INTER CARS S.A.

SEPARATE ANNUAL STATEMENT
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2009

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OPINION OF THE INDEPENDENT CHARTERED AUDITOR

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OPINION OF THE INDEPENDENT CHARTERED AUDITOR

For General Meeting of Inter Cars S.A.

We have conducted an audit of the attached separate financial statement of Inter Cars S.A., based in Warsaw, ul. Powsińska 64 ("the Company"), which consists of the statement on financial position drawn up as at 31 December 2009, the statement of comprehensive income for the financial year ending on that day, the statement of changes in equity for the financial year ending on that day, the statement of cash flows for the financial year ending on that day and explanatory information on the adopted accounting principles and other additional information.

Responsibility of Board of Directors and Supervisory Board

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

The Board of Directors and members of the Supervisory Board or another supervisory authority are obliged to ensure that the financial statement and the statement on activities meet the requirements planned in the Act on accounting.

Responsibility of Chartered Auditor

Our task, on the basis of the conducted audit, is to express an opinion on this separate financial statement and the correctness of ledgers being the basis for its preparation. The audit of the separate financial statement has been conducted pursuant to the provisions of chapter 7 of the Act of 29 September 1994 on Accounting (Journal of Laws of 2009 No. 152 item 1223 as amended) ("the Act on Accounting") and International Financial Revision Standards.

0 These regulations impose upon us the obligation to act pursuant to the principles of ethics and plan the audit in such a manner so as to obtain a rational confidence that the financial statement and ledgers being the basis for its preparation are free from essential irregularities.

KPMG Audyt Sp. z o.o., a Polish limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity..

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

We believe that the audit proof obtained by us will be a sufficient basis to express our opinion on the audit.
i

Opinion

In our opinion, the attached separate financial statement of Inter Cars S.A. presents assets and financial position in the Company as at 31 December 2009, the financial result and cash flows for the financial year ending on that day in a clear and reliable manner. It has been prepared in all material aspects pursuant to International Financial Reporting Standards which have been approved by the European Union, it complies with legal regulations and provisions of the Company's Articles of Association affecting the content of the separate financial statement and it has been drawn up on the basis of ledgers kept correctly in all significant aspects.
i

Other issues

In addition, pursuant to the requirements of the Act on Accounting, we conclude that the statement of the Issuer's operations, in all material aspects, takes into account the information referred to in Article 49 of the Act on Accounting and in the Regulation of the Minister of Finance of February 2009 concerning the submission of current periodical information by the securities' issuers and also the conditions of recognizing as equal the information demanded by the national lawful regulation of a country which does not hold the membership in the European Union (Journal of Laws of 2009 No. 33 item 259) and it complies with the information contained in the separate financial statement.
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For KPMG Audyt Sp. z o.o. ul. Chłodna 51, 00-867 Warsaw Registry No. 458

....
Chartered Auditor no. 11505, Jędrzej Szalacha

For KPMG Audyt Sp. z o.o. ul. Chłodna 51, 00-867 Warsaw Registry No. 458

....
Chartered Auditor no. 90048
Mirosław Matusik, Director

20 April 2010,
Warsaw

PART II
SEPARATE ANNUAL STATEMENT FOR THE PERIOD FROM 1 January to 31 December 2009

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

Dear Shareholders!

The year 2009 was one of the more successful ones for Inter Cars S.A. I will be honest, it was a surprise. We rather expected small increases, therefore we paid particular attention to limiting administration costs. The market likes to surprise us. For this reason, we could inform you with great pleasure about subsequent record months in sales. I have always believed that an independent market of automotive parts and services is quite resistant to any crises. It turned out that it is not only resistant but the crisis actually fosters its development.

The data published in the report of the Association of Automotive Parts Distributors (SDCM) shows that the independent market of parts and services grew in 2009 to almost PLN 25 billion as compared to PLN 22 billion in 2008. Since 2004, the market has grown by more than PLN 13 billion. Inter Cars S.A. is the largest beneficiary of the market's growth. Our revenue for 2009 amounted to more than PLN two billion, which gives the growth as compared to the previous year by almost 19%. Our most serious competition is far behind us, with almost PLN 700 million turnover.

Numerous factors contributed to the success in 2009. First, the crisis. Due to constant media information about the crisis many people and companies started to search for savings. According to the abovementioned SDCM report, car expenses are the second largest item in the family budget. On average, drivers in Poland spent PLN 1 486 for car repairs in 2009 as compared to PLN 1 354 in 2008. On the other hand, drivers spent PLN 730 on parts as compared to PLN 703 in 2008. The majority of these amounts was spent in the segment of independent market. It is enough to remind you the share in the car repair market, is 70% to 30% for the benefit of the independent market. It seems that this tendency, i.e. increasing the share of independent manufacturers in car repairs will be maintained in the years to come.

Apart from individual drivers, companies also began to optimize the maintenance costs for car fleets. We estimate that almost 400 000 vehicles went from the segment of authorized repair workshops to independent workshops in the last year. The car fleet service department in Inter Cars S.A. reported a growth in revenue by more than 80% as compared to 2008. This is a significant argument indicating the fact that more and more cars migrate to the independent segment.

The migration of cars to the independent segment is also fostered by the popularization of knowledge that original parts are not only parts with the vehicle manufacturer's logo but also each part manufactured according to the technical standards of these manufacturers. This is the manner in which original parts are defined in the explanatory brochure to the BER 1400/2002 Directive commonly referred to as GVO. Even though the directive expires in May 2010, not only do the regulations which are to be introduced in its place sustain the previous solutions beneficial for vehicle users, e.g. the definition of original spare parts, but they go even further by introducing the provision that guarantee may not be made dependent on using only parts with the vehicle manufacturer's logo. We thus expect that the trend in which the drivers of new cars move to the independent segment will be maintained although its scale will probably be not as large as last year.

It seems that 2010 will not bring such record growths as 2009. Despite that, we are still expecting a permanent growth.

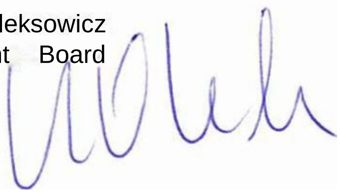
Inter Cars S.A. has always been a pioneer in business solutions in the vehicle spare part distribution segment. We still want to create innovations, looking for new ways to increase the Company's competitiveness and flexibility.

We intend to support our previous sales channels using a new product, the online platform "Motointegrator". The idea behind it is to facilitate contact between the workshop and the driver through the possibility of selecting parts and the workshop in which the repair is to be made. Certainly, we offer professional assistance in selecting parts for our customers through a group of specialized consultants. In addition, we also want to drivers who join "Motointegrator" to have access to a package of comprehensive care for the car, containing, e.g. insurance, assistance, etc. We expect that "Motointegrator" will become a significant sales channel within the next five years and, at the same time, it will make it possible to increase the loyalty of workshops cooperating with us.

The only area which is of a slight concern to us is the truck market. The crisis in transport companies in Poland contributes to the reduction in expenses on repair parts for trucks. The last year was very hard for all companies operating as part of the distribution of trucks. Fortunately for Inter Cars S.A., the main players on the truck market focus only on activities on this market. Therefore, this means significant problems for them and, if this tendency remains, large losses caused by the previous expansion policy. Thus, we may expect that Inter Cars S.A. will become the number one also in the truck segment in the near future.

I would like to thank you dear Shareholders for your confidence given to the Company. Those of you who did not doubt in the Company's value could feel it particularly strongly last year when the price of one share in January 2009 was less than PLN 30 to reach more than PLN 80 in December. I would like to assure you that we always formulate high objectives for ourselves and, according to my other declarations, we will aim at the number one position in Europe. Nothing is so fostering for development as challenges and especially attainable challenges.

Krzysztof Oleksowicz
Management Board
Chairman . ,



Declaration of members of the Board of

Directors of Inter Cars S.A.

Pursuant to the requirements of the Regulation of the Minister of Finance of 19 February 2009 concerning the submission of current periodical information by securities' issuers, the Board of Directors of Inter Cars S.A. hereby declares that:

- **to its best knowledge, the separate annual financial statement of Inter Cars S.A. "Inter Cars" and comparative data have been prepared pursuant to International Financial Reporting Standards approved by the European Union, issued and valid as at the day of preparation of these financial statements and reflect assets and financial position of Inter Cars and its financial result in a true, reliable and clear manner.**
- **The comment to the annual statement, constituting the annual statement of operations of Inter Cars contains a true reflection of the development and accomplishments as well as the situation in Inter Cars S.A.**
- **KPMG Audyt Sp. z o.o., an entity authorized to audit financial statements, conducting the audit of the separate annual financial statement of Inter Cars, has been selected pursuant to legal regulations and that this entity and the chartered auditor conducting this audit have met the conditions for preparing an impartial and independent audit report, pursuant to relevant legal regulations.**

Warsaw, 20 April 2010

Krzysztof Oleksowicz *Robert Kierzek*

Vice President of the Management Board President of the Management Board

Krzysztof Soszyński *Piotr Kraska*

Vice President of the Management Member of the Management Board Board

Wojciech Milewski

Member of the Management Board

Selected inancial information

Selected inancial information:	*for the period of 12 months ending*		*for the period of 12 months ending*	
	31.12.2009	**31.12.2008**	**31.12.2009**	**31.12.2008**
(in thousands)	*PLN*	*PLN*	*euro*	*euro*
Data relating to growth and profits				
Sales margin	**31,2%**	**30,1%**		
EBITDA	**130 316**	86 **154**	**30 023**	**24 392**
EBITDA as percentage of sales	**7,0%**	**5,7%**		
Net debt/EBITDA	**3,52**	**5,82**		
Basic earnings per share	**4,40**	**1,71**	1,01	**0,48**
Diluted earnings per share	**4,32**	1,68	1,00	**0,48**
Profit (loss) from operating activities	**103 656**	**62 580**	**23 881**	**17 718**
Zysk (strata) netto	**60 707**	**22 912**	**13 986**	6 **487**
Cash flow				
Cash flow from operating activities	**104 444**	**74 697**	**24 062**	**21 148**
Cash flow from investment activities	**(35 897)**	**(58 690)**	(8 **270)**	**(16 616)**
Cash flow from financial activities	**(69 714)**	**(16 400)**	**(16 061)**	**(4 643)**
Employment and number of branches as at	**31.12.2009**	**31.12.2008**		
Employees	**1 274**	**1 303**		
Branches	**126**	**115**		
Statement of n financial position *(as at)*	**31.12.2009**	**31.12.2008**	**31.12.2009**	**31.12.2008**
Cash and cash equivalents	**11 613**	**12 780**	**2 827**	**3 063**
Balance sheet total	**1 224 197**	**1 185 592**	**297 989**	**284 151**
Loans, borrowings, financial Leasing	**470 625**	**514 234**	**114 557**	**123 247**
Owner's equity	**480 228**	**406 912**	**116 895**	**97 525**

To convert selected financial data into EUR, the following exchange rates were applied:

- **for item of the statement of financial position - exchange rate of the National Bank of Poland (NBP) as at 31 December 2009 - EUR 1 = PLN 4.1082 and the exchange rate of 31 December 2008 - EUR 1 = PLN 4.1724.**
- **for items concerning growth and profits as well as cash flows - the exchange rate calculated as average of NBP exchange rates, valid as at the last day of each month in 4 quarters of 2009 and 2008, respectively: 1 EUR = 4,3406 PLN and 1 EUR = 3,5321 PLN.**

Information on INTER CARS S.A.

1. **Object of operations**

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

2. **The registered office**

   ul Powsińska 64

02-903 Warsaw

Poland

Central Warehouse:

ul. Gdańska 15

05-152 Czosnów near Warsaw

3. **Contact details**

tel. (+48-22) 714 19 16

fax. (+49-22) 714 19 18

bzarzadu@intercars.com.pl

relacje.inwestorskie@intercars.com.pl

www.intercars.com.pl

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

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

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

Krzysztof Oleksowicz, President of Board of Directors Robert Kierzek, Vice President Krzysztof Soszyński, Vice President Wojciech Milewski Piotr Kraska

6. **Chartered Auditor**

KPMG Audyt Sp. z o.o. ul. Chłodna 51

00-867 Warsaw

7. **Lawyers**

W. Olewniczak i Doradcy Kancelaria Prawna Spółka Komandytowa

ul. Marszałkowska 115

Warsaw

Joanna Wasilewska & Partnerzy, Kancelaria Radców Prawnych,

ul. Źródlana 11 **a**

Poznań

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

Bank Pekao S.A.ABN Amro S.A.

ul. Grzybowska 53/57ul. 1-go Sierpnia 8**A**

00-950 Warsaw 02-134 Warsaw

Bank Handlowy w Warszawie S.A.BRE Bank S.A.

ul. Senatorska 16ul. Senatorska 18

00-923 Warsaw 02-950 Warsaw

ING Bank Śląski S.A.Fortis Bank S.A.

Pl. Trzech Krzyży 10/14ul. Postępu 15

00-499 Warsaw 02-676 Warsaw

Kredyt Bank S.A.Raiffeisen Bank Polska S.A.

ul. Kasprzaka 2/8ul. Piękna 20

00-211 Warsaw 00-549 Warsaw

Bank Zachodni WBK S.A.EFG Eurobank Ergasias S.A.

ul. Rynek 9/11ul. Mokotowska 19

50-950 Wrocław 00-560 Warsaw

9. **Subsidiary companies**

Inter Cars Ukraina Feber Sp. z o.o.

29009 Chmielnicki, Tołstego 1/1ul. Powsińska 64

Ukraine 02-903 Warsaw

Inter Cars Ceska RepublikaQ-Service Sp. z o.o.
Nowodworska 1010/14ul. Gdańska 15

142 01 Praga, Czechy05-152 Cząstków Mazowiecki

Lauber Sp. z o.o.Inter Cars Slovenska Republika s.r.o.

ul. Portowa 35A Ivanska cesta 2

76-200 SłupskBratysława, Słowacja
Inter Cars Lietuva UABIC Development&Finance Sp. z o.o.

J. Kubiliaus g. 18ul. Dorodna 33

Vilnius, Lithuania 03-195 Warsaw

Inter Cars Romania s.r.l.Inter Cars Hungaria Kft.
Corneliu Coposu 167AKlapka Utca 4

400235 Cluj-Napoca, Romania H-1134 Budapest, Hungary

Inter Cars d.o.o.JC Auto s.r.l.

Radnicka cesta 27 Viale A.Doria 48/A

1000 Zagreb, Croatia 20124 Milan, Italy

ARMATUS Sp. z o.o.JC Auto S.A.

ul. Powsińska 64 Rue du Parc Industriel 3D

00-903 Warsaw 1440 Brain-le-Chateau, Belgium

JC Auto s.r.o.5 STERNE FAHWERKSTECHNIK GMBH

Lazensky park 10, c.p. 329 Storkower Str 175

735 03 Karvina- Darkom, Czech Republic 10369 Berlin, Germany

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

10. Quotations on stock exchanges

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

11. Date of approving the financial statement for publication

This separate annual financial statement was approved for publication by the Board of Directors of Inter Cars S.A. on 20 April 2010.

(in thousands of PLN)

SEPARATE ANNUAL STATEMENT OF FINANCIAL POSITION

	note	31.12.2009	31.12.2008 transformed
ASSETS			
Fixed assets			
Tangible fixed assets	**4**	**147 052**	**138 571**
Intangible assets	**5**	**145 605**	**149 916**
Investments in associated companies	**7**	**37 240**	**37 240**
Available for sale investments	8	**43**	**43**
Investment properties	6	**2 768**	**2 768**
Receivables	11	**79 525**	**65 522**
		412 233	**394 060**
Current assets			
Inventory	10	**426 717**	**471 098**
Receivables for services and other receivables	11	**373 634**	**307 440**
Income tax receivable		**-**	**214**
Cash and cash equivalents	12	**11 613**	**12 780**
		811 964	**791 532**
TOTAL ASSETS		**1 224 197**	**1 185 592**

	note	31.12.2009	31.12.2008 transformed
LIABILITIES			
Owner's equity			
Authorized capital	**13**	**28 336**	**27 472**
Reserve capital from the issue of shares above the face value	**13**	**259 530**	**247 785**
Reserve capital		**125 397**	**102 485**
Other reserve capitals		**5 935**	**5 935**
Retained earnings		**61 030**	**23 235**
		480 228	**406 912**
Non-current liabilities			
Liabilities due to credits, loans and finance lease	**15**	**383 426**	**110 276**
Provision for deferred income tax	**9**	**4 332**	**3 692**
		387 758	**113 968**
Short-term liabilities			
Liabilities due to deliveries and services and other liabilities	**16**	**267 109**	**259 282**
Liabilities due to credits, loans, debt securities and finance lease	**15**	**87 199**	**403 958**
Liabilities due to employee benefits	**17**	**1 655**	**1 472**
Liabilities due to under income tax	**18**	**248**	**-**
		356 211	**664 712**
TOTAL LIABILITIES		**1 224 197**	**1 185 592**

(in thousands of PLN)

SEPARATE ANNUAL STATEMENT OF COMPREHENSIVE INCOME

	note	1.01.2009 31.12.2009	1.01.2008 - 31.12.2008
Continuing operations			**transformed**
Sales revenue	20	**1 857 569**	**1 507 416**
Own costs of sales	21	**(1 277 552)**	**(1 053 859)**
Profit gross from sales		**580 017**	**453 557**
Other operating revenue	**24**	**3 777**	**14 483**
General administrative and sales cost	22	**(255 861)**	(**218** 202)
Distribution service costs	22	(211 010**)**	**(174 213)**
Costs of management option program		**-**	**(743)**
Other operating costs	**25**	**(13 267)**	**(12 302)**
Operating profit		**103 656**	**62 580**
Financial revenue	**26**	**5 674**	**4 707**
Foreign exchange differences	**26**	**(4 314)**	(8 **655)**
Financial costs	**26**	**(31 543)**	**(31 602)**
Profit before tax		**73 473**	**27 030**
Income tax withheld	**28**	**(12 766)**	**(4 118)**
Net profit from continuing operations		**60 707**	**22 912**
OTHER COMPREHENSIVE INCOME			
TOTAL COMPREHENSIVE INCOME FOR REPORTING PERIOD		**60 707**	**22 912**
Net profit		**60 707**	**22 912**
Weighted average number of shares		**13 787 685**	**13 400 267**
Profit for one share (in PLN)	**14**	**4,40**	**1,71**
Weighted average number of diluted shares		**14 059 011**	**13 667 585**
Diluted profit for one share (in PLN)		**4,32**	1,68

SEPARATE ANNUAL STATEMENT OF CHANGES IN EQUITY

	Authorized capital	Reserve capital from the sale of shares above the face value	Reserve capital	Other reserve capitals	Retained earnings
January 2008	**23 642**	**21 415**	**65 163**	**5 192**	**47 095**
ve income for the reporting period in					22 912
reporting period					
ve income for the reporting period in	**-**	**-**	**-**	**-**	**22 912**
***with the entity's shareholders ectly in equity* Contributions from and areholders**	3 750	225 000			
in connection with the merger with JC Auto					
under exercising management options	80	1 370	-	-	-
rofit from previous period - dividend	**-**	**-**	**-**	**-**	(9 450)
f reserve capital in connection with nanagement option program	-	**-**	-	743	-
tions from and payment to owners	**3 830**	**226 370**	**-**	**743**	**(9 450)**
rofit from the previous period - transfer to capital			37 322		(37 322)
l December 2008	**27 472**	**247 785**	**102 485**	**5 935**	**23 235**

SEPARATE ANNUAL STATEMENT OF CHANGES IN EQUITY (cont.)

