

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

*Interim report
for the period from 1 January to 30 June 2019*



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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 and conditions for recognition as equivalent information required by the law of a non-Member State, dated 29 March 2018, 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 2019 to 30 June 2019 and comparable data were prepared, according to its best knowledge, in accordance with the existing accounting principles, and that they give a true and fair view of the assets and liabilities and financial position of the Inter Cars S.A. Capital Group and Inter Cars S.A., respectively, as well as their financial result.
- The comments to the interim report constituting an interim report on the activities of the Inter Cars Group gives a true and fair view of the development, achievements and situation of the Inter Cars Group, including description of basic threats and risks.
- PricewaterhouseCoopers Spółka z ograniczoną odpowiedzialnością Audyt sp.k., 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.

Maciej Oleksowicz,
President of the
Management Board

Krzysztof Soszynski
Vice-President of the
Management Board

Krzysztof Oleksowicz,
Member of the
Management Board

Wojciech Twaróg
Member of the
Management Board

Piotr Zamora
Member of the
Management Board

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</i>		<i>for the period of 6 months ended on</i>	
	30/06/2019	30/06/2018	30/06/2019	30/06/2018
	in thousand PLN	in thousand PLN	EUR '000	EUR '000
Information on growth and profits				
Sales margin	29.7%	30.2%		
EBITDA (for 12 consecutive months)	435,014	386,244	101,449	91,106
Net debt / EBITDA	2.94	2.69		
Basic earnings per share (PLN)	8.15	8.23	1.90	1.94
Diluted earnings per share (PLN)	8.15	8.23	1.90	1.94
Operating profit	167,775	168,135	39,127	39,659
Net profit	115,460	116,548	26,926	27,491
Cash flows				
Operating cash flows	169,823	106,476	39,604	25,115
Investing cash flows	(11,025)	(47,668)	(2,571)	(11,244)
Financing cash flows	(121,538)	(36,243)	(28,344)	(8,549)
Employment and branches				
Employees				
Parent company	634	532		
Subsidiaries	2,781	2,772		
Branches				
Parent company	249	251		
Subsidiaries	311	284		
Consolidated statement of the financial situation				
	As at		As at	
	30/06/2019	31/12/2018	30/06/2019	31/12/2018
	in thousand PLN	in thousand PLN	EUR '000	EUR '000
Cash and cash equivalents	151,985	114,725	35,744	26,680
Balance sheet total	4,533,382	3,943,261	1,066,176	917,037
Loans, borrowings and finance lease	1,574,617	1,303,914	370,324	303,236
Equity attributable to the shareholders of the parent entity	1,929,315	1,829,173	453,743	425,389

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 2019 – EUR 1 = PLN 4.2520, and the National Bank of Poland exchange rate of 30 June 2018 – EUR 1 = PLN 4.3000
- 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 2019 and 2018, respectively: 1 EUR = PLN 4.2880 and 1 EUR = PLN 4.2395 PLN.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE INTER CARS GROUP

Consolidated statement of the financial situation

<i>(in thousand PLN)</i>	<u>30/06/2019</u>	<u>31/12/2018</u>	<u>30/06/2018</u>
ASSETS			
Non-current assets			
Property, plant and equipment	469,032	461,400	481,455
Right-of-use assets	177,452	-	-
Investment property	11,049	17,779	21,530
Real estate available for sale	-	29,271	-
Intangible assets	201,887	199,415	190,437
Investments in associates	986	987	924
Investments available for sale	301	301	301
Receivables	22,800	22,346	23,047
Receivables on long-term rental	101,250	-	-
Deferred tax assets	24,390	21,053	16,260
	<u>1,009 147</u>	<u>752,552</u>	<u>733,954</u>
Current assets			
Inventory	2,283,259	2,200,789	2,152 819
Trade and other receivables	1,041,576	870,763	864,649
Receivables on short-term rental	43,097	-	-
Income tax receivables	4,318	4,432	2,986
Cash and cash equivalents	151,985	114,725	183,480
	<u>3,524 235</u>	<u>3,190,709</u>	<u>3,203,934</u>
TOTAL ASSETS	<u>4,533,382</u>	<u>3,943,261</u>	<u>3,937 888</u>
LIABILITIES			
Share capital	28,336	28,336	28,336
Share premium account	259,530	259,530	259,530
Supplementary capital	1,204,362	983,765	967,357
Other capital reserves	22,204	19,030	19,030
Foreign exchange gains /losses in subsidiaries	(31,577)	(26,318)	(19,124)
Retained earnings	446,460	564,830	474,699
Equity	<u>1,929,315</u>	<u>1,829,173</u>	<u>1,729,828</u>
Long-term liabilities			
Loan, borrowing and finance lease liabilities	543,556	531,819	660,042
Liabilities on long-term rental	260,146	-	-
Other long-term liabilities	11,315	6,206	3,841
Deferred income tax provision	4,037	25,037	5,878
	<u>819,054</u>	<u>563,062</u>	<u>669,761</u>
Short-term liabilities			
Trade and other liabilities	866,739	702,161	918,136
Trade and other liabilities - passed for factoring	41,771	-	-
Loan, borrowing and finance lease liabilities	705,141	772,095	560,516
Liabilities on short-term rental	65,774	-	-
Employee benefits	33,295	31,251	22,657
Income tax liabilities	72,293	45,519	36,990
	<u>1,785,013</u>	<u>1,551,026</u>	<u>1,538,299</u>
TOTAL LIABILITIES	<u>4,533,382</u>	<u>3,943,261</u>	<u>3,937 888</u>

Consolidated statement of comprehensive income

<i>(in thousand PLN)</i>	for 3 months ended on 30 June		for 6 months ended on 30 June	
	2019 <i>unaudited</i>	2018 <i>unaudited</i>	2019 <i>unaudited</i>	2018 <i>unaudited</i>
Continued activity				
Revenues from the sale of products, goods and materials	2,243,537	2,136,652	4,241,290	3,786,666
Cost of sales	(1,568,593)	(1,501,000)	(2,982,803)	(2,642,697)
Gross profit on sales	674,944	635,652	1,258,487	1,143,969
Other operating revenues	5,667	2,935	22,633	8,357
Selling cost, general and administrative expenses	(341,028)	(310,131)	(642,469)	(566,584)
Costs of distribution service	(235,285)	(222,440)	(450,372)	(409,368)
Other operating costs	(12,381)	(1,445)	(20,504)	(8,239)
Operating profit	91,917	104,571	167,775	168,135
Financial income	493	(14)	1,145	573
Exchange differences	1,156	(5,346)	1,352	(7,145)
Financial costs	(15,616)	(11,034)	(30,897)	(21,133)
Profit before tax	77,950	88,177	139,375	140,430
Income tax	(12,969)	(14,918)	(23,915)	(23,882)
Net profit	64,981	73,259	115,460	116,548
Attributable to:				
shareholders of the parent company	64,981	73,259	115,460	116,548
	64,981	73,259	115,460	116,548
OTHER COMPREHENSIVE INCOME				
Foreign exchange gains /losses	(1,782)	9,228	(5,259)	7,313
Total other comprehensive income, net	(1,782)	9,228	(5,259)	7,313
COMPREHENSIVE INCOME	63,199	82,487	110,201	123,861
Net profit attributable to:				
- the shareholders of the parent entity	64,981	73,259	115,460	116,548
	64,981	73,259	115,460	116,548
Comprehensive income attributable to:				
- the shareholders of the parent entity	63,199	82,487	110,201	123,861
	63,199	82,487	110,201	123,861
Net profit	64,981	73,259	115,460	116,548
Weighted-average number of ordinary shares (in pieces)	14,168,100	14,168 100	14,168,100	14,168 100
Earnings per ordinary share (in PLN)	4.59	5.17	8.15	8.23
Weighted-average diluted number of ordinary shares (in pieces)	14,168 100	14,168 100	14,168 100	14,168 100
Diluted earnings per ordinary share (in PLN)	4.59	5.17	8.15	8.23

Consolidated statement of changes in equity

for the period from 01 January 2019 to 30 June 2019 (unaudited)

