

**Declaration of the Management Board of Inter Cars SA ABOUT
ABIDANCE INSIDE A COMPANY THE RULES OF GOOD
PRACTICE OF COMPANIEC BEING QUOTED ON POLISH
STOCK EXCHANGE IN 2011**

1. Pointing the set of corporate governance rules adapted by Inter Cars S.A.

Inter Cars S.A. Company adapted to use the rules of corporate governance published in the document called "Code of good practice for companies listed on Warsaw Exchange"; as published on webpage www.corp-gov.pl.

2. Exclusions from the rules of corporate governance.

The Board of Directors of Inter Cars S.A. declares that in 2011 it complied with generally valid corporate governance principles beyond the following:

- A. Point I. 1)** The Company should have clear and effective information policy, using traditional methods, as well as modern technology, assuring speed and security and wide access to information. The company using this methods as wide as possible should assure suitable communication with investors and analysts, transmitting General Shareholders' Meetings, recording them and publishing them on website.

EXPLANATION:

The Company leads clear and effective information policy assuring required communication with investors and analysts by traditional methods, and that is why it gives up recording and transmitting General Shareholders' Meetings using Internet and publishing them on the webpage.

- B. Point III. 6)** At least two Members of Supervisory Board should fulfil independency criteria and subjects being dependent and combined with the Company. About independence of Members of Supervisory Board Appendix II of European Commission Recommendations dated 15 February 2005, about role of not executive directors or being Members of Supervisory Board of public companies and Supervisory Commission. Independently from resolutions of point b) of above mentioned Appendix, the person being employee of the company, dependent subject or associated company cannot be treated as fulfilling criteria of being independent, mentioned in this Appendix. Moreover as connection with shareholder which excludes being independent Member of Supervisory Board according to this regulation, an actual or crucial connection with a shareholder having 5% or more votes in General Shareholders' Meeting is understood.

EXPLANATION:

In compliance with Articles of Association of the Company, the Supervisory Board shall be composed of 5 to 13 members appointed by the General Shareholders' Meeting. Today the Board is composed of 5 members. Members of Supervisory Board are appointed by voting of all Shareholders having the right to vote and interested in the matter. Candidates for being Members of Supervisory Board, together with information about their work experience and qualifications are published beforehand and also presented to General Meeting of Shareholders. Appointing Members of Supervisory Board is a sovereign decision of Shareholders being present in the Meeting and there are no reasons to make any restrictions for appointing.

- C. Point III. 7)** Inside the Supervisory Board there should be at least one Board of Audit. At least one member of this committee should fulfil independency criteria from the Company and subjects being dependent and combined with the Company, having financial and booking competence. In companies in which Supervisory Board consists of number of members required by the law, the tasks of committee can be carried out by the Supervisory Board.

EXPLANATION:

Currently the Supervisory Board is composed of 5 members and the Board also performs the role of the Board of Audit.

- D. Point III. 8)** The scope and range of committees actions within the Supervisory Board should be regulated by Appendix I to European Commission Recommendations dated 15 February 2005 the role of nonexecutive directors (...).

EXPLANATION:

Because of the fact that the whole Supervisory Board is also the Board of Audit, and the Board of Managers has no influence on appointment of its Members, the Company shall not comply with guidelines stipulated in Appendix I to European Commission Recommendations.

3. The description of the main features of internal control and risk management systems used in the Company in regards to the process of preparing financial reports and consolidated financial reports.

Financial reports and interim reports of the Company are being prepared in compliance with the law in force and binding accounting policy of the Company, by CFO and are verified by the Board of Managers, which is responsible for its reliability and conformity with accounts.

Financial reports are prepared only by people with granted access to confidential information, what obliges them – from the moment of obtaining such information till it has been published in financial report – to keep the trade secret of all data being used as the basis of the reports. Financial data being the basis of financial reports and interim reports come from booking-finance system, in which all booking operations are recorded in compliance with accounting policy of the Company (accepted by the Board), based on International Booking Standards and International Financial Reporting Standards. The Company constantly monitors all the changes required and forced by law regulations and rules which apply to requirements of stock exchange reporting requirements and prepares to implement them beforehand.

Financial reports approved by the Board are later verified by an independent auditor – expert auditor, chosen by the Supervisory Board of the Company, from among renowned international auditing companies.

Financial Division, keeping constant contact with expert auditor, tries to set recommendations regarding development and improvement of internal control procedures within the Company, which were identified during audit of financial reports, in order to implement them.

Financial Division and Directors of other divisions prepare, for the use of the Board of Managers, interim reports with management information analysing key financial data and operational ratio of business segments.

4. Listing shareholders who directly or indirectly have considerable packages of shares together with the number of shares being owned by them, their percentage in equity capital, number of votes from shares in General Shareholders Meeting.

