

**CAPITAL GROUP OF
INTER CARS S.A.**

*Interim report
for the period from 1 January to 30 June 2014*



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Statement of the members of the Management Board

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

- Interim condensed consolidated financial statements and interim condensed separate financial statements drawn up for the period from 1 January 2014 to 30 June 2014 and comparable data were prepared, according to its best knowledge, in accordance with the existing accounting principles, and that they give a true and fair view of the assets and liabilities and financial position of the Inter Cars S.A. Capital Group and Inter Cars S.A., respectively, as well as their financial result.
- The comments to the interim report constituting an interim report on the activities of the Inter Cars Group gives a true and fair view of the development, achievements and situation of the Inter Cars Group.
- KPMG Audyt Spółka z ograniczoną odpowiedzialnością spółka komandytowa, an entity authorized to audit financial statements, which reviewed the condensed interim consolidated financial statements of the Inter Cars Group and the condensed interim separate financial statements of Inter Cars S.A. was appointed in accordance with the provisions of law, and that this entity and the statutory auditor that performed the audit met the requirements entitling them to release an objective and independent audit report in compliance with the existing law.

Warsaw, 29 August 2014

.....
Robert Kierzek

.....
President of the Management Board

.....
Krzysztof Oleksowicz

.....
Member of the Management Board

.....
Wojciech Twaróg

.....
Member of the Management Board

.....
Krzysztof Soszyński

.....
Vice-President of the Management Board

.....
Witold Kmiecik

.....
Member of the Management Board

Selected consolidated financial data of the Inter Cars Group

	<i>for the period of 6 months ended on 30 June</i>			
	2014		2013	
	in thousand PLN	in thousand PLN	in thousand EUR	in thousand EUR
Information on growth and profits				
Sales margin	31,5%	31,5%		
EBITDA (for 12 consecutive months)	257,460	198,791	61,617	47,174
Net debt / EBITDA	1.92	1.91		
Basic earnings per share (PLN)	6.05	4.34	1.45	1.03
Diluted earnings per share (PLN)	6.05	4.34	1.45	1.03
Operating profit	110,938	86,500	26,550	20,527
Net profit	85,701	61,553	20,510	14,607
Cash flows				
Operating cash flows	7,471	115,388	1,788	27,382
Investing cash flows	(32,706)	(21,216)	(7,827)	(5,035)
Financing cash flows	30,866	(57,387)	7,387	(13,618)
Employment and branches				
Employees				
Parent company	337	385		
Subsidiaries	1,276	1,151		
Branches				
Parent company	162	156		
Subsidiaries	148	131		

	As at		As at	
	30 June 2014	31 December 2013	30 June 2014	31/12/2013
	in thousand PLN	in thousand PLN	in thousand EUR	in thousand EUR
Consolidated statement of the financial situation				
Cash and cash equivalents	55,828	50,197	13,417	12,104
Balance sheet total	1,949,741	1,696,612	468,586	409,098
Loans, borrowings and finance lease, reverse factoring	551,134	479,726	132,455	115,675
Equity attributable to the shareholders of the parent entity	974,892	903,766	234,298	217,922

The EBITDA ratio is calculated as the total of the operating profit and depreciation for the reporting period

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

- for the statement of financial position items – the National Bank of Poland exchange rate of 30 June 2014 – EUR 1 = PLN 4.1609, and exchange rate of 31 December 2013 – EUR 1 = PLN 4.1472
- for the comprehensive income and cash flow statement items – an exchange rate constituting the average National Bank of Poland exchange rate announced on the last day of each month of the first 6 months of 2014 and 2013, respectively: 1 EUR = PLN 4.1784 and 1 EUR = PLN 4.2140 PLN.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE INTER CARS GROUP

Consolidated statement of the financial situation

<i>(in thousand PLN)</i>	30 June 2014 <i>Not audited</i>	31 December 2013
ASSETS		
Non-current assets		
Property, plant and equipment	240,715	219,446
Investment property	25,825	25,825
Intangible assets	157,173	160,861
Investments in related entities	53	45
Investments available for sale	301	301
Receivables	13,107	11,722
Deferred tax assets	31,232	26,922
	468,406	445,122
Current assets		
Inventory	1,000,607	818,513
Trade and other receivables	424,900	377,002
Corporate income tax receivables	-	5,778
Cash and cash equivalents	55,828	50,197
	1,481,335	1,251,490
TOTAL ASSETS	1,949,741	1,696,612
LIABILITIES		
Share capital	28,336	28,336
Share premium account	259,530	259,530
Statutory reserve funds	582,929	446,251
Other capital reserves	5,935	5,935
Foreign exchange gains /losses	(8,234)	(3,718)
Retained earnings	106,396	167,432
Equity attributable to the shareholders of the parent entity	974,892	903,766
Non-controlling interest	-	-
Total equity	974,892	903,766
Long-term liabilities		
Loan, borrowing and finance lease liabilities	39,554	41,040
Deferred corporate income tax reserve	1,273	284
Other long-term liabilities	4,585	8,750
	45,412	50,074
Short-term liabilities		
Trade and other payables	391,525	285,670
Liabilities under loans, borrowings, reverse factoring and finance leases	511,580	438,686
Employee benefits	6,449	11,949
Income tax payables	19,883	6,467
	929,437	742,772
TOTAL LIABILITIES	1,949,741	1,696,612

Consolidated statement of comprehensive income

(in thousand PLN)

	1.01.2014 - 30 June 2014 <i>Not audited</i>	1.01.2013 - 30 June 2013 <i>Not audited</i>
Revenue	1,854,489	1,627,837
Cost of sales	(1,270,586)	(1,115,144)
Gross profit	583,903	512,693
Other operating income	513	-
Costs of sales and administrative costs	(257,906)	(230,901)
Distribution expenses	(210,736)	(180,971)
Other operating expenses	(4,836)	(14,321)
Operating profit	110,938	86,500
Financial income	1,260	1,135
Foreign exchange gains/losses	128	(229)
Financial expenses	(11,885)	(15,243)
Profit before tax	100,441	72,163
Income tax	(14,740)	(10,610)
Net profit	85,701	61,553
OTHER COMPREHENSIVE INCOME		
Foreign exchange gains /losses	(4,516)	2,262
Total other comprehensive income, net	(4,516)	2,262
TOTAL INCOME	81,185	63,815
Net profit attributable to:		
- the shareholders of the parent entity	85,701	61,553
- non-controlling interest	-	-
	85,701	61,553
Comprehensive income attributable to:		
- the shareholders of the parent entity	81,185	63,815
- non-controlling interest	-	-
	81,185	63,815
Net profit	85,701	61,553
Weighted-average number of ordinary shares	14,168,100	14,168,100
Earnings per ordinary share (in PLN)	6.05	4.34
Weighted-average diluted number of ordinary shares	14,168,100	14,168,100
Diluted earnings per ordinary share (in PLN)	6.05	4.34

Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group
for the period from 1 January to 30 June 2014

Consolidated statement of changes in equity

for the period from 1 January 2014 to 30 June 2014

<i>(in thousand PLN)</i>	Share capital	Share premium account	Statutory reserve capital	Foreign exchange gains /losses	Other capital reserves	Retained profit	Equity attributable to the shareholders of the parent entity	Non-controlling interest	Total equity
As at 1 January 2014	28,336	259,530	446,251	(3,718)	5,935	167,432	903,766	-	903,766
Statement of comprehensive income									
Net profit in the reporting period	-	-	-	-	-	85,701	85,701	-	85,701
Total comprehensive income	-	-	-	(3,718)	-	253,133	989,467	-	989,467
Transactions with shareholders									
Distribution of prior period profit – dividend	-	-	-	-	-	(10,059)	(10,059)	-	(10,059)
Distribution of prior period profit - allocation to statutory reserve	-	-	136,678	-	-	(136,678)	-	-	-
Foreign exchange gains /losses	-	-	-	(4,516)	-	-	(4,516)	-	(4,516)
As at 30 June 2014 (not audited)	28,336	259,530	582,929	(8,234)	5,935	106,396	974,892	-	974,892

for the period from 01 January 2013 to 30 June 2013

Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group
for the period from 1 January to 30 June 2014

