

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

*Interim report
for the period from 1 January to 30 June 2016*



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

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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 01 January 2016 to 30 June 2016 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.
- PricewaterhouseCoopers Spółka z ograniczoną odpowiedzialnością, 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, 30 August 2016

Robert Kierzek

President of the Management Board

Krzysztof Soszyński

Vice-President of the Management Board

Krzysztof Oleksowicz

Member of the Management Board

Maciej Oleksowicz

Member of the Management Board

Wojciech Twaróg

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>			
	2016		2015	
	in thousand PLN	in thousand PLN	EUR '000	EUR '000
Information on growth and profits				
Sales margin	30.4%	30.4%		
EBITDA (for 12 consecutive months)	284,794	278,224	65,014	67,300
Net debt / EBITDA	2.54	2.16		
Basic earnings per share (PLN)	8.04	6.22	1.84	1.51
Diluted earnings per share (PLN)	8.04	6.22	1.84	1.51
Operating profit	148,390	114,678	33,875	27,740
Net profit	113,940	88,196	26,011	21,334
Cash flows				
Operating cash flows	238,887	99,753	54,534	24,129
Investing cash flows	(72,375)	(71,802)	(16,522)	(17,368)
Financing cash flows	(119,408)	17,701	(27,259)	4,282
Employment and branches				
Employees				
Parent company	374	351		
Subsidiaries	1,828	1,522		
Branches				
Parent company	212	175		
Subsidiaries	206	175		

	As at		As at	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015
	in thousand PLN	in thousand PLN	EUR '000	EUR '000
Consolidated statement of the financial situation				
Cash and cash equivalents	120,120	73,016	27,143	17,134
Balance sheet total	2,868,275	2,506,364	648,125	588,141
Loans, borrowings and finance lease, reverse factoring	843,876	804,645	190,685	188,817
Equity attributable to the shareholders of the parent entity	1,312,922	1,205,878	296,672	282,970

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 2016 – EUR 1 = PLN 4.4255, and exchange rate of 31 December 2015 – EUR 1 = PLN 4.2615
- 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 2016 and 2015, respectively: 1 EUR = PLN 4.3805 and 1 EUR = PLN 4.1341 PLN.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE INTER CARS GROUP

Consolidated statement of the financial situation

(in thousand PLN)

		<u>30/06/2016</u> <i>not audited</i>	<u>31/12/2015</u>
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	448,481	392,802
Investment property	3.1	24,685	24,685
Intangible assets	3.1	148,897	152,070
Investments in related entities	3.2	809	810
Investments available for sales		301	301
Receivables		14,779	15,467
Deferred tax assets	3.11	63,458	56,806
		701,410	642,941
Current assets			
Inventory	3.3	1,443,917	1,251,716
Trade and other receivables	3.4	599,206	528,446
Corporate income tax receivables		3,622	10,245
Cash and cash equivalents		120,120	73,016
		2,166,865	1,863,423
TOTAL ASSETS		2,868,275	2,506,364
LIABILITIES			
Share capital	3.5	28,336	28,336
Share premium account		259,530	259,530
Statutory reserve funds		730,999	645,998
Other capital reserves		5,935	5,935
Foreign exchange gains /losses in subsidiaries		(7,050)	(10,213)
Retained earnings		295,172	276,292
Equity attributable to the shareholders of the parent entity		1,312,922	1,205,878
Long-term liabilities			
Loan, borrowing and finance lease liabilities	3.7	428,839	427,478
Other long-term liabilities		7,092	8,529
Provisions for deferred income tax	3.11	35,813	33,047
		471,744	469,054
Short-term liabilities			
Trade and other liabilities		650,809	439,137
Loan, borrowing and finance lease liabilities	3.7	372,959	314,000
Liabilities of the reverse factoring	3.7	42,078	63,167
Employee benefits		14,619	6,718
Income tax liabilities		3,144	8,410
		1,083,609	831,432
TOTAL LIABILITIES		2,868,275	2,506,364

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

Consolidated statement of comprehensive income

<i>in thousand PLN</i>	<i>for 3 months ended on 30</i>		<i>for 6 months ended on 30</i>	
	<i>June</i>		<i>June</i>	
	2016	2015	2016	2015
	<i>not audited</i>	<i>not audited</i>	<i>not audited</i>	<i>not audited</i>
Sales revenues	1,558,135	1,197,491	2,861,633	2,180,046
Cost of sales	(1,080,546)	(824,104)	(1,992,945)	(1,518,314)
Gross profit on sales	477,589	373,387	868,688	661,732
Other operating income	4,262	-	9,641	1,424
Costs of sales and administrative costs	(218,875)	(170,010)	(398,020)	(306,671)
Distribution expenses	(165,229)	(126,073)	(309,554)	(233,052)
Other operating expenses	(17,076)	(7,094)	(22,365)	(8,755)
Operating profit	80,671	70,210	148,390	114,678
Financial income	282	462	2,094	1,167
Foreign exchange gains/losses	995	(3,152)	(300)	(434)
Financial expenses	(6,892)	(6,121)	(14,306)	(12,126)
Profit before tax	75,056	61,399	135,878	103,285
Income tax	(12,036)	(9,014)	(21,938)	(15,089)
Net profit	63,020	52,385	113,940	88,196
OTHER COMPREHENSIVE INCOME				
Foreign exchange gains /losses	3,626	1,346	3,163	(4,443)
Total other comprehensive income, net	3,626	1,346	3,163	(4,443)
COMPREHENSIVE INCOME	66,646	53,731	117,103	83,753
Net profit attributable to:				
- the shareholders of the parent entity	63,020	52,385	113,940	88,196
	63,020	52,385	113,940	88,196
Comprehensive income attributable to:				
- the shareholders of the parent entity	66,646	53,731	117,103	83,753
	66,646	53,731	117,103	83,753
Net profit	63,020	52,385	113,940	88,196
Weighted-average number of ordinary shares	14,168,100	14,168,100	14,168,100	14,168,100
Earnings per ordinary share (in PLN)	4.45	3.70	8.04	6.22
Weighted-average diluted number of ordinary shares	14,168,100	14,168,100	14,168,100	14,168,100
Diluted earnings per ordinary share (in PLN)	4.45	3.70	8.04	6.22

Consolidated statement of changes in equity

for the period from 01 January 2016 to 30 June 2016 (not audited)

<i>(in thousand PLN)</i>	Share capital	Share premium account	Statutory reserve funds	Foreign exchange gains /losses	Other capital reserves	Retained earnings	Equity attributable to the shareholders of the parent entity
As at 01 January 2016	28,336	259,530	645,998	(10,213)	5,935	276,292	1,205,878
Statement of comprehensive income							
Net profit in the reporting period	-	-	-	-	-	113,940	113,940
Other comprehensive income							
Foreign exchange gains /losses	-	-	-	3,163	-	-	3,163
Total comprehensive income	-	-	-	3,163	-	113,940	117,103
Transactions with shareholders							
Distribution of prior period profit – dividend	-	-	-	-	-	(10,059)	(10,059)
Distribution of prior period profit - covering loss from reserve capitals	-	-	-	-	-	-	-
Distribution of prior period profit - allocation to reserve capitals	-	-	85,001	-	-	(85,001)	-
As at 30 June 2016 (not audited)	28,336	259,530	730,999	(7,050)	5,935	295,172	1,312,922

Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group for the period
from 1 January to 30 June 2016

for the period from 01 January 2015 to 30 June 2015 (not audited)