<i>(in thousand PLN)</i>	Share capital	Share premium account	Supplementary capital	Foreign exchange gains /losses	Other reserve capitals	Retained earnings	Equity attributable to the shareholders of the parent entity
As at 01 January 2019	28,336	259,530	983,765	(26,318)	19,030	564,830	1,829,173
Profit in the reporting period	-	-	-	-	-	115,460	115,460
Foreign exchange gains /losses	-	-	-	(5,259)	-	-	(5,259)
Total comprehensive income	-	-	-	(5,259)	-	115,460	110,201
Distribution of prior period profit – dividend	-	-	-	-	-	(10,059)	(10,059)
Distribution of prior period profit - allocation to reserve capitals	-	-	220,597	-	3,174	(223,771)	-
As at 30 June 2019	28,336	259,530	1,204,362	(31,577)	22,204	446,460	1,929,315

for the period from 01 January 2018 to 31 December 2018

<i>(in thousand PLN)</i>	Share capital	Share premium account	Supplementary capital	Foreign exchange gains /losses in subsidiaries	Other reserve capitals	Retained earnings	Total equity
As at 01 January 2018	28,336	259,530	832,483	(26,437)	19,030	503,086	1,616,028
Profit in the reporting period	-	-	-	-	-	223,085	223,085
Other comprehensive income							
Foreign exchange gains /losses in subsidiaries	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	223,085	223,085
Transactions with shareholders							
Distribution of prior period profit – dividend	-	-	-	-	-	(10,059)	(10,059)
Distribution of retained profits - transfer to supplementary and reserve capital	-	-	151,282	-	-	(151,282)	-
Foreign exchange gains /losses	-	-	-	119	-	-	119
As at 31 December 2018	28,336	259,530	983,765	(26,318)	19,030	564,830	1,829,173

Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group for the period from 1 January to 30 June 2019

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

for the period from 01 January 2018 to 30 June 2018

<i>(in thousand PLN)</i>	Share capital	Share premium account	Supplementary capital	Foreign exchange gains /losses	Other reserve capitals	Retained earnings from previous and current years	Equity attributable to the shareholders of the parent entity
As at 01 January 2018	28,336	259,530	832,483	(26,437)	19,030	503,086	1,616,028
Profit in the reporting period	-	-	-	-	-	116,548	116,548
Other comprehensive income							
Foreign exchange gains /losses	-	-	-	7,313	-	-	7313
Total comprehensive income	-	-	-	7,313	-	116,548	123,861
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)	-
As at 30 June 2018 (not audited)	28,336	259,530	923,482	(19,124)	62,905	474,701	1,729,830

Consolidated statement of cash flows

<i>(in thousand PLN)</i>	01/01/2019 – 30/06/2019	01/01/2018 – 30/06/2018
Cash flows from operating activities		
Profit before tax	139,375	140,430
Adjustments:		
Amortization and depreciation	78,755	35,952
Foreign exchange gains /losses	(181)	9,359
(Profit) /loss on the sale of property, plant and equipment	(6,375)	1,550
Net interest	29,592	19,808
Other adjustments, net	5,402	(859)
Operating profit before changes in the working capital	246,568	206,240
Increase (decrease) in inventories	(85,198)	(381,645)
Change in receivables	(161,214)	(127,017)
Change in short-term liabilities	149,241	429,173
Change in short-term liabilities passed for factoring	41,771	-
Cash generated by operating activities	191,168	126,751
Corporate income tax paid	(21,345)	(20,275)
Net cash from operating activities	169,823	106,476
Cash flow from investing activities		
Proceeds from the sale of intangible assets, investment property, property, plant and equipment	43,075	591
Acquisition of intangible assets, investment property, and property, plant and equipment	(54,563)	(47,480)
Cost of acquisition of shares in other entities	-	-
Repayment of loans granted	355	409
Loans granted	-	(1,793)
Interest received	108	605
Net cash from investing activities	(11,025)	(47,668)
Cash flow from financing activities		
Revenues under credits, loans and debt securities	-	-
Repayments of credits, loans and debt securities	(54,667)	(13,961)
Financial lease contracts liabilities	(37,167)	(1,941)
Interest paid	(29,704)	(20,341)
Net cash from financing activities	(121,538)	(36,243)
Net change in cash and cash equivalents	37,260	22,565
Cash and cash equivalents at the beginning of the period	114,725	160,915
Cash and cash equivalents at the end of the period	151,985	183,480

Explanatory notes to the interim condensed financial statements for the period of 6 months ended on 30 June 2019

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)
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 (until 16 June 2019)
Jacek Klimczak
Jacek Podgórski (starting from 17 June 2019)
Radosław Kudła (starting from 17 June 2019)

(in thousand PLN)

On the day of 17 June 2019 the General Shareholders Meeting of the Company appointed for the new term in the office six members of the Supervisory Board.

The following people were appointed as members of the Supervisory Board:

- 1) Andrzej Oliszewski – Chairman of the Supervisory Board
- 2) Jacek Podgórski – Member of the Supervisory Board
- 3) Radosław Kudła – Member of the Supervisory Board
- 4) Tomasz Rusak – Member of the Supervisory Board
- 5) Piotr Płoszajski – Member of the Supervisory Board
- 6) Jacek Klimczak – Member of the Supervisory Board

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

Statutory auditor

PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k.

Ul. Polna 11;

00-633 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 2019 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 2018 are available at www.intercars.com.pl in Investor Relations tab.

As at 30 June 2019, 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.

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

for the period from 1 January to 30 June 2019

(in thousand PLN)

Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				30/06/2019	30/06/2018
Parent company					
Inter Cars S.A.	Warsaw, Poland	Import and distribution of spare parts for passenger cars and commercial vehicles	full	Not applicable	Not applicable
Direct subsidiaries					
Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				30/06/2019	30/06/2018
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%
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-Darkom, 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.	Pero, 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%

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

for the period from 1 January to 30 June 2019

(in thousand PLN)

Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				30/06/2019	30/06/2018
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.	Częstków Mazowiecki, Poland	Advertising, market and public opinion research	full	100%	100%
ILS Sp. z o.o.	Swobodnia, Zakroczym, 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 delivery vans and trucks	full	100%	100%
INTER CARS INT Trgovina z rezervnimi deli in opremo za motorna vozila d.o.o. Inter Cars INT d.o.o.	Ljubljana, 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.	Ilioupoli Attiki, 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%
Inter Cars United Kingdom - automotive technology Ltd*	London, Great Britain	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	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%
Associated entities					
InterMeko Europa Sp. z o.o.	Warsaw, Poland	Control and assessment of spare parts, components and accessories	equity method	50%	50%

* The company started operational activity in 2Q2019.

** 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

The condensed interim consolidated financial statements of the Inter Cars Capital Group were prepared for the period of 6 months ended on 30 June 2019.

The condensed interim financial statements covering first half of 2019 comply with the requirements of the International Accounting Standard IAS 34 “*Interim Financial Reporting*” related to interim financial statements.

The condensed interim financial statements of the Group are published together with the condensed standalone interim financial statements. The condensed standalone interim financial statements of the Company should be read together with the condensed interim consolidated financial statements of the Group in order to have a comprehensive view of the financial result and the financial situation of the company.

Preparation of financial statements in accordance with IFRS requires application of specific accounting estimates. It also requires from the Management Board to use its own judgement with regard to application of the accounting standards adopted by the Group. The areas that require a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are presented in Note 2.4

Interim condensed consolidated financial statement of Inter Cars S.A. Capital Group prepared for the period of 6 months ended on 30 June 2019 with explanatory notes to interim condensed financial statements and half-year financial information of Inter Cars S.A. for 1H 2019 was approved by the Board of Managers for publication on 03 September 2019.

2.2. Basis for preparing the condensed interim consolidated financial statements

With the exception of the changes described in “Changes to the accounting principles,” these condensed interim financial statements were prepared by the Inter Cars Capital Group in accordance with the same accounting standards as those applied by the Group to prepare the consolidated financial statements for the period ended on 31 December 2018.

The condensed interim consolidated financial statements were prepared under the assumption that Group will continue as a going concern in the foreseeable future and that there are no circumstances indicating a threat to the continuance of its operations.

All values presented in the condensed interim financial statements are quoted in PLN ‘000, unless otherwise indicated.

2.3. Changes to the accounting principles

Starting from 1 January 2019 the new standard IFRS 16 – Leases is applicable. It was published in January 2016 and approved by the European Union on 31 October 2017.

The new standard introduces a single model of recognising a lease in a lessee's books, in line with financial lease recognition as a part of IAS 17. In conformity with IFRS 16, an arrangement is a lease or contains a lease if it conveys the right to control identified assets for a specified period against a consideration.

