INTER CARS GROUP

ANNUAL FINANCIAL STATEMENTS 2015

ANNUAL FINANCIAL STATEMENTS OF THE INTER CARS GROUP FOR THE YEAR 2015

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Financial highlights

	for the period of 12 months ended on 31 December			
	31/12/2015 in thousand PLN	**31/12/2014** in thousand PLN	**31/12/2015** in thousand EUR	**31/12/2014** in thousand EUR
Information on growth and profits				
Sales margin	30.30%	30.60%		
EBITDA	251,098	272,211	60,002	65,048
EBITDA as percentage of sales	5.2%	6.9%		
EBITDA (for 12 consecutive months)	251,098	272,211	60,002	65,048
Net debt / EBITDA	2.94	2.12		
Basic earnings per share (PLN)	10.66	12.54	2.55	2.99
Diluted earnings per share (PLN)	10.66	12.54	2.55	2.99
Operating profit	198,757	227,101	47,495	54,210
Net profit	**151,026**	**177,699**	**36,089**	**42,417**
Cash flows				
Operating cash flows	159,044	46,160	38,005	11,019
Investing cash flows	(160,987)	(72,924)	(38,469)	(17,407)
Financing cash flows	9,130	42,396	2,182	10,120
Employment and branches				
Employees				
Parent company	363	335		
Subsidiaries	1,604	1,395		
Branches				
Parent company	183	169		
Subsidiaries	191	161		

	As at		**As at**	
Consolidated statement of the financial situation	**31/12/2015** in thousand PLN	**31/12/2014** in thousand PLN	**31/12/2015** in thousand EUR	**31/12/2014** in thousand EUR
Cash and cash equivalents	73,016	65,829	17,134	15,444
Balance sheet total	2,506,364	2,056,682	588,141	482,529
Loans, borrowings and finance lease	804,645	636,634	188,817	149,364
Equity attributable to the shareholders of the parent entity	1,205,878	1,069,048	282,970	250,815

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 31 December 2015 – EUR 1 = PLN 4.2615, and the National Bank of Poland exchange rate of 31 December 2014 – EUR 1 = PLN 4,2623
- 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 2015 and 2014, respectively: 1 EUR = PLN 4.1848 and 1 EUR = PLN 4.1893 PLN.

Information about INTER CARS S.A.

1. Scope of activities

The principal activities of Inter Cars Spółka Akcyjna (hereinafter referred to as “Inter Cars” are import and distribution of spare parts for passenger cars and utility vehicles.

2. Registered seat

ul Powsińska 64
02-903 Warsaw
Poland
Central Warehouse:
ul. Gdańska 15
05-152 Czosnów nearby/Warsaw

3. Contact details

tel. (+48-22) 714 19 16
fax. (+48-22) 714 19 18
bzarzadu@intercars.eu
relacje.inwestorskie@intercars.eu
www.intercars.com.pl

4. Supervisory Board (as at the date of approval of the financial statements)

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

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

Robert Kierzek, President
Krzysztof Soszyński, Vice-President
Krzysztof Oleksowicz
Wojciech Twaróg
Witold Kmieciak

6. Statutory auditor

KPMG Audyt Spółka z ograniczoną odpowiedzialnością spółka komandytowa
ul. Inflancka 4A
00-189 Warsaw

7. Banks (as at the date of approval of the financial statements)

Bank Pekao S.A.
ul. Grzybowska 53/57
00-950 Warsaw

Bank Handlowy w Warszawie S.A.
ul. Senatorska 16
00-923 Warsaw

ING Bank Śląski S.A.
Pl. Trzech Krzyży 10/14
00-499 Warsaw

HSBC Bank Polska S.A.
ul. Marszałkowska 89
00-693 Warsaw

UniCredit Bank Czech Republic and Slovakia, a.s.
Želetavská 1525/1
140 00 Praha 4 - Michle

UniCredit Bank Czech Republic and Slovakia, a.s.
Sancova 1/A
813 33 Bratislava

RBS Bank (Polska) S.A.
ul. 1-go Sierpnia 8A
02-134 Warsaw

mBank S.A.
Ul. Królewska 14
00-065 Warsaw

Raiffeisen Bank Polska S.A.
ul. Piękna 20
00-549 Warsaw

Centralny Dom Maklerski PEKAO SA
Wołoska 18
02-675 Warsaw

Tatra banka a.s.
Member of Raiffeisen Bank International
Hodžovo nám. 3 / P.O.Box 42 - SR
850 05 Bratislava

8. Subsidiaries and associated entities of Inter Cars - entities included in consolidation as at 31 December 2015

As at 31 December 2015, the following entities comprised the Inter Cars Capital Group: Inter Cars S.A. as the Parent Entity, and 30 other entities, including:

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

The Group also holds shares in two related entities.

Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				31/12/2015	31/12/2014
Parent company					
Inter Cars S.A.	Warsaw	Import and distribution of spare parts for passenger cars and commercial vehicles	full	Not applicable	Not applicable
Direct subsidiaries					
Inter Cars Ukraine	Ukraine, Khmelnitsky	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Q-service Sp. z o.o.	Cząstków Mazowiecki	Advisory services, organization of trainings and seminars related to automotive services and the automotive market	full	100%	100%
Lauber Sp. z o.o.	Słupsk	Remanufacturing of car parts	full	100%	100%
Inter Cars Česká republika s.r.o.	Czech Republic, Prague	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Feber Sp. z o.o.	Warsaw	Manufacture of motor vehicles, trailers and semi-trailers	full	100%	100%
IC Development & Finance Sp. z o.o	Warsaw	Real estate development and lease	full	100%	100%
Armatus sp. z o.o.	Warsaw	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%

Name of entity	Registered seat	Scope of activities	Consolidation method	% of the Group's share in the share capital	
				31/12/2015	31/12/2014
Inter Cars Slovenská republika s.r.o.	Slovakia, Bratislava	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Lietuva UAB	Lithuania, Vilnus	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
JC Auto s.r.o.	Czech Republic, Karvina-Darkom	The Company does not carry out operating activities	full	100%	100%
JC Auto S.A.	Belgium, BrainL'Allued	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Hungária Kft	Hungary, Budapest	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Italia s.r.l (formerly JC Auto s.r.l.)	Italy, Milan	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars d.o.o.	Croatia, Zagreb	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Romania s.r.l.	Romania, Cluj-Napoca	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Cyprus Limited	Cyprus, Nicosia	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Latvija SIA	Latvia, Riga	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Cleverlog-Autoteile GmbH	Germany, Berlin	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Bulgaria Ltd.	Bulgaria, Sofia	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Marketing Services Sp. z o.o.	Warsaw	Advertising, market and public opinion research	full	100%	100%
ILS Sp. z o.o.	Nadarzyn	Logistics services	full	100%	100%
Inter Cars Malta Holding Limited	Malta	Assets management	full	100%	100%
Q-service Truck Sp. z o.o.	Warsaw	Sale of delivery vans and trucks	full	100%	100%
Inter Cars INT d o.o	Slovenia, Ljubljana	Distribution of spare parts for passenger cars and commercial vehicles	full	100%	100%
Inter Cars Eesti OU *	Estonia, Tallinn	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	Not applicable	100%	-
Indirect subsidiaries					
Inter Cars Malta Limited	Malta	Sale of spare parts and advisory services related to automotive services and the automotive market	full	100%	100%
Aurelia Auto d o o	Croatia	Distribution of spare parts and real estate rental	full	100%	100%
Associated entities					
SMiOC FRENOPLAST Bułhak i Cieślawski S.A.	Szczytno	Manufacture of friction linings and materials	equity method	49%	49%
InterMeko Europa sp.z o.o.	Warsaw	Control and assessment of spare parts, components and accessories	equity method	50%	-

* The company started operational activity in 1Q2015.

** The company started operational activity in 1Q2016.

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

9. Associated entities

Since 30 October 2008 the Company has had shares in SMiOC FRENOPLAST Bułhak i Cieślawski S.A. Korpele 75 12-100 Szczytno.

10. Stock exchange listings

The shares of Inter Cars S.A. are listed on the Warsaw Stock Exchange in the continuous trading system.

11. Date of approval of the financial statements for publication

These annual consolidated financial statements were approved by the Management Board of Inter Cars S.A for publication on 02 May 2016.

ANNUAL CONSOLIDATED STATEMENT OF THE FINANCIAL SITUATION

(in thousand PLN)	Note	31/12/2015	31/12/2014
ASSETS			
Non-current assets			
Property, plant and equipment	5	392,802	270,206
Investment property	7	24,685	25,357
Intangible assets	6	152,070	157,558
Investments in related entities	8	810	672
Investments available for sales	9	301	301
Receivables	12	15,467	13,399
Deferred tax assets	10	56,806	31,039
		642,941	**498,532**
Current assets			
Inventories	11	1,251,716	1,040,841
Trade and other receivables	12	528,446	450,808
Corporate income tax receivables		10,245	672
Cash and cash equivalents	13	73,016	65,829
		1,863,423	**1,558,150**
TOTAL ASSETS		**2,506,364**	**2,056,682**
LIABILITIES			
Share capital	14	28,336	28,336
Share premium account	14	259,530	259,530
Statutory reserve funds		645,998	560,214
Other capital reserves		5,935	5,935
Foreign exchange gains /losses in subsidiaries		(10,213)	(6,076)
Retained earnings		276,292	221,109
Equity		**1,205,878**	**1,069,048**
Long-term liabilities			
Loan, borrowing and finance lease liabilities	16	427,478	399,470
Other long-term liabilities		8,530	5,405
Deferred corporate income tax reserve	10	33,046	8,862
		469,054	**413,737**
Short-term liabilities			
Trade and other liabilities	17	439,137	313,733
Loan, borrowing and finance lease liabilities	16	377,167	237,164
Employee benefits	18	6,718	11,759
Income tax liabilities	19	8,410	11,241
		831,432	**573,897**
TOTAL LIABILITIES		**2,506,364**	**2,056,682**

ANNUAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousand PLN)	**Note**	**for the period of 12 months ended on**	
		31/12/2015	**31/12/2014**
Sales revenues	21	4,795,788	3,959,230
Cost of sales	22	(3,341,269)	(2,749,434)
Gross profit on sales		**1,454,519**	**1,209,796**
Other operating income	24	10,190	8,345
Costs of sales and administrative costs	23	(723,745)	(546,404)
Distribution expenses	23	(508,287)	(428,881)
Other operating expenses	25	(33,920)	(15,755)
Operating profit		**198,757**	**227,101**
Financial income	26	3,063	2,591
Foreign exchange gains/losses	26	(368)	(2,456)
Financial expenses	26	(25,478)	(21,334)
Interest in associates		151	92
Profit before tax		**176,125**	**205,994**
Income tax	28	(25,099)	(28,295)
Net profit		**151,026**	**177,699**
Attributable to:			
shareholders of the parent company		151,026	177,699
		151,026	**177,699**
OTHER COMPREHENSIVE INCOME			
Items which may transferred to financial result			
Foreign exchange gains /losses		(4,137)	(2,358)
Total other comprehensive income, net		**(4,137)**	**(2,358)**
COMPREHENSIVE INCOME		**146,889**	**175,341**
Net profit attributable to:			
- the shareholders of the parent entity		151,026	177,699
		151,026	**177,699**
Comprehensive income attributable to:			
- the shareholders of the parent entity		146,889	175,341
		146,889	**175,341**
Earnings per share (PLN)			
- basic and diluted		10.66	12.54
Number of shares		14,168,100	14,168,100

ANNUAL CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from 01 January 2015 to 31 December 2015

(in thousand PLN)	Share capital	Share premium account	Statutory reserve funds	Foreign exchange gains /losses in subsidiaries	Other capital reserves	Retained earnings	**Total equity**
As at 01 January 2015	**28,336**	**259,530**	**560,214**	**(6,076)**	**5,935**	**221,109**	**1,069,048**
Statement of comprehensive income							
Profit in the reporting period	-	-	-	-	-	151,026	**151,026**
Other comprehensive income							
Foreign exchange gains /losses in subsidiaries	-	-	-	(4,137)	-	-	**(4,137)**
Total comprehensive income	***-***	***-***	***-***	***(4,137)***	***-***	***151,026***	***146,889***
Transactions with shareholders							
Distribution of prior period profit – dividend	-	-	-	-	-	(10,059)	***(10,059)***
Distribution of prior period profit - covering loss from reserve capitals	-	-	(3,877)	-	-	3,877	**-**
Distribution of retained profits - carried over to supplementary capital	-	-	89,661	-	-	(89,661)	**-**
As at 31 December 2015	**28,336**	**259,530**	**645,998**	**(10,213)**	**5,935**	**276,292**	**1,205,878**

for the period from 1 January 2014 to 31 December 2014

(in thousand PLN)	Share capital	Share premium account	Statutory reserve funds	Foreign exchange gains /losses in subsidiaries	Other capital reserves	Retained earnings	**Total equity**
As at 1 January 2014	**28,336**	**259,530**	**446,251**	**(3,718)**	**5,935**	**167,432**	**903,766**
Statement of comprehensive income							
Profit in the reporting period	-	-	-	-	-	177,699	**177,699**
Other comprehensive income							
Foreign exchange gains /losses in subsidiaries	-	-	-	(2,358)	-	-	**(2,358)**
Total comprehensive income	***-***	***-***	***-***	***(2,358)***	***-***	***177,699***	***175,341***
Transactions with shareholders							
Distribution of prior period profit – dividend	-	-	-	-	-	(10,059)	***(10,059)***
Distribution of retained profits - carried over to supplementary capital	-	-	113,963	-	-	(113,963)	**-**
As at 31 December 2014	**28,336**	**259,530**	**560,214**	**(6,076)**	**5,935**	**221,109**	**1,069,048**

