



# Half Year 2010 Report

**AAA Auto Group N.V.**

**26 August 2010**

**AAA AUTO**

<b>Selected Financial Indicators</b> ( <i>EUR million</i> )	<b>1H 2010</b>	<b>1H 2009</b>
Total revenues *	91.6	86.0
of which revenues from sale of cars *	77.3	75.0
Operating profit (EBITDA) *	6.5	3.6
Profit / (loss) from continuing operations *	3.6	1.1
Profit / (loss) from discontinued operations	(1.3)	(0.4)
Profit / (loss) for the period	2.3	0.7
Number of cars sold (units) *	18,840	19,502

*\* for continuing operations*

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# Half-Yearly Directors' Report

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## 1. General Identification Information

**Company Name:** AAA Auto 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.

**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 24.27% shares are free floated shares on the Prague and Budapest Stock Exchanges; of these shares, 1.94% was as at 30 June 2010 held by Anthony James Denny, CEO of AAA Auto Group N.V. The ultimate owner of the shares of Automotive Industries S.à.r.l. is 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

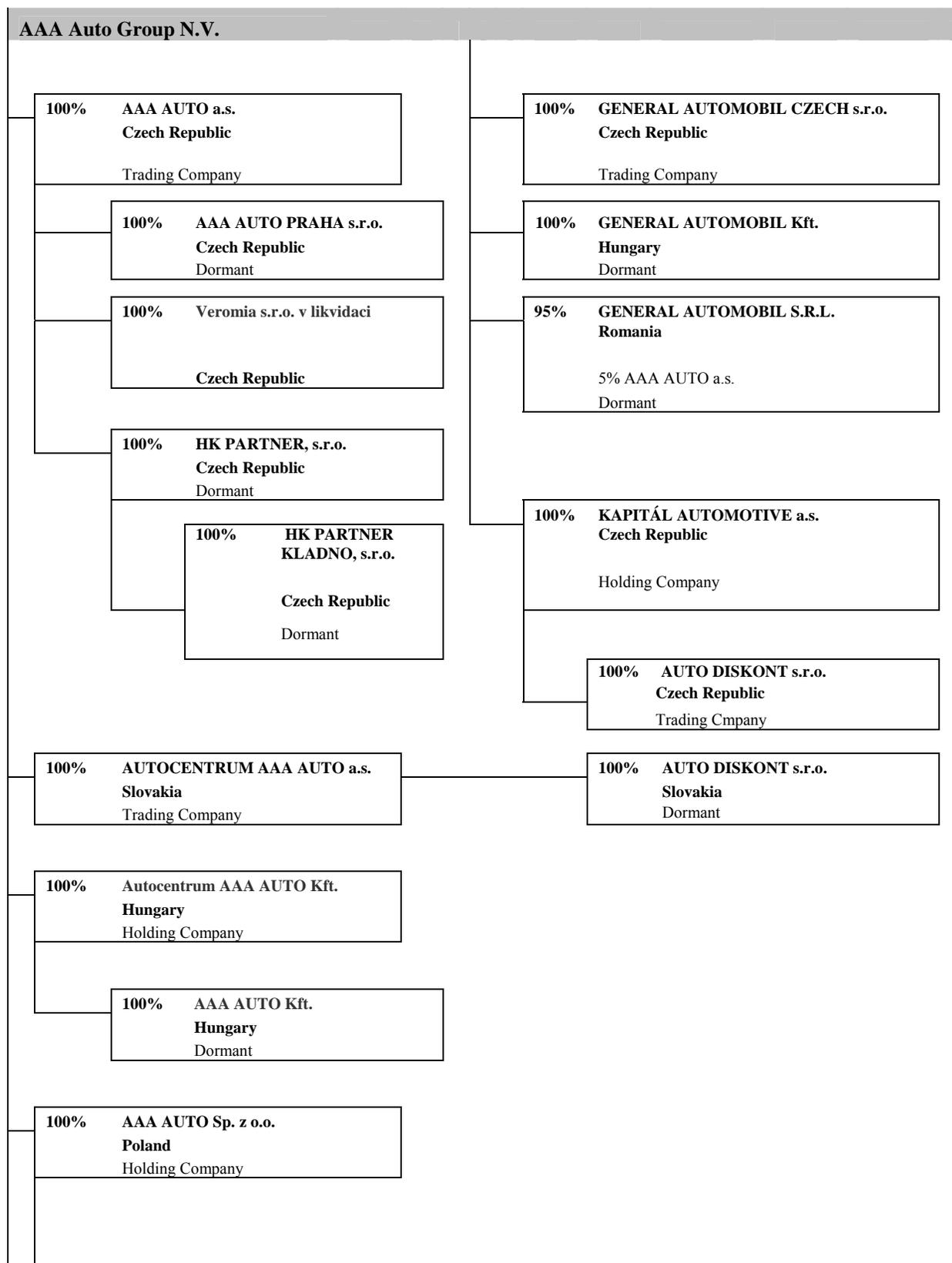
**Company ID. No.:** 26699648, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Portfolio 8578

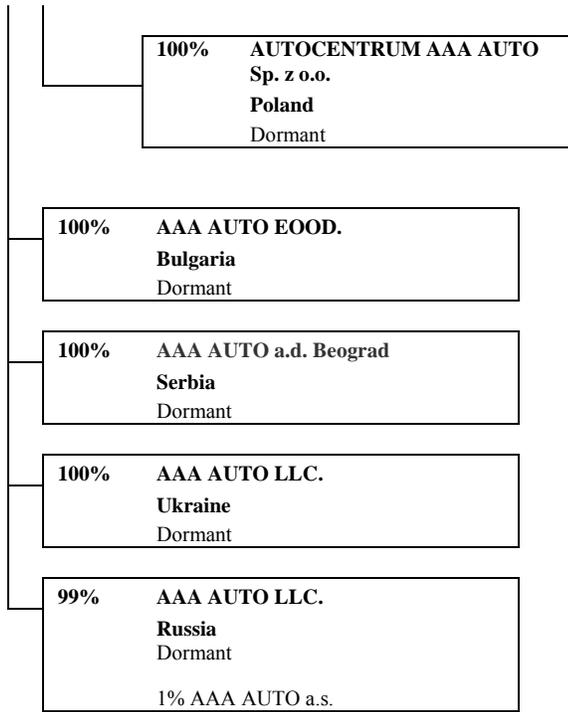
**Legal Form:** a joint-stock company

**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

## 2. AAA AUTO Group Structure as of 30<sup>th</sup> June 2010





### **3. Report on Business Activities of AAA AUTO Group in the First Half 2010**

The operating and financial results of AAA AUTO Group for the first six months of 2010 show a slowly strengthening sales performance, increasing profit margin from sales and the Company's continued strict control of operating efficiency amid persistent economic sluggishness and tough market conditions. Overall the results confirm the Company's return to profitability and show improving operating performance.

“Our restructuring program proved that it yields lasting results. The Company returned to black numbers in the second quarter last year and stayed in profit since then. This year we intend to follow the same strategy that is to focus on our core markets, the Czech Republic and Slovakia, where we have the strongest market position, maintain only very liquid car stock, keep all our cost items under tight control and pay ever increasing attention to enhancing our gross profit from sales through a high profit margin per car sold and our competitive advantage in the credit financing market. After some very stringent restructuring the group is now consolidated and has a stronger financial standing. We don't plan to close down any other branches but at the same time we will be very cautious about opening new ones, carefully watching the market demand. This year we aim to stay in profit and maintain the unit sales volume at the same or moderately lower level compared to last year,” comments Anthony James Denny, Chief Executive Officer of AAA AUTO Group, on the results.

