

Inter Cars S.A. Group

**Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2015**

The opinion contains 2 pages
The supplementary report contains 12 pages
Opinion of the independent auditor
and supplementary report on the audit
of the consolidated financial statements
for the financial year ended
31 December 2015



KPMG Audyt Spółka z ograniczoną
odpowiedzialnością sp.k.
ul. Inflancka 4A
00-189 Warszawa
Poland

Telephone +48 (22) 528 11 00
Fax +48 (22) 528 10 09
Email kpmg@kpmg.pl
Internet www.kpmg.pl

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OPINION OF THE INDEPENDENT AUDITOR

To the General Meeting of Inter Cars S.A.

Opinion on the Separate Financial Statements

We have audited the accompanying separate financial statements of Inter Cars S.A., with its registered office in Warsaw, ul. Powińska 64 (“the Company”), which comprise the separate statement of financial position as at 31 December 2015, the separate statement of comprehensive income, the separate statement of changes in equity and the separate 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 Financial Statements

Management of the Company is responsible for the accuracy of the accounting records and the preparation and fair presentation of these 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. Management of the Company is also responsible for such internal control as management determines is necessary to enable the preparation of the 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 Company and members of the Supervisory Board are required to ensure that the financial statements and the report on the Company’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 financial statements and whether the financial statements are derived from properly maintained accounting records based on our audit. We conducted our audit in accordance with section 7 of the Accounting Act and International Standards on Auditing as adopted by the National Council of Certified Auditors as the National Standards on Assurance. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accounting records from which they are derived are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the 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 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 Company, as well as evaluating the overall presentation of the 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 separate financial statements of Inter Cars S.A have been prepared and present fairly, in all material respects, the unconsolidated financial position of the Company as at 31 December 2015 and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, are in compliance with the respective regulations and the provisions of the Company's articles of association that apply to the Company's separate financial statements and have been prepared from accounting records, that, in all material respects, have been properly maintained.

Specific Comments on Other Legal and Regulatory Requirements

Report on the Company's Activities

As required under the Accounting Act, we report that the accompanying report on the Company'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 financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Registration No. 3546
ul. Inflancka 4A
00-189 Warsaw

Signed on the Polish original

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

2 May 2016

Inter Cars S.A. Group

**Supplementary report
on the audit of the
consolidated financial
statements**

**Financial Year ended
31 December 2015**

The supplementary report contains 12 pages
The supplementary report on the audit of the
consolidated financial statements
for the financial year ended
31 December 2015

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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 2015, 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 2015, 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.,
- Inter Cars Italia s.r.l. (formerly 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 INT d.o.o.,
- Inter Cars Eesti OÜ (formerly Cleverlog Eesti OÜ),
- Inter Cars Piese Auto s.r.l.

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 2015, as a result of the Parent Company acquiring a controlling interest:

- Inter Cars Moldavia – subject to consolidation for the period from 5 March 2015 to 31 December 2015.

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 Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Address of registered office: ul. Inflancka 4A, 00-189 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 Audyt 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 2014 were audited by KPMG Audyt 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 9 June 2015.

The consolidated financial statements were submitted to the Registry Court on 17 June 2015.

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. Powsińska 64 and relates to the consolidated financial statements comprising: the consolidated statement of financial position as at 31 December 2015, 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 23 July 2015, concluded on the basis of the resolution of the Supervisory Board dated 16 June 2015 on the appointment of the auditor.

We conducted our 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”) and International Standards on Auditing as adopted by the National Council of Certified Auditors as the National Standards on Assurance.

We audited the consolidated financial statements at the Group entities during the period from 29 February 2016 to 11 March 2016.