(in thousand PLN)

ANNUAL CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousand PLN)	Note	01/01/2015 31/12/2015	01/01/2014 31/12/2014
Cash flows from operating activities			
Profit before tax		176,125	205,994
Adjustments:			
Depreciation and amortization		49,776	42,562
Foreign exchange gains /losses		1,298	2,299
(Profit / loss on investing activities		(898)	(466)
Net interest	27	24,477	19,100
(Gain)/loss on revaluation of investment property		672	(407)
Dividends received		(26)	(21)
Other adjustments, net	27	304	3,499
Operating profit before changes in the working capital		**251,728**	**272,560**
Change in inventories		(210,875)	(222,883)
Change in receivables	27	(83,741)	(74,797)
Change in short-term liabilities		241,018	93,700
Cash generated by operating activities		**198,130**	**68,580**
Corporate income tax paid	27	(39,085)	(22,420)
Net cash from operating activities		**159,044**	**46,160**
Cash flow from investing activities			
Proceeds from the sale of intangible assets, investment property, property, plant and equipment		3,117	5,673
Proceeds from the sale of shares		-	20
Acquisition of intangible assets, investment property, and property, plant and equipment		(166,759)	(77,913)
Cost of acquisition of shares in other entities		-	(560)
Repayment of loans granted	27	5,664	4,973
Loans granted	27	(3,393)	(5,746)
Dividends received		26	21
Interest received	27	360	608
Net cash from investing activities		**(160,987)**	**(72,924)**
Cash flow from financing activities			
Repayment of credits and loans	27	-	(73,521)
Cash inflows on credits and loans	27	149,447	71,049
Payment of finance lease liabilities	27	(13,101)	(10,709)
Interest paid		(24,941)	(18,622)
Dividend paid		(10,059)	(10,059)
Payment of the reverse factoring		(92,216)	(65,827)
Security issues		-	150,000
Guarantee deposits received		-	85
Net cash from financing activities		**9,130**	**42,396**
Net change in cash and cash equivalents		**7,187**	**15,632**
Cash and cash equivalents at the beginning of the period		**65,829**	**50,197**
Cash and cash equivalents at the end of the period		**73,016**	**65,829**

(in thousand PLN)

Notes to the annual consolidated financial statements

1. Basis for the preparation of the annual consolidated financial statements

The consolidated annual financial statements (hereinafter referred to as the "financial statements") were prepared in accordance with the International Financial Reporting Standards, hereinafter referred to as "EU IFRS," approved by the European Union.

The UE IFRS include all International Accounting Standards, International Financial Reporting Standards and interpretations thereof, excluding the below-mentioned Standards and Interpretations currently awaiting EU's approval, as well as the Standards and Interpretations which have been approved by the EU but have not become effective.

The Group decided not to apply new Standards and Interpretations published and approved by the EU which will become effective following the reporting date. Furthermore, as at the reporting date the Group had not finished estimating the impact of the new Standards and Interpretations to become effective following the reporting date.

The financial statements were prepared under the assumption that the Company will continue as a going concern in the foreseeable future.

2. Impact of changes in IFRS standards and interpretation on the Group's financial statements

2.1. Changes in IFRS and their interpretations

Changes in IFRS and their interpretation which became effective as of 01 January 2015 until the date of approval of the financial statements for publication had no material bearing on these consolidated financial statements.

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

The Group intends to adopt the below-mentioned new IFRS and their interpretations published by the International Financial Reporting Standards Board, which had not become effective by the date of approval of these financial statements for publication as per their effective date.

Standards and interpretations approved by the EU	Description of amendments
Amendments to IAS 19 - Employee benefits -	Simplification of accounting principles for premiums for particular employee benefits born by employees of third parties.
Amendments to International Financial Reporting Standards 2010-2012;	Set of amendment to: - IFRS 2 – question of acquisition of rights; - IFRS 3 – question of conditional payment; - IFRS 8 – question of presenting operational segments; - IFRS 13 – short term receivables and payables; - IAS 16 / IAS 38 – disproportional gross value change and amortization in revaluation model; - IAS 24 – definition of key management
Amendments to IAS 16 - Property, Plant and Equipment and IAS 38 Intangible assets	Precise definition of standards, that amortization method cannot be based on income, which is generated by using the asset

(in thousand PLN)

Standards and interpretations approved by the EU	Description of amendments
Amendments to IAS 16 - Property, Plant and Equipment and IAS 41 Agriculture: Bearer plants	Accounting principles for bearer plants.
Amendments to IAS 27 – Separate financial statements	Equity Method in Separate Financial Statements
Amendments to IAS 1	Presentation of Financial Statements Disclosure Initiative.
Amendments to IFRS 11	Joint Arrangements Accounting for Acquisitions of Interests in Joint Operations.
Amendments to International Financial Reporting Standards 2012-2014	Set of amendment to: IFRS 5 – amendments to selling methods; IFRS 7 – servicing contracts and applicability of the amendments to IFRS 7 to condensed interim financial statements; IAS 19 – discount rate: regional market issue; IAS 34 – disclosure of information 'elsewhere in the interim financial report'

No bearing anticipated.

2.3. Standards and Interpretations adopted by the International Financial Reporting Standards Board (IASB), awaiting EU's approval

Standards and Interpretations awaiting EU's approval	
New standard IFRS 9 – Financial Instruments	Amendments to classification and measurement of financial assets - replacement of currently binding financial instrument categories with two categories: valued by expected loss impairment model and fair value. Amendments in hedge accounting.
New standard IFRS 14 - Regulatory deferral accounts	Accounting principles and disclosures for regulatory deferral accounts.
New standard IFRS 15 - Revenue from Contracts with Customers	The standard applies to all contracts with customers, excluding such, which are in the scope of other IFRS (i.e. leasing contracts, insurance and other financial instruments). IFRS 15 standardizes requirements on presenting revenues
New standard IFRS 16 – Leases	The standard abolishes lease division into operating lease and financial lease. All lease contracts which meet the requirements for this type of contract shall be presented as financial lease.
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses.
Amendments to IAS 7 under its disclosure initiative	The amendments in Disclosure Initiative
Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28	Contain guidelines on Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28	Investment Entities: Applying the Consolidation Exception

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

(in thousand PLN)

The impact of the standard IFRS 16 shall result in including in the financial statements of the Group as a lessee in rental, hire, usufruct and lease contracts, which has not been included as financial statements as financial lease, till the moment of the first use of the standard. The Group plans to finish work on analysis of the impact of the new standard IFRS 16 till the year 2018 at the latest.

The Group has not decided to use before any of the standards adopted by the EU, interpretations nor amendments, which as at 31 December 2015 were not in force. The Board of Management of the Company is currently analysing and assessing their impact on accounting principles (policy) used by the Company and on future financial statements of the Company.

No bearing anticipated.

2.4. Basis of measurement

The financial statements have been prepared on the historical cost basis, except for the following items:

- available-for-sale financial assets and,
- investment property

- measured at fair value.

2.5. Capital Group

The consolidated financial statements of the Inter Cars SA Capital Group ("The Group") include the statements of:

Name of entity	Consolidation method	% of the Group's share in the share capital	
		31/12/2015	31/12/2014
Inter Cars S.A.	full	Not applicable	Not applicable
Inter Cars Ukraine	full	100%	100%
Q-service Sp. z o.o.	full	100%	100%
Lauber Sp. z o.o.	full	100%	100%
Inter Cars Česká republika s.r.o.	full	100%	100%
Feber Sp. z o.o.	full	100%	100%
IC Development & Finance Sp. z o.o	full	100%	100%
Armatus sp. z o.o.	full	100%	100%
Inter Cars Slovenská republika s.r.o.	full	100%	100%
Inter Cars Lietuva UAB	full	100%	100%
JC Auto s.r.o.	full	100%	100%
JC Auto S.A.	full	100%	100%
Inter Cars Hungária Kft	full	100%	100%
Inter Cars Italia s.r.l (formerly JC Auto s.r.l.)	full	100%	100%
Inter Cars d.o.o.	full	100%	100%
Inter Cars Romania s.r.l.	full	100%	100%
Inter Cars Cyprus Limited	full	100%	100%
Inter Cars Latvija SIA	full	100%	100%
Cleverlog-Autoteile GmbH	full	100%	100%
Inter Cars Bulgaria Ltd.	full	100%	100%
Inter Cars Marketing Services Sp. z o.o.	full	100%	100%
ILS Sp. z o.o.	full	100%	100%
Inter Cars Malta Holding Limited	full	100%	100%
Inter Cars Malta Limited	full	100%	100%
Q-service Truck Sp. z o.o.	full	100%	100%
Inter Cars INT d o.o.	full	100%	100%
Inter Cars Eesti OÜ	full	100%	100%
Inter Cars Piese Auto s.r.l.	full	100%	-
Aurelia Auto d o o	full	100%	100%
InterMeko Europa Sp. z o.o.	equity method	50%	-
SMiOC FRENOPLAST Bułhak i Cieślawski S.A.	equity method	49%	49%

The parent company is Inter Cars S.A. ("the Company / The parent entity").

Presented accounting policies were used equally in all entities comprising the Capital Group. In 2014 there were no changes to the accounting policy. Consolidation is based in the full method. Associated entities SMiOC FRENOPLAST Bułhak i Cieślawski S.A. and Intermeko Europe Sp. z o.o. are put into consolidation using equity method.

2.6. Functional and presentation currency

(a) Presentation and functional currency

All amounts in the financial statements are shown in thousand PLN, unless stated otherwise. PLN is the functional currency of Inter Cars S.A.

Assets and liabilities of foreign-based entities, including goodwill and adjustments on fair value as at the purchase date, are translated according to the average National Bank of Poland exchange rate prevailing as at the end of the reporting period. Revenues and costs of foreign-based entities, including entities operating under hyperinflation, are translated according to the average National Bank of Poland exchange rate prevailing on the transaction date. Foreign exchange translation differences are recognised under other comprehensive income and disclosed as foreign exchange translation differences of foreign-based entities. However, if the Group does not hold all shares in a foreign-based entity, a proportional part of the translation differences is recognised under non-controlling interests. If control, significant impact or joint control over an foreign-based entity is lost, the accumulated value of translation differences is reclassified to profit or loss for the current period and recognised as a profit or loss on sales of such an entity. If the Group excludes only a part of its shares in a subsidiary having foreign-based subsidiaries, but controls the remaining interests, an appropriate part of the accumulated value is attached to the non-controlling interests. If the group excludes only a part of its investment in an affiliated entity having foreign-based subsidiaries, but has a material impact or jointly controls the remaining part, an appropriate part of the accumulated value is reclassified to profit or loss for the current period.

The financial results, assets and liabilities of entities which use functional currencies other than PLN, are translated according to the following procedures:

- assets and liabilities of each disclosed balance-sheet are translated at the closing rate as at the reporting date,
- revenues and costs in each statement of comprehensive income are translated at average rates prevailing during a reporting period
- any translation differences are recognised as a separate item of equity

(b) Foreign currency transactions

Transactions presented in foreign currencies have been recognized according to the exchange rate announced at the transaction date. Foreign currency translation differences resulting from settling of these transactions and measuring of monetary assets and liabilities as at the reporting date according to the average National Bank of Poland exchange rate announced at that date, have been recognized as profit or loss, where foreign currency translation differences resulting from settlement of trade liabilities adjust the costs of sales, while the remaining foreign currency translation differences are presented in a separate position.

Non-cash balance sheet items denominated in foreign currency measured at fair value are translated as per the average exchange rate announced by the National Bank of Poland (or another bank in the case of another functional currency) at the date the fair value is measured. The non-cash items measured at historical cost in foreign currencies are translated by the Group using the exchange rate valid on the transaction date. The translation differences are recognized as profit or loss of the current period, except for differences resulting from settlement of capital instruments qualified as available for sale, financial liabilities to secure a share in the net assets of a foreign entity, which are effective, and qualified security of cash flows, recognized by the Group as other comprehensive income.

