AAA Auto Group N.V.
Annual Report 2011

20 years in business

AAA AUTO

AAA AUTO is celebrating 20 years in business. Established as a start-up in 1992, the Company grew very quickly to become the largest buyer and seller of used cars in Central Europe. Over the years, it has repeatedly defended this position, growing even in times of market turbulence the Company has encountered on its successful path. As over 1.2 million satisfied customers can attest, the Company's strategic direction over the years has been the right one.


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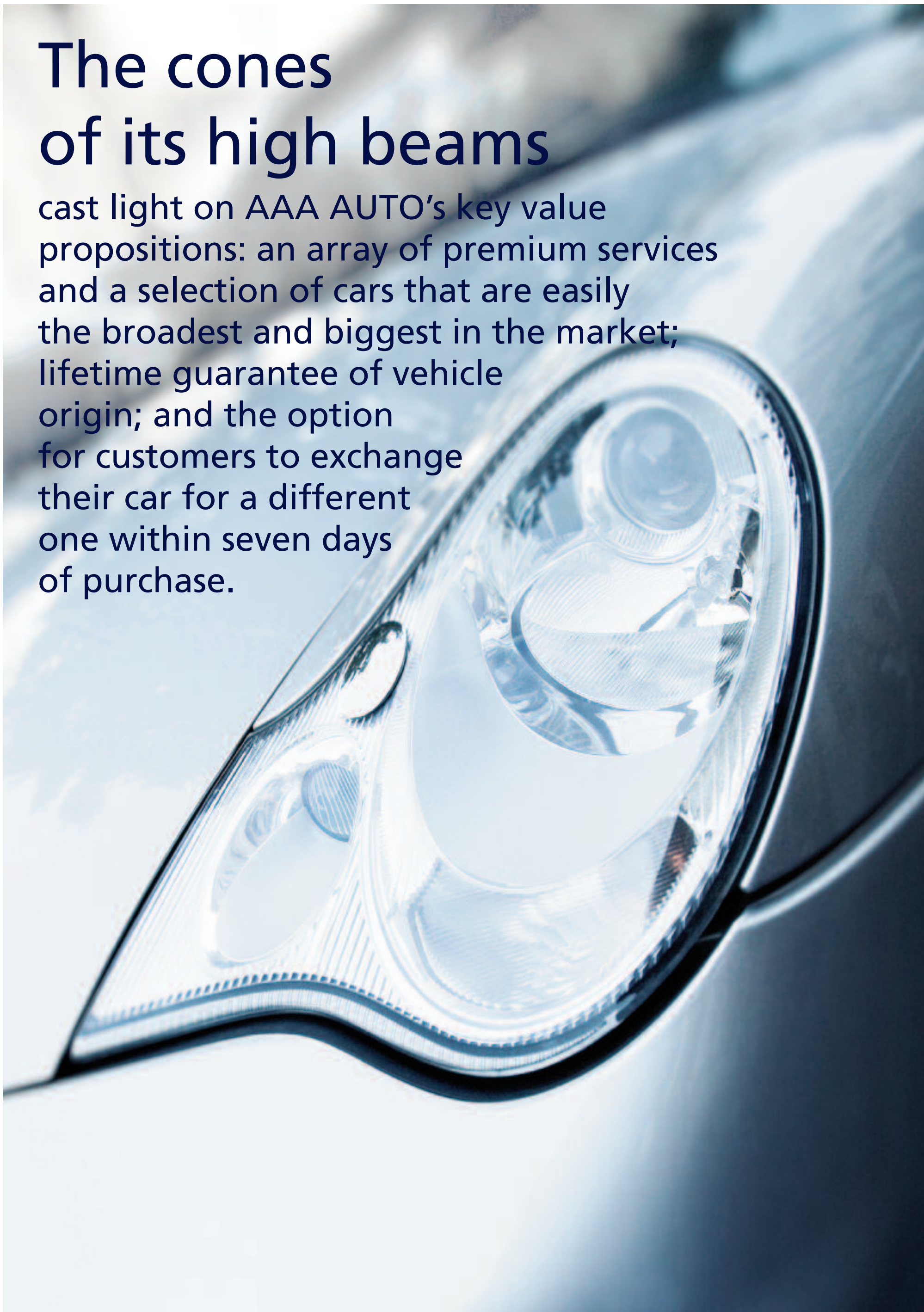

The cones of its high beams

cast light on AAA AUTO's key value propositions: an array of premium services and a selection of cars that are easily the broadest and biggest in the market; lifetime guarantee of vehicle origin; and the option for customers to exchange their car for a different one within seven days of purchase.

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Directors' Report

Performance Highlights

Unit of measure/year (EUR million)	2011	2010
Total revenues	276.3	205.0
Revenues from sale of cars	230.0	174.5
Operating profit (EBITDA)	22.0	13.4
Profit / (loss) after tax	10.3	5.1
Number of cars sold (units)	44,828	39,530

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 2011 calendar year, which will be presented and subject to approval of the Annual General Meeting scheduled for the second quarter 2012. At the same time, we advise herein of all important events and activities of the AAA Auto Group N.V.

During the execution of the function of the Supervisory Board, the Non-Executive Members of the Management Board were periodically informed about the financial situation, the fulfilment of the business plan and the trade policy in the AAA Auto Group N.V. as well as in the subsidiary companies in the frame of the consolidated unit.

The Non-Executive Members of the Management Board executed all duties arising from the execution of the function of the Supervisory Board in the frame of the one-level managing structure of the Company. Based on written and verbal announcements of the Executive Member of the Management Board and the Executive Management, the Non-Executive Members were able to continuously supervise the operation of the management of the AAA Auto Group N.V. as well as the whole consolidated group and so duly perform their function granted to them by law.

The Non-Executive Members of the Management Board discussed the financial results and the annual accounts for 2011 and suggested them to the Annual General Meeting's approval.

Major decisions of the Annual General Meeting in the year 2011:
The agenda of the Annual General Meeting held on 17 June 2011 discussed the Company's financial results for 2010 and adopted the Company's 2010 annual accounts prepared and audited in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS"). The Shareholders also approved an amendment of the Company's Articles of Association prepared in order to put the Articles in line with the legislative changes in Dutch law and other applicable legislation and regulations.

As previously occurred in past years, the General Meeting of shareholders approved the authority for the Management Board to buy back Company shares up to ten percent of the Company's outstanding capital through the stock exchange, if needed. The authority for the share buy-back was approved in accordance with Dutch law for the period of 18 months and has thus been extended until 17 December 2012. The minimal repurchase price shall be the nominal value of the shares, while the maximum repurchase price shall be EUR 4 per share.

The General Meeting also prolonged the authorisation of the Management Board to issue the Company's shares, grant rights to acquire shares and to exclude or limit pre-emptive rights by three years until 29 December 2014.

Following the successful year and the so far historically strongest Company's results we seek, in the upcoming period, to further strengthen the trust of our customers, 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 of the CEO to Shareholders

Greetings:

If 2010 harboured any lingering doubts concerning AAA AUTO Group's recovery from the economic crisis, 2011 dispersed them. Our focus on shareholder value bore fruit in the form of very strong bottom- and top-line performance as the full effects of our crisis-response initiatives began to be felt. The Group's net income doubled in 2011, to EUR 10.3 million from EUR 5.1 million in 2010, and unit sales grew 13.4%, outpacing the overall market. These extraordinary results cap an amazing year for the Group – a year that underlined the resilience of our core business, while relentlessly maintaining strict controls over our operating expenses.

In the wake of the crisis, we scrutinized every facet of the operation. We implemented a sophisticated, across-the-board system of cost controls, and developed a set of key performance indicators to validate management and operational decisions. Problem areas were singled out for even greater scrutiny, in a process we refer to as "ring-fencing". We embraced modern information technologies more than ever before, both in the front and backline of our business. Importantly, we followed through on these initiatives, transforming them into concrete value propositions for our customers.

We capitalized on our knowledge of the most liquid cars in each region at any particular time, and always ensure we have fine examples on offer at all our 27 auto centres.[1] As each vehicle undergoes a standard rigorous vetting process before we buy it, we can afford to give customers appropriate mechanical and legal guarantees. When customers ask us questions regarding their needs for financing, insurance, or even LPG conversion, we don't just answer them: we meet their needs, in-house. More and more, our website is becoming the gateway to our retail operation. In 2011, 98% of our customers viewed the car they purchased on our website before they came in to buy it. Last but not least, our sales force is more acutely focused on customer care and customer retention.

I am also pleased to report that this intensity of focus on core business processes was not achieved at the expense of our strategic vision. We are on-track in implementing the expansion plans we suspended at the onset of the crisis, though at a slower pace, and are well-positioned to take advantage of the market's gradual recovery. We began opening new sites in 2011, including one in Russia. In 2012 we are planning to open six new auto centres and position ourselves for a slow, conservative reopening of our Hungarian operation.

There is no question that, from the customer's perspective, these and other features set us apart from the competition. Our approach is simple: find out what the customer needs, and deliver it. A lot of work has gone on behind the scenes to make that happen, not just in 2011 but throughout the past 20 years. Even today, we continue to evolve the business through incremental improvements.

Very truly yours,

Anthony James Denny
Chief Executive Officer, Executive Member of Management Board

[1] *Number of branches as at 31 March 2012 – 17 in the Czech Republic; 9 in Slovakia; 1 in Russia (number doesn't include branches of AUTO DISKONT s.r.o.).*

Profile of the Company

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 of used cars to sell, and later began to buy out the most popular models for cash and re-sell them. The high demand for used cars in the 1990s contributed to the fast development of this business sector. The substantial expansion of AAA AUTO has helped, especially in the past few years, to cultivate the whole sector thanks to the Company's high customer orientation. A number of competitors followed the example of AAA AUTO and introduced the principles of purchasing cars for instant cash, straightforward contracts, free-of-charge re-registration of the vehicle and a broad range of other services.

In 2011, the Company operated 25 branches in the Czech Republic, Slovakia and Russia.[2] Throughout the year, the AAA AUTO Group continued to apply its business model, which focuses on 10–15 most popular models of cars, high stock turnover and maintaining an optimal level of cars in stock so that the Company can flexibly serve the market demand.

The Company is a pioneer in the delivery of premium services to customers: in addition to having the largest portfolio of number of cars for sale, the Company provides a life-long guarantee of legal origin, a 12 month warranty covering mechanical defects, the option to exchange for another car within 7 days after the car purchase and free-of-charge administration of all formalities in connection with the re-registration of the car. The Company's relationship with a number of established insurance and financing partners enables the Group to offer together with the sale of a car also 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.[3]

AAA AUTO celebrates its 20th anniversary in 2012 with more than 1.2 million satisfied customers.

a. Identification Details

i. 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 chart on page 14).

ii. Company Owners

The majority owner of the AAA Auto Group N.V. is a Luxembourg-based company, AUTOMOTIVE INDUSTRIES S.à.r.l., which owned 73.79% shares of AAA Auto Group N.V. as at 31 December 2011; the remaining 26.21% shares are free floated shares on the Prague and Budapest Stock Exchanges; of these shares, 3.24% was as at 31 December 2011 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.

iii. Legal Form

Public limited liability company

[2] Number of branches doesn't include branches of AUTO DISKONT s.r.o.

[3] An option to exchange a car for another within 7 days after the car purchase; insurance for the event of insolvency; credit cards and road assistance services are offered in the Czech Republic and Slovakia only.

iv. Registered 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.

The Company does not have any research and development activities.

v. Commercial Company

The largest commercial company in the Group: AAA AUTO a.s.
Registered address: Hostivice, Husovo nám. 14, postal code 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

Registered business:

- Repairs to road vehicles
- Accounting consultancy, bookkeeping, tax accounting
- Manufacturing, trading and services as per annexes 1–3 of the Trade Law
- Car bodywork and body repairs
- Consumer loan provision or agency

Free trade of manufacturing, trading and services not included in the annexes 1–3 of the Trade Law:

- Trade agency
- Wholesale and retail
- Pawn brokerage and resale of used goods
- Car and car accessories servicing
- Warehousing, packaging, load manipulation and other technical activities related to transport
- Rental of movable property
- Advertising, marketing, media agency.

We have shifted into high gear

– the AAA AUTO Group emerged from the financial crisis more streamlined, more profitable, and more competitive than ever.

Important Moments of 2011 and 2012

2011

1st quarter

- Year-on-year increase in January sales of 50%;
- Partnering with the Dagmar and Václav Havel Foundation VIZE 97;
- Sales go up over the quarter by 37%;

2nd quarter

- The Annual General Meeting of Shareholders approved an amendment to the Articles of Association and a mandate for the Board of Directors to buy-back shares and appoint the auditor;
- AAA AUTO posts a net profit of EUR 3.2 million for the half year;

3rd quarter

- AAA AUTO secures an insurance agency and brokerage licence from the CNB;
- The Company started offering a professional service of conversion to LPG;
- After a four-year absence, AAA AUTO opened another branch in Opava;
- AAA AUTO launched AAA AUTO Mobilita, a programme for people with disabilities;
- AAA AUTO opened its first branch in the Russian market in Podolsk near Moscow;

4th quarter

- AAA AUTO posts a year-to-date net profit of EUR 5.1 million;

2012

AAA AUTO celebrates 20 years in the market with 1.2 million satisfied customers.

Key Milestones in the History of the Company

1992

- Establishment of Auto USA to import cars from the United States;

1994

- Opening of the Prague centre;

1995

- The Company changed its name to AAA AUTO Praha, s.r.o.;

1998

- Launch of a call centre in Prague;

1998–2001

- Expansion to ten locations in 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 automotive website in the Czech Republic;

2003

- Establishment of the subsidiary GENERAL AUTOMOBIL a.s. to sell new cars;

2004

- Entry on the Slovak market with the first branch in Košice;
- The Company ranks 68th in the CZECH TOP 100 Companies chart;
- More than 40,000 cars sold;

2005

- Group's headcount reaches 2,000 employees;
- Entry on the Romanian market (Bucharest branch);
- Opening of two additional car centres in the Czech Republic and three in Slovakia;
- More than 50,000 cars sold;

2006

- Entry on the Hungarian (Budapest branch) and Polish markets (Warsaw branch);
- Major customer service improvements (car exchange within 24 hours and insurance);
- The Group expands to 25 branches;
- Staff count increases to 2,880 employees;
- Sales exceed 60,000 cars;

2007

- Auto Diskont becomes a subsidiary of AAA AUTO;
- AAA AUTO receives the prestigious Superbrands 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 employees;
- In September the Netherlands-based parent company AAA Auto Group N.V. lists its shares on the Prague and Budapest Stock Exchanges;
- As of 1st November, Vratislav Kulhánek becomes a Non-Executive Member and Chairman of the Management Board;

2008

- The Company embarks on a restructuring programme to return to black figures;
- Opening of the 10th branch of AAA AUTO in Prievidza, Slovakia;
- AAA AUTO marks 160,000 Carlife insurance policies sold;
- The Management Board resolves to sell the subsidiaries GENERAL AUTOMOBIL, a.s. and HK Partner, s.r.o.;
- 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 ranks among the TOP TEN 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 place 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 450,000 cars in its sixteen years of history;
- The Management Board approved a transfer of tax domicile from the Netherlands to the Czech Republic;

2009

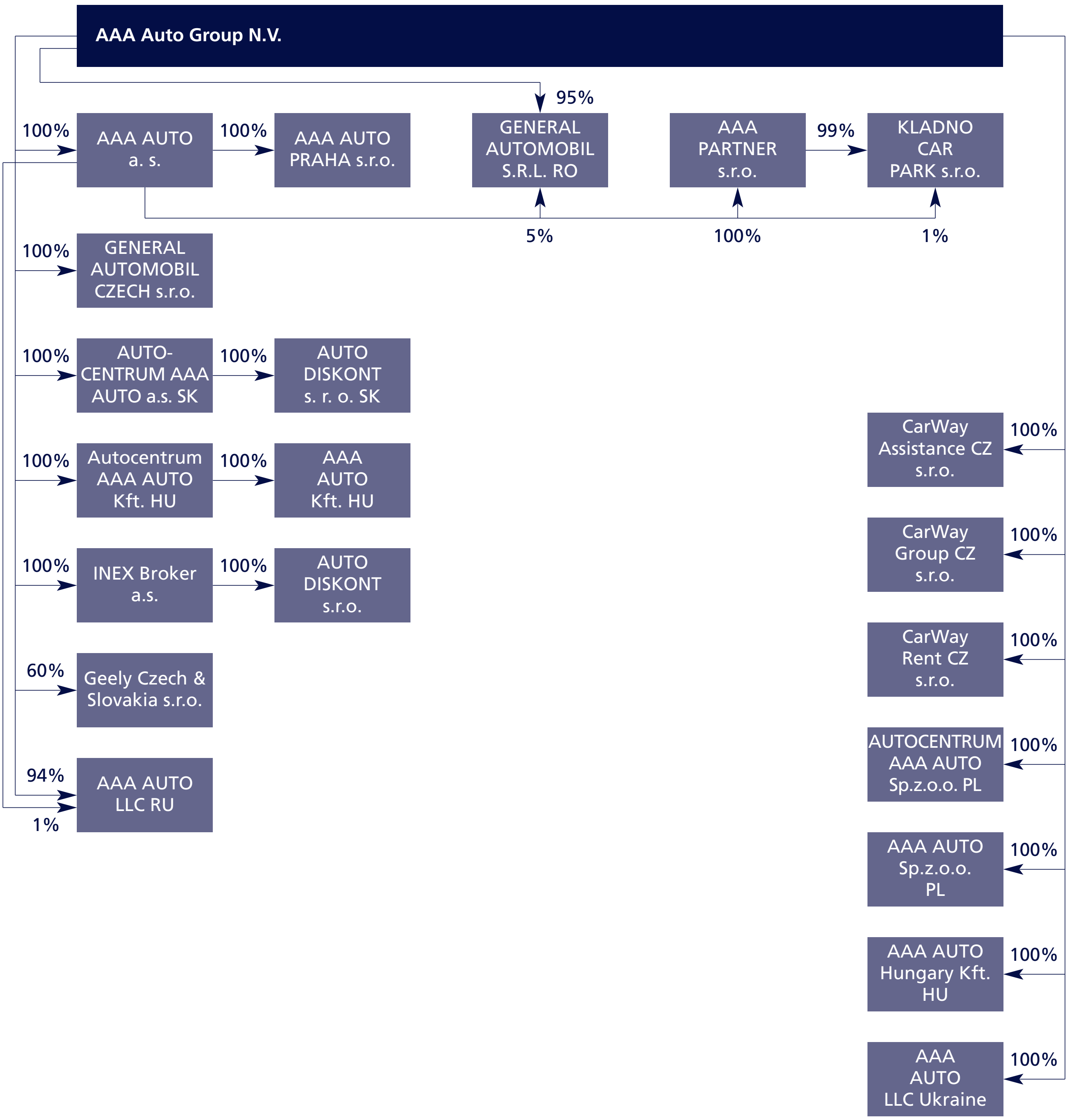
- AAA AUTO launches a new service of selling cars at the customer's home;
- The AAA AUTO Group starts a joint-venture with SIXT New Kopel in Romania;
- The AAA AUTO Group resolves to terminate its Hungarian operation as part of the restructuring and optimizations programme;
- AAA AUTO introduces scrap 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;

2010

- 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;
- 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;
- 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 offence;
- Group Sales Director David Keller's contract with AAA AUTO runs to its end;
- AAA AUTO warns of new forms of fraud emerging on the used car retail market, specifically involving cars with 'execution of a judgment pending';
- The first 9 months of 2010 produce a net profit;
- AAA AUTO sees a 15% increase of sales in the third quarter of 2010;
- Revamping of the AAA AUTO website and the launch of a mobile application.

