CAPITAL GROUP OF INTER CARS S.A.

Extended consolidated quarterly report for the 2nd quarter of 2008

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PART I

CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND QUARTER OF 2008

1. Information about Inter Cars S.A. Capital Group

Objects of operations

The basic activities of Inter Cars Capital Group Spółka Akcyjna („Group", „Inter Cars Group", „Inter Cars Capital Group") include import and distribution of spare parts for passenger cars and commercial vehicles.

Registered office - the parent company

Inter Cars S.A.
ul Powsińska 64
02-903 Warsaw
Poland

Central Warehouse:
ul. Gdańska 15
05-152 Czosnów nearby Warsaw

Contact details

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bzarzadu@intercars.com.pl
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Supervisory Board

Andrzej Oliszewski, the Chairman
Jolanta Oleksowicz-Bugajewska
Maciej Oleksowicz
Michał Marczak
Jerzy Grabowiecki

Management Board

Krzysztof Oleksowicz, the President
Robert Kierzek, Deputy President
Krzysztof Soszyński
Wojciech Milewski
Tomasz Zadroga
Piotr Kraska

Chartered Auditor

KPMG Audyt Sp. z o.o.
ul. Chłodna 51
00-867 Warsaw

Subsidiaries of Inter Cars - entities included in consolidation as at 30 June 2008

Inter Cars Ukraina
29009 Chmielnicki, Tołstego 1/1
Ukraine

Inter Cars Česká republika s.r.o.
Novodvorská 1010/14
Prague 4
Czech Republic

Lauber Sp. z o.o. (formerly Eltek Sp. z o.o.)
ul. Portowa 35A
76-200 Słupsk

Inter Cars Lietuva UAB
J. Kubiliaus g. 18
Vilnius
Lithuania

JC Auto s.r.l.
Viale A. Doria 48/A
20124 Milan,
Italy

Inter Cars d.o.o. (formerly JC Auto d.o.o.)
Radnička cesta 27
1000 Zagreb,
Croatia

JC Auto S.A.
Rue du Parc Industriel 3D
1440 Brain-le-Chateau,
Belgium

5 Sterne Fahrwerkstechnik GmbH
Storkower Str. 175
10369 Berlin,
Germany

Feber Sp. z o.o.
ul. Powsińska 64
02-903 Warszawa

Q-Service Sp. z o.o.
ul. Gdańska 15
05-152 Cząstków Mazowiecki

Inter Cars Slovenská republika s.r.o.
Ivánska cesta 2
Bratislava
Slovakia

IC Development & Finance Sp. z o.o.
(formerly: R-J Sp. z o.o.)
ul. Dorodna 33
03-195 Warszawa

Armatus sp. z o.o.
ul. Burakowska 60
01-794 Warszawa,

INTER CARS Hungaria Kft (formerly JC Auto Kereskedelmi Kft)
Klapka Utca 4
H-1134 Budapest,
Hungary

JC Auto s.r.o.
Lazensky park 10, c.p. 329
735 03 Karvina- Darkom,
Czech Republic

Quotations on stock exchanges

Shares in Inter Cars, i.e. Parent Company are quoted on the Warsaw Stock Exchange in the system of continuous trading.

2. Summary of the Capital Group's activities and consolidated financial results in the first half of 2008

Inter Cars Group is an importer and distributor of spare parts for passenger cars and commercial vehicles. The Group's offer includes also garage equipment and parts for motorcycles and tuning. The Inter Cars Capital Group is the largest in Poland independent aftermarket distributor of spare parts. The Group runs operating activities in Poland, Ukraine, the Czech Republic, Slovakia, Belgium, Hungary, Croatia, Italy, Germany and Lithuania.

The Group recorded more than 39% increase in sales revenues as compared to the same period of 2007, which resulted from the merger of the JC Auto S.A. Group, from growth in the scale of operating activities and geographic development of sales chain.

In the first half of 2008, the Company opened up 8 new branches which means that as at 30 June 2008 the sales chain consisted of total 160 branches; 116 branches in Poland and 44 branches abroad.

The basic financial data of **the Inter Cars S.A. Group** in the first half of 2008 have been presented in the chart below (two quarters cumulatively):

	1st half-year		
	2008	2007	2008
('000)	PLN	PLN	Euro
Profit and loss statement (for period)			
Sales revenues …………………………………………………	847 198	608 989	243 616
Gross Profit (Loss) on sales …………………………………………	257 957	171 289	74 177
Costs of management option program ……………………………………	(449)	(1 665)	(129)
Financial revenue and cost, net …………………………………………	(14 972)	(4 678)	(4 305)
Profit (loss) on operating activities ………………………………………	51 869	43 693	14 915
Net profit (loss) …………………………………………………………….	29 287	30 490	8 422
Balance (at the end of period)			
Cash and cash equivalents …………………………………………………	31 516	19 044	9 396
Balance sheet total ………………………………………………………………	1 198 464	564 538	357 302
Loans, borrowings, financial Leasing …………………………………………	517 814	255 927	154 378
Equity attributable to the shareholders of the parent company …	419 883	141 715	125 181
Minority capital …………………………………………………………….	1 421	1 666	424
Other financial information			
Cash flow on operating activities ……………………………………..	24 810	(32 304)	7 134
Cash flow on investment activities ……………………………………..	(23 115)	(7 299)	(6 647)
Cash flow on financial activities ………………………………………	4 212	44 201	1 211
Basic earnings per share …………………………………………………	2,16	2,59	0,64
Sales margin (1) ………………………………………………………	30,4%	28,1%	
EBITDA margin (2) ………………………………………………………	7,5%	8,3%	

(1) Sales margin was defined as the quotient of gross profit on sales and revenues.

(2) EBITDA was defined as net profit (loss) before depreciation, net financial revenues (costs), exchange rate differences and income tax.

The revenues of Inter Cars were approx. 78% of the Capital Group's revenues (before consolidation exclusions). **Poland is the main market** of sales for the Capital Group. Total sales revenues of subsidiaries were approx. 60% higher in 2008 as compared to 2007 (before consolidation exclusions).

The gross profit on sales increased by 51% in the first half of 2008 as compared to the same period of the previous year. Higher growth rate of profit as compared to the pace of increase in sales revenues resulted from growth in the amount of **profit margin on sales** from 28% in 2007 up to 30.4% in 2008.

Inter Cars **issued short-term bonds** the revenues of which were used to repay liabilities towards suppliers on the terms making it possible to obtain additional revenues. The bond maturity date is correlated with flow of funds from sales of goods.

3. Balance sheet

(in thousands of PLN)	30.06.2008	31.12.2007	30.06.2007
ASSETS			
Fixed assets			
Tangible fixed assets	170 980	90 596	75 093
Investment properties	38 864	43 319	6 076
Intangible assets	149 446	7 789	1 361
Investments in associated companies	94	0	0
Available for sale investments	43	43	43
Receivables	3 243	2 367	1 429
Prepayments	548	1 473	562
Assets due to deferred tax	0	7 591	4 904
	363 218	**153 178**	**89 468**
Current assets			
Inventory	605 881	482 693	336 017
Receivables for services and other receivables	194 440	154 503	118 121
Income tax receivables	0	0	0
Prepayments	3 409	2 457	1 888
Cash and cash equivalents	31 516	22 879	19 044
	835 246	**662 532**	**475 070**
TOTAL ASSETS	**1 198 464**	**815 710**	**564 538**

LIABILITIES	30.06.2008	31.12.2007	30.06.2007
Share capital	27 392	23 642	23 642
Supplementary capital from the issue of shares above the face value	246 415	21 415	21 415
Supplementary capital	67 668	65 975	49 641
Other supplementary capital	5 644	5 192	3 527
Currency Exchange differences	(2 138)	(1 920)	(1 481)
Retained result from previous years and the current year	74 902	52 608	44 971
Equity attributable to the shareholders of the parent company	**419 883**	**166 912**	**141 715**
Minority capital	**1 421**	**1 151**	**1 666**
Own equity in total	**421 304**	**168 063**	**143 381**
Long-term liabilities			
Liabilities due to credits, loans and finance lease	37 962	38 794	3 080
Provision for deferred income tax	8 998	8 568	4 690
Provisions	36	0	0
	46 996	**47 362**	**7 770**
Short-term liabilities			
Liabilities due to deliveries and services and other liabilities	230 641	261 412	146 815
Liabilities due to credits, loans and finance lease	479 852	318 574	252 847
Liabilities due to employee benefits	4 848	818	1 623
Liabilities due to income tax	5 665	10 063	6 920
Provisions	1 436	851	1 342
Short-term prepaid expenses	7 722	8 567	3 840
	730 164	**600 285**	**413 387**
TOTAL LIABILITIES	**1 198 464**	**815 710**	**564 538**

