

AAA Auto Group N.V.

Annual Report 2009

AAA AUTO

Note that the financial results for 2009 which are included in this Annual Report have been changed retrospectively.

Detailed descriptions of the corrections including the corrected Financial Statements for 2009 can be found in the Annual Report 2010 which is available at the Company website in the section About Us / Investors / Publications: <http://www.aaaauto.nl/>.

Data regarding the retrospective corrections can be found in the Annual Report 2010 on the following pages:

- Consolidated Financial Statements of the group for 2009 – page 54
- Explanation of the corrections to the Consolidated Financial Statements for 2009 – page 71, Note 3.4.
- Company Financial Statements of the parent company for 2009 – page 103
- Explanation of the corrections to the Company Financial Statements for 2009 – page 105

Should you have any questions please contact the Company's Investor Relations department: investor.relations@aaaauto.nl.

Note that this notification added to the Annual Report 2009 does not constitute a restatement of the Financial Statements 2009 as intended by Section 2:362 (6) of the Netherlands Civil Code.

Selected Financial Indicators

Selected Financial Indicators (EUR million)	2009	2008
Total revenues *	166.2	293.9
Revenues from sale of cars *	143.6	247.4
Operating profit (EBITDA) *	7.4	3.6
Profit / (loss) from continuing operations *	2.7	(3.5)
Profit / (loss) from discontinued operations	(1.4)	(31.5)
Profit / (loss) for the period	1.4	(35.0)
Number of cars sold (units)	37,215	60,557

* for continuing operations

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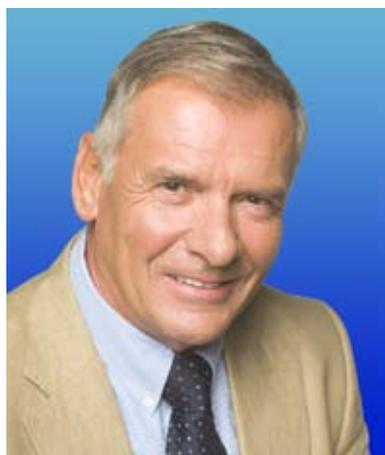
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Report

Report from the Chairman of the Management Board



Dear Shareholders, Ladies and Gentlemen,

In accordance with the effective laws and Articles of the Company, the Management Board presents to all involved parties, particularly to Company shareholders, the following Annual Report for the calendar year 2009, including the audited consolidated financial results. The Report also brings information on all major developments in and the activities of the AAA Auto Group N.V. and its subsidiaries combined in the AAA AUTO Group. The audited financial results will be presented and subject to approval at the annual general meeting which is due to be held in the second quarter of 2010.

Like the previous year, the year 2009 was very challenging for the Company, as a result of the ongoing global economic recession and the market slowdown, which affected also the automotive sector. Automotive manufacturers responded to the weak demand with price wars and aggressive marketing campaigns, which brought the prices of new, and as a secondary effect also of used cars even further down. The governments of 13 European Union member states, in an attempt to help the automotive industry and save jobs, invested billions of euro into incentive schemes, which motivated customers to buy new cars and scrap their old vehicles. However the issue of competitiveness, surplus production capacities and the much called-for restructuring has only been postponed to the future and it can lead to stagnation, possibly a decline, of the new car market. The Czech Republic approved a scrap incentive programme, but the present government has not implemented it due to budgetary constraints, so the market in M1¹ and N1 vehicles recorded a year-on-year decline of 11.1%² as a result of the absence of any such incentive.

With regard to the declining new and used car market, the AAA AUTO Group withdrew from Romania and Hungary at the beginning of 2009; the two countries were hard-hit by the recession and are facing serious macroeconomic problems. The expansion of the Company, which coincided with the onset of the crisis, had, incontrovertibly, been made subject to substantial correction. After the closedown of the Polish branch (in 2008) and the branches in Hungary and Romania, the AAA AUTO's branch network slimmed down from 45 branches opened at the peak of the expansion in 2007 to 25 branches as at the end 2009 of which 17 in the Czech Republic and 8 in Slovakia.

During the whole of 2009, the Management Board held meetings every month, on occasion even more frequently, to manage the cost-cutting and restructuring programme which commenced in 2008. The programme introduced greater efficiency to the operation of the whole Group and its remaining branches, and improved the planning and reporting processes. The Group continued in the implementation of the cost-cutting programme: after the 62.4% headcount reduction in 2008, an additional 23.7% reduction followed in 2009. This and other hard measures, which were certainly very painful, nonetheless delivered results: the Company returned to the black

¹ M1 – passenger cars; N1 – light utility cars

² Source: Czech Automotive Industry Association (SAP) and Car Importers' Association (SDA)

figures already in the second quarter of 2009, and despite the weak market and lower volumes of sales throughout the year, it posted a consolidated net profit of EUR 1.4 million for the whole 2009.

The success of the cost-cutting and restructuring exercise was also fuelled by the outcome of the work of three committees instituted in accordance with the Corporate Governance Code of the Netherlands (the Dutch Code): the Audit Committee, Remuneration Committee³ and Nomination Committee⁴.

With effect from 1 January 2009, the tax domicile of AAA Auto Group N.V. was relocated by decision of the Management Board from the Netherlands to the Czech Republic. The main reason for this change was to simplify the administration and accounting of the Company and to reduce the associated cost.

The annual general meeting of shareholders held on 19 June 2009 in Amsterdam discussed, as its main issues, the financial results of the Company and adopted the annual financial accounts for 2008 which had been prepared and audited in accordance with International Financial Reporting Standards. The shareholders also approved an amendment to the Articles of Association, allowing the Management Board to hold meetings also in the Czech Republic.

The general meeting also approved an extension to a mandate for the Management Board to buy out the Company's shares on the stock market, up to the limit of 10% of the outstanding capital, if necessary. The minimum repurchase price would equal the nominal value of the shares, whereas the maximum price was capped at EUR 4 per share. In accordance with the laws of the Netherlands, the mandate for the Management Board to buy out shares was granted for a period of 18 months. The previous share buy-out mandate, which was approved at the general meeting held in 2008 and which was to expire on 25 September 2009, was thus extended until 19 December 2010.

The extraordinary general meeting of 6 November 2009 passed by a show of hands the proposal to recall the Non-Executive Member of the Management Board Anthonius Mattheus Kemp. As per the Dutch Code, the number of Non-Executive Members of the Management Board (Vratislav Kulhánek, Chairman, and Vratislav Válek, Member) is greater than the number of Executive Members (Anthony James Denny).

The AAA AUTO Group is operating in a very complex and hard market environment, but the implemented restructuring programme and consistent cost control prepared the Company to generate profit also in the upcoming period of adversity, which is undoubtedly good news for the shareholders, business partners and customers alike.



Ing. Vratislav Kulhánek, Dr.h. c.
Chairman and Non-Executive Member of the Management Board

³ The Audit Committee and Remuneration Committee are both chaired by the Chairman of the Management Board Vratislav Kulhánek

⁴ The Nomination Committee is chaired by the Non-Executive Member of the Management Board Vratislav Válek

Letter from the CEO to Shareholders



Dear Shareholders, Ladies and Gentlemen,

on behalf of the Company's management, I would like to take this opportunity to present our results for 2009, which continued to be under the principal influence of the deepening economic crisis in our markets propelled by the continuing global economic recession.

The global economic slowdown in 2009, which, with the exception of China and select few other countries, hit all countries of the world, confirmed the original concerns of the analysts that the U.S. financial crisis from mid-2007 turned into the worst global recession from the 1930s.

The automotive sector which is traditionally the first to relay the signals of a change in the economy and market demand, continued to be deeply depressed in 2009. The governments of some developed countries of the European Union and the USA sought to stimulate the automobile market to snap out of its lethargy by massive incentives in the form of the so-called scrap programmes. This had a positive effect on the sales especially in the largest European market of Germany; Škoda Auto took advantage of this opportunity and the success of its low-end model Fabia compensated the shortfall in sales in other markets including the Czech Republic. Having said that, last year's sales of new passenger and utility cars in the Czech Republic according to the Automotive Industry Association (AutoSAP) recorded a 11.1% year-on-year decline and fell to 181,086 cars.

The lesson from the drop in financial results and the resulting loss for 2007, which was the first drop in the 16 years of AAAAUTO, was that the Company's management abandoned – already in 2008 – its plans for an expansion of the Group, and also in 2009 it maintained its strategic focus on a slimmer business model better adapted to the prevailing market conditions. This made it possible for the Company to return to black figures already in the second quarter of 2009, despite of the significantly lower sales volumes.

After leaving Poland in the middle of 2008, the Group completed its withdrawal from Romania and Hungary at the beginning of 2009 as these two countries were among the hardest hit by the crisis and the sales on the Hungarian and Romanian markets were significantly weakening especially towards the end of the year 2008. AAA AUTO concentrated all its activities on the main markets in the Czech Republic and Slovakia, which had traditionally been most profitable. A reduction in the number of branches ensued, from 45 as at the height of expansion in 2007, to 35 branches as at the end of 2008, and to 25 as at the end of 2009 – 17 in the Czech Republic and 8 in Slovakia.

On the back of the focus to reduce the number of branches, improve efficiency and cut costs, we continued to further reduce personnel costs in 2009; personnel costs, in our Company oriented on commercial success, represent by far the largest cost item (44.7% of total operating costs). The AAA AUTO Group reduced its headcount in the Czech Republic and Slovakia to 1,099⁵

⁵ Total headcount at the end of 2009 including 157 employees on maternity leave

as at the end 2009 (a year-on-year decline of 23.7%) and focused mainly on identifying and retaining key personnel.

Another important aspect of the cost-cutting measures was the optimisation of marketing activities (with a year-on-year cost saving of 42.9% to EUR 4.1 million) and a reduction in other operating costs, which represented 42.1% of total operating costs (down 54.3% on the previous year).

The ongoing optimisation of the Group's operation continued also in 2009 in the form of divestments of redundant properties. We succeeded in selling some of our properties in Poland, the Czech Republic and in Slovakia.

The improving sentiment of the consumers and the realisation of purchases that had been postponed from the end of the year before, both caused a slight upturn in the demand for used cars of AAA AUTO in the Czech Republic and in Slovakia in the first few months of 2009. But the remainder of the year showed the consumers' concern for the effects of the deepening recession, fuelled by the progressively worsening and much publicised economic data. At the same time, a majority of banks tightened their credit terms, which has again limited the affordability of both new and used cars.

The AAA AUTO Group decided to limit its commercial activity in and the stock of higher-risk, less marketable models of used cars such as older Korean cars, cars with strong engines, higher mileage luxury cars, certain SUV and 4x4 models, sports cars and three-door cars. Due to the ongoing price war in the new car segment we also limited trading in the premium segment – cars not older than 2 years and with less than 40,000 kilometres on the odometer. Instead we concentrated on 15 best-selling models where Škoda brand traditionally popular in the Czech Republic and Slovakia together with the growing consumer preference in more economical cars played a key role. The clear orientation on highly marketable cars positively influenced our stock turnover, which is the key efficiency indicator in our sector: it improved to an average of 40 days in 2009, compared to 46 in 2008.

The effects of the economic crisis have been unevenly distributed in the Czech Republic and in Slovakia. Branches in more stable and economically sound regions, e.g. Prague, recorded an increase in sales of approximately 4% over the whole year, while the consolidated sales, dragged down by the performance figures of regional branches plagued by the deep recession and increasing unemployment, declined overall.

Our outlook for the whole year 2009, in which we predicted further decline of the market, was confirmed – the AAA AUTO Group sold a total of 37,215 used cars⁶, which is 38.5% less than in the year before. In the Czech Republic, sales declined 22.3% year on year to 27,558 cars; in Slovakia it was 37.3% down to 9,309 cars. In addition to the declining demand, the slump in demand, the declining sales were also influenced by the closure of 10 AAA AUTO branches which was effected during the year.

⁶ Including operations in Hungary and Romania which were terminated in the 1st quarter of 2009

The AutoSAP statistics show that used car imports to the Czech Republic in 2009 fell 37.2% down to 152,939⁷ units. Data from SOVA (Car Owner's Protection Association)⁸ shows that the effects of the global economic recession went down hard on many used car dealerships and dozens of smaller operations had to close down. It can thus be expected that the share of AAA AUTO in the total market of used cars in the Czech Republic increased further.

In anticipation of a decline in the markets in which AAA AUTO operates, the Group succeeded in cutting all operating and financial cost items even further, and at the same time to slightly increase its average profitability from car sales. In 2009 we also managed to maintain the total gross profit margin⁹ at a strong and stable level even during the recession; the gross profit margin stood at 23.0% in 2009 compared to 23.3% in 2008.

The result was a net consolidated profit for 2009 under International Financial Reporting Standards. We delivered on our commitment to shareholders, investors and customers which we made already in the 1st quarter of 2009, and continued to work hard at achieving during the whole last year.

The Company is gradually reducing its credit with the banks that it had taken during the previous years to pursue investment opportunities in the automotive business. We are a transparent partner to our banks – they appreciate our ability to repay loans, despite the unfavourable market situation.

After two years of losses compounded by a combination of the losses incurred at the peak of the Group's expansion in 2007 and the unpredictable onset of recession in the automotive market and later in other segments of the economy, the Company returned to black figures. Despite the fact that AAA Auto Group N.V., whose shares are traded on the public markets, is a Dutch corporation, the Company's management decided to return the tax domicile to the Czech Republic and Slovakia. And as the Company recorded a net profit in 2009, it will pay taxes and dues to the Czech and Slovak state budgets.

As concerns the financial results, in 2009 the Company recorded, for its continuing operations¹⁰, total revenues of EUR 166.2 million on the sale of 36,867 cars¹¹, which represents a decline of 26.8% compared to 2008. The continuing operations posted EBITDA of EUR 7.4 million and a net profit of EUR 2.7 million in 2009. The total financial result for 2009, inclusive of the result of the Group's discontinued operations was EUR 1.4 million on a total sale of 37,215 cars (down by 38.5% compared to 2008).

As for the outlook for 2010, AAA AUTO expects the sales to be flat or slightly below the level of the previous year. Although the future developments and the possible end of the deep economic recession cannot be predicted with any certainty, our communication and distribution channels have been signalling (visitors to branches and the website, calls to the toll-free number 800 110 800) a certain recovery in the demand, but the consumers still remain very cautious when it comes to new purchases. Nonetheless the need to replace

7 M1 – passenger cars + N1 – light utility cars

8 Source: www.sdruzeni-sova.cz

9 For the continuing operations only

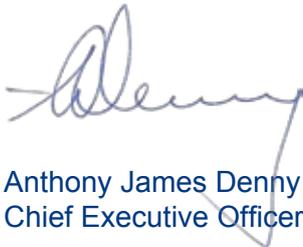
10 Continuing operations = trading companies in the Czech and Slovak Republic and the parent Dutch company

11 Discontinued operations = all subsidiaries in Hungary, Poland, Romania, and the new car sales division in the Czech Republic

obsolete fleets and the imperative of higher consumer mobility especially on the challenging job market have us to believe that we could see a slight recovery in the used cars market already this year. For 2010, we plan to re-launch our premium brand AAA PREMIUM AUTO with marketing support, and we have been strengthening our stock of cars and selectively recruiting new car buyers and sales reps.

However the lesson learned from the developments in the marketplace during the recession, and the subsequent implementation of stringent cost control have prepared us that to be able to adjust almost all cost items to the real market conditions – within days, if necessary. We intend to remain a profitable company.

To conclude I wish to thank our employees for their hard work and loyalty in these difficult times. The year 2010 will certainly not be quiet seas, but the financial results of the last year presented in this Report have us to believe that we will be presenting positive results next year, around this time, again. I am determined to strengthen investor confidence and assure our shareholders and business partners that their investment affiliation with AAA AUTO was the right decision.



Anthony James Denny
Chief Executive Officer

Historical Milestones in the Company Development

- 1992**
 - Establishment of Auto USA to import cars from the United States
- 1994**
 - Opening of the Prague centre
- 1995**
 - Name change to AAA AUTO Praha, s.r.o.
- 1998**
 - Launch of Prague call centre
- 1998–2001**
 - Expansion of the network of branches purchased to ten locations throughout the Czech Republic
- 2000–2004**
 - Sales centres opened in five additional cities in the Czech Republic
 - Major expansion in the portfolio of financial, insurance and assistance services
 - The website of AAA AUTO Group becomes the most visited car-based site in the Czech Republic
- 2003**
 - Establishment of the subsidiary GENERAL AUTOMOBIL a.s. to sell new cars
- 2004**
 - Entering the Slovak market by opening the first branch in the city of Košice
 - Company ranks 68th in the CZECH TOP 100 Companies chart
 - Sales exceed 40,000 cars
- 2005**
 - Group's headcount reaches 2,000
 - Entrance on the Romanian market (Bucharest branch)
 - Opening of two additional car centres in the Czech Republic and three in Slovakia
 - Sales exceed 50,000 cars
- 2006**
 - Entrance on the Hungarian (Budapest branch) and Polish markets (Warsaw branch)
 - Major customer service improvements (car exchange within 24 hours and insurance)
 - Group reaches 25 branches
 - Staff count increases to 2,880
 - Sales exceed 60,000 cars
- 2007**
 - Auto Diskont becomes a subsidiary of AAA AUTO
 - "Superbrands" prestigious award
 - Expansion results in 20 new branches and by year's-end car centres number 45
 - Sales reach nearly 80,000 cars
 - Staff count exceeds 3,800
 - In September the Netherlands-based parent Company AAA Auto Group N.V. lists its shares on the Prague and Budapest Stock Exchanges
 - As of 1st November, Vratislav Kulhánek becomes a Non-Executive Member and Chairman of the Management Board
- 2008**
 - The Company embarks on a campaign to return to black figures
 - Opening of the 10th branch of AAA AUTO in Prievidza, Slovakia

- AAA AUTO marks 160,000 Carlife insurance policies sold
- The Management Board resolves to sell the subsidiaries GA and HK Partner
- The share capital of AAAAUTO a.s. was increased from CZK 150 million to CZK 300 million
- According to Ernst & Young, the AAAAUTO Group makes TOP TEN of the largest car distributors in Europe
- AAA AUTO opens a new premium showroom in Pilsen
- The Company chooses Prague and Brno to launch its new brand AAA PREMIUM AUTO
- The AAA AUTO Group jumps from 82nd to 54th in CZECH TOP 100
- The Management Board resolves to close down the Polish division
- David Thorley is appointed the new Chief Financial Officer in June
- AAA AUTO launches a new website
- AAA AUTO opens a new car centre in Hradec Králové in September
- The AAA AUTO call centre marks a 10 year anniversary
- The AAA AUTO Group closes down branches in Pécs and Szeged
- AAA AUTO sells 450,000th in its sixteen years of history
- The Company starts a buy-out programme for old cars
- The Management Board approved a transfer of tax domicile from the Netherlands to the Czech Republic

2009

1st quarter

- AAA AUTO launches a new service of selling cars at the customer's home
- The AAA AUTO Group starts a joint-venture with SIXT New Kopel in Romania (and closes its Romanian branch of AAA AUTO that had been operating prior to the joint-venture agreement)
- The AAA AUTO Group resolves to terminate its Hungarian operation as part of the restructuring and optimisation programme
- AAA AUTO introduces scrap incentives for the Czech and Slovak market

2nd quarter

- The AAA AUTO Group returns to black figures in its key market in the Czech Republic and Slovakia
- The General Meeting approves i.a. a mandate for the Management Board to buy-out shares
- The Chief Financial Officer David Thorley departs AAA AUTO after his one-year management contract expires
- AAA AUTO increases the time limit for exchanging a car for another from 3 to 7 days
- AAA AUTO extends the unique Carlife defect insurance cover for used cars to 12 months
- The Company delivers on its 2nd quarter target and shows profit on a quarterly basis for the whole Group

3rd quarter

- David Keller becomes the new Director of Sales at AAA AUTO
- AAA AUTO announces 200,000 cars sold in the Prague region since the start of commercial activity there in 1992
- The AAA AUTO Group is profitable again in the 3rd quarter and shows a net consolidated profit

4th quarter

- The website www.aaaauto.cz wins the Web Top 100 in the automotive category
- AAA AUTO wins the independent consumer test of used car dealerships published in Mladá Fronta DNES
- AAA AUTO introduces a new fleet optimisation for small and medium enterprises
- The AAAAUTO Group reduces the number of branches down to 25 in total (17 in the Czech Republic, 8 in Slovakia)

2010

1st quarter

- AAA AUTO starts an odometer verification programme in collaboration with a specialised company Cebia
- Jiří Trnka becomes the new Chief Financial Officer of AAAAUTO
- AAAAUTO sold the 500,000th car in its history

AAA AUTO Group Profile

The AAAAUTO Group (hereinafter referred to as „AAAUTO“ or only as “the Company“) has been active in the Czech market since 1992, when Anthony James Denny founded it in Prague. First it specialised on the import of cars and later on the purchase of the bestselling used cars from the local market and their subsequent re-sale. The surging demand in the 1990s helped to develop the whole sector. The aggressive expansion of AAA AUTO, which has been ongoing since the Company’s establishment, helped to cultivate the whole sector to which it introduced a stronger element of customer orientation. A number of competitors adopted the business principles of AAA AUTO, for instance the buy-outs of cars for instant cash, clearly defined contractual relationships, free-of-charge registration and a broad spectrum of up-sale services.

As at the end of 2009, the Company operated a total of 25 branch dealerships in the Czech Republic and in Slovakia. During 2009, the AAA AUTO Group optimised its car portfolio and focused on 15 bestselling models, improved stock turnover and reduced its car stock to just under 4,000 vehicles, which reduced its working capital and allowed for headcount reduction. After the restructuring and optimisation, which included stringent cost control, the Company delivered on its key target last year and returned to black figures.

The Company is a pioneer in its sector in terms of providing premium service to customers. In addition to the present largest portfolio of approximately 3,500 cars, this includes also a guarantee of legal origin, insurance cover against mechanical defects for 12 months, the option to exchange a car within 7 days and a free-of-charge handling of all formal matters associated with the transfer of ownership. Thanks to cooperation with many renowned partners in the fields of insurance and financing, it also offers a number of other services, such as loans and credits, leasing, motor third-party liability, motor damage insurance, insolvency insurance, credit cards, road assistance services and many others.

An internal survey showed that 65% of customers come back to AAAAUTO; their trust is also attested by the fact that in the spring 2010 the Company expects to mark the anniversary of 500,000 cars sold.

General Identification Information

Company Name: AAAAuto Group N.V, a public limited liability company with the statutory seat in Amsterdam and the registered address: Dopraváků 723, 184 00 Praha 8, Czech Republic, incorporated in the Commercial Register in Amsterdam, the Netherlands, under reg. number 34199203. It is the parent and the controlling company of AAA AUTO Group and controls the individual corporate entities; including subsidiaries in individual countries (see the Group structure on pages 15–16).

Company Owners: The majority owner of the AAA Auto Group N.V. is a Luxembourg-based company, Automotive Industries S.à.r.l., which owns 73.79% shares; the remaining 26.21% shares are free floated shares on the Prague and Budapest Stock Exchanges; of these shares, 0.20% was as at 31 December 2009 held by Anthony Denny. The ultimate owner of the shares of Automotive Industries S.à.r.l. is Mr. Anthony James Denny.

Legal Form: a public limited liability company

Subject of Business:

- incorporation, participation in any form whatsoever in, management, supervision of businesses and companies;
- financing of businesses and companies;
- borrowing, lending and raising funds, including the issuing of bonds, promissory notes or other securities or evidence of indebtedness as well as entering into agreements in connection with the aforementioned activities;
- rendering advice and services to businesses and companies with which the Company forms a Group and to third parties;
- granting of guarantees, to bind the Company and pledging of assets for the obligations of businesses and companies with which it forms a Group and on behalf of third parties;
- acquisition, alienation, management and exploitation of registered property and items of property in general;
- trading in currencies, securities and items of property in general;
- development of and trading in patents, trademarks, licenses, know-how and other industrial property rights;
- performing any and all activities of an industrial, financial or commercial nature; and
- doing all that is connected therewith or may be conducive thereto; all to be interpreted in the broadest sense.

AAA AUTO does not perform research and development activities.

Trading Company: AAA AUTO a.s. that is the largest daughter company of AAA AUTO Group

Registered Office: Hostivice, Husovo nám. 14, PSČ 253 01, Czech Republic

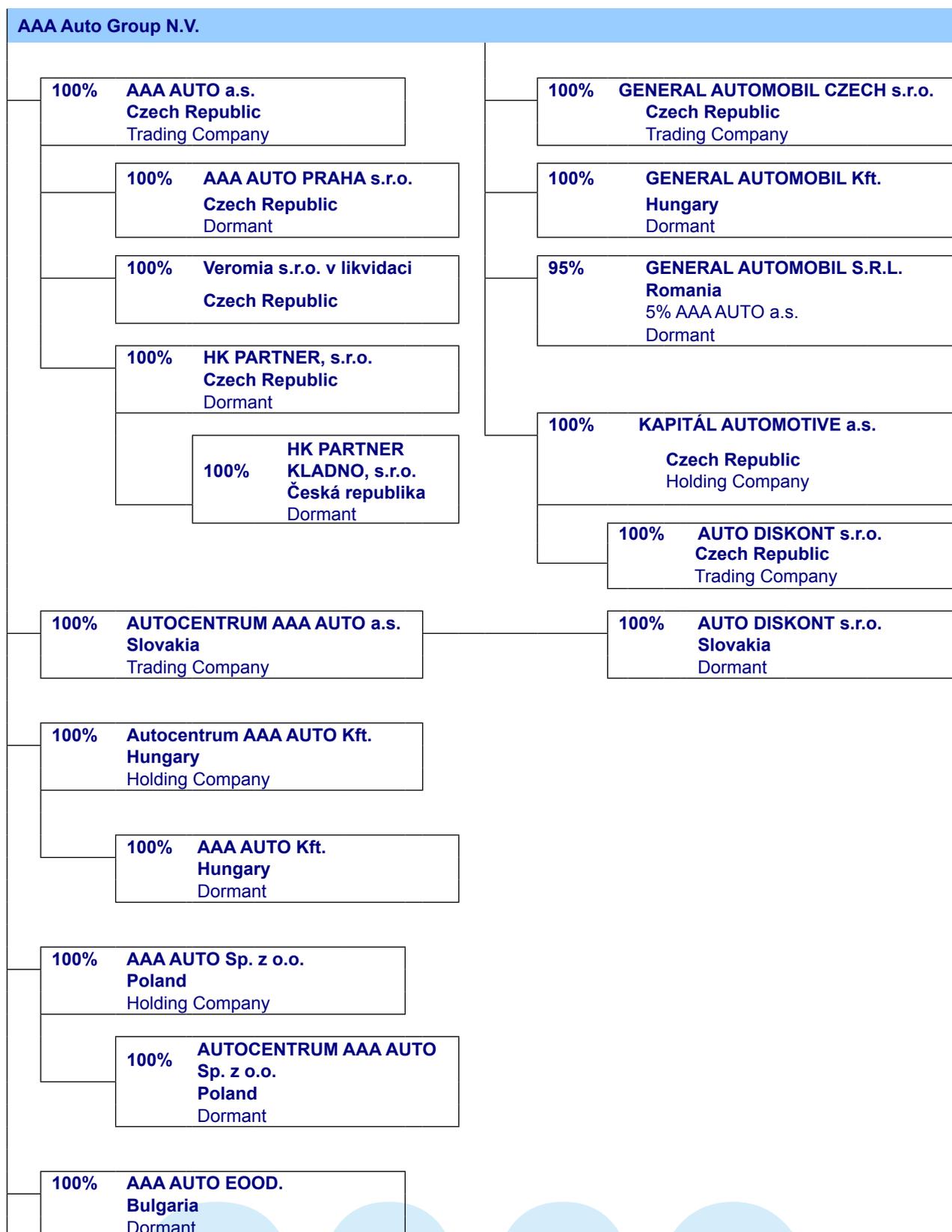
Company ID. No.: 26699648, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Portfolio 8578

Legal Form: a joint-stock company

Subject of Business:

- retail with motor vehicles and accessories
- specialized retail
- retail with used goods
- wholesale
- agency for trade
- agency for services
- repairs to road vehicles
- repairs to bodywork
- services of accounting consultants, accounting maintenance
- pawn broking business
- rental and lending of movable items
- maintenance of motor vehicles and accessories
- currency exchange business
- purchase, storage and sale of medical aids of a) Class IIb and III b) Class I and IIa, which may be sold by dealers of medical aids
- advertising and marketing services

AAA AUTO Group Structure as of 31st December 2009





AAA AUTO Group Structure as of 31st March 2010

The structure remains the same as the one of 31st December 2009.

