARES
5.	1. Series of shares	SERIES E BEARER SHARES
	2. Number of shares in the series	1,667,250
	3. Type of preference and the number of preference shares or information that shares are non-preference shares	NON-PREFERENCE SHARES

Subsection 10 – Information on a resolution on an issue of convertible bonds
No entry

Section 2

Subsection 1 - Governing body authorised to represent the company	
1. Name of the governing body authorised to represent the company	EXECUTIVE BOARD
2. Form of representation	PRESIDENT OF THE EXECUTIVE BOARD ACTING INDIVIDUALLY OR TWO MEMBERS OF THE EXECUTIVE BOARD ACTING JOINTLY OR A MEMBER OF THE EXECUTIVE BOARD ACTING JOINTLY WITH A PROXY ARE AUTHORISED TO REPRESENT AND SIGN ON THE BEHALF OF THE COMPANY

Part 1 Information on members of the governing body		
1	1. Surname / Name of company	OLEKSOWICZ
	2. First names	KRZYSZTOF TEOFIL
	3. Personal Identification Number (PESEL)/Industry Identification Number (REGON)	51041503973
	4. No. in KRS	****
	5. Function in the governing body	PRESIDENT OF THE EXECUTIVE BOARD
	6. Has the person been suspended from duties?	NO
	7. Suspension end date	-----
2	1. Surname / Name of company	KIERZEK
	2. First names	ROBERT
	3. Personal Identification Number (PESEL)/Industry Identification Number (REGON)	65051301135
	4. No. in KRS	****
	5. Function in the governing body	VICE-PRESIDENT OF THE EXECUTIVE BOARD
	6. Has the person been suspended from duties?	NO
	7. Suspension end date	-----
3.	1. Surname / Name of company	SOSZYŃSKI
	2. First names	KRZYSZTOF
	3. Personal Identification Number (PESEL)/Industry Identification Number (REGON)	75020900539
	4. No. in KRS	****
	5. Function in the governing body	MEMBER OF THE EXECUTIVE BOARD
	6. Has the person been suspended from duties?	NO
	7. Suspension end date	-----
4.	1. Surname / Name of company	MILEWSKI
	2. First names	WOJCIECH BOLESŁAW
	3. Personal Identification Number (PESEL)/Industry Identification Number (REGON)	67082507056
	4. No. in KRS	****
	5. Function in the governing body	MEMBER OF THE EXECUTIVE BOARD
	6. Has the person been suspended from duties?	NO
	7. Suspension end date	-----
5.	1. Surname / Name of company	CELIŃSKI
	2. First names	RADOSŁAW JACEK
	3. Personal Identification Number (PESEL)/Industry Identification Number (REGON)	73081901159
	4. No. in KRS	****
	5. Function in the governing body	MEMBER OF THE EXECUTIVE BOARD
	6. Has the person been suspended from duties?	NO
	7. Suspension end date	-----

Subsection 2 – Supervisory body			
1	1. Name of the supervisory body		SUPERVISORY BOARD
	Part 1 Information on members of the supervisory body		
	1	1. Surname	OLSZEWSKI
		2. First names	ANDRZEJ ALEKSANDER
		3. Personal Identification Number (PESEL)/	63091702912
	2	1. Surname	OLEKSOWICZ
		2. First names	MACIEJ KRZYSZTOF
		3. Personal Identification Number (PESEL)/	78060801538
	3	1. Surname	OLEKSOWICZ BUGAJEWSKA
		2. First names	JOLANTA ELŻBIETA
		3. Personal Identification Number (PESEL)/	61053101246
	4	1. Surname	ZAJĄCZKOWSKI
		2. First names	PIOTR
		3. Personal Identification Number (PESEL)/	73031402372
	5.	1. Surname	MAŚLANKIEWICZ
		2. First names	JERZY
		3. Personal Identification Number (PESEL)/	52020907353

Subsection 3 – Proxies		
1.	1. Surname	ZABRODZKA
	2. First names	MAGDALENA
	3. Personal Identification Number (PESEL)/	52052605061
	4. Type of proxy	INDIVIDUAL
2.	1. Surname	PIETRZAK
	2. First names	PAWEŁ ROBERT
	3. Personal Identification Number (PESEL)/	67110804311
	4. Type of proxy	INDIVIDUAL

