

Selected Financial Indicators

Unit of measure/year <i>(Euro Million)</i>	2010	2009 Restated
Total revenues *	205.0	168.2
Revenues from sale of cars *	174.5	145.2
Operating profit (EBITDA) *	12.2	8.4
Profit / (loss) from continuing operations *	4.6	2.4
Profit / (loss) from discontinued operations	0.5	(0.9)
Total profit/ (loss) after tax	5.1	1.6
Number of cars sold (units)	39,530	37,215

** for continuing operations*

Table of Contents

Directors' Report	1
Consolidated Financial Statements of the AAA AUTO Group & Notes to the Consolidated Financial Statements	43
Financial Statements of the parent company AAA Auto Group N.V. & Notes to the Company Financial Statements	90
Other Information.....	98

ANNUAL REPORT 2010 – Directors' Report

Report from the Chairman of the Management Board.....	2
Letter from the CEO to Shareholders.....	3
Historical Milestones in the Company Development.....	4
AAA AUTO Group Profile.....	6
General Identification Information	7
AAA AUTO Group Structure as of 31 December 2010.....	9
AAA AUTO Group Structure as of 31 March 2011.....	10
Corporate Governance	10
Corporate Governance of AAA Auto Group N.V.	11
Conflict of Interests	18
Internal Audit in 2010	19
Share Option Plan	20
Risk Management	20
Risk Factors	21
Shareholder Rights	22
Compliance with the Dutch Code	25
Mission, Vision and Objectives of the Company	27
Report to Shareholders (Shares)	28
Public Relations	31
Information Technology Services	35
Human Resources	36
Call Centre.....	36
Report on the Business Activities of AAA AUTO Group in 2010.....	37
Outlook for 2011.....	41

Report from the Chairman of the Management Board

Dear Shareholders,
Ladies and Gentlemen,

In accordance with the requirements resulting from the effective laws and Articles of the Company and in order to present all important events and activities of the AAA Auto Group N.V., the Management Board presents to all involved parties, in particular the Company shareholders, the following Annual Report on the audited consolidated financial results of the Company for the 2010 calendar year, which will be presented and subject to approval of the Annual General Meeting scheduled for 17 June 2011. At the same time, we advise herein of all important events and activities of the AAA Auto Group N.V.

For our company, AAA Auto Group N.V., 2010 was a successful year. In the times of economic recession and challenging market conditions we managed not only to stay in profit but even to substantially enhance our profitability for the whole group and enter the new year with improving results.

During 2010, the Management Board met regularly and addressed the continuing cost-cutting and stabilisation programme of the Company. The overall results for 2010 confirmed the Company's improving operating efficiency and its return into the black figures, which the Company first achieved in 2009.

The agenda of the Annual General Meeting held on 15 June 2010 in Amsterdam included mainly the business results of the Company in 2009 and the approval of the financial statements for the same year, prepared and audited according to the International Financial Reporting Standards as adopted by the European Union ("IFRS"). The General Meeting of Shareholders approved the authority for the Management Board to buy back Company's shares up to 10% of the share capital on the stock exchange market, if needed. The minimum buy-back price of shares will equal their nominal value, whereas the maximum price will be capped at EUR 4 per share. 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. The General Meeting also approved the share option plan for Members of the Management Board and recorded the presentation on Strategic Plan for 2010.

Following the successful year and the improved Company's results we seek, in the upcoming period, to further strengthen the trust our customers have in us, and give reassurance to our shareholders and other stakeholders that their investment and business relationship with the AAA AUTO Group was the right decision.

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

Letter from the CEO to Shareholders

Ladies and Gentlemen,

I would like to take this opportunity to present to you, on behalf of the Company Management, our results for 2010.

The year 2010 was a turnaround year for AAA AUTO Group, as we saw the first year-on-year improvement in our sales in three years. Last year also brought the end of the financial crisis and a gradual recovery of the used car retail market. I am very pleased to say that AAA AUTO Group has come out of the crisis more cost efficient, profitable, with more improved processes and more competitive business model.

Last year, the Company continued to focus on its main markets, the Czech Republic and Slovakia. From the turnaround in May 2010 the monthly sales steadily outperformed the level of sales for the same period in the previous year, indicating an acceleration in growth momentum. In terms of trends, the purchasing power in the market slowly recovered – as was evident in the increased sales of luxury cars: convertibles and four wheel drives, led mainly by SUVs, in the fall. The stronger demand for utility and commercial vehicles should also be noted.

Thanks to the recovery in demand and the continued positive effects of the Company's restructuring program, the Company exceeded its declared goals for 2010. Last year AAA Auto Group N.V. increased its unit sales by 6.4%¹ compared to 2009 (and total revenues by 21.9%¹) and strongly improved its consolidated net profit, which grew by 227.4% year-on-year to EUR 5.1 million. The net profit from continuing operations increased by 86.9% year-on-year to EUR 4.6 million. As a result, we are very pleased to say that the Company delivered on its promise to its shareholders and investors.

As for our plans for 2011, AAA AUTO Group's target is to achieve a sales growth of 10% compared to the level of sales achieved in 2010. The Company's plans for the next two years include opening up to five new car centers in the Czech Republic and three in Slovakia, as well as the previously announced intention to enter the Russian market and potentially re-launch operations in Hungary, where the Company still owns some of its former real estates. Despite all the challenges we are facing in the markets, it is still our goal to continue to build our Company's good image, focus on new business acquisition and on the retention of our existing customers and continually involving and improving our current business model.

Finally, I wish to thank my colleagues and our employees for their hard work and loyalty. 2011 will, without doubt, pose many demands, but I am confident that this time next year we will be able to present good news again.

Anthony James Denny
Chief Executive Officer and Executive Member of the Management Board

¹ For continuing operations only

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 68 th 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 1 st November, Vratislav Kulhánek becomes a Non-Executive Member and Chairman of the Management Board
2008	The Company embarks on a restructuring programme to return to black figures Opening of the 10 th 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 AAA AUTO a.s. was increased from CZK 150 million to CZK 300 million

According to Ernst & Young, the AAA AUTO 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 AAA AUTO Group resolves to terminate its Hungarian operation as part of the restructuring and optimizations programme

The Management Board approved a transfer of tax domicile from the Netherlands to the Czech Republic

2009

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

AAA AUTO introduces scrap incentives for the Czech and Slovak market

The AAA AUTO Group returns to black figures in its key market in the Czech Republic and Slovakia

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

AAA AUTO announces 200,000 cars sold in the Prague region since the start of commercial activity there in 1992

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 AAA AUTO Group reduces the number of branches down to 25 in total (17 in the Czech Republic, 8 in Slovakia)

The Company closes 2009 with a total consolidated profit and confirms the Group's return into the black figures after a period of restructuring

2010

1st quarter

- Together with Cebia, an external professional company, AAA AUTO started to provide customers with certificates of genuine odometer value
- Jiří Trnka becomes CFO of AAA AUTO
- AAA AUTO sells its 500,000th car

2nd quarter

- The number of visitors to the Company's website grew 40% year on year
- AAA AUTO sells 3,700 cars in May, which is the best result in the previous 12 months
- The AGM approved, among other things, a prolonged mandate for the Management Board to continue with the share buyback and to appoint an auditor
- AAA AUTO forges an official partnership with KIA MOTORS
- AAA AUTO is nominated for the prestigious European Business Awards

3rd quarter

- Together with SOVA, Association for the Protection of Car Owners, AAA AUTO officially presents before the House of Parliament its proposal to make mileage fraud a criminal offense.
- AAA AUTO warns of new forms of fraud emerging on the used car retail market, specifically involving cars under distraint.
- AAA AUTO launches its profile on Facebook and Twitter.
- Due to an increased demand for Škoda cars, AAA AUTO launches a special website www.skodovky.info, offering more than 1,000 used Škoda cars in stock

4th quarter

- AAA AUTO revamps its website and is the first used car retailer to launch a web application for mobile devices
- AAA AUTO recorded a 6.4% increase in sales in 2010, and outperformed its sales target for the year
- AAA AUTO closed the year 2010 with a year-on-year consolidated net profit increase of 227% for the whole group and of 86.9% for its continuing operations.

AAA AUTO Group Profile

The AAA AUTO Group (hereinafter referred to as "AAA AUTO" or only as the "Company") has been active on the market since 1992, when it was founded in Prague by Anthony James Denny; it originally specialised in the import for the purchase of used cars, and later began to buy out the most popular models. The high demand in used cars in the 1990s contributed to the fast development of this business sector. The substantial expansion of AAA AUTO has helped, ever since its inception, to cultivate the whole sector due to an even higher customer orientation. A number of competitors followed the example of AAA and introduced the principles of purchasing cars for instant cash instead of a consignment sale, straightforward contracts, free-of-charge re-registration of the vehicle and a broad range of other services.

At the end of 2010, the Company operated 25 branches in the Czech Republic and in Slovakia. Throughout the year, the AAA AUTO Group continued to apply its business model focusing on 15 most popular models of cars, higher stock turnaround and optimal inventory level for serving the market demand. The Company also continued to implement its restructuring and optimisation programme, and steadily achieved its goal – to be profitable.

The Company is a pioneer in the area of offering premium services: in addition to the largest portfolio of cars for sale, of which there are more than 4,500 at present, they are all sold with a life-long guarantee of legal origin, a 12 month warranty covering mechanical defects, the option to exchange for another car within 7 days and free-of-charge administration of all formalities in connection with the re-registration of the car. Our relationship with a number of established insurance and financing partners enables us to offer additional services such as loans and other forms of credit, leasing, third party motor liability insurance, insurance for the event of insolvency, credit cards, road assistance services and many others.

According to our internal survey, 65% of customers come back to AAA AUTO – their trust shows also in the fact that in the spring 2010 we sold our 500,000th car.

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 (see the Group structure on pages 9-10).

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 of AAA Auto Group N.V.; the remaining 26.21% shares are free floated shares on the Prague and Budapest Stock Exchanges; of these shares, 2.60% was as at 31 December 2010 held by Anthony Denny, CEO AAA Auto Group N.V. Mr. Anthony James Denny is the beneficiary owner of the shares of AUTOMOTIVE INDUSTRIES S.à.r.l.

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.

AAA AUTO a.s., the biggest of the daughter companies of AAA Auto Group N.V.

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

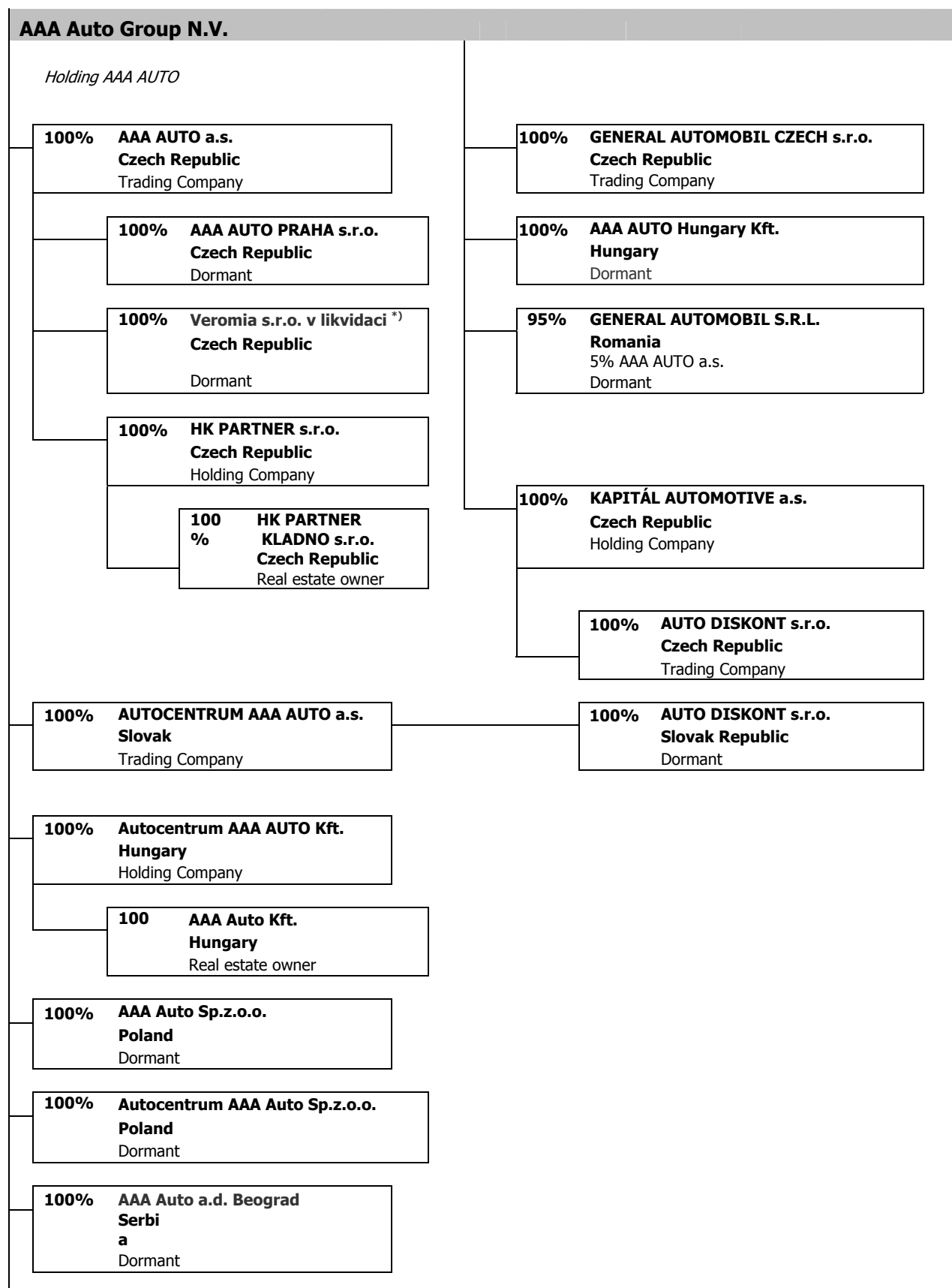
Subject of Business:

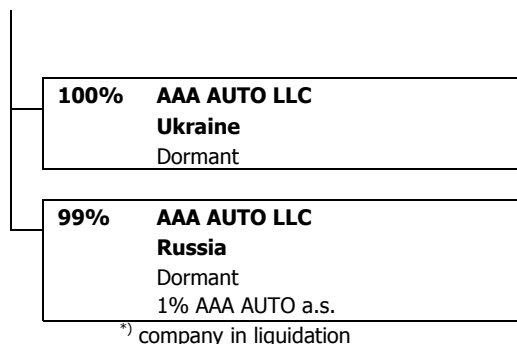
- retail with motor vehicles and accessories
- specialized retail
- retail with used goods
- wholesale
- agency for trade
- agency for services
- repairs to road vehicles
- repairs to bodywork
- services of accounting consultants, accounting maintenance
- pawn broking business
- rental and lending of 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.

Business sector:

- Employment facilitation of Czech and EU citizens in the Czech Republic and of Czech citizens in EU countries.

AAA AUTO Group Structure as of 31 December 2010





AAA AUTO Group Structure as of 31 March 2011

The structure remains the same as the one of 31 December 2010.

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 2008 the Dutch Corporate Governance Monitoring Committee released a new Dutch Corporate Governance Code, also known as *Code Frijns* (the "Dutch Code") which, with effect from 1 January 2009, 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.

In July 2004, the Czech Securities Commission (the former Czech regulator) issued an updated 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 www.aaaauto.cz in Section "Corporate Governance Statement 2010".

Corporate Governance of AAA Auto Group N.V. in 2010

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

AAA Auto Group N.V. has a so-called one-tier management structure consisting of a Management Board member with executive powers (hereinafter only as "Executive Member"), and Management Board members without executive powers (hereinafter only as "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 and represents the Company in its dealings with the external environment. The Executive Member is 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 Member to be subject to their approval. The Executive Member 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 Company's Articles of Association.

The general meeting of shareholders of the Company 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; the committees are the following:

- Audit Committee (until 31 August 2010: Chairman V. Kulhánek, other members: V. Válek and Jan Rathouský; after 1 September 2010: Chairman Jan Rathouský, other members Vratisklav Válek and Vratislav Kulhánek);
- Remuneration Committee (Chairman: V. Kulhánek, other members: V. Válek);
- Nomination Committee (Chairman: V. Válek, other members: V. Kulhánek).

A total of seven AAA Auto Group N.V. Management Board meetings were held in 2010. The Audit Committee met six times, and the Remuneration and Nomination Committees both held five 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

20 April 2010: members present V. Kulhánek, V. Válek / M. Růžička, J. Trnka

- report on the 2009 Final Accounts made by the statutory external auditor BDO
- discussion of the consequences of the Act No. 93/2004 Coll. For the Audit Committee
- discussion of the results of internal controlling system audit

2 September 2010: members present V. Kulhánek, V. Válek, J. Rathouský / R. Horák

- discussion of the new personnel situation and organisation of the Internal Audit department
- update and approval of the Internal Audit Plan until the end of 2010
- discussion of new controlling activities of the Buying Audit Team
- election of the new Audit Committee Chairman Mr. Jan Rathouský

9 September 2010: members present J. Rathouský, V. Kulhánek, V. Válek / R. Horák

- report on ad hoc activities of the Internal Audit
- discussion of the results of branch process audits
- recommendation for a change of the statutory external auditor based on the results of a tender

20 October 2010: members present J. Rathouský, V. Kulhánek, V. Válek / R. Horák

- information from the Executive Board Meeting
- discussion of preliminary results of the risk management system audit and presentation of a new risk management process in the Company

23 November 2010: members present J. Rathouský, V. Kulhánek, V. Válek / R. Horák, R. Lisnerová

- report from a meeting between the head of Internal Audit and representatives of the statutory external auditor concerning the process of the statutory audit
- information about the progress of the 2010 Internal Audit Plan
- discussion of the final conclusions of the risk management system audit

21 December 2010: members present J. Rathouský, V. Kulhánek, V. Válek / R. Horák, J. Trnka

- presentation of the 2011 Internal Audit Plan

- report on the preliminary results of the statutory external audit

Nomination Committee and Remuneration Committee (joint minutes)

18 May 2010: members present V. Válek, V. Kulhánek

- discussion of the share option programme for Executive Board members

9 September 2010: members present V. Válek, V. Kulhánek

- discussion of a proposal and recommendation of Mr. René Horák, Ing., Bc., CIA member, for the appointment as Internal Audit Manager

14 September 2010: members present V. Válek, V. Kulhánek

- discussion of a proposal and recommendation of Mr. Ralph Howie, for the appointment as Country Manager for the Slovak market, discussion of a proposal and recommendation of the termination of employment for Mr. David Keller, Group Sales Director

23 November 2010: members present V. Válek, V. Kulhánek

- discussion of a proposal and recommendation of Mr. Martin Hladký for the appointment as Group Office Operations Director

22 December 2010: members present V. Válek, V. Kulhánek

- discussion of a proposal and recommendation of Mr. Steven Reese, for the appointment as CIO-Chief Information Officer

- proposal of bonuses for members of the Internal Audit department

In keeping with the provisions of Best Practice Provisions III.1.7 and III.1.8 of the Dutch Code, Non-Executive Members of the Management Board in 2010 discussed in the absence of the Executive Member their activities, activities/functioning of the committees, including the activities of individual Non-Executive Members of the Management Board and the desired profile of a Non-Executive Member and the related content and scope of authority, and adopted conclusions to that effect.