#### **3.1. Main Factors that Influenced the Group's Performance**

Among the main factors influencing performance of AAA AUTO Group in the first six months of 2010 were:

- the Company's strategy to focus on its main markets, the Czech Republic and Slovakia, during the economic downturn and its continuing emphasis on the sale of complementary products and services
- the restructuring program that the Company launched in early 2008
- the seasonal revival of sales that occurred during the spring months

#### **A focus on core markets and complementary products and services**

The Company's decision to focus on its principle (and most profitable) markets, the Czech Republic and Slovakia, during the economic downturn and to withdraw from its foreign markets facilitated the consolidation of the group's financial position – firstly, this step alleviated the group's financial results from the losses generated by these foreign operations; secondly, it lowered the debt on its consolidated balance sheet and the cost of the debt service; and finally, improved its cash flow position. Focusing on its main markets also enabled the Company to leverage its strong position and competitive foothold on these markets and to benefit from its sound long-term relationship with its financial partners in the retail credit financing area.

The strategic focus on up-sale products (such as car accessories or roadside assistance) and financial services (the intermediation of credit financing, leasing and insurance) which yield higher profit margins has been another crucial part in the Company's successful business model. Not only that it has enabled the Company to offer a full portfolio of complementary products and services that normally come with the sale of new cars and made the Company's offer highly competitive on the retail used car market, but it has also helped the Company to increase and maintain a high gross profit margin even during the economic recession (the gross profit margin grew from 23.1% in 1H 2009 to 25.7% in 1H 2010 reaching its so far highest level of 25.9% in Q2 2010).

### **The restructuring and cost-cutting program launched in early 2008**

The cost cutting program introduced by the Company at the beginning of 2008 brought substantial cost savings for the group. The overall restructuring program also led to profound change in the car stock mix focusing only on the 15 best selling car models, the closing down of branches which didn't meet their profit targets, divestment of the group's redundant property (most of the property sales have been halted due to the current situation on the property markets), consolidation of the Company's human resources (consisting of headcount reduction, the merging of work positions and multi-skilling) and finally, it led to the optimisation of the Company's organization structure (latest change is planned to be implemented in Q3 2010) and its processes across the group. This extensive program resulted in a leaner, more streamlined and more flexible Company capable of reacting more swiftly to rapidly changing and ever challenging market conditions.

The first main positive impact of the restructuring and cost-cutting program on the Company's overall financial performance was fully visible at the beginning of last year when the Company broke even on a quarterly basis in the Q2 2009. We can say that the main part of the consolidation of the group was finished in 2009 which enabled the Company to finish the year with an overall net profit.

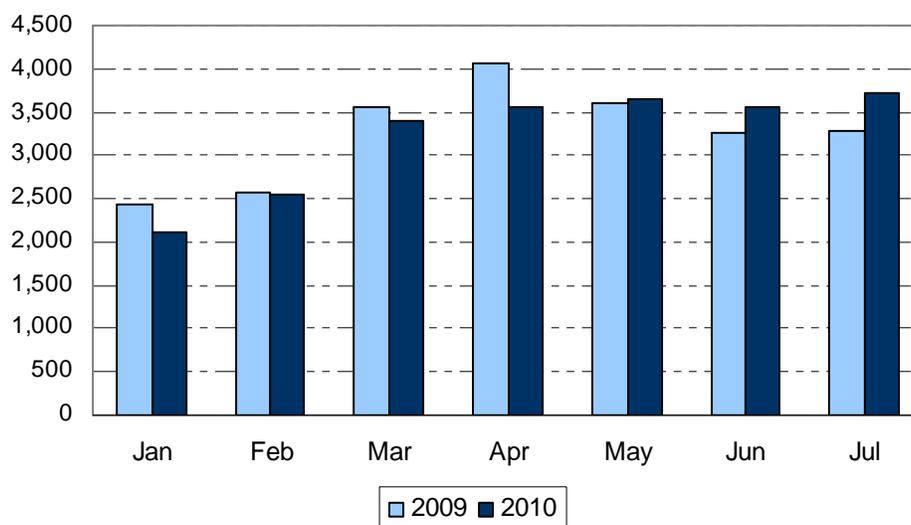
The two factors described above have had a profoundly positive effect on the Company performance over the past year returning the group back to profit and as such it decisively influenced also the Company's financial results in the first half of 2010.

In the first quarter of 2010 which is typically a low season for car sales the Company continued its strict cost control program keeping the Q1 operating expenses flat at EUR 7.7 million compared to the same period last year (-0.8% yoy). In the second quarter the Company raised its operating expenses, for the first time since the program's launch two years ago, in order to support its sales performance during the traditionally high season of the second and potentially also third quarter of the year. This controlled increase in operating expenses supported a growth in car stock, new personnel recruitment and a marketing campaign the Company carried out throughout the spring months. As the controlled increase in the Q2 operating expenses of 8.7% was below the increase in the Q2 total revenues of 10.8%, the resulting operating profitability was further strengthened reaching its highest EBITDA margin ever (7.9% of total revenues in Q2 2010).

The seasonal revival of sales in the spring months

The seasonal upturn of sales volumes during the spring months has been the main influence on the group's operating performance this year. Overall the 1H 2010 unit sales finished moderately below the level of the same period of last year (the group sold 18,840 cars in the 1H 2010 which is 3.4%<sup>1</sup> less than in 1H 2009) however, during the Q2 2010 sales showed a marked improvement and since May to date (July 2010) have been exceeding last year's levels. The key trends that were visible on the market and that reflected themselves in the Company's sales results are described in the section below.

### Monthly Sales 2009 vs. 2010



Source: Company data

The overall impact on the financial position of the Company

As a result of the above mentioned strategy and restructuring program adopted by the Company and the seasonal upturn in sales the Company's financial results for the first half of 2010 showed improving operating performance and confirmed the Company's return to profitability. However, given the persistent economic situation and no tangible signs of swift recovery the Company remains conservative in its expectations for the rest of the year.

### 3.2. Human Resources, IT and the Call Centre

In line with changing consumer behaviour and market demand AAA AUTO Group restructured over the past two years also its HR and streamlined its IT and Call Centre which the Company perceives as one of its principal competitive advantages. The toll-free customer service line 800 110 880 (ČR) and 0800 100 100 (Slovakia) and the internet gateway in national variations with effective, intuitive

<sup>1</sup> Compared to sales for continuing operations only

searching of automobiles has been playing an increasing role in the total number of realized transactions of AAA AUTO Group.

## **Human Resources**

The first half of this year has brought many positive changes and results to the human resources field. The revival of sales and new vision of the Company has reflected primarily on the work of the recruiting department, which focused on the search for high quality employees and managers, both Czech as well as foreign. For this reason, the process of searching and selecting candidates has been changed, especially the identification of additional resources and tools.

As at 30<sup>th</sup> June 2010, the Company had 1360<sup>2</sup> employees, which indicates an increase of 17% over the past year (the number of employees amounted to 1165<sup>3</sup> as at the end of June 2009), with the continuous implementation of efficient human resource planning and personnel expenses control. For key employees the retention strategy has been maintained, in the process of setting employee benefits there have been introduced employee discounts for car purchases, preferential mobile phones tariffs and discounts for cultural, sporting and leisure events.

Furthermore, an increased attention has been paid to care for new employees in the adaptation and learning period, particularly by focusing on the fine tuning of training programs and subsequent adaptation of the employee to his new workplace. With the influx of new Czech and foreign managers, the demands on the adaptation and training process have increased. At the Prague headquarters 2, 3 and 4-week programs take place where personal trainers and specialists review the progress in knowledge and skills acquired. This is followed by monitoring of new employee's training in their given workplaces and branches, primarily in the sales department, and last but not least the feedbacks of both new employees as well as managers are being monitored in order to motivate employees. Corporate training is focused on different products according to customer demand.

In the area of team building the Company continued to carry out those events that proven to be the most efficient in promoting team spirit and healthy competition, these included various social and sport events and competitions such as the Premier League competition, awarding the best seller of the month.

## **IT**

During the first half of 2010 the AAA AUTO Group made, in the terms of ICT, a crucial decision to change its primary mobile services provider. The current provider was not able to offer services and prices in competitive rates to other operators who participated in a tender organised by the Company. As a result of this decision, AAA AUTO Group signed a contract on mobile solutions with T-Mobile CZ. The preparation of mobile services migration / porting to a new operator in accordance with the Company's requirement, that was to change the mobile operator without an impact on the business and

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<sup>2</sup> The number of employees for 1H 2010 includes 154 employees on maternity leave

<sup>3</sup> The number of employees for 1H 2009 includes 162 employees on maternity leave (note that in the Half-Year 2009 Report the number of employees of 1003 did not include employees on maternity leave)

its processes, was a key challenge in the first quarter of 2010. This fundamental change in the whole Company has been realized in May 2010 and it can be concluded that, despite some initial problems, successfully.

