INTER CARS GROUP

Extended
Consolidated Quarterly Report
Q1 2009

TABLE OF CONTENTS

PART I

CONSOLIDATED FINANCIAL STATEMENTS FOR Q1 2009

1. The Inter Cars Group

Business Profile

The core business of the Inter Cars Group ("the Group" or "the Inter Cars Group") comprises import and distribution of spare parts for cars and other motor vehicles.

Registered Office of the Parent Undertaking

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

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

Contact Data

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relacje.inwestorskie@intercars.com.pl
www.intercars.com.pl

Supervisory Board

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

Management Board

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

Auditor

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

Inter Cars' Subsidiary Undertakings Included in Consolidation as at March 31st 2009

Inter Cars Ukraina
29009 Khmelnytsky, Tolstogo 1/1
Ukraine

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

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

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

SMiOC FRENOPLAST Bułhak i Cieślawski S.A.
Korpele 75, 12-100 Szczytno
Poland

Feber Sp. z o.o.
ul. Powsińska 64, 02-903 Warsaw
Poland

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

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 Warsaw
Poland

Armatus Sp. z o.o.
ul. Burakowska 60, 01-794 Warsaw
Poland

Inter Cars Hungária 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
The Czech Republic

Inter Cars Romania s.r.l.
Calea Baciului 87, 400230 Cluj-Napoca
Romania

Listing

Shares of Inter Cars S.A. (the Parent Undertaking) are listed in the continuous trading system at Giełda Papierów Wartościowych w Warszawie S.A.

inter cars
części do samochodów

JC AUTO

2. Financial and Operational Highlights of the Inter Cars Group

(unaudited data; PLN '000)

	Q1		
	2009	2008	2009
	PLN	PLN	EUR
Information on growth and profit			
Sales margin	42.0%	30.6%	
EBITDA	52,867	40,074	11,245
EBITDA margin	12.1%	10.1%	
Basic earnings per share	1.25	1.66	0.27
Diluted earnings per share	1.24	1.61	0.27
Operating profit (loss)	45,670	34,934	9,930
Net profit (loss)	17,480	22,026	3,800
Statement of financial position *(at end of period)*			
Balance-sheet total	1,259,758	1,212,084	270,086
Loans, borrowings, financed lease liabilities	533,142	515,198	113,403
Equity attributable to owners of the parent	438,031	415,262	93,172
Cash flows			
Net cash provided by (used in) operating activities	21,343	76,425	4,640
Net cash provided by (used in) investing activities	4,292	(1,300)	933
Net cash provided by (used in) financing activities	(6,404)	(59,344)	(1,392)
Employment and number of branches			
Number of employees			
Parent undertaking	1,200	1,240	
Subsidiary undertakings	738	657	
Branches			
Parent undertaking	119	115	
Subsidiary undertakings	51	39	

3. Statement of Financial Position

(PLN '000)	Mar 31 2009	Dec 31 2008	Mar 31 2008
ASSETS			
Non-current assets			
Property, plant and equipment	177,157	180,646	162,720
Investment property	58,540	57,328	36,891
Intangible assets	157,283	158,632	133,486
Investments in related undertakings	3,860	3,721	97
Investments available for sale	43	43	43
Receivables	5,300	4,547	2,499
Prepayments	1,568	1,453	556
Deferred tax asset	215	289	8,364
	403,966	**406,659**	**344,656**
Current assets			
Inventories	593,914	588,205	617,743
Trade and other receivables	213,830	203,106	197,901
Income tax receivable	566	529	-
Prepayments	3,369	2,511	13,303
Cash and cash equivalents	44,113	24,882	38,481
	855,792	**819,233**	**867,428**
TOTAL ASSETS	**1,259,758**	**1,225,892**	**1,212,084**

EQUITY AND LIABILITIES	Mar 31 2009	Dec 31 2008	Mar 31 2008
Share capital	27,472	27,472	27,392
Share premium account	247,785	247,785	249,409
Statutory reserve funds	104,595	104,595	66,426
Other capital reserves	5,935	5,935	5,497
Currency translation differences	2,124	1,538	(3,258)
Retained earnings and current year profit	50,120	33,363	69,796
Equity attributable to owners of the parent	**438,031**	**420,688**	**415,262**
Minority interests	**(1,354)**	**(2,078)**	**636**
Total equity	**436,677**	**418,610**	**415,898**
Non-current liabilities			
Long-tem loans, borrowings and financed lease liabilities	108,519	113,007	83,876
Deferred tax liability	8,606	11,126	6
Provisions	109	18	7,547
Non-current accruals and deferred income	-	-	-
	117,234	**124,151,**	**91,429**
Current liabilities			
Trade and other payables	259,929	241,212	252,735
Short-tem loans, borrowings and financed lease liabilities	424,624	424,704	431,322
Employee benefits	8,544	2,560	3,048
Income tax expense	-	-	10,096
Provisions	1,378	1,144	3,997
Current accruals and deferred income	11,372	13,511	3,559
	705,847	**683,131**	**704,757**
TOTAL EQUITY AND LIABILITIES	**1,259,758**	**1,225,892**	**1,212,084**

4. Statement of Comprehensive Income (unaudited)

(PLN '000)	**Jan 1 – Mar 31 2009**	**Jan 1 – Mar 31 2008**
Sales revenue	437,363	394,030
Cost of sales	(251,514)	(273,063)
Gross profit on sales	**185,849**	**120,967**
Other operating income	-	10,127
Selling costs, general and administrative expenses	(73,137)	(51,323)
Cost of distribution services	(60,657)	(36,868)
Cost of management stock option plan	-	(301)
Other operating expenses	(6,385)	(7,668)
Operating profit...............................	**45,670**	**34,934**
Financial income	429	1,332
Foreign exchange gains/(losses)	(16,525)	-
Financial expenses	(7,333)	(8,379)
Profit/(loss) on interests in associated undertakings…………………………..	138	-
Profit before tax	**22,379**	**27,887**
Corporate income tax.........................	(4,899)	(5,861)
Net profit	**17,480**	**22,026**
Attributable to:		
owners of the parent	16,756	22,671
minority interests...............................	724	(645)
	17,480	**22,026**
Earnings per share (PLN)		
- basic	1.25	1.66
- diluted	1.24	1.61

5. Statement of Changes in Consolidated Equity (unaudited)

For the period from January 1st to March 31st 2009

(PLN '000)	Share capital	Share premium account	Statutory reserve funds	Currency translation differences	Other capital reserves	Retained earnings and current year profit	**Equity attributable to owners of the parent**	Minority interests	**Total equity**
As at January 1st 2009	**27,472**	**247,785**	**104,595**	**1,538**	**5,935**	**33,363**	**420,688**	**(2,078)**	**418,610**
Profit for period	-	-	-	-	-	16,757	**16,757**	724	**17,481**
Currency translation differences	-	-	-	586	-	-	**586**	-	**586**
As at March 31st 2009	**27,472**	**247,785**	**104,595**	**2,124**	**5,935**	**50,120**	**438,031**	**(1,354)**	**436,677**

For the period from January 1st to March 31st 2008

(PLN '000)	Share capital	Share premium account	Statutory reserve funds	Currency translation differences	Other capital reserves	Retained earnings and current year profit	**Equity attributable to owners of the parent**	Minority interests	**Total equity**
As at January 1st 2008	**23,642**	**21,415**	**65,686**	**(1,928)**	**5,192**	**53,327**	**167,334**	**1,151**	**168,485**
Profit for period	-	-	-	-	-	22,026	**22,026**	-	**22,026**
Share of minority interests in profit for period	-	-	-	-	-	515	**515**	(515)	**-**
Share issue in connection with merger with JC Auto	3,750	227,994	-	-	4	(5,333)	**226,415**	-	**226,412**
Capital reserve created in connection with implementation of management stock option plan	-	-	-	-	301	-	**301**	-	**301**
Distribution of retained earnings – transfer to statutory reserve funds	-	-	740	-	-	(740)	**-**	-	**-**
Currency translation differences	-	-	-	(1,330)	-	-	**(1,330)**	-	**(1,330)**
As at March 31st 2008	**27,392**	**249,409**	**66,426**	**(3,258)**	**5,497**	**69,796**	**415,262**	**636**	**415,898**