Structure of the AAA AUTO Group

AAA AUTO Group's Structure as of 31 December 2011



AAA AUTO Group's Structure as of 31 March 2012

The structure remains the same as the one of 31 December 2011.

Statutory Bodies of the Company

a. Management Board of AAA Auto Group N.V.

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 of Shareholders 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 2011 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 of Shareholders 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, the Czech Republic.

Report from the Non-Executive Members (please see the Report of the Chairman of the Management Board on page 5).

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 2011

- 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 2011; appointed for a tenure of two 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 from 29 December 2006;
- appointed for an indefinite period of time;
- gender: male;
- year of birth: 1962;
- nationality: Australian;
- profession: entrepreneur;
- principal position: Chief Executive Officer.

A graduate of the Ryde College of Horticulture, Sydney, Australia. He acquired over 25 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;
- first appointed: 1 November 2007;
- present mandate: appointed for a tenure of two years until 1 November 2013;
- other positions: Chairman of the Remuneration Committee;
- present mandate: appointed for a tenure of two years as his position of Non-Executive Member of the Management Board;
- gender: male
- year of birth: 1943;
- nationality: Czech;
- profession: professional with extensive experience in 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, 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;
- first appointed: 25 April 2008;
- present mandate: appointed for a tenure of four years until 25 April 2014;
- other positions: Chairman of the Nomination Committee;
- present mandate: appointed for a tenure of four years until 25 April 2014;
- gender: male
- year of birth: 1945;
- nationality: Czech;
- profession: consultant in the field of finance and economics (specialising in the automotive sector).

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 settled 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.

The Management Board in 2011 comprised of Anthony James Denny, Vratislav Kulhánek and Vratislav Válek. As Members of the Management Board, they collected a total of CZK 2,677,482 (EUR 107,000) as fees for acting as members of the executive body, including social and health insurance payments and other benefits (see the section Compliance with the Dutch Code below).

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 2011, the Management Board members jointly held 80,000 share options.

b. Executive Management of AAA AUTO Group

Below please find a list and short résumés of the professional experience and responsibilities of the members of AAA AUTO Group's Executive Management team as at 31 March 2012.

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
Karolína Topolová 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 Czech and English.

Petr Koutský
Executive Director
Petr Koutský is a graduate of the Military Aviation University in Košice, Silesian University in Opava and Nottingham Trent University in the UK. He embarked on his career in management working for Agrobanka Praha and later Banka Haná as branch director and head of strategic planning and risk management. Later he worked as a consultant in the field of economics and finance. In 1998 he joined TON as CFO and later as CEO and Vice-Chairman of the Board of Directors. He was engaged in projects of restructuring, optimization of company's processes and in implementation of information technology systems. Petr Koutský started working for AAA AUTO in February 2012. He speaks Czech and 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 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 Czech, 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.

Ralph Edgar Howie terminated his employment with the Company as of 31 January 2012.

Petr Vaněček
Group Buying Director

Petr Vaněček 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 has been managing the Company's commercial strategy from the position of Group Buying Director.

Daniel Harant
Group Sales Director
Daniel Harant is a graduate of the Faculty of Engineering, Czech Technical University in Prague. After doing his national service, he continued his studies at the Technical University in Brno where he obtained a major's degree in Business Administration. He started his career in 2001 working for CAC Leasing, where he was responsible for the brands Peugeot and Citroën. In 2003 he co-founded BMW FS in the Czech Republic. In 2004 he started working for the BMW importer, where he was responsible for the dealer network. In 2006 he became the Sales Director at BMW in the Czech Republic. Daniel Harant joined AAA AUTO in March 2011.

Under the bonnet

at AAA AUTO is a finely tuned team of experienced professionals focused on one thing: customer satisfaction.

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 approved by the Annual General Meeting of Shareholders of 17 June 2011, allowed, among other things, the Executive Members of the Management Board to act severally on behalf of the Company, changed the method of issuing shares based on the decision of the General Meeting or based on a decision of the Management Board acting on an authorisation issued by the General Meeting, and adopted changes to the method and conditions of convening the General Meeting of the Company and the announcement of the General Meeting in accordance with the applicable laws and the requirements and rules of the stock exchanges where the Company's shares are traded. The amendment of the Articles of Association was necessitated by the need to harmonize the Company's Articles of Association with the applicable laws and regulations of the Netherlands.

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.nl in the section 'About us / Corporate Governance'.

a. 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 pertaining to the organisation structure of the Company and its business profile.

b. Compliance with the Dutch Code

Declaration of Compliance with the Dutch Corporate Governance Code and the Code of Conduct

The Company acknowledges the importance of good corporate governance. The Management Board has reviewed the Dutch Code, 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 Members have been appointed for an unlimited period and we do not consider it appropriate to renegotiate the existing agreements. Any future appointments of Executive Members will be in compliance with this provision.

According to 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 requirements as to the contents of the Code of Conduct in accordance with the requirements of the Dutch Corporate Governance Code and with the provision of Article 2:391, § 5 of the Dutch Civil Code are duly complied with by way of this Declaration and other disclosure in this Annual Report. The Company implemented a Code of Ethics which is binding for all employees of the Company, and as such is regarded by the Company as a part of the Code of Conduct. The Code of Ethics is published on the Company's website www.aaaauto.nl in the section 'About us / Code of Ethics'.

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 of the supervisory board shall contain an account of the manner in which the remuneration policy has been implemented in the past financial year, as well as an overview of the remuneration policy planned by the supervisory board for the next financial year and subsequent years. The report shall explain how the chosen remuneration policy contributes to the achievement of the long-term objectives of the company and its affiliated enterprise in keeping with the risk profile. The report shall be posted on the company website.

The Remuneration Report of key executives of the Company is not given on the grounds of its confidential contents and the sensitivity of some information that would be contained therein. The Company decided not to disclose the report also with regard to the fact that all the business results and statements on the achievement of the Company's long-term goals are disclosed in the financial part of the Annual Report in a sufficient extent.

Supervisory Board (Part III of the Dutch Code)

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

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

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

According to the Best Practice Provision III.5.11, the Chairman of the Remuneration Committee should not be the same person as the Chairman of the Supervisory Board or a former Management Board Member. As the Company's Management Board comprises only two Non-Executive Members, the Management Board decided to appoint one Non-Executive Member as Chairman of the Management Board and at the same time as Chairman of the Remuneration Committee; the member in question has the necessary professional experience and personal 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 the ownership of securities and securities transactions by management or supervisory board members, other than securities issued by their 'own' company.

We believe that the regulation mechanisms under the applicable securities legislation are sufficient to govern the ownership of securities and securities transactions 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.

Shareholders and the General Meeting of Shareholders (Part IV of the Dutch Code)

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 2011, 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.

c. Corporate Governance of AAA Auto Group N.V. in 2011

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.

In 2011, the Company conducted 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.

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 Company is in compliance with the Best Practice Provision III.8.4, the majority of the members of the Management Board are non-executive directors and are independent within the meaning of Best Practice Provision III.2.2.

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 (Chairman Jan Rathouský, other members: Vratislav Válek and Vratislav Kulhánek);
- Remuneration Committee (Chairman: Vratislav Kulhánek, other members: Vratislav Válek);
- Nomination Committee (Chairman: Vratislav Válek, other members: Vratislav Kulhánek).

A total of ten AAA Auto Group N.V. Management Board meetings were held in 2011. The Audit Committee met ten times, the Remuneration and Nomination Committees both held four meetings during the year and minutes were taken.

Below you can see information about all meetings and their agendas held by the committees.

Audit Committee

18 January 2011

Present: Jan Rathouský, Vratislav Kulhánek, Vratislav Válek / René Horák and PwC

- discussion of risk analysis results
- discussion of the Internal Audit Plan for the year 2011
- discussion of the results of the 2010 statutory audit of Internal Audit

22 February 2011

Present: Jan Rathouský, Vratislav Kulhánek, Vratislav Válek / René Horák, Barbora Grubnerová

- discussion of 2010 Annual Report section 'Compliance with the Dutch Code'
- discussion of the Internal Audit Annual Report for the year 2010
- discussion of results of planned audit no. 1/2011
- discussion of process audits in car centres

24 March 2011

Present: Jan Rathouský, Vratislav Kulhánek, Vratislav Válek / René Horák

- discussion of process audits in car centres
- discussion of results of ad hoc audits no. 1 and 2/2011
- discussion of Board Report for the year 2010
- assessment of Internal Audit employees

12 April 2011

Present: Jan Rathouský, Vratislav Kulhánek, Vratislav Válek and PwC

- discussion on the audit results of the Group (Consolidated and Company only financial statements as included in the 2010 Annual Report)

25 May 2011

Present: Jan Rathouský, Vratislav Kulhánek, Vratislav Válek / René Horák, Jiří Trnka

- discussion of process audits in car centres
- discussion of proposed amendment to the Articles of Association of AAA Auto Group N.V.
- discussion of ad hoc audit no. 3/2011
- discussion of Q1/2011 financial results

28 June 2011

Present: Jan Rathouský, Vratislav Kulhánek, Vratislav Válek / René Horák

- discussion of process audits in car centres
- discussion of results of ad hoc audits no. 4–6/2011

18 August 2011
Present: Jan Rathouský, Vratislav Kulhánek, Vratislav Válek / René Horák, Jiří Trnka

- discussion of process audits in car centres
- discussion of results of ad hoc audit no. 7/2011
- discussion of Q2/2011 financial results

12 October 2011
Present: Jan Rathouský, Vratislav Kulhánek, Vratislav Válek / René Horák

- discussion of process audits in car centres
- discussion of results of ad hoc audits no. 8–10/2011

15 November 2011
Present: Jan Rathouský, Vratislav Kulhánek, Vratislav Válek and PwC

- discussion of statutory audit results for the year 2011

29 November 2011
Present: Jan Rathouský, Vratislava Kulhánek, Vratislav Válek and PwC

- discussion on the 2011 audit plan

Nomination Committee and Remuneration Committee (joint minutes)
The committees met on 24 March 2011, 28 June 2011, 12 October 2011 and 25 October 2011. The Remuneration Committee Meeting of 25 October 2011 discussed the conditions of the share option programme for the members of the Executive Board.

In keeping with the Best Practice Provisions III.1.7 and III.1.8 of the Dutch Code, Non-Executive Members of the Management Board in 2011 discussed in the absence of the Executive Member their activities, activities 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.

This assessment was done by each of the two Non-Executive Members separately, taking into account their position and role in the Management Board and in the committees. The matter was discussed in the absence of the Executive 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 internal risks by Executive Member of the Management Board, including any changes thereto.

All Non-Executive Members were regularly present at committee meetings in 2011.

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 assume 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 loans).

Annual General Meeting of Shareholders

The Annual General Meeting of Shareholders of AAA Auto Group N.V. was held on 17 June 2011.

The General Meeting of Shareholders approved:

a) audited Annual Accounts of the Company for the year 2010;

b) report on the discharge of duties of Executive and Non-Executive Members of the Management Board in the fiscal year 2010;

c) an amendment to the Company's Articles of Association;

d) a mandate for the Management Board to issue shares, grant rights to subscribe shares and to exclude or limit any pre-emptive rights;

e) a mandate for the Management Board to buy back Company shares;

f) a mandate for the Management Board to appoint the external auditor for the fiscal year 2011.

The Extraordinary General Meeting of Shareholders

The Extraordinary General Meeting of Shareholders of AAA Auto Group N.V. was held on 26 October 2011.

The General Meeting approved of Shareholders:

a) re-appointment of and the remuneration for Vratislav Kulhánek as Non-Executive Member of the Management Board;

b) re-appointment of and the remuneration for Vratislav Válek as Non-Executive Member of the Management Board;

c) the Share Option Plan for Non-Executive Members of the Company's Management Board.

The full text of the resolutions adopted by both General Meetings can be found on the Company's website: www.aaaauto.nl in the section 'About Us / Corporate Governance / General Meetings'.

Business Plan

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 targets to the Non-Executive Members of the Management Board:

a) financial and operating targets of the Company;

b) strategy to achieve the above targets;

c) key performance indicators (KPIs) used to measure the achievement of the set targets.

The Company's main goal for 2011 was to further increase the Group's sales compared to 2010 as well as to attain an increase in the Group's consolidated net income. Both goals have been achieved and the Company's current goal is to continue on this course also in the following period. In order to deliver on its targets, the Company's management is monitoring the achievement of KPIs for 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 the section 'About US / Corporate Governance'.

d. Risk Management

The Management Board of AAA Auto Group N.V. is responsible for the system of risk management and internal controls in the Company, and for seeing to that they are effective. Systems were implemented to manage risks and control mechanisms that to avoid events that could prevent the Company from achieving its objectives. The systems cannot however fully guarantee that there will not be erroneous data, fraud, infringements of laws and regulations. The future effectiveness of the systems is exposed to the risk that the internal controls will become inadequate after a change in the conditions, or that the level of compliance and adherence to principles on the part of the Company will diminish.

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 and fully conforms to the best international practice in the field of corporate governance. Cooperation with other 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 were approved by the Company's Management Board. Potential risks were 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 Company managers identified a total of 24 risks were in 2011. Following their assessment, material risks were selected and the managers adopted measures seeking to mitigate or eliminate them. The Internal Audit compiled a plan of audits which reflected the results of the risk analysis, and the Audit Committee approved the plan.

In accordance with Best Practice Provision II.1.4 of the Dutch corporate governance code the Management Board of AAA Auto Group N.V. has assessed the design and operational effectiveness of its internal risk management and control system. Based on the activities performed during 2011, 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 2011, and provide reasonable assurance that the 2011 financial statements do not contain any errors of material importance.

e. Risk Factors

A number of key risk factors, which the AAA AUTO Group is exposed to in the course of its business, were already disclosed 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.nl in the section 'About us / Investors / Publications'.

In 2011, the AAA AUTO Group had commercial operations in the Czech Republic and Slovakia and in September 2011 it launched operations also in Russia. The Company thoroughly monitored and managed risks that may negatively impact on its business activities and performance and, by extension, on the Company's financial results.

The risk management system of the AAA AUTO Group recognises risks in four categories: i. Strategic risks, ii. Financial risks, iii. Operating risks and iv. Compliance risks.

i. Strategic Risks

As a priority, the management of the AAA AUTO Group manages risks that have the greatest bearing on the revenues and costs of the Company and thus on the Company's overall financial results. 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 used cars;
- changing consumer trends;
- rising fuel prices and costs of ownership of cars;
- negative public opinion;
- implementation and execution of new investments and projects.

ii. Financial Risks

Material financial risks of the Company are considered to be the following: market risk (including exchange rate risk, cash flow risk and interest rate risk), credit risk and liquidity risk.

The financial risks are managed by Group Treasury and all treasury operations are a part of the formal control system. The Management Board approved regulations and directives in the area of treasury management, and regularly reviews this area. The regulations also stipulate a ban on insider trading.

More information on the management of financial risks is given in Note 19 to the Consolidated Financial Statements.

iii. 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:

- insufficient delineation of authority;
- high employee turnover;
- multi-skilling in crucial work positions;
- inadequate qualification of job applicants;
- shift operation;
- centralisation of management;
- configuration of internal activities and processes;
- controlling environment;
- fraud and adverse events;
- information management and digitalisation.

iv. Compliance Risks

In collaboration with internal and external experts and consulting firms, the management prudently monitors all changes in the legislation and regulation in all areas of the Company's activities, to ensure compliance with the applicable laws and regulations, including disclosure requirements stemming from the Company's public listing.

Other material risks, especially those relating to the economic, political and social environment in the markets where the Company operates, 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.

f. Internal Audit in 2011

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 2011, the activities of Internal Audit focused mainly on transfer charging and the quality of the controlling environment, and on the compliance with procedures and rules within the car centre network. With regard to the territorial structure of business, the attention was therefore directed primarily at the Czech Republic and Slovakia.

Our auditors focused on the regularity and quality of individual activities, and on the effectiveness of internal controlling mechanisms in those processes which were analysed as material. In the car centre network, the auditors focused mainly on the testing of internal operating activities. During 2011, the Internal Audit formulated 281 recommendations, to which the management adopted appropriate remedies.

During 2012, 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.

AAA AUTO holds the

wheel of its used-car business

firmly, steering it toward the customer with confidence, reliability and professionalism.

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 as well as the Best Practice Provision III.6.4 of the Dutch Code.

With respect to the Best Practice Provision II.6.4 of the Dutch Code regarding transactions between the Company and legal or natural persons who hold at least ten percent of the shares in the Company (affiliated transactions), see more information in the Note 24 to the Consolidated Financial Statements called: Related Party Transactions.

Report to Shareholders

a. Shares

i. Information about Company Shares

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

The overall number of issued shares amounts to 67,757,875 with the nominal value of EUR 0.10 per share of which 50,000,000 shares (73.79%) were as at 31 December 2011 held by AUTOMOTIVE INDUSTRIES S.à.r.l. holding which is owned by Mr. Anthony James Denny, the Company's CEO and Executive Management Board Member. The remaining 17,757,875 shares (26.21%) are available for trading on the PSE and BSE main markets (free float); the ISIN of the shares is NL0006033375. The shares are dematerialised and are registered. The main secondary market where the Company shares are traded is the PSE in the SPAD trading system, where the shares are traded under the abbreviation AAA and are included in the PX and PX-GLOB indices.

Key Highlights about AAA Shares	2009	2010	2011
Market capitalization in millions of euro as at 31 December	34.564	59.349	46.958
No. of common shares as at 31 December	67,757,875	67,757,875	67,757,875
Share price as at 31 December[4]	EUR 0.51	EUR 0.88	EUR 0.69
Dividends	0	0	0
EPS	EUR 0.02	EUR 0.08	EUR 0.15
P/E	25.5	11.0	4.6
P/EBITDA	4.1	4.5	2.1

[4] The original share price was in CZK. The price was translated into EUR using the CNB's official exchange rate as at 31 December.

ii. Shareholder Structure

On 3 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 2011 Anthony Denny held a total of 3.24% shares; as at 31 March 2012 he held 3.77% shares, representing an equal share in the total issued capital and voting rights in the Company.