<i>(in thousand PLN)</i>	Share capital	Share premium account	Statutory reserve funds	Foreign exchange gains /losses	Other capital reserves	Retained earnings	Equity attributable to the shareholders of the parent entity
As at 01 January 2015	28,336	259,530	560,214	(6,076)	5,935	221,109	1,069,048
Statement of comprehensive income							
Net profit in the reporting period	-	-	-	-	-	88,196	88,196
Other comprehensive income							
Foreign exchange gains /losses	-	-	-	(4,443)	-	-	(4,443)
Total comprehensive income	-	-	-	(4,443)	-	88,196	83,753
Transactions with shareholders							
Distribution of prior period profit – dividend	-	-	-	-	-	(10,059)	(10,059)
Distribution of prior period profit - covering loss from reserve capitals	-	-	(3,877)	-	-	3,877	-
Distribution of prior period profit - allocation to reserve capitals	-	-	89,661	-	-	(89,661)	-
As at 30 June 2015 (not audited)	28,336	259,530	645,998	(10,519)	5,935	213,462	1,142,742

Consolidated statement of cash flows

<i>(in thousand PLN)</i>	01/01/2016 – 30/06/2016 <i>not audited</i>	01/01/2015 – 30/06/2015 <i>not audited</i>
Cash flows from operating activities		
Profit before tax	135,878	103,285
Adjustments:		
Depreciation and amortization	25,285	25,301
Foreign exchange gains /losses	1,587	(775)
(Profit) /loss on the sale of property, plant and equipment	(400)	(460)
Net interest	14,224	11,621
Other adjustments, net	2,815	(4,371)
Operating profit before changes in the working capital	179,389	134,601
Change in inventories	(192,201)	(269,497)
Change in receivables	(76,404)	(34,858)
Change in short-term liabilities	352,569	284,668
Cash generated by operating activities	263,353	114,914
Corporate income tax paid	(24,466)	(15,161)
Net cash from operating activities	238,887	99,753
Cash flow from investing activities		
Proceeds from the sale of plant, property, equipment and intangible assets	752	2,808
Proceeds from the sale of shares	-	-
Purchase of property, plant, equipment and intangible assets	(76,693)	(74,465)
Purchase of shares in other entities	-	-
Repayment of loans granted	3,902	3,012
Loans granted	(450)	(3,348)
Interest received	114	191
Net cash from investing activities	(72,375)	(71,802)
Cash flow from financing activities		
(Repayments) / proceeds from credits and loans	45,025	51,347
Interest paid	(14,418)	(11,914)
Payment of finance lease liabilities	(19,637)	(6,552)
Payment of the reverse factoring	(130,378)	(15,180)
Net cash from financing activities	(119,408)	17,701
Net change in cash and cash equivalents	47,104	45,652
Cash and cash equivalents at the beginning of the period	73,016	65,829
Cash and cash equivalents at the end of the period	120,120	111,481

Explanatory notes to the interim condensed financial statements for the period of 6 months ended on 30 June 2016

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. The parent company in the Group is Inter Cars S.A. Company ("the Company", "the parent entity").

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
Tomasz Rusak
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
Maciej Oleksowicz
Wojciech Twaróg

On the day of 20 June 2016 the Supervisory Board of the Company decided to appoint Mr Maciej Oleksowicz as a Member of the Management Board of the Company as of 1 July 2016. Mr Maciej Oleksowicz replaced Mr Witold Kmiecniak in the same position, who was the Member of the Management Board till 30 June 2016.

Statutory auditor

PricewaterhouseCoopers Sp. z o.o.
Al. Armii Ludowej 14,
00-638 Warsaw

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

for the period from 1 January to 30 June 2016

*(in thousand PLN)***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 2016 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.

The consolidated financial statements of the Inter Cars Capital Group for the period ended on 31 December 2015 are available at www.intercars.com.pl.

As at 30 June 2016, the following entities comprised the Inter Cars Capital Group: Inter Cars S.A. as the Parent Entity, and 30 other entities, including:

- 26 subsidiaries of Inter Cars S.A.
- 2 indirect subsidiaries of Inter Cars S.A.

The Group also holds shares in two related entities.

Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				30/06/2016	30/06/2015
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.	Cząstków 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%

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

for the period from 1 January to 30 June 2016

(in thousand PLN)

Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				30/06/2016	30/06/2015
Inter Cars Italia s.r.l	Italy, Milan	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars d.o.o.	Croatia, Zapresic	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Romania s.r.l.	Romania, Cluj-Napoca	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Cyprus Limited	Cyprus, Nicosia	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Latvija SIA	Latvia, Riga	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Cleverlog-Autoteile GmbH	Germany, Berlin	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Bulgaria Ltd.	Bulgaria, Sofia	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Marketing Services Sp. z o.o.	Warsaw	Advertising, market and public opinion research	full	100%	100%
ILS Sp. z o.o.	Nadarzyn	Logistics services	full	100%	100%
Inter Cars Malta Holding Limited	Malta	Assets management	full	100%	100%
Q-service Truck Sp. z o.o.	Warsaw	Sale of delivery vans and trucks	full	100%	100%
Inter Cars INT d.o.o.	Slovenia, Ljubljana	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Eesti OÜ	Estonia, Tallin	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Piese Auto s.r.*	Kishinev, Moldova	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
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%
Aurelia Auto d o o	Croatia	Distribution of spare parts and real estate rental	full	100%	100%
Associated entities					
SMiOC FRENOPLAST Bułhak i Cieślowski S.A.	Szczytno	Manufacture of friction linings and materials	equity method	49%	49%
InterMeko Europa Sp. z o.o.	Warsaw	Control and assessment of spare parts, components and accessories	equity method	50%	50%

* The company started operational activity in 1Q2016.

Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group
for the period from 1 January to 30 June 2016

(in thousand PLN)

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

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

Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group (hereinafter referred to as “the condensed interim financial statements”) were prepared for the period of 6 months ended on 30th June 2016.

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 consolidated financial statements prepared in compliance with IFRS standards ended on 31 December 2015. In the reported period there were no changes and amendments to the accounting standards in comparison to those described in the financial statements for the period ending on 31 December 2015.

Changes in IFRS and their interpretation which became effective as of 01 January 2016 until the date of approval of the financial statements for publication had no material bearing on these financial statements.

Changes in IFRS and their interpretations published and approved by the EU not yet effective:

Standards and interpretations approved by the EU	Description of amendments
New standard IFRS 9 – Financial Instruments	Amendments to classification and measurement of financial assets - replacement of currently binding financial instrument categories with two categories: valued by expected loss impairment model and fair value. Amendments in hedge accounting.
New standard IFRS 15 - Revenue from Contracts with Customers	The standard applies to all contracts with customers, excluding such, which are in the scope of other IFRS (i.e. leasing contracts, insurance and other financial instruments). IFRS 15 standardizes requirements on presenting revenues
New standard IFRS 16 – Leases	The standard abolishes lease division into operating lease and financial lease. All lease contracts which meet the requirements for this type of contract shall be presented as financial lease.
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses.
Amendments to IAS 7	The amendments in Disclosure Initiative

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

The impact of the standard IFRS 16 shall result in including in the financial statements of the Group as a lessee in rental, hire, usufruct and lease contracts, which has not been included as financial statements as financial lease, till the moment of the first use of the standard. The Group

Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group
for the period from 1 January to 30 June 2016

(in thousand PLN)

plans to finish work on analysis of the impact of the new standard IFRS 16 till the year 2018 at the latest.

The Company anticipates no bearing of other standards and interpretations on the consolidated financial statement.