6. Consolidated Statement of Cash Flows (unaudited)

(PLN '000)	Jan 1 – Mar 31 2009	Jan 1 – Mar 31 2008
Cash flows from operating activities		
Profit before tax	22,379	27,888
Total adjustments, including:		
Depreciation and amortisation	7,197	5,140
Foreign exchange (gains)/losses	(6,074)	147
(Gain)/loss on disposal of property, plant and equipment	(34)	(4,550)
Net interest	6,897	4956
(Profit)/loss on revaluation of investment property	(6,866)	-
Other adjustments, net	583	(6,820)
Operating profit before changes in working capital	**24,082**	**26,761**
Change in inventories	(15,709)	(131,407)
Change in receivables	(11,603)	148,824
Change in current liabilities	39,623	48,927
Change in accruals and deferrals	6,613	(10,836)
Cash generated by operating activities	**43,006**	**82,269**
Corporate income tax paid	(21,663)	(5,844)
Net cash provided by (used in) operating activities	**21,343**	**76,425**
Cash flows from investing activities		
Sale of intangible assets and property, plant and equipment	34	-
Acquisition of intangible assets and property, plant and equipment	4,102	966
Acquisition of equity interests in associated undertakings	(139)	-
Repayment of loans advanced	34	794
Loans advanced	-	(3,085)
Interest received	261	25
Net cash provided by (used in) investing activities	**4,292**	**(1,300)**
Cash flows from financing activities		
Increase in loans, borrowings and debt securities	2,828	(48,947)
Interest paid	(7,103)	(1,256)
Decrease in financed lease liabilities	(2,129)	(5,122)
Dividends	-	(4,019)
Net cash provided by (used in) financing activities	**(6,404)**	**(59,344)**
Change in cash resulting from foreign exchange gains/(losses)	-	(147)
Net change in cash and cash equivalents	**19,231**	**15,781**
Cash and cash equivalents at beginning of period	**24,882**	**22,847**
Cash and cash equivalents at end of period	**44,113**	**38,481**

7. Key Accounting Policies Applied by the Inter Cars Group

Basis of Accounting

These consolidated financial statements of the Inter Cars Group (the "financial statements") were prepared in accordance with the International Financial Reporting Standards endorsed by the European Union.

In these consolidated financial statements for the three-month period ended March 31st 2009, the Group applied all relevant International Financial Reporting Standards endorsed by the European Union which are effective for periods starting on January 1st 2009, as well as the standards which took effect prior to March 31st 2009.

The standards also include International Accounting Standards (IAS) and Interpretations issued by the Standing Interpretations Committee and the International Financial Reporting Interpretations Committee **(**IFRIC**)**.

These consolidated financial statements were prepared in accordance with IAS 34 *Interim Financial Reporting*, with the same principles applied to the current and comparable periods.

These consolidated financial statements were prepared on a going concern basis and based on the conviction that there are no circumstances indicating any threat to the Group continuing as a going concern.

All amounts presented in these financial statements are expressed in thousands, unless stated otherwise.

The presented accounting policies have been adopted by all undertakings belonging to the Group.

These consolidated financial statements were approved for publication by the Management Board on April 20th 2009.

Foreign Currency Translations

(a) Presentation and Functional Currencies

All amounts in these consolidated financial statements are stated in thousands of Polish złoty ("PLN") rounded off to the nearest full number. The Polish złoty is the functional currency of Inter Cars, Feber, Lauber, Q-Service, Armatus Sp. z o.o. and IC Development & Finance, whereas the functional currency of 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 Hungária Kft – HUF, for Inter Cars d o.o. – HRK, for JC Auto S.A. (Belgium), JC Auto s.r.l. and 5 Sterne Fahrwerkstechnik GmbH – EUR, for Inter Cars Romania s.r.l. – RON and for Inter Cars Lietuva – LTL.

The profit/(loss), assets and financial position of the undertakings which do not have PLN as their functional currency are translated into PLN in the following manner:

- assets and liabilities included in each statement of financial position are translated into PLN at the closing exchange rate as at the end of a given reporting period,
- income and expenses included in each statement of comprehensive income are translated into PLN at average exchange rates for a given period,
- the resultant foreign exchange gains and losses are disclosed as a separate item of equity.

(b) Foreign Exchange Gains and Losses

Transactions denominated in foreign currencies are recognised after translation at the exchange rate prevailing on the transaction date. Gains or losses arising from the settlement of such transactions and from valuation of monetary assets and liabilities as at the end of the reporting period (at the mid exchange rate for a given foreign currency quoted on that date) are recognised in the statement of comprehensive income, while foreign exchange gains or losses arising from the settlement are charged against costs of products, goods for resale and materials sold, and other foreign exchange gains or losses are disclosed as a separate item.

Basis of Consolidation

(a) Subsidiary Undertakings

Subsidiary undertakings are the undertakings controlled by the Parent Undertaking. Control is understood as the power to govern, whether directly or indirectly, the financial and operational policies of an undertaking in order to derive benefits from its operations. The degree of control is assessed taking into account the influence conferred by the existing and potential voting rights that can be exercised or converted as at the end of the reporting period.

The accounts of a subsidiary undertaking are included in the consolidated financial statements starting from the day when the Parent Undertaking assumes control over the undertaking, and cease to be consolidated when the control is lost.

(b) Associated Undertakings

Associated undertakings are the undertakings over which the Significant Investor exerts significant influence. The initial value of the interest is subject to revaluation as at the end of the reporting period (at which the consolidated financial statements are prepared) to reflect changes in the net asset value of a given subordinated undertaking that occurred in the reporting period, resulting from both the net profit (loss) adjusted for the period's goodwill or negative goodwill charge, and any other changes, including those resulting from settlements with the Significant Investor.

(c) Consolidation Adjustments

Balances of settlements between the Group's undertakings, intra-Group transactions and all related unrealised gains or losses and the Group's income and expenses, are eliminated on consolidation. Unrealised gains on transactions with associated and jointly-controlled undertakings are eliminated from the consolidated financial statements pro rata to the value of the Group's equity interest in those undertakings. Unrealised losses are eliminated in accordance with the same rule, as long as there is no sign of impairment.

Property, Plant and Equipment

Property, plant and equipment are valued at acquisition or production cost, less accumulated depreciation charges and impairment losses. Land is not depreciated.

Property, plant and equipment include own assets, leasehold improvements, tangible assets under construction and third-party tangible assets used by the Group (where the underlying agreement transfers substantially all the potential benefits and risks of ownership to the Group), and comprise assets which are used for the purposes of supply of goods or provision of services, for administrative purposes, or to be leased to third parties, and which are expected to be used for more than one year.

Acquisition or production cost comprises the cost incurred to purchase or produce an item of property, plant and equipment, including capitalised interest accruing until the date on which a given asset is placed in service. Subsequent expenditure is added to the carrying value of an asset when it is probable that future economic benefits will flow to the Group. Costs of day-to-day maintenance of property, plant and equipment are expensed as incurred.

Acquisition or production cost of an item of property, plant and equipment comprises acquisition price, including import duties and non-refundable taxes on the acquisition, less any discounts and rebates, any other costs directly attributable to bringing the item to a place and condition enabling its use in accordance with the management's intentions, as well as the estimated costs of its dismantling, removing and restoring the site, which the Company is obliged to incur.

Property, plant and equipment, except for tangible assets under construction and land, are subject to depreciation. Depreciation charges are calculated using the acquisition or production cost less the residual value of an asset, based on the length of its useful life as assumed and periodically revised by the Company, beginning from the moment when the asset is available to be placed in service until the earlier of: the day when the asset is classified as available for sale, it is derecognised from the statement of financial position, its residual value is higher than its carrying value, or it is fully depreciated. Items of property, plant and equipment are depreciated using the straight-line method over the following periods:

Buildings and leasehold improvements	10–40 years
Plant and equipment	3–16 years
Vehicles	5–7 years
Other	1–5 years

If there occur any circumstances indicating a possible impairment of value, an asset is tested for impairment. For this purpose, the smallest groups of assets that generate cash flows independently of other assets (cash generating units) are identified. If the test reveals that the carrying value of an item of property, plant and equipment is lower that its recoverable value, an impairment loss is recognised up to the amount of the recoverable value.

