

**THE INTER CARS GROUP**

*Semi-Annual Report  
for the period January 1st – June 30th 2010*

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FROM JANUARY 1ST TO JUNE 30TH 2010**

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## Management Board Statement

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

- To the best of its knowledge, the condensed consolidated interim financial statements of the Inter Cars Group (“the Inter Cars Group”), the condensed separate interim financial statements of Inter Cars S.A., and the comparable data have been prepared in compliance with the International Financial Reporting Standards endorsed by the European Union, issued and effective as at the date of these financial statements, and give an accurate, fair and clear view of the Group’s assets, financial standing and financial results.
- The Directors’ Report on the Inter Cars Group’s operations in the first half of 2010 gives a true picture of its development, achievements and standing.
- KPMG Audyt Sp. z o.o, a qualified auditor of financial statements that reviewed the condensed consolidated semi-annual financial statements of the Inter Cars Group and the condensed separate semi-annual financial statements of Inter Cars S.A., had been appointed in compliance with applicable laws, and both the auditing firm and the qualified auditor who performed the review met the conditions required to issue an impartial and independent opinion on the reviewed financial statements, in accordance with the applicable laws.

**Warsaw, August 13th 2010**

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*Robert Kierzek*

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*President of the Management Board*

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*Krzysztof Soszyński*

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*Vice-President of the Management Board*

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*Krzysztof Oleksowicz*

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*Member of the Management Board*

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*Piotr Kraska*

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*Member of the Management Board*

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*Wojciech Milewski*

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*Member of the Management Board*



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## Information on the Inter Cars Group

### Business Profile

The core business of the Inter Cars Group (“the Group” or “the Inter Cars Group”) comprises import and distribution of spare parts for cars and commercial vehicles.

### Registered Office of the Parent Undertaking

Inter Cars S.A.  
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02-903 Warsaw  
Poland

#### *Central Warehouse:*

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05-152 Czosnów near Warsaw  
Poland

### Contact Data

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[www.intercars.com.pl](http://www.intercars.com.pl)

### Management Board, Supervisory Board, and Consolidated Entities

Compared with the situation as at December 31st 2009, there have been some changes in the composition of the Company’s Management and Supervisory Boards and in the group of consolidated undertakings. These comprised change of the person holding the position of the President of the Management Board, change in the composition of the Supervisory Board, and consolidation of subsidiary undertaking Inter Cars Cyprus Limited since January 1st 2010.

On June 16th 2010, the Supervisory Board removed Mr Krzysztof Oleksowicz from the position of the President of the Management Board and appointed him as a Management Board Member. Concurrently, Mr Robert Kierzek, previously Vice-President of the Management Board, was appointed as the President of the Management Board.

The change in the composition of the Supervisory Board effected on June 10th 2010 consisted in appointment of Mr Piotr Płoszajski as a new Supervisory Board Member to replace Ms Jolanta Bugajewicz-Oleksowicz, who filed her resignation from the position on June 10th 2010.

**Interim Condensed Consolidated Financial Statements of the Inter Cars Group**  
for the period January 1st – June 30th 2010

**1. Condensed Consolidated Statement of Financial Position**

(PLN '000)

	Note	Jun 30 2010	Dec 31 2009
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	191,136	197,439
Investment property	13	53,976	53,437
Intangible assets	14	145,036	148,324
Investments in related undertakings		3,822	3,822
Investments available for sale		43	43
Receivables		7,899	6,682
Deferred tax assets		3,736	350
		<b>405,648</b>	<b>410,097</b>
<b>Current assets</b>			
Inventories	15	606,829	565,616
Trade and other receivables	16	281,810	269,437
Income tax receivable		-	479
Cash and cash equivalents		49,194	27,364
		<b>937,833</b>	<b>862,896</b>
<b>TOTAL ASSETS</b>		<b>1,343,481</b>	<b>1,272,993</b>
<b>EQUITY AND LIABILITIES</b>			
	Note	Jun 30 2010	Dec 31 2009
Share capital	17	28,336	28,336
Share premium account		259,530	259,530
Statutory reserve funds		198,387	137,680
Other capital reserves		5,935	5,935
Hedge accounting reserve	18	(2,600)	-
Currency translation differences		(802)	1,161
Retained earnings and current year profit		34,806	66,249
<b>Equity attributable to owners of the parent</b>		<b>523,592</b>	<b>498,891</b>
<b>Non-controlling interests</b>		<b>50</b>	<b>-</b>
<b>Total equity</b>		<b>523,642</b>	<b>498,891</b>
<b>Non-current liabilities</b>			
Loans, borrowings and finance lease liabilities	18	382,052	386,058
Deferred tax liabilities		250	3,616
Other non-current liabilities		287	219
		<b>382,589</b>	<b>389,893</b>
<b>Current liabilities</b>			
Trade and other payables		359,649	291,567
Loans, borrowings and finance lease liabilities	18	64,706	88,335
Employee benefits		5,961	3,007
Income tax payable		6,934	1,300
		<b>437,250</b>	<b>384,209</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,343,481</b>	<b>1,272,993</b>

## 2. Condensed Consolidated Statement of Comprehensive Income

(PLN '000)

	<b>Jan 1 – Jun 30 2010</b>	<b>Jan 1 – Jun 30 2009</b>
Sales revenue	1,105,099	982,510
Cost of sales	(739,300)	(620,945)
<b>Gross profit</b>	<b>365,799</b>	<b>361,565</b>
Other operating income	5,733	1,889
Selling costs, general and administrative expenses	(183,007)	(166,650)
Cost of distribution services	(128,969)	(116,853)
Other operating expenses	(8,074)	(9,455)
<b>Operating profit</b>	<b>51,482</b>	<b>70,496</b>
Finance income	839	921
Foreign exchange differences	(317)	(4,169)
Finance expenses	(18,514)	(15,120)
Profit/(loss) on interests in associated undertakings	-	300
<b>Profit before tax</b>	<b>33,490</b>	<b>52,428</b>
Corporate income tax	(4,176)	(10,250)
<b>Net profit</b>	<b>29,314</b>	<b>42,178</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Currency translation differences	(1,963)	(76)
Valuation of hedging instruments	(2,600)	-
<b>Total other comprehensive income, net</b>	<b>(4,563)</b>	<b>(76)</b>
<b>COMPREHENSIVE INCOME</b>	<b>24,751</b>	<b>42,102</b>
<b>Net profit attributable to:</b>		
- owners of the parent	29,264	42,178
- non-controlling interests	50	-
	<b>29,314</b>	<b>42,178</b>
<b>Comprehensive income attributable to:</b>		
- owners of the parent	24,701	42,102
- non-controlling interests	50	-
	<b>24,751</b>	<b>42,102</b>
<b>Net profit</b>	<b>29,314</b>	<b>42,178</b>
<b>Weighted average number of ordinary shares</b>	<b>14,168,100</b>	<b>13,736,100</b>
<b>Earnings per ordinary share (PLN)</b>	<b>2.07</b>	<b>3.07</b>
<b>Weighted average diluted number of ordinary shares</b>	<b>14,168,100</b>	<b>13,858,055</b>
<b>Diluted earnings per ordinary share (PLN)</b>	<b>2.07</b>	<b>3.04</b>

**Interim Condensed Consolidated Financial Statements of the Inter Cars Group**  
for the period January 1st – June 30th 2010