Section 3

Subsection 1 – Scope of business activities		
1. Entrepreneur's business activity	1	34.30 MANUFACTURE OF PARTS AND ACCESSORIES FOR MOTOR VEHICLES AND THEIR ENGINES
	2	50.20 MAINTENANCE AND REPAIR OF MOTOR VEHICLES
	3	50.30 SALE OF MOTOR VEHICLE PARTS AND ACCESSORIES
	4	51.4 WHOLESALE OF HOUSEHOLD GOODS
	5	51.6 WHOLESALE OF MACHINERY, EQUIPMENT AND SUPPLIES
	6	52.4 OTHER RETAIL SALE OF NEW GOODS IN SPECIALIZED STORES
	7	70.20 LETTING OF OWN PROPERTY
	8	71.10 RENTING OF AUTOMOBILES
	9	71.21 RENTING OF OTHER LAND TRANSPORT EQUIPMENT
	10	71.33 RENTING OF OFFICE MACHINERY AND EQUIPMENT
	11	71.34 RENTING OF OTHER MACHINERY AND EQUIPMENT
	12	72.10 HARDWARE CONSULTANCY
	13	72.20 ACTIVITIES RELATED TO SOFTWARE
	14	72.30 DATA PROCESSING
	15	72.50 MAINTENANCE AND REPAIR OF OFFICE, ACCOUNTING AND COMPUTING MACHINERY
	16	73.10 RESEARCH AND EXPERIMENTAL DEVELOPMENT ON NATURAL SCIENCES AND ENGINEERING
	17	74.14 BUSINESS AND MANAGEMENT CONSULTANCY ACTIVITIES
	18	74.30 TECHNICAL TESTING AND ANALYSIS
	19	34.10 MANUFACTURE OF MOTOR VEHICLES
	20	27.10 MANUFACTURE OF CAST IRON AND STEEL AND OF FERRO-ALLOYS
	21	27.42 ALUMINIUM PRODUCTION
	22	27.43 LEAD, ZINC AND TIN PRODUCTION
	23	27.44 UNPROCESSED COPPER PRODUCTION
	24	27.45 OTHER NON-FERROUS METAL PRODUCTION
	25	35.11B BUILDING AND REPAIR OF SHIPS, PLATFORMS AND FLOATING STRUCTURES
	26	37.10 RECYCLING OF METAL WASTE AND SCRAP
	27	37.20 RECYCLING OF NON-METAL WASTE AND SCRAP
	28	51.57 WHOLESALE OF WASTE AND SCRAP
	29	51.5 WHOLESALE OF NON-AGRICULTURAL INTERMEDIATE PRODUCTS, WASTE AND SCRAP
	30	50.10A WHOLESALE OF MOTOR VEHICLES
	31	50.10 B RETAIL SALE OF MOTOR VEHICLES
	32	60 LAND TRANSPORT/ TRANSPORT VIA PIPELINES
	33	63 SUPPORTING AND AUXILIARY TRANSPORT ACTIVITIES/ ACTIVITIES OF TRAVEL AGENCIES
	34	74 OTHER BUSINESS ACTIVITIES
	35	80.42 ADULT AND OTHER EDUCATION N.E.C.

Subsection 2 – Information on documents submitted			
Type of a document	No.	Date of submission	For the period from – to
1. Information on submission of the annual financial statements	1	February 26th 2002	January 1st 2000 – December 31st 2000
	2	April 9th 2002	January 1st 2001 – December 31st 2001
	3	June 24th 2003	January 1st 2002 – December 31st 2002
	4	February 27th 2004	January 1st 2003 – December 31st 2003
2. Information on submission of the auditor's opinion	1	*****	January 1st 2000 – December 31st 2000
	2	*****	January 1st 2001 – December 31st 2001
	3	*****	January 1st 2002 – December 31st 2002
	4	*****	January 1st 2003 – December 31st 2003
3. Information on submission of the resolution or decision to approve financial statements	1	*****	January 1st 2000 – December 31st 2000
	2	*****	January 1st 2001 – December 31st 2001
	3	*****	January 1st 2002 – December 31st 2002
	4	*****	January 1st 2003 – December 31st 2003
4. Information on submission of the Directors' Report on the company's activities	1	*****	January 1st 2000 – December 31st 2000
	2	*****	January 1st 2001 – December 31st 2001
	3	*****	January 1st 2002 – December 31st 2002
	4	*****	January 1st 2003 – December 31st 2003

Subsection 3 – Information on held shares and equity interests
No entry

Subsection 4 – Subject of activities of a public benefit organisation in accordance with its constitutive documents
No entry

Section 4

Subsection 1 – Payments in arrears
No entry

Subsection 2 – Claims
No entry

Subsection 3 – Information on securing the debtor's assets in bankruptcy proceedings by suspending enforcement against the debtor, on dismissing a petition in bankruptcy due to the fact that the insolvent debtor's assets are not sufficient to cover the costs of proceedings
No entry

Subsection 4 – Discontinuation of enforcement proceedings against the entrepreneur
No entry

Section 5

Subsection 1 – Custodian
No entry

Section 6

Subsection 1 – Liquidation
No entry

Subsection 2 – Information on dissolution or winding-up of the company
No entry

Subsection 3 – Compulsory administration
No entry

Subsection 4 – Information on mergers, divisions or transformations
No entry

Subsection 5 – Bankruptcy proceedings
No entry

Subsection 6 – Arrangement proceedings
No entry

Subsection 7 – Recovery proceedings
No entry

Warsaw, March 23rd 2004, 12:32:30

Signature

PROKOPIAK EWA

9.2 Resolution of the General Shareholders Meeting of February 17th 2004 on introduction of the Shares to public trading

Resolution No. 2
of February 17th 2004
by the Extraordinary Shareholders Meeting
of Inter Cars Spółka Akcyjna of Warsaw
Par. 1.

The Extraordinary Shareholders Meeting of Inter Cars SA (hereinafter referred to as the "Company") herby approves introduction of Series A, Series B, Series C, Series D and Series E shares in the Company to public trading in securities, within the meaning of the Act on Public Trading in Securities, dated August 21st 1997 (consolidated text in Dz.U. No. 47 of 2002, item 449, as amended), on the Warsaw Stock Exchange; the shares, to be created after the conversion of the abovementioned shares into bearer shares with a par value of PLN 2 (two złoty) per share is registered, are:
1) 200,000 (two hundred thousand) Series A ordinary bearer shares,
2) 7,695,600 (seven million, six hundred and ninety-five thousand, six hundred) Series B ordinary bearer shares,
3) 104,400 (one hundred and four thousand, four hundred) Series C ordinary bearer shares,
4) 2,153,850 (two million, one hundred and fifty-three thousand, eight hundred and fifty) Series D ordinary bearer shares,
5) 1,667,250 (one million, six hundred and sixty-seven thousand, two hundred and fifty) Series E ordinary bearer shares.

Par. 2.

The Executive Board of the Company is hereby authorised and obligated to take all the steps necessary to introduce Series A, Series B, Series C, Series D and Series E shares in the Company to public trading in securities at the Warsaw Stock Exchange, in particular to deposit the share certificates related to the shares of these series.

Par. 3.