Gains or losses arising from derecognition of an item of property, plant and equipment are calculated as a difference between net proceeds from disposal and the carrying value of the asset, and are included in the statement of comprehensive income under income or expenses, as appropriate.

Goodwill

Goodwill acquired in a business combination is initially recognised at its cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

After initial recognition, goodwill is recognised at cost less any accumulated impairment losses. Tests for impairment are performed annually or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is not amortised.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination. Each unit or group of units to which goodwill is allocated:

- represents the lowest level within the Group at which goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with IAS 14 *Segment reporting*.

An impairment loss is determined through the estimation of the recoverable amount of the cash-generating unit to which goodwill has been allocated. An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less then the carrying amount of the unit. If goodwill has been allocated to a cash-generating unit and the entity disposes of a part of operations within that unit, the goodwill associated with the operations disposed of is included in the carrying amount of the operations when determining the gain or loss on disposal. In such a situation the sold goodwill is measured on the basis of the relative values of the operations disposed of and the portion of the cash-generating unit retained.

Intangible assets

Identifiable non-monetary assets without physical substance, whose acquisition or production cost can be estimated reliably and which will probably bring future economic benefits to the Company attributable directly to a given asset are recognised as intangible assets. Intangible assets with definite useful lives are amortised over their useful lives, starting from the day when a given asset is available to be placed in service. They cease to be amortised at the earlier of: the day when a given intangible asset is classified as available for sale (or included in a group of assets that are to be disposed of, classified as available for sale) in accordance with IFRS 5 "Non-Current Assets Available for Sale and Discontinued Operations", or the day when the asset is derecognised, or when it is fully amortised. The value of an intangible asset for amortisation is determined by deducting its residual value.

Brand names and relations with suppliers

Brand names and relations with suppliers acquired through an acquisition or business combination are initially recognised at acquisition cost. The acquisition cost of brand names and relations with suppliers acquired through mergers is equal to their fair value as at the merger date.

Following initial recognition, brand names are measured at acquisition cost less cumulative impairment losses. Brand names are tested for impairment once a year or more frequently if there is any indication of impairment. Corporate trade marks acquired through the merger with JC Auto S.A. are not amortised as their useful life is indefinite.

Following initial recognition, relations with suppliers are measured at acquisition cost less amortisation and impairment losses, if any. Relations with suppliers acquired through the merger with JC Auto S.A. are amortised over a twelve-year period, corresponding to their useful lives.

Computer Software

Software licences are valued at the cost of their acquisition cost plus the cost of bringing them to working condition.

Costs associated with development and maintenance of computer software are disclosed under expenses of the period in which they are incurred. Costs related directly to the production of unique computer software for the Group, which will probably yield economic benefits exceeding costs beyond one year, are disclosed under intangible assets and amortised over their useful lives, however not longer than for the term of the agreement.

Investment Property

Investment property comprises property generating rent income, property held with a view of to realising benefits from the appreciation of its value, or both, which is not used in the Company's operations and is not to be sold in the ordinary course of the Company's business. Initially, investment property is valued at acquisition cost, including transaction costs. Following initial recognition, it is recognised at fair value, while any gains or losses on changes in the fair value of investment property are charged to the statement of comprehensive income in the period in which they originated.

Assets are transferred to investment property only when there is a change in their use and the criteria for recognition of property under investment property are met. The Company applies the principles described in section "Property, Plant and Equipment" to such property until the day of change in its use. Any difference between the fair value of the property as at that day and its previous carrying value is recognised in capital reserve.

Property is transferred from investment property only if there is a change in its use, confirmed by the start of its occupancy for the purposes of the Company's operations or start of its adaptation for intended sale.

If property is transferred from investment property to property used in the Company's operations or to inventories, the cost of the property adopted in order to recognise it in a different asset category is equal to the fair value of the property determined as at the day of the change in use.

Impairment of Assets

Financial Assets

An impairment loss on a financial asset is recognised if there is objective evidence of impairment as a result of one or more events which may have an adverse impact on future cash flows related to a given financial asset.

The amount of an impairment loss on a financial asset measured at amortised cost is estimated as the difference between the asset's carrying amount and the present value of the future cash flows, discounted using the original effective interest rate. Impairment losses on financial assets available for sale are computed by reference to the assets' present fair value.

As at the end of each reporting period, it is assessed whether objective evidence of impairment exists for financial assets that are deemed material individually. Other financial assets are divided into groups with similar credit risk and assessed for impairment collectively.

Impairment losses are recognised in the statement of comprehensive income. If a decrease in the fair value of financial assets available for sale was recognised directly in the revaluation capital reserve, accumulated losses, previously recognised in the revaluation capital reserve, are recognised in the statement of comprehensive income.

Impairment losses are reversed if a subsequent increase in the recoverable value can be objectively attributed to an event occurring after the impairment recognition date. Impairment losses related to investments in equity instruments classified as available for sale are not reversed through profit or loss. If the fair value of debt instruments classified as available for sale increases and the increase can be objectively attributed to an event occurring after the impairment recognition date, the previously recognised impairment loss is reversed with the reversal amount disclosed in the statement of comprehensive income.

Non-Financial Assets

The carrying value of non-financial assets other than investment property, inventories and deferred tax asset is tested for impairment as at the end of each reporting period. If the Company has a reason to suspect that a given asset's value has been impaired, it estimates its recoverable amount. The recoverable amount of goodwill, intangible assets with indefinite useful lives and intangible assets which are not yet ready for use is established as at the end of each reporting period.

An impairment loss is recognised when the carrying value of an asset or a cash-generating unit is higher than its recoverable amount. A cash-generating unit is the smallest identifiable group of assets which generates cash inflows that are largely independent of the cash flows from other assets or groups of assets. Impairment losses are recognised in profit or loss. Impairment of a cash-generating unit is initially recognised as a decrease in goodwill allocated to that cash-generating unit (a group of cash-generating units), and subsequently as a decrease in the carrying value of the other assets belonging to that cash-generating unit (a group of cash-generating units) on a pro-rata basis.

The recoverable amount of assets or cash-generating units is the higher of their net realisable value and their value in use. Value in use is calculated by discounting estimated future cash flows with a pre-tax interest rate that reflects current market assessments of the time value of money and the risks specific to the asset. In the case of assets which do not generate independent cash flows, value in use is estimated for the smallest identifiable cash-generating unit to which the asset belongs.

Impairment losses on goodwill are not reversible. As far as other assets are concerned, as at the end of each reporting period impairment losses recognised in prior periods are reviewed to determine if there is any evidence that they no longer exist or have decreased. An impairment loss recognised in prior periods is reversed if the estimates used to determine the asset's recoverable amount have changed. An impairment loss is reversed only up to the carrying amount of the asset (net of amortisation and depreciation) that would have been disclosed had no impairment loss been recognised.

Financial Instruments

Financial instruments are classified into the following categories: (a) financial instruments held to maturity, (b) loans and receivables, (c) financial assets available for sale, (d) financial instruments measured at fair value through profit or loss.

Financial instruments are classified into the above categories depending on the purpose for which they were purchased. As at the end of the reporting period financial instruments are revaluated and, if needed, reclassified.

Financial instruments are initially recognised at their fair value, which in the case of investments not classified as measured at fair value through profit or loss also includes transaction costs directly attributable to the acquisition or issue of the investment asset.

Financial instruments are derecognised if the rights to receive economic benefits and the risks associated with such benefits expire or are transferred to third parties.

The fair value of financial instruments which are traded on an active market is determined by reference to the closing price on the last day of trading before the end of the reporting period.

The fair value of financial instruments which are not traded on an active market is determined using valuation methods, including by reference to the market value of another instrument traded on an active market with substantially the same features, based on the expected cash flows, or option valuation models taking into account company-specific circumstances.

As at the end of the reporting period the Group determines whether there is objective evidence of impairment of an asset or a group of assets.

(a) Financial Instruments Held to Maturity

Financial instruments held to maturity are financial assets other than derivatives, with fixed or determinable payments and fixed maturities, which the Group intends and is able to hold to maturity, excluding financial assets classified as financial instruments measured at fair value through profit or loss, investments available for sale and loans and receivables.

Assets which will be sold within 12 months following the end of the reporting period are disclosed under current assets.

Investments held to maturity are measured at amortised cost using the effective interest rate.