**3. Condensed Consolidated Statement of Changes in Equity**

For the period January 1st – June 30th 2010

<i>(PLN '000)</i>	Share capital	Share premium account	Statutory reserve funds	Currency translation differences	Other capital reserves	Hedge accounting reserve	Retained earnings and current year profit	Equity attributable to owners of the parent	Non-controlling interests	Total equity
<b>As at January 1st 2010</b>	<b>28,336</b>	<b>259,530</b>	<b>137,680</b>	<b>1,161</b>	<b>5,935</b>	<b>-</b>	<b>66,249</b>	<b>498,891</b>	<b>-</b>	<b>498,891</b>
<b>Statement of comprehensive income</b>										
Profit for period	-	-	-	-	-	-	29,264	29,264	50	29,314
<b>Other comprehensive income</b>										
Currency translation differences	-	-	-	(1,963)	-	-	-	(1,963)	-	(1,963)
Valuation of hedging instruments	-	-	-	-	-	(2,600)	-	(2,600)	-	(2,600)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,963)</b>	<b>-</b>	<b>(2,600)</b>	<b>29,264</b>	<b>24,701</b>	<b>50</b>	<b>24,751</b>
<b>Transactions with owners</b>										
Distribution of previous period's profit – transfer to statutory reserve funds	-	-	60,707	-	-	-	(60,707)	-	-	-
<b>As at June 30th 2010</b>	<b>28,336</b>	<b>259,530</b>	<b>198,387</b>	<b>(802)</b>	<b>5,935</b>	<b>(2,600)</b>	<b>34,806</b>	<b>523,592</b>	<b>50</b>	<b>523,642</b>

The notes constitute an integral part of the interim condensed consolidated and separate financial statements.

**Interim Condensed Consolidated Financial Statements of the Inter Cars Group**  
for the period January 1st – June 30th 2010

**For the period January 1st – June 30th 2009**

<i>(PLN '000)</i>	Share capital	Share premium account	Statutory reserve funds	Currency translation differences	Other capital reserves	Retained earnings and current year profit	<b>Equity attributable to owners of the parent</b>	Non-controlling interests	<b>Total equity</b>
<b>As at January 1st 2009</b>	<b>27,472</b>	<b>247,785</b>	<b>104,595</b>	<b>1,226,</b>	<b>5,935</b>	<b>31,112</b>	<b>418,125</b>	-	<b>418,125</b>
<b>Statement of comprehensive income</b>									
Profit for period	-	-	-	-	-	42,178	<b>42,178</b>	-	<b>42,178</b>
<b>Other comprehensive income</b>									
Currency translation differences	-	-	-	(76)	-	-	<b>(76)</b>	-	<b>(76)</b>
<b>Transactions with owners</b>									
Distribution of previous period's profit – transfer to statutory reserve funds	-	-	26,496	-	-	(26,496)	-	-	-
<b>As at June 30th 2009</b>	<b>27,472</b>	<b>247,785</b>	<b>131,091</b>	<b>1,150</b>	<b>5,935</b>	<b>46,794</b>	<b>460,227</b>	,-	<b>460,227</b>

**Interim Condensed Consolidated Financial Statements of the Inter Cars Group**  
for the period January 1st – June 30th 2010

**4. Condensed Consolidated Statement of Cash Flows**

<i>(PLN '000)</i>	<b>Jan 1 – Jun 30 2010</b>	<b>Jan 1 – Jun 30 2009</b>
<b>Cash flows from operating activities</b>		
Profit before tax	33,490	52,428
Total adjustments, including:		
Depreciation and amortisation	17,897	15,079
Foreign exchange (gains)/losses	(317)	(4,167)
(Gain)/loss on disposal of property, plant and equipment	(654)	458
Net interest	14,708	13,155
Other adjustments, net	(1,034)	(24)
<b>Cash flows from operating activities before changes in working capital</b>	<b>64,090</b>	<b>76,929</b>
Change in inventories	(41,213)	(14,973)
Change in receivables	(16,414)	(22,262)
Change in current liabilities	71,036	49,997
<b>Cash generated by operating activities</b>	<b>77,499</b>	<b>89,691</b>
Corporate income tax paid	(5,674)	(7,675)
<b>Net cash provided by/(used in) operating activities</b>	<b>71,825</b>	<b>82,016</b>
<b>Cash flows from investing activities</b>		
Sale of intangible assets and property, plant and equipment	1,706	12,968
Acquisition of intangible assets and property, plant and equipment	(9,517)	(26,094)
Acquisition of equity interests in associated undertakings	-	(300)
Repayment of loans advanced	4,780	91
Loans advanced	(1,944)	(154)
Interest received	218	386
<b>Net cash provided by/(used in) investing activities</b>	<b>(4,757)</b>	<b>(13,103)</b>
<b>Cash flows from financing activities</b>		
(Decrease) / increase in debt securities	(25,000)	25,000
(Decrease) / increase in loans and borrowings	(1,536)	(62,085)
Interest paid	(14,938)	(13,518)
Decrease in finance lease liabilities	(3,764)	(5,091)
Dividends paid	-	-
<b>Net cash provided by/(used in) financing activities</b>	<b>(45,238)</b>	<b>(55,694)</b>
<b>Net change in cash and cash equivalents</b>	<b>21,830</b>	<b>13,219</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>27,364</b>	<b>24,922</b>
<b>Cash and cash equivalents at end of period</b>	<b>49,194</b>	<b>38,141</b>

The notes constitute an integral part of the interim condensed consolidated and separate financial statements.

## 5. Reporting Entity

Inter Cars S.A., the parent undertaking (“the Company”, “the Parent Undertaking”), is registered in Poland. These interim condensed consolidated financial statements of the Inter Cars Group for the period January 1st – June 30th 2010 contain data of the Parent Undertaking and of the subsidiaries, which are together referred to as the Inter Cars Group (“the Group”), and account for the Group’s interests in associates.

The interim condensed separate financial statements of Inter Cars S.A. contain data of Parent Undertaking Inter Cars S.A.

The consolidated financial statements of the Inter Cars Group and the separate financial statements of Inter Cars S.A. for the financial year ended December 31st 2009 are available at [www.intercars.com.pl](http://www.intercars.com.pl).

The following undertakings (together: “the Group”) have been consolidated:

- Parent Undertaking: Inter Cars S.A. of Warsaw,
- subsidiary undertakings: Inter Cars Ukraine, incorporated under the Ukrainian law, with registered office in Khmelnytsky, Ukraine (Inter Cars S.A.’s interest: 70%), Lauber Sp. z o.o. of Slupsk (100%), Q-Service Sp. z o.o. of Warsaw (100%), Inter Cars Česká Republika of Prague (100%), Feber Sp. z o.o. of Warsaw (100%), Inter Cars Slovenska Republika of Bratislava (100%), Inter Cars Lietuva UAB of Vilnius (100%), IC Development & Finance Sp. z o.o. of Warsaw (100%), Armatus Sp. z o.o. of Warsaw (100%), JC Auto s.r.o. of Karvina-Darkom (100%), JC Auto Kereskedelmi Kft. of Budapest (100%), JC Auto S.A. of Brain-le-Chateau (100%), JC Auto d.o.o. of Zagreb (100%), JC Auto s.r.l. of Milan (99%; 1% stake is held by JC Auto s.r.o.), Inter Cars Romania s.r.l. of Cluj-Napoca (100%), and since January 1st 2010 Inter Cars (Cyprus) Limited of Cyprus (100%). In the reporting period, the Group obtained confirmation that 5 Sterne Fahrwerkstechnik GmbH of Berlin was deleted from the companies register by the Registry Court of the Federal Republic of Germany.

## 6. Statement on Compliance with the IFRS

These interim condensed consolidated financial statements of the Inter Cars Group and the interim condensed separate financial statements of Inter Cars S.A. (together “the interim condensed financial statements”) cover the period of six months ended June 30th 2010.

The interim condensed financial statements comply with the International Accounting Standard IAS 34 *Interim Financial Reporting*, which applies to interim financial statements and do not contain all the information whose disclosure is required in the annual financial statements. The interim condensed financial statements should be read together with the annual financial statements (consolidated or separate, as appropriate).