This resolution shall become effective as of the date of registration in the Register of Entrepreneurs of the National Court Register of Resolution No. 3 of the Extraordinary Shareholders Meeting of February 17th 2004 on an amendment to the Company's Articles of Association.

9.3 Uniform Current Articles of Association

I. GENERAL PROVISIONS

Par. 1

The Company's name is Inter Cars Spółka Akcyjna.---

Par. 2

The Company's registered offices are situated in Warsaw. ---

Par. 3.

1. The Company may operate within the territory of the Republic Poland and outside the Republic of Poland. --
2. The Company may set up divisions, affiliates, and plants in Poland and outside Poland, and join other companies, cooperatives and business organizations. The Company may acquire and dispose of shares and other equity interests in other companies. ----------------

Par 4.

The Company is incorporated for an indefinite period. --

II. BUSINESS ACTIVITIES OF THE COMPANY

Par. 5

The Company's business activities include:---

1. Manufacture of parts and accessories for motor vehicles and their engines (PKD – Polish Classification of Business Activities – 34.30), --
2. Maintenance and repair of motor vehicles (PKD 50.20.A), ---
3. Wholesale of motor vehicles (PKD 50.10.A),---
4. Retail sale of motor vehicles (PKD 50.10.B),---
5. Sale of motor vehicle parts and accessories (PKD 50.30),---
6. Wholesale of household goods and personal goods (PKD 51.4), ---
7. Wholesale of machinery, equipment and supplies (PKD 51.6), ---
8. Other retail sale of new goods in specialised stores (PKD 52.4),--
9. Letting of own property (PKD 70.20.Z),--
10. Renting of automobiles (PKD 71.10.Z),---
11. Renting of other land transport equipment (PKD 71.21.Z),---
12. Renting of office machinery and equipment (PKD 71.33.Z), ---

13. Renting of other machinery and equipment (PKD 71.34.Z),--
14. Hardware consultancy (PKD 72.10.Z),--
15. Activities related to software (PKD 72.20.Z), ---
16. Data processing (PKD 72.30.Z),---
17. Maintenance and repair of office, accounting and computing machinery (PKD 72.50.Z),--
18. Research and development of natural sciences and engineering (PKD 73.10),---
19. Business and management consultancy activities (PKD 74.14.A),---
20. Technical testing and analysis (PKD 74.30.Z), ---
21. Manufacture of motor vehicles (PKD 34.10),---
22. Manufacture of cast iron and steel and ferro-alloys (PKD 27.10.Z), --
23. Aluminium production (PKD 27.42.Z),---
24. Lead, zinc and tin production (PKD 27.43.Z), --
25. Unprocessed copper production (PKD 27.44.A),--
26. Other non-ferrous metal production (PKD 27.45.Z),--
27. Repairing and maintenance of ships, platforms and floating structures (PKD 35.11.B),--
28. Recycling of metal waste and scrap (PKD 37.10.Z), ---
29. Recycling of non-metal waste and scrap (PKD 37.20.Z), ---
30. Wholesale of waste and scrap (PKD 51.57.Z), ---
31. Wholesale of non-agricultural intermediate products, waste and scrap (PKD 51.5), ---
32. Land transport; transport via pipelines (PKD 60), --
33. Supporting transport activities; activities related to tourism (PKD 63), ---
34. Other services related to business activities (PKD 74), ---
35. Adult and other education not elsewhere classified (PKD 80.42.B). --

If any activity to be undertaken by the Company is licensed or requires a permission under separate legal regulations in force, the Company shall obtain the licence or permission prior to commencing the activity, or shall fulfil other statutory requirements which are specified for a given activity.

III. SHARE CAPITAL

Par. 6

1. The Company's share capital amounts to PLN 23,642,200 (twenty-three million, six hundred And forty-two thousand, two hundred złoty) and is divided into 11,821,100 (eleven million, eight hundred and twenty-one thousand, one hundred) shares with a par value of PLN 2 (two złoty) per share, including: --
   1) 200,000 (two hundred thousand) series A bearer shares numbered from 000001 to 200000,--
   2) 7,695,600 (seven million, six hundred and ninety-five thousand, six hundred) series B bearer shares numbered from 00200001 to 7895600, --
   3) 104,400 (one hundred and four thousand, four hundred) series C ordinary bearer shares numbered from 7895601 to 8000000, -
   4) 2,153,850 (two million, one hundred and fifty-three thousand, eight hundred and fifty) series D bearer shares numbered from 8000001 to 10153850,---
   5) 1,667,250 (one million, six hundred and sixty-seven thousand, two hundred and fifty) series E bearer shares numbered from 10153851 to 11821100. ---
2. The Company's share capital was paid for in cash. --
3. Bearer shares may not be converted into registered shares. --

Par. 7

All shareholders shall have the pre-emptive right to acquire new shares in proportion to the number of shares they hold, unless the General Shareholders Meeting waives the shareholders' pre-emptive rights in full or in part. --

Par. 8

1. Shares may be retired by way of reducing of the share capital. ---
2. The manner and terms of the retirement of shares shall be specified in each case by a resolution of the General Shareholders' Meeting -

Par. 9

The founders of the Company are:---
1. Krzysztof Teofil Oleksowicz,--
2. Piotr Tadeusz Oleksowicz,---
3. Andrzej Aleksander Oliszewski. ---

IV. COMPANY'S GOVERNING BODIES

Par. 10

The Company's governing bodies shall be:---
1. Executive Board.---
2. Supervisory Board.--
3. General Shareholders' Meeting.---