Corporate Governance

AAA Auto Group N.V. is a public company with limited liability under the laws of the Netherlands. The Company was incorporated on 12 December 2003 as Automobile Group B.V. and converted into legal form of N.V. under the name AAA Auto Group N.V. on 29 December 2006. In view of the listing of its shares on the main markets of the Prague and Budapest Stock Exchange, the Articles of Association of the Company were amended on 7 September 2007. The last amendment of the Company' Articles of Association, which was passed by the Ordinary General Meeting of 19 June 2009, allowed for the Management Board to meet in the Czech Republic, in addition to the Netherlands as before. The reason behind the approved change was to reduce the costs and make more flexible the system of Corporate Governance.

In December 2009 the Dutch Corporate Governance Monitoring Committee released a new Dutch Corporate Governance Code, also known as Code Frijns (the "Dutch Code") which replaced the 2003 Code. The Dutch Code is divided into five chapters: (I) compliance with and enforcement of the Dutch Code; (II) the management board; (III) the supervisory board; (IV) the shareholders and the general meeting of shareholders; and (V) the audit of the financial reporting and the position of the internal audit function and the external auditor. All these chapters contain principles and best practice provisions for listed companies. Chapter IV also contains provisions for shareholders, including institutional investors and trust offices that administer shares for which depositary receipts have been issued. Chapter V contains some provisions for the external auditor.

Under Dutch law the Company is required to disclose in its annual report whether or not it complies with the provisions of the Dutch Code and, if not, to explain the reasons why. The Dutch Code provides that if the general meeting of shareholders explicitly approves the corporate governance structure and policy according to the Dutch Code and endorses the explanation for any deviation from the best practice provisions in the annual report, the Company will be deemed to have complied with the Dutch Code. The complete Dutch Code is published at the Company's website, in section Corporate Governance.

The general meeting of shareholders of AAA AUTO has not approved the adherence to the Dutch Code, however, the Company can be deemed to comply with the Dutch Code as it duly explains any deviations from the Code in its annual report and provides the reason why. You can find the full wording of the Dutch Code on the Company's website under the section Corporate Governance www.aaaauto.nl/.

In July 2004, the Czech Securities Commission (the former Czech regulator) issued a code of good corporate governance based on the OECD principles (the "Code"). The Company is not obliged to comply with this Code. The Czech National Bank (the current capital markets regulator in the Czech Republic) only recommends that a declaration of compliance with a code of corporate governance, along with a determination of which code it is, is

included in the annual report of the company; if a company does not observe specific principles of the code, it is obliged to explain its reasons.

Under Hungarian law and the rules of procedure for the Budapest Stock Exchange, the Company must announce which points of the corporate governance recommendations of the Budapest Stock Exchange it wishes to follow. The complete list of recommendations points that the Company follows is available on the Company's website in Section "Corporate Governance Statement 2009".

Corporate Governance of AAA Auto Group N.V.

General Information

AAA AUTO Group N.V. bases its good corporate governance on professional business conduct, high work commitment, professional expertise and constructive management of persons involved in the Company's business.

The Company is conducting its business in accordance with good manners and business principles; it respects the rules of market competition and strives to increase its market share through continuous quality improvement of the services it provides.

Statement of Compliance with the Dutch Code of Good Corporate Governance for Commercial Companies

AAA AUTO Group N.V. applies the larger part of the principles and best practices and procedures laid down in the Dutch Code of Good Corporate Governance for Commercial Companies ("Dutch Code") pertaining to the organisation structure of the Company and its business profile.

Corporate Governance Principles

The model described in the Company's 2008 Annual Report was applied and further adapted in 2009.

AAA Auto Group N.V. has a so-called one-tier management structure consisting of both Executive Members and Non-Executive Members. The provisions regarding the Supervisory Board under the Dutch Code are also applicable to the Non-Executive Members and the provisions governing the Management Board are also applicable to the Executive Members, save for management duties that cannot be delegated.

The Management Board is entrusted with the management of the Company. The Management Board as a whole as well as any two Executive Members acting jointly are authorised to represent the Company. The Executive Members are charged with the day-to-day affairs of the Company under the supervision of the Non-Executive Members. The Non-Executive Members may require specific actions from the Executive Members to be subject to their approval. The Executive Members may perform all acts necessary or useful for achieving the corporate purpose of the Company, save with those acts that are prohibited by law or by the Articles of Association.

The general meeting of shareholders may also require specific Management Board resolutions to be subject to its approval. The Management Board shall be notified in writing of such resolutions, which shall be clearly specified.

Committees suggested by the Dutch Code were instituted by decision of the Management Board from 20 June 2008; the same Management Board

meeting also approved the principles by which the committees work:

- Audit Committee (Chairman: V. Kulhánek, other members: V. Válek and A. M. Kemp – until 6 November 2009);
- Remuneration Committee (Chairman: V. Kulhánek, other members: V. Válek and A. M. Kemp – until 6 November 2009);
- Nomination Committee (Chairman: V. Válek, other members: V. Kulhánek and A. M. Kemp – until 6 November 2009).

A total of five AAA Auto Group N.V. Management Board meetings were held in 2009. The Audit Committee met four times, same as the Remuneration and Nomination Committees both held four meetings during the year and minutes were taken. Below you can see information about all meetings and their agendas held by the Committees.

Audit Committee

5. 2. 2009 present V. Kulhánek, V. Válek, A. M. Kemp / M. Pokorný, V. Ježek
- Nomination of senior manager Petr Havlík to manage closing procedure for HK /GA
 - Preparation of bullet point summary of HK / GA issues
 - Internal audit restructuring and plan (reducing FTE capacities from 5 to 3)
 - Selected issues and follow up - HK/GA closing
 - Year end inventory count and Warehouses
 - Undrawn holidays and counting of related reserve
 - Loans and payables from shareholders
 - Open action plans overview
 - 2008 result and forecast
28. 4. 2009 present V. Kulhánek, V. Válek, A. M. Kemp / D. Thorley
- Audit committee has taken note of content and conclusion of BDO audit report and discussed with BDO
 - Audit committee recommends to the Board AAA AUTO group to invest resources to improve accounting system, financial management software etc.
 - Audit committee recommends appointing BDO Company as external audit body for year 2009
 - Audit committee agrees with the new deadline (end of May 2009) for BDO Audit Report
28. 6. 2009 present V. Kulhánek, V. Válek, M. Kemp / J. Barák
- AC members were informed about organisation and staff in internal audit department
 - AC members discussed BDO board report for year 2008 and make new task
 - Optimize staffing of Finance unit
 - Perform a complex tax risk analysis
 - Prepare internal pricing manual
 - Prepare accounting manual
 - Arrange for replacement of the administration / accounting agency of the Dutch NV holding company.
 - Implement and formalized effective internal control system

15. 12. 2009 present V. Kulhánek, V. Válek / M. Růžička
- AC asked the Board for the nomination of the new Audit committee member
 - Result 2009 and forecast
 - Approved internal audit plan for 4Q 2009
 - Follow up audit was presented
 - Summarization and check of the last audit committee task (recommended by BDO)

Nomination Committee and Remuneration Committee

5. 1. 2009 present V. Válek, V. Kulhánek
- Internal audit manager V. Ježek terminated his employment contract
5. 2. 2009 present V. Válek, V. Kulhánek
- Movement of M. Ševčík from Poland to the head office in Prague
 - Cancellation of the country manager M. Brožkovič
28. 4. 2009 present V. Válek, V. Kulhánek
- Termination of the employment contract of D. Thorley (Group CFO)
28. 6. 2009 present V. Válek, V. Kulhánek
- D. Keller was recommended to the Group Sales Director position
 - M. Růžička was recommended to the Internal Auditor position

In keeping with the Best Practice Provisions III.1.7 and III.1.8 of the Dutch Code, Non-Executive Members of the Management Board in 2009 discussed in the absence of the Executive Members their activities, including the activities of individual Non-Executive Members of the Management Board and the desired profile of a Non-Executive Member, and adopted conclusions to that effect. The Non-Executive Members also discussed the activities and the profile of the Executive Members of the Management Board and the corporate strategy, business risks and the results of the evaluation of the structure and management of these risks by Executive Members of the Management Board, including any changes thereto. All Non-Executive Members were regularly present at the meeting except for Mr. Kemp who was absent since July 2009 due to his serious illness.

In keeping with the Best Practice Provisions III.3.1. of the Dutch Code, Non-Executive Members of the Management Board prepared desired profile of the Non-Executive Members, taking account of the nature of the business, its activities and the desired expertise and background of the supervisory board members. The profile in general requires that the Non-Executive Members shall have expertise in automotive business and in financial products connected with the automotive business. We assume that the current Non-Executive Members comply with such profile as Mr. Kulhánek is an automotive business expert and Mr. Válek is expert on financial products connected with the automotive business (leasing, consumer loan).

The Ordinary General Meeting of AAA Auto Group N.V. was held on 19 June 2009.

The Company's supreme governing body approved the annual financial statements and the consolidated financial statements of the Company for the year 2008, both prepared under the International Financial Reporting Standards (IFRS as adopted by the European Union) and audited by the audit firm BDO.

The above-mentioned General Meeting of AAAAUTO Group N.V. approved the Management Board's proposal to amend the Articles of Association effected by a notary record on 25 September 2009. The amendment concerned Article 14.4 of the Articles of Association of the Company, introducing the possibility for the Management Board to meet either in the Netherlands or in the Czech Republic.

An Extraordinary General Meeting of AAAAUTO Group N.V. was held on 6 November 2009, which recalled A.M. Kemp, Non-Executive Member, from his position, thus reducing the number of Non-Executive Members from three of previously to the present two.

In keeping with the Best Practice Provision II.1.2 of the Dutch Code, the Executive Members of the Management Board presented the following to the Non-Executive Members for approval:

- a) financial and operating objectives of the Company;
- b) strategy proposed for the achievement of these objectives;
- c) performance parameters and financial ratios applied in relation to the strategy.

The financial goals of AAAAUTO Group and the predictions that are used in relation to the strategy and the related financial ratios:

The key performance indicators were followed by the Company management as part of the ongoing cost control (on a bi-weekly basis) throughout the year 2009. The Company's primary goal for 2009, as also publicly presented during the year, was to return to profit on a quarterly basis in the second quarter of the year and to achieve a total consolidated profit for the whole AAAAUTO Group for the whole 2009. Both goals have been achieved.

The Company's primary goals for 2010 are to maintain the group's sales at the same or moderately below the level of 2009 and to yet again achieve a total profit for the group for the whole 2010. To fulfil the primary goals, the Company management continuously follows the key performance indicators of the cost and profitability efficiency of all branches, divisions and the whole group.

All other information and documents concerning the corporate governance in AAAAUTO Group N.V. are available to shareholders and stakeholders online at the Company's website www.aaaauto.nl in the "Corporate Governance" section.

Executive Members

Executive Members are appointed by the General Meeting of Shareholders from a list of nominees, containing the names of at least two persons for each vacancy, to be drawn up by the Non-Executive Members. If the Non-Executive Members should fail to draw up a list of nominees within three months after the vacancy has occurred, the general meeting of shareholders may appoint an Executive Member at its own discretion. The list of nominees drawn up in time by the Non-Executive Members shall be binding. However, the general meeting of shareholders may deprive the list of nominees of its binding character by a resolution passed with a two-thirds majority vote, representing more than half of the issued capital.

An Executive Member may be suspended or dismissed by the general meeting of shareholders at any time. A resolution of the general meeting to suspend or dismiss an Executive Member other than on the proposal of the Non-Executive Members may only be adopted by a resolution passed with a two-thirds majority vote, representing more than half of the issued capital.

The Executive Members are responsible for the day-to-day running of the business of the Company. The business address of all Executive Members in 2008 was: AAAAuto Group N.V., Dopraváků 723, 184 00 Prague 8, Czech Republic.

Non-Executive Members

Non-Executive Members of the Management Board are appointed by the General Meeting of Shareholders. A Non-Executive Member may be suspended or dismissed by the General Meeting at any time.

The business address of all Non-Executive Members in 2008 was: AAA Auto Group N.V., De Boelelaan 7, 1083HJ Amsterdam, the Netherlands.

Report from the Non-Executive Members (please see the Report of the Chairman of the Management Board on pages 3-4).

According to the Articles of Association, the number of Executive and Non-executive members of the Management Board is determined by the General Meeting.

Personnel Composition of the Statutory Body – the Management Board of AAA Auto Group N.V. in 2009

Executive Member of the Management Board and Chief Executive Officer: Anthony James Denny (from 29 December 2006; appointed for an indefinite period of time)

Non-Executive Member and Chairman of the Management Board: Vratislav Kulhánek (from 1 November 2007; appointed for an indefinite period of time)

Non-Executive Member: Vratislav Válek (from 25 April 2008; appointed for a tenure of four years)

Non-Executive Member: Antonius Mattheus Kemp (from 25 April 2008 to 6 November 2009)



Anthony James Denny

Executive Member of the Management Board and Chief Executive Officer since 29th December 2006; appointed for an indefinite period of time; gender: male, age: 48 years, profession: businessman, principal position: CEO, nationality: Australian.

A graduate of the Ryde College of Horticulture, Sydney, Australia. He acquired over twenty years of experience in the used car business in the Australian, European and United States markets. He has been living in the Czech Republic since 1992, where he started to conduct business with used cars that same year and developed the international car centre network of AAAAUTO.



Vratislav Kulhánek

Principal position: Non-Executive Member and Chairman of the Management Board; date of initial appointment: 1st November 2007; current term of office: appointed for an indefinite period of time; other position: Chairman of the Audit Committee and Remuneration Committee; current term of office: appointed for an indefinite period of time identical to his mandate as the Non-Executive Member of the Management Board; gender: male; year of birth: 1943; nationality: Czech; profession: expert with long-term background from the automotive industry.

A graduate from the University of Economics and the European Business School in Prague. From 1992 to 1997 he was the director of Robert Bosch. In April 1997 he was elected to the position of the Chairman of the Board of Directors of Škoda Auto, and from October 2004 until 2007 he was the Chairman of its Supervisory Board. From 1997 to 2007 he was the President of the Association of the Automobile Industry of the Czech Republic and Vice President of the Union of Industry and Transport in the Czech Republic. Since 2002, he has been a member of the World Executive Committee of the International Chamber of Commerce in Paris. He is the President of the Czech Institute of Directors, a member of the Supervisory Board of Kooperativa pojišťovna a.s., the Scientific Council of the University of Economics, the Management Board of Charles University, the Executive Committee of the Czech Olympic Committee and is a member of the Association of Exporters.

Mr. Kulhánek is independent within the framework of Best Practice Provision III.2.2 of the Dutch Code.



Vratislav Válek

Principal position: Non-Executive Member of the Management Board; date of initial appointment: since 25th April 2008; current term of office: appointed for a tenure of four years; other position: Chairman of the Nomination Committee; current term of office: appointed for an indefinite period of time identical

to his mandate as the Non-Executive Member of the Management Board; gender: male; year of birth: 1945 nationality: Czech; profession: financial and economic consultant (focused on automotive industry).

After studying at the University of Economics in Prague Mr. Valek worked in the Finance Research Institute and in the Ministry of Finance until 1992. In 1991 he settled Czechoslovak Leasing Association. In 1992 he joined Skofin - Volkswagen Captive Leasing company as their Managing Director. In 1999 after seven years he moved to Essox – a universal independent leasing company as the President of their Supervisory Board. For 12 years he was the President of the Czech Leasing Association and as of October 2007 he remains a deputy president of this body. In 2000 he was elected to the Board of the European Federation of Leasing company Association /Leaseurope/ as the first member from Central and Eastern Europe. Mr. Valek is a regular speaker at the World Leasing Convention, Leaseurope Congresses, Euromoney Seminars and has written several books and articles concerning the topic of leasing.

Mr. Válek is independent within the framework of the Best Practice Provision III.2.2 of the Dutch Code.

With respect to the Best Practice Provisions III.3.1 of the Dutch Code a brief profile of the non-executive part of the management board (equivalent of a Supervisory Board) follows. Vratislav Kulhanek has a long term experience from the top management in the Czech largest car manufacturer Skoda Auto and thus his contribution to our Company is far reaching from his experience about the commercial automotive business to controlling systems and corporate governance structure and processes standard for a large corporation. Vratislav Valek's contribution to the Board and the Company is strong mainly with respect to his expertise in the leasing and financial services area. We believe that given the recent situation on the used car market and the restructuring process of the Company as a result of which the Company has been significantly downsized the current size of the non-executive part of the Management Board consisting of two members is sufficient. We also believe that the composition of the Board with respect to the expertise of its members and the nature of the business of the Company (used car retail automotive sector) is optimal.

Remuneration Policy

According to the Articles of Association, the general meeting of Shareholders adopts the remuneration policy in respect to the remuneration of the Management Board.

A remuneration policy of AAA Auto Group N.V. reflects a fundamental orientation of the Company towards performance and growth, it takes into account internal and external relationships, and it mirrors good administration within the Company.

An objective of this system is to gain, keep and motivate Board Members who embody character qualities, skills and background suitable for successful leadership and management for the Company. The remuneration policy is in

context of operating of the Company at international and highly competitive markets of Central Europe and takes bearings according to well-regarded international corporations.

The following Members worked in the Management Board in 2009: Anthony James Denny, Antonius Mattheus Kemp (until 6 November 2009), Vratislav Kulhánek and Vratislav Válek. In 2009, the Management Board collectively received EUR 126 thousand as remuneration, including the payments of health and social insurance contributions and other benefits. The remuneration was paid in the form of fixed salaries. The Company does not pay pension insurance or similar perquisites to the Management Board members. The Management Board Members held in total 70,000 share options as at the end of 2009.

Senior Management

Here is a brief list of the professional experience and responsibilities of the members of the top management of the AAAAUTO Group as at the 31 March 2010.



Karolína Topolová
Chief Operations Officer

She studied Operative Management with a major in the formation of a training department and the call centre at the British university, TTA (London-Prague) with the Oxford Training Program. She began her career in the Hilton Atrium Hotel in Prague as an assistant manager, and worked later as a program manager for the Hilton Diamond Club. In 1998, she founded the AAA AUTO Call Centre, which since then has ranked among her responsibilities in the Company. For the past nine years, she has belonged among the closest fellow workers of the founder and Chief Executive Officer of AAA AUTO Anthony James Denny. She is currently extending her education studying andragogy at the University of Jan Amos Komenský in Prague.



Jiří Trnka
Chief Financial Officer & Deputy to Chief Executive Officer

He graduated from the University of Economics in Prague, in the field of Finance and Accounting. Since the beginning of his career he has worked in the automotive industry. In the position of financial analyst for the international company Continental Teves he acquired practical knowledge in the controlling and accounting fields. From there he worked with Škoda Auto where he dealt with the management of projects in financial areas. In 2004, he began working in the financial department of AAA AUTO in the position of internal audit manager; one year later he was appointed to the position of the Chief Financial Manager of the Company and Deputy to the CEO. Since 2010 in position of CFO. He speaks English and German.

**David Keller**

Group Sales and F&I Director

Graduate of a grammar school in Prague and a number of management courses. He launched his career as a manager in Marks & Spencer. In 2002-2007 he was Director for Financial Services in AAA AUTO and he also was member of the Supervisory Board. Subsequently he worked as Director for Sales and Marketing at Santander Consumer Finance a.s. and in October 2009 he re-joined AAA AUTO as Director of Sales responsible also for financial services and the Group's relations with its lending banks. He speaks English and Russian.

**Ralph Howie**

Executive Director for Car Purchasing Area

He completed his studies at Kuringai College of Advanced Education. His career started in different companies within Australia where he worked as a research analyst in Mullens & Co. Stockbrokers, as the Managing Director at RH Development, and he also rotated several positions at the Telstra Corporation. After these he worked as a general manager in AAA AUTO for eight years. Beginning in 2005 he functioned as the Executive Director & Shareholder in ProAuto in Bulgaria, Sofia. Now he is the Executive Director for the Car Purchasing Area in AAA AUTO, Prague.

**Andrew Potter**

Group Automotive Operations Director

Andrew Potter is an experienced manager in the field of automotive operations. He has been member of the UK Institute of the Automotive Industry since 2001. He worked in various positions for automotive manufacturers as well as for major car retailers in the United Kingdom (Renault UK, The Prince Group-Wauxhall-VW/Audi-Rover, Lex Service/Volvo Car UK, Jemca Toyota, Alan Day Honda and many others). He speaks English.

Conflict of Interests

We see no potential conflict of interests. In this respect we are in compliance with the [Best Practice Provisions II.3.2 to II.3.4](#) inclusive and [III.6.1 to III.6.3](#) inclusive and observe the [Best Practice Provision III.6.4](#) of the Dutch Code.

With respect to the [Best Practice Provision II.6.4](#) of the Dutch Code regarding transactions between the Company and legal or natural persons who hold at least ten percent of the shares in the Company see more information in the Note 17 to the Financial Statements called “Bank and other borrowings”.

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Internal Audit in 2009

The Management Board of AAA Auto Group N.V. is confident that a strong risk management and controlling system is an important factor for a safe, healthy and efficient operation of the whole of the AAA Auto Group.

With regard to this goal, an Internal Audit Department was founded with the mission to test and assess the internal controlling environment of the AAA AUTO Group, and to continuously strive to improve it. The activities of Internal Audit are aimed at assisting the executive and line management in the meeting of their primary duties with respect to the configuration, maintenance and the continuous assessment of the internal controlling system; in that, the Internal Audit may not take-over or substitute for these duties.

The internal audit function is kept strictly separate from the commercial activities and accounting of the AAA AUTO Group. In order to have a high degree of autonomy, an Audit Committee was established for oversight. The Internal Audit Department reports to the Chair of the Audit Committee, Vratislav Kulhánek (Chairman and Non-Executive Member of the Management Board of AAA Auto Group N.V.). Vratislav Válek (Non-Executive Member of the Management Board) is the other member of the committee. The Audit Committee meets approximately once every three months and looks to ensure that the executive management is always informed – on time and in due manner – of all material internal audit findings so that effective remedies can be expediently implemented.

The principal document governing the position and responsibility of the Internal Audit is the Internal Audit Charter, which was approved by the Management Board of AAA Auto Group N.V. During 2009, the activities of the Internal Audit Department focused in particular on the area of transfer pricing and on the quality of the controlling environment in Company, namely in its branch network. Due to the structure of our business and the share of individual markets in overall operations, the attention focused primarily on the Czech Republic and Slovakia. A total of 132 audit recommendations were given in 2009, of which a majority were implemented. As at the end of 2009, the backlog of the Internal Audit Department contained only 29 audit recommendations of a longer term nature which were pending.

Generally speaking, the internal controlling environment was fundamentally influenced by the steps that AAA AUTO Group had to take under the pressure of the global economic crisis: namely significant headcount reductions and multi-skilling of some job positions. The measures also concerned the internal audit function in which the number of employees reduced proportionately to the overall headcount and activities of the Company. The executive management was acquiescent of the need to dedicate the near term future to the correction of the internal controlling environment in order to bring it up to par with the customary standard. This is seen by the executive management as an important pre-requisite for the long term profitability of the AAA AUTO Group.

During 2010, the internal audit function will continue its effort to identify commercial and controlling risks and will also oversee the implementation of already issued audit recommendations so that the identified risks are eliminated in the maximum extent achievable.

Share Option Plan

In accordance with the General Rules of the Share Option Plan of the Company, the general meeting of Shareholders met on 25 April 2008 to discuss and approve share options for the members of the management board and to form a part of the rules for the remuneration of management board members. The basic limits and dates for share options for the executive and middle management and for key personnel of the Company were also set at that time; the total number of shares allocated under the Share Option Plan may not exceed 5% of the ordinary share capital of the Company in issue immediately before the day of allocation, when added to the total number of shares which have been allocated in the previous ten years under the Share Option Plan.

The General Meeting conferred on the Executive Members of the Management Board the right to grant options to Non-Executive Members, subject to the applicable rules, and vice versa. The Executive Members were granted options up to the limit of 200,000 shares, and Non-Executive Members were granted options up to the limit of 50,000 shares per member, provided the following performance criteria are met. Management Board members will be able to exercise 40% of the options after the expiration of a three year period at the earliest instance; the full option may be exercised after four years, provided the share price on the Prague Stock Exchange in three or four years after the date of grant is EUR 4 per share or higher, and the ratio of net profit to the Company's turnover is a minimum of 1.9%. In the event that the option is exercised, the exercise price may not be less than the market price on the Prague Stock Exchange at date of the grant. All options will lapse on the day preceding the tenth anniversary thereof and will be exercisable from the date of grant and prior to the expiration of the ten-year period commencing on the date of grant, subject to fulfilment of any vesting and/or performance conditions posed; or on the termination date of employment or any other contractual relation based on which the option was granted to its holder.