The interim condensed consolidated financial statements of the Inter Cars Group are published along with the interim condensed separate financial statements. In order to fully understand the Company’s financial situation and performance, the interim condensed separate financial statements should be read together with the interim condensed consolidated financial statements of the Group.

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgment in applying the accounting policies adopted by the Group. The areas involving a higher degree of judgment or complexity, or the areas where assumptions and estimates are significant to the financial statements, are presented in Note 9.

The interim condensed consolidated financial statements of the Inter Cars Group and the interim condensed separate financial statements of Inter Cars S.A. were approved for publication by the Management Board on August 13th 2010.

## **7. Basis of Preparation**

The attached interim condensed consolidated financial statements have been prepared using the same accounting policies which were applied to prepare the financial statements for the financial year ended December 31st 2009.

Both the interim condensed consolidated financial statements of the Inter Cars Group and the interim condensed separate financial statements of Inter Cars S.A. were prepared on a going concern basis, i.e. assuming that the Group and the Parent Undertaking would continue as going concerns in the foreseeable future and that there are no circumstances indicating any threat to the Group and the Parent Undertaking continuing as going concerns.

Unless stated otherwise, all amounts presented in the interim condensed financial statements are expressed in thousands of Polish zloty.

## **8. Changes in Accounting Policies**

No changes were made in the accounting policies.

## **9. Significant Judgments and Estimates**

The preparation of the condensed consolidated interim financial statements in conformity with the EU IFRS requires the Company's Management Board to use judgments and estimates that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The judgments and estimates are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which the estimate is revised.

Information on particularly significant areas that are subject to judgment and estimates and that affect the interim financial statements did not change from the information presented in the annual financial statements as at December 31st 2009.

## **10. Seasonality**

The sales revenue is characterised by limited seasonality.

## **11. Business Segments**

The core business of the Inter Cars Group consists in the sale of spare parts. Additionally, Feber, Lauber and IC Development are active in other segments, including production of semi-trailers, recovery of spare parts and property development activities.

The Inter Cars Group applies uniform accounting policies to all its business segments. Transactions between segments were eliminated in these condensed consolidated interim financial statements.

**Interim Condensed Consolidated Financial Statements of the Inter Cars Group**

for the period January 1st – June 30th 2010

(PLN '000)

	Sale of spare parts		Other		Eliminations		Total	
	Jan 1 - Jun 30 2010	Jan 1 - Jun 30 2009	Jan 1 - Jun 30 2010	Jan 1 - Jun 30 2009	Jan 1 - Jun 30 2010	Jan 1 - Jun 30 2009	Jan 1 - Jun 30 2010	Jan 1 - Jun 30 2009
Segment's revenue from external customers	1,081,749	958,929	23,350	23,581	-	-	1,105,099	982,510
Inter-segment revenue	98,547	73,848	33,549	93,140	(132,096)	(166,988)	-	-
<b>Profit before tax</b>	<b>30,627</b>	<b>52,478</b>	<b>4,963</b>	<b>2,923</b>	<b>(2,100)</b>	<b>(2,973)</b>	<b>33,490</b>	<b>52,428</b>
	<b>Jun 30 2010</b>	<b>Dec 31 2009</b>						
<b>Total assets</b>	<b>1,500,852</b>	<b>1,381,353</b>	<b>177,063</b>	<b>175,997</b>	<b>(334,434)</b>	<b>(284,357)</b>	<b>1,343,481</b>	<b>1,272,993</b>

## 12. Property, Plant and Equipment

<b>Gross value as at Dec 31 2009</b>	<b>286,725</b>
Acquisition	8,753
Lease	379
Transfer	451
Sale	(2,439)
Liquidation	(17)
Currency translation differences	17
<b>Gross value as at Jun 30 2010</b>	<b>293,869</b>
<b>Accumulated depreciation and impairment losses as at Dec 31 2009</b>	<b>89,286</b>
Depreciation for period	14,288
Sale	(1,391)
Liquidation	(16)
Currency translation differences	566
<b>Accumulated depreciation and impairment losses as at Jun 30 2010</b>	<b>102,733</b>
<b>NET VALUE</b>	
As at Dec 31 2009	<b>197,439</b>
As at Jun 30 2010	<b>191,136</b>

## 13. Investment Property

In the period from January 1st to June 30th 2010, the Group did not sell or purchase any real property. There were no material remeasurements of real property, either.

The PLN 539 thousand increase in investment property during the period was chiefly attributable to expenditure incurred on subleased buildings and structures at affiliate branches.

## 14. Intangible Assets

As at December 31st 2009, the Group's assets including goodwill were tested for impairment. No impairment was identified.

Based on the Company's current results, in 2010 the budgets for 2010 and 2011 were updated. There were no material changes in the method of calculation of WACC or the cash flow projections for subsequent years compared with the methodology used as at December 31st 2009.

In the opinion of the Management Board, as at June 30th 2010 the Group's assets were not impaired.

**Interim Condensed Consolidated Financial Statements of the Inter Cars Group**  
for the period January 1st – June 30th 2010

(PLN '000)

<b>Gross value as at Dec 31 2009</b>	<b>175,763</b>
Acquisition	225
Currency translation differences	141
<b>Gross value as at Jun 30 2010</b>	<b>176,129</b>
<b>Accumulated amortisation and impairment losses as at Dec 31 2009</b>	<b>27,439</b>
Amortisation for period	3,609
Currency translation differences	45
<b>Accumulated amortisation and impairment losses as at Dec 31 2010</b>	<b>31,093</b>
<b>Net value</b>	
As at Dec 31 2009	<b>148,324</b>
As at Jun 30 2010	<b>145,036</b>

**15. Inventories**

	<b>Jun 30 2010</b>	<b>Dec 31 2009</b>
Materials	26,442	37,825
Semi-finished products and work in progress	18,748	22,595
Finished products	4,813	4,576
Goods for resale	556,826	500,620
	<b>606,829</b>	<b>565,616</b>
Goods for resale	573,466	516,747
Discounts charged to goods for resale	(15,697)	(15,193)
Impairment losses on goods for resale	(943)	(934)
	<b>556,826</b>	<b>500,620</b>

**16. Trade and other receivables**

	<b>Jun 30 2010</b>	<b>Dec 31 2009</b>
Trade receivables	232,233	189,624
Taxes, subsidies, customs duties, social security, health insurance and other benefits receivable	45,448	67,835
Loans advanced	4,117	7,677
Other receivables	10,384	12,037
<b>Current trade and other receivables, gross</b>	<b>292,182</b>	<b>277,173</b>
Impairment losses on receivables	<b>(10,372)</b>	<b>(7,736)</b>
<b>Current trade and other receivables, net</b>	<b>281,810</b>	<b>269,437</b>

**Maturity structure of receivables**

	<b>Jun 30 2010</b>	
	<b>Gross</b>	<b>Impairment losses</b>
up to 180 days	262,082	-
from 181 to 270 days	4,244	361
from 271 to 360 days	2,762	906
over 1 year	23,094	9,105
<b>Total</b>	<b>292,182</b>	<b>10,372</b>

**Maturity structure of receivables**

	<b>Dec 31 2009</b>	
	<b>Gross</b>	<b>Impairment losses</b>
up to 180 days	257,301	-
from 181 to 270 days	3,873	542
from 271 to 360 days	2,655	565
over 1 year	13,344	6,629
<b>Total</b>	<b>277,173</b>	<b>7,736</b>

Relative to December 31st 2009, there were no material changes in the Group's credit risk management policy.

**17. Equity**

Equity includes funds and capital reserves created in accordance with the applicable laws and regulations, i.e. statutory provisions and provisions of the Company's Articles of Association.

The share capital comprises 14,168,100 shares with a total par value of PLN 28,336,200. Its amount remained unchanged in the reporting period. The share premium account also remained unchanged at PLN 259,530,475.