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 adopted by the International Financial Reporting Standards Board (IASB), awaiting EU's approval:

Standards and Interpretations awaiting EU's approval	Description of amendments
New standard IFRS 14 - Regulatory deferral accounts	Accounting principles and disclosures for regulatory deferral accounts.
Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28	Contain guidelines on Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to IFRS 2	Classification and measurement of share based payment transactions

According to the Group's estimates, the other standards, interpretations and changes to the standards would not have a significant bearing on the consolidated financial statements if they were applied by the Group as at the balance sheet day.

The condensed interim consolidated financial statements of the Inter Cars S.A. Capital Group were approved for publication by the Management Board on 30 August 2016.

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 31 December 2015.

The condensed interim consolidated financial statements of the Inter Cars S.A. Capital Group 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 interim condensed financial statements were expressed in 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 judgements 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 2015.

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 the 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 clients during winter.

2.5. The functional and the presentation currencies and the principles adopted to translate the financial data.

The presentation and the functional currencies

The functional currency of the parent company and the presentation currency of these condensed consolidated interim financial statements is the Polish zloty (PLN). The figures presented in these financial statements are expressed in thousands of PLN, unless indicated otherwise.

The principles adopted to translate the financial data

Translation into PLN of the financial statements of the foreign entities for the consolidation purposes:

- assets and liabilities - according to the exchange rate as at the end of the reporting period,
- statement of profit or loss or statement of other comprehensive income, as well as the statement of cash flows - according to the average exchange rate during the reporting period.

Foreign currency gains/losses resulting from the above-mentioned translation are recognized in equity as foreign exchange gains/losses from translation of foreign subsidiaries.

CURRENCY	Average exchange rate during the reporting period		Exchange rate at the end of the reporting period	
	6 months	6 months	30/06/2016	31/12/2015
	2016	2015		
EUR/PLN	4.3805	4.1341	4.4255	4.2615
CZK/PLN	0.1620	0.1504	0.1636	0.1577
HUF/PLN	0.0140	0.0135	0.0140	0.0136
HRK/PLN	0.5798	0.5419	0.5878	0.5578
RON/PLN	0.9741	0.9312	0.9795	0.9421
BGN/PLN	2.2397	2.1137	2.2627	2.1789
UAH/PLN	0.1535	0.1729	0.1603	0.1622
MDL/PLN	0.1980	0.2036	0.2010	0.1973

The average exchange rate during the reporting period is calculated as the average NBP exchange rate applicable on the last day of each month of the first six months of 2016 and 2015.

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; whilst Q-Service Truck Sp. Z o.o. is an authorized dealer of ISUZU commercial vehicles. The above-mentioned business segments may not be recognized as separate business segments individually, hence they are shown in the "Other segments" column.

The Inter Cars Group applies uniform accounting policies to all its business segments and they are also the same as the ones used for preparing this financial statements.

Transactions between particular segments are carried out at arm's length.

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

for the period from 1 January to 30 June 2016

*(in thousand PLN)***Revenues and financial result by operating segments****for the period of 6 months ended on 30 June 2016**

	Sale of spare parts	Other segments	Eliminations	Total
External sales	2,812,030	49,603	-	2,861,633
Inter-segment sales	7,913	187,965	(195,878)	-
Profit before tax	152,062	15,790	(31,974)	135,878

for the period of 6 months ended on 30 June 2015

	Sale of spare parts	Other segments	Eliminations	Total
External sales	2,113,475	66,571	-	2,180,046
Inter-segment sales	7,913	116,406	(124,319)	-
Profit before tax	106,469	(5,647)	2,463	103,285

Exclusions apply to transactions of sale of commodities and services between companies that belong to different operation segments.

Assets by operating segments

	<u>Status as at 30/06/2016</u>	<u>Status as at 31/12/2015</u>
Sale of spare parts segment	4,189,093	3,772,872
Other segments	424,783	372,291
Eliminations	(1,745,601)	(1,638,799)
	<u>2,868,275</u>	<u>2,506,364</u>

3. Other amounts**3.1. Property, plant, equipment and intangible assets**

In 1H of 2016, the Group purchased property plant and equipment as well as intangible assets of a total value of PLN 74,633 thousand, of which Inter Cars' investments accounted for PLN 10,614 thousand, whereas the Group's investment in the new logistics centre in Zakroczym accounted for PLN 50,074 thousand.

In 1H of 2015, the Group purchased property plant and equipment as well as intangible assets of a total value of PLN 74,465 thousand, of which Inter Cars' investments accounted for PLN 12,304 thousand, whereas the Group's investment in the new logistics centre in Zakroczym accounted for PLN 47,942 thousand.

3.2. Investments in related entities

In the reporting period the Company increased the value of stake in ILS sp. z o.o. by PLN 45,000 thousand.

3.3. Inventory

	<u>30/06/2016</u>	<u>31/12/2015</u>
Materials	27,180	30,917
Half-products and work in progress	9,454	8,486
Finished goods	25,165	24,333
Merchandise	1,382,118	1,187,946
	<u>1,443,917</u>	<u>1,251,681</u>
Merchandise	1,382,699	1,189,944
Revaluation write-downs on goods	(581)	(1,998)
	<u>1,382,118</u>	<u>1,187,946</u>

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

for the period from 1 January to 30 June 2016

*(in thousand PLN)***3.4. Trade and other receivables**

	30/06/2016	31/12/2015
Trade receivables	547,397	498,922
Taxes, subsidies, customs, social security, health insurance and other benefits receivable	39,506	20,100
Enforceable against	166	36
Loans granted	883	3,378
Other	25,559	21,367
Short term trade and other receivables – gross	613,511	543,803
Revaluation write-down on receivables	(14,305)	(15,357)
Short-term trade and other receivables – net	599,206	528,446

Change in impairment loss on trade receivables

	30/06/2016	31/12/2015
Status as at the beginning of the period	(15,357)	(12,975)
Increase	-	(5,107)
Used	1,052	2,725
Status as at the end of the period	(14,305)	(15,357)

Compared to 31 December 2015, there were no significant changes to the Group's credit risk management policy, and the decrease in the revaluation write-down results mostly from 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

On 16 June 2016, the General Meeting of Inter Cars S.A. adopted a resolution to pay a dividend of PLN 10,059 thousand, i.e. PLN 0.71 per share from the 2015 profit. Agreed dividend payout date was to be 14 July 2016 and the payout itself was realized on 28 July 2016.

On 14 July 2015, a dividend from the 2014 profit was paid in the amount of PLN 10,059 thousand, i.e. PLN 0.71 per share.

3.7. Liabilities due to borrowings and other debt instruments

Non-current	30/06/2016	31/12/2015
Secured bank loans	269,519	268,702
Bonds	149,737	149,168
Finance lease liabilities	9,583	9,608
	428,839	427,478

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

for the period from 1 January to 30 June 2016

(in thousand PLN)

Current	30/06/2016	31/12/2015
Secured bank loans	367,268	324,947
Finance lease liabilities	4,860	22,916
Reversed factoring	42,078	63,167
Bonds	831	864
	415,037	411,894

Because the significance of reverse factoring is increasing, the Group took a decision to present this item as a separate line of financial liabilities. As at 31 December 2015 the amount of reverse factoring was presented in the lines of trade and other liabilities in the amount of PLN 34,727 thousand and in credit, loans and leasing liabilities in the amount of PLN 28,440 thousand.

The syndicated credit facility agreement

No amendments were made to the syndicated credit facility agreement as compared to 31 December 2015. The terms and conditions of the syndicated credit facility agreement are described in the annual consolidated financial statements of the Group.