4. Profit and loss statement

(in thousands of PLN)	1.01.2008 - 30.06.2008	1.04.2008 - 30.06.2008	1.01.2007 - 30.06.2007	1.04.2007 - 30.06.2007
Sales revenue on sales of products, goods and materials	847 198	453 168	608 989	325 655
Cost of sold products, commodities, and materials	(589 241)	(316 501)	(437 700)	(233 437)
Gross profit on sales	**257 957**	**136 667**	**171 289**	**92 218**
Other operating revenue	13 134	2 948	7 616	5 587
General administrative and sales cost	(118 504)	(77 873)	(67 631)	(36 723)
Distribution service costs	(89 758)	(42 198)	(60 056)	(31 927)
Costs of management option program	(449)	(148)	(1 665)	(833)
Other operating costs	(10 511)	(2 784)	(5 860)	(3 309)
Operating profit	**51 869**	**16 612**	**43 693**	**25 013**
Financial revenue	2 727	5 107	397	279
Foreign exchange differences	(4 274)	(6 228)	(217)	(869)
Financial costs	(13 425)	(6 482)	(5 075)	(2 061)
Pre-tax profit	**36 897**	**9 009**	**38 798**	**22 362**
Income tax	(7 610)	(1 749)	(8 308)	(4 500)
Net profit	**29 287**	**7 260**	**30 490**	**17 862**
Attributable to:				
the parent company's shareholders .	29 557	6 885	30 619	17 990
minority shareholders	(270)	375	(129)	(128)
	29 287	**7 260**	**30 490**	**17 862**
Profit per one share (PLN)				
- basic	2,16	0,50	2,59	1,52
- diluted	2,10	0,49	2,55	1,5

5. Changes in equity capital

for the period from 1 January 2008 to 30 June 2008

(in thousands of PLN)	Share capital	Supplementary capital on the sale of shares above the face value	Supplementary capital	Currency Exchange differences	Other supplementary capitals	Retained result from previous years and the current year	**Equity attributable to the shareholders of the parent company**	Minority share	**TOTAL Equity Capital**
As at 1 January 2008	**23 642**	**21 415**	**65 975**	**(1 920)**	**5 192**	**52 608**	**166 912**	**1 151**	**168 063**
Profit for the period	0	0	0	0	0	29 287	**29 287**	0	**29 287**
Minority share in the result of period	0	0	0	0	0	(270)	**(270)**	270	**0**
Issue of shares in connection with the merger with JC Auto	**3 750**	225 000	0	0	0	0	**228 750**	0	**228 750**
Supplementary capital of taken over companies - JC Auto S.A.	**0**	0	401	0	3	(5 431)	**(5 027)**	0	**(5 027)**
Establishment of supplementary capital in connection with realization of the management option program	0	0	0	0	449	0	**449**	0	**449**
Distribution of profit from the previous period - transfer to supplementary capital	0	0	1 292	0	0	(1 292)	**0**	0	**0**
Currency Exchange differences	0	0	0	(218)	0	0	**(218)**	0	**(218)**
As at 30 June 2008	**27 392**	**246 415**	**67 668**	**(2 138)**	**5 644**	**75 902**	**419 883**	**1 421**	**421 304**

for the period from 1 January 2007 to 30 June 2007

(in thousands of PLN)	Share capital	Supplementary capital on the sale of shares above the face value	Supplementary capital	Currency Exchange differences	Other supplementary capitals	Retained result from previous years and the current year	**Equity attributable to the shareholders of the parent company**	Minority share	**TOTAL Equity Capital**
As at 1 January 2007	**23 642**	**21 415**	**49 303**	**(554)**	**1 862**	**14 690**	**110 358**	**1 795**	**112 153**
Profit for the period	0	0	0	0	0	58 608	**58 608**	(644)	**57 964**
Minority share in the result of period	0	0	0	0	0	644	**644**	(644)	**0**
Establishment of supplementary capital in connection with realization of the management option program	0	0	0	0	3 330	0	**3 330**	0	**3 330**
Distribution of profit from the previous period - transfer to supplementary capital	0	0	16 672	0	0	(16 672)	**0**	0	**0**
Currency Exchange differences	0	0	0	(1 366)	0	0	**(1 366)**	0	**(1 366)**
As at 30 June 2007	**23 642**	**21 415**	**65 975**	**(1 920)**	**5 192**	**52 608**	**166 912**	**1 151**	**168 063**

6. Cash flow statement

(in thousands of PLN)	1.01.2008 - 30.06.2008	1.01.2007 - 30.06.2007
Cash Flow on operating activities		
Pre-tax profit	36 897	38 798
Adjustment by items:		
Depreciation	12 001	6 694
Foreign Exchange Differences (Profit) / Loss	70	81
(Profit)/loss on sales of tangible fixed assets	(2 229)	(138)
Interest, net	12 019	4 398
Other net items	(5 544)	(6 455)
Operating profit before changes in working capital	**53 214**	**43 378**
Change in inventories	(109 074)	(79 212)
Changes in receivables	130 664	(29 888)
Change in short-term liabilities	(42 859)	37 127
Changes in accruals and prepayments	5 795	(1 874)
Cash generated on operation activities	**37 740**	**(30 469)**
Paid income tax	(12 930)	(1 835)
Net cash flow on operating activities	**24 810**	**(32 304)**
Cash Flow on investment activities		
Cash inflows on sales of tangible assets and intangibles	15 937	0
Value of intangible and fixed assets purchased	(36 281)	(7 454)
Repayment of granted loans	1 236	298
Loans granted	(4 383)	(168)
Interest received	376	25
Net cash on investment activities	**(23 115)**	**(7 299)**
Cash Flow on financial activities		
Revenue on credits, loans and debt securities	21 032	51 809
Interest paid	(12 403)	(4 448)
Payments of liabilities on financial lease contracts	(4 417)	(3 160)
Net cash on financial activities	**4 212**	**44 201**
Balance sheet cash change related to foreign exchange differences	(70)	(81)
Change in cash and net cash equivalents	**5 907**	**4 598**
Cash and cash equivalents at the beginning of the period	**22 879**	**14 527**
Cash and cash equivalents at the end of the period	**28 716**	**19 044**
Cash acquired from JC Auto S.A.	**2 800**	**0**
Total	**31 516**	**19 044**

7. Significant Accounting Policies applied by Inter Cars Group

Basis of preparation of the consolidated financial statements

Consolidated annual financial statement of Inter Cars Capital Group ("Financial statement") has been prepared pursuant to International Financial Reporting Standards which have been approved by the European Union.

The Group applied all applicable International Financial Reporting Standards (IFRS), adopted by the European Union and valid for periods beginning on 1 January 2008 as well as standards which became effective before 30 June 2008, in this consolidated financial statement for the period of three months ending on 30 June 2008.

The abovementioned standards include also International Accounting Standards (IAS) as well as Interpretations issued by Standing Interpretation Committee as well as International Financial Reporting Interpretations Committee.

This consolidated financial statement has been drawn up pursuant to IAS 34 Interim Financial Reporting, using the same principles for the current and comparable periods.

The consolidated financial statement has been drawn up with the assumption that the Group will continue its activities in the foreseeable future as well as the belief that there are no circumstances indicating any threat to the continuation of activities.

All values in the financial statement have been presented in PLN thousand unless indicated otherwise.

The presented accounting principles have been adapted by all entities belonging to the Capital Group.

The consolidated financial statement was approved by the Board of Directors for publication on 14 August 2008.

Conversion of items expressed in a foreign currency

(a) Presentation currency and functional currency

The consolidated financial statement has been presented in PLN thousand rounded up to full amounts. Polish zloty is functional currency for Inter Cars, Feber, Lauber, Q-Service, Armatus Sp. Z o.o. and IC Development & Finance. A functional currency for Inter Cars Ukraina, is UAH, for Inter Cars Ceska Republika and JC Auto s.r.o. - CZK, for Inter Cars Slovenska Republika - SKK, for Inter Cars Hungaria Kft - HUF, for Inter Cars d.o.o. - HRK, for JC Auto S.A. (Belgia), JC Auto s.r.l. and 5 Sterne Fahrwerkstechnik GmbH - EUR, - on the other hand, for Inter Cars Lietuva - LTL.

The financial result as well as assets and financial position of entities whose functional currencies are different than PLN are transformed into PLN observing the following procedures:

- assets and liabilities of each of the presented balance sheet are recalculated at closing exchange rate for a given day of the balance sheet,
- the revenues and costs in each income statement are recalculated at average exchange rates in the period,
- the generated exchange rate differences are included in a separate equity item

(b) Exchange differences

Transactions expressed in foreign currencies have been presented according to the exchange rate valid as at the day of concluding the transaction. The exchange rate differences are formed as a result of settlement of these transactions as well as valuation as at the balance sheet day of cash assets and liabilities at the average exchange rate from quotations of central banks in particular countries for this day. Exchange rate differences resulting from the settlement adjust the costs of sold products, goods, and materials and the remaining currency differences have been presented in a separate item.