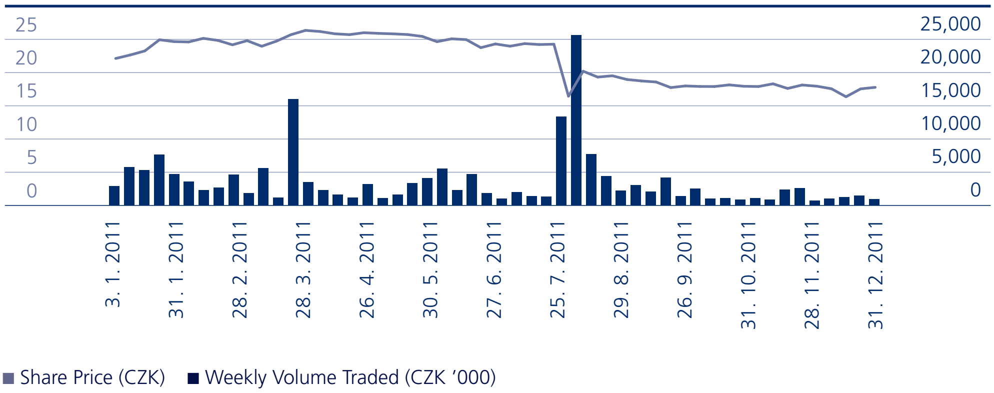
As at 31 December 2011	As at 31 March 2012
AUTOMOTIVE INDUSTRIES S.à.r.l. 73.79%	AUTOMOTIVE INDUSTRIES S.à.r.l. 73.79%
Anthony James Denny 3.24%	Anthony James Denny 3.77%
Other investors 22.97%	Other investors 22.44%

iii. Share Price Development

The shares of AAA AUTO on the Prague Stock Exchange (PSE) started the year 2011 after a more than 60% rally during the previous year, which was spurred by capital markets investors responding to the positive news of the effects of the Company's restructuring, which meant a turning point in its performance. At the end of the first quarter of 2011, investors rewarded the previous year's results and a significant upswing in the profitability of the AAA AUTO Group, which propelled the share price 20% up from the level at the end of 2010. It is worth noting that at the end of March 2011, after the disclosure of the preliminary results for 2010, the share price reached its highest level of around CZK 26.5 since June 2008, while being traded on above-average trading volumes.

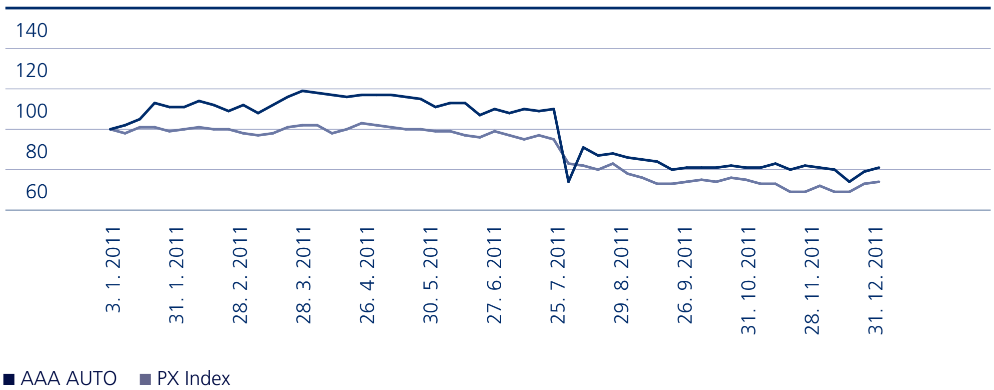
The shares of AAA Auto Group N.V. closed the first half of 2011 at CZK 24.34. The dip that followed in August 2011 despite the good sales and preliminary results reported by the Company reflected the overall correction and investment sentiment on the whole PSE market and most other global capital markets. The end of August saw a stabilisation of the Company's share price and the shares traded at around CZK 18 until the year-end. In relative comparison, the AAA AUTO share price closely followed the development of the PX Index and closed the year at CZK 17.88.

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



Source: The Prague Stock Exchange

Relative Performance of AAA AUTO Shares and the PX Index (in %)



Source: The Prague Stock Exchange

iv. Dividend Policy

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

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

b. Important Dates in the Announcement Calendar

AAA AUTO Group's Announcement Calendar for 2012	
Preliminary financial results for 2011[5]	29 Mar 2012
Audited consolidated financial results for 2011	30 Apr 2012
Annual Report 2011	30 Apr 2012
Consolidated financial results for the first three months of 2012[5]	30 May 2012
Annual General Meeting	22 June 2012
Consolidated financial results for the first six months of 2012[5]	30 Aug 2012
Half Year 2012 Report[5]	30 Aug 2012
Consolidated financial results for the first nine months of 2012[5]	19 Nov 2012

[5] *Unaudited Results*

c. 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 (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 upon the expiration of the Management Board's mandate to issue Shares.

The General Meeting of Shareholders may resolve to issue Shares; alternately, Shares may be issued by decision of the Management Board if mandated by the General Meeting. The mandate is given for a period not exceeding five years in each case. The number of Shares, which may be issued, shall be determined by the Articles of Association or the General Meeting.

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 issued 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 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 chares the Company holds in its capital may not be voted or counted for voting quorum purposes.

Reduction of the Issued Capital

The General Meeting of Shareholders may resolve to reduce the issued and outstanding issued 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 issued 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 the 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 the Netherlands in the municipality where the Company has its registered office, or in Haarlemmermeer (airport Schiphol).

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 issued 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.

A notice of the General Meeting of Shareholders must be sent at least 42 days prior to the date of the General Meeting, and must contain all agenda points with an indication which points are to be voted on, as well as the time and place of the General Meeting and the method of registration for attendance of the General Meeting by means of a written proxy, and the Company's website. Shareholders (including the holders of rights granted by law to the holders of depository receipts) who individually or jointly hold shares amounting to the share of the issued capital of the Company which is required in Article 2:114a of the Dutch Civil Code may ask items to be put on the agenda of the General Meeting of Shareholders, provided that the request is received by the Company at least sixty day before the date of the General Meeting. The shareholder who requested an item to be added to the agenda of the General Meeting must explain to the General Meeting in session why the item was included, and answer any related questions.

All notices of the General Meeting of Shareholders, announcements concerning dividends and any other notices to shareholders must be published according to the applicable laws by which the Company is bound, with regard to the requirements of stock markets where the Company's shares are listed for trading.

The record date which determines whether a shareholder has the right to attend and vote at the General Meeting is set with respect to the applicable laws. At present, the laws of the Netherlands stipulate that the record date is the 28th day before the date of the General Meeting of Shareholders.

Each share represents one vote. Shareholders may be represented at the meeting based on a written power of attorney.

The General Meeting of Shareholders passes decisions by a simple majority of votes present, save for instances in which the laws of the Netherlands require a decision passed by a qualified majority. If a majority cannot be reached, the proposal is not adopted.

Amendments to the Articles of Association and a Change of the 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.

d. Share Option Plan

In keeping with the Rules for the Share Option Plan of AAA Auto Group N.V. from 13 September 2007, and with regard to a decision of the Company's Share Option Committee dated 25 October 2011, the General Meeting of Shareholders approved on 1 November 2011 a Share Option Plan for Vratislav Kulhánek, the Non-Executive Member of the Company's Management Board, which granted him share options for 10,000 Company shares for the exercise price of EUR 1. The options will be exercisable on or after 1 November 2014. The Committee also resolved that the options do not expire with the termination of Mr. Kulhánek's term of office in the Company. The share option will automatically expire if not exercised by 31 September 2021. The exercise of the share option is not contingent on any performance-related conditions. The number of share option holders as at the date of the approval of the Share Option Plan was 119 persons, holding options for a total of 2,303,000 shares, which represents 3.2% of all shares issued by the Company.

In accordance with the resolution of the Company's Share Option Committee dated 19 October 2009, the Company presently has a valid Share Option Plan for selected key employees and for the Management Board Members (whose share options were approved by the Annual General Meeting of shareholders the 15 June 2010). Based on this Share Option Plan each Management Board Member has been granted up to 50,000 share options and each selected key employee has been granted up to 200,000 share options with the exercise price EUR 0.5. All share options will be exercisable on or after 30 April 2013 if following performance condition will be fulfilled: the Company must achieve a 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.

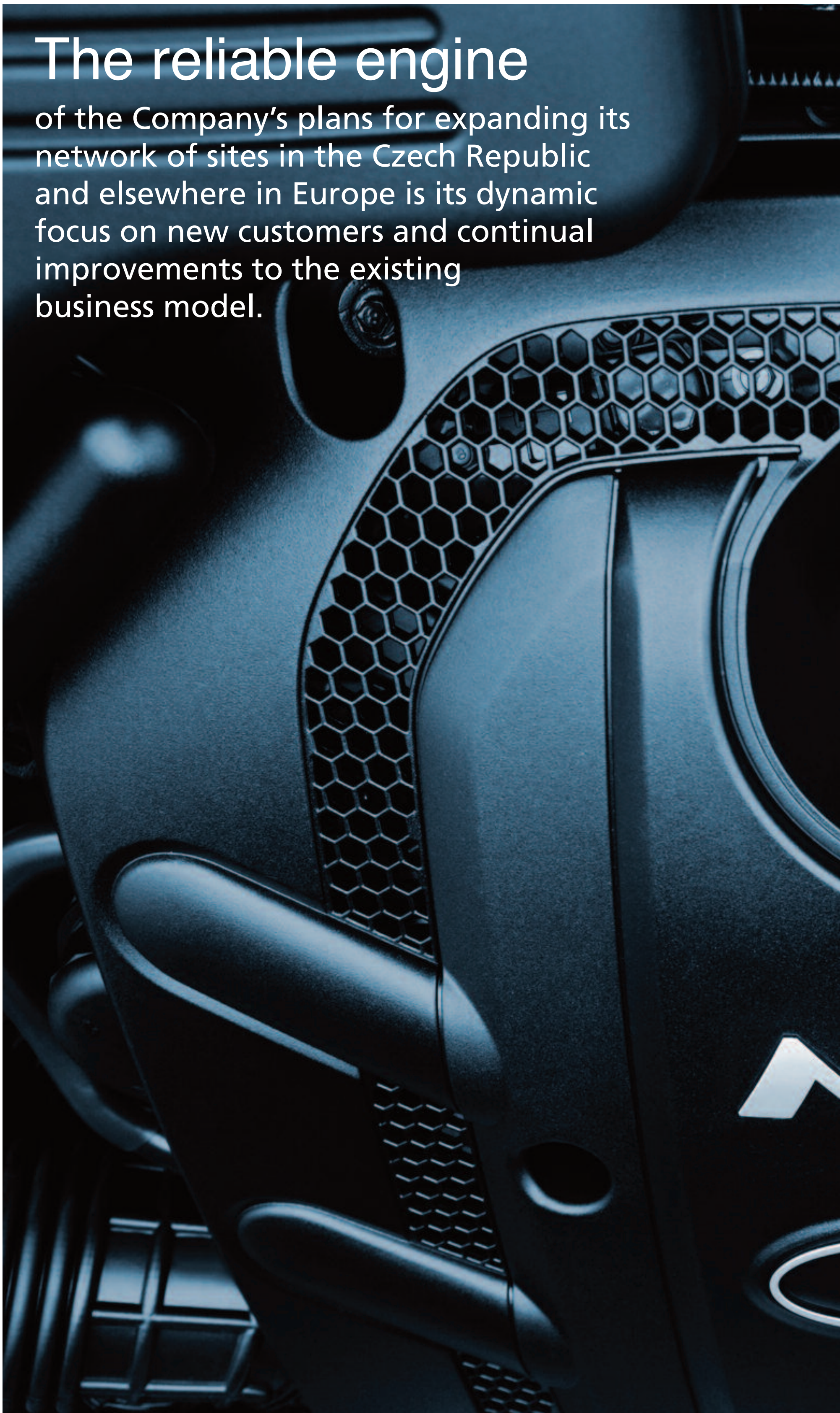
The total number of share options granted under a Share Option Plan must not exceed 5% of the Company's issued capital. All options become void on the day preceding their 10th anniversary, and they may be called in full or partially any time from their granting until the expiration on the 10th anniversary 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 with the Company under which the share options were originally granted to their holder, unless the Committee doesn't resolve otherwise.

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

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

The reliable engine

of the Company's plans for expanding its network of sites in the Czech Republic and elsewhere in Europe is its dynamic focus on new customers and continual improvements to the existing business model.



Report on the Business Activity

a. Mission, Objectives and Vision

The mission of the AAA AUTO Group, which it has espoused since the beginning, is to satisfy, via respectable 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 used 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. To this end, we continue with our programme of authenticating the odometer reading on all cars that we sell; we support a change in the legislation to make the mileage fraud a criminal offence. This would, in our view, significantly boost the confidence in the used car market and increase the trust of customers vis-à-vis the reseller or used car centre.

The immediate goal of the Company, in the growing yet recently also uncertain market, is to continue its focus on its key markets in the Czech Republic and Slovakia, in order to keep the level of profitability as per the plan. In 2012 the Company plans to open another new car centres in the Czech Republic and Slovakia. The new car centres are expected to lead the sales growth for the whole Group in 2012. After our entry to the Russian market, we intend to gradually deliver on the sales and overall targets set for this territory. If the used car market in Hungary stabilises, we are prepared to consider re-entry. The Company's principal objective in the long term is to generate value for the shareholders.

AAA AUTO Group's vision is to offer customers a suitable solution for their mobility needs in the markets of Central Europe 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. AAA AUTO will continue to build on its good name that, already today, stands for quality of service and thanks to which the Company will continue to be perceived as the leader on the used car market.

b. 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.

The success of the business model consisting in trading in and having an extensive portfolio of used cars in Central Europe means that the AAA AUTO Group espoused the principles of Corporate Social Responsibility and committed to a level of compliance. The Corporate Social Responsibility strategy hinges on the pillars of economic efficiency, environmental responsibility and commitment to the communities where the Company has activities. AAA AUTO has implemented these principles into its business conduct and planning.

The concept of AAA AUTO's Corporate Social Responsibility is constantly being developed and it has become 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 in 2010 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 used 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 in autumn 2010. Mileage fraud is a common form of fraud in the used car market and AAA AUTO is fighting it with all available means – for example by authenticating of odometer readings.

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

i. 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 this Annual Report).

ii. Social Area

As at 31 December 2011, the AAA AUTO Group had 1,536[6] employees in the Czech Republic, Slovakia and Russia, which is a 21% increase from 2010. The Company regards qualified and motivated employees as its competitive asset; attention is paid to quality training, career development and personal growth. Every year, the Company organises a football tournament, Christmas party and various teambuilding activities aimed at fostering the relationship between the employees and the Company and within the team.

[6] *The number of employees as at 31 December 2011 includs 118 employees on maternity leave.*

The best-performing salespersons were, as part of their motivation programme, regularly recognised and rewarded in the so-called Premier League.

The Company aims to promote social life and relaxation of employees through discounts on various cultural events, massages, fine dining or sports.

As several nationalities work for the AAA AUTO Group, the Company attaches a great emphasis to the anti-discrimination policy.

The AAA AUTO Group and all its employees have espoused a Code of Ethics which was approved in April 2007 (for the full version please visit: http://www.aaaauto.nl section 'About us / Code of Ethics').

To wit of its strategy to be a socially responsible enterprise, AAA AUTO cooperates with organisations that foster and develop Corporate Social Responsibility in the Czech Republic and on the European level.

The area of training and personal development of employees is a major pillar of the AAA AUTO's HR strategy. For the most part, training is delivered by in-house trainers and experts in the subject matter.

With regard to the increasing headcount in 2011 the Group focused on intensive and in-depth training of new employees. New recruits were included in a managed adaptation programme which aimed to bring them to the expected level of work performance as soon as possible. The systematic work with new employees also helps to significantly reduce the new staff churn within one year from joining the Company.

In connection with the opening of the first car centre near Moscow, all training and personal development activities were also adapted to the target group in the project Russia. Programmes were delivered in Russian, and Czech managers seconded to the Russian operation were learning Russian in intensive language courses.

The year 2011 is notable also for the fact that the Company made the development of existing branch managers a priority, as opposed to only new managers. New managers who had completed the two-month induction training were put through a comprehensive development centre, the so-called Decathlon – which tested their newly acquired knowledge and skills and helped them to identify areas of their future personal and career growth. The development of existing sales managers was done by way of regular workshops dedicated to specific themes and subjects.

Selected employees of the Service division could sign up for a unique professional certificate for servicing a specific global car brand, which significantly improved the professional growth and development in key employees.

The employees directly interact with the customers and can significantly influence customer satisfaction. For this reason, the AAA AUTO Group continued throughout the whole year to give priority to sales and customer care among the Academy programmes; there were many options for all employees to choose from. The courses taught sales, management, communication, technical and IT skills.

The Group always strives to improve the language proficiency of its people. In 2011 the Company offered on-site language courses of English and Russian. Expatriate employees could sign up for Czech language courses.

Local Community and Sponsoring

In addition to its business, the AAA AUTO Group is involved in corporate sponsoring and supporting non-profit organisations.

By sponsoring and actively participating in the scope of activities of the Children's Road Safety Foundation, AAA AUTO has been helping, for several years now, children orphaned as a result of tragic traffic accidents involving their parents or children who suffered permanent damage to health as a result of accidents on the road. Since its inception the Foundation helped 270 such children.

In 2011, the Company partnered with Dagmar and Václav Havel Foundation VIZE 97, which has activities principally in the social, health, education and culture areas; it also occasionally organises human rights events and responds to topical needs of the society.

AAA AUTO became sponsor of Our Child Foundation, which the Company presented with a cheque to help children battling a major handicap. The money was used to buy a special hearing implant for a boy and the rest was used to fund a school camp for 4 blind children.

In July 2011 the Company partnered with Tomáš Slavata's project for one hundred children's homes from all parts of the Czech Republic as well as for children in families. It is a series of triathlon competitions and camps where the children are in the care of athletes and qualified sports instructors. The aim is to bring children to sports, awaken their innate competitiveness and help them integrate in the society.

Last but not least, AAA AUTO also supports CEREBRUM, a civic association of people with brain injury and their families; its mission is to spread awareness of injuries to the brain and the various treatment and rehabilitation options in the Czech society. The association also seeks to support families by way of supporting therapeutic programmes, advocate for their interests and pursue systemic changes in the organisation of the Czech system of care and rehabilitation for patients.

Partnerships with Consumer Organisations

Sdružení obrany spotřebitelů – SOS (Association for the Protection of Consumers):

In the past, SOS was a regular partner of the Company, which consulted on matters such as the text of car purchase and sale contracts and their compliance with consumer protection laws, as well as on individual cases of dissatisfied consumers. In 2011, unfortunately, the association's activities were almost completely paralysed due to some internal and funding issues, so cooperation was not possible in that year.

Sdružení na ochranu vlastníků automobilů – SOVA, o.s. (Association for the Protection of Car Owners)

SOVA is the only consumer organisation focused solely on buying, selling and running used cars in the Czech Republic. The Company regularly consults on current consumer issues in the used car market. SOVA draws attention to potential risks associated with buying a used car, especially as new car fraud trends continually emerge.

iii. Environment

In 2006, the European Commission ruled to abolish 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). The Act became effective as of January 2009 and resulted in a reduction in the number of used cars imported to the Czech Republic. As the legislation is now getting obsolete, an amendment, that will impose taxes also on cars meeting the Euro 3 emission class, is soon to be expected.