	Authorized capital	Reserve capital from the sale of shares above the face value	Reserve capital	Other reserve capitals	Retained earnings
y as at 1 January 2009	**27 472**	**247 785**	**102 485**	**5 935**	**23 235**
ve income for the reporting period in					60 707
reporting period					
ve income for the reporting period in	**-**	**-**	**-**	**-**	**60 707**
with the entity's shareholders ***ectly in equity*** **Contributions from and** **areholders**					
under exercising management options	864	11 745			
tions from and payment to owners	**864**	**11 745**	**-**	**-**	**-**
rofit from the previous period - transfer to capital			22 912		(22 912)
y as at 31 December 2009	**28 336**	**259 530**	**125 397**	**5 935**	**61 030**

(in thousands of PLN)

SEPARATE ANNUAL CASH FLOW STATEMENT

	note	1.01.2009 - 31.12.2009	1.01.2008 - 31.12.2008 transformed
Cash Flow from operating activities			
Profit before tax		**73 473**	**27 030**
Adjustments:			
Depreciation of tangible assets and intangible assets		**26 660**	**23 574**
Foreign Exchange Differences (Profit) / Loss		**410**	**10 899**
(Profit) from sales of tangible fixed assets		**359**	**(4 347)**
Interest, net	**27**	**23 231**	**23 471**
(Profit) under revaluation of investment real estate		**-**	(212)
Other net items		**-**	**743**
Operating profit before changes in working capital		**124 133**	**81 158**
Change in inventories		**44 381**	**(56 878)**
Changes in receivables	**27**	**(60 415)**	**(79 539)**
Change in trade liabilities, other liabilities and liabilities for employee benefits		8 010	**143 579**
Cash generated from operations Interest paid Income taxes paid		**116 109**	88 **320**
Paid income tax	**27**	**(11 665)**	**(13 623)**
Net cash flow from operating activities		**104 444**	**74 697**
Cash Flow from investment activities			
Cash inflows from sales of tangible assets and intangibles	**5**	**5 741**	**16 501**
Value of intangible and fixed assets purchased		**(26 889)**	**(37 133)**
Purchase of interest in associated companies	**7**	**-**	**(5 691)**
Repayment of granted loans	**27**	**10 896**	**12 487**
Loans granted	**27**	**(27 657)**	**(46 465)**
Interest received	**27**	2 012	1 110
Other net items		**-**	**501**
		(35 897)	**(58 690)**
Net cash from investment activitiesCash Flow from financing activities			
Net inflows from issuance of shares	**13**	**12 609**	**1 450**
(Repayment) / inflows from credits, loans and debt securities	**27**	**(69 107)**	**83 745**
Payments of liabilities under financial lease contracts	**27**	**(9 934)**	**(9 635)**
Interest paid	**27**	**(28 282)**	**(27 678)**
Inflows due to debt securities issues (bonds)	**27**	86 **700**	**(54 832)**
Redemption of debt securities	**27**	**(61 700)**	**-**
Dividend paid	**29**	**-**	**(9 450)**
Net cash from financial activities Change in cash and net cash equivalents		**(69 714)**	**(16 400)**
		(1 167)	**(393)**
Cash and cash equivalents at the beginning of the period	12	**12 780**	**13 173**
Cash and cash equivalents at the end of the period		**11 613**	**12 780**

(in thousands of PLN)

SEPARATE ANNUAL STATEMENT OF FINANCIAL POSITION AT THE BEGINNING OF THE EARLIEST COMPARATIVE PERIOD

	31.12.2009	31.12.2008 transformed	31.12.2007 transformed
ASSETS			
Fixed assets			
Tangible fixed assets	**147 052**	**138 571**	**72 011**
Intangible assets	**145 605**	**149 916**	**7 000**
Investments in associated companies	**37 240**	**37 240**	**30 876**
Available for sale investments	**43**	**43**	**43**
Investment properties	**2 768**	**2 768**	**11 145**
Receivables	**79 525**	**65 522**	**31 192**
	412 233	**394 060**	**152 267**
Current assets			
Inventory	**426 717**	**471 098**	**411 522**
Receivables for services and other receivables	**373 634**	**307 440**	**190** 686
Income tax receivable	**-**	**214**	**-**
Cash and cash equivalents	**11 613**	**12 780**	**13 173**
	811 964	**791 532**	**615 381**
TOTAL ASSETS	**1 224197**	**1 185 592**	**767 648**

	31.12.2009	31.12.2008 transformed	31.12.2007 transformed
LIABILITIES			
Owner's equity			
Authorized capital	**28 336**	**27 472**	**23 642**
Reserve capital from the issue of shares above the face value	**259 530**	**247 785**	**21 415**
Reserve capital	**125 397**	**102 485**	**65 163**
Other reserve capitals	**5 935**	**5 935**	**5 192**
Retained earnings	**61 030**	**23 235**	**47 095**
	480 228	**406 912**	**162 507**
Non-current liabilities			
Liabilities due to credits, loans and finance lease	**383 426**	**110 276**	**38 748**
Provision for deferred income tax	**4 332**	**3 692**	**1 077**
	387 758	**113 968**	**39 825**
Short-term liabilities			
Liabilities due to deliveries and services and other liabilities	**267 109**	**259 282**	**251 415**
Liabilities due to credits, loans, debt securities and finance lease	**87 199**	**403 958**	**304 737**
Liabilities due to employee benefits	**1 655**	**1 472**	**437**
Liabilities due to under income tax	**248**	**-**	8 **727**
	356 211	**664 712**	**565 316**
TOTAL LIABILITIES	**1 224197**	**1 185 592**	**767 648**

(in thousands of PLN)

Explanatory information to separate annual financial statement 1. The basis for preparation of separate annual financial statement

a) Statement of conformity

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

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

The Company did not use the possibility of a prior application of the new Standards and Interpretations which had already been published and accepted by the European Union but which will become effective after the reporting day. In addition, as at the reporting day the Company had not completed the process of estimating the impact of new Standards and Interpretations, which will become effective after the reporting day.

Standards and Interpretations approved by the European Union, but non-valid and not taken into account in financial statement

Standards and Interpretations approved by the EU	**Type of expected change in accounting principles**	**Effective date for periods beginning on the day and later**
Amendments to International Financial Reporting Standards 2008: amendments to IFRS 5 Fixed assets held for sale	**IFRS 5 was amended and specifies that:** **• The entity intending to make a sale which involves losing control over a subsidiary, classifies all assets and liabilities of this company as held for sale if the criteria included in sections** 6-8 **have been met,** **• Disclosures concerning abandoned operations are required if the subsidiary is a group for sale which meets the criteria included in the definition of abandoned activities?**	**1 July 2009**
Updated IFRS 1 *First-time adoption of International Financial Reporting Standards* *First-time adoption of Financial Reporting Standards*	**Updating the standard consists in changing its structure (without changing its technical content) in this manner that all exceptions, which were previously contained in the standard, are transferred to relevant appendixes.**	**1 July 2009** **Pursuant to Commission Regulation ("the Commission") No. 1136/2009, all entities apply the abovementioned changes no later than when their first financial year starting after 31 December 2009 commences.**
Updated IFRS 3 *Business Combinations*	**The scope of the updated standard was amended and the definition of business was broadened. The updated standard contains also other potentially significant changes, including: • All benefits, subject to contingent benefits, provided by the purchaser are recognized and evaluated according to fair value as at the acquisition date. • Any later change to the value of contingent benefits should be presented as profit or loss of the current period. • Transactions costs, other than the costs of issuing shares or debt, should be recognized as profit or loss of the current period. • The acquiring company may value minority shares at the fair value as at the acquisition date (goodwill), or as its**	**1 July 2009** **According to Pursuant to Commission Regulation No. 495/2009, all entities apply the updated IFRS 3 no later than when their first financial year starting after 30 June 2009 commences**

(in thousands of PLN)

	proportional share in the fair value of assets and liabilities that can be determined for each transaction.	
Amendments to IAS 27 *Consolidated and separate financial statements*	**In the amended standard, the term "minority interests" was replaced with the term "***non-controlling interests***" which was defined as "the capital of a subsidiary which cannot be, directly or indirectly, assigned to the parent company". The amended standard also changes the manner of presenting non-controlling interests, losing control in a subsidiary and assigning profit and loss and other comprehensive income to controlling or non-controlling interests.**	**1 July 2009 Pursuant to Commission Regulation No. 494/2009, all entities apply amendments to IAS 27 no later than when their first financial year starting after 30 June 2009 commences.**
Amendments to IAS 32 *Classification of rights issues*	**The amendment requires the rights, options, warrants concerning the purchase of a given number of own equity instruments for a specific amount in any currency be equity instruments if the entity offers the abovementioned rights, options and warrants on a** *pro rata* **basis to the previous owners of the same class of equity instruments not being derivative instruments.**	1 **February** 2010 **Pursuant to Commission Regulation No. 1293/2009, all entities apply the abovementioned amendments no later than when their first financial year starting on 31 January 2010 commences.**
Amendments to IAS 39 *Financial Instruments: Presentation and valuation*	**The amendments specify the application of the existing principles for determining whether a specified risk or parts of cash flows may be designated as protected. When determining hedging relation, it should be possible to separate and reliably assess risks or a part of cash flows; inflation may be determined as an item subject to protection only under exceptional conditions.**	**1 July 2009 Pursuant to Commission Regulation No. 839/2009, all entities apply the abovementioned amendments no later than when their first financial year starting after 30 June 2009 commences.**
IFRIC 12 *Service Concession Arrangements*	**The interpretation determines directions for private sector entities with regard to the issues of recognition and valuation, which arise when settling transactions related to licenses given to private entities by public sector entities.**	1 **January 2008 According to Pursuant to Commission Regulation No. 254/2009, all entities apply IFRIC 12 no later than when their first financial year starting on the effective date of the Regulation, i.e. on 28 March 2009, commences.**
IFRIC 15 *Agreements for the Construction of Real Estate*	**IFRIC 15 specifies that revenues which arise in connection with the performance of construction agreements regarding real estate are presented in connection with the degree of progress in a service in the following cases: • The agreement meets the definition of a construction agreement pursuant to IAS 11.3; • The agreement applies only to providing services pursuant to IAS 18 (i.e. the entity is not obliged to deliver building materials); and • The agreement applies to the sales of goods while the criteria for recognizing revenues pursuant to IAS 18.14 are met continuously as works progress. In any other cases, the revenue is recognized when all criteria of recognition of revenues, in accordance with IAS 18.14, are met (i.e. after the end of construction or delivery).**	**1 January 2009 According to Pursuant to Commission Regulation No. 636/2009, all entities apply the abovementioned amendments no later than when their first financial year starting after 31 December 2009 commences.**
KIMSF 16 *Hedging of shares in net assets in a foreign entity*	**The interpretation explains the following issues: type of exposure, which may be hedged in which entities of the Group the hedged instrument may be kept, whether the applied method**	1 **October 2008. Pursuant to Commission Regulation No. 460/2009**

(in thousands of PLN)

	consolidation affects the effectiveness of hedging, the possible form of the hedged instrument, as well as the values which may be reclassified from equity to profit or loss for the period upon the sales of shares in a foreign entity.	**, all entities apply IFRIC 16 no later than when their first financial year starting after 30 June 2009 commences.**
IFRIC 17 *Distributions of Non-Cash Assets to Owners*	**The interpretation applies to distribution to owners of a dividend in the form of non-cash assets. According to the interpretation, the obligation to pay dividend should be recognized when dividend has been passed on in the appropriate manner and is not already the company's responsibility. The liabilities referred to above are valued at the fair value of the assets which are to be distributed. The balance sheet value of the liability under dividend should be valued as at each balance sheet date. Changes in the balance sheet value should be presented in equity as adjustment of the dividend's value. Upon dividend payment, the possible difference between the balance sheet value of distributed assets and the balance sheet value of liabilities should be presented in the profit or loss of the**	**1 July 2009 Pursuant to Commission Regulation No. 1142/2009, all entities apply the abovementioned amendments no later than when their first financial year starting after 31 October 2009 commences.**
IFRIC 18 *Transfers of assets from customers*	**The interpretation applies to agreements on the basis of which the entity receives tangible assets from its customer which are then used or in order to connect the customer to the network or grant him continuous access to goods or services or for both of these purposes. The interpretation also applies to agreements on the basis of which the entity receives cash from a customer and this cash will be intended for manufacturing or purchasing a component of tangible assets. The entity receiving assets recognizes fixed asset component, if it fulfills the definition of asset. Revenues are recognized on the other side. The moment of recognizing revenues depends on detailed facts and circumstances of the**	**1 July 2009 According to Pursuant to Commission Regulation No. 1164/2009, all entities apply the abovementioned amendments no later than when their first financial year starting after 31 October 2009 commences.**

Standards and Interpretations awaiting approval by the European Union for which the Company has not completed an analysis concerning the expected impact on the statement

Standards and Interpretations awaiting approval by the EU	**Type of expected change in accounting principles**	**Effective date for periods beginning on the day and later**
Amendments to International Financial Reporting Standards 2009	**Amendments to International Financial Reporting Standards 2009 contain 15 amendments to** 12 **standards.**	On 1 **January** 2010**, except for amendments to IFRIC 9** *Reassessment of Embedded Derivatives -* **The scope of IFRIC 9 and amended IFRS 3, IFRIC 16** *Hedges of a Net Investment in a Foreign Operation* **- Change concerning constraints of the possibility to maintain hedging instruments by a foreign entity, which is hedged itself, IAS 38 Intangible assets -** *additional changes* **resulting from the amended IFRS 3, IFRS 2 Share-***based Payment* **- The scope of IFRS 2 and the amended IFRS 3** *Business combinations*

(in thousands of PLN)

		- **where the effective date is 1 July 2009 as well as IAS 18** *Revenue* **- determination when the entity operates as an agent and when as a party to the agreement, where the effective date is not stated.**
Amendments to IFRS 1 *First-time adoption of International Financial Reporting Standards - Additional exemptions for first-time adopters of IFRS*	**The amendment consists in adding two optional exemptions for first-time adopters of IFRS with regard to: • Determining the implied cost for assets of the fuel-gas industry; • Reassessment of lease agreements classification; • Determining the implied cost for activities in which the sale prices are regulated.**	1 **January** 2010
Amendments to IFRS 2 *Share-based payment - Payment transactions in the form of shares within the group settled in cash*	**The most important consequence of amendments to IFRS 2 is the fact that the entity receiving goods or services as part of a share-based transaction which is settled by another entity in the group or one of the shareholders in this entity in cash or in the form of other assets is now obliged to present the received goods and services in its financial statement. So far transactions in the form of own shares within the group have not been regulated by IFRS 2.**	1 **January** 2010
MSSF 9 *Financial instruments*	**The standard was issued as a part of a complex review of financial instruments accounting. The new standard is less complex as compared to the current requirements and will replace IAS 39** *Financial Instruments: Recognition and Measurement.* **The new standard will concern only the principles of classification and valuation of financial assets.**	1 **January 2013**
Updated IAS 24 *Related party disclosures*	**The introduced changes relate mainly to the requirements for disclosure of transactions with related parties of entities remaining under your control, and the definition of related party.**	1 **January** 2011
Amendments to IFRIC 14 *Prepayments of a minimum funding requirement*	**Pursuant to the amended IFRIC 14, in the case of a plan with a Minimum Funding Requirement, paid advance payment should be classified as an asset.**	1 **January** 2011
KIMSF 19 *The expiry of financial liabilities in connection with the issue of equity instruments*	**The interpretation specifies that equity instruments issued to cover a financial liability are "payment" pursuant to IAS 39.41. The equity instruments described above should be valued at the fair value, while the difference between the balance sheet value of an expired financial liability and the valuation of equity instrument should be presented as profit or loss of the current period.**	1 **July** 2010

b) Valuation basis

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

financial instruments valued at the fair value through financial result - valued at the fair value

■ **financial instruments held for sale - investment real estate valued at the fair value - valued at the fair value. All values in the financial statement have been presented in PLN thousand, unless indicated otherwise.**

■

(in thousands of PLN)

c) Functional and presentation currency

(a) Presentation currency and functional currency

The data in the financial statement has been presented in Polish złoty ("PLN"), after rounding up to full thousands. PLN is the functional currency in Inter Cars S.A.

(b) Foreign exchange differences

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

d) Changes in accounting policy

Starting from 1 January 2009, the Company changed its accounting policy with regard to the following areas:

- **determining and presenting operating segments**
- **presenting the financial statement**
- **borrowing costs**
- **presenting prepayments and provisions**

Determining and presenting operating segments

Starting from 1 January 2009, the Company determines and presents operating segments on the basis of internal information delivered for the main authority responsible for making the Company's operating decisions. The change to the accounting policy results from the implementation of IFRS 8 Operating segments. Operating segments were previously determined and presented pursuant to IAS 14 Operating segment reporting.

Comparative data concerning operating segments have been transformed pursuant to the standard's transitional requirements. Since the described change to the accounting policy affects only the presentation in the financial statement and elements of explanatory information, there is no impact on earnings per share.

An operating segment is the Company's constituent part which is involved in business operations, in connection with which it may earn revenues and bear costs, including revenues and costs related to transactions with other components of the Company. Operating results of operating segments for which it is possible to separate financial information, are regularly inspected by the management to make decisions with regard to the allocation of resources for the purposes of the operation of these segments the assessment of their activities results.

Segment results which are reported to the Board contain items directly attributable to a given segment and indirect items which may be reasonably attributed to it, items not attributed to segments contain mainly assets associated with the overall management of the Company (essentially the registered office of the parent company), the office's administration costs, assets and liabilities concerning income tax .

Presentation of financial statement

The Company applies the updated IAS 1 Presentation of financial statements (2007) which has been effective since 1 January 2009. As a result, the Company presents all changes in equity attributable to shareholders in the separate statement of changes in equity, whereas changes in equity not resulting from transactions with shareholders are presented in the statement of comprehensive income.

The comparative data have been transformed pursuant to the updated standard. Due to the fact that the change to the accounting policy, resulting from the application of the updated IAS 1, applies only to the presentation of data in the financial statement, its application has no impact on earnings per share.

Borrowing costs

With regard to qualified assets for which the commencement date for the purposes of capitalization falls for moment from 1 January 2009, the Group activates borrowing costs, which may be attributed directly to the purchase, construction or production of a qualified asset component, as a part of its purchase price or cost of manufacturing. The Company presented previously the borrowing costs as the cost of the period in which it was incurred. The change to the accounting policy in this respect results from the implementation of IAS 23 Borrowing costs, pursuant to this standard's temporary provisions; the comparative data have not been transformed. The change to the accounting policy has no significant impact on earnings per share.

The Company activates borrowing costs with regard to tangible assets under construction.

Presentation of prepayments and provisions

After analyzing the content of particular items of the statement of financial position, and in particular provisions and prepayments, the Board of Directors decided to change their presentation starting from 1 January 2009. Currently, prepayments are presented as part of trade liabilities and other liabilities. Provisions and short-term prepayments, which, in the Company's opinion, meet the definition of liabilities, have been presented in the item trade liabilities and other liabilities. In order to ensure the comparability of data, the comparative data as at 31 December 2008 were transformed as well, and a transformed statement of the financial position as at 31 December 2007 was presented. More information on the transformation has been presented in note No. 36.

2. Description of the most important applied accounting principles

The principles (policy) of accounting presented below, except for the changes described in item 1 d), were applied towards all periods presented in the financial statement.

a) Tangible fixed assets

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

Tangible assets include own fixed assets, investments in external fixed assets, fixed assets under construction

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

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

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

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

Buildings and investments in foreign buildings 10 - 40 years	
Machinery and equipment	**3-16 years**
Means of transport	**5-7 years**
Other fixed assets	**1-5 years**

Profits and losses resulting from derecognition a component of tangible assets from the balance sheet are determined as a difference between net revenue from sale and the balance sheet value and are presented as a profit or loss of the current period.

b) Goodwill

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

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

c) Intangible assets

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

Relations with suppliers

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

After the initial presentation, relations with suppliers are presented at the purchase price reduced by depreciation deductions and impairment losses.

Relations with suppliers acquired in a merging transaction with JC Auto S.A. are depreciated throughout the period of 12 years, consistent with their useful economic life.

Computer software

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

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

d) Investment properties

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

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

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

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

e) Financial Instruments

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

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

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

The removal of financial instruments from the statement of financial position takes place when the rights to receive economic benefits and sustain related risks or their transfer for the benefit of third parties expire.

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

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

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

(a) held-to-maturity financial instruments

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

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

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

(b) Loans and receivables

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

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

(c) Available-for- sale financial assets

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

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

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

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

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

f) Asset component impairment

Financial assets

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

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

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

Impairment losses are presented as a profit or loss of the current period.

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

Non-financial assets

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

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

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

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

g) Lease

a) entity as leaseholder

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

Lease and lease contracts which essentially leave all risks and profits resulting from the possession of assets with the lessor are presented as operational lease agreements. The costs of leasing fees are presented straight as profit or loss throughout the effective term of the agreement.

(b) entity as lessor

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

h) Inventory

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

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

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

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

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

i) Cash and cash equivalents

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

Share capital

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

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

The costs of issuing shares reduce the value of equity.

k) Bank borrowings and loans

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

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

l) Provisions

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

m) Revenues

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

(a) revenues from sale of goods and products **Revenues are shown if:**

- **significant risks and benefits resulting from the property of rights have been transferred to the buyer,**
- **the entity is no longer permanently involved in managing the sold goods, products and services to the**

extent to which such function is usually performed towards goods to which one has the property right, nor is effective control performed over them,

- **the amount of revenues may be estimated in a credible manner,**
- **it is probable that the entity will obtain economic benefits from the transaction,**
- **the incurred costs as well as those which will be incurred in connection with the transaction may be valued in a credible manner.**

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

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

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

(b) provision of services

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

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

(c) interest revenues

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

(d) dividend

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

n) Operating Costs

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

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

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

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

o) Financial costs

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

p) Income tax

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

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

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

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

(in thousands of PLN)

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

q) Valuation of shares in subsidiaries

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

r) Translation difference

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

s) Payments in the form of own shares

The program of payments in the form of own shares allows the Group's employees to acquire shares in the Parent Company. Fair value of the granted call option is presented as costs under remunerations in correspondence with increase in equity. Fair value is determined as at the date of granting call options by employees and distributed over a period when employees will acquire the right to exercise options. Fair value of options is estimated using the model of binominal tree of valuation, taking into account the terms on which options were granted. The amount encumbering costs is adjusted in order to reflect the current number of the granted options, except for situations when the loss of rights to options is the effect of the situation when shares do not achieve the level of prices relevant for their take-up. Rights to increase in value of shares are granted to the Management Staff employees. Fair value of the amount to be paid out to employees is presented as cost in correspondence with increase in liabilities. Fair value is estimated initially as at the date of granting and distributed over a period when employees obtain unconditionally the right to payment. Fair value of the right to increase value of shares is calculated on the basis of the Black- Scholes model, given dates and terms on which instruments were granted. Valuation of liability is verified as at each reporting day and as at the day of settlement. Any changes in the fair value of liability are reported as headcount costs.