With regard to the changes implemented in connection with the Company's restructuring, a committee instituted by the Management Board passed a decision on 19 October 2009, based on which modifications were introduced to the share option plan for the middle management and key employees of the AAA AUTO Group, which were approved by the existing holders of the share options. All option holders were granted up to 200,000 share options for an exercise price of EUR 0.5. The options are exercisable on or after 30 April 2013 if the following performance conditions are met: the Company must achieve consolidated net profit (after tax) in years 2010, 2011 and 2012. If the consolidated net profit is not achieved in any of aforementioned years then the options cease to be exercisable. As at the day of approval of the programme, the number of share option holders was 148, holding options to a total of 2,983,000 shares, which accounts for 4.4% of all shares of the Company.

Changes to the share option plan for the Management Board are subject to an approval by shareholders at a general meeting. Changes to the share option

plan for the Management Board reflecting the restructuring programme the Company has undergone and the current market conditions are planned to be proposed at the annual general meeting planned for the second quarter of 2010.

Options shall be personal to option holders and, except where personal representatives are entitled to exercise the options during a twelve month period following the death of an option holder, neither the option nor the benefit of such option may be transferred, assigned, charged or otherwise alienated.

Options will lapse with immediate effect in case of any attempt by the option holder to transfer, assign, charge or otherwise alienate the options held by him and by declaration of the option holders' bankruptcy or in case of any other even which shall cause the option holder to be deprived of the legal or beneficial ownership of the options.

Risk Management

Risk management is an integral part of the strategy of the Company, and the Management Board of AAA Auto sees it as one of the building blocks of effective management system, serving the purpose of supporting the Company in delivering on its objectives and executing its strategy. The risk management model applied by the Company is the same for all members of the AAA Auto Group and corresponds to the best international practice in the area of Corporate Governance. Cooperation with other companies in the AAA Auto Group is a vehicle for further development of the risk management system as a critical tool of internal control. The main principles of the risk management systems are approved by the Company's Management Board. Individual risks are monitored, assessed and managed by a risk committee which comprises executive managers of the Company. The risks are assessed based on their possible financial implications and the likelihood of their materialisation.

In accordance with the Best Practice Provision II.1.4 of the Dutch Code, the Executive Board states that the internal risk management and control systems provide reasonable assurance that the financial information does not contain any errors of material importance and that the risk management and control systems are adequate and effective and that they functioned properly in the year under review. At the end of 2009 the Internal Audit department conducted a review of the Company's risk management and control systems in the form of the Internal Audit Report which has been submitted to the Management Board and the Audit Committee.

With respect to the Best Practice Provision II.1.4 c) of the Dutch Code the Audit Committee verified the Company's risk management and control systems at the end of 2009 and no major failings have been discovered and the Committee found the risk management and control systems adopted within the Company optimal.

Risk Factors

A number of key risk factors which the AAA AUTO Group is exposed to, which stem from the area of the Company's business were already listed in the Prospectus published in connection with the share offering and in the 2007 Annual Report. The majority of the risk factors are still applicable. The aforementioned documents are available on the Company's website (www.aaaauto.cz), in the section titled "Investors".

For the most part of 2009 (after the completion of the withdrawal from the Hungarian and Romanian market at the beginning of the year), the AAAAUTO Group operated in the Czech Republic and Slovakia, and thus was exposed to some risk factors that can negatively affect its business and, by extension, also its bottom line. The risk factors are in particular the following:

Market Risks

As a priority, the management of AAA AUTO manages the following risks, in particular their worst-case possible implications for the revenues and costs of the Company, and – by extension – on its overall financial performance.

- seasonality of the car retail business;
- increase in individual imports of cars;
- falling prices of new cars;
- ensuring a desired mix of popular models of used cars;
- changing consumer trends;
- increasing fuel prices and other costs associated with operation of a car;
- negative public opinion;

Operating Risks

- managing the risks of losses stemming from possible adverse events and processes, human resources, information systems, logistics or external factors;
- risks stemming from the centralised management of the Group;
- implementation and execution of the Company's strategic initiatives in all car centres.

Financial Risks

Liquidity risk

- The risk of losses relating to the credit risks of financial partners. The goal of risk management is to secure sufficient operational financing for the Group and to raise sufficient funds for making payments that become due. The Company did not suffer any losses arising from liquidity risk in 2009.

Credit risk

- The AAA AUTO consistently manages its credit risk associated with offering financing options for its sales through external credit and leasing companies.

- Obligations under various loan agreements and other debt commitments that could limit the operating and financial flexibility of the Company.

Foreign exchange risk

- The AAA AUTO actively monitors its open foreign exchange position and, as a priority, uses its foreign currency income to settle its foreign currency obligations. The open foreign exchange position is currently reported only in the EUR currency.

Other important risks arise from, among other things, the economic, political, social, legal, regulatory and tax environment in the countries of operation of the Group. An important pre-requisite for risk management is the availability of timely and reliable information to the management of the Company. All the aforementioned risks, as well as many others, are monitored by the executive and line management which, in collaboration with controlling departments, supervises and evaluates the implementation measures for the mitigation of all identified risks.

For information about the design and effectiveness of the internal risk management and control systems for the main risks during the financial year see the chapters “Internal Audit in 2009” and “Risk Management”.

Shareholder Rights

For details on the listing and share performance, see chapter “Report to Shareholders”.

Issue of Shares and Pre-Emptive Rights

The company has issued only one type of shares and no share certificates were issued.

In general, each holder of shares in the Company (the “Shares”) shall have a pre-emptive right to subscribe for newly issued Shares, pro rata to the aggregate amount of that holder’s Shares. Such pre-emptive rights do not apply, however, in respect of: (i) Shares issued for a non cash contribution; and (ii) Shares issued to employees of the Group.

The pre-emptive rights may be restricted or excluded by a resolution of the Management Board. This authority vested with the Board shall terminate on 29 December 2011.

The Articles of Association delegate the authority to issue shares, and/or to limit or exclude pre-emptive rights in relation to an issuance of shares, to the Management Board, for a period of five years, ending on 29 December 2011.

Designation of the Management Board as the Company body competent to issue shares may be extended by the Articles of Association or by a resolution of the General Meeting of Shareholders for a period not exceeding five years in each case. The number of shares, which may be issued, shall be determined at the time of this designation. A designation by the Articles of Association can be revoked by an amendment of the Articles of Association. A designation by a resolution of the General Meeting of Shareholders cannot be revoked unless determined otherwise at the time of designation.

Upon termination of the authority of the Management Board, the issuance of shares shall thenceforth require a resolution of the General Meeting of Shareholders, unless another Company body has been designated by the General Meeting of Shareholders.

No resolution of the General Meeting of Shareholders is required for an issue of shares pursuant to the exercise of a previously granted right to subscribe for shares.

Acquisition of Shares in the Capital of the Company

The Company may acquire own fully paid shares at any time. Furthermore, subject to certain provisions of Dutch Code and the Articles of Association, the Company may acquire fully paid own shares on the condition that: (i) the shareholders’ equity less the payment required to make the acquisition, does not fall below the sum of the paid in share capital plus the reserves as required

to be maintained by the Dutch Code or by the Articles of Association (such excess, the “Distributable Equity”); and (ii) the Company and its subsidiaries would thereafter not hold own shares or hold a pledge over own shares in the capital of the Company with an aggregate nominal value exceeding 10% of the issued share capital of the Company.

Other than those shares acquired for no consideration, own shares may only be acquired subject to a resolution of the Management Board and authorised by the General Meeting of Shareholders. Such authorisation from the General Meeting for the acquisition of own shares in the capital of the Company shall specify the number and class of own shares that may be acquired, the manner in which the shares may be acquired and the price range within which shares may be acquired. Such authorization may be valid for no more than 18 months.

No authorisation from the General Meeting of Shareholders is required for the acquisition of fully paid own shares for the purpose of transferring these shares to employees pursuant to a share option plan of the Company. Any shares the Company holds in its capital may not be voted or counted for voting quorum purposes.

Reduction of Share Capital

The General Meeting of Shareholders may resolve to reduce the issued and outstanding share capital of the Company by cancelling shares, or by amending the Articles of Association to reduce the nominal value of shares.

Dividends and Other Distributions

The Management Board shall determine which part of the profits shall be reserved. The part of the profits remaining after reservation shall be distributed as a dividend on the shares. Under Dutch law, payment of dividends may be made only if the shareholders’ equity of the Company exceeds the sum of the fully paid-in share capital of the Company increased with the reserves required to be maintained by law and the Articles of Association of the Company and, if it concerns an interim payment of dividend, the compliance with this requirement is evidenced by an interim statement of assets and liabilities as referred to in Section 2:105, subsection 4, of the Dutch Civil Code. Claims to dividends and other distributions in cash that have not been made within five years and two days after having become due and payable lapse and any such amounts shall revert to the Company.

General Meetings of Shareholders and Voting Rights

The Annual General Meeting of Shareholders shall be held within six months after the end of each financial year. The financial year of the Company is equal to a calendar year. General Meetings of Shareholders are held in Amsterdam, Haarlemmermeer (airport Schiphol) or anywhere in the Netherlands.

An extraordinary General Meeting of Shareholders may be convened, whenever the interests of the Company so require, by the Management

Board. Shareholders representing alone or in aggregate at least one tenth of the issued and outstanding share capital of the Company may, pursuant to the Dutch Civil Code and the Articles of Association, request that a General Meeting of Shareholders be convened. If the Management Board has not given proper notice of a General Meeting within four weeks following receipt of such request such that the meeting can be held within six weeks after receipt of the request, the applicants shall be authorised to convene a meeting themselves.

The notice convening any General Meeting of Shareholders shall be sent no later than the 15th day prior to the meeting and shall include an agenda stating the items to be dealt with. Holders of Shares (including holders of the rights conferred by law upon holders of depositary receipts) who, alone or in the aggregate, own shares representing at least 1% of our issued and outstanding capital have the right to request the Management Board to place items on the agenda of the General Meeting of Shareholders. If such proposals are submitted to the Management Board in time for the board to put these proposals on the agenda for the next meeting, or announce them prior to the meeting by means of a supplementary notice with due observance of the aforementioned notice period, the Board shall be obliged to do so, provided that no important interest of the Company dictates otherwise.

All notices of General Meetings of shareholders, all announcements concerning dividend and other distributions, and all other announcements to holders of shares (including holders of rights conferred by law upon holders of depositary receipts), shall be sent to the addresses of the shareholders shown in the Register of Shareholders and furthermore be effected by means of a publication in a Dutch national daily newspaper and in the official journal (*Staatscourant* in Dutch). The Company is also subject to the publication requirements set by the Prague and Budapest Stock Exchanges.

The Management Board shall be authorised to determine a record date to establish which shareholders are entitled to attend and vote in the General Meeting of Shareholders. Such record date may not be set for a date prior to thirtieth day before that of the meeting.

Each share is entitled to one vote. Shareholders may vote by written proxy.

Decisions of the General Meeting of Shareholders are taken by a simple majority of votes cast, except where Dutch law provides for a qualified majority.

Amendment of the Articles of Association and Change of Corporate Form

The General Meeting of Shareholders may resolve to amend the Articles of Association of the Company. The General Meeting may furthermore resolve to change the corporate form. A change of the corporate form shall require a resolution to amend the Articles of Association.

Compliance with the Dutch Code

The Company acknowledges the importance of good corporate governance. The Management Board has reviewed the Dutch Code, which sets the principals of best practice in Corporate Government, generally agrees with its basic provisions, and has taken and will take any further steps it will consider appropriate to implement the Dutch Code. We support the code and will comply with the Best Practice Provisions of the Dutch Code subject to the exceptions set forth below.

Management Board (Part II of the Dutch Code)

According to the Best Practice Provision II.1.1, a Management Board member is appointed for a maximum period of four years. A member may be reappointed for a term not more than four years at a time.

The current Executive Members have been appointed for an unlimited period and we do not consider it appropriate to renegotiate the existing agreements. Any future appointments of Executive Members will be in compliance with this provision.

According to the Best Practice Provision II.1.3, the company shall have a suitable internal risk management and controlling system. It shall, in any event, employ as instruments of the internal risk management and controlling system: (i) risk analyses of the operational and financial objectives of the company; (ii) a code of conduct which should, in any event, be published on its website; (iii) guides for the layout of the financial reports and the procedures to be followed in drawing up the reports; and (iv) a system of monitoring and reporting.

We do not yet have a code of conduct, but intend to adopt such code in due course.

According to the Best Practice Provision II.1.7, the Management Board shall ensure that employees have the possibility of reporting alleged irregularities of a general, operational and financial nature in the company to the Chairman of the Board or to an official designated by him, without jeopardising their legal position. Alleged irregularities concerning the functioning of Management Board members can, from 2008, be reported anonymously to the Chairman of the Supervisory Board (Non-Executive Member and Chairman of the Management Board), to the Internal Audit Department and to the Security Department. A report can be made using an application on the company's website or it can be sent to a dedicated email address.

Supervisory Board (Part III of the Dutch Code)

As we have a one-tier board structure, the provisions relating to the Supervisory Board should be applied to our Non-Executive Members, without prejudice to their obligations as members of the Management Board.

In keeping with the [Best Practice Provision III.1.2](#) of the Dutch Code, a company's annual report must contain a report by the supervisory board, in which the supervisory board describes its activities in the past year, and which contains the assurances required by the Dutch Code.

Given the one-tier management structure of the Company, in which the Management Board comprises Executive Members with executive powers and Non-executive Members without executive powers, and in which there is no supervisory board per se and the Chairman of the Management Board is at the same time a Non-executive Member, we are of the opinion that the report by the Chairman of the Management Board in this Annual Report qualifies as said report by the supervisory board; we are also of the opinion that individual assurances and information required by the Dutch Code are contained in the following parts of the Annual Report.

According to the [Best Practice Provision III.7.1](#), a Supervisory Board member shall not be granted any shares and/or rights to shares by way of remuneration.

We would like to have the opportunity to grant options to our Non-Executive Members under our Share Option Plan in order to attract and ensure the continued services of the best qualified persons for our Management Board. We therefore believe that applying this best practice provision is not in our best interest.

According to the [Best Practice Provision III.6.5](#), the company shall draw up regulations governing ownership of and transactions in securities by management or supervisory board members, other than securities issued by their 'own' company.

We believe that the restrictions under the applicable securities law are sufficient to govern the ownership of and transactions in securities by the Executive and Non-Executive Members. Implementing additional restrictions would potentially harm our ability to attract and ensure the continued services of the Executive and Non-Executive Members and we therefore believe that applying this best practice provision is not in our best interest.

According to the [Best Practice Provision III.8.4](#), the majority of the members of the Management Board shall be non-executive directors and are independent within the meaning of the [Best Practice Provision III.2.2](#).

At the General Meeting of Shareholders held on 25 April 2008, Antonius Mattheus Kemp and Vratislav Válek were elected Non-Executive Members of the Management Board. After effecting these changes, the majority of the Management Board Members are Non-Executive, inclusive of its Chairman, Vratislav Kulhánek; complying with the best practice provision. Anthony James Denny, the Chief Executive Officer, is the only Executive Member.

According to the [Best Practice Provision IV.1.1](#), the General Meeting of Shareholders of a company not having statutory two-tier status (in Dutch "*structuurregime*") may pass a resolution to cancel the binding nature of a

nomination for the appointment of a member of the Management Board or of the Supervisory Board and/or a resolution to dismiss a member of the Management Board or of the Supervisory Board by an absolute majority of the votes cast. It may be provided that this majority should represent a given proportion of the issued capital, which proportion may not exceed one third. If this proportion of the capital is not represented at the meeting, but an absolute majority of the votes cast is in favour of a resolution to cancel the binding nature of a nomination, or to dismiss a board member, a new meeting may be convened at which the resolution may be passed by an absolute majority of the votes cast, regardless of the proportion of the capital represented at the meeting.

In order to provide for certain continuity in the management of the company, the Executive Members are appointed by the General Meeting of Shareholders of the company from a list of nominees, containing the names of at least two persons for each vacancy, to be drawn up by the Non-Executive Members. A list of nominees drawn up in time by the Non-Executive Members, shall be binding. However, the General Meeting may deprive the list of nominees of its binding character by a resolution adopted with a two-thirds majority vote, representing more than half of the issued capital.

According to the [Best Practice Provision IV.3.1](#), meetings with analysts, presentation to investors and institutional investors and press conferences shall be announced in advance on the website and by means of press releases. Provision shall be made for all shareholders to follow these meetings and presentations in real time, for example by means of web casting or telephone lines. After the meetings, the presentations shall be posted on the company's website.

The Company complies with this provision with respect to meetings for more analysts or investors. The cost of compliance with this provision in other cases would be disproportionate. We therefore believe that applying this provision is not in the Company's best interest.

The Audit of the Financial Reporting and the Position of the Internal Auditor Function and the External Auditor (Part V of the Dutch Code)

According to the [Best Practice Provision V.3.1](#), the External Auditor and the Audit Committee shall be involved in drawing up the work schedule of the Internal Auditor. They shall also take cognizance of the findings of the Internal Auditor.

During 2009, the Internal Audit Department performed its duties diligently. The results were regularly reviewed by the Chairman of the Management Board, Vratislav Kulhánek, and they were submitted to the Audit Committee. Meetings were held with the External Auditor who was kept informed of the activities of the Internal Audit Department.

Mission, Objectives and Vision of the Company

As in the previous year, the mission of AAA AUTO Group is to satisfy via fair trade the needs of our customers while creating added value for shareholders.

The successful business model of the AAA AUTO Group is based on buying out best-selling models of used cars with checked and tested conditions into the Company's assets, and subsequently re-selling them with a lifelong warranty of legal origin and a 12-month warranty for mechanical defects. With a view of further boosting customer confidence, AAA AUTO and its partner, the specialised company Cebia, launched on 1 January 2010 a programme of odometer verification for all cars sold.

The Company's near-term goal is to continue - despite the continuing economic recession which manifests itself strongly in the automotive sector - its focus on the most profitable markets in the Czech and Slovak Republics, in order to maintain its profitability even with lower volumes of sales.

The vision of the AAA AUTO Group aspires to provide its customers in the markets of Central Europe with a suitable solution for their mobility needs through the offer of good quality used passenger cars with a 100% guarantee of legal origin, verified technical condition and a broad portfolio of financial, technical servicing and other up-sale products. In particular, the growing standard of services will continue to differentiate AAA AUTO from the competition; it will also be the engine for the future increase in sales and in market share. The long-term vision of the Company is to generate profit for its shareholders.

Report to Shareholders (Shares)

Information about the Share Issue

The shares of AAA Auto Group N.V. were admitted for trading on the stock exchanges in Prague (PSE) and Budapest (BSE) as from 26 September 2007. Since the same date the shares have been traded also on RM-SYSTÉM, česká burza cenných papírů, a.s. which has meanwhile become another regulated market which is subject to the regulation of the Czech National Bank.

The overall number of issued shares amounts to 67,757,875 with the nominal value of EUR 0.10 per share of which 50,000,000 shares (73.79%) were as at 31 December 2009 held by Automotive Industries S.à.r.l. holding which is owned by Mr Anthony James Denny, the Company's CEO and Executive Management Board Member. The remaining 17,757,875 shares (26.21%) are available for trading on the PSE and BSE main markets (free float); the ISIN of the shares is NL0006033375. The shares are dematerialised and are registered. The main secondary market where the AAA shares are traded is the PSE in the SPAD trading system, and are included in the PX and PX-GLOB indices.

On 3 April 2009, Anthony James Denny, CEO of the AAA AUTO Group, announced its intention to acquire around 5% of the Company shares. As at 31 December 2009 Anthony James Denny held a total of 0.20% shares; as at 31 March 2010 he held 0.25% shares.

Shareholders Structure

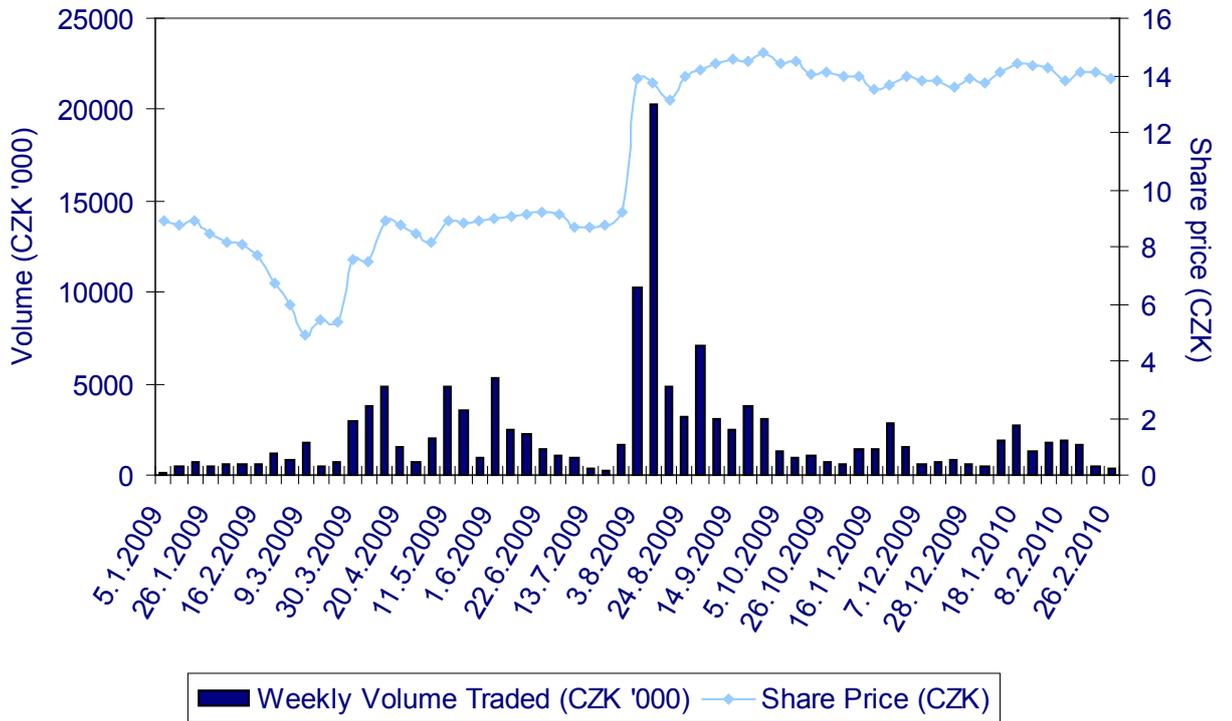
	31 December 2009	31 March 2010
Automotive Industries S.à.r.l.	73.79%	73.79%
Anthony James Denny	0.20%	0.25%
Other investors	26.01%	25.96%

Source: Company Data

Development of the Share Price and Traded Volume

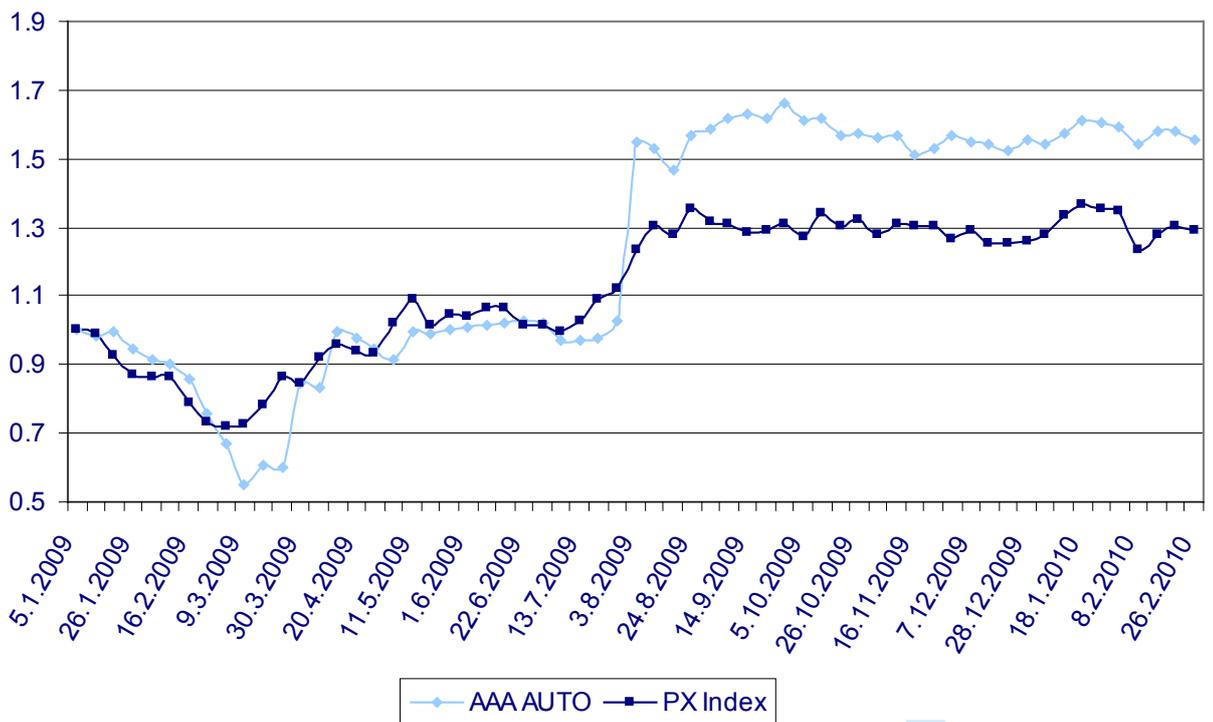
In 2009, the AAA AUTO share price at the Prague Stock Exchange (PSE) closely followed the development of the PX index. The only exception came at the end of July 2009, when the AAA Auto Group N.V. share price rallied after the announcement by the Company that it had reached its previously stated goal to return to the black figures in the second quarter of 2009. The volume of trading in the Company's shares increased more than tenfold of the average daily trading volume following the announcement, and the share price rallied to the level around CZK 14 per share and stayed at that level until the beginning of 2010.