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 2015, item 1011 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 2015 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
Inter Cars Ukraine LLC	not applicable*	31 December 2015	not applicable*
Lauber Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31 December 2015	audit in progress
Q-Service Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31 December 2015	audit in progress
Inter Cars Ceska Republika s.r.o.	PricewaterhouseCoopers Audit s.r.o	31 December 2015	audit in progress
Feber Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31 December 2015	audit in progress
Inter Cars Slovenska Republika s.r.o.	KPMG Slovensko spol s.r.o	31 December 2015	unmodified
Inter Cars Lietuva UAB	KPMG Baltics, UAB (Lithuania)	31 December 2015	audit in progress
IC Development & Finance Sp. z o.o.	not applicable*	31 December 2015	not applicable*
Armatus Sp. z o.o.	not applicable*	31 December 2015	not applicable*
JC Auto s.r.o.	not applicable*	31 December 2015	not applicable*
Inter Cars Hungaria Kft	KPMG Hungária Kft	31 December 2015	audit in progress
JC Auto S.A.	not applicable*	31 December 2015	not applicable*
Inter Cars d.o.o.	KPMG Croatia d.o.o. za reviziju	31 December 2015	modified
Inter Cars Italia s.r.l. (formerly JC Auto s.r.l.)	not applicable*	31 December 2015	not applicable*
Inter Cars Romania s.r.l.	KPMG Audit SRL	31 December 2015	audit in progress
Inter Cars Latvija SIA	SIA Audits 55	31 December 2015	unmodified
Inter Cars Cyprus Limited	KPMG Limited	31 December 2015	audit in progress
Cleverlog Autoteile GmbH	not applicable*	31 December 2015	not applicable*
Inter Cars Bulgaria Ltd.	Veritas Audit EOOD	31 December 2015	unmodified
Inter Cars Marketing Services Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31 December 2015	audit in progress
ILS Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31 December 2015	audit in progress
Inter Cars Malta Limited	PriceWaterhouseCoopers Malta	31 December 2015	audit in progress
Inter Cars Malta Holding Limited	PriceWaterhouseCoopers Malta	31 December 2015	audit in progress
Q-Service Truck Sp. z o.o.	not applicable*	31 December 2015	not applicable*
Aurelia Auto d.o.o.	not applicable*	31 December 2015	not applicable*
Inter Cars INT d.o.o.	not applicable*	31 December 2015	not applicable*
Inter Cars Eesti OÜ (formerly Cleverlog Eesti OÜ)	not applicable*	31 December 2015	not applicable*
Inter Cars Piese Auto s.r.l.	not applicable*	31 December 2015	not applicable*
SMiOC FRENOPLAST Bułhak i Cieślowski S.A.	Radosław Bombik, Kancelaria Biegłego Rewidenta	31 December 2015	audit in progress
InterMeko Europa Sp. z o.o.	not applicable*	31 December 2015	not applicable*

* - not required to be audited

2 Financial analysis of the Group

2.1 Summary analysis of the consolidated financial statements

2.1.1 Consolidated statement of financial position

ASSETS	31.12.2015		31.12.2014	
	PLN '000	% of total	PLN '000	% of total
Non-current assets				
Property, plant and equipment	392,802	15.7	270,206	13.1
Investment property	24,685	1.0	25,357	1.2
Intangible assets	152,070	6.1	157,558	7.7
Investments in associates	810	-	672	-
Investments available for sale	301	-	301	-
Receivables	15,467	0.6	13,399	0.7
Deferred tax assets	56,806	2.3	31,039	1.5
	642,941	25.7	498,532	24.2
Current assets				
Inventories	1,251,716	49.9	1,040,841	50.6
Trade and other receivables	528,446	21.1	450,808	21.9
Income tax receivable	10,245	0.4	672	0.1
Cash and cash equivalents	73,016	2.9	65,829	3.2
	1,863,423	74.3	1,558,150	75.8
TOTAL ASSETS	2,506,364	100.0	2,056,682	100.0
EQUITY AND LIABILITIES	31.12.2015		31.12.2014	
	PLN '000	% of total	PLN '000	% of total
Share capital	28,336	1.1	28,336	1.4
Share premium	259,530	10.4	259,530	12.6
Reserve capital	645,998	25.8	560,214	27.2
Other reserve capital	5,935	0.2	5,935	0.3
Revaluation reserve	(10,213)	0.4	(6,076)	0.3
Retained earnings	276,292	11.0	221,109	10.8
Total equity	1,205,878	48.1	1,069,048	52.0
Non-current liabilities				
Interest-bearing loans, borrowings and finance lease	427,478	17.1	399,470	19.4
Other non-current liabilities	8,530	0.3	5,405	0.3
Deferred tax liabilities	33,046	1.3	8,862	0.4
	469,054	18.7	413,737	20.1
Current liabilities				
Trade and other payables	439,137	17.5	313,733	15.3
Interest-bearing loans, borrowings and finance lease	377,167	15.1	237,164	11.5
Employee benefits	6,718	0.3	11,759	0.6
Income tax payable	8,410	0.3	11,241	0.5
	831,432	33.2	573,897	27.9
TOTAL EQUITY AND LIABILITIES	2,506,364	100.0	2,056,682	100.0