The difference between IAS 17 and IFRS 16 is the requirement to control a concrete asset indicated in an arrangement directly or implicitly. An assignment of a right to use an asset takes place when an identified asset with respect to which the lessee is entitled to practically all economic benefits and controls the use of such assets over a given period.

The expenses related to the use of assets subject to a lease previously recognised mostly as costs of outsourced services are currently recognised as depreciation costs and interest costs.

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

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(in thousand PLN)

The group has adopted IFRS16 lease and decided to apply the modified retrospective approach, therefore the benchmarking data for 2018 has not been transformed. Upon application of IFRS 16, for the first time the lease liabilities have been measured at the current value of the other lease fees discounted using the lessee's marginal interest rate as at the date of first application.

Upon first application of IFRS 16, the rights to use an asset were measured in an amount equal to a lease liability, adjusted by any prepayment or lease fee amounts related to such lease, included in the statement of the financial situation directly preceding the date of said first application.

The Group is a lessor with respect to contracts of lease of branch premises entered into with branches. These contracts have been concluded for a period similar to that of the contracts where the Group is a lessee. According to the provisions of the contracts, the control over the real properties is assigned to the branches, while the contracts are long-term and based on permanent cooperation between the Group and the branches. Based on that, the value of the real properties subject to a long-term lease under the said contracts was recognised in the Group's balance sheet as long- and short-term receivables measured as a discounted total of future lease payments. The short- and long-term lease receivables decrease the value of the right-to-use assets, as the lease periods in which the Group is the lessee and the periods in which it is the lessor are similar or the same. The group has applied all practical simplifications permitted by IFRS 16 for lease contracts previously classified as operating leases, i.e. Short-term leases and low-value leases.

A short-term lease is understood to mean contracts without the possibility to purchase an asset, concluded for a period not exceeding 12 months. In particular, contracts concluded for an unspecified period of time with a short notice period (up to 12 months) and without significant penalties for one of the parties are treated by the Group a short-term lease.

The level of materiality defined by the Group to identify low-value leases is PLN 18,799 per a new asset (irrespective of an asset subject to a lease), which is an equivalent to USD 5,000 according to the exchange rate as at the first application date i.e. 1 January 2019.

The date of beginning of the contract is the date at which the Group receives the subject of the contract for use.

The impact of application of IFRS 16 on particular items of the Group's financial statements as at 30 June 2019 is as follows:

	Inter Cars Group	Inter Cars S.A.
Right-of-use assets	177,452	13,159
Receivables on long-term rental	101,250	48,224
Receivables on short-term rental	43,097	17,843
Liabilities on long-term rental	260,146	55,589
Liabilities on short-term rental	65,774	23,982
Result	(4,121)	(1,159)

Since 1 January 2019 the lease contracts entered into after this date have been presented as the right to use and the corresponding lease liabilities in conformity with the new IFRS 16.

The costs resulting from short-lease contracts and from leases not exceeding USD 5,000 are recognized in the income statement and the other comprehensive income in the period in which they are incurred, similarly to any other lease or service fees.

From 1 January to 30 June 2019, as a result of application of IFRS 16, the total cost of amortization and depreciation of assets resulting from the right of use presented in the first half of 2019 amounted to PLN 36,738 thousand for the Inter Cars Group and PLN 12,354 thousand for Inter Cars S. A.

The interest costs resulting from recognition of lease liabilities have increased, which in the first half of 2019 amounted to PLN 8,255 thousand for the Inter Cars Group and PLN 1,713 thousand for Inter Cars S.A.

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for the period from 1 January to 30 June 2019

(in thousand PLN)

In the first half of 2019, increases related to the right-to-use assets in the Inter Cars Group amounted to PLN 29,904 k, including PLN 3,931 k in Inter Cars S.A.

Whereas the total outflow of the right-to-use funds in the Inter Cars Group amounted to PLN 40,872 k, including PLN 12,908 k in Inter Cars S.A.

The Group has lease contracts for office and warehouse spaces, cars and a few machines and forklifts.

The right-of-use assets fall into the following classes:

	Inter Cars S.A.		Inter Cars Group	
	<i>30 June 2019</i>	<i>01 January 2019</i>	<i>30 June 2019</i>	<i>01 January 2019</i>
Buildings	13,159	86,361	168,836	323,544
Vehicles	-	-	5,917	4,371
Other	-	-	2,700	2,940
Beneficial interest	13,159	86,361	177,452	330,855

The impact of application of IFRS 16 on the selected items of financial consolidated statements is shown in the following tables:

(in thousand PLN)

	<u>30/06/2019</u>	<u>impact of IFRS</u>	<u>30/06/2019</u>
	<u>with IFRS 16</u>	<u>16</u>	<u>without IFRS</u>
			<u>16</u>
ASSETS			
Non-current assets			
Property, plant and equipment	469,032		469,032
Right-of-use assets	177,452	(177,452)	-
Investment property	11,049		11,049
Real estate available for sale	-		-
Intangible assets	201,887		201,887
Investments in associates	986		986
Investments available for sale	301		301
Receivables	22,800		22,800
Receivables on long-term rental	101,250	(101,250)	-
Deferred tax assets	24,390		24,390
	1,009,147	(278,702)	730,445
Current assets			
Inventory	2,283,259		2,283,259
Trade and other receivables	1,041,576		1,041,576
Receivables on short-term rental	43,097	(43,097)	-
Income tax receivables	4,318		4,318
Cash and cash equivalents	151,985		151,985
	3,524,235	(43,097)	3,481,138
TOTAL ASSETS	4,533,382	(321,799)	4,211,583
LIABILITIES			
Share capital	28,336		28,336
Share premium account	259,530		259,530
Supplementary capital	1,204,362		1,204,362
Other capital reserves	22,204		22,204
Foreign exchange gains /losses in subsidiaries	(31,577)		(31,577)
Retained earnings	446,460	4,121	450,581
Equity	1,929,315	4,121	1,933,436
Long-term liabilities			
Loan, borrowing and finance lease liabilities	543,556		543,556

Interim condensed consolidated financial statements of Inter Cars S.A. Capital Group
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(in thousand PLN)

Liabilities on long-term rental	260,146	(260,146)	-
Other long-term liabilities	11,315		11,315
Deferred income tax provision	4,037		4,037
	819,054	(260,146)	558,908

Short-term liabilities

Trade and other liabilities	866,739		866,739
Trade and other liabilities - passed for factoring	41,771		41,771
Loan, borrowing and finance lease liabilities	705,141		705,141
Liabilities on short-term rental	65,774	(65,774)	-
Employee benefits	33,295		33,295
Income tax liabilities	72,293		72,293
	1,785,013	(65,774)	1,719,239
TOTAL LIABILITIES	4,533,382	(321,799)	4,211,583

(in thousand PLN)

	with IFRS 16	impact of IFRS 16	without IFRS 16
Continued activity			
Revenues from the sale of products, goods and materials	4,241,290		4,241,290
Cost of sales	(2,982,803)	(12,908)	(2,995,711)
Gross profit on sales	1,258,487	(12,908)	1,245,579
Other operating revenues	22,633		22,633
Selling cost, general and administrative expenses	(642,469)	8,774	(633,695)
Costs of distribution service	(450,372)		(450,372)
Other operating costs	(20,504)		(20,504)
Operating profit	167,775	(4,134)	163,641
Financial income	1,145		1,145
Exchange differences	1,352		1,352
Financial costs	(30,897)	8,255	(22,642)
Profit before tax	139,375	4,121	143,496
Income tax	(23,915)		(23,915)
Net profit	115,460	4,121	119,581

2.4. 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 2018.

2.5. Seasonality

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

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

2.6. 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	30/06/2019	31/12/2018
	2019	2018		
EUR/PLN	4.2880	4.2395	4.2520	4.3000
CZK/PLN	0.1669	0.1659	0.1672	0.1673
HUF/PLN	0.0134	0.0134	0.0131	0.0134
HRK/PLN	0.5780	0.5717	0.5747	0.5799
RON/PLN	0.9031	0.9104	0.8976	0.9229
BGN/PLN	2.1925	2.1676	2.1740	2.1985
UAH/PLN	0.1413	0.1324	0.1427	0.1357
MDL/PLN	0.2156	0.2103	0.2067	0.2185
BAM/PLN	2.1957	2.1657	2.1802	2.1899
GBP/PLN	4.8527	4.8847	4.7331	4.7895

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 2019 and 2018.

