

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

Interim report  
*for the period from 1 January to 30 June 2018*



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## **Statement of the members of the Management Board**

In compliance with the requirements laid down in the Regulation of the Minister of Finance on current and periodic information to be published by issuers of securities, dated 29 March 2018 and conditions for recognition as equivalent the information required by the law of a country which is not a Member State, the Management Board of Inter Cars S.A. hereby represents as follows:

- Interim condensed consolidated financial statements and interim condensed separate financial statements drawn up for the period from 01 January 2018 to 30 June 2018 and comparable data were prepared, according to its best knowledge, in accordance with the existing accounting principles, and that they give a true and fair view of the assets and liabilities and financial position of the Inter Cars S.A. Capital Group and Inter Cars S.A., respectively, as well as their financial result.
- The comments to the interim report constituting an interim report on the activities of the Inter Cars Group gives a true and fair view of the development, achievements and situation of the Inter Cars S.A. Group, including the description of basic threats and risks.
- PricewaterhouseCoopers Spółka z ograniczoną odpowiedzialnością, an entity authorized to audit financial statements, which reviewed the condensed interim consolidated financial statements of the Inter Cars Group and the condensed interim separate financial statements of Inter Cars S.A. was appointed in accordance with the provisions of law, and that this entity and the statutory auditor that performed the audit met the requirements entitling them to release an objective and independent audit report in compliance with the existing law.

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**Maciej Oleksowicz,**  
President of the  
Management Board

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**Krzysztof Soszyński**  
Vice-President of the  
Management Board

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**Krzysztof Oleksowicz,**  
Member of the  
Management Board

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**Wojciech Twaróg**  
Member of the  
Management Board

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**Piotr Zamora**  
Member of the  
Management Board

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**Tomáš Kaštil**  
Member of the  
Management Board

## Selected consolidated financial data of the Inter Cars Group

	<i>for the period of 6 months ended on 30 June</i>			
	2018	2017	2018	2017
	in thousand PLN	in thousand PLN	EUR '000	EUR '000
<b>Information on growth and profits</b>				
Sales margin	30.2%	29.9%		
EBITDA (for 12 consecutive months)	386,244	373,998	91,106	88,053
Net debt / EBITDA	2.69	2.86		
Basic earnings per share (PLN)	8.23	7.65	1.94	1.80
Diluted earnings per share (PLN)	8.23	7.65	1.94	1.80
Operating profit	168,135	145,919	39,659	34,355
<b>Net profit</b>	<b>116,548</b>	<b>108,339</b>	<b>27,491</b>	<b>25,507</b>
<b>Cash flows</b>				
Operating cash flows	106,476	(56,094)	25,115	(13,207)
Investing cash flows	(47,668)	(51,942)	(11,244)	(12,229)
Financing cash flows	(36,243)	120,044	(8,549)	28,263
<b>Employment and branches</b>				
Employees				
Parent company	532	421		
Subsidiaries	2,772	2,211		
Branches				
Parent company	251	234		
Subsidiaries	284	248		

	<b>As at</b>		<b>As at</b>	
	<b>30/06/2018</b>	<b>31.12.2017</b>	<b>30/06/2018</b>	<b>31.12.2017</b>
	in thousand PLN	in thousand PLN	EUR '000	EUR '000
<b>Consolidated statement of the financial situation</b>				
Cash and cash equivalents	183,480	160,915	42,067	38,580
Balance sheet total	3,937,888	3,402,978	902,854	815,886
Loans, borrowings and finance lease, reverse factoring	1,220,558	1,222,551	279,842	293,114
Equity attributable to the shareholders of the parent entity	1,729,828	1,616,028	396,604	387,453

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

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

- for the statement of financial position items – the National Bank of Poland exchange rate of 30 June 2018 – EUR 1 = PLN 4.3616, and exchange rate of 31 December 2017 – EUR 1 = PLN 4.1709
- for the comprehensive income and cash flow statement items – an exchange rate constituting the average National Bank of Poland exchange rate announced on the last day of each month of the first 6 months of 2018 and 2017, respectively: 1 EUR = PLN 4.2395 and 1 EUR = PLN 4.2474.

## INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE INTER CARS GROUP

### Consolidated statement of the financial situation

<i>(in thousand PLN)</i>		<b>30/06/2018</b>	<b>31.12.2017</b>	<b>30/06/2017</b>
		<i>not audited</i>		<i>not audited</i>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3.1	481,455	478,150	472,715
Investment property	3.1	21,530	21,530	22,103
Intangible assets	3.1	190,437	180,959	173,085
Investments in related entities	3.2	924	924	2,973
Investments available for sales		301	301	301
Receivables		23,047	20,014	21,727
Deferred tax assets	3.11	16,260	24,145	26,132
		<b>733,954</b>	<b>726,023</b>	<b>719,036</b>
<b>Current assets</b>				
Inventory	3.3	2,152,819	1,771,176	1,950,011
Trade and other receivables	3.4	864,649	739,360	711,816
Corporate income tax receivables		2,986	5,504	1,493
Cash and cash equivalents		183,480	160,915	133,434
		<b>3,203,934</b>	<b>2,676,955</b>	<b>2,796,754</b>
<b>TOTAL ASSETS</b>		<b>3,937,888</b>	<b>3,402,978</b>	<b>3,515,790</b>
<b>LIABILITIES</b>				
Share capital	3.5	28,336	28,336	28,336
Share premium account		259,530	259,530	259,530
Statutory reserve funds		967,357	832,483	831,574
Other capital reserves		19,030	19,030	10,458
Foreign exchange gains /losses in subsidiaries		(19,124)	(26,437)	(17,742)
Retained earnings		474,699	503,086	404,479
<b>Equity attributable to the shareholders of the parent entity</b>		<b>1,729,828</b>	<b>1,616,028</b>	<b>1,516,635</b>
<b>Long-term liabilities</b>				
Loan, borrowing and finance lease liabilities	3.7	660,042	658,384	658,090
Other long-term liabilities		3,841	3,116	2,422
Deferred income tax provision	3.11	5,878	25,497	10,072
		<b>669,761</b>	<b>686,997</b>	<b>670,584</b>
<b>Short-term liabilities</b>				
Trade and other liabilities		918,136	490,304	742,702
Loan, borrowing and finance lease liabilities	3.7	560,516	564,167	526,743
Liabilities of the reverse factoring	3.7	-	-	17,806
Employee benefits		22,657	21,314	18,018
Income tax liabilities		36,990	24,168	23,302
		<b>1,538,299</b>	<b>1,099,953</b>	<b>1,328,571</b>
<b>TOTAL LIABILITIES</b>		<b>3,937,888</b>	<b>3,402,978</b>	<b>3,515,790</b>

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

## Consolidated statement of comprehensive income

<i>in thousand PLN</i>	<i>for 3 months ended on 30</i>		<i>for 6 months ended on 30</i>	
	<i>June</i>		<i>June</i>	
	2018	2017	2018	2017
	<i>not audited</i>	<i>not audited</i>	<i>Not audited</i>	<i>not audited</i>
Sales revenues	2,136,652	1,672,895	3,786,666	3,234,245
Cost of sales	(1,501,000)	(1,166,808)	(2,642,697)	(2,267,680)
<b>Gross profit on sales</b>	<b>635,652</b>	<b>506,087</b>	<b>1,143,969</b>	<b>966,565</b>
Other operating income	2,935	12,123	8,357	17,403
Costs of sales and administrative costs	(310,131)	(252,944)	(566,584)	(479,602)
Distribution expenses	(222,440)	(172,188)	(409,368)	(338,109)
Other operating costs	(1,445)	(13,922)	(8,239)	(20,338)
<b>Operating profit</b>	<b>104,571</b>	<b>79,156</b>	<b>168,135</b>	<b>145,919</b>
Financial income	(14)	4,744	573	5,417
Foreign exchange gains/losses	(5,346)	(5,802)	(7,145)	193
Financial costs	(11,034)	(9,447)	(21,133)	(19,236)
<b>Profit before tax</b>	<b>88,177</b>	<b>68,651</b>	<b>140,430</b>	<b>132,293</b>
Income tax	(14,918)	(13,339)	(23,882)	(23,954)
<b>Net profit</b>	<b>73,259</b>	<b>55,312</b>	<b>116,548</b>	<b>108,339</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Foreign exchange gains /losses	9,228	(3,061)	7,313	(5,654)
<b>Total other comprehensive income, net</b>	<b>9,228</b>	<b>(3,061)</b>	<b>7,313</b>	<b>(5,654)</b>
<b>COMPREHENSIVE INCOME</b>	<b>82,487</b>	<b>52,251</b>	<b>123,861</b>	<b>102,685</b>
<b>Net profit attributable to:</b>				
- the shareholders of the parent entity	73,259	55,312	116,548	108,339
	<b>73,259</b>	<b>55,312</b>	<b>116,548</b>	<b>108,339</b>
<b>Comprehensive income attributable to:</b>				
- the shareholders of the parent entity	82,487	52,251	123,861	102,685
	<b>82,487</b>	<b>52,251</b>	<b>123,861</b>	<b>102,685</b>
<b>Net profit</b>	<b>73,259</b>	<b>55,312</b>	<b>116,548</b>	<b>108,339</b>
<b>Weighted-average number of ordinary shares</b>	<b>14,168,100</b>	<b>14,168,100</b>	<b>14,168,100</b>	<b>14,168,100</b>
<b>Earnings per ordinary share (in PLN)</b>	<b>5.17</b>	<b>3.90</b>	<b>8.23</b>	<b>7.65</b>
<b>Weighted-average diluted number of ordinary shares</b>	<b>14,168,100</b>	<b>14,168,100</b>	<b>14,168,100</b>	<b>14,168,100</b>
<b>Diluted earnings per ordinary share (in PLN)</b>	<b>5.17</b>	<b>3.90</b>	<b>8.23</b>	<b>7.65</b>

Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group for the period  
from 1 January to 30 June 2018

**Consolidated statement of changes in equity**

for the period from 01 January 2018 to 30 June 2018 (not audited)