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.

In autumn 2011, the Company signed an agreement with ČEZ to build charging points for electric vehicles in the Company's network of car centres.

c. Public Relations, Marketing, Information Technology

i. Public Relations

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.

In 2011 the Company continued to focus on building its expert capacity in the market of used cars and cooperated with the majority of leading media. Our managers were often quoted or featured in the media as expert speakers on a number of issues in the automotive sector.

Call Centre

In 2011, the AAA AUTO call centre processed 413,339 incoming calls, which represents a year-on-year increase of 3,421 calls. The reason is that the Company opened a Russian operation, which brought in almost 35,000 calls. In the traditional markets of the Group, i.e. in the Czech Republic and Slovakia, the trend of the previous periods continued: the decline in the number of calls was offset by the steadily increasing number of emails, Compared to 2010, 83% more Czech customers opted for email as their means of communication with the call centre. In Slovakia, we saw a record 107% increase in email communication from the previous year.

The AAA AUTO website is proving to be an important sales channel: customers can choose a car, calculate tentative repayments or have their car valued before selling it. To accommodate the increasing popularity of the website, the call centre strengthened the team of electronic communication. Chat with a live operator is a new communication channel, offering an instance response to an enquiry about a specific car that the customer is looking at online.

Website

The Czech website of AAA AUTO recorded 19,371,236 visitors in 2011, which is an increase of 34.8% from the previous year. The Slovak website welcomed 5,918,945 visitors in 2011, up 33% on the year before. The most surprising trend of the year was the strong increase in the number of mobile devices logging to the site: up 351.12% to 182,949 hits in total on the Czech website, and up 152.29% to 58,413 mobile hits on the Slovak website. The version of the website dedicated to mobile access, which was launched in October 2010, clocked up 121,885 visitors.

The figures suggest that an increasing number of customers go online to choose a car, and attest to the AAA AUTO's success in this area. The AAA AUTO website is proving to be an important sales channel: customers can choose a car, calculate tentative repayments or have their car valued before selling it. To accommodate the increasing popularity of the website, the call centre strengthened the team of electronic communication. Chat with a live operator is a new communication channel, offering an instance response to an enquiry about a specific car that the customer is looking at online. AAA AUTO not only makes a substantial investments in its online platform, but it also monitors the effectiveness of them, to ensure that the invested means are put to the best use – and it clearly shows in the results.

ii. Marketing

In 2010 the Company continued in its marketing activities and the marketing budgets reflected and respected the gradual market recovery. The most effective tools in the marketing mix were strengthened and optimised. A greater emphasis was placed on online communication. After the shift away from the previously most widely used advertising medium (print) in 2010, the greatest focus was on PPC (Price Per Click) campaign channels.

In 2011, the well known athlete Roman Šebrle became the media face of AAA AUTO, embodying a connection between the world of sports and the automotive industry. The Company also forged a relationship with Jaro Slávik at the end of the year; the popular moderator became the face of the brand in the Czech and Slovak markets.

The stable of famous celebrities who endorse AAA AUTO welcomed also the actress Alice Bendová, who is the ambassadress of the brand especially for the target group of women.

iii. Information Technology

In 2011, the main focus of attention was on the optimisation of processes, installed infrastructure and on the development of applications that are critical for the business of the Company. The infrastructure area was subjected to an in-depth analysis, which led to the specification of a plan to transform the existing environment to a virtual one. The rest of the year 2011 was dedicated to preparations for this major change. A project of a new back-up solution went live at the same time; it aims to secure a hi-tech solution for full back-up of all mission-critical areas. The year 2011 was a starting year for both projects – they are scheduled to finish in the second quarter of 2012.

The Company's development activities saw a significant transformation: new internal application development projects were launched, seeking to improve corporate processes and cut leadtimes. All projects employ the latest technology, timeless architecture and reflect the full know-how of the Company. An upgrade of the Navision system to a higher version was started at the end of the year. All these endeavours follow the common goal of giving maximum support to the Company's commercial policy and to new trends.

d. Employees

AAA AUTO Group, the largest retailer in used cars in Central Europe, is a major employer in the Czech Republic and in Slovakia, and from 2011, it began to leave a mark also in the Russian labour market. The system of corporate values is based in a strong corporate culture of a friendly, casual and dynamic environment which emphasises flexibility, teamwork and outstanding performance.

The year 2011 was a year of growth in the HR department. Compared to 2010, the number of employees in the Czech Republic and Slovakia increased from 1,272 to 1,536.[7] The first car centre in Moscow opened in September 2011 and by the end of the year it already employed 18 members of staff. The total number of employees at the Group level increased by 21%.

As a young and dynamic company, AAA AUTO has adopted the majority of modern HR management methods.

Recruitment

Despite the labour market situation, the Company coped successfully with the high demand for qualified candidates on the one hand, and the lower quality of job seekers on the other. The Company supported its recruitment and sourcing of candidates through direct references from existing employers, which was incentivised by rewards for a recommendation of a successful candidate. The ongoing trend of good former employees returning to the Company continued; the most frequently cited reasons for return were the good relationships in the workplace and open internal communication. The management structure of the Company was significantly strengthened, especially in the key positions, with new Czech and international executives.

Education and Development

Given the number of new employees, training and adaptation in the form of a three-month programme received a lot of attention. New colleagues were included in the so-called talent pool; their performance and attitudes were closely monitored and they received regular feedback. Support from experienced colleagues and mentors played, in conjunction with the in-house trainers, a major role in the process.

The Company continued to support the professional and career growth of its people, especially those working in business positions (car centre management, sales of cars and financing products, car buyers). The menu of courses at the in-house Academy was widely subscribed, especially sales and customer care training, which contributed to further growth and development of our employees. Language courses (especially English and Russian) were also very popular.

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.

Social Programme and Employee Benefits

The year 2011 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.

[7] *The number of employees as at 31 December 2011 includes 118 employees on maternity leave.*

e. Report on the AAA AUTO Group's Business Activity in 2011

i. The Group in 2011

As the Chief Executive Officer of AAA AUTO Group, Anthony James Denny, summarised and framed into a bigger picture at his opening remarks, the Group's extraordinarily strong results for 2011 cap an amazing year for the Company – a year that underlined the resilience of the Company's core business, has proven its redefined business model and fully materialised the crisis-response measures the Company implemented.

In 2011, AAA AUTO Group recorded its historically highest ever net income and operating profit, even when compared to pre-crisis levels before 2008. Compared to 2010, the net profit doubled to EUR 10.3 million. The main source of the improvement in the financial results was an improvement in the Company operating profitability. When we compare the operating profitability in 2011 with the pre-crisis year of 2007 then we can see that AAA AUTO Group now realises operating profit as well as net income which is nearly twice as high as in 2007 on half the sales volumes.[8] The Company is confident and determined to maintain this level of profitability and targets to achieve even higher net income on a growing turnover even in the economically uncertain 2012 year. For more information see the Outlook for 2012 below.

AAA AUTO Group has also strengthened its competitive position (as a result of the market consolidation during the crisis) and has been outperforming the market in terms of sales growth.

In 2011 AAA AUTO Group made also several important business decisions:

- Entry to the Russian market – 2011 was hallmarked by an important milestone when AAA AUTO Group entered the Russian market and opened its first car centre near Moscow in September 2011. The potential size of the Russian market makes this a strategically significant investment for the Group.
- Resumed local expansion – the Group opened its first new branch in the Czech Republic in September 2011 after a four year break. This new branch in Opava thus flagged the launch of resumed expansion of AAA AUTO Group after the economic recession.
- AAA AUTO Group received through its daughter company INEX Broker a.s. an insurance broker licence from the Czech National Bank on 9 August 2011. The Company plans to launch an online portal with a wide offer of insurance products.

Whereas the last event mentioned, i.e. after the online portal is launched in 2012, is expected to support the growth in revenues from financial services the effect on the Group's financial results for 2012 is expected to be yet insignificant.

AAA AUTO Group ends the year 2011 with 25 car centres, of which 16 operate in the Czech Republic, 8 in Slovakia and one in Russia. The Group sold in all its markets altogether 44,828 used cars which is by 13.4% more compared to 2010 and in response to the growing sales the Group increased its staff by 21% to 1,536 employees as at end 2011.

ii. Market Development

Despite the fact that no official statistics are kept of the secondary retail market in used cars, which is the main area of business for AAA AUTO in the Czech Republic and in Slovakia, the Company monitors the imports of used cars and the sales of new cars as two important indicators of the sentiments on the automotive retail market.

A comparison to the statistics shows that the AAA AUTO Group in 2011 significantly out-performed in terms of sales growth both of these two market segments, imports of used cars and sales of new cars, especially in the Czech Republic.

According to SDA (Car Importers' Association) data, the number of imported used cars in the category of passenger cars and light utility vehicles went up in the Czech Republic by 3.3% in 2011, to a total of 138,993 imported cars. ZAP (Automotive Industry Association) data from Slovakia shows that the imports of used cars in the same two categories went down by 0.6% to 65,830 last year, while the monthly development suggests that imports were more or less stagnant throughout the year.

[8] *The results are for continuing operations on the main markets, the Czech Republic and Slovakia, to make the operating and net profitability fully comparable.*

Registrations of new passenger cars and light utility vehicles were up 3.2% last year in the Czech Republic (to a total of 186,551 units), of which the number of new passenger cars sold increased by 2.4% (to 173,282 units). In Slovakia, the registrations of new passenger cars and light utility vehicles were up 4.2% to a total of 73,938 units. The monthly development suggests that after a strong growth in the first few months of the year, the trend ran out of steam well into the year and reverted to a decline of 10.2% in the last quarter.

Unlike the market segment results, the sales of the AAA AUTO Group did markedly better. The number of cars sold by the Group in the Czech market went up by 13.5% in 2011 to 32,936 used cars in total. In Slovakia, the Group increased its sales by 10.3% to 11,592 cars sold. The dynamics of the Group's sales growth remained solid throughout the year, including the winter months at the end of the year – especially in the Czech Republic.

The above facts lead to a conclusion that while the AAA AUTO Group saw an improvement in the demand for its cars in 2011, the retail car markets in the Czech Republic and in Slovakia registered only mild revival of sales. This indicates the stronger market position of the AAA AUTO Group as the Group emerged from the economic recession.

iii. Sales Results of the AAA AUTO Group

The AAA AUTO Group sold 44,828 used cars in 2011, which represents an increase of 13.4% on sales for 2010. The Group thus exceeded its declared goal to increase its annual sales in 2011 by at least 5% year on year.

These 2011 sales results confirm trends that have been communicated by the Company throughout the year, that the retail used car market gradually recovered from the previous downturn, and that the Company has also been benefiting from a resurgence of customer confidence in buying a car on credit, capitalizing on the superior position that AAA AUTO Group holds on the market for credit financing of used cars. Both of these trends were reflected by the Group's improved sales dynamics during 2011.

In response to the recession customer preferences have moved towards cars with low mileage, after the first or second owner, transparent service history and better equipment, i.e. the customer requires better value for money, is more demanding and more sophisticated.

It is the AAA AUTO Group's competitive advantage to serve more demanding and more sophisticated customers thanks to the following:

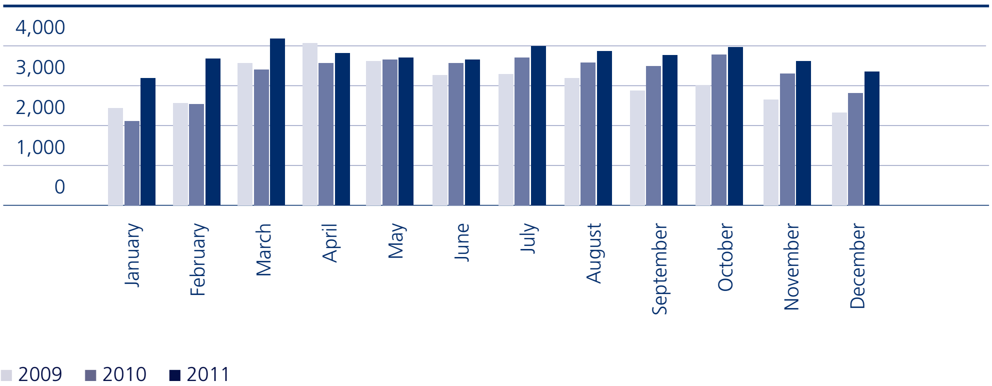
- the broadest offer of used cars on the market;
- cars offered by AAA AUTO Group are thoroughly tested and serviced;
- guarantee of origin and hidden technical difaultes is provided;
- the level of standard of services AAA AUTO provides including the customer care, is similar to new car dealerships;
- nationwide branch network – the Company is closer to the customer than any other used car retailer as there is no retailer who would have a nationwide presence neither in the Czech Republic nor Slovakia;
- unmatched strong position on the market for credit financing of used cars;
- wide range of up-sale products (GPS, security systems, autocosmetics etc.).

The Company analysis suggests that AAA AUTO Group's competitive position improved as a result of the downturn and the subsequent recovery through the consolidation of the competitive landscape of the Czech and Slovak used car markets. This is partly corroborated by the comparison of the Group's sales to the used car imports and new car sales, as described above in this section. The Company's position improved in both the retail market for used cars and the market for used car credit financing. In 2011, the Company increased the number of its partners amongst banks and other financial institutions, introduced new credit and leasing financing products and improved the conditions of its credit financing schemes to benefit the customers. As a result, it can be said that the AAA AUTO Group now holds an unparalleled market position amongst used car retailers in the Czech Republic and Slovakia – both in terms of the extent of its portfolio of credit financing products and in terms of their conditions for the customer.

The sales results of 2011 also show that the presently felt uncertainty about the future economic development for the time being doesn't have a tangible effect on the Company's sales. This is also manifested in the fact that despite the winter season being traditionally the low point in terms of used car sales, the Company's sales were growing (when compared to the same period of previous year) even with the year end approaching. In December alone, the sales of the AAA AUTO Group increased 19.1%[9] compared to the same period of 2010, while the sales for the preceding month of November recorded a 9.3% year-on-year increase.

[9] *December sales were also aided by mild winter weather which is an important factor that influences sales on the used car market.*

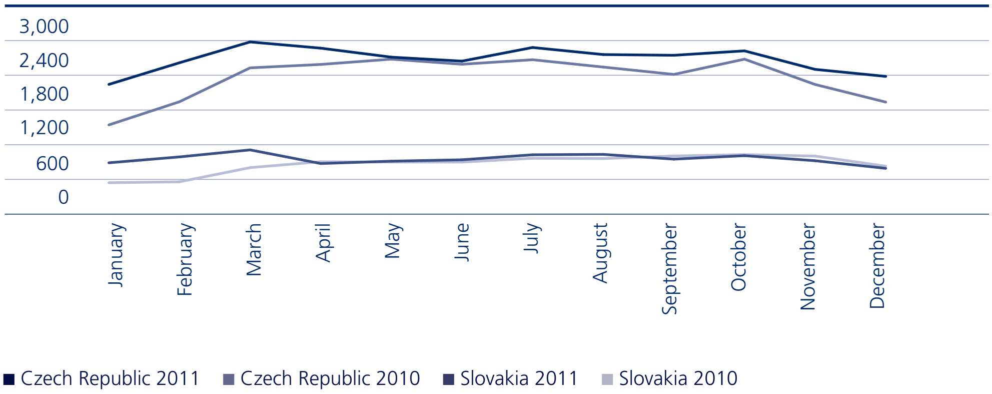
Monthly Sales Development of AAA AUTO Group in 2009, 2010 and 2011



Source: Company data

Note that sales results in March and April 2009 were substantially supported by the government scrap incentive ("šrotovné") in Slovakia.

Monthly Sales Development of AAA AUTO Group in the Czech Republic and Slovakia



Source: Company data

In 2011 unit sales soared in first months and reached their peak in March. For the rest of the year monthly sales remained above or at the level of previous year.

In terms of country sales performance, of the 44,828 cars sold by the Group in 2011, 32,936 cars were sold in the Czech Republic (+13.5% year on year), 11,592 in Slovakia (+10.3%) and 300 cars in Russia, where the Company opened its first branch near Moscow in September last year. The 2011 regional sales performance leaders were, as usual, Prague, Brno and Ostrava in the Czech Republic, followed by car centres in Bratislava, Košice and Žilina in Slovakia.

Quarterly Sales Development of the AAA AUTO Group by Country in 2011

	1Q 2011	2Q 2011	3Q 2011	4Q 2011	FY 2011	**Year-on-year**
Czech Republic	8,025	8,429	8,591	7,891	32,936	**13.5%**
Slovakia	3,026	2,761	3,049	2,756	11,592	**10.3%**
Russia[10]	0	0	0	300	300	**n/a**
Group	**11,051**	**11,190**	**11,640**	**10,947**	**44,828**	**13.4%**

[10] The first car centre in Russia was opened in September 2011.

Source: Company data

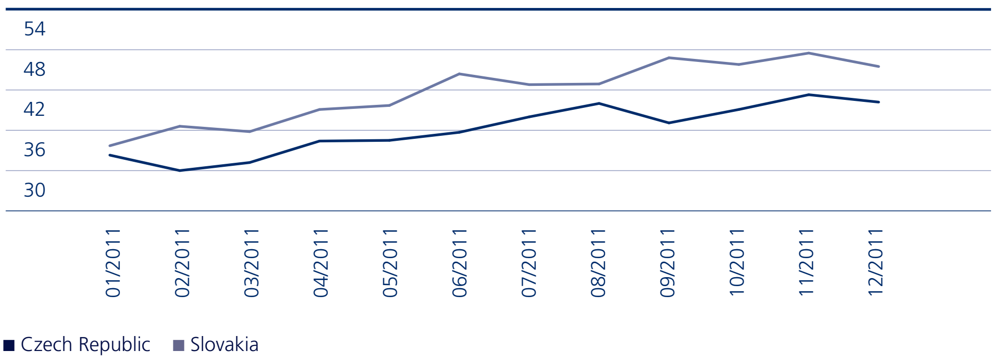
The solid sales performance was maintained also in the first months of 2012. AAA AUTO Group reported in the first quarter of 2012 its strongest quarterly sales results since 3Q 2008. The Group raised its sales in 1Q 2012 by 10.2% compared to the same period last year to 12,175 sold cars, whereas March sales were the strongest monthly sales since August 2008.

These sales results also suggest that this winter season was even stronger for the Company despite the fact that last winter sales were breaking the Company's growth records.

Financial Services Penetration

2011 also brought an important recovery in customer confidence for credit financing. During the year, the Company noted a growing demand for its credit financing products to fund car purchases. The AAA AUTO Group's penetration of financial services (i.e. the share of cars sold on credit or leasing to the total number of cars sold) gradually increased from 39.5% in 2010 to 43.5% in 2011 (yearly average). In a year-on-year comparison of the last quarters of 2010 and 2011, the increased demand for credit finance is even more pronounced. The penetration of financial services in the fourth quarter of 2011 reached 47.0% already, while in the fourth quarter of 2010 the penetration was six percentage points lower at 40.9%.