<i>(in thousand PLN)</i>	Share capital	Share premium account	Statutory reserve capital	Foreign exchange gains /losses	Other capital reserves	Retained profit	Equity attributable to the shareholders of the parent entity	Non-controlling interest	Total equity
As at 01 January 2013	28,336	259,530	373,750	(2,400)	5,935	92,096	757,247	-	757,247
Statement of comprehensive income									
Net profit in the reporting period	-	-	-	-	-	61,553	61,553	-	61,553
Other comprehensive income									
Foreign exchange gains /losses	-	-	-	2,262	-	-	2,262	-	2,262
Total comprehensive income	-	-	-	2,262	-	61,553	63,815	-	63,815
Transactions with shareholders									
Distribution of retained earnings – transfer to statutory reserve funds	-	-	72,501	-	-	(72,501)	-	-	-
As at 30 June 2013 (not audited)	28,336	259,530	446,251	(138)	5,935	81,148	821,062	-	821,062

Explanatory information is an integral part of interim condensed consolidated financial statements and separate financial statements

Consolidated statement of cash flows

<i>(in thousand PLN)</i>	1.01.2014 – 30.06.2014 <i>Not audited</i>	1.01.2013 – 30.06.2013 <i>Not audited</i>
Cash flows from operating activities		
Profit before tax	100,441	72,163
Adjustments:	-	-
Depreciation and amortization	20,481	19,838
Foreign exchange gains /losses	(4,388)	2,033
(Profit) /loss on the sale of property, plant and equipment	(825)	(333)
Net interest	8,720	10,166
Other adjustments, net	861	6,104
Operating profit before changes in the working capital	125,290	109,971
Change in inventories	(182,094)	(109,416)
Change in receivables	(49,051)	(55,139)
Change in short-term liabilities	117,347	188,128
Cash generated by operating activities	11,492	133,544
Corporate income tax paid	(4,021)	(18,156)
Net cash from operating activities	7,471	115,388
Cash flow from investing activities		
Proceeds from the sale of plant, property, equipment and intangible assets	6,873	5,560
Proceeds from the sale of shares	20	-
Purchase of property, plant, equipment and intangible assets	(39,525)	(30,153)
Purchase of shares in other entities	(28)	-
Repayment of loans granted	2,261	7,097
Loans granted	(2,528)	(4,008)
Interest received	221	288
Net cash from investing activities	(32,706)	(21,216)
Cash flow from financing activities		
(Repayments) / proceeds from credits and loans	48,804	(44,480)
Interest paid	(9,214)	(10,421)
Payment of finance lease liabilities	(4,193)	(2,486)
Payment of the reverse factoring	(4,531)	-
Net cash from financing activities	30,866	(57,387)
Movement in net cash and cash equivalents	5,631	36,785
Cash and cash equivalents at the beginning of the period	50,197	36,948
Cash and cash equivalents at the end of the period	55,828	73,733

Explanatory notes to the interim condensed financial statements for the period of 6 months ended on 30 June 2014

1. Information about the Inter Cars Capital Group

Scope of activities

The principal activities of Grupa Kapitałowa Inter Cars Spółka Akcyjna (hereinafter referred to as “the Group,” “the Inter Cars Capital Group,” the Inter Cars Group”) are import and distribution of spare parts for passenger cars and commercial vehicles.

Registered seat – the parent entity

Inter Cars S.A.

ul. Powsińska 64

02-903 Warsaw

Poland

Central Warehouse:

ul. Gdańska 15

05-152 Czosnów nearby/Warsaw

Contact details

tel. (+48-22) 714 19 16

fax. (+48-22) 714 19 18

bzarzadu@intercars.eu

relacje.inwestorskie@intercars.eu

www.intercars.com.pl

Supervisory Board

Andrzej Oliszewski, President

Piotr Płoszajski

Maciej Oleksowicz

Michał Marczak

Jacek Klimczak

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

Robert Kierzek, President

Krzysztof Soszyński, Vice-President

Krzysztof Oleksowicz

Witold Kmiecik

Wojciech Twaróg

Statutory auditor

KPMG Audyt Spółka z ograniczoną odpowiedzialnością, spółka komandytowa

ul. Chłodna 51

00-867 Warsaw

1.1. Composition of the Capital Group

The parent company, Inter Cars S.A. (“the Company”) is registered in Poland. The interim consolidated financial statements for the period ended on 30 June 2014 contain information about the company, its subsidiaries referred to as the Inter Cars Capital Group (“the Group”), and about the Group’s share in related entities.

Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group

for the period from 1 January to 30 June 2014

(in thousand PLN)

The consolidated financial statements of the Inter Cars Capital Group for the period ended on 31 December 2013 are available at www.intercars.com.pl.

As at 30 June 2014, the following entities comprised the Inter Cars Capital Group: Inter Cars S.A. as the parent entity, and 27 other entities, including:

25 subsidiaries of Inter Cars S.A.

1 indirect subsidiary of Inter Cars S.A.

The Group also holds shares in a related entity.

Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				30 June 2014	30 June 2013
Parent company					
Inter Cars S.A.	Warsaw	Import and distribution of spare parts for passenger cars and commercial vehicles	full	Not applicable	Not applicable
Direct subsidiaries					
Inter Cars Ukraine	Ukraine, Khmelnytsky	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Q-service Sp. z o.o.	Częstoków Mazowiecki	Advisory services, organization of trainings and seminars related to automotive services and the automotive market	full	100%	100%
Lauber Sp. z o.o.	Słupsk	Remanufacturing of car parts	full	100%	100%
Inter Cars Česká republika s.r.o.	Czech Republic, Prague	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Feber Sp. z o.o.	Warsaw	Manufacture of motor vehicles, trailers and semi-trailers	full	100%	100%
IC Development & Finance Sp. z o.o.	Warsaw	Real estate development and lease	full	100%	100%
Armatus sp. z o.o.	Warsaw	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Slovenská republika s.r.o.	Slovakia, Bratislava	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Lietuva UAB	Lithuania, Vilnius	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
JC Auto s.r.o.	Czech Republic, Karvina-Darkom	The Company does not carry out operating activities	full	100%	100%
JC Auto S.A.	Belgium, BrainL'Allued	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Hungária Kft	Hungary, Budapest	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Italia s.r.l. (formerly JC Auto s.r.l.)	Italy, Milan	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars d.o.o.	Croatia, Zagreb	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Romania s.r.l.	Romania, Cluj-Napoca	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Cyprus Limited	Cyprus, Nicosia	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%

Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group

for the period from 1 January to 30 June 2014

(in thousand PLN)

Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				30 June 2014	30 June 2013
Inter Cars Latvija SIA	Latvia, Riga	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Cleverlog-Autoteile GmbH	Germany, Berlin	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Bulgaria Ltd.	Bulgaria, Sofia	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Marketing Services Sp. z o.o.	Warsaw	Advertising, market and public opinion research	full	100%	100%
ILS Sp. z o.o.	Nadarzyn	Logistics services	full	100%	100%
Inter Cars Malta Holding Limited	Malta	Assets management	full	100%	100%
Q-service Truck Sp. z o.o.	Warsaw	Sale of delivery vans and trucks	full	100%	-
Inter Cars d o.o. (Slovenia) *	Slovenia, Ljubljana	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	-
InterMeko Europa Sp. z o.o.	Warsaw	Control and assessment of spare parts, components and accessories	full	50%	-
Indirect subsidiaries					
Inter Cars Malta Limited	Malta	Sale of spare parts and advisory services related to automotive services and the automotive market	full	100%	100%
Associated entities					
SMiOC FRENOPLAST Bułhak i Cieślowski S.A.	Szczytno	Manufacture of friction linings and materials	equity method	49%	49%

* company established in 2014

On 10 April 2014 Inter Cars established a newly created company under the name of Inter Cars d o.o., with its registered seat in Ljubljana in Slovenia.

On 23 April 2014 Inter Cars disposed 50% of shares in the company InterMeko Europa Sp z o.o. for the company from the automotive industry Mekonomen.

Stock exchange listings

The shares of Inter Cars S.A., i.e. the parent entity, are listed on the Warsaw Stock Exchange in the continuous trading system.