Development of AAA AUTO Share Price and Volume Traded on the PSE



Source: Prague Stock Exchange

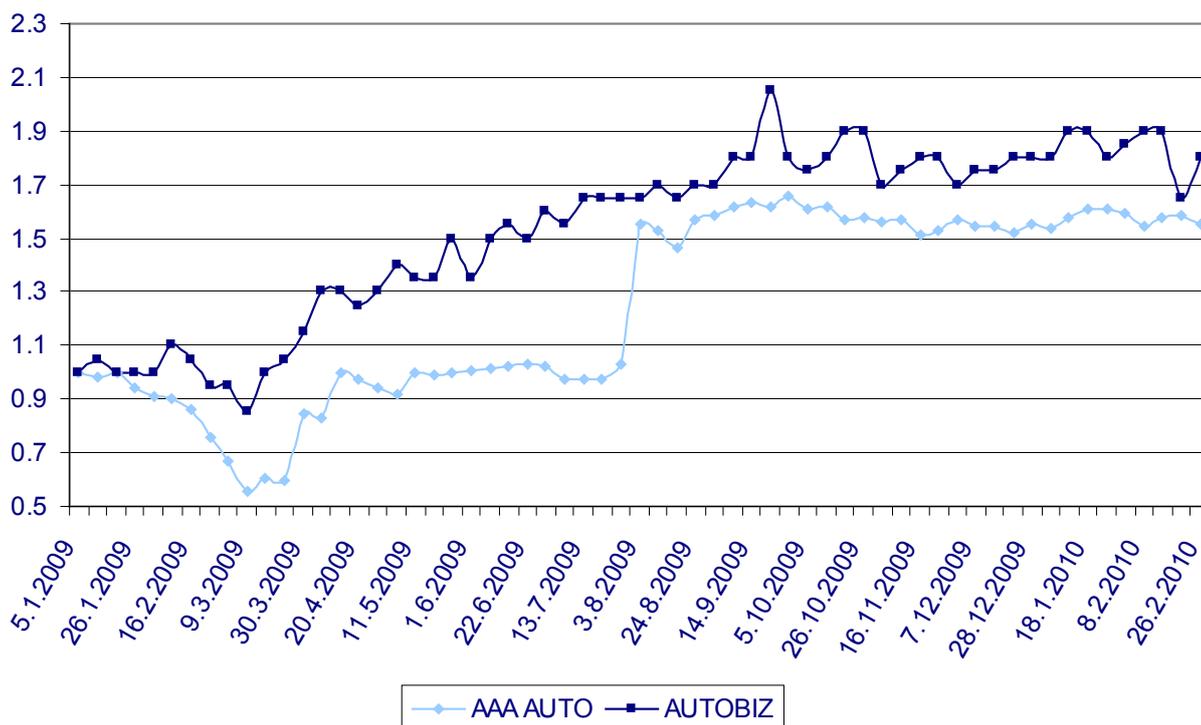
Relative Performance of AAA AUTO Shares and the PX Index



Source: Prague Stock Exchange

Shares)

Relative performance of AAA AUTO shares and the AUTOBIZ Index



Source: AUTOBIZ

Dividend Policy

As the Company published in its Prospectus during its Initial Public Offering (IPO) in September 2007 the Company's general dividend policy is to pay dividends at levels consistent with the Company's growth and development plans, while maintaining a reasonable level of liquidity. The Company targets a maximum dividend amount of up to 20% of its consolidated net income.

Any recommendation to pay dividends is at the discretion of the Management Board and will be dependent upon the Company's results of operations, expansions, financial condition, working capital requirements, capital expenditures, the availability of dividend payments from its subsidiaries, the requirements of applicable law and other factors deemed relevant by the Management Board. The approval of any dividend payments is at the discretion of the General Meeting of Shareholders of the Company.

Since its IPO the Company has not paid out any dividends and no dividend payment is planned for 2010.

General Meetings of Shareholders

In 2009 two General Meetings of Shareholders took place.

The Annual General Meeting took place on 19 June 2009 where the Company's shareholders approved the following:

- Adoption of the 2008 Annual Accounts
- Discharge of Executive and Non-Executive Management Board Members for the fulfilment of their duties in the financial year 2008
- Amendment of the Articles of Association which would allow the management Board to hold its meetings not only in Netherlands but also in the Czech Republic
- Designation of authority to the Management Board to repurchase shares

The general meeting didn't appoint an auditor for 2009 annual accounts and as a result, the selection of an auditor for 2009 will be at the discretion of the Management Board.

The Extraordinary General Meeting took place on 6 November 2009. The only item on its agenda was the dismissal of Mr Anthonius Mattheus Kemp as Non-Executive Management Board Member.

The full wording of the meeting minutes is available at the Company's website under Corporate Governance, General Meetings of Shareholders.

I. Corporate Social Responsibility

As a priority, AAA AUTO Group pursues its business strategy and profitability targets. At the same time it modifies its business strategy to suit the various legislative and economic environments in the countries where it has a presence, and complies with the laws of the European Union.

In compliance with the principles of good corporate governance, the AAA AUTO Group must act in coordination with capital markets regulators and the organisers of stock exchanges in the countries where the Group listed its shares (the Czech Republic and Hungary) and where its headquarters resides (Netherlands) and follow the related legal and regulatory requirements of these countries.

Due to its successful business model of a dealer with the largest offer of used cars in the region of Central Europe, the AAA AUTO Group decided to adopt the principles of Corporate Social Responsibility (CSR) and ensure compliance with these principles. In keeping with the strategy of the Corporate Social Responsibility, which is based on pillars of economic efficiency, responsibility to the environment and community engagement where the Company operates, the AAA AUTO Group implements the principles into its business behaviour and planning.

The concept of the social-responsible behaviour of the AAA AUTO Group is focussed on several key areas:

1. Economy

Membership in chambers of commerce and professional associations

AAA AUTO Group pursues a proactive policy in the field of engagement to the activities of professional institutions and industry chambers. With regard to regions where the Group operates, it has joined or is currently negotiating on joining the respective industry chambers and professional associations. By cooperating with these bodies, the Group contributes to the success of its own business operations, and promotes a society-wide discussion on entrepreneurial environment in the country.

As a company whose parameters assign it to the category of large enterprises according to the rules of the European Union, in 2007, AAA AUTO joined the Chamber of Commerce of the Czech Republic which is a significant entity representing the interests of entrepreneurs in the Czech Republic. In 2008, AAA AUTO became signatory of the new Code of Conduct of the Chamber of Commerce of the Czech Republic, which, among other things, binds members to resolving potential disputes with customers using peaceful means, out of court, and based on an ADR project implemented in partnership of the Czech Chamber of Commerce, Ministry of Industry and Trade, consumer associations, the Association of Mediators of the Czech Republic, Ministry of

Finance and the Ministry of Justice. In 2008, the AAA AUTO Group became a member of the **International Chamber of Commerce** based in Paris, and of the Slovak-Czech Chamber of Commerce.

As the Group's business activities in the past spanned several countries of the Central and Eastern European region, the AAA AUTO Group has been a member of the **American Chamber of Commerce in the Czech Republic** for several years, where it endeavours to participate in the transformation of the legal system and the development of the business environment on a central and municipal level.

Listing on the Prague and Budapest Stock Exchanges

A key milestone in the history of the AAA AUTO Group was the listing of shares on the PSE and BSE in September 2007 through the parent Company, AAA Auto Group N.V. The entry on the equity markets of the two Central European countries means more pressure for the maximum transparency of services offered, a widely open disclosure policy towards investors and the compliance with strict regulatory requirements, which in turn brings about the need to respect the principles of Corporate Governance as defined in the new OECD rules (New Principles of Corporate Governance, 2004) and in the Dutch Corporate Governance Code (see section Corporate Governance of the Annual Report).

2. Social Policy

The AAA AUTO Group and all its employees adhere to the **Ethics Code** adopted in April 2007 (for the full version see: <http://www.aaaauto.cz/en/aaa-auto-code-of-ethics>).

As a confirmation of the adopted CSR strategy, AAA AUTO cooperates with organisations sponsoring and developing the concept of social responsibility in the Czech Republic and on the European level.

As at 31 December 2009, the AAA AUTO Group employed 1,099⁵ personnel. As a young and dynamic Company, we strive to adopt the majority of new and progressive methods of modern HR management. We care about the quality of education for our employees, about their career development and motivation. Since AAA AUTO employs largely young people in a multicultural team, the same importance is attached to the anti-discriminatory policy of the Company.

Education, Training, Personal Development

The area of education, training and personal development is a very important component of the human resources management strategy of the AAA AUTO Group. This includes the development of the current staff and management members as well as the professional development of new employees.

The Training and Development Department focuses their most important activities to the **Sale and Customer Care Academy (AP)** and offers training

and educational programs for those interested in long-term studies. The AAA AUTO Group focuses significant attention on foreign language learning, PC skills and communication skills.

AAA AUTO Group offers to its employees a wide range of benefits and, since its foundation, the Group has developed and implemented a sophisticated system of remuneration incentives for staff in product and service development positions. AAA AUTO Group, as a young and dynamic Company, offers the possibility for career and professional development.

Local Community and Sponsoring

In addition to its business activities, AAA AUTO Group carries out and supports related activities not only in the field of motoring. An important component of the community support is the corporate sponsoring and support of non-profit organizations. The sponsoring activities of the Company were, however, significantly downsized in connection with the cost saving programme.

AAA AUTO is a generous patron of charitable organizations such as the Tereza Maxová Foundation and the Children's Road Traffic Foundation that help to address problems acutely faced by children and youth. By sponsoring and actively participating in the scope of activities of the Children's Road Traffic Foundation, AAA AUTO has been helping, for several years now, to overcome difficult life situations for children orphaned as a result of tragic traffic accidents involving their parents. Similarly in Slovakia, AAA AUTO is an important partner to the Children's Fund of the Slovak Republic.

The Company is also trying to help people with disabilities, including lending vehicles to them.

The Company strives to educate its employees in social solidarity, for instance by holding a fundraiser among employees for Christmas presents for children in state care institutions.

Cooperation with Consumer Organizations

Sdružení obrany spotřebitelů České republiky – SOS (Association for the Defence of Consumers of the Czech Republic):

SOS is a major organization protecting the rights of consumers in the CR. The activities of this association are carried out both in the field of adult education, publication and consultancy. The AAA AUTO Group established contacts with this association and proposed a model of regular consultations for consumer suggestions in the field of used car retail; the Group also contributes its own suggestions on how to mediate potential disputes.

Spotřebitel.cz (Consumer.cz):

AAA AUTO Group also cooperates with the association of Spotřebitel.cz. Supervisors and staff from the Customer Care Department take an active part in workshops focused on the issues of the protection of consumers and

the disclosure duty of corporations which the association organises several times a year.

3. Environment

In 2006, the European Commission succeeded in cancelling the limits for imports of used cars to the Czech Republic resulting from the current act on the conditions of the operation of vehicles on roads as of 2001, referring to the infringement resulting from article 226 of the EEC Treaty, which de facto marked the full liberalization of this market segment. This legislation came into effect in the Czech Republic on 1 July 2006, which led to a massive growth in uncontrolled imports of vehicles non-compliant in terms of technical condition, safety and environmental protection to the Czech Republic, which damages not only the domestic automobile industry but, and in particular, it represents a danger to the environment and road safety.

Under public pressure and in the light of alarming news of imported used cars flooding the Czech market, the Parliament of the Czech Republic passed an amendment to the Waste Act, which imposed environmental taxes of CZK 10,000, CZK 5,000 and CZK 3,000 on imported used cars, depending on their emission class (Euro 0, 1 and 2, respectively), with effect from January 2009. This much called-for measure also led to a year-on-year drop of 37.2% in the number of used passenger cars imported to the Czech Republic, down to 152,930 units.

In its branches and divisions in the various countries, the AAA AUTO Group strives to protect the environment as much as practicably possible. Parameters and internal process rules for waste management and disposal in service activities and for manipulation with hazardous substances and their recycling have been implemented.

The concept of the social responsibility of the AAA AUTO Group has been newly developed and has become an important part of the strategic decision making for the future business behaviour in the framework of the development of a modern, successful, professional and responsible company.

II. Communication

The objective of the communication strategy is to create a positive image of the Company in the media and, by extension, in the eyes of the public; it should lead to positive perceptions of the Company by both the existing and prospective clients which, in turn, should have a positive impact upon the Company's ultimate profitability. The Corporate Communications Department is responsible for the uniform and sophisticated presentation of the Company.

The Company develops and builds a targeted system of internal communications both on the vertical and the horizontal level. The high standard maintained by the system is attested also by the 1st place in the Czech PR Awards, in the Internal Communication category, and the nomination for the Golden Drum Awards in Portorose.

The Company makes use of a range of communication tools such as press releases, interviews, articles in general and specialized press, press conferences, meetings and standard cooperation with journalists, consumer competitions, web sites, social events and others. The fact that the Company is perceived as an expert capacity in the market of used cars is demonstrated by the number of press questions answered, and the consultations sought by the media for copywriting of expert content.

The open and professional communication of AAA AUTO was acclaimed by the Company's victory in an independent consumer test of used car dealerships conducted by Mladá Fronta DNES in 2009.

III. Marketing

Also the marketing activities of the AAA AUTO Group reacted to the consequences of the market crisis. The advertising budget was cut and restructured, with the Group focusing primarily on those communication channels that have a direct impact on sales to the target group of customers. Image-building activities were suppressed in favour of channels with an immediate impact on sales. A system for long-term monitoring of campaign and advertising channels was also implemented.

In terms of the marketing mix, print media accounted for the largest proportion of advertising expenditure in 2009. All advertising channels continued to be used; but their mix has incurred significant changes. Online communication and advertising in particular increased its position and claimed the second place among advertising channels. At the other end of the spectrum, outdoor advertising was minimised. Tracking the growing demands of customers, the design and functional architecture of the AAA AUTO web presentation were gradually redesigned. The online sales and communication portal **www.aaaauto.cz** won the category of automotive companies in Web Top 100.

As a result of the falling prices of new and subsequently also used cars, compounded with the shift in consumer preferences towards the more economical smaller cars, the activities of the premium brand AAA PREMIUM AUTO were downscaled in 2009, and the advertising support of Auto Diskont was also reduced. If the market recovers in 2010, the premium brand is set to re-launch with additional marketing support; at any case, the main focus of marketing communication remains firmly on the AAA AUTO brand. In the context of the transforming market, the AAA AUTO also used an interactive campaign of marketing communication in 2009.

Information Technology Services

From the point of Information Technology (IT), the past year in the Company was typical of the optimisation of information and telecommunication processes. The key developments included the server consolidation and improving the efficiency of the existing IT infrastructure across the Group – both at the level of branches and individual units. The implementation of a new human resource management system called Odysea 2000 was completed, as was the migration to IP telephony in the whole Group.

All these changes followed a single purpose – that of greater efficiency of business processes, with an emphasis on preserving the Company's competitiveness in the current difficult macroeconomic situation. As concerns the personnel situation in the IT department, we can say it has stabilised, and the ICT strategy for the upcoming period took a more definitive form and was coordinated with the overall business strategy of the Group.

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Human Resources

The year 2009 was marked by stabilisation of existing personnel. After the previous closedown of branches in Poland and Romania and the suspension of the Hungarian operation, the AAA AUTO Group reduced its headcount in the Czech Republic and in Slovakia to 1,099⁵ (which represents a year-on-year reduction of 23.7%) by the end of 2009, and focused mainly on the identification and retention of key personnel. In connection with the cost-cutting and optimisation programme adopted as a response to the financial crisis, the Company implemented a strict system for the planning and containment of personnel costs. The measure was among those that helped the Company to overcome a difficult period, stabilise its course and set the course for future growth.

Attention was paid for example to the Group's branch sales managers. They attended weekly train-and-work placements in the Prague headquarters; the programme offered customised training based on the level and multiskilling requirements of individual managers. The purpose of the programme was to assist the branch managers, especially the replacement managers, in bringing their knowledge and skills on the par with the position of sales manager, to meet with managers from various units and to exchange experience with senior colleagues.

In the context of the standard churn of the workforce, attention was paid especially to recruiting higher quality personnel – unlike recruiting on the merits of quantity (as was the case during the massive expansion, in which the recruitment priority was to staff as many new positions as possible rather than select the most competent candidates). The AC diagnostic methods, psychological diagnostic tests and other methods were used in practice. New human assets were subject to rigorous training; a three-week course was delivered in the Prague headquarters to new buyers in September 2009, who later went on to their on-the-job training programmes in Czech and Slovak branches.

Internal communication played an important role; as in the previous year, the Company focused on sports activities for employees and organised successful championships in football and beach volleyball. To boost the performance and motivation, the Company holds the so-called Premier League – a competition for the best sales person among its sales force. Every month, the best sales reps are rewarded and the Sales Rep of the Year; the grand prize is a holiday package in a foreign country.

Call Centre

In 2009, the AAA AUTO call centre processed 534,853 incoming calls. The volume was 16% less than in the previous year, which is in part ascribed to the continuing economic recession and the increasing popularity of the electronic (especially email) communication. 10% more incoming email enquiries were processed in 2009, with an increasing number of customers option for email as a means of communication.

The call centre followed the direction of the Company and continued in the implementation of optimisation and efficiency boosting measures while preserving the standard of service. The optimisation, in connection with routine daily evaluation of individual process changes, helped the call centre to increase its share in the total sales of the Company by 4.4%, which is an accomplishment in the current climate in which the sales volumes stagnate or fall as a result of the economic crisis.

An important goal for 2009 was to contain/reduce all cost items while preserving the standard of service. Costs fall by 10,6% year on year, while the main contribution to the overall saving came from additional optimisation measures, e.g. the reprioritisation of some types of calls, internal restructuring in the call centre unit and the emphasis put on improving the quality of calls.

Centre

Report on the Business Activities of AAA AUTO Group in 2009

The Group in 2009

As the Chief Executive Officer Anthony James Denny already noted at the beginning of the Annual Report, *“the automotive sector which is traditionally the first to relay the signals of a change in the economy and market demand, continued to be deeply depressed in 2009”*. Even though many analysts claimed that the slump in the prices of new and subsequently also used cars, which culminated in late 2008 and early 2009, could not continue any further, the continuing economic recession, rising unemployment and limited financial resources caused further price reductions and discount promotions. It was a reaction to the slowdown in the economy and markets of all European Union member states and other developed global economies. According to preliminary figures published by the Czech Statistical Office, the real GDP of the Czech Republic fell 4.2% in 2009; a similar outlook for Slovakia mentioned a slump of 5.6%.

Due to the slowing demand, the rate of unemployment increased in autumn 2009 and the available data signalled that the Czech Republic and Slovakia will record historical highs in the number of job-seekers at the turn of 2009. Discussions among experts, in the media and in the public circled around the deteriorating economic indicators and the issue of growing state and public budget deficits in particular. The future implications on the population were analysed; one of the results were the cuts in old age pensions in Hungary and in the Baltic states, whose economies showed two-digit slumps in GDP as a result of the crisis.

Responding to the challenging market reality, AAA AUTO in 2009 continued both its rationalisation and improvement of the efficiency of its commercial operations and activities; it also made adjustments to its business model in relation to the car portfolio and the financial and other services, in order to accommodate the requirements of the changing market environment.

At the beginning of 2009, the AAA AUTO Group completed the execution of its plan to withdraw from foreign markets which saddled the Company's bottom line with a loss, and decided to focus, for the duration of the economic recession, on the main markets in the Czech Republic and Slovakia. Sales in the Hungarian and Romanian market were significantly down already in 2008, especially towards the end of the year. In order to deliver on its target to return to the black figures as soon as possible, the Company was forced to withdraw from the loss-making markets. Commercial activities were held back significantly already at the end of 2008; in early 2009 the plan to terminate the operations in Hungary and Romania was gradually completed.

Despite the closure of its commercial operation in Hungary, the Company does not intend to delist its shares from the Budapest Stock Exchange. In the event of the Hungarian automotive market recovery, the AAA AUTO Group does not preclude a potential return to the market, which is still potentially very viable. However for the time being the Company sees the year 2012 as the earliest possible for re-entry on the Hungarian market.

Simultaneously with the closure of its Romanian branch at the end of February 2009, AAA Auto Group N.V. signed a joint-venture agreement with SIXT New Kopel for a venture in Romania. AAA AUTO Group holds a 5% share in the Romanian joint venture, with an option to increase its stake to 49%.

With regard to the economic recession and the downturn in the automotive market demand, the projected start of operations in Russia was suspended indefinitely.

The Company however continues to monitor the market situation in countries of interest and is still open to tentative talks to potential partners.

The new strategy focused on the Czech and Slovak markets meant that as at the end of 2009 the Group had 17 branches in the Czech Republic and 8 in Slovakia, compared to 35 branches in four countries as at the end of 2008, and in December 2007 – at the height of its expansion - 45 car centres in five countries of Central and Eastern Europe. The headcount was gradually reduced from the peak of 3,834 employees as at 31 December 2007 to 1,099⁵ employees as at the end of 2009.

The commercial strategy of AAA AUTO principally focused on the most popular models and, on the buy-out side, on 15 best-selling models. The Company abandoned its previous strategy of holding high stocks of cars, as the slow turnover cars impaired the overall liquidity. Despite the fact that in used car retail any good quality vehicle that had not been crashed represents a potential profit, last year the AAA AUTO identified and chose not to buy out higher risk models of used cars that are not so attractive to the market: older Korean cars, cars with powerful engines, a number of SUV 4x4 models and luxury models with a high mileage. It was the Group's policy not to buy out cars with a high mileage, those that had been crashed or with discernible aesthetic defects.

Almost 38% of cars traded in the Czech Republic, and 36% in Slovakia by AAA AUTO Group were Škoda brand, which is traditionally in the highest demand in the segment of used cars. The share of Škoda cars in AAA AUTO's sales increased by 6% compared to the previous year; the highest growth was recorded for Fabia, Octavia and Superb models. This also confirmed the notion that in economically precarious times customers return to established brands as their appetite for experiment diminishes.

In response to the continuing price wars among the manufacturers of new cars and the falling profit margins, AAA AUTO decided to close down the operation of its new car division and suppressed business in the AAA PREMIUM AUTO segment in which it sells almost new cars under two years of age with a maximum of 40,000 kilometres on the odometer. Last year AAA AUTO concentrated on the popular Škoda models and models of cars with low operating costs, which were preferred by the market. The car stock turnover, which is the key performance indicator in our industry, increased as a result in 2009 and reached 46 days on average, compared to 40 in 2008. Last year marked a decrease in the average price of a car sold to EUR 3,911 (equivalent to CZK 103,000¹²) which is attributed to the overall depressed

¹² Converted by the CZK/EUR average exchange rate for 2009; source: ČNB

market situation as a result of the falling prices of new cars, and to the customers' reluctance of larger financial outlay and consequently the shift in their preferences towards smaller and more economical cars.

As a result of our orientation on highly liquid cars, the Company managed even in the deepening recession in 2009 to maintain the total gross profit margin⁹ at a high and stable level of 23.0% in 2009, compared to 23.3% in 2008.

Financial Performance

The financial performance of the AAA AUTO in 2009 was influenced by three key drivers: results of the core business, the cost-cutting programme and the closedown of the foreign operations.

I. Market Development and Core Business Performance

The performance of the Group's core business in 2009 continued to be influenced by the turbulent market developments in the same year, caused by the global financial crisis which later turned into a global economic recession that did not spare any developed economy in the world.

The market continued to be under sway of the economic recession, which only in late 2009 showed some signs of slowing down of the negative trends. Regardless, given the target customer group in used car retail, the growing unemployment was the key economic indicator; the unemployment is projected to peak in the spring of 2010. Despite the fact that the oil prices were at less than a half of what they were in the summer 2008¹³, the negative signals from the local and global economy, augmented by the pessimistic reports of the media, caused the consumers postpone their used car purchases.

Contrary to analysts' expectations that a further decline in the prices of new cars would not happen in 2008, the price wars continued and escalated in 2009. The Czech Republic, which unlike other 13 EU member states did not pass the so-called scrapping incentives, saw an 11.1% drop in the sales of new cars, despite their falling prices, down to 181,086 of passenger and light utility vehicles² in 2009. In Slovakia it was a drop of 6.7% to 90,426 of new passenger and light utility vehicles. The situation was helped by two waves of state scrapping subsidies at the beginning of the year; what would have been the impact of the crisis without the support of the state could be illustrated by new car sales statistics in Slovakia which shows an ongoing average slump of 26% between September and December 2009 (measured year on year).

Car Sales

In 2009, the AAA AUTO Group sold a total of 37,215 cars (on the group consolidated basis, including the operations terminated in the 1st quarter of the year), down 38.5% on the previous year, in its network of branches, which in 2009 reduced from four to two markets and the number of car centres went down to 25. Of the total of units sold, 27,558 used cars were sold in the Czech Republic (down 22.3% from 2008) and 9,309 in Slovakia (down 37.3% from 2008).

¹³ Source: www.nyse.tv/crude-oil-price-history.htm

Number of Cars Sold in Individual Countries

Market/year	2008	2009	yoy
Czech Republic	35,487	27,558	(22.3%)
Slovakia	14,857	9,309	(37.3%)
Hungary *	6,646	279	(95.8%)
Romania *	1,434	69	(95.2%)
Poland **	2,133	0	–
Group	60,557	37,215	(38.5%)

* Operations in Hungary and Romania were terminated in the 1st quarter of 2009

** The Polish operation was terminated in mid-2008

Course: Company data

On the one hand, the decision to close down the branches in Hungary and Romania caused the drop in the sales of cars in 2009, but on the other hand the Group no longer needs to absorb the losses contributed by the foreign branches, which allowed it to return to the black figures.

Financial Services and Up-Sale Products

Another important factor in used car retail in 2009 was the stricter approach of the banks to approving loans, which was caused by increased market risk and the risk of defaults during the time of the economic recession and growing unemployment.

Despite the falling penetration, financial services and up-sale products remained a major factor in the Company's regained profitability. The share of financial services and up-sale products in the total gross profit on group consolidated basis⁹ was 56.2% in 2009, compared to 65.8% in 2008.

A comparison of financial services penetration in the period 2007-2009 shows the development and impact of the economic recession and the problems in the financial sector. Regardless of this fact, the proportion of car sold by AAA AUTO on consumer credit or leasing remains at the rather high level of 40%.

Penetration of Financial Services (a number of cars sold on credit or leasing)

	2007	2008	2009
Czech Republic	46%	49%	38%
Slovakia	48%	60%	47%
Hungary *	67%	67%	45%
Romania *	30%	31%	16%
Poland **	29%	33%	–
Group	48%	53%	40%

* Operations in Hungary and Romania were terminated in the 1st quarter of 2009

** The Polish operation was terminated in mid-2008

Course: Company data

II. Cost-Cutting and Restructuring Programme

In 2009, AAAAUTO fully implemented its extensive restructuring programme which it began in 2008. The goal was to adapt the Company's cost structure to the reality of the depressed market demand, and to regain profitability in the increasingly challenging market conditions.

The Company succeeded in delivering on all its operating goals set for 2009. As a largely trading company, which focuses on buying and re-selling of used cars, the Company's priority was the optimisation of personnel costs. Compared to 1,440 employees as at the end of 2008, the headcount as at 31 December 2009 was only 1,099⁵ (down 23.7%). The result was a significant saving of personnel costs (down 51.2% year on year), which significantly contributed to the overall reduction of operating costs as their share on the total operating costs of the Group accounted for 44.7%.

The reduction of headcount was also a key instrument in the implementation of a more efficient business model, which is based on a leaner, more efficient and profitable branch network. The model relies primarily on multiskilling of employees, efficient shift planning (the best sales agents work in "peak" times) and on the optimisation of stock car management in each branch. The management also implemented a strict cost control mechanism for all cost categories; initially it was subject to a weekly review, with a bi-weekly schedule starting in 2009. In addition to personnel costs, marketing costs and other operating costs were also brought down (by 42.9% and 54.3%, respectively, in year-on-year terms)⁹.