Foreign currency translation differences resulting from translation of transactions into PLN are recognized separately in the statement of comprehensive income, excluding foreign currency translation differences regarding the repayment of liabilities or payment of trade and other receivables, recognised as cost of sale.

3. Basis of accounting

3.1. Changes in the accounting policy

In the reporting period there were no changes to the accounting policy.

3.2. Principles of consolidation

(a) Subsidiary Companies

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

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

b) Subsidiary entities

Investments in subsidiaries and jointly-controlled entities are measured using the equity method (investments measured by equity method), and are initially recognised at the purchase cost. The purchase cost of an investment includes transaction costs.

(c) Consolidation adjustments

The balances of internal settlements between entities of the Group, the transactions concluded within the Group as well as any unexecuted profits or losses resulting from there as well as the revenues and costs of the Group are eliminated during drawing up a consolidated financial statement. Unrealised gains on transactions with associated entities are eliminated from the consolidated financial statements pro rata to the Group's interest in such entities. The unexecuted losses are excluded from the consolidated financial statement on the same principle as the unexecuted profits, until the moment of occurrence of the premises indicating value loss.

3.3. Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in the financial statements:

a) Property, plant and equipment-

Property, plant and equipment include Group's assets, investment in third-party fixed assets, fixed assets under construction and third-party fixed assets accepted for use by the Group (when pursuant to a contract the potential benefits and risk resulting from their possession are substantially transferred to the Group). The above mentioned constitute assets used for delivery of goods or services and for administrative purposes or for third-party lease, and the anticipated time of their use exceeds one year.

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated.

The acquisition or production cost includes the costs incurred to purchase or manufacture property, plant and equipment, including capitalized interest until a property, plant or equipment asset is handed over for permanent use. The costs incurred at a later period are recognized in the balance sheet value, if the Group is likely to obtain economic benefits. The cost of current maintenance of property, plant and equipment are recognized as profit or loss.

Acquisition or production cost of an item of property, plant and equipment comprises purchase price, including import duties and non-refundable purchase taxes on the acquisition, after deducting trade discounts and rebates, any other costs directly attributable to bringing the item to the location and condition necessary for it to be capable of operating in the manner intended by management, as well as the costs of dismantling and removing the item, and restoring the site on which it is located, which the Group is obliged to incur.

Property, plant and equipment, except for tangible assets under construction and land, are subject to depreciation. Depreciation is calculated to write off the cost of items of property, plant and equipment less their residual value over their estimated useful lives periodically reviewed by the Group. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale, it is derecognized, its residual value is higher than its carrying amount, or it is fully depreciated..

Items of property, plant and equipment are depreciated using the straight-line method over their estimated useful lives which are as follows:

Buildings and leasehold improvements	10 - 40 years
Plant and machinery	3 - 16 years
Vehicles	5 - 7 years
Other fixed assets	1 - 5 years

Gains or losses arising from the de-recognition of an item of property, plant and equipment are calculated as the difference between net proceeds from disposal and the carrying amount of the asset, and are included in profit or loss when the item is derecognized.

b) Goodwill

Goodwill arising on acquisition of subsidiaries is measured at cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is recognized at cost less any accumulated impairment losses. Other purchase costs are presented in the balance sheet in the period in which they were born by the Company.
After the initial presentation, goodwill is measured according to the purchase price less any cumulated impairment losses. In the case of investments measured using the equity method, goodwill is recognized as the carrying value of investments, while an impairment loss on this investment is not allocated to any item of assets, including goodwill, which constitutes a part of the value of the investment. Purchase of non-controlling shares is recognized as transactions with shareholders, as a result of which goodwill is not recognized with this type of transactions. Adjustments on non-controlling shares are based on the proportional value of net assets of a related entity .

c) Intangible assets

Identifiable non-monetary assets without physical substance, whose acquisition or production cost can be estimated reliably and which will probably bring future economic benefits to the Group attributable directly to a given asset, are recognized as intangible assets. Intangible assets with definite useful lives are amortized over their useful lives, starting from the day when a given asset is available to be placed in service. Amortisation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group of assets that is classified as held for sale) in accordance with IFRS 5 Non-Current Assets Available for Sale and Discontinued Operations, and the date that the asset is derecognized or when it is fully amortized. The amortisable amount of an intangible asset for amortization is determined after deducting its residual value.

Relations with suppliers

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

Following initial recognition, relations with suppliers are measured at acquisition cost less amortization and impairment losses, if any. Relations with suppliers acquired as a result of the merger with JC Auto S.A. are depreciated over a period decided by the Board, accordingly to their estimated useful economic life.

Computer software

Software licenses are valued at acquisition cost plus the costs directly attributable to bringing them to the condition necessary for the asset to be capable of operating.

The costs related to maintaining software are recognized as the costs of the period in which they are incurred.

Costs related directly to the production of unique computer software for the Group, which will probably yield economic benefits exceeding costs beyond one year, are disclosed under intangible assets and amortized over the useful life of a given asset, however no longer than for the term of the lease agreement.

d) Investment property

Investment property is property is held to earn rentals or for capital appreciation or both, rather than for: a) use in production or supply of goods or services or for administrative purposes; or b) sale in the ordinary course of business. Initially, investment property is valued at acquisition cost, including transaction costs. After initial recognition, it is measured at fair value, and any gain or loss arising from a change in the fair value is recognised in profit or loss for the period in which it arises.

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

Property is transferred from investment property only if there is a change in its use evidenced by: a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property; b) commencement of development with a view to sale, for a transfer from investment property to inventories.

For a transfer from investment property carried at fair value to owner-occupied property or inventories, the property’s deemed cost for subsequent accounting is its fair value at the date of change in use.

e) Financial assets other than derivatives

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

Financial instruments are classified into the above categories depending on the purpose for which they were purchased.

As at the reporting date , financial instruments are reviewed and, if needed, reclassified. Financial instruments are initially recognized at fair value, which in the case of investments not classified as measured at fair value through profit or loss also includes transaction costs directly attributable to the acquisition or issue of the investment asset. Financial instruments are derecognized if the rights to receive economic benefits and the risks associated with such instruments expire or are transferred to a third party.

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

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

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

(a) Held-to-Maturity Financial Assets

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

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

Investments held to maturity are measured at amortised cost using the effective interest rate, less impairment losses.

(b) Loans and Receivables

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

Trade and other receivables are measured at amortised cost using the effective interest rate, less impairment losses on doubtful receivables.

(c) Available for Sale Financial Assets

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

Gains or losses from revaluation of financial asset s available for sale are disclosed as a separate item of equity until such financial assets are sold or their value is impaired, at which point the accumulated gains or losses previously disclosed under other comprehensive income are recognised as current period profit or loss.

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

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

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

f) Financial liabilities other than derivatives

Debt instruments and subordinated debt are recognized as at their date. Any other financial liabilities, including liabilities measured at fair value are recognized as at the transaction date, on which the Group becomes a party to an agreement obliging it to issue a financial instrument.

Following their repayment, cancellation or expiration, financial liabilities are removed from the Group's books.

Financial assets and liabilities are offset against each other and recognized in the financial statements as a net amount only if the Group is authorized to offset particular financial assets and liabilities or intends to settle a particular transaction in net amounts of offset financial assets and liabilities items or intends to utilize financial assets subject to offsetting, and settle the financial liabilities.

The Group recognizes financial liabilities other than derivatives as other financial liabilities. Such financial liabilities are initially recognized at fair value plus directly related transactional costs. Following the initial recognition, such liabilities are valued at amortized cost using the effective interest rate method.

Other financial liabilities include loans, borrowings, debt instruments, current account credits, trade and other liabilities. For details regarding the valuation of bank loans see point I.

g) Impairment of assets

Financial assets

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

The amount of an impairment loss on a financial asset carried at amortised cost is measured as the difference between the asset's carrying amount and the present value of the future cash flows, discounted using the original effective interest rate.

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

Impairment losses are recognised in current period profit or loss.

Impairment losses are reversed if a subsequent increase in the recoverable value can be objectively attributed to an event occurring after the impairment recognition date.

An impairment loss on financial assets available for sale is recognised by relocation to profit or loss of the current period of an accumulated loss recognised in the valuation capital to fair value. The value of the accumulated loss mentioned above is calculated as a difference between the purchase price, minus depreciation and repayment of capital instalments, and the fair value minus impairment losses previously recognised as profit or loss of the current period. Changes to impairment losses related to the application of the effective interest rate method are recognised as interest revenue.

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

Non-Financial Assets

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

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

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

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

h) Lease

a) The Group as a Lessee

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

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

(b) The Group as a Lessor

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

i) Inventories

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

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

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

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

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

j) Cash and cash equivalents

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

k) Equity

In the Group's financial statements, the equity comprises:

1. Share capital disclosed in the amount specified in the Company's Articles of Association and entered into the court register,
2. Share issue capital disclosed as a separate item under equity. Costs of share issue are charged against equity.
3. The reserve fund created pursuant to the Code of Commercial Companies,
4. The remaining reserve funds created based on the valuation of management options,
5. Retained profit, comprising retained profit from prior years and the profit or loss from the current financial period.
6. Foreign exchange gains / losses – capital from recalculation of entities operating abroad.
7. Non-controlling interest – value of assets attributable for non-controlling shareholders.

l) Loans and borrowings

Loans and borrowings are initially recognised at acquisition cost, equal to their respective fair value, the determination of which includes cost of contracting a loan as well as discounts and bonuses received at the time of the liabilities settlement

In subsequent periods, loans and borrowings are measured at amortised cost using the effective interest rate.

m) Provisions

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

n) Revenue

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

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

Revenue is recognised if:

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

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

Sales is realized via affiliated sales chain and own chain of branches. Sales revenue is recognized upon a sale of goods to a client.

(b) Revenue from sales of services

Revenue from sales of services is recognised on a percentage of completion basis as at the reporting date. The outcome of a transaction can be estimated reliably if all of the following conditions are met:

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

(c) Interest Income

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

(d) Dividend

Dividend income is recognised as at the dividend record date if it is probable that the dividend will be received and the amount of dividend can be measured reliably.

o) Operating expenses

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

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

Expense on the lease of office and warehouse space is recognised in profit or loss in the period to which it relates.

Re-invoiced amounts reduce the respective cost item s of the Group.

p) Financial expenses

Finance expenses include primarily interest payable on borrowings, unwinding of the discount on provisions, dividend on preference shares classified as liabilities, foreign exchange losses, losses resulting from changes in the fair value of financial instruments at fair value through profit or loss, and financial assets impairment as well as gains or losses related to hedging instruments which are recognised in profit or loss. All interest payable is measured using the effective interest rate.

q) Income tax

Income tax covers the current and the deferred part. The calculation of current income tax is based on the profit of a given period determined according to the valid tax regulations. The total income tax charge is the aggregate of its current portion and deferred portion, determined with the balance-sheet method; the deferred income tax is recognised in connection with temporary differences between the values of assets and liabilities as disclosed in the accounting books and their respective values determined for tax purposes.

Deferred tax is recognised in connection with temporary differences between the carrying value of assets and liabilities, and their value determined for tax purposes. Deferred tax is not recognised in the following cases:

(in thousand PLN)

temporary differences resulting from initial recognition of assets or liabilities related to a transaction other than a merger, which does not affect the profit or loss of the current period nor the taxable income;

temporary differences resulting room investments in subsidiaries in the period when it is unlikely that they will be sold in a foreseeable future;

temporary differences resulting from initial recognition of goodwill.

Deferred income tax is determined with the use of the tax rates, which, according to forecasts, will be applied when the temporary differences will reverse. The tax regulations legally or actually binding up to the reporting date will apply.

Deferred tax asset and deferred tax liability are offset if the Company holds an exercisable right to offset corporate income tax receivable and payable and if the deferred tax asset and deferred tax liability refer to the corporate income tax levied on the same taxpayer by the same tax authority.

r) Valuation of shares in affiliated entities

Shares in affiliated entities are valued according to the equity method.

4. Operating segments

The core business of the Inter Cars S.A. Capital Group is the sale of spare parts. In addition, the companies Feber, Lauber, IC Development and ILS Sp. z o.o. are active in other insignificant business segments, such as the manufacture of semi-trailers, remanufacturing of spare parts, real estate development and logistics. This segment is presented as other sales.

The Inter Cars Capital Group applies uniform accounting principles to all segments. Transactions between particular segments are carried out at arm's length.

Supplementary information

For information on key products and services and the geographical breakdown of sales, see Note 21.

The vast majority of the Group's non-current assets are situated in Poland. Information on fixed assets corresponding to the geographical breakdown is presented in the chart below:

	31/12/2015	31/12/2014
Fixed assets on the territory of Poland	585,140	450,255
Fixed assets outside the territory of Poland	57,801	48,277
Total fixed assets	**642,941**	**498,532**

The Group does not have key customers due to the nature of its operations. For more information see Note 12.