No	Shareholder	Number of shares	Number of votes	% share in authorised share capital	% in overall number of voting shares at GSM
1.	Krzysztof Oleksowicz	4.682.271	4.682.271	33,05%	33,05%
2.	Andrzej Oliszewski	1.432.370	1.432.370	10,11%	10,11%
3.	ING Otwarty Fundusz Emerytalny	1.214.728	1.214.728	8,57%	8,57%
4.	AMPLICO Otwarty Fundusz Emerytalny	903.347	903.347	6,38%	6,38%
5.	AVIVA Otwarty Fundusz Emerytalny	1.303.247	1.303.247	9,20%	9,20%

5. List of owners of special shares, which give special control rights with description of those rights.

There are no special shares giving any special control rights in the company. The shares of the company have no limitations about transfer of rights, nor limitations for votes rights.

6. Stipulation of all restrictions regarding voting rights, such as limitations of voting rights for owners of particular number of shares or part of shares, time limitations regarding voting rights or any legacy according to which, in cooperation with the company, capital rights connected with stocks are separated from owning the shares.

In the statute of the Company there are no restrictions nor limitations to voting rights for owners of particular number of shares or votes.

7. Description of the principles concerning appointment and dismissal of executives and their rights, in particular the right to make a decision on issue or redemption of shares

The term of the Executive Board shall be three years. The Members of the Board are appointed and dismissed by the Supervisory Board, whereas the Members of the Board are appointed for the common term in office. Member of the Board can be any person from among the shareholders or not a shareholder. From among the Members, the Supervisory Board appoints the President and Vice-President of the Board in the form of a resolution. The seat of the Member of the board who was appointed before the term in office of the current Board is finished, extinguishes together with terms in seat of all other Members of the Board. The term of the Member of the Board extinguishes on the day of General Shareholders Meeting which approves financial statement for the last full accounting year when the member was in term. The mandate of the Member of the Board also becomes void in case of death, resignation or dismissing the Member from his function in the Board.

The resolution of Supervisory Board regarding appointing or dismissing a Member of the Board and choosing the President and Vice-President of the Board is taken by absolute majority with presence of at least half of the Members of Supervisory Board, whereas the resolution about

suspension of the Member of the Board because of important reasons is taken by 4/5 votes given in presence of at least 4/5 of Members of Supervisory Board.

Members of the Board of the Company act within set and in force law regulations, statute of the Company and Work Rules of the Board of Inter Cars SA. The rules are accepted by the Board and Supervisory Board approves them. The text of the rules is available at the website of the Company. Members of the Board represent the Company in all matters in the court of law and outside court of law, and their operations are all the matters of the Company which are not restricted in the statute of the Company nor in current laws in force regulating the competence of General Shareholders Meeting or Supervisory Board. When representing the Company there is a rule of two-person representation, whereas the Company is represented by two Members of the Board or one Member with an authorised clerk.

The Board takes decisions in the form of resolutions taken at the Board meetings which must take place at least twice a month. Resolutions are taken by voting majority, whereas in case of even division of votes, the deciding vote belongs to the President of the Board. But resolutions regarding:

- a. Market issues (i.e. development of distribution chain, creating purchasing policy and sales policy, etc.) can be taken by the President or Vice-President and a Member of the Board responsible for purchase and sales;
- b. Changes in debit and credit of the Company above one million PLN should be taken in the presence of all the Members of the Board (i.e. purchasing or selling company's property, taking credits, etc.);
- c. All matters of ongoing operations and organization of the Company (i.e. days off, rewards, admonitions, etc.) should be taken regardless Board meetings, by two Members of the board who are the closest to particular are of operations.

Regarding the rights to issuing or buying-back the shares, the regulations of Commercial Code are binding, whereas any decisions regarding changes in share capital or redeeming shares belong to the Supervisory Board.

8. Description of the principles of changing the Issuer's company deed

Change in the Company's Articles of Association requires:

- the General Meeting to adopt with a majority of 3/4 of the votes (Article 415 of the Code of Commercial Companies) a resolution, in the form of a notarial deed (a resolution concerning a significant change in the object of activities requires a resolution adopted with a majority of 2/3 of the votes (Article 416 of the Code of Commercial Companies)
- entry into the National Court Register (Article 430 of the Code of Commercial Companies)

9. The method of operation of the General Shareholders Meeting and its basic rights as well as description of rights of shareholders and the method of their exercising, in particular principles resulting from the Regulations of the General Shareholders Meeting

The Board of Directors of Inter Cars S.A. informs that the General Shareholders Meeting operates in the Company according to the Company's Articles of Association, the Code of Commercial Companies, and the Regulations of the sessions of the General Shareholders Meeting that is published on the Company's website.