<i>(in thousand PLN)</i>	Share capital	Share premium account	Statutory reserve funds	Foreign exchange gains /losses	Other capital reserves	Retained earnings	Equity attributable to the shareholders of the parent entity
<b>As at 01 January 2018</b>	<b>28,336</b>	<b>259,530</b>	<b>832,483</b>	<b>(26,437)</b>	<b>19,030</b>	<b>503,086</b>	<b>1,616,028</b>
Profit in the reporting period	-	-	-	-	-	116,548	116,548
<b>Other comprehensive income</b>							
Foreign exchange gains /losses	-	-	-	7,313	-	-	7,313
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,313</b>	<b>-</b>	<b>116,548</b>	<b>123,861</b>
<b>Transactions with shareholders</b>							
Distribution of prior period profit – dividend	-	-	-	-	-	(10,059)	(10,059)
Distribution of prior period profit - allocation to reserve capitals	-	-	90,999	-	43,875	(134,874)	-
<b>As at 30 June 2018 (not audited)</b>	<b>28,336</b>	<b>259,530</b>	<b>923,482</b>	<b>(19,124)</b>	<b>62,905</b>	<b>474,699</b>	<b>1,729,828</b>

for the period from 01 January 2017 to 31 December 2017

<i>(in thousand PLN)</i>	Share capital	Share premium account	Statutory reserve funds	Foreign exchange gains /losses in subsidiaries	Other capital reserves	Retained earnings	Total equity
<b>As at 01 January 2017</b>	<b>28,336</b>	<b>259,530</b>	<b>731,510</b>	<b>(12,088)</b>	<b>10,458</b>	<b>406,262</b>	<b>1,424,008</b>
Profit in the reporting period	-	-	-	-	-	216,428	216,428
<b>Other comprehensive income</b>							
Foreign exchange gains /losses in subsidiaries	-	-	-	(14,349)	-	-	(14,349)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(14,349)</b>	<b>-</b>	<b>216,428</b>	<b>202,079</b>
<b>Transactions with shareholders</b>							
Distribution of prior period profit – dividend	-	-	-	-	-	(10,059)	(10,059)
Distribution of retained profits - transfer to supplementary and reserve capital	-	-	100,973	-	8,572	(109,545)	-
<b>As at 31 December 2017</b>	<b>28,336</b>	<b>259,530</b>	<b>832,483</b>	<b>(26,437)</b>	<b>19,030</b>	<b>503,086</b>	<b>1,616,028</b>

Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group for the period  
from 1 January to 30 June 2018

for the period from 01 January 2017 to 30 June 2017 (not audited)

<i>(in thousand PLN)</i>	Share capital	Share premium account	Statutory reserve funds	Foreign exchange gains /losses	Other capital reserves	Retained earnings	Equity attributable to the shareholders of the parent entity
<b>As at 01 January 2017</b>	<b>28,336</b>	<b>259,530</b>	<b>731,510</b>	<b>(12,088)</b>	<b>10,458</b>	<b>406,262</b>	<b>1,424,008</b>
<b>Statement of comprehensive income</b>							
Net profit in the reporting period	-	-	-	-	-	108,339	<b>108,339</b>
<b>Other comprehensive income</b>							
Foreign exchange gains /losses	-	-	-	(5,654)	-	-	(5,654)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,654)</b>	<b>-</b>	<b>108,339</b>	<b>102,685</b>
<b>Transactions with shareholders</b>							
Distribution of prior period profit – dividend	-	-	-	-	-	(10,059)	<b>(10,059)</b>
Distribution of prior period profit - allocation to reserve capitals	-	-	100,064	-	-	(100,064)	-
<b>As at 30 June 2017 (not audited)</b>	<b>28,336</b>	<b>259,530</b>	<b>831,574</b>	<b>(17,742)</b>	<b>10,458</b>	<b>404,479</b>	<b>1,516,635</b>

## Consolidated statement of cash flows

(in thousand PLN)

	<b>01/01/2018 – 30/06/2018</b> <i>not audited</i>	<b>01/01/2017 – 30/06/2017</b> <i>not audited</i>
<b>Cash flows from operating activities</b>		
Profit before tax	140,430	132,293
Adjustments:		
Depreciation and amortization	35,952	31,908
Foreign exchange gains /losses	9,359	(2,134)
(Profit) /loss on the sale of property, plant and equipment	1,550	3,913
Net interest	19,808	16,001
Other adjustments, net	(859)	(17,769)
<b>Operating profit before changes in the working capital</b>	<b>206,240</b>	<b>164,212</b>
Change in inventories	(381,645)	(439,892)
Change in receivables	(127,017)	(21,191)
Change in short-term liabilities	429,173	257,788
<b>Cash generated by operating activities</b>	<b>126,751</b>	<b>(39,082)</b>
Corporate income tax paid	(20,275)	(17,012)
<b>Net cash from operating activities</b>	<b>106,476</b>	<b>(56,094)</b>
<b>Cash flow from investing activities</b>		
Proceeds from the sale of intangible assets, investment property, property, plant and equipment	591	3,437
Proceeds from the sale of shares	-	-
Acquisition of intangible assets, investment property, property, plant and equipment	(47,480)	(54,679)
Purchase of shares in other entities	-	(1,273)
Repayment of loans granted	409	1,206
Loans granted	(1,793)	(725)
Interest received	605	92
<b>Net cash from investing activities</b>	<b>(47,668)</b>	<b>(51,942)</b>
<b>Cash flow from financing activities</b>		
Revenues under credits, loans and debt securities	-	258,956
Repayments under loans, borrowings and debt securities	(13,961)	(35,409)
Interest paid	(20,341)	(16,125)
Payment of finance lease liabilities	(1,941)	(4,183)
Payment of the reverse factoring	-	(83,194)
<b>Net cash from financing activities</b>	<b>(36,243)</b>	<b>120,045</b>
<b>Net change in cash and cash equivalents</b>	<b>22,565</b>	<b>12,008</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>160,915</b>	<b>121,426</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>183,480</b>	<b>133,434</b>

**Explanatory notes to the interim condensed financial statements for the period of 6 months ended on 30 June 2018**

**1. Information about the Inter Cars Capital Group**

**Scope of activities**

The principal activities of Grupa Kapitałowa Inter Cars Spółka Akcyjna (hereinafter referred to as "the Group," "the Inter Cars Capital Group," the Inter Cars Group") are import and distribution of spare parts for passenger cars and commercial vehicles. The parent company in the Group is Inter Cars S.A. Company ("the Company", "the parent entity").

**Registered seat – the parent entity**

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

*Central Warehouse:*

Europejskie Centrum Logistyczne (European Logistics Centre)  
Ul. Swobodnia 35  
05-170 Zakroczym

**Contact and administrative details**

The Company has been entered into the Register of Companies of the National Court Register kept by the District Court for the capital city of Warsaw, in Warsaw, XII Commercial Department of the National Court Register, under the following number:

KRS 0000008734  
NIP 1181452946  
Regon 014992887  
tel. (+48-22) 714 19 16  
fax. (+48-22) 714 19 18  
bzarzadu@intercars.eu  
relacje.inwestorskie@intercars.eu  
www.intercars.com.pl

**Supervisory Board**

Andrzej Oliszewski, President  
Piotr Płoszajski  
Tomasz Rusak  
Michał Marczak  
Jacek Klimczak

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

Maciej Oleksowicz, President  
Krzysztof Soszyński, Vice-President  
Krzysztof Oleksowicz  
Wojciech Twaróg  
Piotr Zamora  
Tomáš Kaštil

(in thousand PLN)

On the day of 26 April, Vice-President of the Management Board, Mr Robert Kierzek, handed a statement to the Supervisory Board on his resignation from applying for renewal of his term in the office as the Member of The Management Board.

On 4 June 2018 the Supervisory Board of Inter Cars S.A. Appointed the Board of Managers of the Company to the new 4-year term in the office, which started running as of the day of an Ordinary General Meeting of Shareholders approving the financial statements for the year 2017, i.e. 21 June 2018, composed of:

Maciej Oleksowicz, President;  
Krzysztof Soszyński, Vice-President;  
Krzysztof Oleksowicz;  
Wojciech Twaróg;  
Piotr Zamora;  
Tomáš Kaštil.

#### **Statutory auditor**

PricewaterhouseCoopers Sp. z o.o.  
Ul. Lecha Kaczyńskiego 14,  
00-638 Warsaw

#### **1.1. Composition of the Capital Group**

The parent company, Inter Cars S.A. ("the Company") is registered in Poland. The interim consolidated financial statements for the period ended on 30 June 2018 contain information about the company, its subsidiaries referred to as the Inter Cars Capital Group ("the Group"), and about the Group's share in related entities.

The consolidated financial statements of the Inter Cars Capital Group for the period ended on 31 December 2017 are available at [www.intercars.com.pl](http://www.intercars.com.pl) in Investor Relations tab.

As at 30 June 2018, the following entities comprised the Inter Cars Capital Group: Inter Cars S.A. as the Parent Entity, and 31 other entities, including:

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

The Group also holds shares in one related entity.

Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				30/06/2018	30/06/2017
<b>Parent company</b>					
Inter Cars S.A.	Warsaw, Poland	Import and distribution of spare parts for passenger cars and commercial vehicles	full	Not applicable	Not applicable
<b>Direct subsidiaries</b>					
Inter Cars Ukraine	Khmelnitsky, Ukraine	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Q-service Sp. z o.o.	Cząstków Mazowiecki, Poland	Advisory services, organization of trainings and seminars related to automotive services and the automotive market	full	100%	100%
Lauber Sp. z o.o.	Słupsk, Poland	Remanufacturing of car parts	full	100%	100%
Inter Cars Česká republika s.r.o.	Prague, Czech Republic	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Feber Sp. z o.o.	Warsaw, Poland	Manufacture of motor vehicles, trailers and semi-trailers	full	100%	100%

**Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group**  
for the period from 1 January to 30 June 2018

(in thousand PLN)

Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				30/06/2018	30/06/2017
IC Development & Finance Sp. z o.o	Warsaw, Poland	Real estate development and lease	full	100%	100%
Armatus sp. z o.o.	Warsaw, Poland	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Slovenská republika s.r.o.	Bratislava, Slovakia	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Lietuva UAB	Vilnius, Lithuania	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
JC Auto s.r.o.	Karvina-Darkow, Czech	The Company does not carry out operating activities	full	100%	100%
JC Auto S.A.	Braine-le-Château, Belgium	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Hungária Kft	Budapest, Hungary	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Italia s.r.l. (formerly JC Auto s.r.l.)	Milan, Italy	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars d.o.o.	Zaprešić (Grad Zaprešić), Croatia	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Romania s.r.l.	Cluj-Napoca, Romania	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Cyprus Limited	Nicosia, Cyprus	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Latvija SIA	Mārupes nov., Mārupe, Latvia	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Cleverlog-Autoteile GmbH	Berlin, Germany	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Bulgaria Ltd.	Sofia, Bulgaria	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Marketing Services Sp. z o.o.	Warsaw, Poland	Advertising, market and public opinion research	full	100%	100%
ILS Sp. z o.o.	Kajetany (Gm. Nadarzyn), Poland	Logistics services	full	100%	100%
Inter Cars Malta Holding Limited	Birkirkara, Malta	Assets management	full	100%	100%
Q-service Truck Sp. z o.o.	Warsaw, Poland	Sale of commercial vehicles and trucks	full	100%	100%
Inter Cars INT d.o.o.	Ljubljana, Republic of Slovenia	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Eesti OÜ	Tallinn, Estonia	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Piese Auto s.r.l.	Kishinev, Moldova	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars GREECE*	Athens, Greece	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars d.o.o.	Sarajevo, Bosnia and Herzegovina	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%

**Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group**  
for the period from 1 January to 30 June 2018

(in thousand PLN)

Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				30/06/2018	30/06/2017
Inter Cars United Kingdom - automotive technology Ltd **	London, Great Britain	Distribution of spare parts for passenger cars and commercial vehicles	Not applicable	100%	-
Inter Cars Malta Limited***	Birkirkara, Malta	Sale of spare parts and advisory services related to automotive services and the automotive market	full	100%	100%
Aurelia Auto d.o.o.****	Vinkovci, Croatia	Distribution of spare parts and real estate rental	full	100%	100%
<b>Associated entities</b>					
InterMeko Europa Sp. z o.o.	Warsaw, Poland	Control and assessment of spare parts, components and accessories	equity method	50%	50%

\*\* The company started operating activities in 3Q2017.

\*\*The Company does not carry out operating activities

\*\*\* 100% shares held by subsidiary company Inter Cars Malta Holding Limited

\*\*\*\* 100% shares held by subsidiary company Inter Cars d.o.o. (Croatia)

## Stock exchange listings

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

## 2. Information about the accounting principles applied in the preparation of the condensed interim consolidated financial statements

### 2.1. Declaration of compliance with IFRS

Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group (hereinafter referred to as "the condensed interim financial statements") were prepared for the period of 6 months ended on 30th June 2018.

The condensed interim financial statements comply with the requirements of the International Accounting Standard IAS 34 "Interim Financial Reporting" related to interim financial statements, and do not contain all the information required for annual financial statements. The condensed interim financial statements should be read together with the annual consolidated financial statements prepared in compliance with IFRS standards ended on 31 December 2017. In the reported period there were no changes and amendments to the accounting standards in comparison to those described in the financial statements for the period ending on 31 December 2017, except for use of the following new or amended standards in force for annual periods starting as at 1 January 2018.

### **New Standards and interpretations**

#### **IFRS 15 Revenues from Contracts with Customers - Accounting principles**

Starting from 1 January 2018 the new standard is in use: **IFRS 15 Revenues from Contracts with Customers**, published in May 2014 and amended in April 2016, sets the so-called five-step model of recognizing income resulting from contracts with customers. According to IFRS 15, revenue is recognized at the amount of the consideration which an entity is entitled to for transferring goods and services as promised to a customer. The fundamental principle of the new standard is the recognition of revenues upon the transfer of control over goods and services to a customer at a transactional price. All goods or services sold in packages that can be separated from a package are to be recognized separately. Moreover, any discounts and rebates on the transactional price are to be allocated to particular elements of a package. In the case of a variable revenue, according to the standard, the variable amounts are recognized as revenue, provided that it is highly probable that its inclusion will not result in a significant revenue reversal in the future as a result of revaluation. Moreover, according to IFRS 15, the costs incurred to obtain and secure a contract with a customer are to be activated and cleared over time throughout the period during which a contract brings benefits.

(in thousand PLN)

Inter Cars S.A. is running its business activity in the following areas:

1. Sale of goods

The Group's main objects are the wholesale of goods through stationary stores and on-line sale of goods.

Inter Cars S.A. believes that the adoption of IFRS 15 as of 1 January 2018 will have no significant bearing on the recognition of revenues and the financial results on this type of sale. The revenues are recognized in a particular moment, i.e. when a customer gains control over goods, as it was the case before 1 January 2018.

Due to the bonuses and returns policy applied, the Group decreases the value of the revenues by an estimated cost of such bonuses and returns. In line with IFRS 15 the methodology is continued also after 1 January 2018.

2. Sale of goods and services

Inter Cars S.A. sells services only to a limited extent and these include mainly repair services provided to fleet chains. The Group believes that customers simultaneously receive and gain benefits resulting from the services rendered upon their completion, as these services are short-term ones. Hence, the Group will continue to recognize sales revenues upon the completion of a settlement month.

The IFRS 15 effective as of 1 January 2018 do not have a bearing on the financial result of the Group and the Company.

***IFRS 9 – Financial Instruments - Accounting principles***

As of 1 January 2018 the new standard IFRS 9 also came in force, which introduces fundamental changes in classification, presentation and measurement of financial assets. The standard embraces, among other things, a new fair value loss model, requiring that the anticipated credit losses are recognized on deadline. In addition, the hedge accounting application principles were updated.

Application of the IFRS 9 had no bearing on used by Inter Cars S.A. accounting principles in relation to activities of the Group, its financial results and also statement of financial position and equity capital.

1. Classification and measurement of financial assets

Trade receivables are maintained for the purpose of obtaining financial flows resulting from the agreement and the Group does not sell its trade receivables through factoring - they continue to be measured at an amortized cost through the financial result.

2. Impairment

As regards the credit risk, the Group has analysed the hitherto methodology of making write-down on receivables, which provided for an individual and an index-based approach based on historical profitability statistics and believes that upon the first application of the standard the receivables did not have significant influence on value of receivables.

3. Hedge accounting

The Group does not use hedge accounting.

***Data comparability***

Changes in the presentation of financial statements include decreasing the re-invoicing income by the costs incurred.

In presented financial statements the rule of data comparability has been used. Below tables contain statement of differences resulting from the change in presentation of comparable data from the report for the first 6 months of 2017, in thousand PLN.

**Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group**  
for the period from 1 January to 30 June 2018

(in thousand PLN)

The chart presenting transformation of disclosures in consolidated data.

(in thousand PLN)

	<b>for the period of 6 months ended on</b>		
	<b>30/06/2017</b>	<b>presentation change</b>	<b>30/06/2017</b>
<b>Continued activity</b>			(after transformation)
Sales revenues	3,234,245	(10,818)	3,223,427
Cost of sales	(2,267,680)	7,453	(2,260,227)
<b>Gross profit on sales</b>	<b>966,565</b>	<b>(3,365)</b>	<b>963,200</b>
Other operating income	17,403	(2,231)	15,172
Costs of sales and administrative costs	(479,602)	5,572	(474,030)
Distribution expenses	(338,109)	-	(338,109)
Other operating costs	(20,338)	24	(20,314)
<b>Operating profit</b>	<b>145,919</b>	<b>-</b>	<b>145,919</b>
Financial income	5,417	-	5,417
Foreign exchange gains/losses	193	-	193
Financial costs	(19,236)	-	(19,236)
<b>Profit before tax</b>	<b>132,293</b>	<b>-</b>	<b>132,293</b>
Income tax	(23,954)	-	(23,954)
<b>Net profit</b>	<b>108,339</b>	<b>-</b>	<b>108,339</b>
Attributable to:			
shareholders of the parent company	108,339	-	108,339
	<b>108,339</b>	<b>-</b>	<b>108,339</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Foreign exchange gains /losses	(5,654)	-	(5,654)
<b>COMPREHENSIVE INCOME</b>	<b>102,685</b>	<b>-</b>	<b>102,685</b>

**Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group**  
for the period from 1 January to 30 June 2018

(in thousand PLN)

The chart presenting transformation of disclosures in separate data

(in thousand PLN)

	for the period of 6 months ended		
	30/06/2017	on presentation change	30/06/2017 (after transformation)
<b>Continued activity</b>			
Sales revenues	2,537,052	(2,088)	2,534,964
Cost of sales	(1,960,310)	2,088	(1,958,222)
<b>Gross profit on sales</b>	<b>576,742</b>	-	<b>576,742</b>
Other operating income	9,180	-	9,180
Costs of sales and administrative costs	(278,639)	-	(278,639)
Distribution expenses	(213,215)	-	(213,215)
License fees	(40,190)	-	(40,190)
Other operating costs	(32,244)	-	(32,244)
<b>Operating profit</b>	<b>21,634</b>	-	<b>21,634</b>
Financial income	1,277	-	1,277
Dividends received	128,386	-	128,386
Foreign exchange gains/losses	3,905	-	3,905
Financial costs	(21,012)	-	(21,012)
<b>Profit before tax</b>	<b>134,190</b>	-	<b>134,190</b>
Income tax	(3,591)	-	(3,591)
<b>Net profit</b>	<b>130,599</b>	-	<b>130,599</b>
<b>COMPREHENSIVE INCOME</b>	<b>130,599</b>	-	<b>130,599</b>

## 2.2. Basis for preparing the condensed interim consolidated financial statements

The attached condensed interim financial statements were prepared in accordance with the same accounting standards as those applied to prepare the annual financial statements for the financial year ended on 31 December 2017.

The condensed interim consolidated financial statements of the Inter Cars S.A. Capital Group were prepared under the assumption that the entities in question will continue as a going concern in the foreseeable future.

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

The condensed interim consolidated financial statements of the Inter Cars S.A. Capital Group were approved for publication by the Management Board on 04 September 2018.

## 2.3. Material evaluations and estimates

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

In the reporting period in question there were no important changes in judgements or estimates described in the annual consolidated financial statements for 2017.