2. Information about the accounting principles applied in the preparation of the condensed interim consolidated financial statements**2.1. Declaration of compliance with IFRS**

The condensed interim consolidated financial statements of the Inter Cars Capital Group and the condensed interim separate financial statements of Inter Cars S.A. (hereinafter referred to as "the condensed interim financial statements") were prepared for the period of 6 months ended on 30th June 2014.

The condensed interim financial statements comply with the requirements of the International Accounting Standard IAS 34 "Interim Financial Reporting" related to interim financial statements, and do not contain all the information required for annual financial statements. The condensed interim financial statements should be read together with the annual financial statements (consolidated and separate, respectively).

The following standards, amendments to the existing standards and interpretations (adopted or in the process of adoption by the European Union) apply to the annual periods commencing on 1 January 2013:

- IFRS 10 "Consolidated Financial Statements", applicable to annual periods commencing on 1 January 2014 or thereafter,
- IFRS 11 "Joint Arrangements", applicable to annual periods commencing on 1 January 2014 or thereafter
- IFRS 12 "Disclosure of interests in other entities", applicable to annual periods commencing on 1 January 2014 or thereafter
- Amendments to IFRS 10, IFRS 11 and IFRS 12: Consolidated Financial Statements, Joint Arrangements, Disclosure of interests in other entities, applicable to annual periods commencing on 1 January 2014 or thereafter
- IFRS 27 (2011) "Separate Financial Statements", applicable to annual periods commencing on 1 January 2014 or thereafter
- IFRS 28 (2011) "Investments in Associates and Joint Ventures", applicable to annual periods commencing on 1 January 2014 or thereafter
- Amendments to IAS 32 "Financial Instruments: Presentation – Offsetting financial assets and liabilities", applicable to annual periods commencing on 1 January 2014 or thereafter.
- Amendments to IAS 39 "Financial Instruments": Recognition and Measurement" (novation of derivatives and continuation of hedge accounting) - applicable to annual periods commencing on 1st January 2014 or thereafter,
- Amendments to IAS 36 "Impairment of assets" (Recoverable Amount Disclosures for Non-Financial Assets) - applicable to annual periods commencing on 1st January 2014 or thereafter,
- Amendments to IFRS 10, IFRS 12 and IAS 27: Investment entities - applicable to annual periods commencing on 1st January 2014 or thereafter.

The above standards and interpretations has not resulted in significant changes in accounting policy of the Group or in presentation of data in the financial statements.

In this financial report the Group decided not apply in advance the published standards or interpretations before their date of entry into force. The Group intends to use them for the periods for which they are applicable for the first time.

The following standards and interpretations have been issued by the International Accounting Standards Board and IFRS Interpretations Committee and has not yet entered into force at the balance sheet date.

According to estimates of the Company, standards, interpretations and amendments to standards would have no significant impact on the financial statements, if they had been applied by the Company at the balance sheet date.

- IFRIC interpretation 21 "Levies" - applicable to annual periods commencing on 1st January 2014 or thereafter.
- IFRS 9 "Financial Instruments" - applicable to annual periods commencing on 1st January 2018 or thereafter.
- Amendment to IAS 19 "Employee Benefits" - Defined Benefit Plans: Employee Contributions - applicable for annual periods commencing on 1st July 2014 or thereafter.
- Amendments to International Financial Reporting Standards 2010-2012 (annual improvements to IFRS 2010-2012 include 8 changes to 7 standards, with the relevant amendments to other standards and interpretations) - applicable for annual periods commencing on 1st July 2014 or thereof.

Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group

for the period from 1 January to 30 June 2014

(in thousand PLN)

- Amendments to International Financial Reporting Standards 2011-2013 (annual improvements to IFRS 2011-2013 include 4 changes to standards, with the relevant amendments to other standards and interpretations) - applicable for annual periods commencing on 1st July 2014 or thereof.
- IFRS 14 "Regulatory Deferral Accounts" - applicable to annual periods commencing on 1st January 2016 or thereafter.
- Amendments to IFRS 11 "Joint arrangements" - Acquisitions of Interests in Joint Operations, applicable for annual periods commencing on 1st January 2016 or thereof.
- Amendments to IAS 16, "Property, Plant and Equipment" - clarification of acceptable disclosure methods, depreciation and amortization, applicable for annual periods commencing on 1st January 2016 or thereof.
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Agriculture: Bearer plants - applicable to annual periods commencing on 1st January 2016 or thereafter.
- IFRS 15 "Revenue from Contracts with Customers" - applicable to annual periods commencing on 1st January 2016 or thereafter.

Preparation of financial statements in accordance with IFRS requires application of specific accounting estimates. It also requires from the Management Board to use its own judgement with regard to application of the accounting standards adopted by the Group. The areas a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are presented in point 2.3.

The condensed interim consolidated financial statements of the Inter Cars S.A. Capital Group and the condensed interim financial statements of Inter Cars S.A. were approved for publication by the Management Board on 29 August 2014.

2.2. Basis for preparing the condensed interim consolidated financial statements

The attached condensed interim financial statements were prepared in accordance with the same accounting standards as those applied to prepare the annual financial statements for the financial year ended on 31st December 2013.

Both the condensed interim consolidated financial statements of the Inter Cars S.A. Capital Group and the condensed financial statements of Inter Cars S.A. were prepared under the assumption that the entities in question will continue as a going concern in the foreseeable future. All values presented in the condensed interim financial statements are quoted in thousand PLN, unless otherwise indicated

2.3. Material evaluations 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 evaluations and estimates that affect the application of accounting principles and reported amounts of assets and liabilities, income and expenses. The judgments and estimates are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimate is revised.

In the reporting period in question there were no important changes in judgements or estimates described in the annual consolidated financial statements for 2013.

2.4. Seasonality

The demand for spare parts is seasonal. The peak season falls on the second and third quarters. The demand decreases at the beginning and at end of the year.

This is directly linked to the seasonal nature of some repairs for which the spare parts are required, and to the smaller number of repairs made by "do-it-yourself" clients during winter.

(in thousand PLN)

2.5. Foreign Exchange rates applied to calculate the figures for 1 half of 2014

All financial figures presented in the report in EUR were translated according to the following exchange rates:

	2014	2013
exchange rate as at 30 June	4.1609	4.3292
Average exchange rate in the period from 1 January to 30 March	4.1784	4.2140

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

- for the items of the profit and loss account – the average exchange rate was used, defined as the arithmetic mean of the rates prevailing on the last day of each month within a given period, as quoted by the National Bank of Poland;
- for the items of the balance sheet – the exchange rate prevailing on 30 June, that is the mid exchange rate for the EURO prevailing on that date, as quoted by the National Bank of Poland;
- for translating the value of the share capital – the average EUR exchange rates applicable on the day on which an increase in the share capital was registered.

2.6. Information on business segments

The core business of the Inter Cars S.A. Capital Group is the sale of spare parts. In addition, the companies Feber, Lauber, IC Development and ILS Sp. z o.o. are active in other business segments, such as the manufacture of semi-trailers, remanufacturing of spare parts, real estate development and logistics; however, if considered separately, they do not meet the criteria of operating segments. The newly established company Q-service truck Sp. z o.o. is an authorized dealer of Isuzu commercial vehicles.

The Inter Cars Capital Group applies uniform accounting principles to all segments. Transactions between particular segments are carried out at arm's length.

Revenues and financial result by operating segments

for the period of 6 months ended on 30 June 2014

	Sale of spare parts	Other segments	Eliminations	Total
External sales	1,819,727	34,762	-	1,854,489
Inter-segment sales	25,344	116,599	(141,943)	-
Profit before tax	100,228	8,003	(7,790)	100,441

for the period of 6 months ended on 30 June 2013

	Sale of spare parts	Other segments	Eliminations	Total
External sales	1,602,174	25,663	-	1,627,837
Inter-segment sales	6,355	56,165	(62,520)	-
Profit before tax	73,459	8,898	(10,194)	72,163

Assets by operating segments

	Status as at 30 June 2014	Status as at 31 December 2013
Sale of spare parts segment	1,796,908	1,567,193
Other segments	206,107	187,433
Eliminations	(53,274)	(58,014)
	1,949,741	1,696,612

(in thousand PLN)

3. Other amounts

3.1. Property, plant, equipment and intangible assets

During the reporting period the Group purchased land of the total value of PLN 39,525 thousand out of which investment of Inter Cars represent PLN 18,389 thousand.