Penetration of Financial Services of AAA AUTO Group by Month in 2011 (in %)



Source: Company data

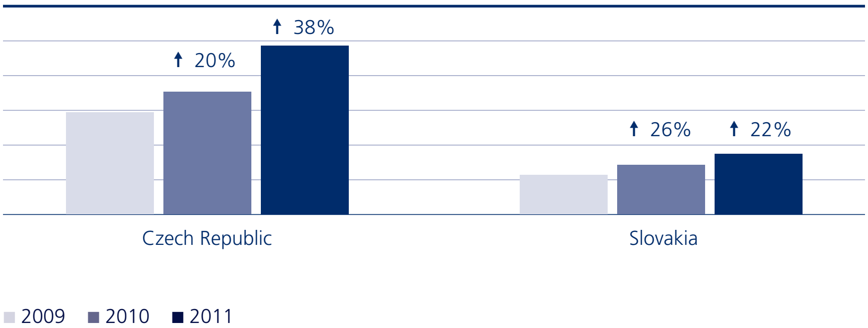
iv. Financial Results of the AAA AUTO Group in 2011

Note that as at 2011 all remaining discontinued operations were reclassified to continuing operations as the Company hasn't managed to sell any of its real estate property in Poland held for sale in its discontinued operations.[11] As from 2011 onwards all operations of the Group will thus be classified as continuing. Note that the same reclassification (of discontinued operations to continuing operations) was retrospectively conducted also in the financial results for 2010 in order to make the financial results for 2011 and 2010 fully comparable. For more information about the reclassification see the Note 3 to the Consolidated Financial Statements, paragraph 3.4 Comparative amounts.

According to the audited consolidated financial results, AAA Auto Group N.V. recorded total revenues of EUR 276.3 million in 2011, which represents a growth of 34.8% compared to 2010. From this amount the revenues from sale of cars accounted for EUR 230.0 million (up 31.9% year-on-year), the remaining EUR 46.3 million constituted the revenues from financial services and up-sale products.

[11] *In 2011 the Company realised only one property sale in Tabor in the Czech Republic which was classified as continuing operation.*

Development of Revenues in 2009, 2010 and 2011



Source: Company data

Revenues on both of the Group's main markets, the Czech Republic and Slovakia, grew by more than 20% yoy in 2011 (in the Czech Republic by nearly 40%). Apart from the effect of the 13.4% increase in unit sales, the revenues grew also on an increase in the average price of a car sold which grew by 16.3% to EUR 5,131 and on the above mentioned increase in revenues from financial services and up-sale products.

The total gross profit on sales grew by 35.3% to the level of EUR 71.5 million (note that the gross profit on sales was boosted by year-end bonuses from banks and leasing companies at the amount of EUR 3.8 million).[12]

The gross profit margin, which measures the profitability of the Company's sales, grew to its so far historical high of 25.9% in 2011 compared to 25.8% in 2010. This level of the gross profit margin, which has been maintained very strong over the past three years, has been achieved primarily thanks to the increasing penetration of financial services, intensive focus on the bestselling car models which require limited servicing, warranty or other costs and strict car pricing policy – thorough and more sophisticated processes were implemented to control the purchase price versus sales price of every car sold.

Together with the sales growth registered in 2011, the total operating expenses (OPEX) grew by 19.4% yoy reaching EUR 50.6 million, of which:

- personnel expenses – representing the largest OPEX category, accounting for 52.4% of the total OPEX – increased by 24.6% yoy to EUR 26.5 million.
- the second largest OPEX category, the other selling, administrative and general expenses – which represents 35.6% of total OPEX – increased by 7.9% yoy to EUR 18.0 million.
- the smallest OPEX category, the marketing costs – which represent only 12.0% of total OPEX – constituted the highest increase of 37.8% yoy to EUR 6.1 million[13] as the Company aimed to further foster its sales growth in 2011.

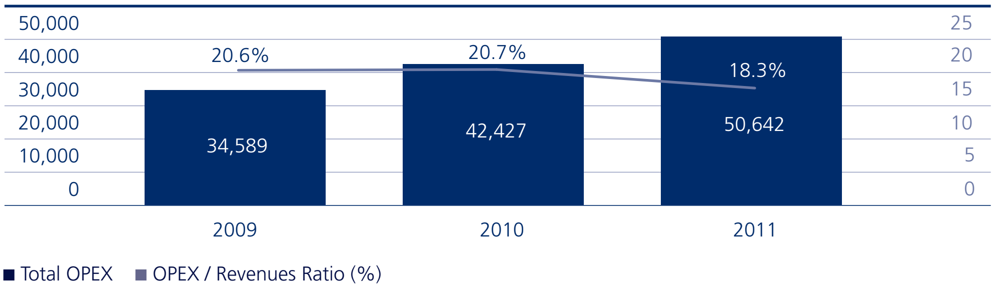
The overall controlled increase in OPEX (19%) was maintained below the level of the increase in total revenues (35%) and as a result, the OPEX/Revenue ratio was lowered from 20.7% in 2010 to 18.3% in 2011.

Personnel expenses has also been stabilised. After an increase in headcount and personnel expenses on the back of an increase in sales volumes, now new staff recruitment will be limited predominantly to new branches.

[12] The net effect of the year-end bonuses on the net income was at the amount of EUR 3 million. The Company expects to receive such bonuses also in 2012 and beyond but their volumes may vary.

[13] The increase in marketing expenses was caused also by cooperation with fin. partners on different marketing campaigns. Expenses for these campaigns are displayed in operating expenses but participation of the counterparties is displayed in revenues.

Development of Operating Expenses

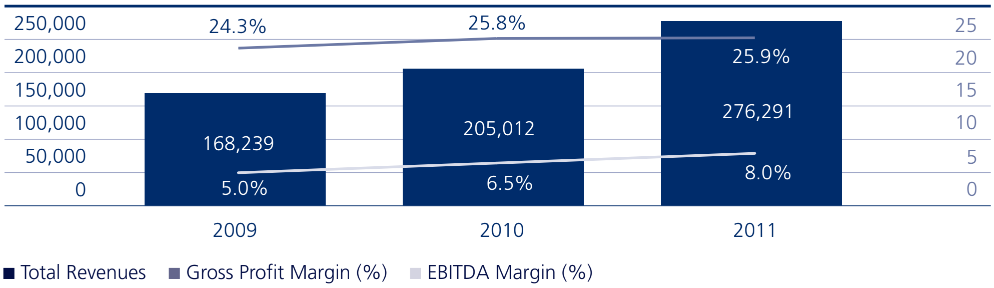


Source: Company data

The outstanding improvement in the operating performance was reflected by a 64.3% increase in the operating profit (EBITDA) to the amount of EUR 22.0 million compared to EUR 13.4 million realised in 2010. When compared to pre-crises levels, the operating profitability improved significantly as the effect from the cost-cutting, multi-skilling and other restructuring measures the Company implemented throughout the recession has been fully materialised. As a result, AAA AUTO Group now generates an operating profit nearly twice as high as in 2007[14] on half the sales volumes.

The operating profitability, measured as a gross profit margin and EBITDA margin, increased to their so far highest levels of 25.9% and 8.0%, respectively.

Development of Revenues, Gross Profit Margin & EBITDA Margin



Source: Company data

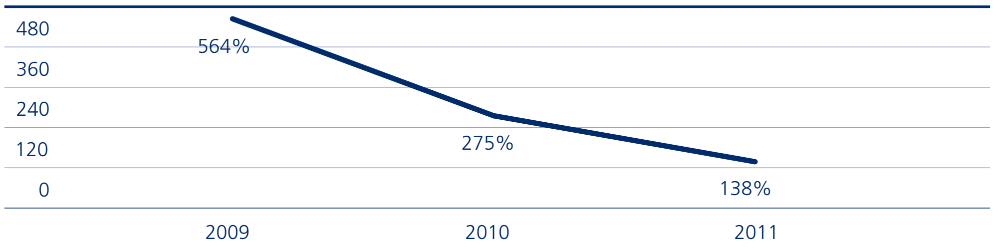
Depreciation charges increased only moderately by 13.7% yoy to EUR 2.3 million as the two new branches the Group opened in 2011 were not opened until the third quarter. The Company also made impairment charges against the value of four properties in Hungary and one in Poland at the amount of EUR 1.1 million due to the situation and current market prices on the local real estate markets. The Company managed to realise one real estate sale in 2011 in the Czech Republic (Tabor). The net effect on the financial results was, however, limited at the amount of EUR 8 thousand.

At the level of financial income, the interest expense decreased by 5% yoy to EUR 1.8 million. This was the effect of the Company's program for gradual reduction of the overall debt of the Group. As a result, the net debt / equity ratio[15] was reduced from 275% as at the end of 2010 to 138% as at the end of 2011. In June 2011, the Company also refinanced part of its short term borrowings with long term borrowings in order to adjust the structure of debt to the structure of assets and to lower the average interest rate the Company pays on its debt. Together with the gradual reduction of the Group's overall debt this should be another effect that will put a downward pressure on the interest expense of the Group going forward.

[14] The compared results are for operations on the main markets, the Czech Republic and Slovakia, to make the operating profitability fully comparable. The compared years are 2011 versus 2007.

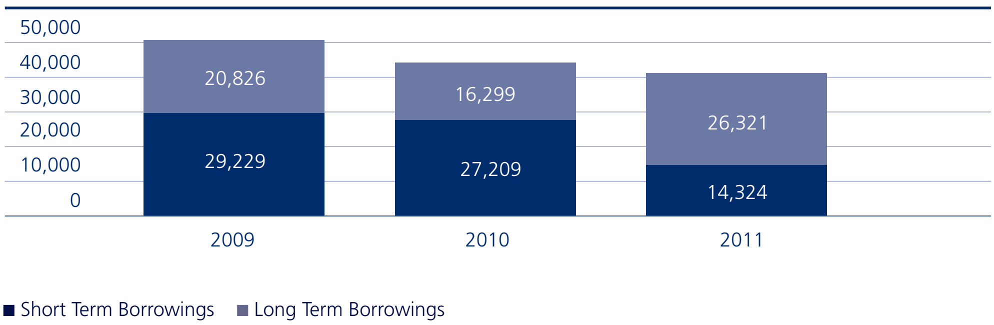
[15] Net Debt / Equity = [(Long and Short Term Borrowings + Finance Lease + Liabilities of disposal group classified as held for sale) – (Cash and Cash Equivalents + Financial Assets)] / Equity

Net Debt to Equity Ratio



Source: Company data

Debt Structure



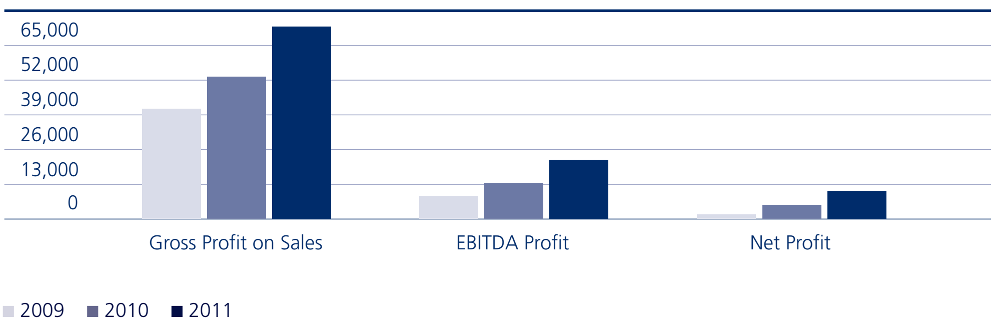
Source: Company data

The Company also recorded foreign exchange losses at the amount of EUR 2.7 million primarily on the back of the depreciation of HUF. However, the majority of the losses was unrealised and non-cash stemming from local accounting books' translation into HUF.

The profit before tax more than doubled in 2011 compared to 2010[16] amounting to EUR 14.0 million. The effective tax rate remained unchanged.

The AAA AUTO Group concluded the year 2011 with a consolidated net profit of EUR 10.3 million which is double the amount of EUR 5.1 million that the Group recorded in 2010. The Group's net profit includes also a net loss for its newly opened Russian operations (start up costs) at the amount of EUR 0.7 million. The Company expects its first Russian branch to reach a break event point at the level of net income at mid 2012.

Development of Gross Profit on Sales, EBITDA and Net Profit



Source: Company data

[16] *Note that the results for 2010 were retrospectively reclassified (all discontinued operations were reclassified into continuing operations) to make the financial results for 2011 and 2010 fully comparable.*

As a result of the crisis-response measures carried out since 2008, the operating and overall profitability of the Group improved significantly.

Among the main influences on the 2011 Financial Results of AAA AUTO Group were:
- Year-end bonuses paid by banks and leasing companies (EUR 3.0 million)
- Increase in personnel expenses by EUR 5.2 million, stemming primarily from the growing sales volumes
- Impairment charges against the value of real estate portfolio in HU and PL (EUR 1.1 million)
- Foreign exchange losses (EUR 2.7 million), the majority was however unrealised and non-cash
- Start up costs for Russia at the level of net income (EUR 0.7 million)

f. Operating and Financial Highlights

Operating Highlights	2009	2010	2011
Number of cars sold (pcs)	37,215	39,530	44,828
Average price per car sold (EUR)	3,911	4,412	5,131
Number of cars on stock (pcs)	3,783	4,973	5,520
Number of car centres[17]	23	23	25
Number of employees	1,099	1,272	1,536

Financial Highlights	2009	2010	2011
Total Revenues	168,239	205,012	276,291
Revenues from cars	145,237	174,454	230,031
Revenues from financial services and up-sale products	23,002	30,558	46,260
Gross Profit on Sales	40,887	52,853	71,523
Gross Profit Margin	24.3%	25.8%	25.9%
Other Operating Income	2,112	2,958	1,106
Operating Expenses	(34,589)	(42,427)	(50,642)
Personnel expenses	(16,524)	(21,286)	(26,513)
Marketing expenses	(4,138)	(4,426)	(6,101)
Other selling, administrative and general expenses	(13,927)	(16,715)	(18,028)
EBITDA	8,410	13,384	21,987
EBITDA Margin	5.0%	6.5%	8.0%
Depreciation and amortisation expense	(2,100)	(2,064)	(2,347)
Impairment of property plant and equipment	(101)	(1,892)	(1,070)
EBIT	6,209	9,428	18,570
Interest expense	(2,032)	(1,857)	(1,757)
Forex gains / (losses)	8	(510)	(2,668)
Other financial net income / (expense)	(42)	(195)	(129)
Profit before Tax	4,143	6,866	14,016
Income tax	(1,696)	(1,755)	(3,673)
Net Income from Continuing Operations	2,447	5,111	10,343
Profit/(loss) from discontinued operations	(886)	0	0
Net Profit for the period	1,561	5,111	10,343
Non-current Assets	37,584	37,730	39,667
Current Assets	39,775	42,963	44,503
Equity	7,802	14,464	25,805
Short term borrowings	29,229	27,209	14,324
Long term borrowings	20,826	16,299	26,321
Net debt / equity ratio	564%	275%	138%
Cash flow from operating activities	22,006	1,211	6,719
Cash position at the end of the period	6,028	3,665	5,152
Total CAPEX	5,693	3,614	6,667

[17] Number of branches doesn't include branches of AUTO DISKONT s.r.o.

g. Outlook for 2012

In 2012 AAA AUTO Group celebrates 20 years in the market with a milestone of 1.2 million satisfied customers and the Group has indeed entered the year 2012 on a high note. It has concluded a year that brought recovery from the last economic crisis for the Group – a year of a record net income realised on sales volumes whose growth rate has been outperforming the market.[18]

The crisis-response measures the management implemented throughout the economic recession resulted in a unique and resilient business model (applied to every branch and overall group) which is highly cost efficient and profitable and which gives the Group unparalleled market position. Coupled with the re-launched expansion, where the newly opened branches are expected to deliver an increase in sales for the whole Group in 2012, the Company targets to achieve another record high net income this year.

So far economic uncertainty has had no major impact on consumer demand for used cars and the Group's sales and the feedback the Company is getting from its customers is much more positive and relaxed than it was prior to the last crisis. Therefore, the Company is not expecting a significant recession on the used car market this year, only stagnation, followed by a resumed moderate growth next year.

The Company targets to achieve another at least 20% growth of its consolidated net income in 2012 on a turnover growth of at least 5%.

Regional Expansion in the Czech Republic and Slovakia

In 2011, after a four year break, the AAA AUTO Group opened its first new car centre in the Czech Republic (Opava). As part of this resumed expansion of its retail network, the Company plans to open another four new car centres in the Czech Republic in 2012 and potentially three more in 2013. In Slovakia, the Group intends to open two new car centres in 2012 and potentially two more in 2013.

The first centres planned to be opened in 2012 already opened their doors in early February 2012 in Jihlava (the Czech Republic) and another in Nové Zámky (Slovakia). While the Company expects sales volumes of the current branches to be flat this year, the newly opened car centres are expected to be the leading contributors to a sales growth.

Russia

2011 was also hallmarked by another important milestone when AAA AUTO Group entered the Russian market and opened its first car centre near Moscow in September 2011. The potential size of the Russian market makes this a strategically significant investment for the Group. The Company expects the first branch to break even at the level of net income by mid 2012. For the whole 2012 the Company expects the Russian operations to be still moderately in red numbers, while in 2013 the first Russian branch should become fully profitable. Based on the sales and financial results of the first branch the Company plans to open another car centre in Russia, most likely in 2013.

Hungary

Based on a thorough analysis of the economic situation and the local market for used cars and consumer financing the AAA AUTO Group are currently considering returning to the Hungarian market. The Company intends to make a final decision in the 2Q 2012. The considered initial plans include the opening of one branch in Budapest in the next two years.

Similarly to the Russian market AAA AUTO Group perceives the market in Hungary as strategically important, having long-term viability and high potential.

The Company doesn't plan, at the present time, to enter any other foreign markets.

Longer Term Sales Growth Prospects

New branches in Russia as well as in the CR and Slovakia are expected to be the main sales growth drivers for the whole Group in next couple of years. As the AAA AUTO Group's CEO commented, after a dip in 2009 the Group's sales volumes recovered but it might take another couple of years for them to reach 2007 levels. On the overall used car market, sales are still well below pre-crisis levels. This gives AAA AUTO Group an attractive growth potential for the next few years.

[18] *Market segments of the imports of used cars and sale of new cars according to the statistics of SDA and ZAP.*

Looking into the rear view mirror,

AAA AUTO has risen to the challenges it has met along the way, becoming the first company of its kind in Europe with a stock exchange listing.

Management Board Responsibility Statement

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

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 Directors’ 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.

