



Inter Cars S.A. Group

**Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2011**

The opinion contains 2 pages
The report supplementing the auditor's opinion
contains 12 pages
Opinion of the independent auditor
and report supplementing the auditor's opinion
on the consolidated financial statements
for the financial year ended
31 December 2011

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

OPINION OF THE INDEPENDENT AUDITOR

To the General Meeting of Inter Cars S.A.

We have audited the accompanying consolidated financial statements of Inter Cars S.A. Group, whose parent entity is seated in Warsaw, ul. Powsińska 64 (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory information.

Management’s and Supervisory Board’s Responsibility for the Consolidated Financial Statements

Management of the Parent Entity is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by European Union and with other applicable regulations and preparation of the Report on the Group’s activities. Management of the Parent Entity is also responsible for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

According to the Accounting Act dated 29 September 1994 (Official Journal from 2009, No. 152, item 1223 with amendments) (“the Accounting Act”), Management of the Parent Entity and members of the Supervisory Board are required to ensure that the consolidated financial statements and the Report on the Group’s activities are in compliance with the requirements set forth in the Accounting Act.

Auditor’s Responsibility

Our responsibility, based on our audit, is to express an opinion on these consolidated financial statements. We conducted our audit in accordance with section 7 of the Accounting Act, national standards on auditing issued by the Polish National Council of Certified Auditors and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the accompanying consolidated financial statements of Inter Cars S.A. Group have been prepared and present fairly, in all material respects, the financial position of the Group as at 31 December 2011 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, and are in compliance with the respective regulations that apply to the consolidated financial statements, applicable to the Group.

Other Matters

As required under the Accounting Act, we also report that the Report on the Group's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259 with amendments) and the information is consistent with the consolidated financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
 registration number 3546
 ul. Chłodna 51, 00-867 Warsaw

Signed on the Polish original

.....
 Certified Auditor No. 12005
 Maciej Kozysa

Signed on the Polish original

.....
 Certified Auditor No. 90048
 Limited Liability Partner
 with power of attorney
 Mirosław Matusik

20 April 2012
 Warsaw



TRANSLATION

Inter Cars S.A. Group

**Report supplementing
the auditor's opinion
on the consolidated financial
statements**

**Financial Year ended
31 December 2011**

The report supplementing the auditor's opinion
contains 12 pages
Report supplementing the auditor's opinion
on the consolidated financial statements
for the financial year ended
31 December 2011

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current in Anglo-Saxon countries has been used where practicable for the
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1. General

1.1 Identification of the Group

1.1.1 Name of the Group

Inter Cars S.A. Group

1.1.2 Registered office of the Parent Company of the Group

ul. Powsińska 64
02-903 Warsaw

1.1.3 Registration of the Parent Company in the National Court Register

Registration court:	District Court for the Capital City Warsaw in Warsaw, XIII Commercial Department of the National Court Register
Date:	23 April 2001
Registration number:	KRS 0000008734
Share capital as at balance sheet date:	PLN 28,336,200

1.1.4. Management of the Parent Company

The Management Board is responsible for management of the Parent Company.

At 31 December 2011, the Management Board of the Parent Company was comprised of the following members:

- Robert Kierzek – President of the Management 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.

1.2 Information about companies comprising the Group

1.2.1 Companies included in the consolidated financial statements

As at 31 December 2011, the following companies were consolidated by the Group:

Parent Company:

- Inter Cars S.A.

Subsidiaries consolidated on the full consolidation basis:

- Inter Cars Ukraine LLC,
- Lauber Sp. z o.o.,
- Q-Service Sp. z o.o.,
- Inter Cars Česká Republika s.r.o.,

- Feber Sp. z o.o.,
- Inter Cars Slovenska Republika s.r.o.,
- Inter Cars Lietuva UAB,
- IC Development & Finance Sp. z o.o.,
- Armatus Sp. z o.o.,
- JC Auto s.r.o.,
- Inter Cars Hungária Kft,
- JC Auto S.A.,
- Inter Cars d.o.o.,
- JC Auto s.r.l.,
- Inter Cars Romania s.r.l.,
- Inter Cars Latvija SIA,
- Inter Cars Cyprus Limited,
- Cleverlog Autoteile GmbH,
- Inter Cars Bulgaria Ltd,
- Galt SPV 18 Y Sp. z o.o.