A. EXECUTIVE BOARD

Par. 11

1. The Executive Board shall be composed of two to five members appointed and removed from office by way of a resolution of the Supervisory Board, except for the first Executive Board, which was appointed under the deed of establishment of the Company. ---
2. The term of the Executive Board shall be 3 (three) years, except for the first Executive Board, whose term shall be 1 (one) year. Members of the Executive Board shall be appointed for a common term. ---
3. The Executive Board shall manage the Company and represent it in and outside the court.---
4. The scope of activities of the Executive Board shall include all issues related to the operation of the Company which are not reserved under these Articles of Association or an act of law to the General Shareholders Meeting or the Supervisory Board.------------------------
5. The Executive Board shall manage the Company's assets and rights with due care required in business relations and with strict observance of the legal regulations in force. --
6. Resolutions of the Executive Board shall be adopted by a majority of votes. In the event of a tie, the President of the Executive Board shall have the casting vote. The scope of rights and duties of the Executive Board and the manner of its operation shall be defined by the Rules of Procedure for the Executive Board. The Rules of Procedure for the Executive Board shall be defined by the Executive Board and shall be approved by the Supervisory Board. ---
7. The persons entitled to make representations and sign on behalf of the Company shall be: (i) President of the Executive Board acting individually or (ii) two members of the Executive Board acting jointly or (iii) one member of the Executive Board acting jointly with the proxy. --
8. Terms of remuneration of members of the Executive Board shall be established by the Supervisory Board.--

B. SUPERVISORY BOARD

Par. 12

1 The Supervisory Board shall be composed of five members appointed by the General Shareholders' Meeting. General Shareholders Meeting shall appoint the Chairman of the Supervisory Board. From among the remaining members of the Supervisory Board the Supervisory Board shall appoint the Deputy Chairman.---
2. The term of the Supervisory Board shall be 5 years. All members of the Supervisory Board shall be appointed for a common term. -------
3. Members of the Supervisory Board may be reappointed for subsequent terms. --

Par. 13

1. Resolutions of the Supervisory Board shall be adopted by an absolute majority of votes with at least 3 members of the Supervisory Board present. Resolutions of the Supervisory Board shall be valid duly adopted if all members of the Supervisory Board have been invited to the meeting. ---
2. Meetings of the Supervisory Board shall be held at least once a quarter. Meetings shall be convened by means of a written notice specifying place, time, and proposed agenda for the meeting, and shall be delivered to all members of the Supervisory Board at least 7 (seven) days prior to the date of the meeting. Meetings of the Supervisory Board shall be convened by the Chairman of the Supervisory Board on his own initiative or upon request of a member of the Supervisory Board.---
3. Resolutions of the Supervisory Board may be adopted without convening the meeting of the Supervisory Board – in writing or using means of remote communication, if all members of the Supervisory Board have been informed about the content of the draft resolution and have approved of such manner of voting.---
4. Resolution of the Supervisory Board on suspending from duties for important reasons individual members of the Executive Board and resolution on delegating a member of the Supervisory Board to temporarily perform the duties of a member of the Executive Board shall be adopted by a majority of 4/5 (four fifths) of the votes cast, with at least 4/5 (four fifths) of the members of the Supervisory Board present. ---

Par. 14

1. The Supervisory Board shall exercise supervision over the Company's activities in the manner stipulated by the Polish Companies Act, these Articles of Association, and the Rules of Procedure for the Supervisory Board adopted by the General Shareholders' Meeting. ---
2. The scope of powers of the Supervisory Board shall includes in particular:--
   1) inspection of the Company's financial statements,--
   2) inspection of the Directors' Report and the Executive Board's recommendations on distribution of profit and coverage of loss, and submission of a written annual report on the results of these inspections to the General Shareholders' Meeting,--------------------
   3) selection of a chartered auditor to audit the Company's financial statements on the basis of the offers received by the Executive Board, ---
   4) appointment and removal from office of members of the Executive Board, --
   5) selection of the President of the Executive Board from among the members of the Executive Board, and optionally a Vice President of the Executive Board,---
   6) execution of contracts with members of the Company's Executive Board,---
   7) definition of the rules of remuneration of the members of the Company's Executive Board, --
   8) approval of disposal or acquisition of real property, perpetual usufruct right or interest in real property.-----------------------------------

Par. 15

Members of the Supervisory Board may receive remuneration for the participation in the activities of the Supervisory Board. The remuneration of individual members of the Supervisory Board shall be established by the General Shareholders' Meeting. ----------------------

C. GENERAL SHAREHOLDERS' MEETING

Par. 16

1. The General Shareholders Meeting shall be the Company's highest governing body. --
2. The General Shareholders Meeting shall act on the basis of the Polish Companies Act and the Rules of Procedure adopted by the General Shareholders' Meeting. --
3. The powers of the General Shareholders Meeting shall include the matters stipulated in the Polish Companies Act, excluding the matters which under these Articles of Association fall within the scope of powers of other Company's bodies. -----------------------------
4. The following issues shall require a resolution of the General Shareholders' Meeting:--
   1) modification of the Company's share capital, establishing, increasing and using other capital, funds and reserves, -------------------
   2) issue of convertible bonds or bonds with the pre-emptive rights, ---
   3) amendments to these Articles of Association, ---
   4) retirement of shares, ---
   5) disposal of the enterprise or its organised part, ---
   6) liquidation, division, merger, dissolution, and transformation of the Company,---
   7) distribution of profit, coverage of loss, and establishment of capital reserves, ---
   8) appointment and removal from office of members of the Supervisory Board, ---
   9) approval of the rules of procedure of the Supervisory Board, --
   10) definition of the rules of remuneration of members of the Supervisory Board, including establishing remuneration for members of the Supervisory Board delegated to perform on-going individual supervision,---
5. Approval of the General Shareholders Meeting for acquisition or disposal of real property, perpetual usufruct right or interest in real property shall not be required.**---**