3. Information on business segments

The main object of activities of Inter Cars is sales of parts and accessories for mechanical vehicles (sales of spare parts). The Company does not distinguish any other operating segments.

Supplementary information

Information on major products and services and geographic sales division are presented in note number 20**.**

The vast majority of fixed assets of the Company are concentrated in Poland. The Company is not able to identify assets under geographic sales structure.

Owing to the special character of activities, the Company does not have key recipients. More information on this topic is presented in note number 33.

4. Tangible fixed assets

	31.12.2009	31.12.2008
Land	9 699	9 699
Buildings, premises and land & water engineering facilities	75 891	76 030
Machinery and equipment	20 675	16 641
Means of transport	9 275	11 741
Other fixed assets	28 832	20 312
Capital work in progress	2 680	4 148
Total tangible fixed assets	**147 052**	**138 571**

Leased tangible fixed assets

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

- **31 December 2008, - 36.362 thousand PLN**
- **31 December 2009, - 42.340 thousand PLN**

Financial lease contracts relate to lease of computer hardware, vehicles
i a facility in Kajetany, used in the Company's activities.
In relation to any components of tangible fixed assets owned by the Company, except for the ones covered by financial lease contracts, the right to dispose is not restricted.

Changes in estimates

The Company conducted an analysis of the period of use of warehouses equipment (racks). In connection with this analysis, the Company expects that the useful economic life of this equipment would be 10 **years from the date of purchase (previously expected useful economic life - 5 years). In connection with change in estimate, the impact of change in deprecation deduction on operating profit for the current period amounted to ca. PLN 1,800 thousand.**

Borrowing costs

Borrowing costs in the balance of tangible fixed assets for the reporting year are not material.

of PLN)

LUE OF TANGIBLE FIXED	**Land**	**Buildings and structures**	**Machinery and equipment**	**Means of transport**	**Other fixed assets**	**Capital work in progress**
e as at 1 January 2008	**5 448**	**46 793**	**25 091**	**9 709**	**28 624**	**3 698**
	4 251	39 396	12 963	10 755	20 086	3 102
	595	1 160	3 524	6 318	7 167	13 913
	-	6 452	372	140	3 847	(10 811)
a result of merger	3 656	31 784	6 594	4 297	9 072	-
	-	-	2 473	-	-	-
	-	3	474	2 810	368	2 652
	-	3	401	2 806	366	-
	-	-	73	4	2	-
	-	-	-	-	-	2 652
as at 31 December 2008	**9 699**	**86 186**	**37 580**	**17 654**	**48 342**	**4 148**
	-	4 396	13 825	1 773	16 475	(1 468)
	-	755	5 619	1 252	2 917	14 614
	-	3 641	576	-	13 217	(16 631)
	-	-	7 630	521	341	549
	-	1 536	10 276	3 400	832	-
	-	1 536	10 276	3 400	832	-
	-	-	-	-	-	-
	-	-	-	-	-	-
as at 31 December 2009	**9 699**	**89 046**	**41 129**	**16 027**	**63 985**	**2 680**

f PLN)

	Land	Buildings and structures	Machinery and equipment	Means of transport	Other fixed assets	Capital work in progress
and impairment losses as 2008		**7 770**	**15 138**	**5 323**	**20 051**	
r the period	-	2 423	5 879	2 415	8 201	-
	-	-	(110)	(1 825)	(222)	-
	-	(37)	32	-	-	-
and impairment losses as ń 2008		**10 156**	**20 939**	**5 913**	**28 030**	
r the period	-	2 847	7 353	2 675	7 546	-
	-	(245)	(7 834)	(1 839)	(423)	-
	-	-	(4)	3	-	-
r value	-	397	-	-	-	-
and impairment losses as ń 2009		13 155	20 454	6 752	35 153	
	5 448	**39 023**	**9 953**	**4 386**	**8 573**	**3 698**
y 2008						
mber 2008	**9 699**	**76 030**	**16 641**	**11 741**	**20 312**	**4 148**
y 2009	**9 699**	**76 030**	**16 641**	**11 741**	**20 312**	**4 148**
mber 2009	**9 699**	**75 891**	**20 675**	**9 275**	**28 832**	**2 680**

5. Intangible assets

	31.12.2009	31.12.2008
Company value, including:	**122 937**	**122 937**
- *goodwill from merger with JC Auto* **S.A.**	**722** *937*	**122** *937*
Computer software	**4 526**	**5 861**
Other intangible assets, including:	**18 142**	21 **118**
- *relations with suppliers*	*14 149*	*15 503*
- others	*3 993*	*5 615*
	145 605	**149 916**

Impairment review

The Company conducted impairment review for cash generating centers. Recoverable value was based on estimating use value. On the basis of the above review no impairment was found.

The use value is estimated current value of future cash flows generated by the entity. Significant assumptions adopted in estimating the recoverable value are presented below and did not change significantly as compared to the values adopted as at 31 December 2008:

- **Forecasts of cash flows used to estimate the use value estimated for the whole Company, regarded as one cash generating center.**
- **Data used for the forecast for the years 2010, 2011 were prepared on the basis of the approved budget.**
- **Cash flows for the years 2012-2013 were determined on the basis of growth rate of 4-5%, while for the remaining years the assumed growth rate is 1.5%.**
- **The discount rate used for calculation of use value amounted to 10.5% and was estimated on the basis of average weighted capital cost (WACC).**

Leased intangible assets

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

- **31 December 2008 - 2 243 thousand PLN,**
- **31 December 2009 - 2 366 thousand PLN,**

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

Borrowing costs

Borrowing costs in the balance of intangible assets for the reporting year are not material

	Computer software	Other intangible assets	Goodwill	
S VALUE OF INTANGIBLE ASSETS				
value as at 1 January 2008	**17 412**	**3 863**	-	
hase	2 390	1 918	-	
merger with JC Auto S.A., including:	1 495	17 913	122 937	1
tions with suppliers acquired as a result of merger with JC Auto S.A.	-	*16 700*	-	
er	*1 495*	*1 213*	122 937	*1*
sfer from fixed assets under construction	919	-	-	
value as at 31 December 2008	**22 216**	**23 694**	122 937	1
hase	1 732	-	-	
e	1 000	-	-	
s	(919)	-	-	
value as at 31 December 2009	**24 029**	**23 694**	**122 937**	1
ECIATION AND IMPAIRMENT LOSSES				
ciation and impairment losses as at 1 January 2008	**14 012**	**263**	-	
ciation for the period	2 343	2 313	-	
ciation and impairment losses as at 31 grudzień 2008	**16 355**	**2 576**		
ciation for the period	3 263	2 976	-	
ases under sales	(115)	-	-	
ciation and impairment losses as at 31 grudzień 2009	**19 503**	**5 552**		
ALUE				
January 2008	**3 400**	**3 600**	-	
1 December 2008	**5 861**	**21 118**	**122 937**	**1**
January 2009	**5 861**	**21 118**	**122 937**	**1**
1 December 2009	**4 526**	**18 142**	**122 937**	**1**

6. Investment properties

	31.12.2009	31.12.2008
As at 1 January	**2 768**	**11 145**
Purchase	**-**	**-**
Purchase as a result of merger with JC Auto S.A.	**-**	**2 659**
Valuation to fair value	**-**	**109**
Sales	**-**	**(11 145)**
As at 31 December	**2 768**	**2 768**

During 2009 there were no transfers from investment real estate to other assets. There were no changes in classification from other assets to investment real estate.

Investment real estate includes real estate in Gdańsk maintained for the purpose of renting to third party. The Company conducted, as at the reporting day, valuation of the fair value of the real estate in Gdańsk. When determining the fair value of the real estate situated in Gdańsk (acquired as a result of merger) the expert applied the comparative method.

Revenues from rent of the real estate in Gdańsk obtained in 2009 are PLN 150 thousand. The Company has no restrictions in disposal of the aforementioned real estate.

7. Investments in associated companies

	31.12.2009	31.12.2008
As at 1 January	**37 240**	**30 876**
Increase, including:	**-**	6 **364**
- *purchase of Fenoplast*	-	*3 782*
- increase in capitals in Inter Cars Lithuania,	-	*494*
- purchase of shares in subsidiaries under the merger within JC Auto S.A.	**-**	*2 088*
As at 31 December	**37 240**	**37 240**

Impairment review

The Company conducted impairment review of investments in subsidiaries for which premises of potential impairment were identified.
On the basis of review no impairment was found.

PLN)

sidiaries - as at 31.12.2009

mpany) of the entity n of legal form	The registered office	Date of taking up control	Balance sheet value of shares (PLN '000)	Percentage of owned capital/share in votes	Assets units	Creditors	Revenues
e	Chmielnitsky, Ukraine	04.2000	4 785	70%	28 958	34 518	71 816
o.o.	Cząstków Mazowiecki	04.2000	416	100%	16 989	4 147	50 601
.	Słupsk	07.2003	1 266	100%	13 594	10 393	12 506
Republika	Prague, Czech Republic	04.2004	29	100%	39 732	33 207	73 717
nska Republika	Bratislava, Slovakia	08.2005	21	100%	25 150	13 577	84 747
	Warsaw	08.2004	20 011	100%	76 173	62 053	112 247
a	Vilnius, Lithuania	09.2006	1 058	100%	8 950	8 976	26 148
& Finance Sp. z o.o.	Warsaw	10.2006	3 785	100%	47 022	43 327	9 092
	Zagreb, Croatia	02.2008	563	100%	23 145	23 526	26 731
ria Kft.	Budapest, Hungary	02.2008	611	100%	17 647	16 397	12 542
	Milan, Italy	02.2008	0	99%	8 697	8 569	9 261
	Brain-le-Chateau, Belgium	02.2008	0	100%	6 010	6 581	7 807
	Karvina-Darkom, Czech Republic	02.2008	0	100%	5 385	8 403	0
o.	Warsaw	02.2008	913	100%	1 064	103	103
nia s.r.l.	Cluj-Napoca, Romania	07.2008	0	100%	9 922	10 322	13 855
rkstechnik GmbH	Germany, Berlin	02.2008	0	100%	-	-	-
			33 458		**328 438**	**284 099**	**511 173**

iliates - as at 31.12.2009

mpany) of the entity n of legal form	The registered office	Balance sheet value of shares (PLN '000)	Percentage of owned capital/share in votes	Assets units	Creditors	Revenues
LAST Bułhak i	Szczytno	3 782	49%	13 167	4 303	9 266

** non-audited data*

8. Available for sale investments

	31.12.2009	31.12.2008
Interest in other entities	**43**	**43**
End of Period		

Shares in other entities are shares in ATR (Auto-Teile-Informationssystem) The share of the Company in the initial capital of ATR is 3.7%.

9. Deferred tax Deferred tax assets and provision

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

As at 31 December 2009	Assets	Creditors
Intangible assets	-	2 758
Tangible fixed assets	-	8 188
Inventory	4 708	-
Receivables for services and other	-	1 303
Investments in associated companies	1 062	-
Loan	-	1 313
Liabilities due to employee benefits	196	-
Liabilities due to credits, loans	-	74
Liabilities due to finance lease	7 484	-
Liabilities due to deliveries and services and other	3 438	7 584
Assets/reserve due to deferred tax	16 888	21 220
Compensation	(16 888)	(16 888)
Deferred tax provision shown in the balance sheet	-	4 332

As at 31 December 2008	Assets	Creditors
Intangible assets	-	3 022
Tangible fixed assets	-	8 011
Inventory	4 076	-
Receivables for services and other	-	1 336
Investments in associated companies	1 062	-
Loan	-	684
Liabilities due to employee benefits	247	-
Liabilities due to credits, loans	2 101	-
Liabilities due to finance lease	7 484	-
Liabilities due to deliveries and services and other	1 419	7 028
Assets/reserve due to deferred tax	16 389	20 081
Compensation	(16 389)	(16 389)
Deferred tax provision shown in the balance sheet	-	3 692

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

Change in deferred income tax assets	31.12.2009	31.12.2008
Status at the beginning of period	16 389	5 978
Increase (decrease)	(1 498)	10 411
Status at the end of period	14 891	16 389

Change in deferred income tax provision	31.12.2009	31.12.2008
Status at the beginning of period	20 081	7 055
(solution) establishment in the period	(858)	13 026
Status at the end of period	19 223	20 081

	31.12.2008	Impact on net profit	31.12.2009
Deferred tax asset Deferred tax provision	16 389 (20 081)	(1 498) 858	14 891 (19 223)
	(3 692)	(640)	(4 332)

10. Inventory

	31.12.2009	31.12.2008
Goods	426 717	471 098
	426 717	471 098
Goods	442 278	493 214
Rebates entered into inventory	(14 908)	(21 263)
Write-down	(653)	(853)
	426 717	471 098

Inter Cars receives rebates from suppliers which, in a part corresponding to bought and sold goods, are entered in a given period into reduction of sold goods. The remaining part of obtained rebates reduces inventory value. Inventory in the form of commercial goods located in the central warehouse, regional distribution centers and branches are insured against fire and other natural disasters and against theft with burglary and robbery. Inventory is security of credit bank.

Change in inventory write-downs

	31.12.2009	30.12.2008
Status at the beginning of period	(853)	(780)
(Increase) / decrease	200	(73)
Status at the end of period	(653)	(853)

11. Receivables for services and other receivables

	31.12.2009	31.12.2008
Trade receivables from related parties	143 746	137 781
Trade receivables from non-related parties	142 926	126 908
Receivables under taxes, subsidies, customs duties, social and health insurance and other benefits	63 635	27 803
Other receivables and prepayments	9 983	6 978
Loans granted	19 050	11 212
Short-term trade receivables and other receivables, gross	379 340	310 682

Receivables under taxes, subsidies, customs duties, social and health insurance and other benefits as at 31 December 2009 included mainly receivables under VAT in the amount of PLN 62 405 thousand (in 2008: PLN 26 574 thousand).

Change in write-downs of trade receivables	31.12.2009	31.12.2008
Status at the beginning of period	**(3 242)**	**(1 998)**
Increase, including:	**(2 464)**	**(1 244)**
- creation of new	*(2 464)*	*(1 244)*
Status at the end of period	**(5 706)**	**(3 242)**
Short-term trade receivables and other receivables, net	**373 634**	**307 440**

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

Age structure of gross trade receivables services	31.12.2009	31.12.2008
Maturing within 12 months	**286 672**	**264 689**
Maturing above 12 months	**-**	**-**
	286 672	**264 689**

Currency structure of trade receivables and other receivables (gross)		
Receivables in local currency	**212 045**	**138 739**
Receivables in foreign currencies	**167 295**	**171 943**
	379 340	**310 682**
Receivables in EUR	**155 390**	**154 817**
Receivables in USD	**11 484**	**16 285**
Receivables in other currencies	**421**	**841**
	167 295	**171 943**

Age structure of receivables	31.12.2009	
	Gross	**odpisy Write-downs**
to 180 days	**223 499**	**-**
From 181 to 270 days	**22 199**	**235**
From 271 to 360 days	**13 177**	**383**
Above one year	**27 797**	**5 088**
Total	**286 672**	**5 706**

	31.12.2008	
	Gross	**odpisy Write-downs**
to 180 days	200 **681**	**-**
From 181 to 270 days	**17 016**	**195**
From 271 to 360 days	**15 576**	**714**
Above one year	**31 416**	**2 333**
Total	**264 689**	**3 242**

Loans granted	31.12.2009	31.12.2008
Short-term application	**19 050**	11 212
Long term loans	**74 661**	**62 717**
	93 711	**73 929**

Long term receivables	31.12.2009	31.12.2008
Receivables from employees	**524**	**579**
Long term loans	**74 661**	**62 717**
Kaucje	**4 340**	2 **226**
	79 525	**65 522**

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

Credit risk and currency risk is discussed in note 33.

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

Loans for related entities are interest-bearing in the amount of: WIBOR 1M or LIBOR 3M (for a loan in EUR) increased by margin of 1 % to 4%.

Loans are not secured.

12. Cash and cash equivalents

	31.12.2009	31.12.2008
In hand	5 160	4 314
At bank	2 356	5 423
In transit	3 358	2 991
On ZFŚS (Company Social Benefits Fund) accounts	739	52
Cash	11 613	12 780
In local currency	10 687	9 701
In foreign currencies	926	3 079
	11 613	12 780

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

13. Initial capital and supplementary capital (agio)

The initial capital of Inter Cars, as at 31 December 2009, was 14,168,100 ordinary bearer shares with non-limited rights, A to F series, of face value of PLN 2 each. All shares approved for public trading by way of the decision of the Securities and Exchange Commission and entered into quotations on the Warsaw Stock Exchange. The first quotation of shares in Inter Cars S.A. was held at the trading session on 26 May 2004.

	Number of shares (in pieces)	Date of authorization	Right to dividend (for one year)	Face value (in PLN)	Issue price (in PLN)	Agio (in PLN)
shares of A series	200 000	14.05.2004	1999	400 000	2,00	-
shares of B series	7 695 600	14.05.2004	1999	15 391 200	2,00	-
shares of C series	104 400	14.05.2004	1999	208 800	2,00	-
shares of D series	2 153 850	14.05.2004	2001	4 307 700	6,85	10 448 676
shares of E series	1 667 250	14.05.2004	2002	3 334 500	8,58	10 966 504
shares of G series	1 875 000	14.03.2008	2007	3 750 000	122,00	225 000 000
shares of F1 series	10 001	06.08.2007	2008	20 002	33,59	315 900
shares of F2 series	30 000	25.06.2008	2008	60 000	37,13	1 053 900
shares of F1 series	147 332	06.08.2007	2009	294 664	33,59	4 654 249
shares of F2 series	127 333	25.06.2008	2009	254 666	37,13	4 473 208
shares of F3 series	157 334	21.12.2009	2009	314 668	18,64	2 618 038
	14 168 100			28 336 200		259 530 475

As at 31 December 2009, A to G series shares were recorded by the registration court. On the contrary, part of F1, F2 and F3 series shares were not registered as at the balance sheet date, as well as until the moment of approval of the statement, as presented in the table below:

	Number of shares (in pieces)	Face value (in PLN)	Issue price (in PLN)	Date of taking up shares by authorized persons
shares of F1 series	1	2	33,59	29.12.2009
shares of F2 series	127 333	254 666	37,13	29.12.2009
shares of F3 series	157 334	314 668	18,64	29.12.2009
	284 668	284 668		

14. Net earnings per share Basic earnings per share

Net profit per one share calculated on the basis of net profit in period in the amount of PLN 60,707 thousand

(2008: PLN 22,912 thousand) and weighted average number of shares 13,788 thousand (2008: 13,400 thousand shares) presented in the following calculation:

Average weighted number of shares	**2009**	**2008**
Shares issued as at 1 January	**13 736 100**	11 **821** 100
Shares issued in connection with merger	**-**	**1 562 500**
Shares issued in connection with option exercise	**51 585**	**16 667**
Average weighted number of shares in a year	**13 787 685**	**13 400 267**

Basic earnings per share	**2009**	**2008**
Net profit in the period	**60 707**	**22 912**
Weighted average number of shares	**13 787 685**	**13 400 267**
Net earnings per share	**4,40**	**1,71**

Diluted earnings per share

For the purpose of calculation of diluted earnings per share the Company accepted implementation of diluting effects of the motivation program. Net earnings per share calculated on the basis of net profit in the period in the amount of PLN 60,707 thousand (2008: PLN 22,912 thousand) and weighted average number of shares (diluted) 14,059 thousand shares (2008: 13,668 thousand shares) presented in the following calculation:

Average weighted number of shares (diluted)	**2009**	**2008**
Average weighted number of shares in a year (basic)	**13 787 685**	**13 400 267**
Impact of exercise of options on shares	**271 326**	**267 318**
Average weighted number of shares in a year (diluted)	**14 059 011**	**13 667 585**

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

Diluted earnings per share	**2009**	**2008**
Net profit in the period	**60 707**	**22 912**
Weighted average number of diluted shares	**14 059 011**	**13 667 585**
Net earnings per share	**4,32**	1,68

15. Liabilities under credits, loans and other debt instruments

The note presents data on liabilities of the entity under credits, loans and other debt instruments valued at the depreciated cost. Information with regard to exposure of the entity to the risk exchange rate, the interest rate risk and the liquidity risk is presented in note 31.

Non-Current	**31.12.2009**	**31.12.2008**
Secured bank credits	**350 262**	**78 493**
Loans received	**955**	**906**
Liabilities due to finance lease	**32 209**	**30 877**
	383 426	**110 276**

Short term	**31.12.2009**	**31.12.2008**
Secured bank credits	**55 000**	**395 533**
Unsecured liabilities under debt securities (Bonds)	**25 000**	**-**
Liabilities due to finance lease	**7 199**	8 **425**
	87 199	**403 958**

Short-term credits and loans	**amount by contract (limit)**	**usage**	**date of repayment**
Consortium of banks	**55 000**	**55 000**	**31-12-2010**
	55 000	**55 000**	

Long-term credits and loans	**amount according to the contract (limit)**	**usage**	**date of repayment**
Consortium of banks	**425 000**	**350 262**	**29-07-2011**
Armatus Sp. z o.o.	**955**	**955**	**31-01-2011**
	425 955	**351 217**	

The total amount of liabilities under credits and loans as at 31 December 2009 amounted to PLN 406 217 thousand, of which PLN 396 569 thousand are liabilities under credits and loans received in PLN, and PLN 9 648 thousand are liabilities under credits and loans received in EUR.