Principles of consolidation

(a) Subsidiary Companies

The subsidiaries are entities controlled by the Parent Company. Control is performed when the Parent Company has capacity to manage directly or indirectly the financial and operational policy of a given entity, in order to obtain the benefits arising from its activities. When evaluating the degree of control, the impact of the existing and of potential voting rights are taken into consideration, which, as the balance sheet date, may be fulfilled or may be subject to conversion.

The financial statements of subsidiaries are considered in the consolidated financial statement starting from the date of obtaining control over them up to the moment of their expiry.

(b) Consolidation correction

The balances of internal settlements between entities of the Group, the transactions concluded within the Group as well as any unexecuted profits or losses resulting from there as well as the revenues and costs of the Group are eliminated during drawing up a consolidated financial statement. The unexecuted profits resulting from transactions with affiliates as well as jointly controlled entities are excluded from the consolidated statement in proportion to the amount of the Group's share in these entities. The unexecuted losses are excluded from the consolidated financial statement on the same principle as the unexecuted profits, until the moment of occurrence of the premises indicating value loss.

Tangible fixed assets

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

Tangible assets include own fixed assets, investments in external fixed assets, fixed assets under construction and external fixed assets adopted for use by the entity (when the terms of the agreement essentially transfer all potential benefits and risk resulting from their possession to the entity) and constitute means used when delivering goods or providing services as well as for administration purposes or for lease for the benefit of third parties, and the expected time of their use exceeds one period.

The purchase price or the cost of manufacturing include the cost incurred for the purchase or manufacturing of tangible assets, including capitalized interest charged until the receipt of a fixed asset. Expenses incurred at a later period are presented in the balance sheet value if it is probable that the Group will receive economic benefits. The costs of current maintenance of tangible assets are presented in income statement as incurred.

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

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

Buildings and investment in not own buildings	10-40 Years
Machinery and equipment	3-16 Years
Means of transport	5-7 Years
Other fixed assets	Year – 5 years

In the case of observing premises indicating the possibility of impairment, impairment test is conducted. For the needs of the impairment test, assets are grouped at the lowest level at which they generate cash flows regardless of other assets (generating cash centers). If the conducted test indicates that the balance sheet value of a component of tangible assets is lower than its recoverable value, an impairment loss is made to the value equal to the recoverable value.

Profits and losses resulting from derecognition a component of tangible assets from the balance sheet are determined as a difference between net revenue from sale and the balance sheet value and are presented in income statement.

Intangible assets

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

Computer software

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

Costs associated with the development and maintenance of computer software are presented in the costs of the period in which they are incurred. Costs directly associated with the creation of unique computer software for the entity's needs, which will very likely bring economic benefits exceeding the costs over a period longer than one year, are presented as intangible assets components and are depreciated in the period of their use, but no longer than throughout the period of 3 years.

Investment properties

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

The investment real estate is derecognized from the balance sheet in the event of sales or in the case of permanent withdrawal from use, when no future benefits from sales are expected. Any profits or losses, which will be created in this way, are presented in the income statement in the period, in which the liquidation or sales took place.

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

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

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

Asset component impairment

At each balance sheet date assesses whether there is any indication that the impairment of any asset subject to depreciation. If any such indication exists, is performed to estimate the recoverable amount of the component assets, i.e. the value corresponding to fair value less prime costs and the use value of asset component, whichever is higher.

Financial Instruments

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

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

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

Financial instruments are derecognized from the balance sheet in the event of expiry of rights to receive economic benefits and sustaining the related risks or their transfer to third party.

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

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

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

(a) held-to-maturity financial instruments

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

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

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

(b) loans and receivables

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

Trade liabilities and other liabilities are valued at the amount of the depreciated cost using the effective interest rate reduced by bad debt provision created based on the aging analysis of receivables. Revaluation takes into account the time and degree of the probability of their payment.

(c) available for sale financial assets

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

Profits or losses from the valuation of financial assets held for sale are presented as a separate component of equity until their sale or until impairment, when the accumulated profit or loss previously presented in other comprehensive income is presented as profit or loss of the current period. Impairment losses presented in the income statement, concerning equity instruments, are not subject to reversion in correspondence with the income statement. Reversion of impairment losses of debt financial instruments is presented in the income statement if the fair value of these financial instruments in subsequent periods, after the presentation of write-down, increased as a result of events after the presentation of the write-down.

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

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

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

Lease

a) entity as leaseholder

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

Lease and lease contracts which essentially leave all risks and profits resulting from the possession of assets with the lessor are presented as operational lease agreements. Costs of lease fees are entered on a straight-line basis in the income statement in the effective term of the agreement.

(b) entity as lessor

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

Inventory

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

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

Finished products and work in progress are valued on the basis of costs of design, costs of direct materials and labour as well as an appropriate mark-up of indirect production costs assuming the normal use of the production capacity, excluding the costs of incurred loans and credits.

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

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

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

Cash and cash equivalents

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

Share capital

The Share capital is presented in the amount specified in the charter and entered in the court register. The Capital Group's share capital is the parent company's share capital, i.e. share capital of Inter Cars.

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

The costs of issuing shares will reduce the value of capitals to the amount of bonuses on account of share issue.

Bank borrowings and loans

Initially, bank credits and loans are presented at the purchase prices corresponding to the fair value of received cash.

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

Provisions

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

Revenues

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

a) revenues on sales of commodities and materials

Revenues are shown:

- if significant risks and benefits resulting from the property of rights have been transferred to the buyer,
- the entity is no longer permanently involved in managing the sold goods, products and services to the extent to which such function is usually performed towards goods to which one has the property right, nor is effective control performed over them,
- the amount of revenues may be estimated in a credible manner,
- it is probable that the entity will obtain economic benefits from the transaction,
- the incurred costs as well as those which will be incurred in connection with the transaction may be valued in a credible manner.

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

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

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

(b) services

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

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

(c) interest rate revenues

Revenues under interest are recognized at the time of their charging, taking account of effective interest rate, if their receipt is substantiated and their amount can be determined in a credible manner.

(d) dividends

Dividend revenues are recognized upon determining the right to obtain them if receiving them is substantiated.

Operating Costs

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

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

Costs on account of renting office and warehouse space are presented in profit and loss statement for the period they relate to. Amounts re-invoiced to affiliates are not recognized as revenue but reduce relevant items in the Group entities' costs.

Financial costs

Financial costs are attributed to the income statement at the time when they are incurred, with the use of the effective interest rate.

Income tax

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

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

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

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

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

Payments in the form of own shares

The program of payments in the form of own shares allows the Group's employees to acquire shares in the Parent Company. Fair value of the granted call option is presented as costs under remunerations in correspondence with increase in equity. Fair value is determined as at the date of granting call options by employees and distributed over a period when employees will acquire the unconditionally right to exercise options. Fair value of options is estimated using the model of binominal tree of valuation, taking into account the terms on which options were granted. The amount encumbering costs is adjusted in order to reflect the current number of the granted options, except for situations when the loss of rights to options is the effect of the situation when shares do not achieve the level of prices relevant for their take-up.

Rights to increase in value of shares are granted to the Management Staff employees. Fair value of the amount to be paid out to employees is presented as cost in correspondence with increase in liabilities. Fair value is estimated initially as at the date of granting and distributed over a period when employees obtain unconditionally the right to payment. Fair value of the right to increase value of shares is calculated on the basis of the Black- Scholes model, given dates and terms on which instruments were granted. Valuation of liability is verified as at each balance sheet day and as at the day of settlement. Any changes in the fair value of liability are reported as headcount costs.

8. Consolidated statement

Consolidation for the period from 1 January to 30 June 2007

The consolidation covered the financial statements ("the Capital Group"):

- Parent entity: INTER CARS S.A. with its registered office in Warsaw,

- Subsidiary companies: subsidiaries: Inter Cars Ukraine, an entity of the Ukrainian law, with registered office in Khmelnytskyi, Ukraine (70% of Inter Cars S.A. share in the company's equity), Lauber Sp. z o.o. with registered office in Słupsk (100%), Q-Service Sp. z o.o. with registered office in Warsaw (100%), Inter Cars Ćeska Republika with registered office in Prague (100)%, Feber Sp. z o.o. with registered office in

Warsaw (100%), Inter Cars Slovenska Republika with registered office in Bratislava (100%), Inter Cars Lietuva UAB with registered office in Vilnius (100%) and IC Development & Finance Sp. z o.o. with registered office in Warsaw (100%).