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

CONSOLIDATED FINANCIAL STATEMENTS & NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AAA Auto Group N.V.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2011 (EUR '000)

ASSETS	Note	31/12/2011	31/12/2010
Non-current assets			
Intangible assets	12	150	143
Property, plant and equipment	13	39,249	37,315
Other financial assets		206	255
Deferred tax assets	17	62	17
Total non-current assets		**39,667**	**37,730**
Current assets			
Inventories	14	28,974	23,463
Trade and other receivables	15	8,008	10,242
Current tax asset	9	54	1
Other non-financial assets	15	2,315	1,676
Cash and cash equivalents		5,152	3,665
		44,503	**39,047**
Assets of disposal group classified as held for sale	25	–	3,916
		44,503	**42,963**
TOTAL ASSETS		**84,170**	**80,693**

EQUITY AND LIABILITIES	Note	31/12/2011	31/12/2010
Equity			
Issued capital	22	38,185	38,185
Reserves		8,353	6,445
Accumulated losses		(20,733)	(30,166)
Equity attributable to equity holders of the company		**25,805**	**14,464**
Total equity		**25,805**	**14,464**
Non-current liabilities			
Bank and other borrowings	16	26,321	16,299
Deferred tax liabilities	17	62	220
Total non-current liabilities		**26,383**	**16,519**
Current liabilities			
Trade and other payables	18	8,260	10,683
Current tax liabilities	9	2,192	1,757
Bank overdrafts and borrowings	16	14,324	26,449
Provisions	20	3,043	3,023
Other financial liabilities		761	3,818
Other non-financial liabilities	18	3,402	3,220
		31,982	**48,950**
Liabilities of disposal group classified as held for sale	25	–	760
		31,982	**49,710**
Total liabilities		**58,365**	**66,229**
TOTAL EQUITY AND LIABILITIES		**84,170**	**80,693**

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 2011 (EUR ‘000)

	Notes	2011	2010
Continuing operations			
Revenue	4, 5	**276,291**	**205,012**
Other income		1,106	2,958
Changes in inventories	7	3,227	2,671
Car inventory sold		(207,995)	(154,830)
Advertising expenses		(6,101)	(4,426)
Employee benefit expenses	7	(26,513)	(21,286)
Depreciation and amortisation expense	12, 13, 5	(2,347)	(2,064)
Impairment of property plant and equipment	13, 5	(1,070)	(1,892)
Other expenses	6	(18,028)	(16,715)
Finance cost	8, 5	(4,554)	(2,562)
Profit before tax		**14,016**	**6,866**
Income tax expense	9	(3,673)	(1,755)
Profit for the period		**10,343**	**5,111**
Other comprehensive income			
Foreign currency translation differences		1,570	1,561
Other comprehensive income for the period, net of income tax		**1,570**	**1,561**
Total comprehensive income for the period		**11,913**	**6,672**
Earnings per share from: operations attributable to the equity holders of the company during the year (expressed in EUR cent per share)			
Basic earnings per share	10	**15.26**	**7.54**
Diluted earnings per share	10	**14.76**	**7.29**

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 2011 (EUR '000)

	Note	Share capital	Share premium	Equity/ legal reserve	Share option reserve	Foreign currency translation reserve	Accumulated losses	Total equity
Balance at 01/01/10		**6,776**	**31,409**	**653**	**428**	**4,186**	**(35,650)**	**7,802**
Profit for the year		–	–	–	–	–	5,111	5,111
Other comprehensive income								
Foreign currency translation differences		–	–	–	–	1,561	–	1,561
Total comprehensive income		**–**	**–**	**–**	**–**	**1,561**	**5,111**	**6,672**
Equity legal reserve		–	–	156	–	–	(156)	–
Reclassification		–	–	(529)	–	–	529	–
Share options	26	–	–	–	(10)	–	–	(10)
Balance at 31/12/10		**6,776**	**31,409**	**280**	**418**	**5,747**	**(30,166)**	**14,464**
Balance at 01/01/11		**6,776**	**31,409**	**280**	**418**	**5,747**	**(30,166)**	**14,464**
Profit for the year		–	–	–	–	–	10,343	10,343
Other comprehensive income								
Foreign currency translation differences		–	–	–	–	1,570	–	1,570
Total comprehensive income		**–**	**–**	**–**	**–**	**1,570**	**10,343**	**11,913**
Transactions with owners								
Equity legal reserve		–	–	176	–	–	(176)	–
Distribution to the majority shareholder*		–	–	–	–	–	(734)	(734)
Share options	26	–	–	–	162	–	–	162
Balance at 31/12/11		**6,776**	**31,409**	**456**	**580**	**7,317**	**(20,733)**	**25,805**

* Reference is made to note 24 section C.

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 2011 (EUR '000)

	Notes	2011	2010
Cash flows from operating activities			
Profit for the year		10,343	5,111
Adjustments for:			
Income tax expense	9	3,673	1,755
Depreciation and impairment of fixed assets	12, 13	3,417	3,956
Change in provisions and in provisions to inventories and receivables	20	(2,038)	2,501
(Gain) / loss on disposal of fixed assets		97	(1,636)
Interest income		(47)	(13)
Interest expense	8	1,803	1,970
Share options	7, 26	162	(10)
Foreign exchange (gain)/loss	8	2,667	510
(Increase)/decrease in inventories	14	(4,379)	(10,062)
Decrease/(increase) in receivables and other assets		2,534	324
Increase/(decrease) in payables and other liabilities		(7,075)	(411)
Interest paid		(991)	(1,054)
Interest received		47	13
Income tax paid		(3,494)	(1,743)
Net cash provided by operating activities		6,719	1,211
Cash flows from investing activities			
Purchase of property, plant and equipment*	13	(3,785)	(2,513)
Proceeds from disposals of property, plant and equipment		864	5,698
Net cash used in investing activities		(2,921)	3,185
Cash flows from financing activities			
Proceeds from third party loans	16	11,171	1,842
Repayment of third party loans	16	(13,375)	(6,609)
Payment of finance lease liabilities	16	(37)	(1,780)
Net cash from financing activities		(2,241)	(6,547)
Net increase/(decrease) in cash and cash equivalents		1,557	(2,151)
Net foreign exchange difference		(70)	(212)
Cash and cash equivalents at the beginning of the year		3,665	6,028
Cash and cash equivalents at the end of the year		5,152	3,665

* As presented in Note 13 (as "transfers to inventory"), company cars used for operations are classified in property plant and equipment and are transferred to inventory after certain period of usage as they are later sold to customers. Purchase of property, plant and equipment above excludes cash outflows for such the purchases of company cars and such cash outflows are presented in the net cash provided by operating activities.

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 73.79% shares. The ultimate controlling party is Mr. Anthony James Denny who owns 73.79% of the Company indirectly through the company AUTOMOTIVE INDUSTRIES S.á.r.l and 3.24% of the shares directly (remaining 22.97% 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 authorized for issue by the Board of Directors on 23 April 2012.

Note 2 – ADOPTION OF NEW AND REVISED STANDARDS

2. Compliance statement

The consolidated financial statements of AAA Auto Group N.V. ("the Company"), its subsidiaries and associates (together "the Group") for the year ended 31 December 2011 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") as at 31 December 2011.

2.1 Adoption of new or revised standards, amendments and interpretations to existing standards*

2.1.1 New standards, amendments and interpretations to existing standards mandatory for 2011

New standards, amendments, interpretations and improvements to existing standards mandatory for accounting periods beginning on or after 1 January 2011, which are applied by the Group and had no material impact on the Group´s financial statements as at 31 December 2011.

IFRS	Standard/Interpretation	Effective	Description
IAS 24	Related Party Disclosures	1 January 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).
IAS 1 (Improvement to IFRS 2010)	Presentation of Financial Statements	1 January 2011	The improvement to IAS 1 clarifies the requirement for the presentation and content of the Statement of Changes in Equity.
IFRS 7 (Improvement to IFRS 2010)	Financial Instruments: Disclosures	1 January 2011	The improvement to IFRS 7 clarifies the disclosure in the area of financial instruments.

* The effective dates express the dates effective for the Group

New standards, amendments, interpretations and improvements to existing standards mandatory for 2011, which are not applied by the Group as they are not relevant to the Group's operations:

IFRS	Standard/Interpretation	Effective	Description
IAS 32	Classification of Rights Issues	1 January 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	1 January 2011	The amendment removes an unintended consequence of IFRIC 14 arising from the treatment of prepayments of future contributions in some circumstances when there is a minimum funding requirement.
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 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.

Improvements to International Financial Reporting Standards 2010 mandatory for accounting periods beginning on or after 1 January 2011 (issued in May 2010):

IFRS	Standard/Interpretation	Effective	Description
IFRS 3	Business Combinations	1 January 2011	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.
IAS 27	Consolidated and Separate Financial Statements	1 January 2011	Transition requirements for subsequent amendments arising as a result of IAS 27.
IAS 34	Interim Financial Reporting	1 January 2011	Significant events and transactions.
IFRIC 13	Customer Loyalty Programmes	1 January 2011	Fair value of award credits.

2.1.2 New standards, amendments and interpretations to existing standards published not yet effective for accounting periods beginning on or after 1 January 2011

New standards, amendments and interpretations to existing standards, which will be relevant for the Group but have not been early adopted by the Group and are expected not to have significant impact on the Group:

IFRS	Standard/Interpretation	Effective	Description
IFRS 9	Financial instruments	1 January 2015	IFRS 9 replaces those parts of IAS 39 relating to the classification and measurement of financial assets 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 13	Fair value measurement	1 January 2013	Aim of the new standard is to reduce complexity, improve consistency and clarify approach to disclosure of items in the financial statements carried at fair value. The standard clearly defines fair value and gives instruction for its application in case the fair value measurement is required or allowed by another IFRS. A definition of the fair value and a single source of fair value measurement and disclosure requirement for use across IFRSs.
IAS 1	Presentation of Financial Statements	1 July 2012	The amendments deal with disclosure of items presented in other comprehensive income. The amendments newly require entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be reclassified to profit or loss in the future. Information to the user will be provided what proportion of total comprehensive income will be never reclassified to profit of loss for the period.

The following standards, amendments and interpretations to existing standards which will not be relevant for the Group or are not expected to have a significant impact on the Group's operations:

IFRS	Standard/Interpretation	Effective	Description
IFRS 7	Financial Instruments: Disclosures Transfers of Financial Assets	1 July 2011	The amendment enhances the disclosure requirements related to transactions including a transfer of financial assets.
IFRS 7	Disclosure: Offsetting Financial Assets and Financial Liabilities	1 January 2013	The amendment requires disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off.
IFRS 10	Consolidated Financial Statements	1 January 2013	IFRS 10 Consolidated Financial Statements replaces previous IAS 27 and SIC-12. The new standard follows up the current principles to determine control, focuses on clarification of the definition of control, while the rules for status of control are substantially extended.
IFRS 11	Joint Arrangements	1 January 2013	IFRS 11 fully replaces IAS 31 and SIC-13. Substantial change introduced by the new standard is elimination of jointly controlled assets and elimination of proportionate consolidation.
IFRS 12	Disclosure of Interest in Other Entities	1 January 2013	IFRS 12 deals with all disclosure requirements in respect of interests held in other reporting entities and replaces the previous standard IAS 27. The scope of the standard includes interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities (formerly "special purpose entities").
IAS 12	Deferred tax: Recovery of Underlying Assets	1 January 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.
IAS 19	Employee Benefits	1 January 2013	Amendment to IAS 19 makes to the recognition and measurement of defined benefit pension expense and termination benefits. The standard requires recognition of all changes in the defined benefit liability and assets of the plans when they occur, introduces extended disclosures for termination benefits and clarifies many issues including classification of employee benefits.
IAS 27	Separate Financial Statements	1 January 2013	This standard replaces previous standard IAS 27. Requirements for separate financial statements remained without changes. Other parts of IAS 27 were replaced by IFRS 10.
IAS 28	Investments in Associates and Joint Ventures	1 January 2013	The amendment of IAS 28 modified the standard so that changes resulting from issuance of standards IFRS 10, IFRS 11 and IFRS 12 are reflected.
IAS 32	Financial Instruments: Offsetting Financial Assets and Financial Liabilities	1 January 2014	The amendments to IAS 32 deals with offsetting financial assets and liabilities. If clarifies condition under which the offsetting may be applied.
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013	The new interpretation IFRIC 20 deals with presentation of stripping costs in the Production Phase of a Surface Mine, the initial measurement and subsequent measurement of the stripping activity asset.

New standards, amendments and interpretations disclosed in Note 2.2.2 have not yet been adopted by the European Union, except for the amendment to IFRS 7 Financial Instrument: Disclosures – Transfers of Financial Assets.

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 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 2011 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 enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amount expected to be paid to the tax authorities.

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 – commissions
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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below.

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 estimated 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 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 (of disposal groups) 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

Reclassification of Polish operations

The Group classified property and operations in Poland as assets of disposal groups held for sale and discontinued operations as at 31 December 2010 as at the date of preparation of financial statements it was highly probable that the sale of the assets would be completed during 2011 and operations disposed of. However in November 2011, negotiations with the potential buyer were cancelled and management is not able to reliably determine when the sale is likely to be completed. As a result, assets in Poland were transferred back to property, plant and equipment in November 2011 with appropriate additional depreciation charge for the period from initial transfer of these assets to assets held for sale and transfer back to property, plant and equipment. The net book amount of assets transferred to property plant and equipment prior to this one-off depreciation charge was EUR 2,555,000. The one-off depreciation charge recorded in 2011 after reclassification of the assets amounted to EUR 194,000. The Group also amended the comparative balances of the statement of comprehensive income to present these operations as continuing operations. Comparison of balances in statement of comprehensive income and earnings per share prior and after amendment is as follows:

	Notes	2010 originally reported	Amendment	2010 After amendment
Continuing operations				
Revenue	4,5	**205,004**	**8**	**205,012**
Other income		1,158	1,800	2,958
Changes in inventories	7	2,671	–	2,671
Car inventory sold		(154,830)	–	(154,830)
Advertising expenses		(4,426)	–	(4,426)
Employee benefit expenses	7	(21,286)	–	(21,286)
Depreciation and amortisation expense	12,13,5	(2,064)	–	(2,064)
Impairment of property plant and equipment	13,5	(1,202)	(690)	(1,892)
Other expenses	6	(16,133)	(582)	(16,715)
Finance cost	8,5	(2,562)	–	(2,562)
Profit before tax		**6,330**	**536**	**6,866**
Income tax expense	9	(1,758)	3	(1,755)
Profit for the period from continuing operations		**4,572**	**539**	**5,111**
Discontinued operations				
Profit/(loss) from discontinued operations	25	539	(539)	–
Profit for the period		**5,111**		**5,111**
Other comprehensive income				
Foreign currency translation differences for foreign operations		1,561	–	1,561
Foreign currency translation differences related to entities sold	25	–	–	–
Other comprehensive income for the period, net of income tax		**1,561**	**–**	**1,561**
Total comprehensive income for the period		**6,672**	**–**	**6,672**
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	–	7.54
From discontinued operations		0.79	–	–
		7.54		**7.54**
Diluted earnings per share				
From continuing operations	10	6.52	–	7.29
From discontinued operations		0.77	–	––
		7.29	**–**	**7.29**

Note 4 – REVENUE

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

Revenues	2011 EUR '000	2010 EUR '000
Revenue from the sale of goods		
Cars	230,031	174,454
Spare parts	49	849
Total revenue from the sale of goods	**230,080**	**175,303**
Revenue from the rendering of services		
Commissions revenue (leasing, insurance, other)	41,806	25,887
Services (car repairs, maintenance, other)	4,405	3,822
Total revenue from the services	**46,211**	**29,709**
Total	**276,291**	**205,012**

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, Slovak Republic and Russia (Russia started operations in September 2011). 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.

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.

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 2011 is as follows:

2011	Czech Republic EUR '000	Slovak Republic EUR '000	Russia EUR '000	Total EUR '000
Total segment revenue	209,034	72,150	3,611	284,795
Inter-segment revenues	(8,050)	(454)	–	(8,504)
Revenues from external customers	**200,984**	**71,696**	**3,611**	**276,291**
Operating result (EBITDA) reported to the top management team	15,791	6,333	(754)	21,370

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 EUR '000	Slovak Republic EUR '000	Russia EUR '000	Total EUR '000
Total segment revenue	152,378	59,104	–	211,482
Inter-segment sales	(6,393)	(77)	–	(6,470)
Revenues from external customers	**145,985**	**59,027**	**–**	**205,012**
Operating result (EBITDA) reported to the top management team	8,452	3,431	–	11,883

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:

	2011 EUR '000	2010 EUR '000
Operating result (EBITDA) reported to the top management team	**21,370**	**11,883**
Depreciation and amortization	(2,347)	(2,064)
Impairment of property plant and equipment	(1,070)	(1,892)
Finance cost	(4,554)	(2,562)
Income tax expense	(3,673)	(1,755)
Other	617	1,501
Profit for the period from continuing operations	**10,343**	**5,111**

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

	Czech Republic EUR '000	Slovak Republic EUR '000	Russia EUR '000	Other EUR '000	Total EUR '000
2011	1,575	393	13	366	**2,347**
2010	1,631	387	–	46	**2,064**

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 20,459,000 (2010: EUR 20,143,000) and the total of these assets located in Slovakia is EUR 10,088,000 (2010: EUR 9,976,000).

Note 6 - OTHER EXPENSES

Detail of other expenses	2011 EUR '000	2010 EUR '000
Material used	1,660	1,577
Fuel	942	636
Energy	941	964
Repairs	148	498
Travel expenses	580	361
Rent	2,850	2,721
Communication expenses	1,228	1,250
Transport services	891	682
Consulting services (business, tax, legal, audit accounting, process improvements)	4,743	2,383
Security	200	183
Taxes and fees	312	213
Insurance	340	473
Software services	617	396
Shortages and losses	53	36
Impairment losses (account receivable and other assets)	371	799
Other expenses	2,152	3,543
Total other expenses	**18,028**	**16,715**

Note 7 - EMPLOYEE BENEFIT EXPENSE

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

Staff costs (including directors)	2011 EUR '000	2010 EUR '000
Wages and salaries	19,844	16,097
Social security contributions and similar taxes	2,319	1,849
State pension benefit costs (defined contribution plans)	3,990	3,179
Short-term non-monetary benefits	197	171
Share-based payment expense (Note 26)	163	(10)
Total	**26,513**	**21,286**

Employee benefit expense that is directly attributable to the purchase of inventories in the amount of EUR 3,227,000 (2010: EUR 2,671,000) is capitalized and recognized as a component of the initial measurement of purchased inventories.

As at 31 December 2011 the Group employed 1,208 employees (2010: 1,057 employees).