Operating Expenses

	2008	2009	yoy
Personnel expenses *	28,807	14,054	(51.2%)
Marketing expenses	7,242	4,138	(42.9%)
Other operating expenses	28,969	13,232	(54.3%)
Total operating expenses	65,018	31,424	(51.7%)

* Personnel expenses in 2008 and 2009 included redundancy costs for laid-off employees
Source: Company data

Optimisation of the Group's assets was the last pillar of the restructuring exercise. In 2008, approximately a half of the Group's property portfolio was marked for sale over the next 18 months. The timeframe for the divestment was extended to obtain the highest price and avoid selling under time pressure during a recession, which is not a favourable climate for selling real property. The sale of the properties should lead to a release of sunk capital and hence to a reducing the debt and accessories of the Company.

III. Closing Down of Foreign Operations

The decision of the AAAAUTO Group to close down its foreign operations in Hungary, Romania and Poland in 2008, significantly impacted the Company's bottom line also in 2009, as major depreciation and provision amounts had to be put on the books against the assets of the discontinued operations, as per the requirement of IFRS.

In line with the requirements of IFRS, the Company's audited results for the year 2009 were presented, as they had been for the first time in 2008, in the new format. The profit and loss statement gives a detailed account of results only for the continuing operations of the Company (i.e. the Czech Republic, Slovakia and the parent company incorporated in the Netherlands), while the business results of the discontinued operations (i.e. Hungary, Poland, Romania and the new car sales division in the Czech Republic) are presented in an aggregate line as 'Profit / (loss) from discontinued operations'.

in 2009

Outlook 2010

While the beginning of 2009 marked a certain positive turnaround in the used car business of the AAA AUTO compared to 2008, with the peak in sales coming in the months of March, April and May, the subsequent development in sales recorded a significant decline: the group consolidated sales of AAA AUTO fell 38.5% on the previous year.

According to preliminary figures published by the Czech Statistical Office, the country's real GDP fell 4.2% in 2009. In addition to Prague branches which recorded a slight year-on-year growth of sales, other regions in the Czech Republic and in Slovakia, which is suffering from even greater unemployment than the Czech Republic, showed a declining trend, with the highest year-on-year shortfall recorded in branches in Central and West Slovakia; this development mirrors the regions with the most serious economic problems in Slovakia.

As far as the outlook for the year 2010 is concerned, AAA AUTO expects the sales to stay at or fall slightly below the level of the last year. The main communication and sales channels of the Group (visitors to branches, unique visitors to the website, calls to the toll-free information number of the call centre) were sending signals of a reviving demand in early 2010, but the consumers are still very cautious in their purchases and their decisions will undoubtedly be influenced by the developments in the national economies of both countries.

The year 2010, for which the analysts predict a weak and tenuous recovery of the economy to come, but not before the half of the year, will again be very challenging and unpredictable. With regard to the much needed replacement of the obsolete fleet in the Czech and Slovak Republic, and the imperative to preserve consumer mobility at the time of a strained job market, AAA AUTO is cautiously optimistic. With the spring season approaching, we strengthened our stock of cars and we are gearing up for the re-launch with marketing support of our brand AAA PREMIUM AUTO. AAA PREMIUM AUTO offers cars not older than 2 years and with fewer than 40,000 kilometres on the odometer. The job market is also favourably inclined to the strengthening of AAA AUTO through recruitment of quality managers and buyers and sales representatives in the area of buying and re-selling of used cars.

The business planning of the Group remains very conservative regardless; our strategy focused clearly on profit preservation even with lower sales commits the Company's management to quick adaptation of all cost items based on the current developments in the marketplace.

Note that this Annual Report for 2009 contains also corrected financial results for 2008. During the year 2009 the Group identified some mathematical mistakes and omissions made in the consolidated financial statement of the year 2008. All these errors found in the consolidated financial statements 2008 are not material and do not harm the true and fair view of the statements. For more details see the note 32 called 'Corrections of prior period errors' in the following section.

Board Responsibility Statement

According to Section 5:25c(2)(c) of the Dutch Financial Supervision Act (“Wft”)

The Company’s Members of the Management Board hereby declare that, to the best of their knowledge:

1. the annual financial statements for the financial year 2009 give a true and fair view of the assets, liabilities, financial position and the profit of the company and its consolidated entities;
2. the directors’ report gives a true and fair view of the position of the company and its related entities whose financial information has been consolidated in the annual financial statements as at the balance sheet date 31 December 2009 and of their state of affairs during the financial year 2009;
3. the annual report describes the principal risks that the Company faces.



Vratislav Kulhánek
Chairman and Non-Executive Member



Anthony James Denny
Executive Member and CEO



Vratislav Válek
Non-Executive Member

Consolidated Financial Statements of AAA AUTO Group & Notes to the Consolidated Financial Statements

AAA Auto Group N.V. CONSOLIDATED BALANCE SHEET as at 31 December 2009 (EUR '000)

ASSETS	Note	31/12/09	31/12/08	01/01/08
Non-current assets				
Intangible assets	12	406	745	1,748
Property, plant and equipment	13	28,681	31,939	61,547
Investment property	14	114	0	2,930
Other financial assets		316	143	428
Deferred tax assets	18	16	48	707
Total non-current assets		29,533	32,875	67,360
Current assets				
Inventories	15	13,181	23,245	57,452
Trade and other receivables	16	20,452	17,181	22,033
Current tax asset		324	670	1,486
Other financial assets		83	583	483
Cash and cash equivalents		6,028	3,622	5,791
Non-current assets classified as held for sale	30	15,109	16,587	369
Total current assets		55,177	61,888	87,614
TOTAL ASSETS		84,710	94,763	154,974
EQUITY AND LIABILITIES				
Equity				
Issued capital	24	38,185	38,185	38,185
Reserves	25	4,738	5,017	1,941
Retained earnings		(35,529)	(36,912)	(1,933)
Equity attributable to equity holders of the company		7,394	6,290	38,193
Non-controlling interest		0	0	
Total equity		7,394	6,290	38,193
Non-current liabilities				
Bank and other borrowings	17	20,826	27,133	40,211
Deferred tax liabilities	18	479	468	662
Obligation under finance lease	19	0	101	2,675
Other liabilities		0	29	0
Total non-current liabilities		21,305	27,731	43,548
Current liabilities				
Trade and other payables	20	21,375	13,995	23,361
Current tax liabilities		2,552	96	305
Bank overdrafts and borrowings	17	17,626	26,184	43,356
Provisions	22	898	2,260	976
Obligation under finance lease	19	52	2,624	3,975
Other liabilities		2,893	2,467	1,260
Liabilities directly associated with assets classified as held for sale	30	10,615	13,116	0
Total current liabilities		56,011	60,742	73,233
Total liabilities		77,316	88,473	116,781
TOTAL EQUITY AND LIABILITIES		84,710	94,763	154,974

AAA Auto Group N.V.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Years Ended 31 December 2009 and 2008 (EUR '000)

	Note	12 months ended 31 December 2009	12 months ended 31 December 2008
Continuing operations			
Revenue	4	166,198	293,930
Other income		526	238
Gain on acquisition of subsidiaries		0	0
Gain on fair value adjustment	14	0	0
Cost of goods sold		(127,893)	(225,533)
Advertising expenses		(4,138)	(7,242)
Employee benefit expenses	7	(14,054)	(28,807)
Depreciation and amortisation expense	13	(2,065)	(3,197)
Other expenses	6	(13,232)	(28,969)
Finance cost	8	(927)	(3,210)
Share on profit of equity accounted investees	31	5	0
Profit/(loss) before tax		4,420	(2,790)
Income tax expense	9	(1,680)	(726)
Profit/(loss) for the period from continuing operations		2,740	(3,516)
Discontinued operations			
Profit/(loss) from discontinued operations	30	(1,357)	(31,463)
Profit/(loss) for the period		1,383	(34,979)
Other comprehensive income			
Foreign currency translation differences for foreign operations	25	(194)	2,774
Foreign currency translation differences related to entities sold	25	(211)	0
Change in share option reserve	25	126	302
Other comprehensive income for the period, net of income tax		(279)	3,076
Total comprehensive income for the period		1,104	(31,903)
Profit/(loss) attributable to:			
Equity holders of the company		1,383	(34,979)
Non-controlling interest		0	0
Profit/(loss) for the period		1,383	(34,979)
Total comprehensive income attributable to:			
Equity holders of the company		1,104	(31,903)
Non-controlling interest		0	0
Total comprehensive income for the period		1,104	(31,903)
Earnings per share for profit attributable to the ordinary equity holders of the parent during the year			
Basic/Diluted earnings per share - Group (EUR)	10	0.020	(0.516)
Basic/Diluted earnings per share - Continuing (EUR)	10	0.040	(0.030)

The 2008 figures have been adjusted for errors that were identified during the year 2009. Due to this the loss for the year 2008 is EUR 2,569 thousand higher than according to the previous financial statements for 2008. For more information see Note 32.

AAA Auto Group N.V.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Years Ended 31 December 2009 and 2008 (EUR '000)

	Share capital	Share premium	Equity reserve	Share option reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to holders of the parent	Minority interest	Total equity
Balance at 01/01/08	6,776	31,409	124	-	1,817	(1,933)	38,193	-	38,193
Loss for the year						(34,979)	(34,979)		(34,979)
Other comprehensive income									
Foreign currency translation differences	-	-	-	-	2,774	-	2,774	-	2,774
Share options				302	-	-	302	-	302
Total other comprehensive income				302	2,774	-	3,076	-	3,076
Total comprehensive income for the period	-	-	-	302	2,774	(34,979)	(31,903)	-	(31,903)
Balance at 31/12/08	6,776	31,409	124	302	4,591	(36,912)	6,290	-	6,290
Profit for the year	-	-	-	-	-	1,383	1,383	-	1,383
Other comprehensive income									
Foreign currency translation differences	-	-	-	-	(194)	-	(194)	-	(194)
Foreign currency translation differences – entities sold	-	-	-	-	(211)	-	(211)	-	(211)
Share options	-	-	-	126	-	-	126	-	126
Total other comprehensive income	-	-	-	126	(405)	-	(279)	-	(279)
Total comprehensive income for the period	-	-	-	126	(405)	1,383	1,104	-	1,104
Balance at 31/12/09	6,776	31,409	124	428	4,186	(35,529)	7,394	-	7,394

The 2008 figures have been adjusted for errors that were identified during the year 2009. Due to this the equity as per 31 December 2008 is EUR 2,453 thousand lower than according to the financial statements 2008. For more information reference is made to Note 32.

AAA Auto Group N.V.
CONSOLIDATED CASH FLOW STATEMENT
For the years ended 31 December 2009 and 2008 (EUR '000)

	Notes	31/12/2009	31/12/2008
Cash flows from operating activities			
Profit/(loss) for the year		1,383	(34,979)
Adjustments for:			
Income tax expense		1,702	1,360
Depreciation		2,871	11,761
Provisions		339	6,019
(Gain)/loss on disposal of fixed assets		(242)	151
Interest income		(14)	(86)
Interest expense		2,378	5,596
Share options		126	302
Goodwill		0	514
Foreign exchange (gain)/loss		99	972
Fair value revaluation			
Decrease/(increase) in inventories		10,064	34,207
Decrease/(Increase) in receivables and other assets		(4,451)	4,819
Increase/(decrease) in payables and other liabilities		8,185	(7,291)
Interest paid		(1,764)	(3,270)
Interest received		20	11
Income tax (paid)/received		(258)	(1,072)
Net cash provided by operating activities		20,438	19,014
Cash flows from investing activities			
Acquisition of subsidiary		0	0
Purchase of property, plant and equipment		(3,214)	(6,213)
Proceeds from disposals of property, plant and equipment		2,767	7,155
Net cash used in investing activities		(447)	942
Cash flows from financing activities			
Proceeds from issue of share capital		0	0
Proceeds from third party loans		1,479	0
Repayment of third party loans		(16,343)	(18,973)
Payment of finance lease liabilities		(2,673)	(3,051)
Dividends paid to shareholders		0	0
Net cash from financing activities		(17,537)	(22,024)
Net increase (decrease) in cash and cash equivalents		2,455	(2,067)
Net foreign exchange difference		(50)	(100)
Cash and cash equivalents at the BOP		3,622	5,791
Cash and cash equivalents at the EOP		6,028	3,622

Note 1 – GENERAL INFORMATION

AAA Auto Group N.V. (the “Company”) was incorporated as a private company with limited liability on 12 December 2003 under the name Automobil Group B.V. On 29 December 2006, Automobil Group B.V. was converted into a public company with limited liability and changed its name into AAA Auto Group N.V. The address of the Company’s registered office is Dopraváků 723, 184 00 Prague 8, Czech republic.

On 26 September 2007 the Company entered the Prague (PSE) and Budapest (BSE) stock exchange. From the overall number of 67,757,875 shares with the nominal value of EUR 0.10 per share 17,757,875 shares are available for trading at PSE and BSE.

Before entering the stock exchange the sole shareholder of the company was Automotive Industries S.A.R.L. Ave. JR. Kennedy 46a, Luxembourg, who remains the majority owner with 73.8% shares. The ultimate controlling party is Mr. Anthony James Denny. Remaining 26.2% shares are owned by other investor.

The main activity of the Company is to act as a holding, finance and services company for its subsidiaries. The principal activity of the Group (including together the Company and its subsidiaries) is the sale of used cars. The Group also cooperates with third parties in the insurance and financial sectors to provide, on a professional level, a range of related services like credits, loans, insurance, roadside assistance, leasing etc.

Note 2 – ADOPTION OF NEW AND REVISED STANDARD

Standards and Interpretations Effective in the Current Period

In the year 2009, the Group has adopted all of the new and revised Standards (IFRS/IAS) and Interpretations (IFRIC/SIC) issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2009. The adoption of these new and revised Standards and Interpretations has resulted in no significant impact to the Group’s financial position and results of its operations.

- IFRS 2 (amendment) “Share-based Payments: Vesting Conditions and Cancellations“. The Amendment to IFRS 2 is of particular relevance to the Group because it operate employee share save schemes. This is because it results in an immediate acceleration of the IFRS 2 expense that would otherwise have been recognized in future periods should an employee decide to stop contributing to the savings plan, as well as a potential revision to the fair value of the awards granted to factor in the probability of employees withdrawing from such a plan.
- IFRS 7 “Financial instruments – Disclosures” (amendment to IFRS 7). The amendment requires enhanced disclosure about fair value measurement and liquidity risk. Comparative disclosures (for 2008) in the first year application (in 2009) are not required to be provided. According to the amendment the Group prepared supplementary disclosure about financial instruments in fair value.
- IFRS 8 “Operating Segments”- it is a disclosure standard and it sets out requirements for the disclosure of information about an entity’s operating segments and also about the entity’s products and services, the geographical areas in which it operates, and its major customers. It will not have an impact on the reported results or financial position of the Group. It will extend the information disclosed in the notes.

- IAS 1 (revised) “Presentation of financial statements”. As a result of the application of this Amendment the Group has elected to present a single statement of comprehensive income, previously it presented an income statement and the statement of changes in equity. The Amendment does not change the recognition or measurement of transactions and balances in the financial statements.

The following interpretations to published standards are newly effective for accounting periods beginning on or after 1 January 2009 but are not relevant to the Group’s operations:

- Amendment to IFRS 1 First-time Adoption of IFRS and IAS 27 Consolidated and Separate Financial Statements: Amendments “Cost of an Investment in a Subsidiary, Jointly-controlled entity or Associate” (effective for annual periods beginning on or after 1 January 2009). The revision to IFRS 1 focuses on allowing first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The revision to IAS 27 determines that dividend shall be recognized as income in the separate financial statements of the investor. Since the Group is not a first-time applier, the new version of IFRS 1 is not relevant to it.
- IAS 23 Borrowing Costs (revised) (effective for annual periods beginning on or after 1 January 2009) The main change from the previous version is the removal of the option of immediately recognising as an expense borrowing costs that relate to qualifying assets, broadly being assets that take a substantial period of time to get ready for use or sale. Any material effect on the Company’s results and financial position is expected when the revised rules are applied.
- IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements: Amendments “Puttable Financial Instruments and Obligations Arising on Liquidation” (effective for annual periods beginning on or after 1 January 2009). The revision to IAS 32 requires entities to classify (i) puttable financial instruments and (ii) instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, as equity. Application of the amendment has led to no significant effect on the Group’s financial position and result of its operations presented in the financial statements.
- Amendments to IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement (effective for accounting periods ending on or after 30 June 2009). These amendments clarify that on reclassification of a financial asset out of the ‘fair value through profit or loss’ category, all embedded derivatives have to be assessed and, if necessary, separately accounted for in the financial statements. The Group has not entered into any embedded derivative. Therefore, amendments are not currently relevant for the activities of the Group.
- IFRIC 15 Agreements for the Construction of Real Estate (effective for accounting periods beginning on or after 1 January 2009). IFRIC 15 provides guidance for entities in the real estate industry and defines criteria when agreements for the construction of real estate are within the scope of IAS 11 or IAS 18. IFRIC 15 is not relevant to the Group’s operations due to the different business activities.

Standards, Amendments and Interpretations to Existing Standards that Are Not Yet Effective and Have Not Been Adopted Early by the Group

At the date of authorization of these Consolidated Financial Statements, the following Standards,

Amendments and Interpretations were in issue but not yet effective:

- Restructured IFRS 1 *First-time Adoption of IFRS* (effective for entities applying IFRS for the first time for annual periods beginning on or after 1 July 2009). IFRS 1 was changed in a structure, not in a substance, to be easier for the readers to understand it. Since Group is not the first-time applier, new version of IFRS 1 is not relevant for it.
- Amendment to IFRS 1 *First-time Adoption of IFRS: Additional Exemptions for First-time Adopters* (effective for entities applying IFRS for the first time for annual periods beginning on or after 1 January 2010). Amendments issues Additional Exemptions for First-time Adopters providing relief from the full retrospective application of IFRS for the measurement of oil and gas assets and leases. Since Group is not the first-time applier, new version of IFRS 1 is not relevant for it.
- Amendment to IFRS 1 *First-time Adoption of IFRS: Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters* (effective for entities applying IFRS for the first time for annual periods beginning on or after 1 July 2010). Amendment exempts first-time adopters of IFRSs from providing the additional disclosures by Improving Disclosures about Financial Instruments (Amendments to IFRS 7). The amendment gives first-time adopters the same transition provisions that Amendments to IFRS 7 provides to current IFRS preparers. Since Group is not the first-time applier, new version of IFRS 1 is not relevant for it.
- IFRS 2 (amendments) – “group cash – settled and share – based payment transactions”. The amendment expands on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. The standard will be applied on a prospective basis and its effect on the Group’s results and position will not be material.
- IFRS 3 Business Combinations (revised) and complementary Amendments to IAS 27 Consolidated and separate financial statements and IAS 28 Investments in associates and IAS 31 Investments in joint ventures (all effective for annual periods beginning on or after 1 July 2009). The revised IFRS 3 and consequential amendments to other standards arise from a joint project with the Financial Accounting Standards Board (FASB), the US standards setter, aimed at IFRS being largely converged with the related, recently issued, US requirements. There are certain very significant changes to the requirements of IFRS, and options available, if accounting for business combinations. The Group does not expect a significant effect of the amendment on its financial position and performance.
- IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2013, with early adoption permitted starting in 2009). On 12 November 2009, the IASB issued IFRS 9 Financial Instruments as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets. The IASB intends to expand IFRS 9 during 2010 to add new requirements for classifying and measuring financial liabilities, derecognition of financial instruments, impairment, and hedge accounting. By the end of 2010, then, IFRS 9 will be a complete replacement for IAS 39.
- Amendment to IAS 7 Statement of Cash Flows (effective for annual periods beginning on or after 1 January 2010). The amendment specifies that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows. The amendment is consistent with accounting policies have been applied by Group.

- IAS 24 Related party disclosures (revised) (effective for annual periods beginning on or after 1 January 2011). The amendment modifies the definition of a related party and simplifies related party disclosures for government-related entities. Group does not expect any significant changes in related party disclosures compared with the current disclosure.
- Amendment to IAS 32 Financial Instruments: Presentation: Classification of rights issues (effective for annual periods beginning on or after 1 February 2010). Rights issues offered for a fixed amount of foreign currency current practice appears to require such issues to be accounted for as derivative liabilities. The amendment states that if such rights are issued pro rata to an entity's all existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated. Group does not expect significant effect of the amendment on its financial position and performance.
- Amendment to IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items (effective for accounting periods beginning on or after 1 July 2009). The amendment clarifies two hedge accounting issues: (i) inflation in a financial hedged item and (ii) a one-sided risk in a hedged item. Inflation may only be hedged if changes in inflation are a contractually specified portion of cash flows of a recognized financial instrument. The entity may designate an option as a hedge of changes in the cash flows or fair value of a hedged item above or below a specified price or other variable (that is, a one-sided risk). The amendments make clear that the intrinsic value, not the time value, of an option reflects a one-sided risk and, therefore, an option designated in its entirety cannot be perfectly effective. The time value of a purchased option is not a component of the forecast transaction that impacts profit or loss. Therefore, if an entity designates an option in its entirety as a hedge of a one-sided risk arising from a forecast transaction, hedge ineffectiveness will arise.
- Amendment to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2011). The amendments correct an unintended consequence of IFRIC 14. Without the amendments, in some circumstances entities are not permitted to recognize as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct the problem. The amendments must be applied retrospectively to the earliest comparative period presented. The interpretation does not refer to the current Group's business activities and transactions.
- IFRIC 17 "Distributions of Non-cash Assets to Owners" and complementary Amendments to IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" (effective for accounting periods beginning on or after 1 July 2009). IFRIC 17 provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders. The scope of IFRS 5 has been extended to non-cash assets held for distribution. Both Interpretation and Amendments to will be applied on a prospective basis and their effect on the Group's results and position will not be material.
- IFRIC 18 Transfers of Assets from Customers (effective for accounting periods beginning on or after 1 July 2009). IFRIC 18 clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant, and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). In some cases, the entity receives cash from a customer that must be used only to acquire or construct the item of property, plant, and equipment in order to connect the customer to a network or

provide the customer with ongoing access to a supply of goods or services (or to do both). The material impact on the Group's results and position is not expected.

- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010. However, it must be applied retrospectively from the beginning of the earliest comparative period presented). IFRIC 19 addresses only the accounting by the entity that issues equity instruments in order to settle, in full or in part, a financial liability. Group has not recognised any transaction in the scope of IFRIC 19.
- Improvements to IFRS. In May 2008 (effective for annual periods beginning on or after 1 July 2009) and April 2009 (effective for annual periods beginning on or after 1 January 2010) IASB issued amendments to a number of standards focused on areas of inconsistency in IFRS or where clarification of wording was required. Material impact on the Group's financial position and result of its operations is not expected.

Standards, Amendments and Interpretations Not Endorsed for Use in the European Union (EU)

With regard to the basis of preparation of these consolidated financial statements (see note 3), information required by IAS 8 is supplemented by the following information about standards, amendments and interpretations not approved for use in the European Union. At the date of authorization of these consolidated financial statements, the following standards, amendments and interpretations were not endorsed by the European Commission for use in the European Union:

- IFRS 9 Financial Instruments (Issued 12 November 2009)
- Amendment to IFRIC 14 IAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (Issued 26 November 2009)
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* (Issued 26 November 2009)
- Amendments to IFRS 1 *Additional Exemptions for First-time Adopters* (Issued 23 July 2009)
- Revised IAS 24 *Related Party Disclosures* (Issued 4 November 2009)
- Amendment to IFRS 1 *Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters* (Issued 28 January 2010)

Note 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1. Statement of Compliance and Basis for Preparation

The consolidated financial statements of AAAAuto Group N.V. and all of its subsidiaries (the Group) have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union („adopted IFRSs“), and are in accordance with IFRS as issued by the IASB.

The consolidated financial statements have been prepared on the historical cost basis, as modified by the revaluation of property, plant and equipment, available for sale financial assets, and financial assets and liabilities, at fair value through profit or loss. The consolidated financial statements have been prepared under the going concern principle.

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in the most appropriate application in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.3.

All amounts are presented in EURO and, unless otherwise indicated, rounded to the nearest EUR 1,000.

3.2. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries).

The financial statements of the subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All inter – company transactions, balances and unrealized gains and losses on transactions between group companies are eliminated in full on consolidation.

Subsidiaries

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group.

They are de – consolidated from the date that control ceases.

A summary of all subsidiaries consolidated at 31 December 2009 is provided in the Note 11.

Joint ventures

The Group includes the assets it controls, its share of any income and the liabilities and expenses of jointly controlled operations and jointly controlled assets in accordance with the terms of the underlying contractual arrangement.

Minority interest

Minority interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the Chief Executive Officer, Chief Operating Officer and the Finance Director.

Foreign Currency

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their „functional currency“) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognized immediately in profit or loss, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation, in which case exchange differences are recognized in other comprehensive income and accumulated in the foreign exchange reserve.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss shall be recognized in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss shall be recognized in profit or loss.

On consolidation, the results of all the group entities (none of which has the currency of a hyper-inflatory economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions),
- c) all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders equity.

On disposal of a foreign operation, the cumulative exchange differences recognized in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

Intangible Assets

Externally acquired intangible assets are initially recognized at cost and subsequently amortized on a straight-line basis over their useful economic lives. Cost includes both the purchase price and all directly attributable costs of bringing the asset to working condition for its intended use. The amortization expense is included within the depreciation line in the consolidated statement of comprehensive income.

Intangible assets are recognized on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to critical estimates and judgments below).

The significant intangibles recognized by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset	Useful economic life	Valuation method
Trademarks	6 years	Multiple of estimated revenues and profits
Software	3 years	Acquisition cost

The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis on the Group's financial position and performance presented.

Property, Plant and Equipment

Property, plant and equipment (PPE) are stated at cost less any accumulated depreciation and where necessary, any accumulated impairment losses. Cost consists of acquisition cost and all directly attributable costs of bringing the asset to working condition for its intended use. The cost includes also the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives using the straight-line method, as follows (except for items mentioned in the first paragraph below the table):

Class of property, plant and equipment	Year
Buildings	10 - 50
Company cars	4 - 6
Plant, equipment and furniture	3 - 12

Property, plant and equipment with value up to 350 € is recognized as expense when the purchase occur. Property, plant and equipment with the cost between 350 and 1,400 € is depreciated over the period of 18 months. Property, plant and equipment held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis on the Group's financial position and performance presented.

Repair and maintenance expenses that ensure an achievement of estimated useful life, production capacity and productivity are recognized in the profit or loss of the period in which they are incurred. The purchase costs of significant renewals and improvements of any property, plant and equipment are recognized as an asset when it is probable that a future economic benefit, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Impairment of Non-Financial Assets (Excluding Inventories, Investment Properties and Deferred Tax Assets)

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e. the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows). Goodwill is allocated on initial recognition to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in the administrative expenses line item in the consolidated statement of comprehensive income, except to the extent they reverse gains previously recognized in other comprehensive income. An impairment loss recognized for goodwill is not reversed.