After the basic optimization and ongoing consolidation in 2008-2009, the primary targets for 2010 were defined, seamlessly following up on the results of incremental steps from the previous period. Among the key objectives were the stabilization and optimization of processes running on Navision ERP that was finalized by an update and upgrade at the end of 2010, and the transfer of the whole system to a new and more powerful HW, addressing a problem of data archiving, back-up and preparation for an update of the main communication platform CISCO at the level of call manager as well as in the agitator module IPCC.

### **Call Centre**

In the first half of 2010 the Call Centre answered over 136,000 phone calls, which implies an increase of 4% compared to the same period of last year.

This increase was driven primarily by the seasonal revival of the market that responded positively to the historically lowest prices of used cars as a result of the economic crises. The Call Centre recorded year-on-year increase in the number of calls even though the year 2009 was marked by, above all, with the introduction of corporate "scrapping allowance", which was characterized by a record increase in calls.

Also the first months of 2010 followed the trend of strengthening e-mail communication. Thanks to the AAA AUTO Group's well elaborated website, which was awarded in the best corporate websites competition Web site 100, the customer is seamlessly directed through a very user-friendly environment to the call centre as to a direct mediator in a purchase or sale of a car. Given the growing role of e-mail communication, a team exclusively dedicated to deal with customers via this method of communication has been established within the Call Centre.

The attractive website of AAA AUTO Group has helped to maintain the share of the Call Centre in the Company sales, which is, given the economic crisis and the major restructuring the department undergone in 2009, very positive news.

## 4. Sales Results

### 4.1. Overview of Automotive Market Development

According to the data from the Automotive Industry Association (SAP), a year-on-year increase was registered in all categories of road vehicles in the Czech Republic in June 2010, for the first time after more than 20 months. Overall the number of registrations of new passenger cars in the first six months of 2010 compared to the same period of 2009 increased by 12.4%, and in terms of the ownership type there were approximately 56% company and 42% private registrations.

The most followed category of personal cars (M1) and light utility vehicles (N1) declined by 10.5% yoy in terms of imports of used vehicles (compared to the first half of 2008, the decline amounted to 46.6%). However, when including also the sale of new cars, the overall decline was only 3% yoy. In nominal terms, the total number of imported used cars and sold new cars registered in the Czech Republic has declined to 162,523 cars in the 1H 2010 from 167,610 cars for the same period last year.

In the Slovak Republic the first half of the year had a more negative trend. In terms of total number of registration in the category of passenger cars (M1) and light utility vehicles (N1), each month of 2010 ended up at a lower level compared to the same period last year. This decline was to a great extent a result of the termination of ‘the scrap allowance’ which played a significant role in the overall revival in the automobile market in Slovakia last year. According to the data from the Združenia automobiloveho priemyslu (ZAP), in Slovakia the total number of registrations in the category of M1 and N1 for the first half of 2010 fell year-on-year by over a quarter to 63,508 cars.

Even though the imports of used cars same as the sale of new cars compete to a great extent with sales of used cars by AAA AUTO Group, trends on these two markets usually indicate and at the same time influence the situation and demand on the retail used car market where AAA AUTO Group operates.

### 4.2. Sales Results

Despite the fact that the number of cars sold in the first half of 2010 by AAA AUTO Group was slightly below the amount for the same period last year (-3.4%), the sales development especially in the second quarter recorded a positive seasonal revival, which significantly influenced the operational performance of the group.

#### Number of Cars Sold by AAA AUTO Group

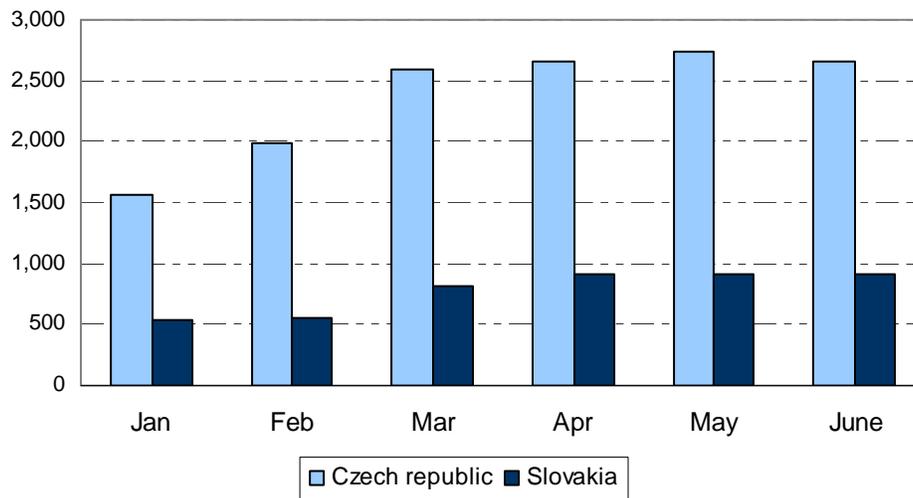
	1H 2010	1H 2009	Year-on-year
Czech Republic	14,193	14,619 *	(2.9%)
Slovakia	4,647	4,883	(4.8%)
<b>Group total</b>	<b>18,840</b>	<b>19,502 *</b>	<b>(3.4%)</b>

*\* for continuing operations only*

*Source: Company data*

The number of cars sold by the continuing operations of AAA AUTO Group in the first six months of 2010 was lower by 3.4% compared to the same period last year. However, in the second quarter of 2010 the total group sales increased by 34% compared to the first quarter of 2010 to 10,783 vehicles thanks to a seasonal revival. While the increase in the CR amounted to 31% with 8,047 cars, the Slovak sales grew by 43% yoy to 2,736 cars. Overall, the Czech Republic participates in the total sales of the group by 75% and Slovakia by 25 percent.

### Monthly Sales Development in 2010



Source: Company data

The trends that were reflected in the Company's sales results are as follows:

- Sales performance among regions remains unevenly distributed, with Prague and Central Bohemia being the leader of the group followed by Moravia.
- The predominant customer preference remaining for smaller, more economical cars with smaller-capacity engines, paradoxically, the Company has recently registered a relatively significant increase in demand for more luxurious cars. Enormous interest has been registered for Škoda cars, where demand has significantly exceeded supply.
- Banks and leasing companies have been maintaining their cautious stance towards retail credit financing. In spite of this the Company has managed to maintain its level of financial services penetration from last year (the share of cars sold on credit or leasing).
- The overall consumer sentiment on the market remains wary. As a result the Company chooses to keep its cautious sales outlook for this year and expects the same or moderately lower sales volumes compared to last year's volumes and doesn't foresee any noteworthy revival before this time next year.

Another important event in the first half 2010 was the AAA AUTO Group' decision to launch, in cooperation with Cebia, an independent expert company, inspections of the odometer state in all automobiles above CZK 100 thousand sold by AAA AUTO Group. The cooperation with Cebia was launched on 15th January 2010 and it is an important milestone for the Company. The purpose of this measure was to increase the guarantee for its customers because vehicles with rewound odometers represent a serious problem in the used car market in the Czech Republic and Slovakia. At present, the AAA AUTO Group provides also a lifelong guarantee of the legal origin of all vehicles and also that it hasn't been flooded. It also offers Carlife insurance with vehicles above CZK 100 thousand, which covers repairs of hidden defects of selected parts of the vehicle for the period of 12 months.

### **Sales outlook for 2010**

Given the number of cars sold by AAA AUTO Group in the first half of 2010 which was below the level for the same period of last year (-3.4%) despite the positive seasonal upturn in the second quarter of the year, the Company retains its conservative approach to expected volume of sales for 2010.