**Dividend**

In the reporting period, no dividend was distributed by Inter Cars S.A. The profit for the financial year ended December 31st 2009 was contributed to statutory reserve funds.

## 18. Liabilities under Loans, Borrowings and Other Debt Instruments

<b>As at Jan 1 2010</b>	<b>474,393</b>
<b>New drawdowns</b>	
Change in debt under credit facilities	20,750
<b>Repayments</b>	
Notes – tranche No. 92	(25 000)
Change in finance lease liabilities	(3,385)
Repayments of syndicated credit facility	(20,000)
<b>As at Jun 30 2010</b>	<b>446,758</b>

Compared with the data disclosed in the financial statements prepared as at December 31st 2009, there were no material changes with respect to the maturity dates, effective interest rate or currency structure of liabilities under loans, borrowings and other debt instruments.

### Material Terms and Conditions of the Syndicated Credit Facility

In the reporting period, the terms and conditions of the syndicated credit facility remained unchanged and were not breached by the Group.

### Cash Flow Hedges

The table below presents the Interest Rate Swap (IRS) contracts entered into by the Group as at June 30th 2010. As the Group applies hedge accounting, valuation of the contracts in the amount of PLN 2,600 thousand was recognised in the interim condensed financial statements as at June 30th 2010 under other comprehensive income and in the hedge accounting reserve.

<b>Bank</b>	<b>Value of hedged position</b>	<b>Term of contract</b>	<b>Variable interest reference rate</b>	<b>Fixed interest rate according to contract</b>
BRE	55,417	until Jun 30 2011	3M WIBOR	4.98
ING	61,526	until Jun 30 2011	3M WIBOR	4.99
Pekao	96,134	until Jun 30 2011	3M WIBOR	4.98
ABN Amro	61,324	until Jun 30 2011	3M WIBOR	4.47
Bank Handlowy	39,583	until Jun 30 2011	3M WIBOR	4.98
EFG	19,429	until Jun 30 2011	3M WIBOR	4.97
EFG	9,715	until Jun 30 2011	3M WIBOR	4.45
<b>Total</b>	<b>343,128</b>			

## 19. Contingent Liabilities, Security provided in Respect of Liabilities and Future Liabilities (Including under Executed Operating Leases)

Contingent liabilities, granted security and future liabilities (including under executed operating leases) did not change materially relative to those described in the financial statements prepared as at December 31st 2009.

**20. Related-Party Transactions**

	<u>Jan 1 – Jun 30 2010</u>	<u>Jan 1 – Jun 30 2009</u>
<i>Remuneration of Supervisory and Management Board members</i>		
Remuneration of Supervisory Board members	102	105
Remuneration of Management Board members	2,000	1,218
	<u>2,102</u>	<u>1,323</u>
	<u>Jan 1 – Jun 30 2010</u>	<u>Jan 1 – Jun 30 2009</u>
<i>Related-party transactions</i>		
Revenue from sales to related parties	1,059	968
Goods and services purchased from related parties	6,479	4,611
	<u>Jun 30 2010</u>	<u>Dec 31 2009</u>
<i>Balance of settlements with related parties</i>		
Receivables from related parties	188	330
Liabilities to related parties	474	254

**21. Events Subsequent to the Reporting Date with a Potential Material Bearing on the Company's Future Financial Results**

No such events occurred.

**Warsaw, August 13th 2010**

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*Robert Kierzek*

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*President of the Management Board*

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*Krzysztof Soszyński*

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*Vice-President of the Management Board*

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*Wojciech Milewski*

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*Member of the Management Board*

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*Krzysztof Oleksowicz*

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*Member of the Management Board*

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*Piotr Kraska*

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*Member of the Management Board*

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*Julita Patyska*

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*Chief Accountant*

**Semi-Annual Report on the Operations of the Inter Cars Group**

in the period January 1st – June 30th 2010

(PLN '000)

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**PART II**

**SEMI-ANNUAL REPORT ON THE OPERATIONS OF THE INTER CARS GROUP IN THE PERIOD  
JANUARY 1ST – JUNE 30TH 2010**

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### 22. Overview of the Group's Operations and Financial Performance on Consolidated and Standalone Basis in the Period from January 1st to June 30th 2010

#### Financial Results of the Inter Cars Group

- The Group recorded a 12% increase in sales revenue compared with the corresponding period of 2009, chiefly owing to strong domestic demand and development of foreign subsidiaries. Exports, understood as direct sales to foreign business partners, went up by 26% year on year. In aggregate, the distribution companies posted a 13% increase in sales revenue.
- Inter Cars' sales revenue generated in Poland accounted for approximately 78% of the Group's total sales revenue (after consolidation eliminations). The Polish market remains the key sales market for the Group.
- In H1 2010, the Inter Cars Group repaid in total PLN 10m (net of new drawdowns of PLN 10m) of its financial liabilities under the syndicated credit facility and redeemed notes for a total of PLN 25m.
- Gross profit improved in the first half of the year by 1% relative to the corresponding period of the previous year. Slower growth in gross profit margin expressed in absolute terms is attributable to the base effect: in Q1 2009 the Group generated an exceptionally high margin following an increase in prices due to the depreciation of the zloty. Operating profit went down by 27% year on year, due to a PLN 16m rise in operating expenses. The increase in operating expenses, of about PLN 6m, was attributable to non-recurring events such as costs of server collocation and other IT projects. The remaining part of the increase was primarily due to higher selling costs and general and administrative expenses (variable costs) such as commissions on spare parts, the value of which changes depending on revenue from sales of spare parts, or the cost of launch of the *Motointegrator* project.
- Net cash provided by operating activities was PLN 72m.

**Revenue rose in all the geographical markets** where the Group is present, with the largest increases recorded by the companies operating in Romania (249%), Lithuania (73%), Croatia (45%), Italy (41%), Ukraine and Hungary (19%).

The table below presents financial highlights of the Inter Cars Group for H1 2010:

	<i>Six months ended Jun 30</i>			
	2010	2009	2010	2009
(‘000)	PLN	PLN	EUR	EUR
<b>Consolidated statement of comprehensive income</b>				
Sales revenue	1,105,099	982,510	275,985	217,446
Gross profit (loss)	365,799	361,565	91,354	80,021
Net finance income/expenses	(17,992)	(18,368)	(4,493)	(4,065)
Operating profit (loss)	51,482	70,496	12,857	15,602
Net profit (loss)	29,314	42,178	7,321	9,335
<b>Other financial data</b>				
Net cash provided by (used in) operating activities	71,825	82,016	17,937	18,152
Net cash provided by (used in) investing activities	(4,757)	(13,103)	(1,188)	(2,900)
Net cash provided by (used in) financing activities	(45,238)	(55,694)	(11,298)	(12,326)
Earnings per share	2.07	3.07	0.52	0.68
Gross margin	33.1%	36.8%		
EBITDA margin	6.3%	8.7%		

	<i>As at</i>			
	Jun 30 2010	Dec 31 2009	Jun 30 2010	Dec 31 2009
	PLN	PLN	EUR	EUR
<b>Consolidated statement of financial position</b>				
Cash and cash equivalents	49,194	27,364	11,866	6,661
Balance-sheet total	1,343,481	1,272,993	324,058	309,866
Loans, borrowings and finance lease liabilities	446,758	474,393	107,762	115,475
Equity attributable to owners of the parent	523,592	498,891	126,295	121,438
Non-controlling interests	50	-	12	-

## Semi-Annual Report on the Operations of the Inter Cars Group

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The following exchange rates were applied to translate the figures presented in the financial highlights into the euro:

- for items of the statement of financial position – the exchange rate quoted by the National Bank of Poland for June 30th 2010: EUR 1 = PLN 4.1458, and the exchange rate quoted for December 31st 2009: EUR 1 = PLN 4.1082.
- for items of the statement of comprehensive income and the statement of cash flows – the average of the exchange rates quoted by the National Bank of Poland for the last day of each month in the first half of 2010 and 2009, that is EUR 1 = PLN 4.0042 and EUR 1 = PLN 4.5184, respectively.