The evaluation of the activities and functioning of the above-mentioned in 2010 was carried out by each Non-Executive Member with respect to his position and role on the Management Board and in individual committees and discussed in the absence of the Executive Board Member.

The Non-Executive Members also discussed the activities and the profile of the Executive Member 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 Member of the Management Board, including any changes thereto.

All Non-Executive Members were regularly present at committee meetings in 2010.

In keeping with the provisions of 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 the automotive business and in financial products connected with car retail. We believe that the current Non-Executive Members comply with such profile as Mr. Kulhánek is a long-standing 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 15 June 2010.

The General Meeting approved the following:

- a) audited financial statements of the Company for the year 2009;
- b) report on the discharge of duties of Executive and Non-Executive Members of the Management Board in the fiscal year 2009;
- c) the Management Board of the Company as the corporate body responsible for the buy-back of shares in the following 18 months, i.e. the period ending 15 December 2011;
- d) share option plan for the Management Board;
- e) the Management Board's mandate to appoint the external auditor for the fiscal year 2010.

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

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

- a) financial and operating targets of the Company;
- b) a strategy to achieve the above targets;
- c) key performance indicators (KPIs) associated with the execution of the strategy.

Business objectives of the AAA AUTO Group and outlooks used in connection with the Company's strategy and the related KPIs: the primary goal of the Company in 2010 was to continue being profitable, which has been achieved. For the year 2011, the Company intends to improve its sales compared to 2010, and to make a consolidated profit. In order to deliver on its strategy, the Company's management is monitoring the achievement of KPIs, cost efficiency and profitability of individual branches, divisions and of the Group as a whole.

All other information and documents relating to the corporate governance of AAA Auto Group N.V. can be found at the Company's website www.aaaauto.nl in Section "About Us / Corporate Governance".

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 the Executive Member of the Company in 2010 was: AAA Auto 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 of the Company in 2010 was: AAA Auto Group N.V., Dopraváků 723, 184 00 Prague 8, Czech Republic.

Report from the Non-Executive Members (please see the Report of the Chairman of the Management Board on page 2).

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

Personnel composition of the statutory body – the Management Board – of AAA AUTO Group N.V. in 2010

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 a tenure of four years)

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

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, born: 1962, 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 AAA AUTO.

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 a tenure of four years; other positions: 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; gender: male; born: 1945 nationality: Czech; profession: financial and economic consultant (automotive industry specialist).

After studying at the University of Economics in Prague Mr. Válek worked in the Finance Research Institute and in the Ministry of Finance until 1992. In 1991 he established Czechoslovak Leasing Association. In 1992 he joined Škofin - 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. Válek 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 Best Practice Provision III.2.2 of the Dutch Code.

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 is benchmarked to well-regarded international corporations.

In 2010, Anthony James Denny, Vratislav Kulhánek and Vratislav Válek were members of the Management Board. The Management Board members Vratislav Kulhánek and Vratislav Válek received a total remuneration of EUR 93 thousand, including social and health insurance payments and other benefits. Anthony James Denny did not receive any remuneration but it will be reconsidered in 2011 (see chapter Compliance with the Dutch Code on page 25).

Bonuses were paid out in the form of fixed salaries. The Company does not pay any pension or other similar contributions on behalf of the Management Board members.

As at the end of 2010, the Management Board members jointly held 70,000 share options.

According to Best Practice Provision II.2.12, the Remuneration Report has not been submitted for key management personnel due to its confidential nature and sensitivity of certain information, hence the Company decided not to publish it taking into account the fact, that all financial results and fulfilment of long-term objectives of the Company is covered in the Annual Report.

Senior Management

Below is a brief list of the professional experience and responsibilities of the members of the top management of the AAA AUTO Group as at the 31 March 2011.

Anthony James Denny (Chief Executive Officer)

For his résumé, please see Section "Personnel composition of the statutory body – the Management Board" above.

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. In 2010 she got her M.A. degree in Andragogy from Jan Amos Komenský College of Higher Education.

She began her career in the Hilton Atrium Hotel in Prague as programme manager. In 1998, she founded the AAA AUTO Call Centre, which became one of the largest and most modern in the Czech Republic.

In 2006 she became Group HR and Call Centre Director, and one year later became Vice President and was involved in the Company's listing on the Prague and Budapest stock exchanges. She presently works as Chief Operations Officer, managing sales, financing and insurance services, the call centre, HR, IT and external communication. She speaks English.

Jiří Trnka (Chief Financial Officer)

He graduated from the University of Economics in Prague, in the field of Finance and Accounting. He began his career working for Continental Teves (brake systems) as financial analyst, where he gained hands-on experience of controlling and accounting fields. He went on to work for Škoda Auto where he gained more professional experience while managing finance projects. In the second half of 2004 he joined AAA AUTO as internal audit manager, and he was charged with founding and later managing the unit of Internal Audit. One year later he was appointed to the position of the Chief Financial Manager of the Company and tasked with managing the Treasury and Controlling operations. In 2007, as Deputy to the CEO, he was involved in preparing the Company's listing on the Prague and Budapest stock exchanges; in 2008-2009 he oversaw the cost-cutting and restructuring efforts in the AAA AUTO Group. Since 2010 in the position of the Company's CFO. He speaks English and German.

Ralph Edgar Howie (Country Manager for Slovakia)

He completed his studies at Kuringai College of Advanced Education, Sydney, Australia. 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. From the beginning of 2005 he was the Executive Director & Shareholder in ProAuto in Sofia, Bulgaria. After working as Executive Director for the Car Purchasing Area in AAA AUTO, in autumn 2009 he became Country Manager for the Slovak market.

Petr Vaněček (Group Buying Director)

Born in 1976, he graduated from the School of Economics in Prague, Faculty of Finance and Accounting. He continued his education at Jan Amos Komenský College of Higher Education, where he studied European Economy and Governance and graduated in 2009. He joined AAA AUTO in 1999 and went through several positions within the organisation – first call centre supervisor, later Group Buying Manager and, from 2006, he is managing the Company's commercial strategy from the position of Group Buying Director.

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 III.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 Financial Note to the Financial Statements called „Bank and other borrowings“.

Internal Audit in 2010

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

Internal Audit is kept strictly separate from active business and account keeping 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 committee, Jan Rathouský. The Audit Committee meets approximately once in two months, and looks to ensure that the executive management is always informed – on time and in due manner – of all material findings of the Internal Audit so that effective remedies can be implemented.

The Internal Audit Charter, which was approved by the Management Board of AAA Auto Group N.V., is the principal document governing the position and responsibility of the Internal Audit.

During 2010, the activities of Internal Audit focused mainly on transfer charging and the quality of the controlling environment, especially in its branch network. With regard to the structure of business and the reduction of the business operations in other countries, the attention was therefore directed primarily at the Czech Republic and Slovakia.

Generally speaking, the internal controlling environment was fundamentally influenced by the steps that the AAA AUTO Group had to make under the pressure of the global economic crisis: headcount stabilisation, multi-skilling of some job positions and introducing more efficiency in the buy-back and re-sale process. These measures also concerned the activities and focus of Internal Audit. Our auditors were increasingly more focused on the correctness and quality of individual activities, and on the effectiveness of internal controlling mechanisms in processes. During 2010, the Internal Audit formulated 71 recommendations which were approved by the management.

During 2011, the Internal Audit will continue in its effort to identify commercial and controlling risks, and it will also oversee the implementation of already issued audit recommendations so that the identified risks are eliminated to the maximum achievable extent.

Share Option Plan

In accordance with the resolution of the Company's Share Option Committee dated 19 October 2009 the following share option plan for the Management Board Members was approved by the Annual General Meeting of shareholders on 15 June 2010. Each Management Board Member will be granted up to 50,000 share options with the exercise price EUR 0.5. Based on the same resolution of the Company's Share Option Committee on 19 October 2009 the increase of share option plan for key employees occurred as well. All selected option holders were granted additional up to 200,000 share options for an exercise price of EUR 0.5. All share options will be exercisable on or after 30 April 2013 if following performance conditions will be 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 at the day of approval of the programme, the number of share option holders was 148 who were granted share options in the total amount of 2,983,000 shares, which accounts for 4.4% of all shares of the Company.

The total number of share options allotted under the Share Option Plan must not exceed 5% of the Company's share capital. All options become void on the day preceding their 10th anniversary, and they may be called any time from their granting until the expiration on the 10th anniversary of granting, provided the set terms and conditions are met; alternately, the share options become void upon the termination of employment or any other contractual relationship under which the share options were originally granted to their holder.

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, and 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

The Management Board is responsible for AAA Auto N.V. Group's risk management system and control systems and for reviewing their effectiveness. These systems are designed to manage the risks that may prevent the AAA Auto Group from achieving its objectives. However the systems cannot provide absolute assurance that material misstatements, fraud and violations of laws and regulations can be avoided. Future effectiveness of the systems are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the Group's policies and procedures may deteriorate.

Risk management is an integral part of the Company's adopted strategy and the Management Board of AAA Auto Group N.V. regards risk management as one of the principal instruments of its efficient management system which supports the achievement of objectives and the strategy of the Company. The risk management model is uniform for all companies in the AAA AUTO Group. Cooperation between companies in the AAA AUTO Group provides for further development of the risk management system as one of the pillars of the Company's internal control system. The principles of and responsibilities in the risk

management system have been approved by the Company's Management Board. Potential risks have been identified by the Company and are now assessed and managed by the responsible managers; they are also discussed with the risk coordinator and the Audit Committee. Risks are assessed and managed according to their materiality and likelihood.

The Audit Committee has approved the recommendations proposed by Internal Audit for implementation.

In accordance with best practice provision II.1.4 of the Dutch corporate governance code the Management Board of AAA Auto N.V. has assessed the design and operational effectiveness of its internal risk management and control system. Based on the activities performed during 2010, and in accordance with best practice provision II.1.5, the Management Board believes that the risk management and control systems regarding the financial reporting risks have worked properly during 2010, and provide reasonable assurance that the 2010 financial statements do not contain any errors of material importance.

Risk Factors

A number of key risk factors, which the AAA AUTO Group is exposed to in the course of its business, were already given in the Prospectus published in connection with the share offering at the Prague and Budapest stock exchanges, 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 About us/Investors/Publications.

In 2010, the AAA AUTO Group had commercial operations in the Czech Republic and in Slovakia, and as such was exposed to a number of external and internal risks which may negatively impact on the performance and sales – and, by extension – the Company's bottom line. The risk management system of the AAA AUTO Group recognises risks in four categories: 1. Business and marketing risks, 2. Financial risks, 3. Personnel and competence risks and 4. Operating risks.

Business and marketing risks

As a priority, the management of AAA AUTO Group manages risks that have the greatest bearing on the revenues and costs of the Company and its bottom line. The most significant risk factors in this category are the following:

- seasonality of the automobile retail business;
- increase in individual imports of cars;
- declining prices of new cars;
- obtaining a viable mix of popular pre-owned vehicles;
- changing consumer trends;
- rising fuel prices and costs of ownership of cars;
- negative public opinion.

Financial risks

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk.

The financial risks are managed by Group Treasury department. 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.

More comments on the financial risk management is included in the Financial Note 19.

Personnel and competence risks

The employees are the biggest asset to the management of AAA AUTO Group, and the risks associated with the personnel area are therefore adequately managed. The most significant risk factors in this category include:

- inadequate division of competences;
- high turnover of employees;
- multiskilling in important job positions;
- lacking qualifications of job-seekers ;
- shift operation.

Operating risks

The management of AAA AUTO Group also manages risks stemming from operating losses, failures, problems and deficiencies in the Company. The most significant risk factors in this category are the following:

- centralisation of management;
- configuration of internal activities and processes;
- controlling environment;
- fraud and adverse events;
- information management and digitalisation;
- implementation and execution of new projects;
- regulatory and legislative compliance.

Other important risks include those relating to the economic, political, social, legal, regulatory and tax environment in the markets where the Company operates. Availability of timely and accurate information to the management of the Group is an important factor in risk management. All the above risks, and many others, are monitored by executive and line managers who propose, in collaboration with controlling departments, measures aimed at the mitigation of all identified risks, which they subsequently monitor and evaluate.

Shareholder Rights

For details on the listing and share performance, see Section "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 of the Company.

It is noted that the Company's Articles of Association are planned to be amended at the Company's upcoming AGM (which is scheduled to take place on 17 June 2011) so as to reflect certain amendment of Dutch legal regulations.

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 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 Member has 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 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.

The Company has implemented the Code of Ethics which is binding for all Company employees and thus can be regarded as the Code of Conduct. The Code has been published on the Company website: <http://www.aaaauto.cz/en/aaa-auto-code-of-ethics/text.html?id=84>.

According to 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.

According to Best Practice Provision II.2.12, the Remuneration Report has not been submitted due to its confidential nature and sensitivity of certain information, hence the Company decided not to publish it taking into account the fact, that all financial results and fulfilment of long-term objectives of the Company is covered in the Annual Report.

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.

However, according to Best Practice Provision III.5.11 the Remuneration Committee may not be chaired by the Chairman of the Supervisory Board or by a former member of Management Board, given the fact that the Management Board comprises only of two non-executive members of the Company, the Management Board has decided to appoint one of its non-executive members not only as the Chairman of the Supervisory Board but also as the Chairman of the Remuneration Committee taking into account his previous experience and integrity.

According to 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 the best interest of the Company.

According to 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 regulation under the applicable securities legislation 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 the best interest of the Company.

According to 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 Best Practice Provision III.2.2.

The Company is in compliance with this Best Practice Provision. The Management Board has the majority of its members from the ranks of Non-Executive Members, including the Chairman Vratislav Kulhánek. Anthony James Denny, the Chief Executive Officer, is the only Executive Member.

According to 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 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 if individual meetings were to be held 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 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 2010, 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 years, the mission of AAA AUTO Group is to satisfy, via sound trade, the needs of our customers and therefore create added value for shareholders.

The principles of AAA AUTO's successful business model lie in buying the most popular pre-owned cars, which are technically sound and vetted, into the ownership of the Company, and re-selling them with a life-long warranty of legal origin and a 12 month warranty cover for technical defects. With regard to our effort to continue to gain the trust of our customers, AAA AUTO, together with our partner Cebia, launched on 1 January 2010 a programme to

verify the accuracy of odometer value on all cars sold. In autumn 2010, the Company, together with SOVA (Czech Association for the Protection of Car Owners), officially called upon the Czech authorities to amend the legislation to make the rewinding of odometers (mileage fraud) a crime; the petition was made on the platform of an expert seminar in the Chamber of Deputies of the Czech Parliament, which was attended by representatives of various ministries and competent authorities.

Despite the still precarious economic situation which greatly affects the car market, the Company's closest goal is to continue to focus on its most profitable markets in the Czech Republic and in Slovakia, in order to maintain its profitability. At the same time, the Company continues to implement actions with a view to further increasing its share price; the share price, in 2010 alone, increased by more than 60%. In the longer term, the Company's main vision is to generate profit for its shareholders.

In the markets of Central Europe, AAA AUTO Group aspires to offer its customers a suitable solution for their mobility needs through a broad range of used and new passenger cars with a 100% guarantee of the legal origin, verified technical condition and a broad portfolio of financial, insurance, technical servicing and other up-sale services and products. In particular, the growing standard of services will continue to differentiate AAA AUTO from the competition; it will also be an engine for future growth of sales and market share.

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 26th 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 2010 held by AUTOMOTIVE INDUSTRIES S.à.r.l. holding, Mr Anthony James Denny, the Company's CEO and Executive Management Board Member, who is the beneficiary owner of the shares of AUTOMOTIVE INDUSTRIES S.à.r.l. 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 3rd April 2009, Anthony Denny, CEO of the AAA AUTO Group, announced his intention to acquire around 5% of the Company shares. As at 31 December 2010 Anthony Denny held a total of 2.60% shares; as at 31 March 2011 he held 2.63% shares.

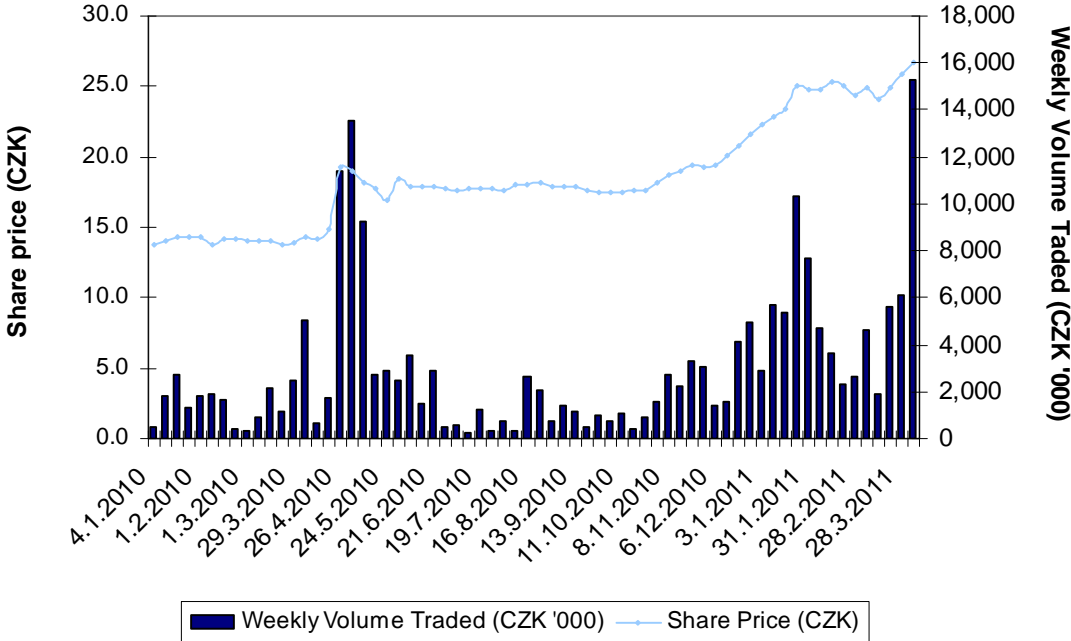
Shareholder structure:

As at 31 st December 2010	As at 31 st March 2011
AUTOMOTIVE INDUSTRIES S.à.r.l. 73.79%	AUTOMOTIVE INDUSTRIES S.à.r.l. 73.79%
Anthony James Denny 2.60%	Anthony James Denny 2.63%
Other investors 23.61%	Other investors 23.57%

Share prices and trading volume developments

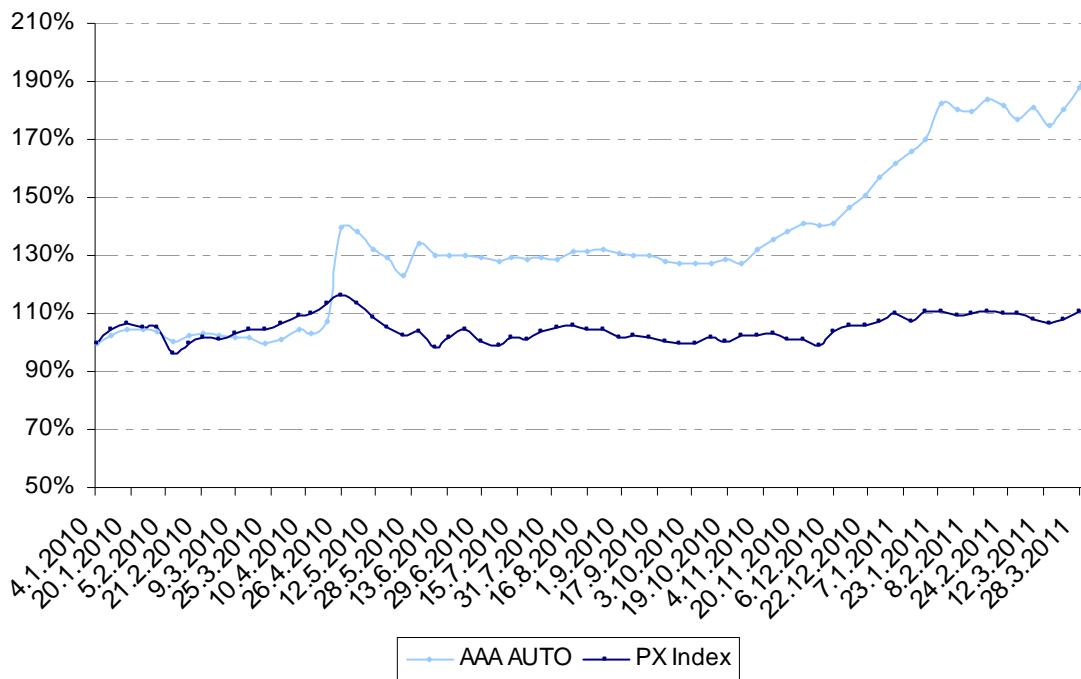
AAA share prices development on Prague’s Stock Exchange (PSE) during 2010 is being characterized by a growth of more than 60%, when the shares ended the year with a value of 21,95 CZK. The first notable growth of the shares was registered in April as a reaction to the announcement that the Company returned to be profitable again in 2009 and its intention to continue to focus on its most profitable markets in the Czech Republic and Slovakia, as well as to preserve 2009 sales levels also in 2010. Furthermore, in April the Group registered the highest weekly sales in a year and an important growth in the segment of commercial vehicles. During the year, the share prices reflected other positive news, especially in November, when the Company announced profit doubling for the first nine months of 2010, which led to a second important growth. In addition, this trend continued during the final days of 2010, when AAA shares grew together with other titles on PSE.