Bank credits concluded directly by subsidiary companies:

Inter Cars Česká republika s.r.o. concluded the following credit facility agreements:

- a) with Raiffeisenbank a.s. - a credit line agreement for the amount of CZK 150 m, repayable by 15 July 2016.
- b) A credit line agreement with Citibank Europe plc Bank for the amount of EUR 4m, repayable by 26 August 2016.

Inter Cars Slovenská republika s.r.o. concluded a credit line agreement with Citibank Europe PLC for the amount of EUR 5 m, repayable by 26 February 2017.

On 30 July 2014, Inter Cars Romania s.r.l. signed a credit line agreement with ING Bank N.V. for the amount of RON 15 m for the period of one year. On 28 April 2015, an annex was signed to increase the credit line limit to the amount of RON 42.75, with the maturity date falling on 28 April 2016. Next, on 14 April 2016, an annex was signed to increase the credit line limit to the amount of RON 90, with the maturity date falling on 28 April 2017.

The credit facility bears interest at a variable rate, depending on WIBOR, ROBOR, EURIBOR, PRIBOR rates, increased by bank margins (determined at arm's length) for each individual interest period.

Source of finance	Interest rate
Syndicated loan agreement	
Polska Kasa Opieki S.A	Short-term portion - WIBOR 1M + bank margin
ING Bank Śląski S.A	Short-term portion - WIBOR 1M + bank margin
Bank Handlowy w Warszawie S.A	Short-term portion - WIBOR 1M + bank margin
mBank S.A	Short-term portion - O/N + bank margin
Raiffeisenbank a.s. Czech	PRIBOR 1M + margin
Citibank Europe PLC Czech	EURIBOR 1M + margin
Citibank Europe PLC Slovakia	EURIBOR 1M + margin
ING Bank N.V Romania	ROBOR 1M + margin

As at the balance sheet date and till the approval of the financial statements there was no breach of covenants stipulated in credit loan agreements concluded by the parent entity and related entities.

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

for the period from 1 January to 30 June 2016

*(in thousand PLN)***Loans and borrowings as at 30/06/2016**

Current loans and borrowings	Contractual amount (limit)	Used	Maturity date
Syndicated credit	383,000	223,311	16-11-2016
Citibank Europe PLC (Inter Cars Česká republika s.r.o)	17,702	17,702	26-08-2016
Raiffeisen a.s. (Inter Cars Česká republika s.r.o)	24,540	24,516	15-07-2016
Citibank Europe PLC (Inter Cars Slovenská republika s.r.o.)	22,128	22,128	26-02-2017
ING Bank N.V (Inter Cars Romania s.r.l.)	88,155	79,611	28-04-2017
	535,525	367,268	

Non-current loans and borrowings	Contractual amount (limit)	Used	Maturity date
Syndicated credit	270,000	270,000	16-11-2017
	270,000	270,000	

Loans and borrowings as at 31/12/2015

Current loans and borrowings	Contractual amount (limit)	Used	Maturity date
Syndicated credit	383,000	235,275	16-11-2016
Raiffeisen a.s. (Inter Cars Česká republika s.r.o)	23,655	20,655	31-05-2016
Citibank Europe PLC (Inter Cars Česká republika s.r.o)	17,046	17,046	31-05-2016
Citibank Europe PLC (Inter Cars Slovenská republika s.r.o.)	21,307	21,305	26-03-2016
ING Bank N.V (Inter Cars Romania s.r.l.)	40,275	30,666	28-04-2016
	485,283	324,947	

Non-current loans and borrowings	Contractual amount (limit)	Used	Maturity date
Syndicated credit	270,000	270,000	16-11-2017
	270,000	270,000	

Issuance of bonds

The terms and conditions of the issuance are described in the annual consolidated financial statements of the Group.

In the first half of 2016 the value of the bonds issued did not change. Interest on the A-series bonds are paid twice a year, in April and in October.

Below chart presents Bonds issued and planned buyback dates:

Tranche number	Date of issuance	Maturity date	Amount of buyback
Series A	24/10/2014	24/10/2019	150,000
			150,000

(in thousand PLN)

3.8. Cash flow hedges

As at 30 June 2016, the Group did not have any open futures contracts serving as cash flow hedges.

3.9. 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 2015.

3.10. 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.

	1.01.2016- 30.06.2016	1.01.2015- 30.06.2015
<i>Remuneration of the members of the Supervisory Board and the Management Board</i>		
Remuneration of the members of the Supervisory Board	157	134
Remuneration of the members of the Management Board	5,532	6,712
	5,689	6,846

	1.01.2016- 30.06.2016	1.01.2015- 30.06.2015
<i>Transactions with related entities</i>		
Income on sales to related entities	830	111
Purchase of goods and services from related entities	6,206	3,323

	30/06/2016	31/12/2015
<i>Settlements with related entities</i>		
Receivables from related entities	515	240
Liabilities to related entities	933	743

3.11. Deferred tax

Change in deferred tax assets	30/06/2016	31/12/2015
As at beginning of period	56,806	48,474
Increase	6,652	8,332
As at end of period	63,458	56,806
Change in deferred tax liabilities	30/06/2016	31/12/2015
As at beginning of period	33,046	26,297
committed in the reporting period	2,767	6,749
As at end of period	35,813	33,046

	31/12/2015	Effect on net profit	30/06/2016
Deferred tax assets	56,806	6,652	63,458
Deferred tax liabilities	(33,046)	(2,767)	(35,813)
	23,760	3,885	27,645

(in thousand PLN)

3.12. Income tax

Income tax recognised under current period profit or loss

	<u>01/01/2016 – 30/06/2016</u>	<u>01/01/2015 – 30/06/2015</u>
Current income tax	25,823	17,132
Change in deferred income tax	(3,885)	(2,043)
Income tax disclosed in statement of comprehensive income	<u>21,938</u>	<u>15,089</u>

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

3.13. 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

No events have occurred following the reporting date which may have a material bearing on the Group's future financial result.

Warsaw, 30 August 2016

Robert Kierzek

President of the Management Board

Krzysztof Oleksowicz

Member of the Management Board

Krzysztof Soszyński

Vice-President of the Management Board

Maciej Oleksowicz

Member of the Management Board

Wojciech Twaróg

Member of the Management Board

Julita Palyska

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 2016 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 registered seat in Khmelnytsky, Ukraine (100% of Inter Cars S.A.'s share in the company's capital), Lauber Sp. z o.o. with registered seat in Słupsk, Poland (100%), Q-Service Sp. z o.o. with registered seat in Warsaw (100%), Inter Cars Česká Republika with registered seat in Prague (100%), Feber Sp. z o.o. with registered seat in Warsaw (100%), Inter Cars Slovenska Republika with registered seat in Bratislava (100%), Inter Cars Lietuva UAB with registered seat in Vilnius (100%), IC Development & Finance Sp. z o.o. with registered seat in Warsaw (100%), Armatus Sp. z o.o. with registered seat in Warsaw (100%), JC Auto s.r.o. with registered seat in Karvina - Darkow (100%), Inter Cars Hungária Kft with registered seat in Budapest (100%), JC Auto S.A. with registered seat in Braine L'Alleud (100%), Inter Cars d.o.o. with registered seat in Zapresic (100%), Inter Cars Italia s.r.l. with registered seat in Milan (100%), Inter Cars Romania s.r.l. with registered seat in Cluj-Napoca (100%), Inter Cars Cyprus Limited with registered seat in Nicosia (100%), Inter Cars Latvija SIA with registered seat in Riga (100%), Inter Cars Bulgaria with registered seat in Sofia (100%), Cleverlog Autoteile GmbH with registered seat in Reinbek (100%), Inter Cars Marketing Services Sp. z o.o. with registered seat in Warsaw (100%), ILS Sp. z o.o. with registered seat in Nadarzyn (100%), Inter Cars Malta Holding Limited with registered seat in Quormi (100%), Inter Cars Malta Limited with registered seat in Quormi (100%), Q-service Truck Sp. z o.o. with registered seat in Warsaw (100%), Inter Cars INT d.o.o. with registered seat in Ljubljana (100%), Inter Cars Eesti OÜ with registered seat in Tallin (100%), Inter Cars Moldavia with registered seat in Kishiniev (100%).