Consolidation for the period from 1 January to 30 June 2008

The consolidation covered the financial statements ("the Capital Group"):

- Parent entity: INTER CARS S.A. with its registered office in Warsaw,
- Subsidiary companies: Inter Cars Ukraine, an entity of the Ukrainian law, with registered office in Khmelnytskyi, Ukraine (70% of Inter Cars S.A. share in the company's equity), Lauber Sp. z o.o. with registered office in Słupsk (100%), Q-Service Sp. z o.o. with registered office in Warsaw (100%), Inter Cars Ćeska Republika with registered office in Prague (100%), Feber Sp. z o.o. with registered office in Warsaw (100%), Inter Cars Slovenska Republika with registered office in Bratislava (100%), Inter Cars Lietuva UAB with registered office in Vilnius (100%), IC Development & Finance Sp. z o.o. with registered office in Warsaw (100%), Armatus Sp. z o.o. with registered office in Warsaw (100%), JC Auto s.r.o. with registered office in Karvina-Darkov (100%), Inter Cars Hungaria Kft with registered office in Budapest (100%), JC Auto with registered office in Brain-le-Chateau (100%), Inter Cars d.o.o. with registered office in Zagreb (100%), JC Auto p.r.l. with registered office in Milan (99%)(JC Auto s.r.o. has 1%) .) and 5 Sterne Fahrwerkstechnik GmbH with registered seat In Berlin (100%)

9. Exchange rates applied to convert data for the second quarter of 2008

Any financial data presented in EUR in the report were converted using the following exchange rates:

	2008	2007
exchange rate as at 30 June …………………………………	3,3542	3,7658
average exchange rate for the period from 1 January to 30 June	3,4776	3,8486

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

- for data resulting from the income statement - average exchange rate being arithmetic average of exchange rates binding as at the last day of each month in a given period, announced by the President of the National Bank of Poland;
- for data resulting from the balance sheet - exchange rate as at 30 June being average EUR exchange rate valid as at 30 June , announced by the President of the National Bank of Poland
- average exchange rates for EUR binding on the days of registration of the increase in share capital by further series of shares have been used for converting the value of share capital.

PART II

STATEMENT OF THE INTER CARS CAPITAL GROUP'S OPERATIONS

10. Description of factors and events, in particular of an unusual nature, which have substantial impact on the achieved financial results and description of significant achievements or failures, along with the list of the most important events concerning them

The Capital Group

The Inter Cars Capital Group consists of: Parent Company: Inter Cars S.A. with its seat in Warsaw and subsidiaries:

Inter Cars Ukraine (70% of shares in capital)	Feber Sp. z o.o. (Ltd). (100%)
Inter Cars Ceska Republika *(100%)*	**Q-Service Sp. z o.o.** *(100%)*
Lauber Sp. z o.o. *(100%)*	**Inter Cars Slovenská republika s.r.o.** *(100%)*
Inter Cars Lietuva UAB *(100%)*	**IC Development & Finance** *(100%)*
JC Auto s.r.l. *(99%, JC Auto s.r.o. has 1%)*	**Armatus sp. z o.o.** *(100%)*
Inter Cars d.o.o. *(100%)*	**Inter Cars Hungária Kft** *(100%)*
JC Auto S.A. *(100%)*	**JC Auto s.r.o.** *(100%)*
5 Sterne Fahrwerkstechnik GmbH *(100%)*	

The structure of the Inter Cars S.A. Capital Group results from the geographic expansion strategy for the distribution of spare parts (Inter Cars Ukraina, Inter Cars Ceska Republika, Inter Cars Slovenska Republika, Inter Cars Lietuva, JC Auto s.r.o., Inter Cars Hungaria Kft, Inter Cars d.o.o., JC Auto s.r.l., JC Auto S.A) and the development of projects supporting basic activities (Lauber Sp. z .o.o., Feber Sp. z o.o., Q-Service Sp. z o.o., Armatus Sp. z o.o., IC Development & Finance Sp. z o.o.).

The abovementioned entities were included in consolidation (using the full method) as at 30 June 2008. In the period from 30 June 2008, i.e. the date as at which the last published consolidated financial statement of the Inter Cars Group for the second quarter of 2008 was prepared, there were no changes in the Capital Group's composition.

Information on business segments

The basic operations of Inter Cars Capital Group is the sale of spare parts and accessories for motor vehicles on nine basic markets: Polish, Ukrainian, Czech, Slovak, Lithuanian, Belgian, Hungarian, Croatian and Italian.

The main reporting model of the Inter Cars Group, used for the operating segments is a geographical segment based on the criterion of location of sales. A supplementary model is a geographical segment based on the criterion of location of customers.

Sales on particular markets is conducted by particular entities of Inter Cars Capital Group: Polish market - Inter Cars, the Ukrainian market - Inter Cars Ukraine, Czech market - Inter Cars Ceska Republika, Slovakian market - Inter Cars Slovenska Republika, Lithuanian market - Inter Cars Lietuva, Belgian market - JC Auto S.A. (Belgium), Hungarian market – Inter Cars Hungaria Kft., Croatian market – Inter Cars d.o.o., Italian market - JC Auto s.r.l.

The Inter Cars Capital Group applies uniform accounting principles for all segments. The transactions between the segments are made on market terms. The above transactions were eliminated in this consolidated financial statement.

Basic division according to operating segments

(thousands of PLN)	**Poland**	**Ukraine**	**Czech Republic**	**Slovakia**	**Croatia**	**Hungary**	**Italy**	**Belgium**	**Lithuania**	**Corrections of Consolidation**	**Total**
Revenues	810 998	32 884	36 621	23 593	6 356	3 267	2 077	2 951	5 903	(77 461)	**847 198**
Value of sold goods	583 149	25 699	26 274	15 069	4 397	1 883	1 464		4 449	(74 995)	**589 241**
Financial result	22 733	900	787	2 222	(362)	281	(75)	207	(217)	2 811	**29 287**
Balance sheet total	1 292 905	32 589	47 397	14 915	11 948	12 710	4 607	3 888	7 818	(230 313)	**1 198 464**

Supplementary division according to operating segments

(thousands of PLN)	**Poland**	**abroad**	**Consolidation correction**	**Total**
Revenues	657 875	266 782	(77 461)	**847 197**

Significant events influencing the current and future business activities

- On February 29, 2008 the registration court competent for the Company, i.e. District Court for the Capital City of Warsaw, XIII Commercial Division of the National Court Register entered into the register of entrepreneurs the Company's merger with JC Auto S.A., with registered office in Warsaw, entered into the register of entrepreneurs of the National Court Register under KRS number 0000185481.
- The appreciation of PLN as compared to EUR was particularly significant for the dynamics of sales results in **Inter Cars**, achieved in Poland in the first half of 2008. The appreciation of the domestic currency affects reductions in PLN prices with the lack of domestic supply of spare parts. As a result, the more than 16% increase in sales recorded in the first half by Inter Cars S.A., counted in the volume of sales, would amount to nearly 30%.
- The appreciation of PLN as compared to EUR means also that the gross margin on sales - both the percentage and the value one - realized by the Company is lower than that which may be obtained in the conditions of a stable exchange rate.
- A positive aspect of appreciating PLN are positive exchange rate differences which are created as a result of payments with deferred payment date offered by "Premium" manufacturers mainly for European brands.
- The negative dynamics of export sales to Ukraine affected largely the Company's results in the first half of the year. The good results of Inter Cars Ukraine were insufficient to fully compensate the reduced domestic turnover with customers from Ukraine.
- In the first half of 2008 we could observe a significant deterioration in the economic situation on the transport and shipping market. Strong PLN, increase in fuel prices and remuneration pressure affected transport companies. As a result, the dynamics of sales for trucks, a significant segment of the activities of Inter Cars, decreased.
- Feber recorded a high, 45% sales growth dynamics in the first half of 2008, as compared to the same period in 2007.

The improvement in results is limited, however, by the poorer economic situation on the market of transportation related to the construction industry and, in particular, to the road infrastructure.