### Financial Results of Inter Cars S.A. (Parent Undertaking)

The table below presents the financial highlights of Inter Cars S.A.:

('000)	<i>Six months ended Jun 30</i>			
	2010	2009	2010	2009
<b>Separate statement of comprehensive income</b>	PLN	PLN	EURO	EURO
Sales revenue	975,717	878,171	243,673	194,354
Gross profit (loss)	291,680	298,291	72,844	66,017
Net finance income/expenses	(14,873)	(15,654)	(3,714)	(3,465)
Operating profit (loss)	40,593	59,431	10,138	13,153
Net profit (loss)	21,476	36,348	5,363	8,044
<b>Other financial data</b>				
Net cash provided by (used in) operating activities	61,440	65,120	15,344	14,412
Net cash provided by (used in) investing activities	(3,605)	(5,615)	(900)	(1,243)
Net cash provided by (used in) financing activities	(44,284)	(51,076)	(11,059)	(11,304)
Earnings per share	1.52	2.65	0.38	0.59
Gross margin	29.9%	34%		
	<i>As at</i>			
	June 30	Dec 31	June 30	Dec 31
	2010	2009	2010	2009
	PLN	PLN	EUR	EUR
<b>Separate statement of financial position</b>				
Cash and cash equivalents	25,164	11,613	6,070	2,827
Balance-sheet total	1,291,927	1,224,197	311,623	297,989
Loans, borrowings and finance lease liabilities	444,008	470,625	107,098	114,557
Equity	499,104	480,228	120,388	116,895

**Sales revenue** for the first half of 2010 was **11% higher** year on year. It should be noted that in H1 2009 the average EUR/PLN exchange rate was nearly 13% higher than in H1 2010, which means that the sales growth in volume terms was even higher.

**Gross profit** for the first half of 2010 was 2% lower year on year. However, gross profit for Q2 2010 was as much as 11% higher compared with the corresponding period of 2009. **Gross margin** was 29.9% in the first half of 2010 (34% in the first half of 2009).

**Cost of distribution services** – share of an affiliate branch operator in the generated margin. The affiliate branch's sales margin is shared between the branch operator and Inter Cars on a 50/50 basis. The system of affiliate branches is based on the principle of entrusting the management of a distribution outlet (affiliate branch) to an external operator. Sales are made on behalf of Inter Cars. The affiliate branch operators employ personnel and cover operating costs from their revenue, which is their share in the margin on sales of goods. The share of particular branches in the margin is settled on a monthly

basis. The Company provides the full range of goods with ensured availability, IT system, organisational and logistics expertise, and trademark. The branch operator contributes the knowledge of the local market and experienced personnel. The risk associated with the operations of a branch operator is borne by the operator, who – operating as a separate business – optimises its available resources.

**Finance income and expenses** include mainly interest income and expense. In H1 2010 the Company posted net finance expense of PLN 14,873 thousand. As at June 30th 2010, **loans, borrowings, debt securities and finance lease liabilities** totalled PLN 444,008 thousand, compared with PLN 475,240 thousand as at June 30th 2009.

**23. Factors and Events, Especially of a Non-Recurring Nature, with a Material Bearing on the Financial Performance. Description of the Company's Material Achievements and Failures Along with a List of Related Key Events**

***Major Events with a Bearing on Current and Future Operations***

- Consolidated EBITDA (operating profit plus depreciation/amortisation) calculated on a cumulative basis for the period of 12 months ended June 30th 2010 was PLN 134,101 thousand.
- H1 2010 saw significant improvement in the inventory cycle relative to H1 2009, which shortened from 174 to 148 days (an improvement of 15%).
- Feber's sales were similar as in 2009. A remedial scheme is currently being implemented at Feber, primarily to reduce production costs and expand the sales force based on the Inter Cars Group's resources. We can see the first signs of a market upturn which should find a reflection in the company's results in the subsequent periods, however, in 2010 Feber will not generate a positive net margin.
- The Company is consistently pursuing its policy of geographical expansion in the area of Eastern and Central Europe. The CEE markets offer significant growth potential and higher net margins than the Polish market. In Q1 and Q2 2010, foreign distribution companies generated jointly sales revenue which was by 22% higher than in the same period of the previous year. In the first half of 2010, high year-on-year growth rates of sales denominated in the local currencies were recorded by Inter Cars S.A.'s subsidiaries operating in Romania (249%), Lithuania (73%), Croatia (45%), Italy (41%), Ukraine and Hungary (19%).
- Export sales have for many years been stable at approx. 25% of the Group's total sales revenue. In the export sales structure, the share of Ukraine is diminishing mainly in favour of Slovakia and the Czech Republic.

**24. Effect of Changes in the Business Entity's Structure**

Other than the acquisition of Inter Cars (Cyprus) Limited, there were no changes in the structure of the Inter Cars Group in the reporting period.

**25. Management Board's Standpoint Regarding the Feasibility of Meeting Previously Published Forecasts for 2010**

The Inter Cars Group did not publish any financial forecasts.

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**26. List of Shareholders Holding 5% or More of the Total Vote as at the Report Release Date**

Shareholder	Number of shares/ votes	Aggregate par value	Percentage of share capital held	Percentage of total vote held
		(PLN)	(%)	(%)
Krzysztof Oleksowicz	4,972,271	9,944,542	35.09%	35.09%
Andrzej Oliszewski	1,502,370	3,004,740	10.60%	10.60%
AIG OFE (Open-Ended Pension Fund)	1,187,431	2,374,862	8.38%	8.38%
ING OFE (Open-Ended Pension Fund)	1,007,628	2,015,256	7.11%	7.11%
Aviva OFE (Open-Ended Pension Fund)	898,963	1,797,926	6.35%	6.35%

By the date of release of these financial statements, the Company has not received any other shareholding notifications.

**27. Changes in Major Holdings of the Company Shares**

There were no changes in major holdings of the Company shares since the date of the most recent quarterly report.

**28. Changes in the Number of Shares and Rights to Shares (Options) in Inter Cars S.A. Held by the Company's Management and Supervisory Personnel since the Publication of the Most Recent Quarterly Report**

The Company's supervisory and management staff hold in aggregate 7,258,581 shares, conferring the right to 51.23% of the total vote at the General Shareholders Meeting of Inter Cars S.A.

The management and supervisory staff hold no shares in subsidiary undertakings of Inter Cars S.A.

Shareholder	No. of shares / votes	Aggregate par value	Percentage of share capital held	Percentage of total vote held
		(PLN)	(%)	(%)
Krzysztof Oleksowicz	4,972,271	9,944,542	35.09%	35.09%
Andrzej Oliszewski	1,502,370	3,004,740	10.60%	10.60%
Jolanta Oleksowicz-Bugajewska	499,272	988,544	3.52%	3.52%
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%
<b>Total</b>	<b>7,258,581</b>	<b>14,517,162</b>	<b>51.23%</b>	<b>51.23%</b>

## Semi-Annual Report on the Operations of the Inter Cars Group

in the period January 1st – June 30th 2010

(PLN '000)

Changes in ownership of the Company shares held by the management and supervisory staff since the date of release of the most recent quarterly report:

Shareholder	No. of shares as at May 15 2010	Increases	Decreases	No. of shares as at Aug 13 2010
Krzysztof Oleksowicz	4,972,271	-	-	4,972,271
Andrzej Oliszewski	1,502,370	-	-	1,502,370
Jolanta Oleksowicz-Bugajewska	499,272	-	-	499,272
Robert Kierzek	74,834	-	-	74,834
Krzysztof Soszyński	74,834	-	-	74,834
Wojciech Milewski	67,500	-	-	67,500
Piotr Kraska	67,500	-	-	67,500
<b>Total</b>	<b>7,258,581</b>	-	-	<b>7,258,581</b>

### 29. Information on Court, Arbitration and Administrative Proceedings

In 2010, no proceedings have been brought before any court or administrative body with respect to any liabilities or claims of Inter Cars S.A. or its subsidiary undertakings whose aggregate value would represent 10% or more of the Company's equity.