(b) Loans and Receivables

Loans and receivables are financial assets other than derivatives, with fixed or determinable payments and fixed maturities, which are not traded on an active market, resulting from payments, delivery of goods or performance of services for the benefit of a debtor without an intention to classify such receivables as financial assets measured at fair value through profit or loss. Loans and receivables are disclosed under current assets, except for those maturing in over 12 months following the end of the reporting period.

Trade and other receivables are measured at amortised cost using the effective interest rate, less valuation allowances for doubtful receivables, made on the basis of an analysis of the maturity structure of the receivables. Valuation allowances reflect the expected time and probability of payment of receivables.

(c) Financial Assets Available for Sale

Financial assets available for sale are financial assets other than derivatives, which have been designated as available for sale or have not been classified to the (a) or (b) category described above. Financial assets available for sale are disclosed under current assets if they are intended to be sold within 12 months following the end of the reporting period. Financial assets available for sale are measured at fair value, except for investments in equity instruments which are not traded on an active market and whose fair value may not be measured reliably.

Gains or losses from revaluation of financial assets available for sale are disclosed as a separate item of equity until such financial assets are sold or their value is impaired, at which point the accumulated gains or losses previously disclosed under equity are posted to the statement of comprehensive income. Impairment losses disclosed in the statement of comprehensive income and related to equity instruments are not reversible in correspondence with the statement of comprehensive income. Reversal of an impairment loss on debt instruments is disclosed in the statement of comprehensive income if in the periods following recognition of the impairment loss the fair value of the instruments increases as a result of events subsequent to the recognition date.

(d) Financial Instruments Measured at Fair Value through Profit or Loss

An instrument is classified as one to be measured at fair value through profit or loss if it is held for trading or is classified as such at the time of its initial recognition. Financial instruments are classified as instruments measured at fair value through profit or loss if the Group actively manages such positions and makes decisions concerning their purchase or sale based on their fair value. Following initial recognition, the transaction costs related to the investments are charged to the statement of comprehensive income at the time they are incurred. All gains and losses on such investments are disclosed in the statement of comprehensive income

The fair value of financial instruments classified as measured at fair value through profit or loss or available for sale is their current bid price as at the end of the reporting period.

Leases

a) The Group as a Lessee

Property, plant and equipment used under financed lease agreements, which transfer to the Group substantially all the risks and benefits resulting from ownership of the assets, are carried at the lower of the fair value of the assets or the present value of the minimum future lease payments. Lease payments are apportioned between financial expense and reduction of the outstanding lease obligation so as to achieve a constant rate of interest in particular periods on the remaining balance of the liability. Financial expenses are recognised directly in the statement of comprehensive income. If there is no reasonable probability that ownership of the asset will be acquired as at the end of the lease term, assets used under financed lease agreements are depreciated over the shorter of the lease term or the useful life. In other cases, property, plant and equipment are depreciated over their useful lives.

Lease agreements under which substantially all the risks and benefits resulting from ownership of the assets remain with the lessor are disclosed as operating lease agreements. The cost of lease payments is recognised on a straight-line basis in the statement of comprehensive income over the lease term.

(b) The Group as a Lessor

Income from operating leases is recognised on a straight-line basis in the statement of comprehensive income over the period provided for in the relevant lease agreement. Leased assets are carried in the statement of financial position and depreciated in line with the deprecation procedures followed in the case of similar asset categories.

Inventories

Inventories are recognised at the lower of their acquisition (production) cost or net realisable value. The cost of inventories includes all costs of acquisition and processing as well as all other costs incurred in order to bring inventories to their present location and condition.

The acquisition or production cost is determined using the FIFO method, which assumes that sales are made from the oldest available goods.

Finished goods and work-in-progress are valued based on the costs of designing work, direct materials and labour costs and an appropriate mark up of indirect production costs, calculated on the basis of normal production capacity, net of the costs of contracted loans and borrowings.

The amounts of discounts and price concessions as well as other payments depending on the purchase volume reduce the purchase price regardless of the date on which they are actually granted, provided that their receipt is probable.

Net realisable value is recognised in the amount of the estimated selling price that could be obtained in the ordinary course of business, less any estimated cost of finishing the inventories and costs to sell.

The value of inventories is reduced by valuation allowances made when the net realisable value (net price less discounts, price concessions and selling costs) is lower than the relevant acquisition (production) cost, determined separately for each line of inventories.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and cash at banks, as well as term deposits and short-term securities maturing within three months.

Share Capital

Share capital is disclosed in the amount specified in the Company's Articles of Association and entered in the court register. The Group's share capital represents the share capital of the Parent Undertaking, Inter Cars S.A.

Share premium account is disclosed as a separate item under equity.

Costs of share issue are charged against the capital..

Loans and Borrowings

Loans and borrowings are initially recognised at acquisition cost, equal to their respective fair values.

In subsequent periods, loans and borrowings are measured at amortised cost using the effective interest rate, the determination of which includes cost of contracting a loan as well as discounts and bonuses granted at the time of the liabilities settlement.

Provisions

A provision is recognised when an entity has a present obligation (whether legal or constructive) resulting from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Revenue

Revenue is recognised at the fair value of economic benefits (whether received or receivable) whose amount can be estimated reliably.

(a) Revenue on Sales of Goods for Resale and Products

Revenue is recognised if:

- the entity has transferred to the buyer the significant risks and benefits of ownership of the goods,
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods, products and services sold,
- the amount of revenue can be measured reliably,
- it is probable that the economic benefits associated with the transaction will flow to the entity,
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is recognised net of VAT and taking into account any discounts granted.

Revenue on domestic sales is recognised at the time of supply of the goods for resale or products. Revenue on exports is recognised at the time of delivery of goods for resale or products to the buyer.

In the case of sales made through the network of affiliate branches with which the Company has signed cooperation agreements, sales revenue is recognised at the time the goods or products are released to the end customer.

(b) Revenue on Sales of Services

Revenue on sales of services is recognised by reference to the stage of completion of the transaction as at the end of the reporting period. The outcome of a transaction can be estimated reliably if all of the following conditions are met:

- the amount of revenue can be measured reliably,
- it is probable that the economic benefits associated with the transaction will flow to the entity,
- the stage of completion of the transaction as at the end of the reporting period can be measured reliably, and
- the costs incurred in connection with the transaction and the costs to complete the transaction can be measured reliably.

(c) Interest Income

Interest income is recognised as it accrues, using the effective interest rate, if the receipt of interest is probable and the amount of interest can be measured reliably.

(d) Dividend

Dividend income is recognised as at the dividend record date if it is probable that the dividend will be received.

Operating Expenses

Operating expenses are disclosed in the period to which they relate, in the amount of a probable reduction of the entity's economic benefits which can be measured reliably.

The costs charged to the Group by its affiliate branches as compensation for the sale of goods for resale performed on behalf of the Group is recognised in the period to which it relates.

Expense on the lease of office and warehouse space are recognised in the statement of comprehensive income in the period to which it relates. Re-invoiced amounts reduce the respective cost items at the Group's undertakings.

Financial Expenses

Financial expenses are charged to the statement of comprehensive income when incurred.

Corporate Income Tax

The current portion of corporate income tax is computed based on the profit for the period, determined in accordance with the applicable tax regulations. The total income tax is the aggregate of its current portion and deferred portion, determined with the balance-sheet method; the deferred income tax is recognised in connection with temporary differences between the values of assets and liabilities as disclosed in the accounting books and their respective values determined for tax purposes.

Deferred income tax is determined with use of the tax rates effective for the year in which a given tax obligation originated, based on the tax regulations applicable in the year in which the deferred tax asset and liability are settled.

Deferred tax asset is disclosed in the amount expected to be deducted from income tax due in the future, in connection with deductible temporary differences which will reduce the taxable income in the future and the deductible tax loss determined in accordance with the prudence principle.

Deferred tax liability is recognised in the amount of income tax to be paid in the future in connection with taxable temporary differences which will increase future taxable income.

Deferred tax asset and deferred tax liability are offset in the statement of financial position if the Group holds an exercisable right to offset corporate income tax receivable and payable and if the deferred tax asset and deferred tax liability refer to the corporate income tax levied on the same taxpayer by the same tax authority.