- The Company opened next branches - total 8, in the first half-year, which means that as at 30 June 2008 it operated 116 branches. As at 30 June 2007 – 88. The Capital Group has a sales network of total 160 branches.
- The good results of **Q-Service** were obtained as a result of the development of service activities related to training courses for Inter Cars and the distribution chain. Additionally, the Company implements projects regarding development of product lines in niche areas for the Group.
- In the first half of 2008, Inter Cars **issued debt securities**. The contract with ING Bank Śląski S.A. signed on 1 February 2007 by Inter Cars is related to the program of bonds issuance. Bonds are offered pursuant to Article 9 item 3 of the Act on Bonds of 29 June 1995 and will not be the object of a public offer as defined by the Act of 29 July 2005 on public offering and terms for introducing financial instruments into the organized trading system and on public companies (Journal of Laws number 184, Item 1539 with amendments) or substituting regulations. According to the above mentioned agreements the Company may issue short-term bonds with the maturity period from 7 days up to 1 year and mid-term bonds with the maturity period from 1 to 3 years. The duration and the maximum amount of the program are, respectively: 5 years and PLN 150,000,000 (say: one hundred fifty million Polish zlotys). Tranche 26, with the value of PLN 2,000 thousand, was issued on 2 January 2008. The maturity date was 31 January 2008. Tranche 27, with the value of PLN 5,000 thousand, was issued on 3 January 2008. The maturity date was 4 February 2008. Tranche 28, with the value of PLN 7,500 thousand, was issued on 8 January 2008. The maturity date was 8 February 2008. Tranche 29, with the value of PLN 10,100 thousand, was issued on 11 January 2008. The maturity date was 11 February 2008. Tranche 30, with the value of PLN 13,000 thousand, was issued on 18 January 2008. The maturity date was 18 February 2008. Tranche 31 and 32, with the total value of PLN 6,000 thousand, were issued on 21 January 2008. The maturity date was 21 February 2008. Tranche 33, with the value of PLN 10,000 thousand, was issued on 28 January 2008. The maturity date was 28 February 2008. Tranche 34, with the value of PLN 5,500 thousand, was issued on 31 January 2008. The maturity date was 29 February 2008. Tranche 35, with the value of PLN 5,000 thousand, was issued on 4 February 2008. The maturity date was 4 March 2008. Tranche 36, with the value of PLN 7,700 thousand, was issued on 8 February 2008. The maturity date was 10 March 2008. Tranche 37 and 38, with the total value of PLN 10,100 thousand, were issued on 11 February 2008. The maturity date 37 was 11 March 2008 (PLN 5,000 thousand) and tranche 38 on 12 May 2008 (PLN 5,100 thousand). Tranche 39, with the value of PLN 6,000 thousand, was issued on 18 February 2008. The maturity date was 18 March 2008. Tranche 40, with the value of PLN 10,000 thousand, was issued on 21 February 2008. The maturity date was 21 March 2008. Tranche 41, with the value of PLN 10,000 thousand, was issued on 28 February 2008. The maturity date was 28 March 2008. Tranche 42, with the value of PLN 5,500 thousand, was issued on 29 February 2008. The maturity date was 31 March 2008. Tranche 43, with the value of PLN 5,000 thousand, was issued on 4 March 2008. The maturity date was 4 April 2008. Tranche 44, with the value of PLN 7,700 thousand, was issued on 10 March 2008. The maturity date was 10 April 2008. Tranche 45, with the value of PLN 5,000 thousand, was issued on 11 March 2008. The maturity date was 11 April 2008. Tranche 46, with the value of PLN 6,000 thousand, was issued on 18 March 2008. The maturity date was 18 April 2008. Tranche 47, with the value of PLN 10,000 thousand, was issued on 21 March 2008. The maturity date was 21 April 2008. Tranche 48, with the value of PLN 13,500 thousand, was issued on 28 March 2008. The maturity date was 28 April 2008. Tranche 49, with the value of PLN 5,500 thousand, was issued on 31 March 2008. The maturity date was 30 April 2008. Tranche 50, with the value of PLN 5,000 thousand, was issued on 4 April 2008. The maturity date was 5 May 2008. Tranche 51, with the value of PLN 7,700 thousand, was issued on 10 April 2008. The maturity date was 12 May 2008. Tranche 52, with the value of PLN 5,000 thousand, was issued on 11 April 2008. The maturity date was 13 May 2008. Tranche 53, with the value of PLN 6,000 thousand, was issued on 18 April 2008. The maturity date was 19 May 2008. Tranche 54, with the value of PLN 13,500 thousand, was issued on 21 April 2008. The maturity date was 21 May 2008. Tranche 55, with the value of PLN 2,000 thousand, was issued on 22 April 2008. The maturity date was 21 May 2008. Tranche 56, with the value of PLN 13,500 thousand, was issued on 28 April 2008. The maturity date was 28 May 2008. Tranche 57, with the value of PLN 7,100 thousand, was issued on 30 April 2008. The maturity date was 30 May 2008. Tranche 58, with the value of PLN 5,000 thousand, was issued on 5 May 2008. The maturity date was 5 June 2008. Tranche 59, with the value of PLN 12,800 thousand, was issued on 12 May 2008. The maturity date was 12 June 2008. Tranche 60, with the value of PLN 5,000 thousand, was issued on 13 May 2008. The maturity date was 13 May 2008.

Tranche 61, with the value of PLN 6,000 thousand, was issued on 19 May 2008. The maturity date was 19 June 2008. Tranche 62, with the value of PLN 15,500 thousand, was issued on 21 May 2008. The maturity date was 22 June 2008. Tranche 63, with the value of PLN 13,500 thousand, was issued on 28 May 2008. The maturity date was 30 June 2008. Tranche 64, with the value of PLN 15,100 thousand, was issued on 31 May 2008. The maturity date was 2 July 2008 (after balance sheet date). Tranche 65, with the value of PLN 3,500 thousand, was issued on 5 June 2008. The maturity date was 7 July 2008 (after balance sheet date). Tranche 66, with the value of PLN 12,800 thousand, was issued on 12 June 2008. The maturity date was 14 July 2008 (after balance sheet date). Tranche 67, with the value of PLN 5,000 thousand, was issued on 13 June 2008. The maturity date was 15 July 2008 (after balance sheet date). Tranche 68, with the value of PLN 6,000 thousand, was issued on 19 June 2008. The maturity date was 21 July 2008 (after balance sheet date). Tranche 69, with the value of PLN 15,500 thousand, was issued on 23 June 2008. The maturity date was 23 July 2008 (after balance sheet date). Tranche 70, with the value of PLN 13,500 thousand, was issued on 30 June 2008. The maturity date was 31 July 2008 (after balance sheet date). Tranche 71, with the value of PLN 15,100 thousand, was issued on 2 July 2008 (after the balance sheet date). The maturity date was 4 August 2008. Tranche 72, with the value of PLN 3,500 thousand, was issued on 7 July 2008 (after the balance sheet date). The maturity date was 7 August 2008. Tranche 73, with the value of PLN 12,800 thousand, was issued on 14 July 2008 (after the balance sheet date). The maturity date was 14 August 2008. Tranche 74, with the value of PLN 5,000 thousand, was issued on 15 July 2008 (after the balance sheet date). The maturity date was 18 August 2008. Tranche 75, with the value of PLN 6,000 thousand, was issued on 21 July 2008 (after the balance sheet date). The maturity date was 21 August 2008. Tranche 76, with the value of PLN 9,000 thousand, was issued on 23 July 2008 (after the balance sheet date). The maturity date was 23 October 2008. Tranche 77, with the value of PLN 10,000 thousand, was issued on 31 July 2008 (after the balance sheet date). The maturity date was 29 August 2008. The purpose of the issue is to reduce the costs of financing activities. Bonds are issued in Polish zloty as bearer securities, unsecured, dematerialized and discount (as bonds with zero coupon). Bonds will be redeemed according to the face value of bonds in the seat of issuance agent.

- On February 29, 2008 the registration court competent for the Company, i.e. District Court for the Capital City of Warsaw, XIII Commercial Division of the National Court Register entered into the register of entrepreneurs the Company's merger with JC Auto S.A., with registered office in Warsaw, entered into the register of entrepreneurs of the National Court Register under KRS number 0000185481.

- Total revenues of the Group are not significantly susceptible to the phenomenon of **seasonality.** The wide range of parts includes goods whose sales depends on season, especially winter. They cover, among others, tires, batteries, glow plugs, rims, fuel filters and antifreeze coolants and windscreen washers. Goods most susceptible to seasonal, short-term sales such as e.g. winter tires are ordered from suppliers a few months before the planned period of more intense sales.

Financial Results

The basic financial data of the Inter Cars S.A. in the first half of 2008 have been presented in the chart below (two quarters cumulatively):

	1st half-year		
	2008	2007	2008
('000)	PLN	PLN	Euro
Profit and loss statement (for period)			
Sales revenues	724 049	528 464	208 204
Gross Profit (Loss) on sales	210 125	145 588	60 423
Costs of management option program	(449)	(1 665)	(129)
Financial revenue and cost, net	(11 510)	(4 266)	(3 310)
Profit (loss) on operating activities	39 030	35 360	11 223
Net Profit (loss)	17 959	25 094	5 164
Balance (at the end of period)			
Cash and cash equivalents	16 271	12 959	4 851
Balance sheet total	1 132 474	529 988	337 629

Loans, borrowings, financial Leasing	424 077	248 674	126 432
Equity capital	409 664	143 183	122 135
Other financial information			
Cash flow on operating activities	101 867	(39 003)	29 292
Cash flow on investment activities	(27 843)	(3 355)	(8 006)
Cash flow on financial activities	(71 427)	44 056	(20 539)
Basic earnings per share	1,31	2,12	0,36
Sales margin (1)	29%	27,5%	
EBITDA margin (2)	6,9%	7,8%	

(1) Sales margin was defined as the quotient of gross profit on sales and revenues.