Par. 17

1. The General Shareholders Meeting shall be convened by the Executive Board. ---
2. The Supervisory Board shall have the right to convene an Ordinary General Shareholders' Meeting, if the Ordinary General Shareholders Meeting has not been convened by the Executive Board within the timeframe stipulated in Art. 395.1 of the Polish Companies Act, and an Extraordinary General Shareholders' Meeting, if it finds it advisable and the Extraordinary General Shareholders Meeting has not been convened by the Executive Board within two weeks as of the submission of a relevant request by the Supervisory Board. ---
3. The right specified in Par.17.2 shall also be vested in shareholders representing at least 20% of the total vote at the General Shareholders' Meeting. The right defined in this Par. 17.3 shall be without prejudice to the shareholders' rights stipulated in Art. 400 of the Polish Companies Act. ---
4. If the General Shareholders Meeting is convened in the manner stipulated in Par. 17.2 or 17.3, the General Shareholders Meeting shall decide upon the expenses incurred in connection with convening of such Meeting. --

Par. 18

Resolutions of the General Shareholders Meeting shall be adopted by an absolute majority of the votes cast, unless the Polish Companies Act or the provisions of these Articles of Association stipulate stricter terms. --

V. INTERNAL MANAGEMENT AT THE COMPANY

Par. 19

1. The Company shall establish reserve funds in accordance with the relevant provisions of the Polish Companies Act and shall establish other reserve capital (funds) as required by the legal regulations in force. The Company may establish other reserve capital (funds) pursuant to resolutions of the General Shareholders' Meeting. --
2. The specific amount of contributions to these funds, the manner of using and dissolving of the funds shall be determined by the General Shareholders' Meeting.---

Par. 20

The calendar year shall be the financial year for the Company. --

Par. 21

The General Shareholders Meeting may allocate the Company's net profit to:---
1) contributions to the reserve funds,---
2) dividend,
3) contributions to other reserve capital (funds) or special-purpose funds established by the Company,
4) other purposes specified by a resolution of the General Shareholders' Meeting.---

Par. 22

The contract with the entity selected by the Supervisory Board to audit the Company's financial statements shall be signed by the Executive Board.

Par. 23

1. The Company shall publish the announcements stipulated by the legal regulations in force in *Monitor Sądowy i Gospodarczy*. ------------
2. All issues not regulated by these Articles of Association shall be governed by the Polish Companies Act."

9.4 Form of the Declaration of Interest in the Acquisition of the Offered Shares

FORM OF THE DECLARATION OF INTEREST IN THE ACQUISITION OF THE OFFERED SHARES OF INTER CARS SA IN THE INSTITUTIONAL OFFERING AS PART OF THE PUBLIC SALE

Warsaw, ...

This document is a binding declaration of interest in the acquisition of the Offered Shares of Inter Cars SA, offered in the Institutional Offering as part of the Public Sale, in accordance with the terms and conditions specified in the Prospectus and in this form.

Type of declaration *: First Declaration
Change of Declaration
Cancellation of Declaration

Name of legal person:...
(Name)
Seat:. ....
(City/town, postal code, street, no. of building)
Address for correspondence: ....
(City/town, postal code, street, no. of building)

Industry Identification Number (REGON) or number in the relevant foreign register: ....

Persons authorised to make representations on behalf of the investor: ....
(Details of the authorised person)

Number(s) and series of the identity document(s) of the person(s) submitting the declaration: ………………………………

Fax number at which the investor wishes to receive information on the number of the Initially Allotted Offered Shares for which an order will be placed on behalf of the investor, information on the Selling Price, and a notice to pay for the order in accordance with the rules set forth in the Prospectus.

Area code ……………… Fax:……………… Tel:…………………………

BY FILLING AND SUBMITTING THIS DECLARATION THE INVESTOR UNDERTAKES THAT UPON NOTICE BY THE BROKERAGE HOUSE ACCEPTING THIS DECLARATION OR OFFERING THE SHARES, THE INVESTOR SHALL: PAY FOR THE OFFERED SHARES:

- by the deadline set forth the Prospectus;
- in a number not smaller than specified in the Initial Allotment List, with the proviso that the number may be smaller than specified by the Investor in the Declaration;
- at the Selling Price equal to or smaller than the price specified in the Declaration.

Number of the ordered Offered Shares ....

in words: ....

Declared price ....

in words: ....

Value of the ordered Offered Shares ……………..…………………………………………………………………………………………………

in words: ....

IMPORTANT NOTE. If the fax number provided in this Declaration is erroneous or incomplete the investor may not receive the information on the results of the initial allotment or may receive such information too late to be able to make timely payment for the Offered Shares as provided for in the Prospectus.

In the case of legal persons, this Declaration may be signed solely by persons authorised to sign documents on behalf of the investor in accordance with the investor's Articles of Association, or by an attorney in fact authorised to sign declarations of interest in the acquisition of the Offered Shares of Inter Cars SA.

REPRESENTATION BY THE INVESTOR SUBMITTING THE DECLARATION
I, the undersigned, on behalf of ....
Name of legal person

Hereby represent that I am familiar with the Issue Prospectus and the Articles of Association of Inter Cars SA and I agree to the wording of the Articles of Association as well as to the terms of the Public Sale as set forth in the Prospectus;

I agree to being allotted a smaller number of the Offered Shares than the number specified in the Declaration or to being allotted no Offered Shares, in accordance with the rules provided for in the Prospectus;

If I am allotted the Offered Shares in the initial allotment process, I shall pay for the allotted Offered Shares:

- by the deadline and in accordance with the terms and conditions set forth in the Prospectus;
- in a number not smaller than specified in the notice,
- at the Selling Price equal to or smaller than the price specified in the Declaration.

I hereby grant to..

Name of brokerage house accepting this Order

The power of attorney to place on behalf of ....