Significant consortium credit terms

A consortium credit was granted by the following banks (along with the use as at 31 December 2009):

	Usage	involved in the use of
Polska Kasa Opieki S.A	**109 974**	**27%**
ABN Amro (Polska) S.A.	**80 696**	20%
ING Bank Śląski S.A.	**78 177**	**19%**
Bank Handlowy w Warszawie S.A.	**48 607**	12%
BRE Bank S.A.	**67 808**	**17%**
EFG Eurobank Ergasias S.A. oddział w Polsce	20 000	**5%**
	405 262	100%

The credit granted by the consortium of banks is secured by:

- **mortgage on the real estate of Inter Cars S.A. in Cząstków Mazowiecki,**
- **registration pledge on inventory,**
- **surety granted by Inter Cars Ukraine,**
- **registration pledge on bank accounts.**

The following important factors (calculated on the basis of the consolidated financial statements of Inter Cars S.A.) are written into the contract and in the event of failure by the Group may be grounds for termination of the contract by the consortium:

- **ratio of operating profit of the Group in relation to paid interest on financial debt of all members of the Group,**
- **ratio of net debt to EBITDA,**
- **ratio of equity of the Group to the balance sheet total of the Group,**
- **value of inventory constituting the object of security in relation to use of credit,**
- **level of ratio of sales profitability of the Group,**
- **dynamics of inventory turnover ratio.**

Inter Cars may express consent and pay out dividend only in the case when:

- **the total amount of the dividend paid out for a given financial year does not exceed** 20**% of the net profit;**
- **ratios are at a satisfactory level and payment of dividend does not cause breach of any of significant ratios.**

Credit bears interest at a variable interest rate based on reference rate WIBOR 3M, O/N WIBOR or LIBOR increased by the bank's margin dependent on the debt/EBITDA ratio. According to the credit contract, the Company is obliged to hedge against change in interest rate, by concluding with banks Interest Rate Swap (IRS) contracts. More information on this topic is presented in note 33.

Effective interest rate as at the reporting day amounted to: reference rate increased by 2.84 percentage points

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

Financial Leasing	**31.12.2009**	**31.12.2008**
Total payments arising from lease contracts	**48 467**	**49 050**
Financial cost	**(9 058)**	**(9 748)**
Current value of lease liabilities	**39 409**	**39 302**

Total payments arising from lease contracts	**31.12.2009**	**31.12.2008**
Less than 1 year	**7 599**	**10 172**
Between 1 and 5 years	**26** 000	**20 323**
More than 5 years	**14** 868	**18 555**
Current value of lease liabilities	**48 467**	**49 050**

	31.12.2009	**31.12.2008**
Less than 1 year	**7 199**	8 **425**
Between 1 and 5 years	**21 508**	**13 287**
More than 5 years	**10 702**	**17 590**
	39 409	**39 302**

Lease liabilities relate to lease of tangible fixed assets and intangible assets. More information on this topic is presented in notes 4 and 5.

Bonds

During the year, the Company was financed by short-term bonds. The face value of issued and redeemed bonds amounted to PLN 61 700 thousand.
The table presents specification of bonds issued and non-redeemed until the reporting date.

Tranche number	**Date of obtaining**	**Date of redemption**	**Amount of**
92	**31.08.2009**	**31.05.2010**	**25 000**
			25 000

Bonds were issued in Polish zloty as bearer securities, unsecured, dematerialized and discount (as bonds with zero coupon). Bonds will be redeemed according to the face value of bonds in the seat of issuance agent. Discount rate of bonds is 7.92%.

16. Liabilities due to deliveries and services and other liabilities

	31.12.2009	**31.12.2008**
Trade liabilities from related parties	**22 063**	**37 582**
Trade liabilities from other entities	**197150**	**199 519**
Liabilities due to taxes, duties, insurances and other benefits	**23 417**	**9 096**
Other liabilities and accrued expenses	**24 479**	**13 085**
	267 109	**259 282**
Trade liabilities before reduction by charged bonuses for the period	**259 112**	**274 084**
Reduction in liabilities under bonuses due for the period and which are to be settled in the future period	**(39 899)**	**(36 983)**
Balance sheet value of trade liabilities	**219 213**	**237 101**
Age structure of trade liabilities	**219 213**	**237 101**
Maturing within 12 months		
Maturing above 12 months	**-**	**-**
	219 213	**237 101**

Liabilities under taxes, subsidies, customs duties, insurance and other benefits as at 31 December 2009

included mainly liabilities under VAT in the amount of PLN 19 636 thousand (2008: PLN 9 573 thousand).

The most important items of other liabilities and prepaid expenses and accruals as at 31 December 2009 were liabilities under bonuses for customers in the amount of PLN 6 108 thousand (2008: PLN 2 704 thousand) and liabilities under rent in the amount of PLN 4 829 thousand (2008: 0 thousands of PLN).

Currency structure of trade liabilities and other liabilities	31.12.2009	31.12.2008
Liabilities in local currency	143 322	116 687
Liabilities in foreign currencies	123 787	142 595
	267 109	259 282
equivalent in the domestic currency		
Liabilities in EUR	116 976	128 827
Liabilities in USD	4 859	5 875
Liabilities in other currencies	1 952	7 893
	123 787	142 595

17. Liabilities due to employee benefits

	31.12.2009	31.12.2008
Payroll liabilities	206	534
Corporate welfare benefit fund	1 449	938
	1 655	1 472

18. Liabilities due to under income tax

Age structure	31.12.2009	31.12.2008
Maturing within 12 months	248	-
Maturing above 12 months	-	-
	248	-

19. Payments in the form of own shares

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

	Weighted average exercise price	·	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	2009	2009	2008	2008	2007	2007
Options to be exercised as at 1 January	29,19	432 000	29,76	472 000	35,95	472 000
Options exercised during the period	29,19	(432 000)	36,25	(40 000)		
Options to be exercised as at 31 December			29,19	432 000	35,95	472 000
Options exercisable as at 31 December	-	-	38,00	254 667	33,39	157 334

	Total	1.1.2009-31.12.2009	1.1.2008-31.12.2008	1.1.2007-31.12.2007	1.1.2006-31.12.2006
Cost of granted options	5 935	-	743	3 330	1 862

As at 1 January 2009, the number of exercisable options was 432,000, and average weighted price of their exercise amounted to PLN 29.19.
As at 31 December 2009, all options have been exercised and changed to F1, F2, F3 series shares, as presented in Table in note number 13.

20. Sales revenue

	1.1.2009-31.12.2009	1.1.2008-31.12.2008
Revenue on the sale of goods	1 791 807	1 453 208
Revenue on the sale of services	65 612	54 133
Rental of investment real estate	150	75
	1 857 569	1 507 416

Material sales structure

	2009 (thousands of PLN)	(%)	2008 (thousands of PLN)	(%)
Parts to passenger cars	1 379 611	74%	1 097 549	73%
Parts to utility cars and buses	188 420	10%	186 756	12%
Parts to motorcycles, one-track vehicles	30 845	2%	19 866	1%
Other parts	177 691	10%	137 953	9%
Other sales	81 002	4%	65 292	4%
Total revenues from sales	1 857 569	100%	1 507 416	100%

Information on geographic sales structure

	2009 (thousands of PLN)	(%)	2008 (thousands of PLN)	(%)
Sales in the country	1 488 994	80%	1 206 003	80%
Export sales	368 575	20%	301 413	20%
Total	1 857 569	100%	1 507 416	100%

Export sales includes, first of all, sales to the neighboring countries, i.e. to the Czech Republic, Slovakia and Ukraine. Detailed information on sales structure and basic factors which had impact on the value of sales is presented in the Statement of operations of Inter Cars.

21. Own cost of sales

	1.01.2009 - 31.12.2009	1.01.2008 - 31.12.2008
Value of the sale of services, goods	1 346 893	1 104 533
Reduction in the value of sold services and goods by rebates due for the period	(63 772)	(47 353)
(positive)/negative exchange rate differences	(5 569)	(3 321)
Own cost of sales	1 277 552	1 053 859
Rebates due for the period	57 417	54 224
Entered into inventory (to be included at the time of sales)	(14 908)	(21 263)
Entered into reduction in prime sales cost	42 509	32 961
Discounts from the previous period reflected in value of products and goods sold	21 263	13 285
Change in estimates concerning previous period discounts	-	1 107
Reduction in the value of sold services and goods by rebates due for the period	63 772	47 353
Discounts charged in the period entered into inventory	14 908	21 263
Discounts charged in the period to be included in future periods result	14 908	21 263

22. General administrative and sales cost

	1.1.2009-31.12.2009	1.1.2008-31.12.2008
Depreciation	26 660	23 574
Consumption of materials and energy	10 504	11 261
Usługi obce	329 030	264 737
Taxes and fees	1 990	1 889
Payroll	67 183	65 531
Social security and other benefits	13 548	14 012
Pozostałe koszty rodzajowe	17 956	12 154
Total costs by type	466 871	393 158
(minus) Distribution service costs	(211 010)	(174 213)
(minus) Motivation program costs	-	(743)
General administrative and sales cost	255 861	218 202

Costs of distribution service are a component of costs of "external services" in costs by type. The costs of remuneration in 2008 include costs related to the execution of the motivation program mentioned in note 19.

23. Costs of employee benefits

	1.1.2009-31.12.2009	1.1.2008-31.12.2008
Remunerations under contracts of employment	66 249	64 254
Remunerations under contracts for a specific work and mandatory contracts	934	1 277
National Retirement Insurance	10 905	10 354
Other employee benefits	2 643	3 658
Costs of employee benefits included in prime sales costs and overheads	80 731	79 543

24. Other operating revenue

	1.1.2009-31.12.2009	1.1.2008-31.12.2008
Profit from disposal of non-financial fixed assets	-	4 347
Received compensations, penalties and fines	518	246
Storage surpluses	525	857
Revenues from encumbering branches	50	4
Marketing discounts	885	784
Dissolution of write-downs	-	2 339
Discount	1 219	5 427
Write-down of overdue liabilities	90	80
Payment of receivables past the expiration date after write-down	51	23
Deposit fees	77	55
Real estate valuation	-	212
Other	362	109
	3 777	14 483

25. Other operating costs

	1.1.2009-31.12.2009	1.1.2008-31.12.2008
Loss from disposal of non-financial fixed assets	359	-
Established write-downs of receivables and other	5 634	-
Damages to goods	2 224	1 665
Costs of complaints	401	863
Granted discounts	-	1 746
Write-down of receivables past the expiration date	2 543	5 053
Write-down of inventory	1 855	1 094
Compensations	79	276
Shortages in deliveries	-	1 398
Other	172	207
	13 267	**12 302**

26. Financial revenue and cost

	1.1.2009-31.12.2009	1.1.2008-31.12.2008
Financial revenue		
Revenues under interest on granted loans	694	838
Revenues under interest on granted intra-group loans	4 358	3 369
Interest on other accounts	622	500
	5 674	**4 707**
Financial costs		
Costs of interest on contracted bank credits	25 832	25 167
Costs of interest on contracted intra-group loans	44	52
Interest on other accounts	2 406	2 459
Fees and commissions	3 261	3 924
	31 543	**31 602**

Exchange rate differences in the period from 1.01.2009 to 31.12.2009	**Entered into prime sales cost**	**Presented as "Exchange rate differences"**	**Total exchange rate**
Created in connection with repayment of trade liabilities and receivables	**5 741**		**5 741**
Created in connection with repayment of liabilities under credits	-	**(4 730)**	**(4 730)**
Other	**-**	10	10
Effected exchange rate differences	**5 741**	**(4 720)**	1 021
Created in connection with the valuation of trade liabilities and receivables as at the reporting date	**(172)**		**(172)**
Other	**-**	**406**	**406**
Unrealised exchange rate differences	**(172)**	**406**	**234**
Total exchange rate differences	**5 569**	**(4 314)**	**1 255**

Exchange **rate differences in the period Entered into cost Presented Total**
1.01.2008 to 31.12.2008 **prime sales cost 'Exchange rate differences'**

Created in connection with repayment (5 526) -(5 526) of trade liabilities and receivables
Created in connection with repayment of -2 2812 281 of liabilities under credits

Realized exchange rate differences (5 526) 2 281 (3 245)
Created in connection with valuation 8 **847 -** 8 **847 of trade**
liabilities and receivables as at the reporting date
Other- 232232
Created in connection with the valuation as at - (11 168) (11 168) the reporting date of liabilities under bank

credits denominated in foreign currencies		
Unrealised exchange rate differences	8 **847 (10 936)(2 089)**	
Total exchange rate differences	**3 321** (8 **655)(5 334)**	

27. Cash structure to the cash flow statement Paid income tax

	31.12.2009	31.12.2008
Current income tax included in the comprehensive income statement	(12 **126)**	**(4 589)**
Change in receivables under income tax	**214**	**214**
Change in liabilities under income tax	**247**	**(9 248)**
Paid income tax	**(11 665)**	**(13 623)**

Change in receivables (except for loans granted and receivables under income tax)

	31.12.2009	31.12.2008
Change in trade receivables and other receivables	66 **194**	**116 754**
Change in long-term receivables	**14 003**	**34 330**
Change in granted loans	**(19 782)**	**(37 222)**
Other (including receivables acquired from JC Auto)	**-**	**(34 323)**
Changes in receivables	**60 415**	**79 539**

Change in granted loans

	31.12.2009	31.12.2008
Loans granted	**(27 657)**	**(46 465)**
Repayment of granted loans	**10 896**	**12 487**
Interest received	2 012	1 110
Calculated interest	**(5 051)**	**(4 207)**
Change in balance sheet valuation	**18**	**(147)**
Change in granted loans	**(19 782)**	**(37 222)**

Change in liabilities due to credits, loans, debt securities and finance lease

	31.12.2009	31.12.2008
Inflows (Repayment) under credits, loans and debt securities	**(69 107)**	**83 745**
Payments of liabilities under financial lease contracts	**(9 934)**	**(9 635)**
Inflows due to debt securities issues (debentures)	86 **700**	**-**
Purchase due to debt securities issues (debentures)	**(61 700)**	**(54 832)**
Granted leases	**10 041**	**2 455**
Change in balance sheet valuation	**391**	**11 047**
Change in liabilities due to credits, loans, debt securities and finance lease	**(43 609)**	**32 780**

Interest net

	31.12.2009	31.12.2008
Interest paid	**(28 282)**	**(27 678)**
Calculated interest	**5 051**	**4 207**
Interest net	**(23 231)**	**(23 471)**

28. Income tax withheld

Income tax included as profit or loss of the current period

	1.1.2009-31.12.2009	1.1.2008-31.12.2008
Income tax	12 **126**	**4 588**
Change in deferred income tax	**640**	**(470)**
Income tax reported in the statement of comprehensive income	**12 766**	**4 118**

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

Effective tax rate	**1.1.2009 31.12.2009**	**1.1.2008 31.12.2008**
tax rate	**19%**	**19%**
Profit before tax	**73 473**	**27 030**
Tax based on valid tax rates (19%)	**(13 960)**	**(5 136)**
Permanent differences	**1 194**	1 **018**
Income tax reported in the statement of comprehensive income	**(12 766)**	**(4 118)**

Tax authorities have the right to control ledgers and keep accounting records. Within five years from the end of a year in which the tax return was submitted, may impose additional tax loads along with interest and other penalties. In the opinion of the Board of Directors, there were no circumstances that could lead to significant liabilities on this account.

29. Dividend per share

	1.01.2009 - 31.12.2009	1.01.2008 - 31.12.2008
Dividend adopted and paid until the reporting date	-	9 450
Number of shares with granted right to the dividend according to a respective resolution of the General Meeting	14 168 100	13 696 100
Dividend per share (PLN)	-	0,69

In 2009, the Ordinary General Meeting of Inter Cars S.A. adopted a resolution on allocation of the whole profit for 2008 for supplementary capital.

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

The Board of Directors proposes to allocate profit of the current period for supplementary capital. In connection with the concluded contract of the consortium credit of July 2009, the Company has limited possibilities to pay dividend. Broader information can be found in note 15.

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

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

Tax settlements may be subject to control for a period of five years. As a result, the amounts reported in the financial statement may change at a later date after the final determination of their amount by treasury bodies. The Company was subject to control of the tax bodies.

Guarantees and sureties

As at 31 December 2009, the total value of guarantees and sureties amounted to PLN 12,766 thousand and consisted of sureties of lease agreements of Lauber Sp. z o.o., sureties for the benefit of suppliers of Inter Cars Ceska Ceska Republika and Inter Cars Slovenska Republika and surety of repayment of a credit for Inter Cars Hungaria Kft. I Inter Cars Slovenska Republika.

for	Term of contract	amount (thousands of PLN)
Inter Cars Hungaria Kft.	20-02-2016	4 065
Lauber Sp. z o.o.	26-09-2011	197
Inter Cars Czeska Republika i Inter Cars Slovenska Republika	31-12-2010	4 108
Inter Cars Slovenska Republika	24-06-2010	4 396
		12 766

The Company has customs guarantee granted by TU Allianz Polska S.A. in the amount of PLN 1,000 thousand and guarantees granted by Generali TU S.A. as security of submission of bid bond for the tender procedure and performance and retention bond for deliveries for the Police.

31. Operational Leasing

Inter Cars rents out warehouse space to entities operating subsidiaries, and they are not property of the Company (beyond the space in the central warehouse in Czosnów, facility in Kajetany and Gdańsk) but are rented by the Company. Any costs of rental, covered by the Company, are entirely reinvoiced to final users (entities operating subsidiaries) throughout the whole period of use of this space (together with the notice period).As at 31 December 2009, the total value of rents under contracts for an indefinite period of time for the notice periods of these contracts was PLN 6,429 thousand. The total value of rents under contracts for a definite period of time - PLN 9.297 thousand. In the end,

2008 **the value of these rents was PLN 4,127 thousand and 17,899 thousand, respectively.**

The total value of minimal future payments under operational lease up to one year is PLN 10,493 thousand (2008:PLN 11,062 thousand), on the other hand, from one to five years is PLN 5,233 thousand (2008: PLN 10.963 thousand). Future minimum payments under operational lease exceeding five years were not recorded.
Company reinvoices the abovementioned rents to cooperating branch operators.

32. Transactions with related entities

Total value of transactions and unsettled balances relating to related parties was as follows:

Receivables from subsidiaries	31.12.2009	31.12.2008
Inter Cars Ukraine	26 699	25 308
Lauber Sp. Z o.o.	2 150	1 093
Inter Cars Ceska Republika	27 645	46 257
Inter Cars Slovenska Republika	8 113	9 397
Feber Sp. z o.o.	7 331	7 082
Inter Cars Litwa	8 166	7 195
IC Development & Finance Sp. z o.o.	215	210
JC Auto s.r.l.	7 554	3 759
Inter Cars d.o.o.	20 725	15 932
JC Auto S.A.	5 644	4 810
INTER CARS Hungaria Kf.	13 131	7 587
JC Auto s.r.o.	8 246	8 377
Inter Cars Romania s.r.l.	8 039	771
Armatus sp. z o.o.	88	3
	143 746	137 781

Liabilities to subsidiaries	31.12.2009	31.12.2008
Inter Cars Ukraine	1	-
Q-Service Sp. z o.o.	14 756	8 759
Lauber Sp. z o.o.	1 491	-
Inter Cars Ceska Republika	481	23 826
Inter Cars Slovenska Republika	260	378
Inter Cars Litwa	5	-
IC Development & Finance Sp. z o.o.	59	122
JC Auto s.r.l.	-	92
Inter Cars d.o.o.	53	17
JC Auto S.A.	896	416
INTER CARS Hungaria Kft.	377	383
Inter Cars Romania s.r.l.	61	-
5 STERNE FAHWERKSTECHNIK GMBH I. GR.	89	-
JC Auto s.r.o.	3 534	3 589
	22 063	37 582

Sales revenue	2009	2008
Inter Cars Ukraine	17 209	15 425
Q-Service Sp. Z o.o.	3 452	2
Lauber Sp. Z o.o.	4 013	2 233
Inter Cars Ceska Republika	32 174	21 673
Inter Cars Slovenska Republika	40 294	26 920
Feber Sp. Z o.o.	464	1 117
Inter Cars Litwa	18 767	9 376
IC Development & Finance Sp. Z o.o.	6	173
JC Auto s.r.l.	6 348	1 757
Inter Cars d.o.o.	13 635	9 208
JC Auto S.A.	1 829	958
INTER CARS Hungaria Kft.	9 938	4 349
Inter Cars Romania s.r.l.	11 567	667
Armatus sp. z o.o.	103	2
	159 799	93 860

Buying goods and services	2009	2008
Inter Cars Ukraine	1	-
Q-Service Sp. Z o.o.	49 967	33 131
Lauber Sp. Z o.o.	12 542	10 324
Inter Cars Ceska Republika	2 323	16 880
Inter Cars Slovenska Republika	268	191
Feber Sp. Z o.o.	312	1
Inter Cars Litwa	344	772
IC Development & Finance Sp. Z o.o.	316	305
JC Auto s.r.l.	15	1 455
Inter Cars d.o.o.	37	23
JC Auto S.A.	841	2 796
JC Auto s.r.o.	-	32
Inter Cars Romania s.r.l.	63	-
	67 029	65 910

All transactions with related companies are conducted on market terms. The Company concludes transactions with entities that are related to members of the Supervisory Board and of the Board of Directors and their family members. Value of transactions is presented in the table below.