Competences of the General Meeting include matters set forth in regulations of the Code of Commercial Companies, excluding these matters that, according to the Articles of Association, belong to the competences of other bodies of the Company. The following matters require resolutions of the General Meeting: change in the Company's initial capital as well as creation, credits and spending other capitals, funds and provisions, issue of replacement bonds and bonds with preemptive right, changes in the Articles of Association, cancellation of shares, sales of business or its organized part, winding-up, split, merging, dissolution and transformation of the Company, profit distribution, loss coverage and creation of reserve capitals, appointment and dismissal of members of the Supervisory Board, approval of the Regulations of the Supervisory Board, determination of the principles of remuneration of the Supervisory Board, including determination of the amount of remuneration for members of the Supervisory Board appointed for permanent individual performance of supervisory activities. Purchase and sale of real estate, perpetual usufruct or share in real estate are not subject to approval by the General Meeting.

The General Meeting is convened by the Board of Directors or, in cases and following the procedure determined in the Code of Commercial Companies, other entities. The General Meeting may be held in the seat of the company or in Cząstków Mazowiecki (commune of Czosnów, Mazovian Province) or in Kajetany (commune of Nadarzyn, Mazovian Province). Unless the Code of Commercial Companies or any provisions of the Articles of Association do not provide for stricter conditions, the resolutions of the General Meeting are adopted with an absolute majority of votes.

10. Members and changes over the last financial year and description of operation of executive, supervisory or administrative bodies of the Issuer and their committees

10.1. Members and principles of operation of the Board of Directors

Members of the Company's Board of Directors in the period from 1 January 2011 to 31 December 2011:

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

Term of office of the Board is 3 (three) years. Members of the Board of Directors are appointed for a period of a common term of office. The Board of Directors manages the Company and represents the Company in court and outside court. The scope of operation of the Board includes all matters of the Company which are not provided for in the Articles of Association or in legal regulations as competences of the General Meeting or the Supervisory Board. The Board of Directors manages property and rights of the Company, performing their duties with diligence required in business trading, with strict observance of legal regulations. Resolutions of the Board of Directors are

adopted with a majority of votes. In the case of equal number of votes, the vote of the President of the Board is casting vote in the Management Board.

The scope of rights and obligations of the Board of Directors, as well as procedures of its operation are determined by the regulations of the Board of Directors. The regulations are adopted by the Board of Directors and approved by the Supervisory Board. Full content of the regulations is published on the website of the Company. Following people are entitled to submit statements and sign on behalf of the Company: President of the Board as one person or two members of the Board together or one member of the Board together with proxy. Principles of remuneration for members of the Board of Directors are determined by the Supervisory Board.

10.2. Members and principles of operation of the Supervisory Board

The Supervisory Board of Inter Cars SA consists of 5 (five) members:

- Andrzej Oliszewski - Chairman of the Supervisory Board,
- Maciej Oleksowicz - Member of the Supervisory Board,
- Piotr Płoszajski - Member of the Supervisory Board,
- Jacek Klimczak - Member of the Supervisory Board,
- Michał Marczak - Member of the Supervisory Board,

The Supervisory Board may contain from five to thirteen members appointed by the General Meeting. The General Meeting appoints Chairman of the Supervisory Board. The Supervisory Board appoints Deputy Chairman from among other members. The number of members of the Supervisory Board is fixed by the General Meeting. In the event of voting with separate groups, the number of members of the Supervisory Board is thirteen. Term of office of the Supervisory Board is 5 years and is common for all members. Members of the Supervisory Board can be appointed for subsequent terms.

Resolutions of the Supervisory Board are adopted by an absolute majority of votes with at least half of the members of the Supervisory Board present. For validity of resolutions of the Supervisory Board it is required to invite to the meeting all members of the Board. Meetings of the Supervisory Board are held at least once a quarter. Meetings of the Supervisory Board shall be convened by a written notice containing information about the place, time and proposed agenda of a meeting, served on all members at least seven (7) days prior to a meeting. Meetings of the Supervisory Board are convened by its Chairman on their own initiative or at the request of a member of the Supervisory Board. Resolutions of the Supervisory Board may be made also without convening meeting - in writing or using means of direct remote communication, if all members of the Supervisory Board have been informed of the content of draft resolution and have given their consent to such voting procedure. A resolution of the Supervisory Board on suspending from duties for important reasons individual members of the Management Board and a resolution on delegating a member of the Supervisory Board to temporarily perform the duties of a member of the Management Board shall be adopted by a majority of 4/5 (four fifths) of the votes cast, with at least 4/5 (four fifths) of the members of the Supervisory Board present.