The following subsidiaries were consolidated for the first time during the year ended 31 December 2011, as a result of the Parent Company acquiring a controlling interest:

- Cleverlog Autoteile GmbH – subject to consolidation for the period from 22 March to 31 December 2011,
- Inter Cars Bulgaria Ltd. – subject to consolidation for the period from 7 March to 31 December 2011,
- Galt SPV 18 Y Sp. z o.o. – the subsidiary was not operating in 2011.

1.3 Auditor information

1.3.1 Key certified auditor information

Name and surname: Mirosław Matusik
Registration number: 90048

Name and surname: Maciej Kozysa
Registration number: 12005

1.3.2 Audit auditor information

Name: KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Address: ul. Chłodna 51, 00-867 Warsaw
Registration number: KRS 0000339379
Registration court: District Court for the Capital City Warsaw in Warsaw,
XII Commercial Department of the National Court Register
NIP number: 527-26-15-362

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. is entered in the register of audit firms under number 3546.

1.4 Prior period consolidated financial statements

The consolidated financial statements for the financial year ended 31 December 2010 were audited by KPMG Audyt Sp. z o.o. and received an unqualified opinion.

The consolidated financial statements were approved at the General Meeting on 11 May 2011.

The consolidated financial statements were submitted to the Registry Court on 19 May 2011 and were published in Monitor Polski B No. 73 on 9 January 2012.

1.5 Audit scope and responsibilities

This report was prepared for the General Meeting of Inter Cars S.A. seated in Warsaw, ul. Powsińska 64 and relates to the consolidated financial statements comprising: the consolidated statement of financial position as at 31 December 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory information.

The consolidated financial statements have been audited in accordance with the contract dated 27 July 2011, concluded on the basis of the resolution of the Supervisory Board dated 26 April 2011 on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act, national standards on auditing issued by the Polish National Council of Certified Auditors and International Standards on Auditing.

We audited the consolidated financial statements in the Parent Company's head office during the period from 5 to 23 March 2012.

Management of the Parent Company is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations and preparation of the Report on the Company's activities.

Our responsibility is to express an opinion and to prepare a supplementing report on the financial statements.

The Management Board of the Parent Company submitted a statement, dated the same date as this report, as to the true and fair presentation of the consolidated financial statements presented for audit, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the consolidated financial statements.

All required statements, explanations and information and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

Key certified auditors and KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. fulfill independence requirements as described in Art. 56 points 3 and 4 of the Act on Certified Auditors and Their Government, Audit Firms and Public Oversight dated 7 May 2009 (Official Journal from 2009, No. 77, item 649).

The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.

1.6 Information on audits of the financial statements of the consolidated companies

1.6.1 Parent Company

The financial statements of the Parent Company for the year ended 31 December 2011 were audited by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k., certified auditor number 3546, and received an unqualified opinion.

1.6.2 Other consolidated entities

<u>Entity's name</u>	<u>Authorised auditor</u>	<u>Financial year end</u>	<u>Type of auditor's opinion</u>
Feber Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31 December 2011	Unqualified opinion
Inter Cars Ukraine LLC	n/a*	31 December 2011	n/a*
Lauber Sp. z o.o.	"REWIT" Księgowi i biegli rewidenci Sp. z o.o.	31 December 2011	Pending statutory audit
Q-Service Sp. z o.o.	n/a*	31 December 2011	n/a*
Inter Cars Česká Republika s.r.o.	AVK spol. s r.o.	31 December 2011	Pending statutory audit
Inter Cars Slovenska Republika s.r.o.	Anna Bachrata	31 December 2011	Unqualified opinion
Inter Cars Lietuva UAB	UAB Revizorius	31 December 2011	Qualified opinion**
IC Development & Finance Sp. z o.o.	n/a*	31 December 2011	n/a*
Armatus Sp. z o.o.	n/a*	31 December 2011	n/a*
JC Auto s.r.o.	n/a*	31 December 2011	n/a*
Inter Cars Hungária Kft	T/K. 96. Könyvvizsgálói, Adótanácsadó és Könyvelési Kft.	31 December 2011	Pending statutory audit
JC Auto S.A.	n/a*	31 December 2011	n/a*
Inter Cars d.o.o.	Kulic and Sperk doo	31 December 2011	Pending statutory audit
JC Auto s.r.l.	n/a*	31 December 2011	n/a*
Inter Cars Romania s.r.l.	n/a*	31 December 2011	n/a*
Inter Cars Latvija SIA	SIA Audits 55	31 December 2011	Unqualified opinion
Inter Cars Cyprus Limited	n/a*	31 December 2011	n/a*
Cleverlog Autoteile GmbH	n/a*	31 December 2011	n/a*
Inter Cars Bulgaria Ltd.	n/a*	31 December 2011	n/a*
Galt SPV 18 Y Sp. z o.o.	n/a*	n/a***	n/a*

* the Company was not subject to mandatory annual audit.