2.7. 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 & Finance Sp. z o.o., ICMS Sp. z o.o. and ILS Sp. z o.o. are active in other business segments, such as: the manufacturing of semi-trailers, remanufacturing of spare parts, real estate development, marketing and logistics, whilst Q-service Truck Sp. z o.o. is an authorized dealer of Isuzu commercial vehicles and an importer of Ford Trucks 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 these financial statements.

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

(in thousand PLN)

Revenues and financial result by operating segments

Information on business segments for the period of 6 months ended on 30 June 2019

	Sale of spare parts	Other segments	Eliminations	Total
External sales	4,179 057	62,233	-	4,241 290
Inter-segment sales	4,028	235,932	(239,960)	-
Profit before tax	182,859	6,703	(50,187)	139,375

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)	-
Profit before tax	177,254	35,602	(72,426)	140,430

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 30/06/2019	Status as at 31/12/2018
Sale of spare parts segment	6,308,288	5,847,058
Other segments	519,769	496,064
Eliminations	(2,294,675)	(2,399,861)
	4,533,382	3,943,261

Liabilities by operating segments

	Status as at 30/06/2019	Status as at 31/12/2018
Sale of spare parts segment	3,873,233	3,533,641
Other segments	186,484	139,822
Eliminations	(1,455,650)	(1,559,375)
	2,604 067	2,114,088

3. Other amounts

3.1. Property, plant, equipment and intangible assets

In 1H of 2019, the Group purchased property plant and equipment as well as intangible assets of a total value of PLN 54,563 thousand, of which Inter Cars' investments accounted for PLN 15,261 thousand.

In 1H 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 thousand PLN)

3.2. Investments in related entities

Investments in subordinated entities as at 31/12/2018	988
Increases	-
Decreases	(2)
Investments in subordinated entities as at 30/06/2019	986

3.3. Inventory

	30/06/2019	31/12/2018
Materials	41,985	43,495
Half-products and work in progress	5,870	3,086
Finished goods	6,819	6,131
Merchandise	2,228,585	2,148,077
	2,283,259	2,200,789
Merchandise	2,233,363	2,152,856
Revaluation write-downs on goods	(4,778)	(4,779)
	2,228,585	2,148,077

A revaluation write-down on goods in the holding entity Inter Cars S.A. as at 30 June 2019 amounted to PLN 1,549 k and did not change compared with 31 December 2018.

3.4. Trade and other receivables

	30/06/2019	31/12/2018
Trade receivables	869,617	729,632
Taxes, subsidies, customs, social security, health insurance and other benefits receivable	127,839	111,176
Loans granted	4,296	4,294
Other receivables and accrued expenses	57,616	43,688
Short term trade and other receivables – gross	1,059,368	888,790
Revaluation write-down on receivables	(17,792)	(18,027)
Short-term trade and other receivables – net	1,041,576	870,763

Change in impairment loss on trade receivables

	01/01/2019 - 30/06/2019	01/01/2018 - 31/12/2018
Status as at the beginning of the period	(18,027)	(15,117)
Increase	(137)	(5,546)
Used	372	2,636
Status as at the end of the period	(17,792)	(18,027)

Revaluation write-down on receivables in the Parent Entity amounted to PLN 14,038 thousand as at 30 June 2019, and was not changed compared to 31 December 2018.

Compared to 31 December 2018, there were no significant changes to the Group's credit risk management policy.

(in thousand PLN)

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 17 June 2019 the Board of Directors adopted a resolution on recommending distribution of the dividend of profit worked out for the year 2018 in the amount of PLN 10,059 thousand, i.e. PLN 0.71 per share.

The dividend was paid out on 12 July 2019.

On 13 July 2018, a dividend from the 2017 profit was paid in the amount of PLN 10,059 thousand, i.e. PLN 0.71 per share.

3.7. Liabilities due to borrowings and other debt instruments

Non-current	30/06/2019	31/12/2018
Secured bank loans	536,693	499,234
Bonds	-	-
Non-current liabilities on long-term rental	260,146	-
Finance lease liabilities	6,863	7,490
	803,702	506,724
Current	30/06/2019	31/12/2018
Secured bank loans	547,659	638,725
Liabilities on the short-term rental	65,774	-
Finance lease liabilities	6,671	7,713
Bonds	150,811	150,752
	770,915	797,190

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 ending on 31 December 2018.

Bank credits concluded directly by subsidiary companies:

In January 2019, daughter company Inter Cars INT d.o.o. concluded a credit agreement with Nova Kreditna Banka Maribor d.d. For the amount of EUR 2 million, with maturity date 1 January 2021.

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 2019

(in thousand PLN)

Source of finance	Interest rate
Syndicated loan agreement	
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	
Nova Kreditna Banka Maribor d.d. Slovenia	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 30/06/2019

Current loans and borrowings at nominal value	Contractual amount (limit)	Used	Maturity date
Syndicated credit	838,000	467,179	14-11-2019
<i>Inter Cars S.A.</i>		430,942	
<i>Inter Cars Slovenska Republika s.r.o.</i>		21,242	
<i>Lauber Sp. z.o.o.</i>		14,995	
Raiffeisen a.s. (Inter Cars Česká republika s.r.o)	25,665	25,080	20-02-2020
ING Bank N.V. (Inter Cars Romania s.r.l.)	80,784	53,803	27-12-2019
	944,449	546,062	
Non-current loans and borrowings at nominal value	Contractual amount (limit)	Used	Maturity date
Syndicated credit	537,000	537,000	14-11-2021
Nova Kreditna Banka Maribor d.d. (Inter Cars INT D o.o.)	8,504,000	2,123	01-01-2021
	9,041,000	539,123	

Loans and borrowings as at 31/12/2018

Current loans and borrowings at nominal value	Contractual amount (limit)	Used	Maturity date
Syndicated credit	838,000	560,420	14-11-2019
<i>Inter Cars S.A.</i>		525,538	
<i>Inter Cars Slovenska Republika s.r.o.</i>		20,121	
<i>Lauber Sp. z.o.o.</i>		14,761	
ING Bank N.V. (Inter Cars Romania s.r.l.)	64,603	54,503	27-12-2019
	902,603	614,923	
Non-current loans and borrowings at nominal value	Contractual amount (limit)	Used	Maturity date
Syndicated credit	537,000	500,000	14-11-2021
Raiffeisen a.s. (Inter Cars Česká republika s.r.o)	29,863	25,095	20-02-2020
	566,863	525,095	

Issuance of bonds

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

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for the period from 1 January to 30 June 2019

(in thousand PLN)

In the first half of 2019 the value of the bonds issued did not change. Interest on the A-series bonds is paid twice a year, in April and in October.

Below chart presents Bonds issued and planned buyback dates:

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

3.8. Cash flow hedges

As at 30 June 2019, 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 2018.

Changes in sureties and guaranties

Status as at 31/12/2018	26,239
Increase	1,211
Expired	(390)
Status as at 30/06/2019	27,060

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.

	1.01.2019- 30.06.2019	1.01.2018- 30.06.2018
<i>Transactions with related entities</i>		
Income on sales to related entities	1,285	1,248
Purchase of goods and services from related entities	9,810	9,413
	30/06/2019	31/12/2018
<i>Settlements with related entities</i>		
Receivables from related entities	1,597	1,103
Liabilities to related entities	711	410
<i>(in thousand PLN)</i>	1.01.2019- 30.06.2019	1.01.2018- 30.06.2018
<i>Remuneration of the members of the Supervisory Board and the Management Board</i>		
Remuneration of the members of the Supervisory Board	257	162
Remuneration of the members of the Management Board	5,192	6,197
	5,449	6,359

(in thousand PLN)

3.11. Deferred tax

Change in deferred tax assets	30/06/2019	31/12/2018
As at beginning of period	69,099	55,139
Increase/ (decrease)	3,337	13,960
As at end of period	72,436	69,099
Change in deferred tax liabilities	30/06/2019	31/12/2018
As at beginning of period	73,083	56,491
(Termination)/creation in the period	(21,000)	16,592
As at end of period	52,083	73,083

	31/12/2018	Effect on net profit	30/06/2019
Deferred tax assets	69,099	3,337	72,436
Deferred tax liabilities	(73,083)	21,000	(52,083)
	(3,984)	24,337	20,353

Offsetting deferred income tax assets and provisions as at 30 June 2019.	Assets	Provisions
Deferred tax assets/liabilities	72,436	52,083
Deferred tax offset against liabilities	(48,046)	(48,046)
Deferred tax liabilities as disclosed in the balance sheet	24,390	4,037

3.12 Income tax

Income tax recognised under current period profit or loss

	01/01/2019 - 30/06/2019	01/01/2018 - 30/06/2018
Current income tax	48,252	35,615
Change in deferred income tax	(24,337)	(11,733)
Income tax disclosed in statement of comprehensive income	23,915	23,882

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 Board of the parent entity considered the influence of transactions which could potentially be the subject of

(in thousand PLN)

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.