Investment Property

Investment property, which is property held to earn rentals or for capital appreciation or both, rather than for continuing use or sale transaction is measured at cost, including transaction costs less any accumulated depreciation and any accumulated impairment losses.

Rent receivable is spread on a straight-line basis over the period of the lease. Where an incentive (such as a rent free period) is given to a tenant, the carrying value of the investment property excludes any amount reported as a separate asset as a result of recognizing rental income on this basis.

Non-Current Assets (or Disposal Groups) Held for Sale

Non-current assets and disposal groups are classified as held for sale when:

- they are available for immediate sale;
- management is committed to a plan to sell;
- it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- an active program to locate a buyer has been initiated;
- the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- a sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

- their carrying amount immediately prior to being classified as held for sale in accordance with the group's accounting policy; and
- fair value less costs to sell.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated.

The results of operations disposed during the year are included in the consolidated statement of comprehensive income up to the date of disposal.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale.

Discontinued operations are presented in the consolidated statement of comprehensive income (including the comparative period) as a single line which comprises the post tax profit or loss of the discontinued operation and the post-tax gain or loss recognized on the re-measurement to fair value less costs to sell or on disposal of the assets/disposal groups constituting discontinued operations.

Leased Assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a „finance lease“), the asset is treated as if it had been purchased outright. The amount initially recognized as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analyzed between capital and interest. The interest element is charged to the consolidated statement of comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an „operating lease“), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognized as a reduction of the rental expense over the lease term on a straight-line basis.

Finance Lease

The Group changed its policy regarding company cars in 2007, one company within the Group leased a new car for six months and subsequently, at the end of lease term, another company within the Group purchased the car for the following sale. These cars are accounted as finance leases with the lease term of six months and during this period these cars are classed as inventory with decreasing carrying amount (using straight-forward method). At the end of the lease term, the use of the car finishes and depreciation is also terminated. The cars are subsequently presented as goods.

Financial Instruments

Financial assets and financial liabilities are recognized on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Effective Interest Method

The effective interest method is a method of calculating the amortized cost of a financial asset (liability) and of allocating interest revenue (expense) over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (payments) through the expected life of the financial asset (liability), or, where appropriate, a shorter period.

Interest revenue (expense) is recognized on an effective interest basis for debt instruments other than those financial assets designated as at fair value through profit or loss.

Inventories

Inventories are initially recognized at cost, and subsequently at the lower of cost and net realizable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value represents the estimated selling price for inventories, determined by historic experience and detailed analyses of the cars on stock according to their aging, less all estimated costs of completion and estimated costs necessary to make the sale.

The costs of inventories are primarily assigned by using specific identification of their individual costs (particularly for merchandise – cars). Where the specific identification of costs is inappropriate (e.g. for spare parts), the costs are assigned to inventories held using first-in, first-out formula.

Financial Assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity.

Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

Impairment

Impairment provisions are recognized when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount

of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognized within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognized in the consolidated statement of comprehensive income (operating profit).

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

Share Capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Groups ordinary shares are classified as equity instruments.

Financial Liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. The classification is determined at the time of initial recognition.

Financial liabilities through profit or loss.

The Group does not have any such liabilities.

Other financial liabilities

Other financial liabilities include the following items:

- Bank borrowings and the Group's perpetual preference shares are initially recognized at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortized cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. Interest expense in this context includes initial transaction costs and premia payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

- Liability components of convertible loan notes are measured as described further below.
- Trade payables and other short-term monetary liabilities, which are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method.

Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions and are discounted at a pre-tax rate reflecting current market assessments of the time value of money and the risks specific to the liability.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it related to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current income tax

The current income tax charge is calculated on the basis of the tax laws valid at the balance sheet date in the countries where the company 's subsidiaries operates and generate taxable income. The provision is created where appropriate for the expected income taxes to be paid.

Deferred tax

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilized.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Share-Based Payments

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received.

The Group also operates a phantom share option scheme (a cash settled share-based payment). An option pricing model is used to measure the Group's liability at each reporting date, taking into account the terms and conditions on which the bonus is awarded and the extent to which employees have rendered service. Movements in the liability (other than cash payments) are recognized in the consolidated statement of comprehensive income.

Revenue

Revenue from the sales of goods is recognized when the Group has transferred the significant risks and rewards of the ownership of the goods to the buyer and it is probable that the Group will receive the previously agreed upon payment. These criteria are considered to be met when the goods are delivered to the buyer. Where the buyer has a right to return, the Group defers recognition of revenue until the right to return has lapsed. However, where the Group retains only insignificant risks of ownership due to the right of return, revenue is not deferred, but the Group recognizes a provision based on previous experience and other relevant factors. The same policy applies to warranties.

Provided the amount of revenue can be measured reliably and it is probable that the Group will receive any consideration, revenue for services is recognized in the period in which they are rendered.

Revenue is shown net of value – added tax, returns, rebates and discounts and after eliminating sales within the group.

Sale of Goods – Cars and Spare Parts

The Group primarily operates as a seller for used and new cars, although all new car activity was discontinued in 2008. As a secondary business activity classified as a sale of goods is a sale of spare parts. Sales of goods and spare parts are recognized when a group entity sells a car to the customer and significant risks and rewards of ownership of the goods are transferred to the customer that means usually a delivery of a relevant car to the customer. The car sales are ordinarily in cash.

Rendering of Services – Car Repairs and Maintenance

The Group sells car repair and maintenance services to the customers who have purchased a car from group entity. These services are provided on a time and material basis or as a fixed-price contract.

Revenue from fixed-price contracts for rendering of repair and maintenance services is generally recognized in the period the services are provided, using a straight-line basis over the term of the contract.

Rendering of Services – Commission

As a complement of the car sales, the Group mediates various financial services such as leasing underwriting, arranging for bank credits, insurance and other services such as road assistance. The Group receives a commission from this activity that is recognized as revenue when a relevant service is rendered.

Interest Revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognized using the original effective interest rate.

Dividend Revenue

Dividend revenue from investments is recognized when the Group's right to receive payment has been established.

Retirement Benefit Costs

The Group neither operates any pension plan nor contributes to any voluntary contribution retirement benefit plans.

All retirement benefit costs of the Group represent mandatory social security premiums paid by subsidiaries on behalf of their employees. Those contributions are recognized as an expense when employees have rendered service entitling them to the contributions.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

3.3. Critical Accounting Estimates and Judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments, apart from those involving estimations (see below), that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

Critical judgements

There are no critical accounting judgements adopted by the Group.

Estimates and assumptions

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment

The Group presents property, plant and equipment, intangible assets and goodwill. These assets are tested for impairment when circumstances indicate there may be a potential impairment. Factors the Group considers important which could trigger an impairment review include the following, significant fall in market values; significant underperformance relative to historical or projected future operating results; significant changes in the use of its assets or the strategy for its overall business, including assets that are decided to be phased out or replaced and assets that are damaged or taken out of use, significant negative industry or economic trends; and significant cost overruns in the development of assets.

Impairment policy of the Group is to write down the value of PPE, goodwill and other intangible assets to the lower of carrying value or net realizable value, whichever is the lower. The impairment is written off as depreciation in the Income Statement. Impairment charges relating to other assets are charged to other operating costs in the Income Statement.

Estimating recoverable amounts of assets must in part be based on management evaluations, including estimates of future performance, revenue generating capacity of the assets, assumptions of the future market conditions and the success in marketing of new products and services. Changes in circumstances and in management's evaluations and assumptions may give rise to impairment losses in the relevant periods.

Depreciation and Amortization

Depreciation and amortization is based on management estimates of the future useful life of property, plant and equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the amortization or depreciation charges. Technological developments are difficult to predict and the Group's views on the trends and pace of development may change over time. Some of the Group's assets and technologies, in which the Group invested in previous years, are still in use and provide the basis for the Group's new products. The future useful life of property, plant and equipment and intangible assets is reviewed periodically taking into consideration the factors mentioned above and all other important factors. Estimated useful life for similar type of assets may vary between different entities in the Group due to local factors as growth rate, maturity of the market, history and expectations for replacements or transfer of assets, climate, quality of components used etc. In case of significant changes in the Group's estimated useful lives, depreciation and amortization charges are adjusted prospectively.

The Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. In making its judgment for the remaining useful life of these assets management considered the conclusions from employees responsible for technical maintenance of assets.

In connection with depreciation the Group also reviews the estimated residual value of property, plant and equipment, particularly company cars and buildings. A possible change of residual value leads to an adjustment in depreciation expense.

Provisions

The Group measures provisions at the management's best estimate of the expenditure required to settle the obligation at the balance sheet date. These estimates are made, taking account of information available and different possible outcomes.

Inventories

At each reporting date, the net realizable value is determined as an expected selling price of cars (goods) in stock less the estimated costs necessary to make the sale. If the estimated net realizable value is under the carrying amount, the write-down is recognized as an expense in profit or loss.

Valuation of Investment Property and Freehold Land and Buildings

The Group obtains valuations performed by external valuers in order to determine the fair value of its investment properties. These valuations are based upon assumptions including future rental income, anticipated maintenance costs, future development costs and the appropriate discount rate. The valuers also make reference to market evidence of transaction prices for similar properties.

The level of activity in the investment property market has been at a low level for the past few months, primarily because of the reduced availability of credit and, where credit is available, the increased cost of borrowing.

The lack of comparable market transactions has resulted in a greater level of professional judgement being relied upon in arriving at valuations. Changes in the underlying assumptions could have a significant impact on the fair values presented.

Further information in relation to the valuation of investment property is disclosed in Note 15.

Legal Proceedings

In accordance with IFRSs the Group recognizes a provision where there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of costs of the transfer can be estimated reliably. In instances where the criteria are not met, a contingent liability may be disclosed in the notes to the financial statements. Obligations arising in respect of contingent liabilities that have been disclosed, or those which are not currently recognized or disclosed in the financial statements, could have a material effect on the Group's financial position. Application of these accounting principles to legal cases requires the Group's management to make determinations about various factual and legal matters beyond its control. The Group reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Group's management as to how it will respond to the litigation, claim or assessment.

3.4. Correction of Prior Period Errors

During the year 2009 the Group identified some mathematical mistakes and omissions made in the consolidated financial statement of the year 2008.

For detailed description please see the Note 32 - Correction of prior period errors

Note 4 – REVENUE

An analysis of the Group's revenue for the year (excluding interest revenue) is as follows:

Revenues	2009	2008
	€ '000	€ '000
Revenue from the sale of goods		
Cars	143,648	247,351
Spare parts	1,030	2,028
Total revenue from the sale of goods	144,678	249,379
Revenue from the rendering of services		
Commissions revenue (leasing, insurance..)	18,871	32,242
Services (car repairs, maintenance, other)	2,649	12,309
Total revenue from the services	21,520	44,551
Total	166,198	293,930

The revenues are shown for continuing operations only with the comparative data for 2008.

A summary of discontinued operations is shown in Note 30.

Note 5 – SEGMENT REPORTING

The Group has 3 main reportable segments:

- Czech Republic – This division includes operating branches in the Czech Republic
- Slovakia – This division includes operating branches in Slovakia
- Rest of Europe – This division includes the remaining companies in continuing operations, which do not operate in the used car sales and are either dormant or holding companies.

During 2008, the Group withdrawn from its operations in Poland and decided to withdraw from its operations in Hungary and Romania – all of the financial results, sales and assets are classified as discontinued operations. The result of discontinued operations is therefore reported separately in Note 31.

Nearly all sales of the Group represent used cars supplied to similar customer base. These operating results are regularly reviewed by chief executive and operation officers to make decisions about resources to be allocated to the segments and assess its performance.

The inter-segment transfer prices (resulting in inter-segment sales) are based on “cost plus” methodology consisting of purchase price, transport costs and other directly attributable costs and approximately 1% profit margin.

Factors that Management Used to Identify the Group’s Reportable Segments

The Group’s reportable segments are strategic business units that operate in different regions. They are managed separately because each region requires different processes and marketing strategies.

Measurement of Operating Segment Profit or Loss, Assets and Liabilities

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax and interest.

The inter-segment transfer prices (resulting in inter-segment sales) are based on “cost plus” methodology, consisting of purchase price, transport costs and other directly attributable costs and approximately 1% profit margin. This policy was applied consistently throughout the current and prior period.

Column elimination includes intercompany eliminations of the reported segment with other segments and discontinued operations.

The segment figures for comparative period were restated as per new treatment of the standard in 2009.

In 2009, AAAAuto Group NV entered in joint venture with the company Union Motors Romania SRL and set up the joint venture company New Kopel Car Sales SRL. Further information is presented in Note 11 – Consolidated entities.

The reportable segment information for the year 2009 and 2008 is as follows:

2009	Czech Republic € '000	Slovakia € '000	Rest of Europe € '000	Elimination € '000	Consolidated € '000
Revenue					
External sales	119,667	46,741	0		
Inter-segment sales	5,990	107	681	(6,988)	
Total Revenue	125,657	46,848	681	(6,988)	166,198
EBIT					
Segment result for continued operations	3,936	1,979	393	(966)	5,342
Unallocated expenses					(922)
Profit before tax					4,420
Income tax expense					(1,680)
Profit/(loss) for the period from continuing operations					2,740

Other information	Czech Republic € '000	Slovakia € '000	Rest of Europe € '000	Eliminations € '000	Group € '000
Segment assets	65,933	22,749	57,163	(61,135)	84,710
Segment liabilities	49,448	16,813	71,628	(60,573)	77,316
Capital expenditure	2,374	466	0		2,840
Depreciation and amortization	1,468	570	27		2,065
Interest expense	852	254	616	(593)	1,129
Interest revenue	79	1	556	(619)	17
Interest in the profit/ (loss) of joint venture	0	0	(4)	0	(4)
Amount of investment in joint venture	0	0	5	0	5
Non-cash expenses other than depreciation	1,816	1,368	448		3,632

2008	Czech Republic € '000	Slovakia € '000	Rest of Europe € '000	Elimination € '000	Consolidated € '000
Revenue					
External sales	191,569	93,368	8,993		
Inter-segment sales	18,044	1,118	561	(19,723)	
Total Revenue	209,613	94,486	9,554	(19,723)	293,930
EBIT					
Segment result for continued operations	2,827	1,876	(2,325)	(1,958)	420
Unallocated expenses					(3,210)
Profit before tax					(2,790)
Income tax expense					(726)
Profit/(loss) for the period from continuing operations					(3,516)

Other information	Czech Republic € '000	Slovakia € '000	Rest of Europe € '000	Eliminations € '000	Group € '000
Segment assets	69,274	25,295	69,675	(69,481)	94,763

Segment liabilities	54,554	19,605	83,795	(69,481)	88,264
Capital expenditure	1,721	533	321		
Depreciation and amortization	2,324	833	40		3,197
Interest expense	2,156	948	1,333	(1,434)	3,003
Interest revenue	322	1	1,273	(1,436)	160
Interest in the profit/ (loss) of joint venture	0	0	0	0	0
Amount of investment in joint venture	0	0	0	0	0
Non-cash expenses other than depreciation	2,107	1,088	421		3,616

Note 6 – OTHER EXPENSES

Detail of other expenses	2009	2008
	€ '000	€ '000
Material used	967	1,445
Fuel	451	1,399
Energy	1,006	1,463
Repairs	84	582
Travel expenses	100	1,250
Rent	2,771	3,890
Communication expenses	956	1,774
Transport services	477	1,220
Consulting services (tax, legal, audit and accounting)	1,468	2,212
Security	262	515
Taxes and fees	145	273
Insurance	195	793
Software services	298	243
Shortages and losses	547	367
Loss/(Gain) on disposal of fixed assets	(294)	(420)
Write off to NRV	398	8,250
Other expenses	3,401	3,713
Total other expenses	13,232	28,969

Other expenses are shown for continuing operations only.

Impairment losses are included in other expenses and the description and amount of different types of impairment losses is included in Notes 15, 16 and 31.

Note 7 – EMPLOYEE BENEFIT EXPENSE

The Group's employee benefit expense includes only those relating to short-term employee benefits and share options as follows:

Staff costs (including directors)	2009	2008
	€ '000	€ '000
Wages and salaries	12,166	24,048
Social security contributions and similar taxes	4,067	8,101
Short-term non-monetary benefits	165	399
Defined contribution pension cost	0	0
Defined benefit pension cost	0	0
Share-based payment expense (Note 31)	126	302
Other long-term employee and termination benefits	0	0

Total staff costs	16,524	32,850
Activated costs	(2,470)	(4,043)
Total	14,054	28,807

Employee benefit expense that is directly attributable to the purchase of inventories is capitalized and recognized as a component of the initial measurement of purchased inventories.

Employee benefit expenses are shown for continuing operations only.

Note 8 – FINANCE COSTS

	Year ended 31/12/09	Year ended 31/12/08 corrected
	€ '000	€ '000
Interest on bank overdrafts and loans	1,130	2,409
Interest on obligations under finance leases	0	435
Total interest expenses	1,130	2,844
Foreign exchange (gain)/losses	(241)	219
Other (fees ...)	38	147
Total financial costs	927	3,210

More information regarding borrowings and interest rates on borrowings is included in Note 17.

Finance costs are shown for continuing operations only.

An explanation of the 2008's amount correction in line "Foreign exchange (gain)/losses" is included in Note 32.

Note 9 – INCOME TAX EXPENSE (BENEFIT)

	2009	2008
	€ '000	€ '000
Income Tax		
Current tax expense	1,668	853
Deferred tax expense	12	(127)
Income Tax Total	1,680	726

The charge for the year can be reconciled to the profit per the income statement as follows:

	2009	2008
	€ '000	€ '000
Profit before tax	4,420	(1,499)
Tax at the domestic rates applicable to profits in the country concerned	884	(907)
Tax effect of non-taxable income and expenses that are not deductible for tax purposes	134	23
Current year losses for which not deferred tax asset was recognised	(322)	2,399
Items taxed at different tax rate	0	0
Effect of changes in unrecognised temporary differences	1,003	(789)
Effect on deferred tax balances due to the change in income tax rate	(19)	0
Total income tax expense recognized in profit or loss	1,680	726

Expected income tax expense is calculated for each individual subsidiary in accordance with their national jurisdiction.

Income Tax Rates

	2010	2009	2008
Czech republic	19%	20%	21%
Slovak republic	19%	19%	19%
Hungary	19%	16% + 4%	16% + 4%

Note 10 – EARNINGS PER SHARE (EPS)

The basic earnings per share amounts are calculated as the profit for the year attributable to the ordinary equity holders of the parent company divided by the weighted average number of ordinary shares outstanding during the year. The individual variables used in the calculation are as follows:

	2009	2008 corrected
Profit for the year attributable to equity holders of the parent (equals earnings used in the calculation of total basic earnings per share)	1,383,000	(34,979,000)
Weighted average number of ordinary shares	67,757,875	67,757,875
Number of share options outstanding at the end of the period	2,983,000	2,916,000
Basic earnings per share (EUR/share) (Group)	0.020	(0.516)
Diluted earnings per share (EUR/share) (Group)	0.020	(0.495)
Basic earnings per share (EUR/share) (Continuing)	0.040	(0.030)
Diluted earnings per share (EUR/share) (Continuing)	0.039	(0.050)

The Company did not issue any instruments other than share options (see Note 31) that could potentially dilute the basic EPS.

Note 11 – CONSOLIDATED ENTITIES

Details of the Company's subsidiaries whose financial statements are consolidated and included in these consolidated financial statements as at 31 December 2009 are as follows:

Company	Country of registration and incorporation	Principal activity	Proportion of ownership interest (%)
Continuing Operations			
AAA AUTO a.s.	Czech Republic	used car sales	100.0%
Auto Diskont s.r.o.	Czech Republic	used car sales	100.0%
Kapital Automotive a.s.	Czech Republic	Holding Company	100.0%
Veromia s.r.o.	Czech Republic	non-active	100.0%
AAA Auto Praha s.r.o.	Czech Republic	non-active	100.0%
Express action s.r.o.	Czech Republic	Sold in August 2009	100.0%
Autocentrum AAA Auto a.s.	Slovakia	used car sales	100.0%
General Automobile Czech s.r.o.	Czech Republic	used car service	100.0%
Auto Diskont s.r.o.	Slovakia	used car sales	100.0%
AAA Auto a.d.	Serbia	non-active	100.0%
AAA Auto EOOD.	Bulgaria	non-active	100.0%
AAA Auto LLC.	Ukraine	non-active	100.0%
AAA Auto LLC.	Russia	non-active	100.0%
AAA Auto Group NV	Holland	Holding Company	100.0%

Discontinued Operations

HK Partner s.r.o.	Czech Republic	Holding Company	100.0%
HK Partner Kladno s.r.o.	Czech Republic	New car sales	100.0%
General Automobile a.s.	Czech Republic	Sold in June 2009	100.0%
Asko, spol s.r.o.	Czech Republic	Sold in June 2009	95.0%
General Automobile Kft.	Hungary	non-active	100.0%
AAA Auto Kft	Hungary	Real estate owner	100.0%
Autocentrum AAA Auto Kft.	Hungary	Holding Company	100.0%
AAA Auto S.A.	Romania	Sold in June 2009	100.0%
General Automobil S.R.L.	Romania	Non-active	100.0%
AAA Auto Sp.z.o.o.	Poland	holding company	100.0%
General Automobile Poland Sp.z.o.o.	Poland	Sold in June 2009	100.0%
ASCORD Sp.z.o.o.	Poland	Sold in June 2009	100.0%
Autocentrum AAA Auto Sp.z.o.o.	Poland	non-active	100.0%

In case of all subsidiaries, the proportion of ownership interest is equal to the proportion of voting power held.

Furthermore, the Group has consolidated results of the previous subsidiaries - Express action s.r.o., General Automobile a.s., Asko spol.s.r.o., AAAAuto S.A., General Automobil Poland Sp.z.o.o. and ASCORD Sp.z.o.o., which were sold in 2009. For these entities, only income statement was consolidated during the period in which the entity was controlled by the Group.

Joint Venture

On 26 February 2009, AAA Auto Group NV entered in joint venture with the company Union Motors Romania SRL and set up the joint venture company New Kopel Car Sales SRL. The Group owns 5% share in the company and provided particularly business know-how. As at the balance sheet date, the equity of joint venture was EUR 94 thousand from which the Group owns EUR 5 thousand which is presented in the consolidated financial statements. For the consolidation, the Group applied the equity method. There aren't any contingent liabilities and commitments (including capital commitments) related to the Group's participation in the joint venture.

The aggregate amounts of the interest in joint venture	Year ended 31/12/09
	€ '000
Current assets	1
Non-current assets	0
Current liabilities	5
Non-current liabilities	0
Income	7
Expenses	11

Note 12 – INTANGIBLE ASSETS

INTANGIBLE ASSETS	Goodwill	Software	Trade marks	Intangible assets in the course of acquisition	Total
COST					
Balance at 1 January 2008	0	1,824	95	115	2,034
additions	0	544	(1)	139	682
additions from internal developments	0	0	0	0	0
acquisitions through business combination	0	0	0	0	0
disposals	0	0	0	(145)	(145)
reclassified as held for sale	0	0	0	0	0
net foreign currency exchange differences	0	(30)	(1)	(1)	(32)
Balance at 1 January 2009	0	2,338	93	108	2,539
additions	0	192	0	0	192
additions from internal developments	0	0	0	0	0
acquisitions through business combination	0	0	0	0	0
disposals	0	(106)	(10)	(108)	(224)
reclassified as held for sale	0	0	0	0	0
net foreign currency exchange differences	0	54	2	0	56
Balance at 31 December 2009	0	2,478	85	0	2,563
ACCUMULATED AMORTISATION and IMPAIRMENT					
Balance at 1 January 2008		(840)	(2)	0	(842)
amortization expense	0	(587)	1	0	(586)
impairment losses charged to profit or loss	0	(45)	0	0	(45)
reversals of impairment losses charged to profit or loss	0	(402)	0	0	(402)
eliminated on disposals	0	33	0	0	33
eliminated on reclassification as held fore sale	0	0	0	0	0
net foreign currency exchange differences	0	48	(0)	0	48
Balance at 1 January 2009		(1,793)	(1)	0	(1,794)
charge for the year	0	(404)	(25)	0	(429)
impairment loss	0	26	0	0	26
reversals of impairment losses charged to profit or loss	0	0	0	0	0
eliminated on disposals	0	100	0	0	100
eliminated on reclassification as held fore sale	0	0	0	0	0
net foreign currency exchange differences	0	(54)	(6)	0	(60)
Balance at 31 December 2009	0	(2,125)	(32)	0	(2,157)
Carrying amount					
As at 31 December 2008	0	545	92	108	745
As at 31 December 2009	0	353	53	0	406

The useful life of software is generally three years using straight line method of amortization.

The useful life of intangibles classified as trademarks (i.e., registered in the Czech Republic) is indefinite subject to the annual impairment testing. The directors consider that trademarks of the Company will not have their useful lives limited which is the main factor determining this treatment in the accounts of the Group.

The Group did not incur any research and development expenses in the periods 2009 and 2008.

The basis on which the unit's recoverable amount has been determined is value in use.

In 2009 and 2008, no intangible assets were pledged as security over payables to the financial institutions.

As at 31 December 2009, the Group did not enter into any contractual commitments for the acquisition of intangible assets.

All intangible assets previously held in discontinued operations were reviewed for impairment and written down to zero.

Intangible Assets Not Recognized as Assets

The Group controls valuable intangible assets that are not recognized as assets as they do not meet the criteria set by IAS 38 including a unique know-how in the field of used cars selling, internally developed information systems, brand and effective trade marketing strategy.

Strong Brand

The Group owns some of the most recognizable and well-known used vehicle auto centers in the Czech Republic and Slovakia and the public recognition of auto centers in other countries where the Group operates is constantly rising. The brand recognition is due to our market leadership and well-developed marketing strategies.

Recognition of the brand is enhanced by effective global marketing strategy in all markets where we operate using a broad range of media. Our largest advertising medium is print, followed by radio and internet. The Group has the largest marketing budget of all used vehicle retail companies in the CEE.