Sales revenue	2009	2008
Inter Cars s.j.	36	37
ANPO Andrzej Oliszewski	-	2
FASTFORWARD Maciej Oleksowicz	444	110
P.H. AUTO CZĘSCI Krzysztof Pietrzak	52	70
AK-CAR Agnieszka Soszyńska	651	691
BEST-CAR Justyna Pietrzak	488	392
	1 671	1 302

Purchase of goods and services	2009	2008
Inter Cars s.j.	27	227
ANPO Andrzej Oliszewski	155	148
FASTFORWARD Maciej Oleksowicz	504	337
P.H. AUTO CZĘSCI Krzysztof Pietrzak	1 810	1 768
AK-CAR Agnieszka Soszyńska	4 222	3 697
BEST-CAR Justyna Pietrzak	2 089	1 784
	8 807	7 961

Receivables	31.12.2009	31.12.2008
Inter Cars s.j.	38	43
FASTFORWARD Maciej Oleksowicz	110	9
P.H. AUTO CZĘSCI Krzysztof Pietrzak	1	31
AK-CAR Agnieszka Soszyńska	70	222
BEST-CAR Justyna Pietrzak	111	115
	330	420

Liabilities	31.12.2009	31.12.2008
Inter Cars s.j.	-	66
ANPO Andrzej Oliszewski	-	2
FASTFORWARD Maciej Oleksowicz	-	-
P.H. AUTO CZĘSCI Krzysztof Pietrzak	55	108
AK-CAR Agnieszka Soszyńska	151	194
BEST-CAR Justyna Pietrzak	48	75
	254	445

Loans granted

	31.12.2009	31.12.2008
Loans for members of the Supervisory Board, Board of Directors and of their families	-	-
Loans for subsidiaries and affiliates	87 019	66 653
	87 019	66 653
Lauber Sp. z o.o.	4 394	252
Feber Sp. Z o.o.	37 957	21 506
JC Auto S.A.	-	149
Inter Cars Romania	719	728
IC Development & Finance Sp. Z o.o.	42 785	42 849
Frenoplast S.A.	1 164	1 169
	87 019	66 653

The amount of loans granted with maturity below one year is PLN 11,618 thousand, on the other hand, above one year is PLN 75,401 thousand.
Loans for related entities are interest-bearing in the amount of: WIBOR 1M or LIBOR 3M (for a loan in EUR) increased by margin of 1 % to 4%.

Loans granted	2009	2008
At the beginning of period	66 653	29 824
From the merger with JC Auto S.A.	-	785
Loans granted	27 500	41 575
Calculated interest	4 442	3 368
Received repayment	(10 200)	(8 664)
Interest received	(1 251)	(384)
Balance-sheet valuation	(125)	149
At 31 December	87 019	66 653

Calculated interest	2009	2008
Lauber Sp. z o.o.	**142**	**25**
Feber Sp. Z o.o.	**1 759**	**1 017**
JC Auto S.A. (Be)	**-**	**25**
JC Auto s.r.l.	**-**	2
Inter Cars Romania	20	**19**
IC Development & Finance Sp. Z o.o.	**2 436**	2 **261**
Frenoplast S.A.	**85**	**19**
	4 442	**3 368**

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

	2009	2008
At the beginning of period	**37 515**	**28 192**
Granted	8 **504**	**9 323**
Expired	**(33 253)**	**-**
At the end of the period	**12 766**	**37 515**

Remuneration of the Supervisory Board and of the Board of Directors was as follows:

	2009	2008
Supervisory Board:	**208**	**167**
Management Board	**2 650**	**2 486**
	2 858	**2 653**

33. Financial Risk Management

Credit Risk

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

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

Considerable part of trade receivables are risk of cooperating branch operators which are accounted by the Company on the basis of margin division. It creates additional reduction in the credit risk by the Company.

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

	31.12.2009	31.12.2008
Receivables for services and other receivables	**453 159**	**371 318**
Cash and cash equivalents	**11 613**	**12 780**
	464 772	**384 098**

Interest rate risk

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

The Company uses liabilities of variable interest rate. As at 31 December 2009, the Company did not use liabilities of fixed interest rate.

In connection with the consortium credit received by the Company, the Company is obliged to hedge itself against the risk of interest rate fluctuation, by concluding Interest Rate Swaps (IRS). As at the reporting date, the Company was a party to the following transactions hedging risk of interest rate fluctuation:

Bank	The value of the hedged item	The duration of the contract	Base floating rate	terest by contract
BRE	55 417	up to 30.06.2011	WIBOR 3M	4,98
ING	63 333	up to 30.06.2011	WIBOR 3M	4,99
PKO	98 958	up to 30.06.2011	WIBOR 3M	4,98
Total	217 708			

The above transactions were concluded at the end of the reporting period, thus their valuation as at the balance sheet date was insignificant. For the aforementioned transactions hedge accounting (hedging for cash flows) was used.

The Company uses derivative financial instruments to hedge risk of interest rate fluctuations. Embedded derivatives are separated from the basic agreement and reported separately if economic characteristics and risk of the basic contract and embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would correspond the definition of a derivative and a hybrid (joint) instrument is not valued at the fair value through the financial result.

Significant transactions hedging interest rate fluctuation were concluded also after the balance sheet date.

At the end of reporting period, the structure of interest-bearing financial instruments is presented below:

Financial instruments of variable interest rate	31.12.2009	31.12.2008
Financial assets (granted loans, excluding calculated interest)	86 930	70 187
Financial liabilities (liabilities under credits, loans, debt securities and financial lease less bonds with fixed discount rate)	(445 625)	(514 234)
-less financial liabilities hedged with IRS as at the reporting date:	217 708	-
	(140 987)	(444 047)

The table below presents sensitivity of the financial result on possible interest rate fluctuations, assuming invariability of other factors. The following data show the impact of base points on net profit or loss of the Company in the annual period (lack of direct impact on equity).

As at 31.12.2009	increase/decrease in base points	impact on net result
	+ 100 / -100	(1 142) / 1 142
	+ 200 / -200	(2 284) / 2 284

As at 31.12.2008	increase/decrease in base points	impact on net result
	+ 100 / -100	(3 597) / 3 597
	+ 200 / -200	(7 194) / 7 194

Risk of exchange rate fluctuations

Major part of trade liabilities are expressed in foreign currencies, in particular in EUR. Sale is conducted first of all in PLN. The Company did not conclude in the period from 1 January to 31 December 2009 currency purchase or sales futures.

	EUR	USD	Other	EUR	USD	Other
	31 December 2009			31 December 2008		
Receivables for deliveries and services	155 390	11 484	421	154 817	16 285	841
Cash	888	23	15	3 079	-	-
Bank credits	(9 648)	-	-	(18 051)	-	-
Trade payables	(116 976)	(4 859)	(1 952)	(128 827)	(5 875)	(7 893)
Gross balance sheet exposure	29 654	6 648	(1 516)	11 018	10 410	(7 052)

The table below presents sensitivity of the financial result on possible EUR exchange rate fluctuations, assuming invariability of other factors (lack of direct impact on equity):

As at 31.12.2009	increase/decrease in exchange rate	impact on net result
EUR	+ 5% / - 5%	1 201 / (1 201)
	+ 10% / - 10%	2 402 / (2 402)
USD	+ 5% / - 5%	269 / (269)
	+ 10% / - 10%	538 / (538)
Other	+ 5% / - 5%	(61) / 61
	+ 10% / - 10%	(122)/122

As at 31.12.2008	increase/decrease in exchange rate	impact on net result
EUR	+ 5% / - 5%	446 / (446)
	+ 10% / - 10%	892 / (892)
USD	+ 5% / - 5%	422 / (422)
	+ 10% / - 10%	844 / (844)
Other	+ 5% / - 5%	(286) / 286
	+ 10% / - 10%	(572) / 572

Liquidity Risk

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

The table below presents future payments of the Company as at 31 December 2009 by the date on the basis of discounted payments.

	Ongoing	up to 3 months	from 3 to 12 months	from 1 to 5 years	above 5 years	Total
OInterest-bearing bank borrowings		10 000	45 000	350 262		405 262
Bonds	-	-	25 000	-	-	25 000
liabilities under financial lease		2 021	5 178	21 508	10 702	39 409
trade liabilities and other liabilities	121 787	144 044	1 278	-	-	267 109
	121 787	156 065	76 456	371 770	10 702	736 780

Owing to immateriality, amounts of liabilities under valuation of IRS are not included in the above table.

Capital management

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

Depending on changes in economic conditions, the Company may change capital structure by way of dividend payment, capital return or issue of new shares.

In the presented period some restrictions in capital management were introduced in connection with receiving consortium credit; more information on the topic is included in note number 15.

The Company analyzes the amount of capitals using leverage ratio, calculated as ratio of net debt to total capitals increased by net debt. Net indebtedness includes interest liabilities under bank credits, bonds and

financial lease, trade liabilities and other liabilities, less cash and cash equivalents. Capital includes equity attributable to the shareholders of the Company.

	31.12.2009	31.12.2008
Liabilities due to credits, loans and finance lease	470 625	514 234
Liabilities due to deliveries and services and other liabilities	267 109	259 282
(minus) cash and cash equivalents	(11 613)	(12 780)
Net debt	726 121	760 736
Owner's equity	480 228	406 912
Net debt to equity ratio	1,51	1,87

Fair value

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

	31.12.2009		31.12.2008 Transformed	
	Balance sheet value	fair value	Balance sheet value	Fair value
Loans granted	93 711	93 711	73 929	73 929
Available-for- sale financial assets	43	*	43	*
Receivables for deliveries and services and other liabilities (except for granted loans)	359 448	359 448	371 104	371 104
Cash and cash equivalents	11 613	11 613	12 780	12 780
Liabilities under bank credits and loans (including valuation of IRS)	406 217	409 545	474 026	474 026
Liabilities due to deliveries and services and other liabilities	267 109	267 109	246 307	246 307
Liabilities under bonds	25 000	25 000	-	-
Liabilities due to finance lease	39 409	39 409	39 302	39 302
Net exposure	(272 920)		(373 850)	

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

In the opinion of the Board of Directors, the value of financial assets and liabilities is close to their fair value.

34. Events occurring after the balance sheet date

None

35. Significant assessments and estimates

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

- **Note 3 Investment Properties,**
- **Note 9 Write-downs of inventory and discounts entered in inventory,**
- **Note 10 Write-downs of receivables,**
- **Note 4/5 Impairment of tangible fixed assets and intangible assets, estimates with regard to useful economic life of tangible fixed assets and intangible assets,**
- **Note 7 Write-downs of shares in subsidiaries.**

36. Change in presentation of financial data

In the financial statement prepared as at 31 December 2008 the presentation of the following items was changed: provisions, prepayments. Below are presented tables showing transformations.

Selected data from the statement of financial position	Approved report	changes after transformation	
	31.12.2008		31.12.2008
ASSETS			
Receivables for services and other receivables	**305 582**	**1 858**	**307 440**
Prepayments	**1 858**	**(1 858)**	**-**
	307 440	**-**	**307 440**
LIABILITIES			
Reserve (long-term)	**35**		**259 282**
Liabilities due to deliveries and services and other liabilities	**246 307**	**(35) 12 975**	
Provisions	**1 341**	**(1 341)**	**-**
Short-term prepaid expenses	**11 599**	**(11 599)**	**-**
	259 282	0	**259 282**

37. Continuation of activities

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

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

At the end of the financial year, the Company and the Inter Cars Group financed its activities (and activities of the Group Companies) mostly with bank credits and loans.

In 2009, Inter Cars concluded a two-year contract for consortium funding. Passing from short-term bilateral credits to mid-term consortium financing provides Inter Cars S.A. and entities being part of the Corporate Group stability and continuous financing for the period of two years, to the maximum amount of PLN 480 million, namely to a degree permitting further dynamic growth of the Group. Maximum term of credit repayment is 29 July 2011. More information is presented in note number 15.

38. Consolidated statement

Inter Cars S.A. prepares consolidated financial statement as the parent company. Consolidation covers statements of the Company and subsidiaries. Consolidation is conducted by using the full method, except for FRENOPLAST (affiliate) valued using the equity method.

Krzysztof Oleksowicz

President of the Management Board

Robert Kierzek

Vice President of the Management Board

Krzysztof Soszyński

Vice President of the Management Board

Wojciech Milewski

Member of the Management Board

Piotr Kraska

Member of the Management Board

Julita Pałyska

Person responsible for keeping the accounting books

Warsaw, 20 April 2010

PART III

STATEMENT OF OPERATIONS OF THE ISSUER

1. Summary

Inter Cars is an importer and distributor of spare parts to passenger and utility vehicles. The Company's offer includes also workshop equipment and parts to motorcycles and tuning. Inter Cars offers the greatest assortment of car parts in Eastern Europe. Its offer includes both parts original in manufacturers' packaging (the so-called "first assembly parts") as well as with comparable quality (independent manufacturers declare "the same" quality as of the original parts).

Sales revenues in 2009 were 23% higher than in 2008. Share of export in revenues from sales of goods in 2009 reached the level of approximately 20%, which is similar to the one recorded in 2008.

The following were of particular importance for sales results in 2009:

(a) further development of the regional sales support system (sales representatives), the result of which was

increase in the quantity of active customers,

(b) concentration on the domestic market,

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

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

The Company develops sales network (126 branches at the end of December), constantly expands the offer of goods and introduces new sales support forms. Since the current structure of sales of spare parts to passenger and utility cars corresponds to the structure of the registered car fleet in Poland, as well as thanks to high availability of the offer of goods and the use of modern sales tools, the Company can offer recipients competitive terms of cooperation. The Company is leader in implementation of new sales support solutions.

2009 is another year of dynamic development of activities of subsidiaries of Inter Cars.
The Board of Directors expects that the subsidiaries will be in the years to come an important factor stimulating further development of the Group.

Gross profit from sales of Inter Cars increased by 28%, as compared to 2008. Higher growth rate, as compared to the growth rate in sales revenues, resulted from increase in sales margin in 2009 to 31.2%, from 30.1% in 2008.

The market of distribution of spare parts is characterized by a significant growth potential. The main factors determining market growth are constant growth in the number of vehicles registered and moving on roads, liberalization of regulations opening access to independent distributors of spare parts to authorized workshops, elimination of barriers import of second-hand cars, growing complication of repairs related to more and more common use of advanced technologies for production of vehicles and a constant increase in intensity of operation of the car fleet, in particular growth in average age of registered vehicles and average mileage. Most important trends on an independent market of distribution of spare parts cover intensive sales network development, development of assortment, development of sales support programs, own lines of goods and improvements of computer systems.
The Board of Directors estimates that the share of the Company in the market of independent distribution of spare parts to "western" vehicles will increase to 25% - 30%.

Basic financial data are presented in the table below.

	2009 PLN	2008 PLN	2009 EURO	2008 EURO
Separate statement of comprehensive income *(for the period)* **Gross revenues Profit (loss) on sales Costs of managerial option program Net financial revenues/costs, Operating profit (loss) Net profit (loss)**	**1 857 569 580 017** **(30 183) 103 656 60 707**	**1 507 416 453 557 (743) (35 550) 62 580 22 912**	**427 952 133 626** (6 **954) 23 881 13 986**	**426 776 128 410** (210) **(10 065) 17 718** 6 **487**
Individual cash flow statement **Cash flows from operatiing activities Cash flows from investment activities Cash flows from financial activities**	**104 444** **(35 897) (69 714)**	**74 697 (58 690) (16 400)**	**24 062** (8 **270) (16 061)**	**21 148 (16 616) (4 643)**
Separate statement of financial position *(closing balance)* **Cash and cash equivalents Balance sheet total Loans, borrowings, financial Leasing, Own capital**	**11 613 1 224 197 470 625 480 228**	**12 780 1 185 592 514 234 406 912**	**2 827 297 989 114 557 116 895**	**3 063 284 151 123 247 97 525**
Basic earnings per share Sales margin (1**)** **EBITDA as percentage of sales (**2**)**	**4,40** **31,2%** **7,0%**	**1,71** **30,1%** **5,7%**	1,01	**0,48**

(1) Sales margin was defined as the quotient of gross profit on sales and revenues.
(2) EBITDA was defined as net profit (loss) before depreciation, net financial revenues (costs), exchange rate differences and income tax.

To convert selected financial data into EUR, the following exchange rates were applied:

- **<u>for item of the statement of financial position</u> - exchange rate of the National Bank of Poland (NBP) as at 31 December 2009 - EUR 1 = PLN 4.1082 and the exchange rate of 31 December 2008 - EUR 1 = PLN 4.1724.**
- **<u>for items concerning growth and profits as well as cash flows</u> - the exchange rate calculated as average of NBP exchange rates, valid as at the last day of each month in 4 quarters of 2009 and 2008, respectively: 1 EUR = 4,3406 PLN and 1 EUR = 3,5321 PLN.**

2. Information on basic activities of the Company

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

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

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

The purpose of the Company is to build dominant in Poland distribution network of spare parts to cars, with strong representation on new European markets, bringing stable profits and enabling expanding operations by taking over market shares of other entities operating in the industry of distribution and logistics. The Company intends to achieve share in the Polish market of 2530% in the years 2012 -2014.

Total distribution of goods operates on the basis of a logistics centre, network of 126 own branches in Poland, regional warehouses in Poznań, Tychy and Łódź, and foreign subsidiaries in Ukraine, the Czech Republic, Slovakia, Lithuania, Hungary, Croatia, Italy and Belgium. The central warehouse houses all product groups,

branches house only quickly rotating products, however, to the extent to maintain width of the assortment, its quality and availability adequate to the local needs.

3. Basic goods

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

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

Basic structure of distribution channels is presented in the table below.

	2009		2008		2007	
	(thousands of PLN)	(%)	(thousands of PLN)	(%)	(thousands of PLN)	(%)
Sales in the country	1 488 994	*80,15%*	1 206 003	*80,00%*	905 344	*78,67%*
Export sales, including:	**368 575**	*19,84%*	**301 413**	*20,00%*	**245 530**	*21,33%*
Inter Cars Ukraine	17 209	*0,93%*	15 425	*1,02%*	11 189	*0,97%*
Inter Cars Ceska Republika	**32 174**	*1,73%*	**21 673**	*1,44%*	**18 345**	*1,59%*
Inter Cars Slovenska Republika	**40 294**	*2,17%*	**26 812**	*1,79%*	**17 467**	*1,52%*
Inter Cars Lietuva	18 767	*1,01%*	9 376	*0,62%*	5 273	*0,46%*
Inter Cars Croatia	13 635	*0,73%*	9 208	*0,61%*	-	-
Inter Cars Hungaria	9 938	*0,53%*	4 349	*0,29%*	-	-
Inter Cars Romania	11 567	*0,62%*	667	*0,04%*	-	-
JC Auto Italia	6 348	*0,34%*	1 757	*0,12%*	-	-
JC Auto Belgium	1 829	*0,10%*	958	*0,06%*	-	-
Total	**1 857 569**	*100%*	**1 507 416**	*100%*	**1 150 874**	*100%*

4. Markets

Dominant sales market of Inter Cars is the domestic market. The share of export sales in total sales of the Company has been unchanged since 2008 and has been running at the level of 20.00%. Sales in Poland was characterized by higher dynamics of growth than export sales for several basic reasons. First sales network on the domestic has been developing faster than the network of sales outside Poland, among others, by merging with JC Auto in 2008 and secondly, individual import to Ukraine has decreased in connection with sharpening customs regulation and sealing the Polish and Ukrainian border. The share of sales to subsidiaries with the total values of export sales was 41.17% in 2009. In 2008, this share reached the level of 29.96%.

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

	2009 (thousands of PLN)	(%)	2008 (thousands of PLN)	(%)	2007 (thousands of PLN)	(%)
Sales of car parts and workshop equipment	**1 776 567**	*95,6%*	**1 442 124**	*95,67%*	1 **092** 229	*94,9%*
Domestic	**1 417 829**	*76,3%*	**1 147 768**	*76,14%*	**840 174**	*73,0%*
Eksport	**358 738**	*19,3%*	**294 356**	*19,53%*	**252 055**	*21,9%*
Other	**81** 002	*4,4%*	**65 292**	*4.33%*	**58 645**	*5.1%*
National	**71 165**	*3,9%*	**58 235**	*3.86%*	**54 028**	*4.7%*
Export	**9 837**	*0,5%*	**7 057**	*0.47%*	**4 617**	*0.4%*
Net revenue	**1 857 569**	*100%*	**1 507 416**	*100%*	**1 150 874**	*100,0%*

Other sales include revenues under reinvoices of costs
and sales of marketing services related to basic activities.

Sales of car parts and workshop equipment in 2009 was higher by 23% than in 2008.

Sales of spare parts to cars and motorcycles and of workshop equipment with breakdown into different types of vehicles are presented in the table below.