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

Following the balance sheet date two new distribution subsidiaries were formed, namely Inter Cars Deutschland GMBH in Germany and Inter Cars Beograd in Serbia. Additionally, on 2 July 2019 a resolution was passed to form a distribution subsidiary in the Republic of Belarus and an Inter Cars S.A. spin-off under the name of Inter Cars Fleet Services with its registered seat in Poland, offering comprehensive body and mechanical repair services.

Warsaw, 03 September 2019

Maciej Oleksowicz,
President of the
Management Board

Krzysztof Soszynski
Vice-President of the
Management Board

Krzysztof Oleksowicz
Member of the
Management Board

Wojciech Twaróg
Member of the Management
Board

Piotr Zamora
Member of the
Management Board

Tomáš Kaštil
Member of the
Management Board

Julita Pałyska
Chief Accountant

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

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

The parent company, Inter Cars S.A. (hereinafter referred to as "the Company" / "the parent entity") is registered in Poland. The abridged interim consolidated financial statements of the Inter Cars S.A. Capital Group for the period from 1 January to 30 June 2019 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 registered seat in Khmelnytsky, Ukraine (100% of Inter Cars S.A.'s interest in the company's capital), Lauber Sp. z o.o. with registered seat in Słupsk (100%), Q-Service Sp. z o.o. with registered seat in Cząstkow Mazowiecki (100%), Inter Cars Česká Republika with registered seat in Prague (100%), Feber Sp. z o.o. with registered seat in Warsaw (100%), Inter Cars Slovenska Republika with registered seat in Bratislava (100%), Inter Cars Lietuva UAB with registered seat in Vilnius (100%), IC Development & Finance Sp. z o.o. with registered seat in Warsaw (100%), Armatus Sp. z o.o. with registered seat in Warsaw (100%), JC Auto s.r.o. with registered seat in Karvina - Darkow (100%), Inter Cars Hungária Kft with registered seat in Budapest (100%), JC Auto S.A. with registered seat in Braine-le-Château (100%), Inter Cars d.o.o. with registered seat in Zapresic (100%), Aurelia Auto d.o.o. with registered seat in Vinkovci (100%), Inter Cars Italia s.r.l. with registered seat in Pero (100%), Inter Cars Romania s.r.l. with registered seat in Cluj-Napoca (100%), Inter Cars Cyprus Limited with registered seat in Nicosia (100%), Inter Cars Latvija SIA with registered seat in Mārupes nov., Mārupe (100%), Inter Cars Bulgaria with registered seat in Sophia (100%), Cleverlog Autoteile GmbH with registered seat in Berlin (100%), Inter Cars Marketing Services Sp. z o.o. with registered seat in Warsaw (100%), ILS Sp. z o.o. with registered seat in Swobodnia (reg. Zakroczym) (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 Trgovina z rezervnimi deli in opremo za motorna vozila 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 Ilioupoli Attiki (100%), Inter Cars d.o.o. with registered seat in Sarajevo (100%) and Inter Cars United Kingdom - automotive technology Ltd. with registered seat in London (100%)

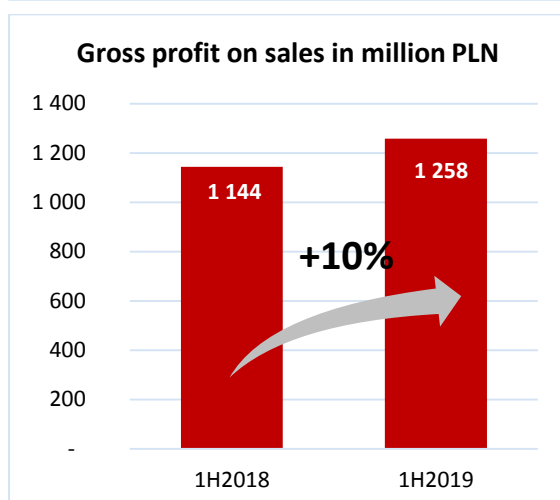
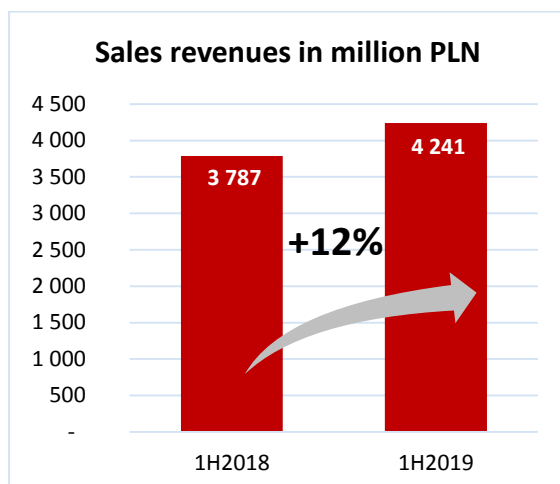
2. Basis of preparing the condensed interim consolidated financial statements

The condensed interim consolidated financial statements of the Inter Cars Capital Group were prepared for the period of 6 months ended on 30 June 2019.

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 2019 – 30 June 2019.

Overview of the financial results of the Inter Cars Group for the first and half of 2019



- The consolidated revenues on the Group's sales increased by **12 %** compared to the same period of 2018.
- 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 15% compared to the same period of the previous year, where: sales by the foreign distribution companies amounted to PLN 1,785 m in the first half of 2019, accounting for a nearly 17% growth.

Inter Cars' domestic revenue accounted for app. 53% of the Group's total revenue (including consolidation exemptions), compared to 54% in the

first half of 2018. The Polish market remains the basic sales market for the Capital Group.

- Consolidated margin on sales amounted to 29.7%. In the reporting period the influence of exchange rates on margin was the following: -0.2 p.p. In the first half of 2019 and +0.6 p.p. in the same period of 2018. After elimination of exchange rate differences, the margin would amount to 29.9% for 1H 2019 and 29.6% for 1H 2018.
- The consolidated margin on the operating activities for the first half of 2019 amounted to PLN 167,775 m and was on the same level as consolidated margin on the operating activities in the same period a year before.
- Consolidated net profit for 1H 2019 amounted to PLN 115.5 m and was lower by PLN 1 m, compared to the same period of 2018. However, one should stress the impact of adjustments resulting from the introduction of IFRS 16 with respect to the recognition of leases as income statement items in 2019. Following elimination of the impact of IFRS 16, the profit for the first half of 2019 amounts to PLN 119,5 m and is 2.6% bigger than the profit for the first half of 2018.
- The result for the first half of 2019 was also influenced by on-off events related to: a restructuring of an Italian company and the losses resulting from the flooding of the Nupaky warehouse in the Czech Republic amounting to PLN 10 m, as described in paragraph 4 hereof. Following elimination of the impact of one-off events, the profit for the first half of 2019 amounts to PLN 119,5 m and is approx. 11% bigger than the profit for the first half of 2018.
- The ratio of the sales and general administrative costs to the sales revenues for the first 6 months of 2019 increased slightly compared with the same period of the previous year and is 15.1% vs 15.0%, however, one should eliminate from the comparison the impact of the one-off events specified above.
- The effective tax rate for the Group for 6 months of 2019 cumulatively was 17.2%.

(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 2019 the most dynamic sales growth as compared to the same period of 2018 (after translation into PLN and following consolidation exemptions) was recorded by companies in the following countries: Greece (increase by 410%), Bosnia (increase by 96%), Moldova (increase by 92%), Germany – Cleverlog (increase by 51%), Ukraine (increase by 39%) . Whilst the Companies in the Group with the greatest influence on Group's revenue were the companies in the following countries: Poland (increase by 9%), Romania (increase by 5%), Bulgaria (increase by 29%), Latvia (increase by 17%), Slovakia (increase by 17%), Italy (increase by 15%), Czech (increase by 7%), Hungary (increase by 9%).