(in thousand PLN)

	Sale of spare parts		**Other**		**Eliminations**		**Total**	
	01/01/2015 -31/12/2015	**01/01/2014 -31/12/2014**	**01/01/2015 -31/12/2015**	**01/01/2014 -31/12/2014**	**01/01/2015 -31/12/2015**	**01/01/2014 -31/12/2014**	**01/01/2015 -31/12/2015**	**01/01/2014 -31/12/2014**
Revenues from external customers	4,650,501	3,891,770	145,287	67,460	-	-	4,795,788	3,959,230
Revenues between segments	52,151	15,974	257,513	249,681	(309,664)	(265,655)	-	-
Interest income	4,343	5,111	891	8	(2,871)	(2,846)	2,363	2,273
Interest costs	(22,308)	(20,004)	(842)	(1,464)	2,871	2,846	(20,279)	(18,622)
Depreciation and amortization	(47,590)	(46,295)	(13,616)	(8,332)	11,430	12,065	(49,776)	(42,562)
Profit before tax	**259,620**	**236,030**	**3,471**	**9,397**	**(86,966)**	**(39,433)**	**176,125**	**205,994**
Shares in affiliates – using equity method	810	**672**	-	**-**	-	**-**	810	**672**
Total assets	**3,772,872**	**3,101,851**	**372,291**	**231,078**	**(1,638,799)**	**(1,276,247)**	**2,506,364**	**2,056,682**
Capital expenditure (for purchasing tangible assets, intangible assets and investment property)	(46,619)	(62,261)	(120,140)	(15,652)	-	-	(166,759)	(77,913)
Total commitments	**2,032,095**	**1,506,526**	**109,755**	**99,561**	**(841,364)**	**(618,453)**	**1,300,486**	**987,634**

(in thousand PLN)

5. Property, plant and equipment

	31/12/2015	31/12/2014
Land	45,356	28,988
Buildings and structures	102,469	94,165
Plant and machinery	56,176	55,386
Vehicles	19,265	18,296
Other tangible assets	53,653	32,967
Tangible assets under construction	115,883	40,404
Total property, plant and equipment	**392,802**	**270,206**

Property, plant and equipment under lease agreements

The carrying amount of property, plant and equipment used under finance lease agreements is shown below:

- As at 31 December 2015 – PLN 41,970 thousand
- As at 31 December 2014 – PLN 46,569 thousand

Assets used under finance lease agreements include computer hardware, vehicles and a complex in Kajetany, used by the Group in its operating activities.

The complex in Kajetany was bought from leasing company in January 2016.

The Group’s right to dispose of any item of property, plant and equipment held by the Group, except for those used under finance lease agreements, is not restricted in any way.

Borrowing costs

The borrowing costs charged to property, plant and equipment for the reporting year are not material.

(in thousand PLN)

GROSS VALUE OF PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant and machinery	Vehicles	Other tangible assets	Tangible assets under construction	Total
Gross value as at 01/01/2014	**37,593**	**126,368**	**94,982**	**32,580**	**87,001**	**2,333**	**380,857**
Increase:	**(8,166)**	**2,106**	**28,078**	**10,263**	**16,363**	**38,347**	**86,991**
Acquisition	10	561	16,165	4,684	15,755	32,382	**69,557**
Transfer	(8,176)	1,545	300	(242)	608	5,965	**-**
Lease	-	-	11,613	5,266	-	-	**16,879**
Internally generated	-	-	-	555	-	-	**555**
Decrease:	**-**	**(583)**	**(1,173)**	**(8,322)**	**(1,158)**	**(325)**	**(11,561)**
Sale	-	-	(904)	(7,520)	(322)	-	**(8,746)**
Liquidation	-	(583)	(269)	(802)	(836)	(325)	**(2,815)**
Foreign exchange gains /losses in subsidiaries	(70)	(180)	(939)	(462)	(188)	49	**(1,790)**
Gross value as at 31/12/2014	**29,357**	**127,711**	**120,948**	**34,059**	**102,018**	**40,404**	**454,497**
Increase	**16,413**	**12,309**	**15,191**	**10,258**	**34,169**	**75,479**	**163,819**
Acquisition	-	582	14,932	6,104	34,099	104,523	**160,240**
Transfer	16,413	11,727	259	315	70	(29,044)	**(260)**
Lease	-	-	-	3,839	-	-	**3,839**
Decrease	**-**	**(752)**	**(1790)**	**(7,236)**	**(1,975)**	**-**	**(11,753)**
Sale	-	(100)	(789)	(4,573)	(1,848)	-	**(7,310)**
Liquidation	-	(652)	(1,001)	(2,663)	(127)	-	**(4,443)**
Foreign exchange gains /losses in subsidiaries	15	42	(303)	(164)	194	-	**(216)**
Gross value as at 31/12/2015	**45,785**	**139,310**	**134,046**	**36,917**	**134,406**	**115,883**	**606,347**

AMORTISATION AND IMPAIRMENT LOSSES

	Land	Buildings	Plant and machinery	Vehicles	Other tangible assets	Tangible assets under construction	Total
Accumulated depreciation as at 01/01/2014	**309**	**30,063**	**55,254**	**15,597**	**60,188**	**-**	**161,411**
Depreciation and amortization	60	4,045	11,567	5,176	10,055	-	**30,939**
Sale	-	-	(495)	(5,004)	(90)	-	**(5,589)**
Liquidation	-	(583)	(227)	-	(830)	-	**(1,640)**
Foreign exchange gains /losses in subsidiaries	-	21	(537)	(6)	(272)	-	**(794)**
Accumulated depreciation as at 31/12/2014	**369**	**33,546**	**65,562**	**15,763**	**69,051**	**-**	**184,291**
Amortisation for period	60	3,928	13,989	6,818	12,388	-	**37,183**
Sale	-	(27)	(240)	(3,169)	(641)	-	**(4,077)**
Liquidation	-	(607)	(1,442)	(1,761)	(43)	-	**(3,853)**
Transfer	-	1	1	1	(2)	-	**1**
Accumulated depreciation as at 31/12/2015	**429**	**36,841**	**77,870**	**17,652**	**80,753**	**-**	**213,545**

NET VALUE

As at 01/01/2014	**37,284**	**96,305**	**39,728**	**16,983**	**26,813**	**2,333**	**219,446**
As at 31/12/2014	**28,988**	**94,165**	**55,386**	**18,296**	**32,967**	**40,404**	**270,206**
As at 01/01/2015	**28,988**	**94,165**	**55,386**	**18,296**	**32,967**	**40,404**	**270,206**
As at 31/12/2015	**45,356**	**102,469**	**56,176**	**19,265**	**53,653**	**115,883**	**392,802**

(in thousand PLN)

6. Intangible assets

	31/12/2015	31/12/2014
Goodwill, including:	124,130	124,130
- goodwill from merger with JC Auto S.A.	*124,130*	*124,130*
Computer software	12,742	19,054
Other intangible assets, including:	12,715	11,891
- relations with suppliers	*5,799*	*7,190*
- other	*6,916*	*4,701*
Intangible assets under construction	2,483	2,483
	152,070	**157,558**

Impairment test

The Group's cash generating units were tested for impairment connected with goodwill of JC Auto S.A. Company (segment: automotive spare parts). The recoverable amount was based on an estimation of value in use. No impairment was identified based on the test.

The value in use is the estimated present value of future cash flows generated by the Group. Material assumptions adopted at the estimation of the recoverable amount are presented below and they were not changed materially in comparison to values adopted as at 31 December 2014:

- Projections of cash flows used to estimate the value in use estimated for the whole segment of spare parts.
- The data used to prepare the projections for 2015 and 2016 were based on the approved budget and assume an increase in cash flows by about -10% annually.
- Cash flows for remaining years were estimated based on a real growth rate of 1.2%,
- The discount rate used to calculate the value in use was 8.6% and was estimated based on the weighted average cost of capita (WACC)
- The Board did not define any key assumptions, a change of which in a rational extend, might lead to a loss in value of money generating operations.

Intangible assets under lease agreements

The net value of intangible assets used under lease agreements as at:

- As at 31 December 2015 – PLN -1,321 thousand
- As at 31 December 2014 – PLN 3,391 thousand

The finance lease agreements refer to the software used in the Group's activities.

None of the intangible assets held by the Group, except for those subject to finance lease agreements, is subject limited right of use.

Borrowing costs

The borrowing costs charged to intangible assets for the reporting year are not material.

(in thousand PLN)

	Goodwill	Computer software	Other intangible assets	Intangible assets under construction	Total
GROSS VALUE OF INTANGIBLE ASSETS					
Gross value as at 01/01/2014	**124,130**	**53,266**	**33,383**	**-**	**210,779**
Acquisition	-	5,837	-	2,483	8,320
Gross value as at 31/12/2014	**124,130**	**59,103**	**33,383**	**2,483**	**219,099**
Acquisition	-	6,519	-	-	6,519
Transfer from investments	-	260	-	-	260
Other	-	(1,409)	1,054	-	(355)
Gross value as at 31/12/2015	**124,130**	**64,473**	**34,437**	**2,483**	**225,523**
AMORTISATION AND IMPAIRMENT LOSSES OF INTANGIBLE ASSETS					
Accumulated depreciation as at 01/01/2014	**-**	**33,056**	**16,862**	**-**	**49,918**
Amortisation for period	-	6,993	4,630	-	11,623
Accumulated depreciation as at 31/12/2014	**-**	**40,049**	**21,492**	**-**	**61,541**
Amortisation for period		10,163	2,430		12,593
Foreign exchange gains /losses	-	(308)	-		(308)
Other		1,827	(2,200)	-	(373)
Accumulated depreciation as at 31/12/2015	**-**	**51,731**	**21,722**	**-**	**73,453**
Net value					
As at 01/01/2014	**124,130**	**20,210**	**16,521**	**-**	**160,861**
As at 31/12/2014	**124,130**	**19,054**	**11,891**	**2,483**	**157,558**
As at 01/01/2015	**124,130**	**19,054**	**11,891**	**2,483**	**157,558**
As at 31/12/2015	**124,130**	**12,742**	**12,715**	**2,483**	**152,070**

7. Investment property

	2015	2014
Status as at 01 January 2015	25,357	25,825
Change in value measured at fair value	(672)	407
Sale of real property	-	(875)
Status as at 31 December 2015	**24,685**	**25,357**

The Group contracted valuation to the fair value of the real estate in Lublin, Szczecin, Gdańsk, Gorzów and in the Masuria region. The valuation was carried out by an independent expert, with recognized professional qualifications, as well as being the holder of experience in valuations of investment real estate. When determining goodwill of the real property the comparative method was applied (goodwill – level 3).

The Group's title to the above property is not restricted. The real estate are purchased lands for investment (construction of branches or lease).

In 2015, the property located in Gdansk earned PLN 150 thousand, in Gorzów PLN 480 thousand, and in Szczecin PLN 420 thousand. Other real estate properties brought no income from lease. In the reported period, the cost of maintenance of above mentioned properties is at similar level to the income they brought.

8. Investments in associates

	2015	2014
Status as at 01 January 2015	**672**	**45**
Increase, including:	**152**	**652**
- purchase of shares of InterMeko Europa Sp. z o.o.	*-*	*546*
- share in results of InterMeko Europa Sp. z o.o.	*151*	*92*
- shares in Inter Cars Eesti OÜ, with its registered seat in Tallinn	*-*	*14*
- purchase of shares in Inter Cars Moldavia	*1*	
Decrease, including:	**(14)**	**(25)**
- sale of shares in InterMeko Europa Sp. z o.o.	*-*	*(20)*
- transfer of shares in Q-service Truck Sp. z o.o. to consolidation	*-*	*(5)*
- transfer of shares in Inter Cars Eesti OÜ to consolidation	*(14)*	*-*
Status as at 31 December 2015	**810**	**672**

Share in affiliated entities – as at 31 December 2015

Name and legal form of associate	SMiOC FRENOPLAST Bułhak i Cieślawski S.A. (not listed)	
Registered seat	Szczytno	
Value of purchased shares (in thousand PLN)	3,782	
Percentage of share capital/ total vote held	49%	
Associate's assets	13,648	*
Liabilities	6,438	*
Revenue	10,536	*
Net result	(8)	*
Name and legal form of associate	*InterMeko Europa sp. z o.o.* (non-quoted company)	
Registered seat	Warsaw	
Value of purchased shares (in thousand PLN)	566	
Percentage of share capital/ total vote held	50%	
Associate's assets	1,669	*
Liabilities	54	*
Revenue	1,901	*
Net result	301	*

* not audited

Due to a permanent impairment, in 2013 the Group recognized a revaluation write-down on the shares of its associate SMiOC FRENOPLAST Bułhak i Cieślawski S.A. As at 31 December 2015 the value of the write-down amounted to PLN 3,782 thousand.