## 2.4. Seasonality

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

(in thousand PLN)

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

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

### **The presentation and the functional currencies**

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

### **The principles adopted to translate the financial data**

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

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

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

CURRENCY	Average exchange rate during the reporting period		Exchange rate at the end of the reporting period	
	6 months	6 months	30/06/2018	31.12.2017
	2018	2017		
EUR/PLN	4.2395	4.2474	4.3616	4.1709
CZK/PLN	0.1659	0.1586	0.1683	0.1632
HUF/PLN	0.0134	0.0137	0.0133	0.0134
HRK/PLN	0.5717	0.5707	0.5906	0.5595
RON/PLN	0.9104	0.9359	0.9361	0.8953
BGN/PLN	2.1676	2.1717	2.2300	2.1326
UAH/PLN	0.1324	0.1459	0.1423	0.1236
MDL/PLN	0.2103	0.2031	0.2212	0.2058
BAM/PLN	2.1657	2.1757	2.2205	2.1428

The average exchange rate during the reporting period is calculated as the average NBP exchange rate applicable on the last day of each month of the first six months of 2018 and 2017.

## **2.6. Information on business segments**

The core business of the Inter Cars S.A. Capital Group is the sale of spare parts. In addition, the companies Feber Sp. z o.o., Lauber Sp. z o.o., IC Development, ICMS Sp. z o.o. and ILS Sp. z o.o. are active in other business segments, such as: manufacture of semi-trailers, remanufacturing spare parts, real estate development, providing marketing services and providing logistics services; whilst Q-service Truck Sp. z o.o. Company is an authorized dealer of Isuzu commercial vehicles. The above-mentioned business segments may not be recognized as separate business segments individually, hence they are shown in the "Other segments" column.

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

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

(in thousand PLN)

### Revenues and financial result by operating segments

for the period of 6 months ended on 30 June 2018

	Sale of spare parts	Other segments	Eliminations	Total
External sales	3,736,341	50,325	-	3,786,666
Inter-segment sales	4,297	268,368	(272,937)	-
<b>Profit before tax</b>	<b>177,254</b>	<b>35,602</b>	<b>(72,426)</b>	<b>140,430</b>

for the period of 6 months ended on 30 June 2017

	Sale of spare parts	Other segments	Eliminations	Total
External sales	3,190,001	44,244	-	3,234,245
Inter-segment sales	8,549	204,638	(213,187)	-
<b>Profit before tax</b>	<b>173,283</b>	<b>(5,263)</b>	<b>(35,727)</b>	<b>132,293</b>

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

### Assets by operating segments

	Status as at 30/06/2018	Status as at 31/12/2017
Sale of spare parts segment	5,213,584	5,069,086
Other segments	1,083,715	473,739
Eliminations	(2,359,409)	(2,139,847)
	<b>3,937,888</b>	<b>3,402,978</b>

### Liabilities by operating segments

	Status as at 30/06/2018	Status as at 31/12/2017
Sale of spare parts segment	3,579,503	2,937,266
Other segments	138,878	142,279
Eliminations	(1,510,321)	(1,292,595)
	<b>2,208,060</b>	<b>1,786,950</b>

## 3. Other amounts

### 3.1. Property, plant, equipment and intangible assets

In H1 of 2018, the Group purchased property plant and equipment as well as intangible assets of a total value of PLN 47,480 thousand, of which Inter Cars' investments accounted for PLN 21,346 thousand.

In 1H of 2017, the Group purchased property plant and equipment as well as intangible assets of a total value of PLN 54,679 thousand, of which Inter Cars' investments accounted for PLN 22,536 thousand, whereas the Group's further investment in the new logistics centre in Zakroczym accounted for PLN 13,245 thousand.

(in thousand PLN)

### 3.2. Investments in related entities

<b>Investments in subordinated entities as at 31/12/2017</b>	<b>924</b>
Increases	-
Decreases	-
<b>Investments in subordinated entities as at 30/06/2018</b>	<b>924</b>

### 3.3. Inventory

	<u>30/06/2018</u>	<u>31.12.2017</u>
Materials	37,332	32,591
Half-products and work in progress	4,102	3,116
Finished goods	8,649	11,131
Merchandise	2,102,736	1,724,338
	<u><b>2,152,819</b></u>	<u><b>1,771,176</b></u>
Merchandise	2,107,617	1,729,216
Revaluation write-downs on goods	(4,878)	(4,878)
	<u><b>2,102,739</b></u>	<u><b>1,724,338</b></u>

Impairment losses on commodity in the parent entity Inter Cars S.A. as at 30 June 2018 amounted to PLN 1,549 thousand, and has not changed in comparison to 31 December 2017.

### 3.4. Trade and other receivables

	<u>30/06/2018</u>	<u>31.12.2017</u>
Trade receivables	751,671	644,818
Taxes, subsidies, customs, social security, health insurance and other benefits receivable	83,478	63,585
Enforceable against	209	-
Loans granted	2,029	2,086
Other receivables and accrued expenses	46,564	43,988
<b>Short term trade and other receivables – gross</b>	<u><b>883,951</b></u>	<u><b>754,477</b></u>
Revaluation write-down on receivables	<u><b>(19,302)</b></u>	<u><b>(15,117)</b></u>
<b>Short-term trade and other receivables – net</b>	<u><b>864,649</b></u>	<u><b>739,360</b></u>
<b>Change in impairment loss on trade receivables</b>	<b>01/01/2018 -</b>	<b>01/01/2017</b>
	<b>30/06/2018</b>	<b>31/12/2017</b>
Status as at the beginning of the period	(15,117)	(16,100)
Increase	(4,300)	(2,208)
Used	115	3,191
Status as at the end of the period	<u><b>(19,302)</b></u>	<u><b>(15,117)</b></u>

Revaluation write-down on receivables in the parent entity Inter Cars S.A. Amounted to PLN 18,268 thousand as at 30 June 2018, compared to PLN 17,124 thousand as at 31 December 2017.

Compared to 31 December 2017, there were no significant changes to the Group's credit risk management policy.

**3.5. Equity**

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

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

**3.6. Dividend**

On 18 April 2018 the Board of Directors adopted a resolution on recommending distribution of the dividend of profit worked out for the year 2017 in the amount of PLN 10,059 thousand, i.e. PLN 0.71 per share.

On 13 July 2018 the dividend was paid.

On 14 July 2017, a dividend from the 2016 profit was paid in the amount of PLN 10,059 thousand, i.e. PLN 0.71 per share.

**3.7. Liabilities due to borrowings and other debt instruments**

<b>Non-current</b>	<b>30/06/2018</b>	<b>31.12.2017</b>
Secured bank loans	499,290	499,024
Bonds	149,823	149,754
Finance lease liabilities	10,929	9,606
	<b>660,042</b>	<b>658,384</b>
	<hr/>	<hr/>
<b>Current</b>	<b>30/06/2018</b>	<b>31.12.2017</b>
Secured bank loans	553,736	556,222
Finance lease liabilities	5,937	7,081
Bonds	843	864
	<b>560,516</b>	<b>564,167</b>

**The syndicated credit facility agreement**

The credit conditions for term loans and revolving credits are described in the annual consolidated financial statements of the Group for the period ending on 31 December 2017.

**Bank credits concluded directly by subsidiary companies:**

In the reporting period subsidiary companies did not conclude any new credit agreements.

Conditions of credit facility agreements have been described in consolidated financial statements of the Group.

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

**Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group**  
for the period from 1 January to 30 June 2018

(in thousand PLN)

Source of finance	Interest rate
<b>Syndicated loan agreement</b>	
Bank Pekao S.A	WIBOR 1M / EURIBOR 1M+ bank margin
CaixaBank S.A.	WIBOR 1M / EURIBOR 1M+ bank margin
Bank Handlowy w Warszawie S.A.	WIBOR 1M / EURIBOR 1M+ bank margin
DNB Bank Polski S.A	WIBOR 1M / EURIBOR 1M+ bank margin
Bank BGŻ BNP Paibas S.A.	WIBOR 1M / EURIBOR 1M+ bank margin
mBank S.A.	WIBOR 1M / EURIBOR 1M+ bank margin
ING Bank Śląski S.A.	WIBOR 1M / EURIBOR 1M+ bank margin
Source of finance	Interest rate
Raiffeisenbank a.s. Czech	PRIBOR 1M + bank margin
ING Bank N.V Romania	ROBOR 1M + bank margin

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

**Loans and borrowings as at 30/06/2018**

Current loans and borrowings at nominal value	Contractual amount (limit)	Used	Maturity date
<b>Syndicated credit</b>	<b>775,000</b>	<b>451,946</b>	14-11-2018
Inter Cars S.A.		402,702	
Inter Cars Ceska Republika s.r.o.		17,443	
Inter Cars Slovenska Republika s.r.o.		17,269	
Lauber Sp. z.o.o.		14,532	
<b>Raiffeisen a.s. (Inter Cars Česká republika s.r.o)</b>	<b>30,042</b>	<b>25,245</b>	<b>31-12-2018</b>
<b>ING Bank N.V. (Inter Cars Romania s.r.l.)</b>	<b>84,249</b>	<b>76,583</b>	<b>27-12-2018</b>
	<b>889,291</b>	<b>553,774</b>	
Non-current loans and borrowings at nominal value	Contractual amount (limit)	Used	Maturity date
Syndicated credit	500,000	500,000	14-11-2020
	<b>500,000</b>	<b>500,000</b>	

**Loans and borrowings as at 31/12/2017**

Current loans and borrowings at nominal value	Contractual amount (limit)	Used	Maturity date
<b>Syndicated credit</b>	<b>775,000</b>	<b>457,037</b>	14-11-2018
Inter Cars S.A.		404,805	
Inter Cars Ceska Republika s.r.o.		16,684	
Inter Cars Slovenska Republika s.r.o.		20,685	
Lauber Sp. z.o.o.		14,863	
<b>Raiffeisen a.s. (Inter Cars Česká republika s.r.o)</b>	<b>29,131</b>	<b>24,465</b>	<b>31-12-2018</b>
<b>ING Bank N.V. (Inter Cars Romania s.r.l.)</b>	<b>80,577</b>	<b>74,818</b>	<b>27-12-2018</b>
	<b>884,708</b>	<b>556,320</b>	
Non-current loans and borrowings at nominal value	Contractual amount (limit)	Used	Maturity date
Syndicated credit	500,000	500,000	14-11-2020
	<b>500,000</b>	<b>500,000</b>	

**Issuance of bonds**

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

In the first half of 2018 the value of the bonds issued did not change. Interest on the A-series bonds are paid twice a year, in April and in October.

**Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group**  
for the period from 1 January to 30 June 2018

(in thousand PLN)

Below chart presents Bonds issued and planned buyback dates:

Tranche number	Date of issuance	Maturity date	Amount of buyback
Series A	24/10/2014	24.10.2019	150,000
			<b>150,000</b>

### 3.8. Cash flow hedges

As at 30 June 2018, the Group did not have any open futures contracts serving as cash flow hedges.

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

Contingent liabilities, security and future liabilities, including those resulting from operating lease contracts, did not change significantly compared to those described in the financial statements prepared as at 31 December 2017.

Change in status of sureties and guarantees

Status as at 31/12/2017	33,397
Increase	9,279
Expired	8,343
Status as at 30/06/2018	<b>34,333</b>

### 3.10. Transactions with related entities

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

	1.01.2018- 30.06.2018	1.01.2017- 30.06.2017
<i>remuneration of the members of the Supervisory Board and the Management Board</i>		
Remuneration of the members of the Supervisory Board	162	159
Remuneration of the members of the Management Board	6,197	4,304
	<b>6,359</b>	<b>4,463</b>
	1.01.2018- 30.06.2018	1.01.2017- 30.06.2017
<i>Transactions with related entities</i>		
Income on sales to related entities	1,248	939
Purchase of goods and services from related entities	9,413	7,872
	30/06/2018	31.12.2017
<i>Settlements with related entities</i>		
Receivables from related entities	1,291	853
Liabilities to related entities	183	100

(in thousand PLN)

### 3.11. Deferred tax

<b>Change in deferred tax assets</b>	<b>30/06/2018</b>	<b>31.12.2017</b>
As at beginning of period	55,139	51,413
Increase/(decrease)	(7,885)	3,726
As at end of period	<b>47,254</b>	<b>55,139</b>
<b>Change in deferred tax liabilities</b>	<b>30/06/2018</b>	<b>31.12.2017</b>
As at beginning of period	56,491	41,634
Resolution in the period	(19,619)	14,857
As at end of period	<b>36,872</b>	<b>56,491</b>

	<b>31.12.2017</b>	<b>Effect on net profit</b>	<b>30/06/2018</b>
Deferred tax assets	55,139	(7,886)	47,253
Deferred tax liabilities	(56,491)	19,619	(36,872)
	<b>(1,352)</b>	<b>11,733</b>	<b>10,381</b>

### Compensation of assets and deferred income tax provision 30 June 2018

	<b>Assets</b>	<b>Provisions</b>
<b>Deferred tax assets/liabilities</b>	<b>47,254</b>	<b>36,872</b>
Deferred tax offset against liabilities	(30,994)	(30,994)
<b>Deferred tax liabilities as disclosed in the balance sheet</b>	<b>16,260</b>	<b>5,878</b>

### 3.12 Income tax

Income tax recognised under current period profit or loss

	<b>01/01/2018 - 30/06/2018</b>	<b>01/01/2017 - 30/06/2017</b>
Current income tax	35,615	30,235
Change in deferred income tax	(11,733)	(6,281)
<b>Income tax disclosed in statement of comprehensive income</b>	<b>23,882</b>	<b>23,954</b>

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

Pursuant to General Anti-Avoidance Rule (GAAR) of 15 July 2016, which is to prevent blatant, artificial or contrived arrangements which are directed at tax avoidance in Poland, the Bard of the parent entity considered the influence of transactions which could potentially be the subject of GAAR regulations, on the deferred tax, tax value of the assets and provision for tax risk. In the opinion of the Board, performed analysis did not indicate the need of correction of the items presented in the report on current and deferred corporate income tax, but in the opinion of the Board in case of the GAAR regulations there is inherent uncertainty that tax authorities might provide different interpretation of these regulations, change their approach to those interpretations or the GAAR regulations themselves might be amended, what might influence the possibility of realization of assets on the deferred corporate income tax in future periods and also result in possible need of payment of income tax for past periods.

(in thousand PLN)

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

On 3 September 2018 an annex postponing the date of maturity of a short-term credit was signed. The credit is a part of a syndicated loan agreement with CAIXABANK S.A. Current maturity date is 14 November 2018.

**Warsaw, 04 September 2018**

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**Maciej Oleksowicz,**  
President of the  
Management Board

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**Krzysztof Soszynski**  
Vice-President of the  
Management Board

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**Krzysztof Oleksowicz**  
Member of the  
Management Board

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**Wojciech Twaróg**  
Member of the Management  
Board

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**Piotr Zamora**  
Member of the  
Management Board

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**Tomáš Kaštil**  
Member of the  
Management Board

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**Julita Pałyska**  
Chief Accountant

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

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

The parent company, Inter Cars S.A. (hereinafter referred to as "the Company" / "the parent entity") is registered in Poland. The abridged interim consolidated financial statements of the Inter Cars S.A. Capital Group for the period from 1 January to 30 June 2018 contain the details of the parent entity and its subsidiaries referred to as the Inter Cars S.A. Capital Group (hereinafter referred to as "the Group") and the Group's interest in related entity.

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

- the parent entity: Inter Cars S.A., with its registered seat in Warsaw,
- subsidiaries: Inter Cars Ukraine LLC, with its registered seat in Khmelnytskyi, Ukraine (100% of Inter Cars S.A.'s interest in the company's capital), Lauber Sp. z o.o., with its registered seat in Słupsk (100%), Q-Service Sp. z o.o., with its registered seat in Częstków Mazowiecki (100%), Inter Cars Česká Republika, with its registered seat in Prague (100%), Feber Sp. z o.o., with its registered seat in Warsaw (100%), Inter Cars Slovenska Republika, with its registered seat in Bratislava (100%), Inter Cars Lietuva UAB, with its registered seat in Vilnius (100%), IC Development & Finance Sp. z o.o., with registered seat in Warsaw (100%), Armatus Sp. z o.o., with its registered seat in Warsaw (100%), JC Auto s.r.o., with its registered seat in Karvina - Darkow (100%), Inter Cars Hungária Kft, with its registered seat in Budapest (100%), JC Auto S.A., with its registered seat in Braine-le-Château (100%), Inter Cars d.o.o., with its registered seat in Zapresic (100%), Aurelia Auto d.o.o. With its registered seat in Vinkovci (100%), Inter Cars Italia s.r.l., with its registered seat Milan (100%), Inter Cars Romania s.r.l., with its registered seat in Cluj-Napoca (100%), Inter Cars Cyprus Limited, with its registered seat in Nicosia (100%), Inter Cars Latvija SIA, with its registered seat in Mārupes nov., Mārupe (100%), Inter Cars Bulgaria, with its registered seat in Sophia (100%), Cleverlog Autoteile GmbH, with its registered seat in Berlin (100%), Inter Cars Marketing Services Sp. z o.o., with its registered seat in Warsaw (100%), ILS Sp; z o.o., with its registered seat in Kajetany (region Nadarzyn) (100%), Inter Cars Malta Holding Limited with registered seat in Birkirkara (100%), Inter Cars Malta Limited with registered seat in Birkirkara (100%), Q-service Truck Sp. z o.o. with registered seat in Warsaw (100%), Inter Cars INT d.o.o. with registered seat in Ljubljana (100%), Inter Cars Eesti OÜ with registered seat in Tallinn (100%), Inter Cars Moldavia with registered seat in Kishinev (100%), Inter Cars Greece with registered seat in Athens (100%) and Inter Cars d o.o. with registered seat in Sarajevo (100%).

### **2. Basis of preparing the condensed interim consolidated financial statements**

The condensed interim consolidated financial statements of the Inter Cars Capital Group were prepared for the period of 6 months ended on 30 June 2018.

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

### 3. Overview of the Group's operations on consolidated and separate basis for the period from 01 January 2018 to 30 June 2018.

#### Overview of the financial results of the Inter Cars Group for the first half of 2018



- The consolidated revenues on the Group's sales increased by **17.1 %** compared to the same period of 2017.
- Export sales understood as direct sales (from Inter Cars S.A.) to overseas contractors (mainly from Eastern European markets) and to overseas distribution companies increased by 27% compared to the same period of the previous year, where:
  - sales by the foreign distribution companies amounted to PLN 1,533 m in the first half of 2018, accounting for a nearly 27% growth.

As opposed to the first half of 2017 we can observe faster growth of export sales of Inter Cars S.A. (33%) in comparison to the sales realized by foreign daughter companies (27%).

Inter Cars' domestic revenue accounted for app. 54% of the Group's total revenue (including consolidation exemptions), compared to 58% in the first half of 2017. The Polish market remains the basic sales market for the Capital Group.

- The consolidated sales margin amounts to 30.2% and is on similar level to the margin in the first half of 2017. During the periods subject to comparison, the impact of foreign exchange fluctuations on the margin was insignificant (0.2% in the first half of 2018 and +0.4% in the first half of 2017).
- The consolidated margin on the operating activities for the first half of 2018 amounted to PLN 168,135 m and was higher than consolidated margin on the operating activities in the same period a year before by PLN 22,216 m.
- Consolidated net profit for 6 months of 2018 amounted to PLN 116,548 m, an increase by PLN 8,209 m in comparison to the first six months of 2017.

The costs of sales and administrative costs in sales revenues for 6 months of 2018 were on similar level to the same period of the previous year, and amounted to 15.0%. Whereas the costs of sales and administrative costs for the second quarter of 2018 amounted to 14.5% vs 15% in the same period a year before.

- The effective tax rate for the Group for 6 months of 2018 cumulatively was 17.01%.
- The increase of stock value to the level of PLN 2.15bn is primarily explained by realization of activities which are aimed to intensify the sales, among other things by improving availability of goods for the customers and product range extension. Moreover the increase of stock levels is due to stock replenishment in the new logistic centre (central warehouse), which was open at the beginning of May 2017.