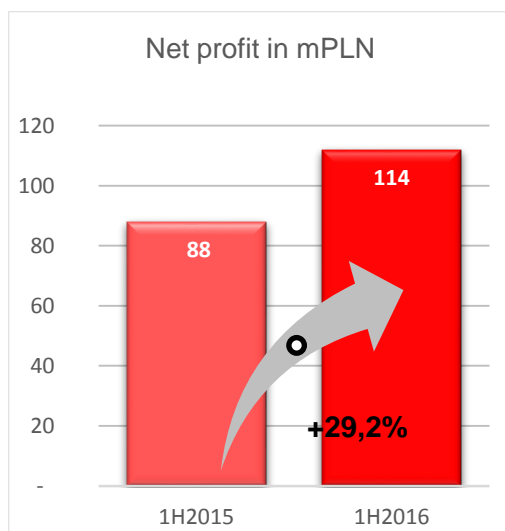
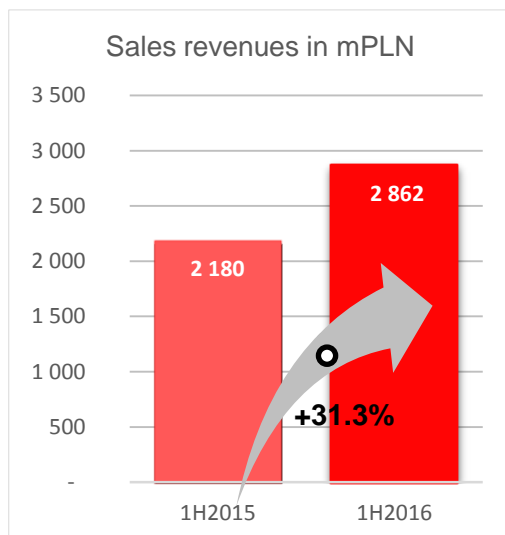
2. Basis of preparing the condensed interim consolidated financial statements

The condensed interim consolidated financial statements of the Inter Cars Capital Group were prepared for the period of 6 months ended on 30 June 2016.

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 01 January 2016 – 30 June 2016.

Overview of the financial results of the Inter Cars Group for the first half of 2016



- The consolidated revenues on the Group's sales increased by **31.3%** compared to the same period of 2015.
- 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 43% compared to the same period of the previous year, where:

- sales by the foreign distribution companies amounted to PLN 1,003 m in the first half of 2016, accounting for over 44% growth.

Just like in the 1 half a year 2015, the sales of the overseas distribution companies have been more dynamic than the export sales of Inter Cars S.A.

Inter Cars' domestic revenue accounted for app. 59% of the Group's total revenue (including consolidation exemptions), compared to 62% in the first half of 2015. The Polish market remains the basic sales market for the Capital Group.

- The consolidated sales margin amounts to 30.4% and is on similar level to the margin in the first half of 2015. During the periods subject to comparison, the impact of foreign exchange fluctuations on the margin was insignificant (0.06% in the first half of 2016 and 0.44% in the first half of 2015).
- The consolidated margin on the operating activities for the first half of 2016 **increased by 29.4%** compared to the same period of the previous year.
- The consolidated net profit for the first 6 months of 2016 **increased by 29.2%** compared to the same period of the previous year.
- The costs of sales and administration for 6 months of 2016 decreased by 0.2% 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 2016 cumulatively was 16.1%.
- The operating profit was **PLN 239 m**. A significant improvement in the cash flows results mainly from an improved stock turnover resulting from seasonality of sales.

Interim report on the activities of the Inter Cars Capital Group

for the period from 1 January to 30 June 2016

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

The Group 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. In the first half of 2016 the most dynamic sales growth as compared to the same period of 2015 (after translation into PLN and following consolidation exemptions) was recorded by companies in the following countries: Germany – Cleverlog (up by 191%), Slovenia (up by 176%) and Italy (up by 74%). Whilst the Companies in the Group with the greatest influence on Group's revenue were the companies in the following countries: Romania (up by 54%), Lithuania (up by 28%), Czech (up by 24%) and Slovakia (up by 25%).

The underlying financial data of the Inter Cars S.A. Group for 1 half of 2016 were as follows:

<i>(in thousand PLN)</i>	2016		2015	
	PLN	PLN	EUR	EUR
Sales revenues	2,861,633	2,180,046	653,266	527,333
Gross profit on sales	868,688	661,732	198,308	160,067
Net financial revenues / costs	(12,512)	(11,393)	(2,856)	(2,756)
Operating profit	148,390	114,678	33,875	27,740
Net profit	113,940	88,196	26,011	21,334
Other financial data				
Operating cash flows	238,887	99,753	54,534	24,129
Investing cash flows	(72,375)	(71,802)	(16,522)	(17,368)
Financing cash flows	(119,408)	17,701	(27,259)	4,282
Basic profit per share	8.04	6.22	1.80	1.50
Sales margin	30.4%	30.4%		
EBITDA margin	6.0%	5.2%		
As at				
	30/06/2016		31/12/2015	
	PLN	PLN	EUR	EUR
Consolidated statement of the financial situation				
Cash and cash equivalents	120,120	73,016	27,143	17,134
Balance sheet total	2,868,275	2,506,364	648,125	588,141
Loans, borrowings and finance lease	843,876	804,645	190,685	188,817
Equity attributable to the shareholders of the parent entity	1,312,922	1,205,878	296,672	282,970

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 2016 – EUR 1 = PLN 4.4255, and exchange rate of 31 December 2015 – EUR 1 = PLN 4.2615
- 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 2016 and 2015, respectively: 1 EUR = PLN 4.3805 and 1 EUR = PLN 4.1341 PLN.

Interim report on the activities of the Inter Cars Capital Group

for the period from 1 January to 30 June 2016

*(in thousand PLN)***Overview of the financial results of the parent company – Inter Cars**

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

('000)	<i>for 6 months ended on 30 June</i>			
	2016	2015	2016	2015
Separate statement of comprehensive income	PLN	PLN	EUR	EUR
Sales revenues	2,310,410	1,874,436	527,431	453,408
Gross profit on sales	549,619	456,333	125,469	110,383
License fees	(36,314)	(29,515)	(8,290)	(7,139)
Net financial revenues / costs	25,835	(10,045)	5,898	(2,430)
Operating profit	46,260	44,932	10,560	10,869
Net profit	64,274	28,047	14,673	6,784
Other financial data				
Operating cash flows	195,847	114,800	44,709	27,769
Investing cash flows	(11,958)	(94,985)	(2,730)	(22,976)
Financing cash flows	(175,095)	(13,746)	(39,972)	(3,325)
Basic profit per share	4.54	1.98	1.04	0.48
Sales margin	23.8%	24.3%		
	As at			
Separate statement of the financial position	30/06/2016	31/12/2015	30/06/2016	31/12/2015
	PLN	PLN	EUR	EUR
Cash and cash equivalents	24,776	15,983	5,598	3,751
Balance sheet total	2,497,927	2,300,531	564,439	539,841
Loans, borrowings and finance lease	837,839	849,939	189,321	199,446
Equity	1,068,286	1,014,071	241,393	237,961

The sales revenues in 1 half of 2016 were **23.3% higher** than in the same period of 2015. The sales revenues in the parent entity include sales in Poland, sales to foreign customers and to related companies, domestic and foreign.