Note 13 – PROPERTY, PLANT AND EQUIPMENT (PPE)

	Buildings and land	Company cars	Fixtures and equipment	PPE in the course of construction	Total
COST					
Balance at 1/1/08	49,840	7,073	8,217	3,624	68,754
additions	2,891	2,159	855	4,609	10,514
disposals	(2,681)	(5,621)	(194)	(6,599)	(15,094)
reclassified as held for sale	(20,774)	0	0	0	(20,774)
reclassified as investment property	0	0	0	0	0
net foreign currency exchange differences	(1,378)	243	(28)	96	(1,067)
Balance at 1/1/09	27,897	3,854	8,851	1,731	42,333
additions	589	1,780	507	145	3,022
acquisitions through business combination					
disposals	(1,550)	(2,871)	(345)	(1,149)	(5,914)
reclassified as held for sale					
reclassified as investment property	(114)				(114)
net foreign currency exchange differences	74	(8)	(101)	(13)	(48)
Balance at 31/12/09	26,897	2,755	8,913	713	39,279

ACCUMULATED DEPRECIATION and IMPAIRMENT

Balance at 1/1/08	(1,809)	(907)	(4,491)	0	(7,207)
depreciation expense	(1,154)	(1,093)	(2,594)	(18)	(4,859)
impairment losses charged to profit or loss	(1,872)	(366)	(152)	61	(2,329)
reversals of impairment losses charged to profit or loss	0	0	0	0	0
eliminated on disposals	90	908	121	0	1,118
eliminated on reclassification as held fore sale	3,201	0	0	0	3,201
net foreign currency exchange differences	165	(23)	140	(7)	274
Balance at 1/1/09	(1,380)	(1,481)	(6,977)	37	(9,801)
depreciation expense	(628)	(262)	(748)	0	(1,638)
impairment losses charged to profit or loss	0	0	0	0	0
reversals of impairment losses charged to profit or loss	0	0	0	0	0
eliminated on disposals	88	479	76	0	642
eliminated on reclassification as held fore sale	0	0	0	0	0
net foreign currency exchange differences	(156)	(84)	479	(41)	198
Balance at 31/12/09	(2,076)	(1,348)	(7,170)	(4)	(10,598)

Carrying amount

As at 31 December 2008	25,925	2,372	1,874	1,768	31,939
As at 31 December 2009	24,821	1,407	1,744	709	28,681

The Group has pledged land and buildings having a carrying amount of approximately EUR 22 million (2008: EUR 26 million) to secure banking facilities granted to the Group.

Property acquired under finance lease is the company cars only whose net book value as at the balance sheet date is EUR 160 thousand and the lease is secured by the lessors' charges over the leased assets. The value of outstanding liabilities from the finance lease is EUR 52 thousand as at the balance sheet date.

There are no other liabilities outstanding from the purchase of PPE as at the balance sheet date. Assets held for sale in discontinued operations are summarized in Note 30.

Note 14 – INVESTMENT PROPERTY

At fair value (EUR '000)	2009	2008
Balance at the beginning of the year	0	2,930
Transfer from property, plant and equipment	114	
Sale of investment property		(2,930)
Net gain from fair value adjustments		
Net foreign currency exchange differences		
Balance at the end of the year	114	0

In 2009, the Group terminated operations on the branch in Tabor. On 31 December 2009, the Group has not decided about the next use of the property and reclassified the land held in Tabor as the investment property. The land is valued as per cost model at net book value. The fair value based on the external valuation report is EUR 325 thousand. The property is leased to the external company; the monthly payment is EUR 4 thousand.

Currently, the Group again considers opening of the operations in Tabor. In case that the branch will be opened, the land will be classified in PPE.

In the comparative period, the Group classified the land held in Ostrava as the investment property in the amount of EUR 2,930 thousand. This property was sold in June 2008.

Note 15 – INVENTORIES

	31/12/09	31/12/08
	€ '000	€ '000
Raw materials (spare parts and consumables)	684	1,412
Merchandise (cars and accessories)	12,497	21,833
Total	13,181	23,245
Write - off	(2,399)	(2,705)
Bookvalue of impaired items of inventories	4,858	10,288

The Group policy of provision applied (2009 in the Czech republic and Slovakia) as follows:

Obsolete stock							
	90 days	180 days	270 days	360 days	450 days	540 days	over
%	1.21%	4.28%	8.59%	14.00%	30.00%	40.00%	50.00%

As at 31 December 2009, the Group had 3,783 cars on stock compared to 5,025 cars as at 31 December 2008.

The cost of inventories recognized as an expense in the amount of EUR 130,057 thousand (2008: EUR 230,990 thousand).

Inventories of EUR 10,286 thousand (2008: EUR 14,541 thousand) are pledged as security for bank and other corporate borrowings that the Group uses for financing of stock.

Note 16 – TRADE AND OTHER RECEIVABLES

	31/12/09	Corrected 31/12/08	31/12/08
Trade and other receivables	€ '000	€ '000	€ '000
Trade receivables	12,258	8,617	8,978
<u>Allowances for doubtful debts</u>	<u>(1,083)</u>	<u>(1,786)</u>	<u>(1,786)</u>
Trade receivables, net	11,175	6,831	7,192
Prepayments	1,172	1,903	1,903
Accruals&Defferals	4,974	3,775	3,775
Employees	1,522	281	281
Tax	241	3,494	3,494
Others	1,368	897	897
Total	20,452	17,181	17,542

Balance as at 31 December 2008 was adjusted based on findings identifies and recognized as at 31 December. Detail is described in Note 32 - Correction of prior period errors.

The increase of receivable represents the change of presentation a positive balance from trade payables into trade receivables in the amount of EUR 2,943 thousands resulting from insurance guarantees (short-term) and business transactions. The Company changed the methodology of presentation due to better presentation based on true and fair view principle.

Trade and other receivables included the related party transactions in the amount of EUR 2,025 thousand as at 31 December 2009 compared to amount of EUR 2,268 thousand as at 31 December 2008. Detail of these transactions is described in Note 28 – Related party transactions.

The Group provided fully for all receivables over 360 days, as the prior experience is such that receivables which are due beyond 360 days are generally not recoverable. Trade receivables between 30 days and 360 days are provided on the basis of the estimated irrecoverable amounts from the sale of goods, determined by reference to the past default experience. The ageing method whose limits and rates are revised annually is primarily used by the Group for the calculation of allowances for bad debts. The amount resulted from the calculation is recognized in the profit or loss.

Bad Debt calculation (Group policy)						
	Due date	30 days	90 days	180 days	360 days	over
%	0%	0%	5%	30%	50%	100%

The Group's management considers that the carrying amount of trade and other receivables approximates to their fair value.

Note 17 – BANK AND OTHER BORROWINGS

	2009 (EUR '000)	2008 (EUR '000)
Bank overdraft	5,956	10,556
Bank and corporate loans	22,278	28,220
Company cars financing	1,479	0
Stock financing	8,739	14,541
Total	38,452	53,317
The borrowings are repayable as follows:		
- On demand or within one year	17,626	26,184
- In the second to fifth years inclusive	20,826	25,024
- After five years	0	2,109
Less: Amount due for settlement within 12 months (current liabilities)	17,626	26,184
Amount due for settlement after 12 months (non-current liabilities)	20,826	27,133

The Group is financed by 4 main types of loans:

- bank overdrafts – short-term loans used for managing the liquidity of the Group
- bank and corporate loans – mainly long-term loans used for long-term projects like acquisitions, purchase of a property, plant and equipment
- company cars financing – short-term loans used for financing of the company cars
- stock financing – special loans provided by finance institutions only for the purpose of purchasing the cars

Analysis of Loans and Borrowings by Currency

	2009		2008	
	currency amount	(EUR '000)	currency amount	(EUR '000)
CZK	614,537	23,220	653,772	24,278
SKK			333,232	11,061
EUR	5,594	5,954	15,395	15,395
RON			0	0
HUF	2,512,856	9,278	683,967	2,583
PLN			0	0
Total		38,452		53,317

	2009	2008
Weighted average interest rates		
Bank overdrafts	3.04%	4.68%
Bank and other loans	4.08%	5.61%
Stock financing	3.32%	4.83%
Total weighted average interest rate	3.70%	5.29%

The directors estimate that the fair value of the Group's borrowings equals to their net book value.

Bank overdrafts are repayable on demand. The overdrafts of EUR 5,956 thousand (2008: EUR 10,556 thousand) were secured by a charge over the Group's assets.

The Group has the following principal loans:

- (i) A related party loan from Automotive Industries S.à.r.l. totalling EUR 12.6 million (2008: EUR 13.9 million).
- (ii) Investment loans totalling EUR 16.1 million

Bank Covenants

One of the Group entities, AAA AUTO a.s., did not fulfill one from three bank covenants (liquidity ratio) set up in the loan contract with one financing partner. The balance of the loan amounted to EUR 2.2 million as at 31 December 2009. The bank did not terminate the loan agreement but indicated to the Company that it would be a subject of the decision during May 2010. Currently, the Company negotiates the change of the covenant. The total amount of the loan was classified in the current liabilities.

Note 18 – DEFERRED TAX

	31/12/09	31/12/08
	EUR '000	EUR '000
Deferred tax liabilities	(479)	(468)
Deferred tax assets	16	48
Net deferred tax asset/liabilities	(463)	(420)

Below are the major deferred tax liabilities and assets recognized by the Group and movements thereon during the current and prior reporting periods:

	2009		2008	
	Asset (‘000 EUR)	Liability (‘000 EUR)	Asset (‘000 EUR)	Liability (‘000 EUR)
Accelerated tax depreciation		(564)	0	(244)
Allowances for doubtful debts	2		118	0
Write-down and cost of inventories	72		16	(319)
Payables	0		5	(9)
Provisions	19			
Unused tax losses carried forward	8		13	0
Total gross deferred taxes	101	(564)	152	(572)
Set off ⁽¹⁾	(85)	85	(104)	104
Total net deferred taxes	16	(479)	48	(468)

⁽¹⁾ Gross deferred tax assets and liabilities were offset for each individual subsidiary of the group when applicable.

Unused Tax Losses for which No Deferred Tax Asset Is Recognised

At 31 December 2009, the Group has unused tax losses of EUR 26,484 thousand (2008: EUR 29,804 thousand) available for offset against future profits. A deferred tax asset has been recognized in respect of EUR 322 thousand (2008: EUR 2,399 thousand) of such losses. No deferred tax asset was recognized in respect of the remaining EUR 26,162 thousand (2008: EUR 27,405 thousand) due to the unpredictability of future taxable profits. Generally, the losses may be carried forward generally over five years.

The tax effect on discontinued operations is shown in Note 30.

Note 19 – OBLIGATIONS UNDER FINANCE LEASES

Finance lease liabilities	Minimum lease payments		Present value of minimum lease payments	
	31/12/09 (‘000 €)	31/12/08 (‘000 €)	31/12/09 (‘000 €)	31/12/08 (‘000 €)
not later than 1 year	187	2,665	119	2,624
later than 1 year and not later than 5 years	675	104	405	101
later than 5 years	725	0	685	0
	1,587	2,769	1,209	2,725
Less future finance charges	(378)	(44)		
Present value of minimum lease payments	1,209	2,725	1,209	2,725

The table shows the leasing contracts valid as at the balance sheet date on both the continuing and discontinuing operations.

Lease Obligations on Continuing Operations

In 2009, the Group finished most of its lease contracts on continuing operations and the residual of EUR 52 thousand is payable in the year 2010.

Lease obligations are denominated in the Czech currency and Euro.

Lease Obligations on Discontinuing Operations

There is a lease contract between BRE leasing and AAA Auto Sp. z .o.o. for financing of the real estate in Lodz. This obligation of EUR 1,157 thousand is classified within the liabilities directly associated with the assets classified as held for sale.

Lease obligations are denominated in the PLN.

The fair value of the Group's lease obligations approximates to their carrying amount.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

Note 20 – TRADE AND OTHER PAYABLES

Trade and other payables	31/12/09	Corrected 31/12/08	31/12/08
	€ '000	€ '000	€ '000
Trade payables	17,217	10,021	9,813
Accrued employee compensation	750	629	629
Tax payables and social security	634	905	905
Accrued expenses	2,199	1,905	1,904
Other payables	575	535	534
Total	21,375	13,995	13,787

Balance as at 31 December 2008 was adjusted based on findings identified and recognized as at 31 December 2009. Detail is described in Note 32 - Corrections of prior period errors.

Trade and other payables included the related party transactions in the amount of EUR 3,485 thousand as at 31 December 2009 compared to the amount of EUR 338 thousand as at 31 December 2008. Detail of these transactions is described in Note 28 – Related party transactions.

Other payables included a lot of tiny figures except for Deposit received in the amount of EUR 148 thousand as at 31 December 2009.

The credit period is different based on the type of suppliers (14 – 90 days) and no interest is charged. The average credit period on purchases of certain goods or services is 60 days and no interest is charged on these trade payables.

Note 21 – FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise trade receivables, trade payables, bank and other loans, finance leases, bank overdrafts, cash and short term deposits. The main purpose of these financial instruments, other than trade receivables and trade payables, is to finance the Group's operations.

The key objective of the Group Treasury department is to manage the financial risks of the business and to ensure that sufficient liquidity is available to the Group. All treasury activity operates within a formal control framework. The Board has approved treasury policies and guidelines and periodically reviews treasury activities. Additionally, it is the Group's policy that speculative treasury transactions are expressly forbidden. Currently, the Group does not undertake hedging transactions.

Categories of Financial Instruments

	31/12/09 (EUR '000)	31/12/08 (EUR '000)
Financial assets		
Loans and receivables	20,859	18,434
Cash and cash equivalents	6,028	3,622
Available for sale financial assets		0
Financial liabilities		
Amortized costs	74,894	85,644

Long-term receivables in the amount of EUR 312 thousand are not included in the financial assets in line with the prior year EUR 143 thousand.

Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group's principal financial assets are trade and other receivables and cash and cash equivalents. The main business of the Group is the sale of cars to the customers who pay in cash or through financial products such as leasing or loans which are offered by contractual partners. From this point of view, the Group does not have a significant credit risk, as the counterparties are banks and financial companies with high credit ratings.

The low credit risk is apparent also from following table showing ageing of trade receivables that are past due.

Balance as at 31/12/09 (EUR '000)	Days past due					
	Not yet due	< 30 days	31-90 days	91-180 days	> 180 days	total
Trade receivables	1,655	380	314	196	1,194	3,739
Balance as at 31/12/08 (EUR '000)	Days past due					
	Not yet due	< 30 days	31-90 days	91-180 days	> 180 days	total
Trade receivables	5,479	1,435	318	14	1,732	8,978
Impaired trade receivables				31/12/09 (EUR '000)		31/12/08 (EUR '000)
Gross balance				3,739		8,978
Individual valuation allowance				(1,083)		(1,786)
Net balance				2,656		7,192

Based on the impairment review performed the Group created EUR 1,083 thousand allowances for doubtful receivables.

Part of the receivables of Autocentrum AAA Auto a.s. in Slovakia are pledged in favor of the VUB Bank to secure the loans provided. The amount of pledged receivables as at 31 December 2009 is EUR 882 thousand. The bank should not sell the pledged receivables.

The other receivables, which represent mainly employee receivables, VAT receivables, accrued income and related party receivables, are considered by the management of the Group to be without a credit risk.

Liquidity Risk

The Group's objective is to ensure that there are sufficient sources of funding to meet the projected requirements. The operations are financed through a combination of retained earnings and external financing. Financing is raised principally by the local subsidiaries and from Automotive Industries S.à.r.l. Debt is largely sourced from the bank market.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The liquidity risk of the Group is caused by the obligation to pay the loan and leasing installments and related interest charges. Detailed overview of loans and other borrowings can be found in Note 17 and 19.

The following tables include the breakdown of financial liabilities of the Group showing the outstanding liability over the next five years.

	Less than 1 year	1 - 2 years	2 - 5 years	Over 5 years
Investment Loans and related interest	7,992	5,038	9,827	2,115
Other bank loans and stock financing	11,961			
Obligation under finance lease and related interest	187	134	541	725
Trade and other not interest bearing liabilities	24,268			

The Investment Loans and related interest in the first line of the table above shows the investment loans and related interest payable projected over the future periods showing expected value to be repaid in each period.

The Other bank loans and stock financing shows the total value of other than long term loans and related interest. The total amount of those loans is shown as payable within one year because it is not possible to estimate its repayments over the future periods.

The Group projects that from the year 2011 the dividends would be paid to shareholders in the amount between 0.5 – 1.5 CZK/share. For the completeness of the liquidity risk analysis, the Group also includes here the contract with BRE leasing for the real estate in Lodz which is classified as discontinued operation in the rest of financial statements and other notes.

The tables are prepared based on not discounted projected cash flows. The cash outflow is shown in the first period when it could be realized. This table includes loan repayments and related interest.

The Group does not have any financial derivatives and hedging contract as at the balances sheet date.

Market Risk

The Group's activities expose primarily to the financial risks of changes in interest rates and foreign currency exchange rates.

Interest Rate Risk

The Group's exposure to the market risk for changes in interest rates relates primarily to the Group's long-term and short-term debt obligations. Till now, the Group hasn't used any tools for

managing the interest rate risk. As the management of the Group considers this situation being inappropriate due to possible risks, the objective of the Group's interest rate management policy is to reduce the volatility of the interest charge in near future.

Interest Rate Sensitivity Analysis

The sensitivity analyses below have been determined based on the exposure to interest rate for loans as at the balance sheet date. For the floating rate liabilities, the analysis is prepared assuming the amount of the outstanding liability as at the balance sheet date was outstanding for the whole year. The Group assumes possible increase or decrease of interest rate by 10%.

2009 (EUR '000)	Interest rate increased by 10 %	Interest rate decreased by 10 %
Profit and Loss	(79)	79
Bank and other borrowings		

2008 (EUR '000)	Interest rate increased by 10 %	Interest rate decreased by 10 %
Profit and Loss	(300)	300
Bank and other borrowings		

In case that the interest rate had been 10% higher/lower and all other variables were held constant, the Group's profit for the year ended on 31 December 2008 would decrease/increase by EUR 300 thousand.

The Group's sensitivity to interest rate has increased during the current period mainly due to increase in the total value of borrowings and change of fixed interest rate by floating in case of shareholders loan.

Foreign Currency Risk

Currency exposures arise from trading transactions undertaken by the Group in foreign currencies and on the translation of the operating results and net assets of international subsidiaries. Regarding the fact that most transactions within the Group have been undertaken by the Czech and Slovak subsidiaries, only Czech currency (CZK) as foreign currency is taken into account.

The Group's sensitivity to other foreign currency changes has been substantially decreased during the current period mainly due to decision to abandon its operations in Hungary and Poland.

The following table details the Group's sensitivity to a 5% increase and decrease of CZK against EUR. The sensitivity analysis includes only monetary items denominated in CZK and adjust their translation at the period end for a 5% change. Furthermore, the analysis also includes an impact of the change in the foreign currency rate on the translation of international subsidiaries to EUR.

2009 (EUR '000)		
	Appreciation by 5% of :	CZK
Profit and Loss		(892)
Equity		873
	Depreciation by 5% of :	CZK
Profit and Loss		807
Equity		(790)

2008 (EUR '000)		
	Appreciation by 5% of :	CZK
Profit and Loss		(276)
Equity		630
	Depreciation by 5% of :	CZK
Profit and Loss		249
Equity		(569)

The Group's sensitivity analysis to foreign currency has decreased during the current period mainly due to decision to abandon its operations in Hungary, Poland and Romania, although it remains sensitive to the property loans in Hungary denominated in Euro's.

It is important to mention that the sensitivity analysis does not reflect the exposure during the year and therefore, the impact of the change in the foreign currency rate may be quite different from the table above.

The Group does not enter into instruments to hedge the translation exposure of the operating results or net assets of its subsidiaries since these are accounting and not cash exposures.

Capital Risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or reduce debts.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 17 and lease payments disclosed in Note 19, cash and cash equivalents and equity attributable to equity holders of the parent company, comprising issued capital, reserves and retained earnings.

To be consistent with others in this industry sector, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity.

The gearing ratio at the year end was as follows:

Gearing ratio	31/12/09	31/12/08
	(EUR '000)	(EUR '000)
Debt	38,796	54,168
Less cash and cash equivalents	(6,028)	(3,622)
Net debt	32,768	50,546
Equity	8,528	8,743
Gearing ratio	384%	578%

Note 22 – PROVISIONS

	31/12/09	31/12/08
	€ '000	€ '000
Employee benefits	45	389
Law suits and Others	853	1,871
Total	898	2,260

Movements in each class of provision during 2009 and 2008 were as follows:

	Employee benefits	Law suits & Others	Total
	€ `000	€ `000	€ `000
Balance at 31.12.2007	817	159	976
Amounts used	(817)	(123)	(940)
Additional provisions recognized	389	1,890	2,279
Unused amounts reversed	0	(56)	(56)
Balance at 31.12.2008	389	1,870	2,260
Amounts used	(41)	(147)	(188)
Additional provisions recognized	0	245	245
Unused amounts reversed	(303)	(1,115)	(1,419)
Balance at 31.12.2009	45	853	898

This note has to be read in relationship with the Note 27 "Contingencies".

The provision for employee benefits represents untaken holiday. The amount recognized as a provision in each year is utilized when employees use up their paid vacation.

Most of the law suits concern clients who sued the Group because of a car defect after the purchase of the car. Generally the Group created the provision for actual law where there is a probability of losing the case. The Group has won some cases pending for the long time and has been successful in settlement negotiations.

The Law suits provision represents amount of EUR 743 thousand and Other provisions represented amount of EUR 110 thousand and included general provision for the future liabilities. The significant part of this figure recognized in amount of EUR 108 thousand (Autocentrum AAA Auto Kft. (Hungary)).

Note 23 – OPERATING LEASE ARRANGEMENTS

Continuing operations

Group as a Lessee

The Group leases under operating leases mainly lands, offices, parking places, showrooms, billboards and flats. The lease term is usually between one to five years. Group does not have any option to purchase the leased asset at the expiry of the lease period.

Operating Lease Commitments

As at 31 December 2009, Group has outstanding commitments under operating leases, which fall due as follows:

Future minimum lease payments	€ `000
Not later than one year	2,428
Later than one year and not later than five years	7,342
Later than five years	3,883
Total	13,653

Lease payments under operating leases recognized as an expense in 2009 amounted to EUR 2,771 thousand (2008: EUR 3,890 thousand).

The Group did not enter into any non-cancellable operating lease commitments.

Group as a Lessor

Lease agreements classified as operating leases as at 31 December 2009 relate primarily to office spaces and lands. The lease term is usually between one to two years. The lessee does not have an option to purchase the property at the expiry of lease period.

Operating Lease Receivables

As at 31 December 2009, Group estimated outstanding operating lease receivables that could have an impact on its future financial position from the view as at the balance sheet date:

Future minimum lease receivables	€ '000
Not later than one year	116
Later than one year and not later than five years	464
Later than five years	0
Total	580

Lease payments under operating leases recognized as an income in 2009 amounted to EUR 69 thousand (2008: EUR 31 thousand).

Note 24 – ISSUED CAPITAL

Issued capital	Share capital (EUR '000)	Share premium (EUR '000)	Issued capital (EUR '000)	Number of shares (EUR '000)
Balance at 1.1.2008	6,776	31,409	38,185	67,757,875
Issue of new ordinary shares through public offering				
Balance at 31.12.2008	6,776	31,409	38,185	67,757,875
Issue of new ordinary shares through public offering				
Balance at 31.12.2009	6,776	31,409	38,185	67,757,875

The authorized capital amounts to EUR 25,000 thousand divided into 250 million shares with a par value of EUR 0.1 per share of which 67,757,875 shares were issued and fully paid-up.

The Company was incorporated as a private company with the limited liability and was converted into a public company with the limited liability at the end of 2006 when 50 million shares were issued.

Note 25 – RESERVES

Foreign currency translation reserve	2009 (EUR '000)	2008 (EUR '000)
Balance at beginning of year	4,591	1,817
Translation of foreign operations continuing	(146)	689
Translation of foreign operations discontinuing	(48)	2,085
Gain recycled on disposal of foreign subsidiary	(211)	
Balance at end of year	4,186	4,591

Exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into EUR are brought to account by entries made directly to the foreign currency translation reserve.

The translation reserve of foreign operations discontinuing shows the movement of translation reserve of Hungarian and Polish entities discontinued during the reported period.

Note 26 – BUSINESS COMBINATIONS

There were no business combinations during 2009.

Note 27 – CONTINGENCIES

Continuing Operations

Contingent Liabilities

The Company was involved in several court disputes which may result in settlement. These disputes relate to the following:

- Disagreements on a liability of the Company for cars sold with no material impact.

Contingent Assets

The Group is involved as a plaintiff in the following legal proceedings:

- Proceedings over unpaid amounts due from customers for used cars, estimated financial impact is EUR 81 thousand (2008: EUR 102 thousand).
- Other proceedings over unpaid amounts due from non-customers cases, estimated financial impact is EUR 57 thousand (2008: EUR 0 thousand).

Note 28 – RELATED PARTY TRANSACTIONS

The Group's majority owner is Automotive Industries S.à.r.l. (incorporated in Luxembourg) that does not produce any consolidated financial statements (including the Company), only separate financial statements. The ultimate controlling party is Mr Anthony James Denny.

Details of transactions between the Group and other related parties are disclosed below.

'000 EUR						
2009	Revenues	Expenses	Receivables	Payables	Loan to	Loan from
Automotive Industries S.à.r.l.		614	271	2,893		12,555
Capital Investments s.r.o.	1			33		
Central Investments s.r.o.	58	32	1,225	68		
Credit Investments s.r.o.	1		40	11		
CarWay Group s.r.o. (renamed from Global Car Service s.r.o.)	12		3			
CarWay Assistance CZ s.r.o. (Global Car Check s.r.o. CZ)	14		19	24		
CarWay Assistance SK s.r.o. (Global Car Check s.r.o. SK)	1		101	95		
Global Car Rental s.r.o.	2		8			
CarWay Rent SK s.r.o. (Global Car Rental s.r.o. SVK)			38			

Global Direct s.r.o.	39	26	274	28		
Global insurance s.r.o.	3		15	2		
Priority Investments s.r.o.	1		3			
CarWay Rent CZ s.r.o. (Yes Car Credit s.r.o.)		7	2	26		
Global Auto Assistance S.R.L. (RO)						
Direct Automotive Broker (RO)						
Global Assistance Sp.z.o.o. (PL)				0	8	
Global Direct Assistance Kft. (HU)				305	71	
Carway Service CZ s.r.o.			0			
Global Automotive Holding (CarWay Holding B.V.)	2		27		53	
TOTAL	133	679	2,025	3,485	132	12,555

No significant transactions were recognized in 2009 except for financing to the Group provided by Automotive Industries S.à.r.l. No expense was recognized in the period for bad or doubtful debts in respect of the amounts owed by the related parties. Receivables and payables balances represent transactions realized until 2008. Substantiality of the related party transactions are summarized as follows:

The bank received guarantees from the following related parties: Capital Investmens, s.r.o., Central Investment s.r.o. and Priority Investmens s.r.o. in order to secure bank loans to the subsidiary. The Company recharged standard holding administrative expenses (accounting, etc.).

Other companies (particularly “CarWay” group and “Global” group) provided car assistance, insurance and rental services and the Company recharged standard holding administrative expenses (accounting, rental, facilities, etc).

Automotive Industries S.à.r.l. is the holding company and provides loan financing to the Group only.