Development of AAA AUTO share price and volume traded on the PSE



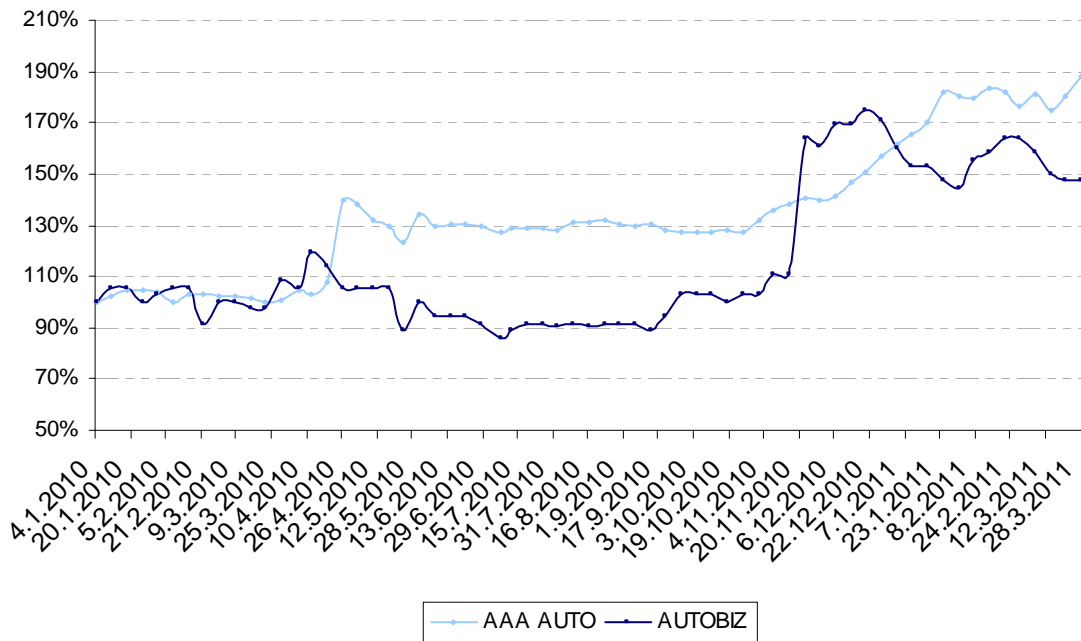
Source: Prague Stock Exchange

Relative performance of AAA AUTO shares and the PX Index



Source: Prague Stock Exchange

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 out 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, 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.

Public Relations

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.

AAA AUTO espouses the philosophy of Corporate Social Responsibility as it becomes an important consideration in the decision making and future business conduct on our way to becoming a modern, successful, professional and responsible company. To pay heed to our commitments, the Company decided to present a proposal, together with SOVA (Czech Association for the Protection of Car Owners), for a bill to amend the laws to make rewinding of odometers (mileage fraud) in pre-owned cars a crime. The representatives of AAA AUTO unveiled this proposal at a seminar hosted by the Czech Parliament and the Deputy Chair of the Economic Committee of the Chamber of Deputies of the Czech Republic. Rewinding of odometers is a common form of fraud in the used car market and AAA AUTO is fighting it with all available means – for example through cooperation with an external expert company Cebia in the process of verification of odometer readings.

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. Given the Company's plans to enter the Russian market in the future, the AAA AUTO Group decided to join the Chamber for Commercial Relations with the Confederation of Independent States at the end of 2010.

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/text.html?id=84>).

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 2010, the AAA AUTO Group employed 1,272² 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-discrimination 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.

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.

Local Community and Sponsoring

In addition to its business activities, AAA AUTO Group is active in the field of corporate sponsoring and supporting the non-profit sector. AAA AUTO is a long-standing partner of the Children's Road Safety Foundation, which helps children who become orphaned as a result of tragic road accidents involving their parents in their plight

² Number of employees at the end of 2010, including 145 employees on maternity leave

The Company recently partnered with VIZE 97 Foundation of Dagmar and Václav Havel, which is active mainly in the fields of social welfare, health, education and culture, organises or supports various human rights initiatives and projects and responds to various current needs felt by the society.

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.

3. Environment

In 2006, the European Commission succeeded in cancelling the limits for imports of used cars to the Czech Republic, 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, which led to a reduction in the number of used cars imported to the Czech Republic.

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.

II. Communication

The objective of the communication strategy is to create a positive image of AAA AUTO 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 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.

III. Marketing

After 2009, which was the year when the Company had to absorb the impact of the crisis and tightly controlled its spending, the marketing area not exempting, the marketing budget was gradually increased as the market recovered. All pro-sales channels were strengthened and new activities aimed mainly at boosting and improving the Company's image were implemented. Online positions and radio were the chosen communication platforms.

A reshuffle of positions in the marketing mix occurred in 2010. Whereas in 2009, the print media accounted for the largest portion of the overall cost, in 2010 it was clearly the internet, aided by PPC campaigns as the new communication channel. Online marketing was the leading segment of the marketing mix, and outdoor advertising improved its overall position slightly compared to the previous year.

lite.aaaauto.cz, a new 'lite' version of the website www.aaaauto.cz, was put online in October 2010. It delivers fast search results even to devices which are connected to the internet via a low-speed line. At the same time, the Company launched a special website for mobile m.aaaauto.cz, with a screen layout streamlined and adapted for download to the display of mobile telephones and other handheld devices.

After the downscaling of the premium brand AAA PREMIUM AUTO in 2010, we expect that the brand will be revived in 2011, with a greater emphasis on luxury cars as a segment which saw the sales increase by more than 10% last year.

The low-end brand Auto Diskont was revived in 2010; with the celebrity Vlad'ka Erbová fronting its campaigns in the media. The well-known athlete Roman Šebrle became the 'media ambassador' for the AAA AUTO brand in 2011.

Information Technology Services

After a number of years of stagnation in the IT Infrastructure space, as in many other industries, this area will, after a period of stabilization in 2010, become of particular focus in 2011. Investments in virtualization and a shift to cloud based services for non-core business areas will serve to lower longer term IT costs. The core ERP and CRM business systems will receive a technology refresh providing better performance and increased capabilities to facilitate the AAA business in periods of expansion.

In IT Service Delivery area, the Company focused on raising the quality and standards of delivery; this year it plans to implement ITIL best practices in IT Service Management. Productivity and performance of IT as a whole will be the subject of a new ITIL Service Desk application with SLA and performance management capabilities. Overall, the key strategies for IT in 2011 will be on cost reduction through the introduction of strategic initiatives designed to bring about lower long term costs.

Human Resources

The year 2010 in the HR department of the Company was a year of headcount stabilisation and a subsequent headcount expansion. Compared to 2009, the number of employees in the Czech Republic and in Slovakia grew from 1,099 to 1,272, which represents a year-on-year growth of 15.74%. It should be noted that more than 25% of newly recruited employees had worked for the Company previously. Given the situation on the job market, the Company was faced with a high demand for jobs on the one hand, and a lesser quality of the job-seekers on the other. The year 2010 was marked by searching for candidates with a high potential; the management structure received a significant boost with the arrival of new Czech and international managers. New instruments and procedures were implemented to further increase the quality of the recruitment process. The Company focused more on HR marketing.

A lot space was given to newly recruited employees during their three-month adaptation process, and to the quality of on-the-job training, particularly to positions in the business (employees in charge of selling cars and financing products, car buyers). Training was delivered in the form of comprehensive programmes which lasted several weeks at the Company's head office in Prague. After passing the programme, new recruits were entrusted in the care of individual branches, where they were assigned experienced colleagues and mentors, who continued to develop the new employees in cooperation with their colleagues from the training centre.

The internal training courses at Sales and Customer Care Academy were widely taken up by our employees as an option of further education and personal development. Language courses (in particular the English language programme) were very popular. The year 2010 was unique also in that our employees and managers showed a lot of interest in new courses in the product area, which followed on the sales trends as they developed throughout the year.

A lot of attention was paid to the personal development and training of managers, especially middle and low level managers. Development centres, extension courses and workshops helped to identify training needs. The year 2010 saw a slight expansion of the employee benefit programme (e.g. discounts of cultural events, massages, discounts on cars and car accessories, etc.). As in the previous year, the Company focused on sports and leisure for its employees; it organised several teambuilding outings for its departments and a football tournament. The best-performing salespersons were, as part of their motivation programme, regularly recognised and rewarded in the so-called Premier League.

Call centre

In 2010, the AAA AUTO call centre processed 409,918 incoming calls. It is a continuation of the trend from previous years, when a reduction in the number of incoming calls had been offset by a growth of emails handled by the call centre. Compared to 2009, 48% more customers opted for emails as their preferred communication mode with the call centre. The website of AAA AUTO proved itself as a fully valuable communication channel, where customers can find a specific car, get all information about it, calculate a tentative part payment schedule and book to view. It became apparent that a shift towards electronic communication is notable particularly among Czech customers – its share of the total number of contacts represents more than 36%, while customers in Slovakia still preferred the telephone (email constituted fewer than 25% of all contacts).

The structure of the Call Centre has been modified as a reaction to the market recovery, to better correspond to different segments. The Company embarked on the same exercise, which produced a wider range of possibilities and better service for different customer segments (for instance commercial vehicles, luxury cars) and a growing number of purchase transactions.

Report on Business Activities of the Group in 2010

The Group in 2010

As the Company's CEO already mentioned in his opening letter, the year 2010 was a turnaround year for AAA AUTO Group. The Company registered a first year-on-year increase in its sales after three years and saw a notable increase of customers coming to its branches. As a result, we can say that last year brought the end of the economic recession and a gradual recovery on the used car retail market.

In 2010, the Company continued to focus on its main and most profitable markets, the Czech Republic and Slovakia. As at the end of 2010, the Group had 25 branches of which 17 in the Czech Republic and 8 in Slovakia. The Company also continued to concentrate on the bestselling car models, however, last year for the first time since the launch of the restructuring program in 2008, the Company expanded its car stock also to those car segments for which customers have started to show renewed demand (such as utility cars, luxury or sport models).

As at 31 December 2010, the Company had 1,272 employees on the payroll, which is 15.7% more than in the same period last year. The need for a headcount increase was a result of the revival of sales since the second quarter of the year.

Thanks to the recovery in demand and the continued positive effects of the Company's restructuring program, the Company not only fulfilled but strongly exceeded its declared goals for 2010, which were to maintain the group's annual sales at the same or slightly below the level of previous year and to stay in the black numbers.

With 39,530 cars sold for the whole group in 2010, the Company outperformed its declared target for 2010 and increased its sales volumes by 6.4%³ compared to 2009. The Company also strongly improved its consolidated net profit, which grew by 227.4% to EUR 5.1 million, while the net profit from continuing operations increased by 86.9% to EUR 4.6 million.

In 2010, AAA AUTO Group's customers could also greatly benefit from the Company's launch of cooperation with CEBIA, an external professional partner in the Czech Republic, to certify the authenticity of odometer values. With regard of the inherent risks associated with the phenomenon of re-wound odometers, the Company presented, jointly with SOVA (Czech Association for the Protection of Car Owners), a proposal for a new bill to make the re-winding of odometers in used cars a crime. The proposal was unveiled in autumn 2010 at a seminar held in the Chamber of Deputies of the Czech Parliament.

³ For continuing operations only

Financial and operating results

I. Market development

While there are no official statistical data on the used car retail market the group operates on in the Czech Republic and Slovakia, the Company monitors the development of used car imports and the sale of new cars as important indicators of the situation on the car retail market.

According to SDA data (Car Importers Association), registration of new passenger and light utility vehicles went down by 0.15% in 2010 (to the total of 180,812 units); from this total, the number of new passenger cars sold was up by 4.7% (at 169,236 units). In Slovakia, according to the data from ZAP (Slovak Automotive Industry Association), registration of new passenger and light utility vehicles declined by more than a fifth and closed the year at 70,951 units, compared to 90,426 units in 2009.

The imports of used cars (passenger and light utility vehicles) went down by 12.1% in the Czech Republic to a total of 134,504 cars imported in 2010. In Slovakia imports of used cars decreased by 16.0% to 66,248 imported cars.

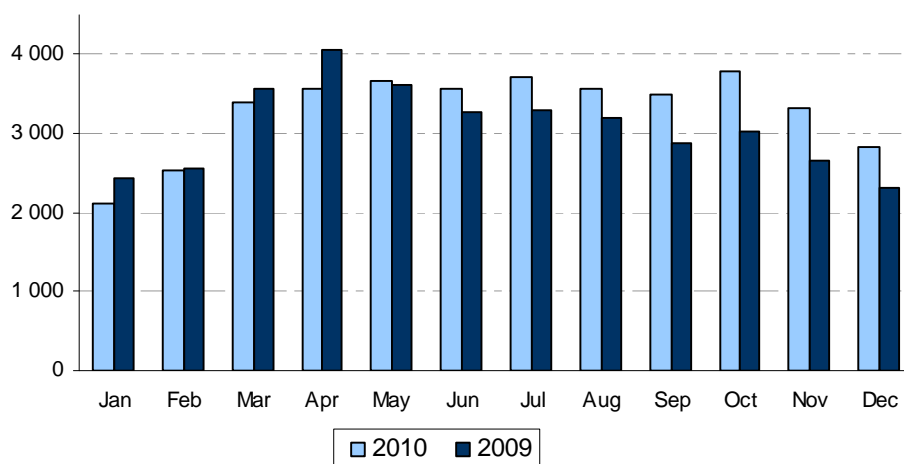
It can be concluded that while AAA AUTO Group was recording increasing sales in 2010, the car retail markets in the Czech Republic and Slovakia were still experiencing lagged effects of the economic recession.

II. Car sales

Thanks to the gradual recovery in demand, unit sales grew more than were the Company's previous conservative expectations and thus beat its 2010 sales target. The AAA AUTO Group sold 39,530 cars in continuing operations in 2010, exceeding the 2009 level of sales by 6.4%, of which 29,018 units were sold in the Czech Republic (up 5.3% year on year), and 10,512 in Slovakia (up 12.9% year on year).

In the Czech Republic, Prague and Central Bohemia, together with Brno and Ostrava, were the strongest regions for sales; in Slovakia, these were Bratislava, Košice and Žilina.

Monthly sales of AAA AUTO Group in 2010 vs. 2009



	1Q 2010	2Q 2010	3Q 2010	4Q 2010	FY 2010	<i>YOY</i>
Czech Republic	6,146	8,047	7,809	7,016	29,018	5.3%
Slovakia	1,911	2,736	2,968	2,897	10,512	12.9%
Group	7,057	10,783	10,777	9,913	39,530	6.4%⁴

Source: Company data

II. Financial services and up-sale products

Towards the end of 2010 banks somewhat relaxed their stance but still maintained their very strict credit screening criteria for consumer loans due to the continuing risk of consumers' default. This remained to be one of the main factors for the used car market in 2010.

Despite the above, AAA AUTO Group managed to maintain its penetration of financial services at a stable level of 40% during the past two years. Also up-sale products remained to be a key tool for the Company to maintain a high gross profit margin per car sold.

The penetration of financing services charted over the period 2007-2010 below shows the effects of the economic crisis and its impact on the financial institutions and their willingness to providing credit and leasing contracts to end customers. In spite of this, the AAA AUTO Group's 40% share of cars sold on consumer credit or leasing remained strong.

Penetration of financing services (number of cars sold on credit or leasing)

	2007	2008	2009	2010
Czech Republic	46%	49%	38%	38%
Slovakia	48%	60%	47%	43%
Hungary*	67%	67%	45%	
Romania*	30%	31%	16%	
Poland **	29%	33%	–	–
Consolidated	48%	53%	40%	40%

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

*** The Polish operation was terminated in mid-2008*

Source: Company data

⁴ For the continuing operations only (e.g. subsidiary companies in the Czech Republic, Slovakia and newly also Hungary). Note that the Hungarian operations have been reclassified from discontinued back to continuing operations retrospectively for both 2009 and 2010 (in 2009 the Company sold 279 cars in Hungary, in 2010 there were no cars sold in Hungary)

III. Financial results in 2010

Note that the Hungarian operations and part of other discontinued operations (in the Czech Republic) have been reclassified from discontinued to continuing operations. This has had an impact on both the Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position (previously reported as the Consolidated Income Statement and Balance Sheet) for 2010⁵ and retrospectively for 2009. Overall impact of the restatements on Consolidated statement of comprehensive income for 2009 was positive in the amount of EUR 178,000. For more information see the Financial Note 3.4 in the following section.

According to the audited consolidated financial results, AAA Auto Group N.V. recorded from its continuing operations⁶ total revenues of EUR 205.0 million in 2010, which represents a growth of 21.9% compared to 2009. From this amount the revenues from sale of cars accounted for EUR 174.5 million (up 20.1%), the rest constituted the revenues from financial services and up-sale products. The total gross profit on sales grew 29.2% to the level of EUR 52.8 million, with gross profit margin (which measures the profitability of the Company's sales) growing to its historical high of 25.8% in 2010 compared to 24.3% in 2009.

The strong gross profit margin has been achieved thanks to the Company focusing on the bestselling car models, retaining high stock turnover, strict price policy and a relatively stable penetration of financial services in proportion to the number of cars sold even during the crisis.