	2009		2008 (thousand	(%)	2007 (thousands of PLN)	(%)
parts to passenger cars	**1 379 611**	*77,7%*	**1 097 549**	*76,1%*	**797 209**	*73,0%*
parts to utility cars and buses	**188 420**	*10,6%*	**186 756**	*12,9%*	**180 767**	*16,6%*
parts to motorcycles, one-track vehicles	**30 845**	*1,7%*	**19** 866	*1,4%*	**13 887**	*1,3%*
Other	**177 691**	*10.0%*	**137 953**	*9.6%*	**100 366**	*9.2%*
Total	**1 776 567**	*100.0%*	**1 442 124**	*100.0%*	**1 092 229**	*100.0%*

The highest dynamics of growth (approximately 55%) and, at the same time, the lowest volume characterized sales parts to motorcycles.In 2005, the Company started selling *Triumph* motorcycles and started organizing sales of motorcycle parts under the *InterMotors brand.Www.intermotors.pl* was launched, dedicated to the sales of motorcycles and spare parts and accessories to those cars. Currently, sales of motorcycle parts is conducted through points of sale.
20
In 2009, Inter Cars started selling scooters, motorcycles and quads and utility vehicles UTV under the INCA brand. Despite late start of the season, i.e. in May last year, sales of scooters has been evolving more and more dynamically. In 2010, it will be varied with new models that will diversify the commercial offer.
In the first season of activities, dealer's network was created, which, at the end of 2009, consisted of ca. 100 points of sale and service points in Poland. This quantity has been growing rapidly and is now ca. 150 points.
Sales of spare parts to **cars** increased by approximately 26%, which is caused by extending the catalog offer to cover assortment of car parts sold by JC Auto S.A.
Sales of parts to **utility cars** increased in 2009 by 1% as compared to
2008 and was approximately 11% of total sales of spare parts by the Company.

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

	2009 (thousands of PLN)	(%)	2008 (thousands of PLN)	(%)	2007 (thousands of PLN)	(%)
Domestic sales	**1 417 829**	*79,8%*	**1 147 768**	*79,6%*	**840 175**	*76,9%*
parts to passenger cars	**1 070 616**	*60,3%*	**854 143**	*59,2%*	**600 502**	*55,0%*
parts to utility cars and buses	**147 679**	*8,3%*	**142 226**	*9,9%*	**129 546**	*11,9%*
other, parts to motorcycles	**199 534**	*11,2%*	**151 399**	*10,5%*	**110 127**	*10,1%*
Export sales	**358 738**	*20,2%*	**294 356**	*20,4%*	**252 054**	*23,1%*
parts to passenger cars	**308 995**	*17,4%*	**243 406**	*16,9%*	**196 707**	*18,0%*
parts to utility cars and buses	**40 741**	*2,3%*	**44 530**	*3,1%*	**51 221**	*4,7%*
other, parts to motorcycles	**9 002**	*0,5%*	6 **420**	*0,4%*	**4 126**	*0,4%*
Total	**1 776 567**	*100%*	**1 442 124**	*100%*	**1 092 229**	*100,0%*

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

5. Market environment

Inter Cars operates in the segment of distribution of new spare parts, delivered, first of all, to workshops independent on car manufacturers. As it appears from data of the Association of Automotive Parts Distributors, an independent distribution segment constitutes approximately 51% of the value of the whole market of spare parts in Poland.

The Company is the largest entity in its industry in Poland.

Basic factors determining market development

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

Main factors determining the market growth are:

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

Distributors of spare parts in Poland

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

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

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

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

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

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

The above trends indicate distinctly that the competitive position of distributors are influenced by more and more factors. In particular; these are traditional factors associated with reaching the customer (location of points of sale) and availability (namely as a result

- order execution time) and also factors associated with development of qualitative characteristics in reaching the customer. In practice, improvement in the service quality means expansion of the offer of goods
to cover new lines enabling the customer to do shopping *"under one roof"* and ensuring *on-line* access to any necessary information on goods from the determination of their availability to technical information concerning their assembly. It means for distributors, on the one hand, growth in loyalty and scale of customers' purchases, and, on the other hand, is a huge challenge as it requires expansion of logistic facilities and entry to new market segments often characterized by significantly different "sales philosophy" and competition of specialized entities.

Number and structure of vehicles used

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

Sales of cars in Poland

In 2009, the level of sales of new cars was maintained at the level in 2008. Data relating to volume of sales of new cars in Poland with breakdown into different categories are presented in the table below.

Sales of new cars ('000)	2001	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
passenger	**327**	**308**	**354**	**318**	**236**	**239**	**293**	**320**	**320**
utility	**35**	**32**	**39**	**49**	**47**	**56**	**79**	**81**	**52**

source: Automotive Market Research Institute Samar

The maintained level of sales of new passenger cars was accompanied at the same time by increase in the phenomenon of car shopping tourism which was fostered by depreciation of the Polish Zloty. Also the import of second-hand fell down. In 2009, import of passenger cars to Poland fell by 35% as compared to in 2008. The table below presents detailed data.

passenger cars in Poland ('000)	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
sales of new cars	**308**	**354**	**318**	**236**	**239**	**293**	**320**	**320**
import of second-hand cars	**179**	**33**	**828**	**871**	**817**	**995**	1100	**709**
Total	**487**	**387**	**1 146**	**1 107**	**1 056**	1 **288**	**1420**	**1029**
import of second-hand/sales of new	**0,58**	**0,09**	**2,60**	**3,7**	**3,4**	**3,4**	**3,4**	2,2

source: Automotive Market Research Institute Samar

Total supply of passenger cars in 2009 was approximately 27% less than in 2008. At the same time, however, nearly 70% of this supply covered second-hand cars, namely such that fail relatively more often as well as are a traditional target group of the Company's customers.

The structure of second-hand cars that are imported to Poland are dominated by cars manufactured in the Western European countries. According to the Institute of Automotive Market Research Samar preferably imported cars in 2009 were Volkswagen, Opel, Ford, Renault and Audi.

Structure of the car fleet

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

(a) structure of passenger cars fleet

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

Passenger cars	**Structure of sales of the Company's parts 2007 2008 2009**		
(a) Western European	**75%**	**58%**	**54%**
(b) Eastern European	**5%**	**3%**	2%
(c) Japanese and Korean	2%	10%	**11%**
(d) Other	**18%**	**29%**	**33%**

source: Company

The category "other" includes also significant in terms of value and quantity group of parts which are universal, i.e. are used for different types and brands of cars, including Western European, Japanese and Korean cars. The category includes such goods as tires and oils and lubricants, with systematically growing share in sales of the Company.

6. Sources of supply

The Company's offer includes goods from a few hundred suppliers. Goods are delivered from the area of the entire world, however, mostly from suppliers from EU and Asian countries. A dominant category of suppliers of goods are international concerns for which the Company is one of the largest and the main customers in Central and Eastern Europe. Due to large diversification of suppliers the activities of the company are not particularly dependent on one or several suppliers - no supplier exceeds 10% of share in total sales revenues.

7. Contracts significant and essential for activities and insurance contract Significant

contracts

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

Significant contracts

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

No.	Date of conclusion of the contract	Party of the contract
1	04-02-2009	Contitech Antriebssysteme GmgH
2	09-01-2009	Delphi Poland S.A.
3	22-01-2009	Egon von Ruville
4	16-04-2009	Federal Mogul
6	01-07-2009	Robert Bosch
7	26-02-2009	SKF
8	16-04-2009	Valeo
9	02-01-2009	Wix-Filtron
10	15-07-2009	ZF Trading

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

No.	Date of conclusion of the contract	Page
1	26-01-2005	Triumph Motorcycles LTD
2	19-12-2008	Giantco Limited
3	05-11-2008	JIANGMEN DIHAO MOTORCYCLE COMPANY LTD
4	19-12-2008	CHONGQING HUANSONG INDUSTRIES (GROUP) CO.,LTD
5	09-12-2009	CHONGQING YINXIANG MOTORCYCLE (GROUP) CO., LTD
6	09-12-2009	CHONGQING YUAN GROUP IMP.&EXP. CO., LTD.

Insurance contract

No.	Date of agreement	Party of the contract	Subject matter of agreement	Essential terms	Deadline	Criterion being the basis for considering that a contract is significant/essentia
1	09-08-2009	TU Compensa	insurance of property and current assets of the Company	insurance against fire and other natural disasters, from theft with robbery and burglary	09-08-2009 08.08.2010	Total sum insured is 759.378.330 thousand PLN.

Contracts between shareholders

The Company has no knowledge about any contracts between shareholders.

8. Information on organizational or equity links of the issuer with other entities and identification of its major

domestic and foreign investments (securities, financial instruments, intangible assets and real estate), including capital investments made beyond its group of related parties and description of the methods of their funding

None

9. Changes in organizational or equity links

In the reporting period organizational or equity links were not changed.

10. Information on significant transactions concluded by the issuer with related parties on terms other than market terms, along with their amounts and information relating the character of these transactions.

All transactions with affiliates are conducted on market terms.

11. Contracted credits and loans

	31.12.2009		
Short-term credits and loans (currency)	**amount by contract (limit)**	**Usage**	**date of repayment**
Consortium of banks	**55 000**	**55 000**	**2010-12-31**
	55 000	**55 000**	
Long-term credits and loans (currency)	**amount by contract (limit)**	**usage**	**date of repayment**
Consortium of banks	**425 000**	**350 262**	**2011-07-29**
Armatus Sp. z o.o.	**955**	**955**	**2011-01-31**
	425 955	**351 217**	

Contracts concerning contracted loans and credits

Contract no. Bank	Date of conclusion	Expiry date	Limit/credit amount	Safety Features:
Consortium credit Bank Polska Kasa Opieki S.A., ABN AMRO Bank (Polska) S.A., ING Bank Śląski S.A., Bank Handlowy w Warszawie, BRE Bank S.A., EFG Eurobank Ergasias S.A. branch in	**29-07-2009**	**29-07-2011**	**480 000 000,00**	**Mortgage on the real estate of Inter Cars S.A. in Cząstków Mazowiecki, registration pledge on a set of items, surety granted by IC Ukraine, registration pledge on bank accounts.**

Credit interest is variable and dependent on WIBOR, EURIBOR and LIBOR increased by margin banks (agreed on the market terms) for each interest period.
The credit is allocated for repayment of debt and financing current business activities.

12. Loans granted

Loans for related parties	1.1.2009 - 31.12.2009	1.1.2008 - 31.12.2008
At the beginning of period	66 653	29 824
From the merger with JC Auto S.A.	-	785
Granted loans and interest charged	31 857	44 944
Received repayment	(11 451)	(9 048)
Balance-sheet valuation	(40)	148
	87 019	66 653

Contracts concerning granted loans

Date of conclusion of	Maturity	Amount of loan	Significant terms of agreement
29-12-2005	31-12-2012	5 050 000 PLN	Loan contract from Inter Cars intended for running and expanding business activities of Feber Sp. z o.o.
09-07-2007	31-12-2010	4 250 000 PLN	Loan contract from Inter Cars intended for running and expanding business activities of Lauber Sp. z o.o.
22-10-2007	31-12-2015	3 900 000 PLN	Loan contract from Inter Cars intended for running and expanding business activities of IC Development&Finance Sp. z o.o.
19-11-2007	31-12-2015	3 100 000 PLN	Loan contract from Inter Cars intended for running and expanding business activities of IC Development&Finance Sp. z o.o.
03-12-2007	31-12-2015	17 800 000 PLN	Loan contract from Inter Cars intended for running and expanding business activities of IC Development&Finance Sp. z o.o.
27-02-2008	31-12-2015	1 200 000 PLN	Loan contract from Inter Cars intended for running and expanding business activities of IC Development&Finance Sp. z o.o.
01-08-2008	31-12-2015	11 900 000 PLN	Loan contract from Inter Cars intended for running and expanding business activities of IC Development&Finance Sp. z o.o.
26-03-2008	31-12-2012	31 500 000 PLN	Loan contract from Inter Cars intended for running and expanding business activities of Feber Sp. z o.o.
23-07-2008	31-07-2010	170 000 EUR	Loan contract from Inter Cars intended for running and expanding business activities of IC Rumunia
29-10-2008	30-12-2010	1 150 000 PLN	Loan contract from Inter Cars intended for running and expanding business activities of Frenoplast S.A.

Balance of loans for related entities as at 31 December 2009 amounted to PLN 85,854 thousand and the total value of loans granted to 9 non-related entities reached the value of PLN 7,857 thousand.

Loans for related entities are interest-bearing in the amount of: WIBOR 1M or LIBOR 3M (for a loan in EUR) increased by margin of 1 % to 4%.

Loans are not secured.

13. Warranties and guarantees granted

As at 31 December 2009, the total value of guarantees and sureties amounted to PLN 12,766 thousand and consisted of sureties of lease agreements of Lauber Sp. z o.o., sureties for the benefit of suppliers of Inter Cars Ceska Ceska Republika and Inter Cars Slovenska Republika and surety of repayment of a credit for Inter Cars Hungaria Kft. I Inter Cars Slovenska Republika.

for	Term of contract	amount (thousands of PLN)
Inter Cars Hungaria Kft.	20-02-2016	4 065
Lauber Sp. z o.o.	26-09-2011	197
Inter Cars Czeska Republika i Inter Cars Slovenska Republika	31-12-2010	4 108
Inter Cars Slovenska Republika	24-06-2010	4 396
		12 766

The Company has customs guarantee granted by TU Allianz Polska S.A. in the amount of PLN 1,000 thousand and guarantees granted by Generali TU S.A. as security of submission of bid bond for the tender procedure

and performance and retention bond for deliveries for the Police.

14. Commercial papers issued

Detailed information is included in Note 13 of the information explanatory to the financial statement.
Inflows from the issue of securities were used for current financing of activities of the Company and resulted from the execution of the motivation program for managerial staff.

15. Seasonal or cyclic character of activities

Total revenues of the Company are not significantly susceptible to the phenomenon of seasonality. The broad offer of parts includes goods whose sales depends on season, especially winter. They cover , among others, winter tires, batteries, glow plugs, steel rims, fuel filters and fluids to coolers and sprinklers . Goods most susceptible to seasonal, short-term sales such as e.g. winter tires are ordered from suppliers a few months before the planned period of more intense sales (provided that previous purchases are awarded by suppliers with longer payment terms and higher discounts).
The observed regularity is that relatively the bottom sales is recorded in the first quarter of the year.

16. Assessment of financial resources management

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

- *gross return on sales* **- ratio of gross profit on sales to net total sales revenues,**
- *return on sales* **- ratio of gross profit on sales to net total sales revenues,**
- *operating return -* **ratio of operating profit to net sales, measures operational effectiveness of the Company,**
- *EBITDA* **- as net profit (loss) before depreciation, net financial revenues (costs), exchange rate differences and income tax,**
- *gross return* **- ratio of gross profit to net sales revenues, measures operational effectiveness of the Company considering result on financial operations and balance of extraordinary losses and profits,**
- *net return* **- measured as the ratio of profit of the Company, after obligatory reductions, to net sales profits,**
- *rate of return on assets (ROA)* **- percentage share of net profit in the value of assets, measuring general operational effectiveness of assets,**
- *return on equity (ROE)* **- share of net profit in the value of equity, measures operational effectiveness of capitals involved in the company,**

- *debt ratio* - total liabilities to total assets,
- *debt to equity ratio* - total liabilities to equity.
- *inventory turnover* - proportion of value of inventory at the end of period to value of goods and materials sold, expressed in days,
- *trade receivables turnover cycle* - proportion of value of trade receivables at the end of period to net sales, expressed in days,
- *operating cycle* - the sum of cycle of inventory turnover and cycle of receivables turnover,
- *trade liabilities turnover cycle* - proportion of the value of trade liabilities at the end of period to the value of goods and materials sold and costs of external services, expressed in days,
- *cash conversion cycle* - difference between operating cycle and trade liabilities turnover cycle,
- *current ratio*, showing the company's ability to pay current liabilities using current assets - ratio of current assets to current liabilities at the end of a given period,
- *quick ratio*, showing capacity to collect in a short time cash funds to pay liabilities with high degree of maturity - balance of current assets reduced by inventory to balance of current liabilities at the end of period,
- *cash ratio*, measuring capacity to pay current liabilities - cash to current liabilities at the end of period.

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

	2009	**2008**	**2007**
Net proceeds from sales of commodities and materials	**1 857 569**	**1 507 416**	**1 150 874**
Growth	*1,23*	*1,31*	*1,26*
Profit gross from sales	**580 017**	**453 557**	**306 101**
Gross sales profitability	*31,22%*	*30,09%*	*26,60%*
Foreign exchange differences	**(4 314)**	(8 **655)**	**3 389**
Operating profit	**103 656**	**62 580**	66 **375**
operating return	*5,58%*	*4,15%*	*5,77%*
EBITDA as percentage of sales	*7,02%*	*5,72%*	*6,82%*
Gross profit	**73 473**	**27 030**	**59 047**
Net profit	**60 707**	**22 912**	**46 773**
net return	*3,27%*	*1,52%*	*4,06%*
Balance sheet total	**1 224 197**	**1 185 592**	**767 648**
ROA	*4,96%*	*1,93%*	*6,09%*
Fixed assets	**412 233**	**394 060**	**152 267**
Equity capital	**480 228**	**406 912**	**162 507**
ROE	*12,64%*	*5,63%*	*28,78%*

Sales revenues in 2009 were **23% higher** than in 2008. Share of export in revenues from sales of goods in 2009 reached the level of approximately 20%, which is similar to the one recorded in 2008.
The following **were of particular importance for sales results** in 2009:
(a) further development of the regional sales support system (sales representatives), the result of which was increase in the quantity of active customers,
(b) opening new branches and intensification of operations of the already existing ones,
(c) important growth in sales of seasonal goods thanks to high availability of the selected assortment groups *("Winter Campaign"),*
(d) optimization of the inventory management system including both optimization of balances in particular product groups and optimization of supply chain, consisting in, first of all, growth in importance of regional distribution centers and the degree of direct deliveries from manufacturers.
Gross profit on sales increased by 172% as compared to 2008.

Total sales costs and overheads increased by 17% as compared to 2008. First of all, this growth resulted from growth in Other costs by type - by 47.7% (including rents and services related organization of fairs) and costs of external services- together by 24.3%. The growth resulted mostly from a higher level of costs incurred for service and development of the data communications system and logistics of goods (transport, warehouse facilities).

The largest item of costs incurred by the Company is a service of distribution, namely share of a branch in worked out margin. Together costs of distribution in 2009 reached PLN 211,010 thousand, i.e.45.2% of total costs by type.

Discounts received by the Company from suppliers have significant impact on return. In 2009, the Company included in the result total PLN 42,509 on this account. Discounts due the Company are agreed at the end of the

financial year in relation to purchases made in the period and reported in the result, depending on turnover. Total PLN 14,908 thousand were entered into inventory and this amount will affect in 2009 reduction in the value of sold goods (first of all, in the 1st quarter).

Operating profit in 2009 was nearly by ca. 66**% higher than in 2008. EBITDA in 2009 was running at the level of around 7.0%.**

Financial revenues include, first of all, revenues under interest (under funds on bank accounts, under loans and receivables past the expiration date). Financial costs include mainly costs under credits and loans and issue of bonds. Including, costs of interest in 2009 reached PLN 28,282 thousand in 2009 and PLN 27,678 thousand in 2008, while fees under issue of bonds in 2009 amounted to PLN 1,297 thousand. Exchange rate differences are presented in two items of the income statement. As the adjustment of the value of sold goods, in the part corresponding to realized exchange rate differences related to settlement of trade receivables and liabilities in foreign currencies and other as a separate component of the statement. Total exchange rate differences presented in both items in 2009 were positive and in 2009 reached PLN 1,255 thousand. In 2008, total impact of foreign exchange differences was negative and achieved the value of PLN 5,334 thousand.

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

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

	2009	2008	2007
Current assets	811 964	791 532	615 381
Cash and securities	11 613	12 780	13 173
Short-term liabilities	356 211	664 712	565 316
Short-term liabilities due to credits, loans and finance lease	87 199	403 958	304 737
Adjusted current assets	800 351	778 752	602 208
Adjusted current liabilities	269 012	260 719	u
Net working capital	531 339	518 033	341 629

Value of invested net working capital increased by approximately 2%.

	2009	2008	2007
Inventory rotation in days	122	163	178
Trade receivables turnover cycle in days	73	74	60
Operating cycle in days	195	237	238
Trade liabilities turnover cycle in days	50	68	88
Cash conversion cycle in days	145	169	150
Current ratio	2,28	1,19	1,09
Quick ratio	1,08	0,48	0,36
Cash ratio	0,03	0,02	0,02

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

The Company finances development of activities from own funds and bank credits. Total, at the end of 2009 liabilities under credits, loans, debt securities and financial leases decreased to the total value of PLN 470,625 thousand (PLN 514,234 thousand PLN at the end of 2008) and debt ratio decreased from 0.66 **in 2008 to 0.61 in 2009.**

Company's det ratios are presented in the table below.

	2009	2008	2007
Debt ratio	0,61	0,66	0,79
Total debt to equity ratio	1,55	1,93	3,72

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

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

	2009	2008	2007
Net cash flow from operating activities	**104 444**	**74 697**	**(52 110)**
Net cash from investment activities	**(35 897)**	**(58 690)**	**(70 289)**
Net cash from financial activities	**(69 714)**	**(16 400)**	**124 311**
Cash and cash equivalents at the end of the period	**11 613**	**12 780**	**13 173**

The value of funds employed in investment activities was reduced in 2009 as compared to 2008 mainly due to sales of real properties and smaller than in the previous years expenditures on taking up new shares and granted loans.