Furthermore, no proceedings are pending before any court or administrative body with respect to any liabilities or claims of Inter Cars S.A. or its subsidiary undertakings whose aggregate value would represent 10% or more of the Company's equity.

### 30. Other Information Which the Company Deems Relevant for the Assessment of Its Personnel, Assets, Financial Position, and Net Profit (Loss), or Changes in any of the Foregoing, and for the Assessment of the Company's Ability to Perform Its Obligations

This information is included in the Section entitled *Factors and Events, Especially of a Non-Recurring Nature, with a Material Bearing on the Financial Performance. Description of the Company's Material Achievements and Failures Along with a List of Related Key Events.*

### 31. Factors Which in the Company's Opinion will Affect Its Results in a Period Covering at Least the Next Quarter

The most important factors which according to the Management Board will affect the financial results in Q3 2010 include:

- ✓ *situation in the foreign exchange markets*, related mainly to the exchange rates of EUR, USD and JPY against PLN, UAH, HUF, CZK, SKK, LTL, HRK and RON;
- ✓ *demand from export customers*, which is dependent mainly on the political and legal situation in Ukraine;
- ✓ *changes in interest rates*, which will determine the amount of interest paid on contracted loans and thus will affect the financial expenses;
- ✓ *the planned improvement in the inventory cycle*, which should reduce the amount of financial expenses by lowering the requirement for inventory financing;
- ✓ *optimisation of logistics processes* related to cost reductions;
- ✓ *enhanced awareness of the Inter Cars brand and new customers*, which will contribute to the development of the operating activities.

### 32. Key Threats and Risks Affecting the Months Remaining to the End of the Financial Year

The risks relating to Q3 2010, as described by the Management Board in Section 31, also relate to the remaining months of the year.

**33. Information on Conclusion by the Company or Its Subsidiary Undertakings of a Single Transaction or a Series of Transactions with Related Parties if such Transactions Are Individually or Jointly Material and Were Not Concluded at Arm's Length**

No such transaction occurred.

**34. Information on Sureties Issued in respect of Loans or Borrowings or Guarantees Issued, in Each Case by the Company or Any of Its Subsidiaries, Jointly to a Single Entity or any Subsidiary of Such Entity, where the Aggregate Value of such Outstanding Sureties or Guarantees Amounts to an Equivalent of 10% or More of the Company's Equity**

For information on issued guarantees, see Note 40.

**Warsaw, August 13th 2010**

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*Robert Kierzek*

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*President of the Management Board*

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*Krzysztof Soszyński*

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*Vice-President of the Management Board*

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*Krzysztof Oleksowicz*

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*Member of the Management Board*

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*Piotr Kraska*

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*Member of the Management Board*

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*Wojciech Milewski*

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*Member of the Management Board*

**Interim Condensed Separate Financial Statements of Inter Cars S.A.**

for the period January 1st 2010 – June 30th 2010

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(PLN '000)

**PART III**

**INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS OF INTER CARS S.A. FOR  
THE PERIOD JANUARY 1ST – JUNE 30TH 2010**

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**Interim Condensed Separate Financial Statements of Inter Cars S.A.**

for the period January 1st 2010 – June 30th 2010

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**35. Condensed Separate Statement of Financial Position**

	<u>Jun 30 2010</u>	<u>Dec 31 2009</u>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	139,814	147,052
Intangible assets	142,487	145,605
Investment property	2,768	2,768
Investments in subordinated undertakings	41,286	37,240
Investments available for sale	43	43
Receivables	84,081	79,525
	<u>410,479</u>	<u>412,233</u>
<b>Current assets</b>		
Inventories	471,549	426,717
Trade and other receivables	384,735	373,634
Cash and cash equivalents	25,164	11,613
	<u>881,448</u>	<u>811,964</u>
<b>TOTAL ASSETS</b>	<u>1,291,927</u>	<u>1,224,197</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	28,336	28,336
Share premium account	259,530	259,530
Statutory reserve funds	186,104	125,397
Other capital reserves	5,935	5,935
Hedge accounting reserve	(2,600)	-
Retained earnings and current year profit	21,799	61,030
	<u>499,104</u>	<u>480,228</u>
<b>Non-current liabilities</b>		
Loans, borrowings and finance lease liabilities	379,661	383,426
Deferred tax liabilities	1,618	4,332
	<u>381,279</u>	<u>387,758</u>
<b>Current liabilities</b>		
Trade and other payables	338,201	267,109
Loans, borrowings, debt securities and finance lease liabilities	64,347	87,199
Employee benefits	3,981	1,655
Income tax payable	5,015	248
	<u>411,544</u>	<u>356,211</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,291,927</u>	<u>1,224,197</u>

**Interim Condensed Separate Financial Statements of Inter Cars S.A.**

for the period January 1st 2010 – June 30th 2010

(PLN '000)

**36. Condensed Separate Statement of Comprehensive Income**

	<b>Jan 1 – Jun 30 2010</b>	<b>Jan 1 – Jun 30 2009</b>
Sales revenue	975,717	878,171
Cost of sales	(684,037)	(579,880)
<b>Gross profit</b>	<b>291,680</b>	<b>298,291</b>
Other operating income	10,484	400
Selling costs, general and administrative expenses	(140,271)	(123,692)
Cost of distribution services	(109,403)	(108,323)
Other operating expenses	(11,897)	(7,245)
<b>Operating profit</b>	<b>40,593</b>	<b>59,431</b>
Finance income	3,522	2,236
Foreign exchange differences	(317)	(4,139)
Finance expenses	(18,078)	(13,751)
<b>Profit before tax</b>	<b>25,720</b>	<b>43,777</b>
Corporate income tax	(4,244)	(7,429)
<b>Net profit</b>	<b>21,476</b>	<b>36,348</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Valuation of hedging instruments	(2,600)	-
<b>Total other comprehensive income, net</b>	<b>(2,600)</b>	<b>-</b>
<b>COMPREHENSIVE INCOME</b>	<b>18,876</b>	<b>36,348</b>
<b>Net profit</b>	<b>21,476</b>	<b>36,348</b>
<b>Weighted average number of ordinary shares</b>	<b>14,168,100</b>	<b>13,736,100</b>
<b>Earnings per ordinary share (PLN)</b>	<b>1.52</b>	<b>2.65</b>
<b>Weighted average diluted number of ordinary shares</b>	<b>14,168,100</b>	<b>13,858,055</b>
<b>Diluted earnings per ordinary share (PLN)</b>	<b>1.52</b>	<b>2.62</b>

**Interim Condensed Separate Financial Statements of Inter Cars S.A.**

for the period January 1st 2010 – June 30th 2010

(PLN '000)

**37. Condensed Separate Statement of Changes in Equity**

**For the period January 1st – June 30th 2010**

	(PLN '000)	Share capital	Share premium account	Statutory reserve funds	Other capital reserves	Hedge accounting reserve	Retained earnings and current year profit	Total
<b>As at Jan 1 2010</b>		<b>28,336</b>	<b>259,530</b>	<b>125,397</b>	<b>5,935</b>	-	<b>61,030</b>	<b>480,228</b>
<b>Statement of comprehensive income</b>								
Profit for period		-	-	-	-	-	21,476	21,476
<b>Other comprehensive income</b>								
Effective portion of changes in fair value of cash flow hedges		-	-	-	-	(2,600)	-	(2,600)
<b>Total comprehensive income</b>		-	-	-	-	<b>(2,600)</b>	<b>21,476</b>	<b>18,876</b>
<b>Transactions with shareholders</b>								
Distribution of previous period's profit – transfer to statutory reserve funds		-	-	60,707	-	-	(60,707)	-
<b>As at Jun 30 2010</b>		<b>28,336</b>	<b>259,530</b>	<b>186,104</b>	<b>5,935</b>	<b>(2,600)</b>	<b>21,799</b>	<b>499,104</b>