3.2. Investments in related entities

On 10 April 2014 Inter Cars established a newly created company under the name of Inter Cars d.o.o., with its registered seat in Ljubljana in Slovenia.

On 23 April 2014 Inter Cars disposed 50% of shares in the company InterMeko Europa Sp z o.o. for the company from the automotive industry Mekonomen.

3.3. Inventories

	30/06/2014	31/12/2013
Materials	24,329	22,781
Half-products and work in progress	7,170	6,011
Finished goods	10,681	7,008
Merchandise	958,427	782,713
	1,000,607	818,513
Merchandise	1,001,372	783,478
Revaluation write-downs on goods	(765)	(765)
	1,000,607	782,713

3.4. Trade and other receivables

	30/06/2014	31/12/2013
Trade receivables	390,015	348,047
Taxes, subsidies, customs, social security, health insurance and other benefits receivable	24,617	19,274
Loans granted	5,670	5,567
Other	18,003	16,742
Short term trade and other receivables – gross	438,305	389,630
Revaluation write-down on receivables	(13,405)	(12,628)
Short-term trade and other receivables – net	424,900	377,002
Changes in trade revaluation write-downs	30/06/2014	31/12/2013
Status as at the beginning of the period	(12,628)	(14,659)
Increase	(1,585)	(1,735)
Used	808	3,766
Status as at the end of the period	(13,405)	(12,628)

Compared to 31 December 2013, there were no significant changes to the Group's credit risk management policy, and the increase in the revaluation write-down results from delays in payment overdue receivables with more efficient recoverability of duties to current sales.

3.5. 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 the 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.

3.6. Dividend

The profit of the parent entity for the financial year ended on 31 December 2013 of PLN 145 785 thousand was, by virtue of a resolution of the General Shareholders Meeting, allocated to statutory reserve funds, in the amount of PLN 135,726 thousand and the dividend payments to shareholders in the amount of PLN 10,059 thousand. The payment of a dividend was realized on 14 July 2014.

3.7. Liabilities due to borrowings and other debt instruments

The syndicated credit facility agreement

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

On 20 November 2013 an annex to credit contract was signed. The annex increased the total amount of credit available to PLN 495m. Furthermore, the Lenders agreed to extend the repayment period by another year with the final maturity date falling on 20.11.2014. By virtue of the annex, the banks' margins and commission were decreased. Moreover, an additional co-borrower was added to the credit facility agreement, the company INTER CARS ROMANIA S.R.L., based in Cluj-Napoca, Romania.

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

Furthermore, in the reporting period, Inter Cars Česká republika s.r.o. and Cars Slovenská republika s.r.o. signed credit facility agreements with banks.

Inter Cars Česká republika s.r.o. signed an agreement with Raiffeisenbank a.s. for a credit facility of 120,000 thousand Czech Crowns with maturity date 30 April 2015 and for investment credit for the amount of 10,000 thousand Czech crowns with maturity date 31 December 2014. While Inter Cars Slovenska Republika concluded an agreement with Citibank Europe PLC for credit facility with a nominal value of EUR 5,000 thousand and maturity date 27 March 2015.

	amount as per the agreement (limit) <i>in thousand PLN</i>	carrying amount as per 30 June 2014 <i>in thousand PLN</i>	maturity date
Inter Cars S.A.	495,000	458,751	20-11-2014
Inter Cars Česká republika s.r.o.	18,180	13,635	30-04-2015
Inter Cars Česká republika s.r.o.	1,515	0	31-12-2014
Inter Cars Slovenská republika s.r.o.	20,805	20,805	27-03-2015
	<u>535,500</u>	<u>493,191</u>	

The Company did not issue any commercial bonds in the reporting period.

Cash flow hedges

As at 30 June 2014, the Group did not have any open futures contracts serving as cash flow hedges.

(in thousand PLN)

3.8. Contingent liabilities, security and future liabilities (including those resulting from operating lease contracts)

Contingent liabilities, security and future liabilities, including those resulting from operating lease contracts, did not change significantly compared to those described in the financial statements prepared as at 31 December 2013.

3.9. Transactions with related entities

All transactions with related entities are executed at arm's length. The parent entity transacts with entities related to the members of the Supervisory Board and the Management Board and their family members. The value of these transactions is shown in the table below.

	1.1.2014- 30.06.2014	1.1.2013- 30.06.2013
<i>Remuneration of the members of the Supervisory Board and the Management Board</i>		
Remuneration of the members of the Supervisory Board	107	109
Remuneration of the members of the Management Board	5,163	5,147
	5,270	5,256
	1.1.2014- 30.06.2014	1.1.2013- 30.06.2013
<i>Transactions with related entities</i>		
Income on sales to related entities	516	760
Purchase of goods and services from related entities	4,030	4,416
	30 June 2014	30 June 2013
<i>Settlements with related entities</i>		
Receivables from related entities	258	709
Liabilities to related entities	369	49

3.10. Events subsequent to the balance sheet day as at which the report was prepared which may have a material bearing on the Company's future financial results

On 18 July 2014 Inter Cars S.A. company sold to ILS sp z o.o., a logistics company of Inter Cars Group, property land located in Zakroczym. The transaction was executed at arm's length. On this land ILS sp z o.o. is planning to develop a modern logistics centre with an area of 40,000 m² and employment 200 people. Thanks to using an innovative technology the logistic centre is to increase substantially the flow of goods and efficiency of logistic operations. This investment will have a substantial influence on the position, competitiveness and potential of Inter Cars Group, allowing an expansion to foreign markets and realization of the Group's strategy to improve revenue.

On 30 June 2014, the company Lauber, dealing in remanufacturing of spare parts for cars, got a permission for performing its business activity within a Special Economic Zone in Slupsk. The company is planning to build till the end of 2019 in this place a new warehouse facility and the investment will have a total value of PLN 15,500 thousand.

On 30 July 2014 the company Inter Cars in Romania signed a credit facility agreement for credit line of RON 15 million (PLN 14,232 thousand) with ING Bank N. V. for a period of one year.

Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group

for the period from 1 January to 30 June 2014

(in thousand PLN)

On 20 August 2014 the company Inter Cars in the Czech Republic signed a credit facility agreement for credit line of EUR 4.5 million (PLN 18,724 thousand) with City Bank Europe plc for a period of one year.

Warsaw, 29 August 2014

Robert Kierzek

President of the Management Board

Krzysztof Soszyński

Vice-President of the Management Board

Wojciech Twaróg

Member of the Management Board

Krzysztof Oleksowicz

Member of the Management Board

Witold Kmiecik

Member of the Management Board

Julita Pałyska

Chief Accountant

MANAGEMENT BOARD'S REPORT ON THE ACTIVITIES OF THE CAPITAL GROUP

1. Organizational structure of the Inter Cars Group, including entities subject to consolidation

The parent company, Inter Cars S.A. (hereinafter referred to as "the Company" / "the parent entity") is registered in Poland. The abridged interim consolidated financial statements of the Inter Cars S.A. Capital Group for the period from 1 January to 30 June 2014 contain the details of the parent entity and its subsidiaries referred to as the Inter Cars S.A. Capital Group (hereinafter referred to as "the Group") and the Group's interest in related entities.