In the coming quarters, the Board is expecting gradual improvement of stock rotation due to:

- gradual realization of the sales plans
- ongoing corrections optimizing the stock levels

**Interim report on the activities of the Inter Cars Capital Group**

for the period from 1 January to 30 June 2018

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

The Group has been consistently expanding its business in Central and Eastern Europe. This market displays a large potential of growth and a net profitability higher than the domestic market. In the first half of 2018 the most dynamic sales growth as compared to the same period of 2017 (after translation into PLN and following consolidation exemptions) was recorded by companies in the following countries: Bosnia (up by 4.073%), Moldova (up by 176%), Germany – Cleverlog (up by 61%), Republic of Slovenia (up by 69%) and Estonia (up by 96%). Whilst the Companies in the Group with the greatest influence on Group's revenue were the companies in the following countries: Romania (up by 13%), Lithuania (up by 17%), Czech (up by 24%), Croatia (up by 27%) Bulgaria (up by 31%), Slovakia (up by 27%), Latvia (up by 29%) and Hungary (up by 26%).

**The underlying financial data of the Inter Cars S.A. Group for 1 half of 2018 were as follows:**

<i>(in thousand PLN)</i>	2018	2017	2018	2017
	PLN	PLN	EUR	EUR
Sales revenues	3,786,666	3,234,245	893,187	761,465
Gross profit on sales	1,143,969	966,565	269,836	227,566
Net financial revenues / costs	(27,706)	(13,626)	(6,535)	(3,208)
Operating profit	168,135	145,919	39,659	34,355
Net profit	116,548	108,339	27,491	25,507
<b>Other financial data</b>				
Operating cash flows	106,476	(56,094)	25,115	(13,207)
Investing cash flows	(47,668)	(51,942)	(11,244)	(12,229)
Financing cash flows	(36,243)	120,045	(8,549)	28,263
Basic profit per share	8.23	7.65	1.94	1.80
Sales margin	30.2%	29.9%		
EBITDA margin	5.4%	5.5%		
	<b>As at</b>			
	30/06/2018	31.12.2017	30/06/2018	31.12.2017
<b>Consolidated statement of the financial situation</b>	PLN	PLN	EUR	EUR
Cash and cash equivalents	183,480	160,915	42,067	38,580
Balance sheet total	3,937,888	3,402,978	902,854	815,886
Loans, borrowings and finance lease	1,220,558	1,222,551	279,842	293,114
Equity attributable to the shareholders of the parent entity	1,729,828	1,616,028	396,604	387,453

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

- for the statement of financial position items – the National Bank of Poland exchange rate of 30 June 2018 – EUR 1 = PLN 4.3616, and exchange rate of 31 December 2017 – EUR 1 = PLN 4.1709
- for the comprehensive income and cash flow statement items – an exchange rate constituting the average National Bank of Poland exchange rate announced on the last day of each month of the first 6 months of 2018 and 2017, respectively: 1 EUR = PLN 4.2395 and 1 EUR = PLN 4.2474 PLN.

**Interim report on the activities of the Inter Cars Capital Group**

for the period from 1 January to 30 June 2018

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

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

('000)	<i>for 6 months ended on 30 June</i>			
	2018	2017	2018	2017
<b>Separate statement of comprehensive income</b>	PLN	PLN	EUR	EUR
Sales revenues	2,848,247	2,537,052	671,836	597,319
Gross profit on sales	674,488	576,742	159,096	135,787
Distribution expenses	(246,795)	(213,215)	(58,213)	(50,199)
License fees	(17,893)	(40,190)	(4,221)	(9,462)
Net financial revenues / costs	126,241	112,556	29,777	26,500
Operating profit	6,212	21,634	1,465	5,093
Net profit	130,660	130,599	30,820	30,748
<b>Other financial data</b>				
Operating cash flows	(25,339)	(114,857)	(5,977)	(27,042)
Investing cash flows	52,876	19,782	12,472	4,657
Financing cash flows	(27,172)	96,746	(6,409)	22,778
Basic profit per share	9.22	9.22	2.18	2.17
Sales margin	23.7%	22.7%		
	<b>As at</b>			
<b>Separate statement of the financial position</b>	30/06/2018	31.12.2017	30/06/2018	31.12.2017
	PLN	PLN	EUR	EUR
Cash and cash equivalents	31,819	31,454	7,295	7,541
Balance sheet total	3,523,702	2,999,502	807,892	719,150
Loans, borrowings and finance lease	1,204,432	1,202,120	276,145	288,216
Equity	1,325,002	1,204,401	303,788	288,763

**The sales revenues** in 1 half of 2018 were **12.3% higher** than in the same period of 2017. The sales revenues in the parent entity include sales in Poland, sales to foreign customers and to related companies, domestic and foreign.

**The gross sales profit** (for the 1 half of 2018) was 16.9% higher than in the same period of 2017. **The sales margin** for the 1 half of 2018 was 23.7% (compared to 22.7% in the 1 half of 2017). After eliminating the influence of currency exchange rate differences on the margin in the first half-year 2018 (0.7%) and in the same period a year before (-0.3%) the sales margin would be 23.0% in 1H 2017 and 2018.

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

**Licence fees** - payments for using trademarks in the current activity of distribution companies. The trademarks are owned by Inter Cars Marketing Services S.A.

**Financial revenues and costs** include primarily costs and revenues due to interest. In 1H 2018, the Company recorded a loss of PLN 17,798 thousand, compared to PLN 17,713 thousand in the same period of 2017.

**Liabilities due to loans, borrowings, debt securities, reverse factoring and finance lease** as at 30 June 2018 amounted to PLN 1,204,432 thousand, an increase by 0.19% compared to PLN 1,202,120 thousand recorded as at 31 December 2017.

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

***The major events affecting the current and future business activity***

- The consolidated EBITDA for 12 months cumulatively for the period ending on 30 June 2018 amounted to PLN 386,244 thousand (cumulatively as a profit on operating activity plus depreciation) and was PLN 12,246 thousand higher compared to 2017.
- Net debt /EBITDA ratio was 2.69 as at 30 June 2018, compared to 2.86 a year before.
- The highest revenue in history was recorded by the company based in Romania, which is related to the further development of spare parts distribution centres, the so-called central warehouses. The Lithuanian, Bulgarian, Ukrainian, Croatian, Hungarian, Slovakian and Czech companies also recorded a large sales growth each.

**5. Changes in the structure of the business entity**

No such events.

**6. The Management Board's standpoint on the feasibility of meeting the previously published forecasts of financial results for 2018**

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

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

Shareholder	Number of shares	Total nominal value (PLN)	Percentage of share in the share capital held (%)	Percentage of total vote held (%)
OK Automotive Investments B.V.*	3,726,721	7,453,442	26.30%	26.30%
AVIVA Otwarty Fundusz Emerytalny AVIVA BZ WBK	1,896,778	3,793,556	13.39%	13.39%
Nationale-Nederlanden OFE and Nationale-Nederlanden DFE	1,416,799	2,833,598	9.99%	9.99%
Andrzej Oliszewski	1,277,370	2,554,740	9.02%	9.02%
Immersion Capital Master Fund Limited	748,776	1,497,552	5.29%	5.29%
<b>Total</b>	<b>9,066,444</b>	<b>18,132,888</b>	<b>63.99%</b>	<b>63.99%</b>

\*OK Automotive Investments B.V. is a company which is dependent from Krzysztof Oleksowicz - Member of the Management Board of the Company

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

One share gives one vote at the General Shareholders Meeting of the Company. Voting restrictions are laid out in §18a of the Articles of Association, according to which no shareholder holding over 33% of votes may cast more that 33% of the total number of votes they are entitled to as at the date of the General Meeting. This restriction does not apply to determining the purchasers of substantial blocks of shares.

Furthermore, pursuant to the provisions of the Articles, this limitation shall expire if one of the shareholders purchases (on their own behalf and account) and registers at the General Meeting over 50% of the total number of votes in the Company, provided that all shares above 33% of the total number of shares in the Company and all shares above this threshold are purchased by such shareholder in response to a call to subscribe for all shares of the Company announced in conformity with the Act.

**Interim report on the activities of the Inter Cars Capital Group**

for the period from 1 January to 30 June 2018

*(in thousand PLN)*

Above change of Status of the Company was registered by the registry court - District Court for the Capital City of Warsaw in Warsaw, XII Commercial Department of the National Court Register, on 17 May 2017.

**8. Changes in major holdings of the Company shares**

From the date of publication of the previous report, i.e. 16 May 2018, there has been no change in shareholders holding at least 5% of total shares.

**9. Changes in the number of shares and rights to shares (options) in Inter Cars S.A. held by the Company's Management and supervisory personnel since the publication of the most recent quarterly report.**

The Company's supervisory and managing personnel directly hold a total of 5,005,591 shares, constituting 35.33% of the total vote at the General Shareholders Meeting of Inter Cars.

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

<b>Shareholder</b>	<b>Number of shares</b>	<b>Total nominal value</b>	<b>Percentage of share in the share capital held (%)</b>	<b>Percentage of total vote held (%)</b>
<b>Management Board</b>				
Tomáš Kaštil	1,500	3,000	0.01%	0.01%
Krzysztof Oleksowicz *	3,726,721	7,453,442	26.30%	26.30%
	<b>3,728,221</b>	<b>7,456,442</b>	<b>26.31%</b>	<b>26.31%</b>
<b>Supervisory Board</b>				
Andrzej Oliszewski	1,277,370	2,554,740	9.02%	9.02%
	<b>1,277,370</b>	<b>2,554,740</b>		
<b>Total</b>	<b>5,005,591</b>	<b>10,011,182</b>	<b>35.33%</b>	<b>35.33%</b>

\* Directly by OK Automotive Investments B.V.

There have been changes in shareholding structure of the issuer since the date of publication of the previous report, i.e. 16 May 2018.

<b>Shareholder</b>	<b>Number of shares as at 16/05/2018</b>	<b>Increases</b>	<b>Decreases</b>	<b>Number of shares as at 30/06/2018</b>
Robert Kierzek	19,834	-	19,834	0*
Tomáš Kaštil	1,500	-	-	1,500
Andrzej Oliszewski	1,277,370	-	-	1,277,370
<b>Total</b>	<b>1,298,704</b>	<b>-</b>	<b>19,834</b>	<b>1,278,870</b>

\* On 26 April 2018, Vice-President of the Management Board, Mr Robert Kierzek, handed a statement on his resignation from applying for renewal of his term in the office as the Member of the Management Board, to the Supervisory Board.

Mandate of the member of the management board expired as of 21 June 2018.

## **10. Information on court, arbitration and administrative proceedings**

In 2018, no proceedings were brought before any court or administrative body with respect to any liabilities or claims of Inter Cars S.A. or its subsidiary undertakings, whose aggregate value would represent 10% or more of the Company's equity.