The underlying financial data of the Inter Cars S.A. Group for 1 half of 2019 were as follows:

	<i>for 6 months ended on 30 June</i>			
	2019		2018	
	<i>PLN</i>	<i>PLN</i>	<i>EUR</i>	<i>EUR</i>
<i>('000)</i>				
Profit and loss account (for the period)				
Sales revenues	4,241,290	3,786 666	989,107	893,187
Gross profit (loss) on sales	1,258,487	1,143 969	293,490	269,836
Net financial revenues / costs	(28,400)	(27,706)	(6,623)	(6,535)
Operating profit (loss)	167,775	168,135	39,127	39,659
Net profit (loss)	115,460	116,548	26,926	27,491
Other financial data				
Operating cash flows	169,823	106,476	39,604	25,115
Investing cash flows	(11,025)	(47,668)	(2,571)	(11,244)
Financing cash flows	(121,538)	(36,243)	(28,344)	(8,549)
Basic profit per share	8.15	8.23	1.90	1.94
Sales margin	29.7%	30.2%		
EBITDA margin	5.8%	5.4%		
Balance sheet (as at)	30/06/2019	31/12/2018	30/06/2019	31/12/2018
Cash and cash equivalents	151,985	114,725	35,744	26,680
Balance sheet total	4,533,382	3,943,261	1,066,176	917,037
Loans, borrowings and finance lease	1,574,617	1,303,914	370,324	303,236
Equity	1,929,315	1,829,173	453,743	425,389

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 2019 – EUR 1 = PLN 4.2520, and exchange rate of 31 December 2018 – EUR 1 = PLN 4.3000
- 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 2019 and 2018, respectively: 1 EUR = PLN 4.2880 and 1 EUR = PLN 4.2395 PLN.

Interim report on the activities of the Inter Cars Capital Group

for the period from 1 January to 30 June 2019

*(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:

	<i>for 6 months ended on 30 June</i>			
	2019	2018	2019	2018
<i>('000)</i>	<i>PLN</i>	<i>PLN</i>	<i>EUR</i>	<i>EUR</i>
Profit and loss account (for the period)				
Sales revenues	3,111,570	2,848,247	725,646	671,836
Gross profit (loss) on sales	779,637	674,488	181,818	159,096
Costs of license	(3,908)	(17,893)	(911)	(4,221)
Net financial revenues / costs	29,872	126,241	6,966	29,777
Operating profit (loss)	76,190	6,212	17,768	1,465
Net profit (loss)	94,071	130,660	21,938	30,820
Other financial data				
Operating cash flows	98,454	(25,339)	22,960	(5,977)
Investing cash flows	24,131	52,876	5,628	12,472
Financing cash flows	(116,096)	(27,172)	(27,075)	(6,409)
Basic profit per share	6.64	9.22	1.55	2.18
Sales margin	25.06%	23.68%		
EBITDA margin	3.39%	1.29%		
Balance sheet (as at)				
	30/06/2019	31/12/2018	30/06/2019	31/12/2018
	<i>PLN</i>	<i>PLN</i>	<i>EUR</i>	<i>EUR</i>
Cash and cash equivalents	30,771	24,283	7,237	5,647
Balance sheet total	3,735,886	3,443,148	878,619	800,732
Loans, borrowings and finance lease	1,323,126	1,324,902	311,177	308,117
Equity	1,506,982	1,422,970	354,417	330,923

The sales revenues in 1 half of 2019 were **9% higher** than in the same period of 2018. 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 2019) was 16% higher than in the same period of 2018.

The sales margin for the 1 half of 2019 was 25.1% (compared to 23.7% in the 1 half of 2018). After eliminating the influence of currency exchange rate differences on the margin in the first half-year 2019 (-0.2% and in the same period a year before +0.7%) the sales margin would be 25.3% in the first half of 2019 and 23.0% in the same period of 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.

License fees - fees for using trademarks held by Inter Cars Marketing Services S.A. for the purposes of the current activity of the distribution companies.

The financial revenues and costs include primarily the costs and revenues from interest and revenues from the dividend. In the first half of 2019, the Company incurred cost of PLN 20,434 k, compared with PLN 17,798 k in the same period of 2018. The revenues from the dividend amount to PLN 50,029 k for the first half of 2019 and PLN 152,681 k for the same period of 2018, respectively.

Liabilities due to loans, borrowings, debt securities and finance lease as at 30 June 2019 amounted to PLN 1,323,126 k and decreased by 0.13% compared with PLN 1,324,902 k as at 31 December 2018.

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 2019 amounted to PLN 435,014 thousand (cumulatively as a profit on operating activity plus depreciation) and after elimination of influence of IFRS 16 EBITDA was PLN 394,155 thousand and was PLN 7,911 thousand higher compared to 2018.
- The net debt to EBITDA ratio amounted to 2.94 as at 30 June 2019, and, following elimination of the impact of IFRS 16, it amounted to 2.78 vs 2.69 in the previous year.
- The highest revenue in history was recorded by the Romanian company and resulted from the development of spare parts distribution centres, the so-called central warehouses. A significant increase in sales was recorded also in Ukraine, Bulgaria, Estonia, Slovakia, Estonia, Slovakia, Slovenia and in the Cleverlog company offering online sales in Germany.
- The management board of the Inter Cars Group decided to restructure the Italian company Inter Cars Italia s.r.l., which has not been profitable. Following a profitability analysis of particular areas of its activity a decision was made to change its business model by closing all 6 branches and continuing direct sales to shops and warehouses offering spare parts. This way the company should arrive at the desired operating margin. The future restructuring costs, including severance pays for employees required by the applicable law, the costs of termination of contracts of lease of office and warehouse spaces, as well as other administrative costs will be paid from a reserve of PLN 8,600 k recorded in the first half of 2019.
- At the beginning of 2019, the sprinkler system in the newly opened warehouse in Nupaky in the Czech Republic went off unexpectedly causing a flooding of part of the products inside the warehouse and the conveyor picking and transferring products. The losses are being evaluated, along with the value to be recovered from the insurance policy. To cover the future costs of damages resulting from the said event, the management board decided to create a reserve of PLN 1,460 k. The future costs will be covered entirely from the said reserve.

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 2019

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

Interim report on the activities of the Inter Cars Capital Group

for the period from 1 January to 30 June 2019

(in thousand PLN)

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

Shareholder	Number of shares	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 Santander	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 LLP	748,776	1,497,552	5.29%	5.29%
Total	9,066,444	18,132,888	63.99%	63.99%

*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 than 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.

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 quarterly report, i.e. 21 May 2019, 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 hold directly a total of 5,005,591 shares, constituting 35.33% of the total vote at the General Shareholders Meeting of Inter Cars.

Interim report on the activities of the Inter Cars Capital Group

for the period from 1 January to 30 June 2019

(in thousand PLN)

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

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

There have been no changes in shareholding structure of the issuer since the date of publication of the previous report, i.e. 21 May 2019.

10. Information on court, arbitration and administrative proceedings

In 2019, 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 2019 include:

- ✓ *trends in the foreign exchange rates, mainly EUR, USD and YEN against PLN, UAH, HUF, CZK, HRK, RON, BGN, BAM, MDL and GBP;*
- ✓ 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.
- ✓ *Change of business model and restructuring in Italian subsidiary Inter Cars Italia s.r.l*

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

The risks regarding Q3 2019, specified by the Management Board affect also the other months of 2019, 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.

Surities and guarantees granted by the Group as at 30 June 2019 amounted in total to: PLN 27,060 thousand.