Together with the sales recovery registered in 2010, the total operating expenses (OPEX) grew by 21.0% yoy in 2010, reaching EUR 41.8 million, of which personnel expenses (representing 51% of the total OPEX) constituted the highest increase (the personnel expenses grew by 28.8% yoy to EUR 21.3 million). The overall controlled increase in operating expenses (21.0%) was, however, maintained below the level of the increase in total revenues (21.9%). Thus the OPEX / Revenue ratio was capped at the level of 20%.

The audited financial results therefore show a strong improvement in the Group's operating and total profitability, with the operating profit EBITDA from its continuing operations increasing by 44.6% to EUR 12.2 million, and the net profit from its continuing operations growing 86.9% to EUR 4.6 million.

The total net profit of AAA AUTO Group for both its continuing and discontinued operations⁷ reached the level of EUR 5.1 million in 2010, representing growth of 227% compared to 2009. The group's net profit include a profit from discontinued operations of EUR 0.5 million compared to the loss of EUR 0.9 million in 2009 (the improvement was thanks to the sale of some real estate from discontinued operations⁸ the Company managed to realise in 2010).

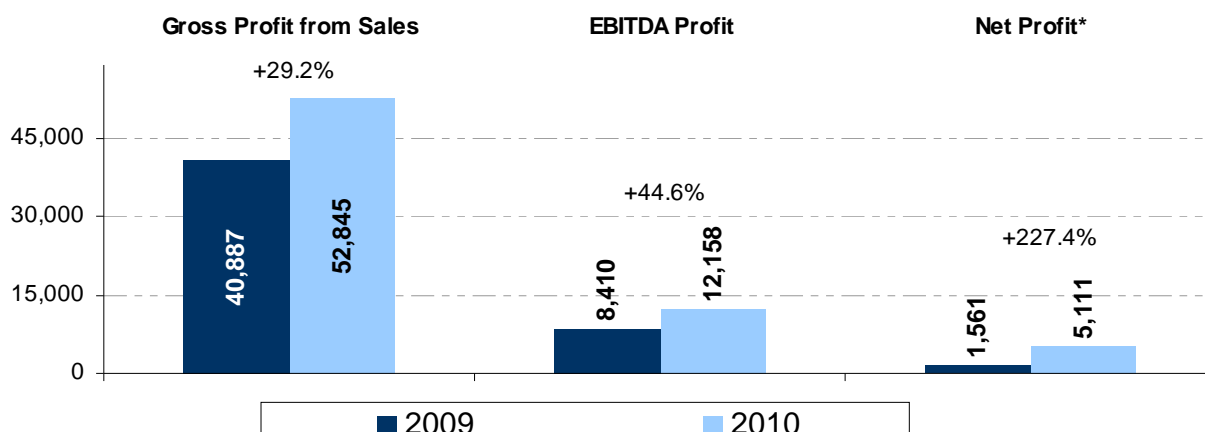
⁵ As a result, the final audited financial results for 2010 differ from the preliminary financial results the Company released during the year 2010 for individual quarters and for the whole year

⁶ Continuing operations = daughter companies in the Czech Republic, Slovakia, Hungary and the parent company incorporated in the Netherlands

⁷ Discontinued operations = daughter companies in Poland and Romania (see Financial Note 25)

⁸ The Company sold real estate in Poland and in the Czech Republic for the new car sales division in 2010, for more info see the Financial Note 25

Development of Gross Profit on Sales, EBITDA and Net Profit for 2010 vs. 2009



Source: Company data

Outlook for the Year 2011

Despite the reviving demand the Company has been registering since the second quarter of 2010 and the especially encouraging sales for the first quarter of 2011 (which were up 37%), the Company chooses to remain conservative in its expectations for 2011. This is due to the fact that the economic recovery which is the key driving force for its sales is still in its initial and very fragile phase.

AAA AUTO Group's target for 2011 is to achieve another sales growth of 10% compared to the previous year. The Company's plans for the next two years include the opening of up to five new car centres in the Czech Republic and three in Slovakia, depending on the prevailing market demand. The Company also confirmed its previously announced intention to enter the Russian market in 2011 and potentially re-launch operations in Hungary, where the company still owns some of its former car centers (real estate), with the turn of 2011 and 2012 being the earliest possible timing considered.

Management Board 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

Financial Statements

Consolidated Financial Statements & Notes to the Consolidated Financial Statements

AAA Auto Group N.V. CONSOLIDATED STATEMENT OF FINANCIAL POSITION at 31 December 2010 (EUR '000)

ASSETS	Note	31/12/10	31/12/09 Restated *)	01/01/09 Restated *)
Non-current assets				
Intangible assets	12	143	406	745
Property, plant and equipment	13	37,314	36,846	32,169
Other financial assets		256	316	563
Deferred tax assets	17	17	16	48
Total non-current assets		37,730	37,584	33,525
Current assets				
Inventories	14	23,463	13,181	23,245
Trade and other receivables	15	10,242	10,715	11,503
Current tax asset	9	1	324	670
Other financial assets		-	-	583
Other non-financial assets	15	1,676	1,768	5,258
Cash and cash equivalents		3,665	6,028	3,622
		39,047	32,016	44,881
Assets of disposal group classified as held for sale	25	3,916	7,759	16,587
		42,963	39,775	61,468
TOTAL ASSETS		80,693	77,359	94,993
EQUITY AND LIABILITIES				
		31/12/10	31/12/09 Restated *)	01/01/09 Restated *)
Equity				
Issued capital	22	38,185	38,185	38,185
Reserves		6,445	5,267	5,017
Accumulated losses		(30,166)	(35,650)	(36,682)
Equity attributable to equity holders of the company		14,464	7,802	6,520
Total equity		14,464	7,802	6,520
Non-current liabilities				
Bank and other borrowings	16	16,299	20,826	27,234
Deferred tax liabilities	17	220	473	457
Other liabilities		-	-	29
Total non-current liabilities		16,519	21,299	27,720
Current liabilities				
Trade and other payables	18	10,683	11,471	12,472
Current tax liabilities	9	1,757	2,552	96
Bank overdrafts and borrowings	16	26,449	26,417	28,808
Provisions	20	3,023	729	2,260
Other financial liabilities		3,818	2,893	2,467
Other non-financial liabilities	18	3,220	1,384	1,534
		48,950	45,446	47,637
Liabilities of disposal group classified as held for sale	25	760	2,812	13,116
		49,710	48,258	60,753
Total liabilities		66,229	69,557	88,473
TOTAL EQUITY AND LIABILITIES		80,693	77,359	94,993

*) Some amounts have been restated and do not correspond to the amounts presented in the consolidated financial statements for the year ended 31 December 2009

The accompanying notes form an integral part of the consolidated financial statements

AAA Auto Group N.V.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 December 2010 (EUR '000)

	Note	2010	2009 ^{*)} Restated
Continuing operations			
Revenue	4,5	205,004	168,239
Other income		1,158	2,112
Changes in inventories	7	2,671	2,470
Car inventory sold		(154,830)	(129,822)
Advertising expenses		(4,426)	(4,138)
Employee benefit expenses	7	(21,286)	(16,524)
Depreciation and amortisation expense	12,13,5	(2,064)	(2,100)
Impairment of property plant and equipment	13,5	(1,202)	(101)
Other expenses	6	(16,133)	(13,927)
Finance cost	8,5	(2,562)	(2,066)
Profit before tax		6,330	4,143
Income tax expense	9	(1,758)	(1,696)
Profit for the period from continuing operations		4,572	2,447
Discontinued operations			
Profit/(loss) from discontinued operations	25	539	(886)
Profit for the period		5,111	1,561
Other comprehensive income			
Foreign currency translation differences for foreign operations		1,561	(194)
Foreign currency translation differences related to entities sold	25	-	(211)
Other comprehensive income for the period, net of income tax		1,561	(405)
Total comprehensive income for the period		6,672	1,156
Profit attributable to:			
Equity holders of the company	10	5,111	1,561
Profit for the period		5,111	1,561
Total comprehensive income attributable to:			
Equity holders of the company		6,672	1,156
Total comprehensive income for the period		6,672	1,156
Earnings per share from continuing and discontinued operations attributable to the equity holders of the company during the year (expressed in EUR cent per share)			
Basic earnings per share			
From continuing operations	10	6.75	3.61
From discontinued operations		0.79	(1.31)
		7.54	2.30
Diluted earnings per share			
From continuing operations	10	6.52	3.46
From discontinued operations		0.77	(1.25)
		7.29	2.21

^{*)} Some amounts have been restated and do not correspond to the amounts presented in the consolidated financial statements for the year ended 31 December 2009

The accompanying notes form an integral part of the consolidated financial statements

AAA Auto Group N.V.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2010 (EUR '000)

	Notes	Share capital	Share premium	Equity/ legal reserve	Share option reserve	Foreign currency translation reserve	Accumulated losses	Equity attributable to holders of the Company	Total equity
Balance at 31/12/08		6,776	31,409	124	302	4,591	(36,912)	6,290	6,290
Effect of corrections		-	-	-	-	-	230	230	230
Balance at 01/01/09 restated		6,776	31,409	124	302	4,591	(36,682)	6,520	6,520
Profit for the year		-	-	-	-	-	1,561	1,561	1,561
Other comprehensive income									
Foreign currency translation differences		-	-	-	-	(194)	-	(194)	(194)
Foreign currency translation differences related to entities sold		-	-	-	-	(211)	-	(211)	(211)
Total comprehensive income		-	-	-	-	(405)	1,561	1,156	1,156
Transactions with owners									
Share options	26	-	-	-	126	-	-	126	126
Addition to legal reserve fund		-	-	529	-	-	(529)	-	-
Balance at 31/12/09		6,776	31,409	653	428	4,186	(35,650)	7,802	7,802
Balance at 01/01/10		6,776	31,409	653	428	4,186	(35,650)	7,802	7,802
Profit for the year		-	-	-	-	-	5,111	5,111	5,111
Other comprehensive income									
Foreign currency translation differences		-	-	-	-	1,561	-	1,561	1,561
Total comprehensive income		-	-	-	-	1,561	5,111	6,672	6,672
Transactions with owners									
Equity legal reserve		-	-	156	-	-	(156)	-	-
Reclassification		-	-	(529)	-	-	529	-	-
Share options	26	-	-	-	(10)	-	-	(10)	(10)
Balance at 31/12/10		6,776	31,409	280	418	5,747	(30,166)	14,464	14,464

The accompanying notes form an integral part of the consolidated financial statements

AAA Auto Group N.V.
CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2010 (EUR '000)

	Notes	2010	2009 Restated
Cash flows from operating activities			
Profit for the year		5,111	1,561
Adjustments for:			
Income tax expense	9, 25	1,755	1,696
Depreciation and impairment of PPE	12, 13, 25	3,956	2,694
Provisions	20	2,501	339
Gain on disposal of fixed assets		(1,636)	(242)
Interest income		(13)	(14)
Interest expense	8	1,970	2,378
Share options	7, 26	(10)	126
Foreign exchange (gain)/loss	8	510	99
(Increase)/decrease in inventories	14	(10,062)	10,066
Decrease/(increase) in receivables and other assets		324	6,036
Increase/(decrease) in payables and other liabilities		(411)	(754)
Interest paid		(1,054)	(1,764)
Interest received		13	20
Income tax paid		(1,743)	(235)
Net cash provided by operating activities		1,211	22,006
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(2,513)	(3,214)
Proceeds from sale of subsidiaries	25	-	2
Proceeds from disposals of property, plant and equipment		5,698	2,765
Net cash used in investing activities		3,185	(447)
Cash flows from financing activities			
Proceeds from third party loans	16	1,842	1,479
Repayment of third party loans	16	(6,609)	(17,909)
Payment of finance lease liabilities	16	(1,780)	(2,673)
Net cash from financing activities		(6,547)	(19,103)
Net decrease/(increase) in cash and cash equivalents		(2,151)	2,456
Net foreign exchange difference		(212)	(50)
Cash and cash equivalents at the beginning of the year		6,028	3,622
Cash and cash equivalents at the end of the year		3,665	6,028

Significant non-cash transactions:

- Settlement of inter-company loans for EUR 80,000 in 2010 (2009: EUR 1,381,000).

Cash flows from discontinued operations are presented in Note 25.

The accompanying notes form an integral part of the consolidated financial statements

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 and is incorporated in the Commercial Register in Amsterdam, the Netherlands, under reg. number 34199203.

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.à.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 who owns 73.8% of the Company indirectly through Automotive Industries S.a.r.l. and 2.6% directly (remaining 23.6% shares are owned by other investors).

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.

These consolidated financial statements were authorised for issue by the Board of Directors on 29 April 2011.

Note 2 – ADOPTION OF NEW AND REVISED STANDARDS

Standards and Interpretations effective in the current period

a) New standards, amendments and interpretations to existing standards mandatory for accounting period 2010

The following improvements to International Financial Reporting Standards mandatory for accounting periods on or after 1 January 2010 are relevant to the Group's operations but have no or immaterial impact:

- IAS 17 – Leases (effective for annual periods beginning on or after January 1, 2010). Classification of leases of lands and buildings.
- IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations (effective for annual periods beginning on or after January 1, 2010). The amendment specifies the disclosures required in respect of non-current assets classified as held for sale or discontinued operations.
- IFRS 8 - Operating Segments: Disclosure of Segment Assets (effective for annual periods beginning on or after January 1, 2010). The amendment clarifies that the entity is required to report a measure of segment assets only if such measure is regularly provided to the chief operating decision maker.

The following standards, amendments and interpretations mandatory for accounting periods beginning on or after 1 January 2010 are not relevant to the Group's operations:

- IFRS 3 - Business Combinations (effective for annual periods beginning on or after January 1, 2010). Allows entities to choose to measure non-controlling interests using the existing IFRS 3 method or at fair value. The revised IFRS 3 is more detailed in providing guidance on the application of the purchase method to business combinations. The revised IFRS 3 brings into its scope business combinations involving only mutual entities and business combinations achieved by contract alone.
- IAS 39 - Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective for annual periods beginning on or after January 1, 2010). The amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations.
- IAS 39 - Financial Instruments: Recognition and measurement – Re-assessment of Embedded Derivatives (effective for annual periods beginning on or after January 1, 2010). The amendments clarify that on reclassification of a financial asset out of the 'at fair value through profit or loss' category, all embedded derivatives have to be assessed and, if necessary, separately accounted for.
- IFRIC 17 - Distribution of Non-Cash Assets to Owners (effective for annual periods beginning on or after January 1, 2010). The interpretation clarifies when and how distribution of non-cash assets as dividends to the owners should be recognised.
- IFRIC 18 - Transfer of Assets from Customers (effective for annual periods beginning on or after January 1, 2010). The interpretation clarifies the accounting for transfers of assets from customers.

Improvements to International Financial Reporting Standards 2009 (issued in April 2009)

- IAS 7 - Statement of Cash Flows (effective for annual periods beginning on or after January 1, 2010). Classification of expenditures on unrecognised assets.
- IAS 18 – Revenue. Determining whether an entity is acting as a principal or as an agent.
- IAS 38 - Intangible Assets (effective for annual periods beginning on or after January 1, 2010). Measuring the fair value of an intangible asset acquired in a business combination.
- IAS 39 - Financial Instruments: Recognition and Measurement (effective for annual periods beginning on or after January 1, 2010). The penalty for early repayment of a loan considered to be closely related to the loan. An exemption on the business combination contracts. Treatment of cash flow hedging.
- IFRS 2 - Share-based Payment – Group Cash-settled Share-based Payment (effective for annual periods beginning on or after January 1, 2010). The amendment provides a clear basis to determine the classification of share-based payment awards in both consolidated and separate financial statements. The amendments incorporate into the standard the guidance in IFRIC 8 and IFRIC 11, which are withdrawn.
- IAS 1 - Presentation of Financial Statements: Classification of Convertible Financial Instruments to Current and Non-current (effective for annual periods beginning on or after January 1, 2010). The amendment clarifies that the potential settlement of a liability by the issue of shares is not relevant to its classification as current or non-current.
- IFRIC 9 - Reassessment of Embedded Derivatives (effective for annual periods beginning on or after 1 July 2009). The purpose of the amendment is to confirm that the business combinations defined in IFRS 3 the derivatives did not acquired in formation of a joint venture and also derivatives did not acquired in transactions under common control do not fall in the scope of IFRIC 9.
- IFRIC 16 - Hedges of a Net Investment in a Foreign Operation (effective for annual periods beginning on or after 1 July 2009). The amendment states that a qualifying hedging instrument may be held by any entity or entities within the group, including the foreign operation itself being subject to the hedging transaction.
- IAS 36 - Impairment of Assets: Allocating Goodwill to Cash-Generating Units (effective for annual periods beginning on or after January 1, 2010). The purpose of the amendment is to clarify that the operating segment level as defined in paragraph 5 of IFRS 8 Operating segments represents the largest cash generating unit (or group of cash generating units) permitted for impairment testing of goodwill.

b) New standards, amendments and interpretations to existing standards published not yet effective

The following standards, amendments and interpretations will be relevant for the Company but have not been early adopted by the Group:

- IAS 24 - Related Party Disclosures - (effective for annual periods beginning on or after January 1, 2011). The main objective of the amendment is to provide a partial exemption from the disclosure requirements for government-related entities, and to clarify the definition of a related party. The amendment also clarifies the entity's obligation to disclose information about all commitments, associated with a related party, to do something if a particular event occurs or does not occur in the future, including executory contracts (recognised and unrecognised).
The Company expects that the Amendment to IAS 24 will have impact on the extent of the disclosure of transactions with related parties. The Company is currently assessing all possible impacts of the amendment.
- IFRS 9 - Financial instruments (effective for annual periods beginning on or after January 1, 2013). IFRS 9 replaces those parts of IAS 39 relating to the classification and measurement of financial assets and liabilities and changes also some disclosure requirements as set out by IFRS 7. Per IFRS 9, all financial assets, currently within scope of IAS 39, are required to be classified into two measurement categories – those to be measured subsequently at amortised cost, and those to be measured subsequently at fair value. IFRS 9 was further amended in October 2010 to address the classification and measurement of financial liabilities. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated as at fair value through profit or loss in other comprehensive income.

The Company expects that the new IFRS 9 will have impact on classification, measurement and disclosure of financial instruments in the notes to the financial statements. However, without a detailed analysis it is not possible to perform reliable estimate of such impact as at the date of the financial statements.

The following standards, amendments and interpretations will not have material impact or will not be relevant for the Group:

- IFRS 7 - Financial instruments: Disclosures Transfers of Financial Assets (effective for annual periods beginning on or after July 1, 2011). The amendment enhances the disclosure requirements related to transactions including a transfer of financial assets.
- IAS 32 - Financial Instruments – Presentation: Classification of Rights Issues (effective for annual periods beginning on or after January 1, 2011). The amendment deals with presentation of rights issues denominated in a currency other than the issuing entity's functional currency. The amendment exempts certain rights issues of shares with proceeds denominated in foreign currencies from classification as financial derivatives.
- IFRIC 14 - Prepayments of a Minimum Funding Requirement (effective for annual periods beginning on or after January 1, 2011). It removes an unintended consequence of IFRIC 14 related to voluntary pension prepayments when there is a minimum funding requirement.
- IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after January 1, 2011). The interpretation addresses the accounting in cases where all or part of the financial liability is extinguished by the debtor by issuing equity instruments to the creditor.
- IAS 12 - Deferred tax: Recovery of Underlying Assets (effective for annual periods beginning on or after January 1, 2012). The amendment provides an exception to the general principle as per IAS 12 for deferred tax assets and deferred tax liabilities arising from investment property carried at fair value as per IAS 40 or property, plant and equipment or intangible assets measured using the revaluation model as per IAS 16 or IAS 38.