Even though the group's main communication and sales channels (branch visits, number of unique IP address visiting the company website, phone calls at the Call Centre's free info line) indicate an increasing customer interest, customers however retain cautious consumer behaviour and their purchase decisions and purchasing power will be influenced by the economic development. Retail customers have cut down spending due to the persistent uncertainty – growing unemployment and stagnating real wages; companies have halted their investment due to unutilized production capacity.

The expectations for the economic development are rather careful and prognoses indicate very slow recovery. The group's business planning thus remains conservative and given the clear strategy of the Company that is to attain profit even on lower sales volumes, the management of the Company is ready to react flexibly to any change in the market development.

### **4.3. Financial Services**

Despite the continuing unfavourable trends in the market due to the economic recession, the Company managed to achieve a higher profit margin on lower sales volumes. That was achieved not only by the Company strategy to focus only on the 15 most liquid cars but also thanks to retention of a relatively high level of penetration of financial services and complementary products per car sold. AAA AUTO Group thus managed to increase its gross profit margin from 23.1% in 1H 2009 to 25.7% in 1H 2010, while in the second quarter 2010 the profit margin reached its so far highest level of 25.9 percent.

As for the penetration of financial services, different trends were apparent in individual countries: while the penetration of financial services per car sold by AAA AUTO Group in the Czech Republic remained at the same level of 38% in the first half of 2010, in the Slovak Republic the penetration decreased by 8 percentage points to 43 % reflecting the fact that the Slovak retail market of credit financing was hit notably harder than in the Czech Republic.

## Penetration of credit financing and leasing per car sold by AAA AUTO Group

Country	1H 2010	1H 2009	Year-on-year
Czech Republic	38%	38%	0 pp
Slovakia	43%	51%	(8 pp)
<b>Group total</b>	<b>39%</b>	<b>41%*</b>	<b>(2 pp)</b>

\* for continuing operations only

Source: Company data

### 4.4. Up-Sale Products

In the first half of 2010 revenues from up-sale (complementary) products were maintained at the same level of EUR 2.6 million, compared to the same period last year, despite the lower number of cars sold (-3.4%). The volume of up-sale products per car sold thus further increased. In the second quarter the Company also bundled the sale of cars with selected up-sale products for free or for a significant discount as part of a marketing promotion. As a result, revenues from up-sale products registered a one-off decrease in the third quarter 2010 (-2.3% yoy).

Overall, their share of the total group revenues accounted for 2.8% in 1H 2010 but thanks to their high profit margin their share of the total gross profit from sales accounted for 8.3%.

As up-sale products enhance customer's comfort associated with the purchase and operation of a vehicle their sale represents an important part of the sales activities of AAA AUTO Group. Among the most common products are satellite-based and mechanical car security systems, GARD-X car paint protection with a guarantee, satellite search Car Lock and other accessories or car-cosmetics.

## 5. Financial Results for the First Half of 2010

### 5.1. Selected Financial Indicators

<i>(EUR million)</i>	<b>1H 2010</b>	<b>1H 2009</b>	<b>yoy</b>
Total revenues *	91.6	86.0	6.5%
of which revenues from sale of cars *	77.3	75.0	3.1%
Gross profit on sales *	23.6	19.9	18.6%
<i>Gross profit margin *</i>	25.7%	23.1%	2.6 pp
Operating profit (EBITDA) *	6.5	3.6	82.3%
Profit / (loss) from continuing operations *	3.6	1.1	234.7%
Profit / (loss) from discontinued operations	(1.3)	(0.4)	240.1%
Profit / (loss) for the period	2.3	0.7	231.7%
Number of cars sold (units) *	18,840	19,502	(3.4%)

*\* for continuing operations*

*Source: Company Data*

The financial results are unaudited, consolidated and prepared in accordance with the International Financial Reporting Standards (IFRS).

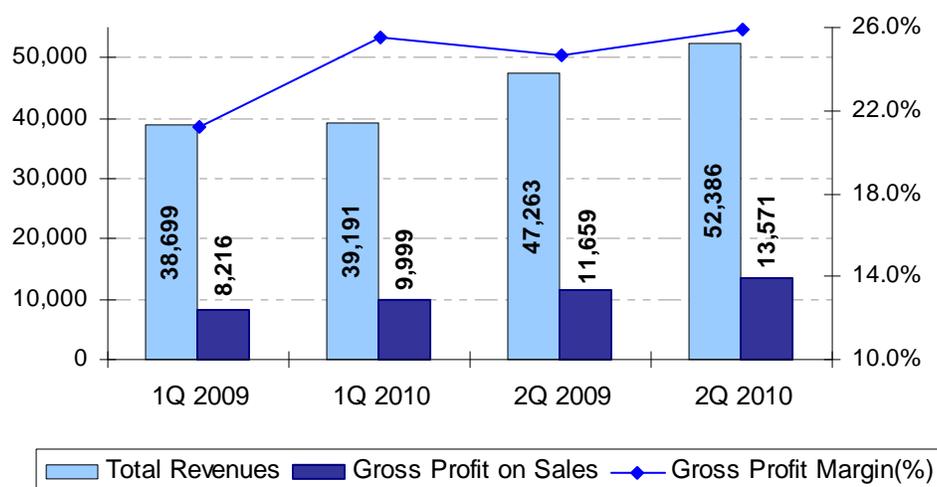
### 5.2. Commentary on Financial Results

The consolidated financial results for the first half of 2010 of AAA AUTO Group show improving operating profitability of the core business based on a strict car stock management and cost control system and a strong focus on gross profit margin maintenance countering the effects of continued economic recession.

Total **revenues** grew in the first half of 2010 by 6.5% compared to the same period last year to EUR 91.6 million while the underlying unit sales weakened by 3.4% yoy to 18,840 cars sold. The improvement in revenues can be attributed to the Company's strategic focus on the sale of financial services and up-sale products where the Company benefits from a strong foothold in the retail credit market despite the banks' heightened austerity approach. Another helping factor that the Company itself contributed towards has been the general consolidation of the competitive landscape in the used car retail sector. In the second quarter 2010, total revenues grew by 10.8% compared to the same period last year.

The **gross profit on sales** grew 18.6% compared to the first half of last year to EUR 23.6 million while the gross profit margin increased by 2.6 percentage points to 25.7% (and 25.9% in the Q2 2010 reaching its historical high). On top of the increase in sales of financial services and up-sale products which yield high profit margins the main underlying driver that has been boosting the Company's gross profit margin over the past two years has been the Company's effective car stock management introduced at the beginning of 2008 with the onset of the economic meltdown.

## Development of Total Revenues and Gross Profit on Sales



Source: Company data

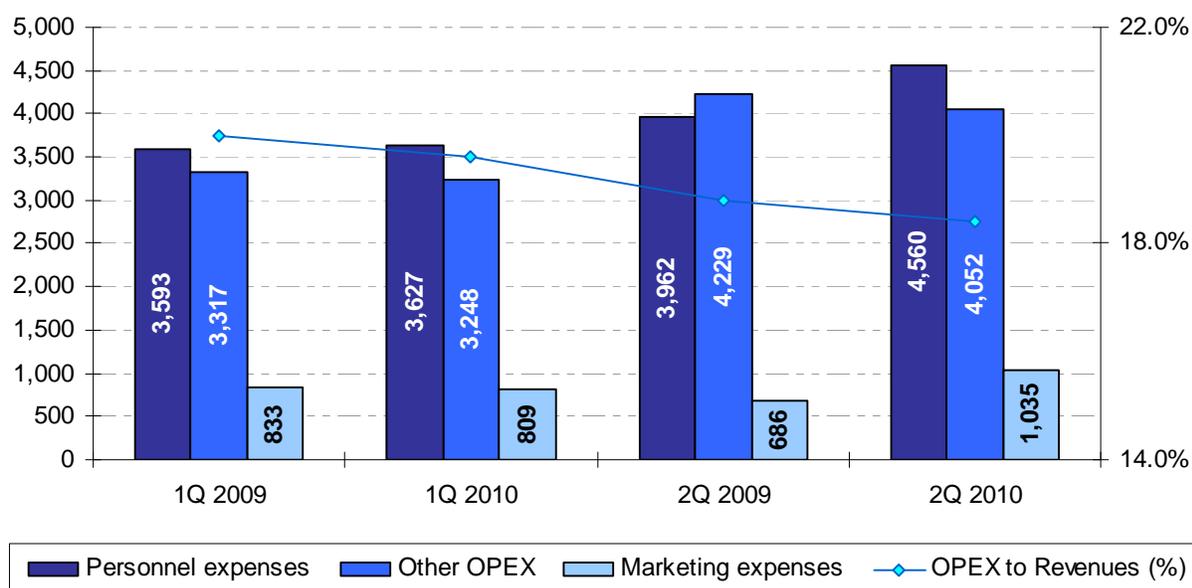
For the first time since AAA AUTO Group launched its restructuring and cost-cutting program in early 2008 the Company raise its **operating expenses** in order to support its sales performance during the traditionally high season of the second quarter of the year. As already mentioned above, this controlled increase in operating expenses in Q2 supported namely a growth in car stock, new personnel recruitment and a marketing campaign the Company carried out throughout the spring months. As the controlled increase in operating expenses of 4.3% was below the increase in total revenues of 6.5%, the resulting operating profitability was further strengthened measured by an increase in **EBITDA** by 82.3% yoy to EUR 6.5 million in 1H 2010.