2.1.2 Consolidated statement of comprehensive income

	1.01.2015 - 31.12.2015 PLN '000	% of total sales	1.01.2014 - 31.12.2014 PLN '000	% of total sales
Revenue	4,795,788	100.0	3,959,230	100.0
Cost of sales	(3,341,269)	69.7	(2,749,434)	69.4
Gross profit on sales	1,454,519	30.3	1,209,796	30.6
Other operating income	10,190	0.2	8,345	0.2
Sales and general administrative expenses	(723,745)	15.1	(546,404)	13.9
Distribution expenses	(508,287)	10.6	(428,881)	10.8
Other operating expenses	(33,920)	0.7	(15,755)	0.4
Results from operating activities	198,757	4.1	227,101	5.7
Finance income	3,063	0.1	2,591	-
Exchange differences	(368)	-	(2,456)	-
Finance expenses	(25,478)	0.5	(21,334)	0.5
Profit (loss) from associated companies	151	-	92	-
Profit before tax	176,125	3.7	205,994	5.2
Income tax expense	(25,099)	0.5	(28,295)	0.7
Net profit	151,026	3.1	177,699	4.5
Attributable to:				
Owners of the Company	151,026	3.1	177,699	4.5
	151,026	3.1	177,699	4.5
OTHER COMPREHENSIVE INCOME				
<i>Items that may be transferred to profit or loss</i>				
Foreign currency translation differences	(4,137)	0.1	(2,358)	-
Other comprehensive income, net of income tax	(4,137)	0.1	(2,358)	-
Total comprehensive income	146,889	3.1	175,341	4.4
Profit attributable to:				
Owners of the Company	151,026	3.1	177,699	4.5
	151,026	3.1	177,699	4.5
Total comprehensive income attributable to:				
Owners of the Company	146,889	3.1	175,341	4.4
	146,889	3.1	175,341	4.4
Earnings per share (PLN)				
Basic and diluted	10.66		12.54	

2.2 Selected financial ratios

	2015	2014	2013
Return on sales			
$\frac{\text{profit for the period}}{\text{revenue}} \times 100\%$	3.1%	4.5%	4.2%
Return on equity			
$\frac{\text{profit for the period}}{\text{equity} - \text{profit for the period}} \times 100\%$	14.3%	19.9%	19.6%
Debtors' days			
$\frac{\text{average trade receivables (gross)}}{\text{revenue}} \times 365 \text{ days}$	34 days	35 days	35 days
Debt ratio			
$\frac{\text{liabilities}}{\text{equity and liabilities}} \times 100\%$	51.9%	48.0%	46.7%
Current ratio			
$\frac{\text{current assets}}{\text{current liabilities}}$	2.3	2.7	1.7

- 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.

In view of the fact that not all entities being part of the Group apply common accounting principles consistent with the accounting principles applied by the Parent Company, appropriate adjustments to the financial statements of those entities were made to ensure consistency 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 with amendments).

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. 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. Inflancka 4A
00-189 Warsaw

Signed on the Polish original

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

2 May 2016