The gross sales profit (for the 1 half of 2016) was 20.4% higher than in the same period of 2015. **The sales margin** for the 1 half of 2016 was 23.8% (compared to 24.3% in the 1 half of 2015).

Distribution costs – the share of the entity managing the branch in the margin earned. 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 2016, the Company recorded a loss of PLN 11,789 thousand, compared to PLN 9,595 thousand in the same period of 2015.

Liabilities due to loans, borrowings, debt securities, reverse factoring and finance lease as at 30 June 2016 amounted to PLN 837,839 thousand, a decrease of 1.4% compared to PLN 849,939 recorded as at 31 December 2015.

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

- The consolidated EBITDA for 12 months cumulatively for the period ending on 30 June 2016 amounted to PLN 284,794 thousand (cumulatively as a profit on operating activity plus depreciation) and was PLN 6,570 thousand higher compared to 2015.
- The net debt /EBITDA ratio was 2.54 compared to 2.16 on 30 June 2015.
- The highest revenue in history was recorded by the companies based in Romania and Latvia, which is related to the further development of spare parts distribution centres, the so-called central warehouses. The Hungarian, Bulgarian, Croatian and Italian companies also recorded a large sales growth each.

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

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 2016

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

7. Shareholders holding 5% or more of the total vote as at the date of publication of these financial statements

Shareholder	Number of shares	Total nominal value	Percentage of share in the share capital held	Percentage of total vote held
		(PLN)	(%)	(%)
Krzysztof Oleksowicz	4,452,271	8,904,542	31.42%	31.42%
OFE Aviva BZ WBK	1,694,000	3,388,000	11.96%	11.96%
OFE Nationale-Nederlanden	1,407,073	2,814,146	9.93%	9.93%
Andrzej Oliszewski	1,302,370	2,604,740	9.19%	9.19%
Total	8,855,714	17,711,428	62.50%	62.50%

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

Shareholder	Number of shares as at	Increases	Decreases	Number of shares as at
	15/05/2016			30/08/2016
Krzysztof Oleksowicz	4,452,271	-	-	4,452,271
OFE Aviva BZ WBK	1,682,216	11,784	-	1,694,000
Andrzej Oliszewski	1,302,370	-	-	1,302,370
OFE Nationale-Nederlanden	1,214,728	192,345	-	1,407,073
Total	8,651,585	204,129	-	8,855,714

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 5,784,475 shares, constituting 40.83% 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	Total nominal value	Percentage of share in the share capital held (%)	Percentage of total vote held (%)
Management Board				
Krzysztof Oleksowicz	4,452,271	8,904,542	31.42%	31.42%
Robert Kierzek	29,834	59,668	0.21%	0.21%
	4,482,105	8,964,210		
Supervisory Board				
Andrzej Oliszewski	1,302,370	2,604,740	9.19%	9.19%
	1,302,370	2,604,740		
Total	5,784,475	11,568,950	40.83%	40.83%

There have been no changes in shareholding structure of the issuer since the date of publication of the previous report, i.e. 15 May 2016.

Shareholder	Number of shares as at 15/05/2016	Increases	Decreases	Number of shares as at 30/08/2016
Krzysztof Oleksowicz	4,452,271	-	-	4,452,271
Andrzej Oliszewski	1,302,370	-	-	1,302,370
Robert Kierzek	29,834	-	-	29,834
Witold Kmiecik	1,000	-	(1,000)	-
Total	5,785,475	-	(1,000)	5,784,475

As at 30 June 2016 Mr Witold Kmiecik resigned from being a Member of the Management Board of the Company.

10. Information on court, arbitration and administrative proceedings

In 2016, 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 2016 include:

- ✓ *trends in the foreign exchange rates, mainly EUR, USD and YEN against PLN, UAH, HUF, CZK, HRK, RON and BGN;*
- ✓ *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;*

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

The risks regarding Q3 2016, specified by the Management Board affect also the other months of 2016, 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.

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.

(in thousand PLN) To	Period covered	Status as at	
		30/06/2016	31/12/2015
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	30/06/2017	5,311	1,065
BP Europa SE Polish Division	29/05/2016	-	6,000
Poczta Polska S.A.	30/04/2016	-	21
PIAGGIO AND C. S.P.A.	31/12/2016	2,213	1,492
Poczta Polska S.A., Warszawa	09/07/2016	36	36
Poczta Polska S.A., Warszawa	25/07/2017	11	11
Poczta Polska S.A., Warszawa	20/11/2016	14	14
Komenda Wojewódzka, Wrocław	21/06/2018	1	1
RIM Sp. z o.o.	31/12/2015	-	337
JC Auto Kraków	31/12/2018	3,500	-
Poczta Polska S.A., Warszawa	16/05/2017	6	-
		11,781	9,667

Interim report on the activities of the Inter Cars Capital Group

for the period from 1 January to 30 June 2016

(in thousand PLN)

As at 30 June 2016, the total value of guaranties amounted to PLN 11,781 thousand and comprised guaranties for suppliers and customers in tender procedures.

Warsaw, 30 August 2016

Robert Kierzek

President of the Management Board

Krzysztof Soszyński

Vice-President of the Management Board

Krzysztof Oleksowicz

Member of the Management Board

Maciej Oleksowicz

Member of the Management Board

Wojciech Twaróg

Member of the Management Board

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

for the period from 1 January to 30 June 2016

(in thousand PLN)

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

for the period from 1 January to 30 June 2016

*(in thousand PLN)***Separate statement of financial position**

<i>(in thousand PLN)</i>		30/06/2016 <i>not audited</i>	31/12/2015
ASSETS			
Non-current assets			
Property, plant and equipment		153,173	152,713
Intangible assets		136,211	138,326
Investment property		2,048	2,048
Investments in subordinated entities	1.2	390,562	345,562
Investments available for sales		258	258
Receivables	1.3	20,371	20,250
		702,623	659,157
Current assets			
Inventory		994,057	866,519
Trade and other receivables	1.3	775,200	752,185
Corporate income tax receivables		1,271	6,687
Cash and cash equivalents		24,776	15,983
		1,795,304	1,641,374
TOTAL ASSETS		2,497,927	2,300,531
LIABILITIES			
Equity			
Share capital		28,336	28,336
Share premium account		259,530	259,530
Statutory reserve funds		709,886	626,032
Other capital reserves		5,935	5,935
Retained earnings		64,599	94,238
		1,068,286	1,014,071
Long-term liabilities			
Loan, borrowing and finance lease liabilities	1.3	425,547	425,736
Provisions for deferred income tax		1,900	6,636
		427,447	432,372
Short-term liabilities			
Trade and other liabilities	1.3	587,091	428,646
Loans, borrowings, debt security and finance lease liabilities	1.3	370,214	361,036
Liabilities of the reverse factoring		42,078	63,167
Employee benefits		2,811	1,239
Income tax liabilities		-	-
		1,002,194	854,088
TOTAL LIABILITIES		2,497,927	2,300,531

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 2016

(in thousand PLN)