9. Investments available for sales

	2015	2014
Status as at 01 January 2015	**301**	**301**
Status as at 31 December 2015	**301**	**301**

Investments available for sale are shares in other entities, i.e. ATR and Partslife GmbH, which are nor a subject of sales on any market. The Group holds 3.44% of shares in ATR and 1% in Partslife.

(in thousand PLN)

10. Deferred tax

Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities were recognized for the following assets and liabilities:

As at 31 December 2015	**Assets**	**Liabilities**
Intangible assets	-	1,102
Property, plant and equipment	1,170	7,974
Investment property	128	-
Inventories	13,521	265
Trade and other receivables	12,481	3,282
Tax losses	5,990	-
Finance lease liabilities	6,180	-
Trade and other payables	17,336	20,423
Deferred tax assets/liabilities	**56,806**	**33,046**
Deferred tax offset against liabilities	-	-
Deferred tax liabilities as disclosed in the balance sheet	**56,806**	**33,046**

As at 31 December 2014	**Assets**	**Liabilities**
Intangible assets	-	644
Property, plant and equipment	1,260	8,391
Investment property	-	146
Inventories	9,550	265
Trade and other receivables	5,078	2,613
Tax losses	14,116	-
Finance lease liabilities	7,889	-
Trade and other payables	10,581	14,238
Deferred tax assets/liabilities	**48,474**	**26,297**
Deferred tax offset against liabilities	(17,435)	(17,435)
Deferred tax liabilities as disclosed in the balance sheet	**31,039**	**8,862**

Deferred tax presented in the periods was recognized in relation to all balance sheet positions, which constitute temporary differences, except for an unrecognised asset on the temporary difference, amounting to PLN 308,305 thousand, between taxable and balance sheet value of trademarks reported in related entity Inter Cars Marketing Services Sp. z o.o. As at 31 December 2015 the unrecognised asset item on deferred tax on fiscal benefit in the form of amortisation of trademarks in related entity amounted to PLN 58,578 thousand. Aforementioned deferred tax assets were not recognized because of uncertainty of possibility of realization of related economic benefits.

Change in deferred tax assets	**31/12/2015**	**31/12/2014**
As at beginning of period	48,474	41,649
Increase	8,332	6,825
As at end of period	**56,806**	**48,474**

Change in deferred tax liabilities	**31/12/2015**	**31/12/2014**
As at beginning of period	26,297	23,477
committed in the reporting period	6,749	2,820
As at end of period	**33,046**	**26,297**

(in thousand PLN)

	31/12/2014	Effect on net profit	31/12/2015
Deferred tax assets	48,474	8,332	56,806
Deferred tax liabilities	(26,297)	(6,749)	(33,046)
	22,177	**1,583**	**23,795**

11. Inventories

	31/12/2015	31/12/2014
Materials	30,917	24,081
Half-products and work in progress	8,486	10,691
Finished goods	24,333	14,929
Merchandise	1,187,946	991,140
	1,251,681	**1,040,841**
Merchandise	1,189,944	993,138
Write-offs	(1,998)	(1,998)
	1,187,946	**991,140**

The Group receives discounts from suppliers. To the extent such discounts relate to goods for resale purchased and sold in a given period, they reduce the value of goods for resale sold. The balance of such discounts is charged to inventories.

Inventories in the form of goods for resale kept at the Central Warehouse, regional distribution centres and affiliate branches are covered by fire and all-risk insurance, as well as by insurance against burglary with theft and robbery.

Inventories with a value of PLN 845.7 million have been pledged as collateral to secure the repayment of bank loan (details – see note 16).

Change in impairment losses on inventories

	2015	2014
As at beginning of period	(1,998)	(2,182)
(increase) / decrease	-	184
As at end of period	**(1,998)**	**(1,998)**

12. Trade and other receivables

	31/12/2015	31/12/2014
Trade receivables	498,922	405,575
Taxes, subsidies, customs, social security, health insurance and other benefits receivable	20,100	24,577
Other	21,403	27,354
Loans granted	3,378	6,277
Short term trade and other receivables – gross	**543,803**	**463,783**

As at 31st December 2015, taxes, subsidies, customs duty, social security, health insurance and other benefits receivable included mainly VAT receivables in the amount of PLN 18,523 thousand.

Change in impairment loss on trade receivables	**31/12/2015**	**31/12/2014**
Status as at the beginning of the period	(12,975)	(12,628)
Increase	(5,107)	(2,556)
Used	2,725	2,209
Status as at the end of the period	**(15,357)**	**(12,975)**
Short-term trade and other receivables – net	**528,446**	**450,808**

The Group limits its credit risk by transferring a part of its responsibility for collecting trade and other receivables to affiliates who received distribution fee.

(in thousand PLN)

Maturity structure of non-current trade receivables and other receivables	**31/12/2015**	**31/12/2014**
Up to 12 months	543,803	463,783
	543,803	**463,783**

Currency structure of non-current trade and other receivables (gross)	**31/12/2015**	**31/12/2014**
Local currency	279,074	306,084
Foreign currencies	264,729	157,699
	543,803	**463,783**

Receivables in EUR	101,523	26,325
Receivables in other currencies	163,206	131,374
	264,729	**157,699**

Maturity structure of receivables	**31/12/2015**		**31/12/2014**	
	Gross	**Write-offs**	**Gross**	**Write-offs**
Up to 180 days	513,814	-	437,785	-
- matured	*184,026*	-	*102,530*	-
- unmatured	*329,788*	-	*335,255*	-
From 181 to 270 days	3,084	807	3,408	1,214
From 271 to 360 days	2,182	632	1,848	810
Over 1 year	24,723	13,918	20,742	10,951
Total	**543,803**	**15,357**	**463,783**	**12,975**

Loans granted	**31/12/2015**	**31/12/2014**
Current loans	3,378	6,277
Non-current loans and borrowings	5,556	4,562
	8,934	**10,839**

Non-current receivables	**31/12/2015**	**31/12/2014**
Non-current loans and borrowings	5,556	4,562
Security deposits	9,352	7,748
Other	559	1,089
	15,467	**13,399**

The concentration of credit risk related to trade receivables is limited given that the Group's customer base is large and widely dispersed, mainly in Poland.

Credit and currency risks are discussed in Note 33.

Non-current receivables include security deposits under lease agreements paid by the Group, as well as non-current loans.

The loans bear an interest of: 1M WIBOR or EURIBOR 3M (in the case of EUR-denominated loans), plus a margin of 1% to 5%.

The loans are not secured.

13. Cash and cash equivalents

	31/12/2015	**31/12/2014**
Cash in hand	7,585	9,296
Cash at bank	53,217	39,013
Cash in transit	11,583	17,166
Cash on accounts of the Company's Social Benefits Fund	631	354
Cash	**73,016**	**65,829**

(in thousand PLN)

Cash	**31/12/2015**	**31/12/2014**
In local currency	18,771	25,049
In foreign currencies	54,245	40,780
	73,016	**65,829**

With the exception of cash on accounts of the Group's Social Benefits Fund, Inter Cars S.A. does not hold any restricted cash.
In accordance with Polish law, Companies administer the Company's Social Benefits Funds on behalf of its employees. Contributions to the Company's Social Benefits Funds are deposited in a separate account.
The credit risk concentration with respect to cash is limited as the Group deposits cash in a number of reputable financial institutions.

14. Share capital and share premium account

As at 31st December 2015, the share capital of parent entity - Inter Cars S.A. was composed of 14,168,100 Series A to F ordinary bearer shares with par value PLN 2 per share; there are no restrictions on any rights conferred by the shares. All shares have been admitted to public trading by virtue of the decision of the Polish Securities and Exchange Commission and introduced to trading on the Warsaw Stock Exchange. The first listing of Inter Cars S.A. shares took place on the trading session on 26th May 2004.

	Number of shares	**Date of admission to trading**	**Right to dividend (since)**	**Par value (in PLN)**	**Issue price (PLN)**	**Share premium (in PLN)**
Series A	200,000	14/05/2004	1999	400,000	2.00	-
Series B	7,695,600	14/05/2004	1999	15,391,200	2.00	-
Series C	104,400	14/05/2004	1999	208,800	2.00	-
Series D	2,153,850	14/05/2004	2001	4,307,700	6.85	10,448,676
Series E	1,667,250	14/05/2004	2002	3,334,500	8.58	10,966,504
Series G	1,875,000	14/03/2008	2007	3,750,000	122.00	225,000,000
Series F1	10,001	06/08/2007	2008	20,002	33.59	315,932
Series F2	30,000	25/06/2008	2008	60,000	37.13	1,053,900
Series F1	147,332	06/08/2007	2009	294,664	33.59	4,654,218
Series F2	127,333	25/06/2008	2009	254,666	37.13	4,473,208
Series F3	157,334	21/12/2009	2009	314,668	18.64	2,618,038
	14,168,100			**28,336,200**		**259,530,476**

15. Net profit per share

Basic earnings per share

Net profit per share calculated based on net profit for the period in the amount of PLN 151,296 thousand (2014: PLN 177,699 thousand) and the weighted average number of shares – 14,168 thousand (2014: PLN 14,168 thousand): presented below:

Weighted average number of shares	**2015**	**2014**
Shares issued as at 1 January	14,168,100	14,168,100
Shares issued in connection with option exercise	-	-
Weighted average number of shares during the year	**14,168,100**	**14,168,100**

Basic profit per share	**2015**	**2014**
Net profit for period	151,026	177,699
Weighted average number of shares	14,168,100	14,168,100
Net profit per share	10.66	12.54

Diluted earnings per share

In 2015 and 2014 there were no open motivating programs in the Group, which might have diluting influence. Therefore, the diluted profit per share equals the basic profit per share.

(in thousand PLN)

16. Liabilities under loans, borrowings and financial leases

This Note contains information on the Group's liabilities under loans, borrowings and other debt instruments valued at amortised cost. For information on the Group's exposure to currency, interest rate and liquidity risks, see Note 33.

The syndicated credit facility agreement

On 29 July 2009, a syndicated credit facility agreement was signed by Inter Cars S.A. (the Borrower) and (with subsequent changes) Feber Sp. z o.o., IC Development & Finance Sp. z o.o.,Inter CarsCeska Republika s.r.o., Inter Cars Slovenska Republika s.r.o., ILS sp. z o.o., Inter Cars Cyprus Limited, Q-Service sp. z o.o. and Inter Cars Marketing Services Sp. z o.o (Co-Borrowers) with the following banks: Bank Polska Kasa Opieki S.A., and ING Bank Śląski S.A., Bank Handlowy w Warszawie S.A., MBank S.A.

On 20 November 2013 and annex to credit contract was signed. The annex increased the total amount of credit available to PLN 495m. Furthermore, the Lenders agreed to extend the repayment period by another year with the final maturity date falling on 20 November 2014. Moreover, an additional co-borrower was added to the credit facility agreement, the company INTER CARSROMANIA S.R.L., based in Cluj-Napoca, Romania.

On 18 November 2014 and annex to credit facility agreement was signed. The annex increased the total amount of credit available to PLN 550m. Furthermore, the Lenders agreed to extend the repayment period to 18 November 2015 (for PLN 280m - short-term part) and to 18 November 2017 (for PLN 270m - long-term part). Moreover, an additional co-borrower was added to the credit facility agreement, the company INTER CARS LIETEUVA UAB with its registered seat in Vilnius.

On 16 November 2015 an annex to credit facility was signed. The annex increases the total amount of credit available to PLN 6.53m, by increasing the amount of credit in current account B up to the amount of PLN 383m, and extending the repayment period in current account B by a year, to 18 November 2016. The credit facility bears interest at a variable interest rate based on WIBOR, EURIBOR and LIBOR reference rates plus bank's margin for each interest period. Moreover, an additional co-borrower was added to the credit facility agreement, the company Sabiedriba ar ierobezotu atbildibu "Inter Cars Latvija", with its registered seat in Riga, Latvia.

Bank credits concluded directly by subsidiary companies:

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

a) with Raiffeisenbank a.s. - a credit line agreement for the amount of CZK 150 m, repayable by 31 May 2016.
b) A credit line agreement with Raiffeisenbank a.s. for the amount of EUR 4 m for the period of one year.

Inter Cars Slovenská republika s.r.o. signed an annex to a credit line agreement with Citibank Europe PLC for the amount of EUR 5 m, repayable by 26 March 2016.

On 28 April 2015 Inter Cars Romania s.r.l. signed an annex to a credit facility agreement with ING Bank N.V. for a line of credit, increasing the limit to RON 42.75 million, repayable by 28 April 2016.

On 15 September 2015 Inter Cars Hungaria Kft signed a credit facility agreement with Raiffeisen Bank Zrt. For the amount of HUF 1m, repayable by 15 September 2016.