Warsaw, 03 September 2019

Maciej Oleksowicz,
President of the
Management Board

Krzysztof Soszynski
Vice-President of the
Management Board

Krzysztof Oleksowicz
Member of the
Management Board

Wojciech Twaróg
Member of the Management
Board

Piotr Zamora
Member of the
Management Board

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 2019

(in thousand PLN)

INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS OF INTER CARS S.A. FOR THE PERIOD FROM 01 January 2019 TO 30 June 2019

Separate statement of financial position

<i>(in thousand PLN)</i>	<u>30/06/2019</u>	<u>31/12/2018</u>	<u>30/06/2018</u>
ASSETS			
Non-current assets			
Property, plant and equipment	122,543	123,725	148,675
Right-of-use assets	13,159	-	-
Intangible assets	189,458	185,533	176,713
Investment property	-	-	1,991
Real estate available for sale	-	29,271	-
Investments in subordinated entities	418,193	418,193	418,193
Investments available for sale	258	258	258
Receivables	16,475	22,737	21,577
Receivables on long-term rental	48,224	-	-
Deferred tax assets	6,597	-	1,482
	<u>814,907</u>	<u>780,957</u>	<u>768,889</u>
Current assets			
Inventory	1,431,998	1,351,565	1,441,450
Trade and other receivables	1,440,367	1,286,343	1,281,544
Receivables on short-term rental	17,843	-	-
Cash and cash equivalents	30,771	24,283	31,819
	<u>2,920,979</u>	<u>2,662,191</u>	<u>2,754,813</u>
TOTAL ASSETS	<u>3,735,886</u>	<u>3,443,148</u>	<u>3,523,702</u>
LIABILITIES			
Equity			
Share capital	28,336	28,336	28,336
Share premium account	259,530	259,530	259,530
Supplementary capital	1,118,787	900,217	900,217
Other reserve capitals	5,935	5,935	5,935
Retained earnings	94,394	228,952	130,984
	<u>1,506,982</u>	<u>1,422,970</u>	<u>1,325,002</u>
Long-term liabilities			
Loan, borrowing and finance lease liabilities	539,173	501,426	654,042
Liabilities on long-term rental	55,589	-	-
Deferred income tax provision	-	20,013	-
	<u>594,762</u>	<u>521,439</u>	<u>654,042</u>
Short-term liabilities			
Trade and other liabilities	851,414	659,126	977,543
Interest-bearing loans and borrowings, debt securities and leasing	704,382	823,476	550,390
Liabilities on short-term rental	23,982	-	-
Employee benefits	15,726	14,453	10,962
Income tax liabilities	38,638	1,684	5,763
	<u>1,634,142</u>	<u>1,498,739</u>	<u>1,544,658</u>
TOTAL LIABILITIES	<u>3,735,886</u>	<u>3,443,148</u>	<u>3,523,702</u>

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 2019

(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>	
	2019	2018	2019	2018
	Not audited	not audited	not audited	not audited
Revenues from the sale of products, goods and materials	1,657,263	1,621,924	3,111,570	2,848,247
Cost of sales	(1,230,321)	(1,249,782)	(2,331,933)	(2,173,759)
Gross profit on sales	426,942	372,142	779,637	674,488
Other operating revenues	3,681	1,823	14,713	5,730
Selling cost, general and administrative expenses	(210,330)	(183,227)	(391,723)	(347,715)
Costs of distribution service	(133,935)	(133,321)	(259,924)	(246,795)
Costs of license	(1,813)	(10,234)	(3,908)	(17,893)
Other operating costs	(35,406)	(50,704)	(62,605)	(61,603)
Operating profit	49,139	(3,521)	76,190	6,212
Financial income	677	169	1,566	949
Dividends received	50,029	109,547	50,029	152,681
Exchange differences	1,156	(5,346)	1,352	(7,145)
Financial costs	(11,467)	(10,525)	(23,076)	(20,244)
Profit before tax	89,534	90,324	106,062	132,453
Income tax	(9,084)	(2,017)	(11,991)	(1,793)
Net profit	80,450	88,307	94,071	130,660
OTHER COMPREHENSIVE INCOME				
Total other comprehensive income, net	-	-	-	-
COMPREHENSIVE INCOME	80,450	88,307	94,071	130,660
Net profit	80,450	88,307	94,071	130,660
Weighted-average number of ordinary shares (in pieces)	14,168,100	14,168,100	14,168,100	14,168,100
Earnings per ordinary share (in PLN)	5.68	6.38	6.64	9.22
Weighted-average diluted number of ordinary shares (in pieces)	14,168,100	14,168,100	14,168,100	14,168,100
Diluted earnings per ordinary share (in PLN)	5.68	6.38	6.64	9.22

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 2019
(in thousand PLN)

Separate statement of changes in equity

for the period from 01 January 2019 to 30 June 2019 (not audited)

(in thousand PLN)

	Share capital	Share premium account	Supplementary capital	Other reserve capitals	Retained earnings	Total equity
Shareholder's equity as at 01 January 2019	28,336	259,530	900,217	5,935	228,952	1,422,970
Statement of comprehensive income						
Profit in the reporting period	-	-	-	-	94,071	94,071
Total comprehensive income in the reporting period	-	-	-	-	94,071	94,071
Distribution of retained profits - carried over to supplementary capital	-	-	218,570	-	(218,570)	-
Distribution of prior period profit – dividend	-	-	-	-	(10,059)	(10,059)
Owner's equity as at 30 June 2019	28,336	259,530	1,118,787	5,935	94,394	1,506,982

for the period from 01 January 2018 to 31 December 2018

(in thousand PLN)

	Share capital	Share premium account	Supplementary capital	Other reserve capitals	Retained earnings	Total equity
Shareholder's equity as at 01 January 2018	28,336	259,530	809,218	5,935	101,382	1,204,401
Statement of comprehensive income						
Profit in the reporting period	-	-	-	-	228,628	228,628
Total comprehensive income	-	-	-	-	228,628	228,628
Transactions with shareholders						
Distribution of prior period profit – dividend	-	-	-	-	(10,059)	(10,059)
Distribution of retained profits - carried over to supplementary capital	-	-	90,999	-	(90,999)	-
Owner's equity as at 31 December 2018	28,336	259,530	900,217	5,935	228,952	1,422,970

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

for the period from 1 January to 30 June 2019

(in thousand PLN)

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

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

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

for the period from 1 January to 30 June 2019

*(in thousand PLN)***Separate statement of cash flows***(in thousand PLN)*

	01/01/2019 – 30/06/2019	01/01/2018– 30/06/2018
Cash flows from operating activities	<i>not audited</i>	<i>not audited</i>
Profit (loss) before tax	106,062	132,453
Adjustments:		
Amortization and depreciation	29,151	13,559
Foreign exchange gains /losses	460	9,691
(Profit) /loss on the sale of property, plant and equipment	(1,831)	237
Net interest and share in profits	18,767	16,445
Net dividends	(50,029)	(152,681)
Other adjustments, net	(69)	(246)
Operating profit before changes in the working capital	102,511	19,458
Increase (decrease) in inventories	(80,433)	(291,715)
Change in receivables	(103,836)	(140,437)
Change in short-term liabilities	181,859	388,629
Cash generated by operating activities	100,101	(24,065)
Corporate income tax paid	(1,647)	(1,274)
Net cash from operating activities	98,454	(25,339)
Cash flow from investing activities		
Proceeds from the sale of plant, property, equipment and intangible assets	31,250	659
Purchase of property, plant, equipment and intangible assets	(15,261)	(21,346)
Sale of shares in subordinated entities	-	-
Purchase of financial assets in related and other entities	-	(2,088)
Repayment of loans granted	7,019	186
Loans granted	(98)	(1,793)
Interest received	802	984
Dividends received	419	76,274
Net cash from investing activities	24,131	52,876
Cash flow from financing activities		
(repayments) / proceeds from credits and leases	(13,457)	(2,368)
Payment of the reverse factoring	-	-
Deposits received (returned)	50	-
Loans and borrowings received / repaid	(82,696)	(7,996)
Interest paid	(19,993)	(16,808)
Net cash from financing activities	(116,096)	(27,172)
Net change in cash and cash equivalents	6,488	365
Cash and cash equivalents at the beginning of the period	24,283	31,454
Cash and cash equivalents at the end of the period	30,771	31,819

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

Explanatory notes to the interim condensed separate financial statements prepared for the period of 6 months ended on 30 June 2019.

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 30 June 2019.

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 2018. No changes to the accounting principles applied by the Company were made during the reporting period presented compared to those described in the financial statements for the year ended on 31 December 2018.

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 2019 until the date of approval of the financial statements for publication had bearing on these financial statements.

Description of amendments and the new standards, their influence on the statements of the Company was delivered in note 2.3 thereof.

The interim condensed separate financial statements of Inter Cars S.A. were approved for publication by the Management Board on 03 September 2019.

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

New investments in subordinated entities did not take place in the first half 2019. Investments in subordinated entities amounted to PLN 986 thousand, as at 30 June 2019.

1.3. Information on business segments

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

1.4. Seasonality

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

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

1.5. Dividend

On 17 June 2019, 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 2018 profit. The payment of the dividend was realized on 12 July 2019.