In 2009, Inter Cars issued short-term bonds in the total amount of PLN 86,700 thousand. Until 31.12.2009,92nd tranche, of PLN 25,000 thousand, remained for redemption. Redemption date: 31.05.2010. The bond redemption date was correlated with flow of funds from sales of goods. In connection with signing of the contract for consortium credit, liabilities of the Company under credits were reduced. Hence a significant decrease in cash flows from financial activities.

17. Assessment of the possibility to implement the intended investments

Expenditures on purchases and modernization of tangible fixed assets amounted to PLN 26,889 thousand in 2008. Expenditures were incurred on purchase of replacement fixed assets. Investments of the Company in 2009 were financed with own funds and through financial lease.

The investment plan for 2010 envisages investment expenditures at the level of 2009 in tangible and intangible fixed assets, such as replacement and modernization of means of transport and modernization of management support computer system.

18. Factors and non-standard events influencing result

Concluding a contract for two-year consortium funding was definitely of the greatest importance in 2009. Passing from short-term bilateral credits to mid-term consortium financing provides Inter Cars S.A. and entities being part of the Corporate Group stability and continuous financing for the period of two years, to the maximum amount of PLN 480 million, namely to a degree permitting further dynamic growth of the Group.On 29 July 2009, the credit contract was concluded between Inter Cars S.A. (as the Borrower), Feber sp. z o.o, IC Development & Finance Sp. z o.o., Inter Cars Ceska Republika s.r.o., Inter Cars Slovenska Republika s.r.o. (as Co-debtors) and banks: Bank Polska Kasa Opieki S.A., ABN AMRO Bank (Polska) S.A., ING Bank Śląski S.A., Bank Handlowy w Warszawie S.A., BRE Bank S.A., up to the amount of PLN 480 million.

The credit repayment term is 29 July 2011. It is worth emphasizing that Bank Handlowy joined consortium financing; before entering into the contract the Bank had not participates in financing of the Group.

Unit EBITDA for the period of 12 months incrementally for the period ending on 31 December amounted to PLN 130 316 thousand (calculated as profit on operating activities plus depreciation).
2009

In the 4th quarter inventory turnover improved significantly by 12% as compared to the 3rd quarter of 2009. Inventory at the end of December 2009 decreased as compared to the end of September by the amount of PLN 49 million , and turnover ratio for the 4th and 3rd quarter of 2009 improved by 17 days (11%) - improvement from 148 days to 131 days
2009

In the segment of manufacturers of trucks falls of global manufacturers reach 70%. Feber recorded clear decrease (61%) in revenues from sales of semitrailers and bodyworks. We can observe the first signs of improvement in the situation, however, it will be reflected in sales revenues no sooner than in 2010.

Sales to export markets has been running for many years at a similar level of 25% of sales revenues of the Group. In export the share of Ukraine decreases mainly in favor of Slovakia and the Czech Republic.

In 2009, the Company opened subsequent branches - together 11, which means that as at 31 December 2009 it had 126 branches.

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

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

Internal factors

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

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

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

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

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

(v) *strictly determined group of products and the area of activity* **- precisely determined development strategy fully making use of the potential of the Company and allowing its full employment in the spheres**

where the organization has most competences;

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

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

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

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

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

External factors

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

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

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

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

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

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

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

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

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

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

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

The development of the Company will be also affected significantly by factors determining development of

subsidiaries being significant recipients of the Company. Factors important for development of these entities are presented in the consolidated statement of operations of the Group

20. Risk Factors

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

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

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

Risk associated with adoption of improper strategy

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

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

Risk associated with changing demand structure

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

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

Risk associated with seasonal sales

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

Risk associated with bank credits

Bank credits are significant for financing of the Company's activities. As at 31 December 2009, the Company's debt under bank credits, bonds and financial lease was PLN 470,625 thousand, and total financial costs related to their service (interest) amounted to PLN 28,282 thousand. Credits incurred by the Group are interest-bearing at a variable interest rate, thus a possible significant growth in interest rates and, as a result, base rates of credits, by increase in financial costs, would result in reduction in return and the Group's capacity to work out finds which could be used to finance further development, and, in an extreme case, would pose a threat to maintenance of liquidity. Another type of risk associated with bank credits is the risk of loss or refusal of credit lines. Possible reduction in the possibility of financing activities by means of credits bank as a result of termination some contracts or refusal of their submission will have a significant adverse impact on the development possibilities of the Group, its liquidity and financial results.

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

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

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

Information Systems Risks

Operating activities is based on efficiently operating *on-line* **computer system. Any possible problems with its correct operation would mean reduction in the volume of sales or even inhibit sales. As a result, it would have adverse impact on financial results of the Company.**
In order to prevent this situation, the Company introduced relevant procedures in case of failure of the system, including the principles of creating backups of data and their restoring and emergency server (, along with necessary network accessories) and emergency links.

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

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

In the opinion of the Board of Directors, a counterbalance will be continuously growing commitment of distributors and manufacturers of spare parts in equipping and funding equipment of independent workshop, the possibility of close cooperation between authorized workshop and independent workshops and the right to access technical information of manufacturers themselves for all parties on equal rights (under new provisions), facilitating transfer of know-how to independent workshops. In the long run, we may even expect a selection of

independent workshops, i.e. elimination of the weakest ones and development of the ones having the best facilities, namely, in fact, strengthening of the segment of independent workshops, in spite of possible, short-term adverse changes in value of this market segment. Additionally, increase in import of second-hand cars to Poland following its accession to the European Union, will increase substantially demand for services of economical, small workshops, allowing them thereby further growth and accumulation of necessary knowledge and capital.

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

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

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

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

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

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

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

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

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

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

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

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

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

Risk associated with the macroeconomic situation

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

Risk associated with the economic policy

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

Risk associated with the structure of foreign recipients

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

Risk associated with development of subsidiaries

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

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

21. Strategy and prospects for future development

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

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

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

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

22. Changes in basic business management principles

In the reporting period, the issuer did not introduce changes in the basic business management principles.

23. Contracts concluded between the issuer and executives

As at 31 December 2009, no contracts were binding between the issuer and executives, providing for compensation in the event of their resignation or dismissal from their position without a valid cause or when their dismissal proceeds for a reason of merging the Issuer by takeover. Members of the Board of Directors of the Company are entitled to 6 **month notice period of contracts of employment.**

24. Remuneration of executives

Remuneration of the Members of the Board of Directors and of the Supervisory Board (in thousand PLN)

	1.1.2009 - 31.12.2009	1.1.2008 - 31.12.2008
Andrzej Oliszewski - Chairman of the Supervisory Board	58 521	34 851
Maciej Oleksowicz - Member of the Supervisory Board	37 404	29 043
Michał Marczak - Member of the Supervisory Board	37 374	29 043
Wanda Oleksowicz - Member of the Supervisory Board (up to 28.02.2008)	-	20 318
Jolanta Oleksowicz-Bugajewska - Member of the Supervisory Board	37 374	29 043
Jerzy Grabowiecki - Member of the Supervisory Board (up to 18.07.2008)	-	9 924
Jacek Klimczak - Member of the Supervisory Board (from 18.07.2008)	37 374	14 299
Krzysztof Oleksowicz - Management Board Chairman	838 000	722 000
Robert Kierzek - Vice President of the Management Board	492 000	424 000
Wojciech Milewski - Board Member	426 000	358 000
Krzysztof Soszyński - Vice President of the Management Board	492 000	424 000
Piotr Kraska - Board Member	402 000	334 000
Tomasz Zadroga - Member of the Management Board (up to 31.07.2008)	-	224 000
	2 858 047	2 652 521

25. Information on shares

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

Information as at 31.12.2009

Supervisors and executives have total 7 333 581 shares, being 51.77% of votes at the General Meeting of Inter Cars.

Shareholder	As at the reporting date	Total nominal value	Share in share capital (%)	Share in the overall number of votes (%)
Management Board				
Krzysztof Oleksowicz	4 972 271	9 944 542	35,09%	35,09%
Robert Kierzek	74 834	149 668	0,53%	0,53%
Krzysztof Soszyński	74 834	149 668	0,53%	0,53%
Wojciech Milewski	67 500	135 000	0,48%	0,48%
Piotr Kraska	67 500	135 000	0,48%	0,48%
	5 256 939	10 513 878		
Supervisory Board:				
Andrzej Oliszewski	1 532 370	3 064 740	10,82%	10,82%
Jolanta Oleksowicz-Bugajewska	524 272	1 048 544	3,70%	3,7%
Maciej Oleksowicz	20 000	40 000	0,14%	0,14%
	2 076 642	4 153 284		
Total	7 333 581	14 667 162	51,77%	51,77%

Information as at the day of publishing the financial statement

Supervisors and executives have 7 258 581 shares, being 51.23% of votes at the General Meeting of Inter Cars.

Shareholder	As at the date of publishing	Total nominal value	Share in share capital (%)	Share in the overall number of votes (%)
Management Board				
Krzysztof Oleksowicz	4 972 271	9 944 542	35,09%	35,09%
Robert Kierzek	74 834	149 668	0,53%	0,53%
Krzysztof Soszyński	74 834	149 668	0,53%	0,53%
Wojciech Milewski	67 500	135 000	0,48%	0,48%
Piotr Kraska	67 500	135 000	0,48%	0,48%
	5 256 939	10 513 878		
Supervisory Board:				
Andrzej Oliszewski	1 502 370	3 064 740	10,60%	10,60%
Jolanta Oleksowicz-Bugajewska	499 272	998 544	3,52%	3,52%
	2 001 642	4 003 284		
Total	7 258 581	14 517 162	51,23%	51,23%

Executives and supervisors do not have any shares or stock in subsidiaries of Inter Cars.
Information on the total number and value of all shares of the Issuer is included in note 13 of the information explanatory to the financial statement.

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

The Motivation Program introduced by resolution of the Extraordinary General Meeting assumes signing with the program participants, from the group of executives, members of management staff as well as employees crucial for execution of strategy of the Corporate Group, participation contracts. As at the date of publication of the report, the Motivation Program was completed and proportions of held shares will not change.
The Company is not familiar with contracts concluded between shareholders having impact on activities of the Company.

Special control rights in relation to the Issuer

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

Restrictions in transfer of ownership rights to securities

Securities issued by the Company (shares) are not covered by restrictions in their transfer. All the shares in the Company were approved for public trading by decision of the Securities and Exchange Commission of 26 April 2004.
The Board of Directors of the National Depository for Securities, by Resolution No. 186/04 of 11 May 2004, decided to grant Inter Cars S.A. status of a participant in the National Deposit for Securities, ISSUER type, and approve to the National Deposit for Securities 11,821,100 shares in Inter Cars S.A. and mark them with code PL INTCS00010.

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

Shareholder	Number of shares	Total nominal value (PLN)	Share in share capital (%)	Share in the overall number of votes (%)
Krzysztof Oleksowicz	**4 972 271**	**9 944 542**	**35,09%**	**35,09%**
Andrzej Oliszewski	**1 532 370**	**3 064 740**	**10,82%**	**10,82%**
AIG	1 122 **802**	**2 245 604**	**7,92%**	**7,92%**
ING	**745 342**	**1 490 684**	**5,26%**	**5,26%**
AVIVA Public Pension Fund	**696 107**	**1 392 214**	**4,91%**	**4,91%**
total	**9 068 892**	**18 137 784**	**64,00%**	**64,00%**

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

Shareholder	Number of shares	Total nominal value (PLN)	Share in share capital (%)	Share in the overall number of votes (%)
Krzysztof Oleksowicz	**4 972 271**	**9 944 542**	**35,09%**	**35,09%**
Andrzej Oliszewski	**1 502 370**	**3 064 740**	**10,60%**	**10,60%**
AIG	**1 007 628**	**2 015 256**	**7,11%**	**7,11%**
ING	**1 187 431**	**2 374 862**	**8,38%**	**8,38%**
AVIVA Public Pension Fund	**898 963**	**1 797 926**	**6,34%**	**6,34%**
total	**9 568 663**	**19 137 326**	**67,52%**	**67,52%**

26. Information on contracts known to the issuer (including the ones concluded after the balance sheet date), which can bring in the future changes in the proportions of shares held by the present shareholders and bondholders.

The Company does not know about such contracts.

27. Information on the control system of employee share ownership plans

In 2009, all share options in the possession of members of the Board of Directors were exercised, as described in note 19 to the financial statement. Currently, the Company does not implement employee share program.

28. Entity authorized to conduct the audit financial statements

On 26 June 2009, the Company signed a contract with KPMG Audyt Sp. z o.o. for audit and review of the semi-annual financial statement of the Company for 2009. Total remuneration under the contract is PLN 435 thousand.

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

29. Transactions related to derivatives and characteristics of associated risk

From 1 January to 31 December 2009, no transactions were concluded which would be related to derivatives, except for transactions described in explanatory note no. 33 to the financial statement.

30. Employment

As at 31 December 2009, the Company employed 1,274 people. As at 31 December 2008, the Company employed 1,303 workers.

31. Environment protection policy

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

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

No.	Number and date of decision	Authority issuing	Area of validity	Substantive scope of decision
1	**Decision No.62 of 27.05.2003 (ŚR.-7634/30/1/03)**	**County Governor of Nowy Dwór Mazowiecki**	**Cząstków Mazowiecki ul. Gdanska 15, commune of Czosnów**	**Permit for generation and storage of hazardous waste, such as: hydraulic oils, oiled cleaning agent, oil filters, used light sources, lead-containing batteries.**
2	**Decision No.123/2003 of 10.12.2003 (ŚR-6210/19/2/2003)**	**County Governor of Nowy Dwór Mazowiecki**	**Cząstków Mazowiecki ul. Gdansk 15, commune of Czosnów**	**The water legal permit for intake of underground water from the quaternary formations from an intake in Cząstków Mazowiecki for household and utility purposes, except for food purposes, as well as watering greenery and for the purposes of water treatment.**

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

See note 14.

33. Stance of the Management Board concerning the possibility to realize earlier published forecasts of financial results for year 2009

The Company did not publish forecasts for 2009.

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

In 2009, significant changes took place in the Company's structure.

35. Executive and supervisory bodies

Executive and supervisory bodies as at 31 December 2009 consisted of: Supervisory Board:

Andrzej Oliszewski, Chairman Jolanta

Oleksowicz-Bugajewska Maciej

Oleksowicz Michal Marczak Jacek

Klimczak
Management Board

Krzysztof Oleksowicz, Prezes Robert

Kierzek, Wiceprezes Krzysztof Soszyński,

Board Member Wojciech Milewski, Członek

Zarządu Piotr Kraska, Board Member

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

In 2009, before a court or a public administration authority no proceedings were initiated concerning obligations or liabilities of the Company or subsidiaries, the total value of which is at least 10% of equity of Inter Cars S.A.

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

37. Indication of averages exchange rates

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

	2009	2008	2007
exchange rate as at 31.12	**4,1082**	**4,1724**	**3,5820**
average exchange rate in the period from 1.01 to 31.12	**4,3406**	**3,5321**	**3,7768**
peak exchange rate in the period	**4,8999**	**4,1824**	**3,9385**
bottom exchange rate in the period	**3,9170**	**3,2026**	**3,5699**

For translation of the data indicated in the selected financial data in EUR '000 the following principles were applied:

- for data resulting from the income statement - *average exchange rate* being arithmetic average of exchange rates binding as at the last day of each month in a given period, announced by the President of the National Bank of Poland
- for data resulting from the balance sheet - *exchange rate as at 31.12.2009* being average EUR exchange rate valid as at 31.12.2009, announced by the President of the National Bank of Poland

38. Corporate governance

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

Full text of the statement is included in this report as appendix **"STATEMENT OF THE BOARD OF DIRECTORS OF INTER CARS S.A. ON COMPLIANCE IN THE COMPANY IN 2009 WITH THE PRINCIPLES RESULTING FROM BEST PRACTICES FOR WSE LISTED COMPANIES".**

Krzysztof Oleksowicz
President of the Management Board

Robert Kierzek
Vice President of the Management Board

Krzysztof Soszyński
Vice President of the Management Board

Piotr Kraska
Member of the Management Board

Wojciech Milewski
Member of the Management Board

Warsaw, 20 April 2010

APPENDIX TO THE STATEMENT OF OPERATIONS OF THE ISSUER STATEMENT OF THE BOARD OF DIRECTORS OF INTER CARS S.A. ON COMPLIANCE IN THE COMPANY IN 2009 WITH THE PRINCIPLES RESULTING FROM GOOD PRACTICES OF THE WSE LISTED COMPANIES 1. Indication of the set of principles of corporate governance adopted by Inter Cars S.A.

Inter Cars S.A. accepted for use the corporate governance principles published in the document "Code of Best Practices for WSE Listed Companies" pursuant to the wording published on www.corp-gov.pl

2. Waiver of provisions of the set of principles of corporate governance

The Board of Directors of Inter Cars S.A. declares that in 2009 it complied with generally valid corporate governance principles beyond the following:

A. Item 1) The Company should execute clear and effective information policy, both with the use of traditional methods and advanced technologies, ensuring speed and safety and wide access to information. The Company, making, to the broadest degree, use of these communication methods, should ensure appropriate communication with investors and analysts, enabling transmission of the sessions of the General Meeting by use of the Internet, recording the course and publishing on the website.

EXPLANATION:

The Company executes clear and effective information policy ensuring appropriate communication with investors and analysts by using traditional methods, therefore I hereby retract from transmission and recording of the course of the sessions of the General Meeting by using the Internet i publishing them on the website.

B. Item 6**) At least two members of the Supervisory Board should meet the criterion of independence on the company and entities significantly related with the company. With regard to independence of members of the Supervisory Board, Appendix II to the Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board is applicable. Regardless of the provisions of item b) of the above Appendix, a person being an employee of the Company, its subsidiary or affiliate cannot be considered as conforming to the criterion of independence referred to in this Appendix. In addition, a linkage with shareholder, excluding the virtue of independence of a member of the Supervisory Board as defined by this principle, means actual and significant linkage with shareholder having the right to exercise of 5% and more of the overall number of votes at the General Meeting.**

EXPLANATION:

According to the Company's Articles of Association, the Supervisory Board consists of 5 to 13 members appointed by the General Meeting. Presently, the Supervisory Board consists of 5 members. Members of the Supervisory Board are elected as a result of ballot which involves participation of all the interested and entitled Shareholders. The candidates for members of the Supervisory Board together with information on the course of professional work and qualifications are made publicly known with advance and submitted to the General Meeting during its sessions. Appointing members of the Board is a sovereign decision of the present at the General Meeting and there are no justifiable reasons to restrict the freedom of candidates' appointment.

C. Item 7) In the Supervisory Board at least one audit committee should operate. This committee should consist of at least one member independent of the company and entities with significant linkage with the company, with competences in the field of accounting and finance. In companies where the Supervisory Board consists of the number of members as required by law, committee tasks may be carried out by the Supervisory Board.

EXPLANATION:

The present make-up of the Supervisory Board has 5 members and carries out tasks of the audit committee

D. Item 8**) With regard to tasks and functioning of committees in the Supervisory Board, Appendix I to the Commission Recommendation of 15 February 2005 on the role of non-executive (...) is applicable.**

EXPLANATION:

In connection with the fact that the whole Supervisory Board carries out tasks of the audit committee, and the Board of Directors does not affect the appointment of its members, the Company waives recommendations included in Appendix I to the Commission Recommendation.

3. Description of the main features of internal control and risk management systems used in the Company with regard to the process of preparation of financial statements and consolidated financial statements,

Financial statements and periodic reports of the Company are prepared as specified by law and accounting policy binding in the Company by the Chief Accountant and verified on a regular basis by the Board of Directors, which is responsible for reliability and compliance of the prepared information. Financial statements are prepared only by people having access to confidential information, which obligates them, from obtaining such information until publishing financial statements, to keep secret any data, providing the basis for these statements. Financial data being the basis for financial statements and periodic reports derive from the accounting and financial system where accounting events are recorded in accordance with the accounting policy of the Company (approved by the Board of Directors) based on International Accounting Standards and International Financial Reporting Standards. The Company monitors on a regular basis changes required by provisions and external regulations referring to stock exchange reporting requirements and prepares for their introduction in proper advance.

Financial statements approved by the Board of Directors are verified by an independent auditor - Chartered Auditor, appointed by the Supervisory Board of the Company from among reputable auditing companies.

The Finance Division, keeping contact with the chartered auditor, takes attempts to determine recommendations concerning improvement in the internal control system in the Company, identified during the audit of financial statements, for the purpose of possible implementation.

The Finance Division and Directors of Divisions prepare, for the needs of the Board of Directors, periodic reports with the management information analyzing key financial data and operating ratios of business segments.

4. Indication of the shareholders holding, either directly or indirectly, substantial blocks of shares with indication of the number of shares held by these entities, their percentage share in the initial capital, number of conferred votes and their percentage share in the overall number of votes at the general meeting as at the date of publishing

No.	Shareholder	Number of shares	.	Share in share capital	Share in the overall number of votes at the General Meeting of
1.	Krzysztof Oleksowicz	4.972.271	4.972.271	35,09%	35,09%
2.	Andrzej Oliszewski	1.502.370	1.502.370	10,60%	10,60%
3.	ING Public Pension Fund	1.007.628	1.007.628	7,11%	7,11%
4.	AIG Public Pension Fund	1.187.431	1.187.431	8,38%	8,38%
5.	AVIVA Public Pension Fund	898.963	898.963	6,34%	6,34%

5. Indication of holders of any securities that would give special control rights along with description of these rights

There are no securities giving special control rights in relation to the Company. The shares of the Company do not involve any restrictions in assignment of any ownership rights or restrictions in exercising voting right.