Share-Based Payments

As part of a programme providing for share-based payments the Group's employees have the right to acquire shares in the Parent Undertaking. The fair value of a stock option granted is disclosed as a separate item in the statement of comprehensive income as cost of management stock option plan, with a corresponding increase in equity. The fair value is measured as at the date of option granting and settled over the vesting period. The fair value of options is estimated with use of the binomial tree valuation, with due regard to the conditions on which the options have been granted. The amount charged to costs is adjusted to reflect the number of options outstanding at a given time, with the exception of a situation where the right to an option expires because the price of the underlying shares has not reached a vesting level.

Rights to participate in the appreciation of the value of the shares are granted to members of the Management Team. The fair value of the amounts payable to such persons is disclosed as cost, with a corresponding increase in liabilities. The fair value is initially measured as at the option grant date and settled over the vesting period. The fair value of the right to participate in the appreciation of the value of the shares is computed using the Black-Scholes Model, based on the assumed vesting dates and conditions on which the respective instruments have been granted. The valuation of the liability is reviewed as at each balance-sheet date and as at the settlement date. Any changes in the fair value of the liability are disclosed as personnel cost.

8. Consolidated Financial Statements

Consolidation for the period from January 1st to March 31st 2008

The consolidated financial statements comprised the accounts of the following undertakings (together: "the Group"):

- Parent Undertaking: Inter Cars S.A. of Warsaw,
- subsidiary undertakings: Inter Cars Ukraina, incorporated under the Ukrainian law, with registered office in Khmelnytsky, Ukraine (with Inter Cars S.A.'s 70% share in the undertaking's share capital), Lauber Sp. z o.o. of Słupsk (100%), Q-Service Sp. z o.o. of Warsaw (100%), Inter Cars Česká Republika of Prague (100%), Feber Sp. z o.o. of Warsaw (100%), Inter Cars Slovenska Republika of Bratislava (100%), Inter Cars Lietuva UAB of Vilnius (100%), IC Development & Finance Sp. z o.o. of Warsaw (100%), Armatus Sp. z o.o. of Warsaw (100%), JC Auto s.r.o. of Karvina-Darkom (100%), JC Auto Kereskedelmi Kft. of Budapest (100%), JC Auto S.A. of Brain-le-Chateau (100%), JC Auto d.o.o. of Zagreb (100%), JC Auto s.r.l. of Milan (99%; 1% stake is held by JC Auto s.r.o.), and 5 Sterne Fahrwerkstechnik GmbH of Berlin (100%).

Consolidation for the period from January 1st to March 31st 2009

The consolidated financial statements comprised the accounts of the following undertakings (together: "the Group"):

- Parent Undertaking: Inter Cars S.A. of Warsaw,
- subsidiary undertakings: Inter Cars Ukraina, incorporated under the Ukrainian law, with registered office in Khmelnytsky, Ukraine (with Inter Cars S.A.'s 70% share in the undertaking's share capital), Lauber Sp. z o.o. of Słupsk (100%), Q-Service Sp. z o.o. of Warsaw (100%), Inter Cars Česká Republika of Prague (100%), Feber Sp. z o.o. of Warsaw (100%), Inter Cars Slovenska Republika of Bratislava (100%), Inter Cars Lietuva UAB of Vilnius (100%), IC Development & Finance Sp. z o.o. of Warsaw (100%), Armatus Sp. z o.o. of Warsaw (100%), JC Auto s.r.o. of Karvina–Darkow (100%), Inter Cars Hungária Kft of Budapest (100%), JC Auto S.A. of Brain-le-Chateau (100%), Inter Cars d.o.o. of Zagreb (100%), JC Auto s.r.l. of Milan (99%; 1% stake is held by JC Auto s.r.o.), 5 Sterne Fahrwerkstechnik GmbH of Berlin (100%), Inter Cars Romania s.r.l. of Cluj-Napoca (100%), and SMiOC Fenoplast Bułhak i Cieślawski S.A. (49%).

9. Foreign Exchange Rates Used to Translate the Financial Figures for Q1 2009

All figures presented in these financial statements in EUR were translated at the following exchange rates:

	2009	**2008**
Rate prevailing on March 31st	4.7013	3.5258
Average rate for period January 1st – March 31st	4.5994	3.5574

The following rules were followed when translating the figures presented under the financial highlights in EUR '000:

- for the items of the statement of comprehensive income – the *average rate* was used, defined as the arithmetic mean of the rates prevailing on the last day of each month within the reporting period, as quoted by the National Bank of Poland;
- for the items of the statement of financial position – the *rate prevailing on March 31st* was used, that is the mid exchange rate for the euro prevailing on that date, as quoted by the National Bank of Poland;
- for the translation of the share capital – the mid exchange rates for the euro were used, as prevailing on the dates on which share capital increases following issues of consecutive share series were registered.

PART II

REPORT ON THE OPERATIONS OF THE INTER CARS GROUP

10. The Group's Operations, Consolidated and Non-consolidated Financial Results for Q1 2009 – Summary

Financial Results of the Inter Cars Group

- The Group recorded an increase of more than 11% in sales revenue compared with the corresponding period of 2008, which was chiefly attributable to strong domestic demand and an increase in orders from abroad. Exports, understood as direct sales to foreign business partners, and sales to subsidiary undertakings went up by 8% year on year. The sales revenue growth was affected by a 60% drop in sales recorded by Feber. In aggregate, the distribution companies posted a 16% increase in sales revenue.
- Inter Cars' sales revenue generated in Poland accounted for approximately 74% of the Group's total sales revenue (after consolidation eliminations). The Polish market remains the key sales market for the Group.
- **While comparing the profitability in Q1 2009 and Q1 2008 it must be borne in mind that the comparable data for Q1 2008 does not include** (and cannot include due to accounting and formal reasons) **the operating costs of JC Auto for January and February 2008, which amounted to more than PLN 8m** (the merger was effected on the last day of February 2008)**. In addition, the Q1 2008 financial results were increased by more than PLN 4m on account of sale of real estate located at ul. Burakowska.**
- Gross profit on sales improved by 53% relative to Q1 2008. Faster increase in profit as compared with the increase in sales revenue can be explained by the rise in sales margin from 30.6% in 2008 to 42% in 2009.
- Cash generated by operating activities was PLN 43m.

A significant growth of the generated sales margin is due to higher selling prices of products, which in Q1 2009 were rising in correspondence with the increase of exchange rates, mainly EUR and USD.

Revenue went up in all geographical segments of the Group's operations, and the highest increase was posted by the subsidiaries in Lithuania – 100%, Slovakia – 83%, and Ukraine – 9%.

The table below sets forth the financial highlights of the Inter Cars Group for Q1 2009:

	Q1		
	2009	2008	2009
	PLN	PLN	EUR
Statement of comprehensive income *(for period)*			
Sales revenue	437,363	394,030	95,099
Gross profit (loss) on sales	185,849	120,967	40,407
Cost of management stock option plan	-	(301)	-
Net financial income/(expenses)	(23,429)	(7,047)	(5,094)
Operating profit (loss)	45,670	34,934	9,930
Net profit (loss)	17,480	22,026	3,800
Statement of financial position *(at end of period)*			
Cash and cash equivalents	44,113	38,481	9,383
Balance-sheet total	1,259,758	1,212,084	270,086
Loans, borrowings and financed lease liabilities	533,142	515,198	113,403
Equity attributable to owners of the parent	438,031	415,262	93,172
Minority interests	(1,354)	636	(288)
Other financial data			
Net cash provided by (used in) operating activities	21,343	76,425	4,640
Net cash provided by (used in) investing activities	4,292	(1,300)	933
Net cash provided by (used in) financing activities	(6,404)	(59,344)	(1,392)
Earnings per share	1.25	1.66	0.27
Sales margin	42.0%	30.6	
EBITDA margin	12.1%	10.1%	

Financial Results of Inter Cars S.A., the Parent Undertaking

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

('000)	Q1 2009 PLN	Q1 2008 PLN	Q1 2009 EUR
Statement of comprehensive income *(for period)*			
Sales revenue	387,516	334,647	84,254
Gross profit/(loss) on sales	155,180	99,943	33,739
Cost of management stock option plan	-	(301)	-
Net financial income/expenses	(20,591)	(5,577)	(4,477)
Operating profit/(loss)	40,622	29,045	8,832
Net profit/(loss)	15,567	18,968	3,385
Statement of financial position *(end of period)*			
Cash and cash equivalents	23,422	22,315	4,982
Balance-sheet total	1,240,102	1,139,939	282,086
Loans, borrowings and financed lease liabilities	509,649	493,725	108,406
Equity	422,479	413,535	89,864
Other financial data			
Net cash provided by (used in) operating activities	16,005	4,083	3,480
Net cash provided by (used in) investing activities	(19)	(3,997)	(4)
Net cash provided by (used in) financing activities	(5,344)	9,116	(1,162)
Earnings per share	1.16	1.38	0.25
Sales margin (1)	40.0%	29.9%	
EBITDA margin (2)	12.1%	10.0%	

Sales revenue in 2009 was **16% higher** than in the corresponding period of 2008. There is a positive trend of a consistent increase in revenues on a month-to-month basis. In March 2009, sales increased by over 37% relative to March 2008.