Name of legal person

an order for the number of the Offered Shares of Inter Cars SA as specified in the Initial Allotment List made by the Selling Shareholder.

……………………...............…………
Date of acceptance of the Declaration, stamp of the Brokerage House and signature and stamp of the person accepting the Declaration

………………………………..
Date and signature of the investor submitting the Declaration

* delete as appropriate.

9.5 List of Customer Service Points Accepting Orders for the Offered Shares

City	Address	Postal code
Biała-Podlaska	Pl. Wolności 23	21-500
Białystok	Al. Piłsudskiego 11/2	15-443
Bielsko-Biała	ul. Stojałowskiego 31	43-300
Brzeg	ul. Bolesława Chrobrego 14C	49-300
Bydgoszcz	ul. Wojska Polskiego 20a	85-824
Bydgoszcz	ul. Długa 57	85-034
Chełm	Pl. Niepodległości 1	22-100
Częstochowa	ul. Kopernika 17/19	42-200
Dębica	ul. Kolejowa 29	39-200
Elbląg	ul. Stary Rynek 18A	82-300
Ełk	ul. Piłsudskiego 14	19-300
Garwolin	ul. Kościuszki 32	08-400
Gdańsk	ul. Grunwaldzka 92/98	80-244
Gdańsk	ul. Kołobrzeska 43	80-391
Gdynia	ul. Śląska 23/25	81-319
Gliwice	ul. Berbeckiego 4	44-100
Gorzów Wielkopolski	ul. Wełniany Rynek 18	66-400
Grudziądz	ul. Chełmińska 68	86-300
Iława	ul. Jana III Sobieskiego 47	14-200
Jarosław	Pl. Mickiewicza 2	37-500
Jasło	ul. Kościuszki 33	38-200
Jaworzno	ul. Mickiewicza 17	43-600
Jelenia Góra	Pl. Wyszyńskiego 35	58-500
Kalisz	ul. Grodzka 7	62-800
Katowice	ul. Mariacka 17	40-014
Kielce	ul. Sienkiewicza 18	25-301
Kluczbork	ul. Grunwaldzka 13c	46-203
Kłodzko	Pl. Bolesława Chrobrego 20	57-300
Konin	ul. Kosmonautów 14	62-500
Koszalin	ul. Jana z Kolna 11	75-204
Kraków	ul. Bracka 1a	30-005
Kraśnik	ul. Kochanowskiego 1	23-203
Krosno	ul. Powstańców Warszawskich 3	38-400
Kutno	ul. 29 Listopada 15	99-300
Leszno	ul. Wróblewskiego 6	64-100
Lubin	ul. Bankowa 16a	59-300
Lublin	ul. Królewska 1	20-104
Lublin	ul. Krakowskie Przedmieście 62	20-076
Łomża	ul. Małachowskiego 1	18-400
Łowicz	ul. Długa 27	99-400
Łódź	Al. Kościuszki 3	90-418
Łódź	ul. Piotrkowska 270	90-361
Łódź	Al. Piłsudskiego 12	90-051
Mielec	ul. Pisarka 10	39-300
Mińsk Mazowiecki	ul. Warszawska 133	05-300
Nowy Targ	Al. Tysiąclecia 35A	34-400
Nysa	ul. Marcinkowskiego 1	48-300
Olsztyn	ul. 1-go Maja 10	10-118

Opole	ul. Osmańczyka 15	45-027
Ostrołęka	ul. Bogusławskiego 23	07-400
Ostrowiec Świętokrzyski	ul. Kilińskiego 15	27-400
Piła	ul. Browarna 21	64-920
Piotrków Trybunalski	ul. Armii Krajowej 24	97-300
Płock	ul. Jachowicza 32	09-400
Poznań	ul. Św. Marcin 52/56	61-807
Poznań	ul. Masztalarska 8a	61-767
Przemyśl	ul. Mickiewicza 6	37-700
Puławy	ul. Partyzantów 8	24-100
Radom	ul. Kilińskiego 15/17	26-610
Radomsko	ul. Piastowska 16	97-500
Ruda Śląska	ul. 1-go Maja 219	41-710
Rzeszów	Al. Cieplińskiego 1	35-959
Sandomierz	ul. Kościuszki 4	27-600
Sanok	ul. Kościuszki 12	38-500
Siedlce	ul. Wojskowa 24	08-110
Skarżysko-Kamienna	ul. Bolesława Prusa 12	26-100
Słupsk	ul. Tuwima 30	76-200
Sopot	ul. Mikołaja Reja 13/15	81-874
Stalowa Wola	ul. Jana Pawła II 13	37-450
Stargard Szczeciński	ul. Czarneckiego 16	73-100
Suwałki	ul. Kościuszki 72	16-400
Szczecin	Pl. Żołnierza Polskiego 16	71-419
Szczecin	ul. Bogurodzicy 5	70-400
Szczecin	Al. Niepodległości 31	70-412
Świdnica	ul. Rynek 30	58-100
Świnoujście	ul. Piłsudskiego 4	72-600
Tarnów	Pl. Kazimierza Wielkiego 3a	33-100
Tomaszów Mazowiecki	ul. Mościckiego 31/33	97-200
Toruń	ul. Grudziądzka 29	87-100
Wałbrzych	ul. Sienkiewicza 8	58-300
Warsaw	ul. Mazowiecka 9	00-950
Warsaw	Pl. Bankowy 2	00-095
Warsaw	ul. Wilcza 70	00-670
Warsaw	ul. Sobieskiego 110	00-764
Warsaw	ul. Brechta 3	03-472
Warsaw	ul. Omulewska 27	04-128
Warsaw	ul. Grójecka 1/3	02-019
Warsaw	ul. Wołoska 18	02-675
Warsaw	ul. Dereniowa 9	02-776
Wieluń	Pl. Kazimierza Wielkiego 3	98-300
Włocławek	Pl. Wolności 15	87-800
Wrocław	ul. Kiełbaśnicza 7a	50-108
Zamość	ul. Grodzka 2	22-400
Zduńska Wola	Al. Kościuszki 2	98-220
Zielona Góra	ul. Dr. Pieniężnego 24	65-054

