



Inter Cars S.A. Group

**Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2014**

The opinion contains 2 pages
The supplementary report contains 13 pages
Opinion of the independent auditor
and supplementary report on the audit
of the consolidated financial statements
for the financial year ended
31 December 2014

OPINION OF THE INDEPENDENT AUDITOR



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OPINION OF THE INDEPENDENT AUDITOR

To the General Meeting of Inter Cars S.A.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Group, whose parent entity is Inter Cars S.A. with its registered office in Warsaw, ul. Powsińska 64 ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2014, 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 comprising 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 the 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 2013, item 330 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 is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with section 7 of the Accounting Act, National Standards on Auditing issued by the 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 about 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 of the Parent Entity, 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 2014 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.

Specific Comments on Other Legal and Regulatory Requirements

Report on the Group's Activities

As required under the Accounting Act, we report that the accompanying 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 2014, item 133) and the information is consistent with the consolidated financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Registration No. 3546
ul. Chłodna 51
00-867 Warsaw

Signed on the Polish original

.....
Marek Gajdziński
Key Certified Auditor
Registration No. 90061
Limited Liability Partner with power of attorney

30 April 2015

REPORT OF THE INDEPENDENT AUDITOR



TRANSLATION

Inter Cars S.A. Group

**Supplementary report
on the audit of the
consolidated financial
statements
Financial Year ended
31 December 2014**

The supplementary report contains 13 pages
The supplementary report on the audit of the
consolidated financial statements
for the financial year ended
31 December 2014

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

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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 register of entrepreneurs of the National Court Register

Registration court:	District Court for the Capital City of Warsaw in Warsaw, XIII Commercial Department of the National Court Register
Date:	23 April 2001
Registration number:	KRS 0000008734
Share capital as at the end of reporting period:	PLN 28,336,200.00

1.1.4 Management of the Parent Company

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

As at 31 December 2014, 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, |
| • Witold Kmiecik | – Member of the Management Board, |
| • Wojciech Twaróg | – 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 2014, 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,
- Inter Cars Marketing Services Sp. z o.o.,
- ILS Sp. z o.o.,
- Inter Cars Malta Holding Limited,
- Inter Cars Malta Limited,
- Q-Service Truck Sp. z o.o.,
- Aurelia Auto d.o.o.
- Inter Cars d.o.o. (Slovenia),
- Cleverlog Eesti OÜ.

Joint ventures consolidated on the equity consolidation basis:

- SMiOC FRENOPLAST Bułhak i Cieślowski S.A.,
- InterMeko Europa Sp. z o.o.

The following subsidiaries were consolidated for the first time during the year ended 31 December 2014, as a result of the Parent Company acquiring a controlling interest:

- Q-Service Truck Sp. z o.o. – subject to consolidation for the period from 1 March to 31 December 2014,
- Inter Cars d.o.o. (Slovenia) – subject to consolidation for the period from 1 October to 31 December 2014,
- Cleverlog Eesti OÜ – subject to consolidation for the period from 19 December to 31 December 2014.

The following subsidiaries were consolidated until the date control by the Parent ceased:

- InterMeko Europa Sp. z o.o. – subject to consolidation for the period from 1 January to 16 October 2014.

1.3 Key Certified Auditor and Audit Firm Information

1.3.1 Key Certified Auditor information

Name and surname: Marek Gajdziński
Registration number: 90061

1.3.2 Audit Firm information

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

KPMG Audyty Spółka z ograniczoną odpowiedzialnością sp.k. is entered in the register of audit firms, maintained by the National Council of Certified Auditors, under number 3546.

1.4 Prior period consolidated financial statements

The consolidated financial statements for the financial year ended 31 December 2013 were audited by KPMG Audyty Spółka z ograniczoną odpowiedzialnością sp.k. and received an unmodified opinion.

The consolidated financial statements were approved at the General Meeting of the Parent Entity on 26 May 2014.

The consolidated financial statements were submitted to the Registry Court on 12 June 2014.

1.5 Audit scope and responsibilities

This report was prepared for the General Meeting of Inter Cars S.A. with its registered office in Warsaw, ul. Powińska 64 and relates to the consolidated financial statements comprising: the consolidated statement of financial position as at 31 December 2014, 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 comprising a summary of significant accounting policies and other explanatory information.

The consolidated financial statements were audited in accordance with the contract dated 4 July 2014, concluded on the basis of the resolution of the Supervisory Board dated 13 May 2014 on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act dated 29 September 1994 (Official Journal from 2013, item 330 with amendments) (“the Accounting Act”), National Standards on Auditing issued by the National Council of Certified Auditors, and International Standards on Auditing.

We audited the consolidated financial statements at the Group entities during the period from 2 March 2015 to 13 March 2015.