## Operating Expenses in 2010 vs. 2009

(EUR ths.)	1Q 2010	1Q 2009	yoy	2Q 2010	2Q 2009	yoy	1H 2010	1H 2009	yoy
Personnel expenses	3,627	3,593	0.9%	4,560	3,962	15.1%	8,187	7,555	8.4%
Marketing expenses	809	833	(2.8%)	1,035	686	50.8%	1,844	1,519	21.4%
Other expenses	3,248	3,317	(2.1%)	4,052	4,229	(4.2%)	7,300	7,546	(3.3%)
<b>Total OPEX</b>	<b>7,684</b>	<b>7,743</b>	<b>(0.8%)</b>	<b>9,467</b>	<b>8,877</b>	<b>8.7%</b>	<b>17,330</b>	<b>16,620</b>	<b>4.3%</b>

Source: Company data

## Development of Operating Expenses by Categories



Source: Company data

Since the launch of the restructuring program which resulted in the closure of non-profitable branches and the divestment of redundant real-estate property the depreciation charges have been gradually decreasing. In the second quarter of 2010 the depreciation charges increased for the first time (+15.9% yoy) being inflated by re-evaluation of property the Company intends to sell.

At the financial level the interest expense was cut down by 43.6% yoy to EUR 0.5 million on the back of a lower debt the Company has reduced over the past year as part of the restructuring program (the long term debt was reduced by 22% yoy). As a result the Company's **profit before tax** rose to EUR 5.1 million in 1H 2010 (+ 232% yoy).

**The net income for continuing operations**<sup>4</sup> for the first six months of 2010 amounted to EUR 3.6 million (compared to a net profit of EUR 1.1 million in 1H 2009; + 235% yoy).

**The net loss for discontinued operations**<sup>5</sup> amounted to EUR 1.3 million (compared to a net loss of EUR 0.4 million in 1H 2009; + 240% yoy). The main cost items that quarterly contribute to the loss for discontinued operations are interest expense for debt financing of local property holdings and related maintenance (operating) expenses. In the first half of 2010 the costs were substantially increased by unrealised forex losses. On the other hand, the result for the discontinued operations was improved in

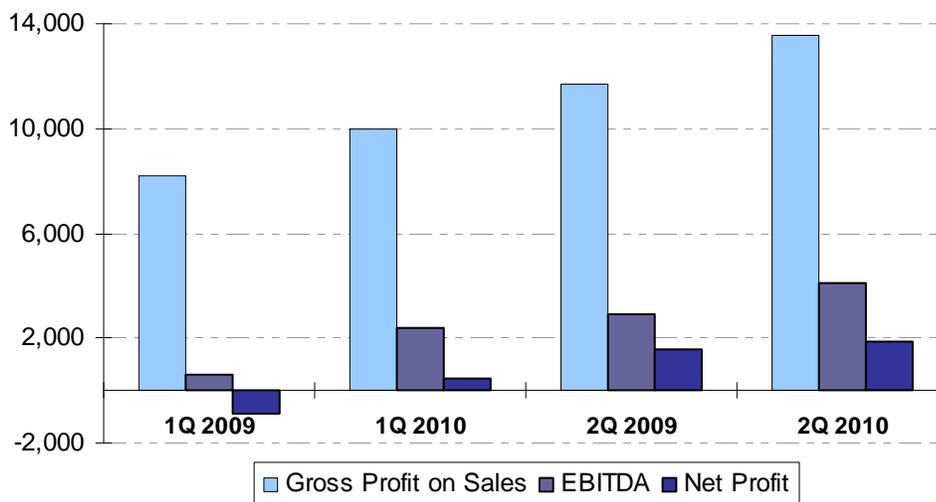
<sup>4</sup> Continuing operations = daughter companies in the Czech and Slovak Republic and the parent company based in Netherlands

<sup>5</sup> Discontinued operations = subsidiaries in Hungary, Poland, Romania, and the new car sales division in the Czech Republic

the first quarter of 2010 by a property sale (in the Czech Republic) with a net profit of EUR 0.2 million (the property's sale price minus book value).

**The consolidated net profit** AAA AUTO Group reported for the first six months of 2010 reached EUR 2.3 million (compared to a net profit of EUR 0.7 million in 1H 2009; + 232% yoy).

### Development of Gross Profit on Sales, EBITDA and Net Profit

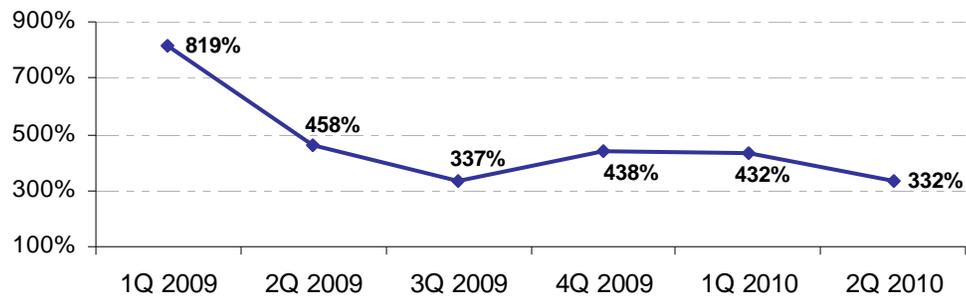


Source: Company data

### Debt and cash position

While the Company lowered its **long term debt** by 22% over the last year to EUR 19.3 million as at the end of June 2010, the increased need for higher working capital financing in the second quarter of 2010 (increase in car stock, HR recruitment, higher opex) meant that on one hand, the Company increased the use of its credit links from its banking partners during the first six months of the year (**short term borrowings** grew 7.3% compared to the end of 2009 to EUR 18.9 million) on the other hand, trade and other payables increased by 22% compared to the end of 2009 and by 40% yoy to EUR 26.0 million.

### Net Debt / Equity Ratio <sup>6</sup>



*Source: Company data*

The Company's **cash position** has been influenced during the first half of 2010 by three main factors: the increasing net profit, the repayment of part of the Company's LT debt and the temporary increase in inventory during the higher sales season.

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<sup>6</sup> Net Debt / Equity = [ (Long and Short Term Borrowings + Finance Lease) – (Cash and Cash Equivalents + Financial Assets) ] / Equity

## **6. Report to Shareholders**

### **6.1. Personnel Changes in the Company's Management**

#### **Management Board**

In the first half of 2010 there were no changes in the Management Board.