(2) EBITDA was defined as net profit (loss) before depreciation, net financial revenues (costs), exchange rate differences and income tax.

Sales revenues in the first half a year of 2008 were **37% higher** than revenues in the same period of 2007. Share of export in revenues from sales of goods in reached the level of approximately 20%.

Gross profit on sales was higher by 44% as compared to the first six months of 2007. **The profit margin on sales** in 2008 increased to 29% from 27.5% in 2007. Realized positive exchange rate differences amounting to total PLN 2,854 thousand were entered to prime cost in 2008.

The chart below presents the structure of costs **by type**:

	1st half-year	
('000)	**2008**	**2007**
Depreciation	10 761	5 862
consumption of materials and energy	4 843	2 495
external services	118 044	78 027
Including: Distribution services	*80 179*	*54 914*
taxes and fees	970	151
Remuneration	30 819	16 917
Including: Costs of management option program	*3 330*	*1 665*
social security and other benefits	6 854	3 394
other costs by type	5 178	4 427
Total costs by type	**177 469**	**111 273**

Distribution service costs - the share of the entity managing a branch in the realized margin. The margin generated on the sale by the branch is divided (50/50) between the branch entity and Inter Cars. The system of branches is based on the principle of delegating management of distribution point (branch) to external entities. The sales is performed on behalf of Inter Cars. External entities (branch entities) employ employees and cover current costs of functioning from revenue, which is share in completed margin on sales of goods. Settlement of share in margin is made in monthly periods. The Company provides organizational and logistic knowledge, capital, suppliers of parts, full assortment and its availability, company sign. Branch entity contributes the knowledge of local market and experienced employees to Inter Cars. Risk of activities of a given entity (branch) is borne by the entrepreneur that, by running own business, optimizes the resources that remain at their disposal.

Total **costs by type** in the first half of 2008 increased by 59.5% as compared to the first six months of 2007. The increase in costs resulted from the merger with JC Auto S.A. and the increase in remuneration. After excluding the costs of distribution as well as the costs of management options (remuneration costs) costs by type in 2008 were higher by 61% as compared to the same period of 2007.

Financial revenues and costs include, first of all, costs and revenues under interest. In particular, in the first half of 2008 the Company incurred costs on this account amounting to PLN 11,821 thousand. **Liabilities under credits, loans, debt securities and financial lease** as at 30 June 2008 reached the total value of PLN 495,477 thousand. The balance on account of issued debt securities as at 30 June 2008 amounted to PLN 71,400 thousand. The result is affected to a large extent by **exchange rate differences**. Total PLN 5,718 thousand on account of negative exchange rate differences were entered into the result in the first half of 2008.

Charges on account of income tax include input income tax amounting to PLN 5,846 thousand and changes in the value of deferred income tax assets and provisions, reducing tax charges in the period by PLN 2,002 thousand. The growth in income tax liabilities results from the fact that the Company applies the possibility of a lump settlement of income tax. Input tax in the first half-year derives largely from the cash settlement of discounts.

The basic financial data of the Inter Cars S.A. Group in the first half of 2008 have been presented in the chart below:

	1st half-year		
	2008	2007	2008
('000)	PLN	PLN	Euro
Profit and loss statement (for period)			
Sales revenues …………………………………………………..	847 198	608 989	243 616
Gross Profit (Loss) on sales ……………………………………….	257 957	171 289	74 177
Costs of management option program ……………………………………	(449)	(1 665)	(129)
Financial revenue and cost, net ……………………………………………	(14 972)	(4 678)	(4 305)
Profit (loss) on operating activities ………………………………………	51 869	43 693	14 915
Net profit (loss) ………………………………………………………………	29 287	30 490	8 422
Balance (at the end of period)			
Cash and cash equivalents ………………………………………………	31 516	19 044	9 396
Balance sheet total ………………………………………………………………	1 198 464	564 538	357 302
Loans, borrowings, financial Leasing ………………………………………	517 814	255 927	154 378
Equity attributable to the shareholders of the parent company …	419 883	141 715	125 181
Minority capital ……………………………………………………………	1 421	1 666	424
Other financial information			
Cash flow on operating activities ……………………………………	24 810	(32 304)	7 134
Cash flow on investment activities ………………………………….…	(23 115)	(7 299)	(6 647)
Cash flow on financial activities …………………………………….…	4 212	44 201	1 211
Basic earnings per share ………………………………………………………	2,16	2,59	0,64
Sales margin (1) ………………………………………………………	30,4%	28,1%	
EBITDA margin (2) …………………………………………………………	7,5%	8,3%	

(1) Sales margin was defined as the quotient of gross profit on sales and revenues.

(2) EBITDA was defined as net profit (loss) before depreciation, net financial revenues (costs), exchange rate differences and income tax.

Sales revenues in the first half of 2008 were **higher by 39%** than in the same period of 2007. The revenues of Inter Cars were approx. 78% of the Capital Group's revenues (before consolidation exclusions) in total revenues. **Poland is the main market** of sales for the Capital Group. The chart below presents sales revenues of subsidiaries for the first half-year of 2008 (before consolidation exclusions). The data of companies acquired after the merger with JC Auto S.A. have been presented for the period from 1 March 2008.

1 half-year ('000 PLN)	***2008***	***2007***
Lauber	5 109	2 486
Q-Service	16 566	12 069
Inter Cars Ukraine	32 884	22 670
Inter Cars Ceska Republika	36 503	27 774
Feber	65 135	44 853
IC Lithuania	5 903	2 296
IC D&F	142	22
Inter Cars Slovenska Republika	23 593	14 208
JC Auto s.r.l.	2 077	0
Inter Cars d.o.o.	6 365	0
Inter Cars Hungária Kft.	3 267	0
JC Auto S.A.	2 951	0
Armatus sp. z o.o.	0	0
JC Auto s.r.o.	118	0

Total	**200 613**	**126 378**

Total sales revenues of subsidiaries were approx. 63% higher in 2008 as compared to 2007 (before consolidation exclusions). The highest sales growth (by value) was recorded by Feber and Inter Cars Ukraine.

The gross profit on sales increased by 50% in the first half of 2008 as compared to the same period of the previous year. Higher growth rate of profit as compared to the pace of increase in sales revenues resulted from growth in the amount of **profit margin on sales** from 28.1% in 2007 up to 30.4% in 2008. Total in the first 1 half of the year 2008, in the result PLN 3,654 thousand were entered under positive foreign exchange differences.

The structure of **costs by type** has been presented in the chart below (cumulative data for two quarters):

	1st half-year	
('000)	**2008**	**2007**
Depreciation …………………………………………………………………………….	12 001	6 694
consumption of materials and energy ………………………………………………	9 072	4 730
external services ……………………………………………………………..	132 826	87 735
Including: Distribution services …………………………………………………………….	*89 758*	*60 056*
taxes and fees ……………………………………………………………..	1 300	273
Remuneration ……………………………………………………………..	37 649	19 996
Including: Costs of management option program ……………………………………	*449*	*1 665*
social security and other benefits …………………………………………………	8 974	4 193
other costs by type …………………………………………………………..	6 890	5 731
Total costs by type ……………………………………………………………..	**208 712**	**129 352**

Total **costs by type** in 2008 increased by 61.4% as compared to 2007. The increase in costs resulted from the merger with JC Auto S.A. and the increase in remuneration. After excluding the costs of distribution as well as the costs of management options, costs by type in 2008 were higher by approx. 75% as compared to 2007.

The costs of interest on account of bank credits, loans as well as financial lease amounted to PLN 12,403 thousand in the first half of 2008. In 2008, the result was reduced by PLN 4,274 thousand under negative exchange rate differences.

11. Dividend

No entity in the Group paid dividend in the first half of 2008.

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

12. Events which took place after the balance sheet date as at which the report was drawn up and which may significantly affect the issuer's future financial results

None

13. Contingent liabilities and sureties

Granted by Inter Cars S.A.:

Towards	**the duration**	**amount (thousands of PLN)**
Inter Cars Ceska Republika	31.12.2008	3 354
Inter Cars Ceska Republika and Inter Cars Slovenska Republika	31.12.2008	2 683
Feber Sp. z o.o.	30.12.2008	2 013
INTER CARS Hungária Kft	20.01.2016	3 790
Inter Cars d.o.o.	01.09.2008	60
Inter Cars d.o.o.	01.12.2008	33

Inter Cars d.o.o.	02.02.2009	66
Inter Cars d.o.o.	12.07.2009	39
Inter Cars Ukraine	for an indefinite period of time	67
		12 105

14. Stance of the Management Board concerning the possibility to realize earlier published forecasts of financial results for year 2008.