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

for the period from 1 January to 30 June 2019

*(in thousand PLN)***1.6. Material evaluations and estimates**

No material changes to the evaluations or estimates presented in the annual separate financial statements for 2018 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	
	01/01/2019– 30/06/2019	01/01/2018 – 30/06/2018	01/01/2019– 30/06/2019	01/01/2018 – 30/06/2018
Inter Cars Ukraine LLC	54,676	40,843	-	-
Q-Service Sp. z o.o.	391	1,849	126,416	137,418
Lauber Sp. z o.o.	3,604	3,385	19,562	23,469
Inter Cars Česká republika s.r.o.	78,568	79,472	1,646	2,292
Inter Cars Slovenská republika s.r.o.	83,889	76,902	899	716
Feber Sp. z o.o.	385	656	5,996	2,955
Inter Cars Lietuva UAB	105,548	87,088	4,055	12,643
IC Development & Finance Sp. z o.o.	10	10	299	510
Inter Cars Italia srl.	10,514	4,512	97	90
Inter Cars d.o.o.	48,401	52,988	1,760	1,331
JC Auto S.A.	-	57	4,194	-
Inter Cars Hungária Kft.	42,926	65,301	928	2,538
Inter Cars Romania s.r.l.	90,000	134,124	1,243	2,595
Armatus sp. z o.o.	2	-	446	1,429
Cleverlog-Autoteile GmbH	42,476	29,997	103	52
Inter Cars Latvija SIA	57,597	55,189	1,372	1,099
Inter Cars Bulgaria EOOD	41,866	10,252	642	395
Inter Cars Marketing Services Sp. z o.o.	89	40	14,650	26,026
ILS Sp. z o.o.	2,249	243	177,907	173,238
Q-Service Truck Sp. z o.o.	261	235	9,012	7,961
Inter Cars Malta Limited	27	1	199,149	156,254
INTER CARS INT Trgovina z rezervnimi deli in opremo za motorna vozila d.o.o.	2,866	4,002	133	91
ILS Latvijas	-	11	-	-
Inter Cars Piese Auto s.r.l.	100	30	-	1
Inter Cars Greece	1,941	31	6	-
Inter Cars Eesti OU	11,121	11,771	374	218
Inter Cars United Kingdom - automotive technology Ltd	3,575	-	-	-
	683,082	658,989	570,888	553,321

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

for the period from 1 January to 30 June 2019

*(in thousand PLN)**Settlement*

	Receivables as at	
	30/06/2019	31/12/2018
Inter Cars Ukraine LLC	59,278	48,396
Lauber Sp. z o.o.	20,214	17,032
Inter Cars Česká republika s.r.o.	47,978	43,908
Inter Cars Slovenská republika s.r.o	50,773	43,789
Feber Sp. z o.o.	6	10
Inter Cars Lietuva UAB	43,931	45,525
Inter Cars Italia srl	14,133	12,809
Inter Cars d.o.o.	146,494	128,559
JC Auto S.A.	-	298
Inter Cars Hungária Kft.	57,355	67,596
JC Auto s.r.o.	4,110	4,156
Inter Cars Romania s.r.l.	293,061	303,716
Inter Cars Latvija SIA	60,488	59,734
Inter Cars Cyprus Ltd.	-	-
Cleverlog-Autoteile GmbH	941	2,436
Inter Cars Bulgaria Ltd.	27,262	18,700
Inter Cars Marketing Services Sp. z o.o.	257	234
ILS Sp. z o.o.	67	1,522
Inter Cars Malta Holding Limited	1,063	1,043
Inter Cars Malta Limited	9,881	9,873
Q-Service Truck Sp. z o.o.	29	18
Inter Cars INT Trgovina z rezervnimi deli in opremo za motorna vozila d.o.o.	638	905
Inter Cars Eesti OÜ	3,171	1,946
Q-Service Sp. z o.o.	55	233
ILS Latvijas filialie	27	19
IC Development & Finance Sp. z o.o.	63	53
Armatus sp. z o.o.	1	-
Inter Cars Piese Auto s.r.l.	(82)	(84)
Inter Cars Greece	(3,444)	(4,650)
Intermeko Europe Sp. z o.o.	11	11
Inter Cars d o.o. (Bosnia)	89	-
Inter Cars United Kingdom - automotive technology Ltd	3,463	-
Gross receivables from subsidiaries	841,313	807,787
Revaluation write-down on receivables (JC Auto s.r.o.)	(4,009)	(4,009)
Reserves for returns	(34,728)	(43,697)
Net receivables from subsidiaries	802,576	760,081

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

for the period from 1 January to 30 June 2019

(in thousand PLN)

	Liabilities as at	
	30/06/2019	31/12/2018
Q-Service Sp. z o.o.	47,759	38,661
Lauber Sp. z o.o.	6,410	10,022
Inter Cars Ceska Republika	53	558
Inter Cars Slovenska Republika	695	45
Feber Sp. z o.o.	12,382	8,873
Inter Cars Lietuva UAB	98	62
Inter Cars Italia srl	161	37
Inter Cars d.o.o.	1,930	283
JC Auto S.A.	2	258
Inter Cars Hungária Kft.	27	316
Inter Cars Romania s.r.l.	203	494
Inter Cars Latvija SIA	33	201
Inter Cars Cyprus Ltd.	4	4
Inter Cars Marketing Services Sp. z o.o.	65,342	72,292
ILS Sp. z o.o.	70,845	63,313
Inter Cars Malta Holding Limited	(19)	(19)
Inter Cars Malta Limited	102,718	78,176
Q-Service Truck Sp. z o.o.	3,256	674
IC Development & Finance Sp. z o.o.	1,361	1,780
Inter Cars INT Trgovina z rezervnimi deli in opremo za motorna vozila d.o.o.	188	18
Inter Cars Eesti OÜ	264	98
Cleverlog Autoteile GMBH	-	-
Inter Cars Bulgaria EOOD	137	2
Intermeko Europe Sp. z o.o.	110	99
Armatus Sp. z o.o.	(171)	(253)
Inter Cars d.o.o. (Bosnia and Herzegovina)	5	-
Inter Cars Greece	6	-
Liabilities to subsidiaries	313,799	275,994
Settlements on loans and borrowings		
<i>Receivables from subsidiaries</i>	30/06/2019	31/12/2018
Lauber Sp. z o.o.	8,803	8,937
IC Development & Finance Sp. z o.o.	17,727	24,094
Inter Cars Bulgaria EOOD	963	1,019
Q-Service Truck sp z o.o.	501	502
Inter Cars Malta Limited	12,836	12,838
Inter Cars Greece	1,320	1,317
Gross receivables on loans	42,150	48,707
<i>Liabilities to subsidiaries</i>		
Inter Cars Marketing Services Sp. z o.o.	36,100	61,200
Inter Cars Cyprus Ltd.	83,266	83,358
	119,366	144,558
Receivables on dividend		
<i>Receivables from subsidiaries</i>	30/06/2019	30/06/2018
Lauber Sp. z o.o.	-	1,246
Inter Cars Marketing Services Sp. z o.o.	-	58,520
Q-Service Truck Sp z o.o.	1,259	1,043
Q-Service Sp. z o.o.	20,611	14,091
Feber Sp. z o.o.	6,220	1,507
Inter Cars Bulgaria EOOD	5,962	-
ILS Sp. z o.o.	15,559	-
Gross receivables on dividend	49,611	76,407

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 2019

*(in thousand PLN)***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 2019 amounted in total to: PLN 221,533 thousand.

Changes in sureties and guaranties

Status as at 31/12/2018	<u>267,907</u>
Increase	53,814
Expired	(100,188)
Status as at 30/06/2019	<u>221,533</u>

In the first half of 2019, 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.

	<u>1.01.2019- 30.06.2019</u>	<u>1.01.2018- 30.06.2018</u>
<i>Transactions with related entities</i>		
Income on sales to related entities	1,108	1,247
Purchase of goods and services from related entities	9,708	9,266
	<u>30/06/2019</u>	<u>31/12/2018</u>
<i>Settlements with related entities</i>		
Receivables from related entities	1,391	1,029
Liabilities to related entities	644	244

Warsaw, 03 September 2019

Maciej Oleksowicz,
President of the
Management Board

Krzysztof Soszynski
Vice-President of the
Management Board

Krzysztof Oleksowicz
Member of the
Management Board

Wojciech Twaróg
Member of the Management
Board

Piotr Zamora
Member of the
Management Board

Tomáš Kaštil
Member of the
Management Board

Julita Pałyska
Chief Accountant