	31/12/2015	31/12/2014
Non-current		
Secured bank loans	268,702	235,000
Bonds	149,168	150,000
Finance lease liabilities	9,608	14,470
	427,478	**399,470**

Current	**31/12/2015**	**31/12/2014**
Secured bank loans	324,947	209,202
Finance lease liabilities	22,916	27,051
Factoring	28,440	-
Bonds	864	911
	377,167	**237,164**

Loans and borrowings as at 31/12/2015

Current loans and borrowings at nominal value	Contractual amount (limit)	Used	Maturity date
Syndicated credit	383,000	235,275	18-11-2016
Raiffeisen a.s. (Inter Cars Česká republika s.r.o)	23,655	20,655	31-05-2016
Citibank Europe PLC (Inter Cars Česká republika s.r.o)	17,046	17,046	31-05-2016
Citibank Europe PLC (Inter Cars Slovenská republika s.r.o.)	21,307	21,305	26-03-2016
ING Bank N.V (Inter Cars Romania s.r.l.)	40,275	30,666	28-04-2016
	485,283	**324,947**	

Non-current loans and borrowings at nominal value	Contractual amount (limit)	Used	Maturity date
Syndicated credit	270,000	270,000	18-11-2017
	270,000	**270,000**	

Loans and borrowings as at 31.12.2014

Current loans and borrowings at nominal value	Contractual amount (limit)	Used	Maturity date
Syndicated credit	280,000	142,739	18-11-2015
Raiffeisen a.s. (Inter Cars Česká republika s.r.o)	18,444	14,600	30-04-2015
Raiffeisen a.s. (Inter Cars Česká republika s.r.o)	1,537	-	31-12-2014
Citibank Europe PLC (Inter Cars Slovenská republika s.r.o.)	21,312	21,312	26-03-2015
Citibank Europe PLC (Inter Cars Česká republika s.r.o)	19,180	17,045	20-08-2015
ING Bank N.V (Inter Cars Romania s.r.l.)	14,265	13,506	30-07-2015
	354,738	**209,202**	

Non-current loans and borrowings at nominal value	Contractual amount (limit)	Used	Maturity date
Syndicated credit	270,000	235,000	18-11-2017
	270,000	**235,000**	

As at 31 December 2015, total liabilities under loans and borrowings amounted to PLN 593,649 thousand of which PLN 395,343 thousand is denominated in PLN and 146,984 thousand is denominated in EUR, whereas PLN 20,656 thousand applies to credit denominated in CZK whereas PLN 30,666 thousand applies to credit denominated in RON.

Material terms of the syndicated credit facility

The syndicated credit facility was granted by the following banks (including the amount drawn as at 31 December 2015) :

	Used	**Share in the amount drawn**
Polska Kasa Opieki S.A	242,958	48.1%
ING Bank Śląski S.A.	109,314	21.6%
Bank Handlowy w Warszawie S.A.	78,568	15.6%
mbank S.A.	74,435	14.7%
	505,275	**100%**

The credit facility is secured with:

- mortgage over Inter Cars S.A.'s real property located in Cząstków Mazowiecki;
- registered pledge over inventories;
- surety issued by Inter Cars Ukraine LLC;
- registered pledge over bank accounts,
- blank bill with declarative statement,
- transfer of rights to the insurance contract of stock.

(in thousand PLN)

The credit facility agreement includes requirements with respect to a number of key ratios (calculated based on the Inter Cars Group's consolidated financial statements), and in the event the Group fails to meet these requirements, the consortium will have the right to terminate the agreement. The ratios are as follows:

- the Group's operating profit to paid interest on financial indebtedness of all Group companies;
- net debt to EBITDA;
- the Group's equity to its aggregate balance-sheet total;
- inventories pledged as security to the amount drawn down under the credit facility;

As at 31 December 2015 the Group met all terms and conditions of the facility.
Inter Cars may approve and pay dividend only if the following conditions are met:

- the total amount of dividend paid for a given financial year does not exceed 60% of the net profit;
- the financial ratios are maintained at a satisfactory level and dividend payment would not result in failure to meet the requirements with respect to any of the key ratios.

The credit facility bears interest at a variable interest rate based on WIBOR, EURIBOR and LIBOR reference rates plus bank's margin for each interest period.
The effective interest rate as at the reporting date was 2.4%.

Finance lease	**31/12/2015**	**31/12/2014**
Payments under lease agreements	33,673	44,480
Financial expense	(1,149)	(2,959)
Present value of liabilities under leases	**32,524**	**41,521**
Payments under lease agreements		
Up to 1 year	23,302	28,995
Between 1 and 5 years	10,371	15,485
	33,673	**44,480**
Present value of liabilities under leases		
Up to 1 year	22,648	27,051
Between 1 and 5 years	9,876	14,470
	32,524	**41,521**

Liabilities under leases are related to the lease of property, plant and equipment and intangible assets. For more information, see Notes 5 and 6.

Issuance of bonds

On the day of 3 October 2014, Inter Cars SA. signed with mBank S.A.and Bank Handlowy w Warszawie S.A. a contract ("Programme Contract") regarding issuance of bonds by the Company up to the maximum amount of PLN 500,000,000 and servicing by mBank S.A. the issuance of bonds offered between the companies from the Group (so called inter-group bonds).
The Programme Contract makes it possible for the Company to issue Bonds offered within private offers for some investors (with no obligation of preparing issue prospectus) on the basis of art. 9 point 3 of Law on Bonds dated 29 June 1995 (as amended).
The Bonds issued in compliance with the Programme Contract will be unsecured bonds, authorizing bond holders only to receive cash benefits.
Detailed information of issuance of each series of Bonds, including their nominal value, issuance price, number of bonds, issue threshold, maturity date, interest rate, will each time be agreed and stipulated in relevant issue documents. The Company shall bare standard costs of issuance of Bonds, including the dealer commission, after each finished issuance. The Program Contract is concluded for an indefinite time.

The first series of bonds, with total value of PLN 150,000,000 (series A) was issued by the Company on 24 October 2014. The bonds include only cash benefits. Interest on Bonds are to be paid in 6-month periods based on WIBOR interest rate for six-month deposits and particular margin set forth in the terms and conditions of Issuance of Bonds. The Bonds shall be mature as at 24 October 2019, or in case of basis for earlier buyback, at dates stipulated in the terms and conditions of Issuance of Bonds.

(in thousand PLN)

Income from issuance of bonds will be used for financing current operational activity and investment activity of the Group. Favourable market conditions on issuance of bonds allowed for: a) diversified sources of financing, and b) generating cost attractive financing for the period of 5 years.
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	150,000,000
			150,000,000

17. Trade and other liabilities

	31/12/2015	31/12/2014
Trade payables to other entities	343,947	233,980
Taxes, duties, social security and other benefits payable	43,876	32,334
Bill of exchange liabilities	27,222	30,773
Other payables and accrued expenses	24,092	16,646
	439,137	**313,733**

	31/12/2015	31/12/2014
Trade payables before bonuses accrued for the period	439,085	308,914
Decrease in payables by the amount of bonuses due for the period to be settled in the subsequent period	(95,138)	(74,934)
Balance sheet value of trade payables	**343,947**	**233,980**
Maturity structure of trade payables		
Up to 12 months	338,593	233,189
Over 12 months	5,354	791
	343,947	**233,980**

Taxes, subsidies, customs duty, social security and other benefits payable as at 31 December 2015 included primarily VAT liabilities of the Parent Entity in the amount of PLN 16,753 thousand.

Currency structure of trade and other payables	31/12/2015	31/12/2014
Payables in PLN	276,480	171,746
Foreign currencies	162,657	141,987
	439,137	**313,733**
Translated into PLN		
Liabilities in EUR	89,280	92,928
Liabilities in USD	20,450	8,447
Liabilities in other currencies	52,927	40,612
	162,657	**141,987**

18. Employee benefits

	31/12/2015	31/12/2014
Salaries and wages	6,131	11,173
Company’s Social Benefits Fund	587	586
	6,718	**11,759**

19. Income tax liabilities

Maturity structure of tax payables	31/12/2015	31/12/2014
Up to 12 months	8,410	11,241
	8,410	**11,241**

Currency structure of tax payables	**31/12/2015**	**31/12/2014**
Local currency	1,051	4,997
Foreign currency, denominated in PLN	7,359	6,244
	8,410	**11,241**

20. Payment in the form of own shares

Motivation program in the form of option for shares for the management has come to an end in 2009.

21. Sales revenues

	01/01/2015 - 31/12/2015	**01/01/2014 - 31/12/2014**
Revenue on the sale of products	201,049	87,249
Revenues on sales of commodities and materials	4,330,447	3,734,786
Revenue from sales of services	263,570	136,145
Lease of investment property	722	1,050
	4,795,788	**3,959,230**

Sales by product groups

	2015	***share***	**2014**	***share***
Spare parts for passenger cars	3,205,776	*66.9%*	2,770,235	*70.0%*
Spare parts for commercial vehicles and buses	695,812	*14.5%*	529,672	*13.4%*
Tyres	467,265	*9.7%*	284,563	*7.2%*
Garage equipment	175,181	*3.7%*	144,926	*3.7%*
Motorcycles and parts	96,666	*2.0%*	72,885	*1.8%*
Other sale - services	88,489	*1.8%*	97,801	*2.5%*
Semi-trailers - Feber	62,368	*1.3%*	56,941	*1.4%*
Automobiles ISUZU	4,231	*0.1%*	2,207	*0.1%*
	4,795,788	***100.0%***	**3,959,230**	***100.0%***

The other sales revenue include mainly income generated by lease of warehouse area and selling marketing services connected with basic operations.

Geographical structure of sales

	2015		**2014**		**2013**	
	(in thousand PLN)	**(%)**	**(in thousand PLN)**	**(%)**	**(in thousand PLN)**	**(%)**
Domestic sales	2,981,876	62%	2,591,042	65%	2,342,718	67%
Export	1,813,912	38%	1,368,188	35%	1,169,929	33%
Total	**4,795,788**	**100%**	**3,959,230**	**100%**	**3,512,647**	100%

Export sales include mostly sales to customers in neighbouring countries, i.e.: mostly to Czech, Slovakia, Lithuania, Ukraine and also to Romania.

22. Cost of sales

	01/01/2015 – 31/12/2015	**01/01/2014 – 31/12/2014**
Value of goods and materials sold	3,279,742	2,657,870
Sold gods	55,373	73,356
Foreign exchange (gains) / losses	6,154	18,208
Cost of sales	**3,341,269**	**2,749,434**

(in thousand PLN)

23. Costs of sales and administrative costs

	01/01/2015 – 31/12/2015	01/01/2014 - 31/12/2014
Depreciation and amortization	49,776	42,562
Materials and energy consumption	100,334	105,109
External services	932,611	732,219
Taxes and charges	9,245	8,372
Salaries	105,425	97,178
Social security and other benefits	31,159	27,263
Other costs by kind	62,955	39,615
Total costs by kind	**1,291,505**	**1,052,318**
(minus) Cost of products sold	(55,374)	(73,356)
(minus) Change in the balance of finished products and work in progress	(4,099)	(3,677)
(minus) Cost of distribution realized by branches	(508,287)	(428,881)
Costs of sales and administrative costs	**723,745**	**546,404**

24. Other operating income

	01/01/2015 – 31/12/2015	01/01/2014 - 31/12/2014
Gain on disposal of non-financial non-current assets	923	1,641
Compensation, penalties and fines received	2,485	526
Charges on branches	269	676
Marketing rebates	72	-
Other rebates	2,682	2,905
Impairment losses on past due liabilities	693	-
Valuation of property	-	373
Early payment discount	50	-
Receipt of past due receivables for which impairment losses were recognised	-	120
Other sales	2,109	689
Complaints	-	-
Other	907	1,415
	10,190	**8,345**

25. Other operating expenses

	01/01/2015 – 31/12/2015	01/01/2014 - 31/12/2014
Recognised impairment losses on receivables and other impairment losses recognised	8,586	3,030
Damage to stock	1,247	137
Expenses related to complaints	3,056	99
Inventory lacks	8,277	7,221
Compensations	-	3
Insurances	177	77
Past due receivables recognised as impairment losses	6,240	2,395
Impairment of stock write off	3,566	-
Debt collection expenses	-	768
Donations	66	267
Other	2,705	1,758
	33,920	**15,755**

(in thousand PLN)

26. Finance income and expenses

Financial income	**01/01/2015 – 31/12/2015**	**01/01/2014 - 31/12/2014**
Interest on loans and borrowings	416	433
Other interest	1,947	1,840
Dividends received	26	20
Other	674	298
	3,063	**2,591**

Financial expenses	**01/01/2015 – 31/12/2015**	**01/01/2014 - 31/12/2014**
Interest expense under bank loans	17,883	14,596
Other interest	2,396	4,026
Fees and commissions	3,079	1,750
Other	2,120	962
	25,478	**21,334**