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

15. List of shareholders holding at least 5% of the total number of votes on General Meeting as at the day of approving publishing of this financial statement:

Shareholder	Number of shares	The total nominal value (PLN)	Share in share capital (%)	Share in the overall number of votes (%)
Krzysztof Oleksowicz	4 972 271	9 944 542	36,30%	36,30%
Andrzej Oliszewski	1 500 000	3 000 000	10,95%	10,95%
AIG Otwarty Fundusz Emerytalny	1 062 770	2 125 540	7,76%	7,76%
ING Otwarty Fundusz Emerytalny	745 342	1 490 684	5,44%	5,44%
Michał Oleksowicz	720 000	1 440 000	5,26%	5,26%

The Company did not receive other notifications of the status of owned shares until the approval of the financial statement.

16. Statement of changes in ownership of shares in Inter Cars S.A. or rights to them (options) by the issuer's executives and supervisors, in the period from submitting the previous quarterly report.

Supervisors and executives have total 7,198,405 shares, being 61% of votes at the General Meeting of Inter Cars.

Executives and supervisors do not have any shares or stock in subsidiaries of Inter Cars.

Management stock options program

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

The people participating in the Program will be able to take up no more than 472,000 shares in the period from 1 January 2007 to 31 December 2009. Tranches vary in terms of period in which the options can be exercised. For particular tranches the exercise period starts on 1 January 2007, 2008 and 2009. It ends, on the other hand, each time on 31 December 2009. According to the Regulations of the motivation program, a person participating in the program loses the right to exercise the option, upon leaving the Company.

The option exercise rate depends on the initial exercise rate, specified in the motivation program (PLN 24.81) and WIG index changes in relation to the initial value stated in the regulations (37,221.99 points). The exercise rate is increased / decreased by the percentage increase /decrease in the WIG index until the date of acquiring rights to exercise the option (for particular tranches,1 January 2007, 2008 and 2009, respectively).

So far, peoples participating in the Motivation Program acquired the right to take up 157 333 shares in Inter Cars at PLN 33.59 (1st tranche) and 157 333 shares at PLN 37.13 (2nd tranche) per share. In August, the rights to take up 10,000 F1 series shares (1st tranche) as well as 30,000 F2 series shares (2nd tranche) were exercised, which was announced to the public on 6 August 2008, in the form of the current report No. 106/2008.

17. Indication of the proceedings before a court, a competent authority for arbitration proceedings or a public administration authority

In 1st half of 2008, before a court or a public administration authority no proceedings were initiated concerning obligations or liabilities of the Company or subsidiaries, the total value of which is at least 10% of equity of Inter Cars S.A.

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

18. Transactions with related entities

Detailed data on the values of transactions in the first half-year of 2008 with subsidiaries have been presented in the table below:

Sales revenues	**1.01.2008-30.06.2008**	**1.01.2007 – 30.06.2007**
Inter Cars Ukraine	7 787	5 500
Q-Service Sp. z o.o.	0	2
Lauber Sp. z o.o.	945	886
Inter Cars Ceska Republika	10 621	8 126
Inter Cars Slovenska Republika	12 768	6 603
Feber Sp. z o.o.	930	953
Inter Cars Litwa	3 912	2 347
IC Development & Finance Sp. z o.o.	3	3
JC Auto s.r.l.	884	0
Inter Cars d.o.o.	3 501	0
JC Auto S.A.	394	0
INTER CARS Hungária Kft.	2 008	0
JC Auto s.r.o.	0	0
Armatus sp. z o.o.	0	0
	43 753	**24 420**

purchase of goods and services	**1.01.2008-30.06.2008**	**1.01.2007 – 30.06.2007**
Inter Cars Ukraine	0	0
Q-Service Sp. z o.o.	16 425	12 069
Lauber Sp. z o.o.	3 342	2 171
Inter Cars Ceska Republika	10 669	5 622
Inter Cars Slovenska Republika	51	56
Feber Sp. z o.o.	0	334
Inter Cars Litwa	286	120
IC Development & Finance Sp. z o.o.	20	12
JC Auto s.r.l.	644	0
Inter Cars d.o.o.	8	0
JC Auto S.A.	1 156	0
INTER CARS Hungária Kft.	0	0
JC Auto s.r.o.	25	0
Armatus sp. z o.o.	0	0
	32 626	**20 384**

receivables	**30.06.2008**	**30.06.2007**
Inter Cars Ukraine	20 477	13 384
Q-Service Sp. z o.o.	0	2
Lauber Sp. z o.o.	3 358	558
Inter Cars Ceska Republika	30 044	15 221
Inter Cars Slovenska Republika	7 551	6 554
Feber Sp. z o.o.	6 868	7 844
Inter Cars Litwa	7 082	2 467
IC Development & Finance Sp. z o.o.	4	3

JC Auto s.r.l……………………………………………………………………..	3 088	0
Inter Cars d.o.o………………………………………………………………	10 354	0
JC Auto S.A…………………………………………………………………...	3 485	0
INTER CARS Hungária Kft………………………………………………….	5 686	0
JC Auto s.r.o…………………………………………………………………..	7 071	0
Armatus sp. z o.o……………………………………………………………..	0	0
	105 068	**46 033**

liabilities	**30.06.2008**	**30.06.2007**
Inter Cars Ukraine	0	0
Q-Service Sp. z o.o.	9 658	3 146
Lauber Sp. z o.o.	660	241
Inter Cars Ceska Republika	13 633	1 505
Inter Cars Slovenska Republika...	183	76
Feber Sp. z o.o.	1	0
Inter Cars Litwa..	581	58
IC Development & Finance Sp. z o.o...	28	15
JC Auto s.r.l……………………………………………………………………..	578	0
Inter Cars d.o.o………………………………………………………………	8	0
JC Auto S.A…………………………………………………………………...	414	0
INTER CARS Hungária Kft………………………………………………….	324	0
JC Auto s.r.o…………………………………………………………………..	3 037	0
Armatus sp. z o.o……………………………………………………………..	0	0
	29 105	**5 041**

The Company concludes transactions with entities that are related to members of the Supervisory Board and of the Board of Directors and their family members. Value of transactions is presented in the chart below:

Sales revenues	**1.01.2008-30.06.2008**	**1.1.2007 – 30.06.2007**
Inter Cars s.j.	19	16
ANPO Andrzej Oliszewski	0	1
FASTFORWARD Maciej Oleksowicz	58	23
P.H. AUTO CZĘŚCI Krzysztof Pietrzak..	24	43
AK-CAR Agnieszka Soszyńska	321	119
BEST-CAR Justyna Pietrzak..	215	25
JCG sp.z o.o.	0	0
	637	**227**

purchase of goods and services	**1.01.2008-30.06.2008**	**1.1.2007 – 30.06.2007**
Inter Cars s.j.	138	430
ANPO Andrzej Oliszewski	71	80
BLE Maciej Oleksowicz...	151	118
P.H. AUTO CZĘŚCI Krzysztof Pietrzak..	831	858
AK-CAR Agnieszka Soszyńska	1 757	1 416
BEST-CAR Justyna Pietrzak...…….	956	350
JCG sp. z o.o………………………………………………………………….	8	0
	3 912	**3 252**

receivables	**30.06.2008**	**30.06.2007**
Inter Cars s.j.	24	0
ANPO Andrzej Oliszewski	0	0
BLE Maciej Oleksowicz...	4	8
P.H. AUTO CZĘŚCI Krzysztof Pietrzak..	12	34
AK-CAR Agnieszka Soszyńska	204	30
BEST-CAR Justyna Pietrzak..	100	5
JCG sp. z o.o.	0	0

	344	**77**

liabilities	**30.06.2008**	**30.06.2007**
Inter Cars s.j.	23	244
ANPO Andrzej Oliszewski	0	0
BLE Maciej Oleksowicz	0	0
P.H. AUTO CZĘŚCI Krzysztof Pietrzak	0	74
AK-CAR Agnieszka Soszyńska	190	223
BEST-CAR Justyna Pietrzak	66	60
JCG sp. z o.o.	0	0
	279	**601**

The object of the transaction between Inter Cars and Inter Cars Sp. Jawna (Krzysztof Oleksowicz, Andrzej Oliszewski, Jolanta Oleksowicz-Bugajewska) and ANPO Andrzej Oliszewski is rental of real estate. Real estate being the object of agreements is then rented to non-related parties (apart from the agreement with Feber) and is used for conducting distribution operations by the entities operating branches. The whole of purchases of Inter Cars Sp. Jawna and ANPO Andrzej Oliszewski was re-invoiced to non-related entities.

The object of the transaction between Inter Cars and BLE Maciej Oleksowicz and between Q-Service and BLE Maciej Oleksowicz is running a rally team Castrol Q-SERVICE headed by Maciej Oleksowicz and providing promotional services for the Companies during car rallies as well as providing consulting services concerning computer software.