The financial statements of the following entities were subject to consolidation ("the Capital Group"):

- the parent entity: Inter Cars S.A., with its registered seat in Warsaw,
- subsidiaries: Inter Cars Ukraine LLC, with its registered seat in Khmelnytskyi, Ukraine (100% of Inter Cars S.A.'s interest in the company's capital), Lauber Sp. z o.o., with its registered seat in Słupsk (100%), Q-Service Sp. z o.o., with its registered seat in Warsaw (100%), Inter Cars Česká Republika, with its registered seat in Prague (100%), Feber Sp. z o.o., with its registered seat in Warsaw (100%), Inter Cars Slovenska Republika, with its registered seat in Bratislava (100%), Inter Cars Lietuva UAB, with its registered seat in Vilnius (100%), IC Development & Finance Sp. z o.o., with registered seat in Warsaw (100%), Armatus Sp. z o.o., with its registered seat in Warsaw (100%), JC Auto s.r.o., with its registered seat in Karvina - Darkow (100%), Inter Cars Hungária Kft, with its registered seat in Budapest (100%), JC Auto S.A., with its registered seat in Braine L'Allued (100%), Inter Cars d.o.o., with its registered seat in Zagreb (100%), JC Auto s.r.l., with its registered seat Milan (100%), Inter Cars Romania s.r.l., with its registered seat in Cluj-Napoca (100%), Inter Cars Cyprus Limited, with its registered seat in Nicosia (100%), Inter Cars Latvija SIA, with its registered seat in Riga (100%), Inter Cars Bulgaria, with its registered seat in Sophia (100%), Cleverlog Autoteile GmbH, with its registered seat in Reinbek (100%), Inter Cars Marketing Services Sp. z o.o., with its registered seat in Warsaw (100%), ILS Sp; z o.o., with its registered seat in Nadarzyn (100%), Inter Cars Malta Holding Limited, with its registered seat in Quormi (100%), Inter Cars Malta Limited, with its registered seat in Quormi (100 %), Q-service Truck Sp. z o.o. with its registered seat in Warsaw (100 %) and InterMeko Europe sp. z o.o. with its registered seat in Warsaw (50 %).

2. Basis of preparing the condensed interim consolidated financial statements

The condensed interim consolidated financial statements of the Inter Cars Capital Group were prepared for the period of 6 months ended on 30 June 2014.

The condensed interim financial statements comply with the requirements of the International Accounting Standard IAS 34 "Interim Financial Reporting" related to interim financial statements, and do not contain all the information required for annual financial statements. These condensed interim financial statements should be read together with the annual consolidated financial statements.

3. Overview of the Group's operations on consolidated and separate basis for the period from 1 January 2014 – 30 June 2014.

Overview of the financial results of the Inter Cars Group for the first half of 2014



- The consolidated revenues on the Group's sales increased by **13.9%** compared to the same period of 2013.
- Export sales understood as direct sales (from Inter Cars S.A.) to overseas contractors (mainly from Eastern European markets) and to overseas distribution companies increased by 14% compared to the same period of the previous year, where:
 - direct sales to overseas contractors in the first half of 2014 amounted to PLN 101m, i.e. a 16.5% decrease compared to first half of the

year 2013. The main reason is a reduction in demand in Ukraine as a result of geopolitical situation and conflict with Russia.

- sales by overseas distribution companies in the first half of 2014 amounted to PLN 504m, i.e. accounting for a 24% growth

Just like in the 1 half a year 2013, the sales of the overseas distribution companies have been more dynamic than the export sales of Inter Cars S.A.

The revenues of Inter Cars at home accounted for app. 67% of the total revenues of the Capital Group (taking into account consolidation exclusions) and remains at the same level as in first 6 months of 2013. The Polish market remains the basic sales market for the Capital Group.

- The consolidated margin on the sale of goods stays at 31.5%, i.e. no change in comparison to six months of 2013. In comparable periods, the impact of exchange rate gains / losses on the margin was very small (0.35 p.p. in the first half-year 2014 and 0.15 p.p. in the same period of 2013).
- The consolidated margin on the operating activities for the first half of 2014 **increased by 28.3%** compared to the same period of the previous year.
- The consolidated net profit for the first 6 months of 2014 **increased by 39.2%** compared to the same period of the previous year.
- The costs of sales and administration for 6 months of 2014 decreased by 0.3 p.p. and amounted to 13.9% compared to the same period of the previous year.
- The effective tax rate for the Group for 6 months of 2014 cumulatively was 14.7%.
- Cash generated by operating activities amounted to PLN **7.5 million**. A significant improvement in the cash flows results mainly from an improved stock turnover resulting from implementing a new policy of stock replenishment. The stock turnover for the Group was **142 days** – an increase of **6 days** compared to the same period of the previous year.

Interim report on the activities of the Inter Cars Capital Group

for the period from 1 January to 30 June 2014

*(in thousand PLN)***Revenues increased in almost all geographical markets.**

The Company has been consistently expanding its business in Central and Eastern Europe. This market displays a large potential of growth and a net profitability higher than the domestic market. The highest sales dynamics after 6 months of 2014 – compared to the same period of the previous year – (after translation to PLN and consolidation exclusions) was recorded by companies in the following countries: Latvia (a growth of 143 %), Hungary (a growth of 100 %) and Bulgaria (a growth of 82 %). Whilst among the companies with the strongest impact on revenues of the Group we need to indicate Romania (a growth of 46 %), Croatia (a growth of 26 %), Czech Republic (a growth of 9 %) and Lithuania (a growth of 16 %).

The subsidiary company whose revenues decreased in comparison to the first 6 months of 2013 is Inter Cars Ukraine. The cause of decreased of sales expressed in PLN is weakening of Ukrainian currency in relation to PLN. In local currency, UAH, the company recorded an increase of approximately 18%.

Inter Cars S.A., using cautious policy, does not plan to expand in the region until the time of stability of geopolitical situation.

The underlying financial data of the Inter Cars S.A. Group for 1 half of 2014 were as follows:

<i>(in thousand)</i>	2014		2013	
	PLN	PLN	EUR	EUR
Sales income	1,854,489	1,627,837	443,828	386,293
Gross profit (loss) on sales	583,903	512,693	139,743	121,664
Net financial revenues / costs	(10,497)	(14,337)	(2,512)	(3,402)
Operating profit (loss)	110,938	86,500	26,550	20,527
Net profit (loss)	85,701	61,553	20,510	14,607
Other financial data				
Operating cash flows	7,471	115,388	1,788	27,382
Investing cash flows	(32,706)	(21,216)	(7,827)	(5,035)
Financing cash flows	30,866	(57,387)	7,387	(13,618)
Basic profit per share	6.05	4.34	1.45	1.03
Sales margin	31.5%	31.5%		
EBITDA margin	7.1%	6.5%		
As at				
	30/06/2014	31/12/2013	30/06/2014	31/12/2013
Consolidated statement of the financial situation				
	PLN	PLN	EUR	EUR
Cash and cash equivalents	55,828	50,197	13,417	12,104
Balance sheet total	1,949,741	1,696,612	468,586	409,098
Loans, borrowings and finance lease	551,134	479,726	132,455	115,675
Equity attributable to the shareholders of the parent entity	974,892	903,766	234,298	217,922

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

- for the statement of financial position items – the National Bank of Poland exchange rate of 30 June 2014 – EUR 1 = PLN 4.1609, and exchange rate of 31 December 2013 – EUR 1 = PLN 4.1472
- for the comprehensive income and cash flow statement items – an exchange rate constituting the average National Bank of Poland exchange rate announced on the last day of each month of the first 6 months of 2014 and 2013, respectively: 1 EUR = PLN 4.1784 and 1 EUR = PLN 4.2140 PLN.

Overview of the financial results of the parent company – Inter Cars

The underlying financial data of Inter Cars S.A. were as follows:

(in thousand)	<i>for 6 months ended on 30 June</i>			
	2014	2013	2014	2013
	PLN	PLN	EUR	EUR
Separate statement of comprehensive income				
Sales revenues	1,606,252	1,409,748	384,418	334,539
Gross profit (loss) on sales	423,505	385,739	101,356	91,537
License fees	(25,182)	(21,532)	(6,027)	(5,110)
Net financial revenues / costs	(7,720)	(8,403)	(1,848)	(1,994)
Operating profit (loss)	50,017	47,203	11,970	11,201
Net profit (loss)	40,339	35,601	9,654	8,448
Other financial data				
Operating cash flows	2,482	111,316	594	26,416
Investing cash flows	(20,255)	(28,810)	(4,847)	(6,837)
Financing cash flows	25,490	(57,004)	6,100	(13,527)
Basic profit per share	2.85	2.51	0.68	0.60
Sales margin	26.40%	27.40%		

	<i>As at</i>			
	30/06/2014	31/12/2013	30 June 2014	31/12/2013
	PLN	PLN	EUR	EUR
Separate statement of the financial position				
Cash and cash equivalents	23,519	15,802	5,652	3,810
Balance sheet total	1,854,884	1,629,695	445,789	392,963
Loans, borrowings and finance lease	566,702	503,441	136,197	121,393
Equity	874,886	844,606	210,263	203,657

The sales revenues in 1 half of 2014 were **13.9% higher** than in the same period of 2013.