As at 30 June 2010 the Management Board of AAA Auto Group N.V. consisted of the following members:

- Anthony James Denny - Executive Member of the Management Board (from 29 December 2006; appointed for an indefinite period of time)
- Vratislav Kulhánek - Non-Executive Member and Chairman of the Management Board (from 1 November 2007; appointed for an indefinite period of time)
- Vratislav Válek - Non-Executive Member of the Management Board (from 25 April 2008; appointed for a tenure of four years)

#### **Company Top Management**

On 1 February 2010 Jiří Trnka was appointed Chief Financial Officer of AAA AUTO Group. Jiří Trnka joined AAA AUTO in 2004 as Internal Audit Manager; since 2007 he had been the Deputy to CEO and in October 2009 he was appointed Acting CFO of the Company.

As at 30 June 2010 the composition of the top management of AAA AUTO Group was as follows:

- Anthony James Denny - Chief Executive Officer
- Jiří Trnka - Chief Financial Officer
- Karolína Topolová - Chief Operations Officer
- Ralph Howie - Executive Director for Car Purchasing Area
- David Keller - Group Sales Director
- Petr Vaněček – Group Buying Director

## 6.2. Information about the Company Shares

The shares of AAA Auto Group N.V. (Company shares) are traded in the Czech Republic on the Prague Stock Exchange (PSE) and on RM-SYSTÉM Czech Stock Exchange and in Hungary on the Budapest Stock Exchange. 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 30 June 2010 held by Automotive Industries S.à.r.l. which is owned by Mr Anthony James Denny, CEO and Executive Member of the Management Board of AAA Auto Group N.V. The remaining 17,757,875 shares (26.21%) are available for trading on the stock exchanges (free float); the ISIN of the shares is NL0006033375.

## 6.3. Shareholders Structure

On 3 April 2009, Anthony James Denny, CEO and Executive Member of the Management Board of AAA Auto Group N.V., announced its intention to acquire around 5% of the Company shares. As at 30 June 2010 Mr Denny held a total of 1.94% of the Company shares. Together with his company Automotive Industries S.à.r.l. his overall holding thus reached 75.74% of the outstanding capital and voting rights of AAA Auto Group N.V. as at 30 June 2010.

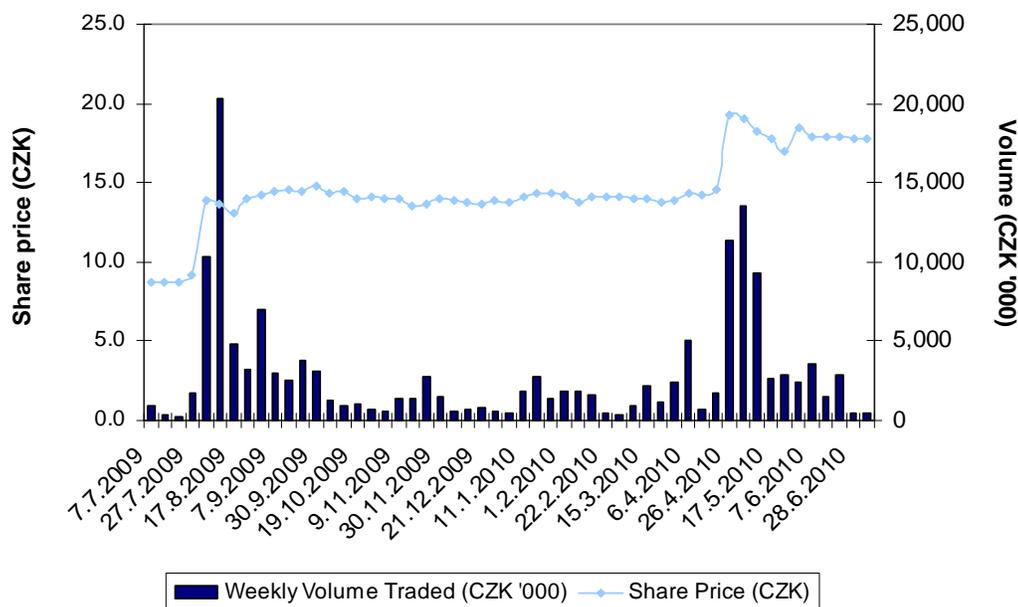
	31 December 2009	30 June 2010
Automotive Industries S.à.r.l.	73.79%	73.79%
Anthony James Denny	0.20%	1.94%
Other investors	26.01%	24.26%

*Source: Company Data*

## 6.4. Development of the Share Price on the Stock Exchange

The share price of AAA Auto Group N.V. over the past year has been reflecting the improved financial results of the group. First main increase in the share price came after the Company announced it fulfilled its goal to return back to profit in the second quarter of 2009. The other noteworthy increase in the share price occurred in the period following the Company's release of its financial results for 2009 which confirmed that the Company remained profitable ending the year 2009 with a net profit for the whole group. Both price hikes occurred on increased volume traded.

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



Source: PSE

### 6.5. General Meeting of Shareholders

In the first half of 2010 one general meeting of shareholders of AAA Auto Group N.V. took place.

The Annual General Meeting was assembled on 15 June 2010 in Amsterdam with the following agenda:

1. Opening and announcements
2. a. Discussion of the 2009 Annual Accounts (including corporate governance)  
b. Adoption of the 2009 Annual Accounts (voting item)
3. a. Discharge of Executive Management Board Members for their duties in the past fiscal year (voting item)  
b. Discharge of Non-Executive Management Board Members for their duties in the past fiscal year (voting item)
4. Designation of authority to the Management Board to buy back shares (voting item)
5. Approval of the share option plan for the Management Board (voting item)
6. Appointment of auditor (voting item)
7. Closing

As the meeting's main point the Annual General Meeting of shareholders discussed the Company's financial results for 2009 and adopted the 2009 Annual Accounts prepared and audited in accordance with IFRS. Same as in the past two years the General Meeting approved the authority for the Management Board to buy back the Company's shares up to ten percent of the outstanding capital on

the stock exchange if needed. The authority for the share buy-back was approved in accordance with Dutch law for the period of 18 months and has thus been extended until 15 December 2011. In the event the Management Board decides about a share buy back the minimal repurchase price would be the nominal value of the shares while the maximum repurchase price would be EUR 4 per share.

In accordance with the resolution of the Company's Share Option Committee dated 19 October 2009 (available on the Company website in the Corporate Governance section: <http://www.aaaauto.nl/>) the following share option plan for the Management Board Members was approved. Each Management Board Member shall be granted up to 50,000 share options with the exercise price EUR 0.5 per share. All share options shall be exercisable on or after 30 April 2013 if following performance conditions are fulfilled: 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 share options cease to be exercisable.

As the result of no resolution being adopted on the final item on the agenda, the Management Board is authorised to appoint the Company's auditor for the financial year 2010 for the purpose of examining the Annual Accounts and the Annual Report for 2010 and issuing an auditor's statement. After the official agenda the Management Board also informed shareholders about the strategic plan for 2010. One of the main items discussed was the potential entry of AAA AUTO Group to a new foreign market or return to one of the Company's previous foreign markets this year which the Company management is currently considering. However, it was stated that no final decision has been made nor contract with a potential local partner has been signed.

Further details about the Annual General Meeting, i.e. the Meeting Minutes, as well as the 2009 Annual Report with the audited 2009 Annual Accounts, are available at the Company website in the Corporate Governance section: <http://www.aaaauto.nl/>.