Foreign exchange gains/(losses) in the period from 1.01.2015 to 31.12.2015	**Recognised as cost of sales**	**Disclosed as foreign exchange gains / (losses)**	**Total foreign exchange gains/(losses)**
Arising in connection with payment of trade payables and receivables	(4,875)	-	(4,875)
Other	-	145	145
Realised foreign exchange gains/(losses)	**(4,875)**	**145**	**(4,730)**
Arising in connection with valuation of trade payables and receivables as at the reporting date	(1,279)	-	(1,279)
Other	-	(513)	(513)
Unrealised foreign exchange gains/(losses)	**(1,279)**	**(513)**	**(1,792)**
Total foreign exchange gains/(losses)	**(6,154)**	**(368)**	**(6,522)**

Foreign exchange gains/(losses) in the period from 1.01.2014 to 31.12.2014	**Recognised as cost of sales**	**Disclosed as foreign exchange gains / (losses)**	**Total foreign exchange gains/(losses)**
Arising in connection with payment of trade payables and receivables	(16,570)	-	(16,570)
Arising in connection with repayment of liabilities on bank credits denominated in foreign currencies	-	(157)	(157)
Realised foreign exchange gains/(losses)	**(16,570)**	**(157)**	**(16,727)**
Arising in connection with valuation of trade payables and receivables as at the reporting date	(1,638)	-	(1,638)
Arising in connection with valuation of liabilities on bank credits denominated in foreign currencies	-	(2,299)	(2,299)
Unrealised foreign exchange gains/(losses)	**(1,638)**	**(2,299)**	**(3,937)**
Total foreign exchange gains/(losses)	**(18,208)**	**(2,456)**	**(20,664)**

(in thousand PLN)

27. Structure of cash for the statement of cash flows

Corporate income tax paid

	31/12/2015	31/12/2014
Current corporate income tax disclosed in the statement of comprehensive income	(26,682)	(32,300)
Adjustment of comprehensive income	(9,573)	5,106
Change in income tax payable	(2,830)	4,774
Corporate income tax paid	**(39,085)**	**(22,420)**

Change in receivables

	31/12/2015	31/12/2014
Change in trade and other receivables	(77,638)	(73,806)
Change in non-current receivables	(2,068)	(1,677)
Change in Loans granted	(1,905)	686
Bank commissions and bonds	(2,130)	-
Change in receivables	**(83,741)**	**(74,797)**

Change in Loans granted

	31/12/2015	31/12/2014
Loans granted	(3,393)	(5,746)
Repayment of loans granted	5,664	4,973
Interest received	360	608
Interest accrued	(416)	(433)
Foreign exchange gains /losses	308	(88)
Change in Loans granted	**1,905**	**(686)**

Change in loans, borrowings, debt securities and finance lease liabilities

	31/12/2015	31/12/2014
Repayment of loans and borrowings	-	(73,521)
Cash inflows on credits and loans	149,447	71,049
	1,238	-
Payment of finance lease liabilities	(13,101)	(10,709)
Bonds issued	-	150,000
Interest on bonds issued	4,603	911
Paid interest for bonds	(4,650)	-
Settlement of credit and bonds commission	(2,070)	-
Granted leases	3,839	16,879
Reversed factoring	28,440	-
Change in balance sheet valuation	265	2,299
Change in loans, borrowings, debt securities and finance lease liabilities	**168,011**	**156,908**

Net interest

	31/12/2015	31/12/2014
Interest paid	(24,941)	(19,533)
Interest received	464	433
Net interest	**(24,477)**	**(19,100)**

Other adjustments, net

	31/12/2015	31/12/2014
Foreign exchange gains /losses	(4,137)	(1,450)
Change in other non-current liabilities	3,124	5,036
Net result of an associated company attributable to the Capital Group	(151)	(92)
Change of company presentation to a related company	14	5
Valuation of property	672	-
Other	782	-
Real estate moved to inventories and other net items	**304**	**3,499**

(in thousand PLN)

28. Income tax

Income tax recognised under current period profit or loss

	01/01/2015 – 31/12/2015	01/01/2014 - 31/12/2014
Current income tax	26,682	32,300
Change in deferred income tax	(1,583)	(4,005)
Income tax disclosed in statement of comprehensive income	**25,099**	**28,295**

The reconciliation of the tax deductible cost to the value representing the product of the accounting profit and the applicable tax rates is as follows:

Effective tax rate	**01/01/2015 – 31/12/2015**	**01/01/2014 - 31/12/2014**
Gross profit (without share of the result of the affiliate)	**176,125**	**205,902**
Tax based on 19% rate	(33,464)	(39,121)
Tax rate differences (15%/12.5%/20%/23%)*	4,976	1,970
Trade mark depreciation tax profits	7,953	7,953
<u>Permanent differences</u>		
Costs / incomes not subject to taxation	(4,564)	903
Current income tax disclosed in statement of comprehensive income	**(25,099)**	**(28,295)**

- Poland 19%, Slovak Republic23%, Czech Republic 20%, Ukraine 18%, Lithuania 15%, Cyprus 12,5%, Malta 5%, Croatia 20%, Romania 16%, Latvia 15%, Bulgaria 10%, Italy 31%, Belgium 34%

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.

29. Dividend proposed by the Board of Managers

The Management Board will recommend a payment of dividend from the 2015 profit of PLN 10 m.

On the operating profit from accounting year of 2014, on 14 July 2015 Inter Cars S.A. paid out to the shareholders of the company a dividend amounting to PLN 10,059 thousand, i.e. PLN 0.71 per share.

Dividend per share

	01/01/2015 – 31/12/2015	01/01/2014 – 31/12/2014
Dividend resolved and paid out to the reporting date	10,059	10,059
Number of shares with right to dividend as per resolution of the General Shareholders Meeting	14,168,100	14,168,100
Dividend per share (in PLN)	0.71	0.71

30. Unrecognised liabilities under executed agreements

Tax liabilities

Regulations on VAT, corporate and personal income tax and social security contributions change frequently, and as a consequence often there is no possibility of relying on established regulations or legal precedents. The regulations in effect tend to be unclear, thus leading to differences in opinions as to their legal interpretation, both between state authorities and between state authorities and entrepreneurs. Tax and other settlements (customs duty or currency settlements) may be inspected by authorities entitled to impose material penalties, and any additional amounts assessed following an inspection must be paid together with interest. Consequently, the tax risk in Poland is higher than in other countries with more developed tax systems.

Tax settlements may be inspected for the period of five years. For this reason the amounts disclosed in the financial statements may change at a later date following final determination of their amount by tax authorities. The Company was inspected by the tax authorities.

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.

Guaranties and sureties

As at 31 December 2015, the total amount of sureties and guarantees issued by the Parent Company for unrelated entities was PLN 10,178 thousand and comprised sureties listed below:

(in thousand PLN)	Period covered	Status as at	
To		**31/12/2015**	**31/12/2014**
RIM Sp. z o.o.	Until further notice	20	20
Glob Cars Sp.z o.o.	Until further notice	150	150
JC Auto Kraków	Until further notice	50	50
Tomasz Zatoka APC Polska	Until further notice	170	170
Michał Wierzobolowski Fst M.	Until further notice	250	250
Intraserv	Until further notice	50	50
Ducati Motor Holding	31/03/2016	1,065	1,279
Małopolska police commissioner	31/10/2015	-	11
Poczta Polska S.A.	20/11/2015	-	46
Military unit, Wałcz	30/01/2015	-	13
Customs Chamber, Warsaw	31/03/2015	-	160
BP Europa SE Polish Division	29/05/2016	6,000	4,000
Poczta Polska S.A.	30/04/2016	21	-
PIAGGIO AND C. S.P.A.	30/06/2016	1,492	-
Poczta Polska S.A., Warszawa	09/07/2016	36	-
Poczta Polska S.A., Warszawa	25/07/2017	11	-
Poczta Polska S.A., Warszawa	20/11/2016	14	-
Komenda Wojewódzka, Wrocław	21/06/2018	1	-
RIM Sp. z o.o.	31/12/2015	337	337
Johnson Control Autobaterie Prodej	30/11/2016	511	-
		10,178	**6,536**

The Parent Entity holds a guarantee issued by InterRisk and Generali TU S.A. with respect to payment of a bid bond and a performance bond securing proper performance of contractual obligations and removal of defects in the case of supplies for the Polish Post, the Police and the army.

Subsidiary companies did not issue any surety nor guarantee for any unrelated entities.

31. Operating leases

Inter Cars leases warehouse space to entities operating as affiliate branches. However, the warehouses are not owned by the Company but leased (apart from the Central Warehouse in Czosnów and the facilities in Kajetany and Gdańsk). Lease costs paid by the Company are fully re-invoiced to end users (branch operators) throughout the whole term when the area is used (including the termination notice period).

As at 31 December 2015, the total value of rents under contracts for an indefinite period of time for the notice periods of these contracts was PLN 8.195 thousand. The total value of rents under contracts for a definite period of time - PLN 24.065 thousand. As at the end of 2014 the total amount of these rents amounted to PLN 7.639 thousand and PLN 17.934 thousand respectively.

The total value of minimal future payments under operational lease up to one year is PLN 22,820 thousand (2014: PLN 19.614 thousand), and the ones falling due in the period from one to five years is PLN 6.999 thousand (2014: PLN 5.958 thousand). No future minimum payments under operating leases falling due in over five years are reported.

The Company re-invoices the abovementioned lease rents to the cooperating branch operators.

32. Transactions with related entities

All transactions with related entities are executed at arm's length.

The Group executed transactions with entities related to members of the Supervisory Board and the Management Board and their relatives. The value of these transactions is shown in the table below.

Sales revenues	**2015**	**2014**
ANPO Andrzej Oliszewski	5	1
FASTFORWARD Maciej Oleksowicz	78	160
P.H. AUTO CZĘŚCI Krzysztof Pietrzak	114	190
AK-CAR Agnieszka Soszyńska	271	685
	468	**1,036**

Purchase of goods and services	**2015**	**2014**
ANPO Andrzej Oliszewski	151	150
FASTFORWARD Maciej Oleksowicz	149	140
P.H. AUTO CZĘŚCI Krzysztof Pietrzak	1,215	2,772
AK-CAR Agnieszka Soszyńska	1,793	4,359
	3,308	**7,421**

Receivables	**31/12/2015**	**31/12/2014**
Inter Cars sp.j.	56	56
FASTFORWARD Maciej Oleksowicz	9	71
P.H. AUTO CZĘŚCI Krzysztof Pietrzak	19	49
AK-CAR Agnieszka Soszyńska	4	128
	88	**304**

Liabilities	**31/12/2015**	**31/12/2014**
P.H. AUTO CZĘŚCI Krzysztof Pietrzak	25	134
ANPO Andrzej Oliszewski	-	2
FASTFORWARD Maciej Oleksowicz	29	-
AK-CAR Agnieszka Soszyńska	-	251
	54	**387**

Remuneration for acting as members of Supervisory Board and Management Board of the parent entity and affiliated companies were as follows:

(in thousand PLN)	**1.01.2015-31.12.2015**	**01.01.2014-31.12.2014**
Remuneration of the members of the Supervisory Board and the Management Board		
Remuneration of the members of the Supervisory Board	292	218
Remuneration of the members of the Management Board	9,872	7,621
	10,164	**7,839**

Remuneration for acting as members of Management of the Board of the parent entity amounted to PLN 3,210 thousand, while remuneration of management from the management of the board of subsidiaries amounted to PLN 6,662 thousand.

(in thousand PLN)

33. Financial risk management

Credit risk

Credit risk is associated mainly with other receivables, cash and cash equivalents, as well as trade receivables. Cash and cash equivalents are deposited with reputable financial institutions.

Under the credit policy adopted by the Group, credit risk exposure is monitored on an on-going basis. All customers who require crediting in excess of a specified amount are assessed in terms of their creditworthiness. The Group does not require any of its customers to provide any asset-based security for financial assets.

The risk attributable to a significant portion of trade receivables is borne by the affiliate branch operators, with whom the Group settles accounts by sales margin sharing. The Group's credit risk is therefore additionally reduced.

As at the reporting date, there was no significant concentration of credit risks. The carrying amount of each financial asset, including derivative financial instruments, represents the maximum credit risk exposure:

	31/12/2015	**31/12/2014**
Loans granted	8,934	10,839
Trade and other receivables (excluding loans granted)	528,446	453,367
Cash and cash equivalents	65,431	56,533
	602,811	**520,739**

Interest rate risk

The Group's exposure to interest rate risk is associated mainly with variable-rate liabilities and loans granted.

The Group has liabilities bearing interest at variable rates. As at 31 December 2015, the Group did not use liabilities of fixed interest rate.

As at reporting date the Group did not have any transactions securing the risk of change of interest rate.