Improvements to International Financial Reporting Standards 2010 (issued in May 2010)

- IFRS 3 - Business Combinations (effective for annual periods beginning on or after July 1, 2010). Measurement of non-controlling interests. Un-replaced and voluntarily replaced share-based payment awards. Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS 3.
- IFRS 7 - Financial Instruments: Disclosures (effective for annual periods beginning on or after January 1, 2011). Clarification of disclosures.
- IAS 1 - Presentation of Financial Statements (effective for annual periods beginning on or after January 1, 2011). Statement of changes in equity.
- IAS 27 - Consolidated and Separate Financial Statements (effective for annual periods beginning on or after July 1, 2010). Transition requirements for subsequent amendments arising as a result of IAS 27.
- IAS 34 - Interim Financial Reporting (effective for annual periods beginning on or after January 1, 2011). Significant events and transactions.
- IFRIC 13 - Customer Loyalty Program (effective for annual periods beginning on or after January 1, 2011). Fair value of award credits.

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. Basis for preparation

The consolidated financial statements of AAA Auto 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 as adopted by the European Union ("IFRS").

The consolidated financial statements have been prepared on the historical cost basis. 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.

These consolidated financial statements should be read in conjunction with the Company financial statements.

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 in line with those used by the Group. All intercompany 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 deconsolidated from the date that control ceases.

A summary of all subsidiaries consolidated at 31 December 2010 is provided in the Note 11.

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 Chief Financial Officer.

Foreign currency

(A) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in euro (EUR), which is the Company's presentation and functional currency.

(B) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transaction and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

All foreign exchange gains and losses are presented in profit or loss within "finance income and cost".

(C) Group companies

On consolidation, the results of all the group entities (none of which has the currency of a hyper-inflationary 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 in other comprehensive income.

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 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.

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
Trademarks	6 years
Software	3 years

The estimated useful lives 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.

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction, over their estimated useful lives using the straight-line method, as follows (except for finance leases 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 held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over 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 lives, production capacity and productivity are recognized in 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, associated with the asset, will flow to the Group and the costs of the asset can be measured reliably.

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)

Assets subject to amortisation and depreciation 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 to which the asset belongs for which there are separately identifiable cash inflows).

Impairment charges are included in profit or loss.

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

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight – line basis over the period of the lease.

The group leases certain property, plant and equipment. Leases of property, plant and equipment where the group has substantially all risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease 's commencement at the lower of the fair value of the lease property and the present value of the minimum lease payments.

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 (mainly external car repairs, car registration and other administration fees, car import and transport costs, customs duty, appropriate share of wages of car buying department).

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 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 income (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.

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. Financial assets owned by the Group are classified as Loans and Receivables.

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 an 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 other 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.

The Group's loans and receivables comprise trade and other receivables and other financial assets in the consolidated balance sheet.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits on demand call with banks, other short term highly liquid investments with original maturities of three months or less.

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 as other financial liabilities measured at amortised costs.

Other financial liabilities

- Bank borrowings are initially recognized at fair value net of any transaction costs. Borrowings are subsequently measured at amortized cost using the effective interest rate method.
- 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 for legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, likelihood that an outflow will be required in settlement is determined by considering the calls of obligation as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in there same calls of obligation may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre – tax rate that reflects current market assessment of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, 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 operate 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 taxable 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

The group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

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 profit or loss over the remaining vesting period.

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 that the goods will be returned (the right of return), total revenue amount is not deferred, but the Group defers only a portion based on previous experience and other relevant factors.

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 cars. 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 a group entity. These services are provided on a time and direct material basis or as a fixed-priced contract.

Revenue from fixed-priced contracts for rendering of repair and maintenance services is 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, damage insurance and other services such as road assistance. From these activities the Group receives a commission that is recognized as revenue when a relevant service is rendered.

Interest income

Interest income 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 income

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

Post employment benefit costs

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

All post employment benefit costs of the Group represent mandatory social security premiums paid by the Company and 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 that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset. Such borrowing costs are capitalised as part of the cost of the asset when it is probable that they will result in future economic benefits to the Group and the costs can be measured reliably.

3.3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Critical accounting estimates and assumptions

Impairment

The Group presents property, plant and equipment and intangible assets with definite useful lives. 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 carry the value of PPE and intangible assets at the lower of the carrying value or the net recoverable value, whichever is the lower. The impairment is recognised within depreciation in the consolidated statement of comprehensive income. Impairment charges relating to other assets are charged to other expenses in the consolidated statement of comprehensive income.

Estimating recoverable amounts of assets is 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 lives 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.

Legal proceedings

In accordance with IFRS 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.

Critical judgements in applying the Group's accounting policies

Classification of assets held for sale and discontinuing operations

Non-current assets (or disposal groups) are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable.

For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan must have been initiated. Further, the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Although the Group's analyses and estimates are based on the best currently available information, the risk of future changes and uncertainty with respect to future development, especially completing the plan within one year, exists.

3.4. Comparative amounts

Restatement of Hungarian operations from discontinued operations

During the preparation of the consolidated financial statements for the year ended 31 December 2010, management reviewed requirements of IFRS 5 - Non-current assets held for sale and discontinued operations applied for the classification of assets held for sale as at 31 December 2009. Based on the review, management concluded that properties related to Hungarian operations should have been reclassified from Non-current assets held for sale to Property, plant and equipment as the deterioration of real estate market in Hungary during 2009 indicated that it was not probable that the sale of the properties would be completed within one year. As a result, the balances related to Hungarian discontinued operations were restated as at 31 December 2009 as follows:

- net book value of properties of Hungarian operations of EUR 7,643,000 was reclassified from Non-current assets classified as held for sale to Property, plant and equipment;
- as a result of the restatement the Company recorded additional depreciation expense of EUR 38,000 on the reclassified property; and
- bank loans related to Hungarian operations of EUR 8,791,000 were reclassified from Liabilities directly associated with assets classified as held for sale to Bank overdrafts and borrowings.

In connection with the above restatement, the Group also reclassified the 2009 results of Hungarian operations from results of discontinued operations as follows:

- amount of EUR 1,844,000 was reclassified to Revenue;
- amount of EUR 1,038,000 was reclassified to Other income;
- amount of EUR 1,748,000 was reclassified to Car inventory sold;
- amount of EUR 208,000 was reclassified to Depreciation and amortisation expense;
- amount of EUR 304,000 was reclassified to Other operating expenses; and
- amount of EUR 542,000 was reclassified to Finance costs.

The net effect of the above was a reclassification of profit of EUR 80,000 from discontinued operations to continuing operations in 2009 and additional depreciation charge of EUR 38,000.

Restatement of inaccurate classification of Polish operations

In connection with restatement of Hungarian operations from discontinued operations, management discovered that the balances of the Polish operations reported as discontinued operations in the statement of financial position as at 31 December 2009 and statement of comprehensive income for the year ended 31 December 2009 were misstated due to an error. As a result, the following reclassifications were made in the balances as at 31 December 2009:

- amount of EUR 293,000 was reclassified from Trade and other receivables to Assets of disposal group classified as held for sale
- amount of EUR 786,000 was reclassified from Trade and other payables to Liabilities of disposal group classified as held for sale
- amount of EUR 181,000 was reclassified from Deferred tax liabilities to Liabilities of disposal group classified as held for sale
- amount of EUR 202,000 was reclassified from Provisions to Liabilities of disposal group classified as held for sale
- amount of EUR 152,000 was reclassified to Revenue from Profit/(loss) from discontinued operations
- amount of EUR 514,000 was reclassified to Other income from Profit/(loss) from discontinued operations
- amount of EUR 642,000 was reclassified to Other expense from Profit/(loss) from discontinued operations
- amount of EUR 565,000 was reclassified to Finance costs from Profit/(loss) from discontinued operations

The net effect of the above was a reclassification of loss of EUR 541,000 to continuing operations from discontinued operations in 2009.

Restatement of HK Partner classification

Management of the Group also reviewed definition of discontinued operations included in IFRS 5 and determined that classification of HK Partner profit and loss balances in Result from discontinued operations was incorrect as HK Partner does not meet definition of discontinued operations as at 31 December 2009 mainly as they do not represent separate major line of business or geographical area of operation. Only related assets should be presented as assets held for sale in Assets of disposal group classified as held for sale. Based on that, the following reclassifications were made from discontinuing operations to continuing operations in profit or loss for the year ended 31 December 2009:

- amount of EUR 85,000 was reclassified to Revenue
- amount of EUR 30,000 was reclassified to Other income
- amount of EUR 13,000 was reclassified to Car inventory sold
- amount of EUR 106,000 was reclassified to Impairment of property, plant and equipment
- amount of EUR (44,000) was reclassified to Other expenses
- amount of EUR 32,000 was reclassified to Finance cost
- amount of EUR 17,000 was reclassified to Income tax expense

The net effect of the above was classify reclassification of loss of EUR 9,000 to continuing operations from discontinued operations in 2009.

No reclassification was necessary in balance sheet as related PPE remained in Assets of disposal group classified as held for sale as at 31 December 2009.

Restatement of overstatement of depreciation expense of Hungarian PPE

During the current year, the Group also determined that depreciation expense related to Hungarian properties was misstated due to a system error in local general ledger. As a result, the Group restated depreciation expense for 2009 and accumulated depreciation as at 31 December 2009 as well as retained earnings as at 31 December 2008 as part of a correction of an error related to prior periods. Depreciation and amortisation for 2009 was reduced by EUR 215,000, and Accumulated losses as at

31 December 2008 were reduced by EUR 230,000 and Accumulated depreciation of PPE was reduced by EUR 445,000.

Other reclassifications

Statement of comprehensive income

The Group reclassified amount of EUR 460,000 representing inventory impairment charge from Other expenses to Car inventory sold in the statement of comprehensive income.

The Group reclassified EUR 2,470,000 from Employee benefit expense to Changes in inventories for employee's costs related to car inventory acquisition and services incurred in bringing car inventory to conditions for sale.

The Group reclassified amount of EUR 292,000 from Car inventory sold to Other expenses as the costs did not relate to costs of sales.

The Group reclassified amount of EUR 40,000 from Other expenses to a reduction of revenues. The Group reclassified amount of EUR 5,000 from Share on profit of equity accounted investees to Other income and amount of EUR 5,000 from Depreciation and amortisation expense to Impairment of property, plant and equipment.

The Group reclassified amount of EUR 126,000 from Other comprehensive income to Share option reserve as increase in Share option reserve was incorrectly accounted not through the reserve directly but through other comprehensive income.

Statement of financial position

Management also determined that certain trade receivables and trade payables as at 31 December 2009 were reported gross whereas they should have been reported net. As a result, amount of EUR 7,759,000 was deducted from Trade and other receivables and Trade and other payables.

Management reviewed classification of financial assets and liabilities on the face of the Statement of financial position and performed certain reclassifications between financial and non-financial assets and liabilities as at 31 December 2009 and 31 December 2008. These reclassification did not change amounts of non-current and current assets and liabilities.

The Group reclassified amount of EUR 114,000 from Investment property to Property, plant and equipment.

Overall impact of the restatements described above on results from continuing and discontinuing operations was as follows:

	2009
	EUR '000
Profit from continuing operations - originally reported	2,740
Restatement due to Hungarian operations reclassification - additional depreciation on reclassified property	(38)
Restatement due to Hungarian operations reclassification - reclassification from result of discontinued	80
Restatement due to correction of Polish operations classification	(541)
Restatement due to correction of 2009 depreciation of Hungarian PPE	215
Restatement due to correction of HK Partner classification	(9)
	(293)
Profit from continuing operations - restated	2,447

	2009 EUR '000
Loss from discontinued operations - originally reported	(1,357)
Restatement due to Hungarian operations reclassification	(80)
Restatement due to correction of Polish operations classification	542
Restatement due to correction of HK Partner classification	9
	471
Loss from discontinued operations - restated	(886)

Overall impact of the restatements described above on Consolidated statement of comprehensive income for 2009 was as follows:

	2009 originally reported	Corrections	2009 after corrections
Continuing operations			
Revenue	166,198	2,041	168,239
Other income	526	1,586	2,112
Changes in inventories	-	2,470	2,470
Car inventory sold	(127,893)	(1,929)	(129,822)
Advertising expenses	(4,138)	-	(4,138)
Employee benefit expenses	(14,054)	(2,470)	(16,524)
Depreciation and amortisation expense	(2,065)	(35)	(2,100)
Impairment of property plant and equipment	-	(101)	(101)
Other expenses	(13,232)	(695)	(13,927)
Finance cost	(927)	(1,139)	(2,066)
Share on profit of equity accounted investees	5	(5)	-
Profit/(loss) before tax	4,420	(277)	4,143
Income tax expense	(1,680)	(16)	(1,696)
Profit/(loss) for the period from continuing operations	2,740	(293)	2,447
Discontinued operations			
Profit/(loss) from discontinued operations	(1,357)	471	(886)
Profit/(loss) for the period	1,383	178	1,561
Other comprehensive income			
Foreign currency translation differences for foreign operations	(194)	-	(194)
Foreign currency translation differences related to entities sold	(211)	-	(211)
Change in share option reserve	126	(126)	-
Total comprehensive income for the period	1,104	52	1,156

Overall impact of the restatements described above on Consolidated statement of financial position as at 31 December 2009 was as follows:

	31/12/09 originally reported	Corrections	31/12/09 after corrections
ASSETS			
Non-current assets			
Intangible assets	406	-	406
Property, plant and equipment	28,681	8,165	36,846
Investment property	114	(114)	-
Other financial assets	316	-	316
Deferred tax assets	16	-	16
Total non-current assets	29,533	8,051	37,584
Current assets			
Inventories	13,181	-	13,181
Trade and other financial receivables	20,452	(9,737)	10,715
Current tax asset	324	-	324
Other financial assets	83	(83)	-
Other non-financial assets	-	1,768	1,768
Cash and cash equivalents	6,028	-	6,028
Total current assets	40,068	(8,052)	32,016
Assets of disposal group classified as held for sale	15,109	(7,350)	7,759
TOTAL ASSETS	84,710	(7,351)	77,359
EQUITY AND LIABILITIES			
Equity			
Issued capital	38,185	-	38,185
Reserves	4,738	529	5,267
Retained earnings	(35,529)	(121)	(35,650)
Equity attributable to equity holders of the company	7,394	408	7,802
Non-controlling interest	-	-	-
Total equity	7,394	408	7,802
Non-current liabilities			
Bank and other borrowings	20,826	-	20,826
Deferred tax liabilities	479	(6)	473
Total non-current liabilities	21,305	(6)	21,299
Current liabilities			
Trade and other financial liabilities	21,375	(9,904)	11,471
Current tax liabilities	2,552	-	2,552
Bank overdrafts and borrowings	17,626	8,791	26,417
Provisions	898	(169)	729
Obligation under finance lease	52	(52)	-
Other financial liabilities	2,893	-	2,893
Other non-financial liabilities	-	1,384	1,384
Liabilities of disposal group classified as held for sale	10,615	(7,803)	2,812
Total current liabilities	56,011	(7,753)	48,258
Total liabilities	77,316	(7,759)	69,557
TOTAL EQUITY AND LIABILITIES	84,710	(7,351)	77,359

Overall impact of the restatements described above on earnings per share was as follows (expressed in EUR cent per share):

	2009 originally reported	2009 after restatement
Basic earnings per share		
From continuing operations	4.04	3.61
From discontinued operations	(2.00)	(1.31)
	2.04	2.30
Diluted earnings per share		
From continuing operations	3.87	3.46
From discontinued operations	(1.92)	(1.25)
	1.95	2.21

Note 4 – REVENUE

An analysis of the Group's revenue for the year (up to Gross margin) is as follows:

Revenues	2010	2009
	EUR '000	EUR '000
Revenue from the sale of goods		
Cars	174,454	145,237
Spare parts	849	1,054
Total revenue from the sale of goods	175,303	146,291
Revenue from the rendering of services		
Commissions revenue (leasing, insurance, other)	25,887	19,007
Services (car repairs, maintenance, other)	3,814	2,941
Total revenue from the services	29,701	21,948
Total	205,004	168,239

The revenues are shown for continuing operations only with the comparative data for 2009. A summary of discontinued operations is shown in Note 25.

Note 5 - SEGMENT REPORTING

Management has determined the operating segments based on the reports reviewed by the top management team that are used to make strategic decisions.

The top management team considers the business from a geographic perspective in the Czech Republic and the Slovak Republic. Majority of sales of the Group represent used cars supplied to similar customer base. There are not revenues from transactions with a single external customer that amount to 10 per cent or more of the Group's revenues.

During 2008, the Group withdrew from its operations in Poland and decided to withdraw from its operations in Hungary and Romania. The result of discontinued operations in Poland and Romania is therefore reported separately in Note 25.

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

The top management team assesses the performance of the operating segments based on a measure of the operating result (EBITDA). It excludes unrealised FX gains/losses, interest expenses and other financial income or cost. These are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group. Since the top management team reviews the operating result (EBITDA), the results of discontinued operations are not included in the measure of EBITDA.

Information about total assets by segment is not disclosed because such information is not reported to or used by top management team.

The segment information provided to the top management team for the reportable segments for the year ended 31 December 2010 is as follows:

2010	Czech Republic	Slovak Republic	Total
	EUR '000	EUR '000	EUR '000
Total segment revenue	152,378	59,104	211,482
Inter-segment revenues	(6,401)	(77)	(6,478)
Revenues from external customers	145,977	59,027	205,004
Operating result (EBITDA) reported to the top management team	8,452	3,431	11,883

The segment information provided to the top management team for the reportable segments for the year ended 31 December 2009 is as follows:

2009	Czech Republic	Slovak Republic	Total
	EUR '000	EUR '000	EUR '000
Total segment revenue	128,412	46,894	175,306
Inter-segment sales	(6,988)	(79)	(7,067)
Revenues from external customers	121,424	46,815	168,239
Operating result (EBITDA) reported to the top management team	6,627	2,173	8,800

A reconciliation of the segment result reported to the top management team to profit for the period for the continuing operations is provided as follows:

	2010	2009
	EUR '000	EUR '000
Operating result (EBITDA) reported to the top management team	11,883	8,800
Depreciation and amortization	(2,064)	(2,100)
Impairment of property plant and equipment	(1,202)	(101)
Finance cost	(2,562)	(2,066)
Income tax expense	(1,758)	(1,696)
Other	275	(390)
Profit for the period from continuing operations	4,572	2,447

Depreciation and amortisation included in operating result (EBITDA) reported to the top management team allocated to individual segments is as follows:

	Czech Republic	Slovak Republic	Other	Total
	EUR '000	EUR '000	EUR '000	EUR '000
2010	1,631	387	46	2,064
2009	1,427	570	103	2,100

Revenues from external customers are derived from sales of cars, sales of spare parts (sale of goods) and commissions revenue and services (revenue from rendering of service). Breakdown of the revenues is in Note 4.

The total of non-current assets other than deferred tax assets located in the Czech Republic is EUR 20,143,000 (2009: EUR 19,227,000) and the total of these assets located in Slovakia is EUR 9,976,000 (2009: EUR 9,866,000).