The gross sales profit (for the 1 half of 2014) was 9.8% higher than in the same period of 2013. By contrast, the gross profit was 13.4% higher than in the same period of 2013. **The sales margin** for the 1 half of 2014 was 26.4% (compared to 27.4% in the 1 half of 2013). Reduction in margins by 1 percentage point is mainly due to an increase in low-margin sales to subsidiaries and a small decrease in margin on items of garage equipment, motorcycles and installations used for tuning cars.

Distribution service costs – the share of the branch managing entity in the margin. The sales margin generated by a branch is divided between the branch and Inter Cars in the 50/50 ratio. The branch system is based on the assumption of entrusting management of a distribution point (branch) to external entities. Sales are made on behalf of Inter Cars.

Financial revenues and costs include primarily costs and revenues due to interest. In 2014, the Company incurred PLN 8,839 thousand of these costs, compared to PLN 10,168 thousand in the same period of 2013.

Liabilities resulting from credits, loans, debt securities and finance lease as at 30 June 2014 amounted to PLN 566,702 thousand, i.e. 12.6% more compared to PLN 503,441 thousand as at 31 December 2013

4. Factors and events of a non-recurring nature having a material bearing on the financial result, and a description of the Company's material achievements and failures along with a list of related key events

The major events affecting the current and future business activity

- Consolidated EBITDA for the period of 12 months cumulatively for the period ended on 30 June 2014 was PLN 257,460k (cumulatively, as operating profit plus depreciation) and was higher by PLN 58,669k than in 2013.
- The net debt /EBITDA ratio was 1.92 compared to 1.91 as at 30 June 2013.
- The highest revenues in history were recorded by companies in Romania and Latvia, which is linked to the creation (Latvia) and further development (Romania) of spare parts distribution centres, so-called central warehouses. Moreover a substantial increase in sales was recorded in distribution companies in Lithuania, Hungary, Bulgaria and Croatia.
- Boom on heavy goods vehicle market in general in the end of 2013 and increase in registration of truck-tractors in 2014 translated into very good results of the segment of trailers and semi-trailers in 4th quarter 2013 as well as in 1 half of 2014. Total number of registrations in the first six months of 2014 increased by 24.9 % to 8,739 vehicles (source: quarterly report PZPM and KPMG; edition Q3/2014). In this period, sales of Feber company, belonging to the Inter Cars Group, manufacturing semi-trailers increased by 34%.
- In the first half of 2014, the Council of Ministers decided to expand Warmian-Mazurian economic zone to the land in Zakroczym, where the Inter Cars S.A. Group has its premises. The decision influenced acceleration of realization of plans regarding construction of modern warehousing facility on this land. The warehouse will be equipped with innovative world leading technology, which will clearly increase the efficiency of the Company in the logistics.

5. The effects of changes in the composition of the entity

On 10 April 2014 Inter Cars S.A. established a newly created company under the name of Inter Cars d o.o., with its registered seat in Ljubljana in Slovenia. Whilst on 23 April 2014 Inter Cars disposed 50% of shares in the company InterMeko Europa Sp z o.o. for the company from the automotive industry Mekonomen.

Besides the above, during the reporting period there were no significant changes in the structure of Inter Cars Group.

6. The Management Board's standpoint on the feasibility of meeting the previously published forecasts of financial results for 2014

The Capital Group Inter Cars S.A. did not publish any forecasts of financial results.

Interim report on the activities of the Inter Cars Capital Group

for the period from 1 January to 30 June 2014

*(in thousand PLN)***7. Shareholders holding 5% or more of the total vote as at the date of publication of these financial statements:**

Shareholder	Number of shares as at	Total nominal value	Percentage of share in the share capital held	Percentage of total vote held
		(PLN)	(%)	(%)
Krzysztof Oleksowicz	4,472,271	8,944,542	31.57%	31.57%
Andrzej Oliszewski	1,302,000	2,604,000	9.19%	9.19%
ING Otwarty Fundusz Emerytalny	1,100,000	2,200,000	7.76%	7.76%
AMPLICO Otwarty Fundusz Emerytalny	780,000	1,560,000	5.51%	5.51%
AVIVA Otwarty Fundusz Emerytalny	1,500,000	3,000,000	10.59%	10.59%
AXA Otwarty Fundusz Emerytalny	897,777	1,795,554	6.34%	6.34%
Total	10,052,048	20,104,096	70.95%	70.95%

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

8. 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.

9. 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 managing personnel hold a total of 5,815,309 shares, constituting 41.05% of the total vote at the General Shareholders Meeting of Inter Cars.

The managing and supervisory personnel hold no shares in the subsidiaries of Inter Cars.

Shareholder	Number of shares as at	Total nominal value	Percentage of share in the share capital held	Percentage of total vote held
		(PLN)	(%)	(%)
Krzysztof Oleksowicz	4,472,271	8,944,542	31.57%	31.57%
Andrzej Oliszewski	1,302,370	2,604,740	9.19%	9.19%
Robert Kierzek	29,834	59,668	0.21%	0.21%
Krzysztof Soszyński	9,834	19,668	0.07%	0.07%
Witold Kmiecik	1,000	2,000	0.01%	0.01%
Total	5,815,309	11,630,618	41.05%	41.05%

Changes in ownership of the Company shares held by the Company's management and supervisory personnel since the publication of the most recent quarterly report:

Shareholder	Number of shares as at	Increases	Decreases	Number of shares as at
	as at			as at
	15/05/2014			29/08/2014
Krzysztof Oleksowicz	4,472,271	-	-	4,472,271
Andrzej Oliszewski	1,302,370	-	-	1,302,370
Robert Kierzek	29,834	-	-	29,834
Krzysztof Soszyński	9,834	-	-	9,834
Witold Kmiecik	1,000	-	-	1,000
Total	5,815,309	-	-	5,815,309

10. Information on court, arbitration and administrative proceedings

In 2014, no proceedings were 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 subsidiaries whose aggregate value would represent 10 % or more of the Company's equity.

11. Other information which the Company deems relevant for the assessment of its personnel, assets, financial position and financial result 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 of a non-recurring nature having a material bearing on the financial result, and a description of the Company's material achievements and failures along with a list of related key events."

12. Factors which in the Company's opinion will affect its financial results in the period covering at least the next quarter.

Factors which in the Management Board's opinion will affect the Company's financial results in Q3 2014 include:

- ✓ *trends in the foreign exchange rates, mainly EUR, USD and YEN against PLN, UAH, HUF, CZK, SKK, LTL, HRK, RON, BGN and LTV;*
- ✓ trends in the demand from export customers, related mainly to political and legal situation in Ukraine;
- ✓ changes in interest rates, which will determine the amount of interest on contracted loans and thus affect the financial expenses ;
- ✓ planned improvement in the stock turnover, which should reduce the financial costs by lowering the requirement for inventory financing;
- ✓ *optimization of logistics processes related to cost reductions;*
- ✓ enhanced awareness of the "Inter Cars" brand and obtaining new customers, which will contribute to the development of operating activities;

In August 2014, implementation work was carried out over a new version of database used by the computer system of the company in Poland, and therefore there were transitional technical problems in realization of the sales process on the territory of Poland. Foreign sales of the Group was realized smoothly. Technical problems had an impact on sales results in August, however, as at reporting date, in the opinion of the Board of Managers, they shall not have a significant impact on the results for the Q3 2014. The process of stabilization and restoring full functionality of the system has been finished. Detailed data on sales revenues for August this year will be announced to the public, in compliance with the existing practice of the Company, in the monthly current report on sales of the Inter Cars Capital Group.