9.6 Definitions and Abbreviations

Shares	Series A Shares, Series B Shares, Series C Shares, Series D Shares, Series E Shares
Series A Shares	200,000 Series A ordinary bearer shares with a par value of PLN 2 per share
Series B Shares	7,695,600 Series B ordinary bearer shares with a par value of PLN 2 per share
Series C Shares	104,400 Series C ordinary bearer shares with a par value of PLN 2 per share
Series D Shares	2,153,850 Series D ordinary bearer shares with a par value of PLN 2 per share
Series E Shares	1,667,250 Series E ordinary bearer shares with a par value of PLN 2 per share
Offered Shares	Series D Shares, Series E Shares
Auditor	PriceWaterhouseCoopers Sp. z o.o. with registered offices in Warsaw, Poland
Centralny Dom Maklerski Pekao, CDM	Centralny Dom Maklerski Pekao SA with registered offices in Warsaw, Poland
Selling Price	Selling Price of the Offered Shares established by the Selling Shareholder in consultation with the Offeror based on the results of building the Order Book among the Institutional Investors and the level of demand for the Offered Shares declared during the subscription for the Offered Shares by the Retail Investors.
Declarations	Declarations of interest in acquisition of the Offered Shares under the Institutional Offering, submitted by the Institutional Investors during the process of building the Order Book, specifying the number of the Offered Shares they wish to acquire and an offered price within the Price Range.
Dz. U.	Dziennik Ustaw Rzeczypospolitej Polskiej (journal of laws of the Republic of Poland)
Dz. Urz. KPWiG	Dziennik Urzędowy Komisji Papierów Wartościowych i Giełd (official journal of the Polish Securities and Exchange Commission)
Euro, EUR	Legal tender, common currency of the countries comprising the European Economic and Monetary Union
Company, Inter Cars	Inter Cars Spółka Akcyjna with registered offices in Warsaw, Poland
Stock Exchange, WSE	Giełda Papierów Wartościowych w Warszawie SA (Warsaw Stock Exchange)
GUS	Central Statistics Office
Inter Cars Ukraina	Tow. Inter Cars Ukraine, a company incorporated under the laws of Ukraine, Inter Cars Sp. z o.o. Cars
Retail Investors	Natural persons, both Residents or Non-residents
Institutional Investors	Legal entities or unincorporated organisations, both Residents and Non-residents, as well as managers of securities portfolios, when placing a single collective Declaration on behalf of the persons whose securities accounts they manage and for the benefit of whom they intend to purchase the Offered Shares.
Financial Investors	Selling Shareholders - Narodowy Fundusz Inwestycyjnym FORTUNA SA and Fund.1 Pierwszy Narodowy Fundusz Inwestycyjny SA
Legal Office	Kancelaria Radców Prawnych Oleś & Rodzynkiewicz Spółka Komandytowa
Polish Civil Code	Civil Code Act of April 23rd 1964 (Dz. U. of 1964, No. 16, item 93, as amended)
Polish NDS	Krajowy Depozyt Papierów Wartościowych SA with registered offices in Warsaw, Poland (Polish National Depository of Securities)
Polish Civil Code	Civil Code Act of April 23rd 1964 (Dz. U. of 1964, No. 16, item 93, as amended)
Polish Penal Code	Act of June 6th 1997 (Dz. U. of 1997, No. 88, item 553, as amended)
Polish Code of Civil Procedure	Polish Code of Civil Procedure Act of November 17th 1964 (Dz. U. of 1964, No. 43, item 296, as amended)
Polish Companies Act	Polish Companies Act of September 15th 2000 (Dz. U. of 2000, No. 94, item 1037, as amended)
Constitution	Constitution of the Republic of Poland of April 2nd 1997 (Dz. U. No. 78 item 483, as rectified)
Polish SEC	Polish Securities and Exchange Commission