Detail of Ownerships

Company	Ownership Majority	Share	Note
Automotive Industries S.à.r.l.	Mr. Anthony Denny	100%	
Capital Investments s.r.o.	Mr. Anthony Denny	90%	
Central Investments s.r.o.	Mr. Anthony Denny	100%	
Credit Investments s.r.o.	Mr. Anthony Denny	90%	
CarWay Group s.r.o. (renamed from Global Car Service s.r.o.)	CarWay Holding B.V.	100%	
CarWay Assistance CZ s.r.o. (Global Car Check s.r.o. CZ)	CarWay Holding B.V.	100%	
CarWay Assistance SK s.r.o. (Global Car Check s.r.o. SK)	CarWay Holding B.V.	85%	*)
Global Car Rental s.r.o.	CarWay Holding B.V.	65%	
CarWay Rent SK s.r.o. (Global Car Rental s.r.o. SVK)	CarWay Holding B.V.	100%	*)
Global Direct s.r.o.	CarWay Holding B.V.	100%	
Global insurance s.r.o.	CarWay Holding B.V.	85%	*)
Priority Investments s.r.o.	Mr. Anthony Denny	90%	
CarWay Rent CZ s.r.o. (Yes Car Credit s.r.o.)	CarWay Holding B.V.	100%	
Global Auto Assistance S.R.L. (RO)	CarWay Holding B.V.	65%	
Direct Automotive Broker (RO)	CarWay Holding B.V.	99%	
Global Assistance Sp.z.o.o. (PL)	CarWay Holding B.V.	65%	
Global Direct Assistance Kft. (HU)	CarWay Holding B.V.	65%	*)
Carway Service CZ s.r.o.	CarWay Holding B.V.	100%	
Global Automotive Holding (CarWay Holding B.V.)	Automotive Industries S.à.r.l.	95%	

Note:

(*) dissolution of a company

Loans to and Borrowings from Related Parties

000' EUR	Loans to related parties		Borrowings from related parties	
	31/12/09	31/12/08	31/12/09	31/12/08
Continuing Operations				
Automotive Industries S.à.r.l.			12,555	13,956
Global Automotive Holding B.V. / Carway Holding B.V.	53	349		
Total	53	349	12,555	13,956

The conditions of loans and borrowings were as follows:

	Amounts repayable	Interest rate
Automotive Industries S.à.r.l.	see note	see note
Global Automotive Holding B.V. / Carway Holding B.V.	within 1 year	3M Pribor + 2.6%

Note:

(1) The interest rate on loans from Automotive Industries S.à.r.l. carried in 2009 at a fixed interest 4% (2008 at a variable interest for Euribor + 2.25%-2.35%, Pribor + 2.5% or Bribor + 2 %. The repayment dates of the loans arise between December 31, 2010 and December 22, 2012.

Note 29 – EVENTS AFTER THE BALANCE SHEET DATE

On 31 March 2010, the Group sold the real estate in Praha-Řepy which was held by the companies HK Partner s.r.o. and HK Partner Kladno s.r.o.

Note 30 – DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

In 2008, the Group announced its intention to withdraw from its operations in Poland and Hungary, and in February 2009 to withdraw also from Romania.

The Group reviewed and closed a number of branches in Hungary in 2008, as the economic situation in that region deteriorated, and in December 2008 decided to withdraw from its operations and close the remaining branches in 2009.

During the year 2009, the Group sold AAA AUTO S.A. in Romania, Ascord Sp. z o.o. and General Automobile Poland Sp. z .o.o. in Poland and General Automobile a.s. and Asko, spol. s r.o. in the Czech republic.

Beside this, the Group sold the real estate property in Dabrowa Gornicza originally owned by AAA Auto Sp. z o.o. Poland.

Currently, the Group endeavors to find buyers for the remaining assets held for sale.

All trading results for these operations have been classified as discontinued operations.

Results of discontinued operations	2009	2008
	(‘000 EUR)	(‘000 EUR)
Revenue	4,550	84,940
Expenses	(5,885)	(115,769)
Result from operating activities	(1,335)	(30,829)
Income tax	(22)	(634)
Result from operating activities, net of income tax	(1,357)	(31,463)
Profit (loss) for the period	(1,357)	(31,463)
Diluted earnings (loss) per share (euro)		-
Basic earnings (loss) per share (euro)	(0.020)	(0.464)

The revenues were generated only in the first quarter of 2009. This was caused due to the fact that the Group accepted the intention to discontinue the subsidiaries in Hungary in December 2008, and it took some time in 2009 to finalize the preparation of the Hungarian companies for sale.

During the first quarter of 2009, the last sales of remaining inventories (cars) were done in the amount of 279 cars in Hungary and 69 cars in Romania.

Non-current assets held for sale	2009	2008 corrected	2008
	(‘000 EUR)	(‘000 EUR)	(‘000 EUR)
Property, plant and equipment	18,989	19,671	19,671
Impairment loss recognized	(3,880)	(3,084)	(2,491)
Total	15,109	16,587	17,180

The net book value of assets acquired under finance lease is EUR 1,952 thousand as at the balance sheet date. There are no other liabilities connected with the assets held for sale than those mentioned in the table below.

The assets classified as held for sale were tested for impairment. Based on this review further impairment on the real estate properties was booked: for the real estate in Piaseczno owned by Autocentrum AAAAuto Sp. z .o.o. in Poland in the amount of EUR 487 thousand and the real estate in Řepy owned by HK Partner s.r.o. in the Czech Republic in the amount of EUR 24 thousand.

Liabilities of disposal group classified as held for sale	2009	2008
	(‘000 EUR)	(‘000 EUR)
Bank overdraft and loans	9,458	1,752
Obligations under finance lease	1,157	11,364
Total	10,615	13,116

The obligations under finance lease and bank loans are fully secured by the real estates.

Cash Flow from discontinued operations	2009	2008
	(‘000 EUR)	(‘000 EUR)
Net cash provided by operating activities	2,367	8,981
Net cash used in investing activities	64	494
Net cash from financing activities	(2,844)	(11,070)

Note 31 – SHARE-BASED PAYMENTS

Equity-Settled Share Option Scheme

On 31 July 2008, the Group established a share option program that entitles key management personnel and senior employees to purchase shares of the Company. In accordance with these programs the options are exercisable at the market price or EUR 1 if the market price is lower than EUR 1 at the date of the option granting. The vesting period was 3 years for 40% of the options 4 years for remaining 60%. In October 2009, the Group decided to abandon share option program established in 2008 and cancel all options granted without any payments to option holders.

On 19 October 2009, the Group introduced new share option program with terms different from those originally applied under old option program. The terms of the new share option program has been unified for all share options granted. The share option program was extended to wider range of employees of the Company compared to the previous share option program. The vesting period is set to 3.5 years for all options granted.

The Group identifies new equity instruments granted as replacement equity instruments for the cancelled instruments. All employees that participated in old option programme, gave up their rights under that scheme and received options under the new scheme. In addition to this, new options were granted during 2009 to employees that have not yet participated in the program under the old scheme. The incremental fair value of the new option arrangements that replaced the old options was in the amount of EUR 6 thousand. The incremental fair value of the grant was measured as the difference between the fair value of the old arrangement and the new arrangement on the date of the replacement.

If the options remain unexercised after the period of 10 years from the date of the grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest. In 2009, options forfeited due to cancelation of the share option program introduced in 2008.

	2009		2008	
	Number of share options	Exercise price EUR	Number of share options	Weighted average exercise price EUR
Outstanding at beginning of period	2,916,000	1 EUR	NIL	
Granted during the period	2,983,000	0.5 EUR	3,336,000	1 EUR
Forfeited during the period	2,916,000	1 EUR	420,000	1 EUR
Exercised during the period	NIL		NIL	
Expired during the period	NIL		NIL	
Outstanding at the end of the period	2,983,000	0.5 EUR	2,916,000	1 EUR
Exercisable at the end of the period	NIL		NIL	

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using Cox-Ross-Rubenstein model:

Inputs into the model	
Grant date share price	EUR 0.54
Exercise price	EUR 0.50 (EUR 1 for measurement of old options)
Expected volatility	65.89%
Option life	10 years (8.8 years for measurement of old options)
Dividend yield	7.03%
Risk-free interest rate	3.68%

Employee Expenses

	2009 € '000	2008 € '000
Share options granted in 2008		300.9
Share options granted in 2009	126.0	-
Total carrying amount of liabilities for Equity-settled arrangements	426.9	300.9
Total intrinsic value of liability for vested benefits	NIL	NIL

Note 32 – CORRECTION OF PRIOR PERIOD ERRORS

During the year 2009 the Group identified some mathematical mistakes and omissions made in the consolidated financial statement of the year 2008.

All these errors found in the consolidated financial statements 2008 are not material and do not harm the true and fair view of the statements.

The correction of prior period errors is as follows:

On the face of consolidated financial statements

The correction of the errors is made as retrospective restatement of comparative financial statements for the year 2008 as if a prior period error had never occurred.

Notes to the consolidated financial statements

The notes to consolidated financial statements describing in detail the areas where the prior period errors were identified and corrected retrospectively show the originally presented values of the 2008 and also the newly corrected values of 2008.

The corrected prior period errors are as follows:

- a) in accounting of Autocentrum AAA Auto Sp.z o.o. in Poland there was a mistake in recognition of payables in amount of PLN 866 thousand (in EUR 208 thousand).

This omission is corrected as increase of trade payables in amount of EUR 208 thousand on the face of consolidated financial statements 2008.

The comparison of the originally presented trade payables in 2008 and the corrected balances are shown in the Note 20 Trade and other payables.

- b) In accounting of Autocentrum AAA Auto Sp. z o.o. in Poland there was mistake in derecognition of trade receivables in amount of PLN 1,506 thousand (EUR 361 thousand).

This omission is corrected as a decrease of trade receivables in amount of EUR 361 thousand in the consolidated financial statements 2008.

The comparison of the originally presented trade receivables in 2008 and the corrected balances are in shown in the Note 16 Trade and other receivables.

- c) In calculation of impairment charge for the real estate in Hungary – Szeged, an misunderstanding of the valuation report in amount of HUF 157,000 thousand (EUR 593 thousand) occurred and

the impairment charge was originally created in lower amount that should had been.

This misunderstanding is corrected as decrease of asset held for sale in amount of EUR 593 thousand in the consolidated financial statements 2008.

The comparison of the originally presented assets held for sale in 2008 and the corrected balances are in shown in the Note 30 Discontinuing operations and assets held for sale

- d) In accounting of AAA Auto Group N.V. there was by omission not reversed the FX difference in amount of EUR 1,291 thousand. Due to this omission the other financial assets were overstated by this amount.

The omission is created as a decrease of other financial assets in amount of EUR 1,291 thousand.

Company Financial Statements of the Parent Company AAA Auto Group N.V. & Notes to the Company Financial Statements

BALANCE SHEET As at 31 December 2009 and 2008 (EUR '000)

ASSETS	Notes	31/12/09	31/12/08
Non-current assets			
Subsidiaries	3	22,595	20,640
Loans to affiliated companies	5	21,750	24,139
Total non-current assets		44,345	44,779
Current assets			
Loans/advances to affiliated companies	6	726	2,924
Interest from affiliated companies		201	46
Debtors	7	17	111
Other current assets		118	94
Cash and bank		1,434	364
Total current assets		2,496	3,539
TOTAL ASSETS		46,841	48,318
EQUITY AND LIABILITIES			
Equity			
Share capital		6,776	6,776
Share premium		31,409	31,409
F/X differences on subsidiaries reserve		4,186	4,475
General reserve		(28,940)	(1,809)
Legal Reserve		428	302
Profit/(loss) for the year		(4,535)	(27,131)
Total equity		9,324	14,022
Provision			
Subsidiaries		2,234	3,668
Total provision		2,234	3,668
Non-current liabilities			
Loans from affiliated companies	8	13,010	13,935
Total non-current liabilities		13,010	13,935
Current liabilities			
Advances from affiliated companies		17,890	13,073
Interest to affiliated companies due	9	2,893	2,306
Creditors		1,711	248
Accruals and deferrals		(221)	1,066
Total current liabilities		22,273	16,693
TOTAL EQUITY AND LIABILITIES		46,841	48,318

INCOME STATEMENT
For the Years Ended 31 December 2009 and 2008 (EUR '000)

	Notes	12 months ended 31 December 2009	12 months ended 31 December 2008
Operational income			
Management fees			561
Other Income		1,897	
Income		1,897	561
General and administration expenses			
Directors fees		(62)	(1,156)
Management and accounting		(16)	(114)
Legal, tax and accounting	12	(154)	(380)
Other expenses	12	(121)	(1,151)
Financial income and expenses			
Interest income	10	520	1,163
Interest expense	11	(614)	(1,259)
Bank interest expense		(5)	(10)
Currency exchange gain/(losses)		241	(239)
		(211)	(3,146)
Result from participations		(6,221)	(24,546)
Profit/(loss) before tax		(4,535)	(27,131)
Corporate income tax			
Profit/(loss) for the year		(4,535)	(27,131)

Corrections of the Income Statement for the Year 2008

Reclassification of the amount EUR 1,340 thousand between Currency exchange gains/(losses) and Result from participations.

Corrected lines:

Currency exchange gains/(losses) EUR (239) thousand from EUR 1,101 thousand.
 Result from participations EUR (24,546) thousand from EUR (25,886) thousand.

GENERAL COMMENTS

The Company was incorporated on 12 December 2003. The objects of the Company are to manage hold and finance other entities. The legal status of the Company has been changed to N.V. „Naamloze Vennootschap“ as at 31 December 2007.

The Company changed its name from Automobile Group B.V. into AAA Auto Group N.V. in 2007.

ACCOUNTING PRINCIPLES

These company-only accounts have been composed in accordance with Title 9, book 2 of the Netherlands Civil Code (Dutch GAAP).

In accordance with article 2:362.8 of the Dutch Civil Code, these company- only accounts have been prepared using the principles of valuation as in the consolidated financial statements.

The accounting principles applied remain unchanged from the previous year. Assets and liabilities

are stated at their face value, except when indicated otherwise. Subsidiaries and other participations are stated in accordance with the equity method of valuation. The provision for subsidiaries is for subsidiaries with a negative net asset value, for as far as the company has a legal or constructive liability to indemnify the debts of the regarding subsidiaries. Balance Sheet items in foreign currency have been translated at year-end exchange rates (except when indicated otherwise). Profit & Loss items in foreign currency have been translated at the rate of the transaction day. Differences arising on the translation of investments in subsidiaries are taken to equity. All other differences arising on the translation are taken to the P&L account.

Note 1 – SUBSIDIARIES

AAA Auto Group N.V.

100%	AAA AUTO a.s. (Czech Republic)
100%	GENERAL AUTOMOBILCZECH s.r.o. (Czech Republic)
100%	GENERAL AUTOMOBIL Kft. (Hungary)
95%	GENERAL AUTOMOBIL S.R.L. (Romania)
100%	KAPITAL AUTOMOTIVE a.s. (Czech Republic)
100%	AUTOCENTRUM AAA AUTO a.s. (Slovakia)
100%	Autocentrum AAA AUTO Kft. (Hungary)
100%	AAA AUTO Sp. z o.o. (Poland)
100%	AAA AUTO EOOD. (Bulgaria)
100%	AAA AUTO a.d. Beograd (Serbia)
100%	AAA AUTO LLC. (Ukraine)
99%	AAA AUTO LLC. (Russia)

In 2009, the Company has sold its share in following companies:

Express action s.r.o. in August 2009, General Automobile a.s. in June 2009, AAAAuto S.A. in June 2009 and General Automobil Poland Sp.z.o.o. in June 2009.

Note 2 – CAPITAL AND RESERVES

The authorized capital amounts to EUR 25,000,000 divided into 250,000,000 shares with a par value of EUR 0.1 per share of which 67,757,875 shares were issued and fully paid-up. All shares have the same right, preferences and restriction attached to them.

The Company was incorporated as private company with limited liability and was converted into a public company with limited liability at the end of 2007 when 50 million shares were issued.

The increase of capital of EUR 4,982 thousand from EUR 18 thousand to EUR 5 million in 2007 was paid by contribution in kind by the settlement of a loan from Automotive Industries S.à.r.l. to the Company, the only shareholder that time.

On 26 September 2007 the Company entered the Prague (PSE) and Budapest (BSE) stock exchange. 17,757,875 new shares were issued and the Company generated by this subscription EUR 35.5 million. After the deduction of all costs connected with IPO, the net income amounted to EUR 33.2 million. As a result, 26.2% of shares are owned by new investors.

All the shares have the same class and rights.

The reserve F/X differences on subsidiaries arise on translation of financial statements from local currency of the subsidiaries of the Group in to the presentation currency.

The consolidated and company-only equity and profit/(loss) differ. This is due to subsidiaries with a negative net asset value that are included in the consolidation for the consolidated financial statements and for which no provision has to be recognised in the company-only financial statements.

Movements in Capital During the Year 2009

(EUR '000)	Share capital	Share premium	F/X differences on subsidiaries reserve	General reserve	Legal reserve	Undistributed profit
Opening balance	6,776	31,409	4,475	(1,809)	302	(27,131)
Exchange differences arising on translation of foreign operations			(289)			
Result from previous years to general reserve				(27,131)		27,131
Result for the period						(4,535)
Share option plan adoption					126	
Closing balance	6,776	31,409	4,186	(28,940)	428	(4,535)

Note 3 – SUBSIDIARIES AT NET ASSET VALUE

Investments at Net Asset Value (EUR '000)	31/12/09	31/12/08
Starting Balance	20,640	17,150
New investments	5	-
Capital contributions	(1,675)	7,382
Result from participations	(3,593)	(24,546)
Dividends received	1,155	-
Foreign exchange differences	289	2,658
Sale of subsidiary	(2,628)	-
Decrease of loans against affiliated companies	9,836	15,952
Transfer to Provision subsidiaries	(1,434)	2,044
Net Asset value Investments	22,595	20,640

Note 4 – ACTIVITIES OF SUBSIDIARIES

Active subsidiaries	No activity subsidiaries	Discontinued subsidiaries
AAA AUTO a.s. (CZ)	AAA Auto EOOD Bulgaria	AAA Auto Sp.z.o.o PL
Kapital Automotive a.s. (CZ)	AAA Auto AD Serbia	Autocentrum AAA Auto Kft Hungary
Autocentrum AAA Auto a.s. (SK)	AAA Auto LLC Ukraine	General Automobil Kft Hungary
General Automobil Czech s.r.o. (CZ)	AAA Auto LLC Russia	
	General Automobil SRL Romania	

Note 5 – LOANS TO AFFILIATED COMPANIES

			31/12/2009	31/12/2008
			(EUR '000)	(EUR '000)
Loan AAA AUTO a.s.	CZK	365,000	13,791	13,553
Loan AAA Autocentrum a.s.	SKK	185,000	0	1,660
Loan AAA Autocentrum a.s.	€		996	0
Loan Autocentrum AAA Auto Sp.z.o.o.	PLN	23,000	3,038	5,530
Loan Media Action s.r.o.	CZK		0	633
Loan Carway Holding BV	€		53	349
Loan AAA AUTO a.s.	€		3,665	2,414
Loan General Automobile Czech s.r.o.	CZK	5,504	207	
Total			21,750	24,139

Note 6 – CURRENT LOANS AND ADVANCES FROM AND TO AFFILIATED COMPANIES

			31/12/2009	31/12/2008
			(EUR '000)	(EUR '000)
C/A Automotive Industries S.à.r.l.	CZK	4,208	159	156
C/A Automotive Industries S.à.r.l.			112	111
C/A Autocentrum AAA Auto a.s.	SKK	80,000	455	2,657
Total			726	2,924

Note 7 – DEBTORS

		31/12/2009	31/12/2008
		(EUR '000)	(EUR '000)
AAA AUTO a.s.		16	
General Automobil a.s.			128
Autocentrum AAA Auto Sp.z.o.o.			252
AAA AUTO S.A.			181
Others		1	111
Intercompany Debtors provision			(561)
Total		17	111

Note 8 – LOANS FROM AFFILIATED COMPANIES

			31/12/09	31/12/08
			(EUR '000)	(EUR '000)
Credit. Facility Automotive Industries S.à.r.l.	HUF – 4%	748,877	2,765	2,828
Automotive Industries S.à.r.l.	CZK – Euribor +2.0 %	86,724	3,277	5,211
Automotive Industries S.à.r.l.	HUF – 4%	351,563	1,298	1,326
Automotive Industries S.à.r.l.	HUF – 4%	635,472	2,346	2,400
Automotive Industries S.à.r.l.	HUF – 4%	285,962	1,056	1,080
Automotive Industries S.à.r.l.	HUF – 4%	288,610	1,066	1,090
Automotive Industries S.à.r.l.	HUF – 4%	202,353	747	
AAA Auto Sp.z.o.o.	PLN – 4%	4,514	455	
Total			13,010	13,935

The interest rate on loans from Automotive Industries S.a.r.l. carried in 2009 at a fixed interest 4% (2008 at a variable interest for Euribor + 2.25%-2.35%, Pribor + 2.5% or Bribor + 2 %. The repayment dates of the loans arise between 31 December 2010 and 22 December 2012.

Note 9 – INTEREST AFFILIATED COMPANIES DUE

	31/12/2009 (EUR '000)	31/12/2008 (EUR '000)
Loan Automotive Industries S.à.r.l.	1,447	1,259
Loan Automotive Industries S.à.r.l.	309	170
Loan Automotive Industries S.à.r.l.	30	
Loan Automotive Industries S.à.r.l.	186	148
Loan Automotive Ind. 2.4 m	339	254
Loan Automotive Ind. Cred. Fac.	90	49
C/a Automotive Industries S.à.r.l.	492	395
Loan to AAAAUTO a.s.	0	31
Total	2,893	2,306

Note 10 – INTEREST INCOME

	2009 (EUR '000)	2008 (EUR '000)
Loan Autocentrum AAA AUTO a.s.	0	336
Loan Ascord Sp.z.o.o. PL	0	3
Loan Autocentrum AAA Auto Sp.z.o.o.	356	544
Loan AAA Auto Sp.z.o.o.	162	165
Loan Carway Holding BV	2	25
Loan AAA AUTO a.s.	0	10
Loan AAAAUTO S.A.	0	80
Total	520	1,163

Note 11 – INTEREST EXPENSES

	2009 (EUR '000)	2008 (EUR '000)
Loan Automotive Industries S.à.r.l.	165	591
Loan Automotive Industries S.à.r.l.	107	204
Loan Automotive Industries S.à.r.l.	181	131
Loan Automotive Ind. 2.4 m	91	172
Credit facility Automotive Ind.	41	78
Interest Loan AAA AUTO a.s.	0	83
Loan Autocentrum AAA Auto Kft	29	0
Total	614	1,259

Note 12 – GENERAL AND ADMINISTRATIVE EXPENSE

	2009 (EUR '000)	2008 (EUR '000)
Professional advice and audit	53	325
Stock Exchange expense	25	29
Contributions and other fees	1	1
Advertisement/communication expenses	0	9
Travel	15	
Rental and administration	6	16
AFM Financial supervision exp.	21	1
Other expenses		
- project expenses (Russia)	0	209
- expenses redistributed to subsidiaries	0	561
Total	121	1,151

The audit fees from BDO Audit & Assurance B.V. amounts to EUR 65 thousand (2008: EUR 130 thousand). No other services were charged to the Company by the auditors.

The Income Statement item “Legal, tax and accounting” comprises of expenses for tax/accounting advisory in the year 2009 (EUR 29 thousand), investors and corporate communications (EUR 39 thousand) and legal/lawyers advisory services (EUR 16 thousand). The remaining amount represents other administration services and advisory (EUR 70 thousand).

Note 13 – FURTHER INFORMATION

(a) At year-end the majority shareholder of the Company was:

(Name)	(Address)	(% held)
Automotive Industries S.à.r.l.	Ave J.F.Kennedy 46a Luxembourg	73.8 %.

(b) Dividends paid:

No dividends were paid during the year.

(c) Directors remuneration:

Eur ,000	Salary over the financial year		Salary to be payable in the future		Allowances at resignation		Profitshare payments and bonuses	
	2009	2008	2009	2008	2009	2008	2009	2008
Vratislav Kulhánek	90	132	nil	nil	10	10	nil	nil
Vratislav Válek	25	17	nil	nil	4	4	nil	nil
Anthony James Denny	nil	nil	nil	nil	nil	nil	nil	nil

Total salary expense for board members including social insurance in 2009 was EUR 126 thousand (2008: EUR 349 thousand which did include salaries and social insurance for all board members)

(d) Share options:

Number of Share Options	Granted during the year	Lapsed during the year	Exercised during the year	Outstanding as at 31/12/09	Exercise price	Exercise period
	2009	2009	2009			
	No.	No.	No.	No.		
Vratislav Kulhánek	nil	nil	nil	50,000	0.5 Euro	30/4/2013 to 19/10/2019
Vratislav Válek	nil	nil	nil	20,000	0.5 Euro	30/4/2013 to 19/10/2019
Antonius Mattheus Kemp	nil	20,000	nil	nil		
Anthony James Denny	nil	nil	nil	nil		

Performance criteria – the Company must achieve consolidated net profit (after tax) in years 2010, 2011 and 2012.

No salaries were accrued or due for any other directors.

(e) In 2009 there was no other personnel on the payroll (2008: none).

The AAA Auto Group N.V. Management Board:

29 April 2010

Vratislav Kulhánek
Chairman of the Management Board

Anthony James Denny
Executive Member of the Management Board

Vratislav Válek
Non-Executive Member of the Management Board

Other Information

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements 2009 of AAA Auto Group N.V., Amsterdam. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2009, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at 31 December 2009, the company profit and loss account for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the annual report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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, the auditor considers 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, 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 audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of AAA Auto Group N.V. as at 31 December 2009, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of AAA Auto Group N.V. as at 31 December 2009, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the annual report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, 29 April 2010

BDO Audit & Assurance B.V.
on its behalf,



J.A. de Rooij RA

MANAGEMENT STATEMENT

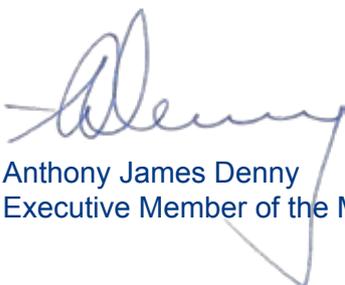
The Members of the Management Board of AAA Auto Group N.V. declare that to the best of their knowledge:

- the financial statements give a true and fair view of the assets, liabilities, financial position, and profit and loss of the Company and its consolidated entities;
- the management's report gives a true and fair view of the Company and its related entities as at the balance sheet date and the state of affairs during the financial year to which the report relates; and
- the annual report describes the material risks facing the Company.

Management Board of AAA Auto Group N.V.:



Vratislav Kulhánek
Chairman of the Management Board



Anthony James Denny
Executive Member of the Management Board



Vratislav Válek
Non-Executive Member of the Management Board