As at the end of the reporting period, the structure of interest-bearing financial instruments was as follows:

Variable rate financial instruments	**31/12/2015**	**31/12/2014**
Financial assets (loans granted)	8,934	10,839
Cash assets in bank accounts	53,217	39,013
Financial liabilities (liabilities under loans, borrowings debt securities and finance leases)	(804,645)	(636,634)
	(742,494)	**(586,782)**

Presented below is sensitivity analysis of the net profit or loss to possible interest rate changes, assuming that other factors remain unchanged. The following data shows the impact of basis points on the Company's annual net profit or loss.

as at 31/12/2015	**basis points increase/decrease**	**Impact on net profit / loss**
	+ 100 / -100	(6,014) / 6,014
	+ 200 / -200	(12,028) / 12,028

as at 31 December 2014	**basis points increase/decrease**	**Impact on net profit / loss**
	+ 100 / -100	(4,753) / 4,753
	+ 200 / -200	(9,506) / 9,506

Currency risk

A significant portion of the Company's trade and services payables is denominated in foreign currencies, especially in EUR. Sales is performed mostly in PLN and also in UAH, EUR, CZK, LTL, LVL, HUF, HRK, BGN and RON. The Group did not enter any foreign currency future purchase or sales contracts between 1st January to 31 December 2015.

(in thousand PLN)

	EUR	USD	RON	Other	EUR	USD	RON	Other
	31 December 2015				31 December 2014			
Trade receivables	101,523	733	74,476	87,997	26,325	-	53,278	78,096
Cash	30,891	33	5,820	17,501	19,889	437	5,677	14,777
Bank credits	(146,984)	-	(30,666)	(20,656)	(119,287)	-	(13,506)	(14,600)
Trade payables	(89,280)	(20,450)	(5,981)	(46,946)	(92,928)	(8,447)	(13,088)	(27,524)
Gross balance sheet exposure	**(10,851)**	**(19,684)**	**43,649**	**37,896**	**(166,001)**	**(8,010)**	**32,362**	**50,748**

Presented below is sensitivity analysis of the net profit or loss to possible currency exchange rate changes, assuming that other factors remain unchanged (no direct impact on equity).

		Impact on net profit / loss	
	Foreign exchange rate increase/decrease	**as at 31/12/2015**	**as at 31 December 2014**
EUR	+ 5% / - 5%	(4,206) / 4,206	(6,723) / 6,723
	+ 10% / - 10%	(8,412) / 8,412	(13,446) / 13,446
USD	+ 5% / - 5%	(797) / 797	(324) / 324
	+ 10% / - 10%	(1,594) / 1,594	(648) / 648
RON	+ 5% / - 5%	1,768 / (1,768)	1,311 / (1,311)
	+ 10% / - 10%	3,536 / (3,536)	2,622 / (2,622)
Other	+ 5% / - 5%	1,535 / (1,535)	2,055 / (2,055)
	+ 10% / - 10%	3,070 / (3,070)	4,110 / (4,110)

Liquidity risk

In its operations the Company maintains a surplus of liquid assets and open credit lines.

Below chart presents liabilities of the Group as at 31 December 2015, by maturity:

	current	up to 3 months	from 3 to 12 months	from 1 to 5 years	more than: 5 years	Total
interest-bearing loans and borrowings	-	21,307	303,640	419,168	-	744,115
finance lease liabilities	-	17,234	6,068	10,371	-	33,673
trade and other payables	92,043	337,582	4,158	5,354	-	439,137
	92,043	**376,123**	**313,866**	**434,893**	**-**	**1,216,925**

(in thousand PLN)

Liabilities of the Group as at 31 December 2014, by maturity:

	current	up to 3 months	from 3 to 12 months	from 1 to 5 years	more than: 5 years	Total
interest-bearing loans and borrowings	-	-	210,113	385,000	-	595,113
finance lease liabilities	-	2,822	24,229	14,470	-	41,521
trade and other payables	21,700	284,233	7,009	791	-	313,733
	21,700	**287,055**	**240,351**	**400,261**	**-**	**950,367**

Capital management

The main objective of the Group's capital management is to maintain a good credit rating and sound capital ratios to support the Group's operations and increase the shareholder value.

Depending on changes in the economic environment, the Group may adjust its capital structure by dividend pay-outs, capital repayments to shareholders, or issues of new shares.

In the reporting period, certain capital management restrictions were introduced in connection with the obtained credit facility agreement (see Note 16).

The Group analyses its equity and capital using the gearing ratio calculated as net debt to total equity plus net debt. The Group's net debt includes interest-bearing bank loans, bonds, and finance leases, as well as trade and other payables, less cash and cash equivalents. Equity includes equity attributable to owners of the Parent Entity.

	31/12/2015	**31/12/2014**
Loan, borrowing and finance lease liabilities	804,645	636,634
Trade and other liabilities	439,137	313,733
(less) cash and cash equivalents	(73,016)	(65,829)
Net debt	1,170,766	884,538
Equity	1,205,878	1,069,048
Net debt to equity	**0.97**	**0.83**

Fair value

In the opinion of the Management Board, the carrying amount of assets and liabilities is similar to their fair value.

34. Events subsequent to the balance sheet date

No such events.

(in thousand PLN)

35. Differences between data disclosed in financial statements and previously prepared and published interim condensed consolidated financial statements of the Group.

(in thousand PLN)	Data disclosed in consolidated financial statements for the year 2015	Data disclosed in interim condensed consolidated financial statements for the period of 3 and 12 months ended on 31 December 2015	Correction
ASSETS			
Non-current assets			
Property, plant and equipment	392,802	392,445	357
Investment property	24,685	25,271	(586)
Intangible assets	152,070	151,503	567
Investments in related entities	810	810	-
Investments available for sales	301	301	-
Receivables	15,467	12,623	2,844
Deferred tax assets	56,806	55,350	1,456
	642,941	**638,303**	**4,638**
Current assets			
Inventories	1,251,716	1,250,521	1,195
Trade and other receivables	528,446	532,970	(4,524)
Corporate income tax receivables	10,245	2,051	8,194
Cash and cash equivalents	73,016	78,581	(5,565)
	1,863,423	**1,864,123**	**(700)**
TOTAL ASSETS	**2,506,364**	**2,502,426**	**3,938**
LIABILITIES			
Share capital	28,336	28,336	-
Share premium account	259,530	259,530	-
Statutory reserve funds	645,998	645,998	-
Other capital reserves	5,935	5,935	-
Foreign exchange gains /losses in subsidiaries	(10,213)	(10,019)	(194)
Retained earnings	276,292	282,638	(6,346)
Equity	**1,205,878**	**1,212,418**	**(6,540)**
Long-term liabilities			
Loan, borrowing and finance lease liabilities	427,478	427,476	2
Other long-term liabilities	8,530	6,824	1,706
Deferred corporate income tax reserve	33,046	24,203	8,843
	469,054	**458,503**	**10,551**
Short-term liabilities			
Trade and other liabilities	439,137	433,432	5,705
Loan, borrowing and finance lease liabilities	377,167	375,331	1,836
Employee benefits	6,718	8,196	(1,478)
Income tax liabilities	8,410	14,546	(6,136)
	831,432	**831,505**	**(73)**
TOTAL LIABILITIES	**2,506,364**	**2,502,426**	**3,938**

(in thousand PLN)	Data disclosed in consolidated financial statements for the year 2015	Data disclosed in interim condensed consolidated financial statements for the period of 3 and 12 months ended on 31 December 2015	Correction
Sales revenues	4,795,788	4,796,439	(651)
Cost of sales	(3,341,269)	(3,380,771)	39,502
Gross profit on sales	**1,454,519**	**1,415,668**	**38,851**
Other operating income	10,190	4,293	5,897
Costs of sales and administrative costs	(723,745)	(685,676)	(38,069)
Distribution expenses	(508,287)	(508,287)	-
Other operating expenses	(33,920)	(21,424)	(12,496)
Operating profit	**198,757**	**204,574**	**(5,817)**
Financial income	3,063	3,022	41
Foreign exchange gains/losses	(368)	(368)	-
Financial expenses	(25,478)	(25,590)	112
Interest in associates	151	151	-
Profit before tax	**176,125**	**181,789**	**(5,664)**
Income tax	(25,099)	(24,417)	(682)
Net profit	**151,026**	**157,372**	**(6,346)**
Attributable to:			
shareholders of the parent company	151,026	157,372	(6,346)
	151,026	**157,372**	**(6,346)**
OTHER COMPREHENSIVE INCOME			
Items which may transferred to financial result			
Foreign exchange gains /losses	(4,137)	(3,943)	(194)
Total other comprehensive income, net	**(4,137)**	**(3,943)**	**(194)**
COMPREHENSIVE INCOME	**146,889**	**153,429**	**(6,540)**
Net profit attributable to:			
- the shareholders of the parent entity	151,026	157,372	(6,346)
	151,026	**157,372**	**(6,346)**
Comprehensive income attributable to:			
- the shareholders of the parent entity	146,889	153,429	(6,540)
	146,889	**153,429**	**(6,540)**
Earnings per share (PLN)			
- basic and diluted	10.66	11.11	(0.45)

Implemented changes result mostly from updating estimated cost for the year 2015, which were verified on the basis of knowledge as at the day of approving the financial statements.
Additionally, logistics costs were reclassified from the cost of sold products to the cost of sale.

36. Material evaluations and estimates

The preparation of the financial statements in conformity with the EU IFRS requires the Parent Entity's Management Board to make judgments and estimates which affect the application of the accounting policies and reported amounts of assets and liabilities, income and expenses. Real values may differ from their estimates. The judgements and estimates are reviewed on an ongoing basis. Revisions to the estimates are recognised as profit or loss of the period in which the estimate is revised. Information on particularly significant areas subject to judgements and estimates which affect the financial statements is disclosed in the following notes:

- Note 10 Deferred tax (the Management Board analyses whether or not there is a possibility of using tax losses in subsidiary companies and assesses uncertainty of forecast changes in tax laws in force),
- Note 11 Impairment losses on stock (the Management Board analyses whether or not there is a possibility of impairment of stock. In the event of identification of impairment, net obtainable values are to be evaluated),
- Note 12 Impairment loss on receivables (as at the balance sheet date, the Group evaluates whether or not there is evidence of impairment of a receivable or a group of receivables. If the recoverable value of an asset is lower than its carrying value, the Group creates an impairment loss to the level of the current value of planned cash flows),
- Note 5/6 Impairment loss on property, plant and equipment, estimates as to the useful economic life of property, plant and equipment and intangible assets (the amount of rates and impairment losses is determined based on the anticipated useful economic life of a property, plant and equipment or intangible assets item; the useful economic life periods are verified at least once during each financial year. The Management Board also evaluates whether or not there is the possibility of impairment losses on assets. If an impairment loss is identified, the recoverable value of assets must be determined).

One of important estimates of the Management Board of the Group are the estimates on trade bonuses from suppliers on purchase of trade goods. Bonuses for the Group, on realization of purchase plans, are included in expected values and included in the results proportionally to rotation of sold merchandise.

37. Continued and discontinued operations

The consolidated financial statement were prepared under the assumption that the Company will continue as a going concern in the foreseeable future.

During the reporting period the Group did not discontinue any of its activities. It does not anticipate to discontinue them in the following period.

STATEMENTS OF THE MEMBERS OF THE MANAGEMENT BOARD AND APPROVAL OF THE FINANCIAL STATEMENTS

Inter Cars S.A.

In compliance with the requirements laid down in the Regulation of the Minister of Finance on current and periodic information to be published by issuers of securities, dated 19 February 2009, the Management Board of Inter Cars S.A. hereby represents as follows:

- to the best of its knowledge the annual consolidated financial statements of Inter Cars S.A. Capital Group ("Inter Cars") and the comparative data have been prepared in compliance with the International Financial Reporting Standards endorsed by the European Union, issued and effective as at the date of these financial statements, and give a true and fair view of the assets, financial standing and financial results of Inter Cars S.A. Capital Group.

- comments to the annual report, which constitute the annual financial statements of the activities of Inter Cars S.A. Capital Group give a fair view of development, achievements and situation of Inter Cars S.A. Capital Group.

- KPMG Audyt Spółka z ograniczoną odpowiedzialnością, spółka komandytowa, qualified auditor of financial statements which audited the consolidated annual financial statements of Inter Cars S.A. was appointed in compliance with the applicable laws, and both the auditing firm and the auditor who performed the audit met the conditions required to issue an impartial and independent opinion on the financial statements reviewed, in accordance with the applicable laws.

These annual consolidated financial statements were approved by the Management Board of Inter Cars S.A for publication on 2 May 2016.

Robert Kierzek
President of the
Management Board

Krzysztof Soszyński
Vice-President of the
Management Board

Krzysztof Oleksowicz
Member of the
Management Board

Wojciech Twaróg
Member of the
Management Board

Witold Kmieciak
Member of the
Management Board

Julita Pałyska
Person responsible for
keeping the accounting books

Warsaw, 02 May 2016