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

## **11. Other information which the Company deems relevant for the assessment of its personnel, assets, financial position and financial result or changes in any of the foregoing, and for the assessment of the Company's ability to perform its obligations**

This information is included in the section entitled "Factors and events of a non-recurring nature having a material bearing on the financial result, and a description of the Company's material achievements and failures along with a list of related key events."

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

Factors which in the Management Board's opinion will affect the Company's financial results in Q3 2018 include:

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

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

The risks regarding Q3 2018, specified by the Management Board affect also the other months of 2018, as specified in section 12.

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

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

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

In the reporting period, Inter Cars S.A. and its subsidiaries did not grant any sureties for credits, loans or other guarantees with substantial value.

Sureties and guarantees granted by the Group as at 30 June 2018 amounted in total to: PLN 34,333 thousand.

**Warsaw, 04 September 2018**

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**Maciej Oleksowicz,**  
President of the  
Management Board

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**Krzysztof Soszynski**  
Vice-President of the  
Management Board

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**Krzysztof Oleksowicz**  
Member of the  
Management Board

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**Wojciech Twaróg**  
Member of the Management  
Board

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**Piotr Zamora**  
Member of the  
Management Board

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**Tomáš Kaštil**  
Member of the  
Management Board

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

for the period from 1 January to 30 June 2018

*(in thousand PLN)***INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS OF INTER CARS S.A. FOR THE PERIOD FROM 01 January 2018 to 30 June 2018****Separate statement of financial position**

<i>(in thousand PLN)</i>	<b>30/06/2018</b> <i>not audited</i>	<b>31.12.2017</b>	<b>30/06/2017</b> <i>not audited</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	148,675	145,968	145,829
Intangible assets	176,713	167,116	158,952
Investment property	1,991	1,991	1,991
Investments in subordinated entities	1.2 418,193	416,106	416,106
Investments available for sales	258	258	258
Receivables	21,577	19,566	21,912
Deferred tax assets	1,482	-	-
	<b>768,889</b>	<b>751,005</b>	<b>745,048</b>
<b>Current assets</b>			
Inventory	1,441,450	1,149,732	1,306,262
Trade and other receivables	1,281,544	1,064,555	1,068,470
Corporate income tax receivables	-	2,756	232
Cash and cash equivalents	31,819	31,454	27,800
	<b>2,754,813</b>	<b>2,248,497</b>	<b>2,402,764</b>
<b>TOTAL ASSETS</b>	<b>3,523,702</b>	<b>2,999,502</b>	<b>3,147,812</b>
<b>LIABILITIES</b>			
Equity			
Share capital	28,336	28,336	28,336
Share premium account	259,530	259,530	259,530
Statutory reserve funds	900,217	809,218	809,218
Other capital reserves	5,935	5,935	5,935
Retained earnings	130,984	101,382	130,923
	<b>1,325,002</b>	<b>1,204,401</b>	<b>1,233,942</b>
<b>Long-term liabilities</b>			
Loan, borrowing and finance lease liabilities	654,042	652,325	652,696
Deferred income tax provision	-	6,518	5,072
	<b>654,042</b>	<b>658,843</b>	<b>657,768</b>
<b>Short-term liabilities</b>			
Trade and other liabilities	977,543	577,268	726,587
Loans, borrowings, debt security and finance lease liabilities	550,390	549,795	505,665
Liabilities of the reverse factoring	-	-	17,806
Employee benefits	10,962	9,195	6,044
Income tax liabilities	5,763	-	-
	<b>1,544,658</b>	<b>1,136,258</b>	<b>1,256,102</b>
<b>TOTAL LIABILITIES</b>	<b>3,523,702</b>	<b>2,999,502</b>	<b>3,147,812</b>

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

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

for the period from 1 January to 30 June 2018

(in thousand PLN)

**Separate statement of comprehensive income**

	<i>for 3 months ended on 30 June</i>		<i>for 6 months ended on 30 June</i>	
	<b>2018</b> Not audited	<b>2017</b> not audited	<b>2018</b> not audited	<b>2017</b> not audited
Sales revenues	1,621,924	1,330,491	2,848,247	2,537,052
Cost of sales	(1,249,782)	(1,018,428)	(2,173,759)	(1,960,310)
<b>Gross profit on sales</b>	<b>372,142</b>	<b>312,063</b>	<b>674,488</b>	<b>576,742</b>
Other operating income	1,823	2,701	5,730	9,180
Costs of sales and administrative costs	(183,227)	(147,176)	(347,715)	(278,639)
Distribution expenses	(133,321)	(111,320)	(246,795)	(213,215)
License fees	(10,234)	(21,162)	(17,893)	(40,190)
Other operating costs	(50,704)	(22,225)	(61,603)	(32,244)
<b>Operating profit</b>	<b>(3,521)</b>	<b>12,881</b>	<b>6,212</b>	<b>21,634</b>
Financial income	169	553	949	1,277
Dividends received	109,547	98,461	152,681	128,386
Foreign exchange gains/losses	(5,346)	(1,895)	(7,145)	3,905
Financial costs	(10,525)	(10,723)	(20,244)	(21,012)
<b>Profit before tax</b>	<b>90,324</b>	<b>99,277</b>	<b>132,453</b>	<b>134,190</b>
Income tax	(2,017)	(2,250)	(1,793)	(3,591)
<b>Net profit</b>	<b>88,307</b>	<b>97,027</b>	<b>130,660</b>	<b>130,599</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Total other comprehensive income, net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>COMPREHENSIVE INCOME</b>	<b>88,307</b>	<b>97,027</b>	<b>130,660</b>	<b>130,599</b>
<b>Net profit</b>	<b>88,307</b>	<b>97,027</b>	<b>130,660</b>	<b>130,599</b>
<b>Weighted-average number of ordinary shares</b>	<b>14,168,100</b>	<b>14,168,100</b>	<b>14,168,100</b>	<b>14,168,100</b>
<b>Earnings per ordinary share (in PLN)</b>	<b>6.38</b>	<b>6.85</b>	<b>9.22</b>	<b>9.22</b>
<b>Weighted-average diluted number of ordinary shares</b>	<b>14,168,100</b>	<b>14,168,100</b>	<b>14,168,100</b>	<b>14,168,100</b>
<b>Diluted earnings per ordinary share (in PLN)</b>	<b>6.38</b>	<b>6.85</b>	<b>9.22</b>	<b>9.22</b>

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

**Interim condensed separate financial statements of Inter Cars S.A.**  
for the period from 1 January to 30 June 2018  
(in thousand PLN)

**Separate statement of changes in equity**

for the period from 01 January 2018 to 30 June 2018 (not audited)

<i>(in thousand PLN)</i>	Share capital	Share premium account	Statutory reserve funds	Other capital reserves	Retained earnings	Total
<b>Shareholder's equity as at 01 January 2018</b>	<b>28,336</b>	<b>259,530</b>	<b>809,218</b>	<b>5,935</b>	<b>101,382</b>	<b>1,204,401</b>
<b>Statement of comprehensive income</b>						
Profit in the reporting period	-	-	-	-	130,660	130,660
<b>Total comprehensive income in the reporting period</b>	-	-	-	-	-	-
Distribution of retained profits - carried over to supplementary capital	-	-	90,999	-	(90,999)	-
Distribution of prior period profit – dividend	-	-	-	-	(10,059)	<b>(10,059)</b>
<b>Owner's equity as at 30 June 2018</b>	<b>28,336</b>	<b>259,530</b>	<b>900,217</b>	<b>5,935</b>	<b>130,984</b>	<b>1,325,002</b>

for the period from 01 January 2017 to 30 June 2017 (not audited)

<i>(in thousand PLN)</i>	Share capital	Share premium account	Statutory reserve funds	Other capital reserves	Retained earnings	Total
<b>Shareholder's equity as at 01 January 2017</b>	<b>28,336</b>	<b>259,530</b>	<b>709,886</b>	<b>5,935</b>	<b>109,715</b>	<b>1,113,402</b>
<b>Statement of comprehensive income</b>						
Profit in the reporting period	-	-	-	-	130,599	130,599
<b>Total comprehensive income in the reporting period</b>	-	-	-	-	<b>130,599</b>	<b>130,599</b>
Distribution of retained profits - carried over to supplementary capital	-	-	99,332	-	(99,332)	-
Distribution of prior period profit – dividend	-	-	-	-	(10,059)	<b>(10,059)</b>
<b>Owner's equity as at 30 June 2017</b>	<b>28,336</b>	<b>259,530</b>	<b>809,218</b>	<b>5,935</b>	<b>130,923</b>	<b>1,233,942</b>

**Interim condensed separate financial statements of Inter Cars S.A.**  
for the period from 1 January to 30 June 2018  
(in thousand PLN)

**Separate statement of cash flows**

<b>Cash flows from operating activities</b>	<b>01/01/2018 – 30/06/2018</b> <i>not audited</i>	<b>01/01/2017 – 30/06/2017</b> <i>not audited</i>
Profit before tax	132,453	134,190
Adjustments:		
Depreciation and amortization	13,559	11,795
Foreign exchange gains /losses	9,691	(1,990)
(Profit) /loss on the sale of property, plant and equipment	237	1,725
Net interest	16,445	16,427
Net dividends	(152,681)	(128,386)
Other adjustments, net	(246)	(225)
<b>Operating profit before changes in the working capital</b>	<b>19,458</b>	<b>33,536</b>
Change in inventories	(291,715)	(316,974)
Change in receivables	(140,437)	(84,027)
Change in short-term liabilities	388,629	256,210
<b>Cash generated by operating activities</b>	<b>(24,065)</b>	<b>(111,255)</b>
Corporate income tax paid	(1,274)	(3,601)
<b>Net cash from operating activities</b>	<b>(25,339)</b>	<b>(114,856)</b>
<b>Cash flow from investing activities</b>		
Proceeds from the sale of plant, property, equipment and intangible assets	659	609
Purchase of property, plant, equipment and intangible assets	(21,346)	(22,536)
Purchase of financial assets in related and other entities	(2,088)	(12,007)
Repayment of loans granted	186	3,532
Loans granted	(1,793)	(600)
Interest received	984	509
Dividends received	76,274	50,275
<b>Net cash from investing activities</b>	<b>52,876</b>	<b>19,782</b>
<b>Cash flow from financing activities</b>		
Interest paid	(16,808)	(13,908)
Revenues under credits, loans and debt securities	-	230,000
Repayments under loans, borrowings and debt securities	-	(34,378)
Payment of finance lease liabilities	(2,368)	(1,745)
Payment of the reverse factoring	-	(83,194)
Deposits received (returned)	-	(30)
Loans and borrowings received / repaid	(7,996)	-
<b>Net cash from financing activities</b>	<b>(27,172)</b>	<b>96,745</b>
<b>Net change in cash and cash equivalents</b>	<b>365</b>	<b>1,671</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>31,454</b>	<b>26,129</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>31,819</b>	<b>27,800</b>

**Explanatory notes to the interim condensed separate financial statements prepared for the period of 6 months ended on 30 June 2018.**

**1.1. Accounting principles**

**Declaration of compliance with IFRS**

**Interim condensed separate financial statements of Inter Cars S.A.** (hereinafter referred to as "the condensed interim financial statements") were prepared for the period of 6 months ended on 30th June 2018.