13. Key threats and risks affecting the remaining months of the financial year

The risks regarding Q3 2014, specified by the Management Board affect also the other months of 2014, as specified in section 12.

14. Information on conclusion by the Company or its subsidiaries of a single or more transactions with related entities if such transactions are jointly or separately material and were not concluded at arm's length.

All transactions with related entities were concluded at arm's length.

Interim report on the activities of the Inter Cars Capital Group

for the period from 1 January to 30 June 2014

*(in thousand PLN)***15. Information on sureties issued by the Company or its subsidiary in respect of loans or borrowings or guarantees issued – jointly to a single entity or its subsidiary, where the total value of such sureties or guarantees is equivalent to at least 10% of the Company's equity.**

<i>(in thousand PLN)</i> To	Period covered	Status as at	
		30/06/2014	31/12/2013
Lauber Sp. z o.o.	2014-01-13	-	197
Feber Sp. z o.o.	Until further notice	915	912
Feber Sp. z o.o.	2015-05-23	2,000	2,000
Inter Cars Bulgaria Ltd.	2015-07-05	262	260
RIM Sp. z o.o.	Until further notice	20	20
Glob Cars Sp.z o.o.	Until further notice	150	150
JC Auto Kraków	Until further notice	50	50
Tomasz Zatoka APC Polska	Until further notice	170	170
Michał Wierzobolowski Fst M.	Until further notice	250	250
Intraserv	Until further notice	50	50
Ducati Motor Holding	2014-07-31	3,329	311
Feber Sp. z o.o.	2014-12-31	4,160	4,147
IC UKRAINE	2014-12-31	416	-
ICMS	2014-09-30	160	-
PKM sp z o.o. in Sosnowiec	2014-08-24	137	-
		12,069	8,517

All guarantees were issued by the parent entity to its subsidiaries free of charge.

The guarantees are aimed at securing the repayment of other trade liabilities

Additionally a bank guarantee was issued to Inter Cars Slovenská Republika s.r.o. on behalf Inter Cars S.A. for EUR 5 million.

Warsaw, 29 August 2014*Robert Kierzek**President of the Management Board**Krzysztof Soszyński**Vice-President of the Management Board**Krzysztof Oleksowicz**Member of the Management Board**Witold Kmiecik**Member of the Management Board**Wojciech Twaróg**Member of the Management Board*

Interim condensed separate financial statements of Inter Cars S.A.

for the period from 1 January to 30 June 2014

*(in thousand PLN)***INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS OF INTER CARS S.A. FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 JUNE 2014****Separate statement of financial position***(in thousand PLN)*

	30 June 2014	31/12/2013
	<i>Not audited</i>	
ASSETS		
Non-current assets		
Property, plant and equipment	151,290	139,391
Intangible assets	150,110	154,474
Investment property	2,100	2,100
Investments in subsidiaries	186,647	176,654
Investments available for sales	258	258
Receivables	26,918	18,580
	517,323	491,457
Current assets		
Inventory	763,153	608,822
Trade and other receivables	550,889	508,181
Corporate income tax receivables	-	5,433
Cash and cash equivalents	23,519	15,802
	1,337,561	1,138,238
TOTAL ASSETS	1,854,884	1,629,695
LIABILITIES		
Equity		
Share capital	28,336	28,336
Share premium account	259,530	259,530
Statutory reserve funds	540,423	404,697
Other capital reserves	5,935	5,935
Retained earnings	40,662	146,108
	874,886	844,606
Long-term liabilities		
Loan, borrowing and finance lease liabilities	49,993	52,406
Deferred corporate income tax reserve	888	7,888
	50,881	60,294
Short-term liabilities		
Trade and other liabilities	400,557	272,483
Loans, borrowings, debt security, reverse factoring and finance lease liabilities	516,709	451,035
Employee benefits	1,735	1,277
Income tax liabilities	10,116	0
	929,117	724,795
TOTAL LIABILITIES	1,854,884	1,629,695

Explanatory information is an integral part of interim condensed consolidated financial statements and separate financial statements

Interim condensed separate financial statements of Inter Cars S.A.

for the period from 1 January to 30 June 2014

*(in thousand PLN)***Separate statement of comprehensive income**

	1.01.2014 - 30.06.2014	1.01.2013 - 30.06.2013
	<i>Not audited</i>	<i>Not audited</i>
Sales revenues	1,606,252	1,409,748
Cost of sales	(1,182,747)	(1,024,009)
Gross profit on sales	423,505	385,739
Other operating income	513	-
Costs of sales and administrative costs	(187,171)	(167,678)
Costs of distribution services	(156,643)	(140,666)
License fees	(25,182)	(21,532)
Other operating expenses	(5,005)	(8,660)
Operating profit	50,017	47,203
Financial income	1,790	1,512
Dividends received	7,199	9,356
Foreign exchange gains/losses	128	(230)
Financial expenses	(9,638)	(14,202)
Profit before tax	49,496	43,639
Income tax	(9,157)	(8,038)
Net profit	40,339	35,601
OTHER COMPREHENSIVE INCOME		
Total other comprehensive income, net	-	-
COMPREHENSIVE INCOME	40,339	35,601
Net profit	40,339	35,601
Weighted-average number of ordinary shares	14,168,100	14,168,100
Earnings per ordinary share (in PLN)	2.85	2.51
Weighted-average diluted number of ordinary shares	14,168,100	14,168,100
Diluted earnings per ordinary share (in PLN)	2.85	2.51

Interim condensed separate financial statements of Inter Cars S.A.
for the period from 1 January to 30 June 2014
(in thousand PLN)

Separate statement of changes in equity

for the period from 1 January 2014 to 30 June 2014

<i>(in thousand PLN)</i>	Share capital	Share premium account	Statutory reserve capital	Other capital reserves	Retained profit	Total
As at 1 January 2014	28,336	259,530	404,697	5,935	146,108	844,606
Statement of comprehensive income						
Net profit in the reporting period	-	-	-	-	40,339	40,339
Total comprehensive income					40 339	40 339
Transactions with shareholders						
Distribution of prior period profit - allocation to reserve capitals	-	-	135,726	-	(135,726)	-
Distribution of prior period profit – dividend	-	-	-	-	(10,059)	(10,059)
As at 30 June 2014 (not audited)	28,336	259,530	540,423	5,935	40,662	874,886

for the period from 01 January 2013 to 30 June 2013

<i>(in thousand PLN)</i>	Share capital	Share premium account	Statutory reserve funds	Other capital reserves	Retained earnings	Total
As at 01 January 2013	28,336	259,530	332,196	5,935	72,825	698,822
Statement of comprehensive income						
Net profit in the reporting period	-	-	-	-	35,601	35,601
Total comprehensive income					35,601	35,601
Transactions with shareholders						
Distribution of prior period profit - allocation to reserve capitals	-	-	72,501	-	(72,501)	-
Distribution of prior period profit – dividend	-	-	-	-	-	-
As at 30 June 2013 (not audited)	28,336	259,530	404,697	5,935	35,925	734,423

Interim condensed separate financial statements of Inter Cars S.A.
for the period from 1 January to 30 June 2014
(in thousand PLN)

Separate statement of cash flows

(in thousand PLN)

	1.01.2014 – 30.06.2014	1.01.2013 – 30.06.2013
	<i>Not audited</i>	<i>Not audited</i>
Operating cash flows		
Profit before tax	49,496	43,639
Adjustments:		
Depreciation and amortization	12,682	10,963
Foreign exchange gains /losses	(254)	(562)
(Profit) /loss on the sale of property, plant and equipment	(346)	(291)
Net interest	7,700	8,879
Net dividends	(7,199)	(9,356)
Other adjustments, net	-	1,525
Operating profit before changes in the working capital	62,079	54,797
Change in inventories	(154,331)	(85,629)
Change in receivables	(50,182)	(52,260)
Change in short-term liabilities	145,524	204,810
Cash generated by operating activities	3,090	121,718
Corporate income tax paid	(608)	(10,402)
Net cash from operating activities	2,482	111,316
Cash flow from investing activities		
Proceeds from the sale of plant, property, equipment and intangible assets	773	2,510
Purchase of property, plant, equipment and intangible assets	(18,389)	(20,534)
Sale of shares in subordinated entities	-	408
Purchase of financial assets in related and other entities	(9,993)	(252)
Repayment of loans granted	9,253	5,129
Loans granted	(9,559)	(4,950)
Interest received	461	497
Dividends received	7,199	9,356
Other items, net	-	(20,975)
Net cash from investing activities	(20,255)	(28,810)
Cash flow from financing activities		
Interest paid	(8,493)	(10,186)
Payment of finance lease liabilities	(3,763)	(2,007)
Payment of the reverse factoring	(4,531)	-
Dividend paid	-	-
Loans received	42,277	-
Repayment of loans and borrowings	-	(44,811)
Net cash from financing activities	25,490	(57,004)
Net change in cash and cash equivalents	7,717	25,502
Cash and cash equivalents at the beginning of the period	15,802	12,790
Cash and cash equivalents at the end of the period	23,519	38,292