Note 6 - OTHER EXPENSES

	2010	2009
Detail of other expenses	EUR '000	EUR '000
Material used	1,577	1,261
Fuel	636	451
Energy	964	1,087
Repairs	498	84
Travel expenses	361	100
Rent	2,721	2,972
Communication expenses	1,250	984
Transport services	682	477
Consulting services (business, tax, legal, audit and accounting)	2,383	1,471
Security	183	262
Taxes and fees	213	185
Insurance	473	202
Software services	396	298
Shortages and losses	36	547
Impairment losses (accounts receivable)	799	277
Other expenses	2,961	3,269
Total other expenses	16,133	13,927

Other expenses are shown for continuing operations only.

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:

	2010	2009
Staff costs (including directors)	EUR '000	EUR '000
Wages and salaries	16,097	12,166
Social security contributions and similar taxes	5,028	4,067
Short-term non-monetary benefits	171	165
Share-based payment expense (Note 26)	(10)	126
Total	21,286	16,524

Employee benefit expense that is directly attributable to the purchase of inventories in the amount of EUR 2,671,000 (2009: EUR 2,470,000) is capitalized and recognized as a component of the initial measurement of purchased inventories.

Employee benefit expenses are shown for continuing operations only.

As at 31 December 2010 the Group employed 1,272 employees (2009: 1,099 employees).

Note 8 - FINANCE COSTS

	2010	2009
	EUR '000	EUR '000
Interest on bank overdrafts and loans	1,813	2,032
Interest on obligations under finance leases	44	-
Total interest expenses	1,857	2,032
Foreign exchange (gains)/losses	510	(8)
Other (bank fees, stock exchange and financial supervision expenses)	195	42
Total financial costs	2,562	2,066

More information regarding borrowings and interest rates on borrowings is included in Note 16.

Finance costs are shown for continuing operations only.

Note 9 – INCOME TAX

	2010	2009
	EUR '000	EUR '000
Current tax:		
Current tax on profits for the year	2,012	1,648
Total current tax	2,012	1,648
Deferred tax (Note 17)		
Deferred tax (income)/expense	(254)	48
Income Tax Total	1,758	1,696

The tax on the Group's profit before taxes differs from the theoretical amount that would arise upon using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2010	2009
	EUR '000	EUR '000
Profit before tax	6,330	4,143
Applicable tax rate	19%	19%
Tax calculated at local tax rate applicable to profit before tax	1,203	787
Expense not deductible for tax purposes	275	615
Not recognised deferred tax	328	144
Other	(48)	150
Total income tax expense recognized in profit or loss	1,758	1,696

The weighted average applicable tax rate was 19 % (2009: 19%).

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 and profit or loss from continuing operations attributable to those equity holders, divided by the weighted average number of ordinary shares outstanding during the year.

The diluted earnings per share amounts are calculated as the profit for the year attributable to the ordinary equity holders of the parent company and profit or loss from continuing operations attributable to those equity holders, divided by the weighted average number of ordinary shares outstanding during the year plus outstanding number of share options at the end of the year (see also Note 26).

The individual variables used in the calculation are as follows:

	2010	2009
Profit for the year attributable to equity holders of the parent (equals earnings used in the calculation of total basic earnings per share)	5,111,000	1,561,000 ^{*)}
Profit for the year from discontinued operations (equals earnings in the calculation of the basic and diluted earnings per share for discontinued operations)	539,000	(886,000) ^{*)}
Profit for the year from continuing operations (equals earnings in the calculation of the basic and diluted earnings per share for continuing operations)	4,572,000	2,447,000 ^{*)}
Weighted average number of ordinary shares	67,757,875	67,757,875
Number of share options outstanding at the end of the period (granted not vested)	2,343,000	2,983,000
Basic earnings per share (EUR/share) (Group)	0.075	0.023 ^{*)}
Diluted earnings per share (EUR/share) (Group)	0.073	0.022 ^{*)}
Basic earnings per share (EUR/share) (Continuing)	0.067	0.036 ^{*)}
Diluted earnings per share (EUR/share) (Continuing)	0.065	0.035 ^{*)}

^{*)} restated

Note 11 - CONSOLIDATED ENTITIES

Details of the Company's subsidiaries whose financial statements are consolidated in these consolidated financial statements as at 31 December 2010 are as follows:

Company	Country of registration and incorporation	Principal activity
Continuing Operations		
AAA AUTO a.s.	Czech Republic	used car sales
AUTO DISKONT s.r.o.	Czech Republic	used car sales
KAPITÁL AUTOMOTIVE a.s.	Czech Republic	holding company
Veromia s.r.o. v likvidaci (*)	Czech Republic	non-active
AAA AUTO PRAHA s.r.o.	Czech Republic	providing services
GENERAL AUTOMOBIL CZECH s.r.o.	Czech Republic	used car service
HK PARTNER s.r.o.	Czech Republic	holding company
HK PARTNER Kladno s.r.o.	Czech Republic	real estate owner
AUTOCENTRUM AAA AUTO a.s.	Slovak Republic	used car sales
AUTO DISKONT s.r.o.	Slovak Republic	non-active
AAA AUTO Hungary Kft. (renamed from General Automobile Kft.)	Hungary	non-active
AAA Auto Kft.	Hungary	real estate owner
Autocentrum AAA AUTO Kft.	Hungary	holding company
AAA Auto a.d. Beograd	Serbia	non-active
AAA Auto EOOD.	Bulgaria	sold in December 2010
AAA AUTO LLC	Ukraine	non-active
GENERAL AUTOMOBIL S.R.L.	Romania	non-active
AAA AUTO LLC	Russia	non-active
AAA Auto Group N.V.	Netherlands	holding company
Discontinued Operations		
AAA Auto Sp.z.o.o.	Poland	non-active
Autocentrum AAA Auto Sp.z.o.o.	Poland	non-active

(*) company in liquidation

In case of all subsidiaries, the proportion of ownership interest is equal to the proportion of voting power held. All subsidiaries are 100% owned by the Company.

Furthermore, Hungarian subsidiaries were reclassified as continuing operations (see Note 25).

Note 12 - INTANGIBLE ASSETS

The Group did not incur any research and development expenses in the periods 2010 and 2009.

The amortisation cost incurred in the year 2010 amounted to EUR 340,000 (in the year 2009: EUR 403,000).

In 2010 and 2009, no intangible assets were pledged as security over payables to the financial institutions.

As at 31 December 2010, the Group did not enter into any contractual commitments for the acquisition of intangible assets.

Note 13 - PROPERTY, PLANT AND EQUIPMENT (PPE)

	Buildings and land EUR '000	Company cars EUR '000	Fixtures and equipment EUR '000	PPE in the course of construction EUR '000	Total EUR '000
COST					
Balance at 1/1/2009	28,046	3,854	8,851	1,731	42,482
Additions	3,335	1,781	432	145	5,693
Transfer of Hungarian operation for assets held for sale	7,643	-	-	-	7,643
Disposals	(697)	(1,253)	(2,120)	(1,858)	(5,928)
Transfer to inventory	-	(2,484)	-	-	(2,484)
Net foreign currency exchange differences	256	18	(40)	(12)	222
Balance at 31/12/2009	38,583	1,916	7,123	6	47,629
Additions	405	2,249	601	359	3,614
Disposals	(113)	(75)	(125)	(13)	(326)
Transfer to inventory	-	(1,059)	-	-	(1,059)
Net foreign currency exchange differences	736	101	309	4	1,150
Balance at 31/12/2010	39,611	3,132	7,908	356	51,008
ACCUMULATED DEPRECIATION and IMPAIRMENT					
Balance at 1/1/2009	(4,208)	(1,481)	(4,624)	-	(10,313)
Depreciation expense	(471)	(298)	(928)	-	(1,697)
Impairment losses charged to profit or loss	5	-	-	-	5
Disposals	88	483	-	-	571
Transfer to inventory	-	1,023	-	-	1,023
Net foreign currency exchange differences	(245)	(151)	25	-	(371)
Balance at 31/12/2009	(4,831)	(424)	(5,527)	-	(10,782)
Depreciation expense	(582)	(576)	(566)	-	(1,724)
Impairment losses charged to profit or loss	(967)	-	-	-	(967)
Disposals	22	17	-	-	39
Transfer to inventory	-	208	-	-	208
Net foreign currency exchange differences	(221)	(13)	(233)	-	(467)
Balance at 31/12/2010	(6,579)	(788)	(6,326)	-	(13,693)
Carrying amount					
As at 1 January 2009	23,838	2,373	4,227	1,731	32,169
As at 31 December 2009	33,752	1,492	1,596	6	36,846
As at 31 December 2010	33,032	2,344	1,582	356	37,314

Assets held for sale in discontinued operations are summarized in Note 25. The impairment charge relevant to Assets held for sale of the HK PARTNER and HK PARTNER KLADNO in the amount of EUR 235,000 in the year 2010 (2009: EUR 106,000) are included in the profit or loss for continuing operations.

In 2008, the Group announced its intention to withdraw from its operations in Hungary and Poland what lead to classification of real estate properties in Hungary and Poland as held for sale.

During the preparation of the consolidated financial statements for the year ended 31 December 2010, management reviewed requirements of IFRS 5 - Non-current assets held for sale and discontinued operations applied for the classification of assets held for sale as at 31 December 2009. Based on the review, management concluded that properties related to Hungarian operations should have been reclassified from Non-current assets held for sale to Property, plant and equipment as the deterioration of real estate market in Hungary during 2009 indicated that it was not

probable that the sale of the properties would be completed in one year. As a result, the Group restated balances related to Hungarian discontinued operations. For more details see Note 3.4.

During 2010, the Group recorded further impairment of EUR 967,000 on Hungarian properties. Impaired assets are measured at fair value less costs to sell determined based on the independent expert valuations.

The Group has pledged land and buildings at carrying amount of amount EUR 23 million (2009: EUR 22 million) to secure banking facilities granted to the Group.

Assets held for sale in discontinued operations are summarized in Note 25.

Fixtures and equipments include the following amounts where the group is a lessee under a finance lease:

	31/12/10 EUR '000	31/12/09 EUR '000	31/12/08 EUR '000
Cost – capitalised finance leases	595	631	752
Accumulated depreciation	(334)	(468)	(228)
Net book value	261	163	524

Note 14 – INVENTORIES

	31/12/10 EUR '000	31/12/09 EUR '000
Raw materials (spare parts and consumables)	662	786
Merchandise (cars and accessories)	24,980	14,794
Total	25,642	15,580
Inventory provision	(2,179)	(2,399)
Net value	23,463	13,181

As at 31 December 2010 the Group had 4,973 cars on stock compared to 3,783 cars as at 31 December 2009.

The calculation of the net realizable value is based on estimated selling price less estimated selling expenses. The expected selling price is based on the analysis of usual market price in the relevant market segment. Factors that could impact estimated selling price include demand for the car specification, competitor actions, supplier's prices and economic trends. This calculation is reviewed and compared to particular stock analysis. The Group reviews the net realizable value of its inventory on a quarterly basis to ensure inventory is measured at the lower of cost or net realizable value.

The cost of inventories recognized as an expense was in the amount of EUR 152,159,000 (2009: EUR 127,352,000).

Inventories of EUR 8,174,000 as at 31 December 2010 (31 December 2009: EUR 10,286,000) are pledged as security for bank and other corporate borrowings that the Group uses for financing of stock.

Note 15 - TRADE AND OTHER FINANCIAL AND NON-FINANCIAL ASSETS

	31/12/10 EUR '000	31/12/09 EUR '000	31/12/08 EUR '000
Trade and other financial receivable			
Trade receivables	9,006	8,632	8,617
Allowances for doubtful debts	(1,882)	(1,083)	(1,786)
Trade receivables, net	7,124	7,549	6,831
Accrued revenue	1,093	842	3,776
Other receivables	2,025	2,324	896
Total	10,242	10,715	11,503

Other non-financial assets	31/12/10 EUR '000	31/12/09 EUR '000	31/12/08 EUR '000
Prepayments	1,124	1,172	1,483
Employees receivables	328	355	281
VAT receivables	224	241	3,494
Total	1,676	1,768	5,258

Trade and other financial receivables included balances due from related party in the amount of EUR 3,429,000 as at 31 December 2010 (31 December 2009: EUR 2,025,000 and 31 December 2008: EUR 2,268,000). Detail of these balances is described in Note 24.

Note 16 - BANK AND OTHER BORROWINGS

	31/12/10 EUR '000	31/12/09 EUR '000	31/12/08 EUR '000
Bank overdraft	6,820	6,276	10,556
Bank and corporate loans	27,053	30,727	28,220
Company cars financing	1,315	1,479	-
Obligation under finance lease	178	22	2,725
Inventory financing	7,382	8,739	14,541
Total	42,748	47,243	56,042
The borrowings are repayable as follows:			
- On demand or within one year	26,449	26,417	28,808
- In the second to fifth year inclusive	16,299	20,826	27,234
Total	42,748	47,243	56,042

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;
- inventory financing – special loans provided by finance institutions only for the purpose of purchasing the cars;

The item Bank and corporate loans of EUR 27,053,000 as at 31 December 2010 (31 December 2009: EUR 30,727,000 and 31 December 2008: EUR 28,220,000) includes a related party loan from shareholder AUTOMOTIVE INDUSTRIES S.à.r.l. totaling EUR 12,475,000 (31 December 2009: EUR 12,555,000 and 31 December 2008: EUR 13,936,000) and Investment loan totaling EUR 14,226,000 (31 December 2009: EUR 18,155,000 and 31 December 2008: EUR 14,219,000).

Analysis of loans and borrowings by currency

	31/12/10		31/12/09		31/12/08	
	currency amount	EUR '000	currency amount	EUR '000	currency amount	EUR '000
CZK	538,758	21,498	614,537	23,219	727,156	27,003
SKK	-	-	-	-	333,232	11,061
EUR	12,224	12,224	14,403	14,403	15,395	15,395
HUF	2,515,860	9,026	2,605,799	9,621	683,967	2,583
Total		42,748		47,243		56,042

Weighted average interest rates	2010	2009	2008
Bank overdrafts	2.57%	3.63%	4.68%
Bank and other loans	4.60%	3.65%	5.61%
Inventory financing	1.27%	3.39%	4.83%
Total weighted average interest rate	3.66%	3.61%	3.70%

Bank overdrafts are repayable on demand. The overdrafts of EUR 6,820,000 (2009: EUR 6,276,000 and 31 December 2008: EUR 7,333,000) were secured by a charge over the Group's assets.

Bank covenants:

One of the Group entities, the Hungarian subsidiary Autocentrum AAA AUTO Kft., has not been fulfilling a bank covenant (debt service/EBITDA) included in the loan agreement with a financing bank as the activities in the country were terminated during 2008. The balance of the loan amounted to EUR 7,407,000 as at 31 December 2010. The bank did not accelerate repayment at the loan. The total amount of the investment loan is classified in the current liabilities. This loan was provided to Autocentrum AAA AUTO Kft. and is fully guaranteed by the Czech entity AAA AUTO a.s. and by mortgage right imposed on financed buildings and land.

The Group has other loans to which EBITDA based covenants are attached. For all these other loans covenants were met as at 31 December 2010.

Obligations under finance lease

a) Continued operations:

	Minimum lease payments			Present value of minimum lease payments		
	31/12/10	31/12/09	31/12/08	31/12/10	31/12/09	31/12/08
Finance lease liabilities	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
not later than 1 year	95	52	2,665	28	22	2,624
later than 1 year and not later than 5 years	154	-	104	150	-	101
later than 5 years	-	-	-	-	-	-
TOTAL	249	52	2,769	178	22	2,725
Less future finance charges	(71)	(30)	(44)	-	-	-
Present value of minimum lease payments	178	22	2,725	178	22	2,725

b) Discontinued operations:

	Minimum lease payments			Present value of minimum lease payments		
	31/12/10	31/12/09	31/12/08	31/12/10	31/12/09	31/12/08
Finance lease liabilities	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
not later than 1 year	-	187	216	-	89	97
later than 1 year and not later than 5 years	-	675	1,002	-	314	584
later than 5 years	-	866	1,201	-	754	1,081
TOTAL	-	1,728	2,419	-	1,157	1,762
Less future finance charges	-	(571)	(657)	-	-	-
Present value of minimum lease payments	-	1,157	1,762	-	1,157	1,762

Note 17 – DEFERRED TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	31/12/10 EUR '000	31/12/09 EUR '000	31/12/08 EUR '000
Deferred tax liabilities:			
- Deferred tax liabilities to be settled after more than 12 months	(503)	(565)	(553)
- Deferred tax liabilities to be settled within 12 months	-	-	-
	(503)	(565)	(553)
Deferred tax assets			
- Deferred tax asset to be recovered after more than 12 months	28	9	-
- Deferred tax asset to be recovered within 12 months	272	99	144
	300	108	144
Net deferred tax liabilities	(203)	(457)	(409)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration of the offsetting of balances within the same tax jurisdiction, is as follows:

	Accelerated tax depreciation EUR '000	Total EUR '000
Deferred tax liabilities		
At 01/01/2009	(553)	(553)
Credited /(charged) to profit or loss	(12)	(12)
At 31/12/2009	(565)	(565)
Credited /(charged) to profit or loss	62	62
At 31/12/2010	(503)	(503)

	Impairment of inventories EUR '000	Allowance for doubtful debts EUR '000	Provisions EUR '000	Total EUR '000
Deferred tax assets				
At 01/01/2009	-	144	-	144
Credited /(charged) to profit or loss	55	(123)	32	(36)
At 31/12/2009	55	21	32	108
Credited /(charged) to profit or loss	70	7	115	192
At 31/12/2010	125	28	147	300

Unrecognized deferred tax asset from tax losses as at 31 December 2010

Tax loss EUR '000	Not recognised deferred tax asset from the tax loss EUR '000	Expiry date of the tax loss
315	60	2011
3,349	636	2012
3,370	716	2013
976	185	2014
10,894	2,070	No expiration
18,904	3,667	

Unrecognised deferred tax asset from tax losses as at 31 December 2009

Tax loss EUR '000	Not recognised deferred tax asset from the tax loss EUR '000	Expiry date of the tax loss
7	1	2010
302	57	2011
3,326	632	2012
3,696	702	2013
942	179	2014
11,212	2,130	No expiration
19,485	3,701	

Unrecognised deferred tax asset from tax losses as at 31 December 2008

Tax loss EUR '000	Not recognised deferred tax asset from the tax loss EUR '000	Expiry date of the tax loss
4	1	2009
7	1	2010
297	56	2011
3,317	630	2012
3,672	698	2013
9,871	1,876	No expiration
17,168	3,262	

Additionally, deferred tax asset was not recognized for deductible temporary differences in the subsidiaries where their utilization is not probable. The deferred tax asset in respect of deductible temporary differences not recognized as at 31 December 2010 was EUR 476,000 (2009: EUR 358,000; 2008: 338,000).

Note 18 - TRADE AND OTHER FINANCIAL AND NON-FINANCIAL LIABILITIES

	31/12/10 EUR '000	31/12/09 EUR '000	31/12/08 EUR '000
Trade and other financial liabilities			
Trade payables	5,895	8,725	10,021
Accrued expenses	3,266	2,163	1,904
Other payables	1,522	583	547
Total	10,683	11,471	12,472

	31/12/10 EUR '000	31/12/09 EUR '000	31/12/08 EUR '000
Other non-financial liabilities			
Amounts due to employees	2,850	750	629
Tax payables and social security	370	634	905
Total	3,220	1,384	1,534

Trade and other financial liabilities included related party balances in the amount of EUR 4,362,000 as at 31 December 2010 (31 December 2009: EUR 3,561,000 and 31 December 2008: EUR 338,000). Detail of these balances is described in Note 24.