**Qualification refers to intragroup settlements which are subject to consolidation eliminations – immaterial for consolidated financial statements.

***The Company was not operating in 2011.

2 Financial analysis of the Group

2.1 Summary of the consolidated financial statements

2.1.1 Consolidated statement of financial position

ASSETS	31.12.2011		31.12.2010	
	PLN '000	% of total	PLN '000	% of total
Non-current assets				
Property, plant and equipment	205 831	13,3	197 843	15,0
Intangible assets	141 718	9,1	143 077	10,8
Investments in subsidiaries	7 510	0,5	3 734	0,3
Investments available for sale	43	-	43	-
Investment properties	46 355	3,0	49 834	3,8
Receivables	11 102	0,7	7 159	0,5
Deferred tax assets	10 328	0,7	4 412	0,3
Total non-current assets	422 887	27,3	406 102	30,7
Current assets				
Inventories	735 350	47,5	611 192	46,2
Trade and other receivables	327 493	21,2	270 219	20,5
Income tax receivable	1 044	0,1	-	-
Cash and cash equivalents	60 696	3,9	34 788	2,6
Total current assets	1 124 583	72,7	916 199	69,3
TOTAL ASSETS	1 547 470	100,0	1 322 301	100,0
EQUITY AND LIABILITIES				
	31.12.2011	% of total	31.12.2010	% of total
	PLN '000		PLN '000	
Equity				
Share capital	28 336	1,8	28 336	2,1
Share premium	259 530	16,8	259 530	19,6
Reserve capital	258 686	16,7	198 387	15,0
Other reserve capital	5 935	0,4	4 835	0,3
Exchange differences on consolidation	(838)	-	(1 778)	0,1
Retained earnings	117 155	7,6	69 225	5,2
Total equity attributable to equity holders of the parent	668 804	43,3	558 535	42,3
Non-controlling interests	(3 853)	0,2	-	-
Total equity	664 951	43,5	558 535	42,3
Liabilities				
Interest-bearing loans and borrowings	240 986	15,5	244 641	18,5
Other long term liabilities	1 133	0,1	257	-
Deferred tax liabilities	88	-	70	-
Total non-current liabilities	242 207	15,6	244 968	18,5
Trade and other payables	359 592	23,2	294 642	22,3
Interest-bearing loans and borrowings	260 029	16,8	210 101	15,9
Employee benefits	5 779	0,4	4 382	0,3
Income tax payable	14 912	1,0	9 673	0,7
Total current liabilities	640 312	41,4	518 798	39,2
Total liabilities	882 519	57,0	763 766	57,7
TOTAL EQUITY AND LIABILITIES	1 547 470	100,0	1 322 301	100,0

2.1.1. Consolidated statement of comprehensive income

Statement of comprehensive income (by function)

	01.01.2011 - 31.12.2011 PLN '000	% of total sales	01.01.2010 - 31.12.2010 PLN '000	% of total sales
CONTINUING OPERATIONS				
Revenue	2 764 514	100,0	2 413 008	100,0
Cost of sales	(1 869 879)	67,6	(1 627 713)	67,4
Gross profit on sales	894 635	32,4	785 295	32,6
Other operating income	7 119	0,3	6 979	0,3
Costs of sales and general administration	(389 484)	14,1	(397 271)	16,5
Costs of distribution service	(315 302)	11,4	(261 323)	10,8
Other operating expenses	(35 970)	1,3	(18 425)	0,8
Results from operating activities	160 998	5,8	115 255	4,8
Finance income	2 413	0,1	2 058	0,1
Foreign currency exchange rate differences	(611)	-	213	-
Finance expenses	(32 691)	1,2	(39 944)	1,7
Gain / (Losses) on shares in affiliated companies	156	-	(88)	-
Profit before tax	130 265	4,7	77 494	3,2
Income tax expense	(25 889)	0,9	(13 811)	0,6
Net profit from continuing operations	104 376	3,8	63 683	2,6
OTHER COMPREHENSIVE INCOME				
Effective portion of changes in fair value of cash flow hedges	1 100	-	(1 100)	-
Foreign currency translation differences on foreign operations	940	0,0	(2 939)	0,1
Other comprehensive income for the period, net of income tax	2 040	-	(4 039)	0,1
Total comprehensive income for the period	106 416	3,8	59 644	2,5
Profit attributable to:				
Shareholders of the Parent Entity	108 229	3,9	63 683	2,6
Non-controlling interests	(3 853)	0,1	-	-
	104 376	3,8	63 683	2,6
Total comprehensive income attributable to:				
Shareholders of the Parent Entity	110 269	4,0	59 644	2,5
Non-controlling interests	(3 853)	0,1	-	-
	106 416	3,9	59 644	2,5
Net profit	104 376	3,8	63 683	2,6
Weighted average number of shares	14 168 100		14 168 100	
Earnings per share (PLN)	7,37		4,49	
Diluted weighted average number of shares	14 168 100		14 168 100	
Diluted earnings per share (PLN)	7,37		4,49	