**For the period January 1st – June 30th 2009**

	(PLN '000)	Share capital	Share premium account	Statutory reserve funds	Other capital reserves	Retained earnings and current year profit	Total
<b>As at Jan 1 2009</b>		<b>27,472</b>	<b>247,785</b>	<b>102,485</b>	<b>5,935</b>	<b>23,235</b>	<b>406,912</b>
<b>Statement of comprehensive income</b>							
Profit for period		-	-	-	-	36,348	36,348
<b>Transactions with shareholders</b>							
Distribution of previous period's profit – transfer to statutory reserve funds		-	-	22,911	-	(22,911)	-
<b>As at Jun 30 2009</b>		<b>27,472</b>	<b>247,785</b>	<b>125,396</b>	<b>5,935</b>	<b>36,672</b>	<b>443,260</b>

**Interim Condensed Separate Financial Statements of Inter Cars S.A.**  
for the period January 1st 2010 – June 30th 2010  
(PLN '000)

**38. Condensed Separate Statement of Cash Flows**

(PLN '000)

	Jan 1– Jun 30 2010	Jan 1– Jun 30 2009
<b>Cash flows from operating activities</b>		
Profit before tax	25,720	43,777
Adjustments, including:		
Depreciation and amortisation	14,735	12,854
Foreign exchange (gains)/losses	175	(7,491)
(Gain)/loss on sale of property, plant and equipment	(418)	(100)
Net interest	11,550	10,960
Other adjustments, net	(3)	(619)
Cash flows from operating activities before changes in working capital	<u>51,759</u>	<u>59,381</u>
Change in inventories	(44,832)	(7,380)
Change in receivables	(16,715)	(40,951)
Change in current liabilities	73,418	59,439
<b>Cash generated by operating activities</b>	<u>63,630</u>	<u>70,489</u>
Corporate income tax paid	(2,190)	(5,369)
<b>Net cash provided by (used in) operating activities</b>	<u>61,440</u>	<u>65,120</u>
<b>Cash flows from investing activities</b>		
Sale of intangible assets and property, plant and equipment	970	5,781
Acquisition of intangible assets and property, plant and equipment	(4,920)	(16,111)
Acquisition of interests in associated undertakings, subordinated undertakings	(300)	-
Repayment of loans advanced	4,784	8,952
Loans advanced	(4,570)	(5,873)
Interest received	431	1,636
<b>Net cash provided by (used in) investing activities</b>	<u>(3,605)</u>	<u>(5,615)</u>
<b>Cash flows from financing activities</b>		
(Decrease)/increase in loans, borrowings and debt securities	(25,000)	25,000
Interest paid	(14,873)	(12,903)
Decrease in finance lease liabilities	(3,417)	(4,904)
Decrease in loans and borrowings	(994)	(58,269)
<b>Net cash provided by (used in) financing activities</b>	<u>(44,284)</u>	<u>(51,076)</u>
<b>Net change in cash and cash equivalents</b>	<u>13,551</u>	<u>8,429</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>11,613</u>	<u>12,780</u>
<b>Cash and cash equivalents at end of period</b>	<u>25,164</u>	<u>21,209</u>

The notes constitute an integral part of the interim condensed consolidated and separate financial statements.

**Interim Condensed Separate Financial Statements of Inter Cars S.A.**  
for the period January 1st 2010 – June 30th 2010  
(PLN '000)

**39. Investments in Subordinated Undertakings**

<b>Investments in subordinated undertakings as at Dec 31 2009</b>	<b>37,240</b>
Share capital increase at Lauber Sp. z o.o.	300
Reversal of impairment losses on shares in JC Auto s.r.l. (Italy)	2,948
Reversal of impairment losses on Armatus Sp. z o.o.	798
<b>Investments in subordinated undertakings as at Jun 30 2010</b>	<b>41,286</b>

Given the companies' good financial performance, growing turnovers and performance of budgets, in H1 2010 the Company reversed the impairment losses previously recognised on shares in JC Auto s.r.l., Italy (PLN 2,948 thousand) and Armatus Sp. z o.o. (PLN 798 thousand).

However, the positive effect of the reversal was offset due to the recognition of an impairment loss in a similar amount on receivables from related undertaking JC Auto s.r.o. (Czech Republic). As at December 31st 2009, the Company carried an impairment loss for the full value of the shares in JC Auto s.r.o.

**40. Related-Party Transactions in the Condensed Separate Financial Statements**

<b>Receivables from subsidiaries</b>	<b>Jun 30 2010</b>	<b>Dec 31 2009</b>
Inter Cars Ukraine	24,801	26,699
Lauber Sp. z o.o.	1,255	2,150
Inter Cars Ceska Republika	33,194	27,645
Inter Cars Slovenska Republika	8,412	8,113
Feber Sp. z o.o.	7,459	7,331
Inter Cars Lithuania	10,794	8,166
IC Development & Finance Sp. z o.o.	,217	215
JC Auto s.r.l.	10,310	7,554
Inter Cars d.o.o.	26,894	20,725
JC Auto S.A.	5,701	5,644
INTER CARS Hungária Kf.	17,873	13,131
JC Auto s.r.o.	7,808	8,246
Inter Cars Romania s.r.l.	14,673	8,039
Armatus sp. z o.o.	137	88
<b>Receivables from subsidiaries, gross</b>	<b>169,528</b>	<b>143,746</b>
Impairment loss on receivables (JC Auto s.r.o.)	(3,746)	-
<b>Receivables from subsidiaries, net</b>	<b>165,782</b>	<b>143,746</b>

**Interim Condensed Separate Financial Statements of Inter Cars S.A.**

for the period January 1st 2010 – June 30th 2010

(PLN '000)

<b>Liabilities to subsidiaries</b>	<b>Jun 30 2010</b>	<b>Dec 31 2009</b>
Inter Cars Ukraine	1	1
Q-Service Sp. z o.o.	20,479	14,756
Lauber Sp. z o.o.	1,399	1,491
Inter Cars Ceska Republika	2,141	481
Inter Cars Slovenska Republika	447	260
Feber Sp. z o.o.	7	-
Inter Cars Lithuania	40	5
IC Development & Finance Sp. z o.o.	43	59
JC Auto s.r.l.	26	-
Inter Cars d.o.o.	77	53
JC Auto S.A.	2,300	896
INTER CARS Hungária Kft.	381	377
Inter Cars Romania s.r.l.	463	61
JC Auto s.r.o.	3,566	3,534
	<b>31,370</b>	<b>21,974</b>

  

<b>Sales revenue</b>	<b>Jan 1 – Jun 30 2010</b>	<b>Jan 1 – Jun 30 2009</b>
Inter Cars Ukraina	8,904	8,800
Q-Service Sp. Z o.o.	155	-
Lauber Sp. Z o.o.	1,829	1,057
Inter Cars Ceska Republika	15,907	15,040
Inter Cars Slovenska Republika	22,841	19,139
Feber Sp. Z o.o.	171	30
Inter Cars Lithuania	15,203	7,244
IC Development & Finance Sp. Z o.o.	2	2
JC Auto s.r.l.	4,411	3,495
Inter Cars d.o.o.	6,627	5,879
JC Auto S.A.	5	1,060
INTER CARS Hungária Kf.	4,247	5,568
Inter Cars Romania s.r.l.	9,971	4,050
Armatus sp. z o.o.	143	-
	<b>90,416</b>	<b>71,364</b>

  

<b>Purchase of goods and services</b>	<b>Jan 1 – Jun 30 2010</b>	<b>Jan 1 – Jun 30 2009</b>
Q-Service Sp. z o.o.	24,881	23,208
Lauber Sp. z o.o.	8,272	5,989
Inter Cars Ceska Republika	1,606	1,629
Inter Cars Slovenska Republika	179	112
Feber Sp. z o.o.	852	1,240
Inter Cars Lithuania	113	292
IC Development & Finance Sp. z o.o.	441	105
JC Auto s.r.l.	25	15
Inter Cars d.o.o.	23	20
JC Auto S.A.	1,672	204
INTER CARS Hungária Kf.	-	15
Inter Cars Romania s.r.l.	390	-
	<b>38,454</b>	<b>32,829</b>

The notes constitute an integral part of the interim condensed consolidated and separate financial statements.