National Board of Chartered Auditors	Governing body of the National Chamber of Chartered Auditors, managing the activities of the professional self-government of chartered auditors during periods between the National Congresses of Chartered Auditors.
National Chamber of Chartered Auditors	Professional self-government of chartered auditors.
National Court Register	National Court Register established pursuant to the National Court Register Act of August 20th 1997 (Dz. U. of 2001, No. 17, item 209, consolidated text, as amended since).
Order Book	List of investors who placed valid Declarations of interest in acquisition of the Offered Shares in the Institutional Offering, specifying the number of the Offered Shares they would like to acquire, and a price within the Price Range.
Initial Allotment List	List of Institutional Investors entitled to subscribe for the Offered Shares.
Extraordinary Shareholders Meeting	Extraordinary Shareholders Meeting of Inter Cars
NBP	National Bank of Poland
Non-Resident	Private individual, entity or organisational unit referred to in Art. 2.1.2 of the Foreign Currency Act
Offeror	Centralny Dom Maklerski Pekao Spółka Akcyjna with registered offices in Warsaw, Poland
Tax Legislation	Polish Tax Legislation Act of August 29th 1997 (Dz. U. of 1997, No. 137, item 926, as amended)
GDP	Gross Domestic Product
Customer Service Point	Customer Service Point of CDM Pekao
Foreign Currency Act	Polish Foreign Currency Act of July 27th 2002 (Dz.U. No. 141, item 1178)
Prospectus	This Issue Prospectus, being the only legally binding document containing information on the Company, the shares to be introduced into public trading, and the shares being offered in public trade, prepared in accordance with the requirements of the Polish Prospectus Directive.
Price Range	Price range within which share prices indicated in the subscriptions for the Offered Shares in the Retail Offering and the Declarations of interest in acquisition of the Offered Shares in the Institutional Offering must fall.
Public Offering	Public offer to sell the Offered Shares
Supervisory Board	Supervisory Board of Inter Cars
WSE Rules	Rules of Giełda Papierów Wartościowych w Warszawie SA, adopted by virtue of Resolution No. 6/1024/2004 of the WSE Board of February 24th 2004, approved by the decision of the Polish SEC of March 9th 2004. The WSE Rules applicable to the official stock-exchange market will come into force as of May 1st 2004.
Resident	Private individual, entity or organisational unit referred to in Art. 2.1.1 of the Foreign Currency Act.
Prospectus Directive	Directive of the Council of Ministers of October 16th 2001 on detailed requirements for issue prospectuses and abbreviated issue prospectuses (Dz. U. No. 139, item 1568, as amended)
Registry Court	District Court for the Capital City of Warsaw, XX Commercial Division of the National Court Register
State Treasury	State Treasury of the Republic of Poland
Issue Sponsor	Account maintained by a brokerage house at the Polish NDS, in which the names of the persons who did not place an order to deposit shares in their own securities account are recorded.
Selling Shareholders	Jointly Fund.1 Pierwszy Narodowy Fundusz Inwestycyjny Spółka Akcyjna and Narodowy Fundusz Inwestycyjny FORTUNA Spółka Akcyjna, both with registered offices in Warsaw, Poland
Articles of Association	Articles of Association of Inter Cars
Retail Offering	Separate tranche of shares within the Public Subscription, consisting of the Offered Shares to be acquired by the Retail Investors.
Institutional Offering	Separate tranche of shares within the Public Subscription, consisting of the Offered Shares to be acquired by the Institutional Investors
Investment Agreement	Multilateral agreement of August 8th 2001 between Narodowy Fundusz Inwestycyjny FORTUNA SA and Fund.1 Pierwszy Narodowy Fundusz Inwestycyjny SA, acting as the Financial Investors, and Krzysztof Oleksowicz, Jolanta Oleksowicz-Bugajewska (acting in her own name and the name of a minor, Michał Oleksowicz) and Andrzej Oliszewski, as the Company shareholders, and the Company.
Terminating Agreement	Multilateral agreement of February 17th 2004 on the termination of the Investment Agreement between Narodowy Fundusz Inwestycyjny FORTUNA SA and Fund.1 Pierwszy Narodowy Fundusz Inwestycyjny SA, acting as the Financial Investors, and Krzysztof Oleksowicz, Jolanta Oleksowicz-Bugajewska, Michał Oleksowicz and Andrzej Oliszewski, as the

	Company shareholders, and the Company.
USD	American dollar, legal tender in the territory of the United States of America
National Court Register Act	Polish National Court Register Act of August 20th 1997 (consolidated text, Dz. U. of 2001, No. 17, item 209, as amended)
Act on Land Ownership Registers and Mortgages	Polish Act on Land Ownership Registers and Mortgages of July 6th 1982 (consolidated text, Dz.U. 2001, No. 124, item 1361, as amended)
NBP Act	Act on the National Bank of Poland of August 29th 1997 (Dz. U. No. 140, item 9381, as amended), enacted on January 1st 1998
Personal Income Tax Act	Polish Personal Income Tax Act of July 26th 1991 (Dz. U. of 2000, No. 14, item 176, consolidated text, as amended since)
Corporate Income Tax Act	Polish Corporate Income Tax Act of February 15th 1992 (Dz. U. of 2000, No. 54, item 654, consolidated text, as amended since)
Act on Duty on Actions under the Civil Law	Polish Act on Duty on Actions under the Civil Law of September 9th 2000 (Dz. U. No. 86, item 959, as amended)
Accountancy Act	Polish Accountancy Act of September 29th 1994 (Dz. U. No. 121, item 591, as amended)
Foreign Currency Act	Polish Foreign Currency Act of July 27th 2002 (Dz. U. of 2002, No. 141, item 1178)
Polish Securities Act	Polish Act on the Public Trading in Securities of August 21st 1997 (Dz. U. of 2002, No. 49, item 447, consolidated text)
Act on Prevention of Money Laundering Practices	Polish Act on Prevention of Money Laundering Practices of November 16th 2000 (consolidated text, Dz. U. of 2003, No. 153, item 1505, as amended)
General Shareholders Meeting or GM	General Shareholders Meeting of Inter Cars
WIBOR	Warsaw Inter Bank Offered Rate on the Polish interbank market for short-term interbank loans
Executive Board	Executive Board of Inter Cars
Złoty, PLN	Polish złoty, legal tender in the territory of the Republic of Poland, introduced into monetary circulation on January 1st 1995
WIBOR	Warsaw Inter Bank Offered Rate on the Polish interbank market for interbank loans
ZUS	Zakład Ubezpieczeń Społecznych (Polish Social Security Authority)

Chapter I - Summary and Risk Factors . . . 1

Chapter II - Persons Responsible for Information Contained in this Prospectus . . . 14

Chapter III - Information on the Public Sale . . . 24

Chapter IV - Information on the Company . . . 50

Chapter V - Information on the Issuer . . . 59

Chapter VI - Management Discussion and Analysis . . . 92

Chapter VII - Company's Organisation, Management and Supervisory Staff, and Major Shareholders . . . 101

Chapter VIII - Financial Statements of Inter Cars for 2003 and Comparable Financial Data for 2002 and 2001 . . . 116

Chapter IX - Appendices . . . 177