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 Group’s activities.

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

The Management Board of the Parent Company submitted a statement, dated as at the same date as this report, as to the true and fair presentation of the accompanying consolidated financial statements, 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 were provided to us by Management of the Group and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

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 the Audit Firm.

The Key Certified Auditor and the Audit Firm fulfill the independence requirements as described in Art. 56 points 3 and 4 of the Act on Certified Auditors and their Self-Governance, Audit Firms authorized to Audit Financial Statements and Public Oversight dated 7 May 2009 (Official Journal from 2009 No. 77, item 649 with amendments).



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

1.6.1 Parent Company

The separate financial statements of the Parent Company for the year ended 31 December 2014 were audited by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k., certified auditor number 3546, and received an unmodified opinion.

1.6.2 Other consolidated entities

Entity's name	Authorised auditor	Financial year end	Type of auditor's opinion
Feber Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31 December 2014	audit in progress
Inter Cars Ukraine LLC	not audited*	31 December 2014	not audited*
Lauber Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31 December 2014	unmodified
Q-Service Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31 December 2014	audit in progress
Inter Cars Ceska Republika s.r.o.	KPMG Ceska republika Audit, s.r.o.	31 December 2014	audit in progress
Inter Cars Slovenska Republika s.r.o.	Anna Bachrata	31 December 2014	unmodified
Inter Cars Lietuva UAB	KPMG Baltics, UAB (Lithuania)	31 December 2014	unmodified
IC Development & Finance Sp. z o.o.	not audited*	31 December 2014	not audited*
Armatus Sp. z o.o.	not audited*	31 December 2014	not audited*
JC Auto s.r.o.	not audited*	31 December 2014	not audited*
Inter Cars Hungaria Kft	KPMG Węgry	31 December 2014	audit in progress
JC Auto S.A.	not audited*	31 December 2014	not audited*
Inter Cars d.o.o.	KPMG Croatia d.o.o. za reviziju	31 December 2014	audit in progress
JC Auto s.r.l.	not audited*	31 December 2014	not audited*
Inter Cars Romania s.r.l.	KPMG Audit SRL	31 December 2014	audit in progress
Inter Cars Latvija SIA	SIA Audits 55	31 December 2014	unmodified
Inter Cars Cyprus Limited	KPMG Cyprus	31 December 2014	audit in progress
Cleverlog Autoteile GmbH	not audited*	31 December 2014	not audited*
Inter Cars Bulgaria Ltd.	Veritas Audit EOOD	31 December 2014	unmodified
Inter Cars Marketing Services Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31 December 2014	audit in progress
ILS Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31 December 2014	audit in progress
Inter Cars Malta Limited	PriceWaterhouseCoopers Malta	31 December 2014	audit in progress
Inter Cars Malta Holding Limited	PriceWaterhouseCoopers Malta	31 December 2014	audit in progress
InterMeko Europa Sp. z o.o.	not audited*	31 December 2014	not audited*
Q-Service Truck Sp. z o.o.	not audited*	31 December 2014	not audited*
Cleverlog Eesti OÜ	not audited**	31 December 2014	not audited**
Inter Cars d.o.o. (Slovenia)	not audited*	31 December 2014	not audited*
Aurelia Auto d.o.o.	not audited*	31 December 2014	not audited*
SMiOC FRENOPLAST Buřhak i Cieřlawski S.A.	Radosław Bombik, Kancelaria Biegłego Rewidenta	31 December 2014	audit in progress