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 19 – FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk.

The financial risks are managed by Group Treasury department. 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

	Loans and receivables	Liabilities at amortised cost
	EUR '000	EUR '000
31 December 2010		
Other financial assets (long term)	256	-
Trade and other financial receivables	10,242	-
Cash and cash equivalents	3,665	-
Bank and other borrowings	-	16,299
Trade and other financial liabilities	-	10,683
Bank overdrafts and borrowings	-	26,449
Other financial liabilities	-	3,818
31 December 2009		
Other financial assets (long term)	316	-
Trade and other financial receivables	10,715	-
Cash and cash equivalents	6,028	-
Bank and other borrowings	-	20,826
Trade and other financial liabilities	-	11,471
Bank overdrafts and borrowings	-	26,417
Other financial liabilities	-	2,893

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 used 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 concentration of credit risk, as the major 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.

Unimpaired financial assets

	Not due	Less than 3 months	3-6 months	6-12 months	Over 12 months	Total
						EUR '000
2010						
Trade and other financial receivables	7,479	311	229	49	210	8,278
Other financial assets (long term)	256	-	-	-	-	256
2009						
Trade and other financial	4,015	1,577	504	2,757	779	9,632

receivables						
Other financial assets (long term)	316	-	-	-	-	316

Impaired financial assets

2010	Not due	Less than 3 months	3-6 months	6-12 months	Over 12 months	Total
						EUR '000
Trade and other financial receivables (net of allowances)	-	30	28	206	1,700	1,964

2009	Not due	Less than 3 months	3-6 months	6-12 months	Over 12 months	Total
						EUR '000
Trade and other financial receivables (net of allowances)	-	6	12	178	887	1,083

Based on the impairment review performed the Group created EUR 1,882,000 (in 2009: 1,083,000) allowances for doubtful receivables.

Part of the receivables of Autocentrum AAA Auto a.s. in Slovakia are pledged in favour of the VUB Bank to secure the loans provided. The amount of pledged receivables as at 31 December 2010 is EUR 682,000 (2009: EUR 882,000). The bank should not sell the pledged receivables.

The other receivables, which represent mainly 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 related interest charges. Detailed overview of loans and other borrowings can be found in Note 16.

The following tables include the breakdown of financial liabilities of the Group showing the undiscounted cash flows:

2010	Less than 1 month	1-6 months	7-12 months	1-5 years	Over 5 years	Total
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Bank and other borrowings	-	-	-	15,640	1,931	17,571
Trade and other financial liabilities	4,598	3,894	2,133	58	-	10,683
Bank overdrafts and borrowings	11,666	6,546	8,805	-	-	27,017
Other financial liabilities	-	-	-	3,818	-	3,818

2009	Less than 1 month	1-6 months	7-12 months	1-5 years	Over 5 years	Total
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Bank and other borrowings	-	-	-	19,637	3,089	22,726
Trade and other financial liabilities	4,935	4,179	2,289	62	-	11,465
Bank overdrafts and borrowings	11,406	6,760	8,989	-	-	27,155
Other financial liabilities	-	-	-	2,893	-	2,893

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.

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.

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.

The following table details the Group's sensitivity to a 5% increase and decrease of CZK and HUF against EUR. The sensitivity analysis includes only monetary items denominated in CZK or HUF 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.

2010 (EUR '000)			
	Appreciation by 5% of :	CZK	HUF
Profit or Loss		(373)	(80)
	Depreciation by 5% of :	CZK	HUF
Profit or Loss		373	80
2009 (EUR '000)			
	Appreciation by 5% of :	CZK	HUF
Profit or Loss		(892)	(45)
	Depreciation by 5% of :	CZK	HUF
Profit or Loss		807	45

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.

2010	CZK	EUR	HUF	Other	Total
Trade and other receivables					
- Eurozone	305	1,275	-	-	1,580
- Czech Republic	8,470	15	-	-	8,485
- Hungary	-	34	40	-	74
- Other	-	-	-	103	103
Total	8,775	1,324	40	103	10,242

2010	CZK	EUR	HUF	Other	Total
Cash and cash equivalents					
- Eurozone	673	569	1	496	1,739

-	Czech Republic	1,862	54	-	4	1,920
-	Hungary	-	-	1	-	1
-	Other	-	-	-	5	5
Total		2,535	623	2	505	3,665

2009		CZK	EUR	HUF	Other	Total
Trade and other receivables						
-	Eurozone	36	4,400	-	-	4,436
-	Czech Republic	5,707	44	79	-	5,830
-	Hungary	-	389	20	-	409
-	Other	-	-	-	40	40
Total		5,743	4,833	99	40	10,715

2009		CZK	EUR	HUF	Other	Total
Cash and cash equivalents						
-	Eurozone	107	1,066	-	996	2,169
-	Czech Republic	3,683	42	74	-	3,799
-	Hungary	-	30	-	-	30
-	Other	-	-	-	30	30
Total		3,790	1,138	74	1,026	6,028

2010		CZK	EUR	HUF	Other	Total
Bank and other borrowings						
-	Eurozone	3,460	68	9,015	-	12,543
-	Czech Republic	3,756	-	-	-	3,756
Total		7,216	68	9,015	-	16,299

2010		CZK	EUR	HUF	Other	Total
Bank overdrafts and borrowings						
-	Eurozone	-	4,749	-	-	4,749
-	Czech Republic	14,282	-	-	-	14,282
-	Hungary	-	7,407	11	-	7,418
Total		14,282	12,156	11	-	26,449

2010		CZK	EUR	HUF	Other	Total
Trade and other payables						
-	Eurozone	4	3,554	-	-	3,558
-	Czech Republic	6,203	-	34	-	6,237
-	Hungary	-	-	537	-	537
-	Other	-	-	-	351	351
Total		6,207	3,554	571	351	10,683

2009		CZK	EUR	HUF	Other	Total
Bank and other borrowings						
-	Eurozone	3,277	350	9,278	-	12,905
-	Czech Republic	7,921	-	-	-	7,921
Total		11,198	350	9,278	-	20,826

2009	CZK	EUR	HUF	Other	Total
Bank overdrafts and borrowings					
- Eurozone	-	5,605	-	-	5,605
- Czech Republic	12,021	-	-	-	12,021
- Hungary	-	8,448	343	-	8,791
Total	12,021	14,053	343	-	26,417

2009	CZK	EUR	HUF	Other	Total
Trade and other payables					
- Eurozone	1,189	4,658	-	-	5,847
- Czech Republic	5,184	103	-	-	5,287
- Other	-	-	-	337	337
Total	6,373	4,761	-	337	11,471

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 25 bp.

2010	Interest rate increased by 25 bp	Interest rate decreased by 25 bp
Profit or Loss		
Financial liabilities	(204)	204

2009	Interest rate increased by 25 bp	Interest rate decreased by 25 bp
Profit or Loss		
Financial liabilities	(104)	104

The Group's sensitivity to interest rate has increased during the current period mainly due to increase in the total value of borrowings with floating interest rate.

Capital management

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 16, cash and cash equivalents and equity attributable to equity holders of the parent company, comprising issued capital, reserves and accumulated losses.

The capital of the Company is subject to regulation in the Netherlands and management ensures that the Company complies with all relevant regulation concerning share capital and all equity components.

Note 20 – PROVISIONS

	Law suits EUR '000	Others EUR '000	Total EUR '000
Balance at 31/12/2009	574	155	729
Amounts used	(127)	(45)	(172)
Additional provisions recognized	1,657	981	2,638
Unused amounts reversed	(27)	(110)	(137)
Exchange differences	(35)	-	(35)
Balance at 31/12/2010	2,042	981	3,023

This note has to be read in relationship with the Note 23 "Contingencies".

The provision for law suits consists mainly of the three types of legal claims: clients who sued the Group because of a car defect after the purchase of the car, termination of rents of branch and labor suit in respect of invalid termination of labor contract by the Company. The significant amount is represented by old suits in Hungary in total amount of EUR 1,221,000 out of that EUR 455,000 relates to undue termination of rents, EUR 246,000 relates to labor suit and EUR 520,000 to suit for car defects. Rest of the balance in EUR 346,000 relates to law suit in Czech Republic and EUR 90,000 to law suit in Slovak Republic. Generally the Group created the provision for obligation where there is a probability of losing the case.

Other provisions include mainly provisions for certain business and tax risks.

All provisions are classified as current liabilities.

Note 21 - OPERATING LEASE ARRANGEMENTS

Continuing operations

Group as a lessee

The Group leases under operating leases mainly lands, offices, parking places, showrooms and flats. Group does not have any option to purchase the leased asset at the expiry of the lease period except one property in Czech Republic where the commitment amounts to EUR 1,498,000 and is exercisable in June 2011.

Operating lease commitments

As at 31 December 2010 and 2009, Group has outstanding commitments under operating leases, which fall due as follows:

	2010 EUR '000	2009 EUR '000
Future minimum lease payments		
Not later than 1 year	3,432	2,428
Later than 1 year and not later than 5 years	5,848	7,342
Later than 5 years	4,001	3,883
Total	13,281	13,653

Lease payments under operating leases recognized as an expense in 2010 amounted to EUR 2,721,000 (2009: EUR 2,972,000).

Group as a lessor

Lease agreements classified as operating leases as at 31 December 2010 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 2010 and 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:

	2010	2009
	EUR '000	EUR '000
Future minimum lease receivables		
Not later than 1 year	185	116
Later than 1 year and not later than 5 years	232	464
Total	417	580

Lease payments under operating leases recognized as an income in 2010 amounted to EUR 157,000 (2009: EUR 69,000).

Note 22 - ISSUED CAPITAL

Issued capital	Share capital	Share premium	Issued capital	Number of shares
	EUR '000	EUR '000	EUR '000	
Balance at 31/12/2010	6,776	31,409	38,185	67,757,875

During 2010, 2009 and 2008 there were no issues of new shares.

The authorized capital amounts to EUR 25,000,000 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.

Note 23 - CONTINGENCIES

Continuing Operations

Contingent liabilities

The Group is involved in several court disputes which may result in settlement. These disputes relate to the disagreements on a liability of the Company for cars sold with no material impact.

The tax authorities in the Czech Republic may at any time inspect the books and records within 3 years subsequent to the reported tax year (Slovak Republic: within 5 years, Hungary unlimited, Poland: within 5 years), and may impose additional tax assessments and penalties. The Group's management is not aware of any circumstances which may give rise to a potential material liability in this respect.

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 103,000 (2009: EUR 81,000).
- Other proceedings over unpaid amounts due from non-customers cases, estimated financial impact is EUR 6,000 (2009: EUR 57,000).

Note 24 - RELATED PARTY TRANSACTIONS

The Group's majority owner is AUTOMOTIVE INDUSTRIES S.à.r.l. (incorporated in Luxembourg) that does not prepare any consolidated financial statements (including the Company), only stand-alone financial statements. The ultimate controlling party is Mr Anthony James Denny.

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

2010	Revenue	Expenses	Receivables	Payables	Loan to	Loan from
Companies controlled by the ultimate parent	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
AUTOMOTIVE INDUSTRIES S.à.r.l.	15	916	1,491	3,813	-	12,475
CAPITAL INVESTMENT s.r.o.	1	14	1	17	-	-
CENTRAL INVESTMENT s.r.o.	16	127	1,256	155	-	-
CREDIT INVESTMENT s.r.o.	1	-	1	1	-	-
CarWay Group s.r.o. (renamed from Global Car Service s.r.o.)	1	-	1	-	-	-
CarWay Assistance CZ s.r.o. (Global Car Check s.r.o. CZ)	-	-	19	17	-	-
CarWay Assistance SK s.r.o. (Global Car Check s.r.o. SK)	-	-	101	95	-	-
GLOBAL CAR RENTAL s.r.o.	88	-	107	-	-	-
CarWay Rent SK s.r.o. (Global Car Rental s.r.o. SK)	-	-	38	-	-	-
GLOBAL DIRECT s.r.o.	15	-	319	-	-	-
GLOBAL INSURANCE s.r.o.	-	-	15	-	-	-
PRIORITY INVESTMENT s.r.o.	1	-	5	1	-	-
CarWay Rent CZ s.r.o. (Yes Car Credit s.r.o.)	-	-	28	-	-	-
Global Assistance Sp.z.o.o. (PL)	1	-	10	-	-	-
Global Direct Assistance Kft. (HU)	-	-	-	151	-	-
CarWay Holding B.V. (renamed from Global Automotive Holding B.V.)	-	12	37	32	56	-
International Auto Workers Pensioen Fund B.V.	-	-	-	80	-	-
Total	139	1,069	3,429	4,362	56	12,475

No significant transactions were recognized in 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 from the related parties.

Receivables and payables balances represent transactions realized until 2008 mainly. The Group is monitoring the overall balance of trade receivables and liabilities within the related parties on monthly basis. As the trade liabilities exceed the trade receivables balance as of the year end no impairment has been booked. The Group is planning to set off trade receivables and payables in 2011.

2009	Revenue	Expenses	Receivables	Payables	Loan to	Loan from
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Companies controlled by the ultimate parent						
AUTOMOTIVE INDUSTRIES S.à.r.l.	-	614	271	2,893	-	12,555
CAPITAL INVESTMENT s.r.o.	1	-	-	33	-	-
CENTRAL INVESTMENT s.r.o.	58	32	1,225	68	-	-
CREDIT INVESTMENT 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. SK)	-	-	38	-	-	-
GLOBAL DIRECT s.r.o.	39	26	274	28	-	-
GLOBAL INSURANCE s.r.o.	3	-	15	2	-	-
PRIORITY INVESTMENT s.r.o.	1	-	3	-	-	-
CarWay Rent CZ s.r.o. (Yes Car Credit s.r.o.)	-	7	2	26	-	-
Global Assistance Sp.z.o.o. (PL)	-	-	-	-	8	-
Global Direct Assistance Kft. (HU)	-	-	-	305	71	-
CarWay Holding B.V. (renamed from Global Automotive Holding B.V.)	1	-	26	-	53	-
International Auto Workers Pensioen Fund B.V.	-	-	-	76	-	-
Total	133	679	2,025	3,561	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 from the related parties.

Receivables and payables balances represent transactions realized until 2008 mainly. The Group is monitoring the overall balance of trade receivables and liabilities within the related parties on monthly basis. As the trade liabilities exceed the trade receivables balance as of the year end no impairment has been booked. The Group is planning to set off trade receivables and payables in 2011.

These sections with related parties were as follows:

a) Revenue

Revenue	2010	2009
Parent company	15	-
Interest income	15	-
Other Related	124	133
Sales of cars	82	48
Sales of services:		
advisory and administration services	21	32
insurance commissions	21	53
Total	139	133

b) Purchase of services

Expenses	2010	200
Parent company	916	614
Interest expense	916	614
Other Related	153	65
Purchase of services:		
advisory and administration services	37	37
rent of cars	104	28
Interest expense	12	-
Total	1 069	679

CAPITAL INVESTMENT s.r.o., CENTRAL INVESTMENT s.r.o. and PRIORITY INVESTMENT s.r.o. provided guarantees to secure bank loans taken by the subsidiary. The Company recharged administrative expenses.

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

Detail of ownerships

Company	Ownership Majority	Share	Note
AUTOMOTIVE INDUSTRIES S.à.r.l.	Mr. Anthony James Denny	100%	
CAPITAL INVESTMENT s.r.o.	Mr. Anthony James Denny	90%	
CENTRAL INVESTMENT s.r.o.	Mr. Anthony James Denny	100%	
CREDIT INVESTMENT s.r.o.	Mr. Anthony James 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 INVESTMENT 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 De Asigurare S.R.L.	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%	
International Auto Workers Pensioen Fund B.V.	AUTOMOTIVE INDUSTRIES S.à.r.l.	100%	
CarWay Holding B.V.	AUTOMOTIVE INDUSTRIES S.à.r.l.	95%	

*) company in liquidation

Loans to and borrowings from related parties

EUR `000	Loans to related parties		Borrowings from related parties	
	31/12/10	31/12/09	31/12/10	31/12/09
AUTOMOTIVE INDUSTRIES S.à.r.l.	-	-	12,475	12,555
Carway Holding B.V. (renamed from Global Automotive Holding B.V.)	56	53	-	-
Total	56	53	12,475	12,555

The conditions of loans and borrowings were as follows:

	Maturity date	Interest rate
AUTOMOTIVE INDUSTRIES S.à.r.l.	*)	*)
Carway Holding B.V. (renamed from Global Automotive Holding B.V.)	within 1 year	3M Pribor + 2,6%

*) The interest rate on loans from AUTOMOTIVE INDUSTRIES S.à.r.l. carried in 2010 at Pribor +2,5% for loan in CZK and Bubor + 3% for loan in HUF (2009 at a fixed interest rate of 4%). The repayment dates of the loans arise between 31 December 2012 and 31 December 2016.

Key management compensation

Key management includes Management Board members (executive and non-executive members) and the senior management of the AAA AUTO Group. The compensation paid or payable to key management for employee services is shown below:

	2010 EUR `000	2009 EUR `000
Key management compensation		
Salaries and other short-term employee benefits	653	618
Post-employment benefits	58	37
Share-based payments	57	70
Total	768	725

Note 25 – 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. In 2008, management also decided to close several Czech companies involved in the business of sale of new cars.

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 all of its operations and close to 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. No subsidiaries were sold in 2010.

Amounts related to the disposal of subsidiaries were as follows:

	2009 EUR `000
Consideration received in cash	2
Book value of entities sold	(158)
Recognised CTA on disposal	211
Gain on disposal of subsidiaries	55

Assets and liabilities related to disposed subsidiaries were as follows:

	2009
	EUR '000
PPE	784
Trade and other receivables	1,799
Inventories	79
Other assets	789
Trade and other payables	(3,091)
Other liabilities	(202)
Net book value	158

During the year 2009 no sale of real estate in Hungary was realized as the real estate market in that country deteriorated. As described in Note 3.4., the Group restated classification of Hungarian operations from classified as held for sale and discontinued operations back to property plant and equipment and continuing operations as at 31 December 2009.

During 2010, the Group sold the real estate property in Lodz, Poland (originally owned by AAA Auto Sp. z. o.o.) and the real estate in Prague - Repy, Czech Republic (originally owned by HK PARTNER s.r.o. and HK PARTNER KLADNO s.r.o.).

In the year 2009 only the real estate in Dabrowa Gornicza was sold (originally owned by AAA Auto Sp. z. o.o. Poland).

Currently, the Group endeavors to complete planned sales of the remaining assets held for sale.

Operations carried by the following entities were classified as discontinued operations in 2010 and 2009 - Autocentrum AAA Auto Sp. z .o.o. and General Automobile Poland Sp. z. o.o..

	2010	2009
	EUR '000	EUR '000
Results of discontinued operations		
Revenue	145	403
Profit on sale of PP&E	1,663	61
Profit on sale of subsidiaries	-	55
Expenses	(582)	(910)
Loss recognized on the re-measurement of assets of disposal group	(690)	(492)
Profit before tax of discontinued operations	536	(883)
Income tax	3	(3)
Profit/(loss) after tax of discontinued operations	539	(886)

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

The assets held for sale as at 31 December 2010 and 2009 assets related to Polish operations and to the closed Czech companies formerly involved in the business of sale of new cars and services. In 2008, assets held for sale included also Hungarian property.