Gross profit on sales was **55% higher** compared with 2008. **Sales margin** went up to 40% in 2009 from 29.9% in 2007.

Cost of distribution services – share of an affiliate branch operator in the sales margin. The affiliate branch's sales margin is shared between the branch operator and Inter Cars on a 50/50 basis. The system of affiliate branches is based on the principle of entrusting the management of a distribution outlet (affiliate branch) to an external operator. Sales are effected on behalf of Inter Cars. The affiliate branches employ personnel and cover operating costs from their revenue which is their share in the margin on sales of goods. The share of particular branches in the margin is settled on a monthly basis. The Company provides its full range of goods with ensured availability, the IT system, organisational and logistics know-how and the brand's strong position. The branch operator contributes the knowledge of the local market and experienced personnel. The risk associated with the operations of a branch operator (affiliate branch) is borne by the operator, which – operating as a separate business – optimises its available resources.

Financial income and expenses include mainly interest income and expense. In particular in 2009, the Company's interest expense amounted to PLN 6,963 thousand. As at March 31st 2009, **liabilities under loans, borrowings, debt securities and financed leases** totalled PLN 509,649 thousand.

inter cars częśi do samochodów JC AUTO

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

Major Events with a Bearing on Current and Future Operations

- The favourable conditions in the sector of distribution of spare parts that continued over successive quarters, including in the first quarter of 2009, confirm that there is a significant distinction between the state of the distribution market (in which the Company operates) and the market of car manufacturers and components for car production. According to the Company's estimates, over the last 12 months Polish market of spare parts distribution grew by approx. 10%, while the market of car parts manufacturers shrank by 20% to 40%.
- The Company cooperates with the most extensive range of supplies, which protects it from potential problems of individual suppliers.
- The Company's liquidity situation is stable, which is attested to by the declarations of the officers of the Company's banks and their decisions to extend cooperation with the Company with respect to the existing financing, as reported by the Company in its current reports. Concurrently, the Company is working to change its financing structure (which would involve reducing the number of cooperating banks and extending the maturity dates of the loans).
- In the commentary to the financial figures for the fourth quarter of 2008 the Company stressed the effect of the volatility of foreign exchange on the reported figures. In the fourth quarter, the rapidly weakening Polish złoty distorted the image of the Company's operational efficiency. The Q4 2008 report contained estimates of the capacity to generate higher gross sales margin. Because the Company does not revalue its inventories, when the Polish złoty weakens, the market prices of goods purchased with foreign currencies increase proportionally to the changes in currency exchange rates. So the negative effect of the Polish złoty depreciation can be seen immediately, while the positive effect is spread in time over several consecutive months (which results from inventory turnover). In 2008, the highest EUR/PLN exchange rate was recorded on December 31st.
- The increase in the consolidated net profit for the first quarter of 2009 relative to the results for previous quarters of 2008 confirms the statement contained in the Q4 2008 report to the effect that the Group can generate a substantial margin. In the first quarter of 2009 it not only offset the negative effect of foreign exchange differences on the balance-sheet valuation of liabilities denominated in foreign currencies (weakening of the Polish złoty from EUR/PLN 4.17 to EUR/PLN 4.70), but also allowed the Group to earn substantial net profit.
- The consolidated EBITDA for the period of 12 months ended March 31st 2009 was PLN 94m. However, after the elimination of the effect of foreign exchange losses from the balance-sheet valuation of liabilities, the adjusted EBITDA was PLN 111m.
- The Company is taking further measures to optimise its costs. As a result, in the first quarter selling costs and general and administrative expenses fell by PLN 2m relative to the costs and expenses of the fourth quarter of 2008. At the same time, given free storage capacity at the facilities in Kajetany and Błonie, in order to use the logistics capacity available in those locations more effectively, a project was launched involving the provision of logistics services to external customers. In addition, the efforts aimed at reducing transport costs are drawing to an end, thanks to which the Group will be able to produce the announced synergies following from the merger with JC Auto in the area of logistics costs.
- The Group is continuing work on the optimisation of the inventory cycle. Inventories as at the end of March 2009 show a nearly 1% increase in their value relative to the end of December 2008, but this increase should be viewed in the context of the stocking up of summer tyres at the end of March, replacement of the inventories purchased at lower prices/exchange rates in the previous periods with inventories bought at higher prices, and the geographical expansion. The improvement in the inventory cycle is not implemented at the cost of limited availability, which is achieved thanks to good availability of products at the manufacturers of car parts.
- The decrease in the volume of goods traded in Poland and worldwide translates into lower demand for spare parts for trucks, which is most visible in the segment of trucks above 16 tonnes. In the first quarter, the Company recorded a nearly 5% drop in the revenue in the truck segment, whose share in total sales amounts to 12%.

- In the sector of truck manufacturers, the declines of global manufacturers' sales reach 70%. A strong decrease (by over 60%) in the revenue from sales of semi-trailers and trailers was recorded by Feber. We can see the first signs of an upturn, but this improvement will translate into higher demand for Feber products with a delay, due to a significant oversupply in the form of vehicles seized by lease companies.
- In the first quarter, the Company managed to improve its average collection period. There were no payment hold-ups. This is due to the fact that the Company's customers, motor vehicle repair shops, accept deferred payments for their services only to a very limited extent.
- The Company is consistent in its policy of geographical expansion in the area of Eastern and Central Europe. The CEE markets offer significant growth potential and higher net margins for the industry than the domestic market. In the first quarter of 2009, sales revenues of all foreign distribution companies were 54% higher year on year. In the first quarter of 2009, high year-on-year growth rates of sales denominated in the Polish złoty were recorded by Inter Cars Słowacja (83%), Inter Cars Lithuania and Inter Cars Croatia (growth rates of over 100%).
- Export sales have for many years been stable at approx. 25% of the Group's total sales revenue. In the export sales structure, the share of Ukraine is diminishing in favour of mainly Slovakia and the Czech Republic.

Business Segments

The Inter Cars Group's structure has been shaped by the strategy of geographical expansion adopted for 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 Inter Cars Romania s.r.l.) and development of projects supporting the Group's core business (Lauber Sp. z o.o., Feber Sp. z o.o., Q-Service Sp. z o.o., Armatus Sp. z o.o. and IC Development & Finance Sp. z o.o.).

As at March 31st 2009, the abovementioned undertakings were consolidated with the full method, excluding FRENOPLAST, which was consolidated with the equity method. Since December 31st 2008, the date of preparation of the most recently published Inter Cars Group's consolidated financial statements, i.e. the financial statements for the fourth quarter of 2008, no changes have occurred in the composition of the Group .

The Inter Cars Group's core business consists in the sale of spare parts and accessories for motor vehicles on ten main markets: Poland, Ukraine, Czech Republic, Slovakia, Lithuania, Croatia, Hungary, Belgium, Italy and Romania.

The basic reporting format applied by the Inter Cars Group with respect to its business segments is reporting by geographical segments determined according to the location of sales. A supplementary format is based in geographical segments classified according the location of customers.

Transactions between segments are executed at arms' length.