6. Indication of any restrictions with regard to exercising the voting right, such as restriction in exercising the voting right by holders of a certain part or number of votes, time limitations concerning exercising the voting right or provisions, according to which, in cooperation with the Company, equity rights related to securities are separated from holding securities

The Company's Articles of Association do not contain any provisions concerning restriction in exercising the voting right by holders of a certain part or number of votes.

7. Description of the principles concerning appointment and dismissal of executives and their rights, in particular the right to make a decision on issue or redemption of shares

Members of the Board of Directors are appointed, dismissed and suspended in their activities by the Supervisory Board, on the terms specified in the Code of Commercial Companies and the Articles of Association.

8. Description of the principles of changing the Issuer's company deed

Change in the Company's Articles of Association requires:

- the General Meeting to adopt with a majority of 3/4 of the votes (Article 415 of the Code of Commercial Companies) a resolution, in the form of a notarial deed (a resolution concerning a significant change in the object of activities requires a resolution adopted with a majority of 2/3 of the votes (Article 416 of the Code of

Commercial Companies)

- entry into the National Court Register (Article 430 of the Code of Commercial Companies)

9. The method of operation of the General Meeting and its basic rights as well as description of rights of shareholders and the method of their exercising, in particular principles resulting from the Regulations of the General Meeting

The Board of Directors of Inter Cars S.A. informs that the General Meeting operates in the Company according to the Company's Articles of Association, the Code of Commercial Companies, and the Regulations of the sessions of the General Meeting that is published on the Company's website.

Competences of the General Meeting include matters set forth in regulations of the Code of Commercial Companies, excluding these matters that, according to the Articles of Association, belong to the competences of other bodies of the Company. The following matters require resolutions of the General Meeting: change in the Company's initial capital as well as creation, credits and spending other capitals, funds and provisions, issue of replacement bonds and bonds with preemptive right, changes in the Articles of Association, cancellation of shares, sales of business or its organized part, winding-up, split, merging, dissolution and transformation of the Company, profit distribution, loss coverage and creation of reserve capitals, appointment and dismissal of members of the Supervisory Board, approval of the Regulations of the Supervisory Board, determination of the principles of remuneration of the Supervisory Board, including determination of the amount of remuneration for members of the Supervisory Board appointed for permanent individual performance of supervisory activities. Purchase and sale of real estate, perpetual usufruct or share in real estate are not subject to approval by the General Meeting.

The General Meeting is convened by the Board of Directors or, in cases and following the procedure determined in the Code of Commercial Companies, other entities. The General Meeting may be held in the seat of the company or in Cząstków Mazowiecki (commune of Czosnów, Mazovian Province) or in Kajetany (commune of Nadarzyn, Mazovian Province). Unless the Code of Commercial Companies or any provisions of the Articles of Association do not provide for stricter conditions, the resolutions of the General Meeting are adopted with an absolute majority of votes.

10. Members and changes over the last financial year and description of operation of executive, supervisory or administrative bodies of the Issuer and their committees

10.1. Members and principles of operation of the Board of Directors

Members of the Company's Board of Directors in the period from 1 January 2009 to 31 December 2009:

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

Term of office of the Board is 3 (three) years. Members of the Board of Directors are appointed for a period of a common term of office. The Board of Directors manages the Company and represents the Company in court and outside court. The scope of operation of the Board includes all matters of the Company which are not provided for in the Articles of Association or in legal regulations as competences of the General Meeting or the Supervisory Board. The Board of Directors manages property and rights of the Company, performing their duties with diligence required in business trading, with strict observance of legal regulations. Resolutions of the Board of Directors are adopted with a majority of votes. In the case of equal number of votes, the vote of the President of the Board is casting vote. The scope of rights and obligations of the Board of Directors, as well as procedures of its operation are determined by the regulations of the Board of Directors. The regulations are adopted by the Board of Directors and approved by the Supervisory Board. Full content the regulations is published on the website of the Company. Following people are entitled to submit statements and sign on behalf of the Company: President of the Board as one person or two members of the Board together or one member of the Board together with proxy. Principles of remuneration for members of the Board of Directors are determined by the Supervisory Board.

10.2. Members and principles of operation of the Supervisory Board

As at 31 December 2009, the Supervisory Board of Inter Cars S.A. consisted of 5 members:

- **Andrzej Oliszewski - Chairman of the Supervisory Board,**
- **Maciej Oleksowicz - Member of the Supervisory Board,**
- **Jolanta Oleksowicz-Bugajewska - Member of the Supervisory Board,**
- **Jacek Klimczak - Member of the Supervisory Board,**
- **Michał Marczak - Member of the Supervisory Board,**

The Supervisory Board may contain from five to thirteen members appointed by the General Meeting. The General Meeting appoints Chairman of the Supervisory Board. The Supervisory Board appoints Deputy Chairman from among other members. The number of members of the Supervisory Board is fixed by the General Meeting. In the event of voting with separate groups, the number of members of the Supervisory Board is thirteen. Term of office of the Supervisory Board is 5 years and is common for all members. Members of the Supervisory Board can be appointed for subsequent terms.

Resolutions of the Supervisory Board are adopted with an absolute majority of votes in the presence of at least half of the members of the Supervisory Board. For validity of resolutions of the Supervisory Board it is required to invite to the meeting all members of the Board. Meetings of the Supervisory Board are held at least once a quarter. Meetings are convened with a prior written notice containing information on the place, time and proposed agenda of the meeting and served to all members at least 7 (seven) days prior to the date of the meeting. Meetings of the Supervisory Board are convened by its Chairman on their own initiative or at the request of a member of the Supervisory Board. Resolutions of the Supervisory Board may be made also without convening meeting - in writing or using means of direct remote communication, if all members of the Supervisory Board have been informed of the content of draft resolution and have given their consent to such voting procedure. Resolution of the Supervisory Board on suspending for important reasons in activities particular members of the Board of Directors as well as resolution on appointing a member of the Board for temporary performance of functions of member of the Board of Directors is adopted with a majority of 4/5 (four fifths) of the votes, in the presence of at least 4/5 (four fifths) of the composition of the Supervisory Board.

The Supervisory Board exercises supervision over operations of the Company as provided for in the Code of Commercial Companies, the Articles of Association and in the Regulations of the Supervisory Board adopted by the General Meeting. Competences of the Supervisory Board include in particular audit of the financial statements of the Company, audit of the statement of the Board of Directors of the Company and its applications with regard to profit distribution and loss coverage , as well as submission to the General Meeting of annual reports of results of those audits, appointment of the chartered auditor to audit the financial statement of the Company, on the basis of offers received by the Board of Directors, appointment and dismissal of members of the Board of Directors, appointment, from among members of the Board of Directors, of the President or Vice President, conclusion of contracts with members of the Company's Board of Directors, determination of the principles of remuneration for the members of the Company's Board of Directors, consent to selling or purchasing real estate, perpetual usufruct or share in real estate.

PART IV

REPORT OF AUDIT OF THE THE ANNUAL FINANCIAL STATEMENT

KPMG

Inter Cars S.A.

Supplementary report to the opinion on audit of the separate financial statement for the financial year ending on 31 December 2009

Report supplementing the opinion contains 11 pages Supplementary report to the opinion on audit of separate financial statement for the financial year ending on 31 December 2009

Content

KPMG

1. General part of the statement

1.1. Data identifying the Company

1.1.1. Company's name

Inter Cars S.A.

1.1.2. Seat of the Company

ul. Powsińska 64 02-903 Warsaw

1.1.3. Registration in the National Court Register

Registration court: District Court for the Capital City of Warsaw in Warsaw,
13rd Commercial Department of the National Court Register
Date:23 April 2001
Register number:KRS 0000008734

1.1.4. Registration in the Tax Revenue Office and Provincial Statistical Office

NIP no.:118-14-52-946
National Business registry Number (REGON): 014992887

1.2. Data identifying chartered auditor [entity authorized to audit financial statements]

Company: KPMG Audyt Sp. z o.o.
Registered office: Warsaw
Address:ul. Chłodna 51, 00-867 Warsaw
Register number:KRS 0000104753
Registration court: District Court for the Capital City of Warsaw in Warsaw,
12nd Business Department of the National Court
RegisterAuthorized capital 125.000 PLN
NIP no.:526-10-24-841

KPMG Audyt Sp. z o.o. is entered into the list of entities authorized to audit financial statements under number 458.

1.3. Legal basis

1.3.1. Authorized capital

The Company was established in accordance the Company's articles of association of 2 June 1999 for an indefinite period of time.

The initial capital of the Company as at 31 December 2009 was PLN 28,336,200 and was divided into 14,168,100 shares of face value of PLN 2 each.

FI series shares (1 share), F2 series shares (127 333 shares) and F3 series shares (157 334 shares) were not registered until the date of approval of the separate annual financial statement.

The initial capital of the Company was increased from PLN 27,472,200 to PLN 28,336,200 by way of issue of 432,000 shares of face value of PLN 2 each.

As at 31 December 2009, ownership structure in the Company was as follows:

Shareholder's name	Number of	Number of votes (in %)	The nominal value of each share PLN '000	Share in share capital (in %)
Krzysztof Oleksowicz	4.972.271	35,09%	9.944,5	35,09%
Andrzej Oliszewski	1.532.370	10,82%	3.064,7	10,82%
AIG Public Pension Fund	1.122.802	7,92%	2.245,6	7.92%
ING Public Pension Fund	745.342	5,26%	1.490,7	5,26%
AVIVA Public Pension Fund	696.107	4,91%	1.392,2	4,91%
Other	5.099.208	36,00%	10.198,4	36.00%
	14.168.100	100,00%	28.336,2	100,00%

1.3.2. Related entities

The Company is parent company of the Inter Cars S.A. Corporate Group

1.3.3. Director of the Entity

Functions of the manager of the entity are performed by the Board of Directors.

The Company's Board of Directors as at 31 December 2009 consisted of the following members:

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

1.3.4. Object of operations

Object of the Company's activities in accordance with the Company's Articles of Association includes in particular:

- production of parts and accessories for mechanical vehicles and their engines,
- service and repairs of motor vehicles,
- sales of parts and accessories for mechanical vehicles,
- wholesale of machines, equipment and additional equipment,
- other retail sales of new goods in specialized stores,
- Lease of real estate on its own account,
- data processing,
- wholesale of mechanical vehicles,
- retail sale of motor vehicles.

Supplementary report to the opinion on audit of the separate financial statement for the financial year ending on 31 December 2009

1.4. Information about the financial statement for the previous financial year

The separate financial statement for the financial year ending on 31 December 2008 was audited by KPMG Audyt Sp. z o.o. and the opinion of the chartered auditor is without reservations.

The separate financial statement was approved by the General Meeting on 30 June 2009 that decided to allocate profit for the previous financial year, in the amount of PLN 22,912 thousand, fully for supplementary capital

The closing balance as at 31 December 2008 was entered correctly into the accounting books as the opening balance of the audited year.

Comparative data presented in the financial statement for 2009 differ from the data presented in the approved financial statement for 2008. Differences result from transformation of comparative data, which has been described in item 1 d) of the explanatory information to the separate annual financial statement.

The separate financial statement was submitted with the Registration Court on 28 July 2009 and announced in Monitor Polski B (Official Gazette of the Republic of Poland) number 846 on 22 May 2009.

1.5. Scope of works and liabilities

This report was prepared for the General Meeting of Inter Cars S.A., based in Warsaw, ul. Powsińska 64, and applies to the separate financial statement, which consists of the statement of financial position, drawn up as at 31 December 2009, the statement of comprehensive income for the financial year ending on this day, the statement of changes in equity for the financial year ending on this day, the statement of cash flows for the financial year ending on this day and explanatory information to the adopted accounting principles and other additional information.

The audited entity prepares separate financial statement according to International Financial Reporting Standards, which were approved by the European Union, on the basis of the decision of the General Meeting of January 2005
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The separate financial statement was audited according to the agreement of 26 June 2009, concluded on the basis of a resolution of the Supervisory Board of 10 June 2009 with regard to selection of an entity authorized to audit financial statement.

The separate financial statement was audited pursuant to the provisions of chapter 7 of the Act on Accounting and to International Standards on Auditing.

The audit of the separate financial statement was conducted in the Company's seat in the period from 3 to 7 August 2009 and from 1 to 19 March 2010.

The Company's Board of Directors is responsible for correctness of accounting books, preparation of i reliable presentation of the separate financial statement according to International Financial Reporting Standards, which were approved by the European Union and other valid regulations.

The Company's Board of Directors and members of the Supervisory Board are obliged to ensure that the separate financial statement and the statement of operations of the Issuer meet the requirements provided for in the Act on Accounting.

Our task was to express, on the basis of the conducted audit, opinion and prepare a supplementary report with regard to this separate financial statement and the correctness of the accounting books being basis for its preparation.

The Company's Board of Directors submitted on the day of this report a statement on reliability and clarity of the individual financial statement presented for audit and non-existence of events influencing substantially the data reported in the separate financial statement for the audited year.

During the audit of the separate financial statement, the Company's Board of Directors made available all documents and information necessary to issue an opinion and prepare a report.

KPMG Audyt Sp. z o.o., the members of the Board and supervisory bodies as well as other people participating in the audit of the separate financial statement of the Company meet the requirement of independence on the audited Company. The scope of the planned and completed work has not been restricted in any way. The scope and method of the conducted audit result from prepared by us working documentation, available in the seat of KPMG Audyt Sp. z o.o.

2. Financial Analysis of Company

2.1. General analysis of the separate financial statement

2.1.1. Statement of n financial position

ASSETS	31.12.2009 PLN '000	% of assets	31.12.2008 PLN *000	% of assets
Fixed assets	147.052	12,0	transformed	11,7
Tangible fixed assets			138.571	
Intangible assets	145.605	11,9	149.916	12,6
Investments in associated companies	37.240	3,1	37.240	3,2
Available for sale investments	43	-	43	-
Investment properties	2.768	0,2	2.768	0,2
Receivables	79.525	6,5	65.522	5,5
Total non-current assets	412.233	33,7	394.060	33,2
Current assets				
Inventory	426.717	34,9	471.098	39,8
Receivables for services and other receivables	373.634	30,5	307.440	25,9
Income tax receivable	-	-	214	-
Cash and cash equivalents	11.613	0,9	12.780	1,1
Total current assets	811.964	66,3	791.532	66,8
TOTAL ASSETS	1.224.197	100,0	1.185.592	100,0

LIABILITIES	**31.12.2009**	*%*	**31.12.2008**	*%*
	PLN '000	**of assets**	**PLN '000**	**of assets**
Own equity Share capital	28.336	2,3	transformed	2,3
			27.472	
Capital from the issue of shares above the face value	259.530	21,2	247.785	20,9
Reserve capital	125.397	10,2	102.485	8,6
Other reserve capitals	5.935	0,5	5.935	0,5
Retained earnings	61.030	5,0	23.235	2,0
Own equity in total	480.228	39,2	406.912	34,3
Creditors	383.426	31,3	110.276	9,3
Liabilities due to credits, loans and finance lease				
Provision for deferred income tax	4.332	0,4	3.692	0,3
Total non-current liabilities	387.758	31,7	113.968	9,6
Liabilities due to deliveries and services and other liabilities	267.109	21,8	259.282	21,9
Liabilities due to credits, loans, debt securities and finance lease	87.199	7,2	403.958	34,1
Liabilities due to employee benefits	1.655	0,1	1.472	0,1
Liabilities due to under income tax	248	-	-	-
Short-term liabilities in total	356.211	29,1	664.712	56,1
Liabilities in total	743.969	60,8	778.680	65,7
TOTAL LIABILITIES	1.224.197	100,0	1.185.592	100,0

KPMG

Supplementary report to the opinion on audit of the separate financial statement
for the financial year ending on 31 December 2009

2.1.2. Statement of comprehensive income

	01.01.2009 - 31.12.2009 PLN '000	% **Sales revenue**	**01.01.2008 - 31.12.2008 PLN '000**	% **Sales revenue**
			transformed	
Sales revenue	1.857.569	100,0	1.507.416	100,0
Own cost of sales	(1.277.552)	68,8	(1.053.859)	69,9
Profit gross from sales	*580.017*	*31,2*	*453.557*	*30,1*
Other operating revenue	3.777	0,2	14.483	1,0
General administrative and sales cost	(255.861)	13,8	(218.202)	14,5
Distribution service costs	(211.010)	11,3	(174.213)	11,6
Costs of management option program	-	-	(743)	-
Other operating costs	(13.267)	0,7	(12.302)	0,8
Operating profit	*103.656*	*5,6*	*62.580*	*4,2*
Financial revenue	5.674	0,3	4.707	0,3
Foreign exchange differences	(4.314)	0,2	(8.655)	0,6
Financial costs	(31.543)	1,7	(31.602)	2,1
Net financial costs	(30.183)	1,6	(35.550)	2,4
Profit before tax	*73.473*	*4,0*	*27.030*	*1,8*
Income tax withheld	(12.766)	0,7	(4.118)	0,3
Net profit from continuing operations	*60.707*	*3,3*	22.9/2	*1,5*
Other comprehensive income	-	-	-	-
Comprehensive income for the reporting period in total	*60.707*	*3,3*	*22.912*	*1,5*
Weighted average number of shares	13.787.685		13.400.267	
Profit for one share (in PLN)	4,40		1,71	
Weighted average number of diluted shares	14.059.011		13.667.585	
Diluted profit for one share (in PLN)	4,32		1.68	

2.2. Selected financial indicators

Inter Cars S.A.	2009	2008	2007
1. Net sale profitability Net profit x 100% / Sales revenue	3,3%	1,5%	4,1%
2. Return on equity Net profit x 100% / Own equity - net profit	14,5%	6,0%	40,4%
3. Receivables turnover rate average gross trade receivables x 365 days / Sales revenue	54 days	50 days	39 days
4. Debt rate Liabilities x 100% / total liabilities	60,8%	65,7%	78,8%
5. Liquidity ratio Current assets / Short-term liabilities	2,3	1,2	1,1

• Average gross trade receivables is arithmetic average of trade receivables at the beginning and the end of the reporting period, excluding write-downs.

2.3. Interpretation of ratios

Improvement in net return on sales and return on equity in relation to the previous reporting period result mostly from growth in sales as a result of consolidation of the market position of the Company.
High value of return on equity in 2007 results from low value of equity that increased substantially in 2008, in connection with the issue of shares during the merger with JC Auto.

Indebtedness rate was reduced as compared to the previous year in connection with generated net profit. Significant improvement in the ratio as compared to 2007 results mostly from significant increase in equity, in connection with the merger with JC Auto.

Significant improvement in **liquidity ratio** results from change in financing structure of the Company. As at the reporting date, the Company was financed to a significant extent by long-term credit consortium, whereas in the previous periods these were mainly short-term bank credits.

3. Detailed part of the statement

3.1. Correctness of the applied accounting system

The Company has current documentation describing the accounting principles, adopted by the Company's Board of Directors, in the scope required by the provisions of Article 10 of the Act on Accounting.

In the course of the conducted audit of the separate financial statement we checked at random the correctness of operation of the accounting system. The following items were subject to our assessment in particular:

- grounds and continuity of the applied accounting principles,
- correctness of documenting business operations,
- reliability, faultlessness and verifiability of accounting books, including linkages with accounting documents and financial check,
- compliance of the adopted principles of protection of accounting documentation, accounting books i , financial statements with the Act on Accounting.

During the conducted works, we did not find material irregularities concerning the accounting system that would not be removed and could have a significant impact on the audited separate financial statement. The purpose of our audit was not to express a complex opinion about functioning of this accounting system.

3.2. Inventory-taking of asset components

The Company conducted inventory-taking of assets on the dates specified in Article 26 of the Act on Accounting. Inventory-taking covered the following assets:

- Cash,
- Inventory,
- receivables.

The inventory differences were settled in the accounting books of the period covered by the individual financial statement.

3.3. Additional information to the separate financial statement

Data contained in the explanatory information to the separate financial statement containing a description of significant principles and other explanatory information were presented, in all material aspects, completely and correctly. These data are an integral part of the separate financial statement.

3.4. Statement of the Issuer's operations

Statement of the Issuer's operations, in all material aspects, takes into account the information referred to in Article 49 of the Act on Accounting and in the Regulation of the Minister of Finance of 19 February 2009 concerning the submission of current periodical information by the securities' issuers and also the conditions of recognizing as equal the information demanded by the national lawful regulation of a country which does not hold the membership in the European Union (Journal of Laws of 2009 No. 33 item 259) and it complies with the information contained in the separate financial statement.

3.5. Information on the opinion of chartered auditor

On the basis of the conducted audit of the separate financial statement of the Company drawn up as at 31 December 2009 and for the period ending on this day, we issued an opinion without reservations.

For KPMG Audyt Sp. z o.o. ul.
Chłodna 51, 00-867 Warsaw
Registry No. 458

Chartered Auditor no.
11505, Jędrzej Szalacha

20 April 2010,
Warsaw

For KPMG Audyt Sp. z o.o. ul.
Chłodna 51, 00-867 Warsaw
Registry No. 458

Chartered auditor No. 90048
Mirosław Matusik, Director