Note 8 - FINANCE COSTS

	2011 EUR '000	2010 EUR '000
Interest on bank overdrafts and loans	1,722	1,813
Interest on obligations under finance leases	35	44
Total interest expenses	**1,757**	**1,857**
Foreign exchange (gains)/losses	2,668	510
Other (bank fees, stock exchange and financial supervision expenses)	129	195
Total financial costs	**4,554**	**2,562**

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

Note 9 – INCOME TAX

	2011 EUR '000	2010 EUR '000
Current tax:		
Current tax on profits for the year	3,876	2,012
Total current tax	**3,876**	**2,012**
Deferred tax (Note 17):		
Deferred tax income	(203)	(257)
Income Tax Total	**3,673**	**1,755**

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:

	2011 EUR '000	2010 EUR '000
Profit before tax	**14,016**	**6,330**
Applicable tax rate	19%	19%
Tax calculated at local tax rate applicable to profit before tax	2,683	1,203
Tax impact of non-deductible expenses	519	275
Tax impact of non-taxible expenses	(293)	–
Not recognised deferred tax asset	743	325
Other	21	(48)
Total income tax expense recognized in profit or loss	**3,673**	**1,755**

The weighted average applicable tax rate was 19 % (2010: 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:

	2011	2010
Profit for the year attributable to equity holders of the parent (equals earnings used in the calculation of total basic earnings per share)	10,343,000	5,111,000
Profit for the year from continuing operations (equals earnings in the calculation of the basic and diluted earnings per share for continuing operations)	10,343,000	5,111,000
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)	2,303,000	2,343,000
Basic earnings per share (EUR cent/share) (Group)	15.26	7.54
Diluted earnings per share (EUR cent/share) (Group)	14.76	7.29

Note 11 - CONSOLIDATED ENTITIES

Details of the Company's subsidiaries whose financial statements are consolidated in these financial statements as at 31 December 2011 are as follows:

Company	Country of registration and incorporation	Principal activity
AAA AUTO a.s.	Czech Republic	used car sales
AUTO DISKONT s.r.o. [CZ]	Czech Republic	used car sales
INEX Broker a.s. (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
AAA PARTNER, s.r.o. (HK PARTNER s.r.o.)	Czech Republic	used car sales
KLADNO CAR PARK, s.r.o. (HK PARTNER KLADNO s.r.o.)	Czech Republic	real estate owner
CarWay Group s.r.o.	Czech Republic	non-active
CarWay Rent s.r.o.	Czech Republic	non-active
CarWay Assistance s.r.o.	Czech Republic	non-active
Geely Czech & Slovakia s.r.o.	Czech Republic	non-active
AUTOCENTRUM AAA AUTO a.s. [SK]	Slovak Republic	used car sales
AUTO DISKONT s.r.o. [SK]	Slovak Republic	non-active
AAA AUTO Hungary Kft. (General Automobil Kft.)	Hungary	non-active
AAA Auto Kft.	Hungary	real estate owner
Autocentrum AAA AUTO Kft.	Hungary	holding company
AAA AUTO LLC [UKR]	Ukraine	non-active
GENERAL AUTOMOBIL S.R.L.	Romania	non-active
AAA AUTO LLC [RU]	Russia	used car sales
AAA Auto Sp.z.o.o.	Poland	non-active
Autocentrum AAA Auto Sp.z.o.o.	Poland	real estate owner

(*) Company in liquidation

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

AAA Auto Sp.z.o.o. and Autocentrum AAA Auto Sp.z.o.o. (Polish operations as disclosed in note 3.4 and 25) were classified as assets of disposal groups held for sale and discontinued operations in 2010. For more details see Note 25.

Note 12 - INTANGIBLE ASSETS

The Group did not incur any research and development expenses in the periods 2011 and 2010.

The amortisation cost incurred in the year 2011 amounted to EUR 101,000 (in the year 2010: EUR 340,000).

In 2011 and 2010, no intangible assets were pledged as security over payables to the financial institutions.

As at 31 December 2011, 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 1/1/2010	**38,583**	**1,916**	**7,123**	**6**	**47,628**
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	737	101	309	4	1,151
Balance at 31/12/2010	**39,612**	**3,132**	**7,908**	**356**	**51,008**
Additions	1,948	3,195	554	970	6,667
Transfer from assets of disposal groups held for sale and discontinued operations	5,273	–	–	–	5,273
Disposals	(1,095)	(79)	(124)	(336)	(1,634)
Transfer to inventory	-	(2,882)	–	–	(2,882)
Net foreign currency exchange differences	(2,075)	(93)	(172)	(20)	(2,360)
Balance at 31/12/2011	**43,663**	**3,273**	**8,166**	**970**	**56,072**
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
Balance at 1/1/2010	**(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)**
Depreciation expense	(982)	(685)	(579)	–	(2,246)
Impairment losses charged to profit or loss	(1,070)	–	–	–	(1,070)
Transfer from assets of disposal groups held for sale and discontinued operations	(1,532)	–	–	–	(1,532)
Disposals	198	55	71	–	324
Transfer to inventory	–	576	–	–	576
Net foreign currency exchange differences	658	18	142	–	818
Balance at 31/12/2011	**(9,307)**	**(824)**	**(6,692)**	**–**	**(16,823)**
Carrying amount					
As at 1 January 2010	33,752	1,492	1,596	6	36,846
As at 31 December 2010	33,032	2,344	1,582	356	37,314
As at 31 December 2011	34,356	2,449	1,474	970	39,249

Impairment charge of EUR 1,070,000 for 2011 related to properties held by AAA Auto Kft, Autocentrum AAA Auto Kft, Autocentrum AAA Auto Sp. Z o.o. and AAA Auto a.s. was created.

Impairment charge of EUR 967,000 in 2010 related to AAA Auto Kft and Autocentrum AAA Auto Kft. was created.

As at 31 December 2010, the Group reported properties of Polish operations in assets of disposal groups held for sale category in the amount of EUR 2,555,000. Based on the current year development in respect of potential sale the property was reclassified during 2011 back to property, plant and equipment in long-term assets. More details are disclosed in Note 3.4. Discontinued operations are summarized in Note 25.

As at 31 December 2010, the Group also reported properties of HK PARTNER and HK PARTNER KLADNO in assets of disposal groups held for sale category in the amount of EUR 1,178,000. The Group initially signed sale agreement for these properties however the buyer cancelled the agreement. The impairment charge relevant to Assets of disposal groups 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.

The Group has pledged land and buildings at carrying amount of amount EUR 27 million (2010: EUR 23 million) to secure banking facilities granted to the Group.

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

	31.12.2011 EUR '000	31.12.2010 EUR '000
Cost – capitalised finance leases	586	595
Accumulated depreciation	(405)	(334)
Net book value	**181**	**261**

Note 14 – INVENTORIES

	31.12.2011 EUR '000	31.12.2010 EUR '000
Raw materials (spare parts and consumables)	801	662
Merchandise (cars and accessories)	29,220	24,980
Total	**30,021**	**25,642**
Inventory provision	(1,047)	(2,179)
Net value	**28,974**	**23,463**

As at 31 December 2011 the Group had 5,520 cars on stock compared to 4,973 cars as at 31 December 2010.

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 amounted to EUR 204,768,000 (2010: EUR 152,159,000).

Inventories of EUR 8,120,000 as at 31 December 2011 (31 December 2010: EUR 8,174,000) 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

Trade and other financial receivables	31.12.2011 EUR '000	31.12.2010 EUR '000
Trade receivables	8,263	9,006
Allowances for doubtful debts	(994)	(1,882)
Trade receivables, net	**7,269**	**7,124**
Accrued revenue	600	1,093
Other receivables	139	2,025
Total	**8,008**	**10,242**

Other non-financial assets	31.12.2011 EUR '000	31.12.2010 EUR '000
Prepayments	1,398	1,124
Employees receivables	342	328
VAT receivables	575	224
Total	**2,315**	**1,676**

Trade and other financial receivables included balances due from related party in the amount of EUR 1,015,000 as at 31 December 2011 (31 December 2010: EUR 3,429,000). Detail of these balances is described in Note 24.

Note 16 - BANK AND OTHER BORROWINGS

	31.12.2011 EUR '000	31.12.2010 EUR '000
Bank overdraft	1,084	6,820
Bank and corporate loans	31,177	27,053
Company cars financing	1,635	1,315
Obligation under finance lease	141	178
Inventory financing	6,608	7,382
Total	**40,645**	**42,748**
The borrowings are repayable as follows:		
– On demand or within one year	14,324	26,449
– In the second to fifth year inclusive	26,321	16,299
Total	**40,645**	**42,748**

The Group is financed by five main types of borrowings:

- 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, e.g., acquisitions, purchase of a property, plant and equipment;
- company cars financing: short-term loans used for financing of the company cars;
- obligation under finance lease: special loan used for financing of the main IP switchboard;
- inventory financing: special loans provided by finance institutions solely for the purpose of car purchasing.

Analysis of loans and borrowings by currency

	31/12/2011		31/12/2010	
	currency amount	EUR '000	currency amount	EUR '000
CZK	502,504	19,476	538,758	21,498
EUR	21,169	21,169	12,224	12,224
HUF	–	–	2,515,860	9,026
Total		**40,645**		**42,748**

Weighted average interest rates	2011	2010
Bank overdrafts	2.47%	2.57%
Bank and other loans	4.70%	4.60%
Inventory financing	2.00%	1.27%
Total weighted average interest rate	**3.97%**	**3.66%**

Bank overdrafts are repayable on demand. The overdrafts of EUR 1,084,000 (31 December 2010: EUR 6,820,000) were secured by a pledgement over the Group's assets.

The item “Bank and corporate loans” of EUR 31,177,000 as at 31 December 2011 (31 December 2010: 27,053,000) includes a related party loan from shareholder AUTOMOTIVE INDUSTRIES S.a.r.l. totaling EUR 12,567,199 (31 December 2010: EUR 12,475,000) and investment loan totaling EUR 18,064,076 (31 December 2010: EUR 14,226,000).

Bank covenants

The Group and its companies met all loan covenants as at 31 December 2011.

Loans re-financing

In the Czech Republic and Slovakia, the Group signed two new financing agreements with existing bank partners replacing original contracts. The main reason for the new contracts was to decrease short-term borrowings and replace them with long-term borrowings.

- In the Czech Republic, two investment loans and one overdraft were replaced by a new investment loan and a new overdraft. The new investment loan is amounting to EUR 4,651,000 with quarterly installment payments and five-year maturity while the original two investment loans were due in 2011 and 2013. The new overdraft facility is amounting to EUR 1,163,000 with one-year maturity.
- In Slovakia, two new investment loans with the existing bank partner were signed: one loan is amounting to EUR 4,300,000 with monthly installment payment and maturity in 4 years; the other loan is amounting to EUR 1,000,000 with monthly installment payment and maturity in 4 years. By drawing the one-million loan, we repaid the remaining amount of the investment loan at Unibanka, which resulted in having one bank partner for the Slovak financing. Concurrently, the two existing overdrafts were combined into one loan amounting to EUR 500,000. The total amount of all Slovak loan facility remains unchanged.

There was no gain or loss on restructuring of the original borrowings.

Obligations under finance lease

Finance lease liabilities	31/12/2011 EUR ‘000	31/12/2010 EUR ‘000	31/12/2011 EUR ‘000	31/12/2010 EUR ‘000
Not later than 1 year	60	95	47	28
Later than 1 year and not later than 5 years	121	154	94	150
Later than 5 years	–	–	–	–
TOTAL	**181**	**249**	**141**	**178**
Less future finance charges	(40)	(71)	–	–
Present value of minimum lease payments	141	178	141	178

Note 17 – DEFERRED TAX

The offset amounts are as follows:

	31.12.2011 EUR ‘000	31.12.2010 EUR ‘000
Deferred tax assets not offset	60	17
Deferred tax assets	**60**	**17**
Deferred tax libilities not offset	(62)	–
Deferred tax liabilities	**(62)**	**–**
Deferred tax assets	462	283
Deferred tax liabilities	(460)	(503)
Deferred tax assets / (liabilities) offset	**2**	**(220)**

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

	31.12.2011 EUR '000	31.12.2010 EUR '000
Deferred tax liabilities:		
– Deferred tax liabilities to be settled after more than 12 months	(522)	(503)
– Deferred tax liabilities to be settled within 12 months	–	–
	(522)	**(503)**
Deferred tax assets		
– Deferred tax asset to be recovered after more than 12 months	85	28
– Deferred tax asset to be recovered within 12 months	437	272
	522	**300**
Net deferred tax liabilities	**–**	**(203)**

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:

Deferred tax liabilities	Accelerated tax depreciation EUR '000	Total EUR '000
At 01/01/2010	**(565)**	**(565)**
Credited /(charged) to profit or loss	62	62
At 31/12/2010	**(503)**	**(503)**
Credited /(charged) to profit or loss	(19)	(19)
At 31/12/2011	**(522)**	**(522)**

Deferred tax assets	Impairment of inventories EUR '000	Allowance for doubtful debts EUR '000	Provisions EUR '000	Tax losses EUR '000	Impairment to fixed assets EUR '000	Total EUR '000
At 01/01/2010	**55**	**21**	**32**	**–**	**–**	**108**
Credited /(charged) to profit or loss	70	7	115	–	–	192
At 31/12/2010	**125**	**28**	**147**	**–**	**–**	**300**
Credited /(charged) to profit or loss	23	44	70	59	26	222
At 31/12/2011	**148**	**72**	**217**	**59**	**26**	**522**

Unrecognized deferred tax asset from tax losses as at 31 December 2011

	Tax loss EUR '000	Not recognised deferred tax asset from the tax loss EUR '000	Expiry date of the tax loss
	4,035	767	2012
	5,845	1,111	2013
	785	149	2014
	–	–	2015
	1,114	212	2016
	11,211	2,130	No expiration
	22,990	**4,369**	

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**	

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 2011 was EUR 714,000 (2010: EUR 476,000).

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

Trade and other financial liabilities	31.12.2011 EUR '000	31.12.2010 EUR '000
Trade payables	4,624	5,895
Accrued expenses	2,468	3,266
Other payables	1,168	1,522
Total	**8,260**	**10,683**

Other non-financial liabilities	31.12.2011 EUR '000	31.12.2010 EUR '000
Amounts due to employees	1,688	2,016
Tax payables and social security	1,212	560
Other payables	502	644
Total	**3,402**	**3,220**

Trade and other financial liabilities included related party balances in the amount of EUR 999,000 as at 31 December 2011 (31 December 2010: EUR 4,362,000). 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.

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

31 December 2011	Loans and receivables EUR '000	Liabilities at amortised cost EUR '000
Other financial assets (long term)	206	–
Trade and other financial receivables	8,008	–
Cash and cash equivalents	5,152	–
Bank and other borrowings	–	26,321
Trade and other financial liabilities	–	8,260
Bank overdrafts and borrowings	–	14,324
Other financial liabilities	–	761

31 December 2010	Loans and receivables EUR '000	Liabilities at amortised cost EUR '000
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

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

2011	Not due	Less than 3 months	3–6 months	6–12 months	Over 12 months	Total EUR '000
Trade and other financial receivables	5,372	1,349	121	242	108	**7,192**
Other financial assets (long term)	206	–	–	–	–	**206**

2010	Not due	Less than 3 months	3–6 months	6–12 months	Over 12 months	Total EUR '000
Trade and other financial receivables	7,479	311	229	49	210	**8,278**
Other financial assets (long term)	256	–	–	–	–	**256**

Impaired financial assets

2011	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)	–	81	39	8	688	**816**

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**

Based on the impairment review performed the Group created EUR 994,000 (in 2010: 1,882,000) allowances for doubtful receivables.

As at 31 December 2010 the receivables of Autocentrum AAA Auto a.s. in Slovakia of EUR 682,000 were pledged in favour of the VUB Bank to secure the loans provided. The bank is not allowed to sell the pledged receivables.

As at 31 December 2011 no receivables were pledged.

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:

2011	Less than 1 month EUR '000	1–6 months EUR '000	7–12 months EUR '000	1–5 years EUR '000	Over 5 years EUR '000	Total EUR '000
Bank and other borrowings	–	–	5,792	20,164	1,384	**27,340**
Trade and other financial liabilities	2,668	4,017	1,550	25	–	**8,260**
Bank overdrafts and borrowings	998	4,959	9,440	–	–	**15,397**
Other financial liabilities	–	–	–	761	–	**761**

2010	Less than 1 month EUR '000	1–6 months EUR '000	7–12 months EUR '000	1–5 years EUR '000	Over 5 years EUR '000	Total 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**

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 derivates 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.

2011 (EUR '000)		
Appreciation by 5% of :	CZK	HUF
Profit or Loss	863	0,53
Depreciation by 5% of :	CZK	HUF
Profit or Loss	(863)	(0,53)

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

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.

2011	CZK	EUR	HUF	Other	Total
Trade and other receivables					
– Eurozone	1	2,154	–	3	**2,158**
– Czech Republic	5,750	8	–	13	**5,771**
– Hungary	–	–	9	–	**9**
– Other	–	–	–	70	**70**
Total	**5,751**	**2,162**	**9**	**86**	**8,008**

2011	CZK	EUR	HUF	Other	Total
Cash and cash equivalents					
– Eurozone	4	1,766	–	1,133	**2,903**
– Czech Republic	1,690	360	–	3	**2,053**
– Hungary	–	1	12	–	**13**
– Other	–	–	–	182	**182**
Total	**1,695**	**2,127**	**12**	**1,318**	**5,152**

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**

2011	CZK	EUR	HUF	Other	Total
Bank and other borrowings (long term)					
– Eurozone	4,062	12,323	–	–	**16,385**
– Czech Republic	4,613	–	–	–	**4,613**
– Hungary	–	5,323	–	–	**5,323**
– Other	–	–	–	–	**-**
Total	**8,675**	**17,646**	**–**	**–**	**26,321**

2011	CZK	EUR	HUF	Other	Total
Bank overdrafts and borrowings					
– Eurozone	–	2,041	–	–	**2,041**
– Czech Republic	11,286	–	–	–	**11,286**
– Hungary	–	994	3	–	**997**
Total	**11,286**	**3,035**	**3**	**–**	**14,324**

2011	CZK	EUR	HUF	Other	Total
Trade and other payables					
– Eurozone	925	1,997	–	28	**2,950**
– Czech Republic	4,653	13	12	33	**4,711**
– Hungary	–	13	209	–	**222**
– Other	–	–	–	377	**377**
Total	**5,578**	**2,023**	**221**	**438**	**8,260**

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**

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 50 bp for the year 2011 and 25bp for the year 2010.

2011	Interest rate increased by 50 bp	Interest rate decreased by 50 bp
Profit or Loss		
Financial liabilities	137	(137)

2010	Interest rate increased by 50 bp	Interest rate decreased by 50 bp
Profit or Loss		
Financial liabilities	(204)	204

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 31/12/2010	**2,042**	**981**	**3,023**
Amounts used	(777)	(332)	(1,109)
Additional provisions recognized	173	768	941
Unused amounts reversed	(5)	(107)	(112)
Exchange differences	(77)	377	300
Balance at 31/12/2011	**1,356**	**1,687**	**3,043**

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, early termination of rental agreements for branch buildings and employee claims concerning labor contract terminations by the Company. The significant amount is represented by old suits in Hungary in total amount of EUR 1,045,000 out of that EUR 880,000 relates to VAT cases with financial authorities, EUR 158,000 relates to labor suit and EUR 7,000 to suit for car defects. Rest of the balance in EUR 159,000 relates to law suit in Czech Republic, EUR 116,000 to law suit in Slovak Republic and EUR 36,000 relates to law suit in Poland. Generally the Group created the provision for obligation where there is a probability of losing the case.

All provisions are classified as current liabilities.

Note 21 - OPERATING LEASE ARRANGEMENTS

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.