Business Segments

	Poland		Abroad		Exclusions		Consolidated	
	Jan 1 – Mar 31 2009	Jan 1 – Mar 31 2008	Jan 1 – Mar 31 2009	Jan 1 – Mar 31 2008	Jan 1 – Mar 31 2009	Jan 1 – Mar 31 2008	Jan 1 – Mar 31 2009	Jan 1 – Mar 31 2008
Segment's revenue from external customers:								
Sales	367,129	355,331	70,234	38,699	-	-	437,363	394,030
Total sales revenue	367,129	355,331	70,234	38,699	-	-	437,363	394,030
Operating profit/(loss)	44,094	32,816	4,168	1,296	(2,592)	822	45,670	34,934
Net financial expenses	(21,098)	(5,971)	(2,110)	(930)	(221)	(146)	(23,429)	(7,047)
Corporate income tax	(4,714)	(5,255)	(583)	(813)	398	207	(4,899)	(5,861
Net profit/(loss)	18,282	28,053	1,475	849	(2,415)	1,445	17,342	22,026
Segment's assets	1,571,469	1,281,441	198,790	117,315	(500,502)	(186,672)	1,269,757	1,212,084
Total assets	1,571,469	1,281,441	198,790	117,315	(500,502)	(186,672)	1,269,757	1,212,084
Segment's liabilities	973,978	832,818	324,284	110,118	(465,182)	(146,750)	833,080	796,186
Capital expenditure:								
- property, plant and equipment	*4,102*	*966*	-	-	-	-	*4,102*	*966*
- intangible assets	-	-	-	-	-	-	-	-
Depreciation and amortisation	6,458	4,610	739	530	-	-	7,197	5,140

12. Dividend

In Q1 2009, no dividend was distributed by Inter Cars S.A. or by any of its subsidiary undertakings.

13. Events Subsequent to the Balance-Sheet Date with a Potential Material Bearing on the Company's Future Financial Results

No such events occurred.

14. Contingent Liabilities and Sureties

issued by Inter Cars S.A.:

for the benefit of	valid until	amount (PLN '000)
Inter Cars Hungaria Kft.	Feb 20 2016	4,073
Lauber Sp. z o.o.	Sep 26 2011	197
Lauber Sp. z o.o.	Jun 30 2009	3,991
Feber Sp. zo.o.	Jun 30 2009	14,282
Inter Cars d.o.o.	Jul 12 2009	55
Inter Cars Ukraina	Nov 17 2009	4,701
Inter Cars Ukraina	Dec 31 2009	1,645
Inter Cars Ukraina	indefinite term	94
		29,039

15. The Management Board's Standpoint Regarding Possibility of Meeting the Previously Published Forecasts for 2009

The Inter Cars Group did not publish any financial forecasts.

16. List of Shareholders Holding 5% or More of the Total Vote as at the Date of Approving these Financial Statements for Publication

Name	No. of shares	Aggregate par value (PLN)	Share capital held (%)	Total vote held (%)
Krzysztof Oleksowicz	4,972,271	9,944,542	36.20%	36.20%
Andrzej Oliszewski	1,544,370	3,088,740	11.24%	11.24%
AIG OFE (Open-Ended Pension Fund)	1,062,770	2,125,540	7.74%	7.74%
ING OFE (Open-Ended Pension Fund)	745,342	1,490,684	5.43%	5.43%

By the date on which these financial statements were approved, the Company had not received any other shareholding notifications.

17. Overview of Changes in the Number of Shares and Rights to Shares (Options) in Inter Cars S.A. Held by the Company's Management and Supervisory Staff which Have Occurred since the Publication of the Previous Quarterly Report

The Company's supervisory and management staff hold in aggregate 7,145,013 shares, conferring the right to 52% of the total vote at the General Shareholders Meeting of Inter Cars S.A.

The management and supervisory staff hold no shares or other equity interests in any subsidiary undertakings of Inter Cars S.A.

Management Stock Option Plan

On February 6th 2006, the Extraordinary General Shareholders Meeting of Inter Cars S.A. resolved to adopt an incentive scheme dedicated to members of its management bodies, other members of the management staff, and employees with a key role from the point of view of the Group's strategy. On December 8th 2006, the Extraordinary General Shareholders Meeting introduced changes to the incentive scheme, announced in Current Report No. 31/2006 of December 8th 2006.

The scheme participants will be entitled to purchase up to 472,000 shares in the period from January 1st 2007 to December 31st 2009. The scheme is divided into tranches which differ with respect to periods during which the options remain exercisable. The respective periods during which options under individual tranches may be exercised start on January 1st 2007, 2008, and 2009, and end on December 31st 2009. According to the rules of the scheme, options may be exercised as long as a given scheme participant does not leave the Company.

The exercise price of an option is tied to the initial exercise price specified in the rules of the incentive scheme (PLN 24.81), as well as to movements of the WIG index in relation to the reference value set forth in the rules (37,221.99 points). The exercise price is increased/decreased by a percentage growth/decline in the value of the WIG index up to the date of the options vesting (i.e. to January 1st 2007, 2008 and 2009, as appropriate).

The incentive scheme has four participants – members of the Company's Management Board. The persons covered by the first tranche have been granted the right to purchase the total of 157,333 shares in Inter Cars S.A. at the price of PLN 33.59 per share. Under the second tranche, they have been granted the right to purchase further 157,333 shares at the price of PLN 37.13 per share.

The fair value of the management stock options is measured using a three-step binomial model. The model requires the following input data: the exercise price and the value of the WIG index (which the rules of the incentive scheme set at PLN 24.81 and 37,221.99 points, respectively) volatility of return on the shares and the WIG index (at the respective levels of 33.97% and 16.77%), and the interest rate for the period ending December 31st 2007, set at 4.43%. In 2006, the Company recognised the cost of the management stock option plan of PLN 1,862 thousand, assuming full exercise of the options by all eligible persons. In 2007, the Company recognised the cost of the management stock option plan of PLN 3,330 thousand, assuming full exercise of the options by all eligible persons. In 2008, the Company recognised the cost of the management stock option plan of PLN 743 thousand, assuming full exercise of the options by all eligible persons. The aggregate cost of the plan was PLN 5,935 thousand.

18. Information on Court, Arbitration and Administrative Proceedings

In 2009, no proceedings had been brought before any court or administrative body with respect to any liabilities or claims of Inter Cars S.A. or its subsidiary undertakings whose aggregate value would represent 10% or more of the Company's equity.

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

19. Related-Party Transactions

The Company has entered into transactions with entities which are related to Members of the Supervisory and Management Boards and their relatives. The value of the transactions is set forth in the table below:

sales revenue	**Jan 1–Mar 31 2009**	**Jan 1–Mar 31 2008**
Inter Cars s.j.	6	8
FASTFORWARD Maciej Oleksowicz	128	44
P.H. AUTO CZĘŚCI Krzysztof Pietrzak	21	9
AK-CAR Agnieszka Soszyńska	178	111
BEST-CAR Justyna Pietrzak	171	116
	504	**288**

purchase of goods and services	**Jan 1–Mar 31 2009**	**Jan 1–Mar 31 2008**
Inter Cars s.j.	27	68
ANPO Andrzej Oliszewski	38	34
FASTFORWARD Maciej Oleksowicz	40	100
P.H. AUTO CZĘŚCI Krzysztof Pietrzak	450	386
AK-CAR Agnieszka Soszyńska	1,062	861
BEST-CAR Justyna Pietrzak	497	537
	2,114	**1,986**

receivables	**Mar 31 2009**	**Mar 31 2008**
Inter Cars s.j.	50	10
FASTFORWARD Maciej Oleksowicz	116	32
P.H. AUTO CZĘŚCI Krzysztof Pietrzak	20	14
AK-CAR Agnieszka Soszyńska	148	94
BEST-CAR Justyna Pietrzak	174	142
	509	**292**

liabilities	**Mar 31 2009**	**Mar 31 2008**
Inter Cars s.j.	49	-
ANPO Andrzej Oliszewski	2	-
FASTFORWARD Maciej Oleksowicz	-	72
P.H. AUTO CZĘŚCI Krzysztof Pietrzak	131	48
AK-CAR Agnieszka Soszyńska	332	163
BEST-CAR Justyna Pietrzak	147	164
	661	**447**

Inter Cars, Inter Cars Sp. Jawna (Krzysztof Oleksowicz, Andrzej Oliszewski and Jolanta Oleksowicz-Bugajewska) and ANPO Andrzej Oliszewski are parties to a transaction involving lease of real property. The real properties in question are leased to non-related undertakings (except for the agreement with Feber) and used by entities operating Inter Cars affiliate branches to carry out their distribution activities. All purchases from Inter Cars Sp. Jawna and ANPO Andrzej Oliszewski were re-invoiced to non-related undertakings.