2.2 Selected financial ratios

	2011	2010	2009
1. Return on sales			
$\frac{\text{net profit} \times 100\%}{\text{net revenues}}$	3.8%	2.6%	3.3%
2. Return on equity			
$\frac{\text{net profit} \times 100\%}{\text{equity} - \text{net profit}}$	18.6%	12.9%	15.8%
3. Debtors turnover			
$\frac{\text{average trade receivables (gross)} \times 365 \text{ days}}{\text{net revenues}}$	35 days	32 days	31 days
4. Debt ratio			
$\frac{\text{liabilities} \times 100\%}{\text{equity and liabilities}}$	57.0%	57.8%	60.8%
5. Current ratio			
$\frac{\text{current assets}}{\text{current liabilities}}$	1.8	1.8	2.2

- Net revenues are comprised of the sale of finished products, merchandise and raw materials.
- Average trade receivables represent the average of trade receivables at the beginning and at the end of the period, excluding allowances for receivables.

3 Detailed report

3.1 Accounting principles

The Parent Company maintains current documentation describing the accounting principles applied by the Group and adopted by the Management Board of the Parent Company.

The accounting principles are described in the notes to the consolidated financial statements to the extent required by International Financial Reporting Standards as adopted by the European Union.

Entities included in the Group apply common accounting principles consistent with the accounting principles applied by the Parent Company.

The financial statements of the entities included in the consolidated financial statements were prepared at the end of the same reporting period as the financial statements of the Parent Company.

3.2 Basis of preparation of the consolidated financial statements

The consolidated financial statements of the Inter Cars S.A. Group were prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations.

The consolidated financial statements were prepared on the basis of the consolidation documentation prepared in accordance with the requirements the Decree of the Ministry of Finance dated 25 September 2009 on principles for the preparation of consolidated financial statements of a capital group by companies other than banks and insurance companies (Official Journal from 2009 r., No 169, item 1327).

3.3 Method of consolidation

The method of consolidation is described in note 1e of the notes to the consolidated financial statements.

3.4 Goodwill arising on consolidation

The method of calculating goodwill arising on consolidation is described in note 2b of the notes to the consolidated financial statements.

3.5 Consolidation of equity and calculation of non-controlling interest

The share capital of the Group is equal to the share capital of the Parent Company.

Other equity items of the Group are determined by adding the equity balances of subsidiaries included in the consolidated financial statements in the proportion reflecting the Parent Company's share in the subsidiaries' equity as at the end of the reporting period to the corresponding positions of the equity of the Parent Company.

Only equity of subsidiaries arising after the Parent Company obtained control of the subsidiary is included in the equity of the Group.

Non-controlling interests in subsidiaries included in the consolidated financial statements were determined based on the non-controlling interests' share in the subsidiaries' equity as at the end of the reporting period.

3.6 Consolidation eliminations

Intercompany balances within the Group were eliminated on consolidation.

Sales between entities and other intercompany operating revenues and expenses and financial revenues and expenses were eliminated on consolidation.

The consolidation eliminations were based on the accounting records of Inter Cars S.A. and agreed with information received from the subsidiaries.

3.7 Notes to the consolidated financial statements

All information included in the notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory information, is, in all material respects, presented correctly and completely. This information should be read in conjunction with the consolidated financial statements.

3.8 Report of the Management Board of the Parent Company on the Group's activities

The Report of the Management Board of the Parent Company on the Group's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259 with amendments) and the information is consistent with the consolidated financial statements.

3.9 Information on the opinion of the independent auditor

Based on our audit of the consolidated financial statements of the Group as at and for the year ended 31 December 2011, we have issued an unqualified opinion.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
registration number 3546
ul. Chłodna 51, 00-867 Warsaw

Signed on the Polish original

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Certified Auditor No. 12005
Maciej Kozysa

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20 April 2012
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