The object of the transaction between Inter Cars and P.H. Auto CZĘŚCI Krzysztof Pietrzak, Inter Cars and AK-CAR Agnieszka Soszyńska, and between Inter Cars and BEST-CAR Justyna Pietrzak is settlement under share in the profit margin on sales by the above mentioned companies operating branches in Warsaw and Wyszków.

The total value of loans granted to subsidiaries amounted to PLN 48,966 thousand. . The total value of loans granted to Inter Cars by subsidiaries amounted to PLN 879 thousand.

19. Other information which, in the issuer's opinion, is essential for evaluation of its staff situation, property situation and financial situation and their changes and information that is crucial for evaluation of the possibility of realization of obligations by issuer

In the first half of 2008, there were no other essential factors affecting the assessment of the personnel, assets, financial position or the financial result.

20. Factors which, according to the issuer, will affect results achieved by them in the prospect of at least another quarter

The most important factors which, according to the Board of Directors, will affect the financial results in the third quarter of 2008 include:

- ✓ fluctuations in currency exchange rates, mainly EUR and USD, as compared to PLN;
- ✓ fluctuations in the demand reported by export customers, dependent, first of all, on political and legal conditions in Ukraine;
- ✓ fluctuations in interest rates which will affect the value of incurred financial costs by the value of interest on made credits;
- ✓ planned improvement in inventory turnover which should reduce the incurred financial costs through the reduction in the demand for financing warehouse stock;
- ✓ optimization of logistic processes related to cost reductions;
- ✓ growing recognition of the brand "Inter Cars" and attracting new customers and the resulting development of operating activities.

PART III

QUARTERLY SEPARATE FINANCIAL STATEMENT FOR THE SECOND QUARTER OF 2008

21. Balance sheet

(in thousands of PLN)	30.06.2008	31.12.2007	30.06.2007
ASSETS			
Fixed assets			
Tangible fixed assets	133 658	72 011	61 527
Intangible assets	152 635	7 000	443
Investment properties	2 660	11 145	0
Investments in associated companies	33 458	30 876	15 297
Available for sale investments	43	43	43
Receivables	51 959	31 192	2 668
Deferred tax assets	0	0	4 454
	374 413	**152 267**	**84 432**
Current assets			
Inventory	497 691	411 522	278 333
Receivables for services and other receivables	241 325	188 934	152 552
Income tax receivables	0	0	0
Prepayments	2 774	1 752	1 712
Cash and cash equivalents	16 271	13 173	12 959
	758 061	**615 381**	**445 556**
TOTAL ASSETS	**1 132 474**	**767 648**	**529 988**
LIABILITIES			
Equity capital			
Share capital	27 392	23 642	23 642
Reserve capital from the issue of shares above the face value	246 415	21 415	21 415
Supplementary capital	65 163	65 163	49 117
Supplementary capital from updated valuation	5 640	5 192	3 527
Retained result from previous years and the current year	65 054	47 095	45 482
	409 664	**162 507**	**143 183**
Long-term liabilities			
Liabilities due to credits, loans and finance lease	35 450	38 748	3 269
Provision for deferred income tax	8 474	1 077	4 054
	43 924	**39 825**	**7 323**
Short-term liabilities			
Liabilities due to deliveries and services and other liabilities	274 923	244 039	123 126
Liabilities due to credits, loans, debt securities and finance lease	388 627	304 737	245 405
Liabilities due to employee benefits	2 992	437	1 315
Liabilities due to income tax	4 069	8 727	6 202
Provisions	1 022	574	1 055
Short-term prepaid expenses	7 253	6 802	2 379
	678 886	**565 316**	**379 482**
TOTAL LIABILITIES	**1 132 474**	**767 648**	**529 988**

22. Profit and loss statement

(in thousands of PLN)	**1.01.2008 – 30.06.2008**	**1.04.2008 – 30.06.2008**	**1.01.2007 – 30.06.2007**	**1.04.2007 – 30.06.2007**
Sales revenue on sales of products, goods and materials	724 049	389 402	528 464	283 281
Cost of sold products, commodities, and materials	(513 924)	(279 220)	(382 876)	(204 364)
Gross profit on sales	**210 125**	**110 182**	**145 588**	**78 917**
Other operating revenue	12 073	3 259	3 960	2 333
General administrative and sales cost	(96 841)	(59 181)	(54 694)	(29 411)
Distribution service costs	(80 179)	(43 311)	(54 914)	(29 019)
Costs of management option program	(449)	(148)	(1 665)	(833)
Other operating costs	(5 699)	(816)	(2 915)	(1 349)
Operating profit	**39 030**	**9 985**	**35 360**	**20 638**
Financial revenue	2 513	1 665	589	292
Foreign exchange differences	(5 718)	(5 718)	599	254
Financial costs	(14 023)	(7 598)	(4 855)	(2 582)
Pre-tax profit	**21 803**	**(1 665)**	**31 693**	**18 602**
Income tax	(3 844)	656	(6 599)	(3 663)
Net profit	**17 959**	**(1 009)**	**25 094**	**14 939**
Profit per one share (PLN)				
- basic	1,31	(0,07)	2,12	1,26
- diluted	1,27	(0,07)	2,09	1,25

23. Changes in equity capital

for the period from 1 January 2008 to 30 June 2008

(in thousands of PLN)	Share capital	Supplementary capital on the sale of shares above the face value	Supplementary capital	Other supplementary capitals	Retained result from previous years and the current year	**Total**
As at 1 January 2008	**23 642**	**21 415**	**65 163**	**5 192**	**47 095**	**162 507**
Profit for the period	**0**	**0**	**0**	**0**	17 959	**17 959**
Issue of shares in connection with the merger with JC Auto	**3 750**	**225 000**	**0**	**0**	0	**228 750**
Establishment of supplementary capital in connection with realization of the management option program	0	0	0	448	0	**448**
As at 30 June 2008	**27 392**	**246 415**	**65 163**	**5 460**	**65 054**	**409 664**

for the period from 1 January 2007 to 30 June 2007

(in thousands of PLN)	Share capital	Supplementary capital on the sale of shares above the face value	Supplementary capital	Other supplementary capitals	Retained result from previous years and the current year	**Total**
As at 1 January 2007	**23 642**	**21 415**	**49 117**	**1 862**	**20 388**	**116 424**
Profit for the period	**0**	**0**	**0**	**0**	25 094	**25 094**
Establishment of supplementary capital in connection with realization of the management option program	0	0	0	1 665	0	**1 665**
As at 30 June 2007	**23 642**	**21 415**	**49 117**	**3 527**	**45 482**	**143 183**

24. Cash flow statement

(in thousands of PLN)	1.01.2008 – 30.06.2008	1.01.2007 – 30.06.2007
Cash Flow on operating activities		
Profit (loss) before taxation	21 803	31 693
Adjustment by items:		
Depreciation	10 761	5 862
Foreign Exchange Differences (Profit) / Loss	45	(20)
(Profit)/loss on sales of tangible fixed assets	(2 246)	(71)
Interest, net	10 137	3 896
Other net items	449	1 666
Operating profit before changes in working capital	**40 949**	**43 026**
Change in inventories	(83 471)	(70 475)
Changes in receivables	134 759	(36 810)
Change in short-term liabilities	14 110	27 362
Changes in accruals and prepayments	6 545	(649)
Cash generated on operation activities	**112 892**	**(37 546)**
Paid income tax	(11 025)	(1 457)
Net cash flow on operating activities	**101 867**	**(39 003)**
Cash Flow on investment activities		
Cash revenues on sales of tangible assets and intangibles	15 955	166
Value of intangible and fixed assets purchased	(20 383)	(3 655)
Purchase of interest in associated companies	(1 908)	(3 477)
Repayment of granted loans	9 401	6 816
Loans granted	(31 534)	(3 461)
Interest received	626	256
Net cash on investment activities	**(27 843)**	**(3 355)**
Cash Flow on financial activities		
Revenues under credits, loans and debt securities	(55 246)	51 541
Payments under financial lease contracts	(4 360)	(3 213)
Repayment of loans and credits	0	0
Interest paid	(11 821)	(4 272)
Dividend paid	0	0
Other net items	0	0
Net cash on financial activities	**(71 427)**	**44 056**
Change in cash and net cash equivalents	**2 597**	**1 698**
Cash and cash equivalents at the beginning of the period	**13 173**	**11 261**
Cash taken over from JC Auto	501	0
Cash and cash equivalents at the end of the period	**16 271**	**12 959**

Accounting principles

The accounting principles adopted by Inter Cars are the same as those adopted by the Group (described in item 7 of the Group's extended consolidated quarterly report) except for shares in subsidiaries which are valued at the historical cost less write-downs.