* - not required to be audited

** - no activity in the year 2014

2 Financial analysis of the Group

2.1 Summary analysis of the consolidated financial statements

2.1.1 Consolidated statement of financial position

ASSETS	31.12.2014		31.12.2013	
	PLN '000	% of total	PLN '000	% of total
Non-current assets				
Property, plant and equipment	270,206	13.1	219,446	12.9
Investment property	25,357	1.2	25,825	1.5
Intangible assets	157,558	7.7	160,861	9.5
Investments in associates	672	-	45	-
Investments available for sale	301	-	301	-
Receivables	13,399	0.7	11,722	0.7
Deferred tax assets	31,039	1.5	26,922	1.6
	<u>498,532</u>	<u>24.2</u>	<u>445,122</u>	<u>26.2</u>
Current assets				
Inventories	1,040,841	50.6	818,513	48.3
Trade and other receivables	450,808	21.9	377,002	22.2
Income tax receivable	672	0.1	5,778	0.3
Cash and cash equivalents	65,829	3.2	50,197	3.0
	<u>1,558,150</u>	<u>75.8</u>	<u>1,251,490</u>	<u>73.8</u>
TOTAL ASSETS	<u>2,056,682</u>	<u>100.0</u>	<u>1,696,612</u>	<u>100.0</u>
EQUITY AND LIABILITIES				
Equity				
Share capital	28,336	1.4	28,336	1.7
Share premium	259,530	12.6	259,530	15.3
Reserve capital	560,214	27.2	446,251	26.3
Other reserve capital	5,935	0.3	5,935	0.3
Revaluation reserve	(6,076)	0.3	(3,718)	0.2
Retained earnings	221,109	10.8	167,432	9.9
	<u>1,069,048</u>	<u>52.0</u>	<u>903,766</u>	<u>53.3</u>
Total equity attributable to equity holders of the parent	<u>1,069,048</u>	<u>52.0</u>	<u>903,766</u>	<u>53.3</u>
Total equity	<u>1,069,048</u>	<u>52.0</u>	<u>903,766</u>	<u>53.3</u>
Non-current liabilities				
Interest-bearing loans, borrowings and leasing	399,470	19.4	41,040	2.4
Other non-current liabilities	5,405	0.3	284	-
Deferred tax liabilities	8,862	0.4	8,750	0.5
	<u>413,737</u>	<u>20.1</u>	<u>50,074</u>	<u>2.9</u>
Current liabilities				
Trade and other payables	313,733	15.3	285,670	16.8
Interest-bearing loans and borrowings, debt securities and leasing	237,164	11.5	438,686	25.9
Employee benefits	11,759	0.6	11,949	0.7
Income tax payable	11,241	0.5	6,467	0.4
	<u>573,897</u>	<u>27.9</u>	<u>742,772</u>	<u>43.8</u>
TOTAL EQUITY AND LIABILITIES	<u>2,056,682</u>	<u>100.0</u>	<u>1,696,612</u>	<u>100.0</u>

2.1.2 Consolidated statement of comprehensive income

	1.01.2014 - 31.12.2014 PLN '000	% of total sales	1.01.2013 - 31.12.2013 PLN '000	% of total sales
Revenue	3,959,230	100.0	3,512,647	100.0
Cost of sales	(2,749,434)	69.4	(2,402,524)	68.4
Gross profit on sales	1,209,796	30.6	1,110,123	31.6
Other operating income	8,345	0.2	6,290	0.2
Sales and general administrative expenses	(546,404)	13.9	(505,764)	14.4
Distribution expenses	(428,881)	10.8	(387,428)	11.0
Other operating expenses	(15,755)	0.4	(29,939)	0.9
Results from operating activities	227,101	5.7	193,282	5.5
Finance income	2,591	-	1,882	0.1
Exchange differences	(2,456)	-	192	-
Finance costs	(21,334)	0.5	(24,238)	0.7
Profit (loss) from associated companies	92	-	(13)	-
Profit before tax	205,994	5.2	171,105	4.9
Income tax expense	(28,295)	0.7	(23,268)	0.7
Net profit	177,699	4.5	147,837	4.2
Attributable to:				
Owners of the Company	177,699	4.5	147,837	4.2
	177,699	4.5	147,837	4.2
OTHER COMPREHENSIVE INCOME				
Foreign currency translation differences	(2,358)	0.1	(1,318)	-
Other comprehensive income, net of income tax	(2,358)	0.1	(1,318)	-
Total comprehensive income	175,341	4.4	146,519	4.2
Profit attributable to:				
Owners of the Company	177,699	4.4	147,837	4.2
	177,699	4.4	147,837	4.2
Total comprehensive income attributable to:				
Owners of the Company	175,341	4.4	146,519	4.2
	175,341	4.4	146,519	4.2

2.2 Selected financial ratios

	2014	2013	2012
1. Return on sales			
<u>profit for the period x 100%</u> revenue	4.5%	4.2%	3.3%
2. Return on equity			
<u>profit for the period x 100%</u> equity - profit for the period	19.9%	19.6%	15.2%
3. Debtors' days			
<u>average trade receivables (gross) x 365 days</u> revenue	35 days	35 days	38 days
4. Debt ratio			
<u>liabilities x 100%</u> equity and liabilities	48.0%	46.7%	51.1%
5. Current ratio			
<u>current assets</u> current liabilities	2.7	1.7	1.5

- Revenue includes revenue from sales 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, with no deduction made for allowances.

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 No. 169, item 1327).

3.3 Method of consolidation

The method of consolidation is described in note 2.5 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 3.3 b 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. (or subsidiary entities) 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 2014, item 133) and the information is consistent with the consolidated financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Registration No. 3546
ul. Chłodna 51
00-867 Warsaw

Signed on the Polish original

.....
Marek Gajdziński
Key Certified Auditor
Registration No. 90061
Limited Liability Partner with power of attorney

30 April 2015