Interim condensed separate financial statements of Inter Cars S.A.

for the period from 1 January to 30 June 2014

*(in thousand PLN)***Explanatory notes to the interim separate financial statements for the period of 6 months ended on 30 June 2014****1.1. Accounting principles**

The accounting principles applied by Inter Cars are the same as those applied by the Group, with the exception of interest in subsidiaries, valued at the historical costs minus revaluation write-downs.

1.2. Investments in subordinated entities

Investments in subordinated entities as at 30.09.2013	176,654
Purchase of shares in Inter Cars d o.o., with its registered seat in Ljubljana in Slovenia	32
Capital increase in IC Hungary	9,482
Capital increase in Q-Service Truck	495
Purchase of shares in JC Italy	4
Sale of shares in InterMeko Europa Sp. z o.o.	(20)
Investments in subordinated entities as at 30.06.2014	186,647

During the reporting period the Company made the payment to the capital increase in Inter Cars Hungaria in the amount of PLN 9,482 thousand.

1.3. Transactions with related entities in the condensed standalone financial statements

	Sales income		Purchase of goods and services	
	01.01.2014- 30.06.2014	01.01.2013- 30.06.2013	01.01.2014- 30.06.2014	01.01.2013- 30.06.2013
Inter Cars Ukraine LLC	9,758	13,106	-	-
Q-Service Sp. z o.o.	1,709	1,074	57,326	34,113
Lauber Sp. z o.o.	3,019	2,419	16,032	11,410
Inter Cars Ceska Republika	35,378	31,067	2,174	1,221
Inter Cars Slovenska Republika	33,622	33,496	1,049	2,528
Feber Sp. z o.o.	486	359	23,775	18,397
Inter Cars Lietuva UAB	47,185	45,276	8,253	3,877
IC Development & Finance Sp. z o.o.	-	-	640	568
JC Auto s.r.l.	3,700	3,941	218	2,255
Inter Cars d.o.o.	20,451	13,916	975	382
JC Auto S.A.	501	162	-	2,106
INTER CARS Hungária Kf.	18,618	10,738	632	794
Inter Cars Romania s.r.l.	73,914	47,363	8,719	4,467
Armatus sp. z o.o.	20	26	2,700	-
Cleverlog Autoteile BmbH	167	105	-	-
Inter Cars Latvija SIA	32,799	11,277	338	104
Inter Cars Bulgaria Ltd.	3,389	1,733	17	189
Inter Cars Marketing Services Sp. z o.o.	155	43	35,517	27,371
ILS Sp. z o.o.	5,000	3,509	90,679	28,463
Q-Service Truck Sp. z o.o.	396	-	865	-
Inter Cars Malta Limited	-	-	16,513	-
Inter Cars d o.o. (Slovenia)	-	-	31	-
	290,267	219,610	266,453	138,245

Interim condensed separate financial statements of Inter Cars S.A.

for the period from 1 January to 30 June 2014

(in thousand PLN)

<i>settlements</i>	Receivables as at		Liabilities as at	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013
Inter Cars Ukraine LLC	11,450	16,889	-	-
Q-service Sp. z o.o.	328	-	27,554	7,846
Lauber Sp. z o.o.	7,568	3,881	1,989	2,584
Inter Cars Ceska Republika	9,021	5,404	952	102
Inter Cars Slovenska Republika	8,588	6,108	627	-
Feber Sp. z o.o.	127	81	847	1,250
Inter Cars Lietuva UAB	10,648	7,830	1,126	250
Armatus sp. z o.o.	3	-	-	-
IC Development & Finance Sp. z o.o.	-	-	304	-
JC Auto s.r.l.	9,914	8,600	98	732
Inter Cars d.o.o.	34,357	28,390	187	-
JC Auto S.A.	248	-	313	563
INTER CARS Hungária Kft.	12,390	32,336	322	-
JC Auto s.r.o.	4,009	4,009	-	-
Inter Cars Romania s.r.l.	127,892	97,309	4,073	89
Inter Cars Latvija SIA	32,258	23,629	75	19
Inter Cars Cyprus Ltd.	-	-	2,962	3,160
Cleverlog-Autoteile GmbH	122	94	-	-
Inter Cars Bulgaria Ltd.	3,814	2,743	-	-
Inter Cars Marketing Services Sp. z o.o.	167	9	49,910	1,427
ILS Sp. z o.o.	(211)	78	19,146	22,414
Inter Cars Malta Holding Limited	-	1,037	(19)	(19)
Inter Cars Malta Limited	15,967	7,920	6,253	-
Q-service Truck Sp. z o.o.	11	-	18	-
Gross receivables from subsidiaries	288,671	246,347	116,737	40,417
Revaluation write-down on receivables (JC Auto s.r.o.)	(4,009)	(4,009)	-	-
Net receivables from subsidiaries	284,662	242,338	116,737	40,417

Settlements on loans and borrowings

<i>Receivables from subsidiaries</i>	30.06.2014	31.12.2013
Lauber Sp. z o.o.	8,984	8,750
Feber Sp. z o.o.	15,745	23,198
IC Development & Finance Sp. z o.o.	26,367	26,065
SMiOC FRENOPLAST Buřhak i Cieřlowski S.A	45	45
Inter Cars Bulgaria Ltd.	936	982
Inter Cars Malta	6,000	-
Q-Service Truck	1,259	-
Gross receivables on loans	59,336	59,040
Revaluation write-down on loans	-	-
Net receivables on loans	59,336	59,040

Liabilities to subsidiaries

Inter Cars Marketing Services Sp. z o.o.	24,904	23,778
Inter Cars (Cyprus) LIMITED	27,462	12,856
Q-Service sp z o.o.	4,266	4,230
	56,632	40,864

Interim condensed separate financial statements of Inter Cars S.A.

for the period from 1 January to 30 June 2014

*(in thousand PLN)***Guarantees and sureties granted by Inter Cars S.A. to related entities.**

<i>(in thousand PLN)</i> To	Valid until	Status as at	
		30.06.2014	31.12.2013
Lauber Sp. z o.o.	13/01/2014	-	197
Feber Sp. z o.o.	Until further notice	915	912
Feber Sp. z o.o.	2015-05-23	2,000	2,000
Inter Cars Bulgaria Ltd.	2015-07-05	262	260
Feber Sp. z o.o.	2014-12-31	4,160	4,147
IC UKRAINE	2014-12-31	416	-
IC Slovakia	2015-03-27	20,805	-
ICMS	2014-09-30	160	-
		28,718	7,516

Transactions with the members of the Supervisory Board and the Management Board and members of their families.

	1.1.2014- 30.06.2014	1.1.2013- 30.06.2013
<i>Transactions with related entities</i>		
Income on sales to related entities	516	760
Purchase of goods and services from related entities	4,030	4,416
	30.06.2014	30.06.2013
<i>Settlements with related entities</i>		
Receivables from related entities	258	709
Liabilities to related entities	369	49

Warsaw, 29 August 2014*Robert Kierzek**President of the Management Board**Krzysztof Oleksowicz**Member of the Management Board**Krzysztof Soszyński**Vice-President of the Management Board**Witold Kmiecik**Member of the Management Board**Wojciech Twaróg**Member of the Management Board**Julita Pałyska**Chief Accountant*