The Supervisory Board exercises supervision over operations of the Company as provided for in the Code of Commercial Companies, the Articles of Association and in the Regulations of the Supervisory Board adopted by the General Meeting. Competences of the Supervisory Board include in particular audit of the financial statements of the Company, audit of the statement of the Board of Directors of the Company and its applications with regard to profit distribution and loss coverage, as well as submission to the General Meeting of annual reports of results of those audits, appointment of

the chartered auditor to audit the financial statement of the Company, on the basis of offers received by the Board of Directors, appointment and dismissal of members of the Board of Directors, appointment, from among members of the Board of Directors, of the President or Vice President, conclusion of contracts with members of the Company's Board of Directors, determination of the principles of remuneration for the members of the Company's Board of Directors, consent to selling or purchasing real estate, perpetual usufruct or share in real estate.

Description of the principles concerning appointment and dismissal of executives and their rights, in particular the right to make a decision on issue or redemption of shares

In compliance with paragraph 11 of Company's Statute

1. The Board of Managers consists of two to ten members appointed and dismissed in the form of a resolution of the Supervisory Board, except for the first Board of Managers, which was appointed in the articles of association of the Company.
2. The term in the office lasts 3 (three) years, except for the first Board of Managers, when the term in the office lasts 1 (one) year. Members of the Board of Directors are appointed for a period of a common term of office.
3. The Board of Directors manages the Company and represents the Company in court and outside court.
4. The scope of operation of the Board includes all matters of the Company which are not provided for in the Articles of Association or in legal regulations as competences of the General Meeting or the Supervisory Board.
5. The Board of Directors manages property and rights of the Company, performing their duties with diligence required in business trading, with strict observance of legal regulations.
6. Resolutions of the Board of Directors are adopted with a majority of votes. In the case of equal number of votes, the vote of the President of the Board is casting vote. The scope of rights and obligations of the Board of Directors, as well as procedures of its operation are determined by the regulations of the Board of Directors. The regulations of the Board are adopted by the Board of Directors and approved by the Supervisory Board.

7. Principles of remuneration for members of the Board of Directors are

determined by the Supervisory Board.

SUPERVISORY BOARD

§ 12.

1. The Supervisory Board consists of five to thirteen members appointed by General Meeting of Shareholders. The General Meeting appoints Chairman of the Supervisory Board. From among all other members of Supervisory Board, the Board appoints vice-president.
2. The number of members of the Supervisory Board is fixed by the General Meeting. In the event of voting with separate groups, the number of members of the Supervisory Board is thirteen.
3. The term of the Supervisory Board shall be five (5) years. All members of the Supervisory Board shall be appointed for a common term.
4. Members of the Supervisory Board can be appointed for subsequent terms.

§ 13.

1. Resolutions of the Supervisory Board shall be adopted by an absolute majority of votes with at least half of the members of the Supervisory Board present. For validity of resolutions of the Supervisory Board it is required to invite to the meeting all members of the Board.

2. Meetings of the Supervisory Board are held at least once a quarter. Meetings are convened with a prior written notice containing information on the place, time and proposed agenda of the meeting and served to all members at least 7 (seven) days prior to the date of the meeting. Meetings of the Supervisory Board are convened by its Chairman on their own initiative or at the request of a member of the Supervisory Board.

3. Resolutions of the Supervisory Board may be made also without convening meeting - in writing or using means of direct remote communication, if all members of the Supervisory Board have been informed of the content of draft resolution and have given their consent to such voting procedure.

4. Resolution of the Supervisory Board on suspending for important reasons in activities particular members of the Board of Directors as well as resolution on appointing a member of the Board for temporary performance of functions of member of the Board of Directors is adopted with a majority of 4/5 (four fifths) of the votes, in the presence of at least 4/5 (four fifths) of the composition of the Supervisory Board.

§ 14.

1. The Supervisory Board exercises supervision over operations of the Company as provided for in the Code of Commercial Companies, the Articles of Association and in the Regulations of the Supervisory Board adopted by the General Meeting.

2. The scope of powers of the Supervisory Board shall include in particular:

1) auditing of the Company's financial statements,

2) audit of the Management Board's report on the Company's operations and its motions regarding the use of profits to cover the loss, as well as submission to the General Meeting of annual reports on the results of such audit,

3) appointment, on the basis of offers received by the Management Board, of a chartered auditor to audit the Company's financial statements,

4) appointment and removal from office of members of the Management,

5) appointment of President of the Management Board from among its members, and, optionally, Vice-President of the Management Board,

6) conclusion of contracts with the members of the Management Board of the Company,

7) determining the rules of setting the remuneration of the members of the Company's Management Board,

8) expressing a consent for the sale or purchase of a real property, right of perpetual usufruct of or a share of a real property,

§ 15.

Members of the Supervisory Board shall be entitled to receive remuneration for their participation in the Board's work. The amount of the remuneration for each member of the Board shall be determined by the General Meeting of Shareholders.