Inter Cars and Q-Service entered into transactions with FASTFORWARD Maciej Oleksowicz, pertaining to the management of the Castrol Q-SERVICE rally team led by Maciej Oleksowicz, provision of services related to promotion of the two Companies during car rallies, and consulting services with regard to computer software.

Transactions 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 relate to the settlement of share in the sales margin generated by P.H. AUTO CZĘŚCI Krzysztof Pietrzak, AK-CAR Agnieszka Soszyńska and BEST-CAR Justyna Pietrzak, which operate affiliate branches in Warsaw and Wyszków.

The Inter Cars Group and P&W Systems entered into a transaction which involved the purchase of items of property, plant and equipment as well as semi-finished products: ground steering gears and casings for power steering systems, and the sale of car components.

The Inter Cars Group and InvestTeam entered into a transaction pertaining to the reinvoicing of a passanger car. The Inter Cars Group and 4KA entered into a transaction pertaining to the sales of car components. The Inter Cars Group, Tomas Kastil, Martin Havlik and Branisław Bucko entered into a transaction pertaining to consulting services.

The amount of loans advanced to subsidiary undertakings totalled PLN 66,645 thousand. The amount of loans advanced to Inter Cars S.A. by its subsidiary undertakings totalled PLN 922 thousand.

20. Other Information Which the Issuer Deems Relevant for the Assessment of Its Personnel, Assets, Financial Position, and Its Net Profit (Loss), as Well as Their Changes, and for the Assessment of the Issuer's Ability to Perform Its Obligations

In 2009, no material factors occurred which could have a bearing on the assessment of the Issuer's personnel, assets and financial position and its net profit (loss).

21. Factors Which in the Issuer's Opinion will Affect Its Results in a Period Covering at Least the Next Quarter

The most important factors which according to the Management Board will affect the financial results in Q1 2009 include:

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

PART III

Q1 2009 QUARTERLY NON-CONSOLIDATED FINANCIAL STATEMENTS OF INTER CARS S.A.

22. Statement of Financial Position

(PLN '000)	**Mar 31 2009**	**Dec 31 2008**	**Mar 31 2008**
ASSETS			
Non-current assets			
Property, plant and equipment	133,673	138,571	129,534
Intangible assets	154,808	156,229	132,507
Investment property	2,768	2,768	2,660
Investments in subordinated undertakings	37,240	37,240	38,551
Investments available for sale	43	43	43
Receivables	65,992	65,522	41,290
Deferred tax asset	-	-	143
	394,524	**400,373**	**344,728**
Current assets			
Inventories	470,140	471,098	524,399
Trade and other receivables	349,744	296,835	236,167
Income tax receivable	-	254	
Prepayments	2,272	1,858	12,330
Cash and cash equivalents	23,422	12,780	22,315
	845,578	**782,825**	**795,211**
TOTAL ASSETS	**1,240,102**	**1,183,198**	**1,139,939**
EQUITY AND LIABILITIES			
Equity			
Share capital	27,472	27,472	27,392
Share premium account	247,785	247,785	249,409
Statutory reserve funds	102,485	102,485	65,163
Other capital reserves	5,935	5,935	5,493
Retained earnings and current year profit	38,802	23,235	66,078
	422,479	**406,912**	**413,535**
Non-current liabilities			
Long-term loans, borrowings and financed lease liabilities	104,791	110,276,	81,621
Provisions	-	-	-
Deferred tax liability	8,968	10,005	-
	113,759	**120,281**	**81,621**
Current liabilities			
Trade and other payables	279,213	237,600	207,704
Short-tem loans, borrowings, debt securities and financed lease liabilities	404,858	403,958	412,104
Employee benefits	7,131	1,472	1,831
Income tax expense	1,786	-	16,269
Provisions	76	76	3,767
Current accruals and deferred income	10,800	12,899	3,108
	703,864	**665,005**	**644,783**
TOTAL EQUITY AND LIABILITIES	**1,240,102**	**1,183,198**	**1,139,939**

23. Statement of Comprehensive Income

(PLN '000)

	Jan 1 – Mar 31 2009	Jan 1 – Mar 31 2008
Sales revenue	387,516	334,647
Cost of sales	(232,336)	(234,704)
Gross profit on sales	**155,180**	**99,943**
Other operating income	124	8,814
Selling costs, general and administrative expenses	(53,990)	(37,660)
Cost of distribution services	(53,851)	(36,868)
Cost of management stock option plan	-	(301)
Other operating expenses	(6,841)	(4,883)
Operating profit	**40,622**	**29,045**
Financial income	1,231	848
Foreign exchange gains/(losses)	(14,859)	-
Financial expenses	(6,963)	(6,425)
Profit before tax	**20,031**	**23,468**
Corporate income tax	(4,464)	(4,500)
Net profit	**15,567**	**18,968**
Earnings per share (PLN)		
- basic	1.16	1.38
- diluted	1.15	1.35

24. Statement of Changes in Equity

For the period from January 1st to March 31st 2009

(PLN '000)	Share capital	Share premium account	Statutory reserve funds	Other capital reserves	Retained earnings and current year profit	**Total**
As at January 1st 2009	**27,472**	**247,785**	**102,485**	**5,935**	**23,235**	**406,912**
Profit for period	-	-	-	-	15,567	**15,567**
As at Mar 31st 2009	**27,472**	**247,785**	**102,485**	**5,935**	**38,802**	**422,479**

For the period from January 1st to March 31st 2008

(PLN '000)	Share capital	Share premium account	Statutory reserve funds	Other capital reserves	Retained earnings and current year profit	**Total**
As at January 1st 2008	**23,642**	**21,415**	**65,163**	**5,192**	**47,110**	**162,522**
Profit for period	-	-	-	-	18,968	**18,968**
Share issue in connection with merger with JC Auto	3,750	227,994	-	-	-	**231,744**
Capital reserve created in connection with implementation of management stock option plan	-	-	-	301	-	**301**
As at March 31st 2008	**27,392**	**249,409**	**65,163**	**5,493**	**66,078**	**413,535**

25. Statement of Cash Flows

(PLN '000)	Jan 1 – Mar 31 2009	Jan 1 – Mar 31 2008
Cash flows from operating activities		
Profit (loss) before tax	20,031	23,468
Adjustments, including:		
Depreciation and amortisation	6,285	4,441
Foreign exchange (gains)/losses	(6,166)	3
(Gain)/loss on disposal of property, plant and equipment	784	(4,546)
Net interest	5,766	4,053
(Gain)/loss on revaluation of investment property	-	-
Other adjustments, net	-	301
Operating profit before changes in working capital	**26,700**	**27,720**
Change in inventories	(9,042)	(108,704)
Change in receivables	(44,271)	144,595
Change in current liabilities	39,102	(51,108)
Change in accruals and deferrals	(2,515)	(9,781)
Cash generated by operating activities	**19,974**	**2,722**
Corporate income tax paid	(3,969)	1,361
Net cash provided by (used in) operating activities	**16,005**	**4,083**
Cash flows from investing activities		
Sale of intangible assets and property, plant and equipment	22	398
Acquisition of intangible assets and property, plant and equipment	(1,307)	8,076
Acquisition of shares in subordinated undertakings	-	(1,413)
Repayment of loans advanced	2,543	4,308
Loans advanced	(1,572)	(16,100)
Interest received	295	734
Other items, net	-	-
Net cash provided by (used in) investing activities	**(19)**	**(3,997)**
Cash flows from financing activities		
Increase in loans, borrowings and debt securities	-	14,657
Proceeds from issue of shares	-	-
Financed lease payments	(2,053)	(1,256)
Decrease in loans and borrowings	3,543	-
Interest paid	(6,834)	(4,786)
Dividends paid	-	-
Other items, net	-	501
Net cash provided by (used in) financing activities	**(5,344)**	**9,116**
Net change in cash and cash equivalents	**10,642**	**9,202**
Cash and cash equivalents at beginning of period	**12,780**	**13,113**
Cash and cash equivalents at end of period	**23,422**	**22,315**

Accounting Policies

The accounting policies applied by Inter Cars S.A. are the same as those applied by the Group (which are discussed in Section 7 of the extended consolidated quarterly report of the Group), except that shares in subsidiary undertakings are measured at historical cost less valuation allowances.