Separate statement of comprehensive income

	1.3	for the period of 3 months (not audited)		for the period of 6 months (not audited)	
		1.04.2016 - 30.06.2016	1.04.2015 - 30.06.2015	1.01.2016 - 30.06.2016	1.01.2015 - 30.06.2015
Sales revenues		1,270,019	1,027,992	2,310,410	1,874,436
Cost of sales		(966,812)	(767,725)	(1,760,792)	(1,418,103)
Gross profit on sales		303,207	260,267	549,618	456,333
Other operating income		58	(2,226)	11,110	145
Costs of sales and administrative costs		(135,146)	(116,117)	(253,122)	(207,919)
Distribution expenses		(111,546)	(90,071)	(209,071)	(167,145)
License fees		(20,120)	(16,142)	(36,314)	(29,515)
Other operating expenses		(8,926)	(1,995)	(15,962)	(6,967)
Operating profit		27,527	33,716	46,259	44,932
Financial income		332	653	1,853	1,354
Dividends received		40,268	-	40,268	-
Foreign exchange gains/losses		(4,190)	(3,188)	(3,521)	(470)
Financial expenses		(5,632)	(5,535)	(12,765)	(10,929)
Profit before tax		58,305	25,646	72,094	34,887
Income tax		(5,220)	(5,020)	(7,820)	(6,840)
Net profit		53,085	20,626	64,274	28,047
OTHER COMPREHENSIVE INCOME					
Total other comprehensive income, net		-	-	-	-
COMPREHENSIVE INCOME					
		53,085	20,626	64,274	28,047
Net profit		53,085	20,626	64,274	28,047
Weighted-average number of ordinary shares		14,168,100	14,168,100	14,168,100	14,168,100
Earnings per ordinary share (in PLN)		3.75	1.46	4.54	1.98
Weighted-average diluted number of ordinary shares		14,168,100	14,168,100	14,168,100	14,168,100
Diluted earnings per ordinary share (in PLN)		3.75	1.46	4.54	1.98

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

for the period from 1 January to 30 June 2016

(in thousand PLN)

Separate statement of changes in equity

for the period from 01 January 2016 to 30 June 2016 (not audited)

<i>(in thousand PLN)</i>	Share capital	Share premium account	Statutory reserve funds	Other capital reserves	Retained earnings	Total
Shareholder's equity as at 01 January 2016	28,336	259,530	626,032	5,935	94,238	1,014,071
Statement of comprehensive income						
Profit in the reporting period	-	-	-	-	64,274	64,274
Total comprehensive income in the reporting period	-	-	-	-	-	-
Distribution of retained profits - carried over to supplementary capital	-	-	83,854	-	(83,854)	-
Distribution of prior period profit – dividend	-	-	-	-	(10,059)	(10,059)
Owner's equity as at 30 June 2016	28,336	259,530	709,886	5,935	64,599	1,068,286

for the period from 01 January 2015 to 30 June 2015 (not audited)

<i>(in thousand PLN)</i>	Share capital	Share premium account	Statutory reserve funds	Other capital reserves	Retained earnings	Total
Shareholder's equity as at 1 January 2015	28,336	259,530	540,422	5,935	95,993	930,216
Statement of comprehensive income						
Profit in the reporting period	-	-	-	-	28,047	28,047
Total comprehensive income in the reporting period	-	-	-	-	28,047	28,047
Distribution of retained profits - carried over to supplementary capital	-	-	85,610	-	(85,610)	-
Distribution of prior period profit – dividend	-	-	-	-	(10,059)	(10,059)
Owner's equity as at 30 June 2015	28,336	259,530	626,032	5,935	28,371	948,204

Interim condensed separate financial statements of Inter Cars S.A.
for the period from 1 January to 30 June 2016
(in thousand PLN)

Separate statement of cash flows

Cash flows from operating activities	01/01/2016 – 30/06/2016 <i>Not audited</i>	01/01/2015 – 30/06/2015 <i>not audited</i>
Profit before tax	72,094	34,887
Adjustments:		
Depreciation and amortization	12,269	14,529
Foreign exchange gains /losses	3,296	(695)
(Profit) /loss on the sale of property, plant and equipment	4	(18)
Net interest	14,118	9,328
Net dividends	(40,268)	-
Operating profit before changes in the working capital	61,513	58,031
Change in inventories	(127,538)	(173,839)
Change in receivables	(24,965)	(92,833)
Change in short-term liabilities	293,976	330,349
Cash generated by operating activities	202,986	121,709
Corporate income tax paid	(7,140)	(6,908)
Net cash from operating activities	195,846	114,801
Cash flow from investing activities		
Proceeds from the sale of plant, property, equipment and intangible assets	347	6,097
Purchase of property, plant, equipment and intangible assets	(10,799)	(12,304)
Purchase of financial assets in related and other entities	(45,000)	(91,204)
Repayment of loans granted	3,061	4,989
Loans granted	(760)	(3,000)
Interest received	925	437
Dividends received	40,268	-
Net cash from investing activities	(11,958)	(94,985)
Cash flow from financing activities		
Interest paid	(14,785)	(10,237)
Payment of finance lease liabilities	(18,319)	(5,297)
Payment of the reverse factoring	(130,378)	(15,180)
Deposits received (returned)	-	(40)
Loans and borrowings received / repaid	(11,613)	17,008
Net cash from financing activities	(175,095)	(13,746)
Net change in cash and cash equivalents	8,793	6,069
Cash and cash equivalents at the beginning of the period	15,983	20,086
Cash and cash equivalents at the end of the period	24,776	26,155

Explanatory notes to the interim condensed separate financial statements prepared for the period of 6 months ended on 30 June 2016.

1.1. Accounting principles

Declaration of compliance with IFRS

Interim condensed 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 2016.

These condensed separate interim consolidated financial statements were prepared in accordance with the International Accounting Standard IAS 34 "Interim Financial Reporting" relating to interim financial statements and is not inclusive of all information required with respect to annual financial statements. These condensed separate interim financial statements should be read together with the audited separate financial statements prepared in accordance with the IFRS for the year ended on 31 December 2015. No changes to the accounting principles applied by the Company were made during the reporting period presented compared to the those described in the financial statements for the year ended on 31 December 2015.

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.

Changes in IFRS and their interpretation which became effective as of 01 January 2016 until the date of approval of the financial statements for publication had no material bearing on these financial statements.

The Company expects that the new IFRS standards, changes and interpretations thereof, published but not yet applicable, shall not have a material bearing on the separate financial statements, except for the new standards IFRS 9, IFRS 10 and changes to IAS 27 allowing application of the equity method to separate financial statements.

The Company has not taken a decision yet on implementing the changes to IAS 27.

The interim condensed separate financial statements of Inter Cars S.A. were approved for publication by the Management Board on 30 August 2016.

The interim condensed separate financial statements of Inter Cars S.A. were prepared under the assumption that the company shall continue as a going concern in the foreseeable future.

All values presented in the interim condensed financial statements were expressed in PLN, unless otherwise indicated.

1.2. Investments in subordinated entities

Investments in subordinated entities as at 31/12/2015	345,562
Increase in share capital in ILS Sp. z o.o.	45,000
Investments in subordinated entities as at 30/06/2016	390,562

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

for the period from 1 January to 30 June 2016

*(in thousand PLN)***1.3. Information on business segments**

Inter Cars S.A. is only a spare parts distributor.

1.4. Seasonality

The demand for spare parts is seasonal. The peak season falls in the second and third quarters. The demand is lower at the beginning and the 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 clients during winter.

1.5. Dividend

On 16 June 2016, the General Meeting of Inter Cars S.A. adopted a resolution to pay a dividend of PLN 10,059 thousand, i.e. PLN 0.71 per share from the 2015 profit. The payment of the dividend was realized on 28 July 2016.