## 6.6. Related Party Transactions

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

'000 EUR 1HF 2010	Revenues	Expenses	Receivables	Payables	Loan to	Loan from
Automotive Industries S.à.r.l.		396	1,437	2,240		12,120
Capital Investments s.r.o.				26		
Central Investments s.r.o.	5	18	1,255	36		
Credit Investments s.r.o.				3		
CarWay Group s.r.o. (renamed from Global Car Service s.r.o.)	1		4			
CarWay Assistance CZ s.r.o. (Global Car Check s.r.o. CZ)			18	12		
CarWay Assistance SK s.r.o. (Global Car Check s.r.o. SK)	6		151	95		
Global Car Rental s.r.o.	16		19		8	
CarWay Rent SK s.r.o. (Global Car Rental s.r.o. SVK)			38			
Global Direct s.r.o.	10		238			1
Global insurance s.r.o.			15			
Priority Investments s.r.o.				1	1	
CarWay Rent CZ s.r.o. (Yes Car Credit s.r.o.)				26		
Global Auto Assistance S.R.L. (RO)			1			
Direct Automotive Broker (RO)						
Global Assistance Sp.z.o.o. (PL)	1		9			
Global Direct Assistance Kft. (HU)		2	3	94		4
Carway Service CZ s.r.o.			0			
CarWay Holding B.V.			1		90	389
<b>TOTAL</b>	<b>38</b>	<b>416</b>	<b>3,188</b>	<b>2,533</b>	<b>99</b>	<b>12,514</b>

No significant transactions were recognized in the first half of 2010 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 is summarized as follows:

The bank received guarantees from the following related parties: Capital Investments, s.r.o., Central Investment s.r.o. and Priority Investments s.r.o. in order to secure bank loans to the subsidiary. AAA Auto Group N.V. (“Company”) recharged (re-invoiced) 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
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. "v likvidaci"	CarWay Holding B.V.	85%
Global Car Rental s.r.o.	CarWay Holding B.V.	65%
CarWay Rent SK s.r.o. "v likvidaci"	CarWay Holding B.V.	100%
Global Direct s.r.o.	CarWay Holding B.V.	100%
Global insurance s.r.o. "v likvidaci"	Mr. Anthony Denny	85%
Priority Investments s.r.o.	CarWay Holding B.V.	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. "v likvidaci" (HU)	CarWay Holding B.V.	65%
Carway Service CZ s.r.o.	CarWay Holding B.V.	100%
CarWay Holding B.V.	Automotive Industries S.A.R.L.	95%

## Loans to and borrowings from related parties

000' EUR	Loans to related parties		Borrowings from related parties	
	30/06/10	31/12/09	30/6/10	31/12/09
Continuing Operations				
Automotive Industries S.à.r.l.			12,120	12,555
Carway Holding B.V.	90	53	389	
<b>Total</b>	<b>90</b>	<b>53</b>	<b>12,509</b>	<b>12,555</b>

The conditions of loans and borrowings were as follows:

	Amounts repayable	Interest rate
Automotive Industries S.à.r.l.	see note	see note
Carway Holding B.V.	within 1 year	3M Pribor + 2,6%

Note:

<sup>(1)</sup> 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.

## **7. Risk Factors**

### **Risk Management**

The risk management is an integral part of the strategy of the Company, and the Management Board of AAA Auto perceives it as one of the essential parts of an 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 within the AAA AUTO Group allows a further development of the risk management system as an integral tool of internal control. The main principles of the risk management system are approved by the Company's Management Board. Individual risks are monitored, assessed and managed by a risk committee, which consists of executive management of the Company. The risks are together with the principles of the risk management discussed with the audit committee and the non-executive members of the Company Management Board. 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 system provide sufficient guarantee 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 within the financial year 2010, which economic performance is included in this half-yearly report, was properly functional.

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. The next verification of the risk management and of the management and control system will be carried out by the Internal Audit at the end of 2010.

### **Risk Factors**

A number of key risk factors which AAA AUTO Group is exposed to stemming from the merits of the Company's business were presented in the Prospectus which was published in connection with the Company's initial public offering in 2007. The majority of the risk factors are still applicable. The aforementioned document is available on the Company's website ([www.aaaauto.nl](http://www.aaaauto.nl)) in the section "Investors".

In 2010 AAA AUTO Group operated in the Czech Republic and Slovakia and thus was exposed to certain risk factors that can negatively affect its business and, by extension, also its financial results. The risk factors are in particular as follows:

## 1. Market risks

As a priority, the management of AAA AUTO manages the following risks, in particular their worst-case possibilities implications for the revenues and costs of the Company, and - by extension - for its overall financial performances:

- seasonality of the car retail business;
- increase in individual import 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.

## 2. Operational risks

- Managing the risk of losses arising from possible adverse events in the area of human resources, information systems, logistics or from external factors;
- Risks arising from the centralized management of the group;
- Introduction and implementation of Company's strategic initiatives in all car centres.

## 3. Financial risks

### Liquidity risk

- The risk of losses associated with credit risks of financial partners. The goal of the risk management is to secure sufficient working capital 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

- AAA AUTO Group 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 Group actively monitors its open foreign exchange position and primarily, 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, and regulatory and tax environment in the countries of group's operation. An important pre-requisite for risk management is the availability of timely and reliable information to the management of the Company. All of the previously mentioned 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.

## 8. Outlook for 2010

The Company foresees and/or expects the following factors and risks that may occur and/or influence its financial results in the second half of 2010:

- The economic situation affecting the market sales and retail credit financing
- The foreign exchange (forex) gains and losses
- Real-estate property sales
- Return to one of the Company's foreign markets

Despite the positive seasonal upturn in sales in the second quarter of the year and given the persistently cautious customer attitude towards longer term investments and no tangible signs of an economic recovery that would support market demand for car purchases, the Company is retaining its conservative sales outlook for the remainder of the year. The Company expects to finish the year 2010 with unit sales at the same or moderately below the level of last year.

Forex gains and losses affect the Company's financial results every quarter at the level of both continuing and discontinued operations. It is reasonable to expect the affect of forex gains and losses on the financial results to occur also in the second half of 2010 depending on the development of the exchange rate of EUR versus local currencies (CZK, HUF, PLN). The Company uses partial natural hedging to mitigate the impact of exchange rate movements on the Company's financial results.

In the third quarter (July 2010) the Company sold one property in Poland which had been classified as assets held for sale since 2008. The net impact on the Company's P&L statement is likely to be, nevertheless, negligible as most of the sale's net proceeds are intended to be used for reserves against future costs for the Company's discontinued operations. However, the sale enabled the Company to fully repay its leasing and credit liabilities (the remainder of the overall debt) the Company had in Poland.

Finally, the Company considers returning to one of its previous foreign markets. If the plan is materialized no tangible impact on the Company's financial results can be, however, expected before 2011.

# Consolidated Financial Statements

## Interim Financial Report for the 6 months ended 30<sup>th</sup> June 2010

The financial results are unaudited, consolidated and prepared in accordance with the International Financial Reporting Standards (IFRS).

The interim report was drawn up according to the same accounting principles and calculation methods as the previous financial statement, for the period that ended on 31<sup>st</sup> December 2009.

In the financial statements according to the IFRS, the financial results for the Polish, Hungarian, Romanian and New Car Sales (Czech Republic) operations are disclosed as one cumulated line called 'Profit/(loss) from discontinued operations'.

### CONSOLIDATED INCOME STATEMENT ADJUSTED BY DISCONTINUED OPERATIONS For the 6 Months ended 30<sup>th</sup> June 2010 and 2009 (EUR '000)

	1H 2010	1H 2009
<b>Revenues</b>	<b>91,577</b>	<b>85,962</b>
Cost of goods sold	(68,007)	(66,086)
<b>Gross Profit</b>	<b>23,570</b>	<b>19,875</b>
<i>Gross Profit Margin</i>	<i>25.7%</i>	<i>23.1%</i>
Other operating income	283	322
Operating expenses	(17,330)	(16,620)
Marketing expenses	(1,844)	(1,519)
Personnel expenses	(8,187)	(7,555)
Other expenses	(7,300)	(7,546)
<b>EBITDA</b>	<b>6,522</b>	<b>3,577</b>
<i>EBITDA Margin</i>	<i>7.1%</i>	<i>4.2%</i>
Depreciation and amortisation expense	(1,041)	(1,239)
<b>Profit before interest and tax (EBIT)</b>	<b>5,481</b>	<b>2,338</b>
Financial expense	(350)	(791)
<b>Profit before tax (EBT)</b>	<b>5,132</b>	<b>1,547</b>
Income tax expense	(1,526)	(470)
<b>Profit/(loss) from continuing operations</b>	<b>3,605</b>	<b>1,077</b>
Profit/(loss) from discontinued operations	(1,308)	(385)
<b>Profit/(loss) for the year (Net Profit)</b>	<b>2,297</b>	<b>693</b>