	2010	2009	2008
	EUR '000	EUR '000	EUR '000
Assets of disposal group classified as held for sale			
Property, plant and equipment	3,728	7,466	16,587
Trade and other financial assets	188	293	-
Total	3,916	7,759	16,587

The assets classified as held for sale were tested for impairment. Based on this review further amended impairment loss on the real estate properties was recognized in 2010 for the real estate in Piaseczno owned by Autocentrum AAA Auto Sp. z .o.o. in Poland in the amount of EUR 690,000 (reported in discontinued operations) to decrease net book amount of the property to EUR 2,555,000

and the real estate in Kladno owned by HK PARTNER KLADNO s.r.o. and HK PARTNER s.r.o. in the Czech Republic in the amount of EUR 235,000 (reported in continuing operations) to decrease net book amount of the property to EUR 1,173,000. Impaired assets are valued at fair value less costs to sell determined based on the independent expert valuations.

	2010	2009	2008
Liabilities of disposal group classified as held for sale	EUR '000	EUR '000	EUR '000
Bank overdraft and loans	-	667	11,354
Trade and other payables	530	786	-
Short term provision	230	202	-
Obligations under finance lease	-	1,157	1,762
Total	760	2,812	13,116

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

	2010	2009
Cash Flow from discontinued operations	EUR '000	EUR '000
Net cash (used in) / provided from operating activities	(2,970)	158
Net cash provided from investing activities	5,150	877
Net cash used in financing activities	(2,203)	(1,312)

Note 26 – 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 and 4 years for remaining 60%. The options were exercisable (in full or partially) at the end of vesting period providing performance conditions related to market price of the Company's shares and ratio of net profit to revenues were achieved. The Group had no legal or constructive obligation contractual obligation to repurchase or settle the options in cash.

On 19 October 2009, the Group modified the existing share option program and introduced new terms different from those originally applied under former option program. The terms of the new share option program has been unified for all share options holders. The options are exercisable at the price of EUR 0.50 per share. 100% of the share options are exercisable on or after 30 April 2013. Performance conditions are that the Company must achieve consolidated net profit (after tax) in years 2010, 2011 and 2012. 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.

Modification of the option program in 2009 for participants in both plans resulted in recognition of the effects of modifications that increased the total fair value of the share-based payment arrangement or were otherwise beneficial to the employees. The incremental fair value of the new option arrangements that replaced the old options was in the amount of EUR 6,000. 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.

	2010		2009	
	Number of share options	Exercise price EUR	Number of share options	Exercise price EUR
Outstanding at beginning of period	2,983,000	0.5 EUR	2,916,000	1 EUR*
Granted during the period	NIL		962,000	0.5 EUR
Forfeited during the period	(640,000)	0.5 EUR	(895,000)	1 EUR
Exercised during the period	NIL		NIL	
Expired during the period	NIL		NIL	
Outstanding at the end of the period	2,343,000	0.5 EUR	2,983,000	0.5 EUR*
Exercisable at the end of the period	NIL		NIL	

*) - Change in exercise price from EUR 1 to EUR 0.5 results from modification of share based payment plan in 2009.

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 former options)
Expected volatility	65.89%
Option life	10 years (8.8 years for measurement of former options)
Dividend yield	7.03%
Risk-free interest rate	3.68%

See Note 7 for total expense recognised in profit or loss for share options granted to management and employees.

Note 27 - EVENTS AFTER THE BALANCE SHEET DATE

There have been no events after the balance sheet date which may have impact on the financial statements or require disclosure.

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

BALANCE SHEET As at 31 December 2010 and 2009 (EUR '000) (before appropriation of result)

ASSETS	Notes	31/12/10	31/12/09 (restated)
Non-current assets			
Investments in subsidiaries	3	29,895	22,595
Loans receivable from group companies	4	22,472	21,750
Total non-current assets		52,367	44,345
Current assets			
Loans/advances receivable from subsidiaries		300	726
Interest receivable from group companies		29	201
Receivables		384	452
Cash and cash equivalents		1,196	1,434
Total current assets		1,909	2,813
TOTAL ASSETS		54,276	47,158
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' Equity			
Share capital	2	6,776	6,776
Share premium		31,409	31,409
Cumulative foreign currency translation reserve		5,747	4,186
Accumulated losses		(33,347)	(29,593)
Share option reserve		418	428
Legal Reserves		280	653
Net profit /(loss) for the year		3,181	(4,127)
Total shareholders' equity		14,464	9,732
Provisions			
Other provision		280	-
Subsidiaries		3,566	1,826
Total provision		3,846	1,826
Non-current liabilities			
Loans payable to related parties (shareholder)	6	12,475	13,010
Total non-current liabilities		12,475	13,010
Current liabilities			
Advances payable to group companies	5	18,479	17,890
Interest payable to group companies		3,814	2,893
Creditors and accruals		181	260
Creditors payable to group companies		1,017	1,547
Total current liabilities		23,491	22,590
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		54,276	47,158

INCOME STATEMENT
For the Years Ended 31 December 2010 and 2009 (EUR '000)

	Notes	12 months ended 31 December 2010	12 months ended 31 December 2009 (restated)
Other net income after taxes		(1,079)	1,686
Net income from subsidiaries	3	4,260	(5,813)
Net profit/(loss) for the year	2	3,181	(4,127)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE BALANCE SHEET AND THE INCOME STATEMENT

Note 1 – General

General information regarding AAA Auto N.V., its activities and group structure are included in the consolidated financial statements. The parent company acts as a holding company for the group.

Basis of preparation

The Company Financial Statements have been prepared in accordance with the statutory provisions of Part 9, Book 2 of the Netherlands Civil Code. The Company Financial Statements should be read in conjunction with the consolidated financial statements.

The Company Financial Statements are presented in Euro, which is the Company's functional currency. The amounts are rounded to the nearest thousand, unless otherwise stated.

In accordance with the subsection 8 of section 362 of Book 2 of the Netherlands Civil Code, the measurement principles and the determination assets, liabilities and results applied in these company financial statements are same as those applied (and as included) in the consolidated financial statements.

Summary of significant accounting policies

Subsidiaries are all entities over which the Company has power to govern the financial and operating policies generally accompanying the a shareholding of more than 50% of the voting rights. Investments in subsidiaries of AAA Auto Group N.V. are accounted in accordance with the net assets value measurement. The Company calculates the net asset value using the values included in the consolidated financial statements. The net asset value of the subsidiaries comprises the cost, excluding goodwill for subsidiaries directly owned by the Company, plus the share in the income and losses, less the dividends received. The Company's investment in shares of the income and losses of the subsidiaries after acquisition are recognised in the income statement and its shares of the income and losses included in the retained earnings are recognised in the retained earnings/accumulated losses. The cumulative post acquisition movements are adjusted against the carrying values of the investments in subsidiaries. The carrying values of the investment in subsidiaries for investments with a negative net assets value are first adjusted to nil, remainder negative values are deducted from any loans receivables from the related subsidiary (if any), provisions are formed by the Company only if the Company has the firm intention to settle the liabilities of the subsidiary and that the criteria to form a provision are met (e.g. constructive and legal obligation). As of 1 January 2010, the company has fully recognised provisions for all subsidiaries with negative net asset value applying the aforementioned policy.

As the financial data of AAA Auto Group N.V. are included in the consolidated financial statements, the income statement of the AAA Auto Group N.V. is presented in condensed form as allowed by section 402 of Book 2 of the Netherlands Civil Code.

Comparative balances as at and for the year ended 31 December 2009.

The comparative balances as of 31 December 2009 have been restated considering the impact of the restatements in the consolidated financial statements (as explained in note 3.4). The cumulative impact of the restatement amounted to Euro 408 thousands has been adjusted to the income statement (increasing result from subsidiaries) and decreasing the provision for subsidiaries in the balance sheet (see note 2 below).

Note 2 – SHAREHOLDERS' EQUITY

The authorized share 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. There have been no movements in the number of shares during 2010.

The Company was incorporated as a 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 share 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 shares were listed on the Prague (PSE) and Budapest (BSE) stock exchanges and 17,757,875 new shares were issued. The Company generated EUR 35.5 millions with this share issuance. After the deduction of all costs connected with IPO, the net income amounted to EUR 33.2 million.

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 of AAA AUTO Group N.V.; the remaining 26.21% shares are free floated shares on the Prague and Budapest Stock Exchanges.

The cumulative foreign currency translation (on subsidiaries) arises from the translation of the financial statements of the subsidiaries of the Group from local currencies in to Euros. The company recognises legal reserves for the legal reserves of its consolidated subsidiaries.

Movements in the shareholders' equity during the year 2009 and 2010 including the restatement

	Share capital	Share premium	Legal reserve	Share options reserve	Foreign currency translation reserve	Accumulated losses	Net profit/(loss) for the year	Total
Opening balance as of 01/01/09	6,776	31,409	124	302	4,475	(1,933)	(27,131)	14,022
transfer of the prior year loss to accumulated losses	-	-	-	-	-	(27,131)	27,131	0
Loss of the year	-	-	-	-	-	-	(4,535)	(4,535)
foreign currency translation differences	-	-	-	-	(289)	-	-	(289)
additions to share option reserve	-	-	-	126	-	-	-	126
additions to legal reserves	-	-	529	-	-	(529)	-	0
Closing balance as of 31/12/09 as previously reported	6,776	31,409	653	428	4,186	(29,593)	(4,535)	9,324
impact of restatements	-	-	-	-	-	-	408	408
transfer of the prior year loss to accumulated losses (including the restatements)	-	-	-	-	-	(4,127)	4,127	0
Opening balance as of 01/01/10 (restated)	6,776	31,409	653	428	4,186	(33,720)	0	9,732
net profit for the year	-	-	-	-	-	-	3,181	3,181
foreign currency translation differences	-	-	-	-	1,561	-	-	1,561
deduction of share option reserve	-	-	-	(10)	-	-	-	(10)
movements in legal reserves	-	-	(373)	-	-	373	-	0
Total equity as of 31/12/10	6,776	31,409	280	418	5,747	(33,347)	3,181	14,464

Note 3 – INVESTMENTS IN SUBSIDIARIES AT NET ASSET VALUE

	31/12/10	31/12/09 (restated)
Subsidiaries at net assets value	29,895	22,595
Provisions for subsidiaries	(3,566)	(1,826)
	26,329	20,769

Overview of the movements in investments in subsidiaries:

01/01/2010 (restated)	20,769
New investments	5
Result from participations	4,260
Dividends received	(771)
Foreign exchange differences	1,561
Sale of subsidiary	(4)
Change in the provision for loan and related interest receivable from subsidiaries	509
31/12/2010	26,329

Overview of the subsidiaries:

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%
KAPITÁL AUTOMOTIVE a.s.	Czech Republic	Holding Company	100.0%
GENERAL AUTOMOBIL CZECH s.r.o.	Czech Republic	used car service	100.0%
AUTOCENTRUM AAA AUTO a.s.	Slovakia	used car sales	100.0%
AAA AUTO Hungary Kft (renamed from General Automobile Kft.)	Hungary	non-active	100.0%
Autocentrum AAA AUTO Kft.	Hungary	Holding Company	100.0%
AAA Auto a.d. Beograd	Serbia	non-active	100.0%
AAA Auto LLC	Ukraine	non-active	100.0%
GENERAL AUTOMOBIL S.R.L.	Romania	non-active	100.0%
AAA Auto LLC	Russia	non-active	100.0%
Discontinued Operations			
AAA Auto Sp.z.o.o.	Poland	non-active	100.0%
Autocentrum AAA Auto Sp.z.o.o.	Poland	non-active	100.0%

Note 4 – LOANS RECEIVABLE FROM GROUP COMPANIES

31/12/09	21,750
Increase	7,096
Decrease	(8,269)
Unrealized FX	1,107
Change In Provision	788
31/12/10	22,472

Loans provided to Polish subsidiaries:

Interest rates to loans provided to AAA Auto Sp. Z o.o. and Autocentrum AAA Auto Sp. Z o.o. were 3 M WIBOR + 2% p.a., however since 1.1.2010 no interest has been charged due to the fact that the subsidiaries have a negative equity.

Loans provided to Czech subsidiaries:

Interest rates to loans provided to Czech subsidiaries vary between 3M PRIBOR + 2,1 % and 2,6%. However as the interrelated balances of loans provided and given between the Czech subsidiaries and the Company are about the same, no interest are not charged on both sides.

Loans provided to Slovak subsidiaries:

Interest rates to loans provided to AUTOCENTRUM AAA AUTO a.s. is 3M BRIBOR + 2,6%.

Loans provided to Hungarian subsidiaries:

No Interest income is charged to Hungarian subsidiaries since 31/12/2008, as the subsidiaries have negative equity.

Note 5 – CURRENT LOANS/ADVANCES RECEIVABLE FROM GROUP COMPANIES

No interest is charged to current loans and advances.

Note 6 – LOANS PAYABLE TO RELATED PARTIES

01/01/09	13,936
Increase	455
Decrease	-
Unrealized FX	(1,381)
31/12/09	13,010
Increase	-
Decrease	(468)
Unrealized FX	(67)
31/12/10	12,475

The balance represents the loans payable to the majority shareholder AUTOMOTIVE INDUSTRIES S.à.r.l. Since 2010 the interest rate changed to 3M BUBOR + 3% p.a. for the loans denominated in HUF and 3M PRIBOR + 2,5% for the loans denominated in CZK (2009 at a fixed rate 4%).

The repayment dates of the loans arise starting 2012.

Note 7 - TAX POSITION

The Company has cumulative tax losses accordingly no income tax expense/income has been recorded in 2010 and 2009.

Note 8 – EMPLOYEES

The Company had no employees during the year (2009: None).

Note 9 – AUDITOR'S REMUNERATION

	2010
Audit fees for the statutory audit (statutory auditors PricewaterhouseCoopers Accountants N.V.)	30
Audit fees for the statutory audit (PwC Network)	97
Non audit services fees (PwC Network)	18
Total fees	145

Note 10 – REMUNERATION OF THE MANAGEMENT BOARD

The remuneration of the management board includes salaries and share options.

Management Board Remuneration

	Fixed base salary	Annual bonus	Other benefits	Total short term employee benefits	Post employment benefits	Long term incentive plan	Total remuneration
2010							
Vratislav Kulhanek	60	-	-	60	-	-	60
Vratislav Valek	25	-	-	25	-	-	25
Anthony James Denny	-	-	-	-	-	-	-
Total	85	-	-	85	-	-	85
2009							
Vratislav Kulhanek	90	-	-	90	-	-	90
Vratislav Valek	25	-	-	25	-	-	25
Anthony James Denny	-	-	-	-	-	-	-
Total	115	-	-	115	-	-	115

Total salary expense for board members including social security premiums in 2010 was EUR 93 thousand (2009: EUR 126 thousand).

Number of Share Options

For details regarding the applicable share-based payments and Long Term Incentive Plans reference is made to Note 26 in consolidated financial statements.

The expenses in 2010 for the Share Options amounted to EUR (10) thousand (2009: EUR 126 thousand).

Number of Share Options	Granted During the Year	Lapsed During the Year	Exercised During the Year	Outstanding as at	Exercise Price	Vesting date	Expiry date
	2010	2010	2010	31/12/10			
	No.	No.	No.	No.			
Vratislav Kulhanek	-	-	-	50,000	0.5 Euro	30/4/13	19/10/19
Vratislav Valek	-	-	-	20,000	0.5 Euro	30/4/13	19/10/19
Anthony James Denny	-	-	-	-	-	-	-

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

Shares held by the Management Board

AAA Auto Group N.V. shares held by the members of the Management Board as per 31 December 2010 were as follows:

Number of Shares	Outstanding as at 31/12/09	Transactions 2010	Outstanding as at 31/12/10	Market value as at 31/12/10
Vratislav Kulhanek	11,200	0	11,200	9,810 Euro
Vratislav Valek	-	-	-	-
Anthony James Denny	135,584	1,623,908	1,759,492	1,541,135 Euro

The AAA Auto Group N.V. Management Board:

29 April 2011

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

(A signed version of the financial statements are available at the offices of the Company)

Other Information

Appropriation of result as provided for by the Articles of Association

Article 20. Profits and Distributions.

1. Each year, the Management Board may determine which part of the profits shall be reserved.
2. The part of the profit remaining after reservation in accordance with Article 20.1 shall be distributed as dividend on the Shares.
3. Distributions may be made only up to an amount which does not exceed the amount of the Distributable Equity.
4. Distribution of profits shall be made after adoption of the annual accounts if permissible under the law given the contents of the annual accounts.
5. The Management Board may resolve to distribute interim dividend on the Shares. The Shareholders' Body may, at the proposal of the Management Board, resolve to make distributions at the expense of any reserve of the Company.
6. The Shareholders' Body may, at the proposal of the Management Board, resolve that a distribution of dividend or another payment on Shares shall not be paid in whole or in part in cash but in shares in the Company.
7. In calculating the amount of any distribution on Shares, Shares held by the Company shall be disregarded.
8. The Sections 2:103, 2:104, and 2:105 of the Dutch Civil Code shall apply to distributions to holders of Shares.

Proposal for profit allocation

With observance of article 20, of the Articles of Association, it is proposed that for 2010 no dividend on ordinary shares will be distributed.

The Management Board proposes to add the net profit to the accumulated losses.

Events after the balance sheet date

There have been no events after the balance sheet date which may have impact on the financial statements or require disclosure.

Independent Auditor's report

Included in the next page

Independent auditor's report

To: the General Meeting of Shareholders of AAA Auto Group N.V.

Report on the financial statements

We have audited the accompanying financial statements 2010 of AAA Auto Group N.V., Amsterdam, which comprise the consolidated statement of financial position and company balance sheet as at 31 December 2010, the consolidated statement of comprehensive income and company income statement, the statements of changes in equity and cash flows for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information.

Board of directors' responsibility

The Board of directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Directors' report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of directors is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 company'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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, 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.

PricewaterhouseCoopers Accountants N.V., Thomas R. Malthusstraat 5, 1066 JR Amsterdam, P.O. Box 90357, 1006 BJ Amsterdam, The Netherlands

T: +31 (0) 88 792 00 20, F: +31 (0) 88 792 96 40, www.pwc.nl

'PwC' is the brand under which PricewaterhouseCoopers Accountants N.V. (Chamber of Commerce 34180285), PricewaterhouseCoopers Belastingadviseurs N.V. (Chamber of Commerce 34180284), PricewaterhouseCoopers Advisory N.V. (Chamber of Commerce 34180287), PricewaterhouseCoopers Professional Services B.V. (Chamber of Commerce 51414406), PricewaterhouseCoopers B.V. (Chamber of Commerce 34180289) and other companies operate and provide services. These services are governed by General Terms and Conditions ('algemene voorwaarden'), which include provisions regarding our liability. Purchases by these companies are governed by General Terms and Conditions of Purchase ('algemene inkoopvoorwaarden'). At www.pwc.nl more detailed information on these companies is available, including these General Terms and Conditions and the General Terms and Conditions of Purchase, which have also been filed at the Amsterdam Chamber of Commerce.

Opinion with respect to 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 2010, 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 Dutch Civil Code.

Opinion with respect to 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 2010, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2: 393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the Directors' report as included in this annual report to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2: 392 sub 1 at b-h has been annexed. Further we report that the directors' report, to the extent we can assess, is consistent with the financial statements as required by Section 2: 391 sub 4 of the Dutch Civil Code.

Amsterdam, 29 April 2011
PricewaterhouseCoopers Accountants N.V.

Original Signed by Alan Good RA