These condensed separate interim consolidated financial statements were prepared in accordance with the International Accounting Standard IAS 34 "Interim Financial Reporting" relating to interim financial statements and is not inclusive of all information required with respect to annual financial statements. These condensed separate interim financial statements should be read together with the audited separate financial statements prepared in accordance with the IFRS for the year ended on 31 December 2017. No changes to the accounting principles applied by the Company were made during the reporting period presented compared to the those described in the financial statements for the year ended on 31 December 2017.

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

Changes in IFRS and their interpretation which became effective as of 01 January 2018 until the date of approval of the financial statements for publication had no material bearing on these financial statements.

Description of amendments and the new standards, their influence on the statements of the Company was delivered in note 2.1 thereof.

The interim condensed separate financial statements of Inter Cars S.A. were approved for publication by the Management Board on 04 September 2018.

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

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

**1.2. Investments in subordinated entities**

<b>Investments in subordinated entities as at 31/12/2017</b>	<b>416,106</b>
Increase in share capital in Inter Cars d o.o. (Bosnia and Herzegovina)	2,088
<b>Investments in subordinated entities as at 30/06/2018</b>	<b>418,194</b>

**1.3. Information on business segments**

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

**1.4. Seasonality**

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

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

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

for the period from 1 January to 30 June 2018

*(in thousand PLN)***1.5. Dividend**

On 21 June 2018, the General Meeting of Inter Cars S.A. adopted a resolution to pay a dividend of PLN 10,059 thousand , i.e. PLN 0.71 per share from the 2017 profit. The payment of the dividend was realized on 13 July 2018.

**1.6. Material evaluations and estimates**

No material changes to the evaluations or estimates presented in the annual separate financial statements for 2017 were made during the reporting period.

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

	Sales revenues		Purchase of goods and services	
	1.01.2018- 30.06.2018	1.01.2017- 30.06.2017	1.01.2018- 30.06.2018	1.01.2017- 30.06.2017
Inter Cars Ukraine LLC	40,843	31,665	-	-
Q-Service Sp. z o.o.	1,849	3,085	137,418	75,445
Lauber Sp. z o.o.	3,385	3,967	23,469	22,356
Inter Cars Ceska Republika	79,472	65,857	2,292	1,302
Inter Cars Slovenska Republika	76,902	55,400	716	559
Feber Sp. z o.o.	656	675	2,955	3,480
Inter Cars Lietuva UAB	87,088	27,735	12,643	7,596
IC Development & Finance Sp. z o.o.	10	-	510	635
Inter Cars Italia srl.	4,512	12,608	90	89
Inter Cars d.o.o.	52,988	45,389	1,331	1,311
JC Auto S.A.	57	-	-	-
Inter Cars Hungária Kft	65,301	68,811	2,538	41,209
Inter Cars Romania s.r.l.	134,124	130,328	2,595	2,219
Armatus sp. z o.o.	-	2	1,429	4,103
Cleverlog Autoteile GmbH	29,997	16,820	52	-
Inter Cars Latvija SIA	55,189	74,323	1,099	1,809
Inter Cars Bulgaria EOOD	10,252	9,232	395	200
Inter Cars Marketing Services Sp. z o.o.	40	141	26,026	50,944
ILS Sp. z o.o.	243	4,686	173,238	151,169
Q-Service Truck Sp. z o.o.	235	177	7,961	7,081
Inter Cars Malta Limited	1	-	156,254	116,311
Inter Cars d.o.o. (Slovenia)	4,002	3,301	91	50
ILS Latvijas	11	4	-	-
Inter Cars Piese Auto s.r.l.	30	-	1	-
Inter Cars Greece	31	-	-	-
Inter Cars Eesti OU	11,771	3,956	218	71
	<b>658,988</b>	<b>558,162</b>	<b>553,321</b>	<b>487,939</b>

**Interim condensed separate financial statements of Inter Cars S.A.**  
for the period from 1 January to 30 June 2018  
(in thousand PLN)

Settlement	Receivables as at		Liabilities as at	
	30/06/2018	31.12.2017	30/06/2018	31.12.2017
Inter Cars Ukraine LLC	44,300	40,064	-	-
Lauber Sp. z o.o.	15,403	13,253	8,649	4,319
Inter Cars Ceska Republika	43,930	31,100	841	747
Inter Cars Slovenska Republika	46,479	30,259	-	237
Feber Sp. z o.o.	127	3	6,585	7,871
Inter Cars Lietuva UAB	38,484	27,783	243	855
Inter Cars Italia s.r.l.	22,312	24,693	2,697	1,438
Inter Cars d.o.o. (Croatia)	116,106	97,882	1,392	971
JC Auto S.A.	290	220	171	-
Inter Cars Hungária Kft.	60,834	47,426	5,610	3,166
JC Auto s.r.o.	4,216	4,032	-	-
Inter Cars Romania s.r.l.	276,758	240,526	9,851	2,910
Inter Cars Latvija SIA	61,964	66,686	2,757	536
Inter Cars Cyprus Ltd.	-	-	4	4
Cleverlog-Autoteile GmbH	5,488	1,808	381	597
Inter Cars Bulgaria EOOD	5,064	5,995	-	1,036
Inter Cars Marketing Services Sp. z o.o.	118	465	118,960	104,697
ILS Sp. z o.o.	1,016	12,126	60,526	44,723
Inter Cars Malta Holding Limited	1,110	1,043	-	(19)
Inter Cars Malta Limited	17,168	17,076	65,935	43,851
Q-service Truck Sp. z o.o.	13	47	2,417	1,098
Inter Cars INT d .o.o. (Slovenia)	2,009	1,462	758	293
Inter Cars Eesti OU	4,574	2,603	771	894
Q-Service Sp. z o.o.	574	17	51,402	27,158
ILS Latvijas filialie	9	12	-	-
IC Development & Finance Sp. z o.o.	43	32	1,589	1,324
Armatus sp. z o.o.	1	583	287	-
Inter Cars Piese Auto s.r.l.	-	-	86	-
Inter Cars Greece Ltd.	-	-	2,039	-
Intermeko Europe Sp. z o.o.	1	-	29	41
<b>Gross receivables / liabilities from subsidiaries</b>	<b>768,391</b>	<b>667,194</b>	<b>343,980</b>	<b>248,747</b>
Revaluation write-down on receivables (JC Auto s.r.o.)	(4,009)	(4,009)	-	-
Reserves for returns	(43,697)	(43,697)	-	-
<b>Net receivables / liabilities from subsidiaries</b>	<b>720,685</b>	<b>619,488</b>	<b>343,980</b>	<b>248,747</b>

**Interim condensed separate financial statements of Inter Cars S.A.**  
for the period from 1 January to 30 June 2018  
(in thousand PLN)

<b>Receivables on dividend</b>	<b>30/06/2018</b>
<i>Receivables from subsidiaries</i>	
Lauber Sp. z o.o.	1,246
Inter Cars Marketing Services Sp. z o.o.	58,520
Q-SERVICE TRUCK Sp z o.o.	1,043
Q-Service Sp. z o.o.	14,091
Feber Sp. z o.o.	1,507
<b>Gross receivables on dividend</b>	<b>76,407</b>

<b>Settlements on loans and borrowings</b>	<b>30/06/2018</b>	<b>31.12.2017</b>
<i>Receivables from subsidiaries</i>		
Lauber Sp. z o.o.	8,776	8,804
IC Development & Finance Sp. z o.o.	23,926	23,761
JAG Sp. z o.o.	201	201
Inter Cars Bulgaria Ltd.	981	938
Q-SERVICE TRUCK Sp z o.o.	501	502
Inter Cars Malta Ltd	12,911	12,875
Inter Cars Greece	668	629
<b>Gross receivables on loans</b>	<b>47,964</b>	<b>47,709</b>

<i>Liabilities to subsidiaries</i>	<b>30/06/2018</b>	<b>31.12.2017</b>
Inter Cars Marketing Services Sp. z o.o.	61,200	61,330
Inter Cars Cyprus Ltd.	83,764	79,278
<b>Gross liabilities on loans</b>	<b>144,964</b>	<b>140,608</b>

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

Sureties and guarantees granted by Inter Cars S.A. as at 30 June 2018 amounted in total to: PLN 254,355 thousand.

In the first half of 2018, the Company did not grant any credit or loan sureties nor guarantees of a material value to any entity or a subsidiary of such entity.

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

	<b>1.01.2018- 30.06.2018</b>	<b>1.01.2017- 30.06.2017</b>
<i>Transactions with related entities</i>		
Income on sales to related entities	1,247	939
Purchase of goods and services from related entities	9,266	7,872
	<b>30/06/2018</b>	<b>31.12.2017</b>
<i>Settlements with related entities</i>		
Receivables from related entities	1,291	906
Liabilities to related entities	137	2

**Warsaw, 04 September 2018**

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**Maciej Oleksowicz,**  
President of the  
Management Board

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**Krzysztof Soszynski**  
Vice-President of the  
Management Board

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**Krzysztof Oleksowicz**  
Member of the  
Management Board

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**Wojciech Twaróg**  
Member of the Management  
Board

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**Piotr Zamora**  
Member of the  
Management Board

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**Tomáš Kaštil**  
Member of the  
Management Board

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**Julita Pałyska**  
Chief Accountant