**Interim Condensed Separate Financial Statements of Inter Cars S.A.**

for the period January 1st 2010 – June 30th 2010

(PLN '000)

	<u>Jun 30 2010</u>	<u>Dec 31 2009</u>
<b>Amounts receivable and payable under loans</b>		
<i>Receivables from subsidiaries</i>		
Feber Sp. z o.o.	43,045	37,957
IC Development & Finance Sp. z o.o.	44,692	42,785
Lauber Sp. z o.o.	4,861	4,394
Inter Cars Romania s.r.l.	710	718
	<u><b>93,308</b></u>	<u><b>85,854</b></u>
 <i>Liabilities to subsidiaries</i>		
Armatus Sp. z o.o.	969	955
	<u><b>969</b></u>	<u><b>955</b></u>
 <b>Issued guarantees and sureties</b>		
	<u><b>Jun 30 2010</b></u>	<u><b>Dec 31 2009</b></u>
Inter Cars Ukraine	415	-
Lauber Sp. z o.o.	197	197
Inter Cars Ceska Republika	4,146	4,108
Inter Cars Slovenska Republika	-	4,396
Feber Sp. Z o.o.	912	-
Inter Cars Lithuania	415	-
INTER CARS Hungária Kf.	3,878	4,065
	<u><b>9,963</b></u>	<u><b>12,766</b></u>

**Warsaw, August 13th 2010**-----  
*Robert Kierzek*-----  
*President of the Management Board*-----  
*Krzysztof Soszyński*-----  
*Vice-President of the Management Board*-----  
*Wojciech Milewski*-----  
*Member of the Management Board*-----  
*Krzysztof Oleksowicz*-----  
*Member of the Management Board*-----  
*Piotr Kraska*-----  
*Member of the Management Board*-----  
*Julita Pałyska*-----  
*Chief Accountant*



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**INDEPENDENT AUDITOR'S REPORT ON THE REVIEW  
OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
OF THE INTER CARS GROUP  
FOR THE PERIOD JANUARY 1ST – JUNE 30TH 2010**

To the Shareholders of Inter Cars S.A.

*Introduction*

We have reviewed the attached interim condensed consolidated financial statements of the Inter Cars Group, registered office at ul. Powsińska 64, Warsaw, Poland, comprising: condensed consolidated statement of financial position as at June 30th 2010, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the period January 1st – June 30th 2010, and the notes.

The Management Board of Inter Cars S.A. is responsible for the preparation and presentation of the interim condensed consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as endorsed by the European Union, ("IAS 34") and other applicable regulations. Our responsibility was to present a conclusion concerning the interim condensed consolidated financial statements based on our review.

*Scope of the Review*

We performed our review in accordance with the Polish Auditing Standard No. 3 *General Rules to Be Followed in Review of Financial Statements/Condensed Financial Statements and Provision of Other Attestation Services* and International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review includes using information obtained, in particular, from persons responsible for an entity's finance and accounting, as well as application of analytical and other review procedures. The scope and method of a review materially differ from the scope of an audit and thus a review does not enable an auditor to obtain assurance that all material issues could be identified, as in the case of a full audit. Accordingly, we are not in a position to issue an audit opinion on the attached financial statements.

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.

The company is entered in the register maintained by the District Court for the Capital City of Warsaw, XII Commercial Division of the National Court Register.

KRS 0000104753  
Share capital: PLN 125,000  
Tax Identification Number (NIP):  
526-10-24-841  
Industry Identification Number (REGON):  
010939471

*Conclusion*

The review which we have performed revealed nothing which would cause us to believe that the attached interim condensed consolidated financial statements of the Inter Cars Group have not been prepared, in all material respects, in accordance with IAS 34.

For KPMG Audyt Sp. z o.o.

ul. Chłodna 51, 00-867 Warsaw, Poland

Qualified auditor of financial statements, Reg. No. 458

*(Illegible signature)*

Qualified Auditor

Reg. No. 11505

Jędrzej Szalacha

For KPMG Audyt Sp. z o.o.

ul. Chłodna 51, 00-867 Warsaw, Poland

Qualified auditor of financial statements, Reg. No. 458

*(Illegible signature)*

Qualified Auditor

Reg. No. 90048

Mirosław Matusik, Director

August 13th 2010

Warsaw, Poland



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**INDEPENDENT AUDITOR'S REPORT ON THE REVIEW  
OF THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS  
OF INTER CARS S.A.  
FOR THE PERIOD JANUARY 1ST – JUNE 30TH 2010**

To the Shareholders of Inter Cars S.A.

*Introduction*

We have reviewed the attached interim condensed separate financial statements of Inter Cars S.A., registered office at ul. Powsińska 64, Warsaw, Poland, comprising: condensed separate statement of financial position as at June 30th 2010, condensed separate statement of comprehensive income, condensed separate statement of changes in equity and condensed separate statement of cash flows for the period January 1st – June 30th 2010, and the notes.

The Management Board of Inter Cars S.A. is responsible for the preparation and presentation of the interim condensed separate financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as endorsed by the European Union, ("IAS 34") and other applicable regulations. Our responsibility was to present a conclusion concerning the interim condensed separate financial statements based on our review.

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We performed our review in accordance with the Polish Auditing Standard No. 3 *General Rules to Be Followed in Review of Financial Statements/Condensed Financial Statements and Provision of Other Attestation Services* and International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review includes using information obtained, in particular, from persons responsible for an entity's finance and accounting, as well as application of analytical and other review procedures. The scope and method of a review materially differs from the scope of an audit and thus a review does not enable an auditor to obtain assurance that all material issues could be identified, as in the case of a full audit. Accordingly, we are not in a position to issue an audit opinion on the attached financial statements.

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.

The company is entered in the register maintained by the District Court for the Capital City of Warsaw, XII Commercial Division of the National Court Register.

KRS 0000104753  
Share capital: PLN 125,000  
Tax Identification Number (NIP):  
526-10-24-841  
Industry Identification Number (REGON):  
010939471

*Conclusion*

The review which we have performed revealed nothing which would cause us to believe that the attached interim condensed separate financial statements of Inter Cars S.A. have not been prepared, in all material respects, in accordance with IAS 34.

For KPMG Audyt Sp. z o.o.

ul. Chłodna 51, 00-867 Warsaw, Poland

Qualified auditor of financial statements, Reg. No. 458

*(Illegible signature)*

Qualified Auditor

Reg. No. 11505

Jędrzej Szalacha

For KPMG Audyt Sp. z o.o.

ul. Chłodna 51, 00-867 Warsaw, Poland

Qualified auditor of financial statements, Reg. No. 458

*(Illegible signature)*

Qualified Auditor

Reg. No. 90048

Mirosław Matusik, Director

August 13th 2010

Warsaw, Poland