**CONSOLIDATED BALANCE SHEET**  
As at 30<sup>th</sup> June 2010 and 2009 (EUR '000)

<b>ASSETS</b>	<b>30/06/10</b>	<b>31/12/09</b>	<b>30/06/09</b>
<b>Non-current assets</b>			
Intangible assets	235	406	507
Property, plant and equipment	29,106	28,681	28,370
Investment property	117	114	0
Other financial assets	325	316	25
Deferred tax assets	16	16	42
<b>Total non-current assets</b>	<b>29,799</b>	<b>29,533</b>	<b>28,947</b>
<b>Current assets</b>			
Inventories	20,684	13,181	17,206
Trade and other receivables	21,836	20,452	19,931
Current tax asset	377	324	1,192
Other financial assets	1,283	83	2,047
Cash and cash equivalents	2,020	6,028	2,854
Non-current assets classified as held for sale	13,476	15,109	18,166
<b>Total current assets</b>	<b>59,676</b>	<b>55,177</b>	<b>61,394</b>
<b>TOTAL ASSETS</b>	<b>89,475</b>	<b>84,710</b>	<b>90,340</b>
<b>EQUITY AND LIABILITIES</b>	<b>30/06/10</b>	<b>31/12/09</b>	<b>30/06/09</b>
<b>Equity</b>			
Issued capital	38,185	38,185	38,185
Reserves	5,616	5,267	4,263
Retained earnings	(33,272)	(36,058)	(33,651)
<b>Equity attributable to equity holders of the company</b>	<b>10,529</b>	<b>7,394</b>	<b>8,797</b>
Non-controlling interest	0	0	0
<b>Total equity</b>	<b>10,529</b>	<b>7,394</b>	<b>8,797</b>
<b>Non-current liabilities</b>			
Bank and other borrowings	19,284	20,826	24,742
Deferred tax liabilities	443	479	345
Obligation under finance lease	0	0	64
Other liabilities	0	0	0
<b>Total non-current liabilities</b>	<b>19,727</b>	<b>21,305</b>	<b>25,151</b>
<b>Current liabilities</b>			
Trade and other payables	26,040	21,375	18,520
Current tax liabilities	176	271	(151)
Bank overdrafts and borrowings	18,904	17,626	19,862
Provisions	4,496	3,179	2,634
Obligation under finance lease	19	52	513
Other liabilities	2,150	2,893	2,064
Liabilities directly associated with assets classified as held for sale	7,433	10,615	12,950
<b>Total current liabilities</b>	<b>59,219</b>	<b>56,011</b>	<b>56,392</b>
<b>Total liabilities</b>	<b>78,946</b>	<b>77,316</b>	<b>81,543</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>89,475</b>	<b>84,710</b>	<b>90,340</b>

**CONSOLIDATED CASH FLOW STATEMENT**  
**For the 6 Months Ended 30<sup>th</sup> June 2010 and 2009 (EUR '000)**

	<b>1H 2010</b>	<b>1H 2009</b>
<b>Cash flows from operating activities</b>		
Profit/(loss) for the period	2,297	693
Adjustments for:		
Income tax expense	1,434	480
Depreciation and amortisation expense	1,526	1,239
Provisions	504	3,468
(Gain)/loss on disposal of property, plant and equipment	(368)	(64)
Interest (income)/expense	975	845
Share Options	250	0
Foreign exchange (gain)/loss	239	(121)
Decrease/(increase) in inventories	(7,503)	6,039
Decrease/(Increase) in receivables and other assets	(3,003)	(7,467)
Increase/(decrease) in payables and other liabilities	4,740	6,172
Interest received/(paid)	(579)	(521)
Income tax paid	(68)	(380)
<b>Net cash provided by operating activities</b>	<b>444</b>	<b>10,383</b>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiary, net of cash acquired	0	0
Payments for property, plant and equipment	(1,691)	(1,965)
Proceeds from disposals of property, plant and equipment	1,374	1,544
<b>Net cash used in investing activities</b>	<b>(317)</b>	<b>(421)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital	0	0
Proceeds from third party borrowings	868	0
Repayment of third party borrowings	(4,314)	(6,275)
Payment of finance lease liabilities	(651)	(4,752)
<b>Net cash from financing activities</b>	<b>(4,097)</b>	<b>(11,027)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(3,970)</b>	<b>(1,066)</b>
<b>Cash and cash equivalents at the BOP</b>	<b>6,028</b>	<b>3,622</b>
Effect of exchange rate changes on the balance of cash held in foreign currencies	(38)	298
<b>Cash and cash equivalents at the EOP</b>	<b>2,020</b>	<b>2,854</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the Periods Ended 30<sup>th</sup> June 2010 and 31<sup>st</sup> December 2009 (EUR '000)**

	Share capital	Share premium	Equity/legal reserve	Share option reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to holders of the Company	Non-controlling interest	Total equity
<b>Balance at 01/01/2009</b>	<b>6,776</b>	<b>31,409</b>	<b>124</b>	<b>302</b>	<b>4,591</b>	<b>(36,912)</b>	<b>6,290</b>	<b>-</b>	<b>6,290</b>
Profit for the year	-	-	-	-	-	1,383	1,383	-	1,383
<b>Other comprehensive income</b>									
Foreign currency translation differences	-	-	-	-	(194)	-	(194)	-	(194)
Foreign currency translation differences related to entities sold	-	-	-	-	(211)	-	(211)	-	(211)
Share options	-	-	-	126	-	-	126	-	126
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>126</b>	<b>(405)</b>	<b>-</b>	<b>(279)</b>	<b>-</b>	<b>(279)</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>126</b>	<b>(405)</b>	<b>1,383</b>	<b>1,104</b>	<b>-</b>	<b>1,104</b>
Addition to legal reserve fund	-	-	529	-	-	(529)	0	-	0
<b>Balance at 31/12/2009</b>	<b>6,776</b>	<b>31,409</b>	<b>653</b>	<b>428</b>	<b>4,186</b>	<b>(36,058)</b>	<b>7,394</b>	<b>-</b>	<b>7,394</b>
<b>Balance at 31/12/2009</b>	<b>6,776</b>	<b>31,409</b>	<b>653</b>	<b>428</b>	<b>4,186</b>	<b>(36,058)</b>	<b>7,394</b>	<b>-</b>	<b>7,394</b>
Profit for the year	-	-	-	-	-	2,297	2,297	-	2,297
<b>Other comprehensive income</b>									
Foreign currency translation differences	-	-	-	-	587	-	587	-	587
Foreign currency translation differences related to entities sold	-	-	-	-	-	-	0	-	0
Equity legal reserve	-	-	41	-	-	(41)	0	-	0
Reclassification	-	-	(529)	-	-	529	0	-	0
Share options	-	-	-	250	-	-	250	-	250
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(488)</b>	<b>250</b>	<b>587</b>	<b>488</b>	<b>837</b>	<b>-</b>	<b>837</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(488)</b>	<b>250</b>	<b>587</b>	<b>2,785</b>	<b>3,134</b>	<b>-</b>	<b>3,134</b>
Addition to legal reserve fund	-	-	-	-	-	-	0	-	0
<b>Balance at 30/6/2010</b>	<b>6,776</b>	<b>31,409</b>	<b>165</b>	<b>678</b>	<b>4,773</b>	<b>(33,273)</b>	<b>10,528</b>	<b>-</b>	<b>10,528</b>

## Management Board Declaration

**In accordance with the Dutch Financial Supervision Act (“Wft”), Section 5:25d(2)(c)**

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

1. the half-yearly consolidated financial statements for the first six months of 2010 give a true and fair view of the assets, liabilities, financial position and profit of the Company and its consolidated entities; and
2. the half-yearly directors’ report gives a true and fair view of the Company’s position as at the balance sheet date of 30 June 2010, the state of affairs during the first six months of 2010 to which the report relates and of that of the Company’s related entities whose financial information has been consolidated in the Company’s half-yearly financial statements, and the expected course of affairs focusing in particular on capital expenditures and circumstances affecting revenue developments and profit-earning capacity.

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

# **AAA AUTO**

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