1.6. Material evaluations and estimates

No material changes to the evaluations or estimates presented in the annual separate financial statements for 2016 were made during the reporting period.

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

	Sales revenues		Purchase of goods and services	
	1.01.2016-30.06.2016	1.01.2015-30.06.2015	1.01.2016-30.06.2016	1.01.2015-30.06.2015
Inter Cars Ukraine LLC	21,619	16,526	-	-
Q-Service Sp. z o.o.	2,428	1,031	46,660	54,347
Lauber Sp. z o.o.	2,796	3,490	18,699	19,529
Inter Cars Ceska Republika	51,933	47,557	1,163	5,395
Inter Cars Slovenska Republika	52,825	48,243	498	1,153
Feber Sp. z o.o.	495	457	3,990	21,423
Inter Cars Lietuva UAB	31,069	30,370	6,522	11,372
IC Development & Finance Sp. z o.o.	10	224	541	579
Inter Cars Italia srl.	9,381	6,729	22	85
Inter Cars d.o.o.	41,004	39,242	724	1,824
JC Auto S.A.	0	7	2	-
Inter Cars Hungária Kft	54,404	46,733	33,924	18,082
Inter Cars Romania s.r.l.	133,327	116,413	4,319	9,023
Armatus sp. z o.o.	2	4	3,498	3,396
Cleverlog Autoteile GmbH	10,418	4,235	29	-
Inter Cars Latvija SIA	71,477	60,588	659	638
Inter Cars Bulgaria EOOD	6,615	5,588	221	175
Inter Cars Marketing Services Sp. z o.o.	202	118	48,422	37,827
ILS Sp. z o.o.	4,004	3,856	144,513	97,634
Q-Service Truck Sp. z o.o.	343	343	5,749	2,751
Inter Cars Malta Limited	0	-	64,361	55,343
Inter Cars d.o.o. (Slovenia)	1,536	1,286	35	-
ILS Latvijas	41	-	-	-
ILS SRL	81	-	-	-
Inter Cars Eesti OU	17	1	-	-
	496,027	433,041	384,550	340,576

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

for the period from 1 January to 30 June 2016

(in thousand PLN)

<i>Settlement</i>	Receivables as at		Liabilities as at	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015
Inter Cars Ukraine LLC	22,960	20,411	-	-
Q-service Sp. z o.o.	-	188	26,515	12,269
Lauber Sp. z o.o.	15,326	17,320	3,437	2,991
Inter Cars Ceska Republika	8,640	14,071	99	5,622
Inter Cars Slovenska Republika	30,620	26,660	39	343
Feber Sp. z o.o.	138	121	5,408	1,917
Inter Cars Lietuva UAB	10,878	18,174	359	23
Armatus sp. z o.o.	-	-	-	-
IC Development & Finance Sp. z o.o.	-	-	497	359
Inter Cars Italia s.r.l.	22,200	17,850	1	2,625
Inter Cars d.o.o.	71,045	62,498	40	4,219
JC Auto S.A.	227	219	-	-
Inter Cars Hungária Kft.	25,560	31,065	3,018	15,625
JC Auto s.r.o.	4,278	4,119	-	-
Inter Cars Romania s.r.l.	134,847	168,585	150	12,914
Inter Cars Latvija SIA	68,103	58,933	35	959
Inter Cars Cyprus Ltd.	354	334	1,736	1,902
Cleverlog-Autoteile GmbH	5,587	4,215	-	11
Inter Cars Bulgaria EOOD	5,079	5,505	-	-
Inter Cars Marketing Services Sp. z o.o.	172	129	66,147	27,093
ILS Sp. z o.o.	2,174	1,591	29,023	20,804
Inter Cars Malta Holding Limited	1,106	1,043	(20)	(19)
Inter Cars Malta Limited	15,835	15,417	26,132	14,925
Q-service Truck Sp. z o.o.	74	25	1,237	708
ILS SRL	73	-	-	-
ILS Latvijas filialie	33	-	-	-
Inter Cars INT d .o.o. (Slovenia)	738	325	-	854
Inter Cars Eesti OU	(434)	230	-	653
Gross receivables from subsidiaries	445,613	469,028	163,853	126,797
Revaluation write-down on receivables (JC Auto s.r.o.)	(4,009)	(4,009)	-	-
Net receivables from subsidiaries	441,604	465,019	163,853	126,797

Settlements on loans and borrowings

<i>Receivables from subsidiaries</i>	30/06/2016	31/12/2015
Lauber Sp. z o.o.	8,776	9,107
IC Development & Finance Sp. z o.o.	25,270	25,070
SMiOC FRENOPLAST Buřhak i Cieřłowski S.A	121	107
Inter Cars Bulgaria Ltd.	996	1,007
Q-SERVICE TRUCK Sp z o.o.	1,013	953
Inter Cars Malta Ltd	12,837	12,875
CLEVERLOG - AUTOTEILE GMBH	-	1
Gross receivables on loans	49,013	49,120
Revaluation write-down on loans	(3,059)	(3,059)
Net receivables on loans	45,954	46,061

<i>Liabilities to subsidiaries</i>	30/06/2016	31/12/2015
Inter Cars Marketing Services Sp. z o.o.	61,327	61,209
Inter Cars Cyprus Ltd.	78,331	77,601
Feber Sp. z o.o.	2,205	2,200
	141,863	141,010

Interim condensed separate financial statements of Inter Cars S.A.
for the period from 1 January to 30 June 2016
(in thousand PLN)

Guarantees and sureties granted by Inter Cars S.A. to related entities.

<i>(in thousand PLN)</i> To	Period covered	Status as at	
		30/06/2016	31/12/2015
Feber Sp. z o.o.	Until further notice	974	938
Feber Sp. z o.o.	16/06/2017	2,000	2,000
Inter Cars Ukraine LLC	30/11/2016	531	511
Inter Cars INT d.o.o	09/10/2017	129	124
Inter Cars Slovenská republika s.r.o.	26/02/2017	22,128	21,308
Inter Cars Malta Holding Limited	Until further notice	597	585
Inter Cars Malta Holding Limited	30/06/2016	3,184	3,121
Inter Cars Romania S.R.L.	28/04/2017	88,155	40,275
Inter Cars Romania S.R.L.	31/12/2015	0	552
Inter Cars Romania S.R.L.	31/12/2016	664	639
Inter Cars Česká republika s.r.o.	31/08/2016	17,702	17,898
Inter Cars Česká republika s.r.o.	31/08/2016	24,540	24,838
Inter Cars d o.o.	31/12/2019	705	669
Inter Cars Hungaria Kft	05/07/2019	2,337	2,271
Inter Cars Hungaria Kft	05/02/2021	275	267
ILS Sp z o.o.	30/05/2026	48,764	-
ICMS Sp. z o.o.	09/05/2017	133	278
		212,817	116,274

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

	1.01.2016- 30.06.2016	1.01.2015- 30.06.2015
<i>Transactions with related entities</i>		
Income on sales to related entities	830	114
Purchase of goods and services from related entities	6,206	3,853
	30/06/2016	31/12/2015
<i>Settlements with related entities</i>		
Receivables from related entities	515	240
Liabilities to related entities	933	743

Warsaw, 30 August 2016

Robert Kierzek

President of the Management Board

Krzysztof Oleksowicz

Member of the Management Board

Krzysztof Soszyński

Vice-President of the Management Board

Maciej Oleksowicz

Member of the Management Board

Wojciech Twaróg

Member of the Management Board

Julita Pałyska

Chief Accountant