Operating lease commitments

As at 31 December 2011 and 2010, Group has outstanding commitments under operating leases, which fall due as follows:

Future minimum lease payments	2011 EUR '000	2010 EUR '000
Not later than 1 year	1,627	3,432
Later than 1 year and not later than 5 years	5,182	5,848
Later than 5 years	2,590	4,001
Total	**9,399**	**13,281**

Lease payments under operating leases recognized as an expense in 2011 amounted to EUR 2,850,000 (2010: EUR 2,721,000).

Group as a lessor
Lease agreements classified as operating leases as at 31 December 2011 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 the lease period.

Operating lease receivables
As at 31 December 2011 and 2010, Group estimated outstanding operating lease receivables that could have an impact on its future financial position from the view as at the balance sheet date:

Future minimum lease receivables	2011 EUR '000	2010 EUR '000
Not later than 1 year	2	185
Later than 1 year and not later than 5 years	–	232
Total	2	417

The decrease in lease receivables in 2011 was caused by the settlement regarding one office building in Czech Republic.

Lease payments under operating leases recognized as an income in 2011 amounted to EUR 110,000 (2010: EUR 157,000).

Note 22 - ISSUED CAPITAL

Issued capital	Share capital EUR '000	Share premium EUR '000	Issued capital EUR '000	Number of shares
Balance at 31/12/2011	6,776	31,409	38,185	67,757,875

During 2011 and 2010 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.

The legal reserves represent the restricted reserves of the subsidiaries which can not be distributed due to the local regulations.

Note 23 - CONTINGENCIES

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, Russia: 3 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 242,000 (2010: EUR 103,000).
- Other proceedings over unpaid amounts due from non-customers cases, estimated financial impact is EUR 253,000 (2010: EUR 6,000).

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.

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

2011 Companies controlled by the ultimate parent	Revenue EUR '000	Expenses EUR '000	Receivables EUR '000	Payables EUR '000	Loan to EUR '000	Loan from EUR '000
AUTOMOTIVE INDUSTRIES S.à.r.l.	–	934	–	762	–	12,567
CAPITAL INVESTMENT s.r.o.	1	14	1	16	–	–
CENTRAL INVESTMENT s.r.o.	9	110	3	91	–	–
CREDIT INVESTMENT s.r.o.	1	–	1	–	–	–
PRIORITY INVESTMENT s.r.o.	1	–	2	–	–	–
International Auto Workers Pensioen Fund B.V.	–	–	–	–	–	–
CarWay Holding B.V. (renamed from Global Automotive Holding B.V.)	37	16	–	–	–	495
CarWay Service CZ s.r.o.	–	–	–	–	–	–
CarWay Assistance SK s.r.o. (Global Car Check s.r.o. SK)	–	10	–	–	–	–
GLOBAL CAR RENTAL s.r.o., organizačná zložka Bratislava	158	–	155	–	–	–
GLOBAL DIRECT s.r.o.	10	1	3	–	–	–
GLOBAL INSURANCE s.r.o.	–	–	–	–	–	–
GLOBAL CAR RENTAL s.r.o.	519	58	850	16	–	–
Global Assistance Sp.z.o.o. (PL)	–	–	–	3	–	–
Global Direct Assistance Kft. (HU)	–	–	–	111	–	–
Total	**736**	**1,143**	**1,015**	**999**	**–**	**13,062**

No expense was recognized in the period for bad or doubtful debts in respect of the amounts receivable from the related parties. The loans provided by AUTOMOTIVE INDUSTRIES S.à.r.l. were partially converted from HUF to EUR as at 12 September, 2011. The interest rate 3M BUBOR +3% from 2010 was changed to 3M EURIBOR +6%. No gain on the extinguishment was recognized in the profit and loss account.

The Group is monitoring the overall balance of trade receivables and liabilities within the related parties on monthly basis.

2010 Companies controlled by the ultimate parent	Revenue EUR '000	Expenses EUR '000	Receivables EUR '000	Payables EUR '000	Loan to EUR '000	Loan from 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 .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 2011 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 receivable from the related parties.

Transactions:

a) Revenue

Revenue	2011	2010
Parent company	**–**	**15**
Interest income	–	15
Other Related	**736**	**124**
Sales of cars	632	82
Sales of services:		
advisory and administration services	66	21
insurance commissions	1	21
Interest income	37	-
Total	**736**	**139**

b) Purchase of services

Expenses	2011	2010
Parent company	**934**	**916**
Interest expense	934	916
Other Related	**209**	**153**
Cost cars	27	–
Purchase of services:		
advisory and administration services	103	37
rent of cars	62	104
Interest expense	17	12
Total	**1,143**	**1,069**

c) Distribution to majority shareholder

In December 2011, the Company acquired three related party entities – CarWay Rent CZ s.r.o., CarWay Assistance CZ s.r.o. and CarWay Group s.r.o. ("acquired entities") from their 100% parent, CarWay Holding B.V.. CarWay Holding B.V. is controlled by Mr. Anthony James Denny, who is the majority shareholder of the Company. Accordingly the acquired entities and the Company are under the common control of Mr. Antony James Denny. At the date of the transaction, the total equity of the acquired entities was negative EUR 734 thousands including total liabilities amounted to EUR 781,000 payable to CarWay Holding B.V. The Company paid 1 euro for the acquired entities and as a result of the transaction the Group assumed net liabilities of EUR 734 thousands. Considering the acquired entities were dormant and were not involved in any active business, the transaction was not considered a business combination and was accounted as an asset/liability transfer with a corresponding distribution to the majority shareholder.

d) Other

CAPITAL INVESTMENT s.r.o., CENTRAL INVESTMENT s.r.o. and PRIORITY INVESTMENT s.r.o. provided guarantees to secure bank loans taken by AAA AUTO a.s. 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 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%	
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	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
AUTOMOTIVE INDUSTRIES S.à.r.l.	–	–	12,567	12,475
Carway Holding B.V.	–	56	495	–
Total	**–**	**56**	**13,062**	**12,475**

The conditions of loans and borrowings were as follows:

	Maturity date	Interest rate
AUTOMOTIVE INDUSTRIES S.à.r.l.	*)	*)
Carway Holding B.V.	within 1 year	3M Pribor + 2.6%

*) The interest rate on loans from AUTOMOTIVE INDUSTRIES S.à.r.l. carried in 2011 at Pribor +2.5% for loan in CZK and Euribor + 6% for loan in EUR (2010 at a interest rate Bubor + 3% loans in HUF).

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:

Key management compensation	2011 EUR '000	2010 EUR '000
Salaries and other short-term employee benefits	1,684	653
Post-employment benefits	109	58
Share-based payments	48	57
Total	**1,841**	**768**

Note 25 – DISCONTINUED OPERATIONS AND ASSETS OF DISPOSAL GROUPS HELD FOR SALE

In the consolidated financial statements for the year ended 31 December 2010 the operations carried by Autocentrum AAA Auto Sp. z .o.o. and AAA Auto Sp. z. o.o. (Polish operations) were classified as discontinued operations in 2010 and were in process to complete planned sale during 2011. However the negotiation with potential buyer were cancelled in November 2011 and as there was no reliable plan to sell the assets, the management decided to reclassify these assets from assets of disposal groups held for sale and discontinued operations back to property, plant and equipment (and continuing operations) as at 31 December 2011. As described in Note 3.4. the Group amended comparative balances in the statement of comprehensive income to present these operations as continuing and related assets were transferred from assets of disposal groups held for sale and discontinued operations back to property plant and equipment with one-off depreciation charge recorded in 2011 income statement.

In the consolidated financial statements for the year ended 31 December 2010 the properties of HK PARTNER and HK PARTNER KLADNO (in the Czech Republic) were classified as assets of disposal groups held for sale as there was process to complete planned sale in 2011. The Group initially signed sale agreement for these properties however the buyer cancelled the agreement in December 2011. As a result of that and the fact that the sale in foreseeable future is currently regarded as not probable by the management, the properties were reclassified in December 2011 back to property, plant and equipment. in long-term assets. One-off depreciation charge recorded in 2011 after reclassification of the assets amounted to EUR 40,000.

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.

	2011		2010	
	Number of share options	Exercise price EUR	Number of share options	Exercise price EUR
Outstanding at beginning of period	2,343,000	0.5 EUR	2,983,000	0.5 EUR
Granted during the period	10,000	1.0 EUR	NIL	–
Forfeited during the period	(50,000)	0.5 EUR	(640,000)	0.5 EUR
Exercised during the period	NIL	–	NIL	–
Expired during the period	NIL	–	NIL	–
Outstanding at the end of the period	2,303,000	0.5 EUR for 2,293,000 share options; 1.0 EUR for 10,000 share options	2,343,000	0.5 EUR
Exercisable at the end of the period	NIL	–	NIL	–

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

Inputs into the model	
Grant date share price	EUR 0.54
Exercise price	EUR 0.50 (EUR 1 for measurement of 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 2011 and 2010 (EUR ´000)
(before appropriation of result)

ASSETS	Note	31/12/2011	31/12/2010
Non-current assets			
Investments in subsidiaries	3	45,062	29,895
Loans receivable from group companies	4	4,155	22,472
Total non-current assets		49,217	52,367
Current assets			
Loans/advances receivable from subsidiaries		0	300
Interest receivable from group companies		0	29
Receivables	5	416	384
Cash and cash equivalents		1,146	1,196
Total current assets		1,562	1,909
TOTAL ASSETS		**50,779**	**54,276**

SHAREHOLDERS EQUITY AND LIABILITIES	Note	31/12/2011	31/12/2010
Shareholders' Equity	2		
Share capital		6,776	6,776
Share premium		31,409	31,409
Cumulative foreign currency translation reserve		7,317	5,747
Accumulated losses		(31,076)	(33,347)
Share option reserve		580	418
Legal Reserves		456	280
Net profit /(loss) for the year		10,343	3,181
Total shareholders' equity		**25,805**	**14,464**
Provisions			
Other provision		280	280
Subsidiaries	3	3,145	3,566
Total provision		3,425	3,846
Non-current liabilities			
Loans payable to related parties (shareholder)	7	12,567	12,475
Interest payable to group and related companies	9	771	3,814
Loans payable to group companies	8	7,159	0
Total non-current liabilities		20,497	16,289
Current liabilities			
Advances payable to group companies and related party	6	891	18,479
Creditors and accruals		161	181
Creditors payable to group companies		0	1,017
Total current liabilities		1,052	19,677
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**50,779**	**54,276**

INCOME STATEMENT
For the Years Ended 31 December 2011 and 2010 (EUR ´000)

	Note	12 months ended 31 December 2011	12 months ended 31 December 2010
Other net income after taxes		(1,421)	(1,079)
Share of profit of investments after tax	3	11,764	4,260
Net profit for the year	2	**10,343**	**3,181**

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

Note 1 – GENERAL

General information regarding AAA Auto Group 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 and Summary of significant accounting policies
The Company Financial Statements are presented in Euro, which is the Company´s functional currency. The amounts are in thousands of Euros (rounded to the nearest thousand), unless otherwise stated. Comparative balances as at the year ended 31 December 2010. There have been no changes to the accounting policies of the company.

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.

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, which are prepared in accordance with the International Financial Reporting Standards ('IFRS') as adopted by the European Union with the exceptions of the following accounting policy on the valuations of the investments in subsidiaries which is allowed by Part 9, Book 2 of the Netherlands Civil Code:

Investments in subsidiaries
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 with the following accounting policy on investments in subsidiaries.

Subsidiaries are all entities over which the Company has power to govern the financial and operating policies generally accompanying a participating interest of more than 50% of the voting rights. Investments in subsidiaries of AAA Auto Group N.V. are measured at net asset value. 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. Net asset value is based on the measurement of assets, provisions and liabilities and determination of profit based on the principles applied in the consolidated financial statements. 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.

Unrealised gains on transactions between the company and its investments in consolidated subsidiaries are eliminated in full, based on the consolidation principles. Unrealised gains on transactions between the company and its investments in associates are eliminated to the extent of the company's stake in these investments.

Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred.

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 2011.

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 2011 and 2010

	Share capital	Share premium	Legal reserve	Share options reserve	Foreign currency translation reserve	Accumulated losses	Net profit for the year	Total
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)
Movement 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**
Net profit for the year	–	–	–	–	–	–	10,343	10,343
Appropriation of the 2010 profit	–	–	–	–	–	3,181	(3,181)	-
Foreign currency translation differences	–	–	–	–	1, 570	–	–	1,570
Deduction of share option reserve	–	–	–	162	–	–	–	162
Distribution to majority shareholder (*)	–	–	–	–	–	(734)	–	(734)
Movements in legal reserves	–	–	176	–	–	(176)	–	0
Total equity as of 31/12/11	**6,776**	**31,409**	**456**	**580**	**7,317**	**(31,706)**	**10,343**	**25,805**

(*) Reference is made to note 24 section c of the consolidated financial statements with respect to this transaction.

Note 3 – INVESTMENTS IN SUBSIDIARIES AT NET ASSET VALUE

	31/12/11	31/12/10
Subsidiaries at net assets value	45,062	29,895
Provisions for subsidiaries	(3,145)	(3,566)
	41,917	**26,329**

Overview of the movements in investments in subsidiaries:

01/01/2011	26,329
New investments	4
Result from participations	11,764
Subsidiaries acquired with negative net asset value	(734)
Foreign exchange differences	1,570
Sale of subsidiary	(1)
Change in the provision for loan and related interest receivable from subsidiaries	2,985
31/12/2011	**41,917**

Overview of the (directly held) subsidiaries:

Company	Country of registration and incorporation	Principal activity	Proportion of ownership interest (%)
AAA AUTO a.s.	Czech Republic	Used car sales	100.0%
INEX Broker a.s. (renamed from 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 Sp.z.o.o.	Poland	Non-active	100.0%
Autocentrum AAA Auto Sp.z.o.o.	Poland	Non-active	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%
Carway Assistance s.r.o.	Czech Republic	Non-active	100.0%
Carway Group s.r.o.	Czech Republic	Non-active	100.0%
Carway Rent s.r.o.	Czech Republic	Non-active	100.0%
GENERAL AUTOMOBILE S.R.L.	Romania	Non-active	95.0%
AAA Auto LLC	Ukraine	Non-active	100.0%
Geely Czech & Slovakia s.r.o.	Czech Republic	Non-active	60.0%
AAA Auto LLC	Russia	Non-active	94.0%

Note 4 – LOANS RECEIVABLE FROM GROUP COMPANIES

31/12/10	**22,472**
Increase	6,172
Decrease	(22,637)
Unrealized FX	(393)
Change In Provision	(1,459)
31/12/11	**4,155**

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 3M 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 – RECEIVABLES

The balance of EUR 416,000 consists mainly of the receivables from group companies, where the significant amounts relates to AAA Auto a.s. of EUR 302,000 and to Autocentrum AAA Auto a.s. of EUR 92,000.

Note 6 – ADVANCES PAYABLE TO GROUP COMPANIES AND RELATED PARTY

01/01/10	**17,889**
Increase	2,572
Decrease	(2,592)
Unrealized FX	610
31/12/10	**18,479**
Increase	1,369
Decrease	(19,351)
Unrealized FX	394
31/12/11	**891**

EUR 438,000 of the balance is payable to a related party.

Note 7 – LOANS PAYABLE TO RELATED PARTIES (SHAREHOLDER)

01/01/10	**13,010**
Increase	–
Decrease	(468)
Unrealized FX	(67)
31/12/10	**12,475**
Increase	326
Decrease	0
Unrealized FX	(235)
31/12/11	**12,567**

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%).

On 12 September 2011 the loan originally denominated in HUF were converted to EUR and newly charged with the interest 3M EURIBOR + 6%.

The repayment dates of the loans are in 2014.

Note 8 – LOANS PAYABLE TO GROUP COMPANIES

31/12/10	**0**
Increase	8,300
Decrease	(1,026)
Unrealized FX	(115)
31/12/11	**7,159**

The balance represents the loan payable to AAA AUTO a.s. and is charged with interest rate based on weighted average of interest rates provided to AAA AUTO a.s. by its banks or other financial means providers + 0.05% p.a. The repayment date is 30 April 2016.

Note 9 – INTEREST PAYABLE TO RELATED PARTIES AND GROUP COMPANIES

01/01/10	**2,893**
Increase	916
Decrease	(29)
Unrealized FX	34
31/12/10	**3,814**
Increase	996
Decrease	(4,093)
Unrealized FX	54
31/12/11	**771**

Note 10 - TAX POSITION

The Company has cumulative tax losses accordingly no income tax expense/income has been recorded in 2011 and 2010.

Note 11 – EMPLOYEES

The Company had no employees during the year (2010: None).

Note 12 – AUDITOR'S REMUNERATION

	2011
Audit fees for the statutory audit (statutory auditors PricewaterhouseCoopers Accountants N.V.)	30
Audit fees for the statutory audit (PwC Network)	103
Non audit fees (PwC Network)	35
Total fees	**168**

	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 13 – 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 remune-ration
2011							
Vratislav Kulhanek	60	–	–	60	–	–	60
Vratislav Valek	25	–	–	25	–	–	25
Anthony James Denny	–	–	–	-	–	–	–
Total	**85**	**–**	**-**	**85**	**–**	**–**	**85**
2010							
Vratislav Kulhanek	60	–	–	60	–	–	60
Vratislav Valek	25	–	–	25	–	–	25
Anthony James Denny	–	–	–	–	–	–	–
Total	**85**	**–**	**–**	**85**	**–**	**–**	**85**

Total salary expense for board members including social security premiums in 2011 was EUR 92 thousand (2010: EUR 93 thousand). The stock option expense concerning the options of the Management Board amounted to EUR 5.

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 2011 for the Share Options amounted to EUR 163 thousand (2010: EUR (10) thousand).

Number of Share Options	Granted During the Year 2011 No.	Lapsed During the Year 2011 No.	Exercised During the Year 2011 No.	Outstanding as at 31/12/11 No.	Exercise Price	Vesting date	Expiry date
Vratislav Kulhanek	–	–	–	50,000	0.5 Euro	30/4/13	19/10/19
Vratislav Kulhanek	10,000	–	–	10,000	1.0 Euro	1/11/14	31/10/21
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 for share options with exercise price 0.5 Euro and there are no criteria for share options with exercise price 1.0 Euro.

Shares held by the Management Board

AAA Auto Group N.V. shares held by the Members of the Management Board as per 31 December 2011 were as follows:

Number of Shares	Outstanding as at 31/12/10	Transactions 2011	Outstanding as at 31/12/11	Market value as at 31/12/11
Vratislav Kulhanek	11,200	0	11,200	7,762 Euro
Vratislav Valek	–	–	–	–
Anthony James Denny	1,759,492	435,903	2,195,395	1,521,460 Euro

The AAA Auto Group N.V. Management Board:
23 April 2012

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 is 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 2011 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 2011 of AAA Auto Group N.V., Amsterdam. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2011, the consolidated statements of comprehensive income, 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. The company financial statements comprise the company balance sheet as at 31 December 2011, the company income statement for the year then ended and the notes, comprising a summary of 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 Director's 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.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of AAA Auto Group N.V. as at 31 December 2011, 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 the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of AAA Auto Group N.V. as at 31 December 2011, 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 management board 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 management board 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, 23 April 2012

PricewaterhouseCoopers Accountants N.V.

Original signed by Alan Good RA

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